

Introduction

David Stevens, Group CEO

Group

Geraint Jones, Group CFO

UK Insurance

Cristina Nestares, UK Insurance CEO

Investing In The Future

EU Insurance and Price Comparison – Milena Mondini, EU Insurance CEO

US Insurance – Alberto Schiavon, Elephant CEO

US Price Comparison and Loans – David Stevens, Group CEO

Wrap-up

David Stevens, Group CEO

Q&A

All

Admiral 2018 Full Year Results

7th March 2019

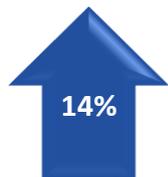
Group

Geraint Jones – Group CFO



Highlights

Customers



6.51m

2017: 5.73m

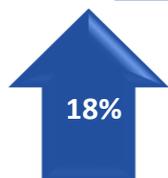
Turnover¹



£3.28bn

2017: £2.96bn

Profit before tax²



£479m

2017: £405m

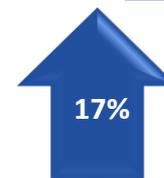
Solvency ratio



194%

2017: 205%

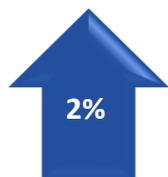
Earnings per share



137.1p

2017: 117.2p

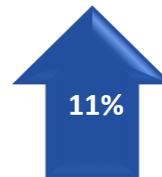
Return on equity



56%

2017: 55%

Full year dividend per share



126.0p

2017: 114.0p

Imminent Ogden rate change favourably impacts 2018 results

0% Ogden Rate

Profit before tax¹



£479m

2017: £405m

Return on equity



56%

2017: 55%

Earnings per share



137.1p

2017: 117.2p

-0.75% Ogden Rate

Profit before tax¹



£413m

2017: £405m

Return on equity



50%

2017: 55%

Earnings per share



118.2p

2017: 117.2p

Continued growth across the Group

	Turnover	Customers
UK Motor Insurance ¹	 £2,423m 2017: £2,247m	 4.32m 2017: 3.96m
UK Household Insurance	 £146m 2017: £107m	 0.87m 2017: 0.66m
International Insurance	 £539m 2017: £450m	 1.22m 2017: 1.03m
	Price Comparison	Loans Balances
	 £151m 2017: £144m	 £300m 2017: £66m

Higher Group profit on 0% and -0.75% Ogden bases

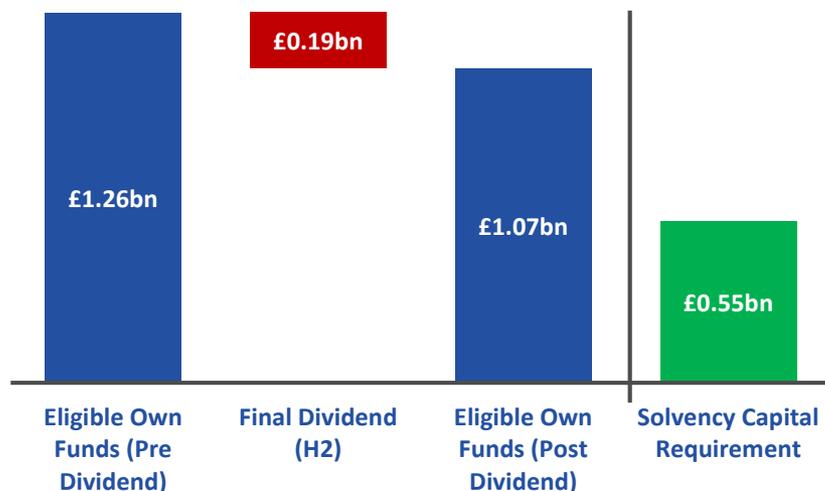
Group profit before tax¹

	2018 0% Ogden Rate	2018 -0.75% Ogden Rate	2017	Change 2018 -0.75% Ogden vs 2017
UK Insurance	£555.6m	£485.2m	£465.5m	<i>+£19.7m</i>
International Insurance	(£1.1m)	(£1.1m)	(£14.3m)	<i>+£13.2m</i>
Price Comparison	£8.8m	£8.8m	£7.1m	<i>+£1.7m</i>
Loans	(£11.8m)	(£11.8m)	(£4.4m)	<i>(£7.4m)</i>
Other Group Items	(£72.2m)	(£67.8m)	(£48.5m)	<i>(£19.3m)</i>
Total	£479.3m	£413.3m	£405.4m	<i>+£7.9m</i>

- £20m increase in underlying UK Insurance profit:
 - £30m increase in Motor - growth and positive prior year development offset higher current year loss ratio and expenses
 - £7m reduction in Household result due to severe weather
- International Insurance result significantly improved to loss of £1.1m (2017: loss of £14.3m)
- PC result improved due to very strong Confused.com result offset by losses in Compare.com and reduced profit in Europe
- Higher Admiral Loans loss due to significant growth
- Other items £19.3m higher:
 - higher share scheme costs
 - increase in central costs related to significant projects
 - non-repeat of £5m realised gains in 2017

Very strong capital position maintained, internal model delayed

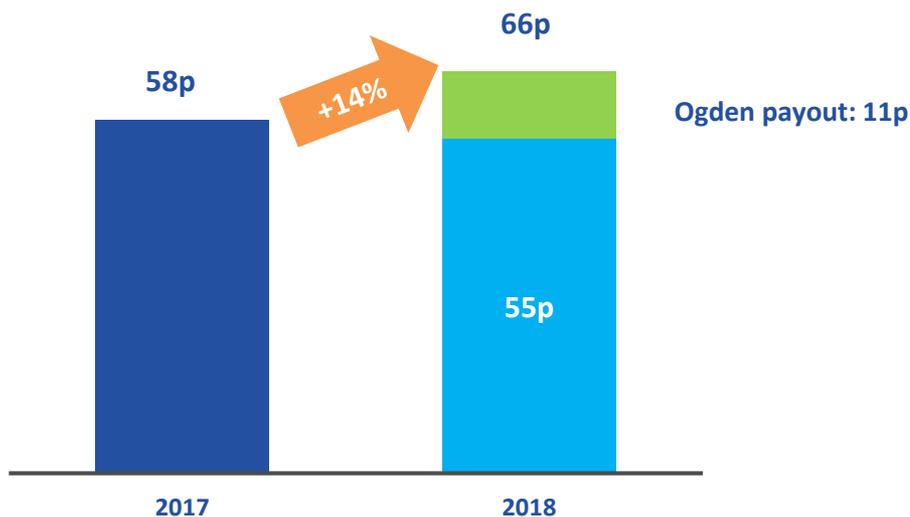
Capital position¹



- Post-dividend solvency ratio of 194% (HY 2018: 196%)
- Positive impact of Ogden, net of additional dividend, 7% on solvency ratio
- Solvency ratio movements analysed in Appendix
- Group Solvency Capital Requirement based on Solvency II Standard Formula plus Capital Add-On
- Development of internal model ongoing
- Growth and additional complexity leading Admiral to reconsider model scope
- Further work required to enhance application before formal submission
- Currently not expecting to make formal application during 2019 and possibly not in 2020
- No change to post-model approval target solvency range (150% upper-end)

Higher profit + Ogden + strong capital position = higher final dividend

2018 final dividend



- Final 2018 dividend split: 49.6p normal, 16.4p special
- H2 payout ratio = 97% underlying, 87% including Ogden impact
- -0.75% Ogden basis final 2018 dividend 55p vs 58p (-5% in line with underlying H2 EPS)

Dividend policy and guidance

- Admiral will pay 65% of post-tax profits as a normal dividend each half-year
- Admiral expects to continue to distribute all earnings not required to be retained for solvency and buffers
- Therefore expect normal plus special dividend to be in the order of 90-95% of earnings for foreseeable future

Dividend dates

Ex-dividend date: 9 May 2019

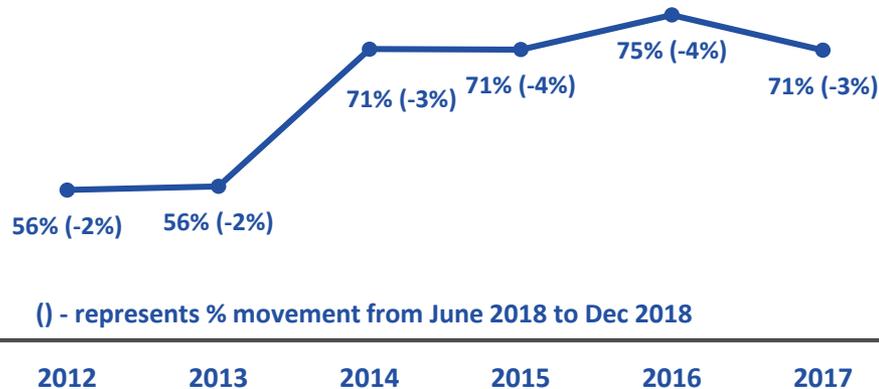
Record date: 10 May 2019

Payment date: 31 May 2019

UK Motor loss ratios – Positive back years, less positive 2018

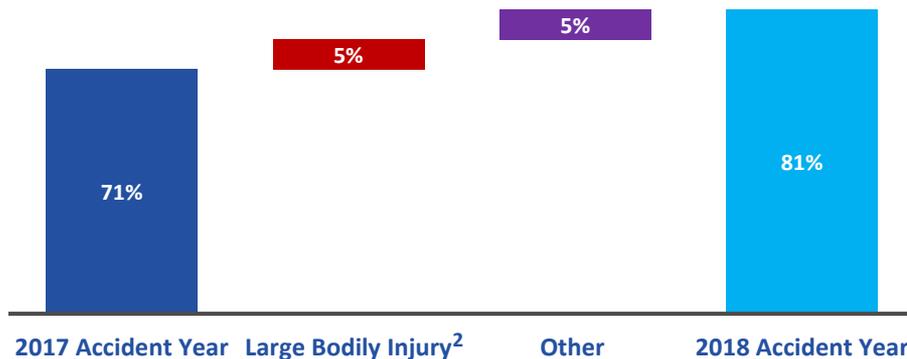


Admiral projected ultimate loss ratio¹



- Loss ratios stated on 0% Ogden basis. Approx. 1ppt impact on 2013-17 accident years
- Very positive prior year development in H2 as claims have developed as expected
- Underwriting year figures in appendix

Accident year 2017 to 2018 waterfall

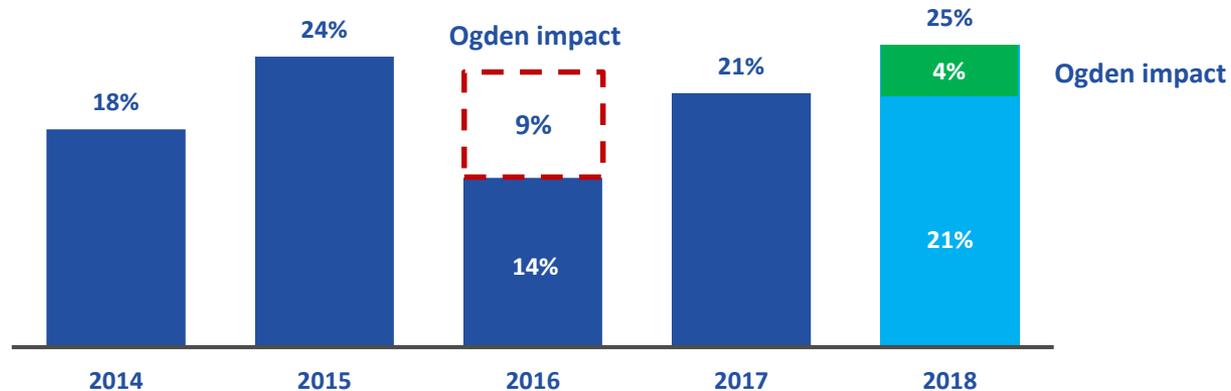


- 2018 accident year has developed less positively, first full year projection at 81%
- Main drivers are higher than normal large BI claim numbers and continuing significant damage inflation
- Recent accident year projections tend to be prudent, particularly when adversely influenced by large bodily injury

