



**Admiral Group**

**European Investor Day**

Rome 17<sup>th</sup> September 2018

## **Introduction**

David Stevens, Group CEO

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## **European Insurance Market Distribution and Price Comparison**

Elena Bétes, European and Emerging Markets Price Comparison Websites CEO

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## **European Insurance Part 1: Market and Results**

Milena Mondini, European Insurance CEO

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## **European Insurance Part 2: Admiral Model and Future**

Milena Mondini, European Insurance CEO

Antonio Bagetta, ConTe Head of operations

Daniele Tamborrelli, ConTe Technical Director

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## **Lunch**

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## **ConTe**

Costantino Moretti, ConTe CEO

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## **Office Tour and Break**

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## **Admiral Seguros**

Sarah Harris, Admiral Seguros CEO

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## **L'olivier**

Pascal Gonzalvez , L'olivier CEO

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## **Wrap-up**

Milena Mondini, European Insurance CEO

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## **Q&A**

# Agenda

# Introduction

David Stevens – Group CEO



# Strategy Reminder

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**Ensure Admiral remains one of the best insurers in the UK**

**Serve more customers**

**Know your customer better**

**Keep customers longer (and happier)**

**Demonstrate that Admiral can be a great insurer beyond the UK**

**Exploit strengths and adapt locally**

**Focus on existing countries**

**Accelerate channel switch**

**Develop sources of growth and profit beyond insurance**

**Exploit strengths**

**Test relevant products (e.g. Loans)**

# Strategy Reminder

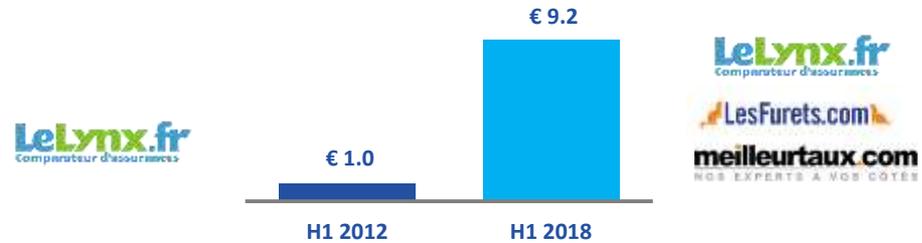
Demonstrate that Admiral can be a great insurer beyond the UK

Exploit strengths and adapt locally

Focus on existing countries

Accelerate channel switch

TV Spend by PCW Market in France<sup>1</sup>



Transformed the Price Comparison market

Sources: 1) Management estimate, TV spend excludes sponsorships

# Strategy Reminder

Demonstrate that Admiral can be a great insurer beyond the UK

Exploit strengths and adapt locally

Focus on existing countries

Accelerate channel switch



2017 Private Car Insurance Market GWP (bn)<sup>1</sup>



Sources: 1) Internal estimation based on Ania, FFA, Inese, ICEA, ABI, management estimates. Notes: UK figures converted based on 31 Dec 2017 FX (1,124);

# Strategy Reminder

Demonstrate that Admiral can be a great insurer beyond the UK

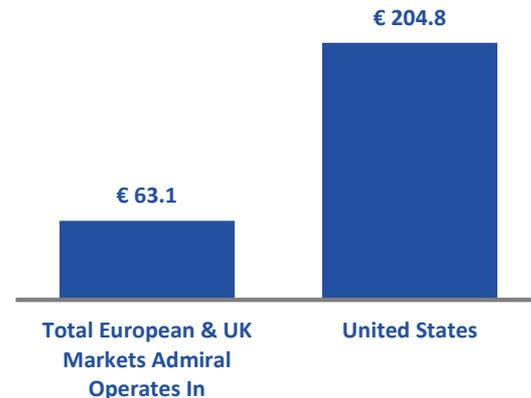
Exploit strengths and adapt locally

Focus on existing countries

Accelerate channel switch



## 2017 Private Car Insurance Market GWP (bn)<sup>1</sup>



Sources: 1) Internal estimation based on Ania, FFA, Inese, ICEA, ABI, S&P Global Market and management estimates Notes: US figures converted based on average 2017 FX (0.8867);

# Strategy Reminder

**Demonstrate that Admiral can be a great insurer beyond the UK**

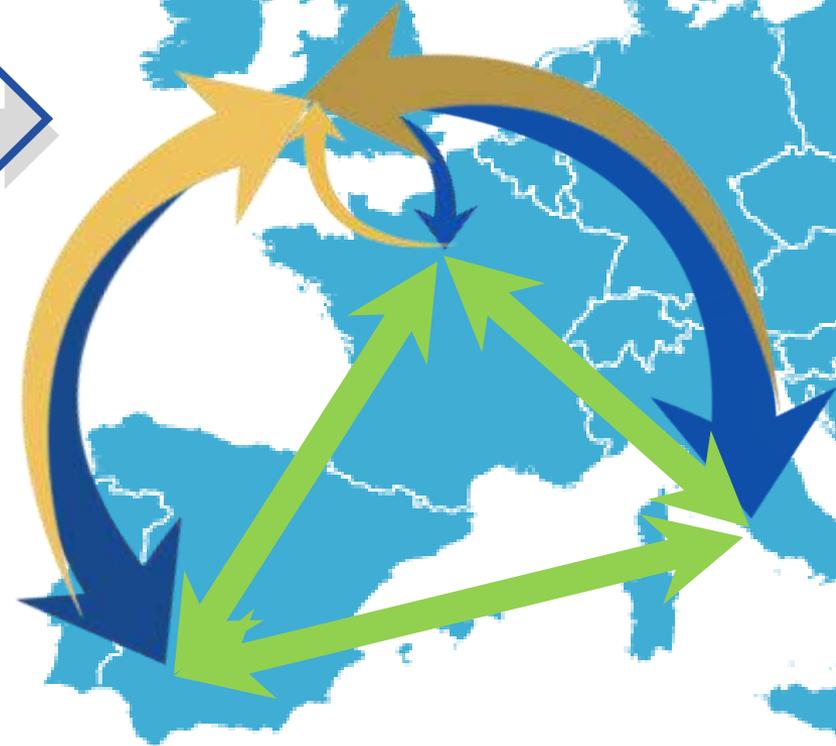
**Exploit strengths and adapt locally**

**Focus on existing countries**

**Accelerate channel switch**

**Two way street:**

- **People**
- **Intellectual Property**



# Strategy Reminder

**Demonstrate that Admiral can be a great insurer beyond the UK**

**Exploit strengths and adapt locally**

**Focus on existing countries**

**Accelerate channel switch**



H1 2018 Margin – 1.5%

Profitable despite:

- Sub-optimal scale
- Major headwinds of higher cost of growth

Admiral cumulative investment per vehicle: €89<sup>1</sup>

Strong management team

*Notes: 1) Cumulative P&L per policy (sum of P&L since inception of all European operations, divided by current number of policies in portfolio)*

# European Insurance Market Distribution and Price Comparison Websites

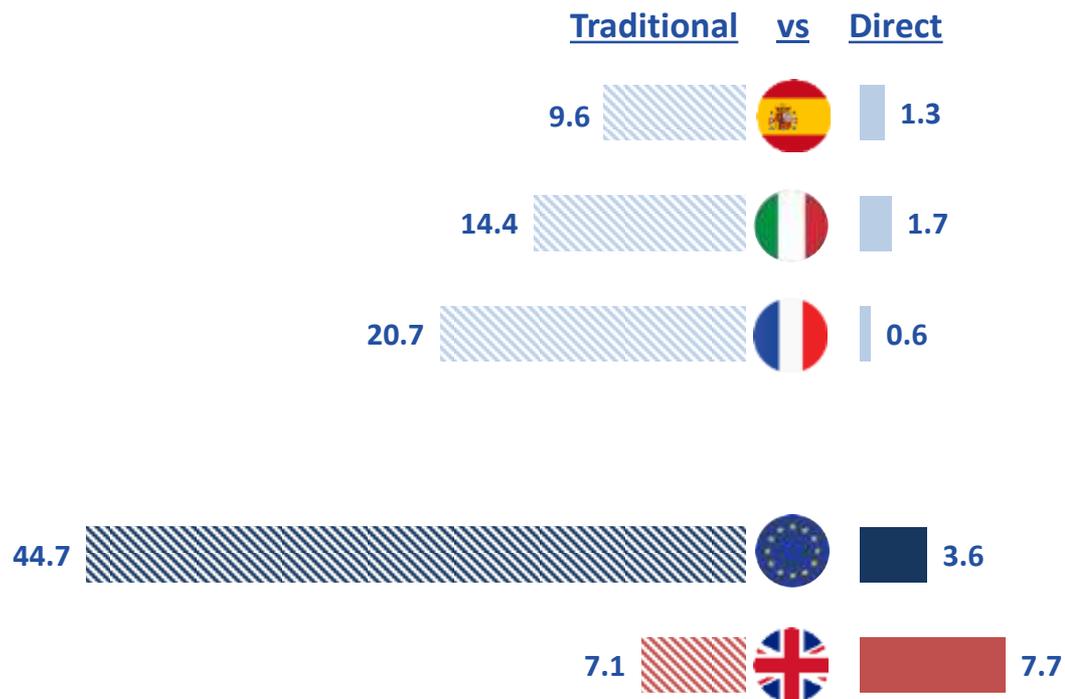
Elena Bétes – European and Emerging Markets Price Comparison Websites CEO



# The Market

# European Car Insurance Overview

## Estimated motor market GWP in 2017<sup>1</sup> (€bn)



## Price Comparison share of New Business Sales (%)<sup>1</sup>

13%

14%

10%

73%

**Sources:** 1) Internal estimation based on Ania, FFA, Inese, ICEA, ABI, Deloitte Motor seminar, management estimates; 2) Management estimates.  
**Notes:** UK figures converted based on 31 Dec 2017 FX (1,124); Criteria used by national authorities to range size of respective markets may be sensibly inconsistent; all Spanish data excludes Mutua Madrileña (inclusion in the direct channel disputed due to its hybrid business model)

# Multiple players, few leaders

...2002

04

06

08

10

12

14

16

18



Market Leader



Exited the Market



Owned by insurer

# Admiral Price Comparison Websites in Spain and France

## Ambition to Lead – Our Past

- Only a few players will survive per country
  - A strong position fuelled by growth is key
- Admiral manages a leading PCW in all markets we are present in

		
<b>Prompted brand awareness</b>	95%	79%
<b>Top of mind brand awareness</b>	55%	15%
<b>Admiral PCW Market share</b>	65%	40%
<b>Competitors Market share</b>	Acierto (30%), Kelisto (5%)	Les Furets (40%), MeilleurTaux (10%)

## Diversification – Our Present

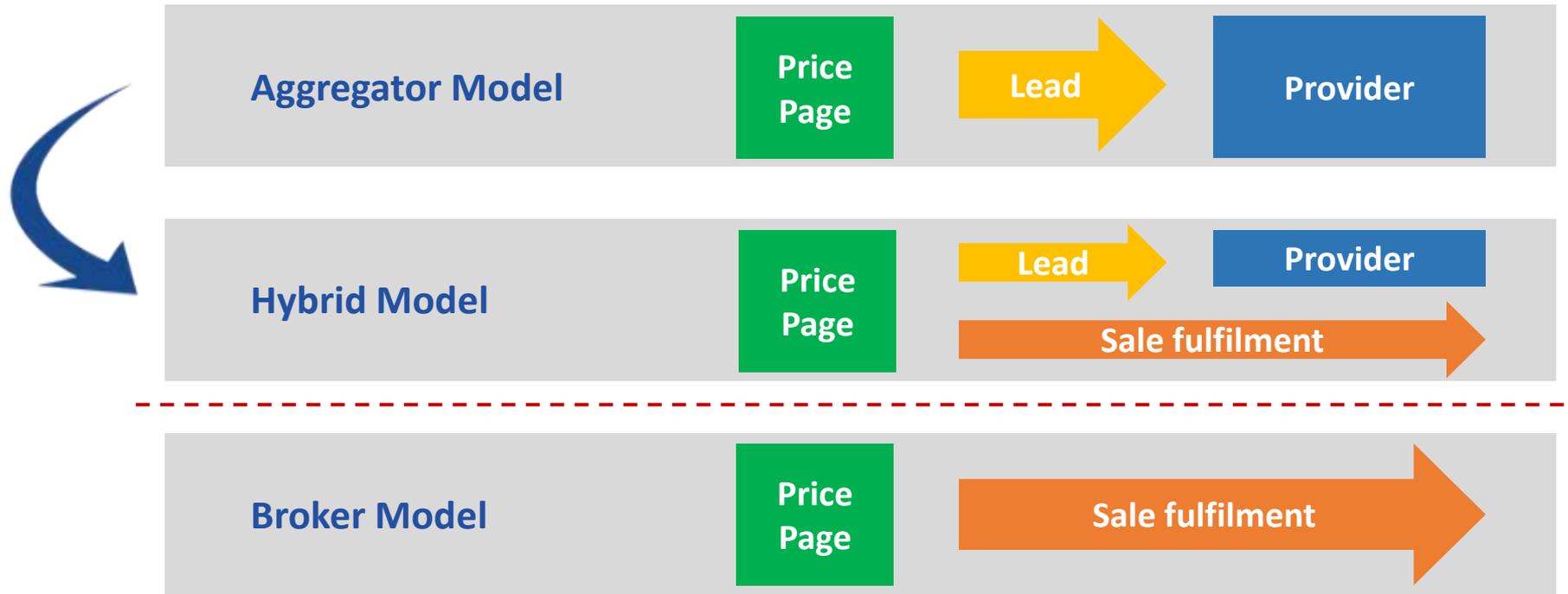
- Expansion of product offering:
  - Compensate low speed of change in market behaviour
  - Increase frequency of use
  - Maximise effectiveness of marketing budget

	 <b>Rastreator.com</b>	 <b>LeLynx.fr</b> <small>Comparateur d'assurances</small>
<b>Other insurance products</b>	Motorbike, home, health, life, travel, burial...	Motorbike, health, home
<b>Other business lines developed in-house</b>	Broadband, Finance and Car	Energy
<b>Other offerings provided by 3<sup>rd</sup> parties on the web</b>	Travel and Energy	Finance and other insurance
<b>Percentage of revenue from products beyond car insurance</b>	24%	40%
<b>YoY Growth<sup>1</sup> (Aug 2018)</b>	7%	20%

*Notes: 1) Year on year growth of revenue from products other than car insurance*

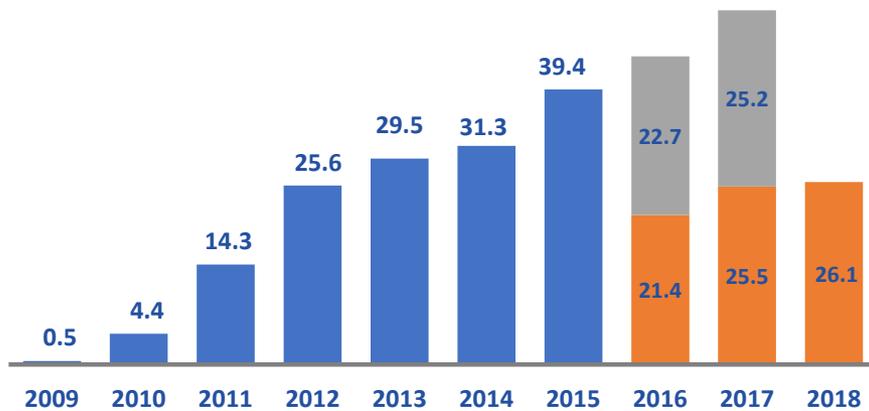
# Best Customer Proposition – Our Future

- Opportunity to improve customer experience and increase control in fulfilment
- Requires technological investment that can be transferred across markets

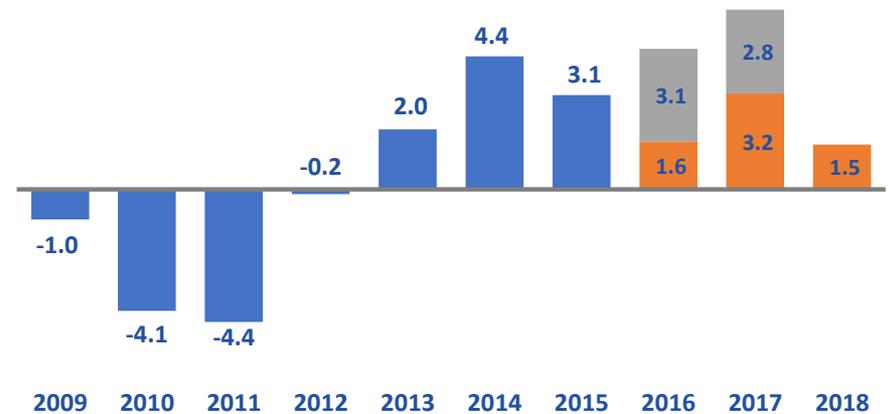


# Our History – Reflected in Our Financials

Rastreator and LeLynx Combined Turnover (€m)



Rastreator and LeLynx Combined Profit Before Tax (€m)



# Summary

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**Market remains small with opportunity to grow with the shift towards digital**



**Admiral has proven its ability to organically grow market leading PCWs in Spain and France**



**Focus on maintaining leadership in European PCW markets by diversifying and strengthening the customer proposition**

# European Insurance Part 1: Market and Results

Milena Mondini – European Insurance CEO

*Home town*



*Family*



*ConTe 10 year party*



# Admiral expansion across Europe



*Note: Admiral also launched two operations which were subsequently sold – Admiral Direkt (direct insurance) launched in Germany in 2007 and Chiarezza (price comparison) launched in 2010*

# Admiral expansion across Europe



# European Insurance Snapshot: H1 2018<sup>1</sup>

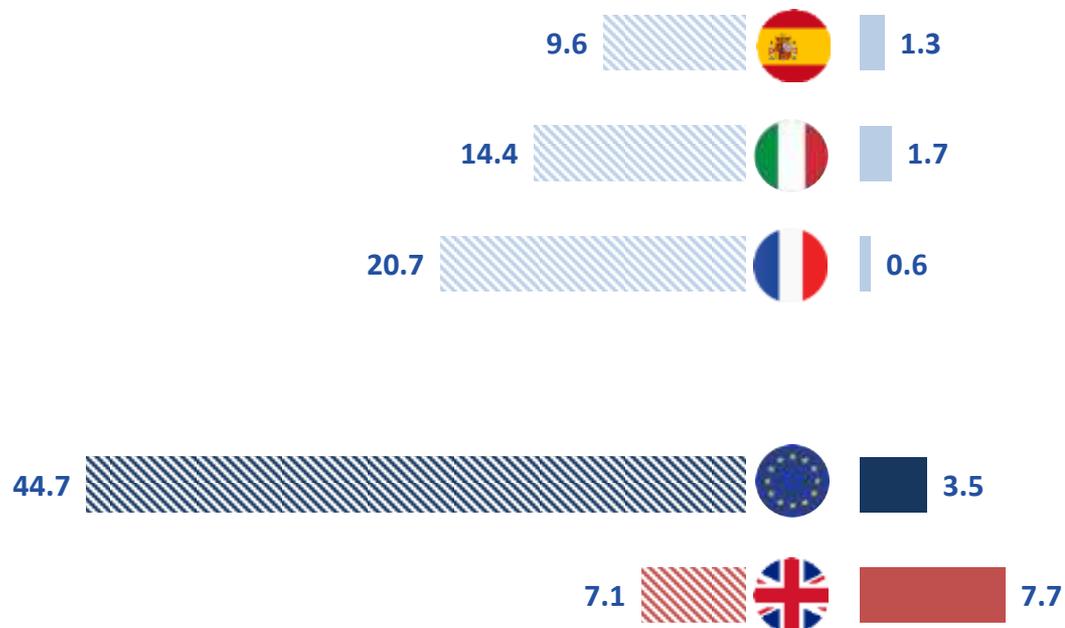


**Note:** 1) Admiral operations in Italy, France and Spain; 2) Turnover comprises total premiums written plus other revenue; 3) Admiral share of profit; 4) calculated as the sum of the FTEs in the three operations – this calculation does not take into account outsourcing

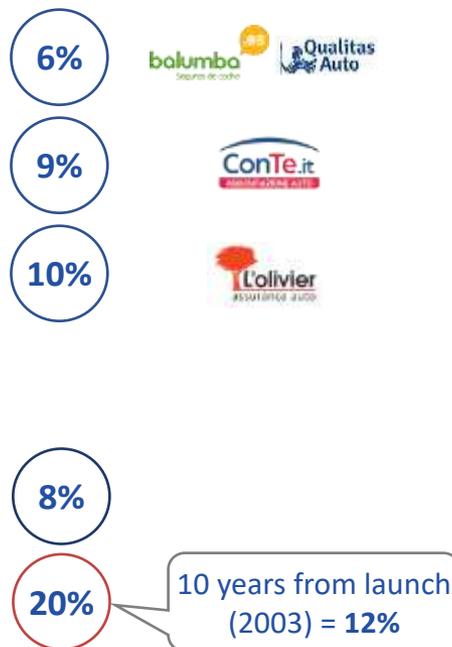
# European markets are large, with the direct channel less developed than in the UK

