

# Niva Bupa Health Insurance



## The Health Insurance Race

# Citius, Altius, Fortius

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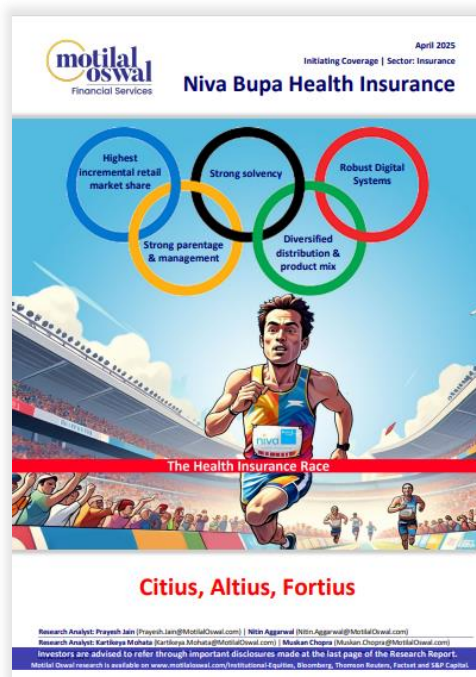
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## Citius, Altius, Fortius!

- ❖ Niva Bupa, one of the fastest growing players in the health insurance industry, is well positioned to capitalize on the expanding demand for health insurance on the back of well-established brand, robust distribution network and a diverse product portfolio.
- ❖ The investments towards digital transformation, AI-driven underwriting and tech-enabled claim processing boosts the company's operational efficiency and enhances customer experience.
- ❖ The company's market share growth, improving underwriting margins and strong retention, reflects continued growth momentum and sustained profitability trends, going forward.

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# Niva Bupa Health Insurance

BSE Sensex

79,596

S&amp;P CNX

24,167



## Stock Info

Bloomberg	NIVABUPA IN
Equity Shares (m)	1827
M.Cap.(INRb)/(USDb)	141.8 / 1.7
52-Week Range (INR)	109 / 61
1, 6, 12 Rel. Per (%)	1/-/-
12M Avg Val (INR M)	303
Free float (%)	44.0

## Financial Snapshot (INR b)

Y/E March	2025E	2026E	2027E
GWP	66.3	86.7	112.4
NEP	48.4	60.9	79.6
U/W Profit	-2.9	-4.2	-2.2
PBT	1.5	1.2	3.9
PAT	1.5	0.9	2.9

## Ratios (%)

Claims	61.4	63.7	62.2
Commission	20.6	19.9	19.8
Expense	20.6	18.1	16.2
Combined	102.5	101.6	98.2
RoE	6.0	3.0	8.9
EPS (Rs)	0.8	0.5	1.6
EPS Growth (%)	69.6	-40.0	217.0

## Valuations

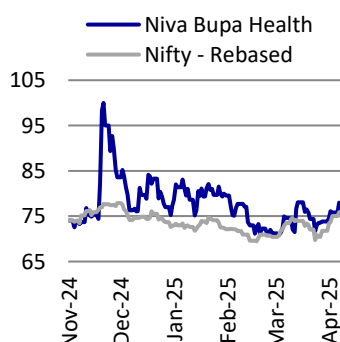
P/E (x)	92.8	154.7	48.8
P/BV (x)	4.7	4.6	4.2

## Shareholding Pattern (%)

As On	Mar-25	Dec-24
Promoter	56.0	56.0
DII	9.7	9.8
FII	8.9	8.9
Others	25.4	25.4

FII Includes depository receipts

## Stock's performance (one-year)


**CMP: INR78**
**TP: INR100 (+29%)**
**Buy**

## Citius, Altius, Fortius!

### Gaining market share in the retail health space

- Niva Bupa Health Insurance (Niva) has emerged as one of the fastest-growing health insurers, delivering a CAGR of ~34% during FY22-25 and garnering the highest incremental market share in the retail health segment. We expect the growth momentum to remain strong and estimate a CAGR of 25% in gross written premium (GWP) over FY25-28E (Pre 1/n).
- Niva has a diversified product mix, with retail/group health accounting for 68%/31% as of 9MFY25. In the group segment, a one-third contribution comes from corporates and the remaining from credit-linked products. Consistent innovations and right pricing will boost momentum in its retail health segment (33.5% CAGR in FY22-24).
- Among standalone health insurers (SAHIs), Niva has one of the best claim settlement ratios (90% in FY24) thanks to its efficient claim management process, focus on transparency, quick AI-powered claim settlement, and high-quality healthcare network.
- Niva has undergone a digital transformation to enhance customer experience in areas of policy management, claims tracking, telemedicine, etc. These initiatives should help the company expand its reach, attract tech-savvy customers, reduce operational costs and improve servicing capabilities.
- The company has a well-diversified distribution model, with agents/corporate agents/ brokers/direct contributing 30%/28%/29%/13% of the mix in 9MFY25. While agent productivity has been one of the highest levels in the industry, its strong relationships with brokers, banks and web aggregators have helped Niva de-risk its mix.
- Niva benefits from an experienced management team and the strategic support of the global health conglomerate, Bupa. This association provides underwriting expertise, extensive experience in insurance and strong distribution management, which in turn boost the company's financial stability and growth prospects.
- We expect the company to report a CAGR of 25%/32% in pre-1/n GWP/PAT over FY25-28. We initiate coverage on Niva with a TP of INR100, based on 40x FY27E P/E on IFRS PAT.

### Citius – Growing “faster” than the industry

- Niva has delivered better growth than the insurance industry in health GWP/ retail health GWP with a CAGR of 34%/27% over FY22-25 (2x industry average). In FY25, there was an impact of 1/n accounting but the company performed better than the industry, with 20%/15% YoY growth in health/retail health.
- The company reported 23% YoY growth in lives covered with retail health policies to ~5m in FY24, which was faster than SAHIs and the industry.
- Niva has maintained strong growth in retail health insurance, driven by (a) superior customer experience, (b) growing agency force, (c) rapidly expanding hospital network, (d) innovative products, and (e) faster claim settlement.
- We expect the strategic emphasis on retail health, expanding customer base and continued innovation of products to continue to drive growth in premium for Niva. Excluding the impact of 1/n accounting, we expect Niva to deliver a CAGR of 25% in GWP over FY25-28.



### Altius – “Higher” standard of customer servicing

- Niva’s customer-centric approach has helped the company garner a significant market share of 9.4% in retail health, making it the third largest retail health player in the country.
- It has maintained a claim settlement ratio of 90%+ consistently over the years and is one of the two SAHIs with 100% of claims paid out in less than three months for the past two years.
- Niva has one of the largest hospital networks, with 10,000+ hospitals providing cashless treatment, thereby presenting a more attractive claim settlement method compared to the claim reimbursement process.
- Among SAHIs, Niva has one of the highest ticket sizes for policies sold by the agency channel, reflecting the success of comprehensive training, incentive structure and digital tools in enhancing agent productivity. During 9MFY25, GWP per policy sold by agents, excluding 1/n impact, stood at INR25,097 (INR24,324 in 9MFY24).

### Fortius – Focus on “strengthening” profitability

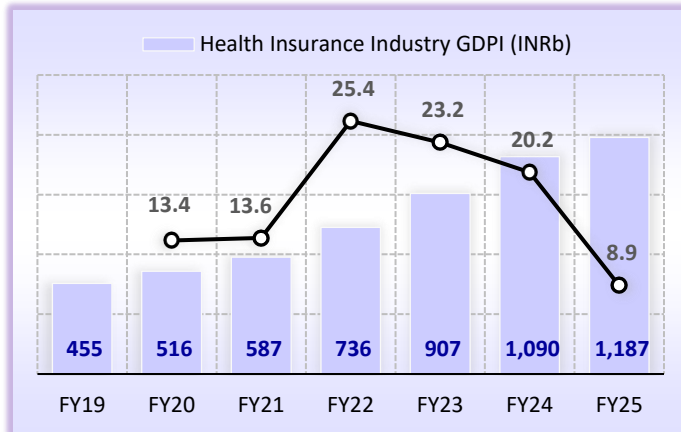
- Niva has been able to optimize its cost structure through advanced technology integration, efficient claims management and low-cost distribution channels. Niva’s claim ratio is the best in the industry at 59.4% (as of FY24). During 9MFY25, the claim ratio was 63.4%, largely flat YoY.
- Solvency ratio of 300%+ (9MFY25) reflects an adequate capital buffer, giving Niva a strong position to withstand financial stresses and absorb shocks without compromising on its claim payout capability.
- Bupa's global expertise in health insurance, its financial stability, and its extensive resources ensure that Niva has access to global best practices, advanced technology, and a deep pool of knowledge in healthcare management. The association with Bupa, as well as a management with decades of experience, offers reassurance to customers about the quality of coverage and services.

### Valuation and View

- We believe Niva has a strong position to harness the growth opportunity in the health insurance industry, backed by product innovation and customer base expansion. Investments in technology will give results in terms of operational efficiency and better profitability.
- Excluding the 1/n impact, we expect Niva to report FY25-28E GWP/PAT CAGR of 25%/32%. While the claim ratio is expected to rise with scale, operational efficiency will offset the impact, leading to a pre-1/n combined ratio of 93.4% in FY28 (from 98.8% in FY24).
- On IFRS basis, we expect a CAGR of 27%/34% in insurance revenue/PAT over FY25-28. We initiate coverage on the stock with a TP of INR100, based on 40x FY27E P/E on IFRS PAT.

