

Niva Bupa Health Ins

30 July 2026

Operator: Good morning, ladies and gentlemen. Good day and welcome to the Q1 FY27 results conference call of Niva Bupa Health Insurance Company Limited. Please note that any statements and comments made in today's call that may look like forward-looking statements are based on the information presently available to the management and do not constitute any indications of any future performance, as the future involves risks and uncertainties which could cause results to differ materially from the current view being expressed. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anshuman. Thank you, and over to you, sir.

Management: Thanks, Aparva. Good evening, ladies and gentlemen. We are extremely delighted to host the Q1 FY27 results conference call of Niva Bupa Health Insurance Company Limited. From the management, we have Mr. Krishnan Ramachandran, Managing Director and CEO; Mr. Ankur Karvandha, Executive Director and Deputy CEO; Mr. Vishwanath Mahendra, Executive Director and CFO; Mr. Bhavatosh Mishra, Chief Operating Officer; and Mr. Vikas Jain, Chief Investment Officer. I now hand over the call to Mr. Krishnan, MD and CEO.

Management: Thank you very much, Anshuman, and thank you to all of you who made time for our Q1 call this evening. I will follow the same format that I have done for a few quarters now, which is to give you a brief update on some of the important industry initiatives and a summary of the performance highlights from a Niva Bupa standpoint.

On the industry front, the awareness campaign continues at pace. I continue to update on this because I think it is critical to improving penetration in retail health insurance. As you all know, the entire industry is collectively committing about 120 crores a year towards improving health insurance awareness, and about 50% of this budget is toward health. We have had a very successful series of campaigns with very good feedback from a customer standpoint. Specifically, the metrics around awareness regarding the need for health insurance have landed quite well. In Q2 as well, we will see a repeat of the campaign.

We continue to experience GST tailwinds. Retail health at the industry level grew 31.6%, and the overall growth for health on a reported basis was 22.4%. Our own growth continues to comfortably outpace the market growth, and I will come to that in a bit. Another important update is that in Q1, we fully transitioned to Ind AS. In the past, as you are aware, we used to update our financial results on an IFRS 17 basis. Ind AS is now notified, and we are one of the companies that have transitioned to the Ind AS accounting standard. We will continue to report parallel accounts as required by the authority from a public disclosure standpoint.

The last industry update I have is the work being done as part of the health insurance committee led by Dr. Prakash. This group is working on standardization, specifically around care pathways and position statements. In addition to the work I updated you on last quarter regarding infections, robotic surgeries, and modern treatments, we are also working at a fairly advanced stage on position statements for oncology and cancer, and we expect to roll these out in collaboration with the association of the ocular group. The common empanelment initiative continues to move at

Report is AI-generated and may contain inaccuracies.

Niva Bupa Health Ins

30 July 2026

pace, and today we have MOUs with more than 3,000 hospitals.

Regarding Niva Bupa's performance, on a like-for-like basis, we grew overall at 23% and on a reported basis at 31.7%. The figures for retail health are 35.5% and 47.1% respectively. Our retail market share, which is only available on a reported basis, has moved up to 11.1% for Q1. We have seen a challenging pricing environment on the group side, so our group growth has been flat; we have not had any growth on the group side of our business for Q1. The challenging pricing environment on the B2B side that we discussed last year, specifically towards Q3 and Q4, continues.

Our profit after tax improved to 137.8 crores in Q1. Our combined insurance service ratio improved to 100.2%, which is a significant improvement over the 103.2% we had for Q1 last year. On the people front, for the first time, we have broken into the top 50 great places to work in the country, ranked 41st. We have also seen good traction and improvement in our NPS scores, which reached 62 on a blended basis across more than 25 physical customer touchpoints. This number is up from 57 last year and represents the voice of more than 20,000 customers monthly who provide feedback on experiences like issuing or renewing a policy, and the cashless or discharge process.

Our claims settlement rate has also improved; in Q1, our settlement rate was 95.6%. We continue to execute strongly on our health partner strategy, with approximately 5,70,000 monthly active users. In Q1, we had more than 62,000 people per month utilizing health checkups and diagnostic services through our app, and more than 6,600 doctor consults on a monthly basis. We continue to execute on our preferred provider network (PPN) strategy, which is now present in 49 cities encompassing more than 1,000 hospitals. In these cities, 22% of our claims are closed through these hospitals. This is a strategic measure we have driven for years to guide customers to the right care setup with appropriate quality and cost, largely secondary care or secondary care plus hospitals.

