July 16, 2026

Niva Bupa Health Insurance Company Limited: Issuer Rating of [ICRA]AAA (Stable) assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	FSR#
Issuer Rating	-	[ICRA] AAA (Stable); assigned	-$
Total	**-**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

$Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Rationale

The rating takes into account Niva Bupa Health Insurance Company Limited's (Niva Bupa) strong promoter profile with Bupa Finance Plc[1] (Bupa Finance) holding a 55.36% stake through Bupa Singapore Holding Pte Ltd (Bupa Singapore) as on March 31, 2026. Bupa Finance, Bupa Group's[2] debt issuing company, is a 100% subsidiary of The British United Provident Association Limited (Bupa Ltd) and the owner (100% stake) of the Group's operating subsidiaries, including Bupa Insurance Ltd[3]. Bupa Group is a United Kingdom (UK) based global healthcare and private health insurance provider with a strong presence in geographies like the UK, Australia and Spain. Bupa Group has been one of the founders of Niva Bupa since its inception in 2008.

The rating factors in Niva Bupa's strategic importance to Bupa Group, as reflected by the majority ownership and the demonstrated track record of capital support, along with the shared brand name and its use of the logo. ICRA takes comfort from the Group's stated intention to remain a long-term strategic investor by maintaining a controlling stake of at least 51% in the company, while continuing to provide capital support, if required. Niva Bupa benefits from a strong and experienced management team as well as active oversight from the Group through board representation. It had a strong solvency ratio of 2.49 times as on March 31, 2026, well above the regulatory requirement of 1.50 times, supported by consistent equity infusions over the past five years (Rs. 2,394 crore, including Rs. 800 crore of fresh capital during the initial public offering (IPO) in FY2025). Subordinated debt accounted for 0.18 times of the overall solvency as on March 31, 2026.

The rating also factors in the company's established market position in the retail health insurance segment as the third largest player with a market share of 10.1% in FY2026 compared to 7.0% in FY2022. It has consistently outperformed the industry in terms of premium growth, supported by its diversified distribution franchise, strong customer retention, and continued investment in expanding its sales network. While the company's profitability, as per Ind-AS, has improved with the increasing scale of operations, profitability under Indian GAAP (IGAAP) remains impacted by the transition to the 1/n premium recognition methodology. As the effect of this accounting change tapers off, profitability under IGAAP is expected to improve. Given that solvency capital is linked to the net worth under IGAAP, the improvement in Ind-AS earnings has not fully translated into solvency capital. This has led to a moderation in the solvency ratio, which was further affected by growth-led capital consumption.

[1] *Rated A3 for Senior Unsecured Debt Rating by Moody's Investors Service*
[2] *Bupa Ltd and its subsidiaries*
[3] *Rated A1 for Insurance Financial Strength Rating by Moody's Investors Service*

ICRA notes the company's monoline business profile as a standalone health insurer, which exposes it to concentration risk arising from adverse claims experience, medical inflation and evolving regulatory dynamics. However, this is partly mitigated by its granular retail-focussed portfolio. The rating also takes into account the need for continued improvement in underwriting performance and profitability metrics. While Niva Bupa has reported improving earnings and underwriting performance, its ability to sustain premium growth while further strengthening profitability remains a key monitorable.

The Stable outlook factors in the expectation that the company will continue to receive support from Bupa Group, if required, and will maintain its solvency level above the negative rating trigger.

Key rating drivers and their description

Credit strengths

Strong parentage ensures capital, strategic, and operational support – Niva Bupa is a publicly listed standalone health insurance company, with Bupa Singapore as the promoter (55.36% stake as on March 31, 2026). Bupa Singapore is a part of the broader Bupa Group – the intermediate holding company is Bupa Finance while Bupa Ltd is the ultimate holding company. Bupa Group is a UK-based global healthcare and private health insurance provider with a strong franchise across key developed markets (UK, Australia, and Spain). Its key subsidiaries – Bupa Finance and Bupa Insurance Ltd – have strong credit profiles. Niva Bupa benefits from a strong and experienced management team as well as active oversight from Bupa Group through board representation. The Group has four nominees on the company's 11-member board, alongside four independent directors and three executive directors.

