

[Union Budget 2022: Provide tax exemption to people opting for home insurance](#)

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The dynamic health environment has been a catalyst in the pace for the need for health insurance in India. In current times insurance has become an everyday need in order to be adequately protected against uncertainties.

Insurers, therefore, believe it has become even more crucial to provide the much-needed boost to the insurance industry in the form of the below measures to continue safeguarding both the economy and society against unforeseen risks:

1) On the direct tax front for individuals, 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,” says Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

2) On the indirect tax front, 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.

3) Parametric Insurance (Index-based scheme) should be introduced, which indemnifies the insured for the losses arising from catastrophic events. The premium can be collected along with property tax, and when a claim arises the claim amount is directly transferred to the insured's Jan Dhan Account linked to their home insurance policy.

4) The government should introduce a universal health insurance scheme as done in Jammu and Kashmir to be implemented across all States/UTs in India, which covers all citizens of the region instead of select individuals.

5) After the introduction of GST, the industry is receiving various correspondences from different state authorities calling for information relating to specific issues. "This is resulting in administrative difficulties for large units involving replies to multiple authorities on the same issues. This can be eliminated if a 'Common Assessment Authority' is established for companies having a pan-India presence with a turnover above the specified threshold limit," says Singhel.

6) Covid has highlighted the importance of protection and savings, so the budget can provide additional tax benefits for protection and retirement products.

7) As the recovery in private consumption still lags the pre-pandemic levels, some budgetary support can be provided for private consumption especially for Automobile and durable segments.

"In general, given the Covid impact, the fiscal deficits have gone up, and the government will have to focus on a roadmap to bring the deficits to pre-covid levels. I feel, these few solutions will go a long way in improving the life expectancy of Indians and will bolster the financial and economic stability of our country," says Singhel.