Star Health and Allied Insurance Co. Ltd.

Date: May 7, 2025
Place: Chennai

Ref: SHAI/B & S/SE/27/2025-26

To,
The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001
Scrip Code: **543412**

To,
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot C/1,
G Block, Bandra-Kurla Complex
Mumbai – 400051.
Symbol: **STARHEALTH**

Dear Sir/ Madam,

Sub: Earnings Call Transcript -Q4 & FY 2025

Further to the Company's letter SHAI/B & S/SE/09/2025-26 dated April 16, 2025 regarding Earnings Call Intimation for Q4 & FY2025, please find attached transcript of the call dated April 30, 2025 for your information and records.

The above information is being hosted on the Company's website at www.starhealth.in

Thanking You,

For Star Health and Allied Insurance Company Limited,

JAYASHREE SETHURAMAN
Digitally signed by JAYASHREE SETHURAMAN
Date: 2025.05.07 12:50:22 +05'30'

Jayashree Sethuraman
Company Secretary & Compliance Officer

Encl: as above.

Star Health and Allied Insurance Company Limited
Q4 & FY2025 Earnings Conference Call
April 30, 2025

Management:

Mr. Anand Roy – Managing Director & Chief Executive Officer

Mr. Nilesh Kambli – Chief Financial Officer

Mr. Aneesh Srivastava – Chief Investment Officer

Mr. Amitabh Jain - Chief Operating Officer

Mr. Himanshu Walia – Chief Marketing Officer

Mr. Aditya Biyani – Chief Strategy & Investor Relations Officer

Moderator: Ladies and gentlemen, good day and welcome to the Star Health and Allied Insurance Company Limited Q4 and FY 2025 Earnings Conference Call.

As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Pranay Premkumar from Adfactors PR Investor Relations team. Thank you, and over to you Pranay.

Pranay Premkumar: Good morning everyone, from the senior management we have with us, Mr. Anand Roy – Managing Director & Chief Executive Officer; Mr. Nilesh Kambli – Chief Financial Officer; Mr. Aneesh Srivastava – Chief Investment Officer; Mr. Amitabh Jain – Chief Operating Officer;Mr. Himanshu Walia – Chief Marketing Officer and Mr. Aditya Biyani – Chief Strategy & Investor Relations Officer.

Before we begin the conference call, I would like to mention that some of the statements made during the course of today's call may be forward-looking in nature, including those related to the future financial and operating performances, benefits and synergies of the company's strategies, future opportunities and growth of the market of the company services. Further, I would like to mention that some of the statements made in today's conference call may involve risks and uncertainties.

Thank you and over to you Mr. Anand Roy.

Anand Roy: Thank you so much and good morning to all of you. Thank you for joining the Star Health and Allied Insurance Earnings Call. It's been a year of ups and downs for us, and we close the year FY 2025 on a positive note. To give you the script, I am requesting my colleague, Aditya to take over, and then we will take your questions-and-answers as well. Thank you.

Aditya Biyani: Thank you Anand. Good morning everyone, and thank you for joining us on our Q4 and FY 2025 earnings call. Firstly, wishing everyone a very Happy Akshaya Tritiya. We closed Financial Year '2025 by further strengthening our position as India's largest standalone health insurer. We continue to lead decisively in the retail health insurance segment, commanding a 33% market share, nearly three times that of our nearest competitor as per GI Council data. This performance underscores our clear and consistent leadership in retail health, a segment that remains the primary growth engine for the health insurance industry. Our domain expertise and indemnity products, combined with our strong distribution network and digital first approach, reinforces our position as a preferred partner for customers seeking comprehensive health coverage. In FY 2025 India's general insurance industry reported a 6.2% growth in GDPI year-on-year. Health insurance segment remains the largest segment within the general insurance industry, with total premium reaching Rs.1.18 lakh crore in FY25 marking a 9% increase from last year.

Retail health insurance segment recorded the fastest growth, expanding by 12% to Rs.47,000 odd crore accounting for 40% of the total health insurance premiums. In FY 2025 the insurance sector has embarked on a path of comprehensive reforms aimed at realizing the goal of insurance for all by 2047. The introduction of the master circular has emphasized customer centricity, aiming to improve transparency, simplify insurance products and standardize claims processes. These initiatives are designed to foster greater trust and accessibility for policy holders. Complementing these regulatory strides the union budget 2025 has introduced pivotal reforms to fortify the insurance sector. The FDI cap in insurance has increased from 74% to 100%, a move anticipated to attract global capital and expertise. The GST Council also had discussions around rationalization of GST on insurance premiums. Currently, health insurance premiums attract an 18% GST, which possesses a challenge to affordability, particularly for middle income and vulnerable groups. Reducing or exempting GST on retail health insurance and micro insurance product will not only promote wider insurance adoption, but also align with the government's vision of universal health coverage and strengthen financial protection.

