Date: May 3, 2023
Place: Chennai

Ref: SHAI/B & S/SE/23/2023-24

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

Dear Sir/ Madam,

Sub: Transcript of Q4 FY2023 and FY 2023 Earnings Call – March 31, 2023.

Further to the Company's letter SHAI/B & S/SE/12/2023-24 dated April 25, 2023 regarding Earnings Call Intimation for Q4 FY2023 and FY2023, please find attached the transcript of the call dated April 28, 2023.

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

This is for your kind information.

Thanking You,

For Star Health and Allied Insurance Company Limited,

SRINIVASAN VENKATARAMAN

Digitally signed by SRINIVASAN VENKATARAMAN
Date: 2023.05.03 17:27:12 +05'30'

S.Venkataraman
Vice President & Compliance Officer

Star Health and Allied Insurance Company Ltd
Q4 & FY23 Earnings Conference Call
April 28, 2023

Management:

Dr. S Prakash – Managing Director

Mr. Anand Roy – Managing Director

Mr. Nilesh Kambli – Chief Financial Officer

Mr. Aneesh Srivastava – Chief Investment Officer

Moderator: Ladies and gentlemen, Good Day and Welcome to the Star Health and Allied Insurance Company Ltd 's Q4 & FY23 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. I now hand the conference over to Mr. Pratik Patil from Adfactors PR – Investor Relations Team. Thank you and over to you Mr. Pratik Patil.

Pratik Patil: Thank you Dorwin. Good evening everyone. From the senior management we have with us Dr. S. Prakash-Managing Director; Mr. Anand Roy-Managing Director; Mr. Nilesh Kambli-Chief Financial Officer and Mr. Aneesh Srivastava – Chief Investment Officer. Before we begin the conference call, I would like to mention that some of the statements made during the course of today's call may be forward-looking in nature, including those related to the future financial and operating performances, benefits and synergies of the company's strategies, future opportunities and growth of the market of the company's services. Further, I would like to mention that some of the statements made in today's conference may involve risks and uncertainties. Thank you and over to you, Mr. Roy.

Anand Roy: Thank you and good evening to all of you. This is Anand Roy here. Thank you for joining the earnings conference call of Star Health and Allied Insurance Company for Q4 FY2023 and also for the full 12 months of financial year 2023. I would like to first highlight that we have achieved an underwriting profit of Rs. 204 crore with a combined ratio of 95.3% and an overall PAT of Rs. 619 crore, which is the highest in our history. We have achieved an EBITDA of Rs. 1,027 crore in FY23. For Q4 FY2023 and we have achieved a combined ratio of 91.3%.

We have also made a very strong start to the new financial year in FY2024 as we speak up to the date, our premium growth for the month is more than 27% and we expect to close this month with around 25% growth. And our loss ratios for the month is also better than the previous year.

This being the first full year post COVID and post listing, we are happy to announce that we have been able to achieve our full year guidance that we had given to you. This also gives an assurance of the robust retail health insurance business model that the company has built over the last 17 years.

I will now give you a brief overview of the industry trends and the developments that we have witnessed in the last few months, as well as walk you through the company's performance in terms of premium and distribution. My colleague Dr. Prakash will cover the financial performance and aspects related to claims, including the steps that are underway to manage them.

In Q4 FY2023, the health insurance industry (including PA) has grown by 25.4%, driven largely by 28% growth in group health and 16% growth in retail health.

Now we will talk about the growth in market share of Star Health.

1. For 12 months, FY2023, our retail health has grown by close to 18% versus the industry's retail health growth of 15.3%. i.e. 1.17 times the industry growth rate despite a very large base.
2. In Q4 FY2023, our retail health segment grew by 15.2% versus the industries retail health growth of 16%.
3. In Q4 FY2023 Star Health registered 35% market share in retail health, which is 3 times the second largest player in the industry.
4. For FY2023, our retail market share is 34% against 33% of the last financial year. We continue to aspire to grow higher than the market growth rate and increase our retail health market share every year.
5. As far as our accretion share is concerned, Star Health has registered close to 40% retail health accretion market share in FY2023.
6. Agency business continues to contribute around 82% of the overall business. Our agency strength has increased to 6,25,860 agents with a net addition of 16,165 agents in the Q4 FY2023. For the full year FY2023, we have added approximately 76,000 new agents over the previous year.
7. For the full year FY2023, our partnerships with corporate agents, banks and other tie ups continues to grow aggressively and is very strong and premium contributed from this channel has grown by 43% during the year.

