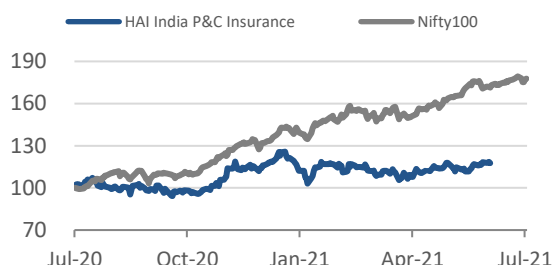


India P&C Insurance

Key Takeaways From Star Health DRHP

Investment Focus



Source: Factset, HTI

Related Reports

India General Insurance: Summary Of Our Detailed Notes Over The Last 2 Years (23 Jun 2021)
 HDFCB to acquire 5% stake in HDFC ERGO to Strengthen distribution partnership (20 Jun 2021)
 Crop Insurance: Underwriting Profitability is Possible but Generating High RoEs is a Challenge (26 Mar 2021)

Strong Business Growth and Market Share: Star Health (unlisted) has been leading the growth in health insurance industry with 36% CAGR in its Gross Direct Premium (GDPI) over the last 5 years (FY16:21) compared to Health Industry growth rate of 18% over this period. As a result, Star Health has been improving its market share on YoY basis and now commands a healthy market share of 16% (ex. Travel & PA) in FY21. Strong growth for Star Health is attributable to its leadership in retail health segment, which has grown at a CAGR of 33% over FY19-21 and commands the industry's highest market share of 31% in retail health segment (ex. Travel & PA) in FY21.

Key Operating Parameters: Star Health has built a robust agency network with 0.46m agents as of Mar'21. It also has a hospital network of 10,871 as of Mar'21.

- The company enjoys a comfortable solvency Ratio of 223% as of Mar'21
- Retail Health renewal premium ratio is very strong at 98% for FY21.
- Reported a combined ratio of 94% and 93% in FY19 and FY20 respectively.
- In FY21, however, the company reported an elevated combined ratio at 115% resulting in overall Net loss in FY21. This was primarily owing to covid impact and certain exceptional changes as discussed below.

Impact of Covid in FY21: Star Health settled 0.15m covid related claims in FY21 (in line with its overall health insurance market share).

- Overall COVID-19 gross incurred claims amounted to Rs16.4bn (gross claims paid of Rs15.3bn + Outstanding claims of Rs1.1bn) as of Mar'21.
- Net incurred Covid-19 claims after reinsurance was Rs12bn as of Mar'21.
- The increase in net paid claims due to the COVID-19 accounted for 30% of total net paid claims by value in FY21
- For COVID-19 paid in FY21, average net claim size was Rs0.08 million, compared to average non-COVID-19-related net claim size of Rs0.04 million. This was due to longer hospitalization and severity of COVID-19.
- The higher average claims paid on account of COVID-19 claims has resulted in exceptional Net Incurred Claims impact of Rs6.1bn [(Difference in ticket size of covid and non covid claims) * Covid claims]

Withdrawal from Voluntary Quota Share Reinsurance Treaty (VQST) with GIC:

The company has discontinued from VQST reinsurance treaty on a clean-cut basis with effect from April 1, 2021 based on IRDAI Circular on Capital Gearing Reinsurance Treaties ([Circular](#)). The implications on FY21 financials are:

- Under IRDAI regulations, companies that discontinue 1 year reinsurance treaty on a clean-cut basis are required to hold unearned premium reserve (UPR), which resulted in an additional UPR of Rs4.4bn and led to reduction in NEP by same amount
- Discontinuing this reinsurance treaty has a one-time impact of reduction of net earned premium of Rs4.8bn on account of portfolio entry without corresponding portfolio withdrawal
- Additional capital infusion as the computation of Required Solvency Margin (RSM) is Factor based on the Net Premium and Claims.
- The timing of revenue recognition may get impacted as Commission on Reinsurance is booked upfront as against premium from direct business which is credited to Revenue Account over the tenure of the policy.

Other Accounting changes: The company was following 50% Unearned Premium Reserve (UPR) method up to FY20 and shifted to 1/365-day method of accounting UPR for FY21. This change in accounting policy will necessitate a reduction in Net earned Premium owing to the creation of an incremental UPR Reserve by Rs5.7bn as of Mar'21.

Star Health Key Performance Parameters

(Rs mn) unless Specified	FY19	FY20	FY21
Gross Written Premium	54,154	68,907	93,490
YoY Growth	30.1%	27.2%	35.7%
Retail Health Renewal Premium Ratio	95.9%	94.5%	97.9%
Number of policies Sold (in mn)	4.30	5.06	6.99
Number of agents (in mn)	0.29	0.36	0.46
Number of hospitals in network (no.)	9,295	9,964	10,871
Net Incurred Claims Ratio	64.2%	65.8%	87.0%
Opex + Commission Ratio	30.1%	27.4%	27.8%
Combined Ratio	94.3%	93.2%	114.8%
Underwriting Profit/(Loss)	355	1,626	(13,318)
Investment Income	1,954	2,935	4,237
Profit after tax	1,282	2,680	(8,256)
Net worth (excl. FV Change A/C)	13,926	16,437	42,242
Return on equity	10.6%	17.7%	-28.1%
Solvency ratio (x)	1.53	1.50	2.23

Source: Company Data

Note: (i) Retail health renewal premium ratio is defined as current retail health renewal premiums divided by total retail health premiums in the prior period

Star Health Overall Business Financials Summary

Rs mn unless specified	FY19	FY20	FY21
GWP	54,154	68,907	93,490
Net Insurance Ceded	12,739	16,293	22,042
NWP	41,415	52,614	71,448
Net Retention Ratio	76%	76%	76%
Increase/(decrease) in URR	5,620	5,684	21,219
NEP	35,795	46,930	50,228
Net Claims Incurred	22,976	30,874	43,695
Claims Paid	21,397	29,453	40,145
Change in Claims Reserves	1,579	1,422	3,549
Commission	2,637	3,409	5,838
Commission paid	7,460	9,196	13,065
Net commission ceded	4,822	5,787	7,227
Opex	9,827	11,020	14,014
Employee Benefit Expenses	7,220	8,536	11,750
Advertisement & Publicity	1,336	1,298	1,359
Legal & Professional Charges	171	222	304
Other exp.	1,100	963	601
Underwriting Profit / (Loss)	355	1,626	(13,318)
Investment Income	1,954	2,935	4,237
Policyholder Investment Income	1,340	1,924	2,606
Shareholder Investment Income	614	1,011	1,631
Other Income	1	0	3
Other Expenses	488	428	1,382
Profit before Tax	1,823	4,134	(10,460)
Profit After Tax	1,282	2,680	(8,256)
Claims ratio	64%	66%	87%
Commission Ratio	6%	6%	8%
Opex Ratio	24%	21%	20%
Combined Ratio	94%	93%	115%

