7 March 2024

Admiral Group reports solid profits and strong growth in turnover

2023 Results Highlights

	2023	2022	*% change vs. 2022*
Group profit before tax [1]	£442.8m	£361.2m	*+23%*
Earnings per share [1]	111.2p	95.4p	*+17%*
Dividend per share	103.0p	112.0p	*-8%*
Special dividend per share from sale of Penguin Portals comparison businesses	-	45.0p	*nm*
Return on equity [1,2]	36%	29%	*+7pts*
Group turnover[2]	£4.81bn	£3.68bn	*+31%*
Insurance revenue	£3.49bn	£2.96bn	*+18%*
Group customers[2,3]	9.73m	9.20m	*+6%*
UK insurance customers[2]	7.39m	6.96m	*+6%*
International insurance customers[2]	2.17m	2.08m	*+4%*
Admiral Money gross loans balances	£0.96bn	£0.89bn	*+8%*
Solvency ratio (post-dividend) [2]	200%	180%	*+20pts*

Over 10,000 employees each receive free share awards worth up to £3,600 under the employee share scheme based on the full year 2023 results.

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

"Admiral achieved another good set of results, within the context of challenging market conditions, with Group profit of £443 million and a 31% rise in turnover. The addition of over 500,000 customers and improved loss ratios demonstrate our commitment to strengthening and diversifying our business.

"Our 30th anniversary is a good opportunity to remind ourselves of our growth story, from a Welsh startup to a £4.8 billion business serving nearly ten million customers in five countries, driven by technical competence and continuous innovation across service, pricing, products, and distribution. Our core values of prioritising customers and people remain unchanged.

[1] *2022 Group profit before tax, Earnings per share, and Return on equity restated following the implementation of IFRS 17. Further information follows later in the report.*

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

[3] *2022 Customer numbers restated – refer to the end of the report for definition and explanation.*

"In 2023, we accelerated our UK diversification. We announced the intention to acquire the renewal rights for RSA's pet and home insurance businesses, improved results in all our main lines of business, and achieved double-digit growth in our electric vehicle book, supporting customers in transitioning to green mobility.

"Despite global uncertainties, our outlook is positive, benefitting from improved market conditions and a strengthened position, thanks to the discipline we maintained in the last year.

"I would like to thank our people for their hard work, and our customers for continuing to support us, as I look forward to a positive 2024."

Comment from Mike Rogers, Group Chair:

"In my first year as Chair, I've personally witnessed the Group's exceptional ability to adapt, evolve, and consistently deliver results. This resilience is a testament to our deliberate financial discipline and strategic foresight.

"In the face of high inflation, Admiral remained resolute in ensuring peace of mind for our colleagues, customers, and shareholders. We have confidence in our diversified portfolio, agile business model, and unwavering commitment to achieving optimal outcomes for our customers. These factors position us strongly for continued success."

Final Dividend

The Board has proposed a final dividend of 52.0 pence per share (2022 final: 52.0 pence per share) representing a normal dividend (65% of post-tax profits) of 35.4 pence per share and a special dividend of 16.6 pence per share. The final dividend will be paid on 7 June 2024. The ex-dividend date is 9 May 2024 and the record date is 10 May 2024.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 10.30 GMT on Thursday 7 March 2024 by registering at the following link to attend the presentation in person, or access the presentation live via webcast or conference call: 2023 Full Year Results | Admiral Group Plc. A copy of the presentation slides will be available at the following link: Results, reports and presentations | Admiral Group Plc (www.admiralgroup.co.uk).

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Chair Statement

As I reflect on the challenges and triumphs of the past year, I am pleased to present my inaugural Chair statement for Admiral Group. This was certainly a challenging year, with high inflation and macro-economic uncertainty. Against this backdrop, Admiral remained steadfast in its commitment to providing peace of mind for our colleagues, customers and shareholders. Having worked in the insurance industry for a number of years, I can say that there is an authenticity of culture and strong commercial thinking at Admiral. The pace and passion for better consumer outcomes is infectious.

Exceptional leadership in difficult times

Milena and her Executive team have exhibited exceptional leadership throughout a challenging period within the industry and economic cycle. Our customers, suppliers, colleagues and shareholders have all endured a very demanding year – our ability to not only weather these storms, but to adapt and grow is a testament to the collective strength and strategic foresight of our management team.

Resilience in performance

Admiral’s vision to help more people look after their future is evident in the strong 2023 performance. The Group demonstrated its traditional ability to adapt, evolve, and deliver results. This resilience is no accident; it reflects our financial discipline and longstanding commitment to looking after our people and customers; thereby safeguarding our shareholders' interests and ensuring the sustained success of Admiral Group.

Admiral retains outstanding competitive advantage in the UK motor market: defending and extending this remains our number one priority.

We are also mindful of our opportunity to leverage our brand, capabilities and customer relationships into new products and markets.

Presently, we cater to the needs of nearly ten million customers across five countries. We have made good progress in Admiral Money and Household, Pet, Travel and Van insurance in the UK, along with our European franchises. We believe that diversifying our income streams where we have competitive advantage will add significant shareholder value.

Green transition

Our commitment to sustainability remains strong. Businesses, now more than ever, play a critical role in the transition to a greener economy. Admiral recognises this responsibility and underscores its commitment in our latest Sustainability Report. Our journey toward a greener future is not just a reflection of corporate responsibility but a strategic imperative reflected in the Group’s Net Zero ambition. From supporting our customers in the adoption of electric vehicles to using renewable energy in our sites, sustainability is becoming embedded throughout the business.

30 years of growth

None of the Group’s achievements would be possible without the dedication and resilience of our thousands of colleagues worldwide. Their energy, adaptability, and commitment have been the driving force behind Admiral's success. From Cardiff to Rome, their commitment to each other and our customers is the beating heart of our organisation.

This year marked a significant milestone as Admiral celebrated its 30th anniversary. The insurance industry and the nature of work have evolved since Admiral’s inception in 1993, and the Group has consistently adapted to remain a leader in the field.

I extend my thanks to Annette Court who joined the Board in 2012 and was appointed Chair in 2017. Annette guided the management team through the transition from a founder-led business, strengthening leadership development and succession, helping the business navigate regulatory, economic, and global challenges.

We also fondly remember Jean Park, who retired from the Board earlier this year and sadly passed away soon after. Jean's contributions, particularly as the Chair of the Group Risk Committee and Senior Independent Director, were invaluable. Her legacy of steadfast support and wise counsel will be greatly missed. I welcome the addition of Fiona Muldoon to the Board. Fiona enhances our collective expertise and strengthens our customer-centric approach.

Staying true to our values

While the industry has undergone changes, Admiral's core values remain.

Looking ahead, we remain optimistic about the future. The Group’s strategic roadmap is designed to drive long-term value for our shareholders. We are confident that our diversified portfolio, agile business model, and unwavering commitment to achieve the best outcomes for our customers, will position us for continued success.

I extend my gratitude to the Board, management team, and colleagues for their dedication and support. Together, we will continue to shape the future and continue our journey of sustained growth and success.

Mike Rogers
Group Chair
6 March 2024

Group Chief Executive Officer's Review

2023 was a strong year

In the context of challenging market conditions, we reported another set of solid results with strong Group profit of £443 million and turnover up 31%. We welcomed more than 500,000 additional customers across the Group, an increase of 6% and substantially improved our loss ratios, while continuing to strengthen and diversify our business.

Over the past couple of years, the industry was hit by the worst inflation in recent history and we faced a cost-of-living crisis in the UK. This had a negative impact on our customers and our people, who needed more support too.

Once again, we maintained pricing discipline and acted ahead of the market to adapt to these trends. We continued to build on our historical strengths and to look after our customers and our people, whilst at the same time making positive progress on our strategic objectives.

The combination of these three things has left us well placed to achieve further growth, increase underwriting margins and better provide for more customers' needs.

Celebrating 30 years together

Our 30th anniversary served as a great reminder to reflect on Admiral's journey. From a small start-up in Wales, the Admiral team built a £4.8 billion business catering to over nine million customers across five countries. We became the market leader in UK Motor insurance, with cumulative profits of around £7 billion over our 30 years and a dividend payout ratio of around 90% for our shareholders over the last few years. We continued our historical trend of strong capital efficiency and a return on equity of 36% in 2023. This is a growth story fueled by a strong combination of core technical competence and continuous innovation in every part of the value chain: service, pricing, products and distribution.

Whilst so much has changed, I am proud that so much has also stayed the same. Our core values of putting our customers and people first and enjoying what we do are as true today as they were in 1993.

A year of two halves

Something else that sets us apart is our ability to focus on the long term whilst being pragmatic in how we steer the business in different parts of the insurance cycle. We do not forego difficult decisions for short term targets. This has been a year of two halves, and our approach serves as a perfect example of this mindset.

In January it felt like we were standing at the foot of a mountain. We knew we had a steep climb ahead of us. As we entered 2023, we were still helping customers with the freeze events of 2022. The year began with a spike in inflation, which persisted, and the onset of new supply chain concerns.

As in 2022, we acted fast. We continued to increase premiums ahead of the market to account for inflation, even if this meant a further reduction of our UK Motor book, which was 7% down year on year at the end of June (albeit this reduction was more than compensated for by growth in other parts of the Group).

After a few challenging months we reached the summit of the mountain and started to get comfortable with our pricing levels, but it still felt like we needed a stronger foothold amidst the macro-economic uncertainty.

As the summer arrived, we started to have a better outlook and a clear sight of the downward path. Inflation and claims trends started to stabilise. As the rest of the market followed by increasing their premiums, our competitiveness and our retention improved and in the second half of the year we reversed our loss of policies in UK Motor.

Our strategic progress

One of Admiral's historical characteristics is to navigate the ups and downs of the insurance cycle well, together with continuing to enhance our capabilities and preparing for the next climb. This year we made strong progress in all of our three core strategic pillars: Admiral 2.0, business diversification and motor evolution.

Customer experience and outcomes have remained our primary focus, including embracing the new Consumer Duty act in the UK. Something I've been particularly proud of was the smooth implementation of some large technology delivery projects, including Guidewire claims systems for our UK customers and a new platform for lending. We completed the transformation to scaled agile across all our businesses, materially reducing the cost of technology change.

We continued to diversify the business with the number of policies beyond UK Motor up 12% and now accounting for almost half of total Group customers. It has been pleasing to see, despite the challenging market conditions, that all our businesses older than 3 years improved their results.

It wasn't only organic growth that we achieved in 2023. We accelerated our diversification strategy in the UK announcing our intention to acquire the renewal rights for RSA's pet and home direct insurance businesses, under the More Than brand. It marked our first acquisition of relevant size but more importantly, the opportunity was a perfect fit with our strategy.

We achieved double-digit growth in our electric vehicle book, supporting more of our customers to transition to green mobility, and through Veygo we are offering differentiated propositions to customers to meet their evolving mobility needs.

Our people

It was another memorable year of accolades for our culture. Not only were we voted as the number one Best Company to work for in the UK and recognised as a diversity leader in Europe, we were also ranked 13th globally as one of the World's Best Workplaces™ by 2023 Great Place to Work®. We now have over 13,000 amazing colleagues and we celebrated Admiral's 30th birthday together with the first edition of the Admiral Games sporting event.

Together, we also stepped up our contribution to 'employability' supporting around 2,000 people to find new jobs and volunteering over 14,000 impact hours.

2024 and beyond

Despite persistent geopolitical and macro-economic uncertainty, our outlook is more positive. We are benefiting from better market conditions and a stronger position, thanks to the discipline we maintained over the past year.

I am always mindful that the descent from a mountain can be more dangerous than the climb up. There is no room for complacency or distractions. We will focus on every single step, with clear priorities, strong execution and continuing to leverage on our historical competencies.

We are well positioned for further growth and diversification. Assuming no unforeseen market disruptions, I am confident that we should expect stronger underwriting performance across all our geographies. And in the long term, I look forward to seeing Admiral celebrate another 30 years of success.

Milena Mondini de Focatiis
Group Chief Executive Officer
6 March 2024

Group Chief Financial Officer's Review

The past few years have surely been some of the most challenging in the Group's 30-year history - exiting the pandemic into two heavily inflationary years leading to tough conditions for the industry (and of course for our customers). And that's not to mention several major UK regulatory changes in the past couple of years - well navigated by our teams.

Our clear goal for 2023 was to significantly improve underlying insurance results and it's very positive to see clear evidence of that emerging through the year. I've been very satisfied with the disciplined approach taken across the Group, even if that resulted in a shrinking customer base for a period in the UK motor business.

The 2023 numbers are the first full year results reported under the major new insurance accounting standard, IFRS 17. I want to repeat my huge thanks to the team involved in getting the Group ready to produce these results, which was definitely no small achievement A really great team effort!

As usual I'll begin with a quick review of the group profit versus last year*:

£m	**IFRS 17 2023**	**IFRS 17 2022**	***Change v 2022***	***IFRS 4 2022***
UK Insurance	597	510	*+87*	*616*
Europe Insurance (motor & other lines)	2	(20)	*+22*	*(5)*
US Insurance	(20)	(36)	*+16*	*(49)*
Admiral Money	10	2	*+8*	*2*
Admiral Pioneer	(16)	(14)	*(2)*	*(16)*
Share scheme cost	(54)	(52)	*(2)*	*(52)*
Other costs	(76)	(29)	*(47)*	*(27)*
Pre-tax profit	**443**	**361**	***+82***	***469***

**See important footnote below on the basis of preparation of the 2022 IFRS 17 numbers. The original IFRS 4 numbers are also shown.*

Considering the impact of the lower profitability of the 2021/22 years is still an important factor in the 2023 result, the near £600 million profit for the main business was very positive. Only three years have seen higher UK profit and two of those were very impacted by reduced frequency during the pandemic. Critically the impact of significant price increases over 2022 and 2023 has led to much improved underwriting year results which will feed into the results over the next few years. The business is well placed moving into 2024 too.

The UK Household business continued to grow and delivered a profit of around £8 million, benefitting from reinsurer profit commission related to older years. Price increases led to higher average premiums which should improve margins as we head into 2024.

Outside the UK our businesses substantially improved their combined result compared to 2022, with the European businesses returning to overall profit (despite continuing to invest in new products beyond motor and diversified distribution within motor). In the US, whilst the reported loss was still not small, underlying results showed sharp improvement year-on-year thanks to the strong actions of our team there.

And a few observations on the other lines:

- Admiral Money's £10 million profit was a clear highlight; the team took a cautious approach to volume through the year and paused growth in the second half of the year to focus on high quality risk selection.

We're very comfortable with arrears trends and our cautious credit loss provision and the business is well set to restart growth in 2024.

- In Admiral Pioneer, the tremendous growth and continued steps forward in product in Veygo stood out, though one particularly large claim impacted the bottom line. Pioneer continues to invest in testing its small commercial insurance business line.
- The cost of the Group's share schemes was basically in line with the previous year, but other overheads and charges increased fairly notably. There are a number of factors explaining the increase, many of which shouldn't be repeated in 2024 (e.g. M&A project fees, adverse currency movement, costs to settle a historic Italian tax matter). Fuller details later in the report. I definitely expect a much lower number in 2024 (barring anything unexpected).

More Than acquisition

As mentioned through the report, Admiral's first significant acquisition will complete during H1 2024. We will fund the upfront payment of £82.5 million from free cash.

As the acquisition is entirely of intangible assets with no new capital raised to fund it, the transaction will result in a reduction to the Group's solvency ratio of around 10 points. Given the Group's very strong capital position, this is comfortably absorbed. More details on the accounting will feature in 2024's accounts.

Internal model

The Group has been developing an internal model to calculate its solvency capital requirement (SCR) in a way that reflects Admiral's risk profile more accurately than the standard formula and allows management to better incorporate capital considerations into business decisions. The model will calculate the SCR for the Group's main UK lines of businesses and for most of market risk.

Progress to application and approval by the Group's two main prudential regulators has been slower than we'd have liked, though huge effort from our team has gone, and continues to go into the project. We expect to enter the regulatory pre-application process soon and will then hopefully have a clear path to application and approval thereafter. It's too early to give concrete information on the exact timing of the application or likely financial outcome of the process and more information will follow at the appropriate time.

Dilution

Starting in 2024 we will make a change to the way we provide shares to the Group's employee share schemes. Historically we've issued new shares to the trusts each year, mindful of a 10% rolling ten-year cap. We will no longer dilute shareholders to fund the share schemes, initially (probably for 2024 and 2025) making use of shares already within the trusts and thereafter buying shares in the market, funded through a reduction in special dividend. This change will increase earnings per share by around 1% per year from now on compared to our previous approach.

Wrap-up

Whilst the current year reported profit won't break many records, 2023 was clearly a year when the strong actions taken since early 2022 started to bear fruit. We enter 2024 with much improved margins across our insurance businesses and a strong position in Admiral Money. I look forward to seeing the improvements start to feed through into the reported results in 2024.

Geraint Jones
Chief Financial Officer
6 March 2024

A note on the 2022 IFRS 17 comparatives: As explained more fully later in the report, the restated 2022 IFRS 17 insurance profits are lower than the originally reported IFRS4 numbers. This is due to differences in the movements in reserve strength or risk adjustment position over 2022 under each standard.

2023 Group overview

£m	2023	2022 (restated)*1	% change vs. 2022*1*5
Group turnover (£bn) *2	4.81	3.68	*+31%*
Net insurance and investment result	363.1	207.5	*+75%*
Net interest income from financial services	68.1	46.1	*+48%*
Other income and expenses	31.7	119.6	*-73%*
Operating profit*1	**462.9**	**373.2**	*+24%*
Group profit before tax*1	**442.8**	**361.2**	*+23%*
Analysis of profit			
UK Insurance	596.5	509.7	*+17%*
International Insurance	(18.0)	(56.2)	*Nm*
International Insurance – European Motor	6.1	(16.5)	*Nm*
International Insurance – US Motor	(19.6)	(36.4)	*Nm*
International Insurance – Other	(4.5)	(3.3)	*Nm*
Admiral Money	10.2	2.1	*+386%*
Other	(145.9)	(94.4)	*-55%*
Group profit before tax*1	**442.8**	**361.2**	*+23%*
Key metrics			
Reported Group loss ratio*1*2 *3	63.9%	70.6%	*-7pts*
Reported Group expense ratio*1*2 *3	24.8%	26.2%	*-1pts*
Reported Group combined ratio*1 *2*3	88.7%	96.8%	*-8pts*
Insurance service margin*2 *3	10.2%	7.4%	*+3pts*
Customer numbers (million)*2*4	9.73m	9.20m	*+6%*
Earnings per share *1	111.2p	95.4p	*+17%*
Dividend per share	103.0p	112.0p	*-8%*
Special dividend from sale of Penguin Portals	-	45.0p	*Nm*
Return on equity*1*2	36.0%	29.4%	*+7pts*
Solvency ratio*2	200%	180%	*+20pts*

**1 Operating profit, profit before tax (including analysis by segment), Earnings per share, return on equity, and reported group loss, expense ratio and combined ratios restated following the implementation of IFRS 17. See later in the report for further details.*
**2 Alternative Performance Measures – refer to the end of the report for definition and explanation.*
**3 Reported Group loss and expense ratios are calculated on a basis inclusive of all insurance revenue – this includes insurance premium revenue, net of excess of loss reinsurance plus revenue from underwritten ancillaries, an allocation of instalment and administration fees/related commissions. See glossary for an explanation of the ratios and Appendix 1a for a reconciliation of reported loss and expense ratios, and insurance service margin, to the financial statements.*
**4 2022 Customer numbers restated – refer to the end of the report for definition and explanation.*
**5 For % change vs 2022, + shows favourable movements, - shows unfavourable movements. Nm – not meaningful.*

Group Highlights

Admiral reports another solid set of results in 2023 against a backdrop of continued elevated levels of claims inflation and resulting significant rate increases. Highlights of the Group's results for 2023 are as follows:

- Businesses across the Group grew strongly in 2023, with customer numbers up 6% and turnover up significantly more at 31% year-on-year:
    - UK Motor customers were broadly flat at the end of 2023 having fallen in the first half. Market price increases accelerated relative to Admiral in the second half, leading to improved competitiveness and a return to growth

    - UK Household grew turnover by 33% as a result of an increase in customers of 12% and continued increases in average premium. Including Travel Insurance, (which reported its first small profit), and Pet Insurance, overall UK insurance customers grew by 6%
    - Outside the UK, International Insurance customer numbers increased by 4%, made up of a 7% increase in Europe and a reduction in the US. Increases in average premiums to reflect the level of claims inflation led to a growth in turnover of 12%
    - Admiral Money has employed a controlled approach to growth, with a total loans balance at the year end of £0.96 billion, 8% growth since December 2022 and slightly lower than the HY 2023 position.
- Group pre-tax profit was £443 million, 23% higher than 2022, restated on an IFRS 17 basis:
    - UK Motor insurance profit was £593 million, 13% higher than 2022 (£525 million) as the significant increases in average premium over the last year started to earn through, as well as higher investment income due to the higher interest rate environment
    - UK Household reported a profit of £8 million (2022: loss of £11 million), with 2023 less impacted by severe weather events, and benefitting from the positive impact of a commutation of quota share arrangements on prior underwriting years
    - The International Insurance business reported a notably lower loss of £18 million (2022: £56 million):
        - The EU Motor business returned to a profit of £6 million for the year (2022: loss of £16 million), as a result of a lower current year combined ratio arising from higher average premiums and small releases on prior underwriting years
        - The result in the US also improved from a loss of £36 million in 2022 to a loss of £20 million in 2023, following actions taken to improve the underwriting result through large price increases and a focus on reducing costs.
- Admiral Money reported a higher profit of £10 million (2022: £2 million), the increase in the average loans portfolio year-on-year driving the positive result through increased net interest income
- Other Group costs increased to £146 million (2022: £94 million), the adverse movement driven by higher central costs due to a number of one-off items, as well as higher business development costs and finance charges.