Substantial UK motor reserve release, boosted by Ogden



Releases on original Admiral net share¹



- Significant positive prior year development contributed to continued substantial releases
- Ogden impact approximately 4 pts of release
- Five year average, excluding current year Ogden benefit = 20%
- Margin over best estimate increased v half-year (slightly lower v last year-end)
- Margin remains prudent and significant
- Continued substantial releases expected in 2019 if claims develop as expected
- Commutations completed as normal in 2018 and 2017 (both in H1)

Group key messages



Continued strong growth, especially beyond UK Motor Insurance

Higher profits, boosted by change in Ogden basis

Strong capital position with an increase in proposed final dividend

UK Motor – very positive back year movements, 2018 started less positively

UK Insurance

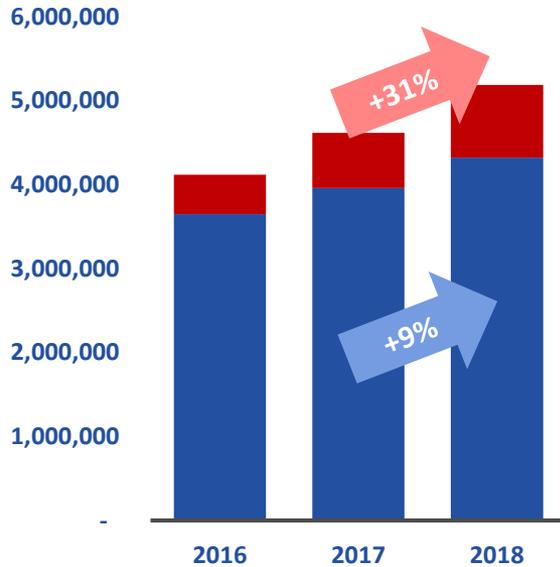
Cristina Nestares – UK Insurance CEO



UK Insurance – Summary



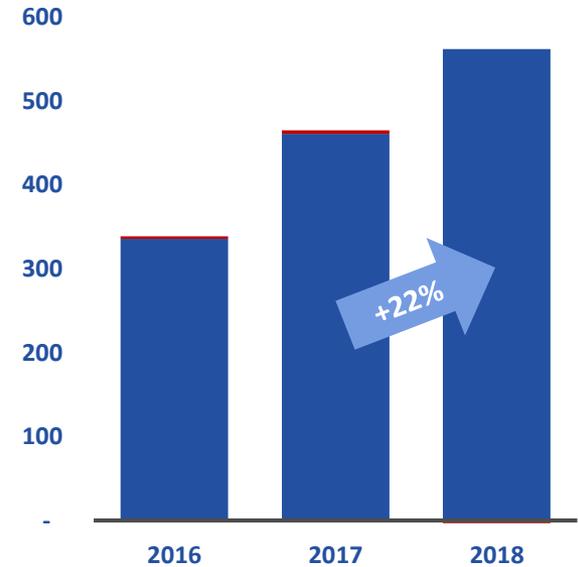
Customers



Turnover (£m)



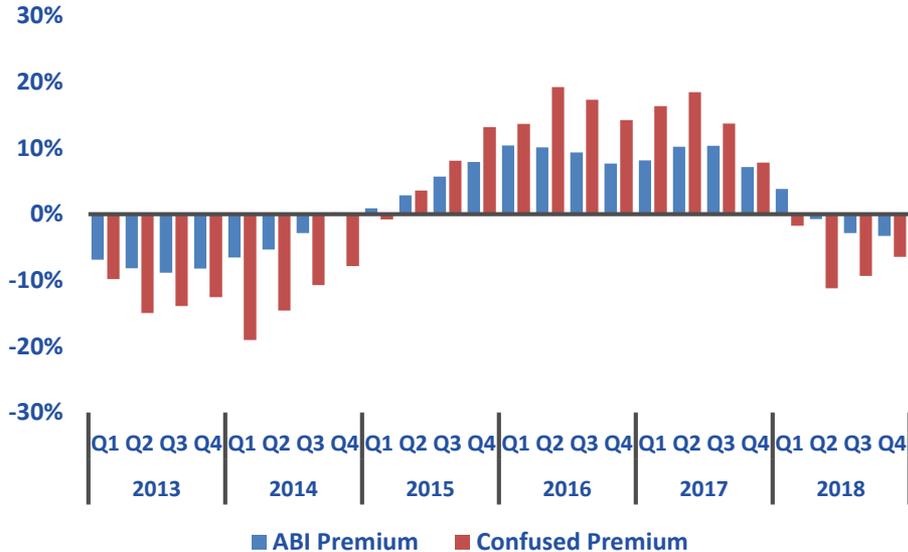
Profit (£m)



■ Motor1 ■ Household

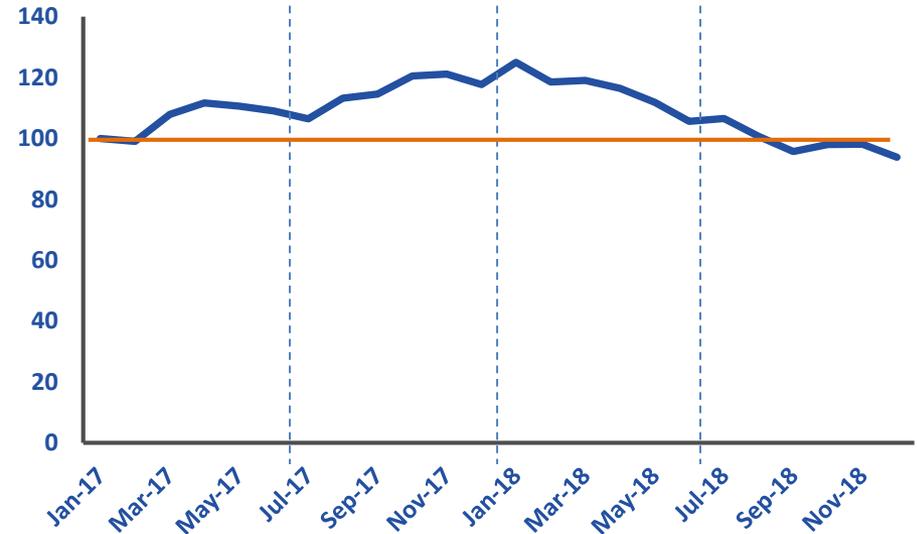


Market average premium¹ – YoY change



Admiral 'Times Top'²

Indexed to 100 Jan 2017

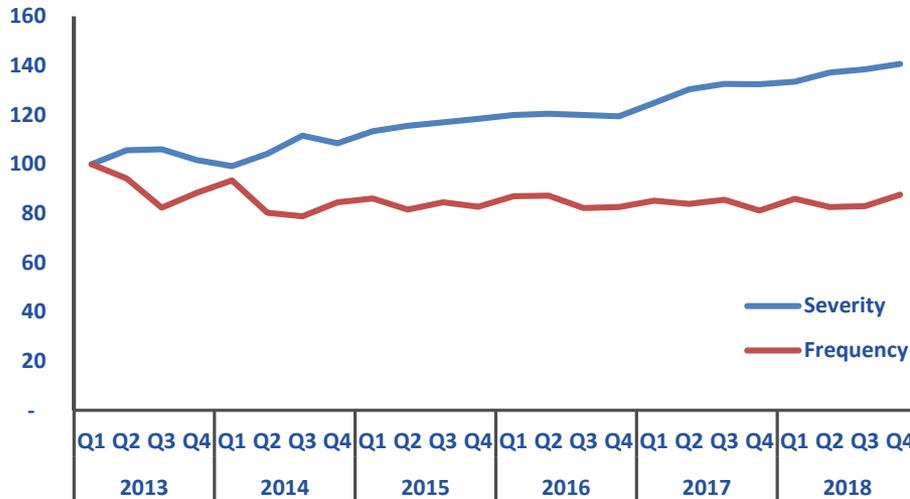


- Market premiums softened in 2018 but showing signs of hardening in Q4 2018:
 - ABI premium £479 : 3% down on Q4 2017 and 3% up on Q3 2018
 - Confused premium £774 : 6% down on Q4 2017 and 2% up on Q3 2018

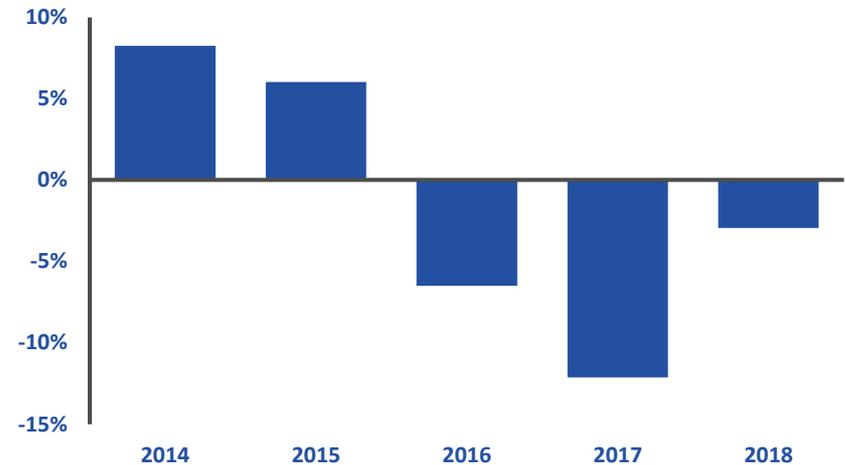
- Admiral kept rates flat in H1 18 with small increases in H2
- Focus on margin over volume
- 2019 pricing increases likely to match claims inflation



ABI – Damage frequency and severity inflation²



Year on year change in market portal notifications¹



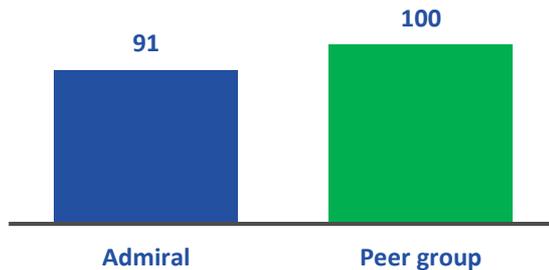
- Long term trend of significant year-on-year damage spend inflation continued into 2018
- Small BI frequency in the market falling since 2015, but has slowed
- 2018 Admiral Large BI frequency higher than benign experience in 2017

Admiral continues to build on our strengths

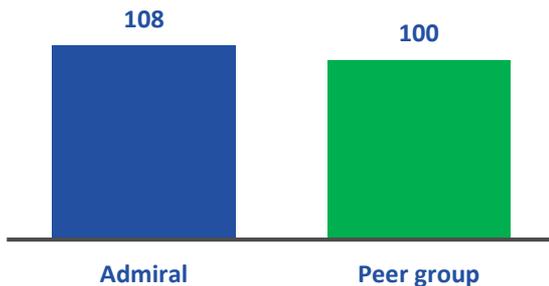
Efficient claims management

- Continuous improvement in claims management practices and efficiencies

Third party damage spend¹



Claims settled within 1 year²



Pricing and analytics

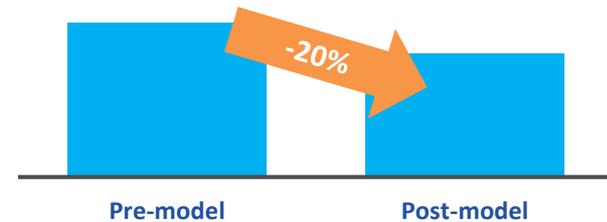
- Constantly looking for new and improved approaches to pricing and analytics
- Improvements impact pricing but also wider areas of the business

Total loss claims model

Model: Predicts whether vehicle will be a total loss or repairable, during the claims call

Action: This decision guides the call handler on the appropriate action for the claim

