Sabre INSURANCE GROUP

Full-year results 2023

Strong growth delivering record gross written premiums and significant increase in profit

Sabre Insurance Group plc (the "Group", or "Sabre"), one of the UK's leading motor insurance underwriters, reports its results for the year ended 31 December 2023.

SUMMARY OF RESULTS

	Year to 31 December 2023	Year to 31 December 2022 (1)
Gross written premium	£225.1m	£171.3m
Net loss ratio	56.3%	66.0%
Expense ratio	30.0%	27.4%
Combined operating ratio	86.3%	93.4%
Profit before tax	£23.6m	£14.0m
Profit after tax	£18.1m	£11.1m
Total dividend per share	9.0p	4.5p
Return on tangible equity (annualised)	22.7%	13.3%
Solvency coverage ratio (pre-final dividend)	205.3%	161.4%
Solvency coverage ratio (post-final and special dividend)	170.9%	153.8%

(1) All relevant 2022 numbers are restated under IFRS 17

Geoff Carter, Chief Executive Officer of Sabre, said:

"The 2023 results demonstrate the strength of Sabre's model with our disciplined approach, of focusing on profitability as a target and treating volume as an output through the cycle, paying off. We have successfully demonstrated the power of this approach over the past twelve months.

Following a challenging 2022, where we reacted early and decisively to the rapid increase in inflation, this year has seen us benefit as some competitors increased prices rapidly and others withdrew from the motor insurance market.

This has resulted in record premium income of £225.1m. *Underlying this is extremely strong growth in our core Motor Vehicle product of* +47.5%, *far exceeding our initial expectations for the year, and outweighing the anticipated reduction in motorcycle business. Further, we have achieved this whilst also returning our forward-looking expected loss ratios to our historical target levels, in the low-to-mid 50% range.*

We have delivered good profit for the year, ahead of expectations and we anticipate a further significant increase in profitability for 2024 as the profitable business written in 2023 earns through. We believe that ongoing market uncertainties are such that price discipline should be maintained across the sector, which, together with our ongoing focus on profitable growth, will enable Sabre to deliver strong returns to shareholders in 2024.

I look forward to the coming year and would like to thank both the Board and Executive team, and all our dedicated colleagues at Sabre for their support and excellent work in the period under review. I would also like to take this opportunity to thank Ian Clark, who leaves the Board with effect from 22nd of May this year, for his dedicated service to the Group over many years."

STRATEGIC HIGHLIGHTS

- Longstanding disciplined strategy delivered record premium and strong profitability
- Motorcycle delivered close to long-term target profitability
- Taxi still in a developmental phase. Premiums being constrained until market conditions improve
- New direct platform delivered on time and on budget, and we expect this to benefit future periods through reduction in servicing costs
- Insurer Hosted Pricing roll-out is on track to deliver increased pricing sophistication in future periods across the portfolio
- Customer service levels maintained, despite the rapid growth in policy numbers

FINANCIAL HIGHLIGHTS

- Overall premium +31.4%. Core Motor Vehicle +47.5%
- Profit ahead of expectations at £23.6m
- Very strong pre-dividend capital position of 205.3%. Well in excess of target operating range of 140%-160%
- Year-end dividend of 8.1p. Consisting of 4.2p ordinary and 3.9p special. 0.9p interim dividend already paid
- Post dividend capital of 170.9%, will support earn-through of current and possible future growth
- Overall loss ratio in-line with our expectations
- Expense ratio above 2023 due to growth in top-line not reflected in earned premium during the year, whilst the expense base has been subject to inflation and a small number of one-off expenses. The expense ratio has improved notably in the second half of the year

MARKET

- Very strong market-wide price correction observed in H2'23, allowing Sabre to grow premiums whilst returning profitability to historic levels
- Continued elevated claims inflation, uncertain smaller personal injury claims costs pending the Supreme Court's decision, and anticipated poor market profitability for 2023, means that industry pricing discipline should sustain
- Large price increases in 2023, the potential change to Ogden discount rates in 2025, and reinsurance rate reductions, means that market price increases in 2024 are unlikely to be at the same level as 2023

OUTLOOK

- Loss ratios should improve further as profitable business written in 2023 earns through, leading to an increase in profit in 2024
- Further improvements in Motorcycle and Taxi to earn through. Motorcycle premium to return to growth in future periods as new distributors are added
- If market pricing discipline sustains, then further growth is expected in the core Motor account

ENQUIRIES

Sabre Insurance Group Geoff Carter, Chief Executive Officer Adam Westwood, Chief Financial Officer	**0330 024 4696**
Teneo James Macey White	**020 7353 4200**

ANALYST PRESENTATION

Event Title:	Sabre Insurance - Full Year Results 2023
Time Zone:	Dublin, Edinburgh, Lisbon, London
Start Time/Date:	09:30 Tuesday, March 19, 2024
Duration:	60 minutes

Webcast: https://brrmedia.news/SBRE_FY23

Location	Phone Type	Phone Number
United Kingdom, Local	Local	033 0551 0200
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Please join the event 5-10 minutes prior to scheduled start time. When prompted, provide the confirmation code or event title.

A replay will be made available on the Sabre website following the conclusion of the presentation.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No 596/2014.

DIVIDEND TIMETABLE

Ex-dividend date:	25 April 2024
Record date:	26 April 2024
Payment date:	5 June 2024

FORWARD-LOOKING STATEMENTS DISCLAIMER

Cautionary statement

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect Sabre’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Sabre’s business, results of operations, financial position, prospects, growth or strategies and the industry in which it operates.

Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. Save as required by law or regulation, Sabre disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

The Sabre Insurance Group plc LEI number is 2138006RXRQ8P8VKGV98.

Chief Executive Officer's Review

Record premium levels, enhanced margins and strong profit

In our 2022 Report and Accounts we outlined several expectations for 2023:

- Early, decisive decision to react to emerging claims inflation would protect the financial position of Sabre for the longer term;
- We would rebound quickly to historical levels of performance;
- We would take advantage of growth opportunities as many competitors reacted belatedly with high rate increases.

I am pleased that not only did these predictions come through, but that the positive impact on our business exceeded our expectations at the start of 2023.

We saw sustained, strong premium growth through the second half of 2023 with year-on-year premium levels over 100% by the end of the year. This was delivered while continuing to execute our disciplined growth strategy, applying significant rate increases which resulted in a return to forward-looking expected loss ratios in line with our historical norms faster than anticipated. We have benefitted from good new customer growth as well as maintaining our normal levels of customer retention.

At the same time, we made excellent progress on getting our emerging Motorcycle account to a sustainable position and further developed our taxi portfolio. Looking forward, we will now build out our Motorcycle portfolio through partnerships with additional expert brokers. Whilst the Taxi portfolio remains at an earlier stage of development, and the Taxi market continues to be highly competitive, we will maintain a low footprint until we are confident that this product can grow profitably.

Reflections on 2023

Despite the significantly improved financial results, 2023 was not a straightforward year, with several unexpected challenges. This performance was delivered through both dedication to our disciplined growth strategy and the exceptional commitment from my colleagues, for which I and my fellow Board members are greatly appreciative.

The decisive early action we took in response to the well-publicised inflationary pressures at the start of the year, increasing our pricing accordingly, wasn't reflected at the time in the pricing actions from many of our competitors. Whilst this did negatively impact our premium levels in the first quarter of the year, we continued to focus on margin over volume – believing that the broader market correction would be more dramatic the more time passed. This proved to be the case with very high levels of rate increases in the second half of the year. This led to exceptionally high year-on-year premium levels and a return to our long-term target margins.

In mid-2023 our original motorcycle distributor, MCE Insurance, was placed into administration. We worked extensively with the FCA to ensure the best possible customer outcomes from this – including working with potential acquirers, providing limited cash flow funding to the business and ultimately taking the servicing of the policies in-house until renewal.

At the end of the year, we experienced a cyber-attack linked to the worldwide Citrix bleed vulnerability. We had established contingency processes in place and I was pleased with the effectiveness of our response. Critically, I could not be more impressed by the way our people reacted to minimise customer impact. Our distribution and outsourced strategy meant we were able to continue to sell policies throughout the disruption as well as dealing effectively and efficiently with customer claims. Whilst our IT security protocols worked well and prevented the loss of sensitive customer data, there are always lessons that can be learnt and we will continue to invest further in this area.

There were many other positive developments during the year. Our new direct-to-customer policy administration system was launched by our E-Commerce Team on time and to budget. We are now looking forward to enhancing customer service at the same time as reducing costs through the additional functionality the new system possesses. We have also rolled out the initial stages of Insurer Hosted Pricing on schedule. This will allow us to deploy more sophisticated pricing at speed as we move forward.

Board changes

Towards the end of 2023 we were distressed by the sudden death of our Chair, Andy Pomfret. Andy was an excellent Chair of the Group and a great support to me and other members of the Executive Team as we worked through some difficult years. Despite the sad loss I am pleased that our Board succession plan worked effectively and would like to congratulate Rebecca Shelley who has stepped into the role of Company Chair.

Other changes to the Board during the year were the joining of Bryan Joseph as Non-executive Director and Chair of the Risk Committee, the enrolling of Karen Geary as Chair of the Remuneration Committee and the departure of Michael Koller from the Board in December 2023. I welcome Bryan to the Board and would like to thank Michael for his contribution and support. In addition to these changes, we inform the market that Ian Clark is leaving the Board with effect from 22 May 2024, and therefore will not be standing for re-election at the Company's 2024 Annual General Meeting. Ian has served on the Board of Sabre Insurance Company Limited since 2014 and the Board of Sabre Insurance Group plc since its listing in 2017. Ian's market knowledge has been invaluable to the Group, and he leaves with my huge thanks for his contribution to the success of the Group.

Market

The UK motor insurance market remains a sophisticated, efficient, and well-served marketplace. In the latter half of 2023, we saw systemic under-pricing in the market reduce considerably, with insurers switching focus towards improving underwriting profits. There are, as ever, many uncertainties in the market. The key ones are:

- Uncertainty on small personal injury costs pending the outcome of the related Supreme Court decision
- Potential change in the critical Ogden discount rate
- Impact of changes in reinsurance costs
- Continuing elevated levels of claims inflation
- Potential change of government and an increased focus from regulators on the affordability of car insurance and instalment rates charged for monthly policies

We will continue to maintain a prudent position balancing the possible positive and negative impacts.

In 2023 we also witnessed withdrawals from the motor insurance market, few new entrants and expect very poor industry-level profitability. This gives some degree of greater certainty that pricing discipline will be maintained for some time to come.

Capital and dividend

Our strong capital generation has allowed us to declare an ordinary dividend in line with our policy and distribute excess capital by way of a meaningful special dividend. We anticipate being able to benefit from potential further profitable growth whilst also being able to pay an attractive dividend.

People

I am delighted by the ongoing commitment of our people across the organisation, evidenced in 2023 and in the performance of the Company and the low levels of employee turnover. We reflected this commitment during the year by paying inflation linked pay rises, paying annual performance and Christmas bonuses, providing a cost-of-living bonus, running two employee share plans, while rolling out further employee benefits such as free breakfasts. We continue to support our employees with training and development, and it was great to see many promotions and career moves in the year.

In line with good governance, during 2023 the Company consulted its major shareholders regarding the changes to the Company's Remuneration Policy for Executive Directors (the 'Policy'). The updated Policy will be put to vote at the Company's Annual General Meeting on 23 May 2024.

Customers

We kept customers at the forefront of our decision making this year, especially as we dealt with some of the implications of the MCE administration and the cyber incident. Going forward we are fully aligned to the emerging consumer duty requirements, as well as enhancing service to our direct customers through new system capability.

Environmental, Social and Governance ("ESG")

We continue to view consideration of ESG issues as an important aspect of our corporate decision making and remain committed to our key environmental targets and values, which encompass fairness to our employees, customers, partners and the planet. We have made steady progress against our net-zero ambitions, which have included a full office refurbishment and re-launch of our employee Sustainability Forum.

Outlook for 2024

We anticipate that the business we wrote in 2023 will earn through at attractive margins delivering an increase in profitability in 2024. I also expect that market pricing discipline will hold allowing us to grow further. Our Insurer-Hosted Pricing will continue to be rolled out, allowing more sophisticated pricing to be delivered to the market and we expect to add new Motorcycle distribution partners. Beyond this, much of our focus in 2024 will be on 'below the radar' developments as we continue to invest in our pricing and claims capabilities to maintain our position as a leading motor insurer.

Geoff Carter
Chief Executive Officer
18 March 2024

Chief Financial Officer's review

Strong gross written premium growth and capital generation

HIGHLIGHTS

	2023	2022 (1)
Gross written premium*	£225.1m	£171.3m
Net loss ratio*	56.3%	66.0%
Combined operating ratio*	86.3%	93.4%
Net profit margin*	15.8%	8.6%
Profit before tax	£23.6m	£14.0m
Profit after tax	£18.1m	£11.1m
Solvency coverage ratio (pre-dividend)*	205.3%	161.4%
Solvency coverage ratio (post-dividend)*	170.9%	153.8%
Return on tangible equity*	22.7%	13.3%

(1) All relevant 2022 numbers are restated under IFRS 17

**Alternative Performance Metrics are reconciled to IFRS in the Financial Reconciliation section*

2023 has been an exciting year in the motor insurance market, in which a long-awaited correction to pricing across the market was delivered rapidly as insurers dealt with the twin impacts of high inflation and sustained under-pricing. Sabre was well-placed to benefit from these market conditions, having taken timely and necessary pricing action throughout 2022 and 2023.

In some respects, the numbers speak for themselves in 2023, with the performance of the Group improving significantly since 2022. In the first half of the year, Sabre continued to increase prices in order to meet elevated levels of inflation and return margins towards historical norms. Market pricing, however, remained low until mid-March, at which point it appears other insurers started to increase their own prices having suffered underwriting losses in 2022. As had been anticipated since the start of the downturn in market pricing, once this happened Sabre's competitiveness on its core Motor Vehicle policies increased significantly, allowing the Group to grow its gross written premium. This rapid growth had a minimal impact on the first half of 2023, as all premium written by the Group is recognised in profit through insurance revenue evenly over a period of one year. This growth started to impact on profits in H2, as did the improved loss ratio resulting from decisive pricing action in 2022 and 2023.

This rapid growth and the on-target profitability of business written during the year allowed the Group to generate significant organic capital. The Directors have chosen to distribute this capital by way of a special and ordinary dividend, bringing the total dividend in respect of 2023, including the interim already paid, to 9.0 pence per share.

REVENUE

	2023	2022 (1)
Profit or loss		
Gross written premium	£225.1m	£171.3m
Insurance revenue	£188.2m	£181.5m
Net earned premium	£156.0m	£153.2m
Other technical income	£1.2m	£1.8m
Customer instalment income	£3.7m	£3.3m
Interest revenue calculated using the effective interest method	£3.8m	£1.7m
Fair value gains on debt securities through OCI	NIL	£22k
Other comprehensive income		
Fair value gains/(losses) on debt securities through OCI	£9.3m	(£14.2m)
Gross written premium by product		
Motor vehicle	£199.0m	£134.9m
Motorcycle	£11.8m	£23.1m
Taxi	£14.3m	£13.3m
Policy counts by product		
Motor vehicle ('000)	234	217
Motorcycle ('000)	44	74
Taxi ('000)	12	12

(1) Al relevant 2022 numbers are restated under IFRS 17

The move to reporting under IFRS 17 has brought some changes to the presentation of the Profit or Loss Account and Statement of Financial Position, although I continue to stress that the economic reality of the business and capital position of the Group remain unaffected by the change. We will continue to report numbers in sufficient detail such that we believe readers of this Report and Accounts will be able to understand the Group's performance in historic terms. For example, whilst 'Insurance Revenue' is the top-line in the Profit or Loss Account (it represents 'earned premium' plus 'customer instalment income'), we continue to report gross written premium on the same basis as under the previous accounting regime.

The below table shows how the familiar measures used to calculate our KPIs build up into the income entries in the IFRS 17 Profit or Loss Account.

	2023	2022 (1)
Gross written premium	£225.1m	£171.3m
Less: Unearned element of liability for remaining coverage	(£40.6m)	£6.9m
Gross earned premium	**£184.5m**	**£178.2m**
Reinsurance expense	(£28.5m)	(£25.0m)
Net earned premium	**£156.0m**	**£153.2m**
Customer instalment income	£3.7m	£3.3m
Insurance service expense	(£139.5m)	(£126.6m)
Amounts recoverable from reinsurers	£31.5m	£6.3m
Insurance service result	**£51.8m**	**£36.2m**
Represented by:		
Insurance service result before reinsurance contracts held	£48.7m	£54.9m
Net expense from reinsurance contracts held	£3.0m	(£18.7m)
	£51.8m	**£36.2m**

(1) *All relevant 2022 numbers are restated under IFRS 17*

Our gross written premium has increased by 31.4% vs 2022, with the increase being almost entirely driven by the Group's core (and most profitable) line of business – Motor Vehicle. The increase in gross written premium is even more sizeable when compared to the second half of 2022, being 58.1% up for H2 2023 vs H2 2022. This has been slightly offset by a reduction in Motorcycle business, which was expected as the relationship with one of the Group's distributors was terminated during the year. Premium from the Taxi business has grown marginally, although that market remains challenging and therefore the Group remains cautious as pricing in the Taxi market remains relatively low.

Customer instalment income, which is 'earned' in the same way as premium, has increased in line with premium earned on the direct business. As has always been the case, the Group only earns instalment income on its Direct book from the provision of premium financing to those customers who choose to pay monthly, and as such this remains a very small element of the Group's insurance revenue.