Furthermore, the budget has placed strong emphasis on healthcare with increased allocations aimed at strengthening medical infrastructure, expanding coverage under schemes like Ayushman Bharat and promoting digital health initiatives. These measures are expected to enhance insurance penetration and awareness across the country. As a leading standalone health insurer, we have proactively aligned our strategies with these reforms. Our sustained investments in technology and customer centric solutions position us well to capitalize on the evolving regulatory environment and to continue delivering value to our stakeholders. As awareness and demand for retail health insurance continue to rise across India, especially in the semi urban, rural and smaller towns, we are well positioned to capitalize on this structural growth opportunity.

Coming to business performance numbers for Financial Year ’2025:

We would like to highlight that we will be presenting our numbers without “1 by n” to provide greater clarity. FY25 was a year of focused execution where we made measurable progress across key focus areas. Despite external challenges, we delivered strong growth in our core retail business, saw healthy traction in new products and continued to strengthen customer engagement. We saw strong growth in our fresh retail GWP, which grew by 25% for the year. This success was driven by renewed agent productivity, sharper campaign and the acceleration of our digital channels. A key product innovation this year was the launch of our superstar policy, which has garnered more than Rs.550 crore in Financial Year ‘2025. This product offers 21 optional covers and unique features like freeze your age and limitless care. It did become a top seller across digital platforms too. Its customization, wellness integration and competitive pricing set it apart in the market. We also made significant improvements in our claims net promoter score, which was driven by enhancement in service quality, faster turnaround times and technology based pre authorization.

While we recorded strong gains across many areas, there were some challenges that impacted our performance. Our overall claim ratio stands at 70.3% driven by higher severity and frequency of claims, particularly with increased surgical intervention and hospitalization rates. The group segment, though a smaller portion of our portfolio, continued to face pressure. Loss ratio rose to 89.8% from 77.3% last year. We strategically recalculated our group segment strategy since Quarter 2 Financial Year 2025. The contribution of this segment to our total GWP, has reduced to 7% as on Quarter 4 Financial Year 2025 from 9% as on Quarter 2, Financial Year '2025.

In Financial Year '2025 our overall GWP has grown by 15%, our fresh GWP grew by 22%, Renewal GWP premium growth was at 12.5%. The fresh retail number of policy grew by 11%. Our renewal growth in number of policy grew by 5%, the overall number of policy growth stood at 6% for the Financial Year '2025. This clearly emphasizes our focus on both volume and value growth. The average sum insured of new policies has increased by 10% to 16 lakh per policy. 5 lakh and above some insured now constitute to 87% of our overall portfolio, versus 83% in Financial Year '2024. The share of long term policy has increased to 10% in Financial Year '2025 versus 7% in Financial Year '2024. The ratio of fresh to renewal has improved to 23:77 in Financial Year '2025 from 22:78 in Financial Year '2024.

Now moving on to four engines of growth – ABCD.

Firstly Agency:

Our agency channel continues to be the cornerstone of our business, contributing 82% to our overall gross return premium in Financial Year '2025. Agency fresh business growth stood at 16%. We would also like to highlight that for Quarter 4 fresh growth from this channel stood at 19%, thus reflecting the channel's strong momentum and productivity. During the year, we added 74,000 new agents, taking our total agent count to 7.75 lakh. Over the next three years, we aim to expand this network to a million agents. This expansion is a key lever in our strategy to deepen insurance penetration, particularly across non-metro cities and emerging towns.

Coming to Banca:

For the Financial Year '25, the Banca channel contributed 7% to our overall business. With fresh business growing by 13% year-on-year. We are privileged to have an access to a robust network of over 20,000 partner branches offering us significant opportunities to scale distribution and enhance reach. Bancassurance has traditionally been a strong distribution channel. The "1 by n" guideline and the Department of Financial Services views on this segment have led banks to concentrate more on refining their core banking products. As a result, Bancassurance growth had moderated with banks prioritizing regulatory compliance and core business focus over insurance distribution. Given the evolving healthcare needs and rising awareness, indemnity health insurance products remain a core offering to the bank, supporting both customer demand and business growth.

On Corporate Business:

In this segment, we are focusing primarily on serving micro, small and medium enterprises. In Financial Year '2025 the corporate business contributed 3% to our overall portfolio with fresh business from this group segment growing by 21% year-on-year. This reflects our continued efforts to deepen engagement and drive value within the MSME ecosystem. Our proprietary over the counter SME calculator has strengthened our association with agents who have been generating new business focusing on SME and MSME business segment.

