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What Budget 2017 can do to enable people to make full use of insurance

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Synopsis
Here are some ideas from experts on what changes in the budget could make it easier for the common man to buy and use insurance fully.



As the finance ministry begins drafting the coming **Budget 2017**, ET Wealth requested financial sector experts for their suggestions on what changes they would like to see proposed in the **Finance Bill 2017**. Here are some ideas from experts on what changes in the budget could make it easier for the common man to buy and use insurance fully.

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V Jagannathan, CMD, Star Health Insurance
Enable grading of hospitals and fix charges for various medical procedures

Access to health is a basic need. Unfortunately, most in this country are unable to afford quality medical treatment. Keeping this in mind, the government should enable grading of hospitals and fix package charges for various procedures, which will help the public at large opt for a treatment of choice. Also, the deduction limit for health **insurance premium** under Section 80D is low. Healthcare costs have shot up dramatically and one must buy a large insurance to be able to cover the entire cost. The Budget should provide 100% exemption for the actual premium paid (especially for the youth) without any cap. This will encourage an increase in the number of people buying health insurance.



Bhargav Dasgupta Managing Director, ICICI Lombard
Increase deduction limit for medical insurance

The penetration of non-life insurance in India continues to be very low at 0.7% of the GDP. Despite the country witnessing diverse incidents (disease outbreaks, road accidents and natural calamities), a sizeable portion of the population remains out of the purview of any form of non-life insurance. The Budget needs to fix this. The current tax deduction limit for health insurance premium needs to be increased to at least Rs 75,000 given the rising medical inflation and emergence of lifestyle diseases which pose a significant threat to India's population, even in the younger age bands. In fact, tax benefits should be introduced for other forms of non-life insurance as well, including home insurance and personal accident cover.



Mimi Parthasarathy, MD, Sinhasi Consultants
No service tax or GST on term plans, health cover

At present, 15% service tax is levied on premiums for both health and life insurance. The GST on insurance premiums is expected to be in the range of 18-24%, which is very high. The government should remove service tax or GST on term plans and health insurance. These are not investment products but are taken by individuals to cover the risk of death and medication. This is a basic requirement and therefore should not be taxed. The removal of these taxes might even encourage more individuals, especially common people, to buy these plans.

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