redseer
Strategy Consultants

Navigating Indian Health Insurance Landscape

Project Vijay

June 2024

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Chapter 1: India's insurance industry is poised for rapid growth

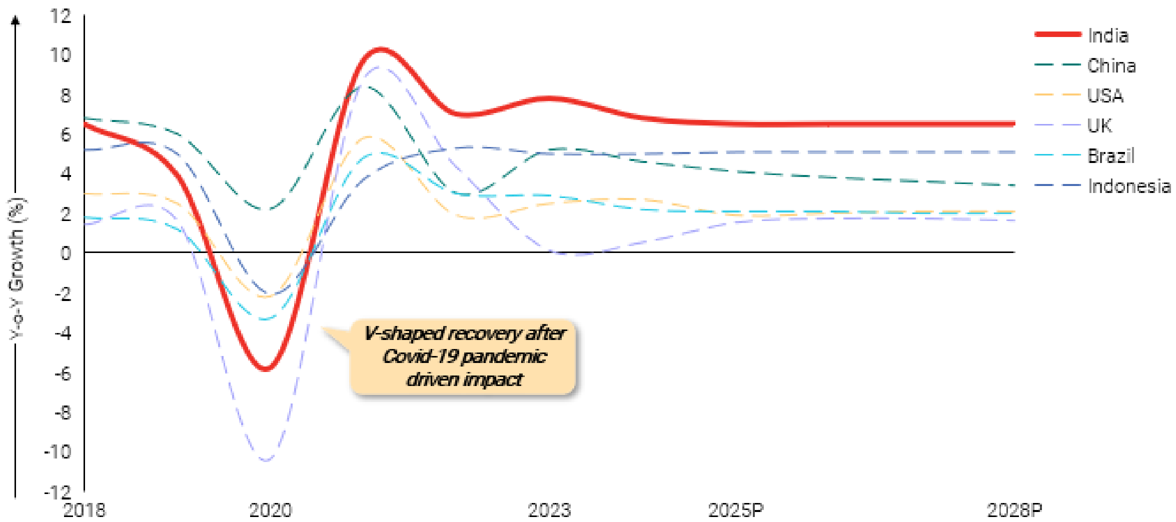
1.1 India's macroeconomic overview

i. India is amongst the fastest-growing economies in the world by GDP

According to the International Monetary Fund (IMF), India is the fifth-largest economy as of the Calendar Year 2023 ("**CY23**"), with a Nominal Gross Domestic Product ("**GDP**") of approximately INR 296.3 Tn (USD 3.6 Tn) and is estimated to become INR 483.9 Tn (USD 5.8 Tn) economy by CY28, growing at a CAGR of 10.3%. During the same period, India's Real GDP (inflation-adjusted) is expected to grow at a CAGR of 6.5%, the highest among the top 10 economies (USA, China, Germany, Japan, India, UK, France, Brazil, Italy, and Canada as per IMF) of the world. This growth is expected to be fueled by developments in key sectors such as financial services, information technology, retail consumption, healthcare, and renewable energy.

Exhibit 1

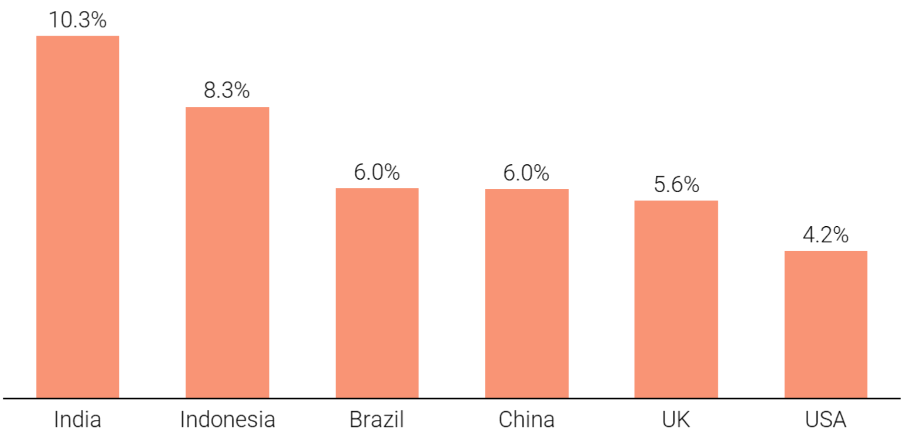
Real GDP growth – Global Benchmarks
Y-o-Y growth (%), CY18-28P



Note(s): (1) Real GDP is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy in a given period; (2) P – Projected
Source(s): World Economic Outlook (April 2024), IMF, Redseer analysis

Exhibit 2

Nominal GDP CAGR – Global
CY23-28P



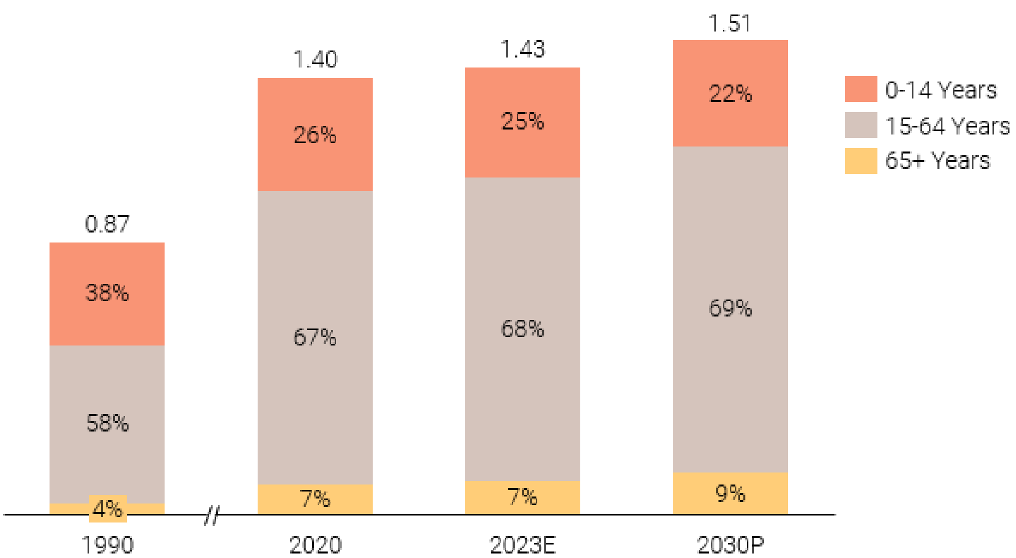
Note(s): (1) Nominal GDP/GDP at current prices is the GDP unadjusted for the effects of inflation and is at current market prices (2) Nominal GDP growth rate measured as per USD values
Source(s): World Economic Outlook (April 2024), IMF, Redseer analysis

The growth of the Indian economy will be driven by –

- Large productive population
  India is home to one of the largest young populations in the world, with an estimated over 970 Mn people within the age bracket of 15-64 years in 2023. This critical cohort of productive consumers has grown from 58% in 1990 and is expected to represent ~69% of the national population by 2030. India is among the youngest countries with a large population, with a median age of 28.2 years in 2023, as per the United Nations Population Division. For comparison, the median ages in the USA, UK, and China are 38.1, 40.1, and 39.0 years respectively in 2023. Emerging economies such as Brazil and Indonesia have a median age of 33.6 and 29.9 years respectively in 2023.

  Exhibit 3a

  Total Indian Population - Split by Age Group
  Bn, CY1990-2030P

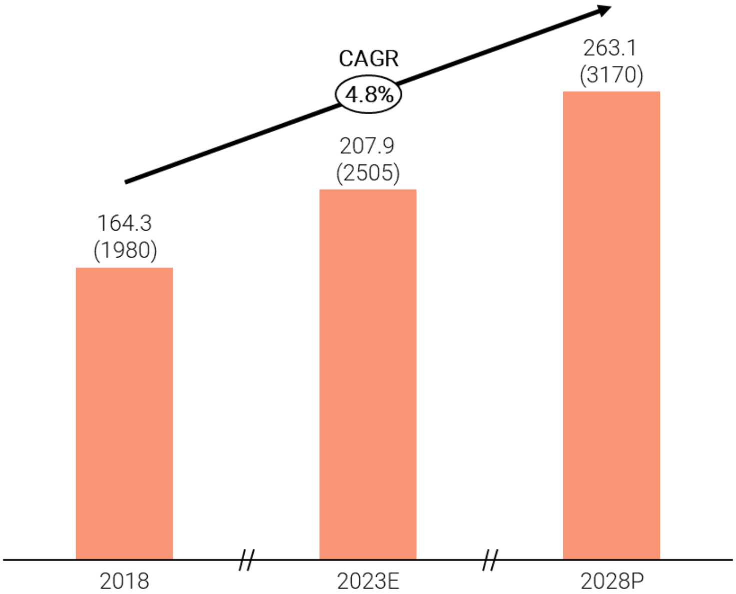


Note(s): (1) E- Estimated, P - Projected
Source(s): Economic and Social Commission for Asia and the Pacific (ESCAP), Redseer analysis

- Gross National Income (GNI) per Capita
  India's GNI per capita reached INR 198.4K (USD 2,390) in 2022 growing from INR 164.3K (USD 1,980) in 2018 as per the World Bank. Redseer estimates a further increase to INR 207.9K (USD 2,505) in 2023. The GNI per capita is expected to reach INR 263.1K (USD 3,170) by 2028 driven by macroeconomic factors such as increased GDP, expanding trade opportunities, supportive government policies, technological innovation etc. Growth in per capita income will allow greater levels of discretionary spending by Indians.

Exhibit 3b

GNI (current prices) per capita - India
INR' 000 (USD), CY18, 23, 28P

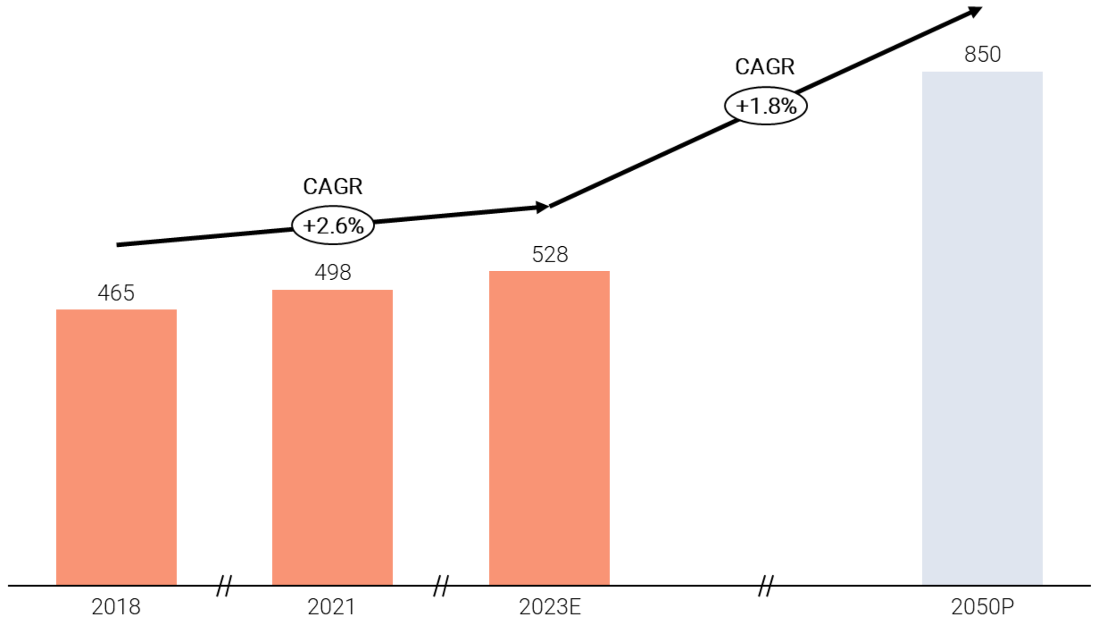


Source(s): (1) World Bank and Redseer analysis and estimates, (2) E- Estimated, P - Projected

- Rapid urbanization
  As per the World Bank, India hosts a large urban population, second only to China, with an estimated 37% (528 Mn) of the population people living in cities & towns as of CY23. Urban areas are home to people with relatively higher incomes and represent hotspots for high economic activity, driving both production and consumption. Niti Aayog has projected that approximately 50% (850 Mn) of India's population will be living in urban areas by CY50. This indicates a strong trend of urbanization in India, driving private consumption, and thereby, overall economic growth.

Exhibit 4

Urban population growth – India
Mn, CY18, 21, 23E, 50P



Note(s): (1) Urban population refers to people living in urban areas. Urban unit (area) as defined by the MHA (Ministry of Home Affairs), GOI (Government of India) includes all administrative units defined by statute as urban, all other places satisfy the following criteria – i) minimum population of 5,000 persons, ii) 75% and above of the male main working population being engaged in non-agricultural pursuits and, iii) density of population of at least 400 persons per sq. km.; (2) E – Estimated, P - Projected
Source(s): World Bank, Niti Aayog "Reforms in Urban Planning Capacity in India" Report (September 2021), Redseer analysis

- Increasing demand from rural India
  The rural Monthly Per-capita household Consumption Expenditure ("MPCE") has reached INR 3,773 (USD 45.5) for the period of August 2022 to July 2023 compared to INR 1,430 (USD 17.2) during the period from June 2011 to June 2012. Better roads and telephonic connectivity have increased access to information, goods, and services. According to the Household Consumption Expenditure Survey, the difference in MPCE between rural and urban households (difference as a percentage of rural MPCE) has narrowed to 71.2% for August 2022 to July 2023, compared to 83.9% in June 2011 to June 2012. As rural India sees a rise in income, it is expected to play a crucial role in driving consumption, and thereby, economic growth in India.

- Government policies favoring economic and financial growth
  Rapid investments in digital enablement, alongside policies that support the ease of doing business and global economic integration are also contributing to the growth of the economy. Schemes such as " Make in India" and key initiatives planned under "Ease of Doing Business" reflect the commitment to attract both domestic and international investments and aim to create conducive environment for businesses in India.
  Policies such as Pradhan Mantri Jan Dhan Yojana (PMJDY) and Pradhan Mantri Jan Arogya Yojana (PM-JAY) are driving financial inclusion. With increased access to formal financial services, the finance sector is expected to be a key driver of growth.

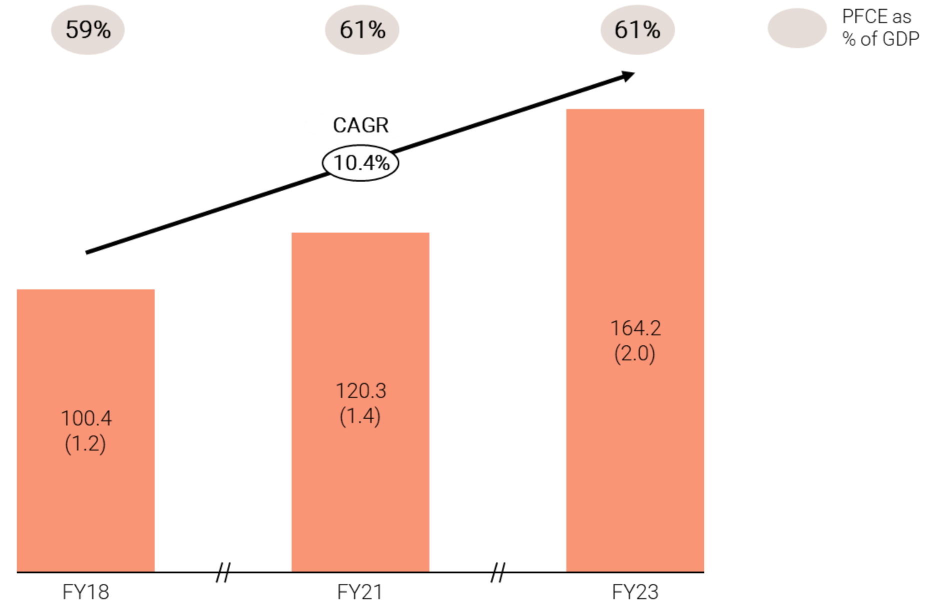
ii. Private consumption in India is increasing and is anticipated to grow further

India's Private Final Consumption Expenditure ("PFCE") has grown at a CAGR of 10.4% from INR 100.4 Tn (USD 1.2 Tn) in FY18 to INR 164.2 Tn (USD 2.0 Tn) in FY23 representing 61% of the total GDP and being the largest contributor to the Indian GDP overall. India's private consumption is on an upward trajectory, fueled by a growing middle class, rising incomes, and changing lifestyles.

Exhibit 5

Private Final Consumption Expenditure (PFCE) – India

INR Tn (USD Tn), FY18, FY21, FY23

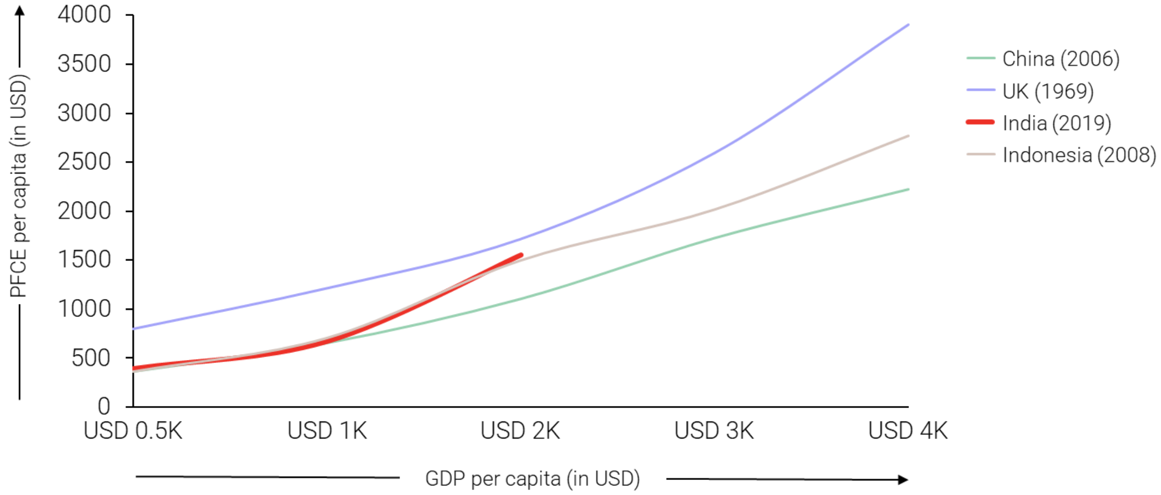


Note(s): (1) PFCE is at current prices
Source(s): Economic Survey 2022-23, PIB, Redseer analysis

Private consumption is poised for further growth. GDP per capita in India crossed the USD 2,000 mark in 2021 (USD 2,500 in CY23). This threshold has historically represented an inflection point, signaling an increase in discretionary spending, and accelerating PFCE growth. For instance, China surpassed the USD 2,000 mark in 2006. For the next 5 years from 2006 to 2011, it witnessed a CAGR of 21% in its PFCE.

Exhibit 6

GDP per capita (current prices) vs Private Final Consumption Expenditure per capita
USD, China, UK, India, Indonesia



Note(s): (1) The PFCE has been represented respective to the GDP per capita for the first time that the respective economy breached that level; (2) Data for PFCE per capita has been calculated based on intervals when GDP per capita crossed 0.5k; (3) GDP per capita and PFCE per capita are at current prices; (4) Country mentioned along with the year GDP per capita crossed the USD 2000 milestone (5) India crossed the GDP per capita of USD 2k twice, first in 2019 and again in 2021 (as it dropped below the USD 2k mark in 2020)
Source(s): World Bank, Redseer analysis

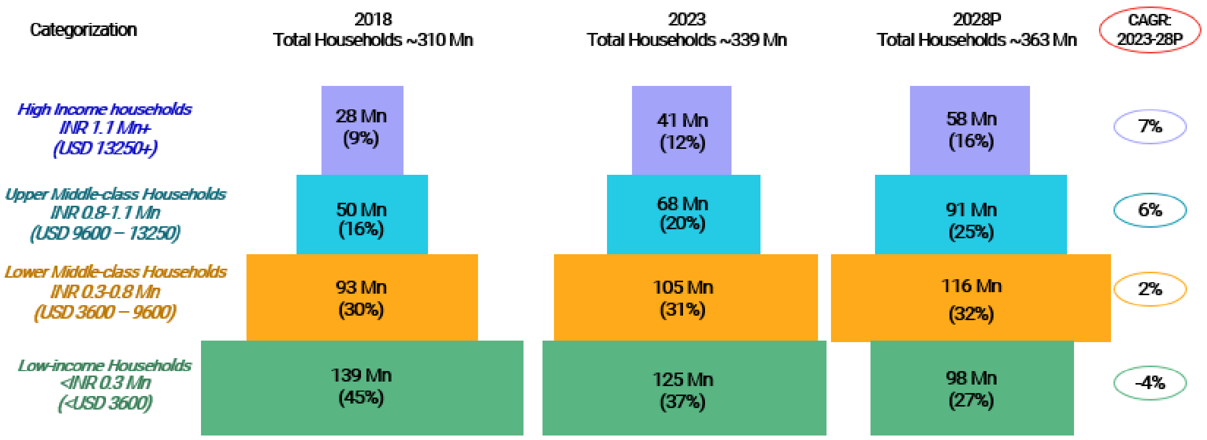
iii. Income across Indian households is growing steadily

The households in India can be broadly divided into four cohorts based on household annual income: High-income (annual household income more than INR 1.1 Mn), Upper-middle class (annual household income of INR 0.8 to 1.1 Mn), Lower-middle class (annual household income of INR 0.3 to 0.8 Mn), and Low-income (annual household income less than INR 0.3 Mn).

