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[Budget 2021 Expectation: Tax relaxations, incentives to enhance insurance penetration](#)

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Budget 2021 Expectations for Insurance Industry: While most lenders force the borrowers to insure the assets, purchased on loan for financial security, relaxations in taxes may make people take insurances voluntarily.



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Budget 2020-21 Expectations for Insurance Industry: To reduce farmers' distress, the government is aggressively highlighting the importance of Farm Insurance, and the adaptability of Life and Health Insurance is also increasing due to increase in the awareness level, but the demand for other insurance products – like Fire Insurance, Home Insurance etc – is negligible.

Due to non-transfer of risks, owners often face major losses and financial distress after the occurrence of such insurable events.

“Insurance is an important social security tool which is closely linked to our economy. Right from insuring the backbone of our economy i.e. the farmers through crop insurance to taking care of new age risks like cyber threats through cyber insurance, insurance is there to safeguard most of the risks we face today. Hence, I believe it becomes even more crucial to provide a much needed boost to the industry in the form of below measures to continue safeguarding both the economy and the society against unforeseen risks,” said Comment on behalf of Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

Except mandatory insurance – like Motor Insurance – penetration of other insurances is very less in India. To enhance the penetration level, the insurance industry players want the government to provide some tax relaxations and incentives.

“On the direct tax front for individuals, I feel the government should provide tax exemption to people opting for home insurance. Thus, providing them with much-needed motivation especially in the light of increasing natural calamities which leave people stranded. This may be done by providing a separate limit over and above the already savings biased 80C limit,” said Singhel.

While most lenders force the borrowers to insure the assets – immovable or movable – purchased on loan for financial security, relaxations in taxes may make people take insurances voluntarily.

“On the indirect tax piece, there is a direct need for the government to reduce the GST rates on insurance premiums given the low insurance penetration in India and the fact that insurance is intended to provide financial support against any sudden human or economic loss,” said Singhel.

“The above measures I believe will go a long way in not only making the insurance industry more favorable, but also lead to increase in penetration of insurance with appropriate support from all the stakeholders,” he added.