

25 May 2022

## Sabre Insurance Group plc

### Trading Update

Sabre Insurance Group plc (the “Group” or “Sabre”), one of the UK’s leading motor insurance underwriters, today provides an update on trading for the period from 1 January 2022 to 30 April 2022 ahead of its Annual General Meeting (“AGM”) later this morning.

#### Key Highlights

- Gross written premium for the four months to 30 April 2022 30% ahead of the comparative prior-year period at £59.8m (2021: £46.0m)
- Gross written premium on the motor book slightly ahead year-on-year at £47.8m, in-line with our expectation while market conditions remain soft
- Additionally, we have written approximately £12.0m of motorcycle business which, given the expected seasonality, supports our previously stated outlook of circa £20m of motorcycle premium for the year
- Price increases of 12% for the year to the end of May, which we believe to be materially ahead of the market, reflecting our focus on maintaining profitability over volume
- Relationship with Freeway has brought in over £2m of premium on the taxi account this year – we estimate this will increase to around £16m by the year end
- Policy count 327k as at 30 April 2022 (30 April 2021: 276k), including 45k motorcycle policies (30 April 2021: nil)
- Continue to expect a significant correction to market pricing as inflation materially exceeds market price increases
- Overall post-dividend excess capital has reduced to 160% as at 31 March 2022, from 164% as at 31 December 2021, reflecting the expected capital strain resulting from the rapid growth in the business
- Continue to estimate claims inflation of at least 10%
- Expect combined ratio for the full-year to be around 80%, depending on the level of growth strain in motorcycle and taxi and current high levels of inflation

#### Business Update

As previously disclosed, market pricing increased in the early part of January in response to the General Insurance Pricing Practices review (which banned differential pricing on new business and renewals). We saw growth in our core portfolio during this period. More recently, the broader macro inflationary pressures have not been reflected in price increases across the market, which has modestly impacted our own private car volumes as we continued to exercise our own disciplined pricing strategy. The ongoing trend of lower new car purchases has continued, as anticipated, which continued to impact the size of our addressable market.

We are pleased with the impact made by the partnerships in Taxis (Freeway) and motorcycles (MCE and Bennetts). The integration of the three partnerships – and the flow of sales – has gone very well. Looking forward, diversifying the different types of business that Sabre insures makes the overall business more robust and provides more opportunities for growth without compromising on our disciplined growth strategy.

## Outlook

We are encouraged by the outlook for the business. The addition of motorcycle and significant enhancement of taxi lines diversifies Sabre's growth opportunities and makes the overall business more robust. Alongside the additional growth from the taxi and motorcycle lines, we anticipate a benefit from pricing tailwinds for our core business which should be more positive for Sabre than our competitors because of our continued discipline in this area over the last few years. We also expect our addressable market to increase as new drivers return to the market and the supply of new cars starts to improve – although we anticipate that there may be a short-term decline in demand due to increased cost of living.

Overall, we continue to project material top-line growth this year across our combined product lines. Our financial-year combined operating ratio will be impacted by temporary growth strain in motorcycle and taxi, and the current high levels of inflation will need to be considered in evaluating the expected costs of open claims. However, we continue to target an 80% or better combined operating ratio on all policies we write, which is underpinned by significant rate increases this year.

### **Geoff Carter, Chief Executive Officer of Sabre, commented:**

*"2022 is shaping up to be the start of a more positive period for Sabre. Our expansions into the taxi and motorcycle markets have thus far promoted growth, and we are confident this will continue as we work on development initiatives with our new partners. Whilst we have seen a modest reduction in the policy count of the motor book in recent weeks as we await a strong positive correction in market pricing and continue to push price to counter claims inflation, we expect that things will further improve as new drivers return to the market, car sales pick up, and most importantly some competitors reflect the reality of extremely high claims inflation in pricing. Given this we expect to deliver good overall growth and a COR around our long-term target."*

*"We are confident our disciplined pricing strategy in FY2021, which continues in 2022, will consolidate our core strengths whilst also allowing sustainable growth in new areas"*

#### **Investor enquiries**

Sabre Insurance Group plc

Geoff Carter / Adam Westwood

01306 747 272

#### **Media enquiries**

Tulchan Communications

James Macey White

Guy Bates

020 7353 4200

[sabre@tulchangroup.com](mailto:sabre@tulchangroup.com)

LEI Code: 2138006RXRQ8P8VKGV98