



Motor Insurers' Bureau

2020 Annual Report and Accounts

Group Company Number 412787

In this report

Clickable



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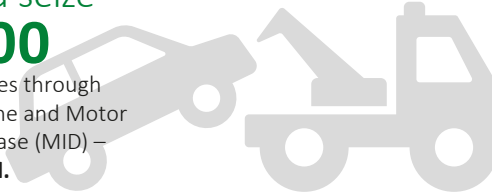
Our impact: The year in numbers

Despite the challenges of a global pandemic, the life-changing work we do continued

We made roads safer

We helped seize **148,000**

uninsured vehicles through our police helpline and Motor Insurance Database (MID) – a **10-year record**.



We sent **100,759**

letters to drivers suspected of driving without insurance as part of Operation Tutelage. 76% took action to insure their vehicle.

We answered **72,422**

enquiries from frontline police officers working to keep uninsured drivers off our roads.

We continued to be there for the people who need us

We helped more than **26,000 people**

injured by uninsured and hit-and-run drivers rebuild their lives.

After **66,000 + hours** of development and testing with 100+ customers, we delivered

Official Injury Claim

to help protect millions of motorists from the growing cost of personal injury claims linked to road accidents.

We made **4.8 billion records**

available to our members across the insurance industry.

We reached agreement with **30 EEA countries**

to make sure UK residents injured in accidents in the European Economic Area will continue to have access to compensation after Brexit.



We played a vital role in the fight against insurance fraud

5.4 million people

Saw our videos for Stop the Scams

a digital advertising campaign designed to increase public awareness and reporting of insurance fraud.

4,400+

Intelligence alerts and reports

issued by the IFB, helping to protect insurers and their customers from suspected fraud.

5,236

Reports of fraud received from members of the public through Cheatline, the IFB's confidential reporting service.

£124 million

Value of insurance fraud under investigation by the Insurance Fraud Bureau (IFB)

We brought the future closer

We delivered the **MIB Transformation Programme** a year ahead of schedule, investing

£9.6 million

in new technologies and infrastructure.

Together with our members we continued to develop the

MIB Product Roadmap

to guide the future direction of our services.



We launched

Gallup Q12

an internally renowned employee engagement survey, achieving the highest ever score for an organisation in its first year.

2020 was a year like no other

From our Chairman

I want to thank every one of my colleagues at MIB for their energy and commitment in what was an exceptionally challenging year. Having adapted to the pandemic with speed and determination, we went on to meet or exceed 87% of our key performance indicators. We kept vital services running for the people who need us, and we continued to deliver on our strategy of evolving MIB's services and culture.

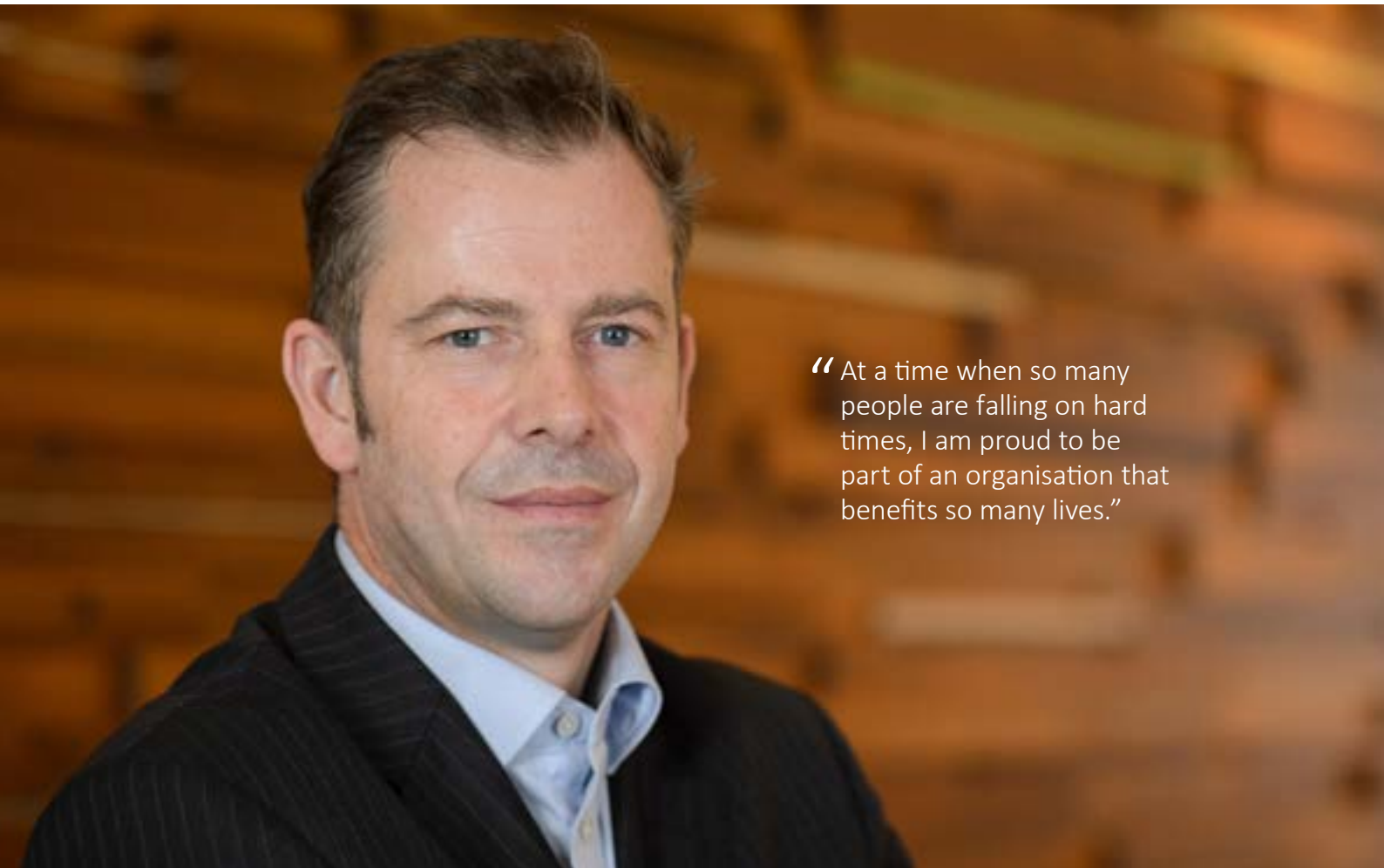
At a time when so many people are falling on hard times, I am proud to be part of an organisation that benefits so many lives. Whether it's keeping uninsured drivers off our roads, making sure their victims have access to compensation or providing our members with

information that helps protect people from insurance fraud.

Looking back at how Covid-19 has affected our lives, the changes driving our strategy for MIB feel more relevant than ever. The demand for better digital experiences, the need for us to continually adapt as the demands for our members evolve, and the drive for us to invest in improvements that reduce the cost of delivering our services.

We built the foundations we need for the future

By delivering the final year of the MIB Transformation Programme ahead of schedule, we achieved a significant milestone in building



“ At a time when so many people are falling on hard times, I am proud to be part of an organisation that benefits so many lives.”



the more modern organisation our members and customers want to see.

In 2020, we invested £9.6 million in new technologies and infrastructure, including the modernisation of our claims services for victims of uninsured and hit-and-run drivers.

We increased our focus on automation, more cost-effective ways of working and introduced changes to improve leadership, employee engagement and innovation across the organisation.

In order to ensure we are set up to meet the demands of today's rapidly changing insurance industry, we continued to evolve the structure of the organisation.

We continued to develop our long-term strategy

In November 2020, the MIB board and senior leadership team met virtually to explore the challenges facing the insurance industry and the best approach to modernising our services over the next few years. To mitigate the risks that will come with this change and minimise disruption to our members, we agreed that we would evolve our services through a phased approach.

We also continued working with our members to achieve an in-depth understanding of what the insurance industry needs from MIB's services over the next five years and beyond.

We delivered on the issues that matter

We did everything we could to make sure our members and UK motorists were protected at the end of the Brexit transition period. This included supporting our members in preparing to issue Green Cards and securing agreements to make sure UK residents injured in accidents in the European Economic Area would continue to have access to compensation.

As part of the whiplash reforms, we delivered the last few changes to Official Injury Claim, a new service that will allow anyone to make a limited value motor claim without legal

representation. We are now in the final stages and intend to launch the service to the public in May.

