STAR Health Insurance
Personal & Caring
The Health Insurance Specialist

Star Health and Allied Insurance Co. Ltd.

Date: August 05, 2026
Place: Chennai

Ref: SHAI/B & S/SE/71/2026-27

To,
The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400001
Maharashtra, India
Scrip Code: **543412**

To,
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot C/1,
G Block, Bandra-Kurla Complex
Mumbai – 400051
Maharashtra, India
Symbol: **STARHEALTH**

Dear Sir/ Madam,

Sub: Earnings Call Transcript – Q1 FY 2027

Further to the Company's letter SHAI/B & S/SE/52/2026-27 dated July 16, 2026 regarding intimation of Q1 FY 2027 - Earnings Call, please find attached transcript of the call dated July 30, 2026 for your information and records.

The above information is being hosted on the Company's website at www.starhealth.in

Thanking You,

For Star Health and Allied Insurance Company Limited

JAYASHREE SETHURAMAN

Digitally signed by JAYASHREE SETHURAMAN
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Jayashree Sethuraman
Company Secretary & Compliance Officer

Encl: as above.

Star Health and Allied Insurance Company Limited

Q1 FY2027 Earnings Conference Call

July 30, 2026

Management:

Mr. Anand Roy – Managing Director and Chief Executive Officer

Mr. Amitabh Jain – Executive Director & Chief Operating Officer

Mr. Himanshu Walia – Executive Director & Chief Marketing Officer

Mr. Nilesh Kambli – Chief Financial Officer

Mr. Aneesh Srivastava – Chief Investment Officer

Mr. Sombit Bhattacharyya – Head Investor Relations

Moderator: Ladies and gentlemen, good day and welcome to Star Health and Allied Insurance Company Limited Q1 FY27 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Devyanshi Dave from Adfactors PR, Investor Relations Team. Thank you and over to you, Ms. Dave.

Devyanshi Dave: Good morning, everyone.

From the Senior Management, we have with us Mr. Anand Roy – Managing Director and Chief Executive Officer, Mr. Amitabh Jain – Executive Director and Chief Operating Officer, Mr. Himanshu Walia – Executive Director and Chief Marketing Officer, Mr. Nilesh Kambli – Chief Financial Officer, Mr. Aneesh Srivastava – Chief Investment Officer, and Mr. Sombit Bhattacharyya – Head Investor Relations.

Before we begin the conference call, I would like to mention that some of the statements made during today's call may be forward-looking in nature, including those related to the future financial and operational performance, benefits and synergies of the company's strategies, future opportunities and growth of the market of the company services. Further, I would like to mention that some of the statements made in today's call may involve risks and uncertainties.

Thank you and over to you, Mr. Roy.

Anand Roy: Thank you very much and a very good morning to all of you. Thank you for joining the Star Health Earnings Call for the 1st Quarter of the Financial Year 2026-27.

Before we get into our quarterly performance highlights, let me acknowledge a very significant milestone in the journey of Star Health. On 18th May 2026, we completed two decades of service, helping more than 2.8 crore lives during these last 20 years navigate their health challenges with confidence and financial security. The work of evangelizing the concept of retail health insurance has not been easy, but also immensely fulfilling for the Star Health team. I would like to take this opportunity to thank my team members of ~19,000 employees for their sincerity and hard work over the last 20 years.

Star Health is probably also the largest employer in the entire General Insurance space, even while counting public sector companies. We have a very dedicated and committed team.

When we started, retail health insurance was neither an established product nor a market.

In the last 20 years, through the hard work of the team members, we are the country's largest retail health insurer. As a category leader, we regard deepening health insurance penetration as both a responsibility and of course a multi-decadal growth opportunity. The operating environment for retail health growth remains conducive.

Health insurance is the fastest growing segment within the non-life space, supported by structural drivers and policy initiatives. The impact of enhanced affordability due to the GST waiver is very evident through category growth, with majority of our fresh business emerging from first-time buyers.

We report our statutory financials on Ind AS basis, following the regulator's guidelines on Ind AS transition.

We have been reporting on this basis voluntarily for several quarters and have consistently maintained it to be the appropriate economic lens for the health insurance franchise and aligned to the global best practices.

