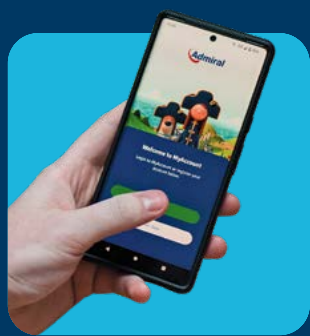
Admiral Group PLC

Celebrating 30 years

BETTER TOGETHER



Annual Report and Accounts 2023

2023 Financial and Strategic Highlights

Financial Highlights

Group profit before tax[1,2]

£443m

2023	£443m
2022	£361m

EPS[1,2] (pence)

111.2p

2023	111.2p
2022	95.4p

ROE[1,2]

36%

2023	36%
2022	29%

Insurance revenue[1,2]

£3.5bn

2023	£3.5bn
2022	£3.0bn

Turnover[1]

£4.8bn

2023	£4.8bn
2022	£3.7bn
2021	£3.5bn

Customers[3] (million)

9.7m

2023	9.7m
2022	9.2m
2021[4]	8.4m

Dividend per share (pence)

103.0p

2023	103.0p
2022	112.0p
2021	187.0p

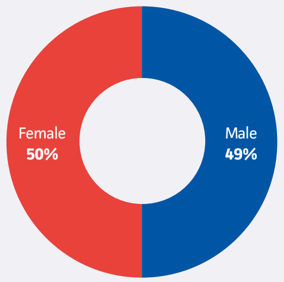
Solvency ratio[1] (post dividend)

200%

2023	200%
2022	180%
2021	195%

Sustainability Highlights

Gender split across the Group[4]
(2022: 50% female, 50% male)



Emissions[5] (tonnes CO_2 per employee)

0.15 tonnes

2023	0.08* / 0.15
2022	0.14

* Excluding one-off leak event

Net Promoter Score (NPS) Group average across our operations[6]

>45

(2022: >50)

1 Alternative performance measures, see page 316.
2 Group profit before tax, Earnings per share, Insurance revenue and Return on equity for 2022 are restated for IFRS 17.
3 2021 and 2022 Customer numbers restated – refer to the end of the report for definition and explanation.
4 1% includes non-binary and other genders, and colleagues who'd prefer not to say.
5 Scope 1 and 2 market based emissions per employee per SECR on page 71.
6 Relational NPS, methodology updated in 2022. We've seen a decrease in the NPS mainly due to increased prices, which are a reflection of current market conditions.

Contents

Company Overview
6 About us
8 Our Business Model
10 – What we do
11 – The drivers of our success
12 – Creating value for our stakeholders
13 2023 Awards

Strategic Report
15 Chair's statement
18 Chief Executive Officer's statement
22 Our Strategy
28 Q&A with Milena, Geraint, Cristina and Costantino
31 Key Performance Indicators
32 Group Chief Financial Officer's review
34 2023 Group overview
38 UK Insurance review
45 International Insurance review
50 Admiral Money review
52 Other Group Items
53 Group Capital Structure and Financial Position
56 Sustainability
71 Streamlined Energy and Carbon Reporting (SECR)
73 Task Force on Climate-related Financial Disclosures (TCFD)
87 Section 172 Statement
96 Non-Financial and Sustainability Information Statement
98 Principal Risks and Uncertainties
109 Viability Statement

Corporate Governance
114 Chair's Introduction to Governance
116 Q&A with the Chair
118 Board of Directors
125 Board Leadership and Company Purpose
140 Division of Responsibilities
146 Nomination and Governance Committee Report
161 Audit Committee Report
168 Group Risk Committee Report
172 Remuneration Committee Report
174 Remuneration at a Glance
176 Director's Remuneration Policy
185 Annual Report on Remuneration
198 Directors' Report

Financial Statements
205 Independent Auditor's Report
216 Consolidated Income Statement
217 Consolidated Statement of Comprehensive Income
218 Consolidated Statement of Financial Position
219 Consolidated Cashflow Statement
220 Consolidated Statement of Changes in Equity
221 Notes to the Consolidated Financial Statements
303 Appendix to the Group Financial Statements (unaudited)
305 Parent Company Financial Statements
306 Notes to the Parent Company Financial Statements

Additional Information
316 Glossary

30 years ago in Cardiff, Wales, Admiral was born. We started as a small motor insurance Company, but have grown to become an established multinational and multi-product insurer, putting our customers first, doing business in five countries and proud to be Wales' only FTSE 100 Company.

We are always striving to be 'better together', as outlined in our purpose statement – and it's our unique culture and dedicated colleagues that help us achieve this. Thank you to every single person who, over the last 30 years, has contributed to our purpose to help more people to look after their future.

Celebrating
30 YEARS
of Admiral

People who like what they do, do it better.

ADMIRAL

Starting SOMETHING BETTER

Admiral was launched in 1993 by Henry Engelhardt, David Stevens and their team. With only one brand and 57 colleagues, they built Admiral from the ground up. They chose to do things differently. They were happy to embrace innovation, new technology, new ways of working, and to take risks. They put customers at the heart of what they did and believed in the power of the team. In 2004, Admiral floated on the London Stock Exchange, and in 2007 became, and still is, the only Welsh Company in the FTSE 100.

Henry Engelhardt

David Stevens

Happy colleagues = happy customers

Supporting OUR PEOPLE

#1

Best Big Company to Work for in the UK

ALWAYS STRIVING FOR BETTER, TOGETHER.

The secret to our success is our people and our culture. We recognise that “people who like what they do, do it better” and it’s because we care, that we get exceptional results. From 57 to over 13,000 people worldwide, we have always done things the Admiral way.

Read more on **page 62**

Hello, welcome to Admiral

Caring ABOUT OUR CUSTOMERS

Today we serve over 9,700,000 customers with products that reflect their extensive and changing needs. We aim to be there for them when they need us most.

Read more on **page 90**

Our aim is to achieve Net zero by 2040

Focusing ON THE FUTURE

After 30 years of innovation, we continue to focus on technology and agility; diversifying our businesses; and progressing with the evolution of motor. Through all this change our culture and customer focus remain at our core.

Read more on **page 22**

About us

Admiral Group plc is an established financial services provider offering Motor, Household, Travel and Pet insurance, as well as personal lending products. We are trading in five countries, namely the UK, France, Italy, Spain and the US.

People employed globally:
>13,000

Customers worldwide:
9.7m

Turnover worldwide[7]:
£4.8bn

Our Business Segments

UK Motor Insurance

Admiral is one of the largest car and van insurers in the UK

Brands

Customers:
4.9 million
(2022: 4.9 million)

Turnover[7]:
£3.4 billion
(2022: £2.5 billion)

Insurance revenue:
£2.6 billion
(2022: £1.9 billion)

UK Household Insurance

Admiral has growing Household, Travel and Pet insurance businesses.

Brands

Customers:
1.8 million
(2022: 1.6 million)

Turnover[7]:
£339 million
(2022: £255 million)

Gross insurance revenue:
£293 million
(2022: £237 million)

International Insurance[8]

Admiral has Motor insurance businesses in Italy, France, Spain, and the US, a Household insurance business in France and a Pet business in Italy.

Brands

Customers:
2.2 million
(2022: 2.1 million)

Turnover[7]:
£895 million
(2022: £795 million)

Insurance revenue:
£843 million
(2022: £750 million)

Loans

Admiral offers unsecured personal loans and car finance products.

Brands

Customers:
152,000
(2022: 143,000)

Total revenue:
£67 million
(2022: £45 million)

Gross balances:
£1 billion
(2022: £0.9 billion)

7 Alternative Performance Measures – refer to the end of the report for definition and explanation.
8 International Insurance numbers include Motor, Home and Pet.

Our Business Model

Creating VALUE FOR ALL OF OUR STAKEHOLDERS

Everything starts with our purpose:
Help more people to look after their future.
Always striving for better, together.

Our **drivers of success** help achieve our purpose.

Excellent customer service

- Simple and clear communication
- Responsible sales and transparent claims processes
- Satisfied customers

Unique Company culture

- Communication
- Equality
- Recognition and reward
- Fun

Operational excellence

- Good value financial products
- Risk selection and data analytics
- Efficient claims management
- Financial discipline

Efficient capital employment

- Good risk management
- Strong shareholder returns

Track record of long-term profitable growth

- Prudent reserving philosophy
- Test-and-learn approach
- Responsible and sustainable operations

Read more on **page 11**

Our **strategy** is the foundation for future growth.

Accelerating towards Admiral 2.0

Diversification

Evolution of Motor

Read more on **page 22**

So we can maximise the **value we create for our stakeholders.**

Customers

People

Partners & Suppliers

Shareholders

Communities

Environment

Read more on **page 87**

What we do

Our customers pay us an agreed premium to insure themselves against a specific risk. We efficiently pool these risks and manage our capital with discipline to protect our customers when they need us. We generate further income from investing premiums, selling ancillary add-ons and unsecured personal lending products, and from fees generated over the lifetime of a policy. The difference between our revenues and our paid and expected claims and operating costs drives our profitability. The majority of our profits are paid out in dividends, with a proportion held back to continue investing in our capabilities and business opportunities, and to support growth.

Our customers
We provide a broad range of insurance and lending products to meet our customers' specific needs, enabling more people to look after their future.

Managing claims
We engage closely with our customers throughout the claims process, ensuring they are supported and receive a fair outcome in a timely manner.

Partners/suppliers
These include our partners in reinsurance, IT hosting, distribution and claims management, and finance. Read more about how we are working with partners and suppliers on **page 95**

Managing risk
We underwrite carefully selected risks and share a proportion of that risk with reinsurers and co-insurers, earning profit commission where the business generates overall profits.

Co-insurers/re-insurers

Managing investments > **Dividends** > **Investors**
We prudently invest the premiums we collect to generate investment income.

Read more about what we do on **page 10**

Admiral Group plc Annual Report and Accounts 2023

Our Business Model
continued

What we do

Insurance underwriting and other products
Our primary business is to sell car, van, home, travel, and pet insurance. The majority of our customers buy our products through the price comparison channel, with a smaller proportion buying either directly or through brokers and agents. We generate further income from the sale of ancillary add-ons and from fees generated over the lifetime of a policy.

The UK is our core market and we have an estimated 19% share of the private car insurance market (2022: 17%) and a 8% share of the private home insurance market[9] (2022: 7%). We leverage the capabilities and resources from our established UK business to grow our international businesses.

Outside of our core underwriting activities, we sell a range of unsecured personal loans and car finance products in the UK through Admiral Money. We also invest in new ventures through Admiral Pioneer, which is designed to test new products and identify future sources of earnings.

Optimising capital structure through reinsurance
A key feature of our business model and success is the extensive use of reinsurance and co-insurance partnerships. These include proportional and non-proportional risk-sharing agreements, where insurers outside of the Group underwrite the majority of the risk generated. These arrangements include profit commission terms which allow us to retain a significant portion of the profit generated.

Investing premiums
We also generate income by investing the premiums we collect. Our investment strategy is focused on capital preservation and low volatility of returns relative to liabilities. We have an asset liability matching strategy to manage interest rate and currency risk. We hold a prudent level of liquidity and the investment portfolio has a high-quality credit profile.

Competing IN THE ADMIRAL GAMES

In 2023, colleagues from around the Group had a great time taking part in the first Admiral Games. Every business put a team together and came to Cardiff with high spirits and an aspiration to win, competing in sports ranging from athletics, swimming, football and a pentathlon!

Admiral Pioneer was crowned the 2023 champion, with UK Business Support coming second and Admiral Seguros third.

Emma Huntington, Admiral Pioneer CEO: "I am so proud of our team and how well we competed during the Admiral Games. We had an amazing team that supported each other through the whole two days. It was a defining two days for me at Admiral."

Andrea Ferri, ConTe: "You find yourself spending four days on a university campus in Wales, with 160 athletes and colleagues from different parts of the world, competing in ten sports, carrying the Italian and ConTe flag: this is Admiral!"

9 Estimated based on 2023 Gross Written Premium data from the Association of British Insurers (ABI). These numbers are an approximation and consistently calculated year-on-year.

The drivers of our success

Our drivers of success help us achieve our purpose, maximise the value we create for our stakeholders, and stand out as a go-to insurance provider.

Excellent customer service
Our focus on providing good customer service remains as crucial today as it was in 1993.

We aim to create insurance products that are easily understood and accessible through **simple and clear communication**. Our sales teams provide all relevant information, including limitations, so our customers can make informed decisions and choose the right products for their needs.

To ensure **responsible sales and transparent claims processes**, we actively review our practices against internal policies and regulatory requirements. We provide clear guidance and focus on delivering good outcomes to our customers in a timely manner. Customers can reach us via multiple channels and we have controls in place to identify and appropriately support vulnerable customers.

We regularly measure **customer satisfaction** across key benchmarks, such as the Net Promoter Score® (NPS), to stay close to customers' views and understand areas where our service needs improvement, as well as where we are doing well.

Unique Company culture
A great culture goes a long way towards building long-term commercial success. Our **four pillars of culture** are the foundation for why we enjoy coming to work every day and why Admiral is celebrated as a Great Place To Work®.

We encourage open and transparent **communication** at all levels. Our management operate an open-door policy, and our Group CEO engages with colleagues through the 'Ask Milena' initiative.

We promote **equality** and an environment where everyone can succeed and be themselves. Employee-led diversity and inclusion groups empower colleagues to actively shape our employee policies.

Our share ownership scheme plays an important role in how we **recognise and reward** our colleagues. When people own a part of their Company, they share in its success.

Since day one we've said, 'if people like what they do, they do it better'. Our 'ministry of fun' organises events so that colleagues can spend time together, have **fun** and connect.

Operational excellence
We take great pride in providing **good value financial products** and services that meet customer needs.

Our focus on **risk selection and data analytics** shapes our decision-making and is built upon extensive claims experience, underwriting capabilities, and insights from big data.

Our **efficient claims management** is backed by a culture of continuous improvement, proactive engagement, decades of experience in claims handling, and great customer service.

We remain focused on building long-term sustainable and profitable businesses through **financial discipline**. Our cost-conscious approach is strongly embedded across the organisation as our employees are shareholders, and this translates into a competitive expense ratio.

Efficient capital employment
Our partnerships with our reinsurers are underpinned by a track-record of strong underwriting results and **good risk management**. Sharing risk allows us to hold less capital whilst ensuring protection from losses, thus supporting our commitment to **strong shareholder returns**. We include an assessment of the projected solvency and principal and emerging risks as part of our capital plan and Own Risk and Solvency Assessment.

Track record of long-term profitable growth
Our success is in part due to our **prudent reserving philosophy**. We release reserves over time as we gain more information on the development of claims or defaults across our insurance and loans businesses.

2023 highlights

Excellent customer service
- 4.7 "Excellent" Trustpilot score in ConTe[10]
- >45 Group average NPS[11] score across our operations (2022: >50)
- >80% of customers likely to renew after a claim[12] (2022: >80%)

Unique Company culture
- 87% of colleagues believe Admiral is a Great Place To Work®[13] (2022: 86%)
- 90% of colleagues feel that management is approachable and easy to talk to[13] (2022: 88%)
- 96% of people feel they are treated fairly regardless of race or sexual orientation[13] (2022: 96%)

Long-term profitable growth and efficient capital employment
- Total shareholder return of 296% over the last 10 years[14] (2022: 259%)
- 49% of customers are now from non-UK Motor businesses (2022: 46%)
- 200% solvency ratio (2022: 180%)

Our strong culture of innovation and organic growth has helped build our businesses from the ground up using our **test-and-learn approach**. We identify opportunities, take measured steps to test our understanding of the challenges, and acquire learnings.

Central to our approach to lasting value creation is our continued dedication to drive positive outcomes for our stakeholders. As their needs evolve, we consciously adapt to remain a **responsible and sustainable business** for the long-term.

10 ConTe Insurance sales only.

11 Relational NPS, methodology updated in 2022.

12 UK Motor Customers, monthly score averaged over the year. 2022 figure is restated as methodology changed in 2023.

13 Great Place To Work Survey (GPTW) result.

14 Total shareholder return is defined as the percentage change over the period, assuming reinvestment of income.

Our Business Model

Creating value for our stakeholders

Our Customers

The needs of our customers shape the products we deliver, and the ways in which we do so. We strive to create good value financial products to help more people look after their future.

Value created in 2023

- We implemented new online processes across our businesses to improve customer journeys and deliver a smoother experience
- During storm events, we handled c6,000 claims. During our busiest periods we sustained an average weekly call answer rate of 97%, demonstrating our commitment to our customers when they need us the most
- Our affordability team supported many of our customers during the cost of living crisis.

Our People

People who like what they do, do it better. This attitude enables our test-and-learn culture, operational excellence, happier and more productive employees, and ultimately better outcomes for all stakeholders.

Value created in 2023

- We became an official Real Living Wage accredited employer[15] in the UK and helped colleagues during the cost of living crisis
- We launched the 'leading at Admiral' framework throughout the Group, which equips leaders with deeper skills in managing our people
- We are proud to be recognised in all our markets as a great place to work in a number of awards and in varying categories.

Our Business: Partners and Suppliers

Our partners and suppliers are integral to us achieving our strategic goals and we work hard to foster strong relationships and mitigate risks. They comprise financial, reinsurance, IT hosting, distribution, and claims services partners.

Value created in 2023

- We optimised our UK repair network, providing greater oversight of our customer and supplier interactions and improving customer outcomes, post the network reconfiguration at the end of 2022
- We partnered with the AA to now provide all our UK EV customers with free out-of-charge recovery, after a successful test in 2022
- Our Italian Pet Insurance business partnered with the biggest pet store chain in Italy, Arcaplanet, to sell our products in-store and online.

Our Business: Shareholders

Market engagement is key to helping investors understand our business, strategy, and investment case. It also provides opportunities for shareholders and investors to share their views.

Value created in 2023

- Visits to our Cardiff head office provided investors with the opportunity to meet managers from across the business
- IFRS 17 Q&A sessions helped analysts and investors understand the new accounting standard and its impact on our results
- Our new Group Chair and several Board members held meetings with our largest shareholders encouraging open dialogue.

Our Society: Communities

A culture of giving and a sense of responsibility for our communities is shared across the Group. Our employees play a key role in how we engage with our communities to drive long-term change both inside and outside the Group.

Value created in 2023

- We invested over £1.4m into employability programmes, helping people into jobs
- We donated over £400,000 through our Global Community Fund
- We supported over 200 organisations via our Community and Match Fund initiatives
- We launched Admiral 5-9 Club with Welsh ICE[16] to support female entrepreneurs.

Our Society: Environment

It is increasingly important to demonstrate responsible business behaviour and reduce environmental impacts, in line with our values and those of our stakeholders.

Value created in 2023

- We fully offset our carbon emissions by purchasing Gold Standard carbon credits,[17] and additionally supported charities dedicated to sequestering emissions
- Our MSCI ESG rating assessment[24] remained at AA, and our Carbon Disclosure Project (CDP) score increased to B in 2023, from D in 2022
- Due to a one-off leak event our overall Scope 1 and 2 market-based emissions have increased 26%.[19] Without this event we would have seen a decrease of 33%.

15 Accredited Living Wage Employer with the Living Wage Foundation.

16 Welsh ICE is an innovation centre for enterprise.

17 Gold Standard carbon credits represents the reduction or removal of one tonne of CO_2 (tCO_2e).

18 The use by Admiral Group of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Admiral Group by MSCI. MSCI services and data re the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

19 Scope 1 and 2 market based emissions per the SECR report on page 98. Increase due to one-off leak event due to activation of a fire suppression system. This is the only location to use this type of gas in the UK and will be replaced in 2024.

2023 Awards

Great Place To Work UK®[20]

Great Place To Work®

GPTW Best Workplaces
6th

GPTW Best Workplaces for Women
3rd

GPTW Best Workplaces in Financial Services and Insurance
1st

GPTW Best Workplaces for Wellbeing
14th

Great Place To Work® International

Great Place To Work®

GPTW World's Best Workplaces
13th

GPTW Best Workplaces in France
6th

GPTW Best Workplaces Europe Multinational
14th

GPTW Best Workplaces in Canada
2nd

GPTW Best Workplaces in Italy
10th

GPTW Best Workplaces in Spain
2nd

Other Awards

Best Big Companies to Work For in the UK
Best Companies, 1st

Bigger, Bolder and Braver Partner Award
Women in Data

Commended Home Insurance Provider of the Year
Moneyfacts UK

Highly Commended in the STEM[21] Educational Programme of the Year
Wales STEM Awards

Best Data Academy or Skills Development Programme shortlist
DataIQ

Best Environment and Sustainability Strategy
Welsh Contact Centre Forum, 1st

Best Performing FTSE 100 Companies for Women on Boards
FTSE Women Leaders Review, 4th

Outstanding Achievement Award
Wales UK Fast Growth 50 Index

People Awards

Best Leader
Milena Mondini de Focatiis, Group CEO,
in Best Companies Awards

Milena Mondini de Focatiis, Group CEO,
15th in Insurance Post Power List

Antonio Bagetta, ConTe CEO,
Recognised in the Social Impact category of the CEOforLIFE Awards Italia

Dan Caunt, Company Secretary,
Named in UK Legal 500 GC Powerlist

Hannah Davies, Head of UK Data Academy,
Named in WeAreTechWomen's #Techwomen100 Awards

Michael Lewis, Group Chief Privacy Officer,
Named in DataIQ's 100 most influential people in data

Pankaj Kane, Chief Engineer in UK,
Named in Computing's IT Leaders 100 list

Owen James, Senior Lawyer,
Named in Managing IP's Ones to Watch

20 Awarded by the Great Place To Work (GPTW) Institute.

21 Science, Technology, Engineering and Mathematics (STEM).

STRATEGIC REPORT

In this section

15 Chair's statement
18 Chief Executive Officer's statement
22 Our Strategy
28 Q&A with Milena, Geraint, Cristina and Costantino
31 Key Performance Indicators
32 Group Chief Financial Officer's review
34 2023 Group overview
38 UK Insurance review
45 International Insurance review
50 Admiral Money review
52 Other Group Items
53 Group Capital Structure and Financial Position
56 Sustainability
71 Streamlined Energy and Carbon Reporting (SECR)
73 Task Force on Climate-related Financial Disclosures (TCFD)
87 Section 172 Statement
96 Non-Financial and Sustainability Information Statement
98 Principal Risks and Uncertainties
109 Viability Statement

Chair's statement

Celebrating OUR RESILIENT PERFORMANCE AND AUTHENTIC CULTURE

As I reflect on the challenges and triumphs of the past year, I am pleased to present my inaugural Chair statement for Admiral Group.

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

"Admiral's vision to help more people look after their future is evident in the strong 2023 performance."

Mike Rogers
Group Chair

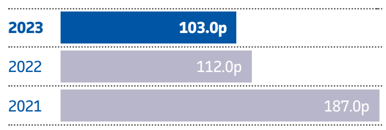
Exceptional leadership in difficult times

Milena and her Executive team have exhibited exceptional leadership throughout a challenging period within the industry and economic cycle.

Our customers, suppliers, colleagues and shareholders have all endured a very demanding year – our ability to not only weather these storms, but to adapt and grow is a testament to the collective strength and strategic foresight of our management team.

Dividend per share (pence)

103.0p



Chair's statement
continued

Resilience in performance

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

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

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

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

Green transition

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

30 years of growth

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

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

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

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

Staying true to our values

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

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

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

Mike Rogers
Group Chair

6 March 2024

Rewarding COLLEAGUES THROUGH OUR SHARE SCHEME

Since 2004, Admiral Group has given colleagues up to £3,600 worth of share awards per year through the employee share scheme[1]. Our colleagues play a very important role in our success, and we want them to benefit financially from their hard work and dedication.

We caught up with some of our colleagues to find out how they have used their shares over the years and what the scheme means to them:

Will: "The Admiral share scheme has made a huge difference to me; I feel invested in the success of the business and motivated to do my best to contribute to it. The scheme has also helped me to look after the future of my family – including making it possible for us to fund the construction of a house extension."

Cheya: "I used my shares to pay for three months travelling across Australia, New Zealand and Thailand when I had a career break at Admiral. It was an amazing experience and I loved every minute of it. The shares helped me save up money without even having to think about it. It's great to feel like I own a part of the business I work for!"

Aaron: "Like a lot of other people across the Company, I've cashed my shares with the intention of putting together a house deposit. However, after a bit of accounting I realised I had some spare and decided to treat myself to a new guitar!"

Embedding OUR PURPOSE

In 2021 we formalised our purpose statement and framework: Help more people to look after their future. Always striving for better, together. Our purpose defines the reason we exist and underpins everything we do, from creating products to supporting customers as well as our approach to sustainability.

In October 2023, we launched our purpose toolkit for managers across the Group. It supports "Leading with purpose" workshops where teams explore our framework in more detail, leading to an increased understanding of individual, team and departmental roles in delivering our purpose. Continuing to cascade and embed our purpose at all levels of our Company ensures it remains top of mind when engaging with all stakeholders. Having one common statement brings us together so we all strive to achieve the same goal.

Our Group Governance and UK Household product teams held their workshops in November, where they considered how they play a part in **helping more people to look after their future** and looking after our stakeholders. During the workshops colleagues shared their individual purpose, writing on jigsaw pieces that all fitted together to demonstrate how each colleague plays their part and the importance of working together as a team.

1 Employees working at Admiral for more than one year receive shares through our Approved Free Share Plan (SIP) or equivalent schemes.

Chief Executive Officer's statement

Doing THE LITTLE THINGS THAT ADD VALUE FOR ALL OUR STAKEHOLDERS

2023 was a strong year. In the context of challenging market conditions, we reported another set of solid results with strong Group profit of £443 million and turnover up 31%.

We welcomed more than 500,000 additional customers across the Group, an increase of 6% and substantially improved our loss ratios, while continuing to strengthen and diversify our business.

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

> "Our core values of putting our customers and people first and enjoying what we do are as true today as they were in 1993."
>
> **Milena Mondini de Focatiis**
> Group Chief Executive Officer

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

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

Celebrating 30 years together

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

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

A year of two halves

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

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

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

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

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

Our strategic progress

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

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

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

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

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

Recognising OUR COLLEAGUES WHO HAVE BEEN HERE FROM THE START, 30 YEARS AGO.

Tim
Tim started in Admiral on 7 June 1993, working in the post room. After various positions in IT, he now works as a systems monitoring engineer.

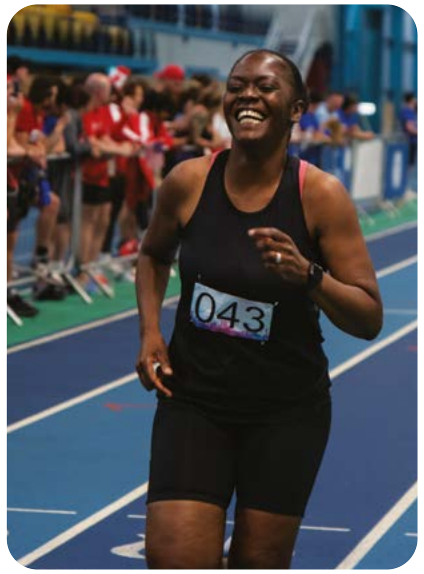
Bethan
Bethan joined Admiral on 19 July 1993 as an analyst programmer. 30 years later, after working some time as a team manager, she now works as a senior analyst programmer.

Teri
Teri began her journey with Admiral on 29 September 1992 as a programmer and analyst. She's had a number of roles in IT and is now an IT consultant.

Read more about Tim, Bethan and Teri on **page 35**

Admiral Group plc Annual Report and Accounts 2023

Chief Executive Officer's statement
continued



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

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

2024 and beyond
Despite persistent geopolitical and macro-economic uncertainty, our outlook is more positive. We are benefiting from better market conditions and a stronger position, thanks to the discipline we maintained over the past year.

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

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

Milena Mondini de Focatiis
Group Chief Executive Officer

6 March 2024

Donating £400,000 AS PART OF OUR GLOBAL EMERGENCY FUND

In 2023, we sadly saw many difficult events devastate communities across the world. Helping more people to look after their future is part of our core purpose, and so in 2021 we set up our Global Emergency Fund, allowing a process to speed up making donations when people and organisations need it most.

In 2023, we donated over £400,000 to a number of urgent appeals, including:

Canada
The wildfires in Nova Scotia brought devastation to its communities with over 200 homes and structures lost or damaged, and over 16,000 residents having to evacuate. To support the recovery, we donated CAN$50,000 through our Global Emergency Fund and created an emergency colleague support fund to provide immediate assistance to employees affected by the fires.

Italy
The region of Emilia-Romagna suffered severe flooding in May, resulting in more than 36,000 people displaced across 100 cities and towns. Through the Global Emergency Fund, and working with ConTe's Charity Team, we donated €25,000 to the Civil Protection Department that supported relief efforts on the ground.

Turkey and Syria
We donated £250,000 to the Disasters Emergency Committee (DEC) Turkey and Syria Earthquake Appeal following the devastating effects of the Kahramanmaras earthquakes in February 2023. This supported aid efforts including emergency food for 2,000 families for ten days, plus tents for 240 families who lost their homes.

Our UK business also matched any donations made from colleagues to Turkey-Syria appeals via our Give-As-You-Earn programme, from February to April, raising an additional £6,250.

Helping OUR CUSTOMERS THROUGH IMPACTS OF EXTREME WEATHER

Weather events can be extremely disruptive and stressful if homes are damaged. One of our customers and their family were faced with the possibility of months out of their home after Storm Babet left their house flooded. Their daughter had been diagnosed with an aggressive form of cancer a few weeks prior to the event, and their home had been set up to care for her.

As their insurer, we wanted to do whatever was possible to get them safely back in their home before Christmas, knowing that claims of this magnitude can mean restoration works take a very long time. We worked closely with our suppliers to assist the family in finding a rental property suitable for their needs, however as the restoration process was expedited with the help from suppliers, the family decided to remain in the hotel instead.

Thanks to the effort of all involved, the family were back in their home in time for Christmas.

We understand the value of quality products and efficient service, and are proud to have helped the family get back into their home quickly. Supporting our customers is at the heart of what we do: we focus on being there for our customers when they need us the most.

Our Strategy

1. ACCELERATING TOWARDS ADMIRAL 2.0

Overview

Our ambition is to accelerate the evolution of our core businesses toward what we refer to as Admiral 2.0, continuing to leverage our historical strengths whilst becoming even more agile, digital and technology-focused. Admiral 2.0 puts the customer first and leverages data and advanced analytics to constantly be more efficient to improve their overall experience.

Core competencies:

- Digital first
- Scaled agile
- Customer-centric innovation
- Smart working
- Data and advanced analytics and enhanced risk selection

Progress in 2023:

Digital first

- We have continued transitioning to the cloud. This enables us to better serve our customers by using modern, feature-rich technology platforms with a good digital experience
- In 2023 >50% of Group digital interactions, sales and renewals were completed online, allowing customers to reach us in the way that suits them best
- The Elephant UK app brand in the UK now has the ability for breakdown customers to report a breakdown directly through the Elephant app, thus accessing AA breakdown recovery assistance easily and quickly.

Scaled agile

- All businesses have further embedded agile ways of working. Scaled agile enables better collaboration between functions and quicker customer feedback, leading to improved products and processes
- Our UK insurance business created a new operating model that ensures greater alignment between IT and business areas, further reducing dependencies between teams and creating an optimised flow of value delivered to our customers
- Implementing scaled agile has helped to better organise people and outcomes, with dedicated focus on growth, customer and efficiency targets.

Customer-centric innovation

- Our UK operations have continued to develop our virtual assistant capability in our contact centres. Customers are effectively directed to the right service to them, whether digital or an agent
- L'olivier introduced a welcome bot which uses AI to identify and authenticate the customer and their reasons for calling. This means customers can quickly be put through to the right person to help
- Admiral Seguros opened new customer communication channels, including WhatsApp for service, chat online for quotes, and online claims help for 'first notification of loss'
- ConTe launched a digital assistant that identifies customer needs and guides them to a solution, avoiding the need for a phone call when appropriate.

Smart working

- We continued to evolve our hybrid working model to focus on making the time in the office meaningful with more spaces for engagement and collaboration
- We regularly complete Pulse surveys to ensure the happiness of staff and effectiveness of our new way of working, and have continued to ensure we support all colleagues no matter where and how they work.

Data and advanced analytics and enhanced risk selection

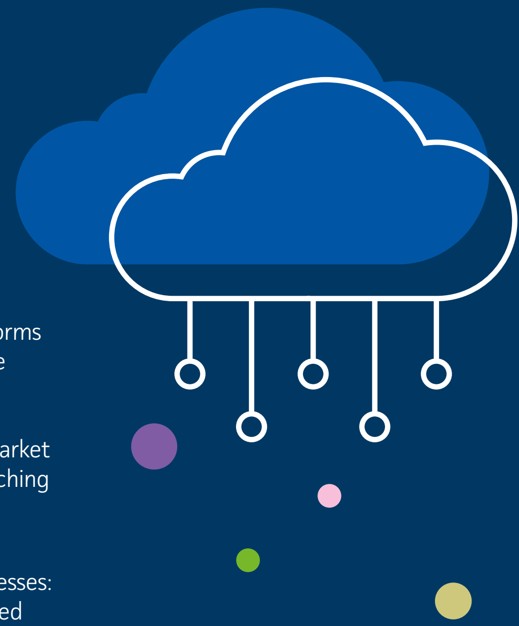
- In the UK, we have implemented the NextGen Application Programming Interface (API) platform alongside a range of services, to improve the experience of our contact centre agents by swiftly providing them with the information that they need when they are on calls with customers
- We are nearing completion of our new European data platform. This is a suite of innovative technologies which will deliver faster and more insightful data to support decision-making
- We continued to enhance our risk selection capabilities, and we leveraged our cloud-based machine learning platform by implementing our first models in our Van insurance business and continued to develop models in our other businesses.

Relevant Principal Risks

A B C D E F G H I J K L

Read more on **page 98**

Transitioning TO THE CLOUD



We have updated our US and UK core product systems that manage customer payments and policies and have migrated these to the cloud. We have also started the process of upgrading the systems in our European businesses. This will drive better outcomes for our customers, upgrade our technology stack and future-proof our businesses.

This upgrade helps to mitigate technology and security risk, improves the speed of release, reduces the overhead of upgrades going forward and the total cost of ownership of the estate.

Our UK Insurance business now performs the majority of its transactions in the cloud, and crucially all new policies and most claims are cloud managed. This increases agility and speed to market by reducing the cost and risk of launching new products.

Security remains paramount and is embedded into all cloud-based processes: anything hosted externally is managed with directory-integrated, role-based access and multi-factor authentication.

Celebrating DATA ACADEMY TURNING ONE!

It's been a hugely successful first year for the UK Data Academy.

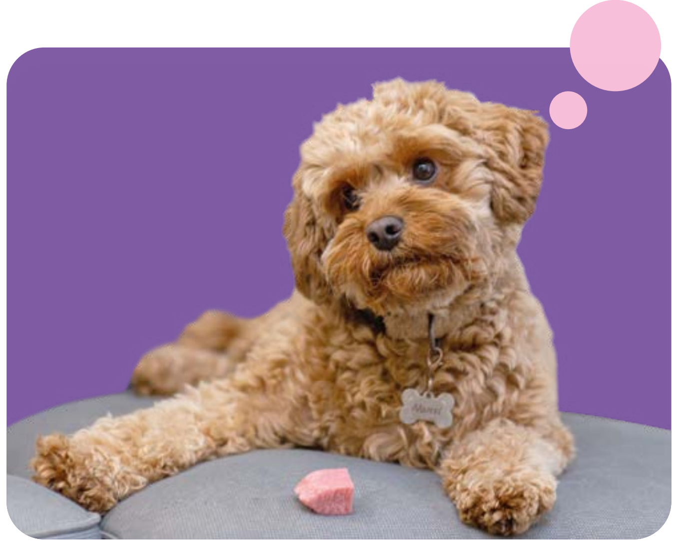
The Academy was set up to supply training and development programmes and events, increase data awareness and education, and improve diversity in the data world. It has surpassed its 2023 target of 3,000 training hours, with over 500 people across 50 different teams engaging with the Academy during the year, and over 70 mentoring relationships established. The training has focused on learning events, cloud tooling, our data strategy and topics such as generative AI. Our people have benefitted from access to training, learning events such as lunch and learns and community drop-in knowledge sessions, including more than 50 people benefitting from individual development programmes since launching. As well as this, the Academy has continued to partner with Women in Data, providing us access to their 35,000 strong Data Community. This has given us a unique opportunity to advertise roles to their members and be represented at the Women in Data Flagship event.

As of October 2023, our Data Community figures are at 28% female, with the industry benchmark from WiD being 25%. This is a great result for us – but we recognise that there's still more to do.

We are delighted that in 2023, the Academy was a finalist across three industry recognised awards[2] in the UK for Best Data Academy, and our UK business has been represented at 16 external events including podcasts, panels and conference talks.

2 British Data Awards 2023 Finalist – Education Initiative of the Year/Wales STEM Awards 2023 Highly Commended STEM Educational Programme of the Year/DataIQ 2023 Finalist – Best data academy or skills development programme.

Our Strategy
continued



2. DIVERSIFICATION

Overview
Diversification is essential to our strategy to keep building a sustainable and resilient business. Our approach is to leverage the capabilities and knowledge from our established businesses to build future successful propositions and to transition to a low carbon economy. We make focused and gradual investments in new opportunities that strengthen and complement our existing customer offerings and leverage our core strengths. In just over a decade, we have launched numerous products including Household, Travel and Pet insurance and a personal lending business. Our diversified business model means that customers can engage with us across a number of products, and we can support a growing variety of their needs.

Core competencies
- Scale up promising products
- Strengthen customer propositions
- Leverage core strengths

Progress in 2023
Scale up promising products
- This year we saw growth in turnover for all key diversification areas with 33% in UK Household, 56% in Admiral Money and 17% in European Motor. 49% Of customers are now from non-UK Motor businesses (2022: 46%)
- UK Travel insurance expanded customer numbers by 41%, a positive turn after the challenges faced post-pandemic. UK Travel also expanded its footprint, pricing for a wider range of customers, enabling more access to our products
- ConTe in Italy remained profitable and reached the milestone of selling one million policies during the year (2022: 0.97 million policies), showing a good growth trajectory for the business
- L'olivier in France returned to profitability, driven by rate increases and improvement in expenses, strengthening our Group diversification objective.

Strengthen customer propositions
- Our Italian and Spanish operations have focused on expanding distribution channels by scaling their broker networks and building their teams, in line with our strategy to reach more customers through different channels in these markets
- We kicked-off our digital experience platform project this year, which will enable digital self-service across further products, improving our customers' experience online. We recognise the importance of offering customers a choice in how they deal with us, either online or over the phone
- UK Household launched the home emergency digital notice of loss form, facilitating the registration of emergency claims online, should customers wish to
- UK Household also released a Storm Hub website in 2023, which sends timely weather warnings to customers ensuring they are aware of any extreme weather events that may affect them
- We have launched new functionality for new and existing customers to add a van onto MultiCover through digital channels, whilst also optimising and improving our existing customers' journey.

Leverage core strengths
- We are leveraging our strengths and knowledge from our core business into new products and businesses
- Our UK Pet product turned one in 2023 and went live with renewals in July 2023. It was great to see a number of furry friends joining us again for a second year
- After reporting its first profit in 2022, Admiral Money has continued to deliver sustainable profits, up nearly five-fold to £10.2m, despite a difficult economic environment.

Relevant Principal Risks

A B C D E F G H J K L

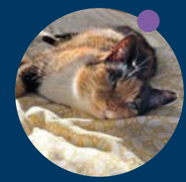
Read more on **page 98**

Celebrating PET TURNING ONE!

We successfully entered a new market in 2022 with the launch of our UK Pet insurance product. In July 2023 we went live with renewals and enjoyed seeing many customers keeping their cover with Admiral. Fun fact: our most popular pet name is Luna!

The Pet insurance team are continually looking for new ways to enhance the product. In partnership with Burns Pet Nutrition, we launched new puppy parenting classes, with help from Lioness Bethany England and the TikTok influencer Ben the Vet, to support new pet parents. These 15-30 minute sessions were streamed live and customers could ask our special guests any question from pet health and training, to finding the right breeder.

Throughout 2023, we achieved strong growth in sales and market share. The acquisition due in 2024 of the "More Than" Pet and Household renewal rights from RSA will help accelerate the growth we have seen this year in our Pet product and we are looking forward to welcoming more pets on board in 2024.



Reaching MORE CUSTOMERS AS CONTE SELLS OVER ONE MILLION POLICIES DURING THE YEAR

ConTe in Italy is our largest operation outside the UK and provides customers with Motor and Pet insurance. In 2023 ConTe sold over one million Motor policies and continued to increase customer numbers (7%) profitably. This success demonstrates our ability to take what we do well in our UK Motor business and leverage our core strengths into other markets and products.

ConTe is also advancing channel diversification, by exploring alternative acquisition methods. This year they have been dedicating time to expanding their broker networks and connections.

In line with their customer-centric approach, ConTe made several digital improvements in 2023, such as introducing a digital assistant to their website. This tool helps to identify what the customer needs and quickly provides a solution, for example a correct phone number, an informative video or a link to their online portal.

Our learnings from ConTe are being applied across our businesses and drive our diversification achievements forward.

Our Strategy
continued

3. EVOLUTION OF MOTOR

Overview
Our Evolution of Motor strategic pillar is built on evolving our proposition for the changes that are happening in mobility worldwide. Different views exist on future mobility trends and where the greatest future impact will be, but all agree that the way people move is changing. It is an exciting time for the industry, and we want to make sure that we fully understand the changes and what they will mean for our customers and for our business.

To stay close to these trends, we are harnessing our test-and-learn philosophy, looking at emerging propositions, and developing core competencies that will be relevant for the future.

Core competencies
- Understand changes in mobility
- Evolve our proposition
- Develop competencies for the future

Progress in 2023
Understand changes in mobility
- Our dedicated mobility team continues to investigate how changes in mobility will impact our customers and ways we can adapt our products to changing customer needs
- We continue to explore new methods of mobility and what that means for the insurance industry through the work of our dedicated Autonomous Vehicle team
- We have entered into a collaboration agreement with ZF, We Know, BP Pulse and Ferrovial to explore the feasibility of autonomous transportation between Heathrow Airport and nearby hotels. We aim to understand the insurance requirements and processes, and the fundamentals of what a successful autonomous transportation business would look like.

Evolve our proposition
- During the year, we saw a double-digit increase in electric vehicle customers. We have a bespoke electric vehicle customer journey to ensure our policyholders are well informed of the benefits and cover we provide
- Out of charge recovery was rolled out to all our UK EV customers at the start of 2023 after a successful test in 2022. This means customers in the UK and the Channel Islands who completely run out of charge will be recovered alongside their vehicle and taken to either the nearest charging point, their home address, or any other destination
- We have continued to strengthen our electric vehicle proposition by launching wall box cover for our customers. This means that their home vehicle charger will be covered if damaged during an accident or fire, or from theft
- Veygo, our short-term car insurance provider, launched a new subscription service offering customers rolling monthly insurance cover. Customers pay monthly and can cancel at any time with no fees, allowing customers to easily buy insurance when they need it at the right price.

Develop competencies for the future
- In partnership with Ford Credit we launched Ford Insure Live, a connected car insurance product for Ford private car customers. This will allow us to further explore connected car data and what it means for the future of mobility
- Through Admiral Pioneer, we are testing new propositions around changing consumer preferences. This includes the rise in popularity of subscription models and the growth of embedded insurance at the point of sale.

Relevant Principal Risks

C D E F G J K L

Read more on **page 98**

Strengthening OUR PARTNERSHIP WITH WAYVE

Wayve are one of the leading autonomous vehicle software companies in the UK. We first partnered with Wayve at the beginning of their journey in April 2018, insuring their very first test vehicle. The partnership has expanded over time to now insure their fleet of autonomous test vehicles in central London.

This allows us to remain close to the forefront of autonomous vehicle development, gaining real world experience by working with new and emerging technologies, and understanding what it takes to prepare for the future of autonomous mobility.

Recently Wayve partnered with grocery brands ASDA and Ocado to explore the future of last mile delivery and self-driving technology and Admiral supported them by sharing our experience. We are proud of this collaboration and excited about the future of autonomous technology.

"Our partnership with Admiral has proven instrumental to our development to date. With their support, we are able to conduct real-world testing of autonomous vehicles on UK public roads and operate the UK's largest autonomous grocery delivery trial with ASDA."

Alex Kendall
Co-Founder & CEO, Wayve

Launching FORD INSURE LIVE

Understanding our customers' is essential to delivering products and services that really meet their needs and provide added value. We partnered with Ford Credit in 2019, and together in 2023 we launched Admiral Live and Ford Insure Live, both for Ford private car drivers.

The products utilise Ford's connected car technology, which shares live data and has tracking capabilities to help provide a more personalised and accurately priced product based on how customers drive. Data is only shared with us if the customer permits it, and ranges from the speed of the vehicle to the status of seatbelts and number of passengers.

Data is sent directly from the vehicle's modem, which replaces the need for an engineer to install a telematics box, making the experience smoother for customers.

The introduction of Admiral Live and Ford Insure Live will enable us to learn more about connected car technology and how it can benefit customers now and in the future. Their introduction encapsulates how we collaborate with the motor industry and embrace technological changes to provide ever-improving, customer-focused products and services.

Q&A with Milena, Geraint, Cristina and Costantino

Navigating CHALLENGING MARKET CONDITIONS

Q: How does Admiral stay ahead of the game and look to the future?
I believe our strategic pillars – diversification, Admiral 2.0, and evolution of motor – provide a good foundation to serve our customers, strengthened by our unique Company culture. As we progress in all three, we aim to maintain our competitive edge in the long term and ensure sustainable value creation for our stakeholders.

Embracing technology through Admiral 2.0, such as the roll out of Guidewire 10 and transitioning to the Cloud, has improved efficiencies and our tech foundations. We use large data sources and data analytics to refine our risk selection and decision making, and our extensive claims experience and underwriting capabilities leave us well placed to effectively manage claims. In addition, we have a strong culture of managing costs well. All of these have resulted in a market leading combined ratio. Diversifying into non-Motor insurance markets is essential to building a sustainable and resilient business. It creates more options for our customers and leverages our brand and experience. 49% of our customers are now non-UK Motor customers, including one of our more recent propositions, UK Pet business, that just turned one.

Evolving with emerging mobility trends, for example electric vehicle insurance, makes it easier for customers to find the right insurance for their needs and make greener choices. Our EV growth was again double digits in 2023.

We continue to challenge ourselves to improve and strengthen our fundamentals, and I believe Admiral's proven track record of growth, agility and discipline positions us well for 2024 and the future!

3 Proposed baseline year for emissions cuts is 2021, still to be verified by SBTi.

"It's been an amazing 30 years and whilst so much has changed, I'm proud that so much has also stayed the same. Our core values of putting our customers and people first and enjoying what we do are as true today as they were in 1993."

Milena Mondini de Focatiis
Group Chief Executive Officer

Q: How is Admiral helping communities and meeting its sustainability objectives?
Considering long-term sustainability has been part of Admiral's DNA long before we had a sustainability team. We have people that have been here since we started 30 years ago, we've established long-term partners and strong relationships, and our employees are engaged in their work and invested in the performance of the business, as they're shareholders through our share scheme.

Admiral donates to worthy causes across our businesses using many avenues. A large part of our community investment is focused on skills development and employability, reducing inequalities so that people can lead more secure lives. Through our Global Emergency Fund we have helped communities through devastating events such as the wildfires in Canada, flooding in Italy, and earthquakes in Turkey and Syria. We also fund many environmental causes and through our Match Fund employees can nominate charities they'd like to support. I am proud that our people have given over 14,000 hours of their time to such great causes. Volunteering for charities, mentoring, and planting trees are just a few ways our employees got involved and made a difference in 2023.

From a customer perspective, our affordability team has supported our customers with their payments and concerns during the cost of living crisis and we have helped them enjoy improved customer journeys. During storm events we maintained an average weekly call answer rate of 97%, demonstrating our commitment to our customers when they need us.

From an environmental perspective, we have targets to reach Net zero by 2040, and to cut emissions in half by 2030[3]. Our UK scope 2 emissions have already reduced to zero. We are well on our way to setting Science Based Targets for our emissions which we aim to share in the future alongside our Net Zero transition plan. Our focus is to do the right thing, and this has been reflected in an MSCI index rating of AA, as well as an improved CDP rating to B.

Geraint Jones
Group Chief Financial Officer

Q: What are your thoughts on the 2023 results and what should we expect going forward?
I am pleased with how we have come through two challenging years, having managed a lot of change and navigating a complex cycle. Our teams also worked very hard as we transitioned to the new accounting standard, IFRS 17, to provide clear information.

It was a solid set of results with a healthy Profit Before Tax of £443 million driven by improvements in almost all businesses. We are gaining customers in the UK, Spain, Italy and France with Group customer growth of 6%. Admiral Money has grown profit nearly five-fold to £10.2 million; whilst having maintained our cautious approach to growth and prudently held provisions within the uncertain economic context, which we believe continues to build a good foundation for the future.

We said 2022 was probably the worst point of the cycle, and we are now starting to see the benefits of our pricing actions. In particular, this is reflected for UK Motor Insurance where we slowed growth in the first half but managed to grow in the second half of 2023, and are well placed moving into 2024.

Q. Are you confident with the solvency position and do you have any updates on the internal model?
I am confident that our capital position remains strong and well above risk appetite level. We had a successful debt issue during the year and our improved solvency rate of 200% is still supportive of a stable dividend payout and the ability to make future investments. We've demonstrated over the past 15 years that we've been able to grow five insurance businesses from scratch, a lending business, and multiple price comparison businesses whilst maintaining a 90% average pay-out ratio.

In addition, we have been progressing on the internal model process and expect to enter a pre-application process with our regulators soon. We will provide a further update when we have more information to share.

Cristina Nestares
CEO, UK Insurance

Q: What has been the biggest challenge for UK Insurance this year?
It's once again been a year of balancing pricing increases with the continued high claims inflation and macroeconomic uncertainties. Our aim has been to navigate this cycle well, focussing on profit over growth and maintaining pricing discipline. We are now seeing the benefits of raising prices ahead of the market, with a return to customer growth in the second half of the year. Inflation was high but stable with high repair costs and used car prices impacting claims, as well as supply chain pressures and labour shortages. Uncertainty on small bodily injury claims together with the potential impact of wage inflation on large bodily injury claims have added to the challenges, but we adapted the business where needed, with prudent reserving and with some changes in our supply network having a positive impact.

Our customer base has remained stable despite the year's challenges showing that we can offer our customers good quality products and services and give them more options through MultiCover which saw even more customers take up these great products.

We were well placed for the implementation of Consumer Duty regulation, which aligns with our commitment to deliver good value and good outcomes for our customers.

I am also proud to say we were voted the #1 Best Big Companies to Work For in the UK and also #1 in Great Place To Work® Best Workplaces in Financial Services and Insurance. This along with our 4.4 'Excellent' Trustpilot score means we must be doing something right for our people and our customers – which will remain key going into 2024!

Q: How is Home Insurance performing?
The Home Insurance book continues to show promise, with customer growth of 12% and a profit of £7.9 million. Weather events were less severe in 2023, but some of the severe weather in 2022, particularly the December freeze event, continued to impact the 2023 result. Weather impacts will naturally come through every few years, but the reported loss ratio – excluding prior period releases and the impact of severe weather - was only marginally higher due to inflation as we continued to improve risk selection and claims capabilities. In response to the threat of more regular and severe weather, we regularly review our approach from a pricing and risk selection and claims perspective and continue invest in associated areas.

We have been part of Flood Re since 2016. Flood Re is an agreement between insurers and the UK government which allows insurers to offer more affordable insurance for UK homes in areas most at risk of flooding that were built before 2009. This allows us to help more customers get the products they need at a fairer price.

Cost efficiencies were observed due to our increased scale and higher inflation was countered by raising prices ahead of the market. The acquisition due in 2024 of RSA's direct home and pet operations will strengthen our offering and scale in these businesses and I am excited to welcome our new colleagues from the More Than business.

Q&A with Milena, Geraint, Cristina and Costantino
continued

Costantino Moretti
CEO, International Insurance

Q: Are you pleased with the progress in EU Insurance after a challenging 2022?

I'm very proud of our hard work this year and of the Admiral culture that is so embedded in our businesses, reflected in having been voted in the top 10 in Great Place To Work®[4] across all our European entities.

We continued to prioritise margin over growth and to strengthen business fundamentals in tough market environments, and delivered much improved results overall with a £6 million profit before tax in European Motor from strong rating action and improved efficiency. As Admiral celebrates a big birthday, I'll take a moment to reflect back on our journey so far.

Our first international operation, **Admiral Seguros**, was launched in 2006. The Spanish insurance market is challenging, with intense competition. Within this context, we focused on building strong fundamentals and adapting our strategy to market dynamics. We now have over 440,000 customers, a growing direct channel, and are setting the basis for future growth by investing and expanding our broker and partnership channels, for example with our ING partnership.

ConTe, which was launched in Italy in 2008, is our largest business outside the UK with more than one million customers. We delivered another year of profit and a 19% year on year increase in turnover. We continue to explore new distribution channels while remaining focused on our direct channels, efficiency and advanced analytics, and market-leading customer service.

In France, we launched **L'olivier** in 2011, steadily building scale in the direct market and now insuring over 470,000 customers. Our sustained focus on margin protection, cost controls and efficiency has made us very competitive and we are now accelerating our product diversification with our Household proposition to unlock cross-selling opportunities.

We have built good businesses in Europe, customer-centric and well set-up for sustainable growth and creating long-term value for the Group, and we intend to continue to deliver on our strategy.

Q: What is the outlook for the US business?

We launched Elephant in 2009 and the last couple of years have seen an exceptionally challenging market environment with strong competition and very high levels of claims inflation. We have taken strong action by increasing prices to combat claims inflation, cost reductions, and improved risk selection. The reduced loss reported in 2023 is encouraging, and we expect to see further benefits from our recovery plan earned through in 2024.

In addition, we have built a solid tech platform that allows us to service our customers better and faster and we continued to maintain our commitment to Admiral 2.0 with upgrades to our main policy and billing IT platform, Guidewire, during the year which contributed to improving efficiencies.

Looking ahead, we have made good progress in exploring options for Elephant to reach its full potential in a huge market. These assessments take time and are receiving our full attention.

4 Great Place To Work® Best Workplaces in Italy 10th, France 6th, Spain 2nd.

Key Performance Indicators

In order to implement, develop and measure the Group's strategic performance, we monitor several financial and non-financial key performance indicators (KPIs).

Financial Measures

Group profit
Group profit before tax
£443m
(2022: £361m)

Growth
Group customer numbers
+6%
(2022: +10%)[5]

International growth
International customers
+4%
(2022: +15%)[5]

Diversification
UK Household customers
+12%
(2022: +19%)[5]

Shareholder returns
Dividend per share
103p
(2022: 112p)

Capital position
Solvency ratio
200%
(2022: 180%)

Non-Financial Measures

Customer satisfaction
Customers likely to renew after a claim
>80%[6]
(2022: >80%)[7]

Customer service
Net Promoter Score
>45[8]
(2022: >50)

Digital progress
Customer engagement
>50%
>50% MTAs[9] done online

Great Place To Work®
GPTW rankings
6th

Positive impact on society
Number of hours donated by employees
+14,000
(2022: +3,300)

Net zero by 2040
Carbon emissions reductions
+26%
(-33%)[10] excluding one-off leak event
(2022: -22%)[11]

5 2022 Customer numbers restated– refer to the end of the report for definition and explanation.
6 UK Motor Customers, monthly score averaged over the year.
7 Restated figure, methodology changed in 2023.
8 Relational NPS, methodology updated in 2022. We've seen a decrease in the NPS mainly due to increased prices, which are a reflection of current market conditions.
9 Mid Term Adjustments (UK operations) – adjustments made to a policy mid-term, by the customer.
10 Scope 1 and 2 (market based) emissions per SECR on page 71. Per SECR the 2022 comparative data is restated to reflect final 12 month verified data.
11 Restated figure. Scope 1 and 2 (market based) emissions per SECR on page 71.

Group Chief Financial Officer's review

Rising TO EXTERNAL CHALLENGES TO DELIVER SOLID RESULTS IN 2023

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

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

"In 2023, the Group delivered a solid set of results. 2023 was clearly a year where the strong actions taken since early 2022 started to bear fruit."

Geraint Jones
Group Chief Financial Officer

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

As usual I'll begin with a quick review of the group profit versus last year* in the table on the next page.

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

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

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

And a few observations on the other lines:

- Admiral Money's £10 million profit was a clear highlight; the team took a cautious approach to volume through the year and paused growth in the second half of the year to focus on high quality risk selection. We're very comfortable with arrears trends and our cautious credit loss provision and the business is well set to restart growth in 2024
- In Admiral Pioneer, the tremendous growth and continued steps forward in products in Veygo stood out, though one particularly large claim impacted the bottom line. Pioneer continues to invest in testing its small commercial insurance business line
- The cost of the Group's share schemes was basically in line with the previous year, but other overheads and charges increased fairly notably. There are a number of factors explaining the increase, many of which shouldn't be repeated in 2024 (e.g. M&A project fees, adverse currency movement, costs to settle a historic Italian tax matter). Fuller details on page 52. I definitely expect a much lower number in 2024 (barring anything unexpected).

More Than acquisition

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

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

Internal model

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

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

Dilution

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

Wrap-up

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

Geraint Jones
Chief Financial Officer

6 March 2024

A note on the 2022 IFRS 17 comparatives: As explained more fully on page 37, the restated 2022 IFRS 17 insurance profits are lower than the originally reported IFRS4 numbers. This is due to differences in the movements in reserve strength or risk adjustment position over 2022 under each standard.

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

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

2023 Group overview

2023 Group overview

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

*1. Operating profit, profit before tax (including analysis by segment), earnings per share, return on equity, and reported group loss, expense ratio and combined ratios restated following the implementation of IFRS 17. See later in the report for further details.

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

*3. Reported Group loss and expense ratios are calculated on a basis inclusive of all insurance revenue – this includes insurance premium revenue net of excess of loss reinsurance, plus revenue from underwritten ancillaries, an allocation of instalment and administration fees/related commissions. See glossary for an explanation of the ratios and Appendix 1a for a reconciliation of reported loss and expense ratios, and insurance service margin, to the financial statements.

*4. 2022 Customer numbers restated – refer to the end of the report for definition and explanation.

*5. For % change vs 2022, + shows favourable movements, – shows unfavourable movements.

Nm – not meaningful.

Celebrating COLLEAGUES THAT HAVE BEEN HERE SINCE THE START

As our co-founder Henry Engelhardt said "people who like what they do, do it better", and this has underpinned our culture across the Group for the last 30 years. Since starting out in our Cardiff office in 1993 with just 51 colleagues, to growing to over 13,000 across the world today, we have always put our people at the heart of what we do. We are incredibly proud that some of those 51 colleagues have stayed with us for the last 30 years and helped make us the Company we are today.

We asked them what they remember about their first day at Admiral and what has kept them here…

What do you remember about your first day at Admiral?

Tim: This should be fun!

Bethan: How small the department was! I'd followed my friend Teri to Admiral from our previous jobs (she started September 1992 and is also still here) so I wasn't nervous, and it took about 10 minutes to meet everyone. IT were based on floor 11 of the building along with ex-CEO and founder Henry, the server room, post room and Marketing – a tight squeeze!

Teri: I was convinced I'd made a horrible mistake. When I accepted the job, we were called DIAL and that's what my contract said. On my first day I came into the office to find we'd changed our name, we had desks and PCs but no chairs so I had to sit on a pile of boxes of listing paper. Bear in mind that this was only three months before we were due to launch. I spent the first couple of weeks at offices in Reading amending I/90 to fit our model of direct insurance.

What has been your best Admiral memory from the past 30 years?

Tim: Probably the day we floated after many years of waiting to see if it would happen.

Teri: There have been a few days that stand out; my first day, the day we opened for business, the day we floated!

Bethan: I know most people say it was when we floated on the Stock Exchange, but I was on maternity leave then and missed all the excitement in work! Other highlights for me have been the Stay at Home Refund during the pandemic. A few of us worked on that, and after it was tested and live - which was done really quickly - we monitored and ran the job every day for a month to get them all out by when we'd promised. Twitter was good for instant feedback, I loved seeing people post about what they were doing with their £25. My favourite was a girl who bought new slippers and spent the rest on cider!

What kinds of roles have you had during your time at Admiral?

Bethan: I've been in IT Development since I joined - I started as an Analyst/ Programmer, then Senior Analyst/ Programmer, Team Manager.

Tim: I started in the Post Room, then moved to IT. Then within IT I've moved from Operations in Cardiff to Swansea and back again to Cardiff again!

What makes Admiral special to you?

Teri: Every day is different and every day is a challenge. What makes Admiral special; even seeing the business grow from 30-odd people to over 13,000, it's never lost its small local Company feeling. I doubt you'd see senior managers in the lift dressed in pyjamas in every major Company.

Bethan: The answer to this has changed as the Company has grown and changed. In the early days, it was that we felt like a family and everyone knew everyone. When we got too big for that, it was the way Admiral looks after us and the rewards that come as a by-product of that. Along the way it's been the interesting work, and more recently it's been how we give back to the community and the world. There'll always be something to be proud of.

2023 Group overview
continued

Reporting ANOTHER SOLID SET OF RESULTS

Group highlights
Admiral reports another solid set of results in 2023 against a backdrop of continued elevated levels of claims inflation, and resulting significant rate increases.

Highlights of the Group's results for 2023 are as follows:

- Businesses across the Group grew strongly in 2023, with customer numbers up 6% and turnover up significantly more at 31% year-on-year:
  - UK Motor customers were broadly flat at the end of 2023 having fallen in the first half. Market price increases accelerated relative to Admiral in the second half, leading to improved competitiveness and a return to growth
  - UK Household grew turnover by 33% as a result of an increase in customers of 12% and continued increases in average premium. Including Travel Insurance, (which reported its first small profit), and Pet Insurance, overall UK insurance customers grew by 6%
  - Outside the UK, International Insurance customer numbers increased by 4%, made up of a 7% increase in Europe and a reduction in the US. Increases in average premiums to reflect the level of claims inflation led to a growth in turnover of 12%
  - Admiral Money has employed a controlled approach to growth, with a total loans balance at the year end of £0.96 billion, 8% growth since December 2022 and slightly lower than the HY 2023 position.
- Group pre-tax profit was £443 million, 23% higher than 2022, restated on an IFRS 17 basis:
  - UK Motor Insurance profit was £593 million, 13% higher than 2022 (£525 million) as the significant increases in average premium over the last year started to earn through, as well as higher investment income due to the higher interest rate environment
  - UK Household reported a profit of £8 million (2022: loss of £11 million), with 2023 less impacted by severe weather events, and benefitting from the positive impact of a commutation of quota share arrangements on prior underwriting years.
- The International Insurance business reported a notably lower loss of £18 million (2022: £56 million):
  - The EU Motor business returned to a profit of £6 million for the year (2022: loss of £16 million), as a result of a lower current year combined ratio arising from higher average premiums and small releases on prior underwriting years
  - The result in the US also improved from a loss of £36 million in 2022 to a loss of £20 million in 2023, following actions taken to improve the underwriting result through large price increases and a focus on reducing costs.
- Admiral Money reported a higher profit of £10 million (2022: £2 million), the increase in the average loans portfolio year-on-year driving the positive result through increased net interest income
- Other Group costs increased to £146 million (2022: £94 million), the adverse movement driven by higher central costs due to a number of one-off items, as well as higher business development costs and finance charges.

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

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

"We enter 2024 with improved margins across our insurance businesses and a strong position in Admiral Money."

Geraint Jones
Group Chief Financial Officer

Dividends
The Group's dividend policy is to pay 65% of post-tax profits as a normal dividend and to pay a further special dividend comprising earnings not required to be held in the Group for solvency or buffers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- UK Insurance – including UK Motor (Car and Van), Household, Travel and Pet
- International Insurance – including L'olivier (France), Admiral Seguros (Spain), ConTe (Italy), and Elephant (US)
- Admiral Money
- Other Group Items – including Admiral Pioneer and other central costs

Admiral Group plc Annual Report and Accounts 2023

UK Insurance review

Finding WAYS TO MAKE A DIFFERENCE

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

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

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

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

"A solid set of results, demonstrating the resilience of the business during challenging economic conditions, whilst continuing to invest in the business, and support our customers and people."

Cristina Nestares
CEO, UK Insurance

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

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

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

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

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

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

UK Insurance financial performance

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

Split of UK Insurance profit before tax

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

Key performance indicators

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

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

*2. Alternative Performance Measures – refer to note 13 for explanation and reconciliation to statutory Income Statement measures

*3. Total premiums restated for prior periods to include premiums for all underwritten ancillary products. There is a corresponding reduction in Other net income, and no impact on turnover

Highlights for the UK Insurance business include:

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

Supporting OUR CUSTOMERS DURING THE COST OF LIVING CRISIS

Formed during the Covid pandemic, our Affordability team, has helped to further focus on how we look after vulnerable policyholders. With high inflation and the high cost of living in the UK, the team has been working with our most impacted policyholders to get their insurance payments back on track. The team plays a pivotal role in helping customers who are struggling, as well as those dealing with other concerns such as terminal illness, loss of employment, disability, and mental health.

In 2023, we trained over 3,000 colleagues on vulnerable customer awareness to better identify and support these customers. We also introduced a phone line that UK customers can call for support and discuss alternative payment arrangements. The feedback has been resoundingly positive, with one customer saying:

"The amount of stress I've been in lately in terms of finances has been very overwhelming. I lost my dad in December, prior to that he had remained in hospital. I'm now the only driver in my household and I passed my test because I needed to take responsibility for my family. I've never been in financial difficulty, and I'm just trying to get back on track. I can't thank you enough for helping me in my lowest time."

UK Insurance review
continued

UK Motor Insurance financial review

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

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

Key performance indicators

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

*1. Alternative Performance Measures – refer to the end of this report for definition and explanation.
*2. Reported Motor loss ratio defined as insurance claims incurred and claims releases divided by insurance revenue, net of excess of loss reinsurance. Reconciliation in Appendix 1b.
*3. Reported Motor expense ratio defined as insurance expenses divided by insurance revenue, net of excess of loss reinsurance. Reconciliation in Appendix 1b.
*4. Reported Motor insurance service margin defined as underwriting result divided by insurance revenue, net of excess of loss reinsurance.
*5. Core Motor loss ratio defined as insurance claims incurred and claims releases divided by core product insurance premium revenue, net of excess of loss reinsurance. Presented to enable analysis of core Motor result excluding other ancillary income. Reconciliation in Appendix 1b.
*6. Core Motor expense ratio defined as insurance expenses divided by core product insurance premium revenue, net of excess of loss reinsurance. Reconciliation in Appendix 1b.
*7. Core Motor written expense ratio defined as insurance expenses divided by core product written insurance premium, net of excess of loss reinsurance.
*8. Other revenue per vehicle includes other revenue included within insurance revenue. See "Other Revenue" section for explanation and reconciliation.

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

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

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

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

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

Claims incurred

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

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

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

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

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

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

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

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

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

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

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

Quota share reinsurance

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

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

UK Insurance review
continued

Quota share reinsurance result

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

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

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

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

Co-insurer profit commission

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

Net investment income

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

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

Other revenue

UK Motor Insurance Other revenue:

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

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

*1. Premium from underwritten ancillaries is recognised within the insurance service result (underwriting result). Other income from non-underwritten products and fees is included within other net income, below the underwriting result but part of the insurance segment result.

*2. Instalment income and administration fees are recognised within insurance revenue (% aligned to Admiral's share of premium, net of co-insurance) and other revenue (% aligned to co-insurance share of premium).

*3. Claims costs relating to underwritten ancillary products, along with an allocation of related expenses, are recognised within the insurance result. Expenses allocated to the generation of revenue from non-underwritten ancillaries are recognised within other net income.

*4. Other revenue per vehicle (before internal costs) divided by average active vehicles, rolling 12-month basis. Presented here based on all ancillary income.

Admiral generates other revenue from a portfolio of insurance products that complement the core car insurance product, and fees, generated over the life of the policy. The most material contributors to other revenue continue to be:

- Profit earned from Motor policy upgrade products underwritten by Admiral, including breakdown, car hire and personal injury covers
- Revenue from other insurance products, not underwritten by Admiral
- Fees such as administration and cancellation fees
- Interest charged to customers paying for cover in instalments.

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

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

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

UK Household Insurance financial review

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

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

*2. Total premiums restated for prior periods to reflect premiums for all underwritten ancillary products. There is a corresponding reduction in Other net income, and no impact on turnover.

*3. Quota share reinsurance result within the segment result excludes reinsurers' share of share scheme costs.

Key performance indicators

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

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

UK Insurance review
continued

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

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

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

- The impact of severe weather and subsidence in 2023 was significantly lower in 2023 than 2022. Whilst the final quarter of 2023 saw a run of named storms which were the main contributor to the £9.8 million weather impact in the year, 2022 was impacted by a significant winter freeze event which impacted the prior year result by £33.3 million.
- The 2023 result benefitted from a one-off recognition of reinsurer profit commission relating to prior period following a commutation. This benefit is recognised in the quota share reinsurance result, with the prior period quota share result being negatively impacted by the original de-recognition of that profit commission following significant weather events.

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

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

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

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

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

International Insurance review

Establishing A DIVERSIFIED SET OF CHANNELS AND PRODUCTS

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

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

The overall profit in Europe is a combined outcome of the positive contribution from Italy and France, while Spain has reported a loss. France and Italy are now both profitable, and we will continue to grow the book with discipline and invest in diversification (distribution in Italy; product with Household in France).

"Markets hit the worst part of their cycle in 2023, but we have continued to demonstrate strong performance and results."

Costantino Moretti
CEO, International Insurance

The Spanish result is a function of the unprecedented high combined ratio of the Motor insurance industry, as well as continued investment to build our distribution diversification capabilities. We have taken strong action and have built good foundations, which we believe will result in improved performance in 2024.

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

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

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

International Insurance review
continued

France

"L'olivier adeptly navigated market uncertainties and I am pleased to report a profitable Motor performance."

Pascal Gonzalvez
CEO, L'olivier

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

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

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

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

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

Italy

"In a difficult market environment, we delivered good results and operational successes."

Antonio Bagetta
CEO, ConTe

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

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

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

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

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

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

Spain

"We are starting to see the benefit of strong actions taken during tough market conditions in 2023."

Sarah Harris
CEO, Admiral Seguros

Claims inflation was the major theme for the Spanish car insurance industry in 2023. Q4 market results showed a market combined ratio[12] exceeding 100% for the first time in two decades. Market price correction started early in the year and accelerated in the second half, we expect this trend to continue into 2024.

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

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

For another consecutive year, we were voted 2nd Great Place to Work in Spain, winning the special prize "Better for People" in recognition of a collaborative and open team culture. I would like to thank all of my colleagues for their hard work and contribution during 2023.

US

"Despite very challenging market conditions, Elephant materially improved its result with reduced losses in 2023."

Alberto Schiavon
CEO, Elephant

In 2023, Elephant materially improved its result with a reduced loss of £20 million from £36 million in 2022, in line with our commitment to turn around our financial performance and despite very challenging market conditions with sustained severity inflation. Our combined ratio decreased by around 9 points[13] (compared to an industry projection of 3.5[14] points lower) driven by improvements in both our loss and expense ratios.

Our expense ratio was 5 points[15] better than 2022, benefitting from efficiency initiatives (including a reduction in headcount) and a more favourable acquisition market. The latter was driven by reduced competition in a difficult market, as many players lowered their growth appetite to protect their bottom line while increasing rates.

Our loss ratio improved by 4 points[16] as a result of strong rating action and intentional mix shift towards lower loss ratio segments and away from newer channels and states. We increased base rates by an additional 38% in 2023, compared to circa 16% across the top five players in our states.[17] Important to note is that the most recent underwriting quarters continue to show improving results compared to prior ones, at the same point of development. It remains early days but this is promising.

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

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

12 ICEA market data, net of reinsurance.
13 Earned whole account basis net of XoL.
14 Data is from S&P Global Market Intelligence 2023 Auto Insurance Market Report.
15 Insurance expenses, excluding share schemes divided by insurance revenue net of XoL.
16 Insurance claims incurred and claims releases divided by insurance revenue net of XoL.
17 State filing rate changes for Virginia and Texas. Weighted average change from top 5 players based on market share.

International Insurance review
continued

International Insurance financial performance

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

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

Key performance indicators

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

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

International Motor Insurance – Geographical analysis *1

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

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

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

Split of International Insurance result

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

Admiral's International insurance businesses continued to grow, with customers increasing by 4% to 2.17 million (2022: 2.08 million) and turnover growth of 12% to £894.9 million (2022: £795.9 million).

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

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

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

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

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

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

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

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

Admiral Money review

Enhancing
OUR DIGITAL CAPABILITIES

I'm pleased to be able to say it has been a positive 2023 for Admiral Money.

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

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

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

"I'm proud of how we have navigated these uncertain times, and I am absolutely delighted with our first double digit profit of £10 million."

Scott Cargill
CEO, Admiral Money

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

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

Looking to 2024, we enter the year with good momentum. We expect to benefit from our strong position in a growing market as we see a continued shift to comparison and credit score marketplaces. I expect to see further growth in our loan balances towards the £1.2 billion range during 2024, assuming current economic conditions. Combined with a tightly controlled cost base, we should see continued improvements in the economics in the coming years.

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

Admiral Money financial review

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

*1. Includes £1.5 million intra-group interest expense (FY 2022: £1.5 million).
*2. Alternative Performance Measures – refer to the end of this report for definition and explanation.

Admiral Money distributes and underwrites unsecured personal loans and car finance products for UK consumers through price comparison, credit scoring applications and direct channels. The proposition is focused on offering real rates to provide customers with upfront transparency and certainty.

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

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

As with prior year, Admiral Money continued to carefully manage affordability and credit criteria for new lending in 2023 to reflect the higher interest rate and elevated inflation environment. At the same time interest rates on new loans were increased to reflect the rising cost of funding. These measures will help ensure sustainable financial performance into the future.

The credit loss charge increased to £33.4 million (2022: £20.6 million). Overall, an appropriately cautious approach has been taken to calculating the credit loss provision, including post model adjustments for model performance, cost of living, economic scenarios forecast uncertainty, reflecting the level of uncertainty in the current economic environment. For further information, refer to note 7 in the financial statements.

Admiral Money is funded through a combination of internal and external funding sources. The external funding is secured against certain loans via transfer of the rights to the cash-flows to two special purpose entities (SPEs). The securitisation and subsequent issue of notes via SPEs does not result in a significant transfer of risk from the Group.

Other Group Items

Other Group items financial review

£m	2023	2022 (restated)
Share scheme charges	(54.4)	(51.7)
Other central costs*1	(41.7)	(15.6)
Admiral Pioneer result*1	(16.2)	(13.5)
Business development costs*1	(15.3)	(8.8)
Finance charges*2	(20.3)	(12.1)
Compare.com loss before tax	(2.6)	(2.8)
Other interest and investment income*1	4.6	10.1
Total	**(145.9)**	**(94.4)**

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

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

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

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

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

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

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

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

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

Group Capital Structure and Financial Position

The Group manages its capital to ensure that all entities are able to continue as going concerns and that regulated entities comfortably meet regulatory capital requirements. Surplus capital within subsidiaries is paid up to the Group holding company in the form of dividends.

The Group's regulatory capital is based on the Solvency II Standard Formula, with a capital add-on to reflect recognised limitations in the Standard Formula with respect to Admiral's business, predominantly in respect of profit commission arrangements in co- and reinsurance agreements.

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

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

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

Group capital position (estimated and unaudited)

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

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

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

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

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

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

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

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

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

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

*1. The solvency ratio reported above includes additional own funds generated post year end, up to the date of the approval of the dividend.

Group Capital Structure and Financial Position
continued

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

Investments and cash
Investment strategy
Admiral Group's investment strategy focuses on capital preservation and low volatility of returns relative to liabilities and follows an asset liability matching strategy to control interest rate, inflation and currency risk. A prudent level of liquidity is held and the investment portfolio has a high-quality credit profile. In 2023, the focus remained on matching, and cashflows were invested into high quality assets to take advantage of rising risk-free rates, whilst being appropriately cautious on the credit outlook. The Group holds a range of government bonds, corporate bonds, alternative and private credit assets, alongside liquid holdings in cash and money market funds.

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

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

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

Solvency ratio sensitivities

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

*1. 2022 credit spread sensitivity restated to include the benefit of offsetting movements in the volatility adjusted yield curve used for discounting liabilities.
*2. Refer to note 7 to the financial statements for further information on the 'severe' scenario.

Investment return

£m	2023	2022
Underlying investment income yield	3.30%	1.6%
Investment return	124.4	64.1
Unrealised (losses)/gains on derivatives	(0.2)	0.5
Movement in provision for expected credit losses	2.5	1.8
Total investment return	**126.7**	**66.4**

Cash and investments analysis

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

*1. Total Cash and Investments include £278.2 million (2022: £198.2 million; 2020: £74.8 million) of Level 3 investments. Refer to note 6e in the financial statements for further information.

Cashflow

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

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

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

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

The Group continues to generate significant amounts of cash and its capital-efficient business model enables the distribution of the majority of post-tax profits as dividends. Total cash and investments at 31 December 2023 was £4,214.5 million (31 December 2022: £3,705.8 million), the increase reflecting market value gains noted above, an increase in assets at the Group level following the refinancing of the Group's subordinate debt during 2023, and growth in premiums written.

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

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

Co-insurance and reinsurance
Admiral makes significant use of proportional risk sharing agreements, where insurers outside the Group underwrite a majority of the risk generated, either through co-insurance or quota share reinsurance contracts. These arrangements include profit commission terms which allow Admiral to retain a significant portion of the profit generated.

Although the primary focus and disclosure is in relation to the UK Motor insurance book, similar longer-term arrangements are in place in the Group's international insurance operations and the UK Household and Van businesses.

UK Motor Insurance
Munich Re and its subsidiary entity, Great Lakes, currently underwrites 40% of the UK Motor business. From 2022, 20% of this total is on a co-insurance basis (via Great Lakes) and will extend to 2029. The remaining 20% is on a quota share reinsurance basis and these arrangements now extend to 2026.

The Group also has other quota share reinsurance arrangements confirmed to at least 2024, covering 38% of the business written.

The nature of the co-insurance proportion underwritten by Munich Re (via Great Lakes) in the UK is such that 20% of all Motor premium and claims accrue directly to Great Lakes and are not reflected in the Group's financial statements. Similarly, Great Lakes reimburses the Group for its proportional share of expenses incurred in acquiring and administering this business.

The quota share reinsurance arrangements result in all Motor premiums, claims and expenses that are ceded to reinsurers being included in the Group's financial statements. These agreements operate on a funds withheld basis and include certain features such as expense caps and an allocation of investment income earned on the funds held by Admiral on behalf of the reinsurers. These features result in higher profit commission should the underwriting year reach profitability.

Admiral tends to commute its UK Car Insurance quota share reinsurance contracts 24-36 months after inception of an underwriting year, assuming there is sufficient confidence in the profitability of the business covered by the reinsurance contract.

After an underwriting year is commuted, movements in financial statement loss ratios result in reserve releases (or strengthening if the loss ratios were to increase) rather than reduced or increased profit commission.

In 2023, there were no significant commutations, with the majority of quota share reinsurance covering underwriting year 2020, and all arrangements covering the 2019 and prior underwriting years, having now been commuted.

UK Household Insurance
The Group's Household business is supported by long-term proportional reinsurance arrangements covering 70% of the risk, that run to at least 2024. In addition, the Group has non-proportional reinsurance to cover the risk of catastrophes stemming from weather events.

International Car Insurance
In both 2022 and 2023 Admiral retained 35% (Italy), 30% (France), 30% (Spain) and 40% (USA) of the underwriting risk in each country respectively.

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

Sustainability

Driving POSITIVE CHANGE TOGETHER

Our approach to sustainability

Sustainability has always been at the heart of Admiral's business, throughout the Group's thirty year history. Admiral has supported millions of customers, provided a great place for its employees to work and thrive, and supported its communities. The Group has sought to reduce its carbon footprint for over a decade.

In 2023, the Group further increased its focus on sustainability. It has brought together existing sustainability efforts under a newly-appointed Group Head of Sustainability, supported by an enhanced sustainability governance structure. This approach will provide the dedicated resource, expertise, and Group-wide focus needed to co-ordinate all aspects of sustainability already present across the Group.

The new structure supports the Group's ambition to further embed consideration of sustainability within its commercial strategy and all business activities and behaviours. Admiral strives to increase the impact of its focus on sustainability through engagement of operations and supply chain, the leveraging of skills and volunteering to create more jobs in its communities, evolution of its investment portfolio, and the development of new products and services to support customers' lifestyles.

Quick reference guide

Item	Page
Strategy	56
Material Sustainability Issues	58
Our Customers	60
Our People	62
Our Business	64
Our Society	66
External Engagement	68
Sustainability Ratings and Rankings	70

Our Purpose

Admiral Group's purpose is to **help more people to look after their future, while always striving for better, together**. The purpose framework demonstrates how our purpose is embedded across Admiral Group.

The purpose framework and its consideration of stakeholders provides a roadmap for the types of decisions taken across the business on issues of sustainability. To see this in action, please turn to our Materiality Assessment on page 58.

Sustainability governance

Group Board: The Admiral Group Board is ultimately responsible for understanding the Group's impact on the environment, as well as the impact of a changing climate on the Group. It is the principal governing body for sustainability-related issues and takes ownership of sustainability and climate-related topics and associated stakeholder engagement. The Board approves the Group's sustainability approach and our sustainability ambitions which can have a material impact on Admiral. Milena Mondini, Group CEO, is the accountable Sustainability representative for the Group and the Group CRO, Keith Davies has designated SMCR responsibilities in relation to understanding and managing the risks to the business created by climate change.

Board Committees: The Board has delegated authority to several permanent committees that deal with sustainability related matters. The principal committees of the Board – Group Audit, Group Remuneration, Group Risk, and Group Nomination and Governance – play an important role in the Group's sustainability related decision-making processes. For example, the Group Risk Committee oversees the management of climate-related risk and ensures appropriate oversight is in place for both 'outside in' risks and 'inside out' risks. The Group Audit Committee oversees the reporting of risk disclosures in respect of climate change and ensures that all external reporting is complete, accurate and not misleading.

Our Purpose framework

Sustainability Steering Committee: To support a more holistic and co-ordinated approach to sustainability issues, in October 2023 the Group Board approved the creation of a management Sustainability Steering Committee (SSC) and five supporting Working Groups (see below), to replace the former Sustainability Working Group and Climate Change Committee.

The **SSC** provides guidance on the overall programme of sustainability-related work and ensures a joined-up approach across the entire Group. Chaired by the Executive Sponsor for sustainability, it meets quarterly and comprises the Group CEO, AECS CEO, Chief Financial Officer, Group Head of Sustainability and Chairs of the Working Groups. In addition, the Group Head of Sustainability provides updates to the Group Board and relevant entity Boards and Committees, as required.

The sustainability **Working Groups** are based on the key areas of our sustainability strategy. They discuss and make decisions on how these areas impact and are impacted by all the elements of Environment, Social, and Governance (ESG). Although the Climate Change Committee has been retired, climate – along with other ESG aspects – is integrated into each of the Working Groups, allowing for a more holistic assessment of our sustainability approach. The working groups are chaired by senior management experts who lead the Group's activities in their respective areas:

- Sustainability Positioning & Communications
- Customer & Product
- Operations, Investments & Procurement
- Risk, Compliance & Reporting
- People, Learning & Development

Green Team: The Green Team is an internal colleague-led group which looks at initiatives on environmental topics, such as minimising our operational impact of climate change and engaging colleagues directly with solutions. The Green Team is also responsible for organising environmentally-themed events within the workplace in association with partners such as Stump Up for Trees and Size of Wales.

Sustainability
continued

Material Sustainability Issues

Our approach to sustainability materiality

To capture and address the sustainability topics that matter most to Admiral Group's businesses, we ran a materiality assessment in 2021. In this assessment, internal and external stakeholders ranked topics that they believed material to Admiral Group's success. Rankings were based on topics' relative importance operations, not Admiral Group's current or historic performance.

We will undertake a revised assessment in 2024 on a double materiality basis in readiness for the upcoming EU's Corporate Sustainability Reporting Directive (CSRD).

Defining materiality via stakeholder engagement

Admiral's Board has affirmed that Admiral has six stakeholder groups: Customers, employees, suppliers and partners, shareholders, community, and the environment. These six groups are reflected in the four quadrants of our purpose framework.

Our materiality assessment was conducted by reviewing the needs of each of the six stakeholder groups and surveying over 500 managers, over 2,000 customers and over 2,000 members of our communities. The resulting materiality assessment reflects the priorities and concerns of stakeholders during this work.

To view more about our stakeholder engagement, see our Section 172 report on **page 87**

Aligning issues with UN Sustainable Development Goals

To better align our engagement on material topics with worldwide efforts around these topics, in 2023, we began mapping the topics in our materiality matrix to the UN Sustainable Development Goals (see table below). Whilst the SDGs are a useful tool to help evaluate our contributions to sustainable development, not all our material issues from 2021 are aligned to the 17 goals. Only those issues that are aligned are included in the below table.

The UN Sustainable Development Goals

1. No poverty

7. Affordable and clean energy

13. Climate action

2. Zero hunger

8. Decent work and economic growth

14. Life below water

3. Good health and well-being

9. Industry, innovation and infrastructure

15. Life on land

4. Quality education

10. Reduced inequalities

16. Peace, justice and strong institutions

5. Gender equality

11. Sustainable cities and communities

17. Partnerships for the goals

6. Clean water and sanitation

12. Responsible consumption and production

SUSTAINABLE DEVELOPMENT GOALS

Read more on our engagement with the UN SDGs, see **page 68**

Reviewing our materiality assessment

In 2024, we will revisit our materiality assessment to reflect 'double materiality'. This will allow us to better understand the risks that sustainability topics pose for us both internally and externally.

Priority	Material issue	United Nations Sustainable Development Goals
Focus	Risk governance and business resilience	8
	Talent acquisition and development	4 8
	Product quality	9
	Employability and social mobility	8 10
Manage	Impact of operations on climate change	13
	Eco-friendly products	12 13
	Innovation	8
	Diversity and inclusion	5 10
	Educational opportunities	4
	Fair and affordable price	10
	People, health, and wellbeing	3
	Smart, green, and safe mobility	9 11
	Investing responsibly	13
	Strong ethical partnerships	16
	Community health and wellbeing	11
Monitor	External efforts to fight climate change	13
	Sports, arts and culture	4 11
	Executive remuneration	5 10
	Financial inclusion	10
	Homelessness and housing	11

To read more on the SDG's, please refer to our Sustainability Report on our corporate website.

Monitor: These topics are part of our ESG tracker, with the view that they may progress to being actively managed in the long term.

Manage: These topics are prioritised on our ESG tracker. They are viewed as topics on which we do well, so they will be managed and maintained.

Focus: These are topics that the Sustainability Approach will focus on in the short term (18-24 months). Our ambitions for Focus will evolve over time.

Sustainability
continued

Our Customers

Customers are at the heart of everything we do.

Our purpose of **helping more people to look after their future** drives us to deliver products and services that help our nine million customers meet their needs, achieve their goals and live resilient lives.

Implementation of Consumer Duty

The UK Financial Conduct Authority's new Consumer Duty ('Duty') regulation, which came into force in July 2023, has helped and will continue to help us demonstrate how we put customers at the heart of everything we do. Under the Duty, customers are to receive communications they can understand, products and services that meet their needs and offer fair value, and receive the support they need, when they need it.

The Duty builds on our already strong foundations: for example, where we undertake regular customer service monitoring, assessment of customer demands and needs. We have also, and will continue to, enhance our Management Information (MI), reporting against the four Duty outcomes on a more granular basis, allowing us to view outcomes through a customer lens better. In the case where outcomes are not as we would like, we make amendments and enhancements to improve customer outcomes.

This is particularly important as we continue to refine our product and service offerings in line with customers' changing sustainability preferences, so that they are able to pursue their financial objectives and sustainability goals.

Read more about Consumer Duty on **page 111** of this report

Sustainable and quality products

We strive to create and maintain good quality, sustainable products for our customers. Target market and fair value assessments are undertaken internally, to confirm that we aim to, and do, meet customer needs. In the very few instances where this is not the case, we act quickly to make changes and improvements where needed. Our Product and Oversight Policy also acts as a control to provide customers with products that perform as expected and meet their needs.

Financially inclusive products

The nature of insurance means that individuals, families, and households are protected from unforeseen financial difficulties, with the cost of the insured risk shared amongst many, making it more accessible to a greater proportion of the population. It is important to us that we provide accessible, inclusive financial products and services that can help more people plan for the future and protect themselves against adverse events.

In 2023, this included performing a premium finance review to ensure our UK product APRs are delivering fair value, allowing more customers to finance insurance payments. In addition, we continued to develop our tiered UK motor product offering, which offers an essential level of cover accessible at lower prices.

Sustainable products

In our UK motor products, we have worked to support environmentally friendly products like supporting our customers with the transition to alternative-fuel vehicles. In 2023, we are one of the market-leading underwriters of electric vehicles by leveraging our core pricing strengths and developing new product features.

We expanded our electric vehicle (EV) insurance proposition by listening to customer needs and understanding how they have evolved. In 2023, our UK motor product launched a range of EV specific features, such as free recovery if customers' vehicles run out of charge, cover for wall boxes installed at the home, cover for EV batteries and charging cables already included in our cover. In 2023, UK motor launched a partnership with BP Pulse testing a free six-month 'On-The-Go' charging subscription for a subset of our EV customers. Our aim was to ease the EV transition by providing customers with access to charging credit and discounted charging rates.

As EV adoption continues to evolve in 2024, we will continue to take a customer-led approach and develop our offering to support UK customers' EV transitions.

Climate-resilient products

As a UK insurer, since 2016 our UK Household business has taken part in the Flood Re scheme, which is designed to allow insurers to offer more affordable insurance for UK homes built before 2009 in areas most at risk of flooding. Our UK Household business also utilises quota share reinsurance arrangements, including both catastrophe and aggregate cover for the UK household lines. These agreements allow us to support more customers with home insurance at fairer prices. We continue to assess how we can better support customers affected by extreme weather events as well as explore new ways to work with suppliers to make properties more resilient.

Group average NPS[18]

>45

Trustpilot Score

4.4

18 Relational NPS, methodology updated in 2022. We've seen a decrease in the NPS mainly due to increased prices, which are a reflection of current market conditions.

Transparent claims outcomes

As an insurer, we are committed to providing appropriate claims experiences that deliver good outcomes for our customers in a timely manner.

We are continually improving claims service in all areas. Notable enhancements in 2023 include in UK Motor, making handling processes clearer, increasing the opportunity for additional contact, and making it easier for our partner garages to provide updates more regularly to our customers. These initiatives combined helped to provide reassurance to UK customers throughout the claims process. In Spain and Italy, customers are offered 'cash settlements' to reduce claims settlement times and improve service. In France, we upgraded our online claims feature to make it easier for customers to open claims in the channel of their preference. Our France-based customers can now open almost all claims through the customer portal and chatbot, which offers automated solutions, in turn improving customer service and reducing customer wait times.

