Admiral Group plc reports resilient 2022 full year results against a backdrop of high inflation

08 Mar 2023

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2022 Results Highlights

	2022	**2021**	**2019**	***% change vs. 2021***	***% change vs. 2019***
Group Profit before tax[123]	£469.0m	£769.0m	£505.1m	*-39%*	*-7%*
Earnings per share[123]	124.3p	212.2p	143.7p	*-41%*	*-14%*
Full year dividend per share	112.0p	187.0p	140.0p	*-40%*	*-20%*
Special dividends per share from sale of Penguin Portals comparison businesses	45.0p	92.0p	-	-	-
Return on equity[123]	35%	56%	52%	*-21pts*	*-17pts*
Group turnover[13]	£3.68bn	£3.51bn	£3.30bn	*+5%*	*+12%*
Group net revenue[1]	£1.49bn	£1.55bn	£1.21bn	*-4%*	*+23%*
Group customers[3]	9.28m	8.36m	6.98m	*+11%*	*+33%*
UK insurance customers[3]	6.96m	6.44m	5.48m	*+8%*	*+27%*
International motor insurance customers[3]	2.04m	1.81m	1.42m	*+13%*	*+44%*
Admiral Money gross loans balances	£0.89bn	£0.61bn	£0.48bn	*+46%*	*+85%*
Solvency ratio (post dividend)[3]	180%	195%	190%	*-15pts*	*-10pts*

Around 10,000 employees each receive free shares awards worth up to £3,600 under the employee share scheme based on the full year 2022 results.

Comment from Milena Mondini de Focatiis, Group Chief Executive Officer:

"I am proud of the agility and adaptability that Admiral demonstrated in 2022 as it increased its customer base by 11% and delivered profits of £469 million against the backdrop of a challenging market environment.

"We have yet again shown focus and discipline, reacting quickly to emerging trends – we implemented price increases ahead of others in response to higher inflation whilst maintaining a conservative approach to reserving and capital management.

"We continued to make progress on our diversification strategy with Admiral Money making its first profit, continued growth across the Group particularly in new products, and growing new partnerships and distribution channels in international insurance which now has over two million customers.

"We are aware that this has also been a challenging year for our customers and our people and looking after them is our core purpose. We continue to invest in our data and technology capabilities to be sure that we serve our customers better. I would like to thank all my colleagues across the Group for their hard work and dedication.

"And today we continue to be well-positioned for when the market improves given the combination of our proven competencies in underwriting and distribution, our willingness to innovate and to test-and-learn, and our commitment to people."

Comment from Annette Court, Group Chair:

"I am honoured to be leading the Admiral Board as the Group enters its 30th year and am proud of how it has led the market in taking strong action in response to external conditions, focusing on long-term value creation.

"As previously announced, I will step down as Chair at our AGM in April, and I leave with a mix of pride and deep fondness for this very special company. Admiral is a company that has always been fast to adapt and has a proven track record of navigating the cycle. It remains focused on evolving its existing competences whilst creating sustainable businesses for the future.

"I am delighted that Mike Rogers will take on the role of Chair and wish the Board, Milena and the whole leadership team every success for the future."

Final dividend

The Board has proposed a final dividend of 52.0 pence per share (2021: 72.0 pence per share, plus 46.0 pence per share special dividend from the sale of Penguin Portals) representing a normal dividend (65% of post-tax profits) of 37.5 pence per share and a special dividend of 14.5 pence per share. The dividend will be paid on 2 June 2023. The ex-dividend date is 4 May 2023 and the record date is 5 May 2023.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 8:15am GMT on Wednesday 8th March by registering on the Admiral website at https://admiralgroup.co.uk/2022-full-year-results. A copy of the presentation slides will also be available on the website.

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Chair Statement

I am honoured to be leading the Board of Admiral as the Group enters its 30th year - happy birthday Admiral! As previously announced, I will step down as Chair at the AGM in April 2023 having served 11 years on the Board, with six of those as Chair. I leave with a mix of pride and deep fondness for this very special company which I believe remains one of the FTSE 100's best kept secrets.

This year has, once again, been challenging for the sector due to the macro-economic environment. The Ukrainian-Russian war impacted energy costs, high inflation led to higher claims costs and, in the UK, the market adjusted to the FCA's pricing reforms.

As a result, Admiral has reported lower Group profit of £469 million with turnover of £3.68 billion. This is driven by UK Motor insurance profitability. Admiral has led the market in taking strong pricing action to combat claims cost inflation and continues to focus on long-term value creation.

Despite the challenging backdrop, our customer numbers are up 11% to 9.28 million and our solvency remains strong at 180%. The UK Motor insurance marketplace is cyclical and we believe we are now close to the bottom of this cycle. Admiral has a proven track record of quickly adapting to navigate the cycle and remains focused on continuously evolving its existing competences while creating sustainable businesses for the future.

Looking back

Admiral is a special business with a distinctive culture. Our purpose - *To help more people to look after their future. Always striving for better together* - underpins everything we do and ensures that we strive to do the right thing in consideration of all our stakeholders.

I am immensely proud to have been part of Admiral's success story. It has been a hugely enjoyable and rewarding experience.

During my time on the Board I have experienced the transition of CEOs from Henry to David, and then to Milena - all have strong entrepreneurial leadership skills, passion for the Admiral culture, and a focus on building on our competitive advantages whilst evolving the strategy within the emerging landscape.

I'm often asked what has been key to Admiral's success and, essentially, I believe it's a lot of small things that have never changed and make a big difference:

- Delivering for our customers – Admiral remains focused on 'the customer, the customer, the customer' and during my time on the Board, customer numbers have grown from 3.6 million in 2012 to 9.3 million in 2022 – a testament to our customer-centric approach.
- Admiral's relentless focus on the fundamentals of risk selection, pricing discipline, claims effectiveness and expense efficiency underpinned by a healthy obsession with data and analysis and a low-risk approach.
- Admiral's agility, innovation and culture of continuous improvement through a test-and-learn approach has ensured that it creates products and services that truly meet customers' evolving needs. After all, it was Admiral that launched the first car insurance comparison site, the first 10-month policy, and accelerated the adoption of multicar and multicover.
- Admiral's commitment to doing the right thing and strong conviction and ethical foundation means it's perhaps unsurprising that we were the only insurer in the UK to issue a £110 million Stay-At-Home refund for UK customers during the Covid pandemic and we established a £6 million Covid Fund to support impacted communities.
- Admiral's culture – this drives all of the above. We believe that 'people who like what they do, do it better'. We are always looking for new ways to add value and have consistently been recognised as a great place to work for over 11,000 colleagues. A key foundation stone of Admiral that has been continuously reinforced as the company has grown is that everyone matters regardless of their role. This is demonstrated by the fact that all colleagues[4] receive shares in the company every year.

Evolution

Although elements remain constant, Admiral continues to grow and evolve, with a key pillar of the strategy being diversification. We are making great progress in most operations, and have now built, amongst others:

- A significant UK household business which is growing strongly and now serves 1.6 million customers
- Admiral Money, our UK loans business which has achieved a small profit in its fifth year and is taking a suitably prudent approach to increasing its book
- Sizeable and growing businesses in Europe
- Admiral Pioneer, a business that builds on our traditional test-and-learn approach to focus on diversification through new business areas
- A business in the US, which is a challenging market, and for which we are considering options

Almost half of our customers are now from non-UK motor insurance business.

Dividend
Our proposed final dividend of 52.0 pence per share brings dividends for the year to 112.0p per share, a full-year pay-out of 90% against a backdrop of after-tax profits (from continuing operations) 36% lower than last year. The final dividend of 52.0 pence per share comprises a normal dividend of 37.5 pence per share and a special dividend of 14.5 pence per share. The Group has delivered a Total Shareholder Return (TSR) of 259% over the last 10 years.

People
Once again Admiral was recognised as a Great Place to Work in 2022, including being awarded 19th best workplace in Europe and fourth best workplace in the UK. We also received an award for being in the Best Companies list for 20 consecutive years and received awards for diversity and wellbeing. These accolades help to position us as a destination employer which is crucial in the current competitive market for talent.

Having our people as shareholders remains a distinctive element of Admiral's incentive schemes. These are designed to ensure that decisions support long-term value growth, that the right behaviours are rewarded and that our people's interests are aligned with those of shareholders. We believe that, over the long-term, share price appreciation depends on delivering great outcomes for our customers.

Customers
Admiral's purpose is to help people to look after their future and the business has really lived by its purpose during the year, ensuring that Admiral has been there for its customers when they need us most.

The UK business has invested in technology that reduces the time it takes to settle motor claims – hopefully removing a pain-point during what can be a stressful time for customers.

In response to the cost-of-living crisis, our teams have looked at ways to help and support insurance and loans customers who are financially vulnerable.

2022 saw extreme weather from flash floods, to forest fires and a freeze event. Admiral colleagues chose to take a proactive approach, identifying customers in the impacted areas and contacting them to understand how we could support them. These are just a few examples of the little things that the business does that can make a big difference for customers, and that make me proud to be a part of Admiral.

The Board in 2022
The Board recognises the need for a strong corporate governance framework and supporting processes across the Group and believes that good governance, with the tone set from the top, is a key factor in delivering sustainable business performance and creating value for all the Group's stakeholders.

The Board has been able to resume meeting in person this year as well as visits to colleagues overseas. I have visited our overseas locations along with one or more fellow non-executive directors (NEDs) and we also attended Employee Consultation Group (ECG) meetings. These allowed us to keep contact with our people and directly hear their views and the challenges they face. The Admiral culture still shines through.

Jean Park stepped down in January 2023 after having served nine years on the Board and chairing the Group Risk Committee. She has also been a member of the Remuneration and Nominations and Governance Committees and acted as the Senior Independent Director. We will miss her unstinting support and wise counsel. I would like to thank her on behalf of the whole Board for her huge contribution.

Our focus areas for the Board remain to:

- Continue to build on the remarkably special Admiral culture and in so doing putting our people, customers and wider impact on the community at the heart of what we do
- Continue our long-term trajectory of growth, profitability and innovation
- Invest in the development and growth of our people
- Ensure excellent governance and the highest standards

- Focus on all aspects of ESG

Our role in society – doing the right thing
Admiral takes its role in society very seriously and has an active approach to Corporate Responsibility which focuses on all our stakeholders and the wider impact we have (more information in the Sustainability Report on the Admiral website). We are proud to be Wales' only FTSE 100 headquartered company. We employ over 7,500 people in South Wales and our people play an active part in the communities in which we operate. We carefully consider our impact on the community and environment, including factors such as the green credentials of our buildings, raising funds for multiple charities, and the impact of climate change across the business.

As previously announced, the Group's ambition is to be net zero by 2040 and to be net zero across our operations for scope 1 and 2 emissions by 2030. The business verifies its carbon emissions for our current operations using a third party and these were subsequently offset to become carbon neutral. We will apply for approval of our Science Based Targets in 2023. Our aim is to be an economically strong and responsible business over the long-term, guided by a clear purpose, to make a positive and significant impact not just on our customers and our people, but on the economy and society.

New Chair
I am delighted that Mike Rogers will take on the role of the new Chair of Admiral[5]. He has a great track record and significant experience which will benefit Admiral in its next exciting phase of evolution - and demonstrates a great understanding of the Group's culture.

I am confident that the current Board and new Chair are well-equipped with the skills and knowledge to continue to build and strengthen Admiral and build a sustainable business in the long term while retaining Admiral's distinctive culture.

Thank you
I have thoroughly enjoyed every year I have been part of Admiral. I am grateful to our shareholders for their support as I stayed on as Chair to ensure a successful transition to Milena as Group CEO.
I would like to thank Admiral's customers for putting their trust in us and our colleagues for their dedication in ensuring that we are there for customers when they need us most.

I wish Mike, Milena and the whole leadership team every success for the future and I will be cheering Admiral on from the side lines.

I feel privileged to have been part of this special company. Thank you for your support.

Annette Court
Group Chair
7 March 2023

Group Chief Executive Officer's Review

2022 was another year of navigating stormy waters and, once again, we've adapted well and shown ourselves to be disciplined and agile as we increased our customer base by 11% to 9.28 million while delivering profits of £469 million[6].

We've not been immune to the changes in external conditions including the implementation of the FCA's pricing reforms, increased claims frequency post Covid, supply chain challenges, adverse weather and high levels of inflation which had a very big impact on our business, particularly on the cost of claims. At times, over the last 12 months, it has felt similar to sailing in the middle of a storm: knowing the desired destination but with the challenge of recognising when to steer into the winds that try to blow us off course - whilst never losing focus on where we're going.

The cyclical nature of insurance is not new. We were quicker than most to react to the changing market conditions and implemented price increases ahead of others in response to higher inflation. Although the premium increases impacted our rate of growth in the short term, we continued prioritising sustainable growth over chasing unprofitable volumes.

This discipline resulted, for our insurance business in the UK, in delivering a profit of £616 million, above 2019 pre-pandemic levels and it will put us on a strong footing when the cycle turns.

The international markets were also under pressure with very low market average premiums in Italy and Spain. The US experienced more adverse market conditions than others. Although Elephant quickly put in place aggressive remedies, such as premium increases in excess of 25% in 2022 and a drastic reduction in advertising spend, the business registered a disappointingly high loss of £49 million[7]. Elephant remains an efficient operation with a strong team delivering great service to its customers - who voted it as one of the Best insurance companies in US among over 3,300 brands. We are continuing to assess the options for Elephant to reach its full potential in such a huge market.

Despite the headwinds, we were definitely not blown off course in 2022. To the contrary, we made substantial progress against our long-term objectives and continued to deliver on new initiatives that will help us to emerge from this period stronger than ever before. We're developing new capabilities, especially in data and technology, to enhance our customer experience. For example, we launched a new claims management system which will reduce settlement time for many UK motor customers and have established a Data Academy to accelerate our evolution into an even more digital-first and data driven organisation.

We believe that our diversification strategy is key to increasing our resilience over the long term, as well as to improving the engagement and experience for our customers, and by leveraging our strengths, we will deliver more value to our shareholders. Over the past year, Admiral Money, our UK Loans business, delivered its first profit in its fifth year, we launched Pet insurance and we developed new partnerships and distribution channels in international insurance.

In the UK specifically we are experiencing strong customer growth in the Household, Loans and Travel businesses that increased their turnover by 31% to £350 million combined in 2022. We now also count two million customers across our international businesses, up by 13%.

We are aware that this has been a challenging year also for our customers and our people, and looking after them is our core purpose. We continue to do our best to support customers and we have a team dedicated to supporting those more financially vulnerable ones. For our colleagues, we've responded by reviewing and making permanent adjustments to colleagues' salaries as needed and providing a range of additional benefits and support.

We always talk about *the team, the team, the team* because our ability to deliver is due to our all-hands-on deck approach. We now have over 11,000 colleagues whose dedication and hard work make this all possible and I'm always so proud to see the team's efforts recognised externally. This year we've received a range of awards across all our businesses and geographies. We continue to rank as one of the Best Multinational Workplaces for the 20th consecutive year by the Great Place to Work Institute and were named a Diversity Leader by the Financial Times.

Having a positive impact on our wider society is also central to our ethos. We are progressing well with our net zero goal and reduced our scope 1 and 2 emissions[8] by 32% year on year. We refocussed a large part of our effort to sustain the communities in which we operate on the theme of "employability" which aligns closely with our purpose to "help more people to look after their future". We feel lucky to be part of the Admiral family that is such a great place to work, and we would like to contribute to make the world a good place to work for more people.

Speaking about the Admiral family, I am very sad to say goodbye to Annette Court who has been our Board Chair since 2017. I'll always be personally grateful to Annette for the invaluable help in the transition between David and myself, and for her wise counsel and warm support at every step of my Admiral journey. And, on behalf of all my colleagues, I would like to thank Annette for her considerable contribution to the Board, her strong commitment to Admiral and its people, and the guidance and support she has always generously offered to the wider management team over the last 11 years, while embedding the Admiral culture at her very heart. I wish Annette all the best for her future.

I look forward to working with Mike Rogers over the coming years as incoming Chair[9] and I'm confident his breadth of experience in financial services and beyond will add great value to Admiral.

Finally, I would really like to thank all my colleagues across the Group for their hard work over the last year. I look forward to working together in 2023 – and crucially celebrating Admiral's 30 th birthday. This is a great opportunity for us to reflect on the amazing journey the Group has been on over the last three decades and the strong foundations we laid out for the next 30 years of growth.

Milena Mondini de Focatiis
Group Chief Executive Officer
7 March 2023

Group Chief Financial Officer's Review

With the impact of the pandemic fading, spiking inflation across our markets was the big story for Admiral in 2022.

This had a number of impacts around the Group, but most important was probably the notable increase in average claims costs, especially to damage claims. We back ourselves to manage insurance cycles effectively – quickly identifying and responding to trends – and we increased prices significantly during the year, especially in the UK and US, to counteract the inflation. In the UK particularly, our rates appear to have moved materially more than competitors (until the last quarter maybe), and hence we stopped growing in UK motor in H2. Loss ratios were adversely impacted despite the rate increases.

We noted when reporting our half year results in August 2022 that 2019 is a better comparison to the 2022 figures, rather than the exceptional 2020 and 2021 years which were distorted by the huge positive impact of the pandemic on claims costs and profitability. My review of the results therefore looks also at 2019, the last pre-pandemic full year:

£m	**2022**	**2021**	**2019**	***Change v 2021***	***Change v 2019***
UK Insurance	616	894	598	*(278)*	*+18*
Europe Insurance	(5)	1	9	*(6)*	*(14)*
US Insurance	(49)	(13)	(10)	*(36)*	*(39)*
Admiral Money	2	(6)	(8)	*+8*	*+10*
Admiral Pioneer	(16)	(10)	-	*(6)*	*(16)*
Share scheme cost	(52)	(63)	(49)	*+11*	*(3)*
Other costs	(27)	(34)	(35)	*+7*	*+8*
Continuing operations pre-tax profit*	**469**	**769**	**505**	***(300)***	***(36)***
Restructure cost	-	(56)	-	*+56*	-
Continuing operations profit after restructure cost	**469**	**713**	**505**	***(244)***	***(36)***

2022 was undeniably a challenging year, though with one or two exceptions, the Group result was pretty pleasing. There are lots of moving parts in the comparisons of course (which are discussed in detail later in this report), but there are a few stand-out observations:

Looking first at the UK Insurance result, we unsurprisingly see a big fall against 2021 but a small increase v 2019. Maybe it goes without saying, but the reduction from 2021 is very predominantly motor insurance related and is mainly due to the combination of a) the unwind of the positive covid related impacts and b) the higher inflation in 2022. Those effects led to higher current year claims and lower profit commission.

The UK Household result was also impacted by much higher than usual severe weather-related claims (seen across the market), significantly moving the result from a profit of £21 million to a loss of £6 million. If we adjust both years to take out the impact of severe weather and subsidence claims, profit would have been broadly flat at around £25 million.

Comparing back to 2019, UK profit and turnover were modestly higher in 2022, though the increase in customer numbers is much higher at nearer 30%. There are various offsetting movements that result in the higher profit, including the worse weather in 2022, but also stronger back year reserve movements and associated profit commission in 2022 compared to more positive current year claims in 2019.

In UK motor, at the end of 2022 we have reduced the size of the margin in the booked reserves (though it wasn't a significant driver of profit), in part because some of what we hold that margin for has manifested in the best estimate reserves (in terms of higher inflation). Our philosophy regarding reserving remains sacrosanct and the closing margin position remains very cautious – around a 95th percentile position – which is aligned with the top end of the accounting policy range we expect to adopt under IFRS17 from 2023. If there are no big shocks in claims development moving forward, we expect significant reserve releases to feature as an important part of profit.

Moving now to Europe, where despite the higher claims inflation and continued strong growth (+15% in customer numbers, over €600m turnover), the result was only modestly lower at a loss of £5 million vs a profit of £1 million in 2022 (£9m profit in 2019). The combined EU motor result was only very slightly negative (higher loss ratios, investing in expanding distribution in Spain were notable drivers), and we continued to invest in expanding the product line (particularly Household in France and Pet in Italy). Given the backdrop, I think it's a decent result for what continues to become a more material part of the Group.

A disappointing change in 2022 though was the Elephant result in the US, which was a bit under £40 million worse than both comparative years. The US auto insurance market experienced severe increases in the cost of claims during the year, and despite substantial rate increases, Elephant's loss ratio was adversely impacted (85% in 2022 v 73% and 82% in 2021 and 2019 respectively). The H2 result was worse than H1, as the rate increases take their time to impact the results and claims costs continued to inflate. Many or even most of Elephant's competitors appear to have fared much worse. As my colleagues have noted, we're assessing the best way forward for Elephant, and in the meantime the focus of the team is on materially improving the combined ratio and significantly reducing the loss.

And finally, returning back to the UK – Admiral Money delivered its first full year profit – small at the minute admittedly but given the economic situation, it's a fine result the team should be very proud of, and we believe it's the first of many, hopefully growing, positive results. We remain prudently provided for expected credit losses. We continue also to invest in growing new businesses under the Admiral Pioneer umbrella – notably Veygo (flexible short term car insurance) and Toolbox by Admiral (business insurance for tradespeople) both of which are making very nice progress. Hopefully exciting times ahead for those businesses.

Investments and investment income

Another feature of 2022 was volatility in financial markets, particularly in terms of higher interest rates (three year UK gilt up from 0.7% to 3.6%) and wider spreads on corporate bonds (UK investment grade spreads up ~80bps). Admiral's investment strategy (unchanged for a while) is reasonably cautious and is focussed on matching asset and liability duration (average life of the assets and claims liabilities is around three years), currency and to some extent inflation. The portfolio is of high credit quality, and we hold very prudent levels of liquid assets. There are appropriate ESG targets in place and we've committed to a net zero portfolio by 2040 at the latest.