Investment return has started to reflect the reinvestment of maturing assets, as well as increase in total assets invested in the Group's portfolio. The Group's investment strategy remains unchanged, being invested in a low-risk mix of UK government bonds, other government-backed securities and diversified investment-grade corporate bonds. Fair value gains and losses on the investment portfolio are taken through other comprehensive income and largely reflect market movements in yields of risk-free and low-risk assets. We do not expect to realise any of these market value movements within profit as we continue to hold invested assets to maturity.

OPERATING EXPENDITURE

	2023	2022 (1)
Profit or loss		
Insurance service expense	£139.5m	£126.6m
Reinsurance expense	£28.5m	£25.0m
Current-year net loss ratio	58.8%	61.9%
Prior-year net loss ratio	(2.5%)	4.1%
Financial-year net loss ratio	56.3%	66.0%
Other operating expenses	£26.6m	£22.8m
Expense ratio	30.0%	27.4%
Combined operating ratio	86.3%	93.4%
Net loss ratio by product		
Motor vehicle	50.4%	59.0%
Motorcycle	65.2%	113.4%
Taxi	108.8%	107.0%

(1) *All relevant 2022 numbers are restated under IFRS 17*

The year-on-year improvement in profitability is evident from the loss and combined ratios reported above. The inflation shock in 2022 clearly had a very significant impact on 2022's result, and this had a knock-on impact into 2023, particularly in the first half of the year, as the rating action taken during 2022 took some time to earn through. The numbers reported above are on an IFRS 17 basis, therefore are 'discounted' loss ratios. Undiscounted figures are shown below, along with other elements which make up the 'insurance service expense', which effectively equals discounted claims expense, plus an allocation of operating expenses directly attributable to handling claims and the amortisation of insurance acquisition costs, which in Sabre's case is analogous to commission expense under the previous standard.

	2023	2022 (1)
Undiscounted gross claims incurred	£139.6m	£126.7m
Discounting (2)	(£20.3m)	(£19.3m)
Directly attributable expenses	£6.1m	£6.2m
Amortisation of insurance acquisition costs	£14.1m	£12.9m
Insurance service expense	**£139.5m**	**£126.6m**
Undiscounted reinsurance recoveries	(£41.4m)	(£17.3m)
Discounting (2)	£9.8m	£11.0m
Amounts recoverable from reinsurers for incurred claims	**(£31.5m)**	**(£6.3m)**
Undiscounted net claims incurred (3)	£96.0m	£108.7m
Net earned premium	£156.0m	£153.2m
Current-year undiscounted net loss ratio	64.3%	67.7%
Prior-year undiscounted net loss ratio	(2.7%)	3.3%
Financial-year undiscounted net loss ratio	**61.6%**	**71.0%**
Undiscounted combined operating ratio	91.6%	98.4%
Undiscounted net loss ratio by product		
Motor vehicle	55.0%	63.4%
Motorcycle	73.3%	121.9%
Taxi	117.1%	116.6%

(1) All 2022 numbers are restated under IFRS 17 where applicable
(2) Includes discounting on Period Payment Orders ("PPOs")
(3) Calculation of undiscounted net loss ratio allows for the impact of discounting on long-term non-life annuities, Periodic Payment Orders ("PPOs"), consistent with presentation under IFRS 4

Whether on a discounted or undiscounted basis, the improvement in loss ratio across the business as a whole is clear, with a significant improvement in Motor Vehicle and Motorcycle, whilst the small Taxi business remains challenging. Whilst the full-year net loss ratio is not sufficiently low across the whole business to return the Group to historical levels of profitability in 2023, the loss ratio for H2 is far closer, being 51.5% on an IFRS 17 basis and 57.5% on an undiscounted basis. It is also very pleasing to note that profitability on the core Motor Vehicle product has returned towards our historical norms and has improved throughout 2023. Given the significant growth in this product relative to Motorcycle and Taxi, this should have a much greater impact in 2024.

The Group's expense ratio has increased slightly from 2022, a result primarily of earned premium remaining at similar levels, with the rapid growth later in the year not reflected fully in the earned position, set against normal inflation in the cost base and some one-off expenditure, including the building refurbishment (£0.4m) and a write-down in the valuation of the Group's headquarters office estate (£0.3m) which was impacted by the higher inflation environment and a general slow down in demand for office buildings. We have seen this increase reverse in H2 however, with the expense ratio falling from 31.8% in H1 to 28.3% in H2.

NET INSURANCE FINANCIAL RESULT

The net insurance financial result is a new concept under IFRS 17 and represents the 'run-off' of discounting applied to claims reserves. When a claim is recorded, the claim cost is discounted to reflect the time value of money at the prevailing rate. This reduces the overall claims cost and is why the claims expense is lower on a discounted basis. The 'other side' of this is the run-off of discounting, which reflects the increase in the real-world value of the claim as payment becomes closer. The reduction in claims liabilities and reinsurance assets resulting from applying discounting to those balances is recorded within insurance contract liabilities and reinsurance assets respectively in the Statement of Financial Position.

	2023	2022 (1)
Insurance finance income expense for insurance contracts issued	(£10.2m)	(£6.0m)
Reinsurance finance income for reinsurance contracts held	£3.6m	£3.2m
Net insurance financial result	**(£6.6m)**	**(£2.8m)**

(1) All relevant 2022 numbers are restated under IFRS 17

The cost associated with the discounting run-off has increased in 2023 due to claims which were recorded at high discount rates having run-off during the year. During 2022, much of the claims reserve would have been discounted at lower rates, and hence a lower discounting run-off.

OTHER COMPREHENSIVE INCOME

The introduction of IFRS 17 has added a 'net insurance financial result' to other comprehensive income. This reflects the impact of changes in discount rate on the value of claims liabilities. This is therefore recorded alongside the change in market value of debt securities at fair value. Where there is a true movement in risk-free rates, these amounts should be similar but opposite. The inclusion of the impact of discount rate movements within other comprehensive income, as opposed to the Profit or Loss Account, is a policy decision designed to match the impact of movements in discount rate to fair-value movements in investments already recorded within other comprehensive income under IFRS 9.

	2023	2022 [1]
Key elements of other comprehensive income		
Net insurance financial result (discounting 'run-off')	(£7.0m)	£10.7m
Fair value gains/(losses) on debt securities through OCI	£9.3m	(£14.2m)

(1) All relevant 2022 numbers are restated under IFRS 17

Given that asset-liability matching is imperfect with regard to levels of risk and duration, these two figures do not perfectly offset, however these have been particularly large in 2022 and 2023 due to the volatile economic environment.

TAXATION

In 2023 the Group recorded a corporation tax expense of £5.5m (2022: £2.9m), an effective tax rate of 23.5%, as compared to an effective tax rate of 21.0% in 2022. The effective tax rate is similar to the prevailing UK corporation tax rate. The Group has not entered into any complex or unusual tax arrangements during the year.

EARNINGS PER SHARE

	2023	2022 [1]
Basic earnings per share	7.27p	4.45p
Diluted earnings per share	7.20p	4.42p

(1) All relevant 2022 numbers are restated under IFRS 17

Basic earnings per share for 2022 of 7.27p per share is proportionate to profit after tax. Diluted earnings per share is similarly proportionate to profit after tax, taking into account the potentially dilutive effect of the Group's share schemes.

CASH AND INVESTMENTS

	2023	2022
Government bonds	£107.0m	£87.2m
Government-backed securities	£81.9m	£80.8m
Corporate bonds	£75.7m	£61.3m
Cash and cash equivalents	£35.1m	£18.5m

The Group continues to hold a low-risk investment portfolio and cash reserves sufficient to meet its future claims liabilities. This has resulted in a stable yield across the portfolio. As most assets are held to maturity, the yield achieved by the portfolio lags changes in market yield, with funds generally being reinvested on maturity.

INSURANCE LIABILITIES

	2023	2022 [1]
Gross insurance liabilities	£374.8m	£314.3m
Reinsurance assets	(£166.7m)	(£137.0m)
Net insurance liabilities	£208.1m	£177.4m

(1) All 2022 numbers are restated under IFRS 17 where applicable

The Group's net insurance liabilities continue to reflect the underlying profitability and volume of business written. Generally, the gross insurance liabilities are more volatile and impacted by the recording and settlement of individually large claims. The level of net insurance liabilities held remains broadly proportionate to the volume of business written, and reflects inflationary increases in the cost of claims.

LEVERAGE

The Group continues to hold no external debt. All of the Group's capital is considered 'Tier 1' under Solvency II. The Directors continue to hold the view that this currently allows the greatest operational flexibility for the Group.

DIVIDENDS AND SOLVENCY

	2023	2022 [1]
Interim ordinary dividend (paid)	0.9p	2.8p
Final ordinary dividend (proposed)	4.2p	0.0p
Total ordinary dividend (paid and proposed)	5.1p	2.8p
Special dividend (proposed)	3.9p	1.7p
Total dividend for the year (paid and proposed)	**9.0p**	**4.5p**

The dividend proposed is in line with the Group's policy to pay an ordinary dividend of 70% of profit after tax, and to consider passing excess capital to shareholders by way of a special dividend.

Excluding the capital required to pay this dividend, the Group's SCR coverage ratio at 31 December 2023 would be 170.9%.

ADAM WESTWOOD
Chief Financial Officer
18 March 2024

Consolidated Profit or Loss Account

For the year ended 31 December 2023

	Notes	2023 £'k	2022 £'k *Restated [1]*
Insurance revenue	3.2	188,246	181,476
Insurance service expense	3.2	(139,497)	(126,607)
Insurance service result before reinsurance contracts held		**48,749**	**54,869**
Reinsurance expense	3.2	(28,506)	(24,958)
Change in amounts recoverable from reinsurers for incurred claims	3.2	31,532	6,304
Net income/(expense) from reinsurance contracts held		**3,026**	**(18,654)**
Insurance service result		**51,775**	**36,215**
Interest income on financial assets using effective interest rate method	4.5	3,775	1,667
Net gains on derecognition of debt securities measured at FVOCI	4.5	-	22
Total investment income		**3,775**	**1,689**
Insurance finance expenses from insurance contracts issued	3.8	(10,170)	(6,043)
Reinsurance finance income from reinsurance contracts held	3.8	3,588	3,195
Net insurance financial result		**(6,582)**	**(2,848)**
Net insurance and investment result		**48,968**	**35,056**
Other income	7	1,232	1,784
Other finance costs		-	(5)
Other operating expenses	8	(26,587)	(22,815)
Profit before tax		**23,613**	**14,020**
Income tax expense	10	(5,548)	(2,942)
Profit for the year attributable to ordinary shareholders		**18,065**	**11,078**
Basic earnings per share (pence per share)	19	7.27	4.45
Diluted earnings per share (pence per share)	19	7.20	4.42

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 £'k	2022 £'k Restated (1)
Profit for the year attributable to ordinary shareholders		18,065	11,078
Items that are or may be reclassified subsequently to Profit or Loss			
Unrealised fair value gains/(losses) on debt securities	4.5	9,284	(14,207)
Realised gains on derecognition of debt securities reclassified to Profit of Loss		-	(22)
Tax (charge)/credit		(2,149)	3,563
Debt securities at fair value through Other Comprehensive Income		**7,135**	**(10,666)**
Insurance finance (expense)/income from insurance contracts issued	3.8	(12,436)	23,602
Reinsurance finance income/(expense) from reinsurance contracts held	3.8	5,432	(12,924)
Tax credit/(charge)		1,550	(2,509)
Net insurance financial (expense)/income		**(5,454)**	**8,169**
Items which will not be reclassified to Profit or Loss			
Revaluation losses on owner-occupied properties	9	(800)	-
Income tax relating to items that will not be reclassified		(31)	-
		(831)	**-**
Total other comprehensive income/(loss) for the year, net of tax		**850**	**(2,497)**
Total comprehensive income for the year attributable to the owners of the Company		**18,915**	**8,581**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	31 December 2023 £'k	31 December 2022 £'k *Restated* (1)	1 January 2022 £'k *Restated* (1)
Assets				
Cash and cash equivalents	4.1	35,079	18,502	30,611
Financial investments	4.2	264,679	229,158	234,667
Receivables (2)	4.3	87	7	74
Current tax assets		1,438	1,255	-
Reinsurance contract assets (1)	3.1	166,726	136,954	147,896
Property, plant and equipment	9	4,388	3,996	4,066
Right-of-use asset		-	-	187
Deferred tax assets	11	688	2,391	1,634
Other assets (2)	13	774	1,278	821
Goodwill	14	156,279	156,279	156,279
Total assets		**630,138**	**549,820**	**576,235**
Liabilities				
Payables (2)	5	9,700	5,108	5,872
Current tax liabilities		-	-	580
Insurance contract liabilities (1)	3.1	374,839	314,341	317,621
Lease liability		-	-	193
Other liabilities (2)		3,187	1,383	1,893
Total liabilities		**387,726**	**320,832**	**326,159**
Equity				
Issued share capital	15	250	250	250
Own shares	16	(3,121)	(2,810)	(2,257)
Merger reserve		48,525	48,525	48,525
FVOCI reserve		(5,894)	(13,029)	(2,363)
Revaluation reserve		-	831	831
Insurance/Reinsurance finance reserve (1)		4,790	10,244	2,075
Share-based payments reserve		2,686	2,407	1,841
Retained earnings (1)		195,176	182,570	201,174
Total equity		**242,412**	**228,988**	**250,076**
Total liabilities and equity		**630,138**	**549,820**	**576,235**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"
(2) The description of the line item has been updated. The change in description has had no impact on the components of the balances.

- *Receivables (31 December 2022: Loans and other receivables)*
- *Other assets (31 December 2022: Prepayments, accrued income and other assets)*
- *Payables (31 December 2022: Trade and other payables)*
- *Other liabilities (31 December 2022: Accruals)*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital £'k	Own shares £'k	Merger reserve £'k	FVOCI reserve £'k	Revaluation reserve £'k	Insurance/ Reinsurance finance reserve £'k	Other reserves £'k	Retained earnings £'k	Total equity £'k
Balance as at 31 December 2021, as previously reported	**250**	**(2,257)**	**48,525**	**(2,363)**	**831**	**-**	**1,841**	**205,900**	**252,727**
Impact of initial application of IFRS 17	-	-	-	-	-	2,075	-	(4,726)	(2,651)
Restated balance as at 1 January 2022	**250**	**(2,257)**	**48,525**	**(2,363)**	**831**	**2,075**	**1,841**	**201,174**	**250,076**
Profit for the year attributable to the owners of the Company	-	-	-	-	-	-	-	11,078	11,078
Total other comprehensive (loss)/income for the year, net of tax: *Items that are or may be reclassified subsequently to Profit or Loss*	-	-	-	(10,666)	-	8,169	-	-	(2,497)
Share-based payment expense	-	-	-	-	-	-	566	450	1,016
Net movement in own shares	-	(553)	-	-	-	-	-	-	(553)
Dividends paid	-	-	-	-	-	-	-	(30,132)	(30,132)
Restated balance as at 31 December 2022	**250**	**(2,810)**	**48,525**	**(13,029)**	**831**	**10,244**	**2,407**	**182,570**	**228,988**
Profit for the year attributable to the owners of the Company	-	-	-	-	-	-	-	18,065	18,065
Total other comprehensive income/(loss) for the year, net of tax: *Items that are or may be reclassified subsequently to Profit or Loss*	-	-	-	7,135	-	(5,454)	-	-	1,681
Total other comprehensive loss for the year, net of tax: *Items which will not be reclassified to Profit or Loss*	-	-	-	-	(831)	-	-	-	(831)
Share-based payment expense	-	-	-	-	-	-	279	1,007	1,286
Net movement in own shares	-	(311)	-	-	-	-	-	-	(311)
Dividends paid	-	-	-	-	-	-	-	(6,466)	(6,466)
Balance as at 31 December 2023	**250**	**(3,121)**	**48,525**	**(5,894)**	**-**	**4,790**	**2,686**	**195,176**	**242,412**

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 £'k	2022 £'k *Restated* (1)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		23,613	14,020
Adjustments for:			
Depreciation of property, plant and equipment	9	140	108
Depreciation of right-of-use assets		-	187
Share-based payment – equity-settled schemes	16	1,606	1,603
Investment return		(3,131)	(1,590)
Interest on lease liability		-	5
Expected credit loss	4.4	6	(34)
Impairment loss on owner-occupied buildings		333	-
Operating cash flows before movements in working capital		**22,567**	**14,299**
Movements in working capital:			
Change in receivables		(80)	69
Change in reinsurance contract assets		(24,340)	(1,982)
Change in other assets		504	(457)
Change in payables		4,592	(764)
Change in insurance contract liabilities		48,062	20,322
Change in other liabilities		1,804	(510)
Cash generated from operating activities before investment of insurance assets		**53,109**	**30,977**
Taxes paid		(4,658)	(4,479)
Net cash generated from operating activities before investment of insurance assets		48,451	26,498
Interest and investment income received		3,818	3,383
Proceeds from the sale and maturity of invested assets		24,089	37,734
Purchases of invested assets		(51,018)	(48,214)
Net cash generated from operating activities		**25,340**	**19,401**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	9	(1,665)	(38)
Net cash used by investing activities		**(1,665)**	**(38)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		-	(198)
Net cash used in acquiring and disposing of own shares		(632)	(1,142)
Dividends paid	12	(6,466)	(30,132)
Net cash used by financing activities		**(7,098)**	**(31,472)**
Net increase/(decrease) in cash and cash equivalents		16,577	(12,109)
Cash and cash equivalents at the beginning of the year		18,502	30,611
Cash and cash equivalents at the end of the year		**35,079**	**18,502**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

Corporate information

Sabre Insurance Group plc is a company incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is Sabre House, 150 South Street, Dorking, Surrey, RH4 2YY, England. The nature of the Group's operations is the writing of general insurance for motor vehicles, including taxis and motorcycles. The Company's principal activity is that of a holding company.

