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## IFSCA Unveils The IFSCA (Managing General Agents) Regulations, 2026

### Introduction

The Insurance Act, 1938 was amended earlier this year (with effect from 5 February 2026) by the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 (“**SBSR Act**”). Among other key reforms, the SBSR Act introduced managing general agents (“**MGAs**”) as a recognised category of ‘insurance intermediary’ under Indian law for the first time.<sup>1</sup> This was a significant development, as there had been no statutory recognition of MGAs under Indian insurance laws until this change. Moreover, Indian insurance intermediaries were previously not permitted to carry out any underwriting or risk acceptance on behalf of insurers.

The International Financial Services Centres Authority (“**IFSCA**”) serves as the unified financial services regulator for the Gujarat International Finance Tec-City (International Financial Services Centre) (“**IFSC**”), while the Insurance Regulatory and Development Authority of India (“**IRDAI**”) regulates insurance and reinsurance activities in the domestic tariff area (“**DTA**”). Accordingly, the regulatory development of the MGA framework is proceeding along two parallel tracks: one within the IFSC under the IFSCA, and the other within the DTA under the IRDAI.

As regards the IFSC, on 13 March 2026 the IFSCA released a consultation paper, along with draft regulations on MGAs, seeking stakeholder comments. Following stakeholder consultation and the IFSCA’s approval of the regulations in April, the IFSCA (Managing General Agents) Regulations, 2026 («**MGA Regulations**») were notified with effect from 12 June 2026 (published in the gazette on 15 June 2026). The MGA Regulations supersede the existing MGA framework which was governed under the Third Schedule of the IFSCA (Registration of Insurance Business) Regulations, 2021 (“**Registration Regulations**”), under which MGAs were registered as IFSC Insurance Offices (“**IIOs**”).

The IRDAI, in relation to the DTA, in its 134th Meeting on 9 March 2026, granted an in-principle approval for the drafting and publication of various draft regulations under the SBSR Act for stakeholder consultation. Given the inclusion of MGAs within the definition of “insurance intermediary” under the SBSR Act, the IRDAI also resolved that new regulations must be framed for MGAs. The minutes of the meeting indicate that such new regulations may be released within 6 to 7 months from the enforcement of the SBSR Act (i.e., by approximately August 2026 or later).

### Key Features of the IFSC MGA Regulations

**Eligibility and Structure:** An MGA may be established in the IFSC through 2 entry options:

- **Incorporated form:** An MGA may be set up as a new company incorporated under the (Indian) Companies Act, 2013 in the IFSC.
- **Branch form:** Alternatively, a body corporate incorporated outside India, which is registered or licensed to undertake activities akin to an MGA in its home jurisdiction, can set up a branch office in the IFSC.

To set up a branch in the IFSC, the applicant must: (i) have a valid registration and No Objection Certificate (NOC) from its home country regulator; and (ii) be situated in a jurisdiction which has a Double Taxation Avoidance Agreement (“**DTAA**”) with India and is Financial Action Task Force (“**FATF**”) compliant.

An MGA may have tie-ups with multiple foreign insurers to sell their products. The foreign insurer entering into a binding authority agreement (“**BAA**”) with the MGA must, among other requirements:

- have a minimum net worth of USD 100 million;
- have a minimum credit rating of ‘A’ or equivalent from an internationally renowned credit rating agency for the last 3 years;
- not be from a “*High-Risk Jurisdiction subject to call for action*” as identified by FATF;
- be from a jurisdiction with a DTAA with Government of India; and
- resolve that it will make good all liabilities undertaken by the MGA.

The MGA Regulations characterise MGAs as agents of a foreign insurer, as contemplated under the BAA. Simultaneously, MGAs are mandated to protect the interests of policyholders. A foreign insurer associating with an MGA is further required to undertake to satisfy all liabilities that arise from the MGA’s operations within the IFSC. In this manner, it appears that both the MGA and the foreign insurer bear responsibility towards policyholders.

Further, no foreign insurer may grant binding authority to an MGA, which exceeds 10% of its gross written premium for the previous financial year.

**Capital and Net Worth Requirements:** Every MGA (whether incorporated or in branch form) must maintain a minimum paid-up equity capital or assigned capital (as applicable) of USD 500,000. It must further maintain a minimum net worth of USD 250,000 or 50% of the paid-up or assigned capital, whichever is higher. In the case of a branch, net worth may be maintained at the parent entity level.

