



Insurance for All: Expanding Coverage, Strengthening Social Security

23 April, 2026

Key Takeaways

- India ranks as the **10th largest insurance market globally** by premium volume (Swiss Re Report).
- Share of **insurance and pension funds in household financial assets** rose to **29.6% in FY25** from **28.6% in FY19**, as per Economic Survey 2025-26.
- **FDI limit in insurance raised to 100%** under the *Sabka Bima, Sabki Raksha (Amendment of Insurance Laws) Act, 2025*.
- **Pradhan Mantri Jeevan Jyoti Bima Yojana recorded 26.88 crore enrolments and 10.45 lakh claims disbursed** (as of Feb 2026).

Introduction

A robust economy requires strong risk-protection systems, and **insurance serves as a key pillar of financial security and social protection**. It is not just a financial contract; it is a system where individuals and businesses transfer risk to insurers in exchange for premiums. By pooling risks, insurance enables households and enterprises to recover from unforeseen events without exhausting savings or selling productive assets. In this way, insurance ensures financial continuity and supports sound financial planning by protecting income, assets, and long-term economic security.

In India, insurance plays an important role in strengthening social security and promoting financial resilience. Rising healthcare costs, livelihood risks, and economic uncertainties underline the importance of accessible insurance coverage for citizens, families, and businesses. Recognising this, the Insurance Regulatory and Development Authority of India (IRDAI) committed to the vision of

“Insurance for All by 2047”. It aims to ensure that **every citizen has adequate life, health, and property insurance, and that every enterprise has access to suitable risk protection.**

The Indian insurance sector is undergoing a significant transformation in line with this vision. Regulatory reforms and policy initiatives are expanding coverage, improving affordability, and strengthening consumer protection. The transition towards a principle-based regulatory framework has streamlined compliance requirements and provided insurers with greater flexibility to innovate, thereby **supporting inclusive insurance growth**. Together, these developments are positioning insurance as a vital component of India’s social security framework and economic strength.

Insurance Sector Performance

Insurance, as a vital component of the financial sector, plays a crucial role in India’s economy. Beyond offering protection against life, property, and casualty risks and serving as a **safety net** across both urban and rural areas, the sector also **promotes savings**. Its sustained development is essential to support **India’s ongoing economic transformation**.

India's insurance sector continued its growth momentum in 2024–25, consolidating its position as the **10th largest insurance market globally** by nominal premium volumes, with a market share of 1.8%, as per the Swiss Re report. **Insurance penetration stood at 3.7% with** life insurance at 2.7% and non-life at 1% while insurance density increased marginally to USD 97.0. Reflecting the scale and growing activity in the sector, during FY 2024-25, **the sector issued 41.84 crore policies**, collected premiums of ₹11.93 lakh crore, **paid claims of ₹8.36 lakh crore**, and reported assets under management of ₹74.44 lakh crore as on 31 March 2025. The increasing role of insurance is also reflected in household financial assets- total value of financial assets held by households, including savings, investments and entitlements. The share of **insurance and pension funds in household financial assets also rose from 28.6% in FY 2018-19 to 29.6% in FY 2024-25**, reflecting growing financial awareness among households.

Insurance penetration is defined as gross premiums written for direct life and non-life insurance business as a percentage of GDP.

