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Star Health Insurance raises Rs 320-cr investments

Investors pick up minority stake in the stand-alone health insurance firm

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Apis Growth Fund-1 and ICICI Venture have acquired a minority stake in Star Health and Allied Insurance Company. The investors have infused Rs 320 crore into the company, which is valued at around Rs 2,000 crore. Apis Growth Fund-1, a private equity fund managed by Apis Partners LLP, and India Advantage Fund Series 4, a private equity fund managed by ICICI Venture, have acquired the stake, whose quantum was not disclosed.

Apis Partners has joined the board of directors, which includes existing shareholders including Sequoia Capital and Tata Capital Growth Fund.

V Jagannathan, chairman and managing director of Star Health, said: “This investment demonstrates the potential of our Company and the strength of our business. Our relationship with Apis Partners and ICICI Venture will enable us to further enhance the platform we have built as one of India’s leading health insurance providers, in a very exciting time for the industry and our business. We look forward to benefiting from their knowledge of the impact of financial technology on similar businesses.”

Star Health is the first stand-alone health insurance company in India, where barely three per cent of the population have purchased individual and family health insurance. Matteo Stefanel, co-founder and managing partner of Apis Partners, said: “Star Health has consistently demonstrated its strength in the Indian health insurance market and relentlessly focused on putting the customer at the centre of the organisation, leveraging technological infrastructure, international best practice and true product innovation. We look forward to working with Star Health’s management team in cementing the company’s leading position in the market."

Udayan Goyal, Apis Partners' co-founder and managing partner, added: "Star Health has achieved strong growth in recent years, and we believe the sector is poised for enhanced growth due to powerful demographics and significant increases in discretionary incomes. The management of Star Health has built a strong platform and excellent economics led by Jagannathan, with 40 years of experience in the insurance sector. We are delighted to be supporting the company's growth."

The health insurer has set a target to collect Rs 3,000 crore premium in 2016-17, against Rs 2,000 crore in 2015-16.

Star Health, founded in 2006, has a capital base of Rs 733 crore and the company is India's first stand-alone Health Insurance Company, dealing in personal accident, medi-claim and overseas travel insurance.