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## **Insurance Agents Federation seek the removal of GST from insurance products.**

The life insurance agents federation of India had made an appeal to Basavaraj S. Bommai, chief minister of Karnataka. Mr. Bommai is the leader of the ministerial panel on GST. The panel has been constituted to study the exiting GST provisions and implement ways to rationalise the taxes.

The insurance agent's federation has sought the removal of GST from life and health insurance products.

In the letter addressed to Chief minister Bommai, the federation stated that an 18% GST levied on the Life insurance premium made it less attractive than FDs (fixed deposits), Post office schemes, and Mutual funds GST is being imposed on them.

The federation's secretary N. Gajapathi Rao said the primary savings instruments in India are; Insurance, bank deposits, post office schemes and mutual funds. The customer always compares the savings across the sectors and finds the insurance less lucrative. The insurable population of India is about 20%-22% which is way less if compared to the developed countries. The 18% GST further makes the consumer repulsive to the idea of insurance.

Further, he said that many customers are interested in investment returns compared to a death cover. This makes the insurance products less attractive to the consumer when compared with schemes offered by other sectors.

He stated that "The 18% GST is an impediment in realising the government's dream of providing insurance cover to all eligible individuals."

There are three types of GST imposed on insurance: insurance risk premium, late fee, and delayed loan interest. No GST is levied on banks and post office saving schemes.

Mr Rao said, " It is an irony that GST is not imposed on liquor but imposed on health insurance." GST on other products like diamonds is 0.25%, 1.5% on gold and 12% on clothes.

He has appealed to the GST ministerial panel on behalf of the life insurance agents federation of India. To consider the removal of GST on life and health insurance policies to stimulate the growth of insurance industry.



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