



GST Reforms & Insurance – Customer Question & Answer...

1. Has GST been removed on Health and Life Insurance premiums?

✓ Yes. From September 22, 2025, GST on individual health and life insurance premiums has been reduced from 18% to 0% (NIL).

2. Does this apply to both new and renewal policies?

✓ Yes. The exemption applies to all new policies and renewals payable on or after September 22, 2025.

3. What about premiums already paid before September 22?

✓ If you paid premiums (including GST) before September 22, there will be no refund. The benefit begins only after that date.

4. Do grace period renewals qualify for GST exemption?

✓ No. Payments during the grace period before September 22 will not qualify. Only premiums due on or after September 22 are GST-free.

5. How much can I save because of GST removal?

✓ Customers save up to 18% on premiums. Example: Earlier, a policy renewal of ₹1,18,000 will now cost only ₹1,00,000.

6. Does this reform cover all types of policies?

✓ Yes. It covers individual health policies, life policies (Term, ULIP, Endowment), and family floater/senior citizen plans. Reinsurance for such policies is also exempt.

7. Will insurers reduce premiums immediately?

✓ The GST component will automatically be removed. The base premium remains the same, but the total payable amount will reduce.

8. Does the exemption also apply to group insurance?

✓ At present, the GST Council's decision specifically mentions individual health and life insurance. Group products may not enjoy the same benefit.

9. What does this mean for the general public?

✓ Insurance becomes more affordable, increasing coverage for middle-class families. Overall healthcare costs will reduce, offering a double benefit.

10. Do policy terms and conditions change due to GST reform?

✓ No. Only the total premium payable changes. Policy terms, coverage, and benefits remain unchanged.

11. Are top-up and super top-up health plans covered?

✓ Yes. Since they are individual health products, they also fall under 0% GST from September 22, 2025.

12. What about premiums paid via EMI or monthly mode?

✓ The GST exemption applies to all payment modes—annual, semi-annual, quarterly, or monthly—as long as the due date is on/after September 22.

13. Does GST removal affect tax benefits on insurance?

✓ No. Tax benefits under Section 80C (Life) and 80D (Health) remain unchanged. Customers now enjoy double benefits—lower premiums + tax savings.

14. Will GST reforms reduce claim settlement hassles?

✓ Indirectly, yes. With IRDAI and the Finance Ministry tightening NHCX (Claims Exchange), consumers can expect smoother and more transparent claim processing.

15. Will NRIs with Indian insurance policies benefit from GST removal?

✓ Yes. NRIs purchasing health or life policies in India will also pay premiums without GST.

16. Can premiums still increase in the future despite GST removal?

✓ Base premiums may rise due to medical inflation or mortality risk, but the 18% GST burden is permanently removed.

17. Does GST exemption also apply to riders (like critical illness and accident coverage)?

✓ Yes. Since riders are attached to individual life/health policies, they too fall under 0% GST from September 22, 2025.

18. What about group health insurance from employers?

✓ Group corporate insurance is not included. The exemption mainly applies to retail/individual policies.

19. Will existing ECS/auto-debit instructions automatically adjust premiums?

✓ Yes. After September 22, insurers will auto-update billing and only deduct the revised premium (without GST).

20. How will customers know if insurers passed on GST benefits?

✓ IRDAI has instructed insurers to clearly show GST = 0% on premium receipts/invoices.

21. Does GST exemption make insurance cheaper than mutual funds or deposits?

✓ Yes. With 0% GST + tax benefits (80C/80D), insurance becomes one of the most cost-effective financial products.

22. Does loss of Input Tax Credit (ITC) affect how much benefit insurers can pass on?

✓ Yes. Insurers can no longer claim ITC on operational expenses, so the 18% savings may not be fully passed on, only partially.

23. What is the actual expected benefit for policyholders after accounting for ITC loss?

✓ Industry estimates suggest a net benefit of 3%–8%, depending on the insurer's retail business volume.

24. Will employer-provided group health insurance benefit from GST removal?

✓ No. The exemption applies only to individual policies; group policies will continue to attract 18% GST.

25. Can employers shift from group cover to individual allowances due to GST differences?

✓ Yes. Experts expect a strategic shift where employers may provide allowances or reimbursements for individual policies, which are now tax-free.

26. Will this reform push insurers to promote individual health plans more aggressively?

✓ Definitely. Since retail plans are cheaper now and group plans are still taxed, insurers may focus more on individual coverage.

27. How will this reform impact insurance penetration in India?

✓ It is expected to increase health insurance adoption, especially among the uninsured "missing middle class."

28. Does it apply to all types of health insurance—family floaters, senior citizen plans, top-ups, etc.?

✓ Yes. All individual health products—including floaters, senior citizen plans, riders, and top-ups—fall under the exemption.

28. Are there official notices/FAQs to refer for implementation details?

✓ Yes. CBIC and PIB will release official notifications and FAQs clarifying rules for renewals, multi-year policies, and billing protocols.

29. When will we see official implementation notices?

✓ The changes take effect from September 22, 2025, and official notifications are expected soon thereafter.

30. Can health insurance premiums still rise in the future despite 0% GST?

✓ Yes, they may rise due to factors like medical cost inflation, but the GST component will be permanently removed.

Each insurance company will share communications with its policyholders, highlighting the options available as per the latest GST clarifications and updates.

GST should not be the reason to delay or postpone your risk protection decisions.

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