Coming to the Digital segment:

Our digital business comprises of our own direct to consumer online brokers and web aggregators, which contributed to 8% in Financial Year '2025 to our overall business. Our own direct to consumer channel contributed 72% to our digital business, and the remaining 28% comes from online brokers and web aggregators. The fresh business from digital channel grew by 71%.

Coming to the financial performance for Financial Year '2025 as per IFRS:

Our combined ratio in Financial Year '2025 stood at 101.1% compared to 97.3% in Financial Year '2024. Claim ratios stood at 70.7% in Financial Year '2025 compared to 66.5% in Financial Year '2024. The expense ratio in Financial Year '2025 stood at 30.4% compared to 30.7% in Financial Year '2024. Investment income in Financial Year '2025 has grown to Rs.1,260 crore versus Rs.1,171 crore in Financial Year '2024. The yield for Financial Year '2025 stood at 7.7%, our investment assets have grown by 15.5% and has reached Rs.17,898 crore in Financial Year '2025. For Financial Year '2025, our profit before tax stood at Rs.1,054 crore versus Rs.1,480 crore in Financial Year '2024. Our PAT for Financial Year '2025 stood at Rs.787 crore, compared to Rs.1,103 crore in Financial Year '2024. Our ROE for Financial Year '2025 stood at 9.5%. Solvency of the company as on March 31st, 2025 was 2.21 times compared to the regulatory requirement of 1.5 times.

I would just like to highlight some key highlights for Financial Year '2025:

We launched India's first health insurance policy in Braille, making protection more accessible for the visually impaired. Star Health was rated as India's most sustainable insurer in S&P Global 2024 assessment with an ESG score of 53 for Financial Year '2024. Our NPS company score stands at 54 for Financial Year '2025 versus 42 in Financial Year '2024. Our claims NPS stands at 55 for Financial Year '2025 versus 47 in Financial Year '2024.

In terms of claims amount, our cashless claims lesser than 3 hours at 96% in Financial Year ’2025. Our claim rejection has come down to 10% in Financial Year ‘2025 versus 13% in Financial Year ’2024.

We have been consistently increasing our engagement with customers on prevention and wellness. Our preventive health checks have increased by 48% in Financial Year ’2025. Our home health care initiative expanded to 156 cities, helping reduce hospitalization and lowering treatment cost. This is another step in making healthcare more accessible and affordable for our customers. We continue to yield savings in terms of claims outgo due to our anti fraud digital initiatives, which are proprietary to Star Health. In terms of saving, we are able to attribute 2.6% to the claims outgo. Our app has seen strong traction, with total downloads reaching 1 crore as of Financial Year ‘2025 up from 57 lakh in Financial Year ’2024. Our substantial investments in technology and automation enables us to achieve industry leading metrics for low operating cost and exceptional customer experience. We also took re-pricing on six products this Financial Year ‘2025 constituting to around 60% of our portfolio.

Looking ahead, Financial Year ‘2026 marks a pivotal chapter in our journey, and we are defining it as the year of the customer, reflecting a strong focus on delivering protection that is personal, relevant and seamless for every individual we serve. Our roadmap is built on three strategic pillars. First is profitable growth, driven by sharp underwriting, focus on high return markets and stricter pricing discipline. Smarter cohort based pricing and deeper actuarial insights will help us balance margin expansion with affordability. Second is customer centric innovation. We will introduce tailor products for Gen Z, early earners, senior and underserved geographies designed around life stage needs, health trends and regional insights. Third is digital first execution. Financial Year ‘2026 will bring a more seamless digital experience with real time claims, AI led pre-authorization and robust self-service on our app. This will enable customers to access care, wellness and support anytime, anywhere.

Lastly, we are moving from a transactional to a transformational service model. Referral- led growth, loyalty programs and faster turnaround time will be poured to this shift. Every customer touch point will reflect our belief that health insurance must be personal, inclusive and future ready. Thank you so much and with all these updates, we can now open the floor for question-and-answers.

Moderator: Thank you very much, sir. We will now begin with the question-and-answer session. The first question is from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: My first question is on the claims. I was also looking at the outstanding claims reserve and the IBNR reserves, the combined number that you give out in the Q4 result, that as a percentage of the claims paid is now 14% this trend and this number used to be about 11%, 12% earlier. I wanted to understand, since I don't have the breakup of IBNR reserves, have we build higher IBNR reserves? are we concerned about more claims coming through? Does that mean that any improvement in loss ratio in the coming years is under a question right now? How much can 70.3 move to in FY'2026 and 2027? Some idea on that would be useful.

