

13 October 2022

Sabre Insurance Group plc

Trading Update

Guidance for the Full Year reiterated

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 July 2022 to 30 September 2022.

Geoff Carter, Chief Executive Officer of Sabre, commented:

“I am pleased with the resilience of our performance through to the end of the third quarter. We have continued to focus on both margin over volume and fully covering the ongoing high levels of claims inflation through price increases that are significantly higher than the market. This consistent strategy ensures that Sabre remains on a sound financial and operational footing for the times ahead.

It is encouraging that despite our above-market price increases we are still delivering volumes in line with our expectations. It is pleasing that we are seeing the planned improvement in our Motor loss ratio.

We have benefitted from writing more Motorcycle business than planned which will generate some natural first year growth strain. As this growth strain subsides the volumes written in our Motorcycle and Taxi businesses will make attractive ongoing profit contributions as our pricing discipline and underwriting initiatives flow through.

The resilience of our Motor performance, and future profit streams from Motorcycle and Taxi, mean that despite the ongoing macro and geo-political uncertainties, we are looking forward with confidence as our specialist offering and discipline over the recent challenging periods pays dividends.”

Financial highlights

	Unaudited 9 months ended 30 Sept 2022	Unaudited 9 months ended 30 Sept 2021	Audited 12 months ended 31 December 2021
Gross written premium	£135.7m	£126.7m	£169.3m
Gross written premium – Motor	£105.2m	£125.5m	£164.6m*
Gross written premium – Motorcycle	£20.9m	£Nil	£3.2m
Gross written premium – Taxi	£9.6m	£1.2m	£1.5m*
Post-dividend solvency capital ratio	163%	175%	164%

**Motor and Taxi split not previously disclosed and split not audited*

Navigating the inflationary environment

Our analysis suggests that the broader market rate increases reported for the year to date are between 10% and 11%, with approximately half of this market rate rise in response to the new FCA pricing rules and half of the market rate rise a direct response to claims inflation.

However, we believe that claims inflation itself is currently running at approximately 12%, meaning that we continue to anticipate a market-wide correction through the final quarter of the year and the first quarter of next year. There are some early signs of an acceleration of price increase by many competitors in recent weeks.

In response to this inflationary environment – and in contrast to the broader market – Sabre has continued to increase prices to reflect claims inflation fully, increasing Motor policy prices by 24% to the end of September 2022, and by 31% over the past twelve months. Our volumes continue to be in line with expectation.

Consequently, we reiterate our guidance for the Full Year and anticipate a combined operating ratio in the mid-90%'s that we expect will improve significantly in 2023.

Long term confidence

Sabre has a strong market position within its Motor business and has proven through this cycle its ability to mitigate inflation with price increases. Sabre's diversification into the complementary Motorcycle and Taxi businesses has created new areas of specialist growth and will make profitable contributions going forward.

This strategy is underpinned by a well-funded balance sheet, with no debt, and with a strong ongoing solvency capital position, above our target range of 140% to 160%. Additionally, Sabre's investment portfolio is low risk and operates a matching policy to ensure that movements in interest/risk-free rates have a minimal impact on its solvency position.

The Board remains very confident in the long-term prospects of the business.

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