Coming to the quarterly performance highlights:

On the operating performance, as we have communicated last quarter, we will state our business numbers on both reported 1/N and also on N basis.

Following are the highlights of our performance for Q1 FY27:

- On a 1/N basis, the gross return premium increased 19% YoY to Rs. 4,287 crore.
- On N basis, the gross return premium was Rs. 4,672 crore, an increase of 19% YoY.
- Fresh Retail Health GWP increased 37% YoY to Rs. 730 crore. On N basis, the Fresh Retail Health GWP was Rs. 1,039 crore, an increase of 35% YoY.
- Our new-to-insurance mix was 94% on Fresh Retail Business compared to 90% in Q1 FY26.
- The Underwriting Result of the company for Q1 was Rs. 111 crore compared to Rs. 16 crore in Q1 FY26. This marks the fourth successive quarter of improvement in core underwriting profitability, underscoring the consistency of performance.
- Combined Insurance Service Ratio, CISR, improved by 1.7% from 98.7% in Q1 FY26 to 97% in current quarter Q1 FY27.
- The investment income for the quarter increased 10% YoY to Rs. 644 crore.

The profit after tax for the quarter increased 25% YoY to Rs. 550 crore. For the right perspective on profitability insulated from short-term mark-to-market volatility, we introduced the concept of 'normalised PAT' from last quarter, pegged at a normalised annual investment yield of 8%. Under the normalised framework, our profit after tax increased 44% year-on-year to Rs. 386 crore with an annualised ROE increasing from 12.2% in Q1 FY26 to 15.6% in Q1 FY27.

On the business side of things, we continued to build a diversified and granular retail franchise. We remained focused on disciplined and prudent risk selection in geographies, segments, channels and products that meet our defined ROE thresholds. Our retail market share was 29% in Q1 FY27 compared to 31% in Q1 of last fiscal. This is partly impacted by a share of long-term policies and consequent reporting implications on an N and 1/N basis, and clean like-for-like comparability will be restored only by FY28. More meaningfully, it also reflects our strategy: a very disciplined focus on preferred segments, prudent underwriting and an avoidance of riskier pools.

An update on the distribution network. Our proprietary channels, which is the agency and digital D2C, contributed 90% plus of overall retail business. This proprietary distribution gives us leverage over customer selection, quality of sales and economics of acquisition.

We continue to scale our industry-leading agency network, adding around 20,000 new agents during this quarter to take the overall count to 8.5 lakh agents along with 19% YoY improvement in agent productivity. Agency is deepening penetration where it matters the most. Fresh business growth from non-metro geographies is 3.5 times that of growth in the metro geographies. Digital D2C continues to be our fastest growing profitable channel. Within overall digital business, 74% of the fresh business now originates from our own D2C platform. D2C fresh business grew 142% year-on-year with 98% of customers being new to insurance.

Beyond our proprietary channels, partnerships, Bancassurance and alternate channels also stay focused on profitable segments. Within the corporate groups, SME business through agency remains the priority for the company.

An update on the underwriting claims and customer-focused metrics. The improvement trajectory in our underwriting profitability is an accumulation of several levers applies consistently: strengthened underwriting, portfolio optimization towards preferred segments, risk-based pricing, reduction of fraud, waste and abuse and institutionalization of a wellness-based consumer ecosystem.

Our home healthcare and telemedicine capabilities saw significant traction, extending our ability to manage fever and infection-related cases very efficiently, thereby improving customer convenience. As we enter Quarter 2, we remain watchful of dengue, malaria, fever and infectious disease outbreaks with our telemedicine services on hand to support the customers at a call.

Our consumer-focused metrics continue to demonstrate improvement trends. Our retail claim settlement ratio increased by 1% over Q1 FY26, which now stands at 91% for Q1 FY27. Our renewal ratio increased by 3% YoY to 102% for Q1 FY27. Our company level NPS improved by 12 points to 65 points at June 2026. We settled over 9.5 lakh claims during this quarter, of which more than 80% of claims were cashless through our network of hospitals. Cashless settlement delivers more predictable outcomes for the customers and builds a more constructive long-term relationship with our healthcare provider partners as well.