Cost of misclassification as total loss

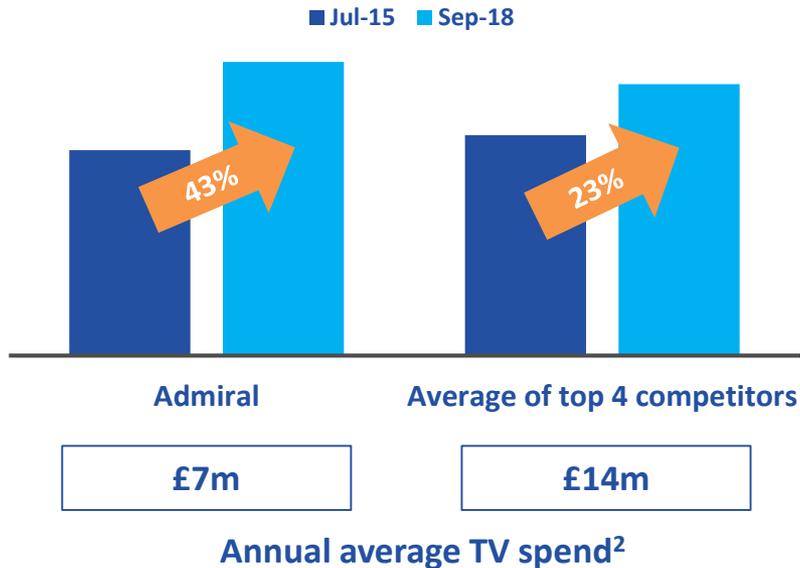


Admiral continues to build on our strengths

Marketing and brand

- Investment in brand to improve Brand Awareness

Car insurance customer preference¹



Digital, technology, and automation

- Investment in digital and self-service to provide excellent customer service and reduce inefficiencies

Customer services calls per policy¹

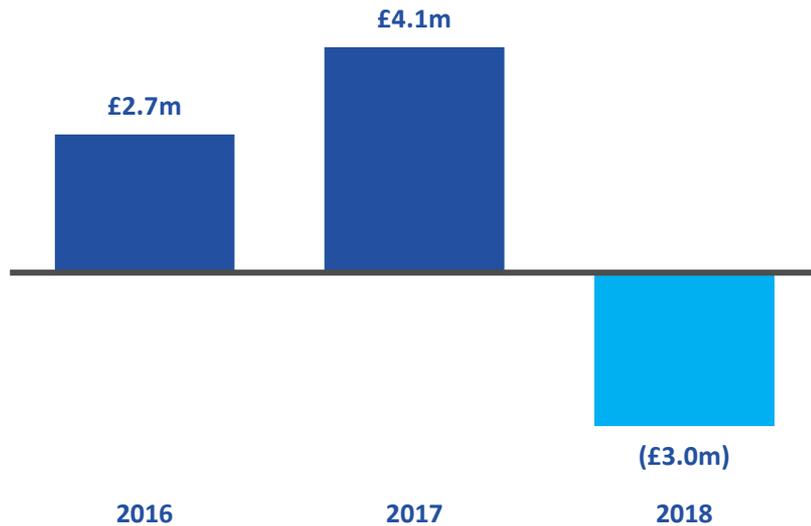


- Enhanced self service and digital offerings reduce customer calls to call centre
- Through process automation, efficiency savings increased +400%, saving 100,000 hours in 2018

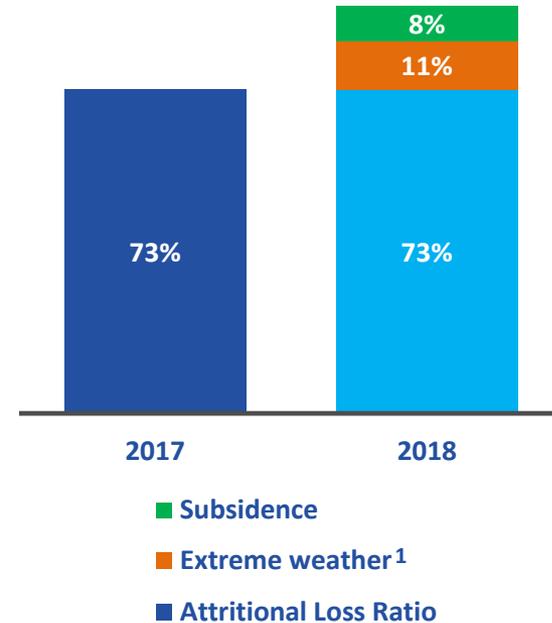
Household results impacted by weather



Household profit/loss



Household loss ratio breakdown

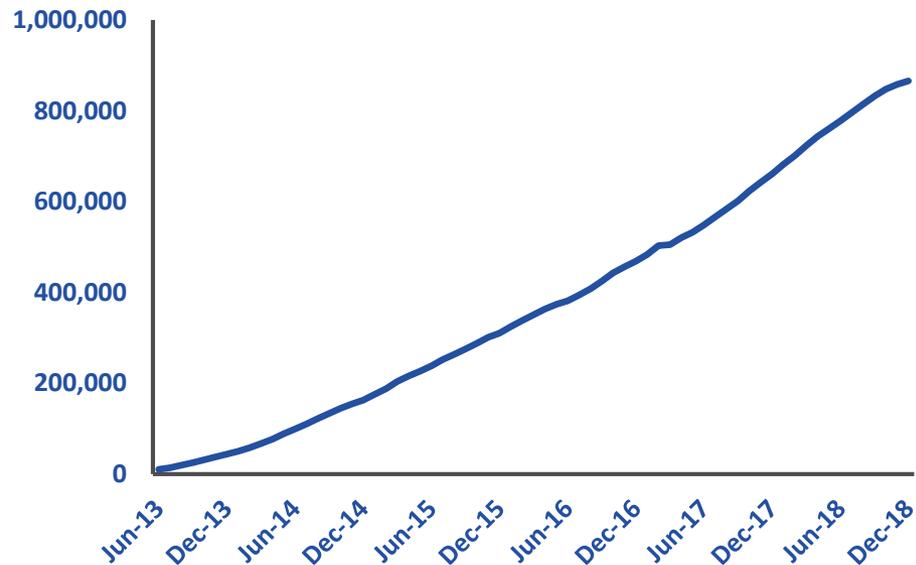


- 2018 loss ratio impacted by weather events and an increase in subsidence
- Attritional loss ratio remains flat despite 30% increase in customers
- Net impact of extreme weather in 2018: £11m

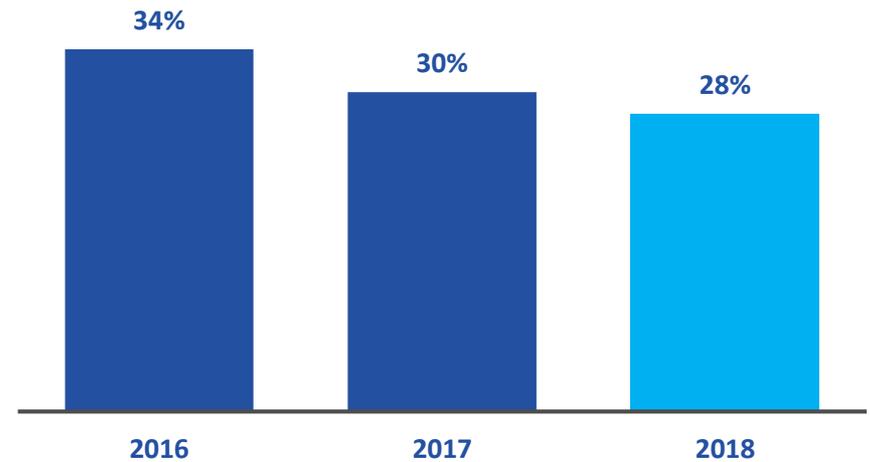
Household continues to grow and improve efficiencies



Household customers



Admiral expense ratio (earned basis)



- Strong growth in Household book to 870,000 customers
- MultiCover offering contributes to growth
- Continued improvement in expense ratio
 - Impact of Flood Re consistent with prior year, approx. 3.5%

UK Insurance summary



Growth continues in Motor book

Focus on sustainable profit in an uncertain Motor market

Household results impacted by weather, yet strong growth continues



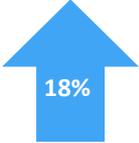
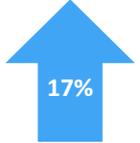
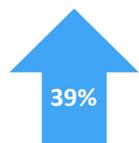
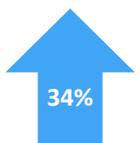
Renovaciones

EU Insurance

Milena Mondini – European Insurance CEO



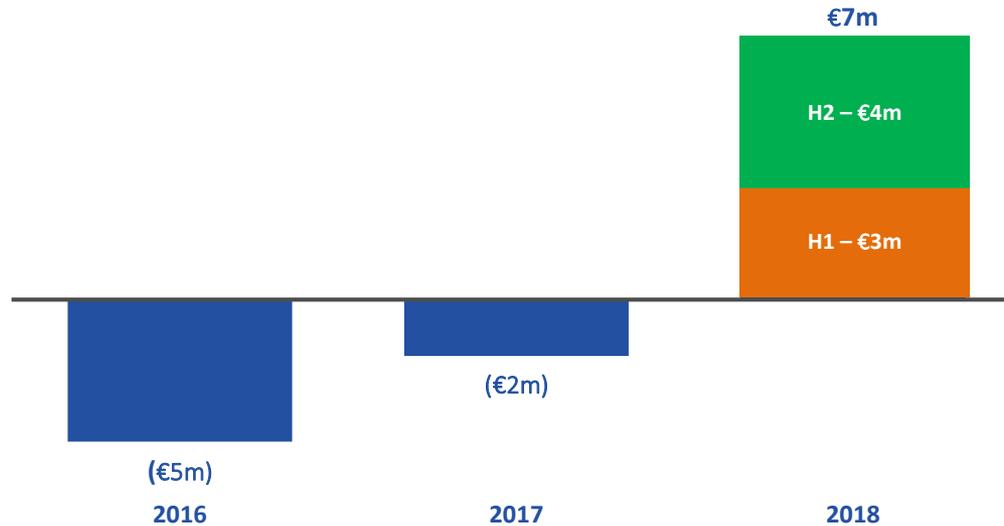
European Insurance - Strong growth

	Turnover (€)	Customers	Highlights
ConTe 	 €201m 2017: €170m	 585k 2017: 500k	<ul style="list-style-type: none"> Overall annual profitability in Europe for the first time Continue to focus on improving: <ul style="list-style-type: none"> Brand - ConTe Serie A sponsorship Customer experience/fast quote Homebrella - launched Brexit – new underwriting company established in Spain
Admiral Seguros 	 €77m 2017 : €73m	 250k 2017: 224k	
L'olivier 	 €92m 2017 : €66m	 174k 2017: 130k	

1 Million European Insurance Customers!

European Insurance – First year of profit!

