

Date: February 03, 2026

Place: Chennai

Ref: SHAI/B & S/SE/161/2025-26

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 –Q3 & 9M - FY 2026

Further to the Company's letter SHAI/B & S/SE/146/2025-26 dated January 14, 2026 regarding Earnings Call Intimation for Q3 & 9M - FY 2026, please find attached transcript of the call dated January 29, 2026 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

Q3 & 9M-FY2026 Earnings Conference Call

January 29, 2026

Management:

Mr. Anand Roy – Managing Director and 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 and Investor Relations Officer

Mr. Sombit Bhattacharyya – Head Investor Relations

Moderator: Ladies and gentlemen, good morning and welcome to the Star Health and Allied Insurance Company Limited's Q3 and 9M 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 this 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 Ms. Devyanshi Dave from Adfactors PR, Investor Relations team. Thank you and over to you, Ms. Devyanshi.

Devyanshi Dave: Good morning, everyone.

From the Senior Management, we have with us Mr. Anand Roy – Managing Director and 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 and Investor Relations Officer, and Mr. Sombit Bhattacharyya – Head Investor Relations.

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 operational performance, 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 call may involve risks and uncertainties.

Thank you and over to you, Mr. Roy.

Anand Roy: Thank you very much and a very good morning to all of you. Thank you for joining Star Health's earnings call for the 3rd Quarter of FY26. I know we are late in January, but I would take this opportunity to wish you and your loved ones a very Happy New Year'26.

So, let me set the context:

India's insurance industry is moving beyond penetration catch-up zone to a phase of sustained compounding reinforcing its role in the core pillar of economic infrastructure. We welcome the recent "Sabka Bima Sabki Raksha" that is the amendment of the Insurance Laws Bill 2025, and we believe it is a significant policy milestone towards further deepening of insurance penetration. The Bill institutionalizes trust through the establishment of policyholder education and protection funds, strengthening the foundations for sustainable trust-led development. We believe that health insurance in India is entering a structurally advantaged phase with policy tailwinds and rising consumer intent translating into sustained demand

growth. Health insurance is already the largest and the fastest growing segment within the non-life industry. Within this, retail health is the most consequential value pool voluntarily purchased by families across the country to protect their household balance sheets from medical shocks. IRDAI's annual report for FY24-25 reinforces this momentum with the lives covered under retail health has grown at 7.7% year-on-year versus 5.6% year-on-year in FY23-24. The number of lives covered exceeded 6 crore by March 31, 2025. So, on the policy front, the recent landmark GST exemption on retail health has been a structural catalyst lowering the all-in insurance cost for households. This is already visible in the category growth. While overall non-life insurance grew at 11.5% in Q3 FY2026, retail health insurance grew 33.6%, that is 3x more over the same period. Amidst this conducive backdrop, I think Star Health remains focused on maintaining its leadership in retail health and compounding a durable value-accuracy franchise anchored on our four pillars, which is a risk-first approach, a consistent focus on ROE, customer-centric execution and a digital-first mindset.

With this, let me come to the **quarterly performance highlights of our company:**

Before I share the updates on our quarterly performance, I would just like to kindly remind you that we continue to take all our business and investment decisions based on the IND AS accounting which is aligned with the IFRS principles. IFRS is designed to capture the value creation over the policy lifetime rather than a short-term accounting outcome and we have been following the IFRS-aligned reporting structure consistently.

So, now coming to the **headline statements for Q3 FY2026:**

In Q3 FY2026, our top-line i.e. the GWP on N basis increased by 23% year-on-year to Rs. 5,047 crore. We ensured full pass-on of GST benefits to our customers with very strong distribution alignment on the revised economics and absorption of the Input Tax Credit impact. On the IND AS PAT for the 3rd Quarter, increased from Rs. 87 crore for Q3 FY2025 to Rs. 449 crore for Q3 FY2026. We reported IND AS underwriting profit of Rs. 46 crore in Q3 FY2026 as compared to an underwriting loss of Rs. 79 crore in Q3 FY2025. This was driven by improvement in combined ratio by almost 320 basis points from 102.1% in Q3 FY2025 to 98.9% in Q3 FY2026. As in the previous quarters, we have demonstrated loss ratio decline continuously in successive quarters with a 301 basis point decrease from 71.8% in Q3 FY2025 to 68.8% in Q3 FY2026. The retail loss ratios also have decreased by 103 basis points year-on-year to 68.4% in this quarter. Also, as in the previous quarters, our expense ratio declined further by 16 basis points from 30.3% in the last year to 30.1% in Q3 FY2026.