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated and Company Financial Statements are included in the specific notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise indicated.

1.1. Basis of preparation

The financial statements of the Group have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2006. Endorsement of accounting standards is granted by the UK Endorsement Board ("UKEB").

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for those financial assets that have been measured at fair value. The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the Statement of Financial Position and the Profit or Loss Account and Statement of Comprehensive Income. Where appropriate, details of estimates are presented in the accompanying notes to the Consolidated Financial Statements.

As the full impact of climate change is currently unknown, it is not possible to consider all possible future outcomes when determining the value of assets, liabilities and the timing of future cash flows. The Group's view is that any reasonable impact of climate change would not have a material impact on the valuation of assets and liabilities at the year-end date.

The financial statements values are presented in pounds sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated.

The Group presents its Statement of Financial Position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the respective notes.

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

1.2. Going concern

The Consolidated Financial Statements have been prepared on a going concern basis. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for at least 12 months from the date the Directors approved these Financial Statements and that therefore it is appropriate to adopt a going concern basis for the preparation of the Financial Statements.

In making their assessment, the Directors took into account the potential impact of the principal risks that could prevent the Group from achieving its strategic objectives. The assessment was based on the Group's Own Risk and Solvency Assessment ("ORSA"), which brings together management's view of current and emerging risks, with scenario-based analysis and reverse stress testing to form a conclusion as to the financial stability of the Group. Consideration was also given to what the Group considers its principal risks which are set out in the Principal Risks and Uncertainties section on pages 16 to 24 of the Strategic Report. The assessment also included consideration of any scenarios which might cause the Group to breach its solvency requirements which are not otherwise covered in the risk-based scenario testing.

We have assessed the short, medium and long-term risks associated with climate change. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact Sabre's ability to continue trading. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend, as electric vehicles are currently relatively expensive to fix. We expect that this is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which are generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and as such reflected in our claims experience and fed into the pricing of our policies.

1.3. New and amended standards and interpretations adopted by the Group

Amendments to IFRS

The following amended IFRS standards became effective for the year ended 31 December 2023:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- IFRS 17 "Insurance Contracts"
  - Amendments to IFRS 17
  - Initial Application of IFRS 17 and IFRS 9 – Comparative Information

In these financial statements, the Group has applied IFRS 17 "Insurance Contracts" for the first time from 1 January 2023. The Group had not elected to defer the implementation of IFRS 9 and has implemented IFRS 9 from 1 January 2020.

Other than IFRS 17 "Insurance Contracts" which is discussed below, none of the amendments have had a material impact to the Group.

1.3.1. IFRS 17 “Insurance Contracts”

IFRS 17 “Insurance Contracts” replaced IFRS 4 “Insurance Contracts” for annual periods starting on 1 January 2023.

The Group has restated comparative information for 2022 applying the transitional provision in Appendix C to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

1.3.1.1. Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Group’s insurance contracts as insurance contracts.

Under IFRS 4, the Group was permitted to account for insurance contracts using its previous accounting policies under ‘old’ UK GAAP. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Group.

IFRS 17 prescribes a comprehensive model, the general model, which requires entities to measure an insurance contract at initial recognition as the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

IFRS 17 also provides a simplification to the general model, the premium allocation approach (“PAA”). This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less. The liability for remaining coverage is similar to the IFRS 4 premium reserve profile recognised over time. The principles of the general model remain applicable to the liability for incurred claims.

Under IFRS 17, the Group’s insurance contracts issued and reinsurance contracts held are all eligible to be measured applying the Premium Allocation Approach. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the ‘earned premium approach’ used by the Group under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows less amounts recognised in revenue for insurance services provided
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (“IBNR”) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Group’s obligation to pay other incurred insurance expenses
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts

The Group allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

For an explanation of how the Group accounts for insurance and reinsurance contracts under IFRS 17, see Note 3.

There has been no change in the Group’s segments or how the Group reports on these segments internally.

1.3.1.2. Changes to presentation and disclosure

For presentation in the Statement of Financial Position, the Group aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are assets
- Portfolios of insurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the Profit or Loss Account and Statement of Comprehensive Income have been changed significantly compared with the previous accounting basis. Previously, the Group reported the following line items:

- Gross written premium
- Net written premium
- Changes in unearned premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Reinsurance expense
- Amounts recoverable from reinsurers for incurred claims
- Insurance finance income/(expense) from insurance contracts issued
- Reinsurance finance income/(expense) from reinsurance contracts held

The Group provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts
- Critical judgements, and changes in those judgements, when applying the standard

1.3.1.3. Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach. Under the full retrospective approach, at 1 January 2022, the Group:

– Has identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had always applied
– Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified
– Derecognised any existing balances that would not exist had IFRS 17 always applied
– Recognised any resulting net difference in equity (see Statement of Changes in Equity)

1.4. New and amended standards and interpretations not yet effective in 2023

A number of new standards and interpretations adopted by the UK which are not mandatorily effective, as well as standards' interpretations issued by the IASB but not yet adopted by the UK, have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it expects to apply them from their effective dates as determined by their dates of UK endorsement. The Group is still reviewing the upcoming standards to determine their impact:

– IFRS 10 and IAS 28: Amendment: "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (IASB effective date: optional)

2. RISK AND CAPITAL MANAGEMENT

2.1. Risk management framework

The Sabre Insurance Group plc Board is responsible for prudent oversight of the Group's business and financial operations, ensuring that they are conducted in accordance with sound business principles and with applicable laws and regulations, and ensure fair customer outcomes. This includes responsibility to articulate and monitor adherence to the Board's appetite for exposure to all risk types. The Board also ensures that measures are in place to provide independent and objective assurance on the effective identification and management of risk and on the effectiveness of the internal controls in place to mitigate those risks.

The Board has set a robust risk management strategy and framework as an integral element in its pursuit of business objectives and in the fulfilment of its obligations to shareholders, regulators, customers and employees.

The Group's risk management framework is proportionate to the risks that we face. Our assessment of risk is not static; we continually reassess the risk environment in which the Group operates and ensure that we maintain appropriate mitigation in order to remain within our risk appetite. The Group's Management Risk and Compliance Forum gives Management the regular opportunity to review and discuss the risks which the Group faces, including but not limited to any breaches, issues or emerging risks. The Forum also works to ensure that adequate mitigation for the risks the Group is exposed to are in place.

2.2. Underwriting risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts, which usually cover a 12-month duration. For these contracts, the most significant risks arise from under-estimation of the expected costs attached to a policy or a claim, for example through unexpected inflation of costs or single catastrophic events.

Refer to Note 3.6 for detail on these risks and the way the Group manages them. Note 3.6 also includes the considerations of climate change. Further discussion on climate change can be found in the Principal Risks and Uncertainties section on pages 16 to 24 of the Strategic Report and the Responsibility and Sustainability section on pages 35 to 48.

2.3. Credit risk

Credit risk reflects the financial impact of the default of one or more of the Group's counterparties. The Group is exposed to financial risks caused by a loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. Key areas where the Group is exposed to credit default risk are:

– Failure of an asset counterparty to meet their financial obligations (Note 4.4)
– Reinsurers default on their share of the Group's insurance liabilities (Note 3.7)
– Default on amounts due from insurance contract intermediaries or policyholders (Note 3.7)

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

– A Group credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group's Risk Committee
– Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining a suitable allowance for impairment
– The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings
– The credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts

Refer to Notes 3.7 and 4.4 as indicated above for further information on credit risk.

2.4. Liquidity risk

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities, and matching the maturity profile of its financial investments to the expected cash outflows.

Refer to Note 6 for further information on liquidity risk.

2.5. Investment concentration risk

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

A significant part of the Group's investment portfolio consists primarily of UK government bonds and government-backed bonds, therefore the risk of government default does exist, however the likelihood is extremely remote. The remainder of the portfolio consists of investment grade corporate bonds. The Group continues to monitor the strength and security of all bonds.

The Group's portfolio has a significant concentration of UK debt securities and therefore is exposed to movements in UK interest rates.

Refer to Note 4.2.1 for further information on investment concentration risk.

2.6. Operational risk

Operational risk is the risk of loss arising from system failure, cyber attack, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by operating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.

2.7. Capital management

The Board of Directors has ultimate responsibility for ensuring that the Group has sufficient funds to meet its liabilities as they fall due. The Group carries out detailed modelling of its assets and liabilities and the key risks to which these are exposed. This modelling includes the Group's own assessment of its capital requirements for solvency purposes.

The Group has continued to manage its solvency with reference to the Solvency Capital Requirement ("SCR") calculated using the Standard Formula. The Group has developed sufficient processes to ensure that the capital requirements under Solvency II are not breached, including the maintenance of capital at a level higher than that required through the Standard Formula. The Group considers its capital position to be its net assets on a Solvency II basis and monitors this in the context of the Solvency II SCR.

The Group aims to retain sufficient capital such that in all reasonably foreseeable scenarios it will hold regulatory capital in excess of its SCR. The Directors currently consider that this is achieved through maintaining a regulatory capital surplus of 140% to 160%. As at 31 December 2023, the Group holds significant excess Solvency II capital.

The Group's IFRS capital comprised:

	As at 31 December	
	2023	**2022**
	£'k	**£'k**
		***Restated* (1)**
Equity		
Share capital	250	250
Own shares	(3,121)	(2,810)
Merger reserve	48,525	48,525
FVOCI reserve	(5,894)	(13,029)
Revaluation reserve	-	831
Insurance/Reinsurance finance reserve	4,790	10,244
Share-based payments reserve	2,686	2,407
Retained earnings	195,176	182,570
Total	**242,412**	**228,988**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

The Solvency II position of the Group both before and after proposed final dividend is given below:

	As at 31 December	
	2023	2022
		£'k
Pre-dividend	£'k	*Not restated (1)*
Total tier 1 capital	121,099	91,191
SCR	58,998	56,516
Excess capital	62,101	34,675
Solvency coverage ratio (%)	**205%**	**161%**

	As at 31 December	
	2023	2022
		£'k
Post-dividend	£'k	*Not restated (1)*
Total tier 1 capital	100,849	86,941
SCR	58,998	56,516
Excess capital	41,851	30,425
Solvency coverage ratio (%)	**171%**	**154%**

(1) The 2022 IFRS net assets figure is as reported at 31 December 2022 and have not been restated here

The following table sets out a reconciliation between IFRS net assets and Solvency II net assets before proposed final dividend:

	As at 31 December	
	2023	2022
	£'k	£'k
		Not restated (1)
IFRS net assets	**242,412**	**222,496**
Less: Goodwill	(156,279)	(156,279)
Adjusted IFRS net assets	**86,133**	**66,217**
Add: Liability for remaining coverage (Unearned Premium element)	124,448	83,858
Remove: Insurance acquisition cash flow asset	(8,733)	(13,354)
Remove: IFRS risk adjustment	12,255	10,764
Add: Solvency II risk margin	(5,904)	(7,752)
Add: Solvency II premium provision	(76,441)	(53,581)
Changes in valuation differences of technical reserves	996	12,710
Change in deferred tax	(11,655)	(7,671)
Solvency II net assets	**121,099**	**91,191**

(1) The 2022 IFRS net assets figure is as reported at 31 December 2022 and have not been restated here

The adjustments set out in the above table have been made for the following reasons:

- **Adjusted IFRS net assets**: Equals Group net assets on an IFRS basis, less Goodwill.
- **Removal of liability for remaining coverage and insurance acquisition cash flow asset:** Liability for remaining coverage is not treated as a liability under Solvency II.
- **Removal of insurance acquisition cash flow asset:** Insurance acquisition cash flow asset is not deferred under Solvency II.
- **Removal of IFRS risk adjustment**: Solvency II risk margin replaces IFRS risk adjustment.
- **Addition of Solvency II risk margin**: The Solvency II risk margin represents the premium that would be required were the Group to transfer its technical provisions to a third party, and essentially reflects the SCR required to cover run-off of claims on existing business. This amount is calculated by the Group through modelling the discounted SCR on a projected future balance sheet for each year of claims run-off.
- **Addition of Solvency II premium provision**: A premium reserve reflecting the future cash flows in respect of insurance contracts is calculated and this must be discounted under Solvency II.
- **Changes in valuation differences:** Valuation differences of technical differences between IFRS 17 and Solvency II, including discounting.
- **Change in deferred tax:** As the move to a Solvency II basis balance sheet increases the net asset position of the Group, a deferred tax liability is generated to offset the increase.

Sabre Insurance Group plc's SCR, expressed on a risk module basis, is set out in the following table:

		as at 31 December 2023			as at 31 December 2022	
	£'k	£'k	£'k	£'k	£'k	£'k
Interest rate risk			4,655			5,548
Equity risk			-			-
Property risk			900			956
Spread risk			2,739			3,264
Currency risk			1,058			1,112
Concentration risk			-			-
Correlation impact			(3,192)			(3,660)
Market risk		**6,160**			**7,220**	
Counterparty risk		3,098			2,333	
Underwriting risk		63,720			52,421	
Correlation impact		(6,219)			(6,129)	
Basic SCR	66,759			55,845		
Operating risk	7,650			6,372		
Loss absorbing effect of deferred taxes	(15,411)			(5,701)		
Total SCR	**58,998**			**56,516**		

The total SCR is primarily driven by the underwriting risk element, which is a function of the Group's net earned premium (or projected net earned premium) and the level of reserves held. Therefore, the SCR is broadly driven by the size of the business.

The Group's capital management objectives are:

– To ensure that the Group will be able to continue as a going concern
– To maximise the income and capital return to its equity

The Board monitors and reviews the broad structure of the Group's capital on an ongoing basis. This review includes consideration of the extent to which revenue in excess of that which is required to be distributed should be retained.

The Group's objectives, policies and processes for managing capital have not changed during the year.

3. INSURANCE LIABILITIES AND REINSURANCE ASSETS

ACCOUNTING POLICY

For the purpose of this accounting policy, the term '**motor insurance**' covers all the Group's products, which **includes Motor Vehicle, Motorcycle and Taxi insurance**.

A. Insurance and reinsurance contracts classification

The Group issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future insured event adversely affects the policyholder.

As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur.

The Group issues only non-life insurance to individuals and businesses. Non-life insurance products offered by the Group are Motor Vehicle, Motorcycle and Taxi insurance. These products offer protection of a policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident.

In the normal course of business, the Group uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risks if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contacts, even if it does not expose the reinsurer to the possibility of a significant loss.

B. Insurance and reinsurance contracts accounting treatment

(i) Separating components from insurance and reinsurance contracts

The Group assesses its non-life insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Group's products do not include any distinct components that require separation.

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the expected profitability of contracts:

- Any contracts that are onerous on initial recognition
- Any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts in the annual cohort

The Group recognises groups of insurance contracts it issues from the earliest of:

- The beginning of the coverage period of the group of contracts
- When the first payment from a policyholder in the group becomes due or when the first payment is received if there is no due date
- When facts and circumstances indicate that the contract is onerous

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g. a change in market experience or regulations

Reinsurance contracts

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups.

The Group recognises a group of reinsurance contracts held at the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held
- The date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

(iii) Measurement

Summary of measurement approaches

The Group uses the following measurement approaches to its insurance and reinsurance contacts.

	Product classification	Measurement model
Insurance contracts issued		
Motor insurance	Insurance contracts issued	Premium Allocation Approach ("PAA")
Reinsurance contracts held		
Motor insurance – excess of loss reinsurance	Reinsurance contracts held	Premium Allocation Approach ("PAA")

The Group applies the premium allocation approach to all the insurance contracts that it issues and reinsurance contracts that it holds, as the coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary. The Group does not expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

All the Group's insurance contracts have a coverage period of one year or less. The Group's reinsurance contracts held are excess of loss contracts and are loss occurring. The Group does not issue any reinsurance contracts.

Insurance contracts issued

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage ("LRC") is measured at:

- The premiums received on initial recognition
- Minus any insurance acquisition cash flows allocated to the group at that date
- Adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows)

The Group has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the Group measures the carrying amount of the LRC at the end of each reporting period as the LRC at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period
- Minus the amount recognised as insurance revenue for the services provided in the period

On initial recognition of each group of contracts, the Group expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in Profit or Loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

The Group recognises the liability for incurred claims ("LIC") of a group of insurance contracts at the amount of the fulfilment cash flows ("FCF") relating to incurred claims. The fulfilment cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- The LRC
- The LIC

Risk adjustment for non-financial risk

An explicit risk adjustment for non-financial risk is estimated separate from the other estimates. Unless contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

This risk adjustment represents the compensation that the Group requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk. Non-financial risk is risk arising from insurance contracts other than financial risk, which is included in the estimates of future cash flows or the discount rate used to adjust the cash flows. The risks covered by the risk adjustment for non-financial risk are insurance risk and other non-financial risks such as lapse risk and expense risk.