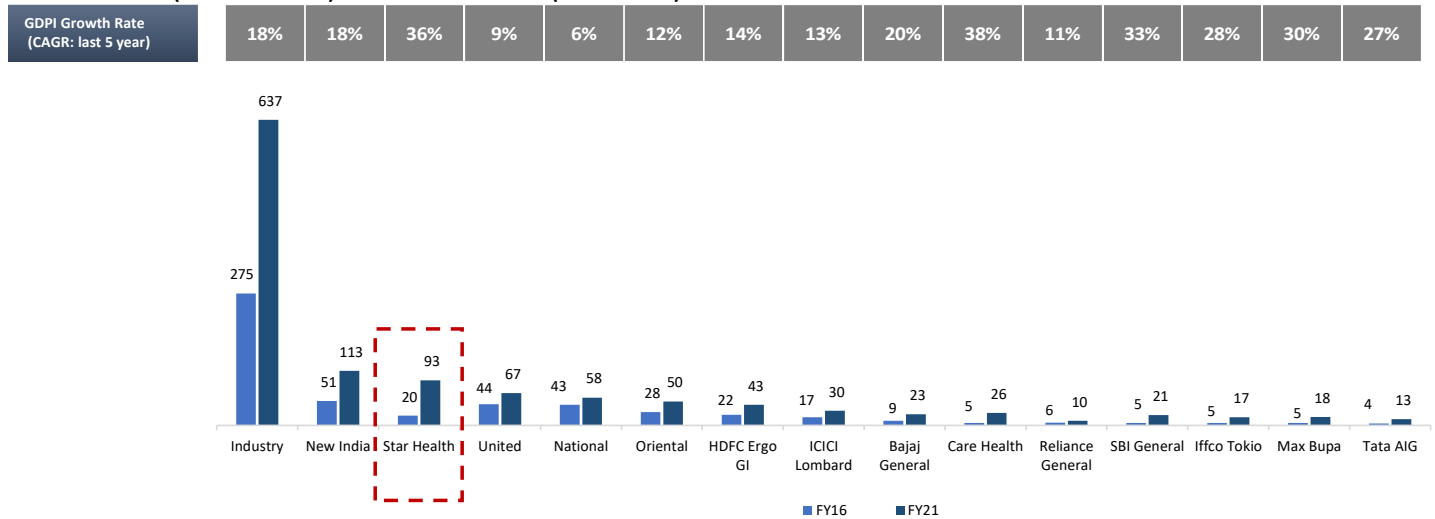
Source: Company Data

Standalone Health Insurers Insurance Segment Key Financials

(in INR bn unless otherwise stated)	Star Health				Care Health				Max Bupa Health			
	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21
Gross Written Premium	41.6	54.2	68.9	93.5	10.9	18.3	23.9	25.6	7.5	9.5	12.4	17.5
Add: Premium on Reinsurance Accepted	-	-	-	-	0.2	0.2	0.2	0.3	-	-	-	-
Less: Premium on Reinsurance Ceded	9.7	12.7	16.3	22.0	2.9	5.8	7.8	6.1	1.7	2.2	2.9	4.0
Net Written Premium	32.0	41.4	52.6	71.4	8.2	12.7	16.3	19.8	5.1	7.3	9.5	13.5
Adj. for Chng in Reserves for Unexpired Risk	4.6	5.6	5.7	21.2	1.4	1.7	1.2	2.5	(0.7)	0.7	1.1	2.0
Net Earned Premium	27.4	35.8	46.9	50.2	6.8	10.9	15.1	17.3	5.8	6.6	8.4	11.5
Net Claims Incurred	16.9	23.0	30.9	43.7	3.5	6.0	8.9	9.5	2.9	3.6	4.5	6.5
Net Commission Expense (X- Y)	1.4	2.6	3.4	5.8	(0.4)	(0.3)	(0.2)	0.3	0.2	0.3	0.4	0.6
Commission Paid (X)	5.0	7.5	9.2	13.1	1.4	2.1	2.6	3.5	0.9	1.1	1.5	2.2
Commission Ceded (Y)	3.7	4.8	5.8	7.2	1.8	2.4	2.8	3.3	0.6	0.8	1.1	1.5
Opex	8.6	9.8	11.0	14.0	4.4	5.3	6.6	7.2	2.9	3.6	4.2	5.5
Underwriting Profit / Loss	0.5	0.4	1.6	(13.3)	(0.7)	(0.1)	(0.2)	0.3	(0.3)	(0.8)	(0.7)	(1.1)
Investment Income on Poly Float	0.9	1.3	1.9	2.6	0.4	0.7	1.0	1.1	0.3	0.3	0.4	0.6
Shareholder Investment Income	0.6	0.6	1.0	1.6	0.2	0.2	0.2	0.6	0.2	0.2	0.3	0.3
Policyholder Float	14.9	24.3	29.1	52.0	5.9	7.9	11.1	15.6	3.6	4.7	6.5	9.7
Net Worth (excl. FV change a/c)	10.3	13.9	16.4	42.2	5.9	7.0	7.8	11.3	9.3	9.8	11.3	13.5
Investment Assets	26.7	39.2	49.0	87.2	9.5	13.4	18.1	26.8	6.9	8.5	10.9	16.5
Claims Ratio	62%	64%	66%	87%	52%	55%	59%	55%	50%	54%	54%	56%
Commission Ratio	4%	6%	6%	8%	-5%	-2%	-1%	1%	5%	4%	4%	5%
Opex Ratio	27%	24%	21%	20%	54%	42%	41%	36%	57%	49%	44%	41%
Combined Ratio	93%	94%	93%	115%	100%	95%	98%	93%	112%	107%	102%	102%

Source: Company Data

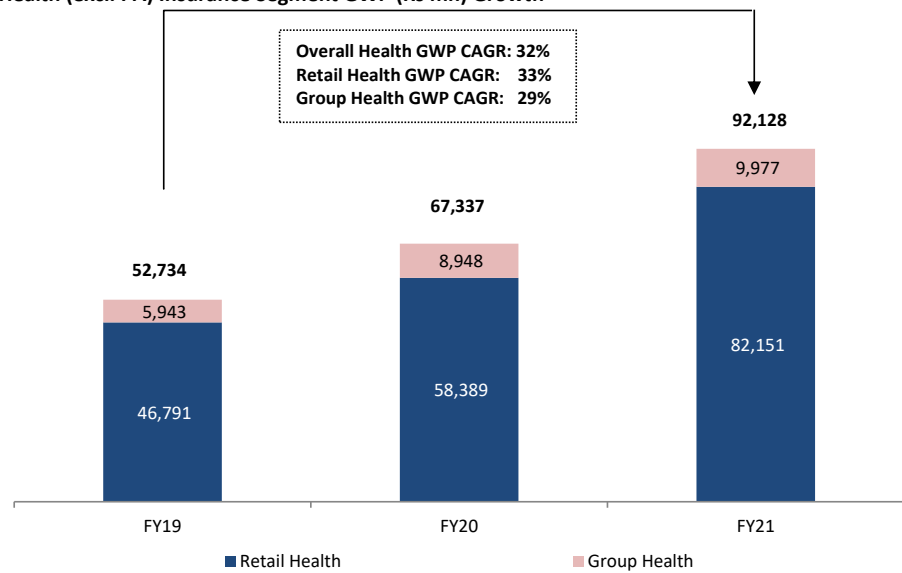
Health Insurance (Incl PA & Travel) Gross Direct Premium (GDPI - Rs bn)



Source: IRDAI, GIC Council

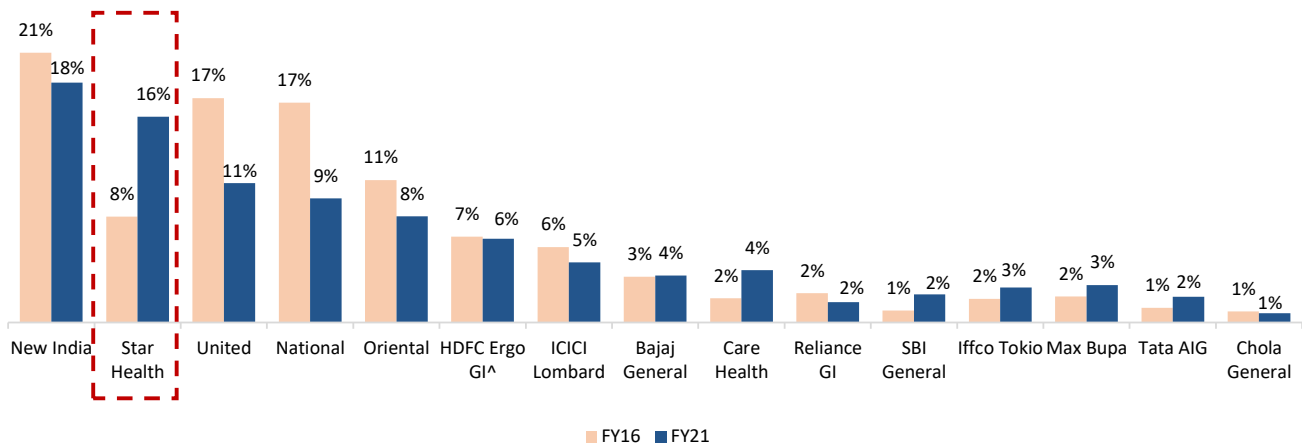
Note: HDFC Ergo GI Data shown incl. Apollo Munich Health Insurance

