2016 Half Year Results

17th August 2016

Admiral

Agenda

Introduction	**David Stevens, CEO**
Group overview	Geraint Jones, CFO
UK	Alistair Hargreaves, Head of Service Cristina Nestares, Head of Product
International	Martin Coriat, Confused.com CEO David Stevens, CEO
Wrap up	David Stevens, CEO
Q&A	All

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H1 2016: The Highlights

Customers

15%

4.82m

H1 15: 4.19m

Turnover[1]

19%

£1,261m

H1 15: £1,058

Profit before tax[2]

4%

£193m

H1 15: £186m

Earnings per share

2%

55.9p

H1 15: 54.8p

Return on equity

-2%

49%

H1 15: 50%

Dividend per share[3]

23%

62.9p

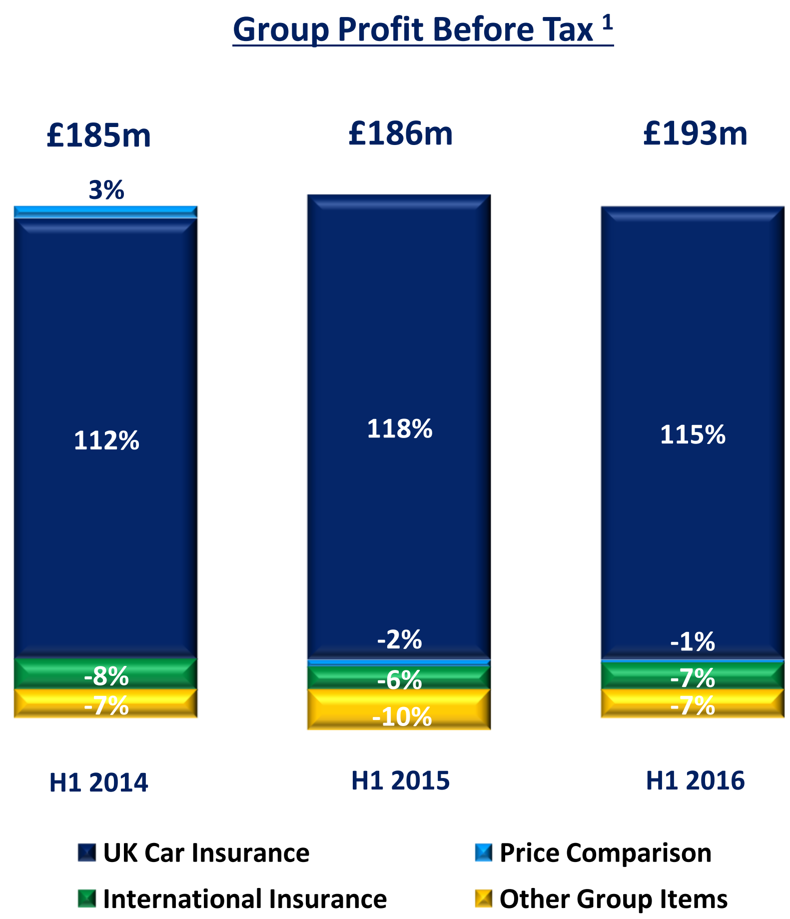
H1 15: 51.0p

Note: (1) Turnover comprises total premiums written plus other revenue. (2) Profit before tax adjusted to exclude minority interest share. (3) Includes 11.9p per share return of surplus capital.

Strong Growth in Turnover and Customers

	Turnover	Customers
UK Car	16% £993m H1 15: £858m	11% 3.52m H1 15: 3.18m
International Car	44% £159m H1 15: £110m	20% 758k H1 15: 632k
Household and Van	29% £44m H1 15: £34m	43% 543k H1 15: 381k
Price Comparison	16% £64m H1 15: £55m	

Analysis of Half-Year Profit

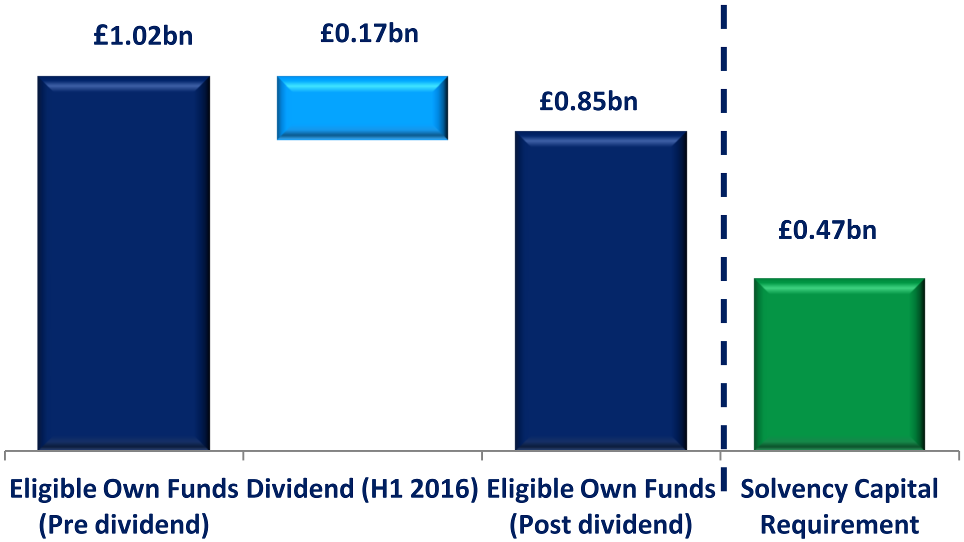


- UK Car profit up slightly to £223m; lower proportion of Group due to improved price comparison result and lower other costs
- Overall international Insurance loss of £13m includes another ConTe profit offset by ongoing investment in USA and France
- Improved comparison result (loss of £1m v loss of £4m) includes good result from Confused.com in the UK
- Other includes Household (£1m profit), share scheme charges, debt servicing cost

Note: (1) Profit before tax adjusted to exclude minority interest share.

Solvency position remains strong

Capital Position[1]



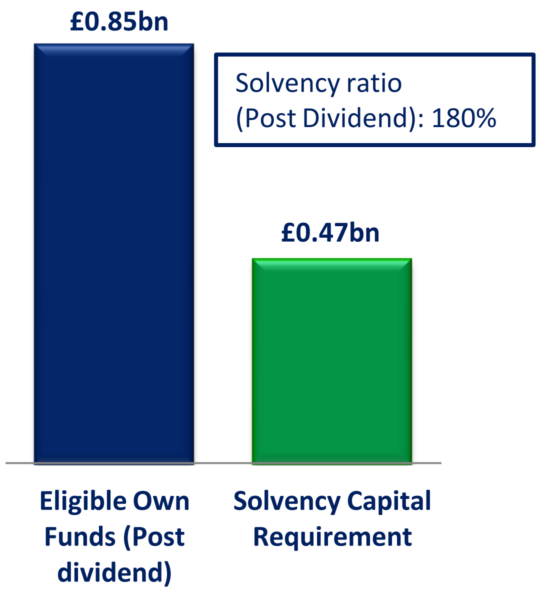
Solvency ratios	
Solvency ratio (Pre Dividend)	217%
Solvency ratio (Post Dividend)	180%

- Group Solvency Capital Requirements (SCR) based on Solvency II Standard Formula plus an agreed Capital Add-On (CAO)
- Post-Brexit yield curve movements reduced solvency ratio by approximately 20%
- Post-dividend solvency ratio with volatility adjusted yield curve = 196%[2]
- Admiral is developing a partial internal model to calculate the capital requirement and expects to apply for regulatory permission during 2017
- Target solvency coverage range will be confirmed once partial internal model approved. Still expect 125%-150%

Note: (1) Estimated (and unaudited) solvency II capital position at date of this report (17 August 2016). Includes impact of July 2016 yield curve movements based on EIOPA 31 July 2016 yield curve. Impact of deferred tax on SCR remains under discussion with PRA (maximum impact 3% of SCR). (2) Volatility adjustment application subject to approval by UK PRA and Gibraltar FSC.

Additional return of capital

Capital Position

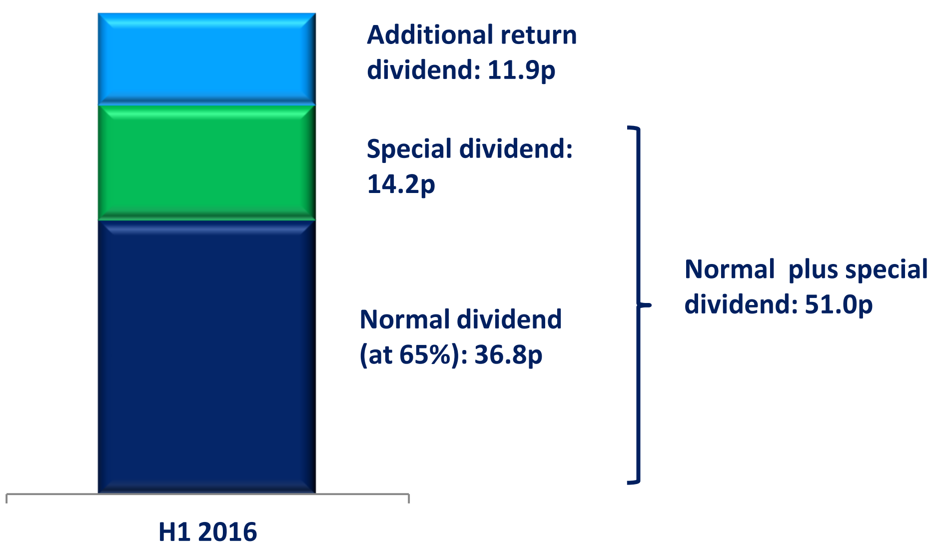


Additional return of capital

- Solvency ratio of 180% (196% volatility adjusted)
- Currently expect to return £100m - £150m in additional return of capital up to the middle of 2018 (figures include £66m already paid/declared)
- Currently envisage additional return of capital with final 2016 dividend of c£20m
- The amount to be paid will be reviewed at each reporting date and will depend on market conditions and business plans at each point
- Additional return of capital will be separately identified
- To date these total £66m, including £33m paid with this 2016 interim dividend

Interim Dividend of 62.9p Per Share

Interim 2016 dividend



- H1 2016 Normal plus Special dividend = 51.0p per share (total = £142 v £140m interim 2015)
- H1 2016 payout ratio = 91%
- Additional return with interim 2016 dividend = 11.9p per share; £33m
- Total interim dividend = £175m v £140m interim 2015

Dividend Dates

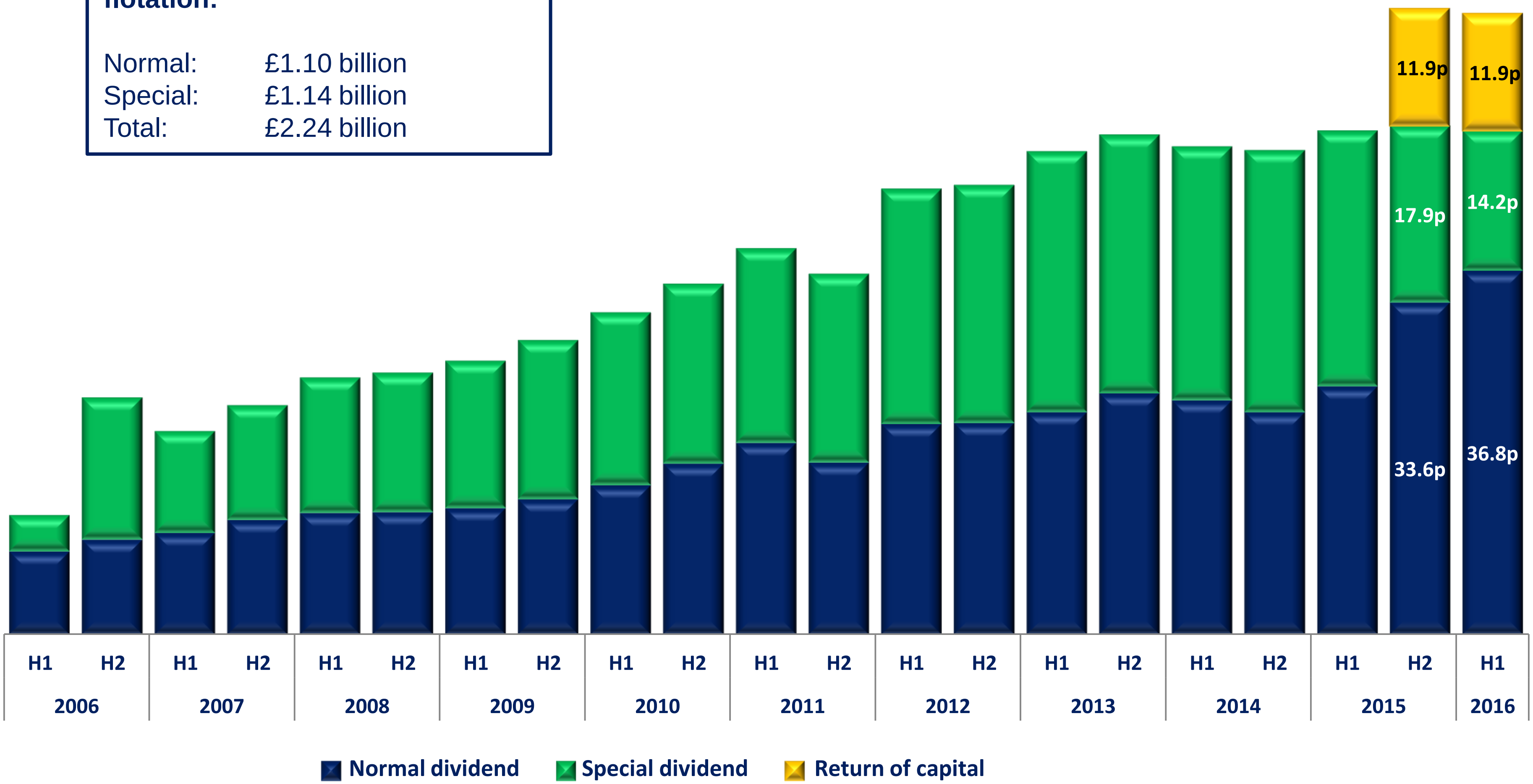
Ex-dividend date:	8th September 2016
Record date:	9th September 2016
Payment date:	7th October 2016

