

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO.111

TO BE ANSWERED ON MONDAY, NOVEMBER 25, 2024 /AGRAHAYANA 4, 1946
(SAKA)

GST EXEMPTION ON HEALTH AND LIFE INSURANCE POLICIES

111. SHRI N K PREMACHANDRAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to exempt GST on health insurance and life insurance policies, if so, the details thereof and the action taken thereon;
- (b) whether the State Governments have supported the proposal for exempting GST on health insurance and life insurance policies, if so, the details thereof along with the name of State Governments;
- (c) whether the Government proposes to establish a monitoring system to ensure that insurance companies disburse the claims as per the terms and conditions of the policy within the stipulated time, if so, the details thereof and the action taken thereon; and
- (d) whether the Government proposes to establish a system for providing health insurance to all by reducing the premium on health policies, if so, the details thereof and the action taken thereon?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) & (b): GST rates and exemptions on all services (including health and life insurance) are prescribed on the recommendations of the GST Council which is a constitutional body comprising of members from both the Union and State/UT Governments.

Specific health insurance schemes catering to the needs of differently abled and economically weaker sections of the society, such as Rashtriya Swasthya Bima Yojana (RSBY), Universal Health Insurance Scheme, Jan Arogya Bima Policy, Niramaya Health Insurance Scheme are exempt from GST.

Life insurance services provided under specific schemes such as Varishtha Pension Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Vaya Vandana Yojana, etc are exempt from GST.

Furthermore, all the fully government sponsored insurance schemes, such as Ayushman Bharat PM-JAY, are also exempt from GST.

The issue of exempting/reducing the GST on life and health insurance was placed before the GST Council in its 54th Meeting held on 09th September 2024 at New Delhi. After detailed deliberations, the GST Council recommended to constitute a Group of Ministers (GoM) to holistically look into the issues pertaining to GST on life insurance and health insurance. Accordingly, a Group of Ministers (GoM) on Life and Health Insurance was constituted under the Chairmanship of Sh. Samrat Chaudhary, Hon'ble Deputy CM, Bihar. First meeting of the GoM was held on 19th October 2024 at New Delhi where the issues of GST rates on health and life insurance policies were discussed. The recommendations of the GoM when received will be placed before the GST Council.

(c) & (d): Insurance Regulatory and Development Authority of India (IRDAI) has been established *vide* IRDAI Act, 1999 to, *inter-alia*, protect the interests of holders of insurance policies. Further, IRDAI (Protection of Policyholders' Interests, Operations and Allied Matters of Insurers) Regulations, 2024, *inter-alia*, states that insurers shall have in place, systems and processes for expeditious settlement of claims and ensure that claims registered are settled in a timely manner not exceeding the turnaround times for settlement of claims as per their Board approved policy and in the manner as may be specified. IRDAI has mandated that the Grievance Redressal Procedure shall be followed scrupulously by all insurers and distribution channels. The insurers are mandated to publicize their grievance redressal procedure and ensure its availability on their website.

Additionally, the Insurance Ombudsman System has been established under the Insurance Ombudsman Rules, 2017. It offers a quick and cost-effective way for policyholders to resolve grievances including claim settlement with insurance companies and intermediaries through its 17 offices. The Ombudsman must resolve the issue within 90 days, and its decision is binding on insurers and intermediaries. However, the policyholder/complainant is free to exercise further available legal remedies, if not satisfied.

Centralized Public Grievance Redressal and Monitoring System (CPGRAMS) is monitored directly by the Department of Administrative Reforms & Public Grievances, Government of India. It is an online portal available to citizens to lodge their complaints to the public authorities on any subject related to service delivery including claim settlement. It is a single portal connected to all the Ministries/Departments of Government of India and States.

Further, Ayushman Bharat, a flagship scheme of Government of India, was launched in 2018 to achieve the vision of Universal Health Coverage (UHC). It provides health cover of Rs 5 lakh per family per year for secondary and tertiary care hospitalization to vulnerable families. Taking the mission ahead, the Union Cabinet in September 2024 has approved health coverage to all senior citizens aged 70 and above, regardless of their income. This expansion aims to benefit around 4.5 crore families, including 6 crore senior citizens, by providing them with free health insurance coverage of up to Rs 5 lakh per family. On 29.10.2024, Ayushman Vaya Vandana Cards were rolled out and as on 21.11.2024, 10 lac senior citizens have been enrolled, out of which 4 lacs are women and a sum of Rs. 9 Crore has been authorized towards treatment of senior citizens.

Further, IRDAI envisages that every citizen has an appropriate life, health and property insurance cover and every enterprise is supported by appropriate insurance solutions by 2047. As part of this plan, IRDAI has created State Insurance Plans wherein states and union territories are allotted to one life, one general and one health insurer and the lead insurers are required to promote adoption of insurance.
