

Date: November 03, 2025

Place: Chennai

Ref: SHAI/B & S/SE/116/2025-26

To,
The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001
Maharashtra, India
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
Maharashtra, India
Symbol: **STARHEALTH**

Dear Sir/ Madam,

Sub: Earnings Call Transcript –Q2 & H1 - FY 2026

Further to the Company's letter SHAI/B & S/SE/104/2025-26 dated October 10, 2025 regarding Earnings Call Intimation for Q2 & H1 - FY 2026, please find attached transcript of the call dated October 29, 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
Company Secretary & Compliance Officer

Encl: as above.



**Star Health and Allied Insurance Company Limited
Q2 & H1-FY2026 Earnings Conference Call
October 29, 2025**

Management:

Mr. Anand Roy – Managing Director & Chief Executive Officer

Mr. Amitabh Jain - Chief Operating Officer

Mr. Himanshu Walia – Chief Marketing Officer

Mr. Nilesh Kambli – Chief Financial Officer

Mr. Aneesh Srivastava – Chief Investment Officer

Mr. Aditya Biyani – Chief Strategy & Investor Relations Officer

Moderator: Ladies and gentlemen, good morning and welcome to Star Health and Allied Insurance Company Limited Q2 & H1-FY2026 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 has been recorded.

I now hand the conference over to Ms. Devyanshi Dave from Adfactors PR. Thank you and over to you, Ms. Dave.

Devyanshi Dave: Thank you. Good morning, everyone. From the senior management, we have with us on the call today Mr. Anand Roy – Managing Director & Chief Executive Officer, Mr. Amitabh Jain – Chief Operating Officer, Mr. Himanshu Walia – Chief Marketing Officer, Mr. Nilesh Kambli – Chief Financial Officer, Mr. Aneesh Srivastava – Chief Investment Officer and Mr. Aditya Biyani – Chief Strategy and 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 financials 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 I would now like to hand over the call to Mr. Roy. Thank you.

Anand Roy: Thank you, so much and good morning, everyone, and thank you for joining us for Star Health earnings call for the second quarter of FY2026. I truly appreciate your indulgence during this early morning time. I hope you and your families had a wonderful Diwali. Thank you again.

So, at the outset, let me just first remind everyone that we continue to take all our business and investment decisions with the IFRS principles in mind, and all our numbers shared are as per IFRS. So, I request all of you also to kindly align with that. We have been reporting this for the last few quarters consistently. On the business side, we maintained good traction during the second quarter. After steady progress across all key pillars, we maintained a risk-first approach, a consistent focus on ROE, customer centricity, and a digital-first mindset as an organization. We were able to achieve all of this by maintaining market leadership and despite heavy competition. We closed H1 FY2026 with gross return premium of Rs. 8,809 crore on n basis, representing a 12% YoY growth. The retail health GWP rose almost 17% to Rs. 8,332 crore in the first half of the financial year, fueled by a 24% growth in fresh retail premiums and very strong renewal persistency of 98% on value in the retail health book. Our overall policy count grew by 3% for the year. Happy to let you know that we continue to maintain our retail health market share at 32%.

As I have called out earlier, we have been diligently working on the following key levers towards ensuring sustainable and profitable growth of our business. The first point that we have been working on diligently over the last 12 months is the portfolio recalibration. Happy to let all of you know that we have now fully exited the unprofitable group employer-employee portfolio and repriced almost the entire high claims Banca Group book. As a result, our net incurred claim ratio for H1 FY2026 stood at 70.6%, a 30 basis points decrease from H1 FY2025. And more importantly, for Q2 FY2026, our net incurred claim ratio stands at 71.8% versus 73.7% for Q2 FY2025. This is a 190 basis points decrease over the last quarter. So, we are able to see early results in the efforts taken in terms of reduction in loss ratios. We expect this to improve further in the quarters ahead. The retail loss ratio for H1 FY2026 stands at 69.9% and 71.3% for Q2 FY2026. Whereas the group loss ratio for H1 FY2026 stands at 82.1% and 79.3%. All of this data is available on our investor deck, so I am sure you will be able to access it there as well.

The retail business now contributes to 95% of the total book of the Company and the group portfolio contributes 5%, which used to be 9% in the last year. On the distribution mix, our agency vertical remains very strong with a growth trajectory of almost 20% on fresh business. The digital vertical continues to be our fastest growing channel at 47% fresh premium growth and contributing close to 20% of our overall fresh business now. We are a clear leader in terms of digital business in the market as far as retail health business is concerned and this also remains our most profitable channel.

On the operating costs, we have further reduced our operating costs in H1 FY2026 due to various investments made earlier in tech and automation and through of course the manpower productivity gains that we have achieved. Our expense ratio has improved dramatically to 29.7% from 31.1% in the previous H1 FY2025. This is all as per IFRS results.

