| Net promoter score[1] (points) | | |
|---|---|---|
| Definition – This is an index that measures the willingness of customers to recommend the Company's products or services to others. It is used to gauge customers' overall experience with a product or service, and customers' loyalty to a brand. | **2022** | **142.0** |
| Aim – The Company aims to improve this over time. | | |
| Performance – The Company experienced a dip on the previous year due to economic headwinds creating parts, labour and hire car supply challenges. | 2021 | 156.0 |

Note:

1. On an aggregated 12-month rolling basis, with 2013 rebased to 100.

**Financial performance**

The Company's financial performance is presented in the profit and loss account on page 16 and statement of comprehensive income on page 17.

Gross premiums written of £3,095.5 million (2021: £3,171.6 million) decreased by 2.4% with lower volumes and lower average premiums across personal lines offset by strong growth in Commercial.

The Company's combined operating ratio increased by 16.0 percentage points to 112% (2021: 96%). The loss ratio increased by 19.0 percentage points with increases across Motor, where the Company has experienced significant inflation in third-party motor damage claims and second-hand vehicles. Overall, claims from weather-related events in Home and Commercial were £149 million, made up of three events, storms in February, extremely dry weather over the summer which resulted in subsidence and the freeze in December.

The expense ratio and commission ratio decreased by 3.0 percentage points, driven primarily by the non-repeat of the Bromley site lease termination charge in 2021.

Prior-year reserve releases were lower by £94.9 million at £164.5 million (2021: £259.4 million) and represented an equivalent of 5.5% of net earned premium (2021: 8.8%). Prior-year reserve releases were concentrated towards more recent accident years and were predominantly lower in Home and Motor.

Overall, the Company's technical result reduced by £461.3 million to a £354.6 million loss (2021: £106.7 million profit).

Investment income increased by £6.2 million to £122.2 million (2021: £116.0 million) as investment income from cash and cash equivalents more than offset reductions in interest income from debt securities. This reflected higher interest rates and a reduction in the Company's holdings in debt securities in the year. Realised and unrealised losses on investments were £70.1 million in the year (2021: £33.1 million gains). This was due to realised losses on the Company's debt securities and unrealised losses on its land and buildings investments.

Other income increased by £71.2 million to £185.1 million (2021: £113.9 million), with instalment income lower, as a result of lower gross written premium, being more than offset by the introduction of a panel fee, where in 2022, the Company created a panel of companies to provide repair services. The Company receives a fee from panel members.

The Company recorded a loss of £137.8 million on ordinary activities before taxation (2021: £334.7 million profit), a reduction of £472.5 million due to a loss in the technical result and realised and unrealised losses in investments, partially offset by improvements to investment income and other income.

At the end of the year, the Company had total assets of £7,161.6 million (2021: £7,918.4 million) and total shareholder's funds of £1,491.5 million (2021: £1,896.6 million).

**Dividends**

A dividend of £90.0 million was paid during the year (2021: £408.0 million), which represented the final dividend for 2021. The Directors do not recommend a final dividend for 2022.

**Solvency capital**

The Company's solvency capital ratio at 31 December 2022 was 127%. The capital position was affected by the combination of significantly weaker levels of Motor profitability, adverse investment experience and well above average claims from major weather events. These factors reduced the Company's own funds in the year. The Board has taken steps to strengthen its capital position during H2 and into 2023, such as reducing the risk in the investment portfolio and agreeing a 10% whole account quota share reinsurance arrangement. It continues to look at options to improve capital strength. The Board aims to operate above its minimum risk appetite of around 128% and it will take actions where it is below this level. In normal circumstances, the Board expects the Company to operate around a solvency capital ratio of 140%.

**Presentation of financial statements**

The primary financial statements are presented in accordance with Company law requirements. In addition, the Company has taken advantage of several disclosure exemptions available under Financial Reporting Standard 101 'Reduced Disclosure Framework' ("**FRS 101**").

**Events after the balance sheet date**

The Company has reviewed the fee for membership for its panel of repair companies and is increasing the fee from 1 January 2023. Some related companies within the Group are members of the repair panel.

On 26 January 2023, the Company announced that it had entered into strategic reinsurance agreements, that together comprise a 3-year structured 10% quota share arrangement. The contracts incept with effect from 1 January 2023.

On 1 March 2023, the Company entered into arrangements relating to Motability Operations and the motor insurance needs of approximately 600,000 of its customers.