Admiral Group plc

2011 Investor Day

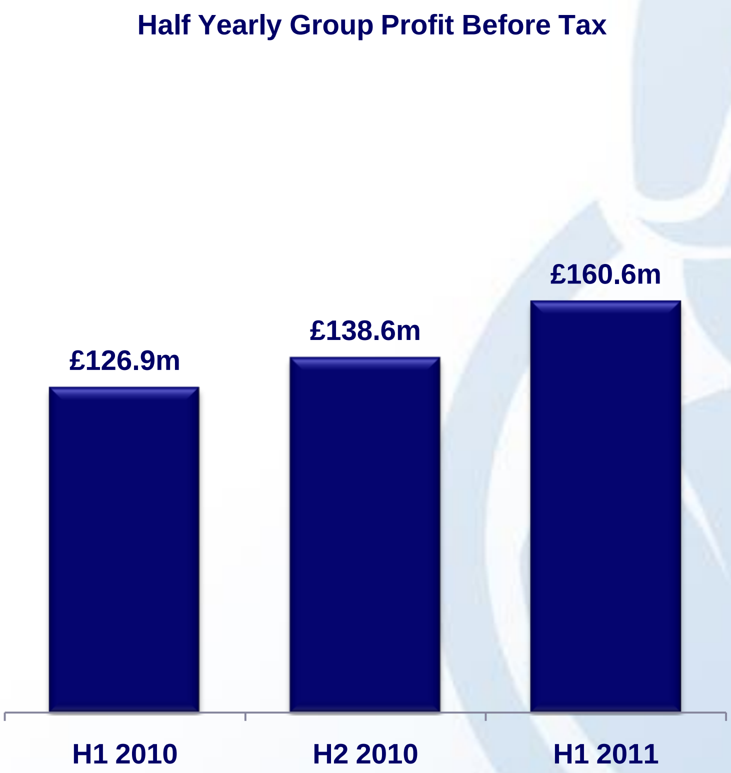
9 November 2011

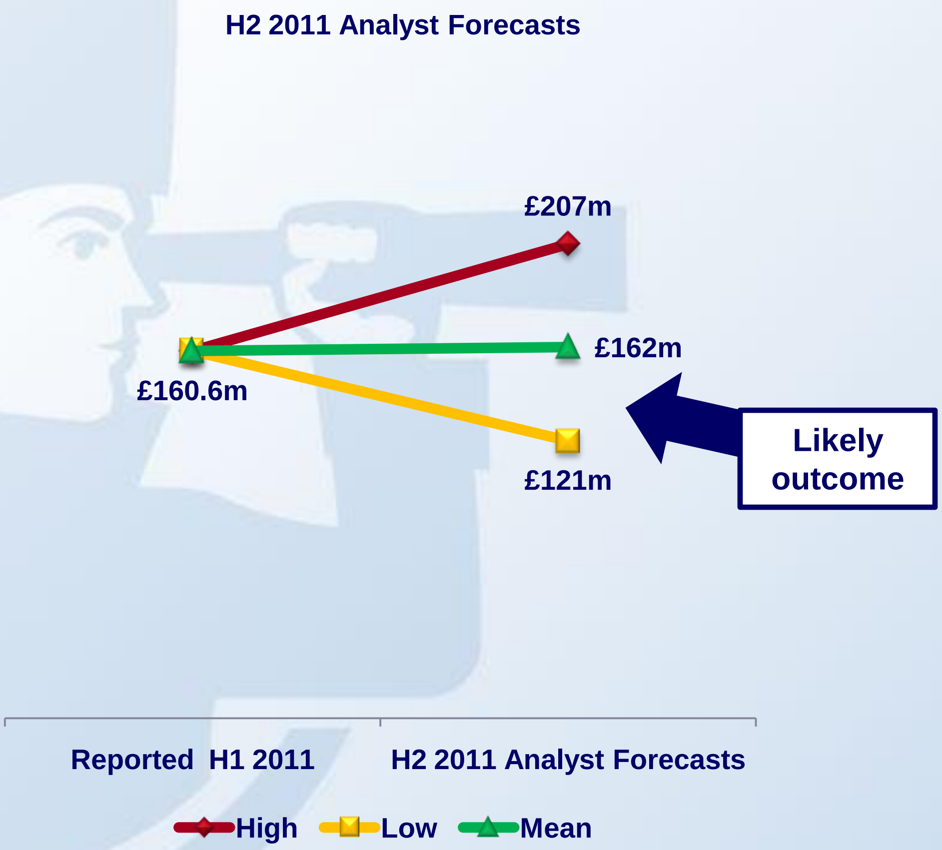
Today's agenda

- IMS – Henry Engelhardt
- UK – David Stevens
- Accounting – Kevin Chidwick
- Wrap Up – Henry Engelhardt
- Q&A

Interim Management Statement

Year-on-year PBT growth c10%, but H2 is likely to be lower than H1





Q3 Group Highlights

- Group turnover* increased by 30% to £582m (Q3 2010: £446 million)
- Group vehicle count increased 27% to 3.3 million (Q3 2010: 2.6 million)
- International car insurance turnover up 45% to £27.0 million (Q3 2010: £18.6 million)
- International car insurance vehicle count up 53% to 267,000 (Q3 2010: 175,000)
- Annualised UK vehicle count growth rate of just over 13%
- Modest UK premium rate increases achieved
- UK ancillary contribution per vehicle in line with H1 2011
- Combined ratio remains significantly lower than the market
- Financial position remains strong

* Turnover is defined as total premiums written (including co-insurers' share) and Other Revenue

Key messages for today

2011 Outlook

- It is looking like the second half of 2011 will not be as profitable as the first
- The frequency and expected cost of new large personal injury claims remains above historical levels of experience
- Therefore we expect some adverse development at the full year on the projected ultimate loss ratios for 2010 and 2011
- If there is no reversal we anticipate full year pre-tax profits will be some 10% ahead of 2010

The Future

- We have a long history of sustained growth in both the scale of our business and its profitability
- Twice as big as 2 years ago and with a combined ratio advantage of 20-30 points over the market gives us a fantastic base to continue this growth
- Our scale puts us in a strong position for the future

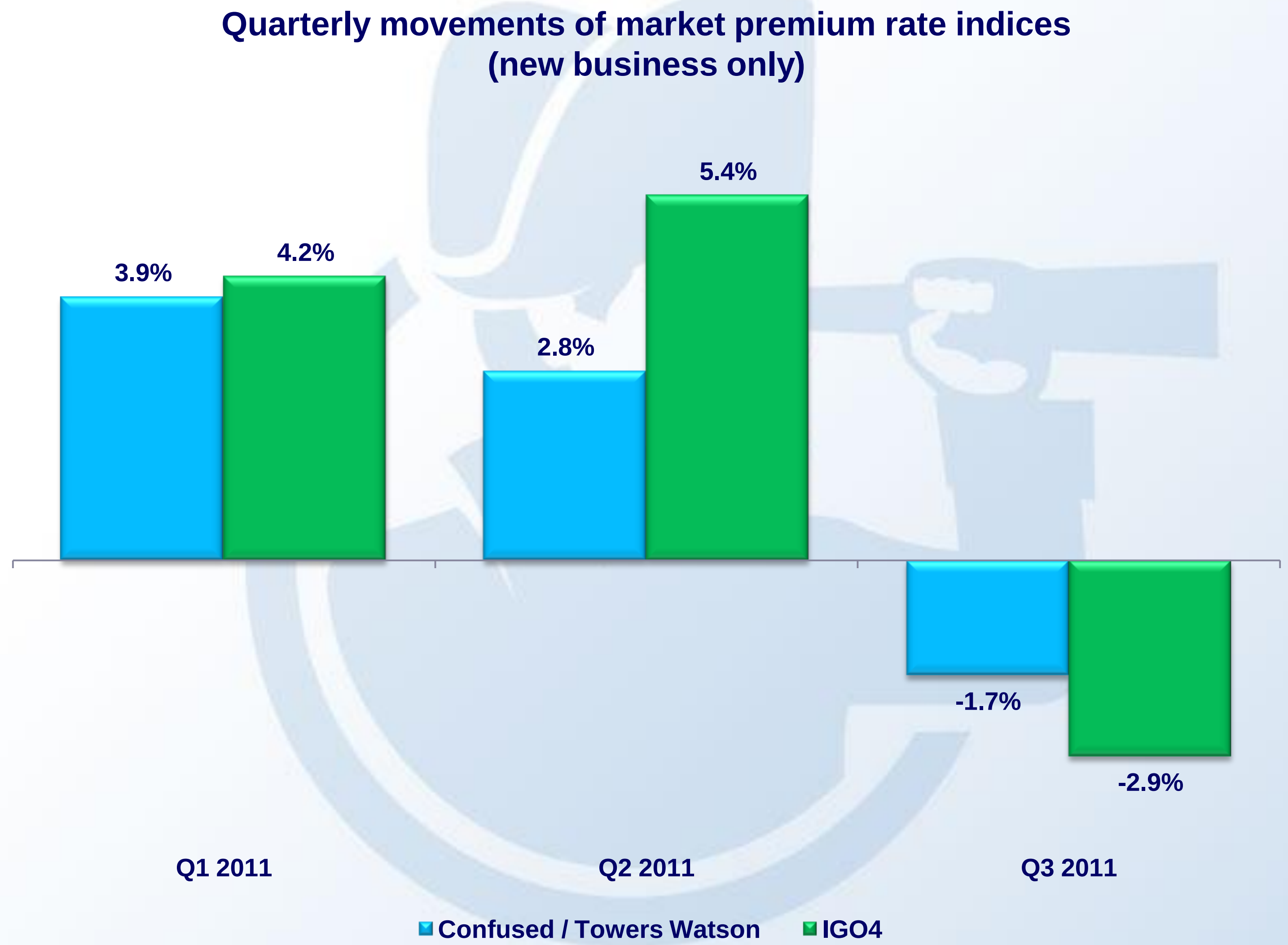
UK

- Market update
- Regulatory environment
- Underwriting performance

UK

- Market update

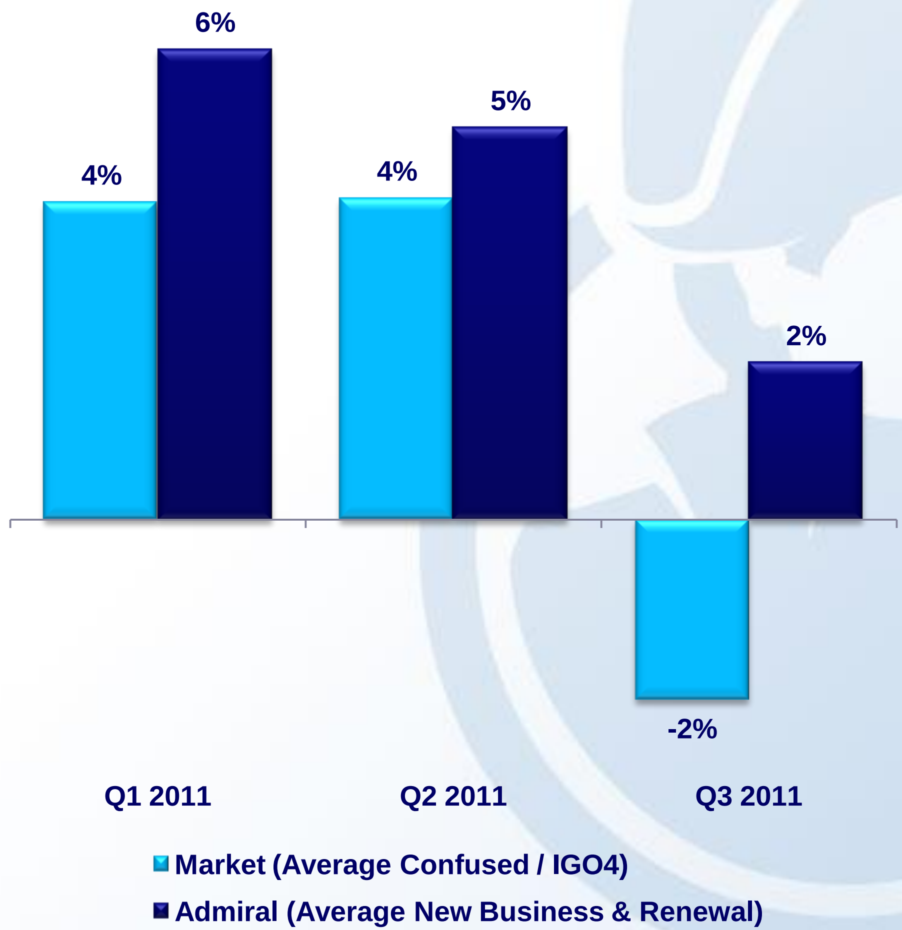
Premium inflation is coming to an end...



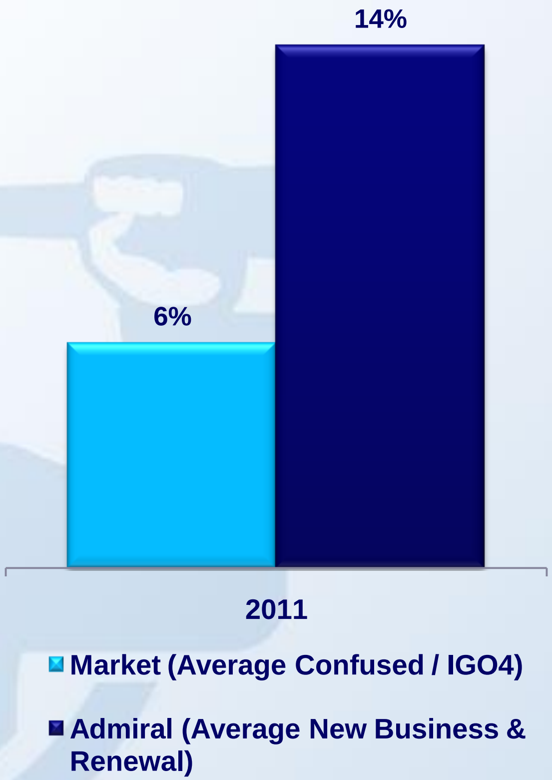
Source: Confused / Towers Watson Index and IGO4 Index

Though Admiral has continued to increase its rates ahead of the market

Quarterly movements of market premium rate indices (new business only) and Admiral rates (new business and renewal)

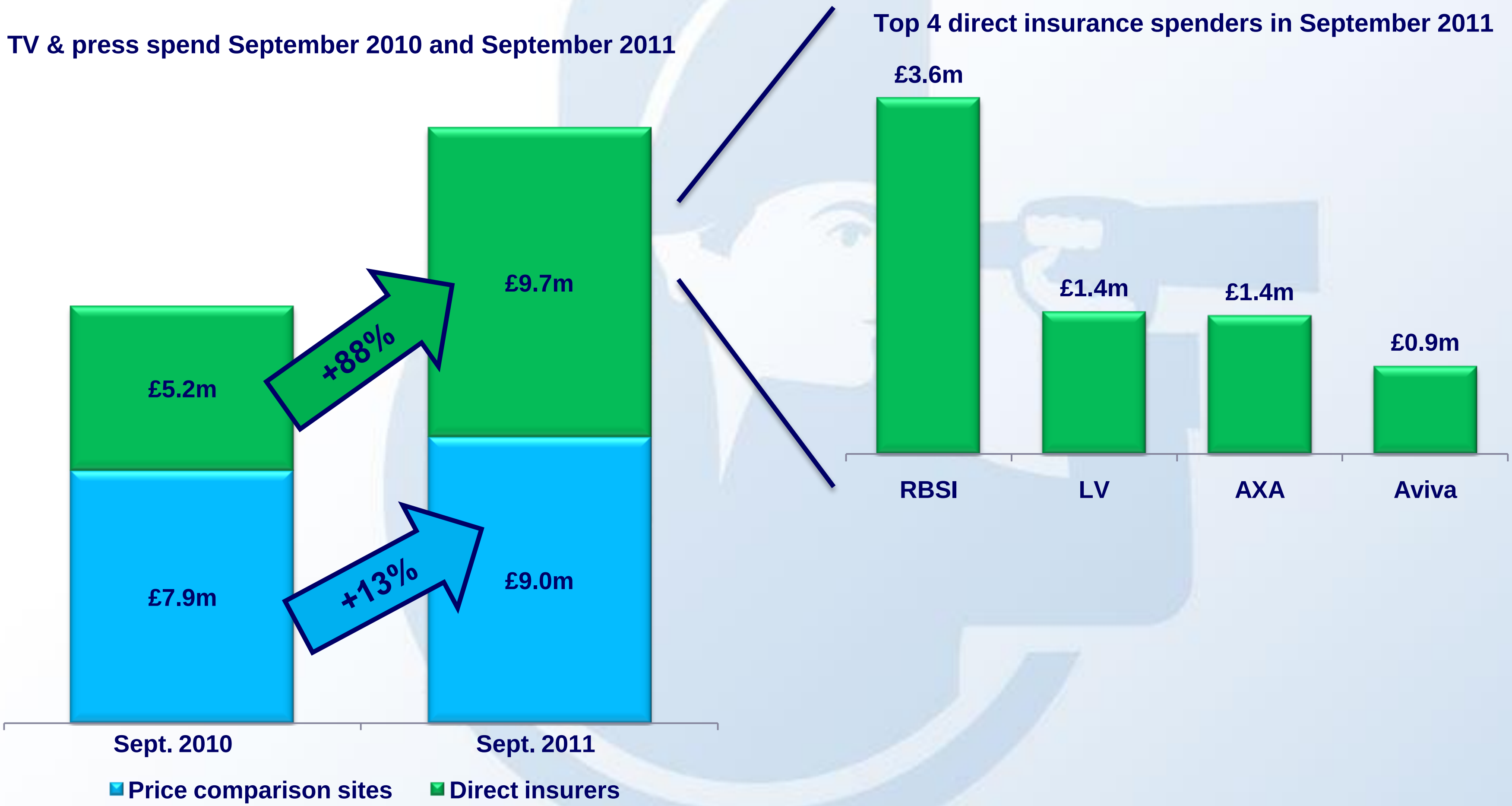


Year to date movements of market premium rate indices (new business only) and Admiral rates (new business and renewal)



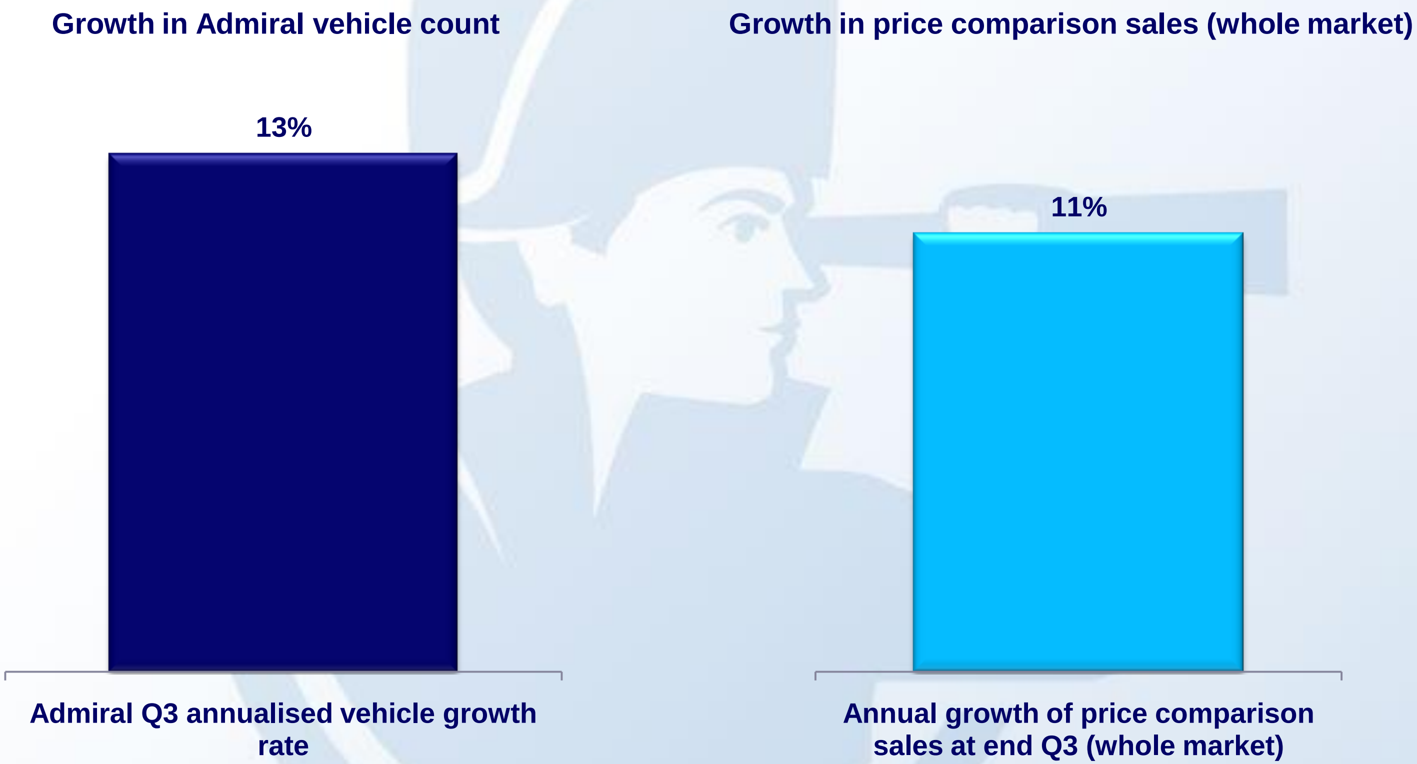
Source: Confused / Towers Watson Index and IGO4 Index