Climate-related claims

The impact of climate change continues to affect our customers through extreme weather events such as flooding and increased subsidence in the UK and hailstorms in the US. In these situations, it is important that there is clear and transparent communication between our claims department and customers. For example, with our UK insurance businesses, we send communication to potentially affected customers ahead of severe weather events to help them take steps to reduce the chance of a loss and to remind them how to make a claim. In 2023, we launched a 'Storm Hub' to provide Household customers with information on all things storm related.

Taking care of vulnerable customers

Financial inclusion is part of our sustainability approach. We know that individual customers may have different requirements when it comes to understanding and being informed about our products, and to be inclusive, we seek to accommodate those requirements. Our Vulnerable Customer Policy underpins our identification, treatment, and monitoring of vulnerable customers through their circumstances, whether temporary or long-term. The Policy aims to ensure that there are sufficient controls in place so that these customers are treated fairly and appropriately and that their needs are considered in the development of all products.

In 2023, in UK Motor, we put new vulnerable customer standards in place, as well as a process to share the needs of vulnerable customers with our suppliers. The aim was to our ensure customers receive the right level of support throughout their journey with us. Also in 2023, we launched a feature to allow customers to update their accessibility needs in the UK MyAccount portal. In addition, we re-wrote our in-depth process guides for customers who need varying levels of support and rolled out specific agent training and Company-wide training to create more awareness.

One example of taking care of vulnerable customers was in October 2023, when a fire at Luton Airport affected several hundred of our customers. We treated all Luton claims customers as vulnerable and high need at that stage, due to the circumstances they faced.

When considering vulnerable customers, it's important to not take a 'one-size-fits-all' approach. Our UK business has dedicated work streams in place to ensure changes around customer needs are supported, making it easier for customers to communicate their needs to us.

Launching STORM HUB

In light of the recent extreme weather events in the UK, our Household team launched 'Storm Hub' in June 2023. The Storm Hub aims to improve our customers' awareness of weather events and how they can keep themselves and their properties as safe as possible. It also usefully highlights what their insurance cover includes, for any subsequent claims they need to make.

Storm Hub sends weather warnings to our customers to make sure they are aware of any extreme weather events due to happen in the UK, we use this to direct to information in the Storm Hub. Our key priority is keeping our customers safe and helping them better understand the risks around extreme weather.

Admiral Group plc Annual Report and Accounts 2023

Sustainability
continued

Our People

Our ambition is to be one of the best places to work in the world.

'Always striving for better, together' is not only part of our purpose but a key pillar when it comes to our approach to our people. All of our people have the opportunity to shape and contribute to our unique culture, evolve our test-and-learn approach, and support our operational excellence. This opportunity fosters happier and more productive colleagues, ultimately shaping better outcomes for our customers and other stakeholders.

Diversity and Inclusion

We support Diversity and Inclusion (D&I) initiatives across Admiral Group, with 94% of our colleagues around the world stating in 2023 that they believe that Admiral Group is a diverse and inclusive employer. We have Group-wide working groups focused on maintaining fair processes for our people and implementing new, better ways to support diversity in our workspace (see table below). Cristina Nestares, CEO of UK insurance, is the Executive Sponsor of D&I and supports these groups from the top. Alongside our working groups, we run D&I training sessions for all colleagues on topics like neurodiversity, and also run mandatory D&I training for all of our line managers.

In the UK in 2023, we became a Foster and Adoption Friendly Employer. The improved UK adoption policy mirrors our maternity policy and allows colleagues to attend pre-adoption appointments throughout their journey. Meanwhile, our Foster Carers Policy gives colleagues paid time off to attend any meetings or training during the approval process, and paid leave to settle a child or young person when they first arrive. We recognise the different journeys our colleagues may be on, and want to ensure everyone has the right support throughout.

In 2023, we continued to be a Disability Confident employer in the UK, giving us the recognition for our devotion to ensuring that disabled people in our workplaces are able to participate fully and receive – a fair chance and full consideration for job roles, and development opportunities. In December 2023, we marked the 'Purple Light Up', a global movement celebrating and drawing attention to the contributions of our colleagues with disabilities. As part of our celebration for Purple Light Up, we shared an inspirational chat event for colleagues, highlighting the positive impact of embracing disability at our UK headquarters.

Diversity and Inclusion Working Groups in 2023

Gender Equality	Considers and raises awareness on issues surrounding gender; continues to support colleagues and promote an inclusive culture
Ethnicity and Culture	Supports Admiral in becoming a more ethnically diverse and inclusive Company through awareness, discussion, and improvements to the working environment
Ty Rainbow LGBTQ+	Promotes a safe and inclusive environment to support LGBTQ+ colleagues and customers, as well as providing a social support network
Age	Focuses on understanding the needs of our colleagues in various age ranges, including 16-30, 30-50, and 50+. Initiatives in this area include menopause support, assisting colleagues with access to appointments
Disability	Promotes safe and healthy environments, raises awareness, and advocates fair and inclusive workplaces for our colleagues with disabilities across our Group
Social Mobility	Supports work to ensure that regardless of socioeconomic background, everyone can fulfil their potential and progress their careers.

Read more about our awards on **page 13**

Employee engagement

Part of our culture is making sure our people feel part of the bigger picture, and that their contributions matter and are valued. Our different Employee Consultation Groups (ECG) across our international locations provide our people with a platform to share their views and give them a voice at the highest level of the organisation. We encourage the ECG to share their opinions on any topic they feel necessary, to ensure transparent and fair conversations are happening within Admiral Group, and their conversations are regularly debated at the Group Board. In 2023 there have been four ECG meetings in the UK and many more across our European operations, addressing topics such as career progression, the cost of living crisis, and our sustainability approach.

As well as the ECG, we engage across the group with multiple channels, such as regular one to ones with line managers, Intranet blogs and articles, colleague surveys, feedback initiatives such as ' Ask Milena' and 'Have your say', and our global participation in the Great Place To Work® initiative.

Learning and development

One of our five newly-created sustainability working groups (see page 57 for more information) focuses on people, learning, and development, with the aim of educating colleagues on a range of sustainability topics such as climate change and sustainable consumption. The goal is to support colleagues to make changes that will have long-lasting, positive impacts on our community and planet.

Our specialised Learning and Development teams act as the core of our training and support across the Group. We believe that giving our people widespread excellent opportunities to learn and grow elevates our culture of helping people to love what they do, and ultimately makes our business better. Our learning tools include internal leadership programmes and development hubs, as well as mandatory training in core areas.

In 2023 we have made over 5,000 courses available on our internal development hub for our UK colleagues, plus over 10,000 courses available globally to our colleagues via LinkedIn Learning. We run international, Group-wide programmes such as Get Discovered, aimed at supporting our next generation of female leaders. In 2023 a group of 23 female colleagues took part, getting the opportunity to extend their network widely and have mentorship support from some of our most successful leaders across the Group.

Our new performance management tool launched in 2023 across our UK and European businesses, providing our colleagues with better tools to empower their careers, training and progress. We also continued work on improving global mobility across the group. In 2023 we set up new global mobility guidelines and policies, offering more central support to our colleagues with the aim to aiding the future mobility of colleagues across our entities, as well as making it more accessible to our people.

Sustainability
continued

Our Business

We strive to build successful businesses with operational resilience and deliver on both financial and non-financial targets.

Our net zero ambition

We strive to help more people look after their future, which includes contributing to global efforts on climate resilience through limiting our impact upon the planet, as best we can.

In 2021, Admiral Group formally committed to achieving net zero greenhouse gas emissions by 2040 and to cut these emissions in half by 2030.[19]

By knowing our market-based emissions we gain greater control over our operational footprint. We have demonstrated this via our UK Scope 2 emissions, which we have reduced to zero. This is due to purchasing 100% of our UK energy from renewable sources in 2023. Across the Group, we purchased 77% of our energy from renewable sources in 2023, up 8% from 2022.

Greenhouse gas (GHG) emissions from operations

In 2023 we were on track to reduce our overall Scope 1 and Scope 2 emissions by 33%, continuing the downward trend. However, due to a one-off fugitive gas leak, this was not achieved.

During August 2023, our Admiral Group House office in Swansea experienced a one-off emissions event during building servicing by a third-party vendor. During the event, a fire suppression system designed to protect our data centres was activated, causing a fugitive gas leak of 295kg of gas equalling 988.25 tonnes of carbon dioxide equivalent (tCO_2e). Due to this event, we saw an increase in our combined Scope 1 and 2 emissions of 26% compared to the previous year, despite the 33% fall in other underlying emissions.

This is the last of our office locations to use this type of refrigerant gas in the UK. The refrigerant gas system will be replaced in 2024, as planned. Otherwise, we continue to ensure that changes in operational activities are consistent with our sustainability objectives. This includes our environmental and social targets, and how these are seen by agencies outside of Admiral.

Successes from our internal activities include:

- Offsetting emissions by purchasing Gold Standard carbon offsets since 2019
- Purchasing electricity in the UK from 100% renewable sources at all sites
- Our Cardiff headquarters is BREEAM Excellent rated and has photopholtaics which feed electricity back into the grid
- We have closed 396,000 sq ft of office space in the last 3 years, which has significantly reduced our carbon footprint
- We are installing improved Building Management Systems (BMS) to improve the data reporting and adjust controls accordingly.

Climate impact methodology

In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) defined a climate-related risks and opportunities classification. We have used this as our starting point for our qualitative methodology to identify climate risks and opportunities that might impact Admiral Group. We assess these risks using our existing Emerging Risk Matrix.

The output of individual assessments is an "expected magnitude", assessed across three distinct timeframes (0-5 years, 5-10 years, and 10+ years). We apply this methodology to all our current and potential future lines of business, our operations, and our investments. We also consider existing and emerging regulatory requirements related to climate change. Results of this assessment are disclosed in our annual TCFD report (see page 73).

To quantify the impact of climate-related issues, we conducted two climate change scenarios from the Network for Greening the Financial System (NGFS) 2022 phase III. Results of these scenarios are disclosed in our annual ORSA report (see page 109).

We are continually striving for improvement in evaluating our impact on climate change. We consistently aim to improve our methodology by working with third parties to help ensure we are matched to industry developments and standards. In 2023, we submitted our proposal for Science-Based Targets (SBTs) to the Science-Based Targets Initiative after validating past years' emissions with Carbon Intelligence, an external advisory body. Setting SBTs will help us set a clearly defined path to reduce emissions in line with Paris Agreement goals. We will develop further targets and updates once validated.

Therefore, for 2024, we aim to draft and implement our net zero transition plan by leveraging existing work, getting our SBTs independently verified, and including the potential impacts of our identified risks and opportunities on our financial statements.

Responsible investment

Admiral Group has a responsible investment policy in recognition of our duty to protect the interests of our customers, society, and environment when investing the premiums we collect. Our investment portfolio strategy is focused on Net zero by 2040 to achieve real economic carbon emissions reductions. Admiral Group follows the Institutional Investors Group on Climate Change (IIGCC) Net zero Framework. This guides how we decarbonise a range of investments we hold.

In 2023, with the help of third parties, we revamped our Environmental, Social, Governance (ESG) reporting and reviewed our carbon emissions methodology. We monitor progress towards our investment targets by regularly tracking and reviewing ESG figures and statistics and this ensures they remain the most relevant.

We are confident in our approach to sustainable investment as we continue to reposition our portfolio to invest in more assets that reduce carbon emissions and contribute positively to the environment and society. Examples of these include investments in green bonds and renewable energy infrastructure.

Read more about our responsible investment portfolio in the TCFD report on **page 73**

Investment portfolio MSCI rating of

AA

19 Proposed baseline year for emissions cuts is 2021, still to be verified by SBTi.

Sustainable procurement

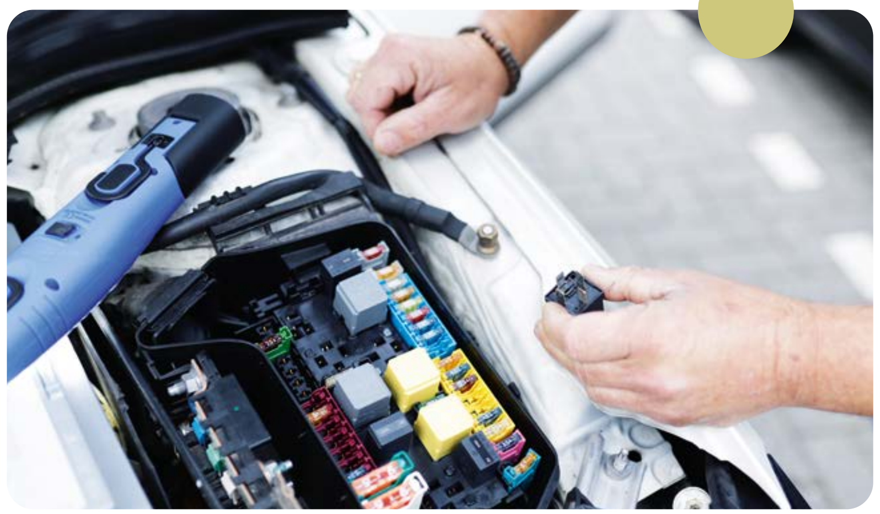
Admiral Group has embedded sustainable business practices across all procurement processes. Our due diligence questionnaire asks questions related to the environment, financial crime, data protection, and modern slavery, and ensures suppliers are aligned to our sustainable procurement standards. Suppliers are risk assessed throughout the supplier lifecycle process. Where suppliers' responses demonstrate no policies or procedures, Admiral issues an assessment to the supplier to capture further information and to encourage improvements.

Read more about Admiral's sustainable procurement processes in the TCFD report on **page 73**

Admiral Group's contract management system allows our procurement team to better assess the procurement category of the supply chain risks. This allows for increased visibility throughout the supply chain, ensuring we effectively assess the business relationships with suppliers.

In the UK in 2023, we have engaged with our motor supply chain partners through forums on topics such as electric vehicles, carbon emissions reduction, and circular economy.

Read more about Admiral's stakeholder engagement with our suppliers and partners in our Section 172 on **page 95**



Regular shareholder engagement

Shareholder engagement fosters an understanding of Admiral Group's strategy and investment case. It allows us to explain the business and strategic decisions and rationale whilst providing opportunities for shareholders to comment and challenge business priorities.

Admiral's management team actively engages with the Group's shareholders to promote open and transparent dialogue. In 2023, we hosted an investor day in our Ty Admiral Cardiff office which allowed investors to meet management and better understand Admiral's culture and the key to its success. One-to-one management meetings, annual Corporate Governance meetings with our Board Chair, IFRS 17 updates, and other meetings continued in 2023.

Read more about shareholder engagement in the Governance section of the report on **page 136**

Sustainability
continued

Our Society

'Together For Better' is our commitment to transforming futures outside of our organisation.

We have always strived to make positive impact in our communities, and in 2023 we continued to reach this goal through external partnerships and philanthropic giving.

25%

increase in people worked with through the Jesus College access programme.

19%

increase in access specific events from 2022 thanks to the Admiral 2023 donation.

Our community investment strategy

In line with our business purpose, 'to help more people look after their future', our strategy includes:

- Employability
- Social mobility and reduced inequalities
- Educational opportunities
- Financial inclusion
- Sports, arts and culture
- Partnerships

As a large employer across several countries, we want to help improve our communities in a sustainable and responsible way. Our approach to affecting positive change is centred around skills development and providing more people with access to employment, helping them lead more sustainable and inclusive lives.

We have partnered with expert charities and organisations across the world who specialise in supporting people into long lasting and meaningful employment, reducing skill gaps in local economies. We are proud that the demographic of people we've supported ranges from young people to ex-offenders, females in tech to females in construction, disabled adults to those individual most distant from employment opportunities.

Impact hours

Alongside our community investment, our Impact Hour programme gives each of our colleagues across the world two paid volunteering days a year for them to use to make positive impacts in their communities.

Globally, from January to December 2023 our colleagues have volunteered over 14,000 Impact Hours to their communities reviewing CVs, sharing skills and mentoring, planting trees, litter picking, working with care homes and working at animal shelters to name a few. In 2023 we have continued our work to find and build meaningful relationships with organisations for our colleagues to volunteer with. We aim to build and encourage more bespoke opportunities for our colleagues across Admiral Group.

Throughout 2023, we have encouraged colleagues to share their skills through mentoring programmes, teaching presentations and inspirational talks to people across our community. As an example, some of our senior managers helped facilitate 'Admiral 5–9 Club', a programme for female entrepreneurs that we funded with Welsh ICE.

Supporting PEOPLE INTO JOBS WITH GENERATION

Around the world, Generation prepares individuals facing unemployment to join or re-enter the workforce through a career-launching job that provides economic mobility with positive intergenerational effects. Thanks to the generous support from Admiral, Generation Italy has supported learners like Gianmarco whose inspiring stories are shared below.

Before stepping into the transformative world of Generation Italy's program, Gianmarco was navigating unemployment, with brief stints as a warehouse worker. Yet, deep inside, a spark for the realm of IT was always glowing. He chose the Junior Java Developer course, his enthusiasm fuelled by a friend's success story in the same field.

"The educators were truly extraordinary. I found the soft skills lessons especially invaluable. They're not just theoretical – I've been applying them daily in my job. This emphasis on behavioural skills sets Generation's programme apart; I've never encountered it in any other Java course." When Gianmarco completed the course, Reactive Almaviva, a Company involved in guiding the digital transformation of the finance world, recognised Gianmarco's potential and offered him a position. There, he's been refining his expertise and scaling professional heights, "I've recommended this course to a friend because Generation provided me with the essential foundation to dive into this sector. Thanks to Generation, I joined a prestigious Company like Reactive Almaviva. This course has been a turning point in my life."

Partnerships

Partnerships with philanthropic and impact organisations help us to increase the breadth and depth of the impact we can make with our community contributions. In 2023 we are proud to have invested over £1.4 million to support people outside of our organisation into sustainable employment. We have done this by partnering with experts such as Generation.

In the UK, 2023 was our third year of partnership with University of Oxford's Jesus College on their Welsh access initiative, which aims to reach more academically gifted young people across the country who are currently underrepresented at Oxford and other leading universities across the UK. Through our ongoing support, the access and outreach teams have been able to continue their work improving their access programmes, but also finding new ways to engage with young people.

Internationally, our partner Generation is a non-profit organisation striving to transform the education system into an employment system. Over 2023 we have piloted programmes across the world, supporting programmes in technology in Italy and programmes in technology, service, sales, and health sectors in India.

Global emergency fund

In 2022, we set up our global emergency fund, which is dedicated to making prompt donations to people and organisations who need them the most around the world. During 2023, we have given over £400,000 to global organisations such as International Red Cross and the Disasters Emergency Committee (DEC), ensuring that funds are distributed to those most in need as soon as possible. You can read more on about our global emergency Fund on page 21.

Environmental engagement

In 2023 we authorised a donation to the environmental organisation Stump Up For Trees, part-funding carbon sequestration via the planting of 2.75 hectares of new woodland creation. The donation enabled us to increase tree cover at sites across the Bannau Brycheiniog, Brecon Beacons

and South Wales. Along with Stump Up For Trees, we furthered our donations to environmental conservation charity Size of Wales. During the past nine months, the Size of Wales project has worked with a community in Boré, Kenya to protect four of the kayas (sacred forests) in the local area. Over 29,500 native species seedlings have also been planted by Kaya community members. The project has engaged local unemployed youth in forest restoration activities, such as building fire breaks, while supporting them to earn a living. The project therefore had a double impact in helping more people look after their future.

We believe in the importance of demonstrating responsible business behaviour with regards to the environment, not just because our stakeholders demand it, but because it is the right thing to do.

Colleague-led donations

Our community and match fund initiatives continued in 2023, and from our colleagues' nominations we supported over 200 organisations with grants, spending over £100,000 in total with the majority going towards sports and art clubs. As a business, we offer our match fund for colleagues to request their fundraising efforts be matched by the business. In 2023, we have helped a total of 59 fundraisers totalling around £64,000 going towards causes close to our colleagues' hearts.

Empowering FEMALE FOUNDERS

As part of our ongoing commitment to help people into jobs, we recently worked with the Welsh Innovation Centre for Enterprise (ICE) to launch the Admiral 5-9 Club for Female Founders, a programme designed to empower 30 ambitious female entrepreneurs who want to turn their business ideas into reality.

The Admiral 5-9 Club sets out to provide female entrepreneurs with the opportunity to strengthen their business skills without having to sacrifice their daytime commitments. A total of 38 entrepreneurs took part in the programme, with businesses ranging from doggy daycare centres to artificial intelligence and medical robotics. Each week different speakers from inside and outside of Admiral gave presentations on key business topics. Each entrepreneur was also allocated an 'Admiral Mentor', who used their Impact Hours to dedicate time to help provide guidance and key advice to their mentee.

On conclusion of the nine weeks' course, the entrepreneurs presented their business ideas to a 'Dragons Den'-style panel. As a result of this partnership, 34 women were inspired to pursue their business and entrepreneurial goals. A total of 13 new businesses have already started trading and growing thanks to the support and intervention of the Admiral 5-9 Club.

Sustainability
continued

External Engagement

Contributing to the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of 17 goals developed by the United Nations. The SDGs define sustainability priorities and aspirations for the world to achieve by the year 2030. The goals encompass global societal and environmental concerns. Admiral Group supports these important goals.

SDG 4: Quality Education

Target

4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

Contribution

- We help eliminate gender disparities by supporting women in business through internal programs such as 'Get Discovered'
- Our Emerging Talent Programme develops vocational skills and creates opportunity by encouraging internal mobility
- Our community investment helps those with vulnerable characteristics achieve gainful employment. Examples include our partnerships with Women Unlimited, Code First Girls, The Princes Trust, Llamau and The Wallich. We helped >2000 people into jobs in 2023. For more information please see page 66 'Our Society'.

SDG 8: Decent Work and Economic Growth

Target

8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage growth of micro, small and medium-sized enterprises, including through access to financial services

8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

Contribution

- Diversification and innovation are integral to our strategy. In 2023 we further expanded outside of our UK Motor insurance operations by growing our Home, Pet and Travel Insurance businesses, as well as our loans businesses. We supported technological upgrades and innovation in mobility by becoming a market-leading underwriter of electric vehicles. We support decent job creation via our community investment, which generates gainful employment as discussed under SDG4.

SDG 9: Industry, Innovation and Infrastructure

Target

9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

Contribution

- Our motor insurance product helps make vehicle use and ownership safer and more financially accessible for more people, ultimately mobilising them to have better access to work, school, healthcare, and other essential parts of life which promote wellbeing
- Our household insurance also helps to make housing financially accessible for more people by lowering the risk of home ownership
- With our newfound success as an underwriter of electric vehicles in the UK, we support our customers as they adopt more efficient and sustainable forms of transport, lowering the barriers associated with upgrading to an electrical vehicle.

The UN and the World Bank consider insurance itself to be a product that underpins financial inclusion, contributing directly to **SDG 8 of Decent Work and Economic Growth** and **SDG 9 of Industry, Innovation, and Infrastructure**. By protecting against risks, insurance increases the capacity of individuals, households, and businesses to absorb financial shocks and continue participation in a healthy, inclusive economy. In line with our purpose and our work to lower our impact on the environment, we contribute to several other SDGs, as outlined in the table below.

SDG 10: Reduce Inequalities

Target

10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard

10.4: Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

Contribution

- Our workplace is a safe environment for colleagues to be themselves, access what they need, and have equal opportunities across our Group. In 2023, 94% of our colleagues around the world stated that they believe Admiral Group is a diverse and inclusive employer
- Internal programs that promote equality and a safe working environment for all include our Get Discovered Programme for women in business, our strong internal social mobility processes, and our pledge to be a neurodiversity-friendly employer. For more information on these initiatives see our 2023 Sustainability Report
- Our charity partners help those in economic need into employment, as well as helping women into gainful employment in industries which are historically excluded such as construction and tech. For more information see 'Our Society' section on page 66.

SDG 11: Sustainable Cities and Communities

Target

11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

11.5: By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations

11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

Contribution

- As mentioned under SDG 9, our home insurance product supports access to housing through financial inclusion by lowering the risk associated with home ownership, including ever-increasing extreme weather events such as flooding and storms
- Our UK electric vehicle insurance product mentioned under SDG 8 allows greater accessibility to more sustainable methods of transport, which helps reduce the environmental impact of transport on global climate and local air quality
- Our Global Emergency Fund has helped communities respond to natural disasters. In February 2023, we donated £250,000 to the DEC's Turkey-Syria earthquake appeal, as well as £30,000 to help the Halifax wildfire response in May of 2023.

SDG 13: Climate Action

Target

13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

13.b: Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities.

Contribution

- Greater adaptive capacity to climate-related hazards is gained by our customers through our home insurance product lowering the risk associated with home ownership. This includes initiatives such as our Storm Hub, which educates and raises awareness of these hazards by sending weather warnings and information, so our customers are empowered to better react and take proactive measures.
- We promote resilience to climate-related hazards through our community initiatives, such as a Sustainable Land Management and tree planting project in Boré, Kenya which also employed women and local unemployed youth.

Sustainability
continued

Sustainability Ratings and Rankings

We welcome independent external assessment to a range of Environmental, Social, and Governance (ESG) ratings providers. We do this as a way to engage with the wider industry and track our performance on various sustainability topics.

Our performance in 2023

In 2023, we maintained our AA ranking on MSCI.

Our Sustainalytics score decreased due to changes in ranking for Product Governance and Data Protection and Security.

We saw improvement on our 'Environmental Dimensions' scoring in the Dow Jones Sustainability Index. However, the overall Dow Jones score dropped slightly compared to 2022. This was due to stricter evidence requirements than previous years.

While we have included previous scores from the Tortoise Responsibility100 index, they have halted their scoring as of 2023. As such, we will not include it in future reports.

Restatements

In our 2022 Annual Report, we mistakenly published our 2021 Sustainalytics rating of '21' as our 2022 rating, and our 2022 Sustainalytics rating of '22.3' as our 2021 rating. Also, the Dow Jones Sustainability Index for 2022 should have read '47/100'. We have amended these in our 2023 report.

MSCI ESG RATINGS AA

MSCI ESG rating assessment[20]
2023: AA
2022: AA
2021: A

CDP DISCLOSURE I INSIGHT I ACTION

CDP Climate Score
2023: B
2022: D
2021: C

SUSTAINALYTICS a Morningstar company

Sustainalytics ESG Risk Rating[21]
2023: 24.3
2022: 22.3
2021: 21.0
31st percentile subindustry ranking (2022: 21st)

ISS ESG

ISS ESG performance
2023: C-
2022: C-
2021: C-
4th industry decile rank (2022: 3rd)[22]

DOW JONES

Dow Jones Sustainability Index
2023: 41/100
2022: 47/100
2021: 37/100

Tortoise

Tortoise Responsibility100 index
2023: HALTED
2022: 63rd out of 100
2021: 21st out of 100

20 The use by Admiral Group of any MSCI ESG research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Admiral Group by MSCI. MSCI services and data re the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

21 Copyright ©2022 Sustainalytics. All rights reserved. This report contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers

22 A decile rank of 1 indicates high relative performance versus a decile rank of 10 which indicates poor relative performance.

Streamlined Energy and Carbon Reporting (SECR)

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

Energy and carbon emissions

During the reporting period January 2023 to December 2023, our measured Scope 1 and 2 emissions (market-based) totalled 2,092 tCO_2e. Reported figures for 2022 and 2023 comprise of an additional column omitting the one-off event activation of a fire suppression system which has impacted our footprint and without it, would have resulted in a market based 33% decrease in Scope 1 and 2 carbon emissions:

	FY 2021 (Baseline)[1] Emissions (tCO_2e)			FY 2022[1] Emissions (tCO_2e)			FY 2023 Emissions (tCO_2e)			FY 2023[2] Emissions (tCO_2e)
	UK	Rest of world	Total	UK	Rest of world	Total	UK	Rest of world	Total	Total excluding leak
Scope 1	917	12	929	553	7	560	1,465	42	1,507	519
Scope 2 – location-based	1,750	1,175	2,925	1,400	1,087	2,487	1,312	606	1,918	1,918
Scope 2 – market-based	14	1,175	1,189	13	1,087	1,100	0	585	585	585
Total Scope 1 & 2 (location-based)	2,667	1,187	3,854	1,953	1,094	3,047	2,777	648	3,425	2,436
Total Scope 1 & 2 (market-based)	**932**	**1,187**	**2,119**	**566**	**1,094**	**1,660**	**1,467**	**627**	**2,092**	**1,104**
Scope 1 & 2 intensity per FTE – market-based	0.13	0.34	0.20	0.07	0.27	0.14	0.18	0.13	0.16	0.08
Scope 1 & 2 intensity per FTE – location-based	0.37	0.34	0.36	0.26	0.27	0.26	0.33	0.14	0.26	0.19
Scope 1 & 2 intensity per headcount[3] – market-based	0.12	0.32	0.19	0.07	0.26	0.14	0.17	0.13	0.15	0.08
Scope 1 & 2 intensity per headcount – location-based	0.35	0.32	0.34	0.25	0.26	0.25	0.32	0.13	0.25	0.18
Scope 3	397	517	914	530	753	1,366	807	1,170	1,977	1,977

1 Restated SECR figures using 12 months data and evidence (previously reported Admiral Group SECR in 2022 annual report was based on 9 months data and evidence and 3 months modelled).

2 Adjusted to show the emissions without the Scope 1 fugitive gas leak (gas suppression activation).

3 We will be using headcount for our intensity ratio from 2023 onwards. Headcount refers to the numbers of individual employees. FTE refers to the "full time equivalent" of employees when taking into consideration part time workers.

Streamlined Energy and Carbon Reporting (SECR)
continued

Explanation of movements

Admiral Group PLC report both Scope 2 market-based emissions and Scope 2 location-based emissions. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). Admiral report both figures to demonstrate the variance between the two reporting methods and to report against Admiral's science-based target, baselined on Scope 2 Market-based emissions.

Overall, our Scope 1 and 2 (market-based) emissions have increased by 26% against last year. Our Scope 1 and 2 (location-based) emissions have increased by 12% against last year. This was due to a fire gas suppression system activation used to protect data centres from business impact and is reported under a fugitive gas leakage during the year. This is the last location to use this type of refrigerant gas in the UK and will be replaced in 2024. The fire suppression fugitive gas leak of 295kg of gas (type HFC-227ea) and equalled 988.25 tCO_2e. Without this leak, our overall Scope 1 emissions would have decreased by 7% to 519 tCO_2e. For further context, without the fugitive gas leak, our Scope 1 & 2 market-based emissions would have decreased by 33% to 1104 tCO_2e.

The Scope 1 increase was partially offset by the inactivity of one office in the USA and two offices in the UK. Due to the pandemic and subsequent Return To Office and hybrid working, we have consolidated offices which were being used into a more efficient portfolio that has resulted in a reduction in numbers of buildings and space. Though we have maintained a hybrid work model, the past year has seen an increase in staff working in the office and subsequently an increase in utilities consumption. To mitigate the uplift in consumption, we made efficiencies on the existing building management system at our two largest offices in Cardiff and Swansea. The Building Management System upgrade for the two offices will be completed in H1 2024 and will further optimise data, monitoring and performance. In addition to improving the controls and use of Scope 1 & 2 utilities, we have been actively disposing of our property portfolio which has further contributed to the 33% decrease.

Another increase in Scope 1 is due to elephant.com and EUI Halifax reporting on Company cars from January 2023. In September 2023, we removed leased vehicles in the UK and intend to the same in Halifax by the end of 2024.

In 2023 we purchased 77% of our electricity from renewable sources, an increase from 69% in 2022. Scope 2 (market-based) emissions for the UK have reduced to zero due to purchasing 100% of our electricity from renewable sources. We have also had three buildings in the portfolio move over to fully renewable resources which has contributed to the 33% decrease in Scope 1 & 2 emissions (excluding fugitive gas leak).

Our Scope 3 emissions are comprised of business travel, waste, water, and Fuel and Energy-Related Activities (FERA) not included in Scope 1 or Scope 2. Our measured Scope 3 emissions totalled 1,977 tCO_2e, an increase of 54% from last year due to a large increase in business travel emissions.

During the year, our total fuel and electricity consumption totalled 11,564,413 kWh, a decrease of 21% from last year due to reduction in electricity consumption. 77% of fuel and electricity consumption was consumed in the UK. The split between fuel and electricity consumption is displayed below.

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised version) and in alignment with the Scope 2 Guidance. We consolidate our organisational boundary according to the operational control approach, which includes all our operations and sites. The GHG sources that constituted our operational boundary for the year are:

- Scope 1:
  - Natural gas combustion
  - Diesel vehicle combustion
- Scope 2:
  - Purchased electricity - standard
  - Purchased electricity - renewable
- Scope 3:
  - FERA
  - Waste
  - Water
  - Business Travel

In some cases, where data is missing, values have been estimated using either extrapolation of available data or data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

Energy consumption (kWh)	FY 2022 UK	FY 2022 Rest of world	FY 2022 Total	FY 2023 UK	FY 2023 Rest of world	FY 2023 Total
Electricity	7,239,000	4,495,000	11,734,000	6,334,403	2,433,641	8,768,044
Fuels[1]	2,856,000	30,000	2,886,000	2,604,942	191,428	2,796,370

1 Natural gas and transportation fuels (petrol and diesel).

Task Force on Climate-related Financial Disclosures (TCFD)

Introduction

Recognising Admiral's part in tackling climate change, Admiral has reported in line with the FCA's listing rule LR 9.8.6R and included in its annual financial report disclosures consistent with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) since 2019.

This has provided transparency around the ways in which climate change impacts the Group now and will do in the future. In addition, Admiral also reports on the Climate-related Financial Disclosure (CFD) requirements – introduced in 2022 as part of the UK Government's Greening Finance roadmap. The sections below therefore involve Admiral making disclosures consistent with all 11 recommendations and recommended disclosures from the TCFD framework, and with all eight CFD requirements (as required under the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 sections 414CA and 414CB of the Companies Act 2006).

During 2023 Admiral has made improvements to comply with recommendations and recommended disclosures relating to TCFD Strategy disclosure b – "describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning", and to Metrics and Targets disclosure c – "describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets".

- Various activities have been enhanced to enable Admiral to better evidence the objectives of TCFD Strategy disclosure b. To quantify the impact of climate-related risks and opportunities, the Company has run climate-related stress and scenario testing (SST), and increased the extent to which physical risks arising from climate-related events are considered in the financial planning process – with projected loss ratios for Admiral's Household business including (an increased) allowance for weather events with a combined target over a five-year period. Indeed, in order to meet the increased cost, frequency, and severity of claims (including weather-related events arising from climate change) the Company has proactively increased average premiums in UK Car and UK Household business during 2022 and 2023, and has also implemented localised rate increases in the US motor business. Work will continue to be undertaken during 2024 to consider the potential impact of additional climate-related metrics and targets in the Company's financial planning and accounting activities. Finally, the "Diversification" and "Evolution of Motor" pillars of the Group strategy, which could mitigate some of the climate-risk faced by the Group (and capture upside opportunities), form a key part of the annual strategic planning and dynamic business planning processes.
- The submission of Admiral's GHG targets to the Science-based targets initiative (SBTi) in September 2023 represents a clear development in climate-related metrics and targets consistent with cross-industry standards, as required by the recommended disclosures within TCFD Metrics and Targets disclosure c. This includes scope 1, 2, and 3 GHG emissions (category 1-14 – supply chain and category 15 – investments) with intermediate performance targets against a 2021 baseline. Such targets represent the key environmental performance indicators required to assess Admiral's progress against its net zero ambitions. Other key metrics already used to assess the performance of Admiral's products and services against climate-related risks include key inputs into pricing and reserving decisions, and information on "weather-related losses following natural catastrophes" for the UK Household, UK car, and US motor businesses. Reinsurance programmes are in place to mitigate these losses, and the adequacy of Admiral's reinsurance programme, the evolution of losses due to natural catastrophes, and the performance of the Company's pricing, reserving, and claims management approaches, as well as the metrics and targets mentioned above, are all monitored and reported to the Group Risk Committee (GRC) and the Group Board in various reports.

Further discussion and information are included in the relevant sections of the report and are signposted as such.

Task Force on Climate-related Financial Disclosures (TCFD) continued

Governance

Board and Board Committees

The Admiral Group Board is responsible for promoting the long-term sustainable success of the Group and has ultimate oversight of climate-related risks and opportunities. Responsibility for reviewing climate-related risks is delegated to the GRC and associated disclosures are reviewed at the Group Audit Committee.

Climate-related risks are embedded within the business as usual (BAU) risk management approach, and any developments are reported within regular committee reports including the Consolidated Risk Report (CRR) and the CRO Report, as well as regularly scheduled dedicated climate updates. In addition, Boards and committees receive numerous additional updates as part of other presentations (e.g., ORSA Report) or discussions on environmental, social and governance (ESG) topics.

Admiral's climate and sustainability governance structure as well as roles and responsibilities are summarised in the Table 1. Such arrangements are proportionate to the nature, scale and complexity of the Company's operations and business.

Table 1. Board and Board Committees covering climate-related risks and opportunities.

Committees	Roles and responsibilities	Activity during 2023
Group Board	· The Group Board is ultimately responsible for understanding the Group's impact on the environment, as well as the impact of a changing climate on the Group, and for agreeing how this is considered in the context of the Group's governance structure, strategy, risk management, and business outcomes, including performance against business objectives · The Group Board approves the Group ORSA Report, which includes consideration of climate-related risks and opportunities alongside SST.	· During 2023, there were seven scheduled Group Board meetings and some ad hoc meetings. Specific focus was given to climate-related change during four meetings. For example, in April 2023, the Group Board received a formal update on climate change including progress made across several climate-related areas · In 2023 the Board requested and oversaw the submission of GHG targets to the SBTi for official approval · The annual strategy review included a review of the Company's approach to sustainability including climate issues.
Group Risk Committee	· The GRC has delegated authority from the Group Board for overseeing risk management activities, and is therefore responsible for reviewing climate-related risks and opportunities · Developments in relation to climate-related risks and opportunities are included in the CRR and the CRO Report where appropriate, which are both presented at each of the five scheduled GRC meetings annually (as well as at some ad hoc meetings) · Dedicated agenda items allow a full update of climate-related activities to be considered, including progress towards goals and targets · Climate change considerations are also reported within the ORSA Report, which is reviewed by the GRC before being recommended for approval by the Group Board.	· During 2023, the GRC met nine times (five scheduled and four ad hoc meetings) to review, manage and monitor all aspects of risk management. Specific focus was given to climate-related risks and opportunities during three meetings. For example, in June 2023, the Committee reviewed the development of Admiral's EV offering to support the transition to a low carbon economy, and of Admiral's carbon offsetting strategy. In addition, the Committee reviewed and challenged progress towards Admiral's GHG targets · Throughout the year the Committee considered the impact from named storms and other weather events (e.g., storms Babet and Ciaran), as well as actions taken by Admiral to mitigate and manage the impact.
Group Audit Committee	· The Group Audit Committee is responsible for overseeing climate-related financial disclosures under TCFD, and CFD, as well as any climate-related audits (of which there was one in 2023).	· In April 2023, the Committee reviewed the 'Climate Risk' audit report produced by the Internal Audit Team providing an independent opinion on key processes and controls in place to manage and report climate risk · The Committee reviews and approves several climate related disclosures, including this report, the Streamlined Energy and Carbon Reporting Regulation (SECR) report and the annual Sustainability Report.
Investment Committee	· The Investment Committee is responsible for the responsible investment strategy and support the Company's effort to achieve net zero by 2040.	· During 2023, the Investment Committee reviewed and challenged several reports covering climate change (e.g., four reports monitoring the performance of the responsible investment strategy, one report proposing to update the integration of ESG considerations into the responsible investment strategy and one report on climate solutions and natural capital).

Management and management committees

During 2023 the governance surrounding sustainability (and therefore climate change) was further enhanced and embedded, not least by the appointment of a Group Head of Sustainability in charge of ESG approach, building up the Sustainability Team, and setting up the new sustainability governance framework with the establishment of the Sustainability Steering Committee (SSC), superseding the existing Climate Steering Group and Sustainability Working Group (see Table 2). Discussions/outcomes from the SSC are escalated to the Executive Committee and to the Board and Board Committees mentioned in Table 1 above. The Group Head of Sustainability reports ultimately to the Group CEO.

Senior management from across the Group have various responsibilities relating to climate-related issues, and most sit on appropriate fora, such as the SSC or its five Working Groups. The reporting at each forum allows management to be informed of climate-related issues and to monitor them closely.

The **Group CEO** is the accountable sustainability representative for the Group, with a remit that includes climate-related risks and opportunities. The SSC reports directly to the Group CEO.

The **Group CRO** has designated Senior Manager and Certification Regime (SMCR) responsibilities in relation to climate change, chairs the SSC, and is the day-to-day executive sponsor of sustainability activities across the Group. They are tasked with developing Admiral's Sustainability Team and ensuring effective coverage of sustainability topics across all lines of defence.

The **Group CFO** is responsible for investments, including responsible investment and climate change considerations. They are also responsible for the reinsurance programme which increasingly considers excess of loss cover for extreme weather events.

Climate-related risks and opportunities are typically articulated at Group level, although the materiality and potential exposure of individual lines of business are considered and actions relating to operations, investments and products are actually implemented at entity level.

The Group Enterprise Risk Management (ERM) Team monitors emerging risks and Principal Risks and Uncertainties (PR&Us) and identifies and assesses climate-related risks and opportunities. The output is included in regular and ad hoc Board and committee reporting.

The Group ERM Team, in conjunction with the Sustainability Team, also coordinates climate risk-related work across the Group, including the identification of climate-related risks, their potential impact, and any resulting opportunities. Management teams across Admiral are responsible for managing areas of the business which may affect or be affected by climate change, and for reporting progress to the SSC's five Working Groups and other committees. They have a key role in identifying climate-related risks in their respective areas.

Table 2. Management Committees covering climate-related risks and opportunities.

Committees	Roles and responsibilities	Activity during 2023
Group Executive Committee	· This Committee is comprised of the Group CEO, CRO, and CFO, along with the EUI CEO and other senior managers · The Committee is appraised of, and provides guidance on, climate-related initiatives across the three focus areas of operations and supply chain, investments, and products and services.	· In 2023, this Committee continued to operate as the executive-level forum covering climate-related initiatives and propositions. For example, Admiral's approach to embedding sustainability, material weather events, and the development of Admiral's EV offering, were discussed during the year.
Sustainability Steering Committee	· The SSC, which replaced the Climate Steering Group and the Sustainability Working Group in 2023, provides oversight, challenge, and guidance on the overall programme of sustainability-related work (including climate change) and ensures a joined-up approach across all Group functions and Group entities · It meets quarterly and covers discussions/outcomes (including climate-related risks and opportunities) from five Working Groups (covering operations, investments and procurement, risk and compliance, customer and product, people and communication) and developments from the Sustainability Team.	· The establishment of the SSC was approved by the Group Board in October 2023 and the first meeting was held in Q1 2024 · Prior to establishing the SSC, guidance on the overall programme of climate-related work, including discussion of risks and opportunities, was provided by the Climate Steering Group, which met quarterly, with oversight from the Sustainability Working Group · The SSC reports directly to the Group CEO, to whom any key decisions are escalated and who provides updates to the Group Board · The SSC is chaired by the Group CRO and is supported by five Working Groups which are attended by representatives from businesses and functions from around the Group.

Task Force on Climate-related Financial Disclosures (TCFD)
continued

Figure 1. Climate-related governance

Green Team
The Green Team is an internal staff-led working group in operation since 2018. It looks at green initiatives, such as increasing recycling rates and engaging Admiral's staff on all aspects of climate-change and environmental matters including the Cycle Solution scheme. The group is responsible for organising green events within the Company, in association with partners such as Stump Up for Trees and Size of Wales. In 2023, the group organised Admiral Green Week with film writer Paul Goodenough as a guest speaker to present his book and the Rewriting Extinction project (a global collaboration to save species from extinction).

For further information see:	Page
Sustainability Steering Committee	57
Board leadership and company purpose	125
The Group Risk Committee	168

Strategy

When considering the impacts of climate change, Admiral recognises that there are two components (double materiality):

(i) its impact on the environment; and

(ii) the impact of climate change on the Group and all its lines of business, on its revenues, costs and via other non-financial risks.

Consideration of the company's impact on the environment and on people's futures is integral to Admiral's purpose to help more people to look after their future. Always striving for better, together." Admiral has therefore committed to achieve net zero emission across all its carbon footprint by 2040 and to achieve net zero in operation emissions by 2030. To consider the impact of climate change on the Group, Admiral's climate-related efforts are aligned to three focus areas – operations and supply chain, investments, and products and services – each of which are potentially exposed to the three components of climate-related risks (transition, physical, and liability) and opportunities, as defined by the TCFD framework. During 2023, as agreed by the Group Board, Admiral's sustainability approach has been formally embedded into the Group strategy. To guide efforts towards achieving the company's net zero commitment, the plan to transition to a low carbon economy includes:

- **Operations and supply chain:** Investment has been made to increase Admiral's capacity and capability to manage sustainability topics (e.g., building out the Sustainability Team), improve Admiral's governance of climate- and sustainability-related topics (e.g., implementing the SSC and its five Working Groups), and align business decisions to the company's net zero commitment. GHG targets against a 2021 baseline were submitted in Q3 2023 for validation by SBTi, which will allow Admiral to track the performance of its GHG emissions reductions on an ongoing basis and take tailored action as needed to achieve these targets and, later, the company's net zero commitment. Initiatives for further reducing the Group's operational footprint have been identified (e.g., mechanical and electrical (M&E) changes to plant and building management systems). The introduction of supply chain risk controls in Admiral's contract management system has allowed the company to better assess the procurement category of environmental risk, and will allow Admiral to engage with key suppliers to encourage them to reduce their GHG emissions.
- **Investments:** ESG considerations are embedded into the investment approach, and since 2020 Admiral has followed the Institutional Investors Group on Climate Change (IIGCC) Net Zero Framework to help guide the decarbonisation of its investment portfolio, set carbon reduction targets, and monitor the performance of Admiral's investment metrics.
- **Products and services:** To manage the transition to a low carbon economy, the annual strategic planning and business planning processes include increased allowance for weather events in projected loss ratios, as well as the continued development of the electric vehicle (EV) offering. The "Diversification" pillar of the Group's strategy further supports the transition to a low carbon economy by developing and launching new products and services. Pricing and reserving discipline are key metrics used to mitigate physical risks impacting Admiral's products and are considered in the SST run by the company in 2023.

Outcomes from the analysis done on climate-related risks and opportunities, as well as from climate-related SST, discussed in detail later, and additional analysis from the strategic planning, business planning and ORSA processes confirm that the company's business model and strategy remain resilient to potential climate-related impacts over the periods considered (2023 to 2025): no climate-related risks (including operational impacts) are assessed as being catastrophic, the solvency position remains robust, and some opportunities offer significant upside. The potential impact from climate-related litigations (liability risk) is not presented in the risk assessment below, as it is currently assessed as not material.

Task Force on Climate-related Financial Disclosures (TCFD)
continued

Time horizons and assessment ratings

Admiral has defined the following time horizons for climate-related risks and opportunities: short-term (0-5 years); medium-term (5-10 years); and long-term (10+ years). This is shown graphically in Figure 2. The short-term time horizon corresponds with the business planning horizon, and the medium-term horizon coincides with the expected useful life of buildings and infrastructure (depending on the nature of the infrastructure). Both transition risks and physical risks are beginning to crystallise in the short-term, however the worst physical effects from changing weather and climatic patterns may materialise in the medium- and long-term if a smooth transition to a low carbon economy is not achieved. Liability risks are highly uncertain, in scope and in outcome – the first cases are currently being brought against oil, gas and energy companies – therefore any emergence and timing is less certain.

The potential impact is assessed qualitatively using subject-matter expert (SME) input and is cross-checked against the scenario outputs. At present, given the large uncertainty around the likelihood and severity of climate-related issues, only assumptions related to changes to claims frequencies and claims costs, and the associated impact on loss ratios are incorporated into the financial planning process, and when monitoring financial performance and financial position. Work will be undertaken during 2024 to consider how Admiral Group can add additional climate-related assumptions and their potential impacts in its financial planning and accounting activities.

Risk ratings are defined as follows:

- **Moderate/minor impact:** relates to a non-significant impact on revenue or profit.
- **Significant impact:** relates to a potential impact on revenue or profit which exceeds normal month-to-month variance.
- **Severe impact:** relates to a potential impact on revenue or profits in excess of typical annual variance.

Opportunity ratings are defined as follows:

- **Moderate:** relates to a non-significant impact on revenue or profit.
- **Major:** relates to a potential impact on revenue or profit which exceeds normal month-to-month variance.
- **Transformative:** relates to a potential impact on revenue or profits in excess of typical annual variance.

Figure 2. Time horizons for climate-related risks and opportunities

Short-term (ST): 0-5 years

Detailed five-year financial projections are produced as part of the business planning process, using robust assumptions based on current group structure and business mix.

Medium-term (MT): 5-10 years

Strategic investments are being made now in order to provide a material contribution to Group results in the medium-term. Results are inherently subject to more uncertainty, as customer demands, consumer behaviour, and the external operating environment are all subject to change, not least from the impact from climate change.

Long-term (LT): 10+ years

Beyond ten years it is possible that the Group will look considerably different to today and will potentially be operating within a much-changed environment. There is significant uncertainty over long-term projections.

Operations and supply chain

Transition risks

Admiral may be exposed to increased capital and operating expenditures, should legal or regulatory requirements designed to reduce GHG emissions, and/or increasing climate-related expectations from shareholders, customers, staff, or other stakeholders require environmentally-friendly changes to business operations, products or focus.

Admiral has taken steps over a number of years to reduce its environmental impact, and any remaining operational carbon footprint is offset via the purchase of Gold Standard carbon credits. Admiral's purpose-built Tŷ Admiral building complies with BREEAM excellent standards and has photovoltaics/solar panels fitted which provide energy directly back into the grid. Moreover, since 2021, Admiral has been working with an external party, Arup Group, to baseline its property and facilities infrastructure in order to consider possible carbon footprint improvements. The identified strategic initiatives are generally medium-term commitments, such as M&E changes to plant and building management systems, which focus on more economical use of utilities, water, and waste, improving controls of the main M&E plant and associated systems, and end-of-life replacement of M&E plant and machinery where a significant carbon reduction can be achieved. All such initiatives should be further supported by on-going improvements in the accuracy of data produced throughout the property portfolio.

Business Impacted	All		
Impact	ST Moderate/Minor	MT Significant	LT Severe
Metrics	Scope 1, 2 and 3 (categories 1-14)		
Key management actions	· The Company has set granular GHG emissions targets and submitted its GHG targets to SBTi for approval.		

Physical risks

Both acute and chronic physical risks could have a significant impact on Admiral's business continuity, by restricting staff's ability to commute to the workplace, making Admiral offices inaccessible or unsafe, or damaging critical infrastructure such as data centres, roads and buildings, or causing damage to interconnected digital technologies (e.g., cloud-based services failing due to elevated temperatures or floods). While the Group is better prepared for such an eventuality following the experience of responding to Covid and subsequent hybrid-working model, future climate-related events may impact staff working from home and/or critical IT infrastructure or disrupt key suppliers in a way not encountered during the pandemic. To mitigate this risk, an improvement of the company's operational resilience is ongoing. For example, migrating to the latest, cloud-based claims management software has included testing for the capacity to rollback to an earlier version that uses traditional in-house data servers.

Admiral's supply chain partners will also, to a greater or lesser extent, be exposed to the same risks from climate change as the Group. Therefore, Admiral is working with its largest suppliers on assessing their exposure to physical risk and reducing their carbon footprints. During 2023 Admiral has begun to account for sustainability factors in its procurement process, such as by including 16 questions related to the environment[23] into the due diligence questionnaire (48 questions in total). The change to the questionnaire allows Admiral to tailor questions dynamically based on a supplier's response, allowing the response to be risk-assessed. The introduction of supply chain risk controls in Admiral's contract management system has allowed it to better assess the procurement category of environmental risk.

Business Impacted	All		
Impact	ST Moderate/Minor	MT Significant	LT Severe
Metrics	Operational resilience; ESG score from key suppliers		
Key management actions	· An improvement of the company's operational resilience is ongoing to better manage and mitigate physical risks which could impact Admiral's business continuity, and ensure it is tailored to specific geographic conditions/exposures of the company · Admiral's procurement framework was improved in 2022 to include ESG performance of partners and suppliers · Additional supply chain controls were introduced in 2023 in Admiral's contract management system to allow better assessment of environmental risks from third parties. This work is still ongoing.		

23 E.g., "Does your business hold ISO:14001 accreditation (Environmental Management Systems)?", "Does your business have an Environmental Policy?".

Task Force on Climate-related Financial Disclosures (TCFD) continued

Operations and supply chain continued

Opportunities[24]

There are opportunities based around city centre heating proposals and geothermal technology in some major cities, although these are medium- to long-term in nature. Tactical opportunities for carbon footprint reduction are already in force, including property downsizing and a hybrid working model reflecting office attendance habits in a post-Covid business environment. There may also be opportunities to lower costs and to seek more favourable terms from suppliers seeking climate-friendly partnerships.

Business Impacted	All		
Impact	ST Moderate	MT Major	LT Major

Investments

Transition risks

Admiral's investments will be exposed to transition risks, as the move to a low carbon future may lead to some assets becoming less attractive. To mitigate these risks, Admiral has set targets to reduce the average carbon intensity of its portfolio by 25% by 2025 from a year-end 2020 baseline, in line with the Group's overall net zero target for 2040. In 2023, Admiral has re-baselined its GHG emissions using a 2021 baseline to be consistent with competitors and submitted its GHG targets to SBTi for verification (as part of the overall Group submission). To date, climate considerations have only had a limited impact on the Group's approach to acquisitions and divestments, although any potential mergers and acquisitions (M&A) activity needs to align with the Group's overall strategy including climate change. The acquisition of the UK direct Home and Pet personal lines insurance operations of RSA due in 2024, is in line with Admiral's overall strategy and will be incorporated into the company's net zero commitment. Climate-related issues have not had any adverse impact on access to capital, and indeed the company's strong ESG ratings may actually be positive for the availability and costs of funding. Similarly, climate-related issues have not adversely impacted Admiral's investment in research and development (R&D) but have instead shaped areas of priority and strategy such as the development of EVs.

Business Impacted	All		
Impact	ST Moderate/Minor	MT Significant	LT Significant
Metrics	Scope 3 cat.15, SST and capital and liquidity forecast, Weighted average carbon intensity (WACI), investment in green bonds or in firms with SBTs		
Key management actions	· Climate-related considerations are incorporated into investment decisions, and the decision-making process is clearly documented to support investments in renewable energy infrastructure, green bonds, and other corporate bonds · The Company has set climate-related metrics for its investments with granular targets regularly monitored.		

Physical risks

Some of Admiral's investments will be exposed to physical risks, as changing climatic conditions may negatively impact the performance of investee companies and cause assets to lose value prematurely. Effects may be company-specific (e.g., capital and liquidity issues), sector-specific, or may have an impact on the broader economy and macro environment, such as reduced economic growth, higher unemployment or changes in inflation.

Business Impacted	All		
Impact	ST Moderate/Minor	MT Significant	LT Significant
Metrics	Scope 3 cat.15, SST and capital and liquidity forecast, WACI, investment in green bonds or in firms with SBTs		
Key management actions	· Investments in new businesses and opportunities, (e.g., through the "Diversification" pillar of the Group's strategy) to help the company in its effort to move away from less attractive type of assets or obsolete investments.		

24 Businesses impacted and metrics used for opportunities are the same as the ones used for climate-related risks (transition and physical) for each focus area (operations and supply chain, investments and products and services).

Opportunities

While climate change poses a risk to the Group's investments, the transition to a low carbon economy should also present investment opportunities – Admiral has already invested in renewable energy infrastructure, green bonds, and other corporate bonds with credible transition plans, and is considering approving other investible asset classes. The company is also seeking to secure a sustainability-linked loan, which will be based on hitting environmental and other sustainability targets.

The company has targets to grow the number of third parties which have a credible plan to align emissions with a 2°C pathway, for example via SBTs. Also, Admiral does not allow investments in companies generating more than 10% of their revenues from coal or tar sands and restricts investment in companies not aligned to a maximum of 2°C of warming, or not subject to engagement or stewardship actions. By 2025 the aim is for portfolios to also have 5% green bonds, with 35% of the portfolio with Paris-aligned commitments.

Business Impacted	All		
Impact	ST Moderate	MT Moderate	LT Moderate

Products and services

Transition risks

The move away from personal petrol and diesel vehicles is the most obvious transition risk faced by the Group and is one which presents a strategic challenge to Admiral as the company may experience an erosion of its traditional competitive advantages in pricing and claims handling. Initiatives to reduce aggregate GHG emissions could see a move from petrol and diesel vehicles to EVs, and/or a concerted move away from traditional models of transport to a model of integrated and active transport, based on EVs and alternatively fuelled vehicles (AFVs). The pace of transition towards such vehicles is unclear, being driven by a number of factors including customer preferences and behaviour, the supply and cost of EVs and associated infrastructure, and crucially the stance of Government. The UK Government's 2030 ban on sales of new petrol and diesel vehicles has been postponed for five years to 2035, the plug-in car grant scheme was ended in June 2022, and the allocated funding has been refocused towards extending plug-in grants to boost sales of plug-in taxis, motorcycles, vans and trucks and wheelchair accessible vehicles.

Admiral monitors company-specific and market-wide metrics which are incorporated into the business planning process, reported in monthly management packs, and discussed at relevant fora. Key data includes new vehicle registrations, the proportion of which are EVs, as well as internal metrics capturing the attractiveness and competitiveness of the EV proposition, the claims experience, and the broader customer experience (e.g., times top, market share, loss ratio – all of which would be considered commercially sensitive). Such data helps the Group continually assess whether it is developing adequate capabilities in these innovative technologies.

Business Impacted	UK car; Europe car		
Impact	ST Significant	MT Severe	LT Severe
Metrics	Risk selection; EVs offering		
Key management actions	· To further support climate-related risks and opportunities being considered in key business decisions, work is being undertaken to further embed all aspects of sustainability into the Group strategy and activities. This ensures that climate-related risks and opportunities are consistently considered in the decision-making process (e.g., use Admiral's traditional competitive advantages to develop an EV offering in line with the company's net zero ambition and customers' expectations) · The development of an EV offering has become an explicit target in the Group's strategy and Admiral is already one of the leading insurers for EVs in the UK market.		

Task Force on Climate-related Financial Disclosures (TCFD) continued

Products and services continued

Physical risks

Admiral is exposed to both acute and chronic physical risks mainly impacting its Household lines of business. Climate change is causing sea levels to rise and is also causing more frequent and heavier rainfall, increasing the risk of flooding. Changes in weather patterns may also increase the incidence and severity of storm and freeze events, as well as hailstorms and subsidence. Together these indicate that an increase in the volume and value of Household claims is likely. The Group had experienced a surge in claims in early 2023 due to the prolonged freeze experienced in early December 2022 in the UK. In addition, Admiral was exposed to several storm events during 2023 – although their impact was relatively low.

To mitigate and manage these risks, Admiral takes a flexible, proactive, and dynamic approach to risk selection and pricing, ensuring that written business is within risk appetite, and that projected loss ratios and combined ratios lead to profitability over the cycle.

Admiral also uses reinsurance arrangements extensively, including quota share and catastrophe cover for Household lines. These are in place to provide protection against an accumulation of claims associated with a weather catastrophe event.

Since launching the UK Household business in 2012, Admiral has sought to control its exposure to flood risk by developing an understanding of the risk at a granular geographical level, which has been coupled with a conservative appetite for underwriting such risk. In order to support this, Admiral is continually updating and improving its risk modelling, including adopting perils-based pricing which allows for interrogation of specific concentrations of risks. In the UK, Admiral takes part in the Flood Re scheme, which is designed to allow insurers to offer more affordable insurance for homes built before 2009 in areas most at risk of flooding. The volume and value of policies ceded to Flood Re is monitored on an ongoing basis. By participating in the Flood Re scheme Admiral can underwrite properties which are outside of its acceptable flood criteria by ceding the flood risk to Flood Re, while still offering customers protection via underwriting all other perils.

Business Impacted	UK household		
Impact	ST Significant	MT Severe	LT Severe
Metrics	Risk selection; Reinsurance arrangements; Loss ratios (Probable Maximum Loss (PML) of insured products from weather related natural catastrophes).		
Key management actions	· The resilience of Admiral's business model and strategy is assessed as part of SST, which are considered within the annual Business Plan process and included in the annual ORSA Report (including climate-related scenarios and their financial impacts) · Pricing and reserving discipline is applied and regularly re-calibrated to ensure that changes in claims frequency, severity, location and cost are appropriately reflected in proposed rates, most notably in Motor and Household lines of business · Reinsurance is used to mitigate large losses from natural catastrophes.		

Opportunities

There are two types of opportunities related to Admiral's products and services:

- The first relates to the development of new climate-related products and services. For example, aligned to the third of the Group's strategic pillars, "Evolution of motor", Admiral already has a strong and competitive EV offering, which will help counteract the expected long-term decline in the number of petrol and diesel vehicles on the road. The offering, which is continuously being developed and expanded, is discussed further on page 26. Related to the Household offering, and due to the physical risk impacting Admiral's Household line of business, in 2023 the company released a Storm Hub website to send timely weather warnings to customers ensuring they are aware of any extreme weather events that may affect them.
- The second is aligned with the second pillar of the Group's strategy – "Diversification" – and seeks to develop and launch new products and services in line with emerging customer needs outside its core business, and which may be less emissions-intensive. These initiatives may help counteract any long-term move away from private vehicle ownership to more integrated transport solutions.

Taken together, these areas will help support Admiral in the transition to a low-carbon economy, by exploring new opportunities as well as by shielding Admiral from any contraction in its core business. The loans business may also be affected in the longer-term as increasing demand of loans for Household improvements could create additional opportunities for the Company.

Business Impacted	UK car; Europe car; UK household		
Impact	ST Moderate	MT Major	LT Major

Stress and Scenario Testing (SST)

While qualitative assessments of the impact from climate change are useful, it is also important to quantify the impact where possible to better understand the financial cost of climate change. Stress and Scenario Testing (SST) is conducted as part of the annual ORSA process to understand the robustness of the Group's business model and strategy to the impact of various risks. In addition to the standard ORSA scenarios, two climate change scenarios from the Network for Greening the Financial System (NGFS)[25] 2022 phase III were performed this year.

The two scenarios examined were "disorderly – delayed transition" and "hot house world – current policies", both of which were modified and recalibrated to be relevant and applicable for Admiral's climate risk exposure. The period modelled is 2023-2025 as the current focus is on short-term impact, as inherent uncertainty as well as developing approaches to assessment mean there is less confidence in medium-term and long-term impacts. As modelling capabilities are further developed, Admiral will increasingly also focus on medium- and long-term assessments.

The NGFS "disorderly – delayed transition" scenario assumes that the implementation of policies needed to drive the transition to net zero is delayed until 2030, and is then sudden and disorderly, resulting in material short-term macroeconomic disruption. Under this scenario, global warming is limited to an increase of 1.6°C by 2050. This scenario has been applied to Admiral by exploring the transition risks from climate change relating to the transition of the UK motor book from petrol/diesel vehicles to EVs, affecting the profitability of the business. This scenario impacts Group, AIGL and AICL, and key assumptions, linked to the erosion of Admiral's traditional competitive advantages in pricing and claims handling, are:

- Mispricing of EV risks by 15% each year.
- Two large losses per year through ordinary driving totalling £30m.
- Fire catastrophe events caused by an EV in a multistorey car park with £25m total losses.

The NGFS "hot house world – current policies" scenario assumes that no action is taken on climate change so that global temperature levels continue to increase, reaching 3°C above pre-industrial levels by 2080. This scenario has been interpreted as resulting in increased incidents of extreme weather events, impacting the UK Household, Car, and Van books, impacting Group, AIGL and AICL. Specifically, it has been assumed that a catastrophic windstorm event (i.e., PRA General Insurance Stress Test (GIST) 2022 – Scenario A3: UK windstorm and UK flood) occurs each year in the UK.

For both scenarios, it is assumed that excess of loss reinsurance would be in place, and the outputs are modelled for Group with dividends set to the base capital plan at 90% of profits.

The scenarios performed give comfort that the Group's business model and strategy should remain resilient to potential climate-related impacts over the period modelled. Under both scenarios, the Group solvency ratio is projected to remain above the lower trigger (150% on a dynamic capital add-on basis) throughout the projection period. Both scenarios were also used to identify possible management actions that the business could take should similar events to the scenarios actually occur.

The risks presented by a transition to a low-carbon economy are not currently considered substantial in the short term. However, as Admiral's strategy focuses on initiatives which should mitigate these risks, Admiral's activities are considered to be aligned to a well-below 2°C world. In such a transition scenario, the strategic focus will be to accelerate the Evolution of Motor and Diversification pillars of the Group's strategy. For the transition risk scenario, the estimated financial impact is a reduction in own funds each year, reducing by over £90m in 2025 under the no management actions assumptions, due to reduced profits from increased claims and reduced profit commissions. Physical risks may have the greatest potential impact on the Group's Household insurance business in the long-term – in such a hot house world, the focus will be on ensuring robustness of the core business via pricing discipline and appropriate reserving. For the physical risk scenario, with no management actions, the overall financial impact at YE25 is ~£150m for Group Solvency II own funds. In the short term, the impact on the company's financial positions (own funds, SCR) is limited and management actions available (e.g., dividend retention) further mitigates the financial impact on the company.

The financial impact assessment of the scenarios does not allow for Government/scientific responses or management and mitigating actions (e.g., annual repricing of insurance policies, greater or different use of reinsurance, changes to asset allocation in the investment portfolio), except for changes to dividends. However, potential mitigating actions are discussed qualitatively.

The output of this scenario analysis has been used in discussions at GRC, Group Audit Committee, and Group Board about future strategic direction.

For further information see:

	Page
Our purpose-led approach	8
Our strategy	22
Evolution of Motor	26
Our environment	56
Responsible investment	65

25 NGFS Scenarios Portal, Data & Resources, NGFS.

Admiral Group plc Annual Report and Accounts 2023

Task Force on Climate-related Financial Disclosures (TCFD) continued

Risk management

The four-step risk management process for climate-related risks is the same process as that employed for other risks and is therefore embedded into Admiral's Enterprise Risk Management Framework (ERMF). Climate-related risks are captured in the emerging risk horizon scanning process, are subject to the same materiality assessments as emerging risks, are represented on the emerging risk radar, and have their expected magnitudes assessed annually. They are discussed at and reported in the management and Board committees described in the "Governance" section of this disclosure.

Identification

The identification of potential climate-related risks, as well as any opportunities, is embedded into Admiral's existing three Lines of Defence model. It follows a multi-stage process which incorporates internal viewpoints and forecasts (e.g., from departmental expertise, insight from working groups, committees, and Boards) with those from external sources, both insurance-specific and more broadly. Management teams across Admiral, whose business areas may affect or be affected by climate change are a source in identifying climate-related risks in their respective areas, and act as an input to work coordinated by the Sustainability Team and the Group ERM Team, who articulate risks and opportunities at the Group level. Existing and emerging regulatory requirements related to climate change and sustainability are also considered.

Materiality assessment

The nature, magnitude and timing of climate-related risks are all highly uncertain. As a result, such risks do not fit naturally into standard risk assessment approaches, and so a hybrid approach, which comprises both qualitative and quantitative components, is utilised. The assessment is performed at Group level considering transition, physical, and liability risks, as well as microeconomic and macroeconomic transmission channels[26] applicable to each business line. This allows the Group to identify any potential impacts and opportunities from climate change on all current and potential future products and services, as well as on operations and investments. The impact of existing and emerging regulatory requirements related to climate change are also assessed.

Climate-related risks, and any resulting opportunities, are initially evaluated qualitatively. A risk matrix approach is employed, whereby the potential impact of the risk (scored between minor and catastrophic) is considered alongside the likelihood of impact (scored between rare and almost certain), assessed across short-, medium- and long-term horizons. The "expected magnitude" is defined as the product of magnitude of impact on Admiral and the likelihood/plausibility of impact.

Where appropriate, a quantitative approach to assess climate-related risks can also be taken, and two scenarios from the NGFS were included as part of the SST section of the 2023 Group's ORSA report (as shown in the box above).

Management and mitigation

The primary approach to risk mitigation is the ongoing successful execution of the Group strategy, which seeks to diversify the Group's revenue and profit streams, thus reducing the Group's reliance on UK Car, which is exposed to transition risk. Considerable efforts have been made to mitigate the risk of a transition to EVs, both via new and existing businesses, which have invested in developing and testing new products and product features to meet developing customer requirements. Regulatory and/or reputation risks from climate change is managed through efforts made to reduce the Company's GHG emissions and by submitting GHG targets to SBTi for official approval.

The Group's approach to managing the risk that climate change poses to insurance book is similar to its approach to managing other insurance risks: disciplined pricing and assessment of impact by peril, clear underwriting criteria, regular assessment of the reserving approach, and risk transfer via reinsurance. Admiral uses industry-standard flood and catastrophe models to understand its underlying physical underwriting risk, and hence what amount of risk is accepted, what amount of risk is mitigated, and the reinsurance protection deemed appropriate for risk transfer. Admiral's approach to pricing is the key tool for managing climate-related risks but given its commercial sensitivity, the approach is not disclosed.

Monitoring and reporting

Climate-related risks and opportunities are monitored by the Group ERM Team and are reported to the GRC via the CRR and CRO Report, and annually as part of the Group's ORSA Report. They are also reported to the Group Board, management committees, and to subsidiary Boards and committees as required. This monitoring and reporting ensures that the highest level of Company Management is aware of the risks and opportunities, can account for them in future business planning and strategy setting, and can devise management actions to mitigate their effects or to capture any resulting opportunities.

The Regulatory Compliance Team, part of Group Compliance, monitors and reviews publications and pronouncements from various regulators, supervisors, and transnational bodies, including but not limited to the FCA, the PRA, the Bank of England, and EIOPA. Summaries are distributed to relevant stakeholders as and when material is published, a monthly round-up is distributed more broadly across the Group, and regulatory developments are discussed in the SSC's Risk, Compliance, and Reporting Working Group.

For further information see:	Page
Principal risks and uncertainties	98
Emerging risks	107

26 The causal chains linking climate risks to the financial risks faced (as per the PRA Climate Change Adaptation Report for banks and insurers – Climate-related financial risk management and the role of capital requirements.

Metrics and targets

Substantial progress has been made in 2023 regarding the collection, verification, and reporting of climate-related data. Most notably, Admiral's GHG targets for Scope 1, 2 and Scope 3 emissions, which support the achievement of Admiral's net zero ambitions across all of its carbon footprint by 2040, were approved by the Board and submitted to SBTi for verification.

Metrics relevant to operations and supply chain, investments, and products and services disclosed in this section are aligned to the risks and opportunities presented above. However other numerical values that may be considered commercially sensitive are not included. Other cross-industry climate-related metrics are not disclosed in this report as they are not considered to be materially relevant to the Company's performance – given the nature, scale and the complexity of its operations and business.

Operations and supply chain

As a global financial services Company, Admiral has a low operational footprint when compared to its complete carbon footprint, including the supply chain and investment portfolio. This has been aided by the efforts made over the past decade to mitigate the physical risk on its operations and supply chain. Efforts have led to improvements in the efficiency of buildings, critical IT infrastructure, the procurement process, and has helped the strengthening of the evaluation and monitoring of its energy consumption with support from Accenture.

Since 2019 Admiral has offset its remaining Scope 1 and 2 emissions, as well as some Scope 3 emissions. However, Admiral recognises that offsetting emissions is not enough, and Admiral should seek to further reduce its GHG emissions. Therefore, Admiral is working hard to reduce the absolute level of its operational GHG emissions.

GHG emissions are quantified in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and are discussed further in the SECR section of the annual report on page 71. Unverified emissions data, including for 2023, as well as a description of the methodology used to estimate metrics if data is missing, is also included in that section, as are further operational metrics.

Investments

As a financial services company, a significant part of Admiral's emissions are category 15 emissions (part of Scope 3), from the investment portfolio. Admiral has therefore committed to achieving a reduction in investment-related GHG emissions of 25% by 2025, and of 50% by 2030, reaching net zero GHG emissions by 2040 at the latest – aligned to the overall target.

To mitigate the transition risk of having an obsolete investment approach and/or holding unattractive assets, and to ensure that above targets are met, Admiral has developed an investment proposal to align its corporate bond mandates to the Paris Agreement, following the Net zero Investment Framework. This is a practical blueprint for achieving net zero emissions by 2050 which has been endorsed by the UN's Race to Zero campaign. The proposal has several features, including reducing emissions over time and increasing investment in sustainable assets and funds (green bonds and holdings with confirmed SBTs, as per Admiral's climate-related investment metrics). There will not be blanket divestment rules, but instead Admiral's investment managers are expected to be engaging with companies which could, as a last resort, possibly lead to divestment and reinvestment in less carbon-intensive names over time.

Several challenges should be noted: sourcing reliable and consistent data; avoiding unintentional consequences such as under-diversification; and reliably determining the expected risk and return impact of such a strategy. However, in order to guide and review progress towards overall targets, a number of metrics are tracked, shown in Table 3. Investment metrics are calculated by identifying in-scope non-cash assets and applying MSCI ESG data on a per security basis. Various metrics are subsequently calculated at a whole portfolio level.

Weighted average carbon intensity (WACI) is calculated by taking the most recently available carbon emissions (Scope 1 and 2) per million USD of revenue for all in-scope securities, and weighting that by the individual security's market value relative to the in-scope portfolio (in scope refers to public corporate bonds as defined by EIOPA's Complementary Identification Code (CIC)). The WACI shows how carbon intense (how much carbon per million USD of revenue) the average company in which Admiral holds investments is (of the in-scope investments); it is a measure of Admiral's exposure to carbon intense companies.

Figure 3. Weighted average carbon intensity (WACI) formula

$$\sum_{i}^{n} \text{Position Weight}_i \, x \, \frac{\text{Position Scope 1 \& 2 Emissions}_i}{\text{Position Revenue}_i}$$

Task Force on Climate-related Financial Disclosures (TCFD) continued

Table 3. Climate-related investment metrics

Metric	2023	2022	2021
Weighted average carbon intensity (new methodology[1])	58 tCO_2e/\$m revenue	71 tCO_2e/\$m revenue[2]	77 tCO_2e/\$m revenue[3]
Investment in holdings with confirmed SBTs	N/A[4]	£485m	£422m
% Allocated to coal and oil sands	0%	0%	0%
Investment in Green bonds	£146m	£98m	£73m

1 Prior year figures have changed as a result of changes to the calculation methodology following work done with Accenture as part of the SBT targets submission
2 55% portfolio coverage. 61 tCO_2e/\$m revenue for benchmark
3 67% portfolio coverage. 83 tCO_2e/\$m revenue for benchmark
4 The calculation methodology of Admiral's investment in holdings with confirmed SBTs is currently being reviewed and updated with the support of Accenture. To avoid disclosing a number from a non-finalised/non-approved calculation methodology, for 2023, Admiral will not disclose SBT numbers.

Products and services

As discussed above, the effects of climate change may impact all of Admiral's business lines. Physical risks, which may be managed via risk selection and reinsurance protection, might be more prominent in Admiral's Household businesses, while transition risks may be felt more keenly in the Motor businesses. The "Diversification" pillar of the Group's strategy should mitigate such impacts from physical and transition risks.

Admiral tracks a number of climate- and diversification-related metrics in order to assess its exposure to climate-related risks, such as modelled burn cost per peril, the number and value of weather-event-related claims, or times top[27] and loss ratios for the EV offering. However, in the main, these are considered commercially sensitive. Admiral is able to disclose the metrics shown in table 4 opposite, as per the Sustainability Accounting Standards Board Standard.

For further information see:	Page
Our Society – Environment	66
SECR disclosure	71-72
Evolution of Motor	26

Table 4. Physical risk metrics

Description	Metrics
Probable Maximum Loss (PML) of insured products from weather related natural catastrophes	· Admiral utilises various methods and evaluations to make underwriting and reinsurance decisions that manage the Group's exposure to catastrophic events. Across the Group's insurance book, the main weather-related risks pertain to Admiral's UK Household book, as well as the US Motor book · Admiral's Household excess of loss reinsurance provides catastrophe cover with a limit above the estimated 1-in-200 loss. As of January 2024, this was estimated to be £560-580 million from floods and storms, etc. for the UK Household insurance business. Admiral's excess of loss deductible is £65 million, and the 70% quota share leads to a net event loss of £19.5 million · In relation to Admiral's UK Car insurance business, the 1-in-200 estimated possible loss as of December 2022 was £90-115 million. Admiral currently has up to £80 million of cover from the motor excess of loss reinsurance and a further £6 million from the property excess of loss reinsurance. Therefore, after the £12 million deductible, Admiral is covered up to a £98 million single event · In relation to the US Motor insurance business, the 1-in-200 estimated possible loss as of June 2023 was \$22-26 million. The US business has \$21.5 million of cover from the motor excess of loss reinsurance. Therefore, after the \$3.5 million deductible, the US business is covered up to a \$25 million single event.
Total amount of monetary losses attributable to insurance payouts from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Admiral Group does not separately identify losses by modelled and non-modelled catastrophes. However, the table below provides some details on the weather-related losses following natural catastrophes in relation to the UK Household book, which represents the main weather-related risk from across the Group's operations. The table covers property catastrophe losses above £5.0m across 2018-2023. The most notable change compared to data disclosed in the 2022 TCFD report is for Storm Eunice and the freeze event from 2022, which now have an incurred cost of >£50m.

Period	Perils	Paid (£m)	Incurred (£m)
2018	Freeze, flood, and storm	10.7	10.5
2019	Flood and storm	0.0	0.0
2020	Flood and storm	0.0	0.0
2021	Flood and storm	5.6	5.9
2022	Freeze, flood, and storm	37.6	51.6
2023	Flood and storm	0.0	5.8

27 Times top represent times when Admiral's quote comes out as the best price on a price comparison website.

Section 172 Statement

Fulfilling THE BOARD'S s172 DUTIES TO ITS SHAREHOLDERS AND STAKEHOLDERS

The Board balances the occasionally conflicting needs and priorities of Admiral's key stakeholders, whilst ensuring all decisions taken promote the long-term success of the Group.

In accordance with their duties under s172(1) of the Companies Act 2006, the Board of Directors individually and collectively confirm that, during the year under review, they have acted in a way that they consider, in good faith, is most likely to promote the long-term success of the Company for the benefit of its members as a whole, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- a) the likely consequences of any decision in the long-term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

Pages 87 and 128 set out how the Admiral Board has met its obligations under s172.

How the Board fulfils its duties under s172

Our Directors and the Board collectively are bound by the duties set out under section 172(1) Companies Act 2006 and are required to confirm in a statement how these obligations have been fulfilled during the year. Our s172 statement detailed on page 87 explains how, during the year, the Board has acted in a way that it considers, in good faith, would be most likely to promote the success of the Company for the benefit of our shareholders, whilst having due regard to those stakeholders identified under s172. The principal decisions taken by the Board during the year, which take into account s172 considerations, can be found on page 128.

Understanding the requirements, concerns and ambitions of Admiral's stakeholders is important to inform the Board's creation of an effective and sustainable business strategy. The Board takes into consideration the views of all stakeholders both when formulating, and also when implementing this strategy. In doing this, in conjunction with our values and our culture, the Board is confident that it will ultimately fulfil our purpose and drive the long-term sustainable success of the Admiral Group.

The Board understands that relevant stakeholder considerations should be integral to Board discussions and its decision-making process. It is mindful in all its deliberations of the long-term consequences of its decisions, as well as the importance of the Admiral Group maintaining its reputation for high standards of business conduct. Engagement with our stakeholders is key to this process, allowing the Board to obtain comfort that relevant stakeholders have been identified, their positions considered and understood, and that different stakeholder groups have been treated fairly. The feedback we receive through our engagement with stakeholders is detailed in our Board reports and forms a key part of Board discussions, ensuring the Board can focus on running the business for the benefit of all our stakeholders for the long-term.

During 2023, the Board reviewed its key stakeholder profiles and confirmed that of the six groups identified within s172; people, shareholders, customers, suppliers and partners, community, and the environment, all remained material stakeholders for the Admiral Group and continued to be strategically important to the long-term success of Admiral's operations. As part of its 2023 review, the Board considered the current approach to engagement with, and governance around, each stakeholder group. In addition, the internal stakeholder relationship owners within the Admiral Group provided detail to the Board on existing engagement methods, feedback processes and the activities and plans for stakeholder engagement for the year ahead.

Further information on wider stakeholder engagement across the Admiral Group can be found within the Sustainability Report on page 56, and the Corporate Governance Report on page 113. A description of the principal decisions taken by the Board during the year, taking into account s172 considerations, are set out on page 128. Key stakeholder engagement channels along with Board considerations and decision-making outcomes in accordance with s172 are set out overleaf.

Section 172 Statement
continued

The Board promotes the long-term success of the Admiral Group by ensuring the highest standards of business conduct, understanding the long-term implications of its decisions, and ensuring all stakeholders are treated fairly. It does this through:

Defining Admiral group's purpose, culture, values and strategy: The Board has defined Admiral's purpose and sets and monitors the culture and values of the Group. Our purpose, culture and values alongside engagement with, and an understanding of, the requirements of our stakeholders, assist in guiding the strategic direction and long-term interests of the Group, informing Board discussion, and ensuring decisions are taken in line with the agreed strategy, giving equal regard to all our stakeholders. See pages 14 and 132 for further information.

Understanding the required Board skills, knowledge and experience: Directors have wide ranging, relevant expertise and experience that they are able to use to inform and guide decision-making to ensure this is of the highest quality, whilst also incorporating a balanced consideration of the expectations of all relevant stakeholders. Significant time is spent inducting new Board members along with annually assessing and implementing educational programmes. This allows for educated and informed decisions being made to promote the long-term sustainable success of the Group in the best interests of all stakeholders. See page 146 for further information.

Ensuring high quality Board meetings: Board and Board Committee agenda planners set out matters to be considered by the Board and Board Committees during the year. These are regularly reviewed and updated during the year to ensure that the Board continues to meet the evolving demands of the Group. Standardised Board reporting templates are in place and training has been provided to those producing Board papers to ensure consistency, clarity and conciseness in approach. See pages 144 and 145 for further information.

Considering stakeholder interests and impact: Board papers are accompanied by a covering document outlining; i) which stakeholders could potentially be impacted by a Board decision, ii) an explanation of how stakeholder interests have been considered, iii) the likely consequences for those stakeholders, and iv) how the impact on stakeholders could be monitored. This process ensures the Board is aware of and gives due regard to its s172 obligations during the Board discussion and decision-making process. See pages 144 and 145 for further information.

Open Board discussion and decision-making process: Our Board environment encourages an open, honest and accountable decision-making culture, which is subject to rigorous risk management and challenge to ensure any decision taken is of the highest standard and supports the long-term sustainable success of the Group. The Board is aware that in some situations stakeholder interests may be conflicted and it may have to prioritise interests, however the Board ensures that, as part of those considerations evaluated through its decision-making process, all stakeholders are taken into account and are treated fairly.

Effective Board review process: The Board is regularly updated on the implementation and results of key decisions through the Board and Committee reporting framework. This is carried out through regular management reports and shareholder and wider stakeholder feedback submitted to the Board as part of the engagement process. The Board's performance in its decision-making processes are monitored and appraised through its annual Board and Committee performance evaluation to ensure it maintains the highest standard of conduct. Further details on this process can be found on page 158.

The principal decisions taken by the Board during the year and how the requirements set out under s172 were taken into account are set out in the Governance Report on page 128.

People

Through our culture and values, we are committed to providing a diverse, inclusive and supportive working environment. During the year Admiral has been recognised as being one of the best places to work in the UK, and in the other countries in which we operate.

Why engaging with our employees is important

We believe that people who like what they do, do it better. Our c.13,000 colleagues' well-being and positive engagement in their roles is essential to the long-term success of Admiral. Our team has always been a powerful source of competitive advantage and, as such, Admiral takes great pride in looking after its employees and helping them look after their future. The Board's engagement with the Admiral team fosters a happier and more productive workforce, supports operational excellence, and ultimately shapes better outcomes for our customers and other stakeholders. In 2023, 95% of our colleagues around the world stated their belief that the Admiral Group was a diverse and inclusive employer.

How the business engages with our employees

Admiral employees are encouraged to engage across multiple channels, virtually and face-to-face. Examples of this include:

- Regular communication through a variety of internal channels and social communication tools
- UK and International employee consultation groups providing an employee voice and input into how the business operates
- Employee surveys capturing feedback and engagement across the business
- A wide variety of employee forums and working groups around diversity and inclusion – see page 56 for further information
- One to ones with managers and regular development meetings
- Feedback schemes such as 'Ask Milena' and 'Have your say'
- Regular employee education and compliance courses
- Whistleblowing channels.

Further examples of how we engage with our colleagues can be found on page 132.

How the Board engages with employees

The Board recognises the importance of engaging with its workforce and does so through a combination of formal and informal channels. The Board has established a UK Employee Consultation Group (ECG) and an International Employee Consultation Group (IECG). Board Directors are invited to participate in these meetings. The Chairs of the employee forums report directly to the Board on key areas discussed to give an 'employee voice' at the Board table, and subsequently report back to the employee forums with updates on Board discussions. The Board also regularly meets employees through visits to office sites, presentations at Board meetings, and is regularly updated by management on people matters, employee engagement, survey results and culture.

Outcomes and impact of Board decision-making

The Board discussed the output received from several ECG and IECG engagement sessions during the year for the purposes of understanding those issues that were of interest or concern to employees. Significant topics addressed included the impact of the increased cost of living, working practices and sustainability/ESG issues. The Board also received and considered reports and updates from the Head of People Services and subsidiary boards. The Board discussed financial measures to support employees and, as a result, were supportive of a five percent pay increase to all UK based employees, approved by the EUI Board, to help mitigate the impact of inflationary costs. In addition, the Board confirmed a share award to employees to ensure a sense of shared ownership in the success of the business. As a result of the Board's approval of the acquisition of the More Than home and pet personal lines insurance operations from RSA, Admiral is delighted to welcome c.300 new colleagues to the Admiral Group. The Board was pleased that the significant work ongoing around the building of a diverse and inclusive culture was recognised through the results of the Great Place To Work Survey with 87% of employees believing Admiral was a great place to work. This was further demonstrated through several awards received during the year including the best big company to work for at the Best Company Awards. The Board ensured that the significant activity streams already in place would continue and evolve, and that the Group would continue to focus on building its unique culture through these multiple channels.

For further information see:	Page
Employee consultation	137
Diversity and inclusion	62, 154
Principal decisions	128
Culture	132
Awards	13

Section 172 Statement
continued

Shareholders

We aim to protect and manage our shareholder capital in a responsible and accountable manner, whilst generating long-term sustainable value for the Group.

Why engaging with our shareholders is important
Shareholder engagement fosters an alignment of interests between the owners of the business and the Board. It allows the Board to explain the rationale behind business and strategic decisions whilst providing opportunities for shareholders to comment and challenge business priorities.

How the business engages with shareholders
Admiral aims to have regular and constructive engagement with our shareholders through a varied number of channels, examples of which include:

- Investor site visits, conference calls and meetings
- Market disclosures, including interim and full year results announcements and presentations
- The Annual Report and Sustainability Report
- Investor and analyst presentations, roadshows (in person and remotely) and corporate governance meetings, for example, to discuss the Directors' Remuneration Policy
- Regular analyst engagement, including ad hoc sessions on topical issues, for example the implementation of the IFRS 17 accounting standard
- The 2023 Annual General Meeting
- Admiral's corporate website, which is regularly updated and contains all relevant shareholder information.

How the Board engages with shareholders
The Board enjoys long-standing relationships with Admiral's largest shareholders, including the founders of the Group, and receives regular updates on the activities of the Investor Relations team as well as meetings with investors held with the Board and management team. The Board also receives investor feedback (post roadshows results/ conferences) and uses this to help shape its approach to corporate governance and strategy, ensuring that any issues or concerns raised are considered during Board discussions. During 2023, there were over 80 separate engagements held with institutional shareholders, including significant engagement with shareholders regarding the Remuneration Policy to be voted on by shareholders at the 2024 AGM. The Board also receives regular updates on market dynamics, share price performance and share register changes. The Board engages with Admiral's retail shareholders through the AGM process.

Outcomes and impact of Board decision-making
As part of the new Chair's induction process, Mike Rogers met with significant shareholders to understand their views on various aspects of the business, including Admiral's strategy and corporate governance. This engagement assisted the new Chair in shaping the direction of Board discussion and decision-making processes. The Remuneration Committee incorporated feedback received through direct engagement with significant shareholders to assist in formulating a revised Remuneration Policy, ensuring there was an alignment of interests. The Board considered the views received through its shareholder engagement programme, which fed into its Board strategy sessions and assisted in formulating the framework for Group strategy. The Board's engagement with stakeholders regarding Admiral's £250 million Tier 2 bond issue along with a tender for the existing £200 million 5.5% subordinated Tier 2 notes ensured this process was concluded without issue. The Board also considered feedback from shareholders as part of its process when considering interim and final dividend approval.

For further information see:	Page
Governance Report	113
Stakeholder engagement	87, 136, 137
Business model	8
Remuneration Policy	176

Customers

We aim to provide a great customer experience.

Why engaging with our customers is important
Our customers are at the heart of our business and the focus of our purpose to 'help more people to look after their future. Always striving for better together'. As a customer-centric organisation, we seek to provide more people with the opportunity to access good financial services products. The needs of our customers shape the products we deliver, and their feedback and expectations inform the design of our customer distribution channels and platforms.

In 2023, we implemented the new Consumer Duty regulation with the goal of monitoring and evidencing good customer outcomes and making enhancements, where required, to drive even better outcomes. We continue to use data and insights to inform these processes thinking seriously about the outcomes we deliver for our customers and continually making improvements to our products and services where needed. For more information see pages 60, 111 and 130.

How the business engages with our customers
There are opportunities for the business to communicate and engage with our customers, and vice versa, throughout the different points in the customer life cycle. Some of these mechanisms include:

- Discussions with our customer service teams, new business and renewals teams, claims teams, and complaints teams
- Online customer portals: During 2023, we built more functionality into the UK customer portal to make services easier for customers to access
- Live chats with agents and 'Admiral App' messages
- Social media: In 2023, we increased engagement through simplified wording and website updates
- Customer feedback through comment forms, surveys, SMS, along with customer focus groups and panels
- Perception studies: Frequently reviewing the engagement mechanisms across our customer base, particularly throughout digital journeys, allows us to understand what is most important to our customers and helps us to continually refine and improve our service to customers.

How the Board engages with our customers
Whilst not having significant direct exposure to customers, the Board continues to receive updates from management on the treatment of its existing customers and the various processes that are designed to ensure fair outcomes throughout the customer journey. Customer satisfaction levels are fed into Board discussions which ultimately helps shape strategic decision making, including plans related to digital investment and future product diversification. The Board receives annual feedback on the conduct risk framework through the Group Risk Committee. Board members also took part in call listening in the customer claims area as part of this year's Board strategy meeting.