- Admiral will pay 65% of post-tax profits as a normal dividend each half-year (up from 45%)
- Admiral expects to continue to distribute all earnings not required to be retained for solvency and buffers
- Admiral expects Normal plus Special (before additional returns of capital) to be of the order of 90-95% of earnings for foreseeable future

Dividend History

Cumulative dividends since flotation:

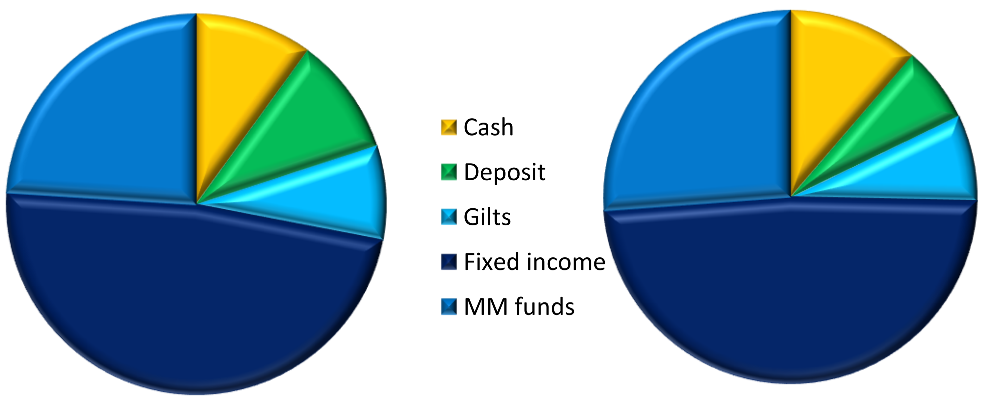
Normal:	£1.10 billion
Special:	£1.14 billion
Total:	£2.24 billion

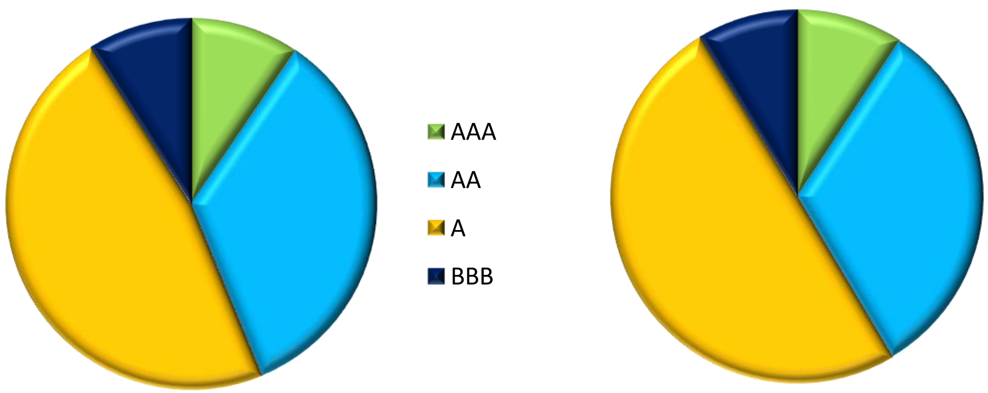


Investments update

Investment analysis

Dec '15: £2,589m **June '16: £2,651m**

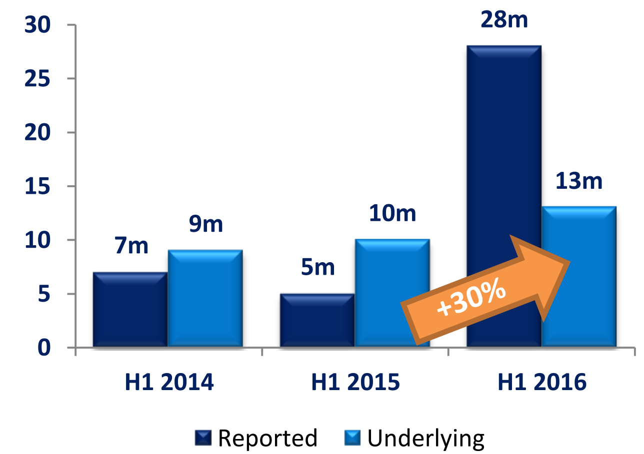




Investment income

- H1 2015 and 2016 interest and investment income distorted by differences in accounting for income on quota share funds withheld
- H1 2016 also includes £5.5m foreign exchange gain
- Underlying net income increased by 30% to £13m due to higher rate of return on larger balances

Net investment income[1] (£m)



Note: (1) Investment income net of interest cost on bond. Income figures include interest on gilts purchased with bond issue proceeds.

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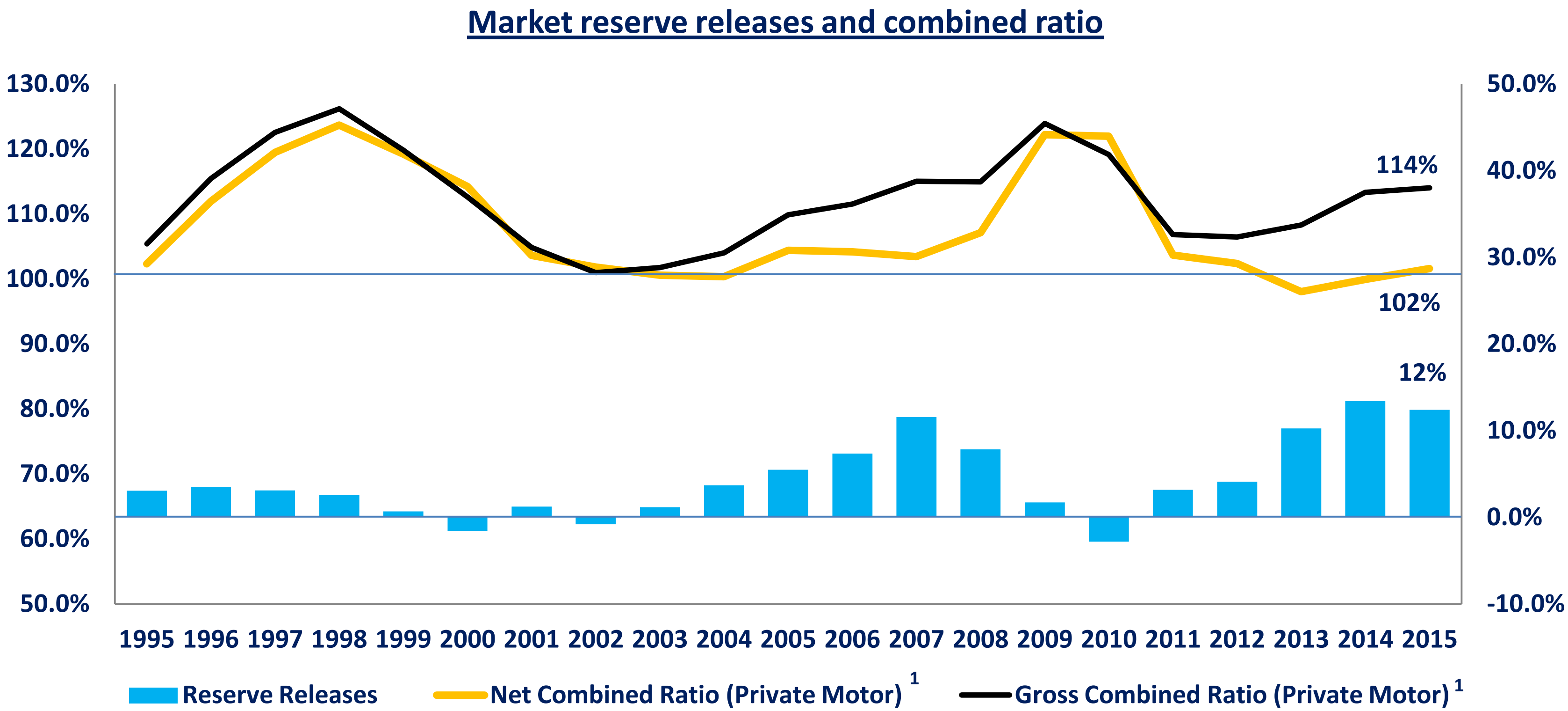
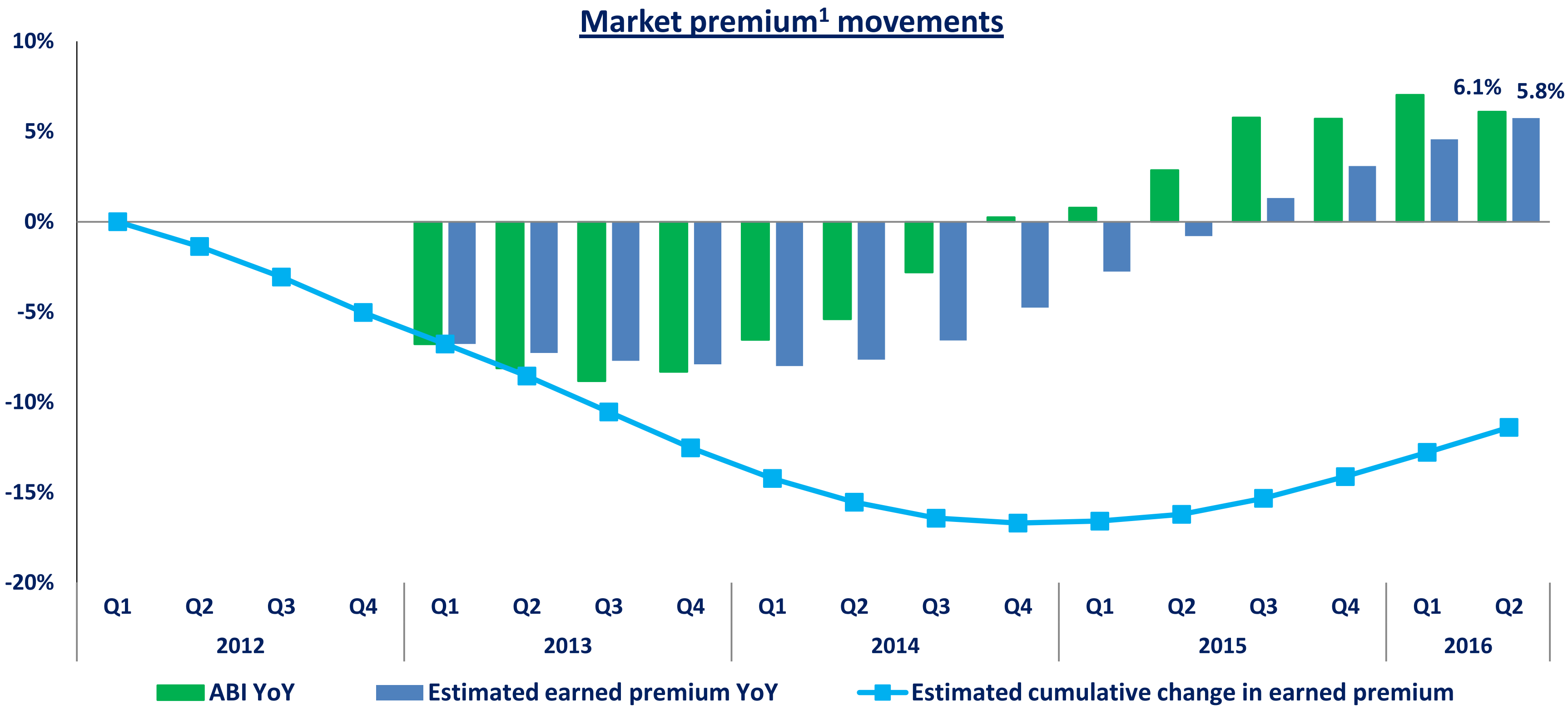
Market profitability in 2015 relies on reserve releases



- Breakeven relies on continued exceptional reserve releases
- Market price increases started earlier than in previous cycles, is it likely that Gross CoR has peaked in 2015?
- Gross combined ratio relatively flat from 2014 to 2015

Source: EY 'UK Motor Insurance Results Seminar' June 2016
Note: (1) Net/Gross Combined Ratio includes/excludes the impact of reserve releases respectively.

