



Leaner. Faster. Better.

Our 2021 Business Plan

We bring information, people and organisations together for social good

Whether it's keeping our roads safe from uninsured and untraced drivers, protecting people and businesses from insurance fraud or helping people access compensation after an accident, the reason we are here remains the same.



A word from Dominic

Welcome to our 2021 Business Plan

I write this to you at a time when the market we operate in has never been more challenging or uncertain.

As people and businesses begin to experience the long-term economic and social consequences of COVID-19, there is no doubt we face more tough times ahead.

Some organisations believe the best way forward is to slow down – to put promises made in previous years on hold and focus on today. At MIB, we believe we have come too far to stop now and that the trust placed in us brings responsibility.

Now more than ever, change is needed

After two years of investment in data security, new infrastructure and the evolution of our culture, we are already seeing significant improvements in efficiency and productivity. These changes have never been needed more

than they are today. Increasingly, we live in a world where we expect to access services through an efficient digital experience. And so, in these challenging times, we must continue to deliver for our members, partners, the victims of uninsured and untraced drivers and the many other people who rely on MIB.

That is why we are putting forward an ambitious, progressive agenda for 2021 that delivers on the things that matter.

Our plan for 2021 – in summary

Deliver a fantastic customer experience

Creating a consistent, high-quality customer experience across every part of the organisation will become an even bigger focus

in 2021 as part of our aspiration to be admired for the way we support the insurance industry. This will include a comprehensive review of all MIB data and services.

Deliver on our commitment to the whiplash reforms

A new claims service, designed and built for the Ministry of Justice, will make it easy for anyone to make a low-value claim after a vehicle-related accident without the need for legal representation. The government legislation needed to launch the new service is still to be completed, but we'll have the system ready to go in 2021.

Continue to evolve the culture of MIB

Building a culture of agility and change will remain a key focus in 2021. Our plan will help create a dynamic, agile organisation that continually looks out into the world; a workplace where decisions evolve



incrementally based on the changing needs of the market; where failure is an opportunity to learn and do better and where many different ways of thinking are always better than one.

Make transformation the norm

Building on the success of the our transformation programme in 2019 and 2020, our plan for 2021 will realise the benefits of this investment. This doesn't mean transformation is over, but that we must see it as normal in order to create an efficient, technology-enabled organisation that continually evolves to the changing needs of our members and partners.

Minimise disruption to UK motorists and our members at the end of the Brexit transition period

Although MIB will no longer act as compensation body for UK-based victims of accidents involving uninsured or untraced

drivers in the European Economic Area after the Brexit transition period ends, we will continue working with the Council of Bureaux and our international partners to influence the issues that matter to our members.

Reduce the annual cost of running MIB

Our transformation programme has helped us reduce our running costs. In 2021, we need to continue to demonstrate our value for money to our members, especially at a time when the insurance industry is feeling the impact of COVID-19.

We are excited and focused for what we need to do in 2021, but although we are moving fast in taking the organisation forward, we won't cut corners when it comes to assessing risk in what we do and how we do it. We are committed to comply with regulation and industry best practice.

At the heart of everything we do is a determination to keep uninsured and untraced drivers off our roads, make sure their victims get the support they need, while protecting our members and society from insurance fraud. I am proud of the difference MIB makes to people's lives. I hope the real-life stories in this business plan remind us why the work we do is so important and how it's only possible because of the way we work together.

Finally, I would like to thank everyone who continues to support MIB, without which nothing in this business plan would be possible.



Dominic Clayden, CEO

“At the heart of everything we do is a determination to keep uninsured and untraced drivers off our roads, make sure their victims get the support they need, while protecting our members and society from insurance fraud.”



Reasons to celebrate

Our achievements in 2020

There's no doubt 2020 was a year unlike any we have ever experienced. For many businesses, these unprecedented times have had a huge impact and we were no different.

Despite the challenges, however, we're proud to report many achievements, which are testament to the dedication and adaptability of our people and strong collaborative working with our partners.

One of our biggest achievements was the way we responded to COVID-19. While we had plans to increase remote working, when offices started to shut across the country, there is no doubt we were still reliant on a fixed workplace. However, for the safety of our staff we got everyone out of our offices in early March and within weeks had set up all 550 to work from home. We then focused on returning to being fully operational as quickly as possible, getting stuck into addressing a backlog of claims, which was cleared in May 2020. In the true spirit of 'customer first', our people kept critical services running for members – and as fraudsters

began to take advantage of the pandemic, the Insurance Fraud Bureau quickly released a new COVID-19 Intelligence Bulletin to help members stay ahead of the latest scams.