So, the **headline statements for 9M FY2026:**

I would like to mention here. On YTD basis, our top line, the GWP, increased by 16% year-on-year to Rs. 13,856 crore. Our IND AS PAT increased 87% year-on-year from Rs. 516 crore during 9M FY2025 to Rs. 966 crore for 9M FY2026. We reported IND AS underwriting profit of Rs. 20

crore in 9MFY2026 as compared to a loss of Rs. 227 crore in 9M FY2025. This was driven by significant improvement in combined ratio by 222 basis points from 102.1% in 9MFY2025 to 99.8% in our current 9M FY2026. The improvement in combined ratio was driven as a mix of both expense and loss ratio. Our loss ratio improved by 124 basis points to 70% and our expense ratio also improved by close to 100 basis points to 29.8% for the nine-month period. Our PAT growth was driven by both operating profit and investment income. We registered an investment yield of 9.6% for 9M FY2026, supported by a diversified profile of assets. As on 31st December 2025, 18.7% of our book was in high-yielding assets such as equities, ETFs, REITs and InvITs. We believe our Q3 and 9M FY2026 performance reflects our disciplined execution and the positive impact of the corrective actions that we have been taking both on the underwriting and the claims management side.

Now coming to the **business details**:

Operationally we continued to build a very diversified and granular retail franchise while maintaining the category leadership. Our market share in retail health segment was 31.3% for 9M FY2026. As the market leader, we view insurance penetration augmentation as both an opportunity and a responsibility.

Continuing with N basis on the business metrics during the quarter, our gross premium increased 23% year-on-year by fresh business growth of 45% and the renewal premium growth of 17%. On the nine-month basis, our GWP growth stood at 16% with fresh premium growing at 18% and renewal premium growing at 16%. We remain focused on certain preferred geographies, demographics, products and channels that maintain and meet our defined ROE thresholds. Our preferred segments are growing faster at 1.3x than the company's average on the overall fresh business.

Coming to the **details of our distribution channels**:

Let me start with agency which is the backbone of our business with 83% business contribution coming from our agency force. Our GWP in agency channel grew 19% year-on-year during 9M FY2026. Our fresh business in agency channel grew 35% year-on-year on the nine-month basis. We registered an accelerated growth of almost more than 66% in Q3 FY2026 which was supported by robust 16% growth in fresh policies. Our granular market reach continues to convert consumer demand into growth with 60% fresh business emerging from semi-urban and rural markets. So, Star Health is as we know very strong in the semi-urban and rural markets as well and we continue to invest in the agency channel with overall agent count exceeding 8 lakh by December 31, 2025.

Coming next to our **digital distribution channel which continues to grow from strength to strength**:

Digital business is structurally our most profitable channel with digital D2C operating at industry leading scale. In terms of mix, 77% of our digital business emanates from our in-house digital channel D2C channel while the remaining business comes from our strong digital partners. Digital channel contributed 9% of our overall business and 20% of the fresh business for 9M FY2026. Our GWP from digital channels grew 35% year-on-year basis for nine months driven by a strong fresh premium growth of more than 46%.

Coming next to our **Bancassurance channel:**

Banca contributed 7% of our overall GWP and 5% growth on a year-on-year basis. We have deliberately upgraded the mix of our bank assurance products towards certain preferred products which is now making almost 94% of our fresh premium contribution in 9M FY2026, which used to be 76% in last year nine months. We continue to expand our base of Banca partnerships. We have added six new Banca partners during the current fiscal. Our corrective action on certain loss-making accounts in this channel will fully reflect in our profitability during the coming quarters.

On the **corporate distribution:**

Corporate contributed 1% of our overall GWP owing to our recalibrated channel strategy as we have articulated earlier. In this phase, we are focusing on the higher quality SME segment with 73% of the corporate business coming from the SME segment during these nine month compared to 44% in the previous year. Our corporate group loss ratios have significantly improved from 94.6% in 9M FY2025 to 83.5% in 9M FY2026. This is a result of our recalibration on the group distribution which we have mentioned before as well.

So, coming to the **overall portfolio maintenance and calibration:**

We have implemented diligent measures towards qualitative recalibration of our portfolio and ensuring delivery of sustainable ROE outcomes.

On a YTD basis, our retail to group business mix was 95:5 as against 91:9 for 9M FY2025. So, 95% of our business now comes from retail across all the channels mentioned earlier. Our claims ratio for the retail book declined further to 69.4% in 9M FY2026 as a result of our targeted underwriting, pricing and associated corrective strategies being implemented since the last year. We continue to invest towards enhancement of our vigilance and reduction of FWA which is Fraud, Waste, and Abuse as a core operational priority.

Medical inflation in India continues to be at a very elevated level. Various studies conducted by leading firms like Aon and Willis Towers Watson expect medical inflation in India to be higher than 12% to 13% in 2026. Unless there is a structural cost moderation through government

interventions, price increases by insurance companies would be essential to preserve sustainability.

So, Star has continued to serve our customers with utmost fairness with outcomes demonstrated in the consumer behavior. We have settled more than 2 million claims amounting to Rs. 8,900 crore during 9M FY2026. These numbers will give you an idea about the operational rigour and efficiencies of this organization. Our claims settlement ratio consolidated at 90% for 9M FY2026. Our grievance ratios for 10,000 policies reduced from 22 in 9M FY2025 to 20 for 9M FY2026. Our renewal retention trends which is also indicator of the consumer satisfaction were robust during 9M FY2026 with 99.2% persistency value-wise. Our claims NPS improved to 63 in December 2024. More importantly, our cashless claims NPS improved to 72 from 63 during the same period last year. So, our cashless claims NPS probably is the industry leading right now with 72 points. Our overall company level NPS improved from 55 at December 2024 to 64 at December 2025. This continued lift in persistence and NPS coupled with the reduction in incidence of grievances are validated of improved customer experience and strengthens our resolve to compound this momentum with more disciplined execution.