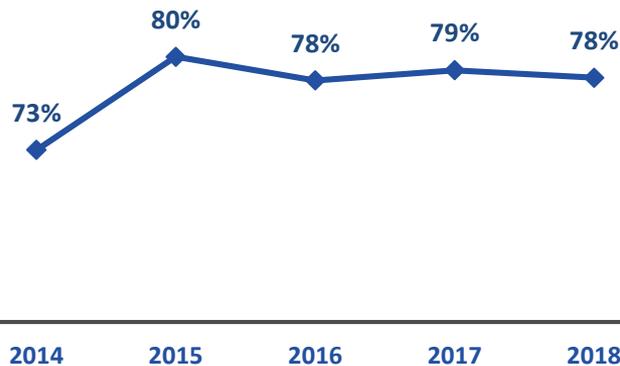
EU combined result¹



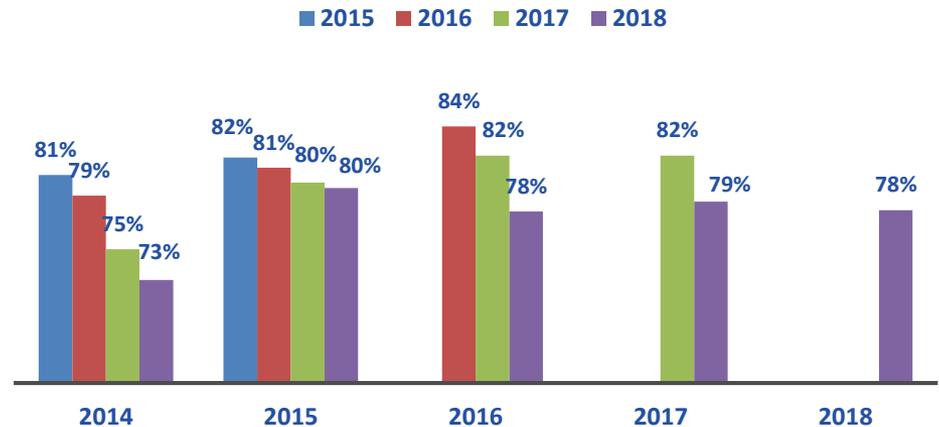
- Another year of strong growth with more than 1m EU customers
- Positive loss ratio development resulted in reserve releases across all three countries
- ConTe cumulatively profitable since launch
- Minor losses in France and Spain

European Insurance – Solid loss ratio

EU projected ultimate loss ratio¹



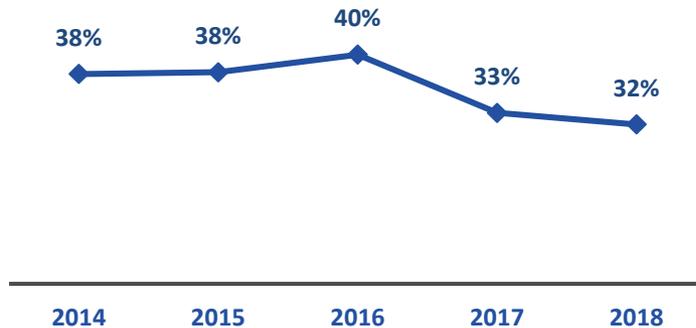
EU ultimate loss ratio development¹



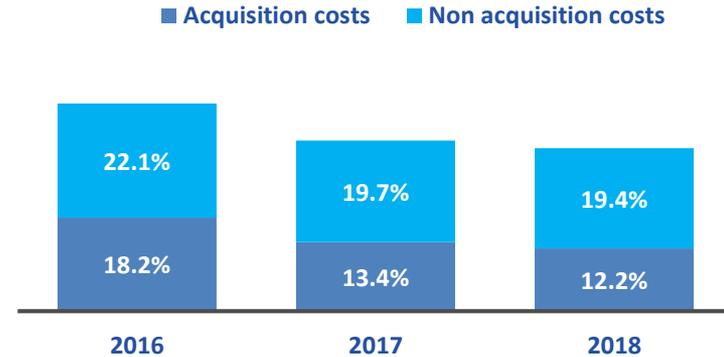
- Internal drivers of loss ratio improvement
 - Strengthening pricing team, improvements in anti-fraud detection and more sophisticated use of data

European Insurance – Expense ratio improvements

EU expense ratio¹



EU expense ratio split¹



Productivity: EU active policies per employee

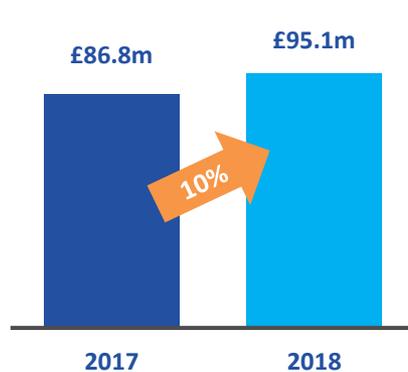


- Significant increases in productivity
- Improvements from acquisition expenses driven by:
 - Digitalisation/data/technology
 - Process improvements
 - Outsourcing

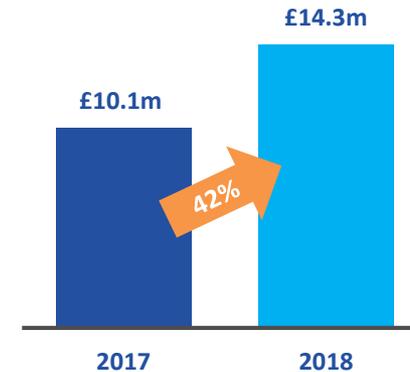
Price Comparison – Substantial profit improvement at Confused.com



Turnover¹



Profit before tax



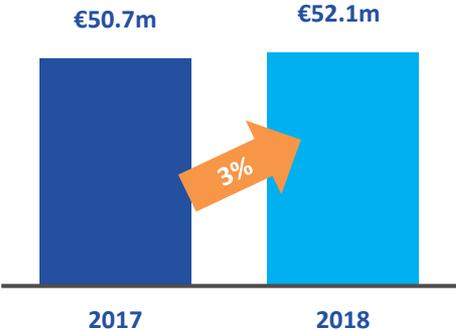
- Revenue grew as a result of small market share gains in Motor and Home
- Margin improved due to more effective use of media and improved conversion
- Continued investment in technology to improve customer experience

Price Comparison – Investment in product development

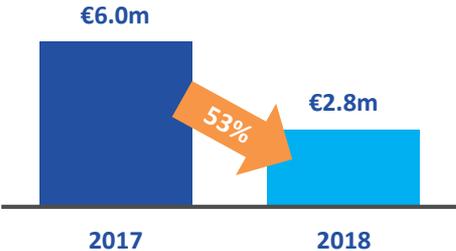


Product development

Combined turnover



Combined Profit before tax¹



Rastreator: Focus on price accuracy

LeLynx: Launch of Energy vertical

EU Insurance and Price Comparison summary



Strong growth for European Insurance



Profitability on a combined basis underpinned by improvements in both expense and loss ratio in European Insurance operations



Price comparison business investing in product development; positive profit growth for Confused.com



US Insurance

Alberto Schiavon – Elephant CEO



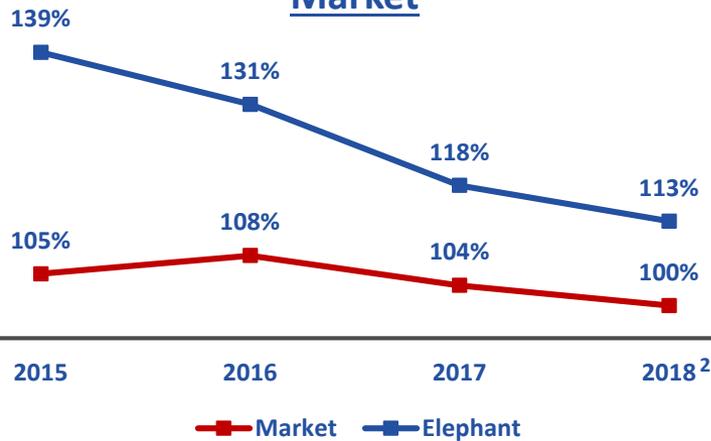
Elephant business continues to grow while reducing losses



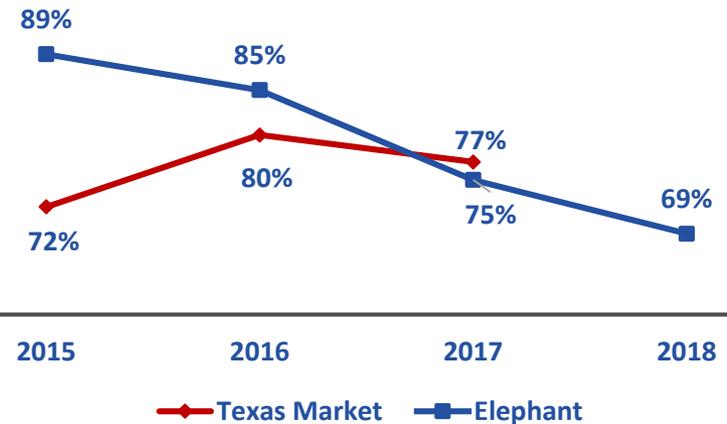
- Adjusted turnover growth of 16%
- Refined strategy focusing on better risk selection and customer retention
- Continued growth, particularly in renewals
- Losses continue to fall

Overall delivering closer to market performance, and even outperforming the market in Texas

US combined ratio: Elephant¹ vs Market



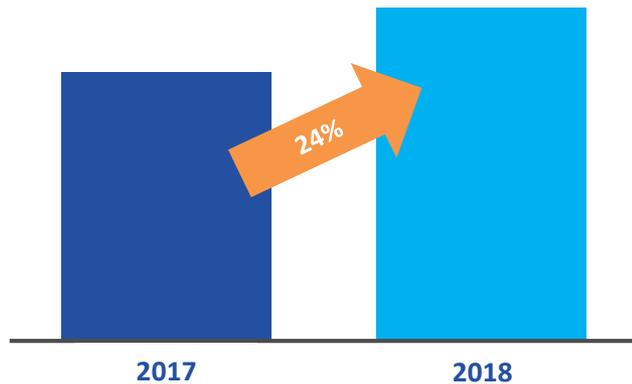
Texas loss ratio: Elephant vs Market



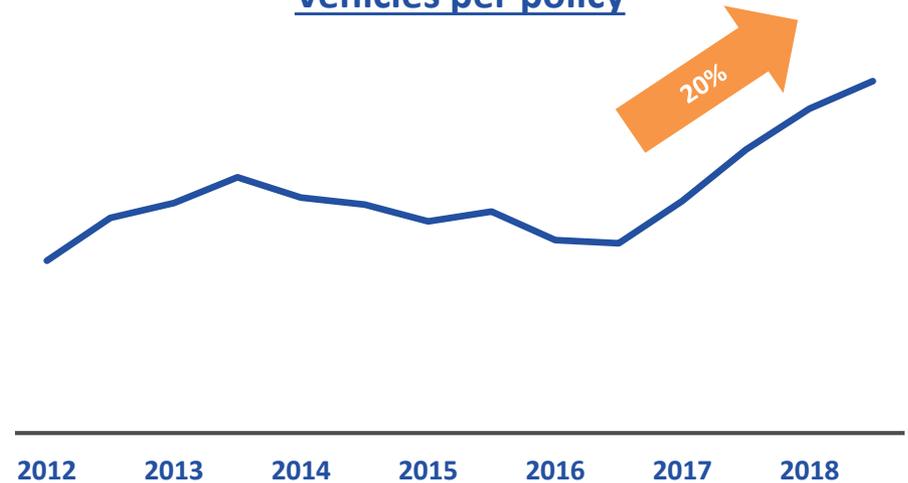
- Combined ratio continues to improve YoY
- Texas loss ratio outperforming the market in 2017
- Less favorable loss ratio experience in other states
- 2018 was a benign year for weather

Refined strategy has strengthened shift towards higher retaining customers to create long-term value

New business and renewal
persistence



Vehicles per policy



- Shift to higher retaining customers with longer customer lifetime value
- Dramatic improvement in vehicles per policy
- Vehicles per policy are a good proxy for efficiency and likelihood of retention

Brand strategy is supporting growth, with only a small percentage of sales through price comparison