2020 brought many other successes – bringing our claims service online, rolling out a unified communications application for our key operational teams, redeveloping the ELTO (Employers' Liability Tracing Office) website, completing the first phase of migrating our onsite data warehouse to the cloud and supporting Operational Tyrell – a successful investigation of a large and long-standing crash for cash scam. HMRC also signed an agreement to share employer reference numbers with our Employers' Liability Database, making it faster and easier for anyone that has suffered a work-related illness or injury to trace their employer's insurer.

Building the future of MIB

Another standout achievement was the work in transforming our culture. In the last few years we've gone through a lot of change to make MIB a progressive and dynamic place to be, with an amazing culture at the heart of everything we do. In 2020 we made great steps.

Launching our new principles

As part of our effort to create a culture built on customer centricity and continuous innovation, we launched the MIB Principles to inform and guide everything we do: Customer First, Think Big and Inspire.

A new approach to employee engagement

We launched Gallup Q12, a best-in-class employee engagement model, to better understand what our people need to perform at their best.

A compelling recruitment proposition

We transformed how we market MIB to attract brilliant people while strengthening the emotional connection between our people and the organisation.

Strengthening diversity and inclusion

We added gender equality and BAME (Black, Asian and Minority Ethnic) networks to our growing list of groups.

Creating a culture where big ideas can thrive

We published a fresh employee handbook (in the style of a Penguin book) that focuses on guidance and advice rather than rules and policies. We also introduced emotional intelligence profiling and support for all line managers to ensure our leaders are equipped to be brilliant people managers.

Launching
our new
principles

A new approach
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A compelling
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Strengthening
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Creating a
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A middle-aged man with short grey hair and glasses stands in front of a stone wall. He is wearing a purple and white checkered button-down shirt and light grey trousers. He is holding the handlebars of a black bicycle. A black bag is attached to the handlebars, and a white bicycle helmet is hanging from the handlebars. The man has a serious expression.

You think you are
immortal until something
like this happens to you

I'm Adrian and this is my story.

Adrian was in the middle of three cyclists on a long-distance event when he was hit from behind by a car travelling at around 50mph. The driver was uninsured, and subsequently drove off.

“I remember almost everything about the incident. I remember being hit and this sudden and massive sense of acceleration when I went up on the bonnet and the windscreen. I remember flying through the air, hitting the road and feeling my ribs break, bouncing back in the air and hitting the road again and feeling my pelvis break. I skidded along the ground and ended up head down on an embankment.

“Bizarrely one of my earliest recollections on the ground was a feeling of relief that I wasn’t dead, because for the first few milliseconds of the incident I was absolutely convinced I was going to die. Coming close to death is a strange experience because it makes you realise how much you like life.

“My most serious injury was a lateral compression fracture of the pelvis, which is effectively breaking all three pelvic bones simultaneously. I also broke three ribs, suffered internal haemorrhage, a collapsed lung and a small fracture of one of my vertebrae.

“I was in hospital for ten days. The rehabilitation specialists were surprised I wasn’t in for longer given the severity of my injuries but I was determined to recover as quickly and as fully as possible and lucky enough to have my wife and daughters to help me recover at home.

“I had access to the cycling injuries team at Leigh Day [law firm] through my membership

with British Cycling. Initially I didn’t really know MIB and BLM [a partner solicitor instructed by MIB] were involved in the case, which is testament to how smoothly Leigh Day handled things in sorting out rehabilitation and liability. I’ve since been told that part of the reason why things were resolved relatively quickly was because there was good collaboration between Leigh Day, BLM, and MIB. I’m grateful for that because it avoided a long, drawn-out process and helped me focus on my recovery.

“I’d never heard of MIB before, so the question on my mind was what on earth would happen if the driver wasn’t insured. As it turns out he wasn’t insured but, thankfully, because of MIB’s existence, it was all OK. It’s reassuring to know there’s an organisation out there to help people like me who are unwittingly involved in these types of dreadful incidents.”

“...part of the reason why things were resolved relatively quickly was because there was good collaboration between Leigh Day, BLM, and MIB.”

I've seen the life-changing impact of uninsured drivers

Together, we're keeping them off our roads

I'm PC David Lee and this is my story.



“Having been involved in roads policing for more than 14 years, I’ve seen my fair share of serious collisions.

“One that sticks in my mind was when we were called to attend a serious injury. A mother had crossed the road with her young children and the children were struck by an uninsured driver. Thankfully they survived, although they sadly suffered life-changing injuries that mean they will need care and treatment for the rest of their lives. It’s stories like these that show how important it is that we continue working with MIB to keep uninsured drivers off the roads.

“Without the MIB police helpline, things would be very difficult for us at the roadside and there would potentially be more people being allowed to continue to drive while uninsured.

“During police operations to identify uninsured vehicles, we stop a range of people. Those who genuinely believe they are insured, those who know they are not insured but take the risk, right through to the most extreme repeat offenders. A call to the MIB police helpline very quickly gives us the answers we need to make a firm, informed decision about whether a driver is insured.

