

19 October 2023

Sabre Insurance Group plc

Trading Update Strong premium growth and healthy capital position

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 2023 to 30 September 2023.

Financial highlights

	Nine months ended 30 September			Year ended 31 December
	2023	2022	% change	2022
Gross written premium	£162.2m	£135.7m	19.5%	£171.3m
Gross written premium – Motor Vehicle	£140.5m	£105.2m	33.6%	£134.9m
Gross written premium – Motorcycle	£10.7m	£20.9m	(48.8%)	£23.1m
Gross written premium – Taxi	£11.0m	£9.6m	14.6%	£13.3m
Post-dividend solvency capital ratio	191%	163%		154%

Business highlights for the first nine months of 2023

- Strong performance from our core Motor Vehicle book
 - Gross written premiums (‘GWP’) up 34% year-to-date and up 61% versus Q3 2022
 - In recent weeks, premium run-rate has been over 80% up year-on-year
 - Increase in policy count, while maintaining continued focus on profitability as a target and volume as an output. Core Motor Vehicle policy count 222k at 30 September 2023 (30 June 2023: 211k)
 - Significant rate increases mitigating the impact of claims inflation and ensuring margins return towards historical levels for business written in recent months
 - Increase in solvency capital ratio reflects return towards historical levels of underwriting profitability on core Motor Vehicle business and profitable growth
- Good performance from Motorcycle book
 - Ongoing focus on margin over volume – with rate increases expected to drive improved loss ratio performance for 2023 vs 2022
 - Policy count and premium growth impacted by the cessation of trading with MCE Insurance, offset by increase in sales through our alternate channel. Motorcycle policy count 45k at 30 September 2023 (30 June 2023: 48k)
- Taxi book performance improving as planned
 - Taxi market remains challenging, significant underwriting actions starting to show improved loss ratio performance but have reduced premium run-rate vs 2022. Taxi policy count 13k at 30 September 2023 (30 June 2023: 14k)
- Underwriting performance across the portfolio in Q3 supports expectation of an improvement in the combined operating ratio for H2 vs H1 2023. Expect combined operating ratio for 2023 at the higher end of 85% - 90% on a discounted basis in-line with previous guidance
- Post-dividend solvency capital ratio as at 30 September 2023 of 191% (30 September 2022: 163%)

- Expect to have sufficient capital to allow the Board flexibility in determining an appropriate dividend distribution at year-end in-line with our policy – an ordinary dividend payout ratio of 70% of adjusted profit after tax and a distribution of surplus capital through special dividends

Market trends

- Growth in our GWP and policy count despite price increases suggests market pricing correction has continued through Q3, with Sabre continuing to see the benefits of acting early with respect to pricing
- Claims inflation for 2023 continues at around 10%, however rate increases applied are sufficient to cover slightly higher levels of inflation and improve loss ratios towards historical norms, from which we expect to see the benefit in 2024

Full-year premium guidance raised; profitability reaffirmed

- Premium in recent months has been above expectations, therefore we increase our overall 2023 full-year gross written premium year-on-year growth expectation to 20% - 25%
- Reiterate profitability guidance provided at half-year, expect discounted combined operating ratio for the full-year 2023 at the upper end of the 85% - 90% range
- Premium growth and momentum in underwriting margin improvements will earn through in 2024, which we expect to result in further improvement in combined operating ratio in-line with previous guidance

Geoff Carter, Chief Executive Officer of Sabre, commented:

“Having stuck firmly to our ‘profitability over volume’ strategy through four-years of persistent market underpricing and periods of very high inflation, we are now starting to show the benefits of our strategy as market pricing continues to correct.

We have been able to increase prices at a level to cover high on-going inflation whilst also returning anticipated profitability on written business towards our historical levels – in recent months core Motor Vehicle business has been written at an assessed sub-80% undiscounted combined operating ratio – which we have achieved at the same time as writing total GWP considerably higher than our expectations. This should contribute to continued improvement in the financial-year combined operating ratio for 2024, as business written in recent months starts to earn through and the impact of Taxi business written earlier in 2023 subsides.

It is also pleasing to see Motorcycle now performing at around the required level and Taxi performance improving as planned.

Our success so far this year is evident in the high premium levels and very strong solvency position which will allow sufficient headroom for further growth whilst allowing the Board flexibility in determining an appropriate dividend distribution at year-end in-line with our policy.

I would like to thank all our people and shareholders, who have supported Sabre through an extended and challenging market, as we look to a bright and exciting future.”

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