## Estimated motor market GWP in 2017<sup>1</sup> (€bn)

Traditional vs Direct



## Estimated Admiral share of direct market<sup>2</sup> (%)



Sources: 1) Internal estimate based on Ania, FFA, Inese, ICEA, ABI, Deloitte Motor seminar, management estimates; 2) Internal estimate of Admiral share of direct market  
 Notes: UK figures converted based on 31 Dec 2017 FX (1,124); Criteria used by national authorities to range size of respective markets may be sensibly inconsistent; all Spanish data excludes Mutua Madrilenia (inclusion in the direct channel disputed due to its hybrid business model)

# Steady but moderate growth of the direct market over time

## Share of direct in motor insurance (%)<sup>1</sup>

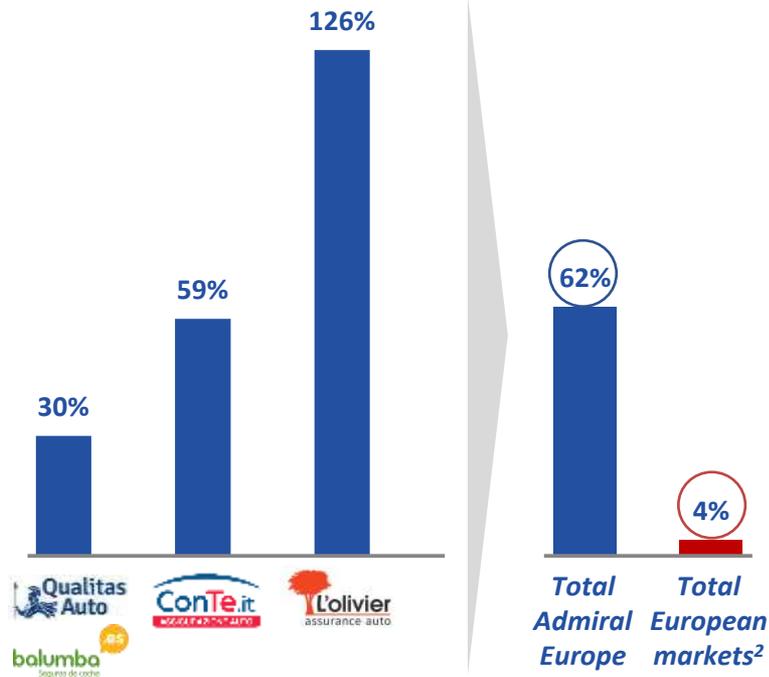
	2000	2010	2017
	4%	10%	12%
	1%	6%	10%
	2%	2%	3%
	2%	6%	7%
	29%	50%	60% <sup>2</sup>

- Spain shows the largest direct share, with several examples of hybrid distribution models e.g. several traditional also distribute online
- Italy benefitted from the fastest growth from 2010 (c. 6% CAGR)
- France is at an earlier stage of development
- Favourable trends observed in H1 2018, particularly in Italy and France

Sources: 1) Internal estimate based on Ania, FFA, Inese, ICEA, ABI, Deloitte Motor seminar data; management estimates 2) Management estimates  
 Notes: all Spanish data excludes Mutua Madrilenia (inclusion in the direct channel disputed due to its hybrid business model)

# Admiral growth outpaces the market

## Admiral Premium Growth in Europe : 2015-2017 (%)<sup>1</sup>



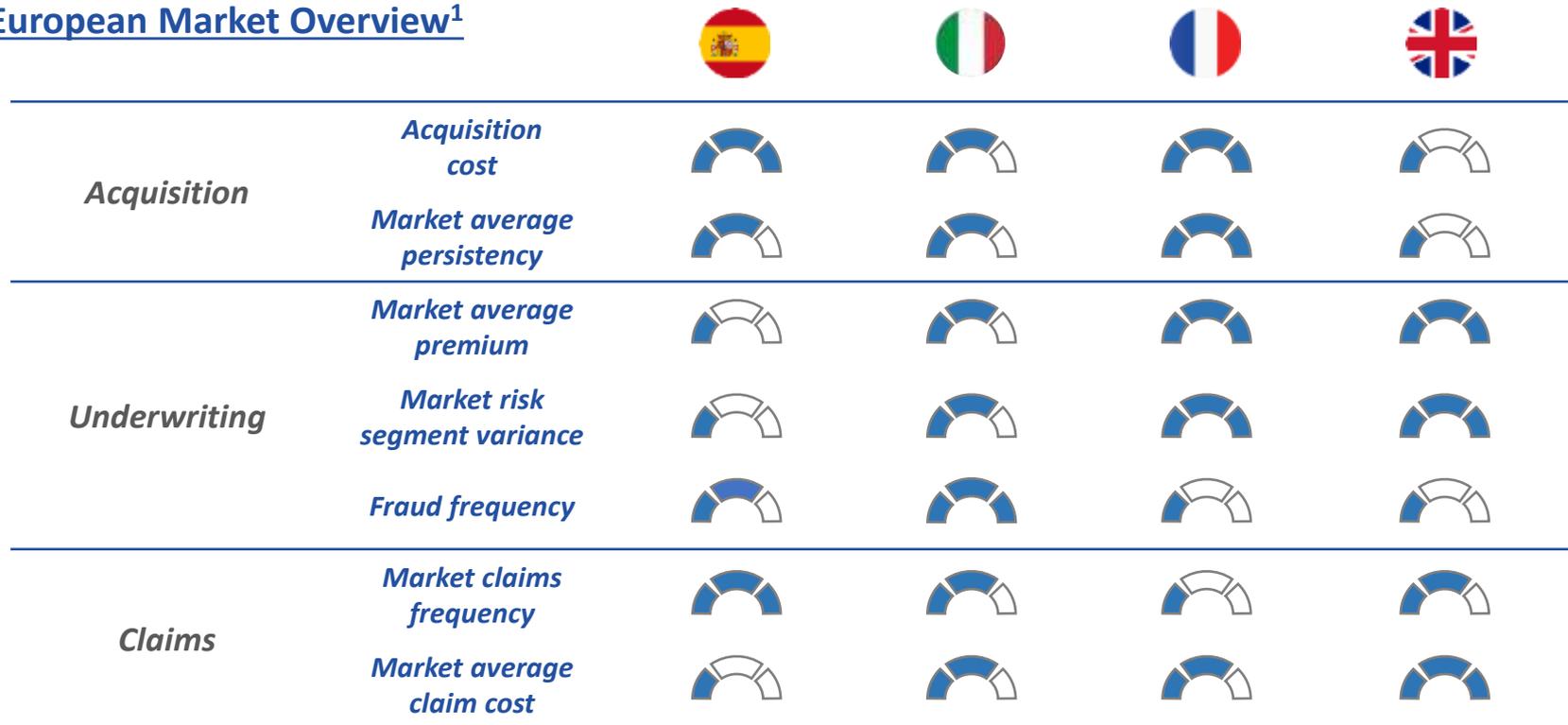
- Each of the Admiral operations has been growing faster than their respective markets from 2015 to 2017

Sources: 1) internal estimation based on Ania, FFA, Inese, ICEA, ABI, Deloitte Motor seminar data

Notes: all Spanish data excludes Mutua Madrileña (inclusion in the direct channel disputed due to its hybrid business model); 2) calculated as cumulated premium growth of direct market in Italy, Spain and France between 2015 and 2017

# European Markets have diverse features

## European Market Overview<sup>1</sup>

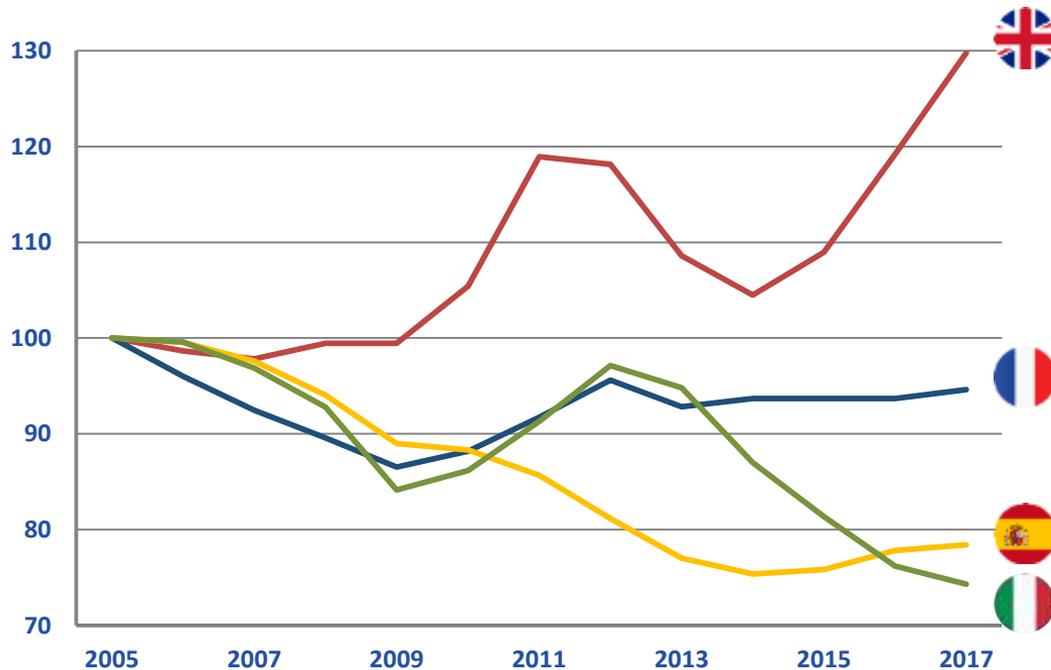


- Markets share similarities but require adaptation to specific market context
- Different competences are more relevant in each country, for example:
  - Italy: Underwriting and antifraud sophistication is key
  - Spain and France: Higher acquisition costs drive focus on efficient customer acquisition

Sources: 1) Internal estimation based on Ania, FFA, Inese, ICEA, ABI, Deloitte Motor seminar data;

# European Market Features: The Cycle

Market Average Premium trends<sup>1</sup>  
(Indexed to 100 in 2005)

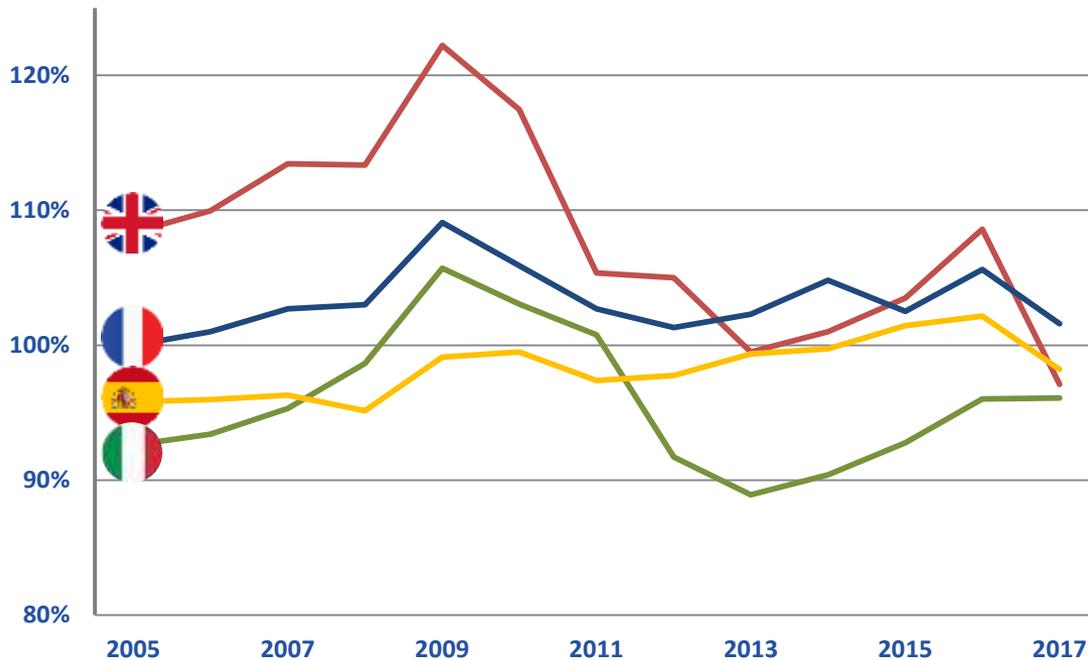


- Sharp downturn in average market premium in Italy and Spain over the last few years (c. 20%)
- Upward trend in the UK while more stable premiums in France
- Italy and UK with more pronounced cyclicity

Sources: 1) Internal estimation based on Ania L'Assicurazione Italiana 2017-2018; FFA (FFA tableau de bord assurance), ICEA, DGS data.

# European Market Features: Profitability

Market Combined Ratio trends<sup>1</sup>



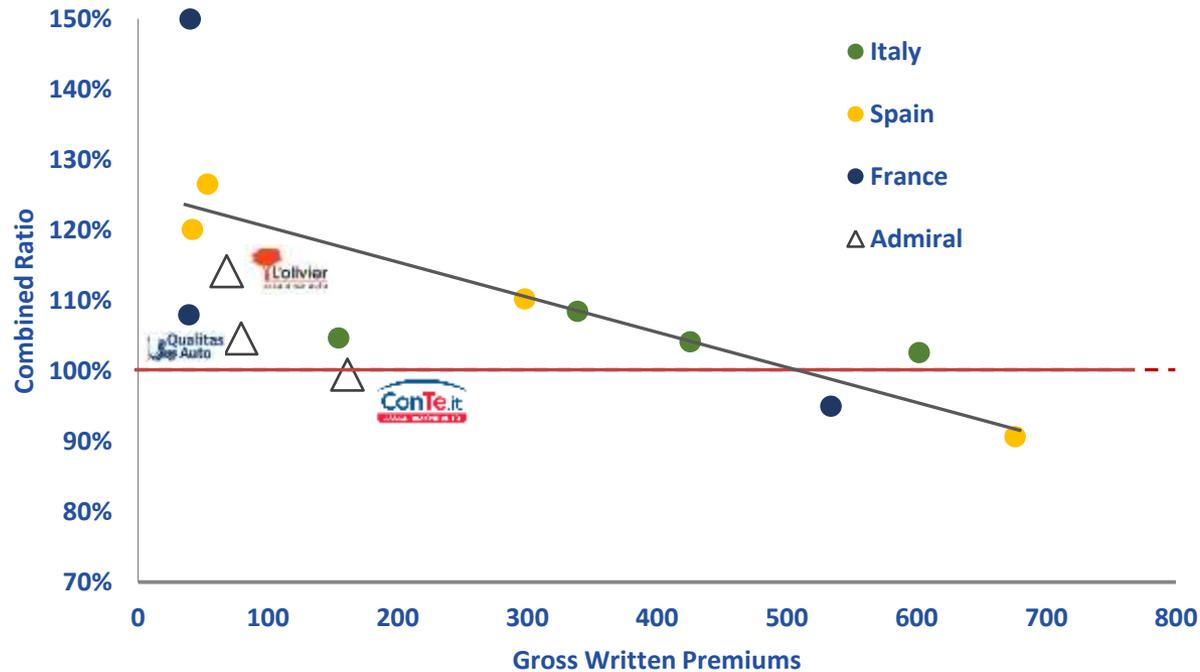
- Italy has seen the sharpest cycle of all the European markets
- In France motor business was historically more cross-subsidised by other profit sources

Sources: 1) Internal estimation based on data from Ania (L'Assicurazione Italiana); FFA (FFA tableau de bord assurance); INESE (insurance companies report); Deloitte (Motor Seminar); EY

Note: Italian market data calculated considering MTPL + MOT

# Scale matters but there are opportunities to outperform

Comparison of main Direct Players in 2017 (Premiums (€m) vs Combined Ratio)<sup>1</sup>

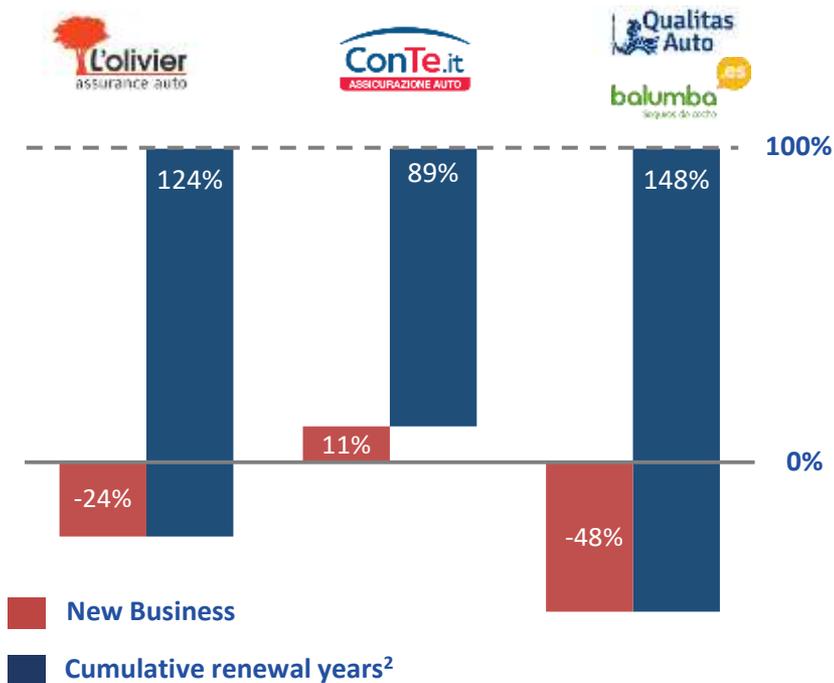


Sources: 1) Admiral data on written basis; direct competitors: internal estimation based on Infobila; Inese; FFA data.

Notes: Data for illustration purposes only, basis for calculation of market data may vary across countries and data sources

# Value of European policies is concentrated on the renewal book...

## Split of lifetime value between year 1 and subsequent years<sup>1</sup>



- French and Spanish policies are more reliant on renewal book, mostly due to persistency and acquisition costs
- Cost of growth is higher in Spain and France, where new business represents -48% and -24% of the overall lifetime value of a policy
- In Italy, there is a lower distribution of lifetime value between new business and renewal years, hence lower cost of growth

**Notes:** 1) "Lifetime value" is the sum of variable items (revenues and cost) related to a portfolio policy – i.e. all fixed costs are excluded; 2) Cumulative renewal years is the variable profit per policy (taking into account the effect of persistency) excluding the NB year

# ...and total lifetime value per policy is growing year after year

## Lifetime value<sup>1</sup> of a policy: 2016 vs 2018 (Indexed to 100 in 2016)



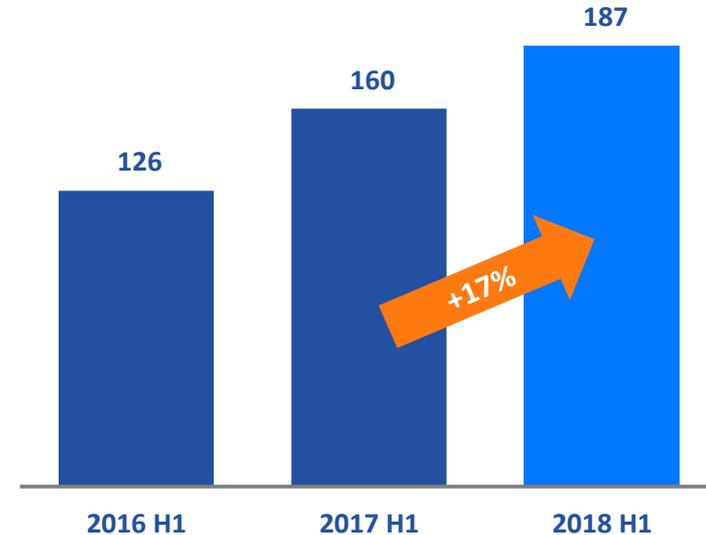
Notes: 1) "Lifetime value" is the sum of variable items (revenues and cost) related to a new business policy – i.e. all fixed costs are excluded

# Continued and strong top-line growth in Europe

European customers

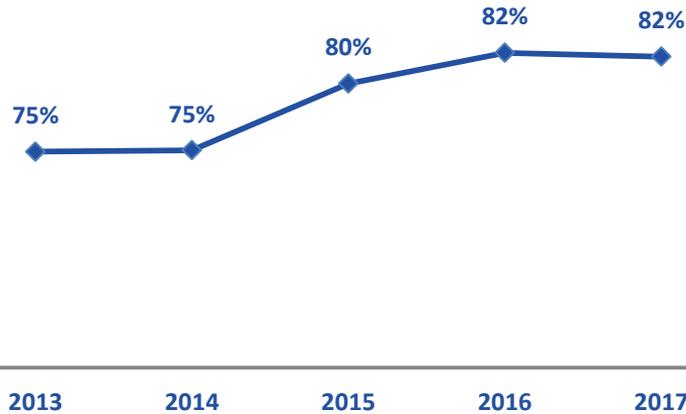


European turnover (€m)