Returning appetite is suggested by increased direct insurer advertising spend



Source: management estimates

Despite increasing premiums faster than the market we have continued to grow, aided by the continued growth in the price comparison market



Source: management information and estimates

UK

- Regulatory environment

High premium inflation is driving a lot of regulatory activity

Motor Insurance Regulation Bill

- Aim to reduce car insurance premiums
- Targeting claims costs; unclear extent to which provisions will be accepted
- To be introduced into Parliament in Jan. 2012
- It will impact all insurers

The 5 key provisions

- Ban personal injury referral fees
- Requirement of evidence for whiplash claims
- Halve the fixed legal fee for claims pursued through the claims portal system
- Prevent insurers isolating risk on the basis of small areas of high risk, based on postcodes
- Bring forward provisions in the Data Protection Act that prevent the 'selling on' of accident victim details

OFT Call for Evidence

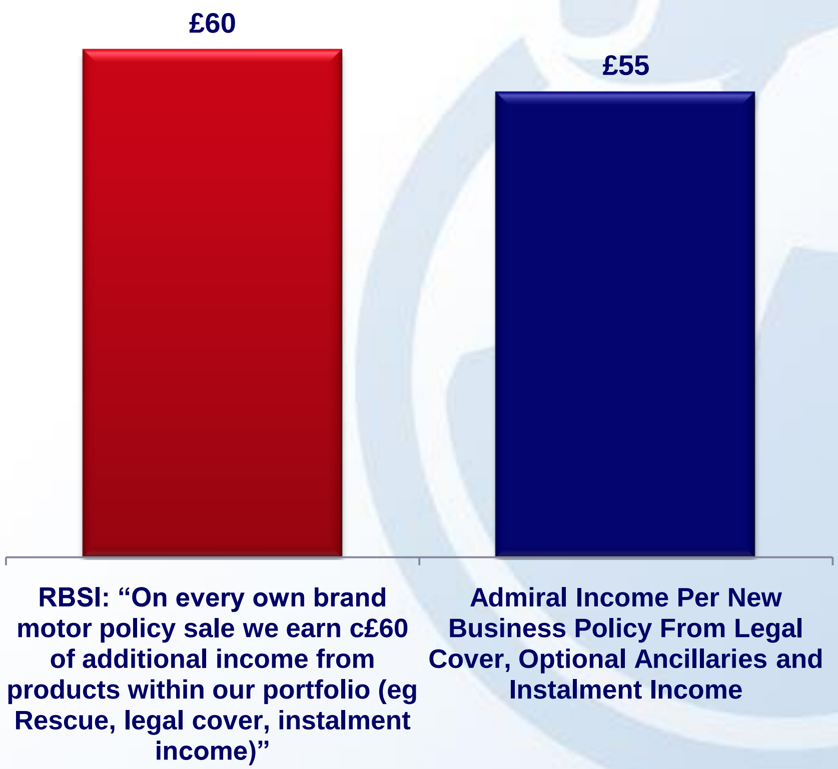
- Will report in December
- May lead to further enquiries
- It is wide-ranging and will impact all insurers

A wide range of areas are being covered

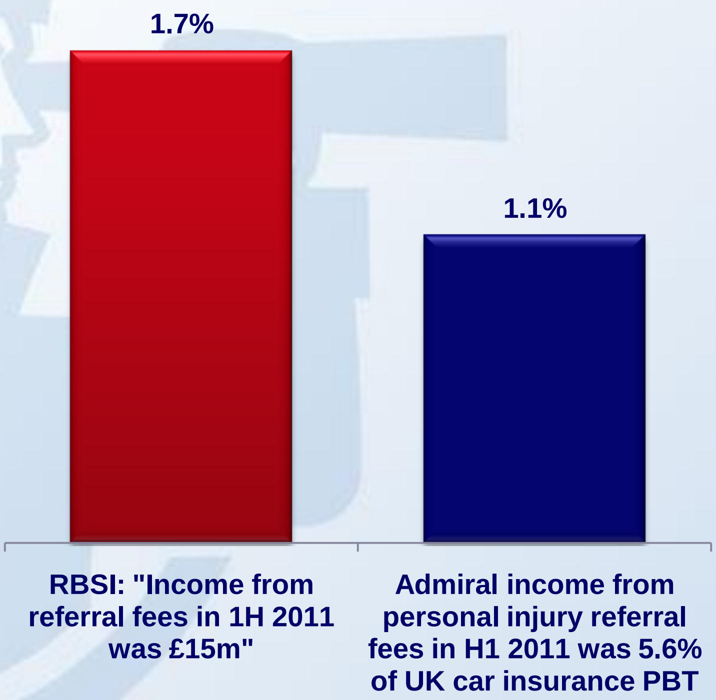
- Rising car insurance premiums
- Higher car insurance premiums in Northern Ireland
- Price comparison websites
- Credit hire
- Ancillary products
- Policy renewal and switching
- Repair networks

It is a misconception that Admiral is uniquely reliant on "ancillary" income

"Other Income" per new business policy



"Referral Fee Income" as % total written premiums*

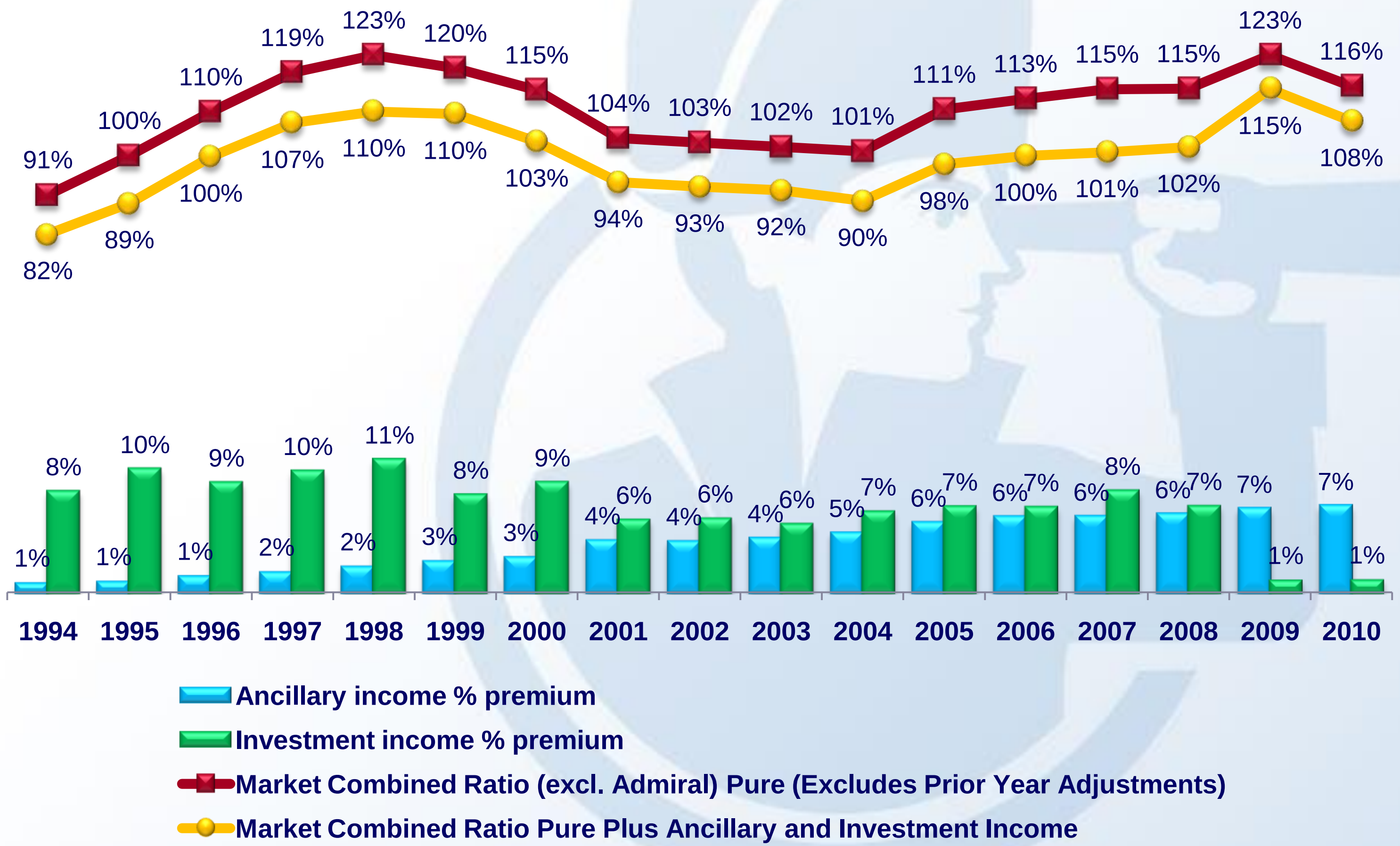


Source: RBSI investor presentation 7th October 2011.

*Calculated for RBSI as £15m personal injury referral fees on total written premiums of £870m

Any market-wide reduction in ancillary contribution is likely to lead to higher car insurance premiums and Admiral is well positioned to benefit from this

Market combined ratio including and excluding ancillary and investment income



17 year averages

111%
100%

Winners
Good underwriters

Losers
Price comparison brokers

Source: management information

With current reinsurance agreements, Admiral receives almost as much value from underwriting profit as from ancillary profit

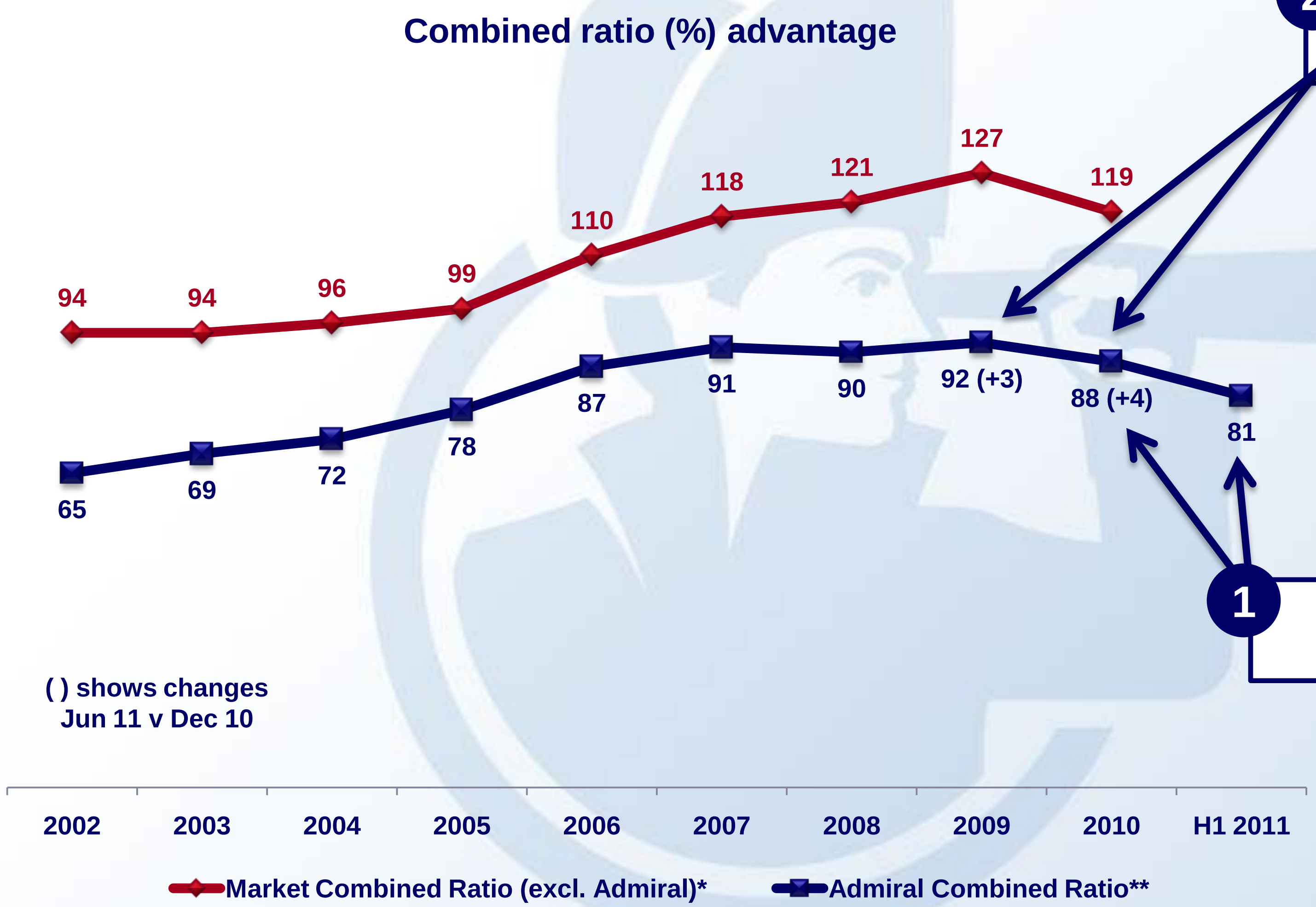
	Admiral Share Of	
	Ancillary Profit	**Underwriting Profit**
2000	**100%**	**46%**
2005	**100%**	**53%**
2010	**100%**	**89%**

Assumptions: Combined Ratio 85%;

UK

- **Underwriting performance**

Admiral's H1 2011 results raised some concerns...



2 Increase in combined ratios

1 High premium inflation

3 ...offset by higher personal injury costs

*Source: Towers Watson analysis of FSA returns. Combined ratio = accident year loss ratio with reserve releases allocated back to relevant accident year + expense ratio excluding UKI anomaly for 2010

**Source: Independent actuarial projection of ultimate loss ratio on accident year basis plus written basis expense ratio

UK

- **Underwriting performance**
  1. **High premium inflation**
  2. Increase in combined ratios
  3. Higher personal injury costs

Reported rate rises by the market do not fully translate into experienced rate rises

Market experience (indexed to 100 in January 2009)

	2009	2010
Premium rate rises	+11%	+36%
Implied written premium at year end	111	151
Implied average written premium	106	131
Implied earned premium	103	119

	2009 to 2010
Implied increase in earned premium	17%
Actual increase in earned premium*	5%

Source: market rate rises 2009 and 2010 average of Confused / Towers Watson and IGO4 indices
Source: *actual increases in earned premium from Towers Watson analysis of FSA returns

And nor do they entirely for Admiral

Admiral experience (indexed to 100 in January 2009)

	2009	2010	YTD Q3 2011
Premium rate rises	12%	+26%	+14%
Implied written premium at year end	112	142	163
Implied average written premium	106	128	155
Implied earned premium	101	117	142

	2009 to 2010	2010 to Q3 2011
Implied increase in written premium	21%	21%
Actual increase in written premium	16%	14%

	2009 to 2010	2010 to Q3 2011
Implied increase in earned premium	16%	21%
Actual increase in earned premium	8%	18%

Source: management information

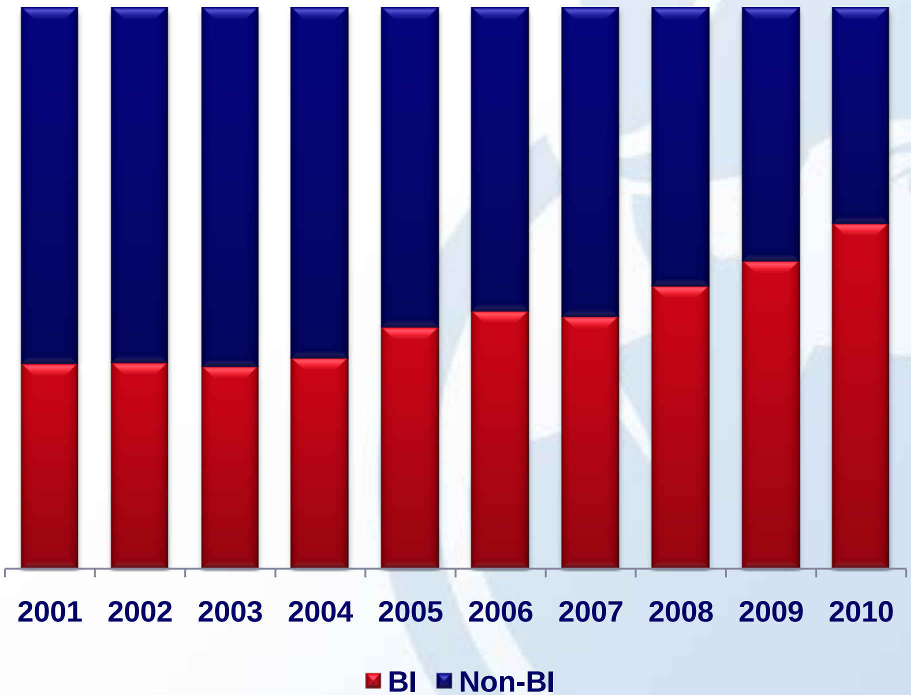
UK

- **Underwriting performance**

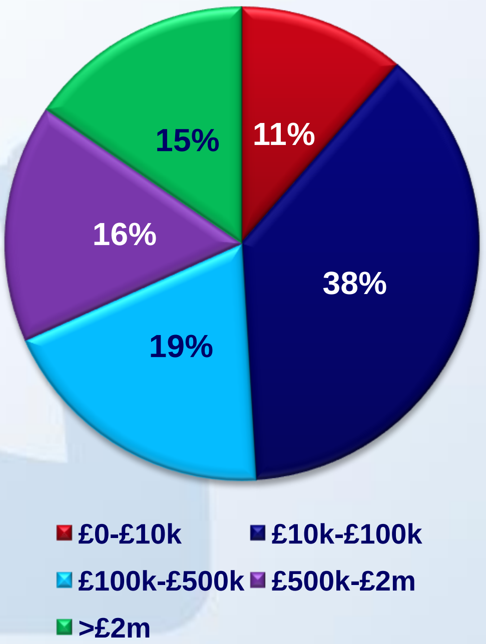
1. High premium inflation
2. **Increase in combined ratios**
3. **Higher personal injury costs**

The majority of Admiral's claims costs are generated by personal injury claims

Split of claims costs between BI and Non-BI claims

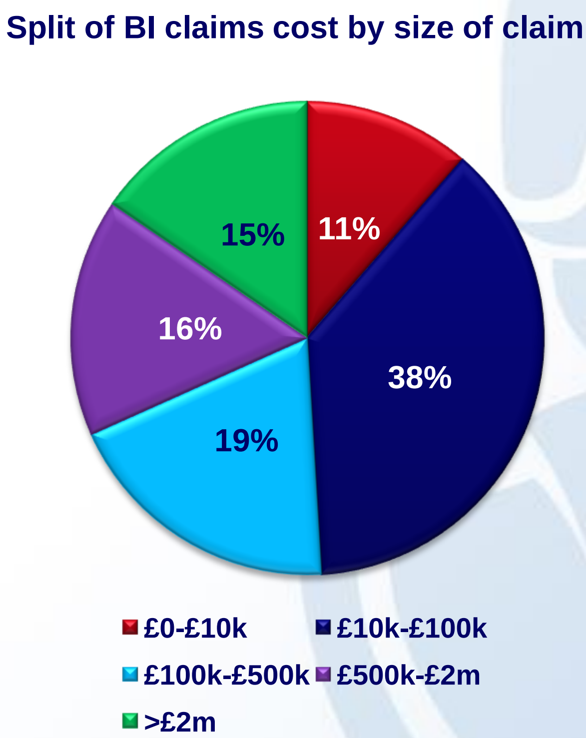


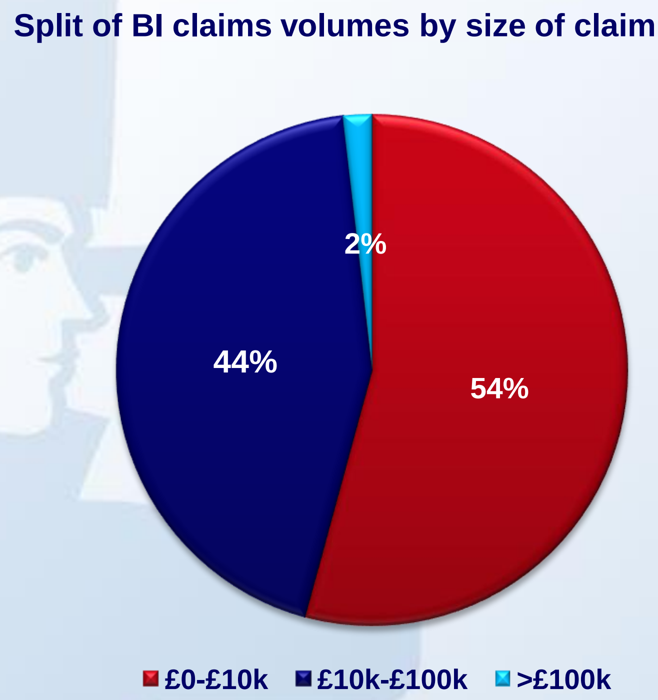
Split of BI claims cost by size of claim