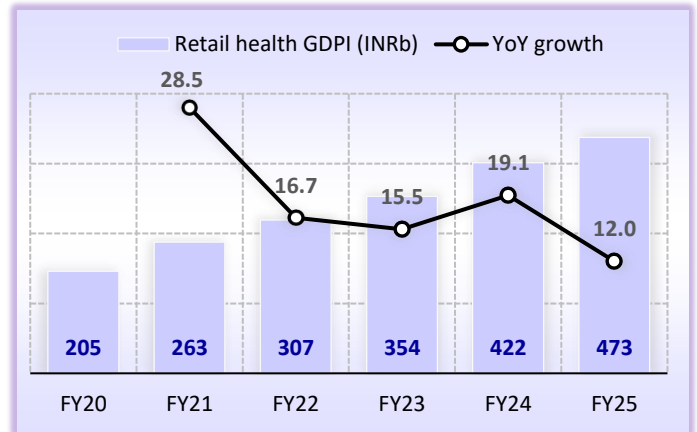
## STORY IN CHARTS

### Strong growth trajectory of health insurance industry...



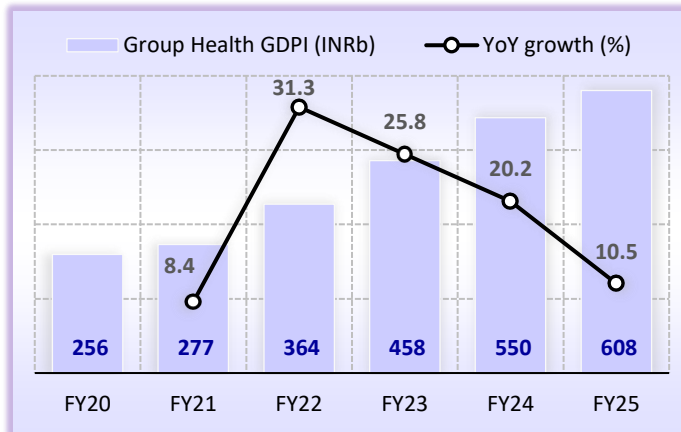
Source: GI Council, MOFSL

### ...backed by maintained momentum in retail health...



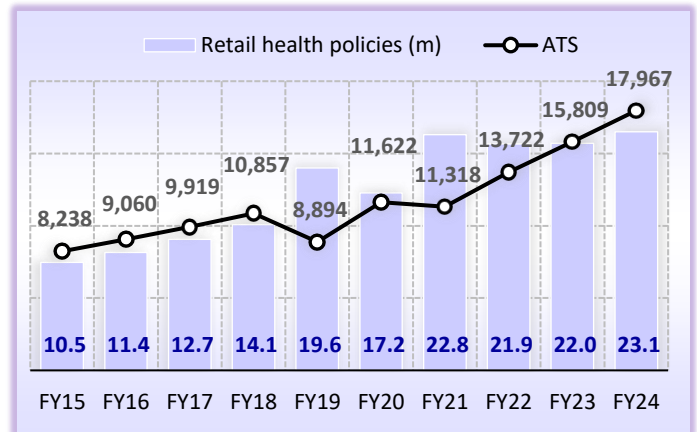
Source: Company, MOFSL

### ...and robust growth in group health



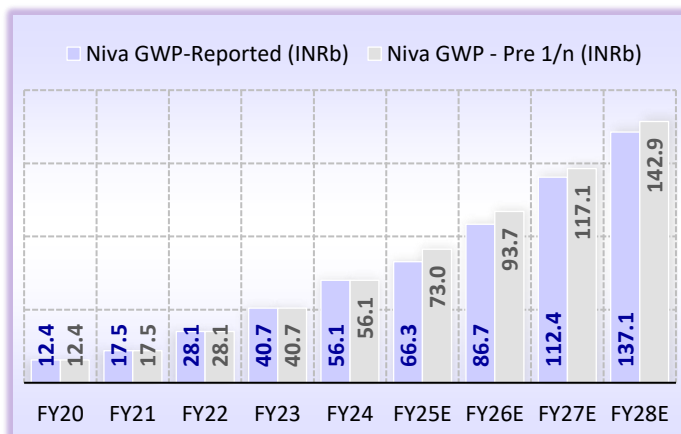
Source: GI Council, MOFSL

### Industry ATS growing with stable policy count



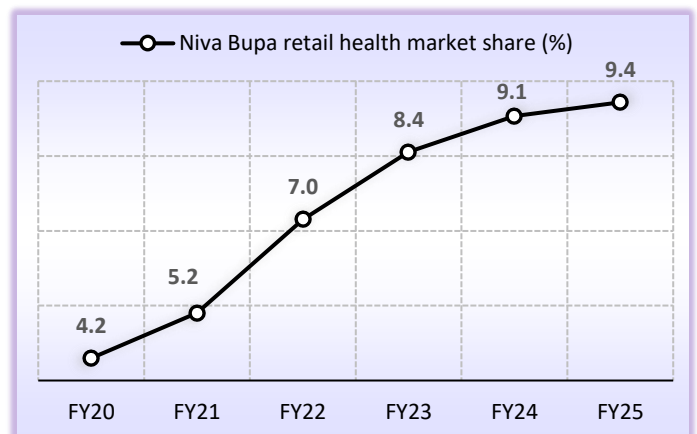
Source: Company, MOFSL

### Niva's growth to maintain momentum...



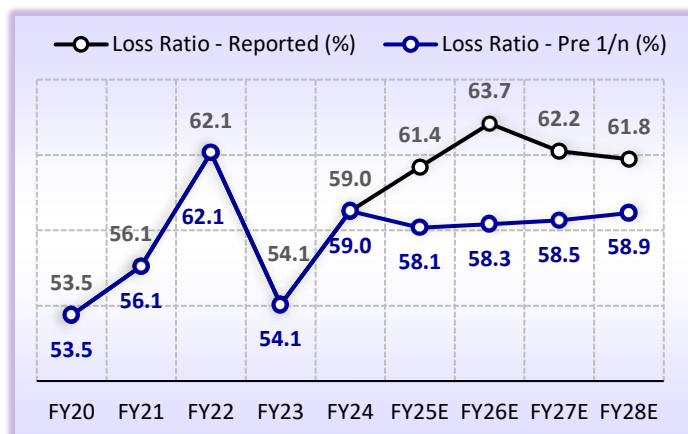
Source: Company, MOFSL

### ...driven by rising retail health market share



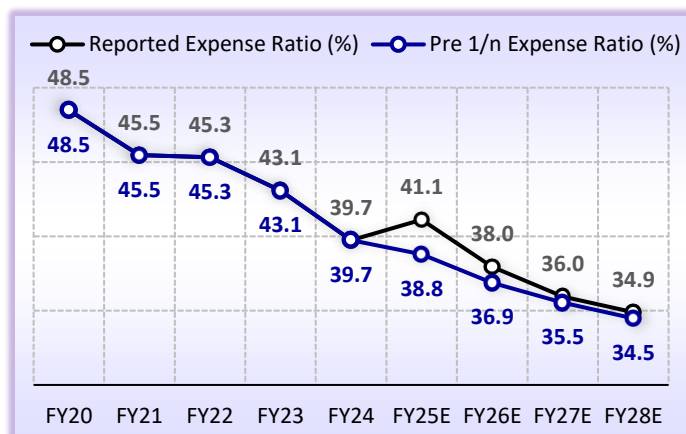
Source: Company, MOFSL

### Pre 1/n claim ratio expected to rise slightly



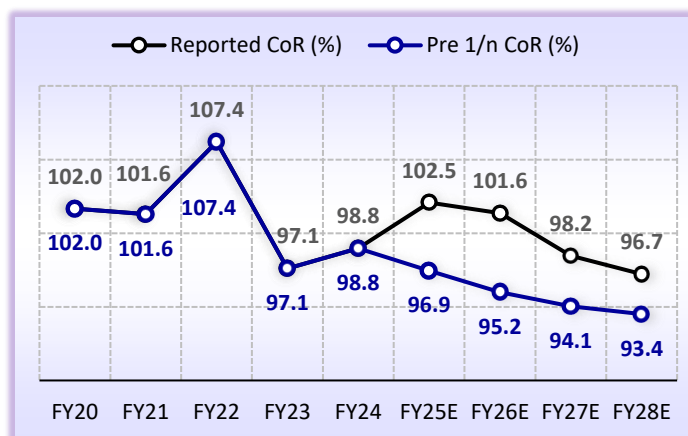
Source: Company, MOFSL

### Operational efficiency to start kicking in gradually



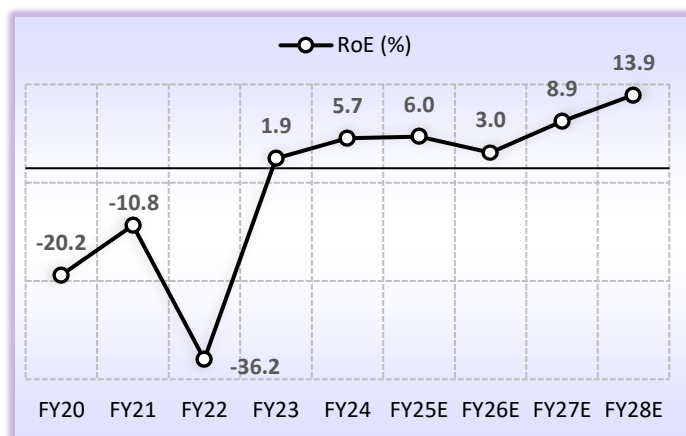
Source: Company, MOFSL

### Combined ratio trends



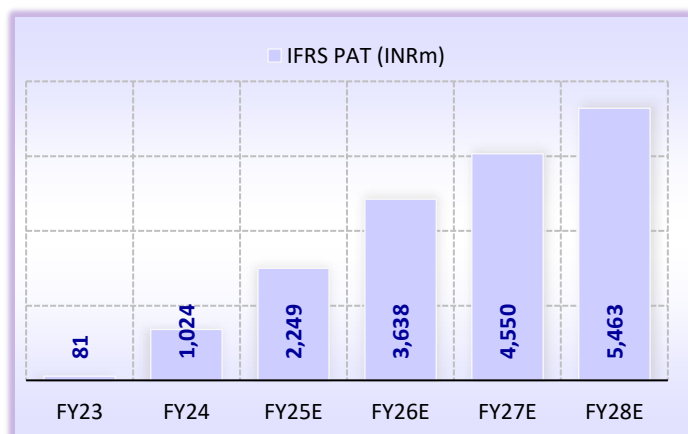
Source: Company, MOFSL

### RoE to improve from FY27 due to unwinding



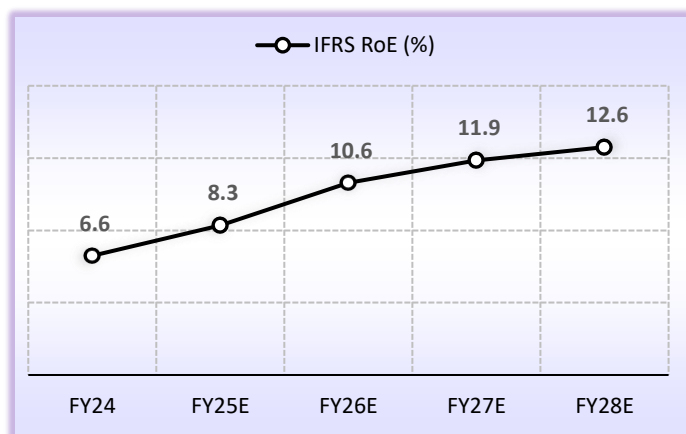
Source: Company, MOFSL

### IFRS PAT to benefit from DAC



Source: Company, MOFSL

### IFRS RoE trends



Source: Company, MOFSL

Niva Bupa is the third largest insurer in the retail health space with FY24/ FY25 market share of 9.1%/9.4%.

## Company overview

- Niva, a leading standalone health insurer, offers a comprehensive health ecosystem and service capabilities to customers across cohorts for more than 16 years.
- The promoter, Bupa group, is a UK-based insurance and healthcare services company with seven decades of experience and over 50m customers across the world.
- Niva is the third largest insurer in the retail health space with a market share of 9.4% in FY25 (vs. 4.2% in FY20). It has delivered an industry-leading CAGR of 41% in health GWP during FY20-25. For 9MFY25, total GWP has grown 22% YoY (30% YoY excluding 1/n impact).
- The company focuses on retail health, with the segment accounting for 67% of total premiums as of 9MFY25. The remaining business comes from group health (31% in 9MFY25) and personal accident (2% in 9MFY25).
- The 'Niva Bupa Health' mobile application and website offer a holistic proposition to customers. It provides access to a range of healthcare solutions including diagnostics, digital consultation, annual health check-ups and health education content. Customers can also undertake claim submission and policy servicing and track health parameters through this app.
- Apart from sales through its own app and website, Niva relies on intermediated distribution channels comprising individual agents, corporate agents, brokers, insurance marketing firms, POSPs (point of sale persons) and web aggregators for distribution.

### Exhibit 1: Company Snapshot

History	❖ Founded in 2008, Niva Bupa (formerly known as Max Bupa) is a JV between Bupa group and Fettle Tone LLP
Purpose	❖ Create a health insurance platform of choice for customers across cohorts by providing access to a holistic health ecosystem
Product Mix (9MFY25)	❖ Retail Health – 67.0% Group Health – 30.8% PA & Travel – 2.2%
Market Share (FY25)	❖ Health Insurance – 5.6% Retail Health Insurance – 9.4% (3rd largest retail health insurance provider)
Active Lives Insured (9MFY25/9MFY24)	❖ 19.8m/12.6m
Avg Ticket Size/Policy (9MFY25/9MFY24)	❖ INR29,873/INR30,014
Claim Settlement Ratio (9MFY25/9MFY24)	❖ 92.1%/91.6% (one of the best in industry)
Key Ratios (9MFY25/9MFY24)	❖ Claims Ratio - 61.1%/ 63.1% Expense Ratio – 39.8%/ 40.1% Combined Ratio – 100.9%/ 103.2%

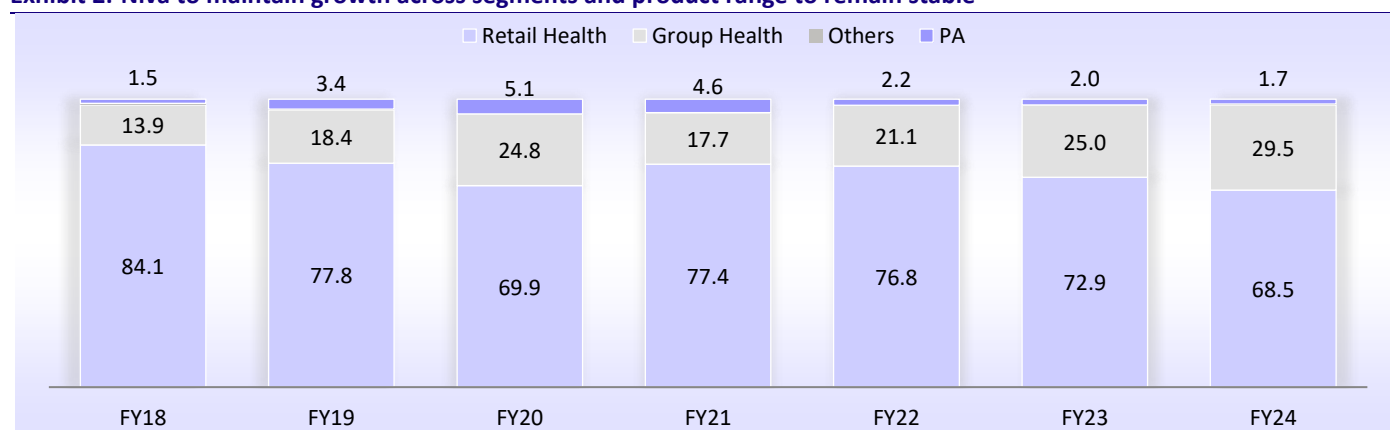
Source: Company, MOFSL

Niva has demonstrated a strong track record in product innovation and launching products with industry-first features over the years.

## Diverse product suite with focus on product innovation

- Niva's product mix has largely remained stable over the years, supported by a balanced approach between retail and group segments. During 9MFY25, retail/group/PA contributed 67%/31%/2% to the business, flat YoY. **We expect the product mix to largely remain in the similar range. We expect the launch of new innovative products to fuel growth and drive customer stickiness.**
- Product innovation is a key focus for Niva, especially in the retail health segment, with the company delivering many industry-first features in its products. Niva has the advantage of Bupa's experience in health insurance, medical care, and healthcare services and product-focused innovation capabilities to consistently deliver on product innovation.
- A comprehensive product suite with 360-degree ecosystem coverage, along with the best-in-class customer experience, driven by the launch of innovative products, will be a key growth driver for the company.
- Niva has built a range of health insurance products that seek to cater to all stages of a customer's lifecycle and continues to launch new innovative products from time to time.
- It strives to achieve the best customer-product fit based on customer groups and the sales process. Customer groups are identified based on various parameters like age, income and health status, after which an effort is made to achieve the best customer-product fit.
- Focus is on expanding the portfolio by creating health insurance products targeting various customer groups and covering additional diseases and conditions. The aim is to create a diverse portfolio of products that are relevant, affordable, and beneficial across various price points, use-cases, income groups, and age groups.

