August 05, 2025

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To,

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

Sub: Transcript of the Earnings call conducted on July 31, 2025

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Para A, Part A of Schedule III, please find enclosed transcript of the Earnings call conducted on July 31, 2025, with Investors/Analysts in respect to the Unaudited Financial Results of the Company for quarter ended June 30, 2025.

Kindly take the same on records.

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

RAJAT SHARMA
Digitally signed by RAJAT SHARMA
Date: 2025.08.05 16:33:55 +05'30'

Rajat Sharma
Company Secretary and Compliance Officer
Membership No. F7069

"Niva Bupa Health Insurance Company Limited

Q1 FY '26 Earnings Conference Call"

July 31, 2025

MANAGEMENT:	**MR. KRISHNAN RAMACHANDRAN – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. VISHWANATH MAHENDRA – CHIEF FINANCIAL OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. ANKUR KHARBANDA – CHIEF BUSINESS OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. BHABATOSH MISHRA – CHIEF OPERATING OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. VIKAS JAIN – CHIEF INVESTMENT OFFICER – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. HIMANSHU AGRAWAL – HEAD INVESTOR RELATIONS – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED** **MR. VARUN GARG – HEAD BUSINESS PLANNING & ANALYTICS – NIVA BUPA HEALTH INSURANCE COMPANY LIMITED**
MODERATOR:	**MR. ANSHUMAN DEB – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to Niva Bupa Health Insurance Company Limited Q1 FY '26 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference has been recorded.

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

Ansuman Deb: Good evening, ladies, and gentlemen. On behalf of ICICI Securities, we invite you all to Q1 FY '26 Results Conference Call of Niva Bupa Health Insurance. Without further ado, I'll now hand over the call to Mr. Krishnan Ramachandran, MD, and CEO. Over to you, sir.

Krishnan Ramachandran: Thank you, Ansuman, and thank you, everyone, for being on the call, and our apologies for the delay. Also, there are some technical glitches on the BSE side because of which the financials and presentation are not yet available, but it's available on NSE. With me are my colleagues, Vishwanath, CFO; Ankur, CBO; Dr. Bhabatosh, COO; Vikas Jain, CIO; Himanshu, Head of Investor Relations; and Varun, Head of Business Planning & Analytics. As far as the industry is concerned, health insurance continues to be the largest segment within the non-life industry.

And in Q1, it experienced a growth rate of 10%. One thing for all of you to be aware is that the reported numbers, because of the multiyear accounting change, will continue to have noise depending on the proportion of multiyear. So one caveat in terms of the overall industry growth rates and why they appear to be suppressed relative to historical averages. From an industry standpoint, three very important initiatives that I feel I should give you an update on. One is the industry-wide awareness campaign with a focus on health and motor.

As an industry, we have been talking about this for a while that awareness is one of the reasons why at the industry level, volume growth has not been in keeping with the potential. We believe that the awareness campaign will be a game changer in terms of increasing not just awareness but also urgency to purchase health insurance. And as a company, we do believe we'll be a direct beneficiary of this awareness campaign. This is a multiyear campaign. So what hopefully some of you may have seen during IPL is only the start of a multiyear campaign that the industry has embarked on.

The second important initiative, which we believe will fundamentally make insurance more and more affordable as we move along is a common empanelment initiative, again, led by the General Insurance Council and enabled through the insurance regulations. And this initiative is well underway.

And as we speak, actually, there are close to 1,500 applications that are making their way through various stages to get on to the industry panel. And just to remind all of you, the objective of this is to have common agreements as well as common tariff arrangements over time. Again, another very important industry initiative.

And the third, again, which has been launched under the aegis of the General Insurance Council is a movement towards more evidence-based practice of medicine. As you're all aware, post monsoon, there is a spurt of infections across the country. So as an industry, we have come together to define protocols for when is admission necessary, what is medically necessary.

These have been friction points with customers historically. But now with us as an insurance industry, laying out standards, we believe that this will move towards better customer experience, but more importantly, it will, over time, eliminate unnecessary care.

Now coming to the company's performance for Q1. In Q1 -- and a lot of the numbers I'm going to state will be on a like-to-like basis so that there is comparison. Our growth overall as a company for quarter 1 was 28%. Again, this is without the 1/n impact. And within that, our retail health growth -- our retail health business grew at 32%.

