

UNITED FORUM OF BANK UNIONS

(AIBEA-AIBOC-NCBE-AIBOA-BEFI-INBEF-INBOC-NOBW-NOBO)

5th September, 2025

To
Smt. Nirmala Sitaraman
Hon. Minister for Finance and
Chairman, GST Council
Govt. of India
New Delhi

Respected Madam,

**Exemption from levy of GST on the premium paid by the senior citizens/
retired bank employees and officers who are covered by the Medical
Insurance Scheme – representation – regarding**

You are aware that from 2015, Banks have introduced Group Medical Insurance Scheme for the in-service employees and officers. The premium for this Group Insurance Policy is borne by the Bank including the GST on the same.

However, in the case of retired employees and officers of the Banks, the Group Medical Insurance Policy has been extended to them but the premium for the medical insurance cover is being paid by the individual senior citizens/retired employees and officers. The premium is not paid by the Banks but it is directly remitted to the Bank by individual retirees. The GST on the premium is also being borne by the individual retirees.

We are thankful that the GST Council meeting held recently has, among other things, exempted GST on premium from all individual health insurance along with reinsurance thereof from the present 18% GST. This is a good relief to the people at large who cover themselves against medical exigencies. However, in the case of Banks, the Policy is a Group Policy even though the premium and GST are paid to the Banks individually by the retirees/senior citizens. In fact in these of State Bank of India, under their Scheme, the retirees are remitting the premium directly to the Insurance Company (SBI General).

Madam, you will kindly appreciate that the premium on the minimum basic medical insurance cover for the banks' retired employees and officers is itself a sizeable financial burden for them and the 18% GST on the same is felt as a considerable additional burden on them at their old age.

We are happy that the Government and GST Council have rightly addressed the issue of GST on the individual health insurance and life insurance and exempting GST on the same is a most welcome measure of relief.

But since the health insurance for the senior citizens in the Banks is under a Group Policy, there is an apprehension that the benefit of exemption of GST may not be applicable to these senior citizens.

However, since the premium is paid individually by these senior citizens/bank retirees, we shall thank you to consider issuing a clarification that if the premium on the Group Medical Insurance Policy for the senior citizens is not paid by the employer/management and if the premium is paid by the individuals, in such cases, the GST shall be exempted on the premium paid by these senior citizens.

Thanking you,

Yours sincerely

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