Star Health and Allied Insurance Co. Ltd.

STAR Health Insurance — Personal & Caring — The Health Insurance Specialist

Date: February 16, 2022
Place: Chennai

To,
The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Tower
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 earnings conference call for quarter and nine months ended December 31, 2021

Further to the Company's letters dated February 7, 2022, February 8, 2022 and February 11, 2022 regarding an earnings conference call with investor(s) and analyst(s) on Saturday, February 12, 2022 to discuss the financial performance of the Company for the quarter and nine months ended December 31, 2021,please find attached the transcript of the call.

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

This is for your kind information and records.

Thanking You,

For Star Health and Allied Insurance Company Limited,

JAYASHREE SETHURAMAN
Digitally signed by JAYASHREE SETHURAMAN
Date: 2022.02.16 18:07:32 +05'30'

Jayashree Sethuraman,
Company Secretary & Compliance Officer

"Star Health and Allied Insurance Company Limited Q3 FY2022 Earnings Conference Call"

February 12, 2022

ANALYST: **MR. AVINASH SINGH - EMKAY GLOBAL FINANCIAL SERVICES**

MANAGEMENT: **MR. V. JAGANNATHAN - CHAIRMAN & CHIEF EXECUTIVE OFFICER- STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED**

DR. S PRAKASH - MANAGING DIRECTOR- STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

MR. ANAND ROY - MANAGING DIRECTOR - STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

MR. NILESH KAMBLI – CHIEF FINANCIAL OFFICER - STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

MS. JAYASHREE SETHURAMAN – COMPANY SECRETARY - STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

MR. VINOD RAJAMANI– HEAD – INVESTOR RELATIONS - STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY2022 Results Conference Call of Star Health and Allied Insurance Company Limited. This call is hosted by Emkay Global Financial Services. This call is hosted by Emkay Global Financial Services. We have with us today Mr. V. Jagannathan - Chairman & CEO, Dr. S Prakash - Managing Director, Mr. Anand Roy - Managing Director, Mr. Nilesh Kambli – CFO. 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Avinash Singh from Emkay Global Financial Services. Thank you and over to you Sir!

Avinash Singh: Good morning everyone. I would like to welcome the management of Star Health and thank them for this opportunity. I shall now hand over the call to the management for their opening remarks. Over to you gentlemen!

Anand Roy: Thank you Avinash and very good morning to all of you. Thank you for your time to join this earnings call of Star Health Insurance, the first earnings call. My name is Anand Roy; I am the Managing Director. With me I have our CEO, Mr. Jagannathan**,** my colleague MD, Dr. S Prakash, and our CFO Mr. Nilesh Kambli, and also our Company Secretary, Jayashree, is here with us and the Investor Relations head Vinod Rajamani is with us. So I would like to take you through the script of my part, talk about the business and the industry and my colleague, Dr. Prakash will talk about the claims and other developments in the company. Thank you for joining the earnings conference call of Star Health and Allied Insurance Company for Q3 and 9 months FY2022.

I will give you a brief overview of the industry trends and developments that we have witnessed in the last few months as well as walk you through the company performance in terms of premium and distribution. Dr. Prakash will cover aspects related to claims including the steps that are underway to manage them. The data for Q3 FY2022 reveals that there has been a momentum in the economic activity underpinned by expanding vaccination coverage as well as the release of pent-up demand. The resurgence of COVID-19 infections in the form of the new Omicron variant has created some sense of uncertainty, in that sense we believe that the impact of the new variant is lower than the second variant given the impressive ramp up in the vaccination program. However, since the number of infection is huge even a small 2% to 3% drives in hospitalizations will lead to increased claims inflow for insurance business. We firmly believe that COVID while being a short-term negative in terms of higher claims outflow is a long-term positive for the insurance industry as it has and will lead to higher awareness and premium growth, an increase in the penetration levels.

As regards to the health insurance industry, there was 29.1% growth in health and PA business in nine months FY2022 over the same period last year largely driven by 30% growth in group health and 99% growth in the government health business. Retail health continued to grow impressively at 17% in 9 months FY2022 over the same period last year. With respect to Star Health, our GWP grew by 26.9% in nine months FY2022 over 9 months FY2021 to Rs.7774 Crores. Our agency business continued to contribute around 78% of the overall business. Our agency strength has increased to 534,000 agents with an addition of 70000 agents in the first 9 months. Corporate agents, banks and other tie-ups have picked up and premium has grown by 79% in this segment. We had a number of positives in the nine months FY2022 as far as premium and distribution with the price rise in the flagship Family Health Optima (FHO) products with effect from August 2021. The benefit of the price rise is flow in ensuing periods and will lead to increase in gross and net earned premium. We entered into tie-ups with banks and NBFCs including Federal Bank, South Indian Bank, LIC Housing Finance. We have a several new partnerships with distributors, NBFCs and aggregators. Our recent initiatives to grow rural business has gained traction and is growing rapidly, it is proposed to be largely digital resulting in cost optimization. We intensified our digital initiatives during the pandemic as evidenced by our app downloads 1.2 million downloads and digital policy issuances 61% in 9 months FY2022 versus 56% in FY2021. Online premium collection has grown by 29% and 4.2% of overall GWP for 9 months FY2022. I now hand over to Dr. Prakash, Managing Director.

Dr. Prakash: Thanks Anand. Warm greetings to all of you. I shall take you through the status of claims, pricing and cost control measures. So on the claims the share of hospitals is the better pricing arrangements what we call as agreed network hospitals. We get advantage of cashless claims as a proportion of overall cashless claims and this has increased to 63% compared to what it was 55% last year. We had initiated the process of identifying hospital called valuable service providers to help our valued customers to get hassle-free medical essential and quick processing of claims. We setup our teleconsultation we call it as Talk to Star (there were 6 lakhs consultations done so far) and we have clubbed wellness program along with that. Talk to Star cuts claim cost by giving customer access to experienced doctors for second opinion and also alternate medical solution. It has helped us a lot in this COVID-19 pandemic we had a COVID helpline and we were able to promote home quarantine and outpatient treatment for most of the milder form of diseases. In general, we have raised 2000 Crores through the IPO in December 2021 and this has boosted our solvency. Our investment assets have grown to 104 billion versus 68 billion in FY2021.

Combined ratio for 9 months of FY2022 is 125%. The rise in the combined ratio is on account of the elevated loss ratio at 94% with high loss ratio in health segment is also experienced by other insurance players — general insurance players and standalone players. There are several reasons why the loss ratio has increased. In the 9 months FY2022 claims ratio would have been 66.5% without the impact of COVID-19. The cost of essential medical devices and supplies for COVID-19 outbreak such personal protective equipment kits, RT-PCR test, all these things have resulted in higher claims. Medical inflation is a serious issue in the entire healthcare ecosystem including all insurers are planning to come together and address.