We continued to make a difference together

In 2020 alone, the information we shared through our Motor Insurance Database and police helpline helped keep 148,000 uninsured vehicles off our roads. We gave 26,000 people the compensation they needed to access vital medical treatment and focus on their recovery. And by delivering on our strategy of evolving MIB's services and culture, we laid the foundations for a future insurance market where the dishonest minority have nowhere to hide.

In July, I was delighted to be reappointed as chair, and we welcomed Angus Eaton to the board, whose wealth of knowledge and experience will be an asset to the organisation.

Finally, I would like to thank the many colleagues across MIB and supporting organisations. Through their hard work and commitment, we were able to successfully navigate these unprecedented times.

Steve Maddock
Chairman

When the world stopped, we kept moving

From our Chief Executive

In March 2020, Covid-19 changed our lives in ways few of us could have imagined.

As I looked across the table at our senior leadership team on what would be one of our last days in the office for many months, the way forward was clear.

In these challenging times, delivering the changes we promised at the start of our transformation programme mattered more than ever. And that with the progress we had made, we would get through this – keeping our people safe, delivering on the promises we made – and continuing to be there for the people who need us.

When the pandemic kept us apart, we came together

And so, from home, we got to work – coming together to keep vital services running.

Through the darkest days of the pandemic, we paid more than £280 million in compensation to help people injured by uninsured drivers and

hit-and-run drivers rebuild their lives. We played a vital role in making a road near you safer. And we continued to serve the insurance industry as a trusted source of data and information.

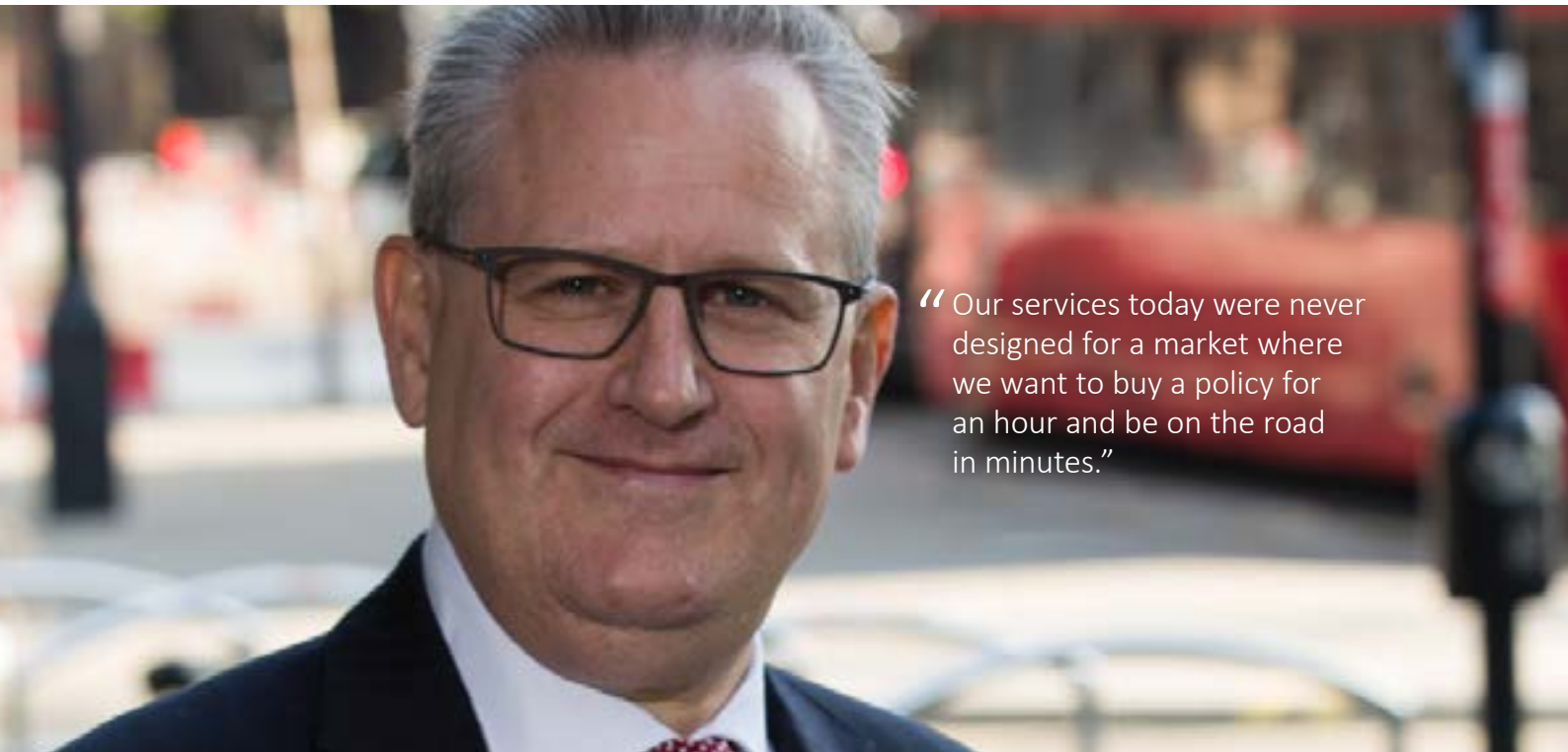
Our ambitious change agenda continued

In what was the final year of our transformation programme, we invested £9.6m in modernising the technologies we rely on and evolving our culture.

Reducing the cost of our services

We launched the first phase of a new claims system for victims of uninsured and hit-and-run drivers. The foundations of an efficient digital claims experience that, when fully implemented, will significantly reduce the cost of delivering the service.

Supported by increased automation and more efficient ways of working, we continued our ongoing redesign of MIB, helping to create a simpler, more agile organisation designed for our changing times.



“Our services today were never designed for a market where we want to buy a policy for an hour and be on the road in minutes.”

As an organisation trusted by many to keep their data secure, we are always looking to do more to protect MIB from fast-moving new security threats. In 2020, we invested heavily in strengthening our cybersecurity operations, updating the technologies we rely on and improving awareness across the organisation.

Evolving our culture

I have always believed that the organisations that remain relevant are the ones with the right culture. For that reason, creating a culture of fluidity and change remained a key focus for MIB.

I'm especially proud of the progress we made in attracting and retaining skilled, highly motivated people who are committed to our organisation and its purpose.

To better understand what our people need to perform at their best, we launched Gallup Q12, our new employee engagement survey designed by some of the world's leading experts in employee engagement. We ranked far above the market average, a fantastic achievement in what was a hugely challenging year.

As part of our effort to create a culture built on customer-centricity and continuous innovation, we also launched 'the MIB Principles' to guide and inform everything we do.

A new generation of MIB services

Now more than ever, we expect to access services through a high-quality digital experience and for that experience to evolve as the world around us changes. With new technologies disrupting the way millions of us get around and cars becoming increasingly automated, the way we buy insurance is also changing.

Our services today were never designed for a market where we want to buy a policy for an hour and be on the road in minutes. A market where our members need a single source of high-quality data available instantly in real-time.

And so, we must accelerate our efforts to create a new generation of MIB services. In 2021, we will produce a comprehensive plan to modernise the Motor Insurance Database (MID), the Claims and Underwriting Exchange (CUE), the Motor Insurance Anti-Fraud Theft Register (MIAFTR) and the MIB HUB.

The current proposal is to consolidate these services into a modern and secure cloud platform. This will help create the modern experience our members expect, improve the quality of the data you rely on, help us share information more efficiently and allow us to anticipate the changing needs of today's insurance market.

Providing clarity in uncertain times

Throughout 2020 and in the final days of UK/EU trade negotiations, we were working to make sure UK residents injured in accidents in the European Economic Area (EEA) will continue to have access to compensation after Brexit. After months of challenging negotiations, we have now secured transitional agreements from all 30 EEA countries.

The government's failure to act on the 2014 Vnuk judgement resulted in MIB being liable for many new claims where no compulsory insurance requirement is in place. In 2021, we will continue our efforts to make sure the effect of EU law on motor insurance comes to an end as soon as possible.

After detailed discussions in 2020, we agreed on a long-term funding plan that will allow us to finance Periodic Payment Order liabilities, a change that will deliver much-needed certainty for our members.

Playing our part in the whiplash reforms

In 2021, Official Injury Claim will make it quick and easy for anyone to make a claim after a road accident without legal representation.

Under challenging conditions, we have delivered a high-quality solution that has been well-received by the market.

Due to the unprecedented challenges we all faced in 2020, the government has confirmed that Official Injury Claim will launch on 31 May 2021.

