

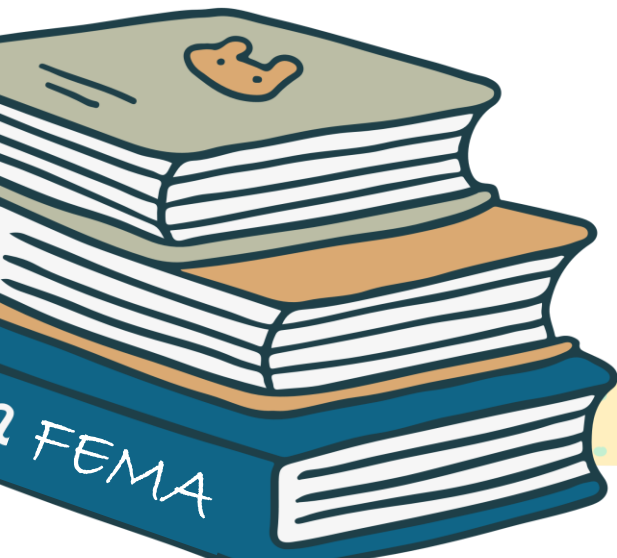
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#FamiliarwithFEMA

100% FDI in
Insurance –
Automatic Route &
Key Compliance

Date: 25/02/2026

Issue no: 192

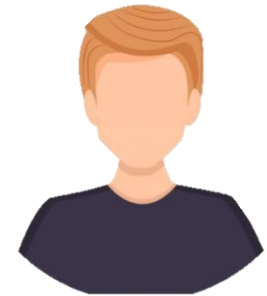




Kabir
(Resident Individual)

Hey FEMA Gyani, I am Kabir, I was reading the newspaper and read a headline **“100% FDI Allowed in Insurance Sector under Automatic Route!”**, does this mean foreign companies can now fully own Indian insurance companies?

Yes Kabir! The Government has increased the FDI cap to 100% — but subject to key conditions.



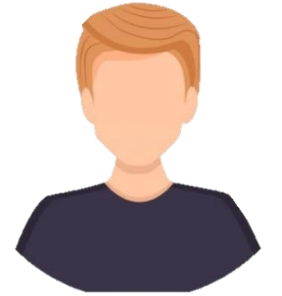
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Kabir

Earlier what was the limit?

Earlier, FDI in insurance companies was **capped at 74%**.



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Now:

- Insurance Companies → **100% FDI**
- Insurance Intermediaries → **100% FDI**
- Under Automatic Route

But remember —

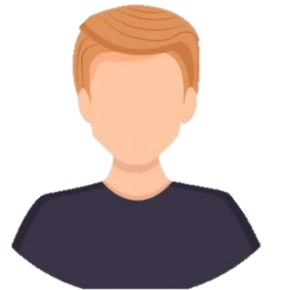
Life Insurance Corporation of India (LIC) still has a separate cap of **20% under Automatic Route**.



Kabir

What does automatic route mean?

- No prior Government approval required
- Investment allowed directly
- Subject to compliance and verification by **Insurance Regulatory and Development Authority of India (IRDAI)**.
So, approval is not from Government — but regulatory compliance is mandatory.



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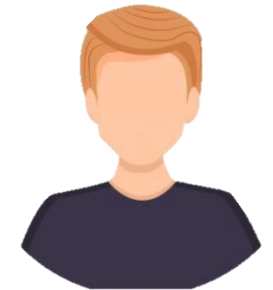


Kabir

If 100% is allowed, can foreign investors run everything freely?

Not exactly. Key conditions apply:

- Must comply with
 - Insurance Act
 - Indian Insurance Companies (Foreign Investment) Rules, 2015
 - Foreign Exchange Management (Non-Debt Instruments) Rules
- Any increase in foreign investment must follow RBI pricing guidelines.



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Kabir

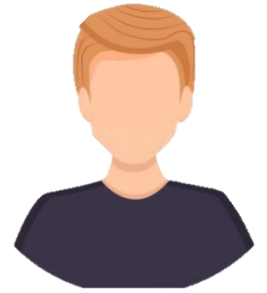
So, is there any Indian control requirement left?