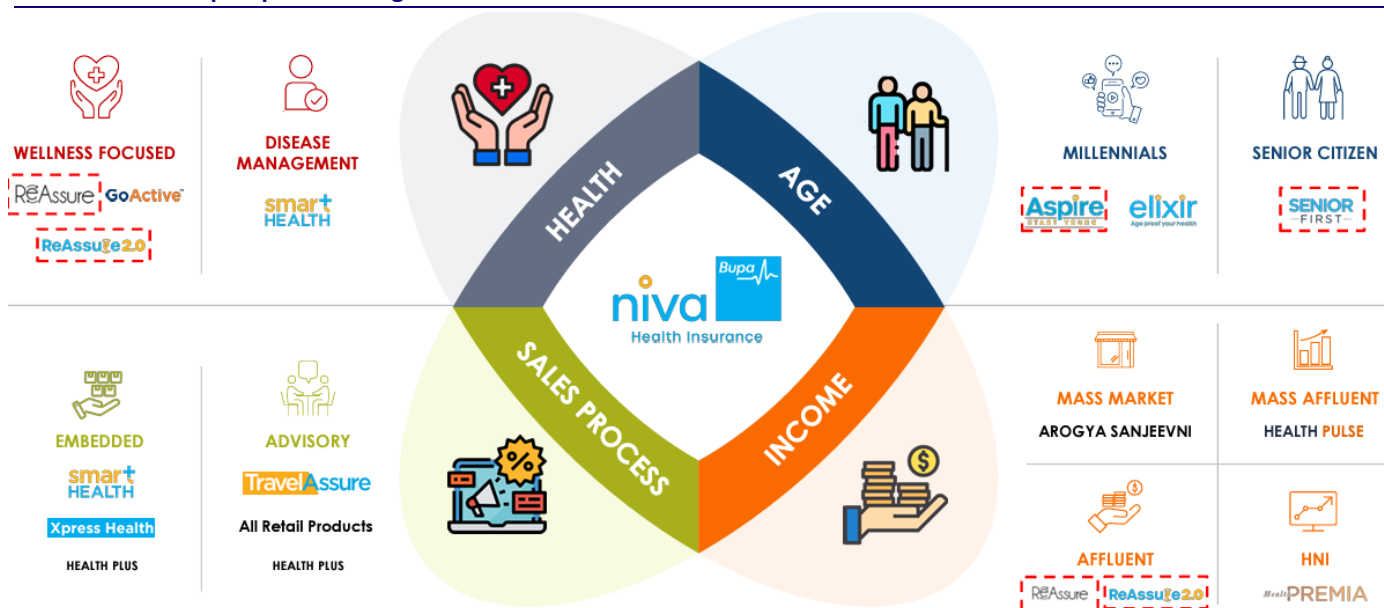
**Exhibit 2: Niva to maintain growth across segments and product range to remain stable**



Source: Company, MOFSL



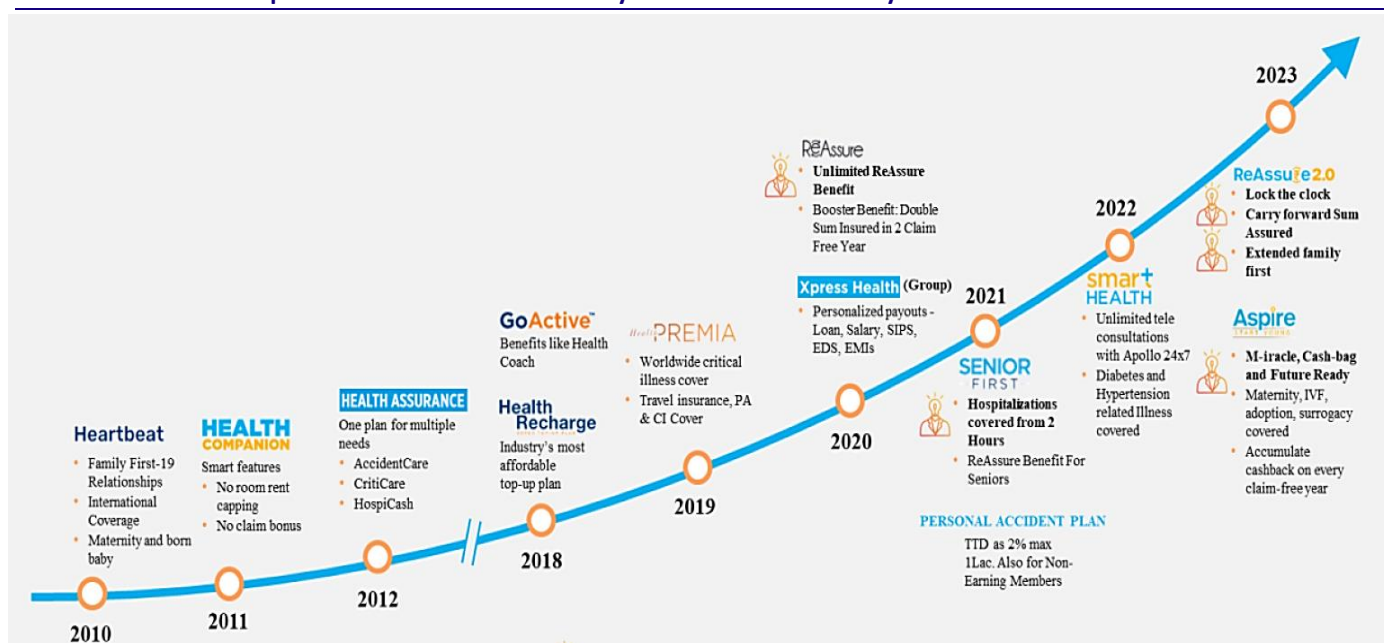
**Exhibit 3: Niva Bupa's product range caters to customers across cohorts**



Source: Company, MOFSL

- The company has developed a customer lifetime value (LTV)-based approach toward new product creation, which leverages data analytics to determine LTV based on customer profile, claim experience, loss ratio assumptions, inflation, acquisition costs, and risk perception. Apart from enhancing product innovation for specific customer cohorts, this approach also helps in achieving favorable underwriting outcomes as a whole.
- Niva has demonstrated a strong track record in product innovation and launching products with industry-first features over the years, which have the capability of attracting customer interest, especially from the new tech-savvy customer segment.

**Exhibit 4: A number of products launched with industry-first features over the years**

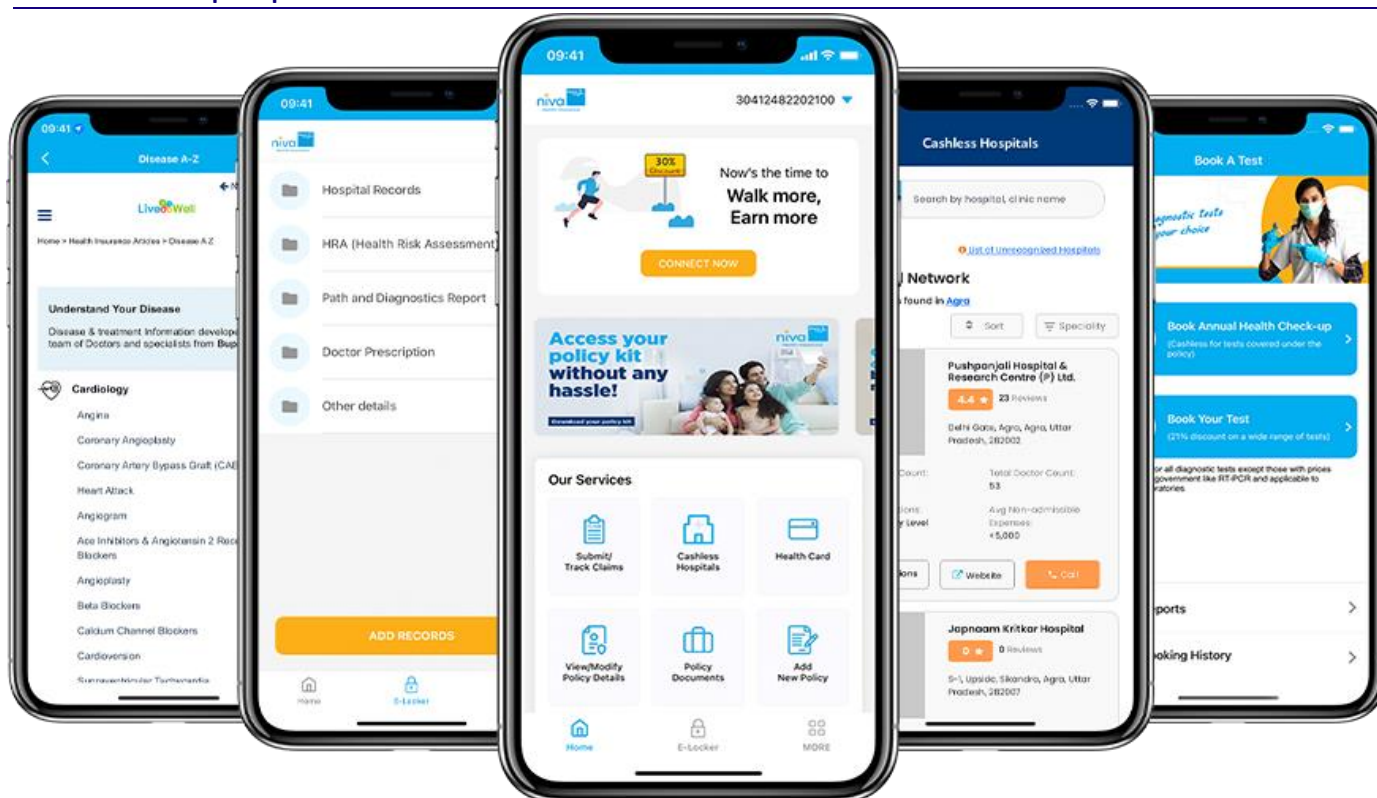


Source: Company, MOFSL

## Offering a holistic healthcare ecosystem backed by technology-led customer-centric approach

- During 9MFY25, almost all of Niva's new policies have been issued via its website and mobile app, driving a seamless and automated approach toward customer servicing. Moreover, about 91% of renewals were completed without human intervention. The strong tech integration will drive growth and operational efficiency. **We expect the expense ratio to gradually decline to 14.4% in FY28 (22.8% in FY24), excluding the impact of 1/n accounting.**
- Thanks to digital self-serving capabilities, about 91% of the claims were submitted digitally and 89.5% of cashless claims were processed in less than 30 minutes during 9MFY25. Niva is one of the two players that are consistently processing 100% claims within three months, and we expect this to continue, backed by enhanced tech capabilities.

### Exhibit 5: One-stop shop for all healthcare needs



Source: Company, MOFSL

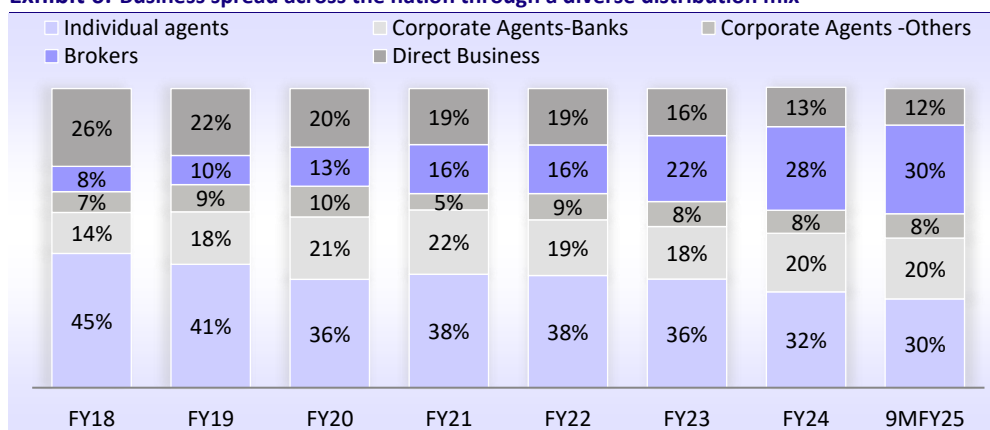
- Continuous investments are being made in building and enhancing the healthcare insurance ecosystem through initiatives such as additional health assessment tools and wellness content. It is also collaborating with strategic partners for services like digital consultations and home delivery of medicines. This will create a holistic platform for customers.
- Niva's platform provides customers with a range of features like claim submission functions and policy dashboard, along with capabilities like digital consultations and access to diagnostic services.

Niva intends to expand its physical presence in smaller towns and tier-2 cities while expanding its distribution reach to new customer segments.

## Well-diversified distribution mix

- Niva has adopted a multi-pronged distribution strategy, including direct sales through employees, online sales through the website and mobile application, and intermediary sales through distributors. Moreover, the company has a gradually growing network of individual and corporate agents.
- During 9MFY25, individual agents contributed the maximum to GWP (29.7%), followed by brokers (29%), banks (20.3%), direct (12.2%) and other corporate agents (8.2%).
- Niva's pan-India presence is supported by 172,505 individual agents, 97 corporate tie-ups, and 516 insurance brokers (as of 9MFY25).

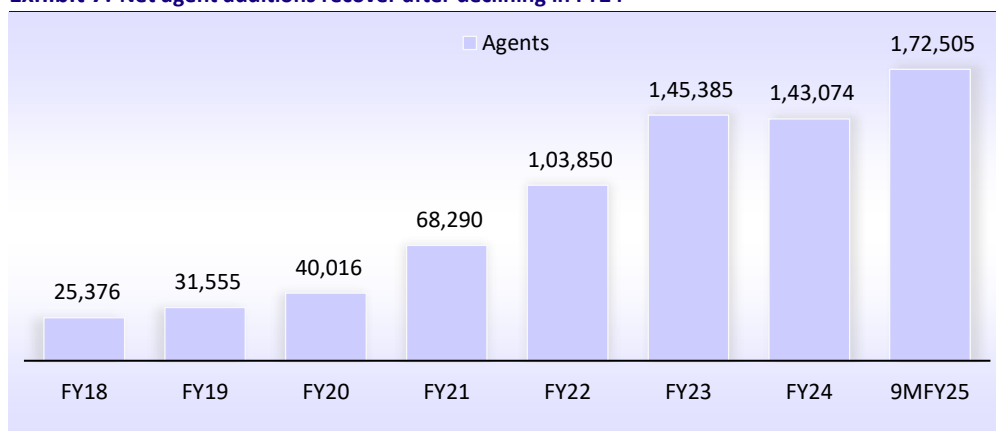
**Exhibit 6: Business spread across the nation through a diverse distribution mix**



Source: Company, MOFSL

- Going forward, **Niva intends to expand its presence in smaller towns and tier-2 cities while expanding its distribution reach to new customer segments.** It also intends to continue to expand its digital presence through increasing the number of web aggregators, digital brokers and direct-to-customer initiatives.
- About 10-15% of agents that are onboarded recently are new to the insurance industry, while the remaining have experience in LI/ GI distribution. The company supports distribution through a physical branch network and an e-agency model, enabling remote onboarding and training of individual agents. The average ticket size per policy sold through Niva Bupa's agency channel is the second highest among SAHI peers – INR22,895 in FY23 and at INR25,028 in FY24, signifying the ability of its agency channel to capture the mass affluent customer segment.
- **Niva has partnered with various PSU and private banks to strengthen its bancassurance** channel and is also increasing the share of direct and digital channels through the use of analytics to generate leads.
- **Niva is the largest-selling non-life insurance player on the PolicyBazaar platform** on the basis of insurance commission paid. The company has a collaborative partnership with PolicyBazaar aimed at enhancing health insurance accessibility and customer experience in India. PolicyBazaar, Niva and Tata AIA collaboratively launched a Wealth+Health Insurance plan, which integrates comprehensive health coverage with financial benefits, offering customers a holistic insurance solution.

- Strong productivity of its agency channel, the successful partnership with PolicyBazaar, new corporate tie-ups, and enhancing digital capabilities will drive growth across channels and keep the distribution mix stable.