Notwithstanding the above, the portfolio is subject to valuation changes from spreads and rate movements (the latter is well matched to changes in the values of claims liabilities). Movements in unrealised losses in 2022 were £256m, though values recovered notably in the last months of the year and into early 2023. As rates moved up in the year and maturing assets and cash inflows were invested, the level of return increased (average return in 2022 of 1.6% vs 1.1% in 2021). If rates remain higher than their long-term lows for the foreseeable future then we will earn higher investment income (for context, each additional 100bps of return = ~£35m in additional investment income).

IFRS17

Big change is coming from 2023 with the new IFRS17 insurance accounting standard finally coming into effect. Our team has worked extremely hard to get us ready for the new standard which will introduce big differences in accounting and presentation.

We held a market briefing in November 2022 on the key impacts for Admiral (slides and webcast on our corporate website and worth a look) and to reiterate those key messages are:

- No change on Admiral's strategy or the ultimate profitability of our businesses
- No change on dividend policy or expectations
- Admiral will use the simplified approach, though there may be some impacts on timing of profit recognition
- We will continue to be very prudent in claims reserving

It'll be interesting to see if the adoption of the standard leads to improved transparency and comparability. I'd like to close by very sincerely thanking the IFRS17 project team for their work over the past few years – nice work team!

Geraint Jones
Group Chief Financial Officer
7 March 2023

2022 Group Overview

£m	2022	2021	2019	*% change vs. 2021*	*% change vs. 2019*
Group Turnover (£bn) **1*2*3*	**3.68**	**3.51**	**3.30**	***+5%***	***+12%***
Underwriting result including investment income**1*2*	143.3	347.0	238.0	*-59%*	*-40%*
Profit commission	170.9	304.5	114.9	*-44%*	*+49%*
Net other revenue and expenses **1*	166.7	129.4	164.7	*+29%*	*+1%*
Operating profit	**480.9**	**780.9**	**517.6**	***-38%***	***-7%***
Group profit before tax **3*	**469.0**	**769.0**	**505.1**	***-39%***	***-7%***
Group profit before tax, including restructure cost	**469.0**	**713.5**	**505.1**	***-34%***	***-7%***
Analysis of profit:					
UK Insurance	615.9	894.0	597.9	*-31%*	*+3%*
International Insurance	(53.8)	(11.6)	(0.9)	*nm*	*nm*
International Insurance – European Motor	(1.6)	4.8	9.0	*nm*	*nm*
International Insurance – US Motor	(48.9)	(13.0)	(9.6)	*nm*	*nm*
International Insurance – Other	(3.3)	(3.4)	(0.3)	*nm*	*nm*
Admiral Money	2.1	(5.5)	(8.4)	*nm*	*nm*
Other	(95.2)	(107.9)	(83.5)	*-12%*	*+14%*
Group profit before tax**3*	**469.0**	**769.0**	**505.1**	***-39%***	***-7%***

Key metrics:

Group loss ratio**1*4*	72.0%	58.5%	64.9%	*+14pts*	*+7pts*
Group expense ratio**1*4*	29.7%	26.7%	23.7%	*+3pts*	*+6pts*
Group combined ratio**1*4*	101.7%	85.2%	88.6%	*+17pts*	*+13pts*
Customer numbers (million)	9.28	8.36	6.98	*11%*	*33%*
Earnings per share**3*	124.3p	212.2p	143.7p	*-41%*	*-14%*
Dividends per share**5*	112.0p	187.0p	140.0p	*-40%*	*-20%*
Special dividends from sale of Penguin Portals	45.0p	92.0p	—	—	—
Return on Equity**1*3*	35%	56%	52%	*-21pts*	*-17pts*
Solvency Ratio**1*	180%	195%	190%	*-15pts*	*-10pts*

*1 *Alternative Performance Measures – refer to the end of this report for definition and explanation*

*2 *Underwriting profit including investment income includes prior period claims reserve releases on business originally reinsured but subsequently commuted. Excluding these releases, the 2022 underwriting result is a loss of £45.6 million (2021: profit of £157.8 million, 2019: profit of £116.3 million)*

*3 *Group Turnover, Group Profit before tax, Earnings per share, Return on equity presented on a continuing operations basis. 2021 Group profit before tax, Earnings per share and Return on equity exclude the impact of the £55.5 million UK Insurance restructure cost*

*4 *See note 14 for a reconciliation of Turnover and reported loss and expense ratios to the financial statements. Ratios exclude the impact of the UK Insurance restructure cost in 2021*

*5 *The 2019 dividend of 140.0 pence per share includes the deferred special element of the 2019 final dividend of 20.7 pence per share that was paid alongside the interim 2020 dividend.*

Group highlights

The Group delivered a solid set of results in 2022 within the context of macroeconomic uncertainty and the highest level of inflation in decades. In response, the business increased prices and rates where applicable, but the impact of these changes will take time to earn through in the underlying result. This is within a context of two outlier years of elevated Group profits in 2020 and 2021, as a result of Covid and other factors. Hence, comparisons include both the 2021 year impacted by Covid, but also the 2019 pre-Covid year.

Highlights of the Group's results for 2022 are as follows:

- Businesses across the Group grew strongly in 2022 with turnover up 5% and customer numbers up 11% year-on-year:
  - The UK Motor business grew in the first half of the year primarily driven by growth in renewals customers, although this growth reversed in the second half as Admiral maintained pricing discipline, increasing prices ahead of the market. Overall Motor customers and turnover were down 1% compared to 2021
  - UK Household continued to grow customer numbers strongly (+20%), which alongside a notable contribution from UK Travel led to overall UK Insurance customer growth of 8%
  - Outside the UK, International Insurance customers increased by 14%, and turnover by 15%
- Group profit before tax for the year was £469 million, 39% lower than the exceptional result for 2021 and 7% lower than 2019:
  - UK Motor insurance profit was £623 million – lower than 2021 (£872 million, excluding restructure cost), as a result of both an increase in claims frequencies post the low levels during the pandemic and the impact of claims inflation, but £31 million higher than 2019 (£592 million)
  - UK Household was impacted by a number of severe weather events in 2022 resulting in a loss of £6 million (2021: £21 million profit), with the severe weather profit impact of £32 million (2021: £4 million)
  - International Insurance business combined result was £42 million lower than 2021:
    - This was primarily driven by elevated market-wide claims inflation in the US, with a £49 million loss, £36 million worse than 2021 (loss of £13 million)

        - The EU Motor result was also lower with a small loss of £2 million compared to a profit of £5 million in 2021; also impacted by claims inflation, continued competitive market conditions in Italy and Spain placing pressure on premiums and investment in channel diversification
    - Admiral Money reported its first profit of £2 million (2021: £6 million loss); within the context of macroeconomic uncertainty the business continued a prudent approach to growth, maintaining favourable default experience and tightening lending criteria
- Other Group items decreased to £95 million (2021: £108 million), impacted by lower share scheme costs and higher investment income at the parent company level, partially offset by a larger investment in Admiral Pioneer

Economic uncertainty, Covid-19, and the cost of living crisis

Macro-economic uncertainty and high levels of inflation impacted the market and the Group's performance in 2022. In Motor insurance, elevated used car prices continued to drive inflation, which together with higher repair costs, longer repair timescales and higher projections of future wage inflation, contributed to significantly higher claims inflation across the countries in which Admiral operates. Admiral took a disciplined approach to preserve underwriting margin, increasing prices in all businesses, which impacted growth. The impacts of these price changes are expected to continue to flow through into 2023. In Household insurance, severe weather events had a large impact on results in both the UK and Europe. Admiral continues to take a long term approach to the business, maintaining pricing discipline and a prudent approach to reserving for insurance claims.

Within the context of an uncertain macroeconomic outlook and increasing interest rates, Admiral Money took a prudent approach to growth and risk selection, tightening underwriting criteria and raising prices. Provisions for credit losses remain appropriately prudent, though no significant increase in the level of arrears and defaults has been seen to date.

Admiral remained committed to supporting customers, people and communities during a challenging 2022. This included a continued focus on customer service. From an employee perspective, Admiral continued to adapt and embrace hybrid working for employees and supported colleagues as part of the cost of living crisis through increased salaries and other support measures. From a community perspective, the business renewed the community fund strategy to focus on supporting employability, investing in new projects and created more opportunities for colleagues to get involved.

Earnings per share

Earnings per share (EPS) for 2022, is 124.3 pence (2021: 212.2 pence). The relative reduction compared to 2021 is in line with the fall in pre-tax profit noted above. 2022 EPS is 14% below the 2019 comparative, a larger reduction than the change in pre-tax profit due to a higher effective tax rate in 2022 compared to 2019 (in turn primarily related to the much higher loss in the US during 2022, against which no deferred tax is recognised).

Return on equity

The Group's return on equity was 35% in 2022, 21 percentage points lower than 2021 and 17 points lower than 2019. This is the result of a significant growth in the average equity since 2019, supporting the Group's larger businesses, together with lower earnings in 2022 as noted above.

Dividends

The Group's dividend policy is to pay 65% of post-tax profits as a normal dividend and to pay a further special dividend comprising earnings not required to be held in the Group for solvency capital requirements including appropriate headroom above the regulatory minimum in line with internal risk appetite.

The Board has proposed a final dividend of 52.0 pence per share (approximately £155 million), split as follows:

- 37.5 pence per share normal dividend; plus
- A special dividend of 14.5 pence per share

The 2022 final dividend reflects a pay-out ratio of 91% of earnings per share for the second half. 52.0 pence per share is 28% lower than the final 2021 dividend of 72.0 pence per share (excluding the 46.0 pence special dividend from the sale of Penguin Portals businesses) with the movement being broadly in line with the reduction in post-tax profits.

Following the two payments of 46.0 pence per share alongside interim and final dividends in 2021, a further special dividend of 45.0 pence per share was paid with the 2022 interim dividend, reflecting the final payment of the phased return to shareholders of the proceeds from the sale of the Penguin Portals comparison businesses which completed in 2021. The total amount returned to shareholders from the three payments was just over £400 million.

The total 2022 financial year dividend, including the third special dividend from the Penguin Portals disposal, is 157.0 pence per share, approximately £465 million. Excluding the Penguin Portals special dividend, the total 2022 financial year dividend is 112.0 pence per share, reflecting a pay-out ratio of 90% (2021 and 2019 pay-outs 88% and 94% respectively).

The final dividend will be paid on 2 June 2023, the ex-dividend date is 4 May 2023 and the record date is 5 May 2023.

The Group's results are presented in the following sections as:

- **UK Insurance – including UK Motor (Car and Van), Household, Travel and Pet**
- **International Insurance – including L'olivier (France), Admiral Seguros (Spain), ConTe (Italy) and Elephant (US)**
- **Admiral Money**
- **Other – including Admiral Pioneer (New ventures)**
- **Group Capital Structure and Financial Position**

UK Insurance Review – Cristina Nestares, CEO UK Insurance

It's been another interesting year and one that's brought some new challenges to contend with. We have navigated our way through by remaining focused, keeping our customers central in our decision making and continuing to find ways to make a difference, but we've also faced some unique circumstances with not only industry but economy-wide impacts.

We successfully implemented the new FCA pricing reform at the start of 2022, with the market adjusting in line with our expectations. Shortly after, the UK experienced the largest spike in inflation in 40 years following the start of the war in Ukraine and alongside this, a severe supply and demand post-pandemic shortage significantly impacted claims inflation for insurers. Global supply chain shortages of car spare parts, subsequent delays to car repairs, limited availability of new cars and labour shortages have all led to higher damage repair and second-hand car costs, with inflation at double digits The impact of these conditions has been felt industry-wide and despite Admiral's scale advantages providing some protection against these challenges, inevitably, higher claims costs and our prudent reserving philosophy have led to a higher 2022 loss ratio compared to recent years.

At Admiral we've responded to inflationary pressures by maintaining pricing discipline, increasing prices in Motor insurance by more than 20% since March. Our decision to accelerate rate increases earlier than the market led to a reduction in competitiveness and a contraction in our new business market share. However, this is consistent with our position on growth; only growing when conditions are supportive. We strongly believe this is the right approach for the long-term sustainability of the business. Although customer loyalty and strong retention has helped to sustain the size of our motor book, we ended the year with our customer base broadly flat year-on-year.

Despite the challenging trading environment, we remain committed to improving the customer experience and have continued to invest in new capabilities enabling customers to access more services via digital channels.

We've also advanced our multi-product proposition and improved business resilience by improving the structure of our repair network. In support of our UK diversification strategy, we have continued to invest in our home pricing and data analytics capabilities, improved customer journeys to make it easier to access Admiral's multi-product offering and the discounts this affords customers, and we launched a new Pet insurance proposition. In Motor, our tiered product range offers customers more choice and we've grown our electric vehicle proposition by more than 60% as well as investing further in pricing and data and analytics capabilities.

It was great to see our Household insurance business proudly celebrate its tenth year in 2022 and our book grew by 20%, ending the year with 1.6 million policies (growing from 1.3 million in 2021). Notwithstanding this pleasing growth, the Household business was not immune to the inflationary pressures already referenced and also had to contend with several weather events during the year including storm Eunice, a long dry summer leading to an increase in subsidence claims and freezing conditions in the winter months – all of which have affected current year financial results.

Sustaining competitive advantage by fostering a strong culture, focusing on core values, and caring for our people is a consistent and important thread throughout our history. And in 2022, as the cost-of-living crisis began to materialise, in addition to colleagues' annual pay reviews, we gave two permanent salary increases to our more junior colleagues and provided winter weather payments to help them with their energy bills, making a positive difference for a large proportion of our colleague population. In celebration of the strength of our culture and people engagement, we also received some external recognition and we're delighted that our UK business was named the second Best Big Company to Work For in the UK and received a special award as Best Big Company for Wellbeing at the Best Companies Awards 2022. We remain committed to being there for our colleagues, just as they are committed to being there for our customers when they need us most.

2022 has certainly been one of the most significant and challenging years the insurance industry has navigated in recent decades but I'm incredibly proud that throughout, we have not lost sight of what makes us Admiral. Remaining consistent with our core values, leveraging our strengths in pricing and claims, continuing to invest in new capabilities for the long-term success of the business and looking after our people will all be remembered as stand out positives for the year. A big thanks to our team for their support, commitment, and hard work!

UK Insurance financial performance

£m	**2022**	**2021**	**2020**	**201**
Turnover[*1]	**2,784.3**	**2,751.7**	**2,672.0**	**2,635.**
Total premiums written	2,489.7	2,453.2	2,373.3	2,321.
Net insurance premium revenue	628.8	612.6	539.7	533.
Underwriting profit including investment income[*1]	**247.1**	**394.9**	**346.5**	**257.**
Profit commission and other income	368.8	499.1	351.8	340.
UK Insurance profit before tax	**615.9**	**894.0**	**698.3**	**597.**
Restructure cost	—	(54.0)	—	
UK Insurance profit before tax, including restructure cost	**615.9**	**840.0**	**698.3**	**597.**

*[*1]Alternative Performance Measures – refer to note 14 at the end of this report for definition and explanation*

Split of UK Insurance profit before tax

£m	**2022**	**2021**	**2020**	**201**
Motor	622.6	871.7	683.6	592.
Household	(6.3)	21.3	15.4	7.
Travel & Pet	(0.4)	1.0	(0.7)	(1.6
UK Insurance profit before tax	**615.9**	**894.0**	**698.3**	**597.**

Key performance indicators

	2022	2021	2020	201
Vehicles insured at year end[*1]	4.94m	4.97m	4.75m	4.37
Households insured at year end[*1]	1.58m	1.32m	1.16m	1.01
Travel & Pet policies at year end[*1]	0.44m	0.15m	0.07m	0.09
Total UK Insurance customers[*1]	**6.96m**	**6.44m**	**5.98m**	**5.47**

*[*1]Alternative Performance Measures – refer to the end of the report for definition and explanation.*

Key highlights for the UK insurance business for 2022:

- Closing UK Insurance customers of just under 7 million, 8% higher than the end of 2021 and 27% higher than the end of 2019, with significant contributions from UK Household and Travel and the UK motor book slightly lower during 2022
- Strong UK Motor profit of £623 million, down from the elevated profit of £872 million in 2021, but higher than the 2019 pre- pandemic profit of £592 million
- A loss of £6.3 million for UK Household primarily driven by weather events; excluding the severe weather impact of £31.6 million, profit was £25.3 million

UK Motor Insurance financial review

£m	2022	2021	2020	2019
Turnover[*1]	**2,493.0**	**2,522.5**	**2,473.8**	**2,455.3**
Total premiums written[*1]	2,217.9	2,244.3	2,193.0	2,158.5
Net insurance premium revenue	471.0	496.5	451.4	452.6
Investment income[*2]	35.0	40.8	50.8	30.4
Net insurance claims	(159.8)	(86.1)	(97.1)	(164.7)
Net insurance expenses	(126.1)	(95.6)	(77.2)	(74.7)
Underwriting profit including investment income[*3]	**220.1**	**355.6**	**327.9**	**243.6**
Profit commission	170.2	290.6	124.7	112.2
Underwriting profit and profit commission	**390.3**	**646.2**	**452.6**	**355.8**
Net other revenue[*4]	232.3	225.5	231.0	236.2
UK Motor Insurance profit before tax	**622.6**	**871.7**	**683.6**	**592.0**
Restructure cost	—	(49.6)	—	—
UK Motor insurance profit including restructure cost	**622.6**	**822.1**	**683.6**	**592.0**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*
**2 Investment income includes £2.2 million of intra-group interest (2021: £2.7 million; 2020: £2.9 million; 2019: £2.8 million)*
**3 Underwriting profit excludes contribution from underwritten ancillaries (included in net other revenue)*
**4 Net other revenue includes instalment income and contribution from underwritten ancillaries and is analysed later in the report.*

Key performance indicators

£m	2022	2021	2020	2019
Reported Motor loss ratio[*1,*2]	71.5%	53.0%	49.2%	60.7%
Reported Motor expense ratio[*1,*3]	21.8%	19.7%	19.8%	19.1%
Reported Motor combined ratio[*1]	93.3%	72.7%	69.0%	79.8%
Written basis Motor expense ratio[*1]	20.1%	19.9%	18.8%	18.5%

Reported loss ratio before releases*1	97.8%	78.8%	72.3%	87.6%

Claims reserve releases – original net share*1,*4	£124.0m	£128.1m	£104.3m	£121.7m
Claims reserve releases – commuted reinsurance*1,*5	£189.1m	£189.2m	£137.3m	£121.7m
Total claims reserve releases*1	£313.1m	£317.3m	£241.6m	£243.4m

Other Revenue per vehicle*1	£58	£59	£61	£66
Vehicles insured at year end*1	4.94m	4.97m	4.75m	4.37m

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*
**2 Motor loss ratio adjusted to exclude impact of reserve releases on commuted reinsurance contracts. Reconciliation in note 13b.*
**3 Motor expense ratio is calculated by including claims handling expenses that are reported within claims costs in the income statement. The impact of reinsurer caps is excluded. Reconciliation in note 13c.*
**4 Original net share shows reserve releases on the proportion of the portfolio that Admiral wrote on a net basis at the start of the underwriting year in question.*
**5 Commuted reinsurance shows releases, net of loss on commutation, on the proportion of the account that was originally ceded under quota share reinsurance contracts but has since been commuted and hence reported in underwriting profit rather than profit commission.*

UK Motor profit decreased by 29% to £622.6 million (2021: £871.7 million) with the reported combined ratio increasing to 93.3% (2021: 72.7%), reflecting a higher current year loss ratio (excluding prior year releases) as a result of higher claims inflation as well as an increase in claims frequency compared to the low levels during the pandemic. Profit commission was lower than 2021, also due to the lower current year profitability. Both 2020 and 2021 are considered exceptional periods, delivering much lower loss ratios than in previous years as a result of Covid-related factors.

Market prices increased in the first half of the year in response to the FCA reforms; Admiral remained well positioned and saw an increase in retention. From a claims perspective, claims frequency gradually increased over the course of the year although still remains lower than pre-pandemic levels. Global inflation and factors such as a supply constraints for new cars leading to significant inflation in used car values and hence total loss claims, and car parts, resulted in much higher claims inflation from Q2 onwards which continued through the remainder of the year.

Admiral increased rates ahead of the market, by over 20% during the year in response to the elevated claims inflation, maintaining pricing discipline and prioritising underwriting profitability over growth. This impacted Admiral's pricing competitiveness compared to the market and hence impacted the growth of the book, which resulted in a lower number of vehicles insured at the end of the year, compared with the start (2022: 4.94 million; 2021: 4.97 million). Turnover was relatively flat at £2.49 billion (2021: £2.52 billion), as a result of lower average premiums in the Car insurance business. This reflected the lower growth of the book as well as the effects of the FCA reform, and a competitive market environment, in particular as the profile of the book moved towards lower risk, renewals customers.

