

# Star Health Insurance Bets on Tech and Prevention

Faster claims, AI-led processing and preventive care are redefining how Star Health and Allied Insurance engages with customers

Health insurance is seeing a steady shift from being a post-hospitalisation product to a broader health service layer, and Star Health and Allied Insurance is aligning its model to that transition. The company settled ₹1,254 crore across 1.8 lakh claims in Andhra Pradesh and Telangana in FY26, a 24% increase year on year, even as it scaled digital claims, preventive care and local healthcare access. With over 1,800 network hospitals in the two states and 15,000 nationally, the company is expanding both physical and digital infrastructure to match rising demand and medical inflation.

Anand Roy, MD and CEO, frames the region as structurally ahead of the national curve. “Telangana and Andhra Pradesh have been at the forefront in terms of health insurance coverage. Even historically, when it was a combined state, it was among the first to implement a large-scale community health scheme like Arogyasri. Penetration levels here are higher than the rest of the country,” he says. At a broader level, he points to the gap that still exists. “General insurance penetration in India is around 1% of GDP, and health insurance is roughly half of that. When you compare this to Southeast Asia or Latin America, where it can be 5 to 6 percent, there is significant headroom for growth.”

The pressure point for the industry remains medical inflation. Roy does not understate the constraint. “Healthcare inflation is rising fast and there is limited oversight on pricing. That makes it a challenge for insurers to keep premiums low,” he says. The company’s response is structural rather than short term. “We are building deeper partnerships with a select set of hospitals where we can work on better pricing arrangements. If we can guide customers to use these hospitals, we can manage costs more efficiently. Beyond that, premiums will inevitably move in line with medical inflation.”

Execution is increasingly technology led, especially on claims. “We are at a 92% claims settlement ratio in retail health insurance, and close to 93 to 94 percent of our claims are processed within three hours,” Roy says. “This is largely driven by the technology platforms we have invested in.” The shift is visible in how claims are being handled. Around a quarter of claims are already routed through AI-led systems, with a target to double that in two years. “We have built in-house models that support both customer service and claims processing. The idea is to make genuine claims faster while tightening checks where needed.”

Fraud detection is one area where data science is being used more aggressively. “Industry estimates suggest that about 10 percent of claims could be fraudulent. We

have built models that identify risk at a very granular level, even down to specific pin codes. Claims from these zones go through additional verification instead of a straight-through process,” he says. The intent, he adds, is to protect both the system and genuine customers. “We want to ensure all valid claims are paid, while filtering out non-genuine ones.”

Trust, in his view, is still the central lever in a category where rejection narratives often shape perception. “Claim rejections often come from a gap in understanding of policy benefits. So communication becomes critical,” he says. “We are focusing on educating customers, encouraging them to use network hospitals and to take pre-authorisation for planned treatments. These steps significantly reduce friction.” Internally, the company tracks experience through multiple layers. “We measure net promoter score across about 15 customer touchpoints, and we also have an independent grievance redressal system, including an internal ombudsman led by a retired high court judge.”

Distribution is being reworked to reduce dependence on large city hospitals. “We have over 1,800 hospitals across Andhra Pradesh and Telangana. The focus now is to deepen presence in tier 2 and smaller cities,” Roy says. “There is still a lot of patient movement to Hyderabad, but we are seeing strong capabilities emerging in smaller towns. By partnering with nursing homes and doctor-led hospitals, we can enable treatment closer to home.”

The company’s strategy of staying focused on health insurance, rather than expanding into multiple insurance lines, is positioned as a deliberate choice. “Health insurance is a specialised business. It requires understanding medical conditions, hospital behaviour, treatment costs and claims processes in depth,” Roy says. “By staying focused, we have been able to build capabilities across the entire healthcare journey, from preventive care to hospitalisation and post-care support.”

That broader healthcare layer is where the next phase of growth is being built. Preventive services are scaling up alongside core insurance. “We are seeing increasing adoption of preventive health check-ups, telemedicine and home healthcare. In FY26, preventive check-ups grew 42%, telemedicine consultations rose sharply, and home healthcare expanded significantly across cities,” he says. In Andhra Pradesh and Telangana, home healthcare usage has picked up through the year, reflecting a shift in how care is being consumed.

Digital interfaces are central to this transition. “Our approach is to simplify the customer journey end to end,” Roy says. “The face scan feature is part of that effort. It gives indicative wellness insights in a non-invasive way and encourages early awareness. It is not a diagnostic tool, but it helps people engage with their health proactively.” On the operational side, most customer journeys have moved online. “A large share of policy sourcing, premium collection and claims initiation is now digital.

Customers are using the app to complete transactions faster and with more transparency.”

The company is also extending its footprint into primary healthcare through CSR. “Arogya Seva Kendra is designed to improve access to basic healthcare in underserved areas,” Roy says. “These centres provide free consultations, diagnostic support and health education. The idea is early detection and awareness.” In Andhra Pradesh and Telangana, six such centres are operational across cities like Nizamabad, Khammam, Karimnagar, Mahbubnagar, Kurnool and Vizag.

Renewals, in this context, are seen as a function of service rather than pricing. “Customers renew when they trust that the insurer will support them at the time of need,” Roy says. “It is not just about premium levels, but about the entire experience including claims, hospital access and ongoing engagement.”

The shift underway suggests that insurers are moving beyond underwriting risk to managing healthcare journeys. For companies like Star Health, scale is now being built not just through policies and premiums, but through data, local networks and continuous engagement with customers across the lifecycle.