February 10, 2025

Ref: NIVABUPA/EQ/2024-25/33

To,

National Stock Exchange of India Limited	BSE Limited
Exchange Plaza, C-1, Block G	Phiroze Jeejeebhoy Towers
Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	Dalal Street, Mumbai – 400 001
Symbol: NIVABUPA	Scrip Code: 544286

Sub: Transcript of the Earnings call conducted on February 04, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Para A of Part A of Schedule III, please find enclosed transcript of the Earnings call conducted on February 04, 2025.

The same is also available on the website of the Company at www.nivabupa.com.

Kindly take the same on records.

Thanking you,
For **Niva Bupa Health Insurance Company Limited**

RAJAT SHARMA
Digitally signed by RAJAT SHARMA
Date: 2025.02.10 12:48:14 +05'30'

Rajat Sharma
Company Secretary & Compliance Officer
Membership No. : F7069

"Niva Bupa Health Insurance Company Limited

Q3 FY '25 Earnings Conference Call"

February 04, 2025

MANAGEMENT:	**MR. KRISHNAN RAMACHANDRAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. VISHWANATH MAHENDRA – CHIEF FINANCIAL OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. ANKUR KHARBANDA – CHIEF DISTRIBUTION OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. BHABATOSH MISHRA – DIRECTOR-CLAIMS, UNDERWRITING AND PRODUCT – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. DHIRESH RUSTOGI – CHIEF TECHNOLOGY OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. VIKAS JAIN –CHIEF INVESTMENT OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED**
MODERATOR:	**MR. ANSUMAN DEB - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Earnings Conference Call of Niva Bupa Health Insurance Company Limited, hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star, then zero on your touchtone phone.

Also before we begin, we'd like to inform you that this conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as of the date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Ansuman Deb from ICICI Securities. Thank you, and over to you, sir.

Ansuman Deb: Thanks, Rayo. Good evening, ladies and gentlemen. On behalf of ICICI Securities, we welcome you all to the Q3 and nine-month FY '25 results conference call of Niva Bupa Health Insurance Company Limited.

We have with us the senior management of the company represented by Mr. Krishnan Ramachandran, MD and CEO; Mr. Vishwanath Mahendra, CFO; Mr. Ankur Kharbanda, Chief Distribution Officer; Mr. Bhabatosh Mishra, Director, Claims Underwriting and Product; Mr. Dhiresh Rustogi, Chief Technology Officer; and Mr. Vikas Jain, Chief Investment Officer.

I now hand over the call to Mr. Krishnan for his opening remarks, post which we will open the floor for Q&A. Over to you, sir.

Krishnan Ramachandran: Thank you, Ansuman, and a very, very warm welcome to all of you who are participating in this call, and thank you for making time for us this evening. To refresh memories, I thought it would be useful to summarize the six pillars of our strategy as Niva Bupa. Pillar one is building a granular, growth-oriented and profitable health insurance franchise.

Pillar two, being the health partner of choice for our customers. Pillar three, building a multichannel and diversified distribution with emphasis on digital sales. Pillar four, technology and analytics-driven business model.

Five, being disciplined about underwriting and claims management, underpinned by the considerable expertise that Bupa has accumulated over several decades as well as through multiple geographies. And last, but perhaps the most important, given how execution-intensive our business is, our focus on talent management and execution.

One headline comment I'd like to make about quarter 3 is that it has been a quarter where there's been a significant regulatory change. While the change is about accounting and therefore does not have a material bearing on economic value, it did mean that it was a transition quarter, especially as far as our distribution partners were concerned, who were used to a certain income stream and had done their own planning and budgeting basis, the accounting that was prevalent prior. So, in that sense, Q3 for the entire industry and indeed for us was a quarter for transition. And as we briefly discussed the last time, fundamentally from a business standpoint, I think the more important priority for us was to make sure that we navigate what this meant from a business standpoint.

And I would like to confirm that for the most part, we do believe the business fundamentals are unchanged as a result of this accounting transition. In terms of the value of the company, we'll get to that especially as we go through our financial statements. But again, I'd like to reiterate that there's been no fundamental change in terms of what the business means from an underlying value standpoint.

So with that broad-brushed view of a significant change in the quarter, I will sort of reflect on the quarter gone by in terms of GWP and profit on both bases so that you all can understand what it has meant for the company. So, if I looked at GWP on a like-to-like basis without making this change for the nine months gone by, we closed at INR5,011 crores, which is a growth rate of 30.2% over last year.