<sup>1</sup> Section 2(10B) of the Insurance Act, 1938

All investments in MGAs (incorporated in India) must be from the promoters/ shareholders' own funds (not borrowings), and the shares of the MGA must remain unencumbered at all times.

**Scope of Business:** MGAs are permitted to undertake direct insurance business within the IFSC and from outside India. They are not permitted to underwrite or source business from the DTA (unless in exceptional circumstances where prior approval of the IRDAI has been obtained under Section 2CB of the Insurance Act, 1938)<sup>2</sup>.

Notably, MGAs are expressly prohibited from entering into binding reinsurance or retrocession contracts on behalf of the foreign insurer—their scope is limited strictly to direct insurance business only. Further, unlike IIOs, which are permitted to write direct insurance business from other Special Economic Zones (“SEZs”) under the Registration Regulations, it is presently unclear whether the MGA Regulations permit MGAs to write business from other SEZs. All business must be conducted in specified freely convertible foreign currencies only.

## Other Key Requirements

- **Fiduciary Accounts:** Every MGA must maintain a separate Fiduciary Account with an IBU for each foreign insurer it represents. Surplus premium must be remitted to the insurer on a monthly basis, and the MGA may retain no more than 3 months' worth of estimated claims in the said account.
- **Professional Indemnity (“PI”) Insurance:** Every MGA (incorporated form) is mandatorily required to obtain PI insurance at all times. Branch MGAs may rely on the professional indemnity policy maintained at their head office, provided it is endorsed to cover liabilities arising out of their IFSC operations.
- **Written Contract:** An entity seeking registration as an MGA must, at the time of filing its application, have at least 1 written BAA with a foreign insurer to manage part of their direct insurance business, including an authority to solicit, underwrite risks and/or settle claims.
- **Financial Security Deposit:** Before commencing business, every MGA must deposit with an IBU a sum of USD 10,000 and 10% of its minimum capital, with a lien marked in favour of the IFSCA. Such deposit may be appropriated by the IFSCA, as required, to settle unpaid courts/ ombudsman awards or claims under adjudication in case of liquidation proceedings against the MGA.
- **Principal Officer & MGA Qualified Persons:** Every MGA must appoint a Principal Officer who is in direct employment of the MGA and resident in

India, responsible for day-to-day operations and regulatory compliances. MGAs must also appoint individuals (employees or directors) which are qualified as per the IFSCA requirements for engaging in solicitation, underwriting risks and/or settlement of claims of direct insurance business.

- **Duties of the Foreign Insurer:** The foreign insurer who has executed the BAA with an MGA must conduct an independent annual audit of the MGA's records and an on-site review of underwriting and claims processing at least on a half-yearly basis.
- **Sale of Insurance through Digital Modes:** MGAs may sell insurance products online by linking to the web portals of the foreign insurers or by establishing their own insurance self-network platform.

## Way Forward

The notification of the MGA Regulations marks a milestone in the development of the IFSC insurance ecosystem, establishing a comprehensive standalone framework for MGAs in India. The framework provides clarity on eligibility, capital requirements, operational boundaries and governance standards, which may encourage both domestic and foreign participants to explore the MGA route in GIFT City - a proposition bolstered by certain structural advantages which the IFSC offers.

From a tax perspective, GIFT City provides a globally competitive regime, including: (a) 100% corporate tax exemption for any 20 consecutive years out of 25 years, with business income taxed at a concessional rate of 15% thereafter; (b) 0% Goods and Services Tax (GST) on import of services by the IFSC unit; (c) no stamp duty; and (d) concessional Minimum Alternate Tax (MAT). Additionally, the minimum capital requirement of USD 500,000 for an MGA in the IFSC is significantly lower compared to setting up an IIO, making the MGA route more capital-efficient. Foreign MGAs already registered in their home jurisdiction also benefit from the ability to set up a branch in the IFSC without needing to incorporate a separate company in India. Such a branch can rely on the professional indemnity policy maintained at its head office (endorsed to cover IFSC operations), and the net worth requirement may also be maintained at the parent entity level.

It will be interesting to see whether either the IFSCA or the IRDAI will extend the MGA framework to permit MGAs to conduct reinsurance. With the IRDAI also expected to release its own set of MGA regulations for the DTA later this year, the MGA landscape in India is poised for considerable evolution in the near term.

<sup>2</sup> Section 2CB provides no person shall take out or renew any policy of insurance in respect of any property in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India save with the prior permission of the Indian insurance regulator.

Please feel free to address any further questions or request for advice to:



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