Earnings per share

Earnings per share for 2023 is 111.2 pence (2022: 95.4 pence, restated on an IFRS 17 basis). The increase from 2022 is aligned to the increase in pre-tax profit above, offset partly by a higher effective tax rate, with the increase in the UK corporation tax rate to 25% (from 19%) from 1 April 2023 being a significant driver of the higher effective rate.

Return on equity

The Group's return on equity was 36% in 2023, 7 points higher than the restated 29% for 2022. Average equity for 2023 is lower than 2022 as a result of the transition to IFRS 17 and higher dividends were paid out compared to profits recognised on an IFRS 17 basis. 2022 full year post-tax profits on an IFRS 17 basis were £86 million lower than those reported under the previous standard, IFRS 4. Further information on the restatement of 2022 financials follows later in the report.

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 or buffers.

The Board has proposed a final dividend of 52.0 pence per share (approximately £156 million) split as follows:

- 35.4 pence per share normal dividend
- A special dividend of 16.6 pence per share

The 2023 final dividend reflects a pay-out ratio of 97% of second half earnings per share. 52.0 pence per share is in line with the final 2022 dividend (52.0 pence per share).

The total 2023 dividend, including the interim dividend of 51.0 pence per share, declared with the Group's interim 2023 results is 103.0 pence per share, 8% lower than the 112.0 pence per share paid in 2022.

The total 2022 dividend also included the final additional special dividend of 45.0 pence per share arising from the phased return to shareholders of the proceeds from the sale of the Penguin Portals comparison businesses which completed in 2021. The total 2022 dividend was 157.0 pence per share.

The 2023 final dividend payment date is 7 June 2024, ex-dividend date 9 May 2024 and record date 10 May 2024.

Re-statement of prior period comparatives following IFRS 17 adoption

IFRS 17, the new insurance contracts accounting standard has been effective from 1 January 2023. As a result, the opening balance sheet as at 1 January 2022, the 2022 comparative income statement and the balance sheet as at 31 December 2022 have been restated under IFRS 17 using a fully retrospective approach (i.e. as though IFRS 17 had always been in place).

The new accounting policies and choices adopted in the implementation of IFRS 17 are disclosed in the notes to these financial statements. Both the policies and transition impact are consistent with the key accounting policy decisions and transition impact set out on page 234 of the 2022 Annual Report.

Throughout this report, the Group's results under IFRS 17 at 31 December 2023 are compared to the 31 December 2022 comparatives which have been restated under IFRS 17.

IFRS 17 reported profits for 2022 are lower than the previously reported IFRS 4 profits. The difference primarily arises as a result of differences in the movements in reserve strength or risk adjustment position over 2022 under each standard. Under IFRS 4, Admiral moved down to the 95th percentile over the course of 2022, with a greater proportion of this move taking place in the second half of the year. Under IFRS 17, Admiral moved down to the 95th percentile at the transition date of 1 January 2022, and remained at that percentile during 2022. This results in lower reserve releases under IFRS 17 in 2022, and therefore lower profit.

Note 1 to the financial statements provides further information regarding the key factors driving the differences between the IFRS 4 and IFRS 17 reported results in 2022.

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

- **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 Group Items – including Admiral Pioneer and other central costs**

Economic backdrop

Global inflation continued to impact claims inflation across Admiral's markets in 2023, although with some positive signs of improvement in the second half of the year, particularly in the Group's main UK market.

The main drivers of this claims inflation continue to be higher repair costs, longer repair timescales and high levels of wage inflation which impacts the projected costs of bodily injury claims. Used car prices continue to be one of the largest contributors to damage inflation, although they stabilised in 2023 with inflation easing in the latter part of the year.

Admiral continues to focus on medium term profitability, and has maintained a disciplined approach to business volumes, increasing prices to reflect the elevated claims inflation. The Group customer base has continued to grow, although this disciplined approach has resulted in slower growth in some businesses. UK Motor customers were broadly flat year-on-year at the end of 2023, having slowed in the first half as a result of price increases ahead of the market since 2022, offset by growth during the second half of the year as Admiral increased prices at a slower rate than the market. The Group continues to set claims reserves cautiously.

Admiral Money grew its consumer loans book year-on-year, though the portfolio reduced in size in the second half due to a prudent approach reflecting the macroeconomic environment and potential financial impact on consumers. The business continues to hold appropriately cautious provisions for credit losses.

UK Insurance Review – Cristina Nestares, CEO UK Insurance

2023 was a more encouraging year after a difficult 2022 for the industry. Inflationary pressures began to stabilise and our early and strong pricing response positions the business for a robust improvement in results.

Product proposition and pricing enhancements and the Group's commitment to helping more people to look after their future, led to the growth of the UK customer base by 6% while achieving a Trustpilot rating of 4.4 (one of the best in the industry). Further, to remain competitively priced, we continued to focus on improving operational efficiencies and sustaining our leading position in claims management.

The cost-of-living crisis has created a lot of pressure for our people and in addition to the energy support payments and package improvements in 2022, we officially recognised that we were paying our people the real living wage by signing up to the Real Living Wage Foundation in 2023.

Our award winning culture was again recognised by being placed in the Top 10 Great Places to Work survey and number three for Great Places to Work for women. A feature of our culture throughout our history is to support our communities and in 2023 our teams provided over 14,000 impact hours and helped over a thousand people into work or helped them to gain new skills with funding and support for our community partners.

We're very pleased that our motor book has returned to growth in the last six months of 2023, after 12 months of contraction following our disciplined approach of strong price increases to offset the impact of inflation. Our relatively early pricing response led to a fall in our competitiveness and market share in the second half of 2022 and first half of 2023. We recognise that the market moves in cycles and there are times when it's better to protect margin at the expense of growth, with a view to capturing volume when the market opportunity arises.

Inflation remained elevated compared to pre-pandemic years. Supply chain pressures across the global repair network led to slower damage repair times during 2022 and early 2023, resulting in service pressures across the industry. In response, Admiral leveraged our scale and strong working relationships with our repair network partners to counter these effects, significantly improving leading to good improvements in repair times and easing service challenges faced by our teams. Overall, damage inflation appears to have moderated towards the end of the year from the levels seen during 2022, but higher wage inflation is likely to feed into bodily injury claims over time, which we have provided for in our reserves.

Beyond motor, our diversification businesses continued to show growth and deliver against key objectives. Our strong multi-product proposition and retention performance supported further growth in our Household insurance business, despite unprecedented rate increases during the year to offset inflation pressures. Enhanced pricing capabilities and improvements to the Household proposition has established a great platform to capitalise on future opportunities. The refreshed Pet proposition that was relaunched in late 2022 appears to resonate with our customers and the book has grown strongly (albeit from a low base). The acquisition of the More Than Pet and Household renewal rights from Royal Sun Alliance (RSA) will give a further boost to these businesses, significantly accelerating our growth ambitions for Pet.

Our Travel business has bounced back very well post-pandemic with record sales volumes and a growing renewal book, and reports a profit for the first time.

To sustain our competitiveness and operational resilience, we've continued to invest to refresh our technology estate and transform our channel and distribution capabilities. During the year, a key pillar of the strategy was the migration of over 6.5 million customer risks to a new policy and billing centre on

Guidewire, which I'm proud to say was successfully completed.

2023 will be defined as the key turning point in the recent challenging insurance cycle and I believe we're well positioned with a strong team and good fundamentals to capture market opportunities for profitable growth in 2024 and further earnings momentum.

UK Insurance financial performance

£m	2023	2022 (restated)
Turnover*1*2	3,776.0	2,784.3
Total premiums written*1*3	3,502.6	2,555.0
Insurance revenue	2,596.9	2,174.1
Underwriting result including net investment income*1	**438.6**	**301.6**
Co-insurer profit commission and net other revenue	157.9	208.1
UK Insurance profit before tax*1	**596.5**	**509.7**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation.*
**2 Alternative Performance Measures – refer to note 13 for explanation and reconciliation to statutory income statement measures.*
**3 Total premiums restated for prior periods to include premiums for all underwritten ancillary products. There is a corresponding reduction in Other net income, and no impact on turnover.*

Split of UK Insurance profit before tax

£m	2023	2022 (restated)
Motor	593.3	524.9
Household	7.9	(10.7)
Travel and Pet	(4.7)	(4.5)
UK Insurance profit before tax	**596.5**	**509.7**

Key performance indicators

	2023	2022
Vehicles insured at period end	4.94m	4.94m
Households insured at period end	1.76m	1.58m
Travel and Pet policies at period end	0.69m	0.44m
Total UK Insurance customers	**7.39m**	**6.96m**

Highlights for the UK Insurance business include:

- **In UK Motor Insurance:**
  - Customer numbers grew in the second half of the year, to finish at 4.94 million, in line with a year earlier. Admiral's price increases to account for claims inflation in the second half of 2022 and early 2023 were more significant than the wider market, but this gap closed over the latter part of 2023. Turnover increased by 35% to £3.4 billion from £2.5 billion
  - Profit growth of 13% to £593 million (v £525 million) as the rate increases implemented over the past year are now earning through, and the higher interest yield environment results in increased investment income.
- **In UK Household Insurance:**
  - Customer numbers grew by 12% to 1.76 million (31 December 2022: 1.58 million). As in Motor, price increases have led to higher average premiums which contributed to a strong 33% increase in turnover
  - Profit was £7.9 million (2022: loss of £10.7 million) as a result of less severe impact of weather in 2023 compared to 2022, along with the benefit of the commutation of quota share

arrangements on prior underwriting years.

UK Motor Insurance financial review

£m	2023	2022 (restated)
Turnover*1	3,371.8	2,493.0
Total premiums written*1*2*4	3,118.2	2,271.3
Gross earned premium*1	2,115.4	1,795.7
Gross other insurance revenue	134.8	114.0
Insurance revenue	2,250.2	1,909.7
Insurance revenue net of XoL*2	2,188.6	1,865.1
Insurance expenses*1*2*3	(451.2)	(389.6)
Insurance claims incurred net of XoL*2*5	(1,729.0)	(1,596.0)
Insurance claims releases net of XoL*2*5	392.8	327.2
Quota share reinsurance result*2*3	(16.8)	95.2
Movement in onerous loss component net of reinsurance*2	4.1	5.2
Underwriting result*2	**388.5**	**307.1**
Investment income	111.8	53.8
Net insurance finance expenses	(58.2)	(36.4)
Net investment income	**53.6**	**17.4**
Co-insurer profit commission	76.5	127.5
Other net income	74.7	72.9
UK Motor Insurance profit before tax*1	**593.3**	**524.9**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*
**2 Alternative Performance Measures – refer to Appendix 1 for explanation and reconciliation to statutory income statement measures*
**3 Insurance expenses and quota share reinsurance result excludes gross and reinsurers' share of share scheme charges respectively. For share scheme charges refer to Other Group Items*
**4 Total premiums restated for prior periods to reflect premiums for all underwritten ancillary products. There is a corresponding reduction in Other net income, and no impact on Turnover*
**5 XoL refers to Excess of Loss (non-proportional) reinsurance; see glossary at end of report for further information*

Key performance indicators

	2023	2022 (restated)
Reported Motor loss ratio*1*2	61.1%	68.0%
Reported Motor expense ratio*1*3	20.6%	20.9%
Reported Motor combined ratio*1*2	81.7%	88.9%
Reported Motor Insurance service margin*1*4	17.7%	16.5%
Core motor loss ratio before releases*1*5	87.0%	95.7%
Core motor claims releases *1*5	(20.2%)	(20.0%)
Core motor loss ratio*1*5	66.8%	75.7%
Core motor expense ratio*1*6	21.4%	21.6%
Core motor combined ratio*1	88.2%	97.3%
Core motor written expense ratio*1*7	17.8%	20.8%
Vehicles insured at period end*1	4.94m	4.94m
Other revenue per vehicle*8	£62	£58

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation.*
**2 Reported Motor loss ratio defined as insurance claims incurred and claims releases divided by insurance revenue, net of excess of loss reinsurance. Reconciliation in Appendix 1b.*
**3 Reported Motor expense ratio defined as insurance expenses divided by insurance revenue, net of excess of loss reinsurance. Reconciliation in Appendix 1b.*
**4 Reported Motor insurance service margin defined as underwriting result divided by insurance revenue, net of excess of loss reinsurance.*

**5 Core motor loss ratio defined as insurance claims incurred and claims releases divided by core product insurance premium revenue, net of excess of loss reinsurance. Presented to enable analysis of core motor result excluding other ancillary income. Reconciliation in Appendix 1b.*
**6 Core motor expense ratio defined as insurance expenses divided by core product insurance premium revenue, net of excess of loss reinsurance.*

Reconciliation in Appendix 1b.
**7 Core motor written expense ratio defined as insurance expenses divided by core product written insurance premium, net of excess of loss reinsurance.*
**8 Other revenue per vehicle includes other revenue included within insurance revenue. See "Other Revenue" section for explanation and reconciliation.*

UK Motor profit increased by 13% to £593.3 million (2022: £524.9 million) as a result of a lower current period loss ratio as the significant rate increases from late 2022 and early 2023 start to earn through, as well as higher net investment income due to the higher interest rate environment. This was partly offset by lower quota share recoveries due to both the more favourable current period loss ratio and continued loss ratio improvements on prior underwriting years, and lower co-insurer profit commission.

By year end 2023, customer numbers were flat when compared to the end of 2022, with growth in the second half of 2023 due to market price increases resulting in Admiral becoming increasingly competitive, after lower customers earlier in the year due to the strong price increases implemented by Admiral ahead of the market in late 2022 and early 2023 reflecting the inflationary environment.

Gross earned premium at £2,115.4 million is 18% higher than 2022 (2022: £1,795.7 million), reflecting the significant increase in average earned premium as the price increases over the last year start to earn through.

The UK Motor core expense ratio decreased to 21.4% (2022: 21.6%), with the written expense ratio decreasing by 3 points to 17.8% (2022: 20.8%), as a result of the higher premiums noted above. Insurance expenses are higher in 2023, driven by wage increases, higher amortisation of intangible assets from the new systems that are now in use, and a short-term increased cost of claims handling as new claims systems were implemented.

The movement in onerous loss component reflects the movement in the provision for projected claims costs, inclusive of risk adjustment, on unearned premium. The onerous loss component at the start and end of 2023 was small (less than £2 million), with movements over the course of both years leading to immaterial impacts in the income statement.

Claims incurred

Claims inflation remains high and continues to be influenced by the average costs of repairing vehicles, in turn due to the elevated cost of replacement parts and paint, as well as high labour costs and shortages. Used car price inflation has stabilised, showing signs of slowing down in the second half of the year, and repair times have also started to reduce resulting in stabilising costs for replacement vehicles.

Average claims cost inflation for 2023 is approximately 10%, with higher inflation in the first half of 2023, easing modestly in the second half. Claims frequency was also slightly higher in 2023 compared to 2022 as a result of increased miles driven, although remains below pre-Covid levels.

The longer-term impacts of inflation on bodily injury claims remain uncertain. Admiral has not observed material changes in inflation for bodily injury claims settled in 2023 when compared to 2022. However, an allowance in the best estimate reserve to reflect the potential impacts of higher than historic levels of future wage inflation on certain elements of large bodily injury claims reserves, is maintained.

There is still a relatively high level of uncertainty within motor claims across the market arising from inflation and the future developments relating to both whiplash reforms and the Ogden discount rate. The review of the Ogden discount rate is due to start in mid-2024, with the new rate, and any change to methodology, unlikely to be known until late 2024 or early 2025. Admiral's assumption for the Ogden discount rate within best estimate reserves continues to be the prevailing rate of minus 0.25 per cent.

Admiral holds a significant and prudent risk adjustment above best estimate reserves, which has reduced (93rd percentile confidence level) when compared to the end of 2022 (95th percentile confidence level). The movement is in line with expectations given the slightly less volatile inflationary environment and a perceived lower likelihood of an adverse movement in the Ogden discount rate, together with the continued diversification of the business. Whilst the underlying methods to calibrate the reserve risk distribution from which the percentile is selected are consistent year on year, a number of developments in the reserve risk modelling in 2023 result in a slightly less volatile distribution than at the end of 2022.

Further information is included in notes 2, 3 and 5 to the financial statements.

The core motor loss ratio has reduced to 66.8% (2022: 75.7%) as a result of a lower current period loss ratio. Movements in the current period loss ratio and prior year reserve releases were as follows:

Core Motor loss ratio*1	**Core motor loss ratio before releases**	**Impact of claims reserve releases**	**Core motor loss ratio**
2022	**95.7%**	**(20.0%)**	**75.7%**
Change in current period loss ratio	(8.7%)	—	(8.7%)
Change in claims reserve release	—	(0.2%)	(0.2%)
2023	**87.0%**	**(20.2%)**	**66.8%**

**1 Reported motor loss ratio shown on a discounted basis, excluding unwind of finance expenses.*

The current period loss ratio improved by 8.7 points which can be primarily attributed to higher average premium in the period following significant price increases.

The benefit from prior period releases was flat at 20.2% (2022: 20.0%), with the absolute level of prior period releases increasing by £65.6 million or 20% to £392.8 million, from £327.2 million. The benefit includes both favourable development of the best estimate reserve for prior period claims, and the movement in the risk adjustment as set out above. Reserve releases as a percentage of premium are heavily impacted by the 18% increase in earned premium in the year.

Quota share reinsurance

Under IFRS 17, Admiral's quota share reinsurance result reflects the net movement on ceded premiums, reinsurer margins and expected recoveries (claims and expenses) for each underwriting year on which quota share reinsurance is in place (primarily 2021 underwriting year onwards).

Admiral's UK motor quota share contracts operate on a funds withheld basis, with Admiral retaining ceded premium (net of the reinsurer margin) which then covers claims and expenses. If an underwriting year is not profitable, investment income is allocated to the withheld fund and used to delay the point at which cash recoveries are collected from the reinsurer. Other features of the arrangements include expense ratio caps and commutation options for Admiral that become available 24-36 months after the start of the underwriting year.

The quota share reinsurance result by underwriting year is as follows:

Quota share reinsurance result

£m	2023	2022 (restated)
2020 & prior	2.3	(2.9)
2021	(57.6)	7.1
2022	8.2	91.0
2023	30.3	—
Total	**(16.8)**	**95.2**

The adverse quota share result in 2023 is therefore driven by:

- Lower recoveries of £30.3 million on the 2023 underwriting year (UWY 2023) compared to £91.0 million recoveries on the 2022 underwriting year (UWY 2022) in 2022 due to the significantly improved loss ratio on UWY 2023 compared to UWY 2022
- A significant reversal of recoveries that had been previously recognised on the 2021 underwriting year, as a result of favourable developments in loss ratio.

Co-insurer profit commission

Co-insurer profit commission is lower in 2023 (£76.5 million) compared to 2022 (£127.5 million). In 2022, a greater proportion of the reserve releases were related to older underwriting years (2019 and prior) which have lower combined ratios, with the releases therefore attracting higher profit commission. In addition, in 2023 no profit commission has been recognised on underwriting years 2021 and 2022 due to the current combined ratio positions on those years.

Net investment income

Net investment income benefitted significantly from the higher yield environment during 2023, increasing to £53.6 million from £17.4 million in 2022. Investment income before insurance finance expense more than doubled to £111.8 million (2022: £53.8 million) primarily as a result of the yield environment. Further information on the Group's investment portfolio and the income generated in the period is provided in the investments and cash section later in the report.

Net insurance finance expense reflects the unwind of the discounting benefit recognised when claims are initially incurred. The expense has increased significantly in 2023 (£58.2 million; 2022 £36.4 million) as a result of the significant increase in risk-free interest rates since the start of 2022, with a significant proportion of the insurance finance expense in 2023 relating to claims incurred during 2022 and, to a slightly lesser extent, 2023.