The same thing factoring in for the accounting change for nine months was INR4,683 crores, a growth rate of 21.7%. Our profit after tax on an IGAAP basis for the nine months that went by was INR7.4 crores. But importantly, and we have consistently reiterated that the right set of accounts that reflect the underlying economic value of our business is IFRS, transition of which for the industry is on the anvil.

So on an IFRS basis for the nine months gone by, our profit after tax was INR119.5 crores. In terms of the various elements of our strategy, our product mix is largely unchanged from the nine months of the prior year, about 67% retail and the balance being group, personal accident, and travel. There has been a marginal increase in the contribution of personal accident and travel in our book.

We continue to improve our market share. Our market share on retail health grew to 9.6% compared to 9% of the preceding nine months last year. During the quarter, we launched a product, a tiered network product, which is an important product launch in the sense that for the first time as a company, we are offering a trade-off to the consumer in terms of network choice. For most part, the basis of competition in the Indian market has been on the size of the network. With this product, we are giving customers the trade-off of a more affordable premium in return for choosing a more restricted network.

Early days yet, but I think an important product to widen penetration and our own growth, especially as we move down income segment. We continue to drive our 360 health and wellness proposition. We are now up to 7.2 million downloads of our customer app with a monthly active user base that has increased to 4.4 lakhs. And as I mentioned last time, we continue to see healthy volumes of health journeys that our customers as well as non-customers use our app for. So more than 30,000 health checkups a month through the app, more than 6,000 doctor consults that go through our app, and we continue to maintain high ratings on both Android as well as Play Store.

On NPS, again to refresh memories, we look at NPS across 35 pivotal customer touchpoints. Our NPS has improved in the nine months gone by from a whole year of 50 last year to 53 in the nine months gone by. And also importantly claims, which is the moment of truth in our business. We have improved our NPS in the nine months this financial year to 66, up from 63 last year.

We continue to diversify and deepen our distribution. We've added more than 9,000 agents in the quarter gone by, 11 partners in the banca corporate agency space, and 8 brokers. And we continue to have a very well diversified distribution mix as a company.

On technology, we continue to move the needle, a very, very high proportion of policy servicing, renewal, cashless claims as well as claims submitted digitally. So we continue to maintain higher standards enabled by technology and analytics.

On the entire value chain, one KPI I draw your attention to is we have moved the needle now to 28.6% of our cashless claims being auto-adjudicated without a human being reviewing the claim. This is the most ambitious journey we have been embarked on as a company, which is to solve auto-adjudication of claims in an environment where, to a very large extent, hospitals still deal with paper and digital files, not digitized files.

And our strategy of building out a preferred provider network, now we have the PPN present in 35 cities, covering about 455 hospitals. And about 14% of our claims in these cities go through the PPN network.

Lastly, I will close with a comment on talent, which is that for the fifth time in a row, we have been certified as a great place to work. We await our eventual rankings in the April-May timeframe. But in terms of the Trust Index score and the proportion of people who count Niva Bupa as a great place to work in our employee base, we continue to have a very, very high standing.

So that's a broad brush update on the execution of the company strategy. I'll hand over to Vishwanath, our CFO, for an update on our financial performance.

Vishwanath Mahendra: Thank you, sir. Good evening, everyone. So like Mr. Krishnan talked about this, without 1 by-N impact, the GWP registered a growth of 30% YTD on a like-to-like basis. Net earned premium also grew by the same percentage, 30% to INR3,367 crores in the first nine months compared to the last financial year. IFRS PAT has more than tripled from INR18 crores to INR60 crores for the quarter 3. And the IGAAP profit for standalone quarter three has also improved from INR4.6 crores last year to INR13.2 crores this year.

The combined ratio for nine months FY '25 is 100.9% without 1-by-N impact, with an improvement of 230 basis points from nine months FY '24 on like-to-like basis. COR for current year on 1-by-N basis is 105%. Expense of management ratio for nine months is 39%, with an improvement of 50 basis points over the same period last year. Annualized yield in current financial year is 7.4%, with AUM of INR7,311 crores. Solvency ratio is at a healthy level of 3.03 as on 31 December 2024, against regulatory minimum of 1.50.

So this was an overview of nine months for FY '25. Happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from Supratim Datta from Ambit.

Supratim Datta: Thanks for the opportunity. On the combined ratio and the combined ratio increase that we have seen, could you break down whether the loss ratio now, have you moved that also to a 1 by 365 or does that continue to be on 1 by 50? If that continues and only the GWP has moved to a 1 by N, could you give us what would be the corresponding claims ratio now if it moves to 1 by 365? That's the first question that I wanted to understand.