- Some of the highlights in Q4FY23 for us were as follows:
    1. As regards premium and distribution, we continue to focus on the digital initiatives, the digital sourcing from our web sales and tele-sales models has grown by 28% in FY 2023 to INR 625 crore for the over the previous.
    2. Our app downloads have reached 2 million downloads.
    3. Organic traffic to the website has grown by 95% in Q4 FY2023 over the same period last year and 39% growth sequential sequentially over Q3 FY2023.

- We tied up with some leading banks namely Standard Chartered Bank, India Post Payments Bank and ESAF Small Finance Bank for distribution of Star Health products through their platforms. This will further expand our reach and also strengthen the sales of our higher sum assured products. With the new EoM guidelines, this provides an immense opportunity for growth and we are sure to capture on this.
- The average sum assured of new policies has increased by 13% on a year on year basis to Rs. 9 lakh per policy. Rs. 5 lakh sum assured and above now constitute 70% of the health insurance portfolio which was 64% in the last financial year.
- The premium from benefit products has grown by 53% in FY2023 over FY2022. The share of such products within the overall GWP has increased by 61 bps to 2.3% in FY2023 from 1.7% in FY2022.
- We have launched 2 new products in quarter four, which is Star Special Care Gold and Star Group Health Benefit plus. Special Care Gold is a product tailored specifically for individuals with

disabilities and those who are HIV+. The Star Group Health Benefit Plan offers critical illness covered up to 54 critical illnesses to personal accident cover, hospital cash cover and EMI protect due to hospitalization. It also covers health indemnity and health indemnity top-up.

- We are launching a new Wellness proposition for our customers as well as non-customers who will benefit from our telemedicine expertise and also earn rewards from leading healthy lifestyles. We have already begun work with an insured tech firm to provide Wellness benefits to our customers. We see this as a big opportunity area in the near future.

I will now request Dr. Prakash to talk about claims, and the financials part of the results.

S. Prakash: Thanks Anand. I'm going to talk about claims initiatives and the outcome. We are working on a four-pronged approach to effectively manage claims outgo.

- Number one being, prudent claims settlement based on our rich medical expertise and insurance wisdom.
- Number two, well negotiated volume based pricing arrangement with our network hospitals, which gives us operating leverage in terms of lower average paid per claim.
- Number three being technology enabled, fraud detection and mitigation.
- Number four, risk based pricing through micro segmentation of portfolio.

With regard to cashless, 73% of number of paid claims in the financial year 2023 are through cashless versus 63% in the previous financial year. In terms of amount paid through cashless it is 80% in FY2023 compared to 71% of FY2022. Cashless turnaround time (i.e. claims settled within two hours) came in around 90%.

We also have auto adjudication of claims and this helps drastically in improving the turnaround time and thereby customer satisfaction. 21% of hospitals representing 59% of cashless claims have been on-boarded successfully under this initiative. The number of such claims settled has risen to 45,000 in Q4 FY2023 a growth of 13% versus Q3 FY2023.

We continue to improve on claims related milestones within overall cashless claims the share of hospitals with pricing arrangement, what we call as agreed network hospitals is 67% versus 64% in FY2022.

As you will be aware, fraud control is one of the critical factors to address in a retail business. Our anti-fraud digital initiative has become operational this year and has started to produce savings in claims. There is a 1.3% incremental benefit in terms of lower claims ratio in FY2023 versus FY2022. SAS platform has assisted in 55% of those cases. This is in line with our expectation of more than 1% reduction in claims ratio mentioned in the previous result call.