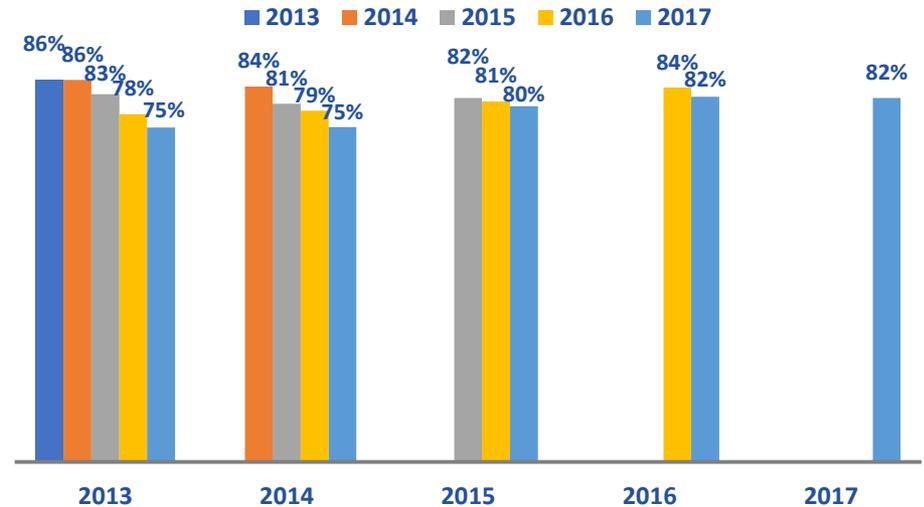


# Sustainable loss ratio

Admiral European projected ultimate loss ratio<sup>1</sup>



Admiral European ultimate loss ratio development<sup>2</sup>

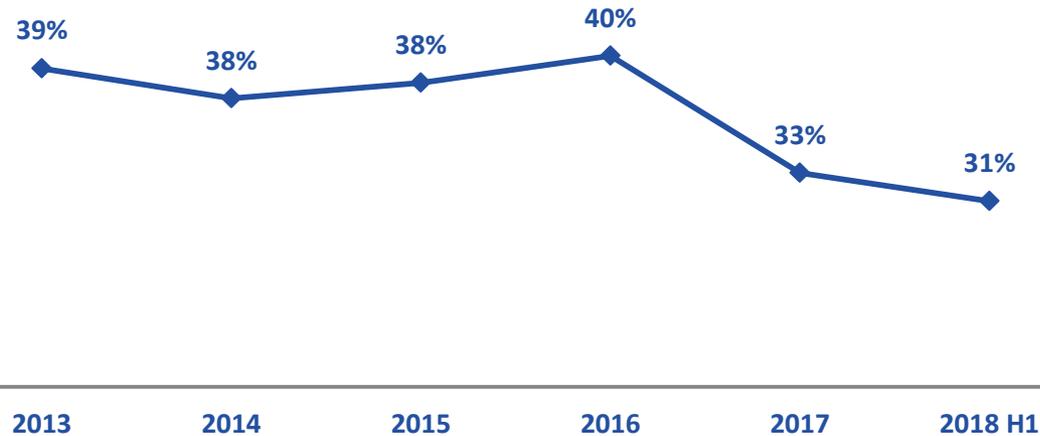


- Admiral EU ultimate loss ratio remained stable over the last three years on a written basis, despite material book growth
- Continued prudent reserving approach with positive development of booked loss ratio
- 2013 and 2014 have been exceptional years in the Italian market; increase in 2015 driven by worsening cycle and acceleration of growth
- Ultimate loss ratios in the graph are not fully comparable to the market as they do not include ancillaries, which generally have a lower loss ratio

**Sources:** 1) Blend of ConTe, L'olivier and Admiral Seguros ultimate loss ratios based on Independent actuarial projection, underwriting year basis 2) Blend of ConTe, L'olivier and Admiral Seguros ultimate loss ratios based on Independent actuarial projection, underwriting year basis; development by financial year (colour coded) and split by underwriting year  
**Notes:** Motor loss ratio; Ancillaries are excluded from calculations

# Expense ratio improving due to efficiencies and scale

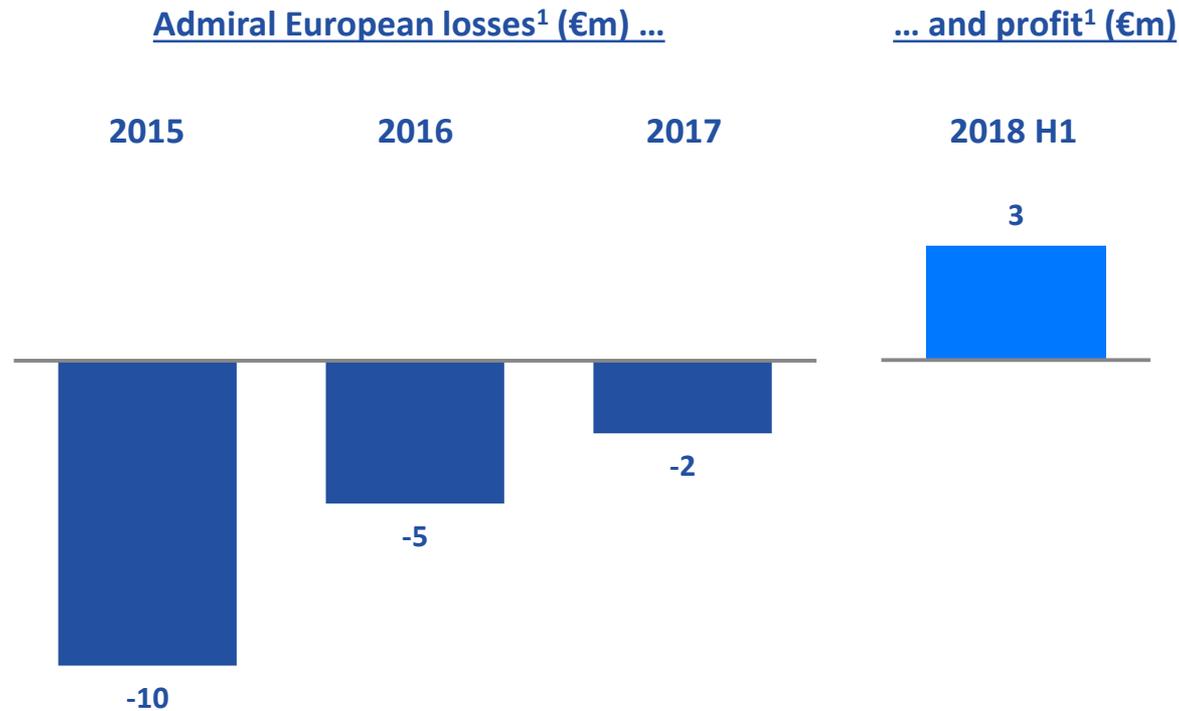
## Admiral European expense ratio<sup>1</sup>



- Admiral European businesses significantly improving ER trends
  - Growing scale
  - Increased share of online services
  - Internal efficiencies and cost optimisation

*Sources: 1) Average of whole account ConTe, L'Olivier and Admiral Seguros expense ratios calculated as written expenses /turnover net of XoL*

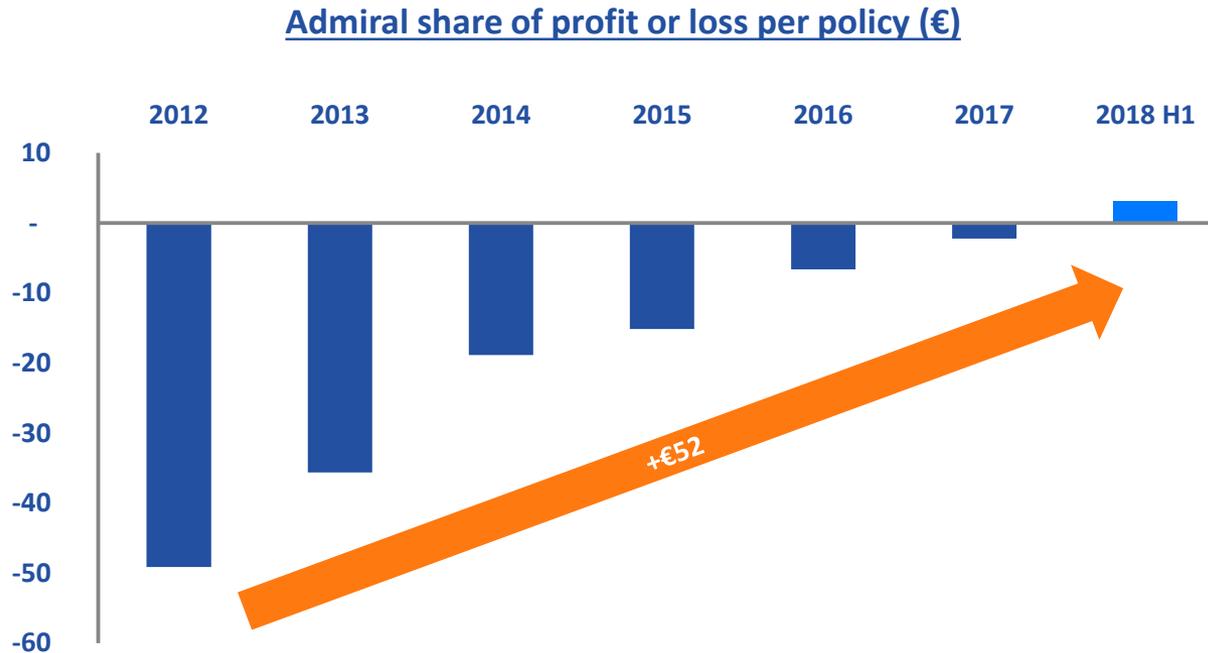
# European operations are profitable overall



- ConTe profitable for the 4<sup>th</sup> year
- Minor losses from L'olivier and Admiral Seguros combined
- Reserve released in all three countries

Notes: 1) Admiral share of earned P&L

# Growth and profitability drives value creation



- 925k policies across Admiral Europe, with a cumulated average investment per policy to date of €89<sup>1</sup>
- Improving share of profit/loss per policy and growing lifetime value per policy drives value creation

*Notes: 1) Cumulative Profit and loss divided by active policy base as of HY 2018*

# Summary

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Direct channel has been growing at a moderate pace over the past few years



European businesses largely outgrowing their respective markets and achieving material top-line growth



European operations overall profitable, showing a consistent trend of improvement

# European Insurance 2: Admiral Model in Europe

Milena Mondini – CEO European Insurance

Antonio Bagetta – Head of operations, ConTe

Daniele Tamborrelli – Technical Director, ConTe

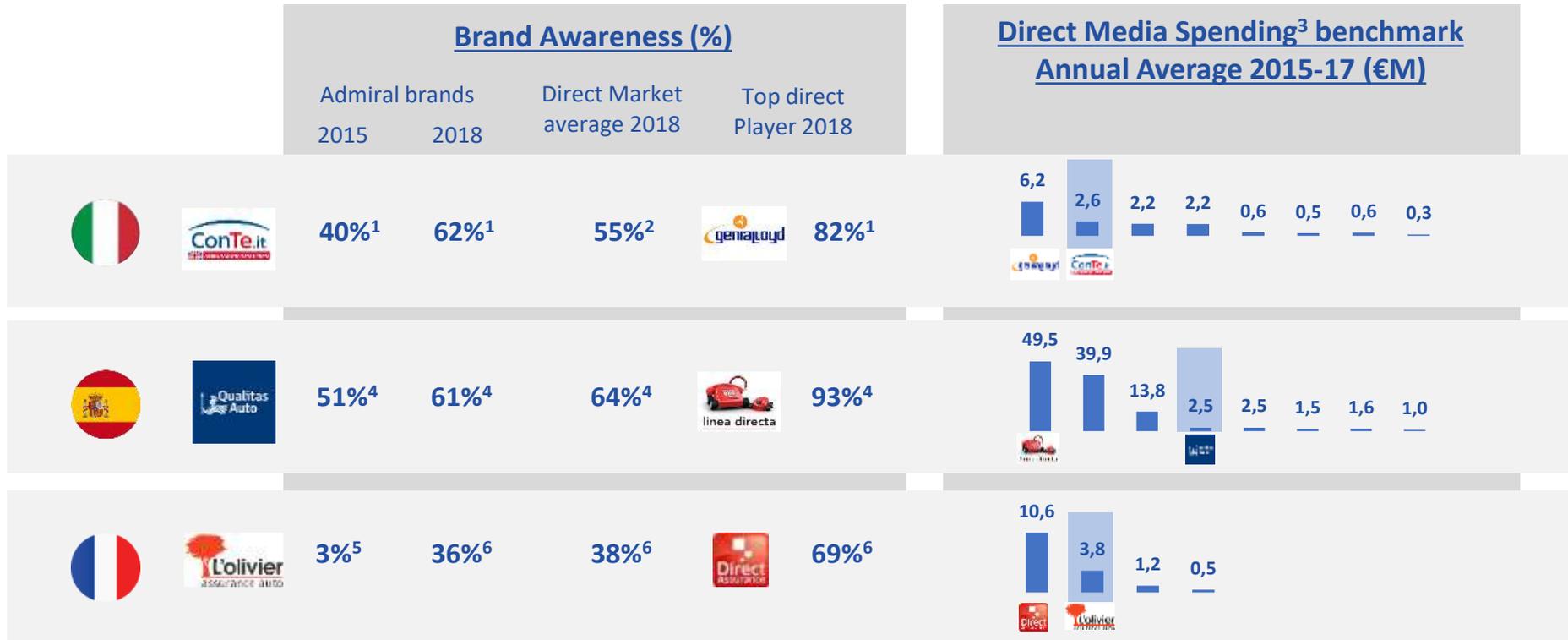


# Admiral competitive advantage in the UK ... and overseas

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- Ⓐ Efficient direct acquisition
- Ⓑ Sophisticated and accurate pricing
- Ⓒ Effective claims handling
- Ⓓ Low cost structure
- Ⓔ Customer focus
- Ⓕ People and Culture

# Efficient direct acquisition: Customer acquisition supported by brand trust

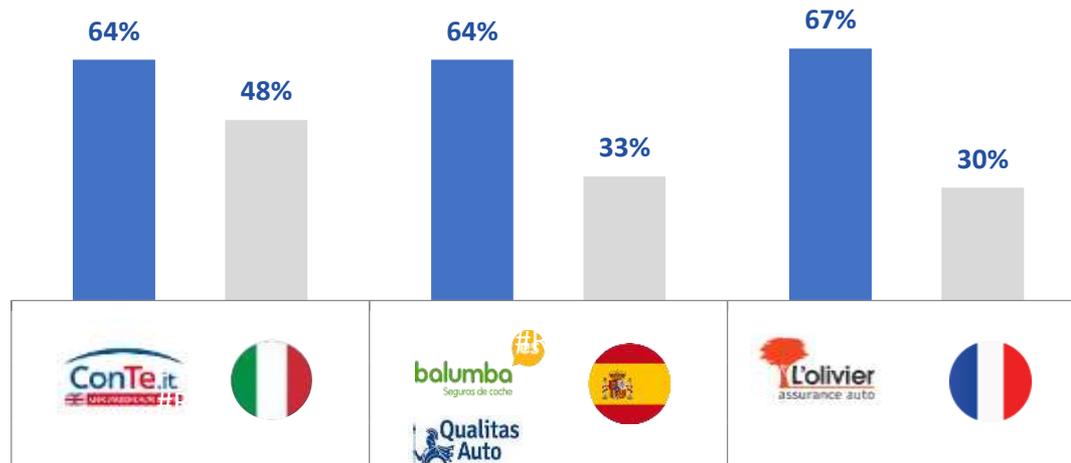


- Our brand awareness in Europe has grown to market standards
- Positive word of mouth and very selective investments on media and partnership led the growth, without large-scale spending
- Spanish and French acquisition costs are higher as the whole market spends more

1) Aided, source Nextplora, target 70% M 30% W; 25-54 years old; 33% direct, 33% traditional, 33% mixed; 2) Direct Line excluded, Verti included; 3) Perimeter of comparable spending includes internal estimates on TV, radio, press and online brand, excludes online performance and price comparison. Sources: Nielsen (Italy), Mpanel-YouGov (France) and Infoadex-Kantar (Spain). If France data refer to 2016-17 only; 4) Source: Netquest, online survey 1000 respondents, Men and Women, 18/55 years old, Car owner with driving licence, in charge of car insurance purchase, August 2018; 5) Aided, source: Mpanel - survey over 600 respondents, 4 times a year. Target 25-49 yrs old; 6) Aided, source: YouGov panel - online panel with over 150:000 respondents, July 2018 - 600 interviews. Target 16-65 yrs old

# Efficient direct acquisition: Price comparison

% of Direct sales intermediated by PCW: Admiral vs market<sup>1</sup>

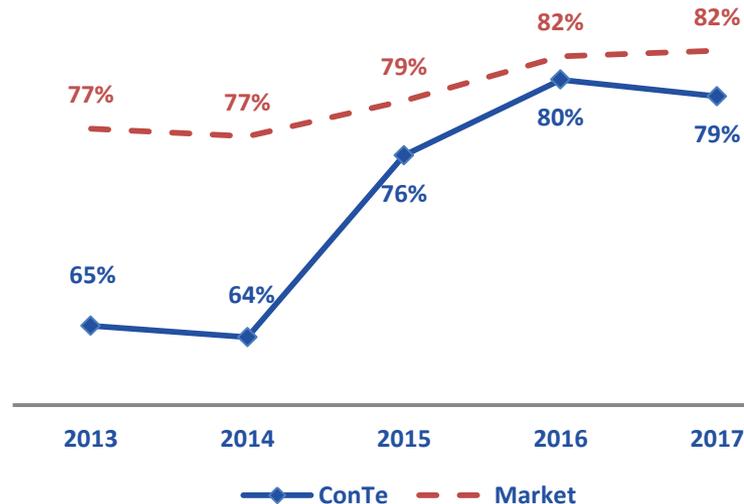


- Price comparison is efficient, costs are 20 to 50% lower
- Succeeding in price comparison requires accurate pricing segmentation and competitiveness
- High focus on non-standard risks, which tend to be over-represented on price comparison websites

Source: 1) 2017 figures, management estimates based on FFA, Ania, Inese, internal data

# Sophisticated and accurate pricing: Solid loss ratio performance in Europe

ConTe ultimate projected Loss ratio<sup>1</sup> compared to direct market<sup>2</sup>  
MTPL + MOD premiums



- Loss Ratio advantage in Italian direct market; close to market level in Spain and France
- Recent underwriting years are projected with prudence; we expect decreases
- Business size contributes to loss ratio as more data allows more accurate pricing
- Renewals book will age and contribute to future year loss ratio improvement

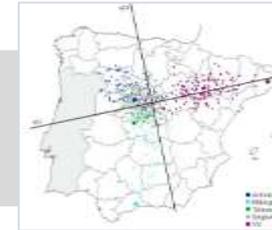
*Source: 1) ConTe external projection as of H1 2018, written basis, MTPL+MOD; 2) Average published results of direct competitors, written basis, source ANIA-Infobila, MTPL+MOD. 2017 is a management estimate. Adjusted to account for cost of handling claims (-4 p.p)*

# Sophisticated and accurate pricing: Loss ratio in Europe is not only pricing



## Spain example

Geo-localisation tools against “Ghost” brokers



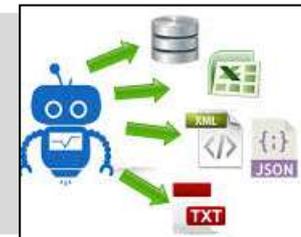
## Italy example

Internally developed antifraud tool and validation team against fake claims



## France example

Use of web automation to check insurance history declaration against «quote messaging»



- Antifraud, Underwriting and Claims tailored to environment, with a twist of Admiral innovative spirit
- IT / Data / Telematics are growing opportunities, we are investing in internal skills, Guidewire and Amazon Cloud
- Pricing capability is enhanced by solid technical and technological foundations

# Sophisticated and accurate pricing: A focused team is key to build an advantage

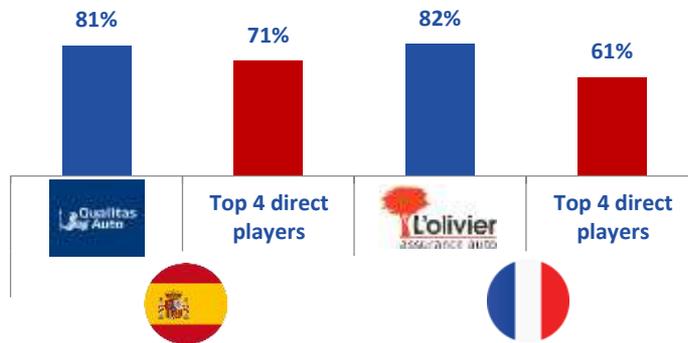


- Pricing in Admiral is central to decision making and most of our CEOs have a pricing background
- Our teams are substantially larger than the average of our competition
- International pricing team in Cardiff to support local business in developing its own advantage

# Sophisticated and accurate pricing: Mindset is also key

## Open-minded approach

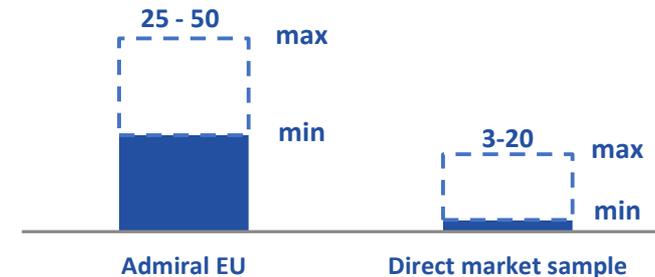
### Price comparison footprint<sup>1</sup>