The second bit to it was now that your expense ratio has increased because of this 1 by N impact, how do you get down to that regulatory threshold of 36%? Is there some leeway that the regulator plans to give or how are you looking at reducing it now to that 36% level? That would be the second question.

Thirdly, you mentioned a product which has basically a restricted network of hospitals which seems very similar to the kind of policies that exist in the US or in more developed markets. I just wanted to know what is the pricing differential here, how much are the premiums lower and what are additional facilities that you plan to give? Are these policies restricted only to your PPN network or is the mechanism something different? Those were my three questions. Thank you.

Vishwanath Mahendra: Supratim, I'll take the first question. We are still on 50% method of accounting as far as UPR is concerned. The numbers which are given here is where GWP is proportionally reduced basis 1 by N. Whatever GWP is coming, we calculate NWP and 50% of that we provide as UPR. So these numbers are on that basis. We have given both the loss ratio by both the methods. For the first 9 months, 61.1% is basis old accounting without 1 by N and 63.4% is 6 months old accounting and 3 months new accounting. Now, coming to 1 by 365…

Supratim Datta: Vishwanath, just on this, can you give us the corresponding 1 by 365 method? What would be the loss ratio?

Vishwanath Mahendra: Yes, so we do calculate 1 by 365 and we publish reconciliation of IFRS accounts. If I look at IFRS, it is around 67% for 9 months FY '25 for retail; overall is 64.2%.

Supratim Datta: And this is 9 months, right?

Vishwanath Mahendra: Yes, 9 months.

Krishnan Ramachandran: Just to repeat or reiterate, Supratim, 9 months overall loss ratio is 64.2% on a 1 by 365 basis. Now, to your question on expense of management, as with many other companies, we had a hearing with IRDA and the IRDA has sent out an advisory to us. One is for the prior years, which is up to FY '24, we have been given dispensation formally by the regulator.

For this year as well as next year, the regulator has asked us to conform to the glide path that has been approved by the Board, which means that the expense of management definition will be on a full basis. So with that clarification, we feel comfortable that we are well on track to meet the glide path that has been approved by our Board and has been sent to the regulator. So that's the update on expense of management. To your question on the network product, I would request Dr. Bhabatosh to address that.

Bhabatosh Mishra: The concerned product that was highlighted of a little limitation in network offers customer 15% of discount on the base premium. And is it limited to the preferred provider network of 455 hospitals in 35 cities? The answer is no. The network is way more larger. It is just a few hospitals, a few hundreds of hospitals less than the overall network, which is accessible to the customer under this.

Krishnan Ramachandran: But to answer your strategy on, you know, strategically, this is a step in the direction that you're familiar -- you mentioned that you're familiar with the US market. The whole idea is to build out several tiers of networks. What we have launched is only the first iteration. And obviously as the tier becomes smaller and customers have to trade off more choice, going all the way up to perhaps a HMO product, where the level of premium discount will become larger and larger. But the whole idea is to be able to improve - if it's a smaller network, you have better control of customer experience.

You have better control of cost. And this is exactly the strategy that Bupa adopts globally. In many of their markets, while they don't necessarily have only closed network products, but there's clear advantages to going to own provision hospitals, which they do in a very advanced way in Spain. It's what Kaiser Permanente does in the United States. So something that Bupa is very familiar with and has executed on globally. This is the first step in that strategy, Supratim.

Supratim Datta: And one last question. So on the commissions, you mentioned that you have had discussions on this with your channel partners. Just wanted to understand, have these been deferred in line with the GWP, or are they still front loaded?

Ankur Kharbanda: Yes, so just to answer, I'm Ankur Karbanda. Just to answer this, so we have been in discussions with all our partners, case to case basis, largely a lot of them have moved to the new methodology. But there are some cases whereby we are keeping it basis, you know, the front loading. And we are seeing that on a business case, if it works well for us, we are looking at all of those factors and deciding in terms of what we need to do.

Supratim Datta: What proportion would have moved to the deferred? Could you give that?

Krishnan Ramachandran: So we're still working through that, Supratim. As I said, it's been a transition quarter. We'll probably need one more quarter to see where it finally settles.

Moderator: The next question is from Prayesh Jain from Motilal Oswal. Please go ahead.

Prayesh Jain: A good set of numbers, loss ratio and combined ratio improving on a Y-o-Y basis. That too significant improvement. But could you chart out the path for us in terms of how should we look at the combined ratio from here on, on a reported basis as to how the combined ratio and loss ratio could trend from here on?