Finally, we continue to make progress on intelligent automation. Intelligence now incorporates GenAI, and we have gone well beyond the pilots we updated you on a couple of quarters ago. We have several GenAI initiatives in production, both built in-house through our AI lab and deployed through third-party products. That is a brief highlight of our performance in Q1. I will now hand over to Vishwanath, our CFO, to discuss the financial performance.

Management: Thank you, sir. To start, the board has approved the formation of a debt-raising committee and has passed an enabling resolution to raise up to 500 crores in one or more tranches. As you know, we already have an NCD of 250 crores that was raised 5 years ago, and the call option for that is during this financial year. We are looking at our growth plans for the next 2 years, and based on that, we will take a decision to raise debt. Also, our issuer rating was triple A by ICRA.

In terms of financial highlights, the post-tax ROE for the last four rolling quarters is 11.8%. Like Krishnan mentioned, the combined insurance service ratio for the last quarter improved by 300 basis points to 100.2%. While there is a slight increase in the expense ratio by 90 basis points—primarily due to a mix change with more focus on retail health—this has been more than offset by a reduction in the loss ratio by 3.8 percentage points, resulting in improved CISR. The retail loss ratio has also improved by 90 basis points to 67.5% in Q1. The expense of management ratio has improved to 35.2% from 30.19% in Q1 of last year.

Report is AI-generated and may contain inaccuracies.

Niva Bupa Health Ins

30 July 2026

The allowable AUM, including additional allowances, comes to 36.2%. We are well within the regulatory threshold and have a headroom of 100 basis points. The annualized investment yield for Q1 is 7.2%, not accounting for MTM gain on ETFs. Our AUM is 9,963 crores on a book value basis and over 10,000 crores on a mark-to-market basis. The solvency ratio is at a healthy level of 2.25 as of March 31, 2026, against the regulatory minimum of 1.50. This concludes the financial overview of Q1 FY27. We are happy to take any questions.

Operator: Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Shreya Shivani from Nomura Holdings. Please go ahead.

Shreya Shivani – Nomura Holdings: Yeah, thank you for the opportunity. I have two questions. First is on the loss ratio trajectory of this quarter. It has been quite strong on a year-on-year basis, which is more comparable. What has been the trend that you have seen in the month of July? The movement is so fast; what is your outlook on the year to come? My second question is on the expense ratio bit. I understand that because of the GST portion, your expense ratios were supposed to be slightly elevated in Q1. However, a big chunk of it is coming from the net reinsurance expense line item. If you can help us understand what is happening there, because while other operating expenses have also picked up, the net reinsurance expense pickup is the sharpest. Thank you.

Management: Sure, Shreya. In terms of the loss ratio, the July trend is in line with our expectations. Of course, the infection season will start soon, and we will be able to update you in the next quarterly call on how that is behaving, but otherwise, we have not seen any unusual trends so far in July. The Q1 loss ratio improvement on a year-on-year basis is driven by two factors. One is retail new business, which we mentioned last time. This is a positive trend we are experiencing. Second, under group, we decided not to write any large group accounts where they do not meet our underwriting philosophy, focusing more on affinity groups or SMEs. This is the reason for the group loss ratio improvement.

In terms of the expense ratio, there is nothing structurally different this quarter versus next quarter regarding reinsurance. Reinsurance has many combined factors; for example, in some cases, the profit commission—which is mainly on obligatory or volume quota share—is booked in one quarter and sometimes in the next. Otherwise, there is nothing unusual here structurally. As the year progresses, you will find it converges with the historical trend.

Shreya Shivani – Nomura Holdings: From the third quarter onwards, we should see these ratios stabilizing as the entire GST portion enters the base, correct?

Management: Regarding GST, as far as commissions are concerned—which is the main line item—we have already passed on any loss on Input Tax Credit (ITC) to distributors. For expenses, you are right; it will normalize from Q3 onwards, making results comparable on a year-on-year basis. But there is no sharp increase. In fact, if you see the expense of management, it has improved from 38% to 35.2%.

Report is AI-generated and may contain inaccuracies.

Niva Bupa Health Ins

30 July 2026

Shreya Shivani – Nomura Holdings: Correct. That answers my question. Thank you so much and all the best.

Operator: Thank you. Before we take the next question, a reminder to all participants: to ask a question, please press star and one. The next question comes from the line of Harsh Shah from HSBC Global Asset Management. Please go ahead.