- Culture to try provide a quote to every risk
- Accurate pricing on “non standard risks” e.g. “Previous Claims” or “No prior insurance”
- Decision-making attitude balancing solid analysis and common sense

## Fast Evolution

### Number of rate changes per year (range min - max) per individual operation vs market



- Continuous stream of improvement projects, going live as soon as ready (we can do daily rate changes)
- Direct players are active, but not all of them

Source: 1) Itelligent for Rastrator, Spain, Lelynx for France

# Sophisticated and accurate pricing: With the right pricing strategy, data is central

## Many Data Sources

**Access** as a first mover

**Smart use** with business focus and technical expertise

### Some examples:

- Telematics box data flows
- Vehicle new technical details (e.g. Active Security)
- Insurance and driving history databases (e.g. past claims and convictions) at granular level
- Fraud portal integrations
- Customer interactions online

## High Data Quality

**Team** mix of technical and business **skills**

**Culture of data value**

**Technology**

- Actuaries, data analysts, tech experts as well as MBAs from top business schools in pricing team
- Culture of easy access to every database to foster new insight generation
- Amazon cloud, SAS/R/Python, Domino Data science platform, Guidewire rating software

# Effective claims handling: Europe is very diverse from a claims perspective

## Main differences



### Customers

- Percentage of fraudulent claims
- Percentage of claims where a counterparty lawyer has been instructed



### Regulation

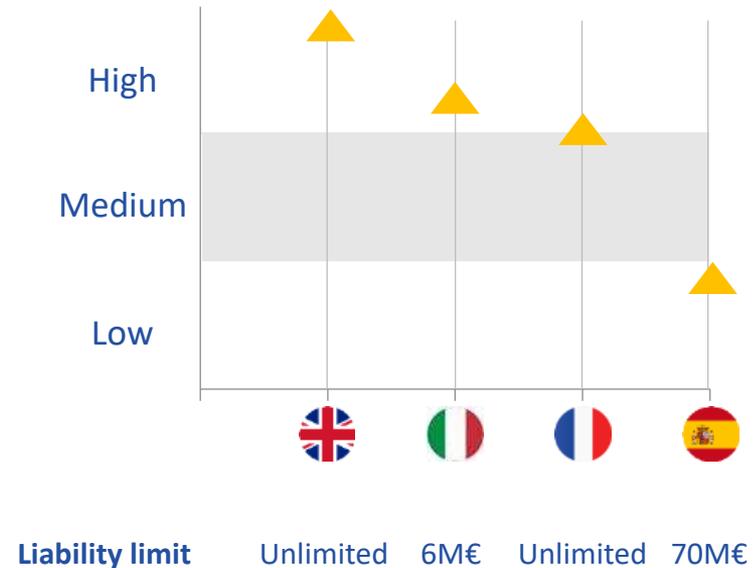
- Knock for knock with significant differences among EU countries



### Products

- High variety in terms of limits

## Average third party liability claims costs by market

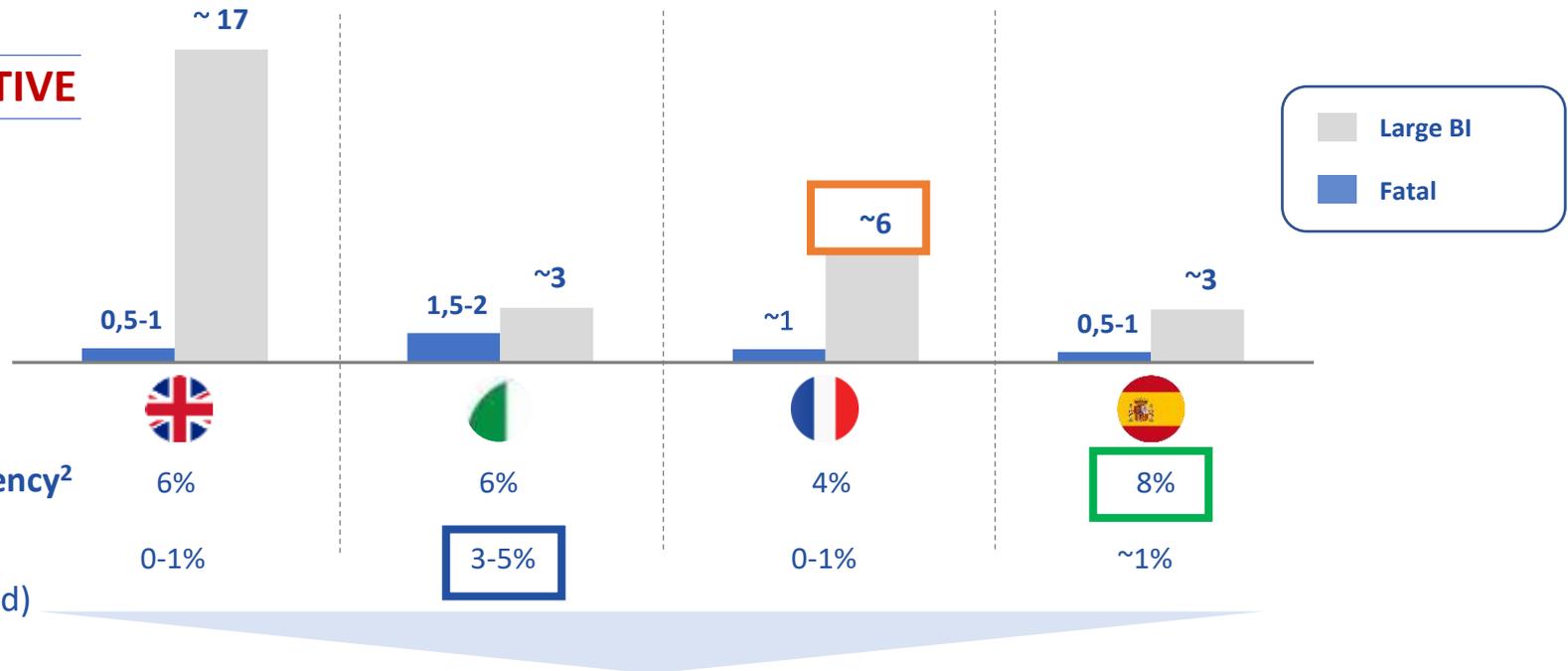


Source: Internal estimation based on Ania, FFA, Inese, ICEA, ABI, Deloitte Motor seminar data;

# Effective claims handling: Europe is very diverse from a claims perspective

Example of large claim cost by market (€m)<sup>1</sup>

**ILLUSTRATIVE**



France with the **highest large BI costs in Europe** also due to PPO mechanism



Spain with highest **claims frequency** and therefore the need for more standardised processes



Italy more advanced on **fraud detection and management**

Source: 1) European transport safety council 2015 report, Internal estimate. - Example of tetraplegia lesion on 1 male, 41 years old, salary € 40.000; 1 wife, 2 sons (6 and 9 years old), 1 parent and 1 sister. 2) TPL market frequency includes body injuries and accidental damage

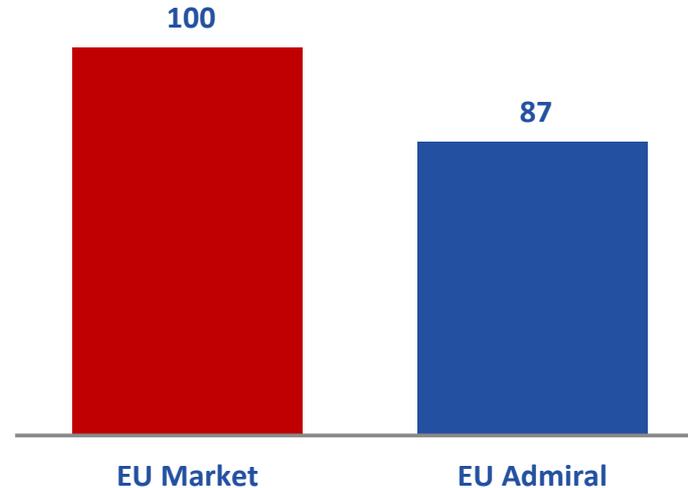
# Effective claims handling: Admiral European operations benefiting from group competitive advantages

Competitive advantage	Examples
<ul style="list-style-type: none"><li>▪ <b>Claims Organisation</b> centralised in the 3 HQs and <b>highly specialised</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>580k€ ANIA incentive</b> in Italy</li><li>▪ <b>Positive Knock for Knock balance</b> due to positive fault / no fault claims ratio and <b>good negotiation skills</b> in Italy and Spain</li></ul>
<ul style="list-style-type: none"><li>▪ <b>Culture of control</b> and <b>partnership with third parties</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Cooperation and partnership with network</b></li><li>▪ Strong focus in terms of percentage of <b>claims handled by garage network</b></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Anti-fraud excellence</b></li></ul>	<ul style="list-style-type: none"><li>▪ ConTe achieved <b>2.3 point Loss Ratio saving</b> vs 1.5 market average<sup>1</sup></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Quality of service</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>Likelihood to renew</b> after a claim <b>above 80%</b><sup>2</sup></li></ul>
<ul style="list-style-type: none"><li>▪ <b>Fast, proactive and customer-oriented processes</b></li></ul>	<ul style="list-style-type: none"><li>▪ <b>24h assistance</b> in case of claims in Italy</li><li>▪ <b>Cash &amp; Go</b> for small damages in Spain (below 500€)</li><li>▪ Path towards <b>automation of processes</b> via robotics and digitalisation in France</li></ul>

*Source: 1) IVASS; calculated as point of Loss ratio saved due to anti-fraud detection activities. Calculated only on Zero paid claims 2) internal surveys; for Italy only including customers who received garage network services*

# Effective claims handling: Admiral EU claim cost compared to the market

Average Claims costs vs market<sup>1</sup>  
(indexed, 2017, UK not included)



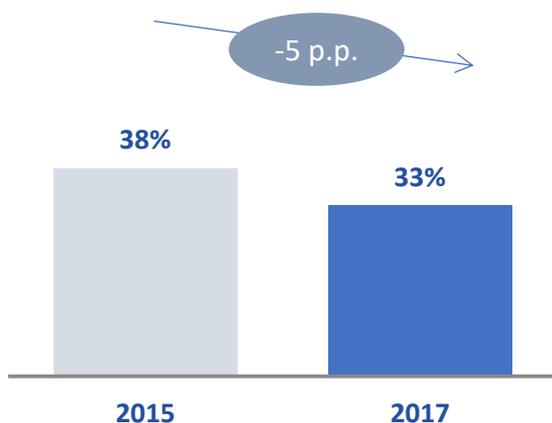
- Admiral European operations has higher proportion of new business customers than market average
- Given this difference, Admiral Europe is already experiencing signs of competitive advantages in claims, in particular in ConTe and Admiral Seguros - where data is more mature

*Source: ANIA for Italy, estimate based on ICEA (Association of Insurance Companies) data in Spain, internal data*

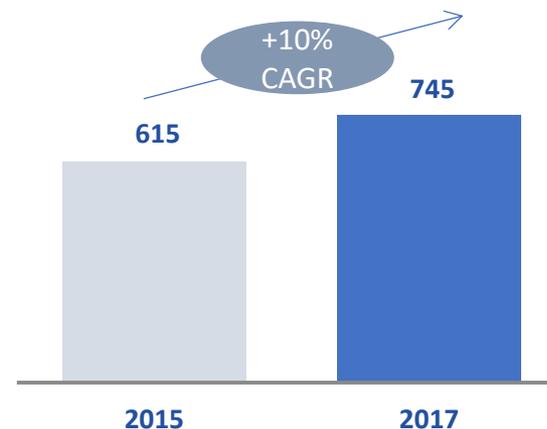
*Note: 1) Estimate includes only Italy, France and Spain operations. Average cost for the market calculated with the same volume mix of the 3 Admiral companies. For France, considered only material damage given the lower maturity of the portfolio. For Italy calculated on current and prior year only to be comparable with ANIA data (99% of total claims in ConTe.it).*

# Low cost structure: Expense ratio improving over time

Europe Written Expense ratio<sup>1</sup>



Productivity: Active policies per FTE



Other key 2017 metrics  
(index, 2015 basis)

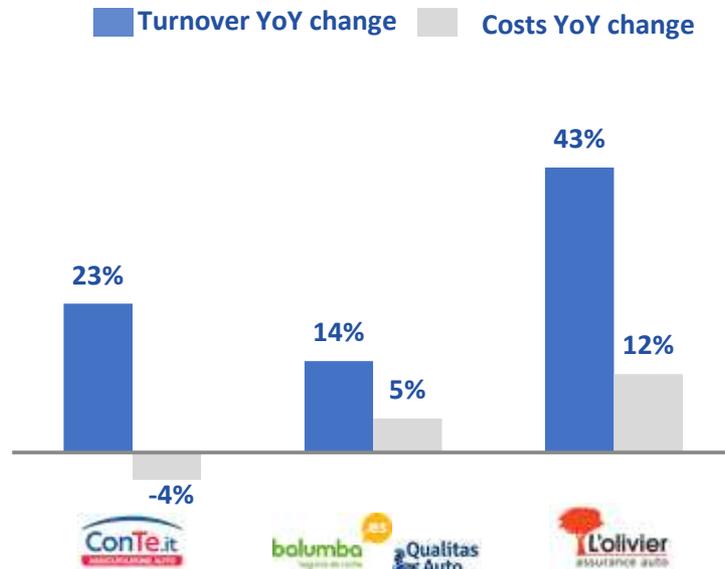
Non Acquisition Cost per Policy	87
Cost per sale	90

- Expense ratio higher than market for each operation, but improving due to higher productivity, increasing scale and lower cost per sale

Sources: 1) Average of whole account ConTe, L'Olivier and Admiral Seguros expense ratios calculated as written expenses /turnover net of XoL

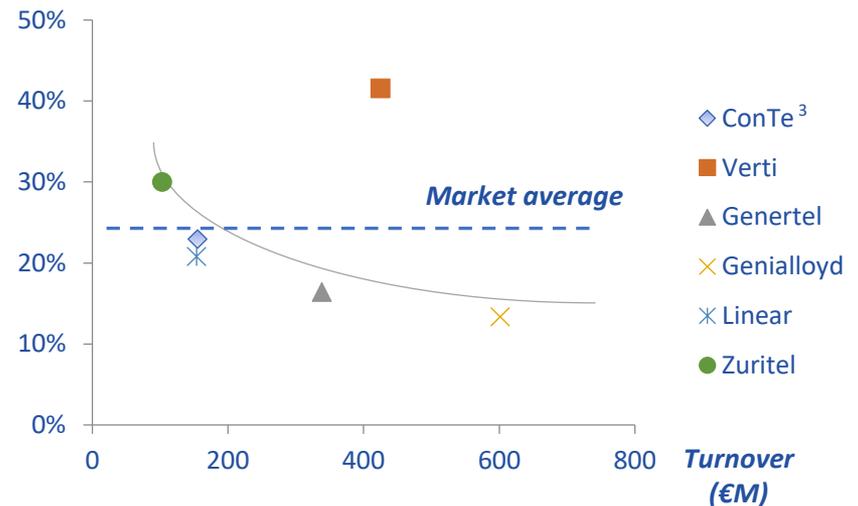
# Low cost structure: Efficiency improving across all operations

Turnover and costs, YoY change  
(written basis, 2017 vs 2016)<sup>1</sup>



Scale effect in the Italian direct market  
(2017 data<sup>2</sup>)

Expenses (% of Turnover)



- Turnover grew more than costs in each individual market generating expense reduction
- ConTe.it experienced a cost reduction although a double digit turnover growth
- Scale matters: bigger size and maturity leading lower incidence of fixed costs
- YoY, Admiral EU benefited from 3ppt expense reduction due to higher scale
  - ConTe.it aligned to market average

Sources: 1) internal data ; 2) Infobila, ConTe.it internal data, management estimate; 3) Expense ratio adjusted for consistency

# Low cost structure: ER reduction led by a few strategic pillars

## Key pillars

### Process optimisation



**Fast, customer-oriented digital processes**

**Continuous process review** to answer customer needs

### Culture



**Flat organisation & entrepreneurial approach**

**My company my money**

**Culture of control and effective supplier management**

## Examples

**Personal area** with self service features and **easy access to information** (e.g. dynamic FAQs on website and IVR<sup>1</sup>)

**From ~40% online closure in 2015 to 60%+ in 2018 in Italy**  
**From dedicated to multi-skilled agents** both in Italy and Spain

**All employees own shares**

**Notes:** 1) Interactive Voice Response (IVR) refers to automated technology for a telephony system that gathers information from callers and uses this data to route the calls to the appropriate recipient.

# Customer focus: Customers and Quality

Admiral Experience

Customers are key for our development and success...

...**Focus on quality** as an enabler to move customers from traditional channel...

...as a result all our operations have **good scores** in terms of **Customer Satisfaction**

A few examples



- Excellent call centre service with an **average answer in less than a minute**



- **Money back guarantee** in case of poor service in a market where **quality is not a given**



- **Assistance in case of claim 24h a day**; offer the **longest opening hours**
- **Constantly increase** the number of **self-service** online functionalities

# People and Culture: Key Success Factors

- Management with a mix of managerial and insurance experience
- Focus on developing talent
- External recruiting of senior roles adding to technical and market experience



## Italy #3



## Spain #4



## France #38



### Our pillars A few examples



#### COMMUNICATION

- Annual Staff General Meeting
- Constant team meetings and 121s



#### EQUALITY

- Managers on the phone and continuous listening
- Friendly staff forums, Focus groups



#### REWARD & RECOGNITION

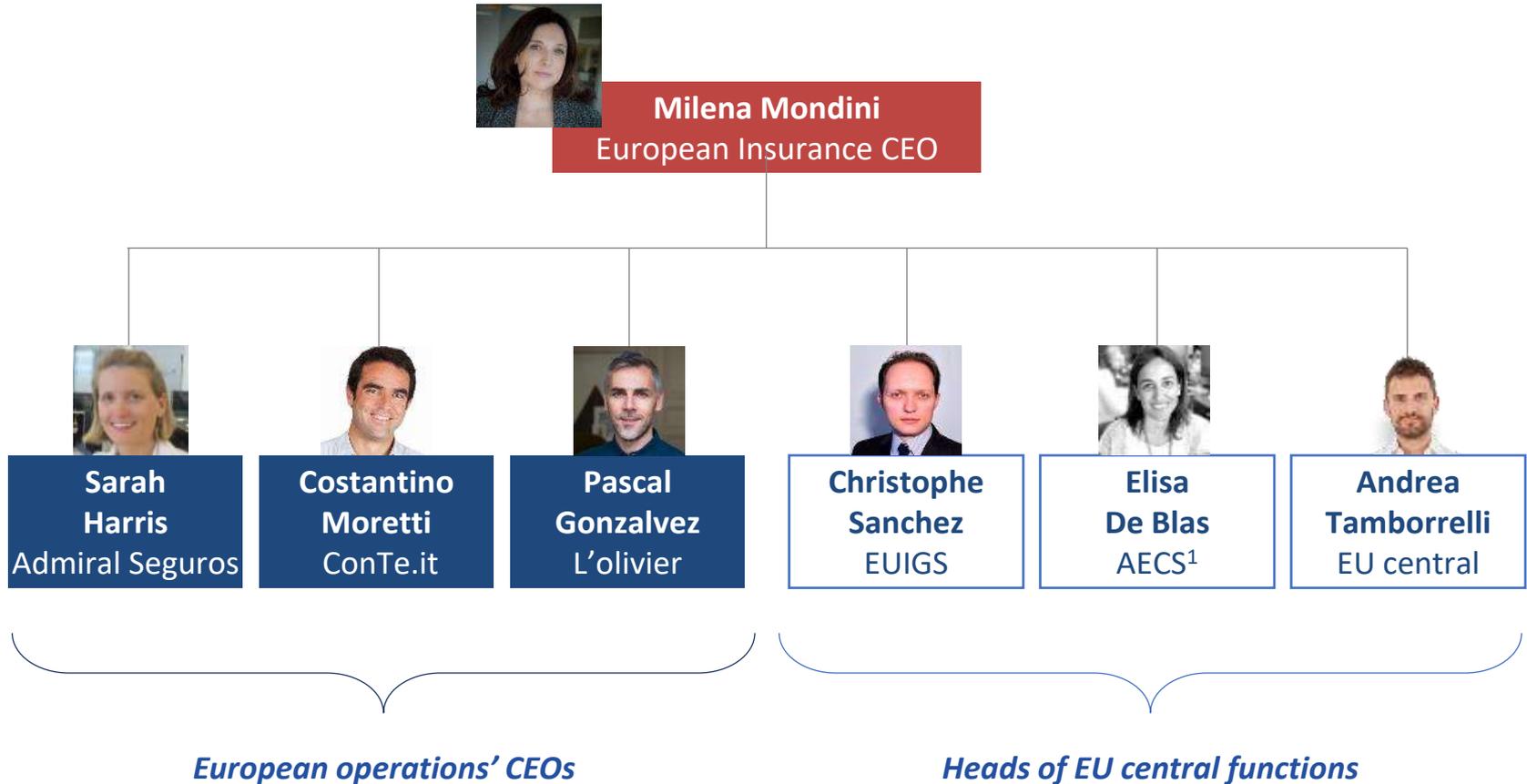
- Special Programs for Talent
- Incentives Schemes and contests



#### FUN

- Target and record celebrations
- Ministry of Fun

# EU organisational chart



Notes: 1) AECS is Admiral's new Spanish insurance company that will underwrite policies in France, Italy and Spain.