The rating factors in Bupa Group's stated intent to support Niva Bupa's growth and capital requirements, and its continued involvement through board representation and oversight. The rating also considers the company's strategic importance to the Group, reflected in the significant capital support provided since inception, the use of the Bupa brand name, and Bupa's long-term commitment to the Indian market. Bupa increased its shareholding from 26% to 49%, following the easing of foreign direct investment (FDI) limits, and subsequently to ~63% through a stake purchase. Although its stake reduced to 55.36% after the IPO, Bupa remains the majority shareholder and has expressed its intention to maintain a controlling ownership of at least 51% while continuing to support the company's capital requirements and growth plans. Accordingly, ICRA expects timely financial, operational and managerial support from the Group, if required.

Established market position in the health segment – Niva Bupa has a strong market position in the retail health insurance segment, ranking as the third largest insurer with a market share of 10.1% in FY2026. Its retail health gross direct premium income (GDPI) rose at a compound annual growth rate (CAGR) of 27.8% during FY2022-FY2026, significantly outpacing the growth of the overall retail health insurance segment (16.5%) as well as that of the SAHI[4] industry (21.0%) during this period. Consequently, its market share in the retail health segment improved steadily to 10.1% in FY2026 from 7.0% in FY2022. On an overall health insurance basis (based on GDPI), Niva Bupa held a market share of 6.2% in FY2026. The company's strong growth trajectory has been driven by its well-diversified distribution franchise spanning agency, bancassurance, brokers and digital channels, continued investment in expanding its salesforce capacity, and strong customer retention levels. These factors have enabled it to consistently outperform the industry and strengthen its position in the health insurance segment.

Niva Bupa's product mix continues to be anchored by the retail health segment, which accounted for 66.9% of GDPI in FY2026 (76.8% in FY2022). The moderation in the share of the retail business in recent years was due to the strong growth of the group health segment, which saw a rise in its contribution to the GDPI to 31.6% in FY2026 from 21.1% in FY2022. The company's sourcing profile remains well diversified across distribution channels, with business generated through agents (30.2% of GDPI in FY2026), brokers (29.5%), bancassurance (19.5%), partnership channels (10.4%) and direct channels (9.7%). The diversified

[4] *Standalone health insurance companies*

distribution franchise, coupled with ongoing investments in expanding its sales capacity and strengthening channel partnerships, is expected to continue supporting Niva Bupa's growth momentum.

Strong capitalisation supported by capital raises – Niva Bupa's capitalisation remained strong with a solvency of 2.49 times as on March 31, 2026, significantly above the regulatory requirement of 1.50 times. The capitalisation has been supported by consistent equity infusions of ~Rs. 3,800 crore since inception, with Rs. 2,394 crore in the past five years (including Rs. 800 crore of fresh capital during the IPO in FY2025). The company also has subordinated debt of Rs. 250 crore, accounting for 0.18 times in the reported solvency. ICRA expects Niva Bupa's capitalisation profile and the available headroom to raise further subordinated debt to aid growth in the medium term. Additionally, ICRA derives comfort from Bupa's stated willingness to extend capital support, if required.

Credit challenges

Monoline business profile exposes the company to claims volatility – Niva Bupa being a standalone health insurer remains exposed to concentration risk. Its performance is vulnerable to any adverse claims experience arising from pandemics, changes in morbidity trends, medical inflation, ability to sufficiently hike premiums amid high competition or evolving regulatory dynamics. However, this risk is partially mitigated by its granular retail-focussed portfolio, diversified distribution profile and ability to periodically reprice its portfolio to reflect the underlying claims experience and medical inflation.

Further improvement in profitability remains a key monitorable – Under Ind-AS, the company reported a profit after tax (PAT) of Rs. 366 crore in FY2026 compared to Rs. 203 crore in FY2025, translating into a return on equity (RoE[5]) of 10.7% and 7.4%, respectively. The higher earnings was supported by better underwriting performance, with the combined insurance service ratio (CISR) improving to 101.4% in FY2026 from 103.0% in FY2025. This was driven by the lower expense ratio, which declined to 36.5% from 39.2% during this period, partly offset by the increase in the loss ratio to 64.9% from 63.8%. The company's ability to further improve its underwriting performance while sustaining premium growth will remain a critical determinant of its profitability and a key monitorable. Continued benefits from operating leverage and the higher share of the renewal business are expected to support earnings while maintaining the claims experience within the targeted range will be essential for a further improvement in the profitability.

