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### [Interim budget: Insurers expect thrust on mass insurance schemes, reduction in GST](#)

By Abhinav Singh January 25, 2019 22:03 IST

As the interim budget is round the corner, insurance sector expects a thrust on mass insurance schemes to increase awareness and penetration in the country. Experts from the sector hope that schemes like Pradhan Mantri Jan Arogya Yojana (PMJAY) or Ayushman Bharat will get better allocation of funds and there will be a push towards broader implementation. The sector also hopes that in order to provide further boost to health insurance, an increase in exemption level of health insurance premium can be given to expand the ticket size for health insurance business. Providing health insurance can be made mandatory for the employers to all their employees and a reduction in GST rates may also encourage people to buy insurance.

“Current losses due to natural catastrophes (Nat-Cat) that recently happened in Kerala and the North-eastern part of the country, saw the uninsured losses mainly belonging to the lower strata of the society. Moreover, what’s more devastating is the fact that the incurred loss was much more than the insured loss. Lack of home insurance wipes away the house that you have built with all your lifetime savings, which now needs to be built from scratch. Government could introduce a home insurance scheme in association with insurance companies that covers loss to property due to catastrophic events. Parametric insurance can be adopted wherein the trigger of Nat-Cat event can be pre-defined. Premium can be collected along with the property tax and once the claim is triggered, payment can be made to the Jan Dhan account linked to the policy,” said Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance.

Singhel observed that since this is a budget before the elections the government may announce a ‘vote on account’ budget catering to expenditures only. “I feel these expectations can still be met outside the budget, the way we saw regulations on long term motor insurance policy, compulsory personal accident cover of Rs 15 lakhs, which have provided much needed boost to penetration of insurance in the country,” added Singhel.

Some observers have also asked for a revision of the 80D limits for health insurance premiums under the IT Act and further reduce the GST for health insurance premiums especially for retail policies. Besides this, there is also a demand to make home insurance compulsory.

“The year 2018 saw many disasters across the world and in India. Due to the unusually high rainfall during monsoon season, Kerala witnessed the worst floods in August that killed over 400 people and many more missing. Chengannur and Thrissur were the worst hit places in the state. A total of 2,923 houses were completely damaged in the floods. Due to such uncertainties, the government should make home insurance compulsory and incentivise home buyers by providing income tax benefits for the premium paid towards a policy. This will not only ensure protection against financial loss for customers, but also aid in deepening insurance penetration in the country,” remarked Shreeraj Deshpande, Principal Officer and Key Managerial Personnel, Future Generali India Insurance.

Rikhil Shah, chief financial officer, SBI General Insurance feels that there might be some tax exemptions for the patrons as there has already been a GST cut which was a welcome move for the insurance industry. “We are hoping for positive tax benefits in the home insurance area as in the last year we have seen some major calamities and home insurance has certainly gained importance. We are also hoping for some regulatory framework in the healthcare and the pharma industries to make

insurance a reality for all in India. Like last year, we are expecting the focus of the government to be more on the protection space for the well-being of the population”

Experts are also of the opinion that government schemes play a major part in driving growth in the insurance industry and recent examples include the Ayushman Bharat health scheme and Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme in crop insurance. “From our perspective, we would in particular watch out for budget initiatives which would provide a boost to our industry. Measures designed to fuel infrastructure growth or increased automobile sales would have a direct impact on our business. Similarly, steps to improve insurance penetration such as tax exemption for health insurance premiums or increasing the threshold for deduction under Section 80D would be of benefit to us,” added Shah.