# Brexit project progressing as planned

## Brexit project update in a nutshell



- 1 A new insurance company and intermediary have been established and licensed in Spain
- 2 **The project is progressing as planned and we will be ready to operate post-Brexit** after the UK has left the EU (also in a scenario of hard Brexit)

## Expected outcome

FINANCIAL TIMES

28 DE FEBRERO, 2018

Admiral to set up subsidiary in Madrid as EU base post-Brexit

- 1 Minimal impact on customers and internal organisation whilst ensuring legal and regulatory requirements are met
- 2 **Maintain strong governance and increase cross-European collaboration**

# Learnings in Europe: Technological evolution



## Before

- Limited investments in internal automation and IT internal processes
- Some duplication of technology investments/not maximizing efficiencies and IT value
- Several platforms and technologies/not homogenous architecture

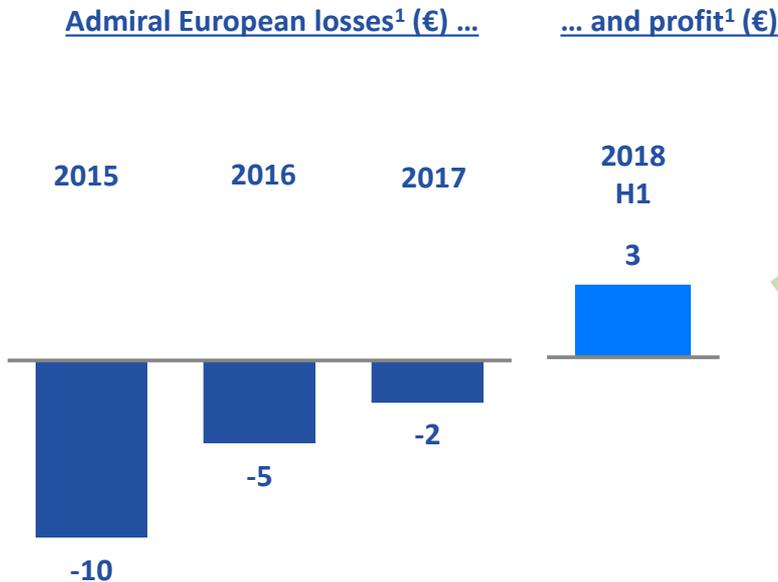
## Evolution and current structure

- 1 Shared technology centre (EUIGS) based in Spain enabling integrated technology functions, IT decisions and synergies
- 2 Increase technology capacity and talent (EUIGS headcount growing by c. 50% in 2 years)
- 3 Adoption of modern platforms and technologies: Guidewire, Cloud, Big Data, Machine Learning
- 4 Applying best practices from tech leaders: DevOps, Site Reliability

# Admiral Europe: What's next?



# A view on the future



- By 2022, we aim to deliver **profit/year in the range of € 30-60m** on a written whole account basis assuming normal market conditions
- As of today, **Admiral share of whole account profit** is sensibly lower than in the UK (e.g. ConTe taking around 35-40% share of profit<sup>2</sup>)
- As profit becomes more material we expect this ratio **to improve materially**

Notes: 1) Admiral share of profit . 2) As a result of share of risk with re-insurers

# Drivers for future profitability

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- ① Continued sustainable growth
- ② Channel diversification and optimisation
- ③ Consolidate loss ratio advantage
- ④ Increase “revenue per user” through ancillaries and other business opportunities

# Summary

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Admiral core competitive advantages exported to Europe



European insurers benefiting from accelerated growth and economies of scale



Aim to deliver material profit in the medium term

# ConTe

Costantino Moretti - CEO



ConTe Fun



Family

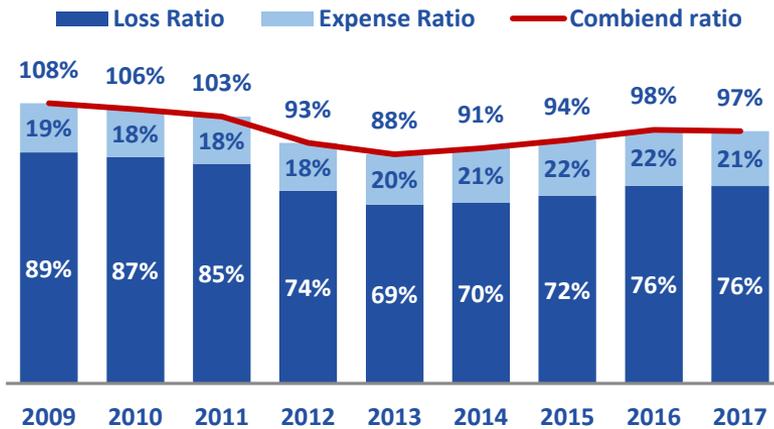


ConTe's First Birthday

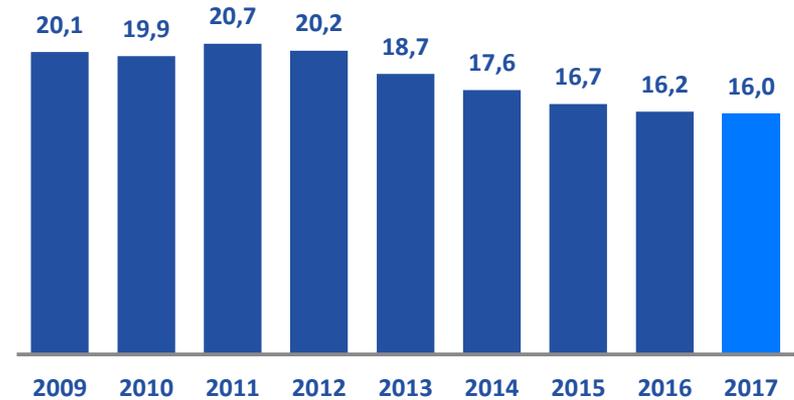
# The Market

# Italian Market

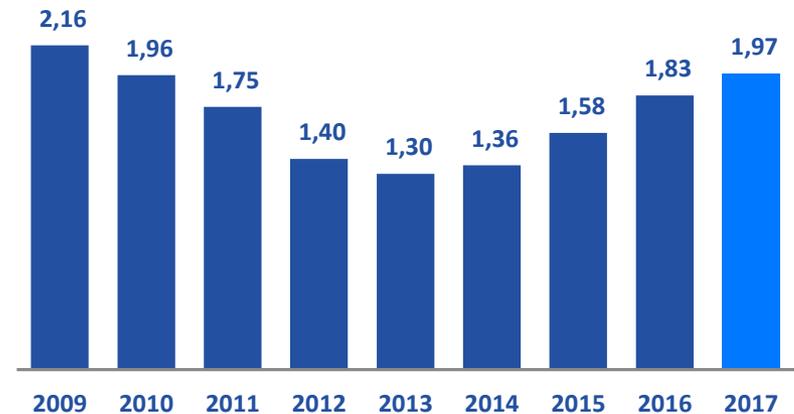
**Whole Market Ratios (Third Party Liability)<sup>1</sup>**



**Market Premium (Third party Liability and Motor Own Damage) (€bn)<sup>2</sup>**



**New Cars Registered (m)<sup>3</sup>**

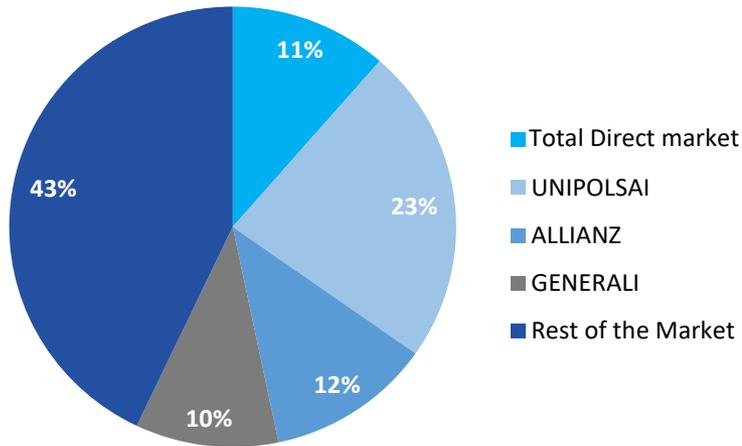


- Large, profitable market
- Market turnover declined by c. 23% since 2012, due to lower average premiums
- Potential signs of positive shift - new car registrations growing since 2014

Source: 1) ANIA: LASSICURAZIONE-ITALIANA-2017-2018. 2) Internal estimate based on ANIA: LASSICURAZIONE-ITALIANA-2017-2018. 3) UNRAE Annual report 2017

# Market Competitive Landscape

Whole Market GWP<sup>1</sup> 2017



Direct Market GWP<sup>1</sup> 2017

Top 5 Direct	Market share 2017 <sup>1</sup>	Growth (17 v 16) <sup>1</sup>
Genialloyd	3,6%	6,1%
Verti	2,3%	-5,4%
Genertel	2,0%	2,0%
ConTe	0,93% <sup>2</sup>	23% <sup>2</sup>
Linear	0,92%	16%

Distribution Channel

Split<sup>1</sup> 2017



- Highly concentrated market
- Direct market doubled in the last 7 years but growth was lower than expected
- Price Comparison growing (c. 14% of Market New Business<sup>3</sup>)
- Car Insurance is the dominant line of P&C business (c. 50% of GWP<sup>1</sup>)

Source: 1) Internal estimate based on ANIA: LASSICURAZIONE-ITALIANA-2017-2018. 2) Internal data. 3): Internal estimate.

Note: 1) Includes MTPL (Motor Third Party Liability) and MOD(Motor Own Damage)

# Main Direct Competitors

## Genialloyd



- Largest player
- Launched in 1996
- Part of Allianz Group
- Profitable
- Multi-brand: GenialClick (100% on-line), Genial+ (physical intermediaries)

## Verti



- 2<sup>nd</sup> largest player
- Launched in 2002
- Rebranded as Verti in 2018 (was Direct Line)
- Part of Mapfre Group from 2015
- Significant losses in the last 2 years
- The Aided Brand Awareness of the new brand is below 17%<sup>1</sup>

## Prima



- Youngest player in the market
- Online agency
- c. 250k active customers<sup>2</sup>
- Low premium focus

## Hybrid models

- Big groups showed an appetite to increase synergies in distribution strategy
- Few Direct Brands are testing physical intermediaries to distribute their products
- An opportunity to enlarge the Direct Market but also a need to adapt the operating model

Source: 1) Nexplora for ConTe. 2)Prima.it website.

# Market characteristics

## Motor Third Party Liability compulsory product, only 15% of Motor Own Damage<sup>1</sup>

- Insurers obliged to quote for 100% of risks

## Claims handling is complex

- High bodily injury claims frequency  $\pm 17\%$ <sup>1</sup>
- Fraud
- Higher use of Solicitors
- Late reporting of claims

## Very high Telematics penetration - above 15%<sup>2</sup>

## Price Comparison distribution is growing<sup>2</sup>

- Dominated by Facile.it and Segugio.it (jointly c. 90% market share)

## Regulatory changes

**IDD** and **local new measures** should increase efficiency and transparency, reduce claims costs and fraud:

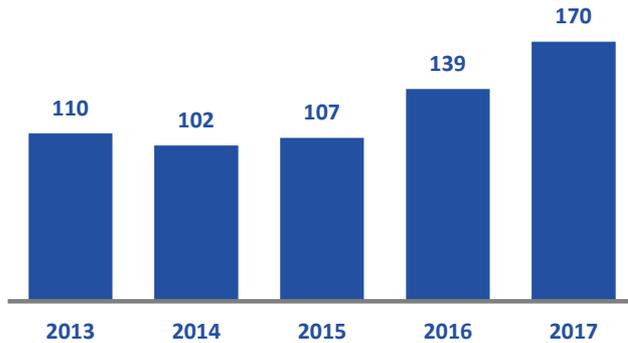
- Digitalisation of documents and processes (self-service)
- Black box (telematics) promotion
- New IVASS<sup>3</sup> Anti-Fraud common database
- New small BI guidelines on payment
- Regulatory focus to improve transparency and comparison

Overall, good opportunities to increase the willingness of customers to shop online

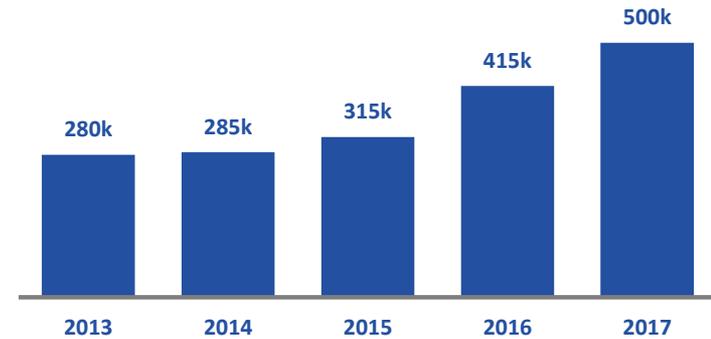
# ConTe

# ConTe Business Performance: Historic evolution

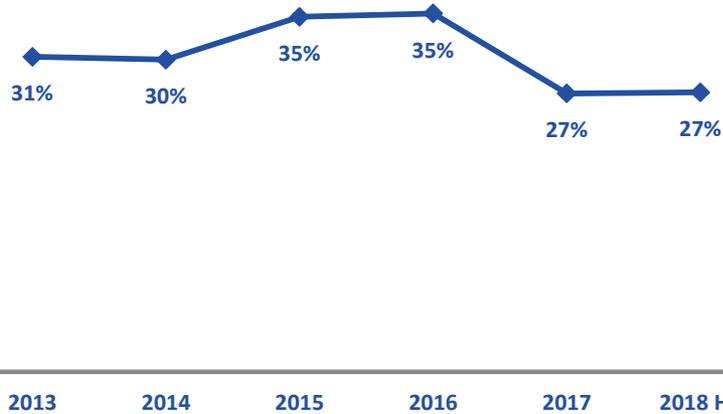
Turnover (€m)



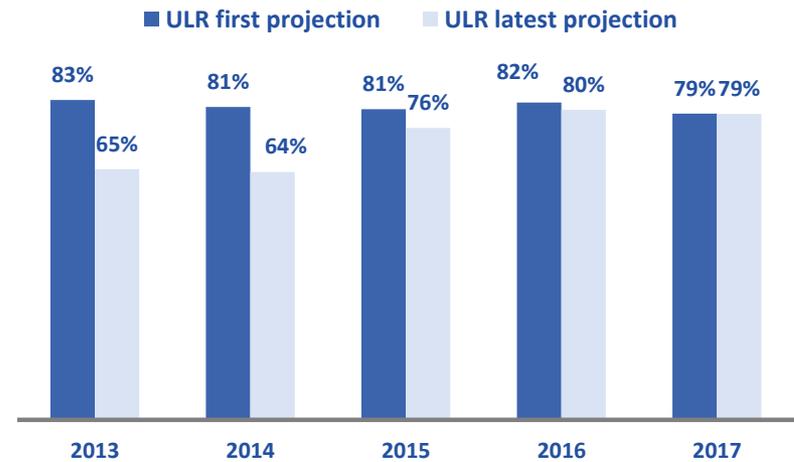
Customers



Expense Ratio<sup>1</sup>



Ultimate Loss Ratio<sup>2</sup>



Source: 1) Whole account expense ratio on a written basis including ancillaries. 2) Whole account written ULR based on external actuarial LR projections  
 Note: ratios are not market comparable

## ConTe in a nutshell

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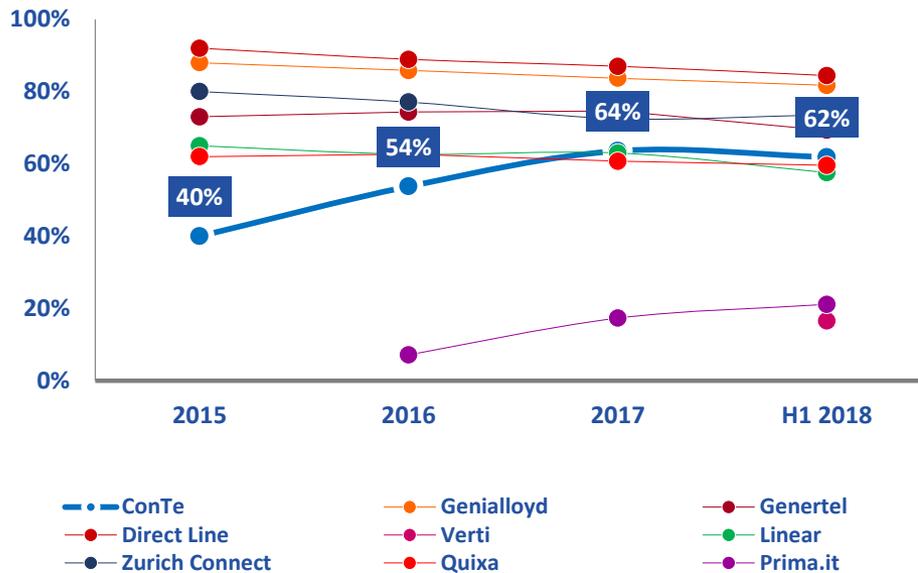
1. Efficient growth over time sustained by a well recognised Brand
2. Customer centric organisation
3. Robust and reliable Loss Ratio position
4. Gaining efficiencies whilst maintaining good customer service
5. Leading Telematics player in the Direct Market

## ConTe in a nutshell

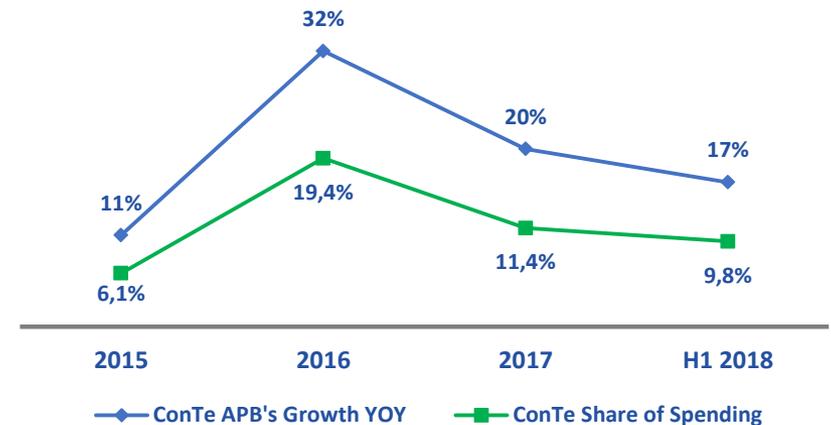


# 1) Efficient growth over time sustained by a well recognised brand

Aided Brand Awareness <sup>1</sup>



ConTe share of TV/Radio spending vs growth rate <sup>2</sup>



- ConTe Brand Awareness in line with competitors with room for further improvement
- Good correlation between Brand Awareness and improvement of top line performance
- Material investment in 2016
- Efficient growth achieved by ConTe in flat/decreasing market
- H1 decrease impacted by temporary lower media spending linked to efficient acquisition cost

Source: 1) Nextplora: research center. 2) Estimation by Wave maker media agency based on Nielson

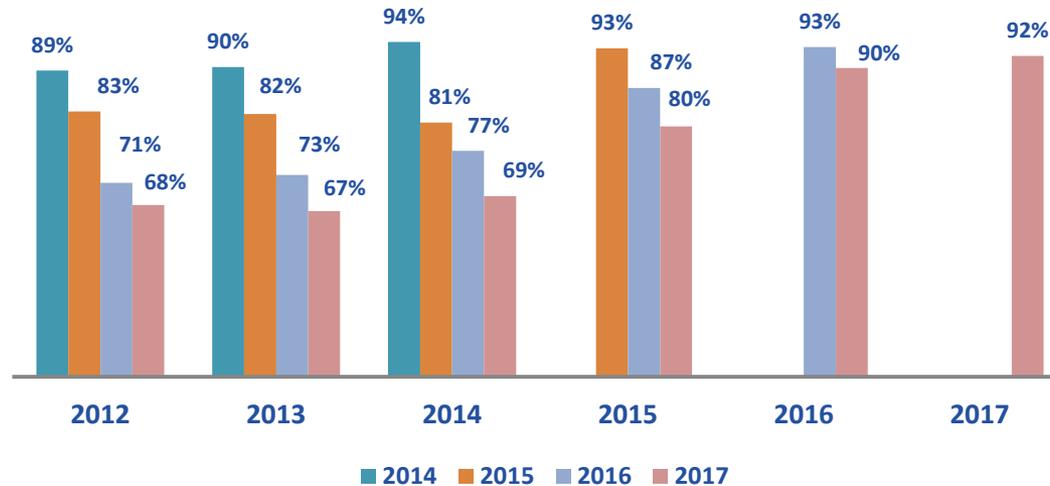
## 2) Customer centric organisation



- Customer centricity means: interactivity, speed, execution
  - Customers are engaged to develop new products and features
  - Customer needs and behaviours change rapidly, we need to respond quickly
  - Execution means deliver value to the end users as soon as possible
- ConTe is embracing innovative operating models that effectively respond to those requests (Agile, DevOps)