Q3 is seasonally a high loss quarter due to the post monsoon impact from infectious diseases such as dengue, malaria, chikungunya, typhoid. The impact in the current quarter is more severe compared to previous years and 56% higher than Q1 of FY2022 and Q2 of FY2022 average number of claims. Elective surgeries which got deferred and postponed from Q1 and Q2 were higher in Q3 by almost 33% in terms of number of claims compared to H1 average. COVID-19 claims in Q2 FY2022 were settled based were settled mostly based on ICMR guidelines and guidelines issued by All India Institute of Medical Sciences. State health authority for an advisory had to involve and we have taken the guidelines of health authority in settling most of the COVID-19 related claims. However, customers have raised grievances and also regulated has issued advisory at industry level of the settlements to be done. In light of these developments, additional claim payments were made in Q3 2022 to the tune of 235 Crores, which has a negative one-time impact on the credit ratio for Q3 2022.

There are several steps that we have taken and can further claim to reduce the loss ratio including pricing and premium increase. There are natural inbuilt stabilizers in the product design which are linked to the age of the insured person and automatically result in a rise in the premium. We have also filed new product with higher prices. We are also preparing to approach the regulator for a price hike in our existing products on similar lines to what we did with our Family Health Optima product. Increasing the average sum insured will also result in higher premium and thereby lower loss ratio. Our proportion of retail business with sum insured of 5 lakhs and above has increased to 64% for 9MFY22 compared to 57% in the 9MFY21. On the claims control our exposure in group policies is typically high loss making group policies we have made some changes. This is going to be based on a risk based pricing framework going forward and the plan is to give up account where the pricing is not adequate.

The SAS fraud module will be operational from Q1 of FY2023. We expect a range of 1% reduction in loss ratio to start with. We have started to see reduction in the surgical and infectious diseases claim in January 2022 and early part of February 2022. COVID related cases in January 2022 and February 2022 had lesser hospitalizations in terms of number of days, lesser need for ICU stay and lesser oxygen requirement and thus the average claim size compared to second wave is much lower. All in all, our focus on the attractive retail health segment continue during this quarter. We strengthened our distribution reach and intensified our digital initiatives both in sources and services. While our loss ratio rose in the period during the pandemic due to several seasonal and unique one-time factors, we have take a number of steps to manage going forward. We continue to believe that we will overcome the transient challenges posed by the pandemic and we emerge from it well - placed to take advantage of the opportunities that lie ahead. Thank you all.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Haresh Kapoor from IIFL Asset Management. Please go ahead.

Haresh Kapoor: Thanks for the opportunity. Couple of questions from my end first is this 235 Crores that you kind of spoke about as one-off in Q3 could you talk about what is it all about I do understand regulator had put out a notification stating that some of these claims should be met, but other than that do you have some buffers around wave 3 by any chance because January you mentioned that the surgical part is lower obviously because wave 3 was going around in January so maybe there will be a bounce back eventually, but do you have buffers or some other provision for wave 3 as well and what was the impact of wave 2 overall in terms of some of the numbers in Q3 overall?

Dr. Prakash: Impact of COVID in Q3 was still there like you know the tail end of pandemic still continued in Q3 and we did see close to 4% to 5% of claims arising out of COVID-19 in Q3 and in Q2 some of the claims we may have to reject because most of the claims that happened from the awareness of claims that we bought in Q2 some of them are due to anxiety, some of them are young people with no co-morbid factors and their need for admission is not as justified by ICMR guidelines, so based on that we have to reject such claims, but unfortunately some of those claims came for reconsideration in Q3 and we have to open those claims and take as a onetime impact that happens in Q3 and that is what we meant 235 Crores.

Haresh Kapoor: Do you have buffers for wave 3 as well anything pelted into the numbers or that impact will come in Q4 if any?

Nilesh Kambli: In terms of buffers we have increased our IBNR provisions by 44 Crores in Q3 to take care of some of these things, but as Dr. Prakash Sir mentioned Q4 or the average size of the claims is lower on account of lower hospitalizations as well as the need for lower ICU as well as oxygen requirement, so we see that things are starting to normalize and that is what we see in the first 45 days.

Haresh Kapoor: Two other quick ones if any outlook in terms of loss ratio normalization and second what is your thought around capital requirement now, obviously your solvency ratio is around 180% do you have any internal number which you do not want to go below because Q2 obviously was around 150% mark, a lot of other companies do have buffers like 160%, 170% which they do not want to go, you are at 180% right now, so how do you see that shaping up and do you need to come to the market again next year to raise capital?

Nilesh Kambli: We believe that currently our solvency ratio has moved to claims because the claims are on limited level. As we keep on seeing the impact lowering we will move to premium which will give us a release of 15 to 20 basis points in solvency. Yes, we do have a internal threshold of around 1.6 level below which we will have to look at options, but whatever our projections say we do not see the need for the capital requirement for the current year as well as the next year as well, so we are pretty confident that we will be able to manage with existing capital base.

Haresh Kapoor: So maybe in FY2024 first half you might have to kind of relook based on the growth trend and your internal number in terms of solvency part?

Nilesh Kambli: We have two options one is we have the option of Sub-debt also with the increase in capital base with profits coming in that is an option available, but we do not see the need for next year as well, be it 2023 or 2024 as the profit keep on coming in business starts to normalize we should be pretty comfortable in terms of solvency.

Haresh Kapoor: The first part that I was checking on in terms of loss ratio and normalization how should that shape up in Q4 or way ahead?

Nilesh Kambli: We have already started seeing reductions in the first 45 days and we believe as things start to stabilize, the vaccination program further increases and the measures that we are taking it should be a normalized loss ratio for the next year.

V. Jagannathan: To supplement to what our CFO told I am Jagannathan if you are looking to our figures without COVID our loss ratio is only 65% so that will give us a good scenario for us to carry on and as you could see our growth more so in market is very, very high I think we are number one in India, so among all the general insurance companies also, so there will not be any necessity for raising additional capital and we are confident that things will settle down.

Haresh Kapoor: Last thing just any outlook around growth if you can talk about that?

Anand Roy: Growth of the company as on Q3 FY2022 has been 27% as I mentioned in the opening remarks and we are seeing good growth in the retail segment. Our accretion in retail segment is the highest in the industry with more than 40% market share in accretion and we are more focused on building the profitable retail business and that will continue to be our agenda going forward.