Coming finally to our digital initiatives on both service side and the sales side, as you know we have been making significant investments in technology. Probably, we are the largest investor in technology in the health insurance business. So, we are able to deliver tangible progress on both productivity and service outcomes. Digital is now embedded across the value chain through our modernization of legacy platforms, our workflow automation and enablement of multiple straight-through journeys at scale. Let me give you some numbers. Starting with the streamlining of acquisitions, 94% of our new policies are now originating digitally. 76% of the premiums were collected through the digital route during the year. In quarter 3, our distribution app, which is ATOM, facilitated 85% of the fresh policy acquisitions indicating very high digital adoption amongst our distribution partners as well.

On the claims and wellness side, our AI-powered claims platform continues to scale and has now enabled migration of around 57% of our claims traffic, translating to better productivity outcomes and also reduction in FWA. We expanded our home healthcare services to more than 300 locations from around 250 at the close of last quarter. Expansion of doctors and specialties has driven 73% growth in our telemedicine numbers, indicating strong adoption of our wellness initiatives by our consumers.

On our customer app, we are happy to let you know that with the enhanced features and increased adoption, our customer app downloads have crossed 13 million by December '25 and our monthly active users have also scaled more than 1.5 million mark. So, this is becoming more and more important in the way we are servicing our customers. We have observed that desirable levels of self-service adoption with 60,000-plus claims have been submitted on our customer app. There is an absolute digital experience on claim submission on the customer

app, which is actually more than double of what we did in the last year nine months. More than 3 lakh policies are renewed through the app now.

So, stitching together everything, as we enter into the last quarter of the current fiscal, our priorities remain very clear to deliver value-driven growth, disciplined underwriting, very strong fraud analytics, deeper partnership with our hospital partners and distributors, and sharper customer engagement across the life cycle touch points. We remain steadfast in our mission to deliver responsible, resilient and customer-centric health insurance. I again thank you very much for your trust in Star Health. And with that, now we open the floor for Q&A.

Before we go into Q&A, I would also like to take this opportunity to introduce Sombit, who has joined us as the Head of Investor Relations, and he will be interacting with all of you. I would like to also take this opportunity to thank Aditya, who has been your face of the company, meeting all of you. He will continue to be with Star Health to play a very important role on the business side of things.

All of us are always available to all of you for any questions you may have about the business. Thank you so much. Looking forward to your questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Swarnabha Mukherjee from B&K Securities. Please go ahead.

Swarnabha Mukherjee: Hi, sir. Good morning. Thank you for the opportunity and congrats on a good set of numbers. I have three questions. First of all, I just wanted to understand the trajectory of earned premium growth because I think last year from 3Q onwards, you had started increasing the price across products and by January, you had repriced 65% of the portfolio. However, I think on an earned premium basis, the growth is still lower than what our top-line growth is. So, I just wanted to understand when do we see that last year's price hike in the earned premium growth. So, that is the first one. Second is on the fresh business growth and I think commendable numbers. I just wanted to understand the commission for this fresh business, how it will be placed vis-à-vis renewal business. So, what I also noticed is that net commissions have remained stable despite the fresh growth, but DAC has come up in the IFRS. So, I just wanted to understand how should I read this or whether we are doing a lesser proportion of long-term products now if you put some light. Thirdly, in terms of agency, I think you have reported 6% fresh NOP growth while premium growth is 35%. So, is this led by higher-ticket-size products? What is happening? If you can put some light on this. Yes, sir. This is my question.

Anand Roy: Yes, thanks a lot. Thanks a lot for those questions and thanks for your good wishes. So, see, the NEP growth is a factor of multiple things. One is on the group side, as you know, we have recalibrated our business strategy and that is also reflecting on the NEP growth. On the retail side of things, while we are on a conservative 1/365 accounting and as a result of which the NEP growth flows into the books over a period of time. But if you look at the way the growth

is coming in terms of top-line and also renewal retention, NEP growth will improve in the coming quarters and I am sure that will be demonstrated.

On the commission side, on fresh, we are paying commissions. Our long-term business has increased and we have spoken in the past, customers are preferring long-term plans and which we are quite happy to offer. For the simple reason, I believe it is a win-win for all stakeholders. So, commissions are paid to agents and distributors on long-term plans depending on certain business outcomes that they have to deliver. So, as you have rightly mentioned, despite significant growth in business, our net commissions have remained stable and under the IFRS accounting, the deferred acquisition cost is one of the main contributors which helps us to achieve this.

Finally, on the 6% NOP growth, I think we have been focusing on profitable growth. Growth with profit has been our agenda. Certain markets we have taken some calibration, but this is on a YTD basis, if you look at our growth for quarter 3, it is significantly higher. So, I think we are delivering more than 16% growth in volume in quarter 3. So, things are improving on the NOP as well.