The results were impacted by a number of factors:

Underwriting Profit and Profit Commission

- Net insurance premium revenue decreased by 5% to £471.0 million (2021: £496.5 million), reflecting lower growth in new business and a lower average premium impacted by the FCA reform which resulted in a shift in mix towards the renewals book (generally lower average premiums), and a lag in the earning of rate increases made in the second, third and fourth quarters of the year.
- Investment income was lower at £35.0 million (2021: £40.8 million), with higher underlying investment income being offset by a reduction in income arising from cash held by Admiral relating to the portion of the

portfolio that is ceded through quota share reinsurance (£20.0 million reduction; 2021: £1.6 million reduction). Refer to the Investment Income section later in the report for further information.
- There are a number of trends impacting UK motor claims in 2022 which resulted in the increase in reported loss ratio (53.0% in 2021 to 71.5% in 2022):

Reported Motor Loss Ratio			
	Reported loss ratio before releases	**Impact of claims reserve releases - original net share**	**Reported Loss Ratio**
2021	**78.8%**	**-25.8%**	**53.0%**
Change in current period loss ratio	+19.0%		+19.0%
Change in claims reserve releases – original net share		-0.5%	-0.5%
2022	**97.8%**	**-26.3%**	**71.5%**

- The current period loss ratio increased by 19.0% which is the result of:
  - Higher than usual levels of claims inflation, particularly in relation to damage claims (further detail follows below).
  - Continuing return towards pre-pandemic road usage over the last 12 months (although still below historic levels) and therefore an increase in claims frequency compared to 2021.
  - Slightly lower average premium in the period following a shift in portfolio mix towards renewals business.
- Prior period releases were relatively flat when compared with 2021 at around 26%:
  - Admiral continues to see favourable development in best estimate reserves, particularly for large bodily injury claims which are initially projected cautiously.
  - This benefit is partially offset by an allowance in the best estimate for the potential effects of excess inflation on bodily injury claims.
  - The margin held above best estimate reserves remains significant and prudent - it is estimated to sit around the 95th percentile confidence level, a reduction from the end of 2021 (contributing to the prior period reserve release) and consistent with the top end of the percentile range the Group expects to set for reserving under IFRS 17.

Claims Inflation and Reserving
Admiral's actuarial reserving team calculates best estimate claims reserves for UK motor claims reserves, using standard actuarial techniques applied to paid and incurred claims data, overlayed with assumptions and judgements where it is considered that the data does not fully reflect potential future trends and developments. The best estimate claims reserves are validated through comparison with projections performed by an independent, external actuarial firm. Projections showed an increase in average ultimate claims cost in the first half of 2022 compared to 2021 of around 11%, and this remained similar for the second half of the year as claims inflation persisted.

The impact of inflation on third party and own damage claims is observed reasonably quickly, with the elevated levels due to market-wide factors such as high second-hand car values (impacting total loss claims), parts supply chain issues and underlying challenges in supply of labour leading to higher repair costs.

The longer-term impact of the current inflation spike on bodily injury claims is highly uncertain. Admiral has not observed material changes in inflation for bodily injury claims settled in 2022 when compared to 2021. However, given the longer-tailed nature of these claims, a conservative allowance in the best estimate reserve is held to reflect the potential impacts of higher than historic levels of future wage inflation on certain elements of bodily injury claims reserves.

In addition to the inflationary environment, there continues to be a high level of uncertainty within motor claims across the market arising from (and not limited to), the continued adjustment of claims frequency post Covid, the impact of the whiplash reforms on smaller bodily injury claims and the future path of the Ogden discount rate.

As a result of this uncertainty, Admiral continues to hold a significant and prudent margin above best estimate reserves.

- Reserve releases from commuted reinsurance and profit commission were notably lower in 2022 than in 2021, with a combined total of £359.3 million (2021: £479.8 million), as follows:

£m	Reserve releases – commuted reinsurance	Profit commission	Total
2021	**189.2**	**290.6**	**479.8**
Change in commuted releases	-0.1		-0.1
Change in profit commission		-120.4	-120.4
2022	**189.1**	**170.2**	**359.3**

- Releases on reserves originally reinsured but since commuted were flat at £189.1 million (2021: £189.2 million), a higher level than seen in years prior to 2021. Underwriting years 2018 – 2020 made a significant contribution, consistent with the releases on the original net share, reflecting the larger than usual movements in loss ratios for those underwriting years.
- Profit commission was significantly lower at £170.2 million (2021: £290.6 million). This is the result of the higher current period loss ratio, meaning that no profit commission is recognised on the 2021 or 2022 underwriting years, compared to the unusually high £150 million recognised on the 2020 underwriting year in 2021. Further information on the Group's co-insurance and reinsurance arrangements is provided later in this report.
- The reported earned expense ratio was higher at 21.8% in 2022 (2021: 19.7%) with the written basis ratio at around 20%. The higher earned basis ratio primarily results from the lower average premiums noted above. As a result of movements in the underlying earned expense ratio, net insurance expenses also included a higher proportion of costs incurred as a result of quota share reinsurance expense caps (£32.6 million vs £10.1 million in 2021) relating to the 2021 and 2022 underwriting years. The caps will result in an increased level of profit commission on these underwriting years in the future should they be profitable on an ultimate basis.

Other Revenue and Instalment Income

UK Motor Insurance Other Revenue – analysis of contribution:

£m	2022	2021	2020	2019
Contribution from additional products & fees, including those underwritten by Admiral*1	207.4	200.8	203.4	217.6
Instalment income	91.3	100.2	100.9	83.9
Other revenue	**298.7**	**301.0**	**304.3**	**301.5**
Internal costs*2	(66.4)	(75.5)	(73.3)	(65.3)
Net other revenue	**232.3**	**225.5**	**231.0**	**236.2**

Other revenue per vehicle*3	**£58**	**£59**	**£61**	**£66**
Other revenue per vehicle net of internal costs	**£48**	**£47**	**£50**	**£56**

*1 Additional products underwritten by Admiral Included in underwriting profit in income statement but re-allocated to Other Revenue for purpose of KPIs
*2 Internal costs reflect an allocation of insurance expenses incurred in generating other revenue
*3 Other revenue (before internal costs) divided by average active vehicles, rolling 12-month basis

Admiral generates other revenue from a portfolio of insurance products that complement the core car insurance product, and also fees generated over the life of the policy.

The most material contributors to net other revenue continue to be:

- Profit earned from Motor policy upgrade products underwritten by Admiral, including breakdown, car hire and personal injury covers
- Revenue from other insurance products, not underwritten by Admiral
- Fees such as administration and cancellation fees
- Interest charged to customers paying for cover in instalments

Overall contribution (other revenue net of costs plus instalment income) was broadly consistent at £232.3 million (2021: £225.5 million).

Other revenue per vehicle was £58 (gross of costs; 2021: £59), with Net Other Revenue (after deducting costs) per vehicle at £48 (2021: £47), both largely consistent with 2021.

UK Household Insurance financial performance

£m	**2022**	**2021**	**2020**	**2019**
Turnover*1	**255.4**	**218.8**	**193.8**	**171.3**
Total premiums written*1	235.9	198.5	175.9	154.9
Net insurance premium revenue	55.6	49.1	43.2	37.2
Underwriting (loss)/profit *2	**(13.2)**	**3.9**	**2.5**	**0.7**
Profit commission and other income	6.9	17.4	12.9	6.8
UK Household insurance (loss)/profit	**(6.3)**	**21.3**	**15.4**	**7.5**
Restructure cost	—	(4.4)	—	—
UK Household insurance (loss)/profit including restructure cost	**(6.3)**	**16.9**	**15.4**	**7.5**

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation
*2 Underwriting profit/(loss) excluding contribution from underwritten ancillaries

Key performance indicators

	2022	**2021**	**2020**	**2019**
Reported Household loss ratio*1	91.2%	63.3%	64.8%	69.1%
Reported Household expense ratio*1	33.5%	30.3%	29.4%	28.9%
Reported Household combined ratio*1	124.7%	93.6%	94.2%	98.0%
Impact of severe weather and subsidence (loss ratio)*1	32.0%	2.2%	5.3%	—
Impact of severe weather and subsidence (£m)*1	31.6	3.8	4.8	—
Households insured at year end*1	1.58m	1.32m	1.16m	1.01m

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*

The household book continued to grow in 2022, with the number of households increasing by 20% to 1.58 million (2021: 1.32 million) and turnover increasing by 17% to £255.4 million (2021: £218.8 million). The continued level of growth, within a competitive market environment, was in part driven by continued growth in the multicover proposition as well as in the price comparison channel.

Average market premiums were lower in the first half of the year as a result of the FCA reforms, and retention increased for Admiral and the market. Admiral increased rates, particularly in the second half of the year in response to higher claims inflation.

The reported loss ratio for the period was impacted by severe weather and subsidence events and as a result was higher at 91.2% (2021:63.3%). The weather events included storms during the first half of the year and subsidence and freeze events in the second half, with the freeze event contributing roughly half of the 32pt impact. Excluding the impact of the severe weather events, the reported loss ratio was 59.2% (2021: 61.1%). Releases from prior year loss ratios reduced the reported loss ratio by 1.9pts (2021: 3.7pts).

The combined ratio of 124.7% (2021: 93.6%) resulted in a net underwriting loss of £13.2 million (2021: £3.9 million profit), in part offset by profit commission and other income of £6.9 million (2021: £17.4 million), lower than the prior year as a result of the impact of weather events on profit commission. This resulted in a £6.3 million loss (2021: £21.3 million profit, excluding restructure cost). Excluding the impact of the weather events, the Household result was a profit of £25.3 million (2021: £25.1 million). The expense ratio was also slightly higher at 33.5% (2021: 30.3%) as a result of investment in technology, including a new claims management system.

International Insurance

International Insurance – Costantino Moretti – CEO, International Insurance

In 2022 we continued to strengthen the business fundamentals and preserve scale while we weathered the storm of turbulent market conditions. In each of our businesses, inflation caused by the tail-wind effects of the pandemic and the Ukrainian-Russian war, increased costs of repair and replacement, driving claims severity up throughout the year.

We're proud that we continued to grow despite new vehicle shopping declining across Europe in 2022, thanks in large part to continued investment in channel and product diversification by each business to sustain value creation for our shareholders. In Admiral Seguros and ConTe, intermediary sales grew to represent 30% and 12% of new business sales respectively, while in L'olivier efforts in improving direct acquisition contributed to customer growth of 10%.

Loss ratio results in Europe are mainly a product of higher claims severity inflation in each country. As costs continued to rise throughout the year, declining or stagnant premiums, especially in Italy, exacerbated loss ratios. This increase in market loss ratios was partially counterbalanced by our prudent approach that led us to increase prices ahead of the market. This was in addition to investments in growth and technology in each of our European businesses. These elements led to a combined result that is close to breakeven for European Motor insurance with a small loss of £1.6 million. We are confident that the investments we've made in Europe in diversification, digitisation and infrastructure have set us on the right footing for profitable growth when market conditions improve and more scale is gained, particularly in France and Spain.

In the US, we saw the same severity inflation trend in 2022 as we did in Europe, but to an even greater extent with, for example, repair costs up 21% since 2020[10]. The Elephant team has taken several actions to curb adverse loss ratio outcomes and protect the bottom line, including drastic base-rate increases, reducing exposure to any unprofitable footprint and withdrawal from the direct to consumer (expensive) channel. However, these actions are not immediate fixes, and thus we see a disappointing result in the US. We are committed to improving results in the US in the short term, and anticipate the actions taken in 2022 will help alleviate loss ratio pressure, to significantly improve the bottom line result in the near future.

We are proud of the businesses we've built internationally, and the quality of products and service that we offer customers in those markets, with several industry awards being won by our businesses. While 2022 was a challenging year, we believe we've set our businesses on the right footing to deliver long-term value to the Group by establishing a diversified set of channels and products, digitising the customer experience to meet them where and when they need it, and modernising our tech-stack to enable efficient scaling.

France – Pascal Gonzalvez – CEO, L'olivier

Over the last three years, the L'olivier portfolio has increased by 85%, making us one of the fastest growing motor insurers in the French market. In the same period, we also diversified our products and deployed an ambitious digitalisation strategy.

L'olivier managed to achieve these results in one of the toughest market environments in decades, with car sales dropping to record lows, while high inflation suddenly reappeared. Add to that a couple of historical hailstorms, and you get yourself one very challenging year, to which L'olivier responded by taking a protective approach toward margins, leading to a slightly slower pace of growth.

Our continuous progress in digitisation translated into faster and better service for our customers and increased efficiency. In addition to operational excellence, this led us to win, for the second year in a row, the award for "best customer service of the year" in the non-life insurance category [11] and we maintained a level of Net Promoter Score (NPS)[12] far higher than market average for insurance.

Despite the challenging market environment, L'olivier's team has been delivering continuous improvements and quality to its customers, which proves its ability to navigate uncertain conditions and continue to create value.

Italy – Antonio Bagetta – CEO, ConTe

In 2022 ConTe managed to deliver earned profit for the ninth year in a row. We ended the year with 973,000 happy customers, resulting in double-digit growth (+14%).

Sustainable growth is our main objective: in H2 we raised our prices materially to protect 2022 profitability and to prepare a robust baseline for 2023. As a result, we grew, we kept the loss ratio under control and we limited average premium reduction.

Market average premium is still under pressure due to the lower number of new car registrations and lower claims frequency (when compared to pre-Covid).

In this context, we built on the Admiral DNA of a cost-conscious culture - we limited investments in marketing but were still able to maintain top brand awareness as a result of new TV advertisements and a partnership with the Italian national football team.

We also continued to improve our digital offering for customers which has resulted in improved internal efficiencies, together with an improved customer experience where 50% of customers now choose to complete transactions online. We are the one of the most appreciated brands among direct insurance companies – voted best on Google and Trustpilot.

Overall, we kept a strong culture of focus and cost control in 2022 but we continued to invest materially in our long-term strategic objectives: data and analytics, as well as channel diversification. All of this has been possible thanks to our people. We are proud to have achieved the 4th Great Place to Work Italy ranking, thanks to our innovative, flexible hybrid model and wellbeing initiatives.

Spain – Sarah Harris – CEO, Admiral Seguros

In the context of global uncertainty, the Admiral Seguros team remained focused on a few key things - we continued growing much faster than the market, we signed the first Admiral Group bancassurance agreement with ING in Spain, and we continued to invest in business transformation. We were also proud to be named #2 Best Place to Work in Spain for our size.

In 2022 our customer base grew 18% in a slow-growth market driven by our multi-channel strategy and by better retention and conversion in main sales channels. Growth was achieved whilst we increased prices in reaction to higher inflation. In June we signed a long-term distribution agreement with ING for auto insurance after a competitive tender process in Spain. The partnership is a recognition of our excellent customer experience and capabilities.

As part of the Admiral 2.0 strategy, we continued to invest in business transformation. We adopted Scaled Agile and started a refresh of key parts of our technology stack that will be key for our future.

In the meantime, we worked to embed our core loss ratio capabilities into newer channels and continued to innovate in digital processes to provide a better customer experience.

Our 2022 actions have required investment which have impacted the short-term results for the business, but we are confident we've made the right choices for long-term value-creation. In 2023 we will continue our path towards sustainable scale in our motor business. We strive to do this whilst improving efficiency, building competitive advantage across all channels, and fostering a culture that thrives in the hybrid world and is customer obsessed. We are proud of what we have achieved so far and excited about what 2023 has in store.

US – Alberto Schiavon – CEO, Elephant

Persistently high claims inflation was the main theme for the US Auto Insurance Industry during 2022 and greatly impacted Elephant's short term strategic priorities. As a response to these market challenges, Elephant took decisive action including substantial base rate increases (+25% in multiple phases in 2022), significant reductions in advertising spend and slowing growth to protect the bottom line. We are confident these changes are sufficient to offset the claims severity trend we've seen: Elephant's relative base rate increases surpassed many key competitors in H2, and the loss ratio gap with the market continues to trend positively.

As Elephant saw the impacts of claims frequency normalising to near pre-pandemic levels, the business experienced a record high increase in overall repair costs impacting claims severity, increasing 8% versus the market increase of around 11%[13]. As we wait for the rate actions to earn through, the 2022 overall loss to Admiral was £48.9 million[14].

Elephant's actions to slow growth as we weather the market cycle resulted in a 1% reduction in policies in-force since H1. To further achieve the scale needed and control the high cost of acquisition, we have focused our acquisition efforts towards higher retaining customers and expanded distribution towards independent agencies. Vehicles-per-policy increased from 1.5 to 1.8, helping to maximise the yield on our marketing spend.

As we move into 2023, we will continue to protect the bottom line and optimise customer lifetime value and expect to see our actions become more visible in our earned results.

While 2022 was a challenging year, Elephant was recognised on the Forbes list of America's Best Insurance Companies 2023. Elephant was one of only 35 carriers out of 3,300 evaluated to make the list, providing confidence that the investments we've made in serving our customers over the years haven't gone unnoticed. This is certainly a solid recognition from our customers that our staff delivers great service at every stage of the policy. I remain incredibly grateful for their tremendous hard work, resilience, and positive attitude.

International Insurance Review
International Insurance financial performance

£m	**2022**	**2021**	**2020**	**2019**
Turnover*1	**795.9**	**690.3**	**648.8**	**623.6**
Total premiums written*1	720.5	623.8	584.0	562.6
Net insurance premium revenue	241.8	221.0	204.2	168.6
Investment income	2.3	0.5	—	1.5
Net insurance claims	(220.3)	(170.8)	(139.3)	(137.2)
Net insurance expenses	(115.1)	(91.7)	(78.8)	(53.0)
Underwriting result including investment income*1	**(91.3)**	**(41.0)**	**(13.9)**	**(20.1)**

Net other revenue	37.5	29.4	22.7	19.2
International Insurance result	**(53.8)**	**(11.6)**	**8.8**	**(0.9)**

Key performance indicators

Reported Loss ratio*2	80.9%	73.7%	64.3%	76.8%
Expense ratio*2	44.5%	44.8%	43.9%	37.6%
Combined ratio*3	125.4%	118.5%	108.2%	114.4%
Combined ratio, net of Other Revenue*4	110.1%	106.3%	97.9%	103.7%

Vehicles insured at period end	**2.04m**	**1.81m**	**1.60m**	**1.42m**

*1 *Alternative Performance Measures – refer to the end of this report for definition and explanation.*

*2 *Loss ratios and expense ratios have been adjusted to remove the impact of reinsurer caps so the underlying performance of the business is transparent.*

*3 *Combined ratio is calculated on Admiral's net share of premiums and excludes other revenue. It excludes the impact of reinsurer caps. Including the impact of reinsurer caps the reported combined ratio would be 2022: 139%; 2021: 119%; 2020: 107%; 2019: 113%.*

*4 *Combined ratio, net of other revenue is calculated on Admiral's net share of premiums and includes Other Revenue. Including the impact of reinsurer caps the reported combined ratio, net of other revenue would be 2022: 123%; 2021: 107%; 2020: 96%; 2019: 102%.*

International Motor Insurance - Geographical analysis

2022	**Spain**	**Italy**	**France**	**US**	**Total**
Vehicles insured at period end (m)	0.43	0.97	0.40	0.24	2.04
Turnover*1 (£m)	104.6	227.9	190.4	268.5	791.4

2021	**Spain**	**Italy**	**France**	**US**	**Total**
Vehicles insured at period end (m)	0.37	0.85	0.36	0.23	1.81
Turnover*1 (£m)	88.5	212.7	173.4	213.4	688.0

*1 *Alternative Performance Measures – refer to the end of this report for definition and explanation*

Split of International Insurance result

£m	**2022**	**2021**	**2020**	**2019**
European Motor	(1.6)	4.8	15.3	9.0
US Motor	(48.9)	(13.0)	(4.8)	(9.6)
Other	(3.3)	(3.4)	(1.7)	(0.3)
International Insurance result	**(53.8)**	**(11.6)**	**8.8**	**(0.9)**

Admiral has several insurance businesses outside the UK: Spain (Admiral Seguros), Italy (ConTe), France (L'olivier) and the US (Elephant Auto).

The key features of the International Insurance results are:

- Positive growth trajectory continued in 2022 within competitive markets, with customer numbers increasing by 13% to 2.04 million (2021: 1.81 million) and combined turnover rising by 15% to £795.9 million (2021: £690.3 million)

- An aggregate loss of £53.8 million (2021: £11.6 million loss), consisting of a loss in the European Motor insurance businesses of £1.6 million (2021: £4.8 million profit) and a deterioration in Elephant Auto's result (increased loss from £13.0 million to £48.9 million year-on-year)
- A higher combined ratio (net of other revenue) of 110.1% (2021: 106.3%), primarily the result of a higher reported loss ratio across the European and US motor businesses driven by higher claims inflation across all markets as well as premium pressure in the Spanish and Italian markets
- An investment of £3.3 million (2021: £3.4 million) for new product development primarily related to the new French home insurance business and several product tests in Italy

European Motor Insurance

Admiral's European insurance operations in Spain, Italy, and France insured 1.80 million vehicles at 31 December 2022, 14% more than the previous year (31 December 2022: 1.58 million). Turnover increased by 10% to £522.9 million (2021: £474.6 million). The combined European Motor result reflected a net loss of £1.6 million (2021: £4.8 million), with profitability in Italy offset by more challenging outcomes because of competitive market pressures in France and Spain.

The European combined ratio net of other revenue (excluding the impact of reinsurer caps) increased to 104% from 99%, primarily driven by lower average premiums and higher claims inflation. In addition, these businesses continued to focus on improving core fundamentals, whilst investing in the future of the business through expansion into new diversification opportunities and distribution channels, particularly the intermediary channel and partnership opportunities, to enhance future growth prospects.

ConTe in Italy saw a profitable year with improved customer retention despite a highly competitive market resulting in continued premium pressure. Vehicles insured increased by 14% to 0.97 million (31 December 2021: 0.85 million), with the business continuing to invest in growth through innovation and distribution expansion.

Admiral Seguros (Spain) saw continued growth, with an 18% increase in customer numbers to over 0.43 million (2021: 0.37 million). This was largely driven by growth in the intermediary channel and improved retention, although overall results were impacted by strong inflation in the market. The business also invested in strengthening existing distribution channels, exploring growth through new partnerships, and progressing in its agile transformation.