Other revenue

UK Motor Insurance Other revenue

£m			2023
	Within underwriting result	Other net income	**Total**
Premium and revenue from additional products & fees*1	107.8	89.4	197.2
Instalment income and administration fees*2	134.8	29.3	164.1
Other revenue	**242.6**	**118.7**	**361.3**
Claims costs and allocated expenses*3	(70.0)	(44.0)	(114.0)
Net other revenue	**172.6**	**74.7**	**247.3**
Other revenue per vehicle*4			**£62**
Other revenue per vehicle net of internal costs			£52

£m			**2022** (restated)
	Within underwriting result	Other net income	**Total**
Premium and revenue from additional products & fees*1	113.3	90.5	203.8
Instalment income and administration fees*2	114.0	21.9	135.9
Other revenue	**227.3**	**112.4**	**339.7**
Claims costs and allocated expenses*3	(63.4)	(39.5)	(102.9)
Net other revenue	**163.9**	**72.9**	**236.8**
Other revenue per vehicle*4			**£58**
Other revenue per vehicle net of internal costs			£48

**1 Premium from underwritten ancillaries is recognised within the insurance service result (underwriting result). Other income from non-underwritten products and fees is included within other net income, below the underwriting result but part of the insurance segment result.*
**2 Instalment income and administration fees are recognised within insurance revenue (% aligned to Admiral's share of premium, net of co-insurance) and other revenue (% aligned to co-insurance share of premium).*
**3 Claims costs relating to underwritten ancillary products, along with an allocation of related expenses, are recognised within the insurance result. Expenses allocated to the generation of revenue from non-underwritten ancillaries are recognised within other net income.*
**4 Other revenue per vehicle (before internal costs) divided by average active vehicles, rolling 12-month basis. Presented here based on all ancillary income.*

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 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.

Under IFRS 17, income from underwritten ancillaries and an allocation of instalment income and administration fees in line with Admiral's gross share of the core motor product premium, are included within Insurance Revenue in the underwriting result. The remaining income from instalment income and fees, as well as income from other non-underwritten ancillary products is presented in other net income.

Overall contribution increased to £247.3 million (2022: £236.8 million), primarily as a result of increased instalment income following an increase in the proportion of customers paying by instalment and the increase in average premiums.

Other revenue was equivalent to £62 per vehicle (gross of costs), with net other revenue per vehicle at £52 per vehicle, both favourable compared to 2022 as a result of the above-mentioned increases as well as a broadly flat customer base.

UK Household Insurance financial review

£m	2023	2022 (restated)
Turnover*1	338.6	255.4
Total premiums written*1*2	318.8	245.7
Insurance revenue	292.8	236.9
Insurance revenue net of XoL*1	275.3	222.8
Insurance expenses*1	(80.9)	(70.0)
Insurance claims incurred net of XoL*1	(199.8)	(198.1)
Insurance claims releases net of XoL*1	6.4	16.5
Underwriting result, net of XoL reinsurance*1	**1.0**	**(28.8)**
Quota share reinsurance result*1*3	(1.4)	9.2
Underwriting result *1	**(0.4)**	**(19.6)**
Net insurance investment income	1.6	1.2
Other income	6.7	7.7
UK Household Insurance result before tax*1	**7.9**	**(10.7)**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation*
**2 Total premiums restated for prior periods to reflect premiums for all underwritten ancillary products. There is a corresponding reduction in Other net income, and no impact on turnover*
**3 Quota share reinsurance result within the segment result excludes reinsurers' share of share scheme costs*

Key performance indicators

	2023	2022 (restated)
Reported Household loss ratio*1*	70.2%	81.5%
Reported Household expense ratio*1*	29.4%	31.4%
Reported Household combined ratio*1	99.6%	112.9%
Household insurance service margin	(0.1%)	(8.8%)
Household loss ratio before releases	72.6%	88.9%
Impact of severe weather and subsidence on reported loss ratio*1	11.3%	29.0%
Impact of severe weather and subsidence on result before tax*1 (£m)	9.8	33.3
Households insured at period end (m)	1.76	1.58

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

The UK Household business enjoyed strong top line growth in 2023 with a 33% increase in turnover to £338.6 million (2022: £255.4 million) as a result of significant price increases in response to higher claims inflation.

The number of households insured increased by 12% to just under 1.8 million with Admiral's multicover offering contributing strongly to the growth.

The result for the year also improved materially, with the business delivering a profit of £7.9 million compared to a loss of £10.7 million in 2022. The improvement was due to two factors:

- The impact of severe weather and subsidence was significantly lower in 2023 than 2022. Whilst the final quarter of 2023 saw a run of named storms which were the main contributor to the £9.8 million weather impact in the year, 2022 was impacted by a significant winter freeze event which impacted the prior year result by £33.3 million.
- The 2023 result benefitted from a one-off recognition of reinsurer profit commission relating to

prior period following a commutation. This benefit is recognised in the quota share reinsurance result, with the prior period quota share result being negatively impacted by the original de-recognition of that profit commission following significant weather events.

The reported loss ratio for the period was 70.2%, increasing to 72.6% when excluding prior period releases which primarily reflect the reduction in risk adjustment in the current period. The impact of releases on the 2023 reported loss ratio (benefit of 2.4 points) is lower than the prior period (benefit of 7.4 points) partly as a result of an increase in the estimate of the ultimate cost of the December 2022 freeze event.

The reported loss ratio - excluding prior period releases and the impact of severe weather - for 2023 was 61.3%, marginally higher than the equivalent ratio for 2022 of 59.9%. The impact of higher claims inflation was largely matched by the increases in average premium, which earned through in the second half of the year and are expected to continue earning through into 2024.

Admiral's expense ratio improved to 29.4%, (2022: 31.4%) with the impact of continued investment in technology, more than offset by increasing average premiums and the benefits of increased scale.

The quota share result for the period was a loss of £1.4 million (2022: £9.2 million profit). Despite the benefit from the one-off recognition of reinsurer profit commission, the quota share result was materially lower than 2022 as there was no repeat of the recoveries made from reinsurers following the December 2022 freeze event.

Overall, excluding the impact of severe weather, profit for the period was £17.7 million, £4.9 million lower than 2022 (2022: £22.6 million), primarily as a result of the slightly higher attritional loss ratio.

International Insurance

International Insurance – Costantino Moretti – CEO, International Insurance

In 2023, markets continued to be challenging with high claims severity inflation, and the Motor insurance industry has reported high combined ratios. Within this context, we continued to prioritise margin over growth and managed to achieve solid customer and turnover growth, with average premiums finally growing in all geographies.

Despite inflation decelerating compared to 2022 it remains high, placing pressure on claims, so it is imperative to continue to stay prudent and prioritise profitability.

The overall profit in Europe is a combined outcome of the positive contribution from Italy and France, while Spain has reported a loss. France and Italy are now both profitable, and we will continue to grow the book with discipline and invest in diversification (distribution in Italy; product with Household in France). The Spanish result is a function of the unprecedented high combined ratio of the Motor insurance industry, as well as continued investment to build our distribution diversification capabilities. We have taken strong action and have built good foundations, which we believe will result in improved performance in 2024.

The US has shown a strong improvement of all KPIs and has reported a lower loss compared to last year. We are confident that the actions taken will continue to have a positive impact and contribute to move Elephant closer to breakeven.

Due to those improvements, Elephant did not require a capital injection from the Group and we expect this will also be the case in 2024. We have made good progress on assessing strategic options and we are now deep diving on a short list of them, aiming to get to a final decision in the first part of 2024.

I am grateful for the hard work of our employees who have made our companies a Great Place to Work. I am also proud of the focus we have put on helping our customers and supporting the communities in which we operate. Well done to the team, as we look forward to a positive 2024!

France – Pascal Gonzalvez – CEO, L’olivier

In 2023, L'olivier performed well in the context of challenging market conditions. Amidst escalating inflation and sluggish market volumes that fell short of projections, L’olivier navigated these uncertainties by prioritising margin protection. This approach inevitably moderated our growth trajectory, resulting in a 6% year-on-year increase in our motor policy base up to 420,000 customers. Concurrently, our turnover saw a 15% increase to £219 million, bolstered by a robust average premium.

By proactively adjusting our pricing strategies ahead of competitors, we saw favourable loss ratio development. This, combined with stringent expense control and continuous enhancements in operational efficiency, culminated in our fifth year of written profits, achieving a robust 95% written combined ratio.

Looking ahead to 2024, L'olivier is set to further leverage our commitment to digitalisation and artificial intelligence deployment (for example, pushing 100% of new claims notification online). This pivotal focus aims to serve our customers faster and enables better service while increasing our cost efficiency.

We are also poised to expedite our product diversification with further development in household insurance, continuing our 2023 trend when turnover grew by more than 100% (albeit from a low base). This aligns with our ongoing strategy to enhance cross-selling and our multi-product offering.

Finally, I would like to thank all L’olivier staff for their energy, enthusiasm and great contribution to these good 2023 results.

Italy – Antonio Bagetta – CEO, ConTe

2023 was a positive year for ConTe, with continued focus on sustainable growth: +20% revenue increase led by higher average premiums (+13%) and customer growth (+7%). Market conditions have been improving, following a challenging 2022 which saw the market combined ratio increase to 108% and 128% for the direct channel. These inflationary pressures, together with regulatory changes, led direct competitors to raise prices materially.

Our key aim is to be a very profitable insurer in Italy through advanced technologies and analytics. We strengthened our fundamentals with a new data platform which improves the time to market for analytics model releases.

Sustainability has been a cornerstone of our operations making significant strides in being more efficient (4pp of written expense ratio reduction), responding to customers' needs and expectations, investing in data capabilities and ensuring long term-viability.

ConTe also achieved the highest NPS in the industry and the best Trustpilot score for online insurance, largely reflecting our excellent operational service levels.

Our people remained a key priority in 2023. We implemented several wellbeing initiatives and increased our GPTW Trust index by 9 points to 87 in 2023. We were also awarded by Milano Finanza for our innovative approach to people management, and in particular for our Corporate Welfare, Employee Benefit and Family Care Welfare.

It has been a year of operational successes, with sustainable growth of the Italian business driven by higher average premium and number of customers, continuing to strengthen our data and technological innovation and the launch of new channels. In addition, we continued to focus on our customers and our people, and I would like to thank the ConTe team for their continued commitment and hard work in 2023!

Spain – Sarah Harris – CEO, Admiral Seguros

Claims inflation was the major theme for the Spanish car insurance industry in 2023. Q4 market results showed a market combined ratio[1] exceeding 100% for the first time in two decades. Market price correction started early in the year and accelerated in the second half; we expect this trend to continue into 2024.

Admiral Seguros was not immune to this market context. Inflation in the first two quarters was ahead of our expectation, putting pressure on loss ratios for both the 2022 and 2023 underwriting years. We took strong action, raising prices more than the market across all channels with a focus on protecting margin. Q4 average premium was up 16% vs a year earlier, despite a portfolio shift towards lower-risk profiles. The increasing trend in income per policy contributed to an improved expense ratio and sets the business up well going into 2024.

With a more medium-term perspective, we continued to invest in new distribution channels as routes to future scale. June saw the successful launch of our digital insurance product for ING bank, "Seguro de Auto NARANJA". This has attracted positive feedback about both the product and purchase experience. In the broker channel, we reinforced our commercial management team and made pleasing progress in underwriting. We improved productivity, and enhanced our digital servicing platforms, increasing our digital sales ratio by 30% becoming even more responsive to customer needs.

For another consecutive year, we were voted 2nd Great Place to Work in Spain, winning the special prize "Better for People" in recognition of a collaborative and open team culture. I would like to thank all of my

[1] ICEA market data, net of reinsurance.

colleagues for their hard work and contribution during 2023.

US – Alberto Schiavon – CEO, Elephant

In 2023, Elephant materially improved its result with a reduced loss of £20 million from £36 million in 2022, in line with our commitment to turn around our financial performance and despite very challenging market conditions with sustained severity inflation. Our combined ratio decreased by around 9 points[1] (compared to an industry projection of 3.5[2] points lower) driven by improvements in both our loss and expense ratios.

Our expense ratio was 5 points[3] better than 2022, benefitting from efficiency initiatives (including a reduction in headcount) and a more favourable acquisition market. The latter was driven by reduced competition in a difficult market, as many players lowered their growth appetite to protect their bottom line while increasing rates.

Our loss ratio improved by 4 points[4] as a result of strong rating action and intentional mix shift towards lower loss ratio segments and away from newer channels and states. We increased base rates by an additional 38% in 2023, compared to circa 16% across the top five players in our states[5]. Important to note is that the most recent underwriting quarters continue to show improving results compared to prior ones, at the same point of development. It remains early days but this is promising.

Our significant rate increases over the last few years have led to an 18% reduction in vehicles insured throughout 2023, but at a substantially higher average premium, leading to an overall growth in turnover of 1%.

I am very grateful to the Elephant team for the dedication, hard work, and commitment in delivering excellent customer service, modernising our technology stack, while improving our business fundamentals at a much faster rate than the market.

[1] Earned whole account basis net of XoL.
[2] Data is from S&P Global Market Intelligence 2023 Auto Insurance Market Report.
[3] Insurance expenses, excluding share schemes divided by insurance revenue net of XoL.
[4] Insurance claims incurred and claims releases divided by insurance revenue net of XoL.
[5] State filing rate changes for Virginia and Texas. Weighted average change from top 5 players based on market share.

International Insurance financial review

£m	2023	2022 (restated)
Turnover*1	894.9	795.9
Total premiums written*1*2	840.0	744.2
Insurance revenue	842.6	750.0
Insurance revenue net of XoL*1	811.8	732.0
Insurance expenses*1	(249.4)	(254.6)
Insurance claims net of XoL*1	(565.2)	(547.1)
Underwriting result, net of XoL*1	**(2.8)**	**(69.7)**
Quota share reinsurance result*1*3	(22.1)	13.9
Movement in net onerous loss component	0.6	(1.0)
Underwriting result*1	**(24.3)**	**(56.8)**
Net investment income	4.3	1.1
Net other revenue	2.0	(0.5)
International Insurance loss before tax*1*4	**(18.0)**	**(56.2)**

**1 Alternative Performance Measures – refer to the end of this report for definition and explanation.*
**2 Total premiums restated for prior periods to reflect premiums for all underwritten ancillary products. There is a corresponding reduction in Other net income, and no impact on turnover.*
**3 Quota share reinsurance result within the segment result excludes reinsurers' share of share scheme costs.*
**4 Costs related to the settlement of a historic Italian tax matter during 2023 are excluded from the International Insurance result and presented within Group other costs, given that these are not reflective of the underlying trading performance of the International Insurance business.*

Key performance indicators

	2023	2022 (restated)
Loss ratio*1	69.6%	74.7%
Expense ratio*1	30.7%	34.8%
Combined ratio*1	100.3%	109.5%
Insurance service margin*1	(3.0%)	(7.8%)
Customers insured at period end*1 (million)	2.17	2.08

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

International Motor Insurance – Geographical analysis*1

2023	Spain	Italy	France	US	Total
Vehicles insured at period end	0.45m	1.04m	0.42m	0.19m	2.10m
Turnover (£m)	121.8	272.4	219.1	271.2	884.5

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

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

Split of International Insurance result

£m	2023	2022 (restated)
European Motor	6.1	(16.5)
US Motor	(19.6)	(36.4)
Other	(4.5)	(3.3)
International Insurance loss before tax	**(18.0)**	**(56.2)**

Admiral's International insurance businesses continued to grow, with customers increasing by 4% to 2.17

million (2022: 2.08 million) and turnover growth of 12% to £894.9 million (2022: £795.9 million).

The insurance service margin also improved to -3.0% (2022: -7.8%), driven by an improved combined ratio. This, together with increased investment income, resulted in a lower reported loss before tax of £18.0 million (2022: £56.2 million).

The combined ratio improved to 100.3% (2022: 109.5%), due to the combined effect of higher premiums, increased scale in the European businesses, and a strong focus on expense efficiency in Europe as well as a reduced cost base in the US. This resulted in the loss ratio improving to 69.6% (2022: 74.7%) while the expense ratio reduced to 30.7% (2022: 34.8%). Investment in diversification continued with a focus on distribution in Italy and Spain, and Household insurance in France. This will further facilitate the long-term growth and profitability of these businesses.

The European insurance operations in Spain, Italy and France insured 1.91 million vehicles at 31 December 2023 – 6% higher than a year earlier (2022: 1.80 million). Motor turnover was up 17% to £613.3 million (2022: £522.9 million), driven by strong price increases and the larger book sizes. The combined European Motor profit was £6.1 million (2022: loss of £16.5 million), an improvement driven by higher average premium and an improved expense ratio despite continued inflationary pressures. The combined ratio reduced to 95.4% (2022: 104.2%).

Inflation remained high throughout 2023 and had a material impact on the International results, driving increased market premiums particularly in Italy, Spain and the US. Admiral continues to focus on medium term profitability.

Admiral Seguros (Spain) grew its customer base by 3% to 0.45 million customers over the past year (2022: 0.43 million) despite strong price increases in a competitive market with high claims inflation. The business continues to focus on improving margins, enhancing digital and data capabilities, as well as sustainable growth through distribution diversification through the broker channel and other partnerships.

The Group's largest international operation, ConTe in Italy, increased vehicles insured by 7% to 1.04 million (2022: 0.97 million) and Motor turnover by 20% to £272.4 million (2022: £227.9 million) reflecting disciplined growth and price increases. The business continued to focus on risk selection and expense reduction as well as growth in the broker channel.

L'olivier (France) increased its customer base by 6% to 0.42 million (2022: 0.40 million). The business has focused on margin protection in a difficult market with risk selection and loss ratio improvements, alongside strong cost control and the development of household insurance to leverage cross-selling opportunities and further support future growth.

In the US, Admiral underwrites motor insurance through its Elephant Auto business. After a disappointing 2022 and in a context of high inflationary pressures, Elephant focused on materially improving its underwriting result in 2023 with strong rating action and cost reduction. The conscious decision to focus on improving underwriting results led to a 18% decrease in the number of vehicles insured to 0.19 million (2022: 0.24 million), a moderately higher turnover of £271.2 million (2022: £268.5 million) and a reduced loss before tax of £19.6 million (2022: loss of £36.4 million). In light of this early progress, the business did not need further capital from the Group in 2023. Elephant will continue to prioritise improving the loss ratio ahead of growth in the immediate future.

Admiral Money

Scott Cargill – CEO, Admiral Money

I'm pleased to be able to say it has been a positive 2023 for Admiral Money. Coming into the year we knew there would be continued uncertainty with higher interest rates and inflation impacting on the cost of living. I'm proud of how we have navigated these uncertain times and I am absolutely delighted with our first double digit profit of £10 million. I would also draw particular attention to our cost income ratio which is below 40% for the first time and which represents growing evidence of a likely long-term competitive advantage.

Through the year we have continued to focus on high quality risk selection and a controlled and conservative approach to growth. Our on-balance sheet loan book at end of December stands at £0.96 billion, 8% growth since FY 2022 and slightly down on the HY 2023 position. Our net income of £66 million has increased by 49% from 2022, largely reflecting the higher average balances through the year as well as margin improvements to provide risk resiliency.

We retain a firm focus on prime lending and are seeing a high level of resilience from our customers despite inflation and higher interest rates. Where loss experience has varied from our expectation, in true Admiral fashion we have adapted our approach quickly and decisively and have remained well below our IFRS 9 expected credit loss (ECL) reserve position. Our NPS score of 68 and Trustpilot score of 4.5 provide continued evidence that our commitment to being an efficient prime focused lender, providing certainty and transparency to UK customers on their lending needs is a successful formula.

2023 has also been a year of significant and successful investment in our capabilities, particularly in technology and data. We are especially looking forward to seeing the benefits of our new origination platform in 2024. This new technology also provides us with options to broaden our participation in the consumer lending market in the future.

We have also completed the delivery of several enablers for realising our goal to be the lender of choice for Admiral insurance customers. This is a key pillar of our strategy and where we have the most significant and sustained competitive advantage. Over 50% of our new customer flows in 2023 came from either current or recent Admiral Insurance customers.

Looking to 2024, we enter the year with good 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 further growth in our loan balances towards the £1.2 billion range during 2024, assuming current economic conditions. Combined with a tightly controlled cost base, we should see continued improvements in the economics in the coming years.

I'd like to finish by thanking our customers and all of my colleagues and wish everyone the best for 2024.