The investment book continues to be yielding good results for us at 8.3% yield including the MTM gains on IFRS basis for H1 FY2026. This is due to our healthy mix of equity, ETFs, REITs and INVITs now contributing close to 18% of the portfolio. The health insurance industry as we know has now seen some very positive tailwinds with the exemption of GST on retail health indemnity policies. We would definitely like to take this opportunity to thank the government of India for this wonderful reform on GST which benefits the entire Indian economy. We as an organization see significant uptick in demand post the GST waiver which is especially positive for us given our retail health focus. Our lead generation, our new policy sales, the GWP growth in October are reflecting encouraging momentum. We are seeing almost 50% growth in fresh business in October reflecting growth, strong underlying demand and also improved affordability in the retail health segment. We also believe that persistency rates will improve given that GST has been waived off on the retail health as well. So, we continue to focus on our preferred geographies, on the products which are more profitable for us and of course on the channels that meet our defined ROE thresholds. Our preferred geographies strategy is working well and we are seeing faster growth of almost 1.5x than the Company's average on the fresh business.

Coming quickly to our distribution channels on agency which continues to be the backbone of our retail business has delivered 16% YoY growth during H1FY2026 and now contributes close to 83% of the total business. The new business growth in agency has been 20%. Our agent productivity grew 21% on fresh business and the total agent base now stands at 8 lakh. We added more than 30,000 new agents in the first half of this financial year. 46% of our agency business now comes from non-metro and semi-urban rural markets where Star has always had a very very strong presence.

The Digital business, contributes as I mentioned earlier almost 20% of the Company's fresh business and growing at 47% year-on-year. Within this, the direct digital, the D2C channel contributes 77% of the overall fresh business and our digital partners are contributing the rest 23%. The organic web traffic for Star has continued to grow very strongly at 37% and we do have a very large direct-to-consumer channel telemarketing infrastructure of almost 1,800 plus telecallers engaging across 15 languages that is ensuring deep reach and local engagement.

Our YouTube channel, I am happy to let you know, has now crossed 100,000 subscribers probably the first one in the insurance industry to reach this milestone. We have been given some award also by YouTube. This effective use of customer engagement and digital innovation was recently recognized securing two prestigious digital marketing awards for us on the Pitch BFSI marketing awards for our effective mobile marketing and brand initiatives.

-Our Bancassurance channel contributed 7% of total GWP. As you know we have made significant shift towards our preferred product offering focusing more on retail and benefit plans which now contribute 92% of our fresh business in the Bancassurance books versus 79% last year. We have also successfully repriced all the PSU banks portfolios with more focus on profitable growth. On the corporate side, our corporate channel contributed 1.5% of our mix and the focus of course has kind of scaled down, and focused more on the profitable SME segments which now contributes 66% in the first half of this year versus 34% last year.

As mentioned in the previous calls, we have exited from all non-profitable large corporate accounts from last year Quarter 2 and hence no loss from this segment is expected to come in the months forward. Our corporate group loss ratios have improved from 94% in Quarter 2 of last year to 79% in Quarter 2 of this year. The net incurred claim ratio for H1 FY2026 stood at 70.6% versus 70.9% of the last year and as I mentioned earlier, our Quarter 2 has improved more significantly at 71.8% versus 73.7% of the last year quarter. It is the result of our targeted underwriting, pricing and also processing actions that we have implemented over the last one year.

On the retail side, we have taken a price correction in almost 65% of our book in the last year. We will keep following an annual repricing strategy as mentioned earlier. In the group and Bancassurance side, we implemented price corrections in the low profitability accounts. On our fraud detection models which is driven through our in-house AIML technology platforms which we have created which are proprietary to Star Health have delivered savings growth of almost 35% over last year.

We continue to invest in our efforts to enhance vigilance and reduce fraud, waste and abuse. We have consistently endeavored to serve our customers in the best possible way and that reflects in our claim settlement ratio which is now improved to 90% versus 85% last year. Our claims NPS now stands at 61 points versus 52 points in H1 FY2025 and overall company NPS also stands at 61 points versus 59 points of the same period last year. We track the NPS scores with more than 14 to 15 touch points and we have a very close watch over the customer experience and NPS.

Coming to the profitability of the Company, our overall combined ratio on IFRS basis is 100.3% for the first half of the year. This represents a decrease of 170 basis points over the first half of last year. On the Opex side, we have focused on manpower productivity and process improvements. Apart from this, the senior citizen renewal commission deduction which was an industry-wide move has had a meaningful impact on our overall commission caps. We continue to maintain operating costs comfortably below the 35% regulatory norms. Our investment yield stood at 8.3% for H1FY2026. We have closed H1 FY'2026 with an IFRS PAT of Rs. 518 crore marking a 21% year-on-year increase over H1 of FY2025.