Source: management information

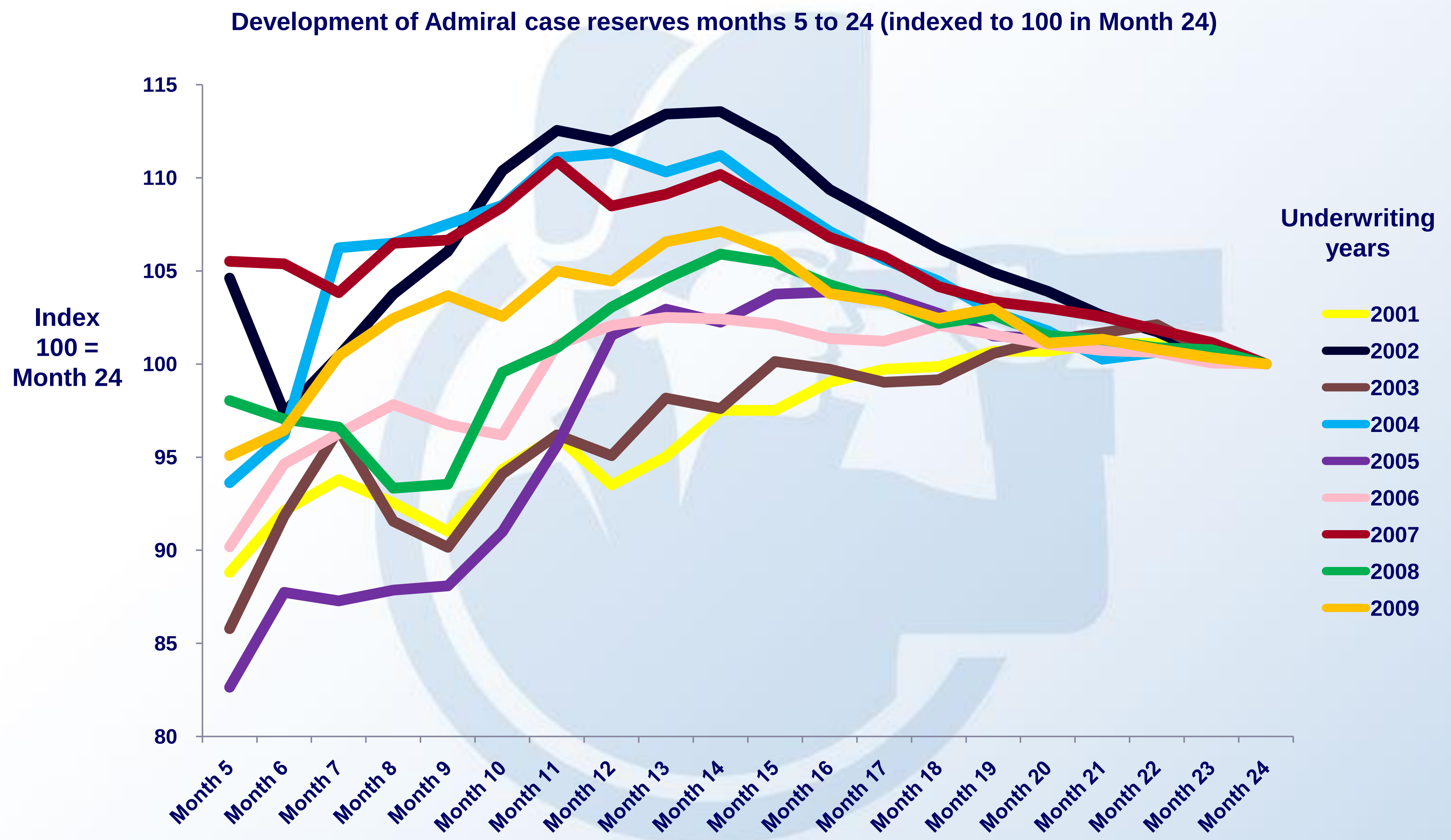
50% of personal injury claims costs are generated by 2% of claims





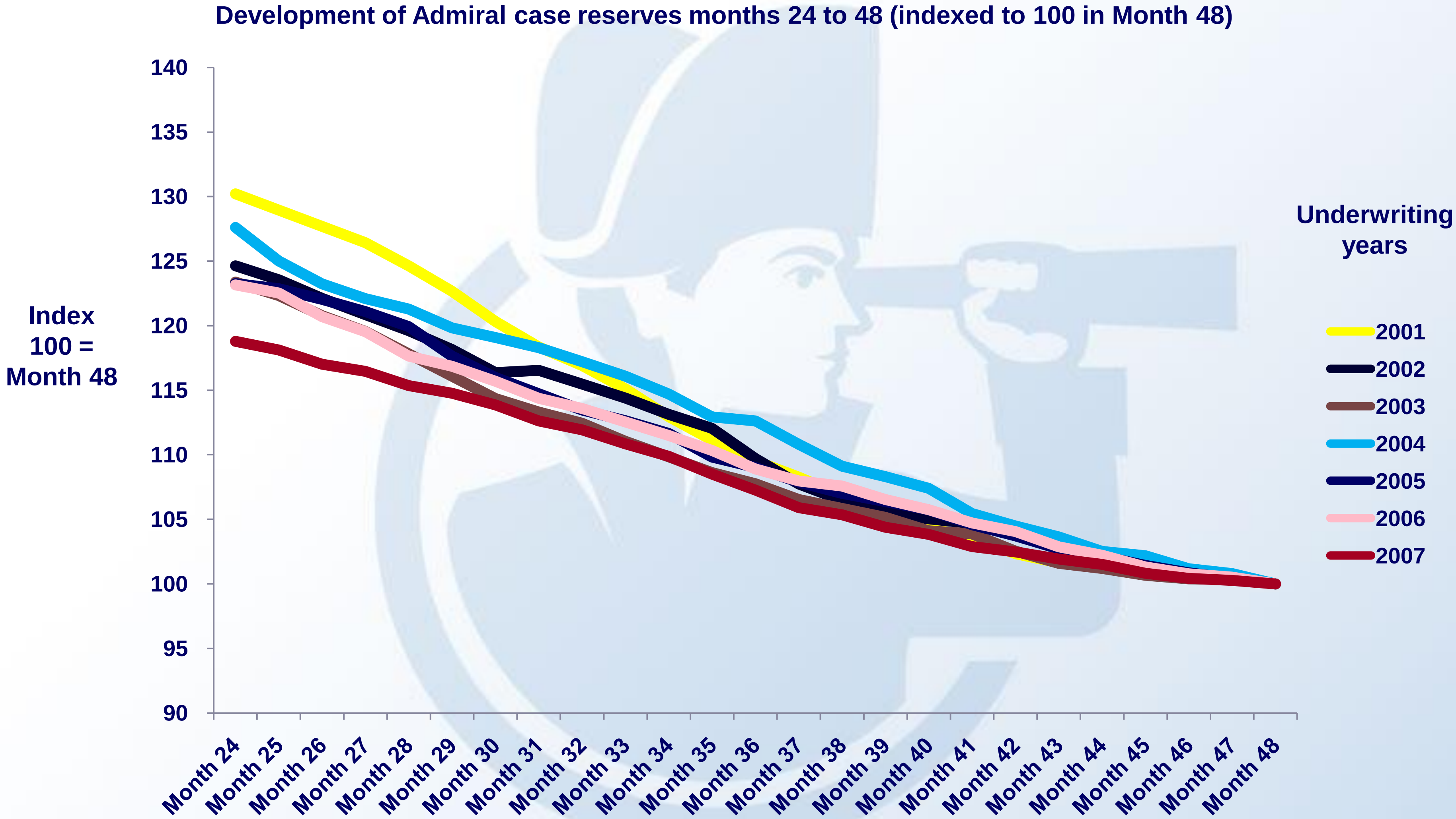
Source: management information (relates to 2010 underwriting year)

There is a lot of noise in the early development periods of case reserves. This is caused by volatility and unpredictability of reserving for large claims.



Source: management information

After month 24 the volatility dissipates

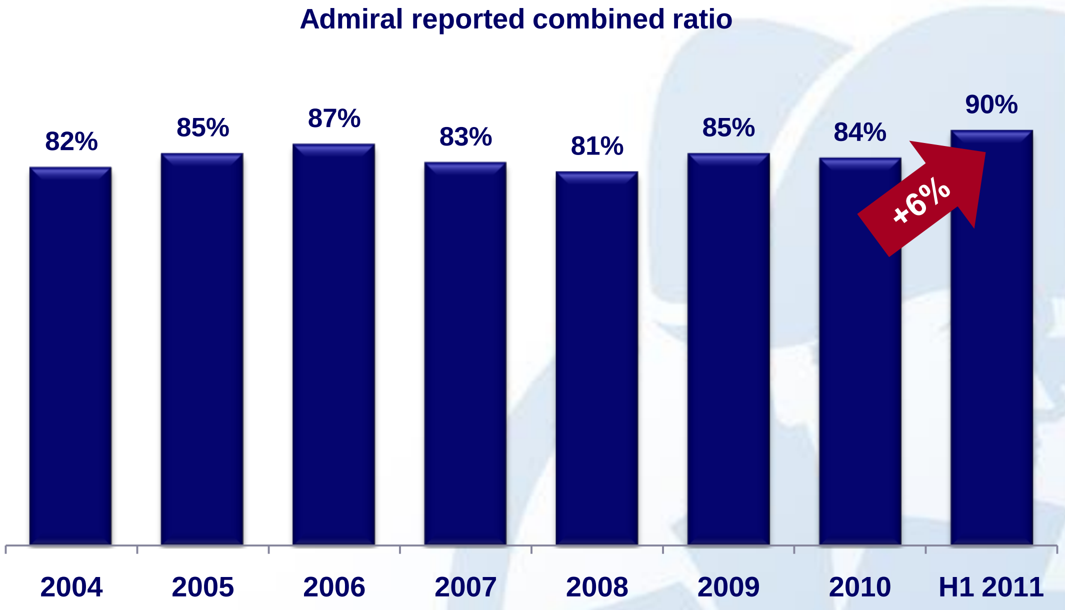


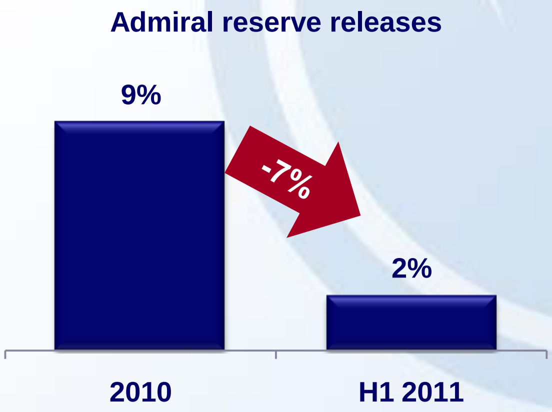
Source: management information

Increase in combined ratios on 2009 / 2010

- Personal injury claims from 2009 / 2010 have developed less favourably than implied by the end 2010 projections
- Estimates of ultimates on early years are estimates and can vary materially in either direction
- This affects us more than previously because of the growth in the relative importance of personal injury claims
- This is true for us and for our competitors

At H1 2011 the increase in projected ultimate loss ratios meant Admiral's reported combined ratio was higher than expected

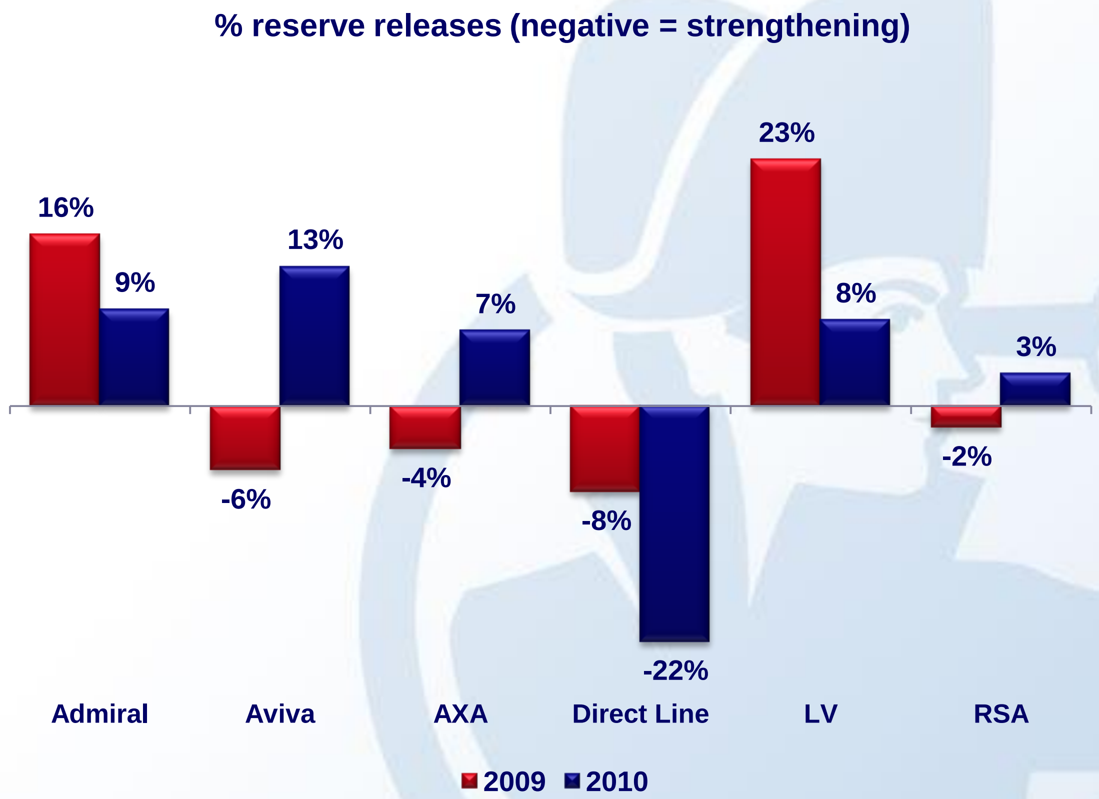




- An increase in projected ultimate loss ratios for 2009 and 2010 years meant a lower reserve release in H1 2011
- Absence of a significant release accounts for an increase in reported combined ratio

Source: H1 2011 Admiral Group Analyst Presentation

Recent FSA returns indicate the difficulty in predicting outcomes in this market



- Admiral's higher perceived volatility is caused because:
  - We disclose to you our projected ultimate loss ratios not just our booked loss ratios
  - We are a mono-line UK car insurer
  - Volatility in actuarial best estimates has not historically been visible due to the estimates being overly-conservative

Size of "swing"	Admiral	Aviva	AXA	Direct Line	LV	RSA
	7	19	11	14	15	5

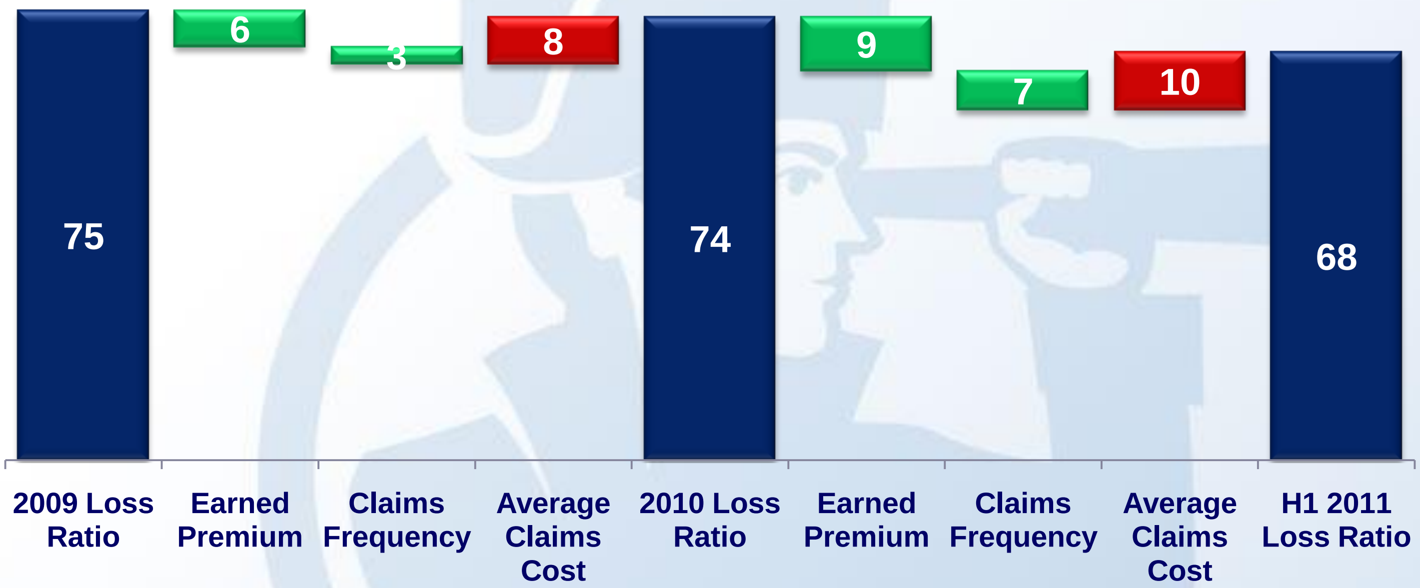
Source: Towers Watson "Light at the end of the tunnel?" Motor insurance industry report

Higher personal injury costs

- The benefit of high premium inflation during 2010 and 2011 appears to have been eroded by increased personal injury costs
- More new high value personal injury cases were recorded during H1 2011
- ... And at a higher projected ultimate average cost per case
- This pattern has extended into Q3 2011. Hence our more cautious outlook for full year profitability
- As these high value claims mature the currently projected high levels of personal injury inflation may turn out to be overly prudent

The 2010 and H1 2011 ultimate loss ratio projections show a high level of claims inflation entirely attributable to higher personal injury costs

Reconciliation from 2009 to H1 2011 current projected ultimate loss ratios (%)

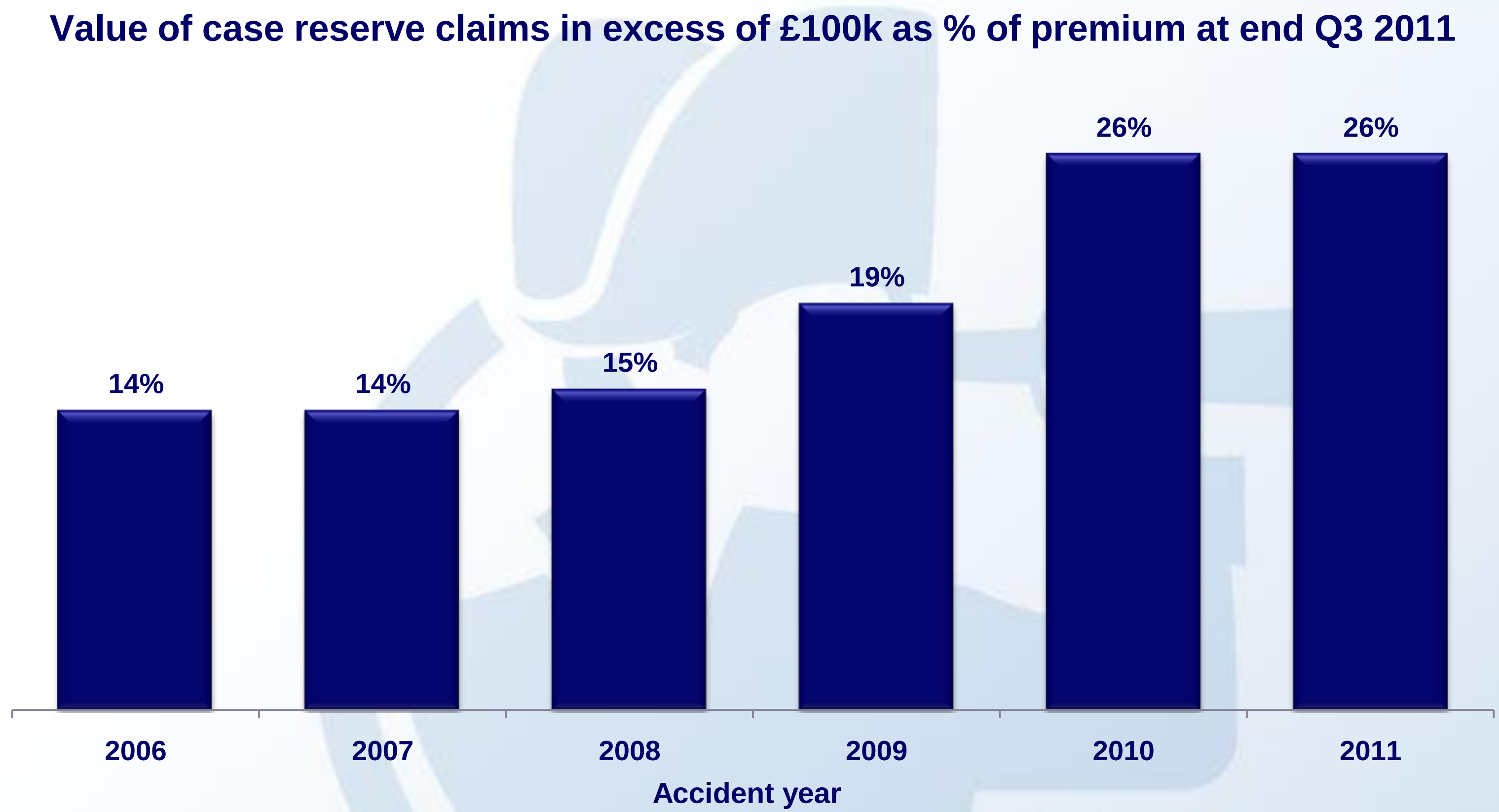


Earned Premium +8%
Frequency -4%
Average Claim +11%

Earned Premium +14%*
Frequency -10%
Average Claim +17%**

*14% is the 9mth increase in earned premium, an annual equivalent would be c18%
**17% is the 9mth implied increase in average claim costs, an annual equivalent would be c23%