As a responsible retail health insurer, we believe that provider partners and payers jointly share a responsibility to shape a healthcare ecosystem that is more effective, more efficient and most importantly, more affordable to the customers.

Digital and AI investments remain key strategic initiatives for us and we continue to embed digital across the insurance value chain with clear focus on three outcomes: superior risk selection, faster customer service and a structurally lower cost-to-serve our customers.

Our greatest advantage is the proprietary data we have built over the last 20 years. This is a unique asset that is difficult to replicate and provides a significant competitive advantage. Our longitudinal data and in-house analytical expertise are further strengthened through our technology partnerships, bringing global capability to bear on the India data that we have at scale The intent remains singular: conversion of two decades of our experience into a durable underwriting and service advantage. On claims, for example, we are in the process of layering generative AI over and above our existing AI/ML analytical layers to drive greater precision of claims operations.

Our AI/ML driven analytics is already showing encouraging results with respect to mitigation of fraud, waste and abuse. Our distribution app, ATOM Pro, was recognized by the Economic Times in the “BFSI FinNext Awards 2026” under the “InsurTech Product Excellence of the Year”. 97% of our new applications are now digitally sourced and an ‘always-on’ work stream continues to enhance the app capabilities.

On the customer side, our customer app has scaled to ~16 million downloads and over 1.5 million monthly active users with wellness initiatives anchoring the engagement of our customers across the ecosystem. The adoption of self-service features such as renewals, claim submission and also multiple service requests on our app continues to build steadily.

In conclusion, before I close, let me place this quarter in context. 18 months ago, we set out on a course correction without recourse to short-term optical measures. FY26 demonstrated the result through a Rs. 350 crore swing in Underwriting profit and this quarter's result is further evidence that this is being sustained.

The results over the trailing four quarters are the accumulation of a disciplined model built for long-term sustainable and value driven outcomes. As we look ahead, our strategy rests on three priorities:

- Driving sustainable growth and expanding the health insurance penetration by deepening our proprietary distribution channels where we have greater control over customer acquisition, engagement and quality of portfolio.
- We have to enhance core underwriting profitability through rigorous portfolio management, leveraging data and analytics across the risk lifecycle to improve our risk selection and claims outcomes.
- We remain committed to customer centricity, investing in technology-led capabilities to deliver a faster, simpler and more seamless experience across customer touchpoints.

Together, these priorities will keep us on a path of profitable, sustainable growth, reinforcing our leadership position in India's health insurance market. I began by noting that we completed 20 years this year. We believe that retail health in India over the next 20 years will be much larger and more consequential than the last 20. And, we at Star Health intend to remain the company that families turn to on the day it matters. Thank you for your continued trust in Star Health.

With that, we will open the floor for questions. Thank you very much.

Moderator: Thank you. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Supratim Dutta with Jefferies. Please go ahead.

Supratim Dutta: Thanks a lot for the opportunity. Good morning to everyone. I have three questions. Starting with the growth piece, the insurance revenue growth for this quarter was 13.4% versus a GWP growth of 19%. Just wanted to understand that how should one think about the GWP growth translating into the insurance revenue growth over a period of time. If you could give us some color by when this could start converging, that would be helpful.

Two, on the loss ratio side, this is the fourth quarter where you have shown a YoY improvement in loss ratio. I just wanted to understand what are the levers for loss ratio improvement from here that one could use. And two, if you could give us some color around the telemedicine piece. This is something that you have been championing over the last two-three years. Just wanted to understand how many claims are now settled through this telemedicine versus two years back.

And lastly, the other key driver of your combined ratio improvement has been expenses. On a two-year stack basis, it has improved by around 100 basis points. Should one think about further expense ratio improvement from here or should it largely stabilize? Those would be my three questions. Thank you.

Nilesh Kambli: On the insurance revenue, the growth for the quarter is 13.4%. We believe it should gradually increase because the growth has an element of long-term policies as well. We believe it should start touching 15-16% as we keep on moving ahead through the quarters. That's one part of it. On the expense ratio, we have continuously maintained that the investment that we are doing in tech and digitization, the focus on efficiency and productivity, will ensure that 30-40 basis points improvement in the expense ratio is something which we'll get consistently over the years and that is what we work towards.