So, quickly on the financial performance for H1 FY2026 as per IFRS, underwriting loss reduced to Rs. 27 crore versus Rs. 149 crore in H1FY2025. Combined ratio is at 100.3% versus 102.1% of last year H1. Claim ratio stands at 70.6% versus 70.9% of the previous year. Retail loss ratio is 69.9% versus 69.8%. Group loss ratio is 82.1% versus 85.9%. Expense ratio is 29.7% versus 31.1% of the last year and the profit after tax is Rs. 518 crore versus Rs. 428 crore of last year. Investment income is at Rs. 752 crore pinned by our long-term asset management philosophy. And our solvency ratio is 2.15x, well above the regulatory requirements.

Quickly on the financial performance for Q2 FY2026. Underwriting loss is at Rs. 43 crore versus Rs. 178 crore in Q2 FY2025. Combined ratio is at 101% for Q2 versus 104.8% of Q2 of last year. Claim ratio is at 71.8% versus 73.7% of Q2 of last year. Retail loss ratio is at 71.3% versus 72.1% in Q2 of last year. Group loss ratio is at 79.3% versus 91.6% in the Q2 of last year. Our expense ratio for Q2 of current financial year is at 29.3% versus 31.1%. Our profit after tax is at Rs. 79 crore compared to Rs. 124 crore in Q2 of last year. The profit for Q2 FY2026 was impacted by MTM loss, pre-tax of Rs. 122 crore and post-tax of Rs. 91 crore.

So, this summarizes the financial results of the first half and the Quarter 2. We also have made significant progress in enhancing the digital experience of all our users during the quarter. I will quickly read out 2-3 important items. We have implemented a new claims platform and now almost 40% of our claims traffic has been migrated to this new platform. Our in-house AI enabled platform will further enhance our claims productivity, customer satisfaction and improve our fraud detection mechanisms as well. We have launched a new agency app with solutions that equip our vast advisors of 8 lakh footprints across the country. This new app is going to give faster codes, personalized sales pitch and real-time performance dashboards to strengthen our service engagement and association with our advisors. All of this is done in-house with our technology team. Our customer app which is also developed in-house now has touched the milestone of almost 12 million downloads. 9% of our retail NOPs are now coming from the customer app itself. So, the engagement has really gone up significantly. We have also launched

several new features for self-service experience on our app like Know Your Policy as well as various Wellness features and hooking up preventive Health Checks and so on and so forth. We are able to see significant traction on engagement whether it is MAU and DAU on the customer app side. I request all of you to download our customer app and give us your feedback as well.

On Home Healthcare, we have expanded our presence to 250 plus cities while our daily medicine facilities have grown by 121%. So, we continue to invest in these wellness related activities which we believe will be good for the customers as well as the organization in the long run.

As we navigate the rest of Financial Year 2026, we continue to remain focused on disciplined underwriting, strengthening our digital business and digital platforms and improving our fraud analytics capabilities. We also have made significant progress in deepening our partnership with our hospital networks and other distributors. We are fully committed to empowering our customers by building awareness around evolving healthcare needs and offering product clarity across every touch point.

In closing, I would like to say that we remain steadfast in our mission to deliver responsible, resilient and customer centric health insurance while focusing on long term sustainable and profitable model. I thank you once again for your continued trust in Star Health Insurance and thank you for joining us today. With that I now open the floor to Q&A. Thank you.

Moderator:

Thank you. We will now begin the question-and-answer session. The first question comes from the line of Supratim Datta with Jefferies. Please go ahead.

Supratim Datta:

Thanks for the opportunity. My first question is on the loss ratio side. So, there has been an improvement versus last year, but it's still higher than where we were in say, in FY 2023 or pre-COVID. So, just wanted to understand that, is there a pathway for the loss ratio to go back to those FY 2023 levels or has structurally something changed which will prevent us from going back there? That's the first question. Secondly, on the GST part, wanted to understand what has been the impact of GST and now going ahead, given your new business growth is fairly strong and from your 2Q numbers, it seems like the long-term policy growth has been around 30%, I wanted to understand that is there going to be a near-term drag on earnings on an IGAAP basis because of the strong new business growth and particularly in long-term policies? That's the second question. Lastly, you know, post the GST waiver, does OPD become an interesting opportunity for you to expand into? If that's the case, then what would be the strategy there and would it be in-house or outsourced, how are you approaching that segment? Those are my three questions. Thank you.

Amitabh Jain:

Hi, Supratim. So, on the loss ratio, as we've been reiterating that the journey we have undertaken and we are focused on the FY'28 targets of what we've been talking about, of overall combined, and therefore, we are not only looking at loss ratio as one of the parameters, but clearly the turnaround is visible and we are seeing an upward trend over the last couple of years which was building up. So, that's a good trajectory that has started. And we are looking at significant reduction in Q2 that we have spoken about in the investor presentation. This has come because

of three major efforts that we have taken. We've seen a clear reduction in our medical frequencies driven through better availability of telemedicine, home healthcare services, sensitization of network on the admission protocols, and better control through fraud, waste and abuse. So, all of that has helped us in this journey. The other action that we have started is repricing of the portfolio since last year. Once that cycle sets in, that will further help us in managing the loss ratio towards the trajectory that you've been indicating. So, I think that's how we hope the loss ratio to go forward. On the GST, I would request Nilesh to respond.