**Exhibit 7: Net agent additions recover after declining in FY24**


Source: Company, MOFSL

**Exhibit 8: Average ticket size of SAHIs – individual agent channel**

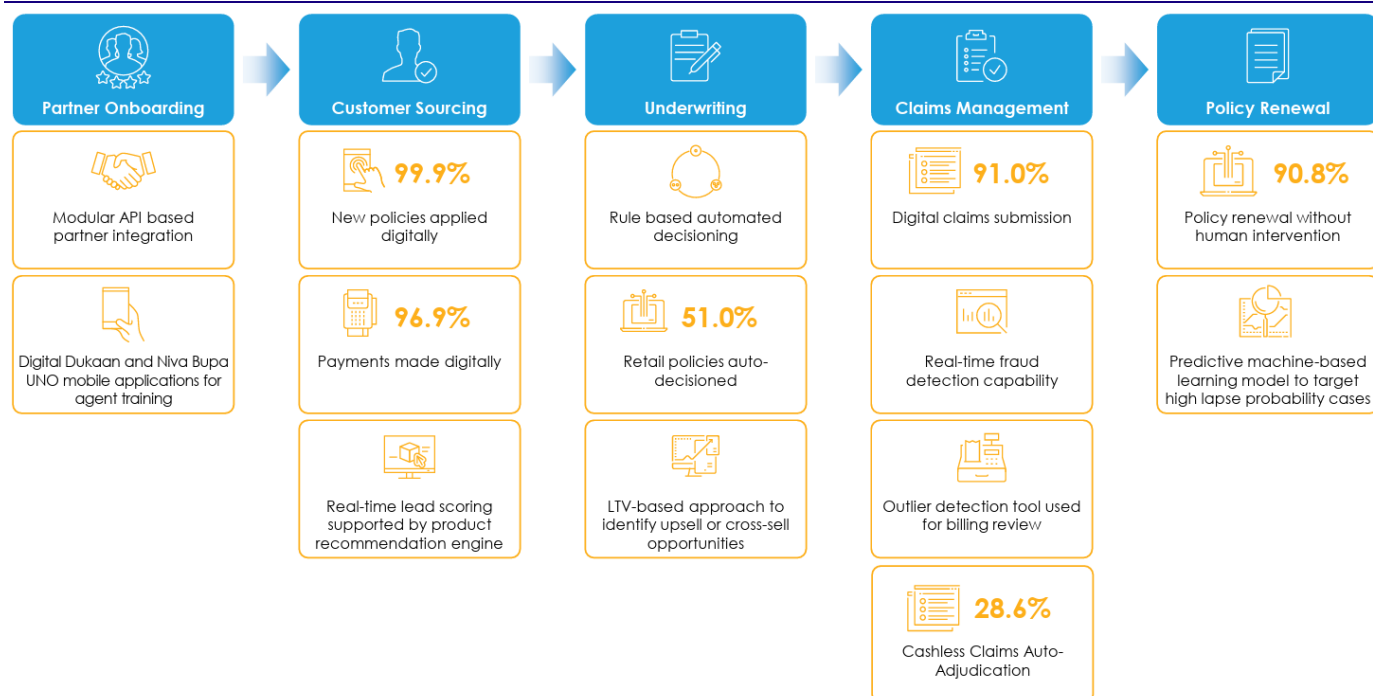
INR	FY22	FY23	FY24
Manipal Cigna	17,218	21,191	25,768
Niva Bupa	20,646	22,895	25,028
Aditya Birla Health	15,079	16,704	21,107
Care Health	16,612	17,684	19,813
Star Health	14,087	15,095	16,973

Source: Company, MOFSL

## Robust claim management strategies

- In FY24, Niva processed 100% of claims under its retail health segment through a dedicated in-house claim settlement team. Thanks to a seamless and tech-enabled claim management process, about 91% of claims were submitted digitally in 9MFY25. Niva is one of the two players in the industry with all of the claims processed in less than three months for the last two years.
- Niva also has an outlier detection tool powered by hybrid machine learning-based models. It uses parameters such as medical specialty, length of stay, intensive care unit utilization, and applicable tariffs applied to identify outliers in claims. A billing review function is in place to review material anomalies and arrive at reasonable costs, resulting in one of the best claim ratios in the industry.

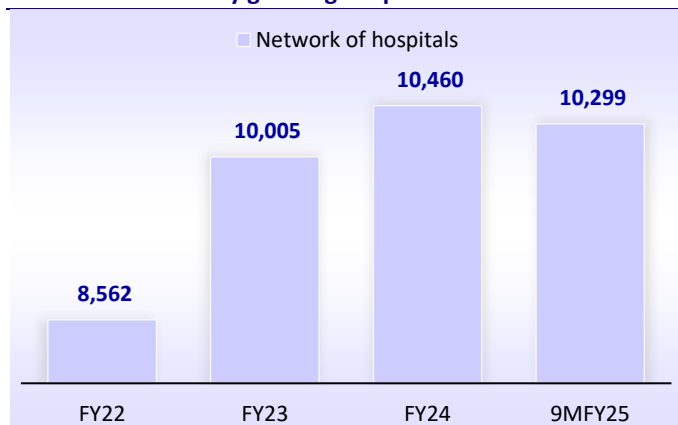
**Exhibit 9: Analytical approach benefitting across the journey, especially claims management**



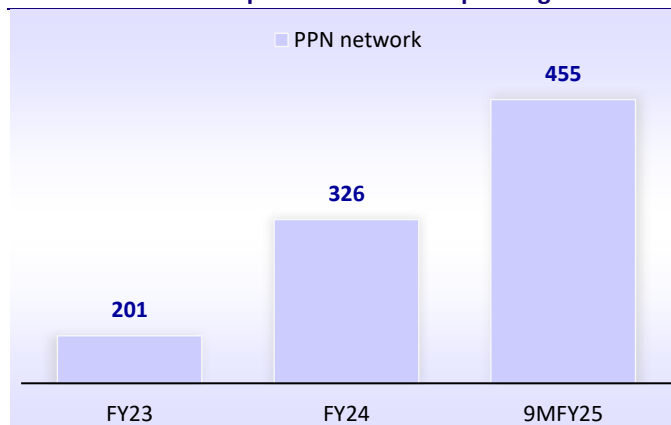
Source: Company, MOFSL

- An AI-driven claims auto-adjudication system has been adopted through arrangements with Vitraya Technologies, with the aim of improving accuracy and reducing the processing time for pre-authorization of cashless claims. The system has been integrated with over 2,000 network hospitals, contributing to over 70% of the total number of cashless claims.
- Niva has a strong network of 10,299 hospitals across India as of 9MFY25, which is the highest in the industry after Star Health. Its preferred partner network (PPN) has also grown rapidly to 455 partners in 35 cities, contributing to 14% of claims in PPN cities. These arrangements provide improved transparency of billing and negotiation of lower rates for procedures, enhancing control over claims.



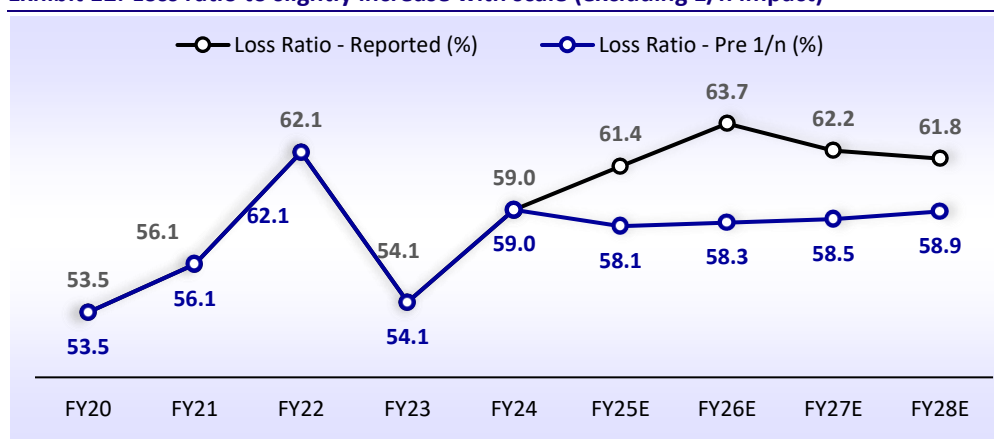
**Exhibit 10: Gradually growing hospital network**


Source: Company, MOFSL

**Exhibit 11: Preferred partner network expanding**


Source: Company, MOFSL

- Niva's retail health claim cost index, which takes into account medical cost inflation, change in disease mix, and medical advancement, among others, has seen a CAGR of 6.6% (FY19 to 9MFY25) and is expected to maintain a similar trajectory.
- Niva's affordable, customizable health plans with a digital-first approach attract tech-savvy younger customer cohorts. Its focus on AI-driven claim management, wellness benefits, and fitness-linked incentives aligns with the preference of younger customers, and its strong partnership with fintechs enhances accessibility. This, in turn, is favorable for Niva's claim ratio as younger policyholders generally have lower claim frequency and severity.
- Its underwriting and analytics capabilities have helped the company remain prudent on risk selection and risk-based pricing and drive upsell, cross-sell, and customer retention while ensuring claim control. The second wave of Covid-19 led to a rise in its loss ratio to 62%, which improved to 54%/59% in FY23/FY24. However, the rise in seasonal diseases and claims has resulted in the loss ratio jumping to 61.1% in 9MFY25 (excluding 1/n impact).
- **We expect the robust underwriting capabilities, new business growth and price hikes to keep the loss ratio in the range of 58-59% (excluding 1/n impact).**

**Exhibit 12: Loss ratio to slightly increase with scale (excluding 1/n impact)**


Source: Company, MOFSL

## Bupa parentage serves as a strong backbone

- Niva has access to international healthcare experience through its association with the Bupa Group, a UK-based insurance and healthcare services company with seven decades of experience and over 50m customers across the world. In 2024, 73% of Bupa's revenue came from health insurance and Niva contributed 9% to Bupa's revenue. Bupa's presence provides Niva with several strategic advantages and enhanced brand credibility that strengthens its market position in the competitive Indian health insurance industry.
- As a leading international healthcare company, Bupa has extensive experience in health insurance and healthcare services. This enables Niva to incorporate global best practices, enhancing operational efficiency and customer service. Bupa's experience in providing healthcare benefits to customers globally is a key driver for Niva's product innovation.
- Bupa's international presence provides Niva access to a vast network of healthcare professionals and resources, facilitating the development of comprehensive health insurance solutions tailored to diverse customer needs. The technical support and actuarial insights from teams across the globe help Niva develop efficient pricing, profitable investments and robust financial reserving models.
- Bupa's robust financial position offers Niva financial stability, supporting investment in product innovation, technology, and expansion initiatives. Bupa's focus on continuous enhancement of its digital health platforms (Blua platform) aligns with Niva's goals to provide seamless digital experiences to customers.

**Exhibit 13: The extensive reach of Bupa across the world gives Niva a strategic advantage**



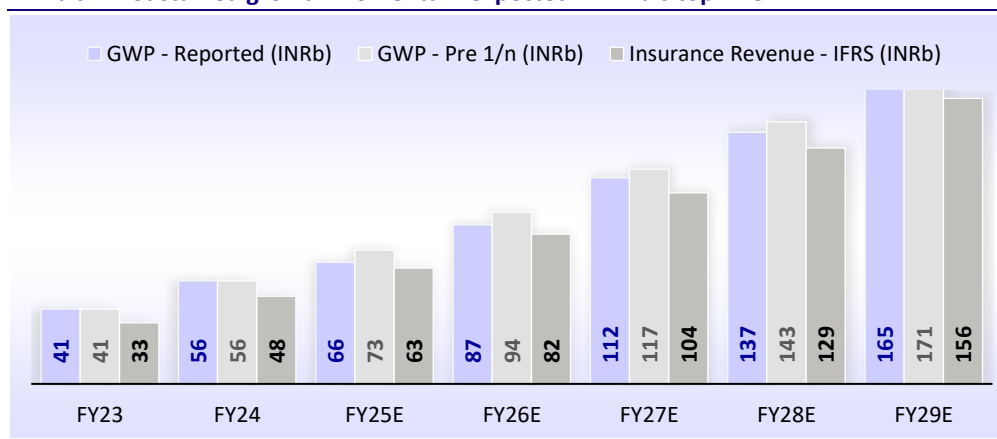
Source: Bupa, MOFSL

## Profitability improvement to be driven by sustained growth momentum and operational efficiency

### Strong premium growth to sustain with a stable product mix

- We expect Niva to report a CAGR of 25% in pre-1/n GWP during FY25-28, led by a consistent growth in both retail and group segments.
- Considering 1/n, we forecast a GWP CAGR of 27% during FY25-28. The major impact of 1/n will be felt in 2HFY25 and 1HFY26, after which the unwinding of the 1/n impact will drive up growth. Considering a slight decline in reinsurance ceding and 50:50 URR method, we expect a 27% CAGR in NEP on both pre-1/n and 1/n basis.
- Under IFRS, we expect insurance revenue, to grow at a CAGR of 27% over FY25-28, forecasted using 1/365 URR accounting.

**Exhibit 14: Sustained growth momentum expected in Niva's top-line**



Source: Company, MOFSL

### Reinsurance to remain largely stable

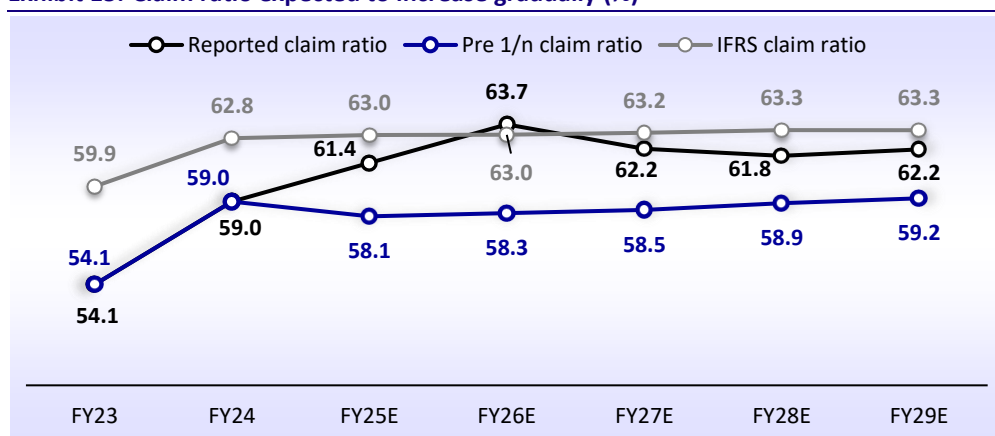
- We expect Niva's retention ratios to slightly decline but remain in the range of 80-81%, resulting in NWP CAGR of 28% on 1/n basis and 26% on pre1/n basis during FY25-28E.
- Under IFRS, reinsurance ceded as a % of insurance revenue is expected to remain consistent at ~21%. Reinsurance commission/ reinsurance claims as a % of insurance revenue/ reinsurance ceded is expected to remain constant, resulting in a CAGR of 27% over FY25-28E with respect to net reinsurance expenses. As a % of insurance revenue, net reinsurance expenses are expected to remain stable at ~1%.