“As a team that focuses on all aspects of roads policing, the work we do with MIB is also part of a wider effort. Often, we’ll stop a vehicle for something as simple as someone not wearing a seatbelt while they are out delivering takeaways. Having stopped the vehicle, we’ll

then call the MIB police helpline and find the driver is not covered for business use. In some cases, we will even run further checks and discover they are wanted in court for a previous uninsured driving offence.

“The way the MIB and the insurance industry work together with the police makes a huge difference. It’s that close working relationship and the service they provide that ultimately allow us to make the right decision at the side of the road.”

PC David Lee

Safer Roads Team, Specialist Operations
Northamptonshire Police

“Without the MIB police helpline, things would be very difficult for us at the roadside.”

Together, we're keeping people and communities safe from organised crime

I'm Detective Inspector Kelly Gray and this is my story.



“I work as part of a team of specialist police officers responsible for disrupting organised criminal groups in the east of England.

“The IFB (Insurance Fraud Bureau) supports us in many cases. One I particularly remember is when they helped us disrupt a large and well-organised fraud network with links to firearms and drug trafficking. The investigation began by searching an address we suspected was being used by a county lines network. County lines typically involves organised criminal groups moving drugs around the country, often using vehicles obtained through some form of fraudulent activity. Sadly, many also take advantage of children and vulnerable people in an attempt to operate undetected.

“When we searched the address, it quickly became clear that this was not a routine drugs warrant. We found mobile phones, laptops

and a large quantity of documentation we knew would likely be linked to insurance fraud. Supported by advice from the IFB, we later uncovered a dangerous insurance scam in which well-organised criminal gangs were deliberately causing road traffic collisions in order to make fraudulent claims.

“Building a strong case against those involved would have been almost impossible without the support of the IFB. Their specialist knowledge, access to counter-fraud intelligence and extensive contacts within the insurance industry were integral to our ability to protect the public from individuals who would otherwise have put more lives at risk.

“To challenge the perception of insurance fraud as a ‘victimless crime’, the IFB also provided a statement to demonstrate the serious harm it causes to insurers and people’s lives.

“By the time the group were arrested, they had made fraudulent claims worth an estimated £1.2 million. On the strength of the evidence, 16 individuals were convicted, including the leader of the group, who received a six-year prison sentence.”

DI Kelly Gray

Regional County Lines Coordinator
Eastern Region Special Operations Unit

“Building a strong case against those involved would have been almost impossible without the support of the IFB.”

It's not us, it's you

Deliver a fantastic customer experience



In a fast-moving world that is increasingly driven by data and new technologies, the challenges and opportunities for our members and partners never stand still.

Today, our data and services are trusted by a huge range of people. From police officers working to keep us safe from uninsured and untraced drivers and insurers tackling insurance fraud, through to the many people who successfully trace their employer's insurer through our Employers' Liability Tracing Office (ELTO).

These services have been developed over many years, and as a result, they rely on

different technologies, carry different rules and often deliver different experiences. We recognise this brings complexity, which impacts the overall experience for our customers.

We think we can do better. In 2021, we will begin creating the foundations for a new generation of modern, innovative MIB services that continually evolve with the needs of the market. But the changes we are making

run deeper than just better services. Our vision is to create a consistent, high-quality customer experience across every part of the organisation that will define MIB for many years to come.

To make that happen, one of the biggest changes you will see will be a cultural shift. We'll move from a provider of technical services and processes to an organisation where the desire to create what our members and partners need is at the centre of everything we do. Because the services we provide are not developed for us – they're developed for you.

“In 2021, we will begin creating the foundations for a new generation of modern, innovative MIB services.”

Starting in 2021, there are four steps to continually transforming our customer experience over the next few years:

1. Answer the big questions

From the services we provide to the experiences we create: “What do we want to be known for?”, “How will we achieve it?” and “Who will benefit?”.

2. Better understand the long-term needs of the market

Continue working with our members and partners to clearly define what our members and partners need over the next five years.

3. Create a clear plan for all MIB services

A detailed roadmap that will inform the scope of our services, how they are used and accessed, the technologies they rely on and many other factors that will have a significant impact on the future direction of MIB.

4. Turn the plan into reality

Replace or update the services that no longer reflect the needs of the market and continue to create a culture of ongoing innovation.

Whatever happens, we'll be ready

Deliver on our commitment to the whiplash reforms



OFFICIAL
INJURY
CLAIM

According to the UK government, the number of personal injury claims linked to road accidents has increased 50% over the last decade.

Of particular concern has been a sharp rise in soft injury claims linked to exaggerated road accidents (commonly known as ‘whiplash’) and the impact it has on the insurance premiums of law-abiding motorists.