Indian households are experiencing a significant transformation in their earning patterns. High-income households are projected to grow most rapidly over the next 5 years. By CY28, it is expected that there will be 58 million high-income households, making up 16% of all households in India, an increase from 12% in CY23. Similarly, the upper-middle class is also expected to increase at a CAGR of 6% from CY23 to CY28, reaching a projected 91 million households by CY28.

Exhibit 7

Household Income Pyramid – India
CY18, 23, 28P



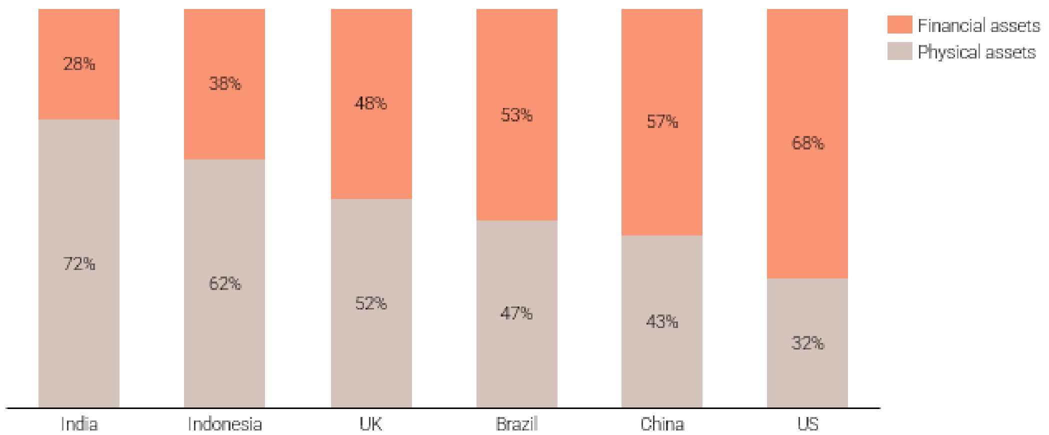
Note(s): (1) Annual household income range: High-income (INR 1.1 Mn+), Upper-middle class (INR 0.8 to 1.1 Mn), Lower-middle class (INR 0.3 to 0.8 Mn), and Low-income (less than INR 0.3 Mn); (2) Conversion rate of USD 1 = INR 83 used; (3) P - Projected
Source(s): Redseer analysis and estimates

iv. Indian household savings are witnessing a notable shift from physical to financial assets

As of FY22 , approximately 72% of India's savings are directed towards physical assets like real estate, cash & deposits, gold and silver, while financial instruments such as insurance, provident funds, equities, and mutual funds make up only about 28% of the overall savings. Indian households are over indexed on physical assets due to their perceived stability in comparison to the volatile nature of financial markets, and thereby financial assets. Furthermore, limited awareness and accessibility to financial products have also contributed to higher reliance on physical assets.

Exhibit 8

Household savings split by country
CY22



Note(s): (1) Data for India is for FY22, rest countries for CY22; (2) Physical assets include - Property, cash & gold; (3) Financial assets include - Insurance, mutual funds, equity, Provident fund, other fixed income instruments, etc.; (4) China includes Hong Kong and Taiwan

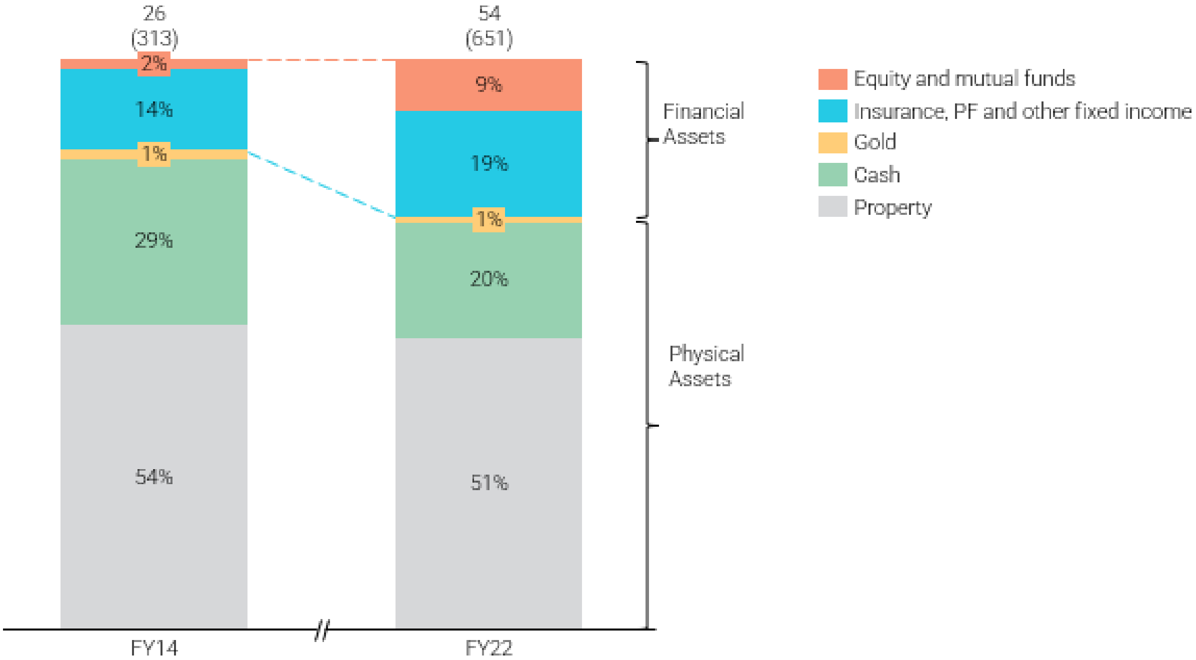
Source(s): Ministry of Statistics and Programme Implementation (MOSPI), Federal Reserve System, Office of National Statistics, Redseer analysis

Household savings breakdown over the last decade indicates a notable shift towards financial assets. Specifically, "equity and mutual funds" and "insurance, provident fund & fixed income instruments", has experienced a significant increase from 2% to 9% and 14% to 19% from FY14 to FY22 respectively. This enabled an overall increase in share of financial assets from 16% in FY14 to 28% in FY22. This upward trend highlights a shift in household savings patterns, with an increasing preference for financial instruments. Moreover, post digitization and the advent of United Payments Interface ("**UPI**"), the percentage of assets invested by households in cash has reduced by 9% from FY14 to FY22.

Exhibit 9

Household savings split by asset class

INR Tn (USD Bn), FY14, 22



Note(s): (1) Cash includes currency and deposits; (2) Insurance, PF and other fixed income includes Insurance Funds, Provident and Pension Funds; (3) Physical assets include - Property, cash & gold; (4) Financial assets include - Insurance, mutual funds, equity, Provident fund, other fixed income instruments, etc.; (5) Conversion rate of USD 1 = INR 83 used
Source(s): MOSPI, National account statistics, Redseer analysis

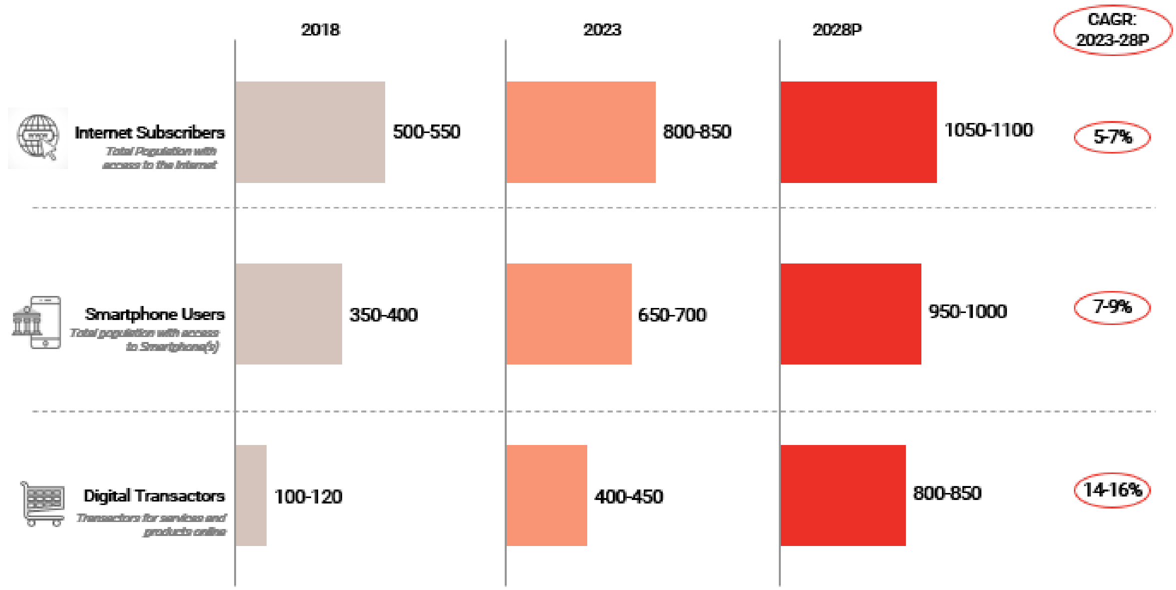
v. Digital enablement in India is driving adoption across all financial services

Financial services are amongst the earliest adopters of disruptive techniques such as enabling access through technologies, right from banking and credit to payments. The growing digitization of financial services in India is supported by the government's Digital Public Infrastructure ("**DPI**"). Services such as Aadhaar and e-KYC have made identification and verification easier on a large scale. This centralization of data, in turn, has enabled access to financial services for a broader segment of society.

This has been further supported by rapid growth in internet users, facilitated by affordable data prices and increasing smartphone penetration. India has the second-largest number of internet subscribers in the world at 800-850 Mn as of 2023 and is projected to cross 1,000 Mn internet subscribers in the next 5 years. The number of smartphone users is also expected to increase sharply during the same period from over 650-700 Mn in 2023 to 950-1,000 Mn in 2028. India's digital transactor base is expected to outpace the growth of internet subscriber base and smartphone users from 2023 to 2028, with a projected CAGR of ~15% reaching 800-850 Mn.

Exhibit 10

India Internet Funnel
Mn, CY18, 23, 28P



Note(s): (1) "Internet subscribers" indicates the estimated total population with access to the Internet; (2) "Smartphone Users" indicates the estimated total population with access to smartphones; (3) "Digital Transactors" indicates the population conducting online transactions for products and services
Source(s): Redseer analysis and estimates

The Financial inclusion (FI) index which measures the ease of access, affordability and availability of various financial products and services by individuals has improved from 46.0 in FY18 to reach 60.1 in FY23.

Exhibit 11

Financial Inclusion-Index (FI-Index) - India
FY18, 21, 23

	FY18	FY21	FY23
Financial inclusion index	46.0	53.9	60.1

Note(s): (1) The FI-Index is a comprehensive index incorporating details of banking, investments, insurance, postal as well as the pension sector in consultation with Government and respective sectoral regulators. The index captures information on various aspects of financial inclusion in a single value ranging between 0 and 100, where 0 represents complete financial exclusion and 100 indicates full financial inclusion.
Source(s): RBI "Financial Inclusion Index for March 2023"

Digital penetration has accelerated the growth of financial services, such as insurtech, UPI payments, digital lending market etc. Digital-led insurance premiums (premiums collected from policies sold online) grew at a CAGR of 30-35% between FY21 and FY23 reaching ~INR 330-370 Bn (USD 4-4.5 Bn) in FY23. UPI payments volume grew by a CAGR of 80-100% from FY21 to FY23 to reach upwards of 80 - 85 Bn transactions. Although, currently in its nascent stages, the digital lending ecosystem also grew by CAGR of 35-40% from FY21 to FY23 and reached the INR 800-900 Bn (USD 9.6 -10.8 Bn) mark in FY23.

Exhibit 12

Digitization of financial services across sectors

Sector	Metric	Unit	FY21	FY23	CAGR (FY21-23)
Insurance	*Insurtech premium*	INR Bn (USD Bn)	180-220 (2.2-2.7)	330-370 (4.0-4.5)	30-35%
Payments	*Volume of UPI led payments*	Bn	20-25	80-85	80-100%
Lending	*Digital Retail loans disbursed*	INR Bn (USD Bn)	400-500 (4.8-6.0)	800-900 (9.6-10.8)	35-40%

Note(s): Digital lending is done through digital channels and tech-savvy companies/banks
Source(s): Redseer analysis and estimates

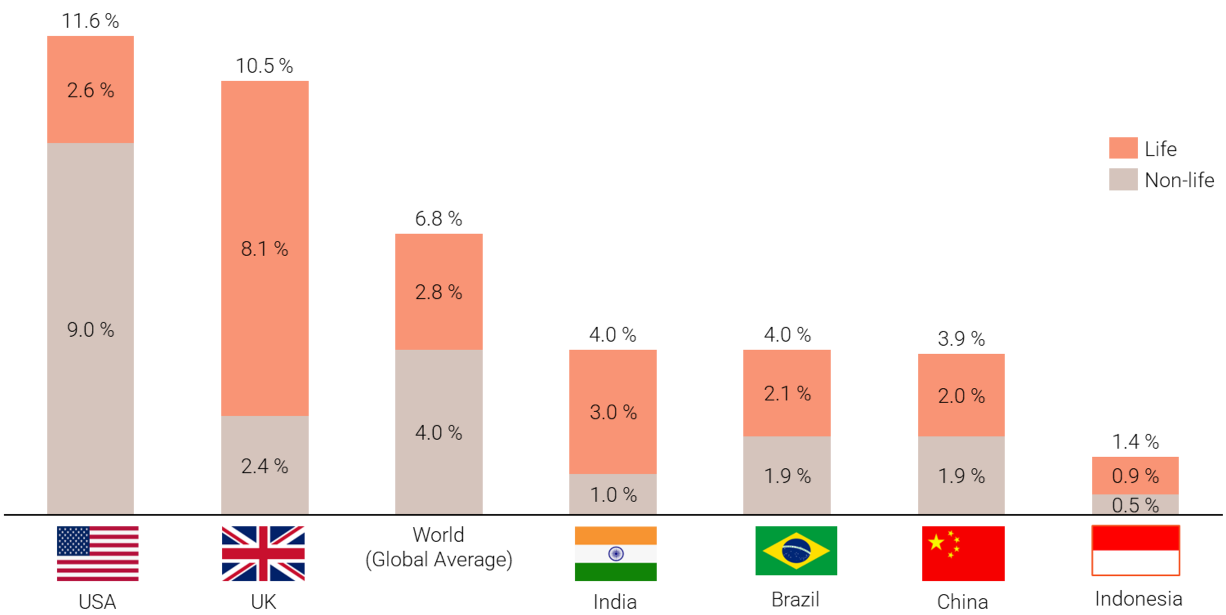
1.2 India's insurance landscape

i. Insurance in India is expected to grow rapidly across both life and non-life

India exhibits significantly lower insurance penetration (measured by the total Gross Written Premium as a % of GDP) when compared to developed global economies. As of FY23, insurance penetration in India was 4.0%, with life insurance contributing 3.0% and non-life insurance contributing 1.0%. The global average in CY22 for life insurance stood at 2.8% and non-life at 4.0% based on Insurance Regulatory and Development Authority of India's ("IRDAI") report.

Exhibit 13

Insurance penetration – Global Benchmarks
CY22



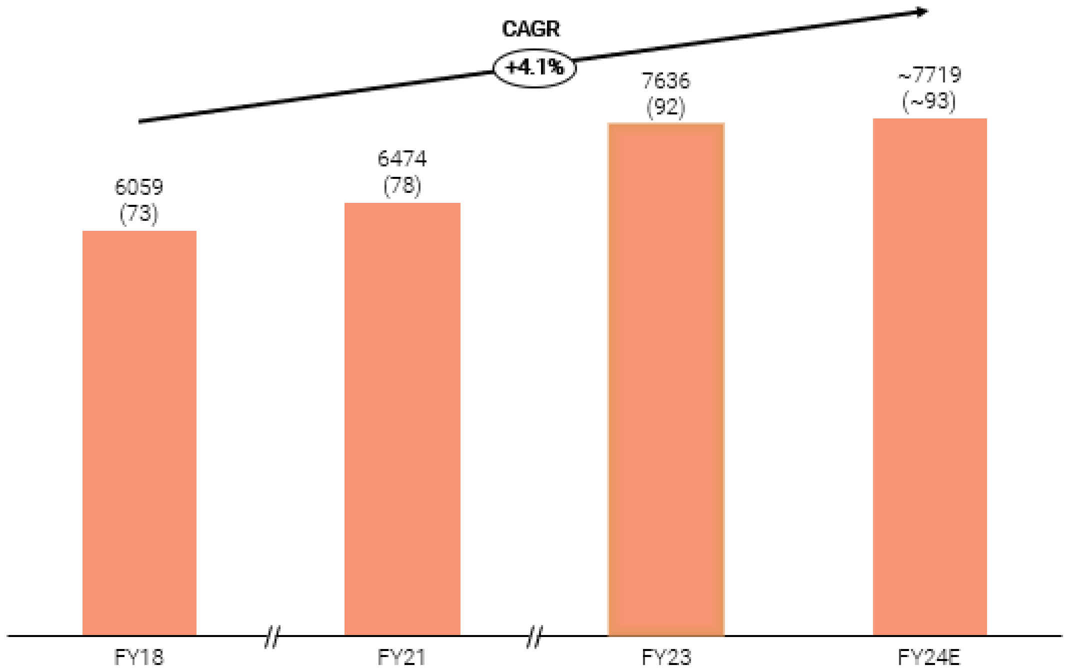
Notes: (1) Insurance penetration is measured as the ratio of Gross Written Premiums to GDP (2) Data for India is for FY23, rest of the countries data for CY22
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

Insurance penetration in India has increased from 3.7% in FY18 to 4.0% in FY23. There has also been a substantial increase in insurance density, which is calculated as premium per capita. It has increased from INR 6,059 (USD 73) in FY18 to INR 7,636 (USD 92) in FY23 as per IRDAI's report. As per Redseer estimates, insurance density is expected to reach ~ INR 7,719 (USD 93) by FY24 driven by factors such as rising incomes, increasing insurance awareness, government initiatives to promote insurance adoption and increasing healthcare costs.

Exhibit 14

Insurance density - India

INR (USD), FY18, 21, 23, 24E



Notes: (1) Insurance density (per capita premium) is measured as the ratio of Gross Direct Premiums to total population; (2) E - Estimated
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis and estimates

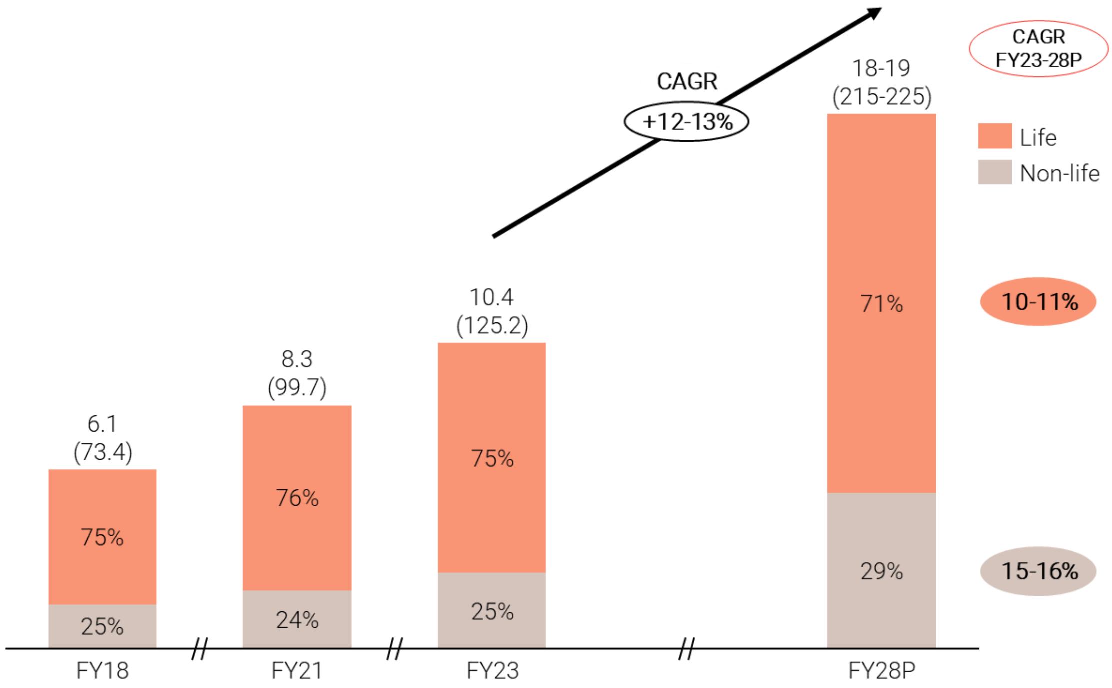
The overall insurance Gross Direct Premium Income ("GDPI") has shown a noteworthy increase from INR 6.1 Tn (USD 73.4 Bn) in FY18 to INR 10.4 Tn (USD 125.2 Bn) in FY23, with a CAGR of 11.3%. In FY23, life insurance constituted 75% of total insurance premiums, while the remaining 25% was contributed by non-life insurance.

As per Redseer estimates, insurance GDPI is expected to reach INR 18-19 Tn (USD 215-225 Bn) by FY28, with life and non-life insurance constituting approximately 71% and 29%, respectively. Between FY23 and FY28, non-life insurance GDPI is expected to grow at a CAGR of 15-16%. This growth will be driven by multiple factors such as the growing yet-to-be-insured working-class population, an increase in the average income per household, increased awareness of and access to insurance, and the evolving regulatory landscape. Moreover, multiple product offerings, simplification of onboarding process and ease in insurance settlement will further facilitate insurance penetration across India.