Admiral Money financial review

£m	2023	2022
Total interest income	94.7	58.7
Interest expense*1	(28.3)	(14.1)
Net interest income	**66.4**	**44.6**
Other fee income	0.1	0.3
Total income	**66.5**	**44.9**
Credit loss charge	(33.4)	(20.6)
Expenses	(22.9)	(22.2)
Admiral Money profit before tax*2	**10.2**	**2.1**

**1 Includes £1.5 million intra-group interest expense (2022: £1.5 million).*

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

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 real rates to provide customers with upfront transparency and certainty.

Admiral Money recorded a pre-tax profit of £10.2 million in 2023 (improved from £2.1 million profit in 2022), continuing the positive trajectory seen since 2020.

Gross loan balances grew 8% to £0.96 billion (2022: £0.89 billion), with a £81.7 million (2022: £63.7 million) credit loss provision, leading to a net loan balance of £875.1 million (2022: £823.7 million). The increase in average portfolio size year on year contributed to a 49% increase in net interest income to £66.4 million (2022: £44.6 million).

As with prior year, Admiral Money continued to carefully manage affordability and credit criteria for new lending in 2023 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 funding. These measures will help ensure sustainable financial performance into the future.

The credit loss charge increased to £33.4 million (2022: £20.6 million). Overall, an appropriately cautious approach has been taken to calculating the credit loss provision, including post model adjustments for model performance, cost of living, economic scenarios 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). 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	2023	2022 (restated)
Share scheme charges	(54.4)	(51.7)
Other central costs*1	(41.7)	(15.6)
Admiral Pioneer result*1	(16.2)	(13.5)
Business development costs*1	(15.3)	(8.8)
Finance charges*2	(20.3)	(12.1)
Compare.com loss before tax	(2.6)	(2.8)
Other interest and investment income*1	4.6	10.1
Total	**(145.9)**	**(94.4)**

*1 *A number of small re-allocations of costs/ income have been made between these lines and UK insurance/ International insurance segment results for 2022. These include moving costs related to the French fleet insurance business (closed in H1 2023) out of the Admiral Pioneer operating result, leading to a lower loss in Admiral Pioneer than reported in 2022.*

*2 *Finance charges within other group items include £1.7 million (2022: £0.7 million) that relate to intra-group arrangements, with the corresponding income presented within the UK Insurance result.*

Share scheme charges relate to the Group's two employee share schemes. The increase in the charge compared to 2022 is driven primarily by the higher share price in 2023 relative to 2022, which increases the employer's national insurance cost on shares due to vest.

Other central costs consist of Group-related expenses and include the cost of a number of significant Group projects, such as the internal model development and other regulatory projects, central management salaries and expenses, and additional expenses including gains and losses on amounts held in foreign currencies. The significant increase in other central costs is driven primarily by costs incurred on interest and penalties on settlement of a historic Italian tax matter (further details are provided in the taxation section later in this report); an adverse impact of foreign exchange movements (compared to a gain on these balances recognised in 2022), and higher costs related to M&A activity.

Admiral launched Admiral Pioneer in 2020 to focus on new product diversification opportunities, as part of the investment in product diversification. Pioneer businesses include Veygo (flexible pay-as-you-go and learner driver insurer in the UK) and small business insurance in the UK. Pioneer reported a loss of £16.2 million in 2023 (2022: £13.5 million). This was mainly driven by one particular large claim in Veygo, for which a cautious reserving approach has been adopted, together with continued investment in small business insurance.

Business development costs increased to £15.3 million (2022: £8.8 million), primarily attributed to increased investment in new businesses across the Group as part of the diversification strategy. Admiral took the decision to close its small fleet insurance business in France, which also resulted in modest closure costs.

Finance charges of £20.3 million (2022: £12.1 million) primarily related to interest on subordinated notes, as well as a small one-off charge in relation to the renewal of the Group's revolving credit facility. In July 2023, the Group issued £250 million subordinated loan notes, at a fixed rate of 8.5%, with a redemption date of January 2034. At the same time as the new issue, the Group made a tender offer for the existing £200 million subordinated loans notes, with £145 million of the 2024 notes tendered. At 31 December 2023 the resulting nominal value of subordinated liabilities on the balance sheet is £305 million, which will reduce to £250 million in July 2024.

A loss of £2.6 million (2022: £2.8 million) was attributed to compare.com in the first half of the year, which was a combination of a small loss in the business together with a small loss recognised on disposal. The sale of this US comparison business completed during the period, with no cash exchange as a result, but Admiral receiving a minority share in the acquiring business.

Other interest and investment income decreased to £4.6 million (2022: £10.1 million). In 2022, there was a gain of £4.7 million from the sale of UK government bonds which was not repeated in the current period, and the current period also includes a loss of £3.6 million in 2023 related to the re-purchase of bonds as a result of the debt restructure. Excluding these factors, underlying interest and investment income increased to £8.2 million from £5.4 million, in line with the higher interest rate environment.

Group capital structure and financial position

The Group manages 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. Having taken time to review, update and extend the scope of the model as well as completing further cycles of independent external validation, the Group expects to enter a pre-application process with its regulators soon. Once the pre-application process is complete, the Group expects to be able to communicate timelines for a full application.

In the interim period before model approval, the current standard formula plus capital add-on basis will continue to be used to calculate the regulatory capital requirement.

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

Group capital position (estimated and unaudited)

	2023 £bn	2022 £bn
Eligible Own Funds (post-dividend)*1	1.42	1.20
Solvency II capital requirement*2	0.71	0.66
Surplus over capital requirement	**0.71**	**0.54**
Solvency ratio (post-dividend)*3	**200%**	**180%**

*1 *2023 Own Funds include approximately £250 million of Tier 2 capital following the Group's recent issue of ten-year subordinated loan notes. YE'22 Own Funds include approximately £200 million of Tier 2 capital.*

*2 *Solvency capital requirement includes updated, unapproved capital add-on.*

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

The Group's solvency ratio has improved over 2023 to a strong closing position at 200% (2022: 180%). Strong generation of economic capital in the core UK motor business, in particular during the second half of the year, contributed to an increase in Own Funds of approximately £200 million. The increase in Tier 2 Capital of approximately £50 million (further detail below) also contributed to the Own Funds increase as well as smaller favourable impacts from movements in yields and spreads in the year, and the impact of changes in the risk margin arising from the PRA's introduction of the new UK prudential regime for insurers, 'Solvency UK'.

The SCR also increased over the year, though to a lesser extent. The increase of approximately £50 million was primarily as a result of the increase in premiums across all Group businesses and the associated impact on underwriting and operational risk elements of the capital requirement.

The SCR above includes an updated capital add-on which is recalculated at the end of each period. As a result, it is different to the fixed Group capital add-on which is included in the regulatory Quantitative Reporting Templates (QRTs) reported to the PRA.

During the second half of 2023, the PRA issued notice of an updated fixed Group capital add-on of £24 million, which is lower than the previously approved add-on of £81 million, but higher than the Group's own assessment of the capital add-on at the end of 2023.

The estimated solvency ratio including the fixed Group capital add-on of £24 million, that is calculated at the balance sheet date rather than the date of this report, and will be reported in the Group's 2023 Solvency and Financial Condition Report (SFCR) is as follows:

Regulatory solvency ratio (estimated and unaudited)	**2023**	**2022**
Solvency ratio as reported above	200%	180%
Change in valuation date[*1]	(11%)	(11%)
Other (including impact of updated, unapproved capital add-on)	(6%)	(20%)
Solvency ratio to be reported (SFCR)	**183%**	**149%**

**1 The solvency ratio reported above includes additional own funds generated post year-end up to the date of this report.*

Issue of subordinated loan notes

During July 2023, Group issued 10.5 year, 8.5% £250 million subordinated loan notes. At the same time as the new issue, the Group made a tender offer for the existing £200 million subordinated loan notes, due to mature in 2024. £145 million of the 2024 notes were tendered, with the remaining £55 million of 2024 notes not classified as Tier 2 Capital within Own Funds at the end of 2023.

Solvency ratio sensitivities

	2023	**2022**
UK Motor – incurred loss ratio +5%	-11%	-11%
UK Motor – 1 in 200 catastrophe event	-1%	-1%
UK Household – 1 in 200 catastrophe event	-5%	-4%
Interest rate – yield curve up 100 bps	-1%	-2%
Interest rate – yield curve down 100 bps	+1%	+2%
Credit spreads widen 100 bps[*1]	-5%	-6%
Currency – 25% movement in euro and US dollar	-3%	-3%
ASHE – long term inflation assumption up 50 bps	-3%	-3%
Loans – 100% weighting to 'severe' scenario[*2]	-1%	-1%

**1 2022 credit spread sensitivity restated to include the benefit of offsetting movements in the volatility adjusted yield curve used for discounting liabilities.*

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

Investments and cash

Investment strategy

Admiral Group's investment strategy focuses on capital preservation and low volatility of returns relative to liabilities and 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 2023, the focus remained on matching, and cashflows were invested into high quality assets to take advantage of rising risk-free rates, whilst being appropriately 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.

A further aim of the strategy is to reduce the Environmental, Social, and Governance (ESG) related risks in the portfolio whilst continuing to achieve sustainable long-term returns. In 2023, the portfolio weighted average ESG score had an MSCI AA rating.

Investment return

£m	2023	2022
Underlying investment income yield	3.3%	1.6%
Investment return	124.4	64.1
Unrealised (losses)/gains on derivatives	(0.2)	0.5
Movement in provision for expected credit losses	2.5	1.8
Total investment return	**126.7**	**66.4**

Net investment income for 2023 was £126.7 million (2022: £66.4 million). Provisions for expected credit losses developed favourably, leading to a £2.5 million release of provisions (2022: £1.8 million favourable impact).

The investment return on the Group's investment portfolio (excluding unrealised gains and losses and the movement in provision for expected credit losses) was £124.4 million (2022: £64.1 million). The annualised rate of return was higher at 3.3% (2022: 1.6%), due to higher reinvestment yields and higher returns on floating rate securities as interest rates rose throughout the year.

An increase in the market value of the portfolio of £98.1 million (2021: £255.6 million reduction) primarily relates to the reversal of losses recognised in 2022 as the bonds are held closer to maturity. That movement is reflected in the Statement of Other Comprehensive Income.

Cash and investments analysis

£m	2023	2022
Fixed income and debt securities	2,825.9	2,372.7
Money market funds and other fair value instruments	918.8	934.7
Cash deposits	116.7	101.4
Cash	353.1	297.0
Total[*1]	**4,214.5**	**3,705.8**

**1 Total Cash and Investments include £278.2 million (2022: £198.2 million) of Level 3 investments. Refer to note 6d for further information.*

Cashflow

£m	2023	2022 (restated)
Operating cashflow, before movements in investments	697.5	379.1
Transfers to financial investments	(285.5)	189.0
Operating cashflow	412.0	568.1
Tax payments	(133.0)	(91.2)
Investing cashflows (capital expenditure)	(75.9)	(101.0)
Financing cashflows	(216.7)	(692.8)
Loans funding through special purpose entity	44.9	267.8
Foreign currency translation impact	24.8	(26.6)
Net cash movement	**56.1**	**(75.7)**
Unrealised gains/(losses) on investments	98.1	(255.6)
Movement in accrued interest, foreign exchange and unrealised gains/(losses) on derivatives	69.0	113.2
Net increase in cash and financial investments	**508.7**	**(407.1)**

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

£m	2023	2022 (restated)
Profit after tax	**337.2**	**285.3**
Change in net insurance contract liabilities	309.5	248.6
Net change in trade receivables and liabilities	(42.3)	(21.2)
Change in loans and advances to customers	(73.6)	(280.6)
Non-cash income statement items	61.1	71.1
Taxation expense	105.6	75.9
Operating cashflow, before movements in investments	**697.5**	**379.1**

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 2023 was £4,214.5 million (31 December 2022: £3,705.8 million), the increase reflecting market value gains noted above, an increase in assets at the Group level following the refinancing of the Group's subordinate debt during 2023, and growth in premiums written.

The net increase in cash and investments in the period is £508.7 million (2022: decrease of £407.1 million).

Taxation

The tax charge for the period is £105.6 million (2022: £75.9 million), which equates to 23.8% (2022: 21.0%) of profit before tax. The increase in the UK rate of corporation tax to 25% (from 19%) from 1 April 2023 is a significant driver of the increase. In addition, in late 2023 the Group settled an amount related to a historic Italian tax matter. This is not expected to result in a material increase in the tax charge going forward. See note 10 to the financial statements for further details.

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 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 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 24-36 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 2023, there were no significant commutations, with the majority of quota share reinsurance covering underwriting year 2020, and all arrangements covering the 2019 and prior underwriting years, having now been 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 2022 and 2023 Admiral retained 35% (Italy), 30% (France), 30% (Spain) and 40% (USA) of the underwriting risk in each country respectively.

Excess of loss reinsurance

The Group also purchases excess of loss reinsurance to provide protection against large claims and reviews this cover annually. The UK motor excess of loss cover remained similar to prior years with cover starting at £10 million.

Principal Risks and Uncertainties

The Group's 2023 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 2023

		Year ended	
			Restated[1]
		31 December 2023	31 December 2022
	Note	**£m**	£m
Insurance revenue	5	**3,486.1**	2,956.9
Insurance service expenses	5	**(3,093.2)**	(2,737.2)
Insurance service result before reinsurance		**392.9**	219.7
Net expense from reinsurance contracts held	5	**(87.1)**	(38.4)
Insurance service result		**305.8**	**181.3**
Investment return	**6**	**122.9**	**64.6**
Finance expenses from insurance contracts issued	5	**(94.5)**	(52.0)
Finance income from reinsurance contracts held	5	**28.9**	13.6
Net insurance finance expenses		**(65.6)**	(38.4)
Net insurance and investment result		**363.1**	**207.5**
Interest income from financial services		**94.9**	58.7
Interest expense related to financial services		**(26.8)**	(12.6)
Net interest income from financial services		**68.1**	**46.1**
Other revenue and profit commission	8	**205.7**	256.4
Other operating expenses	9	**(250.8)**	(204.6)
Other operating expenses recoverable from co-insurers	9	**107.8**	86.7
Expected credit losses	6	**(31.0)**	(18.9)
Other income and expenses		**31.7**	**119.6**
Operating profit		**462.9**	**373.2**
Finance costs	6	**(20.5)**	(13.5)
Finance costs recoverable from co- and reinsurers	6	**0.4**	1.5
Net finance costs		**(20.1)**	**(12.0)**
Profit before tax		**442.8**	361.2
Taxation expense	10	**(105.6)**	(75.9)
Profit after tax		**337.2**	**285.3**
Profit after tax attributable to:			
Equity holders of the parent		**338.0**	286.5
Non-controlling interests (NCI)		**(0.8)**	(1.2)
		337.2	**285.3**
Earnings per share			
Basic	12	**111.2p**	95.4p
Diluted	12	**110.8p**	95.0p

Dividends declared and paid (total)	12	**307.1**	658.3
Dividends declared and paid (per share)	12	**103.0p**	223.0p

[1]2022 comparative figures have been restated following the adoption of IFRS 17 *Insurance Contracts*. For further information see note 2 to the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £m	Restated[1] 31 December 2022 £m
Profit for the period		**337.2**	**285.3**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve		**98.1**	(255.6)
Deferred tax charge in relation to movement in fair value reserve		**(5.7)**	13.0
Movements in insurance finance reserve		**(78.9)**	177.8
Deferred tax in relation to movement in insurance finance reserve		**9.7**	(22.8)
Exchange differences on translation of foreign operations		**3.7**	(4.3)
Movement in hedging reserve		**(18.1)**	25.1
Deferred tax charge in relation to movement in hedging reserve		**4.5**	(7.0)
Other comprehensive income for the period, net of income tax		**13.3**	(73.8)
Total comprehensive income for the period		**350.5**	**211.5**
Total comprehensive income for the period attributable to:			
Equity holders of the parent		**351.3**	212.6
Non-controlling interests		**(0.8)**	(1.1)
		350.5	**211.5**

[1]2022 comparative figures have been restated following the adoption of IFRS 17 *Insurance Contracts*. For further information see note 2 to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	As at **31 December 2023** **£m**	Restated[1] 31 December 2022 £m	Restated[1] 1 January 2022 £m
ASSETS				
Property and equipment	11	**90.1**	89.8	103.2
Intangible assets	11	**242.9**	217.6	151.8
Deferred income tax	10	**46.1**	28.4	20.7
Corporation tax asset		**20.4**	9.1	10.2
Reinsurance contract assets	5	**1,191.9**	1,015.4	987.2
Loans and advances to customers	7	**879.4**	823.9	556.8
Other receivables	6	**409.9**	316.4	391.5
Financial investments	6	**3,862.4**	3,411.2	3,742.6
Cash and cash equivalents	6	**353.1**	297.0	372.7
Total assets		**7,096.2**	**6,208.8**	**6,336.7**
EQUITY				
Share capital	12	**0.3**	0.3	0.3
Share premium account		**13.1**	13.1	13.1
Other reserves	12	**(40.5)**	(50.2)	23.7
Retained earnings		**1,018.9**	922.6	1,243.5
Total equity attributable to equity holders of the parent		**991.8**	885.8	1,280.6
Non-controlling interests		**1.0**	1.2	2.3
Total equity		**992.8**	**887.0**	**1,282.9**
LIABILITIES				
Insurance contract liabilities	5	**4,581.7**	4,025.4	3,926.4
Subordinated and other financial liabilities	6	**1,129.8**	939.1	670.9
Trade and other payables	6, 11	**305.8**	254.9	351.2
Lease liabilities	6	**81.2**	88.5	105.3
Corporation tax liabilities		**4.9**	13.9	—
Total liabilities		**6,103.4**	**5,321.8**	**5,053.8**
Total equity and total liabilities		**7,096.2**	**6,208.8**	**6,336.7**

[1]2022 comparative figures have been restated following the adoption of IFRS 17 *Insurance Contracts*. For further information see note 2 to the financial statements.

The accompanying notes form part of these financial statements. These financial statements were approved by the Board of Directors on 6 March 2024 and were signed on its behalf by:

Geraint Jones

Chief Financial Officer
Admiral Group plc
Company Number: 03849958

Consolidated Cashflow Statement

For the year ended 31 December 2023

		Year ended	
			Restated[1]
		31 December 2023	31 December 2022
	Note	**£m**	£m
Profit after tax		**337.2**	**285.3**
Adjustments for non-cash items:			
- Depreciation of property, plant and equipment and right-of-use assets		**18.2**	18.2
- Impairment/ disposal of property, plant and equipment and right-of-use assets		**(4.0)**	(1.2)
- Amortisation and impairment of intangible assets	11	**40.5**	23.7
- Movement in expected credit loss provision		**15.7**	11.7
- Share scheme charges		**63.3**	57.3
- Interest expense on funding for loans and advances to customers		**26.2**	12.6
- Investment return	6	**(119.3)**	(64.6)
- Finance costs, including unwinding of discounts on lease liabilities		**20.5**	13.4
- Taxation expense	10	**105.6**	75.9
Change in gross insurance contract liabilities	5	**451.3**	372.8
Change in reinsurance assets	5	**(141.8)**	(124.2)
Change in insurance and other receivables		**(94.7)**	75.1
Change in gross loans and advances to customers	7	**(73.6)**	(280.6)
Change in trade and other payables, including tax and social security	11	**52.4**	(96.3)
Cashflows from operating activities, before movements in investments		**697.5**	**379.1**
Purchases of financial instruments		**(3,538.4)**	(3,198.0)
Proceeds on disposal/ maturity of financial instruments		**3,176.1**	3,328.3
Interest and investment income received		**76.8**	58.7
Cashflows from operating activities, net of movements in investments		**412.0**	**568.1**
Taxation payments		**(133.0)**	(91.2)
Net cashflow from operating activities		**279.0**	**476.9**
Cashflows from investing activities:			
Purchases of property, equipment and software		**(75.9)**	(98.6)
Investments in associates		**—**	(2.4)
Net cash used in investing activities		**(75.9)**	**(101.0)**
Cashflows from financing activities:			
Proceeds on issue of loan backed securities		**44.9**	267.8
Proceeds from other financial liabilities		**136.2**	—
Finance costs paid, including interest expense paid on funding for loans		**(35.1)**	(25.3)
Repayment of lease liabilities		**(10.7)**	(9.2)
Equity dividends paid	12	**(307.1)**	(658.3)
Net cash used in financing activities		**(171.8)**	**(425.0)**
Net increase/ (decrease) in cash and cash equivalents		**31.3**	**(49.1)**
Cash and cash equivalents at 1 January		**297.0**	372.7
Effects of changes in foreign exchange rates		**24.8**	(26.6)
Cash and cash equivalents at end of period	6	**353.1**	**297.0**

[1]2022 comparative figures have been restated following the adoption of IFRS 17 *Insurance Contracts*. For further information see note 2 to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share Capital £m	Share premium £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Insurance finance reserve[1] £m	Retained profit and loss[1] £m	**Total[1] £m**	Non-controlling interests £m	**Total equity[1] £m**
		Attributable to the owners of the Company									
At 1 January 2022 previously reported		**0.3**	**13.1**	**36.7**	**3.0**	**4.3**	—	**1,348.8**	**1,406.2**	**2.3**	**1,408.5**
Impact of initial application of IFRS 17[1]		—	—	—	—	0.2	(20.5)	(105.3)	**(125.6)**	—	**(125.6)**
At 1 January 2022 restated[1]		**0.3**	**13.1**	**36.7**	**3.0**	**4.5**	**(20.5)**	**1,243.5**	**1,280.6**	**2.3**	**1,282.9**
Profit/(loss) for the period[1]		—	—	—	—	—	—	286.5	**286.5**	(1.2)	**285.3**
Other comprehensive income[1]		—	—	(242.6)	18.1	(4.4)	155.0	—	**(73.9)**	0.1	**(73.8)**
Total comprehensive income for the period[1]		—	—	(242.6)	18.1	(4.4)	155.0	286.5	**212.6**	(1.1)	**211.5**
Transactions with equity holders											
Dividends	12	—	—	—	—	—	—	(658.3)	**(658.3)**	—	**(658.3)**
Share scheme credit		—	—	—	—	—	—	57.3	**57.3**	—	**57.3**
Deferred tax credit on share scheme credit		—	—	—	—	—	—	(6.4)	**(6.4)**	—	**(6.4)**
Total transaction with equity holders		—	—	—	—	—	—	(607.4)	**(607.4)**	—	**(607.4)**
As at 31 December 2022[1]		**0.3**	**13.1**	**(205.9)**	**21.1**	**0.1**	**134.5**	**922.6**	**885.8**	**1.2**	**887.0**

[1]2022 comparative figures have been restated following the adoption of IFRS 17 *Insurance Contracts*. For further information see note 2 to the financial statements.