Harsh Shah – HSBC Global Asset Management: Thank you for the opportunity. A couple of questions from my end. I heard your opening commentary on growth, and while I understand quarter-on-quarter is not the right way to look at it, from a trend perspective, is there any change you have made to your internal strategy or philosophy that can lead to a sustained higher growth trend? I am taking the difference between individual growth versus industry growth. Is there a gap you are trying to build versus the industry growth that we should be aware of?

Management: Structurally and strategically, the levers we use to drive growth continue to be a diversified multi-channel mix. As I mentioned last time, we are doubling down seriously on the Bharat initiative to penetrate Tier 2 and Tier 3 towns and beyond. We continue to make the same run rate of investments in driving growth as we have for 6 years. This year as well, we have the same level of investment in distribution expansion, although incrementally it is smaller given the size of the company today. We expect to sustain retail health growth that is 8-10% faster than the market. Other engines include product innovation for specific segments.

Management: To add to that, we have consistently been adding to our advisor network and are continuing at the same pace as last year. We are expanding into smaller markets and adding new locations. We launched a product called ReAssure 3.0 in August of last year, which has had good success because it is uniquely placed. Lastly, while we expand, we are working on AI-led capabilities to increase the productivity of our advisors and employees. These are the things we are doing to consistently grow better than the market.

Harsh Shah – HSBC Global Asset Management: Understood. Regarding the retail and group health mix, is there a range where you intend to remain, perhaps between 20% to 30%, or do you think retail can inch up further as you plan to grow 10-15% higher than the industry?

Management: Our internal target is similar to what we have said earlier. A large part of it, around 70%, would be retail, and around 30% would be group.

Management: Just to reiterate, we are not averse to group business. The point is the threshold regarding economics and the combined ratio. We have not been able to stay within that threshold for the last year or this quarter. If the pricing environment improves and there are opportunities, we will certainly capitalize on them. Within that, we are doubling down on the SME opportunity, which is growing at over 50%. However, it has not been able to fully compensate for renewals lost on the B2B side, largely due to pricing.

Harsh Shah – HSBC Global Asset Management: Regarding the group renewal business, what is hitting you harder comparatively—the expense ratio or the claims ratio?

Report is AI-generated and may contain inaccuracies.

Niva Bupa Health Ins

30 July 2026

Management: The market is operating at claims minus in terms of pricing, meaning forecasted claims minus some amount. Obviously, that makes no economic sense.

Harsh Shah – HSBC Global Asset Management: That is true. And how does your insurance service ratio look from Q3 onwards on a normalized basis?

Management: There is no normalization required. This is all amortized on a 1/365 basis; there is earning and amortization. It is already normalized. Regarding the trajectory, we stick to our FY29 guidance that we have been indicating.

Harsh Shah – HSBC Global Asset Management: That is it from my end. Thank you and all the best.

Operator: Thank you. The next question comes from the line of Supratim Datta from Jefferies. Please go ahead.

Supratim Datta – Jefferies: Thanks for the opportunity. My first question is on growth. Within retail health, what is the proportion of fresh business versus renewal business and how are both growing? As we enter the second half of the year, the base becomes elevated after the GST tailwinds. How are you thinking about growth drivers on that elevated base? Secondly, the contribution from PPN cities in your presentation is going up. How does this network expansion impact the retail loss ratio?

Management: Our overall retail growth for this quarter is 46.5%. This is driven by both renewal and fresh business. Fresh business grew by 41% overall. July is also looking very good for us. We want to continue growing 8–10% above the market. I will ask Dr. Bhavatosh to talk about PPN.

Management: The preferred provider network allows customers convenience and savings through free ambulances, discounted services, and assistance through a dedicated person. Regarding the claim ratio, these are secondary care plus hospitals. We notice many people go to quaternary or tertiary care hospitals for treatments that could be handled in a secondary care setup, such as dengue, malaria, or minor surgeries. By offering a better experience and savings at PPN hospitals, we can reduce the average claim size by nearly 15–20% compared to a tertiary care setup. We also have better working relationships and SOPs with PPN hospitals, which helps avoid issues like unnecessary ICU admissions or delayed discharges, resulting in better claim ratios.

Management: To clarify, while this translates into claim cost savings, it does not necessarily mean improving the reported claims ratio. We may choose to stay more price-competitive or pass more value back to the customer. This gives us flexibility in our pricing actions.

Supratim Datta – Jefferies: Could you give the differential in average claim cost between a tertiary/quaternary setup versus a PPN hospital? Also, what proportion of total retail GWP is fresh business?

Management: The average claim size differential for like-for-like treatment between a tertiary/quaternary setup versus a secondary care setup varies between 15% to 30%, depending on the procedure. Regarding business mix, approximately 35% of our retail business is fresh, and 65% is renewal.