Insurance that makes sense

Safer cars deserve better rates



Demonstrates typical safety features that earn SafeCar discounts

SafeCar

More cars, more savings



As your family grows, we keep your insurance simple

Multi-car

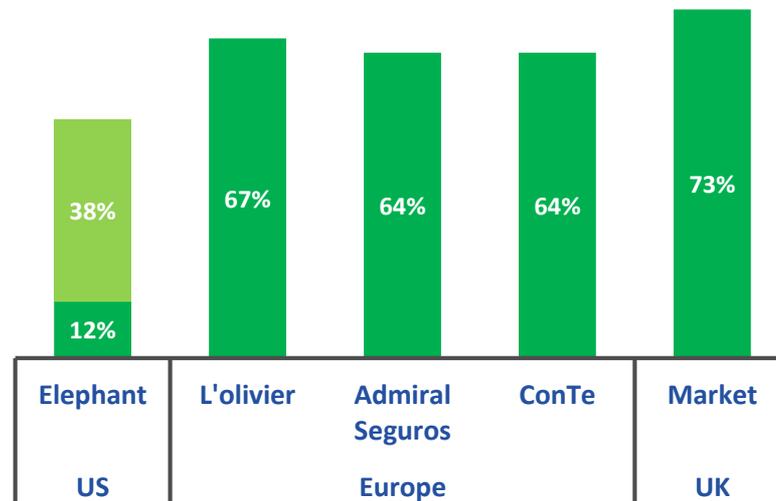


Auto insurance designed by parents, for parents

- Plan for 2019:
 - Build brand awareness
 - Grow intent
- Where:
 - Texas



Sources of new business by channel

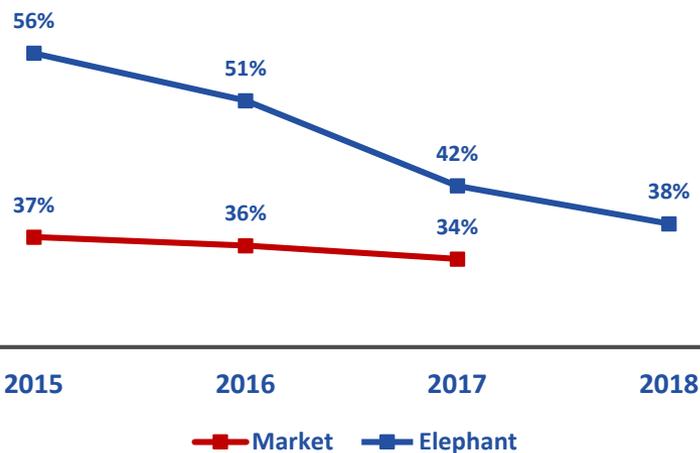


■ Price comparison websites ■ Lead generation websites

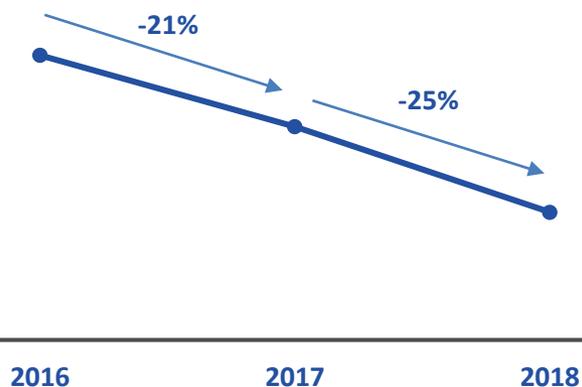
- Elephant less reliant on price comparison websites than European counterparts
- Competing effectively on other online distribution channels

Expense ratios are converging to market

Expense ratio: Elephant vs Market



Calls handled per customer



- Expense ratio improvements
 - Cost management
 - Digitalisation and modernisation leading to operational efficiencies
- Current digital offerings allow customers to amend policies, get an appraisal for a loss, and report a claim
- Marketing return on investment – continued attractive acquisition cost

US Insurance summary



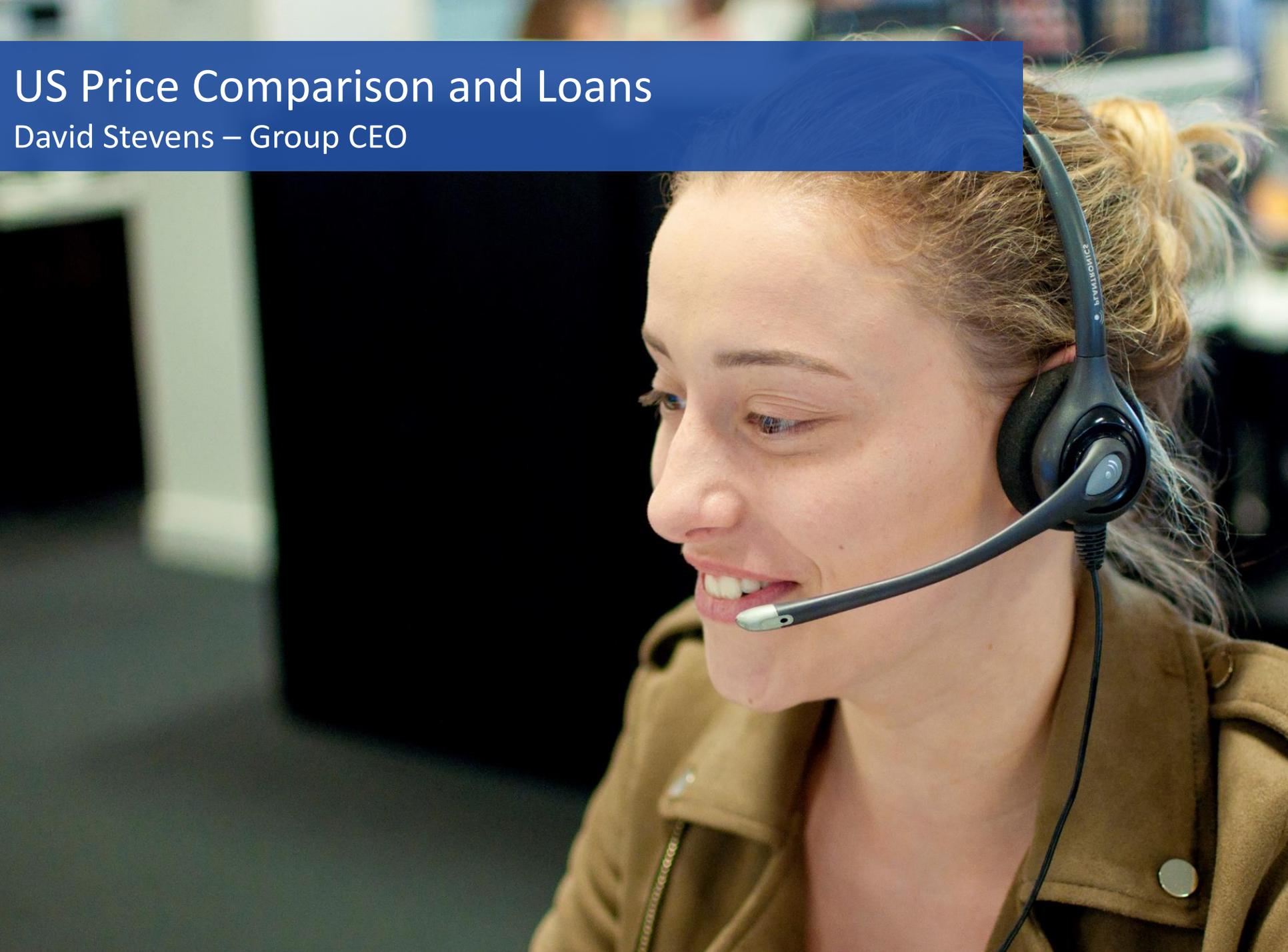
Refined strategy attracting higher retaining customers and more vehicles for better growth

Operational efficiencies positively affecting the bottom line with improved ratios

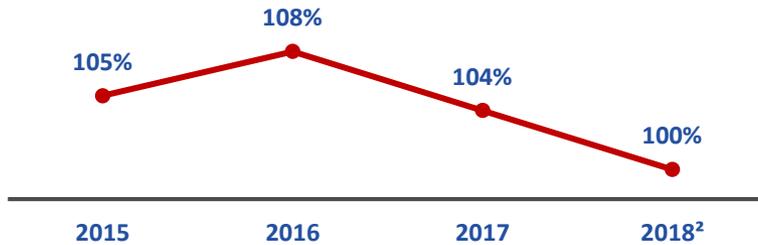
Targeted brand strategy to support future growth initiatives

US Price Comparison and Loans

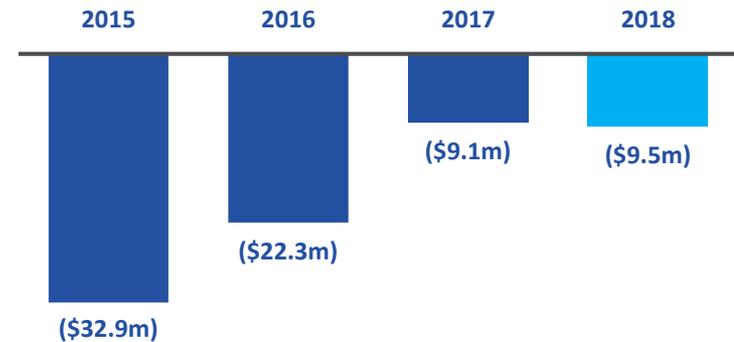
David Stevens – Group CEO



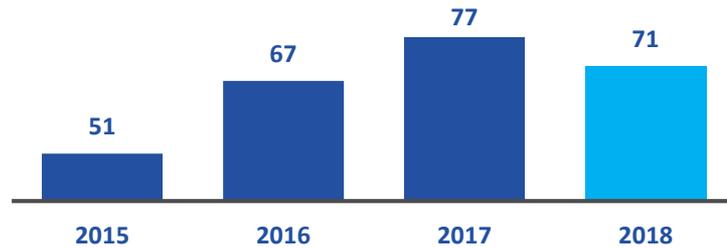
US Market combined ratio¹



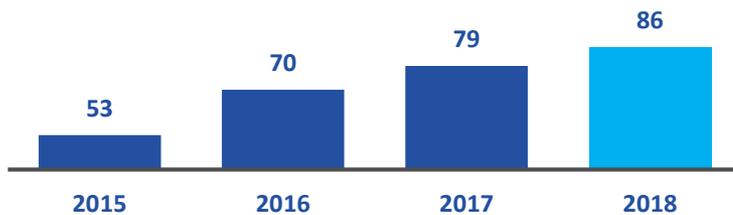
Admiral share of loss⁴



Google search volumes for auto insurance³



Partners live

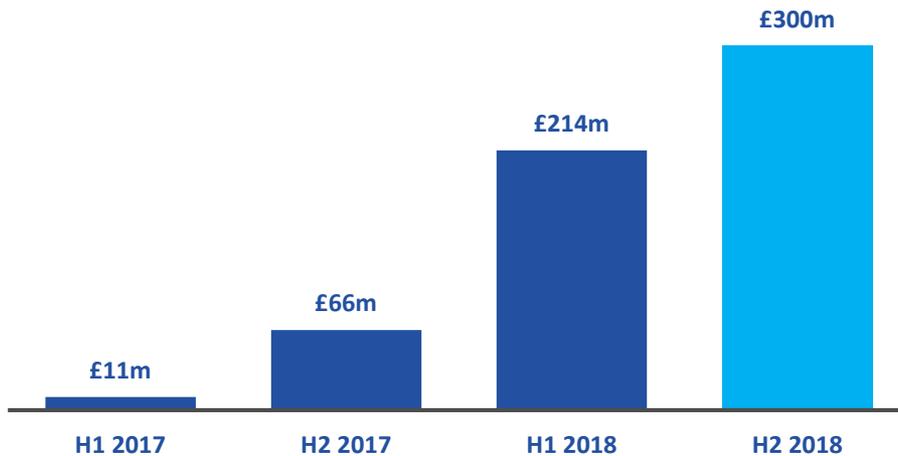


Actions

- Writedown in carrying value from £66m to £33m
- Reduced overheads by 15%
- Diversify lead sources to more cost-effective acquisition channels
- 2019 projected Admiral share of loss in the range of \$7m and \$10m

Loans stock balances

Loan stock balances



- Growth slower in H2 2018 due to economic uncertainty
- 2018 loss in line with H1 guidance: £12m
- Expected 2019 Loans result to be better than 2018 unless there's a significant downturn in the economy
- Admiral Loans book
 - 95% unsecured personal loans (average APR 8.4%)
 - 5% car finance (average APR 6.2%)

The Future

David Stevens – Group CEO

From small acorns...



