



## Composite License for Insurer

**Source: IE**

Recently, the central government proposed introducing composite licenses through an amendment to the **Insurance Act, 1938**, aiming to increase [insurance penetration](#) in India and achieve '[Insurance for All by 2047](#)'.

- **Composite License:** A composite license allows insurers to offer [life and non-life insurance](#) under a **single registration**, consolidating operations into one entity.
  - Currently, insurers need to obtain **separate licenses** for each line of business.
- **Benefits:**
  - A composite license **reduces costs** and **compliance** by allowing insurers to manage multiple lines under one entity, **boosting innovation** and **efficiency**.
  - **Life insurers** can provide **indemnity-based health insurance**, improving underwriting and reducing costs with integrated IT systems.
  - **Agents** can sell both **life and non-life products**, better meeting customers' financial needs.
- **Regulatory Changes:**
  - **Public Sector Undertaking (PSU)** insurers need amendments to the [Life Insurance Corporation \(LIC\) Act of 1956](#) and the [General Insurance Business \(Nationalisation\) Act \(GIBNA\) of 1972](#) to be eligible for composite licenses.

**Read more:** [GST on Health and Life Insurance in India](#)

PDF Reference URL: <https://www.drishtiias.com/printpdf/composite-license-for-insurer>