

SERVICE TAX

CIRCULAR

Insurance Services - Clarification regarding service tax exemption for Janata Personal Accident Policy

CIRCULAR NO. 133/2/2011 - ST, DATED 18-1-2011

- 1.** A clarification has been sought as to the scope and meaning of the description namely 'Janata Personal Accident Policy (JPAP)' appearing in the Notification No. 3/1994-ST, dated 30-6-1994.
- 2.** The issue has been examined. The representation seeking clarification arises in the context of customized group insurance policy schemes known as JPAP, floated by various insurance companies as specified by State Governments, to extend risk cover to certain specified target populations, under varying terms of insurance. Generally, a standard JPAP is an individual oriented policy with a fixed 'sum assured'. The sum assured in these JPAP policies is often as low as Rs. 25,000, so that even people without regular income can afford to purchase a risk cover for themselves. For the insurers, JPAP offers a vehicle to fulfil the 'rural or social sector' obligation prescribed by the Insurance Regulatory Development Authority (IRDA). Since a description of JPAP Policy is not available in the relevant notification, it is clarified that customized group JPAP insurance schemes floated by various insurance companies as per the specifications of State Governments concerned, to extend risk cover to target populations, and to fulfil the prescribed 'rural or social sector' obligation, are covered by the subject service tax exemption.
- 3.** Trade Notice/Public Notice may be issued to the field formations accordingly.