Outcomes and impact of Board decision-making
During the year the Board, through its reporting framework, oversaw the implementation of the new Consumer Duty regulations within the Group's relevant regulated subsidiary entities, and received detailed updates as to the progression against agreed plans. The FCA were invited to the April 2023 Board meeting, where constructive discussions were held around the FCA's expectations in terms of the implementation of the new Consumer Duty regime and how Admiral's plans met with these expectations. The Board ensured that mechanisms were in place to monitor the treatment of, along with the outcomes for, our customers, and oversee that appropriate changes in products and services would be made where required. The Board was able to oversee the further alignment of Admiral's processes as a result of its engagement with the FCA and feedback through customer surveys. The Board oversaw the successful migration of over 6.5 million customer policies to a new policy and billing centre on Guidewire during the year, which will integrate technological improvements with enhanced security measures, providing an improved customer experience. The Board approved the acquisition of the More Than direct Home and Pet personal lines insurance business from RSA in December 2023. Once completed this will both support the Board's objective of diversification, whilst offering existing and new customers a strong multi product proposition.

For further information see:	Page
Strategic Report	14
Principal decisions	128
Consumer duty	60, 111, 130
Business model	8

Section 172 Statement
continued

Communities

We aim to ensure that Admiral's impact on society is positive.

Why engaging with our communities is important

Giving back to our communities is an integral part of Admiral's culture. As a large employer across several countries, we believe it is our responsibility to provide employment opportunities for those in the local areas whilst at the same time, training and developing our people. We are committed to recognising and promoting diversity both within Admiral and within the communities in which we operate. Issues identified through engagement with our communities include employability, social mobility, educational opportunities, financial inclusion, and support for sports, arts, and culture. By addressing these, we demonstrate a genuine commitment to the well-being of our community stakeholders. This strategic engagement not only reflects our values, but also positions us as a responsible corporate citizen, who contributes to long-term positive change both within and beyond the Group.

How the business engages with our communities

Our engagement with communities is driven by our people, who actively participate in nominating and selecting initiatives that align with local community needs. This culture of giving and shared responsibility is embedded across our entire Group. Our approach to community engagement includes:

- **Colleague volunteering:** Through initiatives like our 'Impact Hours' scheme, where our colleagues contribute their time and skills to support various community projects
- **Charity initiatives:** We are involved in a range of charity initiatives, demonstrating our commitment to financial and resource-based contributions
- **Partnerships:** We foster partnerships with organisations across the world, recognising the importance of collaboration in addressing key community issues
- **Sponsorship and fundraising:** We support community events through sponsorships, fundraising efforts, and the funding of projects via our Community Fund and Match Fund processes.

To manage risks and capitalise on opportunities as they evolve, our Community Strategy is continuously reviewed and adapted. Monitoring the impact of our actions is integral to our approach, with feedback mechanisms from our partners, our people, our communities, and external entities such as the Welsh Government. This comprehensive system of monitoring ensures that our community engagement remains effective, responsive, and aligned with our strategic goals. This objective will be further enhanced going forward by moves to combine our programmes to support community and environmental issues.

How the Board engages with our communities

The Board believes Admiral should be seen as a force for good within its communities and has oversight over the implementation of initiatives in line with this ambition and receives updates as to their progress. Locally, through our UK charitable giving, the Board oversaw Admiral volunteering 14,000+ impact hours during 2023 and has set the ambitious target of volunteering 25,000 impact hours in 2024 – see page 66. Alongside this are numerous community and sponsorship initiatives, further details of which can be found at www.admiral.com/community-and-sponsorship. Further afield, internationally our Global Emergency Fund, supported by the Board, has enabled Admiral to make fast donations when people and organisations need it most, for example, significant donations were made to assist charities involved in the Turkey-Syria earthquake appeal, the Canadian wildfires and flooding in Italy. In 2023, Admiral donated over £400,000 to a number of urgent appeals through our Global Emergency Fund – see pages 21 and 66 for further information.

Outcomes and impact of Board decision-making

The Board received updates on key community initiatives across the Group, providing strategic direction and approving innovative programs such as our Community Investment Strategy discussed on page 66. The Board reviewed progress on the 'Together for Better' programme, Admiral's commitment to transforming futures in the local community. This programme pledged, over a five-year period, a percentage of Group profit as a financial commitment to enable our Community Investment Strategy to focus on helping local people obtain employment, filling gaps in the labour market, and an ambitious target to cumulatively complete 100,000 volunteering hours in our communities.

For further information see:	Page
Strategic Report	14
Business Model	8
Sustainability	56

Environment

We are committed to achieving net zero greenhouse gas emissions by 2040, across all three scopes of emissions, and to cut these emissions in half by 2030[28].

Why engaging with environmental issues is important

Engaging with environmental issues is strategically important to Admiral and reflects our commitment to responsible business behaviour and our recognition of the importance of addressing climate challenges. It also aligns with our purpose of 'helping more people to look after their futures; always striving for better, together'. This commitment is driven by several key stakeholder considerations:

- **Our people** seek assurance that they are part of a Company that actively contributes to the protection of the natural world and addresses the climate emergency. Demonstrating responsibility towards the environment is integral to maintaining a motivated and engaged workforce
- **Our customers** not only expect protection for their property but also want assurance that we are safeguarding their future by adopting environmentally responsible practices. This builds trust and enhances our reputation
- **Our shareholders** and regulators are increasingly concerned with how businesses respond to environmental challenges – both how the environment impacts the business and how the business impacts the environment. Demonstrating resilience to climate-related events and seizing opportunities aligns with their expectations and contributes to the Group's overall robustness
- **Our commitment** is to minimise our direct environmental impact, including reducing our carbon footprint, and also support our customers with the transition to a greener society. This not only aligns with regulatory and societal expectations but positions us well for changes in markets and customer expectations and also highlights Admiral as a conscientious and forward-thinking organisation.

How the business engages with environmental issues

Our engagement with environmental issues is multifaceted and reflects a proactive approach to increasing awareness and taking concrete actions. Key initiatives include:

- **Sustainability Steering Committee:** To support a more holistic and co-ordinated approach to sustainability issues, the former Sustainability Working Group and Climate Change Steering Committee were replaced in 2023 by the Sustainability Steering Committee (SSC) in Q4 2023. Supported by five working groups, the SSC is a management committee that provides guidance on the overall programme of sustainability-related work and ensures a joined-up approach across all Group functions and Group entities. This includes environmental issues such as climate change
- **Operational sustainability:** Admiral is a carbon neutral entity. Key initiatives to achieve this milestone included investments in solar panels on our headquarters in Cardiff, purchasing of energy from 100% renewable sources (in the UK), and purchasing of Gold Standard carbon credits since 2019 to offset its operational emissions. This covers Scope 1 and 2 emissions, and partially covers Scope 3
- **Net zero ambition:** We have formally committed to achieving net zero greenhouse gas emissions by 2040 at the latest, across all three scopes of emissions, and to cut these emissions in half by 2030.[28] We are currently in the process of securing verified science-based targets that will enable us to hit both targets.
- **Green Team initiatives:** Our internal Green Team is a working group dedicated to green initiatives. Regular internal updates from this team drive awareness and action to lessen the impact of climate change – both within the business and within employees' own lifestyle choices
- **Internal promotion:** Special events such as Green Week and Earth Day, promoted internally, serve to raise awareness and engage employees in environmentally responsible practices
- **Employee engagement:** We actively engage with employees through forums, CEO updates, and various recycling initiatives across our offices. This ensures that our commitment to environmental responsibility is embedded within our Group culture
- **Monitoring and reporting:** We recognise that environmental disclosures are increasingly requested by investors, shareholders, customers, regulators and other stakeholders. For 2023, Admiral made disclosures consistent with the Task Force on Climate-related Financial Disclosures (TCFD), against the Streamlined Energy and Carbon Reporting Framework (SECR) and against the Sustainability Accounting Standards Board (SASB) Standards. In addition, Admiral also reports on the Climate-related Financial Disclosure (CFD) requirements introduced in 2022 as part of the UK Government's Greening Finance roadmap.

To read more on how the business engages with environment issues see our Sustainability Report on page 56, our SECR disclosures on page 71, and our TCFD disclosures on page 73.

28 Proposed baseline year for emissions cuts is 2021, still to be verified by SBTi.

Section 172 Statement
continued

How the Board engages with environmental issues

The Board is the principal governing body overseeing sustainability-related issues and takes ownership of sustainability and climate-related topics and associated stakeholder engagement. The Board approves the Group's sustainability approach and our Environmental, Social and Governance (ESG) ambitions which can have a material impact on Admiral. Milena Mondini, Group CEO, is the accountable sustainability representative on the Group Board. The Board receives regular updates on climate and wider ESG-related topics, providing feedback, and ensuring alignment with our Responsible Investment Policy.

Outcomes and impact of Board decision-making

The Board reaffirmed the Group's sustainability agenda as part of a 2023 strategy refresh, overseeing the appointment of a new Group Head of Sustainability and enhancements to the sustainability governance structure. The Board also confirmed Admiral's commitment to achieving net zero greenhouse gas emissions by 2040, across all three scopes of emissions, and to cut these emissions in half by 2030, and reviewed progress in relation to these ambitions. Updates were received on requirements from regulators and government initiatives with regards to sustainability and climate change. This included a review of the PRA's position on climate change and the financial system. The PRA notified businesses that climate change presented an increasing, material risk to firms and the financial system and confirmed that it was taking a more active role in supervising firms in relation to its expectations on climate change. To address the increasing sustainability agenda, the Board oversaw the introduction of the Sustainability Steering Committee in October 2023 to provide a joined-up approach across all Group functions. More information on how the Board assesses climate related risks and opportunities along with the implementation of climate and sustainability initiatives is included in our climate-related disclosure section on page 71.

For further information see:	Page
Business model	8
Sustainability	56
SECR and TCFD disclosures	71, 73
Risk management	98, 168

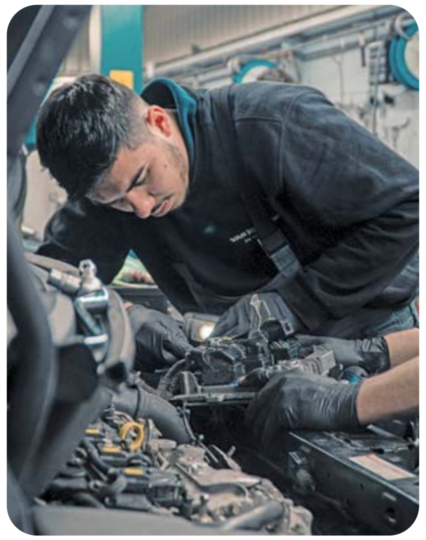
Partners and Suppliers

We aim to build strong, mutually beneficial working relationships with our partners and suppliers.

Why engaging with our partners and suppliers is important

Our partners and suppliers comprise a mix of financial partners, reinsurance partners, IT hosting, distribution, claims management and services partners, and many others. It is crucial that the Group manages these relationships effectively to mitigate the associated third-party risks across the supply chain. Our partners and suppliers are considered strategically important to us either because (i) the supplier is a material outsourcer, (ii) the supplier or partner is integral to achieving future strategic goals, (iii) there are particularly preferential rates or terms in place, or (iv) another factor which makes the relationship hard to replicate or replace. Admiral's supply chain supports our global operations in delivering services to our customers and involves over 1,100 contracted suppliers.

We act responsibly when dealing with our suppliers, choosing to support local and regional providers where possible. We also choose and encourage an ethical and environmentally friendly supply chain and also making sure we pay in a timely manner to support the financial resilience of our suppliers.



How the business engages with our partners and suppliers

To ensure strong third-party supplier management there are dedicated processes across the Group to govern end-to-end relationships. Key business units have internal relationship managers responsible for ongoing performance management, which would include ensuring active contract renewals, negotiations, business reviews and service improvement. Business continuity and exit plans are in place and are actively managed. Admiral uses a dedicated contract management system to monitor and support the governance of procurement, provide tender management, contract management, supplier management and due diligence under a single platform. The Group's dedicated regulatory relationship teams maintain channels of communication with the FCA and PRA in the UK, and the Group's international regulated intermediaries and insurers have similar teams in place.

How the Board engages with our partners and suppliers

Whilst not having direct engagement with partners and suppliers, the Board receives updates from management on:

- All proportional risk-sharing agreements, including co-insurance and reinsurance contracts
- Relationships with key partners and procurement, including Admiral's payment policies and practices
- Matters relating to partnerships and opportunities
- Customer-facing suppliers
- Third-party risk management regulatory, technological and consumer trends
- Modern slavery risks in the supply chain.

The Board takes all updates into account when considering the long-term consequences of its strategies and business plan. The CFO provides updates on the activities related to the renewal of the Group's co-insurance, reinsurance and quota share contracts, including maintaining Admiral's ongoing strategic relationship with Munich Re.

Outcomes and impact of Board decision-making

The Board received updates on the performance of our business partners and suppliers through reporting from management and the risk function, it also reviewed supplier payment metrics in line with the Prompt Payment Code of which Admiral is a signatory. The Board had oversight of the monitoring of Modern Slavery provisions with key suppliers. The Board also oversaw training rolled out for relevant employees on conduct with suppliers/partners including anti-bribery and corruption and modern slavery.

The Board approved Admiral's Modern Slavery Statement for 2023 which sets out the business' zero tolerance approach to modern slavery in all its forms. This is enacted through our policies, training and risk management – for more details around how we do this, our Modern Slavery Statement is set out in full on our website.

For further information see:	Page
Business model	8
Sustainability	56
Principal decisions	128
SECR and TCFD disclosures	71

Non-Financial and Sustainability Information Statement

The non-financial and sustainability reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed within this section by means of cross reference, to indicate where they are located within the strategic narrative and to avoid duplication.

Our business	Page
Business model	See page 8
Strategy	See page 22
Financial stability	See page 11
Key Performance Indicators	See page 31
Sustainability	**Page**
Our approach to sustainability	See page 56
Culture and values	See page 11
Employees Diversity and Inclusion	See page 62
Community engagement	See page 66
Responsible investments	See page 64
Climate disclosure	**Page**
Task Force on Climate-related Financial Disclosures	See page 73
Streamlined Energy and Carbon Reporting	See page 71
Governance	**Page**
Risk	See page 98
Governance	See page 113

Group policies

The policies in the table below can be located on our website **www.admiralgroup.co.uk**

Policy	Description
Code of Conduct	Our Code of Conduct outlines the standards of behaviour that all colleagues must adhere to regardless of their role. Colleagues are expected to abide by these policies and act with integrity, due skill, care and diligence.
Health and Safety	Our Health and Safety policy outlines our commitment to ensuring the health and safety of staff and anyone affected by our business activities, and our commitment to providing a safe environment for those attending our premises.
Equality, Diversity and Dignity at Work	Our Equality, Diversity and Dignity at Work policy outlines that Admiral is committed to ensuring that any type of discrimination is not accepted. This policy outlines the standards of behaviour that are expected from all employees to ensure that everyone at Admiral is treated with dignity and respect. This policy explains that all managers should be alert to potential discrimination and harassment and actively prevent this from occurring, communicate this policy to all employees, and be responsive and supportive to anyone who makes a complaint.
Modern Slavery	Our Anti-Slavery, Exploitation and Human Trafficking policy confirms Admiral's zero tolerance approach to modern slavery, outlines our ongoing commitment to eliminating unethical working practices, and provides guidance to employees on reporting any problems identified at work or in the community. We release an annual Modern Slavery Statement in line with the Modern Slavery Act 2015.
Procurement and Outsourcing	Our Group Procurement and Outsourcing policy states that all employees who engage in procurement activity must enhance and protect the standing of the business, maintain the highest standard of integrity in all business relationships, promote the eradication of unethical business practices including modern slavery, and ensure full compliance with laws and regulations whilst continuing to drive the de-carbonisation agenda across Admiral's critical, strategic and key suppliers. This is enforced through strict controls and monitoring.
Whistleblowing	Our Whistleblowing policy encourages and enables employees to raise any concerns they have about serious malpractice or wrongdoing. The policy is designed to ensure that an employee can raise their concerns without fear of victimisation, subsequent discrimination, disadvantage, or dismissal. This policy details internal and external reporting lines for any employee concerns.
Financial Crime	Our Financial Crime policy ensures that robust systems and controls are in place to detect, prevent and deter financial crime across the Group and ensures we remain compliant with applicable laws and regulations in our operational jurisdictions. All areas of financial crime are captured by this policy, including money laundering, market abuse and insider trading, sanctions regime, modern slavery, tax evasion and bribery and corruption.
Anti-Bribery and Corruption	Our Anti-Bribery policy strictly prohibits the solicitation or acceptance of any bribe, to or from any person or company, by an individual employee, Board member, agent or other person or body on Admiral's behalf, in order to gain any commercial, contractual, or regulatory advantage for Admiral in an unethical way or to gain any personal advantage for the individual or anyone connected with the individual.
Gifts and Gratuities	Our Gifts and Gratuities policy recognises that sometimes customers, suppliers or business associates offer gifts or gratuities to staff and confirms that all such gifts must be made and received openly and fairly, must not include cash, must be reported and be in line with the policy.
Tax	Our Tax Strategy policy documents our approach to taxation. The policy confirms that the Group's primary objective is to be compliant with all tax legislation requirements in all the territories in which we operate.

Principal Risks and Uncertainties

The Board, with support from the Group Risk Committee and the Group Risk Function, undertakes a regular and robust assessment of the principal and emerging risks facing the Group alongside engaging with the management team on the Group Strategy. These risks have been summarised as those which would threaten its business model, future performance, solvency or liquidity, and reputation.

The table below sets out the principal risks and uncertainties (PR&U) which Admiral has identified through its Enterprise Risk Management Framework (ERMF). The impact of those risks, development of the risks during 2023, and actions taken to mitigate them are explained below. This section also includes a description of Admiral's approach to identify, manage, and govern emerging risks.

Risk appetite: The Admiral Group risk strategy contains strategic risk statements for the relevant risks which help deliver the Group's business objectives. The Group risk appetite is owned and approved by the Admiral Group Board. The responsibility for the Group risk appetite is delegated to the Group Risk Committee which reviews all components prior to Board approval and monitors the performance of the business against the approved Group risk appetite through the consolidated risk report and other risk reporting.

Identification of risks

Principal risks (A–L)

Insurance Risk:

- **A** Reserving risk
- **B** Premium risk and catastrophe risk
- **C** Reduced availability of co-insurance and reinsurance arrangements
- **D** Potential diminution of other revenue

Group Risk:

- **E** Erosion of competitive advantage in UK Car insurance
- **F** Failure of geographic and/or product expansion
- **G** Reliance on price comparison distribution channel

Credit Risk:

- **H** Credit risk

Market Risk:

- **I** Market risk

Non-Financial Risk:

- **J** Legal and regulatory risk
- **K** Operational risk
- **L** Reputation risk

Principal risks and uncertainties reflect the main risks faced by the Company in achieving its strategic objectives. The strategic objectives have been listed with the links to the strategy noted against each principal risk and uncertainty (for more information on the strategy refer to page 22).

Strategic objectives:

1. **Admiral 2.0:** Continuing to build on historical strengths whilst becoming even more agile, digital and technology-focused. Admiral 2.0 puts the customer first and leverages data and advanced analytics to constantly be more efficient to improve their overall experience
2. **Diversification:** Building a sustainable and resilient business. Admiral's approach is to leverage the capabilities and knowledge from the established businesses to build future successful propositions
3. **Motor Evolution:** Evolving the proposition for changes in mobility.

Insurance Risk

A Reserving risk

Possible impact on the strategic initiatives

1 2

Risk

Admiral is exposed to reserving risk through its underwriting of Motor, Household and other insurance policies. Claims reserves in the financial statements may prove inadequate to cover the ultimate cost of claims which are by nature uncertain.

This is a particular risk for motor insurance liabilities, where the estimated amount payable for bodily injury claims (particularly large claims) can change significantly during lifetime of the claim as a result of various factors including external risks such as changes in Ogden rates (expected in 2024), impacts of increased levels of Periodical Payment Orders (PPOs) and claims inflation.

During this period, increased uncertainty in forecasting both the level and duration of the impact of higher inflation rates on claims reserves may lead to adverse development and higher claims costs than projected.

PPO claims are capital intensive owing to increased uncertainty of the cost of these claims over a longer term. There is therefore a risk of higher claims costs and loss ratios, resulting in reduced profits or underwriting losses.

Risk development in 2023

The risk has reduced during the year as the uncertainty caused by the inflationary environment has fallen, in particular during the second half of the year, and more favourable expectations with respect to the future Ogden rate have emerged.

Mitigating factors

The Group continues to reserve conservatively, setting its IFRS 17 risk adjustment in the financial statements between the 85th and 95th percentiles which is aligned to Group risk appetite.

Best estimate reserves are estimated both internally and externally by independent actuaries.

For very large claims Admiral purchases excess of loss reinsurance, which mitigates a portion of the loss.

Regular reviews of both settled and potential PPO cases are undertaken by the Claims and Actuarial teams, with independent actuarial analysis provided as part of the external reserving process.

Admiral's investment strategy is the result of a structured, disciplined and transparent investment process. Long-dated inflation linked assets are held to partly hedge the risks associated with PPO claims.

Principal Risks and Uncertainties
continued

Insurance Risk continued

B Premium risk and catastrophe risk

Possible impact on the strategic initiatives
1 2 3

Risk
The Group is exposed to the risk that inappropriate premiums are charged for its insurance products leading to either insufficient premiums to cover claims costs or uncompetitive rates leading to reduced business volumes. This risk is increased during periods of high inflation leading to greater market uncertainty.

The risk of increased claims costs and/or reduced business volumes could be driven by potential economic, social, environmental, regulatory or political change such as the slowdown in China or the Russia-Ukraine and Israel-Hamas conflicts, impacting supply chains and inflation, or new entrants to the market.

Admiral is exposed to the risk of higher losses than anticipated due to the occurrence of manmade catastrophes or natural weather events, potentially increased in frequency and severity due to climate change.

Acute physical climate risks include changes in the frequency of both large catastrophe events and severe weather events, where trends are difficult to identify, and which have large claims costs associated with them.

Impact
Higher claims costs, reduced business volumes and/or higher loss ratios, resulting in reduced profits or underwriting losses.

A large flood or windstorm, causing extensive property damage (both Motor and Household) to a significant proportion of the portfolio, could lead to a larger than anticipated total claims cost.

Risk development in 2023
The risk has trended broadly stable in 2023 as Admiral has continued to manage the challenging external environment with a disciplined, long-term approach to pricing and growth, with a focus on building the business for the long term. The risk remains subject to increased volatility in weather patterns, as demonstrated by the ten named UK storms experienced between September 2023 and January 2024.

Mitigating factors
There are a number of aspects which contribute to Admiral's strong UK underwriting results, including:

- Experienced and focused senior management and teams in key business areas including pricing and claims management.
- Highly data-driven and analytical approach to the regular monitoring of claims and underwriting performance.
- Capability to identify and resolve underperformance promptly through rapid and dynamic changes to key performance drivers, particularly pricing.
- Continuous appraisal of and investment in employees, systems and processes.
- Monitoring the impact arising from climate change risks, covering both physical and transitional risks, as well as other Emerging Risks which may impact premium or catastrophe drivers.

Admiral purchases excess of loss reinsurance, which is designed to mitigate the impact of very large individual or catastrophe event claims.

Insurance Risk continued

C Reduced availability of co-insurance and reinsurance arrangements

Possible impact on the strategic initiatives
1 2 3

Risk
Admiral uses proportional co-insurance and reinsurance across its insurance businesses to optimise the use of capital, to increase the return on the capital it does hold, and to mitigate the cost and risk of establishing new operations. There is a risk that co- and/or reinsurance cover will not be available or that it will be available at an uneconomical price in the future if the results and/or prospects of either the UK businesses or other less-established operations are not satisfactory to the co- and/or reinsurers.

Inflationary uncertainty and other factors could result in a change in reinsurer appetite and an increased cost of reinsurance protection for insurers. Climate change and the increased frequency and severity of extreme weather events, as well as increased chronic physical risks, could adversely impact the availability and cost of reinsurance protection for insurers.

Impact
A potential need to raise additional capital to support an increased underwriting share. Return on capital might reduce compared to current levels.

Unavailability of co- and/or reinsurance or at an uneconomical price may mean that Admiral does not co- and/or reinsure all the desired risks, leading to increased costs should an adverse event arise.

Risk development in 2023
The risk has increased during the year with reduced appetite of reinsurers in some areas leading to a hardening market. The recent January UK motor reinsurance renewal was positive, however, but pressure is likely to remain on other product lines in 2024.

Mitigating factors
Admiral mitigates the risk to its reinsurance arrangements by ensuring that it has a diverse range of financially secure partners, and that contract maturities are staggered to prevent a cliff-edge ending of a large reinsurance cover.

Admiral continues to enjoy a long-term relationship with several different co- and reinsurers, some of which are amongst the world's largest.

Quota share and co-insurance arrangements are contracted over a number of underwriting years. These long-term arrangements are in place throughout the UK and international businesses.

D Potential diminution of other revenue

Possible impact on the strategic initiatives
1 2 3

Risk
Admiral earns other revenue from a portfolio of products and services in addition to the core insurance products. The level of this revenue could diminish due to political, regulatory, legal, social/customer behaviour, strategic, market or economic changes.

Impact
Lower profits from business operations and lower return on capital.

Risk development in 2023
The risk has trended broadly stable and within appetite for the year. The risk has the potential to increase going into 2024 due to a heightening market-wide regulatory focus on ancillary and premium finance products.

Mitigating factors
Admiral continuously assesses the value to its customer of the products it offers and makes changes to ensure the products continue to meet customer needs and offer good value.

Admiral seeks to minimise reliance on any single source by earning revenue from a range of products. This would mitigate the impact of regulatory or market changes, or changes in consumer behaviour, which might affect a particular product or income stream.

Admiral works closely with its regulators and other key industry bodies to understand potential developments.

Principal Risks and Uncertainties
continued

Group Risk

E Erosion of competitive advantage in UK Car insurance

Possible impact on the strategic initiatives
1 2 3

Risk
Admiral typically maintains a significant combined ratio advantage over the UK Car market. This advantage and/or the level of underwriting profit (and associated profit commission) could be eroded by unfavourable loss or expense ratio results, irrational competitor pricing, new competitors or technologies used within the insurance market and/or regulatory intervention.

Impact
A worse insurance result and lower return on capital employed.

A sustained and uncorrected erosion of competitive advantage could affect the ability of Admiral to maintain its customer base, profitability and reinsurance arrangements, which might in turn require Admiral to hold more capital.

Risk development in 2023
The risk has reduced during the year as Admiral's competitiveness has increased despite making significant price increases.

Mitigating factors
Admiral's focus remains on the wide range of factors that contribute to Admiral's combined ratio outperformance of the UK Car market. Some are set out earlier in the Strategic Report, but other factors include:

- A track record of innovation and ability to react quickly to market conditions and developments.
- A focus on maintaining a low-cost infrastructure, efficient acquisition costs, and strong expense controls.
- An experienced and focused management team.
- A robust and agile pricing discipline to ensure prudent behaviour to try and protect Admiral's competitive advantage.
- A strong Admiral brand and customer orientated culture to attract and retain customers.

F Failure of geographic and/or product expansion

Possible impact on the strategic initiatives
1 2 3

Risk
In line with the Group's diversification strategy, Admiral continues to develop its UK insurance businesses, UK non-insurance businesses such as Admiral Money, and its international businesses. Admiral Pioneer is the vehicle for the development and launching of new products and services, other than those already covered by existing established Group businesses.

One or more of the operations could fail to become a sustainable, profitable long-term business, with the result that the businesses do not collectively deliver the profit diversification required.

Product expansion into new areas or expansion through M&A activity could lead to unprofitable business, could increase regulatory risk, and may introduce new risks into the Group.

Growth in developing businesses could exceed the scale of infrastructure of the operation.

Impact
Higher than planned losses and potentially closure costs, and distraction of key management.

A collective failure of these businesses could threaten Admiral's objective to diversify its earnings by expanding into new markets and products, though the failure of a single product or geography is expected to be tolerable.

Risk development in 2023
The risk has reduced during the year, noting the strong results from Admiral Money and improved performances in most overseas markets. In addition, the acquisition of the UK direct Home and Pet personal lines insurance operations of RSA due in 2024 is expected to accelerate diversification going forward.

Mitigating factors
Admiral's approach to expansion and product development remains conservative, applying the test-and-learn philosophy that has proven successful for previous operations. International insurance businesses have generally executed cautious launch strategies and are usually backed by proportional reinsurance support which provides substantial mitigation against start-up losses in the early years.

The Group has developed a capital allocation framework which seeks to allocate funding to those businesses most likely to add to the diversification of profits or contribute to the strategic objectives of the Group.

The Directors are mindful of management stretch and any other key interdependencies that may strain the business, regularly assessing the suitability of the infrastructure in place for Admiral's UK and international operations, alongside oversight and challenge from appropriate boards and committees.

The Group has established a sufficiently large and diverse portfolio to mitigate the risk of failure of individual new operations.

Group Risk continued

G Reliance on price comparison distribution channel

Possible impact on the strategic initiatives
1 2 3

Risk
Admiral utilises comparison websites as an important source of new business and growth. Growth in this distribution channel could slow, cease or reverse, or Admiral could lose one or more of the websites as a source of customers.

Impact
A potentially material reduction in UK insurance new business volumes, in particular for UK Motor.

Less profitable new business or slower growth in Europe.

However, a more competitive market might benefit the insurance businesses through lower acquisition costs.

Risk development in 2023
The risk has trended broadly stable during the year with no material movement in the share of new business coming from aggregators.

Mitigating factors
Admiral contributes materially to the revenues of all four major UK comparison businesses, and has a strong brand presence, and therefore it is not considered probable that a material source of new business would be lost.

Admiral continues to grow its MultiCover and MultiCar products which promotes retention. It also has a direct offering to new and existing customers, with continuing investment made to improve its online/digital offering.

Admiral continually looks to improve its customer experience and business optimisation by sharing comparison distribution learnings throughout the Group, leveraging applicable experiences with brokers, and implementing additional controls to enhance selection and underwriting criteria.

Distribution channels other than price comparison are explored and used as and when deemed necessary.

Credit Risk

H Credit risk

Possible impact on the strategic initiatives
1 2

Risk
Admiral is primarily exposed to institutional credit risk in the form of: (a) reinsurance counterparty credit risk; (b) banking counterparty credit risk and/or (c) the credit risk of the investment portfolios.

One or more counterparties could suffer significant losses leading to a credit default and the loss of reinsurance cover or banking deposits, while a downgrade or default of investments could erode their value.

In addition, Admiral Money's loan portfolio exposes the Group to retail credit risk in relation to customer defaults on its unsecured personal loan and secured car finance business.

Impact
The impact of a major credit event could be realised losses and reduced capital, dependent on its nature and severity.

Admiral would also need to ensure that it continues to have sufficient liquid assets to meet its claims and other liabilities as they fell due.

Increased defaults could impact future profitably and lending capabilities.

Risk development in 2023
The risk has trended broadly stable during the year with no material movement in the credit quality of significant counterparties.

Mitigating factors
Admiral monitors the credit quality of its reinsurance and banking counterparties within Board approved limits.

The Group reinsurance policy is to contract with reinsurers that are rated 'A-' or above (taking the highest rating from any applicable external rating agency such as S&P, AM Best or Fitch), though there are circumstances where a lower rating could be tolerated. In addition, major reinsurance contracts are operated on a funds withheld basis, which substantially reduces credit risk, as Admiral holds the cash received from policyholders as collateral.

The credit risk in Admiral's investment portfolio is managed through diversification and appointing high-quality third-party asset managers. Limits on counterparties and certain credit ratings ensure that credit risk is managed within risk appetite, and produces a high quality credit portfolio. The Group invests in a range of liquidity funds which hold a wide range of short duration, high quality securities, and in fixed income funds holding primarily investment grade assets. Cash balances and deposits are placed only with highly rated counterparties. Most long-term investments are held in Government bonds to further mitigate the exposure to credit risk.

Admiral considers counterparty exposure frequently and in significant detail, and has in place appropriate triggers and limits to mitigate exposure to individual investment counterparties.

Admiral Money's credit risk appetite is set to ensure that the risk taken is commensurate to the expected returns whilst also considering customer affordability. Admiral Money continuously monitors its criteria for new business pricing and the performance of its portfolio.

Principal Risks and Uncertainties
continued

Market Risk

I Market risk

Possible impact on the strategic initiatives
1

Risk
Market risk arises due to developments in economic and financial market conditions that result in movements in interest rates, credit spreads and foreign exchange rates, or regulatory/legislative changes to the basis of internal assumptions or methodologies.

Impact
Market volatility (notably significant changes in risk free interest rates or material increases in credit spreads) can adversely impact the value of the Group's assets. The Group's solvency can also be adversely impacted due to an increased regulatory valuation of claims liabilities, in particular in relation to longer-dated potential PPO claims.

Continued growth of the Group's businesses outside the UK has altered the exposure to net assets and liabilities in currencies other than pounds sterling, increasing the Group's exposure to Euros and Dollars in particular.

Risk development in 2023
The risk has trended broadly stable over the course of the year, despite the market volatility seen early on, following the collapse of SVB and the takeover of Credit Suisse. As observed with these banking failures and increased geopolitical instability, event risk remains heightened, however.

Mitigating factors
A dedicated Investment Committee, a Group Management Committee, advises each Subsidiary Board and oversees the investment management of funds as well as advising on effective treasury and foreign currency exposure management of the Group and each entity's non-invested funds.

The Group policy relating to the managing of cash and invested assets supports the Group's compliance with the Solvency II Prudent Person Principle and PRA expectations.

The investment strategy focuses on preservation of the amount invested, low volatility of returns, matching duration and currency of liabilities, and strong liquidity. The majority of the portfolio is invested in high quality fixed income and other debt securities, and money market funds and other similar funds in order to achieve these objectives.

The Group's mitigation for interest rate risk resulting from long duration PPO liabilities includes reinsurance cover and a continuing focus on appropriate investment strategies, such as asset/liability matching, hedging options for these liabilities, including of certain risks associated with PPO claims.

Non-Financial Risk

J Legal and regulatory risk

Possible impact on the strategic initiatives
1 2 3

Risk
As Admiral operates globally, across various business lines and products, it is exposed to differing political regimes, legal jurisdictions, regulatory expectations and tax systems.

Legal and regulatory risk may arise where Admiral fails to identify, interpret, or fully comply with legal, tax and/or regulatory requirements, in a timely manner. Current examples include interpretation and compliance with General Insurance Pricing Practices, the FCA's Consumer Duty regulations, updates to the Corporate Governance Code by the Financial Reporting Council, mandatory climate-related financial disclosures, and the EU Whistleblowing Directive. This risk may also arise where previous industry, tax, regulatory and/or legal compliance standards are revisited with negative consequences and applied retrospectively, for the industry and/or the Group.

Failing to meet increasing expectations from regulators, legislators, and shareholders around climate change and broader environmental, social and governance matters could potentially lead to exposure to legal and regulatory risk and potentially adversely impact other stakeholders' perceptions.

A legal and regulatory risk could arise through incorrect or delayed regulatory reporting.

Impact
Exposure to regulatory intervention, censure and/or enforcement action through fines and other sanctions.

Potential criminal and/or civil enforcement action.

Possible customer detriment, as well as negative reputational and brand impacts.

Risk development in 2023
The risk has increased during the year due to the heightened regulatory environment, for example via the implementation of the FCA Consumer Duty regulation.

Mitigating factors
Ongoing line one, two and three monitoring of the Group's compliance with current and proposed requirements.

Interaction with regulators and consultation with internal and external subject matter experts by Executive Management and the Board.

Assurance gained through external reviews and benchmarking exercises ensuring compliance with legal and regulatory requirements.

Strong change governance is a key control in managing regulatory change.

K Operational risk

Possible impact on the strategic initiatives
1 2 3

Risk
Operational risk arises within all areas of the business. The principal categories of operational risk for Admiral are conduct risk, change risk, people risk, technology risk, business continuity and operational resilience, data governance risk, information security/cyber risk, process risk, and outsourcing and procurement risk.

Impact
The following are a limited number of examples of the potential impacts of operational risks:

Customer detriment, customer dissatisfaction, regulatory censure/enforcement, and/or reputational damage as a result of Admiral's action or inaction.

Being unable to service customers with the level of distinction associated with the Admiral brand.

Mitigating factors
Admiral operates a three lines of defence model, and internal controls are in place and are monitored to mitigate risks. The control framework is regularly reviewed, and the Internal Audit function has an agreed cycle of testing of the adequacy and effectiveness of controls. The following are a limited number of examples of how operational risks are mitigated:

- **Conduct:** Monitoring, managing and reporting on customer outcomes, including the ongoing enhancement of Admiral Group Customer Outcomes MI; robust project governance around legislative and regulatory change such as Consumer Duty implementation and monitoring; attracting, retaining and motivating quality employees to deliver superior customer service and to achieve business objectives.
- **Change:** Employing change governance and oversight at a Group and Entity level; with external specialist support, review and assurance utilised where required.

Principal Risks and Uncertainties
continued

Non-Financial Risk

K Operational risk continued

Possible impact on the strategic initiatives
1 2 3

Impact continued

The move to a hybrid working world poses risks to the culture that has underpinned Admiral's historical successes, both by increasing labour mobility and reducing the office-based activity that has been a cornerstone of Admiral's historic ways of working.

Making poor business decisions due to lack of system availability and data integrity and/or data confidentiality.

Cyber events leading to loss of service, loss of data and potential ransom demands.

Reductions in earnings and/or value, through financial or reputational loss, from inadequate or failed internal/outsourced projects, processes and systems, or from people related, hybrid working or external events.

Risk development in 2023

The risk has reduced during the year as hybrid working has been further embedded and large change projects have been navigated successfully.

Mitigating factors continued

- **People:** Employing targeted recruitment and identifying potential leaders through internal development, talent management and retention processes for the purposes of succession planning; an ongoing commitment to diversity and inclusion.
- **Culture:** Admiral has embraced more flexible ways of working to hire, motivate and retain employees and is evolving hybrid working practices in ways that support and maintain the unique culture.
- **Technology:** Continuous investment in the Group's IT infrastructure, coupled with regular Executive Management and Board review of effectiveness given the strategic importance of technology in improving the customer journey and enhancing business decision making.
- **Information security/cyber:** Ongoing enhancement of the control environment to protect the Group from the continuously evolving cyber threat landscape. Significant investment continues to be made in ensuring that people, processes, and technologies are resilient to the wide-ranging tactics, techniques and procedures employed by threat actors. Focus is also given to ensuring there are robust mitigation plans in place to effectively handle any incident, with simulations completed to ensure prompt and effective response, containment, and recovery.
- **Business continuity and operational resilience:** Staffing a Line-1 major incident team within IT which is tasked with maintaining system availability; business continuity and disaster recovery plans are in place and are regularly tested, alongside completion of an operational resilience work stream; data is regularly backed-up to allow for its recovery in the event of corruption.
- **Data Governance:** The Group is enhancing and further embedding its approach to data ownership, the ongoing review of data quality including responding to issues when they are identified, as well as having a consistent approach to the recording of data definitions and lineage so that the data is better understood.
- **Process:** Admiral's internal control framework is regularly monitored and reviewed within the three lines of defence model.
- **Outsourcing and Procurement:** Strategic reviews are periodically undertaken to align procurement and outsourcing arrangements with the wider business strategy and also in response to ongoing macroeconomic challenges; monitoring outsourced activities through ongoing supplier relationship and performance management and regular due diligence reviews.

Admiral also purchases a range of insurance covers to mitigate the impact of a number of operational risks; including Cyber Liability insurance subject to market capacity, Civil Liability insurance, and Employers' Liability insurance.

Non-Financial Risk continued

L Reputation risk

Possible impact on the strategic initiatives
1 2 3

Risk

Admiral could be exposed to an erosion in trust as a result of decisions, associations, actions or inactions, such that Admiral does not meet stakeholder expectations.

A negative reputation could have a significant impact on customer trust, the share price and brand value, which can be difficult to recover from.

Reputational risk can be a secondary impact caused by failures in any part of the Group such as operational events. However it can also be a primary risk should the firm's perceived behaviours or communications not meet stakeholder expectations. In either case, a reputation event could impact Admiral's standing with customers, regulators, employees, suppliers and other stakeholders and could reduce profitability and investor support.

Impact

The impact can be wide ranging and reputational risk can impact customers, employees, shareholders, suppliers, regulatory bodies and/or the community and media.

Depending on the type of reputational risk event, the impact could include reduced sales, reduced profitability, a decline in share price, difficulty in recruiting and retaining talent, and increased regulatory focus.

Risk development in 2023

The risk has trended broadly stable during the year with no notable issues having a discernible impact.

Mitigating factors

Admiral has in place risk appetite statements that set out the level of risk the Group is willing to accept for each key risk, and the Group monitors associated metrics that inform reputational risk analysis for different stakeholder groups. This analysis includes social media metrics, staff surveys, and investor relation reports.

The Executive Management team is experienced, and reputational impact is considered across key decisions and major external events.

Given the breadth of events that could impact on Admiral's reputation, a number of the mitigating factors captured in the other principal risks and uncertainties would also mitigate reputational risk.

Admiral has a crisis response and communications plan that seeks to minimise the reputational and other impacts of an event once it has materialised.

Emerging Risks

The management of emerging risks is a key element of Admiral's strategic risk management, and emerging risks and opportunities continued to be reviewed throughout 2023.

Admiral Group identifies and monitors emerging risks, issues which may be potentially significant, but may not be fully foreseen, assessed or allowed for in insurance terms and conditions, pricing, reserving or capital setting, or strategic and business decisions. By their very nature, emerging risks are many and varied, with a high degree of uncertainty around the likelihood of occurrence, severity and/or timing. The broad analysis of a wide range of emerging risks and opportunities may lead to a change in strategy, management behaviour, ways of working or risk management and in turn, to a stronger and more robust business which better delivers on its commitments to customers, employees, and other stakeholders.

Emerging risks are identified via horizon scanning. This involves an extensive literature review, consultations with internal working groups, and interviews with internal stakeholders, subject matter experts, and external specialists. Emerging risks are assessed using an internally-developed framework, which includes qualitative and quantitative analysis to grade each emerging risk on a scale designed to be comparable across entities and compatible with management of operationalised risks. Evaluation of the potential impact to Admiral includes consideration of how the risk may interact with existing principal risks and uncertainties (PR&Us), as well as any new risks that could arise. It also covers the precautionary deployment of management actions and mitigating controls.

Admiral's Emerging Risk Radar captures an assessment of potential impact and time to crystallisation for emerging risks. It categorises each risk into four broad risk segments: (a) social, political & economic, (b) legal & regulatory, (c) technology and (d) environmental. Plotting emerging risks in this way can shed light on the macro trends with common drivers and effects.

Reporting on emerging risks and opportunities is provided to the GRC and relevant Boards, is incorporated into the Group ORSA Report, and is discussed with the senior management and entity risk teams.

Admiral Group plc Annual Report and Accounts 2023

Reflecting ON INTERNAL MOBILITY AT ADMIRAL

Hola! I've been in the Admiral Group for 12 years and spent the last 8 of those years as CEO of our Spanish insurance business – Admiral Seguros.

As CEO of Admiral Seguros, I oversee a fantastic team of people, based mostly in Seville. We serve our 440k Spanish customers through the Qualitas Auto, Qualitas Classic and Balumba brands.

I originally joined Admiral as a Business Development Manager, reporting into Henry Engelhardt. Previous to Admiral I had been a senior manager in PwC Madrid, also completing an MBA at INSEAD. In my first day on the job Henry asked me if I would mind delaying my training and flying to the US, to support a team investigating what would later become Compare.com. Thus started an intense but fun-packed three years during which I worked closely with both Henry and David Stevens, running group projects and launching the UK telematics product.

In 2014 I had the chance to move to Paris and support the in-sourcing of our French operation, L´olivier. From there I moved to Seville and transitioned into leadership of the Admiral Seguros team at the time Cristina Nestares moved to the UK.

What struck me about Admiral when I first joined was its open culture, combined with a strong willingness to do things differently and to trust in people as a driver of results. I'm pleased to say that 12 years on, the Admiral culture is still very much prevalent across the Group.

It's been great to reflect during 2023 on everything the Group has achieved in the last 30 years. I look forward to continuing to build together on this success.

> "What struck me about Admiral when I first joined was its open culture, combined with a strong willingness to do things differently and to trust in people as a driver of results. I'm pleased to say that 12 years on, the Admiral culture is still very much prevalent across the Group."
>
> **Sarah Harris**
> CEO, Admiral Seguros

Viability Statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a three-year period, having referenced the Group's Own Risk and Solvency Assessment (ORSA), the Capital Plan, risk strategy, risk appetite, principal risks and uncertainties, key risk drivers, and ongoing risk management activities.

As per provision 31, Admiral considers three years to be a period of assessment over which it has a reasonable degree of confidence. Although the Group reviews financial projections that extend beyond the three-year time horizon covering the years up to 2028, Admiral considers that there is an inherent risk and uncertainty in projecting beyond this three-year period, as the degree of certainty in the impact of internal and external developments reduces greatly due to the nature of Admiral's primary business (one-year insurance policies). However, these financial projections contain no information which would cause different conclusions to be reached over the long-term viability of the Group.

At least annually, the Group produces an ORSA report, which is one of the sources of evidence used by the Board to assess viability. The ORSA report sets out a detailed consideration of the principal risks and uncertainties facing the Group and considers current and projected levels of solvency and liquidity over the short to medium term.

In addition to the ORSA, the Board utilises other relevant reporting, some of which is longer term in nature. Notably these include five-year financial projections reviewed twice a year, three-year solvency projections reviewed at least twice a year, and a one-year financial budget for the forthcoming 12 months approved on an annual basis.

Another source of evidence is the alignment of the financial and business planning process and the solvency assessment, referred to within Admiral as the capital plan. This makes sure that Admiral is appropriately capitalised at a fixed point in time as well as over the future planning time horizon, given Admiral's principal risks and uncertainties and a plausible range of potential stressed conditions. The capital plan is a key consideration for Group and Subsidiary Boards in assessing and approving the business strategy, business/financial plan, capacity to pay dividends, and key business decisions.

The quantitative assessment considers how the regulatory capital requirements, economic capital needs, own funds and solvency position of the Group are projected to change over the three-year horizon, with a requirement to maintain a solvency ratio above the approved capital risk appetite buffer throughout the projection.

As part of the ORSA process, a series of sensitivity, stress and scenario tests (S&STs) and reverse stress tests (RSTs) are examined and quantified based on the regulatory capital basis (which is the standard formula method with adjustments tailored to reflect Admiral's risk profile) to understand the potential impact on the Group's solvency, liquidity and profitability over a three-year period. In addition to these Group tests, there are also entity-specific scenarios, considered of lower materiality to the Group, that are performed by each subsidiary insurance entity as part of their ORSA processes.

The results of the stress tests form part of the process to set the Group's capital risk appetite, which seeks to hold a buffer on top of the Group's regulatory capital requirement that is sufficient to protect its regulatory capital position against a range of significant but plausible potential shocks and stresses.

Key strategic decisions, including the setting of dividend payments, consider the solvency impact against the Board-approved capital risk appetite of 150%, which is a key criterion for the Board in assessing viability. Refer to the Strategic Report (page 54) for information on sensitivities to the reported 2023 solvency ratio position.

To assess the robustness of the Group to the impact of various risks, 13 S&STs and two RSTs have been quantified to understand the potential impact on the Group's solvency ratio. In 2023 a range of scenarios have been performed, capturing insurance risk, market/credit risk, strategic risk, natural catastrophe, climate change and cyber/operational risk.

The results provide comfort that Admiral has sufficient capital to withstand the extreme scenarios. Whilst the 150% lower trigger is breached in five instances – three severe inflation-based scenarios, a US banking crisis scenario and a liquidity stress, should such scenarios actually occur there are a number of management actions, including adjustments to shareholder dividends, that would be called on to alleviate capital pressures and improve the solvency ratio to bring it back above the 150% buffer. Another exception is an extreme RST, combining severe and extreme insurance and market risk scenario combinations with credit and liquidity risk. In the absence of management actions, this would result in a breach of the 100% solvency ratio but, as is the intention of the RST, it is considered to be an extremely remote outcome, being well in excess of a 1-in-200-year event. Overall, the Group is likely to remain adequately capitalised and liquid in future, given the results of the S&STs.

Viability Statement
continued

Risk management is an essential part of Admiral's operations, and successful risk taking is key to the Group achieving its business objectives. Risk management is therefore a key consideration when setting the Group's strategy, managing performance, and rewarding success. The current risks that are faced by the Group are captured in the Risk Universe, with the most notable risks captured in the Group's principal risks and uncertainties (page 98)[29]. In addition to these principal risks and uncertainties, the Group also considers a range of emerging risks that could impact the Group to varying degrees in the future, but which are not yet fully understood, including those related to climate change (page 107).

The Admiral Group Risk Strategy is considered and approved by the Board. The strategy is directly linked to the business plan and seeks to ensure that all risks are managed effectively to allow the Group to meet its strategic aims (page 22). Supporting this is the Admiral Group Risk Management Policy, which sets out Admiral's approach to risk management, as well as the governance of risk management across the Group. This approach ensures that there is appropriate oversight of the Group's risk profile, and that the Group remains within risk appetite in all its operations.

While each of Admiral's principal risks and uncertainties could have potentially impacted the Group's performance, during 2023 the following key risk drivers were seen to be of notable importance: changing economic outlook, geopolitical instability, technology, cyber and operational resilience, Consumer Duty, and climate change.

Changing economic outlook:

Admiral has reviewed and continues to monitor the Group's solvency and liquidity positions in response to market volatility and wider economic uncertainty, considering factors such as sustained high inflation, banking uncertainties resulting from the collapse of regional US banks and the UBS rescue of Credit Suisse, the wider impact of continued supply chain disruption, high energy prices, high interest rates, and the pressures on individual Household finances which have led to a cost of living crisis in many countries. Some of the current trends in risks most impacted by the changing economic outlook are highlighted below:

Premium Risk and Catastrophe Risk: Global uncertainties, supply chain pressures and increasing vehicle repair and replacement costs have all contributed to claims inflation. While labour shortages have generally eased, wages have also grown quickly to keep up with inflation, impacting large bodily injury claims. In most insurance markets, motor claims frequency has increased but is still noticeably below pre-pandemic levels. Admiral continues to manage these challenges with a disciplined, long-term approach to pricing and growth, with a focus on building the business for the long term.

Credit Risk: Cost of living pressure has seen growing demand for the "essentials" insurance product and a modest increase in the number of loan customers falling into arrears. Controls are in place to identify and support vulnerable customers on a case-by-case basis. Within Admiral Money, the screening process has been adjusted to include stricter creditworthiness and affordability checks to ensure that customers are resilient to ongoing inflation. The loan portfolio is subject to regular stress tests and the risk adjusted returns achieved indicate a resilient portfolio.

Reserve Risk: The Group has a prudent approach to reserving, which helps to minimise the impact of inflation and helps build strong, resilient businesses for the long term. Provision has been made for the impact of inflation on unsettled bodily injury (BI) claims, for which cost of care is the primary driver, ensuring that reserves capture excess inflation for all large BI heads of damage exposed to inflation, but particularly for wage inflation over the average time it takes for BI claims to settle. This continues to be reviewed, with best-estimates of these impacts being reflected in the reserves recognised as at the balance sheet date.

Operational Risk: While 2023 has seen the relative normalisation of working conditions following the pandemic-era, the business has continued to review the impacts and level of operational risk in the context of a modern, hybrid workforce. Admiral received real living wage accreditation in the UK in July which helped to support colleagues through cost of living concerns.

Geopolitical instability:

The escalation of geopolitical risk following the Russian invasion of Ukraine led to a review of potential exposure across the Group's PR&Us. At that time, both market risk and insurance risk were flagged as key areas to monitor.

Market Risk: The initial investment spread shock was of brief duration and there was very limited indirect exposure across the investment portfolio. Market risks are reviewed by the investments team and asset managers to ensure Admiral is adequately positioned in this rapidly changing environment.

Insurance Risk: The risk of reduced availability of co-insurance/reinsurance arrangements remains heightened due to tensions between Russia-Ukraine and an anticipated Ogden rate change in 2024, however monitoring is being undertaken to adequately react to any scenario.

More recently, Admiral reviewed its exposure to geopolitical conflict in response to the outbreak of the 2023 Israel-Hamas war. Initial analysis suggests there is no reason to believe Admiral will be materially impacted as a result of the conflict. The position is being monitored.

29 Please also see note 6 to the financial statements which sets out the Group's objectives, policies and procedures for managing financial assets and liabilities.

Cyber and operational resilience:

Admiral's strategy to drive continuous delivery of good customer outcomes includes effective and safe usage of technology and data. In support of this the Group Risk function has specialist staff which:

- Complete oversight, challenge and escalation of Technology and Information Security risks through regular engagement with each of the businesses within the Admiral Group;
- Monitor the risk position through setting and review of specific KRIs, with reporting and, where appropriate, escalation through to Committees;
- Ensure that there is an embedded Group Cyber Crisis management plan which includes all necessary stakeholders to ensure the effective response to a cyber crisis; and
- Work with the businesses to undertake deep-dive reviews of specific topics highlighted through threat intelligence and the key cyber risks facing the Group.

Consumer Duty:

The FCA's Consumer Duty came into effect on 31 July 2023. The Duty introduces higher and clearer standards of consumer protection across financial services and requires firms to focus on customer outcomes. This aligns with the Group purpose and commitment to delivering good customer outcomes for all customers. Admiral has worked hard to review critical customer communications and interactions, products and services, and customer journeys to align with the requirements of the Consumer Duty. Admiral has also had close engagement with external third parties and the FCA throughout the year on the Consumer Duty implementation and requirements. There is an ongoing focus to ensure that the Consumer Duty is fully embedded within the business and Admiral continue to monitor this to ensure that good outcomes are being delivered to customers.

Climate change:

Admiral remains committed to recognising and understanding the risks and opportunities posed by climate change to the Group, as well as to mitigate its impact on the environment. Climate-related risks can impact on all of Admiral's business lines, operations, investments, and reinsurance arrangements. Admiral Group recognises that while there are risks from delayed action, there are also opportunities from considering the challenges, including the potential to accelerate the Group's transformation, to build resilience, and to gain competitive advantage in new and existing markets.

As part of this work there is an ongoing Group focus on:

- Ensuring full compliance with existing and emerging regulatory and disclosure requirements
- Researching climate-change trends and assessing the risks and opportunities arising from climate change
- Incorporating climate-related risks into business-as-usual risk management and financial planning, such as enhancing Admiral's climate scenario testing capabilities, linking climate-related targets and achievements against the directors' remuneration, and better reflecting climate change considerations in projections from the Business Plan and
- Continuing efforts to further reduce the Group's carbon footprint.

Admiral Group's strategy linked to climate change is discussed in more detail in the Task Force on Climate-related Financial Disclosures disclosure (page 73).

Based on the results of this analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, for the period up to and including December 2026.

Strategic Report Approval

The Strategic Report is approved for issue by the Board of Directors, and signed on behalf of the Board:

Milena Mondini de Focatiis
Group Chief Executive Officer

6 March 2024

Celebrating ADMIRAL'S CUSTOMER CHAMPIONS

We love to celebrate when our colleagues go the extra mile for a customer, to ensure we recognise and reward exceptional service. Every month our UK CEO Cristina selects a customer champion, a colleague that has gone above and beyond for a customer.

Nancy from our Canadian operation was awarded this title for her amazing service to a customer who had been in an accident. The customer was still on the roadside with a car that couldn't be driven and feeling very shaken up. The initial contact with our customers is usually a brief call to get them and their car home safely.

However, in this instance the customer had no one else to call for comfort so Nancy called the customer back after their initial call. She stayed on the line with the customer for 30 minutes supporting them until the recovery vehicle arrived.

We understand that customers can be in a state of anxiety or shock when they initially contact us, we accompany them on some of their worst days, which is why we always try to help make the process easier with a friendly voice at the end of the phone.

CORPORATE GOVERNANCE

In this section

114 Chair's Introduction to Governance
116 Q&A with the Chair
118 Board of Directors
125 Board Leadership and Company Purpose
140 Division of Responsibilities
146 Nomination and Governance Committee Report
161 Audit Committee Report
168 Group Risk Committee Report
172 Remuneration Committee Report
174 Remuneration at a Glance
176 Director's Remuneration Policy
185 Annual Report on Remuneration
198 Directors' Report

Chair's Introduction to Governance

Building A DIVERSIFIED BUSINESS WITHIN AN EFFECTIVE GOVERNANCE FRAMEWORK

Dear Shareholder,
On behalf of the Board, I am pleased to present Admiral's Governance Report for the financial year ended 31 December 2023, my first as Chair of the Board. Through the course of my first year, I have been impressed with the focus that Admiral places on ensuring that an effective governance framework complements its unique culture and that both are embedded throughout the Group. This report describes the framework in place to ensure our Board and its Committees are operating effectively by supporting and challenging management to maintain high standards of governance across the Group as we continue to drive long-term value for all our stakeholders.

Board changes
2023 has been a year of considerable change for the Board of Admiral. I was honoured to take over the responsibility of Chair of the Board following Annette Court stepping down as Chair at the 2023 Annual General Meeting. You can find a full description of my appointment process in last year's Annual Report. Following the announcement of my appointment in January 2023, I went through a bespoke and comprehensive induction, details of this process are set out on page 151. Again, I would like to express my gratitude to Annette for her exemplary leadership of the Board. I can confirm that my fellow Board members and the wider Admiral Team are equally grateful for Annette's dedication and thoughtful guidance.

Jean Park retired from the Board and all her Admiral commitments with effect from 20 January 2023, having spent nine years on the Board. As I have previously mentioned, it was with great sadness we learnt that Jean had passed away

"The Board is focused on delivering Admiral's purpose and building its culture through a framework of good governance and established values which, in turn, will deliver long-term, sustainable returns to our shareholders."

Mike Rogers
Group Chair

in May 2023. Whilst Jean left prior to my joining the Board, I am well aware of the invaluable contribution she made to Admiral and the Board throughout her nine years' service, as well as the esteem within which she was held by her fellow Board Directors and our colleagues across the business.

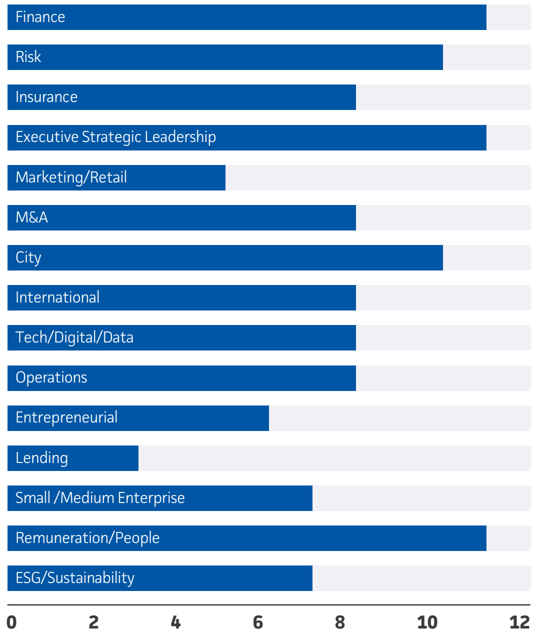
Sadly, we also learned that our former Board colleague Keith James passed away in May 2023 after a short illness. Keith joined the Board in 2002 and served until 2012 overseeing huge growth and change across the Group. Following his resignation from the Board, Keith chaired and served on a number of subsidiary boards until he retired as a director in 2019. Keith then continued to undertake mentoring roles to many of the Admiral management team until shortly before his untimely death. Keith was universally liked, respected and admired by so many across South Wales and beyond and will be deeply missed by the whole Admiral community.

We were delighted to welcome Fiona Muldoon who joined the Board on 2 October 2023. Fiona was appointed as a new independent Non-Executive Director and member of the Audit Committee. Fiona's biography can be found on page 123. A description of the appointment process undertaken to find and recruit Fiona is set out on page 149.

People and culture
One of the most significant and enduring observations from my first year as Chair is the sheer quality of people we have at Admiral and the passion they show for the business, this is demonstrated every day in the work they do. There is a special culture embedded throughout the Group, which I believe is unique to Admiral. We build our culture through our purpose and our values, these are not just words on paper, they are lived daily by our teams and integrated through everything we do as a business. On behalf of the Board, I would like to thank all our employees for the hard work, dedication and enthusiasm they have shown throughout the year. Our people and our culture are what sets us apart from other companies and are the reason why in 2023, Admiral was acknowledged as the best large Company to work for in the UK, and our Chief Executive Officer, Milena

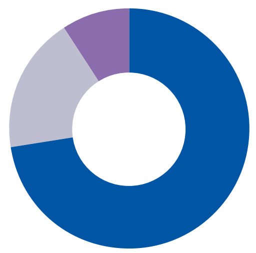
Governance at a glance

Board Director skills



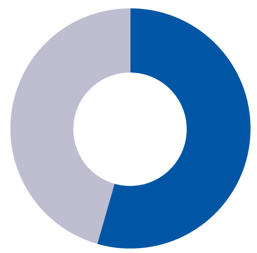
* Independent on appointment

Board independence



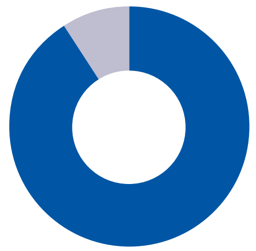
8 Independent
2 Non-Independent
1 Chair*

Board gender



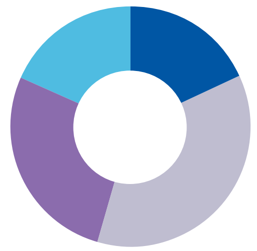
6 Men
5 Women

Board ethnicity



10 White British or other White (including white minority groups)
1 Asian /Asian British

Board tenure



2 0–2 years
4 2–4 years
3 4–6 years
2 6+ years

Mondini de Focatiis, was recognised as the best leader of a big Company at the Best Companies to work for awards, see more at www.b.co.uk. You can find out more about our culture and why Admiral is considered a great employer throughout this report.

ESG and sustainability
ESG and sustainability considerations form part of the narrative to every decision we take as a Board and are integral to the formation of our wider Group Strategy. During the year, the Board considered the effects of the cost of living situation and, amongst other financial and non-financial measures taken to keep employees healthy, motivated and productive, declared a 5% salary increase for all our UK based employees. Further information on this can be found on page 129.

With regards to diversity, I am pleased to report that the Admiral Board exceeds the FTSE Women Leaders Review targets, with a range of 45% to 55% female Board representation during the year. We have a female CEO and Senior Independent Director and have met The Parker Review target for Director ethnicity at Group Board level. Whilst this is positive, we cannot rest on our laurels, there is still much work we can do to ensure a fully inclusive environment sits alongside a diverse pipeline of talent to drive the business forwards. You can read more about our diversity and inclusion initiatives on pages 62 and 154.

Climate change and the wider environment are important considerations we take into account as a Board. You can read about how Admiral has taken steps to meet its environmental obligations through its TCFD and SECR reporting disclosures set out on pages 71 and 73.

As Chair, I am conscious that the Board is accountable to all our shareholders and wider stakeholders such as our employees, customers, partners, suppliers, communities and the environment. We maintain an active dialogue with our shareholders and have regular interaction with all our wider stakeholders. How we do this is set out in our section 172 statement on page 87 along with further details on page 136.

Effectiveness
The Board conducted an evaluation of its own performance and those of its committees in December 2023. In line with its three-year cycle, this review was conducted internally by the Company Secretary in conjunction with myself. The findings from the 2023 evaluation along with an update on the progress made against those recommendations from the previous year's external review process can be found on page 158. This process gives a clear focus on what we can do as a Board to improve during the forthcoming year, however it did confirm that the Board and its committees are working effectively in ensuring the business is managed for the long-term benefit of all our stakeholders.

I would like to thank my fellow Board members for their insight and support during my first year as Chair. I look forward to our 2024 AGM, which will once again be held in person on 25 April 2024. Further details will be published in the Notice of Annual General Meeting, which will be sent or made available to shareholders on the Company's website.

Mike Rogers
Chair

6 March 2024

Q&A with the Chair

Helping PEOPLE LOOK AFTER THEIR FUTURE

We asked Mike Rogers to share some of his initial impressions and observations from his first year as Chair of Admiral.

How valuable did you find your induction process in preparing you for your role as Chair?

My induction process was incredibly helpful and insightful. One of my overwhelming impressions of Admiral is how knowledgeable and collaborative colleagues are across the UK and beyond. Admiral staff generally have a very long tenure and therefore the knowledge that they build up and are able to share is incredibly valuable. I believe that the way that Admiral colleagues collaborate so closely really adds to the overall competitive advantage that Admiral has been able to maintain for so many years. Meeting with management during my induction process has really reinforced this in my mind. On top of meeting management, I have also spent time listening to customer calls as well as spending time in a number of call centres with our front-line staff. Everyone I have met has been generous with their time and it is clear that people at Admiral love working here.

See **page 151** for further information

What does effective governance mean to you and how is this demonstrated at Admiral?

Throughout my career I have seen how embracing effective governance, initiated at the most senior levels of a Company and cascaded down through the business, builds a culture where integrity and values are put at the very heart of how that business operates. This in turn allows trust to be built through accountability and transparency, which encourages investment and the building of stakeholder relationships with confidence and mutual respect. At Admiral, I have seen this integrity demonstrated through a strong sense of purpose and values, led by an effective Board who understand and espouse the benefits that effective governance can have on building a positive workplace culture and, ultimately, on the performance of the business. Whilst this in itself cannot guarantee Admiral's success, it certainly can create a strong base from which the Company is given the best opportunity to flourish.

See **page 113** for further information

What have been your initial impressions of Admiral's culture during your first year?

Before I joined as Chair, I was aware of Admiral's reputation for its unique culture, this was a factor in guiding my decision to join the Company. Having spent my first year visiting all areas of the business and meeting a large cross-section of our colleagues, I can honestly say that I have not been disappointed. I believe I can sum up Admiral's culture with the following words: engaging, innovative, collaborative, inclusive, focused, conscientious and fun. The Board and senior management team view our culture as the heart of what Admiral is, and what it stands for as a business. Admiral's culture is key to why the Company has been so successful in growing over the past 30 years to where we are today and, for this reason, should be protected at all costs. Amongst the many awards received which reflect our culture, we were delighted to be named Best Large Company to work for in 2023 and our CEO, Milena, was awarded Best Leader of a Big Company at the Best Companies Awards.

See **page 132** for further information

How much consideration should the Board give to Admiral's purpose and values during its decision-making process?

On joining the business, Admiral's philosophy was explained to me in simple terms, we want to help people to look after their future, always striving for better together. This is our purpose, and in my relatively short time with the business I've been impressed in seeing how our colleagues embody this purpose every day through our values. With every discussion and decision we take as a Board, our purpose and values are at the forefront of our minds. Simply put, if the Board believes something does not measure up to the high bar we have set ourselves then it will be rejected. Our values are embraced through an open and inclusive workplace, where people can have fun, work hard, and be rewarded for their achievements. The Board and our senior management team lead from the front, truly believing that people who like what they do, do it better, and it is our customers and wider stakeholders who benefit as a result.

See **page 132** for further information

How important is diversity and inclusion to the success of the business?

Embracing people from all areas of society and walks of life brings with it different experiences, skills and perspectives. This in turn delivers a stronger, more creative and capable workforce. Inclusive and diverse workplaces foster a keen sense of belonging and create an environment where employees feel their contributions are valued and respected, this enhances the culture of the Company. High quality candidates are attracted to diverse and inclusive companies and employees feel more comfortable and satisfied within inclusive environments, creating loyalty and reducing attrition. Equality is one of the four pillars of Admiral's culture and I've been impressed with the seriousness and focus the Group gives to ensuring diversity and inclusion, from the Board through to all levels within the Company. We have many forums throughout Admiral which focus on all aspects of diversity and inclusion, this is key to enhancing our culture and ultimately the success of our business. The team is proud of its diverse working culture – it's what makes us Admiral.

See **page 154** for further information

Why is stakeholder engagement important to Admiral?

Stakeholder engagement is a key responsibility for the Board, we value all our stakeholders and through understanding their individual needs the Board is able to create a balanced and fair approach to their varying, sometimes conflicting, interests. Engagement through effective communication builds trust, credibility and confidence, and we take into account our various stakeholder views and opinions to build a shared vision for the future. Engagement also brings clarity and alignment as to what the business wants to achieve and consensus as to how it should do this. Our stakeholders have a huge wealth of relevant knowledge and experience which we are able to tap into to help Admiral be more impactful, sustainable and successful, whilst at the same time assist in mitigating potential risks, conflicts and resistance to change. The Board understands the importance of these relationships and Admiral has an in depth understanding of who our stakeholders are and how best to engage with them for the benefit of the Company in the long-term.

See **pages 56, 87 and 136** for further information

What does being a sustainable business mean to the Admiral Board?

As a Board we understand that having an understandable, transparent and sustainable approach to business has environmental, economic and social benefits, not just for our stakeholders but for society as a whole. We have a duty to promote sustainable working practices and, where possible, to mitigate the negative aspects of any impact we have on our environment. Everyone benefits from working in a more sustainable environment and by doing our best to reduce emissions and promote equality, as a couple of examples amongst many, we can do our small part to help secure and build a society for future generations. As a Board, we understand that the perception from our stakeholders around Admiral's commitment to being a sustainable business has a bearing on our reputation, our customer loyalty, employee engagement and investment decisions. By continuing to integrate and embed sustainability and ESG practices throughout our business we are ensuring Admiral's success and resilience over the longer-term.

See **page 56** for further information

Board of Directors

Our aim is to accelerate the evolution of our core businesses toward what we call Admiral 2.0, an organisation that leverages on Admiral's historical strengths whilst being even more agile and technology focused.

Key

Board skills matrix

- Finance
- Insurance
- Marketing/Retail
- City
- Technology/Digital/Data
- Entrepreneurial
- Remuneration/People
- Risk
- Executive/Strategic Leadership
- M&A
- International
- Operations
- Lending
- ESG/Sustainability
- Small/Medium Enterprise

Committee Membership

- Audit Committee member
- Remuneration Committee member
- Group Risk Committee member
- Nomination and Governance Committee member
- C Committee Chair
- Senior Independent Director

Mike Rogers C
Chair

Appointed
Appointed as Chair of the Board on 27 April 2023.

Current appointments
- Chair of Experian plc

Background and experience
Mike was Group Chief Executive Officer of LV= Group from 2006 until 2016, during which time he grew the organisation into a significant player in the life and general insurance market. Before that, Mike was with Barclays plc for more than 20 years, holding a number of senior roles, most recently as Managing Director, UK Retail Banking. Mike was previously a Non-Executive Director of NatWest Group plc (where he Chaired its Group Sustainable Banking Committee and sat on the Group Performance and Remuneration Committee). He was also previously a Non-Executive Director of the Association of British Insurers.

Contributions and reasons for appointment
Mike was appointed as Chair of the Board based on his wide business, insurance and financial services knowledge and on him being someone who would make a strong strategic impact on the future of Admiral. Mike has over 30 years of international financial services experience holding the senior positions described above. Mike also has a wealth of Board experience, he is currently Chair of Experian plc, and stepped down as Non-Executive Director of NatWest Group plc immediately prior to joining Admiral and as Chair of Aegon UK on 22 January 2024. Mike's recent and relevant background and experience, and the skills he has developed over his significant and distinguished career made him the ideal choice as Chair to lead the Admiral Board and business through the next stage of its evolution.

Skills

Milena Mondini de Focatiis
Chief Executive Officer (CEO)

Appointed
Appointed to the Board in August 2020 and became CEO on 1 January 2021.

Current appointments
- Admiral Insurance Company Limited member (an Admiral Group subsidiary)
- Able Insurance Services Limited Board member (an Admiral Group subsidiary)
- Mentor for A-Road, Growth Capital

Background and experience
Milena joined Admiral in 2007 and was appointed CEO in January 2021. She has been a member of the leadership team throughout her time at Admiral, has extensive experience of the Group's operations and has attended and actively contributed at Board meetings as an observer since 2011. Her previous roles included being Head of UK and European Insurance and CEO of ConTe, Admiral's Italian insurance business which she founded in 2008. Before joining Admiral, Milena worked as a consultant for Bain & Co and Accenture. She holds an MBA from INSEAD and a degree in Telecommunication Engineering from Università degli Studi di Napoli Federico II.

Contributions and reasons for appointment
Milena leads a very strong and experienced management team and is an effective CEO who continues to build an even stronger Admiral for the future. In 2023 Milena was awarded the Best Leader of a Big Company at the 2023 Best Companies Awards.

Skills

Geraint Jones
Chief Financial Officer (CFO)

Appointed
Appointed in August 2014.

Current appointments
- Admiral Financial Services Limited Board member (an Admiral Group subsidiary)
- Admiral Insurance (Gibraltar) Limited Board member (an Admiral Group subsidiary)
- Admiral Insurance Company Limited Board member (an Admiral Group subsidiary)
- Trustee and Chair of the Finance and Audit Committee of the Wales Millennium Centre
- Finance, Audit and Risk Committee member at the Football Association of Wales

Background and experience
Geraint joined Admiral in 2002 and held several senior finance positions including Head of Finance, before being promoted to Deputy CFO in January 2012 and CFO in August 2014. Geraint is responsible for finance, investments and investor relations. A Fellow of the Institute of Chartered Accountants in England and Wales, Geraint spent the early part of his career as an external auditor at Ernst & Young and KPMG.

Contributions and reasons for appointment
Geraint has worked for Admiral for over 20 years and has been Group CFO for nearly 10 years. He has a deep understanding of the Group's businesses and strategy, which, together with his significant financial and accounting experience and broad range of skills and commercial expertise, makes him a valuable contributor both to the Board and the wider Group. Geraint is also able to use his financial and accounting experience to provide insight into the Group's financial reporting and risk management reporting processes.

Skills

Admiral Group plc Annual Report and Accounts 2023

Board of Directors
continued

Michael Brierley
Non-Executive Director

Appointed
Appointed in October 2018.

Current appointments
- Chair of Admiral Financial Services Limited (Admiral Money) (an Admiral Group subsidiary)
- Director, Trustee and Chair of Finance and Risk Committee of the Rose Theatre Trust
- Non-Executive Director and Chair of Audit Committee and Risk and Compliance Committee at Alpha Bank London Limited

Background and experience
Michael was CFO of Metro Bank Plc between 2009 and 2018, helping lead the business from start-up to profitability and listing on the FTSE. He spent seven years at Capital One Europe in various roles including CFO Europe, CFO UK and Chief Risk Officer Europe. He has also served as CFO for Royal Trust Bank, Financial Controller at Industrial Bank of Japan (London Branch), Director Business Risk at Barclaycard and was co-founder, Deputy Managing Director and CFO of Gentra Limited. Michael is a Fellow of the Institute of Chartered Accountants in England and Wales.

Contributions and reasons for appointment
Michael brings a depth of knowledge from working at senior levels across multiple financial services sectors, jurisdictions and markets. As a result of his extensive financial and commercial experience, Michael is able to contribute effectively as a Non-Executive Director, and in his role as a member of the Audit and Remuneration Committees. Through his recent and relevant financial experience, he is able to effectively challenge management on the financial reporting and internal control matters that come before the Audit Committee. Michael demonstrates full commitment to the responsibilities that go with his Board and Committee roles and offers appropriate challenge and guidance in respect of the matters considered in these forums.

Skills

Karen Green
Non-Executive Director

Appointed
Appointed in December 2018.

Current appointments
- Non-Executive Director, Senior Independent Director and Chair of the Sustainability Committee, member of the Nominations and Remuneration Committees, Phoenix Group Holdings plc
- Non-Executive Director, member of the Audit, Nomination and Remuneration Committees, Great Portland Estates PLC
- Non-Executive Director, and Risk and Audit Committee Chair and member of the Remuneration Committee of Miller Insurance Services LLP
- Non-Executive Director, Chair of the Risk Committee and member of the Remuneration Committee, Asta Managing Agency Ltd
- Advisor role for Insurtech, Cytora Limited
- Supervisory Board member and Audit Chair for the TMF Group
- Charity Trusteeship, Wellbeing of Women

Background and experience
Karen Green is the former CEO of Aspen UK. Other senior Aspen positions included Group Head of Strategy, Corporate Development, Office of the Group CEO and she was a member of the Group Executive Committee for 12 years. Prior to that, she held various corporate finance, M&A and private equity roles at GE Capital Europe and Stone Point Capital having started her career in investment banking at Baring Brothers and Schroders.

Contributions and reasons for appointment
Karen has substantial financial services experience and has a deep understanding of insurance and reinsurance. Karen also has a strong background in strategic planning and corporate development and the relevant financial and industry expertise to be Chair of the Audit Committee. She demonstrates the commitment required to discharge effectively the responsibilities attached to this role and to challenge management on the Group's financial reporting and risk management processes.

Skills

Justine Roberts, CBE
Non-Executive Director

Appointed
Appointed in June 2016.

Current appointments
- CEO and Founder, Mumsnet.com and Gransnet.com
- Non-Executive Director of The Open Data Institute
- Non-Executive Director of Boring Money
- Non-Executive Director and Chair of Remuneration Committee of the English Football League

Background and experience
Justine founded Mumsnet in 2000 and is responsible for creation, strategic direction and overall leadership. In May 2011, Justine founded Gransnet, a sister site to Mumsnet, for the over-50s. Before that Justine was a freelance football and cricket journalist for the Times and Daily Telegraph, after working for Warburgs and Deutsche Bank as an economist, strategist and head of South African Equities in New York.

Contributions and reasons for appointment
As CEO of the successful Mumsnet and Gransnet brands, Justine has strong digital and customer experience insights that she is able to bring to the Board decision-making process. Justine also has a strong background in driving change through digital capabilities and brings a fresh and insightful perspective to the matters for consideration by the Board. Justine is also an effective member of the Nomination and Governance Committee and demonstrates full commitment to the role as well as performing the role of Senior Independent Director.

Skills

Andy Crossley
Non-Executive Director

Appointed
Appointed in February 2018.

Current appointments
- Chair of EUI Limited (an Admiral Group subsidiary)
- Non-Executive Director, member of Remuneration Committee, Risk Committee and Chair of Audit Committee at Vitality Health Ltd (Vitality Health Ltd, Vitality Life Ltd, Vitality Corporate Services Ltd) and Senior Independent Director of Vitality Life Ltd.

Background and experience
Andy was CFO at Domestic & General Group from 2014 to 2017. He spent 14 years at Prudential Plc from 2000 as Director, Group Finance; Group Chief Risk Officer, and CFO and Deputy Chief Executive of Prudential UK. He previously held senior manager roles at Legal & General Group Plc, where he was Group Financial Controller, and Lloyds Bank Plc. Andy is a Fellow of the Institute of Chartered Accountants in England and Wales.

Contributions and reasons for appointment
Andy has held a variety of senior roles relating to financial planning, strategy and risk across UK financial services. He has a wealth of accounting and financial experience and provides progressive insights to the matters that come before the Board. Andy is a valuable contributor to the Board and as a member of the Audit Committee and Chair of the Group Risk Committee. Through his recent and relevant financial experience, he is able to effectively challenge management on the financial reporting matters that come before the Audit Committee.

Skills

* Ceased to be a member of the Audit Committee on 7 March 2024.

Board of Directors
continued

Jayaprakasa Rangaswami
Non-Executive Director

Appointed
Appointed in April 2020.

Current appointments
- Non-Executive Director and member of Remuneration Committee (joint with both Allfunds entities) of Allfunds Bank SA and Allfunds Group Plc
- Non-Executive Director and member of Remuneration and Nominations, Audit and Risk Committees at Daily Mail and General Trust Plc (DMGT)
- Board Member and Chair Quarterly Security Forum of Harmsworth Media
- Non-Executive Director and member of Audit Committee, Human Resources and Remuneration Committee and Chair, Sustainability, and Innovation Committee of National Bank of Greece S.A.
- Member and Chair, Business Development Committee, Board of Trustees, Cumberland Lodge
- Member, Board of Trustees, Web Science Trust

Background and experience
Jayaprakasa Rangaswami (JP) has a wealth of large-scale IT operational experience gained through his roles as Chief Information Officer (CIO) with Dresdner Kleinwort (2001 to 2006) and Managing Director/Chief Scientist at BT Group (2006 to 2010). JP has also been Chief Scientist with Salesforce (a US cloud-based software Company) (2010 to 2014) and was Chief Data Officer (CDO) and Group Head of Innovation with Deutsche Bank (2015 to 2018).

JP is also a former global CIO of the Year as well as European Innovator of the Year.

Contributions and reasons for appointment
JP brings a wide range of technology and digital experience which helps to complement and enhance the existing skills around the Board table. He has operated in financial services for over ten years and understands the challenges of working in a regulated environment. He is also able to effectively contribute to the Board debate and demonstrates full commitment to the role. JP is also a member of the Group Risk Committee, a role for which he has the relevant experience and capability.

Skills

Evelyn Bourke C
Non-Executive Director

Appointed
Appointed in April 2021.

Current appointments
- Non-Executive Director, Chair of the Audit and Risk Committee and member of the Nomination Committee at Marks and Spencer Group Plc
- Non-Executive Director, member of the Nominations Committee, Sustainability Committee, Remuneration Committee and Workforce engagement NED at Bank of Ireland Group plc.
- Non-Executive Director, Senior Independent Director, member of Audit Committee, Risk and Compliance Committee and Nominations Committee at AJ Bell Plc

Background and experience
Evelyn was Bupa Group's CFO between 2012 and 2016, before becoming Bupa's Group Chief Executive Officer from 2016 to 2020. Evelyn has held several senior leadership roles during her career including Chief Commercial Officer at Friends Life UK (2011 - 2012), CFO at Friends Provident (2009 – 2010), CFO at Standard Life Assurance (2006 -2008), and CEO at Chase de Vere (2004). Evelyn is a qualified actuary and holds an MBA from London Business School.

Contributions and reasons for appointment
Evelyn brings valuable general management, finance and strategy experience from life and health insurance, internationally. She complements and enhances the range of skills currently on the Board. Evelyn has held several leadership positions in financial services organisations and has the appropriate skills, knowledge and experience to perform her roles as Non-Executive Director and Chair of the Remuneration Committee.

Skills

Bill Roberts
Non-Executive Director

Appointed
Appointed in June 2021.

Current appointments
- Advisor at Hi Marley
- Independent Non-Executive Director Elephant Insurance Company (EIC) (an Admiral Group subsidiary)

Background and experience
Bill Roberts has a wealth of insurance, underwriting and marketing experience gained during his time at US insurer, GEICO, which he joined in 1984. Whilst at GEICO, Bill held several Executive appointments, including COO and President and CEO for all GEICO Insurance Companies, a position he held from 2018 until he was promoted to Vice Chairman, GEICO Insurance Companies in 2020. Bill held this role until he retired from GEICO in December 2020.

Contributions and reasons for appointment
Bill brings valuable insurance experience and insight on the US insurance market having held several senior executive positions with US insurer, GEICO. Bill contributes and challenges effectively on the matters that come before the Board. His extensive US insurance experience and insight is of specific value to the Group's US business as it seeks to continue to develop and grow. Bill does not currently have any other Executive or Non-Executive Director commitments that would impact the time commitment requirements for his Admiral Non-Executive Director role and member of the Nomination and Governance Committee and has capacity to fulfil the duties and responsibilities for these roles.

Skills

Fiona Muldoon
Non-Executive Director

Appointed
Appointed in October 2023.

Current appointments
- Non-Executive Director, Chair of the Risk Committee and member of the Audit Committee at Beazley plc
- Chair of Sretaw PE DAC

Background and experience
Fiona has thirty years' experience in the insurance industry. Fiona was the CEO of FBD Holdings plc, a listed general insurer in Ireland, from 2015 to 2020. Prior to that Fiona was Director of Credit Institutions and Insurance Supervision at the Central Bank of Ireland, the Irish regulator. Fiona spent 17 years of her career with XL Group in various progressively senior finance and general management positions, in Dublin, London, and Bermuda. She is a Fellow of the Institute of Chartered Accountants in Ireland.

Contributions and reasons for appointment
Fiona has acquired extensive experience of the insurance sector during her 30+ years' career in financial services. Fiona has built a compelling portfolio in the financial services sector, demonstrating an ability to leverage her financial and commercial skills to make a useful contribution to board discussions. Fiona was a Non-Executive Director of Bank of Ireland Group for eight years, also sitting on the board of New Ireland Assurance Company, the bank's wholly owned life insurance, pension and investment business. She additionally serves on the board of Beazley; a FTSE 100 specialist insurer and she chairs the board of Sretaw DAC a private equity Company based in Ireland.

Skills

Admiral Group plc Annual Report and Accounts 2023

Board of Directors
continued

Dan Caunt
Group Company Secretary and General Counsel

Appointed
Appointed in May 2022.

Background and experience
Dan trained at Field Fisher where he qualified into the IP disputes team in 2005. Dan relocated to Cardiff in 2008. He spent two years in the IP/commercial litigation team at Osborne Clarke before joining Admiral's in-house legal team in September 2010. Dan became Group Company Secretary and General Counsel at Admiral in May 2022 and leads the in-house Group Legal and Company Secretarial teams within the business. Dan is secretary to the Admiral Group Board and all Group Board Committees.

"As Company Secretary of Admiral Group PLC, my role is focused on ensuring that the Group conforms to the highest standards of corporate governance practice as well as ensuring compliance with all of its legal and regulatory requirements."

Dan Caunt
Group Company Secretary and General Counsel

Our Culture

Engagement
#1

Best Big Company to Work for in the UK

Voted the best big Company to work for in the UK in 2023 by the Best Companies to Work For awards.
www.b.co.uk

Diversity
95%

of our employees believe Admiral is a diverse and inclusive employer.

GPTW Survey

Our Culture
87%

of our colleagues are proud to tell others that they work for Admiral.

GPTW Survey

Community
88%

of employees feel good about how Admiral contributes to the community.

GPTW Survey

Equality
#3

Admiral was recognised as the 3rd best workplace for women in the UK by Great Places to Work.
www.greatplacetowork.co.uk

Board Leadership and Company Purpose

UK Corporate Governance Code
The UK Corporate Governance Code ('the Code') available at www.frc.org.uk, applied to Admiral throughout the year ended 31 December 2023. At the heart of the Code is a set of principles which emphasise the value that good corporate governance can have on the long-term sustainable success of a business. By applying the principles, and following the more detailed provisions of the Code, the Board can demonstrate to Admiral's stakeholders how the creation of an effective, transparent and accountable corporate governance framework, aligned to the purpose and values of the Company, assists the Board in building our special Admiral culture and delivering the business strategy within the relevant legal and regulatory landscapes in which the Group operates.

Admiral is required to report to shareholders on how it has applied the principles and provisions of the Code during the year and, where we have not, the reasons for not doing so. The Board confirms that Admiral has complied with all of the provisions set out in the Code for the year ended 31 December 2023, with the exception of Provision 19. This is explained in further detail below.

Details on how Admiral has applied the principles set out in the Code and how governance operates throughout the Group have been summarised throughout this Governance section and elsewhere in this Annual Report and are set out in the table below.

Provision 19 of the Code states that 'The chair should not be in post beyond nine years from the date of their first appointment to the Board.' Annette Court was appointed as Board Chair in April 2017, having spent five years as a Non-Executive Director of the Board. Annette reached her nine-year tenure as Non-Executive Director on the Board in March 2021. As reported in the 2021 Annual Report, the Board considered and agreed, having consulted shareholders, that Annette should remain in post to facilitate an effective succession process for both CEO in 2021 and Chair in 2023. Mike Rogers was appointed Chair at Admiral's AGM held on 27 April 2023, at which time Annette stood down from the Board.

Compliance with Corporate Governance Code Principles

		Pages
1	**Board leadership and Company purpose**	
A	Effective Board	118
B	Purpose, values and culture	8, 132
C	Governance framework	113
D	Stakeholder engagement	56, 87, 136
E	Workforce policies and practices	96, 132
2	**Division of Responsibilities**	
F	Board roles and responsibilities	118, 140
G	Independence	118, 152
H	External commitments and conflicts of interest	143, 154
I	Board resources	144
3	**Composition, Succession and Evaluation**	
J	Appointments to the Board	118, 146
K	Board skills, experience and knowledge	153
L	Annual Board evaluation	158
4	**Audit, Risk and Internal Control**	
M	External Auditor and Internal Auditor	163
N	Fair, balanced and understandable review	161, 201
O	Internal financial controls and risk management	98, 161, 168
5	**Remuneration**	
P	Linking remuneration to purpose and strategy	172
Q	Remuneration policy review	176
R	Performance outcomes 2023	185

Provision 19 of the Code states that 'To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time.' Annette's re-election was supported by shareholders at the 2022 AGM (99.3% votes in favour) and her 2022 performance review, led by the Senior Independent Director, concluded that she continued to perform effectively as Board Chair, continued to exercise objective judgement and promoted constructive challenge amongst Board members. Following Annette stepping down and the appointment of Mike Rogers as the new Chair in April 2023, Admiral has been in full compliance with the Code.

Board Leadership and Company Purpose
continued

Principal areas of focus How the Board spent its time during 2023.

In 2023, the Board held seven scheduled meetings, in addition there were a number of ad hoc Board meetings to deal with significant matters that were unable to wait until the next scheduled meeting. A Board planner is in place which sets out those items to be reviewed on an annual basis at scheduled Board meetings in accordance with the Matters Reserved for the Board Schedule. The items below are not exhaustive but demonstrate some of the key areas of the Board's focus during the year ended 31 December 2023.

Strategy and business plan

- Received regular updates around key areas of business strategy across the Group including progress against current plan and strategic priorities for the business going forward
- A two-day Board strategy meeting took place at Admiral's Swansea office in October where the Group's business strategy, 5-year plan, Admiral 2.0, capital allocations and diversification were discussed
- Consideration of individual business strategies within the Group business presented by divisional CEOs, evaluating how these tied into the wider Group strategy
- Approval of acquisitions and disposals including disposal of Compare.com to Insurify, Inc., and the acquisition due to complete in 2024 of UK direct home and pet personal lines insurance operations of RSA, review of M&A processes and lessons learnt – see principal decision page 128
- Review of ESG, sustainability and community strategies and how these are integrated throughout the wider business strategy
- Brand, technology and digital programme updates.

Operational performance, financial and risk management

- Review of the operational performance of the business through regular reports from the CEO and presentations from CEOs and senior management from across business divisions
- Regular updates from the CFO on the Group's financial performance against strategic objectives, business plans, capital allocation and budgets, tax planning and international tax considerations, planning liquidity and adequacy of solvency thresholds and prudential buffers considering market conditions, analyst forecasts and financial and non-financial KPIs
- Approval of significant debt refinance - see principal decision page 129
- Review and approval of the half year and full year results and consideration and approval of interim and final dividends
- Consideration of fair, balanced and understandable requirements in the half and full year financial reports, along with going concern and viability statements following review by the Audit Committee
- Reviewed and approval of risk framework, policy and appetite for the Group through the Group Risk Committee
- Integration of new technology - see principal decision page 130
- Oversight of internal control environment and framework through updates from Audit Committee and Risk Committee including Cyber Risk, ORSA, Solvency II and Group Governance framework.