Our IFRS PAT for the quarter was INR70 crores, up from INR36 crores same quarter last year. And our combined ratio, again, on an IFRS basis improved from 103.9% to 103.2%. Our Indian GAAP financials will continue to have noise because of the 1/n accounting change. And this impact will take perhaps between 2 to 3 years to play out. But as we have consistently maintained, IFRS is a better reflection of our financials, and we continue to publish and report our numbers on an IFRS basis.

Our retail market share moved up same time last year from 9.9% to 10%. So that's broadly some highlights as far as the financial performance of the company is concerned. On product mix, broadly, it stays the same, 67% retail, about 31% group and 2% travel and PA. On the product side, again, as we have mentioned in the past, at a portfolio level, specifically on mature products, we will execute high-single-digit price revisions. In Q1, specifically on one of our flagship products, which is ReAssure 2.0, we did execute a 7% increase in Q1.

Our ambition is to not just be a health insurer, but also to be a health partner to our customers. And we deliver a host of what we refer to as ecosystem health services to our customers through our health app. We now have 12.3 million downloads and 5.7 lakh monthly active users on the app, which is a very robust indication of the value that customers see in our services.

More than 50,000 health checkups get consummated through the health app every month and more than 6,000 doctor consults, again, are fulfilled through the app every month. In Q1, we launched a very important new capability, which is a chronic condition management program.

As you are all aware, India is the diabetes and cardiovascular capital of the world. And increasingly, obesity and metabolic syndrome is a big health problem with our country. So with a view to, over time, bending the cost -- in claims on account of these conditions, we have launched this program. The objective is to manage these conditions through lifestyle management, through medication management, so that ultimately, we avoid -- customers stay healthy and avoid hospitalization. So this is a exciting new capability that went live in our app in Q1.

As you know, we measure NPS across 35 touch points. and our blended NPS score stands at 57 at the end of Q1. And on cashless claims discharge, we continue to have an NPS in the high 60s. Broadly, our distribution mix during the quarter remains unchanged.

And we continue to invest in expansion, specifically in terms of sales headcount in Q1 as well as in the quarters leading up to Q3, we will continue to invest in expansion in our distribution strength. On technology and analytics our extent of intelligent automation continues to improve. Specifically, I'd like to call out maybe three capabilities that are in advanced stages of going live.

One is we are upgrading our core system to an Oracle stack, Oracle Health, and we are hoping to go live with that sometime in Q2. This will be a significant transformation to our core technology stack. We are also at an advanced stage of implementing Sprinklr, which is a customer system infused with a lot of AI capabilities.

And we have gone live with Convin, which again allows us -- which is an AI technology that allows us to listen to every call and improve, whether on the telesales side or on the customer side, improve call quality and consistency. So while we have broadly improved on automation metrics, there is one metric that did go south in Q1, specifically on claims auto-adjudication.

On account of a bunch of information security assurance reviews specifically with third parties, we did suspend the auto-adjudication service, which did mean that our SLAs on claims were hit. You would have noticed that typically, our cashless rate in 30 minutes is -- 90% of our cashless approvals are within 30 minutes. In the quarter, that came down to 76% as well as our overall SLAs took a hit in Q1 because of which we have also had a buildup in our outstanding claims in Q1.

Having said that, the information security assurance reviews are complete, and we have gone back to being live in Q2 in the month of July itself. But that's one specific KPI I thought I'd call out which did not go very well for us in Q1. In Q1, we expanded our PPN network to now 43 cities and 17% of claims in these cities go through the PPN network, which is a combination of a great customer experience, but more important -- or equally importantly, making sure that customers get high-quality treatment, but in a more affordable care setup. Also, specifically around claims for Q1, whether it's ACS or incidence rates, we don't observe any unusual patterns. They are consistent with the trends that we have seen historically.

And the last statement from my side before I hand over to Vishwanath, our CFO, is that we retained our Great Place to Work ranking. We are amongst the top 100 places to work in the country across all organizations and in the top 25 in banking and financial services. We have always said that talent is critical to our ability to execute and compete in the marketplace. And this ranking is a good external benchmark of the emphasis and importance and quality of our talent management practices. So with that, over to you, Vishwanath.

