



Half-year update 2024

esure
GROUP

Successful completion of multi-year transformation programme, benefiting customers and underpinning future growth.

Highlights as at 30th June 2024

- Successfully completed our digital transformation in Q1, migrating 1.8 million policies, more than 1 billion policy datapoints, and 248,000 claims, ensuring our entire portfolio is on our new scalable, flexible, cloud native platform, with legacy technology fully decommissioned in Q2.
- We are increasingly confident that, having completed transformation, our technology platform, data assets and the capability within our teams give us a strong foundation from which to deliver enhanced customer experience and profitable growth.
- Cautious trading approach during final period of systems migration resulted in reduction in policy count in Q1, with growth restored in Q2.
- Continued focus on pricing and underwriting discipline resulted in H1 turnover of £540.5m, representing a year on year increase of 17%.
- Evidence of claims environment stabilising, albeit pricing continues to reflect elevated severity inflation.
- Improvement in written loss ratio in 2023 and H1 2024 combined with stable claims environment restoring strong profitability in the first half of 2024.
- Strong balance sheet with stable prior year claims reserves and solvency coverage strengthened since December 2023.





“The completion of our complex, multi-year digital transformation programme in the first half of 2024 is a significant milestone for esure.

The migration of all our customers onto esure’s highly flexible and scalable cloud native platform means we can now shift our focus to realising its immense opportunities: bringing consistently better experiences for customers, and delivering operational improvements for the business to support future growth.

We have built advanced Data Science and Analytics capability and are utilising this expertise, machine learning and artificial intelligence, fuelled by our unified view of all data, to drive benefits across all areas of our business.

We have maintained our focus on the core fundamentals of pricing, underwriting and claims management in the face of the challenging market conditions that continue to impact the industry. This prudent approach has positioned us well, seeing us strengthen profitability and enjoy significantly improved Home new business performance, with a strong trajectory ahead of us.

Colleagues across the business have shown great agility, resilience and expertise in helping us achieve our transformation goal, and so I would like to thank the entire esure team.”

David McMillan
Chief Executive Officer

Trading update

Turnover (£m)	2024 H1	2023 H1	Change
Motor	485	408	18.8%
Home	55	54	1.9%
Total	540	462	16.8%

In-force policies ('000)	2024 H1	2023 H1	Change
Motor	1,455	1,658	-12.2%
Home	523	599	-12.8%
Total	1,978	2,257	-12.4%

Turnover is a measure used by management to show the underwriting scale of the Group. Turnover includes insurance revenue, excluding the movement in unearned premium, and other income. In 2024 the definition of Turnover has been changed to reflect written instalment interest income rather than earned instalment interest income to better align with the associated treatment of insurance premiums. For reference, the impact of this change on the reported figure for H1-2023 Turnover is an increase of £2m.



We performed strongly in the first half of 2024, with the benefit of improved written profitability through 2023 continuing into H1 2024 and evident in our H1 2024 profitability.

Our trading performance continues to be underpinned by a strong focus on pricing and underwriting discipline, reflecting the strong year-on-year growth in turnover to £540.5m. This strategy, employed to prioritise profitable business, resulted in a planned reduction in policy count into Q1. However, following decommissioning of our legacy technology platform, growth was restored in Q2 with 1.98m IFPs at the end of H1. We have enjoyed significantly improved new business sales performance on Home and we expect this good momentum to continue on both Home and Motor into the second half of 2024. We continue to see a positive impact from our disciplined approach to pricing, positioning esure for profitable growth in 2024 and beyond.

We have remained focused on strong trading performance on the price comparison websites (PCW), with over 90% of our customers currently buying through these channels. We have also fully relaunched enhanced esure direct Motor and Home journeys on the new platform.

Our financial position remains strong with our solvency coverage improving in H1 2024 and reserve strength has been maintained in line with the position at 31 December 2023. Prior year claims development is in line with our expectations. We maintained reinsurance programmes in line with 2023, achieving improved terms which reflect the strong relationships we have with our reinsurance partners and the improved profitability of our portfolio. Our high-quality investment portfolio is performing as anticipated with no material changes to the liquidity or credit profile.

Completion of our transformation yielding results for customers and the business

The completion of our transformation programme marks a significant moment for esure. Our scalable, flexible, cloud native platform provides us with a strong foundation from which to enhance customer service, simplify colleague experience, integrate with partners and deliver profitable growth.

H1 saw the migration of 1.8 million policies, more than 1 billion policy datapoints, and 248,000 claims, ensuring our entire portfolio is on our new platform. Within this, the entire Home customer base was migrated within seven weeks through the adoption of a mid-term migration approach. The speed of our approach allowed us to fully exit and decommission the legacy IT infrastructure during Q2 to start to unlock the benefits of operating on our new platform.