Headline price increases are flowing through to earned premiums

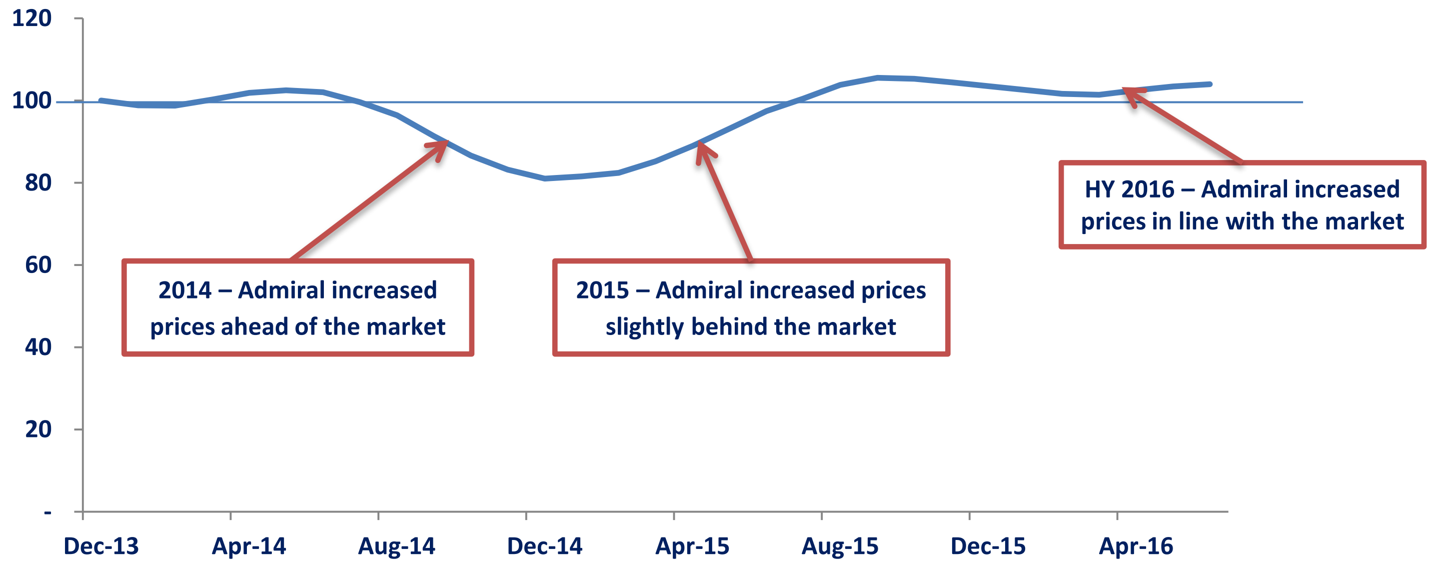


- Price increases have led to more shopping and an increase in new business policies for the market

Note: (1) Premium data has been adjusted to remove the effect of IPT increase in Q4 2015. Source: ABI Motor Insurance Premium Tracker Q2 2016

More shopping and strong competitiveness is fuelling Admiral growth

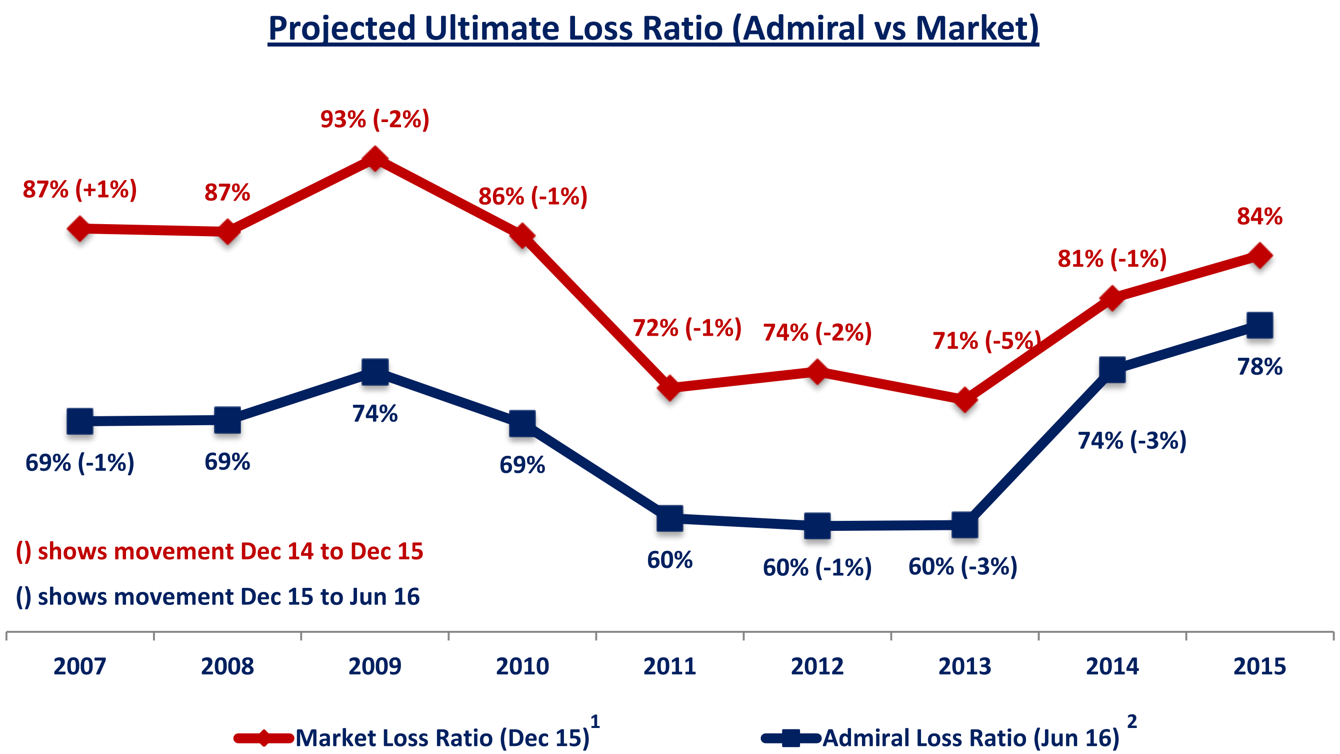
Admiral Times Top[1]



- Resulted in 11% vehicle growth year on year
- H1 2016 new business volumes have increased
- Last 12 month price increases in line with market increases

Note (1) Times top rolling 6 month average indexed to 100 from December 2013.

Admiral's back year loss ratios continue to improve

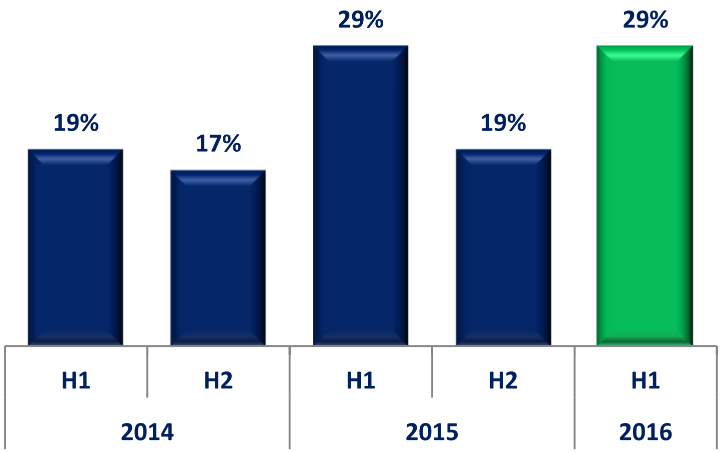


- Positive development of 2014 and prior
- Cautious initial reserving of 2015, reflecting inherent uncertainty of large BI
- H1 2016, we're benefiting from price increases and claims inflation has been moderate

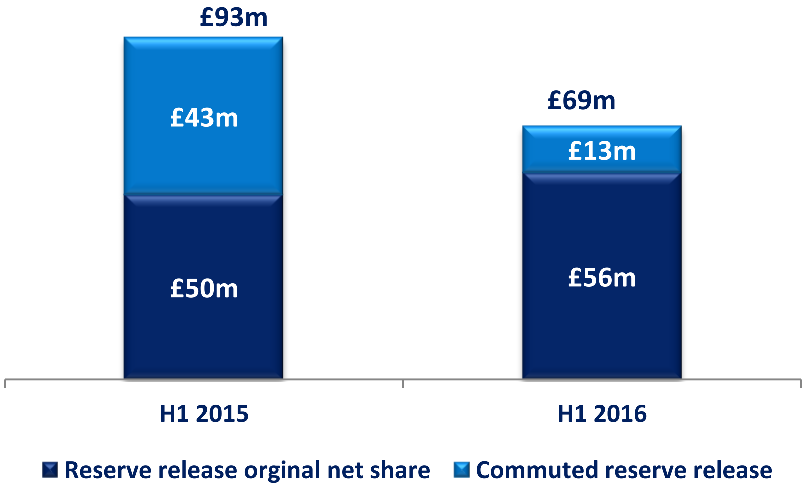
Note: (1) Analysis of PRA returns as at 31 December 2015. Market excludes Admiral. Loss ratio: accident year. (2) Independent actuarial projection of ultimate loss ratio on accident year basis

Loss ratio improvements and reinsurance commutations flow into reserve releases

Admiral releases as % of premium



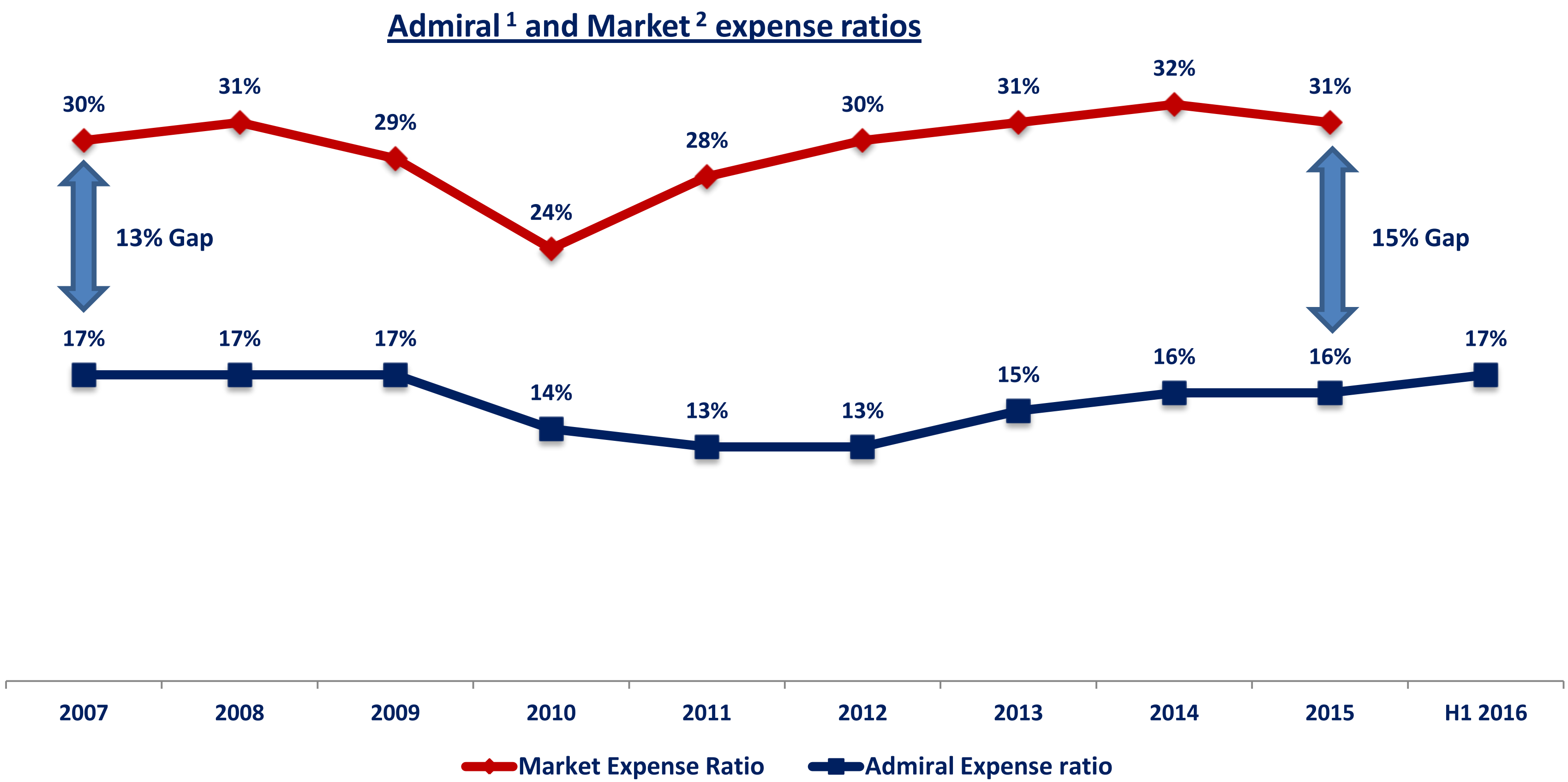
Reserve releases and commutations



- Strong reserve releases reflect very positive evolution of ultimates
- A similar level of reserve release in H2 2016 would require further large improvements in ultimates
- Reserves margin remains at the high end of Admiral's reserving policy range

- 2014 u/w year commuted at start of 2016
- Prudent reserving means the 2014 commutation reduced commuted reserve releases

Admiral maintains a strong expense ratio advantage

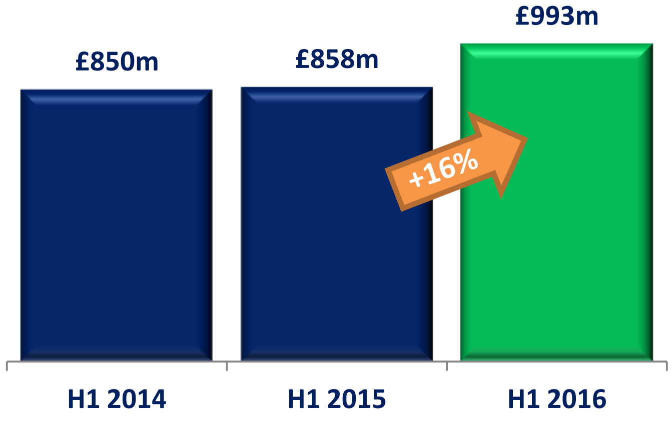


- Expense ratio increases slightly in H1 2016 due to acquisition costs to drive 11% growth in active vehicles
- We're still maintaining our advantage

Note: (1) Admiral expense ratio is on a written basis. (2) Analysis of PRA returns as at 31 December 2015.

