

Opportune

Exclusively curated opportunities to re-enter fundamentally strong companies at attractive valuations!

BUY – Star Health and Allied Insurance (STARHEAL)

CMP: **Rs-682** (Upside Potential: 13.6%) as on 31^h May 2022

Fair Value (FV): **Rs-775** | Time Period: **12 months**

Why Invest?

- We remain positive on the health insurance space in light of superior growth as compared to the rest of non-life space.
- A Covid-driven nudge in the near-term and lower risk of disruption as compared to motor business.
- The business is broadly less cyclical than the corporate business though with high risk during pandemics like Covid.
- Star Health remains a strong player with a dominant market position (~33% share; 2,300 bps ahead of the second largest player) in the individual health segment as well as its unparalleled agency franchise, higher than all other SAHIs (standalone health insurance companies) put together.
- We expect business to revert to high (25% gross premium) growth and pre-Covid combined ratio from FY2023E. RoEs to normalize at ~18-19%.

Maintain BUY with

FV Rs-775

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