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# Insurers for tax exemptions on home, shopkeeper policies

**Chirag Madia**

**Mumbai, Jan 19:** In the last few years, profits of general insurance companies took a hit as a result of severe natural calamities—floods in Tamil Nadu and Jammu & Kashmir and the cyclone Hud-Hud. In order to increase awareness about household policy and shopkeepers insurance, the general insurance industry has proposed tax exemptions for such policy premiums.

Currently, only premiums paid for life insurance and health insurance are exempted under Section 80C and 80D of Income Tax Act. The general insurance industry believes that if the government provides tax exemptions on householder policy and shopkeepers insurance, it will be beneficial to all.

“Agents are not selling such policies as their commissions are very low on home as well as shopkeepers policy, and with market share of such category just under 1%, the industry needs some compensation to increase the reach of such products,” said the CEO of a

top general insurance company.

Typically, insurance companies pay around 12-15% of premiums on home and shopkeepers policy, but premiums being too low, agents don’t earn much by selling these products.

According to industry estimates, general insurers



have received claims worth over ₹10,000-12,000 crore following various catastrophic events in the last three years. The insurance industry has already received claims of around ₹3,000-3,500 crore after recent floods in Tamil Nadu.

KG Krishnamoorthy Rao, MD and CEO, Future Generali India Insurance, said, “We have seen an increase in number of queries

for both home and shopkeeper insurance after the floods in Tamil Nadu. But the real question is how many of such queries convert and renew the year later? At Future Generali, we have asked our agents in Chennai to speak to individuals and small and medium-sized enterprises (SMEs) on the importance of home and shopkeeper’s insurance and have few products that can be sold very easily.”

“Since a house is one’s biggest financial asset, a home insurance policy in addition to health is also necessary for every individual. Thus, we expect and recommend that the government should grant tax exemption on premiums for home insurance in the Budget,” Rao said.

Sasikumar Adidamu, chief technical officer, non-motor insurance, Bajaj Allianz General Insurance, said: “I think tax incentive would help as overall insurance penetration is very low. In any major catastrophic event, only 10% of losses are covered. So it is better to get adequately insured.”