Exhibit 15

Total Gross Direct Premium Income (GDPI) - Split between Life and Non-Life Insurance

INR Tn (USD Bn), FY18, 21, 23, 28P



Notes: (1) Gross Direct Premium (GDPI) is the total premium collected from selling insurance policies; (2) P - Projected
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis and estimates

ii. Government initiatives have helped drive insurance penetration

The Indian government has actively pursued initiatives to increase insurance penetration in the country. Few key initiatives include:

- Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY): Launched in 2015, PMSBY and PMJJBY are low-cost term life and accident insurance schemes. Both schemes have been instrumental in fostering financial inclusion by offering straightforward, cost-effective insurance options to a vast population, particularly those who might not have otherwise considered insurance coverage.
- Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY): Launched in 2018, AB-PMJAY represents a major step towards enhancing healthcare coverage in India. This ambitious health insurance scheme aims to provide financial support for vulnerable families by offering coverage for hospitalization expenses up to INR 0.5 Mn. AB-PMJAY focuses on ensuring that no family faces financial distress due to high medical costs, thereby contributing to increased health insurance penetration.

Beyond this, there are a variety of state-led health insurance schemes such as Awaz Health Insurance Scheme (Kerala), Bhamashah Swasthya Bima Yojana (Rajasthan), Mahatma Jyotiba Phule Jan Arogya Yojana (Maharashtra), etc.

IRDAI has also introduced several regulatory initiatives to drive insurance penetration by empowering the citizens and policyholders:

- Fostering ecosystem: IRDAI is making a big push to modernize the insurance industry. They're focusing on three key areas to create a more efficient and accessible system. First, they're simplifying regulations, making it easier for companies to navigate the insurance landscape. Second, they're adopting principle-based regulations, which provide clear guidelines without being overly restrictive. This allows insurers more flexibility to develop innovative products. Finally, they're implementing EOM (Expenses of Management) regulations, which help control operational costs and ensure insurers are using their resources effectively.

- Insurance for all by 2047: "Insurance for All by 2047" aims to ensure every citizen has life, health, and property insurance protection. To achieve this, IRDAI is promoting microinsurance products for low-income groups, working with the government on social welfare schemes like PMJAY for health insurance, and facilitating financial inclusion by linking insurance with existing programs. These efforts are expected to raise awareness about insurance in the market. Additionally, IRDAI is pushing for standardized insurance plans for easier comparison and supporting the use of technology to streamline processes and make insurance more accessible in rural areas.
- Open architecture: In the open architecture model, Corporate Agents and banks have been allowed to tie-up with 9 life insurers, 9 non-life insurers, and 9 Standalone Health Insurers (SAHIs) to distribute their insurance products. This would enable greater insurance penetration through increased choice and flexibility to the customers, and lower distribution costs enabling competitive pricing.
- Bima Sugam: Bima Sugam is an online interoperable platform, functioning as Digital Public Infrastructure ("DPI"), akin to UPI, for the integration of all insurance services. The online portal will empower all insurance stakeholders by facilitating purchase, sale, settlement of insurance claims, changing of Agents, and grievance redressal, among other services. All insurance companies are to join this proposed platform. Bima Sugam is part of the larger Bima Trinity scheme which includes Bima Vahak and Bima Vistaar. Bima Vahak proposes a women-centric insurance distribution channel and foster greater trust in rural India. Bima Vistaar is designed to be an all-in-one affordable insurance product, offering life, health, and property cover.
- IRDAI regulatory sandbox: This framework allows companies to experiment with new insurance products and services in a controlled environment with real customers. Previously, this testing period was limited to 6 months. Recognizing the need for more in-depth analysis, IRDAI has increased the maximum experiment period to 36 months. This extended timeframe gives companies the flexibility to gather valuable data on customer response, market fit, and potential risks associated with their innovative ideas. This ultimately allows IRDAI to make more informed decisions about integrating these new offerings into the wider insurance market while ensuring customer protection.

Furthermore, the government & IRDAI have implemented several digital enablers to facilitate seamless access to insurance policies and streamline the claims process:

- DigiLocker: IRDAI is enabling issuance of insurance documents through DigiLocker. With digital policy copies, policyholders can access their insurance documents conveniently and instantaneously.
- National Health Claims Exchange ("NHCX"): NHCX is a joint initiative between NHA (National Health Authority, GOI) and IRDAI for the standardization and interoperability of health claims through open digital protocols. NHCX will enable seamless data transfer between the policyholder, insurance ecosystem, and hospitals. This will streamline the claims process, expediting processing time, while reducing fraudulent claims.
- Other strategic initiatives: Several other strategic initiatives have also been implemented to increase accessibility and transparency. This includes the implementation of digital contracts, which streamline policy documents and makes them more accessible for customers. Additionally, mandating e-KYC procedures simplifies customer onboarding and verification, creating a faster and more efficient experience. These digitalization

efforts aim to enhance convenience and transparency for both insurance companies and policyholders.

These initiatives are expected to enhance access to insurance among citizens, fostering greater financial security and empowering individuals with the means to safeguard their assets and livelihood. Furthermore, as disposable income increases, demand for private insurance will also increase as consumers are likely to seek out comprehensive coverage. This will fuel the demand for various private insurance products, ranging from life and health insurance to property and casualty coverage.

Chapter 2: Understanding India’s health insurance landscape

2.1 Health insurance premium in India has more than doubled in last 5 years

i. Within non-life insurance coverage, health insurance is growing the fastest

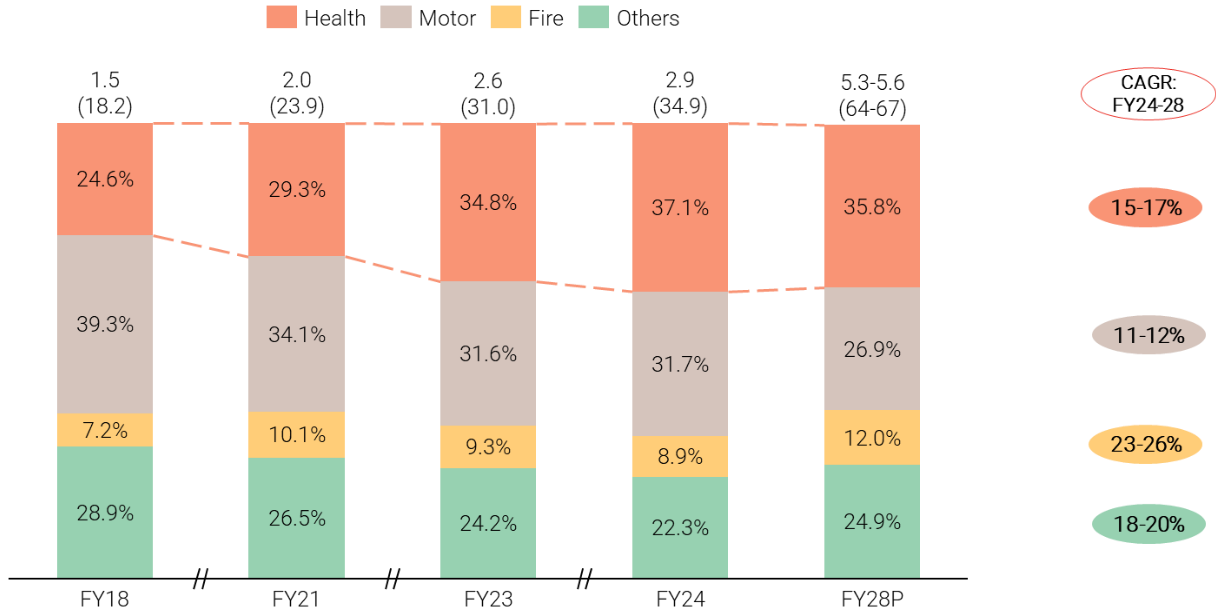
Non-life insurance includes motor, health, travel, fire, marine, and other segments such as microinsurance. Historically, motor insurance has held a dominant position, representing 39.3% of the non-life GDPI in FY18. However, over the past six years, health insurance has experienced substantial growth, expanding its GDPI share from 24.6% in FY18 to 37.1% in FY24. Health insurance has exhibited the highest growth with a CAGR of 19.5% between FY18 and FY24, surpassing the overall non-life insurance market's growth (CAGR of 11.5%) over the same period. Health insurance is expected to maintain its consistent growth, projected to increase at a CAGR of 15-17% from FY24 to FY28.

Health insurance has witnessed growth owing to increasing awareness of insurance as protection against healthcare inflation, rise in the number of diseases and increasing affordability with customized health insurance products provided by specialized players.
Other factors which may affect the performance of health insurance industry include:

- India’s real GDP growth rate which is expected to grow at a CAGR of 6.5% from CY2023 to CY2028, the highest among the top 10 economies;
- Significantly lower insurance penetration when compared to developed global economies in CY2022;
- India’s health expenditure as a percentage of GDP amongst the lowest globally in CY2021;
- High out-of-pocket medical expenses;
- Rising disease burden in India, leading to increased healthcare expenses on diagnosis, treatment and post-treatment care, which, along with an increase in public awareness of these health risks, is expected to lead to a higher demand for health insurance; and
- Growing digitalization.

Exhibit 16

Non-life Insurance GDPI – Category split
INR Tn (USD Bn), FY18, 21, 23, 24. 28P



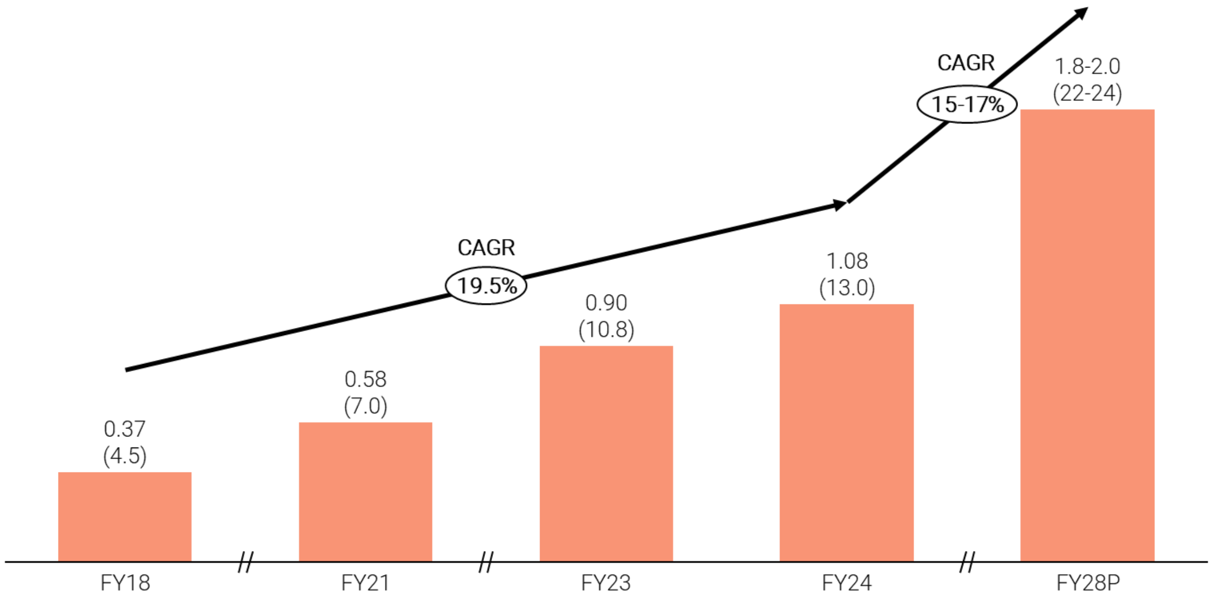
Notes: (1) Health insurance excludes overseas medical insurance and personal accident (2) Others include overseas medical, marine, personal accident, microinsurance, crop insurance etc.
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", General Insurance Council (GIC) Segment wise report, Redseer analysis and estimates

ii. Health insurance premiums are expected to reach ~INR 2 Tn by FY28

India's health insurance sector has witnessed rapid growth since FY18. The health insurance GDPI has more than doubled from INR 0.37 Tn (USD 4.5 Bn) in FY18 to INR 1.08 Tn (USD 13.0 Bn) in FY24, growing at a CAGR of 19.5%. As per Redseer estimates, total health GDPI is expected to reach INR 1.8–2.0 Tn (USD 22-24 Bn) by FY28.

Exhibit 17

Health Insurance - GDPI
INR Tn (USD Bn), FY18, 21, 23, 24, 28P



Note(s): (1) Health insurance excludes overseas medical insurance and personal accident (2) P - Projected
Source(s): GIC Segment wise report, Redseer analysis and estimates

Key drivers and enablers for growth of India's health insurance industry

- Regulatory and government support – IRDAI is enhancing health insurance growth through supportive initiatives like Insurance for all by 2047, Bima Sugam, IRDAI Regulatory Sandbox. AB-PMJAY scheme, covering diverse medical treatments, has significantly contributed to achieving universal health coverage, especially for rural India and the underprivileged sections. These government-sponsored initiatives underscore the commitment to social security and financial well-being for citizens across different economic strata. Additionally, employer-provided insurance to employees further contributes to this collective effort towards comprehensive healthcare coverage.

- New and specialized insurers – IRDAI is encouraging supply-side offerings through approvals of new license and product offerings. This is expected to expand the market by targeting new customer segments.

- Evolving healthcare landscape – The fast-developing healthcare landscape in India serves as a significant catalyst for the growth of health insurance. As specialized and high-quality healthcare infrastructure expands, healthcare costs will also grow. In this context, health insurance will play a crucial role in safeguarding household wealth.

- Demand-side: increasing awareness for health – Covid-19 pandemic has brought about a significant shift in awareness about health, well-being, and the importance of financial protection against unexpected medical expenses, driving the demand for health insurance.

- Development of digital-first ecosystem – Digital enablement across insurance value-chain has streamlined the insurance process. Technology has improved customer experience across the value chain through online purchase channels, AI/ML (Artificial Intelligence/Machine Learning) models for specialized underwriting, identifying fraudulent claims, and expediting processing times.

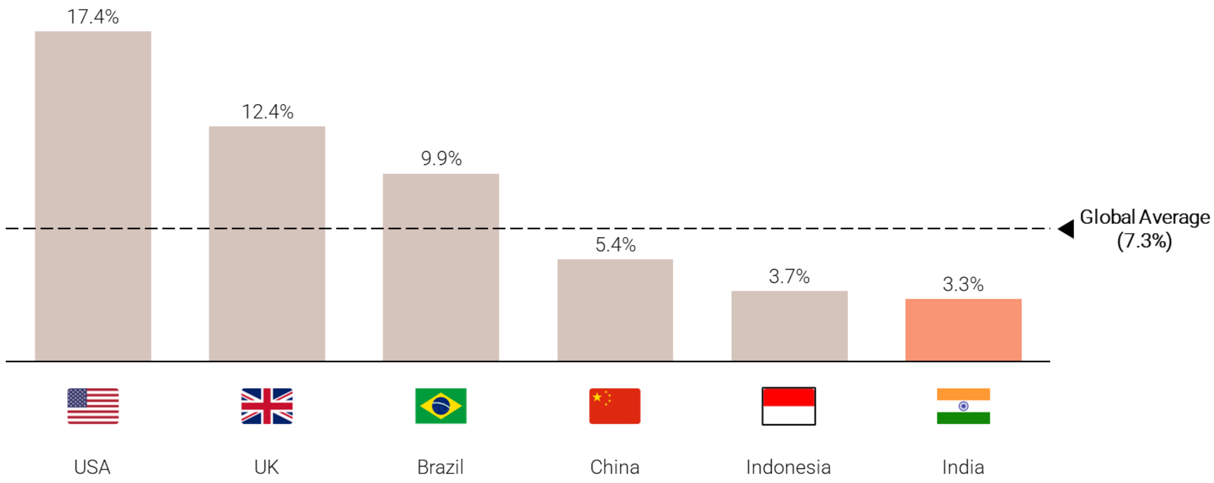
iii. India's healthcare trends are supporting need for health insurance

- Rising healthcare expenditure

The current health expenditure ("**CHE**") of India as a percentage of its GDP is lower than other larger and comparable economies. CHE includes all healthcare goods and services consumed annually, barring capital expenditure such as buildings, machinery, IT, and stocks of vaccines for emergency or outbreaks. In CY21, India's CHE was about 3.3% of its GDP. For comparison, in other developed and emerging economies such as the USA and China, it was 17.4% and 5.4% of their respective GDPs.

Exhibit 18

Current Health Expenditure (CHE) as a % of GDP – Global Benchmarks
CY21



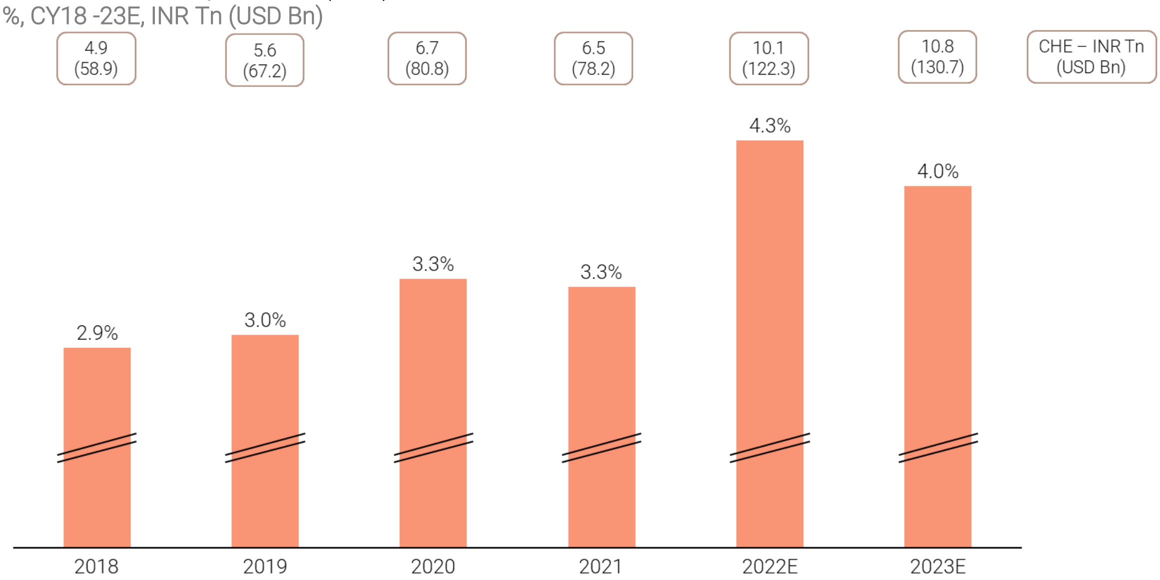
Note(s): (1) Current health expenditure (CHE) consists of inpatient & outpatient curative care, lab & imaging, prescribed & OTC medicines, preventive care, patient transport and other pharmaceutical expenses
Source(s): World Health Organization (WHO), Redseer analysis

However, India's CHE as a % of GDP has grown rapidly from 2.9% in CY18 to an estimated 4.0% in CY23, as per Redseer. This indicates a positive shift in the importance of healthcare in India, with more resources being channeled towards it.

Exhibit 19

Current Health Expenditure (CHE) as a % of GDP – India

%, CY18 -23E, INR Tn (USD Bn)



Note(s): (1) CHE constitutes sum of Private and Public health expenditures (goods and services) excluding capital investment in healthcare infrastructure; (2) E – Estimated
Source(s): World Bank, Ministry of Finance Press release, MOSPI "Provisional Estimates of National Income 2022-23", Redseer analysis and estimates

- Increasing healthcare inflation

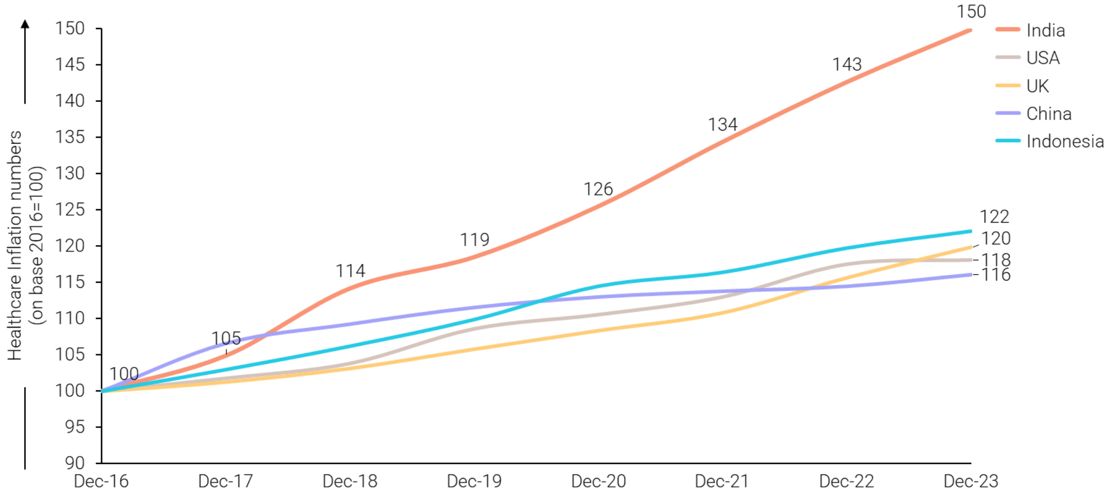
Healthcare inflation places a significant burden on families, making it difficult to manage expenses without adequate financial protection. Looking at global scenario, developed countries like USA and China have healthcare inflation at 0.5% and 1.4% respectively while that of India stands at 5.1% as of Dec'23.