Supratim Datta – Jefferies: Got it. Thank you.

Report is AI-generated and may contain inaccuracies.

Niva Bupa Health Ins

30 July 2026

Operator: Thank you. The next question comes from the line of Prayesh Jain from Motilal Oswal Financial Services Limited. Please go ahead.

Prayesh Jain – Motilal Oswal Financial Services: Good evening. Your claims ratio has improved by more than 300 basis points. How has the loss ratio played out between the fresh book and the renewal book? I am trying to understand the trajectory of the backbook loss ratio.

Management: Generally, the renewal loss ratio in retail is around 75%. That is the backbook loss ratio. Pricing actions, PPN initiatives, and the mix between retail and group have all contributed to the reduction in the overall loss ratio.

Prayesh Jain – Motilal Oswal Financial Services: Now that the second half will have a GST base effect and growth might slow, will the loss ratios trend higher because of the mix changing towards renewals? How should we think about the second half once the GST tailwind advantage flows out?

Management: This is based on earnings, and earning translates slower than GWP. We do not think the loss ratio will materially change between H1 and H2. Even if there is some impact, it will be more than offset by a reduction in expenses. On a like-for-like basis, we do not see a reason for deterioration. In July, claims are quite in line with our plans.

Prayesh Jain – Motilal Oswal Financial Services: Any adversities seen in July due to floods or heavy rains?

Management: No. Some upside is built into the plan based on previous years, but otherwise, there is nothing abnormal. We will have to see through the monsoon, but July is range-bound with our expectations.

Prayesh Jain – Motilal Oswal Financial Services: On the investment book, any plans to move toward equity? Also, regarding the 500 crore debt raise, why is that needed?

Management: We have a 250 crore NCD for which the call option is due. It was raised 5 years ago at a 10.7% coupon when our rating was lower. Our current issuer rating is triple A. Given our growth plans, we have this enabling resolution to evaluate options and decide how much to raise.

Management: Regarding investments, there is no major change in strategy. We remain conservative but mindful of yield. We are investing significantly in AIF segments, which yield between 12% to 15%. We are at about 4% of our AUM in committed AIF capital, close to the regulatory limit of 5%. We have also increased exposure to Nifty ETFs to about 3.5% of the book. There is no discussion on direct equity at this stage, but we may take a call later with the board. The AIFs are largely performing credit; however, we are open to special situation AIFs from high-pedigree institutions.

Prayesh Jain – Motilal Oswal Financial Services: Thank you so much and all the best.

Operator: Thank you. The next question comes from the line of Hitendra Pradhan from Maximal Capital. Please go ahead.

Hitendra Pradhan – Maximal Capital: I am referring to the Ind AS disclosure on slide 24. Insurance revenue has grown by 29% versus GWP growth of 23%. Can you explain this divergence?

Report is AI-generated and may contain inaccuracies.

Niva Bupa Health Ins

30 July 2026

Management: This is on an earnings basis. The 29% insurance service revenue comes from the amortization of policies written last year and even multi-year policies from two or three years ago. It is essentially gross earned premium amortized on a 1/365 basis, so it will not exactly match current GWP growth.

Hitendra Pradhan – Maximal Capital: Regarding the retail renewal book, is a 75% loss ratio acceptable? What is the trajectory for pricing there?

Management: Yes, 75% is quite acceptable because expenses on the renewal book are low—mostly some commission and low renewal expenses, totaling less than 20%. To keep it at that level, we implement high single-digit annual price increases in that portfolio.

Hitendra Pradhan – Maximal Capital: And concerning the expense ratio, you previously targeted a 2–2.5% improvement. Are you still sticking to that?

Management: This quarter, the expense ratio improved from 38% to 35.2%. It will eventually stabilize closer to 32% or 33%, which is quite comfortable.

Hitendra Pradhan – Maximal Capital: Finally, what is the ROE target for FY27 and FY28?

Management: The post-tax ROE for the last four rolling quarters is 11.8%. We previously guided for mid-to-high teens by FY29. Under Ind AS, everything is amortized, so the trajectory should be smooth from close to 12% now toward that target, provided there are no abnormal events like massive infections.

Hitendra Pradhan – Maximal Capital: Thank you. All the best.

Operator: Thank you. As there are no further questions, I would now like to hand the conference over to management for closing comments.

Management: We want to reiterate our thanks to all of you for your time this evening. We will talk to you next quarter. Thank you.

Operator: Thank you. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Report is AI-generated and may contain inaccuracies.