Swarnabha Mukherjee: Okay, sir. Very useful. Just one last follow-up. So, in the presentation, the sum-assured number which you have provided, average sum-assured, last quarter it was around Rs. 17 lakhs. That has come down to around Rs. 12 lakhs for nine months. This is because we are now excluding a group from the calculation. Is my understanding correct?

Nilesh Kambliy: Yes, the group is excluded. Correct.

Swarnabha Mukherjee: Okay, understood. Thank you so much, sir, and all the best.

Moderator: Thank you. We have the next question from the line of Prayesh Jain from Motilal Oswal Financial Services Limited. Please go ahead.

Prayesh Jain: Yes, hi. Good morning, everyone. Congrats on a great set of numbers. Firstly, on the loss ratio, how much of the improvement would you attribute to the fact that we have a very strong fresh growth and probably that kind of comes in the impact or probably the loss ratio on that kind of increases going ahead. But what I am basically trying to figure out is, how is the loss ratio panning out in the renewal book? What is the trajectory there? Because the fresh contribution has gone up and that could have played a part in reducing the loss ratio. So, is the loss ratio kind of coming down also on the renewal book, is my question.

Amitabh Jain : Yes, hi, Prayesh. Yes, the impact of price changes last year is clearly showing and we are seeing a reduction in the loss ratio of our renewal book as well. Of course, increasing of fresh will also have a role in terms of bringing down the loss ratio, but that will play out over a period of time because the fresh growth has gone up significantly in this quarter.

Prayesh Jain: Could you give some numbers on your, say, a three-year book loss ratio or what would be the three-year loss ratio compared to, say, a year back and today?

Anand Roy: Prayesh, I think these things we can have it offline. You can come and meet us.

Prayesh Jain: Got that. Second question was, attention to what Swarnabha asked earlier on the commission bit. There is a stark improvement on the commission ratios given that fresh growth was so strong. What really kind of played into it to bring down the commission ratios into that quantum?

Nilesh Kambli: So, Prayesh, when you talk about commission ratio, what you are looking at IGAAP numbers, the gross commission to GWP. So, if you see, for quarter two, it is 17.1% and for quarter three also, it is 17%. So, it is consistent. You know, the reduction that we had done on the senior citizen that is playing out, vis-à-vis which is getting offset with the long-term business that we are writing. Long-term business, a large part of it still is on 1/N basis. So, it does not impact the commission ratios.

Prayesh Jain: Okay and the last question is on, again, the regulations where now there is so much discussion on commission bit, that commission has to be brought down in the system. And the other part is the healthcare system, right? What are the developments on both the fronts with respect to negotiations with hospitals or anything that you can share on what are the developments both on the commission front as well as what the regulator is talking about commission front as well as the healthcare regulator front?

Anand Roy: Yes. So, see, Prayesh that is a good question on both on the commission front and on the expenses of management. I think there is, we expect that the regulator may be reviewing this. This is what we have been also hearing. We await for some final clarity on that. But at a macro level, I think in the larger interest of the consumers, expenses of management have to be adhered to and we believe that it has to be implemented very, very strictly. This is something that is definitely desirable for the industry performance on a sustainable basis. So, if any reduction in expense of management is articulated by the regulator, obviously, we will be prepared for it. As far as the hospital negotiations are concerned, this is an ongoing process. We are seeing good interaction with hospitals with multiple partners like AHPI and all of that. We are talking to all of them. We are meeting them. We are also able to see some acceptance of, you know, from their side to find a solution which is a win-win for all of us. There is a lot of work going on at the GI council level, as you know, in terms of common empanelment of hospitals and so on. So, I think in the next few months and years, we should see some good movement in this area.

Prayesh Jain Got that. Thank you so much. I wish you all the best.

Anand Roy: Thank you.

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

Avinash Singh: Yes, hi. Good morning. Thanks for the opportunity. Good set of numbers. Anand, a question I will stick to the one particularly on the claims ratio side. Certainly, there is an improvement if we see sequentially on a YoY basis. But if we look at more on the nine-month basis and the retail claims ratio, because a significant portion of improvement has come from group. Now, on the retail side, I mean, versus 69.6% of last nine months to this nine-month 69.4%. The improvement is there, but it is kind of a minimal and it is on the back of also the price hike has been taken, a lot of remedial exercise were taken.

So, the question is that, if we were to look, say, over maybe two, three years kind of a thing, where maybe a desirable number for you on the claim side would be even lower from here. So, how do you see this panning out? Given that apparently medical inflation has started to bit of a cool down in recent quarters. You have taken the price hike and remedial action, and you also have a very impressive fresh growth and overall growth. Yet, you know, the claims ratio improvement over these nine months YoY basis on retail side is still a 20 basis point. So, how do you see the journey over next two, three years and where would you see or your desire to settle this claims ratio piece? Thanks.