Star Health (excl. PA) Insurance Segment GWP (Rs mn) Growth



Source: Company Data

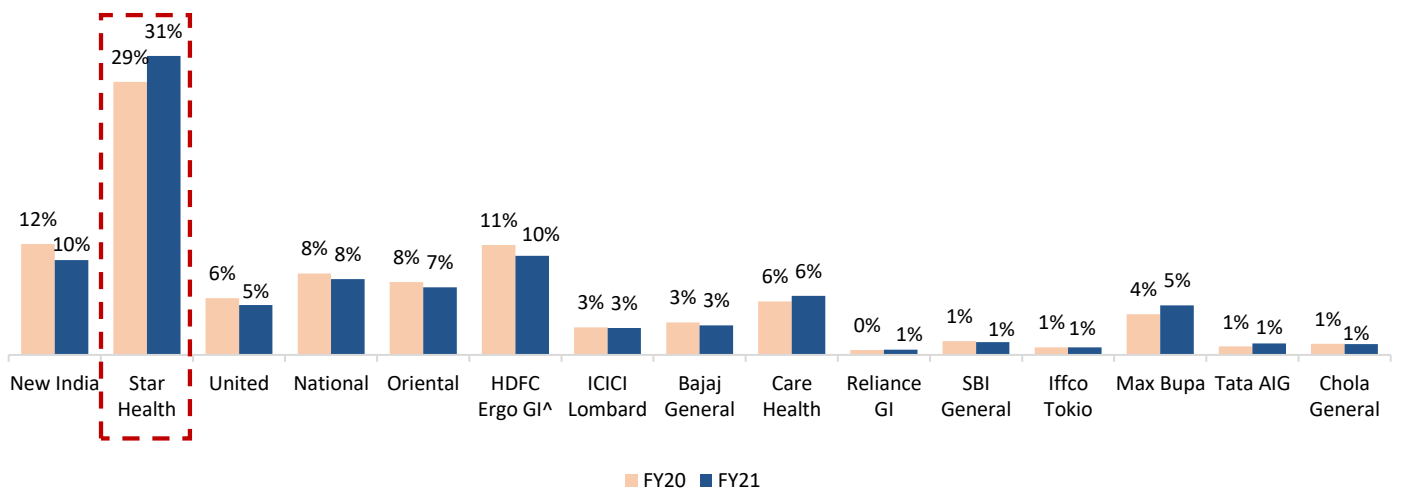
Health Insurance (excl. PA & Travel) Segment Market Share on GDP



Source: IRDAI, GIC Council

Note: HDFC Ergo GI Data shown incl. Apollo Munich Health Insurance

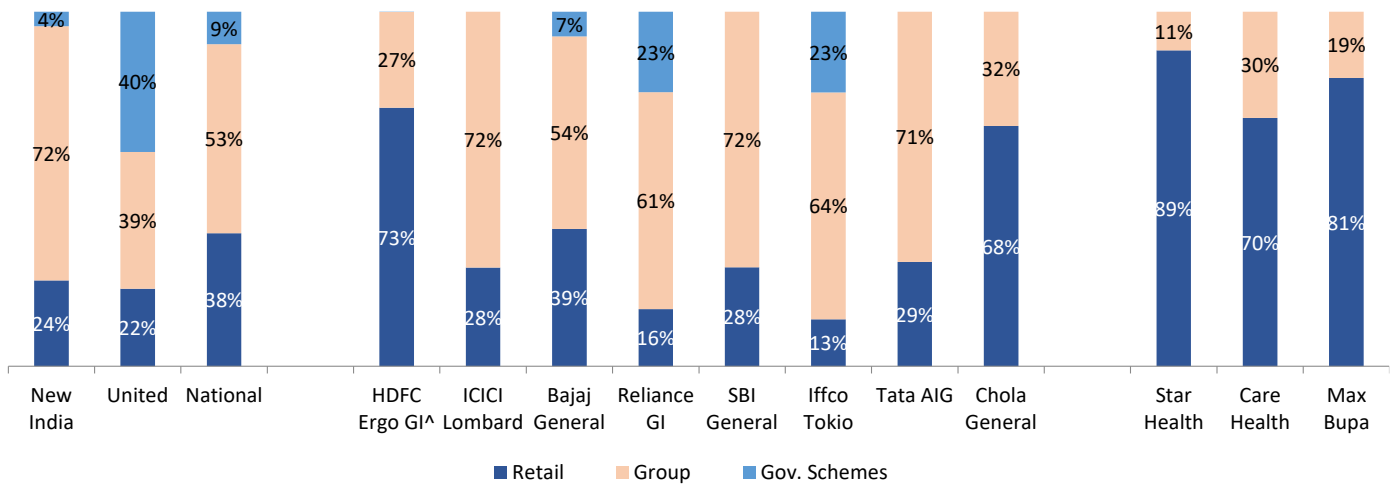
Retail Health Insurance (excl. PA & Travel) Market Share (GDP Basis)



Source: IRDAI, GIC Council

Note: Data shown above for Domestic Health Insurance Business, HDFC Ergo GI Data shown incl. Apollo Munich Health Insurance

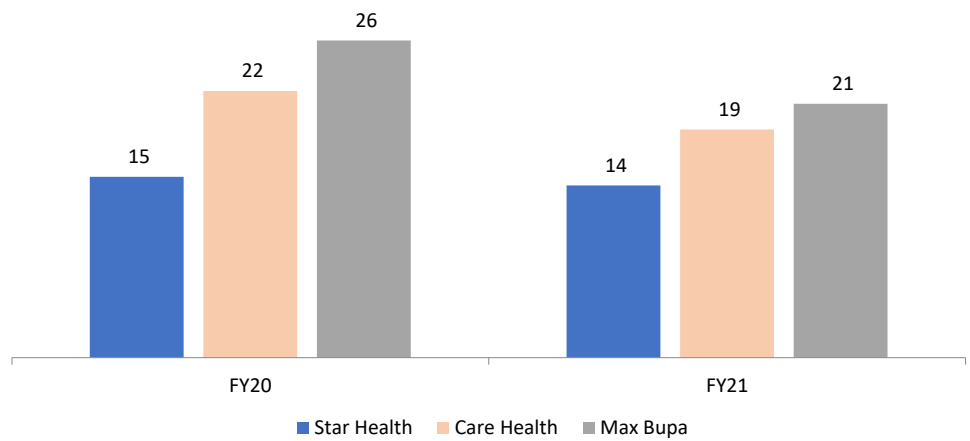
Health Insurance (excl. PA & Travel) Player-wise Product Mix, FY21



Source: IRDAI, GIC Council

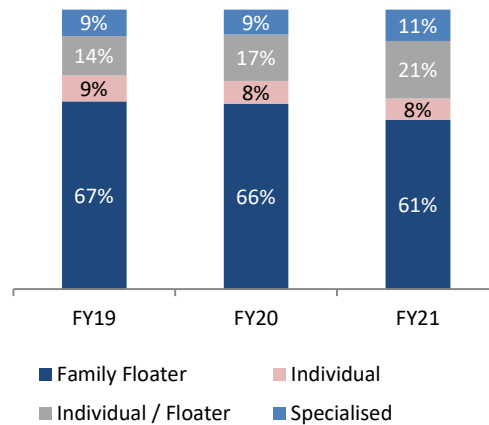
Note: Data shown above for Domestic Health Insurance Business, HDFC Ergo GI Data shown incl. Apollo Munich Health Insurance

Health Insurance (excl. PA & Travel) Player-wise Premium Ticket Size (in Rs'000)