Haresh Kapoor: Sure Sir. Thanks for answering my questions and good luck.

Moderator: Thank you. The next question is from the line of Anuj Singla from Bank of America. Please go ahead.

Anuj Singla: Good morning everyone and thanks for the opportunity. Three questions firstly if I look at the slide 7 our combined ratio for nine months even if I exclude the COVID impact the one time it still comes at 97.5% wherein expense ratio also have a role to play if I look at the numbers pre-COVID and pre-2021, pre-IPO as well, so can you talk about when can we expect the normalization of these two 93%, 94% levels which were the levels pre-COVID and Dr. Prakashji talked about medical inflation seasonally high on cost ratios so what kind of trajectory do we see maybe over the course of maybe FY2023-24 if you can provide some colour?

Dr. Prakash Going forward without the impact of pandemic we foresee that there should be lot of standardisation that is going to happen in the health care sector because lot of awareness has reached through the media and there is going to be control on the hospital cost so we expect that to happen in the upcoming quarters and insurance companies have also grown much stronger in building the assistance process and asking the right questions. So with pandemic has enhanced our resilience and definitely post the pandemic in the health care space I foresee that a good reform and transformation happening which should be able to help the health care cost not only on infectious diseases but also in other areas.

Anuj Singla: Okay did I hear it right when you said that claims ratio is going to decline by 100 basis points in 4Q versus 3Q?

Dr. Prakash This is a forward looking statement but what I can say is the first 40 days of this quarter definitely we see a very positive response because we see the number of claims reported per day used to be around 6500 plus for us now it is less than 5000 since past few days. That is a very positive trend, we used to give enhancement close to 3700 or 3900 claims per day but now it has dropped to 2500 and the number of high value claims (more than one lakh claims) used to be around 950 during the peak of the pandemic now it is around 500, so what I am trying to say the number of claims and the average paid per claim both we have seen a decline in these 40 days of the Q4. For example, COVID-19 the average we paid in the peak of the pandemic more than 100,000 but now it has come to 62000 in January now 60000 in the first 10 days of February, so the trend we could see a progressive decline in the number and in the stability.

Anuj Singla: One question on the renewal ratio if I look at slide six again when we disclose the numbers for FY2021 it was 98% on value, 92% on volume when I look at the 9 months it is 93% which has come down significantly on the renewal side can you talk about what is driving this and do we expect a recovery in this over the course of the next few quarters?

Anand Roy: Renewal retention by value has come down for two reasons one is last financial year we had a reasonably good amount of COVID-related products which have not renewed because we have taken a price hike in those products because of the high loss issues on those products so those products have not got renewed and also we have seen 95% renewal retention in 9 months of FY2022 excluding those particular products so we are aiming at between 95% to 98% retention as our target and we are confident we will be able to achieve that.

Anuj Singla: Historically it has been in that range because I understood it was around 97% to 98% so we are comfortable with 95% to 98%?

Nilesh Kambli: This year, particularly because of the last year's COVID policy's impact.

Anuj Singla: Lastly on the capital side again solvency at 1.8 very close to that 1.5 regulatory minimum and 1.6 with the internal threshold, when we look at the growth trajectory we are probably targeting 20 plus growth, the ROE the best case we have seen historically is around 18%, so when I put all of these things together does not it imply that the capital raise is going to be more front loaded versus expectation of FY2024?

Nilesh Kambli: There are two things one is as I explained to you we will move to claims basis solvency as we speak, but the loss ratio stabilizes we will move to premium basis solvency which will give us a release of around 20 basis points and with the profits coming in and with the various measures that we are taking in we are confident the need for capital will not arise. See one more thing if we have to give an indication the reinsurance arrangement that were cancelled were the clean-cut treaty based reinsurance arrangement there is still an option to do some 5% to 10% of risk-basis reinsurance arrangement which can give us minimum relief on capital requirement.

V. Jagannathan: That will be the last resort we are definitely sure and hopeful that there would not be any requirement to deal with the declining solvency ratio.

Anuj Singla: Okay great Sir, thank you and all the best.

Moderator: Thank you. The next question is from the line of Utsav Gogirwar from ICICI Prudential Life Insurance. Please go ahead.

Utsav Gogirwar: Thanks for the opportunity Sir. I have few questions. Firstly, as per your initial remarks you have mentioned that you have taken up price hike in flagship product and now plan to take another price hike in remaining products, so I just want to understand how much price hike we took in flagship products and how much we plan to take for other products, because of COVID is there any change in the pricing strategy for us do we plan to increase the prices on a regular basis or we will continue to do what we used to do before COVID?

V. Jagannathan: Please understand that what my colleague suggested is contemplating; contemplating need not assure that we are going to do it in our flagship policy. As we have told you the increase in cash issue is one-time incident which the entire world and also our country and our company has faced in proportion to other insurance companies who have underwritten this health policy, so I would mention that the price hike, which we may ask may not happen also if you depend on how things move in coming months and also first quarter, one. Two generally we have filed certain products to the regulators taking into all the relevant factors, COVID is a onetime incident and this cannot be taken as a main factor to fix your prices you are also in the insurance industry and this must be very clear. So the price fixation as such depends on various factors such as medical inflation, then the covers that you offer, what would be the expected burning cost depending on your past experience, etc. COVID is a onetime happening and you are aware that regulator has allowed all the companies to raise 5%; of course Star Health has chosen not to increase it for our own reason.

Anand Roy: Just to add to what Mr. Jagannathan said our flagship product FHO which you mentioned about we took a price hike and it is effective from August so we had taken about on average around 15%, obviously as you know price revisions of all products have to be filed with

IRDAI and giving proper justification and reasons for attempting for price hikes, so as Mr. Jagannathan mentioned that is not the first line of strategy that is something that we will keep on evaluating and do it as and when necessary.

Utsav Gogirwar: Sure. My second question is with respect to the channel wise growth so if you look at within channels direct channels growth is just around 19% on a y-o-y basis this includes the sponsored health agency, what does the direct channel include that is first and secondly related to channel wise can you break down the growth of corporate agent, banks and others and web aggregators how it has grown?

Anand Roy: Agency continues to be our largest channel and is growing around 25% on an YTD basis as of nine months December. Our other channels bancassurance, digital and the online aggregators all of them are growing at much faster pace because the base effect is there, they are on a smaller base right now but we are also investing a lot in these additional alternate channels, but as I said that agency will continue to be our mainstay channel and we are working to improve the productivity of agency business. You have to look at our accretion on the overall market business that we do retail market business and our accretion percentage is more than 40% on an YTD basis and that is something that we will keep on improving.