Nilesh Kambli:

So, on the GST, to begin with we see that it's an overall positive impact for us. The multiple impacts are intermediary, GST input tax credit, which is not available. So, based on our interactions with the regulator there is an unsaid direction that the intermediary cost needs to be controlled to achieve the EOM at an industry level. So, from 1st of October, we have decided that intermediary commission will be inclusive of GST. So, on the books of the Company, there will be no impact. In terms of pharmacy, the GST has reduced from 12% to 5% on life-saving drugs from 18% to 0%. We see this as a huge benefit. We have started our interactions with healthcare providers and we see some benefits that will flow through.

On the Opex, the ITC is not available, and that is something which we are working on. But the benefits of pharmacy cost should offset the Opex ITC, which is not available. The other benefits we see is the persistence improvement on our existing portfolio and we see some early green shoots for October. The new business as well has now become much more affordable, and we see some good tailwinds coming for new business as well.

On the third question on the gap between IGAAP and IFRS, you are right with the LTT business and some of the good agents we have decided to pay on n basis. The RI commission treaty which we had last year, we don't have the voluntary quota share treaty because we have taken all our decisions on IFRS basis. The investment portfolio also, last year it was largely focused on fixed income. Now, we have an 18% equity and ETF book versus last year and we are focused on long-term returns. So, all these three factors, we see that the gap between IGAAP and IFRS will continue to increase along with the growth in business. IGAAP all the costs are upfront whereas IFRS, it is deferred over the policy period. So, yes, last year the gap will increase.

Supratim Datta:

Thanks Nilesh for that. Before you address the third question, just wanted to understand on this that, on your negotiation with or discussion with the distributors, has there been any pushback from the larger banks or say digital distributors or have everybody agreed to these new terms?

Anand Roy:

So, I will take that question. Supratim, there is a multiple discussion we have had at various levels and the cost of acquiring business and insurance has to come down and this is a single kind of agenda which seems to be spoken about at various forums. So, irrespective of the kind of distributor we are looking at, the commissions are to be considered inclusive of GST. Of course, the full benefits of GST are being passed on to the consumer which is good for the growth of the business, and in the effort to reduce distribution commissions, commissions will be inclusive of GST.

Supratim Datta: Okay. Thank you.

Anand Roy: If that answers your question. As far as the third question of OPD is concerned, I will just quickly touch upon it. I hear you and I totally agree with your assumption that OPD business will definitely become a very strong new line of business for us. We are working on this. That 18% waiver of GST is definitely a welcome move in this area especially because that was the single reason why people were not buying OPD plans. So, I think you will see some significant work on this in the quarters ahead including dental insurance, OPD insurance and many other such innovative items.

Supratim Datta: Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Dipanjan Ghosh with Citi. Please go ahead.

Dipanjan Ghosh: Good morning, sir. Just a few questions from my side. First, obviously we have seen the improvement in claims ratio but correspondingly on the other side we have also seen sustained strong new business growth over the last many quarters now. So, just wanted to get a sense of when you look at your back book claims movement versus the impact of new business growth being high and that kind of helping your claims ratio. Is there any divergence that you see and if you can give some color on that, how the cohorts are behaving? Maybe not quantify but at least give some qualitative color.

Second, on the new business growth side, obviously it has been holding up at very strong levels. I wanted to understand in terms of your portability mix, does that remain at the low levels or has there been any further tweaking, be it in terms of relaxation or tightening on the portability side? And do you have any color of what your new business market share would be, let's say ex of portability for the industry, at least for the first half? My third question is a follow-up of the previous participant's question on the pass-through of the GST rate cuts and while you give an elaborate response to it, I wanted to understand if there is a one-size-fits-all approach that you are going for and if you can shed some color on that?

Amitabh Jain: On the loss ratio, we clearly see a differential on fresh versus the old business and that's always a substantial difference because of the fresh business coming with waiting periods and other factors. Along with that, we've been working on various segmentation from an underwriting point of view, whether it's preferred geography, sum insured, younger customers and so on. All of that is helping us write a better book over quarters but all of that, as you know starts showing up over a period of time as claims from that kind of earned premiums take time to reflect. So, that differential will start showing up. The good story is that our earned premiums have now seen an upward trend from a fresh to overall mix perspective. That's the first sort of green shoots that we are seeing and that will start building up from here on.

Himanshu Walia: So, with respect to portability business, I would like to clarify that we are absolutely focused on driving our growth from profitable pools. Portability, we have always maintained low touch and

there is no change in the mix over the last quarter. Our growth is driven largely by fresh to industry which is operating at a very healthy loss ratios.

Nilesh Kambli:

On the GST point, one size fits all question that we've asked. I think the approach is to pass on the ITC which is not available now equitably. I know you cannot create any distinction across various intermediaries. So, that's the standard approach.