| **FORD INSURE**

Summary



Record profits

Growth across the Group

**Cumulative dividends returned to shareholders passed
£3bn since flotation**

Appendix



Group key performance indicators¹

KPI	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Group Financial										
Turnover £m	1,077	1,585	2,190	2,215	2,030	1,971	2,119	2,576	2,958	3,283
Customers m	2.1	2.7	3.4	3.6	3.7	4.1	4.4	5.2	5.7	6.5
Group pre-tax profit ¹ £m	215.8	265.5	299.1	344.6	370.7	356.5	376.8	284.3	405.4	479.3
Earnings per share	59.0p	72.3p	81.9p	95.1p	104.6p	103.0p	107.3p	78.7p	117.2p	137.1p
Dividend per share	57.5p	68.1p	75.6p	90.6p	99.5p	98.4p	114.4p	114.4p	114.0p	118.0p
UK Insurance										
Customers (000)	1,862	2,459	2,966	3,019	3,065	3,316	3,612	4,116	4,616	5,238
Total premiums £m	805	1,238	1,729	1,749	1,562	1,482	1,590	1,863	2,098	2,270
Reported combined ratio	84.9%	83.5%	91.9%	90.0%	81.0%	80.0%	79.0%	88.4%	79.7%	83.6%
UK insurance pre-tax profit £m	206.9	275.8	313.6	372.8	393.7	397.9	444.2	338.5	466.6	556.7
Other revenue per vehicle £	77	84	84	79	67	67	63	62	64	67
International Car Insurance										
Vehicles covered	121,000	195,000	306,000	436,000	515,300	592,600	673,000	864,200	1,034,900	1,221,600
Total premiums £m	43.0	71.0	112.5	148.5	168.3	185.4	213.3	331.3	401.4	484.3
Reported ² combined ratio	204%	173%	164%	177%	140%	127%	126%	125%	121%	116%
International car insurance result £m	(9.5)	(8.0)	(9.5)	(24.5)	(22.1)	(19.9)	(22.2)	(19.4)	(14.3)	(1.1)
Price Comparison										
Total revenue £m	80.6	75.7	90.4	103.5	112.7	107.5	108.1	129.2	143.6	151.0
Operating profit /(loss) ¹ £m	24.9	11.7	10.5	18.0	20.4	3.6	(7.2)	2.7	7.1	8.7

Summary Income Statement¹

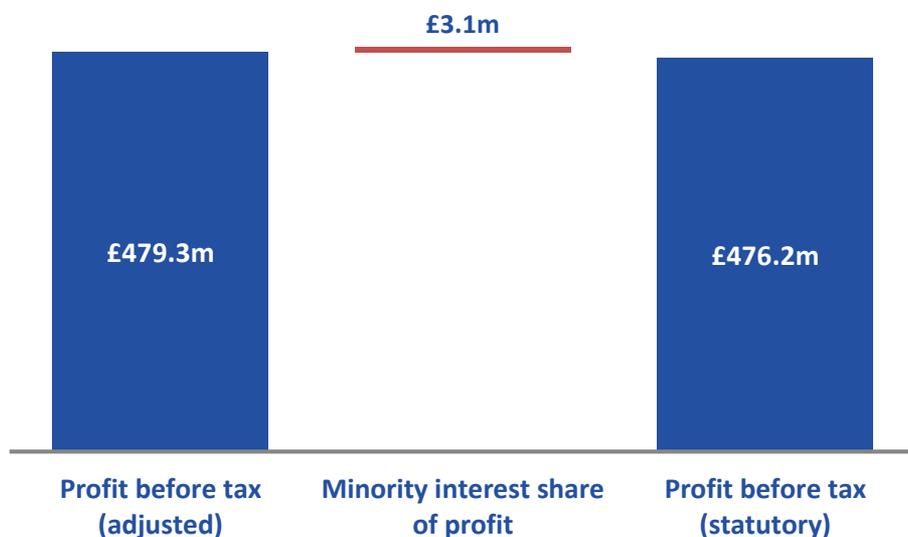
£m	UK Insurance			International Car Insurance			Price Comparison			Other			Admiral Group		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Turnover	2,063.1	2,354.0	2,575.7	365.9	449.8	538.7	129.2	143.6	151.0	17.6	10.8	17.6	2,575.8	2,958.2	3,283.0
Total premiums written	1,862.6	2,098.0	2,269.8	331.3	401.4	484.3				0.0	0.0	0.0	2,193.9	2,499.4	2,754.1
Gross premiums written	1,162.9	1,540.3	1,684.0	314.8	381.3	474.1				0.0	0.0	0.0	1,477.7	1,921.6	2,158.1
Net premiums written	488.4	494.0	538.1	106.2	128.8	157.2				0.0	0.0	0.0	594.6	622.8	695.3
Net earned premium	454.4	491.6	523.9	91.3	123.0	141.7				0.1	0.0	0.0	545.8	614.6	665.6
Investment income	39.3	32.6	32.2	0.4	0.6	1.3				12.4	8.1	1.9	52.1	41.3	35.4
Net insurance claims	(317.9)	(250.1)	(242.5)	(75.5)	(94.1)	(104.0)				(0.1)	0.0	0.0	(393.5)	(344.2)	(346.5)
Insurance related expenses	(66.6)	(67.9)	(85.9)	(46.2)	(58.0)	(55.8)				0.0	0.0	0.0	(112.8)	(125.9)	(141.7)
Underwriting result	109.2	206.2	227.7	(30.0)	(28.5)	(16.8)				12.4	8.1	1.9	91.6	185.8	212.8
Profit commission	54.3	67.0	93.3	0.0	0.0	0.0				0.0	0.0	0.0	54.3	67.0	93.3
Gross ancillary revenue	188.5	193.2	213.7	10.6	14.1	15.9				0.0	0.0	0.0	199.1	207.3	229.6
Ancillary costs	(47.9)	(56.5)	(60.6)	(2.0)	(2.4)	(2.8)				0.0	0.0	0.0	(49.9)	(58.9)	(63.4)
Instalment income	34.4	56.7	82.6	2.0	2.5	2.6				0.0	0.0	0.0	36.4	59.2	85.2
Gladiator contribution										2.0	1.1	0.3	2.0	1.1	0.3
Price comparison revenue							129.2	143.6	151.0				129.2	143.6	151.0
Price comparison expenses							(132.1)	(138.2)	(144.4)				(132.1)	(138.2)	(144.4)
Loans contribution										0.0	(4.4)	(11.8)	0.0	(4.4)	(11.8)
Interest income										1.0	0.4	1.2	1.0	0.4	1.2
Other (mainly share scheme)										(41.8)	(48.0)	(66.3)	(41.8)	(48.0)	(66.3)
Interest payable										(11.4)	(11.4)	(11.3)	(11.4)	(11.4)	(11.3)
Profit/(loss) before tax	338.5	466.6	556.7	(19.4)	(14.3)	(1.1)	(2.9)	5.4	6.6	(37.8)	(54.1)	(86.0)	278.4	403.5	476.2

Balance Sheet

	Dec-16 £m	Dec-17 £m	Dec-18 £m
ASSETS			
Property, plant and equipment	32.0	31.3	28.1
Intangible assets	162.3	159.4	162.0
Reinsurance contracts	1,126.4	1,637.6	1,883.5
Financial assets	2,420.2	2,697.8	2,969.7
Deferred income tax	8.4	0.3	0.2
Insurance and other receivables	782.6	939.7	1,082.0
Loans and advances to customers	2.3	66.2	300.2
Cash and cash equivalents	326.6	326.8	376.8
Total assets	4,860.8	5,859.1	6,802.5
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	13.1	13.1	13.1
Retained earnings	505.7	580.3	713.5
Other reserves	51.8	52.4	31.4
Total Equity (shareholders)	570.9	646.1	758.3
Non-controlling interests	10.8	9.7	12.8
Total equity	581.7	655.8	771.1
LIABILITIES			
Insurance contracts	2,749.5	3,313.9	3,736.4
Subordinated liabilities	224.0	224.0	444.2
Trade and other payables	1,292.2	1,641.6	1,801.5
Corporation tax liabilities	13.4	23.8	49.3
Total liabilities	4,279.1	5,203.3	6,031.4
Total liabilities and equity	4,860.8	5,859.1	6,802.5

Group profit before tax reconciliation

Reconciliation from statutory to adjusted profit before tax



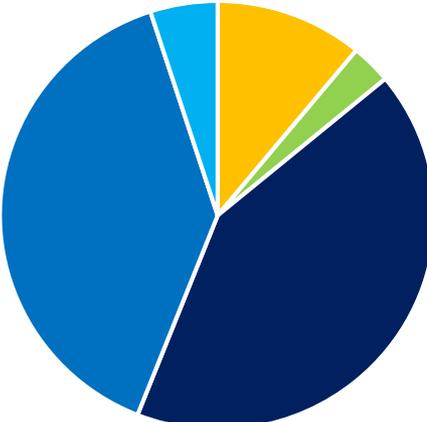
- Admiral has five operations with shared ownership: Rastreator (Admiral share of ownership 75.0%); compare.com (59%); Admiral Law and BDE Law (90.0%); Preminen (50.0%)
- Following additional investment in 2018 compare.com is 41% owned by third parties.
- Profit or losses in period accruing to minority parties reduce or increase the results respectively

Investment update

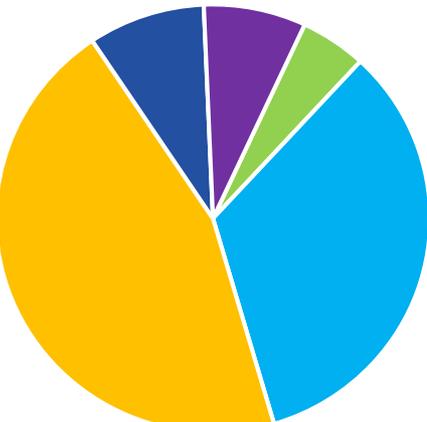
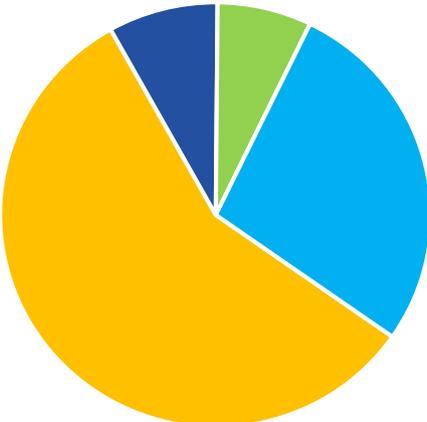
Dec '17: £3,025m



