“Niva Bupa Health Insurance Company Limited

Q4 FY '26 Earnings Conference Call”

May 08, 2026

MANAGEMENT:	**MR. KRISHNAN RAMACHANDRAN – MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER** **MR. VISHWANATH MAHENDRA – EXECUTIVE DIRECTOR & CHIEF FINANCIAL OFFICER** **MR. ANKUR KHARBANDA – EXECUTIVE DIRECTOR & CHIEF BUSINESS OFFICER** **MR. BHABATOSH MISHRA – CHIEF OPERATING OFFICER** **MR. VIKAS JAIN – CHIEF INVESTMENT OFFICER**
MODERATOR:	**MR. RUSHAD KAPADIA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Niva Bupa Health Insurance Company Limited Q4 and FY '26 Earnings Conference Call hosted by ICICI Securities. Please note that any statements and comments made in today's call that may look like forward-looking statements are based on the information presently available to the management and do not constitute any indication of any future performance as future performance involves risks and uncertainties, which could cause results to differ materially from the current view being expressed.

As a reminder, all participant lines will be in the lesson-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Rushad Kapadia: Thank you. Good evening, ladies and gentlemen. It is a privilege to host the management team of Niva Bupa Health Insurance Company Limited for their Q4 FY '26 results conference Call. We have from the management, Mr. Krishnan Ramachandran, MD and CEO; Mr. Vishwanath Mahendra, ED and CFO; Mr. Ankur Kharbanda, ED and Chief Business Officer; Mr. Bhabatosh Mishra, Chief Operating Officer; and Mr. Vikas Jain, Chief Investment Officer.

So, without further ado, I would now like to hand over the call to Mr. Krishnan Ramachandran. Thank you, and over to you, sir.

Krishnan Ramachandran: Thank you, and thank you to all of you who have gathered this evening, Friday evening to be with us. much appreciated. I'll divide my update into two parts. The first is some perspectives on what's going on in the industry. And the second, of course, is Niva Bupa. As far as the industry is concerned, there are a number of ongoing positive developments.

The awareness campaign, Achha Kiya Insurance Liya, in Q4 as well, the industry led by health executed on an awareness campaign, which is now an awarded campaign. And all of the KPIs for the campaign in terms of specifically around reach and awareness are certainly very encouraging. And this is a campaign, as you all know, that we will continue. It's a multiyear campaign.

The second update is GST continues to be a positive or a tailwind for the industry. Indeed, now with the benefit of the entire H2 behind us, the retail health growth, if you looked at H2 for the industry was about 30%. And with Niva Bupa, our retail health growth for the same period was in excess of 40%. So continued strong volume and value growth on the back of what has been a transformational policy reform.

The industry initiatives around hospitals and collaboration around healthcare continue apace. The common empanelment initiative has now reached 2,500 hospitals, where the MoU has either been signed or is ready to be signed. The last time we spoke, I mentioned that standard treatment protocols for eight infections -- sorry, seven infections are live.

Work is at a very advanced stage in terms of adding guidelines for modern cancer treatments as well as robotic surgeries and going live with the standard treatment workflows, and there's 144 of them. All of these initiatives help bring about higher transparency and standardization of care, of care pathways and claims cost is embedded in these care pathways. So I think these are great initiatives to bring about transparency and improve affordability as far as health insurance is concerned.

The other big recent positive development, which happened in Q4 is the notification of the Ind AS standard or the IFRS 17 global standard, which is now effective April 2026. At Niva Bupa, we've always been reporting or leading with the IFRS accounts. And this is something that we will be going live with starting this quarter itself. And we do view this as an extremely positive development in terms of bringing about transparency as well as standardization in terms of how accounting is looked at within the insurance industry.

Coming on to Niva Bupa. When I look back at the financial year, we closed at a strong 27.4% overall growth rate for a GWP of INR9,433 crores, and I still continue to talk about these numbers on an N basis. So, in a similar vein, retail growth was 35% for the full year. Our profit after tax on an Ind AS basis was INR366 crores on a full year basis, up from INR203 crores last -- the prior financial year. And our return on net worth crossed double digit for a 10.7% ROE number. Our market share on retail health closed at 10.1% on a full year basis, up from 9.4%. And in Q4 specifically, we moved our market share to 10.4%, up from 9%.