Dipanjana Ghosh:

Just one follow up on the first question. What I wanted to understand was more like if you were to look at let's say cohort. Let's say if you look at the 4th year plus cohort or let's say the 6th year plus cohort or 2nd year plus cohort, let's say standing in 1H'23, 1H'24, 1H'25 and now 1H'26 and look at the YoY trajectory across these cohorts, ex of the new business obviously. Are you seeing the trajectory improving? We understand that price hikes incurred take time to flow through. But at least on a YoY trajectory basis, is there any gradual improvement across the older cohorts? That is something I think we want to know to get some color on the incremental trajectory of the claims ratios.

Anand Roy:

So, Dipanjana, Anand here. I think your question is valid and definitely yes, we are seeing that and that's why the improvement in the loss ratios are coming in Quarter 2, as you have seen this long, almost 300 basis point improvement in the retail loss ratio. I think we can come to on a one-to-one basis and we can discuss this.

Dipanjana Ghosh:

Got it. Thanks for the clarification and all the best.

Anand Roy:

Thank you.

Moderator:

Thank you. Next question comes from the line of Shreya Shivani with Nomura. Please go ahead.

Shreya Shivani:

Hi, thank you for the opportunity. I have a question from the IFRS disclosures. I was just checking the disclosures in the PPT that came out in 1Q and last year full year and right now in 1H. I wanted to understand the cyclicity of the deferred acquisition cost because you start with a negative in 1Q, then eventually in 1H it becomes a positive number. This is the movement from profit as per IGAAP to profit as per IFRS. If you can explain that.

Nilesh Kambli:

So, Shreya that is the nature of IFRS. Q1 is a very small quarter for us and the IFRS cost is based on past trend. So, if you come from IGAAP to IFRS, there will always be an increasing trend. As you mentioned in Q2, the growth has picked up, and we are paying some of these commissions on a basis as well. Under IFRS, there will be a positive impact compared to IGAAP because of the growth in business as well as the volume of the business in quarter 2.

Shreya Shivani:

Got it. So, any quarter where you have a smaller volume coming in, your movement from IGAAP to IFRS, the deferred acquisition cost becomes negative. What does the net mean over here? It is deferred acquisition.

Nilesh Kambli:

It is commission paid versus commission received. The R.I. commission.

- Shreya Shivani:** Alright. This was my only question. Thank you.
- Nilesh Kambli:** Sure. Thanks.
- Moderator:** Thank you. Next question comes from the line of Madhukar Ladha with Nuvama Wealth. Please go ahead.
- Madhukar Ladha:** Hi. Morning, everyone. One, this quarter I see quite a bit sharp increase in commission ratio. I know part of the impact is also because of 1/n, but also absolute number has been higher than what I expected it to be. So, I wanted to understand what is really driving this? Is it that we are paying more upfront or long term policies or is it the impact of GST? Second, how are we managing the GST impact in the interim until we sort of reprice the products? I believe that we will probably require up to 3%-3.5% sort of a repricing to fully absorb the ITC impact and so that our commission structures are unchanged like pre-GST. But that repricing will probably take some time. So, how should we think about the interim period profitability or hit on combined ratio?
- Anand Roy:** So, Madhukar, let me answer this. The commission part, you are seeing an increase on the IGAAP basis. But as I mentioned in my presentation, we are now looking at all our financials on the IFRS basis, which has a deferred acquisition cost model. So, I request you to consider that as well.
- We are seeing a definite uptick in our long term business. Customers are now preferring to buy long-term policies which is beneficial for them and we believe it is beneficial for us as well because, as you know, the persistency in the R1 and R2 are the lowest for all industry players including for us. So, once you have a long-term contract for the three years, the customer is committed to stay with us for the first three years, which is the most important part of any new customer. I think it works well for the consumer as well as for the insurance company so, we are focusing on that. That is why you might be seeing optically the commission ratios going up on the IGAAP basis. But that is part of our strategy.
- On the repricing thing, as I have already mentioned, we are now following an annual repricing model. We have a repricing calendar. On senior citizens, as you know, the regulator has told that 10% repricing can be done every year. On similar lines for all other age groups also, we plan to do repricing every year. Now with the current quarter, of course, because of GST and introduction, that was the focus area. So, probably there is a couple of months of delay in the calendar. But we will be going ahead once we have regulatory approvals in place. I think these are the two questions.
- Madhukar Ladha:** Just a follow-up, what is the sort of GST impact that we felt in September? I understand even in IFRS accounting, because ITC is not available, even there, while there is deferred acquisition cost, the acquisition cost has gone up. So, how should you look at it in terms of commission ratio, even over there? Maybe if you can explain both IGAAP and IFRS, it will be helpful.