Anand Roy: Yes, thanks, Avinash. So, see, I think, on the retail claim ratio, you have to, I mean, obviously, you understand equally well, the price divisions that we have taken and all the underwriting changes that we have made, these things to flow into the loss ratio and the earned premium takes 18 to 24 months. So, we are still not even 12 months done. I think, more importantly, you have to look at the quarter three claim ratio of retail. If you see the trends of the quarter three, there is a 103 basis point improvement over last year. So, on the trend side, we are seeing encouraging signs. But on the YoY, yes, the decrease may not be that sharp. But we believe that this will trend downwards going forward. Now, as I have told, we are not targeting any specific loss ratio as such. We are hoping to deliver a mid-teens ROE business and that is what we are focusing on. This will be a blend of both loss ratio and combined ratio so that we are able to meet those objectives.

Avinash Singh: Got it. Thank you.

Moderator: Thank you. We have the next question from the line of Nischint Chawathe from Kotak. Please go ahead.

Nischint Chawathe: Hi. Thanks for taking my question. This is essentially on the acquisition ratio. This ratio has gone up to around 26.9% versus 23% in the second quarter or probably even 23% in the 3rd Quarter last year. So, how should one think about this?

Nilesh Kampli: So, Nischint, on the IFRS side the fresh growth that we had in the current quarter had some impact in terms of the ratio. So, it will keep on normalizing as the growth normalizes.

Nischint Chawathe: So, at a cohort level, has the acquisition expense ratio gone up?

Nilesh Kampli: No, not really. But yes, I mean, the fresh cohort for this quarter will have a higher acquisition cost which will pan out over a period of time.

Nischint Chawathe: The fresh commissions would be higher.

Nilesh Kampli: Correct. Which will keep on normalizing.

Nischint Chawathe: And in terms of GST impact?

Nilesh Kampli: As we have mentioned we have passed on the GST to our intermediaries. There is no impact of GST in this. All the commissions that we have paid are inclusive of GST.

Nischint Chawathe: Got it. Thank you very much.

Moderator: Thank you. We have the next question from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Thank you for the opportunity. My first question is again on the loss ratio for the 3rd Quarter. See, we have a reserve release of Rs. 142 crore and that played a significant role for delta improvement in the loss ratio. If I ignore the reserve release, then your loss ratios probably are very similar to what you reported in second quarter. So, I just wanted to understand this release, how sustainable it is and from which product you have seen this release. Because the release clearly benefited on the loss ratio is my read. The second question is that even if the improvement has happened in loss ratio, any role was played by the GST cut with respect to consumables on the bills, which I believe is around 20%, 25% of every bill on an average, the GST cut of around 7% change had any additional benefit on the overall loss ratio what you reported in the 3rd Quarter. That is my first question on loss ratio.

Nilesh Kampli: So, Sanketh, the outstanding claims is the functions of the claims we paid during the period because you know 85% of the claims are cashless. While the customer is discharged, the hospital payment happens with the lag of one month. So, whatever we have paid in the current quarter is the claim outstanding as on 30th September. So, whenever the claim ratio goes down, it is automatically the outstanding claims also goes down because the claim outstanding or the claims reported during the quarter are lower and hence the outstanding claim is lower and the paid is for the last period. So, there is no impact of the reserve release or the outstanding claims reduction on the loss ratio. In fact, we have been strengthening our IBNR quarter-on-quarter to take care of any volatility.

Amitabh Jain : On the GST side, we have seen some impact of that coming on the bills but see the overall ratio of that vis-a-vis our overall spends on claims is a very insignificant amount. I mean it will have some role in offsetting some of our other GST outgo in the areas where our services, GST, etc we will have some extra cost but to that extent, the loss ratio improvements are more structural in nature in terms of our pricing improvements, our continuous work on improving our loss cost in terms of managing our book better.

Sanketh Godha: Understood. Maybe that part might be getting reflected in the Opex side. So, only on the claims, whether you had 20, 30, 40 odd basis point positive or above because of the GST benefit?

Amitabh Jain: No, no. Not because of GST benefit.

Sanketh Godha: Understood. Other two questions are basically given your growth has been very strong in the new business. I just wanted to understand the color of the mix in the new business, how much it is long-term compared to previous quarter or even maybe 3Q to 3Q and 9M to 9M, how much delta has been driven by increase in the contribution of long-term plans. That is one thing I wanted to understand. Second thing is on investment book side, in the IFRS, Rs. 413 crore of fair value change, what you have reported, it is largely related to equity or it includes fair value change meaningfully coming from bonds too?

Himanshu Walia: Let me answer the long-term proportion answer first. We are definitely seeing an uptake in our long-term policies. Such policies are beneficial for both consumers and the company because the consumers are protected against the price hike for the tenure that they have opted for and there is continuity which is intact and the health is secured. Additionally, we are able to lock in the customer early especially at R1, R2 stage where generally the retention rates are better. Further, long-term policies also improve our capital efficiency as the customers pay up front. So, from a business standpoint, our approach is very clear. We go for businesses which meets our ROE thresholds. Now, coming to specific numbers of long-term policies, on the fresh side, it has contributed about 23% versus 14% in terms of NOP and in terms of GWP, it is at 51% versus 34% on nine-month basis.

Sanketh Godha: Sorry, can you repeat on GWP basis?

Himanshu Walia: On GWP basis, it is 51% versus 34% on nine months last year.

Sanketh Godha: Understood. On the investment book side, on IFRS Rs. 413 crore of fair value change?