Amitabh Jain: On the loss ratio, the levers are the same that we've been talking about over the last one and a half years. It's a combined 360-degree approach that we've taken of improving the portfolio quality, the pricing, and all the initiatives on claims starting from network management to wellness and like you put it, the teleconsultation piece. All of this is contributing a bit to the improvement in the loss ratio and this is what we want to do on a sustained basis. As far as teleconsultations are concerned, huge scale-up has been achieved quarter to quarter. All of this is coming together now and starting to give us some good results.

Supratim Dutta: Thank you. That's very clear. Just one follow-up on that. Now that we are getting into a seasonally higher claim period because of vector-borne diseases, just wanted to understand what are the trends that you are seeing? If you could give us some color, that would be helpful.

Amitabh Jain: As you rightly said, this is a season where these medical infectious diseases go up and that's happening this year as well. But as I said, given our focus on wellness and especially teleconsultation and home health care, we seem to be on track in terms of whatever we expected as outcomes.

Supratim Dutta: Understood. Thank you.

Moderator: Thank you. Next question comes on the line of Avinash Singh with Emkay. Please go ahead.

Avinash Singh: Hi. Good morning. Thanks for the opportunity. Good set of numbers. A few questions. The first one is the new fresh premium growth looks pretty impressive.

Now probably from H2, as the GST thing comes into base, how do you see this to play out? I am asking this because probably fresh premium growth is also one piece that is kind of helping in terms of the claim's ratio because the fresh premium growth typically comes at a lower claims ratio. How do you see this fresh premium growth trend to continue in H2? So, that's one.

Second piece is on pricing. Now things are kind of looking on track. So, of course there will be typically your action depending upon age cohort and all. But now as the regulator anyway has permitted to take pricing action on an annual basis as and when you feel kind of necessary. So, are you kind of taking that pricing action in some of the cohorts or is it like right now pricing is adequate and just like age band led cohort pricing changing?

And thirdly, typically, I mean, what would be the kind of ballpark number for losses or claims ratio share from this dengue, malaria, chikungunya in say Q2 and on a FY basis? Thanks.

Anand Roy: So, Avinash, yes. Post the GST waiver there was a significant jump in the growth rates for the entire industry and for us as well in H2 of last year. So, some moderation in growth rates which will happen. But I think our strategy of focusing on acquiring business with certain set objectives in certain markets will continue. So, share of fresh business hopefully we will be able to sustain even after that. Maybe the growth rate optically may definitely moderate for everyone including for Star Health. As far as the pricing strategy is concerned, we continue to focus on an annual price strategy wherever it is required. Obviously, it has to be justified product by product in terms of actuarial evaluation. So, that will continue.

And while we do the pricing strategy, we will try to give benefits to non-claimants through some discounts which we are trying to bring in. And as far as the loss ratio is concerned, Q2 generally is a higher loss ratio for health insurance business as you are aware. So, we expect the same trends to continue this year as well.

Avinash Singh: Got it. Thank you. Thanks a lot.

Moderator: Thank you. Next question comes from the line of Swarnabha Mukherjee with 360 One Capital. Please go ahead.

Swarnabha Mukherjee: Hi, sir. Thank you for the opportunity and congrats on a good set of numbers. So, sir, I just wanted to understand the comment you made related to the 30-40 basis point continued improvement on the loss ratio. Just if you could highlight what are the levers that you have because we have already seen like I think over the last four quarters between 100 to 300 bps kind of improvement on a year-on-year basis. So, over and above this 30-40 bps, which levers are you pressing to get that? And previously also if you could maybe give us some indication that of the drop, how much has been impact of some ballpark quantification of say severity reducing, frequency reducing, FWA reducing and new to insurance customers coming in, all these parameters which has been a larger contributor if you can give some color.

So, that is one. Second is the acquisition expense if I were to look at as a percentage of insurance revenue that has remained fairly stable. Now, I mean how should we think about it? Is there any efficiency that can be generated from this side in terms of combined ratio if you could highlight.