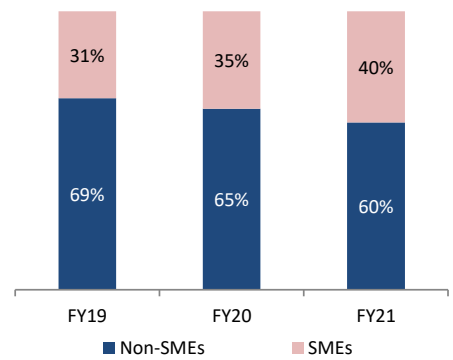
Source: Company Data

Star Health Retail Health (excl. PA) mix



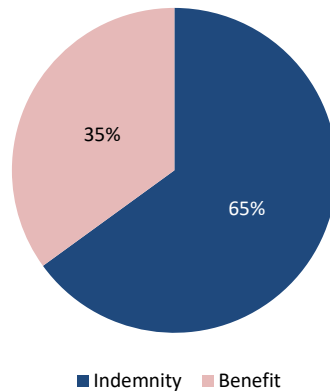
Source: Company Data

Star Health Group Health (excl. P.A) mix



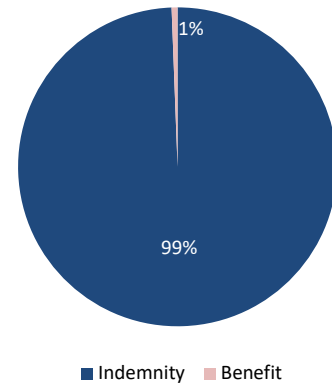
Source: Company Data

ICICI Health Insurance Segment (excl. PA) Mix, FY21



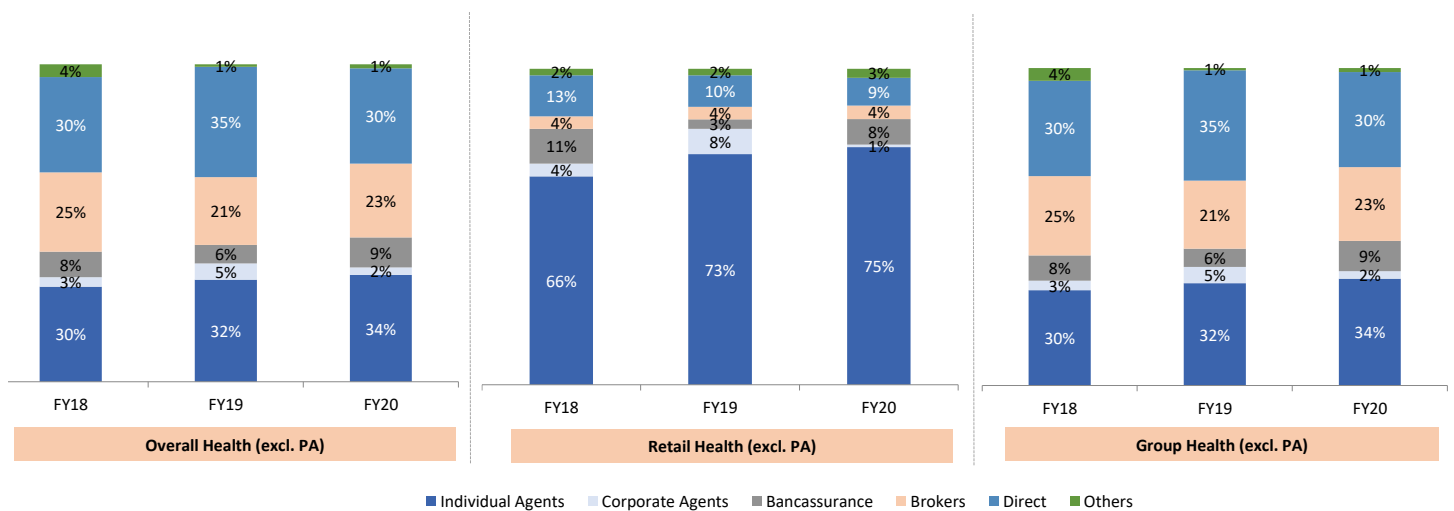
Source: Company Data
Note: Above data shown for retail and group segment

Star Health Health Insurance segment (excl. PA) Mix, FY21



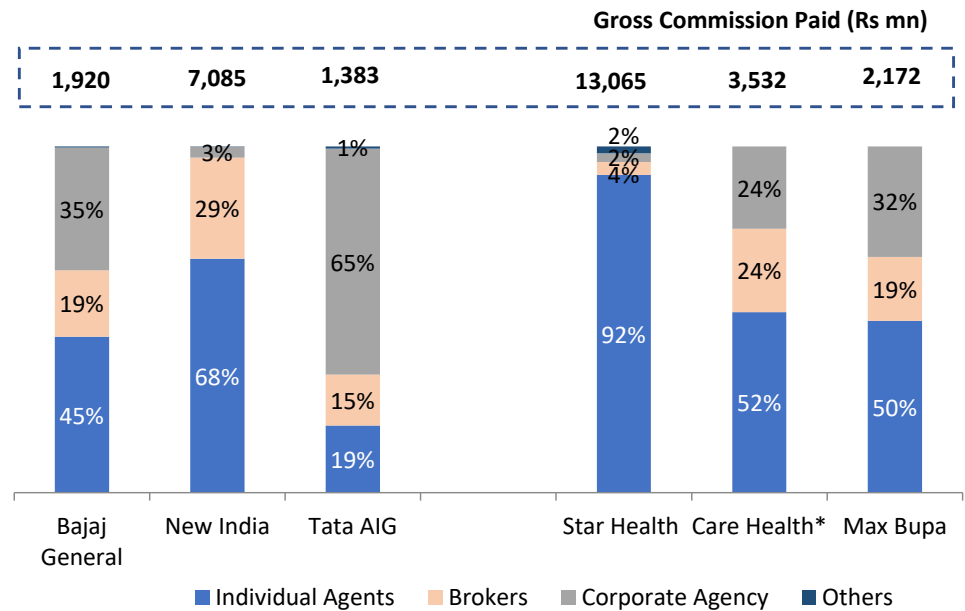
Source: Company Data
Note: Above Data shown for retail health insurance segment

Health Insurance (excl. PA & Travel) Industry Distribution Mix



Source: IRDAI

Health (incl. PA) segment Commission paid mix across distribution channels, FY21



Source: Company Data

Note: * for Care Health Gross Commission Paid to Brokers incl. Web-Aggregators

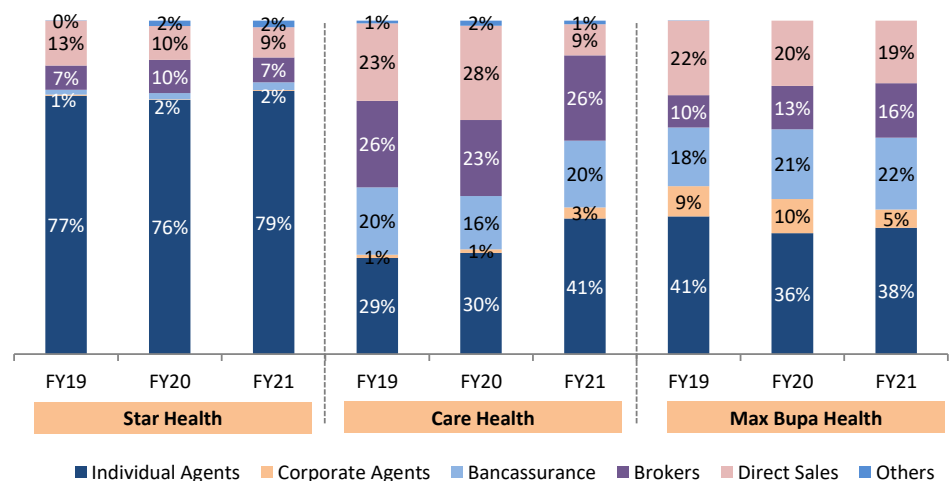
SAHI Distribution Mix (basis GWP)

IRDAI guidelines on commission paid to Intermediaries and Individual Agents rate structure

Commission Rate to be paid to intermediaries and individual agents	
Individual Health	15%
Group (Employer - Employee) Annual	8%
Group (Non Employer - Employee) Annual	15%
Group (Credit linked upto 5 years)	15%