Vishwanath Mahendra: Thank you, sir. So some of the financial highlights for Q1 FY '26 are. So as Mr. Krishnan mentioned, that GWP grew by 28% in first quarter. But against that 28% growth in GWP, net earned premium grew by only 20% under I-GAAP because of this change in accounting for multiyear policies.

As a result of this change, most of the ratios are looking distorted under I-GAAP. And as you all know, we have been publishing audited IFRS financials for last 3 financial years. And we also use them for consolidation into Bupa accounts. So I'll be covering financial commentary basis IFRS only. The profit after tax under IFRS almost doubled from INR36 crores last financial year Q1 to INR70 crores this year.

And combined ratio under IFRS has improved by 70 basis points to 103.2%. While there is increase in loss ratio by 2.9%, this has been more than offset by reduction in expense ratio by 3.6% under IFRS, resulting in this improvement in combined ratio. The retail loss ratio on 1/365 basis has increased in Q1 by around 2%, largely on account of strengthening of reserves. As Mr. Krishnan mentioned that we had put on hold the claim auto-adjudication rule engine due to information security assurance review across our third parties.

This has resulted in altering the pattern of claim processing and increase in outstanding reserves as on 30th June 2025. So we are keeping higher reserves on a prudent basis. We'll monitor this closely in next 2 quarters and action as warranted. The claim auto adjudication has restarted in quarter 2. And we have not experienced any abnormal trend either in incidence rate or average claim size.

There is Y-o-Y improvement in expense of management ratio to the tune of by 4.8%, with quarter 1 EOM being 35.9% against last year of 40.7% same quarter. This is mainly on account of, one, a decrease in gross commission as a percentage of GWP due to change in mix, etcetera, cut down on some discretionary expenses in Q1, but most importantly, because of operating leverage, where expenses have gone up by low-single digit, while GWP has gone up by 28%.

And we are confident to bring down EOM ratio within regulatory limit in this current financial year. And we are almost there. There is a difference of 10 basis points in Q1 as per the glide path submitted to IRDA. Investment yield on annualized basis in Q1 is 7.3% with AUM of more than INR8,100 crores. Solvency ratio is at a healthy level of 2.86x as on 30th June, against regulatory minimum of 1.50x.

So this was an overview of quarter 1 FY '26. Happy to take questions.

Moderator: The first question comes from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Sir, firstly, on the IFRS numbers, when we look at the reconciliation that is given, the Insurance Contract IFRS 17 is about -- the adjustment is about INR179 crores. This I would assume would take care of both the benefit of expenses as well as the impact of 1/365. But it's still kind of a very big positive number. So could you explain why is this such a big positive in this quarter?

Vishwanath Mahendra: So actually, in this quarter, because we are looking at UPR on 1/n basis, that's why it is looking on higher side. That's the only reason. So the deferred acquisition cost is consistent.

Prayesh Jain: Sir, I'll take this offline. The other part is on the loss ratio. So is it fair to assume that this incremental IBNR creation that you have done in this quarter, that should help you -- that should lead to lower loss ratios in the coming quarters?

Vishwanath Mahendra: Most probably, we are confident that trend should stabilize by end of the year and will release as we experience lower incurrence.

Prayesh Jain: Okay. And could you break down your loss ratio possibly even on IFRS basis between retail and group?

Vishwanath Mahendra: Retail IFRS ratio is around 68% and group would be around 61% broadly.

Prayesh Jain: And what was it last year Q1 FY '25?

Vishwanath Mahendra: Last year, it was more like -- retail was around 66% and group was around 58%.

Prayesh Jain: So there's an increase in both the sides?

Vishwanath Mahendra: Yes. And group is also to do with mix change more towards corporate than other B2B2C.

Moderator: The next question comes from the line of Shreya Shivani from CLSA.

Shreya Shivani: I have two questions. First is not really related to the quarterly results, but something that we had picked up from the public disclosure of the full year numbers. So I was comparing the volume-wise claim rejection data that you have. It has been largely range bound for Niva Bupa. In FY '25 also you were at about 7% or so.

But for some of the other players in the industry, this number has significantly come down to like under 5%. So do you think it is a range which is achievable for us? Or do you think that the single digit 7%, 8%, 9% that you operate in is a far more logical place that you would end up being? My second question is on the claims ratio. Sorry, I'm probably not able to understand.