The online portal is now ready to launch to the public and we are in the final stages of setting up our new contact centre to support customers with their claim.

Together, we made it possible

I would like to thank the many people and organisations who put their trust in MIB during these challenging times. And of course, to our brilliant people, who through times of huge change and uncertainty, showed the world an MIB that's faster, stronger and more resilient than ever before. Together, we made roads our safer. We helped rebuild lives. And we brought a world where no one has to suffer the terrible consequences of an uninsured driver one step closer.



Dominic Clayden
Chief Executive

Operational Performance

How we helped protect the innocent and make roads safer

Operational delivery

Despite the challenges that came with the Covid-19 pandemic, we met or exceeded 87% of our key performance indicators.

How we performed (MIB Claims Services)

Against a backdrop of national lockdowns and long-term remote working, our dedicated claims team continued to support people injured by uninsured and hit-and-run drivers, exceeding our targets for quality and leakage, which are vital to delivering a high-quality service.

In 2020, we saw a small reduction in new hit-and-run claims and a slight increase in uninsured claims, but we did not see the large drop our members experienced, particularly during the first lockdown. We often don't see notifications until almost 12 months after an accident.

In 2020, our Motor Insurance Database and police helpline helped seize more than **148,000 uninsured vehicles** – a 10-year record.

New claims 2019 vs 2020

Uninsured claims **+ 5.4%**
Hit-and-run claims **- 4.5%**

Key Performance Indicator	Target	Actual
Quality audit	95%	96.6% ■
Leakage	2.6%	2.54% ■
Customer engagement	75%	63% ■
Average lifecycle of a claim	320 days	329 days ■

■ Plan achieved ■ Within agreed % of the plan ■ Plan not achieved

During the first national lockdown, the disruption our members experienced meant updating the Motor Insurance Database (MID) became increasingly challenging, leading to the temporary closure of the MIB Police Helpline, which relies on accurate MID data.

Yet despite the challenges, we delivered an exceptional performance. With the continued support of our members and police forces up and down the country, our Motor Insurance Database and Police Helpline helped seize

more than 148,000 uninsured vehicles – a 10-year record.

Operation Tutelage is now fully funded for 2021 and performing well. In 2020, 76% of drivers suspected of driving without insurance who received an advisory letter took action to insure their vehicle, with 65% taking action within 35 days.

We are also pleased that the West Midlands and the Metropolitan Police forces will be joining the operation in 2021.

How we performed (MIB Enforcement Services)

Key Performance Indicator	Target	Actual
Reduction in new claims - Uninsured	7,750	8,141 ■
Reduction in new claims - Hit-and-run	19,210	17,488 ■
% of uninsured claims vs vehicle park	0.020%	0.021% ■
% of untraced claims vs vehicle park	0.049%	0.044% ■

■ Plan achieved ■ Within agreed % of the plan ■ Plan not achieved

Our commitment to the whiplash reforms

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 the sharp rise in soft tissue injury claims commonly known as ‘whiplash.’

In partnership with the government, we have developed Official Injury Claim, a new online claims service that will make it quick and easy for anyone to make a limited value claim without the need for legal representation.

By removing legal fees on many claims, the service is expected to reduce the costs passed on to all policyholders through higher insurance premiums.

In 2020, the impact of Covid-19 forced the government to delay launching the new service until May 2021. This allowed us to continue refining the system ready to deliver the best possible experience for our customers, something we will continue to do after the service goes live.

While the improvements we’ve made as part of our transformation programme allowed us to transition to remote working almost immediately, keeping such a large programme running from home was anything but easy. And so, on behalf of our members and everyone at MIB, thank you to the many people who made a job well done even better. We can be proud of the high-quality solution we have achieved and the difference Official Injury Claim will make to so many lives.

The Pre-action Protocol, Practice Direction and the rules that underpin Official Injury Claim have now been approved by the Civil Procedure Rules Committee and the Master of the Rolls. And so, with the launch of Official Injury Claim just weeks away, we are now focusing on detailed operational planning and implementation, including final preparations for our new customer contact centre and producing a range of resources ready to support customers with their claim.

Brexit

We made it a priority to minimise disruption to our members and UK motorists at the end of the Brexit transition period.

Through the Covid-19 pandemic – and in the final hours of UK/EU trade talks – we continued our work to make sure UK residents injured in accidents with uninsured and hit-and-run drivers in the European Economic Area (EEA) would continue to have access to compensation.

After months of challenging negotiations, we are proud to have reached agreement with the guarantee funds of all thirty EEA countries. Thank you to the many dedicated people who worked long and hard to make this important achievement possible.



Vnuk

We continued working with the Department for Transport to remove the direct effect of the 2014 EU Vnuk judgement on MIB and the cost of Vnuk claims on all premium paying motorists. This work is ongoing.

Green Card

Throughout 2020, we supported our members in preparing to issue green cards to motorists planning to travel outside the UK. And in just a few months, we supported the Council of Bureaux (CoB) in securing an agreement with the United Nations that now allows UK insurers to issue green cards to their customers on ordinary white paper or send them electronically for their customers to print at home. This helped protect our members from unnecessary cost and disruption and avoided the need for emergency green card services at UK ports as the EU transition period came to an end.

Beyond Brexit

Despite the challenges of the pandemic, we continued as a dynamic organisation with a global outlook, strengthening valuable international partnerships in the countries covered by the CoB and beyond.

We were pleased to receive Mr Collins Letsoalo, Chief Executive of South Africa's Road Accident Fund, when he visited in the early part of the year as well as holding virtual meetings with our counterparts in Bulgaria, France, Germany, Hungary, Ireland, Lithuania, Poland, Switzerland, Spain, Cyprus and Turkey.

These broader international partnerships have brought valuable insights to MIB and allowed us to share experience and best practice for the benefit of insurers and motorists worldwide.

Important legal changes

MIB acts as the guarantee fund for people injured by uninsured and hit and run drivers and the Green Card Bureau for the UK, Channel Islands, Isle of Man and Gibraltar.

In 2020, the agreements that underpin this relationship needed to be updated to reflect changing legislation and technologies, including the introduction of online claims.

In 2020, we reached an agreement with the Channel Islands and the Isle of Man and came close to finalising updated agreements with Gibraltar and Northern Ireland.

MIB Managed Services

The Insurance Fraud Bureau (IFB)

Responding to Covid-19

In one of the most challenging and uncertain markets we have ever seen, we adapted to keep vital counter-fraud services running throughout the COVID-19 pandemic.

As fraudsters began to take advantage of the pandemic, we released a series of training events, forums and bulletins designed to help our members anticipate the latest fraud threats. We also delivered 21 of our regular member events through online channels.

Continuing to play a vital role in the fight against insurance fraud

Throughout 2020, we issued more than 4,400 intelligence alerts and reports, helping our members act quickly to protect their organisation from suspicious policies and claims.

Working with the police, our investigators helped secure a number of high-profile arrests. And on behalf of the insurance industry, we launched Stop the Scams, a digital advertising campaign designed to improve public awareness and reporting of insurance fraud.



In just 6 weeks, our message was seen by more than 5.4 million people on Facebook and appeared in publications including the Daily Express, Metro and the Daily Mirror.

Partnerships with law enforcement and regulators

We established an intelligence sharing agreement with the Financial Conduct Authority operating in its role as the new Claims Management Regulator. We also built upon our relationships with the information Commissioners' Office and Solicitors Regulation Authority to develop new intelligence and investigation referral models.

Looking to the future

We engaged with the latest state of the art technology service providers to identify the next general analytics platform needed to exploit new data opportunities.

We also carried out a comprehensive product review, which identified that our customers still see our priorities as providing timely warning of specific fraud threats and the continued efforts to disrupt cross-industry fraudsters.

ELTO (Employers' Liability Tracing Office)

We launched a new ELTO website to support people who need to trace their employer's insurer after a work-related illness or accident. To improve the speed and accuracy of search results in the Employers Liability Database,

we also signed a data-sharing agreement with HMRC and started to update the system to allow claimants to search for their employers using an Employer Reference Number (ERN).

Claims Portal

Following their popularity in 2019, we hosted a workshop in February 2020 to help administrators get the best from their account.

To improve our registration process and refine our customers' experience, we also introduced a range of improvements to the Claims Portal website.

MedCo

We worked with the MedCo board to implement system and policy changes to support the MedCo community during the Covid-19 pandemic. This included the temporary lifting of the ban on the use of remote online consultations and the introduction of payment plans to allow Medical Reporting Organisations to spread the cost of MedCo registration over the year.