Consolidated Statement of Changes in Equity (continued)

	Note	Share Capital £m	Share premium account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Insurance finance reserve[1] £m	Retained profit and loss [1] £m	**Total[1] £m**	Non-controlling interests £m	**Total equity[1] £m**
		Attributable to the owners of the Company									
At 1 January 2023		0.3	13.1	(205.9)	21.1	0.1	134.5	922.6	**885.8**	1.2	**887.0**
Profit/(loss) for the period		—	—	—	—	—	—	338.0	**338.0**	(0.8)	**337.2**
Other comprehensive income		—	—	92.4	(13.6)	3.7	(69.2)	—	**13.3**	—	**13.3**
Total comprehensive income for the period		**—**	**—**	**92.4**	**(13.6)**	**3.7**	**(69.2)**	**338.0**	**351.3**	**(0.8)**	**350.5**
Transactions with equity holders											
Dividends	12	—	—	—	—	—	—	(307.1)	**(307.1)**	—	**(307.1)**
Share scheme credit		—	—	—	—	—	—	63.3	**63.3**	—	**63.3**
Deferred tax credit on share scheme credit		—	—	—	—	—	—	2.1	**2.1**	—	**2.1**
Transfer to loss on disposal of assets held for sale		—	—	—	—	(3.6)	—	—	**(3.6)**	0.6	**(3.0)**
Total transactions with equity holders		**—**	**—**	**—**	**—**	**(3.6)**	—	**(241.7)**	**(245.3)**	**0.6**	**(244.7)**
As at 31 December 2023		**0.3**	**13.1**	**(113.5)**	**7.5**	**0.2**	**65.3**	**1,018.9**	**991.8**	**1.0**	**992.8**

[1]2022 comparative figures have been restated following the adoption of IFRS 17 *Insurance Contracts*. For further information see note 2 to the financial statements.

Notes to the consolidated financial statements

General information

Admiral Group plc is a public limited company incorporated 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 financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS") as adopted by the UK. The financial information set out in this preliminary results announcement does not constitute the statutory accounts for the year ended 31 December 2023. The financial information is derived from the statutory accounts, which comply with IFRS, within the Group's Annual Report & Accounts 2023. These accounts were signed on 6 March 2024 and are expected to be published in March 2024 and delivered to the Registrar of Companies following the Annual General Meeting to be held on 25 April 2024. The independent Auditor's report on the Group accounts for the year ended 31 December 2022 was signed on 7 March 2023, is unqualified, does not draw attention to any matters by way of emphasis and does not include a statement under S498(2) or (3) of the Companies Act 2006. This audit opinion excludes disclosures surrounding capital adequacy calculated under the Solvency II regime as these are outside of the audit scope.

1. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis. In considering this requirements, the directors have taken into account the following:

- The Group's profit projections, including:
  - Changes in premium rates and projected policy volumes across the Group's insurance businesses
  - The impacts of the continued elevated inflationary environment on the cost of settling claims across all of the Group's insurance businesses
  - The return of motor claims frequency towards pre-pandemic levels
  - 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 consumer lending business
  - The More Than acquisition due to complete in the first half of 2024
  - Assessment of wider market risk and changes in investment performance given the changing interest rates toward the end of 2023.
- 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 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, focusing on regulatory guidance issued by the FCA and the PRA in the UK and regular communications between management and regulators
- A review of the Company’s principal risks and uncertainties and the assessment of emerging risks including climate related risks.

Following consideration of all 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 consolidated 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:

- IFRS 17 *Insurance Contracts* (effective 1 January 2023)
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 1 *Presentation of Financial Statements* and Practice Statement 2: Disclosures of Accounting policies (effective 1 January 2023)
- Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023).
- Amendments to IAS 12 *Income Taxes:* International tax reform - Pillar two model rules (effective 1 January 2023).

The application of the amendments listed above has not had a material impact on the Group’s results, financial position and cashflows. Further information on the impact of the transition to IFRS 17 is provided below.

IFRS 17 adoption

IFRS 17, the new insurance contracts standard, replaces IFRS 4 *Insurance Contracts*, from 1 January 2023.

As a result, the opening balance sheet (1 January 2022) and prior year comparatives (FY 2022) have been restated under IFRS 17, applying a fully retrospective approach (i.e. as though IFRS 17 had always been in place).

The new accounting policies and choices adopted in the implementation of IFRS 17 are disclosed in the full in Group's 2023 Annual Report.

The following section provides further information regarding the key factors driving the differences in the 2022 results under IFRS 4 and restated results under IFRS 17.

Summary of Impact of Transition on FY 2022 restated result

			31 December 2022
£m	**IFRS 17**	**IFRS 4**	***Change***
Analysis of profit			
UK Insurance	509.7	615.9	*(106.2)*
International Insurance	(56.2)	(53.8)	*(2.4)*
International Insurance – European Motor	(16.5)	(1.6)	*(14.9)*
International Insurance – US Motor	(36.4)	(48.9)	*12.5*
International Insurance – Other	(3.3)	(3.3)	—
Admiral Money	2.1	2.1	—
Other	(94.4)	(95.2)	*0.8*
Group profit before tax	**361.2**	**469.0**	***(107.8)***

The 2022 profit before tax on an IFRS 17 basis is lower than that reported under IFRS 4. The following table sets out the key differences for the UK and international insurance profits reported under IFRS 17 compared to IFRS 4:

£m	**UK**	**International**
IFRS 4 reported profit	**615.9**	**(53.8)**
Timing of reserve releases	(93.3)	(9.9)
Discounting	15.4	9.5
Timing of Quota share reinsurance recoveries	(41.2)	(2.9)
Other	12.9	0.9
IFRS 17 reported profit before tax	**509.7**	**(56.2)**

The difference between IFRS 4 and IFRS 17 reported profit primarily arises as a result of differences in the reserve strength or risk adjustment position over the course of 2022 under each standard. Under IFRS 4, Admiral moved down to the 95th percentile over the course of 2022. Under IFRS 17, Admiral moved down to the 95th percentile at the transition date of 1 January 2022, and remained at that percentile during 2022. This results in lower reserve releases under IFRS 17 in 2022, and therefore lower profit.

The discounting impact shown above is the impact of the discounting of the gross, net of XoL claims cost and finance expenses recognised in the period. In UK Insurance, whilst there is a favourable impact of discounting of the claims incurred of circa £52 million at YE 2022, this is offset by the unwind of discounting of prior years, reducing the overall discounting benefit to £15 million when compared to IFRS 4 claims costs. It should be noted that whilst the higher discount curves seen in 2022 result in lower claims reserves, the Group's accounting policy decision to take the impact of changes in yield curve on outstanding claims reserves to other comprehensive income means that this is not a material driver of IFRS 17 profit in 2022.

In addition, the majority of the discounting benefit on gross claims net of excess of loss reinsurance is offset by the significant adverse movement on quota share recoveries. This is significant given that, due to quota share contracts having been largely commuted on earlier underwriting years, there is no significant offsetting finance income (representing the unwind of discounting within the quota share result).

Other movements include a number of largely offsetting differences in the timing of recognition of acquisition expenses, quota share reinsurance profit commission recoveries, and movements in the onerous loss component.

Acquisition of More Than home and pet personal lines from RSA

During December 2023 the Group signed an agreement to acquire the UK direct home and pet personal lines insurance operations of RSA Insurance Group Limited ("RSA"). The acquisition is expected to complete during the first half of 2024. The consideration payable at completion is £82.5 million, with a further potential payment of £32.5 million depending on the number of policies successfully migrated to the Group. The acquisition will not include liabilities relating to existing policies, which will remain with RSA. There is no impact on the results reported in these financial statements as a result of the transaction.

2. 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, including where appropriate, weather-related factors. 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.

Critical accounting judgements and estimates that are not impacted by the adoption of IFRS 17 will be set out in full in the Group's 2023 Annual Report. The following section sets out the key judgements and estimates impacted as a result of the adoption of IFRS 17.

2a. Critical accounting judgements in the application of IFRS 17

Premium allocation approach ('PAA')

The Group applies the PAA to all of its insurance and reinsurance contracts.

The coverage period of insurance contracts is typically one year or less, including insurance contract services arising from all premiums within the contract boundary. The Group does not consider the existing products with more than 12 months coverage to be material. The Group's insurance contracts are therefore automatically eligible for the PAA.

However, the Group's reinsurance contracts are not automatically eligible for the PAA given that the coverage period is greater than one year. The Group has modelled the expected cashflows and reasonably possible future scenarios for its reinsurance contracts, and as a result expects that the measurement of the asset for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. Its reinsurance contracts are therefore eligible for the PAA.

The modelling of the cashflows associated with the Group's reinsurance contracts, and reasonably possible future scenarios, is a key area of judgement that impacts the PAA eligibility assessment and the resulting measurement of and presentation of reinsurance contracts in these financial statements.

Classification of the Group's contracts with reinsurers as reinsurance contracts

A contract is required to transfer significant insurance risk in order to be classified as such. Management reviews all terms and conditions of each such insurance and reinsurance contract in order to be able to make this judgement. In particular, all reinsurance contracts (both excess of loss and quota share contracts) held by the Group have been assessed and it has been concluded that all contracts transfer significant insurance risk and have therefore been classified and accounted for as reinsurance contracts within these financial statements.

Unit of account: combination of insurance contracts and separation of distinct components

The lowest unit of account in IFRS 17 is the contract and there is a presumption that a contract with the legal form of a single contract would generally be considered a single contract in substance. However, there might be certain facts and circumstances where legal form does not reflect the substance of the arrangement and separation of the contract is required, or alternatively circumstances when contracts should be combined, such as when a set of insurance contracts with the same or a related counterparty may achieve, or be designed to achieve, an overall commercial effect.

Overriding the legal contract to reflect substance is not a policy choice; it is a significant judgement requiring careful consideration of all relevant facts and circumstances. The following considerations, as set out by the IFRS 17 Transition Resource Group, are deemed relevant in assessing whether the contracts should be separated, or alternatively, combined:

- whether there is interdependency between the different risks covered
- whether components lapse together, and
- whether components can be priced and sold separately.

In addition, any cashflows related to promises to transfer distinct goods or services, other than insurance contract services, that are within the host insurance contract are separated and recognised by applying IFRS 15. In determining whether there are such distinct components, the following is considered:

- whether the policyholder can benefit from the good or service on its own or together with other resources available to the policyholder
- whether the cashflows and risks associated with the good or services are highly interrelated with the cashflows and risks associated with the insurance components in the contract
- whether the Group provides a significant service in integrating the good or service

with the insurance components.

After separating any such distinct components, IFRS 17 is applied to all remaining components of the (host) insurance contract.

The Group has determined that, in applying these requirements to its insurance contracts:

- The individual insurance policies contained in a ’multi-cover policy’ are treated as separate contracts, given that the components can be priced and sold separately, there is little interdependency between the risks covered, and the components can lapse separately
- The cashflows associated with administration fees (for changes to the underlying insurance policy), and instalment income (being the additional fees payable by a policyholder associated with paying for an insurance contract over 12 months, rather than in one up-front payment), are non-distinct given that the policyholder cannot benefit from these services separately and the services are highly interrelated with the core insurance policy. These cashflows are therefore treated as insurance revenue under IFRS 17. However, for the component of the insurance policy that is underwritten outside the Group by a third party insurer, the Group is performing an agency service on behalf of the third party insurer, and therefore this component is treated as a separate component of revenue and accounted for under IFRS 15
- The cashflows associated with ancillary or ’add on’ products (which are sold within the same set of contracts as the core product), are separated from the core product in cases where the policyholder can benefit from the product on its own, and where the cashflows are not highly interrelated with the insurance components in the contract or the Group does not provide a significant service in integrating the products.

In addition, the Group’s quota share reinsurance contracts contain profit commission arrangements. Under these arrangements, there is a minimum guaranteed amount that the Group, as the policyholder, will always receive – either in the form of profit commission, or as claims, or another contractual payment irrespective of the insured event happening. The minimum guaranteed amounts have been assessed to be highly interrelated with the insurance component of the reinsurance contacts and are, therefore, non-distinct investment components which are not accounted for separately. Given that the receipt and payment of these non-distinct investment components do not relate to the provision of insurance services, the amounts are excluded from the net reinsurance expenses in the Group’s income statement (i.e. both ceded reinsurance premiums and ceded recoveries are presented net of the minimum guaranteed amount that the Group will always receive).

Presentation of reinsurance ‘funds withheld’ contracts

The Group has a number of quota share reinsurance contracts that have funds withheld features, whereby the quota share proportion of ceded premiums and related recoveries are retained by the Group, and settled on a net basis at commutation. The only initial cashflows during the coverage period are therefore the payment of any reinsurer margin.

Under IFRS 17, the reinsurance assets related to these funds withheld contracts are presented on a cashflow basis i.e. the full proportional share of ceded premiums and recoveries is not presented in either the Income Statement or the Statement of Financial Position.

2b. Key sources of estimation uncertainty in the application of IFRS 17

Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cashflows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Group's degree of risk aversion. The Group estimates an adjustment for non-financial risk separately from all other estimates.

Applying a confidence level technique (value at risk ("VaR")), the Group estimates the probability distribution of the present value of the future cashflows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cashflows.

The Group's risk adjustment is set in a range between the 85th and 95th percentile, on a net of excess of loss reinsurance basis. The level and estimate of risk adjustment required at reporting date is made in a way that reflect the Group's degree of risk aversion, taking into account both internal factors (such as data quality and trends; diversification across portfolios) and external factors (such as inflation and potential changes in Ogden rate) that are relevant at that point in time.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Group applies these techniques both gross and net of excess of loss reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results. The net of excess of loss risk adjustment is allocated to quota share reinsurance contracts on a proportional basis.

The risk adjustment is calculated at the issuing entity level. Diversification benefit is included across portfolios within the entity, to reflect the diversification in contracts sold across entities.

The risk adjustment is then allocated down to each portfolio of contracts within the entity using a spread VaR methodology to inform the allocation, to ensure coherence of the gross and excess of loss reinsurance results for risk adjustment across the portfolios within an entity. Allocations of the risk adjustment to each underwriting year (annual cohort) of contracts within a portfolio is performed manually, based on a systematic approach using management judgement. This typically involves allocating a higher proportion of the risk adjustment to the more recent underwriting years that are less developed and therefore more uncertain, compared to the proportion of risk adjustment allocated to older, more developed years.

Where a risk adjustment is required for the liability for remaining coverage due to facts and circumstances indicating that contracts are onerous, this is derived using the risk adjustment for the earned portion of the reserves, adjusted for the unearned claims reserves to reflect the difference in exposure/size of reserves and difference in drivers of risk in the reserves.

3. Insurance and financial risk

3a. Insurance risk sensitivity analysis

The following sensitivity analysis shows the impact on profit for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The sensitivities are shown for UK motor only, being the line of business where such sensitivities could have a material impact at a Group level. The sensitivities are shown on a gross and net of quota share reinsurance basis to illustrate the impacts on shareholder profit and equity before and after risk mitigation from quota share reinsurance. The sensitivities (both gross and net) include the impacts of movements in co-insurance profit commission, given that underwriting year loss ratios including risk adjustment, are a direct input to the calculation of profit commission. Refer to note 8 to these financial statements for the accounting policy for co-insurance profit commission.

Odgen discount rate

The sensitivities reflect the impact on profit before tax and equity in 2023 for changes to the Ogden discount rate from the current rate of minus 0.25%, with all other assumptions (including the absolute value of risk adjustment) remaining unchanged.

				2023
£m	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Ogden discount rate increase by 125 bps to +1.00%	133.9	95.3	110.6	77.0
Ogden discount rate increase by 75 bps to +0.50%	82.8	57.4	68.3	46.3
Ogden discount rate increase by 25 bps to 0.00%	29.2	20.0	24.0	16.1
Ogden discount rate decrease by 75 bps to -1.00%	(104.4)	(70.2)	(86.3)	(56.6)

The sensitivities do not reflect the full ultimate impacts of changes in the Ogden rate as some of the impact will flow into future financial periods.

In addition, should the Ogden discount rate change in future periods, the impacts on profit before tax and equity are likely to be larger than those set out above, as a result of including the impacts on claims arising in relation to premium written and earned beyond 31 December 2023.

Risk adjustment

The sensitivities reflect the impact on profit before tax in 2023 and equity as at the end of 2023 for changes in the selection of the UK motor risk adjustment confidence level at 31 December 2023, with all other assumptions remaining unchanged.

£m	Impact on profit before tax gross of reinsurance	Impact on profit before tax net of reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
				2023
Risk adjustment increase to 95th percentile	(54.4)	(25.6)	(45.6)	(20.3)
Risk adjustment decrease to 90th percentile	45.6	24.1	38.3	19.3
Risk adjustment decrease to 85th percentile	108.8	57.6	91.2	46.0

Undiscounted loss ratios, including risk adjustment

The sensitivities reflect the impact on profit before tax in 2023 and equity as at the end of 2023, of a change in the booked loss ratios for individual underwriting years (UWY) as at 31 December 2023, with all other assumptions remaining unchanged.

								2023
£m	**UWY 2020 impact on:**		**UWY 2021 impact on:**		**UWY 2022 impact on:**		**UWY 2023 impact on:**	
	PBT	**Equity**	**PBT**	**Equity**	**PBT**	**Equity**	**PBT**	**Equity**
Increase of 1%: gross of reinsurance	(19.8)	(15.2)	(13.9)	(11.1)	(14.5)	(12.6)	(9.6)	(8.4)
Increase of 3%: gross of reinsurance	(59.3)	(45.7)	(41.7)	(33.4)	(43.4)	(37.7)	(28.7)	(25.3)
Increase of 5%: gross of reinsurance	(98.9)	(76.1)	(69.5)	(55.6)	(72.3)	(62.9)	(47.8)	(42.2)
Decrease of 1%: gross of reinsurance	19.8	15.2	13.9	11.1	14.5	12.6	9.6	8.4
Decrease of 3%: gross of reinsurance	59.3	45.7	41.7	33.4	43.4	37.7	28.7	25.3
Decrease of 5%: gross of reinsurance	98.9	76.1	69.5	55.6	72.3	62.9	47.8	42.2
Increase of 1%: net of reinsurance	(19.8)	(15.2)	(6.4)	(5.0)	(4.4)	(3.6)	(3.5)	(2.8)
Increase of 3%: net of reinsurance	(59.3)	(45.7)	(19.1)	(15.1)	(13.1)	(10.8)	(10.4)	(8.5)
Increase of 5%: net of reinsurance	(98.9)	(76.1)	(29.0)	(22.8)	(21.8)	(18.0)	(17.3)	(14.2)
Decrease of 1%: net of reinsurance	19.8	15.2	7.0	5.5	4.4	3.6	3.4	2.8
Decrease of 3%: net of reinsurance	59.3	45.7	27.3	21.7	13.1	10.8	10.4	8.5
Decrease of 5%: net of reinsurance	98.9	76.1	49.0	39.0	24.1	20.0	19.6	16.3

*[*2] 'Booked' loss ratios are undiscounted underwriting year loss ratios, including risk adjustment.*

3b. Financial risk: Interest rate sensitivity analysis

The impact on profit and loss (before tax) and equity arising from the impact of 100 basis point and 200 basis point increases and decreases in interest rates on insurance contract liabilities and reinsurance contract assets, is as follows:

				31 December 2023
£m	**Impact on profit before tax gross of reinsurance**	**Impact on profit before tax net of reinsurance**	**Impact on equity gross of reinsurance**	**Impact on equity net of reinsurance**
Increase of 100 basis points	22.2	15.4	60.1	49.7
Decrease of 100 basis points	(24.3)	(17.0)	(68.4)	(57.4)
Increase of 200 basis points	42.7	29.5	113.9	93.8
Decrease of 200 basis points	(51.2)	(36.2)	(148.5)	(125.9)

The impact on profit before tax of a 100 basis and 200 basis point move in relation to investments and cash is not significant, at £15.2 million and £30.4 million respectively. The impact on equity is more significant, at £81.7 million and £163.4 million respectively, as a result of the gains and losses on the majority of the financial investment portfolio being reflected in Other Comprehensive Income.