L'olivier Assurance (France) continued to grow strongly in 2022 and remains one of the fastest growing Motor insurers in the French market. The customer base increased by 11% to 0.40 million (2021: 0.36 million). L'olivier targeted growth via the direct channel, and maintained high customer satisfaction through continuous digital service and efficiency improvements. The result was negatively impacted by high inflation and several hail events in H1 that had an estimated £2 million impact.

US Motor Insurance

In the US, Admiral underwrites motor insurance in eight states through its Elephant Auto business. Elephant insured 0.24m vehicles at the end of 2022, 4% higher than 2021 (2021: 0.23m) and turnover increased to £268.5 million (2021: £213.4 million).

The business reported a higher loss of £48.9 million (2021: £13.0 million loss) largely due to a surge in claims severity inflation across the US market. To mitigate the impact of higher inflation, Elephant raised base rates materially, by more than 25%, and prioritised higher customer lifetime value over new sales growth. In particular, the composition of the book shifted towards higher quality, multi-vehicle policies. Targeted expansion in the agency and partnership channels also provided mechanisms by which the business can continue to scale efficiently. Changes in reinsurance agreements from the 2022 underwriting year (primarily driven by capital efficiency considerations) resulted in increase in the Admiral net share of losses compared to 2021.

Admiral Money

Scott Cargill – CEO, Admiral Money

2022 has been a difficult and complex year for many businesses in the UK, however it has been a very positive and pleasing year for Admiral Money. We have continued our philosophy of safe, efficient growth and despite all the external economic challenges we delivered our first full year profit.

Admiral Money plays an increasingly important role in the consumer lending market. Since launching in 2017 we are proud to have provided more than 250,000 customers with over two billion pounds of loans.

Our personal loans and car finance book is up 46% from £0.61 billion and now stands at £0.89 billion, our second consecutive year of 45%+ growth and our cost-income ratio continues to improve, falling to 49.7% in 2022. We anticipate this will continue to fall as we approach scale. We retain a firm focus on prime lending and are seeing increasing proof that UK customers are showing a preference for our guaranteed rate proposition, valuing the certainty and transparency it offers. Our 2022 NPS score of 71 and Trust Pilot score of 4.6 is further evidence our exceptional customer propositions and service commitment is setting us apart in the consumer lending market.

UK inflation and the subsequent cost of living pressure it creates has been front of mind since 2021. We made early decisive moves to increase the hurdles in our affordability models to ensure that after assessing our customers, we are lending responsibly, and they can sustain the loan through any reasonable stress. To date customer payment performance remains positive with low arrears and defaults in line with expectations.

Our first full year profit of £2.1 million for 2022, compared to a loss of £5.5 million in 2021, is an important milestone for the business. We've achieved this whilst continuing to retain appropriate prudence in our credit loss provision with coverage of 7.2% on the book which includes post model adjustments of £11.3 million.

Progress in building our capabilities in 2022 has been strong. The continued adoption of open banking has improved our decision making and onboarding journey. Enhancing our self-service functionality now results in 80% of customer transactions being processed digitally and new machine learning models are used to support decision making across the business.

We also continued to make pleasing progress on integrating more closely with the UK insurance business to offer loans to these customers, with almost double the amount of new business to Admiral Insurance customers in 2022 compared to 2021. In addition, we were again winners of the Moneyfacts Consumer Awards best car finance provider of the year award.

Looking to 2023, we enter with strong momentum. We expect to benefit from our strong position in a growing market as we see a continued shift to comparison and credit score marketplaces. I expect to see continued growth in our loan balances towards the £950 million to £1.1 billion range during 2023, assuming current economic conditions. Combined with a tightly controlled cost base, we should see further improved economics in the coming years.

I am optimistic for 2023 and confident in the team's ability to execute on our business plan. Admiral built successful businesses by doing the common things uncommonly well and Admiral Money enters 2023 in good shape to achieve the same success in UK lending.

I'd like to finish by thanking our customers and all of my colleagues and wish everyone the best for 2023.

Admiral Money Financial Performance

£m	**2022**	**2021**	**2020**	**2019**
Net income	58.7	36.6	36.8	30.8
Interest expense*1	(14.1)	(8.8)	(10.1)	(9.1)
Net interest income	**44.6**	**27.8**	**26.7**	**21.7**
Other income	0.3	1.1	2.1	1.9
Total income	**44.9**	**28.9**	**28.8**	**23.6**
Movement in expected credit loss provision and write-off of Loans	(20.6)	(10.7)	(25.8)	(14.3)
Expenses	(22.2)	(23.7)	(16.8)	(17.7)

Admiral Money profit/(loss) before tax	**2.1**	**(5.5)**	**(13.8)**	**(8.4)**

*[*1] Includes £1.5 million intra-group interest expense (2021: £2.7 million; 2020: £2.9 million; 2019: £2.8 million)*

Admiral Money distributes and underwrites unsecured personal loans and car finance products for UK consumers through price comparison, credit scoring applications and direct channels. The proposition is focused on offering guaranteed rates to provide customers transparency and certainty.

Admiral Money recorded a pre-tax profit of £2.1 million in 2022 (improved from £5.5 million loss in 2021), the first full year profit in the history of the business.

Gross loan balances grew strongly, up 46% to £0.89 billion (2021: £0.61 billion), with a £63.7 million (2021: £50.2 million) credit loss provision, leading to a net loans balance of £0.82 billion (2021: £0.56 billion). This increase in portfolio led to a 60% increase in net interest income to £44.6 million (2021 £27.8 million).

Admiral Money continued to carefully manage affordability and credit criteria for new lending in 2022 to reflect the higher interest rate and elevated inflation environment. At the same time interest rates on new loans were increased to reflect the rising cost of our funding. These measures will help ensure sustainable financial performance into the future.

The credit loss charge increased to £20.6 million (2021: £10.7 million), driven by the significant increase in the portfolio during the year. Overall, an appropriately prudent approach has been taken to calculating the credit loss provision, including post model adjustments for cost of living, mortgage increases and forecast uncertainty, reflecting the level of uncertainty in the current economic environment. For further information, refer to note 7 in the financial statements.

Admiral Money is funded through a combination of internal and external funding sources. The external funding is secured against certain loans via transfer of the rights to the cash-flows to two special purpose entities ("SPEs"). During H1 2022 one of the SPEs was extended, providing funding with improved terms for the next three years. The securitisation and subsequent issue of notes via SPEs does not result in a significant transfer of risk from the Group.

Other Group Items

Other Group items financial review

£m	2022	2021	2020	2019
Share scheme charges, excluding restructure costs[*1]	(51.7)	(63.3)	(50.9)	(49.0)
Other central overheads	(16.3)	(19.8)	(22.9)	(20.0)
Finance charges[*2]	(12.1)	(11.4)	(12.1)	(11.3)
Admiral Pioneer	(15.6)	(10.2)	(0.8)	—
Other business development costs	(10.9)	(7.2)	(3.3)	(9.3)
Other interest and investment return	11.4	4.0	4.9	6.1
Other Group items	**(95.2)**	**(107.9)**	**(85.1)**	**(83.5)**

*[*1] Share scheme charges exclude restructuring costs of £1.5m recognised in 2021*

*[*2] Includes £0.7 million intra-group interest expense (2021: £nil; 2020: £nil; 2019: £nil)*

Share scheme charges relate to the Group's two employee share schemes (refer to note 9 to the financial statements). Charges decreased by £11.6 million (excluding discontinued operations) in 2022, to £51.7 million. This was more in line with previous years when excluding the elevated level in 2021 which was linked to a higher share price and higher bonus pay-outs due to higher dividends.

Other central overheads were lower at £16.3 million, and include the cost of a number of major Group projects such as preparation for the significant new insurance accounting standard, IFRS 17 and the development of the internal model.

Finance charges of £12.1 million (2021: £11.4 million) primarily represent interest on the £200 million subordinated notes issued in July 2014.

Admiral Pioneer, launched in 2020 to focus on new product diversification opportunities, made a loss of £15.6 million in 2022 (2021: £10.2 million). The business continued to invest in growing the Veygo short term car insurance business, as well as investing in new products such as tool insurance in the UK (Toolbox by Admiral).

Other business development costs reported a higher loss of £10.9 million (2021: £7.2 million), which included a smaller loss from Compare.com of £2.8 million (2021: loss of £3.5 million) offset by increased investment in new ventures.

Other interest and investment income increased to £11.4 million in 2022 (2021: £4.0 million), as a result of higher government bond yields and a £4.7 million gain arising from the sale of government bonds in the period (2021: nil).

Group Capital Structure and Financial Position

The Group continues to manage its capital to ensure that all entities are able to continue as going concerns and that regulated entities comfortably meet regulatory capital requirements. Surplus capital within subsidiaries is paid up to the Group holding company in the form of dividends.

The Group's regulatory capital is based on the Solvency II Standard Formula, with a capital add-on to reflect recognised limitations in the Standard Formula with respect to Admiral's business, predominantly in respect of profit commission arrangements in co- and reinsurance agreements.

The Group continues to develop its partial internal model to form the basis of future capital requirements. As previously noted, the expected timescale for formal application has been extended as a result of a decision by the Board to review certain aspects of the model. In the interim period before submission, the current capital add-on basis will continue to be used to calculate the regulatory capital requirement.

The estimated and unaudited regulatory Solvency II position for the Group at the date of this report is as follows:

Group capital position (estimated and unaudited)

Group	2022 £bn	2021 £bn	2020 £bn
Eligible Own Funds (post dividend) *1	1.20	1.36	1.47
Solvency II capital requirement*2	0.66	0.70	0.79
Surplus over capital requirement	**0.54**	**0.66**	**0.68**
Solvency ratio (post dividend)*3	**180%**	**195%**	**187%**

**1 2021 own funds included a deduction for the third tranche of the Penguin Portals dividend that was paid alongside the 2022 interim dividend in October 2022*

**2 Solvency capital requirement includes updated capital add-on which is subject to regulatory approval.*

**3 Solvency ratio calculated on a volatility adjusted basis.*

The Group's solvency ratio remains strong at 180%. The solvency ratio reduced by 15 percentage points since the end of 2021, primarily due to a reduction in Own Funds of approximately £160 million as a result of lower generation of economic capital. Widening credit spreads impacted the Own Funds during the first half of the year, with the impact partially reversing during the second half.

The Solvency Capital Requirement includes an updated capital add-on which remains subject to regulatory approval. The solvency ratio based on the previously approved capital add-on, that is calculated at the balance sheet date rather than the date of this report, and will be submitted to the regulator within the Q4 Quantitative

Reporting Template (QRT) is as follows:

Regulatory solvency ratio (estimated and unaudited)	**2022**	**2021**	**2020**
Solvency ratio as reported above	180%	195%	187%
Change in valuation date	(11%)	(5%)	(5%)
Other (including impact of updated, unapproved capital add-on)	(19%)	(9%)	24%
Solvency ratio (QRT basis)	**150%**	**181%**	**206%**

The Group's capital includes £200 million ten year dated subordinated bonds. The rate of interest is fixed at 5.5% and the bonds mature in July 2024. The bonds qualify as tier two capital under the Solvency II regulatory regime.

Solvency ratio sensitivities (estimated and unaudited)

Estimated sensitivities to the current Group solvency ratio are presented in the table below. These sensitivities cover the two most material risk types, insurance risk and market risk, and within these risks cover the most significant elements of the risk profile. Aside from the catastrophe events, estimated sensitivities have not been calibrated to individual return periods.

	2022	**2021**	**2020**
UK Motor – incurred loss ratio +5%	-11%	-9%	-10%
UK Motor – 1 in 200 catastrophe event	-1%	-1%	-1%
UK Household – 1 in 200 catastrophe event	-4%	-3%	-2%
Interest rate – yield curve up 100 bps	-2%	+5%	+7%
Interest rate – yield curve down 100 bps	+2%	-5%	-7%
Credit spreads widen 100 bps	-9%	-9%	-6%
Currency – 25% adverse movement in euro and US dollar vs sterling	-3%	-3%	-3%
ASHE – long term inflation assumption up 0.5%	-3%	-5%	-3%
Loans – severe peak unemployment scenario*1	-1%	-1%	-1%

**1 Refer to note 7 to the financial statements for further information on the 'severe' scenario.*

The change in interest rate sensitivity reflects both the Group's continued focus on asset-liability matching and the change in impact of interest rate movements on the solvency capital requirement in higher yield environments.

Taxation

The tax charge reported in the consolidated income statement is £97.2 million (2021: £130.2 million), equating to 20.7% of pre-tax profit (2021: 18.2%). The increase in the effective tax charge is primarily the result of the higher loss in the US insurance business for which no deferred tax asset is recognised.

Investments and cash

Investment strategy

Admiral Group's investment strategy focuses on capital preservation and low volatility of returns. The business follows an asset liability matching strategy to control interest rate, inflation and currency risk. A prudent level of liquidity is held and the investment portfolio has a high-quality credit profile. In 2022, the focus remained on asset liability matching, and flows were invested into high quality assets to take advantage of rising risk-free rates, whilst being cautious on the credit outlook. The Group holds a range of government bonds, corporate bonds, alternative and private credit assets, alongside liquid holdings in cash and money market funds.

In line with our investment approach, the aim is to reduce the Environmental, Social, and Governance (ESG) related risks in our portfolio whilst continuing to achieve sustainable long-term returns. In 2022, the portfolio weighted average ESG score had an MSCI A rating.

Investment income

£m	2022	2021	2020
Investment return	64.6	46.9	47.8
Movement on accruals held for insurer funds withheld	(20.0)	(1.6)	12.9
Movement in provision for expected credit losses	1.8	(2.6)	(7.8)
Total	**46.4**	**42.7**	**52.9**

Net investment income for 2022 was £46.4 million (2021: £42.7 million). Investment income in 2022 was adversely impacted by investment income adjustments related to UK motor quota share reinsurance arrangements of £20.0 million (2021: £1.6 million). Provisions for expected credit losses developed favourably, leading to a £1.8 million release of provisions (2021: £2.6 million adverse impact).

The investment return on the Group's investment portfolio (excluding unrealised gains and losses, the release of the investment income accruals held in relation to reinsurance contracts and the movement in provision for expected credit losses) was £64.6 million in H1 2022 (compared to £46.9 million in 2021). The annualised rate of return was higher at 1.6% (2021: 1.1%), mainly as a result of higher reinvestment yields as interest rates rose throughout the year.

The increase in yields and widening of credit spreads in 2022 resulted in a reduction in the market value of the portfolio of £255.6 million (2021: £50.1 million reduction). That movement is reflected in the statement of other comprehensive income.

The Group continues to generate significant amounts of cash and its capital-efficient business model enables the distribution of the majority of post-tax profits as dividends. Total cash and investments at 31 December 2022 was £3,705.8 million (31 December 2021: £4,115.3 million), the lower balance at the end of the current period reflecting the market value reduction noted above as well as the payment of the final tranche of the Penguin Portals disposal proceeds to shareholders.

Cash and investments analysis

£m	2022	2021	2020
Fixed income and debt securities	2,372.7	2,594.3	2,101.3
Money market funds and other fair value instruments	934.7	1,063.0	1,339.3
Cash deposits	101.4	85.3	65.4
Cash	297.0	372.7	351.7
Total*1	**3,705.8**	**4,115.3**	**3,857.7**

**1 Total Cash and Investments include £198.2 million (2021: £147.0 million; 2020: £74.8 million) of Level 3 investments. Refer to note 6e in the financial statements for further information*

Cash flow

£m	2022	2021	2020
Operating cash flow, before movements in investments	367.3	637.8	959.8
Transfers to financial investments	189.0	(266.5)	(176.0)
Operating cash flow	556.3	371.3	783.8

Tax payments	(91.2)	(126.7)	(175.0)
Investing cash flows (capital expenditure)	(101.0)	(69.2)	(43.1)
Financing cash flows	(692.8)	(750.7)	(454.3)
Loans funding through special purpose entity	267.8	185.9	(46.2)
Net contributions from non-controlling interests	—	—	2.4
Foreign currency translation impact	(14.8)	(5.3)	2.4
Net proceeds from sale of Comparison entities	—	457.0	—
Cash included in the disposal of Comparison entities	—	(41.3)	—
Net cash movement	**(75.7)**	**21.0**	**70.0**
Unrealised (losses)/ gains on investments	(255.6)	(47.3)	40.7
Movement in accrued interest	113.2	17.4	54.8
Net increase in cash and financial investments	**(407.1)**	**257.6**	**341.5**

The main items contributing to the operating cash inflow are as follows:

£m	2022	2021	2020
Profit after tax	**371.8**	**996.7**	**527.8**
Change in net insurance liabilities	39.6	40.8	94.8
Net change in trade receivables and liabilities	68.2	(65.3)	65.3
Change in loans and advances to customers	(280.6)	(205.2)	77.3
Non-cash income statement items	71.1	(261.7)	84.8
Taxation expense	97.2	132.5	109.8
Operating cash flow, before movements in investments	**367.3**	**637.8**	**959.8**

The net decrease in cash and investments in the year is £407.1 million (2021: £257.6 million increase). The main drivers include the unrealised losses on investments as a result of interest rate and credit spread movements as noted above, and dividend payments to shareholders (including the two final tranches of the Penguin Portals special dividend).

Co-insurance and reinsurance

Admiral makes significant use of proportional risk sharing agreements, where insurers outside the Group underwrite a majority of the risk generated, either through co-insurance or quota share reinsurance contracts. These arrangements include profit commission terms which allow Admiral to retain a significant portion of the profit generated.

Although the primary focus and disclosure is in relation to the UK Motor insurance book, similar longer-term arrangements are in place in the Group’s international insurance operations and the UK Household and Van businesses.

UK Motor Insurance

Munich Re and its subsidiary entity, Great Lakes, currently underwrites 40% of the UK Motor business. From 2022, 20% of this total is on a co-insurance basis (via Great Lakes) and will extend to 2029. The remaining 20% is on a quota share reinsurance basis and these arrangements now extend to 2026.

The Group also has other quota share reinsurance arrangements confirmed to at least 2024, covering 38% of the business written.

The nature of the co-insurance proportion underwritten by Munich Re (via Great Lakes) in the UK is such that 20% of all Motor premium and claims for the 2022 year accrue directly to Great Lakes and are not reflected in the Group's financial statements. Similarly, Great Lakes reimburses the Group for its proportional share of expenses incurred in acquiring and administering this business.

The quota share reinsurance arrangements result in all Motor premiums, claims and expenses that are ceded to reinsurers being included in the Group's financial statements. These quota share agreements operate on a funds withheld basis and include certain features such as expense caps and an allocation of investment income earned on the funds held by Admiral on behalf of the reinsurers. These features result in higher profit commission should the underwriting year reach profitability.

Admiral tends to commute its UK Car Insurance quota share reinsurance contracts 36 months after inception of an underwriting year, assuming there is sufficient confidence in the profitability of the business covered by the reinsurance contract.

After an underwriting year is commuted, movements in financial statement loss ratios result in reserve releases (or strengthening if the loss ratios were to increase) rather than reduced or increased profit commission.

In 2022, just over half of the quota share reinsurance covering the 2020 underwriting year was commuted. The majority of quota share reinsurance covering 2019 and prior underwriting years was commuted prior to the start of this half year period.

Refer to note 5c. of the financial statements for further analysis of reserve releases on business originally reinsured but subsequently commuted.

UK Household Insurance
The Group's Household business is supported by long-term proportional reinsurance arrangements covering 70% of the risk, that run to at least 2024. In addition, the Group has non-proportional reinsurance to cover the risk of catastrophes stemming from weather events.

International Car Insurance
In both 2021 and 2022 Admiral retained 35% (Italy), 30% (France) and 30% (Spain) of the underwriting risk in each country respectively. In the USA, 40% (2021: 45%) of the risk was retained within the Group.

Excess of loss reinsurance
The Group also purchases excess of loss reinsurance to provide protection against large claims and reviews this cover annually. The excess of loss cover remained similar to prior years with cover starting at £10 million. Rates increased within the context of increasing market rates as a result of higher inflation. The household insurance book excess of loss reinsurance also saw an increase in rates, for the same relative level of cover.

Profit commission

Admiral is potentially able to earn material amounts of profit commission revenue from co- and reinsurance partners, depending on the profitability of the insurance business underwritten by the partner. Revenue is recognised in the income statement in line with the financial statement loss ratios on Admiral's retained underwriting.

Note 5b to the financial statements analyses profit commission income by business, type of contract and by underwriting year.

Principal Risks and Uncertainties

The Group's 2022 Annual Report will contain an analysis of the Principal Risks and Uncertainties identified in the Group's Enterprise Risk Management Framework, along with the impacts of those risks and actions taken to mitigate them.