India has one of the highest rates of healthcare inflations, as highlighted by the inflation values indexed at 100 in 2016. Since then, India has comparatively seen the highest medical inflation, touching the 150-mark in 2023, while other countries like UK, USA, China, and Indonesia hover between 115-125 in 2023.

One of the primary reasons for high healthcare inflation in India as compared to several developed countries lies in the differences in how healthcare is insured and assisted by the government. Developed nations often have universal healthcare systems or government-sponsored insurance programs. These ensure extensive coverage for citizens, enabling tighter control over healthcare costs through government intervention and negotiation. However, a large portion of healthcare expenses in India is borne out-of-pocket by individuals, leading to less effective regulation of healthcare costs.

Exhibit 20

Healthcare inflation – Global trends
Dec'16 – Dec'23



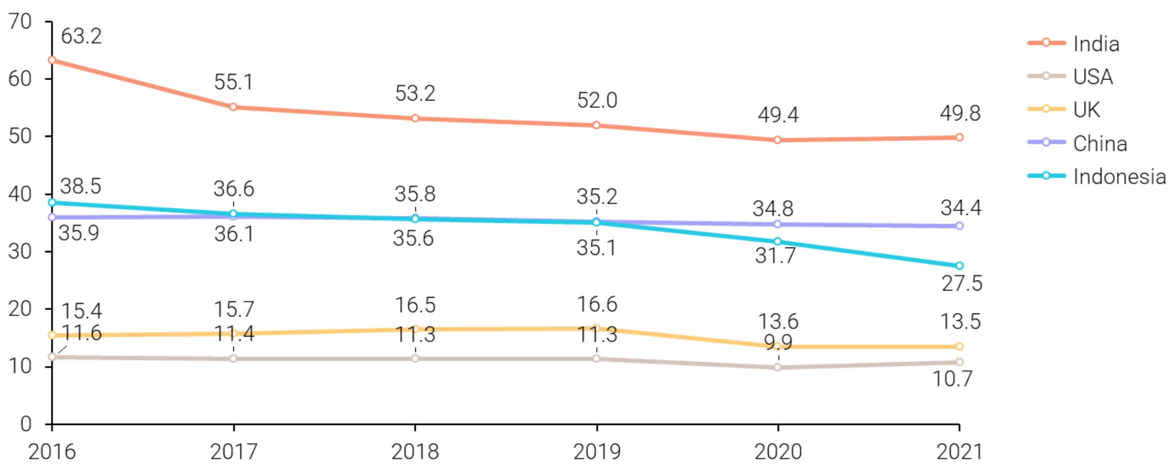
Note(s): (1) Healthcare/Medical Inflation in December 2016 considered 100 and subsequent Decembers are indexed against it; (2) Inflation values for UK, India and Indonesia were calculated from respective indexed values
Source(s): MOSPI/ Press Information Bureau, U.S. Bureau of Labor Statistics, National Bureau of Statistics of China, Bank Indonesia, Redseer analysis

- High out-of-pocket medical expenses
  Out-of-pocket Expenses (OOPE) refer to the medical expenses that households pay directly. OOPE tends to decrease as insurance coverage increases. OOPE as a % of CHE in India has dropped from 63.2% to 49.8% between 2016 and 2021. Despite the drop, this metric remains much higher for India than for countries such as US, UK, and China which are at approximately 10.7%, 13.5%, and 34.4% respectively.

  As per Redseer estimates, OOPE as % of CHE in India has dropped to ~47% by 2023.

Exhibit 21

Out-of-pocket expenses as % of CHE – Global trends
% of CHE, CY16-21



Note(s): (1) Out-of-pocket expenses as % of CHE constitute the expenditures borne directly by a patient where insurance does not cover the full cost of the health good or service

Source(s): WHO, Redseer analysis

- Greater disease burden
  Over the last few decades, India has witnessed a significant uptick in disease burden across various non-communicable diseases. This has led to increased healthcare expenses on diagnosis, treatment, and post-treatment care. As the prevalence of non-communicable diseases (NCDs) rises, public awareness of these health risks will also increase. This awareness is expected to lead to a higher demand for health insurance as individuals seek financial protection against the high costs of managing chronic conditions.

Exhibit 22

Proportion of Disability Adjusted Life Years (DALYs - a measure of overall disease burden)

Non-Communicable Diseases (NCDs)	1990	2009	2019
Cardiovascular diseases (IHD)	3.3%	5.8%	8.0%
Chronic respiratory diseases (CRDs)	3.3%	4.9%	6.4%
Diabetes and kidney diseases	1.4%	2.9%	4.3%
Cancer (Breast)	0.2%	0.3%	0.6%

Note(s): (1) DALYs measure the total burden of disease – both from years of life lost due to premature death and years lived with a disability. One DALY equals one lost year of healthy life; (2) DALYs computed for both sexes and all ages; (3) IHD stands for Ischemic Heart Disease
Source(s): Indian Council of Medical Research (ICMR), Public Health Foundation of India, Institute of Health Metrics and Evaluation (IHME)

iv. Threat and challenges for the health insurance industry

Health insurance companies navigate a complex landscape that is filled with many challenges. Understanding and effectively addressing these challenges is crucial for the sustained growth and success of the industry in India. Below are few of these challenges:

- Rising healthcare costs: The escalating costs of medical treatments and procedures directly affect the claim amounts faced by health insurance companies. This places considerable financial pressure on insurers, as they must balance their payout obligations while maintaining profitability.
- Fraudulent claims: Health insurance companies often encounter instances of fraudulent claims, where policyholders submit false claims or inflate medical expenses. These fraudulent activities result in substantial financial losses for insurers and threaten the integrity of the insurance system.
- Regulatory compliance: Health insurance companies operate within a highly regulated environment and must continuously adapt to changes in regulations and compliance requirements. The dynamic nature of regulatory changes can impose a significant administrative burden on insurers. Staying updated with evolving regulatory frameworks is essential to avoid penalties and maintain operational efficiency.

- **Standardization issues:** Variability in healthcare standards and practices across different regions. Furthermore, there is uneven distribution of healthcare facilities across rural and urban areas in India affecting the accessibility and utilization of health insurance. Such variations pose challenges for health insurance companies in standardizing insurance policies and coverage. Health insurance companies need to establish networks of healthcare providers that meet quality standards and offer consistent levels of care.

- **Cybersecurity risks:** As insurers increasingly rely on digital platforms for their operations, they face heightened risks of data breaches and cyberattacks. Protecting sensitive customer information and maintaining robust cybersecurity measures is paramount to safeguarding the integrity and trustworthiness of health insurance services.

2.2 Health insurance is driven by Group and Retail businesses

i. Health insurance premiums have surged across all business segments

As of FY24, Group health insurance (which provides coverage to a group of individuals, typically employees of company) and Retail health insurance (which offers individual policies purchased directly by individuals or families from insurance companies) businesses represent approximately 90% of the overall health insurance GDPI. Retail health insurance contributed 39% of overall health insurance GDPI in FY24. As per Redseer estimates, Retail business is expected to grow at a CAGR of 18-21% over the next 4 years and GDPI will reach INR 0.8-0.9 Tn (USD 10-11 Bn) by FY28.

Group health insurance GDPI is expected to grow at a rate of 13-16% over the next 4 years (from FY24 to FY28), driven by an increase in the number of enterprises, and expanding adoption among Small and Medium-sized Enterprises ("**SMEs**"). With near 100% adoption among large enterprises, insurers are increasingly focusing on SMEs to drive Group health growth. SMEs represent a potentially higher profitability business compared to large enterprises. The reasons for higher profitability include:

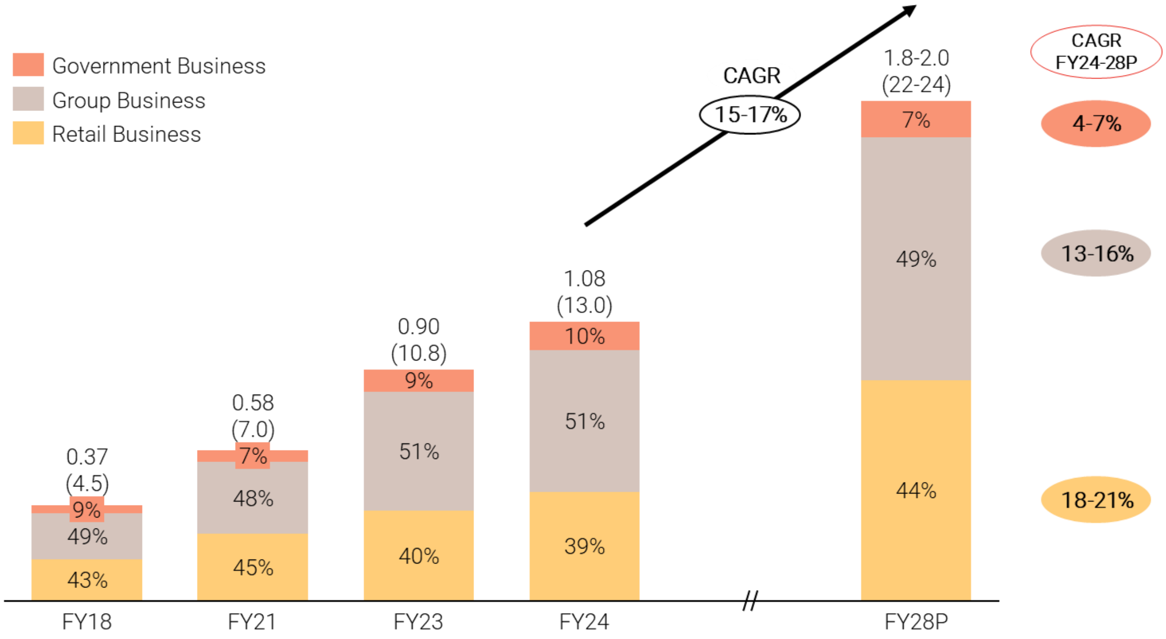
- Large corporates tend to offer health policies covering both employees and their parents. On the other hand, SMEs typically buy employee only policies. Consequently, insurers receive a lot more claims from large corporates due to age-related risks.
- Insurers also have a higher control on managing risk in SMEs. This is because SMEs often have simpler organizational structures and operations and a smaller pool of employees compared to corporates which translates to fewer data points for insurers to analyse. Insurers can also directly engage with SME owners and managers, allowing for better understanding of their businesses and risk exposures. This leads to a higher potential for cost efficiency for insurers.

Thus, underwriting SMEs tend to be more profitable as compared to underwriting large corporates due to better access to customer pool data which facilities the ability to better price risks.

Furthermore, Group health insurance products are increasingly being sold as affinity products, where they are bundled with other products and solutions and marketed as comprehensive products. By bundling Group health insurance with market solutions, insurers can customize coverage options and benefits to align more closely with the specific needs of customers, thereby enabling targeted sales. Thus, these products adopt characteristics like Retail health insurance offerings. This approach not only enhances the attractiveness of the insurance offering but also allows insurers to leverage the marketing and distribution channels of their partners.

Exhibit 23

Health insurance GDPI – split by category of business
INR Tn (USD Bn), FY18, 21, 23, 24, 28P



Note(s): (1) Health insurance excludes overseas medical insurance and personal accident; (2) P – Projected
Source(s): GIC Segment-wise report, Redseer analysis and estimates

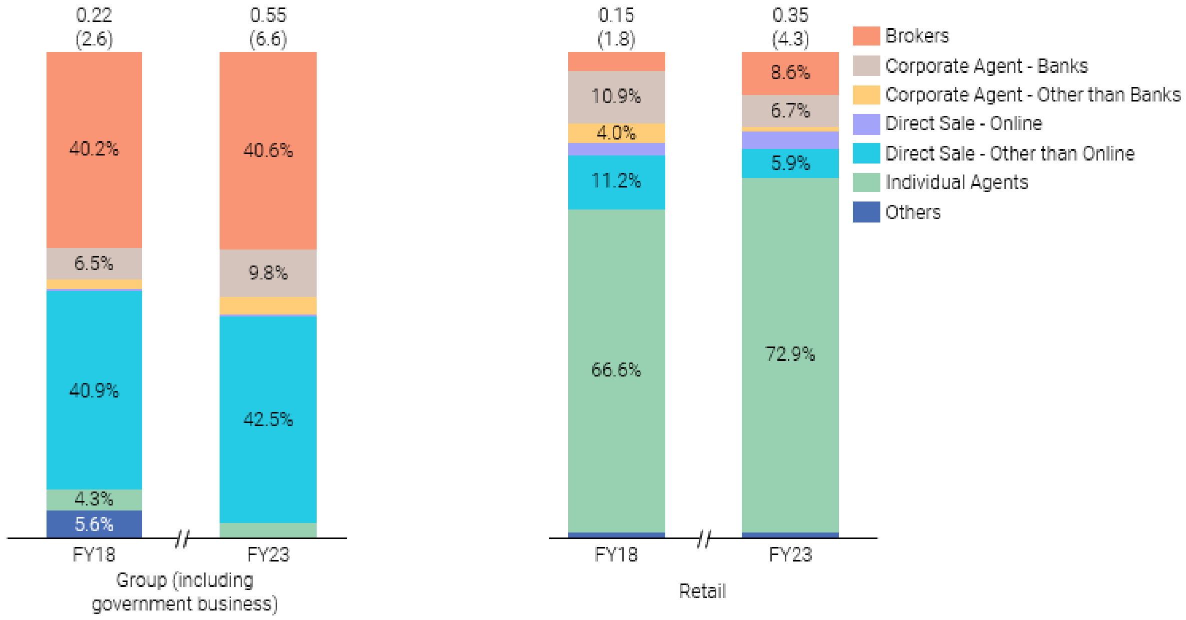
ii. Group business is led by Brokers and Direct Sales, while Retail is led by Individual Agents

Insurance companies leverage a mix of distribution channels to reach a diverse customer base. Over the years, insurers have made significant investments in both Direct Sales channels and the existing traditional channels (such as Agents and Brokers).

In the Group business segment, Direct Sale (other than online), contributed 42.5% of the GDPI in FY23, while Brokers accounted for 40.6%. In the Retail segment, 72.9% of GDPI in FY23 comes from Individual Agents.

Exhibit 24

Channel-wise Health Insurance GDPI – Split by Category of Business
INR Tn (USD Bn), FY18, 23



Note(s): (1) Both Group and Retail excludes both Personal Accident and Travel (2) Group includes both Group and Government business; (3) Others include Web Aggregators, Microinsurance Agents, Insurance Marketing Firms, Point of Sales & Common Service Centers; (4) Web aggregators contribute to 0.17% in Retail and 0.01% in Group of the total gross premium in FY23; (5) Numbers for percentages below 4% have been removed from the chart for better visibility
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

2.3 Retail health insurance is the most promising business segment in the health insurance industry in India

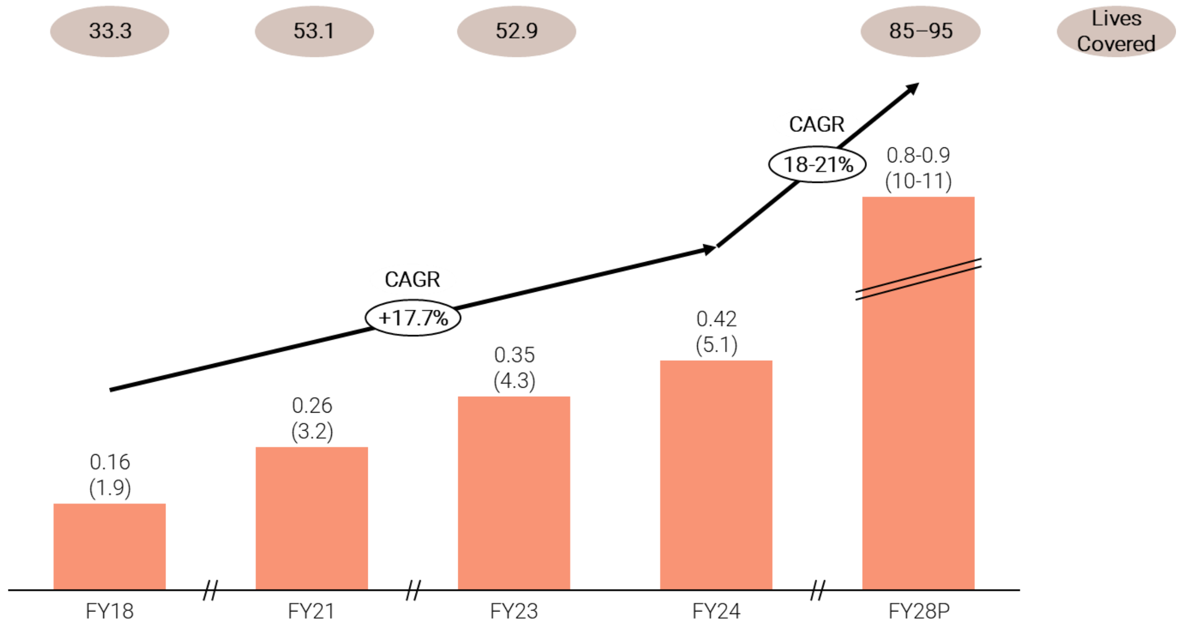
i. Retail health insurance is expected to grow at a fast pace

Retail health insurance currently accounts for ~39% of the overall health insurance for FY24, having grown at a CAGR of 17.7% between FY18 and FY24. Going forward, it is expected to grow at a CAGR of 18-21% over the next 4 years to reach approximately INR 0.8-0.9 Tn (USD 10-11 Bn) by FY28. The retail health insurance segment is the most promising segment in the health insurance industry in India as of March 31, 2024, due to higher average premium per life, higher renewal rates and lower Combined Ratios as compared to group health insurance.

Lives insured under Retail health insurance increased from 33.3 Mn to 52.9 Mn between FY18 to FY23. It is expected to grow at a CAGR of 10-12% from FY23 to FY28 to reach 85-95 Mn lives by FY28. Retail health insurance is also subject to seasonal fluctuations in product mix, operating results, and cash flow The sale of retail health insurance products increases in the last quarter of each fiscal year to take advantage of income tax benefits available to customers.

Exhibit 25

Retail health insurance GDPI & Lives insured
INR Tn (USD Bn), Lives Insured: Mn, FY18, 21, 23, 24, 28P



Note(s): (1) Lives insured under health insurance includes travel and excludes personal accident, lives insured for FY24 not available as of April 2024 (2) Health insurance GDPI data excludes overseas medical insurance and personal accident (3) P - Projected
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", GIC Segment-wise report, Redseer analysis and estimates

ii. Average premium for Retail health is the highest

Retail health insurance has witnessed an increase in average premium paid per life from INR 4,758 in FY18 (USD 57.3) to INR 6,700 (USD 80.7) in FY23 and has consistently remained higher than Group business (including Government) whose average premium per life has increased from INR 472 (USD 5.7) in FY18 to INR 1091 (USD 13.2) in FY23. The higher average premium per life in Retail health insurance premiums can be attributed to the expansion of coverage options and the introduction of innovative & additional features in product offerings such as wellness programs, telemedicine services, and coverage for specific critical illnesses. These added features enhance the overall value proposition of Retail health insurance and justify the higher premiums, as policyholders recognize the comprehensive protection and additional perks that come with the plans.

Exhibit 26

Average premium per life – split by category of business
INR (USD), FY18, 23

Premium per life (INR)	FY18	FY23	CAGR (FY18-23)
Group health insurance (incl. Government)	472 (5.7)	1091 (13.2)	18.2%
Retail health insurance	4,758 (57.3)	6,700 (80.7)	7.1%

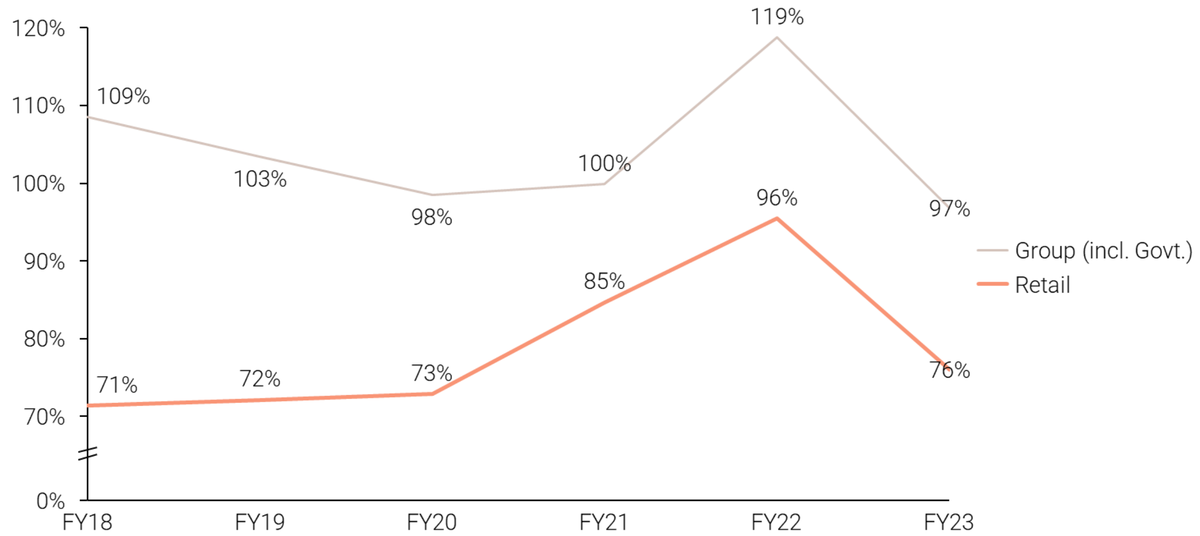
Note(s): (1) Health insurance data excludes overseas medical insurance and personal accident (2) Average Premium Per Life = Gross Premium/Number of Persons Covered
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", GIC Segment-wise report, Redseer analysis

iii. Retail health insurance has consistently shown better profitability

Retail health insurance is relatively more profitable than Group health insurance because of better underwriting due to deep customer segmentation and innovative product bundling. This results in greater risk and price control in Retail business, unlike Group business, which is traditionally more inflexible. Consequently, claims are more favorable for Retail business compared to Group business.

