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IRDAI Designates D-SIIs for FY 2025-26 — LIC, GIC Re, New India Assurance

4 April 2026 · **ECONOMY**

CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

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4 April 2026 · 4 min read · 1 tag

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WHY IN NEWS

The Insurance Regulatory and Development Authority of India (IRDAI) released its FY 2025-26 list of Systemically Important Insurers (D-SIIs) on April 2, 2026, retaining LIC, GIC Re, and New India Assurance Company Ltd. as systemically critical institutions requiring enhanced oversight.

WHAT ARE D-SIIS?

Domestic Systemically Important Insurers (D-SIIs) are insurance companies whose failure or distress could cause significant disruption to the financial system and the broader economy — colloquially described as “too big to fail” (TBTF).

The concept derives from post-2008 financial crisis reforms by the **IAIS (International Association of Insurance Supervisors)**, which developed global standards for Systemically Important Insurers (SIIs). India’s IRDAI adapted this into a domestic framework.

Criteria for D-SII Designation

IRDAI assesses companies based on:

- **Size** — total assets, gross written premium, insurance liabilities
- **Market importance** — market share in life, non-life, or reinsurance
- **Interconnectedness** — links to banks, capital markets, other financial institutions
- **Global activity** — cross-border business volumes
- **Non-substitutability** — whether others can absorb their functions if they fail

FY 2025-26 D-SII LIST

All three designations are unchanged from FY 2024-25:

1. Life Insurance Corporation of India (LIC)

- **Established:** 1956 (by LIC Act, 1956); nationalised from 245 private insurers
- **Market share:** ~60% of new business premium in the life insurance sector
- **AUM:** Over ₹50 lakh crore (one of India’s largest institutional investors)
- **Listed:** IPO in May 2022 (India’s largest IPO at ₹20,500 crore)
- LIC’s investments in government securities are critical to sovereign debt management

2. General Insurance Corporation of India (GIC Re)

- **Established:** 1972; India’s **national reinsurer**
- Reinsures all general insurance companies operating in India
- **Mandatory cession:** Every general insurer must cede 5% of premiums to GIC Re (regulatory requirement)
- Among top 10 global reinsurers by Gross Written Premiums
- If GIC Re were to fail, India’s entire non-life insurance sector would face capacity crisis



3. New India Assurance Company Ltd. (NIACL)

- **Established:** 1919 (oldest Indian general insurer; pre-dates independence)
- India's **largest non-life insurer** by gross written premium
- Has international operations in 28+ countries
- Provides a majority of government schemes' insurance (Pradhan Mantri Fasal Bima Yojana, Ayushman Bharat premium support, etc.)

REGULATORY IMPLICATIONS OF D-SII STATUS

Companies designated as D-SIIs must comply with:

1. Enhanced Corporate Governance

- Mandatory Board Risk Committee with at least one independent director
- Chief Risk Officer (CRO) reporting directly to Board (not management)
- Stricter disclosure requirements to IRDAI

2. Higher Capital and Risk Management Standards

- Comprehensive risk identification frameworks across insurance, credit, liquidity, and operational risks
- Recovery and Resolution Plans (RRPs) — pre-drafted plans for managed wind-down if needed

3. Heightened Regulatory Supervision

- More frequent regulatory reporting
- Enhanced on-site and off-site inspections by IRDAI
- Stress testing requirements similar to RBI's for banks



COMPARISON: D-SII VS D-SIB

FEATURE	D-SII (IRDAI)	D-SIB (RBI)
Sector	Insurance	Banking
Designating body	IRDAI	RBI
Framework introduced	FY 2021-22	2014 (first list 2015)
Current designees	LIC, GIC Re, NIACL	SBI, ICICI Bank, HDFC Bank
Extra capital surcharge	For D-SIBs (CET1)	Not directly for D-SIIs

IRDAI: INSTITUTIONAL BACKGROUND

History

- **Established:** 1999 under the **IRDAI Act, 1999** following the Malhotra Committee recommendations (1994)
- **Headquarters:** Hyderabad (shifted from Delhi in 2001)
- **Regulatory jurisdiction:** Life, non-life, health, and reinsurance sectors in India
- **Current Chairman:** Debasish Panda (since 2022)

Key IRDAI Reforms (2023-2026)

- **Insurance for All by 2047** – Vision document for universal insurance coverage
- **Bima Sugam:** One-stop digital insurance marketplace (under development)
- **Bima Vistaar:** Affordable composite rural insurance product
- **Reduced solvency requirements** for new insurance start-ups (to encourage entry)
- **Sandbox framework:** Allows fintech/insurtech startups to test innovative products

UPSC RELEVANCE

GS Paper 3 — Economy

- Role of insurance in financial inclusion and risk mitigation
- Systemic risk in financial markets; TBTF problem
- IRDAI's role in regulating India's insurance sector



- LIC's IPO and its implications for capital markets and investor base

GS Paper 2 — Governance

- Regulatory frameworks for financial stability
- Coordination between financial regulators (IRDAI, RBI, SEBI) via FSDC (Financial Stability and Development Council)

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IRDAI D-SII FY 2025-26:

Released: April 2, 2026

Designees: LIC, GIC Re, New India Assurance (NIACL)

D-SII framework first: FY 2021-22 (by IRDAI)

Analogous to: RBI's D-SIB framework (2014)

LIC:

Est. 1956 (LIC Act, 1956); nationalised 245 private insurers

Market share: ~60% of life insurance new business

AUM: 50+ lakh crore; IPO: May 2022 (₹20,500 crore — India's largest)

GIC RE:

Est. 1972; India's national reinsurer

Mandatory cession: 5% from all general insurers

NIACL (NEW INDIA ASSURANCE):

Est. 1919; India's oldest and largest non-life insurer

Operations: 28+ countries

IRDAI:

Est. 1999 (IRDAI Act, 1999; Malhotra Committee 1994)

Headquarters: Hyderabad

Current Chairman: Debasish Panda



Sources: [IRDAI](#), [PIB](#), [Business Standard](#)

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[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari](#) →<https://ujiyari.com/daily/2026/04/04/irdai-d-sii-2025-26/>

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