Second, I wanted to get an update from you on the common empanelment that GIC council was working on. There was a media article recently that it's progressed a bit. If you can help us understand how that's moving and how much benefit can it give to us?

Third, if you can help me understand the IFRS ROE is lesser than the IGAP ROE, and I am guessing it's because the deferred acquisition cost got impacted by the long term regulation and long term policy. If you can help us understand that math as well, it will be useful. Thank you.

Amitabh Jain: Hi Shreya, Amitabh here. We have seen an elevated frequency and severity that we observed in Q3 also. It's largely led by carcinoma obstetrics and gynaec cases. The preference for hospitalization over conservative treatments, aided by easier access availability, early screenings, and, of course, the cashless availability is, all playing their role. That is one of the reasons why we see those loss ratios. Yes, we have strengthened our reserves this quarter. See we don't have to go by one particular quarter. This business is not about quarterly numbers, its annual business is in fact more than annual. It can be a business which corrects over a period of time, so we are seeing some of those trends, and we are ensuring that we have healthy reserves to meet any exigency.

On the GI Council, common empanelment, there has been substantial progress on that, and there are various sub committees and groups created which are now divided geographically to reach out to set of hospitals that we are targeting in the first round. Substantive talks have happened at various levels, and we are seeing early signs of some breakthroughs. I wouldn't want to add further to that at this point in time, and the GI Council spokesperson would be the right person to talk about that, but it's a good progress. Not only that, the industry is also trying to work out on various other measures, on the fraud control perspective and as well as building better efficiency. All of this will play a big role in the coming year. On the ROE question, I would request Nilesh to respond.

Nilesh Kambli: On the ROE part it is largely like marginal reduction was because when it comes to IFRS, the mark to market of the investment portfolio is also considered. There was a slight decline in Q4 which had resulted in lower ROE in IFRS.

Shreya Shivani: Yes, but even the deferred acquisition cost was 525 last year, and that has come down. Is there something to read over there?

Nilesh Kambli: No, absolutely not, see that's a function of the "1 by n", because now the booking itself is not coming

Shreya Shivani: Got it. Just a follow up on the first question on the loss ratio, on building reserves and I understand that you might have built reserves basis the trend we are seeing right now, but any guidance or any outlook on how the loss ratios can move over next year, or anything on that side would be helpful. Thank you.

Amitabh Jain: While we wouldn't want to give a guidance around loss ratio but we have taken some measures on improving our fresh business. Our fresh business is really growing strongly now. We have done pricing corrections on the retail side and it's more than 60% of our portfolio. We have done pricing corrections on our Banca portfolio as well, in the range of 20% to 40%, and along with that, we have taken a lot of measures on micro segmenting our markets, focusing on profitable markets, ensuring that we are picking up risks more prudently. Some of those measures will also play out because underwriting efficiencies build over a period of time. On the claim side what we have done is that now we have digitized more than 50% of our hospital billings, and those efficiencies will start to flow in. We are also undertaking a complete transformation of our core claim system, which will happen by Q2. That will again help us for better efficiencies in claims processing, preventing leakage and better fraud control. All of that, will help us manage the situation much better going forward.

Moderator: Thank you. The next question is from the line of Krishnan ASV from HDFC Securities. Please go ahead.

Krishnan ASV: I wanted to understand kind of what you answered to the previous query as well you said 20% to 40% hike, you have taken price corrections in the agency portfolio, in the Banca portfolio, and this 70% loss ratio is despite all of that. You have been taking price corrections for nearly two, two and a half years now, starting from the family floater. I just want to understand how bad the current portfolio is? Is it largely backed book underwriting which had gone wrong, which is now causing all this pain, is there any reason to believe that your flow in the book that you have seen in the last year, year and a half is any better?

Anand Roy: The price corrections that we have taken over the last few years has helped us to retain the loss ratios where we are today. We are an 18 year old organization, and we are operating currently at 68% loss ratio on the retail side, and overall 70%. There has been an increase in loss ratios for all players in the industry if you would compare, and I would say that, amongst most of those we are comparatively much better off. Having said that, we agree to your point that, the loss ratios have elevated because of the reasons which Amitabh had mentioned in the earlier answer as well. We are quite confident on maintaining the overall loss ratios and combined ratios, as we have seen significant green shoots in our new business growth, the loss ratios of the different cohorts that we monitor. The health insurance business is undergoing lot of transformation, and we have to accept that there are multiple interventions from various regulatory bodies, from various government bodies. This is a period of some kind of transformation which the industry is going through and this is some pain that we have to live with in the short term, but we believe that the corrective measures we are taking, in the long term we will be much better off.