The claim ratio becomes -- there's a huge difference between IFRS and I-GAAP, right, the one which is on your Slide 8 and the one which is on your last slide. Is it all of it is because of accounting? I mean what is the -- I'm sorry, I'm not able to understand such a big gap between these two numbers?

Vishwanath Mahendra: Probably I can take the second one, Shreya. So if you're referring to this 77.9% loss claims ratio, yes, this is on I-GAAP 1/n basis because earning has gone down, claims being same, that's why it's looking inflated.

Shreya Shivani: That should be the only reason, right? Even if you're making higher reserves, that cannot get -- that should not get impacted by the 1/n accounting, right, the IBNR reserve and all?

Vishwanath Mahendra: No.

Shreya Shivani: Just that NEP is smaller, so it is looking higher. That's the only logic, right?

Vishwanath Mahendra: Exactly. Exactly.

Bhabatosh Mishra: And on the first question, while there is no, so to say, perfect claim settlement ratio, it's largely a function of things like vintage, mix, etcetera, and also how well insurer is performing in terms of avoiding unnecessarily non-payable claims. So holistically, if you look at it, we've been very, very stable, consistent over more than 8 quarters with a robust trigger rate, hit rate on the fraud control side. Our mix also is largely towards retail.

That's an important indicator. And book vintage also plays a role. So while there is no specific number to target, we are confident that the number of 7% around of -- or 92%, 93% of the settlement ratios that you observe consistently are likely to stay that way or further improve going forward in time.

Krishnan Ramachandran: So Shreya, I guess the other factor to keep in mind is typically, higher settlement ratios are seen in corporate policy. So depending on the -- I guess, your point on, some of the other players have stable ratios, but settlement rates have gone up. Broadly with retail books, at least our experience is, depending on the maturity, anything from 92%, 93%, 94% is what we have seen. We'll have to examine what is it that the others are doing to see if there's any area for improvement for us.

Shreya Shivani: Sure, sure. Just one follow-up question that I had. You indicated that you've taken about 7% or 8% price hike in your flagship product this quarter. Had you taken any price hike in FY '25? And I'm asking you this question because your average ticket size per policy between 1Q '25 and 1Q '26, there's a drop.

It could be just a function of what you sold something different altogether in this quarter. But just trying to understand what was the price hike taken last year versus what has been taken this year?

Ankur Kharbanda: So we had not taken for this particular product. Last year, we had not increased the pricing. This is the -- this time only we have increased the price. And on the ticket size, you must be seeing this is similar to what it was last year as well. It's just that some multiyear here and there mix would have changed. That's where there's a difference there.

Krishnan Ramachandran: So if you look at it on a like-to-like basis, it's there on Page 10 of the presentation, there's not much change, Shreya.

Shreya Shivani: Okay. Got it. Sorry. All right. Understood. So that number is -- the INR26,000 I was seeing is on 1/n. So that's the long-term policy that is getting reflected.

Krishnan Ramachandran: That's correct.

Shreya Shivani: Got it. Okay. This is very useful.

Moderator: The next question comes from the line of Prayesh Jain from Motilal Oswal.

Prayesh Jain: Just to follow-up on claims again. So is there anything that you can help us understand on how the fresh book versus the existing book loss ratios are evolving for you, say, in the last -- generally, I remember you mentioning in one of the calls that you want to maintain the loss ratio on the renewal book at 75%. So any trajectory that there is this loss ratio on the renewal book, how is this shaping versus what are the loss ratio on the fresh book? This is particularly on the retail side.

Krishnan Ramachandran: So broadly in line, Prayesh. I'd say range bound. As Vishwanath also mentioned, at least in Q1, we have not seen any pattern shifts in either ACS or incidence rates. And with respect to fresh versus new, broadly in line with what we've spoken about and the number you mentioned.

Prayesh Jain: Okay, and what would be the mix between fresh and new for us in terms of premium on the retail side? Fresh and renewal, sorry.

Krishnan Ramachandran: It would be 40:60, Prayesh. 40 new and balance renewal.

Prayesh Jain: Okay. And any strategy change with respect to you increasing the share of corporate versus -- is it strategy change there or how are you thinking about this?