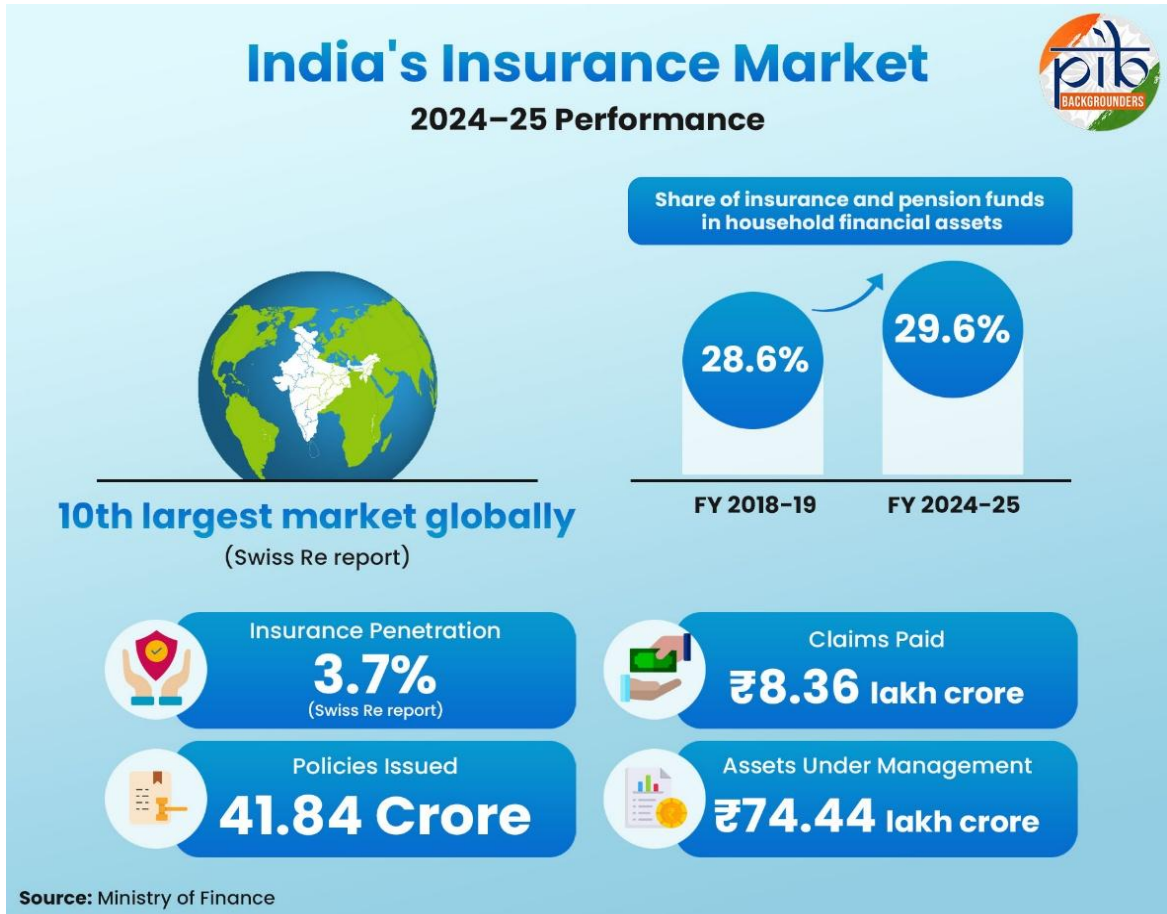
Insurance density is the ratio of premiums to population (per capita premium).

The two main types of Insurance:

- **Life insurance** provides financial protection against contingencies related to human life, such as death, disability, accidents, and retirement.
- **Non-life insurance** covers property, businesses, and individuals, offering compensation on an indemnity basis for losses or damages. It provides monetary support in case of unforeseen events and includes health, motor, home, fire, marine, travel, portable equipment, crop, liability insurance, among others.

India's Insurance Market

2024–25 Performance



Growth of Insurance Premium (In ₹lakh crore)			
	FY 2020-21	FY 2024-25	Growth
Total Premium Income	8.30	11.90	43.37 %
Life insurance premiums	6.30	8.86	40.63%
Non-Life insurance premiums	2.02	3.10	53.46%

Notably, the life insurance segment continues to anchor the sector. It accounts for **91% of the total assets under management (AUM)**- the overall market value of assets that a financial institution oversees on behalf of its clients at a given point in time. In addition to this, it represents approximately 74% of the total premium income. **Within the non-life segment, health insurance has emerged as the leading business line**, contributing 41% of gross domestic premium and surpassing motor insurance.