Krishnan ASV: Understood. The other thing is, you mentioned both severity and frequency which have seen structural changes, can you just walk us through or quantify this a little bit for us? What do you see on ground today, vis-à-vis what you expect say three years back, both in terms of frequency as well as in terms of severity, because what we find is incidence rates have gone up, but just want to understand if you could kind of help us to quantify that, what did you expect in three years back, what is the reality today?

Amitabh Jain: On frequency, the increase, while still in single digits, is closer to 10%, on the higher side of the single digits and that's a bit of an increasing trend than what we have earlier observed in the previous year. I wouldn't be able to comment exactly on three years, but we used to note see more than 3% to 4% increases in frequency earlier. That's the change and on severity yes, while the market continues to see medical inflation at +15%, but we are holding that to well below 10% as of now. In fact, ours would be one of the better controlled book as far as medical inflation is concerned.

Krishnan ASV: I am sorry to interrupt you, I find that this is a misconception I don't think anybody in the industry is close to 15%. Whether it's a listed company, whether it's an unlisted company, whether it's a TPA, listed TPA, all of them are claiming that medical inflation is actually in mid-single digits. I can't understand this misconception around why you believe the industry is at 15% and you are doing any better?

Amitabh Jain: No, I am talking about the medical inflation in terms of what the industry is maintaining versus what we see actually happening in the hospitals. If you come across any published number on medical inflation, it talks, well about, anywhere between 10%-15%. I am not commenting on what the insurance industry is maintaining it at. Obviously, all the players are doing their bit to keep it at sustainable levels.

Krishnan ASV: You are saying severity is not a big problem. At least Star Health has controlled severity far better than the industry that's your assumption?

Amitabh Jain: See it is not at the level that we want it to be at, obviously that is why we are not seeing the impact that we want to see on the loss ratio. I am not saying that it is at a level that we want, but it is much lower than what the overall industry trends are. Even within the industry, while you are saying, and I am going by what you are stating, but in terms of our numbers, we are maintaining a number which is better than most other players.

Krishnan ASV: Thank you. I do have a suggestion, if you don't mind a constructive suggestion. When things do go wrong, it's better not to play smoke and mirrors. You might as well own up. Unfortunately, whatever changes you have done in the deck doesn't really help. You probably should be upfront, because you are the market leader, it helps when you own up where things went wrong. Thanks.

Moderator: Thank you. We will take the next question from the line of Dipanjan Ghosh from Citigroup. Please go ahead.

Dipanjan Ghosh: A few questions from my side, first obviously when you did the price hike first time around, the quantum was high. It also led to adverse selection in hindsight after 24 months almost. Now given that you have been taking price hikes for the past five to six months, just want to get some sense of the quality of persistency now, in terms of over the last few months where the cohorts have taken price hike, you would have done some analysis of the customers who have been retained versus those who have probably coded out, so just wanted some qualitative color on the cohort that remains with you, versus the trends that you saw in FHO once you have taken the price hike for the first time, versus this time around and second, what would be the policy persistency levels after the price hike?

The second question would be, on this entire rise in claims ratio for FY'2025 if you can split it between FHO and non-FHO, we will get the data in the disclosure, but it would be great if you can split that up.

Two more small data keeping questions. One, given that now your new business growth has revived. Would you be categorical in explaining the gap between less than three or four year bucket claims ratio versus more than that, that will give us some color in terms of how to extrapolate this new business growth through claims ratio trajectory. Lastly, on the claims frequency, you quoted that it has been increasing at 5%-6% but what would be the annualized number?

Anand Roy: Let me take the question on persistency first. When we took the price correction in the traditional manner two years ago in FHO, we found that customers obviously, every time we take a price correction we have always articulated that 5% to 6% of consumers do drop off. Now we are noticing a big difference between the consumers that dropped off earlier, and the consumers that drop off now in the latest manner in which we have taken the price correction, because this time we have done it in a little bit more nuanced fashion, where we have given discounts to customers who have had better claims experience. We are seeing a much better persistency on consumers who have not made claims, because their price corrections have not been that much higher. I would say that, forthe FHO price correction last time versus this time, we are seeing much better results this time as far as underwriting standards are concerned. As far as the loss ratio of FHO is concerned, it continues to be closer to 80 odd percent, and we hope that with this price correction, that will come down by 2% to 3%. We have to understand that every price correction that we take actually takes 12 months for it to fully get reflected on the books of the company, and only then the whole NEP earnings comes in, and then the future months reflect the loss ratio of that particular book. It is a long process, but it is something that we have to be more proactive and that's why when we made our opening remarks, we have told you that we have taken the price revisions in almost 60% of our products, and we expect that, given the way the industry and the markets and also, to some extent the guidance we have been receiving from the regulator, we will be taking a soft annual price increase to keep up with the medical inflation that we notice on our books. On the claims frequency, Amitabh if you want to add to it.

