

# How to Legally Start an Insurance Business in India: A Step-by-Step Guide

Starting an insurance business in India is exciting, but it comes with rules. Whether you want to launch your own insurance company, work as an insurance broker, or build a website to sell insurance online, you need proper approvals.

In this blog, we'll guide you step by step through the key licenses and certifications required by IRDAI (Insurance Regulatory and Development Authority of India) to operate an insurance business legally and successfully.



## Step 1: Insurance Company Registration

If you want to create your own insurance company, such as a general insurance, health insurance, or life insurance firm, you must first apply for [Insurance Company License Registration](#) through IRDAI.

### Basic Requirements:

- A registered company (Private Ltd or Public Ltd)
- Minimum capital of **₹100 crore**
- Skilled promoters and management
- A detailed business plan (5 years)

### Registration Process:

1. **Incorporate your company** through the Ministry of Corporate Affairs (MCA).
2. Apply to IRDAI for a **R1 license** with necessary documents.
3. Once approved, IRDAI grants the **R2 license** (in-principle approval).
4. Meet all conditions and apply for the **R3 license** – final registration.

With the R3 license, you are officially allowed to sell your own insurance policies.

## Step 2: Insurance Broker License Registration

Not ready to launch your own insurance company? You can still become a part of the industry by getting an [Insurance Broker License Registration](#). Brokers connect customers with multiple insurance companies and earn commissions.

### Who Can Apply?

- Registered private or public limited companies
- Businesses with qualified personnel
- Firms with proper office infrastructure

### Capital Requirements:

- ₹75 lakh for **Direct Brokers**
- ₹4 crore for **Composite Brokers**

### Documents Needed:

- Certificate of Incorporation
- Educational qualifications of key persons
- Proof of capital and infrastructure
- Business plan and code of conduct

### Registration Validity:

- License is valid for **3 years** and is renewable.

Once registered, brokers can legally advise clients and sell products from multiple insurers.

## Step 3: Insurance Self Network Certification (ISNP)

Planning to take your insurance business **online**? You must apply for **Insurance Self Network Platform (ISNP)** approval. This allows you to run a digital platform that **sells, compares, or promotes insurance products**.

### Who Needs ISNP Certification?

- Insurance companies
- Registered insurance brokers
- Web aggregators or online platforms offering insurance services

## IRDAI's Requirements:

- A secure, user-friendly website
- Regular data backups
- Terms of use and privacy policies
- End-to-end transaction capabilities

Once certified, you can run a legal and trusted online insurance platform.

## Comparison: Which License Do You Need?

Type	Best For	Capital Needed	License Authority
<b>Insurance Company</b>	Create and sell own policies	₹100 crore	IRDAI
<b>Insurance Broker</b>	Sell policies of many insurers	₹75 lakh – ₹4 crore	IRDAI
<b>ISNP Certification</b>	Operate an insurance website/app	No additional capital (if broker/company)	IRDAI

## Why Getting These Licenses Is Important

Getting licensed is not optional — it's **mandatory**. These licenses protect your business, give you credibility, and allow you to partner with top insurance brands.

### Benefits:

- Operate legally and safely
- Build trust with customers
- Access top insurance products
- Grow your business online and offline

## FAQs on Starting an Insurance Business in India

### Can I sell insurance without IRDAI approval?

No. Selling insurance without IRDAI approval is illegal.

### Do I need a separate license for selling online?

Yes. You need [Insurance Self Network Certification \(ISNP\)](#) to legally operate an insurance platform.

? What is the difference between a broker and a company?

An **insurance company** creates its own policies. A **broker** helps clients choose from existing policies by different insurers.

? How long does it take to get an Insurance Broker License?

Typically, the process takes **2 to 3 months**, depending on document verification and approvals.



## Conclusion

If you're planning to start an insurance business in India, you must follow the right legal path. You'll need one or more of the following:

- **Insurance Company Registration**
- **Insurance Broker License Registration**
- **Insurance Self Network Certification**

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