This is evidenced by a lower Claims Ratio for Retail business at 76% compared to 97% for Group business in FY23. Although in FY22, both Retail and Group businesses observed a spike in Claims ratio on account of the Covid-induced health claims, the Claims Ratio for Retail remained under 100%.

Exhibit 27
Claims Ratio – By business
FY18-23



Note(s): (1) Claims Ratio is calculated by dividing Net Claims Incurred by Net Earned Premium, (2) Group includes both Group and Government business (3) Group and Retail exclude both Personal Accident and Travel
Source(s): IRDAI, Redseer analysis

Even though the Expense Ratio for Retail health insurance is higher compared to Group health insurance, Retail shows greater profitability. This is due to its lower claims ratio, which more than balances out the higher expense ratio. For FY23, the Combined Ratio for Retail health insurance is estimated to be between 96-101%, which is more favorable than Group health insurance's 107-112%.

Exhibit 28
Analytical Ratios – By business
FY23

Business Segment	Claims Ratio	Expense Ratio	Combined Ratio
Group health insurance	97%	10-15%	107-112%
Retail health insurance	76%	20-25%	96-101%

Note(s): (1) Claims Ratio is calculated by dividing Net Claims Incurred by Net Earned Premium, (2) Group includes both Group and government business; (3) Expense ratio is calculated by dividing EOM (Expenses of Management) and Net commission paid (earned) to Net Written Premium; (4) Combined Ratio is the sum of Claims Ratio and Expense Ratio
Source(s): IRDAI, Redseer analysis and estimates

Furthermore, Retail has higher renewal rates in comparison to Group (including Government) health insurance businesses. Based on Redseer estimates, renewal rates for Retail business stands around 83-88%, while the same for Group business is about 70-75%.

Exhibit 29 a
Renewal rate – By business

Business segment	Industry average (FY22-23)
Group health insurance[2]	70-75%
Retail health insurance	83-88%

Note(s): (1) Renewal rate is calculated based on renewal premiums paid in the current year to total premium paid for last year; (2) Group Business excludes RSBY & Govt Sponsored Schemes and is basis renewal premiums paid across all types of insurers
Source(s): Redseer analysis and estimates

Retail health insurance is largely driven by the Agency (Individual Agents) channel as they provide superior customer service and enhanced customer experience. Customers tend to approach Agents for claims application and processing due to their perceived reliability and personalized rapport, resulting in high satisfaction claims events leading to the highest renewals. Renewal rate was above 90% for Individual Agents in FY23. Direct Sale – Online has one of the lowest combined ratio, owing to better sales targeting and greater control over underwriting which makes it more profitable in comparison to other channels. This channel leverages data to assess and understand customer risk profiles accurately, reducing the likelihood of significant claims.

iv. Retail health insurance has grown across volume and value

In the retail health insurance business, both number of policies and average ticket size (ATS) per policy have witnessed growth over the past 5 years. Number of policies have grown at a CAGR of 9.3% from FY18 to FY23 whereas average ticket size has grown at a CAGR of 7.8% during the same period. Additionally, it is important to note that inflation will also have an impact on the ATS per policy during this period.

Exhibit 29 b
Policies, GDPI and ATS growth – Retail business

Insurer	FY18	FY23	CAGR (FY18-23)
No. of Policies (Mn)	14.1	22.0	9.3%
ATS (INR)	10,857	15,809	7.8%

Note(s): (1) Retail health insurance policies excludes both Travel and Personal Accident
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

Chapter 3: Standalone Health Insurers (SAHI) landscape in India

3.1 SAHI players are driving Retail health insurance

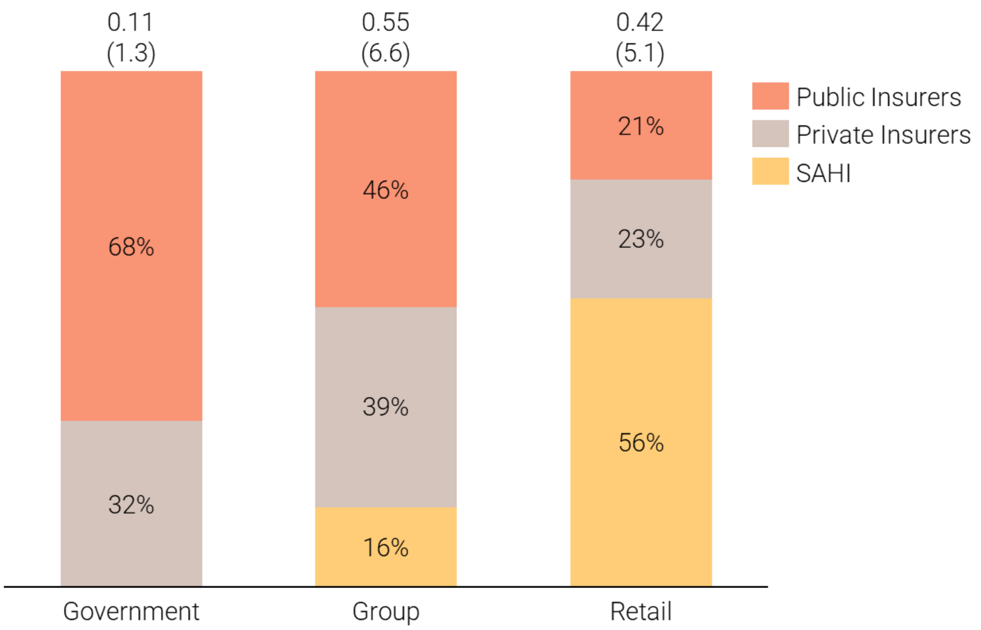
In India, health insurance providers can be broadly categorized into three main types: Private Insurers, Public Insurers, and Standalone Health Insurers ("SAHI"). Public insurers include government-owned health and non-life insurers, Private insurers are privately-owned entities offering health and non-life insurance services, while SAHIs are specialized entities focused on health insurance (incl. travel and personal accident) coverage only. As of March 31, 2024 there are seven IRDAI-recognized SAHI companies in India: (1) Aditya Birla Health Insurance, (2) Care Health Insurance, (3) Manipal Cigna Health Insurance, (4) Niva Bupa Health Insurance, (5) Star Health & Allied Insurance, (6) Narayana Health Insurance, and (7) Galaxy Health Insurance. These SAHIs, Private and Public insurers form the competitive landscape of the health insurance industry.

The competitive landscape of health insurance in India is based on several factors including brand recognition and the reputation of the provider of products and services, customer satisfaction, underwriting and pricing of risks, distribution network and access to services and service personnel, pricing and quality of services, product design and diversification, financial strength, high-quality and stable professional team and information technology capabilities.

i. SAHIs contributed to more than half of Retail health insurance GDPI in FY24

SAHIs lead Retail health insurance with 56% market share in FY24 while Public insurers dominate the Government health insurance with 68% market share. As of FY24, Public insurers hold a 46% market share in Group health insurance, while Private insurers and SAHIs account for 39% and 16% respectively.

Exhibit 30
Health insurance GDPI – by business and providers
INR Tn (USD Bn), FY24



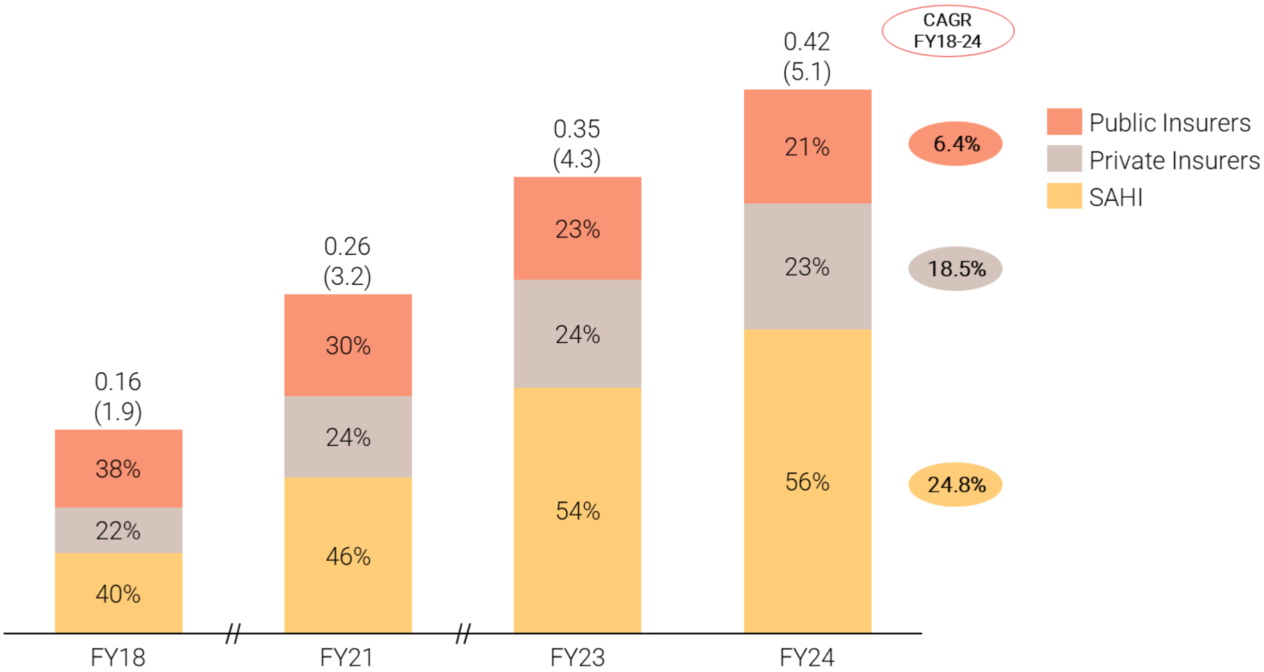
Note(s): Health insurance data excludes overseas medical insurance and personal accident
Source(s): GIC Segment-wise report, Redseer analysis

ii. SAHIs are gaining market share in the Retail health insurance segment

Retail health GDPI increased from ~INR 160 Bn (USD 1.9 Bn) to INR ~422 Bn (USD 5.1 Bn) from FY18 to FY24, at a CAGR of 17.7%. Within the Retail health insurance business, SAHIs have grown at a CAGR of 24.8% during FY18 to FY24. In contrast, Public and Private insurers have grown at a CAGR of 6.4% and 18.5% respectively during the same period.

Exhibit 31

Retail GDPI – by Insurers
INR Tn (USD Bn), FY18, 21, 23, 24



Note(s): Retail health insurance excludes overseas medical insurance and personal accident
Source(s): Segment-wise reports, GIC, Redseer analysis

iii. Several factors are contributing to the high growth of SAHIs in Retail health insurance

- Strong customer focus
  SAHIs, due to their exclusive focus on health, deliver superior customer service with their expertise in health-related risk assessment, agency-channel focus through which customers are supported in onboarding and during claims, extensive hospital networks, and >99% claims paid within 3 months.

- Rising number of Individual Agents
  Retail health insurance segment is largely driven by Individual Agents, contributing ~55% of Retail health insurance GDPI in FY23. SAHIs have consistently held the largest number of Individual Agents from FY18 to FY23, with their strength growing at a CAGR

of 23%. In comparison, the number of Individual Agents grew only at a CAGR of 18% and 5% for Private and Public insurers respectively during the same period.

Exhibit 32

# of Individual Agents – by insurers

FY18, 21, 23

Insurer	FY18	FY21	FY23	CAGR (FY18-23)
Public Insurers	2,48,485	2,89,350	3,09,748	5%
Private Insurers	1,79,187	3,61,048	4,17,745	18%
SAHIs	4,05,924	7,71,906	11,58,294	23%

Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

- Fastest expanding hospital network
  SAHIs have witnessed the highest increase in their network of hospitals through direct contracts as well as Third-Party Administrators ("**TPA**") during FY21-23 period. For SAHIs, the network of hospitals grew at 71% versus 63% for Private insurers. This growth is also driven by a significant increase in the number of hospitals onboarded by each TPA. It signifies enhanced accessibility of healthcare services for the policyholders. It also offers policyholders a greater choice of healthcare providers, allowing them to select hospitals based on preferences, proximity, specialties, and quality of care.

Exhibit 33

Number of Hospital Networks in partnership – by insurers

FY21, 23

Hospital Network – (Direct + TPA)	FY21	FY23	Growth Rate (FY21-FY23)
SAHIs	88,834	1,52,324	71%
Private Insurers	2,96,806	4,83,780	63%
Public Insurers	64,809	37,190	(43)%
Total	**450,449**	**673,294**	**49%**

Note(s): (1) Please note that this includes both "No. of Network Providers with whom Insurers directly have an agreement" & "No. of Network Providers under a tripartite agreement with TPAs and Network Providers". Same SAHI player may have partnership with a hospital directly or through TPA. (2) One Hospital network may partner with multiple players across types of insurer (SAHI, Private & Public).
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

- Higher product launches
  SAHIs have demonstrated innovation capabilities by introducing, on average, a higher number of health insurance products compared to Private insurers. This proactive approach shows their agility and adaptability in a rapidly evolving market. SAHI players have been continuously expanding their product portfolio to cater to a wide spectrum of

healthcare needs, ranging from basic coverage to comprehensive plans, while also focusing on innovation by offering flexible coverage options and value-added services.

Exhibit 34a

Number of products approved by IRDAI – by insurers

FY21, 22, 23

Number of Products approved by IRDAI	FY21	FY22	FY23	Average no. of products approved per insurer (During the 3 years)
SAHIs (5 insurers)	118	51	37	41.2
Private (21 insurers)	446	166	153	36.4
Public (4 insurers)	83	16	30	32.3

Source(s): IRDAI Annual Report 2022-23 & 2020-21, Redseer analysis

- Faster claim settlement
  The average claim settlement time (inclusive of cashless and reimbursement claims) for SAHIs is lower than Private and Public insurers. The average time taken by SAHIs to settle claims is 9 days versus 13 days for Private insurers in FY23 and more than 30 days for Public insurers. The ecosystem of increasing hospital network with cashless claim processing, growing number of TPAs, and high reliance on the Individual Agents who personally support the customers claim process, enable SAHIs to require fewer days for claim settlement. This enables higher customer retention through better claims experience.

Exhibit 34b

Average claim settlement time (days) – by insurers

FY23

Average claim settlement time (days)	FY23
SAHI	9
Private Insurers	13
Public Insurers	>30

Note(s): (1) SAHI claim settlement time has been calculated basis insurers contributing more than 90% of the GDPI (2) Private insurers claim settlement time has been calculated basis insurers contributing ~80% of the GDPI
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

3.2 SAHIs have performed better than peers across profitability metrics

i. SAHIs have lower combined ratio than Private and Public insurers

SAHIs have a better Loss and Combined ratio as compared to Private and Public insurers. The Claims ratio for SAHIs was 62% in FY23, whereas Private and Public Insurers had a Claims ratio of 87% and 105% respectively. This can be attributed to the large share of Retail insurance for SAHIs as Retail tends to have a lower claims ratio in comparison to Group insurance. Health insurance and Non-life insurance players across the industry were impacted by higher claims driven by second COVID-19 wave in Fiscal 2022, which had led to an increased claims ratio in that year.

SAHIs have an Expense ratio of 36% in FY23 as compared to 31% and 38% of Private and Public insurers respectively and have consistently shown a higher Expense ratio from FY21 to FY23. This is largely due to the greater reliance of SAHIs on Individual Agents for their Retail business distribution. Taking into consideration both Loss and Expense ratios, the Combined ratios for Private and Public insurers in FY23 stand at 117% and 143% respectively. In comparison, SAHIs have the lowest Combined ratio of 98% in the same year, yielding better financial results than Private and Public insurers.

Exhibit 35 a

Claims Ratios – by insurers
%, FY21-23

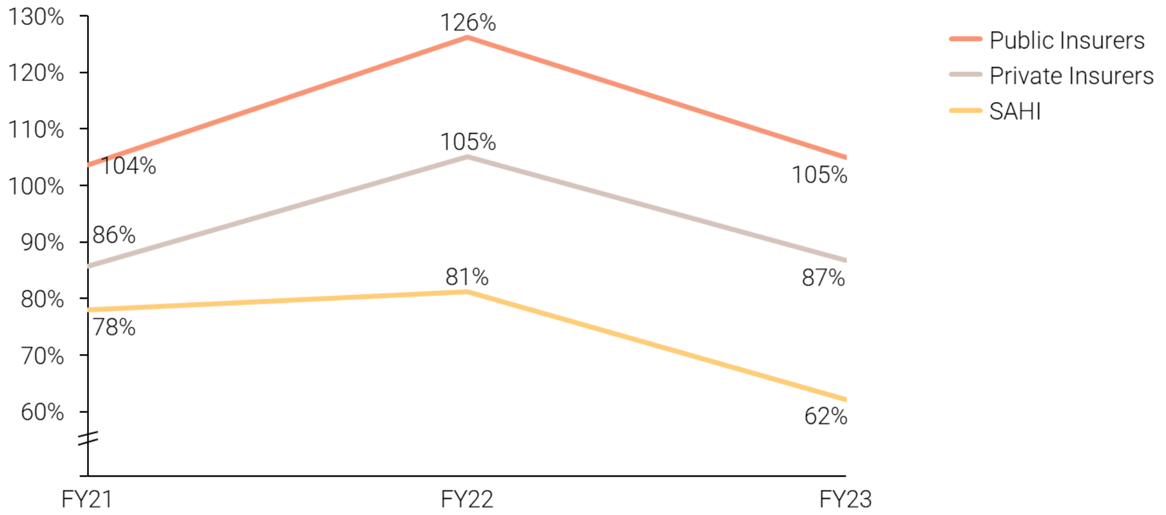


Exhibit 35 b

Expense Ratios – by insurers
%, FY21-23

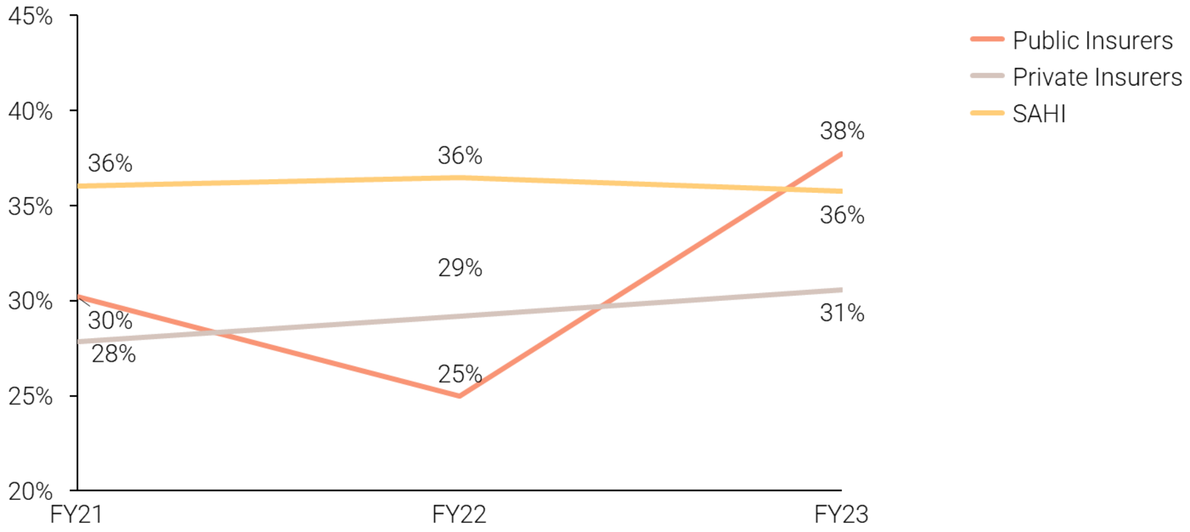
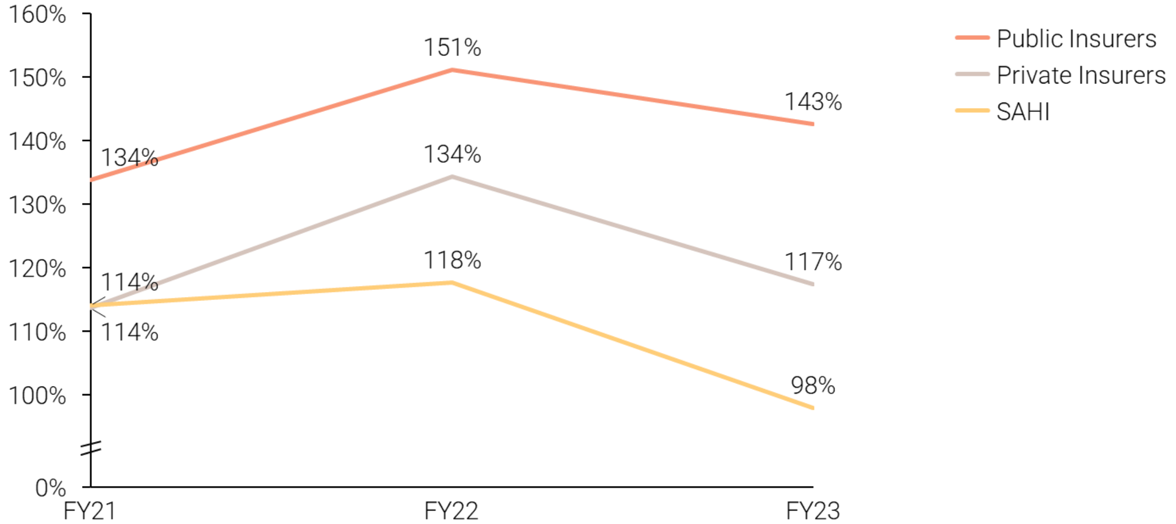


Exhibit 35 c

Combined Ratios – by insurers

%, FY21-23



Note(s): (1) Private Insurers include companies that represent ~90% of the market by gross premium; all Public Insurers and SAHIs are considered (2) Expense ratio for players is calculated by considering EOM (Expenses of Management) and Net commission paid as a percentage of total NWP, (3) Combined Ratio = Claims Ratio + Expense Ratio (4) Data unavailable for Health-specific ratios for Non-life Private and Public Insurers prior to FY21 (5) Health insurance data excludes overseas medical insurance and personal accident (5) Ratios have been rounded off to the nearest whole numbers
Source(s): IRDAI, Public disclosures, Redseer analysis

ii. SAHIs have higher underwriting balance ratio than Private and Public insurers in FY23

SAHIs improved their underwriting balance ratio from (29)% in FY21 to (4)% to FY23. This is due to their focus on Retail insurance which typically has lower underwriting risk compared to Group insurance. A positive underwriting balance ratio suggests the profitability of an insurer's underwriting practices, meaning that the premiums collected from policyholders exceed the claims and expenses incurred in underwriting. Therefore, SAHIs having a high underwriting balance ratio indicates their ability to effectively manage risks and generate profits in the health insurance sector.