Let me talk about our financial performance. We are focused on sustainable profitable growth and taking decisions to achieve that goal. Our combined ratio for full year FY2023 has improved to 95.3% versus what was 117.9% in year FY2022. This improvement in combined ratio is achieved through claims ratio and expense ratio improvement. Combined ratio for the quarter Q4 FY2023 is 91.3% versus 98.4% in Q4

FY2022. Claims ratio for FY2023, has improved to 65% versus 87.1% in FY2022. In FY2023 claims ratio has 0.4% impact of COVID related claims. The claims ratio in Q4 FY2023 has improved to 62% versus 68.1% in Q4 FY2022. The expense ratio has fallen in the FY2023 to 30.3% versus 30.8% for FY2022 on account of efficient cost management. For Q4 FY2023, expense ratio has reduced to 29.4% from 30.3% in Q4 FY2022. You will appreciate that the expense ratio has improved in spite of a significant cutback in the group business which has a lesser expense ratio.

Our investment assets have grown to Rs. 13,392 crore in FY2023 versus Rs. 11,373 crore in FY2022. With the rise in interest rates fresh investment were deployed at a higher yield leading to the fixed income portfolio yield for Q4 FY2023 rising to 7.34% versus 6.71% of Q4 FY2022. We continue to invest in equity portfolios through ETFs. The investment income in Q4 FY2023 grew by 21% over Q4 FY2022 to Rs. 218 crore over Rs. 180 crore in Q4 FY2022. And for FY23, 23 investment income grew to Rs. 835 crore versus Rs. 793 crore for FY2022. FY2023 recorded a profit before tax of Rs. 826 crore and profit after tax of Rs. 619 crore. Adjusted profit after tax excluding non-business ESOP cost and COVID is Rs. 768 crore for financial year 2023. For Q4 FY2023 the profit before tax is Rs. 136 crore and profit after tax is Rs. 102 crore. Solvency as on 31st March, 2023 is 2.14 times compared to the regulatory requirement of 1.50 tax. This solvency is achieved despite only mandatory 4% reinsurance. To conclude, we continue to believe in the profitable growth opportunities available in the retail health segment and we are on our desired path of realizing the same. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Avinash Singh from Emkay Global. Please go ahead.

Avinash Singh: Couple of questions, first one is on rather broader growth trend. I mean, if we see the growth for March is still despite the fact that you took price hike on new products yet the growth was sort of a softer. So I mean, what sort of a growth outlook you have considering that OK from May onwards you have apply price hike on renewals. So on the growth. Second is on terms of your profitability side, if I mean so what would your kind of aspiration for FY2024 in terms of combined and if at all any improvement versus by FY2023 or considering the market dynamics on the Commission and expenses and your growth. What sort of an improvement you would expect on the claims as well as on the opex side?

Anand Roy: On the growth side, the company has been beating the industry as far as our retail growth is concerned. We believe that we will continue to grow faster than the industry’s growth on the retail side. And as I have already disclosed our April performance, seems to be very promising and we expect to maintain the momentum though we are not giving any particular guidance, but we will grow faster than the industry's growth. As far as the combined is concerned, definitely as you mentioned along with the price hike and all the efficiencies that we are building and through technology and other initiatives that we are taking, the combined operating ratio will definitely be lesser than what we have achieved last financial year, and we hope to achieve that through all the initiatives that we are driving.

Moderator: Thank you. The next question is from the line of Sahej Mittal from HDFC Securities. Please go ahead.

Sahej Mittal: So two questions from my side. So road map on any new client ESOP issuances that is one, second is looking at the product level loss ratios. Do you plan to take a price hike in any other product?

Nilesh Kambli: So basically new ESOPs will be issued, but they will be issued at market price which will not have any impact on the profit and loss account of the company the way it happened for the last year, but ESOPs will be issued at market price. On the product level loss ratios, we continue to monitor all the products and whenever the product reaches a threshold level, we go in for a price increase and that's a continuous process. We'll continue to monitor the loss ratio of every product.

Sahej Mittal: And if you could split out the 25% growth in the month of April, what is on the back of new product, new policy sales and what is on due to the rise in premiums?

Nilesh Kambli: We're in the middle of the month, we'll get back to you with specifics as we are in the initial period of this month.

Moderator: Thank you. The next question is from the line of Swarnabh Mukherjee from B&K Securities. Please go ahead.