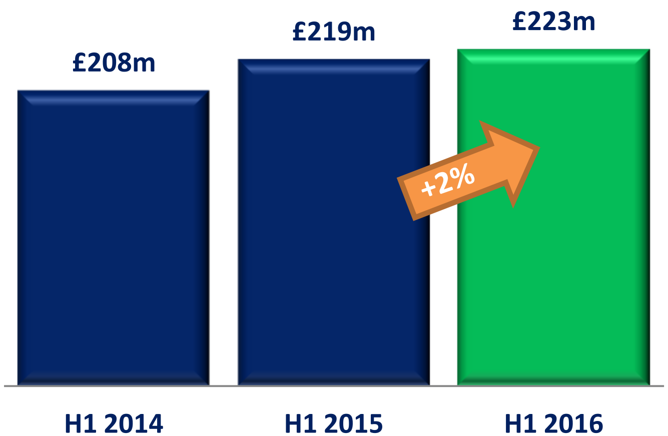
Strong performance for UK car insurance

Turnover[1]

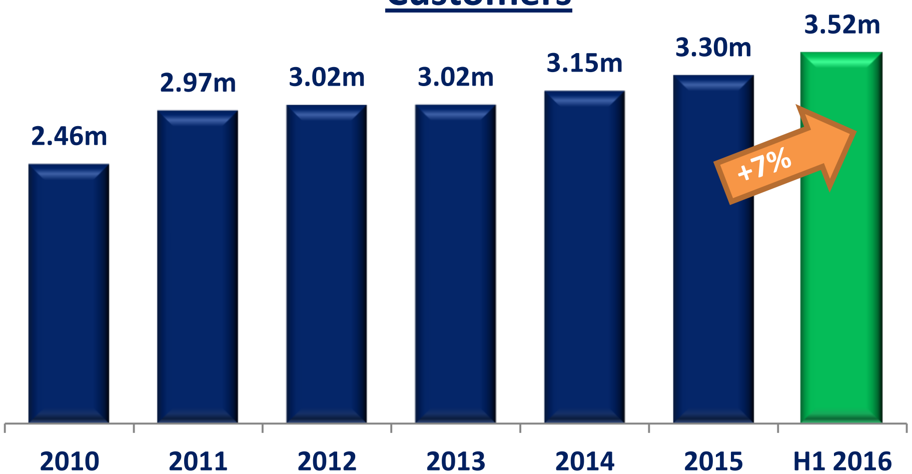


- Higher insurance premium revenue and Other Revenue resulting from growth in the portfolio over the past year
- Improved combined ratio
- Higher investment income
- Lower reserve releases on business originally ceded under quota share reinsurance contracts

Profit Before Tax



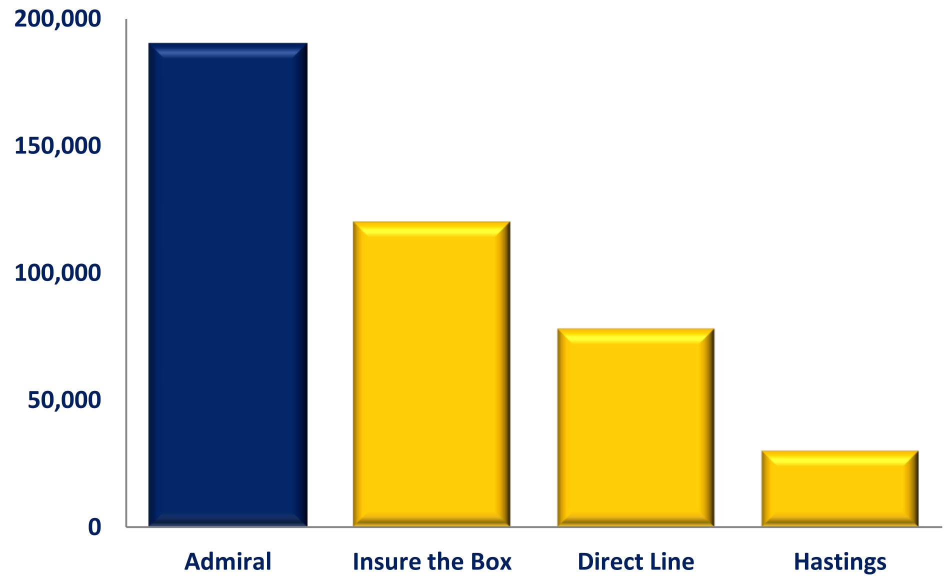
Customers



Note: (1) Turnover is a non-GAAP measure and consists of total premiums written (including co-insurer's share) and Other Revenue.

The largest telematics player

Telematics policies[1]



- Market leader in active customers
- Currently c5% of the market
- We have a large amount of data that we can utilise effectively

Note: (1) Admiral policy number from company data as of H1 2016. Competitor data from company FY 2015 disclosures.

Guidewire brings benefits

Core administration system - renewed after 24 years of ‘I90’:

Strategic flexibility	▪ Add new products more easily
Operational efficiency	▪ Allows smoother and faster operational changes ▪ Staff training is shorter and easier
Customer experience	▪ Offers customers more options and product flexibility ▪ Reduced scope for manual errors
Modernisation	▪ Updates data warehouse to support ‘single customer view’

Claims administration system - in-house workflow remains in place

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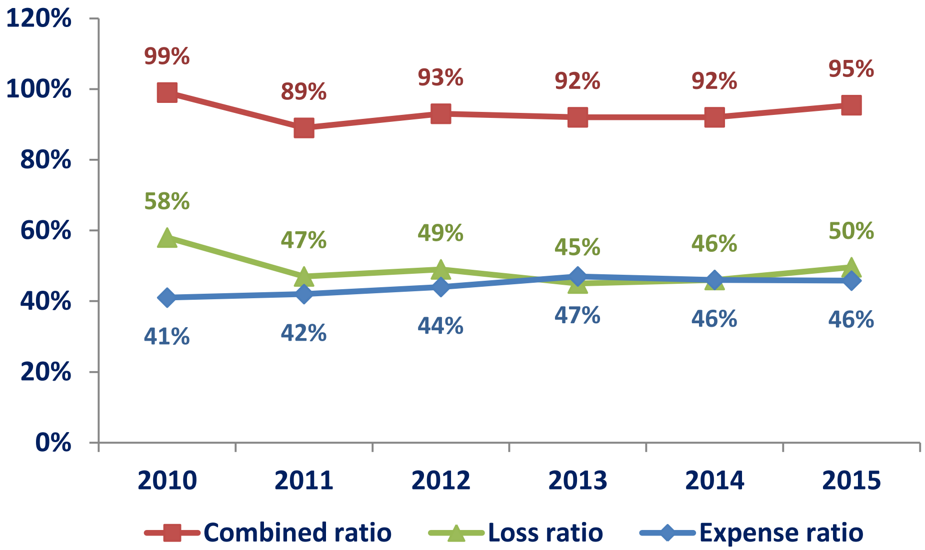
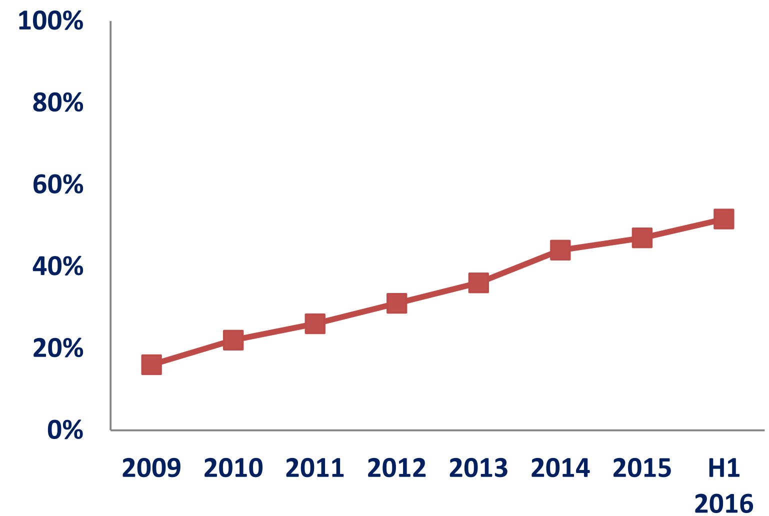
UK household market continues to move towards price comparison distribution

Market ratios[1]



- Market loss ratio has worsened as a result of weather events
- 2016:
  - Market expense ratio impacted by Flood Re levy
  - Market loss ratio affected by severe flooding events in the first six months

UK Market % household new business sales through price comparison[2]



- Continued trend of customer migration online, in particular to price comparison
- Over half of new business sales now originate through aggregators with potential for even more growth in this channel in the future

Note: (1) Market data from Deloitte Home Insurance Survey Reports 2013 - 2015. (2) UK market price comparison sales data from management information.

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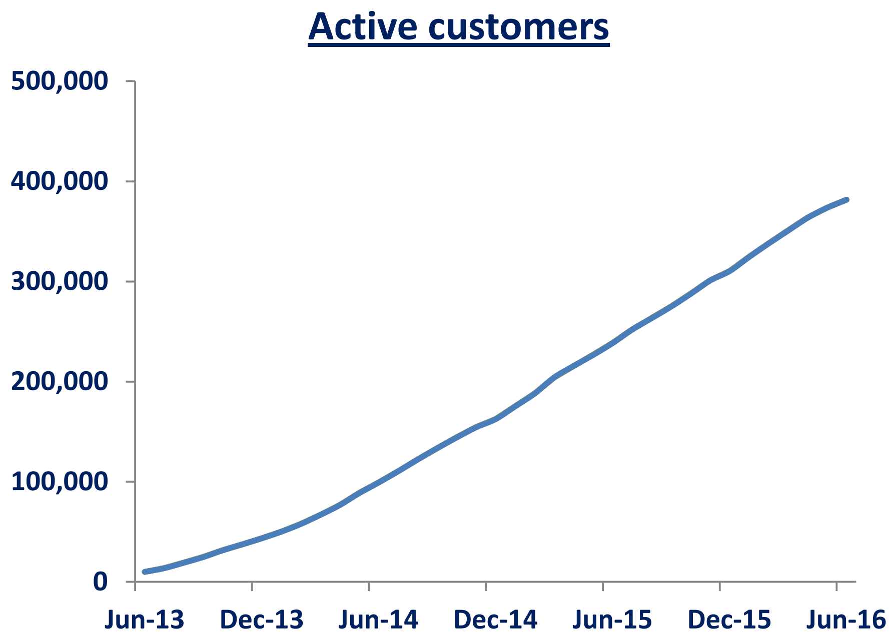
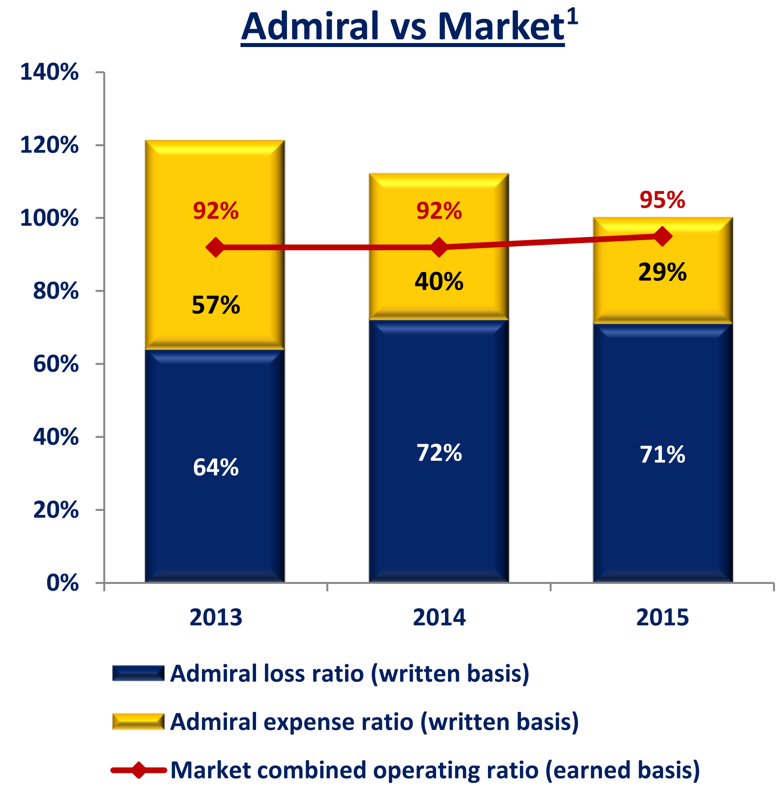
Household policy growth continues and underwriting remains strong





- Over 380,000 customers at H1 2016 representing an increase of 23% on 31 December 2015

- Continued improvement as the book matures
- Admiral was largely unaffected by bad weather in 2015 and the first 6 months of 2016

Note: (1) Market data from Deloitte Home Insurance Survey Reports 2013 – 2015. Admiral data based on a written basis excluding the effects of ancillaries.