Krishnan Ramachandran: The thing is, if you were to ask me on a like-to-like basis, our combined ratio trajectory on a steady state, we would have answered 95 -- in the ballpark of 95%. But because of this transition, we're still going through the planning process at this point. And I'd say, it'll probably take us some time -- and as we have also discussed, we're still landing the conversations with some of our partners in terms of how commissions will settle.

So I think by the end of this quarter, on the reported basis with the current accounting, we will have better clarity. But broadly, as I mentioned, in terms of the fundamental economics of the business, if I looked at IFRS or the old accounting, we would be on track to deliver to our five-year plan.

Prayesh Jain: The second question was, if you could give us a loss ratio on 1-by-N basis, including without a 1-by-N basis for nine months?

Vishwanath Mahendra: Yes. So with 1-by-N basis, it is 63.4%. Without 1-by-N basis, it is 61.1%.

Prayesh Jain: For nine months?

Vishwanath Mahendra: For nine months, yes.

Prayesh Jain: And the third question is on the expense of management. You mentioned that there are some leeways given by the regulators. But could you help us, whether it will be driven by scale advantage? Where in which line items you would see the most significant improvement in terms of expense rate improvement from here on? I think that, you know, I am sure that you would have that in your mind as to how will you reach there. So that is the question that I am asking, how and what are the key things that will kind of drive your expense of management towards the targeted range? And for nine months, what is the kind of levels that we are on EOM basis?

Vishwanath Mahendra: Yes, so for nine months, we are at 39% on like-to-like basis. So this is on full GWP basis. And the levers, one is, of course, mix change. Second, all the investment we have done in last two years and we are doing in technology. So that's something which is going to give us and is giving us operating leverage and new renewal mix. These are the two three things. So channel mix, new renewal mix and this operating leverage.

Krishnan Ramachandran: Yes, I think the big lever is going to be operating leverage on top of other things that Vishwanath mentioned. Same time next year, our renewal book would be sizable. And as we have discussed in the past, basically there's trail plus opex, which is for a total of 18%-19%. That's what's going to help us get to the 36% EOM limit by next financial year.

Prayesh Jain: And the last question from my side would be, the senior citizens bit, I don't know whether you alluded to this when you were opening the comments, but the restriction of 10% price hike, how do you think this will be kind of, I understand you have a strategy of increasing the prices on an annual basis either way. Do you think this 10% is a good number or how do you think about this?

Vishwanath Mahendra: Yes, right. So currently, like you mentioned also, so we increase premium for all our mature products every year. And it is generally increases in high single digit or let's say in 10% range. And this is more or less uniform across age and sum insured because we don't really cross-subsidize. There may be some variation here and there. So in that sense, we don't think it is going to bite us.

Prayesh Jain: But is this a precursor to kind of IRDAI wanting to control price? This was never heard of earlier, of IRDAI coming out and giving instruction on capping the price hikes.

Krishnan Ramachandran: No, I think it's to do with the fact that senior as a constituency, there's been talks from all circles of how do we make it more affordable? And I think the regulator is of the view that, you know, especially at that age when you don't have or when most people don't have income streams operating, they felt that beyond 10% is what is socially appropriate. So that's where this is coming from.

But honestly, as long as the premiums are age rated, which is the case you've avoided cross-subsidy, we believe a 10% annual rate increase is reasonable. And also, they have indicated that if you needed more than that, you would need to then technically justify and get the approval from the regulator. So it's not that they have said that it's not permitted beyond that. It's just that you have to get permission and have a technical justification if you want to increase it by more than 10%. That's broadly what it is, Prayesh.

Moderator: Next question is from Dhaval from DSP.

Dhaval: Yes, thanks for the opportunity; good performance. I just had a couple of questions. First is relating to this FDI increase that was talked about on Saturday. How does this benefit or change course for Bupa as a support model? So that's the first question. And secondly, relating to opex and operating leverage, under IFRS basis, how do you think operating cost to premiums stabilizes, let's say, FY '28 or so, '27-'28, if you give a glide path around that, that would be useful. So absolute opex would be fine, but just directionally, how do you think it would be? So those are two questions.

Krishnan Ramachandran: So on FDI, it's interesting that you asked this question, because obviously we had this discussion with Bupa as well during our pre-meetings around the Board. They are very excited. As you all know, they are a very long-term shareholder in the company.

Just in terms of increasing stake, too early to comment, but certainly something that frees them up to deploy their capital into what, you know, in our assessment is one of the top two opportunities for them globally in terms of capital deployment. I guess that's the answer as far as Bupa's own thinking is concerned. But too early to comment, but directionally, this is how this will play out.