### Loss ratio to increase, combined ratio to decline led by expense ratio

- We expect Niva's loss ratio (pre-1/n) to increase to 59% in FY28E from 58.2% in FY25E, led by a fall in the share of the fresh business-to-renewal business ratio. Also, with PED coverage for the back book commencing, the loss ratios will trend northward. On the other hand, scale benefits will drive the opex ratio down, while commission ratios will improve owing to the new to renewal mix. Resultantly, the combined ratio will improve to 92.7% in FY28E from 96.9% in FY25E.

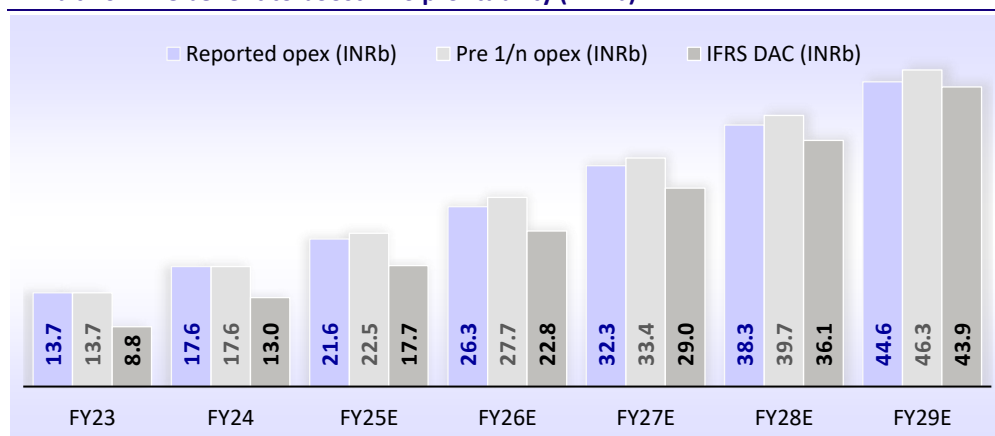
- On a reported basis, the loss ratio will increase to 62.2% in FY26E from 61.4% in FY25E before falling to 61.8% by FY28E. The improvement will be led by the unwind benefit. The opex ratio comparatively will be higher given the adjustment of 1/n. As a result, the combined ratio will gradually improve to 96.7% in FY28E from 102.5% in FY25E.
- Under IFRS, acquisition costs will be deferred and amortized over the policy's life, rather than getting expensed upfront. We expect the deferred acquisition costs to increase at a CAGR of 27% during FY25-28E. Insurance service expense is expected to grow at a CAGR of 28% during FY25-28E, with the ratio as % of insurance revenue remaining stable in the range of 63-63.5%.

**Exhibit 15: Claim ratio expected to increase gradually (%)**



Source: Company, MOFSL

**Exhibit 16: DAC benefit to boost IFRS profitability (INR b)**



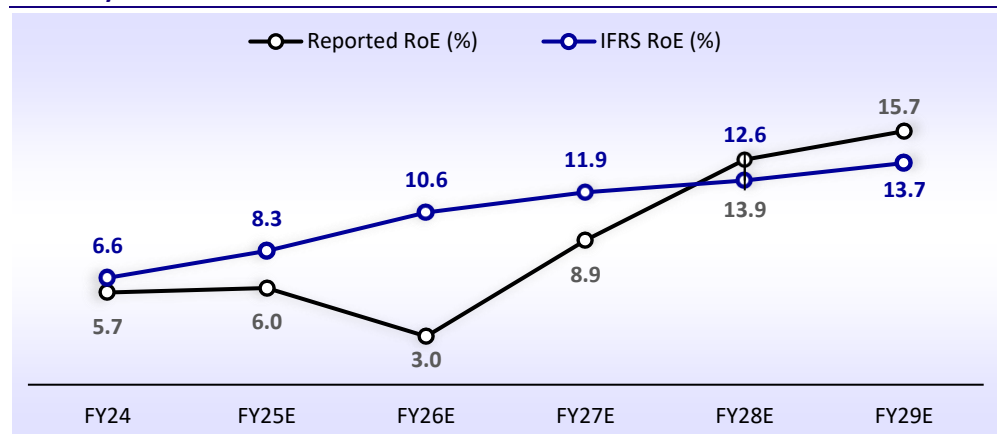
Source: Company, MOFSL

### Operational efficiency to boost PAT and RoE

- On a pre-1/n basis, we expect the growth momentum and stable operational efficiency to lead to a 32% PAT CAGR during FY25-28E.
- On a reported basis, we expect the unwind benefit, along with growth momentum and operational efficiency, to result in strong PAT growth in FY27E, leading to a 49% PAT CAGR during FY25-28E. RoE is expected to decline YoY in FY26E and then improve to ~14% in FY28E.

- Under IFRS, the DAC benefit, along with strong growth momentum, should lead to a 34% PAT CAGR during FY25-28E, resulting in gradual RoE improvement to 13% in FY28E (from 8% in FY25E).

**Exhibit 17: Profitability to improve gradually with sustained growth and operational efficiency**



Source: Company, MOFSL

**Exhibit 18: IFRS Income Statement**

INRm	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Insurance Revenue	30,356	44,179	58,111	75,932	96,780	1,20,170
% growth		46	32	31	27	24
Insurance Service Expense	-18,196	-27,758	-36,624	-47,867	-61,127	-76,094
Net expenses from reinsurance	-713	-483	-636	-831	-1059	-1315
<b>Insurance service result</b>	<b>2,688</b>	<b>2,925</b>	<b>3,128</b>	<b>4,455</b>	<b>5,560</b>	<b>6,710</b>
Investment income	1,888	3,042	4,698	5,684	6,375	7,175
Other income	70	37				
Other operating expenses	-4,187	-4,262	-4,475	-4,936	-5,516	-6,249
Finance costs	-344	-352	-352	-352	-352	-352
PBT	116	1,390	2,999	4,851	6,066	7,285
Tax	-35	-366	-750	-1213	-1517	-1821
<b>PAT</b>	<b>81</b>	<b>1,024</b>	<b>2,249</b>	<b>3,638</b>	<b>4,550</b>	<b>5,463</b>
RoE		6.6	8.3	10.6	11.9	12.6

Source: Company, MOFSL



## Peer comparison

We have analyzed key insurance providers based on the following parameters –

### GDPI growth and market share

- New India Assurance (NIA) is the largest player in the health segment with a FY25 market share of 16.2%, followed by Star Health with a market share of 13.9%. Niva's gross direct premium income (GDPI) has grown at a CAGR of 41% (FY20-25) and FY25 market share is at 5.6% (compared to 2% in FY19).
- In the retail health segment, Star Health is the largest player with a FY25 market share of 32.6%, followed by Care Health with a market share of 10.8%. Niva is the third largest retail health player, with a FY25 market share of 9.4%.

**Exhibit 19: Health segment – growth and market share**

Health	YoY growth (%)					Market share (%)				
	FY21	FY22	FY23	FY24	FY25	FY21	FY22	FY23	FY24	FY25
Bajaj Allianz	-5.0	51.0	-1.0	114.0	16.6	3.6	4.3	3.5	6.2	6.6
Cholamandalam MS	30.0	5.0	36.0	28.0	18.3	0.7	0.6	0.6	0.7	0.8
Go Digit	415.0	133.0	76.0	70.0	-6.1	0.3	0.6	0.8	1.2	1.0
HDFC ERGO	2.0	16.0	18.0	17.0	-3.7	6.4	5.9	5.6	5.5	4.8
ICICI -Lombard	-3.0	16.0	39.0	28.0	12.3	5.3	4.9	5.5	5.9	6.1
Tata-AIG	12.0	35.0	50.0	25.0	15.3	2.0	2.1	2.6	2.7	2.8
New India	15.0	34.0	16.0	10.0	4.8	18.4	19.6	18.4	16.8	16.2
Aditya Birla	54.0	36.0	62.0	36.0	27.8	2.0	2.2	2.8	3.2	3.7
ManipalCigna	31.0	30.0	37.0	25.0	6.6	1.3	1.3	1.5	1.5	1.5
Niva Bupa	42.0	65.0	45.0	38.0	20.3	2.8	3.7	4.4	5.1	5.6
Care Insurance	5.0	50.0	38.0	38.0	22.2	4.0	4.7	5.3	6.1	6.9
Star Health	37.0	22.0	13.0	18.0	9.9	15.7	15.3	14.1	13.8	13.9
<b>Industry</b>	<b>14.0</b>	<b>25.0</b>	<b>23.0</b>	<b>20.0</b>	<b>8.9</b>					

Source: GI Council, MOFSL

**Exhibit 20: Retail Health segment – growth and market share**

Retail Health	YoY growth (%)					Market share (%)				
	FY21	FY22	FY23	FY24	FY25	FY21	FY22	FY23	FY24	FY25
Bajaj Allianz	16.1	4.1	6.4	11.2	12.8	3.1	2.7	2.5	2.3	2.4
Cholamandalam MS	23.1	13.2	48.9	15.6	-8.2	1.1	1.1	1.4	1.3	1.1
Go Digit	264.2	125.3	82.5	22.4	12.8	0.0	0.1	0.1	0.1	0.1
HDFC ERGO	16.1	12.9	11.8	15.2	6.3	10.4	10.0	9.7	9.4	8.9
ICICI -Lombard	25.5	17.0	17.1	20.0	25.0	2.9	2.9	2.9	2.9	3.3
Tata-AIG	79.5	54.9	38.2	29.7	35.3	1.2	1.6	1.9	2.1	2.5
New India	9.8	3.2	0.5	14.9	10.5	9.9	8.7	7.6	7.3	7.2
Aditya Birla	59.9	21.7	22.8	34.9	27.8	2.1	2.2	2.4	2.7	3.0
ManipalCigna	26.0	17.8	24.8	29.0	12.7	1.5	1.5	1.6	1.8	1.8
Niva Bupa	55.9	59.2	37.7	29.3	15.4	5.2	7.0	8.4	9.1	9.4
Care Insurance	41.6	34.1	25.7	45.7	28.6	6.2	7.1	7.7	9.4	10.8
Star Health	40.9	22.9	18.4	16.8	10.5	31.2	32.9	33.7	33.1	32.6
<b>Industry</b>	<b>28.5</b>	<b>16.7</b>	<b>15.5</b>	<b>19.1</b>	<b>12.0</b>					

Source: GI Council, MOFSL

### Lives Insured

- Public insurers dominate the market by the number of lives insured in the health insurance market as of FY24, but SAHIs and few private players continue to achieve faster growth. However, in the retail health insurance market, Star Health is the largest player in the market in terms of the number of lives insured, followed by Niva and Care Health.
- Niva continued to witness strong growth in the number of lives insured from 4.1m to 5.0m in FY24, and reached the second position (3rd largest in FY23).

**Exhibit 21: Niva is the second largest retail health insurer in terms of the number of lives insured**

# of lives insured (in m)	Health			Retail health		
	FY23	FY24	YoY growth (%)	FY23	FY24	YoY growth (%)
Star Health	20.4	21.0	2.7	18.7	18.8	0.7
Niva Bupa	9.5	14.0	47.2	4.1	5.0	21.7
Care Health	19.5	22.1	13.6	3.5	4.7	34.5
HDFC Ergo	10.9	14.0	28.9	4.4	4.4	-0.1
The New India Assurance	89.3	85.9	-3.8	3.9	3.8	-3.5
National Insurance	50.5	38.9	-22.9	2.8	2.6	-7.9
ICICI Lombard	19.9	29.1	46.0	1.7	1.8	7.6
Bajaj Allianz	7.9	31.8	302.3	1.4	1.8	29.7
Aditya Birla	11.3	12.5	10.2	1	1.4	41.3
Manipal Cigna	12.5	25.3	102.5	0.8	1.0	29.3
Tata AIG	5.8	8.0	38.3	0.8	0.9	13.2

Source: IRDAI, MOFSL

**Claim Settlement**

- Niva and Care Health are the only two insurers that paid 100% of accepted claims in FY24 within three months. Niva was the first insurer in the industry to launch and build capabilities around 30-minute claim processing.
- With respect to the claim settlement ratio, Tata AIG reported the best ratio in FY24 (100%), while NIA has been consistently reporting the best ratio in the industry for the last three years. Niva has also reported a claim settlement ratio of 90%+ during FY22-24.

**Exhibit 22: Claim settlement ratio of key players in the industry**

%	FY22	FY23	FY24
Tata AIG	98.2	86.3	100.0
NIA	99.8	99.8	99.9
HDFC Ergo	95.6	97.1	97.9
Bajaj Allianz	94.3	93.7	95.1
Care Health	87.0	90.0	92.6
Niva Bupa	90.8	90.5	91.9
National Insurance	91.6	90.6	90.2
Manipal Cigna	89.8	90.2	88.5
ICICI Lombard	88.0	90.7	86.6
Star Health	82.3	80.1	86.5
Aditya Birla Health	73.7	74.4	75.0

Source: Company, MOFSL

**Claim Ratio**

- Niva has maintained the best-in-class claim ratio over FY22-24, backed by machine learning-based algorithms and logistic regression models to identify fraudulent claims.