Swarnabh Mukherjee: So 3-4 questions from my side. First of all, in terms of your recent growth, so just wanted your thoughts or if you could give some colour on what happened in March in retail health that resulted in a slower months and also April number whether this 25% kind of number which you highlighted is this in retail or the end of the group if you could give us a breakdown between retail and group even indicative number if you can share which you know which one is growing by how much? So that is the first question. Second is in the fourth quarter, the new business growth looks very strong. These are we what was in the earlier quarter. So if you could give some colour on any trends that you are seeing? Thirdly, I wanted to know your thoughts on the group related strategy. So what is different in the group related strategy right now vis-a-vis how it was before we had started to bring it down in the previous cycle? And lastly, a very quick small thing that I wanted to understand was that it looks that when you started the year, our share of specialized product was higher than 17% in the mix towards the end of the year, it has come down to 15.5%. So any anything to read into that? So these are the four questions, Sir. Thank you.

Anand Roy: So to answer your first question, the retail growth in the month of March. I think the growth rate in the month of March was good. If you look at the pecking order of the volume of business generated by all general insurance companies, I think Star Health is number 1 or number 2 even considering all lines of business for others in terms of the volume. So the business continues to grow fast and April month we are looking at more of a heterogeneous growth from all lines of business both from retail as well as from our group businesses. As I had mentioned earlier in my previous calls that the group business strategy of running down the book was up to the last financial year. We have continuing to focus on profitable groups, which is largely the SME segment and so the growth is coming back on those group business. So there is a growth across all those segments. As far as the specialized products which you asked about, specialized product continues to be our focus area. It has come down probably because of certain underwriting calls we took on one or two products, but that is part of our overall strategy and our focus continues to be on specialized products.

S. Prakash: The decrease is also only relative because we have introduced some of new products like Health Assure and premier and women care, since people are preferring those new products, probably there is a relative decrease, but otherwise the focus is on all profit making products.

Swarnabh Mukherjee: That's helpful. Again just follow up on the first question in in terms of the April month growth, so would it be fair to assume that this is like fairly broad based, right, the 25% kind of a number you mentioned.

Anand Roy: Yes, yes, absolutely correct.

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

Prayesh Jain: Firstly, could you break down FY2023 retail health growth in terms of number of policies and value growth.

Nilesh Kambli: 50%-50% value and volume.

Prayesh Jain: The number of policies would have grown by how much.

Nilesh Kambli: 50% is value growth and 50% is volume growth.

Prayesh Jain: Now, can you quantify the number of policies growth?

Nilesh Kambli: So number of policy growth is 9%, we had grown by 18% in retail health business. 9% is policy growth and 9% is value.

Prayesh Jain: OK, perfect. And in the past you have mentioned that your loss ratios will be in the range of 62%- 65% and combined will be in 93% to 95% range and when you mentioned that for the April month, the loss ratios are better than last year. Do you mean the exit rate of last year or the entire of last year? And what could be your guidance for FY2024 on the similar zone?

Nilesh Kambli: So we'll improve the loss ratio compared to full last year number. I mean 65% is what we mentioned. We will improve on that loss ratio in the current year when we talk about April loss ratio it is compared to full year loss ratio.

Prayesh Jain: OK, and what about your guidance, do you think 63% to 65% still holds and or it can be better than that.

Nilesh Kambli: So will continue to maintain that, we'll improve it compared to last year.

Prayesh Jain: OK. And so from our, if we start thinking from a FY2024 growth perspective with the price hike that is being implemented, how should we think about number of policy growth, sum assured growth and price hike. How these three would have an interplay in terms of your growth, how would you see that?

Nilesh Kambli: So one is, as Anand sir mentioned that we will continue to go higher than the industry growth rate and continue to improve on the market share. In terms of volume and value growth, it will be similar, slightly higher value growth this year because we have taken a price hike it can be around 55% to 60% value growth and 40% to 45% volume growth.

Prayesh Jain: OK. And just in in the past you have also mentioned about getting into more affluent categories in terms of population. What are the initiatives that we're taking there and how is that progress happening?