Source: IRDAI

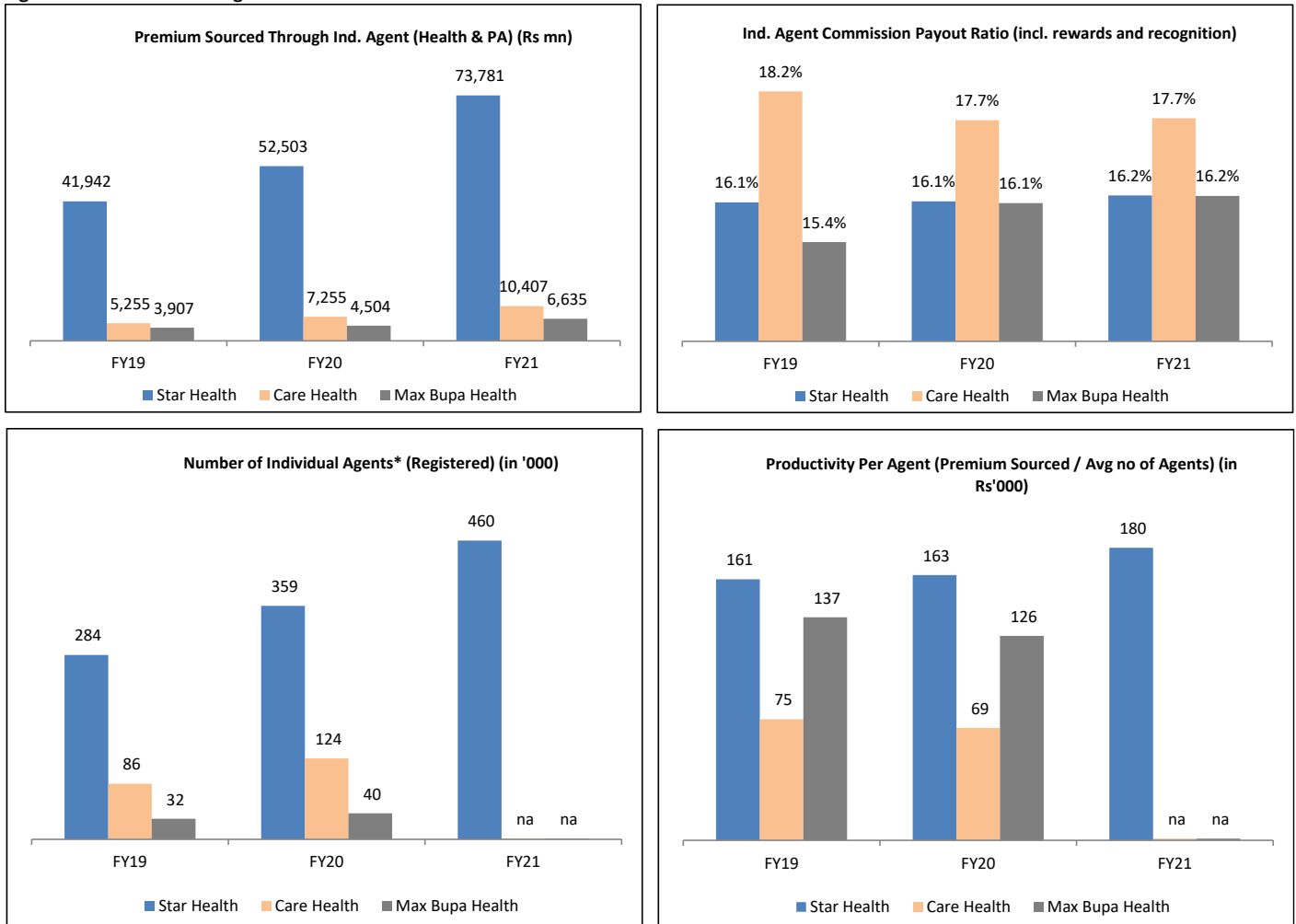
Note: Above Commission Paid excl. rewards and recognition



Source: Company Data

Note: * for Care Health Gross Premium sourced from Brokers incl. Web-Aggregators, above data shown for overall business of SAHI

Figure 5: SAHI Individual Agents Performance Statistics



Source: Company Data, IRDAI

Note:

Non-Life Insurance Industry Covid related health insurance claims summary

Period	No. of Claims Reported ('000) (A)	Reported Claims Amount (Rs bn) (B)	No. of Claims Settled ('000) (C)	Claims Amount Settled (Rs bn) (D)	% of amounts Claims Settled (D / B)	% of No. of Claims Settled (C / A)
As of 10th Apr'21	1,014.3	148.2	865.9	79.6	54%	85%
As of 14th May'21	1,482.8	229.6	1,233.4	117.9	51%	83%
As of 11th Jun'21	1,804.4	244.0	1,461.9	140.6	58%	81%
As of 22nd Jun'21	1,911.4	na	1,539.4	150.0	na	81%

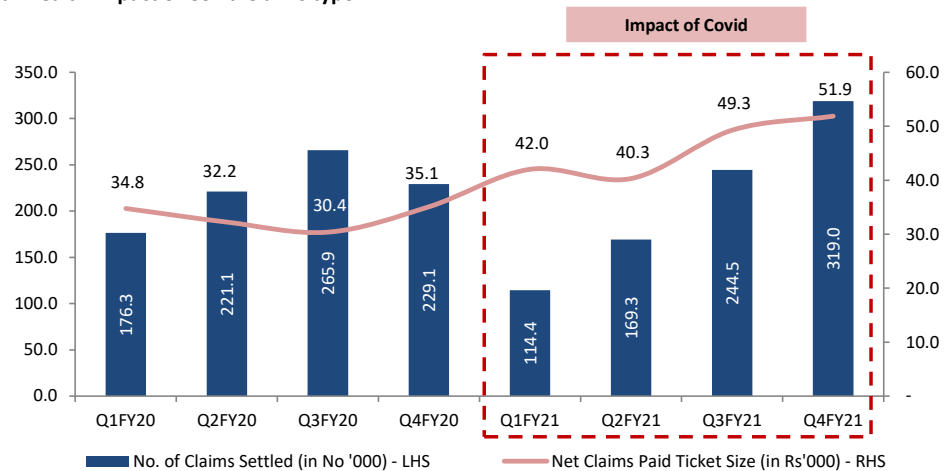
Source: Company Data

Star Health Covid Claims Summary

Rs mn unless specified	FY21	Parameters	FY21
Gross Covid Claims Incurred (C = A + B)	16,390	No. of Overall claims paid during the year (J) (in mn)	0.85
Gross Claims Paid (A)	15,286	No. of Covid Claims Settled (in mn) (K)	0.15
Covid Claims O/S at the end of year (B)	1,103		
Reinsurance Ceded (D)	(4,329)		
Net Covid Claims Paid (E = C + D)	12,061	Overall Claims Ticket Size (F / J) (in Rs mn)	0.05
		Covid Claims Ticket Size (E / K)	0.08
Overall Net Claims Paid (F)	40,145	Non-Covid Claims Ticket Size ((F-E)/(J-K))	0.04
Net Covid Claims Paid as % of Overall net Covid Claims Paid (E / F)	30%		
Overall Net Claims Incurred (G)	43,695		
Overall NEP (H)	50,228		
Net Incurred Claims Ratio (G/H)	87%		
Impact due to Net Covid Claims (E / H)	24%		

Source: Company Data

Star Health Impact of Covid Claims typo



Source: Company Data

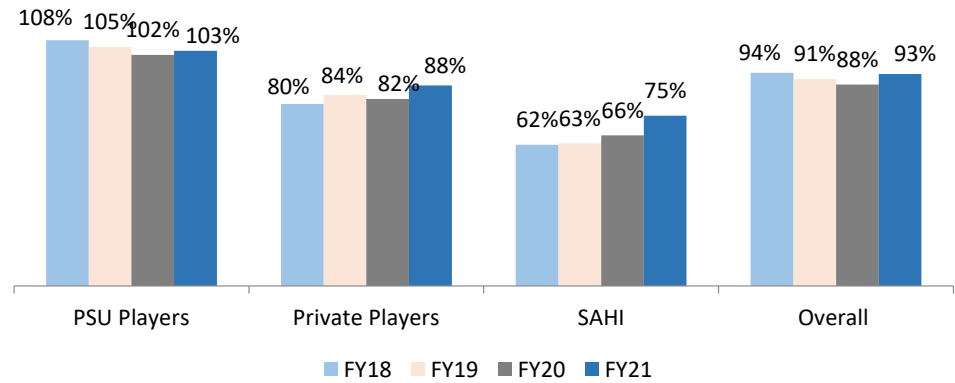
Health (excl. PA) Insurance Industry Underwriting Ratios

Player Category	Claims Ratio		Commission Ratio		Opex Ratio		Combined Ratio	
	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21
PSU General Insurers	102%	103%	6%	7%	22%	22%	130%	132%
Private General Insurers (exc. SAHI)	82%	88%	-2%	4%	27%	25%	107%	116%
Standalone Health Insurers (SAHI)	66%	75%	5%	6%	32%	30%	104%	111%
Overall Industry	88%	93%	4%	6%	26%	24%	118%	123%

Source: IRDAI, Company Data

Note: Overall Industry Data calculated considering the financials of all the registered non-life insurers Health Insurance Segment Financials, United India Insurance data available till 9MFY21

Health (excl. PA) Insurance Industry Claims Ratio



Source: Company Data, IRDAI

Note: Overall Industry Data calculated considering the financials of all registered non-life insurers Health Insurance Segment Financials, United India Insurance data available till 9MFY21