We are working in partnership with the Ministry of Justice (MoJ) to create Official Injury Claim, an easy-to-use online service that allows people injured in vehicle-related accidents to make a limited-value claim (less than £5,000) without the need for legal

representation. The service is expected to reduce the cost of potentially inflated claims passed on to policyholders through higher insurance premiums.

The development of Official Injury Claim has been progressing well and in 2019 we underwent successful public testing of the system. However, in April 2020, due to the challenges that came with the COVID-19 pandemic, the MoJ decided to delay launching the service until 2021.

While the MoJ continues to establish the policy framework and rules needed to launch the new service, we continue to focus on creating the best possible experience for those who will benefit from using the service.

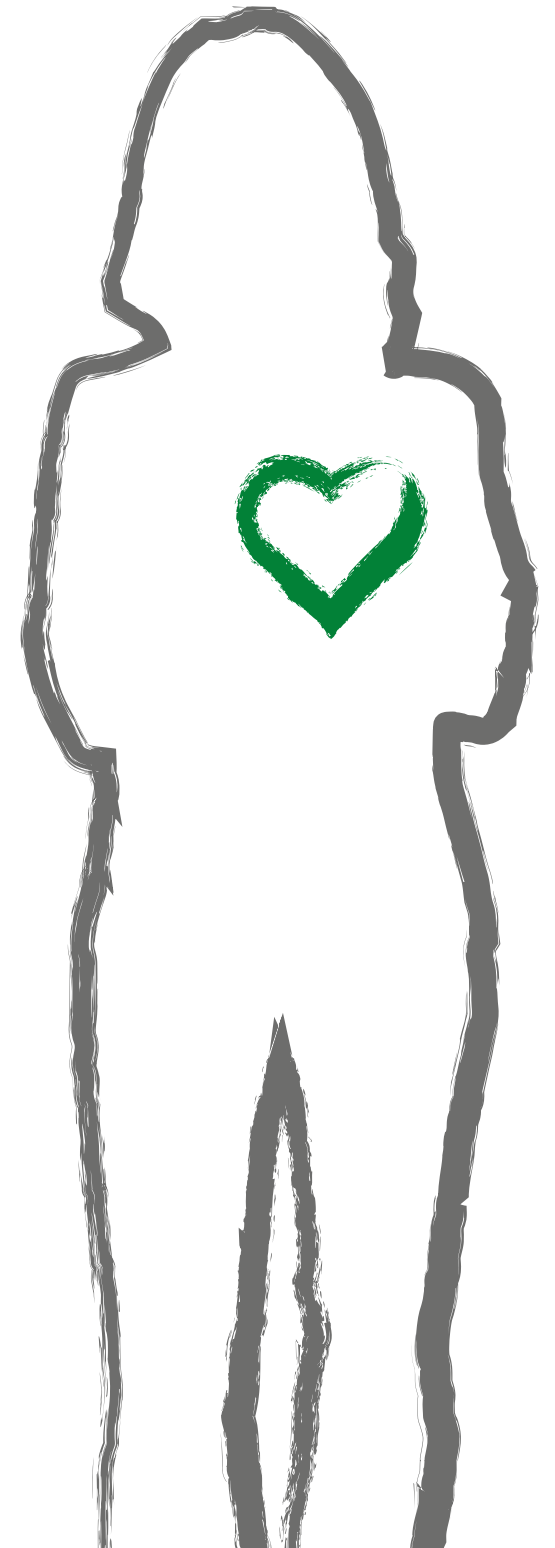
The delay has allowed us to continue refining the system while recruiting and training a dedicated team of contact centre agents ready to support customers with their claim.

And of course, when the service goes live, we’ll continue to engage with users to understand how we can make Official Injury Claim even better.

“The service is expected to reduce the cost of potentially inflated claims passed on to policyholders through higher insurance premiums.”

Developing brilliant people. Together, we make it possible

Continue to evolve the culture of MIB



At MIB, we have always believed that brilliant people and creating a progressive culture are key to creating the dynamic organisation our members and customers want to see.

The last two years were about fixing the basics. We built diversity of people and ideas into every part of the organisation while creating a more open and inclusive workplace where everyone can bring their best self to work. We supported our leaders to be even better and introduced a new approach to recruitment to attract and retain people with the skills and behaviours we need. And we came together to design our new values (the MIB Principles) to guide and inform everything we do.

2021 is about continuing to demonstrate the value of that investment. Part of the

plan is creating a simpler, more agile organisation designed for the challenging and changing times ahead.

Through the next phase of our redesign of the organisation, we will ensure we have the right people in the right roles that are critical to our success. Cutting back on things that slow us down will also bring faster decision making, less bureaucracy and greater accountability at all levels.