Culture and stakeholders

- Consideration of how the Group purpose and values have been imbedded throughout the business
- Review of how Admiral's culture continued to develop including analysis of feedback from Great Place To Work® (GPTW) survey results, working groups, culture scorecard and Diversity and Inclusion Policy review - see more on pages 56 and 132.
- Consideration of stakeholder map and respective stakeholder updates throughout the year, including engagement mechanisms - see more on pages 56, 87 and 136
- Employee welfare review and considerations including cost of living analysis and hybrid and remote working practice considerations - see pages 129 and 132
- Presentations and discussion from the Chairs of the UK and Overseas Employee Consultation Groups - see page 138
- Overview of Group reward strategy including review of share-based awards and approval of Directors Remuneration Policy through the Remuneration Committee – see page 172
- Talent management and succession planning throughout the Group
- Review of Investor Relations reports
- Group health and safety updates.

Society, environment and sustainability

- Oversight of Group ESG and sustainability strategy to ensure alignment with the Group's wider strategic objectives and culture – see page 79
- Review of climate change strategy, related activities and risk management including progress towards climate commitments and understanding the evolving expectations of stakeholders
- Updates on progress against sustainability targets
- Analysis of suppliers and partners and the communities within which Admiral operates
- Updates on volunteering and charity propositions within the Group as part of a wider community outreach strategy including sponsorship of community events, charitable giving, volunteering and fundraising
- Updates on the customer journey, customer engagement and ensuring fair and reasonable claim outcomes for all customers with special consideration of vulnerable and disadvantaged groups within society

Governance and Regulatory

- Received regular reports from the Chairs of the Audit, Risk, Nomination and Governance and the Remuneration Committee's
- Consideration of the work of the Nomination and Governance Committee on Board composition and succession planning, including approval of the appointments of Mike Rogers as Chair and Fiona Muldoon as Independent Non-Executive Director
- Regular updates and consideration of new regulatory requirements including implementation mechanisms for the new Consumer Duty regulation and oversight and education on the integration of IFRS 17 reporting framework - see page 131
- The fostering of good relations and open and constructive dialogue with regulators
- Discussions around conclusions of the external Board evaluation findings and agreed areas of focus and Board objectives for 2023
- Consideration of skills, experience and time requirements for Directors and recommendations to shareholders regarding their reappointment
- Discussions around The Parker Review disclosure requirements for senior management ethnicity through Nomination and Governance Committee and the implications for succession planning
- Review and approval of Group policies including Board members' potential Conflicts of Interest, Modern Slavery and Anti-Bribery considerations and approval of Admiral's Modern Slavery Statement
- Considered and approved the Notice of 2023 Annual General Meeting (AGM) for issue to shareholders
- Reviewed matters reserved for the Board and the committees' respective terms of reference.

Principal areas of focus for the Board for 2024

- Continued focus on accelerating the evolution of Admiral's core business and competencies toward 'Admiral 2.0', leveraging the Group's historical strengths whilst being even more agile and technology focused
- Oversight of progress of the Group's diversification strategy to ensure long-term resilience within the business whilst strengthening and complementing existing customer propositions
- Monitoring the ongoing embedding of culture and values throughout the business, including closely monitoring the effects of hybrid working to ensure that the uniqueness of Admiral's culture is maintained and developed
- To continue focus in relation to the Admiral internal model, supporting a planned regulatory pre-application and subsequent full regulatory application
- Provide steering and oversight for capital management and reinsurance
- Embedding the Group's sustainability strategy ensuring that it continues to be integral to the Group's wider strategy
- Focus on Board composition and skills in conjunction with Nomination and Governance Committee along with executive team succession planning
- Ensure diversity and inclusion objectives are embedded throughout the Group and continued progress is made in respect of ethnic diversity
- Monitoring progress against key pledges for climate change and community
- Continued deepening of the Board's understanding of external risk factors
- Ongoing oversight of FCA's Consumer Duty regime implementation across the business.

Strategic THINKING AT ADMIRAL

Whilst a significant proportion of the Board's time is focused towards addressing the short to medium term business considerations required in managing a business such as Admiral, it is also important that the Board is allowed the opportunity to take a step back and assess the bigger picture, to promote discussion and strategic planning over the medium to long term in order to identify and address those significant opportunities and risks that may present themselves. As well as being part of every Board meeting, Admiral annually dedicates two full days to focus on its strategy. In 2023, the Board was taken to Admiral's Swansea office for their annual strategy meeting, at this meeting the following items are examples of some of those issues the Board addressed.

- Group-wide strategy and objectives
- Admiral 2.0
- Diversification strategy
- Motor evolution strategy
- UK insurance strategy
- Organic versus inorganic growth
- International business strategy
- Five-year plan
- Strategic opportunities
- Organisational requirements.

2
full days each year to focus on strategy

Board Leadership and Company Purpose
continued

s172 Principal decisions

Our section 172 statement, set out on page 87, highlights how the Board considers those matters set out under s172. On the pages that follow are examples of some of the key discussions and decisions taken by the Board during the year along with details around how those considerations set out under s172 were taken into account during the Board's decision-making process.

Key: Board considerations as defined under s172:

- A Long-term impact
- B Interests of employees
- C Fostering business relationships
- D Impact on community and environment
- E Maintaining reputation for high standards of business conduct
- F Treating stakeholders fairly

Key

Customer | Shareholders | People | Partners/ Suppliers | Communities

Principal decision 1
Acquisitions and disposals

The strategic objectives the Board considers when evaluating potential acquisitions and disposals are:

1. To accelerate Admiral's diversification strategy: to increase the pace of growth of non-motor products, such as Household, Pet and Travel in the UK
2. To build new capabilities: acquiring knowledge in fields where Admiral has not yet developed the required competencies
3. A path to scale: opportunities identified where Admiral is able to drive incremental value through pricing and claims expertise and driving cost efficiencies
4. To divest from non-attractive markets: generating value from adjusting the portfolio to focus on markets where we see long-term growth potential.

In alignment with Admiral's strategy of diversification of its product offering into insurance products beyond Motor, the Board was pleased to announce the acquisition of the More Than direct Home and Pet personal lines insurance business from RSA in December 2023. This transaction will see Admiral welcome c.300 new colleagues as well as the transfer of the renewal rights and the 'More Than' brand.

The proposal to engage in the process to acquire the More Than business was first presented to the Board in September 2023, and then on a number of occasions at milestone points throughout the process. Board deliberations focused on:

- Strategic fit: The Board concurred with management that the acquisition represented a strong strategic fit and achieved the objective of diversification in the UK by accelerating the scale and market share of both Admiral's Home and Pet products
- Impact on core business: The Board considered the impact on the core/existing business, particularly in terms of management time, and felt that this could be mitigated by a properly structured, funded and resourced integration team
- Comparison of organic versus inorganic growth: An alternative approach of investing in organic growth was considered. The Board agreed that there was no alternative opportunity equivalent to the increase in scale for the Home and Pet businesses which would be achieved by this acquisition
- Brand reach: The Board agreed to offer RSA customers an Admiral Home product and discontinue the More Than brand for home insurance. Admiral would continue to offer the More Than brand to RSA Pet customers at renewal and to sell new business under this brand, whilst also maintaining the Admiral brand.

A key consideration for the Board in respect of the More Than acquisition was the impact on all stakeholders in the short and the longer terms. This was factored into the Board's evaluation and decision-making process. In such situations, key stakeholders will be identified, for example, employees, customers and shareholders, and analysis is undertaken to understand any relevant issues specific to each stakeholder group. The Board will balance the often-conflicting interests of stakeholders whilst, at the same time, ensuring all receive equitable treatment. In the case of the More Than business, after in-depth analysis the Board agreed that this was a strategic fit with the existing Admiral business and its stakeholders, and approved the acquisition as being in the long-term best interests of the Admiral Group.

During the year, Admiral said goodbye to our colleagues at Compare.com in the US, as the final step in our exit from the comparison market. The sale of Compare.com Insurance Agency LLC to Insurify, Inc., a US-based virtual insurance agent, was completed in March 2023 and demonstrated the Boards divestment strategy to focus on markets Admiral has identified as having the potential for longer term growth.

Key s172 criteria considered

A B C D E F

Relevant stakeholders considered

Principal decision 2
Liquidity/ Refinancing of subordinated debt

In June 2023, Admiral Group successfully priced a GBP £250 million 10.5-year Tier 2 bond issue, this was the second bond issue in its history. The bond issue was accompanied by a tender for Admiral's existing £200 million 5.5% subordinated Tier 2 notes, due to mature in July 2024, which attracted participation in line with expectations.

The Board considered the Tier 2 bond issue to be an important part of the Company's active management of its debt profile and capital base and took the opportunity to refinance, prudently well ahead of the maturity date in July 2024. The proceeds of the new notes were to be used to fund general business and commercial activities of the Group and to allow the Group to refinance its existing notes well in advance of maturity. The success of the new bond issue, which was oversubscribed, and the refinancing demonstrated the strength of Admiral's credit and investor confidence in the Group.

The Board sought external advice as to the most opportune timing for the proposed new issue and tender given the maturity date of the existing Tier 2 notes. The Board approved the refinance of the notes in June 2023 subject to favourable market conditions and pricing, given inflationary pressures and an uncertain global economic backdrop, in the best interests of the business and its stakeholders.

Key s172 criteria considered

A B C E F

Relevant stakeholders considered

Principal decision 3
Employee welfare and the cost of living

Admiral takes great pride in looking after its colleagues by helping them to look after their future, this is especially important in challenging economic times. In 2023 the Board continued its focus on maintaining a workforce which was healthy, motivated and productive, whilst also ensuring that the required talent and skills were built on to equip Admiral for the future. During the year, the Board oversaw investment in multiple initiatives to build on pre-existing employee engagement, believing that employees who feel supported during uncertain times, were better equipped to deal with them.

In H1 2023, conscious of the ongoing cost of living situation in the UK, the Board oversaw a one-off maximum salary uplift of 5% to all directly employed UK based colleagues. In addition, the timing of this increase was accelerated to ensure colleagues received benefit from the uplift for the majority of the year rather than awaiting the annual pay review date. Admiral also committed to paying the Real Living Wage for all of UK roles, to continue to support those impacted by the ongoing increased cost of living. This rate was paid from March 2023 and Admiral will be making the increase to £12, effective from 1 March 2024. This was approved at the EUI Board, the main UK trading business.

In addition to multiple health, wellbeing, diversity and inclusion and career initiatives - see pages 62 and 132, examples of additional initiatives overseen by the Board to specifically assist employees with the cost of living have included a canteen subsidy of 50% for food and drink covering approximately 2000 people a day and a car park subsidy resulting in 743 free parking spaces. The Board also approved a free share award to employees to ensure a sense of shared ownership in the success of the business. As a result of these and multiple other initiatives overseen by the Board, attrition rates continued to see improvements, overall absenteeism continued to see small reductions and recruitment performed well with increases in application volumes and strong acceptance of offers. The Board was also pleased to see an increase in the hiring of internal candidates for senior positions.

Employees were able to feedback to the Board through the Employee Consultation Group (ECG), where topics such as the cost of living, employee engagement and morale were discussed. Engagement scores across the Group remained strong, signposting areas for continued focus. Pleasing results were noted around inclusion, bolstered by external recognition and accreditation across several areas such as the government's Disability Confident Leader and the gold Corporate Health Standard. The Board was delighted that the work carried out by the team during the year was recognised with Admiral achieving multiple awards for its workplace culture - see page 13.

Key s172 criteria considered

A B C D E F

Relevant stakeholders considered

Board Leadership and Company Purpose
continued

Principal decision 4
New technology

New technology
A strategic priority for the Board is to accelerate the evolution of Admiral's core business and competencies toward 'Admiral 2.0', leveraging the Group's historical strengths whilst being even more agile and technology focused to ensure that it continues to put the customer first. To support the journey to Admiral 2.0 the Board is overseeing the building of next generation architecture, leveraging cloud, data, analytics and digital to continually improve the customer experience.

Following the implementation of the Guidewire Claims Centre platform in 2022, this year the Guidewire Policy Centre and Billing Centre were migrated to the cloud and at the same time updated to the latest version. Policy Centre and Billing Centre has been used by Admiral in the UK since 2016 but the cloud deployment and updates to the latest version allows the business to benefit from new features, mitigate technology and security risk, further improve the speed of release by shifting to an 'environments on-demand' model, and reduce the overall total cost of ownership of the estate. There were also improvements in customer contact, supported by the scaled deployment across the business of a new cloud contact centre platform which allows Admiral to utilise new technologies to enhance the customer telephony experience. In addition to telephony, Admiral is also modernising the customers' digital experience through a new web portal and mobile applications. Work has also commenced on the implementation of a new customer master database, which will provide a single customer view across the Admiral Group.

Moving to Admiral 2.0 is a strategic priority for the Board. Board oversight around the introduction of new technology and the migration of systems to the cloud will assist the business in meeting this objective. The roll out of new technologies brings modern, capable platforms that allow Admiral to create great features and experiences for customers, a faster time to market, improved scalability, stability and resilience, whilst also assisting in addressing the increasing risks around the protection of customer data and cyber security. The Board received updates and presentations from the business in addition to oversight of project milestones and agreed targets. As a result of the changes made as part of this transformation journey, Admiral aims to become a much more digitally diverse business both to customers and employees and the changes will also help in meeting sustainability targets.

Key s172 criteria considered
A B C D E F

Relevant stakeholders considered

Principal decision 5
Regulatory decisions

IFRS 17
IFRS 17, the new insurance contracts accounting standard, which establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, including information about a Company's financial position and enhanced disclosures in respect of claims reserves, was effective from 1 January 2023. The new standard applies to the Group and its insurance subsidiaries in the UK and Gibraltar.

During 2023, the Group Board continued to closely monitor the implementation of IFRS 17 and discuss and approve key information including accounting policy decisions, the impact on the transition balance sheet, 2022 comparatives, and projected future results, proposed revisions to key performance indicators.

In August 2023 the Board, in conjunction with the Audit Committee oversaw the successful conclusion of the IFRS 17 implementation programme, delivering the first external reporting under IFRS 17 as part of Admiral's interim results. Given the significance of the changes in reporting, external stakeholders were provided with supplementary information within the presentation, and additional opportunities to discuss the results in order to clarify the impact of the reporting changes.

Consumer Duty
The FCA's Consumer Duty regime came into effect on 31 July 2023. The Duty introduced higher and clearer standards of consumer protection across financial services and required firms to focus on customer outcomes. This new requirement aligned with Admiral's wider Group purpose and commitment to delivering good customer outcomes for all our customers.

The Board oversaw the implementation of the Consumer Duty regime through its relevant regulated subsidiary entities who fell under the scope of the new regime. Subsidiary board Non-Executive Directors were appointed as Consumer Duty "champions" in their respective businesses and implementation plans were approved. The FCA attended a Group Board meeting in April 2023 where constructive discussions were held around Consumer Duty implementation expectations, which were then fed back to the relevant subsidiary boards. The Group Board attained oversight and assurance through reports from the Group Risk Committee, Group Compliance Committee and Consumer Duty Steering Committee that appropriate implementation plans were in place to ensure the Group would meet its obligations which came into effect in July 2023, and that monitoring processes were in place to ensure effective embedding within the business and the continued delivery of requirements to customers in line with the Group's purpose and values.

Internal model
The Board along with the Group Risk Committee continued its focus on the Admiral internal model during the year, receiving regular reporting to help drive key discussions and decisions in relation to the model. The Board oversaw the updating of the UK Car model in 2023 to address limitations identified during prior independent validation reviews. This will help to ensure that the model is well placed to support a regulatory pre-application – see pages 33 and 169 for further information.

Key s172 criteria considered
A B C E F

Relevant stakeholders considered

Board Leadership and Company Purpose
continued

Culture

An important part of the Board's role is to lead from the front in promoting and safeguarding Admiral's unique culture. This is achieved through establishing purpose and values and is especially important in times where there may be significant challenges and changes to how the business operates.

The Code emphasises the importance of the role of the Board regarding culture, with specific recommendations that the Board assesses and monitors culture, and ensures that workforce policies, practices and behaviours are aligned with the Company's purpose, values and strategy.

At Admiral we believe that our culture is the real essence of what our business is; how we act, what makes us different, our character and personality, and how we treat our employees, customers and other key stakeholders. Our culture is a culmination of the implementation of our purpose through our values. The Board sets the tone and leads by example, this permeates through the business and creates a culture lived daily by colleagues as well as our wider stakeholders. We strongly believe that Admiral's culture is unique as we aim to demonstrate throughout this report. It is fundamentally important that Admiral's culture evolves and adapts as the business environment changes. It is even more critical that those parts of our culture that we see as our competitive advantage and a key driver of our success to date, are fiercely protected, especially during continuing periods of change.

Implementing our purpose through our four pillars of culture

At Admiral we implement our purpose through our unique workplace culture. This is reinforced by our values – the 'Four Pillars of Our Culture'.

Recognition and reward
85% of employees believe that good work and extra effort is appreciated. All colleagues in the business will receive up to the equivalent of £3,600 of shares in Admiral during the year.

Equality
95% of employees believe Admiral is a diverse and inclusive employer and 96% believe that Admiral's culture is open to different sensibilities and backgrounds.

Fun
84% of employees perceive Admiral as being a fun place to work and 93% of employees believe that they work in a friendly environment.

Communication
90% of employees believe their managers are approachable and easy to talk to and 85% believe they are kept informed on important issues and changes.

Fun
We want our people to look forward to coming to work, to celebrate who they are, and to feel happy and supported enough to give that little bit extra.

What makes Admiral a fun place to work can be found throughout our Strategic Report on page 14 and in our Corporate Governance Report on page 132.

Communication
We encourage effective and transparent communication at all levels. This is aided by accessible management and opportunities to encourage feedback across the Group. Further information on our channels of communication can be found on pages 89 and 136.

Equality
We work hard to promote a sense of fairness and equality. Everyone has the opportunity to succeed, backed up by multiple focus and working groups supporting diversity, inclusion and social mobility. Further information as to how we do this can be found in our Strategic Report on page 62 and the Nomination and Governance Committee Report on page 154.

Recognition and reward
A job well done should be appropriately rewarded. At the heart of this pillar is our share ownership scheme, which rewards employees with a stake in the Company. The Group's approach to investing in and rewarding its workforce can be found in our Strategic Report on pages 17, 89, 129 and 172.

Aligning our culture with our purpose, values, strategy, policies and practices

Admiral's culture is strongly aligned to our purpose to 'Help more people to look after their future. Always striving for better, together'. Providing customers with great products and services, whilst caring for our people and other important stakeholders is key to what we do.

Our Four Pillars of Culture are built into the fabric of our training, communication, policies and the way we do business. During the year, the Board received assurance from management that the Group purpose continued to be embedded within the operational process and policies and that there continued to be alignment with its rewards and incentives. Maintaining culture was a key part of Admiral's Board discussion throughout the year and will continue to be at the forefront of its decision-making rationale through the year to come.

Guiding and promoting culture

Our Board has the responsibility to act with integrity, to lead by example and to promote the desired culture. The Board does this through its governance framework, its decision-making processes and its everyday interactions. We also ensure that any policies which apply to Directors are consistent with those equivalent policies for the workforce.

Many initiatives take place during the year to promote Admiral's unique culture, examples of these are shown below:

Admiral's cultural initiatives

Fun and inclusive activities: Our 30th anniversary celebrations included, amongst other things, an all-employee 'Admiral Olympics' and staff music festival called 'MultiFest'	Flexible working arrangements. Empowering teams to define their own optimum working blueprint and self-organise in the most effect way, whilst coming together to share key moments
Department and team away days including spending allocated time giving back to the community	A compensation and promotion structure based on meritocracy, including a 5% increase in salary to all UK employees during the year and excellent employee benefit offers
Employee induction workshops focusing on Admiral's culture	Star lunches where colleagues are recognised for their performance and are invited to attend a lunch with a senior manager
Diversity and inclusion working groups and initiatives	Excellent opportunities for career development throughout the business leading to high retainment of employees
Group Top 10 competition: departments compete in a Group-wide competition which includes a presentation to a panel of senior managers on a different subject each year in order to be awarded the best department	Health and wellbeing initiatives to encourage employees to speak up if they needed support, a weekly health and wellbeing bulletin, yoga and meditation classes, choirs, running clubs, webinars and art classes, amongst many other things
Annual manager awards	Local reward and recognition programmes
Encouraging use of training opportunities for work and personal development	High five feedback programmes, where employees can submit feedback on colleagues across departments who have given great service
The Ministry of Fun organises events and entertainment throughout the Group.	Regular Group-wide updates on business performance and matters of importance from Executive Directors and senior management.

Striving TO BE A GREAT PLACE TO WORK

Admiral has been recognised as the best big Company to work for in the UK in 2023 by the Best Companies awards, as well as being in the top 15 best multinational companies to work for in Europe by 'Great Places to Work' a global authority on workplace culture.

Sharing OUR EXPERIENCES

In October 2023, Jayaprakasa Rangaswami (JP), our Group Non-Executive Director, held an all-employee forum on diversity and inclusion along with a question-and-answer session at our head office in Cardiff. This included his experiences growing up from an ethnically diverse background and the challenges and opportunities he faced throughout his career. This session was well attended by colleagues across the business, both in-person and online.

Board Leadership and Company Purpose
continued

How the Board monitors and assesses culture

People and culture scorecard

The people and culture scorecard continues to provide a good analysis of the key people and culture metrics in order to help management and the Board's assessments of the overall health of the Group's culture. It also supports the identification of any trends in the evolution of the Group's workforce and culture, including any associated risks which could impact the execution and support of the Group's strategy.

The Group continues to view the following people and culture metrics that are derived from the annual Great Place To Work® (GPTW) survey and Admiral's regular internal pulse surveys as the lead indicators for people and culture at Admiral. The GPTW survey is an external survey which collates anonymised question responses from all colleagues to provide an overall result, as well as departmental results.

Index	Score
GPTW Trust Index: The Trust Index comprises 60 questions from the GPTW survey, which are stable over time, benchmarked against the best companies in each market, and highly representative of the overall people sentiment of a positive culture.	**85%** 2022: 84%
GPTW Engagement Index: The Engagement Index is a specific measure comprising nine questions from the GPTW survey relating to willingness to go the extra mile, intention to stay with the business and likelihood of being an employer brand promoter. It is also benchmarked and stable over time and has a proven correlation with business performance. According to the GPTW institute research, the drivers that are most correlated to higher engagement scores are: (i) teamwork, (ii) career development, (iii) values and ethics, (iv) empowerment and accountability, and (v) innovation.	**83%** 2022: 82%
GPTW Culture Index: The Culture Index is a specific measure comprising of eight questions from the GPTW survey relating to employee perception of the workplace as friendly, fun and welcoming.	**87%** 2022: 89%
Pulse surveys: Pulse surveys are undertaken four times a year and ask the same questions of our people to enable management to track any trends. Pulse survey results in 2023 demonstrated that colleagues at Admiral continued to feel well supported by their managers. Hybrid working arrangements were welcomed by employees and communication was scored highly.	**87%** of our people feel they are well supported by their manager* 2022: 86%** **84%** of our people think we are truly customer focused* 2022: 86%** **88%** of our people think that important knowledge and information is shared with them by their manager* 2022: 88%** **92%** of our people believe Admiral Group is a diverse and inclusive employer* 2022: 92%**
Other people metrics: Recruitment, gender balance, headcount, absence, attrition.	

* Q3 2023 Pulse survey results
** Q3 2022 Pulse survey results

Scores pertaining to culture continue to be very high across the Group demonstrating the strength and impact of the Admiral culture. During the year Admiral was recognised as the best big Company to work for in the UK in 2023 by the Best Companies awards, as well as being in the top 15 best multinational companies to work for in Europe by 'Great Places to Work' a global authority on workplace culture. Admiral was also placed 3rd in the UK's Best Workplaces for Women award in 2023.

The Board received an update on the people and culture scorecard metrics during the year, this included a review as to how hybrid and remote working were impacting on Admiral's unique culture and how this potential risk to the Company's culture should be managed. This oversight was achieved by focusing on several key metrics across the Group, including recruitment, engagement, productivity, absence and attrition trends, which were closely associated with the risks to culture heightened by a move to a more permanent model of hybrid working.

The Board agreed that a hybrid working model was an effective working model for Admiral in the current climate, however close attention should be maintained as to the effects that this was having on the culture of the business, and more 'office based moments' should be encouraged whilst, at the same time, empowering teams to set their own blueprint for working patterns and avoiding mandated days in the office.

How Admiral retains its unique culture whilst offering flexibility in working practices

For a Company of Admiral's size there can be no 'one size fits all' solution to working practices. The Board understands that a post Covid world has increased the opportunity and expectation for greater flexibility within the working environment, with a hybrid working model becoming more common practice. At Admiral, individual business functions and departments are empowered to define their own blueprint and self organise their teams in a manner which they believe creates maximum benefit for the business, whilst, at the same time, ensuring that our special culture is retained and enhanced. For example, at a Group level a guide as to where and when colleagues should be spending time together is driven by our 'Admiral Moments' model, these are key moments when it matters for colleagues to be together in-person. The Board enables each business division to interpret these principles in their own way to maximise workplace efficiencies and enhance culture throughout the Group.

Admiral Moments

Admiral promotes a hybrid working model, empowering business functions and departments to organise their own working arrangements in a manner that creates maximum benefit for the Group. However, our 'Admiral Moments' model below sets out examples where we encourage in-person or 'face to face' engagement amongst our teams, to ensure that Admiral's unique culture is retained and enhanced.

Board Leadership and Company Purpose
continued

Other tools

In addition to employee participation in regular monthly surveys and the annual GPTW survey, there are several other mechanisms used by the Group and the Board to monitor and assess culture. For example, culture audits conducted by the internal audit function; 'Meet the Manager' meetings; the 'Ask Milena' scheme; regular online manager chats; ECG and IECG meetings (see page 137), mandatory training completion rates; health and safety data; whistleblowing and grievances; and customer net promoter score (NPS). All are felt to be valuable methods of capturing the mood of our people and to gauge the health of our culture.

The Board Committees also help the Board monitor and assess culture through their respective responsibilities, some examples of which are highlighted below.

Nomination and Governance Committee – Succession and talent management strategies, along with a diversity and inclusion strategy and policies and progress against targets to ensure alignment with the Group's strategy and values.

Remuneration Committee – Monitoring of alignment of workforce remuneration policies to culture and strategy, risk events reported to it by the Risk Committee under the malus and claw back framework.

Audit Committee – Whistleblowing, Internal Audit, Group Minimum Standards.

Group Risk Committee – Risk events that would impact remuneration from a malus and claw back perspective, financial crime and misconduct risks.

As well as receiving updates on the Group's culture at Board meetings, Directors utilise other mechanisms to assess and monitor culture, such as attending meetings of the UK ECG, subsidiary boards and performing site visits across the different entities within the Group which, during their discussions with a cross-section of colleagues, enables the Directors to gauge the culture for themselves. In 2023, Mike Rogers, the Board Chair visited L'olivier offices in Paris and Lille, the Admiral Seguros office in Seville and Madrid, and the Admiral Europe Compañía de Seguros S.A.U. (AECS) in Rome for meetings with the management team and employees.

Whistleblowing

The Board has in place arrangements by which employees can raise concerns in confidence and, if necessary, anonymously. During the year, the Board received an update on the Group's whistleblowing arrangements from the management team. The Audit Committee, chaired by the Group's Whistleblowing Champion, Karen Green, was satisfied that the update was proportionate for independent internal investigation of the matters raised and supported an ethical business culture where colleagues felt safe raising concerns. In addition, and on an exceptions basis, the Board is updated in respect of reports arising from matters that have been raised by employees under the Policy. The Audit Committee receives more regular updates in respect of whistleblowing matters, see page 161 for further information.

Shareholder engagement

The Board has continued to focus on effective engagement with its stakeholders during the year, to ensure that their interests are taken into account in its decision-making processes. Detailed information is set out in the Strategic Report on pages 56 and 87 outlining how the Board has discharged its duties under s172(1) of the Companies Act, including further information on the ECG and IECG see page 137, which constitute formal workforce advisory panels under the Code.

Communication and interaction with shareholders remains very important and engagement occurs on a regular basis. Open and frequent dialogue enables shareholders to fully understand the Group's strategy, objectives and governance processes. The Investor Relations team has day-to-day primary responsibility for managing communications with institutional shareholders through a combination of briefings to analysts and institutional shareholders, both at the half-year and full-year results and on other occasions such as roadshows and conferences. Meetings, briefings and conferences with investors have taken place both in-person and virtually, with investor visits generally taking place twice a year. In addition, the Chair, CEO and Chair of the Remuneration Committee held meetings during the year with major shareholders to understand their views on governance, for example the proposed Remuneration Policy, and also Admiral's performance against strategy and reported to the Board on any significant issues raised with them. During 2023, there were over 80 separate engagements held with institutional shareholders.

Meetings with investors are supplemented by regular feedback to the Board. The Investor Relations team produces a report on their activities in the previous quarter which is circulated to the Board for their consideration. The report contains an analysis of share price performance, a summary of analyst reports received during the month, and of meetings that have been held with investors and analysts, together with details of any significant changes to the shareholders' register.

The Senior Independent Director has specific responsibility to be available to investors who have any issues or concerns, and in cases where contact with the Chair, Chief Executive Officer and Chief Financial Officer has either failed to resolve their concerns, or where such contact is inappropriate. No such concerns have been raised in the year under review.

All shareholders are invited to attend the Company's Annual General Meeting (AGM) in person. The 2023 AGM was held on 27 April 2023 with the required quorum. Shareholders were able to vote on the important customary annual business and encouraged to submit questions to the Board in advance of the AGM. The Chairs of the Audit, Remuneration, Nomination and Governance, and Group Risk Committees attend the AGM along with the other Directors and are available to answer shareholders' questions on the activities of the Committees they chair. Shareholders are also invited to ask questions during the meeting and have an opportunity to meet with Directors after the formal business of the meeting has been concluded. Details of proxy voting by shareholders, including votes withheld, are made available on request and are placed on the Company's website following the meeting.

The Group maintains a corporate website (**www.admiralgroup.co.uk**) containing a wide range of information of interest to institutional and private investors. The major shareholders of the Company are listed in the Directors' Report on page 199.

The regular channels of communication with both the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) that existed throughout the year were supplemented by the regulators being invited to attend Board meetings. The FCA attended the Board remotely in April 2023, which gave the Board an opportunity to directly hear their views on specific areas such as Consumer Duty, as well as wider market issues. The PRA had previously attended a meeting of the Board in December 2022. The Board is also kept up to date with the regular communications between the Admiral Insurance (Gibraltar) Limited Board and the Gibraltar Financial Services Commission as well as contact between the Group's other insurance subsidiaries and respective regulators.

Employee Consultation Group

Purpose

The Board recognises the importance of engaging with its workforce and does so through a combination of formal and informal channels. To ensure a two-way communication platform and an effective means by which the views of the workforce can be heard, the Board established a UK Employee Consultation Group (ECG) in 2019 with the aim of enhancing and formalising its pre-existing employee engagement arrangements. For the purposes of Provision 5 of the Code, the ECG is a formal workforce advisory panel.

Membership and attendance

Membership of the UK ECG comprises elected colleague representatives and the remit of the ECG is to act as a forum for employee consultation, gathering colleague opinion and fostering a safe environment to raise matters of interest and generate ideas. There is a democratic member election process and members are provided with an induction to ensure that there is clarity about the role and remit of the ECG, as well as their role as members.

Non-Executive Directors are invited to attend ECG meetings on a rotational basis and report back to the Board on matters discussed, as well as actions agreed at the ECG meeting. Taking this approach ensures that each of the Non-Executive Directors can engage with the workforce directly and hear first-hand the issues and matters that are affecting the workforce.

To ensure that the meetings remain a two-way mechanism, Non-Executive Directors are also asked to comment on any insights from ECG meetings at the following Board meeting and the Chair of the UK ECG is regularly invited to attend Board meetings to report on matters discussed by the ECG and highlight any areas of concern. Minutes of the ECG meetings are also published on the intranet for all employees to view. Non-Executive Directors also provide an update at ECG meetings on recent matters discussed by the Board.

Board Leadership and Company Purpose
continued

Areas of focus for the Employee Consultation Group

During 2023, the Employee Consultation Group (ECG) forum remained focused on important issues for employees, such as hybrid and remote working, remuneration and the cost of living, the performance management and appraisal processes, ideas on how to improve engagement, employee morale, attrition and absence, proposals to support mental health and wellbeing, staff survey results and improving diversity. There were four scheduled ECG meetings during 2023, with a wide range of topics discussed. There were also a number of ad hoc meetings where important one-off items were brought to the ECG's attention that required an 'employee voice' prior to being presented to the Board. Presentations on the following topics were given to the ECG during the year, the results of these discussions were presented to the Board by the ECG Chair:

Meeting	Main presentations and key topics discussed	Outcome/impact
February 2023	Group strategy refresh	The Group CEO attended the meeting to discuss Group strategy, diversification, investments, technological advancements and elements of the international business. Members were able to direct questions to the CEO to gain a greater understanding of how business strategy was aligned with Admiral's purpose and values.
	Director remuneration	The Chair of the Remuneration Committee took the meeting through the current Director's Remuneration Policy to ensure the ECG had full transparency around executive reward structure. Questions were asked around alignment with the wider workforce.
May 2023	UK Insurance, customer outcomes	The ECG was updated on the steps Admiral was taking to deliver first class customer outcomes and experience, how these were benchmarked, and measures taken to ensure the customer was always treated fairly.
	Operational resilience	A discussion was held around Admiral's ability to prevent, adapt, respond to, and learn from operational disruptions in line with FCA and PRA requirements. Admiral's important business services were identified together with what the priorities were for the remainder of the year.
September 2023	New representative orientation	New employee appointed representatives were welcomed and inducted to the ECG.
	Share dividends	A presentation and discussion was held around share dividends and how new tax treatment may impact employees, along with focus on Admiral's dividend reinvestment scheme.
October 2023*	Hybrid working	The ECG discussed the impact of hybrid working on the business and actions being taken to preserve the Admiral culture in an evolving working environment.
November 2023*	Remuneration Policy	A presentation was made on the proposed amended Remuneration Policy to be put to shareholders at the 2024 AGM for approval.
December 2023	Climate change update	A presentation was made on the increasing expectations and regulatory reporting requirements for banks and insurers on climate change, the ambitious targets Admiral had set itself on net zero and the initiatives being rolled out to meet these targets.
	Group sustainability	The meeting discussed how Admiral had a long track record of delivering on key sustainability and ESG issues. A new Group wide approach was being embedded into the core strategy and governance framework of the business led by a recently appointed new Group Head of Sustainability.

* Ad hoc ECG meetings to address important one-off items that required an 'employee voice' prior to being presented to the Board.

Whilst recognising that this engagement mechanism will evolve over time, the Board continues to believe that the operation of the ECG has been, and continues to be, an effective means of engaging with the workforce, to help the Board understand matters that concern the workforce and their specific interests, whilst having regard to these matters in the discussions and decisions that take place at the Board. The Board will ensure that the ECG continues to develop as an effective, formal workforce advisory panel and that regular interaction between the Board and the ECG is maintained.

International Employee Consultation Group (IECG)

The International Employee Consultation Group has been formally meeting since 2022, and is Chaired by Costantino Moretti, Head of International Insurance.

This year, five IECG meetings took place in-person across the international offices of ConTe, L'olivier, Admiral Seguros together with Admiral Tech, AECS and Elephant alongside the Admiral Europe Compañía de Seguros (AECS) Board meetings. The meetings were attended by candidates chosen on a voluntary basis, with an agenda created to incorporate employee interests, questions and proposals.

Entity/Meeting	Topics discussed	Outcome/Impact
AECS – February 2023	Insurance market developments	Discussions were held around how the insurance market had developed in recent years through advancements in technology, new competitors entering the market, and new regulatory requirements.
	Challenges faced by employees	Concerns were shared regarding challenges being experienced by employees and potential improvements that could be made were discussed.
	Talent and opportunities	Members discussed the opportunities Admiral offered in terms of professional development, for example taking temporary opportunities in other Group entities.
L'olivier – March 2023	Admiral culture	Members shared their views on Admiral's culture and how this was evolving with changing working practices.
	L'olivier growth over the year	Discussions took place around the progress and growth of the business over the year when compared to the other European countries. It was confirmed that much had been achieved already, however development and improvements were still required.
	Product diversification	Members discussed how the insurance market had changed in recent years, and how, through a strategy of expanding into different products, Admiral continued to evolve to meet future consumer requirements.
	The importance of being eco-friendly	It was agreed that social and ecological issues were of growing importance for brands and customers, in step with this was an increasing demand for transparency and accountability. Admiral's initiatives in this area were discussed.
Admiral Seguros and Admiral Tech – September 2023	Main challenges for the future	A discussion was held around what members regarded to be the three main challenges for the businesses over the next few years and how these should be addressed.
ConTe – November 2023	ESG and sustainability	The meeting discussed how the evolving Group strategy was incorporating ESG and sustainability trends.
	EU collaboration	Members agreed that greater collaboration between businesses in EU countries could add value to the Admiral Group.
	Diversification	The meeting discussed how a key element of the Group strategy was focused on the diversification of products and channels.
	New technologies and hybrid working	The new technologies introduced to both improve the customer experience and also assist in the work life balance of employees were highlighted. Members confirmed that employees had benefitted from the versatility that came from a hybrid working model.
Elephant – November 2023	Strong culture and working practices	Members agreed that there was a strong culture within the business, where they felt valued, listened to and trusted by management. Flexibility in working arrangements was viewed positively and assisted in easing concerns around cost of living.

Division of Responsibilities

Through the strong governance framework that it has in place, the Board is able to deliver on its strategy and, in doing so, provide strong, sustainable financial and operational performance for our shareholders and wider stakeholders.

Board and Committee framework

Our Board and Committee framework supports the development of the highest standards of governance practices across the Group which is integral to the successful delivery of our strategy.

Shareholders

The Board
The Board is collectively responsible for establishing the purpose, values and strategy of the Group and for promoting the long-term success of Admiral for the benefit of our shareholders and stakeholders.

Principal Board Committees

Audit Committee
Responsible for overseeing the Company's systems for internal financial control, risk management and financial reporting, and monitoring the integrity of the financial statements.
See page 161

Nomination and Governance Committee
Reviews the composition of the Board, considers succession planning at both Board and senior management level and leads the process of appointments to the Board.
See page 146

Remuneration Committee
Responsible for remuneration policy, performance-related pay schemes and share-based incentive plans.
See page 172

Group Risk Committee
Assists with the oversight of the Group's risk appetite, tolerance and strategy. Monitors current and potential risk exposures and the effectiveness of the risk management framework
See page 168

CEO

Group Board Management Committees

- Group Reserving Committee
- Group Model Governance Committee
- Group Assets and Liabilities Committee
- Group Investments Committee
- Group Disclosure Committee

Divisional CEO's, Subsidiary Boards and Committees, Management Committees and Senior Management

Admiral Business

Our CEO, Milena Mondini de Focatiis was awarded the Best Leader of a Big Company at the 2023 Best Companies Awards. You can find out more at **www.b.co.uk**

Board roles and responsibilities

The Chair is primarily responsible for leading the Board, setting its agenda, promoting a culture of openness and debate and monitoring its effectiveness. The Chair is supported by the Senior Independent Director, who acts as a sounding board and serves as an intermediary for the other Directors if required. Neither are involved in the day-to-day management of the Group. Save for the matters reserved for the Board, the Chief Executive Officer (with the support of the Chief Financial Officer and the senior executives) is responsible for proposing the strategy to be adopted by the Group, running the business in accordance with the strategy agreed by the Board and implementing Board decisions.

It is the Non-Executive Directors' role to provide constructive challenge, strategic guidance, offer their respective specialist advice and hold management to account.

It is the role of the Company Secretary to support the Chair and administer the workings of the Board and Committees, ensuring Directors have precise and timely information to enable an effective decision-making process, whilst providing governance, legal and statutory advice and ensuring a record of decisions and actions is clear and attributable.

The Board has approved a statement that sets out the clear division of responsibilities between the Chair, Chief Executive Officer and SID. This and Matters Reserved for Decision by the Board are reviewed annually and are available to review on Admiral's website at **www.admiralgroup.co.uk**.

Chair

- Runs the Board and sets its agenda, with an emphasis on strategic issues.
- Ensures the Board has effective decision-making processes, demonstrating objective judgement and applying sufficient challenge to proposals.
- Facilitates constructive Board relations, including effective contributions from Non-Executive Directors.
- Ensures the Board has an appropriate balance of skills, knowledge, experience and diversity.
- Leads the induction and development plans for new and existing Board members.
- Communicates with major shareholders and ensures the Board understands their views.
- Ensures the Board receives accurate, timely and clear information.
- Leads the annual Board evaluation.

Senior Independent Director

- Supports the Chair in the delivery of their objectives.
- Acts as a sounding board for the Chair and serves as an intermediary for the other Directors.
- Available to shareholders if they have concerns that cannot be resolved through the normal channels.
- Works with the Chair and other Directors/shareholders to resolve significant issues where necessary.
- Leads the annual performance evaluation of the Chair.
- Leads the Chair appointment process.

Chief Executive Officer

- Runs the Group's business and delivers its commercial objectives.
- Proposes and develops the Group's strategy, in close consultation with the Group's senior management, the Chair and the Board.
- Implements the decisions of the Board and its Committees.
- Ensures operational policies and practices drive appropriate behaviour, in line with the Group's culture.
- Leads the communication programme with key stakeholders, including employees.
- Ensures management provides the Board with appropriate information and necessary resources.

Division of Responsibilities
continued

Role of the Board

The Board is responsible for promoting the long-term, sustainable success of the Group, generating value for shareholders, taking into consideration all of its stakeholders and contributing to the wider society in which Admiral operates its business. The Board is the principal decision-making forum for the Group, providing entrepreneurial leadership, both directly and through its committees, and delegating authority to the Executive Directors and the senior management team for the day-to-day operation of the business.

The Board has determined the Group's purpose, to 'help more people to look after their future. Always striving for better, together'. This is embedded in the culture of the business through our aligned values and strategy. Part of the Board's role is to promote the Group's culture and, in particular, ensure that its uniqueness is safeguarded. This has been especially important in recent years where there have been significant challenges to how the business operates and its culture, such as the recent Covid-19 pandemic (see page 132).

The Board is responsible for organising and directing the affairs of the Group in a manner that generates and preserves value over the long-term. Through the strong governance framework that it has in place, the Board is able to deliver on its strategy of providing strong sustainable financial and operational performance. The Board is also accountable for ensuring that in carrying out its duties, the Group's legal and regulatory obligations are being met; and for ensuring that it operates within appropriate risk parameters.

The Group's UK-regulated entities are accountable to the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) for ensuring compliance with the Group's UK regulatory obligations and that dealings with the FCA and PRA are handled in a constructive, co-operative and transparent manner. Similar provisions apply in respect of the Group's international businesses with regard to the relevant regulatory authorities, such as the Gibraltar Financial Services Commission and Dirección General de Seguros y Fondos de Pensiones in Spain.

Board and Committee meetings

Directors are expected to attend all meetings of the Board and the Board committees on which they serve and to devote sufficient time to the Group to perform their duties. Where Directors are unable to attend meetings, they receive papers for that meeting, giving them the opportunity to raise any issues with the Chair in advance of the meeting. The number of scheduled Board and Board committee meetings attended by each Director during 2023 is provided in the table below.

In addition to the scheduled meetings of the Board set out in the table below, the Board also held a number of additional late notice, ad hoc meetings to discuss matters that were of sufficient importance that they could not wait until the following scheduled Board meeting. All Directors are invited to participate in such meetings which, by their nature, are arranged at short notice. Where they are unable to do so due to pre-existing commitments, Directors are given the opportunity to contribute their views to the Chair prior to the meeting. The Board also delegates authority to a Board sub-committee for the approval of final drafts of announcements and proposals which had already been considered by the Board or its committees. The Board met in-person for all seven of its scheduled meetings held during the year, including its strategy meeting (and October Board) which was held over two days in the UK.

Board and Committee meeting attendance	Board	Audit Committee	Group Risk Committee	Nomination and Governance Committee	Remuneration Committee
Mike Rogers[1] (Chair)	4/4	–	–	4/4	–
Milena Mondini de Focatiis (Chief Executive Officer)	7/7	–	–	–	–
Geraint Jones (Chief Financial Officer)	7/7	–	–	–	–
Karen Green	7/7	8/8	8/8	–	1/1[2]
Justine Roberts	7/7	–	–	6/6	5/7[3]
Andy Crossley	7/7	7/8[4]	8/8	–	–
Michael Brierley	7/7	8/8	–	–	7/7
Jayaprakasa (JP) Rangaswami	7/7	–	8/8	–	–
Evelyn Bourke	7/7	–	–	–	7/7
William (Bill) Roberts	7/7	–	–	6/6	–
Fiona Muldoon[5]	2/2	2/2	–	–	–
Annette Court[6]	3/3	–	–	2/2	–
Jean Park[7]	1/1	–	1/1	1/1	–

1 Mike Rogers joined the Board on 27 April 2023.
2 Karen Green was appointed to the Remuneration Committee on 2 October 2023.
3 Justine Roberts joined the Remuneration Committee on 31 January 2023, she missed two Committee meetings due to pre-existing engagements made prior to her joining the Committee.
4 Andy Crossley missed one meeting of the Audit Committee due to a pre-existing engagement.
5 Fiona Muldoon joined the Board and Audit Committee on 2 October 2023.
6 Annette Court stepped down from the Board on 27 April 2023.
7 Jean Park stepped down from the Board on 20 January 2023.

Matters reserved for the Board

The Board has adopted a formal schedule of matters reserved for the Board's consideration. This is monitored by the Company Secretary and reviewed by the Board on an annual basis. Specific matters reserved to the Board include the approval of:

- The Group's long-term objectives and corporate strategy
- Operating and capital budgets, financial results, and any significant changes to accounting practices or policies
- The Group's capital structure
- Results and financial reporting
- The system of internal control and risk management
- The Group's overall risk appetite
- Changes to the structure, size and composition of the Board, including new appointments
- Succession plans for the Board and senior management
- Dividend policy and proposals for dividend payments
- Major acquisitions, disposals, and other transactions outside delegated limits
- The annual review of its own performance and that of its Board Committees
- Annual review of selected Group policies
- The review of the Group's overall corporate governance arrangements.

Board Committees

The Board has delegated authority to several permanent committees to deal with matters in accordance with written Terms of Reference. The principal committees of the Board – the Audit, Remuneration, Risk, and Nomination and Governance Committees all comply with the requirements of the Code.

All committees are chaired by an independent Non-Executive Director, except for the Nomination and Governance Committee, which is chaired by the Chair of the Board, and comprise a majority of independent Non-Executive Directors. In accordance with the Code, all members of the Audit Committee are independent Non-Executive Directors. Appointments to the Committees are made on the recommendation of the Nomination and Governance Committee and are for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent and they are annually reappointed to the Board by shareholders. The committees are constituted with written Terms of Reference that are reviewed annually to ensure that they remain appropriate and reflect any changes in good practice and governance. These Terms of Reference are available on request from the Company Secretary and can also be found on the Company's website: **www.admiralgroup.co.uk**.

Directors are fully informed of all committee matters by the committee Chairs who report on the proceedings of their committee at the subsequent Board meeting. Copies of committee minutes are also distributed to the Board. Committees are authorised to obtain outside legal or other independent professional advice if they consider it necessary. The Chair of each committee attends the Annual General Meeting to respond to any shareholder questions that might be raised on the committee's activities. An evaluation of the performance of each committee against the duties set out in each Terms of Reference is carried out annually.

Group conflicts of interest

In compliance with the requirements of the Companies Act 2006 regarding Directors' duties in relation to conflicts of interest, the Group's Articles of Association allow the Board to authorise potential conflicts of interest that may arise and to impose such limits as it thinks fit. The Group has a Conflicts of Interest Policy which deals with conflicts of interest, and this was reviewed and approved by the Board in October 2023. The Policy sets out the process and procedure by which the Board manages potential conflicts of interest that may arise at Board level, within Board Committees, and within the Group's Subsidiary Boards. Following this review, the Board concluded that the process continued to operate effectively.

In addition, each Board member is asked to complete, annually, a conflicts of interest questionnaire that sets out any situation in which they, or their connected persons, have, or could have, a direct or indirect interest that could conflict with the interests of the Company. Any current directorships that they, or their connected persons hold, any advisory roles or trusteeships held, together with any companies in which they hold more than 1% of the issued share capital are also disclosed. The Board is satisfied that none of the Directors had any potential conflicts of interest during the year which could not be authorised by the Board.

Division of Responsibilities
continued

Information flows to and from the Board

Agendas and papers

Agendas and papers are circulated to the Board electronically in a secure manner in preparation for Board and Board committee meetings. The Board agenda is structured by the Chair in consultation with the Company Secretary and CEO. An annual schedule of agenda items is reviewed and updated regularly to ensure that items are considered at the appropriate point in the financial and regulatory cycle.

Meetings are structured so as to allow for consideration and debate of all matters. Routine Board papers are supplemented by information specifically requested by the Directors from time to time.

At each scheduled meeting, the Board receives updates from the Chair, the CEO and CFO as to the financial and operational performance of the Group and any specific developments of which the Board should be aware. In addition, there is an update provided at each Board on the matters discussed and considered at each of the Group's principal subsidiary Board meetings. Additional meetings are called as and when required and there is contact between the Board, Board committees, subsidiary boards and management, where necessary, to progress the Group's business.

Board and Board committee meeting preparation process

Attendees

The CEO of UK Insurance (Cristina Nestares), together with the Chief Risk and Compliance Officer (Keith Davies), the Head of International Insurance (Costantino Moretti) and the CEO of Admiral Money (Scott Cargill) are invited to attend every Board meeting and regular Board dinners. This has proved an effective means of ensuring that senior managers below Board level have exposure to and gain experience of the operation of the Board.

Dynamics

All Board and committee meetings during the year were held in an open atmosphere conducive to robust and constructive challenge and debate. All Directors have therefore been able to bring independent judgement to bear on issues such as strategy, risk management, performance, and resources.

Cross-committee membership

As shown on pages 118 and 142, committee membership is composed in a way that ensures that there is cross-committee membership, which allows items of importance to be flagged from committee to committee in a timely manner. This complements the committee briefings that the Board receives on the key points of discussion following each committee.

Advice

All the Directors have access to the advice and services of the Company Secretary, who has responsibility for ensuring that Board procedures are followed and for advising the Board, through the Chair, on governance matters. The Company Secretary provides updates to the Board on regulatory and corporate governance issues, new legislation, and Directors' duties and obligations. The appointment and removal of the Company Secretary is one of the matters reserved for the Board. Dan Caunt has held the position of Company Secretary since 1 May 2022, his biography can be found on page 124.

The Directors are also given access to independent professional advice at the Group's expense, should they deem it necessary to carry out their responsibilities.

Other information flows

The Board Chair met with a wide range of Admiral colleagues and visited various parts of the business during 2023 as part of his induction process. The Non-Executive Directors are invited to visit areas of the business for in-person on site visits to meet employees and review business functions.

As referenced within the commentary on employee consultation on page 137, the Non-Executive Directors are invited to attend ECG meetings and participate in the two-way engagement with employees.

The Non-Executive Directors met in-person during the year without the Executive Directors being present. From April 2023, Non-Executive Directors individually met with the Chair for discussion ahead of each Board meeting and also met with the CEO for a debrief at the conclusion of each scheduled Board meeting.

The Chair holds one-to-one meetings with members of the Group's senior management team either in-person or on a virtual basis. Members of the senior management team were invited to join Board dinners which allows the opportunity for informal interaction between Directors and the senior management team.

Training and professional development

The development and training of Directors is an ongoing process and is considered throughout the year. The Directors are regularly updated on the Group's business; legal matters concerning their roles and duties; the competitive environments in which the Group operates; and any other significant changes affecting the Group and the industry of which it is a part. During the year, the Board received deep dive updates, briefings and training on the following topics: Admiral internal model (AIM), IFRS 17, Chat GPT education session (Large Language Models), Pioneer Toolbox SME Market overview, Consumer Duty training provided by KPMG, amongst several business deep dives.

Nomination and Governance Committee Report

Overseeing OUR BOARD COMPOSITION

As a Committee, we have continued our focus on the composition, skills and experience of the Board and Board committees to ensure these reflect the current requirements of the Admiral business and meet the expectations of our stakeholders.

Six committee meetings held in 2023.

Dear Shareholder,

On behalf of the Board, I am pleased to present my first report as Chair of the Nomination and Governance Committee (the Committee). The Committee plays a key role in overseeing Admiral's Board composition, ensuring it has the optimum balance of skills, experience and knowledge, as well as ensuring diversity in the broadest sense on the Board and all of its committees. The Committee also ensures that the Group operates within a robust and transparent governance framework. This report sets out the Committee's main activities, along with how it has discharged its responsibilities throughout the year ended 31 December 2023.

Succession planning was a key focus for the Committee during 2023. As I discussed on page 114, I succeeded Annette Court as Chair following the 2023 AGM in April. My induction process, which began following the announcement of my appointment in January 2023, was bespoke and comprehensive. Further details on this are set out on page 151. In addition to myself as Chair, the Board, on recommendation from the Committee, also appointed Fiona Muldoon as a new Non-Executive Director in October 2023. The full search and recruitment process for Fiona's appointment is set out on page 149.

As a Committee, we have continued our focus on the composition, skills and experience present on the Board and Board committees to ensure these reflect the current requirements of the Admiral business and meet the expectations of our stakeholders. To effectively oversee this process, the Committee has maintained and refined a skills matrix which maps those skills currently present on the Board and those required to ensure the effective delivery of our business strategy. Where gaps in skills and experience are identified these are reviewed and addressed by the Committee and the necessary recommendations are made to the Board.

Diversity and inclusion were key topics for Committee discussion during the year. The Committee ensured that the Board continued to meet the FTSE Women Leaders Review target that 40% of the Board should be female, in addition to The Parker Review's target that the Board should include at least one director from an ethnic minority background by 2024. The evolving requirements of The Parker Review at a senior management level were discussed in detail, and the Committee ensured that the Group's policy on diversity and inclusion was reviewed during the year and continued to be embedded throughout the Group. Where necessary, changes were implemented to the appointment and succession processes to ensure that evolving diversity considerations were key to discussions during these processes. More details on this and wider considerations around diversity and inclusion in the workplace are set out on page 154.

Following an external review of the Board and Board Committee's effectiveness in 2022, the 2023 annual review of the Committee's effectiveness, which took place in December, was carried out by way of an internal review led by myself in conjunction with the Company Secretary. This review concluded that, overall, the Board and its committees remained effective but noted some areas for improvement for 2024. These are outlined on page 160 of this report, along with progress against the previous year's recommendations set out on page 159.

In line with the requirements of Solvency II, the Senior Insurance Manager Regime, and in accordance with the Group's Senior Managers & Certification Regime Policy, I have also carried out the process of assessment for the Group CEO, Group Non-Executive Directors, and the Chairs of the Group's material, regulated subsidiaries; EUI Limited, Admiral Insurance Company Limited, Admiral Insurance (Gibraltar) Limited, and Admiral Financial Services Limited (Admiral Money), Able Insurance Services Limited (Admiral Pioneer), Elephant Insurance Company (USA), and Admiral Europe Compania de Seguros - AECS (Europe) to ensure they meet the requirements in terms of qualifications, capability, honesty and integrity.

The rest of this Report sets out in more detail the activities of the Committee during 2023. I would like to thank the Committee members for their continued contributions and support throughout the year.

Mike Rogers
Chair of the Nomination and Governance Committee

6 March 2024

Committee Membership and Meeting Attendance

The Committee is chaired by Mike Rogers, in addition to Mike, the Committee comprises two independent Non-Executive Directors: Justine Roberts and Bill Roberts. Individual meeting attendance and changes to membership during the year are detailed below.

Member	Attendance[1]
Mike Rogers[2]	4/4
Justine Roberts	6/6
Bill Roberts	6/6
Annette Court[3]	2/2
Jean Park[4]	1/1

1 Scheduled meetings only, additional ad hoc Committee meetings took place during the year.
2 Mike Rogers joined the Committee as Chair on 27 April 2023.
3 Annette Court retired from the Board and all of her committee memberships following the 2023 AGM on 27 April 2023.
4 Jean Park retired from the Board and all of her committee memberships on 20 January 2023.

Composition

The Committee met formally six times during the year. The membership of the Committee at the year-end was Mike Rogers (Chair), Justine Roberts and Bill Roberts. Mike Rogers was appointed as Chair of the Committee following the 2023 AGM on 27 April 2023, replacing Annette Court who stood down from the Committee and the Board at this time. Jean Park retired from the Committee and the Board on 20 January 2023. Justine Roberts and Bill Roberts are independent Non-Executive members of the Committee, in accordance with the Code which requires that the majority of members should be independent Non-Executive Directors.

Committee meetings held during the year

The Committee meets at least twice per year, in accordance with its Terms of Reference, and at such other times as the Chair may require. During 2023, the Committee held six formal scheduled meetings. The Committee Chair agrees the meeting agendas for each meeting with the Company Secretary, items covered during the year are linked to an agenda planner covering the responsibilities of the Committee.

Attendees at Committee meetings

The above table shows the attendance of Committee members at meetings during 2023. The Company Secretary acts as Secretary to the Committee. Other individuals, such as the Chief Executive Officer, the Group Head of People Experience and representatives of different parts of the Group, may be invited to attend all or part of any meeting, as and when appropriate.

Role and responsibilities of the Committee

The Committee reviews the leadership and succession needs of the Board and ensures appropriate procedures are in place for nominating, training and evaluating Directors. It also oversees the governance of the Group to ensure the business is operating within a transparent and accountable framework.

Nomination and Governance Committee Report
continued

The Nomination and Governance Committee is primarily responsible for:

- Reviewing the structure size and composition of the Board as a whole, along with consideration of the balance of skills, knowledge, experience, time commitment and diversity of the Board and its committees.
- Succession planning for Executive Directors and Non-Executive Directors and leading the process for Board appointments by making recommendations regarding Board vacancies.
- Make recommendations to the Board on refreshing the membership of the Board's principal committees.
- Overview of succession planning at executive and senior management level throughout the Admiral Group, ensuring there is an experienced and diverse pipeline for succession.
- Devising the selection criteria for the role, skills, capabilities and experience required for a particular appointment and engagement with independent, third-party recruitment experts.
- Consideration of results of the Board evaluation and consideration of the proposed annual re-election of Directors to the Board at the AGM.
- Review of Admiral's governance framework to ensure transparency and accountability, and to consider developing corporate governance matters to bring to the attention of the Board where necessary.
- Consideration of the Committee's draft report for inclusion in the Annual Report and Accounts.

The Committee is regularly updated on proposed senior appointments and governance changes across the Group, as well as key developments within the corporate governance landscape. The terms of reference of the Committee include all the relevant matters set out under the UK Corporate Governance Code, they are reviewed annually by the Committee and are available to view on the Company website in the investor relations section.

Key activities of the Committee during the year

A description of the activities the Committee has focused on during the year ended 31 December 2023 is outlined under the following headings:

Non-Executive Director appointment process and appointments made during 2023

Appointments to the Board are the responsibility of the Board as a whole, acting on the advice and recommendations of the Nomination and Governance Committee. The Committee seeks to balance the retirement and recruitment of Non-Executive Directors well ahead of relevant deadlines so as to avoid a dislocation of Board process by losing experience and skills. The Committee is mindful of the need to promote diversity and inclusion in appointments to the Board and throughout the Group. Appointments are made on merit and against objective criteria, having due regard to the benefits of diversity, and with a view to ensuring the Board has the appropriate mix of personalities, skills and experience.

The policy on Board appointments involves the Committee developing an appropriate job specification that identifies the required skills and experience for the role and, in most instances, engaging external recruitment consultants, to lead the search process and identify suitable candidates. Interviews of the shortlisted candidates are held with the Chair and members of the Committee. After consideration by the Committee, a recommendation is made to the Board to appoint a preferred candidate. Further details of how this process worked effectively during the year are set out below. The Committee is satisfied that this constitutes a formal, rigorous and transparent process for the appointment of new Directors to the Board and its subsidiaries, embracing a full evaluation of the skills, knowledge and experience required of new Directors.

Mike Rogers, Chair: Appointed 27 April 2023. Mike Rogers joined the Board as Chair following the 2023 AGM. Mike was also appointed as Chair of the Nomination and Governance Committee at this time. The search and recruitment process for Mike was set out in detail in the Committee Report in the 2022 Annual Report and Accounts. Annette Court, the Board and Committee Chair until the 2023 AGM, played no part in the recruitment process of the replacement Board Chair. This process was led by Justine Roberts, the then Interim Senior Independent Director. Justine was appointed as the Senior Independent Director on a permanent basis with effect from 31 January 2023.

Fiona Muldoon, Non-Executive Director: Appointed 2 October 2023. Fiona Muldoon joined the Board as Non-Executive Director and, having specific and relevant financial experience, became a member of the Audit Committee on 2 October 2023. A summary of the recruitment process for Fiona is set out below.

External Recruitment Consultant

Heidrick and Struggles ('H&S') was engaged as the external independent recruitment search consultant in the appointments of both Mike Rogers and Fiona Muldoon. H&S is committed to promoting diversity in the candidates that it presents on an annual, global and cumulative basis and this was reflected in the candidates it identified for the appointments of Mike and Fiona. H&S has no other connection with the Admiral Group or its Board Directors.

Fiona Muldoon
Non-Executive Director search and recruitment process

Candidate criteria and search
January – February 2023

STEP 1
Identification of role requirements
The Committee, led by the Chair, gave consideration as to the skills, experience, knowledge and diversity of the Board and those required for optimal Board and Committee composition. During this process the Committee canvassed the views of the Board and senior Admiral management. From this, Non-Executive Director (NED) candidate criteria requirements were agreed at the Committee meeting in January 2023.

STEP 2
Engagement of third party advisor
Heidrick and Struggles ('H&S'), experts in the field of search and recruitment, were engaged by the Committee to assist with the search for potential NED candidates. H&S was asked to ensure the search identified candidates from a diverse range of backgrounds and industries. Alongside the Committee, H&S prepared the Admiral Group plc Non-Executive Director role specification, this included a requirement for relevant financial experience to allow the candidate to be considered for membership to the Audit Committee.

STEP 3
Initial search process
A sub-committee of the Committee was formulated consisting of the Chair, Non-Executive Directors and the Head of People Experience to oversee the recruitment process. H&S commenced a wide-ranging search process and regular updates on progress were given to the sub-committee.

Shortlist and interview
March – June 2023

STEP 4
Shortlisting candidates
H&S prepared an initial longlist of candidates which was presented to the Committee in March 2023. Shortlisted candidates were then reviewed at the Committee meeting held in April 2023. Following the meeting, shortlisted candidates were contacted to establish interest and an initial interview was undertaken by H&S.

STEP 5
Interview process
Following further discussions, the leading three candidates were interviewed by the sub-committee and two additionally met the CFO. The merits and suitability of the candidates were scrutinised at each stage during this process against the candidate specification. Fiona Muldoon emerged as being the Committee's preferred candidate given her strong and relevant skills and experience, including relevant financial experience. It was agreed that she would be a good cultural fit, and had the capability to contribute effectively to the Group Board. Fiona subsequently met with the Group CEO.

Approval and appointment
July – October 2023

STEP 6
Committee recommendation and Board approval
Following the satisfactory receipt of references, the Committee met to discuss a proposal to recommend to the Board the appointment of Fiona Muldoon as Non-Executive Director and member of the Audit Committee. The Board considered and accepted the recommendation of the Committee. A formal offer was put to, and accepted by, Fiona.

STEP 7
Appointment
Fiona was appointed to the Admiral Board and as a member of the Audit Committee with effect from 2 October 2023. Fiona immediately embarked on a personalised and in-depth induction process. Her appointment will be put before shareholders for approval at the 2024 AGM.

Nomination and Governance Committee Report
continued

Non-Executive Director induction
Upon appointment, our Non-Executive Directors embark on a bespoke and comprehensive induction programme, comprising common elements for all Non-Executive Directors, as well as elements tailored to the individual depending on their role, skills, knowledge and experience. The induction process, led by the Company Secretary, covers topics such as the role of a Non-Executive Director and their responsibilities, the workings of the Board and the Group's subsidiary boards, and the Company's operations. Non-Executive Directors are provided with a suite of background reading materials before induction sessions are arranged with individuals from each of the Group businesses, again, depending on the individual's induction requirements. Ongoing professional development needs of newly appointed Non-Executive Directors are then monitored via annual individual Director evaluations and the Committee's oversight of the Non-Executive Director skills matrix.

Inductions took place for both Mike Rogers, Chair, and Fiona Muldoon, Non-Executive Director, during the year. Outlined opposite is a summary of Mike Rogers' induction process at Admiral. Fiona also received a comprehensive and bespoke induction similar to that outlined opposite.

Board Committee changes, term extensions and internal appointments addressed by the Committee during 2023
The Board, on recommendation from the Committee, agreed to the following proposals/changes during the year:

- Jean Park retired from the Board including all of her committee memberships on 20 January 2023
- The appointment of Justine Roberts as permanent Senior Independent Director and permanent member of the Remuneration Committee was made effective from 31 January 2023
- Annette Court retired as Chair of the Board including all of her committee memberships following the 2023 AGM held on 27 April 2023
- Mike Rogers was appointed as a Chair of the Company and Chair of the Committee effective from 27 April 2023
- The extension of JP Rangaswami's three-year term as Non-Executive Director became effective on 29 April 2023
- Fiona Muldoon was appointed as a Non-Executive Director and member of the Audit Committee effective 2 October 2023
- Karen Green was appointed as a member of the Remuneration Committee effective 2 October 2023
- The appointment of Andy Crossley as Chair of the Group Risk Committee was made permanent on 23 October 2023
- Approval of internal senior subsidiary board and non-executive appointments
- Approval of additional external appointments for existing Board Directors
- Consideration of and recommendation for reappointment of all Directors at 2023 AGM.

Annual re-election
As set out in the Group's Articles of Association, all Directors should retire and offer themselves for re-election at each AGM, in accordance with the UK Corporate Governance Code (the Code) and the Company's current practice. Therefore, all Directors will be submitting themselves for election or re-election by shareholders at the forthcoming AGM.

Following a full review and evaluation during the year, the Board is satisfied that all Directors are properly qualified for their election or re-election by virtue of their skills and experience and their contribution to the Board and its committees. Further details of why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success is provided on page 118 and within the notes to the Notice of the 2024 Annual General Meeting.

Mike Rogers
Chair induction process

Previous Chair
Prior to Annette Court stepping down as Chair, she met with Mike to facilitate the smooth transition of the responsibilities of Chair. She gave an overview as to the workings of the Board and its committees, her key thoughts from a cultural and governance perspective, and the challenges and opportunities facing Admiral. This also included her work as Chair of the Committee.

Senior management
Mike met with key members of Admiral's senior management team including the Chief Executives of each of our UK and overseas business divisions along with the department heads of Investor Relations, Compliance, Finance & Actuarial, Risk Management, Internal Audit, IT, Pricing, IT Security and People Services to understand these key areas of businesses.

Non-Executive Directors
Mike met and has continued to meet individually with each of the Non-Executive Directors who gave their insight into Board dynamics, culture and governance as well as highlighting their backgrounds and areas of expertise. Mike also met with the Chairs of our subsidiary Boards and overseas businesses. Board Committee Chairs brought Mike up to speed on their respective Committee's business.

Senior Independent Director
As Senior Independent Director, Justine Roberts works closely with the Chair providing a sounding board and additional perspective into Board matters. Justine was able to give Mike the benefit of her seven years of service on the Admiral Board.

Mike Rogers
Chair Mike joined Admiral as Chair following the 2023 AGM held on 27 April 2023. Mike was subject to a comprehensive and bespoke induction programme designed to provide him with the necessary information to effectively take on the role as Chair, this process began following the announcement of his appointment on 31 January 2023.

Site visits
Mike undertook various site visits during his first year and met with management and colleagues across the business as part of his induction process, this included our UK sites in South Wales, as well as L'olivier offices in Paris and Lille, the Admiral Seguros office in Seville, AECS in Madrid and ConTe in Rome.

CEO
Mike and Milena Mondini de Focatiis met frequently to discuss key areas of focus for the Company and the Board. Milena briefed Mike on Group matters including an overview of Group strategy, operations, risks, people and culture, markets and succession planning.

Significant shareholders
Mike has met with a number of Admiral's significant shareholders, including the founders of the Company, Henry Engelhardt and David Stevens, to understand their views on the business. Mike regularly meets with employee shareholders throughout the business and the opportunity for individual retail shareholders to meet the Chair takes place annually at the AGM.

CFO
Geraint Jones briefed Mike on all Group finance matters including; financial performance and projections, investor feedback, market analysis, investments, capital management, budgets, reporting and control processes.

External advisors
Mike met with many of Admiral's key external advisers including our external auditor, lawyers and brokers to obtain external perspectives of the business.

Company Secretary
Dan Caunt, spent time with Mike explaining the Group governance framework; this included all operational aspects of the Board and its committees as well as engagement with stakeholders, Admiral's AGM process, Director duties, UK Corporate Governance Code requirements, Board policies, the results of the most recent Board evaluation and areas of Board focus for the coming year.

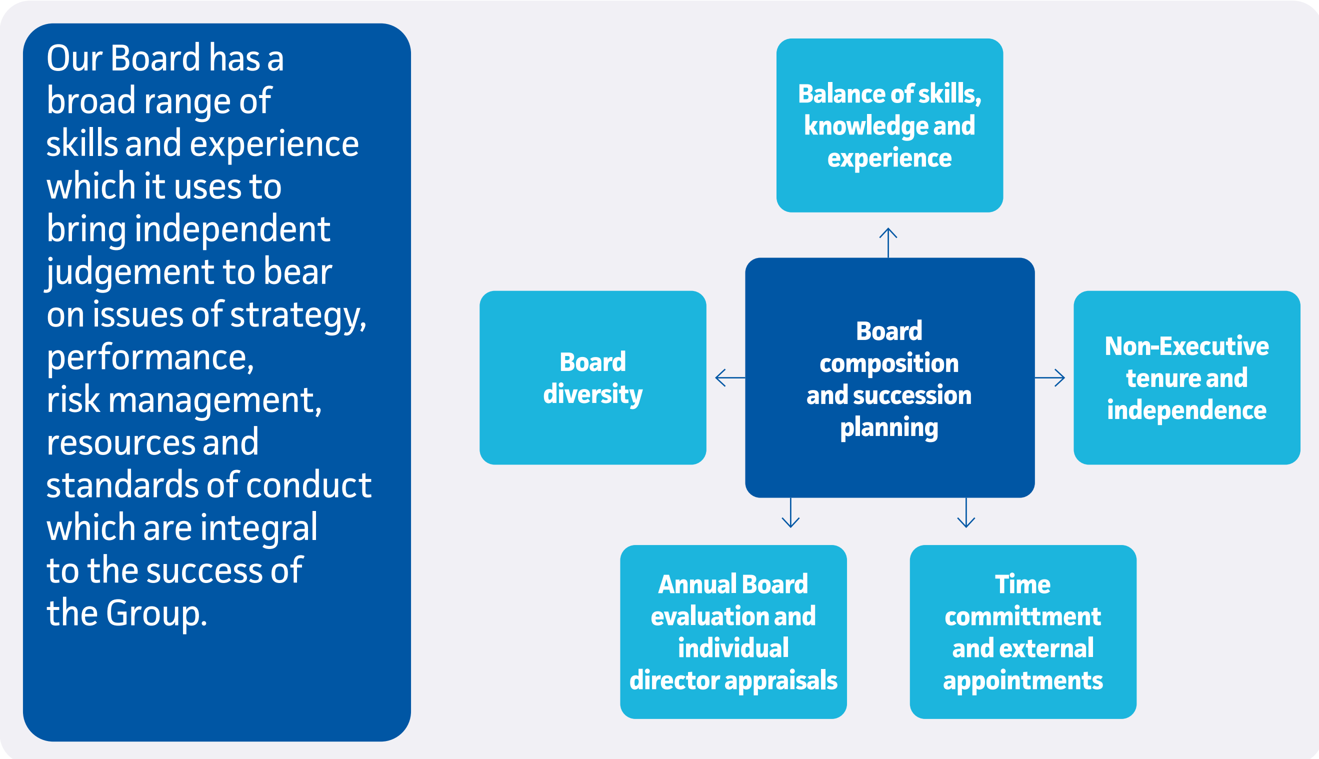
Information and educational materials
A comprehensive suite of educational materials was provided to Mike by the Company Secretary including, for example; Admiral's business plan and strategy, key roles and responsibilities of the Board, its committees, Directors, guidelines and policies for a UK Listed insurance Company regulated by the FCA and PRA, minutes of meetings, terms of reference etc.

Nomination and Governance Committee Report
continued

Our Board composition and how we plan for succession

The composition of the Board is kept under constant review by the Committee. As at 31 December 2023, the Board comprised 11 Directors: The Chair (who was independent on appointment), two Executive Directors, and eight independent Non-Executive Directors – see page 118.

The Committee carefully considers the independence, composition and balance of skills and knowledge of the Board. As a result, the requirement to refresh Board and committee memberships in an orderly manner is continually monitored so as to maintain the continuity of Board process and the strength of personal interaction which underlies the effectiveness of the Board.



Tenure and independence

The table below details the length of service of the Chair and each of the current Directors. It illustrates the balance between experience and bringing in fresh perspective, as well as the independence of each of the Non-Executive Directors.

Board tenure

Director	Date of appointment	Length of service as a Director as at 31 December 2023	Independence
Non-Executive Directors			
Mike Rogers (Chair)	27 April 2023	8 months	On appointment
Justine Roberts	17 June 2016	7 years 6 months	Independent
Andy Crossley	27 February 2018	5 years 10 months	Independent
Michael Brierley	5 October 2018	5 years 3 months	Independent
Karen Green	14 December 2018	5 years	Independent
JP Rangaswami	29 April 2020	3 years 8 months	Independent
Evelyn Bourke	30 April 2021	2 years 8 months	Independent
Bill Roberts	11 June 2021	2 years 6 months	Independent
Fiona Muldoon	2 October 2023	3 months	Independent
Executive Directors			
Milena Mondini de Focatiis	Director – 11 August 2020 CEO – 1 January 2021	3 years 4 months	Executive Director
Geraint Jones	13 August 2014	9 years 4 months	Executive Director

The Chair, Senior Independent Director and independent Non-Executive Directors are currently appointed for fixed periods of three years, subject to election by shareholders. The initial three-year period may be extended for two further three-year periods subject to performance review and annual re-election by shareholders. JP Rangaswami's term of appointment as Non-Executive Director was extended by a further three-year period during the year, subject to annual re-election by shareholders. Letters of appointment may be inspected at the Company's registered office or can be obtained on request from the Company Secretary.

The tenure of the previous Group Board Chair, Annette Court, came to an end at the 2023 AGM held on 27 April 2023. Annette had no involvement in the recruitment of her successor, Mike Rogers, as Chair. An explanation as to why Annette's tenure extended beyond the nine years recommended by the Code is provided on page 125. Mike Rogers appointment as Chair of the Board became effective following the AGM held on 27 April 2023. On appointment, the Board considered that Mike met the independence criteria set out in provisions 9 and 10 of the Code. The Chair's biography can be found on page 118.

The independence of each Non-Executive Director has been assessed during the year, in line with the independence criteria contained within provision 10 of the Code. The Board has identified on page 152 which Directors it considers to be independent. The Board considered all the Non-Executive Directors to be independent during the year. For the year ended 31 December 2023, 80% of the Board, excluding the Chair, were considered independent Non-Executive Directors. The number of independent Non-Executive Directors meets the requirements set out under provision 11 of the Code which requires that at least half of the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent.

Balance of skills, knowledge and experience

The Directors have a broad range of skills, knowledge and experience and can bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Group.

The Committee understands that a wide range of complementary skills on the Board will assist in the meeting of Board objectives and the delivery of Company strategy. The Committee regularly reviews the Board skills matrix, particularly in the context of succession planning and skills that are potentially lost at the end of a Director's tenure on the Board. The current skills and experience on the Board are outlined below and an explanation regarding how this feeds into succession planning follows later in this report.

Director	Finance	Risk	Insurance	Executive/Strategic Leadership	Marketing/Retail	M&A	City	International	Tech/Digital/Data	Operations	Entrepreneurial	Lending	Small/Medium Enterprise	Remuneration/People	ESG/Sustainability
Non-Executive Directors															
Mike Rogers (Chair)	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Justine Roberts	●			●	●	●	●		●		●		●	●	
Andy Crossley	●	●	●	●		●	●	●			●		●	●	●
Michael Brierley	●	●		●		●	●	●	●	●	●	●	●	●	
Karen Green	●	●	●	●		●	●	●		●				●	●
JP Rangaswami	●	●		●			●	●	●	●	●			●	●
Evelyn Bourke	●	●	●	●	●	●	●	●	●	●				●	
Bill Roberts	●	●	●	●	●	●		●	●	●	●	●	●	●	●
Fiona Muldoon	●	●	●	●	●	●	●	●		●	●	●	●	●	●
Executive Directors															
Milena Mondini de Focatiis	●	●	●	●	●		●	●	●	●	●		●	●	●
Geraint Jones	●	●	●	●		●	●	●				●	●	●	●

Admiral Group plc Annual Report and Accounts 2023

Nomination and Governance Committee Report
continued

Time commitment and external appointments
On appointment, all Directors are advised of, and requested to make, the necessary time commitment required to discharge their responsibilities effectively. This time commitment is also outlined in the letters of appointment issued to the Chair and Non-Executive Directors. When making new appointments, the Committee takes into account other demands on the Directors' time. Prior to appointment, significant commitments are disclosed by Directors to the Committee and the Board.

As part of the annual performance evaluation each Director is appraised on their time commitment dedicated to the Company. The Committee also reviews the time commitment required of all Non-Executive Directors at least annually to consider whether the guidance on time commitment of certain roles needs to be extended due to market or responsibility changes. The Board is satisfied that all Directors have dedicated the required amount of time to the Company to effectively fulfil their roles, and that the Company has given the Non-Executive Directors sufficient time to perform the duties required of them.

As well as considering the demands of a Director's time upon appointment, as required under provision 15 of the Code, there is in place a formal procedure for the approval of additional external appointments for Directors through the Committee and the Board. The Committee and the Board are satisfied that the external commitments of all the Non-Executive Directors do not conflict with their duties and commitments as Directors of the Company.

Overall assessment of composition
The Board, through ongoing assessment and annual performance review, remains satisfied that it has the appropriate balance of skills, experience, independence and knowledge of the Group to enable it and its committees to discharge their duties and responsibilities effectively, as required by the Code. In addition, the Directors are aware of their legal duties under s172 of the Companies Act 2006 to act in a way they consider, in good faith, will be most likely to promote the success of the Company for its shareholders, as well as considering the interests of wider stakeholders. Further details of how the Board fulfils its duty in this regard are outlined on page 87.

Board and senior management diversity and inclusion
The Listing Rules and Disclosure Guidance and Transparency Rules were amended to include new disclosure requirements for listed companies for financial years starting on or after 1 April 2022. As required under the amended requirements, a table setting out gender and ethnicity diversity at Board and senior management level is included on page 156. The Board diversity targets, which are in-line with the targets set by the FTSE Women Leader's Review and the Parker Review, are: at least 40% of the board are women; at least one of the senior board positions (Chair, SID, CEO and CFO) is held by a woman; and at least one member of the Board is from a minority ethnic background. As set out below, the Committee is content that Admiral meets the targets set out in the Listing Rules and Disclosure Guidance and Transparency Rules 9.8.6(9)(a).

Gender diversity
Diversity and inclusion and the variety of perspectives that it brings has been proven in studies to increase innovation and creativity, and, as a result, improves performance. It also has other positive impacts, such as providing greater awareness, widens the talent pool and challenges the views or practices that may have become embedded over time. Admiral depends on all of the above, which are enhanced through having a diverse workforce, to successfully implement its business strategy.

During the year, the Committee reviewed the Board Diversity and Inclusion Policy and discussed the appropriateness of the measurable targets to increase diversity and inclusion at Board, Subsidiary board and senior management level. The wording of our policy has been updated to increase the breadth of diversity we aim to see in our business, this includes wording explicitly referencing additional diversity aspects such as "ethnicity, sexual orientation, disability and socio-economic background (in addition to the aspects of age, gender or educational and professional backgrounds)" and "approach, skills and experience, race, age, gender, educational and professional background and other relevant personal attributes". The Committee seeks to ensure that a clear recruitment strategy for Board and senior management appointments is in place and is aligned to this policy.

Measures that are covered under the Policy, including progress updates against each, include:

(i) Having one member of the senior executive team who is responsible and accountable for gender diversity and inclusion at Group level. Cristina Nestares (EUI CEO) is the accountable executive for gender diversity

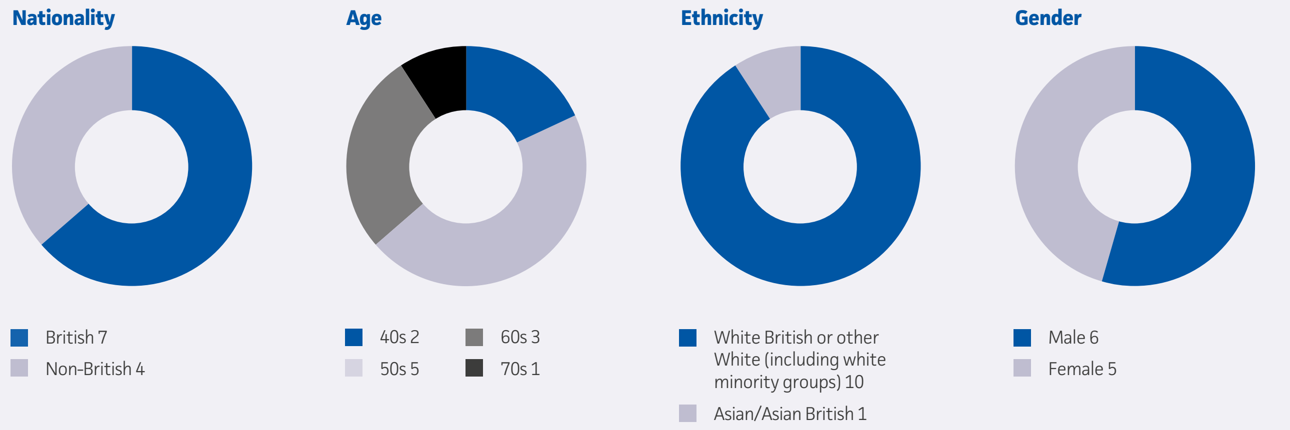
(ii) Setting internal targets for gender diversity in senior management. Progress against the Group's target of 40% of women in senior management by 2023 is detailed below

(iii) Publishing progress annually against these targets in reports on the Group's website. Progress updates on the UK business' progress against the HM Treasury's Women in Finance Charter commitments are provided on an annual basis on the Group's website

(iv) Linking the pay of the EUI CEO to the progress made against internal targets on gender diversity. The Remuneration Committee has also approved the linkage of progress against the Women in Finance target within the non-financial performance measures of the EUI CEO, Cristina Nestares.

Women on the Board represented five (46%) of its 11 Director membership as at 31 December 2023, compared with six (55%) as at 31 December 2022. Admiral continues to be one of only a few FTSE 100 companies where the Board positions of CEO and Senior Independent Director are held by women, demonstrating Admiral's continued strong support for the progression of women in senior leadership roles. Official data published by the FTSE Women Leaders (succeeding the Women on Boards Report and Hampton Alexander Review), issued in February 2023, reported that the percentage of women on FTSE 100 Boards was 40.5% improving from 39.1% in 2022, this demonstrates Admiral's outperformance when compared with the average of the FTSE 100.

Board diversity



As a result of the continued progress to balance gender diversity at Board level and to align with the Women in Finance Charter's aim of increasing female representation at the UK senior executive level to 40% by the end of 2023, and the FTSE Women Leaders target of 40% representation by 2025, the Committee has aligned the annual target of women in senior management positions at 40%. The aim is to achieve this level of gender diversity at an aggregate level across the subsidiary boards too. As at 31 December 2023, women represented 33% of all of the subsidiary board appointments. Focus will continue to improve gender diversity at this level during 2024. Female representation was 40% of our Senior Executives (Executive Committee equivalent) and 34.4% of their direct reports. Admiral is working to ensure it continues to achieve the 40% target by the end of 2025. As at 31 December 2023, the gender diversity split across the Admiral Group was 50% female / 49% male. The remaining 1% included non-binary and other genders, and colleagues who'd prefer not to say.

Ethnic diversity
The Committee continues to monitor the requirements of The Parker Review's report on ethnic diversity in the context of the composition of its Board and the new reporting requirements for senior management. It also monitors the initiatives that are being implemented across the Group to increase diversity, along with consideration as to how measures to develop a diverse pipeline of talent for Board and senior management appointments should be developed and monitored. The Board includes one Director from an ethnic minority background, which meets one of The Parker Review's key recommendations for FTSE 100 companies, as well as Listing Rules and Disclosure Guidance and Transparency Rule 9.8.6(9)(a). Further information on how the Group is developing a pipeline of ethnically diverse candidates is outlined below.

The Group remains strongly supportive of the principle of boardroom diversity, of which gender and ethnicity are important, but not the only, aspects. What is also important is diversity of thought, experience and approach and each new appointment must complement what already exists around the Board table.

Ethnic diversity amongst senior management and the wider workforce is something that Admiral continued to focus on throughout 2023. Admiral produced its first ethnicity pay gap report in the UK during the year, further demonstrating its commitment to ethnic diversity in the workplace. Whilst the Committee recognises that the workforce is not always comfortable with voluntarily sharing such personal information, there have been initiatives introduced to encourage more people to make such voluntary disclosures. As a result, we have seen an increase this year to 84% disclosure in the UK. As set out in the table below, the percentage of ethnic diversity at senior management levels is 3%. The Committee has discussed The Parker Review recommendations to implement a target for ethnic diversity representation at senior management level within the Group by 2027 and will be updating shareholders in this regard in due course.

Nomination and Governance Committee Report
continued

Activity to improve diversity and inclusion in the talent pipeline

Examples of the work Admiral has undertaken to improve its diversity pipeline during the year are set out below, for further information see pages 62 and 132.

1

Admiral's recruitment strategy aims to increase the number of candidates from ethnically diverse backgrounds and women onto shortlists for leadership roles. The 'Get Discovered' programme focuses on developing talented women within the Group to become the leaders of tomorrow.

2

Admiral is designing a talent and development program, in partnership with McKinsey which focuses on finding talented employees from ethnically diverse backgrounds at different levels and supporting these employees into leadership roles.

3

Admiral has signed several pledges such as the Menopause Pledge, Endometriosis Friendly Employer, Neurodiversity Friendly Employer and continued a commitment to the Race at Work Charter by signing up to their extended initiatives.

4

Admiral has completed its third year of the Admiral Aspire Programme, an internship aimed at offering students from ethnically diverse backgrounds and Women in STEM (Science, Technology, Engineering and Mathematics) valuable work experience over 12 weeks.

5

Admiral has partnered with a global diversity and talent consultancy called Green Park to undertake an in-depth 'Culture and Inclusion' audit, focused on Equality, Diversity and Inclusion (EDI).

6

Admiral's focus on culture and inclusion was demonstrated by winning the best UK Company at the 2023 Best Companies awards, being named the 6th best super large workplace (1,001+ employees) in the UK by the Great Place To Work® Institute, the global authority on workplace culture. Admiral also placed 3rd in the UK's Best Workplaces for Women award in 2023.

Admiral remains committed to providing equal opportunities, eliminating discrimination, and encouraging diversity amongst its employees both in the UK and overseas. A breakdown of the gender and ethnicity of Directors and senior employees at the end of the financial year together with details of the Group's Equality, Diversity and Dignity at Work Policy are set out in the tables below.

Gender	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management
Men	6	55%	2	48	65%
Women	5	45%	2	26	35%
Other Category	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Ethnicity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority white groups)	10	91%	4	72	97%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	1	9%	–	2	3%
Black/African/Caribbean/Black British	–	–	–	–	–
Other Ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Succession planning

The Committee oversees the succession planning strategy and appointment procedure for new Director's on behalf of the Board. The Committee reviews those skills present on the Board in order to understand where there are strengths and potential weaknesses, and where there may be the opportunity to bring in complementary skills to improve the functionality and depth of experience of the Board. These requirements are then fed through to an independent consultant who will seek out candidates matching the skillset provided and draw up a diverse shortlist of candidates for the Committee to review. The Committee will also consider senior management appointments on behalf of the Board and consider where these appointments fit in with established Board succession planning strategy. Any new recruitment process for the Board is based on merit and assessed against objective criteria. The Committee considers diversity in all of its forms as a central consideration to this process. Further information around Admiral Board's recruitment process can be found in the appointment process for Fiona Muldoon set out on page 149.

Non-Executive Directors

Non-Executive Director succession planning is split into short, medium and longer-term horizons to ensure that all eventualities, as far as possible, are planned for.

Horizon: Emergency cover

Description

There are emergency succession plans to ensure that there is sufficient short-term cover or a plan in place for key roles of the Board, namely, the Chair, the SID, committee Chairs and, in turn, Committee members if a Committee Chair's absence is longer than expected. These plans take account of any requirements under the respective Committee's Terms of Reference, as well as any Code requirements.

Horizon: Medium term (3–6 year tenure)

Description

The Committee's medium-term succession planning involves considering the replacement of Non-Executive Directors over time to refresh the Board. The Committee considers (i) each Director's period of tenure and aims to have staggered departure dates, (ii) the skills and experience gaps that will be created as each Director's tenure comes to an end, and (iii) the diversity gaps that might also become present.

Horizon: Longer term (6–9 year tenure)

Description

The Committee's longer-term succession planning involves the consideration of the skills, experience, and diversity that the Board will need over the longer-term, taking into account the Group's strategy and the main trends and factors that are likely to affect the Group's long-term success.

The regular review of these succession plans provides an opportunity for the Committee to discuss the insights provided by the data in order to inform the desired mix of skills, experience and diversity that the Board needs now and in the future, in the context of the Group's strategic objectives.

Executive Directors and senior management

The responsibility for making appointments within senior management rests with the CEO, with direction from the Committee. Talent management continues to be a key area of focus for the Committee to ensure that there is a diverse pipeline of talent for senior management and Executive Director succession.

During 2023, the Committee considered progress in improving talent management and succession planning within the Group. The Committee strongly believes that an effective internal talent management process will ensure the preservation of Admiral's unique culture as far as possible. During the year, the Committee received an update on the succession planning framework which is used across the Group. This framework encourages more structured thinking about opportunities across departments and internationally, even in circumstances where this is a well embedded practice already within Admiral. Discussions on success profiles have also helped to visualise how success will look in the future for the critical senior management roles, whilst also providing future talent with visibility on what future development might look like for them.

Nomination and Governance Committee Report
continued

The review of succession planning undertaken during the year concluded that there was a healthy pipeline of talent across the Group, with no immediate risk in respect of leadership continuity, and the right level of talent to execute our 'internally grown leaders' strategy. The Group continues to work to ensure that all areas of the business are working to achieve Admiral's commitment to diversity at all levels in all its forms. The Committee will continue to monitor levels of diversity across the business through 2024 and will work to improve the ethnic diversity of entities located in geographies where such diversity should be better represented. For further information as to what the Company is doing in relation to diversity see page pages 62 and 154.