### 3) Robust and Reliable Loss Ratio position

ConTe booked loss ratio development<sup>1</sup>



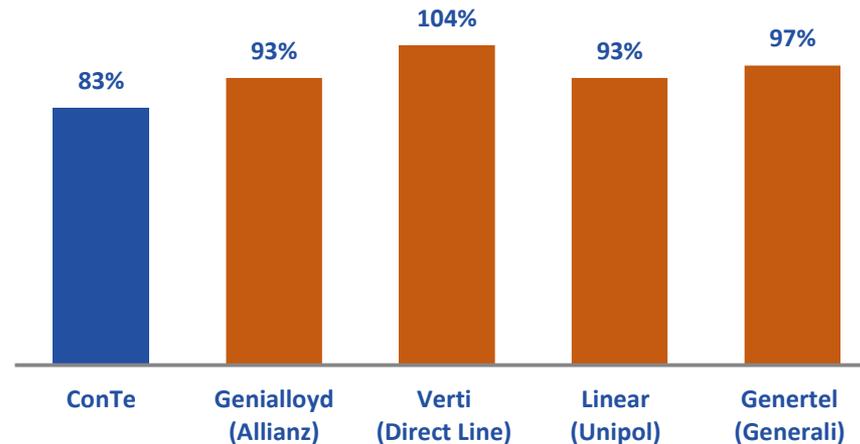
The Loss Ratio of each underwriting year positively evolving over time

- Prudent claims reserving approach
- Positive evolution of Claims KPIs over time

*Notes: 1) ConTe booked loss ratio development by financial year (colour coded) and split by underwriting year. Ancillaries are excluded from calculations*

### 3) Robust and Reliable Loss Ratio position

2017 Loss Ratio<sup>1</sup> ranking by direct company



ConTe has a clear Loss Ratio advantage, despite strong growth

- Effective Pricing
- Advanced Antifraud solutions (ConTe achieved 2.3 point Loss Ratio saving vs 1.5 market average<sup>2</sup>)
- Focus on Claims handling: full internal control of claims network, technical specialisation of handlers, quality audit

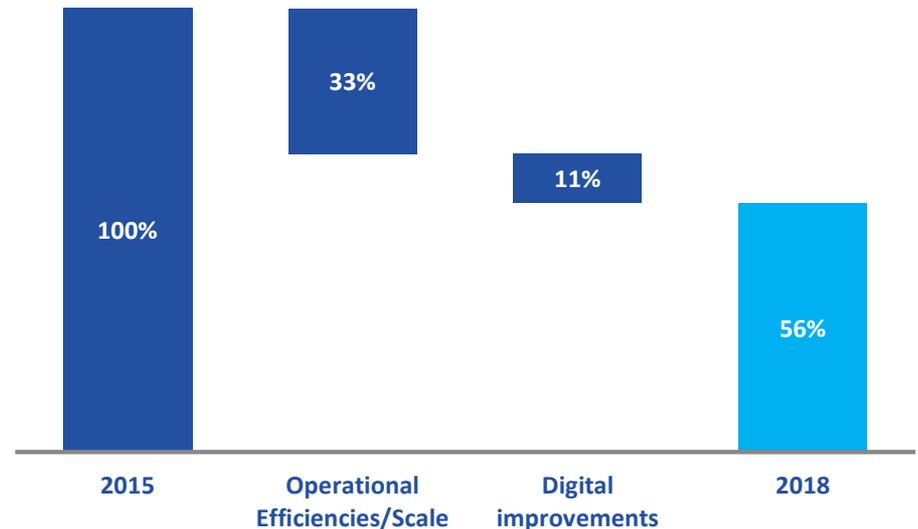
*Source:* 1) ANIA data from <http://www.infobila.ania.it>. Calendar MTPL LR 2) Internal elaboration of IVASS annual report on Frauds  
*Note:* External Actuary Estimation adjusted with claims handling cost to be comparable with the market

## 4) Gaining efficiencies whilst maintaining good customer service

Expense Ratio decrease has been achieved due to:

- Positive scale effect
- Efficiency and digitalisation programme:
  1. Telephony System improved
  2. IT platform modernisation
  3. Lean and Agile culture
  4. Digital User Experience revised
  5. Self-service and automation

Indexed reduction of Operational Costs per Policy



Maintaining a focus on good service

- High Net Promoter Score
- Good on-line reputation (social, review websites)

Low cost culture

- Spending review contest
- Group purchasing synergies

## 5) Leading Telematics player in the Direct Market

- Allows better risk selection and growth in higher risk geographies
- c. 20% ConTe New Business sales are Telematics, slightly higher than Market (c. 15%)<sup>1</sup>
- Telematics business is profitable
- Very valuable tool to reduce claims costs
- Continued evolution and innovation of product: from a flat discount model launched in 2009 towards more interactive and customised product
- Future opportunities: More value-added services for customers and data enrichment of claims handling process

### The Customer point of view

Three reasons to BUY:

1. Claims assistance
2. Anti-theft capabilities
3. Anti-fraud protection

Two reasons to **NOT** BUY:

1. If he/she is a fraudster
2. Some people prefer not to share data

# Business Performance: Telematics antifraud example



Customer reports an accident involving 3 vehicles



A very expensive claim!



The accident occurred in a very busy street in Naples



Different location!

Engine off!



Ora	Latitudine	Longitudine	Velocità	Stato del quadro
09:34:56	40,804604	14,18498	0,0 Km/h	OFF



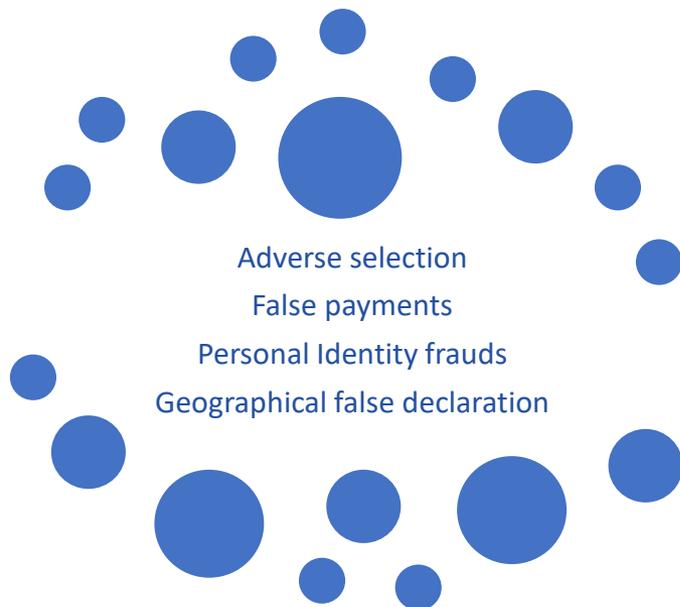
Location was a garage!



Accident never happened and the damage was caused with a hammer!

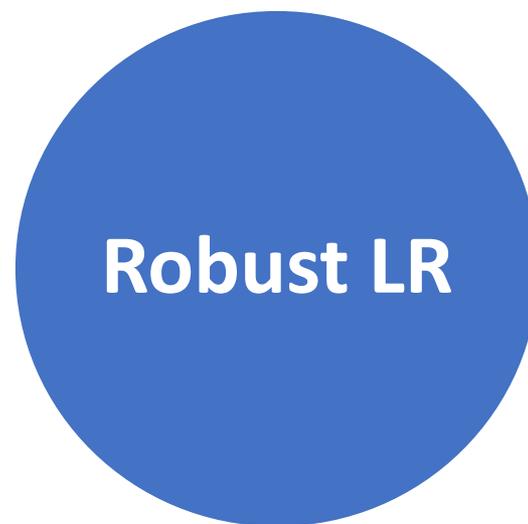
# What we've learned: Underwriting risk

2008 - 2010



- Rating structure not optimised
- Low use of external data
- Antifraud tools not in place

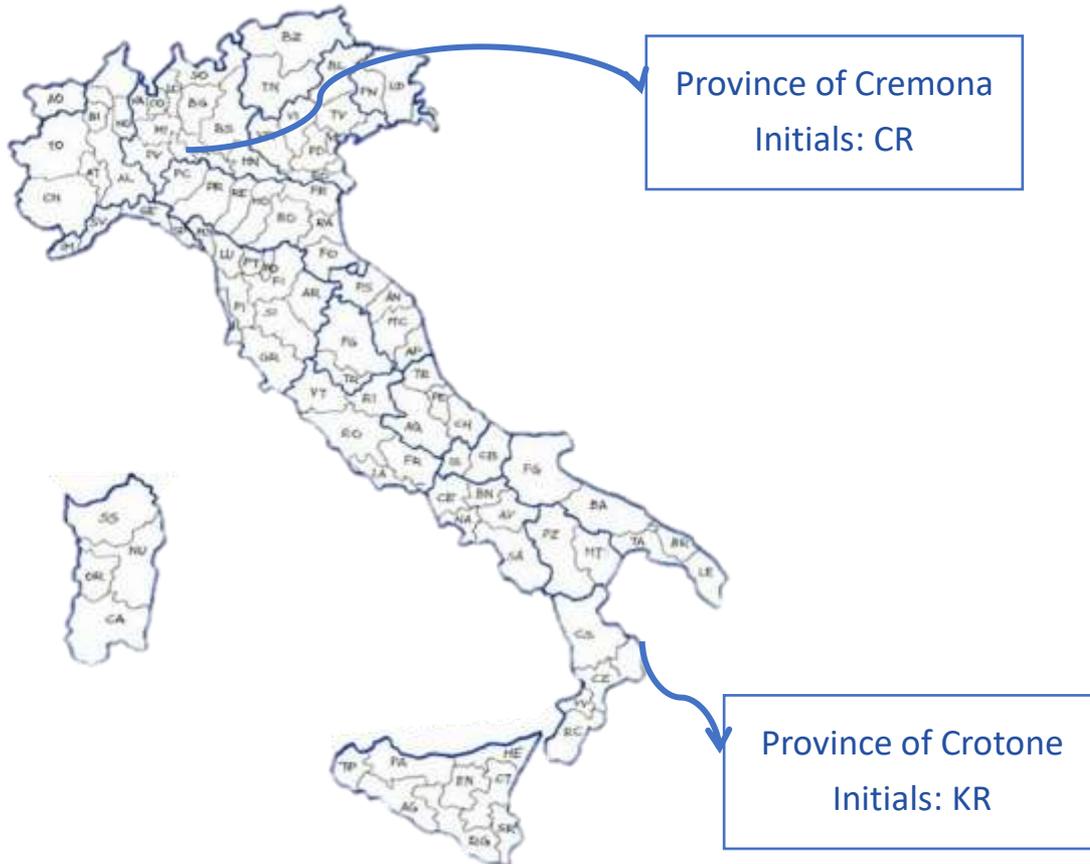
2011 onwards



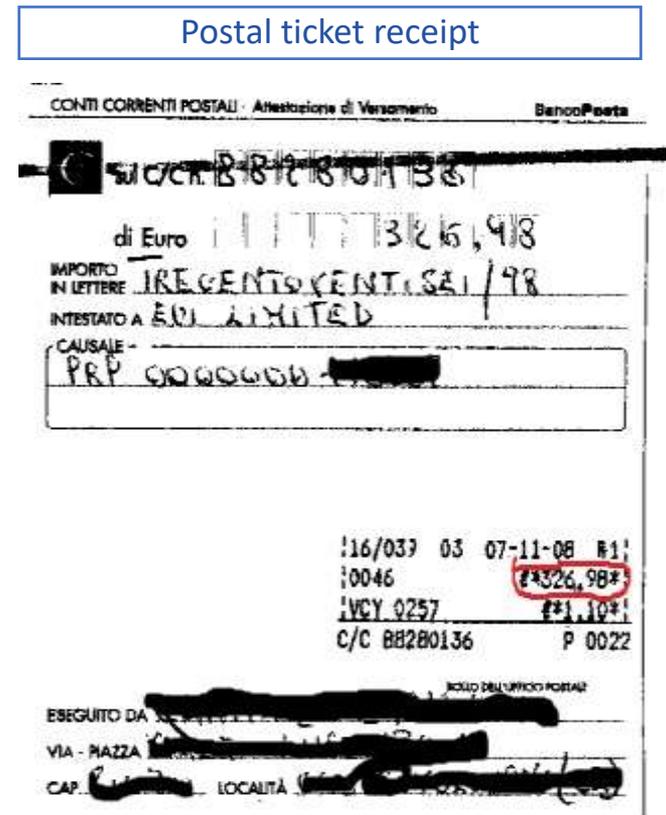
- More data points and mature portfolio
- Solid underwriting processes
- Technology enhancements

# What we've learned: Risk selection examples

- 1 Customer declares to live in a geographical area where the insurance cost is low



- 2 Customer providing a manipulated postal ticket receipt of payment to get the policy issued without paying the correct amount



# The four pillars of our sustainable growth strategy

## LOSS RATIO advantage

- Pricing & advanced analytics
- Investment in data
- Claims tech skills

## GROWTH

- Competitive prices
- Product evolution
- Customer loyalty
- Innovation Lab

**Champions in  
customer service  
and convenience**

## EFFICIENCY

- Digital investments
- Process automation
- Robotics

## PEOPLE

- Great Place to Work
- Talent recruitment & development
- Fun

# Summary

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**ConTe is a profitable Operation with solid foundations in a competitive Market**



**Loss Ratio is the key competitive advantage built over time**



**ConTe will pursue a sustainable growth strategy based on four pillars:**  
**Loss Ratio, as growth and profit lever**  
**Efficiency**  
**Product enhancement and services improvements**  
**A talented and motivated Team**

# Admiral Seguros

Sarah Harris – CEO



2015

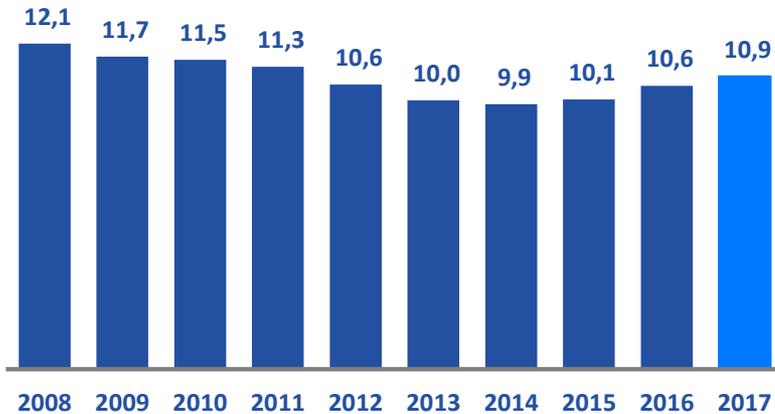
2018



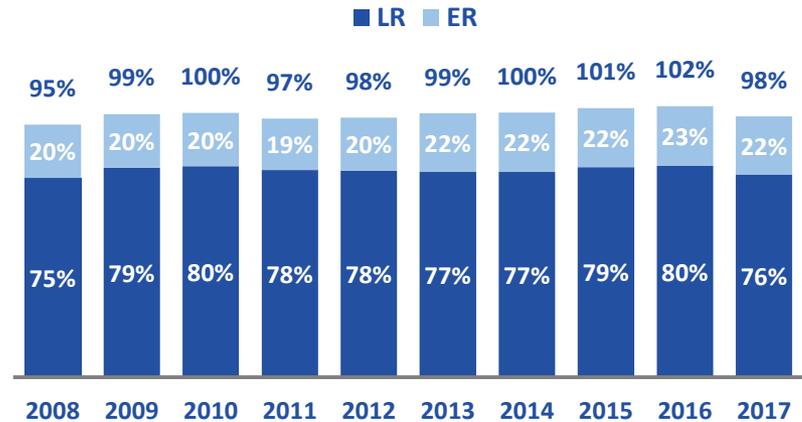
# The Market

# Spanish market: Stable context

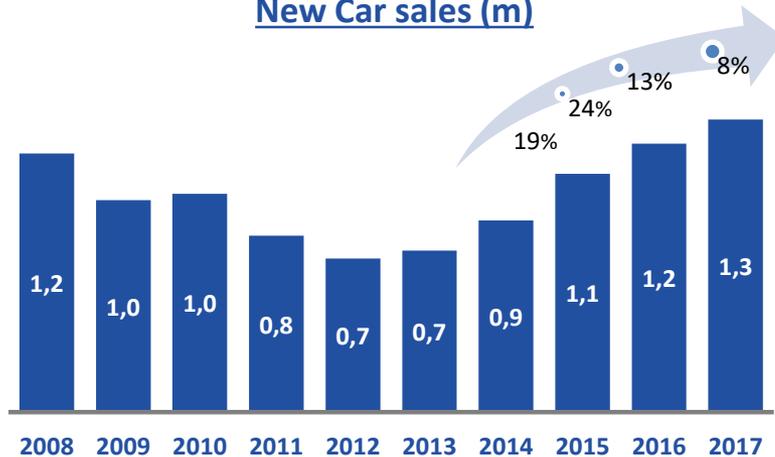
Gross Written Premium (€bn)



Market Combined Ratio



New Car sales (m)

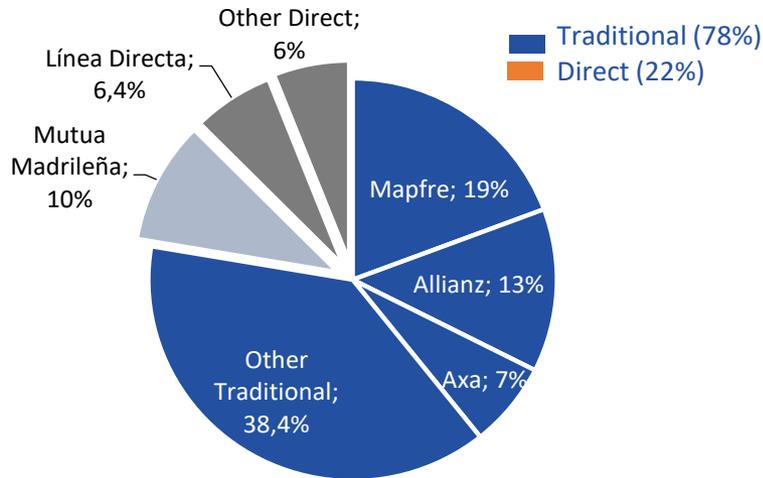


- A sizeable market (€10.9bn)
- Economic recovery and the new claims Baremo have led to a return to growth
- Ratios stable despite a 20% fall in premium from 2008 to 2014

Source: ICEA, INESE and Public Information

# Direct Market – c. 12% of total premium

## Market share by company



## Market share by distribution channel



2017 FY	Market Share	Premium Growth (17 vs 16)
<b>TOP 5 TRADITIONAL</b>		
MAPFRE	19,3%	3,9%
ALLIANZ	13,1%	4,4%
AXA	6,8%	1,4%
GENERALI	4,9%	2,7%
REALE	4,8%	4,2%
<b>TOTAL</b>	<b>48,9%</b>	<b>3,8%</b>

TOP 5 DIRECT (excluding Admiral)	Market Share	Premium Growth (17 vs 16)
MUTUA MADRILEÑA	9,9%	2,8%
LINEA DIRECTA (Bankinter)	6,4%	7,1%
DIRECT (Axa)	1,8%	5,8%
VERTI (Mapfre)	0,6%	-6,3%
FENIX (Allianz)	0,6%	-0,3%
<b>TOTAL</b>	<b>19,2%</b>	<b>4,1%</b>
<b>TOTAL (excluding Mutua Madrileña)</b>	<b>9,4%</b>	<b>5,6%</b>

ADMIRAL	<b>0,76%</b>	<b>16%</b>
---------	--------------	------------

- Direct share c. 12% (excluding Mutua Madrileña) of the total market, growing slowly over time
- Presence of both Direct and Traditional players in non-intermediated channels

# Main competitors high level profile

## Mutua Madrileña



- Hybrid model, 3<sup>rd</sup> in Spanish Market
- Very loyal portfolio with strong presence in Madrid and in high premium segments
- Auto (core), home, health, life and asset management
- Digital transformation and high media investment

## Linea Directa



- Launched in 1995, 100% owned by Bankinter
- Large and profitable
- Auto (core), home, expanding to health
- Aggressive commercial strategy with a high media investment & brand awareness
- Sophisticated pricing and analytics

## Direct Seguros



- Owned by Axa Group
- Second of the direct players, focused on Auto
- Competitive pricing with strong focus on data
- Investment lower than the larger competitors with brand image focused on efficiency and simplicity

## Verti



- Owned by Mapfre (Spanish market leader)
- Still small market share
- Auto (core), home and pet
- Leverages Mapfre's structure and capabilities to develop its offering
- Intense media presence, highlighting price competitiveness

# Market characteristics

## Low premium

- Claims cost constrained by regulatory environment (Knock for Knock, Baremo)
- Long-term trend of frequency reduction, accentuated during the economic crisis

## High acquisition cost

- Large Loss ratio differences between NB and renewal; culture of NB discounts
- Acquisition expenses unusually high compared other countries (high marketing spend)