Aneesh Srivastava: Yes. Sanketh our fixed income book is held to maturity in IFRS. Any mark-to-market change in equities, REITs, InvITs and AIF flows through profit and loss. This is how the accounting of IFRS is done.

Sanketh Godha: So, in simple words, what you are trying to say is that entire Rs. 413 crore is only related to equity market, nothing to do with bonds.

Aneesh Srivastava: Equities, AIFs and REITs, InvITs.

Sanketh Godha: Understood. But the proxy equities, I mean to say. Okay. Understood. Thanks. That is it from my side.

Aneesh Srivastava: Thank you.

Moderator: Thank you. We have the next question from the line of Shobhit Sharma from HDFC Securities Limited. Please go ahead.

Shobhit Sharma: Yes. Hi, sir. Thanks for the opportunity. Sir, my first question is on the GWP side. Sir, if you can give some color around the RI acceptance which we have done during the quarter. Does this relate to group business? And if it pertains to group business, what is the nature of that business? Is this employer-employee or non-employer-employee? Now, second, coming to the commission issue, it has improved drastically, if you look at. So, what is driving that? Is this because of the first installment of the long-term premium, which we have received this year? Or is this something else? Because we have not written any kind of group business also, major group business during the quarter. So, just want to understand that. On the expenses side, it seems to have elevated a lot during the quarter. So, can you give some light on that? Because there is some impact of the labor code also there. And there seems to be some ESOP cost, which has been accounted for. So, if you can help us understand that. And lastly, on your Slide 13, you have mentioned number of claims which has been paid during the first nine months. If I compare that with the full FY2025 number of claims that seems to be significantly lower, almost 50% of what you had paid in FY2025. So, can you help us understand that as well? Yes, these are my questions. Thank you.

Nilesh Kambli: On the Reinsurance inward side, for the quarter, the number reported is Rs. 22 lakhs. We had some treaty done in the last year. There is some adjustment because this treaty will get over on 31st July. There is no new treaty that is written. And it is hardly Rs. 22 lakhs number that is got reported in the current quarter. In terms of labor code, the one-time impact for the quarter is Rs. 16.5 crore, which is reported in Opex, and that is again, which is the point for impact on the expense ratio for the quarter. In terms of number of claims reported in the investor PPT for nine months, there is a typo. I think it is only the IPD claims. So, including OPD, we will just revise it. It is higher for nine months period, while the last year's numbers are including OPD and PHC.

Shobhit Sharma: What is the ESOP cost which has been accounted during the quarter, sir?

Nilesh Kambli: ESOP cost gets accounted under IFRS.

Shobhit Sharma: IGAAP.

Nilesh Kambli: There is no impact of ESOP cost on IGAAP. Only if you have issued the ESOP less than the market value, there is an impact with IGAAP numbers. We have not been doing that. In the past I think it is hardly again Rs. 5 to Rs. 10 lakhs when there was a timing difference. That impact is coming, but nothing substantial.

Shobhit Sharma: On the claims ratio, it has improved now on the retail side as well. So, what kind of loss ratio if you look at on a sustainable basis, would you be looking at? Would it be the mid-60s kind of a range or would it stay at the current levels only? I am talking from a next two, three years point of view, not on a short-term basis.

Anand Roy: No, so see, we do not want to give any number and be guided for that. We are looking at running this business with a little combined ratio which is viable and mid-teens ROE. That is our target that we are focusing on. To achieve that claim ratio and expense ratio, both will play a role. So, I do not want to give any number on that.

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

Anand Roy: Thank you.

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

Dipanjan Ghosh: Hi, good morning, sir. A few questions from my side. First, in terms of, you took the last round of price hike somewhere from October'24 to maybe March'25. Now, we are almost 12 months down the road. So, in terms of an incremental price hike strategy on the back book and what can we expect out there, maybe blended price hikes or claimant versus non-claimant portion or portion of the book that will see a price hike. The second question is a data-keeping question in terms of your new business mix within the net earned premium. How would that look like from 3Q to 3Q and 9M to 9M? Third question is, we are already 12 months out in terms of repricing of FHO based on claimant and non-claimant. So, just early indicators on persistency and claims ratio of the book.

Amitabh Jain: So, on pricing, we took up last year in Q4 and we will be following the annual price cycle as it is. As far as the cohort-based pricing approach that we took for FHO, that has given us very good results. We are clearly seeing a good lift in terms of the non-claimants and the risks that are giving us better retentions. So, that is clearly playing out and we will follow this approach going forward as well.

Nilesh Kambli: In terms of new business earned premium, the growth in business does not get reflected in the earned premium. So, if we see, it will gradually keep on growing. The proportion is in the range

of around 20% fresh NEP and 80% renewal NEP. That ratio has been in a similar range because whenever we take a price increase in renewal business that also leads to higher earned premium on renewal business. As long as it is a healthy mix and the loss ratios are coming down, we are happy to manage that.

Dipanjan Ghosh: Got it. Sir, just one follow-up. Could you quantify the price hike anticipated in this calendar year?

