

2018 Insurance Annual Results article from Mark Summerfield – April 2019

This morning we published our annual results for 2018. This is our opportunity to tell our 4.6 million members how their Co-op is doing as a business, how we're supporting their communities and how we're campaigning on the issues important to them.

Here's how we're doing in Insurance:

Stronger Co-op

£485.1m 

gross written premiums down 2%
in-line with the market

23% 

increase in members buying their
home insurance with us

16,592

Travel Insurance policies sold

+8% 

new business premium growth

1.3m

policies in force

Stronger Communities

New products

Launched in early 2018, the travel insurance product was designed with our members and offers cover for any age and any medical condition.

Carbon offset

We have continued to offset 10% of the car's or home's CO2 emissions for the first year of a customers' policy by investing in the manufacture of Gyapa stoves in Ghana. The stoves help to create cleaner and more efficient cooking in the home as well as saving families money on fuel.

Rewarding Young Drivers

Helping young people access affordable insurance and giving them tools to become better drivers is the reason we launched our telematics-based Young Driver insurance in 2011.

Since launch we have given back over £13m to our Young Driver policyholders for driving well.



Note: You can also view this infographic on the Colleague Stories site.

An overview

2018 was a challenging year. We got off to a great start, launching our market-disrupting travel insurance product in January, the first time we'd launched a new product in over seven years and which is already award winning.

However despite this early success we, like other insurers have been impacted by external pressures including increased competition in the market and extreme weather events and it is no secret that we were also considering the future structure of our business.

The beginning of the year brought the 'Beast from the East' leading to an impact of around £8m whilst the long, hot summer also had an effect as the dry conditions led to a jump in subsidence claims worth £3.7m.

We recovered some of the first half shortfall in performance during the second half, but the 2018 full year result was a loss before tax and disposals of £28.9m. The reported operating loss for 2018 was £8.6m. However, thanks to your work, if we exclude the cost of these weather events from our figures we would have been reporting a £3.1m operating profit.

Being there for our customers and members

I want to take this opportunity to personally thank you all for continuing to focus on our customers when faced with this uncertainty and such challenging trading conditions.

And it isn't just me who thinks that you are continuing to do a brilliant job. The most recent KMPG Nunwood Customer Experience rankings, which celebrate customer experience excellence leading to real business results, saw Co-op Insurance move up 119 places. An increase so large that KMPG have been to visit us to find out how we've achieved this in such a short space of time – a fantastic achievement that we've all played a part in bringing to life.

Although the weather conditions have had an impact on our results, these kind of events are what we are here for. When our customers or members make a claim because their house has flooded, started to develop structural damage or they've been involved in a car accident it's when they need us the most. It's the reason we exist and the support shown to customers from the teams at Co-op Insurance has been second to none. You should all be proud of the positive impacts you make every day.

More products for more members and our future business model

In 2018 we really began to focus on our ambition to meet the insurance needs of more of our members, while managing our financial risk.

As I have already outlined, in the early part of the year we launched travel insurance which was built with our members for our members in partnership with MapFre. The product has been well received by customers, particularly for its approach to existing health conditions and upfront medical costs. In 2018 we met the travel insurance needs of 16,592 customers and members.

We also continued to support our members by offering a 'guaranteed to beat' offer to our Co-op members on home insurance. This campaign helped us to increase the number of members taking out home insurance with us by 23%.

In 2018 we announced we were looking at how we could best serve our members needs and that we were considering the future business model of Co-op Insurance. Earlier this year we announced the sale of our insurance underwriting business to Markerstudy and began putting in place a long term arrangement to distribute insurance products under the Co-op brand. While the sale remains subject to regulatory approval, once this is achieved and the transaction completes many of us will join the team at Markerstudy supporting the distribution arrangement with the Co-op.

We believe this is the right approach to meet our member's diverse insurance needs and working with Markerstudy and other partners, we'll continue to broaden the Co-op insurance offering to members. Already, since the beginning of 2019 we've returned to providing a Life cover product working with Royal London which will cover serious illness as well as death. We've also just launched a new pilot digital product for student renters that allows them to cover mobile phones, laptops and bikes.

Looking ahead

This year my key focus is on the successful transition of colleagues and customers to Markerstudy. This means working with Markerstudy on the transaction, ensuring we can serve our customers and ensuring that we continue to run a successful business in partnership with the Co-op.

Thank you again for all the work you've done to make 2018 a success in what were difficult circumstances and I look forward to the exciting opportunities we have ahead of us.

Mark