**Exhibit 23: Claim ratio of key players in the industry**

%	FY22	FY23	FY24
Niva Bupa	64.0	54.6	59.4
Care Health	71.3	58.0	60.1
Manipal Cigna	77.1	65.6	64.4
Star Health	87.3	65.3	66.8
Aditya Birla Health	78.4	71.3	73.0
ICICI Lombard	101.6	83.1	82.8
Tata AIG	90.2	79.8	83.1
HDFC Ergo	107.8	85.4	85.7
Bajaj Allianz	96.9	79.9	88.9
National Insurance	124.2	102.5	90.6
NIA	124.1	103.7	106.7

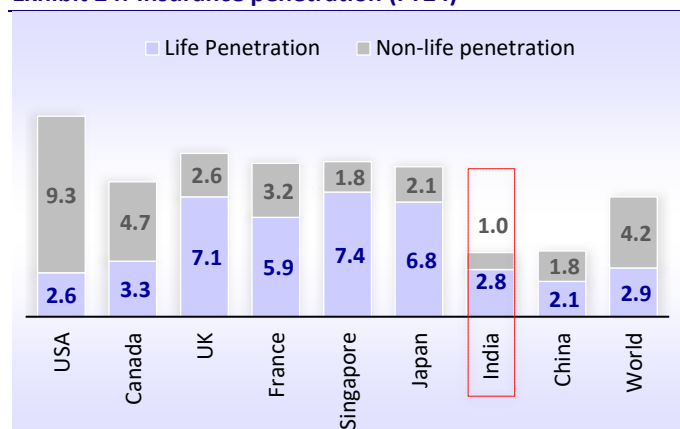
Source: Company, MOFSL. Note: Claims ratio of health segment given for multi-line insurers

## Health insurance sector insights

### Fastest-growing non-life insurance segment and highly under penetrated

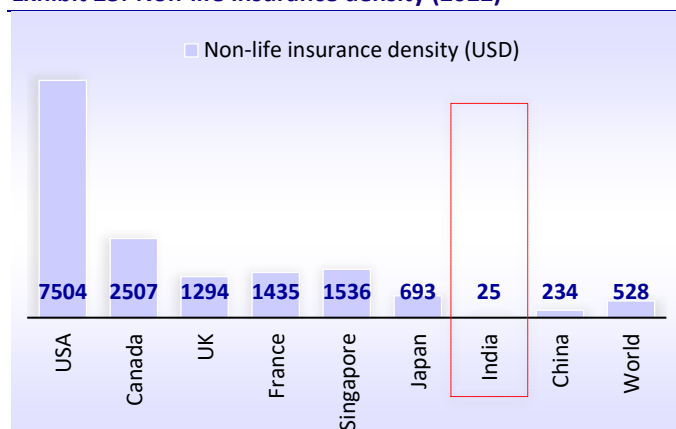
- Over the past six years, health insurance has emerged as the largest segment in the Indian general insurance industry, contributing 38.6% to the mix in FY25. The health insurance GDPI has more than doubled from INR 0.46t in FY19 to INR 1.2t in FY25 at a CAGR of 17.3%. As per Redseer estimates, total health GDPI is expected to reach INR1.8-2.0t by FY28.
- Growth in health insurance is driven by increasing awareness about insurance as protection against healthcare inflation, the rise in the number of diseases, and increasing affordability with customized health insurance products provided by specialized players.
- India's healthcare trends, including rising expenditure, inflation, high out-of-pocket expenses, and increased disease burden, are driving the demand for health insurance.
- The total number of lives covered in India stood at ~570m at the end of FY24, reflecting an increase in coverage to 39% of population. However, compared to other major economies, India's health insurance parameters are worse off.

**Exhibit 24: Insurance penetration (FY24)**



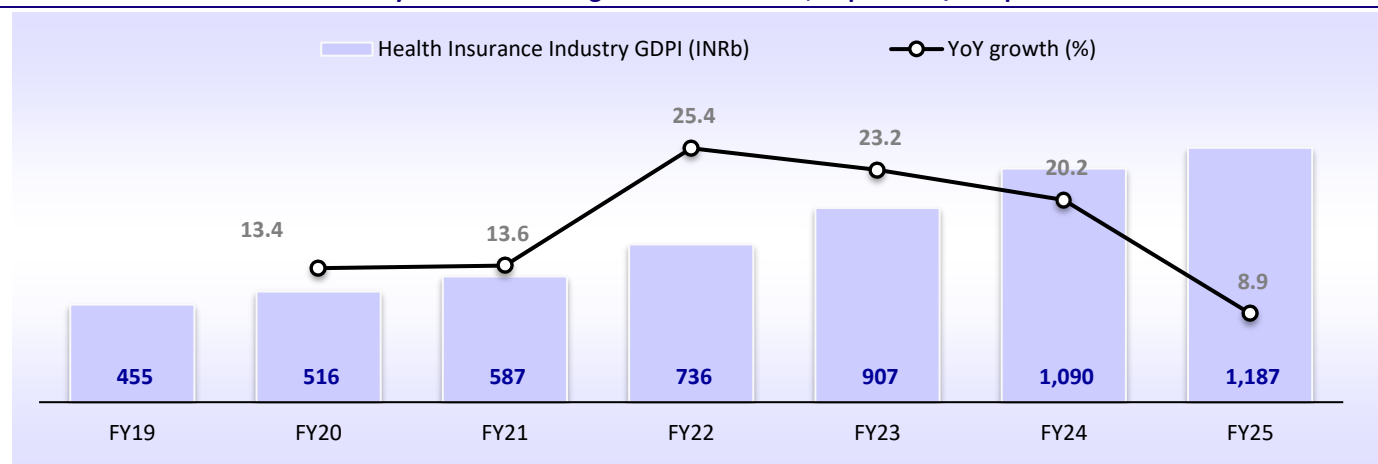
Source: IRDAI, MOFSL

**Exhibit 25: Non-life insurance density (2022)**



Source: IRDAI, MOFSL

**Exhibit 26: Health insurance industry has maintained growth momentum; impact of 1/n implementation in FY25**



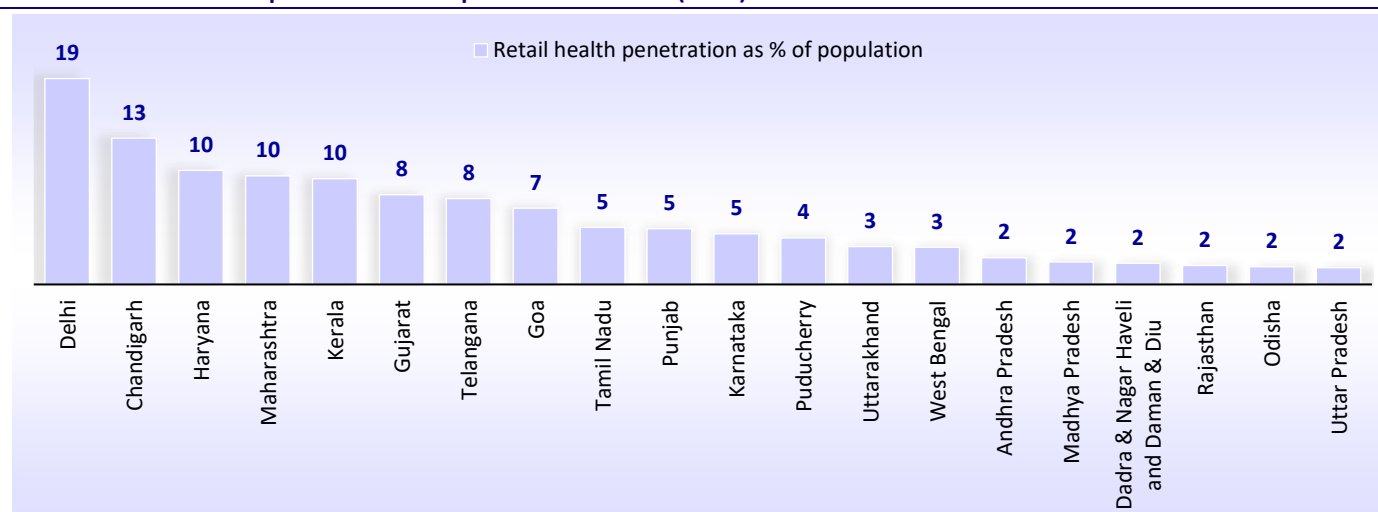
Source: GI Council, MOFSL

## Retail health insurance industry

### The most promising growth driver of health insurance industry in India

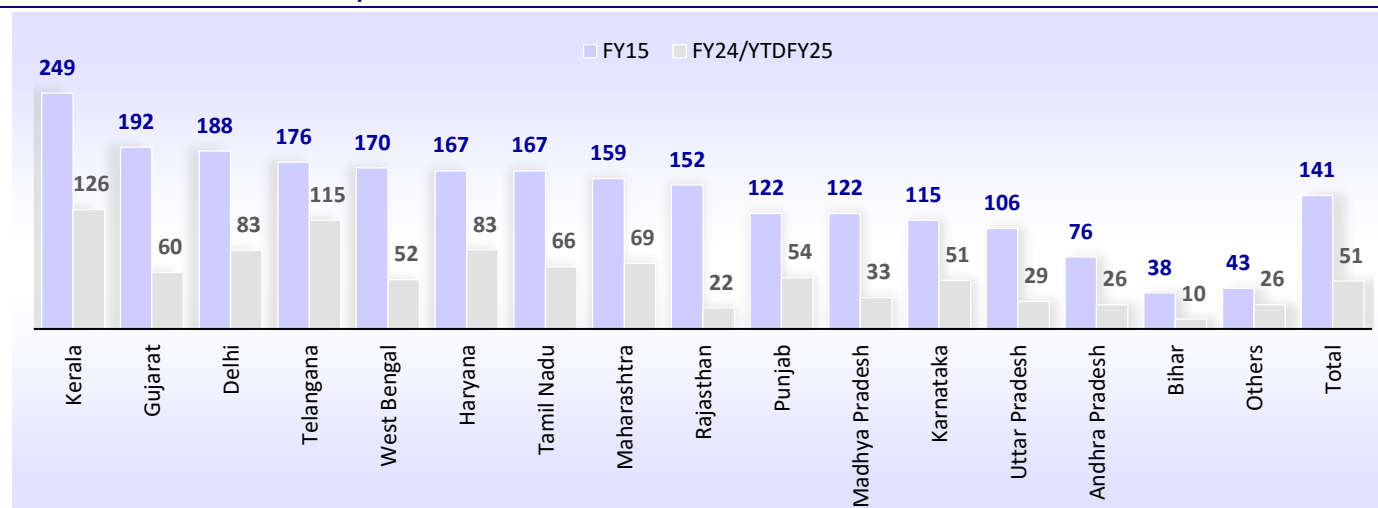
- Retail health insurance accounts for ~39.8% of the overall health insurance for FY25, with a CAGR of 18.2% during FY20-25. It is expected to clock a CAGR of 18-21% over the next four years to INR0.8-0.9t by FY28.
- The key premium growth drivers in retail health insurance industry are: 1) number of lives covered, 2) sum assured per policy (2x in 2-3 years), and 3) pricing.
- Low penetration of retail health in large states of India offers headroom for growth, as insurance providers start expanding in tier-2 and beyond areas.

Exhibit 27: Retail health penetration in Top 20 states of India (2024)



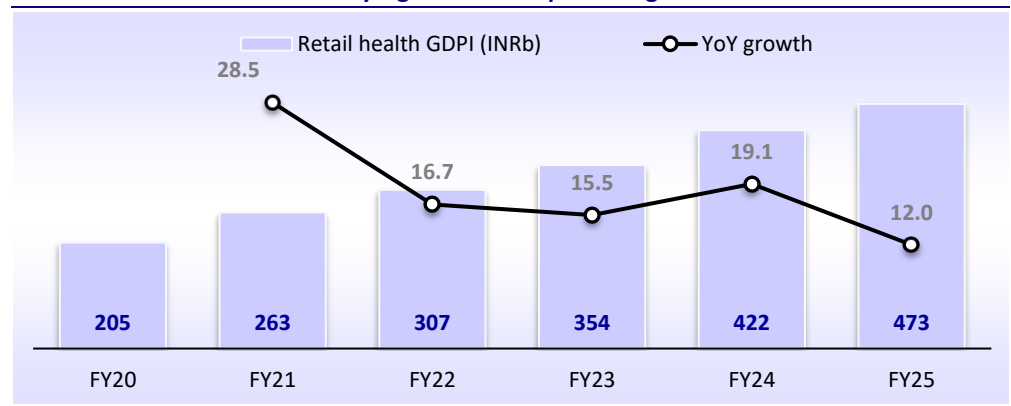
Source: IRDAI, MOFSL

Exhibit 28: Ratio of retail health policies to NSE accounts has declined across all states



Source: IRDAI, NSE, MOFSL

**Exhibit 29: Retail health industry's growth looks promising**



Source: Company, MOFSL

- The segment is more profitable than group health insurance owing to better underwriting, driven by customer segmentation and innovative products. The claim environment is also more favorable in retail business compared to group business. The expense ratio for retail health insurance is higher compared to group health, but a lower claim ratio offset the same for better profitability.

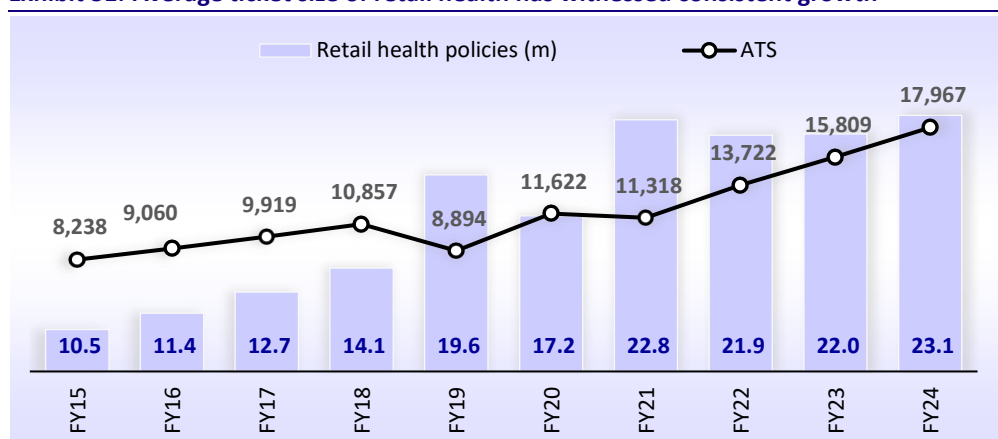
**Exhibit 30: Retail health business has been more profitable than group health (FY24)**

Business Segment	Loss Ratio	Expense Ratio	Combined Ratio
Group health	94%	10-15%	104-109%
Retail health	75%	20-25%	95-100%

Source: IRDAI, MOFSL

- Furthermore, retail health has higher renewal rates. Based on Redseer estimates, renewal rates for retail business stand around 83-88% compared to 70-75% for Group business.
- Retail health insurance is a complex product, and customers need handholding, due to which the business is largely driven by individual agents who provide superior customer service and enhanced customer experience. Customers tend to approach agents for claim applications and processing due to their perceived reliability and personalized rapport, resulting in high satisfaction claims events leading to the highest renewals. On the other hand, the direct online channel has a low combined ratio, owing to better sales targeting and greater control over underwriting. This channel leverages data analytics to assess and understand customer risk profiles accurately, reducing the likelihood of significant claims.
- Number of retail health policies and average ticket size (ATS) per policy have witnessed a CAGR of ~9.2% and ~9.1% during FY15-24. Additionally, inflation also impacted the ATS per policy during this period.