Anand Roy: So, Dipanjan, the guidance says that 10% senior citizen is the number that has been guided by the regulator. So, you can assume that that will be the number for almost all the products in that range, maybe slightly higher or lower depending on the product portfolio.

Dipanjan Ghosh: Got it. Thank you and all the best.

Anand Roy: Thank you.

Moderator: Thank you. We have the next question from the line of Ansuman Deb from ICICI Securities. Please go ahead.

Ansuman Deb: Yes, hi. Thanks for the opportunity. My question is on the mix of long-term as well as the mix of high-yielding assets on the AUM. Long-term is now, as you said, around 23% and high-yielding assets around 19%. From a balancing act, there would be a certain limit to these two numbers because otherwise, at some point, we might have some other related issues. So, I was just wondering, is there any limit which we are working on these two fronts?

Aneesh Srivastava: So, Ansuman, high-yielding assets, as of now, we consider equity, REITs and InvITs, AIF as high-yielding assets. For equities, currently, we have kept this cap of 15%. And obviously, it would be a function of opportunities. So, that is one. As far as REITs and InvITs are concerned, there is a regulatory cap of 3%. We are currently operating close to 3. On AIFs, we have started investing. Drawdowns are small, but we do have intent to scale up the book slowly. So, REITs and InvITs kept at 3%. AIFs, we have started just the activities. Equity is kept at 15%. This is where we stand today and broadly, only in exceptional situations we would take any aggressive step on equities from here on.

Ansuman Deb: On the IFRS, some MTM losses on equity can happen on Q4. It will continue as it is. But on a steady-state basis, ideally, non-equity mix should yield around 6.5%, whereas the rest will be a function of equity. Is that the right understanding?

Aneesh Srivastava: Not exactly. Non-equity has two components. One is a core fixed income, and another one is the liquidity that we maintain for day-to-day operations. As far as core fixed income is concerned, we are currently operating at 7.71%.

Ansuman Deb: Okay. So, sustainable rate that you can tell us in terms of non-equity portfolio?

Aneesh Srivastava: See, linearly, we would not like to give any comment on this because it is a function of opportunity. For example, as you are seeing today in the market, there is a sell-off in the G-Secs. Long end of the bond curve or long end of the yield curve of G-Sec is extremely attractive. So, if I build up my book there, you would find that there would be some pressure and then maybe the yield should marginally decline from 7.71%. But that would give me an opportunity tomorrow when credit spreads expand. At that time, I would ramp up my credit book. So, it is a function of opportunity. It would not be very linear, but as and when opportunities are there, we try to tap those segments so that 7.71% is sustained. Now, it is also a function of maturing book. Maturing book may have higher yielding assets. So, if we are in position to replace those assets with equally or higher yielding assets, then it would sustain. Broadly, our endeavor is to maintain it to 7.71% or take it higher. But there may be time gaps and mismatches here and there.

Ansuman Deb: So, 7.71% you are saying, we will try to maintain that on the non-equity or maybe it will go up also?

Management: Depending upon the opportunities, yes, absolutely.

Ansuman Deb: Okay. On the long-term mix, any limits?

Himanshu Walia: See, on the long-term business, we do not work on any limits. As mentioned earlier, we look at all our businesses. The decisions are made on IFRS basis and we go behind businesses which meet ROE thresholds. We believe that long-term business is delivering mid-teens ROEs.

Ansuman Deb: Okay. Thank you. That will be all.

Moderator: Thank you. We have the next question from the line of Satvik from Jefferies. Please go ahead.

Satvik: Thank you for the opportunity and congratulations on your set of results. Just a couple of bookkeeping questions from my end. Firstly, on the share of long-term policy mix in 3Q and what was it in 2Q and what was it last year, if you could help with? And the second one on how much of advanced premiums are we carrying now versus 1H and last year? That will be from my end.

Anand Roy: Can we take this separately with you offline?

Satvik: Sure. No problem. Thank you.

Anand Roy: Thank you.

Moderator: Thank you. We have the next question from the line of Raghvesh from JM Financial. Please go ahead.

Raghvesh: Hi, good morning, sir. Congrats on a good quarter. I just wanted to understand the Rs. 140 odd crore which was released from the outstanding claims. So, how do we look at this number going forward in terms of is it that we have paid a lot of the claims which are outstanding from earlier or is it a function of the TAT or the company itself reducing? And going forward, should the numbers or total IBNR number as a percentage of the net earned premiums be lower than the 8%, 9% where we have traditionally operated?

Nilesh Kampli: Outstanding claims is a function of seasonality. Q2 where the claims ratio is higher, the claims get reported and they stay in the books till the time it is paid. 30th September, there is an outstanding which gets paid in October. So, as the loss ratio reduces, there is an impact on the outstanding. But it is also a function of the business volume. As we keep on growing the business and the number of claims, earned premium grows, the number of claims increases. So, there is no value to it. It is a function of quarterly claims reporting that happens and the payment of claims that happens in a period. But we believe it should be in that range of 8.5% to 9.5%, 10%. It should operate in that range. So, we tried it on a trailing 12-month basis also which is the right metric.

Raghvesh: Okay sir. Have we seen a meaningful reduction in TAT which should reduce this number sustainably?