On talent, we continue to -- continue our journey of emphasizing and placing a lot of importance in all of the talent management processes. And once more, we were recertified as a Great Place to Work. We continue to figure in the top 25 in banking and financial services. While we still don't know our rank, but we'll certainly figure in the top 100 of all companies of all sizes in India. On customer, a few KPIs that we monitor specifically NPS across more than 25 pivotal customer-facing touch points. On a weighted average basis, this number moved up to 60, up from 55 the prior year.

We continue to hold strong on claims settlement at 94% plus on a full year basis. And our journey on analytics, generative AI and technology across the entire value chain continues, and we have more than 30 pilots or projects underway across the entire value chain using some of these modern technologies. Two other customer-centric as well as health cost management measures. One is our preferred provider network, which is now present in 49 cities, more than 1,000 hospitals and 20% of claims in these cities go through these hospitals.

And we continue to be a strong health partner of choice for an increasingly large number of Indians as evidenced by the increased utilization metrics on our customer app, whether it's doctor consults, health checkups or any of the new services that we have launched in the last financial year. With that, I'm going to hand over to Vishwanath for an update on our financial performance.

Vishwanath Mahendra: Thank you, sir, and good evening, everyone. So, like Mr. Krishnan mentioned, our profit for the year grew by 80%. The same number for the quarter 4 is 90%, so 90% increase over last year Q4. The combined ratio for FY '26 under IFRS has improved by 160 basis points to 101.4%;

while there is increase in overall loss ratio by 1.1%, primarily due to mix change, this has been more than offset by reduction in expense ratio by 2.7%, resulting in improvement in combined ratio. The expense of management ratio for FY '26 improved to 33.7% from 39.2% last year. This improvement is primarily driven by operating leverage and economies of scale. The allowable EOM including additional allowances comes to around 36%.

So, we have comfortably complied with regulatory prescribed EOM limit. Annualized investment yield for FY '26 is 7.2% with AUM of INR9,670 crores. Solvency ratio is at healthy level of 2.49 as on 31st March 2026. So, these were the financial highlights for FY '26. We are open to questions.

Moderator: Thank you very much. First question is from the line of Supratim Datta from Jefferies.

Supratim Datta: I have 3 questions. Starting with the growth bit, this has been a very strong year like you articulated at the start. Now thinking of the next 2 to 3 years, assuming that you grow at somewhere around that 25% level, which you have tried to meet and successfully done over the past few years, assuming that you grow at 25%, you will get to somewhere around INR15,000 crores, INR16,000 crores GWP now that I wanted to understand what would you require to go from current INR9,000 to that INR15,000 crores, INR16,000 crores for GWP, what would be the building blocks here, if you could give some color around that?

Secondly, when you reach this scale, what kind of operating expense ratios can you operate at an IFRS level? Because your IFRS expense ratio has come down significantly since FY '23. I wanted to understand what would be the steady state ratio here? That's the second.

And lastly, there has been a lot of discussion around commission and commission regulations. Obviously, everything is speculation. I wanted to understand if there are caps or an absolute reduction in commission, how would you go about mitigating the impact? Would you pass it on to distributors? Or how would you go about addressing that situation? Those are my 3 questions.

Krishnan Ramachandran: Thank you, Supratim. In terms of building blocks, look, there is going to be continuity in terms of what's historically been the levers for our growth. One of our sources of strength, we feel as a management team and it's a strategic choice is our multichannel distribution architecture. Last year, as you would have seen, we've considerably increased our distribution spread, net addition of 58,000 agents, addition of 50-plus brokers, I think 23 additional financial institutions that are now part of our distribution strength.

