



Annual Report and Accounts 2022

# Brilliant for customers every day



# Contents

## Strategic Report

Brilliant for customers every day	1
Strategy	10
Business model	12
Chair's statement	14
Section 172(1) statement	16
Chief Executive Officer's review	17
Market overview	20
Our key performance indicators	22
Chief Financial Officer's review	24
Operating review	40
Non-financial information statement	49
Sustainability	50
Task Force on Climate-related Financial Disclosures	72
Streamlined Energy and Carbon Reporting	85
Risk management	86
Viability statement	92

## Governance

Chair's introduction	94
Board of Directors	96
Executive Committee	100
Corporate Governance report	102
Committee reports	116
Directors' Remuneration report	130
Directors' report	162

## Financial Statements

Contents	167
Independent Auditor's Report	168
Consolidated Financial Statements	179
Notes to the Consolidated Financial Statements	184
Parent Company Financial Statements	242
Notes to the Parent Company Financial Statements	244

## Other information

Shareholder Information	249
Glossary and Appendices	251
Forward-looking statements disclaimer	259
Contact information	260



**Our vision is to create a world where insurance is personal, inclusive and a force for good. Our purpose is to help people carry on with their lives, giving them peace of mind now and in the future.**

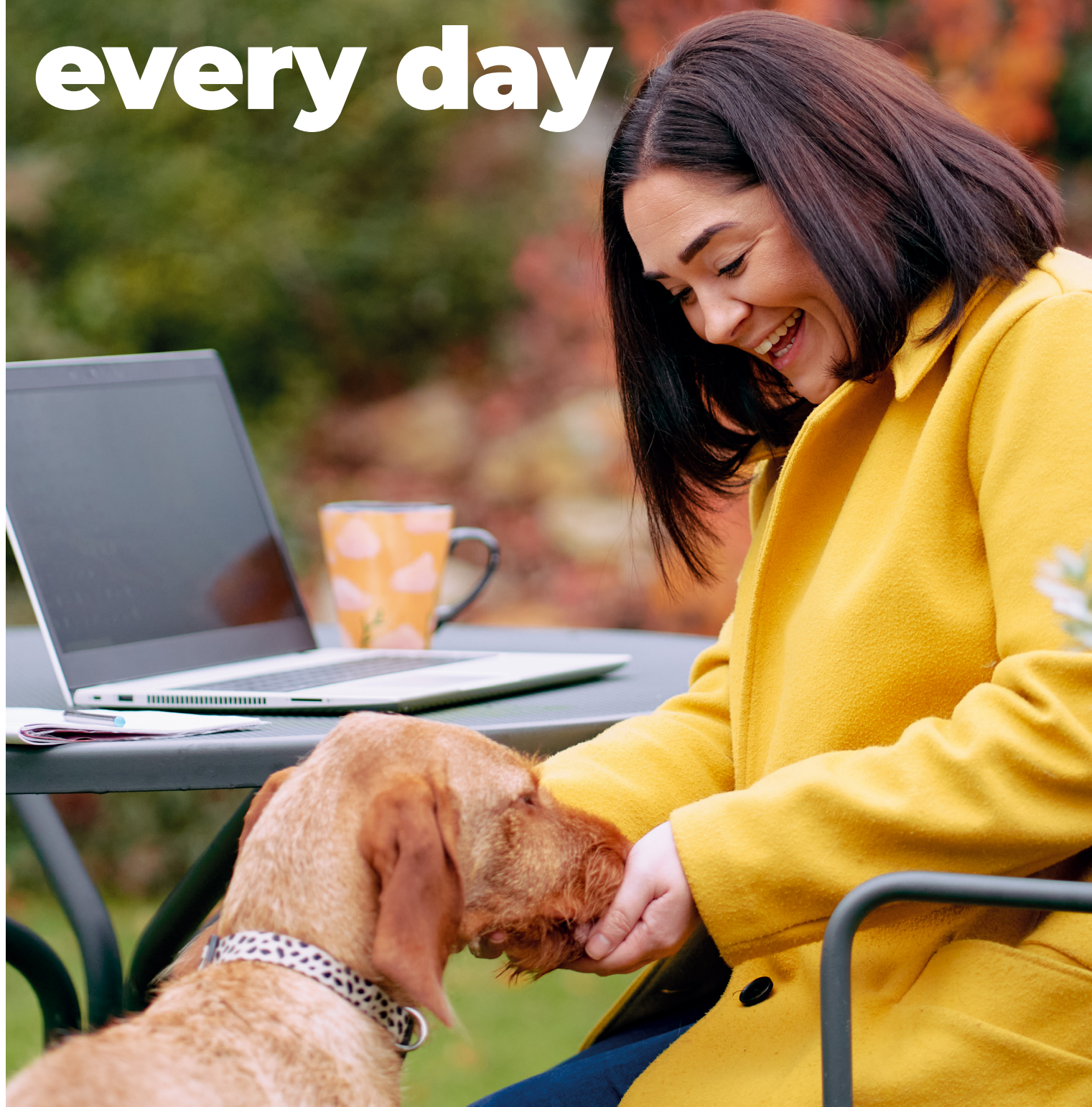
**Our mission is to be brilliant for customers every day.**