Anand Roy: So the fact that our average sum assured of our policies has gone up by more than 10% this last financial year which gives an indication that the customers that we are now targeting are more affluent than what they were earlier and also the awareness of health insurance and appropriate coverage has also kind of been established in the society at large. So I think a combination of both these things will help us to keep growing our average ticket size as well as the average sum insured, which we hope to achieve this year also.

Moderator: Thank you. The next question is from the line of Shreya Shivani from CLSA. Please go ahead.

Shreya Shivani: I have two questions. First is on the share of agreed network hospital. So this number has varied quite a lot this year, like it was a 56% in first quarter and first half it was 66%, 9 months it was 76% and now it's 67%. So I just want to understand how frequently do you rearrange your agreement with hospitals? Why did this number vary so much this year versus last year, every quarter it didn't vary so much, so, that's my first question? The second is on the wellness program. Just wanted to understand how elaborate would this program be? Are you just partnering with your — with some other fintech or are you planning to launch your own separate web portal or if you can give us a little more details about this. And also one last question is, can you share the share of longer-term policies in your entire book, as in the policies which are more than one year, two years or three years — the two year, three-year policy, the share of that? Thank you.

S. Prakash: With regard to share of agreed network hospital to the overall hospital every month you should understand that there are lot of hospitals showing interest to be part of our empanelment. We get around 200 plus applications from different hospitals so naturally, the number keeps increasing when the overall number increases. The share of ANH to the overall number will definitely alter. Apart from that, there is an exclusive team in Star to talk to hospitals and arrive at a fare pricing for identifying surgical procedures and also to fit a proper price for medical management, room rents, professional charges, common diagnostic tests and all that. Our pricing arrangement with the hospitals will depend on the geography, the nature of hospital, whether there are physical oriented or medical oriented. There are lot of formulas involved to arrive at a pricing with the hospitals, so the summoned substances, new hospitals show lot of interest in part of our panel. There is a constant increase in the number of hospitals. Our empaneled hospitals have crossed 14,000. There is a constant effort to convert most of these empaneled hospitals into our agreed pricing. And this strategy is also continuing that is the reason why you are seeing a different percentage. But overall the financial transaction and turnover as we could trade it is more with hospitals where we have a pricing arrangement. More number of claims are processed in hospitals where there is a proper pricing arrangement.

Second, with regard to Wellness. We are having a programmed structured way of organizing Wellness rewards for young customers who want to be our policyholders. We want to recognize, manage maintenance of good health and give them discount on the premium based on the scores that they could achieve. Second thing is the number of people who are with the elderly people, people who are with suffering from lot of comorbid conditions. We have condition management programs and structured Wellness program to educate them, to rehabilitate them. And encourage them to have proper diet and lifestyle changes so that they don't fall victim to disease. Through this strategy we have also found that our readmission rates are coming less and we could address areas like geographies where our customers live with multiple coma bits and we are trying to decrease the frequency rate of claims in those areas. So there is a structured and organized way of conducting our Wellness program and we are closely monitoring the outcome.

Shreya Shivani: My question here on the Wellness program is that this program is for your existing insurance, the policy holder, it's not like you're opening a platform to all set of customers and from there you may want to convert them into insurance holders, which way is it?

Anand Roy: So see, it is a mix of both the things that you mentioned for our policyholders. We have a structured Wellness program as part of the policy as Dr. Prakash mentioned by which if they are taking care of their health and their able to demonstrate those results on our application they we give them our premium discount at the time of renewal. But even for non-customers who are not yet with Star Health, we have a wonderful free telemedicine service which gives advice and guidance to anybody for various kinds of ailments that they may have and it is absolutely free of cost. This definitely is a channel by which we are able to generate leads for potential customers and we intend to scale that up even significantly. We also do have tie up with a Fintech firm for the services of all our Wellness related program in case of how they can have the technology integration of their IoT devices into our app so that they can submit their data.

As far as your question of the long term policies is concerned about 2.5% of our policies are coming from long term plans, which are more than one-year-old. But this is an area where we are going to focus more and we have seen that on the online platform or digital channels, almost 50% of our new customers in the recent past is coming from long-term plans. So, we will be focusing on these plans going forward.

Moderator: Thank you. The next question is from the line of Anirudh Shetty from Solidarity Investment Managers. Please go ahead.