Dec '18: £3,347m



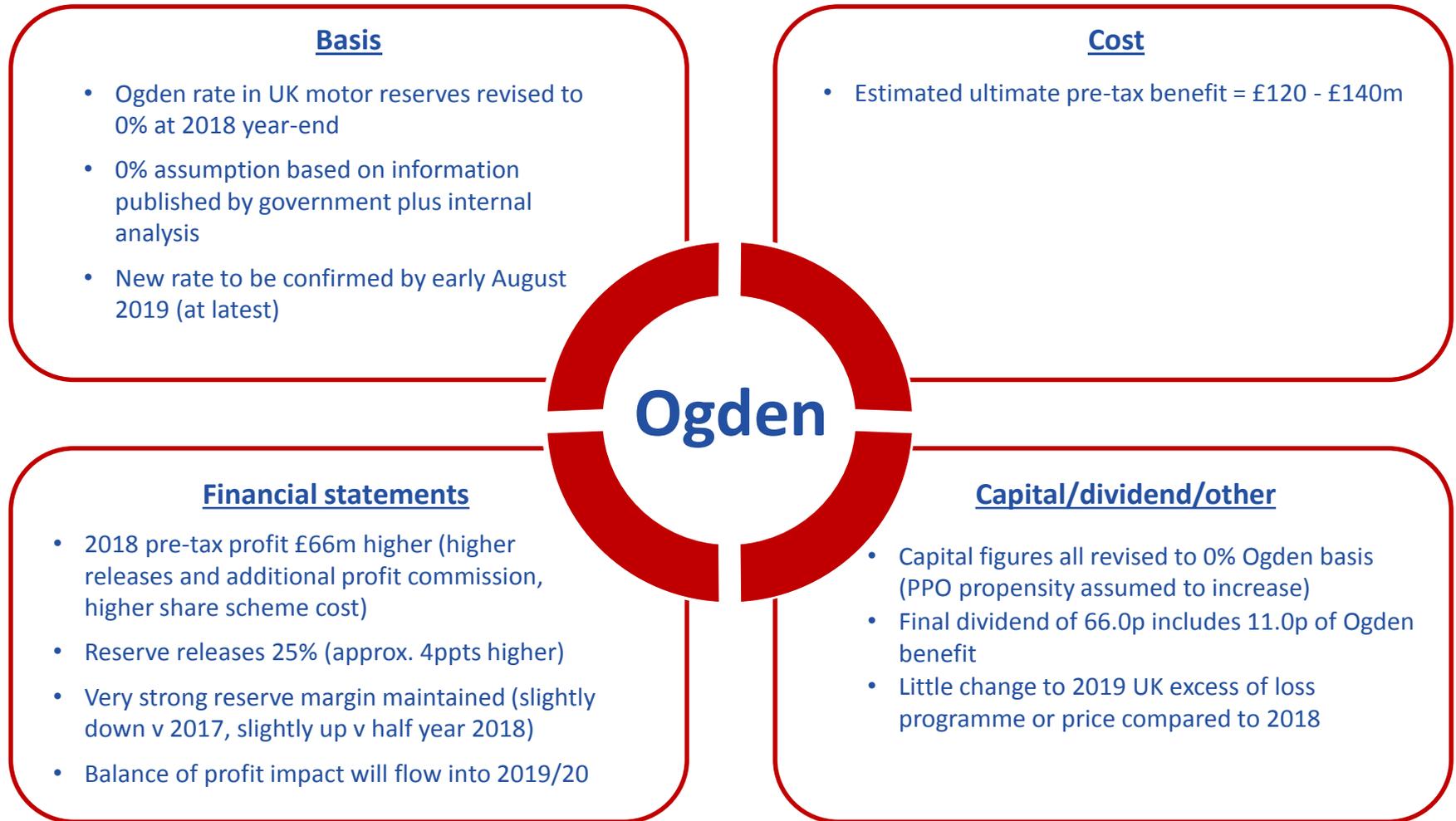
- Cash
- Deposit
- Fixed Income Investments
- Money Market Funds
- GILTS



- AAA
- AA
- A
- BBB
- Not Rated¹

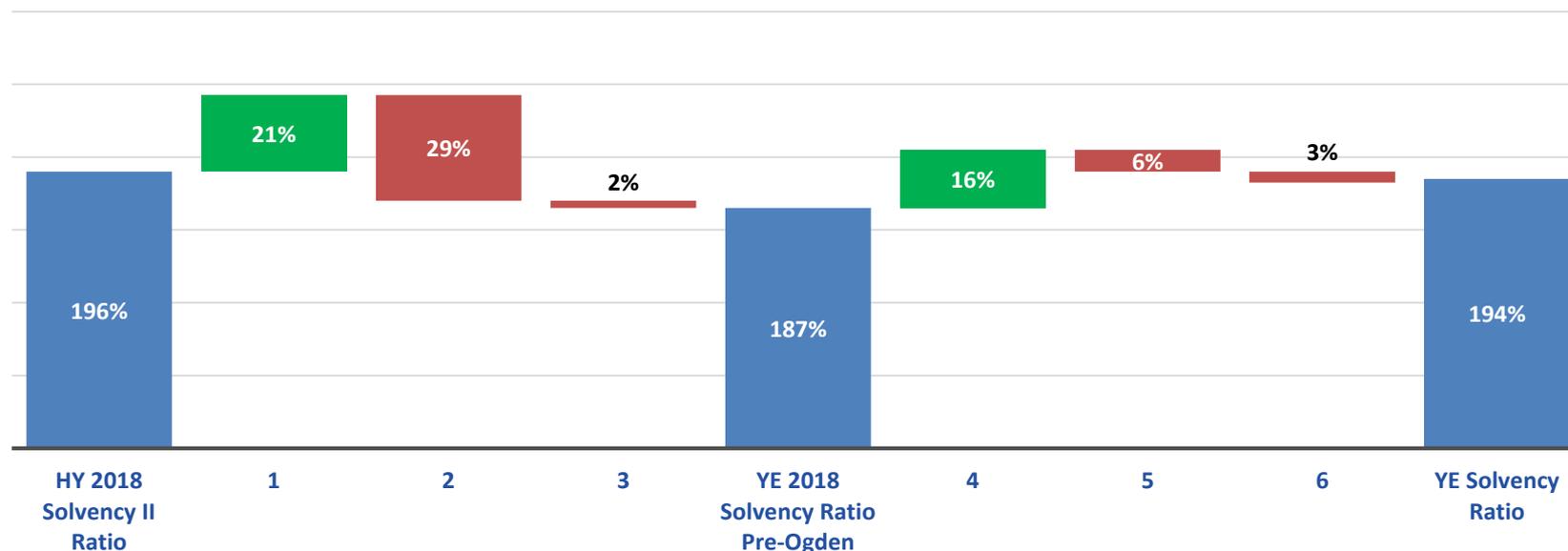
(1) Unrated securities consists primarily of an AAA rated money market fund backed by government securities.

Ogden impact



Capital position for HY 2018 to FY 2018

Capital position¹



- 1 = Economic capital generation H2 2018, -0.75% Ogden basis
- 2 = Proposed final dividend, -0.75% Ogden basis
- 3 = Other changes (including changes to capital requirement)
- 4 = Impact of Ogden change on capital
- 5 = Proposed additional dividend from Ogden change
- 6 = Net increase in capital requirement from Ogden change

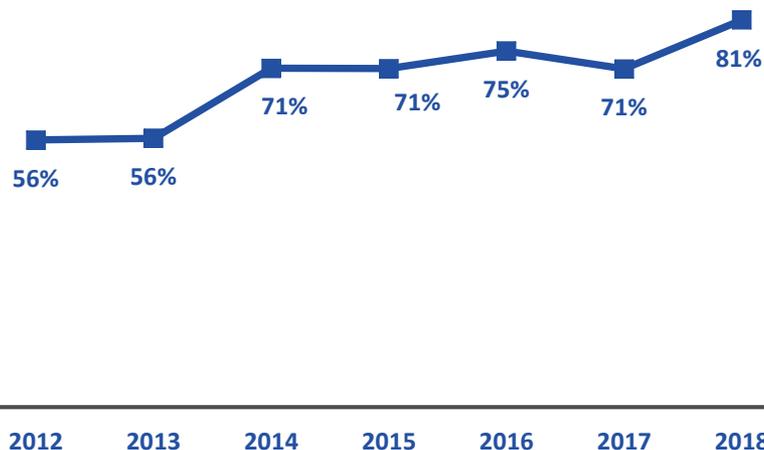
Analysis of Other Group items

	2018	2017
UK Commercial vehicle	0.3	1.1
Admiral Loans	(11.8)	(4.4)
Other interest & investment income	2.9	8.4
Share scheme charges	(49.0)	(35.2)
Business development	(4.3)	(5.2)
Other central overheads	(10.8)	(6.2)
Finance charges	(11.3)	(11.4)
Total	(84.0)	(52.9)

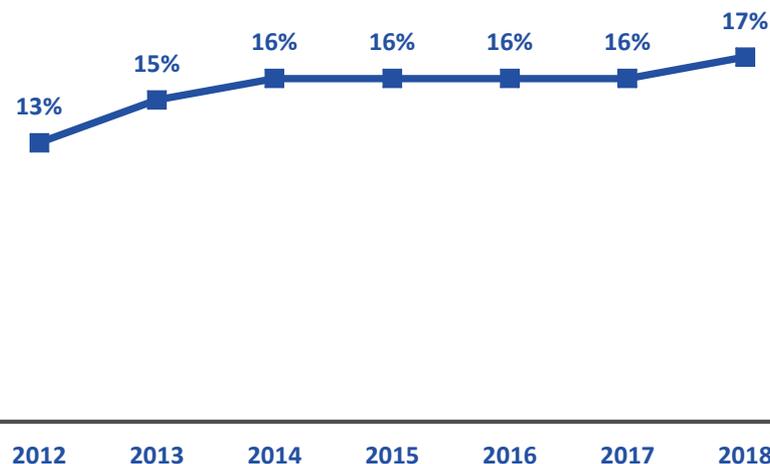
- UK commercial vehicle – Now migrated to being underwritten within UK Insurance
- Admiral Loans – Loss in line with expectation and guidance. Increase vs 2017 due to significant growth
- Other interest and investment income – Decrease mainly due to non-repeat of gain on sale of investments held by parent company in 2017
- Share scheme charges – Increase mainly due to a non-repeating change in the recognition pattern for charges in 2017 (without this change, the 2017 charge would have been approximately £6m higher). Other factors include a change in the vesting outcome assumptions for variable awards and an increase in the number of awards, reflecting increasing headcount over a three year vesting period
- Business development costs – Represents costs associated with potential new ventures. The Group does not anticipate significant increases.
- Central overheads – Increased due to some non-recurring items including Brexit restructuring programme (£3m)
- Finance charges – Represent interest on the £200 million subordinated notes issued in July 2014

