

# Insurance Bill: IRDAI to get search, seizure powers over intermediaries, more enforcement scope

The proposed amendments to the insurance law — Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 — significantly strengthen the enforcement and supervisory powers of the Insurance Regulatory and Development Authority of India (IRDAI), giving it wider authority to crack down on violations by various insurance intermediaries. Under the revised provisions, the IRDAI [...]

Written by [George Mathew](#)

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The proposed amendments to the insurance law — Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 — significantly strengthen the enforcement and supervisory powers of the Insurance Regulatory and Development Authority of India (IRDAI), giving it wider authority to crack down on violations by various insurance intermediaries.

Under the revised provisions, the IRDAI Chairperson will be empowered to order searches, seizures and inspections if there is reason to believe that insurers and related entities have failed to produce documents, are withholding information relevant to an investigation, or are likely to tamper with records. These powers can be invoked in cases involving suspected violations of the law, illegal payment of commissions or rebates, or attempts to falsify or destroy books, accounts, vouchers, survey reports or other records.

Insurance intermediaries include agents, brokers, corporate agents like banks, NBFCs, fintechs, and other companies distributing insurance products, web aggregators like online platforms that compare and sell insurance policies, third-party administrators (TPAs), who manage health insurance claims and services, surveyors and loss assessors and insurance marketing firms (IMFs).

The IRDAI Chairperson may authorise a senior officer — no lower than the rank of Deputy Director — to enter and search premises where such documents are believed to be kept, break open locks if keys are unavailable, seize relevant records, and mark or copy documents required for investigation, the proposed Bill says. The authority will also be able to deploy staff at various locations to scrutinise returns, statements, and information submitted by insurers to ensure effective regulatory oversight. The authorised officer will have the power to enter and search any premises where there is reason to suspect that books, accounts, or other documents—including records relating to claims, rebates, commissions, receipts, vouchers, or reports—are being kept. The officer may also break open doors, lockers, safes, or other receptacles if keys are not available, seize relevant documents found during the search, and mark, copy, or extract records required for investigation, it says.

Currently, market regulator SEBI has the power to search and seize documents and relevant papers if it suspects violation of rules and regulations.

IRDAI is also set to receive enhanced enforcement powers, including the authority to disgorge wrongful gains made by insurers or intermediaries.

In addition, the amendments reinforce IRDAI's power to issue binding directions to insurers in the public interest, to protect policyholders, prevent mismanagement, or ensure sound

governance. While insurers must comply with such directions, they will be given a reasonable opportunity to be heard before any action is taken against them individually.

The regulator will also have enhanced powers to regulate commissions and remuneration paid to insurance agents and intermediaries, including setting limits, prescribing disclosure norms, and specifying payment structures, with the objective of curbing mis-selling and protecting policyholder interests.