Claims inflation has been further impacted by an increase in large claims in Q3, particularly in relation to 2010 and 2011



% Paid	2006	2007	2008	2009	2010	2011
	53%	25%	21%	8%	3%	1%

Source: management information

There are a number of possible explanations for higher personal injury inflation – a radical shift in portfolio is not one of them

Percentage point movement in share of new business portfolio

	2009	2010	2011 YTD	2008 to 2011
Non-comprehensive	-3%	+3%	-2%	-2%
Zero No Claims Bonus	-4%	+2%	0%	-2%
Males 17-21 Years Old	+1%	+1%	0%	+2%

Claims frequency

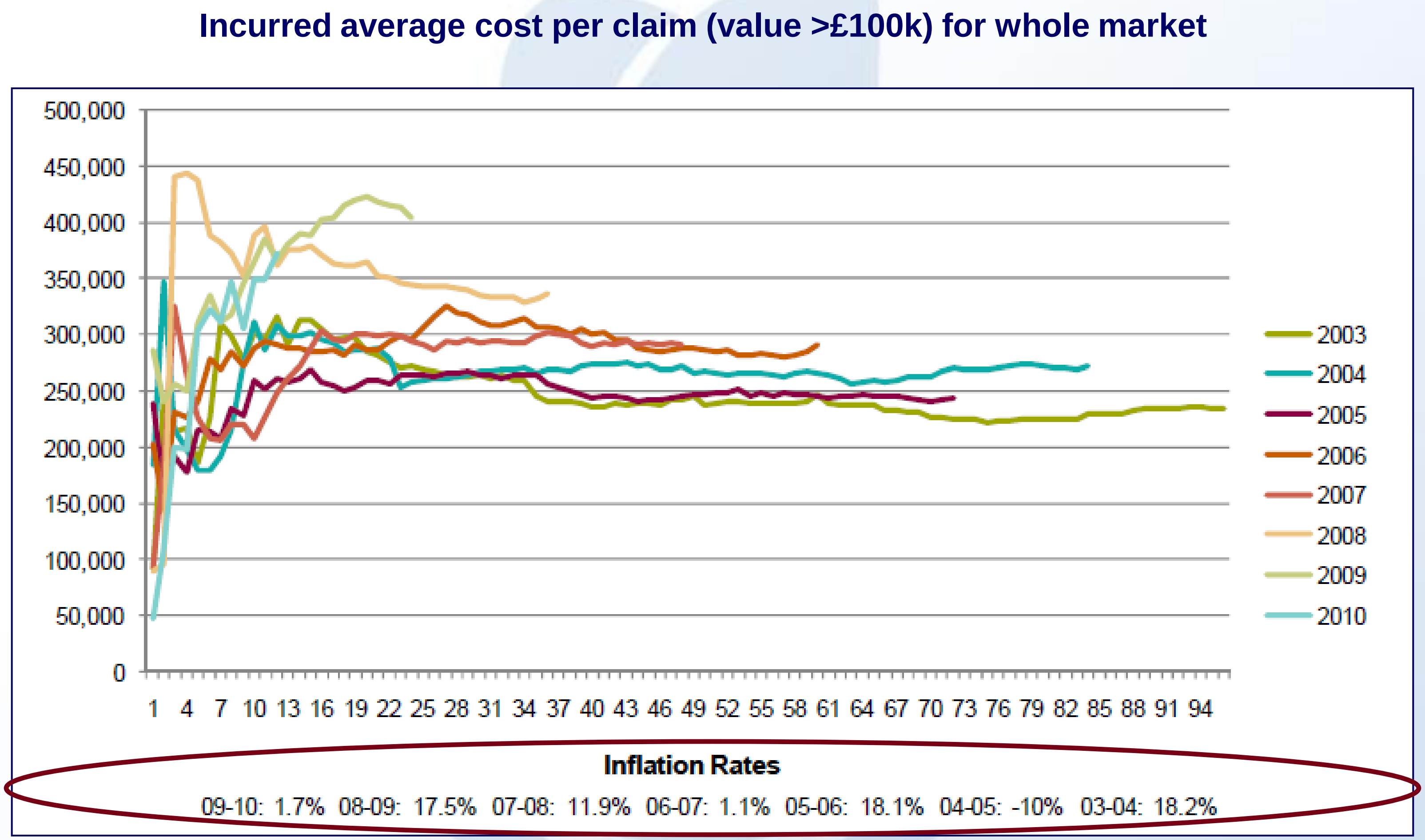
	H1 2011 vs H1 2010
Admiral	-10%
Market*	-11%

Source: management information
*ABI data

Explanations of higher personal injury costs

Factor	Implication
❑ Environmental	❑ Ultimately reflected in market premiums
❑ Randomness	❑ Poor 2011 outcome, but bounces back in 2012

Claims patterns on large claims are extraordinarily volatile and hard to predict



Source: 2010 The Actuarial Profession www.actuaries.org.uk

Explanations of higher personal injury costs

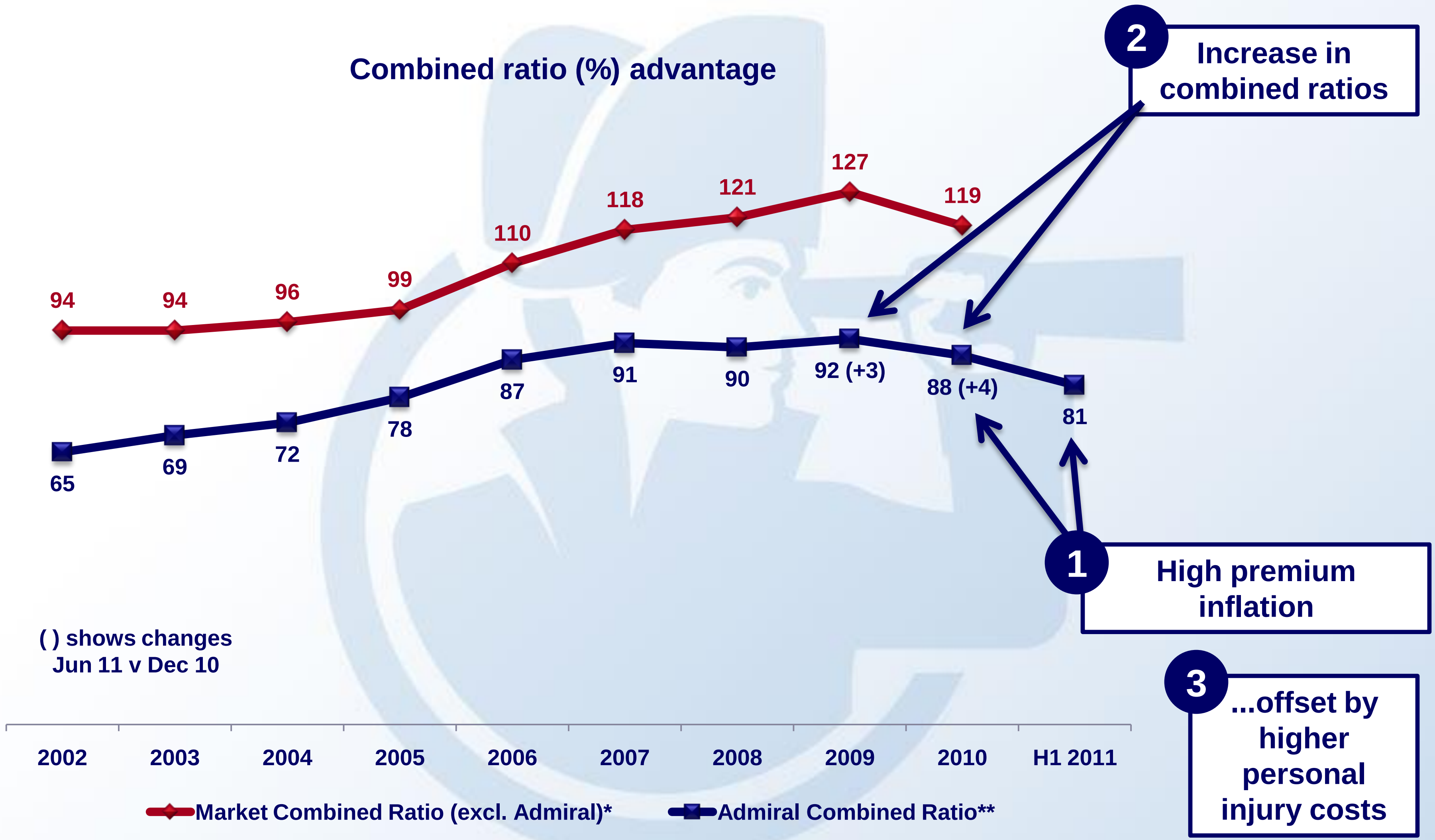
Factor	Implication
❑ Environmental	❑ Ultimately reflected in market premiums
❑ Randomness	❑ Poor 2011 outcome, but bounces back in 2012
❑ Higher initial reserving on new claims	❑ Some of the 2011 “inflation” unwinds

Diagnosis: It is likely to be a combination of these factors rather than one uniquely

UK

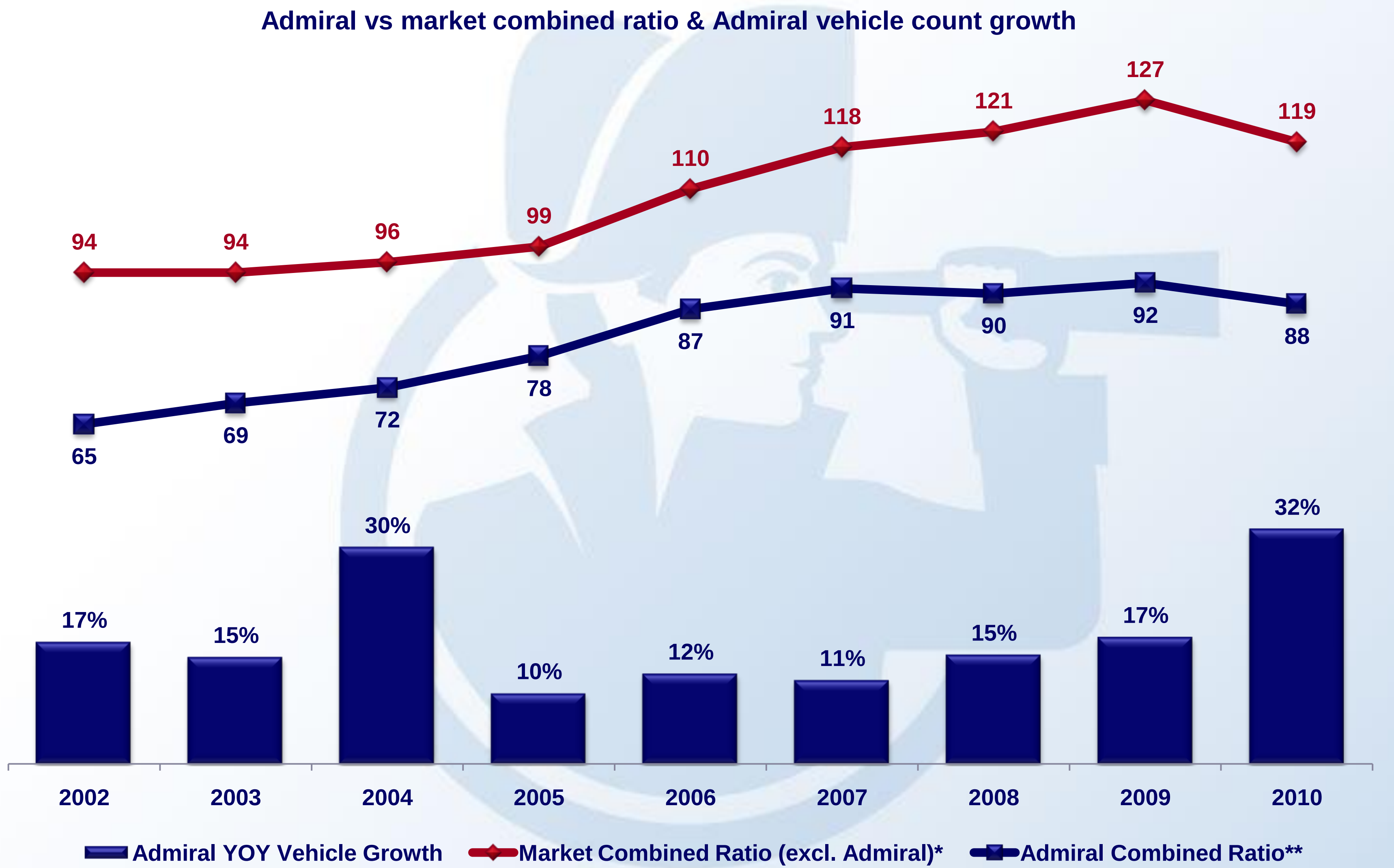
- **Underwriting <u>out</u>performance**

Admiral's H1 2011 results raised some concerns...



*Source: Towers Watson analysis of FSA returns. Combined ratio = accident year loss ratio with reserve releases allocated back to relevant accident year + expense ratio excluding UKI anomaly for 2010
**Source: Independent actuarial projection of ultimate loss ratio on accident year basis plus written basis expense ratio

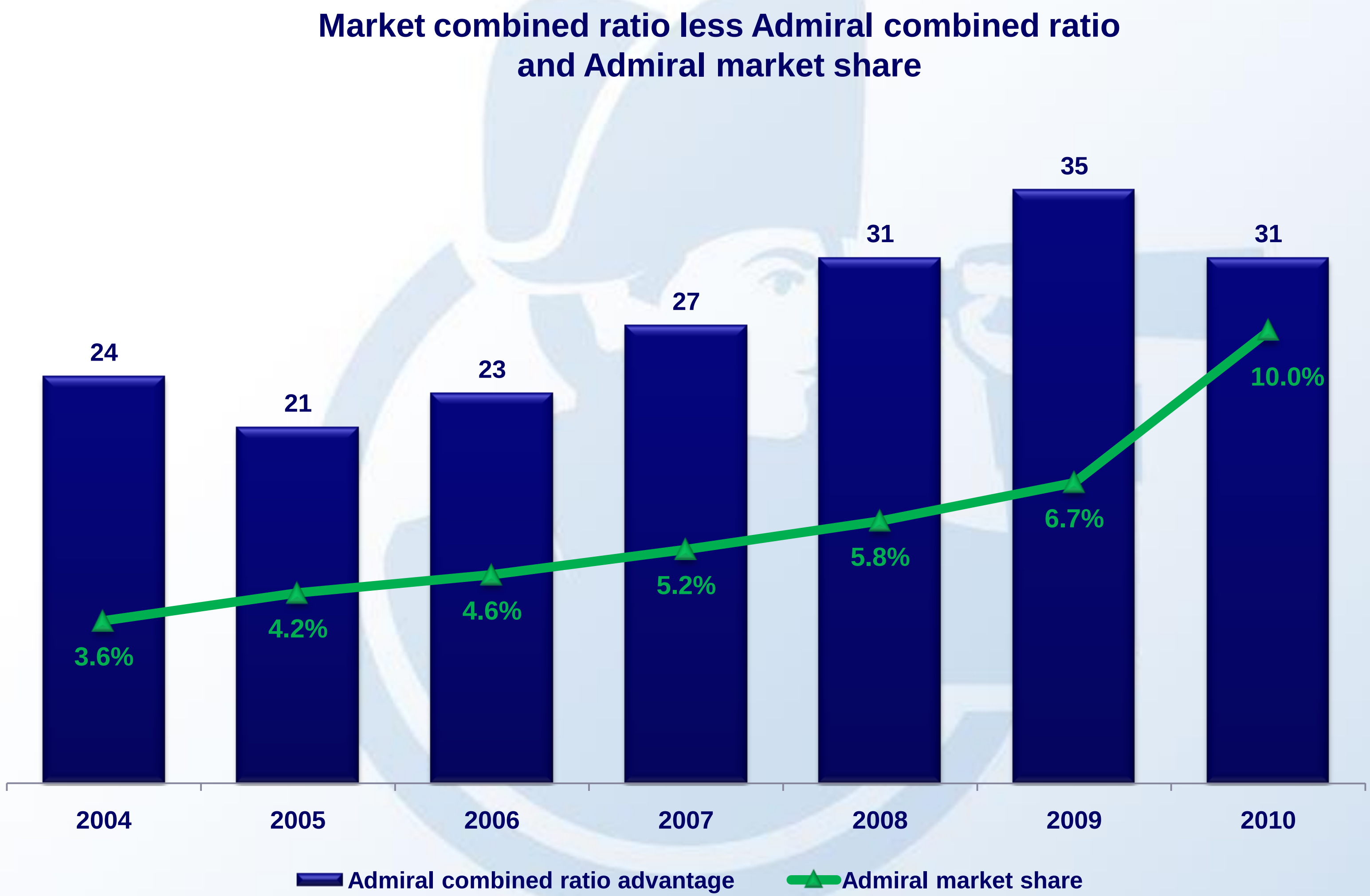
...and growth has almost definitely reduced our combined ratio advantage in the short term...



*Source: Towers Watson analysis of FSA returns. Combined ratio = accident year loss ratio with reserve releases allocated back to relevant accident year + expense ratio excluding UKI anomaly for 2010

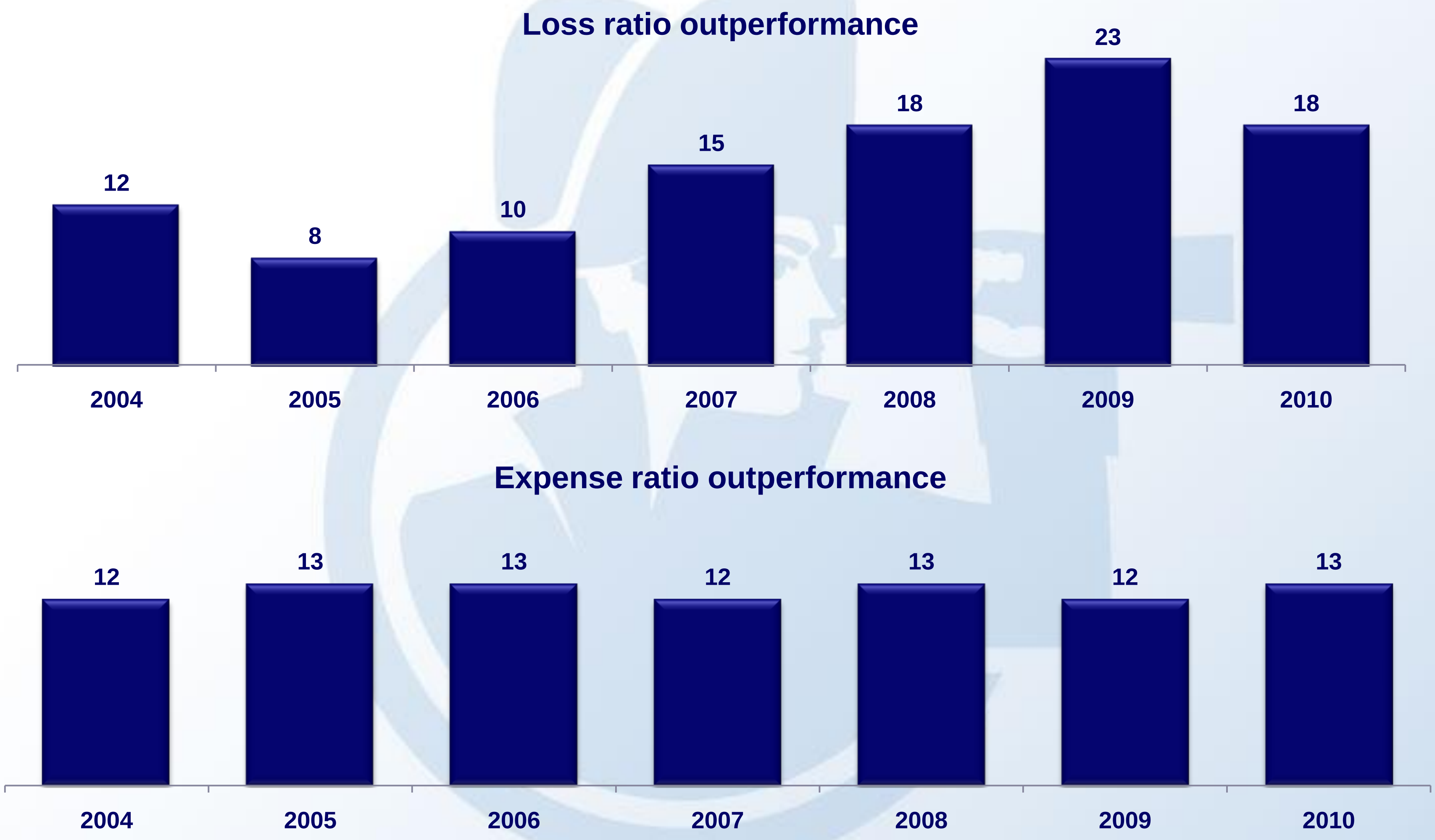
**Source: Independent actuarial projection of ultimate loss ratio on accident year basis plus written basis expense ratio

...but Admiral's combined ratio gap vs the market remains very substantial, despite significant growth in market share