UK Car Insurance: Ultimate loss ratio, expense ratio and combined ratio

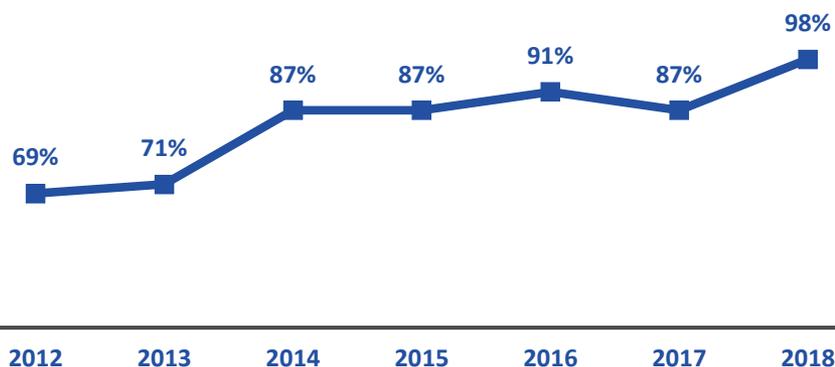
Admiral projected ultimate loss ratio¹



Admiral expense ratio²



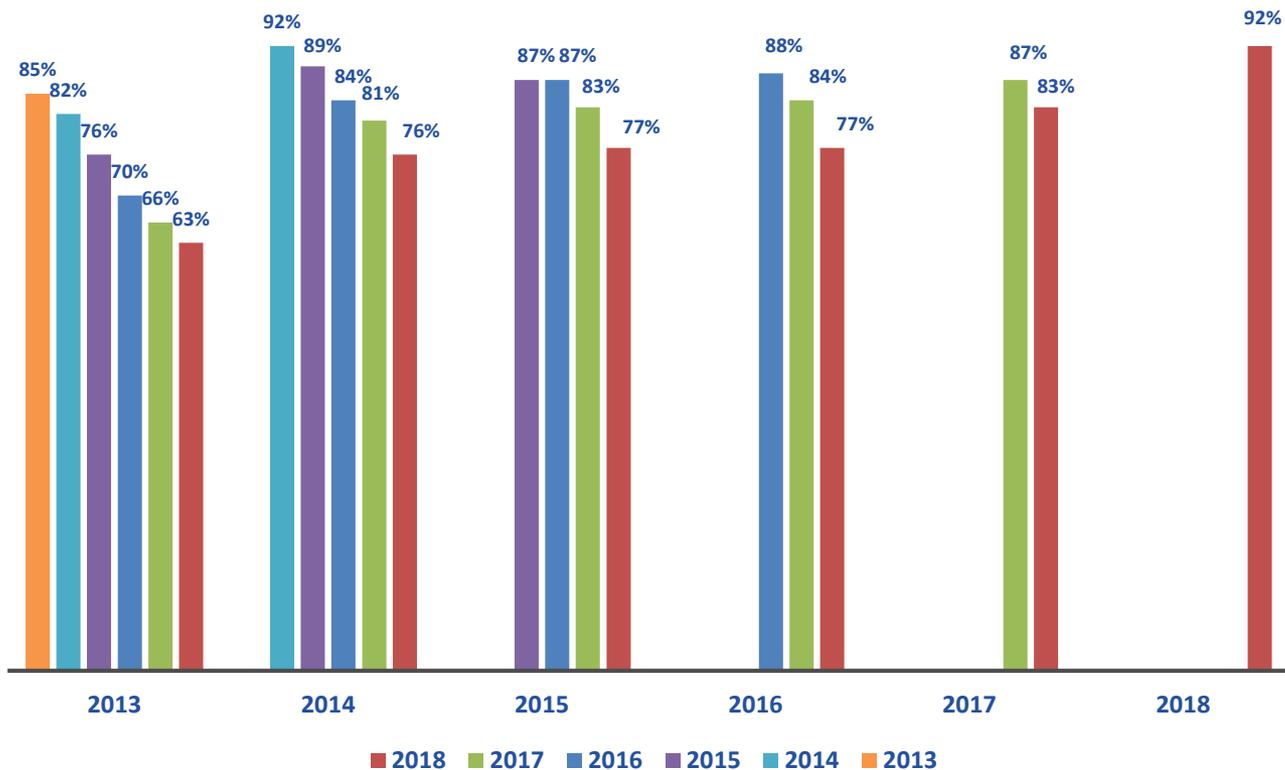
Admiral ultimate combined ratio



- Waterfall of 2017 to 2018 movements on slide 9
- Recent accident year projections tend to be prudent, particularly when adversely influenced by large bodily injury

UK Car Insurance: Booked loss ratio development by underwriting year

UK car insurance booked loss ratio (%)
Development by financial year (colour-coded)
Split by underwriting year (x axis)



Ultimate loss ratio by underwriting year	
2018	87%
2017	76%
2016	72%
2015	73%
2014	74%

UK Car Insurance: Booked loss ratio sensitivity

Sensitivity of booked loss ratio (£m)

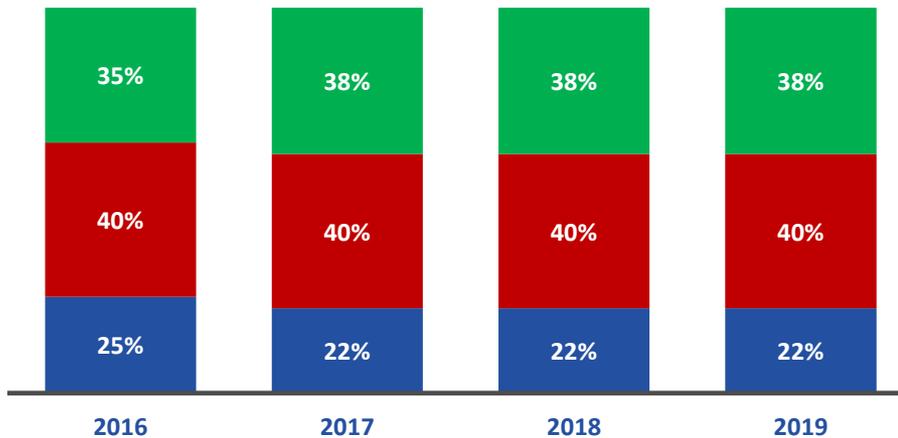
Underwriting year	2015	2016	2017	2018
Booked loss ratio	77.3%	77.3%	82.8%	91.5%
PBT impact of +1% move	(13.3)	(15.6)	(4.2)	(2.3)
PBT impact of +3% move	(37.7)	(46.3)	(12.5)	(6.9)
PBT impact of +5% move	(55.6)	(74.7)	(20.8)	(11.5)
PBT impact of -1% move	13.4	15.6	7.4	2.3
PBT impact of -3% move	40.2	47.1	34.3	6.9
PBT impact of -5% move	67.4	79.7	66.9	11.5

- The impact includes the change in net insurance claims along with the associated profit commission movements that result from changes in loss ratios.
- The impact is not linear due to the nature of the profit commission arrangements eg. the impact of a 5% move cannot be calculated by multiplying the 1% impact by five.

UK Reinsurance arrangements

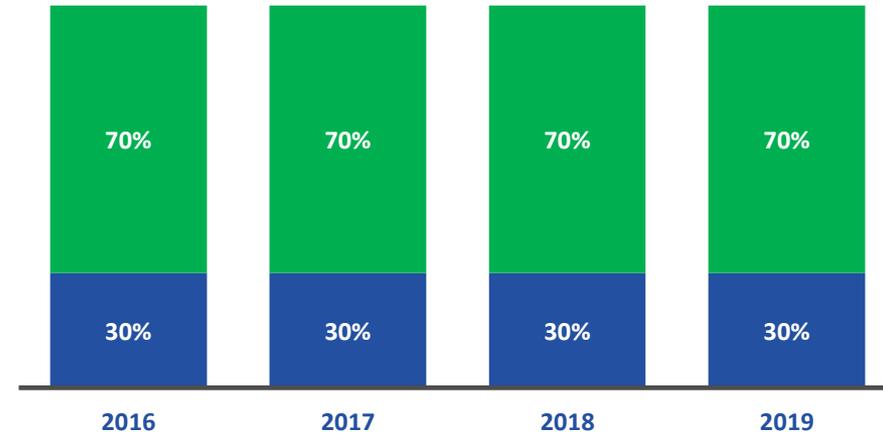
Motor

■ Admiral ■ Munich Re ■ Other



Household

■ Admiral ■ Quota share

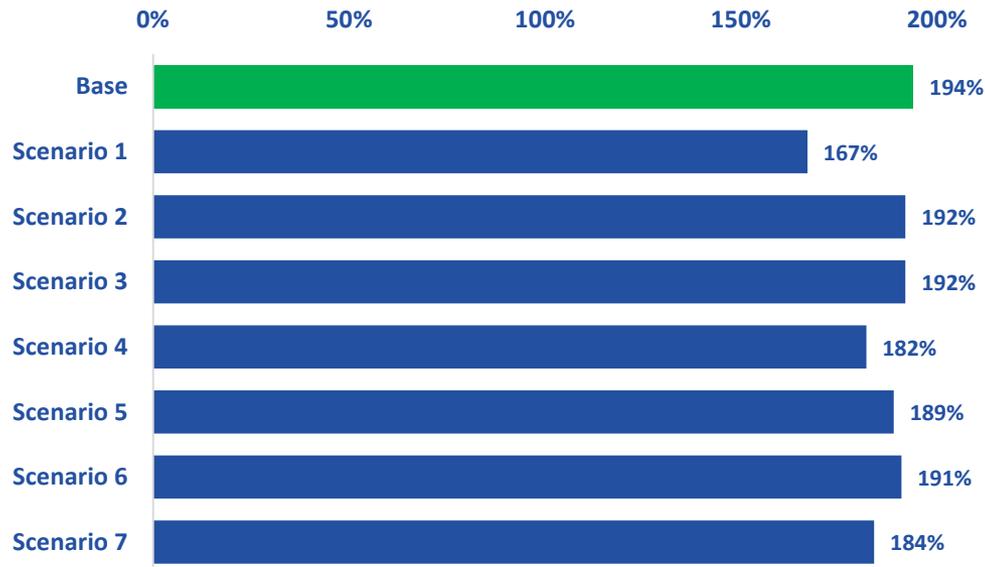


- Fully placed reinsurance arrangements until the end of 2019
- Similar contract terms and conditions
- Reduction of underwriting share from 25% to 22% with effect from 2017
- Munich Re continues to underwrite 40% of the UK business until at least the end of 2020

- Similar long term quota share contracts to UK motor
- Admiral retains 30%

Solvency Ratio sensitivities

The sensitivities below have been selected to show a range of impacts on the reported base case solvency ratio. They cover the two main material risk types - insurance risk and market risk. Within each risk type the sensitivities performed cover the underlying drivers of the risk profile. The sensitivities have not been calibrated to individual return periods.



Scenarios

1. UK Motor – incurred loss ratio +5%
2. UK Motor – 1 in 200 catastrophe event
3. UK Household – 1 in 200 catastrophe event
4. Interest rate – yield curve down 50 bps
5. Credit spreads widen 100 bps
6. Currency – 25% movement in euro and US dollar
7. ASHE – long term inflation assumption up 0.5%

Admiral UK Car Co- and Reinsurance¹

Type	Munich Re Proportional ² co-insurance – 30%	Proportional reinsurance (quota share) – 48% (10% Munich Re, 38% other reinsurers)
Cost to Admiral	Variable, depending on combined ratio	Fixed – c2% of premium
Risk protection	Co-insurance	Starts at 100% combined ratio + Investment Income
Profit commission	<p>Key items in profit commission calculation include premium, claims, expenses, share scheme costs, investment income</p> <p>Profit share % variable based on combined ratio and calculated in tranches with a maximum profit share of ca 65%</p>	<p>Fixed fee to reinsurer, then 100% profit rebate to Admiral thereafter</p> <p>Below ~98% combined ratio = 100%</p>
Funds withheld	No	Vast majority
Investment income	Munich Re	Admiral (provided combined ratio <100%)
Instalment income	Admiral	Admiral
Commutation	Not applicable	Admiral has option to commute contracts and typically does this 2 years after the start of the underwriting year

Key definitions

Term	Definition
Accident year	The year in which an accident occurs, also referred to as the earned basis.
Co-insurance	An arrangement in which two or more insurance companies agree to underwrite insurance business on a specified portfolio in specified proportions. Each co-insurer is directly liable to the policyholder for their proportional share.
Combined ratio	The sum of the loss ratio and expense ratio.
Commutation	An agreement between a ceding insurer and the reinsurer that provides for the valuation, payment, and complete discharge of all obligations between the parties under a particular reinsurance contract.
Expense ratio	Reported expense ratios are expressed as a percentage of net operating expenses divided by net earned premiums.
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements. The rate is set by the Lord Chancellor, the most recent rate of minus 0.75% being announced on 27 February 2017. Following royal ascent of Civil Liability Bill in Dec 2018 with future rate decision expect by August 2019
Loss ratio	Reported loss ratios are expressed as a percentage of claims incurred divided by net earned premiums.
Periodic Payment Order (PPO)	A compensation award as part of a claims settlement that involves making a series of annual payments to a claimant over their remaining life to cover the costs of the care they will require.
Total / Gross / Net Premium	Total = total premiums written including coinsurance Gross = total premiums written including reinsurance but excluding coinsurance Net = total premiums written excluding reinsurance and coinsurance
Reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer. This can be on a quota share basis (a percentage share of premiums, claims and expenses) or an excess of loss basis (full reinsurance for claims over an agreed value).
Ultimate loss ratio	The projected ratio for a particular accident year or underwriting year, often used in the calculation of underwriting profit and profit commission.
Underwriting year	The year in which the latest policy term was incepted.
Underwriting year basis	Also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was underwritten. Underwriting year basis results are calculated on the whole account (including co-insurance and reinsurance shares) and include all premiums, claims, expenses incurred and other revenue (for example instalment income and commission income relating to the sale of products that are ancillary to the main insurance policy) relating to policies incepting in the relevant underwriting year.
Written/Earned basis	A policy can be written in one calendar year but earned over a subsequent calendar year.

Admiral brands

balumba
seguros

 **Qualitas**
Auto


ConTe.it
GRUPPO ADMIRAL

 **Elephant**
Auto Insurance

 **L'olivier**
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Diamond

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LOANS

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