- Nilesh Kambli:** See, Madhukar, what we mentioned is from 1st October, the GST payments to intermediaries will be inclusive of GST. So, there is no cost impact of intermediary commission coming to the P&L as we move forward in H1 and above. We see some benefits coming from the reduction in GST on pharmacy bills from 12% to 5% and 18% to 0% on life-saving drugs. On the Opex part, we see an impact coming in the books of accounts, but that will be offset with the pharmacy benefits coming in, as well as the other benefits in terms of persistency improvement and new business growth that we see. So, again, for IGAAP, it was an impact only for nine days from 22nd to 30th September, which was not material when it comes to Opex.
- Madhukar Ladha:** Have the distributors really accepted? Because I hear that, for example, the multi-line general insurers are probably not reducing the commissions as much, or the entire GST cut is not, or the ITC non-availability is not being sort of passed on to the distributors by multi-line general insurers. So, is this actually getting implemented across the industry? I know the GI Council sent that notice to all the distributors also, but I am not sure whether it is being followed. Especially with online channels, I do not think that they are really accepting that as well.
- Anand Roy:** So, Madhukar, obviously we will not talk for others. What we will tell you is that the GST waiver is a welcome move done by the government, and definitely it will lead to an increased demand. We are already seeing that happening in our books, and when we speak to our other peers, we have seen their numbers go up as well. So, I do not think anybody will lose once the business increases, both on new as well as on persistency. Everybody will be compensated more than enough. We as a company have obviously taken this call, and we are not seeing any impact on our business as yet.
- Madhukar Ladha:** Great. Just one final question now. Given that because the prices have come down, there can be some further volume upticks. Is there a way that we are able to increase the sum assured for our existing policyholders? Are we thinking on those lines, adding some riders, so that the payout sort of remains the same but we are able to offer a higher sum assured? Are we doing anything there? If we are, then if you can give sort of your early acceptance rate as to how many customers or what sort of value addition can be given of there.
- Himanshu Walia:** As we mentioned that we are seeing positive trends as far as our renewal business is concerned. We are seeing better persistency rates, and also customers are on themselves, they are opting for higher sum assured. Because they are getting better sum assured at a similar price level. So, that is a very, very good sign, which will also reflect in our loss ratios going forward.
- Madhukar Ladha:** Understood. Thank you. All the best.
- Moderator:** Thank you. Next question comes from the line of Sanketh Godha with Avendus Spark. Please go ahead.
- Sanketh Godha:** Thank you for the opportunity. Anand, in the presentation we have 17% growth in retail. But you told that NOP growth is 3%. So, the divergence in the growth is predominantly because of

increase in the contribution of long-term plans or just the ticket sizes have gone up even in the regular plans has led to that divergence in NOP growth and the GWP growth in the retail health?

Anand Roy:

Yes, Sanketh, I think that is a good point. See, we have always been telling that our growth is coming on the back of value as well as volume growth. And we have been seeing that trend in this current financial year as well, up to August. September was a month where almost half the month business was almost zero. So, all your NOP numbers all came down to zero. So, if you look at the H1 and Q2 numbers, definitely they are distorted. But as we speak about October, we are seeing very robust growth both on NOP and value and volume. So, we will continue to maintain our strategy as value-led and volume-led growth. But having said that, I have already mentioned that there is a significant uptick on long-term business, which we believe is good for the organization and good for the customer and we will continue to focus on that as well.

Sanketh Godha:

So, Anand, today in the entire retail health, what portion of your business is long-term in 1H of current year compared to 1H of last year or full year of last year?

Anand Roy:

Around 13% is the number of policies in long-term and in terms of value, it will be much higher, close to 35%, 40%. But in number of policies, it is around 13%.

Sanketh Godha:

That number corresponding to last year, if you have it handy, if you can

Anand Roy:

I will give it to you offline.

Sanketh Godha:

Okay, sure. Second thing Anand was that I think you have around 15%-18% of the portfolio in senior citizens. You cut the commissions from 15% to 10% there, on renewals especially and you alluded to the point that because of GST, you have passed on the commission cut. So, I believe it is largely being passed on to renewal, not on the fresh. And it has been done across the channels.

If everything is implemented, both senior citizens and your retail part, if blended, we can easily say that it will be 3%, 4% savings for the company, which could be more than enough to negate the impact of input credit. So probably you do not really need to take a price hike?

Nilesh Kambli:

So, yes, when it comes to intermediary cost, the answer is yes. There is no impact on the financials of the company. If you include the senior citizen reduction, which came from 15% to 10%, and 20% of portfolio citizens, and compare it to the Opex, the answer is again yes. You know, if you put that benefit in place. But as mentioned, there is a benefit on pharmacy as well and we see the improvement in persistency in new business growth. So, the overall impact is positive.

Sanketh Godha:

Okay. But I just wanted to check that ultimately you will be required to take a price hike or all these mitigants will be good enough to achieve the targeted combined ratio you had for 2026 and 2027?

Anand Roy:

The price increases will be mainly for medical inflation and consistently that will be taken.