But importantly, I think from our standpoint, given the 74% limit and we already have about 68% foreign holding, we feel that this will certainly provide liquidity to our stock as we move forward. To the point on IFRS, I'm going to request Vish to give you a sense on what would be our steady-state combined ratios on an IFRS basis.

Vishwanath Mahendra: Yes, so in terms of IFRS, if we have a steady-state combined ratio of, let's say, 97%, 98%, we can make ROE in high teens, and we are very confident that on a steady-state basis, we'll be able to achieve this. Now, expense and loss ratio, there may be some -- because of mix change, there may be some play here. But broadly, expense would be around 32% to 33% and balance is loss ratio.

Dhaval: And when you say steady-state, that would be a FY '26 or so or it takes longer?

Krishnan Ramachandran: Longer than that.

Moderator: Next question is from Mehak from Emkay. Please go ahead.

Mehak: So I have two or three questions. So, first is, while the company is following 50-50 accounting method, so can you give any color on the impact on the NEP on account of the change in the 1-by-N regulation? That is one. Second, I would like to ask, can you give the proportion of the long-term policies which you have? And thirdly, have you changed any kind of product structures, particularly due to the 1-by-N regulation change?

Vishwanath Mahendra: Yes. So, your first question was on NEP. So, on GWP, the impact is around INR327 crores, which we have disclosed. We have not disclosed anywhere the financials in terms of old accounting, but combined ratio is something we have disclosed, which I can tell you is 100.9%. And the proportion of multi-year policies is, let's say, in early 20s. That's the rate we are experiencing. Doc, you want to talk about?

Bhabatosh Mishra: Yes. In terms of long-term products specifically, there is no significant change that is there. That is why the numbers appear stable, as you could see. So, there is no significant change. However, we have launched new products in the interim with various partners incorporating more innovative, newer benefits to help consumers in different segments. That has also gotten added in the interim.

Moderator: Next question is from Nischint Chawathe from Kotak Institutional Equities. Please go ahead.

Nischint Chawathe: This is actually on the point that we were just discussing earlier about the regulator kind of probably capping the inflation on premium. But I think at the same time, the regulator is somewhere nudging the industry to get together and have a common platform for negotiation with hospitals. Do you really see that happening, or is it like very early days right now?

Krishnan Ramachandran: I think, Nischint, you captured perhaps what could be the most impactful line in that entire circle that they recently released, that they have said that the insurance industry shall endeavour to put in place a common network. And they've also alluded to the PMJ tariffs. So, I do feel from a regulatory position, in the interest of affordability, they do want us, and honestly, this is something that they've been nudging us for a while now, for a variety of reasons, as an industry, we've not been able to take them up.

But now there is an enabling provision for us to build a common network, but most importantly, with common tariffs along the lines of the PMJ program, as is articulated. So, I do think this is potentially a game changer as far as the industry is concerned in terms of pulling together standardized tariffs and solving for inflation collectively as opposed to individually.

Nischint Chawathe: But do you see that sort of getting rolled out through IRDA or is it still early days? When do we really start kind of -- do we say that next year's negotiations will be done jointly with healthcare companies?

Krishnan Ramachandran: I can't comment on exact timing, Nischint, but what I can say is that there's a lot of impetus and urgency to actioning this. I mean, a lot of impetus and urgency.

Nischint Chawathe: And just one small one is, if you could just remind us on the reinsurance that you do on long-term policies, to what extent are we sort of ceding these policies and how are we treating the inward commission?

Vishwanath Mahendra: Yes, Nischint, so we do the same treatment for reinsurance also as we do for our GWP. So, in case there's long-term policy, we account for GWP on proportional basis. Similarly, we cede also on proportional basis and the commission also we account for on that GWP only.

Moderator: Next question is from Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: This is the first time I'm interacting with you guys. Maybe my knowledge about the company is a little bit more basic, so this question is a little bit more basic. I wanted to understand this one thing. We do 50-50 accounting. And so, the 1-by-N, how is that changing the NEP in 50-50 accounting?

So, even the long-term policies, how do we sort of account for it? Because my understanding was at least for 1 by 365 accounting, NEP does not change irrespective of how the 1-by-N for the long-term policies is taken. So, why does NEP change in this accounting?

Vishwanath Mahendra: Yes, sure. So, in terms of treatment of long-term policies, so earlier it was considered whole amount as GWP and let's say we were earning 50% of that and paying whole commission upfront. Now what happens, this premium gets spread over the number of years. Let's say if it's two-year policy, so premium will get spread over two years. Now, we will only earn 50% of the first year GWP or NWP after reinsurance and the 50% will be earned over next year. And the next year GWP that will flow in from here, that also will earn 50% and 50% will go to next to next year. So, there's a change. So, what's happening is earning is reducing in this financial year and the same will sit in next financial year.