The risk adjustment for non-financial risk for insurance contracts measures the compensation that the Group would require to make it indifferent between:

- Fulfilling a liability that has a range of possible outcomes arising from non-financial risk
- Fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts

Reinsurance contracts held

The excess of loss reinsurance contracts held provide coverage on the motor insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA. The Group measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid. For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- Increased for ceding premiums paid in the period
- Decreased for the amounts of ceding premiums recognised as reinsurance expenses for the services received in the period

Assets for reinsurance contracts consist of the asset for remaining coverage ("ARC") and the asset for incurred claims ("AIC") being the reinsurers' share of claims that have already been incurred.

For reinsurance contracts held, the risk adjustment for non-financial risk presents the amount of risk being transferred by the Group to the reinsurer.

Asset for insurance acquisition cash flows

The Group includes the following acquisition cash flows within the insurance contract boundary that arise from selling, underwriting and starting a group of insurance contracts and that are:

a. Costs directly attributable to individual contracts and groups of contracts

b. Costs directly attributable to the portfolio of insurance contracts to which the group belongs, which are allocated on a reasonable and consistent basis to measure the group of insurance contracts

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Group:

a. Recognises an impairment loss in Profit or Loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group

b. If the asset relates to future renewals, recognises an impairment loss in Profit or Loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss under (a)

The Group reverses any impairment losses in Profit or Loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

Modification and derecognition

The Group derecognises insurance contracts when:

– The contract is extinguished (i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled)

– The contract is modified and certain additional criteria are met

When an insurance contract is modified by the Group as a result of an agreement with the counterparties or due to a change in regulations, the Group treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Group derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. If the modified terms had been included at contract inception and the Group would have concluded that the modified contract:

    i. Is not in scope of IFRS 17
    ii. Results in different separable components
    iii. Results in a different contract boundary
    iv. Belongs to a different group of contracts

b. The original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach

When an insurance contract accounted for under the PAA is derecognised, adjustments to the FCF to remove relating rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to Profit or Loss:

a. If the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment

b. If the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party

c. If the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification

(iv) Presentation

The Group has presented separately, in the Statement of Financial Position, the carrying amount of portfolios of insurance contracts issued and portfolios of reinsurance contracts held.

The Group has elected to disaggregate part of the movement in LIC resulting from the changes in discount rates and present this in the Statement of Comprehensive Income. The Group disaggregates the total amount recognised in the Profit or Loss Account and the Statement of Comprehensive Income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Group does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Group separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

Insurance service result from insurance contracts issued

Insurance revenue

As the Group provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Group expects to be entitled to in exchange for those services.

The Group measures all insurance contracts under the PAA and recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

Insurance service expenses

Insurance service expenses include the following:

- Incurred claims and benefits
- Other incurred directly attributable expenses
- Amortisation of insurance acquisition cash flows
- Changes that relate to past service – changes in the FCF relating to the LIC
- Changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses

Amortisation of insurance acquisition cash flows is based on the passage of time.

Other expenses not meeting the above categories are included in other operating expenses in the Profit or Loss Account.

Insurance service result from reinsurance contracts held

Net income/(expense) from reinsurance contracts held

The Group presents separately on the face of the Profit or Loss Account and the Statement of Comprehensive Income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The net income/(expense) from reinsurance contract held comprise:

- Reinsurance expenses
- For groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses
- Incurred claims recovery
- Other incurred directly attributable expenses
- Changes that relate to past service – changes in the FCF relating to incurred claims recovery
- Effect of changes in the risk of reinsurers' non-performance
- Amounts relating to accounting for onerous groups of underlying insurance contracts issued

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Broker fees are included in reinsurance expenses.

All groups of reinsurance contracts held are measured under the PAA and reinsurance expenses are recognised based on the passage of time over the coverage period of a group of contracts.

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a. Interest accreted on the LIC
b. The effect of changes in interest rates and other financial assumptions

The Group disaggregates insurance finance income or expenses on motor insurance contracts issued between Profit or Loss and OCI. The impact of changes in market interest rates on the value of the insurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Group's financial assets backing the motor insurance portfolios are predominantly measured at FVOCI.

RISK MANAGEMENT

Refer to Notes 3.6 and 3.7 for detail on risks relating to insurance liabilities and reinsurance assets, and the management thereof.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management considers that their use of estimates, assumptions and judgements in application of the Group's accounting policies are inter-related and therefore discuss them together with the major sources of estimation uncertainty and critical judgements separately identified.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group disaggregates information to disclose major product lines namely, Motor Vehicle, Motorcycle and Taxi.

The Group applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Group's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Group now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

A. Liability for remaining coverage ("LRC")

Insurance acquisition cash flows

The Group applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period.

At the end of each reporting period, the Group revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

Critical estimates

In determining the liability for remaining coverage, the Group considers the term over which insurance policies apply, the distribution of expected claims occurrence during the life of those policies and, in determining whether or not a group of contracts is onerous, the expected profitability of each group of contracts written. The profitability of each group of contracts is estimated with reference to:

- Underwriting performance to date for each group of contracts

- The strategic goals assigned to each group of contracts, including target underwriting performance

- Projections of changes to underwriting performance resulting from pricing decisions taken during the life of each group of contracts

B. Liability for incurred claims ("LIC")

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

The Group has the right to pursue third parties for payment of some or all costs. Estimates of salvage recoveries and subrogation reimbursements are considered as an allowance in the measurement of ultimate claims costs. Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Critical estimates

The critical estimates in calculating the LIC are the amount and timing of future claims payments in relation to claims already incurred. This is primarily assessed with reference to past performance, including past settlement patterns, as per the actuarial methodology outlined above. This includes estimating the likely changes in inflation as relates to claims already incurred, as well as the expected frequency of claims which have occurred but which have not yet been reported. The ongoing cost of handling claims already incurred is estimated with reference to the historical cost-per-claim calculated over the past 12 months.

C. Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk-free rate, plus an illiquidity premium where applicable. Risk-free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Discount rates applied for discounting of future cash flows are listed below:

	31 December 2023				31 December 2022			
	1 year	3 years	5 years	10 years	1 year	3 years	5 years	10 years
Motor insurance	5.05%	3.98%	3.67%	3.59%	4.75%	4.62%	4.35%	4.00%

Critical estimates

The discount rate is determined as the risk-free rate adjusted for an illiquidity premium. The risk-free rate is determined using the Solvency II risk-free rate sourced from the Bank of England. The illiquidity premium represents the differences in liquidity characteristics between the financial assets used to derive the risk-free rate and the relevant liability cash flows.

D. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows could vary from the expected value amount.

Critical estimates

The Company has estimated the risk adjustment using a methodology which targets a confidence level (probability of sufficiency) approach between the 80th and 85th percentile. At 31 December 2023, the risk margin applied equates to an approximate confidence interval of 81.3% (31 December 2022: 82.0%) That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 80th to 85th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

3.1. Composition of the Statement of Financial Position

An analysis of the amounts presented on the Statement of Financial Position for insurance contacts is included in the table below.

	Notes	2023 £'k	2022 *Restated [(1)]* £'k
Insurance contract liabilities			
Insurance contract liabilities			
Motor Vehicle insurance		321,720	276,171
Motorcycle insurance		32,370	26,928
Taxi insurance		29,482	17,204
Asset for insurance acquisition cash flows			
Motor Vehicle insurance	3.3	(6,933)	(4,324)
Motorcycle insurance	3.3	(867)	(629)
Taxi insurance	3.3	(933)	(1,009)
Total insurance contract liabilities		**374,839**	**314,341**
Reinsurance contracts assets			
Motor Vehicle insurance		143,364	123,991
Motorcycle insurance		13,502	8,526
Taxi insurance		9,860	4,437
Total reinsurance contract assets		**166,726**	**136,954**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

3.2. Movements in insurance and reinsurance contract balances

3.2.1. Insurance contracts issued

Reconciliation of liability for remaining coverage and the liability for incurred claims

In £'k	2023 Liabilities for Remaining Coverage ("LRC")	2023 Liabilities for Incurred Claims ("LIC") Estimates of present value of future cash flows	2023 LIC Risk adjustment for non-financial risk	2023 TOTAL	2022 Restated (1) Liabilities for Remaining Coverage ("LRC")	2022 Restated (1) Liabilities for Incurred Claims ("LIC") Estimates of present value of future cash flows	2022 Restated (1) LIC Risk adjustment for non-financial risk	2022 Restated (1) TOTAL
Opening insurance contract liabilities	**47,836**	**221,651**	**44,854**	**314,341**	**47,656**	**229,734**	**40,231**	**317,621**
Changes in the Profit or Loss Account								
Insurance revenue	**(188,246)**	**-**	**-**	**(188,246)**	**(181,476)**	**-**	**-**	**(181,476)**
Insurance service expenses								
Incurred claims and other directly attributable expenses	-	110,057	13,605	123,662	-	112,659	14,292	126,951
Changes that relate to past service – *changes in the FCF relating to the LIC*	-	6,764	(4,986)	1,778	-	(3,618)	(9,669)	(13,287)
Amortisation of insurance acquisition cash flows	14,057	-	-	14,057	12,943	-	-	12,943
	14,057	116,821	8,619	139,497	12,943	109,041	4,623	126,607
Insurance service result	**(174,189)**	**116,821**	**8,619**	**(48,749)**	**(168,533)**	**109,041**	**4,623**	**(54,869)**
Net finance income from insurance contracts issued	-	10,170	-	10,170	-	6,043	-	6,043
Total changes in the Profit or Loss Account	**(174,189)**	**126,991**	**8,619**	**(38,579)**	**(168,533)**	**115,084**	**4,623**	**(48,826)**
Changes in the Statement of Comprehensive Income								
Net finance income/(expense) from insurance contracts issued	-	12,436	-	12,436	-	(23,602)	-	(23,602)
Total changes in Statement of Comprehensive Income	**-**	**12,436**	**-**	**12,436**	**-**	**(23,602)**	**-**	**(23,602)**
Cash flows								
Premiums received	206,189	-	-	206,189	181,301	-	-	181,301
Claims and other insurance services expenses paid	-	(102,720)	-	(102,720)	-	(99,565)	-	(99,565)
Insurance acquisition cash flows	(16,828)	-	-	(16,828)	(12,588)	-	-	(12,588)
Total cash flows	**189,361**	**(102,720)**	**-**	**86,641**	**168,713**	**(99,565)**	**-**	**69,148**
Closing insurance contract liabilities	**63,008**	**258,358**	**53,473**	**374,839**	**47,836**	**221,651**	**44,854**	**314,341**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

3.2. Movements in insurance and reinsurance contract balances

3.2.2. Reinsurance contracts held

Reconciliation of assets for remaining coverage and the assets for incurred claims

In £'k	2023 Assets for remaining coverage	2023 Assets for incurred claims: Estimates of present value of future cash flows	2023 Assets for incurred claims: Risk adjustment for non-financial risk	2023 TOTAL	2022 Restated (1) Assets for remaining coverage	2022 Restated (1) Assets for incurred claims: Estimates of present value of future cash flows	2022 Restated (1) Assets for incurred claims: Risk adjustment for non-financial risk	2022 Restated (1) TOTAL
Opening reinsurance contract assets	**5,675**	**97,996**	**33,283**	**136,954**	**2,812**	**114,510**	**30,574**	**147,896**
Changes in the Profit or Loss Account								
Net income/(expense) from reinsurance contracts held								
Reinsurance expense	(28,506)	-	-	(28,506)	(24,958)	-	-	(24,958)
Incurred claims recovery	-	16,738	9,103	25,841	-	16,409	9,423	25,832
Changes that relate to past service – *changes in the FCF relating to incurred claims recovery*	-	6,859	(1,168)	5,691	-	(12,814)	(6,714)	(19,528)
	(28,506)	**23,597**	**7,935**	**3,026**	**(24,958)**	**3,595**	**2,709**	**(18,654)**
Net finance income for reinsurance contracts held	-	3,588	-	3,588	-	3,195	-	3,195
Total changes in the Profit or Loss Account	**(28,506)**	**27,185**	**7,935**	**6,614**	**(24,958)**	**6,790**	**2,709**	**(15,459)**
Changes in the Statement of Comprehensive Income								
Net finance income/(expense) for reinsurance contracts held	-	5,432	-	5,432	-	(12,924)	-	(12,924)
Total changes in Statement of Comprehensive Income	**-**	**5,432**	**-**	**5,432**	**-**	**(12,924)**	**-**	**(12,924)**
Cash flows								
Premiums paid	24,906	-	-	24,906	27,821	-	-	27,821
Recoveries received	-	(7,180)	-	(7,180)	-	(10,380)	-	(10,380)
Total cash flows	**24,906**	**(7,180)**	**-**	**17,726**	**27,821**	**(10,380)**	**-**	**17,441**
Closing reinsurance contract assets	**2,075**	**123,433**	**41,218**	**166,726**	**5,675**	**97,996**	**33,283**	**136,954**

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

3.3. Assets for insurance acquisition cash flows

	£'k
Restated balance as at 1 January 2022	6,317
Amounts incurred during the year	12,588
Amounts derecognised and included in measurement of insurance contracts	(12,943)
Restated balance as at 31 December 2022	**5,962**
Amounts incurred during the year	16,828
Amounts derecognised and included in measurement of insurance contracts	(14,057)
Balance as at 31 December 2023	**8,733**

The following table sets out when the Group expects to derecognise assets for insurance acquisition cash flows after the reporting date:

	£'k
31 December 2023	
Less than one year	8,032
More than one year	701
	8,733
31 December 2022	
Less than one year	5,437
More than one year	525
	5,962

3.4. Claims development

The presentation of the claims development tables for the Group is based on the actual date of the event that caused the claim (accident year basis). These triangles present estimated costs including any risk adjustment and associated liability related to the future cost of handling claims.

Gross of reinsurance

Accident year	2014 £'k	2015 £'k	2016 £'k	2017 £'k	2018 £'k	2019 £'k	2020 £'k	2021 £'k	2022 £'k	2023 £'k	Total £'k
Estimates of undiscounted gross cumulative claims											
At the end of the accident year	75,649	103,599	111,518	165,707	120,077	126,981	101,965	89,233	136,811	133,334	
– One year later	65,639	90,133	100,935	131,803	108,089	122,663	97,953	93,309	131,433		
– Two years later	62,039	82,537	94,294	123,651	107,988	127,225	93,390	90,941			
– Three years later	60,301	79,845	91,336	122,674	113,257	131,254	88,192				
– Four years later	59,149	77,095	90,789	124,128	118,600	135,173					
– Five years later	58,367	77,038	92,629	137,472	125,038						
– Six years later	58,718	77,469	101,655	137,660							
– Seven years later	58,438	77,729	101,124								
– Eight years later	58,380	77,040									
– Nine years later	58,341										
Current estimate of cumulative claims	58,341	77,040	101,124	137,660	125,038	135,173	88,192	90,941	131,433	133,334	
Cumulative gross claims paid	(58,238)	(76,024)	(93,623)	(89,583)	(99,233)	(106,817)	(67,881)	(59,366)	(65,812)	(43,102)	
Undiscounted gross liabilities – accident years from 2014 to 2023	**103**	**1,016**	**7,501**	**48,077**	**25,805**	**28,356**	**20,311**	**31,575**	**65,621**	**90,232**	**318,597**
Undiscounted gross liabilities – accident years from 2013 and before											43,435
Effect of discounting											(50,201)
Total gross liabilities for incurred claims ("LIC")											**311,831**
Liabilities for remaining coverage ("LRC")											63,008
Total gross liabilities included in the Statement of Financial Position											**374,839**

The unshaded numbers are undiscounted, but otherwise presented on an IFRS 17 basis. The shaded numbers have not been restated under IFRS 17 and reflect the numbers as previously reported under IFRS 4. The primary difference between the IFRS 17 and IFRS 4 numbers presented here relates to the risk adjustment.

The gross liabilities for incurred claims and gross liabilities for remaining coverage per product is given below:

	LIC	LRC	Total
Motor vehicle	261,946	52,841	**314,787**
Motorcycle	27,765	3,738	**31,503**
Taxi	22,120	6,429	**28,549**
Total	**311,831**	**63,008**	**374,839**

Net of reinsurance

Accident year	2014 £'k	2015 £'k	2016 £'k	2017 £'k	2018 £'k	2019 £'k	2020 £'k	2021 £'k	2022 £'k	2023 £'k	Total £'k
Estimates of undiscounted net cumulative claims											
At the end of the accident year	74,609	97,288	104,808	106,478	111,433	115,011	85,723	81,161	106,049	102,185	
– One year later	65,639	85,814	93,664	96,446	99,649	111,550	81,882	82,487	102,066		
– Two years later	60,953	81,164	87,824	91,806	98,641	111,347	80,990	80,146			
– Three years later	59,741	77,869	85,243	91,179	99,071	111,342	78,353				
– Four years later	59,008	76,409	84,995	88,545	100,893	112,156					
– Five years later	58,259	76,254	84,891	92,002	103,254						
– Six years later	58,481	76,011	86,784	92,375							
– Seven years later	58,198	76,581	86,536								
– Eight years later	58,147	76,425									
– Nine years later	58,115										
Current estimate of cumulative claims	58,115	76,425	86,536	92,375	103,254	112,156	78,353	80,146	102,066	102,185	
Cumulative net claims paid	(58,020)	(75,741)	(83,819)	(85,158)	(95,501)	(101,061)	(65,577)	(59,366)	(65,812)	(43,102)	
Undiscounted net liabilities – accident years from 2014 to 2023	**95**	**684**	**2,717**	**7,217**	**7,753**	**11,095**	**12,776**	**20,780**	**36,254**	**59,083**	**158,454**
Undiscounted net liabilities – accident years from 2013 and before											8,061
Effect of discounting											(19,335)
Total net liabilities for incurred claims ("LIC")											**147,180**
Net liabilities for remaining coverage ("LRC")											60,933
Total net liabilities included in the Statement of Financial Position											**208,113**

The unshaded numbers are undiscounted, but otherwise presented on an IFRS 17 basis. The shaded numbers have not been restated under IFRS 17 and reflect the numbers as previously reported under IFRS 4. The primary difference between the IFRS 17 and IFRS 4 numbers presented here relates to the risk adjustment.

