GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 1323

TO BE ANSWERED ON MONDAY, July 27, 2026/Shravana 5, 1948 (SAKA)

GST Exemption on Health Insurance

1323. Shri Dushyant Singh:

Will the Minister of **FINANCE** be pleased to state:

(a) the details of the recent decision of the Government to exempt insurance premiums from GST and the estimated impact of the same in increasing the insurance coverage in the country in line with the Government's vision of "Insurance for all by 2047";
(b) whether the Government has envisaged any steps to monitor and ensure that the benefits of the GST exemption are passed down to the consumers, if so, the details thereof; and
(c) whether the Government has assessed the implications for insurers with regards to the claiming of Input Tax Credit benefits as a result of this exemption and the consequent impact on their ability to pass down the said benefits to the consumers and if so, the details thereof?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): The GST rates and exemptions on any supply of services and goods 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. The GST Council in its 56th meeting held on 03.09.2025 recommended to grant GST exemption on all individual life insurance policies and all individual health insurance policies (including family floater) along with re-insurance thereof. Accordingly, the exemption was given to supply of individual life and health insurance policies (including family floater) along with re-insurance thereof w.e.f. 22.09.2025 vide Notification No. 16/2025-CTR dated 17.09.2025.

The impact of these rate changes/exemptions can be assessed from the percentage growth in the insurance premium collection post 22.09.2025. A table indicating the percentage growth in collection of insurance premium for individual life insurance and individual health insurance (including family floater) is as under:

Insurance Segment	**2024-25 (Oct-Mar)**	**2025-26 (Oct-Mar)**
Individual Life Insurance	7.7%	11.2%
Individual Health Insurance (including Family Floater)	7.0%	29.7%

Thus, these rate changes seamlessly align with the Government's vision of "Insurance for All" by making individual life and health insurance more affordable.

(b) to (c): The Department of Financial Services had convened a meeting, just after the exemption was notified, with senior officials of IRDAI, CMDs of public sector insurance companies and CEOs of leading private sector life and non-life insurance companies and officials from Life Insurance Council & General Insurance Council to ensure that the benefits of exemption shall fully be passed on to both, the existing as well as the prospective policyholders.

The insurance regulator, IRDAI also conducted meetings with the CEOs and Appointed Actuaries of insurance companies, sensitising them to ensure that the benefits of the GST exemption are fully passed on to the policyholders. IRDAI has received confirmation from all General, Health and Life insurance companies in January 2026 that they have not revised premiums on account of GST exemption and that the relief granted by government has been duly passed on to the policyholders. Thus, the GST exemption has directly benefitted the end users by reducing the overall cost of insurance.

Although, the insurers are required to reverse the Input Tax Credit (ITC) attributable to these exempt supplies, however, they have confirmed that they did not increase the premium rates after the rate revision.

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