An **insurance premium** is the amount paid by an individual or business to obtain an insurance policy. The premium varies across policyholders, as it is determined by several influencing factors, such as age, area of residence, nature of employment, medical ailment, income and others.

Insurance accessibility has also improved through a combination of physical presence and intermediary expansion. The total number of **insurers' offices stood at 21,338 as of March 2024 which increased to 22,076 in March, 2025**. Correspondingly, the distribution network grew significantly from approximately 48 lakh in FY2020-21 to nearly 83 lakh in FY2024-25, improving reach across rural areas and socio-economically weaker sections. Presently, **74 insurers are**

operational, supported by a distribution network of over 83 lakh agents, point-of-sales persons, and institutional partners. This expansion is vital for facilitating delivery of insurance services across various segments, especially in reaching the rural and socio-economically weaker sections of society.

Recent Policy and Regulatory Measures

To strengthen the insurance ecosystem and enhance protection for policyholders, the Government has undertaken a series of legislative and regulatory reforms. These measures aim to improve insurance affordability, expand coverage, promote ease of doing business, and strengthen consumer safeguards across the sector.

Insurance Reforms at a Glance

- Sabka Bima, Sabki Raksha (Amendment of Insurance Laws) Act, 2025
- GST exemption
- Shortening of moratorium period
- 30-day free-look period
- No claim bonus to policyholders
- Guaranteed policy renewal
- Grace Period for premium payment
- Premium Refund on Mid-Term cancellation

Source: Insurance Regulatory and Development Authority of India

Sabka Bima, Sabki Raksha (Amendment of Insurance Laws) Act, 2025

The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 has **amended various provisions of the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and Insurance Regulatory and Development Authority Act, 1999.** This enhances citizens' protection, deepens insurance penetration, accelerates growth, further strengthens the insurance sector and improves the ease of doing business. The key provisions of the policy are outlined below:

Increased FDI Limit: The amendment raises the **FDI limit in Indian insurance companies from 74% to 100%.** The measure is expected to attract stable long-term investment, facilitate technology transfer, support greater insurance penetration and social protection.

Promote Ease of Doing Business: To ensure uninterrupted service, support policyholders and promote ease of doing business, following amendments were made:

- **One-time registration for insurance intermediaries** has been introduced to ensure seamless operations and better service continuity.
- **IRDAI approval threshold** for share transfers was increased from 1% to 5%, further simplifying compliance.
- **Net Owned Fund requirement for foreign reinsurers has been reduced** from ₹5,000 crore to ₹1,000 crore, encouraging greater reinsurance participation and capacity in India.
- Insurance laws have been aligned with **Digital Personal Data Protection Act, 2023** to create a legal anchor for effective use of digital public infrastructure in the insurance sector, ensuring that policyholders' information is duly secured and protected.
- The Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025, notified on 30 December 2025 have **rationalised conditions for insurance companies and intermediaries** to promote ease of doing business.

Creation of Insurance Awareness: The amendment provides for the creation of a Policyholders' Education and Protection Fund, to increase citizens' awareness towards risk protection and promote education for policyholders.

Improved Policyholders' Protection: To safeguard policyholder, IRDAI has been empowered to order disgorgement of wrongful gains made by insurers or intermediaries. The maximum penalty for non-compliance with the Insurance Act or the IRDA Act has been enhanced from ₹1 crore to ₹10 crore. It encourages insurers and intermediaries to adhere more strictly to rules and standards, thereby improving governance, protecting policyholders' interests, and enhancing overall discipline and transparency in the insurance sector. Insurance intermediaries have also been included under this provision, thereby strengthening regulatory compliance.

GST Exemption

GST exemption is granted on all individual life insurance policies and health insurance policies (including family floater) along with reinsurance w.e.f. 22 September, 2025. This measure enhances affordability for citizens, particularly underserved populations across rural and urban areas. The **removal of the 18% GST** lowers premium costs and encourages **wider adoption**.