Continuing to embed our new principles into every part of the organisation will help us create a more progressive and dynamic

workplace where we put our customers first, think big and inspire each other every day.

Research shows that engaged employees are significantly more productive and deliver better results than employees who are merely 'satisfied' with their employer.

Our recent partnership with Gallup, a global thought-leader on employee engagement, will help line managers support our people to perform at their best. The development of a compelling employer value proposition will strengthen the emotional contract between the organisation and our people, while a new approach to development that is tailored to the needs of each individual will ensure our people are equipped to succeed in an environment of continual change.

“Continuing to embed our new principles into every part of the organisation will help us create a more progressive and dynamic workplace.”



**This is not the end,
this is just the
beginning**

Make transformation the norm



In 2019, we embarked on a substantial programme of transformation. We did it not just to address years of underinvestment in key areas, but to give MIB a platform that could be continually improved for many years to come.

Back in 2018, we had systems that were out of date, no longer supported or which posed a security risk. In short, they weren't fit for purpose.

There were two key areas identified to help us meet customer expectations and benefit the industry. The first was about building the modern infrastructure and technologies needed for us to become a more digitally enabled and data-driven organisation. The second was about evolving the culture of the organisation.

Fast forward two years, and we've come a long way in showing the value of that investment provided by our members. We've delivered new claims and finance systems. We've strengthened data security across the board, and we've implemented cloud-based working environments. We've also made great strides

in transforming our culture to help our people (and future people) bring their best self to work every day.

We recognise that this large-scale transformation programme cannot run indefinitely, and we believe that now is the time to embed it into our day-to-day being. The programme was initially scheduled to continue until the end of 2021, but we have been able to complete the programme a year early.

However, this doesn't mean that transformation at MIB is over. We are far from finished. We live in a time when new technologies and the needs of our customers are always changing, and we know we also need to keep moving forward to succeed in a world where change is the norm.

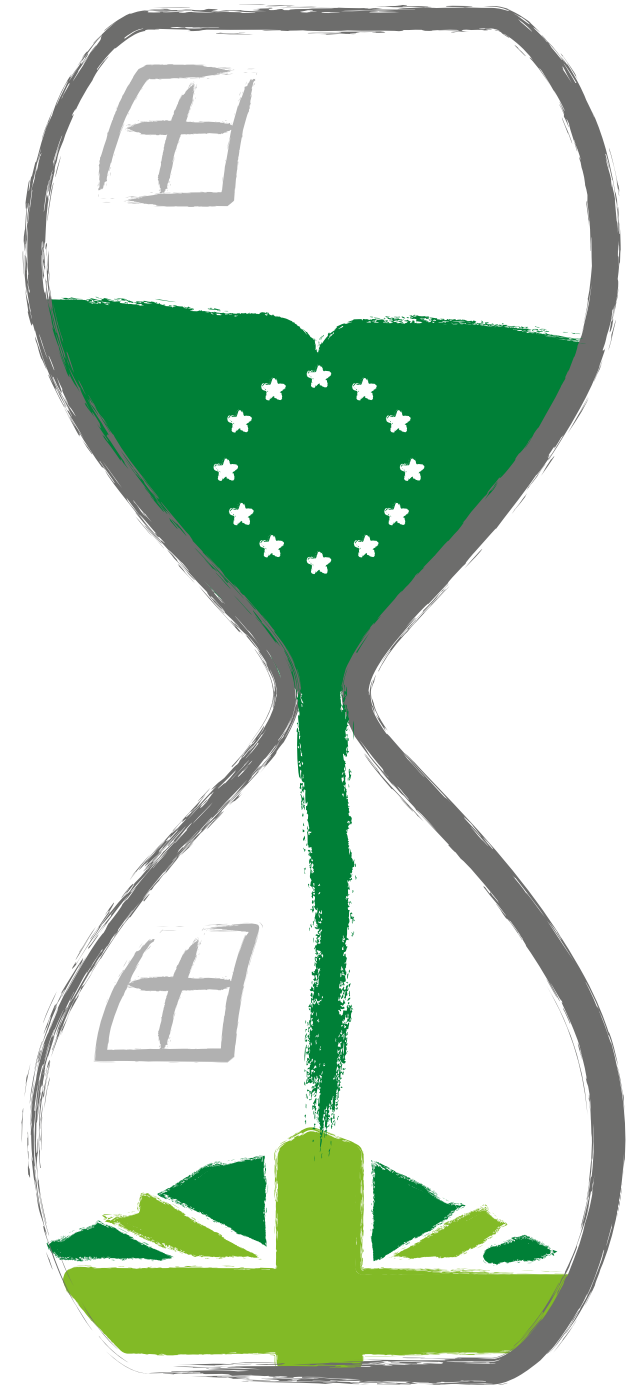
Nowhere is this new approach to transformation more visible than through the evolution of our claims service. In 2021, we will further improve how we support victims of uninsured and untraced drivers while reducing the cost of running the service. We'll do that by creating an easy to use digital experience, decommissioning legacy systems, simplifying or automating processes where technology can be utilised; and continuing to build a culture where the desire to create what our customers need is at the heart of everything we do.