We also continued to prepare for the implementation of the whiplash reforms in May 2021, including developments to allow claimants to find an independent medical expert and book an appointment through the new Official Injury Claim portal.



Building the future

We continued to build the modern organisation you want to see, delivering the final year of our transformation a year ahead of schedule

The MIB Transformation Programme

Modernising our claims services for victims of uninsured and hit-and-run drivers

All open claims have now been migrated to a modern claims system. As well as being less costly to secure and maintain, this will give us a platform on which to build the efficient digital experience our customers expect.

We also launched the first phase of a new online claims service to make it quick and easy for our customers to make a claim. And we replaced many manual processes with automation and more cost-effective ways of working, bringing faster decision-making and allowing us to reinvest in areas where further improvements are needed.

Protecting MIB from fast-moving new security threats

We continued to invest in securing MIB against a rapidly evolving security threat landscape, strengthening our cybersecurity operations, updating the technologies we rely on and improving awareness across the organisation. A year on, that investment has delivered a level of security that is ahead of many organisations in the insurance industry.

The MIB Product Roadmap

Building the next generation of MIB services

Developed over many years, our services were never originally designed to meet the demands of today's rapidly changing insurance market. They also rely on different technologies, carry different rules and are often supported by different suppliers.

And so, now is the time to accelerate our efforts to create the next generation of our services. Modern solutions that will deliver the future potential of MIB's extensive data ecosystem.

Throughout 2020, we continued to work with our members to gather the requirements that will help us develop a clear product roadmap. This will be a detailed plan that will inform the future 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 of MIB.

While the proposals are yet to be finalised, the message from our members was clear. Today's insurance market demands high-quality data available instantly in real-time and delivered through a modern digital experience.

In November 2020, we met with the MIB board to explore a range of options. We are now focused on developing the first part of that plan; our proposed strategy to modernise the Motor Insurance Database (MID), the Claims and Underwriting Exchange (CUE), the Motor Insurance Anti-Fraud Theft Register (MIAFTR) and the MIB HUB.



People & Culture

Stronger. Faster. Together. We made it possible.

Evolving the culture of MIB has always been key to building the dynamic organisation our members and customers want to see. A community where expert, highly motivated people work together to create the digital services of the future.

2020 was no different.

Despite a hugely challenging year, 51% of our people are now highly engaged against a UK average of 9%.

We changed our approach to employee engagement

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

In December 2020, we partnered with Gallup to implement Gallup Q12, the world's leading employee engagement survey, which has allowed us to benchmark our employee engagement against some of the highest-performing organisations in the world.

Against a backdrop of national lockdowns, long-term remote working and ongoing restructuring, we achieved a score of 4.2 out of a maximum 5.00 – the highest ever score for a UK organisation moving to Gallup in its first year.

We supported our people to be even better

We have always believed that exceptional leaders are fundamental to creating a culture where high-performance and innovation are the norm – leaders who are authentic, inspiring and committed to delivering MIB's vision.

In 2020, we raised the bar, rolling out emotional intelligence testing for managers and senior leaders across the organisation, including anyone applying for a role that has line management responsibilities.

We also launched a suite of progressive development programmes that have transformed leadership capability at all levels of the organisation.

We launched the MIB Principles

We launched our new company values (the MIB Principles) to inform everything we do: 'Inspire,' 'Think Big' and 'Customer First.'

The launch, which saw our people compete against each other in a light-hearted competition, introduced our new cultural identity in a way that was original and engaging. It received more than 250,000 hits on LinkedIn and is now the basis of case studies for leading institutions.

We took diversity and inclusion to the next level

Over the last two years, we've taken MIB from an organisation with limited diversity to a community where everyone feels confident to bring their whole self to work – whatever that looks like.

In 2020, we continued to build on the progress we've made, challenging the stigma around mental health, strengthening our LGBTQ, BAME and gender equality networks, introducing changes to support our transgender colleagues, and forming new partnerships to attract talented people with autism and other disabilities.

As part of our commitment to the Women in Finance Charter, we are proud that 42% of senior roles in 2020 were held by women.

We continued to make wellbeing a priority

In the wake of Covid-19, Gartner hailed MIB as a "Benchmark to industry on delivering inspirational leadership and a human employee experience" based on our efforts to equip managers with the skills to support wellbeing, mental health and the performance of their people.

Through the darkest days of the pandemic, mental health training, financial support for employees to set up a home office, and the introduction of a suite of new virtual rituals ensured the whole organisation stayed connected and motivated. We have no doubt that this helped us achieve 87% against our key performance indicators, a fantastic result and a sign of how far we have come in transforming our culture.

Despite a hugely challenging year, 51% of our people are now highly engaged against a UK average of 9%.

Financial Statements and Governance

Our full financial statements, governance report and results for the year.

Strategic report

The Board presents its report and the audited financial statements of the Motor Insurers' Bureau for the year ended 31 December 2020.


Group status

The Directors confirm that MIB remains a Group limited by guarantee, without share capital.

Principal activities

The activities of the Group are: -

- 1) In pursuance of agreements with the Secretary of State for Transport:
 - a) To satisfy judgements in respect of any liability required to be covered by contracts of insurance or security under the Road Traffic Acts 1972 and 1988 but not so covered by insurance.
 - b) To investigate, and where appropriate, make awards to persons suffering damage to property or injury or dependants/relatives of persons killed as a result of the use of a motor vehicle on a road, in cases where the driver of the vehicle cannot be traced.
- 2) In accordance with the provisions of the Internal Regulations of the Council of Bureaux to act as:
 - a) A Paying Bureau to guarantee the payment of relevant liability claims arising from accidents in other countries caused by holders of International Certificates of Motor Insurance (Green Cards) issued under the authority of MIB or by users of motor vehicles registered in the United Kingdom.
 - b) A Handling Bureau to deal with Road Traffic Act liability claims arising from accidents in the United Kingdom caused by drivers of foreign registered vehicles on a temporary visit to the United Kingdom, in possession of valid Green Cards and/or vehicles registered in a signatory country of Section III of the Internal Regulations.
- 3) For accidents up until the end of 2020, as required by the Motor Vehicles (Compulsory Insurance) (Information Centre and Compensation Body) Regulations 2003 (S.I. 2003 No.37) and the Agreement between Compensation Bodies and Guarantee Funds, approved under Commission Decision 2004/20/EC, to act as the Compensation Body to:
 - a) Handle claims made by UK resident victims arising from accidents abroad, where there are no foreign insurers' representatives, or where those representatives fail to act, or where an insurer or the responsible driver cannot be identified, always providing that legal proceeding for such claims were started by 31 December 2020. As a paying Compensation Body, to reimburse the handling Compensation Body for payments made to EEA victims who were injured from accidents in the UK before end of 2020, by uninsured/untraced UK vehicle, or the representatives of the UK insurer fail to act. Provided, the handling Compensation Body was notified of the claim before end of 2020.
 - b) Act as the UK Information Centre and continue to provide insurance details of foreign vehicles to UK victims/claimants, and insurance details of UK vehicles to foreign victims/claims, green card bureaux and guarantee funds.
 - c) Maintain the Motor Insurance Database (MID) ensuring:
 - i) A fit for purpose database supporting the detection, enforcement and prevention of uninsured driving in the UK.
 - ii) Compliance with current Road Traffic Act legislation (Road Traffic Act 1988 and The Motor Vehicles Third Party Risks Regulations 2001, S.I. No.2266).

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- 4) In accordance with the Articles of Association provide value-added services including:
- a) The maintenance of the Claims and Underwriting Exchange (CUE) and the Motor Insurance Anti-Fraud & Theft Register (MIAFTR).
 - b) Data asset management and analytical services on behalf of Members and the insurance industry.
 - c) The provision of managed services.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of MIB consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2020.

- 1) the likely consequences of any decision in the long term (pages 2-5),
- 2) the interests of the company's employees (page 13 and 24),
- 3) the need to foster the company's business relationships with suppliers, customers and others (pages 8-14),
- 4) the impact of the company's operations on the community and the environment (page 24),
- 5) the desirability of the company maintaining a reputation for high standards of business conduct (pages 3-5), and
- 6) the need to act fairly between members of the company (pages 3-4).

Financial position and future prospects

The Directors confirm that total expenditure of MIB continues to be reimbursed by contributions received and sums receivable from its Members. Further information is available within the Chairman's and Chief Executive's statements. The Directors are satisfied with the position of the Group and its performance during this financial year. The performance review of the Group is set out within the Chief Executive's statement on pages 6 to 14.