So certainly, one part of the growth is going to continue -- or a major part of the growth is going to continue to come from the distribution that we already have, and we will continue to invest and grow that distribution. Now layer on to that, this distribution, we will use to tap newer and newer customer segments. For example, we now have a product portfolio that covers practically every income segment, except poor or near poor people across the country.

So, using the same distribution to tap into more and more customer segments, is a layer that will add -- that is a building block, if you will, on top of the distribution. So, products for segments is definitely a building block that will add on top of the distribution. The third one I would add is our strategy on Bharat through our own virtual agency as well as our bank distribution.

We have access to every pin code in the country. And one of the distribution strategies that we have been doubling down on for the last 2 years is our Bharat strategy, which takes us into Tier 3 cities and below. We have doubled down in a couple of geographies last year. That's given us success and the idea this year is to expand to more geographies.

So broadly -- and of course, we will continue to experiment with new distribution archetypes or models. But given what we know, and of course, there is a continued inflection towards digital channels, we are seeing significantly faster rates of growth in our own digital channels, whether it's our own or through third parties. So, I think that's where our -- that's been our source of growth. We continue to believe that, that will be the source of growth or the building blocks as you refer to it for us.

And of course, we will continue to pilot and experiment on variants of new models within this. Bharat is one example, but there are many other examples across and within channels that we will test, pilot and scale as we see success. So that's the first part of your question in terms of where will the growth come from. On the IFRS part, I'm going to request Vishwanath and then I'll come back along with Ankur on the commission part.

Vishwanath Mahendra: Yes, in case of our long-term view on these ratios, so what we can share with you is combined operating ratio or in case of IFRS, CISR, our model says it should be, let's say, 99% or so in FY '29. Now the breakup of this in loss ratio and expense ratio, it may vary, of course, depending on what is the channel mix, product mix, etcetera. But broadly, to indicate the loss ratio may remain stable or may inch up by 100, 150 basis points. And entirely, the saving will come from expense ratio. That 99% combined ratio will translate to mid- to high teens ROE, which is close to 11% currently.

Supratim Datta: Got it.

Krishnan Ramachandran: And on commission, Supratim to your point, we await guidance from the authority in terms of how they would like to move forward. But our belief is that the single limit on expense of management has been an important and transformational change in the insurance industry. It's in line with what happened in the asset management industry where they have a total expense ratio and they manage costs, including acquisition costs within that. So, our belief and prayers to the authority continues to be around keeping a single limit of expense of management and maybe a glide path to lower that. That is our belief.

But look, I think what we have seen with the GST experience is that lower price, affordability does translate into volume and value growth and more robust proposition for customers. So, we are confident that whatever the authority comes up with we will make sure that the distribution is appropriately remunerated for the efforts that they make. And net-net, it will translate into continued strong momentum. If the answer is it makes the product more affordable. We've clearly seen that volume growth more than compensates for other aspects.

Supratim Datta: Thanks a lot for that. Just one last question. So, on the AUM growth, it seems to have slowed down in FY '26 versus the kind of growth that we have seen in the last 2 years. I wanted to understand, is there anything that needs to be taken into consideration when we're looking at AUM growth for the upcoming years?

Vishwanath Mahendra: Not really. It has to do with the raise of capital. So that's all. Otherwise, in terms of business, if you keep that aside, it is steady growth.

Supratim Datta: Understood. Okay. Thank you.

Moderator: Next question is from the line of Prayesh Jain from Motilal Oswal Financial Services. Please proceed.

Prayesh Jain: Congrats on great set of numbers. First question is just on the numbers front. There's some reversal of expense. Could you explain that; on the shareholders' account.

Vishwanath Mahendra: Which one you are referring to, Prayesh, you are referring to IFRS...

Prayesh Jain: No, GAAP. Indian GAAP.

Vishwanath Mahendra: Indian GAAP and you're referring to which statements.

Prayesh Jain: Shareholders' account.

Vishwanath Mahendra: Okay. Understood. So, what happened, till 31st December, we were slightly more than allowed EOM so we transferred from policyholder to shareholder account. Now for the whole year, we met that EOM limit, so now that was reversed. So now for the full year, there is no movement from policyholder to shareholder. And that's why the December number has been reversed. That's all. But this is optical only, there is a contra entry so it doesn't change anything.

