

Niva Bupa Health Insurance Company Limited

June 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Subordinate Debt@	150.00	CARE AA; Stable	Reaffirmed
Subordinate Debt@	100.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

@CARE Ratings Limited (CareEdge Ratings') has rated the aforesaid subordinate debt considering the regulatory conditions and in view of their sensitiveness to the company's solvency ratio and profitability due to the regulatory covenants during the long tenure of the instrument. Interest payable on subordinate debt will be subject to the following:

- The solvency of the issuer remains as per regulatory stipulation.
- Where the impact of such payment may result in net loss or increase the net loss, prior approval of the authority for such payment will be obtained.

Any delay in payment of interest / principal (as the case may be) following the invocation of covenants, would constitute an event of default as per CareEdge Ratings' definition of default and as such these instruments may exhibit sharper migration of the rating.

Rationale and key rating drivers

Reaffirmation of ratings assigned to Niva Bupa Health Insurance Company Limited's (NBHI) subordinated debt reflects its strong parentage (NBHI is subsidiary of Bupa Singapore Holdings Pte. Limited where Bupa holds 56% stake), synergies arising from shared brand name and logo, capital and managerial support. NBHI's board has representatives from Bupa who are part of various committees extending managerial and strategic oversight. CareEdge Ratings expects Bupa to retain controlling stake in NBHI in the medium-to-long term and provide need-based capital and operational support.

NBHI successfully raised equity capital of ₹800 crore vide its initial public offering (IPO) on November 14, 2024, (total offer for sale [OFS] aggregated to ₹1,400 crore). In the last two fiscal years (FY24-FY25), the company raised a total of ₹1,600 crore of fresh equity capital bolstering its solvency position which stood at a healthy level of 3.03x as of March 31, 2025 (PY: 2.55x), providing an adequate buffer for future expansion.

The ratings also take into account NBHI's strong business growth, with gross written premium (GWP) increasing by 20.59% in FY25, outpacing the industry growth rate² of 9.07% and growth rate of standalone health insurers (SAHIs) at 16.05%. Notwithstanding the company's gradual improvement in market share within the health insurance industry at 5.31%, it continues to remain modest. CareEdge Ratings expects NBHI to continue to report healthy business growth in FY26 supported by its healthy capital buffers.

The company's strengths are partially offset by rising claims ratio, and concentration in a single line of business making it more vulnerable to sector-specific dynamics and exposing its profitability to event risks.

Going forward, continued support from Bupa and NBHI's ability to maintain growth while improving underwriting performance and profitability will remain key rating sensitivities.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Sustained growth and significant increase in market share in the overall health insurance sector.
- Sustained improvement in underwriting performance and overall return metrics.

Negative factors: Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Material changes in the shareholding pattern, leading to expectation of diminished support from Bupa

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

² Including Personal accident and travel insurance

- Deterioration in underwriting performance and/or decline in profitability metrics
- Decline in solvency margin below 1.8x on a sustained basis.

Analytical approach:

Standalone; factoring in majority shareholding and continued support from Bupa, given the shared brand name and representation on board.

Outlook: Stable

Stable outlook on long-term ratings reflects CareEdge Ratings' expectation of continued capital support from the Bupa Group, as well as operational and managerial oversight, to drive NBHI's long-term growth strategy.

Detailed description of key rating drivers:

Key strengths

Strong shareholder support and experienced management team

NBHI benefits significantly from its status as a subsidiary of the Bupa Group, through shared brand and logo, capital, managerial support and strong governance practices. NBHI's board consists of representatives from Bupa, who are part of committees such as audit, risk management, nomination and remuneration and stakeholder relationship extending managerial and strategic oversight. The company's board comprised of 10 members which consisted of four independent directors, three non-executive directors as representatives from Bupa, two whole-time directors, and one managing director. The company is led by a seasoned management team with long experience in the insurance sector.

Going forward, CareEdge Ratings expects Bupa to retain controlling stake in NBHI in the long-run and continue to provide capital and operational support as and when required.

Strong solvency levels

The company has demonstrated strong capital raising ability and has raised fresh equity capital at regular intervals with ₹1,600 crore raised in the last two fiscals (FY24 and FY25). This has resulted in the company's reported solvency ratio improving to 3.03x as on March 31, 2025, from 2.55x in the previous year, which is much higher than the regulatory requirement of 1.5x. CareEdge Ratings expects the company to report healthy business growth in the near-to-medium term with the comfortable capital buffers. Given its association with Bupa, the company is expected to receive need-based capital support to drive its future growth.

