

No major rise in insurance sales so far despite GST move, say distributors

Sales are mainly from customers who delayed purchases, creating pentup demand

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The implementation of zero goods and services tax (GST) on individual health and life insurance policies has not led to a major surge in sales, as most recent ones have stemmed from pentup demand and policy issuances that were postponed between the announcement of the GST exemption and its implementation, insurance distributors said.

The industry, however, believes that it is too early to see a proper trend.

"It is too early to speak of a trend. There is a good flow of enquiries and there have been purchases by people who had finished their analysis, but were waiting till September 22 to

Mixed reaction

- The GST Council exempted all individual life and health insurance policies
- The tax cut has, however, accelerated decision-making for some customers
- Insurers are passing the full GST benefit to policyholders without changing product prices
- The affordability increase is expected to lead to customers buying larger covers



buy policies. People are not in a hurry to buy insurance just because of rate reduction. However, GST reduction is definitely helping people who were in the

advanced stages of discussion to make payments faster. It is speeding up the decision-making process for customers," said Saurabh Vijayvergia, Founder & CEO, CoverSure.

The GST Council had earlier

this month announced exemption on all individual life insurance policies, including term, unit-linked, and endowment plans, as well as their reinsurance. The decision was intended to make insurance affordable and expand coverage across the country. Similarly, all individual health insurance policies, including family floater and senior citizen plans, and their reinsurance have also been exempted to boost penetration.

Insurers have decided to pass on the full benefit to policyholders until they reprice the products. Even though the GST rationalisation has not resulted in considerable increase in policy sales, the decision has nudged customers who were waiting for premium rationalisation to purchase policies and also opt for larger cover.

"Insurance companies have

been issuing policies without GST with risk dates starting from September 22. However, they have not revised premiums and are passing on the benefits entirely to consumers. Although people do not rush to buy insurance merely because of change in GST rates, the changes have nudged customers who were yet to take a final decision," said Vaibhav Kathju, founder, Inka Insurance.

"However, those who didn't see insurance as necessary are still not buying. Overall, the price change has accelerated decisions for some, but it will take some more time to see the full impact. Going forward, due to increase in affordability, we expect people to buy insurance policies with larger cover. Premiums will be less of a concern for policyholders in choosing sum insured and product variants now," he added.