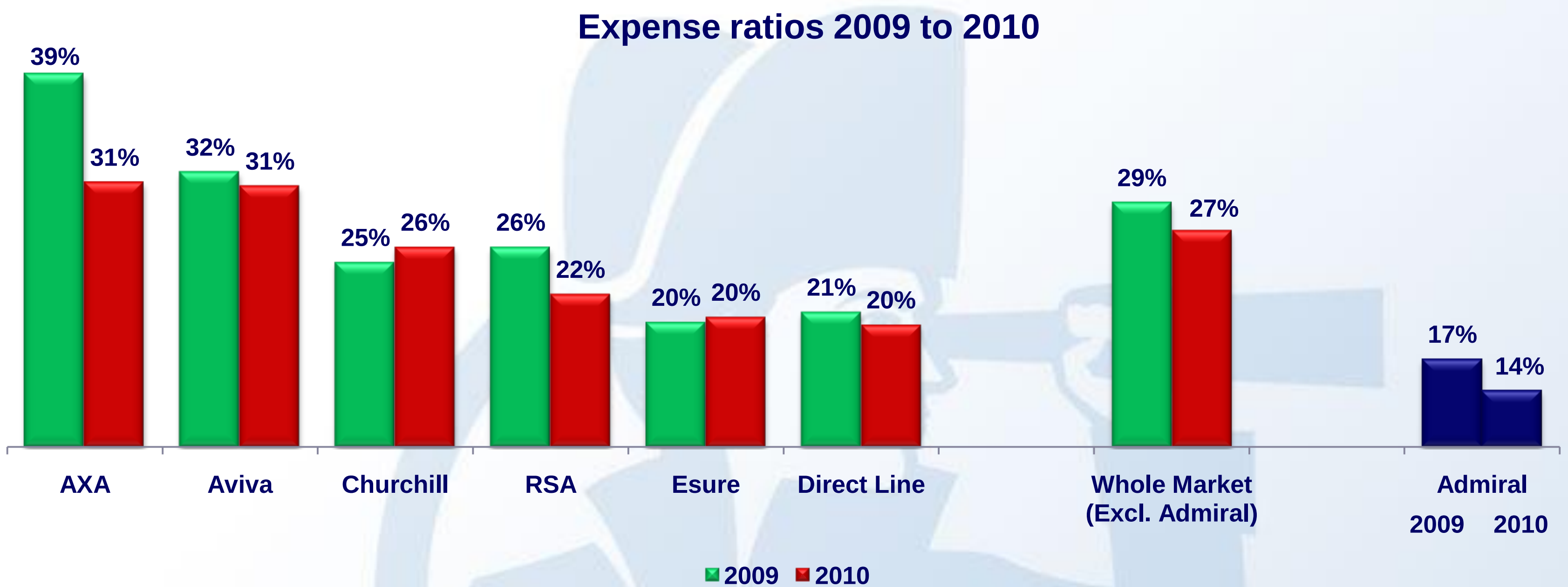
Source: Admiral combined ratio advantage as at H1 2011 (Admiral Group H1 2011 Presentation)

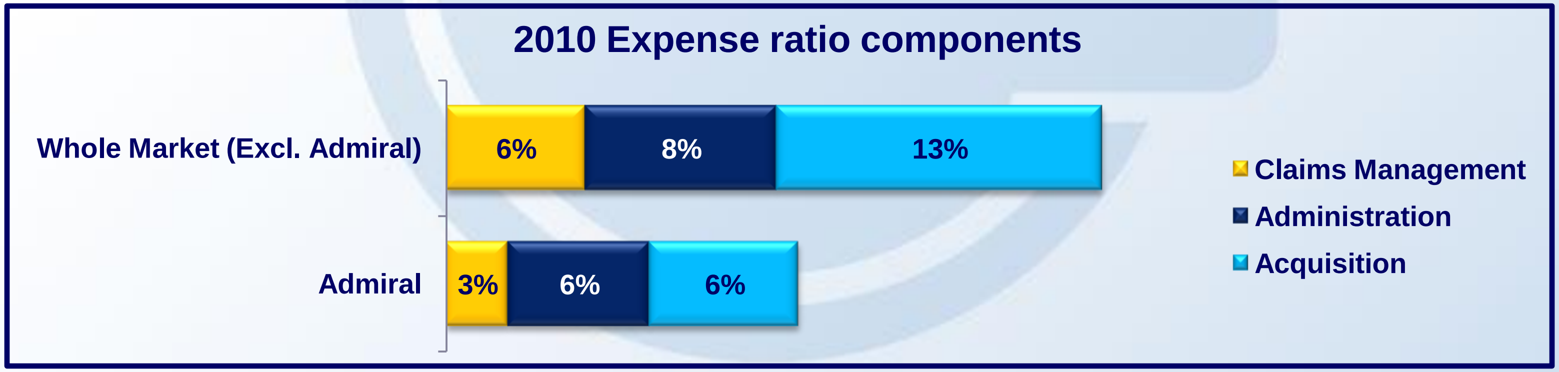
That loss ratio outperformance is underpinned by a stable expense ratio advantage



Source: Admiral loss ratio and expense ratio outperformance as at H1 2011 (Admiral Group H1 2011 Presentation)

Admiral's expense ratio is better than the market average and better than our larger competitors





Source: Towers Watson "Light at the end of the tunnel?" Motor insurance industry report
Note: Admiral is on written basis, Whole Market is on earned basis and has been adjusted for UKI anomaly of negative 13% expense ratio

The scale Admiral now has should provide a basis for increased competitive advantage

- **Scale benefits**
  - More data
  - Ability to disaggregate to a greater level of detail
  - “Personalised” rating

- **Possible shift in industry structure**
  - Smaller players struggle
  - Bigger players prosper

Recap

- Our personal injury claims experience during 2011 to date is likely to reduce profit growth in the short term (compared to expectations)

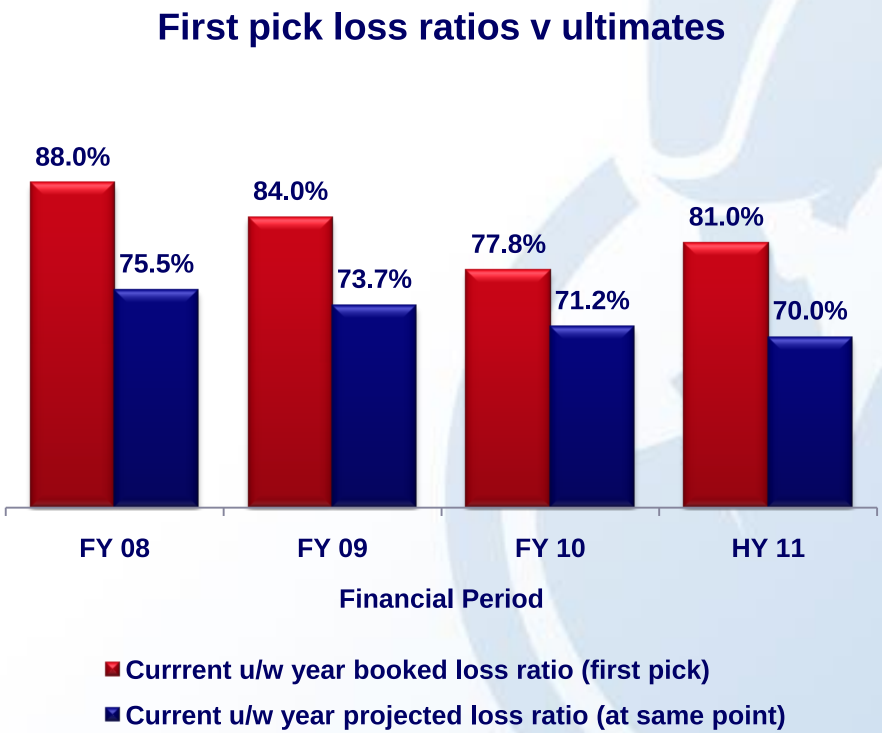
- As high value personal injury claims mature the currently projected high levels of personal injury inflation may turn out to be overly prudent

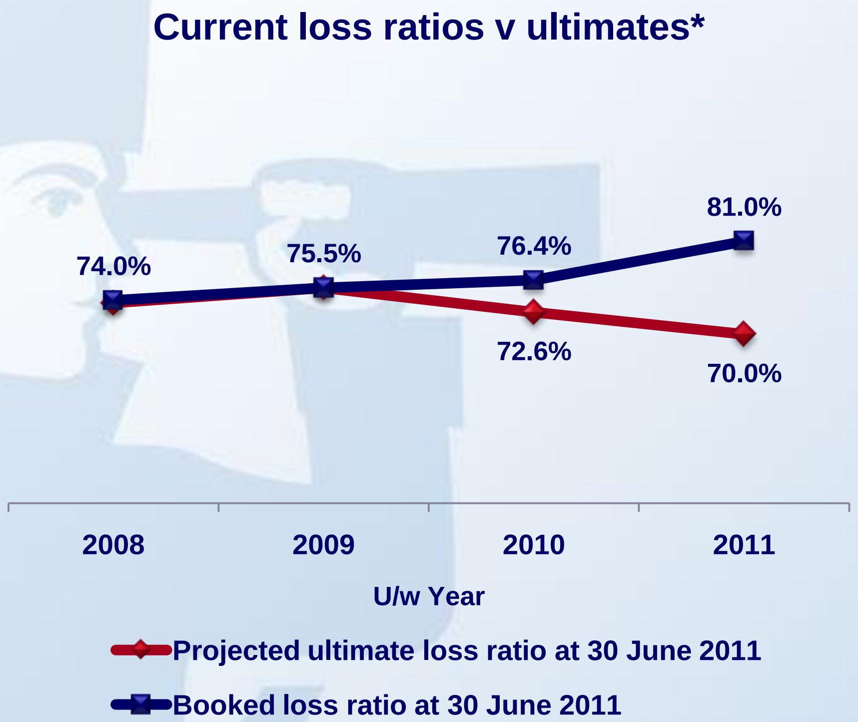
- Either way, Admiral’s outperformance versus the market remains very substantial

Accounting – Kevin Chidwick

- **What is Admiral’s reserve “buffer”?**
- **What is negative IBNR?**
- Why are you in Gibraltar?
- Are the ratios flattered by ancillary income accounting?
- What’s the difference between accident and underwriting year?
- How come there are so many different loss ratios?
- Why do you commute reinsurance contracts and what impact does it have?

We reserve conservatively and maintain a buffer above projected ultimates



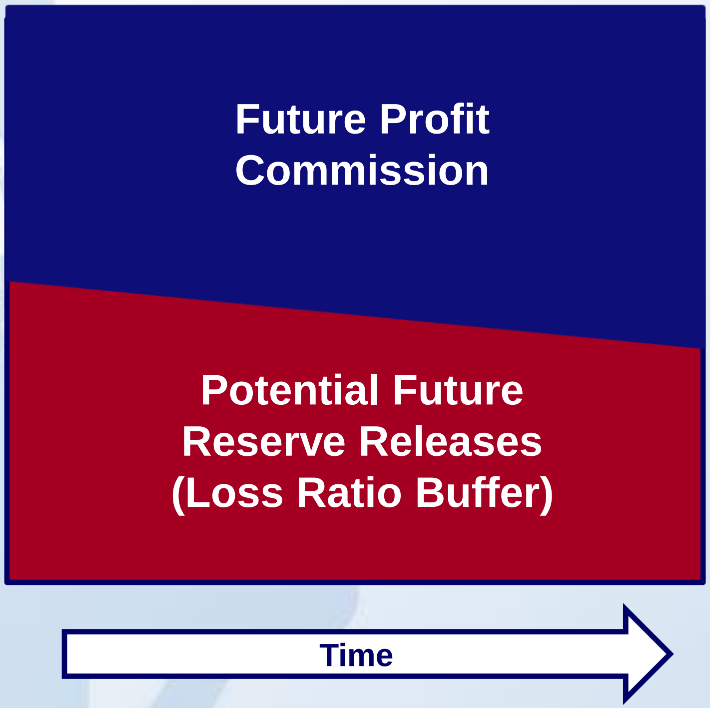


*Loss ratios based on underwriting years

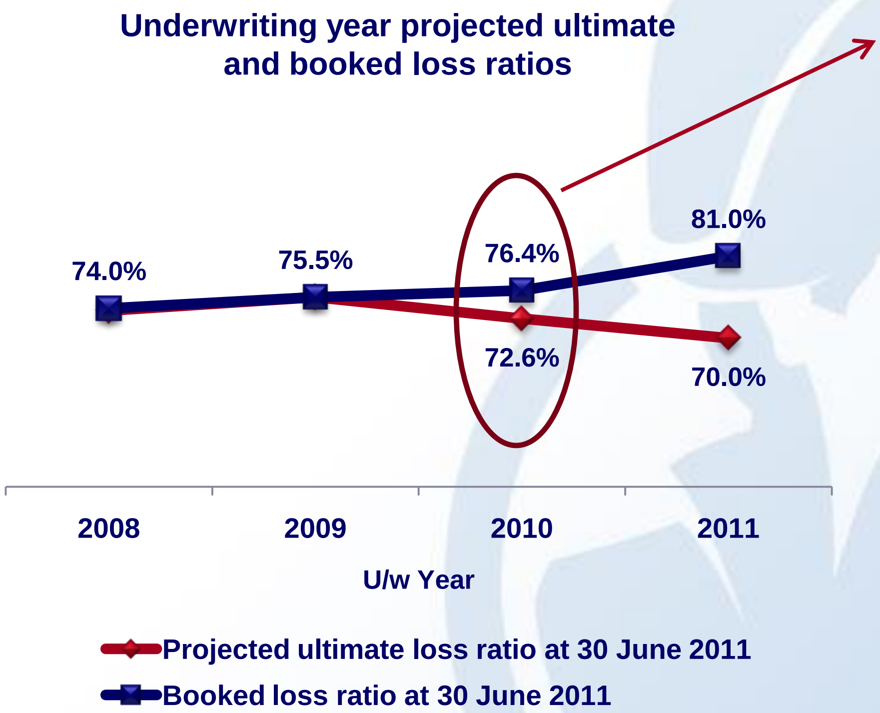
Reserving approach

- The level of prudence in our reserves is shown in the difference between our booked loss ratios and the projected ultimate loss ratios
- Each £1 of loss ratio buffer will generate an amount of profit commission. The total buffer is the sum of the loss ratio and profit commission buffers
- Over time the booked loss ratio for an individual underwriting year moves closer to the ultimate loss ratio – generating reserve releases
- When considering the amount of buffer that is appropriate, we take into account both the loss ratio and profit commission amounts
- There has been a move over the past few reporting periods to initially reserve closer to the ultimate loss ratio, due to the increased value of the profit commission attaching to each £1 of loss ratio buffer
- Profit commission has become more leveraged in recent periods because of better terms under the revised co-insurance and reinsurance contracts

Components of total buffer (illustrative)



How do we calculate the buffer?



2010, total earned premium (30 June) = £1,100m

1) Claims buffer:

Admiral share @ 27.5% = £303m

(76.4% - 72.6%) = 3.8% x £303m = **£11.5m**

2) (Illustrative) Profit commission:

Munich Re share @ 45.0% = £495m

3.8% x £485m x 50%* = £9.2m
(* = illustrative only)

Reinsurers' share @ 27.5% = £303m

3.8% x £303m x 100% = £11.5m

Total profit commission buffer = **£20.7m**

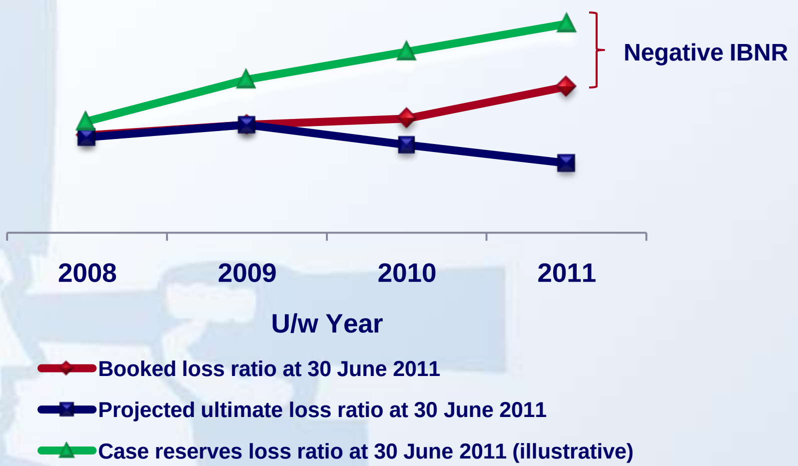
3) Total 2010 (illustrative) buffer = **£32.2m**

Note: Numbers are illustrative only

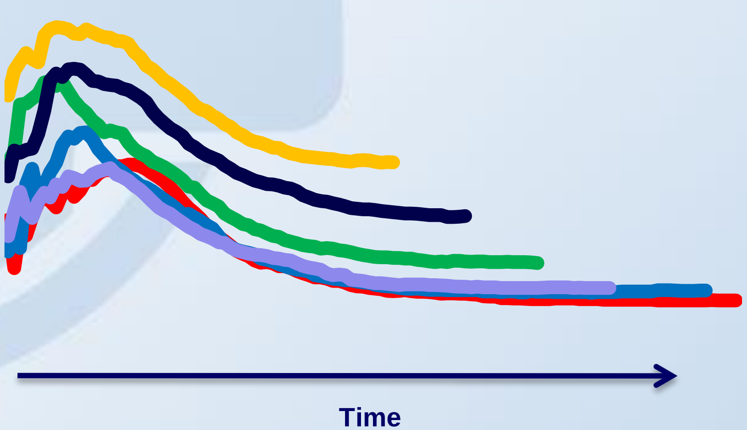
Statutory reporting

- Admiral's Annual Report can be reconciled to Admiral's Regulatory Returns which are filed with the FSA (UK), FSC (Gibraltar) and US State Authorities
- The Annual Report and Returns are completed on an underwriting year basis and are both based on the booked loss ratios
- Negative IBNR is reported in the Regulatory Returns and represents the difference between case reserves and booked loss ratios
- Case reserves are set by Admiral's claims department on an individual case basis. There is a substantial level of conservatism in the case reserves
- The case reserves and historic payment patterns as well as expected future claims inflation are used to forecast the ultimate loss ratio
- The booked loss ratio is higher than the ultimate loss ratio but lower than the case reserves. The difference between the booked and the ultimate loss ratios is the loss ratio buffer

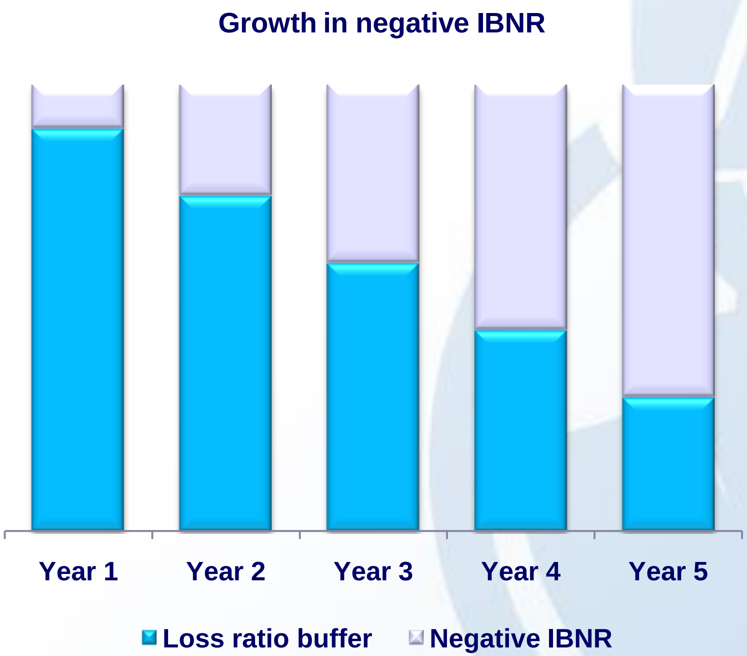
Negative IBNR illustration



Development of case reserves



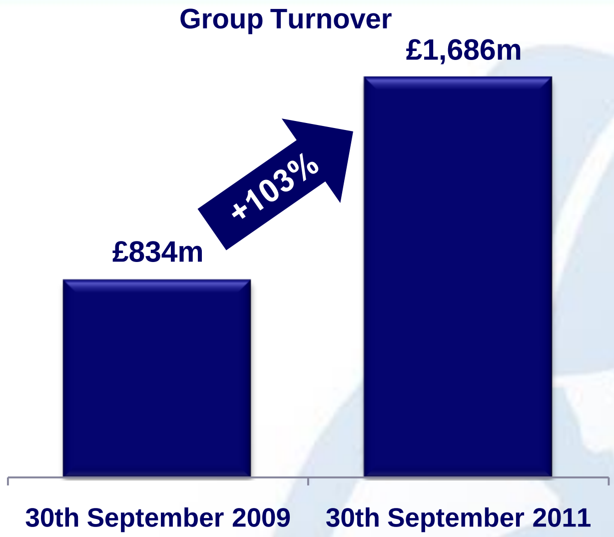
Negative IBNR

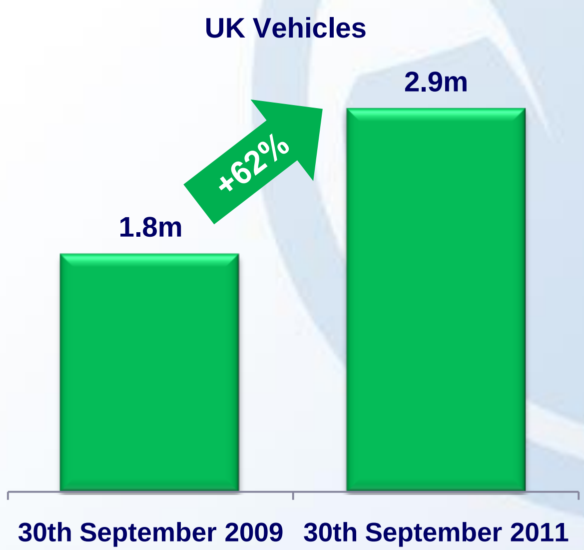


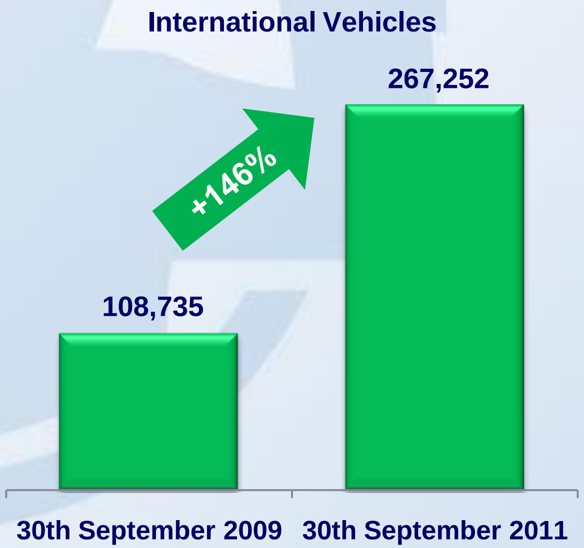
- Negative IBNR has increased in recent years because:
  - The business has grown
  - Admiral's gross share of total business has increased (as the co-insured share has reduced from 65% to 40%)
  - There has been a move over the past few reporting periods to initially reserve closer to the ultimate loss ratio due to the increased value of profit commission in the buffer
  - (Possible) higher initial case reserves being set on new claims