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Price comparison across the globe

compare.com

Launched: Mar 2013
Admiral owns: 71%

Confused.com

Launched: Mar 2002
Admiral owns: 100%

Rastreator.com

Launched: Mar 2009
Admiral owns: 75%

LeLynx.fr
Comparateur d'assurances

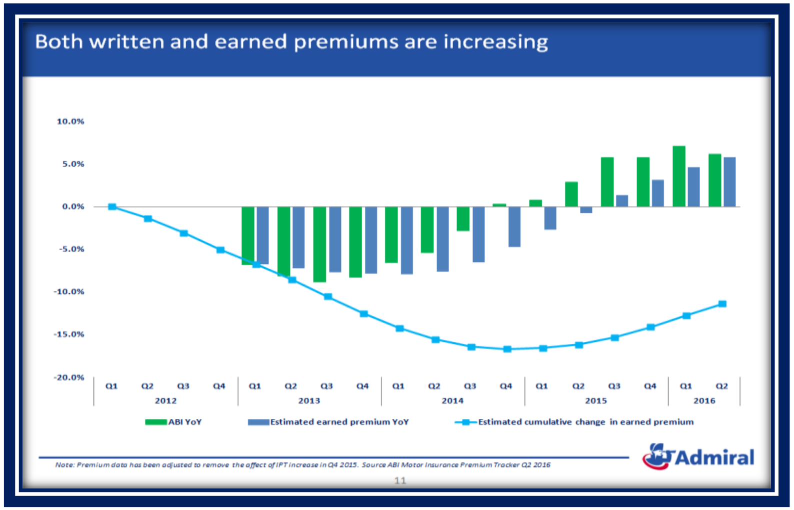
Launched: Jan 2010
Admiral owns: 100%

PREMINEN
price comparison holdings

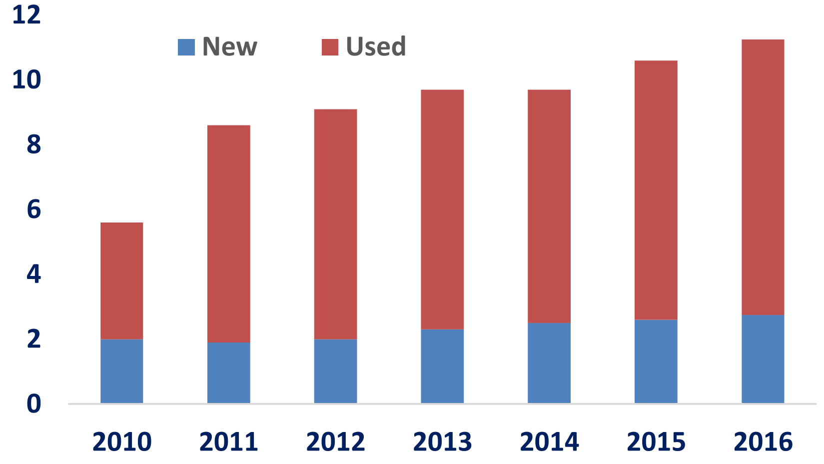
Launched: Oct 2015
Admiral owns: 50%

Admiral

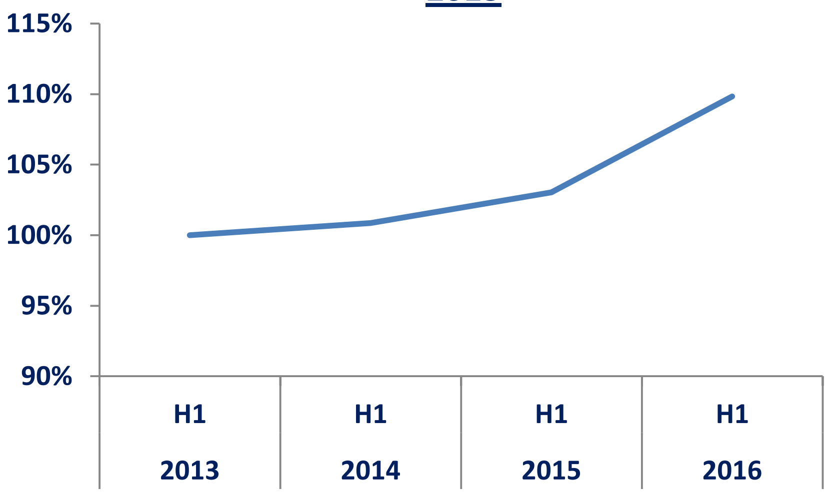
Growth of UK price comparison



Number of cars sold in UK (millions)[1]



Growth in PCW sales cumulatively from 2013[2]



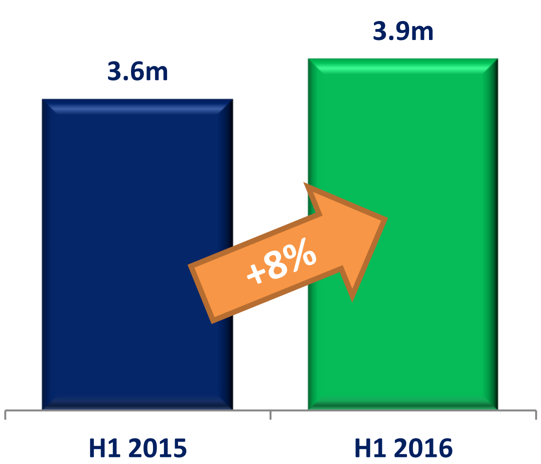
But!

- Industry competition remains at an all time high
- Levels of marketing spend[3] remain high and are at second highest ever level
- Market continues to develop with the exit of Google

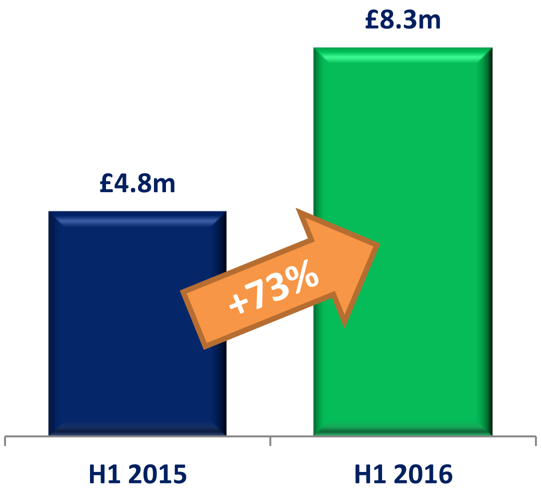
Note: (1) Source: New car sales – SMMT; Used car sales – BCA; 2016 data – estimated. (2) Growth in PCW sales from management information. (3) Source: Nielsen Research.

Confused.com had a good first six months

Customers[1]



Profit before tax



Drivers of confused.com result

- Growth in UK PCW market
- Media spend inflation slowed versus same period last year
- Website improvement and strong promotional activity has led to better conversion

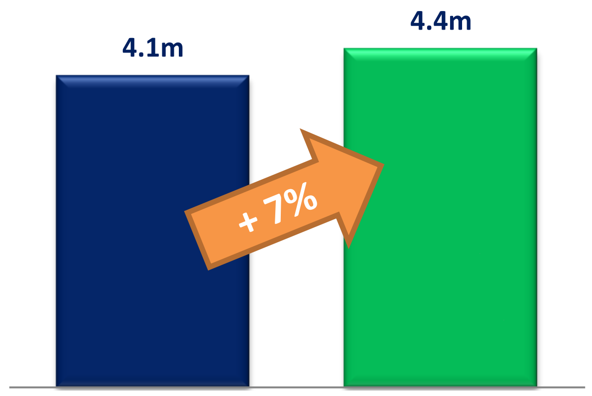
Future strategy

- Driver centric strategy with a car specialist approach
- Celebrity advertising to accelerate the campaign
- Development of new products to help drivers save time and money on their car costs

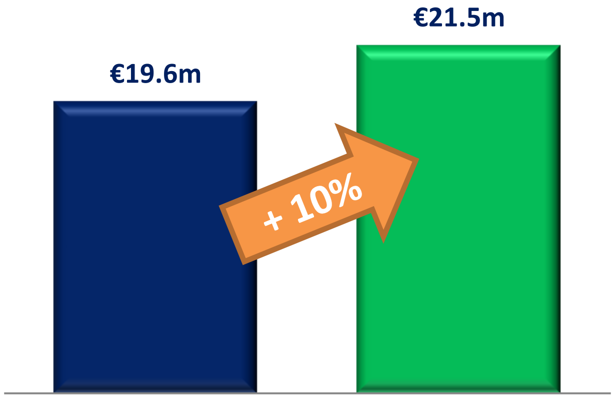
Note: (1) Quote request per product per customer per month.

Rastreator and LeLynx momentum continues

Quotes



Turnover



Performance

Rastreator

- Rapid growth in 3 main product lines of insurance, telephony and finance
- Focused on TV and media advertising to deliver long-term multi-product strategy

LeLynx

- Market leader in a competitive market
- Has continued to educate the market on the benefits of price comparison with significant TV spend

Outlook

Rastreator

- Maintain market leadership and continue to expand product range
- Grow multi-product strategy

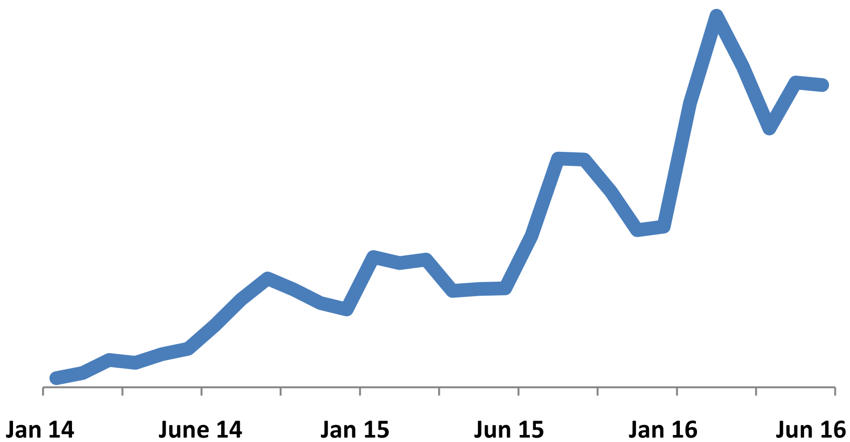
LeLynx

- Continue to develop and educate the French market
- Develop a multi-product strategy with a focus on several insurance products

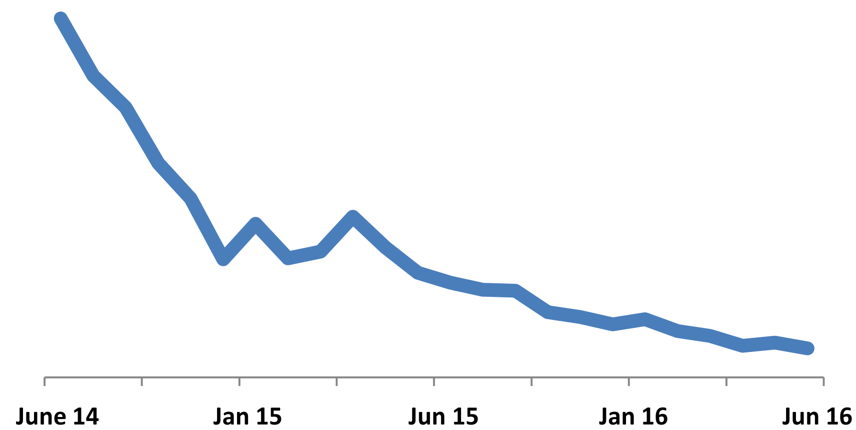
Admiral

compare.com's metrics continue to improve

Unique quotes

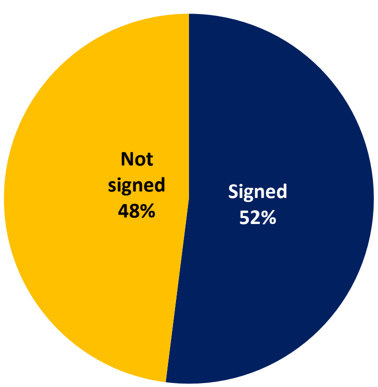


Cost per buy click

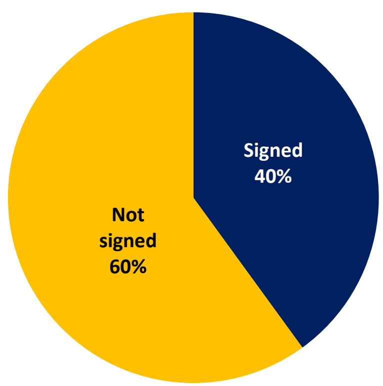


Panel development

Top 25 US insurers



Top 10 US insurers



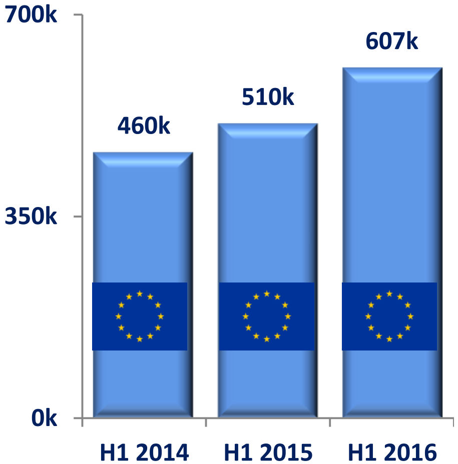
Outlook

- Continue to increase the number of carriers by state
- Acquisition economics ahead of plan allowing for lower marketing spend
- Overall losses on plan with H2 focus on further margin improvement
- Forecast for 2016 remains $30-35 million loss

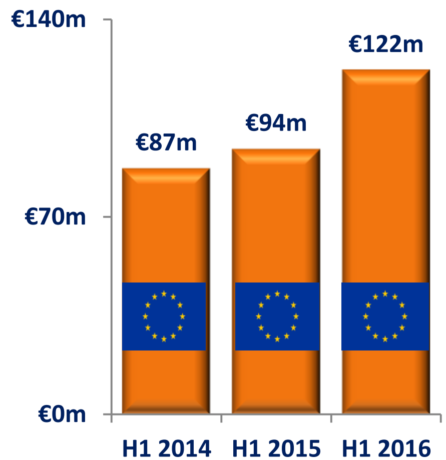
International insurance – accelerating growth

Europe

Customers

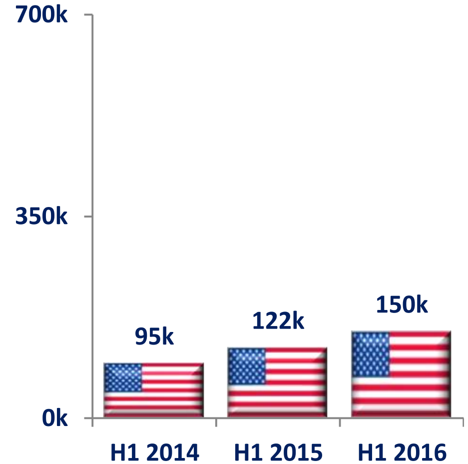


Turnover (€m)