- Sanketh Godha:** My question was more only for GST, whether you will be able to, you want to take a price hike or it is business as usual, regular price hikes what you take?
- Anand Roy:** Yes. There will be no price increase for GST. It will be regular price hike that we take for medical inflation.
- Sanketh Godha:** Got it. And lastly, your IFRS combined is still more than 100%. Internally, in my view, you should have somewhere at least on IFRS 97%, 98% combined to have a 14%, 15% RoE kind of a model. So, how far are we, in your view, to achieve that 97%, 98% combined so that we become mid-teens RoE? Whether it could be achieved in 2027 or 2028? If you can give a bit of color on that trajectory, it will be helpful.
- Nilesh Kambli:** So, Sanketh, you know, we do not want to give any guidance. But what we see is a positive trend. You know, Q2 is seasonally higher. Quarterly loss ratios are higher. We have seen an improvement in the loss ratio for Q2 as well. So, whatever strategy that we are implementing in terms of price increases, recalibration of portfolio that is working in our favor. As mentioned, you know, we see a gradual improvement coming through in 2026, 2027 and 2028 as well. So, we are sticking to a long-term strategy of improving the RoE.
- Sanketh Godha:** Got it. Lastly, if I can squeeze one, compared to last year and in the current year, maybe due to some bit of differential pricing method what you adopted, have you seen your porting out meaningfully coming down compared to last year?
- Anand Roy:** Porting out coming down?
- Sanketh Godha:** Yes, because of the price hikes or differential pricing approach what you adopted. See, the reason I am asking is this. Whether, in my view, the anti-selection which probably led to higher loss ratios with porting out reducing for the good customers, at least in your view, that might structurally improve the loss ratios for you or not. So, actually the logic of asking that question is whether the porting out in the good quality customers has come off relatively compared to last year with the change in strategy.
- Anand Roy:** Sanketh, we discussed in detail on the FHO strategy and definitely we are seeing better quality retention if that answers your question. Porting out, as you have seen, our retention rates are the best in the industry despite being a very, very large-scale player. We are maintaining almost 86%, 87% volume-wise and close to 98% value-wise retention. So, we have not seen any uptick in porting out. But quality of port, as you rightly put it, because of our strategy, we are definitely seeing better quality retention.
- Sanketh Godha:** Understood. Thanks, Anand. Thanks for the answers.
- Moderator:** Thank you. Next question comes on the line of Swarnabha Mukherjee with B&K Securities. Please go ahead.

Swarnabha Mukherjee: Hi, sir. Thank you for the opportunity. Most of my questions have been answered. I have just a couple of things. So, first of all, sir, NEP growth in this quarter has kind of slowed down from where it was like that 12%, from the previous two quarters. Just wanted to understand the reason for that. Plus, given that it has been, I think, about three-odd quarters since we have taken the price hike. So, when do we expect the NEP growth to maybe, match or exceed the GWP growth if you can show some light on that?

Second is, sir, given the 2Q being normally the seasonally heavy quarter in terms of claims, just wanted to understand what was your reading in terms of the severity and the frequency element? Because I believe that given your loss ratios and your claim output, that it is not as challenging as it was maybe last year 2Q. But, your readings on that and then based on that, how should we think about the overall claim scenario improving? Some comments on that would be very helpful. Those are my questions.

Nilesh Kambli: So Swarnabha, on the NEP growth, if you are talking about, while we see a good uptick in the retail business, we have mentioned that on the group business, we are coming down by 50% and the degrowth, because this group business is only one-year business and you see an immediate impact when it comes to NEP growth. If you exclude the group business, the NEP growth has been pretty stable and it is improving, because of the long-term business as well as the inflow of the NEP is coming through. As Amitabh mentioned, the mix between fresh and renewable NEP that is also working in our favor.

Swarnabha Mukherjee: Right. So, would it be possible to share the number of retail health NEP growth?

Nilesh Kambli: See, it is not in the public domain, we have started disclosing the loss ratio, which is a good indicator, of what it is looking like. Okay. Understood.

Swarnabha Mukherjee: Thank you.

Moderator: Thank you. Next question comes on the line of Neeraj Toshniwal with UBS. Please go ahead.

Neeraj Toshniwal: Hi. So, if you can quantify the net impact of the GST input tax rate after listing for the assumptions for the commissions with GST. So, what is the net impact sales which will be left on the book? What is the timeline we think that we can be able to utilize that?

Nilesh Kambli: Neeraj, I think it was slightly not clear, but what I understood is the impact of GST on the books of accounts. Correct? That was the question.

Neeraj Toshniwal: Yes, if we can quantify on the combined. What I am asking is basically commissions you are sounding confident that you will be able to pass on, but ex of that also there is some impact which will probably be left on the book. So, just want to understand how much or what levels we are taking to utilize that and what will be the impact, net impact.

Nilesh Kambli: As mentioned, commissions we are passing on to the intermediaries. If you see Schedule C, our commission cost is roughly 15% to 16% last year, whole put together. If you put an 18% GST

on that, it is roughly 3.1% commission cost, which will be passed on to the intermediaries. On the Opex part, if you include the employee cost, the depreciation and other non-GST related expenses, the impact for the full year is roughly around 0.6% - 0.7% of the GWP, which again, we see the benefits coming from the reduction of pharmacy bills. So, that is the kind of impact that we see.