Under the IGAAP framework, the company's profitability was impacted by the 1/n[6] accounting method applicable since October 01, 2024. The combined ratio stood at 103.4% in FY2026 and 101.2% in FY2025, translating into a weak RoE of 4.2% and 8.4%, respectively. Excluding the impact of 1/n, the underwriting performance improved with a combined ratio of 95.7% and 96.1%, respectively, in FY2026 and FY2025 compared to 98.8% in FY2024. Following the Insurance Regulatory and Development Authority of India's (IRDAI) mandate for transition to Ind-AS, Niva Bupa has implemented the new accounting framework and will report its financials under Ind-AS from April 01, 2026. ICRA notes that the company's solvency capital is determined on the basis of net worth under IGAAP. Consequently, the relatively lower profitability reported under IGAAP constrains internal capital generation and results in higher capital requirements to support business growth and maintain solvency buffers.

Environmental and social risks

As a standalone health insurer, Niva Bupa has limited direct exposure to environmental risks compared to property, motor or crop insurers, whose claims experience can be significantly affected by natural catastrophes and climate-related events. However, indirect environmental risks could arise through the impact of climate change on public health outcomes, disease patterns and healthcare costs, which could exert pressure on claims experience over time. The company's ability to periodically reprice policies and adjust underwriting practices provides some mitigation against such risks.

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[5] *Profit after tax/average net worth under Ind-AS*

[6] *1/n refers to the method of recognising and reporting premium income from long-term policies on a yearly basis, where 'n' represents the number of years of the policy*

The social risk faced by insurance companies stems from the potential mishandling of sensitive customer data and privacy breaches. This could impact their credit profile in the form of regulatory penalties or reputational damage. Niva Bupa, however, has not faced material lapses over the years, which highlights its ability to manage such risks. Human capital risks are also quite high for general insurance companies with challenges related to the recruitment and retention of key employees.

Liquidity position: Strong

Niva Bupa's net premium was Rs. 6,806 crore in FY2026 in relation to the maximum net claims paid of Rs. 3,809 crore in the last few years. The company's operating cash flow remained positive historically, reflecting its ability to meet expenses and claims payments through premium inflows. Further, it had investments in Central/state government securities of Rs. 3,037 crore, accounting for 31.4% of the total investments as on March 31, 2026, supporting the liquidity to meet any unexpected rise in the claims of policyholders. The company's shareholders' investments of Rs. 3,608 crore remained strong in relation to the Rs. 250-crore subordinated debt outstanding as on March 31, 2026.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Deterioration in the credit profile of Bupa Finance **or a decline in shareholding of Bupa Group in Niva Bupa below 51%** or dilution in the expectation of support from the promoter. Additionally, a sustained decline in the company's solvency ratio to less than 1.70 times will be a negative factor.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	General Insurance
Parent/Group support	Parent: Bupa Finance Plc The rating factors in the high likelihood of financial support from Bupa Group, driven by reputational and strategic considerations.
Consolidation/Standalone	Standalone

About the company

Incorporated in 2008 and headquartered in New Delhi, Niva Bupa Health Insurance Company Limited (Niva Bupa) is a leading player among standalone health insurers (SAHI) in India with a market share of 6.2% in the overall health segment and 18.9% among SAHI players in FY2026.

Niva Bupa was established as a joint venture between Max India Limited and Bupa, a UK-based healthcare group (through Bupa Singapore), with Max India and Bupa holding 74.0% and 26.0%, respectively. Following the increase in the foreign direct investment (FDI) limit in the insurance sector to 49.0%, Bupa increased its shareholding to 49.0% by acquiring a stake from Max India. In 2019, Max India exited the business and transferred its stake to Fettle Tone LLP (True North affiliate), following which the company became a subsidiary of Fettle Tone LLP. The shareholding evolved thereafter through capital infusions and secondary transactions. In December 2023, Niva Bupa raised fresh capital of Rs. 800 crore from investors such as Temasek, Motilal Oswal, SBI Life, and Paragon. In early 2024, True North reduced its stake to ~28% through a secondary sale. Bupa simultaneously increased its shareholding to ~63%, crossing the majority threshold and taking control of the company, which became its subsidiary. Niva Bupa was subsequently listed in November 2024. Despite some dilution during listing, Bupa remains the promoter and majority shareholder with a stake of 55.36% as on March 31, 2026.