Figure 5: Health Insurance (excl. PA & Travel) Underwriting Ratios

Company	Claims Ratio				Commission Ratio				Opex Ratio				Combined Ratio			
	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21
ICICI Lombard	78%	77%	81%	89%	-22%	-15%	-11%	1%	26%	21%	25%	22%	81%	84%	95%	112.5%
Bajaj General	82%	90%	86%	82%	7%	4%	3%	5%	19%	22%	27%	25%	109%	115%	116%	112.0%
New India	104%	100%	100%	95%	8%	6%	6%	6%	17%	18%	16%	21%	129%	124%	122%	122%
SBI General	42%	54%	61%	79%	13%	11%	9%	7%	23%	22%	20%	18%	78%	87%	91%	104%
Tata AIG	61%	79%	68%	71%	-21%	-13%	-15%	9%	43%	23%	22%	19%	83%	89%	75%	99%
HDFC Ergo GI*	64%	80%	95%	85%	-24%	-19%	-16%	-1%	25%	21%	25%	24%	65%	82%	104%	108%
Iffco Tokio	90%	102%	97%	102%	6%	6%	5%	5%	19%	13%	16%	15%	115%	121%	117%	122%
Chola General	39%	25%	50%	116%	9%	7%	4%	11%	30%	27%	41%	36%	78%	59%	96%	163%
Reliance General	107%	95%	90%	96%	-4%	1%	2%	3%	18%	22%	28%	36%	122%	118%	120%	135%
Star Health	62%	65%	66%	88%	4%	6%	6%	8%	27%	24%	21%	20%	93%	94%	94%	116%
Max Bupa	51%	54%	56%	59%	5%	4%	4%	4%	58%	49%	44%	41%	113%	107%	104%	104%
Care Health	57%	59%	62%	59%	-6%	-3%	-3%	0%	53%	42%	41%	36%	103%	98%	100%	95%

Source: Company Data

Note: * for HDFC Ergo FY20 and FY21 shown incl. Apollo Munich financials

Key Life Insurers Health (incl. PA) Insurance Reserving Analysis

Company	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21
	Health & P.A Claims Reserves as% of NEP				Health & P.A Unexpired Risk Reserves as % of NWP			
ICICI Lombard	40%	34%	30%	34%	79%	70%	73%	70%
Bajaj General	23%	21%	19%	27%	44%	42%	43%	46%
New India	17%	16%	18%	18%	38%	40%	38%	37%
SBI General	53%	43%	46%	41%	35%	35%	32%	34%
Tata AIG	24%	32%	32%	41%	45%	41%	46%	55%
HDFC Ergo	19%	17%	49%	29%	33%	34%	34%	43%
Iffco Tokio	28%	22%	17%	18%	44%	37%	36%	33%
Chola General	15%	13%	15%	24%	33%	31%	31%	37%
Reliance General	36%	34%	35%	50%	24%	28%	33%	45%
Star Health	7%	10%	11%	17%	50%	60%	58%	72%
Max Bupa	9%	14%	12%	20%	58%	50%	50%	50%
Religare	16%	15%	17%	22%	48%	45%	42%	47%

Source: Company Data

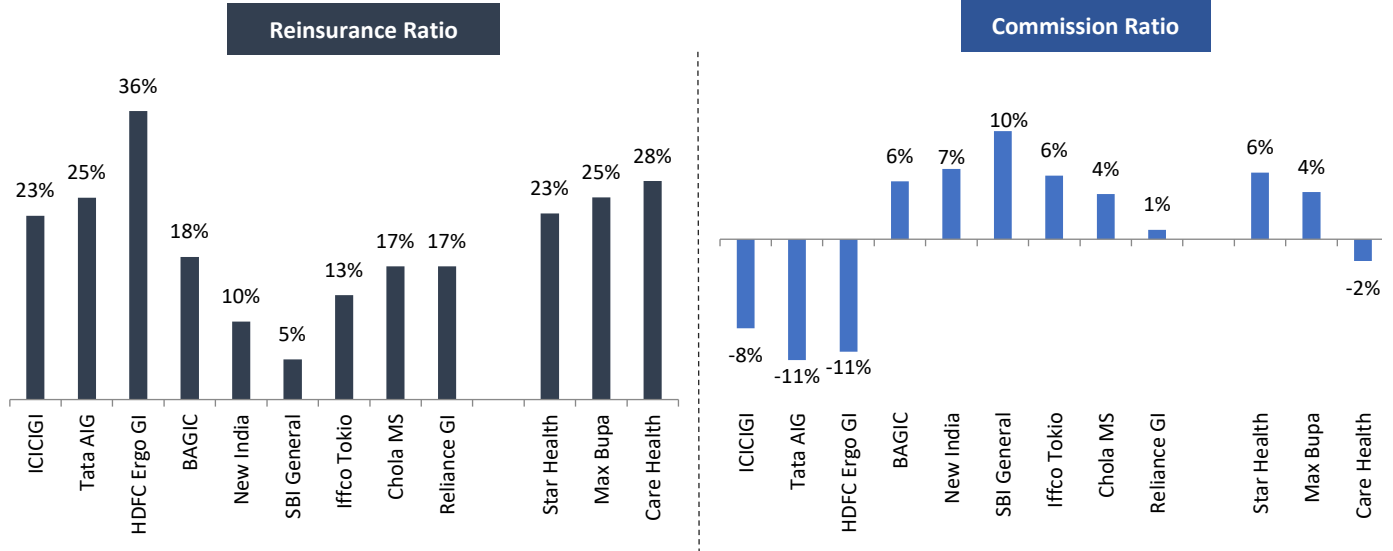
Note: HDFC Ergo FY20 and FY21 data shown above incl. Apollo Munich Health Insurance Financials

Star Health Policyholder Float Calculation Summary

Parameters (Rs mn)	Class	FY19	FY20	FY21
Reserve for Unexpired Risks	Liability	24,822	30,506	51,725
Reserve for Premium Deficiency	Liability	-	-	-
Claims o/s	Liability	3,623	5,045	8,594
Unallocated Premiums	Liability	76	94	118
Premiums received in Advance	Liability	273	335	469
Balances due to other Insurance companies (net)	Liability	13	234	25
Premiums o/s (Net)	Asset	343	1,958	1,015
Dues from other entities carrying on insurance business (including reinsurance) (net)	Asset	4,191	5,133	7,930
Policyholder Float		24,274	29,122	51,988

Source: Company Data

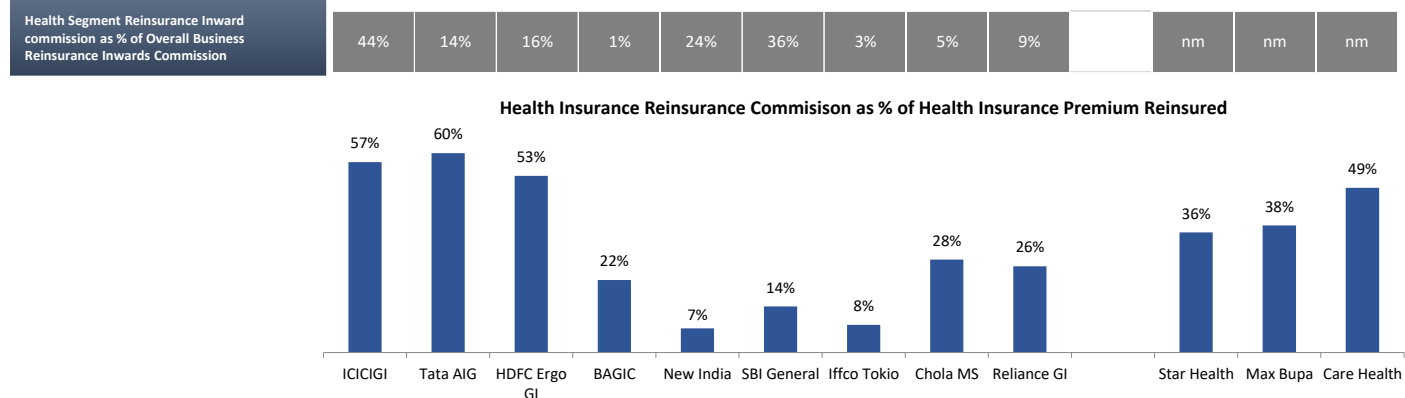
Health & Personal Accident Segment Key Metric (Average: FY18-21)



Source: Company Data

Note: For HDFC Ergo FY20 and FY21 shown incl. Apollo Munich financials

Health Insurance Reinsurance Commission Statistics (Average: FY18-21)