We also want a culture where everyone across the business feels empowered to put forward new ideas. Starting in 2021, we'll adopt a model where transformation projects requiring investment will enter a pitching process to show their value in driving efficiency, cost savings or creating a better customer experience, or ideally all of the above. This will further develop our people by increasing their skills to build strong business cases, work collaboratively and align with the bigger picture of business-wide priorities.

“Fast forward two years, and we've come a long way in showing the value of that investment provided by our members.”

Deal or no deal, we'll continue working for you

Minimise disruption to UK motorists and our
members at the end of the Brexit transition period



While the EU Referendum might feel like a distant memory, its impact on UK motorists will begin to bite in 2021.

Many of the changes are outside our control but we're doing everything we can to make sure the industry and UK motorists are protected.

One key issue relates to Protection of Visitors. At the moment, MIB acts as the compensation body to deal with the claims of UK-resident motorists who become victims of accidents involving uninsured or untraced drivers in European Economic Area countries. When the transition period ends, our role as a compensation body ceases. Victims will therefore be left to seek compensation in the country where the accident occurred, which causes a number of challenges, such as language barriers.

Another significant issue relates to Vnuk, a 2014 EU ruling which determined compulsory motor insurance should exist for any vehicle with a motor and wheels that is used on land

but not on rail. This applies to both public roads and private land, and as a result, there are millions of 'vehicles' that should currently have motor insurance but don't, including the increasingly popular e-scooters, but also golf buggies, lawnmowers, children's ride-on car toys and classic cars. This list may sound comical, but there are serious consequences. MIB is bearing the costs for compensating people who have been injured in this way, and because we are a not-for-profit financed by a levy on motor insurers, these claims are effectively funded by premium-paying motorists. We believe these result – unfairly – in increased motor insurance premiums for all law-abiding road users.

There's a snag though, because even if someone wanted to get motor insurance for one of these vehicles, they couldn't because their use on UK roads is illegal. Furthermore,

there's a major risk to privately-owned e-scooter users without insurance, who could be forced to pay out thousands of pounds in liability if they have an accident.

We're not against e-scooters, far from it. They are a popular, convenient and sustainable solution to some of our transport challenges. What's more, they are an effective way of socially distanced travel. But the widespread use of privately-owned e-scooters without an appropriate form of compulsory insurance remains a concern under current conditions.

The reason this is linked to Brexit is that the government is able to remove this EU law from UK law once the transition period is over. So far, they haven't given any assurances they will do that, despite Boris Johnson himself being openly critical of the ruling in 2017.

As a result, our focus for 2021 is to continue to work with and challenge the government to find a fair and workable solution to these issues.

“...our focus for 2021 is to continue to work with and challenge the government to find a fair and workable solution to these issues.”

Lower cost, bigger impact

Reduce the annual cost of running MIB



After two years of significant investment in the MIB Transformation Programme, we are already seeing the benefits of a more modern, efficient organisation.

Better hardware and software have significantly improved productivity and are more cost effective to run and maintain. Many labour-intensive processes have been replaced with easy-to-use digital systems. And following a phase of organisational design in 2019, we are now hiring smaller teams of skilled, highly motivated people into roles where they are needed most.

We need to do this with a mindset of reducing cost while improving efficiency and the level of service we provide so we can deliver the best service for as little cost to the industry

as possible. With insurers having to change on the back of COVID-19 – in some cases dramatically – it’s especially important that we continue to reduce the cost of our services.

So, for 2021 we are making a commitment to reduce our operating costs. We will achieve this in a variety of ways, including a further phase of organisational design, developing more cost-effective processes and keeping our supplier costs under review.

We must also balance our approach to cost savings with the need to continue innovating and driving improvements. With this in

mind, we have created a transformation fund to be used in 2021. Our three priorities in this area will be:

1. Data security

We will further develop our data security capabilities in response to sophisticated and rapidly evolving security threats.

2. MIB Claims Services

We will improve efficiency and compliance while delivering significant cost savings through automation and improved processes.

3. Better governance

We will improve the quality of our data, ensuring we comply with all relevant legislation. This will include phasing out services that are no longer needed while ensuring those that remain are relevant and offer the best possible value for money.

“...deliver the best service for as little cost to the industry as possible.”

Keeping us accountable

Our measures of success in 2021

Although our six priorities will be a key focus for everyone across MIB, we remain committed to delivering the work we do for the industry year on year. Here's what you can expect from us in 2021.