Anirudh Shetty: So my question was more on our return on equity which for FY2023 is around 12.5% which is very close to cost of capital, despite us getting our loss ratio to our the upper end of our target of 63% to 65%. The thing so my question is for us to get to a healthy ROE at least 15%, what needs to improve for us and also if you could give us any timelines on by when do you think you can get to that number?

Nilesh Kambli: This ROE of 12.4% is basically after the ESOP cost which is the one-time non-business cost. So we exclude that the ROE is a much higher. So next year again will be one full year with price increase that we have taken we should return to healthy ROEs of 16% to 18% that we have been talking about.

Anirudh Shetty: Got it, so 16% to 18%. And sir, right now there is also a bit of an accounting anomaly because of the mismatch. So this 16% to 18%, if one were to look at it at a — there is a proper matching, or say if there was IFRS implemented, how would this ROE look like in that scenario?

Nilesh Kambli: So once we implement IFRS where the cost is deferred over the policy period today only the premium is deferred there as the cost is upfront. If we defer the cost also over the policy period, this should improve by another 300 to 400 basis points. The ROE will further improve.

Anirudh Shetty: And could there also be an implication of say risk based kind of solvency is introduced then given the nature of the business that you are in very granular, could that also be ROE accretive?

Nilesh Kambli: See, the risk-based solvency will ensure that the solvency for us will be very, very comfortable. I mean indirectly, it will benefit us because today, it being a growth business, and to keep on doing the business we need to keep capital. But once the solvency come in, and we are profitable, we will be in a position to pay dividend as well. This will — that is we can maintain a healthy solvency. We can pay out dividend as well.

Anirudh Shetty: And just one final question, at this point in time, how much of our portfolio would be in equities and over time, where do we see that number heading to?

Aneesh Srivastava: So as of now 4.1% of the portfolio is in ETF. We have decided to increase the ETF exposure, maybe that we would go to go up to 7% and then decide what comes later.

Moderator: Thank you. The next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Anand, you said that the growth in April is coming from both group and retail. And probably in FY23, the Group contribution was all — is at the lowest level in the last five, six years. So, is the Group going to contribute around 10% to 11% on the total GWP in FY ’24? Then, is it safe to assume because Group invariably has a higher loss ratio that 65% loss ratio could be, still be maintained in FY ’24 because sheer change in the product mix?

Anand Roy: So see. As I've mentioned in the past, our business strategies very clearly focused on growth with profit. So we do not intend to write groups which are loss making in nature. So our focus on groups are also on the SME segment which I mentioned, it's a quasi-retail model. The group business also comes through our traditional channels like agency and digital channels. So we are very confident that even with the 10% group that we intend to write, our loss ratios should not go beyond what we are envisaging.

Sanketh Godha: So is it safe to assume Anand that in previous when we did it that business in around 10%-11% the loss ratio experience in Group is very similar to retail or it was tad higher. OK. Yeah, I should look at combined because of the opex costs associated with the business.

Moderator: Thank you. The next question is from the line of Ansuman Deb from ICICI Securities. Please go ahead.

Ansuman Deb: My question is first on the combined ratio guidance. So, we’re saying it is lower expected compared to FY ’23 for FY ’24. Is it backed by any improvement in experience as far as severity and frequency is concerned? And maybe, some of the fraud prevention practices that we have been incorporating because is it an industry-level phenomenon, or a company-level phenomenon, if you could help us understand that?

And secondly on the growth that you are expecting in FY ’24, does it factor any benefit from expansion of tie-ups with new branches or any regulatory benefits are being factored within this assumption? These are the two questions. Thanks.

Nilesh Kambli: So basically the combined ratio improvement will happen on account of the strategic initiatives that we have been taking and that will bear fruits in terms of the financial outcomes, the product mix, business mix change that we have done over the last year and we continue to do. As we have been saying the EoM regulations will be beneficial because EoM regulations as well as the opening up of the Banca and Banca business to 9 players, that is something which we look as big opportunity areas, which will help us to get into newer channels and continue to grow our profitable mix of business.

Moderator: Thank you. The next question is from the line of Sanketh Godha from Avendus Spark. Please go ahead.

