



Coinsurance and Reinsurance Arrangements

15 Jan 2010

Admiral Group ("Admiral") today announces that it has signed new reinsurance contracts with Munich Re and Hannover Re for its new car insurance operation in the USA, Elephant Insurance ("Elephant"). Admiral also announces that it has extended its long-term coinsurance and reinsurance arrangements with Munich Re for its UK, Spanish and Italian businesses, while the existing agreement for the German business remains in place.

These partnership arrangements build further on the successful risk and profit sharing model which has been at the heart of Admiral's success in its established UK business.

Munich Re and Hannover Re have both entered into quota share reinsurance contracts with Elephant from 1st January 2010. Munich Re and Hannover Re will each take one third of the USA risks and Admiral will retain one third for its own account. Both agreements are intended to be long term. The Hannover Re contract is for up to 10 years whilst the Munich Re agreement is for up to 15 years. Both agreements include break clauses at earlier dates. Further details are contractually confidential.

In Europe, Admiral has extended its reinsurance agreements with Munich Re in both Spain and Italy to a total of 15 years. Both agreements have also been revised to include a stronger alignment of long term interests and higher profit commissions for Admiral if results are very positive.

In the UK Admiral has extended its current agreement with Munich Re for 2 further years to at least the end of 2016. Munich Re will retain 40% of Admiral's UK risks for these additional years. Admiral has committed to retain at least 25% for the duration of this agreement whilst the allocation of the balance is at Admiral's discretion.

Commenting on these developments, Admiral Chief Executive, Henry Engelhardt, said: "This is a very good day for Admiral Group. These deals will help us perpetuate our model that minimises risk and consistently produces a

high return on capital. We believe it is in our shareholders best interest to reduce our risk, particularly in the early development stage of a business, in return for sacrificing some of the profit down the road. This helps us to couple good growth with solid dividends.

"We have a long-standing relationship with Munich Re that now is likely to go on past 2020. We are very pleased that an organisation of such stature would have the faith in us to commit to such a long-term agreement. We hope to reward this faith by producing substantial profits for them in the future. We are also pleased to increase our co-operation with Hannover Re. Hannover has been a growing part of our UK reinsurance programme over the last two years and we look forward to continuing our mutually beneficial relationship for many years to come.

"It is an exciting time to be part of the Admiral Group given our growth and geographical expansion and we are very pleased to be working with Munich Re and Hannover Re to build growing, profitable, sustainable businesses in Europe and the USA."