Prayesh Jain: Got it. The other question was on the long-term policy, right? What is the contribution of long-term policy to the overall retail premium today? And how do you see that going ahead.

Ankur Kharbanda: So long term for us has been similar to what it was earlier years. In the last 2, 3 years, we have been steady. Around 20% of our business comes from a long-term policy. And it's steady -- we've not changed our strategy on long-term policies.

Prayesh Jain: Got that. And we have seen a phenomenal growth for the industry in the second half of this year in FY'26. On that base, what kind of growth momentum should we see a normalized level growth for the industry, which will stabilize at about 20%. So just thoughts out there once this base comes into picture, how should we think about growth for the industry over the medium term?

Krishnan Ramachandran: So at least our view on this has not changed, Prayesh, which is that on the retail side, 17% to 19% CAGR if you take a 5-year view. So broadly, that's where we think the industry growth rate will continue to be at.

Prayesh Jain: Okay. And the last question is on the channel mix. Banca again has been at the regulators' key focus areas and Banca decently contributes to our premium. Do you see any challenge there in the medium term?

Ankur Kharbanda: So in fact, what we have today is a very diversified channel mix. In fact, if you would look at the numbers, our overall agency has -- mix has gone up by 1.5%. Banca remaining a little lesser than what our overall digital business has gone up in terms of our overall mix. We feel whatever changes -- one of the changes, exposure draft has already been there from RBI is that there are no changes which are happening on the banca side.

Commission side, I don't think so much change will happen on the business, so to say, specifically because we have a large amount of retail business coming, which we are sourcing along with the bank, which should not change there. In fact, our growth rate on retail business on bank is around 46% new business. And we have been consistently doing that.

Krishnan Ramachandran: I mean just to add, Prayesh, to what Ankur said, one is, of course, with banks, our emphasis is on retail through either branch banking or tele. And asset is cross-sell. So the point which Ankur made on RBI guidelines since a lot of what we do on asset is cross-sell, again, to that extent, it is de-risked.

Prayesh Jain: Got that. Thank you and wish you all the best.

Moderator: Next question is from the line of Sanketh Godha from Avendus Spark. Please proceed.

Sanketh Godha: So the first question, Vishwanath, if you can quantify your group health loss ratio for the year or the quarter would be useful.

And second is -- whether in the fourth quarter, whether there is any change in group health mix towards more indemnity, which expedited or corporate health which expedited your EOM compliance relative to compared to 9 months?

And lastly, from an IFRS point of view, if you can give your outstanding DAC number in the balance sheet broken down into both Retail and Group, if possible?

Vishwanath Mahendra: Sanketh, first Group Health loss ratio is around 60.5% for the year FY'26. Actually, entire IFRS accounts along with annexures and schedules will be available on our website most probably next week. So there we'll have all those details which you are mentioning third question. But what was the second question?

Sanketh Godha: Second was more on Group Health composition, whether it has changed in the fourth quarter. Typically, we have two third, one third, that is one third is Corporate Health and two third is -- sorry, Banca-Based Health. So whether that number has changed or is it broadly the same?

Ankur Kharbanda: Similar, no changes as such, similar to what it was in the previous year as well and the earlier quarters.

Sanketh Godha: Understood. And lastly, if you can -- just wondering there is a kind of improvement in the Retail Health loss ratio every quarter. So basically, it is around 66.8%, and it has been improving every quarter from when you reported 1H it was 68.1%, then 66.9% and 66.8%.

So anything to read there whether this trend will continue? Is it more to do that you are growing a little more new business and mix changing in the favor of new is driving that number? Or in general, have you seen frequency severities or even your claim management from hospital point of view played a role for this consistent improvement from 1H to FY'26.

Krishnan Ramachandran: Sanketh, one is -- this is Krishnan, and I'll request Vishwanath and Doc to add. But broadly, there is seasonality to our claims ratio driven by the post-monsoon infections. See, broadly, the way I would characterize our approach to claims ratio in general and specifically retail is we do have a plan that we work off, right?