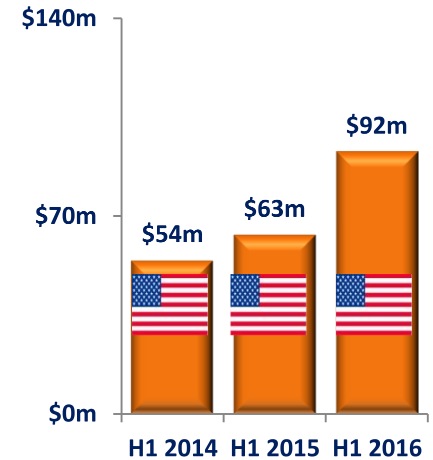


US

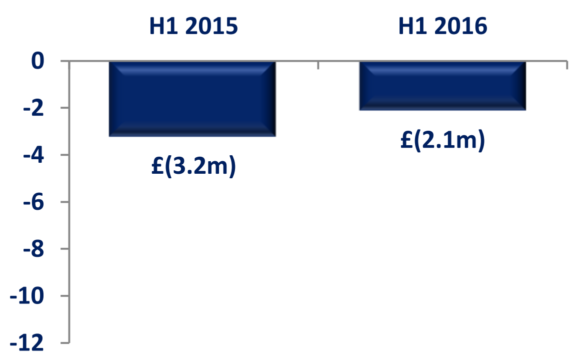
Customers



Turnover ($m)



Loss Before Tax (£m)



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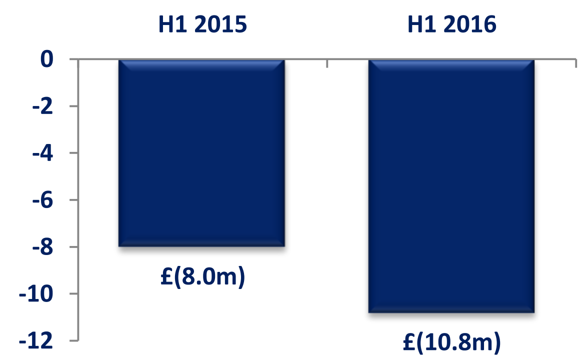

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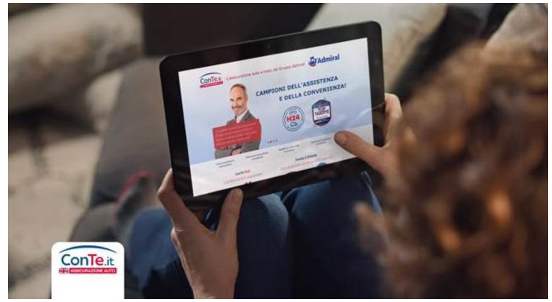
European insurance turnover and customers

	Turnover (€)	Customers
ConTe	32% €70.3m H1 15: €53.1m	21% 362k H1 15: 298k
Admiral Seguros	8% €29.4m H1 15: €27.3m	1% 170k H1 15: 169k
L'olivier	63% €21.9m H1 15: €13.4m	74% 75k H1 15: 43k

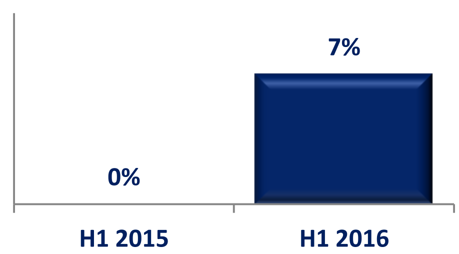
Key priority – grow share in price comparison

- Wider footprint (France)
- Maximum conversion efficiency (France in-sourcing)
- Strengthen brands (marketing investments up from 2% GWP to 6%)

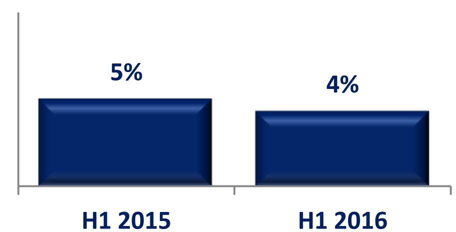


TV spend as a % of GWP

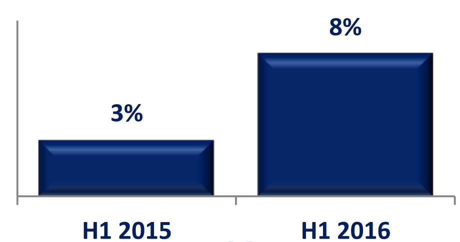
ConTe



Admiral Seguros



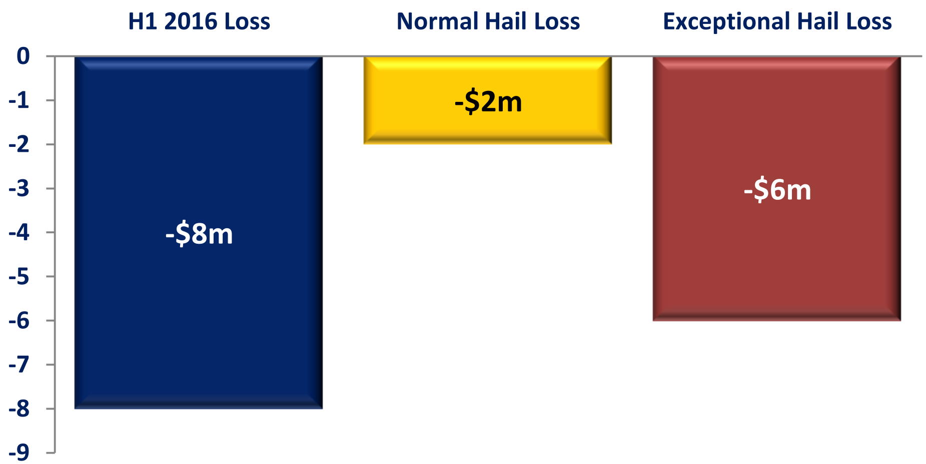
L'olivier



US Insurance

	Turnover ($)	Customers
Elephant	46% ↑ $92.4m H1 15: $63.4m	23% ↑ 150k H1 15: 122k

Impact of hail on Elephant's loss[1]



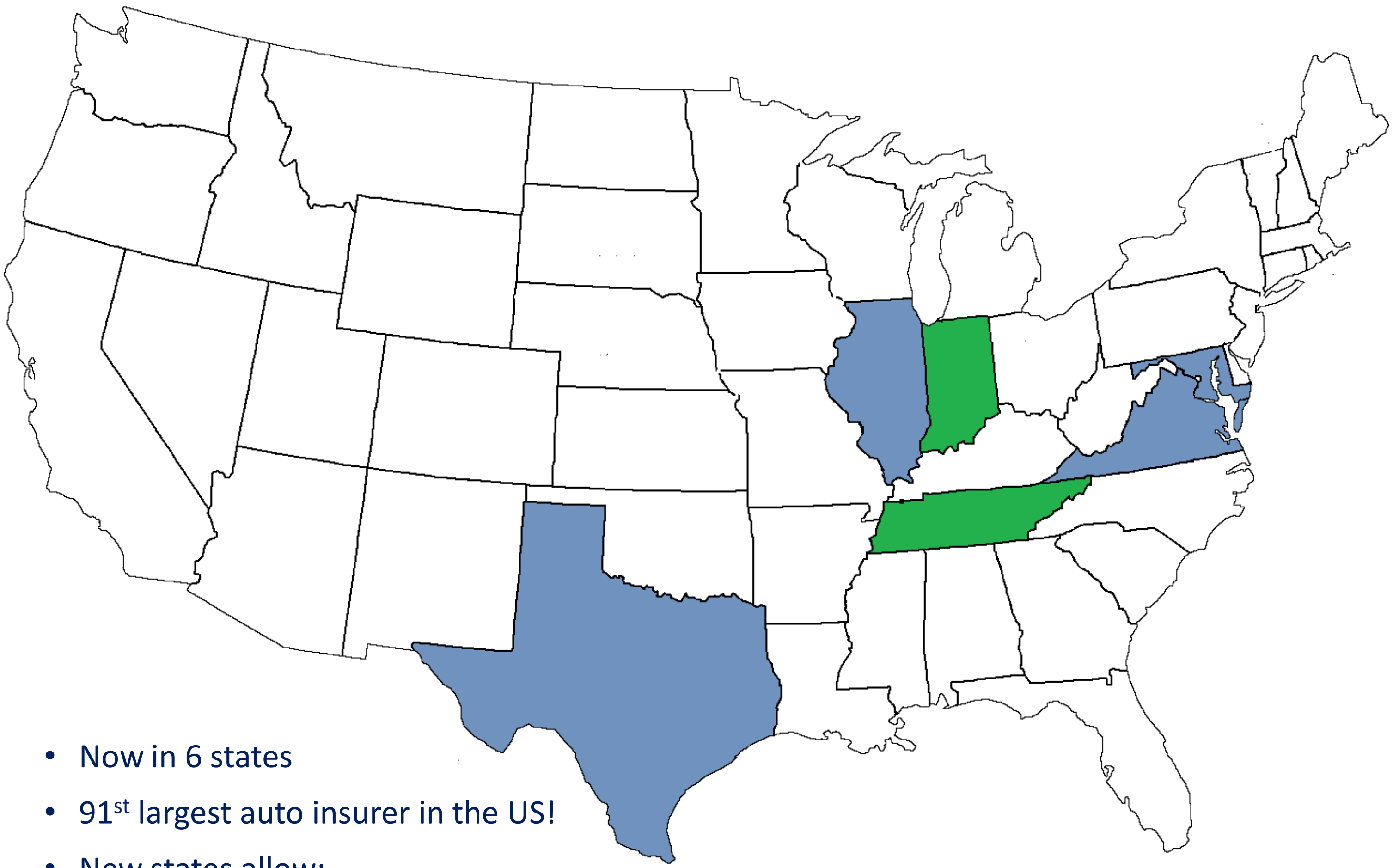
Everything's bigger in Texas!

Note: (1) Whole account basis

Key priorities – improve loss ratio

- Rapid price increases year-on-year (+15% in Texas, +8% in Virginia)
- Reduction in renewal capping to improve renewal loss ratios
- Accelerating pricing refinements

Elephant's new states



- Texas
- Illinois
- Maryland
- Virginia
- **Tennessee**
- **Indiana**

- Now in 6 states
- 91st largest auto insurer in the US!
- New states allow:
  - Faster move to efficient scale
  - Trials of different marketing strategies

Agenda

Introduction	David Stevens, CEO
Group overview	Geraint Jones, CFO
UK	Alistair Hargreaves, Head of Service Cristina Nestares, Head of Product
International	Martin Coriat, Confused.com CEO David Stevens, CEO
Wrap up	**David Stevens, CEO**
Q&A	All

Big picture

- Investing in core businesses
  - ◊ Sustained competitive advantage
  - ◊ Continued growth
  - ◊ Continued development
- Investing in a number of likely sources of future value
  - ◊ International insurance
  - ◊ International price comparison
  - ◊ UK new products

H1 2016: The Highlights

Customers

15%

4.82m

H1 15: 4.19m

Turnover[1]

19%

£1,261m

H1 15: £1,058

Profit before tax[2]

4%

£193m

H1 15: £186m

Earnings per share

2%

55.9p

H1 15: 54.8p

Return on equity

-2%

49%

H1 15: 50%

Dividend per share[3]

23%

62.9p

H1 15: 51.0p

Sunday Times Best Company To Work For - UK 6th
Great Places To Work Best Workplaces – Italy 2nd

Note: (1) Turnover comprises total premiums written plus other revenue. (2) Profit before tax adjusted to exclude minority interest share. (3) Includes 11.9p per share return of surplus capital.

Appendix

Group Key Performance Indicators[1]

KPI	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	H1 13	H1 14	H1 15	H1 16
Group Financial														
Turnover £m	698	808	910	1,077	1,585	2,190	2,215	2,030	1,971	2,119	1,089	1,037	1,058	1,261
Customers m	1.3	1.5	1.7	2.1	2.7	3.4	3.6	3.7	4.1	4.4	3,610	3,940	4,190	4,819
Adjusted[1] Group pre-tax profit £m	147.3	182.1	202.5	215.8	265.5	299.1	344.6	370.7	356.5	376.8	181.6	184.9	186.1	193.3
Earnings per share	39.8p	48.6p	54.9p	59.0p	72.3p	81.9p	95.1p	104.6p	103.0p	107.3p	50.1p	52.7p	54.8p	55.9p
Dividend	36.1p	43.8p	52.5p	57.5p	68.1p	75.6p	90.6p	99.5p	98.4p	114.4p	48.9p	49.4p	51.0p	62.9p
UK Car Insurance														
Customers (000)	1,240	1,382	1,587	1,862	2,459	2,966	3,019	3,021	3,154	3,302	3,016	3,149	3,177	3,519
Total premiums £m	566	617	690	805	1,238	1,729	1,749	1,553	1,453	1,540	851.7	776.0	779.0	899.7
Reported combined ratio*[1]	87.2%	83.4%	81.0%	84.9%	83.5%	91.9%	90.0%	83.0%	83.0%	81.0%	82.2%	80.2%	75.6%	75.0%
Other revenue per vehicle £				77	84	84	79	67	67	63	73	67	64	64
UK car insurance pre-tax profit £m	121.1	142.2	179.9	206.9	275.8	313.6	372.8	393.9	398.0	443.0	192.7	207.7	219.2	222.8
International Car Insurance														
Customers (000)	2	47	74	121	195	306	436	515	593	673	481	556	632	758
Total premiums £m	0.6	14.2	26.0	43.0	71.0	112.5	148.5	168.3	185.4	213.3	85.5	94.1	101.0	142.9
Adjusted[1] combined ratio	-	232%	198%	204%	166%	162%	168%	140%	127%	126%	137%	139%	137%	131%
Int'l car insurance result £m	(0.1)	(0.7)	(4.1)	(9.5)	(8.0)	(9.5)	(24.5)	(22.1)	(19.9)	(22.2)	(10.8)	(15.5)	(11.2)	(12.9)
Price Comparison														
Total revenue £m	38.5	69.1	66.1	80.5	75.7	90.4	103.5	112.7	107.5	108.1	57.5	57.1	55.2	64.0
Operating profit/(loss) £m	23.1	36.7	25.6	25.1	12.3	10.3	17.6	21.1	3.6	(7.2)	10.0	5.9	(4.0)	(1.1)

Note: (1) Profit before tax adjusted to exclude minority interest share. (2) Adjusted reported combined ratio is calculated on Admiral's net share of premiums and excludes Other Revenue. It has been adjusted to remove the impact of reinsurer caps. Including the impact of reinsurer caps the reported combined ratio would be H1 2014: 167%; H1 2015: 149%; H1 2016: 145%; FY 2015: 146%.