Utsav Gogirwar: Sir just one clarification on this, sponsored health agency force will be classified under agents or direct channel?

Anand Roy: They are classified under agents.

Utsav Gogirwar: Next question is with respect to the geographical trend so can you talk about how is our premium mix in say top 8 cities and beyond top 8 cities especially Tier-2, Tier-3 and how is the loss ratio behavior geography wise?

Anand Roy: Sir top 8 cities in terms of premium contribution you are asking?

Utsav Gogirwar: Yes.

Anand Roy: The premium contribution from the top 8 cities so my last estimate was around 50% and as far as loss ratios are concerned definitely in the metro cities the loss ratio is on the highest side as compared to the other semi-urban and rural markets and even Tier-2, Tier-3 cities, the exact numbers Dr. Prakash will share with you.

Dr. Prakash: If you look at the number of claims actually in geographies like Delhi and Pune we have seen an increase in the number of claims, but whereas the average that we pay for a claim it is more in Hyderabad and Mumbai, so we do a constant study of geography wise what is the increase in number of claims and what is the average that we pay and what is the behaviour of the hospital, so area wise, geography wise we have like people to handle these claims so they are aware of the local trend and they can take the right call.

Utsav Gogirwar: Last question from my side. As per the presentation 63% of the premium value is issued digitally so what is the digitally means like there was no intervention of agents or can you just define this?

Anand Roy: Can you repeat the question what did you say?

Utsav Gogirwar: In the presentation you mentioned that 63% of the premium is issued digitally right Sir I just want to understand this is without any manual intervention or how does it work what is the definition of this?

Anand Roy: You are right, digital issuance means the fulfillment happens by the customer himself or herself but it can be through our virtual office platforms which are being offered to our agents and other distributors also, so basically the agents are now empowered to do business digitally whereas they can fulfill the customers' requirements on the virtual office platform and send the link to the customer to make the payments and of course fill the proposal form by the customer themselves.

Utsav Gogirwar: So all the business is done, majority of the business is done through agents will be classified under digital channel through digital is that right for me to understand?

Anand Roy: No that is not right digital issuance is different from digital business. Digital issuance is where the agents are involved and where distributors are involved. Digital business is only what happens on our direct digital platforms like our website and our mobile apps and all that.

Utsav Gogirwar: Sure, thank you so much.

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

Prayesh Jain: Good morning everyone, just a few questions. Firstly could you throw some light on how the non-COVID claims severity are there between the pre-COVID and the COVID part and related to a mandatory COVID test even for non-COVID claims RT-PCR test or any of those things which possibly can go away once the rules change, how do you see that happening on the non-COVID claims going ahead?

Dr. Prakash: With regard to non-COVID claims we can look at it as claims due to surgeries or anything of emergency, the claims related to infectious diseases and the acute medicine emergencies and then trauma and other orthopedic like in our analysis we look at all these claims and non-COVID claims the biggest burden for us is surgery. In this year what we see is most of those without surgery have already happened towards the end of Q2 and Q3 so the deferred surgical non-COVID claims coming in future is remote and infectious diseases usually follows the monsoon, it is a seasonal effect and that happens during August, September, October, November that is the season and now we are away from that monsoon season. Trauma and emergencies there I would like to know it happens like, but in general we are seeing year-on-year there is a decrease in the number of acute trauma and emergency cases. So on the non-COVID factor if we see like the majority of the cases that is linking to surgery and infectious disease component have already been attended in the first three quarters and in Q4 the 40 days of this quarter we do not see any acute increase in number of surgical claims or infection disease claims. COVID is coming down, we had some close to 10% of the claims due to Omicron, apart from that non-COVID every factor on the emergencies, on the elective surgical, on the infectious disease, every area we are seeing a decline in the first 40 days of this quarter.

Prayesh Jain: Sir my question was more on the severity part where per claim amount between pre-COVID and currently how has the claims ratio and non-COVID claims move and whether that can decrease going ahead?

Dr. Prakash: Severity is decreasing you are rightly pointing out, during the peak of the pandemic it used to be around Rs.71000, 68000 per claim but now for January we see that around Rs.53000 to 54000, so meaning that this average we pay for a claim has sizably come down during this January.

Prayesh Jain: With regards to your growth if I look at last few months' data we have been growing much lesser than the other SAHI so any thoughts there, whether post this February season we can grow faster or is it a conscious strategy to grow between or grow around the current levels only so what is your thoughts?

Anand Roy: Our growth on YTD basis is around 27% close to 27% and our growth is now driven by the retail business we are looking at the quality of growth more importantly than just growth number itself so we are focusing more on the retail side of the business and apart from the agency business the growth of our alternate channels like bancassurance, digital, rural markets that we have now started exploring these channels are growing at almost double than our company's growth and when you compare to the industry you have to look at the base effect. Star Health has more than 55% market share in the SAHI space and on that base if you look at our accretion we are able to maintain a very healthy accretion of more than 40% on an industry basis so I think it is not comparable but we are more focused on the quality of growth rather than quantity.

Prayesh Jain: Okay, got that. Alright, that is it from my side.

Moderator: Thank you. The next question is from the line of Anand Bhavnani from White Oak Capital. Please go ahead.

Anand Bhavnani: Thank you for the opportunity. I have a couple of questions. The first question is on the claims ratio if I adjust for the 235 Crores of one-time COVID claims, our claim ratio instead of 104 should be around 95.25% but then this will also include some surgeries, elective surgeries which are kind of bunched up in Q3 so if you can give us some sense of what would be the excess bunched up services, so I just want to understand what could have been the claims ratio in Q3 adjusted for these all distortions and if you can give us some sense of the distortion due to bunched up elective surgeries?

Nilesh Kambli: To answer this you know it is very difficult to give an answer for Q3 because Q3 itself is distorted, Q1 was COVID, Q2 was again part of COVID, part of COVID in Q3, the good part would be to look at the YTD number the YTD loss ratio is 94%, the COVID impact of it is around 27% and excluding the COVID impact it is around 66.5%, and as I mentioned 66.5% also the non-COVID claims has an impact of excess inflation on account of all these RT-PCR tests, PPE kit, all these things, so we believe as COVID keeps on coming down the impact of inflation on severity will come down and we should look at those normalized loss ratios. Again the group health loss ratio has been higher during this period and we have taken conscious calls to reduce the group health portfolio as well. So all the factors will contribute to the pre-pandemic loss issues as it keeps on going forward.

