

Frequently Asked Questions on Exemption of GST on all Individual Life Insurance and Health Insurance Policies

Q1: What is the recent change to GST on insurance policies and when will it be implemented?

Ans: GST rate on all Individual Life Insurance and Individual Health Insurance policies, including reinsurance of the same, has been reduced from 18% to zero and it has come into effect on 22nd September 2025.

Q2: Which insurance policies are covered under the ambit of the GST exemption?

Ans: All Individual Life Insurance and Individual Health Insurance policies are covered under the ambit of GST exemption.

Q3: Which policies are covered under the ambit of the GST exemption recommended on health insurance?

Ans: The policies covered under the exemption are **all individual health insurance policies** (including family floater plans).

Q4: Whether GST will be applicable on Group Insurance policies?

Ans: Yes, the exemption is explicitly for **all INDIVIDUAL** life and health insurance policies and the 18% GST rate will be applicable on Group Insurance policies.

Q5: Whether GST will be applicable on employer-sponsored insurance policies?

Ans: The employer-sponsored group health insurance or a group life policy will continue to be taxed at 18% GST rate.

Q6: In case due date of premium falls prior to September 22, 2025 but payment received on or after September 22, 2025, whether GST as per new regime or old regime will be applicable?

Ans: GST rate will be applicable as on date of premium payment. In case due date for premium falls on September 21, 2025 but premium payment is received on or after September 22, 2025, no GST will be applicable.

Q7: In case of advance towards premium received before September 22, 2025, and the premium due on or after September 22, 2025, whether GST as per new regime or old regime will be applicable?

Ans: As per section 14 of the CGST Act, 2017, GST rate will be determined on the basis of three events happening, - (a) supply of service, (b) issue of invoice and (c) payment being received. When two out of three events fall on or after September 22, 2025, then the new rate (exemption) applies. If two events out of the three falls before September, 2025, then the old rates will be applicable.

Q 8. Will the health insurance policies with embedded covers such as travel and personal accident cover be eligible for GST exemption?

Ans: In case of individual health insurance policy with additional features like travel cover and personal accident cover sold as a single product, the entire product sold for a single price, would be exempted from the GST ambit.

Q 9. What would be the treatment of policies where insurance premium is collected in instalments (i.e., other than single premium)?

Ans: GST rate will be applicable as on date of instalment premium payment. If instalment premium is paid before September 22, 2025, 18% GST rate will be applicable and if instalment premium is paid on or after September 22, 2025, such premium collected will be exempt from GST.

Q 10: Whether GST will be applicable on Group credit life and Group term policies?

Ans: As per notification No. 16/2025 Central Tax (Rate) dated 17.09.2025, w.e.f., 22.09.2025, the exemption is explicitly for services of life insurance business provided by an insurer to the insured, where the insured is not a group. Group credit life and Group term policies would continue attracting 18% GST.

Q 11: Whether the policies issued to NRI customers on or after September 22, 2025, will be treated as export (Zero rated) or exempt?

Ans: In case such individual policy fulfils the required conditions to qualify as export of services under GST law, such policies can continue to be treated as export else the services will be treated as exempt services.

Q 12. What would be the treatment of individual life insurance policy which lapsed due to non-payment of premium before 22.09.2025 and thereafter, policy was revived on or after 22.09.2025?

Ans: The premiums paid for the re-instated policy issued to the policyholder on or after 22.09.2025 will be exempt from payment of GST.