Admiral

Statutory summary income statement[1]

	UK Car Insurance			International Car Insurance			Price Comparison			Other			Admiral Group		
£m	**H1 14**	**H1 15**	**H1 16**	**H1 14**	**H1 15**	**H1 16**	**H1 14**	**H1 15**	**H1 16**	**H1 14**	**H1 15**	**H1 16**	**H1 14**	**H1 15**	**H1 16**
Turnover	**849.8**	**857.9**	**993.2**	**104.3**	**110.3**	**159.2**	**57.1**	**55.2**	**64.0**	**25.9**	**34.1**	**44.3**	**1,037.1**	**1,057.5**	**1,260.7**
Total premiums written	776.0	779.0	899.7	94.1	101.0	142.9				16.8	24.9	33.9	886.9	904.9	1,076.5
Gross premiums written	471.3	474.3	547.8	89.6	98.7	136.4				16.8	24.9	33.9	577.7	597.9	718.1
Net premiums written	202.5	205.2	235.9	30.9	35.0	47.3				8.2	6.5	9.4	241.6	246.7	292.6
Net earned premium	197.9	188.9	210.7	27.8	31.8	41.3				6.0	8.2	7.7	231.7	228.9	259.7
Investment income	6.0	6.3	24.5	0.1	-	0.2				-	2.6	8.2	6.1	8.9	32.9
Net insurance claims	(92.6)	(69.3)	(108.9)	(27.6)	(25.6)	(33.7)				(4.3)	(6.5)	(5.8)	(124.5)	(101.4)	(148.4)
Insurance related expenses	(21.7)	(26.2)	(30.1)	(18.9)	(20.9)	(25.5)				(2.1)	(2.4)	(2.7)	(42.7)	(49.5)	(58.3)
Underwriting result	**89.6**	**99.7**	**96.2**	**(18.6)**	**(14.7)**	**(17.7)**				**(0.4)**	**1.9**	**7.4**	**70.6**	**86.9**	**85.9**
Profit commission	35.8	44.2	41.7									0.5	35.8	44.2	42.2
Gross ancillary revenue	89.6	84.6	90.7	3.4	3.9	4.7				0.6	0.6	1.4	93.6	89.1	96.8
Ancillary costs	(18.4)	(21.3)	(21.1)	(0.4)	(0.6)	(0.8)				-	-	(0.4)	(18.8)	(21.9)	(22.3)
Instalment income	11.1	12.0	15.3	0.1	0.2	0.9				0.3	0.3	0.5	11.5	12.5	16.7
Gladiator contribution										1.5	1.4	0.8	1.5	1.4	0.8
Price comparison revenue							57.1	55.2	64.0				57.1	55.2	64.0
Price comparison expenses							(53.1)	(63.8)	(68.8)				(53.1)	(63.8)	(68.8)
Interest income										0.6	0.7	0.5	0.6	0.7	0.5
Other (mainly share scheme)										(15.5)	(22.6)	(26.3)	(15.5)	(22.6)	(26.3)
Profit / (loss) before tax	**207.7**	**219.2**	**222.8**	**(15.5)**	**(11.2)**	**(12.9)**	**4.0**	**(8.6)**	**(4.8)**	**(12.9)**	**(17.7)**	**(15.6)**	**183.3**	**181.7**	**189.5**

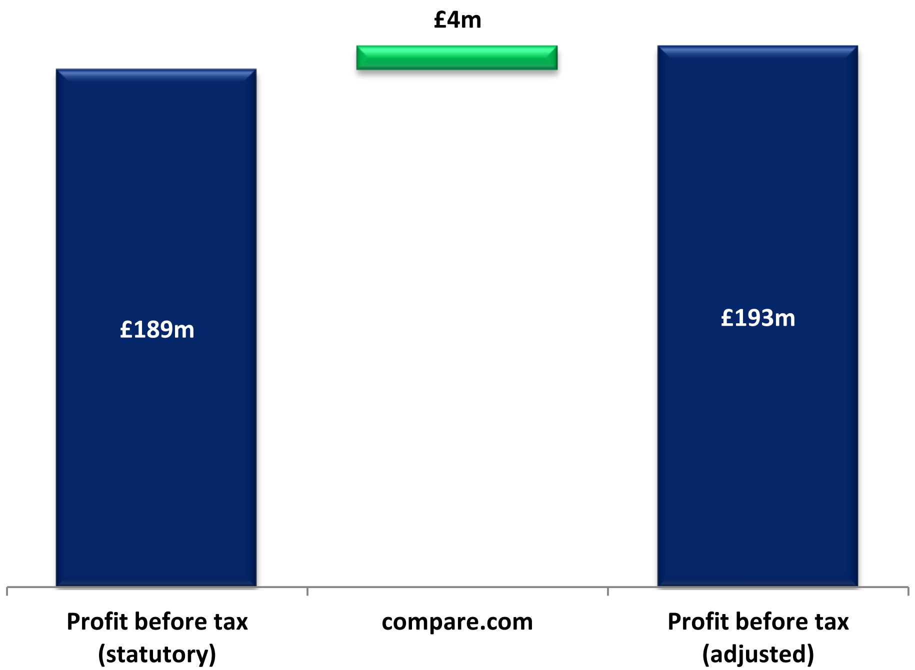
Note: (1) Statutory financial information not adjusted to exclude minority interests' share

Balance Sheet

	June 2015 £m	December 2015 £m	June 2016 £m
ASSETS			
Property, plant and equipment	32.3	34.9	33.9
Intangible assets	119.3	142.3	156.2
Reinsurance contracts	720.5	878.7	914.1
Financial assets	2,242.8	2,323.5	2,355.4
Deferred income tax	29.5	20.6	25.4
Insurance and other receivables	499.3	537.1	697.4
Cash and cash equivalents	216.0	265.3	295.4
Total assets	**3,859.7**	**4,202.4**	**4,477.8**
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	13.1	13.1	13.1
Retained earnings	574.2	599.6	600.6
Other reserves	3.1	2.7	34.5
	590.7	**615.7**	**648.5**
Non-controlling interests	8.9	17.2	14.1
Total equity	**599.6**	**632.9**	**662.6**
LIABILITIES			
Insurance contracts	2,148.3	2,295.0	2,484.2
Subordinated liabilities	203.8	223.9	223.9
Trade and other payables	876.2	1,015.0	1,070.8
Corporation tax liabilities	31.8	35.6	36.3
Total liabilities	**3,260.1**	**3,569.5**	**3,815.2**
Total liabilities and equity	**3,859.7**	**4,202.4**	**4,477.8**

Group Profit Before Tax reconciliation

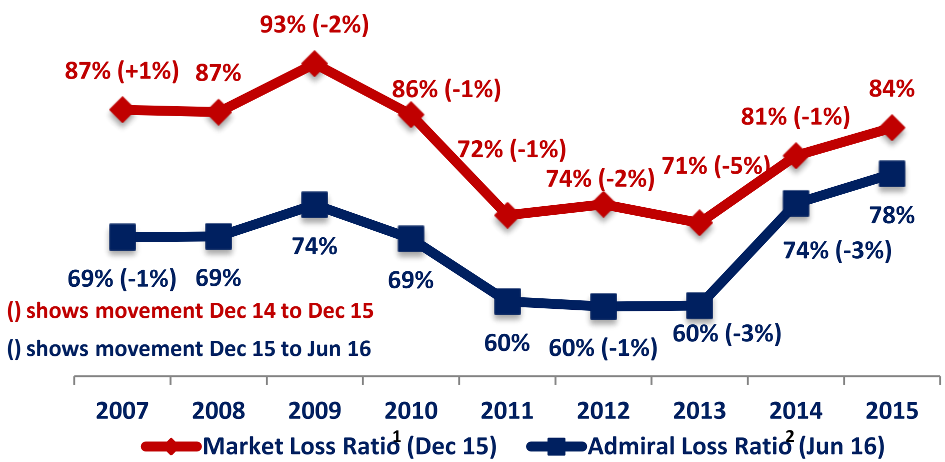
Reconciliation from statutory to adjusted profit before tax



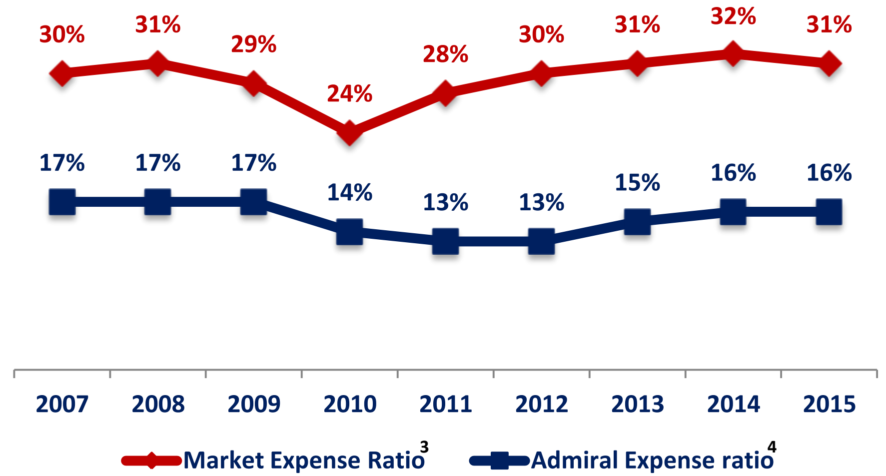
- Admiral has five operations with shared ownership: Rastreator (Admiral share of ownership 75.0%); compare.com (71.1%); Admiral Law and BDE Law (90.0%); Preminen (50.0%)
- Profit or losses in period accruing to minority parties reduce or increase the results respectively
- compare.com is 29% owned by third parties. Total loss was £14.3 million, therefore £4.2 million is added back to Group Profit Before Tax
- The impact of other minority interest is not significant

UK Car Insurance: Admiral vs Market Ultimate Loss Ratio, Expense Ratio and Combined Ratio

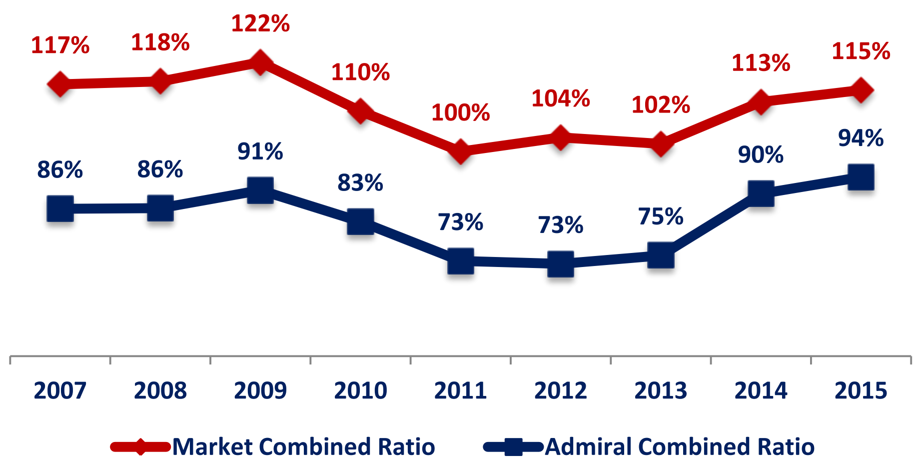
Projected ultimate loss ratio: Admiral vs Market



Expense ratio: Admiral vs Market



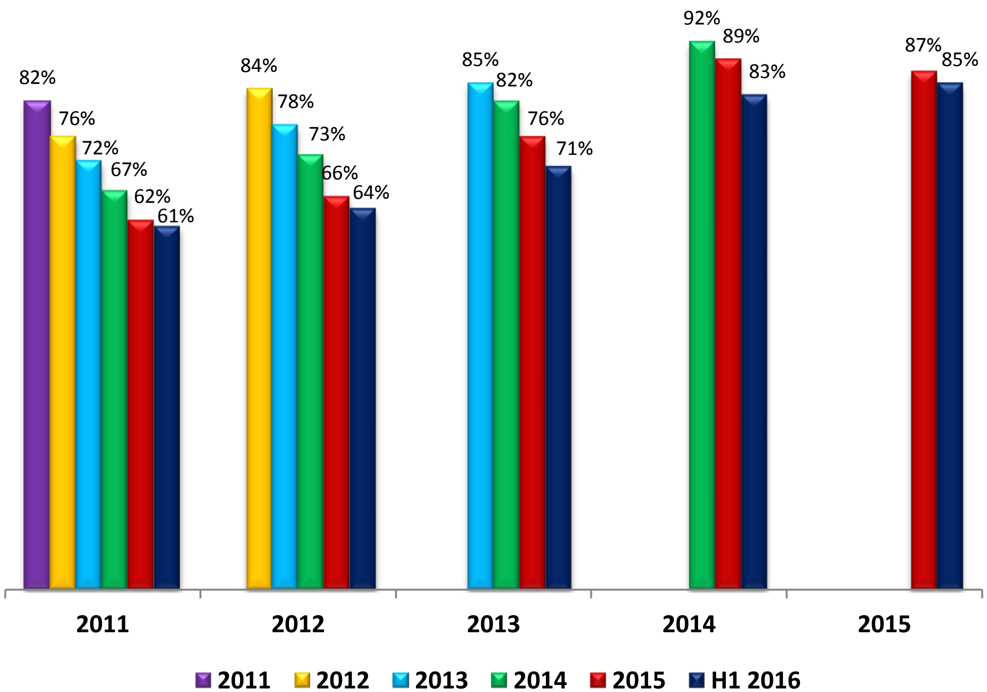
Ultimate combined ratio: Admiral vs Market



Note: (1) Analysis of PRA returns as at 31 December 2015. Market excludes Admiral. Loss ratio: accident year. (2) Independent actuarial projection of ultimate loss ratio on accident year basis. (3) Analysis of PRA returns as at 31 December 2015. These numbers include UKI (due to unusually high or low expense ratios, UKI numbers may be distorted). (4) Admiral expense ratio is on a written basis.