And that plan, as Vishwanath often says, does factor in for basis points worsening, if you will, on retail claim ratio, but more than compensated by operating leverage. So broadly, we are fairly comfortable with the level at which we are operating.

And in terms of target, I don't think we want to target the claims ratio that operates below where we are because you also have to understand that there has to be value to customers. There's a lot of regulatory and policy oversight around making sure that products are affordable

There's value to customer, etcetera, etcetera. So we are quite comfortable with where this is operating. And in terms of the underlying incidence rates, claim sizes, all of those are in line with our plan assumptions. That’s how I would characterize it.

Sanketh Godha: The reason I ask, is that maybe on a year-on-year basis, it deteriorated 80 bps. I understand there is seasonality. But given deterioration is not that huge, but the kind of savings you made on cost is meaningfully very high. So I understand the point that on renewal, the costs are meaningfully very low compared to loss.

So overall combined might not change. But eventually, you ended up reporting a better combined. So just wanted to understand whether the quality of loss ratio compared to what you wrote last year in general in the product is improving or it is sheerly because the new grew very fast and that led to improvement. Because Opex also improved along with it. That is the reason I was asking that question.

Krishnan Ramachandran: So look, in terms of quality, our approach has been consistently around driving a lifetime value approach to every policy we write. So in terms of quality, nothing significant to indicate. In fact, the quality only continues to get refined and improved over time, Sanketh.

Sanketh Godha: Understood. And lastly, I don't know whether you will be comfortable giving this data point or not. Out of the total INR6,582 crores from retail health, how much is fresh fresh? And within that fresh, how much is long term?

Krishnan Ramachandran: So look, in terms of new, let me call it new and renewal that mix is roughly 40-60. And in terms of port that ratio has been stable between 20% and 25%.

Sanketh Godha: Understood. And sorry, in the 40% of fresh fresh, how much would be long term? You said for the overall premium it is 20%. So just wanted to on fresh long term.

Krishnan Ramachandran: Broadly in that ballpark only, Sanketh.

Sanketh Godha: Okay. Thanks for your answer. That’s it from my side.

Moderator: Next question is from the line of Hitaindra Pradhan from Maximal Capital. Please go ahead.

Hitaindra Pradhan: So sir, my question is again on the same as for the previous participant. I mean, because the growth is also led by the fresh kind of premiums just wanted to understand, how the renewal book is performing in terms of claims ratio and those vintages what has been the performance in terms of the claims ratio.

Vishwanath Mahendra: So overall renewal book, we can share with you, and we have shared earlier also, that the combined ratio of renewal book is more like 97%, 98%, and we are comfortable with that number. And that's been steady this year, last year. So that's something that we can share.

Hitaindra Pradhan: Got it sir. So sir, you guided that the claims ratio would be more or less in the similar level going forward. So hence the question, I mean, because growth is also led by fresh premiums. So can we see that kind of inching up going forward -- so that's why the question, but yes, I will wait for your data and all?

Sir, the second question is on the expense ratio. You mentioned the benefit will come from the expense ratio side that would be in the order of 2% to 2.5%. So what are the levers for improvement that would be on operating leverage side or something else if you want to call out.

Vishwanath Mahendra: Yes. 2-3 levers. One is the business mix change, like you also mentioned new renewal. So the renewal has much lower cost, both cost of acquisition and cost of administering policies, so that's one lever.

Second is sheer economies of scale. The overheads, fixed overheads grow by inflation, let's say, 6%, 7% while GWP you have seen we are growing at last year was 27%. So that's second.

And third, a lot of investment has been made in technology, analytics, Gen AI. So that's also something which is helping to bend the cost curve. So these are the 3 major levers.

Hitaindra Pradhan: Got it sir. The Final one is on accounting if you can just explain a bit on the IFRS, NEP, like accounting versus, the NEP accounting as per 1/N. So, there seems to be, like, divergence, if you can give some qualitative color on how the IFRS, how to think about the NEP or the service revenue as per IFRS. I mean, that would be really helpful?

