

[Budget 2023: Here's top 5 key expectations of Insurance players, BFSI News, ET BFSI](#)

The year 2022 was termed as a revolutionary year for the Insurance sector by the Industry leaders with reforms and growth being the key themes. Both the IRDAI and the government implemented several changes to open up the sector and make it more conducive for all stakeholders last year with measures like 'File and Use', Increasing tie-up limits in life, health, and general insurance, permitting private equity firms to directly invest, introducing Bima Sugam, and more. Last year in the Union Budget, Foreign Direct Investment (FDI) limits in the insurance sector were also increased to 74%, compared to 49% in 2015, which was a major step forward in facilitating ease of business overseas. The industry expects that the Government would continue promoting investments, improving ease of doing business and easing capital formation in the Union Budget 2023 as well, which will in turn help customers with better choices in the long run and deepen the industry's reach by addressing the penetration gap. Here are the Insurance Industry's Top 5 Budget 2023 expectations.

- 1. GST relaxation on Health and Life Insurance** To ensure adequate life insurance cover for all through enhanced penetration, it is necessary to make pure protection plans more lucrative from a customer standpoint, highlighted Rushabh Gandhi, Deputy CEO at IndiaFirst life Insurance. "Towards this, we solicit relaxation in the instance of the GST (at present at 18%) levied on term insurance plans. We strongly recommend "zero rating" of GST for PMJJBY and similar provision for Micro Insurance products to help insurance companies cater to the under-served people across the country and especially those in rural areas better," he said. On similar note Srikanth Kandikonda, CFO, ManipalCigna Health Insurance, the government in the upcoming budget should also consider 5% GST tax slab from 18% currently on health insurance premium to make it more affordable for the people living in the middle-income group to get access to quality healthcare care they need.
- 2. Provision to launch parametric insurance for property loss** India is witnessing a staggering rise in natural calamities like earthquakes, landslides, and floods. The country has witnessed roughly 765 natural catastrophes (NAT CAT) events since 1900, while between 2001-2021 total number of such events stands at about 354. Apart from the rising frequency of natural calamities, there also lies a wide protection gap between insured and economic losses of around 90%, highlighted Tapan Singhel, MD and CEO, Bajaj Allianz General Insurance. "Eventually, the government has to direct huge sums of money as relief measures after such events. Parametric insurance will work as an effective tool to bridge the protection gap. A provision to launch parametric insurance should be made in the upcoming budget. The government can finance Parametric Insurance through a cess while collecting property tax," he said. Also Read: Budget 2023 Wishlist: Reduce Income tax on Insurance, liberate investment patterns
- 3. Increasing Health insurance deduction limit** Currently, health insurance premiums paid to cover individual members are allowed a deduction ranging from Rs. 25,000 to Rs. 50,000/- under section 80D. It is requested that in view of the inflation, the current limit of maximum of Rs. 50,000/- may be increased to Rs. 1,00,000 in order to induce people to take adequate cover of insurance, said Rakesh Jain, CEO of Reliance General Insurance. Further, deduction of health insurance premium u/s 80D should also be allowed under the new tax regime, he added.
- 4. Separate section for tax deduction for Life Insurance** 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 purchases are clubbed under the same IT deduction section (80C) capped at Rs. 1,50,000. According to Subhrajit Mukhopadhyay, Executive Director, Edelweiss Tokio Life Insurance, budget 2023 should consider creating a separate section for tax deduction on premium paid towards life insurance. This will enable an effective segregation of customer's funds into long-term and short-term kitties, he said. Also Read: Insurance leaders anticipate major changes from Finance Minister
- 5. Bring Annuity/Pension products at par with NPSThe**

cost of living is increasing rapidly and the returns which banks offer to their depositors barely cover the inflation rate so investors see pension and annuity products to protect their future or retirement requirements. If such products continue to be taxable in the hands of the investors, it is likely to take away the major chunk of the proceeds, highlighted Sharad Mathur, MD & CEO, Universal Sompo General Insurance. Pension/annuity proceeds should be made tax-free in the hands of policyholders, said Satishwar B, MD & CEO, Aegon Life Insurance. It is expected of the government to bring life insurance Annuity or Pension products at par with National Pension System (NPS), especially from a tax deduction point of view. Experts believe that while the NPS is given Rs 50,000 exclusive benefit above the 80C limit, the same should also be given to insurance companies and that there should be a uniform structure.