We know that customer service needs to be an ongoing priority and, whilst we have made good progress to date, we look forward to delivering many more enhancements to customer experience this year and beyond. Customers are now able to take advantage of the benefits brought by the transformation, with increasing ease and better experiences delivered through intuitive digital journeys and expert colleagues.

As at end June 2024:

- 53% of mid-term adjustments (MTA) are made by customers on an entirely self-served basis via digital channels and this continues to grow.
- 94% of policyholders completing an MTA via digital channels rate the process 4 or 5 out of 5 for Ease.
- We are seeing strong customer adoption of our digital channels - 85% of esure Flex policyholders have logged into their online portal for information, to make changes and seek support.
- The state-of-the-art platform is removing pain points and leading to improved experience for customers - 90% of whom now have no need to contact us again within 5 days of their first contact.

Colleagues are benefiting from working on one platform, which is creating efficiencies and improving our ability to provide better service to our customers.

- The percentage of customer contact via Live Chat has increased from 12% in January 2023 to 53% in June 2024, with telephony reducing from 88% to 47%.
- We have seen a reduction in average handling times for customers using live chat for both Operations and Claims through our industry-leading use of GenAI.
- The streamlining of these processes allows our agents to support customers more quickly and with greater understanding in more complex cases.



Operationally, the business is already seeing the benefits of our multi-year investment.

- Decommissioning legacy technology platforms within just three months of completing migration has crystallised the expected reduction in dual run costs, with non-trading transformation programme spend lower YoY and on track to substantially reduce in H2, while operational efficiency is expected to continue to improve.

Underpinning the development of our platform has been esure's innovative data science capabilities and extensive use of Generative AI capabilities, which have advanced at pace during 2024.

- Within just twelve weeks, we built, developed and deployed our initial GenAI use cases, which have seen live chat summarisation and personalised first responses now rolled out to all c.800 customer-facing colleagues across the business in both Operations and Claims.
- The introduction of these solutions enables succinct and efficient handovers between customer interactions, which are captured more consistently and accurately than before, providing more meaningful insights to inform future engagement.
- We expect to roll out more use cases at scale across Service and Customer Relations during the second half of the year.

Our ability to ingest and process large quantities of data quickly also means we can price and develop products with more agility and responsiveness, including further scaling of our new Flex product.

- So far this year we have implemented over 60 price changes, which include employing 50 new proprietary rating factors developed in-house, enabling a more granular geographic assessment of risk.

Our platform, which is already integrated with over 30 leading Cloud solutions, gives us the ability to partner with new suppliers quickly and easily. It is fully integrated into the insurance ecosystem with suppliers and repairers. As an example, we have used this functionality to ingest new telematics data to enhance technical pricing.



Continued focus on sustainability and supporting safer roads

We have continued to advance various environmental, social, and governance (ESG) initiatives and partnerships:

- We are proud members of ClimateWise, a global body of insurers and reinsurers, ranking in the Top 10 for our efforts to drive decarbonisation and combat climate change.
- Within our supply chain, we have a new esure Group bodyshop in partnership with Halo ARC Ltd. which has been built with sustainability at its core to reduce the carbon intensity of repairs. We also continue to champion use of recycled non-safety parts within Motor repairs across the esure Group repair network, fitting over 2,000 in H1.
- We partner with a broad range of great causes including:
 - Shelter, the housing and homelessness charity
 - Brake, the road safety charity
 - 20's Plenty, championing 20mph speed limits
 - The Conservation Volunteers, who support our tree planting proposition
 - GreenTheUK, supporting nature and biodiversity
 - Circl, who support future business leaders from underrepresented backgrounds





Outlook

We are committed to leveraging the success and opportunity of our significant investment into our transformation to deliver consistently improving customer outcomes and operational efficiencies. The roadmap we have in place for extending the strategic use of data science and GenAI across the business will bring further benefits as we continue to lead the way.

Our enhanced data platform continues to transform our pricing capability and our ability to respond quickly and accurately within an evolving market backdrop. The flexibility of our platform gives us the agility to develop products and propositions at pace to meet changing customer needs.

Although there are early signs of a stabilisation of the claims environment, with market conditions easing and inflation stable, we will maintain a disciplined approach to pricing and underwriting, while being committed to long-term growth.

The improvements in written loss ratio over the last 18 months are evident in our H1 profitability, and we are on track to restore strong profitability in 2024 in line with our expectations, and with the non-trading transformation programme spend largely behind us.

Having built the foundations for future success, we look forward to maintaining our growth trajectory whilst continuing to enhance customer experience throughout the remainder of 2024.

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