Key Regulatory Reforms in Health Insurance

To streamline compliance, enhance transparency, and strengthen policyholder rights, IRDAI has introduced several regulatory reforms in the health insurance sector. These reforms seek to simplify the health insurance experience for customers by enforcing clear rules around product design, servicing, and claims.

- **Shortening of Moratorium Period:** Moratorium period in health insurance is a fixed timeframe after which insurance companies cannot deny claims on the grounds of non-disclosure and misrepresentation, except on grounds of established fraud. IRDAI **reduced**

the moratorium period from 8 years to 60 months (5 years) in 2024. This strengthens the policyholder protection and enhances trust in the health insurance system.

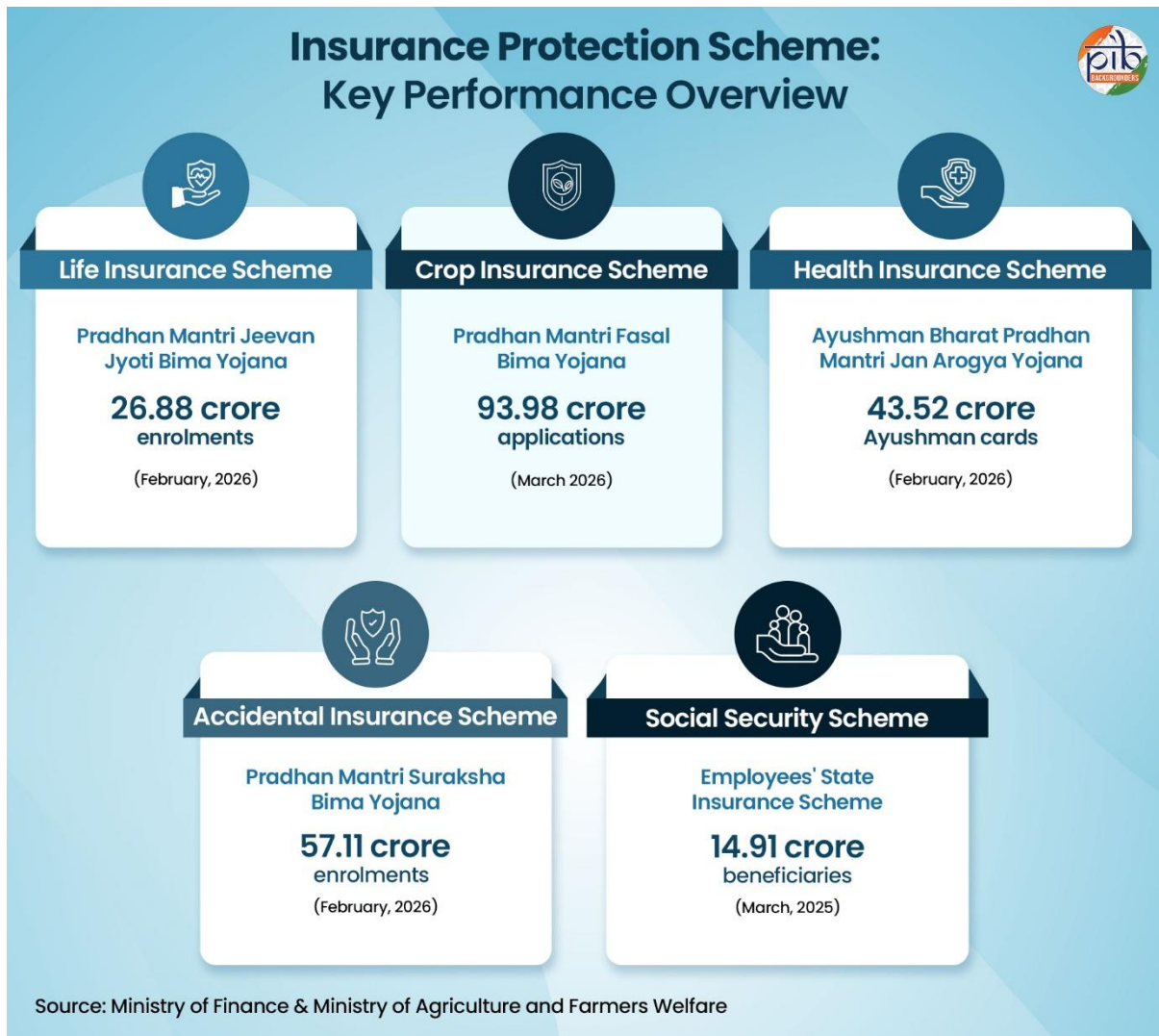
- **Standardized 30-day free-look period:** IRDAI introduced a standard 30-day free-look-period for policies with a term of one year or more. The free-look-period is the period given to a policyholder to assess and review the policy document. This consumer-friendly provision gives policyholders ample time to understand and assess their policies suitability.
- **Wider choices to policyholders:** Recognizing the need for inclusive insurance, IRDAI has mandated the insurers to provide a wider choice to policyholders, considering their affordability. They must offer products, add-ons for all ages, regions, and occupational categories. Additionally, coverage should include medical conditions, disabilities, treatments, and systems of medicine (i.e. Allopathy/AYUSH), including all types of hospitals and healthcare providers. The goal is to **increase insurance coverage and make policies flexible and affordable**, such that **more citizens—especially underserved groups—can access insurance protection.**
- **No claim Bonus to policyholders:** In order to reward policyholders who do not make any claim during the policy period, the insurer may offer a No Claim Bonus (NCB). Such NCB shall be provided, based on the policyholder's choice or consent, either in the form of an enhancement in the sum insured and/or a discount on the renewal premium. The aim is to incentivise claim-free behaviour among policyholders by rewarding them with enhanced coverage or reduced renewal premiums.
- **Guaranteed policy renewal:** To protect the interest of policyholders, policies must be renewed and cannot be denied on the basis of previous claims, except in cases of fraud or misrepresentation. This ensures continuity of insurance coverage and safeguards policyholders from denial of renewal based on past claims, except in cases of fraud or misrepresentation.
- **Grace Period for delay in premium payment:** A grace period of 15 days (where premium is paid on a monthly instalments) and 30 days (where premium is paid in quarterly/half yearly/annual instalments) is available on the premium due date, to pay the premium. During this time, all policy benefits, such as sum insured, no claim bonus, and waiting periods, remain protected.
- **Migration and portability provisions:** The policyholders can move between products or insurers while retaining accrued benefits such as waiting period credits and no-claim bonuses. This provides flexibility to the policyholders.
- **Third-Party Administrators (TPA) Performance Monitoring:** To increase the accountability of TPAs, performance monitoring is done by insurers to ensure efficient and effective service