The consolidated and company statement of comprehensive income on page 36 shows that the Group has neither made a profit nor incurred a loss in the year to 31 December 2020. MIB continues to have the support of its Members.

The Levy income included within the consolidated statement of comprehensive income of £488.8 million (2019: £603.4 million) comprises the cash levy called of £393.8 million (2019: £330.1 million) plus the movement in uncalled levy of £95.1 million (2019: £273.3 million) which represents the movement in claims provisions; see Note 3 for details.

A business review and KPI information can be found in the Chief Executive Statement and the Risk and uncertainties including financial risk management objectives can be seen in Note 22.

Post balance sheet events

No post balance sheet events to note.



Board of Directors

The following were Directors during 2020 and held office throughout the year unless shown otherwise:

Name	Title	Company	Date of appointment	Date of resignation
S Maddock	Chairman	Direct Line Group	09.06.2011	

Note: appointed as Chair on 04.03.2014

Executive Directors

D Clayden	Chief Executive	Motor Insurers' Bureau	14.05.2018	
R Arya	Chief Finance Officer	Motor Insurers' Bureau	01.04.2019	
A Fleming	Chief Operating Officer	Motor Insurers' Bureau	13.11.2019	31.03.2021

Note: Resigned on 31.03.2021

Non-Executive Directors

S Maddock		Direct Line Group	09.06.2011	
S Baker		AXA Insurance	03.04.2013	
K Helgesen		RSA	29.03.2018	
T Bishop		Aviva	19.06.2018	
M Crane		Liverpool Victoria	02.08.2018	
R Charles		Admiral Group	29.09.2018	
P Singh		Allianz	26.02.2019	
K Coltham		Ageas	29.11.2019	
M Hart		Zurich	04.02.2020	
A Eaton		Advantage	10.09.2020	

Appointments

Directors appointed to the Group after the year end are as follows:

Non-Executive Director

None

Resignations

Directors resigned from the Group after the year end are as follows:

A Fleming	MIB	31.03.2021
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Board attendance

The Directors of the Group attended the following Board meetings and Audit and Risk Committee meetings during the year:

Name	Board meetings						Audit and Risk Committee		
	25.03.20	09.06.20	03.09.20	30.09.20	27.11.20	09.12.20	27.02.20	06.05.20	04.11.20
S Maddock	✓	✓	✓	✓	✓	✓			
D Clayden	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Baker	✓	✓	✓	✓	✓	✓			
K Helgesen	✓	A	✓	✓	✓	A			
T Bishop	✓	✓	✓	✓	✓	✓	✓	✓	✓
M Crane	✓	✓	✓	✓	✓	✓			
R Charles	✓	✓	✓	✓	✓	✓			
P Singh	A	✓	✓	✓	A	✓			
R Arya	✓	✓	✓	✓	✓	✓	✓	✓	✓
A Fleming	✓	✓	✓	✓	✓	✓			
K Coltham	✓	✓	✓	✓	✓	✓			
M Hart	✓	✓	✓	✓	✓	✓			
A Eaton				A	✓	✓			✓

✓ = Present A = Absent

Committee members

Name	Executive Security Steering Committee	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Investment Committee	Levy Group
S Maddock			✓	Chair		
D Clayden	Chair	✓	✓	✓	✓	✓
R Arya	✓	✓		✓	✓	✓
A Fleming	✓					
T Bishop		Chair				
P Singh					Chair	✓
K Coltham			Chair			
M Hart					✓	Chair
A Eaton		✓				

Membership details

During the year, the following companies were accepted as members of MIB:

Name	Date of joining
Accelerant Insurance Limited	29.01.2020
Aioi Nissay Dowa Insurance UK Limited	13.03.2020
Markel International Insurance Company Limited	12.10.2020

The following companies ceased being members:

Name	Membership ceased
Greenval Insurance DAC	29.03.2020
Antares Managing Agency Limited	12.04.2020
Gefion Insurance A/S	20.07.2020

Directors' report

Statement of Directors' responsibility

The Directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Group; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group; and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Going Concern

The Directors have been monitoring the development of the impact of Covid-19 both directly on the Company's business and indirectly through reviewing the development of government policy and advice. The main considerations are as follows.

Operational

The Directors made the decision to implement aspects of the Company's business continuity plan (BCP), specifically requiring staff at all levels and in all functions to work remotely wherever practicable, and to limit the need for gatherings of staff so far as possible. Communications within the Company are now almost wholly via email or messaging applications. The Company's IT facilities are adequate to maintain operations on this basis for the foreseeable future. The Directors are mindful of the differing pressures on individual members of staff, and of the fact that these pressures change as the position develops nationally and locally. The Directors expect that operational changes will continue to be required as the position develops.

Revenue and claims

The Company's revenue is derived from the statutory levy, which is chargeable on all insurers writing UK motor business. The levy chargeable for any one year is calculated by reference to the expected net cash-flow of the Company for that year, i.e. it is calculated to be sufficient to enable the Company to pay all claims and expenses accruing in that year, with a provision for a cash buffer also included. As such, the Company's revenue is not exposed to normal market factors except for the credit risk in relation to the insurers concerned; taken as a whole it does not vary with the underlying revenue or profitability of those insurers.

The payment of claims already noted by the Company will continue based on the Company's normal claim protocols, albeit that claims dependent on the resolution of court proceedings are likely to be delayed. While the current limitations on travel continue, there is a widespread expectation that the volume of claims arising from motor accidents will decrease.

Investment portfolio

The company holds financial investment only in UK government securities (gilts), which remain liquid. These total £121.0 million as at 31 December 2020.



Levy receivables

In the increasingly likely event of recessive economic conditions, there will be members of the Company (UK motor insurers) who may suffer. For MIB, the levy is a statutory obligation payable by its members and is not a discretionary cost. Thus, MIB will still be able to recover their cost in terms of the agreement with the Department for Transport. In the event that a member becomes insolvent the Company has appropriate agreements with its members to ensure all costs are recovered.

Emissions and energy consumption

The Directors believe in respecting the environment and conducting our business in a responsible way.

Whilst our average number of employees has been 472 throughout 2020, our environmental impact has been fairly low. Our total annual carbon footprint has been calculated at 242 tonnes of carbon dioxide equivalents and based on energy consumed within the UK only:

Emissions source	2020	Share %
Natural Gas	90	37%
Transportation Fuel	8	3%
Electricity	145	60%
Total emissions (tCO ₂ e)	242	100%

The emissions have been calculated using our annual consumption of energy, taken directly from electricity and gas statements and using the latest conversion factors provided by the UK Government, totalling 1,091,096 kWh for the year ending 2020. Our annual emissions

ratio equates to 0.2 tonnes of carbon dioxide equivalents per £m revenue and 0.5 tonnes of carbon dioxide equivalents per employee.

Emissions source	2020	Share %
Natural Gas	486,871	45%
Transportation Fuel	31,218	3%
Electricity	573,007	53%
Total	1,091,096	100.0%

No energy efficiency initiatives were undertaken in 2020, however changes such as the paperless claims journey via the implementation of the new claims system will see printing reduce. Where possible, we encourage the use of minimal printing and promote the recycling of paper and cardboard. Furthermore, the use of Teams has been utilised as an alternative method of communication, including Board meetings.

Statement of disclosure of information to auditors

At the time when this report is approved each Director has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Group’s auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Group’s auditors in connection with preparing their report and to establish that the Group’s auditors are aware of that information.

The board approved the Strategic Report and Directors’ Report and these were signed on their behalf by:

Kelly Young

Company Secretary

25 May 2021

Registered Office:

Linford Wood House, 6-12 Capital Drive, Linford Wood, Milton Keynes MK14 6XT



Corporate Governance Statement

A robust corporate governance framework is essential to the efficient and effective performance of MIB. It ensures the accountability, responsibility and ethical behaviour of MIB and enables our members, customers and stakeholders to have full confidence in our operations. MIB follows the provisions of the UK Corporate Governance Code, issued by the Financial Reporting Council, to the extent appropriate given MIB's 'not for profit' status and the fact that Non-Executive Directors perform their roles on a voluntary basis without remuneration.

The board

It is the responsibility of the board to ensure that MIB's long-term strategy promotes the interests of our members, customers, employees and the business community in which we operate. This includes reporting to all members and other stakeholders on MIB activities and presenting a fair, balanced and understandable assessment of MIB's position and prospects.

The board provides direction to MIB, supervising MIB executive management and maintaining control over MIB's assets. They ensure MIB operates ethically and with robust corporate governance practices to determine the nature and extent of the principal risks MIB is willing to take in achieving strategic, financial and operational success.