Sensitivities for the 2022 comparative period are not significantly different to those provided above.

4. Operating segments

The Group has four 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, 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, credit scoring applications and direct channels.

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 the results of Admiral Pioneer and compare.com prior to its disposal on 27 March 2023.

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 2023, 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 2023
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations*3 £m	Total £m
Turnover*1	3,776.0	894.9	92.1	48.5	—	**4,811.5**
Insurance revenue	2,596.8	842.6	—	46.7	—	**3,486.1**
Insurance revenue net of XoL	2,517.3	811.8	—	44.4	—	**3,373.5**
Insurance expenses	(559.6)	(249.4)	—	(27.9)	—	**(836.9)**
Insurance claims net of XoL	(1,560.2)	(565.2)	—	(33.1)	—	**(2,158.5)**
Quota share reinsurance result	(18.4)	(22.1)	—	0.1	—	**(40.4)**
Net movement in onerous loss component	4.3	0.6	—	—	—	**4.9**
Underwriting result	**383.4**	**(24.3)**	—	**(16.5)**	—	**342.6**
Net investment income *2	55.2	4.3	—	0.3	(3.2)	**56.6**
Net interest income from financial services	—	—	66.4	0.2	1.5	**68.1**
Net other revenue and operating expenses	157.9	2.0	(56.2)	(12.4)	—	**91.3**
Segment profit/(loss) before tax*4	**596.5**	**(18.0)**	**10.2**	**(28.4)**	**(1.7)**	**558.6**
Other central revenue and expenses, including share scheme charges*4						(101.8)
Investment and interest income						4.6
Finance costs						(18.6)
Consolidated profit before tax						**442.8**
Taxation expense						(105.6)
Consolidated profit after tax						**337.2**

Revenue and results for the corresponding reportable segments for the year ended 31 December 2022 are shown below.

	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations*3 £m	Year ended 31 December 2022 Total £m
Turnover*1	2,784.3	795.9	59.0	41.7	(0.3)	**3,680.6**
Insurance revenue	2,174.2	750.0	—	32.7	—	**2,956.9**
Insurance revenue net of XoL	2,115.7	732.0	—	31.3	—	**2,879.0**
Insurance expenses	(475.7)	(254.6)	—	(24.8)	—	**(755.1)**
Insurance claims net of XoL	(1,466.6)	(547.1)	—	(17.5)	—	**(2,031.2)**
Quota share reinsurance result	104.5	13.9	—	(1.0)	—	**117.4**
Net movement in onerous loss component	5.1	(1.0)	—	—	—	**4.1**
Underwriting result	**283.0**	**(56.8)**	—	**(12.0)**	—	**214.2**
Net investment income *2	18.6	1.1	—	0.1	(2.2)	**17.6**
Net interest income from financial services	—	—	44.6	—	1.5	**46.1**
Net other revenue and operating expenses	208.1	(0.5)	(42.5)	(5.6)	—	**159.5**
Segment profit/(loss) before tax*4	**509.7**	**(56.2)**	**2.1**	**(17.5)**	**(0.7)**	**437.4**
Other central revenue and expenses, including share scheme charges*4						(74.9)
Investment and interest income						10.1
Finance costs						(11.4)
Consolidated profit before tax						**361.2**
Taxation expense						(75.9)
Consolidated profit after tax						**285.3**

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations. Refer to the glossary and note 13 for further information.
*2 Net Investment income is reported net of impairment of financial assets, in line with management reporting.
*3 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International insurance entities and intra-group interest charges related to the UK Insurance and Admiral Money segment.
*4 Segment results are presented net of gross share scheme charges, and any quota share reinsurance recoveries; these net share scheme charges are presented within 'Other central revenue and expenses, including share scheme charges' in line with internal management reporting.

5. Insurance Service result

5a. Accounting policies

The full accounting policies will be provided in the Group's 2023 Annual Report. The information below reflects the Group's key accounting policy choices under IFRS 17, and application thereof.

Accounting policy choices

Area	**IFRS 17 options**	**Adopted approach**
Premium allocation approach ('PAA') eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	Coverage period for the Group's insurance contracts assumed is one year or less and so qualifies automatically for PAA. Reinsurance contracts (both XoL and quota share) include contracts with a coverage period greater than one year. However, there is no material difference in the measurement of the asset for remaining coverage between PAA and the general

		model, therefore these qualify for PAA.
Insurance acquisition cashflows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cashflows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cashflows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	The Group's insurance contracts are all one year or less. The Group has therefore taken the option to expense acquisition costs as incurred.
Liability for Remaining Coverage ('LRC'), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	There is no allowance made for accretion of interest on the LRC given that the premiums are received within one year of the coverage period.
Liability for Incurred Claims ('LIC') adjusted for time value of money	For PAA groups, where claims or directly attributable insurance expenses are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For some claims, for example within the travel product line in the UK, and other immaterial product lines across the Group, the incurred claims are expected to be paid out in less than one year. Similarly, the majority of directly attributable insurance expenses are expected to be settled within one year. For these claims and expenses, no adjustment is made for the time value of money. In addition, given the impact of discounting outstanding claims in the Group's US insurance operation is immaterial, no discounting has been applied. For all other business, the LIC is adjusted for the time value of money.

Insurance finance income and expense	There is an option to disaggregate part of the movement in the LIC resulting from changes in discount rates, and present this in Other Comprehensive Income ('OCI').	The impact on LIC of changes in discount rates will be captured within OCI, in line with the accounting for assets backing the insurance claims liabilities.

Discount rates

A bottom-up approach has been applied in the determination of discount rates. Under this approach, the discount rate is determined as the risk-free yield adjusted for differences in liquidity characteristics between the financial assets used to derive the risk-free yield and the relevant liability cashflows (known as an illiquidity premium).

The following weighted average rates, based on the yield curves derived using the above methodology, were used to discount the liability for incurred claims at the end of the current and prior periods:

				31 December 2023				**31 December 2022**
	1 year	**3 years**	**5 years**	**10 years**	**1 year**	**3 years**	**5 years**	**10 years**
UK Insurance	5.4%	4.3%	4.0%	3.9%	5.1%	5.0%	4.7%	4.4%
International (European motor)	4.0%	3.1%	3.0%	3.0%	3.8%	3.9%	3.8%	3.7%

5b. Insurance revenue

Insurance revenue for the corresponding reportable segments for the period ended 31 December 2023 are shown below.

					31 December 2023
	UK Motor	UK Non-motor	Int. Insurance	Other	**Total Group**
	£m	£m	£m	£m	**£m**
Insurance revenue related movement in liability for remaining coverage	**2,250.2**	**346.6**	**842.6**	**46.7**	**3,486.1**

Insurance revenue for the corresponding reportable segments for the period ended 31 December 2022 are shown below.

					31 December 2022 (restated)
	UK Motor	UK Non-motor	Int. Insurance	Other	**Total Group**
	£m	£m	£m	£m	**£m**
Insurance revenue related movement in liability for remaining coverage	**1,909.7**	**264.5**	**750.0**	**32.7**	**2,956.9**

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

5c. Insurance service expenses

Insurance service expenses for the corresponding reportable segments for the period ended 31 December 2023 are shown below.

	UK Motor	UK Non-motor	Int. Insurance	Other	**31 December 2023 Total Group**
	£m	£m	£m	£m	**£m**
Incurred claims					
Claims incurred in the period	1,755.5	255.0	618.2	36.4	**2,665.1**
Changes to liabilities for incurred claims	(406.9)	(9.1)	(21.3)	(3.3)	**(440.6)**
Total incurred claims	1,348.6	245.9	596.9	33.1	**2,224.5**
Movement in onerous contracts	(18.6)	(2.4)	(2.4)	—	**(23.4)**
Directly attributable expenses					
Administration expenses	377.8	73.5	184.0	19.0	**654.3**
Acquisition expenses	73.4	34.8	65.4	8.9	**182.5**
Insurance expenses	451.2	108.3	249.4	27.9	**836.8**
Share scheme expenses	43.2	2.4	8.9	0.8	**55.3**
Total insurance expenses and share scheme expenses	494.4	110.7	258.3	28.7	**892.1**
Total Insurance service expenses	**1,824.4**	**354.2**	**852.8**	**61.8**	**3,093.2**

Insurance service expenses for the corresponding reportable segments for the period ended 31 December 2022 are shown below.

	UK Motor	UK Non-motor	Int. Insurance	Other	**31 December 2022 (restated) Total Group**
	£m	£m	£m	£m	**£m**
Incurred claims					
Claims incurred in the period	1,620.4	214.8	516.0	21.1	2,372.3
Changes to liabilities for incurred claims	(437.2)	(16.9)	37.2	(3.6)	(420.5)
Total incurred claims	1,183.2	197.9	553.2	17.5	1,951.8
Movement in onerous contracts	(19.1)	0.4	(3.9)	—	(22.6)
Directly attributable expenses					
Administration expenses	327.7	54.6	182.5	16.0	580.8
Acquisition expenses	61.9	31.5	72.1	8.7	174.2
Insurance expenses	389.6	86.1	254.6	24.7	755.0
Share scheme expenses	39.4	4.2	9.4	—	53.0
Total insurance expenses and share scheme expenses	429.0	90.3	264.0	24.7	808.0
Total Insurance service expenses	**1,593.1**	**288.6**	**813.3**	**42.2**	**2,737.2**

5d. Net expenses from reinsurance contracts held

Net expenses from reinsurance contracts held for the corresponding reportable segments for the period ended 31 December 2023 are shown below.

					31 December 2023
	UK Motor	UK Non-motor	Int. Insurance	Other	**Total Group**
	£m	£m	£m	£m	**£m**
Allocation of reinsurance premiums	93.6	49.5	190.0	2.2	**335.3**
Amounts recoverable from reinsurers for incurred insurance service expenses					
Incurred claims	(173.8)	(52.0)	(270.3)	—	**(496.1)**
Changes to liabilities for incurred claims	135.1	(1.4)	95.9	(0.1)	**229.5**
Net expense from reinsurance contracts excluding movement in onerous loss component	54.9	(3.9)	15.6	2.1	**68.7**
Other reinsurance recoveries including movement in loss recovery component	14.5	2.2	1.7	—	**18.4**
Net expenses/(income) from reinsurance contracts held	**69.4**	**(1.7)**	**17.3**	**2.1**	**87.1**

Net expenses from reinsurance contracts held for the corresponding reportable segments for the period ended 31 December 2022 are shown below.

					31 December 2022 (restated)
	UK Motor	UK Non-Motor	Int. Insurance	Other	**Total Group**
	£m	£m	£m	£m	**£m**
Allocation of reinsurance premiums	69.8	44.4	161.3	1.4	**276.9**
Amounts recoverable from reinsurers for incurred insurance service expenses					
Incurred claims	(182.8)	(43.5)	(232.6)	0.2	**(458.7)**
Changes to liabilities for incurred claims	136.7	0.8	64.2	—	**201.7**
Net expense from reinsurance contracts excluding movement in onerous loss component	**23.7**	**1.7**	**(7.1)**	**1.6**	**19.9**
Other reinsurance recoveries including movement in loss recovery component	13.9	(0.3)	4.9	—	**18.5**
Net expenses/(income) from reinsurance contracts held	**37.6**	**1.4**	**(2.2)**	**1.6**	**38.4**

5e. Finance (expenses)/income from insurance contracts held and reinsurance contracts issued

	31 December 2023	31 December 2022
	£m	£m
Amounts recognised through the income statement		
Insurance finance expenses from insurance contracts issued	**(94.5)**	(52.0)
Finance expenses from insurance contracts issued	**(94.5)**	**(52.0)**
Insurance finance income from reinsurance contracts held	**28.9**	13.6
Finance income from reinsurance contracts issued	**28.9**	**13.6**
Net finance expense from insurance / reinsurance contracts issued	**(65.6)**	**(38.4)**
Amounts recognised in other comprehensive income		
(Losses)/gains due to changes in discount rates – insurance contracts	**(128.1)**	274.0
Gains/ (losses) due to changes in discount rates – reinsurance contracts	**49.2**	(96.2)
Total gains before tax recognised in other comprehensive income	**(78.9)**	**177.8**

5f. Insurance Liabilities and Reinsurance assets

(i) Analysis of recognised amounts

	2023			2022		
	Assets £m	Liabilities £m	**Net £m**	Assets £m	Liabilities £m	**Net £m**
Insurance contracts issued						
UK Motor	—	3,315.7	3,315.7	—	2,953.3	2,953.3
UK Non-motor	—	353.7	353.7	—	267.7	267.7
International Motor	—	862.5	862.5	—	776.7	776.7
Other	—	49.8	49.8	—	27.7	27.7
Total insurance contracts issued	**—**	**4,581.7**	**4,581.7**	**—**	**4,025.4**	**4,025.4**
Reinsurance contracts held						
UK Motor	519.9	—	519.9	457.5	—	457.5
UK Non-Motor	191.6	—	191.6	126.5	—	126.5
International Motor	481.8	—	481.8	432.2	—	432.2
Other	—	(1.4)	(1.4)	—	(0.8)	(0.8)
Total reinsurance contracts held	**1,193.3**	**(1.4)**	**1,191.9**	**1,016.2**	**(0.8)**	**1,015.4**
Net						
UK Motor	—	2,795.8	2,795.8	—	2,495.8	**2,495.8**
UK other	—	162.1	162.1	—	141.2	**141.2**
International Motor	—	380.7	380.7	—	344.5	**344.5**
Other	—	51.2	51.2	—	28.5	**28.5**
Total insurance contracts issued	**—**	**3,389.8**	**3,389.8**	**—**	**3,010.0**	**3,010.0**

(ii) Roll-forward of net asset or liability for insurance contracts issued

UK Motor

The following tables reconcile the opening and closing balances of the LRC and LIC for UK Motor.

2023	Liability for remaining coverage			Liability for incurred claims			Total
£ million	Excluding loss component	Loss component	**Total**	Present value of future cashflows	Risk adj. for non-financial risk	**Total**	**Total**
Opening assets	—	—	—	—	—	—	—
Opening liabilities	(534.1)	(8.1)	(542.2)	(1,984.5)	(426.6)	(2,411.1)	(2,953.3)
Net opening balance	**(534.1)**	**(8.1)**	**(542.2)**	**(1,984.5)**	**(426.6)**	**(2,411.1)**	**(2,953.3)**
Insurance revenue	2,250.2	—	2,250.2	—	—	—	2,250.2
Insurance service expenses							
Incurred claims and insurance service expenses	—	—	—	(2,105.1)	(144.8)	**(2,249.9)**	**(2,249.9)**
Changes to liabilities for incurred claims	—	—	—	140.1	266.8	**406.9**	**406.9**
Losses and reversals of losses on onerous contracts	—	18.6	18.6	—	—	—	**18.6**
Insurance service result	2,250.2	18.6	2,268.8	(1,965.0)	122.0	(1,843.0)	**425.8**
Insurance finance income/(expense) recognised in profit or loss	—	(4.1)	(4.1)	(59.0)	(12.3)	**(71.3)**	**(75.4)**
Insurance finance income/(expense) recognised in OCI	—	(9.4)	(9.4)	(60.5)	(27.0)	**(87.5)**	**(96.9)**
Total changes in comprehensive income	**2,250.2**	**5.1**	**2,255.3**	**(2,084.5)**	**82.7**	**(2,001.8)**	**253.5**
Other changes	—	—	—	—	—	—	—
Cashflows							
Premiums received	(2,482.1)	—	(2,482.1)	—	—	—	**(2,482.1)**
Claims and other insurance service expenses paid	—	—	—	1,866.2	—	**1,866.2**	**1,866.2**
Other movements	—	—	—	—	—	—	—
Total cashflows	**(2,482.1)**	**—**	**(2,482.1)**	**1,866.2**	**—**	**1,866.2**	**(615.9)**
Net closing balance	**(766.0)**	**(3.0)**	**(769.0)**	**(2,202.8)**	**(343.9)**	**(2,546.7)**	**(3,315.7)**
Closing assets	—	—	—	—	—	—	—
Closing liabilities	(766.0)	(3.0)	(769.0)	(2,202.8)	(343.9)	(2,546.7)	(3,315.7)

2022	Liability for remaining coverage			Liability for incurred claims			Total
£ million	Excluding loss component	Loss component	**Total**	Present value of future cashflows	Risk adj. for non-financial risk	**Total**	**Total**
Opening assets	—	—	—	—	—	—	—
Opening liabilities	(473.1)	(28.8)	(501.9)	(1,993.7)	(507.8)	(2,501.5)	(3,003.4)
Net opening balance	**(473.1)**	**(28.8)**	**(501.9)**	**(1,993.7)**	**(507.8)**	**(2,501.5)**	**(3,003.4)**
Insurance revenue	1,909.7	—	**1,909.7**	—	—	—	**1,909.7**
Insurance service expenses							
Incurred claims and insurance service expenses	—	—	—	(1,836.9)	(212.5)	**(2,049.4)**	**(2,049.4)**
Changes to liabilities for incurred claims	—	—	—	175.6	261.6	**437.2**	**437.2**
Losses and reversals of losses on onerous contracts	—	19.1	**19.1**	—	—	—	**19.1**
Insurance service result	1,909.7	19.1	**1,928.8**	(1,661.3)	49.1	**(1,612.2)**	**316.6**
Insurance finance income/(expense) recognised in profit or loss	—	(1.8)	(1.8)	(36.5)	**(8.4)**	**(44.9)**	**(46.7)**
Insurance finance income/(expense) recognised in OCI	—	3.4	3.4	191.9	40.5	**232.4**	**235.8**
Total changes in comprehensive income	**1,909.7**	**20.7**	**1,930.4**	**(1,505.9)**	**81.2**	**(1,424.7)**	**505.7**
Other changes	—	—	—	(1.7)	—	(1.7)	**(1.7)**
Cashflows							
Premiums received	(2,000.8)	—	(2,000.8)	—	—	—	**(2,000.8)**
Claims and other insurance service expenses paid	—	—	—	1,516.8	—	1,516.8	**1,516.8**
Other movements	30.1	—	30.1	—	—	—	**30.1**
Total cashflows	(1,970.7)	—	(1,970.7)	1,516.8	—	1,516.8	**(453.9)**
Net closing balance	**(534.1)**	**(8.1)**	**(542.2)**	**(1,984.5)**	**(426.6)**	**(2,411.1)**	**(2,953.3)**
Closing assets	—	—	—	—	—	—	—
Closing liabilities	(534.1)	(8.1)	(542.2)	(1,984.5)	(426.6)	(2,411.1)	(2,953.3)

(iii) Roll-forward of net asset or liability for reinsurance contracts held

UK Motor

The following tables reconcile the opening and closing balances of the ARC and AIC for UK Motor.