Madhukar Ladha: I mean, does that mean that if you were writing a three-year policy, you were including NEP 50% of the premium right in the first year?

Vishwanath Mahendra: Yes, that's right. And accounting for commission or any, that expense also upfront.

Madhukar Ladha: So, essentially, one and a half year of premium would be accounted for NEP in the first year itself, if let's say the policy is written after 30th September.

Vishwanath Mahendra: So, there is some disturbance? We could not get the last line.

Moderator: Mr. Madhukar, I'm sorry to interrupt, but if you're on a hands free, request to use the handset, there's a lot of static and disturbance on your line.

Madhukar Ladha: I'm not on hands-free. Is this better?

Vishwanath Mahendra: No, it's not better.

Moderator: Mr. Ladha, we request you to maybe call us back, maybe from a different number or a device. We can't really hear you. We'll move to the next question in the meantime. The next question is from Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: I hope I'm audible. I wanted to understand from your distribution mix, I can see that maybe there has been a slight decline in the Banca channel mix, etc., but that's very marginal between 1H and nine months. But I wanted to understand how has the dynamics in the Banca channel been for you? We heard a lot of concern from that channel, though it was more on the life insurance side. But what has been your experience in this channel with your different bank partners? And is there any concern or change in processes that you are noting in that channel? Thank you.

Ankur Kharbanda: Yes, hi. So on the Banca side, as you said, the difference is marginal in terms of the channel mix. And that is also to do with the 1-by-N methodology. Otherwise, if you look at without 1-by-N, it remains the same. There's no difference so to say. In terms of bancassurance model working, the bank's acceptance, their preference, priority on selling insurance, I think the only change which has happened is now it's getting more prudent day by day.

The selling processes, they're refining the selling processes, which helps the customer, which helps us and the service as well. But from perspective of getting to the end customer through this channel, I think the banks are also keen and we are also very keen.

Shreya Shivani: Got it. And just a follow-up on the channel strategy. So of the 1,72,000 individual agents that we've disclosed, how many of them would be the ones we've made them give examination, what you call IC, the ones you've helped them give examination rather than just onboarding from the life insurance agent? How many would be that?

Ankur Kharbanda: Largely, as a rough idea, around 10% to 15% of our advisors will be onboarded by us as a new agent to us. And the rest would be from the industry, which we get from various life insurance companies and various general insurance companies. But this is because that this was last 10-year agent base. If you look at the recent two, three years, this number is higher. The last two years, we have been focusing on getting more new than the existing one from the market. So that number is higher.

Shreya Shivani: So on the overall stock, it is 10% to 15%, but the fresh agents that you've probably acquired, you've done most of that examination thing, but as in the KYC thing and all that. Got it, understood. This is very useful.

Moderator: The next question is from Vishal, who's an individual investor. Please go ahead.

Vishal: My question was on the technology front. So the last part of the presentation speaks a lot about the superior tech stack data analytics. So do you see this translating into a better combined ratio when compared to your peers, either in terms of superior underwriting and the loss ratio or more efficient expense ratio?

Vishwanath Mahendra: Yes, definitely. So if you see we have automated every leg of customer journey, right from onboarding to customer sourcing, automated underwriting, claims management with zero human touch and renewal process. And these metrics have been moving upwards in the last two, three years. And this is already yielding us results in terms of flattening the cost curve. So this is helping us and going to help us going forward.

Krishnan Ramachandran: So in the company, we run -- enabled through technology and analytics, we run an initiative that we call Zero Human Touch. So whether you look at customer sourcing, underwriting, 51% of our policies are auto decisioned, which means that they don't go through the hands of a human being, so to speak. So clearly, we would have needed many, many more human beings absent the intervention of tech and analytics in our process. So to Vishwanath's point though, the whole point is this has helped us flatten the cost curve and make sure that our cost curve is not linear to how our business is growing.

Vishal: Absolutely, I definitely agree. But just wanted to get a sense of long term, if you could give a range of how many bps or edge do you think this could be over your peers?

Krishnan Ramachandran: We don't have that view that we can offer at this point in time, but maybe offline, we can have a discussion on what, you know, how far does this translate into?

Moderator: Next question is from Pranav Gupta from Aionios Alpha Investment.