Disclaimer on forward-looking statements

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Consolidated Income Statement

For the year ended 31 December 2022

		Year ended	
		31 December 2022	31 December 2021
Continuing operations	Note	£m	£m
Insurance premium revenue		2,705.4	2,492.3
Insurance premium ceded to reinsurers		(1,794.4)	(1,637.3)
Net insurance premium revenue	5	911.0	855.0
Other revenue	8	318.8	314.8
Profit commission	5	170.9	304.5
Interest income	7	58.7	36.6
Interest expense	7	(12.6)	(6.1)
Net interest income from loans		46.1	30.5
Investment return – interest income at effective interest rate	6	52.3	40.6
Investment return - other	6	12.3	6.2
Investment return recoverable from co- and reinsurers	6	(20.0)	(1.6)
Net revenue		1,491.4	1,550.0
Insurance claims and claims handling expenses	5	(2,081.4)	(1,506.8)
Insurance claims and claims handling expenses recoverable from reinsurers		1,575.3	1,174.5
Net insurance claims	5	(506.1)	(332.3)
Operating expenses and share scheme charges	9	(924.8)	(970.1)
Operating expenses and share scheme charges recoverable from co- and reinsurers	9	439.3	491.1
Expected credit losses	6,9	(18.9)	(13.3)
Net operating expenses and share scheme charges		(504.4)	(492.3)
Total expenses		(1,010.5)	(824.6)
Operating profit		480.9	725.4
Finance costs	6	(13.4)	(13.7)
Finance costs recoverable from co- and reinsurers	6	1.5	1.8
Net finance costs		(11.9)	(11.9)
Profit before tax from continuing operations		469.0	713.5
Taxation expense	10	(97.2)	(130.2)
Profit after tax from continuing operations		371.8	583.3
Profit before tax from discontinued operations		—	11.3
Gain on disposal		—	404.4
Taxation expense		—	(2.3)
Profit after tax from discontinued operations	13	—	413.4
Profit after tax from continuing and discontinued operations		371.8	996.7
Profit after tax attributable to:			

Equity holders of the parent		373.0	997.9
Non-controlling interests (NCI)		(1.2)	(1.2)
		371.8	996.7
Earnings per share – from continuing operations			
Basic	12	124.3p	196.7p
Diluted	12	123.7p	196.1p
Earnings per share - from continuing and discontinued operations			
Basic	12	124.3p	335.5p
Diluted	12	123.7p	334.5p

Dividends declared and paid (total)	12	658.3	720.9
Dividends declared and paid (per share)	12	223.0p	247.0p

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	Year ended **31 December 2022 £m**	 31 December 2021 £m
Profit for the period – from continuing and discontinued operations		371.8	996.7
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve		(255.6)	(50.1)
Deferred tax charge in relation to movement in fair value reserve	10	13.0	1.4
Exchange differences on translation of foreign operations		6.9	(10.4)
Movement in hedging reserve		25.1	6.6
Deferred tax charge in relation to movement in hedging reserve		(7.0)	—
Other comprehensive income for the period, net of income tax		(217.6)	(52.5)
Total comprehensive income for the period		154.2	944.2
Total comprehensive income for the period attributable to:			
Equity holders of the parent		155.3	945.7
Non-controlling interests		(1.1)	(1.5)
		154.2	944.2

Consolidated statement of financial position

As at 31 December 2022

	Note	As at **31 December 2022 £m**	 **31 December 2021 £m**
ASSETS			
Property and equipment	11	**89.8**	103.2
Intangible assets	11	**248.3**	179.9
Deferred income tax	10	**18.5**	9.3
Corporation tax asset	10	—	10.6

Reinsurance assets	5	**2,714.0**	2,176.1
Loans and advances to customers	7	**823.9**	556.8
Insurance and other receivables	6	**1,335.8**	1,208.5
Financial investments	6	**3,411.2**	3,742.6
Cash and cash equivalents	6	**297.0**	372.7
Total assets		**8,938.5**	8,359.7
EQUITY			
Share capital	12	**0.3**	0.3
Share premium account		**13.1**	13.1
Other reserves	12	**(173.7)**	44.0
Retained earnings		**1,114.5**	1,348.8
Total equity attributable to equity holders of the parent		**954.2**	1,406.2
Non-controlling interests		**1.2**	2.3
Total equity		**955.4**	1,408.5
LIABILITIES			
Insurance contract liabilities	5	**4,792.5**	4,215.0
Subordinated and other financial liabilities	6	**939.1**	670.9
Trade and other payables	6, 11	**2,158.0**	1,960.0
Lease liabilities	6	**88.5**	105.3
Corporation tax liability	10	**5.0**	—
Total liabilities		**7,983.1**	6,951.2
Total equity and total liabilities		**8,938.5**	8,359.7

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 7 March 2023 and were signed on its behalf by:

Geraint Jones

Chief Financial Officer
Admiral Group plc
Company Number: 03849958

Consolidated cash flow statement

For the year ended 31 December 2022

		Year ended	
	Note	**31 December 2022 £m**	31 December 2021 £m
Profit after tax – from continuing and discontinued operations		**371.8**	996.7
Adjustments for non-cash items:			
– Depreciation of property, plant and equipment and right-of-use assets	11	**18.2**	23.6
– Impairment/Disposal of property, plant and equipment and right-of-use assets	11	**(1.2)**	23.8
– Amortisation and impairment of intangible assets	11	**23.7**	44.7
– Gain on disposal of Comparison entities held for sale	13	—	(404.4)
– Movement in expected credit loss provision	6	**11.7**	13.3
– Share scheme charges	9	**57.3**	65.2
– Accrued interest income from loans and advances to customers		—	(0.8)

– Interest expense on funding for loans and advances to customers		**12.6**	6.1
– Investment return	6	**(64.6)**	(45.2)
– Finance costs, including unwinding of discounts on lease liabilities		**13.4**	12.0
– Taxation expense	10	**97.2**	132.5
Change in gross insurance contract liabilities	5	**577.5**	133.7
Change in reinsurance assets	5	**(537.9)**	(92.9)
Change in insurance and other receivables	6, 11	**(129.8)**	(9.2)
Change in loans and advances to customers	7	**(280.6)**	(205.2)
Change in trade and other payables, including tax and social security	11	**198.0**	(56.1)
Cash flows from operating activities, before movements in investments		**367.3**	637.8
Purchases of financial instruments		**(3,198.0)**	(3,710.2)
Proceeds on disposal/ maturity of financial instruments		**3,328.3**	3,397.1
Interest and investment income received	6	**58.7**	46.6
Cash flows from operating activities, net of movements in investments		**556.3**	371.3
Taxation payments		**(91.2)**	(126.7)
Net cash flow from operating activities		**465.1**	244.6
Cash flows from investing activities:			
Purchases of property, equipment and software	11	**(98.6)**	(69.2)
Investment in associates		**(2.4)**	—
Proceeds from sale of Comparison entities		—	471.8
Net costs paid on sale of Comparison entities		—	(14.8)
Net cash used in investing activities		**(101.0)**	387.8
Cash flows from financing activities:			
Proceeds on issue of loan backed securities	6	**267.8**	185.9
Finance costs paid, including interest expense paid on funding for loans	6,7	**(25.3)**	(20.2)
Repayment of lease liabilities	6	**(9.2)**	(9.6)
Equity dividends paid	12	**(658.3)**	(720.9)
Net cash used in financing activities		**(425.0)**	(564.8)
Net (decrease) / increase in cash and cash equivalents		**(60.9)**	67.6
Cash and cash equivalents at 1 January		**372.7**	351.7
Cash and cash equivalents included in disposal of comparison entities		—	(41.3)
Effects of changes in foreign exchange rates		**(14.8)**	(5.3)
Cash and cash equivalents at 31 December	6	**297.0**	372.7

Consolidated statement of changes in equity

For the years ended 31 December 2021 and 2022

		Attributable to the owners of the Company								
	Note	Share capital £m	Share premium account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Retained profit and loss £m	**Total £m**	Non-controlling interests £m	**Total equity £m**

Balance at 1 January 2021		**0.3**	**13.1**	**85.4**	**(3.6)**	**13.1**	**1,004.4**	**1,112.7**	**10.7**	**1,123.4**
Profit/(loss) for the period – from continuing and discontinued operations		—	—	—	—	—	997.9	**997.9**	(1.2)	**996.7**
Other comprehensive income										
Movements in fair value reserve		—	—	(50.1)	—	—	—	**(50.1)**	—	**(50.1)**
Deferred tax credit in relation to movement in fair value reserve	10	—	—	1.4	—	—	—	**1.4**	—	**1.4**
Movement in hedging reserve		—	—	—	6.6	—	—	**6.6**	—	**6.6**
Currency translation differences		—	—	—	—	(10.1)	—	**(10.1)**	(0.3)	**(10.4)**
Total comprehensive income for the period		—	—	(48.7)	6.6	(10.1)	997.9	**945.7**	(1.5)	**944.2**
Transactions with equity holders										
Dividends	12	—	—	—	—	—	(720.9)	**(720.9)**	—	**(720.9)**
Share scheme credit	9	—	—	—	—	—	63.1	**63.1**	—	**63.1**
Deferred tax credit on share scheme credit	10	—	—	—	—	—	6.0	**6.0**	—	**6.0**
Transfer to gain on disposal of assets held for sale		—	—	—	—	1.3	(2.0)	**(0.7)**	0.1	**(0.6)**
Change in ownership interests on sale of comparison		—	—	—	—	—	—	—	(6.7)	**(6.7)**
Change in ownership interests without a change in control		—	—	—	—	—	0.3	**0.3**	(0.3)	—
Total transactions with equity holders		—	—	—	—	1.3	(653.5)	**(652.2)**	(6.9)	**(659.1)**
As at 31 December 2021		**0.3**	**13.1**	**36.7**	**3.0**	**4.3**	**1,348.8**	**1,406.2**	**2.3**	**1,408.5**

Consolidated statement of changes in equity (continued)

For the years ended 31 December 2021 and 2022

		Attributable to the owners of the Company								
	Note	Share capital £m	Share premium account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Retained profit and loss £m	**Total £m**	Non-controlling interests £m	**Total equity £m**
Balance at 1 January 2022		**0.3**	**13.1**	**36.7**	**3.0**	**4.3**	**1,348.8**	**1,406.2**	**2.3**	**1,408.5**
Profit/(loss) for the period – from continuing and discontinued operations		—	—	—	—	—	373.0	**373.0**	(1.2)	**371.8**
Other comprehensive income										
Movements in fair value reserve		—	—	(255.6)	—	—	—	**(255.6)**	—	**(255.6)**
Deferred tax credit in relation to movement in fair value reserve	10	—	—	13.0	—	—	—	**13.0**	—	**13.0**
Movement in hedging reserve		—	—	—	25.1	—	—	**25.1**	—	**25.1**
Deferred tax charge in relation to movement in hedging reserve		—	—	—	(7.0)	—	—	**(7.0)**	—	**(7.0)**
Currency translation differences		—	—	—	—	6.8	—	**6.8**	0.1	**6.9**
Total comprehensive income for the period		—	—	(242.6)	18.1	6.8	373.0	**155.3**	(1.1)	**154.2**
Transactions with equity holders										
Dividends	12	—	—	—	—	—	(658.3)	**(658.3)**	—	**(658.3)**
Share scheme credit	9	—	—	—	—	—	57.3	**57.3**	—	**57.3**
Deferred tax charge on share scheme credit	10	—	—	—	—	—	(6.3)	**(6.3)**	—	**(6.3)**
Change in ownership interests without a change in control		—	—	—	—	—	—	—	—	—
Total transactions with equity holders		—	—	—	—	—	(607.3)	**(607.3)**	—	**(607.3)**

As at 31 December 2022	**0.3**	**13.1**	**(205.9)**	**21.1**	**11.1**	**1,114.5**	**954.2**	**1.2**	**955.4**

Notes to the financial statements

1. **General information**

Admiral Group plc (the “Company”) is a public limited company incorporated and domiciled in England and Wales. Its registered office is at Tŷ Admiral, David Street, Cardiff, CF10 2EH and its shares are listed on the London Stock Exchange.

The consolidated financial statements have been prepared and approved by the Directors in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

2. **Basis of preparation**

The consolidated financial statements have been prepared on a Going Concern basis. In making this assessment, the Directors’ have considered in detail the impact of the pandemic on the Group’s financial position and performance, including the projection of the Group’s profits, regulatory capital surpluses and sources of liquidity for the next 12 months and beyond.

The following areas were focused on as part of this review:

- The Group’s profit projections, including:
  - Changes in premium rates and projected policy volumes across the Group’s insurance businesses, including early indications of the impact of the FCA general insurance pricing reform which came into effect at the start of 2022
  - Potential impacts on the cost of settling claims across all insurance businesses, including the impact of inflationary pressures
  - Projected trends in other revenue generated by the Group’s insurance business from fees and the sale of ancillary products
  - Projected contributions to profit from businesses other than the UK Car insurance business
  - Expected trends in unemployment in the context of credit risks and the growth of the Group’s Loans business
- The Group’s solvency position, which has been closely monitored through periods of market volatility; the Group continues to maintain a strong solvency position above target levels
- The adequacy of the Group’s liquidity position after considering all of the factors noted above
- The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume severe adverse economic, credit and trading stresses
- The regulatory environment, in particular focusing on regulatory guidance issued by the Group’s regulators and ongoing communications between management and regulators
- A review of the Company’s principal risks and uncertainties and the assessment of emerging risks

Following consideration of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

The accounting policies set out in the notes to the financial statements have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The financial statements are prepared on the historical cost basis, except for the revaluation of financial assets classified as fair value through profit or loss or as fair value through other comprehensive income. The Group and Company financial statements are presented in pounds sterling, rounded to the nearest £0.1 million.

Adoption of new and revised standards

The Group has adopted the following IFRSs and interpretations during the year, which have been issued and endorsed:

- Amendments to IFRS 3 Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use (effective 1 January 2022)
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
- Annual Improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases (effective 1 January 2022)

IFRS 17: Accounting for Insurance contracts

IFRS 17 Insurance Contracts, as issued by the IASB and endorsed by the UK Endorsement Board on 16 May 2022, is a replacement for IFRS 4 Insurance Contracts, effective for annual periods beginning on or after 1 January 2023, with a transition balance sheet date of 1 January 2022.

The adoption of IFRS 17 does not change the classification of the Group's insurance contracts. However, IFRS 17 establishes specific principles for the recognition, measurement, presentation and disclosure of insurance contracts issued and reinsurance contracts held by the Group.

Applying IFRS 17 to the Group's contracts, the scope of the standard is aligned to IFRS 4, with insurance liabilities comprised of the Liability for Remaining Coverage ('LRC'), and the Liability for Incurred Claims ('LIC'). Reinsurance assets are comprised of the Asset for Remaining Coverage ('ARC') and Asset for Incurred Claims ('AIC').

IFRS 17 outlines a general model, which is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach ('PAA').

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA, given that:

- The Group's insurance contracts issued have coverage periods of 6 to 12 months in duration and therefore automatically qualify for the PAA under IFRS 17.53(b); and
- Whilst the Group's reinsurance contracts have coverage periods which extend beyond 12 months, modelling of these contracts shows that using the PAA produces a measurement of the LRC which is not materially different from the LRC produced using the general model. These contracts are therefore eligible to be measured applying the PAA under IFRS 17.53(a).

The Group therefore intends to apply the PAA across all of its insurance contracts issued and reinsurance contracts held.

Differences in measurement principles

The measurement principles of the PAA differ from the approach used by the Group under IFRS 4 in the following key areas:

- The measurement of insurance liabilities and reinsurance assets is performed at a more granular level than IFRS 4, taking into account:
  - the type of risk and how it is managed (a "portfolio" of insurance contracts);
  - the projected level of profitability; and
  - disaggregating the contracts into annual cohorts (i.e. each "group" of contracts is considered by

underwriting year for the Group).

- The measurement of the liability for incurred claims (claims outstanding under IFRS 4, comprised of the best estimate of claims outstanding plus a margin held above actuarial best estimates for adverse development) is determined on a discounted probability-weighted expected value basis plus an explicit risk adjustment for non-financial risk, which is separately reported.
- The measurement of the liability for remaining coverage reflects premiums received less any deferred insurance acquisition cash flows (unless these are expensed as incurred) and less amounts recognised in revenue for insurance services provided. This corresponds to items reported under IFRS 4 as the unearned premium reserve, less deferred acquisition costs and insurance receivables.
- Where facts and circumstances exist indicating that a group of contracts may be onerous, the Group must assess whether an onerous loss component should be recognised. The calculation of the onerous loss component compares the fulfilment cashflows relating to the liability for remaining coverage measured using the general model (including the risk adjustment for non-financial risk) to the recognised liability for remaining coverage, with any deficiency recognised as an onerous loss component.
- The asset for remaining coverage reflects reinsurance premiums paid for reinsurance held, less ceded earned reinsurance premiums. Ceded reinsurance premiums under IFRS 17 are presented and earned net of any ceded reinsurance expense recoveries, which were presented separately under IFRS 4 and recognised in line with the timing of the gross expenses incurred. In addition, the asset for remaining coverage is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses (on the underlying insurance contracts issued) where such contracts reinsure onerous direct contracts.
- The asset for incurred claims reflects the expected reinsurance recoveries of claims related cashflows on a discounted, probability weighted expected value basis, inclusive of the risk adjustment.
- Under IFRS 17, income that is currently recognised immediately as commission income on underwritten ancillary products is required to be recognised over the life of the policy as insurance revenue. This is because the commission income is not considered a separable component under IFRS 17. As a result, part of the income that was recognised under IFRS 4 at year end 2021 is deferred under IFRS 17.

Key accounting policy decisions

- As set out above, both the Group's insurance and reinsurance contracts have been deemed eligible for the PAA, and the Group is intending to apply the PAA across all of its insurance and reinsurance contracts.
- The application of the disaggregation requirements of IFRS 17 have resulted in the Group determining its portfolios of insurance contracts as being by country of issue and line of business.
- The Group intends to take the option to expense its insurance acquisition cashflows immediately (with all contracts eligible for this treatment, given the coverage period of < 12 months), having previously deferred these expenses under IFRS 4.
- The Group will compute its discount yield curves using a risk-free rate, plus an illiquidity premium reflective of the illiquidity of the underlying claims. The illiquidity premium will be set by reference to several illiquidity data points, principally using illiquidity on internal asset information supplemented by quantitative analysis when required.
- The Group intends to implement the option to take the difference arising from changes in the discount yield curve through Other Comprehensive Income rather than the Income Statement, with insurance finance expenses thereby only comprising the unwinding of discounting based on the locked-in rate at the time the claims are incurred.
- Although IFRS 17 requires a risk adjustment to be included in the measurement of the liability for incurred claims, there is no prescribed methodology or range. The Group has made an accounting policy decision to base its risk adjustment on a confidence level approach, setting the risk adjustment between the 85th and 95th percentile at an entity level basis, based on Group risk appetite. At the date of transition, the Group expects the risk adjustment to be at the upper end of the corridor.

Estimated impact of transition

The Group is in the advanced stages of implementing the standard. The Group will be applying the standard using a fully retrospective approach, and with its first reporting in 2023 will restate the 2022 comparatives, including the opening Balance Sheet under IFRS 17 as at 1 January 2022. The estimated impact on the opening

Balance sheet is expected to be in a reduction in the Group's equity of between £100 million and £130 million. The final impact within the range presented is dependent on the final outcome of a small number of outstanding technical judgements in respect of the calculation of the risk adjustment for non-financial risk.

The key changes driving the estimated adverse impact on transition are:

- An adverse impact arising from the Group's accounting policy choice to expense acquisition costs, which results in a write off of the Group's gross deferred acquisition cost asset.
- A reduction in quota share reinsurance assets as a result of the change in timing in recognition of ceded quota share expense recoveries.
- An adverse impact due to the deferral of revenue in relation to underwritten ancillary products, which was previously recognised immediately as commission income.
- An offsetting favourable impact due to change in the Group's claims liabilities, net of reinsurance, as a result of the requirements for the liability and asset for incurred claims to be calculated using a probability weighted, discounted best estimate plus risk adjustment for non-financial risk.
- The tax treatment of the transition impact follows the accounting treatment, with no transitional relief available. The tax impact on transition has been calculated at an entity level, based on the tax rates that are expected to be in place in 2023, when the transition impacts will be realised. Deferred tax assets in relation to carried forward losses are recognised only to the extent that it is probable future taxable profit will be available against which the assets can be utilised, in accordance with the Group's accounting policy for taxation.

These estimates are based on accounting policies, assumptions, judgements and estimation techniques that remain subject to change until the Group finalises its interim financial statements for the period ending 30 June 2023.

In addition to the impact on equity at transition, there are a number of presentational changes that will result in a reduction in insurance contract liabilities and reinsurance contract assets, primarily as a result of these balances being offset by the related insurance receivables and reinsurance receivables and payables.

The cash flows and underlying capital generation of our businesses are not materially affected by IFRS 17, and we do not expect the standard to have an impact on the Group's Solvency II performance metrics.

3. Critical accounting judgements and estimates

In applying the Group's accounting policies as described in the notes to the financial statements, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Full details of critical accounting judgements and key sources of estimation uncertainty will be included in the Group's 2022 Annual Report.

4. Operating segments

The Group has four (five for financial year 2021 including discontinued operations) reportable segments, as described below. These segments represent the principal split of business that is regularly reported to the Group's Board of Directors, which is considered to be the Group's chief operating decision maker in line with

IFRS 8 Operating Segments.

UK Insurance

The segment consists of the underwriting of Motor insurance, Household, Pet and, Travel insurance and other products that supplement these insurance policies within the UK. It also includes the generation of revenue from additional products and fees from underwriting insurance in the UK. The Directors consider the results of these activities to be reportable as one segment as the activities carried out in generating the revenue are not independent of each other and are performed as one business. This mirrors the approach taken in management reporting.

International Insurance

The segment consists of the underwriting of car and home insurance and the generation of revenue from additional products and fees from underwriting car insurance outside of the UK. It specifically covers the Group operations Admiral Seguros in Spain, ConTe in Italy, L'olivier Assurance in France and Elephant Auto in the US. None of these operations are reportable on an individual basis, based on the threshold requirements in IFRS 8.

Admiral Money

The segment relates to the Admiral Money business launched in 2017, which provides unsecured personal loans and car finance products in the UK, primarily through the comparison channel.

Other

The 'Other' segment is designed to be comprised of all other operating segments that are not separately reported to the Group's Board of Directors and do not meet the threshold requirements for individual reporting. It includes Admiral Pioneer.