**Exhibit 31: Average ticket size of retail health has witnessed consistent growth**


Source: IRDAI, MOFSL

**Exhibit 32: Retail health potential 3-7x by FY30**

	FY24	FY30	Remarks				
No of existing customers (m)	56	41	Assuming 5% drop in count every year				
Ticket size (INR)	7,430	13,162	Assuming 10% CAGR due to premium hikes, SA increase				
Industry gross premium - existing customers (INR b)	415	540					
Customer Base Potential for FY30							
Ratio of new customers to existing customers until FY30 (x)	1	1.5	2	2.5	3	3.5	4
New customers (m) – (A)	56	84	112	140	168	195	223
FY30 total customer base (m)	112	140	168	195	223	251	279
Industry sizing for FY30							
20% lower ticket size for new customers (INR) - (B)	10,530	10,530	10,530	10,530	10,530	10,530	10,530
FY30 Industry size of new customers (INR b) - (AxB)	588	882	1,176	1,470	1,765	2,059	2,353
Total Industry in FY30 (INR b) – New + Existing	1,129	1,423	1,717	2,011	2,305	2,599	2,893
FY24-30 CAGR	18%	23%	27%	30%	33%	36%	38%
Total industry size in FY30 vs FY24	2.7	3.4	4.1	4.8	5.6	6.3	7.0

Source: IRDAI, MOFSL

## SAHIs: Dominating retail health space with faster growth and better profitability

### Market share of SAHIs is 50%+ in the retail health segment

- In FY24/ FY25, total premium collections in the retail health business stood at INR422b/INR 472.7b, with SAHIs accounting for 56%/57.6% market share.
- In terms of growth, total retail health business saw a CAGR of 18.2% during FY20-25, while SAHIs reported 26.2% CAGR during similar period.
- For SAHIs, industry-leading growth and market share accretion is primarily driven by (a) higher agency force, (b) a higher number of products available, (c) popularity among corporate tie-ups, (d) superior customer experience driven by exclusive focus on health, and (e) aggressive expansion of hospital network.
- The single product focus of SAHIs fosters better product innovation. Due to the structural advantages, we expect SAHIs would continue to dominate the retail health segment.

**Exhibit 33: Retail health industry summary**

	Retail (%)	Corporate (%)	Others (%)	Total (%)
<b>Market share FY24</b>				
SAHI	54	14	0	28
PSU	23	51	84	43
Private	24	36	16	29
<b>Mix FY24</b>				
SAHI	75	25	0	
PSU	24	62	14	
Private	35	56	9	
Industry	40	50	10	
<b>Claims ratio FY24 (average)</b>				
SAHI	64	67	N.A.	65
PSU	96	103	115	103
Private	81	91	121	89
Industry	75	94	115	88

Source: IRDAI, MOFSL

### SAHIs have better profitability metrics than multi-line insurers

- Along with faster growth, SAHIs have performed better than peers with respect to profitability metrics. The claim ratio for SAHIs was 65% in FY24, while it was 89%/103% for private/public insurers. A higher share of retail business in the mix has led to a favorable claim ratio for SAHIs, compared to multi-line insurers, which have a higher contribution from group business.
- With respect to the expense ratio, greater reliance on individual agents for retail business distribution has resulted in elevated ratios for SAHIs. However, scale benefits will likely lead to a decline in costs and an improvement in expense ratios.
- Due to a favorable claim ratio, SAHIs have the lowest combined ratio, yielding better financial results than private and public multi-line general insurers.

## Growth impacted by 1/n accounting framework; IFRS implementation to boost RoE

- Change to 1/n accounting framework:** With effect from Oct'24, IRDAI mandated non-life insurers to follow the 1/n accounting method for long-term policies. This methodology requires the total premium collected by the insurer to be recognized over the policy period on a prorated basis. For example: For a three-year policy with a premium of INR30,000, the insurer will recognize INR10,000 in each of the three years, instead of the whole INR30,000 in the first year itself, impacting the revenue of the company.  
Niva has a high share of long-term policies in the industry at ~20%. While the change in accounting has affected growth since Oct'24, we expect the unwinding effect to recover growth after FY26.

**Exhibit 34: 1/n implementation will have an impact in FY26, which will be offset by unwinding effect in FY27 and beyond**

Niva Bupa (INR m)	Pre 1/n			Post 1/n			Impact		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
GWP	72,986	93,681	1,17,101	66,278	86,691	1,12,417	-9%	-7%	-4%
NWP	57,871	75,132	94,149	52,510	69,353	89,934	-9%	-8%	-4%
NEP	51,049	66,502	84,641	48,368	60,931	79,643	-5%	-8%	-6%
Claims Ratio (%)	58.1	58.3	58.5	61.4	63.7	62.2	322bp	533bp	367bp
Expense Ratio (%)	38.8	36.9	35.5	41.1	38.0	36.0	233bp	109bp	42bp
Combined Ratio (%)	96.9	95.2	94.1	102.5	101.6	98.2	555bp	642bp	410bp
PAT	3,347	4,061	5,811	1,526	915	2,901	-54%	-77%	-50%

Source: MOFSL

- IFRS implementation:** IFRS 17 is the new global accounting standard developed for the insurance industry to introduce a consistent, transparent and comparable accounting framework for insurance contracts across the globe. Under IFRS 17, revenue will be recognized proportionately over the tenure of the policy, instead of upfront. Acquisition costs will not be recognized immediately as expenses and will form a part of overall liability of contract, amortizing gradually over the policy tenure.  
The deferring of acquisition costs will be beneficial for Niva's profitability, as costs would decline in the initial year. IRDAI has given time till FY27 for a phased implementation of IFRS.
- Increase in FDI:** In Budget 2025, the finance minister announced an increase in the FDI limit in the insurance sector from 74% to 100%. This move creates an opportunity for foreign players to invest in India's insurance sector, and for insurance companies to benefit from the capabilities and experience of the foreign players. This move can also help in expanding insurance coverage in India and improving penetration.  
For Niva, this is an opportunity to seek additional capital, if required, from Bupa.

- **Open architecture:** Under the Insurance Amendment Bill 2024, the government has proposed to introduce an open architecture model, removing restrictions from individual agents to serve only one insurer per category. The aim is to increase choices for customers, provide access to a diverse range of innovative products and empower agents to represent multiple insurers. While this move may increase competition, Niva's management expects to garner market share on the back of innovative products and tech capabilities.
- **Composite license:** The proposed amendment also includes the introduction of composite licensing, which will allow insurance companies to offer multiple types of insurance products. The aim is to deepen insurance penetration, enhance regulatory efficiency and foster competition within the sector. The increase in competition due to the introduction of a composite license will be a key risk. However, its focus on handling the complex health insurance ecosystem and Bupa's experience give Niva an edge over peers.

## Valuation and view

### Maintaining growth and profitability trajectory – Initiate coverage with BUY rating

- The Indian health insurance market is rapidly expanding, driven by increasing awareness, rising medical costs, and favorable government initiatives. Low penetration of health insurance in India provides a strong headroom for growth.
- We believe Niva has a strong position to harness the growth opportunity, with a strategic global partner, a growing customer base, and innovative product offerings. The diversified channel mix will ensure improved scalability as the company moves toward geographic expansion.
- The company's tech-driven underwriting capabilities reflect in its best-in-class claim ratio and one of the best claim settlement ratios in the industry. Its investments in technology will result in operational efficiency and better profitability.
- Excluding the 1/n impact, we expect Niva Bupa to deliver a CAGR of 25% in GWP over FY25-28, driven by product innovation and customer base expansion. While the claim ratio is expected to increase with scalability, operational efficiency will offset the impact, leading to improvement in the combined ratio to 93.4% in FY28 (from 98.8% in FY24).
- On IFRS basis, we expect a CAGR of 27%/34% in insurance revenue/PAT over FY25-28. **We initiate coverage on the stock with a BUY rating and a TP of INR100 based on 40x FY27E P/E on IFRS PAT.**
- **Key downside risks:**
  - High competitive intensity – The Indian health insurance sector has several SAHIs, general insurers and new-age InsurTech players vying for market share, increasing pricing pressure.
  - Highly regulated industry – IRDAI's intervention in product structures, pricing, claim settlement, etc. can impact profitability and innovation.
  - Fraud incidences by customers and hospitals – Inflated claims, falsified medical reports and hospital insurer collusion are significant challenges.
  - Healthcare inflation – Annual cost increases in hospitalization, diagnostics and treatments can lead to higher claim payouts.



## Bull and Bear cases



### Bull case

- ✓ In our bull case, we have assumed FY25-27 insurance revenue CAGR of 35% vs. 29% in the base case.
- ✓ PAT is expected to grow at FY25-27 CAGR of 52% vs. 42% in the base case.

### Bear case

- ✓ In our bear case, we have assumed FY25-27 insurance revenue CAGR of 24% vs. 29% in the base case.
- ✓ PAT CAGR for FY25-27 is expected at 17% vs. 42% in the base case.

### Scenario analysis - Bull Case

INRm	FY25E	FY26E	FY27E
<b>Insurance revenue</b>	<b>58,111</b>	<b>78,173</b>	<b>1,05,310</b>
Insurance service expense	36,624	48,936	66,134
Deferred acquisition cost	17,724	22,670	30,540
Net reinsurance expense	-636	-726	-979
<b>Insurance service result</b>	<b>3,128</b>	<b>5,840</b>	<b>7,657</b>
Investment income	4,698	5,872	6,753
Other operating expenses	-4,475	-5,472	-7,161
Finance costs	-352	-352	-352
PBT	2,999	5,888	6,897
Tax	-750	-1,472	-1,724
<b>PAT</b>	<b>2,249</b>	<b>4,416</b>	<b>5,173</b>
Multiple			45
Valuation (FY27 PAT)			2,32,763
No. of shares (m)			1827
TP			127
CMP			77.5
Upside			64%

### Scenario analysis - Bear Case

INRm	FY25E	FY26E	FY27E
<b>Insurance revenue</b>	<b>58,111</b>	<b>73,205</b>	<b>89,520</b>
Insurance service expense	36,624	46,266	56,756
Deferred acquisition cost	17,724	22,694	27,751
Net reinsurance expense	-636	-774	-870
<b>Insurance service result</b>	<b>3,128</b>	<b>3,472</b>	<b>4,143</b>
Investment income	4,698	5,261	5,893
Other operating expenses	-4,475	-5,124	-5,550
Finance costs	-352	-352	-352
PBT	2,999	3,257	4,134
Tax	-750	-814	-1,033
<b>PAT</b>	<b>2,249</b>	<b>2,443</b>	<b>3,100</b>
Multiple			35
Valuation (FY27 PAT)			108,71
No. of shares (m)			1827
TP			59
CMP			77.5
Upside			-23%

## SWOT analysis

- ✓ Wide range of products catering to different market segments and customer profiles
- ✓ Diversified channel mix with a well-established network of partners, agents and digital platforms
- ✓ Backing of a strong and experienced promoter, Bupa, gives financial stability and trust

**S**

**STRENGTH**



- ✓ Low penetration in tier-2 and beyond areas
- ✓ High premium limits attract cost-sensitive customers

**W**

**WEAKNESS**



- ✓ Growing awareness about health insurance in India after Covid
- ✓ Low health insurance penetration provides headroom for growth
- ✓ Digitization and technological advancements reaching tier-2 and beyond

**O**

**OPPORTUNITY**



- ✓ High competitive intensity
- ✓ Highly regulated industry
- ✓ Rising medical inflation
- ✓ Rising incidence of fraudulent claims

**T**

**THREATS**



## Management team



### **Mr. Krishnan Ramachandran (Managing Director and CEO)**

He holds a bachelor's of technology from IIT Chennai and a post-graduate diploma in management from IIM Calcutta. He has been associated with the company since Apr'20. He has over 24 years of experience across health insurance, healthcare and life sciences industries. Previously, he was associated with Apollo Munich Health Insurance as CEO.



### **Mr. Vishwanath Mahendra (CFO)**

He joined the company in Mar'20 and is responsible for developing and executing the company's financial strategy. He holds a bachelor's degree in commerce from Chaudhary Charan Singh University, Meerut, Uttar Pradesh, and is a fellow member of the Institute of Cost Accountants of India. He is also a CFA (US) and a Fellow Member of Institute and Faculty of Actuaries, UK (FIA), and Institute of Actuaries of India (FIAI).



### **Mr. Ankur Kharbanda (Chief Distribution Officer)**

He joined the company in Apr'20 and is responsible for sales and distribution for the company. He holds a post-graduate diploma from FORE School of Management, Delhi. Prior to joining the company, he was associated with HDFC Ergo and Bajaj Allianz General Insurance.



### **Mr. Vikas Jain (Executive Vice President and CIO)**

He joined the company in Sep'15 and is responsible for handling investment function, financial planning and investor relations. He is a CA and has completed a post-graduate program in management from ISB, Hyderabad. Prior to joining the company, he was associated with Quickdel Logistics, Max Life Insurance, Max India, GE Capital International Services, and Global Vantage.



### **Dr. Bhabatosh Mishra (Director-Claims, Underwriting and Product)**

He joined the company in Apr'20 and is responsible for underwriting, product development, claims management, HCP, FRCU (claims part) and ecosystem. He holds a bachelor's degree in medicine, M.B.B.S from SCB Medical College, Cuttack. Prior to joining the company, he was associated with TATA AIG Life Insurance, Cholamandalam General Insurance, SBI Life Insurance, HDFC Standard Life Insurance, and Apollo DKV Insurance.