The board is responsible for ensuring there is an appropriate system of governance throughout the Group. This includes a robust system of internal controls and a sound risk management framework, the core elements of which are:

- matters reserved for the board and board committees' terms of reference;
- risk appetite; and
- Group Policy Framework, which comprises policies that the Board approves.

No sole member of the board has unrestricted powers of decision; the board as a whole will consider matters referred to them for approval. Affairs that require specific board approval are documented along with relevant controls. This framework also provides a reference for decisions that can be delegated to committees.

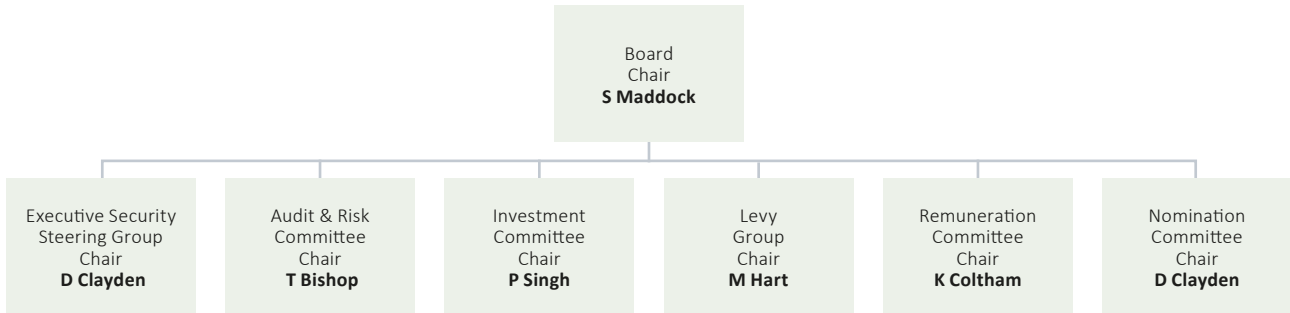
At the time of writing, the board comprises 10 Non-Executive Directors and two Executive Directors. The Non-Executive Directors do not receive any form of remuneration in their capacity as board members. The Executive Directors receive a salary, an annual bonus and benefits in kind. The remuneration of Executive Directors is determined by the Remuneration Committee on consideration of the degree of individual responsibility, individual performance and market data.

The role of the Non-Executive Directors is to participate fully in the functions of the board, advising, supporting and challenging executive management as appropriate. Non-Executive Directors can serve three terms of three years. The Chairman can currently serve three terms of three years plus an additional 4 years. The Nomination Committee nominates the Non-Executive Directors and Chairman for appointment and the board then approves the appointments. Non-Executive Directors and the Chairman are subject to election or re-election annually at the AGM.

Board committees

The board has established various committees to help meet its responsibilities. Each committee plays a vital role in ensuring that

the board operates efficiently and considers matters appropriately and each committee has a separate term of reference.



Executive Security Steering Group

The Executive Security Steering Group comprises of five members of the Executive Committee plus appropriate representation from the wider business as required. Established in 2018, the role of the Executive Security Steering Group is to monitor threats to MIB critical assets and to ensure that controls are in place to reduce the likelihood of reputational damage through a security incident in line with the strategy and risk appetite set by the board.

It is empowered to take the steps necessary to maintain adequate controls when the threat landscape changes and or when the likelihood of a security incident arises.

The Executive Security Steering Group operates at a strategic level, provides direction and takes information from the Operational Security Group.

Audit and Risk Committee

The Audit and Risk Committee comprises two Non-Executive Directors. The Head of Internal Audit has a direct reporting line to the Chair of the Audit and Risk Committee. The MIB Chief Executive Officer and Chief Finance Officer are invited to attend by the Non-Executive Directors, as well as any MIB officer that the Audit and Risk Committee feels appropriate. In 2020 the Committee met three times, in February, May and November.

The Audit and Risk Committee assists the MIB Board by:

- Overseeing the MIB Risk Management Framework and ensuring that MIB operates within agreed risk parameters and clearly defined risk appetite statements.
- Reviewing and assessing MIB's system of internal controls by:

- Approving and challenging the Internal Audit plans of scheduled work and ensuring that such work provides assurance over the key risks to MIB meeting its corporate objectives.
- Ensuring that Internal Audit has adequate and appropriately skilled resources and where necessary obtains external specialist resource to support completion of its work programme.
- Overseeing the work of the external auditors and providing assurance over the integrity of MIB's financial statements.
- Appointing and removing external auditors.
- Providing supervision of corporate governance policies and issues related to legal and regulatory compliance bodies.



1. Internal Audit

The Internal Audit team is MIB's third line of defence and is tasked with providing independent and objective assurance to the board, Audit and Risk Committee and Executive Committee over the adequacy of MIB's system of risk management and internal control. Internal Audit has unrestricted access to all areas of the business and plans its work on a risk-basis, so that it can identify, prioritise and agree with the Audit and Risk Committee and Executive Management where its resource is best allocated to provide the required levels of assurance. In 2020, Internal Audit continued to use PwC as its co-source partner for specialist audit services.

In October 2020 Deloitte issued an independent report to the Audit and Risk Committee confirming that the Internal Audit department conformed with the Institute of Internal Auditors (IIA) Professional Standards and Code of Ethics in relation to the quality, independence and objectivity of Internal Audit services provided. Best practice is for such independent review of Internal Audit services to occur at least every five years, having last been undertaken by KPMG in 2016.

2. Risk Management

As MIB's range of services and programme activity continues to evolve, there is a stronger focus on governance and control across the business. The Risk Management team provide a robust risk management framework that provides effective management of MIB. It provides an explicit methodology to help manage all the main business risks, from data management to operations risks.

The Risk team is MIB's second line of defence and oversees MIB's control environment. The

team is responsible for helping to embed a risk management culture into everyday business activities. MIB's Risk Policy, Risk Appetite and Risk Management Framework are aligned to ISO31000:2018 principles and guidelines. Risk Management focuses on dynamic strategy enablement and value creation as well as the prevention and mitigation of any risk events. By embedding a risk management culture, MIB is able to adapt to mitigate and exploit new threats and opportunities.

3. Compliance

MIB continues to prioritise Data Protection compliance and continues to ensure the overall business understand and implement the requirements of the Data Protection Act 2018. MIB has continued to increase its data privacy maturity level and continues to strive for improvement in all areas. MIB maintained both ISO 27001 information security and ISO 22301 business continuity certification in 2020. MIB compliance with these standards forms part of its commitment to a systematic, robust approach to management of the confidentiality, integrity and availability of the data MIB controls. Accountable executives review MIB's compliance with all laws and regulations relevant to their business unit and they proactively ensure MIB remains compliant with the latest laws and regulations.

4. Health and Safety

MIB recognises the vital importance of health and safety. MIB operates, as far as is reasonably practical, in a manner which poses no risk to the health and safety of employees, contractors, visitors and the general public. The Facilities team carries out required risk assessments and ensures that appropriate mitigating actions are taken.

Investment Committee

The Investment Committee comprises two Non-Executive Directors and two Executive Directors. The role of the Committee is to

provide investment strategy recommendations and monitor the investment policies, procedures and performance.



Levy Group

The Levy Group comprises two Non-Executive Directors, two Executive Directors, Company Secretary, appropriate representation from member companies and consultant actuaries as appropriate. The role of the Levy Group is to assess the levy requirements, including the amount of the annual levy and the method of apportioning this across the levy members.

Remuneration Committee

The Remuneration Committee comprises a minimum of two Non-Executive Directors. The role of the Committee is to determine and agree with the board the framework or broad policy for the remuneration of the Executive Directors including pension rights and compensation payments. The Committee also oversees the remuneration arrangements of MIB employees.

Nomination Committee

The Nomination Committee comprises a minimum of two Non-Executive Directors and two Executive Directors. The role of the Committee is to lead the process of selection of the most suitable candidate or candidates for appointment to the board and to make recommendation to the board in regard to plans for succession for both Executive and Non-Executive Directors.