delivery by them. It includes claw back of remuneration/charges paid to TPA basis customer feedback, which shall be passed on to the policyholders.

- **Premium Refund on Mid-Term Cancellation:** In case of mid-term cancellation of the policy, insurers shall refund the premium or proportionate premium for the unexpired policy period. This ensures fairness and prevents misuse of the insurance system. For policies with a term of up to one year, such refund will be applicable only if no claim has been made during the policy period.

Major Insurance Protection Schemes

Reflecting its commitment to public welfare, the Government has introduced a comprehensive set of insurance measures to enhance financial security and social protection. These initiatives aim to improve insurance coverage, enhance affordability, and ensure wider access to risk protection across the country.



Life Insurance - Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

Launched in **May 2015**, the **PMJJBY** is a one-year term **life insurance scheme** renewable yearly. It provides **life cover of ₹2 lakh** to citizens aged **18–50 years**, at an **annual premium of ₹436**, which is auto-debited from the subscriber's bank account. It aims to provide **financial security and stability to families of the insured in case of untimely death**, ensuring that no household faces sudden economic distress due to the loss of a breadwinner. The scheme has recorded 26.88 crore gross enrolments, with 10,45,450 claims disbursed as of February, 2026.

The policy is administered through the Life Insurance Corporation of India (LIC) and other life insurance companies. **Death due to non-accidental causes during the first 30 days of enrolment is not covered**, while accidental death is covered from day one.