The Committee remains satisfied that effective succession plans for Directors and senior management are in place to ensure the continued ability of the Group to implement strategy and compete effectively in the markets in which it operates.

Governance

The Committee also regularly reviews the Group's governance arrangements, including any changes to the subsidiary board or committee structure, changes to the UK Corporate Governance Code and FCA Listing Rules, as well as oversight of the regulatory applications made under the Senior Managers Regime.

Committee effectiveness review

The Committee's 2023 annual review was conducted by way of a self-assessment, overseen by the Company Secretary, this involved completion of a wide-ranging questionnaire. The questionnaire asked a set of questions designed to provide objective assessment of the Committee's performance, including its effectiveness in monitoring Board composition, consideration of Executive and Non-Executive Director succession, overseeing talent management, senior management succession planning and developing directors' knowledge.

The Committee discussed the output from this performance review at its meeting in December 2023 and concluded that, overall, the Committee had performed effectively during the year under review. Areas of focus for the Committee in 2024 were identified, this included ensuring effective governance around Admiral's subsidiary board structure and further oversight in the areas of talent management and executive succession planning.

Evaluation of the effectiveness of the Board, Board committees and individual Directors

How we assess our Board's effectiveness

Each year Admiral conducts an evaluation to assess the skills, experience, independence and knowledge of the Board to confirm it has been able to discharge its duties and responsibilities effectively. The composition and diversity of the Board and its committees and how well the Directors are working together is considered, as well as the individual performance of the Directors and the Chair. In line with the provisions of the Code, Admiral undertakes an externally facilitated evaluation every three years. In the two intervening years, internal reviews of the Board, its committees and individual Directors are carried out. This year the process was facilitated internally by way of questionnaire led by the Chair in conjunction with the Company Secretary. The 2022 Board evaluation was conducted by way of external evaluation by Bvalco Ltd. Progress against the Board objectives that stemmed from the 2022 Board evaluation process are set out opposite.

2020 Internal Board Evaluation → **2021 Internal Board Evaluation** → **2022 External Board Evaluation** → **2023 Internal Board Evaluation**

Progress against 2022 Board evaluation recommendations

In December 2022, the Board undertook an externally facilitated Board, Board Committee and individual Director evaluation of its performance for the year ended 31 December 2022, carried out by Bvalco Ltd. Bvalco Ltd had no other connections with the Group or its Directors. The results of the evaluation were discussed at the Board meeting in January 2023, they demonstrated a Board that appeared to be functioning well, with some identified opportunities for improvement. The recommendations from the Board evaluation fed into the Board's agreed objectives for 2023 and were detailed in the 2022 Annual Report as "Principal areas of focus for the Board in 2023". At the June 2023 Board meeting, the Board received a six-month update on progress against these agreed areas for focus. The Board discussed the 2022 Board evaluation recommendations at their meeting in December 2023 and agreed good progress had been made against all recommendations during the year. This progress is set out in the table below. It was agreed that, where appropriate, the Board would continue to focus on these recommendations during 2024 to ensure these were fully implemented and embedded.

Areas of focus during 2023	Progress update
To review the quality of information presented to the Board to ensure improved decision-making processes.	The overall quality of information presented to the Board in terms of clarity and context continued to improve throughout the year enabling improved Board discussions and effective challenge around key items of business resulting in better decision-making processes.
Review the balance of allocated Board agenda time between strategy and governance/regulatory matters.	Agenda planners for the Board and Board committees were reviewed and redrafted during the year to ensure that the balance between strategic and governance/regulatory matters was appropriate. Terms of reference were reviewed and updated to allow for further delegation of non-strategic matters to Board committees and subsidiary boards where appropriate.
To ensure Non-Executive Directors have opportunities to meet together outside of scheduled Board time and also with executive management.	Non-Executive Directors have the opportunity to meet with the CEO following each Board meeting and also have a separate Non-Executive Director only debrief session. Board members and other senior management are invited to attend Board dinners, this allows for informal conversations to take place outside of normal Board activities. A Non-Executive Director session on mobility took place during the year. Opportunities for further engagement continue to be considered.
Review the value of Board strategy sessions and ensure the Board has early involvement in the development of strategic proposals.	The October Board strategy session was well received with Directors having the opportunity for early involvement in the strategic planning process along with the option to contribute to the development of the specific proposals. The Board provided constructive feedback on individual presentations and topics. The format of Board strategy sessions will continue to be reviewed and updated to ensure alignment with the requirements of the business.
Ensure required metrics and milestones are present to allow the Board to hold executives to account on strategic implementation.	The Capital Allocation Framework alongside budgets and the five-year plan were presented to the Board and discussed in detail during the year to enable the measurement of the implementation of strategy against plan and ensure management was held to account.
Consideration of the value of an overarching approach to ESG initiatives.	A new Group Head of Sustainability was recruited during the year to ensure the co-ordination of ESG initiatives. Significant focus was given to ESG through strategy discussions, reporting and risk management which will continue throughout 2024.
The executive team should be canvased on key skills required when considering Board appointments.	Executive management's views had been canvassed in respect of the key skills required when considering all new Group Non-Executive Director appointments and senior management hires during the year.
Review how hybrid meeting arrangements could be improved to allow the full participation of all participants in meetings.	Scheduled Board and Board committee meetings generally take place in person, therefore it is rare for Board members to attend virtually. However, where this is necessary, for example where ad hoc, late notice meetings are required, updates to technology allow for effective attendance and participation where a member cannot attend in person. Where Board members were unable to attend meetings, they were able to submit questions and comments in advance to the Chair.
Contributors to Board agenda items to be reminded of the guidelines as to form, content and paper submission deadlines.	The Company Secretary and his team continued to drive improvements in the content and delivery of Board papers throughout the year. Improvements in the Board and committee meeting preparation process were acknowledged by the Board.

Nomination and Governance Committee Report
continued

2023 Board evaluation

Having carried out an external Board evaluation in 2022 in accordance with the Code requirement that FTSE 350 companies should carry out an externally facilitated evaluation of the Board at least every three years, the 2023 Board evaluation process was facilitated internally, led by the Chair with the support of the Company Secretary. The evaluation used a questionnaire developed by the external consultancy Independent Audit, who has no other connection with the Group or its Directors. The online questionnaire was used to evaluate the Board's performance and dynamics throughout 2023 and was sent to all Board members as well as regular Board attendees in November 2023, it considered:

- Board dynamics and the interaction between the Chair, Non-Executive Directors and executive management to achieve the Board's objectives
- Leadership and succession planning, including the oversight of the Group's processes for managing, developing and retaining talent
- Understanding by the Board of the prevailing culture within the Group
- Quality, timeliness of delivery and presentation of Board papers and Board support
- Time management and operational performance of Board and Committee meetings
- Risk management and the effectiveness of the Board in considering the Group's risk management framework and internal controls
- The effectiveness of the Board's strategic and operational oversight
- Priorities for change that would enhance Board performance.

The results of the evaluation were collated by the Company Secretary and discussed at the December 2023 Board meeting. The overall impression from the evaluation process was that the Admiral Board and its committees continued to be performing strongly and function effectively. The Board was open and inclusive and supported the culture of the Admiral Group with some opportunities for improvement identified. A summary of the main recommendations resulting from the 2023 Board evaluation process are set out in the table below. Recommendations have fed into the Board's agreed objectives for 2024 and are detailed under the 'Principal areas of focus for the Board in 2024' section on page 127.

Outcomes and areas of focus for 2024	
Culture	To improve understanding around the impact of hybrid working on the Group's culture and the associated risks.
ESG	Focus on environmental, social and governance considerations, including ensuring the Board has the correct information to monitor ESG performance, and the setting of ESG targets that reflect the Group's values.
Control framework	Review of control framework to ensure appropriate focus on compliance and changes to the regulatory risk outlook and associated risks.
Board reporting	To ensure standard reporting templates are rolled out across all committees and subsidiary Boards for consistency of approach.
Informal Board interactions	Consideration of further opportunities for informal Board and management interactions to ensure management was able to benefit from Non-Executive Director insight and experience. Group Board Non-Executive Directors to have further engagement with subsidiary Board Non-Executive Director's to ensure sharing of knowledge and experience.

2023 Board Committee effectiveness reviews

Further information on each of the Board Committee's evaluations of their own performance can be found within the respective Board Committee reports.

Individual Director evaluation

The performance of the CFO is appraised annually by the CEO, to whom he reports. The Chair, taking into account the views of the other Directors, reviews the performance of the CEO. The Chair also carries out the performance assessments of each of the Non-Executive Directors. Each of the Directors were determined to have continued to effectively contribute to the work of the Board in 2023.

The performance of the Chair is reviewed by the Board led by the Senior Independent Director. The latest review took place in December 2023 and was reported to the December Board. The Senior Independent Director considered and discussed with the Chair the comments and feedback that had been received from the Directors as part of the Chair's evaluation questionnaire and was able to confirm that the performance of the Chair from his time of appointment in April 2023 was effective.

Audit Committee Report

Overseeing THE IMPLEMENTATION OF IFRS 17

"The Committee dedicated a significant amount of time to understanding and assessing the impact of IFRS 17 on the Group's results."

Karen Green
Chair of the Audit Committee

Eight meetings[1] in 2023

Members Attendance

Member	Attendance
Karen Green (Chair)	8/8
Andy Crossley[2]	7/8
Michael Brierley	8/8
Fiona Muldoon	2/2

1 Based on scheduled meetings.
2 Andy Crossley missed one meeting due to a pre-existing arrangement.

Dear Shareholder,

I am pleased to set out in this report an update on the main activities of the Committee in 2023.

Areas of focus in the reporting period

The Committee considered the economic backdrop facing the Group, including the geopolitical backdrop and supply chain challenges. It gave particular consideration to current UK inflationary pressures and the impact on the key accounting and actuarial judgements made by management in relation to the valuation of insurance contract liabilities and credit loss provisions, as well as the potential impact on going concern and viability assumptions. The Committee also dedicated a significant amount of time to understanding and assessing the impact of the new IFRS 17 (Insurance Contracts) accounting standard on the Group's financial results and ensuring appropriate disclosure in the financial statements. The Committee monitored the continued effectiveness of the Group's key internal controls in a hybrid working environment, in particular given the implementation of various new important systems.

Significant financial reporting issues

The setting of insurance contract liabilities in accordance with the Group's agreed reserving methodology is a key accounting judgement in the Group's financial statements (as set out in note 2 to the financial statements), and the Committee continues to place considerable focus on this area. The Committee challenged the key reserving assumptions and judgements, movements, emerging trends and analysis of uncertainties underlying the analysis of outstanding claims for the UK Car Insurance business proposed by management alongside that of the Group's external independent actuarial advisers. In 2023, this included the impact of inflation on the claims reserves as set out in more detail below, future scenarios for the Ogden discount rate and ensuring the accuracy of claims data following the transition to the new claims management system. It also focused on management's selection of a confidence level for the IFRS 17 risk adjustment held within the liability for incurred claims. The Committee also received reports on the claims reserving processes performed for insurance businesses other than UK Car and recommended to the Board the aggregate claims reserves for inclusion in the Group's financial statements.

In addition to claims reserving, the Committee spent time reviewing management's support for a number of other significant financial reporting matters including the expected credit loss provision held in relation to the Loans receivable balance held by the Group's consumer lending business Admiral Money, other potential provisions and contingent liabilities, and the results of impairment testing performed in relation to the Group Parent Company's investments in Group subsidiaries.

Audit Committee Report
continued

IFRS 17 (Insurance Contracts)
The Group successfully implemented the new IFRS 17 (Insurance Contracts) accounting standard ahead of the 1 January 2023 implementation date. Given the fundamental changes to the Group's financial statements, the Committee dedicated a significant amount of time to understanding and assessing the impact of the standard on the Group's financial results. The Committee reviewed and challenged key judgements and accounting considerations, as well as the financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and related accounting disclosures.

Corporate governance and reporting changes
The Committee was kept informed of the Group's engagement with the Department for Business, Energy & Industrial Strategy (BEIS) consultation on 'Restoring trust in audit and corporate governance: proposals on reforms' during 2023 including the proposed changes to the UK Corporate Governance Code and will continue to monitor developments in this area. The Committee also oversaw, in conjunction with the Group Risk Committee, the Group's progress in further aligning reporting with the Taskforce on Climate-related Financial Disclosures (TCFD) published recommendations. The Committee received a report from the Group's external auditor on TCFD and other climate-related reporting and trends in the market.

Internal controls
The Committee has continued to review the effectiveness of the internal control systems across the Group, in particular given the implementation of various system changes, including areas of potential weakness highlighted through audit and other assurance reports.

I hope you find the above summary, and the more detailed report, both useful and informative.

Karen Green
Chair of the Audit Committee

6 March 2024

How the Committee operates
Membership
Membership of the Committee at the end of the year was: Karen Green (Chair), Andy Crossley, Michael Brierley and Fiona Muldoon.

Two of the Committee's members are Fellows of the Institute of Chartered Accountants in England and Wales, and one is a Fellow of the Institute of Chartered Accountants in Ireland. Given the insurance and financial services experience of the members of the Committee, the Board considers that they have a broad range of skills, experience and knowledge of the insurance and financial services sector, which represents the principal market in which the Group operates, and also the area of consumer lending in which the Group has a growing business, such that they are able to effectively analyse, challenge and debate the issues that fall within the Committee's remit. The Board is satisfied that the Committee as a whole has competence relevant to the sectors in which the Group operates and further considers that a number of its members have recent and relevant financial experience.

Attendance at meetings
The Company Secretary acts as Secretary to the Committee. The Group Chief Financial Officer, Group Chief Risk Officer, Director of Group Finance & Chief Actuary and Group Head of Internal Audit routinely attend all Committee meetings (other than certain private sessions). Other individuals, such as the Chair of the Board, Chief Executive Officer, Head of Group Compliance, and representatives of different parts of the Group, may be invited to attend all or part of any meeting as and when appropriate. The Chairs of the Audit Committees of the Group's European insurer and US subsidiary also attend at least one meeting each year to present on their activities.

The external auditor was invited to attend all of the Committee's meetings held in 2023, except in respect of those agenda items when its own performance, reappointment and fees were reviewed and discussed, or where any other conflict was identified.

Meetings held
The Committee meets at least six times per year and has an agenda planner linked to events in the Company's financial calendar and other significant issues that arise throughout the year, which fall for consideration by the Committee under its remit. The Chair of the Audit Committee agrees the agenda for each meeting.

There were eight scheduled Committee meetings held during the year (with two of these meetings focused on reserving matters in conjunction with the half year and full year reporting and another on the approval of the Group's Solvency and Financial Condition Report). Two additional meetings were held during the year, focused on various matters relevant to the Committee's remit.

Details of member attendance at the Committee meetings held during the year are outlined on page 162.

How the Committee keeps up to date
The Committee is kept up to date with changes to Accounting Standards and relevant developments in financial reporting, Company law, and the various regulatory frameworks through presentations from the Group's external auditor, Group Chief Financial Officer, Group Chief Actuary and Group Company Secretary. In addition, all members attend relevant seminars, briefings and conferences provided by external bodies. The Committee also receives tailored reports from management and the Group's external auditors from time to time. Topics included the Task Force on TCFD and other climate-related reporting proposed changes to the UK Corporate Governance Code in 2023.

The Terms of Reference of the audit Committee include all the matters required under the Code and are reviewed annually by the Committee.

The Chair of the Audit Committee meets with the Group Head of Internal Audit, Group Chief Financial Officer, Director of Group Finance & Chief Actuary, Head of Reserving, the external auditors and UK Head of People Services (who has overall responsibility for coordinating the Group's whistleblowing arrangements) on a regular basis. The Committee also held (i) two private meetings with the Group Head of Internal Audit, (ii) one private meeting with the Chief Financial Officer, and (iii) two private meetings with the external auditor during the year.

Role and responsibilities of the Committee
The Audit Committee's primary responsibilities are to:

Financial reporting
- Monitor the integrity of the Group's financial statements and any formal announcement relating to the Group's financial performance, including the Group's Solvency and Financial Condition Report, reviewing any significant financial reporting judgements which they contain, including that of the Group's Going concern status
- Provide advice (where requested by the Board) on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy
- Oversee the Group Risk Committee's work on climate-related financial disclosures.

Internal controls and internal audit
- Keep under review the effectiveness of the Company's internal financial controls, internal control and risk management systems
- Monitor and assess the role and effectiveness of the Group's internal audit functions in the context of the Group's overall internal control and risk management systems.

External audit
- Make recommendations to the Board, to be put to shareholders for their approval at the Annual General Meeting (AGM), in relation to the appointment, reappointment and removal of the Group's external auditor
- Approve the remuneration and terms of engagement of the Group's external auditor
- Review and monitor the Group external auditor's independence and objectivity, and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements
- Review the policy on the engagement of the Group external auditor to provide non-audit services, ensuring that there is prior approval of non-audit services, considering the impact this may have on independence and taking into account the relevant ethical guidance in this regard.

Other
- Oversee the Group's procedures for handling allegations from whistleblowers
- Report to the Board on how it has discharged its responsibilities.

Summary of key activities during 2023
During the year the Committee reviewed the following:

Financial reporting
- The Group Annual Report and interim results announcement, including key accounting judgements and disclosures
- Parent Company financial statements (both annual and interim), and related key accounting judgements and disclosures, including impairment testing of the Parent Company's investments in subsidiaries
- Reports from the Chair of the Group Risk Committee on the principal risks faced by the Group and the work undertaken by the Group Risk Committee to ensure risk is appropriately managed
- Reports from the Chair of the Admiral Insurance Company Limited (AICL) and Admiral Insurance (Gibraltar) Limited (AIGL) Audit Committees on the financial statements for AICL and AIGL at HY 2023, including key accounting judgements and disclosures
- The Group Solvency and Financial Condition Report, including disclosures specific to AICL and AIGL
- Presentations from the Group's actuarial reserving team and independent external actuarial experts to assist the Committee in concluding on the adequacy of the Group's IFRS reserves and Solvency II technical provisions
- Information supporting the Group's Going concern assumption
- Information prepared by management demonstrating risk transfer within reinsurance contracts in line with the requirements of IFRS 17 (Insurance Contracts)
- Updates from the Group's consumer lending business on the IFRS 9 (Financial Instruments) expected credit loss provision
- Reports assessing the accounting and disclosure impacts of risk events arising across the Group
- Information supporting the accounting treatment of a historic Italian tax matter
- The financial statement disclosures on the impact of the new standard required by IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) (further detail on the Committee's work in relation to IFRS 17 is set out below)
- The Group's disclosures relating to climate risk, including those disclosures required by the TCFD and CFD, and received a report from the external auditor on regulatory developments in climate-related disclosure requirements.

Internal audit and internal controls
- Reports from the internal audit functions within the Group on the effectiveness of the Group's risk management and internal control procedures and progress against the 2023 Audit Plan, approval of changes requested to the 2023 Plan and the Audit Plan for 2024 including resourcing levels, details of key audit findings, and actions taken by management to manage and reduce the impact of the risks identified
- Performance and effectiveness of the Internal Audit function
- A summary of the key findings from all reports from Internal Audit, including management responses to the conclusions set out in the reports
- Reports on the controls in place, including significant breaches or incidents, across the Group and its overseas subsidiaries
- European insurance internal audit updates, including an update from the Chair of the European Audit Committee (of the Group's subsidiary Admiral Europe Compañía de Seguros, S.A., (AECS) which underwrites the Group's European insurance businesses) on the activities of that Committee

Audit Committee Report
continued

- US insurance internal audit updates, including an update from the Chair of the Audit Committee of the Group's US subsidiary Elephant, on the activities of that Committee
- Reports on the output of the assessments of adherence to and embedding of the Group Minimum Control Standards' framework and planned developments in relation to that framework
- Reports on the various improvements underway to the Group's control environment including regular updates on work to strengthen the Group's IT access control management and plans to further enhance the Group's Fraud and Financial Crime Framework.

External audit
- Reports from the external auditor highlighting system and control recommendations, key accounting and audit issues and conclusions on the half year and full year reporting
- Confirmation of the external auditor's independence
- Reports from Deloitte, the external auditor, on their proposed audit scope and plan
- Proposed external audit fee and the drivers of the year-on-year increase.

Other
- Updates on tax matters supporting the Group Tax Strategy which is available at www.admiralgroup.co.uk
- Progress updates on the BEIS consultation relating to audit and corporate governance reforms, including updates received from the external auditor
- The effectiveness of the Group's Whistleblowing Policy, which sets out the arrangements for raising and handling allegations from whistleblowers, and receiving regular reports on instances of whistleblowing that have been raised
- The Committee's terms of reference
- The Committee's effectiveness.

Significant issues considered by the Committee

After discussion with both management and the external auditor, the Audit Committee determined that the key risks of misstatement of the Group's financial statements, as in prior years, related to the valuation of insurance contract liabilities under IFRS 17. This key risk of misstatement can be separated into the best estimate of future cashflows required to fulfil insurance contracts, and the methodology and measurement of the risk adjustment for non-financial risk. In addition, given the inflationary environment referenced above, a specific significant risk was agreed in relation to inflation assumptions applied to UK Car bodily injury claims reserves given the long-tail nature of the claims and the current higher inflationary environment.

The implementation of IFRS 17 in the period also gives rise to a key audit matter given that the standard introduces a number of new key accounting judgements.

Furthermore, the IFRS 9 provision for expected credit losses in relation to the Group's lending business, Admiral Money, and the impairment testing exercise performed in relation to the Group Parent Company investments in Group subsidiaries were significant financial reporting issues considered by the Committee.

These significant issues were discussed with management during the year and with the external auditor at the time the Committee reviewed and agreed the external auditor's Group audit plan, when the external auditor reviewed the interim financial statements in August 2023 and also at the conclusion of the external audit of these full year financial statements.

Valuation of insurance contract liabilities

The Committee continued to spend significant time reviewing and challenging the approach, methodology and key assumptions adopted by management in setting reserves for insurance liabilities in the financial statements to ensure consistency with the Group's stated accounting policies, which have been updated following the implementation of IFRS 17.

In this context, the Committee challenged management on the important judgements and assumptions used in estimating the best estimate of future claims cashflows, including specific focus on inflation assumptions applied in relation to UK Car bodily injury claims, and the measurement of the risk adjustment for non-financial risk. Further information is set out in more detail in the critical accounting estimates section of note 2 to the financial statements.

As in previous periods, the Committee held meetings specifically focused on reserving, receiving presentations on UK Car Insurance reserves from the internal actuarial reserving and finance teams, as well as the independent external actuarial advisors. At these meetings management provided further information on the projected best estimate claims reserves, as well as payment patterns used to estimate the resulting future claims cashflows. Management also presented to the Committee on the measurement of the risk adjustment for non-financial risk including the methods used to estimate the reserve risk probability distribution and the selection of the confidence level in line with the Group's stated 85th – 95th percentile accounting policy. The Committee also received presentations from the external actuarial firm that performed independent validation of the best estimate claims reserves and the external Big Four firm that performed independent validation of the reserve risk distribution and the appropriateness of the risk adjustment at the target confidence level. Management were challenged by the Committee on the key assumptions and judgements made in these processes and justification for the movement in confidence level since the start of the year.

The Committee reviewed and discussed the effects of inflationary pressures on claims reserves in relation to both damage and bodily injury claims. In addition, the move to a new claims system was considered as well as scenarios in relation to the future Ogden rate and updates regarding the FCA's multi-firm review of motor total loss claims. The Committee also reviewed management's assessment of the level of uncertainty inherent in the claims reserves, and changes to that assessment from previous periods as well as the results of management's reserve stress and scenario testing.

The Committee also received updates from the Group's external auditor, Deloitte, on its work in relation to this significant audit risk. This included reviewing management's actuarial data quality assessments, best estimate reserve projections and the risk adjustment for non-financial risk, as well as assessing management's qualitative and quantitative support for gross insurance contract liabilities included in the financial statements. Based on this work, the auditor was satisfied that the financial statement reserves remain appropriate and consistent with the Group's accounting policy.

The Committee also received reports on the reserving processes for the Group's insurance businesses other than UK Car Insurance. Management presented an overview of the claims reserving processes and resulting recommendations for the UK Household and UK Van lines of business as well as European and US motor businesses, including the results of actuarial best estimate reserving processes and justification for the risk adjustment for non-financial risk for each business.

Whilst acknowledging that the setting of reserves for claims which will settle in the future is a complex and judgemental area and having had the opportunity to challenge management's proposal in respect of both best estimate reserves and risk adjustment held above best estimate to cover unforeseen deteriorations in the best estimate, the Committee is comfortable that an appropriate process has been followed, and that there has been sufficient scrutiny, challenge and debate to give confidence that the reserving levels set incorporate a risk adjustment for the uncertainty in the best estimate which is consistent with the Group's stated IFRS 17 accounting policies.

Inflation assumptions applied within valuation of UK motor bodily injury claims reserves

The Committee placed focus during the year on reviewing and challenging the approach, data inputs, methodology and key assumptions adopted by management in determining an allowance for excess inflation on bodily injury claims, included in claims reserves. Whilst acknowledging that ultimate outcome is highly uncertain, the Committee had the opportunity to challenge management's judgements in respect of selected projections of inflation, in particular future wage inflation as well as the elements of bodily injury claims that will be subject to this excess inflation. The Committee concluded that the data and underlying methodology used in calculating excess inflation was reasonable, and in line with market practice and that the inflation assumptions adopted were appropriate.

Other financial reporting issues

IFRS 17 implementation

IFRS 17 is the new insurance accounting standard that came into effect from 1 January 2023. Given the fundamental changes to the Group's financial statements and systems and processes that have arisen because of the new standard, the Committee dedicated a significant amount of time during previous financial reporting periods to understanding and assessing the impact of the standard on the Group's financial reporting process and the progress of implementation of chosen software solutions.

In 2023, the Group presented interim and full year financial statements under the new standard, including a transition balance sheet as at 1 January 2022, a full restatement of 2022 primary financial statements and related notes to the financial statements as well as revised accounting policies and other disclosures.

Throughout the year the Committee continued to dedicate significant time to the subject and received regular updates on implementation activities, as well as reviewing and approving accounting policies, methodologies and judgements relating to the new standard. Activities of the Committee included:

- Regular updates as to the programme status, ahead of the first reporting under IFRS 17 in the Group's interim financial statements including progress against plans for individual workstreams and other issues such as resourcing levels
- Review and approval of the Group's transition balance sheet as at 1 January 2022, including the work of the external auditor Deloitte in respect of the transition
- Review and approval of the Group's restated 2022 interim and full year financial statements under IFRS 17, including the work of the external auditor Deloitte in respect of the restatement
- Review and approval of all IFRS 17 related policies including accounting policies and those related to accounting judgements and materiality
- Review and approval of the Group's revised methodology for estimating co-insurance profit commission, which is recognised under the accounting standard for revenue, IFRS 15. Whilst not directly impacted by IFRS 17, the loss ratio inputs to the calculation were amended to ensure consistency with the new standard
- Reports setting out management's assessment of key technical accounting matters as part of the review of 2023 interim and final financial statements, including the status of the work of the external auditor Deloitte in respect of those technical issues
- Updates from the Group's external auditor on their audit of the Group's IFRS 17 work and IFRS 17 developments in the market generally.

The critical accounting judgements reviewed by the Committee in relation to IFRS 17 included management's justification for the use of the simplified 'Premium Allocation Approach', the lowest unit of account under IFRS 17 and the classification and presentation of reinsurance contracts under the standard. The Committee, having reviewed management's supporting papers and hearing from external auditor Deloitte on the matters, concluded that the judgements were reasonable and appropriate.

The Committee was pleased to note the positive findings of the FRC's thematic review of companies' disclosures relating to IFRS 17 'Insurance Contracts' in the interim accounts, which highlighted the Group's disclosures as an example of better practice.

Audit Committee Report
continued

IFRS 9 provision for expected credit losses

During the year, the Committee has continued to review and challenge the IFRS 9 provision for expected credit loss arising through the Group's loans business, Admiral Money. Areas of focus included the potential impact of UK inflationary pressures and the increase in UK market interest rates on default experience, the assessment of circumstances indicating a significant increase in credit risk and underlying forward-looking economic assumptions.

Further information on the provision and key assumptions are found in note 7 to the financial statements.

On the basis of the work performed and having had the opportunity to challenge management's proposal in respect of the provision for expected credit losses, the Committee was comfortable that an appropriate process has been followed, noting the continued enhancements made to the provisioning methodology reflecting the increasing maturity of the business, and that there has been sufficient scrutiny and challenge to give confidence that the provision has been set in line with the IFRS 9 requirements and included appropriate allowance for uncertainties arising from the current macro-economic environment.

Impairment testing for the Group's investment in subsidiaries

During the year, the Committee considered management's work in relation to the Group Parent's investment in subsidiary entities. Under the relevant accounting standard, IAS 36 'Impairment of Assets' management identified entities with indicators of impairment and performed detailed impairment testing in relation to those investments, calculating recoverable amounts primarily through the use of discounted cashflow calculations.

Management proposed the recognition of non-cash impairment losses in respect of investments in Elephant, the Group's US insurer, as well as subsidiary entities supporting the Group's newer growth businesses in the UK and in Italy. The impairment charge relating to Elephant followed a similar approach to previous periods and was the more material of the impairment losses, reflecting the reduction in net assets of the business (used as a proxy for fair value less costs to sell) arising from losses incurred during 2023.

The Committee challenged management's proposal for recognition of impairment losses as well as conclusions for other subsidiary entities where indicators for impairment were present but no impairment was deemed necessary as a result of recoverable amounts being in excess of the carrying value of investments.

Misstatements

No material unadjusted audit differences were reported by the external auditor. The Committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and appropriate professional scepticism.

After reviewing the presentations and reports from management and consulting, where necessary, with the auditor, the Committee is satisfied that the financial statements appropriately address the critical judgements and key sources of estimation uncertainty (both in respect to the amounts reported and the disclosures). The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

External audit

External auditor appointment

The Group last completed an audit tender during 2020/21 when, following the completion of a transparent and independent audit tender process, Deloitte LLP were recommended to shareholders as the Group's auditor at the Annual General Meeting (AGM) in April 2021 and a resolution was passed to that effect. Deloitte LLP's overall tenure up to and including the 2023 financial year is eight years. The Committee confirms it is in compliance with the provisions of the Statutory Audit Services for Large Companies Market Investigation Order 2014.

On the recommendation of the Committee, the Board approved that Deloitte should be recommended to shareholders for reappointment as the Group's auditors at the 2024 AGM. A resolution to that effect will be proposed at the AGM.

Audit fee

During 2023, the Committee reviewed and approved the audit fee proposal for the 2023 year end Group audit. The agreed fee for the audit and other assurance related services for 2023 is £3.48 million (2022: £2.76 million), with the increase reflecting inflation in line with market increases, the impact on ongoing audit work required relating to IFRS 17 (Insurance Contracts) and the impact on audit work required in relation to new financial systems.

The Committee approved the fee increase having discussed with the auditor the rationale for the proposal.

In addition to the agreed fee for 2023, the Group incurred a one-off audit fee during 2023 of £0.83 million relating to the transition to IFRS 17 and the re-presentation of the Group's 2022 financial statements under the new standard.

Safeguarding the external auditor's independence and objectivity

The Committee reviewed and approved its policy on non-audit services in February 2023 and was satisfied that it continued to align with current regulatory guidance. Under the policy, the Group's statutory auditor will only be engaged to carry out non-audit services in prescribed circumstances or where there is a regulatory request, and where agreed by the Committee. This is to ensure that the independence and objectivity of the external auditor is safeguarded.

The Committee will continue to monitor regulatory developments in this area to ensure that its policy on non-audit fees adheres to current guidance.

Effectiveness of the external audit process

The Committee undertakes an annual review to assess the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements, the progress achieved against the agreed audit plan, and the competence with which the auditor handled the key accounting and audit judgements.

As part of its review, the Committee considered, among other things, the following: submissions by the external auditor relating to their continued independence, the output of a questionnaire completed by all Committee members and relevant members of the Group's Finance and Internal Audit functions and the findings of the FRC Audit Quality Reviews (AQR) published in July 2023. Following this review, the Committee concluded that the external auditor, Deloitte LLP, remained independent and that the external audit process remained effective.

Internal audit

The Group Head of Internal Audit attended all Audit Committee meetings and provided a range of presentations and papers to the Committee, through which the Committee monitored the effectiveness of the Group's material internal controls, including financial, operational and compliance controls on behalf of the Board.

The Group Head of Internal Audit also carries out an annual review of the effectiveness of the Group's systems of internal control and risk management and reports on the outcome of this review to the Committee. In February 2024, the Group Head of Internal Audit reported an adequate level of assurance in relation to the Group's arrangements for risk management, control infrastructure, governance and fraud prevention controls. This was supported by a summary of the assurance activity performed by the Line 2 Risk and Compliance functions and an annual assessment of internal controls by Line 2.

The Committee reviewed and approved the Group Internal Audit Policy, which includes the Group Internal Audit Terms of Reference setting out the role, objectives, reporting lines and accountability, authority, independence, and objectivity of the Internal Audit function.
The Committee also monitored and discussed the evolution and development of the Internal Audit function, and considered the role, competence and effectiveness of each internal audit function across the Group. The Group Head of Internal Audit continues to have responsibility to ensure the quality of the internal audit activities in the Group's overseas locations. The Chairs of the European and US Audit Committees each updated the Committee on their respective activities during the year.

Members of the Committee also receive all issued internal audit reports, enabling them to challenge the reports' content, including the rating, and related recommendations. The Committee approves the internal audit plan at the start of each calendar year and any inflight amendments to that plan, whilst the effectiveness and workload of the internal audit functions and the adequacy of available resources are monitored throughout the year.

The European operations in Spain, Italy and France have a dedicated internal audit team and the US business also has its own locally based team. All reports are evaluated by the Group Head of Internal Audit to ensure the quality and effectiveness of the reported findings, and a summary of the key findings of each completed audit is provided to the Committee as part of the Group Head of Internal Audit's regular Committee update. In addition, the UK internal audit function carries out high-level governance reviews of all foreign operations, assessing the internal control frameworks and system of risk management.

Committee effectiveness review

As part of the Committee's annual review of its own performance and processes, each Committee member completed a comprehensive questionnaire designed to provide objective assessment of the Committee's performance, including its effectiveness in monitoring internal and external audit.

The Committee discussed the results of the review at its meeting in December 2023 and concluded that the Committee continued to operate effectively and within its remit. There were a number of areas identified for further improvement, such as ensuring that issues and risks were prominently presented in Committee papers.

Priorities for the Committee for 2024 include ensuring that the Committee is appropriately briefed on the UK Corporate Governance Code change and climate-related reporting, requesting the relevant business managers to attend Committee meetings to answer questions on significant internal audit reports and reinforcing the use of more effective summaries to highlight the issues and risks that the Committee needs to focus on.

Whistleblowing

On behalf of the Board, the Committee considered and reviewed the Group's whistleblowing policy and received quarterly updates on the use and effectiveness of the policy, whistleblowing metrics and the instances of whistleblowing that had been raised across the Group during the year. During the year, the Committee concluded that the Group's current whistleblowing arrangements were an appropriate means by which employees could raise concerns in confidence and anonymously.

Group Risk Committee Report

Managing RISK EFFECTIVELY

"The Group Board is of the view that the Group's risk management and internal control systems have operated effectively during the year."

Andy Crossley
Chair of the Group Risk Committee

Eight meetings in 2023

Committee members

Members	Attendance
Andy Crossley (Chair)	8/8
JP Rangaswami	8/8
Cristina Nestares[1]	7/8
Karen Green	8/8
Jean Park[2]	1/1

1 Cristina Nestares missed one meeting due to a preexisting arrangement.
2 Jean Park retired from the Board and all of her Committee memberships on 20 January 2023.

The Committee held eight scheduled meetings, with an additional meeting also taking place.

Dear Shareholder,

As Chair of the Group Risk Committee, I am pleased to present the Committee's report for 2023.

The Committee has received updates on each of the Group businesses as part of the Group's Enterprise Risk Management Framework (ERMF). Developments considered by the Committee throughout the year included:

- Admiral's risk strategy and approach to risk management including regular reviews of the Group's risk strategy and risk appetite, monitoring a suite of Key Risk Indicators, and oversight of the management of material risk events
- Ongoing risk assessment and monitoring of the impact of inflation, market volatility, and economic outlook on capital and liquidity risks across the Admiral Group
- The implementation of Consumer Duty
- Oversight of work required to ensure Admiral is prepared to meet the challenges of climate change
- Oversight of material projects and change programmes
- Oversight of Admiral's technology and Information Security work, including the future technology strategy
- Discussions on people risk and risk culture
- The continuing development of the Admiral internal model.

Risk strategy and approach to risk management: During the year the Committee has discussed and considered proposals to enhance the risk strategy and the approach to risk management in order to continue supporting the effective and efficient delivery of the Group's overall strategy. The Committee continues to monitor a suite of Key Risk Indicators with associated triggers and limits against the Group risk appetite.

The ongoing focus on monitoring and reporting customer outcome risks continues with the Committee reviewing the Group Conduct Risk Framework (aligned with the ERMF). The Committee also received updates on the Group Minimum Standards which continue to be enhanced and embedded.

The Committee has spent time on key risks that affect the Group as well as reviewing the management and outcomes of notable risk events reported during the year.

Capital management: The Committee has reviewed the Group's proposed dividend level, capital plan and capital buffer in line with the Capital Policy. The review considered the expected impact on the Group's solvency ratio due to a range of different sensitivities, and stress and scenario tests. The Group continues to make use of Undertaking Specific Parameters (USPs) in Admiral Insurance (Gibraltar) Limited (AIGL) and the Volatility Adjustment (VA) in AIGL and its UK insurance entity, Admiral Insurance Company Limited (AICL). The Committee discussed the capital add-on, and received updates on the process and outcome during the year.

Economic uncertainty: The Committee has reviewed and continues to monitor the Group's solvency and liquidity positions in response to market volatility and wider economic uncertainty, considering factors such as changes in inflation, the wider impact of supply chain disruption, banking events, high interest rates, and the pressures on individual household finances.

Consumer Duty: The Committee received regular updates on the delivery of Consumer Duty implementation during 2023. Since the Duty came into effect in July 2023, the Committee has continued to receive regular updates, focusing on how the Duty is embedding and on the delivery of good customer outcomes.

Climate change: The Committee has received updates on the work being undertaken relating to climate change to ensure that Admiral is meeting current requirements and is appropriately preparing to meet future challenges. These updates include commentary on risk management, ongoing climate-related strategic developments, and the changes that may be necessary for compliance with emerging regulatory requirements. This is further described in the Viability Statement (page 109), and additional information on Admiral's approach to climate change can be found in the Task Force on Climate-related Financial Disclosures (page 73).

Geopolitical instability: The Committee has been apprised of geopolitical developments over the course of the year. In particular, the Committee has considered the effects of the 2022 Russian invasion of Ukraine, which continues to drive cost of living pressures and put supply chains under strain, and the added uncertainty from the more recent Israel-Hamas conflict. The Committee has also considered potential exposure to disruption in the global electric vehicle (EV) manufacturing industry, which is dominated by China, if a geopolitical conflict were to develop between China and Taiwan or the United States.

Material projects and change programmes: As a result of the Committee's oversight of individual Group entities, combined with the oversight afforded by the Group's project governance framework, the Committee has considered and challenged updates relating to material projects and change programmes within the Group, including those designed to accelerate existing products. The Guidewire migrations in the Group have been the topic of focused sessions at GRC, in particular to ensure consideration of the published lessons learnt from an incident at a peer.

Technology and information security: The level of oversight of technology risks including operational resilience has continued to increase over the year with regular reporting and discussion of the risk position at GRC. The Committee has received regular updates on relevant topics including the future technology strategy.

People risk and risk culture: The Committee has considered the potential impact on people and culture when reviewing strategic decisions. In addition, a number of the Key Risk Indicators and supporting commentary are focused on people risk.

Progress of Admiral internal model (AIM): The Group Risk Committee and Board have maintained their focus in relation to the Admiral internal model during 2023, and have continued to receive regular reporting to help drive key decisions in relation to the model. The UK Car model has been updated in 2023 to address limitations identified during prior independent validation reviews. This will help to ensure that the model is well placed to support a planned regulatory pre-application. The new UK Car model will be subject to another cycle of independent validation to ensure that the updates have been successfully implemented prior to the pre-application regulatory submission. In parallel, the project is continuing a programme to expand the model to produce Solvency Capital Requirements for Admiral Group, AIGL and AICL and to expand its scope to include UK Household, UK Van, Travel and Pet products. This expanded scope partial internal model will be the basis of a regulatory full application. Regular communications with the PRA and GFSC are being held both at senior management and project levels to align delivery for the pre-application and full-application regulatory reviews.

Andy Crossley
Chair of the Group Risk Committee

6 March 2024

Duties and responsibilities of the Group Risk Committee

The duties and responsibilities of the Committee are set out in the Committee's Terms of Reference, and were reviewed and approved by the Admiral Group Board.

The main responsibilities of the Committee are:

- Overseeing the development, implementation and maintenance of the Group's overall Risk Management Framework and ensuring that it is in line with emerging regulatory, corporate governance and best practice guidelines
- Considering and recommending to the Board for approval the Group's risk appetite, as well as ongoing monitoring and review of the Group's risk exposures
- Monitoring the Group's prudential risk exposure, which includes ensuring that the Group's capital resources and liquidity profile are appropriate to its needs, whilst meeting minimum regulatory requirements, including overseeing and challenging the design and execution of the Group's stress and scenario testing
- Reviewing the Group's capacity to pay interim and final dividends
- Reviewing the annual Group ORSA Report and any required interim ORSA Reports, with recommendations being provided to the Board for approval
- Reviewing and approving the Solvency II Actuarial Function Reports on Risk Management, Reinsurance and Underwriting each year
- Reviewing the Group's progress towards approval of the Group's internal capital model
- Monitoring the adequacy and effectiveness of the Group's Risk and Compliance functions
- Approving the annual plans and resourcing for the Group Risk and Compliance functions which include reviewing regulatory developments and any planned meetings between the PRA and FCA and the business
- Reviewing any significant risk issues that have a material impact on the customers of the business and/or concern the regulator

Group Risk Committee Report
continued

- Ensuring the adequacy and effectiveness of the Group's systems and controls for the prevention of financial crime, and data protection systems and controls
- Reviewing the Group's compliance with Solvency II
- Annually reviewing and approving the Group Minimum Standards Framework and required standards
- Reviewing compliance with Group policies, including the Group's Reinsurance Policy, Group ORSA Policy, and Group Underwriting Policy
- Reviewing the proposed risk-based adjustments to remuneration for senior managers and making subsequent recommendations for approval to the Group Remuneration Committee, as well as providing feedback on the Directors Remuneration Policy, and commenting on remuneration metrics to help ensure there is no conflict with risk management objectives
- Reviewing reports from the Group Risk, Group Compliance, Group Data Protection and Privacy, and Group Internal Audit functions
- Formally reporting to the Group Audit Committee to facilitate their recommendation of the Annual Report and Accounts to the Board on the following key areas and disclosures; principal risks and uncertainties, risk management and internal control, viability, risks associated with material transactions and/or strategic proposals, and the Taskforce on Climate-related Financial Disclosures.

The Committee Chair reports formally to the Board on the Committee's proceedings after each meeting, on all matters within its duties and responsibilities, as set out in previously circulated minutes to the Board. The Committee Chair also reports on the activities of the Committee in a formal written report that is submitted to and discussed by the Board annually.

The work of the Committee is supported by more detailed work undertaken by subsidiary Boards and/or executive Risk Management Committees in each of the Group's operational entities. At each meeting, the Risk Management Committees consider notable: movements in the operation's risk profile; risk events; and emerging risks. Risk Management Committees also assess and monitor regulatory issues, ensuring that their resolution and the actions taken are appropriately recorded. The Risk Management Committees receive regular information on Conduct Risk, such as complaint handling reports and other related management information. The Group Risk Management function reviews and collates information from across the Group for consideration by the Committee.

In addition, to ensure that the Committee is operating effectively, it conducts a periodic review of its performance (last reviewed in November 2023) and at least annually reviews its constitution and terms of reference (last reviewed in December 2023). Any changes it considers necessary are recommended to the Group Board for approval. As part of the Committee's annual review of its own performance and processes, all Committee members and regular attendees were invited to complete an online evaluation designed to provide objective assessment of the Committee's performance, including its effectiveness.

The Committee discussed the results of the review at its meeting in January 2024 and concluded that, overall, the Committee remained effective with feedback from the Committee being largely positive. Areas of focus and improvement for the Committee in 2024 included greater focus on change risk and further examination of the business's ability to manage key/strategic risks.

Summary of key Group Risk Committee activities in 2023

During the year the Committee:

- Reviewed the Group's updated risk strategy, and ongoing enhancements to the risk appetite framework in the context of the Group's agreed strategic objectives
- Recommended the 2023 Group ORSA Report and ORSA Policy for Board approval prior to submission of the report to the regulator
- Reviewed the Group's capacity to pay dividends, capital plan and capital buffer in line with the Capital Policy
- Received updates on the Group's regulatory capital add-on review as part of the Solvency II capital requirements
- Received regular updates on customer outcome risk, the Group Minimum Standards, and Policy Framework
- Received in-depth updates of individual Group entities, Admiral Europe Compañia de Seguros (AECS), EUI, Admiral Money (AFSL), Elephant and Able
- Considered in-depth analysis of a number of the Group's most significant risk areas, via stress and scenario testing and reverse stress testing
- Considered the adequacy of risk mitigation measures and contingency planning including a review of the Group's reinsurance provisions
- Dedicated a significant amount of time to developing the Admiral internal model, receiving regular updates on the progress of the project and providing challenge to key project work streams
- Monitored climate change-related initiatives, including continued progress to reduce Scope 1 and 2 emissions, progress to validating Scope 3 emissions, and submitting science-based targets
- Received regular risk monitoring reports on performance of Key Risk Indicators within the overall risk management framework
- Received updates on the impact of notable risk events throughout 2023
- Received regular updates in relation to key programmes of work including Identity and Access Management, Guidewire Upgrade and Consumer Duty, as part of the Group's project governance framework
- Considered the annual renewal of the Group's corporate insurance coverage
- Assisted the Group Board in its oversight of M&A opportunities, including the acquisition due in 2024 of the UK direct Home and Pet personal lines insurance operations of RSA.

Principal risks and uncertainties

The Board of Directors confirms that it has performed a robust assessment of the Group's principal and emerging risks. These risks, along with explanations of how they are being managed and mitigated, are included in the Strategic Report, page 98.

Information on how key risk drivers have impacted on the Group's principal risks has been included within the Viability Statement, page 109.

Risk management and internal control systems

The system of risk management and internal control over Admiral's insurance, operational, market, credit and group risk is designed to manage rather than eliminate the risk of failure to achieve business objectives and breaches of risk appetites.

Furthermore, risk management can only provide reasonable and not absolute assurance against material misstatement or loss. The Group Board is ultimately responsible for the Group's system of risk management and internal control and the Group Audit Committee (GAC) has reviewed the effectiveness of this system (a summary of GAC duties and responsibilities, as well as key GAC activities in 2023 is available on page 161.

The Group Board is of the view: that there is an ongoing process for identifying, evaluating and managing the Group's risks and internal controls; that it has been in place for the year ended 31 December 2023 and that it has operated effectively; and that, up to the date of approval of the Annual Report and Accounts, it is regularly reviewed by the Group Board and accords with the internal control guidance for Directors provided in the 2018 UK Corporate Governance Code.

The Group Board confirms that it has performed a robust assessment of the Group's principal and emerging risks. These risks, along with explanations of how they are being managed and mitigated, are included in the strategic report on page 98, with key risk drivers impacting Admiral's principal risks and uncertainties being further discussed in the Viability Statement on page 109. The Group Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. This assessment supports the Group Board in monitoring the integrity of the Group's reported financial statements.

The Group Board meets at least seven times a year to discuss the direction of the Group and to provide oversight of the Group's risk management and internal control systems.

The Group Board has delegated the development, implementation and maintenance of the Group's overall risk management framework to the Group Risk Committee (GRC). The GRC reports on its activities to the Group Board and the GAC, supporting the overall opinion provided by the GAC that the Group's internal control, risk management and compliance systems continue to operate effectively.

The Group Board has delegated to the GAC the review of the adequacy and effectiveness of the Company's internal financial controls, and internal control and risk management systems.

The Group operates a "three lines of defence" approach to Risk and Internal Control.

1st Line of Defence: The Group Board recognises that the day-to-day responsibility for implementing policies for risk identification, assessment and management lies with the senior management, whose operational decisions must take into account risk and how it can be controlled effectively.

2nd Line of Defence: The "second line of defence" is led by the Group Chief Risk and Compliance Officer and comprises the Corporate Governance functions and Committees that are in place to provide oversight of the effective operation of the internal control framework. The Corporate Governance functions facilitate the oversight and operation of the Group Policy Framework and Group Minimum Standards, covering risk management and controls for all notable risks to the Group. The Corporate Governance functions perform second line reviews, including reviews of the capital modelling and business planning processes to support the Group Board's assessment of the Group's ongoing viability. Regular reviews of risks are undertaken in conjunction with senior management, with the results of these reviews recorded in risk registers and reported to the appropriate governance forums and Boards.

3rd Line of Defence: The "third line of defence" comprises the independent assurance provided by the Group Internal Audit function, overseen by the GAC. Internal Audit undertakes a programme of risk-based audits covering all aspects of both the first and second lines of defence. The findings from these audits are reported to all three lines, i.e. Management, the Executive and oversight Committees, and the GAC.

The Subsidiary Boards, GRC, and entity Risk Committees receive reports setting out key performance and risk indicators and consider possible control issues brought to their attention by early warning mechanisms that are embedded within the operational units. They, together with the GAC, also receive regular reports from the Internal Audit function, which include recommendations for improvement of the control and operational environments.

The Chair of the GRC provides a written report to the Group Board of the activities carried out by the Committee on an annual basis (a summary of GRC duties and responsibilities, as well as key GRC activities in 2023 is available on page 168). In addition, the Group Board receives regular reports throughout the year from the Chairs of the GRC and GAC as to their activities, together with copies of the minutes from Subsidiary Board meetings, the GRC and the GAC.

The GAC's ability to provide an opinion to the Group Board depends on the provision of periodic and independent confirmation, primarily by Group Internal Audit, that the controls established by Management are operating effectively and where necessary provides a high-level challenge to the steps being taken by the GRC to implement the risk management strategy.

Remuneration Committee Report

Ensuring OUR PEOPLE ARE SUPPORTED

"We are recommending policy changes which we believe make the Executive Directors' packages more competitive, while reinforcing the strong alignment with shareholders' interests and maintaining fairness of reward approach to reinforce Admiral's unique culture."

Evelyn Bourke
Chair of the Remuneration Committee

Seven meetings in 2023

Committee members

Member	Attendance
Evelyn Bourke (Chair)	7/7
Michael Brierley	7/7
Justine Roberts[1]	5/7
Karen Green[2]	1/1

Dear Shareholder,

On behalf of the Remuneration Committee, I am delighted to present the Directors' Remuneration Report for the year ended 31 December 2023.

I would like to thank shareholders for supporting Admiral's Annual Report on Remuneration at the April 2023 AGM with a vote of 88.5%. I look forward to welcoming you at our AGM in 2024 and to your continued support.

2023 business context

2023 has been a landmark year for the Group, celebrating thirty years in business, however, it has not been without its challenges – both macroeconomic and geopolitical.

As Milena has made clear in her statement this year, we have continued to deliver the right products and service to our customers. This is evidenced in 6% growth in customer numbers and profit of £443m, a solid performance given the challenging context. We have been able to deliver this performance due to reacting quickly and navigating the changing market conditions well.

During 2023 we have continued to ensure that our people are supported through the ongoing cost-of-living challenges. We are clear that the continuing success of Admiral is possible due to the hard work and dedication of the people who work for us, and we will continue to ensure they are supported for the year ahead.

1. Justine Roberts joined the Remuneration Committee on 31 January 2023, she missed two meetings to pre-existing engagements made prior to her joining the Committee.
2. Karen Green was appointed to the Remuneration Committee on 2 October 2023.

Remuneration for 2023

Taking into account the approved remuneration structure and Admiral's business performance, the Committee made the following decisions during 2023.

2021–23 Discretionary Free Shares Scheme (DFSS)

Based on our performance for the period 2021-2023, 43.76% and 43.73% of the DFSS award granted in 2021 will vest to Milena Mondini de Focatiis and Geraint Jones, respectively. This is the lowest vesting performance in recent times.

As the 2021 DFSS awards were granted during the pandemic period, we needed to consider whether windfall gains have occurred, as this was a period where share prices were generally lower than prior years for most companies. The Committee is satisfied that no such windfall occurred on the basis that the share price at the end of the performance period is materially lower than the grant price, and that DFSS awards are allocated as a fixed number of shares, as opposed to a percentage of salary.

The full details of the vesting outcomes are on page 187.

2023 DFSS bonus

Milena Mondini de Focatiis and Geraint Jones will receive a DFSS bonus of £296,071 and £172,676 respectively. This bonus is equivalent to dividends which would have been paid during the year on all outstanding DFSS and salary shares awarded, but not yet vested, plus a 6.43% adjustment for performance against a scorecard of Non-Financial Metrics. In addition, the DFSS bonus is subject to a potential downward adjustment to take account of any risk events considered to have a material customer, regulatory or financial impact. For this year there were no such risk adjustments. The full details of the DFSS bonus calculations are on page 189.

2023 DFSS award

On 28 September 2023, Milena Mondini de Focatiis was granted an award of 90,000 shares and Geraint Jones was granted an award of 52,500 shares under the DFSS. Using the share price on the date of the grant of £23.72, this is the equivalent to £2,134,800 or 290% of Milena's base salary and £1,245,300 or 287% of Geraint's base salary respectively.

The awards will vest based on:

- EPS - 26.67% weighting;
- TSR vs. FTSE 350 (excluding investment companies) – 26.67% weighting;
- RoE – 26.67% weighting; and
- the average outcomes of the scorecards of Non-Financial Metrics used to assess DFSS bonus adjustments over the performance period – 20% weighting.

There will also be the potential for downwards adjustment subject to an assessment which will take account of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period. Further details can be found on page 187.

2024 Remuneration Policy review

The Remuneration Policy was last approved by shareholders at the 2021 AGM, effective for a maximum of three years. Consequently, the Committee is seeking shareholder support for a revised Remuneration Policy at the 2024 AGM.

In arriving at the planned changes to the Remuneration Policy the Committee sought to maintain the positioning of fixed pay towards the lower end of the market while ensuring that the variable elements would deliver significant extra reward for outperformance. The Chair of the Committee consulted extensively with shareholders, who were generally very supportive of the changes.

There are three proposed changes to highlight:

- **Annual bonus** – we propose to remove the DFSS Cash bonus in favour of an annual bonus plan. The maximum bonus potential for the Executive Directors is proposed to be 200% of base pay, with 40% of any bonus earned being deferred into shares for a period of three years. Bonus payments will be subject to potential downwards adjustments to take account of risk events, and are subject to malus and clawback provisions, in line with the Group's Malus and Clawback Framework. Full details of the plan can be found on page 193.
- **Pension** – there is no change proposed to the contribution rate (which is consistent with that available to UK employees), but we propose the removal of the absolute cap on the amount of Company contributions.
- **Dividend equivalent on unvested DFSS and invested annual bonus share awards** – we propose to give the Committee the flexibility to apply dividend equivalent shares to the Executive Directors' unvested awards. This would only be deployed for Executive Directors if it were also being applied across the whole population who receive DFSS awards.

2024 remuneration arrangements

Executive Director remuneration arrangements for 2024 will operate in line with the 2024 Remuneration Policy, subject to shareholder vote.

We propose to increase Milena Mondini de Focatiis' salary by 4.97% to £774,000 and Geraint Jones' salary by 7.27% to £465,000, effective from 1 January 2024. For Milena, this increase is in line with the proposed base pay changes across the UK workforce of the Group, where we anticipate the average increase for colleagues to be of the order of 5% as we continue to support our people through the impact of the high inflationary environment. For Geraint, the increase begins to address the competitiveness of his base pay relative to the lower quartile of the market. The Remuneration Committee intends to increase his salary to the lower quartile of the market by the end of this policy period, in increments. The Remuneration Committee will review his increase each year to ensure it is appropriate and moves his positioning as intended. This means that the increase for Geraint may be ahead of those generally given to colleagues for the duration of the policy.

We propose that Milena Mondini de Focatiis be granted an award of 95,000 shares and Geraint Jones be granted an award of 55,000 shares under the DFSS for 2024. The Committee will review these awards prior to the September grant date to ensure the quantum remains appropriate.

The Committee reviewed the metrics that will apply to DFSS and Annual Bonus awards for 2024. Further details are shown on page 191.

In summary

The proposed Remuneration Policy will be put to shareholders at the AGM in 2024 and is subject to a binding vote. Both the Committee and the Board strongly believe that the proposed Remuneration Policy will continue to serve the Group's strategic ambitions and incentivise executives to create value for our shareholders. The Annual Report on Remuneration (subject to an advisory vote) will also be put to a shareholder vote at the AGM. The Committee and I hope that you vote in favour of both the report and policy. I am happy to discuss our Remuneration Policy and Annual Report on Remuneration with shareholders.

Evelyn Bourke
Chair of the Remuneration Committee

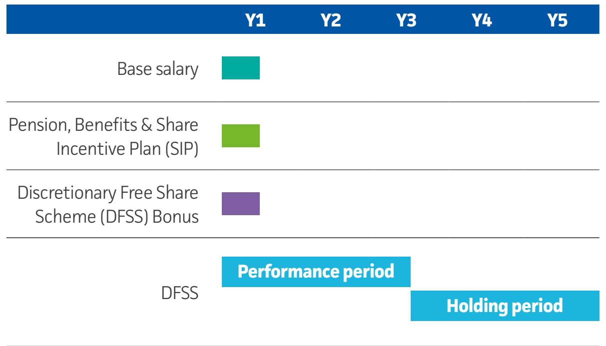
6 March 2024

Remuneration at a Glance

> "I would like to thank shareholders for supporting the Annual Report on Remuneration at the April 2023 AGM with a vote of 88.5%."
>
> **Evelyn Bourke**
> Chair of the Remuneration Committee

Overview of the Directors' Remuneration Policy

The following chart shows the operation of the key elements of the Directors' Remuneration Policy for the 2023 performance year:



How did we perform during 2023?

Profit

£443m
2022: £469m
2022 restated IFRS17: £361m

Earnings per share (pence)

111.2p
2022: 124.3p
2022 restated IFRS17: 95.4p

Return on equity (%)

36%
2022: 35%
2022 restated IFRS17: 29%

Full year dividend per share (pence)

103.0p
2022: 112.0p

1 year TSR

33.1%
2022: -26%

How are remuneration outcomes linked to Group Purpose and Strategy?

The table below details how each of the performance measures link to our Group Purpose and Strategy.

		Group Purpose				Strategy		
	Performance measures	Great Customer Experiences	Successful Business	Positive impact on society	Great place to work	Accelerating towards Admiral 2.0	Diversification	Evolution of Motor
Financial performance	EPS		●					
	ROE		●					
	TSR		●					
Non-financial performance	Strategic Assessment		●			●	●	●
	Customer Feedback	●						
	Customer Outcomes	●						
	Trust Index				●			
	Diversity			●	●			
	Inclusion			●	●			

The Committee is committed to ensuring remuneration outcomes for the Executive Directors are commensurate with performance and are aligned to the Group purpose, strategic priorities, and shareholders' interests. Variable pay is subject to stretching performance outcomes and is delivered primarily through shares to ensure a long-term focus and alignment with shareholders.

How was performance determined in 2023?

DFSS awards vesting on performance to 31 December 2023

A summary of the outcomes for the Executive Directors in respect of the 2021 DFSS award:

Financial Performance measure	Performance range: Threshold	Performance range: Maximum	Performance range: Actual outturn	Outcome as % of maximum	Vesting Contribution
EPS growth (33.33%)	0.50%	36%	-37.70%	0.00%	0.00%
TSR vs. FTSE 350 (33.33%)	Median	Upper quartile	56th percentile	45.20%	15.07%
Return on Equity (33.33%)	25%	55%	41.50%	66.40%	22.13%
Vesting					**37.20%**

	Milena Mondini de Focatiis	Geraint Jones
Non-financial performance (20% weighting)	69.98%	69.83%

	Milena Mondini de Focatiis	Geraint Jones
Total financial performance vesting at 80% weighting	29.76%	29.76%
Total non-financial performance vesting at 20% weighting	14.00%	13.97%
Overall Vesting	**43.76%**	**43.73%**

DFSS bonus in respect of 2023

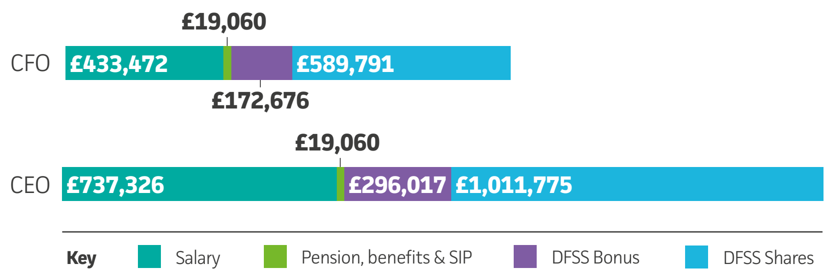
A summary of the 2023 NFM outcomes and associated cash bonus outcomes for the Executive Directors:

Category	Target	Outcome	Maximum
Strategy	16.50%	25.30%	33.00%
Customer feedback	8.50%	9.44% (H2); 9.98% (H1)	17.00%
Customer outcomes	8.50%	5.46% (H1); 12.42% (H2)	17.00%
People (Trust index)	9.00%	9.00%	18.00%
Female representation at senior level	3.75%	5.63%	7.50%
Inclusion survey results	3.75%	7.50%	7.50%
Total		62.86% (H1); 69.29% (H2)	
Overall scorecard multiplier	100.00%	105.14% (H1); 107.72% (H2)	120.00%

* The Committee did not apply discretion to the outcome of the performance measures.

What did our Executive Directors earn in 2023?

- Pension, benefits and SIP include the 2023 pension contribution of £15,000 for the CEO and CFO, respectively.
- DFSS bonus of £296,017 and £172,676 for the CEO and CFO, including an adjustment for performance against the scorecard of non-financial measures.
- DFSS value for the CEO and CFO relates to 43.76% and 43.73% of their 2021 DFSS awards vesting, respectively.



Directors' Remuneration Policy

Compliance Statement

This Remuneration Report has been prepared according to the requirements of the Companies Act 2006 (the Act), Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2018, the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and other relevant requirements of the FCA Listing Rules. In addition, the Board has adopted the principles of good corporate governance set out in the UK Corporate Governance Code (the Code) and the guidelines issued by its leading shareholders and bodies such as ISS, the Investment Association, and the Pensions and Lifetime Savings Association.

Unless otherwise stated, information contained within this Remuneration Report is unaudited.

The following Remuneration Policy (the "2024 Policy") will come into effect, subject to shareholder approval, from the April 2024 AGM. The policy table below summarises the changes from the Remuneration Policy approved at the 2021 AGM (the 2021 Policy).

Key Principles of Admiral Remuneration Arrangements

The Group is committed to maximising shareholder value over time in a way that also promotes effective risk management, excellent customer outcomes while ensuring that there is a strong link between performance and reward. This is reflected in the Group's stated Remuneration Policy of paying competitive, performance-linked and shareholder-aligned total remuneration packages. These comprise basic salaries coupled with participation in performance-based share schemes to generate competitive total reward packages for superior performance.

This policy has been reviewed in 2023 as part of the usual three-year cycle and will be put to a shareholder vote at the 2024 AGM.

The Board is satisfied that this revised policy continues to meet the objectives of attracting and retaining high quality executives across the Group.

The Committee reviews the remuneration framework and packages of the Executive Directors and senior managers and recognises the need to ensure that the Remuneration Policy is firmly linked to the Group's strategy, including its risk management approach. In setting the Policy and making remuneration decisions, the Committee takes into account pay and conditions elsewhere in the Group. The main principles underlying the Remuneration Policy are:

- **Competitive total package** – the Group aims to deliver total remuneration packages that are market-competitive, taking into account the role, job size, responsibility, and the individual's performance and effectiveness. Prevailing market and economic conditions and developments in governance are also considered, as are general salary levels throughout the organisation. There is sufficient opportunity within the variable pay of Executive Directors to reward outstanding levels of performance, taking into account the market context, with upper quartile remuneration outcomes;
- **Significantly share-based** – our base salaries are typically targeted towards the lower end of market but are combined with meaningful annual share awards that vest on long-term performance to ensure strong alignment with shareholders and the long-term interests of the Group. Executives are also encouraged to build up significant shareholdings in the Group to maximise shareholder alignment;
- **Long-term perspective** – a significant part of senior executives' remuneration is based on the achievement of appropriate but stretching performance targets that support the delivery of the Group's strategy and shareholder value. The extended performance and vesting horizons promote a long-term perspective that is appropriate to the insurance sector;
- **Effective risk management** – incentives are designed to ensure they do not encourage excessive risk-taking. They are aligned with the delivery of positive customer outcomes and reinforce the Group's risk policy;
- **Open and honest culture** – the Group has a strong culture of focussing on collective success, whilst recognising individual contribution to the Group's performance, and this is reflected in our remuneration structure across the business; and
- **Transparency for stakeholders** – the remuneration structure is designed to be easy to understand, and all aspects are openly communicated to employees, shareholders, and regulators.

Remuneration Policy table

This table describes the key components of the remuneration arrangements for Executive Directors.

Purpose and link to strategy	Operation	Opportunity and performance metrics	Changes
Base Salary To attract and retain talent by setting base salaries at levels appropriate for the business.	Salaries are reviewed annually or following a significant change in responsibilities. Salary levels/increases take account of: · Scope and responsibility of the position. · Individual performance and effectiveness, and experience of the individual in the role. · Average increase awarded across the Group.	Any salary increases are applied in line with the outcome of the review. For current Executive Directors, that increases in cash salary will not normally exceed the increase for the general employee population over the term of this Policy. More significant increases may be awarded in certain circumstances including, but not limited to: where there has been a significant increase in role size or complexity, to apply salary progression for a newly appointed Executive Director, or where the Executive Director's salary has fallen significantly behind market. Where increases are awarded in excess of that for the general employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration.	No changes.
Pension To provide retirement benefits.	The Group operates a Personal Pension Plan, a Defined Contribution Scheme. This is available to all employees following completion of their probationary period.	Executive Directors may receive an employer contribution consistent with that received by UK employees (currently matched contribution up to 6% of base salary) or the equivalent value in cash. Base salary is the only element of remuneration that is pensionable. The pension provision and rules are the same for Executive Directors and the main body of UK staff.	No change to contribution rate (which is consistent with that available to UK employees) but the absolute GBP cap has been removed.
Other Benefits To provide competitive benefits.	Includes (but not limited to): · Death in service scheme · Private medical cover · Permanent health insurance · Relocation, at the Committee's discretion All benefits are non-pensionable	Benefits may vary by role. None of the existing Executive Directors received total taxable benefits exceeding 5% of base salary during the most recent financial year, and it is not anticipated that the cost of benefits provided will exceed this level over the term of this Policy. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g., relocation), or in circumstances driven by factors outside the Company's control (e.g., material increases in healthcare insurance premiums).	No changes.

Directors' Remuneration Policy
continued

Purpose and link to strategy	Operation	Opportunity and performance metrics	Changes
Annual Bonus To motivate and reward the delivery of stretching near-term financial and non-financial targets based on the business strategy.	Bonus payments are determined after the year end and will be based on performance achieved against targets over the financial year. 40% of any bonus will be deferred into shares for a period of three years, with the remaining portion paid in cash. Any bonus earned is non-pensionable. Where any bonus is deferred, dividend equivalent shares may be accrued on awards during the deferral period, only receivable on shares which vest at the end of the period. Bonus payouts are subject to a potential downwards adjustment based on an assessment of risk events considered to have a significant customer, regulatory or financial impact over the course of the performance period. Bonus payouts are subject to malus and clawback provisions, i.e., forfeiture or reduction of unvested awards and recovery of vested awards. Events which may lead to the application of malus and clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage and corporate failure. The Remuneration Committee has discretion to adjust the formulaic vesting outcome to ensure the final outcome is a fair and true reflection of underlying business performance, both financial and non-financial.	Maximum annual bonus potential for Executive Directors is 200% of base salary. For a Threshold level of performance, a bonus of 25% of the maximum potential award is payable and for target performance 50% of maximum is payable. Bonuses will be based on a combination of financial and non-financial performance targets. The Committee has the ability to determine the relevant metrics, weightings and targets each year based on evolving business priorities.	The annual bonus is a new arrangement which will replace the previous DFFS Bonus arrangement.

Purpose and link to strategy	Operation	Opportunity and performance metrics	Changes
Discretionary Free Share Scheme (DFSS) To motivate and reward longer term performance, aid long term retention of key executive talent, use capital efficiently, grow profits sustainably and further strengthen the alignment of the interests of shareholders and staff.	Executive Directors may be granted awards annually at the discretion of the Committee. Awards may be in the form of nil or nominal priced options or conditional shares. Awards are normally granted on an annual basis and vest after a minimum of three years subject to Group performance and continued employment. A two-year holding period applies to vested awards, during which time Executive Directors may not sell the vested awards except to cover tax liabilities. Awards are subject to a potential downwards adjustment based on an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period. Awards are subject to malus and clawback provisions, i.e., forfeiture or reduction of unvested awards and recovery of vested awards. Events which may lead to the application of malus and clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage, and corporate failure. The Remuneration Committee has discretion to adjust the formulaic vesting outcome to ensure the final outcome is a fair and true reflection of underlying business performance, both financial and non-financial. Dividend equivalent shares may be accrued on awards during the vesting period, only receivable on shares which vest at the end of the period.	Maximum opportunity: A maximum face value on award of 500% of base salary applies. Threshold performance will result in vesting of up to 25% of the maximum award. DFSS shares are granted as a fixed number of shares (subject to the quantum limits of the plan, as described above). The number granted is reviewed and may be adjusted by the Committee, for example, if there has been a significant change in share price. Vesting of DFSS awards is subject to the Group's performance over a three-year performance period. The performance measures may include EPS growth, ROE, relative TSR and a scorecard of non-financial metrics selected by the Committee. Details of the measures, weightings and performance targets used for specific DFSS grants are included in the relevant year's Annual Report on Remuneration.	No changes other than providing flexibility for dividend equivalent shares to be provided.
Approved Free Share Incentive Plan (SIP) To encourage share ownership across all employees, using HMRC approved schemes for eligible UK employees.	All eligible UK employees participate in the SIP after completing a minimum of 12 months' service. Grants are made twice a year based on the results of each half year and vest after three years subject to continued employment.	The SIP is an all-employee scheme and Executive Directors participate on the same terms as other employees. The acquisition of shares is therefore not subject to the satisfaction of a performance target. Maximum opportunity is in line with HMRC limits.	No changes.

Directors' Remuneration Policy
continued

Purpose and link to strategy	Operation	Opportunity and performance metrics	Changes
In-employment Shareholding Requirement To align interests of Executive Directors with shareholders.	Guideline to be met within five years of the later of the introduction of the guidelines and an Executive Director's appointment.	400% of base salary.	No changes.
Post-termination Shareholding Requirement To further align the interests of Executive Directors with shareholders and encourage a focus on long-term sustainable performance.	Shareholding required to be maintained at the in-employment requirement (or number of shares held at time of termination, if lower) for a period of two years post termination.	400% of base salary (or number of shares held at time of termination, if lower).	No changes.

The Committee is satisfied that the above Remuneration Policy is in the best interests of shareholders and does not promote excessive risk-taking. The Committee retains discretion to make changes required to satisfy legal or regulatory requirements and other non-significant changes to the Remuneration Policy without reverting to shareholders.

Notes to the Remuneration Policy table

Payments from Existing Awards

Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the 2024 Remuneration Policy. This includes all outstanding awards under the previous 2018 and 2021 Remuneration Policies, or any awards made prior to appointment to the Board. Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Selection of Performance Measures

Vesting under the DFSS is linked to the following financial measures: EPS growth, ROE, and relative TSR.

EPS growth has been selected as a performance measure as the Committee feels it is a strong indicator of both long-term shareholder return and the underlying financial performance of the business. It is transparent and highly visible to executives.

ROE has been selected as the Committee believes that a returns metric reinforces the focus on capital efficiency and delivery of strong returns for our shareholders, thereby further strengthening the alignment of incentives with Admiral's strategy.

Relative TSR has been selected to reflect value creation for Admiral's shareholders as compared to comparative alternative investments.

Since the 2019 award, vesting of DFSS awards is also linked to non-financial measures which may include strategic, customer and other measures. The Committee believes that the additional emphasis on these measures reinforces Admiral's focus on our customers and on other non-financial Group priorities, whilst also more clearly demonstrating alignment of Group remuneration practices with the requirements of Solvency II.

The specific performance measures and their respective weightings for each DFSS award may vary to reflect the strategic priorities at the time of the award.

For the annual bonus, forward-looking performance measures, weightings and targets are selected near the start of the year covering financial and non-financial measures to align with the Group's strategic objectives.

Performance targets are set taking into account the Company's strategic priorities and the economic environment in which the Company operates. The Committee believes the performance targets are stretching and motivational, and that maximum outcomes are available only for outstanding performance.

Remuneration Policy for Other Employees

The Company's approach to annual salary reviews is consistent across the Group, with consideration given to the role size, complexity, experience required, individual performance and pay levels in comparable companies.

In general, the Remuneration Policy which applies to other senior executives is consistent with that for Executive Directors. Remuneration is typically linked to Company and individual performance in a way that reinforces shareholder value creation.

Around 4,300 employees from across the Group, including the Executive Directors, participate in the DFSS. The Committee determines DFSS awards for those executives within its remit and on an aggregate basis for all other participants in the DFSS. For the Executive Directors, all DFSS share awards are subject to performance conditions. For other senior managers and employees, a proportion of awards (ranging from half to two-thirds) are subject to performance, with performance conditions either in line with those described above or set based on key performance drivers of the individual's relevant business unit, and the remainder has no performance conditions attached other than the requirement that the recipient remains an employee of the Group at the date of vesting. Award sizes vary by organisational level and an assessment of both financial and non-financial performance.

Most holders of DFSS awards receive a DFSS cash bonus, which is equivalent to the dividend on unvested DFSS share awards. The bonus for a number of senior managers is adjusted for performance against a scorecard of customer and other non-financial metrics.

The Company operates a personal pension scheme which is available to all UK employees once they have completed their probationary period. For all employees, including the Executive Directors, the Company matches the employee contribution up to a maximum of 6% of salary or provides the equivalent value in cash.

All UK employees who have served a minimum tenure at Admiral are eligible to participate in the SIP on the same terms. Most overseas employees receive an equivalent award to the UK SIP awards and these awards have no performance measures attached.

Service Contracts and Leaver/Change of Control Provisions

The Company's Policy is to limit payments upon termination of employment to pre-established contractual arrangements. In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Under normal circumstances, Executive Directors are entitled to receive termination payments in lieu of notice based on base salary and compensation for loss of benefits. The Company has the ability to pay such sums in instalments. The notice period for all Executive Directors is one year.

Executive Director	Date of appointment	Contract duration
Geraint Jones	13 August 2014	Rolling contract, 12-month notice period
Milena Mondini de Focatiis	11 August 2020	Rolling contract, 12-month notice period

There is no provision in the Executive Directors' contracts for compensation to be payable on early termination of their contract over and above the notice period element. The Executive Directors' service contracts are available to view at the Company's registered office.

When considering termination payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how the awards under the DFSS and Annual Bonus scheme are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion.

Directors' Remuneration Policy
continued

Plan	Scenario	Treatment of awards	Timing of vesting
DFSS	Resignation.	Awards lapse under most circumstances e.g., dismissal for cause or resignation.	n/a.
	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine.	Any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at termination, and performance, unless the Committee determines otherwise.	Normal vesting date.
	Change of control.	Unless the Committee determines otherwise, any unvested award will be pro-rated for time with reference to the proportion of the vesting period remaining at change of control, and extent to which the Committee determines that the performance conditions have been met or are likely to be met at the point of change of control.	Immediately.
Annual bonus	Resignation.	Eligibility forfeited under most circumstances, e.g., dismissal for cause or resignation.	n/a
	Death, injury or disability, redundancy, retirement, or any other reasons the Committee may determine.	Any bonus payable will be pro-rated for time with reference to the portion of the performance period remaining at termination, and performance, unless otherwise determined at the discretion of the Committee.	Normal payment date.
	Change of control.	Unless the Committee determines otherwise, any bonus eligibility will be pro-rated for time with reference to the proportion of the performance period remaining at change of control, and extent to which the Committee determines that the performance conditions have been met or are likely to be met at the point of change of control.	Immediately.

For all leavers (with the exception of termination for cause), vested DFSS awards that are still subject to a holding period will normally be released in full at the end of the holding period, though the Committee has discretion to determine otherwise, taking into account the circumstances at the time.

Non-Executive Directors

The Company has entered into letters of appointment with its Non-Executive Directors (NEDs). Summary details of terms and notice periods are included below.

NED	Term	Initial date of appointment	Commencement of current contract	Notice period
Mike Rogers	3 years	1 February 2023	1 February 2023	Three months
Justine Roberts	3 years	17 June 2016	17 June 2023	One month
Andy Crossley	3 years	27 February 2018	27 February 2024	One month
Michael Brierley	3 years	5 October 2018	5 October 2021	One month
Karen Green	3 years	14 December 2018	14 December 2021	One month
Jayaprakasa Rangaswami	3 years	29 April 2020	29 April 2023	One month
Evelyn Bourke	3 years	30 April 2021	30 April 2021	One month
Bill Roberts	3 years	11 June 2021	11 June 2021	One month
Fiona Muldoon	3 years	2 October 2023	2 October 2023	One month

The NEDs are not eligible to participate in the SIP, DFSS or Annual bonus scheme and do not receive any pension contributions.

Details of the 2024 Policy on NED fees are set out in the table below:

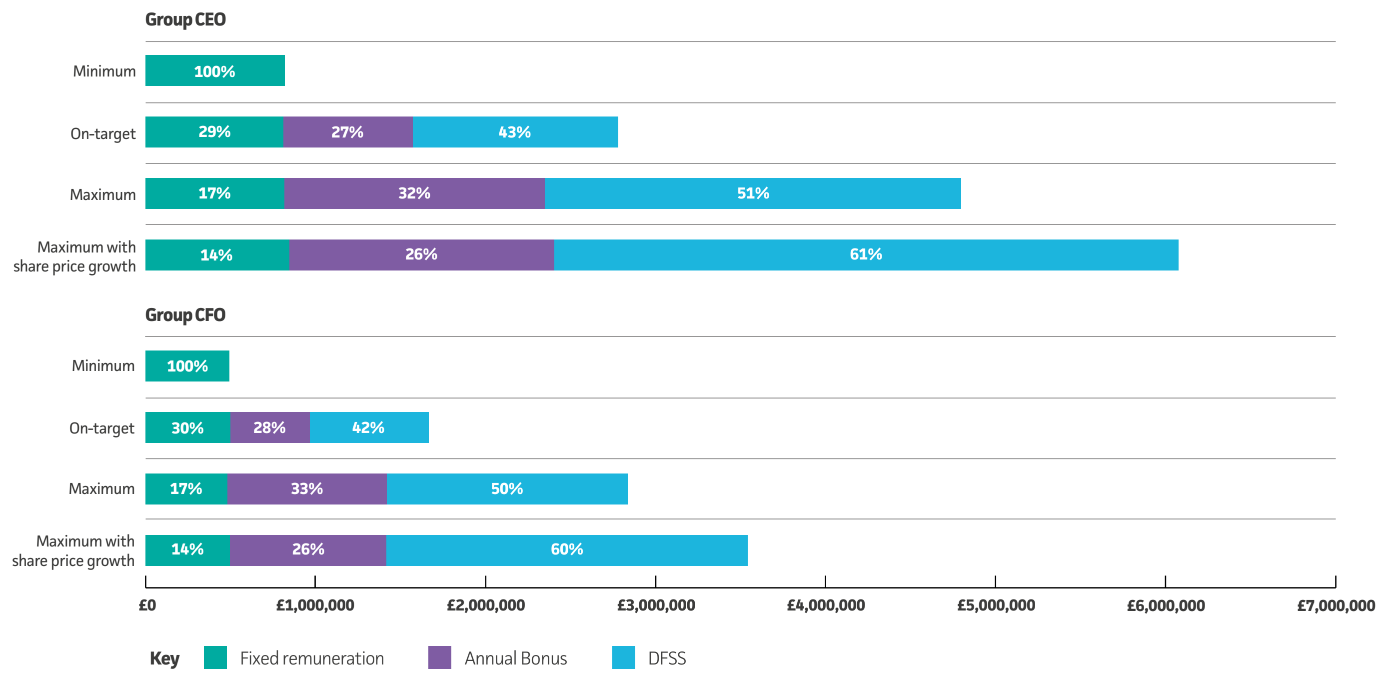
Purpose and link to strategy	Operation	Opportunity and performance metrics
To attract and retain NEDs of the highest calibre with experience relevant to the Company	Fees are reviewed annually. The Group Chair fee is determined by the Committee after consultation with the Executive Directors. The NED fees are determined by the Group Chair together with the Executive Directors. Additional fees are payable for acting as Senior Independent Director or as Chair or member of a Board Committee and may be payable as appropriate in relation to other additional responsibilities (e.g., attending meetings overseas). Fees are paid in a mix of cash and Company shares for the Company Chair, and in cash for other Non-Executive Directors. The Board retains discretion to vary the mix or determine that fees are paid entirely in cash or Company shares.	Fee levels are set by reference to NED fees at companies of a similar size and complexity. In the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a NED role, the Board has discretion to make an appropriate adjustment to the fee level. The maximum aggregate annual fee for NEDs is capped at the limit provided for in the Company's Articles of Association.

There are no changes to the 2024 Policy on NED fees from the 2021 version.

Pay-for-Performance: Scenario Analysis

The following charts provide an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of pay under different performance scenarios in a given year.

Illustrative Scenario Analysis



The value of DFSS awards is calculated based on the average share price in the last three months of 2023 £25.69 and the number of DFSS shares to be awarded in 2024 (95,000 and 55,000 shares respectively).

Directors' Remuneration Policy
continued

The performance scenarios are based on the following assumptions:

Fixed remuneration	Comprising the 2024 base salary, benefits (based on the annualised 2023 single figure for the Group CEO and CFO) and a 6% pension contribution (uncapped).
On-target remuneration	Fixed remuneration plus the value of the Annual Bonus and DFSS achieving on-target performance of 50% of maximum.
Maximum remuneration	Fixed remuneration plus the value of the Annual Bonus and DFSS achieving maximum performance.
Maximum remuneration with 50% share price appreciation	Maximum remuneration increased to assume a 50% increase to the value of the shares granted under the DFSS since the point of grant.

Approach to Remuneration Relating to New Executive Director Appointments

External Appointments

When appointing a new Executive Director, the Committee's policy is to set the remuneration package for a new Executive Director in accordance with the approved Remuneration Policy at the time of the appointment.

In determining the appropriate remuneration for a new Executive Director, the Committee will consider all relevant factors to ensure that arrangements are in the best interests of the Company and its shareholders. Where an individual is appointed on an initial base salary that is below market, any shortfall may be managed with phased increases over a period of time, subject to the individual's performance and development in the role. This may result in above-average salary increases during this period.

The Committee may also make an award to 'buy out' incentive arrangements forfeited on leaving a previous employer. In doing so, the Committee will consider relevant factors including any performance conditions attached to the forfeited awards and the likelihood of those conditions being met to ensure that the value of the buy-out award is no greater than the fair value of the awards it replaces. The Committee may also avail itself of Listing Rule 9.4.2 R if appropriate for the buy-out of incentive arrangements (i.e., if the terms of participation for the prospective Executive Director are similar to all, or substantially all employees who participate in the plan, then approval by ordinary resolution of the shareholders of the listed Company in general meeting is not required).

Internal Appointments

Remuneration for new Executive Directors appointed by way of internal promotion will similarly be determined in line with the Policy for external appointees, as detailed above. Where an individual has contractual commitments made prior to their promotion to the Board, the Company will continue to honour these arrangements. Incentive opportunities for below-Board employees are typically no higher than for Executive Directors, but measures may vary if necessary.

Other Directorships

Executive Directors are permitted to accept appointments as Non-Executive Directors of companies with the prior approval of the Group Board. Approval will be given only where the appointment does not present a conflict of interest with the Group's activities, and where the wider exposure gained will be beneficial to the development of the individual.

Considerations of Conditions Elsewhere in the Group

The Committee considers the pay and employment conditions elsewhere in the Group when determining remuneration for Executive Directors.

Considerations of Shareholder Views

When determining remuneration, the Committee takes into account best practice guidelines issued by institutional shareholder bodies. The Committee is open to feedback from shareholders on the Remuneration Policy. It will continue to monitor trends and developments in corporate governance and market practice to ensure the remuneration structure for our Executive Directors remains appropriate.

Considerations of Regulatory Requirements

The Committee regularly reviews the Remuneration Policy and structure in the context of Solvency II remuneration guidance, and EBA, PRA, and FCA expectations regarding the supervision of insurance firms. The Group Chief Risk Officer periodically attends Committee meetings as part of this process and provides support to the Committee in understanding any risk-related implications of remuneration decisions. Whilst the Remuneration Policy includes several features which help ensure compliance with current regulatory guidance, the Committee reserves the discretion to adjust the Remuneration Policy, and its execution, to take into account any developments in such regulatory guidance.

Annual Report on Remuneration

This section of the report provides details of how Admiral's Remuneration Policy was implemented in 2023 and how the Remuneration Committee intends to implement the proposed Remuneration Policy in 2024 (subject to shareholder approval).

Remuneration Committee Membership in 2023

The Board sets the Group's Remuneration Policy and, through the authority delegated to it by the Board, the Committee is responsible for making recommendations to the Board on the implementation of the Remuneration Policy. Its remit includes recommending the remuneration of the Group Board Chair and the Executive Directors; approving the remuneration of senior management; and determining the composition of and awards made under the performance-related incentive schemes.

At the end of 2023 the Committee comprised Evelyn Bourke, Michael Brierley, Justine Roberts and Karen Green. The Committee had seven scheduled meetings and it also held a number of ad hoc/late notice meetings to deal with specific issues in a timely manner.

The Group Chair, CEO, CFO and CRO are invited to meetings where the Committee considers it appropriate to obtain their advice on Group strategy and performance and senior executive pay strategy. The Group CEO typically attends all meetings. No director is involved in deciding their own remuneration outcome. The members of the Committee do not have any personal financial interests (other than shareholdings), or any conflicts, that relate to the business of the Committee. The Committee members do not have any day-to-day involvement in the running of the Group.

Committee activities

During the year ended 31 December 2023, in addition to its regular activities, the Committee also:

- Reviewed and proposed revisions to the Remuneration Policy in anticipation of the upcoming binding vote by shareholders at the AGM in 2024;
- Reviewed the implementation of a set of group-wide non-financial performance measures for the DFSS;
- Reviewed the performance ranges for the financial measures for the 2023 DFSS; and
- Reviewed the design of annual incentives as part of the ongoing work on the Group's reward strategy.

As mentioned in the Governance Report, during the year ended 31 December 2023, the Committee also performed its regular activities:

- Reviewed the DFSS vesting and bonus arrangements for Executive Directors, senior management and relevant staff (Material Risk Takers) covered under Solvency II;
- Reviewed Admiral's Gender Pay Gap reporting statistics;
- Reviewed risk events and their impact on variable pay;
- Undertook an evaluation of the Committee's performance during the year;
- Reviewed the Committee's terms of reference;
- Reviewed the Group's Malus and Clawback Framework; and
- Reviewed external remuneration trends and market conditions.

Remuneration topics were discussed with employees at the Employee Consultation Group (ECG), which met four times over the year. Key themes discussed at the ECG were: Executive Director compensation, Real Living Wage, the ongoing cost of living crisis, employee benefits and changes to the HMRC dividend allowance.

On 1 March 2024, the Chair of the Remuneration Committee and Group Head of Reward met with the ECG to discuss the remuneration for the Executive Directors and the proposed changes to the 2024 Directors' Remuneration Policy. The detail of the Policy was be covered in depth, with time set aside for members of the ECG to give feedback and ask any questions they felt were relevant. There was some good discussion about how the remuneration for Executive Directors linked to wider colleague pay.

Shareholder engagement on the 2024 Directors' Remuneration Policy

In October of 2023, we wrote to our top 35 shareholders, outlining the proposed changes to the Directors' Remuneration Policy and the rationale for the changes. This distribution covered around 70% of the shareholder base. Our brokers considered this level of engagement to be very thorough. We consulted with our brokers on the list and overall coverage before issuing the letter.

The Committee Chair held follow up meetings with eight investors, received with written responses from two shareholders, and 'no need to meet or positive' responses from a further five. A further meeting was held in February 2024 with one investor. Additionally, a letter was issued to the four main proxy agencies, with meetings happening in January and February 2024.

The overall summary of the feedback from shareholders shows broad support for the policy changes which are being proposed. There was a good deal of feedback focusing on the implementation of the policy changes, including ensuring that measures and targets in the DFSS and new Annual Bonus Plan are relevant and stretching. Shareholders commented on the distinctive culture of Admiral with its high level of share ownership and wanted assurance that the Policy would not lead to unfairness between Executive Directors and the wider population. This has been taken into consideration.

Annual Report on Remuneration
continued

Committee effectiveness review
As part of the Committee's annual review of its performance and processes, each Committee member and regular attendee completed a questionnaire designed to assess the Committee's performance, including the activities and general operation of the Committee. The Committee discussed the results of the review at its meeting in December 2023 and concluded that, overall, the Committee remained effective.

To help improve its performance over the coming year, the Committee highlighted the importance of discussing key issues in a timely fashion and getting management engagement earlier to ensure sufficient time for management to change direction where needed or implement a new plan. It was noted that Committee support had improved.

Advisors to the Committee
During the year, to enable the Committee to reach informed decisions, we obtained advice on market data and trends from independent consultants Willis Towers Watson (WTW). WTW reported directly to the Committee Chair and are signatories to and abide by the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). WTW also provided advice to the Company on capital modelling, claims metrics, and pricing.

The fees paid to WTW for work supporting the Committee in 2023 (based on time and materials) totalled £75,818.

The Committee undertakes due diligence periodically to ensure that advisors remain independent of the Company and that the advice provided is impartial and objective. The Committee is satisfied that the advice provided by WTW is independent.

Summary of Shareholder Voting at the 2023 AGM
The table below shows the results of the advisory vote on the 2022 Annual Report on Remuneration.