Steady growth with gradual gain in market share

NBHI's GWP rose to ₹6,762.23 crore in FY25 (including 1/n impact³), reflecting a growth of 20.59%, outpacing the overall health insurance industry growth of 9.07% for the year. This translated to an increase in its market share within the health insurance segment to 5.31% in FY25 from 4.81% in the previous year. Among the SAHIs, NBHI's market share improved to 17.59% in FY25 from 16.93% in FY24. Overall premium growth was primarily driven by a stronger performance in the group business segment compared to the previous year. Consequently, the contribution of retail health policies reduced to 67% (PY: 70%), while the group segment increased to 33% (PY: 30%). Going forward, the company expects the mix to be at similar levels.

NBHI's business sourcing channel distribution remains well diversified with brokers contributing 30.63% to the GWP, followed by individual agents -29.67%, corporate agents - 27.60%, direct business - 11.54% and others 0.56%. In terms of geographical reach, NBHI remains well-placed with Maharashtra contributing 15% to GWP, followed by Karnataka (12%), Uttar Pradesh (12%), Delhi (9%) and Haryana (7%). The top 5 states collectively accounted for 54% to the GWP (PY: 53%) showcasing diversified portfolio. CareEdge Ratings anticipates healthy growth for the company across states, supported by its well-diversified business sourcing channels.

Key weaknesses

Moderate profitability metrics

The company's underwriting performance in FY25 remained constrained due to a high expense ratio and an increase in the claims ratio. Despite strong premium growth in the year, the overall claim ratio (net claims / net premium earned) rose to 61%, up from 59% in the previous year. Claims have risen due to multiple industry-wide factors including the general claim inflation along with the higher claims in retail segment. NBHI's retail health claim ratio increased to 68% in FY25 from 61% in FY24. The company's reported expense of management (EOM) ratio, despite witnessing a decrease, continued to remain on higher side and stood at

³ From October 01, 2024, the regulator implemented 1/n method of accounting with respect to gross written premiums on long term-insurance policies where premiums and commission which were charged to P&L will have to be booked over the entire policy duration.

37.4% in FY25 (39.31% in FY24). As a result, the overall combined ratio⁴ stood at 105.10% for FY25 (PY: 105.15%). The management expects the expense ratio to align with regulatory limits by FY26 end.

Following the recent capital raising exercise, including the IPO, and healthy premium growth in FY25, NBHI's investment book expanded significantly to ₹8,175 crore as of March 31, 2025, up from ₹5,458 crore as on March 31, 2024. This growth contributed to higher investment income during the year, which in turn supported a notable increase in net profit. Profit after tax (PAT) rose to ₹213.52 crore in FY25, up from ₹81.85 crore in FY24. This translated into an improvement in return on net worth (RONW) at 8.4% in FY25 from 5.7% in FY24 (FY23: 1.9%). While CareEdge Ratings takes note of the improvement in net profits, the company's ability to sustain it and enhance its underwriting performance remains a key rating sensitivity.

Single line of business

As a standalone health insurance provider, NBHI largely depends on the performance of the health insurance segment which exposes its profitability to event risks when compared to insurers operating in multiple lines of business. In FY25, health insurance contributed ~98% to the company's gross written premium (GWP). The personal accident segment accounted for the remaining 2% of GWP. While NBHI has recently entered the travel insurance space, its contribution to overall premiums remains minimal.

Changing regulatory dynamics and competitive industry landscape

Long-term growth prospects for the Indian General Insurance sector and health in particular remains robust with low penetration in India and supported by strong socio-economic growth drivers. As Indian insurance sector continues to evolve, the sector has been witnessing slew of regulatory changes. Some key regulatory changes include 1/n reporting of long-term premiums since October 01, 2024, expected introduction of composite license and risk migration to risk-based capital framework in the medium term. While these measures are expected to improve product proposition and move the Indian insurance industry towards greater efficiency and effectiveness amidst the vision of "Insurance for all by 2047", which is expected to increase competition in the industry and lead to changes in operating models/ technology adoption in the medium term.

Liquidity: Strong

NBHI's liquidity profile remained strong as on March 31, 2025. NBHI's liquid investments, comprising government securities and AAA-rated instruments, stood at ₹7,195 crore as on March 31, 2025 (88% of investments portfolio), compared to ₹4,914.40 crore in the previous year (90% of total investments).