2023	Asset for remaining coverage			Asset for incurred claims			
£ million	Excluding loss component	Loss-recovery component	**Total**	Present value of future cashflows	Risk adj. for non-financial risk	**Total**	**Total**
Opening assets	20.2	6.3	**26.5**	255.4	175.6	**431.0**	**457.5**
Opening liabilities	—	—	—	—	—	—	—
Net opening balance	20.2	6.3	**26.5**	255.4	175.6	**431.0**	**457.5**
Allocation of reinsurance premiums	(93.6)	—	(93.6)	—	—	—	**(93.6)**
Amounts recoverable from reinsurers for incurred claims							
Incurred claims	—	—	—	96.7	77.1	173.8	**173.8**
Changes to liabilities for incurred claims	—	—	—	(43.1)	(92.0)	(135.1)	**(135.1)**
Changes in the loss recovery component	—	(14.5)	(14.5)	—	—	—	**(14.5)**
Net income/ (expense) from reinsurance contracts held	**(93.6)**	**(14.5)**	**(108.1)**	**53.6**	**(14.9)**	**38.7**	**(69.4)**
Reinsurance finance income/(expense) Recognised in profit or loss	—	3.2	3.2	9.4	7.5	16.9	**20.1**
Reinsurance finance income/(expense) Recognised in OCI	—	7.3	7.3	12.5	15.4	27.9	**35.2**
Total changes in comprehensive income	**(93.6)**	**(4.0)**	**(97.6)**	**75.5**	**8.0**	**83.5**	**(14.1)**
Cashflows							
Premiums paid	94.2	—	94.2	—	—	—	**94.2**
Claims recoveries	—	—	—	(2.2)	—	(2.2)	**(2.2)**
Recoveries as a result of commutations	—	—	—	(15.5)	—	(15.5)	**(15.5)**
Total cashflows	**94.2**	**—**	**94.2**	**(17.7)**	**—**	**(17.7)**	**76.5**
Net closing balance	**20.8**	**2.3**	**23.1**	**313.2**	**183.6**	**496.8**	**519.9**
Closing assets	20.8	2.3	23.1	313.2	183.6	496.8	519.9
Closing liabilities	—	—	—	—	—	—	—

2022	Asset for remaining coverage			Asset for incurred claims			
£ million	Excluding loss component	Loss-recovery component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	24.7	21.7	**46.4**	250.7	203.1	**453.8**	**500.2**
Opening liabilities	—	—	—	—	—	—	—
Net opening balance	24.7	21.7	**46.4**	250.7	203.1	**453.8**	**500.2**
Allocation of reinsurance premiums	(69.8)	—	**(69.8)**	—	—	—	**(69.8)**
Amounts recoverable from reinsurers for incurred claims							
Incurred claims	—	—	—	91.9	90.9	**182.8**	**182.8**
Changes to liabilities for incurred claims	—	—	—	(36.7)	(100.0)	**(136.7)**	**(136.7)**
Changes in the loss recovery component	—	(13.9)	**(13.9)**	—	—	—	**(13.9)**
Net income/ (expense) from reinsurance contracts held	(69.8)	(13.9)	**(83.7)**	55.2	(9.1)	**46.1**	**(37.6)**
Reinsurance finance income/(expense) recognised in profit or loss	—	1.3	**1.3**	5.1	3.9	**9.0**	**10.3**
Reinsurance finance income/(expense) recognised in OCI	—	(2.8)	**(2.8)**	(44.8)	(22.3)	**(67.1)**	**(69.9)**
Total changes in comprehensive income	(69.8)	(15.4)	**(85.2)**	15.5	(27.5)	**(12.0)**	**(97.2)**
Other changes	—	—	—	1.8	—	**1.8**	**1.8**
Cashflows							
Premiums paid	65.3	—	**65.3**	—	—	—	**65.3**
Amounts received	—	—	—	(12.6)	—	(12.6)	(12.6)
Total cashflows	65.3	—	**65.3**	(12.6)	—	(12.6)	**52.7**
Net closing balance	20.2	6.3	**26.5**	255.4	175.6	**431.0**	**457.5**
Closing assets	20.2	6.3	**26.5**	255.4	175.6	**431.0**	**457.5**
Closing liabilities	—	—	—	—	—	—	—

(iv) Claims development

The tables below illustrate how estimates of cumulative claims for UK Motor have developed over time on a gross and net of reinsurance basis, for each underwriting year, and reconciles the cumulative claims to the amount included in the Statement of Financial Position.

Gross claims development

Financial year ended 31 December 2023

Underwriting year	2013 & prior	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
UK Motor (core)												
At end of year one		*382*	*394*	*436*	*552*	*686*	*701*	*552*	*688*	*845*	*973*	
At end of year two		*675*	*701*	*829*	*1,144*	*1,175*	*1,067*	*985*	*1,326*	*1,584*		
At end of year three		*659*	*707*	*788*	*994*	*1,109*	*1,010*	*954*	*1,294*			
At end of year four		*689*	*680*	*727*	*947*	*1,064*	*996*	*921*				
At end of year five		*643*	*636*	*713*	*912*	*1,008*	*981*					
At end of year six		*635*	*619*	*690*	*890*	*1,000*						
At end of year seven		*619*	*606*	*656*	*865*							
At end of year eight		*604*	*594*	*652*								
At end of year nine		*593*	*585*									
Ten years later		*590*										
Gross best estimates of undiscounted claims	*3,225*	*590*	*585*	*652*	*865*	*1,000*	*981*	*921*	*1,294*	*1,584*	*973*	*12,670*
Cumulative gross claims paid	*(3,075)*	*(576)*	*(560)*	*(616)*	*(747)*	*(893)*	*(770)*	*(662)*	*(826)*	*(971)*	*(395)*	*(10,091)*
Gross undiscounted best estimate liabilities	*150*	*14*	*25*	*36*	*118*	*107*	*211*	*259*	*468*	*613*	*578*	*2,579*
Risk adjustment (undiscounted)												*411*
Effect of discounting												*(537)*
Gross claims liabilities												***2,453***
Ancillary claims and expense liabilities												*94*
UK Motor Gross liabilities for incurred claims												***2,547***

Claims development, net of XoL reinsurance

Financial year ended 31 December 2023

Underwriting year	2013 & prior £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
UK Motor (core)												
At end of year one		*373*	*378*	*427*	*510*	*646*	*675*	*520*	*661*	*825*	*951*	
At end of year two		*659*	*682*	*783*	*1,053*	*1,123*	*1,033*	*949*	*1,292*	*1,550*		
At end of year three		*644*	*667*	*743*	*917*	*1,053*	*986*	*927*	*1,257*			
At end of year four		*659*	*637*	*692*	*883*	*1,024*	*969*	*892*				
At end of year five		*623*	*607*	*677*	*860*	*974*	*950*					
At end of year six		*619*	*599*	*663*	*840*	*978*						
At end of year seven		*606*	*586*	*640*	*820*							
At end of year eight		*597*	*579*	*635*								
At end of year nine		*589*	*577*									
Ten years later		*589*										
Net of XoL best estimates of undiscounted claims	*3,190*	*589*	*577*	*635*	*820*	*978*	*950*	*892*	*1,257*	*1,550*	*951*	*12,389*
Cumulative claims paid	*(3,075)*	*(576)*	*(560)*	*(616)*	*(747)*	*(893)*	*(770)*	*(662)*	*(826)*	*(971)*	*(395)*	*(10,091)*
Net of XoL undiscounted best estimate liabilities	*115*	*13*	*17*	*19*	*73*	*85*	*180*	*230*	*431*	*579*	*556*	*2,298*
Risk adjustment (undiscounted)												*331*
Effect of discounting												*(420)*
Net of XoL claims liabilities												*2,209*
Ancillary claims liabilities and expenses												*94*
UK Motor Net of XoL liabilities for incurred claims												*2,303*

Claims development, net of reinsurance

Underwriting year	2013 & prior £m	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
												Financial year ended 31 December 2023
UK Motor (core)												
At end of year one		*373*	*378*	*427*	*493*	*625*	*626*	*520*	*657*	*762*	*939*	
At end of year two		*659*	*682*	*783*	*1,016*	*1,086*	*1,033*	*949*	*1,259*	*1,442*		
At end of year three		*644*	*667*	*743*	*886*	*1,018*	*986*	*927*	*1,239*			
At end of year four		*659*	*637*	*692*	*853*	*990*	*969*	*892*				
At end of year five		*623*	*607*	*677*	*830*	*957*	*950*					
At end of year six		*619*	*599*	*663*	*811*	*944*						
At end of year seven		*606*	*586*	*640*	*793*							
At end of year eight		*597*	*579*	*635*								
At end of year nine		*589*	*577*									
Ten years later		*589*										
Net best estimates of undiscounted claims	*3,190*	*589*	*577*	*635*	*793*	*944*	*950*	*892*	*1,239*	*1,442*	*939*	*12,190*
Cumulative net claims paid	*(3,076)*	*(576)*	*(560)*	*(616)*	*(719)*	*(864)*	*(770)*	*(662)*	*(826)*	*(971)*	*(395)*	*(10,035)*
Net undiscounted best estimate liabilities	*114*	*13*	*17*	*19*	*74*	*80*	*180*	*230*	*413*	*471*	*544*	*2,155*
Risk adjustment (undiscounted)												*172*
Effect of discounting												*(365)*
Net claims liabilities												*1,962*
Ancillary claims liabilities and expenses												*88*
UK Motor Net liabilities for incurred claims												***2,050***

(i) UK Motor Loss ratios and Changes to liabilities for incurred claims

The table below shows the development of UK Motor Insurance loss ratios for the past three financial periods, presented on an underwriting year basis, both using undiscounted amounts (i.e. cashflows) and discounted amounts.

UK Motor Insurance loss ratio development–- undiscounted, gross net of excess of loss reinsurance	31 December 2021	2022	**2023**
Underwriting year			
2018	73%	68%	**65%**
2019	73%	71%	**67%**
2020	68%	65%	**58%**
2021	95%	91%	**86%**
2022	—	104%	**96%**
2023	—	—	**94%**

**Booked undiscounted loss ratios presented from the transition date of IFRS 17 (1 January 2022) onwards*

UK Motor Insurance loss ratio development – discounted*, gross net of excess of loss reinsurance	2021	2022	31 December **2023**
Underwriting year			
2018	71%	67%	**64%**
2019	71%	69%	**65%**
2020	67%	63%	**57%**
2021	92%	86%	**81%**
2022	—	97%	**88%**
2023	—	—	**86%**

** Loss ratios using discounted locked-in curves, excluding finance expenses are presented from the transition date of IFRS 17 (1 January 2022) onwards*

The following table analyses the impact of movements in changes to liabilities from incurred claims by underwriting year on a gross and net of excess of loss reinsurance basis for UK Motor.

	31 December 2023 **£m**	31 December 2022 (restated) £m
Gross		
Underwriting year		
2018 & prior	**91.5**	262.4
2019	**61.4**	34.2
2020	**98.2**	84.4
2021	**76.4**	56.1
2022	**79.4**	—
2023	—	—
Total UK motor gross changes to liabilities for incurred claims	**406.9**	**437.2**
Net		
Underwriting year		
2018 & prior	**80.6**	187.2
2019	**65.0**	29.0
2020	**97.7**	62.8
2021	**80.1**	48.2
2022	**69.4**	—
2023	—	—
Total UK motor net of excess of loss changes to liabilities for incurred claims	**392.8**	**327.2**

6. Investment income and finance costs

6a. Investment return

			31 December 2023 £m			31 December 2022 £m
	At EIR	**Other**	**Total**	At EIR	Other	Total
Investment return						
On assets classified as FVTPL	—	**43.3**	**43.3**	—	8.4	8.4
On assets classified as FVOCI*1*3	**77.0**	**(3.6)**	**73.4**	50.3	2.3	52.6
On assets classified as amortised costs*1	**4.1**	**—**	**4.1**	2.0	—	2.0
Net unrealised losses						
Unrealised (loss) / gain on forward contracts	**—**	**(0.2)**	**(0.2)**	—	0.5	0.5
Share of associate profit/ loss	**—**	**(1.3)**	**(1.3)**	—	(0.1)	(0.1)
Interest receivable on cash and cash equivalents*1	**—**	**3.6**	**3.6**	—	1.2	1.2
Total investment and interest income *2	**81.1**	**41.8**	**122.9**	52.3	12.3	64.6

*1 Interest received during the year was £76.8 million (2022: £58.7 million).

*2 Total investment return excludes £3.2 million of intra-group interest (2022: £2.2 million).

*3 Realised losses on sales of debt securities classified as FVOCI are £0.9 million (2022: £2.2 million gain).

6b. Finance costs

	31 December 2023 £m	31 December 2022 £m
Interest payable on subordinated loan notes and other credit facilities*1*2	**18.5**	**11.5**
Interest payable on lease liabilities	**2.0**	**2.0**
Interest recoverable from co and re-insurers	**(0.4)**	**(1.5)**
Total finance costs	**20.1**	**12.0**

*1 Interest paid during the year was £20.5 million (2022: £13.4 million).

*2 See note 7e for details of credit facilities.

Finance costs represent interest payable on the £305.1 million (2022: £200.0 million) subordinated notes and other financial liabilities.

Interest payable on lease liabilities represents the unwinding of the discount on lease liabilities under IFRS 16 and does not result in a cash payment.

6c. Expected credit losses

	Note	**31 December 2023 £m**	31 December 2022 £m
Expected credit (gains) on financial investments		**(2.5)**	**(1.8)**
Expected credit losses on Loans and advances to customers*1		**33.5**	**20.7**
Total expense for expected credit losses		**31.0**	**18.9**

*1 Includes £15.0 million (2022: £7.2 million) of write-offs, with total movement in the expected credit loss provision being £33.5 million (2022: £20.7 million).

6d. Financial assets and liabilities

The Group's financial assets and liabilities can be analysed as follows:

	31 December 2023 £m	31 December 2022 (restated) £m
Financial investments measured at FVTPL		
Money market funds	**587.5**	706.5
Other funds[*1]	**301.3**	188.8
Derivative financial instruments	**17.6**	33.0
Equity Investments (designated FVTPL)	**12.4**	6.4
	918.8	934.7
Financial investments classified as FVOCI		
Corporate debt securities	**2,040.6**	1,701.2
Government debt securities	**519.6**	479.8
Private debt securities	**242.7**	166.6
	2,802.9	2,347.6
Equity investments (designated FVOCI)	**23.0**	25.1
	2,825.9	2,372.7
Financial assets measured at amortised cost		
Deposits with credit institutions	**116.7**	101.4
Investment in Associates	**1.0**	2.4
Total financial investments	**3,862.4**	3,411.2
Other financial assets (measured at amortised cost)		
Insurance receivables	**272.7**	187.6
Trade and other receivables	**75.0**	87.6
Insurance and other receivables	**347.7**	275.2
Loans and advances to customers (note 7)	**879.4**	823.9
Cash and cash equivalents	**353.1**	297.0
Total financial assets	**5,442.6**	4,807.3
Financial liabilities		
Subordinated notes	**315.2**	204.4
Loan backed securities	**759.6**	714.7
Other borrowings	**55.0**	20.0
Derivative financial instruments	—	—
Subordinated and other financial liabilities	**1,129.8**	**939.1**
Trade and other payables	**305.8**	**254.9**
Lease liabilities	**81.2**	**88.5**
Total financial liabilities	**1,516.8**	**1,282.5**

*1 Other funds include fixed income securities recognised as fair value through profit and loss.

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

	31 December 2023		31 December 2022	
	FVTPL £m	**FVOCI £m**	FVTPL £m	FVOCI £m
Level one (quoted prices in active markets)	888.8	2,560.1	900.2	2,180.9
Level two (use of observable inputs)	17.6	—	28.1	—
Level three (use of significant unobservable inputs)	12.4	265.8	6.4*1	191.8
Total	**918.8**	**2,825.9**	**934.7**	**2,372.7**

*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 securities.

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. These include funds that invest in corporate direct lending, residential and commercial mortgages, and other private debt. 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; these valuations are performed by the external fund managers. The key unobservable input across private debt securities is the discount rate which is based on the credit performance of the assets. A deterioration of the credit performance or expected future performance will result in higher discount rates and lower values.

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 cashflow 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 2023
Level Three Investments	**Equity Securities £m**	**Debt Securities £m**	**Total £m**
Balance as at 1 January 2023	31.6	166.6	**198.2**
Gains / (losses) recognised in IS	(0.1)	10.0	**9.9**
Gains / (losses) recognised in OCI	(1.0)	0.8	**(0.2)**
Purchases	6.1	89.6	**95.7**
Disposals	(1.1)	(24.3)	**(25.4)**
Balance as at 31 December 2023	**35.5**	**242.7**	**278.2**

			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**

7. Loans and Advances to Customers

	31 December 2023 £m	31 December 2022 £m
Loans and advances to customers – gross carrying amount	**956.8**	887.4
Loans and advances to customers – provision	**(81.7)**	(63.7)
Total loans and advances to customers – Admiral Money	**875.1**	**823.7**
Total loans and advances to customers – Other	**4.3**	0.2
Total loans and advances to customers	**879.4**	**823.9**

Loans and advances to customers are comprised of the following:

	31 December 2023 £m	31 December 2022 £m
Unsecured personal loans	**937.7**	855.8
Finance leases	**19.1**	31.6
Other	**4.4**	0.2
Total loans and advances to customers, gross	**961.2**	**887.6**

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 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 2023.

	31 December 2023 Scenario peak Unemployment rate	31 December 2023 Weighting	31 December 2022 Scenario peak Unemployment rate	31 December 2022 Weighting
Base	4.7%	50%	4.8%	40%
Upturn	3.5%	10%	3.5%	10%
Downturn	6.0%	30%	6.0%	40%
Severe	8.0%	10%	7.9%	10%

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

The key areas of estimation uncertainty identified, as per note 3 to the financial statements, are in the PD and the forward-looking scenarios.

	31 December 2023 Weighting	31 December 2023 Sensitivity £m	31 December 2022 Weighting	31 December 2022 Sensitivity £m
Base	**50%**	**(1.1)**	40%	(1.3)
Upturn	**10%**	**(5.2)**	10%	(6.9)
Downturn	**30%**	**2.5**	40%	1.4
Severe	**10%**	**8.2**	10%	5.7

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 2023 the implied weighted peak unemployment rate is 5.2%: the table shows that in a downturn scenario with a 6.0% peak unemployment rate the provision would increase by £2.5 million, whilst the upturn would reduce the provision by £5.2 million, base case reduce by £1.1 million and severe increase the provision by £8.2 million.

Stage 1 assets represent 81% of the total loan assets; 0.1% increase in the stage 1 PD, i.e. from 2.2% to 2.3% would result in a £0.6 million increase in ECL.

Post Model Adjustments ('PMA's)

As at 31 December 2023, the expected credit loss allowance included PMAs totalling £9.2 million (2022: £11.3 million).

Post Model Adjustments	**31 December 2023 £m**	31 December 2022 £m
Model performance	**2.0**	3.9
Cost of Living	**6.5**	6.5
Economic scenarios	**0.7**	0.9
	9.2	11.3

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. In addition, interest rate rises in 2023 have created the potential for performance uncertainty. 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. A refresh of the PD model during 2023 has reduced the PMA in comparison to the previous year end.

Cost of Living

This PMA captures the risk of customers falling into a negative affordability position, whereby customers are no longer able to meet their credit commitments due to higher expenditure driven by higher prices and increased mortgage payments, when their standard variable or fixed term rate comes to an end. A PMA is held to acknowledge this, using both external and internal data.

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.

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 at 31 December 2023 and comparative period is as follows:

				31 December 2023	31 December 2022
	Stage 1 12- month ECL £m	**Stage 2 Lifetime ECL £m**	**Stage 3 Lifetime ECL £m**	**Total £m**	Total £m
Credit Grade*1					
Higher	566.0	83.3	—	**649.3**	600.2
Medium	155.8	30.8	—	**186.6**	200.0
Lower	53.6	11.8	—	**65.4**	53.2
Credit impaired	—	—	55.5	**55.5**	34.0
Gross carrying amount	775.4	125.9	55.5	**956.8**	887.4
Expected credit loss allowance	(12.8)	(29.1)	(39.2)	**(81.1)**	(63.1)
Other loss allowance*2	(0.5)	(0.1)	—	**(0.6)**	(0.6)
Carrying amount – Admiral Money	762.1	96.7	16.3	**875.1**	823.7
Carrying amount – Other	4.3	—	—	**4.3**	0.2
Carrying amount	766.4	96.7	16.3	**879.4**	823.9

*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 and co-insurer profit commission

	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total £m**
					31 December 2023
Major products/service line					
Fee and commission revenue	107.2	—	0.1	—	107.3
Revenue from law firm	18.3	—	—	—	18.3
Comparison income*1	—	—	—	1.6	1.6
Total other revenue	125.5	—	0.1	1.6	127.2
Profit commission from co-insurers	76.5	2.0	—	—	78.5
Total other revenue and co-insurer profit commission	202.0	2.0	0.1	1.6	205.7
Timing of revenue recognition					
Point in time	160.4	2.0	0.1	1.6	164.1
Over time	20.1	—	—	—	20.1
Revenue outside the scope of IFRS 15	21.5	—	—	—	21.5
	202.0	2.0	0.1	1.6	205.7

	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	**Total £m**
					31 December 2022 (restated)
Major products/service line					
Fee and commission revenue	104.3	—	0.3	0.2	104.8
Law firm revenue	15.8	—	—	—	15.8
Comparison income	—	—	—	8.3	8.3
Total other revenue	120.1	—	0.3	8.5	128.9
Profit commission from co-insurers	127.5	—	—	—	127.5
Total other revenue and co-insurer profit commission	247.6	—	0.3	8.5	256.4
Timing of revenue recognition					
Point in time	209.0	—	0.3	8.5	217.8
Over time	17.8	—	—	—	17.8
Revenue outside the scope of IFRS 15	20.8	—	—	—	20.8
	247.6	—	0.3	8.5	256.4

*1 Comparison revenue excludes £nil million (31 December 2022: £0.3 million) of income from other Group companies.