Business area	Key result indicator	2020 current/est	2021 target	Gold	Green	Amber	Red
Enforcement	Reduction in new claims – uninsured	7,412	7,750	<= 6,974	<= 7,750	<= 8,213	>= 8,214
	Reduction in new claims – untraced	16,977	18,000	<= 16,199	<= 18,000	<= 19,080	>= 19,081
	% of uninsured claims vs UK licenced vehicles	0.020%	0.020%	<= 0.016%	<= 0.019%	<= 0.021%	>= 0.022%
	% of untraced claims vs UK licenced vehicles	0.040%	0.050%	<= 0.039%	<= 0.045%	<= 0.047%	>= 0.048%
Compensating fairly and promptly	CEI/NPS	63.0%	75.0%	>= 82.5%	>= 75.0%	>= 70.0%	<= 69.9%
	Quality audit	96.6%	95.0%	>= 97.5%	>= 95.0%	>= 93.0%	<= 92.9%
	Leakage	2.26%	2.60%	<= 2.35%	<= 2.60%	<= 3.20%	>= 3.21%
	Claimant lifecycle – open	347 days	320 days	<= 290 days	<= 320 days	<= 350 days	>= 351 days

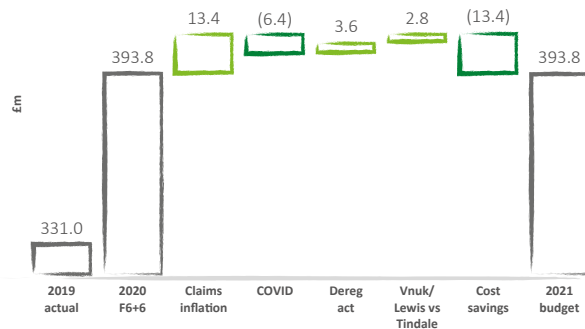
Business area	Key result indicator	2020 current/est	2021 target	Gold	Green	Amber	Red
Data Services, security and quality	Service availability (across multiple DBs)	0.99	0.90	>= 0.99	>= 0.90	>= 0.80	<= 0.79
	Security maturity (NIST score)	2.6	3.4	>= 3.7	>= 3.4	>= 2.7	<= 2.6
	Data quality – completeness/accuracy	N/A	TBC	TBC	TBC	TBC	TBC
People	Employee engagement (Gallup12 survey)	N/A	3.85	>=4.18	>=3.85	>=3.49	<=3.48
Delivery and change	Change Initiatives – overall	AMBER	GREEN		■		
	Whiplash service – overall	AMBER	GREEN		■		
Finance	Income	£393.8m	£393.8m	Levy refund or capital release	<=£393.9m	<=£405.6m	>=£405.7m
	Claims spend (net of recoveries)	£327.4m	£372.5m	<=£361.2m	<=£372.5m	<=£383.7m	>=£383.8m
	OpEx – BAU (exc. one off items)	£29.3m	£29.3m	<=£26.3m	<=£29.3m	<=£32.2m	>=£32.3m
	Other costs	£32.7m	£23.7m	<=£21.2m	<=£23.7m	<= £26.1m	>=£26.2m
	Client companies – OpEx	£15.5m	£16.3m	<=£14.6m	<=£16.3m	<=£17.9m	>=£18.0m
Risk and Compliance / Internal Audit	Overdue actions	N/A	5.0%	0.0%	<=5.0%	<=10.0%	>=10.1%
	Risk maturity score (self assessed)	2.0	2.2	>=2.6	>=2.2	>=2.0	<=1.9
	GDPR compliance maturity (self assessed)	2.9	3.4	>=3.7	>= 3.4	>=2.9	<=2.8

The finances

How we manage the money

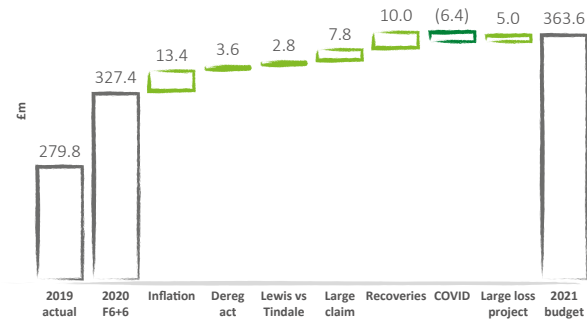
None of our plans for 2021 and beyond can be a success unless our finances are managed well. It's also important that you see where the industry's investment goes.