Yes! At least **one** of the following must be a Resident Indian Citizen:

- Chairperson
- Managing Director
- Chief Executive Officer

This ensures Indian participation in key management positions.



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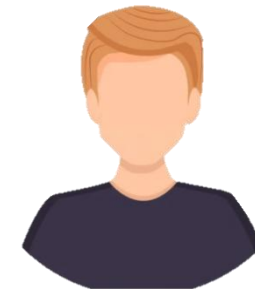


Kabir

Does this apply only to insurance companies?

No. 100% FDI also applies to:

- Insurance brokers
- Re-insurance brokers
- Corporate agents



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- Third Party Administrators
 - Surveyors & Loss Assessors
 - Managing General Agents
 - Insurance Repositories
- Same automatic route, same regulatory compliance.



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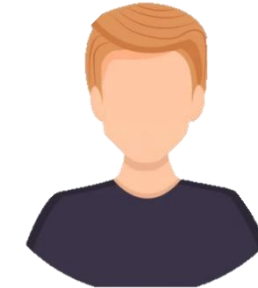


Kabir

Why is LIC treated differently?

Because LIC is governed separately under **Life Insurance Corporation Act**

- FDI in LIC = 20% (Automatic Route)
- Must comply with LIC Act + applicable Insurance Act provisions



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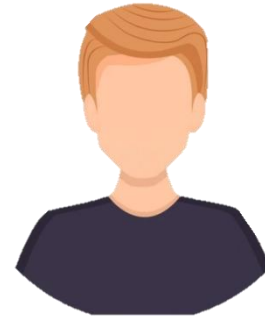
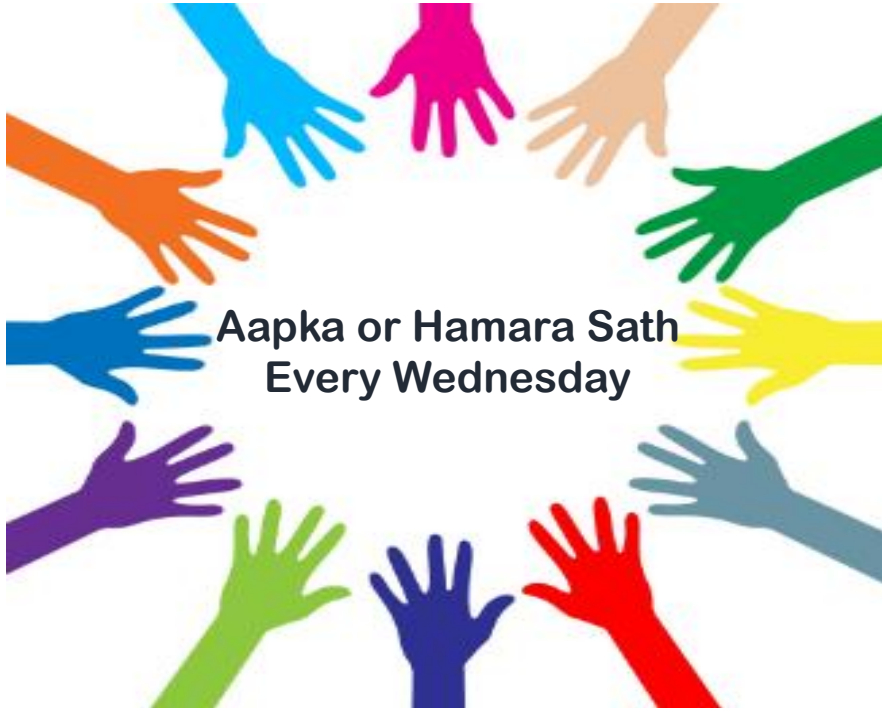


Kabir

Great! Thank You FEMA Gyani
Now all my doubts are cleared.



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoca>

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International Tax Gyan   
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