		For	Against	Total votes cast	Abstentions
Annual Report on Remuneration	Total number of votes	225,445,845	29,282,756	254,728,601	4,420
	% of votes cast	88.50%	11.50%		

Total Single Figure of Remuneration for Executive Directors (audited)
The table below sets out the total single figure remuneration received by each Executive Director for the years ended 31 December 2023 and 31 December 2022:

Executive Director		1. Base salary	2. Benefits	3. Pension	Total fixed pay	4. SIP	5. DFSS	6. DFSS bonus	Total variable pay	Total remuneration
Milena Mondini de Focatiis	2023	£737,326	£455	£15,000	£752,781	£3,605	£1,011,775	£296,017	£1,311,397	£2,064,178
	2022	£715,850	£480	£15,000	£731,330	£3,589	£1,139,007	£399,085	£1,541,681	£2,275,511[7]
Geraint Jones	2023	£433,472	£455	£15,000	£448,927	£3,605	£589,791	£172,676	£766,072	£1,214,999
	2022	£416,800	£480	£15,000	£432,280	£3,589	£637,324	£260,516	£901,429	£1,333,709

The figures have been calculated as follows:
1. Base salary: amount earned for the year.
2. Benefits: the taxable value of annual benefits received in the year.
3. Pension: the value of the Company's contribution during the year.
4. SIP: the face value at grant.
5. DFSS: the value at vesting of shares vesting on performance over the three-year periods ending 31 December 2023 and 31 December 2022. For the 2023 figures, given that vesting occurs after the 2023 Directors' Remuneration Report is finalised, the figures are based on the average share price in the last three months of 2023 of £25.69. The 2022 figures have been trued up based on the actual share price on vesting of £22.62 for Milena Mondini de Focatiis and £23.92 for Geraint Jones. For 2023, unfavourable movements of -£348,942 and -£203,408 are included in the DFSS value, attributable to a decrease in the share price over the vesting period for Milena Mondini de Focatiis and Geraint Jones, respectively. For 2022, an increase of £9,567 of the DFSS value is attributable to share price appreciation over the vesting period for Milena Mondini de Focatiis. For Geraint Jones, a decrease of £100,981 is attributable to share price depreciation over the vesting period. For the purpose of clarity, it should be noted that the awards for the Executive Directors were made at different points in 2020, which has led to the difference in these figures.
6. DFSS bonus: the bonus is equivalent to dividends that were paid in respect of the performance year on all outstanding DFSS shares awarded but not yet vested. The bonus is paid in two tranches annually:

   i) for H1 2023: a bonus of £144,778 was paid to Milena Mondini de Focatiis, based on 270,000 unvested shares, a scorecard outcome of 105.14% and the interim dividend of 51p per share; and a bonus of £84,454 was paid to Geraint Jones based on 157,500 unvested shares and a scorecard outcome of 105.14% and the interim dividend of 51p per share.

   ii) for H2 2023, due for payment in May 2024: a bonus of £148,330 is due to Milena Mondini de Focatiis, based on 270,000 unvested shares, a scorecard outcome of 107.72% and the final dividend of 52p per share; and a bonus of £86,526 is due to Geraint Jones based on 157,500 unvested shares and a scorecard outcome of 107.72 % and the final dividend of 52p per share.

   The payments for H2 2023 are subject to completion of internal governance procedures.
7. Milena Mondini de Focatiis received an Anniversary award of £2,500 during 2022 which is included in the total remuneration number. Anniversary payments are made to all colleagues who reach significant milestones in their employment with the Group.

Total Single Figure of Remuneration for Non-Executive Directors (audited)
The table below sets out the total single figure remuneration received by each NED for the years ended 31 December 2023 and 31 December 2022.

	Total fees			
	2023		2022	
Director	Fees	Taxable benefits[10]	Fees	Taxable benefits[10]
Annette Court[1]	**£82,136**	**£879**	£346,084	£1,739
Mike Rogers[2]	**£270,042**	**£889**	–	–
Karen Green	**£113,000**	**£2,205**	£103,750	£808
Jean Park[3]	**(£1,477)**	**–**	£153,000	£130
Justine Roberts[4]	**£106,045**	**£1,253**	£87,875	£769
Andy Crossley[5,6]	**£188,000**	**£5,166**	£170,667	£1,918
Michael Brierley[6]	**£152,000**	**£4,806**	£140,000	£992
Jayaprakasa Rangaswami[7]	**£85,955**	**£932**	£93,583	£528
Evelyn Bourke	**£95,000**	**£3,605**	£95,000	£1,659
Bill Roberts[8]	**£103,352**	**£25,161**	£75,000	£8,135
Fiona Muldoon[9]	**£20,928**	**–**	–	–

1 The 2023 fee for Annette Court is £82,136 (a cash fee of £57,495 and a share fee of £24,641) and is reflective of her leave date of 27 April 2023.
2 Mike Rogers was appointed as the Group Chair on 27 April 2023.
3 Jean Park's fees for 2023 are reflective of her retiring from the board on 20 January 2023. Additionally, there was an overpayment of fees in 2022, which were corrected and paid back in 2023, leading to the negative fee showing for 2023.
4 Justine Roberts joined the Group Remuneration Committee on 31 January 2023. In addition, Justine was confirmed as Senior Independent Director on a permanent basis effective 31 January 2023, having undertaken the role on an interim basis since 22 February 2022.
5 Andy Crossley was appointed Chair of the Group Risk Committee effective from 23 October 2023. This followed a period as interim Chair since 22 February 2022.
6 The fees for Andy Crossley and Michael Brierley include additional fees in relation to their positions as Chair of the EUI Limited Board of Directors and Admiral Financial Services Limited Board of Directors, respectively.
7 Jayaprakasa Rangaswami left the Group Remuneration Committee as an interim member on 31 January 2023.
8 The fee for Bill Roberts includes an additional fee in relation to his position as a NED of the Elephant Board of Directors, which he was appointed to on 1 February 2023.
9 Fiona Muldoon was appointed as an independent Non-Executive Director and member of the Group Audit Committee on 2 October 2023.
10 Taxable benefits represent those expense reimbursements relating to travel, accommodation and subsistence in connection with the attendance at Board, Subsidiary and Committee meetings during the year, which are deemed by HMRC to be taxable. The amounts in the table are 'grossed-up' to include the UK tax paid by the Company on behalf of the Non-Executive Directors. Non-taxable expense reimbursements have not been included in the table.

Incentive Outcomes for Financial Year to 31 December 2023 (audited)
DFSS Awards Vesting on Performance to 31 December 2023
On 23 September 2021, Milena Mondini de Focatiis was granted an award under the DFSS of 90,000 shares with a value at the date of award of £3,109,500 (based on a grant date share price of £34.55).

On 23 September 2021, Geraint Jones was granted an award under the DFSS of 52,500 shares with a value at the date of award of £1,813,875 (based on a grant date share price of £34.55).

Vesting of the award was based 80% on the achievement of financial performance measures and 20% on a scorecard of non-financial measures.

Annual Report on Remuneration
continued

Financial performance outcomes
The performance measures applicable to these awards are, EPS growth, TSR vs. FTSE 350 (excluding investment companies), and ROE, weighted equally and all measured over the three-year period 1 January 2021 to 31 December 2023.

Over this period there was solid return for our shareholders, with TSR slightly above median vs the FTSE350 benchmark, and with ROE of 41.60%. This is in contrast to an EPS growth of -37.7%, which was impacted by the very high EPS for 2020, which was impacted by the pandemic period. The combination of these shareholder returns, and EPS growth contributes to a vesting of 37.20% for the financial measures. The Committee reviewed this vesting outcome and concluded that it was appropriate.

The table below details the Company's performance against the performance range.

Performance measure	Performance range: Threshold	Performance range: Maximum	Performance range: Vesting schedule	Actual outturn	Vesting Contribution (% of maximum)
EPS growth	0.5% growth	36% growth	10% for achieving threshold with straight line relationship to 100% for maximum performance	-37.70%	0.00%
TSR vs. FTSE 350 (excluding investment companies)	Median	Upper quartile	25% for median, with straight line relationship to 100% for upper quartile	56th percentile	45.20%
Return on Equity (ROE)	25%	55%	25% for achieving threshold with straight line relationship to 100% for maximum performance	41.60%	66.40%
Vesting					37.20%

Non-financial performance outcomes
The individual vesting contribution of the non-financial measures for Milena Mondini de Focatiis and Geraint Jones are set out in the table below. These aggregated to an overall rating across the 3 years of 69.98% and 69.83% respectively and have a weighted outcome of 14.00% and 13.97%, respectively.

Further details of the scoring for 2023 can be seen on page 190.

Overall Vesting
The combined vesting outcomes for Milena Mondini de Focatiis and Geraint Jones can be seen in the below table.

DFSS Vesting Component	Award Weighting: Milena Mondini de Focatiis	Award Weighting: Geraint Jones	Performance outcomes: Milena Mondini de Focatiis	Performance outcomes: Geraint Jones	Vesting (% of maximum): Milena Mondini de Focatiis	Vesting (% of maximum): Geraint Jones
Financial performance measures: EPS growth, TSR vs. FTSE 350 (excluding investment companies) and Return on Equity (ROE)	80.00%		37.20%		29.76%	
Non-financial performance measures	20.00%		69.98%	69.83%	14.00%	13.97%
Total	**100.00%**				**43.76%**	**43.73%**

The Committee reviewed the vesting outcomes and concluded that they were appropriate, and that no adjustments were required.

Based on performance and scorecard outcomes the total amount that will vest in September 2024 to Milena Mondini de Focatiis will therefore be 43.76% (i.e., 39,384 shares), and the total amount that will vest to Geraint Jones will be 43.73% (i.e., 22,958 shares), subject to their continued employment on the vesting date.

Vested DFSS awards are subject to clawback provisions. Events which may lead to the application of clawback are set out in the Group's Malus and Clawback Framework and include material financial misstatement, responsibility for conduct which results in significant losses, material failure of risk management, misconduct, reputational damage or corporate failure.

DFSS bonus for 2023
In line with the Remuneration Policy, the Group paid a bonus to all holders of DFSS shares in 2023, which was equivalent to the dividend payable on all outstanding DFSS shares awarded but not yet vested. The 2023 Bonus for Executive Directors also includes a potential +/- 20% adjustment to the DFSS bonus based on performance of a set of non-financial performance metrics, which for 2023 was grouped into three categories: Strategy, customer and ESG.

For the customer and ESG strategic pillars, relevant quantitative data was used to assess performance and an outcome was determined. For the strategy, the Board members derived a collective view on the progress against the strategic priorities.

Details of the measures used in the scorecard and outcomes are summarised in the table below:

Category	Metrics	Target	Maximum	Outcomes (% out weighting for each category): H1	Outcomes (% out weighting for each category): H2
Strategy	Overall scoring from the Board on scorecard of measures around: · Progress towards Admiral 2.0 · Diversification – existing non-motor product development (both top line and KPIs), in particular Household and Lending · Diversification – development of new products · Progress towards defining motor mobility strategy	16.50%	33.00%	25.30%	
Customer	Customer Feedback (NPS)	8.50%	17.00%	9.98%	9.44%
	Customer Outcomes (CRMI)	8.50%	17.00%	5.46%	12.42%
ESG	People (Trust Index)	9.00%	18.00%	9.00%	
	Diversity (Female representation at Senior level)	3.75%	7.50%	5.63%	
	Inclusion (Inclusion survey results)	3.75%	7.50%	7.50%	
Total		**50.00%**	**100.00%**	**62.86%**	**69.29%**
Overall scorecard multiplier		**100.00%**	**120.00%**	**105.14%**	**107.72%**

The Admiral Group Board makes an annual judgment based on its collective view of progress against the stated strategic measures. The Board was satisfied that progress against strategic aims continued to be solid, and having reviewed business context and supporting data, assessed this progress was worthy of 76.67% of maximum.

Customer outcome and feedback scoring is measured against entity set targets, with results assessed for each half year. Customer outcomes for the UK business improved markedly in H2 2023 to 70% of maximum vs. 20% for H1 2023, as the pressure on claims processing and staff numbers eased through the year. Customer feedback was generally steady through the year, with a slight fall in outcomes for Admiral Money and Elephant between the half years; Admiral Seguros' outcomes for H2 fell below threshold, with 0% outcome, compared with 55% for H1.

Trust Index scores are measured relative to the benchmark from the Great Place To Work® (GPTW) survey annually, with outcomes determined mechanically relative to benchmark. For 2023, the Group's score was up 1% compared with 2022, moving to 85% from 84%. However, the GPTW benchmark score also increased by 1% from 2022 to 87% for 2023. This means that the score remains 2% below the benchmark, giving an outcome of 50% for the 2023 performance year.

The Inclusion survey results are scored on a similar basis to the Trust Index, relative to the GPTW benchmark. Scores improved for 2023 in comparison to 2022, with all responses coming at or above the benchmark, meaning 100% outcome for this element.

The Diversity measure outcome based on mechanical scoring against set targets – is slightly down on last year due to headcount movements, with a year-end position of 35.29%, which equates to an outcome of 75% of maximum.

The overall outcome of the scorecard was assessed as a 105.14% multiplier to the DFSS bonus paid for H1 2023 and a 107.72% multiplier to the DFSS bonus for H2 2023 (to be paid in 2024) for Milena Mondini de Focatiis and Geraint Jones.

In addition, the Executive Directors' DFSS bonus is subject to a further risk adjustment (downwards only) to take account of risk events considered to have a material customer, regulatory or financial impact.

During the year, and in addition to the above, the Committee took into account relevant trigger events as part of the established risk adjustment process, and determined it was not appropriate to apply a downwards adjustment on that basis.

DFSS bonus payments are subject to malus and clawback provisions.

Annual Report on Remuneration
continued

Scheme Interests Granted in 2023 (audited)

DFSS

On 28 September 2023, Milena Mondini de Focatiis was granted an award of 90,000 shares and Geraint Jones was granted an award of 52,500 shares under the DFSS. Using the share price on the date of the grant of £23.72, this is the equivalent to £2,134,800 or 290% of Milena's base salary and £1,245,300 or 287% of Geraint's base salary respectively.

The three-year period over which performance will be measured is 1 January 2023 to 31 December 2025. The award is eligible to vest on the third anniversary of the date of grant i.e., September 2025, subject to performance and to continued employment. Vested awards will be subject to an additional two-year post-vest holding period.

The award will vest on EPS growth, TSR vs. FTSE 350 (excluding investment companies), ROE and a scorecard of strategic, customer and other non-financial measures, inclusive of customer outcomes, ESG and strategic measures. There will also be the potential for downwards adjustment subject to an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period. The performance conditions are summarised in the table below:

					Performance range			
Award Element	Performance measure		Description	Weighting	Threshold	Stretch	Maximum	Vesting
Financial Performance	Earnings per share (EPS)		EPS growth over the performance period	26.67%	Growth of 0%	Growth of 10%	Growth of 30%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	Return on Equity (ROE)		ROE over the performance period	26.67%	25%	35%	45%	25% for reaching Threshold 75% for achieving Stretch and 100% for Maximum performance.
	Total Shareholder Return (TSR)		TSR ranked on a relative basis vs FTSE 350 comparator group	26.67%	Median	N/A	Top Quartile	25% for reaching Threshold and 100% for Maximum performance.
Non-financial Performance	Strategy	Strategic Assessment	The Board's assessment of progress towards strategic aims.	6.60%	N/A	N/A	N/A	Vesting of between 0% and 100% based on the outcome of the Board's assessment.
	Customer	Group NPS	The outcome of the Group NPS, weighted by entity customer headcount.	6.80%	35	48	55	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	ESG	Diversity	The proportion of women in senior management roles.	3.30%	30%	36%	40%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
		Inclusion	The Group's Inclusion scores from the GPTW Survey, scored on a basis relative to the benchmark.	3.30%	>10% below bench-mark	N/A	At bench-mark	20% for reaching Threshold, 40% for >6% below benchmark and 100% for Maximum performance.

DFSS awards are subject to malus and clawback provisions, which are set out in the Group's Malus and Clawback Framework.

Setting the 2023 DFSS Financial Performance Ranges

The financial performance targets for the 2022 DFSS scheme were changed more significantly than in previous years due to the exceptional earnings per share achieved during 2021 and the impact of the Group's diversification strategy on ROE. The Remuneration Committee chair met with a number of shareholders to hear their views. While understanding the unique circumstances of 2020 and 2021, most shareholders preferred reversion to the target setting approach of the past. The proposed 2023 DFSS financial performance targets are set out below:

Earnings Per Share

The EPS measure was changed to an absolute EPS target range for the 2022 DFSS scheme because a growth target was considered unsuitable due to the exceptionally high EPS achieved during 2021. Following feedback from shareholders, the proposed target for the 2023 scheme has reverted to an EPS growth target.

Return on Equity

The 2023 scheme performance range has been set considering the Group's strategic objective of long-term growth and diversification, which is projected to increase equity and result in a flatter ROE over the next few years. Recognising shareholder feedback, the proposed ROE targets for the 2023 scheme are more challenging than the 2022 scheme, with higher targets set for threshold, stretch and maximum in the performance range, moving from 20-40% for 2022 to 25-45% for 2023.

Total Shareholder Return

TSR is assessed on relative performance and is therefore considered an appropriate measure of the Group's return to shareholders. Consequently, no changes to the measure were proposed for the 2023 scheme.

SIP

In March 2023, Milena Mondini de Focatiis and Geraint Jones were granted awards under the SIP of 95 shares with a face value of £1,787.43, which will mature on 13 March 2026, subject to continued employment.

In August 2023 Milena Mondini de Focatiis and Geraint Jones were granted awards under the SIP of 77 shares with a face value of £1,817.97, which will mature on 21 August 2026, subject to continued employment.

Exit Payments (audited)

No exit payments were made to an Executive Director during the year.

Payments to Past Directors (audited)

Following stepping down from the role of CEO on 31 December 2020, David Stevens has continued as an adviser to the Group in a part-time capacity. During 2023, he earned a salary of £60,090.

He also sits as a Non-Executive Director on the Board of Admiral Financial Services Limited for which he receives no fee.

Implementation of Remuneration Policy for 2024

Executive Directors

Salary, Pension and Benefits

Salaries for the Executive Directors in 2024 have been determined in line with the proposed Remuneration Policy, subject to shareholder approval. Milena Mondini de Focatiis' salary was increased by 4.97% to £774,000 effective 1 January 2024 and Geraint Jones' salary was increased by 7.27% to £465,000 effective 1 January 2024.

Consideration was given to ensure these increases are fair relative to the proposed increases for employees across the Group for 2024. The average pay review in 2024 is expected to be in the region of 5% as we continue to support our people through the impact of the cost of living challenges. The benchmarking of the fixed elements of remuneration for Milena and Geraint indicated that their salaries were significantly lower than the lower quartile of peer companies across the FTSE 100 and major UK and European insurers. The proposed salary increases are designed to align their salaries more towards the lower quartile of peer salaries.

The Remuneration Committee notes the increase for Geraint Jones is above that which is expected for most colleagues. This increase begins to address the competitiveness of his base pay relative to the lower quartile of the market. The Remuneration Committee intends to increase his salary to the lower quartile of the market by the end of this policy period, by increments. The Remuneration Committee will review his increase each year to ensure it is appropriate and moves his positioning as intended. This means that the increase for Geraint may be ahead of those generally given to colleagues for the duration of the policy.

The Executive Directors will continue to participate in the Group Personal Pension Plan on a consistent basis with other employees, where employee contributions are matched up to a maximum 6% of base salary. The Company will offer individuals a choice between pension contributions and cash in lieu. Both Executive Directors will continue to receive benefits in line with the Policy. Both will benefit from the removal of the cap of £15,000 on the absolute amount of contribution.

DFSS

The Committee intends to make awards under the DFSS to Milena Mondini de Focatiis and Geraint Jones in September 2024 of 95,000 and 55,000 shares, respectively. The Committee will confirm the size for each of the 2024 DFSS awards closer to the award date. In determining whether the award size should differ from the above number of shares, the Committee will consider any large share price change over the prior year, and in particular whether this is due to external factors out of management control. The actual 2024 DFSS awards will be disclosed in the 2024 Annual Report on Remuneration.

Annual Report on Remuneration
continued

It is currently anticipated that the vesting of 2024 DFSS awards for Milena Mondini de Focatiis and Geraint Jones will continue to be assessed across the three-year performance period using an 75% performance weighting on EPS growth, TSR (measured on a relative basis, equally split between the FTSE100 and a subset of insurance peers with substantial general insurance segments) and ROE, and a 25% weighting on a scorecard of strategic, customer and other non-financial metrics. The measures and performance ranges for the 2024 DFSS are set out in the table below.

					Performance range			
Award Element	Performance measure		Description	Weighting	Threshold	Stretch	Maximum	Vesting
Financial Performance	Earnings per share (EPS)		EPS growth over the performance period	25.00%	0%	35%	45%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	Return on Equity (ROE)		ROE over the performance period	25.00%	30%	N/A%	45%	25% for reaching Threshold, and 100% for Maximum performance.
	Total Shareholder Return (TSR)		TSR ranked on a relative basis vs FTSE 100 and insurance peer comparator group	25.00%	Median	N/A	Top Quartile	25% for reaching Threshold and 100% for Maximum performance.
Non-financial Performance	Strategy	Strategic Assessment	The Board's assessment of progress towards strategic aims.	8.25%	N/A	N/A	N/A	Vesting of between 0% and 100% based on the outcome of the Board's assessment.
	Customer	Group NPS	The outcome of the Group NPS, weighted by entity customer headcount.	8.50%	35	48	55	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
	ESG	Diversity	The proportion of women in senior management roles.	2.06%	30%	36%	40%	25% for reaching Threshold, 75% for achieving Stretch and 100% for Maximum performance.
		Inclusion	The Group's Inclusion scores from the GPTW Survey, scored on a basis relative to the benchmark.	2.06%	>10% below bench-mark	N/A	At bench-mark	25% for reaching Threshold, 40% for >6% below benchmark and 100% for Maximum performance.
		Carbon emissions	tbc[1]	4.13%	tbc[1]	tbc[1]	tbc[1]	tbc[1]

1 Carbon emissions target to be confirmed, subject to work of base lining the Company's carbon emissions as set out below.

The Committee intends that this set of financial measures applies to the DFSS awards made throughout this policy period, which is to say the awards for 2024, 2025 and 2026.

It has been an aim of the Committee to include carbon emissions targets as part of the NFM scorecard to support the delivery of the Group's net zero targets. For the 2024 scheme, the non-financial measures will comprise, Group NPS, Diversity, Inclusion and carbon emissions targets. This is subject to the work of base lining the Company's carbon emissions which has been delayed due to the agency having a back log.

There will be the potential for downwards adjustment subject to an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period.

Annual Bonus

Under the 2024 Policy, subject to shareholder approval, Milena Mondini de Focatiis and Geraint Jones will be eligible to participate in an Annual Bonus in 2024. The bonus opportunity will be 0-200% of base pay for the Executive Directors, with an on-target award of 100%. Performance will be based on the following measures and weightings:

Measure	Weighting
Financial Measures (75% of total)	
Profit	67.5%
Turnover	7.5%
Non-financial Measures (25% of total)	
Trust Index (people)	12.5%
Customer Outcomes (CRMI)	12.5%
Total	**100%**

The profit measure will be profit before tax. Turnover is the total value of the revenue generated by the Group. Both Profit and Turnover values are reported in the ARA annually, and the values used to determine Annual Bonus outcomes will be consistent with the reported figures.

Customer Outcomes comprise customer measures and associated outcomes from the Group entities for the performance year, in which outcomes are scored relative to entity-set performance ranges, with mechanical outcomes based on performance for each month. The Trust Index is the average of employee responses to the core survey questions in the Great Place To Work® ("GPTW") survey. This is scored relative to the benchmark of the world's 25 best workplaces provided by GPTW.

The Remuneration Committee will follow a two-phase methodology for determining Executive Director Annual Bonus outcomes; the formulaic outcome against the measures detailed above followed by a holistic review of the extent to which that formulaic outcome is reflective of the overall performance of the Group.

Phase 1: Formulaic Review. At the end of the performance period, the final performance against each measure is assessed on a standalone basis. Data for the measures is taken from the Group's financial reports which are reviewed by the Audit Committee and approved by the Board.

Phase 2: Holistic Review. The Committee will then consider the overall fairness of the formulaic Group scorecard outcome in the context of the business performance in the prevailing market conditions, which can be assessed against a non-exhaustive basket of measures such as:

- Executive Director personal performance
- Dividend and/or share price performance
- Impact on strategic delivery
- Risk appetite adherence
- Loss and/or combined ratio outcomes
- Financial stability of the Group
- Wider ESG performance
- Inclusion and diversity measures
- Delivery of technology milestones.

The Committee will be able to carefully determine a final bonus outcome for each Executive Director that is fair and appropriate for the year's performance and is in the best interests of shareholders.

A detailed summary of the factors used to determine bonus outcomes for the Executive Directors will be disclosed in the DRR following the performance period.

In line with the position set out in the Policy, 40% of any bonus earned will be subject to deferral into Admiral Group shares for a period of three years.

There will be the potential for downwards adjustment subject to an assessment of risk events considered to have a material customer, regulatory or financial impact over the course of the performance period.

Annual Report on Remuneration
continued

Chair and Non-Executive Directors

Fees for the Board Chair and other Non-Executive Directors were reviewed in January 2024 having previously been last reviewed in 2023. Increases were made, effective 1 January 2024, to reflect the increased time commitment of these roles.

	2024 fee (p.a.)	2023 fee (p.a.)
Chair[1]	**£386,250**	£375,000
NED base fee	**£73,500**	£70,000
Additional fee for chairing:		
· Audit Committee	**£26,250**	£25,000
· Group Risk Committee[2]	**£45,150**	£43,000
· Remuneration Committee	**£26,250**	£25,000
· Nomination and Governance Committee	**£10,500**	£10,000
Additional fee for membership of:		
· Audit Committee	**£15,750**	£15,000
· Group Risk Committee	**£15,750**	£15,000
· Remuneration Committee	**£12,600**	£12,000
· Nomination and Governance Committee	**£8,400**	£8,000
Additional fee for being Senior Independent Director	**£17,850**	£17,000

1 The 2023 fee shown is for the new Chair, Mike Rogers. The Board Chair does not receive any additional fees (e.g., for committee membership) as these are included in the overall Chair fee.
2 The fee payable for 2024 for Chairing the Group Risk Committee continues to include an additional fee in recognition of the increased time commitment required due to the Admiral Internal Model process. It comprises a base fee of £26,250 and an additional fee of £18,900.

New Group Chair Arrangements

It was announced on 31 January 2023 that Mike Rogers was to be appointed as Admiral Group Chair subject to regulatory approval and shareholder approval at the Admiral AGM. His fee was set at £375,000. In June 2023, Mike Rogers entered into a Share Acquisition Agreement with the Group to purchase an annual amount equal to 30% of the gross amount of the fee, which will continue on this basis until he achieves a shareholding equal to 150% of his annual fee. This will be assessed annually, and the agreement contains a top up mechanism; if the value of the purchased shares is less than 150% of the gross amount of the fee, the Chair will purchase additional shares to maintain a shareholding of 150% of the gross fee.

CEO pay ratio

The table below sets out the pay ratios for the CEO for the periods ended 31 December 2022 and 31 December 2023.

Year	Method	Lower quartile	Median	Upper quartile
2023	**Option A**	75:1	64:1	43:1
2022		80:1	69:1	45:1

The lower quartile, median and upper quartile employees were determined using calculation methodology A which involved calculating the actual full-time equivalent remuneration for all UK employees for 2023. From this analysis, three employees were then identified as representing the 25th, 50th and 75th percentile of the UK employee population. Admiral chose this method as it is the preferred approach of the Government and investor bodies and Admiral had the systems in place to apply this method. It is also consistent with the approach used to calculate the ratios for 2018 to 2022.

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst our UK workforce. The three individuals identified were full time employees during the year. None received an exceptional incentive award which would otherwise inflate their pay figures. No adjustments or assumptions were made by the Committee with the total remuneration of these employees calculated in accordance with the methodology used to calculate the single figure of the CEO. It should be noted that the lower quartile employee was in receipt of DFSS bonus and/or DFSS vesting in the year.

The employee pay levels for 2023 are detailed below:

	CEO	P25 (lower quartile)	P50 (median)	P75 (upper quartile)
Salary	£737,326	£21,392	£26,164	£42,000
Total Remuneration[1]	**£2,064,178**	**£27,382**	**£32,050**	**£48,397**

1 The single figure of remuneration for the CEO includes actual salary and pension costs paid during 2023, in line with The Companies (Miscellaneous Reporting) regulations 2018. For other employees, salary and pension costs are included on an FTE basis, in line with the legislation. While the basis of calculation differs between CEO and other employees, management considers this a fair comparison of remuneration.

The pay ratio has fallen over the course of 2023. This is due to the slight fall in CEO pay in 2023, compared with 2022. The underlying data for employee pay levels is broadly flat compared with 2022, despite an increase in population of c.9%, the majority of which will have been at more junior levels of the workforce.

A significant proportion of Milena Mondini de Focatiis' remuneration is dependent on the Company's performance and therefore it may vary more materially, resulting in movements in the CEO pay ratio from year to year. However, the reward policies and structures applying to the CEO are broadly aligned with those of the wider workforce and therefore consistent performance is likely to lead to a broadly consistent CEO pay ratio.

Relative Importance of Spend on Pay

The table below shows the percentage change in dividends and total employee remuneration spend from the financial year ended 31 December 2022 to the financial year ended 31 December 2023.

	2023 £m	2022 £m	% change
Distribution to shareholders	309	465	-34%
Employee remuneration	501	452	11%

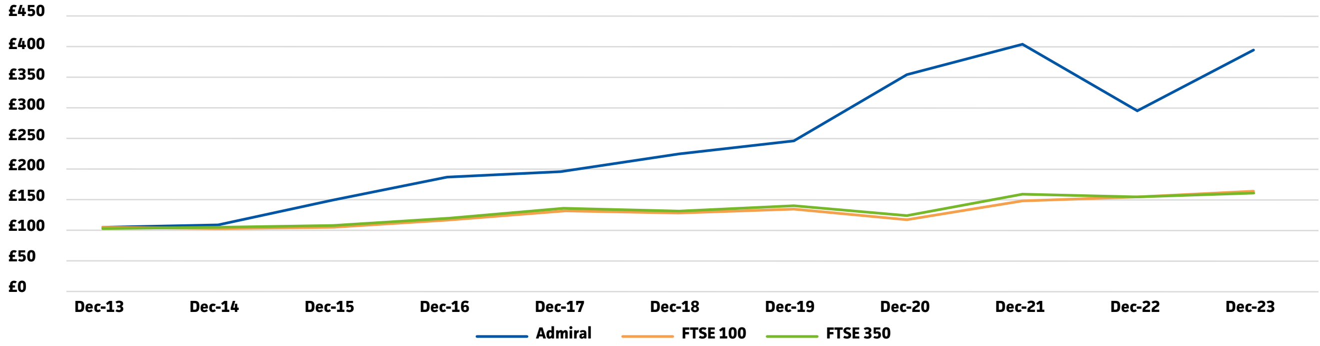
The Directors are proposing a final dividend for the year ended 31 December 2023 of 52 pence per share bringing the total dividend for 2023 to 103 pence per share (2022: 157 pence per share).

Pay for Performance

The following graph sets out a comparison of Total Shareholder Return (TSR) for Admiral Group plc shares with that of the FTSE 100 and FTSE 350 indices, of which the Company is a constituent, over the ten-year period to 31 December 2023. The Directors consider these to be the most appropriate indices against which the Company should be compared. TSR is defined as the percentage change over the period, assuming reinvestment of income.

10 year TSR performance: Admiral vs. FTSE100 and FTSE350 indices

Growth in value of a hypothetical £100 holding over the 10 years to 31 December 2023



CEO	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023
Incumbent	Henry Engelhardt	Henry Engelhardt	Henry Engelhardt[1]	David Stevens[2]	David Stevens	David Stevens	David Stevens	David Stevens	Milena Mondini de Focatiis[4]	Milena Mondini de Focatiis	**Milena Mondini de Focatiis**
CEO single figure of Remuneration	£393,260	£397,688	£148,776	£246,023	£395,019	£403,662	£413,724	£421,285	£2,082,191[4]	£2,275,511[5]	**£2,064,178**
DFSS vesting outcome (% of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	98.57%	59.24%	**43.76%[7]**

CFO	2014		2015	2016	2017	2018	2019	2020	2021	2022	2023
Incumbent	Kevin Chidwick	Geraint Jones[3]	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	Geraint Jones	**Geraint Jones**
CFO single figure of Remuneration	£1,204,164	£363,551	£539,704	£599,139	£1,184,445	£1,461,813	£1,773,303	£2,329,513	£1,737,805	£1,333,709[6]	**£1,214,999**
DFSS vesting outcome (% of maximum)	70.00%	85.00%	69.00%	50.00% and 0.00%	74.20%	87.60%	88.8%	98.5%	93.08%	59.21%	**43.73%[7]**

1 Henry Engelhardt stepped down from the Board on 13 May 2016. His 2016 remuneration includes salary and benefits for his service as CEO.
2 David Stevens was appointed as the CEO on 13 May 2016. His 2016 remuneration includes salary, pension and benefits for his service as CEO.
3 Geraint Jones was appointed to the Board as CFO on 13 August 2014. His 2014 remuneration includes salary, pension and benefits for his service as CFO, his full year DFSS and his full year DFSS bonus.
4 Milena Mondini de Focatiis was appointed as the CEO on 1 January 2021. Her 2021 remuneration includes salary, pension and benefits for her service as CEO.
5 This figure has been trued up since the 2022 report for the value of the 2020 DFSS based on the actual share price on vest of £22.43.
6 This figure has been trued up since the 2022 report for the value of the 2020 DFSS based on the actual share price on vest of £27.71.
7 43.76% of Milena Mondini de Focatiis' and 43.73% of Geraint Jones' 2021 DFSS award will vest in September 2024, subject to their continued employment on the vesting date.

There are no annual bonus outcomes to report in the table as the Admiral DFSS bonus is not structured as a traditional annual bonus scheme and consequently a vesting outcome (as a percentage of maximum) is meaningless. This will be different for the 2024 Annual Report with the new structure of Annual Bonus

Annual Report on Remuneration
continued

Annual change of each director's pay compared to the annual change in average employee pay

The following table summarises the annual percentage change of each director's remuneration compared to the annual percentage change of the average remuneration of the company's employees, calculated on a full-time equivalent basis.

Financial year-ended 31 December 2023	2023 (% change)		
Director's remuneration	Base salary/fees	Taxable benefits	DFSS bonus
Executive Directors			
Milena Mondini de Focatiis	3.00%	(5.21%)	(25.83%)
Geraint Jones	4.00%	(5.21%)	(33.72%)
Non-Executive Directors			
Annette Court	(76.27%)	(49.45%)	N/A
Mike Rogers	N/A	N/A	N/A
Evelyn Bourke	0.00%	117.30%	N/A
Karen Green	8.92%	172.90%	N/A
Jean Park	(100.97%)	(100%)	N/A
Jayaprakasa Rangaswami	(8.15%)	76.52%	N/A
Justine Roberts	20.68%	62.94%	N/A
Andy Crossley	10.16%	169.33%	N/A
Michael Brierley	8.57%	384.46%	N/A
Bill Roberts	37.80%	209.30%	N/A
Fiona Muldoon	N/A	N/A	N/A
Percentage change in employees' remuneration	9.01%	(5.31%)	(43.58%)

The percentage increases for the Non-Executive Director taxable benefits relate to expenses for travel, accommodation and subsistence.

The percentage change in employee base pay is a view across the whole group and is inclusive of colleague internal movements and promotions throughout 2023.

Dilution

The Company has previously used newly issued shares to fund the DFSS and SIP shares. The Company has controls in place to ensure that shares awarded under the incentive schemes operated by the Company within any rolling ten-year period do not exceed 10% of the number of ordinary shares in the capital of the Company in issue at the time of each award. It is currently anticipated that a combination of attrition and actual vesting will result in dilution of less than 10%. As required by the rules of our share schemes, the Company will in any event ensure that the actual dilution level does not exceed 10% in any rolling ten-year period by funding of any vested (and future) share scheme awards as appropriate with market-purchased shares.

In 2024 the Company will change the way the employee share schemes are funded. Initially shares already assigned to the trust will be used to fund the schemes and then the Company will move to a market purchase funding model (likely from 2026 onwards).

Interests held by Directors (audited)

The Company has adopted Executive Director shareholding guidelines whereby all Executive Directors are required to acquire and retain a beneficial shareholding in the Company equal to at least 400% of base salary (excluding salary shares, where applicable), which can be built up over a period of five years from the later of the introduction of the guidelines and the individual's date of appointment. Both Executive Directors meet the shareholding requirement.

As at 31 December 2023, the Directors held the following interests:

Director's remuneration	Shares held: Beneficially owned outright[5]	Shares held: Subject to continued employment only	Shares held: Subject to performance conditions	Shareholding requirement (% of 2023 salary)	Current shareholding (% of 2023 salary)	Requirement met?[3]
Milena Mondini de Focatiis[4]	108,154[1]	39,384[2]	180,000	400%	>400%	Yes
Geraint Jones	143,841[1]	22,958[2]	105,000	400%	>400%	Yes
Mike Rogers	4,813					
Evelyn Bourke	7,459					
Jayaprakasa Rangaswami	–					
Justine Roberts	–					
Andy Crossley	4,984					
Michael Brierley	4,287					
Karen Green	–					
Bill Roberts	9,245					
Fiona Muldoon	–					

1 Total includes SIP shares both matured and awarded.
2 Total reflects shares from the 2021 DFSS award (performance test has been applied, and award is due to vest in September 2024).
3 The final column in the above table relates to meeting the current Remuneration Policy requirement of 400% of salary, based on a share price of £26.84 at closing on 29th December 2023.
4 Milena Mondini de Focatiis has 5 years from her appointment as Executive Director (11 August 2020) to meet the guideline.

There have been no changes in the Directors' holdings in the share capital of the Company, as set out in the table above, between 31 December 2023 and the date of this Report[1].

None of the Directors had an interest in the shares of any subsidiary undertaking of the Company or in any significant contracts of the Group.

Executive Directors' Interests in Shares under the DFSS and SIP and salary share awards (audited)

Type	At start of year	Awarded during year	Vested/ matured during year	At end of year	Price at award (£)	Value at award date (£)	Value at 31 December 2023 or maturity (£)	Date of Award	Final vesting/ maturity date
Milena Mondini de Focatiis									
DFSS	85,000	–	50,354	–	£22.43	£1,906,550	£1,138,905	24/04/2020	24/04/2023
DFSS	90,000	–	–	90,000	£34.55	£3,109,500	£2,415,600	23/09/2021	23/09/2024
DFSS	90,000		–	90,000	£21.59	£1,943,100	£2,415,600	22/09/2022	22/09/2025
DFSS		90,000		90,000	£23.79	£2,141,100	£2,415,600	28/09/2023	28/09/2026
SIP	88	–	88	–	£20.58	£1,811	£1,683	13/03/2020	13/03/2023
SIP	68	–	68	–	£26.40	£1,795	£1,612	02/09/2020	02/09/2023
SIP	61	–	–	61	£29.44	£1,796	£1,637	12/03/2021	12/03/2024
SIP	50	–	–	50	£36.11	£1,806	£1,342	01/09/2021	01/09/2024
SIP	72	–	–	72	£24.81	£1,786	£1,932	11/03/2022	11/03/2025
SIP	81	–	–	81	£22.25	£1,802	£2,174	24/08/2022	24/08/2025
SIP	–	95	–	95	£18.82	£1,787	£2,550	13/03/2023	13/03/2026
SIP	–	77	–	77	£23.61	£1,818	£2,067	21/08/2023	21/08/2026
Geraint Jones									
DFSS	45,000	–	26,644	–	£27.71	£1,246,950	£637,324	24/09/2020	24/09/2023
DFSS	52,500	–	–	52,500	£34.55	£1,813,875	£1,409,100	23/09/2021	23/09/2024
DFSS	52,500	–	–	52,500	£21.59	£1,133,475	£1,409,100	22/09/2022	22/09/2025
DFSS		52,500		52,500	£23.79	£1,248,975	£1,409,100	28/09/2023	28/09/2026
Salary Shares	2,500	–	2,500	–	£20.58	£51,450	£46,265	13/03/2020	13/03/2023
Salary Shares	2,500	–	2,500	–	£26.40	£66,000	£59,537	02/09/2020	02/09/2023
SIP	88	–	–	88	£20.58	£1,811	£1,683	13/03/2020	13/03/2023
SIP	68	–	–	68	£26.40	£1,795	£1,612	02/09/2020	02/09/2023
SIP	61	–	–	61	£29.44	£1,796	£1,637	12/03/2021	12/03/2024
SIP	50	–	–	50	£36.11	£1,806	£1,342	01/09/2021	01/09/2024
SIP	72	–	–	72	£24.81	£1,786	£1,932	11/03/2022	11/03/2025
SIP	81	–	–	81	£22.25	£1,802	£2,174	24/08/2022	24/08/2025
SIP	–	95	–	95	£18.82	£1,787	£2,550	13/03/2023	13/03/2026
SIP	–	77	–	77	£23.61	£1,818	£2,067	21/08/2023	21/08/2026

1 The value at maturity relates only to shares vested.
2 For SIP and Salary Shares, the price at award reflects the average closing share price over the five days prior to the award date.

The closing price of Admiral shares on 29 December 2023 was £26.84 per share.

By order of the Board,

Evelyn Bourke
Chair of the Remuneration Committee

6 March 2024

Directors' Report

The Directors present their Annual Report and audited Financial Statements for the year ended 31 December 2023.

Group results and dividends
The profit for the year, after tax but before dividends, amounted to £337.2 million (2022: £285.3 million, restated following the adoption of IFRS 17). The Directors declared and paid dividends of £307.1 million during 2023 (2022: £658.3 million). Refer to note 12b for further details.

The Directors have proposed a final dividend of £156 million (52 pence per share). Subject to shareholders' approval at the 2024 Annual General Meeting (AGM), the final dividend will be paid on 7 June 2024 to shareholders on the register at the close of business on 10 May 2024.

Further information on the Group's dividend policy is located in note 3 on page 236 and on page 37 of the Strategic Report.

Research and development
Details of costs incurred in respect of research and development can be found in note 11c on page 297.

Political donations
No political donations were made during the year.

Interest capitalised
No interest was capitalised by the Group during the year.

Significant contracts of material interest to shareholders
The Group considers its co-insurance and reinsurance contracts to be significant and of material interest to shareholders. A number of the Group's contractual arrangements with reinsurers include features that, in certain scenarios, allow for reinsurers to recover losses incurred to date. The overall impact of such scenarios would not lead to an overall net economic outflow from the Group. No other contractual arrangements are considered to be significant to the running of the Group's business.

Financial instruments
The objectives and policies for managing risks in relation to financial instruments held by the Group are set out in note 2 to the Financial Statements.

Directors and their interests
The present Directors of the Company are shown on page 118 of this Report, whilst Directors' interests in the share capital of the Company are set out in the Remuneration Report on page 196. A list of Directors in the financial period to 31 December 2023 is shown on page 142.

Going concern
Under Provision 30 of the 2018 UK Corporate Governance Code, the Board confirms that it considers the going concern basis of accounting appropriate. In considering this requirement, the Directors have taken into account the factors below.

In particular, as part of this assessment the Board considered updated projections of performance and profitability a number of times throughout the year, with some key highlights including:

- The Group's profit projections, including:
  - Changes in premium rates and projected policy volumes across the Group's insurance businesses
  - The impacts of the continued elevated inflationary environment on the cost of settling claims across all of the Group's insurance businesses
  - The return of motor claims frequency towards pre-pandemic levels
  - Projected trends in other revenue generated by the Group's insurance business from fees and the sale of ancillary products
  - Projected contributions to profit from businesses other than the UK Car insurance business
  - Expected trends in unemployment in the context of credit risks and the growth of the Group's consumer lending business
  - The More Than acquisition due to complete in the first half of 2024
  - Assessment of wider market risk and changes in investment performance given the changing interest rates toward the end of 2023.
- The Group's solvency position, which has been closely monitored through periods of market volatility. The Group continues to maintain a strong solvency position above target levels
- The adequacy of the Group's liquidity position after considering all of the factors noted above
- The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume severe adverse economic, credit and trading stresses
- The regulatory environment, focusing on regulatory guidance issued by the FCA and the PRA in the UK and regular communications between management and regulators
- A review of the Company's principal risks and uncertainties and the assessment of emerging risks, including climate related risks.

Following consideration of all of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Further information is shown in the Viability Statement on page 109.

Share capital, AGM and related matters
Major shareholders
Other than as stated below, as far as the Company is aware, there are no persons with significant direct or indirect holdings in the Company. Information provided to the Company pursuant to Rule 5 of the FCA's Disclosure and Transparency Rules (DTRs) is published on a Regulatory Information Service and on the Company's website.

The Company received notifications in accordance with the FCA's DTRs of the following notifiable interests in the voting rights in the Company's issued share capital:

	As at 31 December 2023	
Shareholder	Number of Shares	% voting rights
Mawer Investment Management Ltd.	21,727,558	7.2%
Henry Engelhardt & Diane Briere de I'Isle	20,277,027	6.7%
BlackRock Inc.	17,849,752	5.8%
Moondance Foundation	15,400,000	5.1%
Rothschild and Co Wealth Management UK Limited	15,322,698	5.0%
Vanguard Group Holdings	12,560,052	4.1%
FMR LLC	11,711,392	3.9%
David & Heather Stevens	8,422,950	2.8%
Münchener Rückversicherungs- Gesellschaft AG	5,297,781	1.7%

The percentage of voting rights detailed above were calculated at the time the relevant disclosures were made in accordance with the DTRs. The DTRs require notification when the percentage voting rights (through shares and financial instruments) held by a shareholder reaches, exceeds or falls below an applicable threshold. The information provided below was correct at the date of notification; however, the date the notification was received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Company was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Notifications received by the Company in accordance with the FCA's DTRs in the period from 31 December 2023 to 6 March 2024 were as follows:

Shareholder	Date of notification	Number of shares as at date of notification	% of voting rights as at the date of notification
Rothschild and Co Wealth Management UK Limited	3 January 2024	15,310,942	4.99%
Rothschild and Co Wealth Management UK Limited	5 January 2024	15,316,355	5.00%
Rothschild and Co Wealth Management UK Limited	26 January 2024	15,296,742	4.99%
Rothschild and Co Wealth Management UK Limited	22 February 2024	15,320,057	5.00%
Rothschild and Co Wealth Management UK Limited	28 February 2024	15,315,212	4.99%
Rothschild and Co Wealth Management UK Limited	6 March 2024	15,321,078	5.00%

There are no people who hold shares carrying special rights with regard to control of the Company.

Further information on the rights attaching to shares under the employee share schemes are provided in the Remuneration Report.

Shares held in Employee Benefit Trust (EBT)
The EBT does not use its voting rights in respect of the shares it holds in the EBT at general meetings, however, it may choose to do so if recommended by the Company via a letter of wishes. If any offer is made to shareholders to acquire their shares, the trustee will not be obliged to accept or reject the offer in respect of any shares which are at that time subject to subsisting awards, but will have regard to the interests of the award holders and will have power to consult them to obtain their views on the offer. Subject to the above, the trustee may take action with respect to any offer it thinks fair. The trustee has waived its right to dividends on the shares held in the trust.

Directors' Report
continued

Additional information for shareholders

The following provides the additional information required for shareholders in accordance with the Takeovers Directive and the respective UK law.

At 31 December 2023, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the share capital and shares issued during the year can be found in note 12d. The rights and obligations attached to the Company's ordinary shares are set out in the Articles of Association of the Company, copies of which can be obtained from Companies House.

If a poll is called at a general meeting, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Company's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws)
- Pursuant to the Listing Rules of the FCA whereby certain employees and Directors of the Company require the approval of the Company to deal in the Company's securities.

The Company has not purchased any of its own shares during the period.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occur because of a takeover bid.

There are a number of agreements that alter or terminate upon a change of control of the Company following a takeover bid, such as commercial contracts (entered into in the normal course of business). None are considered to be significant in terms of their impact on the business of the Group as a whole.

Powers of the Company Directors

The Directors are responsible for managing the business of the Company and may exercise all powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Company's Memorandum and Articles. The Articles, for example, contain specific provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of new shares and buyback of shares are also included in the Articles and such authorities are renewed by shareholders at the Annual General Meeting each year.

Power to issue shares

At the last Annual General Meeting, held on 27 April 2023, authority was given to the Directors to allot unissued relevant securities in the Company up to a maximum nominal amount of £202,157 representing the Investment Association's Guidelines limit of approximately two thirds of the issued share capital as at 17 March 2023. This authority expires on the date of the Annual General Meeting to be held on 25 April 2024 and the Directors will seek to renew this authority for the following year.

A further special resolution passed at that meeting granted authority to the Directors to allot equity securities in the Company (up to a maximum of 5% of the issued share capital of the Company) for cash, without regard to the pre-emption provisions of the Companies Act 2006. This authority also expires on the date of the Annual General Meeting to be held on 25 April 2024 and the Directors will seek to renew this authority for the following year.

The Board is aware of the principles published by the Pre-Emption Group in November 2022, and their template resolutions published on 4 November 2022, allowing a Company the ability to seek authority over a further 10% of the issued ordinary share capital on a non-pre-emptive basis subject to certain conditions. The Board has set out its proposal, in line with the Pre-Emption Group principles, regarding its requested authority to allot shares in the Notice of Meeting for the 2024 AGM.

Appointments of Directors

The Company's Articles of Association (the Articles) give the Directors power to appoint and replace Directors. Under the Terms of Reference of the Group Nomination and Governance Committee, any appointment must be recommended by the Group Nomination and Governance Committee for approval by the Board of Directors. The Articles provide that all Directors will retire and offer themselves for re-election at each Annual General Meeting, in accordance with the UK Corporate Governance Code and the Company's current practice. Therefore, all Directors will be submitting themselves for either election or re-election by shareholders at the forthcoming AGM.

Articles of Association

The Articles may only be amended by special resolution of the shareholders.

Directors' indemnities and insurance

Directors and Officers insurance cover is in place for all Directors to provide cover against certain acts or omissions on behalf of the Company. A Deed Poll of Indemnity was executed in October 2015, indemnifying each of the Directors, and Company Secretary, in relation to certain losses and liabilities that they might incur in the course of acting as Directors of the Company. The Deed Poll of Indemnity is categorised as qualifying third party provisions as defined by Section 234 of the Companies Act 2006 and remains in force for all past and present Directors of the Company.

The Board is of the view that it is in the best interests of the Group to attract and retain the services of the most able and experienced Directors by offering competitive terms of engagement, including the granting of such indemnities. Neither the Deed Poll of Indemnity nor insurance cover would provide any coverage in the event that a Director is proved to have acted fraudulently or dishonestly.

Annual General Meeting (AGM)

It is proposed that the next AGM be held at Tŷ Admiral, David Street, Cardiff, CF10 2EH on Thursday 25 April 2024, notice of which will be available to shareholders alongside, or at a date near to the publication of the Annual Report.

Reporting, accountability and audit

UK Corporate Governance Code

Admiral is subject to the UK Corporate Governance Code (the Code), published by the Financial Reporting Council (FRC) in July 2018 and available on their website, **www.frc.org.uk**. The Company's Annual Report and Accounts, taken as a whole, addresses the requirements of the 2018 Code.

The Code was applicable for the Group during the year under review, and the Group has applied the principles and complied with the provisions of the Code except with regard to non-compliance with provision 19 for part of the year from 1 January 2023 to 27 April 2023, from this date to the 31 December 2023 the Company was in full compliance with the requirements of the Code, as set out in the Corporate Governance Report on page 113.

Admiral has reviewed the changes to the revised Code which the FRC published on 22 January 2024 and intends to be effective for companies with financial reporting periods beginning on or after 1 January 2025. Admiral intends to be fully compliant with the revised Code from 1 January 2025 and will disclose the measures introduced to ensure compliance with the new Code in the 2025 Annual Report and Accounts to be published in 2026.

The Directors confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Board is ultimately responsible for the Group's system of risk management and internal control and, through the Audit Committee, has reviewed the effectiveness of the Group's internal control and risk management arrangements relating to the financial reporting process and the principal risks facing the business. The Board is satisfied that the Group's internal control and risk management framework is prudent and effective and that, through the Audit Committee and Group Risk Committee, risk can be assessed, managed and assurance given that all material controls are reviewed and monitored.

Information on the composition and operation of the Board and its Committees is located in the following sections:

- Corporate Governance Report on page 113 in respect of the Board
- Nomination and Governance Committee Report on page 146
- Audit Committee Report on pages 161
- Group Risk Committee Report on page 168
- Remuneration Committee Report on page 185.

The Group's gender diversity information for the financial year, together with an explanation of the policies related to diversity, are set out in the Strategic Report on page 62 and in the Nomination and Governance Committee Report on page 154.

Branches

The Group has several branches located in Canada, India, France and Italy, through its subsidiary structure. Further details of the Company's subsidiaries, associated undertakings and branches are contained in note 12e.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with United Kingdom adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under Company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- For the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the UK

Directors' Report
continued

- For the Parent Company financial statements, state whether applicable UK accounting standards, including FRS 101 Reduced Disclosure Framework, have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Directors' Report and the Strategic Report include a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Following the Board's approval of the Audit Committee's recommendation to reappoint the Company's auditor, Deloitte LLP has indicated willingness to continue in office and resolutions to reappoint it and to authorise the Directors to fix its remuneration will be proposed at the AGM.

Index of disclosures

Information included in the Strategic Report: As permitted by legislation, some matters required to be included in the Directors' Report have instead been included in the Strategic Report as the Board considers them to be of strategic importance. These are identified with an asterix (*) in the table below.

Information/disclosure	Pages
Agreement for loss of office or employment on takeover	181, 200
Allotment of shares for cash pursuant to Group employee share schemes*	299
Amendment of the Articles of Association	200
Annual General Meeting (AGM)	201
Appointment and replacement of Directors	200, 146
Audit Committee Report	161
Business review	32
Business model	08
Directors in office during the year	118, 142
Significant agreements impacted by a change of control	200
Changes in borrowings	235, 275
Charitable donations	21, 66
Climate related disclosures, including GHG emissions and energy consumption	71
Corporate Governance Report	113
Culture	132
Details of long-term incentive schemes*	172
Directors' insurance and indemnities	200
Directors' inductions and training	146
Directors' interests in shares	196
Directors' Responsibilities Statement	201
Directors' service contracts	181
Disclosure of information to the Auditor	202
Diversity disclosures	154
Dividends	198, 299
Engagement with suppliers, customers and others in a business relationship with the Company*	87
Employee engagement	62, 89
Employees with disabilities	62
Fair, balanced and understandable	201
Financial risk management	228
Financial instruments	198, 268
Future developments of the business	22
Going Concern Statement	198, 306
Group Risk Committee	168
Independent Auditors' Report	205
Interest capitalised by the Group*	205
Nomination and Governance Committee Report	146
Non-Financial Information Statement	96
Political donations and expenditure	198
Post-balance sheet events	301
Powers for the Company to issue or buy back its shares	200
Powers of Directors	200
Principal risks and uncertainties	98
Related undertakings	300
Reappointment of Auditor	185
Remuneration Committee Report	185
Rights attaching to shares	199, 298
Risk management and internal control	98, 161, 201
s172 Statement	87
Share capital	199, 298
Shareholder engagement	90, 136
Shareholder waiver of dividends and future dividends*	199, 299
Significant related party agreements*	200, 301, 312
Significant shareholders	199
Statement of compliance with the UK Corporate Governance Code	125, 201
Strategic Report	14
Sustainability Report	56
Viability Statement	109
Voting rights	200

* Information required to be disclosed in the Annual Report under Listing Rule 9.8.4R is marked with an asterisk (*).

Approved by the Board of Directors and signed on its behalf by

Dan Caunt
Company Secretary

6 March 2024

Geraint Jones
Chief Financial Officer

6 March 2024

Admiral Group plc Annual Report and Accounts 2023

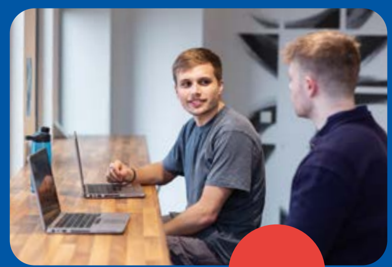
FINANCIAL STATEMENTS

In this section

205 Independent Auditor's Report
216 Consolidated Income Statement
217 Consolidated Statement of Comprehensive Income
218 Consolidated Statement of Financial Position
219 Consolidated Cashflow Statement
220 Consolidated Statement of Changes in Equity
221 Notes to the Consolidated Financial Statements
303 Appendix to the Group Financial Statements (unaudited)
305 Parent Company Financial Statements
306 Notes to the Parent Company Financial Statements

Additional Information

316 Glossary



Independent Auditor's Report

to the members of Admiral Group plc

Report on the audit of the Financial Statements

1. Opinion

In our opinion:

- the financial statements of Admiral Group plc (the 'Parent Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Consolidated and Parent Company Income Statements;
- the Consolidated and Parent Company Statements of Comprehensive Income;
- the Consolidated and Parent Company Statements of Financial Position;
- the Consolidated Cash Flow Statement;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the related notes 1 to 13 to the Group financial statements, excluding the capital adequacy disclosures in note 3.2.3 calculated in accordance with the Solvency II regime which are marked as unaudited; and
- the related notes 1 to 14 to the Parent Company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 9c to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

to the members of Admiral Group plc
continued

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: · Valuation of UK motor large bodily injury reserves within the liability for incurred claims; · Inflation assumptions applied to UK motor bodily injury claims within the liability for incurred claims; and · Initial adoption of IFRS 17 Insurance Contracts. Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £22.1 million which was determined on the basis of 5% of profit before tax ('PBT').
Scoping	We identified five reporting components which we determined should be subject to full scope audits this year. Specific audit procedures were completed in respect of five further components which, although not financially significant, did present some specific audit risks which needed to be addressed. The components within the scope of our audit procedures account for 98% of the Group's profit before tax, 99% of the Group's revenue and 99% of the Group's net assets.
Significant changes in our approach	IFRS 17 became effective on 1 January 2023, thus we have also identified the impact of the Group's adoption of IFRS 17 on the restated comparative information presented for the year ended 31 December 2022 as an additional key audit matter, as this is a new and complex accounting standard which has required considerable judgment and interpretation in its implementation.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of the relevant controls relating to the Board's going concern assessment process;
- We inspected the Group ORSA ('Own Risk and Solvency Assessment') to support our understanding of the key risks faced by the Group, its ability to continue as a going concern, and the longer-term viability of the Group;
- We evaluated management's going concern assessment in light of the current macroeconomic uncertainties;
- We considered the available cash and cash equivalents balance at year-end and assessed how this is forecast to fluctuate over a period of at least 12 months from the date of signing the financial statements in line with management's forecast performance. This analysis included assessing the amount of headroom in the forecasts considering cash and regulatory liquidity requirements;
- We assessed management's reverse stress testing over the projected profitability, solvency and liquidity positions and the likelihood of the various scenarios that could adversely impact upon the Group's liquidity and solvency headroom; and
- We obtained and inspected correspondence between the Group and its regulators, as well as reviewed the Group Risk Committee meeting minutes, to identify any items of interest which could potentially indicate either non-compliance with regulation or potential litigation or regulatory action held against the Group.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of UK motor large bodily injury reserves within the liability for incurred claims

Key audit matter description	The Group's gross liability for incurred claims totalled £3,452m as at 31 December 2023 (31 December 2022: £3,174m). Judgments made in determining the valuation of claims reserves are by far the most significant in terms of their impact on the Group's financial position. Setting these claims reserves is an inherently subjective exercise and small changes in underlying assumptions may have a material impact on the overall year-end result reported. Specifically, our significant areas of focus are the Group's selection of the frequency and severity assumptions for large bodily injury claims arising in the UK motor insurance business. These particular claims result in higher individual claims reserves and are more judgmental, in terms of the development of the ultimate losses, due to the longer-term nature of the Group's exposure (compared to property damage claims). Therefore, we determine this as a key audit matter. Refer to page 164 in the Audit Committee report where this is included as a significant issue and note 3 and note 5f in the financial statements which refer to this matter.
How the scope of our audit responded to the key audit matter	We obtained an understanding, and tested the relevant controls governing the selection of the frequency and severity actuarial assumptions identified for large bodily injury claims in the UK motor insurance business, as well as the wider process supporting the valuation of the liability for incurred claims. We obtained and inspected the reports from management and involved our internal actuarial specialists to support our assessment of management's frequency and severity assumptions for UK motor insurance business. We benchmarked the frequency assumptions against available industry data and considered the comparison in the context of the risk profile of the Group's portfolio and the year-on-year changes in these assumptions. We undertook a graphical analysis of incurred development patterns to assess and challenge the severity assumptions. We benchmarked the average cost per claim assumptions against available third-party industry data in the context of this incurred development analysis.
Key observations	Based on the procedures described above, we concluded that the selection of the frequency and severity assumptions for large bodily injury claims arising in the UK motor insurance business within the gross liability for incurred claims is appropriate.

Independent Auditor's Report

to the members of Admiral Group plc
continued

5.2. Inflation assumptions applied to UK motor bodily injury claims within the liability for incurred claims

Key audit matter description	Given the ongoing uncertainty associated with the UK's current and future inflationary environment, the impact of future inflation assumptions requires the application of significant judgment which has a material impact on the liability for incurred claims. In the current macroeconomic environment, there is a greater level of uncertainty associated with projecting future assumptions than in previous periods owing to the uncertainty in forecast future inflation and the extent to which this will impact claims inflation. The most significant impact of such inflation assumptions relates to bodily injury claims given the relatively low implicit inflation in historical data trends and the time it takes for such claims to develop and settle. Therefore, the effect of such inflationary pressures will not be observable in the claims data for some time, unlike for damage claims where the impact of inflation is already arising due to inflationary trends in historical data, their faster development, and is more closely linked to the Consumer Price Index ('CPI'). Our audit work to respond to the specific risks associated with inflationary assumptions in the UK motor bodily injury claims reserves required significant input from our actuarial specialists and was the focus of a significant amount of audit effort therefore, we considered this a key audit matter. Refer to page 165 in the Audit Committee report where this is included as a significant issue and note 3 and note 5f in the financial statements which refer to this matter.
How the scope of our audit responded to the key audit matter	We obtained an understanding of and tested relevant controls relating to the key inflation assumptions identified. We obtained and inspected the reports from both management and with involvement of our actuarial specialists we assessed the key inflation assumptions. We benchmarked management's inflation assumptions against available industry data and considered the results of this comparison. We inspected and challenged the methodology applied in determining the impact of excess inflation on the year-end liability for incurred claims, including challenging the future inflation assumptions with reference to current and future expectations of market wage inflation.
Key observations	Based on the procedures described above, we concluded that the inflation assumptions applied to UK motor bodily injury claims reserves are appropriate.

5.3. Initial adoption of IFRS 17 Insurance Contracts

Key audit matter description	With effect from 1 January 2023, the Group transitioned to IFRS 17: Insurance Contracts which replaced the existing standard for insurance contracts, IFRS 4. The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts which are significantly different to those required under IFRS 4. The Group's financial statements for the year ended 31 December 2023 are the Group's first set of financial statements to include the adoption of the new standard. As a result, comparative financial information has been restated from 1 January 2022, with the first-time adoption of IFRS 17 resulting in a decrease in equity of £125.6 million upon transition as shown in the Consolidated Statement of Changes in Equity. The application of IFRS 17 to the Group's insurance contracts requires significant management judgment in developing the valuation methodology, defining the related accounting policies and implementing those policies appropriately within the relevant calculation models. The judgments, policy choices and elections made have the potential to significantly impact the financial results of the Group and its key performance indicators. We have concluded that the impact of the adoption of IFRS 17 on the restated 2022 comparative financial information forms a key audit matter as this is a new and complex accounting standard which has required considerable judgment and interpretation in its implementation. Furthermore, the new standard has introduced a number of significant changes, including new requirements regarding the recognition and measurement of insurance contracts and related account balances and classes of transactions. In order to meet the requirements of the new standard, significant changes have also been made to the systems, processes and controls with effect from 1 January 2023. This resulted in an increased extent of audit effort, including the involvement of our internal actuarial and IT specialists. Refer to page 165 in the Audit Committee report where this is included as a significant issue and note 1 in the financial statements which sets out the qualitative and quantitative IFRS 17 information, including the relevant recognition and measurement requirements of the Standards, and the accounting policies applied on its adoption.
How the scope of our audit responded to the key audit matter	To respond to the key audit matter we have performed the following: · Obtained an understanding of and tested the relevant controls governing the restated 2022 comparative financial information and, in particular, those controls over the assumptions and methodologies applied in the new IFRS 17 models in valuing the liability for incurred claims; · Evaluated the appropriateness of key technical accounting decisions, judgments, assumptions and elections made in determining the impacts to assess compliance with the requirements of the standard; · With the involvement of our internal actuarial specialists we performed procedures to assess the Group's implementation of the defined methodology and IFRS 17 calculation models; · We evaluated the data and other information required for the IFRS 17 calculations, including the data inputs to the calculation of the fulfilment cashflows and the risk adjustment within the liability for incurred claims; and · We tested the new disclosures and the disclosures related to the transition impact and reconciled the disclosures to underlying accounting records and supporting data.
Key observations	Based on the procedures described above, we are satisfied that the Group's insurance contracts are appropriately recognised under IFRS 17.

Independent Auditor's Report

to the members of Admiral Group plc
continued

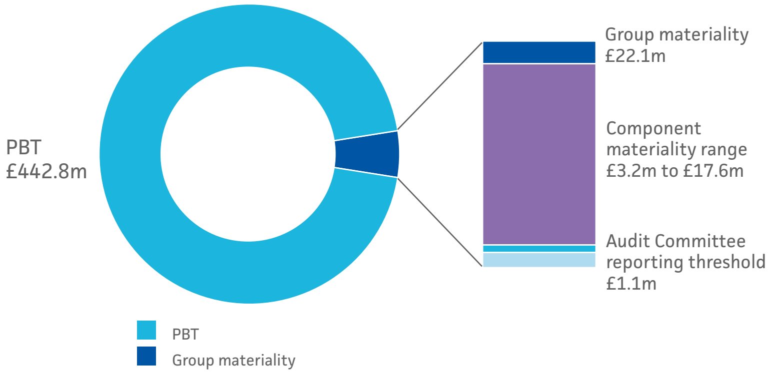
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£22.1 million (2022: £23.4 million)	£4.4 million (2022: £4.2 million)
Basis for determining materiality	5% of profit before tax (2022: 5% of profit before tax).	3% of two-year average of net assets (2022: 3% of two-year average of net assets).
Rationale for the benchmark applied	We consider profit before tax to be the critical benchmark of the performance of the Group and consider this benchmark to be suitable having compared to other benchmarks. Our materiality equates to 1% of insurance revenue and 2% of equity (2022: 1% of insurance revenue and 2% of equity).	The Parent Company primarily exists as the holding company which carries investments in Group subsidiaries and is the issuer of listed securities. We consider that net assets is the critical benchmark for the Parent Company. The measure uses a two-year average of net assets which we consider appropriate given the inherent volatility associated with the timing of dividend payments.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2022: 70%) of Group materiality	70% (2022: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: · our risk assessment, including our assessment of the Group's overall control environment and that we consider it appropriate to rely on controls over a number of business processes; and · our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.1 million (2022: £1.1 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The five (2022: five) significant components of the Group which were identified in our audit planning are Admiral Insurance (Gibraltar) Limited, Admiral Insurance Company Limited, EUI Limited, Admiral Europe Compañía de Seguros, and the Parent Company, Admiral Group plc.

Each of these significant components was subjected to a full-scope audit, completed to individual component materiality levels which ranged from £3.2 million to £17.6 million (2022: £2.9 million to £22.2 million) dependent upon the relative significance of each individual component.

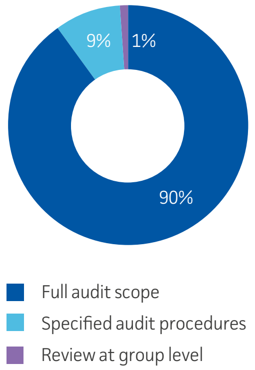
We have completed specific audit procedures, designed to address specific audit risks, for five (2022: eight) further components.

The components within the scope of our audit procedures account for 98% (2022: 98%) of the Group's profit before tax, 99% (2022: 99%) of the Group's revenue and 99% (2022: 99%) of the Group's net assets.

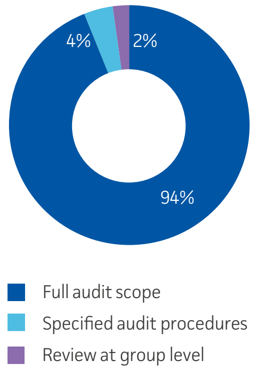
For the remaining components which were not subject to full-scope audits or specified audit procedures, we performed analysis at an aggregated Group level to re-assess our evaluation that there were no significant risks of material misstatement in any of these components.

Finally, we performed audit procedures over the consolidation process by testing the material consolidation adjustments made by management in calculating their consolidated financial statements.

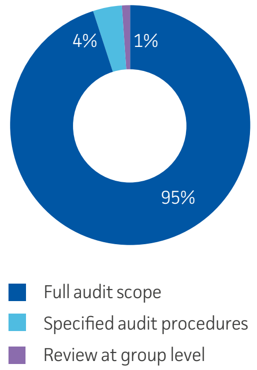
Revenue



Profit before tax



Net assets



7.2. Our consideration of the control environment

We obtained an understanding of and tested the relevant controls within the Group, including controls over the following business processes: financial reporting, insurance revenue, other revenue, insurance service expenses, liability for incurred claims, liability for remaining coverage, reinsurance and coinsurance, cash and investments. We also identified the key IT systems in the Group that were relevant to the audit, and involved our internal IT specialists to support our testing of general IT controls over these systems, including the policy administration system, claims administration systems and the data warehouse.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the impact of climate change on the Group's operations and subsequent impact on its financial statements. The Group sets out its assessment of the potential impact on page 107 of the Emerging Risks section.

In conjunction with our climate reporting specialists, we have held discussions with the Group to understand management's:

- process for identifying affected operations, including the governance and controls over this process, and the subsequent effect on the financial reporting of the Group; and
- long-term strategy to respond to climate-related risks as they emerge including the effect on the Group's forecasts.

Independent Auditor's Report
to the members of Admiral Group plc
continued

In addition, our audit work also involved:

- challenging the completeness of the physical and transition risks identified based on our understanding of the Group, and considered in the Group's climate risk assessment and the conclusion that there is no material impact of climate change risk on the current year financial reporting;
- assessing the Group's qualitative analysis which supports the Group's conclusion that there is no material financial statement impact of climate risk on expected credit losses;
- assessing disclosures in the Annual Report against the requirements of the TCFD framework, paragraph 8(a) of Listing Rule 9.8.6R, as well as the mandatory climate-related financial disclosure requirements ("CFD") ; and
- evaluating the appropriateness of disclosures included in the financial statements in Note 2.

We have not been engaged to provide assurance over the accuracy of TCFD disclosures set out on page 73 of the annual report. As part of our procedures, we are required to read these disclosures and to consider whether they are materially inconsistent with the financial statements or our knowledge obtained during the course of our audit. We did not identify any material inconsistencies as a result of these procedures.

7.4. Working with other auditors
We engaged local component auditors, being Deloitte member firms in Spain and the US, to perform the audit work over entities residing in these respective territories. We also engaged component auditors in the Deloitte UK firm to perform the audit work over the Admiral Money segment of the Group. We directed and supervised the work of Deloitte Spain and Deloitte UK, including through in-person visits and through remote communication and review of their work.

For the US auditors we concluded it was not necessary to undertake in-person visits to this component, rather we directed and supervised the work of the component auditor by having frequent phone calls with the component audit team, participating in video conferences and reviewing key audit documentation remotely.

8. Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, actuarial, financial instruments, IT, climate, and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of UK motor large bodily injury claims reserves within the liability for incurred claims and inflation assumptions applied to UK motor bodily injury claims within the liability for incurred claims. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, Solvency II regulation and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's operating licence, and the Financial Conduct Authority and the Prudential Regulation Authority regulations.

11.2. Audit response to risks identified
As a result of performing the above, we identified the valuation of UK motor large bodily injury reserves within the liability for incurred claims and inflation assumptions applied to UK motor bodily injury claims within the liability for incurred claims as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the Financial Conduct Authority and the Prudential Regulation Authority; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report
to the members of Admiral Group plc
continued

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 198;
- the directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 109;
- the directors' statement on fair, balanced and understandable set out on page 201;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 98;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 98; and
- the section describing the work of the Audit Committee set out on page 161.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by shareholders' approval at the Annual General Meeting on 27 April 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is eight years, covering the years ending 31 December 2016 to 31 December 2023.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Adam Addis
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

6 March 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Note	Year ended 31 December 2023 £m	Restated[1] 31 December 2022 £m
Insurance revenue	5	3,486.1	2,956.9
Insurance service expenses	5	(3,093.2)	(2,737.2)
Insurance service result before reinsurance		**392.9**	**219.7**
Net expense from reinsurance contracts held	5	(87.1)	(38.4)
Insurance service result		**305.8**	**181.3**
Investment return	6	**122.9**	**64.6**
Finance expenses from insurance contracts issued	5	(94.5)	(52.0)
Finance income from reinsurance contracts held	5	28.9	13.6
Net insurance finance expenses		**(65.6)**	**(38.4)**
Net insurance and investment result		**363.1**	**207.5**
Interest income from financial services	7	94.9	58.7
Interest expense related to financial services	7	(26.8)	(12.6)
Net interest income from financial services		**68.1**	**46.1**
Other revenue and profit commission	8	205.7	256.4
Other operating expenses	9	(250.8)	(204.6)
Other operating expenses recoverable from co-insurers	9	107.8	86.7
Expected credit losses	6	(31.0)	(18.9)
Other income and expenses		**31.7**	**119.6**
Operating profit		**462.9**	**373.2**
Finance costs	6	(20.5)	(13.5)
Finance costs recoverable from co- and reinsurers	6	0.4	1.5
Net finance costs		**(20.1)**	**(12.0)**
Profit before tax		**442.8**	**361.2**
Taxation expense	10	(105.6)	(75.9)
Profit after tax		**337.2**	**285.3**
Profit after tax attributable to:			
Equity holders of the parent		338.0	286.5
Non-controlling interests (NCI)		(0.8)	(1.2)
		337.2	285.3
Earnings per share			
Basic	12	111.2p	95.4p
Diluted	12	110.8p	95.0p
Dividends declared and paid (total)	12	307.1	658.3
Dividends declared and paid (per share)	12	103.0p	223.0p

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

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

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

Consolidated Statement of Financial Position

For the year ended 31 December 2023

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

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

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

Geraint Jones
Chief Financial Officer
Admiral Group plc

Company Number: 03849958

Consolidated Cashflow Statement

For the year ended 31 December 2023

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

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

		Attributable to the owners of the Company									
	Note	Share capital £m	Share premium £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Insurance[1] finance reserve £m	Retained[1] profit and loss £m	Total[1] £m	Non-controlling interests £m	Total equity[1] £m
At 1 January 2022 previously reported		**0.3**	**13.1**	**36.7**	**3.0**	**4.3**	**–**	**1,348.8**	**1,406.2**	**2.3**	**1,408.5**
Impact of initial application of IFRS 17[1]		–	–	–	–	0.2	(20.5)	(105.3)	(125.6)	–	(125.6)
At 1 January 2022 restated[1]		**0.3**	**13.1**	**36.7**	**3.0**	**4.5**	**(20.5)**	**1,243.5**	**1,280.6**	**2.3**	**1,282.9**
Profit/(loss) for the period[1]		–	–	–	–	–	–	286.5	286.5	(1.2)	285.3
Other Comprehensive Income[1]		–	–	(242.6)	18.1	(4.4)	155.0	–	(73.9)	0.1	(73.8)
Total comprehensive income for the period[1]		**–**	**–**	**(242.6)**	**18.1**	**(4.4)**	**155.0**	**286.5**	**212.6**	**(1.1)**	**211.5**
Transactions with equity holders											
Dividends	12	–	–	–	–	–	–	(658.3)	(658.3)	–	(658.3)
Share scheme credit		–	–	–	–	–	–	57.3	57.3	–	57.3
Deferred tax credit on share scheme credit		–	–	–	–	–	–	(6.4)	(6.4)	–	(6.4)
Total transaction with equity holders		**–**	**–**	**–**	**–**	**–**	**–**	**(607.4)**	**(607.4)**	**–**	**(607.4)**
As at 31 December 2022[1]		**0.3**	**13.1**	**(205.9)**	**21.1**	**0.1**	**134.5**	**922.6**	**885.8**	**1.2**	**887.0**
At 1 January 2023		**0.3**	**13.1**	**(205.9)**	**21.1**	**0.1**	**134.5**	**922.6**	**885.8**	**1.2**	**887.0**
Profit/(loss) for the period		–	–	–	–	–	–	338.0	338.0	(0.8)	337.2
Other Comprehensive Income		–	–	92.4	(13.6)	3.7	(69.2)	–	13.3	–	13.3
Total comprehensive income for the period		**–**	**–**	**92.4**	**(13.6)**	**3.7**	**(69.2)**	**338.0**	**351.3**	**(0.8)**	**350.5**
Transactions with equity holders											
Dividends	12	–	–	–	–	–	–	(307.1)	(307.1)	–	(307.1)
Share scheme credit		–	–	–	–	–	–	63.3	63.3	–	63.3
Deferred tax credit on share scheme credit		–	–	–	–	–	–	2.1	2.1	–	2.1
Transfer to loss on disposal of assets held for sale		–	–	–	–	(3.6)	–	–	(3.6)	0.6	(3.0)
Total transactions with equity holders		**–**	**–**	**–**	**–**	**(3.6)**	**–**	**(241.7)**	**(245.3)**	**0.6**	**(244.7)**
As at 31 December 2023		**0.3**	**13.1**	**(113.5)**	**7.5**	**0.2**	**65.3**	**1,018.9**	**991.8**	**1.0**	**992.8**

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

General information

Admiral Group plc is a public limited Company incorporated in England and Wales. Its registered office is at Tŷ Admiral, David Street, Cardiff, CF10 2EH and its shares are listed on the London Stock Exchange. The nature of Admiral Group operations and its principal activities is set out in the Business model section on page 8.

1. Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The Company has elected to prepare its Parent Company financial statements in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

The accounting policies set out in the notes to the financial statements have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The financial statements are prepared on the historical cost basis, except for the revaluation of financial assets classified as fair value through profit or loss or as fair value through Other Comprehensive Income, and insurance and reinsurance contract assets and liabilities which are measured at their fulfilment value in accordance with IFRS 17 *Insurance Contracts*. The Group and Company financial statements are presented in pounds sterling, rounded to the nearest £0.1 million.

Cashflows from operating activities before movements in investments comprise all cashflows arising from the Group's insurance and reinsurance activities, and from loans and advances issued to customers. Cashflows from financing activities include the cashflows on issues of loan backed securities, lease liabilities and other financial liabilities.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity.

In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group has securitised certain loans and advances to customers by the transfer of the loans to special purpose entities ('SPEs') controlled by the Group. Securitisation enables a subsequent issuance of debt by the SPEs to investors who gain the security of the underlying assets as collateral. These SPEs are fully consolidated into the Group financial statements under IFRS 10 *Consolidated Financial Statements*, as the Group controls the entity in line with the above definition.

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is reviewed. To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, the movement is recognised by adjusting the carrying amount of the related asset or liability in the period in which the change occurs. Further information regarding the Group's critical accounting judgements and estimates is provided in note 2 to the financial statements.

Going concern

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

- The Group's profit projections, including:
  - Changes in premium rates and projected policy volumes across the Group's insurance businesses
  - The impacts of the continued elevated inflationary environment on the cost of settling claims across all of the Group's insurance businesses
  - The return of motor claims frequency towards pre-pandemic levels
  - Projected trends in other revenue generated by the Group's insurance business from fees and the sale of ancillary products
  - Projected contributions to profit from businesses other than the UK Car insurance business
  - Expected trends in unemployment in the context of credit risks and the growth of the Group's consumer lending business
  - The More Than acquisition due to complete in the first half of 2024
  - Assessment of wider market risk and changes in investment performance given the changing interest rates toward the end of 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
continued

1. Basis of preparation continued

- The Group's solvency position, which has been closely monitored through periods of market volatility. The Group continues to maintain a strong solvency position above target levels
- The adequacy of the Group's liquidity position after considering all the factors noted above
- The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume severe adverse economic, credit and trading stresses
- The regulatory environment, focusing on regulatory guidance issued by the FCA and the PRA in the UK and regular communications between management and regulators
- A review of the Company's principal risks and uncertainties and the assessment of emerging risks, including climate related risks.

Following consideration of all of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and that it is therefore appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report. Further information regarding the financial position of the Company, its cashflows, liquidity position and borrowing facilities are also described in the Strategic Report. In addition, note 2 to the financial statements include the Group's insurance and financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk; and its objectives, policies and processes for managing its capital.

Adoption of new and revised standards

The Group has adopted the following IFRSs and interpretations during the year, which have been issued and endorsed:

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

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

IFRS 17 adoption

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

As a result, the opening balance sheet (1 January 2022) and prior year comparatives (FY 2022) have been restated under IFRS 17, applying the transitional provisions in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised as follows:

Changes to classification and measurement.

The adoption of IFRS 17 did not change the classification of the Group's insurance contracts.

The Group was previously permitted under IFRS 4 to continue accounting using its previous (UK GAAP) accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

Under IFRS 17, the Group's insurance contracts issued and reinsurance contracts held have all been assessed as eligible to be measured by applying the premium allocation approach ('PAA'). The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less amounts recognised in revenue for insurance services provided
- The Group has chosen to expense its insurance acquisition cashflows as incurred
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component
- Measurement of the liability for incurred claims (previously claims outstanding) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held minus ceded earned premium) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Presentation and disclosure

For presentation in the Statement of Financial Position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held respectively, and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the Statement of Profit or Loss and Other Comprehensive Income have been changed significantly compared with last year. Previously, the Group reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in unearned premium reserves
- Gross insurance claims
- Net insurance claims
- Net operating expenses.

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Income or expenses from reinsurance contracts held
- Insurance finance income or expenses.

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts issued and reinsurance contracts held
- Significant judgements, and changes in those judgements, when applying the standard.

The new accounting policies and choices adopted in the implementation of IFRS 17 are disclosed in the notes to these financial statements.

Transition approach

The full retrospective approach was applied to the insurance contracts issued and reinsurance contracts held that were in force at the transition date.

The transition approach was determined at a group of insurance contracts level. Accordingly, the Group has recognised and measured each group of insurance contracts in this category as if IFRS 17 had always applied; derecognised any existing balances that would not exist had IFRS 17 always applied; and recognised any resulting net difference in equity.

Impact of Transition on Equity

The total impact of the transition was a reduction in equity of £125.6 million, as shown in the Consolidated Statement of Changes in Equity. The Statement of Financial Position presents the restated balance sheet as at the transition date of 1 January 2022, with supporting notes providing further detail as required.

The key changes driving the adverse impact on transition are:

- An adverse impact arising from the Group's accounting policy choice to expense acquisition costs, which results in a write off of the Group's gross deferred acquisition cost asset
- A reduction in quota share reinsurance assets primarily as a result of the change in timing in recognition of ceded quota share expense recoveries, which under IFRS 17 are realised in line with the earning of premium, rather than aligned to when the gross expenses are incurred
- An adverse impact due to the deferral of revenue in relation to underwritten ancillary products, which was previously recognised immediately as commission income
- An offsetting favourable impact due to change in the Group's claims liabilities, net of reinsurance, as a result of the requirements for the liability and asset for incurred claims to be calculated using a probability weighted, discounted best estimate plus risk adjustment for non-financial risk
- The tax treatment of the transition impact follows the accounting treatment, with no transitional relief available. The tax impact on transition has been calculated at an entity level, based on the tax rates in place in 2023, when the tax transition impacts are realised. Deferred tax assets in relation to carried forward losses are recognised only to the extent that it is probable future taxable profit will be available against which the assets can be utilised, in accordance with the Group's accounting policy for taxation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

1. Basis of preparation continued

Summary of Impact of Transition on FY 2022 restated result

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

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

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

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

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

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

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

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective 1 January 2025)
- Amendments to IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (effective 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as Current or Non-current (effective 1 January 2024)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective 1 January 2024).

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Acquisition of More Than home and pet personal lines from RSA

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

2. Critical accounting judgements and estimates

In applying the Group's accounting policies as described in the notes to the financial statements, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, including where appropriate, weather-related factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.1 Critical accounting judgements

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Premium allocation approach ('PAA')

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

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

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

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

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

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

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

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

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

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

2. Critical accounting judgements and estimates continued

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

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

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

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

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

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

Presentation of reinsurance 'funds withheld' contracts

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

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

Consolidation of the Group's special purpose entities ('SPEs')

The Group has set up a number of SPEs in relation to the Admiral Money business, whereby the Group securitises certain loans by the transfer of the loans to the respective SPEs. The securitisation enables a subsequent issue of debt by the SPEs to investors who thereby gain the security of the underlying assets as collateral.

The accounting treatment of SPEs has been assessed and it has been concluded that the entities should be fully consolidated into the Group's financial statements under IFRS 10. This is due to the fact that despite not having legal ownership, the Group has control of the SPEs, being exposed to the returns and having the ability to affect those returns through its power over the SPEs.

The SPEs have therefore been fully consolidated in the Group's financial statements.

2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Best estimate of future cashflows to fulfil insurance contracts

The ultimate cost of outstanding claims that have been incurred prior to the balance sheet date and that remain unsettled at the balance sheet date, for material lines of business, is estimated by internal actuarial teams using a range of standard actuarial claims projection techniques, (such as incurred and paid chain ladder techniques, Bornhuetter-Ferguson methods and initial expected assumptions) to allow an actuarial assessment of their potential outcome. This includes an allowance for unreported claims.
The projection of the overall claims reserve is subject to comparison against equivalent outputs produced by an independent external actuarial specialist for material lines of business.

Claims are segmented into groups with similar characteristics and which are expected to develop and behave similarly, for example bodily injury (attritional and large) and damage claims, with specific projection methods selected for each head of damage. Key sources of estimation uncertainty arise from both the selection of the projection methods and the assumptions made in setting claims provisions.

Internal and external factors may affect the cost of settling claims in ways that wouldn't be allowed for by standard actuarial techniques; where this occurs adjustments to the technique, assumptions or result may be applied. Examples of these factors include:

- Changes in the reporting patterns of claims impacting the frequency of bodily injury and damage claims
- Emerging inflationary trends on the average cost of bodily injury and damage claims
- The likelihood of bodily injury claims settling as Periodic Payment Orders
- Changes in the regulatory or legal environment that lead to changes in awards for bodily injury claims and associated legal costs
- Changes to the underlying process and methodologies employed in setting and reviewing case reserve estimates.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Group also has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are offset against ultimate claims costs. Other key circumstances affecting the reliability of assumptions include delays in settlement.

Outputs of the actuarial projections include ultimate average cost per claim and claim frequency by accident year, implied claims inflation metrics and ultimate loss ratios and burn costs by accident year and underwriting year. These metrics are reviewed and challenged as part of the process for making allowance for the uncertainties noted.

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
continued

2. Critical accounting judgements and estimates continued
Calculation of expected credit loss provision
The Group is required to calculate an expected credit loss ('ECL') allowance in respect of the carrying value of the Admiral Money loan book in line with the requirements of IFRS 9. Due to the size of the loan book, the calculation of the ECL is deemed to be a critical accounting judgement and includes key sources of estimation uncertainty.

Management applies judgement in:

- Determining the appropriate modelling solution for measuring the ECL
- Calibrating and selecting appropriate assumptions
- Setting the criteria for what constitutes a significant increase in credit risk
- Identification of key scenarios to include and determining the credit loss in these instances.

The key areas of estimation uncertainty are in the calculation of the probability of default ('PD') in the base scenario for stage 1 and 2 assets, and the determination, impact assessment and weighting of the forward-looking scenarios.

Refer to the analysis in note 7 to the financial statements for further detail on the Group's ECL methodology applied in the period.

3. Insurance and financial risk
The Group's activities expose it primarily to insurance risk, and financial risks of credit, spread, interest rate, liquidity and foreign exchange risk. The Board of Directors is ultimately responsible for the management of insurance risk and financial risks, although it has delegated the detailed oversight of supervising risk management and internal control to the Group Risk Committee.

There are several key elements to the risk management environment throughout the Group. These are detailed in full in the Corporate Governance Statement. Specific considerations for the risks arising from insurance and financial risk are detailed below.

3.1 Insurance risk
The Group's primary business is the issuance of insurance contracts that transfer risk from policyholders to the Group and its co-insurance partners.

Insurance risk involves uncertainty over the occurrence, amount or timing of claims arising on insurance contracts issued.

It is primarily comprised of Reserve risk; the risk that the value of insurance liabilities established is insufficient to cover the ultimate cost of claims incurred at the balance sheet date, and premium risk; the risk that the claims experience on business written but not earned is higher than allowed for in the premiums charged to policyholders.

The Board has ultimate responsibility for the management of insurance risk although as set out above, it has delegated the detailed oversight of risk management to the Group Risk Committee. The Group also has a Group Reserving Committee as well as local Reserving Committees which are comprised of senior managers within the finance, claims, pricing and actuarial functions in the respective businesses. The Reserving Committees primarily recommend the approach for claims reserving but also review the systems and controls in place to support accurate reserving and consider material reserving issues such as large bodily injury claims frequency and severity, the impact of changes in the claims systems and the external environment.

The Board implements certain policies to mitigate and control the level of insurance risk accepted by the Group. These include pricing policies and claims management and administration processes, in addition to reserving policies and entering into reinsurance arrangements.

3.1.1 Reserve risk
Reserve risk arises from:

- The uncertain nature of claims, in particular the development of large bodily injury claims
- Unexpected future impact of socioeconomic trends or regulatory changes, for example changes to the Ogden discount rate
- Data issues and changes to the claims reporting process
- Failure to recognise claims trends in the market including a slow-down in the processing of recoveries and liabilities with third party insurers which increases the estimation risk of these amounts
- Changes in underwriting and business written so that past trends are not necessarily a predictor of the future.

Understatement of reserves may result in not being able to pay claims when they fall due. Alternatively, overstatement of reserves can lead to a surplus of funds being retained resulting in opportunity cost; for example, lost investment return or insufficient resource to pursue strategic projects and develop the business.

Reserve risk is mitigated through a series of processes and controls. The key processes are as follows:

- Regular management and internal actuarial review of individual and aggregate case claim reserves, including regular reporting of management information and exception reporting of significant movements
- Regular management and internal actuarial review of large claims, including claims settled or potentially settled by PPOs for which the uncertainty is increased by factors such as the lifetime of the claimant and movements in the indexation for the cost of future care of the claimant
- Bi-annual external actuarial review of best estimate claims reserves using a variety of recognised actuarial techniques
- Internal actuarial analysis of reserve uncertainty through qualitative analysis, scenario testing and a range of stochastic reserving techniques
- Ad hoc external reviews of reserving related processes and assumptions
- The application of a risk adjustment aligned with Group risk appetite.

As described in note 2, critical accounting judgements and estimates, the Group includes the risk adjustment for non-financial risk within its measurement of insurance contracts and reinsurance contract assets, using a confidence level technique, with the risk adjustment being set in a range between the 85th and 95th percentile, on a net of excess of loss reinsurance basis.