And in light of any impending regulatory action that is there on the commission side, do we expect to see any benefit coming out of this? This is the second.

And thirdly, sir, also wanted your view that at a steady state, I mean excluding any kind of seasonality that is there, on this Ind AS basis how should we think about the ROE profile of our business? Yes, these will be my questions, sir. Thank you.

Anand Roy: So, Swarnabha, let me clarify. I think the comment made by Nilesh was not about loss ratio improvement. It was about expense ratio improvement to the investments we are making in technology. We are not giving any guidance for loss ratio improvement. That is point one.

As far as acquisition costs are concerned, Star Health is probably the only company in the SAHI space which is already operating within the expense of management limits set out by the regulator and we keep improving that. But we will await and see what the regulatory guidelines are and then we will be able to give you better clarity on our strategy as far as acquisition expense is concerned. Ind AS ROE, we are already declaring it very transparently in our investor deck, both on the investment piece as well as on the underwriting piece. Any particular clarification you have on that, you can reach out to us separately.

Swarnabha Mukherjee: Okay, sir, got it. If you could, I mean, on the components of loss ratio improvement, if you can give some broad color on which are the major levers, that would be helpful.

Amitabh Jain: So, like I said in the earlier question that it's a 360-degree approach? So, there are bits of all of them coming together. So, whether it's repricing of our portfolio that we started two years ago, then the portfolio selection, the mix of business, geographies, that we are focusing, the efficient claims management in terms of better fraud control and overall governance on claims. And of course, the big piece on wellness and telemedicine that we have executed. So, all of that is coming together now and it's showing up in the loss ratio improvement. Specifically for this quarter, obviously, it will be the impact of telemedicine that will be there because we do tend to see increased incidence of infectious diseases that happen. So, that component might play out more.

Nilesh Kambli: There's one more thing: the impact of mark-to-market. That is where we are talking about normalised PAT to avoid this volatility in our PAT numbers. We consistently follow it. We started this since March'26.

Swarnabha Mukherjee: Right. Sir, what I wanted to understand was that, yes, I mean, given that our actions on the portfolio and the business are now visible and our profitability levels have materially turned out to be positive, given that there is a seasonality also in profitability across quarters, that's why I wanted your view on ROE. I understand, the Q1 numbers that you have put in, but on a steady-state basis, that was my query.

Anand Roy: On a steady-state basis we have articulated clearly that all the efforts that the organisation is taking is to deliver a mid- to high-teen ROE and structurally you can see us moving in that direction over the last three to four quarters. I think that would be our strategy going forward as well. We don't want to give any number in particular, but that is the glide path that we are going towards.

Swarnabha Mukherjee: Okay, sir. Got it. Very helpful. Thank you so much and all the best.

Anand Roy: Thank you.

Moderator: Thank you. Next question comes from the line of Shreya Shivani with Nomura. Please go ahead.

Shreya Shivani: Good morning, everyone. Thank you for the opportunity and congratulations on a good quarter. My first question is on the reinsurance bit. We don't have the Schedule 6 disclosure. I just wanted to understand the biggest change in your expense ratio that we have seen, the delta on YoY basis, has actually come from reinsurance. So, how will that as a percentage move through the quarter, given that if you write more group, probably you will be reinsuring more, or should we take the first quarter reinsurance expense and that should be the steady state for the remaining three quarters?

And my second question is on the growth outlook in terms of how you reprice, now you are repricing your products annually. So, how much portion of your products get repriced in the first quarter, or is it fair to say that through the year, given that you have a larger retail book, through the year your policies keep getting repriced? Those will be my two questions. Thank you so much.

Nilesh Kambli: On the reinsurance piece, if you remember we had done a voluntary quota share treaty in 2023-2024 and 2024-2025. This was a three-year treaty for long term business. The impact of the treaty is fading out. Hence this impact should keep on going down. On the obligatory side also we are trying to negotiate with GICRE and we believe there should be some benefits coming out of it during the year as well. So, the reinsurance cost as a business will keep on coming down for us.