Krishnan Ramachandran: So broadly our strategy on corporate, there are two parts to it: one is, let me say it's not a strategy but just about being opportunistic. Wherever we feel our value proposition around integrated care management makes sense and we get adequate price. For example, early this year in January, with two large multinational companies, we were able to win basis our proposition at an adequate price. But otherwise, the strategy continues to be focused on SME, SME through all the distribution channels that we have, whether it's agents, banks, digital partners, or our own teams, including brokers. So that's broadly our corporate strategy, right? And there's no change on that.

Prayesh Jain: This question is particularly because when we've interacted with the competition, they've hinted that the price aggression in the group business, particularly employee-employee still remains on the higher side and winning the mandate at the adequate pricing has been a challenge. So what has been our right to win in this segment?

Krishnan Ramachandran: So broadly, one is, as I said, our focus is on the SME segment where the -- I mean, the price sensitivity is not the same. Not to say that it's not a price-sensitive segment, but because of the nature of how we distribute it. For example, many of our banks are very large SME lenders. So that's one big channel of distribution. Second is our own agents.

So I'd say on the SME segment we have not seen shifts around price sensitivity. On the remainder, as I said, it's opportunistic. It's about being able to win accounts where, on the basis of our proposition, where the pricing makes sense. You'd like to add Ankur?

Ankur Kharbanda: I think you've made the point, yes.

Moderator: The next question comes from the line of Varun Palacharla from Kotak Securities.

Varun Palacharla: Hi, hope I'm audible. I had a couple of questions regarding the pre 1/n and the post 1/n accounting. So the claims ratio on a like-to-like basis, that is without 1/n accounting, if you compare it, is up by about 800 basis points this quarter year-on-year. So can you break this down into how much of this has flown from higher infectious diseases, how much is from the higher reserves you have built because of the auto-abjudication issue? And how much of it is from product mix shift because of the group business or rather the employer employee increasing?

Because this would be helpful in us understanding where the actual normalized claims ratio would be for this year and how things are shaping up vis- -vis peers and everybody. The second question is with regard to the commissions. So if you look at deferred commissions, that create an impact on the net commission line item. So that was about INR27 crores in 3Q of last year. Now it appears to have gone up to about INR50 crores.

So has the share of long-term policies increased? Or is this just driven by volume overall going up? And I did some calculations. Pre-1/n PAT comes out to about negative INR36 -- or rather loss of INR36 crores. Am I right or I'm in the ballpark over here? Can you just guide?

Vishwanath Mahendra: So third one, ballpark, you are right, because in our LODR, we have given what is the difference in GWP and commission. So on loss ratio, your question is, 64% going to 72.3%, Varun?

Varun Palacharla: Yes.

Vishwanath Mahendra: Yes. This is on account of majorly one thing, like Mr. Krishnan mentioned that we have won a large -- two large accounts, MNCs in last quarter of last financial year, let's say, January '25. So basis the accounting for UPR we use. So 50% is earned in same quarter and 50% of that will be earned in last quarter of this financial year, which is in this case without 1/n, and 1/n will not have impact on this because this is corporate 1 year policy.

And that's the reason the EP is lower in this quarter because we don't have commensurate earned premium for these accounts. That's primarily the reason of increase in claims ratio. And that's why it is better to look at IFRS loss ratio, which will not have all these kind of noises. What was the second question? Commission, I could not understand completely.

Ankur Kharbanda: Can you repeat the second question again?

Varun Palacharla: So when we look at commission that we get in pre-1/n and post-1/n, the difference largely is on account of deferred commission, right, on the long-term policy?

Vishwanath Mahendra: Yes.

Varun Palacharla: So that in 3Q last year was about INR27 crores-odd. Now it has gone up to something like INR50 crores?

Vishwanath Mahendra: Last year, you are referring to...

Varun Palacharla: 3Q

Vishwanath Mahendra: And you are referring to which report? Or maybe can we take this offline? But what we can confirm is this commission we are deferring and that's the only difference, which we have captured in our LODR report, what is the deferment of commission on net basis.

Varun Palacharla: Okay. And one more thing. The IFRS as well, claims ratio is up about 300 basis points, right? That can you break it up into what are the components in that?