Key financial indicators (audited)

Niva Bupa Health Insurance Company Limited	FY2025	FY2026
IGAAP:		
Gross direct premium	6,762	8,586
PAT	214	131
Net worth (excluding fair value change account)	3,061	3,219
Total investments	8,175	9,670
Combined ratio	101.2%	103.4%
Return on equity^	8.4%	4.2%
Solvency ratio (times)	3.03	2.49
Ind-AS:		
PAT	203	366
Combined insurance service ratio	103.0%	101.4%
Return on equity#	7.4%	10.7%

Source: Company, ICRA Research; Amount in Rs. crore; All calculations are as per ICRA Research; ^PAT/Average net worth excluding fair value change account (FVCA)

 # Profit after tax/Average net worth

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	July 16, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	-	[ICRA] AAA (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator[#]
NA	**Issuer Rating**	NA	NA	NA	-	[ICRA] AAA (Stable)	-[$]

Source: Company

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[$]Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Annexure II: List of entities considered for consolidated analysis

Not applicable

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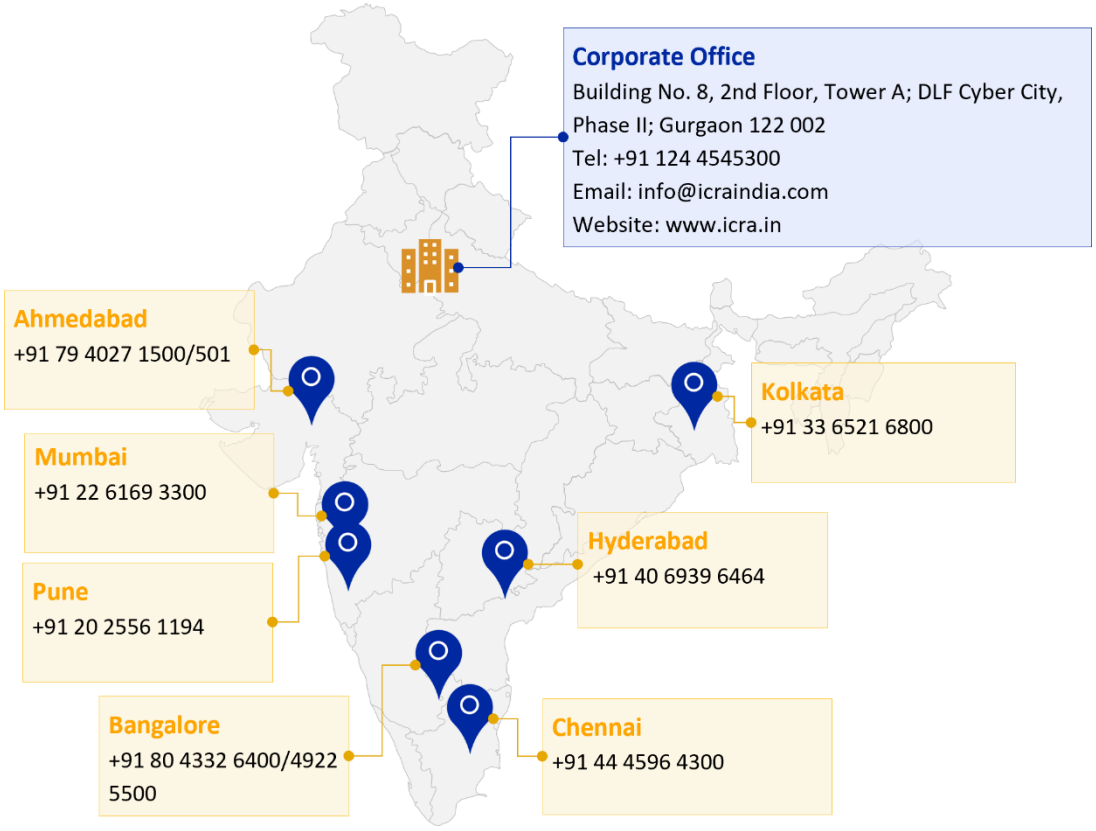

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