Nilesh Kampli: See, there are two things. One is the cashless claims continues to be 85% of our book. The customer gets discharged from the hospital. The claim payment to the hospital happens within the defined time limits on the contract to the hospital. It can be 50 days, it can be 30 days also. So, that happens subsequently the customer is discharged. So, the TAT and the claim payment is independent because of the cashless and the payment to the hospital.

Raghvesh: Okay, sir. Got it. Thanks a lot.

Moderator: Thank you. We have the next question from the line of Nidesh from Investec. Please go ahead.

Nidesh: Thanks for the opportunity, sir. First question, if you can share the breakup of investment book in terms of government securities, central government securities, state government securities, corporate bonds and equity.

Aneesh Srivastava: So, it is like this that as on 31st December, central government securities would be approximately 22% of the book. Central government and state government put together would be approximately, so basically IRDAI defines it that minimum central government has to be 20%. So, we are keeping minimum 22%. So, as of now, marginally higher 22 point something. On central government and state government put together, IRDAI says that should be 30%. It would be somewhere around 33%. Rest is all corporate bonds and equity as you know that is around 14.9%. REITs, InvITs and AIF another 3.8%. So, total is 18.5%. This is how the breakup of book is.

Nidesh: And what are the plans to take up the equity share higher? Is there a plan to further increase the share of equity and REITs, InvITs in the book?

Aneesh Srivastava: REITs and InvITs cannot be because regulation says that we can be up to 3%. So, we are there. Regulator has talked about increasing this up to 6%, but we are waiting for the final regulations on this. So, REITs and InvITs as of now at the upper cap. As far as equity is concerned, we have some internal models where we do risk appetite testing and based on which we ultimately take a call that how much of equity exposures that we would take. So, there would be a possibility that yes, we can increase equities by some quantum. It is a function of the solvency of the company and the capital requirement. So, broadly, these are the factors which determine that how much of risk that we can take in the book. This is where we stand as of now currently capped at 15%.

Nidesh: Sure. Secondly, on the long-term policy, is the share of long-term policy at 51% of GWP today in Q3?

Himanshu Walia: Yes, of fresh.

Nidesh: Of fresh is 51%?

Himanshu Walia: Yes.

Nidesh: In the IFRS accounting, because the deferred acquisition cost is getting deferred, but let us say, I am assuming that most of these will be three-year long-term policies. So, the loss ratios will keep on increasing. So, in IFRS, does it give a true picture of the profitability of long-term policies or it overstates the profitability in the first year and then in the second, third year, we will see slightly lower profitability on these policies because loss ratios may increase in year two, year three.

Nilesh Kamli: See, there are two things. One is the deferment happens over the policy period, but the operating cost is very high in the first year itself, which is in the P&L in the first year. So, on a combined ratio basis, it is still in a similar range. You know, while the commission ratio remain stable and the loss ratios increases, there is no Opex in the second and third year, which is there only in the first year.

Nidesh: Sure, sure. And the last question is on IFRS. Thanks for the detailed disclosure on IFRS IND AS financial. So, two, three questions. One is that how should we look at the investment income? Should we remove the, let us say, mark-to-market gains and then look at the profitability or we should look at the reported profitability? That is number one. Second, what is the difference between insurance revenue and NEP? I thought that insurance revenue and NEP would be similar in case of IFRS.

Nilesh Kambli: See, I will answer the second question first. Insurance revenue is typically the gross earned premium. You know, the NEP is net of reinsurance. In IFRS, if you see net results of reinsurance is a single line. You know, so, and the claim reported is gross linked, you know, the acquisition cost is the commission paid deferred over a period of time. The RI recovery on claims and RI commission is as a single line item as net results of reinsurance, basically. So, that is the difference between earned premium and insurance revenue. On the investment income, what I would suggest is while there is volatility, you know, we have been talking about, to take zero is not the correct thing. You know, we have a Rs.3,000 crore of equity portfolio. One can take an average return of 10% and calculate stable revenue or the profits over a period of time. That is how one can look at it, which is also quite strong.

Aneesh Srivastava: So, Nidesh, see, we have to understand that equity markets would remain volatile. But what we have realized is over a longer period of time, equity returns are very closely correlated to nominal GDP growth. So, on an average, we can assume that 10% to 11% kind of nominal growth would be there and hence that would get translated into equity returns as well. But yes, quarter-to-quarter, there would be volatility. That is the problem of IFRS, you know, that P&L accounts would become volatile. But that does not mean that we should stay away from high yielding assets, especially when we are long term investors in the market. So, that is what our approach is, that we look at this asset class and from 7% moving to, say, 11% kind of asset class and that would be perfect for long term investors. So, this is what we are trying to do. We are reasonably hopeful that over a longer period of time, that 15% or 19% of the book would deliver reasonably good returns, much higher than what the fixed income book would deliver.

Nidesh: Sure, sir. Very useful. Thank you, sir.

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

Nilesh Kambli: So, we have experienced a strong quarter in terms of top line growth and an improvement in our operating results, both reduction of losses and expense ratio. We are focused on execution to maintain consistency over performance. So, thank you everyone for joining the conference.

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

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