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BUDGET 2021-22

# Health needs a better cover, say insurers

Tax sops for home insurance and reduction in GST also on their wish-list

**G NAGA SRIDHAR**  
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A greater push to health insurance, reduction in Goods and Services Tax (GST), and a separate deduction for home insurance top the wish list of general insurers in the upcoming Budget 2021-22.

There are also expectations of broader healthcare reforms that can augur well for the health insurance segment, which has been in the limelight, thanks to increased awareness driven by Covid.

According to Mayank Bathwal, CEO, Aditya Birla Health Insurance, health insurance was a growing sector even before the pandemic.

However, the pandemic has re-inforced the indispensable nature of having a safety net when it comes to healthcare costs. In this situation, it is necessary to have health insurance as every family today faces questions on their preparedness coping with unforeseen and emergency healthcare costs, he said.

## Expects positive action

To give a further push, the industry is expecting some positive action by the government in the upcoming Budget. "Given the global focus on health, we anticipate that this year's Budget will have a larger thrust on health reforms," said

Bathwal. As family health insurance premiums versus the tax benefits are skewed, it becomes important to increase the limits defined for medical claim premium tax deduction under section 80D of the Income Tax Act to ₹1,00,000 (₹50,000 for self and spouse, in addition to ₹50,000 for parents). "Further, allowed dependent relationships should be re-looked. It is also crucial to reintroduce the medical reimbursement with a higher limit of ₹50,000 tax deduction, which got merged in standard deduction during the finance Budget 2018," said the Aditya Birla Health Insurance chief.

Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance, expects more traction on the Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PM-



JAY). "Looking at the way PM-JAY scheme is evolving (case in point is PMJAY-SEHAT in J&K UT), I feel that the scheme should further enhance its coverage by not limiting it to specific strata of people, but should be provided for all citizens of our country," he said.

This, coupled with reducing the GST on insurance premiums and increasing the tax exemption cap limit under 80D, will encourage more people to opt for health insurance.

"These measures will not only help people access quality medical treatment, but also

better their lifestyle, thereby increasing the life expectancy of people in our country even further," Singhel added.

Given the low insurance penetration in India and that insurance is intended to provide financial support against sudden human or economic loss, the government should lower the applicable GST rate on insurance premiums.

Non-life companies are mandatorily participating in pooling arrangements such as Terrorism Pool, which should be exempted from GST. In the case of insurance business, investments or transactions in securities are governed by the Insurance Act and Regulations framed there under to protect the policyholders' interest over the long term.