



21 May 2020

SABRE INSURANCE GROUP PLC

Trading Update

Sabre Insurance Group plc (the "Group" or "Sabre"), one of the UK's leading private motor insurance underwriters, today provides an update on trading for the period ending 31 March 2020 ahead of its AGM later this morning.

- Continued focus on strategy of prioritising underwriting profitability over volume.
- Overall trading conditions consistent with the update given with the full year results presentation of 7 April 2020.
- Gross written premium for the 3 months to 31 March 2020 down approximately 5% year-on-year (£43.7m V £45.9m).
- Continued strong organic capital generation with a solvency coverage ratio of 186% (as at 31 March 2020, post payment of 2019 full year dividend), exceeding our preferred range of 140 to 160%.
- Premium outturn for the year hard to forecast precisely due to the fast-changing COVID-19 impacted rating environment.
- Combined ratio for the financial year is expected to be within the target range of 70 to 80%.
- Introduced price decreases for new and renewal business from mid-April to support customers and to reflect lower claims frequency.
- All colleagues remain on full salaries and we continue to support our smaller suppliers and customers.

Geoff Carter, Chief Executive Officer of Sabre, commented:

"Throughout the COVID-19 crisis, the health and wellbeing of our colleagues and customers has remained our number one priority. Almost all of our people remain working from home, and we are building a robust plan for people to return to the office as and when it is safe for them to do so. Our customers have been able to rely on consistently high-quality levels of service, while we have taken a sympathetic and pragmatic approach to those who are facing financial difficulty and unexpected changes in their lifestyles.

Overall trading conditions are consistent with the update given recently with the full year results on 7 April, albeit in a turbulent market with continued uncertainty caused by the on-going COVID-19 crisis.

Premium volumes continue to be extremely volatile, driven both by consumer behaviour and competitor pricing activity. At the end of March our premium year-on-year was down by around 5% as we sought to enhance our margin by moving lower in our combined operating ratio target corridor and the initial impacts of COVID-19 emerged. Since late March, as the full social distancing measures impacted, we estimate that new business quotations in the market have been down by up to 25% on a weekly basis compared to 2019, primarily driven by the lack of car sales. At the end of April, year to date premiums were down around 15%, although we have seen an improvement in premium levels as May has progressed.

We have continued to see claims frequency reduce significantly throughout late March and April, although traffic does appear to be returning to the roads. From late April we introduced price decreases for new and renewal business following detailed analysis. In addition to supporting customers these reductions reflect the lower costs due to reduced miles driven, whilst ensuring we continue to cover long-term claims and other cost inflation, and the potential for increased frequency and severity of claims as the social distancing measures are eased. Consequently, we have seen an increase in the premiums written in recent weeks – starting to reverse the trend seen in April.

With market volatility expected to continue at least until the current social distancing measures start to ease, and probably for several months thereafter, it remains difficult to forecast the full-year premium outcome with any certainty at this stage. However, we are confident that the year-on-year reduction in premium written reflects the temporary and unique market conditions and volatility. To that end, we will continue to execute our strategy of maintaining underwriting discipline, treating the top line as an output not a target. We believe this will ensure Sabre will be well positioned for growth at the appropriate time. We remain confident our combined operating ratio for the year will fall within our target corridor – although it will be some time before we can be confident exactly where – as claims costs potentially rebound as lockdown eases.

Sabre has a strong balance sheet and a resolute focus on underwriting profitability. The Board remains minded to return excess capital through an additional interim dividend at the appropriate point this year, and is confident of maintaining an attractive dividend for 2020 whilst emerging from this unprecedented period in good shape.”

Investor enquiries

Sabre Insurance Group plc
Geoff Carter / Adam Westwood

01306 747 272

Media enquiries

Tulchan Communications
James Macey White
David Allchurch
Giles Kernick

020 7353 4200

sabre@tulchangroup.com