



## Hastings Group Holdings plc

### Trading update for the 3 months ended 31 March 2020

15 April 2020

Hastings Group Holdings plc ('the Group', or 'Hastings'), the technology driven insurance provider, today provides an update on its trading performance for the 3 months ended 31 March 2020.

#### **Toby van der Meer, Chief Executive Officer of Hastings Group Holdings plc, commented:**

*"The first quarter of 2020 has been unprecedented with the COVID-19 outbreak placing additional operational challenges on top of recent industry headwinds. Against this backdrop, Hastings has been agile in responding to customers' needs and I am immensely proud of how all colleagues have adapted to new ways of working.*

*Our primary focus during recent weeks has been on ensuring our colleagues are kept safe and customers are protected. Our colleagues are now able to work and serve customers from home. We have minimised any interruption for customers, supported by our digital investments, with even more customers now using our online services and mobile app. We intend to continue to employ all of our colleagues on their full salaries, and do not currently intend to take advantage of any Government funding support.*

*We are also pleased to have rapidly rolled out enhanced support for our NHS and care worker customers, including free RAC breakdown, priority service and extra courtesy car cover. For all customers we have also put in place additional support for those impacted by COVID-19 including those with financial difficulties or those needing changes in cover or volunteering. We have established a dedicated community fund for local charities and a colleague welfare fund to assist those colleagues and their families that find themselves in need at this time of financial hardship for many.*

*Our underlying business performance continues to be strong and we continue to make good progress on our strategic initiatives. As always, and especially during these difficult times, I would like to thank the entire Hastings team for the hard work and commitment in supporting our customers and the communities in which we work."*

#### **Financial and Operational review**

- **Gross written premiums stable at £234.3m** for the 3 months ended 31 March 2020. Increases in prices have continued to be offset by a change in the risk mix of business that is aimed at lower risk segments and a reduction in younger drivers.
- **Live customer policies ('LCP') up 4% year on year to 2.87 million** as at 31 March 2020. Policy growth has been supported by continued strong retention rates with new business competitiveness largely flat. Pricing discipline has remained a focus during the quarter.
- **Net revenue down slightly at £179.2m** for the 3 months ended 31 March 2020, with policy growth being more than offset by lower earned premiums and reduced investment income.
- **Although underlying repair cost inflation continues, the Group's claims transformation programme has made ongoing progress**, on 3<sup>rd</sup> party repair costs and claims income in particular.
- **The Group has seen continued progress on its other strategic initiatives.** Digital adoption has increased further with 700,000 mobile app downloads as at 31 March 2020, and with online functionality being further enhanced. Good progress is also being made on the Group's pricing and anti-fraud work, and focus on the Group's Home book has resulted in a 4% growth in Home LCP during the first quarter to 218,000 policies as at 31 March 2020.
- **The Group has a low risk and well diversified investment portfolio** which has supported a resilient capital position, with the underwriting subsidiary's Solvency Capital Ratio expected to remain comfortably within the 140-160% target range.

## COVID-19 review and Outlook

- **The Group's agility and modern technology** has enabled a rapid response to COVID-19 and the required changes in working practices, with almost all colleagues now working from home.
- **Motor insurance accident frequencies reduced during March**, with this trend expected to continue for the duration of COVID-19 restrictions.
- **Accident severities continue to increase** and the Group is monitoring further inflationary risks, which are likely to continue throughout 2020 following the easing of COVID-19 restrictions, particularly caused by disruption to repair networks and supply of parts.
- **Trading trends in light of COVID-19 continue to be monitored closely**, including any impact in trading income due, in particular, to reduced mid-term policy adjustment income and the impact of the actions the Group has taken, and may continue to take, to support policyholders.
- **Capital position, cash generation and liquidity remains strong.** The Group has no business lines with direct claims cost exposure resulting from COVID-19, for example travel or business interruption insurance. The Board continues to monitor market developments, financial implications, and related stress scenarios, and remains confident of the Group's robust capital position, current outlook and ongoing ability to support policyholders and continue to invest in the wider economy. Taking into account all factors, the Board still intends, at this stage, to seek shareholder approval of the final dividend of 5.5p at the AGM on 21 May 2020; this represents a reduction of 39% on the 2018 final dividend.
- **The Group continues to invest in its future** and in maintaining the Group's position as an agile, technology driven, low cost operator. These initiatives will ensure the Group remains well placed to capitalise on its strategy and long term profitable growth opportunities.
- **Underlying business performance, including the delivery of benefits from the Group's technology and strategic initiatives, remains in line with management's expectations.**

## Group performance

	3 months ended		
	31 March 2020	31 March 2019	Change
Gross written premiums (£m)	234.3	235.5	(1)%
Net revenue (£m)	179.2	183.1	(2)%

	As at		
	31 March 2020	31 March 2019	Change
Live customer policies (million)	2.87	2.75	4%
UK Private car market share (%)	7.7%	7.6%	10 bps

For more information, please contact:

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### **About Hastings**

Founded in 1996 in Bexhill-on-Sea on the Sussex coast, the Hastings Group is one of the leading general insurance providers to the UK market, with 2.87 million live customer policies and employing over 3,500 colleagues at sites in Bexhill, Leicester, Gibraltar and London.

Hastings provides straightforward products and services to UK car, bike, van and home insurance customers with around 90% of policies directly underwritten by Group's Gibraltar based Underwriting business, Advantage Insurance Company Limited.

Hastings Direct is a trading name of Hastings Insurance Services Limited, the Group's UK broker, which also trades via 'Hastings Premier', 'Hastings Essential', 'Hastings Direct SmartMiles', 'People's Choice' and 'insurePink'.

The Group operates as an insurance provider with two separate businesses. The Group's Retail business, Hastings Insurance Services Limited, is responsible for the end customer pricing, fraud management, product design, distribution and management of the underlying customer relationships. The Group's Underwriting business, Advantage Insurance Company Limited, engages in risk selection, underlying technical pricing, reserving and claims handling.

Retail is supported by, and benefits from, Underwriting's prudent approach to risk and reserving and also benefits from a panel of insurance partners who provide additional underwriting capacity. The Group's integrated model deliberately separates underlying product manufacturing from its distribution.

### **Forward-looking statements**

This trading update may contain forward-looking statements about current expectations, intentions or forecasts of future events, including statements about market trends and our strategy, investments, future operations, industry forecasts and regulatory framework. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate", "believe", "continue", "ongoing", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "target", "seek" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Our actual results could differ materially from those anticipated in our forward-looking statements for many reasons, including the factors described in the section entitled "Managing our risks" in our 2019 Annual Report. In addition, even if our actual results are consistent with the forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.