

Saga cruise arm rebounds, but £269 million hit from insurance arm leads to steep losses

Self-described “superbrand for older [people](#)” [Saga](#) was hit by a £269 million writedown of its insurance business because of tighter [regulations](#), despite a rebound for its cruise business boosting its underlying [figures](#).

Revenue jumped by 54% to £581.1 million, thanks mostly to the return of [travel](#), with Saga’s travel business growing tenfold and ocean cruise revenue more than doubling.

This helped the group report underlying [profit](#) of £31.5 million, compared to a £6.7 million loss a year earlier.

However, Saga’s accounts also included a £269 million impairment cost for its insurance business. The group said that new regulations from City watchdog the FCA, plus a “highly competitive environment,” made it difficult to make a profit.

As a result, Saga switched strategy on car insurance to a lower-margin approach. Because of the reduced profitability from this strategy, it conducted a review and wrote down the insurance business by £269 million.

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As a result, Saga made a net loss of £259.2 million for the year, compared to £28 million a year earlier.

CEO Euan Sutherland said Saga would take steps to enhance its financial position going forward. The actions it has taken include agreeing to borrow up to £50 million from chairman Sir Roger de Haan. This, it said, would help pay its bond obligations if the sale of its Insurance Underwriting business – announced in January – takes longer than expected.

“Over the past year, through what continued to be a particularly challenging external backdrop, Saga made progress against its strategy while achieving significant revenue growth and returning to underlying profit,” he said.

“Our insurance underwriting business took pricing action to reflect the rise in claims inflation, while our insurance broking business navigated a challenging landscape, adjusting to significant regulatory changes and increased competitive pressure.”

Saga shares fell 9% to 124.4p today.