Discontinued operations – 2021 Financial Year

On 29 December 2020 the Group announced its planned sale of the majority of its comparison businesses. The sale was completed on 30 April 2021. The comparison operations are presented as discontinued operations in 2021. The results for 2021 are reflective of the profit on disposal and four months of trading prior to disposal.

The segment relates to the comparison businesses disposed of including: Confused.com in the UK, Rastreator in Spain, LeLynx in France, and Preminen entities.

Taxes are not allocated across the segments and, as with the corporate activities, are included in the reconciliation to the consolidated income statement and consolidated statement of financial position.

An analysis of the Group's revenue and results for the year ended 31 December 2022, by reportable segment, is shown below. The accounting policies of the reportable segments are materially consistent with those presented in the notes to the financial statements for the Group.

Year ended 31 December 2022

	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations*4 £m	Total £m
Turnover*1	2,784.3	795.9	59.0	41.7	(0.3)	3,680.6
Net insurance premium revenue	628.8	251.7	—	30.5	—	911.0

Other Revenue and profit commission	440.8	40.1	0.3	8.8	(0.3)	489.7
Net interest income	—	—	44.6	—	1.5	46.1
Investment return[*2]	35.0	2.3	—	(0.1)	(2.2)	35.0
Net revenue	1,104.6	294.1	44.9	39.2	(1.0)	1,481.8
Net insurance claims	(260.4)	(227.3)	—	(18.4)	—	(506.1)
Expenses	(228.3)	(120.6)	(42.8)	(40.0)	0.3	(431.4)
Segment profit/(loss) before tax	615.9	(53.8)	2.1	(19.2)	(0.7)	544.3
Other central revenue and expenses, including share scheme charges						(75.3)
Investment and interest income						11.4
Finance costs[*3]						(11.4)
Consolidated profit before tax						469.0
Taxation expense						(97.2)
Consolidated profit after tax						371.8
Other segment items:						
– Intangible and tangible asset additions	122.2	44.7	2.3	13.6	—	182.8
– Depreciation and amortisation	63.9	50.4	1.0	7.6	—	122.9

Revenue and results for the corresponding reportable segments for the year ended 31 December 2021 are shown below.

	Year ended 31 December 2021							
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Discontinued operations £m	Eliminations[*4] £m	Total (continuing) £m	Total £m
Turnover[*1]	2,751.7	690.3	37.6	27.9		(7.8)	3,507.3	3,566.9

					67.2			
Net insurance premium revenue	612.6	230.0	—	12.4	—	—	855.0	855.0
Other Revenue and profit commission	577.8	34.6	1.0	6.1	67.2	(7.8)	619.3	678.9
Net interest income	—	—	27.8	—	—	2.7	30.5	30.5
Investment return*2	40.8	0.5	—	—	—	(2.7)	38.6	38.6
Net revenue	1,231.2	265.1	28.8	18.5	67.2	(7.8)	1,543.4	1,603.0
Net insurance claims	(144.5)	(176.2)	—	(11.6)	—	—	(332.3)	(332.3)
Expenses	(246.7)	(100.5)	(34.3)	(20.6)	(55.5)	7.8	(401.9)	(449.8)
Gain on disposal	—	—	—	—	404.4	—	—	404.4
Segment profit/(loss) before tax	840.0	(11.6)	(5.5)	(13.7)	416.1	—	809.2	1,225.3
Other central revenue and expenses, including share scheme charges							(88.3)	(88.7)
Investment and interest income							4.0	4.0
Finance costs*3							(11.4)	(11.4)
Consolidated profit before tax *5							713.5	1,129.2
Taxation expense							(130.2)	(132.5)
Consolidated profit after tax							583.3	996.7
Other segment items:								
– Intangible and tangible asset additions	94.8	47.6	0.6	1.2	—	—	144.2	144.2
– Depreciation and amortisation	65.5	44.5	0.7	0.2	—	—	110.9	110.9

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations and consists of total premiums written (including co-insurers' share) and Other revenue. Refer to the glossary and note 14 for further information.

*2 Investment return is reported net of impairment on financial assets, in line with management reporting.
*3 £0.5 million (2021: £0.6 million) of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.
*4 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International insurance entities and intra-group interest. Of the £0.3 million (2021: £7.8 million) elimination of other revenue and profit commission, £nil (2021: £7.6 million) relates to discontinued operations, with the remaining £0.3 million (2021: £0.2 million) relating to compare.com. £1.5 million (2021: £2.7 million) of intra-group interest charges related to the UK Insurance and Admiral Money segment and £0.7 million (2021: £nil) related to UK Insurance and central finance costs have also been eliminated on consolidation.
*5 Profit before tax for the year ended 31 December 2021 above of £1,129.2 million includes profit before tax from continuing operations (£713.5 million) and discontinued operations (£415.7 million, including £0.4 million of central expenses).

5. **Premium, Claims and Profit Commissions**

5a. Net insurance premium revenue

	31 December 2022 £m	31 December 2021 £m
Total insurance premiums including co-insurers' share *1	**3,243.1**	3,098.7
Group gross premiums written excluding co-insurance	**2,849.7**	2,513.6
Outwards reinsurance premiums	**(1,922.4)**	(1,643.0)
Net insurance premiums written	**927.3**	870.6
Change in gross unearned premium provision	**(144.3)**	(21.3)
Change in reinsurers' share of unearned premium provision	**128.0**	5.7
Net insurance premium revenue	**911.0**	855.0

*1 Alternative Performance Measures – refer to the end of the report for definition and explanation, and to note 14a for reconciliation to group gross premiums written.

The Group's share of its insurance business was underwritten by Admiral Insurance (Gibraltar) Limited, Admiral Insurance Company Limited, Admiral Europe Compania Seguros ('AECS') and Elephant Insurance Company. The vast majority of contracts are short term in duration, lasting for between 6 and 12 months.

5b. Profit commission

	31 December 2022 £m	31 December 2021 £m
Underwriting year (UK Motor only)		
2017 and prior	**54.4**	94.4
2018	**35.8**	18.6
2019	**31.5**	27.6
2020	**48.5**	150.0
2021	—	—
2022	—	—
Total UK Motor profit commission*1	**170.2**	290.6
Total UK Household and International profit commission*1	**0.7**	13.9
Total profit commission	**170.9**	304.5

*1 From the total UK motor profit commission of £170.2 million (2021: £290.6 million), £130.4 million (2021:

£162.9 million) relates to co-insurance arrangements and £39.8 million (2021: £127.7 million) to reinsurance arrangements. The UK Household and International profit commission relates solely to reinsurance arrangements.

Sensitivities of the recognition of profit commission to movements in the booked loss ratio are shown in note 5c(i).

5c. Reinsurance assets and insurance contract liabilities

(i) Sensitivity of recgonised amounts to changes in assumptions

The following table sets out the impact on equity and post-tax profit or loss at 31 December 2022 that would result from a 1%, 3% and 5% increase and decrease in the UK Car Insurance loss ratios used for each underwriting year for which material amounts remain outstanding. This includes the impact on profit commission of the respective changes in booked loss ratios, which are also shown separately below.

Total impact on Income Statement (including profit commission)	Underwriting year			
	2019	2020	2021	2022
Booked loss ratio	67%	61%	89%	102%
Impact of 1% deterioration in booked loss ratio (£m)	(15.5)	(16.4)	(3.7)	(1.9)
Impact of 3% deterioration in booked loss ratio (£m)	(46.2)	(49.2)	(11.0)	(5.6)
Impact of 5% deterioration in booked loss ratio (£m)	(76.4)	(82.0)	(18.3)	(9.3)
Impact of 1% improvement in booked loss ratio (£m)	15.5	16.4	3.7	1.9
Impact of 3% improvement in booked loss ratio (£m)	46.6	49.2	11.0	5.6
Impact of 5% improvement in booked loss ratio (£m)	77.6	82.0	18.3	9.3

As above, the impact is stated net of reinsurance and includes the change in net insurance claims along with the associated profit commission movements that result from changes in loss ratios. The figures are stated net of tax at the current rate.

The following table sets out the impact on equity and post-tax profit or loss at 31 December 2022 that would result from a 1%, 3% and 5% increase and decrease in the UK Car Insurance loss ratios used for each underwriting year for which material amounts remain outstanding, on profit commission only.

Impact on profit commission only	Underwriting year			
	2019	2020	2021	2022
Booked loss ratio	67%	61%	89%	102%
Impact of 1% deterioration in booked loss ratio (£m)	(5.6)	(8.0)	-	-
Impact of 3% deterioration in booked loss ratio (£m)	(16.5)	(23.9)	-	-
Impact of 5% deterioration in booked loss ratio (£m)	(26.8)	(39.8)	-	-
Impact of 1% improvement in booked loss ratio (£m)	5.6	8.0	-	-
Impact of 3% improvement in booked loss ratio (£m)	16.8	23.9	-	-
Impact of 5% improvement in booked loss ratio (£m)	28.0	39.8	-	-

Sensitivities to key assumptions in the best estimate reserves have not been presented, given the significant and prudent margin held above best estimate reserves and the co- and reinsurance arrangements that are also considered when determining the net impact on the income statement. The underwriting year sensitivities presented above are considered to provide relevant and transparent information on the changes to key inputs to the financial statements. Sensitivities exclude any impact on climate given the assessment of low short term risk.

(ii) Analysis of recognised amounts:

	31 December 2022 £m	31 December 2021 £m
Gross		
Claims outstanding*1	**3,456.1**	3,045.0
Unearned premium provision	**1,336.4**	1,170.0
Total gross insurance liabilities	**4,792.5**	4,215.0
Recoverable from reinsurers		
Claims outstanding	**1,807.5**	1,415.7
Unearned premium provision	**906.5**	760.4
Total reinsurers' share of insurance liabilities	**2,714.0**	2,176.1
Net		
Claims outstanding*2	**1,648.6**	1,629.3
Unearned premium provision	**429.9**	409.6
Total insurance liabilities – net	**2,078.5**	2,038.9

*1 Gross claims outstanding at 31 December 2022 is presented before the deduction of salvage and subrogation recoveries totalling £125.9 million (2021: £87.6 million).
*2 Admiral typically commutes quota share reinsurance contracts in its UK Car Insurance business 36 months following the start of the underwriting year. After commutation, claims outstanding from these contracts are included in Admiral's net claims outstanding balance. Refer to note (v) below.

(iii) Analysis of claims incurred

The following tables illustrate the development of gross and net UK Insurance and International Insurance claims incurred for the past ten financial periods, including the impact of re-estimation of claims provisions at the end of each financial year. The first table shows actual gross claims incurred and the second shows actual net claims incurred. Figures are presented on an underwriting year basis.

	Financial year ended 31 December										
Analysis of claims incurred (gross amounts)	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021*1 £m	2022 £m	**Total £m**
Underwriting year (UK insurance)											
2013 and prior	(680.7)	(196.3)	181.3	56.2	125.3	92.9	33.7	30	31.7	15.1	(310.8)
2014	—	(438.2)	(347.1)	25.6	17.1	52.0	15.7	22.5	19.0	13.6	(619.8)
2015	—	—	(428.4)	(411.2)	21.7	53.3	58.0	34.0	25.8	18.9	(627.9)
2016	—	—	—	(529.4)	(463.7)	82.1	54.8	46.1	50.3	41.0	(718.8)
2017	—	—	—	—	(691.8)	(615.0)	123.1	79.5	82.5	37.5	(984.2)
2018	—	—	—	—	—	(818.8)	(546.9)	52.8	80.3	104.3	(1,128.3)
2019	—	—	—	—	—	—	(812.4)	(476.2)	89.8	71.1	(1,127.7)
2020	—	—	—	—	—	—	—	(697.4)	(519.5)	95.2	(1,121.7)
2021	—	—	—	—	—	—	—	—	(864.5)	(749.6)	(1,614.1)
2022	—	—	—	—	—	—	—	—	—	(1,089.0)	(1,089.0)

UK Insurance gross claims incurred	(680.7)	(634.5)	(594.2)	(858.8)	(991.4)	(1,153.5)	(1,074.0)	(908.7)	(1,004.6)	(1,441.9)	(9,342.3)
Underwriting year (International Insurance)[*1]											
2013 and prior	(120.8)	(46.3)	11.2	18.3	7.7	10.6	4.4	(0.2)	0.8	0.2	(114.1)
2014	—	(85.2)	(65.5)	4.4	5.8	5.5	2.0	(0.4)	0.5	(0.3)	(133.2)
2015	—	—	(92.6)	(101.6)	7.7	3.1	0.1	(0.1)	0.1	0.1	(183.2)
2016	—	—	—	(138.9)	(125.3)	11.7	6.9	3.6	1.4	0.9	(239.7)
2017	—	—	—	—	(174.1)	(147.3)	16.5	8.6	5.0	(0.4)	(291.7)
2018	—	—	—	—	—	(204.9)	(165.7)	20.1	6.2	2.8	(341.5)
2019	—	—	—	—	—	—	(293.8)	(141.2)	13.3	9.1	(412.6)
2020	—	—	—	—	—	—	—	(233.6)	(160.6)	19.6	(374.6)
2021	—	—	—	—	—	—	—	—	(284.5)	(225.5)	(510.0)
2022	—	—	—	—	—	—	—	—	—	(353.6)	(353.6)
International Insurance gross claims incurred	(120.8)	(131.5)	(146.9)	(217.8)	(278.2)	(321.3)	(429.6)	(343.2)	(417.8)	(547.1)	(2,954.2)
Other gross claims incurred	(2.2)	(7.1)	(5.4)	(0.1)	(3.6)	(1.1)	—	—	(18.4)	(16.6)	(54.5)
Claims handling costs	(22.9)	(21.4)	(22.6)	(27.1)	(35.5)	(37.9)	(64.5)	(66.7)	(66.0)	(75.8)	(440.4)
Total gross claims incurred	(826.6)	(794.5)	(769.1)	(1,103.8)	(1,308.7)	(1,513.8)	(1,568.1)	(1,318.6)	(1,506.8)	(2,081.4)	(12,791.4)

	Financial year ended 31 December										
Analysis of claims incurred (net amounts)	2013 £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021[*1] £m	2022 £m	Total £m
Underwriting year (UK Insurance)											
2013 and prior	(242.3)	(5.8)	165.2	91.1	133.1	85.2	26.5	25.3	29.4	14.2	321.9
2014	—	(187.0)	(144.1)	(16.4)	25.3	38.4	17.2	18.6	13.6	11.3	(223.1)
2015	—	—	(182.1)	(162.0)	(2.6)	42.6	48.2	26.1	27.8	15.0	(187)
2016	—	—	—	(219.4)	(180.7)	48.1	50.7	46.6	41.8	33.5	(179.4)
2017	—	—	—	—	(214.3)	(182.9)	77.8	67.1	72.6	35.0	(144.7)
2018	—	—	—	—	—	(261.0)	(165.2)	40.6	62.3	98.0	(225.3)
2019	—	—	—	—	—	—	(258.1)	(142.5)	56.9	53.5	(290.2)
2020	—	—	—	—	—	—	—	(218.5)	(157.8)	52.5	(323.8)
2021	—	—	—	—	—	—	—	—	(277.2)	(231.0)	(508.2)

2022	—	—	—	—	—	—	—	—	—	(327.9)	(327.9)
UK Insurance net claims incurred	(242.3)	(192.8)	(161.0)	(306.7)	(239.2)	(229.6)	(202.9)	(136.7)	(130.6)	(245.9)	(2,087.7)
Underwriting year (International Insurance)											
2013 and prior	(49.1)	(18.9)	5.1	9.2	3.1	5.3	2.1	—	0.3	0.2	(42.7)
2014	—	(31.6)	(23.3)	1.8	1.8	2.2	0.8	(0.1)	0.2	(0.1)	(48.3)
2015	—	—	(33.4)	(39.6)	5.1	1.3	1.3	—	0.1	—	(65.2)
2016	—	—	—	(47.9)	(43.5)	6.3	2.4	1.5	0.6	0.3	(80.3)
2017	—	—	—	—	(60.7)	(51.5)	5.5	3.2	2.3	0.1	(101.1)
2018	—	—	—	—	—	(71.2)	(58.4)	7.8	2.7	0.9	(118.2)
2019	—	—	—	—	—	—	(89.6)	(50.1)	4.9	2.2	(132.6)
2020	—	—	—	—	—	—	—	(95.4)	(64.0)	5.3	(154.1)
2021	—	—	—	—	—	—	—	—	(114.3)	(88.0)	(202.3)
2022	—	—	—	—	—	—	—	—	—	(133.9)	(133.9)
International Insurance net claims incurred	(49.1)	(50.5)	(51.6)	(76.5)	(94.2)	(107.6)	(135.9)	(133.1)	(167.2)	(213.0)	(1,078.7)
Other net claims incurred	(2.1)	(6.9)	(5.4)	(0.2)	(2.6)	(1.1)	—	—	(11.6)	(18.0)	(47.9)
Claims handling costs	(9.5)	(8.9)	(9.4)	(11.2)	(11.1)	(11.8)	(20.5)	(23.4)	(22.9)	(29.2)	(157.9)
Total net claims incurred	(303.0)	(259.1)	(227.4)	(394.6)	(347.1)	(350.1)	(359.3)	(293.2)	(332.3)	(506.1)	(3,372.2)

*1 Financial Year 2021 has been restated to disclose gross claims and net claims incurred in relation to the other segment and net claims in relation to a classification between UK Insurance and International Insurance.

The table below shows the development of UK Car Insurance loss ratios for the past six financial periods, presented on an underwriting year basis.

	Financial year ended 31 December					
UK Car Insurance loss ratio development	2017	2018	2019	2020	2021	**2022**
Underwriting year (UK Car only)						
2017	87%	83%	75%	70%	65%	62%
2018	—	92%	81%	78%	73%	67%
2019	—	—	92%	76%	72%	67%
2020	—	—	—	72%	66%	61%
2021	—	—	—	—	90%	89%
2022	—	—	—	—	—	102%

(iv) Analysis of net claims reserve releases:

The following table analyses the impact of movements in prior year claims provisions on net basis. Figures are presented on an underwriting year basis.

	Financial year ended 31 December					
	2017	2018	2019	2020	2021	2022
Net	£m	£m	£m	£m	£m	£m
Underwriting year (UK Motor Insurance)						
2017 and prior	165.9	221.0	217.6	183.9	184.9	108.2
2018	—	—	25.8	40.7	61.9	97.2
2019	—	—	—	17.0	54.6	52.7
2020	—	—	—	—	15.9	51.4
2021	—	—	—	—	—	3.6
Total net release (UK Motor Insurance)	165.9	221.0	243.4	241.6	317.3	313.1
Total net release (UK Household Insurance)	0.5	1.4	2.5	2.8	2.5	1.6
Total net release (UK Travel Insurance)	—	—	—	—	2.2	0.4
Total net release (International Insurance)	9.5	13.5	14.4	18.6	16.4	15.8
Total net release (Other Insurance)	—	—	—	—	—	3.3
Total net release	175.9	235.9	260.3	263.0	338.4	334.2
Analysis of net releases on UK Motor Insurance:						
–Releases on original Admiral net share (UK motor)	92.1	111.4	121.7	104.3	128.1	124.0
– Releases on commuted quota share reinsurance contracts (UK motor)	73.8	109.6	121.7	137.3	189.2	189.1
Total UK Motor net release as above	165.9	221.0	243.4	241.6	317.3	313.1

Admiral typically commutes quota share reinsurance contracts in its UK Car Insurance business 24 or 36 months following the start of the underwriting year. After commutation, any changes in claims costs on the commuted proportion of the business are reflected within claims costs and are separately analysed here. Releases on the share of business originally reinsured but since commuted are analysed by underwriting year as follows:

	Financial year ended 31 December					
	2017	2018	2019	2020	2021	2022
	£m	£m	£m	£m	£m	£m
Underwriting year						
2017 and prior	73.8	109.6	121.7	113.9	116.4	66.0
2018	—	—	—	23.4	43.5	66.5
2019	—	—	—	—	29.3	31.4
2020	—	—	—	—	—	25.2
Total releases on commuted quota share reinsurance contracts (UK motor)	73.8	109.6	121.7	137.3	189.2	189.1

(v) Reconciliation of movement in claims outstanding

	31 December 2022		
	Gross	Reinsurance	Net
	£m	£m	£m
Claims outstanding at start of period	3,045.0	(1,415.7)	1,629.3
Claims incurred (excluding claims handling costs and releases)	2,443.0	(1,631.9)	811.1

Reserve releases	(437.3)	103.1	(334.2)
Movement in claims outstanding due to commutation	—	194.1	194.1
Claims paid and other movements	(1,594.6)	942.9	(651.7)
Claims outstanding at end of period	3,456.1	(1,807.5)	1,648.6

	31 December 2021		
	Gross £m	Reinsurance £m	Net £m
Claims outstanding at start of period	2,919.9	(1,319.3)	1,600.6
Claims incurred (excluding claims handling costs and releases)	1,881.8	(1,234.0)	647.8
Reserve releases	(440.9)	102.5	(338.4)
Movement in claims outstanding due to commutation	—	318.4	318.4
Claims paid and other movements	(1,315.8)	716.7	(599.1)
Claims outstanding at end of period	3,045.0	(1,415.7)	1,629.3

(vi) Reconciliation of movement in unearned premium

	31 December 2022		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	1,170.0	(760.4)	409.6
Written in the period	2,849.7	(1,922.4)	927.3
Earned in the period	(2,705.4)	1,794.4	(911.0)
Translation differences	22.1	(18.1)	4.0
Unearned premium provision at end of period	1,336.4	(906.5)	429.9

	31 December 2021		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	1,161.4	(763.9)	397.5
Written in the period	2,513.6	(1,643.0)	870.6
Earned in the period	(2,492.3)	1,637.3	(855.0)
Translation differences	(12.7)	9.2	(3.5)
Unearned premium provision at end of period	1,170.0	(760.4)	409.6