Source: Company Data

Note: Above data shown excl. P.A segment, For HDFC Ergo FY20 and FY21 shown incl. Apollo Munich financials

Star Health Adjusted Profitability Analysis

Rs mn unless Specified	FY21
Net Premium Earned (Restated) (A)	50,228
Additional UPR reserves created due to Withdrawn from VQST (B)	4,371
Impact on Revenue A/C (NEP) due to withdrawal from VQST (clean cut basis) (C)	4,833
Adjusted Net Earned Premium (D = A + B + C)	59,432
Indicative Claims ratio	
Net Claims Incurred (Restated) (E)	43,695
COVID-19 Net Incurred Claims (net of reinsurance) (F)	6,158
Indicative Adjusted Net Incurred Claims (G = E - F)	37,537
Reported net claims incurred ratio (E / A)	87%
Indicative net claims incurred ratio (G / D)	63%

Source: Company Data – Star Health DRHP

General Insurers Health + P.A Insurance Segment Key Financials

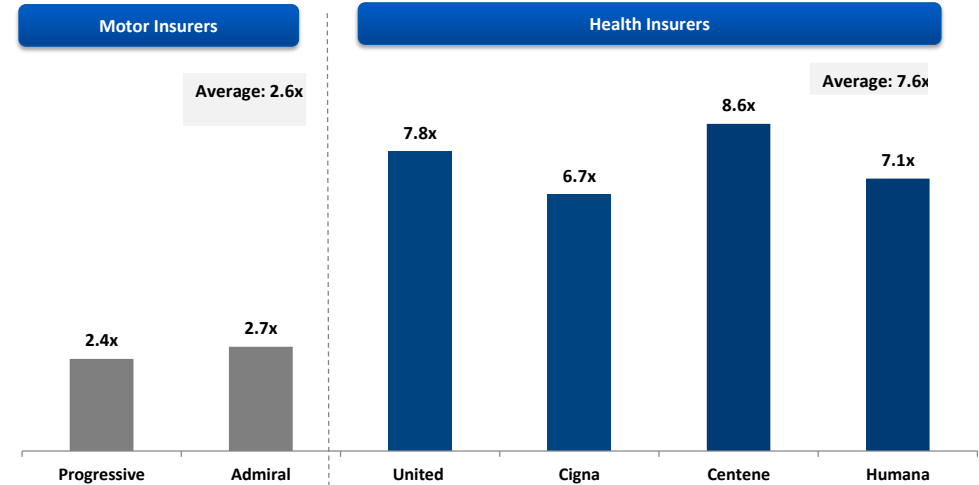
(in INR bn unless otherwise stated)	ICICI Lombard				New India				Bajaj General				HDFC Ergo General				Tata AIG General			
	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21	FY18	FY19	FY20	FY21
Gross Written Premium	23.0	29.7	33.3	30.2	76.6	89.5	99.4	115.7	16.9	23.0	24.8	24.0	15.9	19.7	22.6	42.8	7.2	11.2	11.6	13.0
Add: Premium on Reinsurance Accepted	0.9	1.7	1.1	1.3	0.0	0.1	0.3	0.5	-	-	-	-	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0
Less: Premium on Reinsurance Ceded	7.6	8.5	9.9	5.6	8.2	11.6	9.0	8.7	1.2	2.0	5.6	5.7	6.0	7.2	8.6	14.1	2.2	3.7	2.8	1.8
Net Written Premium	16.3	22.8	24.5	26.0	68.5	78.0	90.8	107.4	15.7	21.0	19.3	18.3	9.9	12.5	14.0	28.7	5.0	7.5	8.8	11.2
Adj. for Chng in Reserves for Unexpired Risk	2.8	3.1	1.9	0.4	3.7	3.5	5.0	4.9	2.4	2.3	(0.5)	0.1	1.8	2.0	2.1	(0.9)	0.8	0.8	0.7	2.1
Net Earned Premium	13.5	19.7	22.6	25.6	64.8	74.5	85.7	102.6	13.3	18.7	19.8	18.2	8.1	10.5	11.9	29.6	4.2	6.7	8.1	9.1
Net Claims Incurred	9.2	14.5	15.8	20.0	66.9	77.3	86.5	95.2	10.3	15.9	16.2	14.1	4.2	6.6	9.1	23.5	2.5	5.2	5.4	6.1
Net Commission Expense (X- Y)	(2.5)	(2.6)	(2.1)	0.3	5.4	5.0	5.8	6.5	1.2	1.0	0.8	1.0	(1.5)	(1.8)	(1.8)	(0.1)	(1.0)	(1.8)	(1.0)	1.0
Commission Paid (X)	3.0	2.6	3.2	2.6	5.8	5.8	6.5	7.2	1.5	2.0	2.0	1.9	2.1	2.2	2.9	5.8	0.6	1.0	1.1	1.4
Commission Ceded (Y)	5.4	5.2	5.3	2.3	0.4	0.9	0.7	0.7	0.3	0.9	1.2	0.9	3.5	4.0	4.7	5.9	1.5	2.7	2.1	0.4
Opex	4.7	6.3	6.9	6.2	11.5	14.2	14.2	22.0	3.3	4.9	5.3	4.8	2.2	2.5	3.4	6.8	1.9	2.3	2.5	2.8
Underwriting Profit / Loss	2.1	1.6	2.0	(0.9)	(19.0)	(22.0)	(20.7)	(21.0)	(1.5)	(3.2)	(2.5)	(1.7)	3.0	3.2	1.2	(0.6)	0.7	1.0	1.2	(0.8)
Investment Income on Poly Float	1.7	1.9	2.2	2.3	4.1	4.7	5.8	5.7	0.7	0.8	1.1	1.0	1.1	1.2	2.0	3.0	0.3	0.5	0.6	0.8
Required Solvency Margin (R)	3.8	4.7	5.2	5.9	18.9	20.7	25.9	28.6	2.0	4.5	4.9	4.6	1.5	3.0	2.9	7.0	1.1	1.7	1.8	2.2
Solvency Ratio (T)	205%	224%	217%	290%	258%	213%	211%	213%	276%	255%	254%	345%	206%	175%	189%	190%	169%	163%	184%	222%
Net Worth (N = R x T)	7.8	10.4	11.2	17.2	48.7	44.1	54.7	60.8	5.5	11.4	12.4	15.9	3.1	5.2	5.5	13.4	1.8	2.7	3.2	5.0
Average Policyholder Float (F)	17.5	22.0	27.2	30.3	30.9	36.7	41.7	47.2	8.3	11.3	12.3	12.1	12.6	14.5	26.1	39.3	3.7	6.3	8.2	10.1
Average Investment Assets (N + F)	25.5	31.1	38.0	44.5	76.3	84.7	92.5	105.0	14.6	19.8	24.2	26.2	14.7	18.7	31.4	48.7	5.3	8.6	11.2	14.2
Claims Ratio	68%	73%	70%	78%	103%	104%	101%	93%	78%	85%	82%	77%	53%	62%	77%	79%	61%	78%	67%	67%
Commission Ratio	-15%	-11%	-9%	1%	8%	6%	6%	6%	8%	5%	4%	6%	-15%	-14%	-13%	0%	-19%	-24%	-12%	9%
Opex Ratio	29%	27%	28%	24%	17%	18%	16%	20%	21%	23%	27%	26%	23%	20%	24%	24%	38%	30%	28%	25%
Combined Ratio	82%	90%	90%	103%	128%	128%	123%	119%	106%	113%	113%	109%	60%	68%	88%	103%	80%	85%	83%	101%

Source: Company Data

Note: For HDFC Ergo FY20 and FY21 financials incl. Apollo Munich Health Insurance Financials

