Amendment To Obligatory Cession For The Financial Year 2026-27

Under Section 101A of the Insurance Act, 1938, general insurers are required to cede a prescribed percentage of the sum insured under each policy to the Indian reinsurer(s). This Obligatory Cession mechanism supports domestic reinsurance capacity and strengthens the Indian insurance market. This amendment applies to all General Insurance Policies attaching during the financial year from April 1, 2026 to March 31, 2027.

For the financial year 2026–27, IRDAI has prescribed an Obligatory Cession of 4% of the sum insured (no change from previous year) on every General Insurance Policy attaching between April 1, 2026 and March 31, 2027. However, no obligatory cession will apply to premiums ceded to the Terrorism Pool, Nuclear Pool and Bharat Maritime Insurance Pool.

The notification clarifies that the entire Obligatory Cession for FY 2026–27 shall be ceded exclusively to the General Insurance Corporation of India (GIC Re).

Kindly refer to the link for the further details - **Notification - Amendment to Obligatory Cession Notification**