Pranav Gupta: I wanted to understand the accounting of the long-term products better. I'm not sure if this was discussed earlier in the call. I joined late, so apologies for the repetition.

Vishwanath Mahendra: Yes, so the accounting effective 1st October is we are only considering in GWP the proportional premium. For example, if it's two-year policy, INR100 rupees for two year policies. We consider

INR50 GWP this year and INR50 next year. And commission in most of the cases is also on 1 by N basis. There may be some exception and that's something which is under discussion. And similarly, the reinsurance is also on that proportion only in this example, INR50. So we get NWP and the rest of the accounting is similar in terms of calculating earned premium, etc.

Krishnan Ramachandran: So the one thing I want to add and emphasize to what Vishwanath said, the true reflection of our economics from an accounting standpoint is through the IFRS accounting standards. We have consciously, you know, as part of the DRHP process, we had our two year financials audited and published on an IFRS basis. We continue to do that every quarter, we will publish our annual audited IFRS accounts as well at the end of the year. Number one.

Number two, we also consolidate our accounts to Bupa on an IFRS basis, which is the global standard as far as insurance is concerned. And in India as well, the timeline is yet to be firmed up. But outer limit April 2027 is what the regulator has indicated for the adoption of IFRS accounts in India.

So just in terms of the principles around matching, especially given that we are a high growth business, and a seasonal business, we do strongly feel that IFRS is the correct reflection of our underlying economics. So I would urge and draw your attention to our IFRS financials. Of course, the reported financials are available. But IFRS is what, I would draw your attention to.

Pranav Gupta: No, absolutely understand and appreciate that, sir. I was just trying to understand, how the accounting of GWP and NEP works. But keeping that aside, given that, you mentioned that almost 20% plus of our policies are longer term policies.

And with this change in reporting requirement, is there any thought of sort of probably bringing that proportion down? Or are we comfortable with the kind of changes that we need to do in terms of the way we report? that's the question I was trying to understand.

Krishnan Ramachandran: Well, I think the fundamental determinant of why we've been driving multi-year is, it delivers, economic value, because, the retention is guaranteed. So I think, it's more a question of what makes business and economic sense. And the accounting, as I stated, you know, whether it's 1/N or the old accounting, those are both, not necessarily the best reflection of our economics. And IFRS is what we continue to publish for all of you to get a sense of how the economic value of the business is playing out.

Pranav Gupta: Right, and just one last question. Assuming that, there's a senior citizen who's probably taken a longer-term policy, with this new construct of a 10% cap, how does the re-pricing on that sort of policy, how would that work incrementally?

Would you be allowed to take a hike, say it's a three-year policy, would you be allowed to take a multi-year hike in the fourth year once the policy renews, or how will that work? Is there any understanding around that?

Krishnan Ramachandran: No, that's a good point. To be honest, we probably need to get that clarified from the regulator as well. I think our operating assumption is that it will have to be on whatever is the last ticker price she or he paid for.

But you make a valid point that effectively, there'll be more than one year of inflation that needs to be caught up, something that's worth clarifying, to be honest.

Pranav Gupta: Sure, sir. Thank you so much. I have more questions, but I'll come back in the queue.

Moderator: Thank you. Next question is from the line of Rachna from Simple.

Rachna: So I just wanted to know, where does the large part of our growth come from? Is it from the renewal premiums or new business? And if it is from the new business, what proportion of new business growth is expected to come from porting inwards? So that's my first question.

Second question is, how do the ticket sizes for retail health policies in newer channels like digital or bancassurance compare to the agency-driven products previously? Is there a decline in ticket size in these new channels?

And third question would be, what proportion of your retail portfolio is expected to be repriced in the next year? And do you think price hikes can be a major driver for improvement? Yes, that's it.

Ankur Kharbanda: Sorry, I've not understood your first question fully. But on your second question on channel-by-channel ticket size, digital and agency are largely similar. It's not very different.

Bancassurance is a little lower, 10% to 15% lower. But digital and agency are in the same range of ticket size. Can you repeat your first question so that I can answer this?

Rachna: So where does the large part of your growth come from? Is it from the renewal or is it from the new business? And what proportion of new business growth is expected to come from porting?

Ankur Kharbanda: So if you look at our growth rates, largely you would see that both renewals and fresh business is growing. And you would get the details. We are growing at a - for the first nine months, we are growing at a 30% number, which is a mix of both renewal and fresh.

So there is no big difference between that. But largely our growth comes from fresh business, but renewal definitely is there as well.

Rachna: Okay. And so what would be your retail portfolio repriced in the next year? And do you think price hikes can be a major driver for improvement?