Wrap Up – Henry Engelhardt

A reminder of what we have achieved over the last 2 years







And there is a lot to look forward to

- Our scale and substantial combined ratio advantage leading to continued profitable growth in the UK
- Growing, profitable and sustainable international operations
- “Test and learn” of new initiatives

Q&A

Appendix

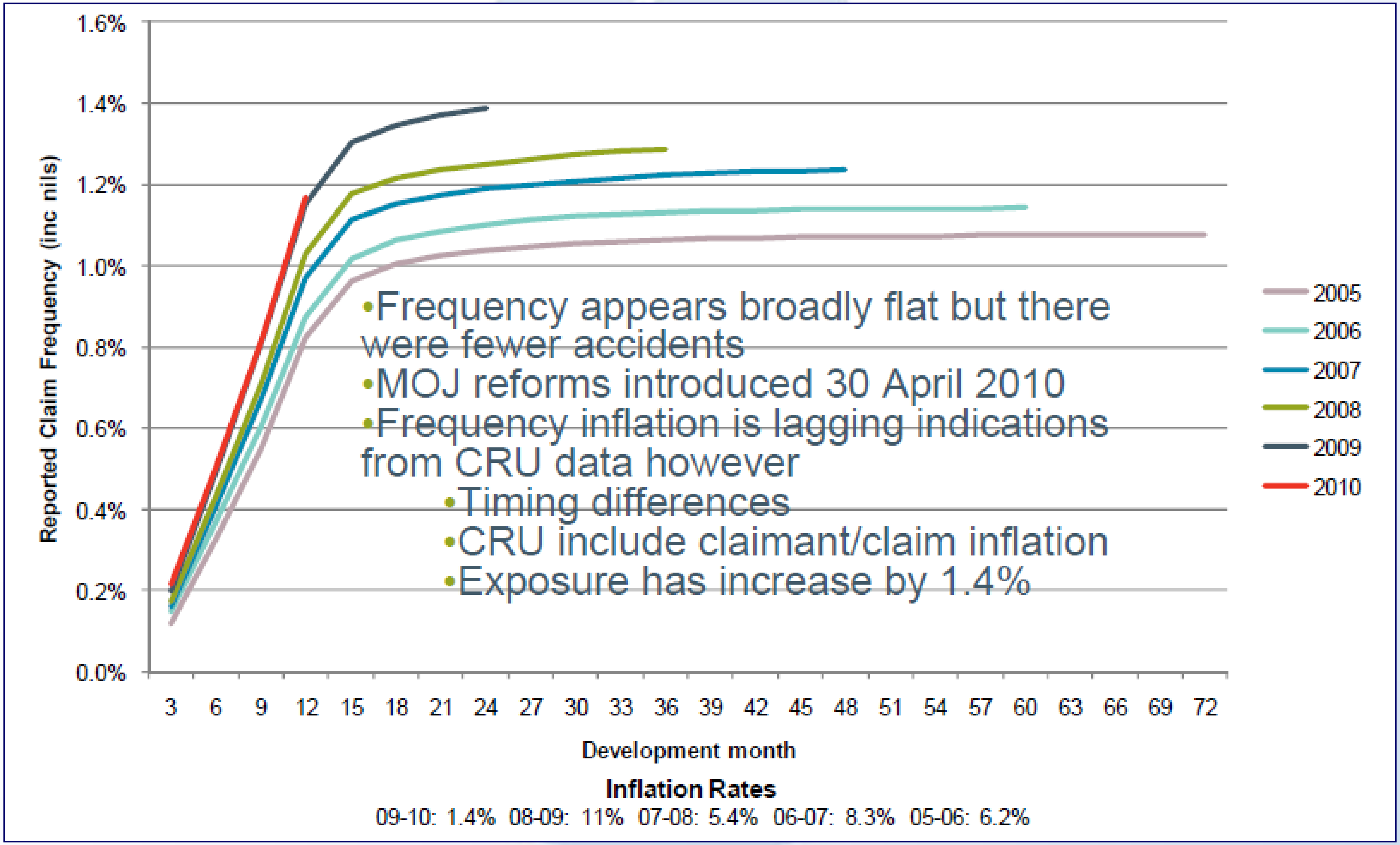
Appendices

- Predictability of UK car insurance claims
- International strategy
- Accounting
- Summary income statement
- Balance sheet
- Group key performance indicators
- UK car insurance – booked loss ratios
- Admiral Group’s brands
- Disclaimer notice

Predictability of UK Car Insurance Claims

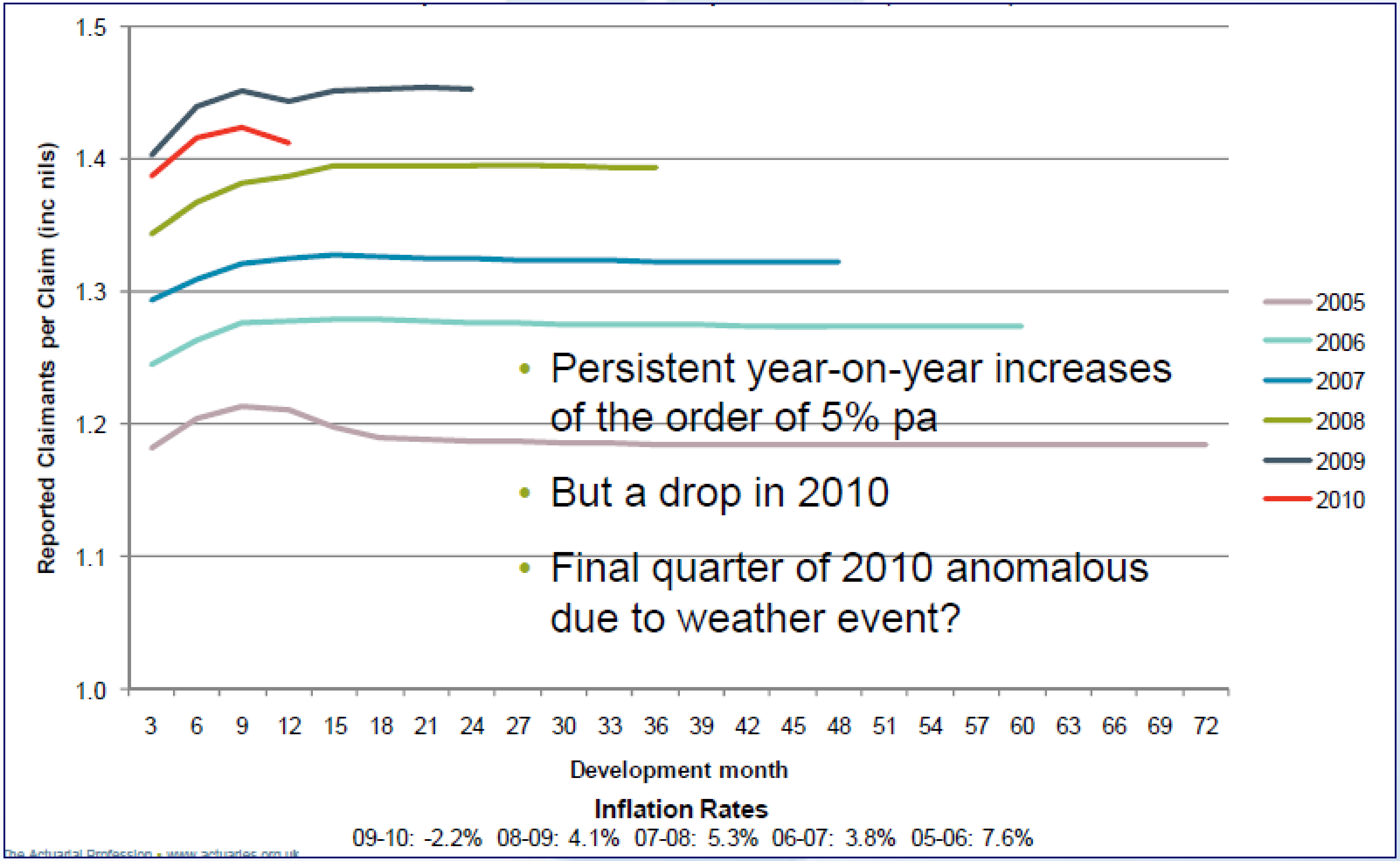
Personal injury claim frequency is reasonably predictable – it is rising steadily over time

Market reported personal injury claim frequency



Source: 2010 The Actuarial Profession www.actuaries.org.uk

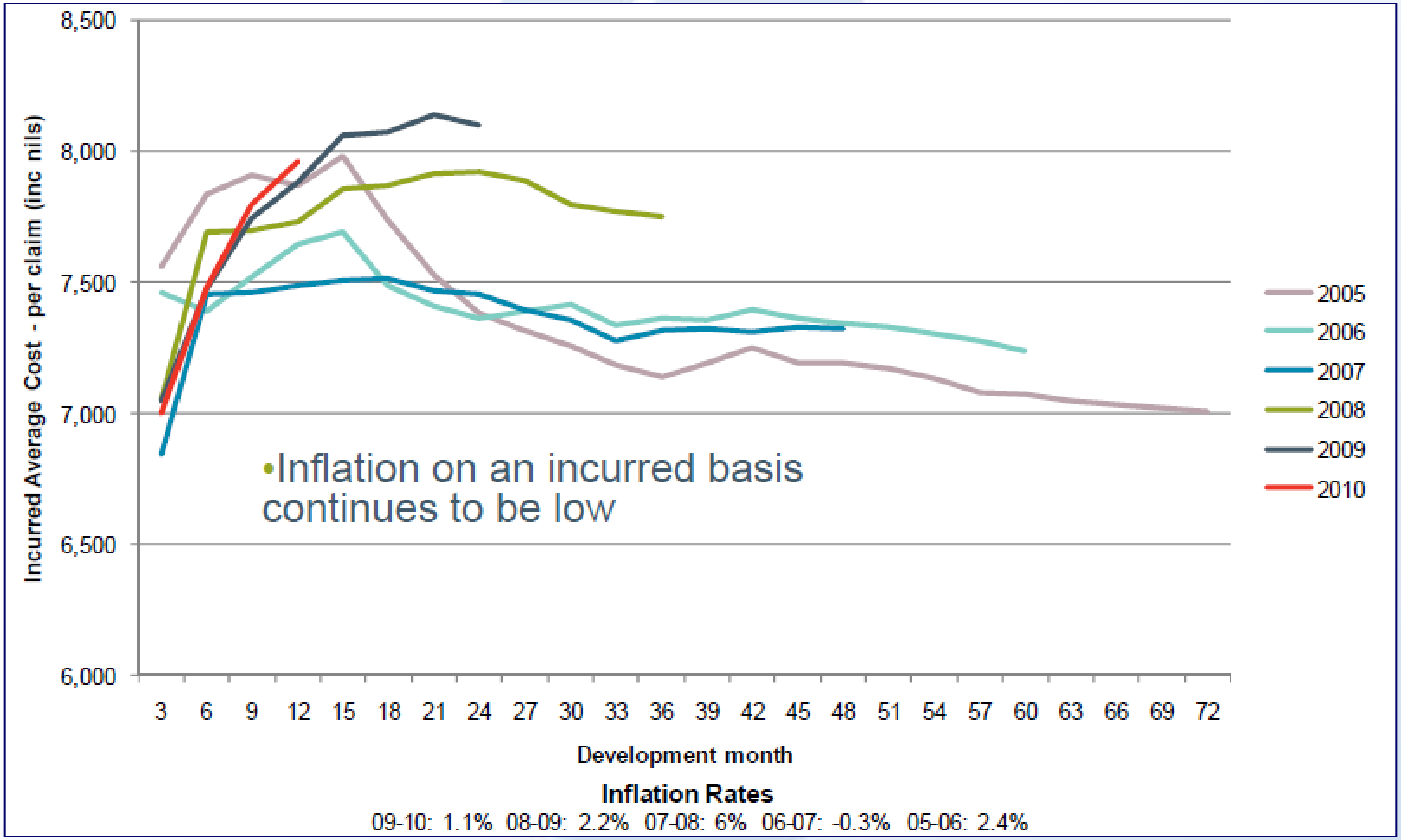
Market reported claimants per claim



Source: 2010 The Actuarial Profession www.actuaries.org.uk

Inflation rates on smaller claims are not that volatile

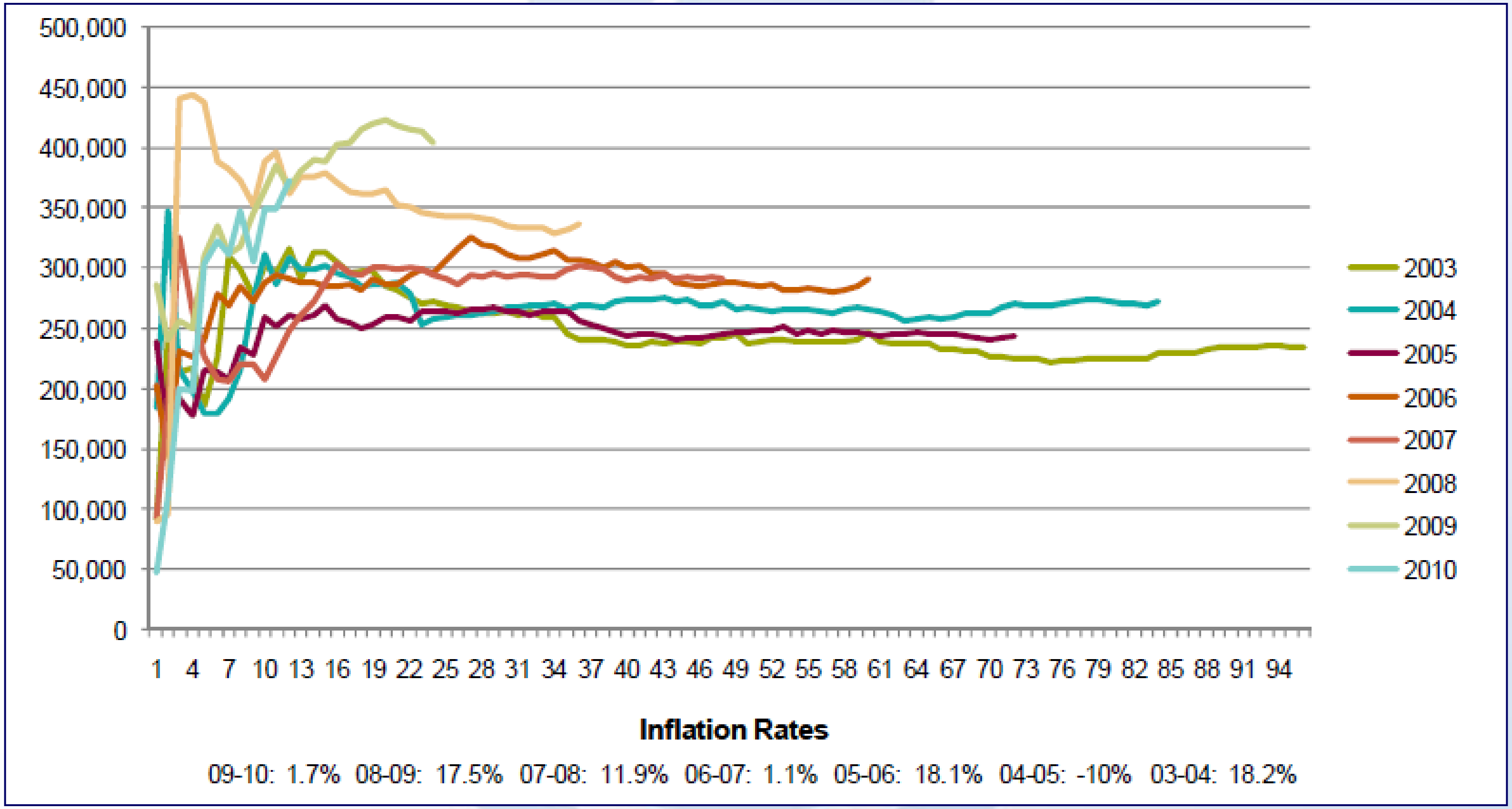
Market incurred average cost per claim



Source: 2010 The Actuarial Profession www.actuaries.org.uk

...but claims patterns on big claims are extraordinarily volatile and hard to predict

Incurred average cost per claim (value >£100k) for whole market



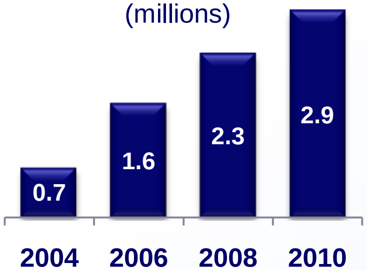
Source: 2010 The Actuarial Profession www.actuaries.org.uk

International Strategy

- International strategy
  - Premise for expansion
  - Admiral approach
  - Progress to date
  - Things we do differently
  - What is the opportunity?