**The Group's financial results fell significantly below expectations in 2022 as we navigated a volatile trading environment, with heightened inflation and severe weather events. In response, we are taking action to restore the Group's capital resilience and improve business performance.**

**Looking ahead, we believe that our customer focus, powerful brands and claims expertise can drive long-term value for customers and shareholders.**

To read more about our strategy, see pages 10-11

# Brilliant for customers every day



**We reach customers wherever they shop and whatever their insurance needs. We want to be known for insurance excellence from point of sale through to resolving claims. By delivering easy digital-first journeys we make it simple for customers and are there for them when they need us.**

**We operate across four market segments, delivering value and great customer experiences.**



### Motor

We are Britain's leading private motor insurer, represented through our well-known brands Direct Line, Churchill, Privilege, Darwin, and also through our partners<sup>1</sup>



### Home

We are one of Britain's leading private home insurers<sup>1</sup>, represented through our well-known brands Direct Line, Churchill, Privilege, and also through our partners<sup>1</sup>



### Rescue and other personal lines

We are one of the leading providers of rescue, including through our Green Flag brand<sup>2</sup>, travel and pet insurance in the UK<sup>3</sup>



### Commercial

We protect commercial businesses through our brands NIG, Direct Line for Business and Churchill

#### Notes:

1. © Ipsos 2023, Financial Research Survey (FRS), 6 months ended Jan 2023. 14,318 adults (aged 16+) surveyed across Great Britain with motor insurance, 13,942 with home insurance. Interviews were conducted online and via telephone, and weighted to reflect the overall profile of the adult population. Includes Direct Line, Churchill, Privilege, Darwin and partner brands: RBS and NatWest.
2. Mintel Vehicle Recovery report – September 2022.
3. Mintel Pet Insurance report – 2022.



**In 2022 we made our claims process simpler – customers can now register 100% of claims types across the vast majority of our brands and partners online**

See more on page 54



**We are set to welcome over 600,000 new customers in H2 2023 as part of our 10-year partnership with Motability Operations**

Find out more on page 41

# Powerful brands



**We have some of the strongest and most recognisable insurance brands in the UK. They enable customers to pick the cover that best suits them to protect their cars, homes, holidays, businesses and pets.**

### **Our brands**



**We extended our EV bundle for another year to support our Direct Line motor customers making the switch to electric vehicles**

See page 67



**We launched a new Churchill Essentials product for motor customers**

Find out more on page 53

# Reaching customers however it suits them







**Whether customers access our products and services digitally, through a broker, or on the phone, our aim is to provide peace of mind now and in the future. We offer insurance through the four main routes to market so customers can choose what works best for them.**



**Direct**

Customers come to us direct because of our powerful brands and propositions which offer great value



**Price comparison websites**

We offer a variety of products across our brands on price comparison websites to meet different customer needs



**Partnerships**

We partner with a number of well-known brands to give more customers excellent insurance



**Brokers**

Using our established NIG broker network we meet a variety of specialist insurance needs for both large and small businesses



**In 2022 our Commercial business again delivered strong growth across all channels, continuing to realise the benefits of its transformation**

Find out more on page 46



**We extended our partnership with NatWest Group to continue to look after close to half a million of their customers' home insurance needs until 2027**

Page 43 for more detail



**We're a  
force for  
good**

**We believe that by working sustainably we strengthen Direct Line Group for the better and create value for our customers, people, society and the planet.**

**Sustainability pillars**



**Customers**

We stand for insurance excellence because positive customer outcomes mean we can grow our business



**People**

We stand for being a diverse and inclusive employer because attracting and retaining talented people powers our business forward



**Society**

We stand for being rooted in our communities because, when they flourish, so does our business



**Planet**

We stand for a greener planet because we're all in it together, it's our responsibility, and tackling climate change benefits our business, our people and society



**Governance**

We stand for a competitive and strong financial services sector because it's essential to being successful



**Our 2022 Community Fund focused on building a more inclusive and equitable Britain**

See more on pages 62 to 63



**We became one of the first personal lines insurers in the UK to have carbon reduction plans approved by the Science Based Targets initiative**

Find out more on page 66

# Strategy

## Mission

**To be brilliant for customers every day**

## Vision

**We want to create a world where insurance is personal, inclusive and a force for good**

## Purpose

**We help people carry on with their lives, giving them peace of mind now and in the future**

### **Our strategic objectives**

---

**Best at direct**

---

**Win on price comparison websites**

---

**Extend our reach**

---

**Nimble and cost efficient**

---

**Technical edge**

---

**Great people**

# Our core strengths and capabilities drive our strategy

## Growth opportunities ●

We are always looking to innovate for future success be it developing new products, services and digital tools, to understanding the latest car tech or tackling climate change.

## ● ● Enhanced capability

We are delivering easy digital-first journeys so if customers want the simplicity of managing their insurance online, they can. If they prefer the phone, we're there for them.

We can price at speed and with greater accuracy thanks to the combination of our historical data and new pricing systems.



## Core strengths ● ●

We have powerful, trusted brands with unique propositions and high customer retention.