The net liabilities for incurred claims and net liabilities for remaining coverage per product is given below:

	LIC	LRC	Total
Motor vehicle	120,136	51,287	**171,423**
Motorcycle	14,391	3,610	**18,001**
Taxi	12,653	6,036	**18,689**
Total	**147,180**	**60,933**	**208,113**

3.5. Insurance revenue and expenses – Segmental disclosure

An analysis of insurance revenue, insurance service expenses and net expenses from reinsurance contracts held is included in the tables below. Additional information on amounts recognised in Profit or Loss and OCI is included in the movements in insurance and reinsurance contract balances in Note 3.2.

The Group provides short-term motor insurance to clients, which comprises three lines of business, Motor Vehicle insurance, Motorcycle insurance and Taxi insurance, which are written solely in the UK. The Group has no other lines of business, nor does it operate outside of the UK. Other income relates to auxiliary products and services, including brokerage and administration fees, all relating to the motor insurance business. The Group does not have a single client which accounts for more than 10% of revenue.

	2023				2022 *Restated* (1)			
	Motor vehicles	**Motorcycle**	**Taxi**	**Total**	**Motor vehicles**	**Motorcycle**	**Taxi**	**Total**
	£'k	**£'k**	**£'k**	**£'k**	**£'k**	**£'k**	**£'k**	**£'k**
Insurance revenue								
Insurance revenue from contracts measured under the PAA	158,054	15,363	14,829	**188,246**	157,464	17,826	6,186	**181,476**
Total insurance revenue	**158,054**	**15,363**	**14,829**	**188,246**	**157,464**	**17,826**	**6,186**	**181,476**
Insurance service expense								
Incurred claims and other directly attributable expenses	(91,688)	(16,087)	(15,887)	**(123,662)**	(94,492)	(26,185)	(6,274)	**(126,951)**
Changes that relate to past service – changes in the FCF relating to the LIC	(861)	1,796	(2,713)	**(1,778)**	13,257	(358)	388	**13,287**
Amortisation of insurance acquisition cash flows	(10,206)	(1,953)	(1,898)	**(14,057)**	(11,371)	(879)	(693)	**(12,943)**
Total insurance service expense	**(102,755)**	**(16,244)**	**(20,498)**	**(139,497)**	**(92,606)**	**(27,422)**	**(6,579)**	**(126,607)**
Net income/(expenses) from reinsurance contracts held								
Reinsurance expenses – contracts measured under the PAA	(23,800)	(2,444)	(2,262)	**(28,506)**	(21,257)	(2,734)	(967)	**(24,958)**
Incurred claims recovery	17,367	5,947	2,527	**25,841**	17,862	7,611	359	**25,832**
Changes that relate to past service – changes in the FCF relating to incurred claims recovery	4,758	(1,184)	2,117	**5,691**	(19,337)	30	(221)	**(19,528)**
Total net income/(expenses) from reinsurance contracts held	**(1,675)**	**2,319**	**2,382**	**3,026**	**(22,732)**	**4,907**	**(829)**	**(18,654)**
Total insurance service result	**53,624**	**1,438**	**(3,287)**	**51,775**	**42,126**	**(4,689)**	**(1,222)**	**36,215**

Other than reinsurance assets and insurance liabilities (see Note 3.1), the Group does not allocate, monitor or report assets and liabilities per business line and does not consider the information useful in the day-to-day running of the Group's operations. The Group also does not allocate, monitor, or report other income and expenses per business line.

3.6. Underwriting risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

The Group issues only motor insurance contracts within the UK, which usually cover a 12-month duration. For these contracts, the most significant risks arise from severe weather conditions or single catastrophic events. For longer-tail claims that take some years to settle, there is also inflation risk.

The above risk exposure is mitigated by diversification across a large portfolio of policyholders and geographical areas within the UK. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across policyholders. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Group. The Group further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Group purchases reinsurance as part of its risk mitigation programme. Reinsurance ceded is placed on a non-proportional basis. This non-proportional reinsurance is excess-of-loss, designed to mitigate the Group's net exposure to single large claims or catastrophe losses. The current reinsurance programme in place has a retention limit of £1m, with no upper limit. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded reinsurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is not dependent on a single reinsurer. There is no single counterparty exposure that exceeds 25% of total reinsurance assets at the reporting date.

Key assumptions

The principal assumption underlying the liability estimates is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrence; changes in market factors such as public attitude to claiming: economic conditions; and internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates and delays in settlement.

Sensitivities

The motor claim liabilities are primarily sensitive to the reserving assumptions noted above. It has not been possible to quantify the sensitivity of individual, specific assumptions such as legislative changes.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear.

The table shows the impact of a 10% increase in the gross loss ratio applied to all underwriting years which have a material outstanding claims reserve, and a 10% increase in gross outstanding claims across all underwriting years, taking into account the impact of an increase in the operational costs associated with handling those claims. The impact of a 10% decrease will have a similar but opposite impact.

	Decrease in profit after tax		Decrease in total equity	
	2023	**2022 Restated** *(1)*	**2023**	**2022 Restated** *(1)*
At 31 December	**£'k**	**£'k**	**£'k**	**£'k**
Insurance risk				
Impact of a 10% increase in gross loss ratio	(8,573)	(8,864)	(8,573)	(8,864)
Impact of a 10% increase in gross outstanding claims	(9,430)	(9,737)	(9,430)	(9,737)

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

A substantial increase in individually large claims which are over our reinsurance retention limit, generally will have no impact on profit before tax. The table shows the impact of a 10% increase on a net basis. The impact of a 10% decrease will have a similar but opposite impact.

	Decrease in profit after tax		Decrease in total equity	
	2023	**2022 Restated** *(1)*	**2023**	**2022 Restated** *(1)*
At 31 December	**£'k**	**£'k**	**£'k**	**£'k**
Insurance risk				
Impact of a 10% increase in net loss ratio	(11,353)	(11,579)	(11,353)	(11,579)
Impact of a 10% increase in net outstanding claims	(12,738)	(11,920)	(12,738)	(11,920)

(1) See Note 1.3.1 IFRS 17 "Insurance Contracts"

The impact of a 1% increase in the discount rates will increase the 2023 total equity by £2,259k. The impact of a 1% decrease in the discount rate will decrease the 2023 total equity by £2,763k.

Climate change

Management has assessed the short, medium and long-term risks which result from climate change. The short-term risk is low. Given the geographical diversity of the Group's policyholders within the UK and the Group's reinsurance programme, it is highly unlikely that a climate event will materially impact the Group's financial position, including its assessment of the liability for incurred claims. More likely is that the costs associated with the transition to a low-carbon economy will impact the Group's indemnity spend in the medium term, as electronic vehicles are currently relatively expensive to fix. This is somewhat, or perhaps completely, offset by advances in technology reducing the frequency of claims, in particular bodily injury claims which are generally far more expensive than damage to vehicles. These changes in the costs of claims are gradual and as such reflected in the Group's claims experience and fed into the pricing of policies. However, if the propensity to travel by car decreases overall this could impact the Group's income in the long term.

3.7. Insurance related credit risk

Key insurance related areas where the Group is exposed to credit default risk are:

– Reinsurers default on their share of the Group's insurance liabilities

– Default on amounts due from insurance contract intermediaries or policyholders

Sabre uses a large panel of secure reinsurance companies. The credit risk of reinsurers included in the reinsurance programme is considered annually by reviewing their credit worthiness. Sabre's largest reinsurance counterparty is Munich Re. The credit risk exposure is further monitored throughout the year to ensure that changes in credit risk positions are adequately addressed.

The following tables demonstrate the Group's exposure to credit risk in respect of overdue insurance debt and counterparty creditworthiness.

Overdue insurance related debt

At 31 December 2023	Neither past due nor impaired £'k	Past due 1-90 days £'k	Past due more than 90 days £'k	Assets that have been impaired £'k	Carrying value in the balance sheet £'k
Reinsurance contracts assets (1)	197,591	-	-	-	197,591
Insurance receivables (2)	54,650	62	-	-	54,712
Total	**252,241**	**62**	**-**	**-**	**252,303**

At 31 December 2022 Restated (3)	Neither past due nor impaired £'k	Past due 1-90 days £'k	Past due more than 90 days £'k	Assets that have been impaired £'k	Carrying value in the balance sheet £'k
Reinsurance contracts assets (1)	166,996	-	-	-	166,996
Insurance receivables (2)	31,364	63	-	-	31,427
Total	**198,360**	**63**	**-**	**-**	**198,423**

(1) Undiscounted

(2) Included within 'Insurance contract liabilities'

(3) See Note 1.3.1 IFRS 17 "Insurance Contracts"

Exposure by credit rating

At 31 December 2023	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
Reinsurance contracts assets (1)	-	128,942	68,649	-	-	-	197,591
Insurance receivables (2)	-	-	-	-	-	54,712	54,712
Total	**-**	**128,942**	**68,649**	**-**	**-**	**54,712**	**252,303**

At 31 December 2022 Restated (3)	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
Reinsurance contracts assets (1)	-	111,995	55,001	-	-	-	166,996
Insurance receivables (2)	-	-	-	-	-	31,427	31,427
Total	**-**	**111,995**	**55,001**	**-**	**-**	**31,427**	**198,423**

(1) Undiscounted

(2) Included within 'Insurance contract liabilities'

(3) See Note 1.3.1 IFRS 17 "Insurance Contracts"

3.8. Net financial result

		2023		
		Insurance related	Non-insurance related	Total
	Notes	£'k	£'k	£'k
Investment income				
Interest income on financial assets using effective interest rate method	4.5	3,506	269	3,775
Amounts recognised in OCI	4.6	9,284	-	9,284
Total investment income		**12,790**	**269**	**13,059**
Insurance finance expenses from insurance contracts issued				
Interest accreted		(10,170)	-	(10,170)
Effect of changes in interest rates and other financial assumptions		(12,436)	-	(12,436)
		(22,606)	**-**	**(22,606)**
Reinsurance finance income from reinsurance contracts held				
Interest accreted		3,588	-	3,588
Effect of changes in interest rates and other financial assumptions		5,432	-	5,432
		9,020	**-**	**9,020**
Net insurance finance expense		**(13,586)**	**-**	**(13,586)**
Net financial results		**(796)**	**269**	**(527)**
Represented by:				
Amounts recognised in Profit or Loss		(3,076)	269	(2,807)
Amounts recognised in OCI		2,280	-	2,280
Total		**(796)**	**269**	**(527)**

	Notes	2022 Insurance related £'k	 Non-insurance related £'k	 Total £'k
Investment income				
Interest income on financial assets using effective interest rate method	4.5	1,627	40	1,667
Realised fair value gains on debt securities	4.5	22	-	22
Amounts recognised in OCI	4.6	(14,207)	-	(14,207)
Total investment income		**(12,558)**	**40**	**(12,518)**
Insurance finance expenses from insurance contracts issued				
Interest accreted		(6,043)	-	(6,043)
Effect of changes in interest rates and other financial assumptions		23,602	-	23,602
		17,559	**-**	**17,559**
Reinsurance finance income from reinsurance contracts held				
Interest accreted		3,195	-	3,195
Effect of changes in interest rates and other financial assumptions		(12,924)	-	(12,924)
		(9,729)	**-**	**(9,729)**
Net insurance finance expense		**7,830**	**-**	**7,830**
Net financial results		**(4,728)**	**40**	**(4,688)**
Represented by:				
Amounts recognised in Profit or Loss		(1,199)	40	(1,159)
Amounts recognised in OCI		(3,529)	-	(3,529)
Total		**(4,728)**	**40**	**(4,688)**

4. FINANCIAL ASSETS

RISK MANAGEMENT

Refer to the following notes for detail on risks relating to financial assets:

Investment concentration risk – Note 4.2.1
Interest rate risk – Note 4.2.2
Credit risk – Note 4.4
Liquidity risk – Note 6

The Group's financial assets are summarised below:

	Notes	2023 £'k	2022 £'k
Cash and cash equivalents	4.1	35,079	18,502
Debt securities held at fair value through other comprehensive income	4.2	264,679	229,158
Receivables	4.3	87	7
Total		**299,845**	**247,667**

4.1. Cash and cash equivalents

ACCOUNTING POLICY – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held on call with banks and money market funds. Cash and cash equivalents are carried at amortised cost.

	2023 £'k	2022 £'k
Cash at bank and on hand	12,890	13,162
Money market funds	22,189	5,340
Total	**35,079**	**18,502**

Cash held in money market funds has no notice period for withdrawal.

The carrying value of cash and cash equivalents approximates fair value. The full value is expected to be realised within 12 months.

4.2. Debt securities held at fair value through other comprehensive income

ACCOUNTING POLICY – FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE

Classification

The Group classifies the following financial assets at fair value through Other Comprehensive Income ("FVOCI"):

– Debt securities

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at fair value through the Profit or Loss Account ("FVTPL"):

– The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

– The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding on specified dates

Recognition and measurement

At initial recognition, the Group measures debt securities through other comprehensive income at fair value, plus the transaction costs that are directly attributable to the acquisition of the financial asset. Debt securities at FVOCI are subsequently measured at fair value.

Impairment

At each reporting date, the Group assesses debt securities at FVOCI for impairment. Under IFRS 9 a 'three-stage' model for calculated Expected Credit Losses ("ECL") is used, and is based on changes in credit quality since initial recognition. Refer to Note 4.4.

The Group's debt securities held at fair value through other comprehensive income are summarised below:

		2023		2022
	£'k	% holdings	£'k	% holdings
Government bonds	107,040	40.4%	87,151	38.1%
Government-backed securities	81,942	31.0%	80,753	35.2%
Corporate bonds	75,697	28.6%	61,254	26.7%
Total	**264,679**	**100.0%**	**229,158**	**100.0%**

4.2.1. Investment concentration risk

Excessive exposure to particular industry sectors or groups can give rise to concentration risk. The Group has no significant investment concentration in any particular industrial sector and therefore is unlikely to suffer significant losses through its investment portfolio as a result of over-exposure to sectors engaged in similar activities or which have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

A significant part of the Group's investment portfolio consists primarily of UK government bonds and government-backed bonds, therefore the risk of government default does exist, however the likelihood is extremely remote. The remainder of the portfolio consists of investment grade corporate bonds. The Group continues to monitor the strength and security of all bonds. The Group does not have direct exposure to Ukrainian and Russian assets.

The Group's exposure by geographical area is outlined below:

At 31 December 2023	Government bonds £'k	Government-backed securities £'k	Corporate bonds £'k	Total £'k	% holdings
United Kingdom	107,040	-	32,364	139,404	52.7%
Europe	-	50,982	28,736	79,718	30.1%
North America	-	28,284	12,643	40,927	15.5%
Australasia	-	-	1,954	1,954	0.7%
Asia	-	2,676	-	2,676	1.0%
Total	**107,040**	**81,942**	**75,697**	**264,679**	**100.0%**

At 31 December 2022	Government bonds £'k	Government-backed securities £'k	Corporate bonds £'k	Total £'k	% holdings
United Kingdom	87,151	101	25,942	113,194	49.4%
Europe	-	48,295	25,972	74,267	32.4%
North America	-	32,357	9,340	41,697	18.2%
Total	**87,151**	**80,753**	**61,254**	**229,158**	**100.0%**

The Group's exposure by investment type for government-backed securities and corporate bonds is outlined below:

At 31 December 2023	Agency £'k	Supranational £'k	Total £'k
Government-backed securities	40,310	41,632	81,942
% of holdings	49.2%	50.8%	100.0%

At 31 December 2023	Financial £'k	Industrial £'k	Utilities £'k	Total £'k
Corporate bonds	40,973	31,117	3,607	75,697
% of holdings	54.1%	41.1%	4.8%	100.0%

At 31 December 2022	Agency £'k	Supranational £'k	Total £'k
Government-backed securities	37,989	42,764	80,753
% of holdings	47.0%	53.0%	100.0%

At 31 December 2022	Financial £'k	Industrial £'k	Utilities £'k	Total £'k
Corporate bonds	31,229	28,121	1,904	61,254
% of holdings	51.0%	45.9%	3.1%	100.0%

4.2.2. Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk. Currently the Group holds only fixed rate securities.

The Group's interest risk policy requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

The Group has a concentration of interest rate risk in UK government bonds and other fixed-income securities.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact on interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

The impact of any movement in market values, such as those caused by changes in interest rates, is taken through other comprehensive income and has no impact on profit after tax.

	Decrease in profit after tax		Decrease in total equity	
	2023	2022	2023	2022
At 31 December	**£'k**	**£'k**	**£'k**	**£'k**
Interest rate				
Impact of a 100-basis point increase in interest rates on debt securities at FVOCI	-	-	(2,758)	(1,940)
Impact of a 200-basis point increase in interest rates on debt securities at FVOCI	-	-	(5,516)	(3,881)

4.2.3. Fair value

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, or in its absence, the most advantageous market to which the Group has access at that date.

The Group measures the fair value of an instrument using the quoted bid price in an active market for that instrument. A market is regarded as active if transactions for the asset take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing bid price.

Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's view of market assumptions in the absence of observable market information.

IFRS 13 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

Disclosure of fair value measurements by level is according to the following fair value measurement hierarchy:

- **Level 1**: fair value is based on quoted market prices (unadjusted) in active markets for identical instruments as measured on reporting date
- **Level 2**: fair value is determined through inputs, other than quoted prices included in Level 1 that are observable for the assets and liabilities, either directly (prices) or indirectly (derived from prices)
- **Level 3**: fair value is determined through valuation techniques which use significant unobservable inputs

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. A market is regarded as active if quoted prices are readily and regularly available from the stock exchange or pricing service, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing bid price. These instruments are included in Level 1 and comprise only debt securities classified as fair value through other comprehensive income.

Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant input required to fair value an instrument is observable, the instrument is included in Level 2. The Group has no Level 2 financial instruments.

Level 3

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3. The Group has no Level 3 financial instruments.

The following table summarises the classification of financial instruments:

As at 31 December 2023	Level 1 £'k	Level 2 £'k	Level 3 £'k	Total £'k
Assets held at fair value				
Debt securities held at FVOCI	264,679	-	-	264,679
Total	**264,679**	**-**	**-**	**264,679**

As at 31 December 2022	Level 1 £'k	Level 2 £'k	Level 3 £'k	Total £'k
Assets held at fair value				
Debt securities held at FVOCI	229,158	-	-	229,158
Total	**229,158**	**-**	**-**	**229,158**

Transfers between levels

There have been no transfers between levels during the year (2022: no transfers).

4.3. Receivables

ACCOUNTING POLICY

Classification

The Group classifies its receivables as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows
- The contractual terms give rise to cash flows that are solely payments of principal and interest

Recognition and measurement

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Impairment

The Group measures loss allowances at an amount equal to lifetime ECL. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due to create the categories namely performing, underperforming and not performing. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before year end. The loss rates are adjusted to reflect current and forward-looking information on macro-economic factors, such as the socio-economic environment affecting the ability of the debtors to settle the receivables. Receivables that are 30 days or more past due are considered to be 'not performing' and the default rebuttable presumption of 90 days prescribed by IFRS 9 is not applied.

Performing

Customers have a low risk of default and a strong capacity to meet contractual cash flows.

Underperforming

Receivables for which there is a significant increase in credit risk. A significant increase in credit risk is presumed if interest and/or principal repayments are past due.

Not performing

Interest and/or principal repayments are 30 days past due.

The Group's receivables comprise of:

	2023 £'k	2022 £'k
Other debtors	87	7
Total	**87**	**7**

The estimated fair values of receivables are the discounted amounts of the estimated future cash flows expected to be received.

The carrying value of receivables approximates fair value. The provision for expected credit losses is based on the recoverability of the individual receivables.

The Group calculated ECL on receivables and has concluded that it is wholly immaterial and such further disclosure has not been included.

4.4. Credit risk

ACCOUNTING POLICY

Impairment of financial assets

At each reporting date, the Group assesses financial assets measured at amortised cost and debt securities at FVOCI for impairment. Under IFRS 9 a 'three-stage' model for calculating Expected Credit Losses ("ECL") is used, and is based on changes in credit quality since initial recognition as summarised below:

Performing financial assets

- Stage 1: From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").
- Stage 2: Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL"). The assessment of whether there has been a significant increase in credit risk, such as an actual or significant change in instruments external credit rating; significant widening of credit spread; changes in rates or terms of instrument; existing or forecast adverse change in business, financial or economic conditions that are expected to cause a significant change in the counterparty's ability to meet its debt obligations; requires considerable judgement, based on the lifetime probability of default ("PD"). Stage 1 and 2 allowances are held against performing loans; the main difference between stage 1 and stage 2 allowances is the time horizon. Stage 1 allowances are estimated using the PD with a maximum period of 12 months, while stage 2 allowances are estimated using the PD over the remaining lifetime of the asset.

Impaired financial assets

Stage 3: When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses, however, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the impairment model

The Group applies IFRS 9's ECL model to two main types of financial assets that are measured at amortised cost or FVOCI:

Other receivables, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one.

Debt securities, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which triggers the recognition of a Lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. The probability is determined by the estimated risk of default which is applied to the cash flow estimates. On a significant increase in credit risk, from investment grade to non-investment grade, allowances are recognised without a change in the expected cash flows (although typically expected cash flows do also change) and expected credit losses are rebased from 12-month to lifetime expectations.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in the Profit or Loss Account and accounted for as a transfer from OCI to Profit or Loss, instead of reducing the carrying amount of the asset.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Group concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Exposure by credit rating

At 31 December 2023	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
UK government bonds	-	107,040	-	-	-	-	**107,040**
Government-backed securities	81,942	-	-	-	-	-	**81,942**
Corporate bonds	-	4,153	51,020	20,524	-	-	**75,697**
Receivables	-	-	-	-	-	87	**87**
Cash and cash equivalents	22,189	51	12,839	-	-	-	**35,079**
Total	**104,131**	**111,244**	**63,859**	**20,524**	**-**	**87**	**299,845**

At 31 December 2022	AAA £'k	AA+ to AA- £'k	A+ to A- £'k	BBB+ to BBB- £'k	BB+ and below £'k	Not rated £'k	Total £'k
UK government bonds	-	87,151	-	-	-	-	**87,151**
Government-backed securities	80,031	722	-	-	-	-	**80,753**
Corporate bonds	-	2,839	41,235	17,180	-	-	**61,254**
Receivables	-	-	-	-	-	7	**7**
Cash and cash equivalents	5,340	52	13,110	-	-	-	**18,502**
Total	**85,371**	**90,764**	**54,345**	**17,180**	**-**	**7**	**247,667**

With exception of receivables, all the Group's financial assets are investment grade (AAA to BBB).

Analysis of credit risk and allowance for ECL

The following table provides an overview of the allowance for ECL provided for on the types of financial assets held by the Group where credit risk is prevalent.

At 31 December 2023	Gross carrying amount £'k	Allowance for ECL £'k	Net amount £'k
Government bonds	107,040	(3)	107,037
Government-backed securities	81,942	(4)	81,938
Corporate bonds	75,697	(30)	75,667
Receivables	87	-	87
Cash and cash equivalents	35,079	-	35,079
Total	**299,845**	**(37)**	**299,808**

At 31 December 2022	Gross carrying amount £'k	Allowance for ECL £'k	Net amount £'k
Government bonds	87,151	(3)	87,148
Government-backed securities	80,753	(2)	80,751
Corporate bonds	61,254	(27)	61,227
Receivables	7	-	7
Cash and cash equivalents	18,502	-	18,502
Total	**247,667**	**(32)**	**247,635**

4.5. Investment income

ACCOUNTING POLICY

Investment income from debt instruments classified as FVOCI are measured using the effective interest rate which allocates the interest income or interest expense over the expected life of the asset or liability at the rate that exactly discounts all estimated future cash flows to equal the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

	2023 £'k	2022 £'k
Interest income on financial assets using effective interest rate method		
Interest income from debt securities	3,131	1,567
Interest income from cash and cash equivalents	644	100
Total	**3,775**	**1,667**

4.6. Net gains/(losses) from fair value adjustments on financial assets

ACCOUNTING POLICY

Movements in the fair value of debt instruments classified as FVOCI are taken through OCI. When the instruments are derecognised, the cumulative gain or losses previously recognised in OCI is reclassified to Profit or Loss.

	2023 £'k	2022 £'k
Profit or loss		
Realised fair value gains on debt securities	-	22
Realised fair value gains on debt securities reclassified to Profit or Loss	**-**	**22**
Other comprehensive income		
Unrealised fair value gains/(losses) on debt securities	9,278	(14,175)
Expected credit loss	6	(32)
Unrealised fair value gains/(losses) on debt securities through Other Comprehensive Income	**9,284**	**(14,207)**
Net gains/(losses) from fair value adjustments on financial assets	**9,284**	**(14,185)**

5. PAYABLES

ACCOUNTING POLICY

Payables are recognised when the Group has a contractual obligation to deliver cash or another financial asset to another entity, or a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity. Payables are carried at amortised cost.

	2023 £'k	2022 £'k
Trade and other creditors	2,149	760
Other taxes	7,551	4,348
Total	**9,700**	**5,108**

6. LIQUIDITY RISK

Liquidity risk is the potential that obligations cannot be met as they fall due as a consequence of having a timing mismatch or inability to raise sufficient liquid assets without suffering a substantial loss on realisation. The Group manages its liquidity risk through both ensuring that it holds sufficient cash and cash equivalent assets to meet all short-term liabilities and matching, as far as possible, the maturity profile of its financial investments to the expected cash outflows.

The liquidity of the Group's insurance and financial liabilities and supporting assets is given in the tables below:

At 31 December 2023	**Total £'k**	**Up to 1 year £'k**	**1–2 years £'k**	**3–4 years £'k**	**5–10 years £'k**	**Over 10 years £'k**
Cash and cash equivalents [1]	35,079	35,079	-	-	-	-
UK government bonds	107,040	22,008	40,649	44,383	-	-
Government-backed securities	81,942	57,722	17,241	6,979	-	-
Corporate bonds	75,697	8,987	49,953	16,757	-	-
Receivables	87	87	-	-	-	-
Reinsurance contract assets	197,592	68,215	53,543	26,409	18,452	30,973
Total	**497,437**	**192,098**	**161,386**	**94,528**	**18,452**	**30,973**

At 31 December 2023	**Total £'k**	**Up to 1 year £'k**	**1–2 years £'k**	**3–4 years £'k**	**5–10 years £'k**	**Over 10 years £'k**
Payables	9,700	9,700	-	-	-	-
Insurance contract liabilities [2]	300,593	83,152	110,871	46,344	24,978	35,248
Total	**310,293**	**92,852**	**110,871**	**46,344**	**24,978**	**35,248**

Management have considered the liquidity and cash generation of the Group and are satisfied that the Group will be able to meet all liabilities as they fall due.

(1) Includes money market funds with no notice period for withdrawal
(2) Excludes the liability for remaining coverage and effect of discounting

At 31 December 2022 *Restated* [3]	**Total £'k**	**Up to 1 year £'k**	**1–2 years £'k**	**3–4 years £'k**	**5–10 years £'k**	**Over 10 years £'k**
Cash and cash equivalents [1]	18,502	18,502	-	-	-	-
UK government bonds	87,151	14,463	26,470	38,992	7,226	-
Government-backed securities	80,753	5,119	69,693	5,941	-	-
Corporate bonds	61,254	4,426	44,514	12,314	-	-
Receivables	7	7	-	-	-	-
Reinsurance contract assets	166,997	40,816	36,280	32,672	30,986	26,243
Total	**414,664**	**83,333**	**176,957**	**89,919**	**38,212**	**26,243**

At 31 December 2022 *Restated* [3]	**Total £'k**	**Up to 1 year £'k**	**1–2 years £'k**	**3–4 years £'k**	**5–10 years £'k**	**Over 10 years £'k**
Payables	5,108	5,108	-	-	-	-
Insurance contract liabilities	283,118	75,141	88,842	51,935	37,759	29,441
Total	**288,226**	**80,249**	**88,842**	**51,935**	**37,759**	**29,441**

(1) Includes money market funds with no notice period for withdrawal
(2) Excludes the liability for remaining coverage and effect of discounting
(3) See Note 1.3.1 IFRS 17 'Insurance Contracts'

7. OTHER INCOME

ACCOUNTING POLICY

Other income consists of brokerage fees resulting from the sale of ancillary products connected to the Group's direct business, and other non-insurance income such as administrative fees charged on direct business. Such income is recognised once the related service has been performed. Typically, this will be at the point of sale of the product.

	2023 £'k	2022 £'k
Administration fees	495	1,042
Brokerage and other fee income (1)	737	742
Total	**1,232**	**1,784**

Other income relates to auxiliary products and services, including brokerage and administration fees, all relating to the Motor Vehicle product.

(1) Restated from previous reporting periods. This line now combines both 'Marketing' and 'Fee income from the sale of auxiliary products and services' disclosed separately in previous reporting period.

8. OTHER OPERATING EXPENSES

	Notes	2023 £'k	2022 £'k
Employee expenses		13,869	12,536
Property expenses		689	428
IT expense including IT depreciation		5,961	5,043
Other depreciation		59	17
Industry levies		5,936	5,913
Policy servicing costs		2,491	2,164
Other operating expenses		3,328	2,958
Movement in expected credit loss on debt securities		6	(34)
Impairment loss on owner occupied properties		333	-
Before adjustment for directly attributable claims expenses		**32,672**	**29,025**
Adjusted for:			
Reclassification of directly attributable claims expenses		(6,085)	(6,210)
Total operating expenses		**26,587**	**22,815**

8.1. Employee expenses

ACCOUNTING POLICY

A. Pensions

For staff who were employees on 8 February 2002, the Group operates a non-contributory defined contribution Group personal pension scheme. The contribution by the Group depends on the age of the employee.

For employees joining since 8 February 2002, the Group operates a matched contribution Group personal pension scheme where the Group contributes an amount matching the contribution made by the staff member.

Contributions to defined contribution schemes are recognised in the Profit or Loss Account in the period in which they become payable.

B. Share-based payments

The fair value of equity instruments granted under share-based payment plans are recognised as an expense and spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date, excluding the impact of any non-market vesting conditions. Depending on the plan, the fair value of equity instruments granted is measured on grant date using an appropriate valuation model or the market price on grant date. At the date of each Statement of Financial Position, the Group revises its estimate of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the Profit or Loss Account, and a corresponding adjustment is made to equity over the remaining vesting period. The fair value of the awards and ultimate expense are not adjusted on a change in market vesting conditions during the vesting period.

C. Leave pay

Employee entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the Statement of Financial Position date.

The aggregate remuneration of those employed by the Group's operations comprised:

	2023 £'k	2022 £'k
Wages and salaries	10,079	8,988
Social security expenses	1,276	1,213
Contributions to defined contribution plans	557	508
Equity-settled share-based payment	1,606	1,603
Other employee expenses	351	224
Before adjustment for directly attributable claims expenses	**13,869**	**12,536**
Adjusted for:		
Reclassification of directly attributable claims expenses	(4,146)	(4,783)
Employee expenses	**9,723**	**7,753**

8.2. Number of employees

The table below analyses the average monthly number of persons employed by the Group's operations.

	2023	2022
Operations	129	123
Support	28	28
Total	**157**	**151**

8.3. Directors' remuneration

Amounts paid to Directors are disclosed within the Annual Report on Directors' Remuneration on pages 81 to 91.

8.4. Auditor's remuneration

The table below analyses the Auditor's remuneration in respect of the Group's operations.

	2023 £'k	2022 £'k
Audit of these financial statements	195	180
Audit of financial statements of subsidiaries of the Group	251	175
Audit fees in relation to IFRS 17 transition	190	85
Total audit fees	**636**	**440**
Fees for non-audit services – Audit-related assurance services	105	79
Fees for non-audit services – Other non-audit services	-	-
Total non-audit fees	105	79
Total auditor remuneration	**741**	**519**

The above fees exclude irrecoverable VAT of 20%.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of owned and leased assets that do not meet the definition of investment property.

	2023 £'k	2022 £'k
Owner-occupied property	3,600	3,825
Office equipment	652	32
IT equipment	136	139
Total	**4,388**	**3,996**

ACCOUNTING POLICY

A. Owner-occupied property

Owner-occupied properties are held by the Group for use in the supply of services or, for its own administration purposes.

Owner-occupied property is held at fair value. Increases in the carrying amount of owner-occupied properties as a result of revaluations are credited to other comprehensive income and accumulated in a revaluation reserve in equity. To the extent that a revaluation increase reverses a revaluation decrease that was previously recognised as an expense in Profit or Loss, such increase is credited to income in Profit or Loss. Decreases in valuation are charged to Profit or Loss, except to the extent that a decrease reverses the existing accumulated revaluation reserve and therefore such a decrease is recognised in other comprehensive income.

A fair value assessment of the owner-occupied property is undertaken at each reporting date with any material changes in fair value recognised. Valuation is at highest and best use. Owner-occupied property is also revalued by an external qualified surveyor, at least every three years. UK properties do not have frequent and volatile fair value changes and as such, more frequent revaluations are considered unnecessary, as only insignificant changes in fair value is expected.

Owner-occupied land is not depreciated. As the depreciation of owner-occupied buildings is immaterial and properties are revalued every three years by an external qualified surveyor, no depreciation is charged on owner-occupied buildings.

B. Office and IT equipment

Office and IT equipment are stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of property and equipment.

Depreciation is calculated on the difference between the cost and residual value of the asset and is charged to the Profit or Loss Account over the estimated useful life of each significant part of an item of fixtures, fittings and computer equipment, using the straight-line basis.

Change in accounting estimate – useful lives

The Group previously estimated the useful lives of Office and IT equipment to be five years. From 1 January 2023 the Group changed the estimate for assets purchased from 2023 onwards. The new estimate useful lives are disclosed below. All assets purchased in prior years will continue to be depreciated over five years and the change will have no impact on the depreciation charge in future years of these assets.

Estimate useful lives are as follows:

Office equipment	3 to 10 years (Assets purchased prior to 2023: 5 years)
Computer equipment	3 to 5 years (Assets purchased prior to 2023: 5 years)

The assets' residual values and useful lives are reviewed at each Statement of Financial Position date and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in Profit or Loss before tax.

Repairs and maintenance costs are charged to the Profit or Loss Account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits from the renovations will flow to the Group.