V Jagannathan: To add to what our CFO said I am only elaborating the COVID has not only had a direct impact it also has an indirect impact that is what we need in all claims. See you can recall even the hospitals have put beds in the platform and started treating the patient and whatsoever be the type of treatment disease for this treatment is offered to they have used the PPE kit, etc., etc., which has added to the client cost, so you have to divide this into two COVID as such and other than COVID the impact of COVID on those clients.

Anand Bhavnani: Noted and Sir secondly just wanted to understand on your pricing policies are you pricing with a long COVID kind of assumption whereby the thesis is there will be still some waves maybe of minor intensity but it is not over yet or are you pricing that it is over so what is our current pricing strategy what are the underlying assumptions?

V Jagannathan: Sir one-time incidence can never be a continuous incidence. If that happens the entire world will perish, so you cannot anticipate COVID all the time and price your product, we price our products taking the normal situation into account and after all in any business there will be a waning and waxing period and when a waxing period comes it happens, but always you cannot have waxing period then the insuring public will suffer.

Anand Bhavnani: Noted and a technical accounting query now when I see the incurred claims there are two parts claims paid and change in outstanding claims so this 235 swing has been accounted in which part the claims paid part or the change in outstanding claims?

Nilesh Kambli: It will be part of claims paid because this claims were reopened and paid during Q3.

Anand Bhavnani: Sure so now if I look at the change in outstanding claims there is a 772 Crores swing quarter-on-quarter it was negative 560 odd Crores, 559.8 Crores to be precise in Q2 and it is positive 202.8 Crores in Q3 so what explains this sharp change like it is a significant change so if you can elaborate?

Nilesh Kambli: So two parts have contributed as we explained the IBNR reserves we have increased by 45 Crores and second is the infections and the surgical claims that were reported in Q3 those parts are still unpaid as on December 31, 2021 because it takes time, so those have also contributed to the increase in outstanding, so these two factors are contributing to the increase in outstanding.

Anand Bhavnani: Noted, but in Q2 it seems we released 560 odd Crores, so what was the reason for 560 odd Crores release in Q2?

Nilesh Kambli: So basically the impact was very big in Q1 the claim starts flowing in there are assessments done, so Q1 it was a pretty high claims outstanding because the claims were reported to be settled, which the settlements took place in Q2 so that is the release that you can see between Q1 and Q2 the paid claims had increased which led to the release in outstanding.

Anand Bhavnani: Okay I have some queries on it I will connect offline. Thank you for the opportunity.

Moderator: Thank you. The next question is from the line of Sumangal Pugalia from Rare enterprises. Please go ahead.

Sumangal Pugalia: My question was I wanted to understand the underlying trend which have been observing in the retail health insurance space the public sector insurers have been losing the market share to private players so I just wanted to understand on the ground execution and strategy what are the things that the public players are not doing that the private insurers are focusing on?

V Jagannathan: We will be thankful if you can kindly repeat the question.

Sumangal Pugalia: So my question was the IRDA data suggests a trend from shift in market share from public insurers to private players in the last one and two years so I just wanted to understand from a strategy focused point of view and execution what are the public insurers doing that is different from the private players?

V Jagannathan: There are two things see after all the markets when a service is good the word of mouth is spread, I do not want to comment on the service of public sector insurers. So naturally our portability in always increases, also fresh policy growth also increases that talks how volumes about our service and the customer satisfaction I would leave it at that.

Sumangal Pugalia: Sure thank you.

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

Sanketh Godha: Thank you for the opportunity. Sir in the numbers 27% growth what we see as per the back calculated numbers if I assume renewal rates around 90%, 95% large part of the growth would have come from renewable premiums rather than coming from new business growth so just wanted to understand because new business invariably has a lower loss ratio how it will play out going ahead if the mix is more made up of renewal rather than new in coming year in the sense basically that is the first question what I have and I have one more I will ask after you answer this?

Anand Roy: That is a good question and our new business constitutes around 25% to 30% of our overall portfolio always on the retail side I am talking about and we are working to improve this with the introduction of our new channels that we have introduced like our rural markets as well as our digital focus and the new partnerships that we have with various banks I expect that our new business contribution will only improve going forward and as far as the renewable business is concerned renewable business also is a contributor to the company's profitability it is not something that we shun away and we are definitely interested in ensuring that both the new business and the renewal business grows in a proper manner.

Sanketh Godha: The second question is that you said that in the August we took a price hike of 15% on our popular flagship product just wanted to understand this 15% is more of a function of the general medical information what industry faces or is it somewhere priced in such a manner that the losses which we made because of COVID to some extent get recouped in incoming years so we can see a sharp increment in the profitability in coming years?

Nilesh Kambli: No, 15% increment in the pricing of our FHO product was taken considering the overall loss of the particular product, we always look at each and every product on a standalone basis and we evaluate and when it is necessary we go for a repricing. So as far as COVID impact is concerned as our CEO already mentioned we are looking at this as a one-time impact and God willing this will eventually phase out in the next few months, but having said that we do continuous evaluation of all our products and we keep on approaching the regulator as and when necessary.

Sanketh Godha: Got it Sir and finally see I was just again harping on solvency team and we are at the 180 solving team, so instead of raising sub-debt or anything of that kind the way other insurers do getting into a risk-based proportional treaty with the reinsurer and manage the solvency which we probably discontinued after capital gearing rules came in so just wanted to understand that internally management is thinking to revisit the reinsurance strategy so that that capital efficiency of the company improves?

Nilesh Kambli: Yes, we have the options available, we have raised the capital subject with an option available towards today's capital, reinsurance on a risk basis is an option available, if we need it, and it will be availed with proper approvals from the regulator.

V Jagannathan: Before to add to what CFO says is we are not in the grave situation now so as and when it is required then the options will be evaluated.

Sanketh Godha: Got it Sir and finally the question is on the draft regulation from the regulator which speaks about time-frame for continuous appointment of MD & CEO and the Whole-Time Directors limiting to 15 years so just wondering have you heard anything from the regulator and given Jagannathan Sir has already completed 15 years and already completed the 70 years of age so just wanted to understand your view or if you can throw a light on these things will be really useful?

V Jagannathan: Regulator has asked the views from the public, from the insurance companies, so every Indian citizen should have given their reaction and we have also given our suggestion, so as it is our company according to SEBI regulations there is no problem because I am answering so I am not holding the two positions Chairman & CEO, it has already been bifurcated, Chairman has already been bifurcated so this has to go through various stages number one this has to go to the Insurance Advisory Council then there will be further round of discussion between the government and the IRDA and then the final rule comes we as a citizen and also a company working under the control of IRDA will follow it so I hope my answer is clear to you.