6. **Investment income and finance costs**

6a. Investment return

	31 December 2022 £m	31 December 2021 £m

	At EIR	**Other**	**Total**	At EIR	Other	Total
Investment return						
On assets classified as FVTPL	**—**	**8.4**	**8.4**	—	3.6	3.6
On assets classified as FVOCI*1*3	**50.3**	**2.3**	**52.6**	40.0	2.3	42.3
On assets classified as amortised costs*1	**2.0**	**—**	**2.0**	0.6	—	0.6
Net unrealised losses						
Unrealised gains on forward contracts	**—**	**0.5**	**0.5**	—	—	—
Share of associate profit/ loss	**—**	**(0.1)**	**(0.1)**	—	—	—
Accrual for reinsurers' share of investment return	**—**	**(20.0)**	**(20.0)**	—	(1.6)	(1.6)
Interest receivable on cash and cash equivalents*1	**—**	**1.2**	**1.2**	—	0.3	0.3
Total investment and interest income *2	**52.3**	**(7.7)**	**44.6**	40.6	4.6	45.2

*1 Interest received during the year was £58.7 million (2021: £46.6 million)
*2 Total investment return excludes £2.2 million of intra-group interest (2021: £2.7 million)
*3 Realised gains on sales of debt securities classified as FVOCI are £2.2 million (2021: £2.3 million)

6b. Financial assets and liabilities

The Group's financial instruments can be analysed as follows:

Continuing operations	**31 December 2022 £m**	31 December 2021 £m
Financial investments measured at FVTPL		
Money market funds	**706.5**	868.0
Other funds	**188.8**	187.6
Derivative financial instruments	**33.0**	5.2
Equity Investments (designated FVTPL)	**6.4**	2.2
Investment in Associate	**2.4**	—
	937.1	1,063.0
Financial investments classified as FVOCI		
Corporate debt securities	**1,701.2**	2,101.0
Government debt securities	**479.8**	348.5
Private debt securities	**166.6**	125.5
	2,347.6	2,575.0
Equity investments (designated FVOCI)	**25.1**	19.3
	2,372.7	2,594.3
Financial assets measured at amortised cost		
Deposits with credit institutions	**101.4**	85.3
Total financial investments	**3,411.2**	3,742.6

Other financial assets		
Insurance receivables*2	**1,009.5**	956.6
Trade and other receivables (measured at amortised cost)	**326.3**	251.9
Insurance and other receivables	**1,335.8**	1,208.5
Loans and advances to customers (note 7)	**823.9**	556.8
Cash and cash equivalents	**297.0**	372.7
Total financial assets	**5,867.9**	5,880.6

Financial liabilities		
Subordinated notes	**204.4**	204.4
Loan backed securities	**714.7**	446.5
Other borrowings	**20.0**	20.0
Subordinated and other financial liabilities	**939.1**	670.9
Trade and other payables*1	**2,158.0**	1,960.0
Lease liabilities	**88.5**	105.3
Total financial liabilities	**3,185.6**	2,736.2

*1 Trade and other payables total balance of £2,158.0 million (2021: £1,960.0 million) above includes £1,807.6 million (2021: £1,528.4 million) in relation to tax and social security, deferred income and reinsurer balances that are outside the scope of IFRS 9.
*2 Insurance receivables are treated under IFRS4.

The table below shows how the financial assets held at fair value have been measured using the fair value hierarchy:

	31 December 2022		31 December 2021	
	FVTPL £m	**FVOCI £m**	FVTPL £m	FVOCI £m
Level one (quoted prices in active markets)	900.2	2,180.9	1,060.8	2,449.5
Level two (use of observable inputs)	28.1	—	—	—
Level three (use of significant unobservable inputs)	6.4*1	191.8	2.2*1	144.8
Total	**934.7**	**2,372.7**	1,063.0	2,594.3

*1 Gains through the Income Statement are recognised within Investment return. See note 6b for further information.

Level three investments consist of debt securities and equity investments. Debt securities are comprised primarily of investments in debt funds which are valued at the proportion of the Group's holding of the Net Asset Value (NAV) reported by the investment vehicle. In addition, there is a small allocation of privately placed bonds which do not trade on active markets, these are valued using discounted cash-flow models designed to appropriately reflect the credit and illiquidity of these instruments. The key unobservable input across private debt securities is the discount rate which is based on the credit performance of the assets.

Equity securities are primarily comprised of investments in Private Equity and Infrastructure Equity funds, which are valued at the proportion of the Group's holding of the NAV reported by the investment vehicle. These are based on several unobservable inputs including market multiples and cash flow forecasts.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The table below presents the movement in the period relating to financial instruments valued using a level three valuation:

	31 December 2022		
Level Three Investments	**Equity Securities £m**	**Debt Securities £m**	**Total £m**
Balance as at 1 January 2022	21.5	125.5	**147.0**
Gains / (losses) recognised in IS	1.8	3.9	**5.7**
Gains / (losses) recognised in OCI	1.1	(9.6)	**(8.5)**
Purchases	9.4	74.4	**83.8**
Disposals	(2.5)	(27.6)	**(30.1)**
Translation differences	0.3	—	**0.3**
Balance as at 31 December 2022	**31.6**	**166.6**	**198.2**

The amortised cost carrying amount of receivables is a reasonable approximation of fair value.

The fair value of subordinated notes (level one valuation based on quoted prices in active markets) at 31 December 2022 is £196.4 million (2021: £217.1 million).

7. Loans and Advances to Customers

	31 December 2022 £m	31 December 2021 £m
Loans and advances to customers – gross carrying amount	887.6	607.0
Loans and advances to customers – provision	(63.7)	(50.2)
Total net loans and advances to customers	823.9	556.8

Loans and advances to customers are comprised of the following:

	31 December 2022 £m	31 December 2021 £m
Unsecured personal loans	856.0	566.9
Finance leases	31.6	40.1
Total loans and advances to customers, gross	887.6	607.0

Forward-looking information

Under IFRS 9 the provision must reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The means by which the Group has determined this is to run scenario analysis.

Management judgment has been used to define the weighting and severity of the different scenarios based on available data.

The key economic driver of credit losses from the scenarios is the likelihood of a customer entering hardship through unemployment. Unemployment forecasts include a risk grade split of Probability of Default (PD) based on the correlation between grade-level default rates observed relative to the change in unemployment rates in the previous downturn, adjusted for the unemployment forecast expected in the current economic environment.

The scenario weighting assumptions used are detailed below, along with the unemployment rate assumed in each scenario at 31 December 2022.

	31 December 2022 Scenario peak Unemployment rate	**31 December 2022 Weighting**	**31 December 2021 Scenario peak Unemployment rate**	**31 December 2021 Weighting**
Base	4.8%	40%	4.3%	40%
Upturn	3.5%	10%	4.0%	10%
Downturn	6.0%	40%	6.3%	30%
Severe	7.9%	10%	6.6%	20%

The economic scenarios and forecasts have been updated in conjunction with a third party economics provider. The probability weightings reflect the view that there is a probability of 90% attached to recessionary outcomes.

Sensitivities to key areas of estimation uncertainty

	31 December 2022 Weighting	**31 December 2022 Sensitivity £m**	**31 December 2021 Weighting**	**31 December 2021 Sensitivity £m**
Base	40%	(1.3)	40%	(2.5)
Upturn	10%	(6.9)	10%	(9.7)
Downturn	40%	1.4	30%	6.9
Severe	10%	5.7	20%	11.1

The sensitivities in the above tables show the variance to ECL that would be expected if the given scenario unfolded rather than the weighted position the provision is based on. At 31 December 2022 the implied weighted peak unemployment rate is 5.5%: the table shows that in a downturn scenario with a 6.0% peak unemployment rate the provision would increase by £1.4 million, whilst the upturn would reduce the provision by £6.9 million, base case reduce by £1.3 million and severe increase the provision by £5.7 million.

Stage 1 assets represent 82% of the total loan assets; 0.1% increase in the stage 1 PD, i.e. from 2.4% to 2.5% would result in a £0.7 million increase in ECL.

Post Model Adjustments (PMAs)

Post Model Adjustments	**31 December 2022 £m**	31 December 2021 £m
Model performance	3.9	2.0
Inflation	4.0	2.5
Economic scenarios	0.9	4.6
Mortgage contagion	2.5	—

	11.3	9.1

PMAs are calculated using management judgement and analysis. The key categories of PMAs are as follows:

Model performance

The model has been calibrated on historical data that may not fully reflect the risk of losses in the recent and ongoing, highly volatile macro-economic period. For this reason a Model Performance PMA has been made. It effectively recalibrates the modelled probability of default of the loans to reflect recent monitored performance.

Inflation

This PMA has been updated to reflect the higher inflation outlook which has increased significantly since the end of 2021. Inflation could adversely impact the ability of some customers to make their loan repayments. A PMA is held to acknowledge this.

Economic scenarios

An uncertainty factor determined by management judgment has been added to reflect the recent volatility in unemployment forecasts. This factor has been reduced as variability between successive forecasts has fallen.

Mortgage contagion

Captures the risk that as mortgage rates rise, customers may experience payment shocks when their standard variable or fixed term mortgages come to an end, and may have to prioritise mortgage payments over other debts.

Credit grade information

Credit grade is the internal credit banding given to a customer at origination and is based on external credit rating information. The credit grading as at 31 December 2022 and comparative periods is as follows:

				31 December 2022	31 December 2021
	Stage 1 12-month ECL £m	**Stage 2 Lifetime ECL £m**	**Stage 3 Lifetime ECL £m**	**Total £m**	**Total £m**
Credit Grade*1					
Higher	506.4	94.0	—	600.4	405.1
Medium	176.0	24.0	—	200.0	141.9
Lower	46.0	7.2	—	53.2	32.0
Credit impaired	—	—	34.0	34.0	28.0
Gross carrying amount	728.4	125.2	34.0	887.6	607.0
Expected credit loss allowance	(13.4)	(23.5)	(26.2)	(63.1)	(49.9)
Other loss allowance*2	(0.6)	—	—	(0.6)	(0.3)

Carrying amount	714.4	101.7	7.8	823.9	556.8

*1 Credit grade is the internal credit banding given to a customer at origination. This is based on external credit rating information.
*2 Other loss allowance covers losses due to a reduction in current or future vehicle value or costs associated with recovery and sale of vehicles and those as a result of changes in the performance of the EIR asset.

8. Other Revenue

In the following tables, other revenue is disaggregated by major products/service lines and timing of revenue recognition. The total revenue disclosed in the table of £489.7 million (2021: £678.9 million) represents total other revenue and profit commission and is disaggregated into the segments included in note 4.

	Year ended 31 December 2022				
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total £m**
Major products / service line					
Instalment income	93.0	5.9	—	—	**98.9**
Fee and commission revenue	149.9	33.8	0.3	—	**184.0**
Revenue from law firm	15.8	—	—	—	**15.8**
Comparison*1	—	—	—	8.3	**8.3**
Other	11.6	—	—	0.2	**11.8**
Total other revenue	270.3	39.7	0.3	8.5	**318.8**
Profit commission	170.5	0.4	—	—	**170.9**
Total other revenue and profit commission	440.8	40.1	0.3	8.5	**489.7**
Timing of revenue recognition					
Point in time	289.9	33.8	0.3	8.5	**332.5**
Over time	17.8	—	—	—	**17.8**
Revenue outside the scope of IFRS 15	133.1	6.3	—	—	**139.4**
	440.8	40.1	0.3	8.5	**489.7**

	Year ended 31 December 2021						
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total (continuing) £m**	Discontinued (Comparison) £m	**Total £m**
Major products / service line							
Instalment income	101.7	3.7	—	—	**105.4**	—	**105.4**
Fee and commission revenue	137.2	28.3	1.0	—	**166.5**	—	**166.5**

Revenue from law firms	25.0	—	—	—	**25.0**	—	**25.0**
Comparison[*1]	—	—	—	5.3	**5.3**	59.6	**64.9**
Other	12.0	—	—	0.6	**12.6**	—	**12.6**
Total other revenue	275.9	32.0	1.0	5.9	**314.8**	59.6	**374.4**
Profit commission	301.9	2.6	—	—	**304.5**	—	**304.5**
Total other revenue and profit commission	577.8	34.6	1.0	5.9	**619.3**	59.6	**678.9**
Timing of revenue recognition							
Point in time	309.6	28.3	1.0	5.9	**344.8**	59.6	**404.4**
Over time	27.5	—	—	—	**27.5**	—	**27.5**
Revenue outside the scope of IFRS 15	240.7	6.3	—	—	**247.0**	—	**247.0**
	577.8	34.6	1.0	5.9	**619.3**	59.6	**678.9**

*1 Comparison revenue excludes £0.3 million (31 December 2021: £7.8 million) of income from other Group companies, including £nil million (2021: £7.5 million) from discontinued operations.

9. Expenses

	31 December 2022		
Continuing operations	**Gross £m**	**Recoverable from co- and reinsurers £m**	**Net £m**
Acquisition of insurance contracts [*1]	**178.8**	**(98.1)**	**80.7**
Administration and other marketing costs (insurance contracts)	530.5	(313.6)	216.9
Insurance contract expenses	**709.3**	**(411.7)**	**297.6**
Administration and other marketing costs (other)	136.2	—	136.2
Share scheme charges	79.3	(27.6)	51.7
Movement in expected credit loss provision	18.9	—	18.9
Total expenses and share scheme charges – continuing operations	**943.7**	**(439.3)**	**504.4**

	31 December 2021		
Continuing operations	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts[*1]	**179.5**	**(113.0)**	**66.5**
Administration and other marketing costs (insurance contracts)	540.0	(343.8)	196.2
Insurance contract expenses	**719.5**	**(456.8)**	**262.7**

Administration and other marketing costs (other)	151.5	—	151.5
Share scheme charges	99.1	(34.3)	64.8
Movement in expected credit loss provision	13.3	—	13.3
Total expenses and share scheme charges – continuing operations	**983.4**	**(491.1)**	**492.3**

*1 Acquisition of insurance contracts expense excludes £0.3 million (2021: £0.3 million) of aggregator fees from other Group companies.

Analysis of other administration and other marketing costs:

Continuing operations	**31 December 2022 £m**	31 December 2021 £m
Expenses relating to additional products and fees	**74.5**	91.9
Loans expenses (excluding movement on ECL provision)	**22.2**	23.7
Other expenses	**39.5**	35.9
Total	**136.2**	151.5

1. **Taxation**

Continuing operations	**31 December 2022 £m**	31 December 2021 £m
Current tax		
Corporation tax on profits for the year	**107.6**	129.2
(Over)/under-provision relating to prior periods	**(0.9)**	4.2
Current tax charge	**106.7**	133.4
Deferred tax		
Current period deferred taxation movement	**(10.2)**	(1.5)
(Over)/under-provision relating to prior periods	**0.7**	(1.7)
Total tax charge per consolidated income statement	**97.2**	130.2

Factors affecting the total tax charge are:

Continuing operations	**31 December 2022 £m**	31 December 2021 £m
Profit before tax	**469.0**	713.5

Corporation tax thereon at effective UK corporation tax rate of 19.0% (2020: 19.0%)	**89.1**	135.6
Expenses and provisions not deductible for tax purposes	**2.3**	2.2
Non-taxable income	**(8.7)**	(8.3)
Impact of change in UK tax rate on deferred tax balances	**(2.2)**	(3.6)
Adjustments relating to prior periods	**(0.2)**	2.5
Impact of different overseas tax rates	**4.5**	(1.4)
Unrecognised deferred tax	**12.4**	3.2
Total tax charge for the period as above	**97.2**	130.2

11. Other Assets and Other Liabilities

11a. Intangible assets

	Goodwill £m	Deferred acquisition costs £m	Software – Internally generated £m	Software – Other £m	Total £m
At 1 January 2021	**62.3**	**27.3**	**72.6**	**4.5**	**166.7**
Additions	—	69.4	36.8	21.8	128.0
Amortisation charge	—	(68.0)	(18.1)	(1.2)	(87.3)
Disposals	—	—	—	—	—
Impairment	—	—	(25.4)	—	(25.4)
Foreign exchange movement	—	(0.5)	(1.5)	(0.1)	(2.1)
At 31 December 2021	**62.3**	**28.2**	**64.4**	**25.0**	**179.9**
Additions	—	82.9	83.4	5.2	171.5
Amortisation charge	—	(81.0)	(18.3)	(5.4)	(104.7)
Disposals	—	—	—	—	—
Impairment	—	—	—	—	—
Foreign exchange movement & other	—	0.6	6.9	(5.9)	1.6
At 31 December 2022	**62.3**	**30.7**	**136.4**	**18.9**	**248.3**

11b. Trade and other payables

	31 December 2022 £m	31 December 2021 £m
Trade payables	**30.0**	39.8
Amounts owed to co-insurers	**109.5**	161.9
Amounts owed to reinsurers	**1,513.7**	1,274.9
Other taxation and social security liabilities	**90.2**	71.7
Other payables	**96.2**	112.4
Accruals and deferred income (see below)	**318.4**	299.3

Total trade and other payables	**2,158.0**	1,960.0

Of amounts owed to reinsurers (recognised under IFRS 4), £1,389.4 million (2021: £1,169.8 million) is held under funds withheld arrangements.

11c. Contingent liabilities

The Group's legal entities operate in numerous tax jurisdictions and on a regular basis are subject to review and enquiry by the relevant tax authority.

One of the Group's previously owned subsidiaries was subject to a Spanish Tax Audit which concluded with the Tax Authority denying the application of the VAT exemption relating to insurance intermediary services. The Company has appealed this decision via the Spanish Courts and is confident in defending its position which is, in its view, in line with the EU Directive and is also consistent with the way similar supplies are treated throughout Europe. Whilst the Company is no longer part of the Admiral Group, the contingent liability which the Company is exposed to has been indemnified by the Admiral Group up to a cap of £22 million.

The Group is also in discussions with some of the tax authorities in the other countries in which it operates. To date these discussions have focused primarily on the transfer pricing and cross-border arrangements in place between the Group's intermediaries and insurers.

No material provision has been made in these financial statements in relation to the matters noted above.

The Group is, from time to time, subject to threatened or actual litigation and/or legal and/or regulatory disputes, investigations or similar actions both in the UK and overseas. All potentially material matters are assessed, with the assistance of external advisers if appropriate, and in cases where it is concluded that it is more likely than not that a payment will be made, a provision is established to reflect the best estimate of the liability. In some cases it will not be possible to form a view, for example if the facts are unclear or because further time is needed to properly assess the merits of the case. No provisions are held in relation to such matters. In these circumstances, specific disclosure of a contingent liability will be made where material.

The Directors do not consider that the final outcome of any such current case will have a material adverse effect on the Group's financial position, operations or cash flows, and no material provisions are currently held in relation to such matters.

A number of the Group's contractual arrangements with reinsurers include features that, in certain scenarios, allow for reinsurers to recover losses incurred to date. The overall impact of such scenarios would not lead to an overall net economic outflow from the Group.

12. Dividends, Earnings and Share Capital

12a. Dividends

Dividends were proposed, approved and paid as follows.

	31 December 2022 £m	31 December 2021 £m
Proposed March 2021 (86.0 pence per share approved April 2021 and paid June 2021)	—	250.8
Declared August 2021 (161.0 pence per share paid October 2021)	—	470.1
Proposed March 2022 (118.0 pence per share, approved April 2022 and paid June 2022)	**348.1**	—

Declared August 2022 (105.0 pence per share, paid October 2022)	**310.2**	—
Total dividends	**658.3**	720.9

The dividends proposed in March (approved in April) represent the final dividends paid in respect of the 2020 and 2021 financial years. The dividends declared in August are interim distributions in respect of 2021 and 2022.

A 2022 final dividend of 52.0 pence per share (approximately £155 million) has been proposed. Refer to the Chair's Statement and financial narrative for further detail.

12b. Earnings per share

	31 December 2022 £m	31 December 2021 £m
Profit for the financial year after taxation attributable to equity shareholders – continuing operations	**373.0**	585.0
Profit for the financial year after taxation attributable to equity shareholders – discontinued operations	**—**	412.9
Profit for the financial year after taxation attributable to equity shareholders – continuing and discontinued operations	**373.0**	997.9
Weighted average number of shares – basic	**300,207,330**	297,480,041
Unadjusted earnings per share – basic – continuing operations	**124.3p**	196.7p
Unadjusted earnings per share – basic – discontinued operations	**—**	138.8p
Unadjusted earnings per share – basic – continuing and discontinued operations	**124.3p**	335.5p
Weighted average number of shares – diluted	**301,543,390**	298,351,248
Unadjusted earnings per share – diluted – continuing operations	**123.7p**	196.1p
Unadjusted earnings per share – diluted – discontinued operations	**—**	138.4p
Unadjusted earnings per share – diluted – continuing and discontinued operations	**123.7p**	334.5p

The difference between the basic and diluted number of shares at the end of 2022 (being 1,336,060 2021: 871,207) relates to awards committed, but not yet issued under the Group’s share schemes.

12c. Share capital

	31 December 2022 £m	31 December 2021 £m
Authorised		
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5
Issued, called up and fully paid		

302,837,726 ordinary shares of 0.1 pence	**0.3**	—
299,554,720 ordinary shares of 0.1 pence	**—**	0.3
	0.3	0.3

12d. Objectives, policies and procedures for managing capital

Solvency ratio (unaudited)

At the date of this report, the Group's regulatory solvency ratio, calculated using a capital add-on that has not been subject to regulatory approval, is 180% (2021: 195%). This includes the recognition of the 2022 final dividend of 52.0 pence per share (2021: 118.0 pence per share).