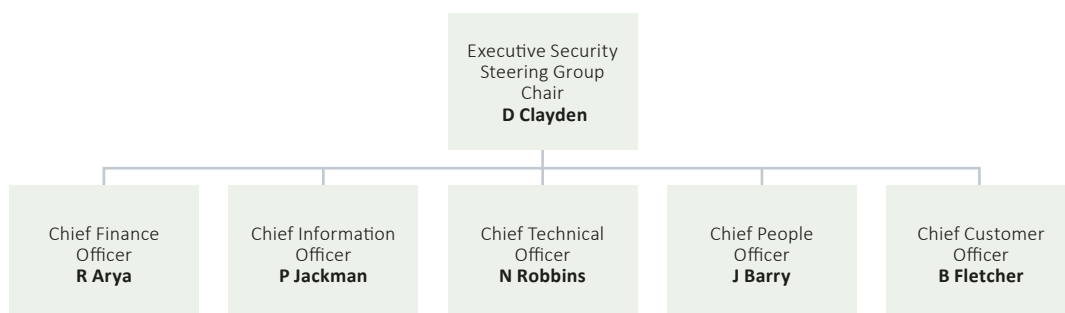
Chief Executive Officer (CEO)

The role of the CEO is to manage the Group's business on a day to day basis and to assist the board in carrying out its role by providing advice and recommendations consistent with the agreed corporate objectives, financial and operational risk management and regulatory good practice. In fulfilling this executive role, the CEO acts within the authority delegated by the board.

Executive Committee

The Executive Committee is the principal management committee that supports the Chief Executive Officer to manage the day to day operations of the Group. It forms part of the wider senior leadership team. The Executive Committee assists the Chief Executive Officer to set performance targets, implement the

MIB strategy and direction and monitor key objectives to achieve the Group's targets. It is comprised of the Executive Directors (Chief Executive Officer and Chief Finance Officer), Chief Information Officer, Chief Technical Officer, Chief People Officer and Chief Customer Officer..





Corporate Social Responsibility (CSR) and Charitable Donations

We continued to make looking after our communities and the environment a priority.

- £7,000 raised for our local Foodbank (equivalent to a week's worth of food for people who need it)
- £7,000 raised for MK Act, a charity that supports victims of domestic violence and abuse. The charity has seen a significant increase in demand for its services since the first lockdown
- £7,000 raised for Willen at Home, which will help train the staff needed to provide high-quality end of life care
- £300 donated to MK Snap, a local charity that provides professional training to vulnerable young people.

As part of our support for MK Act, we also held a charity raffle which raised £1,435 to provide a Christmas lunch for families in Milton Keynes who were forced to leave their home to escape domestic violence.

Before the pandemic forced us to work from home, new recycling bins were also introduced to improve recycling at our offices in Milton Keynes.

Supplier terms

A review of the forms of contract for use in new contract awards has been performed and they have been updated where necessary. Supplier

payment terms are now standard and range from 30 days to 60 days on average dependent on the category of expenditure.



Independent Auditors' report

Independent Auditors' report to the Members of the Motor Insurers' Bureau

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's result and of the Parent Company's result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Motor Insurers' Bureau ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2020 which comprise the consolidated and company statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group or the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group or the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group or the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- reading minutes of management meetings and of those charged with governance and reviewing correspondence with regulatory bodies, such as HMRC, and reviewing documentation for indications of non-compliance with laws and regulations.
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice and whether there are instances of potential bias in areas with significant degrees of judgement;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and

- 
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
 - evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group which would be contrary to applicable laws and regulations, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement

due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group or the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



John Perry (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor, London

Date: 28 May 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated and Company Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	Consolidated		Company	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Income					
Leviable premium	3	488,973	603,444	488,973	603,444
Other operating income	5	10,276	11,453	10,261	11,226
Total income		499,249	614,897	499,234	614,670
Expenditure					
Net claims paid	4	(277,540)	(305,441)	(277,540)	(305,441)
Increase in claims provision	4	(135,870)	(228,891)	(135,870)	(228,891)
Net claims incurred	4	(413,410)	(534,332)	(413,410)	(534,332)
Administrative expenses	6	(44,375)	(36,770)	(44,360)	(36,543)
Programme expenses – Transformation & Whiplash		(22,326)	(28,547)	(22,326)	(28,547)
Terrorism insurance		(8,400)	(8,400)	(8,400)	(8,400)
Pension deficit funding		(6,223)	(7,223)	(6,223)	(7,223)
Exceptional costs	6	(4,400)	-	(4,400)	-
Operating profit / (loss)		115	(375)	115	(375)
Financial income	7	2,722	4,051	2,722	4,051
Financial expenses	8	(2,698)	(3,676)	(2,698)	(3,676)
Net income / (expenditure) before tax		139	-	139	-
Income tax refund / (expense)	10	(139)	-	(139)	-
Net income / (expenditure) after tax		-	-	-	-
Other comprehensive income:					
Items that will not be reclassified to SoCI Actuarial (loss) / gain on retirement benefits	9	(4,188)	(2,282)	(4,188)	(2,282)
Items that will or may be reclassified to SoCI Adjustment in leviable premiums for Actuarial loss / (gain) on retirement benefits		4,188	2,282	4,188	2,282
Other and total comprehensive income for the year		-	-	-	-

The Group's activities were continuing during the above two financial years.

The Group has no other comprehensive income. The net income shown above is its total comprehensive income.

The accompanying notes on pages 31 to 47 form an integral part of these financial statements.



Consolidated and Company Statement of Financial Position

As at 31 December 2020

	Notes	Consolidated		Company	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Assets					
Non-current assets					
Intangible Assets	12	-	-	-	-
Property, plant and equipment	11	3,761	4,481	3,761	4,481
		3,761	4,481	3,761	4,481
Current assets					
Trade and other receivables	16	2,835,612	2,739,410	2,836,398	2,739,211
Cash and cash equivalents	13	5,581	3,651	4,292	3,317
Financial investments	14	120,986	64,802	120,986	64,802
		2,962,179	2,807,863	2,961,676	2,807,330
Total assets		2,965,940	2,812,344	2,965,437	2,811,811
Liabilities					
Non-current liabilities					
Retirement benefit obligations	9	10,435	7,266	10,435	7,266
Provisions	4	2,500,923	2,365,053	2,500,923	2,365,053
Creditors > 1 year		34	195	34	195
		2,511,392	2,372,514	2,511,392	2,372,514
Current liabilities					
Trade and other payables	15	58,248	43,507	57,745	42,974
Retirement benefit obligations	9	2,500	2,523	2,500	2,523
Provisions	4	393,800	393,800	393,800	393,800
		454,548	439,830	453,045	439,297
Total liabilities		2,965,940	2,812,344	2,965,437	2,811,811

The financial statements on pages 28 to 47 were approved and authorised for issue by the board of Directors on 25 May 2021, and were signed on its behalf by:

Steve Maddock – Chairman

Dominic Clayden – Director, and Chief Executive

The accompanying notes on pages 31 to 47 form an integral part of these financial statements.

Group Company Number 412787



Consolidated and Company Statement of Cash Flow

For the year ended 31 December 2020

	Notes	Consolidated		Company	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash flows from operating activities					
Cash generated from operations	17	58,217	(53,195)	57,262	(53,256)
Interest received		2,587	4,053	2,587	4,053
Net cash flows from operating activities		60,804	(49,143)	59,849	(49,203)
Cash flows from investing activities					
Net change in financial investments	14	(58,874)	47,000	(58,874)	47,000
Net cash flows from investing activities		(58,874)	47,000	(58,874)	47,000
Net increase/(decrease) in cash and cash equivalents		1,930	(2,143)	975	(2,203)
Cash and cash equivalents at the beginning of the year	13	3,651	5,794	3,317	5,520
Net increase/(decrease) in cash and cash equivalents	18	1,930	(2,143)	975	(2,203)
Cash and cash equivalents at the end of the year	13	5,581	3,651	4,292	3,317

The accompanying notes on pages 31 to 47 form an integral part of these consolidated financial statements.



Notes to the Financial Statements

1. Principal accounting policies

Basis of preparation

The Motor Insurers' Bureau Group, hereinafter referred to as "MIB", or the "Group", also referred to as the "Bureau", and the Parent Company have elected to prepare their financial statements under the historical cost convention, as modified for the revaluation of certain assets, and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the requirements of the Companies Act 2006.

Items included in the financial statements of the Group are measured in the currency of the primary economic environment in which that entity operates (the functional currency). The functional currency is pounds sterling.

The financial statements and accompanying notes are presented in thousands of Pounds (£'000).

In respect of IAS 19, the Group has elected to disclose comparative information of the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan, from adoption of IFRS.

The Directors have prepared forecasts, which take into account an assessment of the impact of Covid-19 and have concluded that it continues to be appropriate to prepare the financial statements on a going concern basis.

Standards issued but not yet effective

There are currently no standards applicable to MIB that are issued but not yet effective. The below have been considered and have no material impact.