Amitabh Jain: As I mentioned in the last question, we are basically experiencing higher frequencies, and the annual increase is upwards of 7% in frequency. That's primarily led by movement from secondary to tertiary care hospitals also more preference for hospitalization vis-à-vis conservative treatments. More accessibility and screenings are happening, we have seen a lot of increase in cancer frequency because early screenings are happening now. Some of those trends have come in, and that will obviously take its time to settle in and as a new sort of benchmark for us to price, because when all of these show up in the data, and actuarial methods kind of go through those trends which is then built up as part of our pricing so, some of those corrections happen with time, and we hope that it will settle at a level where we can sustain it at this pricing and the future pricing corrections.

Dipanjan Ghosh: I am sorry, the question on claims ratio in the newer cohort of less than three, four year versus others, what would be the gap, and has that materially changed?

Aditya Biyani: Dipanjan, we will take this question offline on the fresh and the renewal vintage loss ratios.

Moderator: Thank you. The next question is from the line of Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: I am just trying to connect the dots out here. You had taken a family health optima price hike of 25% a couple of years back, and at that time, we were told that the benefit of that will start flowing in a year's time. While we haven't seen those benefits any time, now you are saying that you have taken a price hike and over and above that you would be giving discount to good customers. From a claims loss ratio perspective, does the current price hike benefit us in any form in terms of loss ratio going ahead?

Amitabh Jain: Yes, see that price hike helped us to an extent, and we managed the book in the last one and a half years basis that. What we realized is that, the way some of the price hikes are happening also leads to challenges in retentions of, good risks, which are non-claiming customers so that's the importance of cohort based pricing where you can incentivize non-claim. That's what we have done in the recent change that we did, and since it has been done very recently, obviously the impact will come only next year. The price hike, the latest hike happened only in January for FHO, so that will take its time to build, but we are seeing good trends as far as retentions are concerned in that particular hike.

Prayesh Jain: Amitabh, honestly the only point that we have been trying to ask is, the previous benefits have not come in and what kind of confidence do you have that these price hikes will help you to maintain loss ratios or even improve for that matter. Just another question on that, at the beginning of this year FY' 2025 you had guided for a 100% improvement in combined ratio, 50 basis points on loss ratio and 50 basis points on the OPEX. None of them seems to have come through in this year, what should we think about it from FY' 2026 or from a longer term perspective, how should we think about loss ratios and combined ratios going ahead?

Anand Roy: See Prayesh, we had guided for 50 basis points improvement in OPEX and 50 basis point on claims. On the OPEX, we have achieved that but of course, because of the "1 by n" reporting, optically it may not be available, but if you look at the overall GWP reporting basis, it is definitely something that we have worked on. As you know, there has been a consistent improvement in OPEX year-on-year. We continue to focus on that through our investment, tech and automation. We believe that it will continue to happen in the future years, as well. As far as loss ratio is concerned of course, this has been a bad year for us. We saw that, the loss ratio deteriorated 400 basis points to where we wanted to be. We have told you that the loss ratios are now broken into three different cohorts, there is retail, there is group, and there is the Bancassurance fees. On all these three areas we have taken corrections, and we are quite confident that going forward, loss ratios will only improve from here. We have been seeing that trend for the last 3 Quarters. Every quarter there has been an improvement over the previous quarter, but I don't want to give any guidance for the future. We have also guided for an FY' 2028 medium term kind of vision where we would be doubling our top line and tripling our profit on the IFRS basis. We continue to stand by that guidance.

Prayesh Jain: Just one last question, could you please mention the loss ratios on the renewal and the new business separately for the retail book?

Anand Roy: Sure we do that offline, and I can tell you that we are very encouraging and we can share that with you offline.

Moderator: Thank you. We will take the next question from the line of Madhukar Ladha from Nuvama Wealth Management Limited. Please go ahead.

Madhukar Ladha: Just on the loss ratio, they continue to be elevated and even from a nine months to a full year, the loss ratios have only increased. Up nine months, this is about 340 basis points, and now it's again up to sort of 380 basis points. On a year-over-year basis, when should this trend start looking better? Where this is actually sort of coming off? And in the group business, it should be an easier fix, and there loss ratios are elevated so, what sort of improvement can we build at least on the group side? That will be useful to know. Also some data keeping questions, because the deck has changed substantially and the consistency of information is lost every sort of quarter, so while you have given a lot of channel wise fresh business growth, but I have tried to do some back calculation, the total fresh business for FY' 2025 is about Rs.40 billion is that correct? Finally, if you can give your ABCD split and GWP split between retail and group for FY' 2025 that would be helpful.