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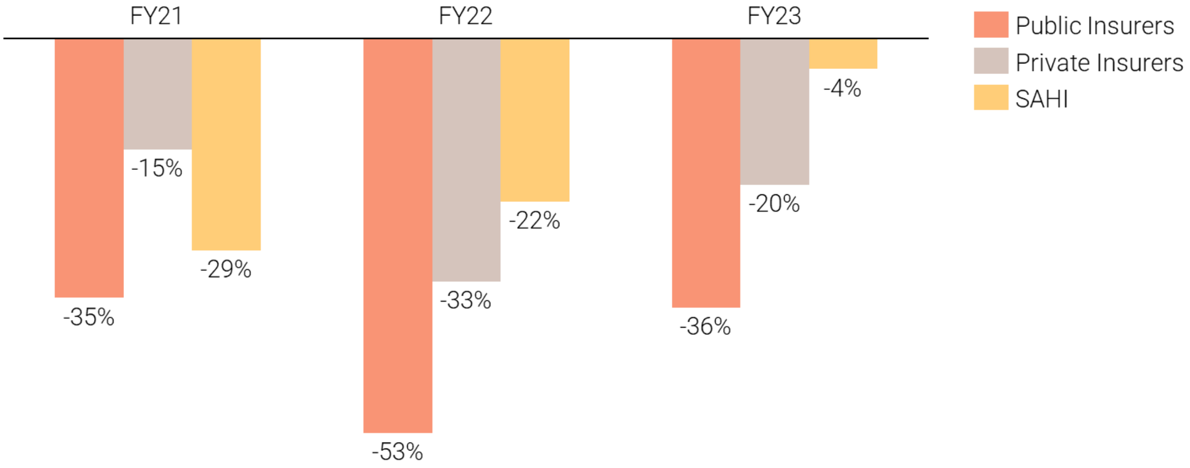
Exhibit 36 a

Underwriting Balance Ratio – by insurers
FY18, 21, 23



Note(s): (1) Private Insurers include companies that represent ~90% of the market by Gross premium; all Public Insurers and SAHIs are considered (2) Data unavailable for Health-specific ratios for Non-life Private and Public Insurers prior to FY21 (3) Health insurance data excludes overseas medical insurance and personal accident
Source(s): Public disclosures, Redseer analysis

iii. SAHIs demonstrate higher renewals than Private insurers

Retail customers typically remain loyal to a single insurer over a lifetime. Therefore, high renewal rates are crucial for long-term success and serve as a key indicator of quality of service. High renewal rates also keep the cost of customer acquisition low. Agents play a pivotal role here by maintaining personal connections with customers. This is visible in the higher renewal rates of SAHIs in comparison to Private insurers as they are more reliant on Individual Agents for premium accretion.

Exhibit 36 b
Renewal rate– By insurer

Insurer Type	Retail health renewal rate (FY22-23)
SAHIs	85-90%
Private Insurers	80-85%

Note(s): (1) Renewal rate is calculated based on renewal premiums paid in the current year to total premium paid for last year
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis and estimates

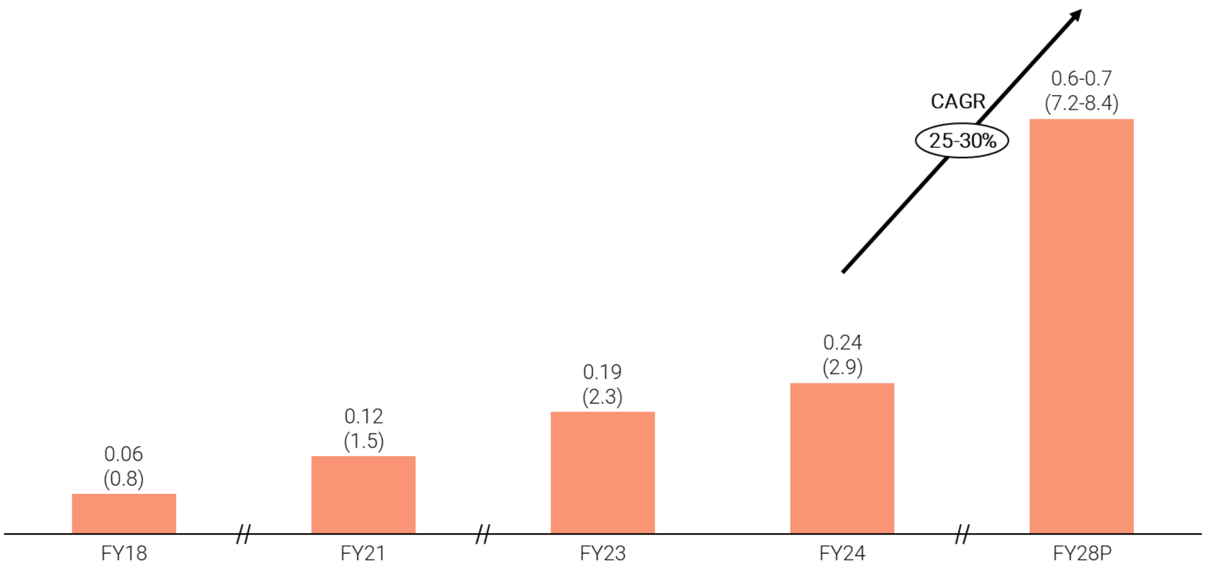
3.3 SAHIs are expected to show high growth over next 6 years

i. SAHIs are expected to reach ~2.5-3x of their current GDPI by FY28

SAHIs GDPI has already quadrupled in last 6 years and is expected to reach INR 0.6-0.7 Tn (USD 7.2-8.4 Bn) growing at a CAGR of 25-30% from FY24 to FY28. Their focus on health products allows for innovation and a wider range of offerings. Additionally, increased focus on tier II+ markets (cities/areas with population below 2 million), tie-ups with new Banca partners and stronger emphasis on digital sales will further add to the growth.

Exhibit 37

SAHIs – Retail GDPI
INR Tn (USD Bn), FY18, 21, 23, 24, 28P



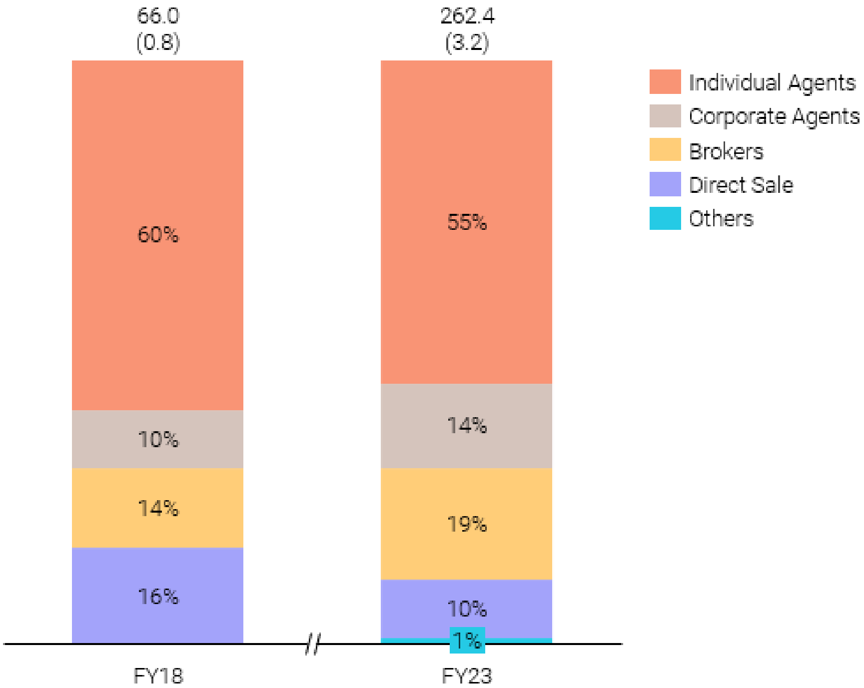
Note(s): (1) SAHIs retail health insurance data excludes overseas medical insurance and personal accident (2) P - Projected
Source(s): Segment-wise figures, General Insurance Council, Redseer analysis and estimates

ii. Contribution of Corporate Agents (Bancassurance + Others) led distribution is increasing

Over the years, SAHIs' distribution network has been dominated by Individual Agents and Direct Sale channels. The contribution of Individual Agents has decreased from 60% in FY18 to 55% in FY23. To tap into new customer segments, SAHIs are investing on alternative channels especially Corporate Agents and Brokers. The contribution of Corporate Agents increased from 10% to 14% from FY18-23, while that of Brokers increased from 14% to 19%.

Exhibit 38

Channel wise GDPI split - SAHIs
INR Tn (USD Bn), FY18, 23



Note(s): (1) This is calculated basis Overall GDPI of SAHIs, which includes overseas medical insurance and personal accident (2) Direct Sale includes both Online and Other than Online, (3) Others include Microinsurance Agents, Insurance Marketing Firms, Point of Sales, Common Service Centers
Source(s): Companies Public disclosure, Redseer analysis

iii. Average GDPI has increased for majority of channels

Average GDPI through Individual Agents is still growing, despite contributing the largest share to SAHIs GDPI. The average premium generated through the Direct Sale channel has grown fastest during the FY18-23 period.

Exhibit 39

SAHIs ATS – by channel
INR, FY 18, 21, 23

Channel	FY18	FY21	FY23	CAGR (FY18-23)
Individual Agents	11,503	13,168	16,066	7%
Corporate Agents	19,724	20,242	29,018	8%
Brokers	37,261	34,555	36,135	-1%
Direct Sale	12,521	19,634	21,743	12%

Note(s): (1) ATS has been calculated as GDPI through the channel divided by number of policies, (2) Corporate Agents includes Corporate Agents bank and Corporate Agents others;
Source(s): Companies Public disclosure, Redseer analysis

SAHIs have predominantly relied on Individual Agents as their primary sourcing channel. This is expected to remain so since these Agents tend to provide superior customer service and better claims experience for customers. However, channels like Corporate Agents, Brokers and Direct Sale will also drive the growth. These channels realize lower claims ratios as compared to Individual Agents, thereby contributing to the profitability of the business. By leveraging these channels, SAHIs can tap into a fresh customer base as well. Open architecture will further boost the Corporate Agents channel as they can now be associated with multiple SAHIs, expanding their business potential.

Notably, major banking institutions such as HDFC Bank and Axis Bank play a pivotal role as Corporate Agents. HDFC Bank, India's largest private sector bank, and Axis Bank, the fourth largest private sector bank, each based on total assets as of March 31, 2024, have the potential to drive substantial growth for SAHIs through their extensive networks and customer bases. Similarly, Bajaj Finance, India's largest non-banking financial company (NBFC) as of March 31 2024, based on total assets, can contribute to this growth by facilitating a wider reach and access to new markets through its extensive distribution network and penetration in tier II+ markets (cities/areas with population below 2 million).

Chapter 4: Competitive Benchmarking

We have analyzed the performance of five Standalone Health Insurers, the top four Private insurers and the top two Public Insurers by Gross Direct Premium Income (GDPI) in Retail health insurance. All these players together represent about 84.65% of the Retail health market GDPI and about 71.00% of the Overall Health GDPI for FY24.

SAHIs	Private Insurers	Public Insurers
Aditya Birla Health Insurance Co. Ltd.	Bajaj Allianz General Insurance Co. Ltd.	National Insurance Co. Ltd.
Care Health Insurance Ltd.	HDFC Ergo General Insurance Co. Ltd.	The New India Assurance Co. Ltd.
Manipal Cigna Health Insurance Co. Ltd.	ICICI Lombard General Insurance Co. Ltd.	
Niva Bupa Health Insurance Co. Ltd.	TATA AIG General Insurance Co. Ltd.	
Star Health and Allied Insurance Co. Ltd.		

Note(s): (1) Going forward in this chapter, these companies are referred to as – Aditya Birla, Care Health, Manipal Cigna, Niva Bupa, Star Health, Bajaj Allianz, HDFC Ergo, ICICI Lombard, Tata AIG, National Insurance, The New India Assurance; (2) Narayana Health and Galaxy Health are 2 new SAHI that have received their license in 2024 but have not been considered in this analysis

i. Niva Bupa growth in overall health GDPI from FY23 to FY24 is almost double of the industry average

The New India Assurance is the largest company in the health insurance sector with INR 183.14 Bn GDPI in FY24, followed by Star Health with INR 150.34 Bn GDPI in FY24. In FY24, Niva Bupa posted a growth of 41.37% from FY2022 to FY2024, one of the highest growths amongst SAHIs, second only to Aditya Birla at 47.59%. This resulted in an increase in the market share of Niva Bupa from FY23 to FY24 by 0.65 percentage points. Niva Bupa is India's 3rd largest and 2nd fastest growing SAHI based on Overall Health GDPI of INR 54.94 Bn in Fiscal 2024, which grew at a CAGR of 41.37% from Fiscal 2022 to 2024. Also, Niva Bupa growth in overall health GDPI from Fiscal 2022 to Fiscal 2024 of 41.37% is one of the highest growths among SAHIs, and is almost double of the industry's average, which increased by 21.42% from Fiscal 2022 to Fiscal 2024.

Exhibit 40

GDPI – Health
INR Bn, FY22-FY24

	Overall Health GDPI (INR Bn)				Overall Health Market Share			
	FY22	FY23	FY24	Growth % FY22 - FY24	FY22	FY23	FY24	Incremental Market Share FY23-FY24 (pp)
The New India Assurance	144.29	166.79	183.14	12.66%	19.73%	18.60%	16.99%	(1.61)
Star Health	112.94	127.55	150.34	15.38%	15.44%	14.22%	13.95%	(0.27)
National Insurance	58.40	69.62	69.91	9.41%	7.99%	7.76%	6.48%	(1.28)
Care Health	34.26	46.98	65.46	38.23%	4.68%	5.24%	6.07%	0.83
Bajaj Allianz	31.09	29.79	65.24	44.86%	4.25%	3.32%	6.05%	2.73
ICICI Lombard	34.87	47.82	61.71	33.03%	4.77%	5.33%	5.72%	0.39
HDFC Ergo	43.27	50.90	59.42	17.18%	5.92%	5.68%	5.51%	(0.16)

Niva Bupa	27.49	39.87	54.94	41.37%	3.76%	4.45%	5.10%	0.65
Aditya Birla	15.82	25.57	34.47	47.59%	2.16%	2.85%	3.20%	0.35
Tata AIG	14.32	20.72	25.72	34.00%	1.96%	2.31%	2.39%	0.08
Manipal Cigna	9.69	13.27	16.56	30.73%	1.33%	1.48%	1.54%	0.06
Industry Total	**731.23**	**896.96**	**1,077.98**	**21.42%**				

Note(s): (1) Overall health market share is calculated as the GDPI for each company divided by the overall health GDPI for the industry (2) We have considered Overall health insurance GDPI of all companies and it excludes personal accident insurance and overseas medical insurance, (3) Sorted by FY24 - Overall Health GDPI
Source(s): GIC Segment-wise Report, Company public disclosures, Redseer analysis

ii. Niva Bupa is the fourth largest player in FY24 by Retail health insurance GDPI

Within Retail health insurance, SAHIs account for 56.01% of the market in FY24. Niva Bupa is the fourth largest player overall with a market share of 9.10% in FY24. Niva Bupa also witnessed one of the highest increments of 0.72 percentage points in Retail health market share from FY23 to FY24, second only to Care Health which increased its market share by 1.72 percentage points. In FY24, Star Health is the largest player accounting for 33.06% of the Retail health insurance market share followed by Care Health 9.42%. Niva Bupa had a market share in the Indian Standalone Retail health insurance market of 7.02%, 8.38% and 9.10% for the years ended 31 March 2022, 2023, and 2024 based on Retail health GDPI of INR 21.57 Bn, INR 29.70 Bn and INR 38.40 Bn respectively. Niva Bupa's has consistently narrowed the gap in scale from the larger competitors, while widening the gap in scale from its small competitors in India from Fiscal 2022 to Fiscal 2024 in terms of Retail health GDPI. Niva Bupa had a market share in the Indian SAHI market of 16.24%, 15.58% and 13.87% for Fiscals 2024, 2023, and 2022 respectively based on Retail health GDPI.

Exhibit 41

GDPI – Retail health
INR Bn, FY22-FY24

	Retail health GDPI (INR Bn)				Retail health Market share			
	FY22	FY23	FY24	Growth % FY22 – FY24	FY22	FY23	FY24	Incremental Market Share (pp)
Star Health	101.29	119.50	139.51	17.36%	32.95%	33.73%	33.06%	-0.67%
Care Health	21.70	27.28	39.74	35.31%	7.06%	7.70%	9.42%	1.72%
HDFC Ergo	30.76	34.40	39.64	13.52%	10.01%	9.71%	9.39%	-0.32%
Niva Bupa	21.57	29.70	38.40	33.41%	7.02%	8.38%	9.10%	0.72%
The New India Assurance	26.84	26.97	30.99	7.46%	8.73%	7.61%	7.34%	-0.27%
National Insurance	22.28	21.85	23.33	2.33%	7.25%	6.17%	5.53%	-0.64%
ICICI Lombard	8.86	10.37	12.45	18.52%	2.88%	2.93%	2.95%	0.02%
Aditya Birla	6.80	8.35	11.27	28.75%	2.21%	2.36%	2.67%	0.31%
Bajaj Allianz	8.36	8.90	9.90	8.79%	2.72%	2.51%	2.35%	-0.17%
Tata AIG	4.89	6.76	8.77	33.92%	1.59%	1.91%	2.08%	0.17%
Manipal Cigna	4.64	5.79	7.46	26.85%	1.51%	1.63%	1.77%	0.13%
Industry Total	**307.38**	**354.30**	**422.00**	**17.17%**				

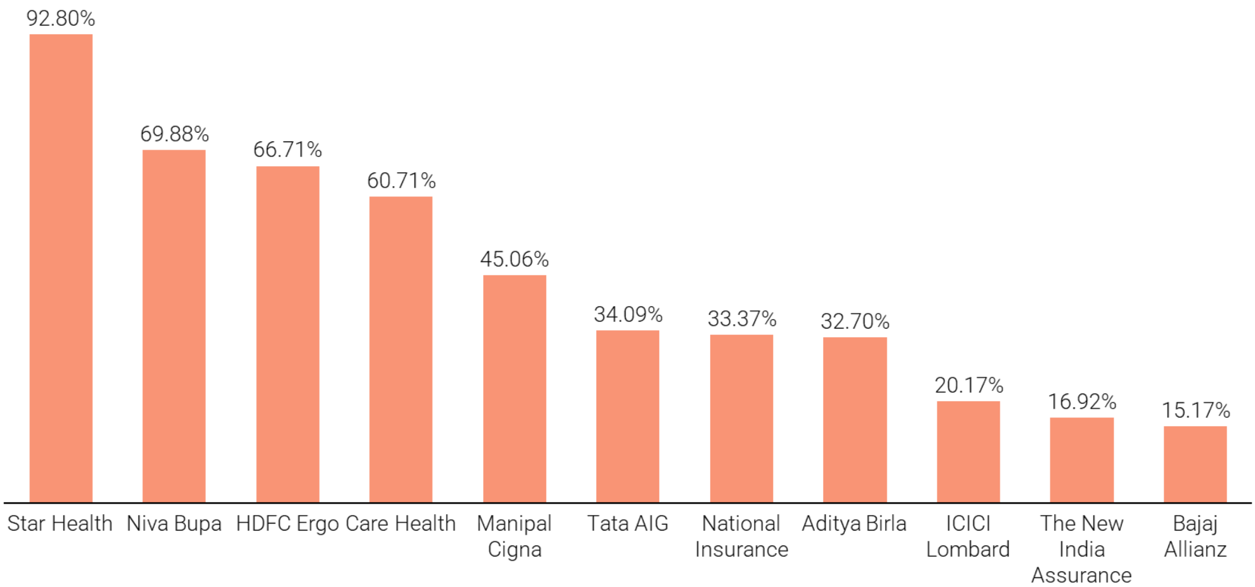
Note(s): (1) Retail health market share is calculated as the GDPI for each company divided by the retail health GDPI for the industry (2) We have considered Retail health insurance GDPI of all companies and it excludes personal accident insurance and overseas medical insurance, (3) Sorted by FY24 - Retail health GDPI

Source(s): GIC Segment-wise Report, Company public disclosures, Redseer analysis

Niva Bupa is one of India's largest and fastest growing SAHI based on overall health GDPI of ₹54,944.28 million in Fiscal 2024. From Fiscal 2022 to Fiscal 2024, Niva Bupa's overall GDPI grew at a CAGR of 41.27% and their GDPI from retail health grew at a CAGR of 33.41%. Meanwhile Niva Bupa's overall health GDPI grew at a CAGR of 41.37% from Fiscal 2022 to Fiscal 2024. In FY24, Niva Bupa ranks second in terms of Retail health GDPI as a percentage of Health GDPI, as well as in Retail health GDPI growth. Niva Bupa's retail health GDPI accretion market share which is calculated as the incremental retail health GDPI divided by incremental retail health GDPI for industry is 12.85%, 17.31% and 18.22% for Fiscals 2024, 2023 and 2022 respectively.