Vishwanath Mahendra: Yes. So one is around 2%, as I mentioned, it is increase in retail loss ratio. That has to do with increase in outstanding, which I explained because of this, we're halting this auto-adjudication rule engine, and around 3% increase in group loss ratio, which is on account of mainly mix change, big corporate which we have written, compared to other B2B2C business in previous quarter of last year.

Moderator: The next question comes from the line of Ananga Rana from A91 Partners.

Ananga Rana: I had two questions. One is, if I look at your average ticket size per policy, that has come down year-on-year. So firstly, what's the reason for that? And secondly, roughly, what has our year-on-year growth been for the banca channel? Those are my two questions.

Krishnan Ramachandran: So on ticket size, if you look at Page 10 of the presentation, on a like-to-like basis, there's not been much change.

Vishwanath Mahendra: If you're referring to Page number 9, this is because of 1/n impact.

Ananga Rana: Okay. Got it. Okay. And on the banca channel, what would the rough growth look like for banca?

Ankur Kharbanda: Our growth on the banca side is also strong. We are growing at a 20% plus on the banca side as well.

Ananga Rana: Okay. And if I could fit in one more question. AUM has remained constant quarter-on-quarter. Is there some business to this or is it just a normal fluctuation?

Vishwanath Mahendra: Yes. This is because of some reinsurance payment. There is annual settlement. We made some sizable reinsurance payment. That's why on quarter-on-quarter, you will see that it is stable.

Moderator: The next question comes from the line of Shobhit Sharma from HDFC Securities Limited.

Shobhit Sharma: I am sorry to harp back again on the loss ratio question. So I am not able to understand. If I look at H2 FY '25 versus H2 FY '24, the increase in loss ratio was around 4 to 5 odd percentage considering the impact of the 1/n. But given in the current quarter, even after acknowledging the mix change which has happened between -- in the retail portfolio or on the group side, the jump seems to be very huge. So can you help us understand what has actually happened on that side?

Vishwanath Mahendra: So actually, it's a mix of two, three things. One is, as I mentioned in reply of previous question, even without 1/n, there is an increase in loss ratio, moving 64% to 72.3%. That is explained by this large group which we have written for which corresponding earning is not there in this method, while there are claims. So that's one. And from there to 1/n loss ratio, this is sheer change in earned premium because of 1/n.

Shobhit Sharma: Sir, is it largely because of the large corporate deals which we have underwritten in Q4?

Vishwanath Mahendra: So Shobhit, let me repeat. It is not that large corporate deal was lossmaking, that's why it has gone up. We use 50% method of UPR. What that means is 50% is earned in the quarter in which you write the business and 50% in the last quarter. So that's the phasing impact of this earning. And second is the 1/n change.

Shobhit Sharma: Okay. And you mentioned that we have provided for some extra reserving. Can you quantify that, how much is that contributing to the overall increase in the loss ratio?

Vishwanath Mahendra: So this 2% increase, around 50 basis points would be change in mix, new renewal, and balance would be because of this increase in reserve, strengthening of reserve.

Shobhit Sharma: So 1.5% to 2% approximately.

Vishwanath Mahendra: Yes, correct, 1.5%.

Shobhit Sharma: Sir, another thing which I want to know from you is our approach on the long-term policies. We have seen your peer has been now very aggressive on capturing a higher market share on that side with upfronting of payouts. So how are we protecting our business on that side? Are we losing any market share on that side? I just want to know your strategy on that.

Ankur Kharbanda: So we are not losing our market share. In fact, you would have seen that we are now touched 10% market share on the retail business. But having said that, strategically, we are moving down our multiyear policy. It was in the late 20s earlier. Now this year, it is in the early 20s.

Shobhit Sharma: So early 20s, you mean in the terms of the fresh business we are writing in?

Ankur Kharbanda: Yes, multiyear. GWP multiyear.

Moderator: The next question comes from the line of Shreya Shivani from CLSA.

Shreya Shivani: Just a follow-up. On the premium growth that you spoke about, 28% Y-o-Y or 32% Y-o-Y, can you also give how much of this growth has come from volume increase and how much -- would you be expecting similar trends in the year to come by and for the year to come by?

Ankur Kharbanda: Thank you for that question. This increase of almost 30% growth is largely on the volume growth and not the value growth because you would have seen the ticket size remaining same, which means our overall, all of this -- large part of this growth is volume growth only.