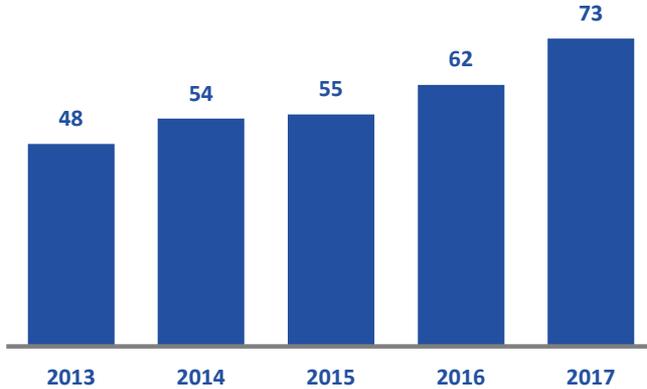
## Claims Baremo change

- Baremo system regulates compensation for bodily injury cases
- Changes in 2016:
  - Increased compensation in large BI
  - Small BI more difficult to claim
- Impact of the change has been moderate:
  - Targeted premium increases
  - Greater reduction than expected in small BI
- Uncertainty remains as large BI cases are still working through the courts

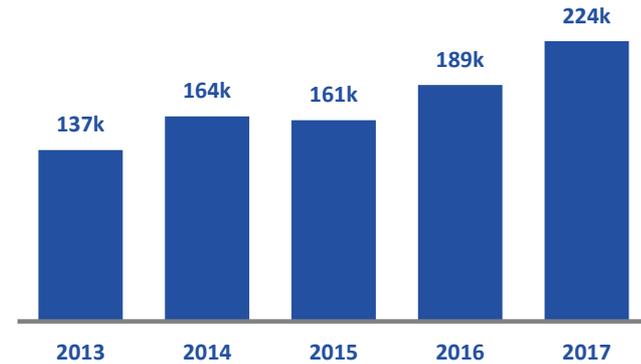
# Admiral Seguros

# Business Performance: Historic evolution

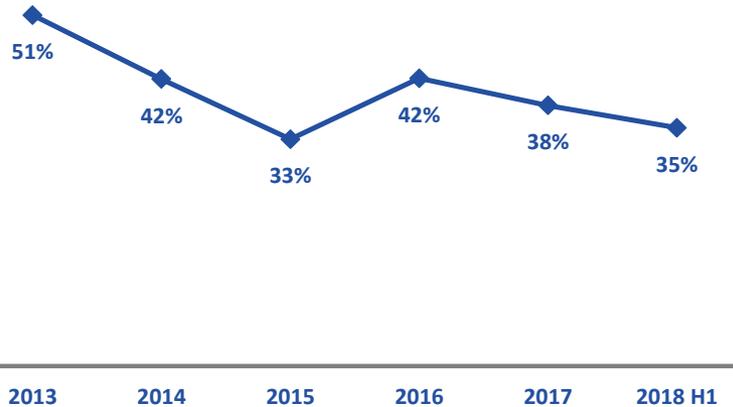
Turnover (€m)



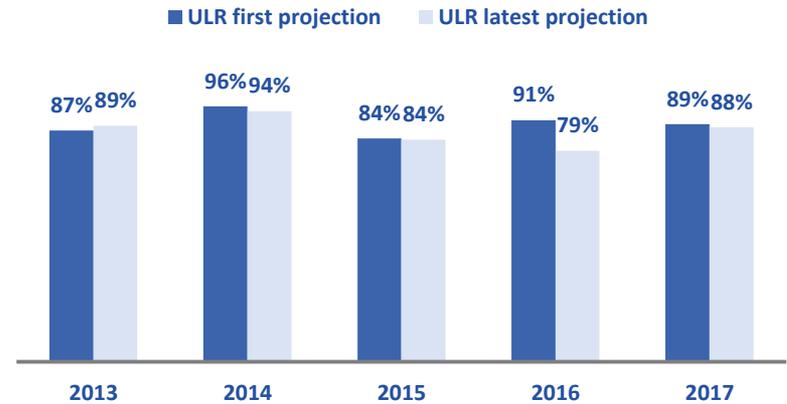
Customers



Expense Ratio<sup>1</sup>

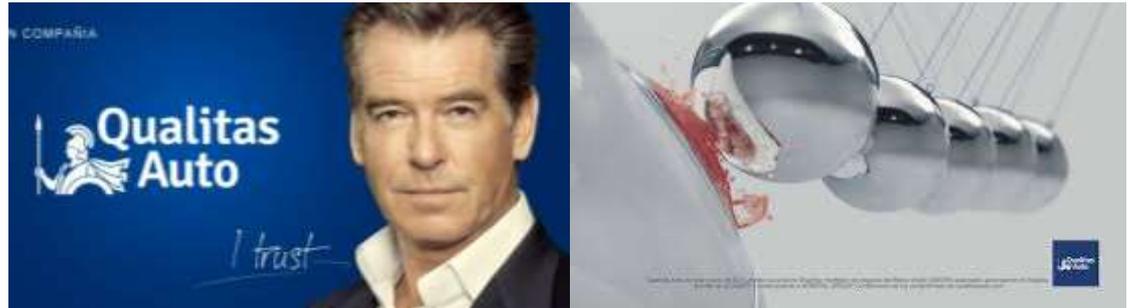


Ultimate Loss Ratio<sup>2</sup>



Source: 1) Whole account expense ratio on a written basis including ancillaries. 2) Whole account written ULR based on external actuarial LR projections  
 Note: ratios are not market comparable

# Learnings: Branding



- Launch date: 2006
- Brand Awareness peak: 72% (2012)
- Brand Confidence Index: 10,3%

- Launch date: 2013
- Brand Awareness: 61%
- Brand Confidence Index: 34,3%

## Sales (2017)



Source: 1) Internal figures, 2) Infoadex and Brandtracker for brand indexes

# Our path to success



2. Lean & Customer-centric

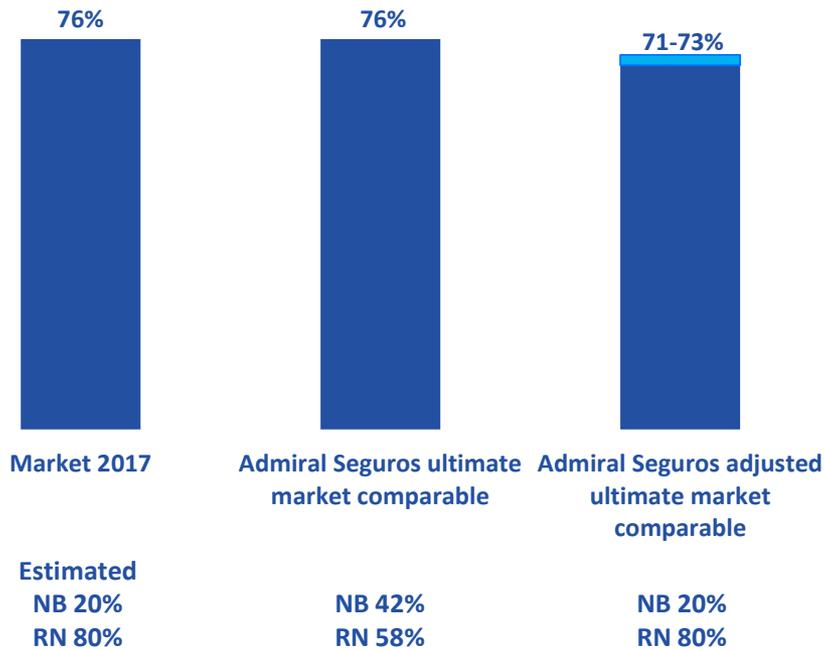
1. Loss Ratio Excellence

4. Innovative

3. Outperformance on price comparison

# Loss Ratio advantage

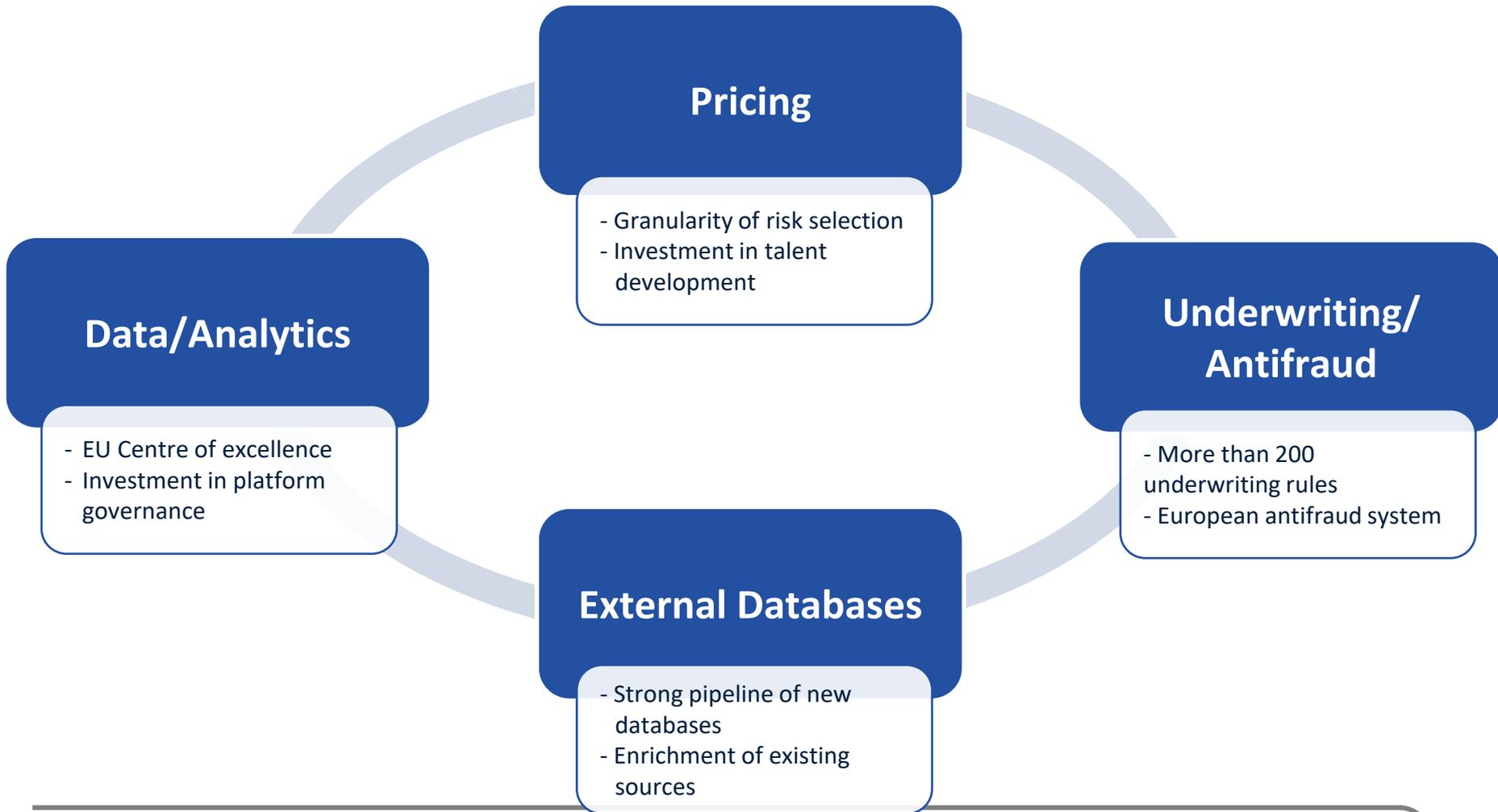
## Admiral Seguros pricing ability - loss ratio



- Admiral Seguros Ultimate Loss Ratio<sup>1</sup> is already close to market level
- When adjusted for the weight of New Business vs Renewal we estimate a market comparable loss ratio advantage of 3-5 points

Source: Internal figures and ICEA data 2) Analysis based on the 2016-17 underwriting years.

# Loss Ratio Excellence: Risk Selection



# Lean and Customer-Centric: Continuous Improvement

## Acquisition cost

### New Business: Variable Cost per Sale

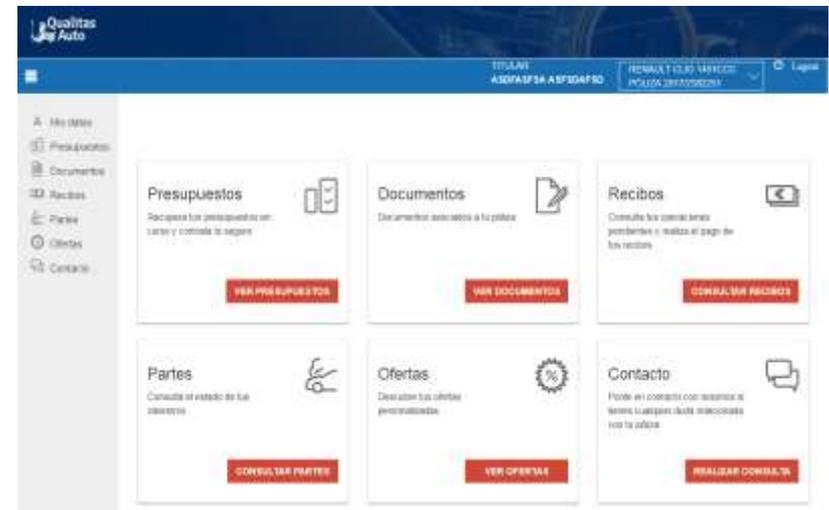


2013      2014      2015      2016      2017

- Growing more efficiently through continuous reduction in acquisition cost and first year handling cost

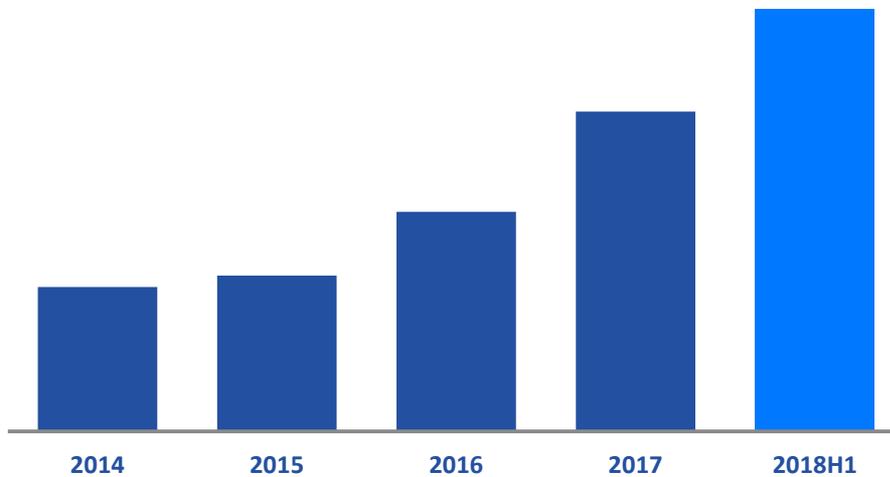
## Customer self-service

- Efficiency and customer experience improvements
- Investing in digitalisation of post-sale processes

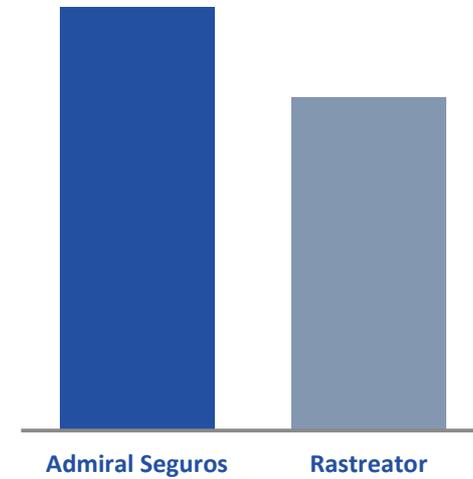


# Outperformance on Price Comparison

Admiral Seguros Click to Sale Evolution on Price Comparison



Click to Sale vs Rastreator Average



- Growing more efficiently through better conversion of available leads

# Innovation: Test and Learn Culture

## New channels

### Direct marketing quotes



- New direct traffic acquisition (display, affiliates, social)
- Testing other channels (partnership and intermediated)

## New products

### Motorbike & Vans



### Telematics



### Multicar



### “Comprehensive Collision”



# Summary

**Stable market context**

**Strong growth in the last two years with increased market share**

**Generating value through differentiation:**

- **Loss ratio excellence**
- **Lean and Customer-centric**
- **Outperformance on price comparison**
- **Innovation**



# L'olivier assurance auto

Pascal Gonzalez - CEO



2009 Sabbatical...



2010 L'olivier pre-launch

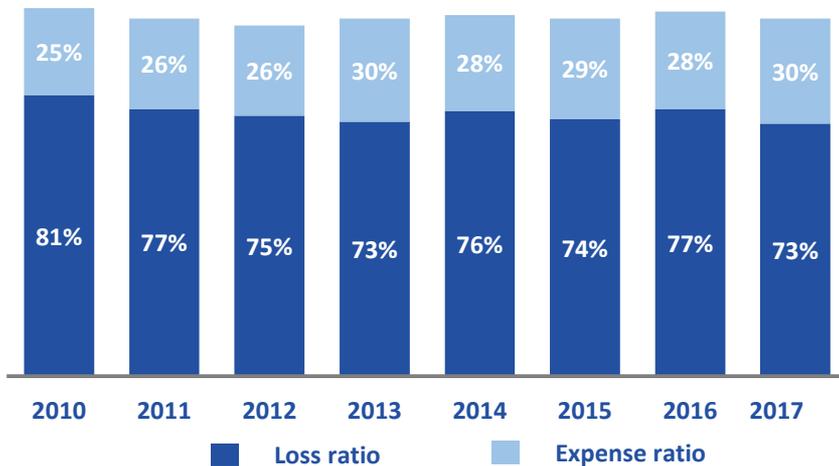


2018

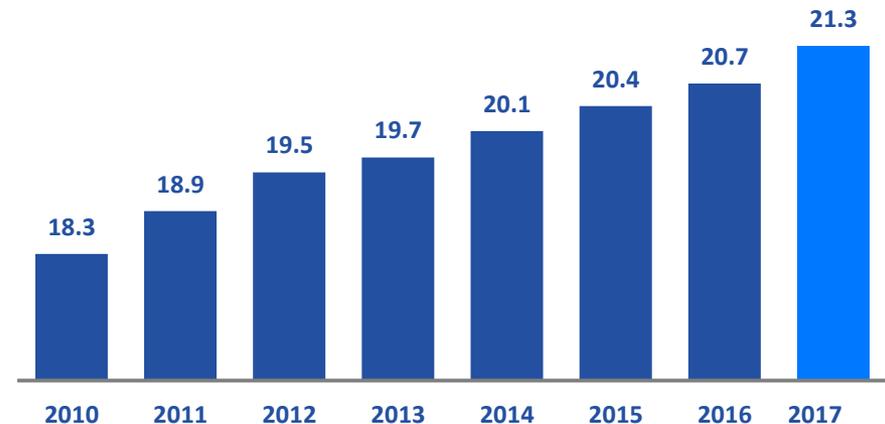
# The Market

# French Market: Motor insurance market landscape

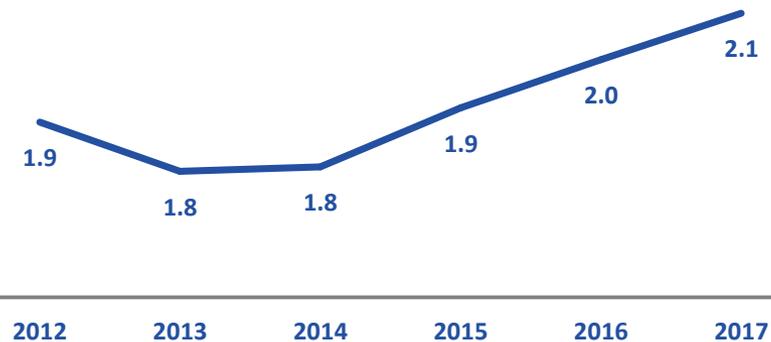
Market Combined Ratio



Gross Written Premium (€bn)



New Car Registrations (m)



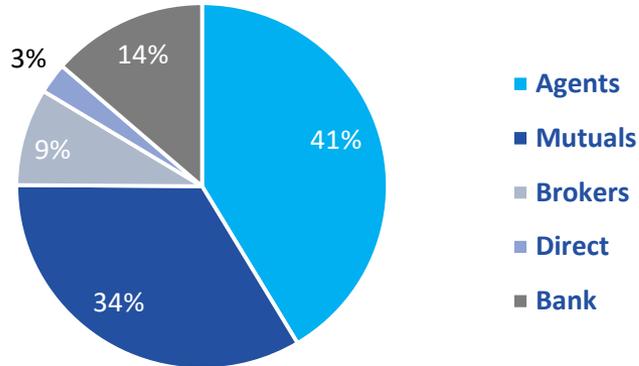
- Big and highly competitive market
- Market cycle is not too volatile with price movements +/-3% max historically
- New regulations have the potential to encourage customers to switch

Sources: FFA / ACPR – AFA.