We provide customers with a claims experience that combines leading capabilities and repair expertise which uses our network of 22 accident repair centres, the largest network of any insurer.

## Our values

Do the right thing

Aim higher

Take ownership

Say it like it is

Work together

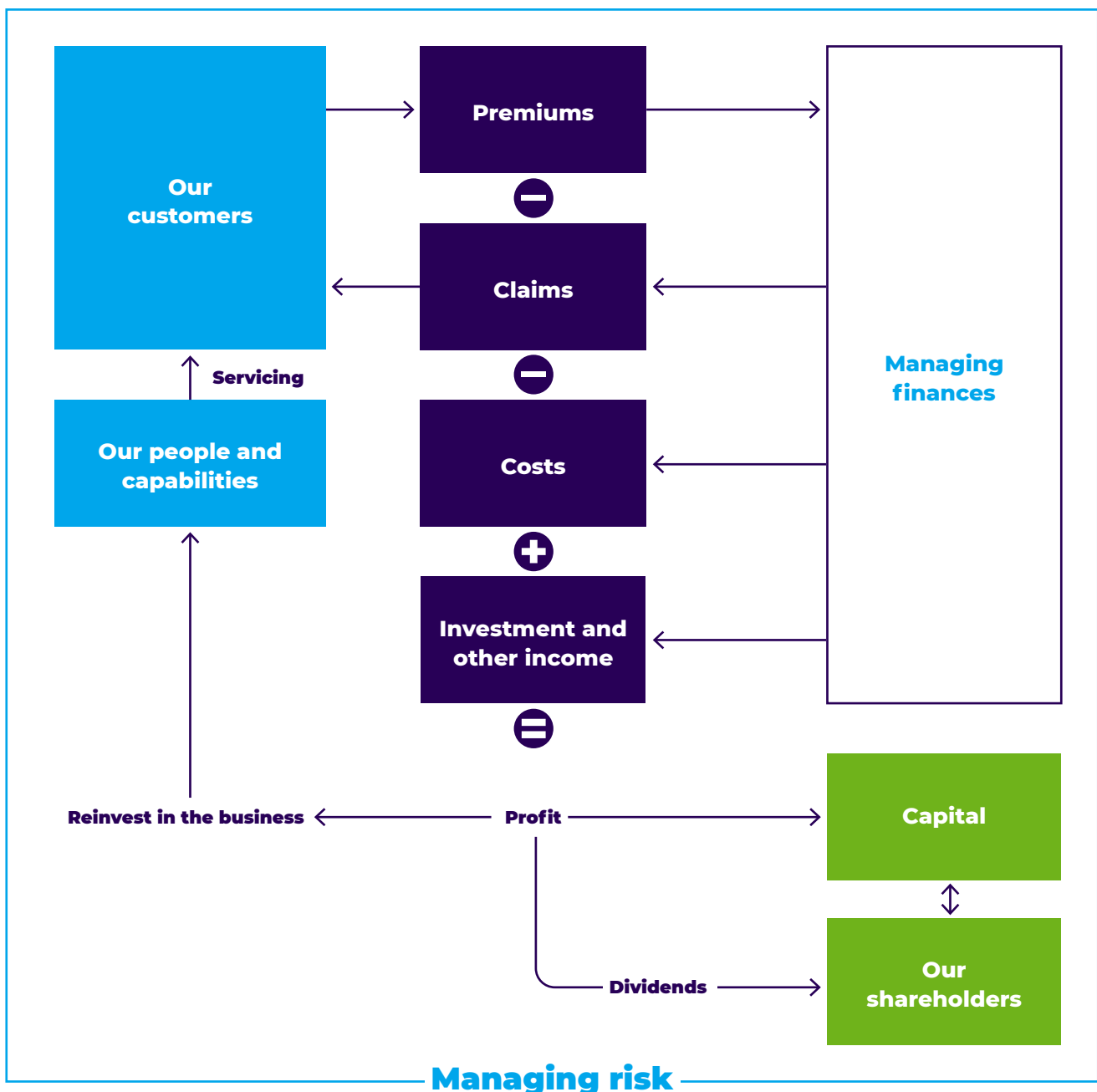
Bring all of yourself to work

## Our brands



# Business model

## Delivering for all our stakeholders



# How we create value

**We have a number of strengths, from strong brands to rich data and expert claims skills which provide real long-term value**

## Diversified model

Our diversified model enables us to generate premiums from a range of brands, products and distribution channels.

## Balanced investment portfolio

The premiums we collect from customers are invested in a diversified investment portfolio designed to meet our long-term claims commitments whilst also generating investment returns.

See page 33 for more information.

## Accident repair centres

We own 22 accident repair centres, the largest network of any insurer, delivering lower repair costs and providing data-led insights, enabling us to react to emerging trends and helping inform pricing.

## Claims management

We have a deep specialism in claims handling, including advanced fraud capabilities.

## Cost control

We're focused on improving efficiency through greater use of digital processes across the business.

## Capital management

We aim to manage capital efficiently and generate long-term sustainable returns for shareholders, while balancing operational, regulatory, rating agency, and policyholder requirements.