Exhibit 42a

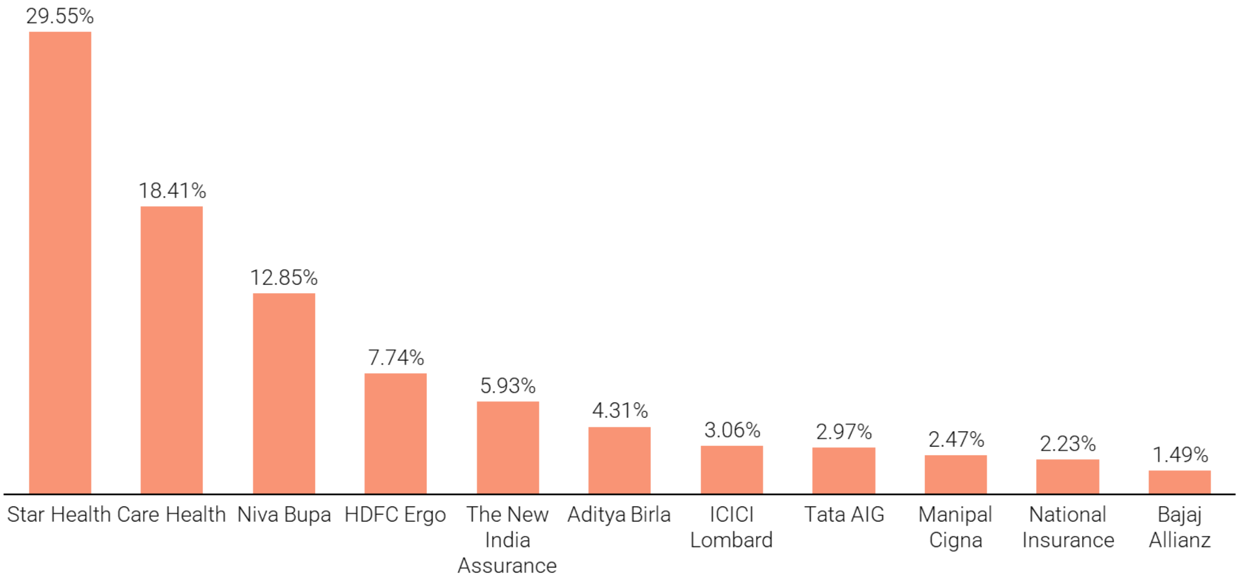
Retail health GDPI as % of Overall Health GDPI
FY24



Note(s): (1) Retail health GDPI as a % of overall health GDPI has been calculated as retail health GDPI divided by overall health GDPI of the company (2) We have considered Overall and Retail health insurance GDPI of all companies and it excludes personal accident insurance and overseas medical insurance
Source(s): Company public disclosures, Redseer analysis

Exhibit 42b

Market share accretion – Retail health
%, FY23-24



Note(s): (1) Market share accretion calculated as incremental retail health GDPI of the company divided by the incremental retail health GDPI of the industry, (2) We have considered Retail health insurance GDPI of all companies and it excludes personal accident insurance and overseas medical insurance.
Source(s): Company public disclosures, Redseer analysis

iii. In terms of lives insured under Retail health insurance, Niva Bupa saw the largest growth from FY22 to FY23

Public insurers dominate the market by number of active lives insured in the Health insurance market as of FY23. However, in the Retail health insurance market, Star Health is the largest player in the market in terms of numbers of lives insured followed by HDFC Ergo and Niva Bupa. Niva Bupa saw the largest growth in the number of lives insured in Retail health, rising from 3.09 Mn to 4.06 Mn from FY22 to FY23, marking a growth of 31.56%.

Exhibit 43

# of active lives insured – Overall health and Retail health
In Mn, FY 22-24

# of lives insured (in Mn)	Overall health				Retail health			
	FY22	FY23	FY24	Growth % from FY22 to FY23	FY22	FY23	FY24	Growth % from FY22 to FY23
Star Health	20.99	20.41	NA	-2.8%	17.41	18.72	NA	7.52%
HDFC Ergo	8.79	10.89	NA	23.9%	4.88	4.39	NA	-9.94%
Niva Bupa	6.78	9.49	NA	39.9%	3.09	4.06	NA	31.56%
The New India Assurance	92.55	89.33	NA	-3.5%	4.11	3.91	NA	-4.91%
Care Health	13.51	19.46	NA	44.0%	3.06	3.49	NA	14.03%
National Insurance	48.30	50.49	NA	4.5%	3.08	2.79	NA	-9.35%
ICICI Lombard	16.36	19.86	NA	21.4%	1.71	1.70	NA	-0.60%
BajajAllianz	24.57	7.93	NA	-67.7%	1.52	1.37	NA	-10.14%
Aditya Birla	20.66	11.34	NA	-45.1%	2.21	1.03	NA	-53.34%
Tata AIG	4.43	5.80	NA	30.9%	0.70	0.81	NA	15.67%

ManipalCigna	7.10	12.53	NA	76.4%	0.75	0.78	NA	4.15%

Note(s): (1) Active lives insured refers to total number of individuals who are covered under policies as at the relevant Fiscal (2) We have considered active lives insured under Overall health insurance of all companies and it excludes personal accident insurance and overseas medical insurance, (3) Sorted by FY23 - Retail health lives insured (4) NA – Not available
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Redseer analysis

iv. Agents (Individual and Corporate) and Brokers are the primary channels for sourcing business among SAHIs

Individual Agents, Corporate Agents, and Brokers serve as the primary sourcing channels for approximately 80% of business for SAHIs in FY24. Star Health relies primarily on Individual Agents for its business. Meanwhile, for Niva Bupa, Individual Agents, followed by Corporate Agents and Brokers, constitute the three largest sourcing channels, contributing to 86.36% of health GDPI in FY24. Niva Bupa has a diversified channel mix with Corporate Agents (Banks and others), Individual Agents, and Broker channels contributing 27.25%, 32.07% and 27.04% respectively of their business by GDPI for Fiscal 2024 as compared to over 50% contribution of Individual Agents channel to the overall SAHIs GDPI in Fiscal 2024.

Average ticket size per policy sold through Niva Bupa's agency channel (Individual Agents) is the highest among SAHI peers at INR 22,895.43 per policy in Fiscal 2023, and at INR 25,028.35 per policy in Fiscal 2024, signifying enhanced ability of its agency channel to capture the mass affluent customer segment.

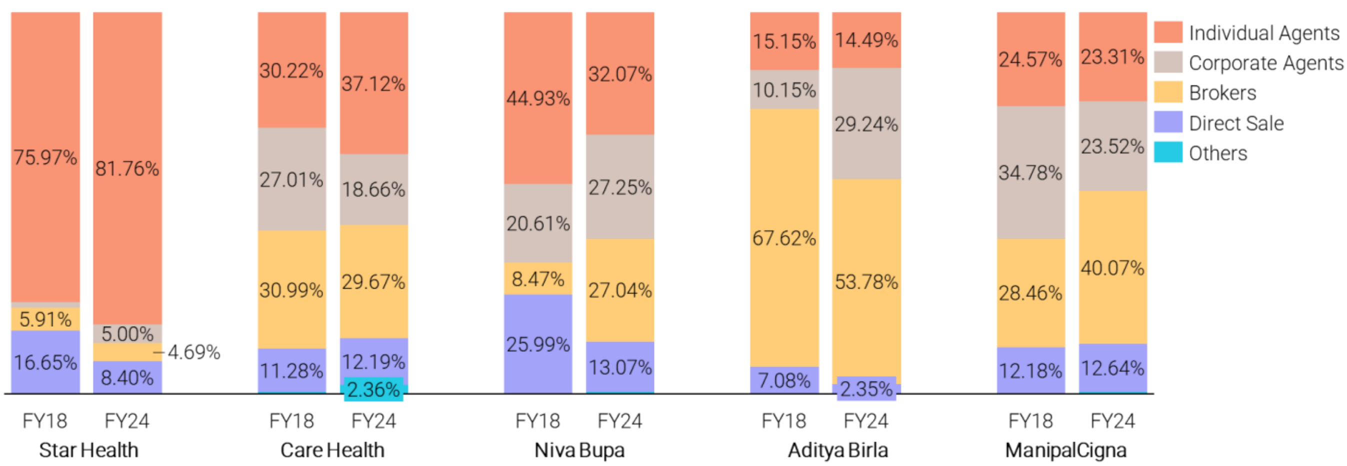
Niva Bupa's overall direct sales channel is the highest among SAHIs in terms of total health GDPI contribution in Fiscal 2024, highlighting the strength of their in-house sales capabilities through its website, "Niva Bupa Health" mobile application and sales team.

In addition, Niva Bupa has the highest share of directly sourced GDPI among all SAHIs in India for Fiscal 2024.

Additionally, Niva Bupa is the largest selling non-life insurer on India's largest online insurance broker/web aggregator – Policybazaar.com – basis insurance commission paid by insurers to the insurance broker/web aggregator.

Exhibit 44

Channel wise GDPI split- SAHI
%, FY18-24



Note(s): (1) Channel-wise GDPI split calculated as GDPI sourced by the channel divided by total GDPI (2) Health insurance GDPI includes personal accident insurance and overseas medical insurance; (3) Corporate Agents includes both: (a) Corporate Agents banks (b) Corporate Agents others; (4) Others include Web Aggregators, Microinsurance Agents, Insurance Marketing Firms, Point of Sales & Common Service Centers (5) Data points of <2% have been removed for better visualization
Source(s): Company public disclosures, Redseer analysis

v. Among SAHIs, Niva Bupa saw the largest growth in number of Individual Agents in FY23

Star Health boasts the largest number of Individual Agents at 700.72k at the end of FY2024, followed by Care Health with 280.31k Individual Agents. Niva Bupa demonstrated the largest growth in Individual Agents from 103.82k to 145.39k from FY22 to FY23, having grown year-on-year at 40.04%. Niva Bupa also had the second highest growth in number of Individual Agents compared to other SAHI peers as of Dec'31 2023, compared to from Dec'31 2022. In Fiscal 2022 to 2023, Niva Bupa has maintained the highest ATS in industry for policies sold through its agency channel.

Exhibit 45

# of Individual Agents
In 000s, FY22-24

SAHI (in 000's)	FY22	FY23	FY24	Growth % FY22-FY23	Growth % FY22 - FY24
Star Health	549.50	625.86	700.72	13.90%	12.92%
Care Health	197.81	239.90	280.31	21.28%	19.04%
Niva Bupa	103.82	145.39	143.07	40.04%	17.40%
Aditya Birla	62.97	87.90	112.12	39.59%	33.43%
Manipal Cigna	49.50	59.25	69.35	19.70%	18.37%

Note(s): (1) Sorted by FY24 - # of Individual Agents (2) NA – Not available
Source(s): Company public disclosures, Redseer analysis

vi. SAHIs and Private insurers have a larger network of hospitals and have more new approved products compared to public insurers

SAHIs and Private insurers have over 7000 network hospitals with cashless facilities and seamless reimbursement procedures. On the other hand, Public insurers have less than 4000 network hospitals. As of FY24, Niva Bupa has one of the largest networks of hospitals with over 10,000 hospitals providing cashless treatment, following only Star Health having a larger network of 14000+ hospitals. Network hospitals facilitate cashless claims which alleviates the financial burden on customers without requiring them to make any upfront payments and streamlines the claims process, thereby presenting a more attractive claims settlement method compared to the reimbursement claims process. Additionally, Niva Bupa has received approval for 21 new products in FY22 & FY23, second only to Star Health amongst SAHIs.

Niva Bupa has delivered many "industry-firsts" in terms of product innovation in the Indian health insurance industry. Niva Bupa's "Reassure" and "Reassure 2.0" products are one of the leading products on the market with unique industry-first features like 2 Hours Hospitalization (where all hospitalizations for 2 or more hours are covered), Lock the Clock (where the age of a person for premium calculation purposes is locked/fixed at the entry age until the time a claim is paid), Booster Benefit (to double the base sum insured in 2 claim-free years), Reassure

Forever (where the base sum insured can be carried forward after renewal and customers are entitled to two times sum insured post claim payment without any additional costs), and Extended Family First (provides the ability to add up to 19 extended family relations to the coverage plan). The "ReAssure Benefit" feature is the first of its kind in India in terms of offering unlimited reinstatement/refill of sum insured in a policy year. Also, Niva Bupa's Aspire product aims to target Millennials (26-40 years old) & Generation Z (18-25 years old) and contains several industry-first features such as M-iracle (coverage of expenses around maternity, IVF, adoption, surrogacy, etc., with unutilized sum-insured carried forward up to 10X), Cash-bag (accumulated cash back on every claim free year) and Future Ready (guaranteed issuance & continuity of policy for future spouse), and their Senior First product contains industry-first features such as 2 Hours Hospitalization (where all hospitalizations for 2 or more hours are covered).

Exhibit 46

New products approved and # of Network Hospitals
FY22-24

	New health products approved				# of Network Hospitals[1], as of March'24
	FY22	FY23	FY24	FY22 + FY23	
Star Health	25	14	NA	39	14,000+
Niva Bupa	13	8	NA	21	10,000+
Aditya Birla	5	6	NA	11	10,000+
Tata AIG	6	26	NA	32	10,000+
HDFC Ergo	22	6	NA	28	9,900+
Care Health	6	7	NA	13	7,800+
Manipal Cigna	2	2	NA	4	8,500+
ICICI Lombard	31	7	NA	38	7,500+
Bajaj Allianz	21	19	NA	40	7,000+
The New India Assurance	4	5	NA	9	3,600+
National Insurance	2	15	NA	17	3,200+

Note(s): (1) Network Hospitals: Hospitals that have an agreement with an insurance company and provide cashless treatments to the policyholder, (2) Sorted by FY23 - # of network hospitals (3) NA – Not available
Source(s): IRDAI Annual Reports 2022-23 & 2021-22, Company disclosures wherever applicable and company websites otherwise, Redseer analysis

vii. SAHIs fare better than private and public insurers in paid claims within 3 months

Niva Bupa and Care Health have paid 100.00% of the accepted claims in FY24 within 3 months. Private and public insurers have paid out equal to or less than 99.16% of the accepted claims within 3 months.

And Niva Bupa also has the highest percentage of pre-authorized claims processed within 1 hour amongst all SAHIs. Niva Bupa was the first insurer in the industry to launch a national campaign on 30 minutes cashless claim processing and have continued to build capabilities that allow it to process claims in-house and digitally.

Exhibit 47a

% claims paid in "<3 Months" – Of total claims paid
%, FY23, FY24

Insurance Players	% claims paid in <3 Months (FY23)	% claims paid in <3 Months (FY24)
Niva Bupa	100.00%	100.00%
Care Health	100.00%	100.00%
ManipalCigna	99.96%	99.94%
Star Health	99.21%	99.93%
HDFC ERGO	98.60%	99.16%
ICICI Lombard	98.53%	98.30%
BajajAllianz	93.54%	97.60%
Aditya Birla	99.81%	97.22%
Tata AIG	95.46%	95.43%
The New India Assurance	90.73%	92.68%
National Insurance	91.31%	91.18%

Note(s): (1) % of claims paid in <=3 months of total clams paid is at an overall company level and not specifically for health insurance (2) % Claims paid is calculated based on total claims paid-out; (2) Sorted by FY24
Source(s): IRDAI "Handbook on Indian Insurance Statistics 2022-23", Company disclosures wherever applicable and company websites otherwise, Redseer analysis

Based on our assessment of claim settlement ratio, which represents the percentage of claims settled by the insurer out of the total claims received, Niva Bupa has delivered strong customer service metrics on claims with a claim settlement ratio of 91.93% and 90.53% for Fiscal 2024 and Fiscal 2023 respectively. In addition, 81.50% of pre-authorized cashless claims were approved in less than 30 minutes in Fiscal 2024.This indicates reliability and efficiency of the insurer and instills trust and confidence among policyholders.

Exhibit 47b

Claim settlement ratio – Overall Company
FY22-24

	FY22	FY23	FY24
Tata AIG	98.15%	86.29%	100.00%
The New India Assurance	99.75%	99.82%	99.90%
HDFC Ergo	95.64%	97.07%	97.94%
Bajaj Allianz	94.30%	93.67%	95.12%
Care Health	87.00%	90.03%	92.61%
Niva Bupa	90.78%	90.53%	91.93%
National Insurance	91.61%	90.61%	90.22%
Manipal Cigna	89.81%	90.16%	88.54%
ICICI Lombard	87.97%	90.65%	86.58%
Star Health	82.33%	80.07%	86.49%
Aditya Birla	73.65%	74.36%	75.02%

Note(s): (1) Claim settlement ratio is calculated using formula "Claim settlement ratio = Claims settled during the period/(Claims reported + Claims outstanding at the beginning of the period-Claims outstanding at the end of the period)" (2) Sorted by FY24
Source(s): Company disclosures, Redseer analysis

viii. Niva Bupa had lowest health claims ratio as well as a low combined ratio in FY23 for total health GDPI

The claims ratio represents the incurred losses as a percentage of earned premiums of an insurance company over a specific period. It is a reflection of the profitability and underwriting performance of an insurer. A lower claims ratio indicates that the insurer is effectively managing its claims and operating efficiently, while a higher claims ratio suggests that a larger portion of premiums is being paid out as claims, potentially impacting the insurer's profitability.

The health claims ratio for Niva Bupa was 64.00%, 54.60% and 59.43% in FY22, FY23 and FY24 respectively in the health insurance market. This is the lowest across all SAHIs as well as private and public insurers in FY22, FY23 and FY24.

Niva Bupa uses machine learning based algorithms and logistics regression models to identify fraudulent claims, and this has helped them drive higher success on fraud detection, and reduce investigation referrals, thereby minimizing impact on the customer experience. Its ML-based predictive model is deployed in the claims process to score and identify claims with a high likelihood of fraud and abuse. Such claims are automatically pushed to a separate processing queue for higher scrutiny including field investigations, thus enabling early intervention and fraud avoidance. These capabilities have collectively helped it achieve a health claims ratio of 59.43%, and 54.60% for Fiscals 2024 and 2023.

Exhibit 48

Claims Ratio – Health
FY22-24

	FY22	FY23	FY24	Improvement (FY22-24)
Niva Bupa	64.00%	54.60%	59.43%	-4.57%
Care Health	71.33%	57.97%	60.09%	-11.24%
ManipalCigna	77.07%	65.58%	64.41%	-12.66%
Star Health	87.30%	65.25%	66.81%	-20.49%
Aditya Birla	78.36%	71.29%	72.98%	-5.38%
ICICI Lombard	101.63%	83.06%	82.79%	-18.84%
Tata AIG	90.22%	79.75%	83.13%	-7.09%
HDFC Ergo	107.83%	85.40%	85.65%	-22.18%
BajajAllianz	96.88%	79.91%	88.85%	-8.03%
National Insurance	124.15%	102.48%	90.63%	-33.52%
The New India Assurance	124.05%	103.67%	106.67%	-17.38%

Note(s): (1) Claims Ratio= Net incurred claims/Net earned premium; (2) Claims ratio for health insurance of all companies excludes 2personal accident insurance and overseas medical insurance; (3) Sorted by FY24
Source(s): IRDAI, Company disclosures, Redseer analysis

At the overall company level across all segments in FY23, Niva Bupa has maintained a low claims ratio of 54.05%, second only to Care Health, which has a claims ratio of 53.82%. A similar trend emerges in FY24, with Niva Bupa ranked second in claims ratio at 59.02%.

Exhibit 49

Claims Ratio – Overall company
FY22-24

	FY22	FY23	FY24	Improvement (FY22-24)

Care Health	65.07%	53.82%	57.69%	-7.37%
Niva Bupa	62.12%	54.05%	59.02%	-3.09%
ManipalCigna	76.17%	64.66%	63.78%	-12.39%
Star Health	87.06%	65.00%	66.47%	-20.59%
Aditya Birla	69.56%	64.68%	68.31%	-1.25%
ICICI Lombard	75.06%	72.36%	70.79%	-4.27%
Tata AIG	75.01%	73.60%	71.43%	-3.57%
BajajAllianz	72.96%	72.92%	73.80%	0.83%
HDFC Ergo	84.04%	79.94%	87.70%	3.66%
National Insurance	104.21%	100.85%	95.90%	-8.31%
The New India Assurance	99.46%	95.58%	97.36%	-2.11%

Note(s): (1) Claims Ratio= Net incurred claims/Net earned premium; (2) Sorted by FY24 (lowest to highest)
Source(s): IRDAI, Company disclosures, Redseer analysis

New India Assurance had the lowest expense ratio for health segment at 18.34% in FY23 followed by HDFC Ergo at 22.17%. In FY22, Niva Bupa recorded the lowest health combined ratio of 109.20% across all SAHI, private, and public peers. The health combined ratios of Niva Bupa for FY23 and FY24 were 97.60% and 99.36% respectively, closely behind Care Health and Star Health in both years.