Vishwanath Mahendra: Sure. I can very broadly cover. So under IFRS, the top line is gross earned premium. So they don't have net earned premium. So it is gross earned premium and gross incurred claims and cost of acquisition as insurance service expense and the entire cost of reinsurance is given in one line which includes premium we cede, the earning on that.

It includes the commission we receive again amortized and third, the claims we receive or going to receive on that premium. So this is how it works. So we have insurance service revenue, which is equivalent to gross earned premium.

Second is gross insurance service expense, which includes gross incurred claim and amortized commission or cost of acquisition.

And third is cost of reinsurance and that leads to insurance service result and then we have overheads and investment results.

Hitaindra Pradhan: Okay, sir.

Moderator: Next question is from the line of Shobhit Sharma from HDFC Securities Limited. Please go ahead.

Shobhit Sharma: Sir, I have 3 questions. Firstly, on your average ticket size. So if I look at your average ticket size has grown by 4% at the overall level, which is lower than the overall growth in the agency average ticket size. So just wanted to understand this at the channel level?

As you've seen -- as you can see the long-term policy seems to have taken a toll on this. So -- and one of your large distribution partner has been focusing more on the rider attachment increasing sum assured. So, ideally, this growth should have been in line with the agency channel growth, or should have been ideally higher. So, what has led to this company level, it is being lower than the -- it is growth being lower than the agency channel growth?

Secondly, if I look at your number of lives which has grown by 25-odd percentage, so can we split that growth into Retail and Group business? Just wanted to understand that how much of the Retail business growth has been driven by the new lives.

And sir, lastly on your IFRS numbers. So when I went to your 9 months view, you had recognized losses from the onerous contracts on the Group side. I'm assuming you would have again recognized those losses on the 12 months number when the schedule comes out. So can you help us understand what's our approach or strategy or the need for underwriting these onerous contracts?

Ankur Kharbanda: Sure. Let me answer the first 2 questions, and I'll ask to Vish to answer the third one. Let me first attempt to answer the second question first. Overall growth for the organization was 35% and volume growth out of this is 24%. So we have not just grown on value. Volume growth has been very consistently up and it is at 24%.

On ticket size, on your question, you are relating it to some other data point, but let me tell you one more data point. Last 6 months versus first 6 months, the ticket size has grown by almost 14%, 14.5%. That's the big ticket size jump, largely contributed by GST, both on fresh business and renewal, which ultimately helps us with a better premium per life and helps us in better overall profitability for us.

Has it grown in some channels? In all retail channels, it has grown consistently, not looking at -- I do not have the split of channel wise. But if you just look at the retail channels, all of our channels have grown in the ticket size, both on fresh and renewal business. I'll ask Vish to to answer the third one.

Vishwanath Mahendra: Sure. And again, just to add the average ticket size and GWP per policy sold by agent, the difference is not only other channel, it is also Group and Retail. So the first line is all put together, which has B2B, B2B2C. So more relevant is the GWP sold by agent, which is primarily -- which is actually retail

And Ankur has anyways clarified the growth in ticket size. On 31st December, yes, there was loss component. And around equal amount was there last financial year also. So as such there is no impact of that in last financial year, because previous financial year also similar number was there. And there was no loss component in last quarter. In fact, if at all, it was unwound.

Shobhit Sharma: So Vishwa, just wanted to understand what's our strategy? What is requiring us to write these onerous contracts?

Vishwanath Mahendra: Yes. So actually, these -- if we create a loss component on onerous contract, it is not necessarily that these are unprofitable. So, the concept is we need to consider expected loss ratio, all expenses and risk adjustment.

So, assume that you are writing an account at 100% COR and investment income is your profit, let's say, in this example, still you need to create loss component, let's say, if you are taking risk adjustment of 5%.

