

Note to readers of U K Insurance Limited 2015 PRA return.

This note summarises some of the key differences between the figures within the PRA return for UK Insurance ("UKI") and those in the Group accounts.

In 2015 UKI incurred restructuring and other one-off costs, which are included in expenses of £48.7 million (2014: £69.6 million). The PRA return for UKI also includes the run-off of the business underwritten through the relationship with Tesco Personal Finance and personal lines broker ("Run-off").

The following table adjusts the premiums, claims and expenses as reported in the PRA return to calculate the adjusted ratios excluding Run-off, restructuring and other one-off costs.

PRA class	UKI total £m	Motor 120 / 600 £m	Home 160 £m	Commercial 220/260/270 £m	Other £m
2015 PRA Return					
Net earned premium	2,921.0	1,175.5	811.8	440.1	493.6
Claims	1,707.0	763.1	420.8	275.8	247.3
Expenses	1,016.4	343.9	353.1	183.5	135.9
Loss ratio	58.4%	64.9%	51.8%	62.7%	50.1%
Expense ratio	34.8%	29.3%	43.5%	41.7%	27.5%
Combined operating ratio	93.2%	94.2%	95.3%	104.4%	77.6%
Exclude run off business					
Net earned premium	(0.1)	(0.1)	0.0	0.0	0.0
Claims	65.0	67.0	(0.9)	(0.6)	(0.4)
Expenses	(0.4)	(0.2)	(0.0)	0.0	(0.2)
Exclude restructuring and other one-off costs					
Expenses	(48.7)	(22.1)	(13.5)	(6.1)	(7.0)
Adjusted PRA ratios					
Net earned premium	2,920.8	1,175.4	811.8	440.1	493.6
Claims	1,772.0	830.1	419.9	275.2	246.9
Expenses	967.3	322.9	339.0	176.2	129.2
Loss ratio	60.7%	70.6%	51.7%	62.5%	50.0%
Expense ratio	33.1%	27.5%	41.8%	40.0%	26.2%
Combined operating ratio	93.8%	98.1%	93.5%	102.6%	76.2%

The adjusted PRA ratios above do not agree to the on-going segmental ratios published in the Group accounts due to:

- the classification of various small products (including legal protection and home emergency) which appear in specific classes within the PRA return
- the inclusion of other Group entities in the Group accounts