During FY22, insurers faced elevated health Combined ratios due to the impact of COVID-19, and despite that, Niva Bupa was able to maintain the lowest combined ratio for the health segment. Niva Bupa demonstrated one of highest improvements in expense ratio for the health segment from Fiscal 2022 to Fiscal 2024, with improvement of 5.28%, trailing Aditya Birla at 15.68%, BajajAllianz at 8.38%, and ManipalCigna at 6.90% improvement over the same period.

Niva Bupa demonstrated one of highest improvements in expense ratio for the health segment from Fiscal 2022 to Fiscal 2024, with improvement of 5.28% as compared to an improvement in expense ratio of 0.96% of private peers and increase in expense ratio by 0.19% of public peers.

Exhibit 50

Expense and Combined Ratios – Health

FY22-24

	Expense Ratio				Combined Ratio			
	FY22	FY23	FY24	Improvement (FY22-24)	FY22	FY23	FY24	Improvement (FY22-24)
Care Health	38.01%	38.06%	36.41%	-1.60%	109.34%	96.03%	96.50%	-12.84%
Star Health	30.75%	30.39%	30.18%	-0.57%	118.05%	95.64%	96.99%	-21.06%
Niva Bupa	45.20%	43.00%	39.93%	-5.28%	109.20%	97.60%	99.36%	-9.85%
BajajAllianz	25.81%	31.18%	17.43%	-8.38%	122.69%	111.10%	106.28%	-16.42%
HDFC Ergo	22.13%	22.17%	21.92%	-0.20%	129.96%	107.57%	107.57%	-22.39%
ICICI Lombard	28.28%	24.63%	24.95%	-3.33%	129.90%	107.69%	107.73%	-22.17%
ManipalCigna	53.31%	50.33%	46.41%	-6.90%	130.39%	115.91%	110.82%	-19.57%
Aditya Birla	56.27%	44.79%	40.59%	-15.68%	134.62%	116.08%	113.57%	-21.06%
Tata AIG	25.97%	38.44%	34.05%	8.08%	116.19%	118.19%	117.18%	0.99%

National Insurance	28.44%	41.04%	27.92%	-0.52%	152.59%	143.51%	118.55%	-34.04%
The New India Assurance	18.68%	18.34%	19.57%	0.89%	142.73%	122.01%	126.25%	-16.49%

Note(s): (1) Expense Ratio= Expense of Management/Net Written Premium; (2) Combined Ratio= Claims ratio + Expense ratio (3) Expense and Combined ratios for health insurance of all companies exclude personal accident insurance and overseas medical insurance; (4) Sorted by FY24 (lowest to highest) – Combined ratio
Source(s): Company public disclosures, Redseer analysis

At the overall company level across all segments, Niva Bupa demonstrates robust combined ratios of 97.13% and 98.76% in FY23 and FY24 respectively, ranked third behind Care Health and Star Health in both the years.

Exhibit 51

Expense and Combined Ratios – Overall company
FY22-24

	Expense Ratio				Combined Ratio			
	FY22	FY23	FY24	Improvement (FY22-24)	FY22	FY23	FY24	Improvement (FY22-24)
Care Health	38.24%	38.45%	37.16%	-1.07%	103.31%	92.27%	94.86%	-8.45%
Star Health	30.81%	30.33%	30.20%	-0.61%	117.87%	95.33%	96.67%	-21.21%
Niva Bupa	45.29%	43.07%	39.74%	-5.55%	107.41%	97.13%	98.76%	-8.64%
BajajAllianz	26.67%	27.58%	26.06%	-0.61%	99.64%	100.50%	99.85%	0.22%
ICICI Lombard	33.76%	32.09%	32.52%	-1.24%	108.82%	104.45%	103.30%	-5.52%
Tata AIG	32.85%	35.91%	37.86%	5.01%	107.86%	109.51%	109.29%	1.43%
Aditya Birla	56.76%	44.95%	41.68%	-15.08%	126.32%	109.63%	109.99%	-16.34%
ManipalCigna	53.35%	50.48%	46.62%	-6.74%	129.52%	115.15%	110.40%	-19.12%
HDFC Ergo	23.43%	23.35%	24.43%	1.00%	107.48%	103.29%	112.14%	4.66%
The New India Assurance	21.19%	21.57%	23.51%	2.32%	120.66%	117.15%	120.87%	0.21%
National Insurance	29.95%	44.61%	31.01%	1.06%	134.16%	145.46%	126.92%	-7.25%

Note(s): (1) Expense Ratio= Expense of Management/Net Written Premium; (2) Combined Ratio= Claims ratio + Expense ratio (3) Sorted by FY24 (lowest to highest) – Combined ratio
Source(s): Company public disclosures, Redseer analysis

ix. Underwriting balance ratio for majority insurers is negative

Niva Bupa's underwriting balance ratio of -6.00% in FY23 is behind Star Health and Care Health. A positive underwriting balance ratio indicates that the insurer's underwriting practices are profitable, meaning that the premiums collected are sufficient to cover the claims and expenses associated with underwriting practices.

Exhibit 52

Underwriting Balance Ratio – Health
FY22-24

	FY22	FY23	FY24
Care Health	-12.00%	-4.00%	2.00%
Star Health	-21.23%	1.51%	0.40%
Niva Bupa	-20.00%	-6.00%	-6.00%
HDFC Ergo	-32.00%	-11.00%	-9.00%
BajajAllianz	-23.30%	-14.20%	-9.30%
ICICI Lombard	-34.00%	-11.00%	-12.00%
ManipalCigna	-37.40%	-24.00%	-16.00%
Aditya Birla	-43.00%	-27.00%	-19.00%
National Insurance	-53.00%	-44.00%	-19.00%
Tata AIG	-23.00%	-25.00%	-24.00%
The New India Assurance	-45.00%	-23.00%	-27.00%

Note(s): (1) Underwriting Balance Ratio = (Net earned premium – Net incurred claims – Net commission – Operating expenses – Premium deficiency)/Net earned premium, (2) Underwriting balance ratio for health insurance of all companies excludes personal accident insurance and overseas medical insurance; (3) Sorted by FY24
Source(s): Company public disclosures

x. Indian insurance companies see a rise in foreign investments

The insurance regulator, IRDAI, has set a policy that permits up to 74% foreign investment in Indian insurance companies. This significant level of foreign direct investment (FDI) is designed to attract international capital and expertise into the Indian insurance market. As a result of this policy, many non-life insurers and SAHIs have entered into partnerships with foreign entities. These collaborations are mutually beneficial as foreign partners bring much-needed capital, which enhances the financial stability and growth potential of Indian insurance firms. Additionally, they provide advanced expertise and best practices developed in more mature markets, which can improve the quality and efficiency of services offered by Indian insurers.

Niva Bupa with Bupa Singapore Holdings Pte. Ltd. and Bupa Investments Overseas Limited as promoters of Niva Bupa, is the only health insurance company in India majority controlled by a foreign global healthcare group. Established in 1947, Bupa is an international healthcare organisation serving over 50 million customers worldwide[1], as of 31 December 2023. With no shareholders, it reinvests profits into providing more and better healthcare for the benefit of current and future customers. Bupa offers health insurance, healthcare provision and aged services. It has businesses around the world but, principally, in the UK, Australia, Spain, Chile, Poland, New Zealand, Hong Kong SAR, Türkiye, Brazil, Mexico, India, the US, Middle East and Ireland. Bupa also has an associate business in Saudi Arabia.

Bupa's health insurance business accounts for a major part of Bupa's business. Bupa maintains a domestic health insurance presence in the UK, Australia, Spain, Chile, Hong Kong SAR, Türkiye, Mexico, India and Brazil, and via associate business in Saudi Arabia and offers international private medical insurance to customers across the world through Bupa Global.

1. Customer counting methodologies may vary between Bupa business units

Furthermore, Niva Bupa is also backed by Fettle Tone LLP, an entity controlled by True North Fund VI LLP.

Some of the other examples include:

- *Bajaj Allianz:* It is a partnership between Bajaj Finserv Limited and Allianz SE, Germany with the former holding 74% of the shares and the latter 26%. Allianz Group is one of the world's leading insurers and asset managers serving over 125 million private and corporate customers in nearly 70 countries.
- *Tata AIG:* It is a partnership between Tata Sons in India and American International Group (AIG) MEA Investments and Services, LLC. The former holds a share of 74% in Tata AIG while the latter holds the remaining 26%. AIG is a leading global insurance organization with a wide range of risk solutions across Group and Retail businesses.
- *ManipalCigna:* It is a joint venture between Manipal Education and & Medical Group (MEMG) and Cigna Corporation with the former holding 51% of SAHI and the latter 49%. The Cigna Group is an American multinational healthcare and insurance company with a primary focus on Group insurance products for medical and accident, dental, disability, life, etc.

xi. The implementation of a new accounting standard will improve comparability and transparency between insurers

IRDAI is working towards the adoption of new accounting standard, based on the principles of IFRS 17, ensuring alignment of financial statements for Indian insurers with global companies and their standards which has been notified to come into effect in April 1, 2025. New accounting standard implementation not only impacts the measurement of liabilities but also impacts the way liabilities are accounted for. These standards aim to improve transparency and understanding of insurers financial position, risk exposure, and profitability. It is also expected to enhance comparability between insurers, as well as increase the transparency around the drivers of performance and source of earnings.

Many private and public insurers, and among the SAHIs, only Star Health Insurance, follow the 1/365 day method of accounting UPR, where the UPR is determined on the basis of the number of days from the expiry of the financial year to the expiry date of the policy which assumes a uniform exposure of risk over the life of a contract, as compared to the 50% UPR method, which assumes that all risks are written uniformly throughout the year and the policy tenure is of one year with the UPR set as 50% of the GWP written in the last 12 months

Annexure

i. Other Metrics (AUM, PAT, Underwriting Profit)

INR Bn, FY22-24

	AUM (INR Bn)				PAT (INR Bn)			Underwriting Profit (INR Bn)		
	FY22	FY23	FY24	CAGR FY22-24	FY22	FY23	FY24	FY22	FY23	FY24
ICICI Lombard	387.86	431.80	489.07	12.29%	12.71	17.29	19.19	-5.30	0.10	NA
Bajaj Allianz	242.28	270.02	301.68	11.59%	13.39	13.48	15.50	0.30	-1.80	NA
The New India Assurance	705.59	735.11	813.11	7.35%	1.64	10.55	11.29	-61.50	-53.80	NA
Star Health	113.73	133.92	154.91	16.71%	-10.41	6.19	8.45	-20.60	2.00	NA
Tata AIG	183.28	234.93	311.54	30.38%	4.54	5.53	6.85	-7.50	-12.60	NA
HDFC Ergo	183.97	222.44	257.62	18.34%	5.00	6.53	4.38	-5.70	-4.60	NA
Care Health	35.66	50.76	66.33	36.38%	0.12	2.46	3.05	-1.70	0.50	NA
Niva Bupa	24.01	33.66	54.58	50.77%	-1.97	0.12	0.82	-3.10	-5.10	NA
ManipalCigna	10.06	14.27	16.96	29.85%	-2.56	-2.01	-1.32	-3.00	-2.60	NA
Aditya Birla	15.26	29.54	33.07	47.23%	-3.11	-2.19	-1.83	-4.00	-3.60	NA
National Insurance	334.12	316.49	348.77	2.17%	-16.75	-38.65	-1.87	-41.30	-44.20	NA

Note(s): (1) AUM: Assets under Management has been sourced from NL-28 "Investment Assets", PAT: Profit after Tax has been sourced from NL-2, Underwriting profit has been sourced from Financial Highlights, General Insurance Council, (2) AUM, PAT and Underwriting Profit is calculated at the overall company level and is not available for health business in particular; (3) Sorted by FY24 – PAT (4) NA – Not available
Source(s): Company public disclosures

ii. Net Retention Ratio – Health

FY22-24

	FY22	FY23	FY24
HDFC Ergo	66.16%	67.88%	183.90%
ManipalCigna	94.80%	95.90%	96.00%
The New India Assurance	90.51%	88.90%	93.48%
Star Health	94.69%	95.42%	92.44%
National Insurance	88.66%	83.38%	91.51%
Tata AIG	87.00%	87.00%	87.00%
Care Health	76.00%	87.00%	86.00%
ICICI Lombard	85.00%	84.00%	84.00%

Niva Bupa	77.00%	78.00%	79.00%
Aditya Birla	77.00%	82.00%	78.00%
Bajaj Allianz	64.10%	72.90%	46.70%

Note(s): (1) Net retention ratio is calculated as Net written premium divided by Gross written premium; (2) Net retention ratio for health insurance of all companies excludes personal accident insurance and overseas medical insurance (3) Sorted by FY24
Source(s): Company public disclosures

iii. Premium Per Agent

INR '000s, FY22-24

	FY22	FY23	FY24
National Insurance	1022.57	933.10	924.89
The New India Assurance	890.12	857.45	879.56
Tata AIG	859.74	835.68	765.74
HDFC Ergo	205.73	237.74	643.29
ICICI Lombard	483.81	495.21	499.00
Bajaj Allianz	429.00	410.82	396.85
Star Health	166.16	170.40	177.99
Niva Bupa	100.94	100.91	125.71
Care Health	67.86	72.35	90.90
ManipalCigna	50.70	52.80	56.85
Aditya Birla	43.46	41.87	47.83

Note(s): (1) Premium per agent calculated as GDPI sourced through the Individual Agents channel divided by the # of Individual Agents (2) Premium per agent is calculated at an overall company level and not for health in particular; (3) Sorted by FY24
Source(s): Company public disclosures

iv. Solvency Ratio

FY22-24

	FY22	FY23	FY24
BajajAllianz	3.44	3.91	3.49
ICICI Lombard	2.46	2.51	2.62
Niva Bupa	1.72	1.67	2.55
Star Health	1.67	2.14	2.21
Tata AIG	1.97	1.94	2.09
The New India Assurance	1.66	1.87	1.81

Care Health	1.85	1.82	1.74
HDFC Ergo	1.64	1.81	1.68
Aditya Birla	1.77	2.63	1.67
ManipalCigna	1.68	1.56	1.66
National Insurance	0.63	-0.29	-0.45

Note(s): (1) Solvency ratio is calculated as Available solvency margin to required solvency margin ratio; (2) Solvency ratio is calculated at an overall company level and not available for health in particular; (3) Sorted by FY24
Source(s): Company public disclosures

v. Average Ticket Size (ATS) – Individual Agents

INR, FY22-24

SAHI	FY22	FY23	FY24
Manipal Cigna	17217.60	21191.00	25768.18
Niva Bupa	20645.86	22895.43	25028.35
Aditya Birla	15079.44	16703.66	21106.72
Care Health	16611.63	17683.66	19812.80
Star Health	14087.36	15095.24	16973.22

Note(s): (1) ATS is calculated as the premium divided by the number of policies sourced by the Individual Agents channel; (2) Channel-wise ATS is only available for SAHI players (3) ATS includes personal accident insurance and overseas medical insurance; (4) Sorted by FY24
Source(s): Company public disclosures, Redseer analysis

vi. Gross Yield %

FY22-24

	FY22	FY23	FY24
The New India Assurance	12.18%	17.64%	14.92%
National Insurance	9.26%	8.96%	11.15%
HDFC Ergo	7.30%	7.00%	8.80%
Tata AIG	7.85%	7.72%	8.08%
ICICI Lombard	7.97%	7.05%	7.74%
Star Health	8.25%	6.94%	7.66%
Aditya Birla	6.86%	6.85%	7.47%
Bajaj Allianz	7.57%	7.67%	7.38%
Niva Bupa	6.56%	6.70%	7.13%

Care Health	6.60%	6.75%	7.10%
Manipal Cigna	6.30%	6.33%	6.98%

Note(s): (1) Gross yield is calculated as total investment income divided by daily simple average of investments; (2) Gross yield is calculated at an overall company level and not available for health in particular; (3) Sorted by FY24
Source(s): Company public disclosures, Redseer analysis

Glossary:

- CAGR
  Compounded Annual Growth Rate.

- City Classification
  - Metros: Cities with a population exceeding 5 million (50 lakhs).
  - Tier I Cities: Cities with a population between 1 million (10 lakhs) and 5 million (50 lakhs).
  - Tier II Cities: Cities with a population between 1 million (10 lakhs) and 2 million (20 lakhs).
  - Tier III+ Cities: Cities with a population below 1 million (10 lakhs).

- Claims Ratio
  Claims Ratio is calculated as claims incurred (net) divided by premiums earned (net).

- Combined Ratio
  Sum of Claims Ratio and Expense Ratio. The Claims Ratio, Expense Ratio and Combined Ratio are the matrices used to measure the profitability of an insurance company.

- Common Service Centres (CSC)
  Physical facilities for delivering Government's e-Services to rural and remote locations where availability of computers and Internet was negligible. It is aimed at increasing insurance penetration in villages.

- Current Health Expenditure
  Current Health Expenditure constitutes only recurrent expenditures for healthcare purposes net all capital expenditures (as defined by the Ministry of Health & Family Welfare, GOI)

- DALY – Disability Adjusted Life Years
  DALYs measure the total burden of disease – both from years of life lost due to premature death and years lived with a disability. One DALY equals one lost year of healthy life

- Digital Public Infrastructure (DPI)
  Open technology blocks or platforms such as digital identification (Aadhaar), payment infrastructure (UPI), data exchange (E-KYC), etc. They form digital networks that enable digital transformation and enhance accessibility of all goods and services.

- E-KYC
  E-KYC refers to Electronic Know-Your-Client

- Estimated (E)
  Wherever the data for given timelines is estimated (and not actual) the timelines in the chart has been denoted as xxE (where xx stands for the year in question). E.g.: FY23E stands for estimated values of financial year 2023.

- Expense Ratio
  Expense Ratio is calculated as the sum of operating expenses related to insurance business and commission (net) divided by Net Premium .

- Financial Assets
  Financial assets include insurance, mutual funds, equity, provident fund, other fixed income instruments, etc.

- Fiscal or FY
  Fiscal or FY refers to a financial year ended March 31.

- Gross Direct Premium or GDPI
  Gross Direct Premium Income or GDPI refers to actual premium collected from selling insurance policies

- Gross Written Premium
  Gross Written Premium is sum of gross direct premium income and premium on reinsurance accepted.

- Group Health Insurance
  Group health insurance entails health insurance coverage to a group of individuals, typically employees of a company

- High-income Households
  High-income households refer to households with a combined annual income greater than INR 1.1 Mn or USD 13,250.

- Insurance density
  It is the ratio of gross direct premiums to the population of the country. It is premium per capita.

- Insurance penetration
  It is the ratio of gross direct premiums to nominal GDP (GDP at current prices) of the country.

- Insurtech
  It is a combination of insurance and technology solutions for enrolment, insurance claims processing, underwriting, policy administration, data insights, fraud detection and more.

- Lower middle-class Households
  Lower middle-class households refer to households with a combined annual household income between INR 0.3-0.8 Mn or USD 3,600-9,600.

- Low-income Households
  Low-income households refer to households with a combined annual household income lesser than INR 0.3 Mn or USD 3,600.

- Network Hospitals

Hospitals that have an agreement with an insurance company and provide cashless treatments to the policyholders

- Physical Assets
  Physical assets include gold, cash, and property

- POSP
  Point of Sale persons are individuals who can solicit and market certain pre-underwritten insurance products as approved by IRDAI. They need not be extensively trained or insurance-knowledgeable like agents or brokers but can qualify to be agents of a few pre-underwritten products by giving an examination in-house by the intermediary or the insurer.

- Projected (P)
  Wherever the data for given timelines is projected (and not actual) the timelines in the chart has been denoted as xxP (where xx stands for the year in question). E.g.: FY28P stands for projected values of financial year 2028.

- Renewal Rate
  Renewal rate is the percentage of insurance customers who renew their health insurance policy in a subsequent year. It is calculated based on renewal premiums paid in the current year to total premium paid for last year

- Retail Health Insurance
  Retail health insurance entails health insurance coverage to individuals or families

- Retention Ratio
  Retention Ratio is the proportion of amount of premium retained to the amount of premium underwritten. It is computed as Net Premium divided by GWP

- Solvency Margin Requirement
  It is an excess of value of assets over the amount of liabilities of, not less than 50% of the amount of minimum capital as prescribed therein, with the level of minimum capital currently set at INR 1,000 million. Further, the control level of solvency is specified by IRDAI, which is the minimum solvency ratio of 1.50x, calculated as the ratio of assets to liabilities, with both calculated and valued in accordance with the Insurance Act, 1938 read with the IRDAI (Assets, Liabilities, and Solvency Margin of General Insurance business) Regulations, 2016

- Underwriting Balance Ratio
  Underwriting balance ratio is a measure that shows the percentage of premiums spent on underwriting expenses. It is calculated as (Net earned premium-Net incurred claims-Net commission-Operating Expenses-Premium Deficiency)/Net earned premium

- Upper Middle-class Households
  Upper middle-class households refer to households with a combined annual household income between INR 0.8 to 1.1 Mn or USD 9,600 to 13,250

- Urban Population

Urban population refers to the people living in Urban areas (units) in India. Urban unit (area) as defined by MHA, GOI includes all administrative units defined by statute as urban, all other places satisfy the following criteria – i) minimum population of 5,000 persons, ii) 75% and above of the male main working population being engaged in non-agricultural pursuits and, iii) density of population of at least 400 persons per sq. km

- USD
  United States Dollar, the currency used in the industry overview section for depicting various market sizes at the exchange rate of 1 USD = ₹83. Although the currency rates may fluctuate from the one assumed in the RedSeer Report, RedSeer has maintained a standard practice of keeping the said currency rate to keep consistency across their historic data.