Amitabh Jain: So, pricing, basically we have a set calendar on which we work, basis the last pricing that we took in a particular product, and that is something that works out during the year and that is what will happen in this year as well. So, it is very well done in terms of actuarially finding out which are the products to take up and the ones which are already done, basis their annual cycle getting over, that is when we take it up.

Shreya Shivani: Right, so it is fair to say that through the year you will have repricing. Some portion of your book will keep repricing through all the four quarters, right?

Amitabh Jain: Whatever pricing impact we take, for example something we did in Q4, the earned premiums will anyway show up during the subsequent quarters. So, the impact of a price change plays out during the year. But specifically on a product that we take up, most of our pricing action of late has been in Q4 over the last couple of years.

Shreya Shivani: Right, because the customer gets a grace period, so it will happen through the coming quarters, but most of the actions you are taking is in Q4. Okay, that is fair enough. Thank you.

Moderator: Next question comes from the line of Nidesh Jain with Investec. Please go ahead.

Nidesh Jain: Thanks for the opportunity. The first question is on the acquisition cost, and trying to understand the acquisition cost better. So, in the acquisition cost I see three parts. One is employee expense, commission expense, and other expenses. So, do we allocate entire employee expense in the acquisition cost and what is the rationale for that, if that is true?

Nilesh Kambli: So, see, employee expenses now are in three parts. The claims-related employee cost is part of the claims. The sales-related employee cost is part of the acquisition cost, and all the support services which are not directly related to sales or claims is part of the other expenses. So, it is not that entire employee expense is going there. It is split into three parts. That's how we are doing it. Yes.

Nidesh Jain: This other expense is below the acquisition cost, the line item which is other revenue and expense. In that also there is employee cost, right?

Nilesh Kambli: Yes.

Nidesh Jain: Sure. How do you see the insurance revenue growth for FY27-28? I think GDPI growth is quite healthy at 18-19%, but insurance revenue growth is around 13% for the quarter. So, how do you see the trend for FY27 and FY28 in terms of insurance revenue growth?

Nilesh Kambli: As we mentioned, this growth in business includes a portion of long-term also. So, the insurance revenue growth is nothing but the GEP on 1/365 basis, which will keep on following the growth in the top line. So, we will see a 15-16% growth going forward throughout the year. It will keep on increasing in FY28 as well.

Nidesh Jain: Okay, sure. The third question is, what is the share of fresh in the insurance revenue for Quarter 1 FY27 versus full year FY26?

Nilesh Kambli: We have mentioned that the share of fresh and renewal is around 20-80. So, that is what it reflects in the insurance revenue as well.

Nidesh Jain: Ideally, the share of fresh would have been increasing, right? Because fresh growth is very strong for the last many quarters.

Nilesh Kambli: Yes, the fresh growth is strong. But as I mentioned, it is a portion of long-term also which is coming through. That is not immediately recognized. It will recognize over a 2-3 year period. So, it is gradually increasing.

Nidesh Jain: The loss ratio improvement that we are seeing, almost 100 basis point loss ratio improvement, how you divide that in terms of loss ratio improvement in the fresh business versus the renewal business? Are we seeing similar 100 basis points in both or one segment is driving more? And if you can give some color on that.

Nilesh Kambli: Yes. So, if you want to split retail and group, as we had mentioned last year, group business had an effect in Q1. Part of the improvement is coming in group. As you mentioned, retail business is doing well for us and the reduction is marginal when it comes to Quarter 1.

Nidesh Jain: Okay, understood. Thank you, sir. That's it from my side.

Moderator: Thank you. Next question comes from the line of Sanketh Godha, Avendus Spark. Please go ahead.

Sanketh Godha: Thank you for the opportunity. Nilesh, can you split your loss ratios into retail and group? The reason why I am asking is that group component in GWP terms, at least last quarter, in 1Q FY26 was 5%. Now it looks closer to 2.5%. So, I just wanted to understand whether the group contribution coming down also played a role for improvement in the loss ratio at overall company level.

Amitabh Jain: Yes, so there is some component of that, but we've seen an improvement in the retail loss ratio also. So, it's not simply about group. But anyway, if you look at it, now the group business component is very small. So, by and large, the loss ratio is more representative of the retail book.

