

RATING ACTION COMMENTARY**Fitch Affirms Admiral's IFS Ratings at 'A+'; Outlook Stable**

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Fitch Ratings - London - 22 Sep 2025: Fitch Ratings has affirmed Admiral Group plc's (Admiral) two main operating entities', Admiral Insurance (Gibraltar) Limited and Admiral Insurance Company Limited, Insurer Financial Strength (IFS) Ratings at 'A+'(Strong). Fitch has also affirmed Admiral's Long-Term Issuer Default Rating (IDR) at 'A'. The Outlooks on the IFS Ratings and IDR are Stable.

The affirmation reflects Admiral's strong company profile, very strong financial performance, and heavy reliance on reinsurance and co-insurance arrangements, particularly with Munich Reinsurance Company (IFS: AA/Stable). The ratings also reflect Admiral's strong capitalisation and very strong reserve adequacy.

KEY RATING DRIVERS

Strong Company Profile: Fitch views Admiral's company profile as strong, albeit constrained by its smaller operating scale than other UK non-life insurers'. UK motor insurance remains the main contributor to group premiums and profits, accounting for over 70% of total turnover at end-2024. Admiral holds a leading position in the UK motor market and has delivered consistent customer growth, up about 10% year on year at end-1H25. Non-UK operations have expanded substantially, but they remain small and offer limited profit diversification. We expect Admiral to focus international growth in Europe, following the agreed sale of its US business in 2025.

Very Strong Financial Performance: Admiral's ratings reflect its record of very strong underwriting profitability, which Fitch expects to continue, supported by the group's proven ability to manage the UK motor cycle. This is underpinned by prudent underwriting, with a reported combined ratio of 78% at end-1H25 (end-2024: 77%; end-2023: 89%), which is lower than most peers'. Admiral also generates revenue from add-on products and receives fees and profit commissions from co-insurance and reinsurance partners for profitable underwriting performance.

The group's reported net income return on equity improved sharply to 56% at end-2024 (end-2023: 36%) and remained broadly stable at 57% at end-1H25. The end-2024 results also benefited from a change in the Ogden discount rate used for personal injury compensation, to +0.5% in 2H24 from -0.25%. Admiral has continued with a dynamic pricing strategy, moving ahead of the market in 2024 to enhance competitiveness in UK motor and support customer growth. We expect these measures to underpin Admiral's very strong financial performance.

Beneficial Reinsurance Arrangements: Admiral benefits from the use of co-insurance and reinsurance arrangements, which provide capital relief. It shares 40% of its UK motor insurance risks with Munich Reinsurance Company and its subsidiary Great Lakes. Of this, 20% is on a co-insurance basis (until 2029) and 20% is on a quota-share reinsurance basis (until 2026). It cedes a further 38% of its UK risks under quota-share contracts with a panel of reinsurers. In our view, Admiral's high usage of reinsurance is mitigated by the high credit quality of and the stable and strong relationships with its reinsurance counterparties.

Strong Capitalisation and Leverage: Admiral's capitalisation is supported by substantial co-insurance and reinsurance arrangements that provide significant capital relief to the group. The group's Solvency II (S2) coverage ratio remained strong at 194% at end-1H25 (end-2024: 203%). In 2024, the S2 ratio was broadly stable year on year, as strong UK motor-related capital generation was partly offset by the cost of the More Than acquisition and dividend payments.

Admiral's Fitch-calculated financial leverage ratio (FLR) improved to 23% at end-2024, from 29% at end-2023, after the company fully redeemed its outstanding Tier 2 notes during the year. The FLR, while still strong, increased modestly to around 27% at end-1H25, reflecting higher drawings under the company's RCF, which rose to about GBP190 million (end-2024: GBP117 million). Fitch views this level of FLR as commensurate with the rating.

Very Strong Reserve Adequacy: Admiral has a prudent reserving strategy, as demonstrated by prior year reserve releases of GBP372 million and GBP393 million at end-2024 and end-2023, respectively. Admiral's strategy is to maintain a buffer above actuarial best estimates, allowing the group to support underwriting results with reserve releases every year. We expect Admiral to maintain a very conservative reserving position.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

--A loss of its co-insurance contract, resulting in an immediate and large increases in capital requirements or declines in business volumes

--A marked deterioration in technical or overall profitability, particularly compared with peers

--A sustained decline in capitalisation, as reflected by a S2 ratio below 140%

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

--An improvement of our view of the business profile could lead to an upgrade

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit

<https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ♦	RATING ♦	PRIOR ♦
Admiral Insurance (Gibraltar) Limited	LT IFS A+ Rating Outlook Stable Affirmed	A+ Rating Outlook Stable
Admiral Group plc	LT IDR A Rating Outlook Stable Affirmed	A Rating Outlook Stable

subordinated	LT	BBB	Affirmed	BBB
Admiral Insurance Company Limited	LT IFS	A+	Rating Outlook Stable	A+ Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Insurance Rating Criteria \(pub. 04 Mar 2024\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Prism Global (ex-U.S.) Model, v1.8.1 ([1](#))

ADDITIONAL DISCLOSURES

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ENDORSEMENT STATUS

Admiral Group plc	UK Issued, EU Endorsed
Admiral Insurance (Gibraltar) Limited	UK Issued, EU Endorsed
Admiral Insurance Company Limited	UK Issued, EU Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating

upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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