

Insurance to loans group Admiral sees pre-tax profits slide by more than a third

Car insurance to loans group and Wales' only FTSE 100 company, Admiral, has seen its pre-tax profits fall by a more than a third. However it said it performed well in a challenging inflationary hit insurance market – with rising claim costs – as it continues its diversification strategy of being less reliant on its established UK car insurance business.

As a result of its financial performance in 2022, which saw pre-tax profits slide 39% on 2021 (£769m) to £469m and turnover up 5% to £3.68bn – as premiums rose – some 10,000 Admiral staff will receive free shares worth up to £3,600.

The shares at the highest level the company, which employs more than 7,000 in South Wales with its HQ in Cardiff, can award for its financial performance.

The group's UK loans business, Admiral Money, which was launched five years ago, reported its first, although small, profit. The group's customer base, both UK and internationally, grew by 11% to 9.28 million.

Admiral's chief executive Milena Mondini de Focatiss said: "I am proud of the agility and adaptability that Admiral demonstrated in 2022 as it increased its customer base by 11% and delivered profits of £469m against the backdrop of a challenging market environment.

"We have yet again shown focus and discipline, reacting quickly to emerging trends – we implemented price increases ahead of others in response to higher inflation whilst maintaining a conservative approach to reserving and capital management.

“We continued to make progress on our diversification strategy with Admiral Money making its first profit, continued growth across the group particularly in new products, and growing new partnerships and distribution channels in international insurance which now has over two million customers.

“We are aware that this has also been a challenging year for our customers and our people and looking after them is our core purpose. We continue to invest in our data and technology capabilities to be sure that we serve our customers better. I would like to thank all my colleagues across the Group for their hard work and dedication.

“And today we continue to be well-positioned for when the market improves given the combination of our proven competencies in underwriting and distribution, our willingness to innovate and to test-and-learn, and our commitment to people.”

Internationally its US car insurance venture, Elephant, had a particularly tough 2022 booking what Admiral described as disappointing losses of £49m. This was despite premium increases of more than 25% and what it described as “a drastic reduction” in advertising spending.

On the outlook for its US business, Admiral said: “We are continuing to assess options for Elephant to reach its full potential in such a huge market.”

Its car insurance businesses in Italy and Spain also came under pressure with “very low” market average premiums .

While a strong diversification strategy is emerging, with loan, household. travel and pet insurance offers, the UK car insurance market remains a key driver of overall profitability – generating £616m in 2022.

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