So, anything which is, let's say, 95% or above, you need to create loss component on that. So it's not necessarily that this is loss-making. It is just that IFRS says if it is after risk adjustment more than 100%, then you upfront create provision for that. And during the policy cycle, you keep unwinding that. That helps Shobhit?

Shobhit Sharma: Yeah, Thank you.

Moderator: Thank you. Next question is from the line of Nischint Chawathe from Kotak. Please go ahead.

Nischint Chawathe: Hi, on the incurred claims amount of around INR5,000-odd crores, can you break this between actual claims and claim management expenses?

Vishwanath Mahendra: So claims management expenses generally is 3% of 1/n GWP, Nischint.

Nischint Chawathe: And the ratio remains similar this year, is it?

Vishwanath Mahendra: Yes, it's similar. Just that number has changed.

Nischint Chawathe: Got it. So if I sort of look at the net claims ratio that kind of moved up from around 59.4% to around 61.3% for the year. So how should we read this ratio? Any specific reason why how would you interpret this ratio and the rise? And how do we see this going forward?

Vishwanath Mahendra: And you are referring to IFRS numbers or?

Nischint Chawathe: IFRS, all IFRS numbers.

Vishwanath Mahendra: So IFRS results, loss ratio.

Nischint Chawathe: Yes, I'm just saying you look at net claims ratio, that is net of claim management expenses. I'm saying you know that sort of moves on from 59.4% last year to 61.3%. Yeah sorry.

Krishnan Ramachandran: I think the better thing is to look at retail because the mix between retail and group can explain other changes. So if you look at retail per se, that's the better answer explanation for you to give. Vishwanath.

Vishwanath Mahendra: Yes. This is not really increasing that much. It is similar just that in quarter 4, yeah, the increase in reported number may be higher, but the way you are calculating, that should show a very small increase, Nischint.

Nischint Chawathe: Got It. And the entire claims management can be, I mean, it has to be sort of apportioned equally you know on a pro rata basis between retail and corporate? Or would you kind of allocate everything to retail?

Vishwanath Mahendra: No, no. We allocate in the proportion of claims.

Nischint Chawathe: In the proportion of claims. Got it got it thank you very much.

Moderator: Thank you. Next question is from the line of Prayesh Jain from Motilal Oswal Financial Services. Please go ahead.

Prayesh Jain: Hi thanks for the opportunity again. Just on the hospital bit you mentioned that I think some 2,000-plus hospitals are kind of empanelled on the various measures on protocols and infections, standard procedures for infections that have been taken. Are these large hospitals could you give us some colour as to what kind of hospitals, have these tied up with any large chain, has kind of come on board? Because since the number is still too small, what are the large chains talking about this? And when do you see the benefits of this kind of coming in for the industry and for Niva?

Krishnan Ramachandran: So Prayesh, as I mentioned, when we first started this initiative, broadly the common empanelment, what we wanted to drive as an industry is a critical mass of hospitals to be signed up. And we consciously chose to leave out the top 20 groups you know? And maybe we will have a different strategy for the top 20 groups.

So the emphasis is on outside of top 20 and 2,500 that I referred to would be outside of the top 20-odd. And the idea is to get to maybe 5,000 in the next 4, 5 months. We have ironed out all of the operational topics around common empanelment, we now have our tech platform, etcetera, etcetera.

In terms of benefits, look, the industry will to the extent that we have claims flow to these setups, the industry already is seeing benefits from this initiative and also certainly benefits from the initiatives around standardization because as I mentioned, a good part of the cost when it comes to claims is captured in the care pathway.

So the treatment choices that get made fundamentally determine what will be the length of stay and the average claim size. And as we standardize that, that is a significant positive impact to the industry. So I just want to reemphasize how important that is. Dr. Bhabutosh wants to say something.

Bhabatosh Mishra: Yes. Prayesh, thank you for your question. The first expectation on a big mandate is to enhance access to hospitals for every insured person. And from that point of view, in Phase 1, the midsize and other hospitals have been focused on. So that access goes up because the top 20, as you know, are already a part of almost every insurer's network or TPAs network. It's a mid-segment where more focus has been done to enhance access to claimants insured population.