Valuation

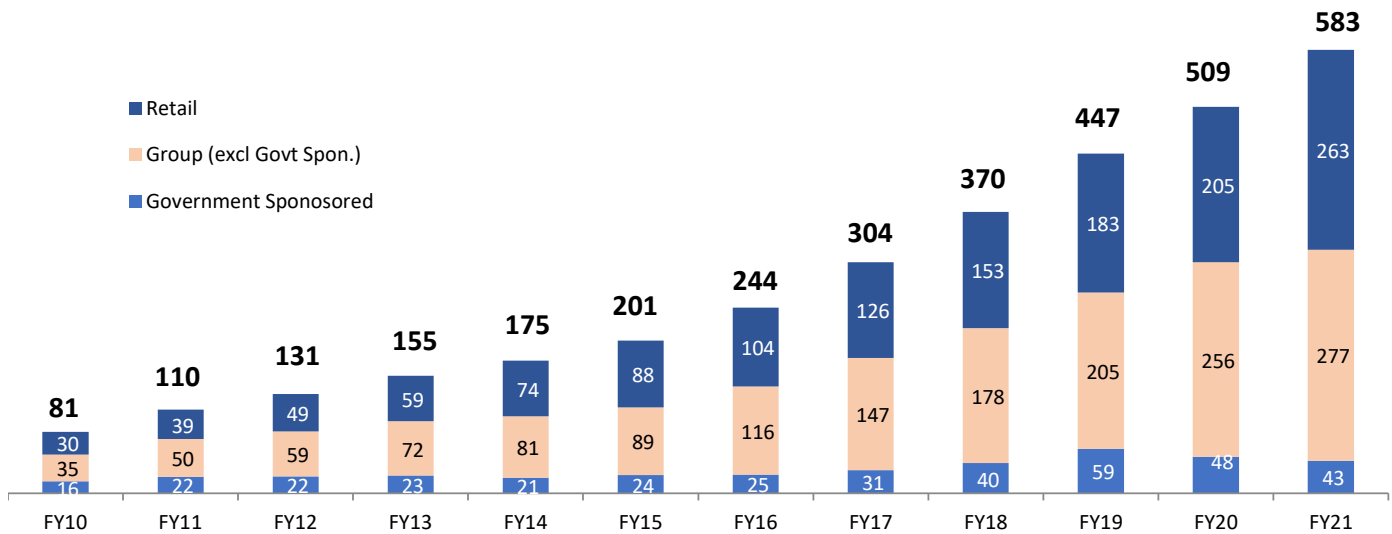
Key Global Insurers Trailing P/ Float (Last 3 Year Average: CY18-20)



Source: Company data, HTI Research, Bloomberg
Note: Global Players reports financials basis calendar year, Mkt cap considered basis daily avg.

Health Insurance segment will continue gaining importance

Health Insurance (excl. PA & Travel) Industry Category Wise GDPI Mix (Rs bn)



Source: IRDAI, GIC Council

Note: Data shown above for Domestic Health Insurance Business

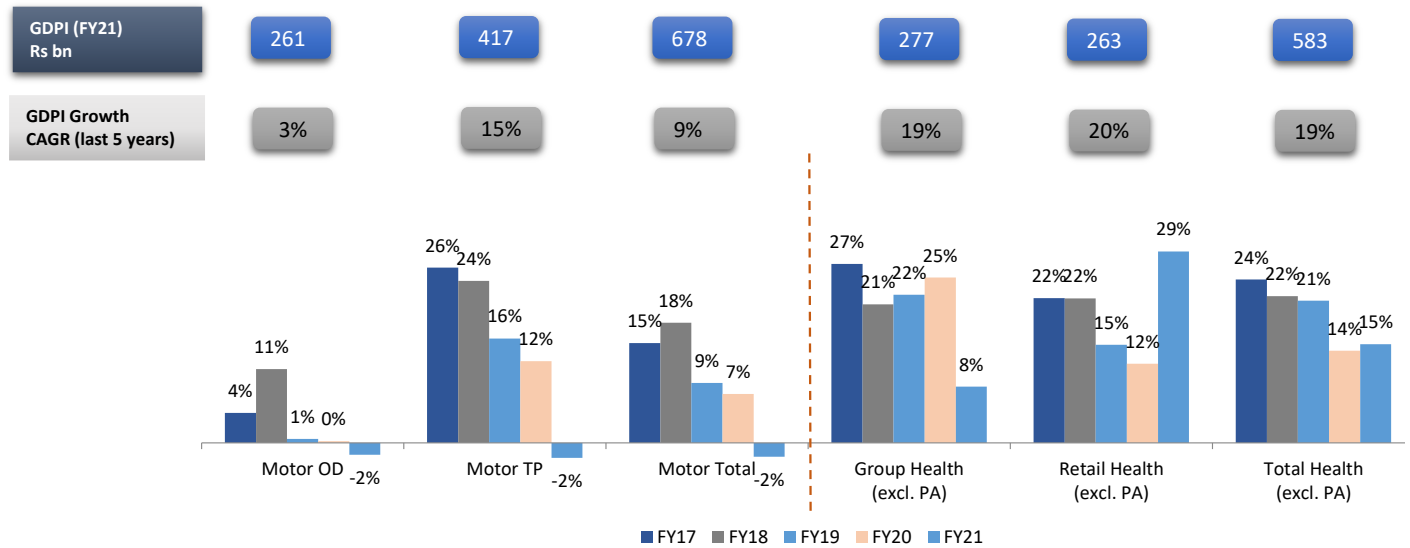
Health Insurance (excl. PA & Travel) Player-Wise of GDPI

(Rs bn)	FY18			FY19			FY20			FY21		
	Retail	Group	Gov. Schmes	Retail	Group	Gov. Schmes	Retail	Group	Gov. Schmes	Retail	Group	Gov. Schmes
PSU	60.6	127.8	26.7	65.6	122.6	46.7	68.7	145.8	31.7	79.1	157.3	36.3
Private GI	35.2	37.0	4.8	36.2	59.9	9.1	36.4	79.4	12.4	62.6	90.3	6.9
SAHI	62.6	15.6	0.1	81.5	22.7	2.7	99.6	30.5	4.2	121.3	29.6	0.0
Total	158.3	180.4	31.5	183.2	205.2	58.4	204.7	255.7	48.3	263.0	277.1	43.2

Source: IRDAI, GIC Council

Note: Data shown above for Domestic Health Insurance Business

Non-Life Insurance industry Segmental Gross Direct Premium Income (GDPI) YoY growth (%)



Source: GIC Council

Note: a) Health Segment excl. P.A b) Total Health data incl. Gov. sponsored schemes GDPI and Overseas business premium b) Motor Segment yoy growth calculated basis GWP

India Health Insurance Segment Penetration

Particulars	No. of Persons Insured (in mn)				No. of Persons Insured % of Total Population			
	FY17	FY18	FY19	FY20	FY17	FY18	FY19	FY20
Retail	32	33	42	43	2.4%	2.4%	3.1%	3.1%
Group	71	89	73	94	5.3%	6.6%	5.3%	6.8%
Gov. Sponsored*	335	359	357	362	25.0%	26.5%	26.1%	26.2%
Overall	438	481	472	499	32.7%	35.6%	34.6%	36.1%

Source: IRDAI

Note: Data shown above excludes P.A & Travel Segment, * Gov Sponsored No. of Lives Person Insured shown excl. Retail & Group Segment

Health Insurance Industry key Regulatory Changes:

Health & Personal Accident Insurance Industry Evolving Regulatory Landscape

2013

- IRDAI Allowed Life Insurers to offer indemnity products
- IRDAI Defined Health Insurance as Separate business, allowing SAHI to avail the services of agents Life and GI
- Combi product (Life + Health) Introduced Co-promoted by Life and Non-Life

2016

- IRDAI dis-allowed Life insurers to sell Indemnity products
- Introduction of Credit- Linked (Benefit) products to offer for GI & SAHI
- Long term Health policies (up-to 3 yr) were permitted for Non-Life and SAHI

2020

- GI & SAHI will have to mandatorily offer standardized health insurance product "Arogya Sanjeevani" from 1st Apr 2020
- IRDAI released draft guidelines on Standardized Personal Accident Insurance, in line with Health Insurance Standardized product

Source: IRDAI

1.

APPENDIX

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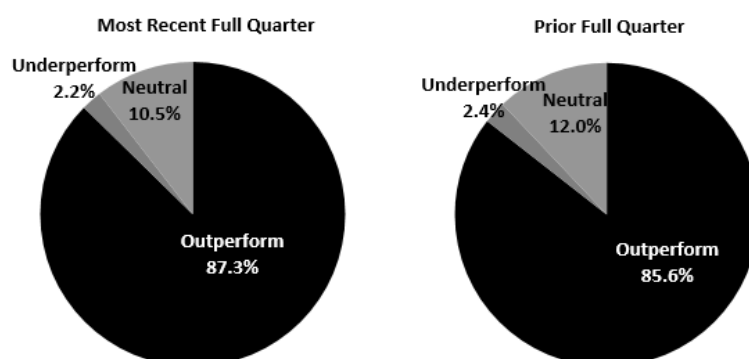
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