	Owner-occupied £'k	Office equipment £'k	IT equipment £'k	Total £'k
Cost/Valuation				
At 1 January 2023	**4,250**	**41**	**409**	**4,700**
Additions/Improvements	908	679	78	1,665
Disposals	-	-	-	-
Revaluation	(800)	-	-	(800)
At 31 December 2023	**4,358**	**720**	**487**	**5,565**
Accumulated depreciation and impairment				
At 1 January 2023	**425**	**9**	**270**	**704**
Depreciation charge for the year	-	59	81	140
Disposals	-	-	-	-
Impairment losses on revaluation	333	-	-	333
At 31 December 2023	**758**	**68**	**351**	**1,177**
Carrying amount				
As at 31 December 2023	**3,600**	**652**	**136**	**4,388**

	Owner-occupied £'k	Office equipment £'k	IT equipment £'k	Total £'k
Cost/Valuation				
At 1 January 2022	**4,250**	**240**	**848**	**5,338**
Additions/Improvements	-	27	11	38
Disposals	-	(226)	(450)	(676)
Revaluation	-	-	-	-
At 31 December 2022	**4,250**	**41**	**409**	**4,700**
Accumulated depreciation and impairment				
At 1 January 2022	**425**	**218**	**629**	**1,272**
Depreciation charge for the year	-	17	91	108
Disposals	-	(226)	(450)	(676)
Impairment losses on revaluation	-	-	-	-
At 31 December 2022	**425**	**9**	**270**	**704**
Carrying amount				
As at 31 December 2022	**3,825**	**32**	**139**	**3,996**

All items disposed were either donated to charity or recycled at £NIL.

The Group holds two owner-occupied properties, Sabre House and The Old House, which are both managed by the Group. In accordance with the Group's accounting policies, owner-occupied buildings are not depreciated. The properties are measured at fair value which is arrived at on the basis of a valuation carried out on 16 October 2023 by Hurst Warne and Partners LLP. The valuation was carried out on an open-market basis in accordance with the Royal Institution of Chartered Surveyors' requirements, which is deemed to equate to fair value. While transaction evidence underpins the valuation process, the definition of market value, including the commentary, in practice requires the valuer to reflect the realities of the current market. In this context valuers must use their market knowledge and professional judgement and not rely only upon historical market sentiment based on historical transactional comparables.

The fair value of the owner-occupied properties was derived using the investment method supported by comparable evidence. The significant non-observable inputs used in the valuations are the expected rental values per square foot and the capitalisation rates. The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square foot were to be higher (lower) and the capitalisation rates were to be lower (higher).

The fair value measurement of owner-occupied properties of £3,600k (2022: £3,825k) has been categorised as a Level 3 fair value based on the non-observable inputs to the valuation technique used.

The following table shows reconciliation to the closing fair value for the Level 3 owner-occupied property at valuation:

Owner-occupied	2023 £'k	2022 £'k
At 1 January	3,825	3,825
Additions/Improvements	908	-
Revaluation losses	(800)	-
Impairment losses	(333)	-
At 31 December	**3,600**	**3,825**

The fair value of owner-occupied includes a revaluation reserve of £NIL (2022: £800k) (excluding tax impact) and is not distributable.

Revaluation losses are charged against the related revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of the same asset. Any additional losses are charged as an impairment loss in the Profit or Loss Account. Reversal of such impairment losses in future periods will be credited to the Profit or Loss Account to the extent losses were previously charged to the Profit or Loss Account.

The table below shows the impact a 15% decrease in property markets will have on the Group's profit after tax and equity:

	Decrease in profit after tax		Decrease In total equity	
	2023 £'k	2022 £'k	2023 £'k	2022 £'k
Owner-occupied property				
Impact of a 15% decrease in property markets	**(309)**	(131)	**(309)**	(465)

Historical cost model values

If owner-occupied properties were carried under the cost model (historical costs, less accumulated depreciation and impairment losses), the value of owner-occupied properties in the balance sheet would have been £3,349k (2022: £2,816k).

10. INCOME TAX EXPENSE

ACCOUNTING POLICY

The income tax expense in the Profit or Loss Account is based on the taxable profits for the year. It is Group policy to relieve profits where possible by the surrender of losses from Group companies with payment for value.

	2023 £'k	2022 £'k
Current taxation		
Charge for the year	4,444	2,645
	4,444	**2,645**
Deferred taxation (Note 11)		
Origination and reversal of temporary differences	1,104	297
	1,104	**297**
Current taxation	4,444	2,645
Deferred taxation (Note 11)	1,104	297
Income tax expense for the year	**5,548**	**2,942**

Tax recorded in Other Comprehensive Income is as follows:

	2023 £'k	2022 £'k
Current taxation	31	-
Deferred taxation	599	(1,054)
	630	**(1,054)**

The actual income tax expense differs from the expected income tax expense computed by applying the standard rate of UK corporation tax of 23.50% (2022: 19.00%) as follows:

	2023	2022
	£'k	£'k
Profit before tax	23,613	14,020
Expected income tax expense	5,548	2,664
Effect of:		
Expenses not deductible for tax purposes	12	9
Adjustment of deferred tax to average rate of 25%	(1)	56
Adjustment in respect of prior periods	-	9
Income/loss not subject to UK taxation	-	6
Other Income Tax Adjustments	(11)	198
Income tax expense for the year	**5,548**	**2,942**
Effective income tax rate	23.50%	20.98%

11. DEFERRED TAX

ACCOUNTING POLICY

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

	Provisions and other temporary differences	Depreciation in excess of capital allowances	Share-based payments	Fair value movements in debt securities at FVOCI	Movement in insurance finance reserve	Total
		£'k	£'k	£'k	£'k	£'k
At 1 January 2022	**19**	**(26)**	**233**	**594**	**814**	**1,634**
(Debit)/Credit to the Profit or Loss	(19)	6	20	(6)	(298)	**(297)**
(Debit)/Credit to Other Comprehensive Income	-	-	-	3,563	(2,509)	**1,054**
At 31 December 2022	**-**	**(20)**	**253**	**4,151**	**(1,993)**	**2,391**
(Debit)/Credit to the Profit or Loss	-	(160)	215	(6)	(1,153)	**(1,104)**
(Debit)/Credit to Other Comprehensive Income	-	-	-	(2,149)	1,550	**(599)**
At 31 December 2023	**-**	**(180)**	**468**	**1,996**	**(1,596)**	**688**

	2023	2022
	£'k	£'k
Per Statement of Financial Position:		
Deferred tax assets	2,464	4,404
Deferred tax liabilities	(1,776)	(2,013)
	688	**2,391**

From 1 April 2023, The Finance Act 2021 increased the UK corporation tax rate from 19% to 25%. This means that for any temporary differences expected to reverse on or after 1 April 2023, the new tax rate of 25% will be relevant. The Group has adjusted deferred tax balances accordingly. The net impact of this adjustment on the deferred tax balances is not material.

12. DIVIDENDS

ACCOUNTING POLICY

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved.

		2023		2022
	pence per share	£'k	pence per share	£'k
Amounts recognised as distributions to equity holders in the period				
Interim dividend for the current year	0.9	2,238	2.8	6,960
Final dividend for the prior year	1.7	4,228	9.3	23,172
	2.6	**6,466**	**12.1**	**30,132**
Proposed dividends				
Final dividend (1)	8.1	20,250	1.7	4,250

(1) Subsequent to 31 December 2023, the Directors declared a final dividend for 2023 of 8.1p per ordinary share subject to approval at Annual General Meeting. This dividend will be accounted for as an appropriation of retained earnings in the year ended 31 December 2023 and is not included as a liability in the Statement of Financial Position as at 31 December 2023.

The trustees of the employee share trusts waived their entitlement to dividends on shares held in the trusts to meet obligations arising on share incentive schemes, which reduced the dividends paid for the year ended 31 December 2023 by £34k (2022: £118k).

13. OTHER ASSETS

	2023	2022
	£'k	£'k
Prepayments and accrued income	774	1,278
Total	**774**	**1,278**

The carrying value of other assets approximates to fair value. There are no amounts expected to be recovered more than 12 months after the reporting date.

14. GOODWILL

ACCOUNTING POLICY

Goodwill has been recognised in acquisitions of subsidiaries and represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less any accumulated impairment losses.

Impairment of goodwill

The Group perform an annual impairment review which involves comparing the carrying amount to the estimated recoverable amount and recognising an impairment loss if the recoverable amount is lower than the carrying amount. Impairment losses are recognised through the Profit or Loss Account and are not subsequently reversed.

The recoverable amount is the greater of the fair value of the asset less costs to sell and the value in use.

The value in use calculations use cash flow projections based on financial budgets approved by management.

On 3 January 2014 the Group acquired Binomial Group Limited, the parent of Sabre Insurance Company Limited, for a consideration of £245,485k satisfied by cash. As from 1 January 2014, the date of transition to IFRS, goodwill was no longer amortised but is subject to annual impairment testing. Impairment testing involves comparing the carrying value of the net assets and goodwill against the recoverable amount.

The goodwill recorded in respect of this transaction at the date of acquisition was £156,279k. There has been no impairment to goodwill since this date, and no additional goodwill has been recognised by the Group.

The Group performed its annual impairment test as at 31 December 2023 and 31 December 2022. The Group considers the relationship between the Group's market capitalisation and the book value of its subsidiary undertakings, among other factors, when reviewing for indicators of impairment.

Key assumptions

The valuation uses fair value less cost to sell. The key assumption on which the Group has based this value is:

The market capitalisation of the Group as at 31 December 2023 of £378,500k (31 December 2022: £266,000k).

The Directors concluded that the recoverable amount of the business unit would remain in excess of its carrying value even after reasonably possible changes in the key inputs and assumptions affecting its market value, such as a significant fall in demand for its products or a significant adverse change in the volume of claims and increase in other expenses, before the recoverable amount of the business unit would reduce to less than its carrying value. Therefore, the Directors are of the opinion that there are no indicators of impairment as at 31 December 2023.

15. SHARE CAPITAL

	2023 £'k	2022 £'k
Authorised share capital		
250,000,000 Ordinary Shares of £0.001 each	250	250
Issued Ordinary Share capital (fully paid up):		
250,000,000 Ordinary Shares of £0.001 each	250	250

All shares are unrestricted and carry equal voting rights.

As at 31 December 2023, The Sabre Insurance Group Employee Benefit Trust held 1,589,250 (2022: 1,431,576) of the 250,000,000 issued Ordinary Shares with a nominal value of £1,589.25 (2022: £1,431.58) in connection with the operation of the Group's share plans. Refer to Notes 16 and 17 for additional information on own shares held.

16. SHARE-BASED PAYMENTS

The Group operates equity-settled share-based schemes for all employees in the form of a Long Term Incentive Plan ("LTIP"), Deferred Bonus Plan ("DBP") and Share Incentive Plans ("SIP"), including Free Shares and Save As You Earn ("SAYE"). The shares are in the ultimate Parent Company, Sabre Insurance Group plc.

	Shares bought/(sold) on open market		
	Number of shares	Average price (pence)	£
As at 31 December 2021	**843,725**	**267.463**	**2,256,652**
Shares purchased	807,981	141.293	1,141,621
Shares disposed	-	-	-
Shares vested	(220,130)	267.463	(588,766)
As at 31 December 2022	**1,431,576**	**196.253**	**2,809,507**
Shares purchased	435,758	145.021	631,940
Shares disposed	-	-	-
Shares vested	(278,084)	115.401	(320,912)
As at 31 December 2023	**1,589,250**	**196.353**	**3,120,534**

In thousands	**£'k**
31 December 2022	2,810
31 December 2023	3,121

The Group recognised a total expense in the Profit or Loss for the year ended 31 December 2023 of £1,606k (2022: £1,603k), relating to equity-settled share-based plans.

Long Term Incentive Plan ("LTIP")

The LTIP is a discretionary share plan, under which the Board may grant share-based awards ("LTIP Awards") to incentivise and retain eligible employees.

LTIP Awards – Awards with performance conditions

From 2021 the Group no longer issues awards under the LTIP Awards with performance conditions, but instead issues RSAs. Shares granted under the 2020 LTIP did not meet the required performance measures and shares granted under the plan were forfeited in 2023.

LTIP Awards – Restricted Share Awards ("RSAs")

From 2021 the Group no longer issues awards under the LTIP Awards with performance conditions, but instead issues RSAs.

The RSAs are structured as nil-cost rewards, to receive free shares on vesting. Shares will normally vest three years after grant date, subject to continued employment and the satisfaction of pre-determined underpins. Awards are also subject to an additional two-year holding period, so that the total time prior to any potential share sale (except to meet any tax liabilities arising from the award) will generally be five years.

The total number of shares awarded under the scheme was 1,244,964 (2022: 540,574) with an estimated fair value at grant date of £1,484k (2022: £1,238k) The fair value is based on the closing share price on the grant date.

Future dividends are accrued separately and are not reflected in the fair value of the grant.

The table below details the movement in the RSA:

	Number of shares	Weighted Average Exercise Price
Outstanding at 1 January 2022	**441,684**	**NIL**
Granted	540,574	NIL
Forfeited	-	NIL
Vested	-	NIL
Outstanding at 31 December 2022	**982,258**	**NIL**
Granted	1,244,964	NIL
Forfeited	-	NIL
Vested	-	NIL
Outstanding at 31 December 2023	**2,227,222**	**NIL**

The average unexpired life of RSAs is 1.4 years (2022: 1.4).

Deferred Bonus Plan ("DBP")

To encourage behaviour which does not benefit short-term profitability over longer-term value, Directors and some key staff were awarded shares in lieu of a bonus, to be deferred for two years, using the market value at the grant date. The total number of shares awarded under the scheme was NIL (2022: 171,234) with an estimate fair value of £NIL (2022: £404k). Of this award, the number of shares awarded to Directors and Persons Discharging Managerial Responsibilities ("PDMRs") was NIL (2022: 144,659) with an estimated fair value of £NIL (2022: £341k). Fair values are based on the share price at grant date. All shares are subject to a two-year service period and are not subject to performance conditions.

Future dividends are accrued separately and are not reflected in the fair value of the grant.

The DBP is recognised in the Profit or Loss Account on a straight-line basis over a period of two years from grant date.

Share Incentive Plans ("SIPs")

The Sabre SIPs provide for the award of free Sabre Insurance Group plc shares, Partnership Shares (shares bought by employees under the matching scheme), Matching Shares (free shares given by the employer to match partnership shares) and Dividend Shares (shares bought for employees with proceeds of dividends from partnership shares). The shares are owned by the Employee Benefit Trust to satisfy awards under the plans. These shares are either purchased on the market and carried at fair value or issued by the Parent Company to the trust.

Matching Shares

The Group has a Matching Shares scheme under which employees are entitled to invest between £10 and £150 each month through the share trust from their pre-tax pay. The Group supplements the number of shares purchased by giving employees 1 free matching share for every 3 shares purchased up to £1,800. Matching shares are subject to a three-year service period before the matching shares are awarded. Dividends are paid on shares, including matching shares, held in the trust by means of dividends shares. The fair value of such awards is estimated to be the market value of the awards on grant date.

In the year ended 31 December 2023, 16,017 (2022: 12,317) matching shares were granted to employees with an estimated fair value of £24k (2022: £13k).

As at 31 December 2023, 40,940 (2022: 28,826) matching shares were held on behalf of employees with an estimated fair value of £62k (2022: £31k). The average unexpired life of Matching Share awards is 1.8 years (2022: 1.5 years).

Save as You Earn ("SAYE")

The SAYE scheme allows employees to enter into a regular savings contract of between £5 and £500 per month over a three-year period, coupled with a corresponding option over shares. The grant price is equal to 80% of the quoted market price of the shares on the invitation date. The participants of the SAYE scheme are not entitled to dividends and therefore dividends are excluded from the valuation of the SAYE scheme.

Estimated fair value of options at grant date:

SAYE 2021: 55 pence
SAYE 2022: 40 pence
SAYE 2023: 49 pence

The following table lists the inputs to the Black-Scholes model used to value the awards granted in respect of the 2023 SAYE scheme.

	2023 SAYE
Share price at grant date	124.2 pence
Expected term	3 years
Expected volatility(1)	59.4%
Continuously compounded risk-free rate	1.5%
Continuously compounded dividend yield	6%
Strike price at grant date	85.1 pence

(1) Volatility has been estimated using the historical daily average volatility of the share price of the Group for the year immediately preceding the grant date.

The table below details the movement in the SAYE scheme:

	Number of shares	Weighted Average Exercise Price
Outstanding at 1 January 2022	347,177	2.08
Granted	166,146	1.81
Forfeited	(163,092)	NIL
Vested	-	NIL
Outstanding at 31 December 2022	350,231	2.00
Granted	768,616	0.85
Forfeited	(260,442)	NIL
Vested	-	NIL
Outstanding at 31 December 2023	858,405	1.33

The average unexpired life of SAYE scheme is 1.5 years (2022: 1.5)

17. RESERVES

Own shares

Sabre Insurance Group plc established an Employee Benefit Trust ("EBT") in 2017 in connection with the operation of its share plans. The investment in own shares as at 31 December 2023 was £3,121k (2022: £2,810k). The market value of the shares in the EBT as at 31 December 2023 was £2,422k (2022: £1,523k).

Merger reserve

Sabre Insurance Group plc was incorporated as a limited company on 21 September 2017. On 11 December 2017, immediately prior to the Group's listing on the London Stock Exchange, Sabre Insurance Group plc acquired the entire share capital of the former ultimate Parent Company of the Group, Barbados TopCo Limited ("TopCo"). As a result, Sabre Insurance Group plc became the ultimate parent of the Sabre Insurance Group. The merger reserve resulted from this corporate reorganisation.