Profit commission

The cumulative profit commission recognised is calculated in aggregate across the contract, in line with contract terms, based on a number of detailed inputs for each individual underwriting year, the most material of which are as follows:

- Premiums, defined as gross premiums ceded including any instalment income, less reinsurance premium (for excess of loss reinsurance).
- Insurance expenses incurred.

- Claims costs incurred.
    - The Group uses the expected value method for the initial calculation of profit commission revenue, based on known premiums and expenses, and the best estimate of claims costs.
    - The variable revenue estimated using the expected value method above is constrained through the inclusion of the risk adjustment within the claims cost element of the calculation, with the profit commission recognised aligned to the IFRS 17 booked loss ratios, discounted at locked-in rates, and inclusive of finance expense. The inclusion of the risk adjustment constrains the cumulative profit commission revenue recognised to a level where there is a high probability of no significant reversal.

The key methods, inputs and assumptions used to estimate the variable consideration of profit commission are therefore in line with those used for the calculation of claims liabilities, as set out in note 3 to the financial statements, with further detail also included in note 5. There are no further critical accounting estimates or judgements in relation to the recognition of profit commission.

	31 December 2023 £m	31 December 2022 (restated) £m
Underwriting year		
2019 & prior	**48.8**	105.9
2020	**27.7**	24.5
2021	—	—
2022	—	(2.9)
2023	—	—
Total UK motor profit commission	**76.5**	127.5

9. Directly attributable and other expenses

	31 December 2023		
	Directly attributable expenses £m	**Other operating expenses £m**	**Total expenses £m**
Administration and acquisition expenses	**836.8**	**100.8**	**937.6**
Expenses relating to additional products and fees	—	**41.4**	**41.4**
Share scheme expenses	**55.3**	**28.5**	**83.8**
Loan expenses (excluding movement on ECL provision)	—	**23.0**	**23.0**
Movement in expected credit loss provision	—	**31.0**	**31.0**
Other*[1]	—	**57.1**	**57.1**
Total	**892.1**	**281.8**	**1,173.9**

	31 December 2022 (restated)		
	Directly attributable expenses £m	Other operating expenses £m	Total expenses £m
Administration and acquisition expenses	755.1	83.8	838.9
Expenses relating to additional products and fees	—	38.5	38.5
Share scheme expenses	53.0	26.3	79.3
Loan expenses (excluding movement on ECL provision)	—	22.2	22.2
Movement in expected credit loss provision	—	18.9	18.9
Other*1	—	33.8	33.8
Total	808.1	223.5	1,031.6

*1 Other includes centralised costs (2023: £34.5 million, 2022: £15.0 million) , business development costs (2023: £15.3 million, 2022: £8.8 million) and other costs (2023: £7.3 million, 2022: £10.0 million).

10. Taxation

	31 December 2023 £m	31 December 2022 (restated) £m
Current tax		
Corporation tax on profits for the year	**91.6**	107.6
Under/(over) provision relating to prior periods	**21.3**	(0.8)
Current tax charge	**112.9**	106.8
Deferred tax		
Current period deferred taxation movement	**0.7**	(31.6)
(Over)/Under provision relating to prior periods	**(8.0)**	0.7
Total tax charge per Consolidated Income Statement	**105.6**	75.9

Factors affecting the total tax charge are:

	31 December 2023 £m	31 December 2022 (restated) £m
Profit before tax	**442.8**	361.2
Corporation tax thereon at effective UK corporation tax rate of 23.5% (2022: 19.0%)	**104.1**	68.6
Expenses and provisions not deductible for tax purposes	**3.0**	2.2
Non-taxable income	**(13.4)**	(6.0)
Impact of change in UK tax rate on deferred tax balances	**(0.4)**	(5.6)
Adjustments relating to prior periods	**13.5**	(0.2)
Impact of different overseas tax rates	**(8.9)**	3.6
Unrecognised deferred tax	**7.7**	13.3
Total tax charge for the period as above	**105.6**	75.9

The UK corporation tax rate for 2023 is 23.5% (2022: 19.0%). An increase to the main rate of corporation tax in the UK from 19% to 25% was announced in the 2021 Budget and has come into effect from 1 April 2023.

Adjustments relating to prior periods are higher than previous periods, with £11.7 million of the above total impact of £13.5 million due to the Group deciding to settle a historic Italian tax matter, relating mainly to cross border matters. Further costs of £6.8 million relating to this inspection, such as interest and penalties, are included in Other Group costs within the income statement. These costs are expected to be non-recurring.

11. Other Assets and Other Liabilities

11a. Intangible assets

	Goodwill £m	Customer contracts and relationships £m	Software – Internally generated £m	Software – Other £m	Total £m
At 1 January 2022	**62.3**	—	**64.4**	**25.0**	**151.7**
Additions	—	—	83.4	5.2	88.6
Amortisation charge	—	—	(18.3)	(5.4)	(23.7)
Foreign exchange movement	—	—	6.9	(5.9)	1.0
At 31 December 2022	**62.3**	—	**136.4**	**18.9**	**217.6**
Additions	—	7.9	51.1	7.7	66.7
Amortisation charge	—	—	(34.8)	(5.5)	(40.3)
Disposals	—	—	(0.1)	—	(0.1)
Impairment	—	—	(0.2)	—	(0.2)
Transfers	—	—	—	—	—
Foreign exchange movement & other	—	—	(0.4)	(0.4)	(0.8)
At 31 December 2023	**62.3**	**7.9**	**152.0**	**20.7**	**242.9**

11b. Trade and other payables

	31 December 2023 £m	31 December 2022 (restated) £m
Trade payables	**42.3**	22.7
Other tax and social security	**11.9**	14.9
Amounts owed to co-insurers	**156.9**	115.8
Other payables	**42.5**	38.2
Accruals and deferred income	**52.2**	63.3
Total trade and other payables	**305.8**	254.9
Analysis of accruals and deferred income		
Accruals	**28.3**	41.0
Deferred income	**23.9**	22.3
Total accruals and deferred income as above	**52.2**	63.3

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.

No material provisions have 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 or form a reliable estimate of its financial effect. In these circumstances, specific disclosure of a contingent liability and an estimate of its financial effect will be made where material, unless it is not practicable to do so.

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 cashflows, and as such, 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 2023 £m	31 December 2022 £m
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
Proposed March 2023 (52.0 pence per share, approved April 2023 and paid June 2023)	**154.9**	—
Declared August 2023 (51.0 pence per share, paid October 2023)	**152.2**	—
Total dividends	**307.1**	658.3

The dividends proposed in March (approved in April) represent the final dividends paid in respect of the 2021 and 2022 financial years. The dividends declared in August are interim distributions in respect of 2022 and 2023.

A 2023 final dividend of 52.0 pence per share (approximately £156 million) has been proposed. Refer to the financial narrative for further detail.

12b. Earnings per share

	31 December 2023 £m	31 December 2022 £m
Profit for the financial year after taxation attributable to equity shareholders	**338.0**	286.5
Weighted average number of shares – basic	**303,989,170**	300,207,330
Unadjusted earnings per share – basic	**111.2p**	95.4p
Weighted average number of shares – diluted	**305,052,941**	301,543,390
Unadjusted earnings per share – diluted	**110.8p**	95.0p

The difference between the basic and diluted number of shares at the end of 2023 (being 1,063,771; 2022: 1,336,060) relates to awards committed, but not yet issued under the Group's share schemes. Refer to note 9 for further detail.

12c. Share capital

	31 December 2023 £m	31 December 2022 £m
Authorised		
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5
Issued, called up and fully paid		
306,304,676 ordinary shares of 0.1 pence	**0.3**	—
302,837,726 ordinary shares of 0.1 pence	**—**	0.3
	0.3	0.3

12d. Related party transactions

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

Further detail on the remuneration and shareholdings of key management personnel will be set out in the Directors' Remuneration Report in the Group's 2023 Annual Report.

13. Reconciliation of turnover to reported insurance premium and other revenue as per the financial statements

The following table reconciles turnover, a significant Key Performance Indicators (KPIs) and non-GAAP measure presented within the Strategic Report, to insurance revenue, as presented in note 4 to the financial statements.

	Consolidated Financial Statement Note	31 December 2023 £m	31 December 2022 (restated) £m
Insurance premium revenue	**5b**	**3,283.3**	2,782.1
Movement in unearned premium		**528.3**	142.7
Premiums written after co-insurance		**3,811.6**	2,924.8
Co-insurer share of written premiums		**577.8**	393.4
Total premiums written		**4,389.4**	3,318.2
Other insurance revenue	**5b**	**202.8**	174.8
Other revenue	**8**	**127.2**	128.9
Interest income		**92.1**	58.7
Turnover as per note 4b of financial statements		**4,811.5**	3,680.6
Intra-group income elimination*[1]		**—**	0.3
Total turnover		**4,811.5**	3,680.9

**1 Total insurance revenue of £3,486.1 million (2022: £2,956.9 million), comprised of insurance premium revenue of £3,283.3 million (2022: £2,782.1 million) and Other insurance revenue of £202.8 million (2022: £174.8 million).*
**[2] Intra-group income elimination relates to comparison income earned by compare.com from other Group entities.*

APPENDIX 1 TO THE GROUP FINANCIAL STATEMENTS (unaudited)

1a: Reconciliation of reported loss and expense ratios: Group

£m	Consolidated Financial Statement Note	Core product	Ancillary income	Total gross	31 December 2023 Total, net of XoL reinsurance
Insurance premium revenue		3152.3	131.0	3,283.3	3,170.6
Administration fees, instalment income and non-separable ancillary commission		—	202.8	202.8	202.8
Insurance revenue (A)	*5b/5d*	3,152.3	333.8	3,486.1	3,373.4
Insurance expenses (B)	*5c*	(795.2)	(41.6)	(836.8)	(836.8)
Claims incurred (C)	*5c/5d*	(2,624.6)	(40.5)	(2,665.1)	(2,605.8)
Claims releases (D)	*5c/5d*	440.6	—	440.6	447.3
Quota share reinsurance result[1]					(40.4)
Onerous loss component movement[2]					4.9
Underwriting result (E)					**342.6**
Net share scheme costs[3]					**(36.8)**
Insurance service result					**305.8**
Reported loss ratio ((C+D)/A)					**63.9%**
Reported expense ratio (B/A)					**24.8%**
Insurance service margin (E/A)					**10.2%**

£m	Consolidated Financial Statement Note	Core product	Ancillary income	Total gross	31 December 2022 (restated) Total, net of XoL reinsurance
Insurance premium revenue		2,646.5	135.6	2,782.1	2,704.0
Administration fees, instalment income and non-separable ancillary commission		—	174.8	174.8	174.8
Insurance revenue (A)	*5b/5d*	2,646.5	310.4	2,956.9	2,878.8
Insurance expenses (B)	*5c*	(710.4)	(44.6)	(755.0)	(755.0)
Claims incurred (C)	*5c/5d*	(2,339.3)	(33.0)	(2,372.3)	(2,341.0)
Claims releases (D)	*5c/5d*	420.5	—	420.5	309.8
Quota share reinsurance result[1]					117.4
Onerous loss component movement[2]					4.1
Underwriting result (E)					**214.1**
Net share scheme costs[3]					**(32.8)**
Insurance service result					**181.3**
Reported loss ratio ((C+D)/A)					**70.6%**
Reported expense ratio (B/A)					**26.2%**
Insurance service margin					**7.4%**

1 Quota share reinsurance result excludes quota share reinsurers' share of share scheme costs and movement in onerous loss-recovery component
2 Onerous loss component movement is shown net of all reinsurance
3 Net share scheme costs of £36.8 million (2022: £32.8 million), being gross costs of £55.3 million (2022: £53.0 million, see note 5c) less reinsurers' share of share scheme costs of £18.5 million (2022: £20.2 million) are excluded from the underwriting result.

1b. Reconciliation of reported loss and expense ratios: UK Motor

£m	Consolidated Financial Statement Note	Core product	Ancillary income[1]	Total gross	Total, net of XoL reinsurance	Core product, net of XoL
						31 December 2023
Total premiums written		3,004.3	113.9	3,118.2	3,016.8	2,903.0
Gross premiums written		2,453.9	113.9	2,567.8	2,485.0	2,371.1
Insurance premium revenue		2,007.6	107.8	2,115.4	2,053.8	1,946.0
Instalment income		—	99.0	99.0	99.0	—
Administration fees non-separable ancillary commission			35.8	35.8	35.8	—
Insurance revenue (A)	*5b/5d*	2,007.6	242.6	2,250.2	2,188.6	1,946.0
Insurance expenses (B)	*5c*	(416.8)	(34.4)	(451.2)	(451.2)	(416.8)
Claims incurred (C)	*5c/5d*	(1,719.9)	(35.6)	(1,755.5)	(1,729.0)	(1,693.4)
Claims releases (D)	*5c/5d*	406.9	—	406.9	392.8	392.8
Current period loss ratio (C/A)					**79.0%**	**87.0%**
Claims releases (D/A)					**(17.9%)**	**(20.2%)**
Reported loss ratio ((C+D)/A)					**61.1%**	**66.8%**
Reported expense ratio (B/A)					**20.6%**	**21.4%**

£m	Consolidated Financial Statement Note	Core product	Ancillary income[1]	Total gross	Total, net of XoL reinsurance	Core product, net of XoL
						31 December 2022 (restated)
Total premiums written		2,157.7	113.6	2,271.3	2,213.5	2,099.9
Gross premiums written		1,772.8	113.6	1,886.4	1,838.9	1,725.3
Insurance premium revenue		1,682.4	113.3	1,795.7	1,751.1	1,637.8
Instalment income		-	75.3	75.3	75.3	-
Administration fees and non-separable ancillary commission			38.7	38.7	38.7	-
Insurance revenue (A)	*5b/5d*	1,682.4	227.3	1,909.7	1,865.1	1,637.8
Insurance expenses (B)	*5c*	(354.4)	(35.2)	(389.6)	(389.6)	(354.4)
Claims incurred (C)	*5c/5d*	(1,592.2)	(28.2)	(1,620.4)	(1,596.0)	(1,567.8)
Claims releases (D)	*5c/5d*	437.2	-	437.2	327.2	327.2
Current period loss ratio (C/A)					**85.5%**	**95.7%**
Claims releases (D/A)					**(17.5%)**	**(20.0%)**
Reported loss ratio ((C+D)/A)					**68.0%**	**75.7%**
Reported expense ratio (B/A)					**20.9%**	**21.6%**

[1]Ancillary income combined with other net income is presented as part of UK motor insurance other revenue in reporting "Other revenue per vehicle". Total other revenue was £247.3 million (2022: £236.8 million).

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, 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, unless otherwise stated. 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 insurance revenue, Other revenue and interest income from Admiral Money. It is reconciled to financial statement line items in note 13 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 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 13 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.
Earnings per share	Earnings per share represents the profit after tax attributable to equity shareholders, divided by the weighted average number of basic shares.

Underwriting result (profit or loss)	For each insurance business an underwriting result is presented. This shows the insurance segment result before tax excluding investment income, finance expenses, co-insurer profit commission and other net income. It excludes both gross share scheme costs and any assumed quota share reinsurance recoveries on those share scheme costs.
Loss Ratio	Loss ratios are reported as follows: **Reported loss ratios** are expressed as a percentage, of claims incurred, on a gross basis net of XoL reinsurance, divided by insurance revenue net of XoL reinsurance premiums ceded. The reported loss ratios use the total claims, and earned premium and related income (instalment income, administration fees and ancillary income where it is highly correlated to the core product). It is understood that this is consistent with the approach taken by peers, and it is considered to reflect the true profitability of products sold. **Core product loss ratios** use the total claims and earned premiums for the core product only. This measure is more consistent with that used previously, and are reflective of the performance of the core product in a line of business. The calculations and compositions of the loss ratios are presented within Appendix 1a and Appendix 1b to these financial statements.
Expense Ratio	Expense ratios are reported as follows: **Reported expense ratios** are expressed as a percentage, of expenses incurred, on a gross basis excluding share scheme costs, divided by insurance revenue net of XoL reinsurance premiums ceded. The reported expense ratios use the total expenses (excluding share scheme costs), and earned premium and related income (instalment income, administration fees and ancillary income where it is highly correlated to the core product). It is understood that this is consistent with the approach taken by peers, and it is considered to reflect the true profitability of products sold. **Core product expense ratios** use the total expenses (excluding share scheme costs) and earned premiums for the core product only. This measure is more consistent with that used previously, and are reflective of the performance of the core product in a line of business. **Written expense ratios** are calculated using total expenses (excluding share scheme costs) and written premiums, net of cancellation provision, for the core product only. The calculations of the reported expense ratios are presented within Appendix 1a and Appendix 1b to the financial statements.
Combined Ratio	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 Appendix 1a and Appendix 1b.
Insurance service margin	This is the reported insurance segment underwriting result, divided by insurance revenue net of excess of loss premiums ceded.
Quota share result	The total result (ceded premiums minus ceded recoveries) from contractual quota share arrangements, excluding the quota share reinsurer’s share of share scheme expenses finance expenses and onerous loss component.
Segment result	The profit or loss before tax reported for individual business segments, which exclude net share scheme costs and other central expenses.

Return on Equity	Return on equity is calculated as profit after tax 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. This average is determined by dividing the opening and closing positions for the year by two. It excludes the impact of discontinued operations.
Group Customers	Group customer numbers reflect the total number of cars, vans, households and pets on cover at the end of the year, across the Group, and the total number of travel insurance and Admiral Money 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. The measure has been restated from 2022 onwards to exclude Veygo policies, given the significant fluctuations that can arise at a point in time as a result of the short-term nature of the product.
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. Claims incurred may be presented on an accident year basis or an underwriting year basis, the latter sees the claims attach to the year in which the insurance policy incepted.
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 calculating the 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.

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”).
Claims net of XoL reinsurance	The cost of claims incurred in the period, less any claims costs recovered via salvage and subrogation arrangements or under XoL reinsurance contracts. It includes both claims payments and movements in claims reserves.
Excess of Loss (‘XoL’) reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer on an excess of loss (‘XoL’) basis (full reinsurance for claims over an agreed value).
Insurance premium revenue net of XoL	The element of premium, less XoL reinsurance premium, earned in the period.
Insurance revenue	Gross earned premium (excluding any co-insurer share) plus Other insurance revenue.
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.
Other insurance revenue	Revenue that is considered non-separable from the core insurance product sold and therefore under IFRS 17 is reported as insurance revenue. For the Group, this is typically the instalment income, administration fees and any other non-separable income related to the Group’s retained share of the underwritten products.
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.
Profit commission	A clause found in some reinsurance and co-insurance agreements that provides for profit sharing. Co-insurer profit commission is presented separately on the income statement whilst reinsurer profit commissions are presented within the reinsurance result, as a part of any recovery for incurred claims.
Regulatory Solvency Capital Requirement (‘SCR’)	The Group’s Regulatory Solvency Capital Requirement (SCR) is an amount of capital that it should hold in addition to its liabilities in order to provide a cushion against unexpected events. In line with the rulebook of the Group’s regulator, the PRA, the Group’s SCR is calculated using the Solvency II Standard Formula, and includes a fixed capital add-on to reflect limitations in the Standard Formula with respect to Admiral’s risk profile (predominately in respect of co-and reinsurance profit commission arrangements and risks relating to Periodic Payment Orders (PPOs). The Group’s current fixed capital add-on of £24 million was approved by the PRA during 2023. The Group is required to maintain eligible Own Funds (Solvency II capital) equal to at least 100% of the Group SCR. Both eligible Own Funds and the Group SCR are reported to the PRA on a quarterly basis and reported publicly on an annual basis in the Group’s Solvency and Financial Condition Report. Admiral separately calculates a ‘dynamic’ capital add-on and has used this this to report a solvency capital requirement and solvency ratio at the date of this report. A reconciliation between the regulatory solvency ratio and that calculated on a dynamic basis is included in note 3 to the Group financial statements.

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 ('XoL') basis (full reinsurance for claims over an agreed value).
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.
Solvency ratio	A ratio of an entity's Solvency II capital (referred to as Own Funds) to Solvency Capital Requirement. Unless otherwise stated, Group solvency ratios include a reduction to Own Funds for a foreseeable dividend (i.e. dividends relating to the relevant financial period that will be paid after the balance sheet date)
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.