Anand Roy: Yes, Madhukar to your second question, your numbers are somewhat correct in terms of the volume of business that you are projecting of Rs.40 billion fresh. For the loss ratio side over last year there has been a 400 basis point increase for the full year which was 66.5%, this year we landed a bit around 70.1%. It has been a bad year in terms of the elevated loss ratios. What we are trying to articulate here is that quarter-on-quarter basis, if you look at the previous quarter versus this quarter, we have seen improvements in loss ratios, and we believe that all the interventions that we have taken will improve the loss ratios further going ahead. We remain to be very positive loss ratio increase has multiple reasons, but there is no point in discussing those reasons again. I just want to tell you that the steps the company has taken in terms of pushing new business, in terms of underwriting strategies retail versus group, as well as provide management that we are doing with our hospitals, we are quite well placed to have better outcomes in the future years.

Madhukar Ladha: Any comments on the group side, because group should be more easily fixable, and the loss ratios there have also increased substantially?

Anand Roy: Absolutely, our ratios of group business has come down significantly. We have been highly selective on the group business from last 3 Quarters, and loss ratios will come down on that since we are writing better business and being very selective about it.

Aditya Biyani: Madhukar, we have been showcasing our overall loss ratio split into retail and group. Retail obviously stood around 68 odd percent and we have consciously recalibrated our group business since Quarter 2 '2025 and from Quarter 1 '2026 our large group business contribution will go down in a big way from our top line and earned premium. This will obviously help our LR in the coming year. Our retail fresh growth, along with the price hike taken, is almost of 60%-65% of our portfolio, and this will be followed by our annual re-pricing also. The full impact on NEP is due to one by 365 accounting will at least take probably a 12 month period, but we are very confident that all the proactive actions which we have taken in the last six months will show good results in the coming days. Our fresh growth has been very encouraging, and that also will be a very big point. Coming to the retail and group split just in Quarter 4, our retail contribution to the total premium was 95% and the group was only 5%.

Moderator: Thank you. We will take the next question from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: The question is more, I would say broader level, if we see again, I am going back to the pre-COVID area to now almost five odd years. If we look at the industry level of course, whatever we had seen in the frequency and severity is known, partly due to hospital. Now, my question is very basic, now if we see not just you, your peers also when the growth sort of slows down, this reasonable spike in claims cost and the claims ratios have been going upward. Now in this, all this changes in frequency and severity, is there a fundamental shift, because at the end of the day, even retail or group, it is all about the health care cost of frequency and severity. Is there a fundamental change that you are witnessing in the population cohort, in terms of the lifestyle or chronic diseases? How has the medium term trend been? A pre-COVID, post-COVID, are these spikes led by say a typical Dengue, Malaria or Chikungunya kind of a thing that is seeing extreme rise or is it that okay, a cardiac care, cancer care, these kind of a lifestyle, or chronic diseases, because both will kind of have a different repercussion and pricing impact. If there is a kind of a structural change in, a morbidity profile of your cohort, whether due to doing the pollution or whatever, if there is a kind of the outcomes in or frequency in cardiac, cancer and all these life threatening diseases lifestyle is increasing, then probably this is going to be a chicken and egg scenario where I can price hike and expectation claims experience worsening. What has been, when you analyze the data over five years, because of course you are the largest one, what kind of a thing, or which bucket of the morbidity has changed, seen a bigger change? Is it the lifestyle, chronic diseases, or it is just some spike coming, just because of some incidences of the summer heat or Chikungunya, Dengue kind of a thing? Thanks.

Amitabh Jain: For the quarter, if you are talking about, we have seen more incidence on the surgical interventions, not so much on the medical and for the year also, while there's been increase both on medical and surgical but we have seen a larger increase on the surgical incidences. This is led by more of cancer, gynaec, obstetrics and urological issues. Whether it's a structural change or not, we will come to know only with some passage of time, because we are still observing some building up and trend changes. Whether it will reset to a new normal is something that we will know. Usually actuarial pricing is based on trends over a period of time, and that's what we have taken into account when we do any re-pricing of a portfolio. Whatever changes in frequency or severity that happens is generally accounted for in all pricing changes that we undertake. Now, sometimes there could be some surprises in that when the expected frequencies go up more than what was actually estimated while pricing the product. That could be one of the issues, but largely whenever a reset happens, it mostly settles down in a year or two. Generally, that's the trend. We will continue to monitor this very closely and ensure that we are taking adequate, precautions on both sides. One on the underwriting side, as we said, we continue to focus to ensure that we are micro segmenting our risk. We are focusing on the profitable cohorts, taking due precautions in whatever we underwrite. On the other side, as I said, we continue to negotiate and ensure that we get the best pricing arrangements at the hospitals, and ensure that our ability to leverage on claims analytics, with all our last 18 years of understanding of this business helps us stay ahead. That's what the effort is.