FVOCI reserve

The FVOCI reserve records the unrealised gains and losses arising from changes in the fair value of debt securities at FVOCI. The movements in this reserve are detailed in the Consolidated Statement of Comprehensive Income.

Revaluation reserve

The revaluation reserve records the fair value movements of the Group's owner-occupied properties. Refer to Note 9 for more information on the revaluation of owner-occupied properties.

Insurance/Reinsurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in Other Comprehensive Income.

Share-based payments reserve

The Group's share-based payments reserve records the value of equity-settled share-based payment benefits provided to the Group's employees as part of their remuneration that has been charged through the income statement. Refer to Note 16 for more information on share-based payments.

18. RELATED PARTY TRANSACTIONS

Sabre Insurance Group plc is the ultimate parent and ultimate controlling party of the Group. The following entities included below form the Group.

Name	Principal Business	Registered Address
Binomial Group Limited	Intermediate holding company	Sabre House, 150 South Street, Dorking, Surrey, United Kingdom, RH4 2YY
Sabre Insurance Company Limited	Motor insurance underwriter	Sabre House, 150 South Street, Dorking, Surrey, United Kingdom, RH4 2YY
Other controlled entities		
EBT – UK SIP	Trust	Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
The Sabre Insurance Group EBT	Trust	Ocorian, 26 New Street, St Helier, Jersey, JE2 3RA

During the year ended 31 December 2023, the following related party companies have been dissolved/liquidated:

- Barbados TopCo Limited
- Barb IntermediateCo Limited
- Bard MidCo Limited
- Bard BidCo Limited
- Barb HoldCo Limited

No single party holds a significant influence (>20%) over Sabre Insurance Group plc.

Both Employee Benefit Trusts ("EBTs") were established to assist in the administration of the Group's employee equity-based compensation schemes. UK registered EBT holds the all-employee SIP. The Jersey-registered EBT holds the Long Term incentive Plan ("LTIP") and Deferred Bonus Plan ("DBP").

While the Group does not have legal ownership of the EBTs and the ability of the Group to influence the actions of the EBTs is limited to a trust deed, the EBT was set up by the Group with the sole purpose of assisting in the administration of these schemes, and is in essence controlled by the Group and therefore consolidated.

During the period ended 31 December 2023, the Group donated no shares to the EBTs (2022: NIL).

Key Management compensation

Key Management includes Executive Directors, Non-executive Directors and Directors of subsidiaries which the Group considers to be senior management personnel. Further details of Directors' shareholdings and remuneration can be found in the Annual Report on Directors' Remuneration on pages 81 to 91.

The aggregate amount paid to Directors during the year was as follows.

	2023	**2022**
Remuneration	2,660	1,894
Contributions to defined contribution pension scheme	9	7
Shares granted under LTIP	912	864
Total	**3,581**	**2,765**

19. EARNINGS PER SHARE

Basic earnings per share

	2023		**2022**	
	After tax £'k	**Per share pence**	**After tax £'k**	**Per share pence**
Profit for the year attributable to equity holders	**18,065**	**7.27**	11,078	4.45

Diluted earnings per share

			2023
	After tax £'k	**Weighted average number of shares (000s)**	**Per share pence**
Profit for the year attributable to equity holders	18,065	248,636	7.27
Net share awards allocable for no further consideration		2,201	(0.07)
Total diluted earnings		**250,837**	**7.20**

			2022
	After tax £'k	**Weighted average number of shares (000s)**	**Per share pence**
Profit for the year attributable to equity holders	11,078	248,865	4.45
Net share awards allocable for no further consideration		1,880	(0.03)
Total diluted earnings		**250,745**	**4.42**

20. EVENTS AFTER THE BALANCE SHEET DATE

Other than the declaration of a final dividend as disclosed in Note 12, there have been no material changes in the affairs or financial position of the Group and its subsidiaries since the Statement of Financial Position date.

Parent Company Statement of Financial Position

As at 31 December 2023

	Notes	2023 £'k	2022 £'k
Assets			
Cash and cash equivalents		23	861
Receivables [(1)]	2	41	3
Other assets [(1)]		32	211
Investments	3	451,606	450,000
Total assets		**451,702**	**451,075**
Liabilities			
Payables [(1)]	4	-	1,607
Other liabilities [(1)]		380	91
Total liabilities		**380**	**1,698**
Equity			
Share capital		250	250
Own shares		(3,121)	(2,810)
Merger reserve		236,949	236,949
Share-based payments reserve		2,686	2,407
Retained earnings		214,558	212,581
Total equity		**451,322**	**449,377**
Total equity and liabilities		**451,702**	**451,075**

(1) The description of the line item has been updated. The change in description has had no impact on the components of the balances.

- *Receivables (31 December 2022: Debtors)*
- *Other assets (31 December 2022: Prepayments)*
- *Payables (31 December 2022: Creditors: Amounts falling due within one year)*
- *Other liabilities (31 December 2022: Accruals)*

No income statement is presented for Sabre Insurance Group plc as permitted by section 408 of the Companies Act 2006. The profit after tax of the Parent Company for the period was £7,437k (2022: £103,094k loss after tax).

Parent Company Statement of Changes in Equity

For the year ended 31 December 2023

	Ordinary shareholders' equity	Own shares	Merger reserve	Share-based payments reserve	Retained earnings	Total equity
	£'k	£'k	£'k	£'k	£'k	£'k
Balance as at 31 December 2021	**250**	**(2,257)**	**369,515**	**1,841**	**212,794**	**582,143**
Profit for the period attributable to the owners of the Company	-	-	-	-	(103,094)	(103,094)
Merger reserve transfer	-	-	(132,566)	-	132,566	-
Share-based payment expense	-	-	-	566	447	1,013
Net movement in own shares	-	(553)	-	-	-	(553)
Dividends paid	-	-	-	-	(30,132)	(30,132)
Balance as at 31 December 2022	**250**	**(2,810)**	**236,949**	**2,407**	**212,581**	**449,377**
Profit for the period attributable to the owners of the Company	-	-	-	-	7,437	7,437
Share-based payment expense	-	-	-	279	1,006	1,285
Net movement in own shares	-	(311)	-	-	-	(311)
Dividends paid	-	-	-	-	(6,466)	(6,466)
Balance as at 31 December 2023	**250**	**(3,121)**	**236,949**	**2,686**	**214,558**	**451,322**

Parent Company Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 £'k	2022 £'k
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		7,437	(103,094)
Adjustments for:			
Impairment of subsidiary		-	132,566
Operating cash flows before movements in working capital		**7,437**	**29,472**
Movements in working capital:			
Change in receivables		(38)	124
Change in other assets		179	(7)
Change in payables		(1,607)	1,607
Change in other liabilities		289	24
Net cash generated from operating activities		**6,260**	**31,220**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in acquiring and disposing of own shares		(632)	(1,142)
Dividends paid		(6,466)	(30,132)
Net cash used by financing activities		**(7,098)**	**(31,274)**
Net decrease in cash and cash equivalents		(838)	(54)
Cash and cash equivalents at the beginning of the year		861	915
Cash and cash equivalents at the end of the year		**23**	**861**

Notes To The Parent Company Financial Statements

For the year ended 31 December 2023

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these Consolidated and Company Financial Statements are included in the specific notes to which they relate. These policies have been consistently applied to all the years presented, unless otherwise indicated.

1.1. Basis of preparation

These financial statements present the Sabre Insurance Group plc Company financial statements for the period ended 31 December 2023, comprising the Parent Company Statement of Financial Position, Parent Company Statement of Changes in Equity, Parent Company Statement of Cash Flows, and related notes.

The financial statements of the Company have been prepared in accordance with UK-adopted international accounting standards, comprising International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2006. Endorsement of accounting standards is granted by the UK Endorsement Board ("UKEB").

In accordance with the exemption permitted under section 408 of the Companies Act 2006, the Company's Profit or Loss Account and related notes have not been presented in these separate financial statements.

The financial statements are prepared in accordance with the going concern principle using the historical cost basis, except for those financial assets that have been measured at fair value.

The financial statements values are presented in pounds sterling (£) rounded to the nearest thousand (£'k), unless otherwise indicated.

The accounting policies that are used in the preparation of these separate financial statements are consistent with the accounting policies used in the preparation of the consolidated financial statements of Sabre Insurance Group plc as set out in those financial statements.

As permitted by section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented. The additional accounting policies that are specific to the separate financial statements of the Company are set out below.

2. RECEIVABLES

	2023 £'k	2022 £'k
Due within one year		
Amounts due from Group undertakings	14	-
Other debtors	27	3
As at 31 December	**41**	**3**

3. INVESTMENTS

The Company's financial assets are summarised below:

	2023 £'k	2022 £'k
Investment in subsidiary undertakings	451,606	450,000
Total	**451,606**	**450,000**

3.1. Investment in subsidiary undertakings

ACCOUNTING POLICY – INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in subsidiaries is stated at cost less any impairment.

	2023 £'k	2022 £'k
As at 1 January	450,000	580,963
Additions	1,606	1,603
Impairment	-	(132,566)
As at 31 December	**451,606**	**450,000**

The only operating insurance subsidiary of the Company is Sabre Insurance Company Limited, from which the value of the Group is wholly derived, as there are no other trading entities within the Group. The Company performed its annual impairment test as at 31 December 2023 and 31 December 2022. The Company considers the relationship between the Group's market capitalisation and the book value of its subsidiary undertakings, among other factors, when reviewing for indicators of impairment. As at 31 December 2023 and 31 December 2022, the Company's securities were traded on a liquid market, therefore market capitalisation could be used as an indicator of value.

Having carried out this assessment the Board concluded, on the basis of the cautious assumptions outlined below, that the value in use is higher than the current carrying value of the investment in subsidiary and no impairment is necessary.

Key assumptions

We have used a dividend discount model to estimate the value in use, wherein dividend payments are discounted to the present value. Dividends have been estimated, based on forecasted financial information, over a four-year forecast period, with a terminal growth rate applied. The key assumptions used in the preparation of future cash flows are: plan-period financial performance, dividend payout ratio, long-term growth rates and discount rate.

The key assumptions used in the calculation for the value in use is set out below:

- Plan period financial performance set in line with the Group's expectations
- Dividend payout ratio in line with the Group's strategy
- Long-term growth rate beyond the plan period of 2%
- Discount rate of 8.4%, being a calculated cost of capital using market rate returns of Sabre and comparable insurers

These calculations use post-tax cash flow projections based on the Group's capital models. As the value in use exceeds the carrying amount, the recoverable amount remains supportable.

The Group has conducted sensitivity testing to the recoverable amount, in order to understand the relevance of these various factors in arriving at the value in use.

- Dividend within the plan period – To assess the impact of reasonable changes in performance on our base case impairment analysis and headroom, we flexed the dividend within the plan period by +10% and -10%. In doing so, the value in use varied by approximately 16% around the central scenario.
- Long-term growth rate – To assess the impact of reasonable changes in the long-term growth rate on our base case impairment analysis and headroom, we flexed the long-term growth rate by +1% and -1%. In doing so, the value in use varied by approximately 8% around the central scenario.
- Discount rate – To assess the impact of reasonable changes in the dividend payout ratio on our base case impairment analysis and headroom, we flexed the average discount rate by +2% and -2%. In doing so, the value in use varied by approximately 23% around the central scenario.

In all these scenarios there is material headroom over the carrying value of the investment in subsidiary.

Name of subsidiary	**Place of incorporation**	**Principal activity**
Directly held by the Company		
Binomial Group Limited	United Kingdom	Intermediate holding company
Indirectly held by the Company		
Sabre Insurance Company Limited	United Kingdom	Motor insurance underwriter

The registered office of each subsidiary is disclosed within Note 18 of the consolidated Group accounts.

4. PAYABLES

	2023	**2022**
	£'k	**£'k**
Due within one year		
Amounts due to Group undertakings	-	1,607
As at 31 December	**-**	**1,607**

5. SHARE CAPITAL AND RESERVES

Full details of the share capital and the reserves of the Company are set out in Note 15 and Note 17 to the consolidated financial statements.

6. DIVIDEND INCOME

ACCOUNTING POLICY – DIVIDEND INCOME

Dividend income from investment in subsidiaries is recognised when the right to receive payment is established.

7. RELATED PARTY TRANSACTIONS

Sabre Insurance Group plc, which is incorporated in the United Kingdom and registered in England and Wales, is the ultimate parent undertaking of the Sabre Insurance Group of companies.

The following balances were outstanding with related parties at year end:

	2023	**2022**
	£'k	**£'k**
Due from/(to)		
Sabre Insurance Company Limited	14	(1,607)
Total	**14**	**(1,607)**

The outstanding balance represents cash transactions effected by Sabre Insurance Company Limited on behalf of its Parent Company, and will be settled within one year.

8. SHARE-BASED PAYMENTS

Full details of share-based compensation plans are provided in Note 16 to the consolidated financial statements.

9. RISK MANAGEMENT

The risks faced by the Company, arising from its investment in subsidiaries, are considered to be the same as those presented by the operations of the Group. Details of the key risks and the steps taken to manage them are disclosed in Note 2 to the Consolidated Financial Statements.

10. DIRECTORS' AND KEY MANAGEMENT REMUNERATION

The Directors and key management of the Group and the Company are the same. The aggregate emoluments of the Directors and the remuneration and pension benefits payable in respect of the highest paid Director are included in the Directors' Remuneration Report in the Governance section of the Annual Report and Accounts.

Financial Reconciliations

As at 31 December 2023

GROSS WRITTEN PREMIUM

	2023 £'k	2022 £'k
Insurance revenue	188,246	181,476
Less: Instalment income	(3,738)	(3,300)
Less: Movement in unearned premium	40,590	(6,919)
Gross written premium	**225,098**	**171,257**

NET LOSS RATIO

	2023 £'k	2022 £'k
Insurance service expense	139,497	126,607
Less: Amortisation of insurance acquisition cash flows	(14,057)	(12,942)
Less: Amounts recoverable from reinsurers for incurred claims	(31,532)	(6,304)
Less: Directly attributable claims expenses	(6,085)	(6,210)
Net claims incurred	**87,823**	**101,151**
Insurance revenue	188,246	181,476
Less: Instalment income	(3,738)	(3,300)
Less: Reinsurance expense	(28,506)	(24,958)
Net earned premium	**156,002**	**153,218**
Net claims incurred	87,823	101,151
Net earned premium	156,002	153,218
Net loss ratio	**56.3%**	**66.0%**

EXPENSE RATIO

	2023 £'k	2022 £'k
Other operating expenses	26,587	22,815
Add: Amortisation of insurance acquisition cash flows	14,057	12,942
Add: Directly attributable claims expenses	6,085	6,210
Total operating expenses	**46,729**	**41,967**
Insurance revenue	188,246	181,476
Less: Instalment income	(3,738)	(3,300)
Less: Reinsurance expense	(28,506)	(24,958)
Net earned premium	**156,002**	**153,218**
Total operating expenses	46,729	41,967
Net earned premium	156,002	153,218
Expense ratio	**30.0%**	**27.4%**

COMBINED OPERATING RATIO

	2023 £'k	2022 £'k
Net loss ratio	56.3%	66.0%
Expense ratio	30.0%	27.4%
Combined operating ratio	**86.3%**	**93.4%**

UNDISCOUNTED NET LOSS RATIO

	2023 £'k	2022 £'k
Net claims incurred	87,823	101,151
Add: Net impact of discounting	8,201	7,593
Undiscounted net claims incurred	**96,024**	**108,744**
Net earned premium	**156,002**	**153,218**
Undiscounted net loss ratio	**61.6%**	**71.0%**

UNDISCOUNTED COMBINED OPERATING RATIO

	2023 £'k	2022 £'k
Undiscounted net loss ratio	61.6%	71.0%
Expense ratio	30.0%	27.4%
Undiscounted combined operating ratio	**91.6%**	**98.4%**

NET PROFIT MARGIN

	2023 £'k	2022 £'k
Net claims incurred	87,823	101,151
Total operating expenses	46,729	41,967
Total insurance expense	**134,552**	143,118
Insurance revenue	188,246	181,476
Less: Reinsurance expense	(28,506)	(24,958)
Net insurance revenue	**159,740**	156,518
Net profit margin	**15.8%**	8.6%

RETURN ON TANGIBLE EQUITY

	2023 £'k	2022 £'k
IFRS net assets at year end	242,412	228,988
Less:		
Goodwill at year end	(156,279)	(156,279)
Closing tangible equity	**86,133**	72,709
Opening tangible equity	72,709	93,797
Average tangible equity	79,421	83,253
Profit after tax	18,065	11,078
Return on tangible equity	**22.7%**	13.3%

SOLVENCY COVERAGE RATIO – PRE-DIVIDEND

	2023 £'k	2022 £'k	2021 £'k
Solvency II net assets	121,099	91,191	110,114
Solvency capital requirement	58,998	56,516	52,955
Solvency coverage ratio – pre-dividend	205.3%	161.4%	207.9%

SOLVENCY COVERAGE RATIO – POST-DIVIDEND

	2023 £'k	2022 £'k	2021 £'k
Solvency II net assets	121,099	91,191	110,114
Less: Interim/Final dividend	(20,250)	(4,250)	(23,250)
Solvency II net assets – post-dividend	100,849	86,941	86,864
Solvency capital requirement	58,998	56,516	52,955
Solvency coverage ratio – post-dividend	170.9%	153.8%	164.0%