Sanketh Godha: Yes, it is clear I just thinking from in a worst case scenario succession planning in that sense basically that is the only reason I was asking that question.

V Jagannathan: As you would have read we have got two Managing Directors and one among them will take charge as a Company Head.

Sanketh Godha: Got it Sir, thank you very much. That's it from my side.

Moderator: Thank you. The next question is from the line of Rahul Jha from Bay Capital. Please go ahead.

Rahul Jha: Thank you for the opportunity. My question is like this IRDA order on payment of claims was it specific to us because none of the other insurers who have reported results all of them have a lower loss ratio in Q3 as compared to 9 months ours is the only one which has reported for example ICICI Lombard nine months COVID claims is much lower than the total Q1 COVID claims, so all of them have seen releases and we have seen another one of 235 Crores so was it specific towards the order?

Nilesh Kambli: Look the order is at an industry level and because we have a higher proportion of retail claims the impact for Star Health comes to be on the higher side compared to other players who have a higher intervention of group business and what we can see is between Q2 and

Q3 even for other insurance players the loss issue has increased, so that is a trend between Q2 and Q3 which is experienced by all the players including Star Health.

Rahul Jha: No, for the nine months our claim ratio is on an overall basis is much lower as compared to Q3, but others the situation is completely different even Aditya Birla which has reported which has a higher retail as well their ratios are not very different from other insurers?

Nilesh Kambli: See these SAHI players operate on a 50% URR method so those ratios are not comparable to what Star Health is reporting we are reporting on 1/365 basis. On a 50% method or higher business growth will give a higher earned premium and the loss ratios will not show a true picture so the comparable numbers will be GI players with health business having 1/365 basis account.

Rahul Jha: Sir can we see another backlog claims on COVID in Q4 as well?

Dr. Prakash: Q4 we have already experienced 40 days in Q4 and in these 40 days our ICR is around 74% so naturally beyond this we do not expect any overflow or spillover of claims from Q2 and Q3 so I think that spillover we have sort of managed and that in this 40 days our ICR looks to be around 74%.

V Jagannathan: Further to add whatsoever claims which are yet to be processed even if we are knowing the insurance system we provide so that has already been provided and so there is no question of any expectation of any case being reported.

Rahul Jha: Right thank you.

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

Swarnabh Mukherjee: Thank you for the opportunity Sir. My first question is on the loss ratio side in the presentation you have mentioned that there is this 27.5% adjustment impact coming on the loss ratio because of multiple factors I just wanted to understand the impact that is coming from the change of URR accounting through 1/365 so if you could just share that number?

Nilesh Kambli: The adjustment for last year up to March 2021 for the 1/365 the withdrawal of reinsurance treaties, for the current nine months there are no adjustments and what is the impact is only on the account of COVID so 27.5% is the COVID impact for nine months, the URR in fact the reinsurance impact was for last year.

Swarnabh Mukherjee: Okay so this 66.5% includes basically the impact of the change in the accounting policy that is the correct way to look at it?

Nilesh Kambli: Yes, change in accounting was done last year and now we are on 1/365 basis accounting so there is no impact of this in the first nine months. The first nine months only has an impact of COVID, so 94%, 27.5% is the COVID impact and other than COVID the loss ratio is 66.5.

Swarnabh Mukherjee: The reason why I asked the question was that this 27.5% what you have this is the exceptional COVID claims impact that you said right the 235 Crores would that be correct and is it the overall total extra COVID claims?

Nilesh Kambli: The impact for the first nine months on account of COVID is roughly 2100 Crores on a gross basis this nine months are peculiar in terms of the fact that there was impact of COVID but other than COVID claims unlike last year on a regular basis so the COVID and non-COVID is pretty standardized, the non-COVID claims are standardized at pre-pandemic period.

Swarnabh Mukherjee: The reason why I asked was that I just wanted to delineate the change in this accounting strategy to get a sense of what your normalized loss ratios could be once the pandemic is over because when you made the change in the accounting strategy immediately post that the pandemic started so getting that colour was a little bit easier so any comment you would like to make how much it would like 1% or 2% points what you would add to the combined issue?

Nilesh Kambli: As discussed on the call the COVID impact coming down with all the measures that we are taking which would be returned into the pre-pandemic loss ratio that we have been reporting over the period.

Swarnabh Mukherjee: Alright that is very helpful Sir. My second question is on the price hike in the family flagship products that you said so how has been the scenario in the overall industry, how do you see the competitors are they also increasing prices and what is this outcome on the competition because of that, that you have raised prices?

Anand Roy: The price hike we have taken in one product as I told you about on our family health optima which is our flagship product. As far as competition is concerned we have seen most of the competitors also have taken price hike. As far as our price point is concerned as compared to other competition products we are well placed and the products are competitive and we always ensure that the products are rightly priced so that there is a mix of affordability as well as at the same time the company's bottom line is protected.

Swarnabh Mukherjee: Okay alright got it and lastly on the comment that you made on the group business about being more selective on underwriting side so I wanted to understand does this arise from any experience that you have received from the SME book because my understanding was that this was a fairly profitable business so wanted to get some colour on that?

V. Jagannathan: Repeat this question again please.

Swarnabh Mukherjee: So being more selective on the group business as you had mentioned so I wanted to understand how the experience has been in the SME book off late?

V. Jagannathan: See group business is very, very unpredictable outcome. So every company I can definitely say that making direct group business or what I mean is employer, employees group or etc., other than SME group there is always the burning cost is more than what the premium received, so we have consciously taken a decision now to stay away from group in other words when the burning cost is examined not just stay away our ratings will always be at least certain percentage more than that taking into future inflation into account, so while doing that also we are a company in the field for 16 years we have our experience how to arrive at the burning cost and that will be applied.

Swarnabh Mukherjee: Got it Sir thank you so much. That is all from my side.

Moderator: Thank you. The next question is from the line of Saurabh Dhole from Trivantage Capital Management. Please go ahead.

Saurabh Dhole: Sir, good morning. I have two questions and both are with respect to the web aggregators so could you share the exact share of web aggregators in your total premium profile and this should also include the Fintech players that you partner with and the second question is that what role do these aggregators or these Fintech partners play in your underwriting and what are the loss ratios coming from this channel versus the overall loss ratios for the company?

Anand Roy: Web aggregators and the Fintech players combined would be contributing less than 5% of our GWP right now, but they are growing fast and definitely some of the partnerships are longstanding and we intend to keep them with us, but the loss ratios specifically are not able to provide, but I can tell you that the loss ratios are comfortable. All our partnerships are based on mutual understanding that both the partners should benefit and only with that logic we enter into any partnerships so we keep evaluating all of these channels and we keep restrategizing as and when necessary.

