Innovating for the future

During 2021 Direct Line Group (the "Group") delivered a strong financial performance and completed the main elements of its technology build to deliver greater pricing and data capability across the business.

Financially, our combined operating ratio figure for the year was 90.1% and we have launched a new share buyback programme of up to £100 million. We have also declared a final dividend of 15.1 pence per share, a 2.7% increase over 2020, highlighting our long track record of delivering strong returns to shareholders.

Due to our technology transformation we are deploying pricing with greater accuracy, bringing new offers to market and digitalising our claims operations to better serve our customers at the point when they need us most and by being clearsighted about our sustainability priorities, we are implementing solutions to better position the Group for the long term.

As we embed our tech capability it leaves the Group well positioned to build on our strong 2021 performance to deliver successful outcomes through 2022 and beyond.

Our Stechford accident repair centre

We continued to expand our claims capabilities with the acquisition of our 22nd centre this year supporting our competitive advantage in vehicle repair.

Innovating for the future

Deploying our new Motor platform

Enhancing our pricing capability

The successful launch of a new Motor platform for our biggest brands – Direct Line, Churchill and Privilege – has improved customer experience and allows greater pricing sophistication. Being cloud-based enables the platform to connect to a greater variety of data sources, enabling us to update our pricing engines at speed.

Delivering customer benefits

With the major elements of our Motor tech transformation complete, the new platform means:

– choice and efficiency for customers with month-on-month growth in the number of own brand customers using the greater self-service opportunities
– more tasks are now automated, freeing up time for our consultants to focus on customers
– new products get to market faster, books of business can be onboarded quickly and we can focus on new commercial opportunities

Customers are already rating our new platform positively.

100%
of Motor claims can now be registered online

72%
of all Motor sales are now completed directly online

92%
of customers who responded score our new Motor platform 9 or 10 out of 10 when rating their customer service experience on a sales or renewal interaction

Innovating for the future

Strengthening Partnerships

Major motor partnership win

In July the Group was delighted to announce a 10-year partnership, from H2 2023, with Motability Operations to provide insurance to customers on the Motability Scheme. The Scheme serves over 640,000 people and is forecast to increase Motor gross written premium by around £500 million each year. The partnership will provide us with extra insight into their fleet of modern vehicles and build further scale to our expert claims management service.

£500m

Motor gross written premium forecast each year from H2 2023

Giving our travel customers flexibility

We extended our Aquarium travel platform this year to reach an extra 1.7 million customers through our partnership with Nationwide. Customers can now manage their insurance digitally and register some claims whilst still abroad, without having to speak to an adviser.

1.7m

travel customers can now manage their insurance digitally

NatWest Group home insurance contract

We have extended our long-term home insurance partnership with NatWest Group to 2027. Building on the success of our existing partnership, we will continue to look after close to half a million of their customers' home insurance needs.

2027

home insurance contract with NatWest Group extended until 2027

Supporting Metro Bank's small and medium-sized enterprises ("SME") customers

In February 2021 Metro Bank announced they would be partnering with Churchill Expert to launch the Bank's first ever insurance offering, a suite of products for their SME customers. Metro Bank said they had chosen to partner with us because of our excellent track record on customer service, as well as our offering of a wide range of 4 and 5 star Defaqto rated products.

SME partner

Metro Bank's partnership with Churchill Expert offers a suite of products for their SME customers

Innovating for the future

Improving online customer experience

Commercial lines success

Our diversified business model means we aim to reach customers however and wherever they shop. We pride ourselves on offering SMEs tailored insurance so they have the insurance cover they need. This year:

– We continued the rollout of a new pricing and underwriting system across Commercial combined and Fleet, alongside the launch of machine learning pricing models, improving pricing accuracy
– Direct Line for Business continued to deliver double-digit growth within the SME market, supported by 64% growth in Churchill for business
– NIG delivered the highest gross written premium growth in the last 10 years

Overall, during 2021 our Commercial business grew gross written premium by 15%.

15%
gross written premium growth for our Commercial business

Digital support for our customers

We are increasingly using digital tools to interact with customers. This year we resolved 30% of over 2 million online enquiries with our virtual assistant and our webchat channel dealt with around 1.3 million interactions.

30%
of online enquiries resolved via our virtual assistant

Start-up success

Our insurance start-up motor brand Darwin has gone from strength to strength, growing its policy count to over 135,000 by the end of 2021, an increase of over 150% in just a year. Part of its success is based on machine learning which enables competitive pricing to be deployed into the market at speed. It is live on four PCWs and Darwin is already one of the highest-rated motor insurers in the UK on Trustpilot.

+150%
Darwin in-force policy count up by over 150% compared to 2020

Motor claims efficiency

Using our unique damage evaluation calculator we can quickly assess if a customer's vehicle can be repaired before it arrives at one of our garages, by utilising customer supplied images we can order the necessary parts to start repairs immediately. Additionally we have the option to deploy our AI technology that has been trained to use a database of over 2 million images to identify repair issues, which has helped our engineers to settle total loss cases faster, providing certainty for customers on what will happen with their vehicle.

2m+
our AI technology has been trained to use a database of over 2 million images to identify motor repair issues