Shreya Shivani: Got it. So more than -- okay, more than 80%, 90% of it then in that case, if I had to break it, like almost 30% growth would be from volume only for the overall retail health premium to grow at 32%. Okay, this is very useful.

Moderator: The next question comes from the line of Ritika from Bandhan AMC.

Ritika: Sorry, I'm going to ask you to repeat the bridge you just mentioned to, I think, to Shobhit's question on what was the impact on the loss ratio because of the group exposure and the accounting there. So if you could give the bridge again when the loss ratio on the 1/n basis and without 1/n basis, both?

Vishwanath Mahendra: Sure, Ritika. Yes. So first is, let's say, without 1/n, 1/365 basis, there we have covered this that there is increase in retail loss ratio to the tune of 2%, mainly on account of reserve increase and 3% in group mainly to do with mix change. So that's the 1/365 loss ratio which has both claims and earned premium amortized on daily basis. So that's the increase.

Now there are two more factors which are playing. So one, if we move this 1/365 loss ratio to 50% loss ratio, without 1/n, which is the accounting we were following previously. So there, what happens is because of this 50% method, if the premium is uniform, it hardly makes any difference on monthly basis. You're writing same premium and you are accounting 50% of that. We wrote one large account -- two large accounts, 2 MNCs, as on 1st January 2025.

So 50% of that was earned in last quarter of last financial year and the balance 50%, given the method will be earned in last quarter of this financial year. But there is a uniform claim payment. So optically, this number without 1/n, 50% loss ratio is looking on higher side.

This is one impact moving from 1/365 to 50%. Then there is impact of this 1/n where the earned premium is on lower side because of reduction in GWP and accordingly NWP and earned premium. And that's the walk from without 1/n 50% to 1/n 50%. And we can offline also discuss if you need more details.

Bhabatosh Mishra: I must mention that, are still profitably written.

Vishwanath Mahendra: Yes, large groups are profitable. Their combined ratio is 100% or below, yes. .

Krishnan Ramachandran: And also, these are multiyear contracts. So you will see this effect coming back in Q4 this year for us, just so...

Vishwanath Mahendra: Multi-year contract. Not multi-year policy.

Ritika: Sir, you part answered my second question, which was obviously, logically, it should come back, like you just said, that part of this increase is because of the accounting should come back. And also, if you could repeat what you said also on the reserving with that, ideally that also should reverse. And lastly, sir, have we shared any guidance for FY '26 or if you want to share a little longer also, whichever way? That's the second question.

Vishwanath Mahendra: Yes. So on increase in reserve, so basically, it has to do with change in pattern of claims. So outstanding has gone up because of halt in this auto adjudication. Now one way was to -- we reduce IBNR to compensate because generally, outstanding has some portion, which is released when those claims are paid. But what we have done, and we have yet to see whether there is inherent change in pattern of reporting or processing.

That's why we kept that outstanding same and IBNR. As a result, overall, claims have gone up, which is incurred claim. We will monitor this another two quarters or so. And if we feel that there is a case to reduce this reserve, we will do, else we will carry this on prudent basis. That's on loss ratio. For guidance?

Krishnan Ramachandran: On guidance, it's early. I think probably after the infectious disease season is done, that's probably a better time for us to give specific guidance at this point.

Moderator: The next question comes from the line of Rachna K. from SiMPL.

Rachna K.: Yes. I just wanted to understand your stance on pricing strategy. Are still some of our products -- are we still following the LTV approach, or we have plans to go for zonal wise pricing?

Vishwanath Mahendra: Yes, LTV, we are following and zonal-wise pricing is extension of LTV only, so charging more appropriate premium to risk pool. And we are considering -- we already have products where we have 3, 4 zones. And we are exploring if there is case to further increase number of zones. But there is no moving away from LTV approach. It is extension of that only.

Rachna K.: So are price hikes also considered under this?

Vishwanath Mahendra: Price hike, sorry, we missed that.

Krishnan Ramachandran: The price hike, the core objective is to negate inflation, the underlying medical inflation, the main objective is to negate that.

Rachna K.: Understood.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments. Thank you, and over to you, sir.

Krishnan Ramachandran: Thank you very much for all your questions. Apologies once more for the delay and no further comments from our side. Thank you.

Ankur Kharbanda: Thank you.

Vishwanath Mahendra: Thank you.

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