Neeraj Toshniwal: So, net impact, you do not think anything will be left on the book post, benefit to see on the drug side and the pharmaceutical side?

Nilesh Kambli: Yes, while the line items will differ, yes, the net impact will not be there.

Neeraj Toshniwal: On commission, obviously, this has been largely debated. Since we hear that most of the players or there is an argument like, how can you call it out? Like, Policy Bazaar has been denying that they are not taking any hit on the book. In that context, it is quite contradictory to what we are articulating. So, where is the gap or is it still under discussion? Just wanted more color on that or is it already being done? How should one think about it?

Anand Roy: See, obviously, we will not comment on any particular channel, but the intent and the, you know, the principle that we are following is cost of commissions has to come down and this is the direction given directly by the regulator also in our recent meeting. So, I think at an industry level, it is an effort by everyone to reduce the cost of commissions. We are participating in that and giving the benefit to the consumer. That is the only thing we would like to say here. But, what Nilesh mentioned, the overall GST, we do not see any major impact on the P&L. Having said that, the benefit that we are expected to accrue from reduction in GST cost on life-saving drugs and other drugs, has to be passed on by the healthcare providers to the consumer as well, just like we are doing for our business. So, we are going to keep a watch on that and I do not know whether we can expect 100% compliance, but we will be definitely trying to maximize that as much as possible.

Neeraj Toshniwal: If we refresh FY 2028, our targets in new context, as in with the revised GST, with revised commissions and with higher growth expected in health, already mentioned we have seen some green shoots in October. In that context, are we on similar guidance what we had or we are looking to revise it with whatever new information we have?

Nilesh Kambli: These are many changes that have taken place. As mentioned, we have recalibrated our group approach as well. So, we will come back with the guidance, but we are well on course to achieve that, maybe to the extent of the group business reduction that we see.

Himanshu Walia: Also, as we mentioned previously during the call, that our preferred markets are growing 1.5 times more than the other markets, right. So, we are seeing a healthy trend in terms of our growth rates on the retail side and we are quite confident that we will deliver good results going forward.

Neeraj Toshniwal: Got it. Thank you. I will join back in the queue.

Moderator: Thank you. Next question comes from the line of Shobhit Sharma with HDFC Securities Limited. Please go ahead.

Shobhit Sharma: Hi, sir. Thanks for the opportunity. Sir, my first question is on your retail LR. Though for the second quarter it has improved, but if I compare it to last year H1, it has broadly remained similar. So, can you give some color around how the incidence rates and the average claim size has moved? Also, what is the aspiration for the second half because of the GST impact both on the topline and the bottom line? You mentioned that there has been an improvement in the persistency, increasing sum assured. So, can you quantify how much improvement is there in the persistency and it is in which cohorts? Is it the 13th or the 25th or the 3rd renewal? And lastly, on the fresh business that we are acquiring right now. So, can you give some color around the customer profile? Is this customer profile similar to our existing portfolio in terms of the average age, demographics, premium per life, etc?

Amitabh Jain: On the loss ratio, Q2, obviously, you have seen it has improved substantially. But in Q1, we did not have that kind of differential. So, therefore, H1 is looking like what it is. Overall, as a combined effect of frequency severity, we see that somewhere in middle single digits. So, that is something which is very much under control given that this was a season which is typically much higher than the first quarter. Given all the efforts that we put 360 degree across premium increases, better underwriting, better controls on FWA as well as all our wellness initiatives, this has happened. And we hope and are confident that this trajectory will continue in the coming quarters. So, that is on loss ratio.

Himanshu Walia: As far as renewals are concerned, we are seeing good signs. Overall, there is a 200 bps improvement in the renewals and the cohorts that we are very focused on, which is R1 and R2, there improvement is about 300 bps.

Moderator: Mr. Sharma, are you done with the question?

Shobhit Sharma: Just two more things about the fresh business that we are underwriting. So, if you can comment upon the customer profile, is this better than the existing portfolio or it is more or less similar?

Anand Roy: I will take this question. See, on the fresh business side, we have always been very, very calibrated and very disciplined. Our underwriting and loss ratios of the customers that we acquire is probably the best in the industry. We know this from market intelligence in terms of the onboarding of customers that we do. So, fresh business, our new to insurance continues to be in the significant portion which is almost 85% of our new business and only 14%, 15% comes from portability which is also very calibrated and profitable markets and profitable cohorts. In case you want more details, I would request you to come and meet us personally and we can give you more details.

Shobhit Sharma: Okay. Thank you and all the best.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Mr. Nilesh Kambli for closing comments.

Nilesh Kambli: So, thank you everyone for joining the call. We have seen an improvement in LR in quarter 2 which is quite encouraging. With the GST exemption, the retail health business sees positive tailwinds. We are focused on profitable growth going forward. Thanks a lot for joining the call.

Moderator: Thank you. On behalf of Star Health and Allied Insurance Company Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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