Whilst the underlying methods to calibrate the reserve risk distribution from which the percentile is selected are consistent year on year, a number of developments in the reserve risk modelling in 2023 result in a slightly less volatile distribution than at the end of 2022.

The reserves including risk adjustment at 31 December 2023 equated to a 93rd percentile confidence level position (2022: 95th percentile) to the nearest whole percentile. The reduction in the confidence level from 2022 is reflective of the Group's assessment of uncertainty and the level of adverse risks associated with both internal and external factors, and in particular the Group's continued diversification across portfolios.

3.1.2 Premium risk
As noted above, the Group defines premium risk as the risk that claims cost on business written but not yet earned is higher than allowed for in the premiums charged to policyholders. This also includes catastrophe risk, the risk of incurring significant losses as a result of the occurrence of manmade catastrophe, or natural weather events.

Key processes and controls operating to mitigate premium risk are as follows:

- Experienced and focused senior management and teams in relevant business areas including pricing and claims management
- A data-driven and analytical approach to regular monitoring of claims and underwriting performance
- Observations of weather events trends to understand climate impacts on frequency and severity
- Capability to identify and resolve underperformance promptly through changes to key performance drivers, in particular pricing.

3.1.3 Reinsurance risk
The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance held is placed on both an excess of loss basis, designed to protect the Group against very large individual claims and catastrophe losses, and a proportional basis i.e. quota–share reinsurance which is taken out to reduce the overall exposure of the Group to its insurance contracts.

Reinsurance risk is the risk of placement of ineffective reinsurance arrangements, or the economic risk of reduced availability of reinsurance arrangements in future periods.

The Group mitigates these risks by ensuring that it has a diverse range of financially secure reinsurance partners, including a long-term relationship with Munich Re and a number of other large reinsurers.

Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contract terms. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations.

Information regarding reinsurance credit risk is provided in note 3.2.1.

3.1.4 Concentration of insurance risk
The Directors do not believe there are significant concentrations of insurance risk. This is because the risks are spread across a large number of policies across a wide regional base. The International Car Insurance, UK Household, UK Travel and UK Pet businesses further contribute to the diversification of the Group's insurance risk.

The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

The tables in note 5f(i) show the concentration of net insurance contract liabilities by product type and geographic area.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

3. Insurance and financial risk continued

3.1.5 Sensitivity analysis

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

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

Ogden discount rate

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

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

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

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

Risk adjustment

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

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

Undiscounted loss ratios, including risk adjustment

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

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

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

3.2. Financial risk

The Group's activities expose it primarily to financial risks of credit, spread, interest rate, liquidity and foreign exchange risk. The detailed oversight of supervising risk management and internal control has been delegated to the Group Risk Committee.

There is also an Investment Committee that makes recommendations to the Group and subsidiary Boards on investment strategy, and overseas the Group's investments, as well as advising on liquidity funding and foreign exchange management.

3.2.1 Credit risk

The Group defines credit risk as the risk of financial loss if another party fails to perform its obligations. The key areas of exposure to credit risk for the Group result through its reinsurance programme, investments, bank deposits, loans and advances to customers and policyholder receivables.

The Directors consider credit quality and counterparty exposure frequently and in significant detail. The Directors consider that the policies and procedures in place to manage credit exposure continue to be appropriate for the Group's risk appetite and, during 2023, and historically, no material credit losses have been experienced by the Group.

Financial investments and cash

Credit and counterparty risk is managed by the Group by investing in high quality money market funds, and setting suitable parameters for asset managers to adhere to when purchasing debt securities. Cash balances and deposits are placed only with highly rated credit institutions.

The Group primarily invests the following asset types:

- Debt securities are held within segregated mandates and investment funds. This includes government debt, private debt and asset backed securities. The guidelines of the investments ensure management of credit risk. Generally, the duration of the securities is relatively short and similar to the duration of the on book claims liabilities
- Liquidity funds, which in turn invest in a mixture of short-dated fixed and variable rate securities, such as cash deposits, certificates of deposits, floating rate notes and other commercial paper
- Deposits held with well rated institutions and which are short in duration (under three years). These are classified as held at amortised cost. Therefore, neither the carrying value of the asset, nor the interest return will be impacted by fluctuations in interest rates.

The detailed holdings are reviewed regularly by the Investment Committee.

Reinsurance assets

To mitigate the risk arising from exposure to reinsurers (in the form of reinsurance recoveries), the Group only conducts business with companies of appropriate financial strength ratings. In addition, many reinsurance contracts are operated on a funds withheld basis, which substantially reduces credit risk, as the Group retains the cash received from policyholders.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

3. Insurance and financial risks continued

Loans and advances to customers

The risk appetite for the lending business is set to ensure that the risk taken is commensurate with the expected returns. Management has defined an amber and a red loan loss limit, representing points at which action is required. These limits have been defined by management to reflect the business maturity, the business' ambitions and the economic climate. Risk appetite is assessed at least annually, while the limits are continuously monitored. See note 7 for further information.

Other receivables

A further principal form of credit risk is in respect of amounts due from policyholders, largely due to the potential for default by instalment payers. The impact of this is mitigated by the large customer base and low average level of balance recoverable. There is also mitigation by the operation of numerous high- and low-level controls in this area, including payment on policy acceptance as opposed to inception and automated cancellation procedures for policies whereby payment has not been received.

The amount of bad debt expense relating to policyholder debt charged to the Income Statement in 2023 and 2022 is insignificant.

Trade receivables and other debtors are also subject to credit risk, although this is mitigated by a review of the credit worthiness of all counterparties prior to them being accepted.

All other assets are assessed as low credit risk under IFRS 9, with no significant amounts past due or impaired. No further disclosure is provided due to this having an immaterial impact on the financial statements.

Credit exposure and quality analysis

The table below provides information regarding the credit risk exposure of the Group.

	31 December 2023					
	AAA £m	AA £m	A £m	BBB and Sub-BBB £m	Not rated*1 £m	Total £m
Financial investments measured at FVTPL						
Money market and other funds	194.9	236.1	355.7	71.2	30.9	**888.8**
Equity Investments (designated FVTPL)	–	–	–	–	12.4	**12.4**
Derivative financial instruments	–	–	–	–	17.6	**17.6**
Investment in associate	–	–	–	–	1.0	**1.0**
Financial investments classified as FVOCI						
Corporate and private debt securities	414.2	235.7	955.3	468.1	210.0	**2,283.3**
Government debt securities	57.2	455.3	5.2	1.9	–	**519.6**
Equity Investments (designated FVOCI)	–	–	–	–	23.0	**23.0**
Financial assets measured at amortised cost						
Deposits with credit institutions	–	–	116.7	–	–	**116.7**
Total financial investments	**666.3**	**927.1**	**1,432.9**	**541.2**	**294.9**	**3,862.4**
Cash and cash equivalents	**–**	**12.2**	**318.2**	**22.6**	**0.1**	**353.1**
Reinsurance contract assets	**–**	**913.8**	**277.4**	**0.7**	**–**	**1,191.9**
Other receivables					**75.0**	**75.0**
Loans and advances to customers (note 7)*2					**879.4**	**879.4**
Total exposure	**666.3**	**1,853.1**	**2,028.5**	**564.5**	**1,249.4**	**6,361.8**

	31 December 2022					
	AAA £m	AA £m	A £m	BBB and Sub-BBB £m	Not rated*1 £m	Total £m
Financial investments measured at FVTPL						
Money market and other funds	66.3	344.2	328.3	89.8	66.7	**895.3**
Equity Investments (designated FVTPL)	–	–	–	–	6.4	**6.4**
Derivative financial instruments	–	–	–	–	33.0	**33.0**
Investment in associate	–	–	–	–	2.4	**2.4**
Financial investments classified as FVOCI						
Corporate and private debt securities	258.3	188.5	845.6	451.5	123.9	**1,867.8**
Government debt securities	266.7	209.3	1.7	2.1	–	**479.8**
Equity Investments (designated FVOCI)	–	–	–	–	25.1	**25.1**
Financial assets measured at amortised cost						
Deposits with credit institutions	–	–	101.3	–	0.1	**101.4**
Total financial investments	591.3	742.0	1,276.9	543.4	257.6	**3,411.2**
Cash and cash equivalents	–	23.5	254.1	19.2	0.2	**297.0**
Reinsurance contract assets	–	586.6	423.4	1.1	4.3	**1,015.4**
Trade and other receivables	–	–	–	–	87.6	**87.6**
Loans and advances to customers (note 7)*2	–	–	–	–	823.9	**823.9**
Total exposure	591.3	1,352.1	1,954.4	563.7	1,173.6	**5,635.1**

*1. £26.8 million (2022: £59.4 million) of the unrated exposure stems from money market funds, which are rated AAA/AA, but the underlying securities are not. The remaining unrated exposure is a mixture of private debt £210.0 million (2022: £123.9 million) and other holdings £57.1 million (2022: £71.8 million).

*2. Loans and advances to customers are assets generated within the Group and hence not externally rated. See note 7 for management's internal assessment of credit risk.

There were no further significant financial assets that were past due at the close of either 2023 or 2022.

3.2.1.2 Credit Spread risk

Spread risk is the risk of losses arising from changes in the spread between corporate bond yields and the risk-free yield curve. These losses may not be realized as bonds are typically held to maturity.

Sensitivity to credit spread risk

The impact on equity of 100 and 200 basis point increases in credit spreads on financial investments and cash at the relevant valuation date, is as follows:

	31 December 2023 £m	31 December 2022 £m
Reduction in equity – 100bps	(75.4)	(64.4)
Reduction in equity – 200bps	(150.8)	(128.7)

The impact on the Income Statement from movements in credit spreads at the valuation date is immaterial.

No sensitivity analysis has been presented in relation to the impact on insurance liabilities and reinsurance assets in respect of changes in credit spreads, as it has been assumed that there is no direct impact on the illiquidity premium as a result of a movement in credit spreads.

Also see note 7 for further information on sensitivity in respect of credit risk in relation to loans and advances to customers.

3.2.2 Interest rate risk

The Group considers interest rate risk to be the risk that unfavourable movements in interest rates could adversely impact on the capital values of financial assets and liabilities.

Interest rate risk on financial instruments arises primarily from the Group's investments in debt securities. These investments are exposed to the risk of adverse changes in fair values or future cashflows because of changes in market interest rates.

In addition, the value of insurance contract liabilities and reinsurance contracts assets recognised within the financial statements are impacted by changes in interest rates, given that these are discounted using a risk-free interest rate, plus illiquidity premium.

The Group manages interest rate risk by closely matching, where possible, the durations of insurance contracts with fixed and guaranteed terms and the supporting financial assets. The Group monitors its interest rate risk exposure through periodic reviews of asset and liability positions. Additionally, estimates of cashflows and the impact of interest rate fluctuations are modelled and reviewed every six months.

Admiral Group plc Annual Report and Accounts 2023

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

3. Insurance and financial risks continued

Loans and advances to customers

The Group's consumer loan portfolio consists of fixed rate loans, which are funded at a floating variable rate. The Group has interest rate swap arrangements in place to eliminate the majority of the interest rate risk variability in the cashflows payable on the loan backed securities.

Hedge accounting

Hedge accounting is applied when the criteria specified in IFRS 9 are met. In line with IFRS 9, the gain or loss on the hedged position as at the balance sheet date is recognised through Other Comprehensive Income.

This results in a hedging reserve in relation to the interest rate swap.

Financial liabilities

Following the repurchase of the subordinated loan notes and the issuance of new subordinated loan notes, the Group holds two financial liabilities in the form of a £55.1 million subordinated loan note with a ten year maturity and fixed rate coupon of 5.5% with a redemption date of 25 July 2024 and a £250.0 million subordinated loan note with a ten year maturity and fixed rate coupon of 8.5% with a redemption date of 6 January 2034. The liabilities are valued at amortised cost and therefore neither the carrying value of the deposits, nor the interest payable, will be impacted by fluctuations in interest rates.

Other financial assets and liabilities

There is no significant exposure to interest rate risk for other financial assets and liabilities due to these being held at amortised cost.

Sensitivity to interest rate risk

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

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

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

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

Changes in interest rates mainly affect the Income Statement and equity as follows:

Income statement

- Interest revenue and other finance costs on floating-rate financial instruments (assuming that interest rates had varied by 100 basis points during the year)
- Changes in the fair value of derivatives and fixed-rate financial instruments measured at FVTPL
- Changes in the discounted fulfilment cashflows of onerous contracts
- Insurance claims expenses, reinsurance claims recoveries and finance income or expenses recognised in profit or loss, as a result of discounting future cashflows at a revised current rate (assuming that interest rates had varied by 100 basis points during the year).

Equity

- Changes in the fair value of fixed-rate financial assets measured at FVOCI
- Insurance finance income and expenses recognised in OCI as a result of discounting future cashflows at a revised current rate
- The effect on profit or loss as above, net of tax.

The Group's Solvency II balance sheet, which includes technical provisions discounted using Bank of England and EIOPA yield curves reflects a low sensitivity to interest rates as a result of well-matched durations of assets and liabilities.

3.2.3 Liquidity risk

Liquidity risk is defined as the risk that the Group does not have sufficient available financial resources to enable it to meet its obligations as they fall due, or can only secure them at excessive cost.

The Group holds appropriate liquidity buffers at the Parent Company and subsidiary levels.

Further, as noted above, a significant portion of insurance funds are invested in investment funds with same day liquidity, meaning that a large proportion of the Group's cash and investments are readily available.

Insurance and reinsurance contracts

The following table analyses the undiscounted, best estimate cashflows of the Group's claims liabilities under its insurance and reinsurance contracts, which reflects the dates on which the cashflows are expected to occur. Liabilities and assets for remaining coverage are excluded from this analysis.

Insurance contract liabilities	< 1 year £m	1–3 years £m	3–5 years £m	> 5 years £m
31 December 2023				
UK Motor	667.1	691.2	428.8	791.9
UK Non-motor insurance	152.1	38.8	7.8	0.5
International	277.1	163.1	51.9	123.5
31 December 2022				
UK Motor	609.5	643.2	384.6	679.3
UK Non-motor insurance	105.2	31.7	9.8	1.3
International	263.7	120.7	52.4	110.0

Reinsurance contract assets	< 1 year £m	1–3 years £m	3–5 years £m	> 5 years £m
31 December 2023				
UK Motor	37.5	56.6	58.4	271.5
UK Non-motor insurance	115.2	40.8	7.9	0.6
International	255.5	90.0	41.2	120.0
31 December 2022				
UK Motor	31.4	65.3	33.0	235.6
UK Non-motor insurance	79.7	17.3	4.6	0.6
International	257.3	79.9	35.6	78.7

Financial liabilities

At December 2023	< 1 year £m	1–3 years £m	3–5 years £m	> 5 years £m
Financial liabilities				
Subordinated notes*1	79.4	42.5	42.5	366.9
Loan backed securities	258.9	341.6	128.3	30.8
Other borrowings	55.0	–	–	–
Trade and other payables	303.8	1.9	0.1	–
Lease liabilities*1	14.9	15.1	11.5	50.5
Total financial liabilities	**712.0**	**401.1**	**182.4**	**448.2**

*1. Maturity analysis has been performed on a cash-settled basis.

At December 2022	< 1 year £m	1–3 years £m	3–5 years £m	> 5 years £m
Financial liabilities				
Subordinated notes*1	11.0	211.0	–	–
Loan backed securities	241.0	326.0	125.5	22.2
Other borrowings	20.0	–	–	–
Trade and other payables	254.9	–	–	–
Lease liabilities*1	10.2	18.4	16.6	57.7
Total financial liabilities	**537.1**	**555.4**	**142.1**	**79.9**

*1. Maturity analysis has been performed on a cash-settled basis.

A breakdown of the Group's other borrowings, trade payables and other payables is shown in note 11. The majority of trade and other payables will mature within three to six months of the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

3. Insurance and financial risks continued

Financial assets

The following table analyses the carrying value of financial investments and cash and cash equivalents by contractual maturity, which can fund the repayment of liabilities as they crystallise, as well as the Group's other financial assets recognised under IFRS 9. The Group has disclosed a maturity analysis for financial assets that it holds as part of managing liquidity risk because it considers that this information is necessary to enable users of financial statements to evaluate the nature and extent of its liquidity risk.

At December 2023	< 1 year £m	1–3 years £m	3–5 years £m	> 5 years £m
Financial investments				
Money market funds	888.8	–	–	–
Derivative financial instruments	19.1	(0.6)	(0.9)	–
Deposits with credit institutions	116.7	–	–	–
Debt securities	336.7	1,000.6	754.2	711.4
Total financial investments	**1,361.3**	**1,000.0**	**753.3**	**711.4**
Cash and cash equivalents	353.1	–	–	–
Total financial investments and cash	**1,714.4**	**1,000.0**	**753.3**	**711.4**
Insurance, trade and other receivables	347.7	–	–	–
Loans and advances to customers	251.4	439.4	167.1	21.5
Total financial assets	**2,313.5**	**1,439.4**	**920.4**	**732.9**

At December 2022	< 1 year £m	1–3 years £m	3–5 years £m	> 5 years £m
Financial investments				
Money market funds	895.3	–	–	–
Derivative financial instruments	19.9	13.1	–	–
Deposits with credit institutions	101.4	–	–	–
Debt securities	431.4	717.3	626.6	572.3
Total financial investments	**1,448.0**	**730.4**	**626.6**	**572.3**
Cash and cash equivalents	297.0	–	–	–
Total financial investments and cash	**1,745.0**	**730.4**	**626.6**	**572.3**
Insurance, trade and other receivables	275.2	–	–	–
Loans and advances to customers	235.1	401.1	159.2	28.5
Total financial assets	**2,255.3**	**1,131.5**	**785.8**	**600.8**

The Group's Directors believe that the cashflows arising from these assets will be consistent with this profile. Liquidity risk is not, therefore, considered to be significant.

3.2.4 Foreign exchange risk

Foreign exchange risk arises from unfavourable movements in foreign exchange rates that could adversely impact the valuation of overseas assets and liabilities.

The Group is exposed to foreign exchange risk through its operations overseas. Although the relative size of the international operations means that the risks are relatively small, increasingly volatile foreign exchange rates could result in larger potential gains or losses. Assets held to fund insurance liabilities are held in the currency of the liabilities; however, surplus assets held as regulatory capital in foreign currencies remain exposed.

The Group's exposure to net assets and profits in currencies other than the reporting currency is immaterial other than for US dollars and euros. The Group's exposure to net assets held in dollars at the balance sheet date was £3.9 million (2022: £23.6 million); the exposure to net assets held in euros was £76.8 million (2022: £69.3 million).

If the sterling exchange rates against US dollars had strengthened/weakened by 10%, the Group's profit before tax for the year would increase/decrease by £2.0 million (2022: £3.9 million).

If the sterling rates with euros had strengthened/weakened by 10%, the Group's profit before tax for the year would increase/decrease by £1.3 million (2022: £2.3 million).

3.2.5 Objectives, policies and procedures for managing capital

The Group's capital management policy defines the Board oversight, risk appetite and tier structure of the Group's capital in addition to management actions that may be taken in respect of capital, such as dividend payments.

The Group aims to operate a capital-efficient business model by transferring a significant proportion of underwriting risk to co-insurance and reinsurance partners. This in turn reduces the amount of capital the Group needs to retain to operate and grow and allows the Group to distribute the majority of its earnings as dividends.

The Board has determined that it will hold capital as follows:

- Sufficient Solvency II Own Funds to meet all of the Group's Solvency II capital requirements (over a 1 year and ultimate time horizon)
- An additional contingency to cover unforeseen events and losses that could realistically arise. This risk appetite buffer is assessed via stress testing performed on an annual basis and is calibrated in relation to the one-year regulatory SCR.

The Group's current risk appetite buffer is 50% above the regulatory SCR.

The Group's dividend policy is to:

- Pay a normal dividend equal to 65% of post-tax profits for the period
- Pay a special dividend calculated with reference to distributable reserves and surplus capital held above the risk appetite buffer.

This policy gives the Directors flexibility in managing the Group's capital.

As noted above, the Group's regulatory capital position is calculated under the Solvency II Framework. The Solvency Capital Requirement (SCR) is based on the Solvency II Standard Formula, with a capital-add-on to reflect limitations in the Standard Formula with respect to Admiral's risk profile (predominately in respect of profit commission arrangements in co-and reinsurance agreements and risks relating to Periodic Payment Order (PPO) claims).

Solvency ratio (unaudited)

At the date of this report, the Group's regulatory solvency ratio, calculated using a capital add-on that has not been subject to regulatory approval, is 200% (2022: 180%). This includes the recognition of the 2023 final dividend of 52.0 pence per share (2022: 52.0 pence per share).

The Group's 2023 Solvency and Financial Condition Report (SFCR) will, when published, disclose a solvency ratio that is calculated at the balance sheet date rather than annual report date, using the capital add-on that was most recently subject to regulatory approval. The estimated and unaudited SFCR solvency ratio is 183%, with the reconciliation between this ratio and the 200% noted above being as follows:

	31 December 2023 £m	31 December 2022 £m
Regulatory solvency ratio (estimated and unaudited)		
Solvency ratio as reported above	**200%**	**180%**
Change in valuation date*1	(11%)	(11%)
Other (including impact of updated, unapproved capital add-on)	(6%)	(20%)
Solvency ratio to be reported (SFCR)	183%	149%

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

The Group has complied with its regulatory capital requirements throughout the period.

Subsidiaries

The Group manages the capital of its subsidiaries to ensure that all entities within the Group are able to continue as going concerns and also to ensure that regulated entities meet regulatory requirements with an appropriate risk appetite buffer. Excess capital above these levels within subsidiaries is paid up to the Group Parent Company in the form of dividends on a regular basis.

4. Operating segments

4a. Accounting policies

(i) Group consolidation

The consolidated financial statements comprise the results and balances of the Company and all entities controlled by the Company, being its subsidiaries and SPEs (together referred to as the Group), for the year ended 31 December 2023 and comparative figures for the year ended 31 December 2022. The financial statements of the Company's subsidiaries and its SPEs are consolidated in the Group financial statements.

The Company controls 100% of the voting share capital of all its principal subsidiaries, except Admiral Law Limited.

An SPE is fully consolidated into the Group financial statements under IFRS 10, where the Group has control over the SPE.

The Parent Company financial statements present information about the Company as a separate entity and not about its Group. In accordance with IAS 24, transactions or balances between Group companies that have been eliminated on consolidation are not reported as related party transactions in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

4. Operating segments continued

(ii) Foreign currency translation

Items included in the financial records of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in pounds sterling, the Group's presentational currency, rounded to the nearest £0.1 million.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Non-monetary items measured at cost are translated at their historic rate and non-monetary items held at fair value are translated using the foreign exchange rate on the date that the fair value was established.

The financial statements of foreign operations whose functional currency is not pounds sterling are translated into the Group presentation currency (pound sterling) as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- Income and expenses for each Income Statement are translated at an average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction)
- All resulting exchange differences are recognised in Other Comprehensive Income and in a separate component of equity except to the extent that the translation differences are attributable to non-controlling interests.

On disposal of a foreign operation, the cumulative amount recognised in equity relating to that particular operation is recognised in the Income Statement.

4b. Segment reporting

The Group has four reportable segments, as described below. These segments represent the principal split of business that is regularly reported to the Group's Board of Directors, which is considered to be the Group's chief operating decision maker in line with IFRS 8 Operating Segments.

UK Insurance

The segment consists of the underwriting of Motor, Household, Pet and Travel insurance and other products that supplement these insurance policies within the UK. It also includes the generation of revenue from additional products and fees from underwriting insurance in the UK. The Directors consider the results of these activities to be reportable as one segment as the activities carried out in generating the revenue are not independent of each other and are performed as one business. This mirrors the approach taken in management reporting.

International Insurance

The segment consists of the underwriting of car and home insurance and the generation of revenue from additional products and fees from underwriting car insurance outside of the UK. It specifically covers the Group operations Admiral Seguros in Spain, ConTe in Italy, L'olivier Assurance in France and Elephant Auto in the US. None of these operations are reportable on an individual basis, based on the threshold requirements in IFRS 8.

Admiral Money

The segment relates to the Admiral Money business launched in 2017, which provides unsecured personal loans and car finance products in the UK, primarily through the comparison channel, credit scoring applications and direct channels.

Other

The 'Other' segment is designed to be comprised of all other operating segments that are not separately reported to the Group's Board of Directors and do not meet the threshold requirements for individual reporting. It includes the results of Admiral Pioneer, and compare.com prior to its disposal on 27 March 2023.

Taxes are not allocated across the segments and, as with the corporate activities, are included in the reconciliation to the Consolidated Income Statement and Consolidated Statement of Financial Position.

An analysis of the Group's revenue and results for the year ended 31 December 2023, by reportable segment, is shown below. The accounting policies of the reportable segments are materially consistent with those presented in the notes to the financial statements for the Group.

	Year ended 31 December 2023					
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations*3 £m	Total £m
Turnover*1	3,776.0	894.9	92.1	48.5	–	**4,811.5**
Insurance revenue	2,596.8	842.6	–	46.7	–	**3,486.1**
Insurance revenue net of XoL	2,517.3	811.8	–	44.4	–	**3,373.5**
Insurance expenses	(559.6)	(249.4)	–	(27.9)	–	**(836.9)**
Insurance claims net of XoL	(1,560.2)	(565.2)	–	(33.1)	–	**(2,158.5)**
Quota share reinsurance result	(18.4)	(22.1)	–	0.1	–	**(40.4)**
Net movement in onerous loss component	4.3	0.6	–	–	–	**4.9**
Underwriting result	**383.4**	**(24.3)**	**–**	**(16.5)**	**–**	**342.6**
Net investment income*2	55.2	4.3	–	0.3	(3.2)	**56.6**
Net interest income from financial services	–	–	66.4	0.2	1.5	**68.1**
Net other revenue and operating expenses	157.9	2.0	(56.2)	(12.4)	–	**91.3**
Segment profit/(loss) before tax*4	**596.5**	**(18.0)**	**10.2**	**(28.4)**	**(1.7)**	**558.6**
Other central revenue and expenses, including share scheme charges*4						**(101.8)**
Investment and interest income						**4.6**
Finance costs						**(18.6)**
Consolidated profit before tax						**442.8**
Taxation expense						**(105.6)**
Consolidated profit after tax						**337.2**

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

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

*1. Turnover is an Alternative Performance Measure presented before intra-group eliminations. Refer to the glossary and note 13 for further information.

*2. Net investment income is reported net of impairment of financial assets, in line with management reporting.

*3. Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International Insurance entities and intra-group interest charges related to the UK Insurance and Admiral Money segment.

*4. Segment results are presented net of gross share scheme charges, and any quota share reinsurance recoveries; these net share scheme charges are presented within 'Other central revenue and expenses, including share scheme charges' in line with internal management reporting.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

4. Operating segments continued

Segment revenues

The UK and International Insurance reportable segments derive all insurance revenue from external policyholders. Revenue within these segments is not derived from an individual policyholder that represents 10% or more of the Group's total revenue.

Revenues from external customers for products and services are consistent with the split of reportable segment revenues.

Information about geographical locations

All material revenues from external customers, and net assets attributed to a foreign country, are shown within the International Insurance reportable segment shown on the previous pages.

Segment assets and liabilities

The identifiable segment assets and liabilities at 31 December 2023 are as follows:

	Year ended 31 December 2023					
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations £m	Total £m
Reportable segment assets	5,128.1	1,045.8	980.1	256.5	(610.8)	**6,799.7**
Reportable segment liabilities	(3,981.6)	(958.3)	(969.2)	(419.7)	610.8	**(5,718.0)**
Reportable segment net assets	**1,146.5**	**87.5**	**10.9**	**(163.2)**	**–**	**1,081.7**
Unallocated assets and liabilities						**(88.9)**
Consolidated net assets						**992.8**

Unallocated assets and liabilities consist of other central assets and liabilities, plus deferred and current corporation tax balances. These assets and liabilities are not regularly reviewed by the Board of Directors in the reportable segment format.

Eliminations represent inter-segment funding, balances included in insurance and other receivables and deemed loan receivables in respect of securitised loan receivables.

The segment assets and liabilities at 31 December 2022 are as follows:

	Year ended 31 December 2022 (restated)					
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Eliminations £m	Total £m
Reportable segment assets	4,579.0	955.3	929.1	218.0	(682.7)	**5,998.7**
Reportable segment liabilities	(3,508.4)	(863.4)	(902.0)	(485.2)	682.7	**(5,076.3)**
Reportable segment net assets	**1,070.6**	**91.9**	**27.1**	**(267.2)**	**–**	**922.4**
Unallocated assets and liabilities						**(35.4)**
Consolidated net assets						**887.0**

5. Insurance service result

a) Accounting policies

(i) Insurance, Reinsurance and Co-insurance contracts classification

Under IFRS 17, an insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Insurance contracts

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Group determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

Reinsurance contracts

The Group also enters into both excess of loss ('XoL') and quota share reinsurance contracts. A contract is only accounted for as a reinsurance contract in these financial statements where there is significant insurance risk transfer, after an assessment made by management based on the terms and conditions of the contracts.

Co-insurance contracts

Co-insurance arrangements are contracts entered into by the Group's intermediaries, under which insurance risks are shared on a proportional basis, with the co-insurer taking a specific percentage of premium written and being responsible for the same proportion of each claim. The co-insurer therefore takes direct insurance risk from the policyholder and is subsequently directly responsible to the claimant for its proportion of the claim. As the contractual liability is several and not joint, neither the premiums nor the claims relating to any external co-insurance contract (i.e. outside the Group) are included in the Income Statement.

Under the terms of these arrangements, the co-insurers reimburse the Group for the same proportionate share of the directly attributable costs in fulfilling the insurance contracts.

(ii) Level of aggregation

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The level of aggregation for the Group is determined firstly by dividing the business written into portfolios, which comprise contracts subject to similar risks and which are managed together.

The Group's insurance business is therefore divided into portfolios based on both the product (line of business such as motor, household etc), and geography (UK, Italy, Spain, France and the US).

IFRS 17 requires a further division of the portfolios into a 'group' of contracts (being the lowest unit of account) based on expected profitability, and also requires that no group contains contracts issued more than one year apart. However, the Group makes an evaluation of the smallest unit of account, i.e. whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts.

Following the application of the IFRS 17 level of aggregation requirements, each of the Group's portfolios (which are determined by geography and line of business) is further disaggregated by year of issue into a group of contracts based on expected profitability at inception into three categories:

a) A group of contracts that are onerous at initial recognition, if any
b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any
c) A group of the remaining contracts in the portfolio.

The Group has elected to group together those contracts that would fall into different groups only because law or regulation specifically constrains its practical ability to set a different price or level of benefits for policyholders with different characteristics.

To assess the profitability of groups of contracts, the Group determines the appropriate level at which reasonable and supportable information is available. The Group assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Group assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Group considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g. a change in market experience or regulations.

The Group divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. For many of the Group's reinsurance contracts held, a group comprises a single contract. The Group reports its reinsurance contracts by portfolio, which aggregate the contracts by type of reinsurance (e.g. quota share or XoL) and product.

These groups represent the level of aggregation at which insurance contracts issued and reinsurance contracts held are initially recognised and measured. Such groups are not subsequently reconsidered.

Admiral Group plc Annual Report and Accounts 2023

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
continued

5. Insurance service result continued
(iii) Recognition, modification and derecognition
Groups of insurance contracts issued are recognised from the earliest of the following:
- The beginning of the coverage period
- The date when the first payment from the policyholder is due or actually received, if there is no due date
- For a group of onerous contracts, when the Group determines that facts and circumstances indicate that the group is onerous.

A group of reinsurance contracts held is entered into from the earlier of:
- The beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide fully proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group derecognises an insurance or reinsurance contract when it is:
- Extinguished i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled, or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

(iv) Contract boundary
The Group includes in the measurement of a group of insurance contracts all the future cashflows within the boundary of each contract in the group. Cashflows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:
- The Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks, or
- Both of the following criteria are satisfied:

  i. The Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio

  ii. The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts. In assessing the practical ability to reprice, risks transferred from the policyholder to the Group, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender risk, are not included.

For groups of reinsurance contracts held, cashflows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

(v) Presentation
The Group presents separately, in the Statement of Financial Position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Group disaggregates the total amount recognised in the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued. This is presented as one single amount in the Consolidated Income Statement, with additional disclosure provided in the notes to the financial statements.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. It includes the entire change as part of the insurance service result.

(vi) Measurement

Accounting policy choices

Area	IFRS 17 options	Adopted approach
Premium allocation approach ('PAA') eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	Coverage period for the Group's insurance contracts assumed is one year or less and so qualifies automatically for PAA. Reinsurance contracts (both XoL and quota share) include contracts with a coverage period greater than one year. However, there is no material difference in the measurement of the asset for remaining coverage between PAA and the general model, therefore these qualify for PAA.
Insurance acquisition cashflows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cashflows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortised over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cashflows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	The Group's insurance contracts are all one year or less. The Group has therefore taken the option to expense acquisition costs as incurred.
Liability for Remaining Coverage ('LRC'), adjusted for financial risk and time value of money	Where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	There is no allowance made for accretion of interest on the LRC given that the premiums are received within one year of the coverage period.
Liability for Incurred Claims ('LIC'), adjusted or time value of money	For PAA groups, where claims or directly attributable insurance expenses are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	For some claims, for example within the travel product line in the UK, and other immaterial product lines across the Group, the incurred claims are expected to be paid out in less than one year. Similarly, the majority of directly attributable insurance expenses are expected to be settled within one year. For these claims and expenses, no adjustment is made for the time value of money. In addition, given the impact of discounting outstanding claims in the Group's US insurance operation is immaterial, no discounting has been applied. For all other business, the LIC is adjusted for the time value of money.
Insurance finance income and expense	There is an option to disaggregate part of the movement in the LIC resulting from changes in discount rates, and present this in Other Comprehensive Income ('OCI').	The impact on LIC of changes in discount rates will be captured within OCI, in line with the accounting for assets backing the insurance claims liabilities.
Interim reporting	Where an entity is required to apply IAS 34 (as for the Group) there is an option as to whether to choose a year-to-date" basis or a "period to date" basis for financial reporting.	The Group has opted to apply the option to use year-to-date accounting for interim reporting.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
continued

5. Insurance service result continued

Fulfilment cashflows within the contract boundary

The fulfilment cashflows ('FCF') are the current estimates of the future cashflows within the contract boundary of a group of contracts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts. The estimates of future cashflows:

- Are based on a probability weighted mean of the full range of possible outcomes
- Are determined from the perspective of the Group, provided the estimates are consistent with observable market prices for market variables
- Reflect conditions existing at the measurement date.

In estimating future cashflows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. The estimates of future cashflows reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates.

For the Group's contracts which are measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated and included within the measurement of the liability for incurred claims.

Risk of the Group's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cashflows include potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer.

The Group estimates certain fulfilment cashflows at the portfolio level or higher and then allocates such estimates to groups of contracts.

The Group uses consistent assumptions to measure the estimates of the present value of future cashflows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Discount rates

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

A separate risk-free yield is obtained for each currency, where a material amount of business is written in that currency. The risk-free yield curve is obtained using rates published by the Prudential Regulation Authority (PRA) for the UK insurance business, whilst for AECS the EIOPA risk free term structures are used. These curves are available from October 2015 and provides rates for terms up to 150 years.

For periods prior to October 2015, observable market data is available for terms up to 25 years for GBP (30 years for EUR). For terms that aren't directly observable from market data, the Smith-Wilson approach is used to derive the rates which extrapolates between the observable data and an assumed ultimate forward rate. The Smith-Wilson approach is used to derive the published Solvency II yield curves, which supports consistency over time.

Similarly to the approach to risk-free rates, an illiquidity premium will be set by currency. The illiquidity premium will be set by reviewing internal illiquidity benchmarks and, when required, performing quantitative analysis to support qualitative judgement.

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

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

Generally, the illiquidity premium is expected to be stable over time and re-assessment of the assumption will be triggered by significant changes in internal illiquidity benchmarks and/or changes in the illiquidity of the liabilities (e.g. claims mix). Quantitative analysis will be performed when the illiquidity premium changes, including performing sensitivity analysis on the assumption.

Insurance revenue

The insurance revenue for the period is comprised of the amount of expected premium receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. However, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, for example due to seasonality of claims, then the allocation is made on the basis of the expected timing of incurred insurance service expenses. For the periods presented, all insurance premium revenue has been recognised based on the passage of time.
If a change in allocation is necessary due to a change of facts and circumstances, the change is accounted for prospectively as a change in accounting estimate.

The Group's insurance revenue is comprised of the following component parts:

- **Insurance premium revenue:** Insurance premium revenue reflects the expected premium receipts allocated to the period based on the passage of time, adjusted for seasonality if required. It excludes any additional income that arises from the writing of the insurance contract that is presented as part of insurance revenue as set out below.
- **Instalment income:** In contrast to IFRS 4, instalment income related to the risk attaching part of the premium that is retained within the Group is recognised as part of the insurance revenue cashflows due to it being considered non-distinct from the underlying insurance policy, as set out in note 2 to the financial statements.
- **Administration fees:** Administration fees are costs charged to the customer for arranging a change to their policy. The performance obligation is the change in a customer's policy and given that the obligation related to activities that are required to fulfil the insurance contract and the policyholder cannot benefit from the service by itself, it is considered as part of fulfilment cashflows, i.e. the full transaction price is therefore recognised as part of insurance revenue on a point in time basis.

IFRS 17 does not require separate insurance revenue analysis for insurance contracts measured under PAA. See Appendix 1 and note 13 for further information regarding the disaggregation of insurance revenue.

As stated in note 2, the Group has excluded any instalment income and administration fees derived from the proportion of insurance coverage under the co-insurance arrangements where the Group bears no risks.

Insurance service expenses

The following elements are included in insurance service expenses:

- Incurred claims and benefits excluding investment components
- Other incurred directly attributable insurance service expenses, including administration and acquisition expenses, and share scheme expenses that are attributable to insurance services
- Changes that relate to past service (i.e. changes in the fulfilment cashflows relating to the Liability for Incurred Claims)
- Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Only items that reflect insurance service expenses (i.e. incurred claims and other insurance service expenses arising from insurance contracts the Group issues) are reported as insurance expenses. Cashflows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

The total costs incurred in relation to the co-insurance share of insurance business are presented within other operating expenses, as is the reimbursement of these costs, given that they are not related to the costs directly attributable to fulfilling the Group's insurance contracts.

Reinsurance net expense/income

The Group has presented the income or expenses from a group of reinsurance contracts held separately from insurance finance income or expenses as a single amount and has provided in the disclosure note a separate analysis of the amounts recovered from the reinsurer and an allocation of the premiums paid that together give a net amount equal to that single amount.

As part of its quota share arrangements, the Group typically recovers either a set ceding commission, or the quota share reinsurer's proportional share of the expenses that are incurred in fulfilling the insurance contracts.

These amounts are typically settled net with the premium charged and are not contingent on claims. As a result, under IFRS 17 the expenses and ceding commissions recovered are considered to reflect a reduction in the transaction price equivalent to charging a lower premium (with no corresponding ceding commission or expense recovery).

In addition, as set out in note 2 to these financial statements, where the reinsurance arrangements result in a "minimum recovery" from the reinsurer due to profit commission or sliding scale commission arrangements that is not contingent on claims, and the amount is not settled "net" with premium, the minimum recovery is treated as a non-distinct investment component.

As a result, the Group treats reinsurance cashflows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes non-distinct investment components and commissions from the allocation of reinsurance premiums presented in the notes to the financial statements.

Admiral Group plc Annual Report and Accounts 2023

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
continued

5. Insurance service result continued

Insurance finance income and expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

(a) The effect of the time value of money and changes in the time value of money

(b) The effect of financial risk and changes in financial risk.

The Group disaggregates insurance finance income or expenses on insurance contracts issued between the Consolidated Income Statement and the Consolidated Statement of Other Comprehensive Income. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in Other Comprehensive Income in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the insurance portfolios are predominantly measured at Fair Value through Other Comprehensive Income ('FVOCI').

Insurance contracts: Liability for remaining coverage

Initial measurement

For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as: :

- The premiums, if any, received at initial recognition
- Any other asset or liability previously recognised for cashflows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

The Group recognises any insurance premium tax collected in relation to the premiums received as part of the premium receipts, but given it is acting as an agent, these taxes are not included as either insurance revenue or an insurance expense. Any outstanding insurance premium tax liability is presented within the liability for remaining coverage until paid.

There is no allowance for time value of money as the premiums are received within one year of the coverage period.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the onerous contracts are separately grouped from other contracts and a loss is recognised in the Consolidated Income Statement for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cashflows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Subsequent measurement

The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as:

- The liability for remaining coverage at the beginning of the period; plus
- Premiums received in the period, minus
- The amount recognised as insurance revenue for the services provided in the period, minus
- Payments to the tax authorities in respect of premium receipts.

The onerous loss component is remeasured over the coverage period so that at the end of the coverage period, it is reduced to £nil.

Insurance contracts: Liability for incurred claims

The Group estimates the liability for incurred claims as the fulfilment cashflows related to incurred claims, including any creditors related to directly attributable insurance expenses. The liability for incurred claims also includes an explicit adjustment for non-financial risk (the risk adjustment).

Reinsurance contracts held

Initial measurement

The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued.

Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses. The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group of insurance contracts covered by the reinsurance contracts held, in the case that there is partial coverage of underlying insurance contracts by reinsurance contracts. The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer and is calculated with reference to the gross risk adjustment, adjusted for any excess of loss risk adjustment, as required.

Subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features and terms and conditions of the reinsurance contracts held. In addition, changes in the fulfilment cashflows that arise from changes in the risk of non-performance of the reinsurer are reflected within net expenses from reinsurance contracts held within the Income Statement.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

The extinguishment or commutation of a reinsurance arrangement results in a derecognition of any reinsurance assets or liabilities related to the commuted contract from the balance sheet, so that the Group retains the full future risk of claims development. As a result of commutation, any difference arising between the present carrying value of reinsurance assets or liabilities and the cash settlement is recognised in the Consolidated Income Statement.

5b. Insurance revenue

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

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

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

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

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

5c. Insurance service expenses

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

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

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

5d. Net expenses from reinsurance contracts held

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

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

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

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

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

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

5f. Insurance Liabilities and Reinsurance assets

(i) Analysis of recognised amounts

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

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

UK Motor

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

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

2022	Liability for remaining coverage			Liability for incurred claims			
£ million	Excluding loss component	Loss component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	–	–	**–**	–	–	**–**	**–**
Opening liabilities	(473.1)	(28.8)	**(501.9)**	(1,993.7)	(507.8)	**(2,501.5)**	**(3,003.4)**
Net opening balance	**(473.1)**	**(28.8)**	**(501.9)**	**(1,993.7)**	**(507.8)**	**(2,501.5)**	**(3,003.4)**
Insurance revenue	**1,909.7**	**–**	**1,909.7**	**–**	**–**	**–**	**1,909.7**
Insurance service expenses							
Incurred claims and insurance service expenses	–	–	**–**	(1,836.9)	(212.5)	**(2,049.4)**	**(2,049.4)**
Changes to liabilities for incurred claims	–	–	**–**	175.6	261.6	**437.2**	**437.2**
Losses and reversals of losses on onerous contracts	–	19.1	**19.1**	–	–	**–**	**19.1**
Insurance service result	**1,909.7**	**19.1**	**1,928.8**	**(1,661.3)**	**49.1**	**(1,612.2)**	**316.6**
Insurance finance income/ (expense) recognised in profit or loss	–	(1.8)	**(1.8)**	(36.5)	(8.4)	**(44.9)**	**(46.7)**
Insurance finance income/ (expense) recognised in OCI	–	3.4	**3.4**	191.9	40.5	**232.4**	**235.8**
Total changes in comprehensive income	**1,909.7**	**20.7**	**1,930.4**	**(1,505.9)**	**81.2**	**(1,424.7)**	**505.7**
Other changes	–	–	**–**	(1.7)	–	**(1.7)**	**(1.7)**
Cashflows							
Premiums received	(2,000.8)	–	**(2,000.8)**	–	–	**–**	**(2,000.8)**
Claims and other insurance service expenses paid	–	–	**–**	1,516.8	–	**1,516.8**	**1,516.8**
Other movements	30.1	–	**30.1**	–	–	**–**	**30.1**
Total cashflows	**(1,970.7)**	**–**	**(1,970.7)**	**1,516.8**	**–**	**1,516.8**	**(453.9)**
Net closing balance	**(534.1)**	**(8.1)**	**(542.2)**	**(1,984.5)**	**(426.6)**	**(2,411.1)**	**(2,953.3)**
Closing assets	–	–	**–**	–	–	**–**	**–**
Closing liabilities	(534.1)	(8.1)	**(542.2)**	(1,984.5)	(426.6)	**(2,411,1)**	**(2,953.3)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

UK Non-Motor

The following tables reconcile the opening and closing balances of the LRC and LIC for other UK insurance (UK Household, Pet and Travel).

2023	Liability for remaining coverage			Liability for incurred claims			
£ million	Excluding loss component	Loss component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	–	–	–	–	–	–	–
Opening liabilities	(100.9)	(0.1)	**(101.0)**	(141.2)	(25.5)	**(166.7)**	**(267.7)**
Net opening balance	**(100.9)**	**(0.1)**	**(101.0)**	**(141.2)**	**(25.5)**	**(166.7)**	**(267.7)**
Insurance revenue	**346.6**	**–**	**346.6**	**–**	**–**	**–**	**346.6**
Insurance service expenses							
Incurred claims and insurance service expenses	–	–	**–**	(363.6)	(2.1)	**(365.7)**	**(365.7)**
Changes to liabilities for incurred claims	–	–	**–**	4.3	4.8	**9.1**	**9.1**
Losses and reversals of losses on onerous contracts	–	2.4	**2.4**	–	–	**–**	**2.4**
Insurance service result	**346.6**	**2.4**	**349.0**	**(359.3)**	**2.7**	**(356.6)**	**(7.6)**
Insurance finance income/(expense) recognised in profit or loss	–	–	**–**	(5.4)	(0.9)	**(6.3)**	**(6.3)**
Insurance finance income/(expense) recognised in OCI	–	(2.3)	**(2.3)**	(1.4)	(0.2)	**(1.6)**	**(3.9)**
Total changes in comprehensive income	**346.6**	**0.1**	**346.7**	**(366.1)**	**1.6**	**(364.5)**	**(17.8)**
Other changes	–	–	**–**	–	–	**–**	**–**
Cashflows							
Premiums received	(381.9)	–	**(381.9)**	–	–	**–**	**(381.9)**
Claims and other insurance service expenses paid	–	–	**–**	313.7	–	**313.7**	**313.7**
Other movements	–	–	**–**	–	–	**–**	**–**
Total cashflows	**(381.9)**	**–**	**(381.9)**	**313.7**	**–**	**313.7**	**(68.2)**
Net closing balance	**(136.2)**	**–**	**(136.2)**	**(193.6)**	**(23.9)**	**(217.5)**	**(353.7)**
Closing assets	–	–	**–**	–	–	**–**	**–**
Closing liabilities	(136.2)	–	**(136.2)**	(193.6)	(23.9)	**(217.5)**	**(353.7)**

2022	Liability for remaining coverage			Liability for incurred claims			
£ million	Excluding loss component	Loss component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	–	–	–	–	–	–	–
Opening liabilities	(125.6)	–	**(125.6)**	(74.2)	(16.0)	**(90.2)**	**(215.8)**
Net opening balance	**(125.6)**	**–**	**(125.6)**	**(74.2)**	**(16.0)**	**(90.2)**	**(215.8)**
Insurance revenue	**264.5**	**–**	**264.5**	**–**	**–**	**–**	**264.5**
Insurance service expenses							
Incurred claims and insurance service expenses	–	–	**–**	(281.4)	(23.7)	**(305.1)**	**(305.1)**
Changes to liabilities for incurred claims	–	–	**–**	2.5	14.4	**16.9**	**16.9**
Losses and reversals of losses on onerous contracts	–	(0.4)	**(0.4)**	–	–	**–**	**(0.4)**
Insurance service result	**264.5**	**(0.4)**	**264.1**	**(278.9)**	**(9.3)**	**(288.2)**	**(24.1)**
Insurance finance income/(expense) recognised in profit or loss	–	(0.4)	**(0.4)**	(2.0)	(0.4)	**(2.4)**	**(2.8)**
Insurance finance income/(expense) recognised in OCI	–	0.7	**0.7**	1.4	0.2	**1.6**	**2.3**
Total changes in comprehensive income	**264.5**	**(0.1)**	**264.4**	**(279.5)**	**(9.5)**	**(289.0)**	**(24.6)**
Other changes	–	–	**–**	–	–	**–**	**–**
Cashflows							
Premiums received	(239.8)	–	**(239.8)**	–	–	**–**	**(239.8)**
Claims and other insurance service expenses paid	–	–	**–**	212.5	–	**212.5**	**212.5**
Other movements	–	–	**–**	–	–	**–**	**–**
Total cashflows	**(239.8)**	**–**	**(239.8)**	**212.5**	**–**	**212.5**	**(27.3)**
Net closing balance	**(100.9)**	**(0.1)**	**(101.0)**	**(141.2)**	**(25.5)**	**(166.7)**	**(267.7)**
Closing assets	–	–	**–**	–	–	**–**	**–**
Closing liabilities	(100.9)	(0.1)	**(101.0)**	(141.2)	(25.5)	**(166.7)**	**(267.7)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

International Insurance

The following tables reconcile the opening and closing balances of the ARC and AIC for International Insurance.

2023	Liability for remaining coverage			Liability for incurred claims			
£ million	Excluding loss component	Loss component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	–	–	**–**	–	–	**–**	**–**
Opening liabilities	(200.7)	(4.7)	**(205.4)**	(495.2)	(76.1)	**(571.3)**	**(776.7)**
Net opening balance	**(200.7)**	**(4.7)**	**(205.4)**	**(495.2)**	**(76.1)**	**(571.3)**	**(776.7)**
Insurance revenue	**842.6**	**–**	**842.6**	**–**	**–**	**–**	**842.6**
Insurance service expenses							
Incurred claims and insurance service expenses	–	–	**–**	(835.7)	(40.8)	**(876.5)**	**(876.5)**
Changes to liabilities for incurred claims	–	–	**–**	(22.6)	43.9	**21.3**	**21.3**
Losses and reversals of losses on onerous contracts	–	2.4	**2.4**	–	–	**–**	**2.4**
Insurance service result	**842.6**	**2.4**	**845.0**	**(858.3)**	**3.1**	**(855.2)**	**(10.2)**
Insurance finance income/(expense) recognised in profit or loss	–	–	**–**	(8.2)	(1.7)	**(9.9)**	**(9.9)**
Insurance finance income/(expense) recognised in OCI	–	(0.7)	**(0.7)**	(12.7)	(3.4)	**(16.1)**	**(16.8)**
Foreign exchange impact	2.3	0.1	**2.4**	15.7	2.0	**17.7**	**20.1**
Total changes in comprehensive income	**844.9**	**1.8**	**846.7**	**(863.5)**	**–**	**(863.5)**	**(16.8)**
Other changes	–	–	**–**	–	0.1	**0.1**	**0.1**
Cashflows							
Premiums received	(862.3)	–	**(862.3)**	–	–	**–**	**(862.3)**
Claims and other insurance service expenses paid	–	–	**–**	793.2	–	**793.2**	**793.2**
Other movements	–	–	**–**	–	–	**–**	**–**
Total cashflows	**(862.3)**	**–**	**(862.3)**	**793.2**	**–**	**793.2**	**(69.1)**
Net closing balance	**(218.1)**	**(2.9)**	**(221.0)**	**(565.5)**	**(76.0)**	**(641.5)**	**(862.5)**
Closing assets	–	–	**–**	–	–	**–**	**–**
Closing liabilities	(218.1)	(2.9)	**(221.0)**	(565.5)	(76.0)	**(641.5)**	**(862.5)**

2022	Liability for remaining coverage			Liability for incurred claims			
£ million	Excluding loss component	Loss component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	–	–	**–**	–	–	**–**	**–**
Opening liabilities	(164.6)	(8.4)	**(173.0)**	(421.8)	(58.4)	**(480.2)**	**(653.2)**
Net opening balance	**(164.6)**	**(8.4)**	**(173.0)**	**(421.8)**	**(58.4)**	**(480.2)**	**(653.2)**
Insurance revenue	**750.0**	**–**	**750.0**	**–**	**–**	**–**	**750.0**
Insurance service expenses							
Incurred claims and insurance service expenses	–	–	**–**	(794.8)	(12.4)	**(807.2)**	**(807.2)**
Changes to liabilities for incurred claims	–	–	**–**	(3.8)	(4.7)	**(8.5)**	**(8.5)**
Losses and reversals of losses on onerous contracts	–	3.9	**3.9**	–	–	**–**	**3.9**
Insurance service result	**750.0**	**3.9**	**753.9**	**(798.6)**	**(17.1)**	**(815.7)**	**(61.8)**
Insurance finance income/(expense) recognised in profit or loss	–	(0.1)	**(0.1)**	(2.2)	(0.3)	**(2.5)**	**(2.6)**
Insurance finance income/(expense) recognised in OCI	–	0.2	**0.2**	27.4	3.8	**31.2**	**31.4**
Foreign exchange impact	(6.9)	(0.3)	**(7.2)**	(32.2)	(4.1)	**(36.3)**	**(43.5)**
Total changes in comprehensive income	**743.1**	**3.7**	**746.8**	**(805.6)**	**(17.7)**	**(823.3)**	**(76.5)**
Other changes	–	–	**–**	–	–	**–**	**–**
Cashflows							
Premiums received	(779.2)	–	**(779.2)**	–	–	**–**	**(779.2)**
Claims and other insurance service expenses paid	–	–	**–**	732.2	–	**732.2**	**732.2**
Other movements	–	–	**–**	–	–	**–**	**–**
Total cashflows	**(779.2)**	**–**	**(779.2)**	**732.2**	**–**	**732.2**	**(47.0)**
Net closing balance	**(200.7)**	**(4.7)**	**(205.4)**	**(495.2)**	**(76.1)**	**(571.3)**	**(776.7)**
Closing assets	–	–	**–**	–	–	**–**	**–**
Closing liabilities	(200.7)	(4.7)	**(205.4)**	(495.2)	(76.1)	**(571.3)**	**(776.7)**

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

UK Motor

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

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

UK Non-Motor

The following tables reconcile the opening and closing balances of the ARC and AIC for UK Non-motor insurance (Household, Travel and Pet).

2023	Asset for remaining coverage			Asset for incurred claims			
£ million	Excluding loss component	Loss-recovery component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	11.7	0.1	**11.8**	98.6	16.1	**114.7**	**126.5**
Opening liabilities	–	–	**–**	–	–	**–**	**–**
Net opening balance	**11.7**	**0.1**	**11.8**	**98.6**	**16.1**	**114.7**	**126.5**
Allocation of reinsurance premiums	**(49.5)**	**–**	**(49.5)**	**–**	**–**	**–**	**(49.5)**
Amounts recoverable from reinsurers for incurred claims							
Incurred claims	–	–	**–**	53.3	(1.3)	**52.0**	**52.0**
Changes to liabilities for incurred claims	–	–	**–**	1.7	(0.3)	**1.4**	**1.4**
Changes in the loss recovery component	–	(2.2)	**(2.2)**	–	–	**–**	**(2.2)**
Net income/(expense) from reinsurance contracts held	**(49.5)**	**(2.2)**	**(51.7)**	**55.0**	**(1.6)**	**53.4**	**1.7**
Reinsurance finance income/(expense) recognised in profit or loss	–	–	**–**	3.6	0.6	**4.2**	**4.2**
Reinsurance finance income/(expense) recognised in OCI	–	2.1	**2.1**	0.9	0.2	**1.1**	**3.2**
Total changes in comprehensive income	**(49.5)**	**(0.1)**	**(49.6)**	**59.5**	**(0.8)**	**58.7**	**9.1**
Reinsurance investment components	(111.7)	–	**(111.7)**	111.7	–	**111.7**	**–**
Cashflows							
Premiums paid	170.9	–	**170.9**	–	–	**–**	**170.9**
Claims recovered	–	–	**–**	(91.2)	–	**(91.2)**	**(91.2)**
Recoveries as a result of commutations	–	–	**–**	(23.7)	–	**(23.7)**	**(23.7)**
Total cash flows	**170.9**	**–**	**170.9**	**(114.9)**	**–**	**(114.9)**	**56.0**
Net closing balance	**21.4**	**–**	**21.4**	**154.9**	**15.3**	**170.2**	**191.6**
Closing assets	21.4	–	**21.4**	154.9	15.3	**170.2**	**191.6**
Closing liabilities	–	–	**–**	–	–	**–**	**–**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

2022 £ million	Asset for remaining coverage: Excluding loss component	Asset for remaining coverage: Loss component	Asset for remaining coverage: Total	Asset for incurred claims: Present value of future cashflows	Asset for incurred claims: Risk adj. for non-financial risk	Asset for incurred claims: Total	Total
Opening assets	8.4	–	**8.4**	66.6	3.1	**69.7**	**78.1**
Opening liabilities	–	–	**–**	–	–	**–**	**–**
Net opening balance	**8.4**	**–**	**8.4**	**66.6**	**3.1**	**69.7**	**78.1**
Allocation of reinsurance premiums	**(44.4)**	**–**	**(44.4)**	**–**	**–**	**–**	**(44.4)**
Amounts recoverable from reinsurers for incurred claims							
Incurred claims	–	–	**–**	31.6	11.9	**43.5**	**43.5**
Changes to liabilities for incurred claims	–	–	**–**	(1.8)	1.0	**(0.8)**	**(0.8)**
Changes in the loss recovery component	–	0.3	**0.3**	–	–	**–**	**0.3**
Net income/(expense) from reinsurance contracts held	**(44.4)**	**0.3**	**(44.1)**	**29.8**	**12.9**	**42.7**	**(1.4)**
Reinsurance finance income/(expense) recognised in profit or loss	–	0.3	**0.3**	1.4	0.2	**1.6**	**1.9**
Reinsurance finance income/(expense) recognised in OCI	–	(0.5)	**(0.5)**	(0.7)	(0.1)	**(0.8)**	**(1.3)**
Total changes in comprehensive income	**(44.4)**	**0.1**	**(44.3)**	**30.5**	**13.0**	**43.5**	**(0.8)**
Reinsurance investment components	(78.4)	–	**(78.4)**	78.4	–	**78.4**	**–**
Cashflows							
Premiums paid	126.1	–	**126.1**	–	–	**–**	**126.1**
Amounts received	–	–	**–**	(76.9)	–	**(76.9)**	**(76.9)**
Total cashflows	**126.1**	**–**	**126.1**	**(76.9)**	**–**	**(76.9)**	**49.2**
Net closing balance	**11.7**	**0.1**	**11.8**	**98.6**	**16.1**	**114.7**	**126.5**
Closing assets	11.7	0.1	**11.8**	98.6	16.1	**114.7**	**126.5**
Closing liabilities	–	–	**–**	–	–	**–**	**–**

International Insurance

The following tables reconcile the opening and closing balances of the ARC and AIC for International Insurance.

2023 £ million	Asset for remaining coverage: Excluding loss component	Asset for remaining coverage: Loss-recovery component	Asset for remaining coverage: Total	Asset for incurred claims: Present value of future cashflows	Asset for incurred claims: Risk adj. for non-financial risk	Asset for incurred claims: Total	Total
Opening assets	–	3.4	**3.4**	412.7	35.1	**447.8**	**451.2**
Opening liabilities	(19.0)	–	**(19.0)**	–	–	**–**	**(19.0)**
Net opening balance	**(19.0)**	**3.4**	**(15.6)**	**412.7**	**35.1**	**447.8**	**432.2**
Allocation of reinsurance premiums	**(190.0)**	**–**	**(190.0)**	**–**	**–**	**–**	**(190.0)**
Amounts recoverable from reinsurers for incurred claims							
Incurred claims	–	–	**–**	243.7	26.6	**270.3**	**270.3**
Changes to liabilities for incurred claims	–	–	**–**	(69.8)	(26.1)	**(95.9)**	**(95.9)**
Changes in the loss recovery component	–	(1.7)	**(1.7)**	–	–	**–**	**(1.7)**
Net income/(expense) from reinsurance contracts held	**(190.0)**	**(1.7)**	**(191.7)**	**173.9**	**0.5**	**174.4**	**(17.3)**
Reinsurance finance income/(expense) recognised in profit or loss	–	–	**–**	4.0	0.6	**4.6**	**4.6**
Reinsurance finance income/(expense) recognised in OCI	–	0.5	**0.5**	7.4	1.9	**9.3**	**9.8**
Foreign exchange impact	6.3	–	**6.3**	(11.7)	(0.7)	**(12.4)**	**(6.1)**
Total changes in comprehensive income	**(183.7)**	**(1.2)**	**(184.9)**	**173.6**	**2.3**	**175.9**	**(9.0)**
Reinsurance investment components	(148.9)	–	**(148.9)**	148.9	–	**148.9**	**–**
Cashflows							
Premiums paid	328.4	–	**328.4**	–	–	**–**	**328.4**
Amounts received	–	–	**–**	(269.8)	–	**(269.8)**	**(269.8)**
Total cashflows	**328.4**	**–**	**328.4**	**(269.8)**	**–**	**(269.8)**	**58.6**
Net closing balance	**(23.2)**	**2.2**	**(21.0)**	**465.4**	**37.4**	**502.8**	**481.8**
Closing assets	–	2.2	**2.2**	465.4	37.4	**502.8**	**505.0**
Closing liabilities	(23.2)	–	**(23.2)**	–	–	**–**	**(23.2)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

2022	Asset for remaining coverage			Asset for incurred claims			
£ million	Excluding loss component	Loss recovery component	Total	Present value of future cashflows	Risk adj. for non-financial risk	Total	Total
Opening assets	13.8	8.0	**21.8**	322.8	25.4	**348.2**	**370.0**
Opening liabilities	–	–	**–**	–	–	**–**	**–**
Net opening balance	**13.8**	**8.0**	**21.8**	**322.8**	**25.4**	**348.2**	**370.0**
Allocation of reinsurance premiums	**(161.3)**	**–**	**(161.3)**	**–**	**–**	**–**	**(161.3)**
Amounts recoverable from reinsurers for incurred claims							
Incurred claims	–	**–**	**–**	227.0	5.6	**232.6**	**232.6**
Changes to liabilities for incurred claims	–	–	**–**	(69.2)	5.0	**(64.2)**	**(64.2)**
Changes in the loss recovery component	–	(4.9)	**(4.9)**	–	–	**–**	**(4.9)**
Net income/(expense) from reinsurance contracts held	**(161.3)**	**(4.9)**	**(166.2)**	**157.8**	**10.6**	**168.4**	**2.2**
Reinsurance finance income/(expense) recognised in profit or loss	–	0.1	**0.1**	1.3	0.1	**1.4**	**1.5**
Reinsurance finance income/(expense) recognised in OCI	–	–	**–**	(18.6)	(2.0)	**(20.6)**	**(20.6)**
Foreign exchange impact	(11.4)	0.2	**(11.2)**	28.1	1.0	**29.1**	**17.9**
Total changes in comprehensive income	**(172.7)**	**(4.6)**	**(177.3)**	**168.6**	**9.7**	**178.3**	**1.0**
Reinsurance investment component	(129.6)	–	**(129.6)**	129.6	–	**129.6**	**–**
Cashflows							
Premiums paid	269.5	–	**269.5**	–	–	**–**	**269.5**
Amounts received	–	–	**–**	(208.3)	–	**(208.3)**	**(208.3)**
Total cashflows	**269.5**	**–**	**269.5**	**(208.3)**	**–**	**(208.3)**	**61.2**
Net closing balance	**(19.0)**	**3.4**	**(15.6)**	**412.7**	**35.1**	**447.8**	**432.2**
Closing assets	–	3.4	**3.4**	412.7	35.1	**447.8**	**451.2**
Closing liabilities	(19.0)	–	**(19.0)**	–	–	**–**	**(19.0)**

(iv) Claims development

The tables below illustrate how estimates of cumulative claims for UK Motor, UK Non-Motor and International Insurance have developed over time on a gross and net of reinsurance basis.

Each table shows how the Group's estimates of total claims for each underwriting year have developed over time and reconciles the cumulative claims to the amount included in the Statement of Financial Position. Balances have been translated at the exchange rates prevailing at the reporting date. The Group has not disclosed information for underwriting years 2017 and prior for the international insurance and UK Non-Motor insurance businesses, given that the claims that remain outstanding on those years are immaterial.

IFRS 17 does not require an entity to disclose claims development information for which uncertainty about the amount and timing of the claims payments is typically resolved within one year. Therefore, the Group has not disclosed information about the claims in its other lines of business or related directly attributable expenses.

Gross claims development

	Financial year ended 31 December 2023											
Underwriting year	2013 & prior	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
UK Motor (core)												
At end of year one		382	394	436	552	686	701	552	688	845	973	
At end of year two		675	701	829	1,144	1,175	1,067	985	1,326	1,584		
At end of year three		659	707	788	994	1,109	1,010	954	1,294			
At end of year four		689	680	727	947	1,064	996	921				
At end of year five		643	636	713	912	1,008	981					
At end of year six		635	619	690	890	1,000						
At end of year seven		619	606	656	865							
At end of year eight		604	594	652								
At end of year nine		593	585									
Ten years later		590										
Gross best estimates of undiscounted claims	3,225	590	585	652	865	1,000	981	921	1,294	1,584	**973**	**12,670**
Cumulative gross claims paid	(3,075)	(576)	(560)	(616)	(747)	(893)	(770)	(662)	(826)	(971)	**(395)**	**(10,091)**
Gross undiscounted best estimate liabilities	150	14	25	36	118	107	211	259	468	613	578	**2,579**
Risk adjustment (undiscounted)												**411**
Effect of discounting												**(537)**
Gross claims liabilities												**2,453**
Ancillary claims liabilities and expense liabilities												**94**
UK Motor Gross liabilities for incurred claims												**2,547**
UK Non-motor (core)												
At end of year one				26	29	56	55	53	58	116	146	
At end of year two			34	50	78	102	105	96	128	224		
At end of year three		18	35	47	76	102	103	95	124			
At end of year four		19	34	47	75	102	102	90				
At end of year five		19	33	47	76	102	93					
At end of year six		19	33	47	76	100						
At end of year seven		19	33	47	75							
At end of year eight		19	33	48								
At end of year nine		19	33									
Ten years later		19										
Gross best estimates of undiscounted claims	5	19	33	48	75	100	93	90	124	224	**146**	**957**
Cumulative gross claims paid	(5)	(19)	(33)	(48)	(75)	(97)	(90)	(85)	(109)	(147)	**(50)**	**(758)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

Underwriting year	2013 & prior	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
	Financial year ended 31 December 2023											
Gross undiscounted best estimate liabilities	–	–	–	–	–	3	3	5	15	77	96	**199**
Risk adjustment (undiscounted)												**22**
Effect of discounting												**(7)**
Gross claims liabilities												**214**
Ancillary claims liabilities and expense liabilities												**4**
UK Non-motor Gross liabilities for incurred claims												**218**
International Insurance												
At end of year one						177	236	204	270	313	338	
At end of year two					259	356	382	368	496	601		
At end of year three				237	304	349	388	364	498			
At end of year four			181	253	300	350	384	365				
At end of year five		138	211	251	300	350	364					
At end of year six		143	211	251	300	339						
At end of year seven		143	211	251	296							
At end of year eight		143	212	248								
At end of year nine		143	233									
Ten years later		151										
Gross best estimates of undiscounted claims	399	151	233	248	296	339	364	365	498	601	**338**	**3,832**
Cumulative gross claims paid	(398)	(149)	(193)	(244)	(281)	(320)	(336)	(316)	(412)	(414)	**(155)**	**(3,218)**
Gross undiscounted best estimate liabilities	1	2	40	4	15	19	28	49	86	187	183	**614**
Risk adjustment (undiscounted)												**88**
Effect of discounting												**(98)**
Gross claims liabilities												**604**
Ancillary claims liabilities and expense liabilities												**38**
International Insurance Gross liabilities for incurred claims												**642**

Claims development net of XoL reinsurance

Underwriting year	2013 & prior	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
	Financial year ended 31 December 2023											
UK Motor (core)												
At end of year one		373	378	427	510	646	675	520	661	825	951	
At end of year two		659	682	783	1,053	1,123	1,033	949	1,292	1,550		
At end of year three		644	667	743	917	1,053	986	927	1,257			
At end of year four		659	637	692	883	1,024	969	892				
At end of year five		623	607	677	860	974	950					
At end of year six		619	599	663	840	978						
At end of year seven		606	586	640	820							
At end of year eight		597	579	635								
At end of year nine		589	577									
Ten years later		589										
Net of XoL best estimates of undiscounted claims	3,190	589	577	635	820	978	950	892	1,257	1,550	**951**	**12,389**
Cumulative claims paid	(3,075)	(576)	(560)	(616)	(747)	(893)	(770)	(662)	(826)	(971)	**(395)**	**(10,091)**
Net of XoL undiscounted best estimate liabilities	115	13	17	19	73	85	180	230	431	579	556	**2,298**
Risk adjustment (undiscounted)												**331**
Effect of discounting												**(420)**
Net of XoL claims liabilities												**2,209**
Ancillary claims liabilities and expenses												**94**
UK Motor Net of XoL liabilities for incurred claims												**2,303**
UK Non-motor (core)												
At end of year one				26	29	56	54	50	57	116	127	
At end of year two			34	50	78	102	96	91	126	220		
At end of year three		18	35	47	75	101	94	90	124			
At end of year four		19	34	47	75	101	93	90				
At end of year five		19	33	47	76	101	93					
At end of year six		19	33	47	75	100						
At end of year seven		19	33	47	75							
At end of year eight		19	33	48								
At end of year nine		19	33									
Ten years later		19										
Gross best estimates of undiscounted claims	4	19	33	48	75	100	93	90	124	220	**127**	**933**
Cumulative claims paid	(4)	(19)	(33)	(48)	(75)	(97)	(90)	(85)	(109)	(148)	**(50)**	**(758)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

5. Insurance service result continued

Underwriting year	2013 & prior	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
	Financial year ended 31 December 2023											
Net of XoL undiscounted best estimate liabilities	–	–	–	–	–	3	3	5	15	72	77	**175**
Risk adjustment (undiscounted)												**19**
Effect of discounting												**(7)**
Net of XoL claims liabilities												**187**
Ancillary claims liabilities and expense liabilities												**3**
UK Non-motor Net of XoL liabilities for incurred claims												**190**
International Insurance												
At end of year one						177	236	204	270	313	335	
At end of year two					259	356	382	368	496	559		
At end of year three				237	304	349	388	364	477			
At end of year four			181	253	300	350	384	355				
At end of year five		138	211	251	300	350	360					
At end of year six		143	211	251	300	337						
At end of year seven		143	211	251	290							
At end of year eight		143	212	248								
At end of year nine		143	210									
Ten years later	397	151										
Gross best estimates of undiscounted claims	397	151	210	248	290	337	360	355	477	559	**335**	**3,719**
Cumulative gross claims paid	(397)	(149)	(193)	(244)	(280)	(320)	(336)	(316)	(412)	(414)	**(155)**	**(3,216)**
Gross undiscounted best estimate liabilities	–	2	17	4	10	17	24	39	65	145	180	**503**
Risk adjustment (undiscounted)												**73**
Effect of discounting												**(46)**
Gross claims liabilities												**530**
Ancillary claims and expense liabilities												**38**
International Insurance Gross liabilities for incurred claims												**568**

Claims development net of reinsurance

Underwriting year	2013 & prior	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
	Financial year ended 31 December 2023											
UK Motor (core)												
At end of year one		373	378	427	493	625	626	520	657	762	939	
At end of year two		659	682	783	1,016	1,086	1,033	949	1,259	1,442		
At end of year three		644	667	743	886	1,018	986	927	1,239			
At end of year four		659	637	692	853	990	969	892				
At end of year five		623	607	677	830	957	950					
At end of year six		619	599	663	811	944						
At end of year seven		606	586	640	793							
At end of year eight		597	579	635								
At end of year nine		589	577									
Ten years later		589										
Net best estimates of undiscounted claims	3,190	589	577	635	793	944	950	892	1,239	1,442	**939**	**12,190**
Cumulative net claims paid	(3,076)	(576)	(560)	(616)	(719)	(864)	(770)	(662)	(826)	(971)	**(395)**	**(10,035)**
Net undiscounted best estimate liabilities	114	13	17	19	74	80	180	230	413	471	544	**2,155**
Risk adjustment (undiscounted)												**172**
Effect of discounting												**(365)**
Net claims liabilities												**1,962**
Ancillary claims liabilities and expenses												**88**
UK Motor Net liabilities for incurred claims												**2,050**
UK Non-motor (core)												
At end of year one				7	6	20	18	16	16	43	68	
At end of year two			10	14	22	34	25	12	41	94		
At end of year three		5	10	12	24	33	31	19	36			
At end of year four		6	9	12	22	37	30	18				
At end of year five		6	9	12	24	37	29					
At end of year six		6	8	12	24	36						
At end of year seven		6	9	12	24							
At end of year eight		6	9	13								
At end of year nine		6	9									
Ten years later		6										
Net best estimates of undiscounted claims	2	6	9	13	24	36	29	18	36	94	**68**	**335**
Cumulative net claims paid	(2)	(6)	(9)	(13)	(23)	(34)	(28)	(16)	(28)	(87)	**(55)**	**(301)**

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
continued

5. Insurance service result continued

Underwriting year	Financial year ended 31 December 2023 2013 & prior	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	Total £m
Net undiscounted best estimate liabilities	–	–	–	–	1	2	1	2	8	7	13	**34**
Risk adjustment (undiscounted)												**6**
Effect of discounting												**(2)**
Net claims liabilities												**38**
Ancillary claims liabilities and expenses												**8**
UK Non-motor Net liabilities for incurred claims												**46**
International Insurance												
At end of year one						61	79	83	100	114	140	
At end of year two					85	120	129	145	185	218		
At end of year three				115	97	117	129	144	187			
At end of year four			92	132	96	119	130	144				
At end of year five		71	82	131	101	119	123					
At end of year six		76	83	86	101	115						
At end of year seven		77	70	86	99							
At end of year eight		47	70	85								
At end of year nine		46	83									
Ten years later		52										
Net best estimates of undiscounted claims	295	52	83	85	99	115	123	144	187	218	**140**	**1,541**
Cumulative net claims paid	(298)	(51)	(68)	(83)	(95)	(109)	(114)	(129)	(163)	(223)	**(100)**	**(1,433)**
Net undiscounted best estimate liabilities	(3)	1	15	2	4	6	9	15	24	(5)	40	**108**
Risk adjustment (undiscounted)												**24**
Effect of discounting												**(20)**
Net claims liabilities												**112**
Ancillary claims liabilities and expenses												**27**
International Insurance net liabilities for incurred claims												**139**

(v) UK Motor loss ratios and changes to liabilities for incurred claims

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

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

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

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

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

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

	31 December 2023 £m	31 December 2022 (restated) £m
Gross		
Underwriting year		
2018 & prior	91.5	262.4
2019	61.4	34.3
2020	98.2	84.4
2021	76.4	56.1
2022	79.4	–
2023	–	–
Total UK Motor gross changes to liabilities for incurred claims	**406.9**	**437.2**
Net		
Underwriting year		
2018 & prior	80.6	187.2
2019	65.0	29.0
2020	97.7	62.8
2021	80.1	48.2
2022	69.4	–
2023	–	–
Total UK Motor net of excess of loss changes to liabilities for incurred claims	**392.8**	**327.2**

Admiral Group plc Annual Report and Accounts 2023

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
continued

6. Investment income and finance costs
6a. Accounting policies
i) Financial assets
Classification and measurement
The classification and subsequent measurement of the financial asset under IFRS 9 depends on:
a. The Group's business model for managing the financial assets, and
b. The contractual cashflow characteristics of the financial asset.

Based on these factors, the financial asset is classified into one of the following categories:

Amortised cost
These comprise assets which are held in order to collect contractual cashflows and the contractual terms of the financial asset give rise to cashflows which are solely payments of principal and interest on the principal amount outstanding (SPPI), where the asset is not designated as fair value through profit or loss (FVTPL).

For the Group, these include deposits with credit institutions, cash and cash equivalents, insurance receivables, trade and other receivables and loans and advances to customers.

The interest income generated from these assets is included in investment returns, with the exception of loans and advances to customers and cash and cash equivalents relating to the loans business, where the interest receivable is recognised in interest income.

Fair value through Other Comprehensive Income (FVOCI)
These comprise assets which are held both to collect contractual cashflows and to sell the asset, where the contractual terms of the financial asset give rise to cashflows which are solely payments of principal and interest on the principal amount outstanding (SPPI), where the asset is not designated as FVTPL.

For the Group, these assets include corporate, government and private debt securities. These assets are held to match policyholder liabilities or interest on debt liabilities. If sold before maturity, gains or losses on these assets impact the consolidated Income Statement.

In addition, IFRS 9 allows an irrevocable election at initial recognition to designate equity investments at FVOCI that otherwise would be held at FVTPL, provided these are not held for trading. The Group has made this election for certain investments which are not held for trading and are strategic investments to be designated as being reported through FVOCI.

Movements in the carrying amount are taken through OCI, with the exception of recognition of impairment gains or losses, interest revenue, dividend income and foreign exchange gains or losses which are recognised in profit or loss.

A gain or loss on disposal of an investment measured at FVOCI is presented within investment return in the period in which it arises.

Fair value through profit or loss (FVTPL)
These are assets which do not meet the criteria for amortised cost or FVOCI, or which are designated as FVTPL.

For the Group these assets include liquidity funds investing in short duration assets, other funds and derivative financial instruments. The regulatory capital within the Group is used to invest in these instruments in addition to any surplus funds which may be held. Buying and selling activity occurs depending on timing of different cashflows.

Impairment
The expected credit loss model (ECL) is used to calculate any impairment to be recognised for all assets measured at amortised cost, as well as financial investments measured at FVOCI. The general approach, which utilises the three-stage model, is used for loans and advances to customers (see note 7) whilst impairment for the remaining assets is measured using the simplified approach.

This simplified approach is based on an assessment made based on an external credit rating agency or an assessment from the Group's external asset managers, to assess whether there has been a significant increase in credit risk, combined with other external data as follows:

- Financial assets in stage 1 are those where the credit risk has not increased significantly since initial recognition. A 12-month ECL is recognised. To determine the default rate, the average of external rates using Standard & Poor and Moody's is used, together with consideration of any overlay based on qualitative criteria
- Financial assets in stage 2 are those where credit risk has increased significantly since initial recognition, with the provision reflecting a lifetime loss. A significant increase in credit risk is defined as public assets that are downgraded outside of investment grade, or for a bond purchased at sub-investment grade, a fall in of a full credit banding i.e. BB to B; and private assets which have been flagged on watchlists for significant credit deterioration. For assets in stage 2, the lifetime credit loss is calculated by multiplying the default rate by the number of years from maturity. For assets in stage 1 and stage 2, a recovery rate is also applied to the loss given default, based on an average of a number of external and internal sources.
- Financial assets in stage 3 are credit impaired, which typically occurs when the asset has defaulted, restructured or is not expected to return full proceeds. Each asset in this category is reviewed to assess the recoverable amount based on the information available.

The credit rating of all assets is regularly monitored. As at the year-end reporting date, the majority of financial assets are of investment grade and considered low risk under IFRS 9. These therefore remain within stage 1 and a 12-month expected loss is used to calculate the impairment provision required.

The impairment provision at 31 December 2023 is £6.9 million (£9.4 million at 31 December 2022).

The calculated impairment loss within the fair value is recognised through the Income Statement whilst fair value movements are recognised in Other Comprehensive Income.

Given there is no material change in the credit quality or type of financial assets in the year and the movement in provision is immaterial, no further disclosure has been made.

Derecognition
A financial asset is derecognised when the rights to receive cashflows from that asset have expired, or when the Group transfers the asset and all the attached substantial risks and rewards relating to the asset to a third party.

ii) Financial liabilities
Classification and subsequent measurement
All financial liabilities are classified as subsequently measured at amortised cost using the effective interest method, except for derivatives that are classified at fair value through profit or loss and subsequently measured at fair value.

Movements in the amortised cost are recognised through the Income Statement.

Derecognition
A financial liability is derecognised when the obligation under that liability is discharged, cancelled or expires.

iii) Investment return and finance costs
Investment return from financial assets comprises distributions as well as net realised and unrealised gains on financial assets classified as FVTPL, interest income and net realised gains from financial assets classified as FVOCI, and interest income from financial assets classified as amortised cost.

Finance costs from financial liabilities comprise interest expense on subordinated notes, loan backed securities, credit facilities and lease liabilities, calculated using the effective interest rate method. The effective interest rate method calculates the amortised cost of a financial asset or liability (or group of financial assets or financial liabilities) and allocates the interest income or expense over the expected life of the asset or liability.

6b. Investment return

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

*1. Interest received during the year was £76.8 million (2022: £58.7 million).
*2. Total investment return excludes £3.2 million of intra-group interest (2022: £2.2 million).
*3. Realised losses on sales of debt securities classified as FVOCI are £0.9 million (2022: £2.2 million gain).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

6. Investment income and finance costs continued

6c. Finance costs

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

*1. Interest paid during the year was £20.5 million (2022: £13.4 million).
*2. See note 7e for details of credit facilities.

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

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

6d. Expected credit losses

	Note	31 December 2023 £m	31 December 2022 £m
Expected credit (gains)/losses on financial investments	6f	(2.5)	(1.8)
Expected credit losses on loans and advances to customers*1	7b	33.5	20.7
Total expense for expected credit losses		**31.0**	**18.9**

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

See note 6a and note 7b for details of the impairment methodology.

6e. Financial assets and liabilities

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

6. Investment income and finance costs continued

6f. Fair value measurement

IFRS 13 requires assets and liabilities that are held at fair value to be classified according to a hierarchy which reflects the observability of significant market inputs, based on three levels. The Group policy is to recognise transfer between fair value hierarchy levels as at the end of the reporting period. There were no transfers between fair value hierarchy levels in the reporting period (2022: none).

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

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

*1. Gains through the Income Statement are recognised within Investment return. See note 6b for further information.

Fair value measurement using significant unobservable inputs (level three)

Level three investments consist of debt securities and equity securities.

Debt securities are comprised primarily of investments in debt funds which are valued at the proportion of the Group's holding of the Net Asset Value (NAV) reported by the investment vehicle. These include funds that invest in corporate direct lending, residential and commercial mortgages, and other private debt. In addition, there is a small allocation of privately placed bonds which do not trade on active markets, these are valued using discounted cash-flow models designed to appropriately reflect the credit and illiquidity of these instruments; these valuations are performed by the external fund managers. The key unobservable input across private debt securities is the discount rate which is based on the credit performance of the assets. A deterioration of the credit performance or expected future performance will result in higher discount rates and lower values.

Equity securities are primarily comprised of investments in Private Equity and Infrastructure Equity funds, which are valued at the proportion of the Group's holding of the NAV reported by the investment vehicle. These are based on several unobservable inputs including market multiples and cashflow forecasts.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

The table below presents the movement in the period relating to financial instruments valued using a level three valuation:

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

	31 December 2022		
Level Three Investments	Equity Securities £m	Debt Securities £m	Total £m
Balance as at 1 January 2022	21.5	125.5	147.0
Gains / (losses) recognised in IS	1.8	3.9	5.7
Gains / (losses) recognised in OCI	1.1	(9.6)	(8.5)
Purchases	9.4	74.4	83.8
Disposals	(2.5)	(27.6)	(30.1)
Translation differences	0.3	–	0.3
Balance as at 31 December 2022	**31.6**	**166.6**	**198.2**

6g. Cash and cash equivalents

	31 December 2023 £m	31 December 2022 £m
Cash at bank and in hand*1	353.1	297.0
Total cash and cash equivalents	353.1	297.0

*1 Cash at bank and in hand includes £38.9 million (2022: £36.6 million) related to special purpose entities which is not available for use by the Group.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term deposits with original maturities of three months or less.

An assessment has been completed for impairment purposes in line with that set out in note 6a above. Given the short-term duration of these assets and low risk of these assets, no impairment provision has been recognised.

For cash at bank and cash deposits and other receivables, the fair value approximates to the book value due to their short maturity.

6h. Other assets

Insurance and other receivables

	31 December 2023 £m	31 December 2022 £m
Insurance receivables	272.7	187.6
Trade and other receivables	75.0	87.6
Prepayments and accrued income	62.2	41.2
Total insurance and other receivables	**409.9**	**316.4**

Insurance receivables

Insurance receivables are measured at historic cost. Given that non-repayment would result in a withdrawn policy and the short-term duration of these assets, no bad debt provision has been recognised.

Insurance receivables reported within other receivables are comprised of the external coinsurer's share of premium receivable, with the related liability in respect of written premium presented within amounts owed to the coinsurer.

Trade and other receivables

Classification. Trade and other receivables are measured at amortised cost, being made up of multiple types of receivable balances.

Impairment. Where a provision is required for these receivables, it is calculated in line with the simplified method for trade receivables per IFRS 9, whereby lifetime expected credit losses are recognised irrelevant of the credit risk. In this case, the provision is based on a combination of

(i) Aged debtor analysis

(ii) Historic experience of write offs for each receivable

(iii) Any specific indicators of credit deterioration observed, and

(iv) Management judgement.

The level of provision is immaterial.

The amortised cost carrying amount of receivables is a reasonable approximation of fair value.

Contract balances

The following table provides information about receivables and contract assets from contracts with customers. Both balances are included in Trade and other receivables.

	31 December 2023 £m	31 December 2022 £m
Receivables	14.9	20.0
Contract assets	17.0	19.3

The contract asset relates to the Group's right to consideration for work undertaken in the law companies on behalf of clients which is ongoing or where the final fee has not yet been billed. The contract asset is transferred to trade receivables once the fee has been billed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

6. Investment income and finance costs continued

Significant changes in the contract asset balance during the period are as follows:

Contract asset balance	31 December 2023 £m
At 1 January 2022	23.8
Revenue recognised	16.3
Transferred to trade receivables	(20.2)
Write offs	(0.6)
At 31 December 2022	19.3
Revenue recognised	18.9
Transferred to trade receivables	(20.6)
Write offs	(0.6)
At 31 December 2023	**17.0**

The amount of revenue recognised in 2023 from performance obligations satisfied (or partially satisfied) in previous periods in relation to the above contract balances is £nil (2022: £nil).

6i. Financial and lease liabilities

	31 December 2023				
	Subordinated notes £m	Loan backed securities £m	Other borrowings and derivatives £m	Lease liabilities £m	Total £m
Financial liability at the start of the period	204.4	714.7	20.0	88.5	1,027.6
Interest payable per Income Statement	17.5	40.6	5.4	2.0	65.5
Cashflows*1	94.2	4.3	29.6	(10.7)	117.4
Other foreign exchange and non-cash movements	(0.9)	–	–	1.4	0.5
Financial liability at the end of the period	**315.2**	**759.6**	**55.0**	**81.2**	**1,211.0**

*1. Cash amounts relating to the interest proportion of the lease liability were £1.9 million.

	31 December 2022				
	Subordinated notes £m	Loan backed securities £m	Other borrowings and derivatives £m	Lease liabilities £m	Total £m
Financial liability at the start of the period	204.4	446.5	20.0	105.3	776.2
Interest payable per Income Statement	11.0	11.7	1.3	2.0	26.0
Cashflows*1	(11.0)	256.5	(0.9)	(11.3)	233.3
Other foreign exchange and non-cash movements	–	–	(0.4)	(7.5)	(7.9)
Financial liability at the end of the period	**204.4**	**714.7**	**20.0**	**88.5**	**1,027.6**

*1. Cash amounts relating to the interest proportion of the lease liability were £2.1 million.

Subordinated notes

Financial liabilities are inclusive of two separate issuances of subordinated notes totalling £305.1 million. The first subordinated notes were issued on 25 July 2014 at a fixed rate of 5.5% per annum and a total value of £200 million. In July 2023 these notes were tendered with a take-up of 72.45%, with the remaining amount retaining the original redemption date of 25 July 2024.

The second subordinated notes were issued on 6 July 2023 at a fixed rate of 8.5% per annum, with a total value of £250 million and a redemption date of 6 January 2034 (subject to various provisions of the terms and conditions governing the notes).

The notes are unsecured subordinated obligations of the Group and rank pari passu without any preference among themselves. In the event of a winding-up or bankruptcy, they are to be repaid only after the claims of all other senior creditors have been met.

There have been no defaults on any of the notes during the year. The Group has the requirement to defer interest payments on the notes in certain circumstances but to date none of these circumstances has arisen.

The fair value of subordinated notes (level one valuation based on quoted prices in active markets) at 31 December 2023 is £329.8 million (2022: £196.4 million).

Other borrowings

The Group holds various revolving credit facilities including a £300.0 million facility which expires in April 2026, a £20.0 million facility which expires in August 2024 and a €100.0 million facility which expires in August 2024. As at 31 December 2023 £55.0 million was drawn under these facilities (2022: £20.0 million), which is shown within other borrowings in the table above. This is made up of £35.0 million from the facility expiring April 2026 (2022: £nil) and £20.0 million from the pound sterling facility expiring August 2024 (2022: £20.0 million).

The carrying value is a reasonable approximation of fair value.

Loan backed securities

Asset backed senior loan note facilities of £1,000.0 million have been established in relation to the Admiral Money business (see note 2 for details of the accounting treatment of SPEs). As at the year end, £759.6 million (2022: £714.7 million) of these facilities had been utilised.

The carrying value is a reasonable approximation of fair value.

Lease liabilities

The Group leases various properties, with rental contracts typically for fixed periods of 5 to 25 years although these may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

For each lease, a right-of-use asset and corresponding lease liability is recognised at the date at which the leased asset becomes available for use by the Group.

The lease liability is initially measured at the present value of remaining lease payments, which include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment, with similar terms and conditions. Generally, the Group uses its incremental borrowing rate as the discount rate.

Subsequently, lease payments are allocated to the lease liability, split between repayments of principal and interest. A finance cost is charged to the profit and loss so as to produce a constant period rate of interest on the remaining balance of the lease liability.

Whereby a change in lease term is identified, the lease liability is recalculated based on the present value of the remaining lease payments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

7. Loans and Advances to Customers

7a. Accounting policies

Loans and advances to customers consist of unsecured personal loans and car finance products.

Classification

Loans and advances to customers are measured at amortised cost. This is because assets are held in order to collect contractual cashflows and the contractual terms of the financial asset demand cash inflows which are solely payments of principal and interest on the principal amount outstanding.

Interest income and expense

Interest income received in relation to loans and advances to customers is calculated using the effective interest method which allocates interest, direct and incremental fees and costs over the expected lives of the assets and liabilities. There has been no change in recognition of interest income from the comparative period.

Interest expense is calculated using the process appropriate to each source of funding, which is not linked to individual accounts.

Finance leases

Included within loans and advances to customers are personal contract purchase (PCP) and hire purchase (HP) arrangements which are classified as finance leases under IFRS 16. A receivable equal to the net investment in the lease has been recognised. The net investment is equal to the gross investment in the lease discounted at the rate implicit in the lease.

Lease interest income is recognised within interest income in the Income Statement over the term of the lease using the effective interest rate method.