Note: 2017 market data is an estimate

# Market distribution and top players

## Market Distribution



- Market is dominated by traditional channels (agents and mutuals)
- Bancassurance has been gaining market share in the last 10 years
- Direct is small though underestimated in numbers and has overtaken banks as the fastest growing channel

TOP 5 MOTOR INSURERS	Market Share	Growth (17 vs 16)
Covea	19.6%	<1%
AXA	15.1%	-1%
Groupama - Gan	10.2%	<1%
Macif	8.5%	3%
Allianz	8.2%	5%

TOP 5 MOTOR DIRECT	Market Share	Growth (17 vs 16)
Direct Assurance (Axa)	2.51%	7%
Eurofil (Aviva)	0.38%	3%
L'oliver (Admiral)	0.29%	44%
AllSecur (Allianz)	0.19%	-6%
Amaguiz (Groupama)	0.18%	21%

Sources: Internal estimations based on FFA, SFCR reports and annual reports

# Main direct competitor

## Direct Assurance



- Biggest direct player
- Launched in 1992
- Owned by Axa
- Profitable
- Auto, Motorbike, Home and Mortgage insurance
- Strong brand awareness due to longstanding media investment
- Partnership with BNP finished in 2018, new partnership with Blablacar in 2018

## Eurofil



- Historical player
- Launched in 1990
- Owned by Aviva
- Profitable
- Auto, Motorbike, Home and Mortgage insurance
- Planned rebranding of all 3 French Aviva operations (including Eurofil) in France under Aviva brand

## Amaguiz



- Launched in 2007
- Owned by Groupama
- Recently announced break-even
- Auto, Home and Pet insurance
- Motor insurance but expanding into Home
- White label partnership with Renault is driving most of the growth

## AllSecur



- Launched in 2008
- Owned by Allianz
- Auto, Home and Health insurance
- Decrease in premium between 2016 and 2017 due to a risk reduction strategy

# Market Characteristics

## Product

- €400 average premium
- 63% of market is fully comprehensive
- 70% of customers have full no-claims bonus (“Bonus 50”)

## High retention

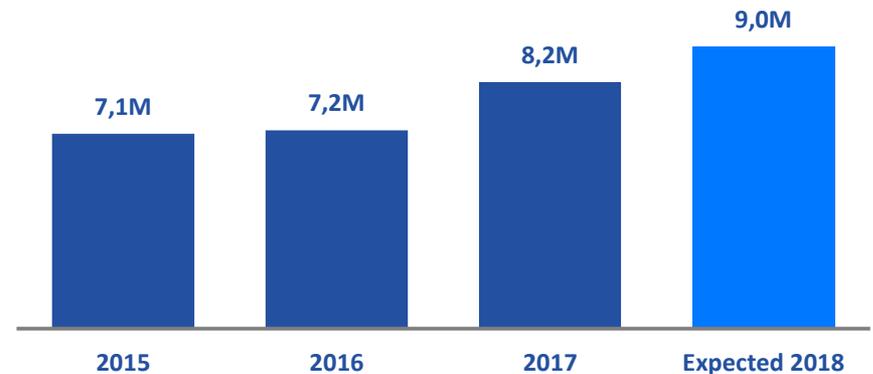
- Low churn (15% attrition at renewal)
- But new law making switching easier

## Large claims

- Unlimited liability
- Large bodily injury claims (similar to large losses in the UK) with PPOs
- First party injuries are covered only above 10% disability with low limited liability

## Dynamic Aggregator Market

### Gross Aggregator Quotes



# Two impactful regulatory changes



## Before 2016

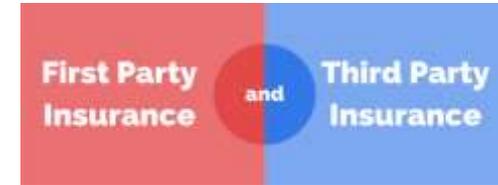
- Cancellation at the latest 2 months before renewal date via registered letter; if passed, stuck for another year with current insurer

## After 2016

- Cancellation possible any time after 1 year. New insurer cancels policy on the behalf of policy holder. 100% online process possible

## Impact

- No revolution but good evolution
- More fluidity in the market
- Growing awareness and adoption
- L'olivier is clearly benefiting from Loi Hamon



## Today

- Third party is unlimited liability while first party is limited (usually between €0.5M and €1M) for the fault driver

## Tomorrow?

- Law project to make first party liability unlimited, with a possible retroactive effect on all open claims. Currently in discussion between insurance association and government

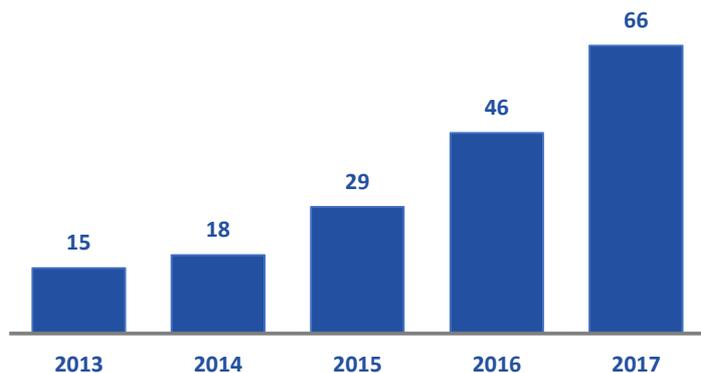
## Impact

- First market analyses show +5-10% impact on motor insurance prices (significantly more for motorbikes)

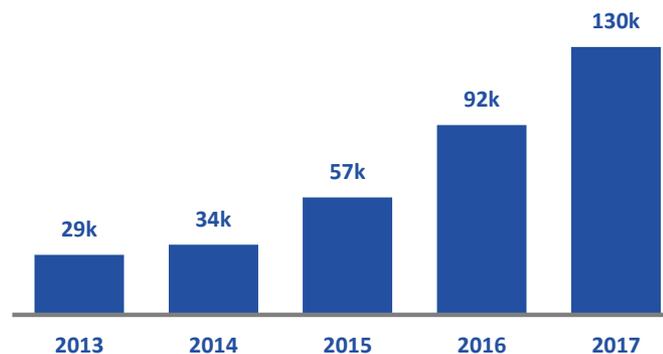
# L'olivier

# Business Performance - Historic evolution

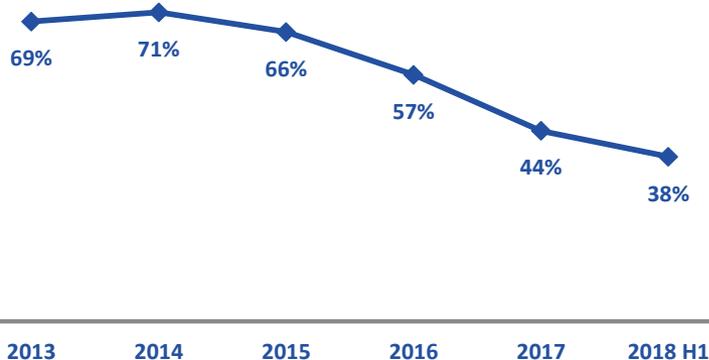
## Turnover (€m)



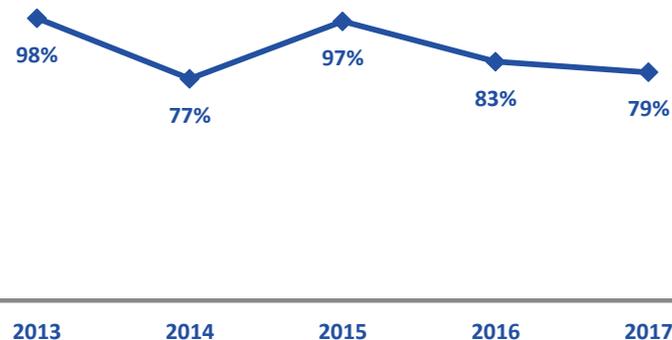
## Customers



## Expense Ratio<sup>1</sup>



## Ultimate Loss Ratio<sup>2</sup>



Source: 1) Whole account expense ratio on a written basis including ancillaries. 2) Whole account written ULR based on external actuarial LR projections

Note: ratios are not market comparable

# Lessons learned: Things that we had underestimated

## Mid term cancellations



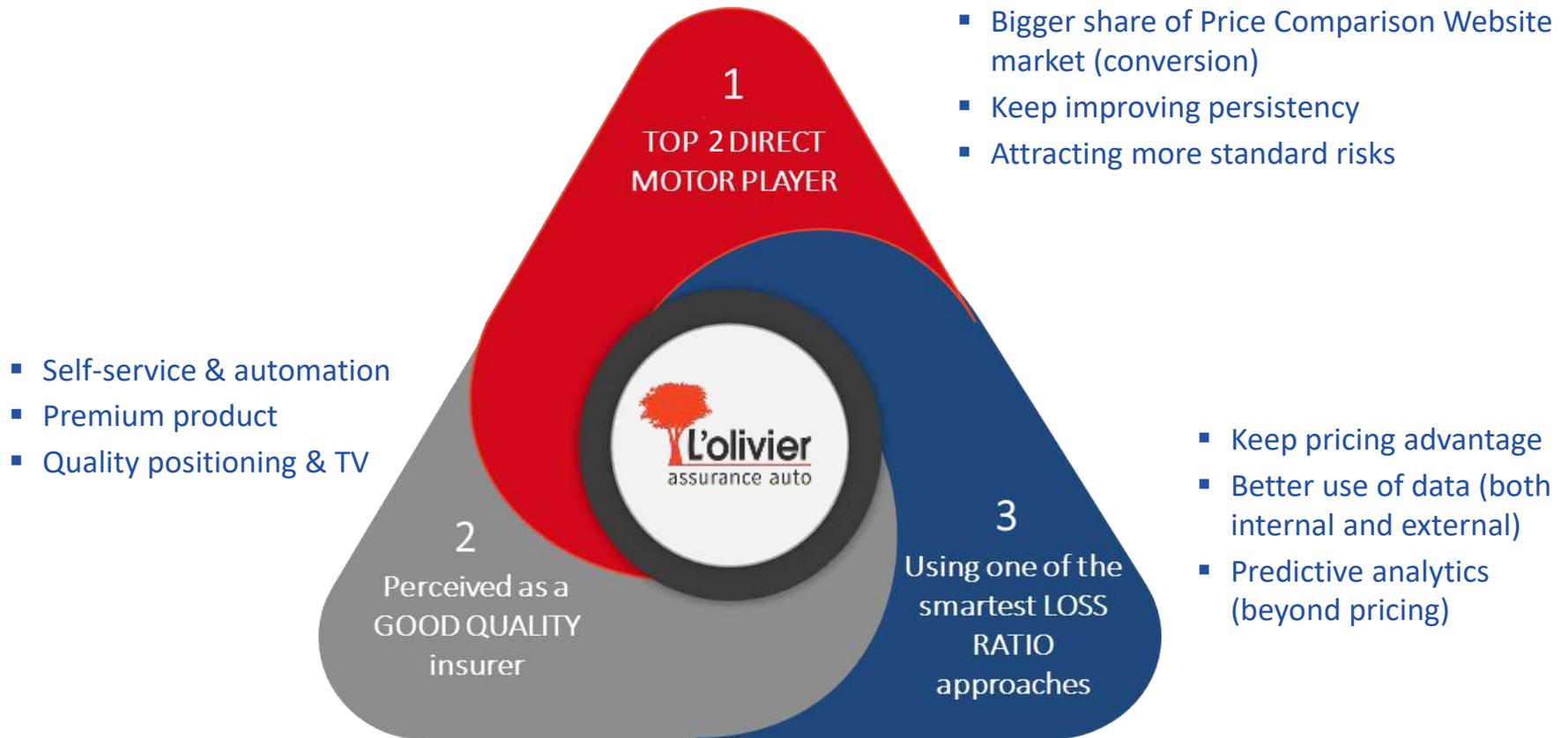
- Acquisition cost higher than anticipated because of mid-term cancellations issues (over-represented for customers of price comparison websites)

## Quality of service



- Good quality of service more challenging than expected after insourcing our operations in Lille

# L'olivier vision in the next 3 years



# Scale is key to meet business objectives

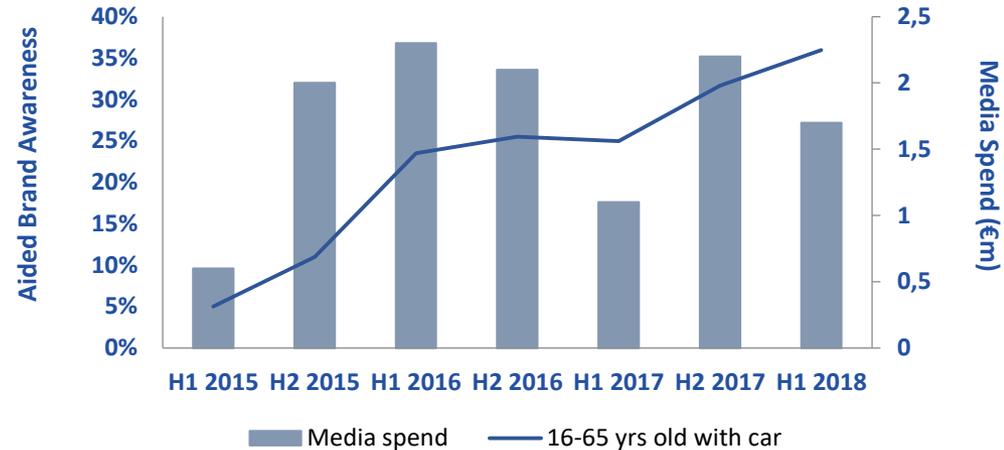
## Conversion

- Price competitiveness to get more clicks through
- Operational efficiency to optimise conversion post clicks
- Brand awareness is key, especially for standard risks
- Brand perception: Strong consumer desire for “quality” brand image

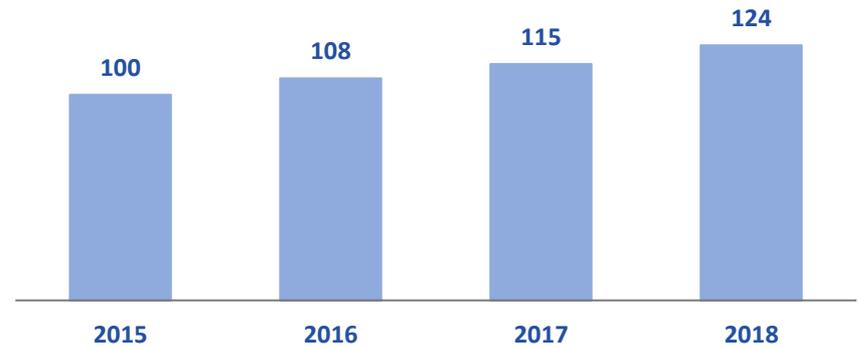
## Persistency

- Persistency is key to amortise acquisitions costs and benefit from better loss ratios after renewal
- New challenge for the market with ‘Hamon’ regulation
- Dedicated ‘Persistency department’

## L'olivier Aided Brand Awareness and Media Spend



## L'olivier persistency (Indexed to 100 in 2015)



# Self service and automation: Key levers for lower expense ratio and better quality of service

## ROBOTS

- Automation of low added-value to free up agents
- Execution of time-consuming and value-added activities

## OMNI-CHANNEL

- New responsive portal
- Chatbot
- Visual interactive voice response for better phone guidance

## PROCESS AUTOMATION

- Automation of document processing
- Further automation of internal processes

## NEW CUSTOMER PORTAL

- Online policy changes
- Claims self-service
- Unique competitive advantage & customer satisfaction improvement

## Expected impact

### QUALITY

- Provide 24/7 servicing
- Improve accuracy of information
- Decrease turn-around time in operations (improve call answer rate and decrease delay in customer requests)

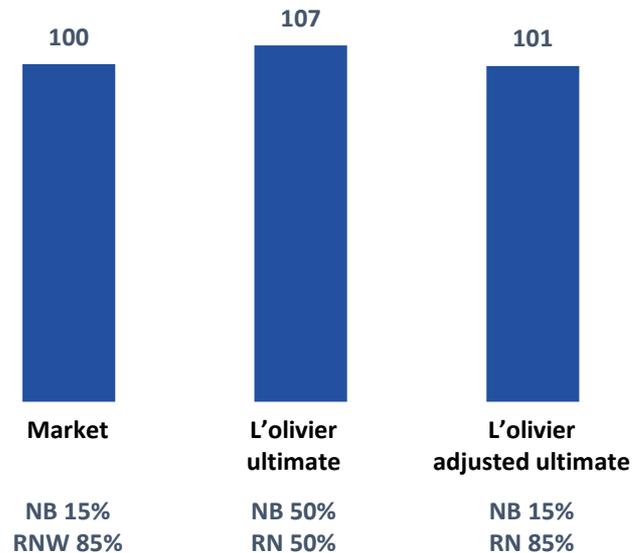
### COST EFFICIENCY

- Save up to 50% manual labour in Customer Service and 30% in Claims
- Reduce customer contacts within 5 years by half

# How do we differentiate versus the market on loss ratio?

## L'olivier pricing ability - loss ratio

(2017 data, Indexed to Market)



- When adjusting weight of New Business vs Renewal, L'olivier ultimate loss ratio is already close to market level

## How are we different?

- Pricing process (frequency of changes)
- Pricing structure
- Pricing modelling
- Price optimisation techniques (beyond standard technical pricing based on risk)
- → Learnings from Admiral Group recipes

## Focus for the next 3 years

- Scale will naturally decrease loss ratio
- Better use of data (both internal & external)
- Antifraud
- Renegotiation of partnerships deals
- Claims process optimisation (K4K, approved garage network)

# Summary

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**Strong growth in the past couple of years while strengthening our fundamentals and improving technical results**



**Current competitive advantage in pricing to accelerate**



**Plan is to keep growing**

- **Scale is a pre-requisite**
- **Special focus both on underwriting, quality and self-service/automation**

# Wrap-up



## Wrap-up

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- Solid operations and strong team in continental Europe
- Successful transfer of Group strengths whilst adapting businesses to local context
- European PCWs and Insurers enjoyed a couple of years of sustained growth
- European insurance is profitable on combined basis
- Consistent trend of improvement and expectation to deliver material profit in medium-term

# Q&A



# Appendix

# A strong management team - CEOs

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## Milena Mondini de Focatiis - European Insurance CEO

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Milena has been working in Admiral Group since 2007. Head of Continental Europe insurance at Admiral Group plc since April, 2016. Previously, she served as Managing Director of ConTe since its launch. Before joining Admiral, she worked for Accenture and Bain. Milena studied Telecommunications Engineering at Università degli Studi di Napoli Federico II. In 2006 she did an MBA at INSEAD.

## Costantino Moretti – ConTe.it CEO

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Costantino joined the initial Italian team to launch ConTe since 2007. He covered different roles across all the business such as Underwriting, Product Development, Claims, HR and IT before becoming CEO in 2016. Previously, he worked for 7 years in the Italian Insurance industry as reserving and pricing actuary. He studied Actuarial Science and has an executive Master in Business Administration.

## Sarah Harris – Admiral Seguros CEO

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Sarah is CEO of Admiral Seguros since September 2015. She joined Admiral Group in 2011, working on several strategic projects across UK, continental Europe and the US. Before joining Admiral Sarah worked at 8 years PwC in Audit and Corporate Finance in the UK and Spain. She studied history at University of Oxford, and she holds an MBA at INSEAD.

## Pascal Gonzalvez – L'Olivier CEO

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Pascal joined Admiral Group as a pricing manager for L'olivier launch in France. Then, took responsibility for Underwriting, Finance and Claims before becoming L'olivier CEO since July 2014. Pascal studied Economics and modelling at Université Paris Sorbonne. He started his career as an actuary at Axa before moving to non-life actuarial consulting at Watson Wyatt (in Paris then NYC). Next, he joined Oliver Wyman as a management consultant.

# A strong management team – EU central functions and ConTe

## Christophe Sanchez – European Insurance CTO



Christophe joined Admiral Group in 2005. CTO of Continental Europe Insurance since 2016, he leads our technology strategy and efforts across Europe. Previously, Christophe was CEO of Admiral Seguros & of L'Olivier. Before joining Admiral he worked as management consultant in financial services. Christophe studied Maths and IT engineering in France & UK. He also holds an MBA from INSEAD.

## Elisa de Blas – Head of AECS



Elisa has been working in Admiral Group since 2008. Currently AECS General manager at Admiral Group plc. Previously, she worked as Head of Finance and Corporate Governance of Admiral Seguros since 2012, assuming later as well responsibilities in other departments as pricing, analytics, profitability. Before joining Admiral, she worked for OHL and Sogacable. Elisa studied Business Administration at Carlos III University and in 2002 she holds an MBA from Instituto de Empresa.

## Andrea Tamborrelli – European central support



Andrea works at Admiral Group in 2016 as BDM. Currently manager of European Central support, he previously worked on several strategic projects of Continental European operations. Before joining Admiral he worked as private equity investment professional at Partners Group. Andrea studied Financial Markets at the University of Siena and holds a master degree in corporate finance from Luiss University

## Antonio Bagetta – Head of operations, ConTe



Antonio joined Admiral Group in September 2014 as BDM and he is currently Head of Customer Engagement at ConTe.it. Before joining Admiral he worked five years in the consumer good industry in Procter & Gamble and Unilever, and four years as a strategic consultant at Bain & Co. and The Boston Consulting group. Antonio studied Business Administration at University of Rome and has a masters degree in International Business Administration from Luiss University

## Daniele Tamborrelli – Technical Director, ConTe



Daniele joined Admiral Group in 2011 as ConTe Finance Manager. In 2013 he took responsibility for managing Portfolio analysis, before becoming ConTe Technical Director in July 2017. Daniele studied Business Administration at Luiss University in Rome and was an exchange student at CASS business school in London. After an internship as financial analyst at JP Morgan, he started his graduate career as a management consultant in McKinsey & co., before moving to the strategy department of Enel.

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