Accidental Insurance - Pradhan Mantri Suraksha Bima Yojana (PMSBY)

PMSBY, launched in **May 2015**, is a accidental insurance scheme that provides accident and disability cover at an affordable premium, particularly for low-income and informal sector workers.

The scheme is available to all savings bank account holders aged 18 to 70 years. It provides accidental insurance coverage at an **annual premium of ₹20**, which is auto-debited from the linked bank account. Valid for one year (renewable annually), it offers **risk coverage of ₹2 lakh in case of accidental death or full disability and ₹1 lakh for partial disability** (as provided in the PMSBY rules).

The scheme has recorded **57.11 crore enrolments**, with **1.76 lakh claims disbursed as of February 2026**. It provides **timely support to families affected by accidental deaths or disabilities**, ensuring protection for economically vulnerable citizens.

Health Insurance - Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY)

Launched in September 2018, the scheme offers **free health insurance coverage of up to ₹5 lakh per family per year** for secondary and tertiary healthcare services. The scheme seeks to strengthen the healthcare system through interventions across prevention, promotion, and treatment at primary, secondary, and tertiary levels. It **covers all pre-existing diseases from day one**, places no restriction on age, gender, or family size, and provides nationwide portability across empanelled hospitals.

In September 2024, the government expanded the **health coverage to all senior citizens aged 70 years and above**, irrespective of income. As of 28 February 2026, a total of **43.52 crore Ayushman cards have been created under the programme**, highlighting the recognition of the scheme among people.

Social Security - Employees' State Insurance Scheme (ESI)

The Employees' State Insurance (ESI) Scheme is a social security programme that provides protection to employees against contingencies such as sickness, maternity, disablement, and death due to employment injury, while also offering medical care to insured persons and their families. The scheme **applies to factories and various establishments such as hotels, restaurants, cinemas, newspapers, shops, and educational and medical institutions registered under ESIC**. As on 31 March 2025, the scheme covered **3.24 crore employees and 3.84 crore insured persons, including**

83.1 lakh insured women, with a total of 14.91 crore beneficiaries receiving benefits under the programme.

Crop Insurance - Pradhan Mantri Fasal Bima Yojana (PMFBY)

Launched in February 2016, the scheme provides farmers with a simple, affordable, and comprehensive crop insurance. It **covers against non-preventable natural risks such as droughts, floods, cyclones, hailstorms, pest attacks, and plant diseases**. It also covers the entire crop cycle from pre-sowing to post-harvest, including losses during storage due to notified calamities. The scheme aims to provide timely financial support to farmers helping them manage risks and avoid falling into debt.

The scheme follows the principle of **“One Nation, One Crop, One Premium,”** ensuring uniform premium rates across the country. Farmers pay a maximum premium of 2% for Kharif food and oilseed crops, 1.5% for Rabi food and oilseed crops, and 5% for annual commercial or horticultural crops, with the remaining actuarial premium shared between the Central and State Governments. As of 13 March 2026, **93.98 crore applications have been received under the scheme**, with claims amounting to ₹1,94,505.9 crore paid to farmers.

Together, these initiatives demonstrate the Government’s strong focus on creating an extensive and inclusive social security framework that protects citizens from life, health, and livelihood risks. By expanding coverage, enhancing affordability, and strengthening delivery mechanisms, these schemes are contributing to a more resilient society with improved financial protection across all sections of the population.

Conclusion

India’s insurance sector is steadily evolving into a more inclusive, resilient, and accessible system supported by strong policy reforms and expanding coverage. Legislative changes, regulatory improvements, and targeted social insurance schemes are strengthening policyholder protection while expanding financial security for diverse sections of society. The initiatives seamlessly align with the Government’s vision of **“Insurance for All”** and the broader goal of **“Viksit Bharat 2047”**, making individuals’ life and health insurance more affordable and accessible. **By accelerating inclusive growth and strengthening financial inclusion, these efforts lay the foundation for a more secure and self-reliant India.**

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