Saurabh Dhole: How dependent are you on them with respect to your underwriting?

Anand Roy: Most of these channels distribute our regular retail products so the underwriting norms applicable to them is similar to what other channels like our aliens and our direct channels use so there is no differentiation in the underwriting.

Saurabh Dhole: No Sir I did not mean norms I meant what kind of data are these players privy to because of which you get a better understanding of the customer you are about to insure?

Anand Roy: Can you come again on that, can you elaborate?

Saurabh Dhole: No, so I want to understand because typically these web aggregators and Fintech players own these customers and as a result they have a lot of data points with respect to each customer they want to pass on to partners like you, so I want to understand to what extent are you dependent on those data points to arrive at the correct pricing for a particular product?

Nilesh Kambli: The data points are totally shared with us it is not that we do not have access to the customers' data, all the customers' data is available with us and based on the information given in the proposal firm we underwrite each and every proposal just like we do for other channels.

Saurabh Dhole: So do these data points actually help you in fine-tuning the price or it does not help at all?

Dr. Prakash: We do not have a premium loading in our underwriting, we have a fixed premium for the product and based on the data submitted to the underwriter we have a team of medical experts also looking into the risk profile and we understand the risk and then we decide on accepting the cover with or without endorsement.

V Jagannathan: See in short to conclude a) we have the names and details of the customers who refer, b) we do not differentiate whether it is a policy referred to other aggregators or which is received by our own agency general market c) all the policies go through the underwriting process such as medical examination if necessary or acceptance d) The loss ratio is periodically reviewed and generally as my colleague confirm it is comfortable.

Saurabh Dhole: If I got you correctly it means that whatever extra data points that a particular web aggregator provides you that do not make any difference to your underwriting?

Anand Roy: There is no extra data points that we are providing us in the first place and second thing is we are a very large organization and their contribution is less than 5% so whatever data they are providing is useful but we also have our own sets of data based on which we do our product pricing and underwriting.

Saurabh Dhole: Right Sir thank you so much.

Moderator: Thank you. The next question is from the line of Anand Bhavnani from White Oak Capital. Please go ahead.

Anand Bhavnani: Thank you for the opportunity. Two questions, first is in terms of our solvency ratio you mentioned that 20 bps might get released because we shift to a premium based solvency as compared to claims based solvency can you elaborate a bit on that what is the difference and when can we shift to premium based solvency?

Nilesh Kambli: The IRDA solvency is factor based, the gross premium and net written premium whichever is higher is multiplied by a factor of 20% whereas the claim is multiplied by a factor of 30% so whenever the claims ratio crosses a certain thresholds the solvency moves to a claims factor based on solvency which leads to higher capital requirements but as we keep on stabilizing the loss ratio on a trailing 12-month basis the loss ratio comes to a normalized level will again shift back to the premium basis of solvency which will release this excess capital that is blocked.

Anand Bhavnani: Noted and secondly we spoke about seasonality business there is seasonality due to premiums, there is seasonality due to diseases in certain quarters or elective surgeries being more in certain quarters so hypothetically let us assume for a full year if x is our claims ratio that we anticipate how would it be across the different quarters like Q1 would be X minus something some percentage Q2 would be something so if you can give us a ballpark sense I understand this will vary year-on-year but typically which quarters are above x and by how much typical percentage point and which quarters are below x?

V Jagannathan: I think can you pinpoint the question?

Anand Bhavnani: So if hypothetically let us say 70 or 68 is our claims ratio for the full year which particular quarters of the four quarters would be higher than these and typically by what quantum?

V Jagannathan: See it varies, mostly Q3. See there are also other factors play.

Anand Bhavnani: Noted, but given we have been in operation for so long is there a pattern keeping away the COVID distortion, is there a pattern typically how much is Q3 higher by the full year average?

Dr. Prakash: Percentage is higher and all vary from year-to-year, so generally it happens in Q3 or mostly surgical claims in May and June if it is elective. There are certain months where we get more of surgical claims and certain period where we get monsoon related effect and epidemic happen once in two to three years, suddenly there is a spurt of epidemic, and once in two, three years this spurt of epidemic affecting some of the geographies at that point of time the numbers may increase and that happens during end of Q2 or Q3 and most of the surgical claims happen during the holiday season like May or June so it is all like that the trend needs not be the same every year.

Anand Bhavnani: Noted and just clarifying on the solvency ratio part of the question you said trailing 12 months we need to bring down our solvency below a certain percentage what is that certain percentage?

Nilesh Kambli: What I said is this claim ratio when it falls below certain percentage it moves to a premium -based policy it is around 60% to 70% when it starts moving on a trailing 12 months' basis below that ratio it starts moving to premium-based solvency.

Anand Bhavnani: Thank you.

Moderator: Thank you. The next question is from the line of Abhishek Saraf from Jefferies. Please go ahead.

Abhishek Saraf: Thanks for the opportunity. Good morning everyone. Sir I had just two questions one was on the digital side so you mentioned that the loss ratios that we get from the web aggregator is comfortable level, on the expenses side if you can share what kind of commission ratios are there versus our core channel which is the agency or other channels maybe if you cannot give me the number just relatively where they stand and secondly if I see your digital growth for nine months like 29% growth which is not too dissimilar to our overall growth of 27% while in cases of many players what has been seen is that the digital is actually growing at a certain multiple of the overall growth so if you can just help me understand how are we taking our channel strategy especially on the digital side, should one expect that this should be around these levels hovering around the company growth or we expect it to actually take it to multiples like the other peers are doing and if yes then what are we doing behind that means is there any investment strategy in digital, making our apps much more refined, more features like a few of our peers have so that was largely on the digital part after that I have one more small question which I will ask after this?

V Jagannathan: To answer your first question nobody can say more than what the regulator has to say. So the question of paying a different amount to different persons are over and above what is insisted by the regulator it does not arise at all that is number one. Number two with regards to the other question my colleague will take it up.

Anand Roy: Coming to your question on the growth of digital definitely this is the focus area for us and just like our regular retail growth you have to look at the attrition we are way above most of the other players even on the digital side though there is no published data this is what I gathered from my sources, but having said that we are investing a lot in all the features that we mentioned whether it is the website driven journeys, whether it is a customer app we have recently updated our wellness app also, which will help us in acquiring more new age customers, so the growth effect is largely because of the high base of last year, but we are also looking at the attrition numbers and we are also tracking this on a day-to-day basis.

