

Car insurer Admiral slashes dividend after profits plunge

Insurer [Admiral](#) has revealed annual profits slumped by 39% after it was hit by soaring inflation and the rising cost of motor claims in one of its most “challenging years” for decades.

The group reported pre-tax profits of £469 million for 2022, down from £769 million in 2021.

Admiral slashed its full-year dividend payout by 40% to 112p a share on the profits tumble, sending shares 7% lower in morning trading on Wednesday.

It comes as insurers across the sector have been impacted by surging motor repair, parts and labour prices, which have sent claims costs rocketing.

2022 has certainly been one of the most significant and challenging years the insurance industry has navigated in recent decades

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The industry has also been under pressure amid regulatory scrutiny on renewal rates and car damage valuations.

Cristina Nestares, Admiral's chief executive of UK Insurance, said: "2022 has certainly been one of the most significant and challenging years the insurance industry has navigated in recent decades."

"In motor insurance, elevated used car prices continued to drive inflation, which together with higher repair costs, longer repair timescales and higher projections of future wage inflation, contributed to significantly higher claims inflation across the countries in which Admiral operates," the group added.

Admiral has responded to steep cost rises in motor claims by hiking its car insurance premiums by more than 20% since March last year, which impacted demand from new customers.

Weather damage has also led to hefty payouts for home insurers, with Admiral revealing a £31.6 million hit from last year's storms and freezing weather.

[Direct Line](#) saw its shares plunge in January when it scrapped its shareholder dividend and revealed that a weather impact pushed up its cost of claims to around £90 million.

Penny James stepped down as chief executive of Direct Line just weeks later.

[Aviva](#) also revealed a claims bill of around £50 million from December's freezing weather.

Milena Mondini de Focatiis, group chief executive of Admiral, said: "We implemented price increases ahead of others in response to higher inflation.

"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.”