

Niva Bupa Health Insurance Company Limited IPO

Industry Analysis —

- India exhibits significantly lower insurance penetration (measured by the total Gross Written Premium as a % of GDP) when compared to developed global economies.

Insurance Penetration:

Country	Life Insurance Penetration	Non Life Insurance Penetration
India	3%	1%
USA	2.6%	9.3%
UK	7.1%	2.6%
Global Average	2.9%	4.2%

In India, Penetration in Non Life Insurance is low as compared to global average.

- Insurance for all by 2047: “Insurance for All by 2047” aims to ensure every citizen has life, health, and property insurance protection.
- Average Premium per Life (Health Insurance):

Premium Per Life (INR)	FY' 2018	FY' 2023
Group Health Insurance (Incl. Government)	472	1,091
Retail Health Insurance	4,758	6,700

Financials —

Particulars	For 3 months ended June 30, 2024	FY'24	FY'23	FY'22
Premium Earned (Net)	1,018.02 Cr.	3,811.24 Cr.	2,662.75 Cr.	1752.50 Cr.
Operating Profit	23.23 Cr.	188.02 Cr.	350.94 Cr.	45.74 Cr.
PAT	(18.82) Cr.	81.85 Cr.	1.25 Cr.	(196.52) Cr.

Threats and Challenges —

- Rising healthcare costs
- Fraudulent Claims
- Regulatory compliance

Players in Health Insurance Sector —

- 4 IRDA-recognized public insurers.
- 21 Private Insurers
- 7 IRDA-recognized Standalone Health Insurer companies in India including Niva Bupa Health Insurance contributed to more than half of the Retail Health Insurance GDP and lowest claim settlement time of average 9 days.

About Company —

- Fourth largest player overall with a market share of 9.10% in FY24
- Claim Settlement Ratio is 91.93%.
- Claim Ratio (Profitability) is 59.43%.
- Combined Ratio (Claim and Expense) is 99.36%.

Customer Segment wise Business —

- Health (Retail) – 67.65% of GWP
- Health (Group) – 30.04% of GWP
- Personal Accident – 1.86% of GWP
- Travel – 0.45 of GWP

Sales channel —

Company's direct sales ratio is decreasing as compared to through agents, brokers etc. means pressure on profit margins. In FY 2022 direct sales percentage is 18.78% vs. 13.07% in FY 2024.

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Operating Metrics of the company —

Particulars	FY'2024
Number of active lives insured at the end of the Fiscal	14.99 Millions
Network Hospitals	10,426
% of cashless claims through Network Hospitals	75.45%
Claim Settlement Ratio	93.21%
Retail Health Market Share	9.88%
Average ticket size per policy	Rs. 30,419

Peer Comparison —

Companies	Revenue	EBITDA	PAT	Mcap	P/E
NIVA Bupa (FY 2024)	3,811.24 Cr	188.02 Cr.	81.85 Cr.	13380 Cr.	163
Star Health and Allied Insurance Company Ltd (TTM)	15,141 Cr.	1,145 Cr.	862 Cr.	28,283 Cr.	32.90
ICICI Lombard General Insurance Company Ltd (TTM)	22,315 Cr.	2,937 Cr.	2,225 Cr.	95,532 Cr.	43
The New India Assurance Company Ltd (TTM)	44,256 Cr.	1,710 Cr.	1,368 Cr.	31,823 Cr.	23.40

Conclusion —

Niva Bupa Health Insurance's IPO raises some caution, with a high PE ratio indicating premium valuation amid low profit margins and a larger Offer for Sale (OFS) than fresh issue. The high PE suggests growth expectations, but low margins may impact profitability, while the large OFS signals limited reinvestment into the business. Investors should weigh these factors carefully for long-term potential.



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