

■ Reduction in GST on health products to 5% from 18% sought Insurers seek higher 80 C limit

Mumbai, Jan. 26: Insurance companies are seeking a separate deduction limit of Rs 1 lakh for insurance premium payment under Section 80 C of the Income Tax Act in the upcoming Union Budget to bring in more people under the ambit of insurance.

The insurers also want a reduction in the goods and services tax (GST) rate of 18 per cent currently applied on health insurance products to 5 per cent to make such products more affordable to the common man.

Finance minister Nirmala Sitharaman will present the Union Budget for 2022-23 on February 1.

"The industry has long pending expectations from the policy makers for incentivising people to get life insurance by giving a separate deduction limit of minimum Rs 1 lakh for insurance premium payment under Section 80C," Tarun Rustagi, chief financial officer Canara HSBC OBC Life Insurance said.

Life insurance is a long-term solution, unlike other financial products which have a shorter investment

horizon and are covered under the 80C provision.

Currently, all financial savings are clubbed under the same section (80C) capped at Rs 1,50,000.

"We expect the budget to consider creating a separate section for tax deduction on premium paid

towards life insurance. This would enable a more logical segregation of customer's funds into long-term and short-term kit-ties," Edelweiss Tokio Life Insurance executive director Subhrajit Mukhopadhyay said.

Ageas Federal Life

Insurance MD & CEO Vighnesh Shahane said the Section 80 C is currently cluttered with several investment options such as public provident fund, equity-linked savings scheme and national savings certificate, amongst others. "At least, a separate sec-

tion for term policies would be helpful given the current scenario and the huge protection gap in the country," Shahane said.

Future Generali India Life Insurance senior VP and head-products and development Chinmay Bade said life insurance is a proxy to social security in case of death of a person as well as survival and, therefore, the exemption limit of 1.5 lakh under Section 80C needs a revision.

As per Irdai's Annual Report-2020-21, insurance penetration in the country is at 4.2 per cent of the GDP vis-a-vis a global average of 7.4 per cent. As of March, 2021, the non-life insurance penetration stood at barely 1 per cent.

Bajaj Allianz General Insurance MD & CEO Tapan Singhel believes the premium price over coverage plays a critical role in the purchasing decision for customers. With the 18 per cent GST applied to health insurance, the premium price goes up, which becomes a deterrent in people opting for sufficient coverage, he noted. —PTI