Sanketh Godha: So, retail is closer to 67.5% to 68% kind of a number, right?

Amitabh Jain: Yes, in that range.

Sanketh Godha: Understood. The second question, honestly a few questions I have more on accounting. I need one small clarification. Given we use PAA method in IFRS, ideally, we should not have finance income or expense from insurance contracts because that typically comes if you are using GMM or VFA, or rather GMM. So, I just wanted to understand this number around 38.8 crore, what you reported in current quarter is related to what?

Nilesh Kambli: Yes, so Sanketh, there is a concept of time value of money. And when we do long-term contracts and the cash is issued upfront, there is an accounting treatment when it comes to IFRS even though we are following Premium Allocation Approach. So, this arises because of the long-term business done on cash flow basis.

Sanketh Godha: Nilesh, in simple words, it is the interest income earned on the advance premium what you have collected, right? In simple words.

Nilesh Kambli: Yes, that is the time value of money.

Sanketh Godha: But ideally it should be treated as an investment income nature rather than underwriting nature because we knocked off that number in underwriting. So, I just want a clarification. It should be treated more like an investment or more like an underwriting number because it is ultimately the interest income.

Nilesh Kambli: Sanketh, we can debate this in detail because it is quite technical. There are various clarification papers. We can get in touch with you.

Sanketh Godha: Another question was that, Nilesh, I was looking into your detailed disclosure, annual disclosure. In the balance sheet, I don't see your outstanding DAC number. What you give is only flow number. So, if you can quantify your DAC number as on last year and in the current quarter or is it fair to say that given you have insurance contract liabilities and reported in the balance sheet and in the segmental reporting, you have claims UPR kind of a number and that is LFRC and LIC's outstanding figures. So, if I add those two numbers and calculate the balancing figure, that balancing figure is predominantly DAC outstanding in the balance sheet?

Nilesh Kambli: See, one can do the calculation, but DAC outstanding is a function of multiple things. The long-term business, short-term business, digital business, fresh and new. This has various components Sanketh, it is not a straightforward number. Again, we can explain. When we sit one-to-one, we can explain to you how it can be calculated based on the various numbers shown in the balance sheet.

Moderator: Thank you. Mr. Godha, please rejoin the queue for more questions. Next question comes from the line of Samant Singh with Philip Capital. Please go ahead.

Samant Singh: Good morning, everyone. Thanks for taking my questions and good set of results. Most of my questions have been asked, but in terms of the retail loss ratio, if you can sort of break it into fresh book or the renewal book, that would be quite helpful. Second is on other expenses, which is like Rs. 283 crore, rose by around 23% YoY. So, what is driving this? It is like technological investment, ATOM pro rollout or hiring. So, if you can provide some color on it. Third is on reported GWP is now on 1/N basis, but the underlying long-term policy sales mix is continuing to grow. So, what is the current mix of long-term in the fresh retail premium? So, these are the three questions.

Amitabh Jain: So, we do not provide the breakup between fresh and renewal loss ratios, but the pricing impact typically plays more out on the renewal book, whereas all the other elements of improvement plays out both on fresh and renewal, especially all the correction on sourcing, quality portfolio management, improved sum insurers, etc., all of that plays out more on the fresh book. So, it works on both the components.

Nilesh Kambli: On the expenses side, last year GST input credit was available on the operating expenses, especially the technology, admin and all those things. This year the input tax credit is not available and hence you see a 20% year-on increase in this segment. Again, it's a function of the annual rate hike also which happens, so all that is affected.

Himanshu Walia: And as far as the long-term business is concerned, on the retail side, that's closer to about 40% of fresh.

Samant Singh: I have one follow-up, if I may. So, just on the net re-insurance expenses savings that you highlighted earlier, so you're saying the re-insurance expenses should ideally come down. Can you quantify in terms of how should we build in for the full year compared to last year it was around, I think, FY26 it was around 0.9 percentage points, so how should we see it for the next year, FY27-28?

Nilesh Kambli: Very difficult to comment at this moment, but it should be in the range of 0.5%, 0.6%.

Samant Singh: Okay, thanks, that's quite helpful. All the best.