The Group's 2022 Solvency and Financial Condition Report (SFCR) will, when published, disclose a solvency ratio that is calculated at the balance sheet date rather than the date of this report, using the capital add-on that was most recently subject to regulatory approval. The estimated and unaudited SFCR solvency ratio is 150%, with the reconciliation between this ratio and the 180% noted above being as follows:

	31 December 2022 £m	31 December 2021 £m
Regulatory Solvency ratio (Unaudited)		
Solvency Ratio reported in the Annual Report	**180%**	195%
Change in valuation date	**(11%)**	(5%)
Other (including impact of updated, unapproved capital add-on)	**(19%)**	(9%)
Solvency Ratio to be reported in the SFCR	**150%**	181%

12e. Related party transactions

The Board considers that only the Executive and Non-Executive Directors of Admiral Group plc are key management personnel.

A summary of the remuneration of key management personnel is as follows, with further detail relating to the remuneration and shareholdings of key management personnel set out in the Directors' Remuneration Report.

Key management personnel received short term employee benefits in the year of £3,058,170 (2021: £3,077,686), post-employment benefits of £30,000 (2021: £30,643) and share based payments of £1,561,768 (2021: £2,149,734). Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group staff, typically at a reduction of 15%.

12f. Post balance sheet events

No events have occurred since the reporting date that materially impact these financial statements.

On 5 March 2023, the Group reached an agreement with Insurify, Inc. ("Insurify") whereby, Insurify will purchase 100% of the shares of Inspop USA, LLC ("Compare") from the Group and Compare's minority shareholders, in return for a minority shareholding in Insurify.

The total transaction value, including amounts attributable to minority shareholders is immaterial based on an assessment of the fair value of shares in Insurify and related options to be received as consideration, as at the date of the agreement. The Group will not receive any cash consideration. As at 31 December 2022, the net assets of Compare and the carrying value of the Group parent company's investment in Compare net of impairment provisions, were both £nil.

The transaction is expected to complete during the first half of 2023 and is subject to regulatory approval.

13. Reconciliations

The following tables reconcile significant key performance indicators and non-GAAP measures included in the Strategic Report to items included in the financial statements.

13a. Reconciliation of continuing operations turnover to reported gross premiums written and other revenue as per the financial statements

	31 December 2022 £m	31 December 2021 £m
Gross premiums written after co-insurance per note 5a of financial statements	**2,849.7**	2,513.6
Premiums underwritten through co-insurance arrangements	**393.4**	585.1
Total premiums written	**3,243.1**	3,098.7
Other Revenue *1	**318.8**	314.8
Admiral Loans interest income	**58.7**	36.6
	3,620.6	3,450.1
Other*2	**60.0**	57.2
Turnover as per note 4 of financial statements*1	**3,680.6**	3,507.3
Intra-group income elimination*3	**0.3**	0.2
Total turnover – continuing operations *1	**3,680.9**	3,507.5

*1 Continuing operations

*2 Other reconciling items represent co-insurer and reinsurer shares of Other Revenue in the Group's Insurance businesses outside of UK Car Insurance.

*3 Intra-group income elimination relates to comparison income earned in the Group from other Group companies

13b. Reconciliation of claims incurred to reported loss ratio, excluding releases on commuted reinsurance

December 2022	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance claims (note 5)	159.8	51.8	220.3	74.2	506.1
Deduct claims handling costs	(12.0)	(1.7)	(14.3)	(1.2)	(29.2)
Prior year release/strengthening – net original share	124.0	1.1	15.8	3.7	144.6
Prior year release/strengthening – commuted share	189.1	0.5	—	—	189.6
Impact of reinsurer caps	—	—	(10.5)	—	(10.5)
Impact of weather events	—	(17.8)	—	—	(17.8)
Attritional current period claims	460.9	33.9	211.3	76.7	782.8

Net insurance premium revenue	471.0	55.6	241.8	142.6	911.0
Loss ratio – current period attritional	97.8%	61.1%	87.4%	—	85.9%
Loss ratio – current period weather events	—	32.0%	—	—	2.0%
Loss ratio – prior year release/strengthening (net original share)	(26.3%)	(1.9%)	(6.5%)	—	(15.9%)
Loss ratio – reported	**71.5%**	**91.2%**	**80.9%**	**—**	**72.0%**

December 2021	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance claims (note 5)	86.1	31.8	170.8	43.6	332.3
Deduct claims handling costs	(12.1)	(1.4)	(8.9)	(0.5)	(22.9)
Prior year release/strengthening – net original share	128.1	1.8	16.4	2.2	148.5
Prior year release/strengthening – commuted share	189.2	0.7	—	—	189.9
Impact of reinsurer caps	—	—	1.0	—	1.0
Impact of weather events	—	(1.1)	—	—	(1.1)
Attritional current period claims	391.3	31.8	179.3	45.3	647.7
Net insurance premium revenue	496.5	49.1	221.0	88.4	855.0
Loss ratio – current period attritional	78.8%	64.8%	81.1%	—	75.8%
Loss ratio – current period weather events	—	2.2%	—	—	0.1%
Loss ratio – prior year release/strengthening (net original share)	(25.8%)	(3.7%)	(7.4%)	—	(17.4%)
Loss ratio – reported	**53.0%**	**63.3%**	**73.7%**	**—**	**58.5%**

13c. Reconciliation of expenses related to insurance contracts to reported expense ratio

December 2022	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance expenses (note 9)	125.7	17.0	114.8	40.1	297.6
Claims handling costs	12.0	1.7	14.3	1.2	29.2
Intra-group expenses elimination*1	—	—	0.3	—	0.3
Impact of co- and reinsurers recoveries*2	(35.6)	—	(21.7)	—	(57.3)
Net IFRS 16 finance costs	0.4	—	—	—	0.4
Adjusted net insurance expenses	102.5	18.7	107.7	41.3	270.2
Net insurance premium revenue	471.0	55.6	241.8	142.6	911.0
Expense ratio – reported	**21.8%**	**33.5%**	**44.5%**	**—**	**29.7%**

December 2021	UK Motor £m	UK Home £m	Int. Ins £m	Other £m	**Group £m**
Net insurance expenses (note 9)	136.7	17.9	91.3	16.8	262.7
Restructure Costs*3	(41.6)	(4.4)	—	—	(46.0)
Claims handling costs	12.1	1.4	8.9	0.5	22.9
Intra-group expenses elimination*1	—	—	0.3	—	0.3
Impact of reinsurer caps	(10.1)	—	(1.7)	—	(11.8)
Net IFRS 16 finance costs	0.5	—	0.1	—	0.6
Adjusted net insurance expenses	97.6	14.9	98.9	17.3	228.7
Net insurance premium revenue	496.5	49.1	221.0	88.4	855.0
Expense ratio – reported	**19.7%**	**30.3%**	**44.8%**	**—**	**26.7%**

*1 The intra-group expenses elimination amount relates to aggregator fees charges by the Group's

comparison business, Compare.com to other Group companies: given the re-presentation of other comparison businesses to discontinued operations, those expenses are now included in net insurance expenses in note 9, as acquisition costs.
*2 Impact of co- and reinsurers recoveries relates to the impact of reinsurer caps and ceding commissions
*3 For the year ended 31 December 2021, restructure costs of £8.0 million relate to ancillary costs. Total restructure costs incurred for the year ended 31 December 2021 within UK insurance are £54.0 million.

Consolidated financial summary (unaudited)

Basis of preparation

The figures below are as stated in the Group financial statements preceding this financial summary and issued previously. Only selected lines from the income statement and balance sheet have been included.

Income statement

	2022 £m	2021 £m	2020 £m	2019*1 £m	2018 £m
Total premiums	**3243.1**	3,098.7	2,957.2	2,938.6	2,766.4
Net insurance premium revenue	**911.0**	855.0	751.6	709.4	671.8
Other Revenue	**364.9**	345.3	359.0	348.8	460.6
Profit commission	**170.9**	304.5	134.0	114.9	93.2
Investment and interest income	**44.6**	45.2	60.7	35.7	36.0
Net revenue	**1,491.4**	1,550.0	1,305.3	1,208.8	1,261.6
Net insurance claims	**(506.1)**	(332.3)	(293.2)	(359.3)	(350.1)
Net expenses	**(504.4)**	(492.3)	(391.6)	(331.9)	(424.0)
Operating profit	**480.9**	725.4	620.5	517.6	487.5
Net finance costs	**(11.9)**	(11.9)	(12.3)	(12.5)	(11.3)
Profit before tax from continuing operations	**469.0**	713.5	608.2	505.1	
Profit before tax from discontinued operations	—	415.7	29.4	17.5	
Profit before tax from continuing and discontinued operations	**469.0**	1,129.2	637.6	522.6	476.2

*1 Re-presented from financial year 2019 to reflect discontinued operations

Balance sheet

	2022 £m	2021 £m	2020*1 £m	2019 £m	2018 £m
Property and equipment	**89.8**	103.2	146.3	154.4	28.1
Intangible assets	**248.3**	179.9	167.9	160.3	162.0
Deferred income tax	**18.5**	9.3	3.3	—	0.2
Corporation tax asset	—	10.6	17.9	—	—
Reinsurance assets	**2,714.0**	2,176.1	2,083.2	2,071.7	1,883.5
Insurance and other receivables	**1,335.8**	1,208.5	1,200.2	1,227.7	1,082.0
Loans and advances to customers	**823.9**	556.8	359.8	455.1	300.2
Financial investments	**3,411.2**	3,742.6	3,506.0	3,234.5	2,969.7
Cash and cash equivalents	**297.0**	372.7	351.7	281.7	376.8
Total assets	**8,938.5**	8,359.7	7,836.3	7,585.4	6,802.5
Equity	**955.4**	1,408.5	1,123.4	918.6	771.1
Insurance contracts	**4,792.5**	4,215.0	4,081.3	3,975.0	3,736.4
Subordinated and other financial liabilities	**939.1**	670.9	488.6	530.1	444.2

Trade and other payables	**2,158.0**	1,960.0	2,016.1	1,975.9	1,801.5
Lease liabilities	**88.5**	105.3	126.9	137.1	—
Deferred income tax	—	—	—	0.4	—
Current tax liabilities	**5.0**	—	—	48.3	49.3
Total equity and total liabilities	**8,938.5**	8,359.7	7,836.3	7,585.4	6,802.5

*1 Balance sheet is shown on a total group basis (including discontinued operations)

Glossary

Alternative Performance Measures

Throughout this report, the Group uses a number of Alternative Performance Measures (APMs); measures that are not required or commonly reported under International Financial Reporting Standards or the Generally Accepted Accounting Principles (GAAP) under which the Group prepares its financial statements.

These APMs are used by the Group, alongside GAAP measures, for both internal performance analysis and to help shareholders and other users of the Annual Report and financial statements to better understand the Group's performance in the period in comparison to previous periods and the Group's competitors.

The table below defines and explains the primary APMs used in this report. Financial APMs are usually derived from financial statement items and are calculated using consistent accounting policies to those applied in the financial statements subject to certain adjustments as explained in this glossary. Non-financial KPIs incorporate information that cannot be derived from the financial statements but provide further insight into the performance and financial position of the Group.

APMs may not necessarily be defined in a consistent manner to similar APMs used by the Group's competitors. They should be considered as a supplement rather than a substitute for GAAP measures.

Turnover	Turnover is defined as total premiums written (as below), other revenue and income from Admiral Loans. It is reconciled to financial statement line items in note 14a to the financial statements. It has been redefined in the current period to exclude revenue from discontinued operations. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total value of the revenue generated by the Group and analysis of this measure over time provides a clear indication of the size and growth of the Group. The measure was developed as a result of the Group's business model. The UK Car insurance business has historically shared a significant proportion of the risks with Munich Re, a third-party reinsurance Group, through a co-insurance arrangement, with the arrangement subsequently being replicated in some of the Group's international insurance operations. Premiums and claims accruing to the external

	co-insurer are not reflected in the Group's income statement and therefore presentation of this metric enables users of the Annual Report to see the scale of the Group's insurance operations in a way not possible from taking the income statement in isolation.
Total Premiums Written	Total premiums written are the total forecast premiums, net of forecast cancellations written in the underwriting year within the Group, including co-insurance. It is reconciled to financial statement line items in note 14a to the financial statements. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total premiums written by the Group's insurance intermediaries and analysis of this measure over time provides a clear indication of the growth in premiums, irrespective of how co-insurance agreements have changed over time. The reasons for presenting this measure are consistent with that for the Turnover APM noted above. As noted in the Turnover metric above, in 2020 a reduction of £97 million has been reflected within 2020 total premiums written, to reflect the "Stay at Home" premium rebate.
Group profit before tax	Group profit before tax represents profit before tax from continuing operations, excluding restructure costs
Earnings per share, continuing operations	Earnings per share from continuing operations before restructure costs represents the profit after tax attributable to equity shareholders excluding restructure costs, divided by the weighted average number of basic shares.
Underwriting result (profit or loss)	For each insurance business an underwriting result is presented showing the segment result prior to the inclusion of profit commission, other income contribution and instalment income. It demonstrates the insurance result, i.e. premium revenue and investment income on insurance assets less claims incurred and insurance expenses.

Loss Ratio	Reported loss ratios are expressed as a percentage of claims incurred divided by net earned premiums. There are a number of instances within the Annual Report where adjustments are made to this calculation in order to more clearly present the underlying performance of the Group and operating segments within the Group. The calculations of these are presented within note 14b to the accounts and explanation is as follows. UK reported motor loss ratio: Within the UK insurance segment the Group separately presents motor ratios, i.e. excluding the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) exclude the impact of reserve releases on commuted reinsurance contracts and ii) exclude claims handling costs that are reported within claims costs in the income statement. International insurance loss ratio: As for the UK Motor loss ratio, the international insurance loss ratios presented exclude the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to exclude the claims element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer claims costs would distort the underlying performance of the business. Group loss ratios: Group loss ratios are reported on a consistent basis as the UK and international ratios noted above. Adjustments are made to i) exclude the impact of reserve releases on commuted reinsurance contracts, ii) exclude claims handling costs that are reported within claims costs in the income statement and iii) exclude the claims element of the impact of international reinsurer caps.
Expense Ratio	Reported expense ratios are expressed as a percentage of net operating expenses divided by net earned premiums.

There are a number of instances within the Annual Report where adjustments are made to this calculation in order to more clearly present the underlying performance of the Group and operating segments within the Group. The calculations of these are presented within note 14c to the accounts and explanation is as follows.

UK reported motor expense ratio: Within the UK insurance segment the Group separately presents motor ratios, i.e. excluding the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) include claims handling costs that are reported within claims costs in the income statement, ii) include intra-group aggregator fees charged by the UK comparison business to the UK insurance business and iii) exclude the expense element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer expenses would distort the underlying performance of the business, and iv) exclude restructure costs

International insurance expense ratio: As for the UK Motor loss ratio, the international insurance expense ratios presented exclude the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) exclude the expense element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer expenses would distort the underlying performance of the business and ii) include intra-group aggregator fees charged by the overseas comparison businesses to the international insurance businesses.

Group expense ratios: Group expense ratios are reported on a consistent basis as the UK and international ratios noted above. Adjustments are made to i) include claims handling costs that are reported within claims costs in the income statement, ii) include intra-group aggregator fees charged by the Group’s comparison businesses to the Group’s insurance businesses and iii) exclude the expense element of the impact of reinsurer caps.

Combined Ratio	Reported combined ratios are the sum of the loss and expense ratios as defined above. Explanation of these figures is noted above and reconciliation of the calculations are provided in notes 14b and 14c.
Return on Equity	Return on equity is calculated as profit after tax from continuing operations, before restructure costs, for the period attributable to equity holders of the Group divided by the average total equity attributable to equity holders of the Group in the year excluding any net assets related to discontinued operations, including the exclusion of the net proceeds from sale still to be distributed. This average is determined by dividing the opening and closing positions for the year by two. It has been redefined in the current period to exclude the impact of discontinued operations.
Group Customers	Group customer numbers reflect the total number of cars, households and vans on cover at the end of the year, across the Group, and the total number of travel insurance and loans customers. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the size of the Group's customer base and analysis of this measure over time provides a clear indication of the growth. It is also a useful indicator of the growing significance to the Group of the different lines of business and geographic regions.
Effective Tax Rate	Effective tax rate is defined as the approximate tax rate derived from dividing the Group's profit before tax by the tax charge going through the income statement. It is a measure historically presented by the Group and enables users to see how the tax cost incurred by the Group compares over time and to current corporation tax rates.

Additional Terminology

There are many other terms used in this report that are specific to the Group or the markets in which it operates. These are defined as follows:

Accident year	The year in which an accident occurs, also referred to as the earned basis.
Actuarial best estimate	The probability-weighted average of all future claims and cost scenarios calculated using historical data, actuarial methods and judgement.

ASHE	'Annual Survey of Hours and Earnings' – a statistical index that is typically used for calculation inflation of annual payment amounts under Periodic Payment Order (PPO) claims settlements.
Claims reserves	A monetary amount set aside for the future payment of incurred claims that have not yet been settled, thus representing a balance sheet liability.
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.
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. The Group typically commutes UK motor insurance quota share contracts after 24-36 months from the start of an underwriting year where it makes economic sense to do so. Although an individual underwriting year may be profitable, the margin held in the financial statement claims reserves may mean that an accounting loss on commutation must be recognised at the point of commutation of the reinsurance contracts. This loss on commutation unwinds in future periods as the financial statement loss ratios develop to ultimate.
Coverage period	The period during which the entity provides coverage for insured events. This period includes the coverage that relates to all premiums within the boundary of the insurance contract.
Liability for incurred claims ("LIC")	The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, currency exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract
<u>Liability for remaining coverage ("LRC")</u>	An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (i.e. the obligation that relates to the unexpired portion of the coverage period).
Insurance market cycle	The tendency for the insurance market to swing between highs and lows of profitability over time, with the potential to influence premium rates (also known as the "underwriting cycle").

Net claims	The cost of claims incurred in the period, less any claims costs recovered via salvage and subrogation arrangements or under reinsurance contracts. It includes both claims payments and movements in claims reserves.
Net insurance premium revenue	Also referred to as net earned premium. The element of premium, less reinsurance premium, earned in the period.
Net promotor score	NPS is currently measured based on a subset of customer responding to a single question: On a scale of 0-10 (10 being the best score), how likely would you recommend our company to a friend, family or colleague through phone, online or email. Answers are then placed in 3 groups; Detractors: scores ranging from 0 to 6]; Passives/neutrals: scores ranging from [7 to 8]; Promoters: scores ranging from [9 to 10] and the final NPS score is : % of promoters - % of detractors
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements in the UK.
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.
Premium	A series of payments are made by the policyholder, typically monthly or annually, for part of or all of the duration of the contract. Written premium refers to the total amount the policyholder has contracted for, whereas earned premium refers to the recognition of this premium over the life of the contract.
Premium Allocation Approach (“PAA”)	Under the PAA, the general measurement model may be simplified for certain contracts to measure the liability for remaining coverage. Generally, the PAA measures the liability for remaining coverage as the amount of premiums received net of acquisition cash flows paid, less the amount of premiums and acquisition cash flows that have been recognised in the profit and loss over the expired portion of the coverage period based on the passage of time.
Profit commission	A clause found in some reinsurance and coinsurance agreements that provides for profit sharing.
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).
Retrospective approach (full –	The method of transition to IFRS 17 meaning an entity shall at the transition date: identify,

IFRS 17)	recognise and measure each group of insurance contracts as if IFRS 17 had always applied
Risk adjustment for non-financial risk	The compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the entity fulfils insurance contracts
Scaled Agile	Scaled Agile is a framework that uses a set of organisational and workflow patterns for implementing agile practices at an enterprise scale. Scaled agile at Admiral represents the ability to drive agile at the team level whilst applying the same sustainable principles of the group.
Securitisation	A process by which a group of assets, usually loans, is aggregated into a pool, which is used to back the issuance of new securities. A company transfer assets to a special purpose entity (SPE) which then issues securities backed by the assets.
Special Purpose Entity (SPE)	An entity that is created to accomplish a narrow and well-defined objective. There are specific restrictions or limited around ongoing activities. The Group uses an SPE set up under a securitisation programme.
Ultimate loss ratio	A projected actuarial best estimate loss ratio for a particular accident year or underwriting year.
Underwriting year	The year in which an insurance policy 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	An insurance policy can be written in one calendar year but earned over a subsequent calendar year.

[1] *Group profit before tax, Earnings per share, Group turnover, Group net revenue and Return on equity are presented on a continuing operations basis*

[2] *Group profit before tax, Earnings per share and Return on equity in 2021 exclude the impact of one-off restructure costs totalling £55.5 million*

[3] *Alternative Performance Measures – refer to the end of the report for definition and explanation*

[4] *Employees participate in the Approved Share Incentive Plan (SIP) after completing a minimum of 12 months' service*

[5] *Appointment subject to regulatory and shareholder approval*
[6] *Group profit – 2022: £469.0 million; 2021: £769 million excluding restructure costs, 2019: £505.1 million*
[7] *Elephant loss – 2022: £48.9 million loss; 2021: £13.0 million*
[8] *Location based emissions.*
[9] *Appointment subject to regulatory and shareholder approval*
[10] Data source: CCC; for 2022 data only available YoY up to Q3 2022
[11] Awarded by ESCDA (Elu Service Client De l'Année) https://escda.fr/
[12] Based on analysis by L'observatoire des Parcours Clients by PMP and Skeepers
[13] *Data source: CCC; YoY to Q3 2022*
[14] *Elephant loss – 2022: £48.9 million; 2021: £13.0 million*