Vishwanath Mahendra: So we are in that process of annual operating plan preparation. And the repricing is outcome of this. But generally we reprice all the products like we mentioned for inflation and some mix change.

So that's usual. Don't think that's the major driver of growth. So this is basically to take care of medical inflation, loss ratio and that stuff.

Moderator: Next question is from Supratim Dutta from Ambit.

Supratim Dutta: I have two follow-ups. So firstly, on the loss ratio, you gave the nine-month FY'25 IFRS numbers. Could you give us the nine-month FY'24 IFRS numbers as well? That would be very helpful. And secondly, there was a question on hospital tariffs, which was previously asked?

And you indicated that there is significant impetus on getting everybody on board and bargaining with hospitals. But do you think, till date, the bargaining or hard bargaining by insurance companies has been somewhat counterproductive? Because what has happened is the smaller hospitals have folded up or been acquired by larger hospitals.

And hence, their bargaining power has increased. So how do you balance this? How do you balance this shift of power, which has happened from smaller hospitals towards larger hospital networks, because a hard bargain could result in this further accelerating. Those were my two questions. Thank you.

Vishwanath Mahendra: Sure. So Supratim, on your first question, the loss ratio, which we mentioned for this year, 64.2. The last year, for nine months, was similar, 20-30 basis point here and there. Otherwise, more or less similar.

Bhabatosh Mishra: On the second point, two parts. One is there is, as Krishnan sir mentioned, there is a lot more focus, urgency with regards to negotiating standardized tariff across provider network in India, largely driven by the recent directive of the regulator. And the regulator has been nudging the industry to do so.

There has been some progress made, but we do see the pace of progress to move up substantially now on. And in terms of this negotiation, we have not seen much of acquisitions of smaller providers by large providers. There had been some consolidation, but largely within the sphere of tertiary acquiring a tertiary, not a smaller provider.

We don't feel it would have any significant impact, adverse impact to any of the portfolios. In fact, standardization will bring in a lot more clarity, not just to insurers and to the customers as well. And it would bring in what we call more price predictability or cost predictability from provider, of which the benefit is premium stability, which will directly pass back to the consumer.

Moderator: Next question is from Madhukar Ladha from Nuvama Wealth Management. Please go ahead.

Madhukar Ladha: So, I don't know if I missed a little bit of the call. So, just on yours, I wanted to get a sense of the split, your GWP split. So, of this 30.8%, which is a Group, how much of it is the employer employee, and how much is credit linked? And could you also help me understand where is the credit linked coming from? And we have a direct business of brokers of about, sorry, brokers of about 29%.

So, which type of business do we get mainly from brokers? And what is this others channel, which is also quite big at 20%? Oh, sorry, that's a small part. Others is small, less than 1%. But yes, the brokers get about 29%. So, what business do we get from there?

Krishnan Ramachandran: So, the broker is a combination of brokers like Marsh, Aon, Tower Watson Willis as well as digital brokers like RenewBuy, Policybazaar, Turtlemint. So, it's a combination of both retail broking as well as corporate broking. In terms of the split of the 30%, I would say roughly one-third, two-third is what it is. One-third towards the corporate and two-thirds towards the asset linked products.

Madhukar Ladha: Two-third is asset linked, okay. And where do you get most of this 20% from?

Krishnan Ramachandran: It's across banks, non-banks. So, it's a fairly diversified mix of partners that we get.

Madhukar Ladha: But mainly would be banks and corporate agents?

Krishnan Ramachandran: Banks as well as non-banks, both.

Madhukar Ladha: Non-banks would be in corporate agents, right?

Krishnan Ramachandran: So, it could be NBFCs - NBFCs, Yes. They could be brokers or corporate agents, depends.

Madhukar Ladha: Okay. And then of that 29%, which is brokers, a large part of it would be, what part of that would be corporate? And what part of that would be retail? Because I'm guessing retail would be in the biggest share would be Policy Bazaar.

Krishnan Ramachandran: Yes. Retail would be the larger share in that 29%. But we do have a fast-growing corporate book as well.

Madhukar Ladha: Right. And how much would be the retail?

Krishnan Ramachandran: We'll have to get back to you on that.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to the management team for closing comments.

Krishnan Ramachandran: So, thank you very much to all of you for your patient hearing as well as your very thoughtful questions. I deeply appreciate it. Just to summarize, we have had this - the last quarter has been a quarter of transition for the industry and us. And I do believe we have to a very large extent been successful in navigating the transition, but still work to do. But thank you once more.

Moderator: Thank you very much. On behalf of ICICI Securities, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.