The title to the underlying vehicle remains with the Group until the lessee has made all contractual payments, at which point ownership is transferred to the lessee. In the event of breach of contract, such as non-payment, the vehicle itself acts as collateral for the finance lease, becoming available for repossession in most cases.

Some of the ways in which the Group maintains its rights to the vehicle, and thus manages the risk of loss associated with the finance lease, include:

- The Group does not enter into any finance leases with a maximum loan-to-value limit, reducing the risk of shortfall on termination of the contract
- The Group requires the lessee to insure the underlying vehicle at all times, reducing the risk of non-recovery if the asset is stolen or destroyed
- The estimated future value of each vehicle, which is sourced externally, is considered in the pricing of the lease contracts to provide protection against deterioration in that value.

7b. Loans and advances to customers

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

Loans and advances to customers are comprised of the following:

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

Fair value measurement

The loans and advances are recognised at fair value at the point of origination and then subsequently on an amortised cost basis. This carrying value is deemed a reasonable approximation of fair value, which is calculated based on estimates using the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Expected credit losses

The expected credit loss model is a three-stage model based on forward looking information regarding changes in the credit quality since origination. Credit risk is measured using a Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) defined as follows:

- Probability of Default (PD): The likelihood of an account defaulting; calibrated through analysis of historic customer behaviour. Where customers have already met the definition of default this is 100%. For customers that are not in default the PD is determined through analysis of historic default data using external and internal data sources available at the reporting date.
- Exposure at Default (EAD): The amount of balance at the time of default. For loans that are in arrears the EAD is taken as the current balance plus any expected interest arrears. For up-to-date loans the EAD is calculated as the expected balance 3 months prior to each period, plus 3 months of interest arrears to account for the time it takes to default following falling into arrears.
- Loss Given Default (LGD): The amount of the asset not recovered following a borrower's default, determined through analysis of historic recovery performance.

The PD is applied to the EAD to calculate the expected loss excluding recoveries. The LGD is then applied to this loss to calculate the total expected loss including recoveries. A forward-looking provision is also calculated, as set out later in this note.

Loan assets are segmented into three stages of credit impairment:

- Stage 1 – no significant increase in credit risk of the financial asset since inception;
- Stage 2 – significant increase in credit risk of the financial asset since inception;
- Stage 3 – financial asset is credit impaired.

For assets in stage 1, the allowance is calculated as the expected credit losses from events within 12 months after the reporting date. For assets in stages 2 and 3 the allowance is calculated as the expected credit loss from events in the remaining lifetime of each asset. The allowance is calculated for each loan at an individual level.

Significant increase in credit risk (SICR) (stage 2)

As explained above, stage 1 assets have an ECL allowing for losses in the next twelve months, and stage 2 or 3 assets have an ECL allowing for losses over the remaining lifetime of the contract. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not prescribe a definition of significant increase in credit risk but does include a rebuttable presumption that this does occur for loan assets which are 30 days past due (which the Group does not rebut).

The Group has deemed a significant increase in credit risk to have occurred where:

- The loan is in arrears, or
- The behavioural PD has moved outside a specified threshold from the application PD
- The customer is identified as being two or more payments in arrears on a credit product with a third party and reported to the credit reference agency.

The Group maintains two probation periods:

- Where a customer is up to date but previously has been 30+ days past due they will be held in stage 2 for 6 months;
- Where a customer is up to date but previously Credit impaired (stage 3) they will be held in stage 2 for 12 months.

A range of metrics including accuracy rates, false positive rates, oscillation rates and the Mathews corelation are monitored in relation to loans which are held in the above probation periods.

Credit impaired (stage 3)

The Group does not rebut the presumption within IFRS 9 that default has occurred when an exposure is greater than 90 days past due, which is consistent with a customer being three or more payments in arrears. In addition, a loan is deemed to be credit impaired where:

- There is an Individual Voluntary Arrangement (IVA) agreement confirmed or proposed, or
- Customer has started or progressed bankruptcy action, or
- A repayment plan is in place, or
- A customer is deceased.

As at 31 December 2023, there were 7,300 loans totalling £40.1m that were subject to forbearance (2022: 4,400 loans totalling £21.5m). Significant categories of forbearance arrangements include Bankruptcy, Debt Management Plans and Individual Voluntary Arrangements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
continued

7. Loans and Advances to Customers continued

Judgements required - Post Model Adjustments ('PMA's)

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

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

PMAs are calculated using management judgement and analysis. The key categories of PMAs are as follows:

Model performance

The model has been calibrated on historical data that may not fully reflect the risk of losses in the recent and ongoing, highly volatile macro-economic period. In addition, interest rate rises in 2023 have created the potential for performance uncertainty. For this reason a Model Performance PMA has been made. It effectively recalibrates the modelled probability of default of the loans to reflect recent monitored performance. A refresh of the PD model during 2023 has reduced the PMA in comparison to the previous year end.

Cost of Living

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

Economic scenarios

An uncertainty factor determined by management judgment has been added to reflect the recent volatility in unemployment forecasts. This factor has been reduced as variability between successive forecasts has fallen.

Write off policy

Loans are written off where there is no reasonable expectation of recovery. The Group's policy is to write off balances to their estimated net realisable value. Write offs are actioned on a case-by-case basis taking into account the operational position and the collections strategy.

Forward-looking information

Under IFRS 9 the provision must reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The means by which the Group has determined this is to run scenario analysis.

Management judgment has been used to define the weighting and severity of the different scenarios based on available data.

The key economic driver of credit losses from the scenarios is the likelihood of a customer entering hardship through unemployment. Unemployment forecasts include a risk grade split of PD based on the correlation between grade-level default rates observed relative to the change in unemployment rates in the previous downturn, adjusted for the unemployment forecast expected in the current economic environment.

The scenario weighting assumptions used are detailed below, along with the unemployment rate assumed in each scenario at 31 December 2023.

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

The economic scenarios and forecasts have been updated in conjunction with a third party economics provider. The probability weightings reflect the view that there is a probability of 90% attached to recessionary outcomes.

Sensitivities to key areas of estimation uncertainty

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

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

The sensitivities in the above tables show the variance to ECL that would be expected if the given scenario unfolded rather than the weighted position the provision is based on. At 31 December 2023 the implied weighted peak unemployment rate is 5.2%: the table shows that in a downturn scenario with a 6.0% peak unemployment rate the provision would increase by £2.5 million, whilst the upturn would reduce the provision by £5.2 million, base case reduce by £1.1 million and severe increase the provision by £8.2 million.

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

Amounts arising from ECL: loans and advances to customers

The following table sets out information about the credit quality of the loans and advances to customers measured at amortised cost. Credit grades are used to segment customers by apparent credit risk at the time of acquisition. Higher grades are the lowest credit risk with each subsequent grade increasing in expected credit risk. The Group does not have any purchased or originated credit impaired assets. These tables are inclusive of the finance lease assets which are held by the Group, further analysis of these balances can be found in note 7c.

All probability of default figures included in this paragraph allow for forward-looking information, i.e. the PDs are a weighted average from the economic scenarios considered and relate to the Admiral Money consumer lending business. The average probability of default in for stage 1 assets is 2.2% (2022: 2.7%) reflecting the expectation of defaults within 12 months of the reporting date. The average PD for assets in stage 2 is 36.8% (2022: 36.6%) reflecting expected losses over the remaining life of the assets. The PD for assets in stage 3 is 100% (2022: 100%) as these assets are deemed to have defaulted.

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

*1. Credit grade is the internal credit banding given to a customer at origination. This is based on external credit rating information.
*2 Other loss allowance covers losses due to a reduction in current or future vehicle value or costs associated with recovery and sale of vehicles and those as a result of changes in the performance of .the EIR asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

7. Loans and Advances to Customers continued

The following tables reconcile the opening and closing gross carrying amount and expected credit loss allowance. Loans originated in the year are initially classified as Stage 1. In the following tables, the loans are presented in line with their staging as at each year end.

2023	Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Gross carrying amount as at 1 January 2023	**728.3**	**125.3**	**34.0**	**887.6**
Transfers				
Transfers from stage 1 to stage 2	(60.2)	60.2	–	–
Transfers from stage 1 to stage 3	(19.4)	–	19.4	–
Transfers from stage 2 to stage 1	51.7	(51.7)	–	–
Transfers from stage 2 to stage 3	–	(10.8)	10.8	–
Transfers from stage 3 to stage 1	0.3	–	(0.3)	–
Transfers from stage 3 to stage 2	–	0.8	(0.8)	–
Principal redemption payments	(315.0)	(48.8)	(5.5)	(369.3)
Write offs	–	–	(15.6)	(15.6)
EIR adjustment	0.3	0.2	0.2	0.7
New financial assets originated or purchased	393.6	50.8	13.4	457.8
Gross carrying amount as at 31 December 2023	**779.6**	**126.0**	**55.6**	**961.2**

Of the amounts written off during the year, £8.3m related to loans which were still subject to enforcement activity (2022: £NIL). The loss allowance in place in relation to these loans at the time of writing off totalled £7.9m (2022: £NIL).

The EIR adjustment represents incremental acquisition costs incurred when advancing loans. These costs are spread over the expected economic lives of the loans under the effective interest rate method.

2022	Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Gross carrying amount as at 1 January 2022	**510.6**	**68.4**	**28.0**	**607.0**
Transfers				
Transfers from stage 1 to stage 2	(62.6)	62.6	–	–
Transfers from stage 1 to stage 3	(9.4)	–	9.4	–
Transfers from stage 2 to stage 1	25.3	(25.3)	–	–
Transfers from stage 2 to stage 3	–	(4.2)	4.2	–
Transfers from stage 3 to stage 1	0.2	–	(0.2)	–
Transfers from stage 3 to stage 2	–	0.4	(0.4)	–
Principal redemption payments	(235.3)	(39.9)	(5.9)	(281.1)
Write offs	–	–	(7.2)	(7.2)
EIR adjustment	3.4	0.4	–	3.8
New financial assets originated or purchased	496.1	62.9	6.1	565.1
Gross carrying amount as at 31 December 2022	**728.3**	**125.3**	**34.0**	**887.6**

2023	Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Expected credit loss allowance as at 1 January 2023	**13.4**	**23.5**	**26.2**	**63.1**
Movements with a profit and loss impact				
Transfers				
Transfers from stage 1 to stage 2	(1.9)	5.0	–	3.1
Transfers from stage 1 to stage 3	(0.7)	–	1.9	1.2
Transfers from stage 2 to stage 1	3.4	(7.4)	–	(4.0)
Transfers from stage 3 to stage 1	–	–	(0.1)	(0.1)
Changes in PDs/LGDs/EADs	(9.5)	(1.4)	13.6	2.7
New financial assets originated or purchased	8.0	12.5	9.8	30.3
Total net profit and loss charge in the period	**(0.7)**	**8.7**	**25.2**	**33.2**
Write offs	–	–	(15.0)	(15.0)
Transfers				
Transfers from stage 2 to stage 3	–	(3.2)	3.2	–
Transfers from stage 3 to stage 2	–	0.3	(0.3)	–
Expected credit loss allowance as at 31 December 2023	**12.7**	**29.3**	**39.3**	**81.2**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

7. Loans and Advances to Customers continued

2022	Stage 1 12-month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m
Expected credit loss allowance as at 1 January 2022	**13.7**	**12.7**	**23.5**	**49.9**
Movements with a profit and loss impact				
Transfers				
Transfers from stage 1 to stage 2	(1.5)	4.4	–	2.9
Transfers from stage 1 to stage 3	(0.4)	–	1.0	0.6
Transfers from stage 2 to stage 1	1.8	(3.9)	–	(2.1)
Transfers from stage 3 to stage 1	–	–	(0.1)	(0.1)
Changes in PDs/LGDs/EADs	(10.1)	(2.4)	4.4	(8.1)
New financial assets originated or purchased	9.9	12.7	4.6	27.2
Total net profit and loss charge in the period	**(0.3)**	**10.8**	**9.9**	**20.4**
Write offs	–	–	(7.2)	(7.2)
Expected credit loss allowance as at 31 December 2022	**13.4**	**23.5**	**26.2**	**63.1**
Other movements with no profit and loss impact				
Transfers				
Transfers from stage 2 to stage 3	–	(1.3)	1.3	–
Transfers from stage 3 to stage 2	–	–	–	–

7c. Finance lease receivables

Loans and advances to customers include the following finance leases. The Group is the lessor for leases of cars

	31 December 2023 £m	31 December 2022 £m
Gross investment in finance leases, receivable		
Less than 1 year	7.0	9.8
Between 1 to 5 years	14.3	25.7
More than 5 years	–	–
	21.3	**35.5**
Unearned finance income	(2.2)	(4.0)
Net investment in lease receivables	**19.1**	**31.5**
Less impairment allowance	(0.3)	(0.8)
	18.8	**30.7**
Net investment in finance leases, receivable		
Less than 1 year	5.7	7.9
Between 1 to 5 years	13.4	23.7
More than 5 years	–	–
	19.1	**31.6**

The net investment in finance leases shown above includes an unguaranteed residual value of £0.2 million (2022: The net investment in finance leases shown above is net of the unguaranteed residual value of £0.3 million).

7d. Interest income

	31 December 2023 £m	31 December 2022 £m
From loans and advances to customers	90.2	56.1
From finance leases	2.0	2.6
From bank interest	2.7	–
	94.9	**58.7**

Interest income receivable is recognised in the Income Statement using the effective interest method, which calculates the amortised cost of the financial asset and allocates the interest income over the expected product life.

7e. Interest expense

	31 December 2023 £m	31 December 2022 £m
Interest payable on loan backed securities	23.4	11.7
Interest payable on other credit facilities	3.4	0.9
Total interest expense*1	**26.8**	**12.6**

*1. Interest paid in total net of swaps during the year was £25.6 million (2022: £11.9 million).

8. Other revenue and co-insurer profit commission

8a. Accounting policy

(i) Composition of Other revenue and co-insurer profit commission

Other revenue falling within the scope of IFRS 15 Revenue from Contracts with Customers is generated from:

- Fee and commission revenue related to the sale of insurance contracts (see notes 2 and 5)
- Where additional fee and commission revenue is generated from the sale of insurance contracts, but that revenue separable from the host insurance contract in accordance with the principles of IFRS 17, and the goods or services provided to the policyholder are distinct, the revenue is recognised applying IFRS 15
- Revenue from the Group's law firm
- Comparison income

Other revenue also includes instalment income on insurance premium paid via instalments, where it is not recognised under IFRS 17 (see notes 2 and 5) due to the income being separable from the host insurance contract. This instalment income is recognised using the effective interest rate method, and as such is not within the scope of IFRS 15.

Co-insurer profit commission revenue falling within the scope of IFRS 15 Revenue from Contracts with Customers relates primarily to a contractual arrangement between the Group's insurance intermediary EUI Limited, and an external co-insurer (Great Lakes, a subsidiary of Munich Re) which underwrites a share of the UK Car Insurance business generated by EUI Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

8. Other revenue and co-insurer profit commission continued

(ii) Nature of goods and services

The following is a description of the principal activities within the scope of IFRS 15 from which the Group generates its other revenue.

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Fee and commission revenue, including administration fees: where the income is separable from the underlying insurance contract	The performance obligation is the provision of insurance intermediary services, at which point the performance obligation is met. Revenue is therefore recognised at a point in time, matching the Group's provision of services. Where the Group has no remaining obligations, the revenue is recognised immediately. An allowance is made for expected cancellations where the customer may be entitled to a refund of amounts charged. Payment from revenue generated from policyholders is due immediately, or in line with direct debit instalments. Payments from external parties is due within 30 days of the period close.
Revenue from law firm	The performance obligation is the pursuit of the compensation from the at fault party's insurer on behalf of the customer. Once the case is settled the performance obligation is fully satisfied. Revenue is therefore recognised over time using the expected value method. This method values revenue by multiplying hours incurred on open cases by a 12-month realisable rate. The realisable rate is a probability weighted transaction price based on settled cases. The expected value method therefore results in revenue recognised being constrained to that where there is a high probability of no significant reversal. Revenue is recognised over time because the Group has an enforceable right to payment for performance completed to date and the work performed to date has no alternative use to the Group. A contract asset is recognised equal to the work performed up to the balance sheet date but not yet billed. Refer to note 6h for further detail of this balance. Payment is due within 28 days of invoice.
Profit commission from co-insurers	Profit commission is generated if an individual year is profitable, based on the premiums written, and expenses and claims costs incurred. It is therefore a variable consideration, recognised at a point in time. The cumulative profit commission recognised is calculated in aggregate across the contract, in line with contract terms, based on a number of detailed inputs for each individual underwriting year, the most material of which are as follows: · Premiums, defined as gross premiums ceded including any instalment income, less reinsurance premium (for excess of loss reinsurance) · Insurance expenses incurred · Claims costs incurred. Whilst the premiums and insurance expenses related to an underwriting year are typically fixed at the conclusion of each underwriting year and are not subject to judgement, the claims cost is subject to inherent uncertainty. This results in the co-insurer profit commission recognised under IFRS 15 being a variable amount. As such: · The Group uses the expected value method for the initial calculation of profit commission revenue, based on known premiums and expenses, and the best estimate of claims costs. · The variable revenue estimated using the expected value method above is constrained through the inclusion of the risk adjustment within the claims cost element of the calculation, with the profit commission recognised aligned to the IFRS 17 booked loss ratios, discounted at locked-in rates, and inclusive of finance expense. The inclusion of the risk adjustment constrains the cumulative profit commission revenue recognised to a level where there is a high probability of no significant reversal. The key methods, inputs and assumptions used to estimate the variable consideration of profit commission are therefore in line with those used for the calculation of claims liabilities, as set out in note 3 to the financial statements, with further detail also included in note 5. There are no further critical accounting estimates or judgements in relation to the recognition of profit commission.
Comparison	The performance obligation is the provision of insurance intermediary services, at which point the performance obligation is met. Revenue is therefore recognised at a point in time.

Profit commission from reinsurers is within the scope of IFRS 17, and not within the scope of IFRS 15 Revenue from Contracts with Customers due to the nature of the income.

The adoption of IFRS 17 has resulted in a presentational change whereby a significant proportion of "Other revenue" is now recognised under IFRS 17. The prior year comparatives have been restated from those previously reported as a result.

During the period, there has been a change in accounting estimate in relation to the calculation of co-insurer profit commission within the scope of IFRS 15. The underwriting year loss ratio inputs to the calculation were previously based on IFRS 4 financial statement loss ratios in line with the Group's insurance accounting. The transition from IFRS 4 to IFRS 17 has resulted in a change to the underwriting year loss ratio inputs to the calculation, such that the new basis of estimation results in the recognition of co-insurer profit commission aligned to the IFRS 17 loss ratios, including risk adjustment, as set out above. The impact of the change in estimation basis in the period and in future is not expected to have a material impact on the Group's financial statements.

There has been no further change in revenue recognition from the restated comparative period.

8b. Disaggregation of revenue

In the following tables, other revenue is disaggregated by major products/service lines and timing of revenue recognition. The total revenue disclosed in the table of £205.8 million (2022: £256.4 million) represents total other revenue and co-insurer profit commission and is disaggregated into the segments included in note 4.

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

	31 December 2022 (restated)				
	UK Insurance £m	International Insurance £m	Admiral Money £m	Other £m	Total £m
Major products/service line					
Fee and commission revenue	104.3	–	0.3	0.2	104.8
Law firm revenue	15.8	–	–	–	15.8
Comparison income*1	–	–	–	8.3	8.3
Total other revenue	**120.1**	**–**	**0.3**	**8.5**	**128.9**
Profit commission from co-insurers	127.5	–	–	–	127.5
Total other revenue and co-insurer profit commission	**247.6**	**–**	**0.3**	**8.5**	**256.4**
Timing of revenue recognition					
Point in time	209.0	–	0.3	8.5	217.8
Over time	17.8	–	–	–	17.8
Revenue outside the scope of IFRS 15	20.8	–	–	–	20.8
	247.6	–	0.3	8.5	256.4

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

Admiral Group plc Annual Report and Accounts 2023

Notes to the Consolidated Financial Statements
For the year ended 31 December 2023
continued

8. Other revenue and co-insurer profit commission continued
Profit commission analysis

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

9. Directly attributable and other expenses
9a. Accounting policies
(i) Directly attributable insurance expenses
Directly attributable expenses are cashflows that are directly attributable to a portfolio of insurance contracts and recognised as incurred insurance service expenses. See note 5a for details of the types of expenses recognised as directly attributable insurance expenses.

(ii) Other operating expenses
All other operating expenses are charged to the Income Statement in the period that they are incurred.

(iii) Employee benefits
As detailed in the Remuneration Committee Report, the key elements of employee remuneration are:

- Base salaries and pension contributions;
- Share based incentive plans;
- A discretionary bonus, (the 'DFSS Bonus'), rather than an annual cash bonus, that is based on the number of DFSS awards held and actual dividends paid out to shareholders.

Within note 9b, the charges for base salaries and pension contributions (and the related social security costs) are recognised within Administration and acquisition expenses, Expenses relating to additional products and fees and Other expenses based on the role of the employee.

Charges for the share-based incentive plans (and related social security costs) and discretionary bonus are included within share scheme charges. These charges are not shown as part of the result for each reportable segment, or within the expense ratio, due to them being materially comprised of an accounting charge in line with IFRS 2 Share-based payments which does not result in a cash payment to employees but instead results in an issue of new shares (resulting in a dilution of existing shares).

The rules of the share schemes ensure that the actual dilution level does not exceed 10% in any rolling ten-year period.

Base salaries and pension contributions
Base salaries and the related employer social security costs are charged to the Income Statement in the period that they are incurred.

The Group contributes to defined contribution personal pension plans for its employees. The contributions payable to these schemes are charged in the accounting period to which they relate.

Share based incentive plans and related social security costs
The Group operates a number of equity and cash settled compensation schemes for its employees, the main ones being:

- A Share Incentive Plan (SIP), which is in place for all UK employees encouraging wide share ownership across employees, and
- The Discretionary Free Share Scheme (DFSS). DFSS shares are typically awarded to managers, and for the majority of employees 50% of the DFSS shares awarded are subject to three performance conditions being Earnings per Share growth, Return on Equity and Total Shareholder Return vs. the FTSE 350 (excluding investment companies) over a three-year period. The other 50% are guaranteed with continued employment.

For both schemes, employees must remain in employment three years after the award date (i.e. at the vesting date), otherwise the shares are forfeited.

The majority of these schemes are classed as equity settled under IFRS 2, due to the employees receiving shares (rather than cash) as consideration for the services provided.

For equity settled schemes, the charge, which reflects the fair value of the employee services received in exchange for the grant of the free shares, is recognised as an expense, with a corresponding increase in equity, as shown in Consolidated statement of changes in equity (2023: £63.3 million; 2022: £57.3 million).

For the cash settled schemes, the expense recognised for the fair value of services received results in a corresponding increase in liabilities.

The key drivers and assumptions used to calculate the charge for the schemes over the three year vesting period are:

- The number of shares awarded, which is set at the start of each scheme. Details of the number of shares awarded for each scheme where shares remain unvested is set out in note 9f (iii)
- The fair value of the shares;
  - For the SIP, the fair value of the shares awarded is the share price at the award date. Awards under the SIP are entitled to receive dividends, and hence no adjustment is made to this fair value
  - For the DFSS equity settled awards, awards are not eligible for dividends, although a discretionary bonus is currently paid equivalent to the dividend that would have been paid on the shareholding, hence the fair value of the shares is revised downwards to take account of these expected dividends
  - For the DFSS cash settled awards, the fair value is based on the share price at the vesting date. The closing share price at the end of each reporting period is used as an approximation for the closing price at the end of the vesting period.
- Employee attrition rates, which impact the ultimate number of shares that vest.
- In the case of the DFSS, the vesting rates based on the performance conditions, which also impact the ultimate number of shares that vest.

The number of shares that have ultimately vested compared to those originally awarded is set out in note 9f(iv).

At each balance sheet date, the Group revises its assumptions on the number of shares which will ultimately vest based on the latest forecast information for attrition rates and, for the DFSS, the extent to which the performance conditions are met.

The financial impact as a result of any change in the assumptions is recognised through the Income Statement. Any significant changes in assumptions may therefore result in an increased/decreased charge in an accounting period as a result of this true-up of the expected cumulative charge required.

Social security costs on share-based incentive plans
Social security costs are incurred by the Group in respect of the share-based incentive plans, with the expense recognised over the vesting period for each share scheme. For the SIP, these costs are paid when the employees sell the shares after vesting (typically 3–5 years after the grant date). For the DFSS, the costs are paid immediately upon vesting.

The total social security costs are calculated based on the following:

- The taxable value of the shares, being:
  - For the SIP, the lower of the share price at award date and the share price at the balance sheet date
  - For the DFSS, the share price at the balance sheet date
- The number of shares expected to vest for each scheme, driven by the number of shares awarded, attrition rates and, for the DFSS, the vesting rate based on performance conditions
- The appropriate social security rate.

These assumptions are updated at the end of each reporting period. The financial impact as a result of any change in the assumptions is recognised through the Income Statement. Any significant changes in assumptions may therefore result in an increased/decreased charge in an accounting period as a result of this true-up of the expected cumulative charge required.

Discretionary bonus on shares allocated but unvested
The cost of the DFSS bonus is recognised and paid in each period equivalent to the dividends on shares allocated to employees that are still entitled to vest but have not yet vested. The cost shown also includes the social security costs on the discretionary bonus. No accrual is made for future discretionary bonus payments due to there being no contractual obligation for such a bonus at the balance sheet date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

9. Directly attributable and other expenses continued

9b. Operating expenses and share scheme charges

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

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

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

9c. Employee costs and other expenses

	31 December 2023 Total £m	31 December 2022 Total £m
Salaries	439.4	397.0
Social security charges	45.5	41.4
Pension costs	16.5	14.6
Share scheme charges (see note 9f)	83.8	79.3
Total employee expenses	**585.2**	**532.3**
Depreciation charge:		
– Owned assets	11.2	10.1
– ROU assets	7.0	8.1
Amortisation charge:		
– Software	40.3	23.7
Auditor's remuneration (including VAT) (total Group):		
– Fees payable for the audit of the Company's annual accounts	0.3	0.1
– Fees payable for the audit of the Company's subsidiary accounts	3.0	1.7
– Fees payable for audit related assurance services pursuant to legislation or regulation	1.1	1.0

£146,600 (inclusive of VAT) (2022: £10,800) was payable to the auditor for other services in the year.

Refer to the Corporate Governance Report for details of the Audit Committee's policy on fees paid to the Company's auditor for non-audit services. Audit fees are 74% (2022: 65%) of total fees and 26% (2022: 35%) of total fees are for non-audit services, which are classed as audit related assurance services under the FRC rules on non-audit services.

The majority of amortisation of software is charged to directly attributable expenses in the Income Statement

9d. Employee numbers (including Directors)

	Average for the year	
	2023 Number	2022 Number
Direct customer contact employees	8,365	7,490
Support employees	4,276	3,845
Total	**12,641**	**11,335**

9e. Directors' remuneration

(i) Directors' remuneration

	31 December 2023 £m	31 December 2022 £m
Directors' emoluments	1.2	1.1
Amounts receivable under SIP and DFSS share schemes	2.1	2.2
Company contributions to money purchase pension plans	–	–
Total*1	**3.3**	**3.3**

*1. Directors' remuneration is stated as that of the Executive Directors. For information on Non-Executive Directors' remuneration see the remuneration report

(ii) Number of Directors

	2023 Number	2022 Number
Retirement benefits are accruing to the following number of Directors under:		
– Money purchase schemes	2	2

9f. Employee share schemes

Total share scheme costs for the Group are analysed below:

	31 December 2023		
	SIP charge (i) £m	DFSS charge (ii) £m	Total charge £m
IFRS 2 charge for equity settled share schemes	17.0	46.3	63.3
IFRS 2 charge for cash settled share schemes	–	3.2	3.2
Total IFRS 2 charge	17.0	49.5	66.5
Social security costs on IFRS 2 charge	1.3	7.3	8.6
Discretionary bonus on shares allocated but unvested	–	8.7	8.7
Total share scheme charges	**18.3**	**65.5**	**83.8**
Amounts recovered from co-and reinsurance arrangements			(29.4)
Net share scheme charges			**54.4**

	31 December 2022		
	SIP charge (i) £m	DFSS charge (ii) £m	Total charge £m
IFRS 2 charge for equity settled share schemes	18.0	39.3	57.3
IFRS 2 charge for cash settled share schemes	–	0.2	0.2
Total IFRS 2 charge	18.0	39.5	57.5
Social security costs	0.7	0.4	1.1
Discretionary bonus on shares allocated but unvested	–	20.7	20.7
Total share scheme charges	**18.7**	**60.6**	**79.3**
Amounts recovered from co-and reinsurance arrangements			(27.6)
Net share scheme charges			**51.7**

Share scheme charges are presented on a net basis within the strategic report, after allocations to co-insurers (in the UK and Italy) and reinsurers (in the International Insurance businesses), in line with internal management reporting. The proportion of net to gross share scheme charges would be expected to be consistent in each period, at approximately 65%.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

9. Directly attributable and other expenses continued

Analysis of gross cost	2020 and prior £m	2021 £m	2022 £m	2023 £m	Total cumulative charge to date £m
	Financial year ended 31 December				
Year of share scheme – SIP					
2019	9.4	6.4	4.1	**–**	19.9
2020	3.1	6.7	5.4	**3.1**	18.3
2021*1	–	4.4	5.4	**5.3**	15.1
2022*1	–	–	3.1	**5.3**	8.4
2023*1	–	–	–	**3.3**	3.3
Gross IFRS 2 costs – SIP			18.0	**17.0**	
Year of share scheme – DFSS					
2019	14.3	15.8	8.0	**–**	38.1
2020	4.7	13.0	14.6	**10.0**	42.3
2021*2	–	4.9	13.4	**19.2**	37.5
2022*2	–	–	3.5	**14.9**	18.4
2023*2	–	–	–	**5.4**	5.4
Gross IFRS 2 costs – DFSS			39.5	**49.5**	
Total IFRS 2 costs			57.5	**66.5**	

*1. Awards are made in March and September of each year, and vest over 36 months from award date. On the 2021 scheme, an average of 5 months' charge remains outstanding, on the 2022 scheme an average of 17 months' charge remains outstanding, and on the 2023 schemes an average of 29 months' charge remains outstanding.

*2. The main award is made in September of each year, with smaller awards made at other points through the year. The shares vest over 36 months from award date. On the 2021 main DFSS, 9 months' charge remains outstanding; on the 2022 main DFSS 21 months' charge remains outstanding, and on the 2023 main DFSS, 33 months' charge remains outstanding.

(i) The Approved Share Incentive Plan (the SIP)

Eligible UK based employees qualify for awards under the SIP based upon the performance of the Group in each half-year period. The maximum award for each year is £3,600 per employee and the maximum number of shares that can vest relating to the 2023 schemes is 1,045,697 (2022 schemes: 872,728; 2021 schemes: 688,384).

The awards are made at the discretion of the Remuneration Committee, taking into account the Group's performance.

(ii) The Discretionary Free Share Scheme (the DFSS)

Under the DFSS, details of which are contained in the remuneration policy section of the Directors' Remuneration Report, individuals receive an award of free shares at no charge.

The maximum number of shares that can vest relating to the 2023 schemes is 3,360,665 (2022 scheme: 3,070,323; 2021 scheme: 2,850,114).

The vesting percentage for most employees for the 2020 DFSS scheme which vested during 2023 was 78.25% (2019 DFSS scheme: 98.9%).

(iii) Number of free share awards committed at 31 December 2023

	Awards outstanding*1
SIP 2021*2	688,384
SIP 2022*2	872,728
SIP 2023*2	1,045,697
DFSS 2021*3	2,850,114
DFSS 2022*3	3,070,323
DFSS 2023*3	3,360,665
Total awards committed	11,887,911

*1. Being the maximum number of awards committed before accounting for expected employee attrition and vesting conditions.

*2. Shares are awarded in March and September of each year, and vest three years later.

*3. The main award is made in September of each year, with smaller awards made at other points through the year.

(iv) Number of free share awards vesting during the year ended 31 December 2023

	Original awards	Awards vested
SIP 2020 schemes	982,643	819,861
DFSS 2020 schemes	2,795,261	1,898,249

The difference between the original and vested awards reflects employee attrition (SIP schemes) and both employee attrition and the vesting outcomes based on performance conditions noted above (DFSS schemes).

The weighted average fair value of the shares granted in the year was £20.48 (2022: £19.45).

The weighted average market share price at the date of exercise for shares exercised during the year was £23.28 (2022: £21.51).

10. Taxation

10a. Accounting policy

Income tax on the profit or loss for the periods presented comprise of current and deferred tax.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the period, using tax rates that have been enacted or substantively enacted by the balance sheet date, and includes any adjustment to tax payable in respect of previous periods.

Current tax related to items recognised in Other Comprehensive Income is also recognised in Other Comprehensive Income and not in the Income Statement.

(ii) Deferred tax

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes and the amounts used for taxation purposes.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date and that are expected to apply in the period when the liability is settled, or the asset is realised.

The principal temporary differences arise from carried forward losses, differences between tax capital allowances and depreciation of property, plant and equipment, reserve movements and share scheme charges.

The resulting deferred tax is charged or credited in the Income Statement, except to the extent it relates to items that are recognised in Other Comprehensive Income or directly in equity, in which case the deferred tax is also recognised in Other Comprehensive Income or directly in equity respectively.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets (including those relating to carried forward losses) are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. The probability of the availability of future taxable profits is determined by a combination of the existence of taxable temporary differences and reviewing future profit projections for the businesses.

10b. Taxation

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

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

10. Taxation continued

Factors affecting the total tax charge are:

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

Corporation tax assets as at 31 December 2023 totalled £20.4 million, with corporation tax liabilities of £4.9 million (2022: £13.9 million liability and £9.1 million asset).

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

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

In 2021, over 130 countries reached a historic agreement to reform the international tax framework. The main aim of the agreement was to ensure that large, multinational corporations pay their fair share of tax in the countries in which they operate and this included the introduction of a new global minimum corporate income tax rate of 15% - referred to as the Pillar Two rules.

Legislation has now been enacted in various countries (including the United Kingdom) and draft legislation or announcements have been made in others, with the rules first coming into effect for the Group from 1 January 2024. Under the new rules, the Group may be required to pay top-up taxes either in the UK ultimate parent location or in the overseas jurisdiction if a jurisdiction has an effective tax rate of less than 15%, as calculated under the rules.

The Group expects top-up tax to arise in relation to our operations in Gibraltar, where the statutory corporate tax rate is 12.5%. However, since the enacted Pillar Two legislation is only effective from 1 January 2024, the Group has no related current tax impact for the year ended 31 December 2023. If the Pillar Two rules had applied in the year ended 31 December 2023, top-up tax arising in relation to the profits in Gibraltar would have been immaterial to the Group.

The Pillar Two rules are complex and the Group continues to monitor ongoing developments in legislation and guidance to assess the impact for future periods. Current modelling indicates that the top-up tax will primarily be dependent on the profits arising in Gibraltar. Based on current forecasts and the expected profit mix across the Group for the next two financial years (2024 and 2025), it is not expected that the Pillar Two rules will result in a material increase in the Group effective tax rate compared to the average of the last three years (2021-2023: 21% average).

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

In addition to the Pillar Two legislation, the Government of Gibraltar announced on 24 January 2024 that the taxation of interest income as trading income is to be extended to include that of insurers for accounting periods beginning on or after 1 February 2024. This change would result in additional investment and interest income of the Group's subsidiary, Admiral Insurance (Gibraltar) Limited becoming taxable from 1 January 2025 at the Gibraltar corporation tax rate of 12.5%.

If the change in treatment had taken effect for the current financial year ended 31 December 2023, the impact to the Group on current tax and deferred tax is estimated to be immaterial. The Group are continuing to review the draft legislation against the particular nature of the investments held in Gibraltar to determine how widely it applies.

It should be noted that there will be interactions between these two legislative changes. Additional corporation tax in Gibraltar payable as a result of the proposed changes to the taxation of interest income will correspondingly reduce the Pillar Two top-up tax required to be paid by the Group for periods ending 31 December 2025 onwards.

10c. Deferred income tax asset/(liability)

Analysis of deferred tax asset/(liability)

	Tax treatment of share schemes £m	Capital allowances £m	Carried forward losses £m	Fair value reserve £m	Hedging reserve £m	Insurance finance reserve £m	Other differences £m	Total £m
Balance brought forward at 1 January 2022 (restated)	**8.5**	**7.8**	**8.4**	**(5.8)**	**–**	**3.0**	**(1.2)**	**20.7**
Tax treatment of share scheme charges through income or expense	1.2	–	–	–	–	–	–	1.2
Tax treatment of share scheme charges through reserves	(6.3)	–	–	–	–	–	–	(6.3)
Capital allowances	–	(0.7)	–	–	–	–	–	(0.7)
Carried forward losses	–	–	29.2	–	–	–	–	29.2
Movement in fair value reserve	–	–	–	13.0	–	–	–	13.0
Movement in hedging reserve	–	–	–	–	(7.0)	–	–	(7.0)
Movement in insurance finance reserve	–	–	–	–	–	(22.8)	–	(22.8)
Other difference	–	–	–	(0.3)	–	–	1.4	1.1
Balance carried forward at 31 December 2022 (restated)	**3.4**	**7.1**	**37.6**	**6.9**	**(7.0)**	**(19.8)**	**0.2**	**28.4**
Tax treatment of share scheme charges through income or expense	1.7	–	–	–	–	–	–	1.7
Tax treatment of share scheme charges through reserves	2.1	–	–	–	–	–	–	2.1
Capital allowances	–	(11.0)	–	–	–	–	–	(11.0)
Carried forward losses	–	–	15.9	–	–	–	–	15.9
Movement in fair value reserve	–	–	–	(5.7)	–	–	–	(5.7)
Movement in hedging reserve	–	–	–	–	4.5	–	–	4.5
Movement in insurance finance reserve	–	–	–	–	–	9.7	–	9.7
Other difference	–	–	–	–	–	–	0.5	0.5
Balance carried forward at 31 December 2023	**7.2**	**(3.9)**	**53.5**	**1.2**	**(2.5)**	**(10.1)**	**0.7**	**46.1**

Positive amounts presented above relate to a deferred tax asset position.

The deferred tax asset has increased during the year, mainly relating to unused tax losses in the UK and Gibraltar which are recognised as it is considered probable that there are sufficient future taxable profits available to utilise the losses.

At 31 December 2023, the Group had unused tax losses amounting to £233.0 million (2022: £322.0 million, including losses of compare.com which was disposed of in 2023) and other deductible timing differences of £43.4 million, relating primarily to the Group's businesses in the US and Spain for which no deferred tax assets have been recognised. This is due to uncertainty over the availability and timing of future taxable profits against which to utilise these deferred tax assets. The earliest expiry date for the US tax losses is 2029, with no expiry for the losses in Spain.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

11. Other Assets and Other Liabilities

11a. Accounting policy

(i) Property and equipment, and depreciation

All property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost less residual values of the assets over their useful economic lives. These useful economic lives are as follows:

Improvements to short leasehold buildings	– four to ten years
Computer equipment	– two to four years
Office equipment	– four years
Furniture and fittings	– four years
Right-of-use assets	– two – twenty years, aligned to lease agreement

As set out further in note 6i to the financial statements, a right-of-use asset is established in relation the Group's lease arrangements.

The right-of-use asset is measured at cost, which comprises the following:

- The amount of the initial measurement of lease liability (note 6i to the financial statements)
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the lease term and the asset's useful life on a straight-line basis.

The Group does not have any significant leases which qualify for the short-term leases or leases of low-value assets exemption.

(ii) Impairment of property and equipment

In the case of property and equipment, carrying values are reviewed at each balance sheet date to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated and compared to the carrying value. The carrying value is the higher of the fair value of the asset less costs to sell and the asset's value in use. Impairment losses are recognised through the Income Statement.

(iii) Intangible assets

Goodwill

All business combinations are accounted for using the acquisition method. Goodwill has been recognised in acquisitions of subsidiaries and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

The classification and accounting treatment of acquisitions occurring before 1 January 2004 have not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 January 2004 due to the exemption available in IFRS 1 (First time adoption). In respect of acquisitions prior to 1 January 2004, goodwill is included at the transition date on the basis of its deemed cost, which represents the amount recorded under UK GAAP, which was tested for impairment at the transition date. On transition, amortisation of goodwill has ceased as required by IAS 38.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units (CGUs) according to business segment and is reviewed annually for impairment.

The goodwill held on the balance sheet at 31 December 2023 and 2022 is allocated solely to the UK Insurance segment.

Impairment of goodwill

The annual impairment review involves comparing the carrying amount to the estimated recoverable amount (by allocating the goodwill to CGUs) and recognising an impairment loss if the recoverable amount is lower. Impairment losses are recognised through the Income Statement and are not subsequently reversed.

The recoverable amount is the greater of the fair value of the asset less costs to sell and the value in use of the CGU.

The value in use calculations use cashflow projections based on financial budgets approved by management covering a period of up to three years. Cashflows beyond this period are considered, but not included in the calculation.

The key assumptions used in the value in use calculations are those regarding revenue growth, along with expected changes in pricing and expenses incurred during the forecast period. Management estimates revenue growth rates and changes in pricing based on past practices and expected future changes in the market.

The headroom above the goodwill carrying value is very significant, and there is no foreseeable event that would eliminate this margin.

Software

Purchased software is recognised as an intangible asset and amortised over its expected useful life (generally the licence term which is typically between 2 and 4 years). Internally generated software is recognised as an intangible asset, with directly attributable costs incurred in the development stage capitalised. The internally generated software assets are amortised over the expected useful life of the systems and amortisation commences when the software is available for use.

The carrying value of software is reviewed every six months for evidence of impairment, with the value being written down if any impairment exists. Impairment may be reversed if conditions subsequently improve.

Customer contracts and relationships

Customer contracts and relationships are recognised as an intangible asset and amortised over its expected useful life (generally the term of the contract), amortisation commences when the contract begins.

The carrying value of customer contracts and relationships are reviewed every six months for evidence of impairment, with the value being written down if any impairment exists. Impairment may be reversed if conditions subsequently improve.

(iv) Provisions, contingent liabilities and contingent assets

Provisions are recognised when a legal or constructive obligation arises as a result of an event that occurred before the balance sheet date, when a cash-outflow relating to this obligation is probable and when the amount can be estimated reliably.

Where a material obligation exists, but the likelihood of a cash outflow or the amount is uncertain, or where there is a possible obligation arising from a past event that is contingent on a future event, a contingent liability is disclosed.

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of future events. Where it is probable that a cash inflow will arise from a contingent asset, this is disclosed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

11. Other Assets and Other Liabilities continued

11b. Property and equipment

	Improvements to short leasehold buildings £m	Computer equipment £m	Office equipment £m	Furniture and fittings £m	ROU Asset – Leasehold buildings £m	Total £m
Cost						
At 1 January 2022	37.0	68.9	21.9	9.9	103.3	241.0
Additions	1.7	7.0	0.6	0.7	1.3	11.3
Impairment	–	–	–	–	(1.3)	(1.3)
Disposals	(1.6)	(2.7)	(1.5)	(0.1)	(9.7)	(15.6)
Foreign exchange and other movements	0.4	0.7	0.4	0.2	1.4	3.1
At 31 December 2022	37.5	73.9	21.4	10.7	95.0	238.5
Depreciation						
At 1 January 2022	26.3	57.3	19.9	8.5	25.8	137.8
Charge for the year	3.2	5.5	0.8	0.6	8.1	18.2
Impairment	–	–	–	–	(0.7)	(0.7)
Disposals	(1.6)	(2.4)	(1.5)	–	(3.2)	(8.7)
Foreign exchange and other movements	0.2	0.7	0.3	0.1	0.8	2.1
At 31 December 2022	28.1	61.1	19.5	9.2	30.8	148.7
Net book amount						
At 1 January 2022	10.7	11.6	2.0	1.4	77.5	103.2
Net book amount						
At 31 December 2022	**9.4**	**12.8**	**1.9**	**1.5**	**64.2**	**89.8**
Cost						
At 1 January 2023	37.5	73.9	21.4	10.7	95.0	238.5
Additions	3.5	4.9	0.2	0.7	3.3	12.6
Impairment	–	–	–	–	6.1	6.1
Disposals	(10.9)	(20.8)	(2.8)	(1.9)	(5.6)	(42.0)
Foreign exchange and other movements	(0.4)	(0.7)	(0.5)	0.1	1.1	(0.4)
At 31 December 2023	29.7	57.3	18.3	9.6	99.9	214.8
Depreciation						
At 1 January 2023	28.1	61.1	19.5	9.2	30.8	148.7
Charge for the year	3.1	6.4	0.9	0.8	7.0	18.2
Impairment	–	–	–	–	(0.2)	(0.2)
Disposals	(9.5)	(20.8)	(2.8)	(1.7)	(5.4)	(40.2)
Foreign exchange and other movements	(0.1)	(0.9)	(0.4)	0.1	(0.5)	(1.8)
At 31 December 2023	21.6	45.8	17.2	8.4	31.7	124.7
Net book amount						
At 31 December 2023	**8.1**	**11.5**	**1.1**	**1.2**	**68.2**	**90.1**

11c. Intangible assets

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

Goodwill relates to the acquisition of Group subsidiary EUI Limited (formerly Admiral Insurance Services Limited) in November 1999. As described in the accounting policies, the amortisation of this asset ceased on transition to IFRS on 1 January 2004. All annual impairment reviews since the transition date have indicated that the estimated recoverable value of the asset is greater than the carrying amount and therefore no impairment losses have been recognised.

Internally generated software includes a new claims system implemented within the UK business during 2022 which has a net carrying amount of £24.1 million as at 31 December 2023 (2022: £33.4 million) and a remaining amortisation period of 3 years.

Only one year of forecasts is required to support the recoverable value of goodwill above. Given the short time period used to support the recoverable amount, no terminal growth rate or discounting is applied.

Refer to the accounting policy for goodwill for further information.

11d. Trade and other payables

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

11e. Leases

The Group occupies various properties under leasing arrangements that are now recognised as right of use assets and lease liabilities.

Amounts recognised in the Statement of Financial Position are as follows:

	31 December 2023 £m	31 December 2022 (restated) £m
Lease liabilities		
Current	13.7	8.3
Non-Current	67.5	80.2
Total	**81.2**	88.5

See note 11b for right of use assets depreciation and the carrying amount of right of use assets at the end of the reporting period. Only one class of underlying assets is identified as leasehold buildings. Total cash outflows in relation to leases is disclosed under 6i.

The Group has no significant financial commitments other than those accounted for as right of use assets and lease liabilities under IFRS 16.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
continued

11. Other Assets and Other Liabilities continued

11f. Contingent liabilities

The Group's legal entities operate in numerous tax jurisdictions and on a regular basis are subject to review and enquiry by the relevant tax authority.

One of the Group's previously owned subsidiaries was subject to a Spanish Tax Audit which concluded with the Tax Authority denying the application of the VAT exemption relating to insurance intermediary services. The Company has appealed this decision via the Spanish Courts and is confident in defending its position which is, in its view, in line with the EU Directive and is also consistent with the way similar supplies are treated throughout Europe. Whilst the Company is no longer part of the Admiral Group, the contingent liability which the Company is exposed to has been indemnified by the Admiral Group up to a cap of £22 million.

No material provisions have been made in these financial statements in relation to the matters noted above.

The Group is, from time to time, subject to threatened or actual litigation and/or legal and/or regulatory disputes, investigations or similar actions both in the UK and overseas. All potentially material matters are assessed, with the assistance of external advisers if appropriate, and in cases where it is concluded that it is more likely than not that a payment will be made, a provision is established to reflect the best estimate of the liability. In some cases it will not be possible to form a view, for example if the facts are unclear or because further time is needed to properly assess the merits of the case or form a reliable estimate of its financial effect. In these circumstances, specific disclosure of a contingent liability and an estimate of its financial effect will be made where material, unless it is not practicable to do so.

The Directors do not consider that the final outcome of any such current case will have a material adverse effect on the Group's financial position, operations or cashflows, and as such, no material provisions are currently held in relation to such matters.

A number of the Group's contractual arrangements with reinsurers include features that, in certain scenarios, allow for reinsurers to recover losses incurred to date. The overall impact of such scenarios would not lead to an overall net economic outflow from the Group.

12. Dividends, Earnings and Share Capital

The Group's capital includes share capital and the share premium account, other reserves which are comprised of the fair value reserve, insurance finance reserve, hedging reserve and foreign exchange reserve, and retained earnings.

12a. Accounting policies

(i) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

(ii) Fair value reserve

For investments recognised as Fair Value through Other Comprehensive Income (FVOCI), changes in fair value are accumulated within the fair value reserve within equity. The accumulated changes in fair value are transferred to profit or loss when the investment is derecognised or impaired.

(iii) Hedging reserve

The hedging reserve includes the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges. Amounts are subsequently reclassified to profit or loss as appropriate.

(iv) Insurance finance reserve

The insurance finance reserve relates to the impact of changes in market interest rates on the value of the insurance and reinsurance assets and liabilities. These changes are reflected in the insurance finance reserve in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities.

(v) Dividends

Dividends are recorded in the period in which they are declared and paid.

(vi) Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to equity holders of the Group Parent Company, Admiral Group plc by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to equity holders of the Group Parent Company by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

12b. Dividends

Dividends were proposed, approved and paid as follows:

	31 December 2023 £m	31 December 2022 (restated) £m
Proposed March 2022 (118.0 pence per share, approved April 2022 and paid June 2022)	–	348.1
Declared August 2022 (105.0 pence per share, paid October 2022)	–	310.2
Proposed March 2023 (52.0 pence per share, approved April 2023 and paid June 2023)	154.9	–
Declared August 2023 (51.0 pence per share, paid October 2023)	152.2	–
Total dividends	**307.1**	**658.3**

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

A 2023 final dividend of 52.0 pence per share (approximately £156.2 million) has been proposed. Refer to the financial narrative for further detail.

12c. Earnings per share

	31 December 2023 £m	31 December2022 (restated) £m
Profit for the financial year after taxation attributable to equity shareholders	338.0	286.5
Weighted average number of shares – basic	303,989,170	300,207,330
Unadjusted earnings per share – basic	111.2p	95.4p
Weighted average number of shares – diluted	305,052,941	301,543,390
Unadjusted earnings per share – diluted	110.8p	95.0p

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

12d. Share capital

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

During 2023, 3,466,950 (2022: 3,283,006) new ordinary shares of 0.1 pence were issued to the trusts administering the Group's share schemes.

806,950 (2022: 675,927) of these were issued to the Admiral Group Share Incentive Plan Trust for the purposes of this share scheme resulting in cumulative shares issued to the Trust at 31 December 2023 of 14,500,249 (31 December 2022: 13,693,299). Of the shares issued, 4,028,579 remain in the Trust at 31 December 2023 (2022: 3,851,967). These shares are entitled to receive dividends.

2,660,000 (2022: 2,607,079) shares were issued to the Admiral Group Employee Benefit Trust for the purposes of the Discretionary Free Share Scheme resulting in cumulative shares issued to the Trust of 33,209,027 (31 December 2022: 30,549,027). Of the shares issued 5,868,352 remain in the Trust at 31 December 2023 (2022: 5,111,601) to be used for future vesting, the remaining issued shares having vested.

The balance of awards made to employees under the Discretionary Free Share Scheme that have not either vested or lapsed is 8,755,431 (2022: 8,302,363).

The Trustees have waived the right to dividend payments, other than to the extent of 0.001 pence per share, unless and to the extent otherwise directed by the Company from time to time.

There is one class of share with no unusual restrictions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

12. Dividends, Earnings and Share Capital continued

12e. Group related undertakings

The Parent Company's subsidiaries are as follows:

Subsidiary	Class of shares held	% ownership	Principal Activity
Incorporated in England and Wales			
Registered office: Ty Admiral, David Street, Cardiff, United Kingdom, CF10 2EH			
Admiral Law Limited	Ordinary	95	Legal Company
Able Insurance Services Limited	Ordinary	100	Insurance Intermediary
EUI Limited*2	Ordinary	100	Insurance Intermediary
Admiral Insurance Company Limited	Ordinary	100	Insurance Company
Admiral Syndicate Limited	Ordinary	100	Dormant*1
Admiral Syndicate Management Limited	Ordinary	100	Dormant*1
Bell Direct Limited*4	Ordinary	100	Dormant*1
Diamond Motor Insurance Services Limited*4	Ordinary	100	Dormant*1
Elephant Insurance Services Limited*4	Ordinary	100	Dormant*1
Admiral Life Limited*4	Ordinary	100	Dormant*1
Admiral Financial Services Limited	Ordinary	100	Financial Services Company
Incorporated in Gibraltar			
Registered office: 2Aa 2nd Floor, Leisure Island Business Centre, 23, Ocean Village Promenade, Gibraltar, GX11 1AA			
Admiral Insurance (Gibraltar) Limited	Ordinary	100	Insurance Company
Incorporated in France			
Registered office: la Boétie, 75008 Paris			
Pioneer Intermediary Europe Services	Ordinary	100 (indirect)	Insurance intermediary
Incorporated in Italy			
Registered office: Via Della Bufalotta 374, 00139 Roma			
Admiral Financial Services Italia S.P.A.	Ordinary	100	Financial services Company
Incorporated in Spain			
Registered office: Calle Rodríguez Marín 61 1ª Planta, 28016 Madrid			
Admiral Europe Compañía de Seguros, S.A.	Ordinary	100	Insurance Company
Registered office: Calle Albert Einstein, 10 41092 Sevilla			
Admiral Intermediary Services S.A.*3	Ordinary	100	Insurance Intermediary

Subsidiary	Class of shares held	% ownership	Principal Activity
Incorporated in the United States of America			
Registered office: 8801 Park Central Drive, Suite 500, Richmond, VA 23227			
Elephant Insurance Company	Ordinary	100 (indirect)	Insurance company
Grove General Agency Inc	Ordinary	100 (indirect)	Insurance intermediary
Platinum General Agency Inc	Ordinary	100 (indirect)	Insurance intermediary
Registered office: Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801			
Elephant Insurance Services LLC	Ordinary	100 (indirect)	Insurance intermediary
Elephant Holding Company LLC	Ordinary	100	Holding Company
Subsidiaries by virtue of control			
The related undertakings below are subsidiaries in accordance with IFRS 10, as Admiral can exercise dominant influence or control over them:			
Registered office: 10th Floor, 5 Churchill Place, London, E14 5HU			
Seren One Limited	n/a	0	Special purpose entity
Seren Two Limited	n/a	0	Special purpose entity
Associates			
Registered office: Tramshed Tech, Pendyris Street, Capital Tower, Greyfriars Road, Cardiff, Wales, CF10 3AD			
Wagonex Limited	Ordinary	23.56 (indirect)	Internet-based Subscription Platform

*1. Exempt from audit under S480 of Companies Act 2006.
*2. EUI Limited has branches in India and Canada.
*3. Admiral Intermediary Services S.A. has branches in Italy and France.
*4. At the balance sheet date Admiral Life Limited, Bell Direct Limited, Diamond Motor Insurance Services Limited and Elephant Insurance Services Limited were in the process of being dissolved.

For further information on how the Group conducts its business across the UK, Europe and the US, refer to the Strategic Report.

12f. Related party transactions

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

A summary of the remuneration of key management personnel is as follows, with further detail relating to the remuneration and shareholdings of key management personnel set out in the Directors' Remuneration Report.

Key management personnel received short term employee benefits in the year of £2,900,278 (2022: £3,058,170), post-employment benefits of £30,000 (2022: £30,000) and share based payments of £1,608,776 (2022: £1,561,768). Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group employees, typically at a reduction of 15%.

12g. Post balance sheet events

No events have occurred since the reporting date that materially impact these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

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

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

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

*1. Total insurance revenue of £3,486.1 million (2022: £2,956.9 million), comprised of insurance premium revenue of £3,283.3 million (2022: £2,782.1 million) and Other insurance revenue of £202.8 million (2022: £174.8 million).

*2. Intra-group income elimination relates to comparison income earned by compare.com from other Group entities.

APPENDIX 1 TO THE GROUP FINANCIAL STATEMENTS (unaudited)

The following tables reconcile significant Key Performance Indicators (KPIs) and non-GAAP measures included in the Strategic Report to items included in the financial statements.

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

	31 December 2023				
£m	Consolidated financial statement note	Core product	Ancillary income	Total gross	Total, net of XoL reinsurance
Insurance premium revenue		3,152.3	131.0	3,283.3	3,170.6
Administration fees, instalment income and non-separable ancillary commission		–	202.8	202.8	202.8
Insurance revenue (A)	5b/5d	3,152.3	333.8	3,486.1	3,373.4
Insurance expenses (B)	5c	(795.2)	(41.6)	(836.8)	(836.8)
Claims incurred (C)	5c/5d	(2,624.6)	(40.5)	(2,665.1)	(2,605.8)
Claims releases (D)	5c/5d	440.6	–	440.6	447.3
Quota share reinsurance result*1					(40.4)
Onerous loss component movement*2					4.9
Underwriting result (E)					**342.6**
Net share scheme costs3					**(36.8)**
Insurance service result					**305.8**
Reported loss ratio ((C+D)/A)					**63.9%**
Reported expense ratio (B/A)					**24.8%**
Insurance service margin (E/A)					**10.2%**

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

*1. Quota share reinsurance result excludes quota share reinsurers' share of share scheme costs and movement in onerous loss-recovery component.

*2. Onerous loss component movement is shown net of all reinsurance.

*3. Net share scheme costs of £36.8 million (2022: £32.8 million), being gross costs of £55.3 million (2022: £53.0 million, see note 5c) less reinsurers' share of share scheme costs of £18.5 million (2022: £20.2 million) are excluded from the underwriting result.

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

continued

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

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

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

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

Parent Company Financial Statements

Parent Company Income Statement

	Note	Year ended 31 December 2023 £m Total	Year ended 31 December 2022 £m Total
Administrative expenses	2	(29.9)	(26.3)
Operating loss		**(29.9)**	**(26.3)**
Investment and interest income	3	362.8	320.1
Impairment expense	4	(37.2)	(37.0)
Gain/(loss) on disposal of subsidiaries		(3.2)	–
Interest payable	6	(20.4)	(12.0)
Profit before tax		**272.1**	**244.8**
Taxation credit	7	12.1	5.7
Profit after tax		**284.2**	**250.5**

Parent Company Statement of Comprehensive Income

	Note	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Profit for the period		**284.2**	**250.5**
Other Comprehensive Income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve		13.4	(20.9)
Deferred tax in relation to movement in fair value reserve	7	(3.4)	5.2
Other Comprehensive Income for the period, net of income tax		10.0	(15.7)
Total Comprehensive income for the period		**294.2**	**234.8**

Parent Company Financial Statements

For the year ended 31 December 2023

Parent Company Statement of Financial Position

	Note	As at 31 December 2023 £m	As at 31 December 2022 £m
ASSETS			
Investments in group undertakings	4	426.2	421.6
Intangible assets	5	–	0.4
Financial investments	6	220.2	167.5
Corporation tax asset	7	9.0	4.6
Deferred tax asset	7	10.0	0.9
Trade and other receivables	8	227.6	184.5
Cash and cash equivalents	6	5.0	3.5
Total assets		**898.0**	**783.0**
EQUITY			
Share capital	10	0.3	0.3
Share premium account		13.1	13.1
Fair value reserve	10	8.4	(1.6)
Retained earnings		137.2	96.7
Total equity		**159.0**	**108.5**
LIABILITIES			
Subordinated and other financial liabilities	6	370.2	224.4
Trade and other payables	9	368.8	450.1
Total liabilities		**739.0**	**674.5**
Total equity and total liabilities		**898.0**	**783.0**

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 6 March 2024 and were signed on its behalf by:

Geraint Jones
Chief Financial Officer
Admiral Group plc

Company Number: 03849958

Parent Company Statement of Changes in Equity

	Note	Share capital £m	Share premium account £m	Fair Value Reserve £m	Retained earnings £m	Total equity £m
At 1 January 2022		0.3	13.1	14.1	447.3	474.8
Profit for the period		–	–	–	250.5	250.5
Other Comprehensive Income						
Movements in fair value reserve	10	–	–	(20.9)	–	(20.9)
Deferred tax charge in relation to movements in fair value reserve	7	–	–	5.2	–	5.2
Total comprehensive income/(expense) for the period		**–**	**–**	**(15.7)**	**250.5**	**234.8**
Transactions with equity holders						
Dividends	10	–	–	–	(658.3)	(658.3)
Issues of share capital	10	–	–	–	–	–
Share scheme credit		–	–	–	57.3	57.3
Deferred tax on share scheme credit		–	–	–	(0.1)	(0.1)
Total transactions with equity holders		–	–	–	(601.1)	(601.1)
As at 31 December 2022		0.3	13.1	(1.6)	96.7	108.5
At 1 January 2023		0.3	13.1	(1.6)	96.7	108.5
Profit for the period		–	–	–	284.2	284.2
Other Comprehensive Income						
Movements in fair value reserve	10	–	–	13.4	–	13.4
Deferred tax charge in relation to movements in fair value reserve	7	–	–	(3.4)	–	(3.4)
Total comprehensive income for the period		**–**	**–**	**10.0**	**284.2**	**294.2**
Transactions with equity holders						
Dividends	10	–	–	–	(307.1)	(307.1)
Issues of share capital	10	–	–	–	–	–
Share scheme credit		–	–	–	63.3	63.3
Deferred tax on share scheme credit		–	–	–	0.1	0.1
Total transactions with equity holders		**–**	**–**	**–**	**(243.7)**	**(243.7)**
As at 31 December 2023		**0.3**	**13.1**	**8.4**	**137.2**	**159.0**

Notes to the Parent Company Financial Statements

For the year ended 31 December 2023

continued

1. Accounting policies

1.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements are prepared on the historical cost basis except for the revaluation of financial assets classified as fair value through the profit or loss or as fair value through Other Comprehensive Income. The Parent Company financial statements are presented alongside the consolidated financial statements which can be found on page 437.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs") but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Admiral Group plc is considered to be the parent entity and the ultimate parent Company of the Group.

1.2 Changes to accounting policies

No changes to accounting policies have been made in the period which have a material impact.

1.3 Disclosure exemptions applied under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- FRS 101.8 (a): the requirements of paragraph 45(b) and 46 to 52 of IFRS 2 Share-based payment
- FRS 101.8 (d): the requirement of IFRS 7 Financial Instruments: Disclosure to make disclosures about financial instruments
- FRS 101.8 (f): the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 118(3) of IAS 38 Intangible Assets
- FRS 101.8 (g): the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements to produce a cashflow statement, a third balance sheet and to make an explicit and unreserved statement of compliance with IFRSs
- FRS 101.8 (h): the requirements of IAS 7 Statements of Cashflows to produce a cashflow statement
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to include a list of new IFRSs that have been issued but that have yet to be applied
- FRS 101.8 (k): the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to transaction is wholly owned by such a member

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.4 Going concern

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Company's projections for the next twelve months and beyond, including cashflow forecasts and regulatory capital surpluses.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

1.5 Critical accounting judgements and key source of estimation uncertainty

In applying the Company's accounting policies as described below, management consider there to be a key source of estimation uncertainty within the impairment testing of the Company's investments in group undertakings. Management recognises the estimation involved in determining whether the carrying value of the investment may be supported by the recoverable amount calculation based on the 'value in use' of the asset (the net present value of future cashflows arising from the asset).

In calculating the net present value of future cashflows, Management has made assumptions over the timing and amount of underlying profit projections of the relevant undertakings, long term growth rates in those projections and the discount rate applied to these projections that is appropriate to reflect the market's view of the risk of the relevant investment. Sensitivity of these assumptions is also considered in calculating the net present value and suitably incorporated in Management's valuations.

No key accounting judgements have been made in the process of applying the Company's accounting policies.

1.6 Shares in Group undertakings

Shares in Group undertakings are valued at cost less any provision for impairment in value.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investments in subsidiaries. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. See note 4 to these financial statements for further detail.

1.7 Employee share schemes

The Company operates a number of share schemes for employees of the Group's subsidiaries. For equity settled schemes, the fair value of the employee services received in exchange for the grant of free shares under the schemes is recognised as an increase in equity in the Company. A corresponding intercompany charge is made to the subsidiaries whose employees receive the free shares. For further detail, see note 9 in the consolidated financial statements.

1.8 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

1.9 Financial assets and financial liabilities

Under IFRS 9, classification and subsequent measurement of financial assets depend on:

- The Company's business model for managing the asset; and
- The cashflow characteristics of the asset.

Based on these factors, the Company classifies its financial assets into one of the three categories below:

- Amortised cost: assets held for collection of contractual cashflows where the cashflows represent solely payments of principal and interest, that are not designated as FVTPL.
- Fair value through Other Comprehensive Income (FVOCI): Financial assets that are held for collection of contractual cashflows and selling the assets, where the assets' cashflows represent solely payments of principal and interest, and that are not designated at FVTPL.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI, or which are designated as FVTPL at initial recognition.

In line with the above:

- Gilts and other debt securities are measured at FVOCI. Unrealised changes in the fair value of these assets are recognised in Other Comprehensive Income (OCI). The recognition of impairment gains or losses and interest revenue are recognised in the profit or loss.
- Investments measured at FVTPL are primarily money market funds. Interest income is recognised in the Income statement.

The expected credit loss model is used to calculate any impairment to be recognised for all assets measured at amortised cost, as well as financial investments measured at FVOCI. Impairment is measured using the simplified approach.

Cash and cash equivalents include cash in hand and deposits held at call with banks. All cash and cash equivalents are measured at amortised cost.

The Company's financial liabilities comprise of subordinated notes and revolving credit facilities which are held at amortised cost using the effective interest method.

1.10 Intangible Assets

Purchased software licences are classified as an intangible asset and stated in the balance sheet at a cost less accumulated amortisation. Software is amortised from the point at which the asset is operational and is amortised over the licence period.

1.11 Trade and other receivables

Trade and other receivables are measured at amortised cost, less any impairment.

1.12 Trade and other payables

Trade and other payables are measured at amortised cost.

2. Administrative expenses

Included within administrative expenses are re-charges of £7.1 million (2022: £6.1 million) relating to employees within the Group who perform services on behalf of the Company. No employees are directly employed by the Company.

Notes to the Parent Company Financial Statements

For the year ended 31 December 2023

continued

3. Investment and interest income

	31 December 2023 £m	31 December 2022 £m
Dividend income from subsidiary undertakings	357.5	310.0
Interest income - other	7.1	1.3
Interest (expense)/income at effective interest rate*1	(1.8)	8.8
Total investment and interest income	**362.8**	**320.1**

*1. Interest income at effective interest rate in 2023 includes £3.6 million loss on disposal of gilts (2022: £4.7 million gain).

4. Investments in Group undertakings

	£m
Investments in subsidiary undertakings:	
At 1 January 2022	**315.1**
Additions	143.5
Disposals	–
Impairment	(37.0)
At 31 December 2022	**421.6**
Additions	41.7
Disposals	–
Impairment	(37.1)
At 31 December 2023	**426.2**

A full list of the Company's subsidiaries is disclosed in note 12 of the consolidated financial statements.

The additions to investments in the period of £41.7 million relate to the following:

- Further investment in Admiral Europe Compañía de Seguros ('AECS') (£30.7 million);
- Further investment in Able Insurance Services Limited ('Able') (£5.0 million);
- Further investment in Admiral Financial Services Italia S.PA ('AFSI') (£6.0 million)

An annual impairment review is performed over the carrying value of the investments in subsidiary undertakings, which involves comparing the carrying amount to the estimated recoverable amount. The recoverable amount is the greater of the fair value of the asset less costs to sell, and the value in use of the subsidiary, calculated using cashflow projections based on financial budgets approved by the Group Board.

Elephant

In 2023 a non-cash impairment loss of £19.5 million (2022: £35.2 million) has been recognised by the Parent Company in respect of its investment in the Group's US Insurance business Elephant. The impairment charge is to reflect the loss incurred during 2023 to bring the value of the investment to its recoverable amount, being its fair value less costs to sell (equivalent to net asset value), of £36.9 million (2022: £56.3 million). The impairment charge is presented within the "Impairment losses" line of the Parent Company Income Statement.

The carrying value is based on fair value less costs of disposal, for which the net assets has been used as a reasonable approximation, using tier 3 of the fair value hierarchy. Due to limitations on evidential market information and restrictions in readily available information, net assets have been used to estimate fair value less costs to sell.

As the valuation is based on net assets, any movement in future profits will impact the investment held.

Able

In 2023 a non-cash impairment loss of £7.9 million (2022: £nil) has been recognised by the Parent Company in respect of its investment in the Group's UK based insurance business Able. The impairment charge is to bring the value of the investment to its recoverable amount, being its fair value less costs to sell (equivalent of net asset value), of £6.1 million (2022: £9.0 million).

AFSI

In 2023 a non-cash impairment loss of £9.8 million (2022: £nil) has been recognised by the Parent Company in respect of its investment in the Group's Italian loans business AFSI. The impairment charge is to reflect the loss incurred during 2023 to bring the value of the investment to its recoverable amount, being its fair value less costs to sell (equivalent of net asset value), of £4.7 million (2022: £8.5 million).

The Board continues to explore new adventures and is committed to supporting Able and AFSI in its diversification strategy.

Impairment charges is presented within the "Impairment losses" line of the Parent Company Income Statement.

5. Intangible Assets

	Software £m	Total £m
Cost		
At 1 January 2023	0.4	0.4
Additions	–	–
Disposal	–	–
At 31 December 2023	**0.4**	**0.4**
Amortisation		
At 1 January 2023	–	–
Charge for the year	0.4	0.4
Disposal	–	–
At 31 December 2023	**0.4**	**0.4**
Net Book Value		
At 31 December 2022	0.4	0.4
At 31 December 2023	**–**	**–**

6. Financial assets and liabilities

The Company's financial instruments can be analysed as follows:

	31 December 2023 £m	31 December 2022 £m
Investments classified as FVOCI		
Gilts and government debt securities	134.6	143.6
Corporate debt securities	78.2	–
	212.8	143.6
Investments classified as FVTPL		
Money market and other similar funds (level 1 of the IFRS 13 hierarchy)	7.4	23.9
	7.4	23.9
Total financial investments	**220.2**	**167.5**
Financial assets held at amortised cost		
Trade and other receivables (note 8)	227.6	184.5
Cash and cash equivalents	5.0	3.5
Total financial assets	452.8	355.5
Financial liabilities		
Subordinated notes	315.2	204.4
Other borrowings	55.0	20.0
Trade and other payables (note 9)	368.8	450.1
Total financial liabilities	**739.0**	**674.5**

The amortised cost carrying amount of deposits and receivables is a reasonable approximation of fair value.

Notes to the Parent Company Financial Statements

For the year ended 31 December 2023

continued

6. Financial assets and liabilities continued

The table below compares the carrying value of subordinated notes (as per the Statement of Financial Position) with the fair value of the subordinated notes using a level one valuation:

	31 December 2023		31 December 2022	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Financial liabilities				
Subordinated notes	315.2	329.8	204.4	196.4

The subordinated notes consist of two separate issuances. The first subordinated notes were issued on 25 July 2014 at a fixed rate of 5.5% and a total value of £200 million. In July 2023 these notes were tendered with a take-up of 72.45%, with the remaining amount retaining the original redemption date of 25 July 2024.

The second subordinated notes were issued on 6 July 2023 at a fixed rate of 8.5%, with a total value of £250 million and a redemption date of 6 January 2034.

Total interest payable of £20.4 million (2022: £12.0 million) was recognised, of which £17.5 million (2022: £11.1 million) was in relation to the subordinated loan notes.

7. Taxation

7a. Taxation credit

	31 December 2023 £m	31 December 2022 £m
Current tax		
Corporation tax credit on profits for the year	9.0	4.6
Change in provision relating to prior periods	(9.3)	1.0
Current tax credit	(0.3)	5.6
Deferred tax		
Current period deferred taxation movement	0.2	0.1
Change in provision relating to prior periods	12.2	–
Total tax credit per income statement	**12.1**	**5.7**

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

Factors affecting the total tax credit are:

	31 December 2023 £m	31 December 2022 £m
Profit before tax	**272.1**	**244.8**
Corporation tax thereon at effective UK corporation tax rate of 23.5% (2022: 19.0%)	63.9	46.5
Expenses and provisions not deductible for tax purposes	10.9	6.2
Adjustments relating to prior periods	(2.9)	–
Non-taxable income	(84.0)	(58.4)
Total tax credit for the period as above	**(12.1)**	**(5.7)**

At the year end, the corporation tax asset was £9.0 million (2022: £4.6 million).

7b. Deferred income tax (asset)/liability

Analysis of deferred tax (asset)/liability

	Tax treatment of share schemes £m	Capital allowances £m	Carried forward losses £m	Fair value reserve £m	Other differences £m	Total £m
Balance brought forward at 1 January 2022	(0.3)	–	–	4.6	–	**4.3**
Tax treatment of share scheme charges through income or expense	(0.1)	–	–	–	–	**(0.1)**
Tax treatment of share scheme charges through reserves	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Movement in fair value reserve	–	–	–	(5.2)	–	**(5.2)**
Balance carried forward at 31 December 2022	**(0.3)**	**–**	**–**	**(0.6)**	**–**	**(0.9)**
Tax treatment of share scheme charges through income or expense	(0.2)	–	–	–	–	**(0.2)**
Tax treatment of share scheme charges through reserves	(0.1)	–	–	–	–	**(0.1)**
Carried forward losses	–	–	(12.2)	–	–	**(12.2)**
Movement in fair value reserve	–	–	–	3.4	–	**3.4**
Balance carried forward at 31 December 2023	**(0.6)**	**–**	**(12.2)**	**2.8**	**–**	**(10.0)**

The recognition of deferred tax assets is supported by the expected future taxable profits of the UK group.

Legislation to introduce a global minimum effective tax rate of 15% known as the Pillar Two rules was substantively enacted in the UK on 20 June 2023 under Finance (No.2) Act 2023. The rules introduce a domestic top-up tax and multinational top-up tax effective for accounting periods starting on or after 31 December 2023. There is therefore no related current tax impact for the year ended 31 December 2023. The Parent Company has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. Further information can be found in note 10 of the consolidated financial statements.

8. Trade and other receivables

	31 December 2023 £m	31 December 2022 £m
Trade and other receivables	2.8	1.2
Amounts owed by subsidiary undertakings	224.8	183.3
Total trade and other receivables	**227.6**	**184.5**

Held within amounts owed by subsidiary undertakings is £223.7 million (2022: £182.2 million) which relate to loans with formal agreements in place between the parent and the subsidiary. The estimated credit losses of these loans has been considered and any expected credit loss is considered to be immaterial due to the assessment of credit risk being low due to the positive net value of assets of the subsidiaries and future trading projections.

Of the above amount, £28.5 million is due in greater than one year (2022: £155.1 million).

9. Trade and other payables

	31 December 2023 £m	31 December 2022 £m
Trade and other payables	10.3	7.2
Amounts owed to subsidiary undertakings	358.5	442.9
Total trade and other payables	**368.8**	**450.1**

Held within amounts owed to subsidiary undertakings is £201.4 million (2022: £198.2 million) which relate to loans with formal agreements in place between the parent and the subsidiary.

Notes to the Parent Company Financial Statements

For the year ended 31 December 2023

continued

10. Share capital and reserves

Capital within the Company is comprised of share capital and the share premium account, the fair value reserve (which reflects movements in the fair value of assets classified as FVOCI) and retained earnings. Further information can be found within note 12 of the consolidated financial statements.

10a. Share capital

	31 December 2023 £m	31 December 2022 £m
Authorised		
500,000,000 ordinary shares of 0.1 pence	**0.5**	0.5
Issued, called up and fully paid		
306,304,680 (2022: 302,837,726) ordinary shares of 0.1 pence	**0.3**	0.3
	0.3	0.3

10b. Dividends

Dividends were proposed, approved and paid as follows:

	31 December 2023 £m	31 December 2022 £m
Proposed March 2022 (118.0 pence per share, approved April 2022 and paid June 2022)	**–**	348.1
Declared August 2022 (105.0 pence per share, paid October 2022)	**–**	310.2
Proposed March 2023 (52.0 pence per share, approved April 2023 and paid June 2023)	**154.9**	–
Declared August 2023 (51.0 pence per share, paid October 2023)	**152.2**	–
Total dividends	**307.1**	**658.3**

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

A final dividend of 52.0 pence per share (£156.2 million) has been proposed in respect of the 2023 financial year. Refer to the Chair's Statement and Strategic Report for further detail.

The profit and loss account of the Parent Company does not include any unrealised profits, therefore the amount available for distribution by reference to these accounts is £137.2 million. Interim accounts will be laid before Companies House prior to payment of the 2023 Final Dividend in order to demonstrate that profits are available for distribution.

The Group also has substantial retained profits in its subsidiary companies which are expected to flow up to the Parent Company in due course, such that surplus cash generated can continue to be returned to shareholders.

11. Related party transactions

The Company has taken advantage of the exemptions permitted by Financial Reporting Standard 101.8 (k) and not disclosed details of transactions with other wholly owned group undertakings. Transactions with group undertakings that are not wholly owned by Admiral Group plc are disclosed below.

	Transaction Value 2023 £m	Balance at 31 December 2023 due/(to) related party £m	Transaction Value 2022 £m	Balance at 31 December 2022 due/(to) related party £m
compare.com Insurance Agency LLC (Subsidiary undertaking)	**–**	**–**	0.3	2.6

12. Guarantees and contingent liabilities

During 2018, a Special Purpose Entity (SPE) was set up in order to secure additional funding for the Admiral Money business, with a second such SPE set up in October 2021. The Company acts as guarantor for certain operational performance conditions of its subsidiary, AFSL, as seller and servicer for the SPEs, and indemnifies AFSL in respect of any amount that would have been payable by AFSL for non-compliance with such performance conditions.

One of the Groups' previously owned subsidiaries was subject to a Spanish Tax Audit which concluded with the Tax Authority denying the application of the VAT exemption relating to insurance intermediary services. The Company has appealed this decision via the Spanish Courts and is confident in defending its position which is, in its view, in line with the EU Directive and is also consistent with the way similar supplies are treated throughout Europe. Whilst the Company is no longer part of the Admiral Group, the contingent liability which the Company is exposed to has been indemnified by the Admiral Group up to a cap of £22 million.

A number of the Group's contractual arrangements with reinsurers include features that, in certain scenarios, allow for reinsurers to recover losses incurred to date. The overall impact of such scenarios would not lead to an overall net economic outflow from Admiral Group plc.

13. Post balance sheet events

No events have occurred since the reporting date that materially impact these financial statements.

14. Continued application of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework

Following the first time application of FRS 101 Reduced Disclosure Framework in 2015, the Board considers that it is in the best interests of the Group for Admiral Group plc to continue to apply the FRS 101 Reduced Disclosure Framework in future periods. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in Admiral Group plc may serve objections to the use of the disclosure exemptions on Admiral Group plc, in writing, to its registered office (Tŷ Admiral, David Street, Cardiff, CF10 2EH) no later than 30 June 2024.

Glossary

Alternative Performance Measures

Throughout this report, the Group uses a number of Alternative Performance Measures (APMs); measures that are not required or commonly reported under International Financial Reporting Standards, the Generally Accepted Accounting Principles (GAAP) under which the Group prepares its financial statements.

These APMs are used by the Group, alongside GAAP measures, for both internal performance analysis and to help shareholders and other users of the Annual Report and financial statements to better understand the Group's performance in the period in comparison to previous periods and the Group's competitors.

The table below defines and explains the primary APMs used in this report. Financial APMs are usually derived from financial statement items and are calculated using consistent accounting policies to those applied in the financial statements, unless otherwise stated. Non-financial KPIs incorporate information that cannot be derived from the financial statements but provide further insight into the performance and financial position of the Group.

APMs may not necessarily be defined in a consistent manner to similar APMs used by the Group's competitors. They should be considered as a supplement rather than a substitute for GAAP measures.

Turnover	Turnover is defined as total premiums written (as below), Other insurance revenue, Other revenue and interest income from Admiral Money. It is reconciled to financial statement line items in note 13 to the financial statements. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total value of the revenue generated by the Group and analysis of this measure over time provides a clear indication of the size and growth of the Group. The measure was developed as a result of the Group's business model. The UK Car insurance business has historically shared a significant proportion of the risks with Munich Re, a third party reinsurance Group, through a co-insurance arrangement, with the arrangement subsequently being replicated in some of the Group's international insurance operations. Premiums and claims accruing to the external co-insurer are not reflected in the Group's Income Statement and therefore presentation of this metric enables users of the Annual Report to see the scale of the Group's insurance operations in a way not possible from taking the Income Statement in isolation.
Total Premiums Written	Total premiums written are the total forecast premiums, net of forecast cancellations written in the underwriting year within the Group, including co-insurance. It is reconciled to financial statement line items in note 13 to the financial statements. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total premiums written by the Group's insurance intermediaries and analysis of this measure over time provides a clear indication of the growth in premiums, irrespective of how co-insurance agreements have changed over time. The reasons for presenting this measure are consistent with that for the Turnover APM noted above.
Earnings per share	Earnings per share represents the profit after tax attributable to equity shareholders, divided by the weighted average number of basic shares.
Underwriting result (profit or loss)	For each insurance business an underwriting result is presented. This shows the insurance segment result before tax excluding investment income, finance expenses, co-insurer profit commission and other net income. It excludes both gross share scheme costs and any assumed quota share reinsurance recoveries on those share scheme costs.
Loss Ratio	Loss ratios are reported as follows: **Reported loss ratios** are expressed as a percentage, of claims incurred, on a gross basis net of XoL reinsurance, divided by insurance revenue net of XoL reinsurance premiums ceded. The reported loss ratios use the total claims, and earned premium loss ratios, we use the total claims, and earned premium and related income (instalment income, administration fees and ancillary income where it is highly correlated to the core product). It is understood that this is consistent with the approach taken by peers, and reflects the true profitability of products sold. **Core product loss ratios** use the total claims and earned premiums for the core product only. This measure is more consistent with that used previously, and are reflective of the performance of the core product in a line of business. The calculations and compositions of the loss ratios are presented within Appendix 1a and Appendix 1b to these financial statements.

Expense Ratio	Expense ratios are reported as follows: Reported expense ratios are expressed as a percentage, of expenses incurred, on a gross basis excluding share scheme costs, divided by insurance revenue net of XoL reinsurance premiums ceded. The reported expenses ratios use the total expenses ratios, we use the total expenses (excluding share scheme costs), and earned premium and related income (instalment income, administration fees and ancillary income where it is highly correlated to the core product). It is understood that this is consistent with the approach taken by peers, and it is considered to be reflect the true profitability of products sold. **Core product expense ratios** use the total expenses (excluding share scheme costs) and earned premiums for the core product only. This measure is more consistent with that used previously, and are reflective of the performance of the core product in a line of business. **Written expense ratios** are calculated using total expenses (excluding share scheme costs) and written premiums, net of cancellation provision, for the core product only. The calculations of the reported expense ratios are presented within Appendix 1a and Appendix 1b to the financial statements.
Combined Ratio	Combined ratios are the sum of the loss and expense ratios as defined above. Explanation of these figures is noted above and reconciliation of the calculations are provided in Appendix 1a and Appendix 1b.
Insurance service margin	This is the reported insurance segment underwriting result, divided by insurance revenue net of excess of loss premiums ceded.
Quota share result	The total result (ceded premiums minus ceded recoveries) from contractual quota share arrangements, excluding the quota share reinsurer's share of share scheme expenses, finance expenses and onerous loss component.
Segment result	The profit or loss before tax reported for individual business segments, which exclude net share scheme costs and other central expenses.
Return on Equity	Return on equity is calculated as profit after tax for the period attributable to equity holders of the Group divided by the average total equity attributable to equity holders of the Group in the year. This average is determined by dividing the opening and closing positions for the year by two. It excludes the impact of discontinued operations.
Group Customers	Group customer numbers reflect the total number of cars, vans, households and pets on cover at the end of the year, across the Group, and the total number of travel insurance and Admiral Money customers. This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the size of the Group's customer base and analysis of this measure over time provides a clear indication of the growth. It is also a useful indicator of the growing significance to the Group of the different lines of business and geographic regions. The measure has been restated from 2022 onwards to exclude Veygo policies, given the significant fluctuations that can arise at a point in time as a result of the short-term nature of the product.
Effective Tax Rate	Effective tax rate is defined as the approximate tax rate derived from dividing the Group's profit before tax by the tax charge going through the Income Statement. It is a measure historically presented by the Group and enables users to see how the tax cost incurred by the Group compares over time and to current corporation tax rates.

Glossary continued

Additional Terminology

There are many other terms used in this report that are specific to the Group or the markets in which it operates. These are defined as follows:

Accident year	The year in which an accident occurs. Claims incurred may be presented on an accident year basis or an underwriting year basis, the latter sees the claims attach to the year in which the insurance policy incepted.
Actuarial best estimate	The probability-weighted average of all future claims and cost scenarios calculated using historical data, actuarial methods and judgement.
ASHE	'Annual Survey of Hours and Earnings' – a statistical index that is typically used for calculating the inflation of annual payment amounts under Periodic Payment Order (PPO) claims settlements.
Claims reserves	A monetary amount set aside for the future payment of incurred claims that have not yet been settled, thus representing a balance sheet liability.
Co-insurance	An arrangement in which two or more insurance companies agree to underwrite insurance business on a specified portfolio in specified proportions. Each co-insurer is directly liable to the policyholder for their proportional share.
Commutation	An agreement between a ceding insurer and the reinsurer that provides for the valuation, payment, and complete discharge of all obligations between the parties under a particular reinsurance contract. The Group typically commutes UK motor insurance quota share contracts after 24-36 months from the start of an underwriting year where it makes economic sense to do so. Although an individual underwriting year may be profitable, the margin held in the financial statement claims reserves may mean that an accounting loss on commutation must be recognised at the point of commutation of the reinsurance contracts. This loss on commutation unwinds in future periods as the financial statement loss ratios develop to ultimate.
Insurance market cycle	The tendency for the insurance market to swing between highs and lows of profitability over time, with the potential to influence premium rates (also known as the "underwriting cycle").
Claims net of XoL reinsurance	The cost of claims incurred in the period, less any claims costs recovered via salvage and subrogation arrangements or under XoL reinsurance contracts. It includes both claims payments and movements in claims reserves.
Excess of Loss ('XoL') reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer on an excess of loss ('XoL') basis (full reinsurance for claims over an agreed value).
Insurance premium revenue net of XoL	The element of premium, less XoL reinsurance premium, earned in the period.
Insurance revenue	Gross earned premium (excluding any co-insurer share) plus Other insurance revenue.
Net promotor score	NPS is currently measured based on a subset of customer responding to a single question: On a scale of 0–10 (10 being the best score), how likely would you recommend our Company to a friend, family or colleague through phone, online or email. Answers are then placed in 3 groups; Detractors: scores ranging from 0 to 6; Passives/neutrals: scores ranging from 7 to 8; Promoters: scores ranging from 9 to 10 and the final NPS score is : % of promoters - % of detractors.
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements in the UK.
Other insurance revenue	Revenue that is considered non-separable from the core insurance product sold and therefore under IFRS 17 is reported as insurance revenue. For the Group, this is typically the instalment income, administration fees and any other non-separable income related to the Group's retained share of the underwritten products.
Periodic Payment Order (PPO)	A compensation award as part of a claims settlement that involves making a series of annual payments to a claimant over their remaining life to cover the costs of the care they will require.
Premium	A series of payments are made by the policyholder, typically monthly or annually, for part of or all of the duration of the contract. Written premium refers to the total amount the policyholder has contracted for, whereas earned premium refers to the recognition of this premium over the life of the contract.
Profit commission	A clause found in some reinsurance and co-insurance agreements that provides for profit sharing. Co-insurer profit commission is presented separately on the Income Statement whilst reinsurer profit commissions are presented within the reinsurance result, as a part of any recovery for incurred claims.
Regulatory Solvency Capital Requirement ('SCR')	The Group's Regulatory Solvency Capital Requirement (SCR) is an amount of capital that it should hold in addition to its liabilities in order to provide a cushion against unexpected events. In line with the rulebook of the Group's regulator, the PRA, the Group's SCR is calculated using the Solvency II Standard Formula, and includes a fixed capital add-on to reflect limitations in the Standard Formula with respect to Admiral's risk profile (predominately in respect of co-and reinsurance profit commission arrangements and risks relating to Periodic Payment Orders (PPOs). The Group's current fixed capital add-on of £24 million was approved by the PRA during 2023. The Group is required to maintain eligible Own Funds (Solvency II capital) equal to at least 100% of the Group SCR. Both eligible Own Funds and the Group SCR are reported to the PRA on a quarterly basis and reported publicly on an annual basis in the Group's Solvency and Financial Condition Report. Admiral separately calculates a 'dynamic' capital add-on and has used this to report a solvency capital requirement and solvency ratio at the date of this report. A reconciliation between the regulatory solvency ratio and that calculated on a dynamic basis is included in note 3 to the Group financial statements.
Reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer. This can be on a quota share basis (a percentage share of premiums, claims and expenses) or an excess of loss ('XoL') basis (full reinsurance for claims over an agreed value).
Scaled Agile	Scaled Agile is a framework that uses a set of organisational and workflow patterns for implementing agile practices at an enterprise scale. Scaled agile at Admiral represents the ability to drive agile at the team level whilst applying the same sustainable principles of the Group.
Securitisation	A process by which a group of assets, usually loans, is aggregated into a pool, which is used to back the issuance of new securities. A Company transfer assets to a special purpose entity (SPE) which then issues securities backed by the assets.
Solvency ratio	A ratio of an entity's Solvency II capital (referred to as Own Funds) to Solvency Capital Requirement. Unless otherwise stated, Group solvency ratios include a reduction to Own Funds for a foreseeable dividend (i.e. dividends relating to the relevant financial period that will be paid after the balance sheet date).
Special Purpose Entity (SPE)	An entity that is created to accomplish a narrow and well-defined objective. There are specific restrictions or limited around ongoing activities. The Group uses an SPE set up under a securitisation programme.
Ultimate loss ratio	A projected actuarial best estimate loss ratio for a particular accident year or underwriting year.
Underwriting year	The year in which an insurance policy was incepted.
Underwriting year basis	Also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was underwritten. Underwriting year basis results are calculated on the whole account (including co-insurance and reinsurance shares) and include all premiums, claims, expenses incurred and other revenue (for example instalment income and commission income relating to the sale of products that are ancillary to the main insurance policy) relating to policies incepting in the relevant underwriting year.
Written/Earned basis	An insurance policy can be written in one calendar year but earned over a subsequent calendar year.

MIX
Paper from responsible sources
FSC® C022913

Designed and produced by **Radley Yeldar** www.ry.com

This annual report is printed on Revive 100 which is 100% recycled. The manufacturers of Revive 100 hold ISO 9001 & ISO 14001 certifications and are also FSC & PEFC certified. This report is printed by Pureprint a CarbonNeutral® company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified. If you have finished reading the Report and no longer wish to retain it, please pass it on to other interested readers or dispose of it in your recycled paper waste.

Thank you TO ALL OUR COLLEAGUES OVER THE LAST 30 YEARS

Admiral Group PLC

Registered Office

Tŷ Admiral
David Street
Cardiff
CF10 2EH

www.admiralgroup.co.uk