## Financials and valuations

### Income Statement – GAAP

	(INR m)							
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
GWP	12,429	17,508	28,100	40,730	56,076	66,278	86,691	1,12,417
Change (%)	31.2	40.9	60.5	44.9	37.7	18.2	30.8	29.7
NWP	9,537	13,485	21,576	31,831	44,209	52,510	69,353	89,934
<b>NEP</b>	<b>8,411</b>	<b>11,509</b>	<b>17,525</b>	<b>26,628</b>	<b>38,113</b>	<b>48,368</b>	<b>60,931</b>	<b>79,643</b>
Change (%)	27.5	36.8	52.3	51.9	43.1	26.9	26.0	30.7
Net claims	4,500	6,456	10,886	14,393	22,495	29,680	38,792	49,538
Net commission	429	635	1,204	1,908	7,482	10,798	13,801	17,807
Expenses	4,195	5,495	8,574	11,802	10,085	10,795	12,522	14,525
<b>Underwriting Profit/(Loss)</b>	<b>-713</b>	<b>-1,077</b>	<b>-3,139</b>	<b>-1,476</b>	<b>-1,949</b>	<b>-2,904</b>	<b>-4,183</b>	<b>-2,227</b>
Investment income (PH)	412	564	873	1,344	1,667	2,632	3,112	3,490
Contribution towards excess EoM	1,474	1,762	2,717	3,642	2,163	2,297	1,252	1,453
Operating profit	1,173	1,249	451	3,509	1,880	2,024	181	2,716
Investment income (SH)	259	282	366	560	1,375	2,066	2,572	2,885
<b>PBT</b>	<b>-616</b>	<b>-498</b>	<b>-1,965</b>	<b>136</b>	<b>837</b>	<b>1,526</b>	<b>1,220</b>	<b>3,867</b>
Change YoY (%)	N.A	N.A	N.A	N.A	517.0	82.4	-20.0	217.0
Tax Provisions	-	-	-	-	-	-	305	967
<b>PAT</b>	<b>-616</b>	<b>-498</b>	<b>-1,965</b>	<b>136</b>	<b>837</b>	<b>1,526</b>	<b>915</b>	<b>2,901</b>

### Balance sheet

	(INR m)							
Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
Equity Share Capital	11,260	13,497	14,086	15,107	16,995	18,270	18,270	18,270
Reserves & Surplus	-7,801	-7,730	-9,010	-6,796	3,502	11,934	12,849	15,750
<b>Net Worth</b>	<b>3,459</b>	<b>5,767</b>	<b>5,076</b>	<b>8,311</b>	<b>20,498</b>	<b>30,204</b>	<b>31,119</b>	<b>34,020</b>
FV change	2	0	-20	-31	9	-	-	-
Borrowings	-	-	2,500	2,500	2,500	2,500	2,500	2,500
Other liabilities	8,912	13,224	22,328	30,485	41,412	52,687	64,677	80,881
<b>Total Liabilities</b>	<b>12,373</b>	<b>18,991</b>	<b>27,384</b>	<b>38,766</b>	<b>61,919</b>	<b>82,891</b>	<b>95,796</b>	<b>1,14,900</b>
Investments (SH)	4,029	6,374	8,696	11,555	25,855	33,535	37,196	41,865
Investments (PH)	6,643	9,842	15,317	22,107	28,728	40,562	44,991	50,638
Net Fixed Assets	412	475	497	556	588	638	688	738
Current Assets	1,100	1,996	2,286	3,530	5,320	6,288	8,225	10,665
Cash & Bank	189	304	588	1,019	1,428	1,868	4,696	10,994
<b>Total Assets</b>	<b>12,373</b>	<b>18,991</b>	<b>27,384</b>	<b>38,766</b>	<b>61,919</b>	<b>82,891</b>	<b>95,796</b>	<b>1,14,900</b>

## Financials and valuations

### Ratios

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
GWP growth	31.2	40.9	60.5	44.9	37.7	18.2	30.8	29.7
NWP growth	30.4	41.4	60.0	47.5	38.9	18.8	32.1	29.7
<b>NEP growth</b>	<b>27.5</b>	<b>36.8</b>	<b>52.3</b>	<b>51.9</b>	<b>43.1</b>	<b>26.9</b>	<b>26.0</b>	<b>30.7</b>
Claim ratio	53.5	56.1	62.1	54.1	59.0	61.4	63.7	62.2
Commission ratio	4.5	4.7	5.6	6.0	16.9	20.6	19.9	19.8
Expense ratio	44.0	40.7	39.7	37.1	22.8	20.6	18.1	16.2
<b>Combined ratio</b>	<b>102.0</b>	<b>101.6</b>	<b>107.4</b>	<b>97.1</b>	<b>98.8</b>	<b>102.5</b>	<b>101.6</b>	<b>98.2</b>
RoE	-20.2	-10.8	-36.2	1.9	5.7	6.0	3.0	8.9

Valuations	2020	2021	2022	2023	2024	2025E	2026E	2027E
BVPS (INR)	3.1	4.3	3.6	5.5	12.1	16.5	17.0	18.6
Change (%)	14.8	39.1	-15.7	52.7	119.2	37.1	3.0	9.3
<b>Price-BV (x)</b>	<b>23.1</b>	<b>16.6</b>	<b>19.7</b>	<b>12.9</b>	<b>5.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.2</b>
EPS (INR)	-0.5	-0.4	-1.4	0.1	0.5	0.8	0.5	1.6
Change (%)	11.0	-32.5	277.9	-106.4	448.4	69.6	-40.0	217.0
<b>Price-Earnings (x)</b>	<b>-129.8</b>	<b>-192.3</b>	<b>-50.9</b>	<b>791.0</b>	<b>144.2</b>	<b>92.8</b>	<b>154.7</b>	<b>48.8</b>
<b>Market Cap/GDPI (x)</b>	<b>10.4</b>	<b>7.4</b>	<b>4.6</b>	<b>3.2</b>	<b>2.3</b>	<b>2.1</b>	<b>1.6</b>	<b>1.3</b>

### Income Statement – excluding 1/n impact

(INR m)

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
GWP	12,429	17,508	28,100	40,730	56,076	72,986	93,681	1,17,101
Change (%)	31.2	40.9	60.5	44.9	37.7	30.2	28.4	25.0
NWP	9,537	13,485	21,576	31,831	44,209	57,871	75,132	94,149
<b>NEP</b>	<b>8,411</b>	<b>11,509</b>	<b>17,525</b>	<b>26,628</b>	<b>38,113</b>	<b>51,049</b>	<b>66,502</b>	<b>84,641</b>
Change (%)	27.5	36.8	52.3	51.9	43.1	33.9	30.3	27.3
Net claims	4,500	6,456	10,886	14,393	22,495	29,680	38,792	49,538
Net commission	429	635	1,204	1,908	7,482	11,657	15,177	18,924
Expenses	4,195	5,495	8,574	11,802	10,085	10,795	12,522	14,525
<b>Underwriting Profit/(Loss)</b>	<b>-713</b>	<b>-1,077</b>	<b>-3,139</b>	<b>-1,476</b>	<b>-1,949</b>	<b>-1,083</b>	<b>12</b>	<b>1,654</b>
Investment income (PH)	412	564	873	1,344	1,667	2,632	3,112	3,490
Contribution towards excess EoM	1,474	1,762	2,717	3,642	2,163	2,297	1,252	1,453
Operating profit	1,173	1,249	451	3,509	1,880	3,846	4,375	6,596
Investment income (SH)	259	282	366	560	1,375	2,066	2,572	2,885
<b>PBT</b>	<b>-616</b>	<b>-498</b>	<b>-1,965</b>	<b>136</b>	<b>837</b>	<b>3,347</b>	<b>5,415</b>	<b>7,748</b>
Change YoY (%)	N.A	N.A	N.A	N.A	517.0	300.1	61.8	43.1
Tax Provisions	-	-	-	-	-	-	1,354	1,937
<b>PAT</b>	<b>-616</b>	<b>-498</b>	<b>-1,965</b>	<b>136</b>	<b>837</b>	<b>3,347</b>	<b>4,061</b>	<b>5,811</b>

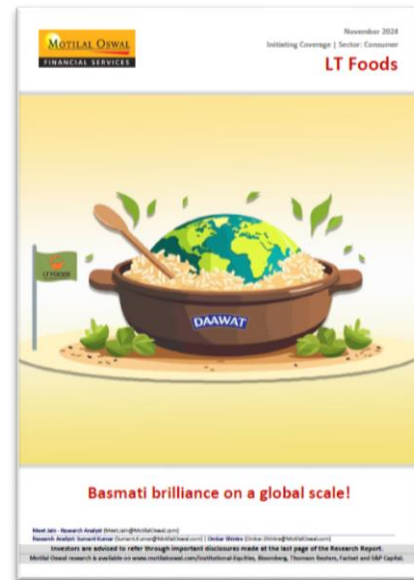
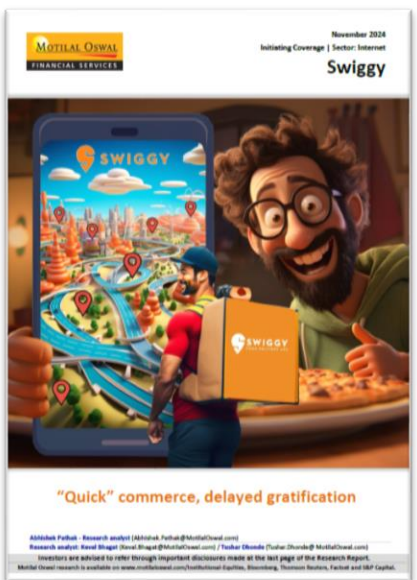
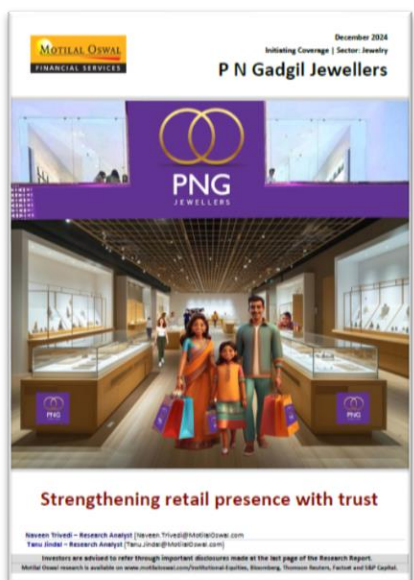
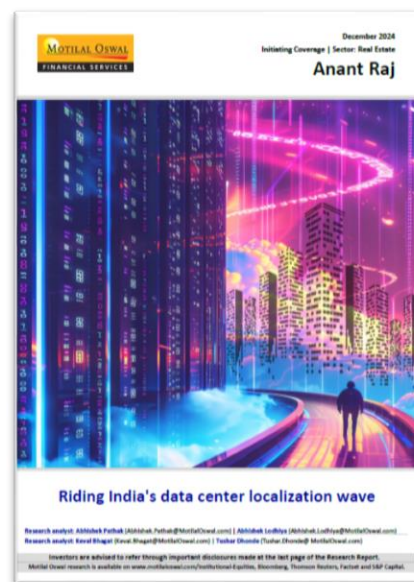
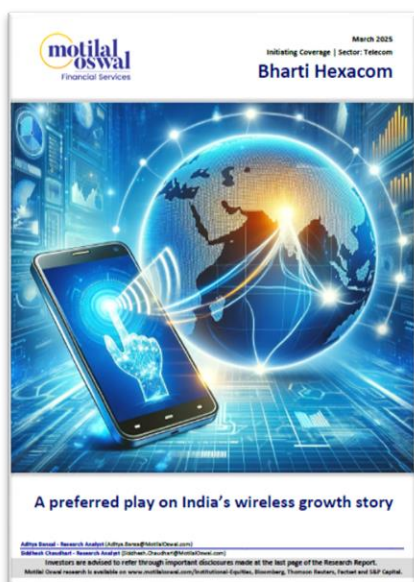
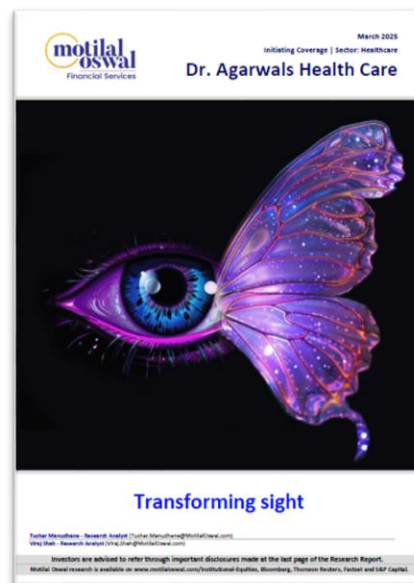
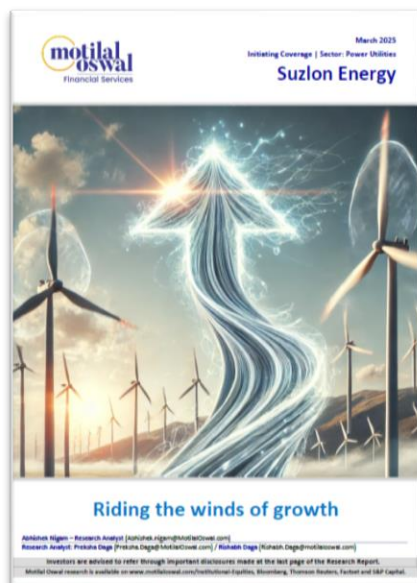
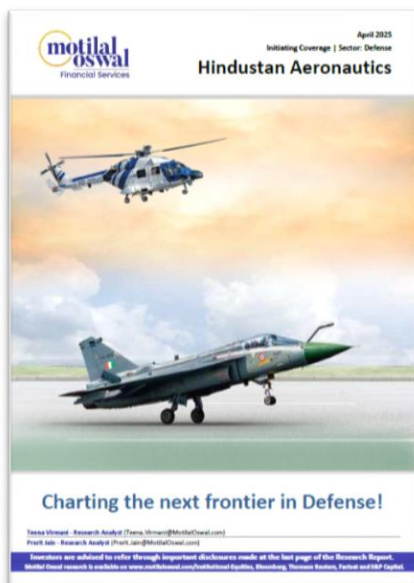
### Ratios – excluding 1/n impact

Y/E March	2020	2021	2022	2023	2024	2025E	2026E	2027E
GWP growth	31.2	40.9	60.5	44.9	37.7	30.2	28.4	25.0
NWP growth	30.4	41.4	60.0	47.5	38.9	30.9	29.8	25.3
<b>NEP growth</b>	<b>27.5</b>	<b>36.8</b>	<b>52.3</b>	<b>51.9</b>	<b>43.1</b>	<b>33.9</b>	<b>30.3</b>	<b>27.3</b>
Claim ratio	53.5	56.1	62.1	54.1	59.0	58.1	58.3	58.5
Commission ratio	4.5	4.7	5.6	6.0	16.9	20.1	20.2	20.1
Expense ratio	44.0	40.7	39.7	37.1	22.8	18.7	16.7	15.4
<b>Combined ratio</b>	<b>102.0</b>	<b>101.6</b>	<b>107.4</b>	<b>97.1</b>	<b>98.8</b>	<b>96.9</b>	<b>95.2</b>	<b>94.1</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing



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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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