UK Car Insurance: Booked Loss Ratio development by underwriting year

UK car insurance booked loss ratio (%)
Development by financial year (colour-coded)
Split by underwriting year (x axis)



Sensitivity of booked loss ratio

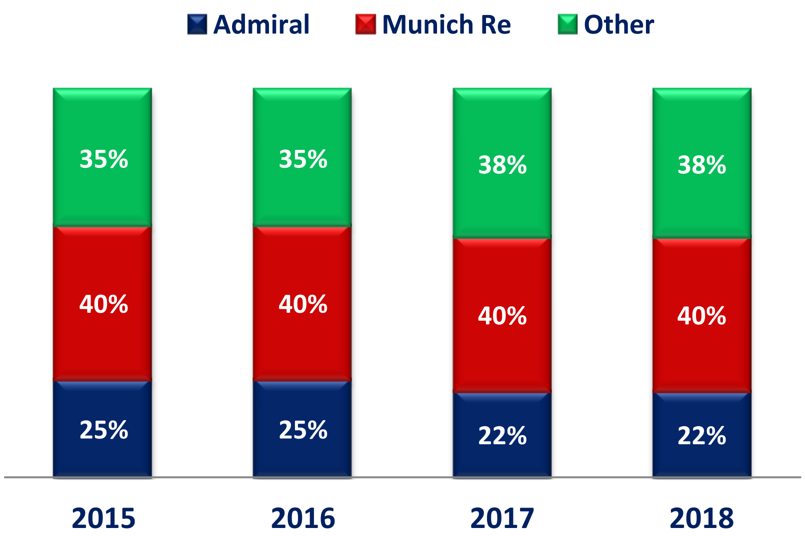
Underwriting year	2012	2013	2014	2015
Booked loss ratio	64%	71%	83%	85%
PAT impact of 1% improvement	£13m	£11m	£7m	£3m

- The impact of a 1% improvement can also increase as the combined ratio drops and Admiral receives a higher share of the available profit.
- The impact includes the change in net insurance claims along with the associated profit commission movements that result from changes in loss ratios. The figures are stated net of tax at the current rate.
- The impact is not linear due to the nature of the profit commission arrangements eg. the impact of a 5% move cannot be calculated by multiplying the 1% impact by five.

Note: underwriting year basis, therefore direct comparison to ultimate loss ratios on accident year basis is inappropriate.

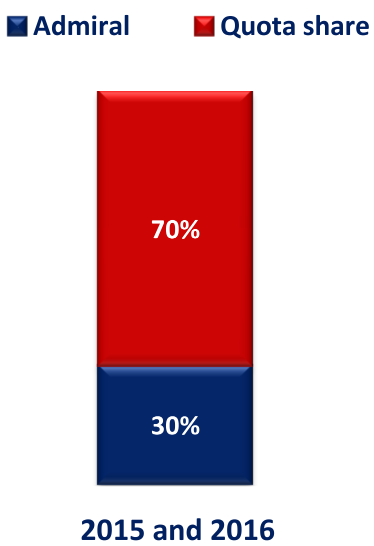
Reinsurance arrangements

Motor



- Fully placed reinsurance arrangements until the end of 2018
- Similar contract terms and conditions
- Planned reduction of underwriting share from 25% to 22% with effect from 2017
- Munich Re continues to underwrite 40% of the UK business until at least the end of 2018

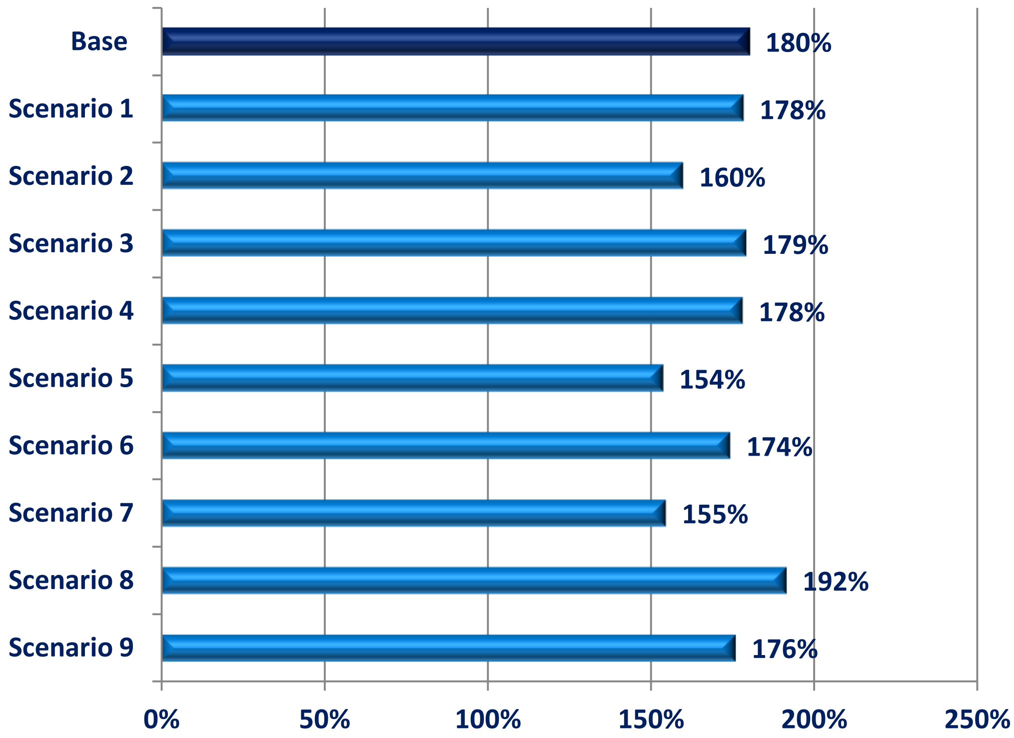
Household



- Similar long term quota share contracts to UK motor
- Admiral retains 30%

Solvency Ratio Sensitivity Analysis

The sensitivities below have been selected to show a range of impacts on the reported base case solvency ratio. They cover the two main material risk types - insurance risk and market risk. Within each risk type the sensitivities performed cover the underlying drivers of the risk profile. The sensitivities have not been calibrated to individual return periods.



Scenarios

1. **Currency – 25% movement in € and $**
2. **ASHE – long term ASHE +0.5%**
3. **UK Motor – CAT 1 in 200 event**
4. **UK Household – CAT 1 in 200 event**
5. **UK Motor – incurred loss ratio +5% (2014 & 2015 u/w years)**
6. **UK Motor – incurred loss ratio +1% (2014 & 2015 u/w years)**
7. **Interest rate – negative yield curve -50 bps**
8. **Interest rate – positive yield curve +25 bps**
9. **Credit – spread +100 bps**

Note: Estimated (and unaudited) solvency II capital position at date of this report. Impact of deferred tax on SCR remains under discussion with PRA (maximum impact 3% of SCR).

UK Car Insurance – whiplash regulatory reforms update

2010	MOJ introduced
2013	LASPO reforms (Jackson): ban of referral fees; change to MOJ costs; portal limit increase to £25k; fixed recoverable costs
Oct 2014	Fixed cost medical fees
April 2015	MedCo introduced
June 2015	Deregulation Act
November 2015	Autumn Statement
January 2016	Accreditation

Focus area	Update
Autumn Statement Reform has two main elements: • **payment of general damages for minor whiplash injuries** - departure from current position and requires primary legislation. Will face stiff opposition claimant lawyers. The ABI are supportive of the change; and • **Small Claims Track limit rise from £1000 to £5000 -** does not require primary legislation and can be achieved by rewriting existing rules.	The whiplash reforms were announced in November 2015 and a consultation was scheduled for early 2016 which would centre around how to implement the new policy. The consultation has not yet materialised and key stakeholders in the project are no longer in the Government post Brexit. All, or part, of these reforms may still be implemented but it is likely that implementation will be delayed. Notwithstanding the above, the ABI continue to prepare for the second change and funding is being sought to amend the MOJ Portal to ensure that unrepresented claimants can access it as those running their own claim are likely to require more protection.
Credit hire market Tied in with the above whiplash reform are proposals to amend the credit hire market. There are a number of different proposals aimed at reducing costs and the bad practices that can accompany credit hire claims.	First party models are radical, though more likely is an attempt to apply better regulation and uniformity to the current market. As with whiplash reform, this resides with Government.
Other proposals • **fix all legal fees for cases up to £250k** (Lord Justice Jackson); and • **introduce technology into the Courts** (Lord Justice Briggs) - such that more disputes are resolved online rather than in a Court room. Both changes have the aim of reducing cost and improving efficiency.	The new Justice Secretary/Lord Chancellor has indicated enthusiasm for introducing more technology into the legal system.

UK Car Insurance – other motor regulatory reforms update

Key regulatory reviews	Implications for Admiral
Financial Conduct Authority ('FCA')	
1. General Insurance Add-ons FCA published a market study on general insurance add-ons in July 2014. Review proposed remedies to address concerns that the market is not working in customers' best interests. Most have been implemented and the FCA is now focusing on the final remedy – an industry-wide value measure. The regulator remains committed to conducting a 12-month pilot from summer 2016. FCA has also published a number of case studies to clarify expectations regarding the opt-out selling ban and information guidance with a 30 September 2016 deadline.	All insurers impacted: A. public disclosure of claims ratio by product; and B. changes to disclosure and process. Admiral will ensure it adheres to the disclosure requirements.
2. Price Disclosure FCA has launched a consultation on new rules to require firms to disclose last year's premium and remind long-standing customers to shop around to address the impact of differential pricing at renewal. A policy statement was published in August 2016 outlining the requirements to come into effect on 1 April 2017.	All insurers impacted: A. disclosure of last year's premium on renewal documents. Admiral will ensure it adheres to the disclosure requirements.
3. Vulnerable Customers FCA has published an Occasional Paper on the needs of vulnerable customers as well as a Discussion Paper specific to the ageing population, which highlight an expectation to provide additional support. The Association of British Insurers (ABI) and the British Insurance Brokers' Association (BIBA) have jointly published a Code of Good Practice to improve renewal processes for vulnerable motor and home customers.	All insurers impacted. Admiral has a Vulnerable Customers Policy in place.
Competition and Markets Authority ('CMA')	
In March 2015, CMA published the Private Motor Insurance Market Investigation Order 2015 concerning the implementation of the remedies contained in its private motor insurance final report; notably, in relation to protected and guaranteed No Claims Bonus (NCB). It looks to ensure customers can make an informed decision. This came into effect from 1 August 2016.	All insurers impacted: A. disclosure of detailed NCB information to customers; and B. specific statement that advises customer the NCB protection does not protect the policy premium in the event of a claim.
European Union ('EU')	
The Insurance Distribution Directive (IDD) was published on 2 February 2016. The Directive came into force on 22 February 2016, meaning Member States will have until 23 February 2018 to transpose the requirements into national law. The FCA does not anticipate major changes to existing UK training and competency requirements.	All insurers impacted. Admiral is monitoring any changes.

Organisational Chart

- **David Stevens** – Chief Executive Officer
  - **Henry Engelhardt** – Price Comparison
  - **Geraint Jones** – Chief Financial Officer
  - **James Armstrong** – Chief Risk Officer
  - **Milena Mondini** – European Insurance
  - **Kevin Chidwick** – US Insurance
  - **Claire-Anne Coriat** – Beyond Insurance
  - **UK Motor**
    - **Charlotte Bennett** – Head of Support
    - **Alistair Hargreaves** – Head of Service
    - **Cristina Nestares** – Head of Product

International Car Insurance market statistics

	Spain (2015)	France (2015)	USA (2015)	Italy (2015)
Gross Written Premium	£8bn	£12bn	£128bn	£12bn
Direct insurer share of market	21% of total market	3% of total market	26% of total market	11% of total market
Vehicles	22m	35m	220m	44m
Combined Ratio	99%	107%	105%	94%-96%

Key definitions

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 the 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 ends 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.
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 or earned premiums, net of reinsurance.
Combined Ratio	The sum of the loss ratio and expense ratio.
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 in excess of £5m, for any individual claim that is in excess of £5m the reinsurance company covers all 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

Admiral brand’s

balumba seguros

Admiral

Confused.com

Qualitas Auto

Diamond

Rastreator.com

seguros.es el comparador de seguros

elephant

LeLynx.fr Comparateur d'assurances

ConTe.it GRUPPO ADMIRAL

compare.com

Bell

Elephant Auto Insurance

Admirallaw

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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 2016. The statutory accounts for the half year ended 30 June 2016 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company’s Annual General Meeting.