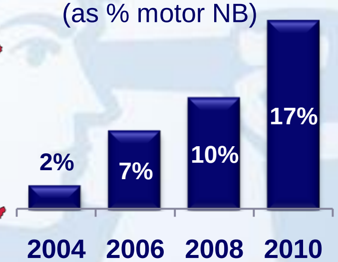
The internet is an irresistible force

USA Online Sales*
(millions)



*Source: Comscore 2010

France Online Share*
(as % motor NB)



*Source: Management estimate based on Forrester's & Benchmark Group data

Spain Direct Share*
(as % motor GWP)

*Source: ANIA 2010
(Italian Insurance Association)
Note: excludes direct element of traditional insurers

Italy Direct Share*
(as % motor GWP)

*Source: ANIA 2010
(Italian Insurance Association)
Note: excludes direct element of traditional insurers

Admiral approach

- **Long term investment**
  - Take what we do well and do it elsewhere
  - Target large, mature markets
  - Create profitable, growing and sustainable businesses

- **Low risk approach**
  - Organic growth
  - Long term partners
  - Modest investment

Progress to date

Objective 1:

Establish direct insurance businesses in 5 selected countries outside UK

balumba.es Seguros de coche — ConTe.it ® Admiral Group plc UK — Elephant Auto Insurance — Chiarezza.it — AdmiralDirekt.de STOP

Oct. 06 — Oct. 07 — May 08 — Mar. 09 — Oct. 09 — Jan. 10 — Feb. 10 — Dec. 10 — Jan. 11

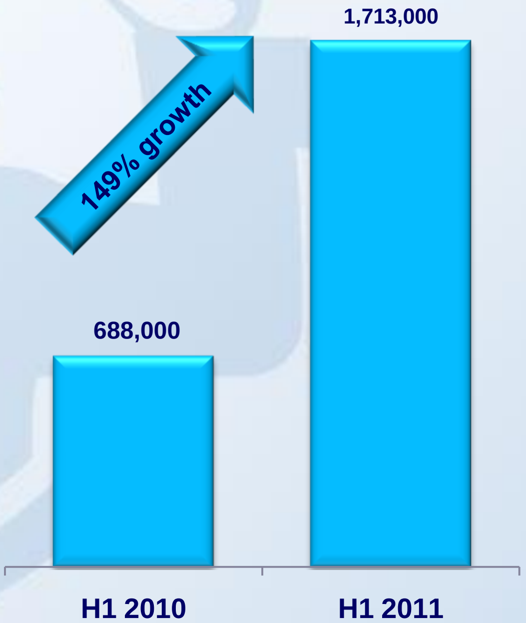
AdmiralDirekt.de — Rastreator.com Tu Comparador de Seguros — LeLynx.fr Comparateur d'assurance auto — l'olivier assurances

Objective 2:

Develop each new operation into a profitable business

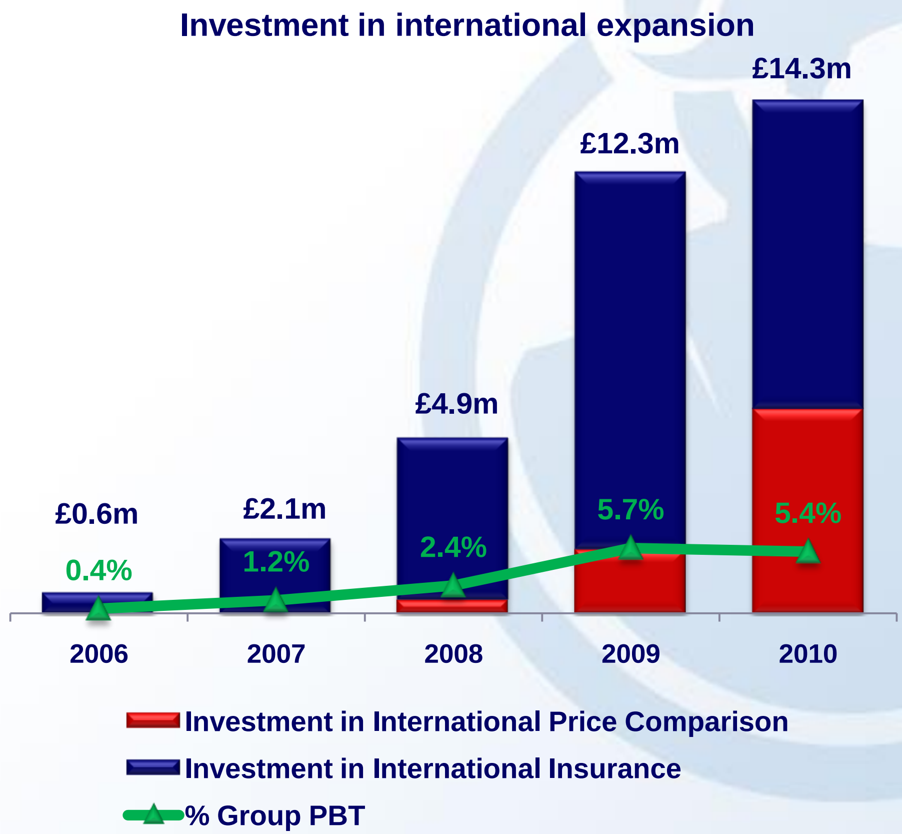
Number of Vehicles Insured

Number of Price Comparison Quotes Generated



Objective 3:

Minimise, where possible, the financial impact on the Group



Reinsurance support in every geography for motor insurance operations

25% minority stake in Rastreator sold to Mapfre S.A – Spain's largest insurer

We will not persevere in markets where there is no strong probability of success

"Slow and steady" approach to expansion

Things we do differently

- **Focus on data**
  - Ask more questions; more detail; more analysis
  - Bespoke pricing models
- **Focus on low cost**
  - Marketing channels
  - Low overheads
- **Investment in people and culture**

What is the opportunity?

- **Key today is for these business to be on the right trajectory**
- **Trajectory to becoming profitable, growing and sustainable businesses**
- **Opportunity is for one or two to become mini-Admirals in the future**

Accounting

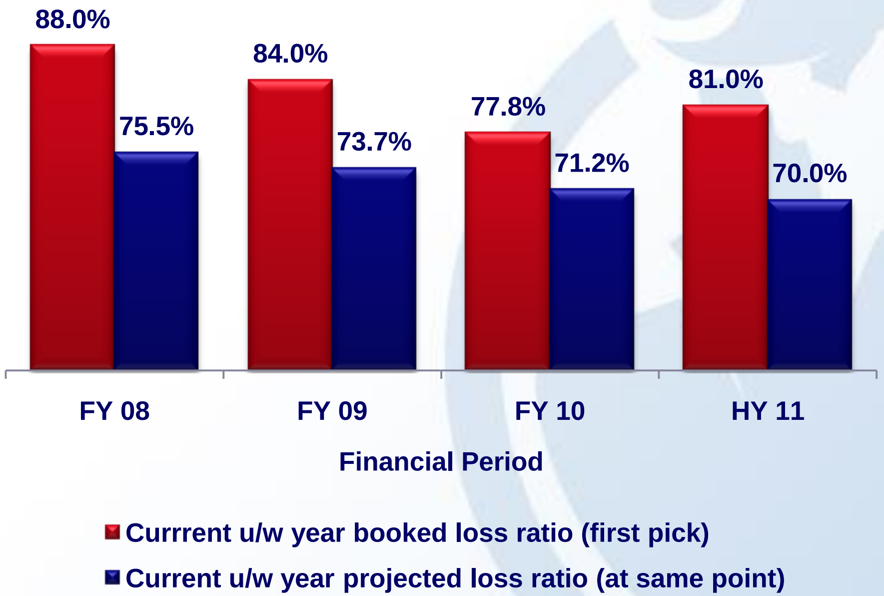
Questions

- What is Admiral's reserve "buffer"?
- What is negative IBNR?
- Why are you in Gibraltar?
- Are the ratios flattered by ancillary income accounting?
- What's the difference between accident and underwriting year?
- How come there are so many different loss ratios?
- Why do you commute reinsurance contracts and what impact does it have?

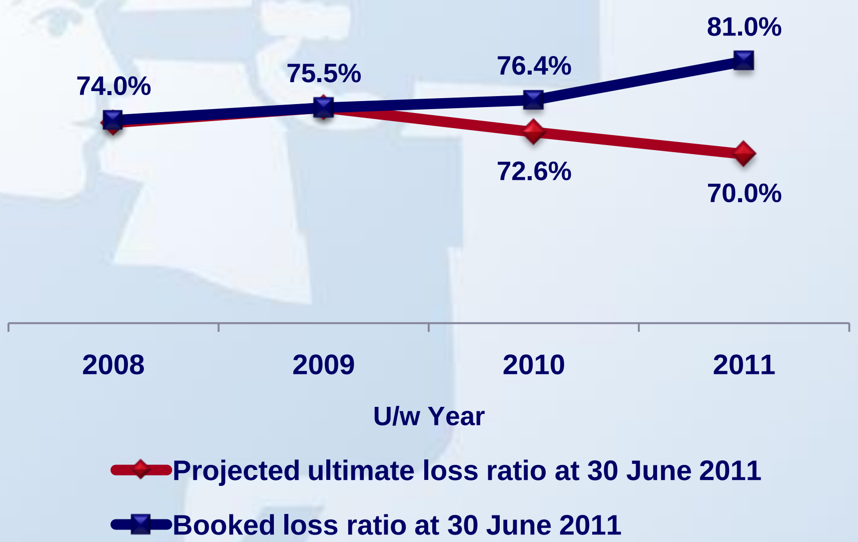
Contents

We reserve conservatively and maintain a buffer above projected ultimates

First pick loss ratios v ultimates



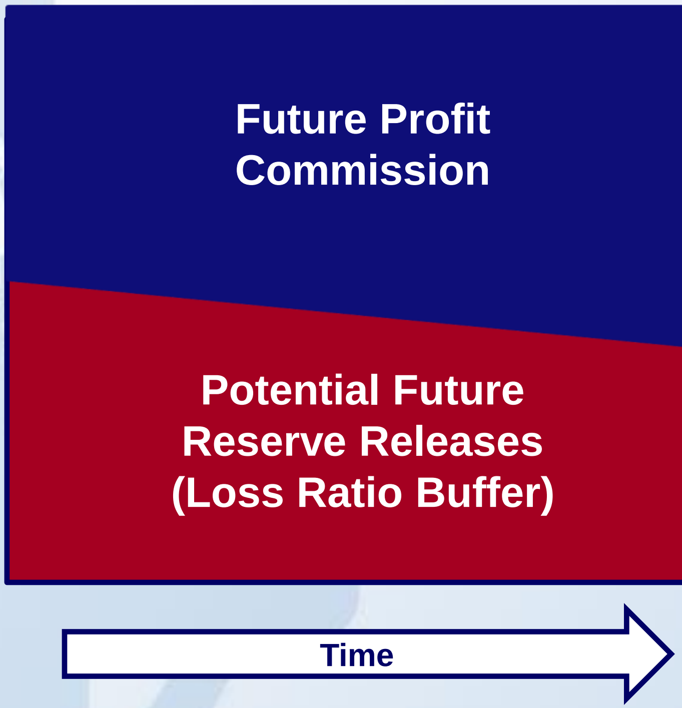
Current loss ratios v ultimates*



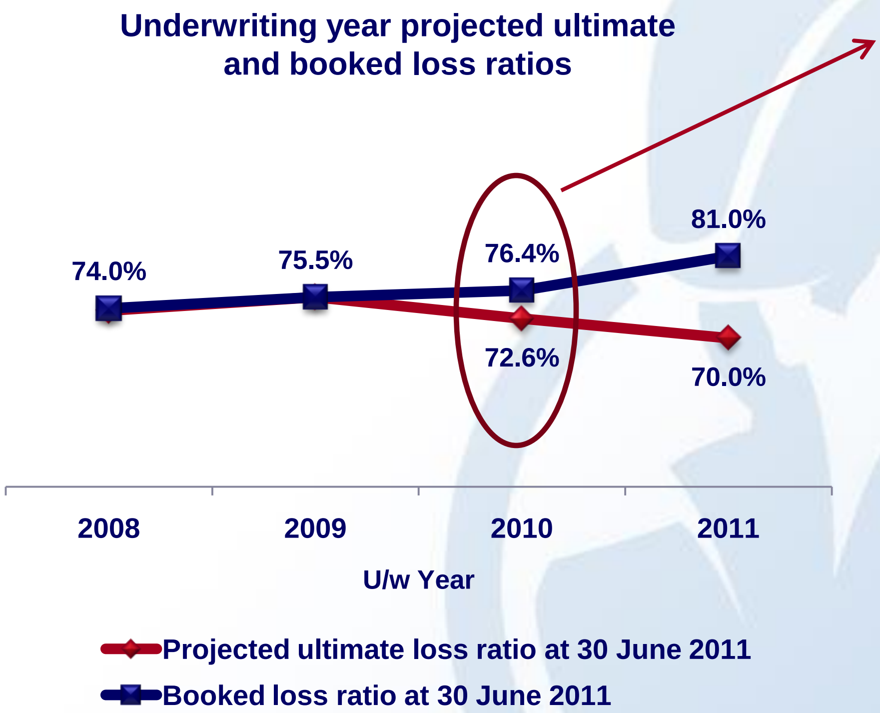
Reserving approach

- The level of prudence in our reserves is shown in the difference between our booked loss ratios and the projected ultimate loss ratios
- Each £1 of loss ratio buffer will generate an amount of profit commission. The total buffer is the sum of the loss ratio and profit commission buffers
- Over time the booked loss ratio for an individual underwriting year moves closer to the ultimate loss ratio – generating reserve releases
- When considering the amount of buffer that is appropriate, we take into account both the loss ratio and profit commission amounts
- There has been a move over the past few reporting periods to initially reserve closer to the ultimate loss ratio, due to the increased value of the profit commission attaching to each £1 of loss ratio buffer
- Profit commission has become more leveraged in recent periods because of better terms under the revised co-insurance and reinsurance contracts

Components of total buffer (illustrative)



How do we calculate the buffer?



2010, total earned premium (30 June) = £1,100m

1) Claims buffer:

Admiral share @ 27.5% = £303m

(76.4% - 72.6%) = 3.8% x £303m = **£11.5m**

2) (Illustrative) Profit commission:

Munich Re share @ 45.0% = £495m

3.8% x £485m x 50%* = £9.2m
(* = illustrative only)

Reinsurers' share @ 27.5% = £303m

3.8% x £303m x 100% = £11.5m

Total profit commission buffer = **£20.7m**

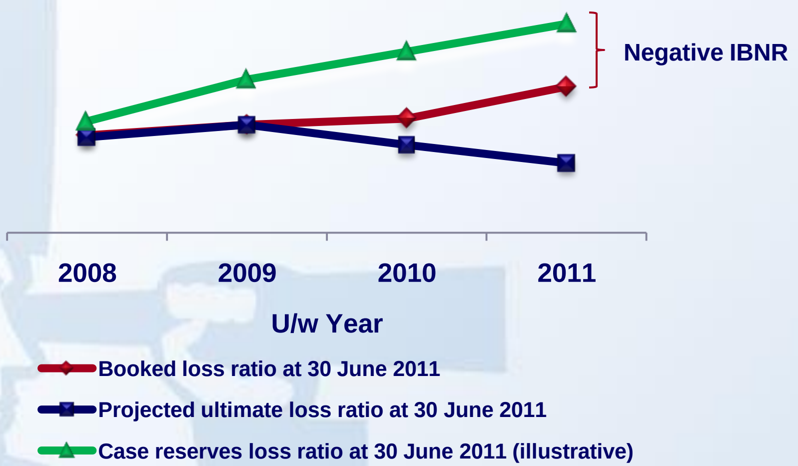
3) Total 2010 (illustrative) buffer = **£32.2m**

Note: Numbers are illustrative only

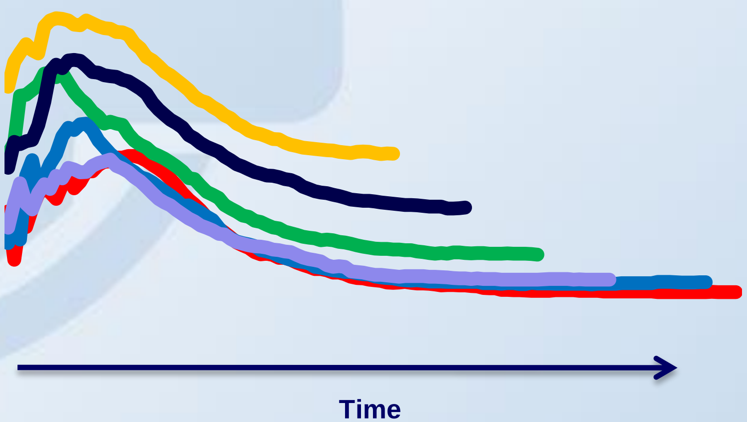
Statutory reporting

- Admiral's Annual Report can be reconciled to Admiral's Regulatory Returns which are filed with the FSA (UK), FSC (Gibraltar) and US State Authorities
- The Annual Report and Returns are completed on an underwriting year basis and are both based on the booked loss ratios
- Negative IBNR is reported in the Regulatory Returns and represents the difference between case reserves and booked loss ratios
- Case reserves are set by Admiral's claims department on an individual case basis. There is a substantial level of conservatism in the case reserves
- The case reserves and historic payment patterns as well as expected future claims inflation are used to forecast the ultimate loss ratio
- The booked loss ratio is higher than the ultimate loss ratio but lower than the case reserves. The difference between the booked and the ultimate loss ratios is the loss ratio buffer

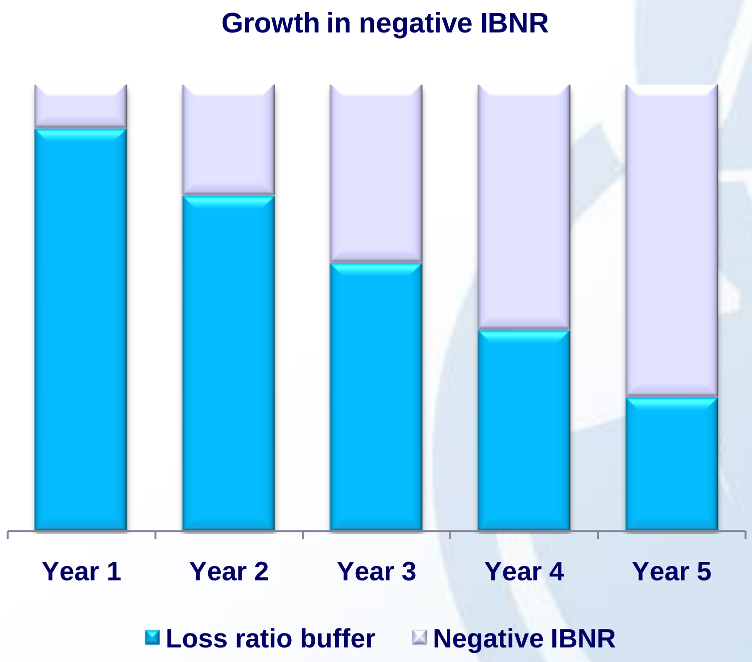
Negative IBNR illustration



Development of case reserves



Negative IBNR



- Negative IBNR has increased in recent years because:
  - The business has grown
  - Admiral's gross share of total business has increased (as the co-insured share has reduced from 65% to 40%)
  - There has been a move over the past few reporting periods to initially reserve closer to the ultimate loss ratio due to the increased value of profit commission in the buffer
  - (Possible) higher initial case reserves being set on new claims

Loss ratio

Ultimates (ULRs)	Independent or internal projection of the ultimate outcome of a period. Two bases: - Accident year – used for comparison to market - Underwriting year – used in calculations of buffer
Booked (accounted)	Used in compiling accounts and regulatory returns – drive recognition of underwriting profit and profit commission. For Admiral always stated on underwriting year basis) (Note – claims costs in accounts include some claims handling costs which are included in expense ratio when reporting KPIs)
Case reserves loss ratio	Ratios derived from individual case reserves

Ancillaries and ratios

- We classify ancillaries as ‘other revenue’ because we don’t underwrite them

If everything was accounted as underwriting...

£m	H1 2009	H1 2010	H1 2011	Restated H1 2011
Turnover*2	470.1	639.4	999.3	999.3
Total premiums written*3	404.6	555.8	881.7	881.7
Net insurance premium revenue	94.6	117.2	190.0	297.1
Investment income	5.7	3.2	3.4	3.4
Net insurance claims	(63.6)	(81.0)	(151.0)	(151.0)
Net insurance expenses	(14.2)	(16.1)	(20.7)	(37.1)
Underwriting profit	**22.5**	**23.3**	**21.7**	**112.4**
Profit commission	22.7	36.9	45.3	45.3
Net ancillary income	51.5	65.5	90.7	-
Other revenue	4.5	5.8	10.5	10.5
UK Car Insurance profit before tax	**101.2**	**131.5**	**168.2**	**168.2**

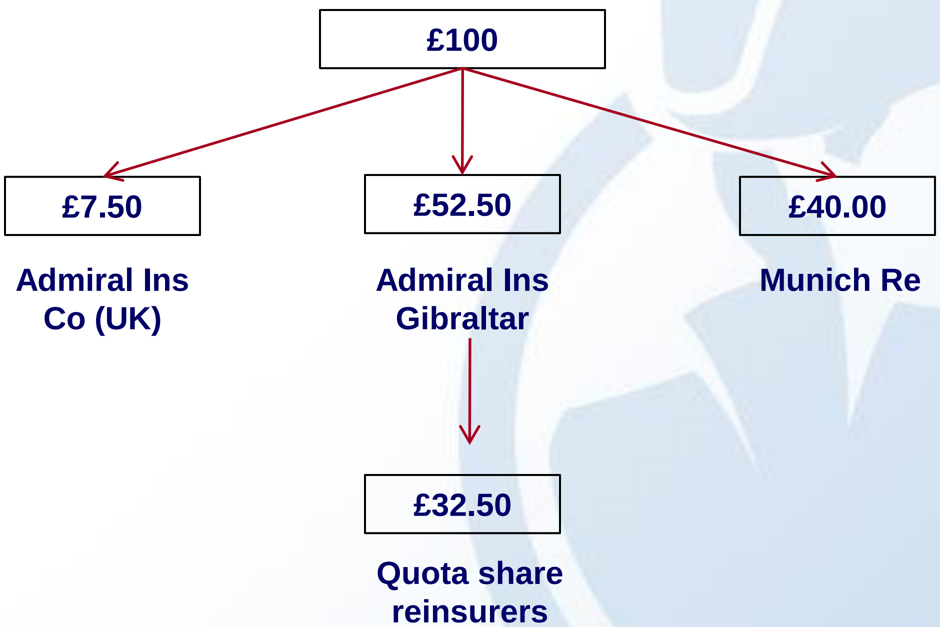
*1 GAAP = Generally Accepted Accounting Practice
*2 Turnover (a non-GAAP measure) comprises total premiums written and other revenue
*3 Total premiums written (non-GAAP) includes premium underwritten by co-insurers

Key performance indicators

	H1 2009	H1 2010	H1 2011	H1 2011
Reported loss ratio	64.2%	65.9%	76.3%	48.8%
Reported expense ratio	17.9%	17.0%	14.1%	14.5%
Reported combined ratio	82.1%	82.9%	90.4%	63.3%

Notes – ancillary contribution moved to net premium & overheads to insurance expenses. Instalment income left as other revenue
Claims figures include claims handling costs (c 2% of revised premium) allocated to expense ratio in KPI section

Split of underwriting in 2011:

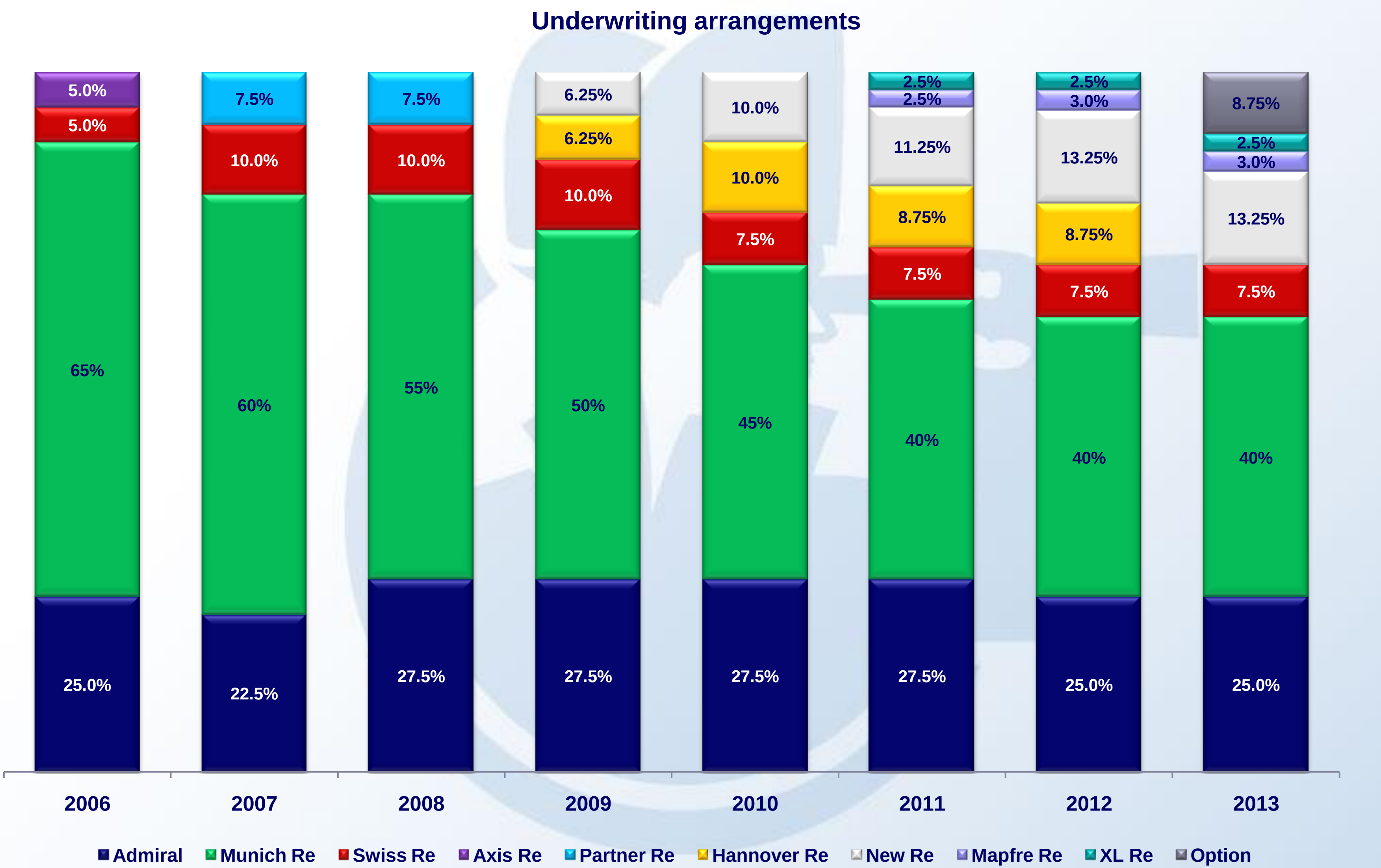


- **Admiral retains net £27.50**

Gibraltar?