Levy



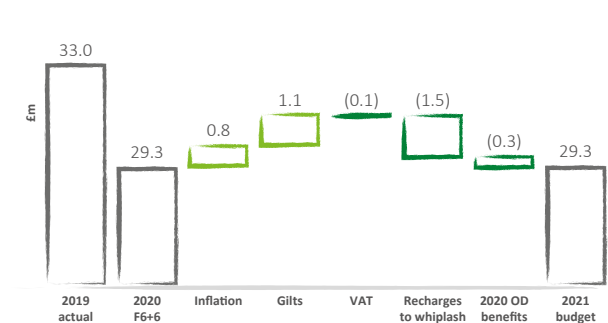
- Claims inflation of 4.5%
- COVID-19 reduces and defers claims payments
- Continued maturing of Deregulation Act claims
- LVT claims based on known claims
- Cost savings from whiplash service, transformation and exceptionals

Net claims



- Large claim payout expected in 4Q21
- Recovery rates are expected to continue at a slower pace due to economic downturn and the delayed settlement profile of claims in 2020
- The Large Loss project is aimed at delivering processing efficiency

Operating expenses



- 2.5% increase for all supplier renewable contracts and 0.0% pay increase
- Yields (coupon and market value) on Gilts expected to be negative
- Uplift in recharge of central costs to whiplash service
- OD in 4Q20 expected to deliver benefits in 2021

Profit and loss account (£m)

	2019 Actual	2020 F6+6	2021 Budget
Levy	331.0	393.8	393.8
Claims (net of recoveries)	(279.8)	(327.4)	(363.6)
Operating expenses	(33.0)	(29.3)	(29.3)
Terrorism reinsurance	(8.4)	(8.4)	(8.4)
Whiplash – build and run	(12.1)	(12.8)	(9.8)
Transformation	(12.3)	(9.0)	-
Change projects	-	-	(3.0)
DB pensions deficit	(8.2)	(2.5)	(2.5)
Total surplus/(deficit)	(22.8)	4.4	(22.9)
Exceptionals	-	(4.4)	-
Net surplus/(deficit)	(22.8)	-	(22.9)

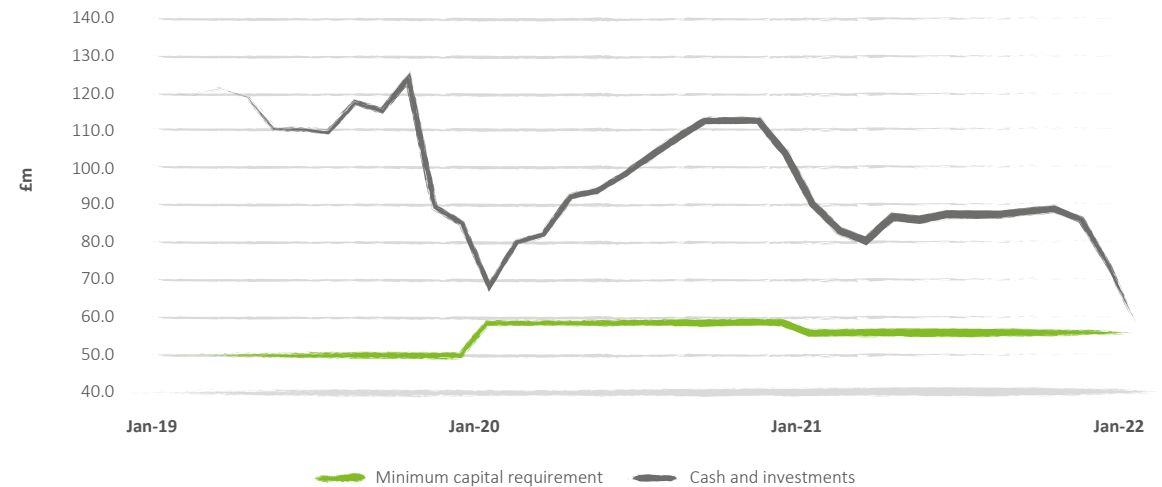
- Budget deficit to be funded from reserves
- Deficit driven by growth in claims costs
- Cost savings from whiplash service, transformation and exceptionals

Balance sheet (£m)

	31 Dec 2019	31 Dec 2020	31 Dec 2021
Assets	4.5	3.8	3.6
Receivables	2,739.2	2,870.8	2,868.2
Cash	3.3	3.3	3.3
Investments	64.8	74.1	51.2
	2,811.8	2,951.9	2,926.4
Reserves	2,758.9	2,896.4	2,873.5
Payables	43.2	48.3	48.1
Pensions	9.8	7.3	4.8
	2,811.8	2,951.9	2,926.4

- Balance sheet remains strong with total assets circa £3.0b
- Decrease in investments is to fund expected deficit and consequent reduction in reserves

Cash and investments



- Minimum capital requirement is set at 15% of net claims payments for 2021 (not at 15% of levy)
- Delayed claims payments from 2020 due to COVID-19 utilises cash holdings
- Seasonal payments (PPOs and large claims) expected in 4Q21

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