Moderator: Thank you. A reminder to all the participants that you can press star and one to ask questions. The next question comes from the line of Ansuman with ICICI Securities, go ahead.

Ansuman: Hi, good morning and thanks for the opportunity. So, my question is more on the distribution reforms that are expected. Obviously, we have a higher share of proprietary distribution, but in case of commissions, any views on how the commissions can shape up, both on, there are talks of claim reforms also and commission reforms also. Any view on the regulatory landscape and how Star Health can benefit or kind of impact from that? Yes, that would be great. Thank you.

Anand Roy: Yes, Ansuman, so obviously, we will not like to comment on what is the proposed regulation. We'll have to wait and see. But as you rightly put it, Star Health probably is placed very uniquely with a 90% share of business coming from proprietary channels. So, we believe that we would be at an advantageous position in case of the reforms which comes in. We are already operating within the regulatory norms as it stands today. So, we will wait and see and then probably we will comment after the regulation actually come out.

Ansuman: Thank you. Secondly, on the price hike. So, we have already taken a series of price hikes. So, the price hike which we can expect from now will be more of a kind of a maintenance kind of a price hike or there is any portfolio which will require any step-up kind of a price hike?

Amitabh Jain: Pricing is always based on the quality of the book and the expected loss ratios. I think the way we have been doing it, its will be more like, in your language, a maintenance one. We do not believe in knee-jerk reactions. We want to have a rhythm that kind of works out throughout the year and for our customers as well.

Moderator: Next question comes from the line of Prayesh Jain with Motilal Oswal Financial Services Limited. Please go ahead.

Prayesh Jain: Yes, hi. Good morning, everyone. Harping on the loss ratio front again, so, we saw about 100 basis points improvement. My sense is this could have been much better given that you had your fresh growth being so high, your direct channel growing at a faster pace, thirdly, your, which is generally assumed to be a better-quality business, digital growing at a faster pace. You've taken price adjustments. So, in spite of all these factors, you've seen 100 basis points. Does that mean that the loss ratio value on the back book is on an increasing trajectory? It appears so given the dynamics that we've seen in this quarter.

Anand Roy: Yes, Prayesh, I think you have motivated us with a lot of good things. We hope that this trajectory will continue. But I think we have done, quite well as compared to the legacy book that we have and the strategies that we have implemented over the last two years. So, we hope that things will improve as we go forward. But yes, it is a work-in-progress all the time. It is not a destination that we want reach.

Prayesh Jain: Okay. The other part was, what portion of our business is coming from senior citizens now?

Himanshu Walia: Senior citizens is hardly under 5% now of the overall book. We largely focused on younger cohorts of consumers.

Prayesh Jain: Lastly, on, growth, you mentioned that the growth should improve going ahead. But don't you think the second half will have a high base of last year and that could also restrict growth? So rather than increasing, we could see tapering out or slowing down, slow down of growth?

Anand Roy: No, growth, we have been always clear that we want to grow in a sustainable and, in a more focused manner. We have made multiple changes in our growth strategy, as you are aware, over the last, one and a half to two years, and we have executed our strategies, almost to the perfection. So, I think that strategy will continue. We don't want to divert from that and chase growth for the sake of it. We are looking at a long-term, sustainable, profitable model that we have to create and that's what is the focus.

Prayesh Jain: I understand, and we've seen how you could have done it better. But just thinking from the GST tailwind that we've got in the second half of last year, which created a very strong base, the second half of this year could possibly be on the lower side. That was my question, actually, and then possibly running into the first half of FY28 as well. Or does the unwind of long-term policies kind of offset that high base and you will still maintain that kind of growth? Is that the way to think?

Anand Roy: Yes, I think that's the right way to put it.

Prayesh Jain: Okay, that's all from my side.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I now hand the conference over to Mr. Nilesh Kamble for closing comments.

Nilesh Kambli: Thanks, everyone, for joining the call for Star Health. We believe that consistency is important and we'll focus on profitable growth. Thanks once again.

Moderator: Thank you. On behalf of Star Health and Allied Insurance Company Limited, thank you for joining us. You may now disconnect your line.