Abhishek Saraf: What would be the digital means our in-house digital share like you mentioned 5% will be from web aggregator which is third party but in-house apps driven or website driven sales how much could that be of our overall GWP?

Nilesh Kambli: So in house current year we are expecting around 4% to 5% is what we are expecting this excludes all web aggregators and Fintech partnerships I am talking only about our direct in-house and this is a reasonably large number given the size of the company, but we are also looking at all these partnership channels also and they are contributing another 2% to 3% for us.

Abhishek Saraf: If I heard it right you said 4% to 5% would be in-house right?

Anand Roy: That is correct.

Abhishek Saraf: Secondly on the solvency path sorry to come back here again on this topic so like pre-IPO we were having a decent amount of our business ceded to a reinsurance to the tune of 26% and then obviously it came down to the regulatory minimum and now again we are maybe entertaining the idea that if need be we can go back to the reinsurance with around further 10% sharing so if you can help us understand should we in our thought process assume that the reinsurance strategy will be a bit more fluid and it will be situation dependent or could it be more like principle okay we will have a not more than the minimum required and manage on our own so just from our qualitative understanding perspective how we should look at it?

Nilesh Kambli: You are right the reinsurance strategy will be in line with the regulatory requirements and it will be fluid depending upon the requirement we have to compare the cost of raising equity, the cost of reinsurance, the cost of sub-debt and accordingly we will decide on the reinsurance strategy.

Abhishek Saraf: Sure thanks a lot that is quite helpful.

Moderator: Thank you. The next question is from the line of Ritik Tulsiyan from Concept Investwell. Please go ahead.

Ritik Tulsiyan: Good morning to the management. I just want one clarification, so you said in claim ratio 27% impact in nine months FY2022 is because of COVID but in slide 14 in investor presentation the note says that adjustment for nine months FY2022 excludes COVID-19 impact so can you clarify whether it includes COVID impact or not so that is the only question I have?

Nilesh Kambli: So what it means is 94% is the total loss ratio COVID plus non-COVID when we do the 66.5 excluding COVID it is non-COVID loss ratio, COVID loss ratio is 27 that is what I mean.

Ritik Tulsiyan: That is all from my side. Thank you.

Moderator: Thank you. The next question is from the line of Prateek Poddar from Nippon India Mutual Fund. Please go ahead.

Prateek Poddar: Just one question when I look at your ANH proportion on a 9-month basis it has gone up from 55% to 63%, yet your adjusted loss ratio has gone up from 61.3% to 66.5% how should I think about this?

Dr. Prakash: ANH component has increased from 55% last year to 66% this year.

Prateek Poddar: Yes, that is correct, but yet your adjusted loss ratio right if I were to adjust for COVID which you have talked about on slide 13 the adjusted loss ratio has gone up from FY2021 level of 61.3% to 66.5% now. ANH has disclosed in DRHP and even in your TPP has a better pricing right and better negotiated pricing so that benefit is not going through why is that?

Nilesh Kambli: Actually in ANH we have packages of more of surgical procedures it is an end-to-end package for a commonly done surgical procedure whereas in COVID it is not in the packages that we have negotiated with the hospital. See the 63% that is given it is the proportion of cashless claims so cashless claims is 70%, 63% of the cash less claims are through the ANH hospitals it has no direct relation to the loss ratio it will have a impact but that impact will not be comparable in terms of the loss ratio reduction 55% to 63% is like 8% it is not a loss ratio impact, it is a proportion of cashless claims.

Prateek Poddar: Regardless of that the mix of ANH is increasing in your claim settled are you saying that or you are saying basically that the mix has not increased this is just as a proportion of cash level is that what you are trying to say?

Nilesh Kambli: No, there is a definite improvement in terms of the proportion of ANH hospitals as a proportion of the cashless claims that hospital negotiations that you do but it cannot be directly correlated with the loss ratio that you are talking about 62% to 67% it would have been higher, but because of these controls and the pricing arrangements that we have done higher with hospitals.

Dr. Prakash: The basis of what our CFO is trying to talk if you look at the average that we are saying, our average is not much less than industry average meaning that we are able to get a better pricing arrangement it is not only for the surgical procedure again which involves lot of components it is arriving with the package for a commonly identified surgery, it is also fixing the room rent in a hospital which does more of medical management and also some of the hospitals we do lot of investigations, their common investigations will fix the price, for professional charges we fix the price, we get some discounts from pharmacy, so there are so many components in them. Some of the components will work for a medical admission and some of them can work for a surgical admission so it is very difficult to measure the exact impact, but overall impact is that our average claims are paid it is much less and that is the outcome of the price negotiation and the arrangements we have with the hospitals.

Prateek Poddar: Quantify that amount Sir on a YoY basis just to appreciate these phenomena let me give your DRHP it was very clearly mentioned that the increase of ANH will lead to lower loss ratios so hence some quantitative data will be again helpful?

Dr. Prakash: Yes I get your point it is a continuing activity because we have now 4400 plus hospitals and we look at a traffic of hospitals where there is a high volume and a high value transfer means those hospitals we call for negotiation and it is a continuing activity and every two years we get a contract we renew so there is a number of ANH hospitals and the business advantage from ANH hospitals is not a static thing because for every day there is a team of people who work from these hospitals try negotiating and fix their price so what we saw in DRHP to the current status things will be different because every month we succeed in getting a pricing arrangement with the hospitals.

Prateek Poddar: Just sorry I am just harping on this but when will this lead to reduction in loss ratio is this more gradual. We hope since you not disclose this number but some details around this will be very helpful Sir?

Nilesh Kambli: What we can do is we can take this offline and explain this in detail. I think that will be better.

Prateek Poddar: Sure.

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

Nilesh Kambli: Closing comments maybe we request our CEO to have the closing comments and we thank you all for your participation.

V Jagannathan: From Star we are grateful that you could arrange this conference call and Star is an organization which is in the field for more than 16 years and this is the first time rather the world has faced such a pandemic and this will not be a factor which will happen all the time. We have to take care of the ensuring public first, second our own investors, third our own employees, these three factors are always in our mind, so it is like any tabletop which is supported by three legs, if all the three legs are not in the place the tabletop will not stand. So we have I can confidently say come out of this COVID impact and there will not be see after all then we live with positive hope, if we do not hope that we will not live tomorrow then it is a very sad stage the world will not exist so we definitely hope there will not be any further disturbance in the business and we will continue to grow, we will continue to make profit, we will not face any solvency problem and Star flag will always fly high. Thank you.

Moderator: Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.