Sanketh Godha: Doctor Prakash, you said that around 1.3% improvement in the loss ratio happened because of the fraud detection in FY2023 which was new initiative, Sir, just wanted to understand that the low hanging fruits with respect to the fraud detection exercise is almost exploited or there is in your opinion how much headroom is further available to reduce the loss ratio just by better fraud management.

S. Prakash: See one cannot determine the headroom because there is always newer trends of fraud that are emerging in the market. We are keeping our eyes open with our experience of handling more than 90 lakh claims. We have identified probable areas which are prone for fraud, abuse and leakage and using those intelligence we have created a rule engine and we are able to identify those vulnerable claims which are more prone for fraud and deep dive, and study them so that we can filter those fraudulent claims as they come to us.

Nilesh Kambli: Yeah, to just add one more thing, you know this initiative started in the second-half of the year, so FY2024 will be the first full year of benefit that will come through on account of the fraud initiative.

Sanketh Godha: And the last one if you can respond to this that in your experience, what is the average ticket size claim difference for ANH hospital versus other hospital and related to it today 67% is ANH. What you aspire that number to be in FY2024, like maybe upwards of 70% or any internal target you have to achieve that particular number?

S. Prakash: See, this cannot be an apple to apple comparison because the average network for hospitals based on speciality. I should compare the average decrease in outgo between hospitals of ANH, doing only cardiac, doing only cancer treatment, doing only trauma and orthopedics, something like that. It will be very difficult for us to arrive at, what is the value addition but there is a greater financial benefit that we could see when like more and more transactions happen through an agreed network hospitals.

Sanketh Godha: Got it, Sir. I mean this 67% what you expected to be in FY2024 given its benefits in loss ratios?

Nilesh Kambli: This will keep on improving on that initiative. We have not set any target for a one year period because these benefits, some of them are tangible, some of them are intangible. So it's very difficult to measure. Overall, we are seeing a lot of improvement and benefit on that.

Moderator: Thank you. The next question is from the line of Supratim Datta from Ambit Capital. Please go ahead.

Supratim Datta: So it looks like the URR to constant URR for the year FY '23 to the NWP, that ratio is around 58%. And you had previously dictated that would be around 56%. So just wanted to understand what resulted in this higher ratio in FY2023?.

Nilesh Kambli: See basically URR is a function of growth in business, so it's dynamic, it's not a constant number. If the growth is constant, it will be constant number, but depending upon the growth being higher or lower compared to last year it will keep on fluctuating.

Supratim Datta: So is it fair to assume that you had faster growth, maybe in the later weeks of March? That's why they increased?

Nilesh Kambli: Yes

Supratim Datta: And on the same point you talk about 1% in the loss ratio. Just wanted to understand what are the initiatives that you have going on that front and then your initiative and improvement further improvement, do you expect from those?

Nilesh Kambli: So you're talking about the fraud initiatives, which has resulted in incremental, 1.3% improvement right in quarter four?

Supratim Datta: Yes.

Nilesh Kambli: So it's an ongoing initiatives that we improve on the fraud control and management the ANH network that we continue to improve. We continue to negotiate rates with the hospitals that's an ongoing initiative and it will continue to give benefits to us.

Supratim Datta: And what proportion of your ANH hospitals would be having packages with those ones which will not be having packages?

Nilesh Kambli: So basically the ANH network is hospitals where we have packages, that's 67% the ratio that we have commented on.

Moderator: Thank you. The next question is from the line of Devansh Nigotia from SIMPL . Please go ahead.

Devansh Nigotia: In case of Family Health Optima after the price increase is taken, we are seeing that our pricing is actually at 15% to 25% premium to our peers, so. What do we think with such high pricing, do we see a risk of dropout being more than 5% that we are expecting for FY2024? And also what we are seeing is that the company itself is actually pushing Star Comprehensive Instead of the family floater policies, which is actually at a 12% to 13% discount to Family Health optima. So I mean, if you could just share some perspective over here or how you see the family health policies mix evolving for FY2024?