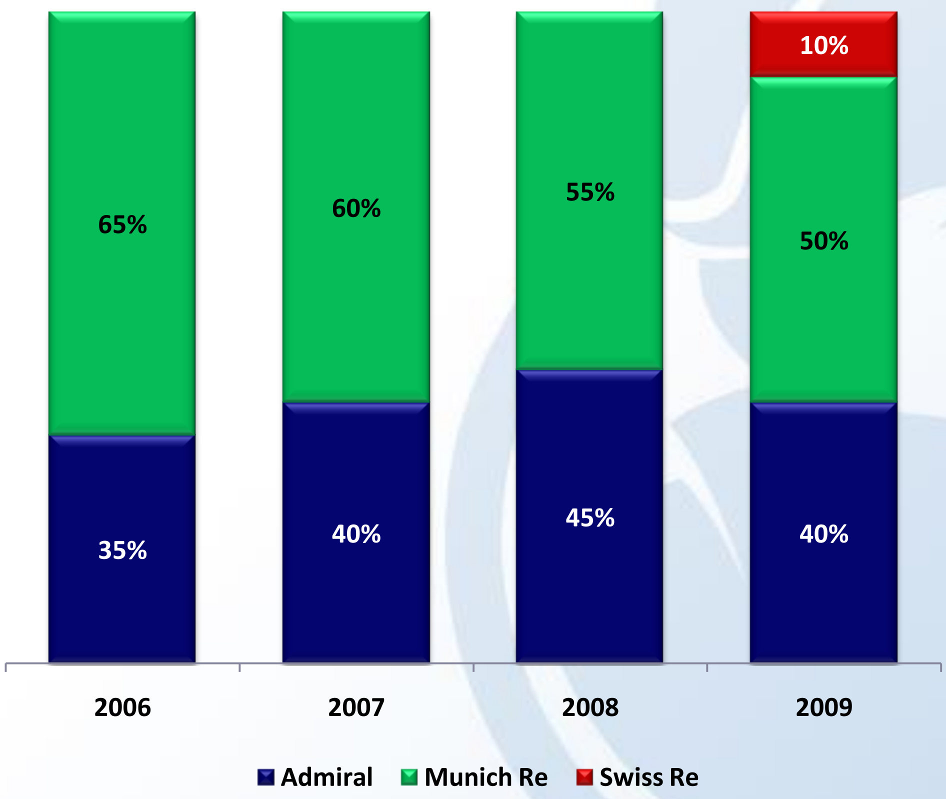
- Resulted from Admiral's exit from Lloyd's of London after 2002 u/w year
- Quicker regulatory approval process
- Capital requirement took into account Admiral's track record (FSA did not)
- Gibraltar will be subject to Solvency II
- Group's lead regulator is the FSA
- No tax benefit derived from Gibraltar

Underwriting arrangements (pre-commutations)



Underwriting arrangements (post-commutation)

Underwriting arrangements – current position



Commutations:

- Reinsurance deals usually result in higher profit commission to Admiral if commuted at month 24 or 36 of an underwriting year development
- There is no (or very small) profit impact on effective date of commutation
- Post commutation – loss ratio movements result in reserve movements, not profit commission
- Limited capital impact
- 2010 and 2011 years not yet affected

UK car insurance - co-insurance and reinsurance 2011 terms

<table>
<tr><th></th><th>Munich Re</th><th>Swiss Re</th><th>New Re</th><th>XL Re</th><th>Mapfre Re</th><th>Hannover Re</th></tr>
<tr><td>Share of premium</td><td>40%</td><td>7.5%</td><td>11.25%</td><td>2.5%</td><td>2.5%</td><td>8.75%</td></tr>
<tr><td>Term</td><td>To at least Dec 2016</td><td colspan="4">Ends December 2013</td><td>Ends Dec 2012</td></tr>
<tr><td>Cost to Admiral</td><td>Variable, depending on combined ratio</td><td>Fixed (not disclosed)</td><td colspan="4">Fixed – c2% of premium</td></tr>
<tr><td>Risk protection</td><td>Co-insurance</td><td colspan="5">Starts at 100% + Investment Income</td></tr>
<tr><td>Profit commission</td><td>Profit share % based on combined ratio

Different %'s operate in tranches

Calculated on written basis</td><td>Starts at 100%. Fixed allocation to Swiss Re, then 100% profit rebate to Admiral thereafter

Below "x"% = 100%

Calculated on earned basis</td><td colspan="4">Same as Swiss Re (though at different cost)

After fixed fee of c2% Admiral retains 100% of profit

Calculated on earned basis</td></tr>
<tr><td>Funds withheld</td><td>No</td><td>No</td><td colspan="4">Yes</td></tr>
<tr><td>Investment income</td><td>Munich Re</td><td colspan="5">Admiral (provided combined ratio <100%)</td></tr>
<tr><td>Instalment income</td><td>Munich Re</td><td colspan="5">Admiral</td></tr>
<tr><td>Ancillary income</td><td>Admiral</td><td colspan="5">Admiral</td></tr>
<tr><td>Other terms</td><td>Improved PC terms from 2010</td><td colspan="5">In 2012 New Re increases to 13.25% and Mapfre Re to 3.0% (Admiral reduces to 25%). In 2013 Admiral has a flexible option to allocate 8.75% between New Re, Hannover Re and / or XL Re</td></tr>
</table>

Key definitions (1)

Term	Definition
Accident Year	The year in which an accident takes place. It is also referred to as the earned basis or the calendar year basis. Claims incurred are allocated to the calendar year in which accident took place.
Underwriting Year	The year in which the policy was incepted. It is also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was written.
Written / Earned Basis	A policy can be written in one calendar year but earned over a subsequent calendar year.
Loss Ratio	The ratio can be calculated on an accident year or underwriting year basis. Expressed as a percentage of (i) claims incurred divided by (ii) net premiums
Ultimate Loss Ratio	The ratio can be calculated on an accident year or underwriting year basis. It is the projected ratio for a particular accident or underwriting year. It is an estimate (calculated using actuarial analysis) of where the loss ratio end when all claims are settled.
Reported / Booked / First-Picked Loss Ratio	The ratio can be reported on an accident year or underwriting year basis. This is the ratio reported in the financial statements for a particular accident or underwriting year. It is used to calculate underwriting profit and profit commissions.
IBNR	Incurred But Not Reported – usually an allowance for costs to be incurred on claims not yet reported. Also used in aggregate as difference between reserved claims and expected ultimate outcomes
Expense Ratio	The ratio can be calculated on an earned or written basis. Expressed as a percentage, of (i) net operating expenses, either divided by (ii) written / earned premiums, net of reinsurance
Combined Ratio	The sum of the loss ratio and expense ratio.

Key definitions (2)

Term	Definition
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.
Reinsurance	An arrangement in which a reinsurance company agrees to indemnify another insurance company, against all or a portion of the insurance risks underwritten by the ceding company under one or more policies. Reinsurance does not legally discharge the primary insurer from its liability with respect to its obligations to the insured.
XoL Reinsurance	An arrangement in which a reinsurance company agrees to indemnify another insurance company for claims above a certain level. For example if XoL reinsurance level is £5m, for any individual claim that is in excess of £5m the reinsurance company covers the costs above £5m.
Total / Gross / Net Premiums Written	Total = total premiums written including coinsurance Gross = total premiums written including reinsurance but excluding coinsurance Net = total premiums written excluding reinsurance and coinsurance
Ancillary Income / Contribution / Profit	Ancillary Income = Total Ancillary Income Ancillary Contribution = Total Ancillary Income Less Third Party Costs Ancillary Profit = Total Ancillary Contribution Less Internal Sales Expenses

Summary income statement

	UK Car Insurance			International Car Insurance			Price comparison			Other			Admiral Group		
	H1 09	H1 10	H1 11	H1 09	H1 10	H1 11	H1 09	H1 10	H1 11	H1 09	H1 10	H1 11	H1 09	H1 10	H1 11
Turnover	**470.1**	**639.3**	**999.3**	**24.5**	**37.2**	**53.9**	**40.2**	**38.0**	**45.4**	**5.3**	**6.0**	**5.8**	**540.1**	**720.5**	**1,104.4**
Total premiums written	404.6	555.8	881.7	22.6	34.1	49.5							427.1	589.9	931.2
Gross premiums written	202.3	305.7	529.0	19.9	29.4	39.0							222.2	335.1	568.0
Net premiums written	109.5	150.5	238.8	7.8	11.7	16.4							117.2	162.2	255.2
Net earned premium	94.6	117.2	190.0	5.9	8.2	11.5							100.6	125.4	201.5
Investment income	5.7	3.2	3.4	0.1	0.0	0.1							5.8	3.2	3.5
Net insurance claims	(63.6)	(81.0)	(151.0)	(6.6)	(7.8)	(11.1)							(70.2)	(88.8)	(162.1)
Insurance related expenses	(14.2)	(16.1)	(20.7)	(5.2)	(7.1)	(6.9)							(19.4)	(23.2)	(27.6)
Underwriting result	**22.5**	**23.3**	**21.7**	**(5.7)**	**(6.7)**	**(6.4)**							**16.8**	**16.6**	**15.3**
Profit commission	22.7	36.9	45.3										22.7	36.9	45.3
Gross ancillary revenue	61.0	77.7	107.1	1.8	2.9	4.2							62.8	80.6	111.3
Ancillary costs	(9.6)	(12.2)	(16.4)	(0.3)	(0.5)	(0.6)							(9.9)	(12.7)	(17.0)
Instalment income	4.5	5.8	10.5	0.2	0.2	0.2							4.7	6.0	10.7
Gladiator contribution										1.4	1.5	1.2	1.4	1.5	1.2
Price comparison revenue							40.2	38.0	45.4				40.2	38.0	45.4
Price comparison expenses							(29.2)	(30.9)	(40.4)				(29.2)	(30.9)	(40.4)
Interest income										1.1	0.3	1.6	1.1	0.3	1.6
Other (mainly share scheme)						(0.6)				(5.2)	(9.4)	(12.2)	(5.2)	(9.4)	(12.8)
Profit / (loss) before tax	**101.1**	**131.5**	**168.2**	**(4.1)**	**(4.1)**	**(3.2)**	**11.0**	**7.1**	**5.0**	**(2.7)**	**(7.6)**	**(9.4)**	**105.3**	**126.9**	**160.6**

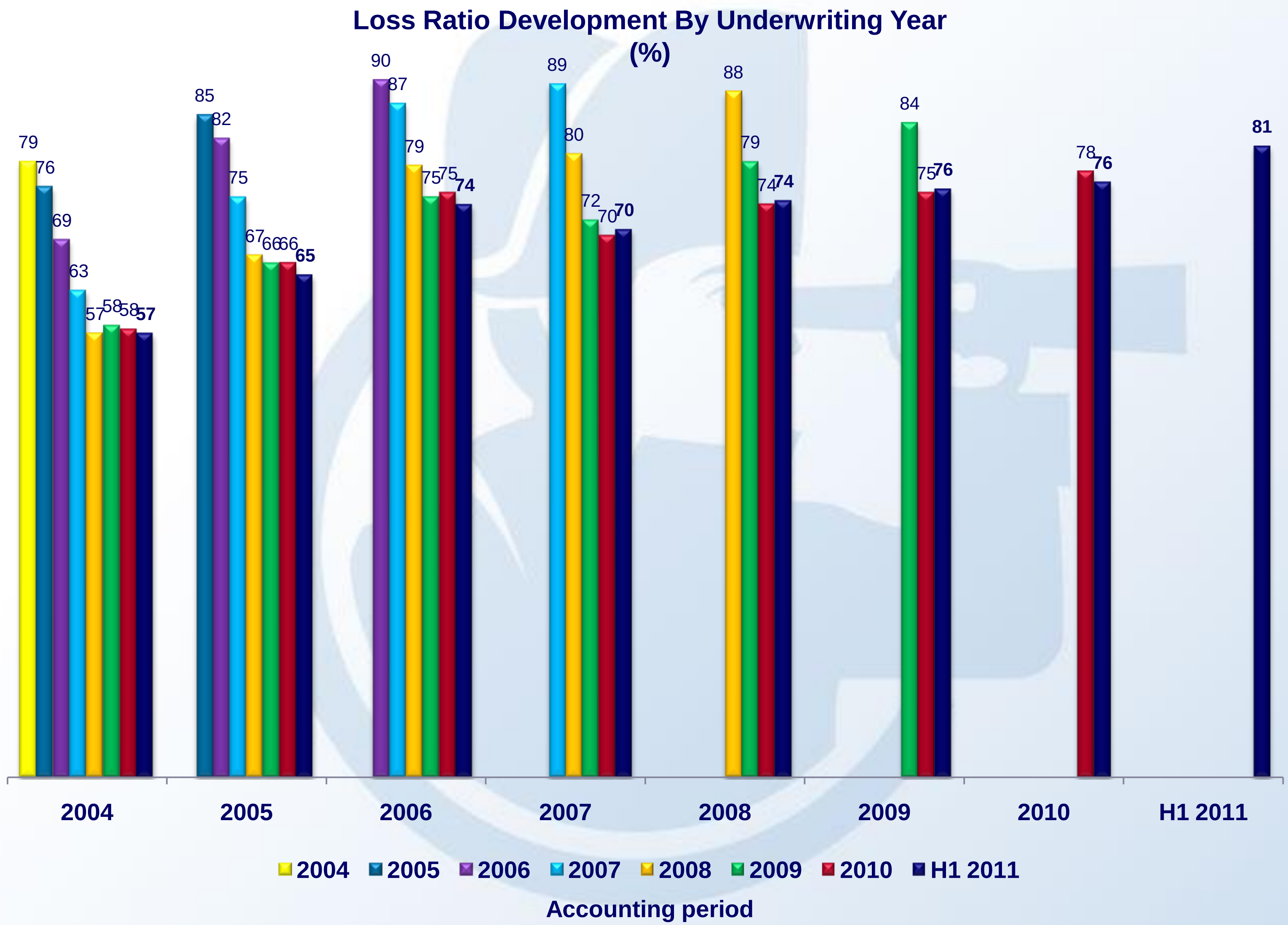
Balance sheet

	Jun-10 £m	Dec 10 £m	June 11 £m
ASSETS			
Property, plant and equipment	11.7	13.6	14.1
Intangible assets	79.1	82.9	84.2
Financial assets	827.7	1,004.7	1,319.3
Reinsurance contracts	283.0	357.0	479.7
Deferred income tax	1.2	12.4	11.7
Trade and other receivables	45.9	49.4	75.5
Cash and cash equivalents	165.4	246.7	281.4
Total assets	**1,414.0**	**1,766.7**	**2,265.9**
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	13.1	13.1	13.1
Retained earnings	306.3	332.7	371.1
Other reserves	2.7	4.6	7.2
Total equity	**322.4**	**350.7**	**391.7**
LIABILITIES			
Insurance contracts	643.8	806.6	1,083.9
Trade and other payables	407.8	561.0	747.6
Corporation tax liabilities	40.0	48.4	42.7
Total liabilities	**1,091.6**	**1,416.0**	**1,874.2**
Total liabilities and equity	**1,414.0**	**1,766.7**	**2,265.9**

Admiral Group key performance indicators

	KPI	2004	2005	2006	2007	2008	2009	2010	H1 08	H1 09	H1 10	H1 11
Group Financial	**Turnover £m**	540	627	698	808	910	1,077	1,585	463	540	721	1,104
	Customers	1,040,700	1,141,000	1,284,700	1,490,800	1,745,800	2,076,000	2,748,400	1,629,500	1,921,500	2,372,500	3,153,500
	Group pre-tax profit £m	98.1	119.5	147.3	182.1	202.5	215.8	265.5	100.3	105.3	126.9	160.6
	Earnings per share	28.4p	32.7p	39.8p	48.6p	54.9p	59.0p	72.3p	27.3p	28.5p	33.7p	43.3p
	Dividend	9.3p	24.6p	36.1p	43.8p	52.5p	57.5p	68.1p	26.0p	27.7p	32.6p	39.1p
UK Car Insurance	**Vehicles covered**	1,007,600	1,104,500	1,240,200	1,381,700	1,587,200	1,861,800	2,458,900	1,483,900	1,731,600	2,122,800	2,827,100
	Total premiums £m	470.4	533.6	566.0	617.0	690.2	804.7	1,237.6	350.1	404.6	555.8	881.7
	Reported combined ratio	82.0%	84.9%	87.2%	83.4%	81.0%	84.9%	83.5%	80.1%	82.1%	82.9%	90.4%
	Ancillary contribution per policy £	66.3	68.5	69.3	69.0	70.7	72.0	77.5	71.1	70.8	74.5	78.9
	UK car insurance pre-tax profit	94.7	110.0	121.1	142.2	179.9	206.9	275.8	86.0	101.3	131.5	168.2
Price Comparison	**Total revenue £m**	3.2	12.0	38.5	69.2	66.1	80.6	75.7	36.6	40.2	38.0	45.4
	Operating profit £m	1.3	6.9	23.1	36.7	25.6	24.9	11.7	15.6	11.0	7.1	5.0
	Operating margin - Confused.com	41%	58%	60%	53%	39%	32%	24%	43%	27%	24%	20%
International Insurance	**Vehicles covered**			2,200	46,900	73,700	121,000	195,000	69,900	100,500	154,100	236,000
	Total premiums £m			0.6	14.2	26.0	43.0	71.0	13.0	22.6	34.0	49.5
	Reported combined ratio			0	232%	198%	204%	173%	206%	199%	183%	157%
	Non-UK car insurance result £m			(0.1)	(0.7)	(4.1)	(9.5)	(8.0)	(2.1)	(4.1)	(4.1)	(3.2)

UK car insurance - booked loss ratios by accounting period



Admiral's brands

Rastreator.com
Tu Comparador de Seguros

Confused.com

Chiarezza.it

Diamond

Admiral

Elephant
Auto Insurance

GLADIATOR

ConTe.it
® Admiral Group plc UK

elephant.co.uk

Bell

l'olivier
assurances

LeLynx.fr
Comparateur d'assurance auto

balumba.es
Seguros de coche

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The forward-looking information contained herein has been prepared on the basis of a number of assumptions which may prove to be incorrect, and accordingly, actual results may vary.

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The financial information set out in the presentation does not constitute the Company's statutory accounts in accordance with section 423 Companies Act 2006 for the half year ended 30 June 2011. The statutory accounts for the 6 months ended 30 June 2011 will be finalised on the basis of the financial information presented by the directors in the interim announcement.