Based on the FY25 cash flow statement, the company reported positive operating cash flow, with cash inflows—comprising premium collections and investment income—of ₹9,439 crore remaining sufficiently higher than the claim payouts of ₹3,614 crore and total expenses (including commissions and operating expenses) of ₹3,386 crore for FY25.

Assumptions/Covenants

Not applicable

Environment, social, and governance (ESG) risks

While exposure of health insurance business of NBHI to environmental risks remains low, the company has taken multiple initiatives in this area by aiming to eliminate paper usage by tracking and reducing consumption through digitisation by using digital platforms for policy services, sending welcome kits electronically, and encouraging online customer interactions.

Customer data breach and mishandling of data remain key social risks for any health insurer including NBHI. Similarly, hiring and retaining of key employees remain other key priorities on the social risk front. The company promotes employee well-being through annual health check-ups, a 24/7 crisis helpline, and wellness webinars, while fostering a culture of fairness and diversity via recognition and mentoring programs. It hires specially abled individuals and tracks gender representation.

NBHI's Board demonstrates a commitment to gender diversity, comprising two women directors—one serving as an Independent Director and the other as a Non-executive Director representing the promoters. The Board includes a total of four Independent Directors, three Non-executive Directors, two Whole-time Directors, and the Managing Director.

⁴ Calculated as (Net claims + Net commission + Expenses) / Net premium earned

Applicable criteria

[Policy on default recognition](#)

[Non-Life Insurance Sector](#)

[Rating Outlook and Credit Watch](#)

[Notching by Factoring linkages in Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial Services	Financial Services	Insurance	General Insurance

Incorporated on September 05, 2008, NBHI is one of the major players among private standalone health insurers in India. In FY25, the company held a gross direct premium income (GDPI) market share of approximately 5.31% in the overall health insurance segment and 17.59% among standalone private health insurers. NBHI received its license from the Insurance Regulatory and Development Authority of India (IRDAI) on February 15, 2010, and commenced operations in March 2010.

NBHI was originally established as a joint venture between Max India Limited and Bupa, a UK-based international healthcare services group operating through its subsidiary, Bupa Singapore Holdings Pte Limited. In February 2019, Max India exited the health insurance business, selling its entire 51% stake to Fettle Tone LLP—an affiliate of private equity firm True North—for approximately ₹510 crore in an all-cash transaction. IRDAI approved the divestment on December 16, 2019, making Fettle Tone LLP the largest shareholder in NBHI.

In December 2023, NBHI attracted new investors including Temasek, Motilal Oswal, SBI Life, and Paragon, who collectively infused ₹800 crore into the company. In January 2024, True North reduced its stake through a secondary sale, bringing its shareholding down to 28%, while Bupa's stake increased to 63% as of March 2024—establishing NBHI as a subsidiary of Bupa Singapore Holdings Pte Limited.

The company went public in November 2024. Although Bupa's stake was diluted to 56% post-IPO, it remains the majority shareholder and the promoter of NBHI.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Gross written premium	4,073.03	5,607.57	6,762.23
Net earned premium	2,662.75	3,811.25	4,894.46
PAT	12.54	81.85	213.52
Claims outstanding	359.84	415.75	527.54
Total assets	3,876.57	6,191.87	9,760.16
Solvency (times)	1.67	2.55	3.03
NNPA (%)	Nil	Nil	Nil

A: Audited; Note: these are latest available financial results.
FY25 figures basis 1/n reporting

Status of non-cooperation with previous CRA:

Not applicable

Any other information:

Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debt-Subordinate Debt	INE995S08028	15-Mar-2022	10.70%	15-Mar-2032	100.00	CARE AA; Stable
Debt-Subordinate Debt	INE995S08010	15-Nov-2021	10.70%	15-Nov-2031	150.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debt-Subordinate Debt	LT	150.00	CARE AA; Stable	-	1)CARE AA; Stable (02-Jul-24)	1)CARE A+; Stable (03-Jan-24)	1)CARE A; Stable (04-Jan-23)
2	Debt-Subordinate Debt	LT	100.00	CARE AA; Stable	-	1)CARE AA; Stable (02-Jul-24)	1)CARE A+; Stable (03-Jan-24)	1)CARE A; Stable (04-Jan-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debt-Subordinate Debt	Complex

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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