Anand Roy: So see our family floater portfolio continues to grow well and overall at a company level, we are tracking that, how does the family floater portfolio perform and there are four products that constitute this portfolio. So Family Health Optima price revision initial response we have not seen any negative outcomes. We are including the four products that I mentioned about as long as the portfolio is growing we are ok with that.

Devansh Nigotia: And in case of so from first step then the experience that we have seen for the new sales, how will the mix evolve within family floater? Has there been a tilt towards the Star Comprehensive instead of Family Health Optima or the portfolio share? Because their pricing is actually a 12%-13% discount. So it's been actually 2-3 months since the price increase has happened. So any data point if you can share.

Anand Roy: We are seeing a balance between these products, Star Comprehensive, Star Assure, Family Health Optima. As we have region based pricing, so some regions Family Health Optima is more attractive for the customers. For some regions Assure is more attractive to the customers. So it's being sold on those basis. But as I told you, at the portfolio level, the company continues to grow on the family floater portfolio and that's what we are more interested in.

Devansh Nigotia: And Family Health Optima pricing, price increase has happened from first April or from which date that has happened for the renewal portfolio.

Anand Roy: So it's bound to happen from 2nd of May onwards.

Devansh Nigotia: So that we have to see the experience in the in case of renewal, how it will shape up? And in case of a bancassurance, since now that the wallet share is with now 8 insurers can be onboard instead of three. So are you are we looking to target some large banks which can actually create a meaningful difference in our benefit based book which currently is negligible? So any thought process if you can share and what can be the constraint here to empanel ourselves with the large banks?

Anand Roy: So there are no constraints. All banks who are interested in growing the health insurance portfolio are talking to us. And now as you understand that with the new EoM regulations, which has been now brought in by the regulator, we are also engaging in discussions with them. As I've already mentioned in my speech that we have signed up three banks in the last quarter like India Post Payments Bank, Standard Chartered Bank and ESAF small finance bank. We will continue to add more and more banks as we go forward.

Devansh Nigotia: So are we trying for large banks? I mean, Sir, because all the banks that we mentioned for banca tie up are actually relatively small. So that is why the question was targeted towards large size banks.

Anand Roy: We are interested in partnerships where Star Health is also gaining, we are not interested in any partnerships which is not viable for us. So, we will continue to talk to them and we'll see how it goes. So we're also now talking to some large NBFCs. I think some of them will be announced very soon.

Devansh Nigotia: And the investment yield that we shared for the quarter was 7.34%. So does that include some MTM gains that we have booked in our bond book? And what is the yield we are working with for FY2024 and FY2025?

Aneesh Srivastava: So obviously this does not include any mark to market or any book profits. It is slightly difficult to give guidance, but yeah, what you understand is that perhaps yield curve would remain somewhere here only given the fact that RBI is on a long pause. So I think we would keep getting interesting opportunities for deployment.

Devansh Nigotia: So 7.34% sustainable for the year if considering the interest rates are constant.

Moderator: Thank you. The next question is from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Just wanted to know on the number of agents you mentioned. How many of those 96,000 would be exclusive agents that you added this year compared to the same number last year?

Anand Roy: So the exclusive agents that we have added this year is close to 18,000 and it would have been the similar number last financial year also. So IC-38 agents are a focus area. We are also looking at growing this channel very, very fast, so we will continue to focus on this.

Pallavi Deshpande: And the target for this year would be how many?

Anand Roy: So we aspire to do at least double this, but I think we should do better.

Pallavi Deshpande: And so secondly, you mentioned about overall this on the fraud reduction, so that was half year period that you got this benefit and so just on that side, if you want to estimate that for the next year, we just we can assume some just double that up. Or I mean, how do we look at it?

Nilesh Kambli: So whatever work we have done will continue to get the benefit for the full year next year, this year it was only available for six months period, but next year it will be full year and. We'll continue to improve on that numbers.

Moderator: Thank you. I'd now like to hand the conference over to Mr. Nilesh Kambli for closing comments. Over to you, Sir.

Nilesh Kambli: So thank you everyone for joining the call and we are really very happy to announce profitable results with improved operating profitability for the full year. Thanks for the trust and confidence and we assure you, we'll continue to do well. Thank you all.

Moderator: Thank you. On behalf of Star Health and Allied Insurance Company Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.