

INSURERS SEEK LOWER GST RATE

NON-LIFE Insurance companies have asked for lowering the GST rate on health insurance products; doubling the income tax benefit for buying health insurance while life insurance companies want the government to create a separate tax exemption for life insurance in the Union Budget FY2019. Life insurers have also asked completed waiver on life insurance premiums.

G Srinivasan, chairman and managing director at New India Assurance, said, "We suggest that the government should lower GST rate on health insurance policies. The rates should be lowered from 18 per cent to 5 per cent or 12 per cent.

"We have also asked for a tax relief for personal lines of businesses such as householders insurance and that



to promote the use of health insurance, the prevailing income-tax benefit under Section 80D should be doubled," he added.

R Chandrasekaran, secretary of General Insurance Council, said, "The premiums of senior citizens have risen a lot. A lower GST rate will provide some relief to

those who are paying huge premiums. We have also asked to double the income tax benefit on health insurance products."

Section 80D of the Income Tax Act allows a person to avail income tax exemptions, based on the premiums paid for one or more health insurance policies

purchased for your family (spouse and children) and parents upto Rs 25,000. If one buys health insurance for dependent senior citizen parents then he can claim a tax deduction of up to Rs 30,000 on the premium paid on health insurance.

Roopam Asthana, CEO and whole-time director,

Liberty Videocon General Insurance, said, "Health insurance penetration is woefully low in India. We have a strange phenomenon where health insurance penetration in relative terms is higher in BPL segment (due to government sponsored schemes), middle class government employees and in the affluent segment (due to higher awareness and ability to afford) as compared to the middle-lower middle income segments, especially in the self-employed professional category in both large metros as well as small town India."

"While the middle and lower middle class may not be paying income tax, at the same time a large number of such self-employed professionals are today covered in the ambit of GST. Thus,

while deductions in income tax may not be attractive to this segment, a set-off of GST payable could make a difference to them in terms of their cash flows and should be considered to encourage purchase of health insurance for themselves, their families as well as for their employees—who probably are the most vulnerable and need it the most," added Asthana.

"Currently, all financial instruments such as school fees, insurance premium, contribution to EPF are covered under one slab of Rs 1.5 lakh, which in itself has remained unchanged over many years. We have suggested the government create a separate exemption limit for life insurance, which is a long term savings products," said an insurer.