The protocols that Mr. Krishnan mentioned about and which you asked are applicable to all providers, across the length and breadth of segment of providers in the country, which basically in interest of consumers in bringing transparency, in getting right treatment for right conditions at right severity, it will be very beneficial to market in general. And specifically, it would also have a bearing on cost optimization when it comes to claim cost by rationalizing the treatment, optimizing the treatment protocols.

Krishnan Ramachandran: Doc, maybe you can make that real with robotics as an example, right?

Bhabatosh Mishra: Yes. In robotics, for example, with the advancement of modern medicine, robotic is available. Although globally, what is followed is very robust, what you call is health technology assessment or health economic evaluation, basis that robotics get incremental health benefits but at appropriate cost. When that protocols are applied globally and now increasingly in India, as we discussed and Mr. Krishnan mentioned earlier, would mean that how much incremental benefit robot usage against conventional laparoscopy usage in a particular surgery is gained and what is an appropriate cost for that for the gain in many surgeries, you will find, for example, small, small surgeries like fibroid removal, etcetera, robot incrementally does not add much health benefits, but it costs, comes at possibly a significant cost, which is not appropriate to the benefit gain. Those are the issues and protocols through HT and HEA that are getting addressed gradually.

Prayesh Jain: But just a follow-up on that. Do you think this would lead to kind of more challenges with customers on the kind of treatment that the hospital would suggest and what the customer would want and what the insurance company is going to settle for?

Bhabatosh Mishra: In fact, Prayesh, I think this is in interest of consumer mostly because then the consumer would be very much aware that what is the appropriate care and treatment for him or her. And transparency in health care practices will set in helping consumers make the right health decisions for self.

Krishnan Ramachandran: And look, this is something that is globally, a journey that many, many mature markets now practice to a very large level of maturity. This is a journey that has begun in India. For example, the initiative on infections, where we standardized admission criteria for 7 infections. It has now been live for 9 months. And I think there's been a net benefit in terms of transparency and see customers understand, what, customers don't want is surprise.

I think this eliminates surprise all sides, right? So in all these initiatives, clearly, there's communication out to hospitals, there's communication out to customers. And when there's a claim, then there's less and less surprise when we take a position on why we, because you know everybody has been informed on why we are doing what we are doing. And then, of course, some customers may still choose to pay out of pocket and undergo a certain treatment, but then it's not a surprise.

Bhabatosh Mishra: These are very evidence based. There is enough and more literature even within the country that is available. And all these are based on very, very scientific evaluations by very appropriate government and nongovernment authorities.

Prayesh Jain: Got that. Any development on the national digital health mission that was picking up some momentum until some time back. Now we don't hear anything about it. What's happening on that? And in fact, that was supposed to help the outpatient insurance as well. So where is that? And how is that kind of shaping up for the industry?

Bhabatosh Mishra: Thank you, Prayesh. In fact, there is renewed focus and energy around some components in a phased manner on the national digital health mission. I would perhaps give you an example of the National Health Claims Exchange, where both payers, providers have come together to adopt it in a meaningful, in a very big way. Those works with various industry bodies through the regulator and other agencies, including NHA, GIC is on. And there's a lot more work that is being done, which is likely to see very positive results fairly sooner than later.

Prayesh Jain: Got that. Last question, if I look at commissions on the Indian GAAP numbers, that commission ratio has come down sequentially in spite of the mix moving towards retail health and fresh business. What explains that?

Ankur Kharbanda: Largely, this is 2 things. One, the senior which we rolled out from 1st of April last year, the reduction in commission on the senior. And second is on the GST impact as well. So both of these are the reasons why this has gone down.

Prayesh Jain: Okay thank you.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Krishnan Ramachandran: Thank you very much. I appreciate you taking time on a Friday evening and for all your questions. If there's anything further, please do feel free to get in touch with us through Himanshu. Happy to address any further questions any of you may have. But thank you once more, and have a happy weekend.

Moderator: Thank you, sir. On behalf of ICICI Securities, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.