Anand Roy: Avinash, just to add to that, to what Amitabh said, we have to understand that health insurance is a business that is almost not an optional coverage anymore. People have to buy health insurance, and we are glad that that kind of understanding has come into the population. With more and more awareness, more and more people are coming forward to buy health insurance, and that's why all health insurance companies continue to grow. Now, how can this growth be profitable, and how can this growth be sustainable is a challenge we are facing for the last two years. Yes, people buy health insurance because they want to go for higher quality of treatment. There are multiple studies which shows that people who have health insurance have better health outcomes in the long run, because they obviously seek timely treatment which otherwise they would not have, so, it is something that is evolving. What we would like to tell you is that we are studying these trends, and we are definitely pricing products and restructuring or underwriting to make sure that we stay ahead of the curve and not play a catch up game at all times.

Moderator: Thank you. The next question is from the line of Varun from Kotak Securities. Please go ahead.

Varun: I just had a question on the divergence between fresh and overall growth that we have been reporting. If you look at fresh growth, retail growth, you are saying that is about 25% for the year, and that translates about 33% for a quarter. When we look at renewal rates, they seem to be on a decline, particularly in 4Q. Is there anything off in the base that is causing this decline? It's about coming to close to 90% instead of 95%-97% is what is there for a full year?

Aditya Biyani: Varun, let me just reassure that the 25% growth is on without "1 by n". Coming to the renewal, I had already mentioned that, the renewal growth has in value terms, been 12.5% and on the volume side, it's been 6% on the number of policies, so the growth has been on volume and value both.

Varun: I think the number you are talking about is for the full year. I am saying in 4Q there is a trend of sharp decline in renewal rates. Are you seeing the same or is there something else?

Nilesh Kambli: The renewal ratio is Q4 also continues to be 19% for us.

Varun: Okay. In terms of investment yield, this slight moderation in investment yield, bond markets have rallied, so what is the reason for this moderation?

Aneesh Srivastava: Hi, Varun, this is Aneesh here. If you look at the book, what we have done in last so to say, one and a half years is that, as our solvency levels have stabilized, we have started building equity book. The equity book was 6.7% of the AUM at the beginning of the year, this is at the end of last quarter of last financial year, and today this stands at approximately 15%. What happens is that, if we get an opportunity in between to book profits that gets counted, declining yield is not a good scenario, but we are fully invested as far as fixed income is concerned, and I don't think that we would be needing to buy too much of incremental fixed income, except for the maturities that would come in. Now if you dissect the last 4 Quarters, we have booked in Rs.33 crore, kind of investment book profit. 2nd Quarter was Rs.85 crore, and 3rd Quarter was Rs.55 crore. Intent of booking profit was that there had been exuberance in the market, and hence we had pare down some exposures. We were not expecting that we would get reinvestment opportunities so quickly, but fortunately, we got reinvestment opportunities in the fourth quarter, and we have scaled back over exposures. That's the reason why, in fourth quarter we have just booked Rs.11 crore, and we have not booked large quantum, because that was time when we were re-increasing our equity investment book. Due to the Rs.11 crore of booked profit only, as compared to Rs.85 crore and Rs.55 crore in the previous quarters, you are seeing that overall investment income for 4th Quarter is low, but what you have to look at is that full year which is Rs.1,281 crore investment income out of this Rs.184 crore is the book profit and overall investment deal is 7.8%which is actually a good yield from insurance perspective. This is where we stand and what I would say is that, given the fact that we have the equity book now, and we may not very consistently book profits, we would see as and when there are opportunities in the market we will pare down equities or book profits, else there may be some variability, but from the fixed income perspective, I don't think that there would be any variability. 15% of portfolio would be a function of how market behaves. That's the reason why you are seeing this, so to say relatively a lower income as compared to the previous quarters, but if you look at 7.8% kind of a yield, this is, the highest in last four years. This is where we stand and we will continue to do well as far as this investment book is concerned.

Moderator: Thank you sir. Ladies and gentlemen, due to time constraints, that was the last question for today. I would now like to hand the conference over to Mr. Nilesh Kambli for closing comments. Thank you and over to you sir.

Nilesh Kambli: Thank you everyone for joining the call early morning. We are geared up and confident for a profitable FY ’2026. Thank you very much.

Moderator: Thank you members of the management. On behalf of Star Health and Allied Insurance Company Limited that concludes this conference. We thank you for joining us and you may now disconnect your lines.

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