IAS 16 Property, Plant and Equipment effective 1 January 2022

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets effective 1 January 2022

IAS 37 defines that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. MIB currently has no onerous contracts.

IAS 1 Classification of Liabilities as Current or Non-current effective 1 January 2023

IAS 1 defines that a liability is classified as non-current if an entity expects, and has the discretion, to refinance or roll over an obligation for at least twelve months after the reporting period under an existing loan facility with the same lender, on the same or similar terms. MIB currently has no loans in place.

Group status

MIB is a group incorporated in the United Kingdom limited by guarantee and not having a share capital under the control of its Members with a registration number 412787. The Group is domiciled in the United Kingdom and its registered address is Linford Wood House, 6-12 Capital Drive, Linford Wood, Milton Keynes, MK14 6XT, United Kingdom. The liability of the Members is limited to £5 each, in the event of the Group being wound up. The total expenditure of the Group is reimbursed by contributions received and receivable from its Members. The Group therefore makes neither a profit nor does it incur a loss.

Income

Leviable premium income represents contributions receivable from Members during the year plus amounts available for call within 12 months of the statement of financial position date.

The levy uncalled represents the increase in case reserves during the year, plus the increase in the estimated value of those claims that are "incurred but not reported", plus the net amount of the other movements in the income statement. This is the amount that can be levied to Members within 12 months of the statement of financial position date but only such sums will be called up in order to discharge liabilities for claims, operating costs and supplementary agreement costs.

Expenses incurred on behalf of other companies are treated using the agency accounting principles.

IFRS 15 Revenue from contracts with customers

The Group has not applied IFRS 15 to revenue from contracts with customers from 1 January 2018. The Group's core activities are delivered in accordance with a contract with the Secretary of State for Transport. Revenue related to those activities is derived from a statutory levy on members and is recognised on the same basis as the Group recognises its obligations under the contract with the Secretary of State. As such based on the definition per IFRS 15, MIB does not have a contract with customers. Other incidental revenue is recognised by the group as the services concerned are delivered.

Net claims paid

Claims paid comprise all claims and related expenses (including internal management and administrative costs of handling claims) settled during the year less recoveries received/receivable.



Claims Provisions

The Group's outstanding claims provision includes notified claims as well as incurred but not yet reported claims.

Each notified claim is assessed on a separate, case-by-case basis with due regard to the specific circumstances, information available from the claimant or other sources and past experience with similar claims. The Group rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed regularly and updated if new information becomes available.

The claims provision includes an amount for Incurred But Not Yet Reported (IBNR) and Incurred But Not Enough Reported (IBNER).

Claims Incurred But Not Yet Reported (IBNR)

This represents the total provision for unpaid claims that have occurred but have not been reported to the Group at the accounting date. Current and historical data relating to claims, payments and reserves is gathered by accident year up to and including 31 December 2020. The data is used to project the cost of future claims using generally accepted actuarial techniques.

Claims Incurred But Not Enough Reported (IBNER)

This represents an adjustment for the anticipated improvements in known estimates in claims relating to accidents which have been notified before the end of the accounting period.

Consolidation

The following subsidiary undertakings, MIB Management Services Limited, MIB Portal Services Limited and Tracing Services Limited, have continued to be consolidated this year with consolidated Group financial statements being prepared.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment in the Parent Company.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price and directly attributable costs.

Depreciation is calculated on a straight-line basis to allocate cost less residual values of the assets over their estimated useful lives as follows:

Fixtures and fittings	5 years
Computers	3 years

The residual values and useful lives are reviewed and adjusted if appropriate at each financial year end.

Freehold property is measured using the revaluation model. Revaluations are carried out triennially to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. All changes to the property's value shall be recognised in the statement of comprehensive income.

Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Intangible assets

Database development costs are capitalised as intangible fixed assets at cost. They are amortised to the statement of comprehensive income over their estimated economic life.

Development expenditure **5 years straight line**

Leases

For any new contracts entered into on or after 1 January 2019, in accordance to IFRS 16, the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use including leases entered into before 1 January 2019.



Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Right-of-use leases assets **2 – 5 years straight line**

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the

practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in trade and other payables.

Taxation

Current tax represents the expected tax payable (or recoverable) on the taxable income for the year using tax rates enacted or substantively enacted at the statement of financial position date and taking into account any adjustments arising from prior years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting nor taxable income nor expenditure.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilised.

Retirement benefit obligations

The Group operates a defined benefit scheme and a number of defined contribution schemes.

Contributions to defined contribution pension plans are charged to the statement of comprehensive income as incurred. MIB has no further payment obligations once these contributions have been paid.

For the defined benefit pension scheme, the assets are measured at their market value at the statement of financial position date and the liabilities of those schemes are measured using the projected unit credit method. The discount rate used is the current rate of return on an AA corporate bond of equivalent term and currency to the liabilities. The extent to which the scheme's assets exceed or fall short of their liabilities is shown as a surplus or deficit in the statement of financial position to the extent that a surplus is recoverable by MIB or that a deficit represents an obligation of MIB.

The current service cost and gains and losses on settlements and curtailments are included within operating expenses in the statement of comprehensive income. The expected return on pension assets and the interest on pension liabilities are included in the finance costs in the statement of comprehensive income. Actuarial gains and losses are recognised in full in the statement of other comprehensive income in the period in which they occur, see Note 9.

Investments

Government fixed interest gilts held at fair value through the statement of comprehensive income are re-valued to bid prices at the end of the year. Interest receivable is accounted for on an accruals basis.



Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and in hand, deposits held on call with banks and other short-term deposits with less than three months maturity from the date of acquisition.

Segmental reporting

Management consider that the Motor Insurers' Bureau has one reportable segment being to reduce the level and impact of uninsured and untraced driving which includes the provision of associated data asset management services. As such the financial statements disclose all available information required.

Significant estimates and judgements

In preparing the annual financial statements, management is required to make estimates and judgements that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Significant estimates and judgements include:

i) Claims Provisions

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, including incurred claims that are not reported (IBNR) together with related claims settlement costs. Significant delays can be experienced in the notification and settlement of claims, and the nature of claims is both complex and requires subjective assessment. Accordingly, the ultimate cost and date of future settlement of such claims cannot be known with certainty at the statement of financial position date. Any resultant under or over provision for claims is recognised in the period in which the under or over provision is discovered, either on final settlement of the claim or on re-estimation of its ultimate cost. In addition to the above there is uncertainty as a result of the external environment change due to Covid-19 and uncertainty as to the amount of any backlog in Lewis v Tindale claims. Within the IBNR an explicit adjustment in respect of Lewis v Tindale claims has been included totalling £93.0m. This amount is in addition to the implicit amount in relation to Lewis v Tindale.

The provisions carried in MIB's financial statements are similar in nature to those dealt with by insurers, and the approach and methods used in the measurement of those liabilities by MIB are consistent with the approaches and methods generally used by insurers.

Accordingly, the basis of valuation of the provisions is as follows:

- a) Projections are made using standard actuarial techniques and independent actuaries are appointed for this purpose. The approach uses information relating to the Group's historical claims payment and reserves files for each type of claim incurred up to the statement of financial position date. Projections are undertaken using the Chainladder method for each type of claim by accident year. The main assumption underlying this technique is that a Group's past claims development experience will be appropriate to project future claims development.
- b) The projections include allocated costs such as legal expenses.
- c) The provisions are undiscounted with the exception of longer term, periodical payments orders, which are individually discounted on a case-by-case basis taking an appropriate annuity factor corresponding to the assumed life expectancy.
- d) Future claims experience is likely to deviate from the projections. Among other reasons, this is because the ultimate claim amount will be affected by future external events, for example, the size of court awards, changes in standards of liability and the attitudes of claimants towards settlement of their claims.

ii) Levy

The MIB levy call for the year is based on an actuarial estimation carried out by independent actuaries of the likely expenditure in the year on the settlement of claims and business running costs, net of expected investment returns.

Going concern

The Directors have modelled stressed future scenarios to assess the sustainability of the Company's cash position and ability to continue to meet all obligations as they fall due in the normal course of business. Those stressed scenarios reflect judgements as to the impact of COVID-19 on the economic environment in which the company and its members operate. See Directors report and basis of preparation for detail.



2. Employee costs and numbers

Particulars of employee costs (including Executive Directors) were as follows:

	Consolidated and Company	
	2020 £'000	2019 £'000
Wages and salaries	23,860	21,862
Social security costs	2,346	2,641
Pension contributions – Defined benefit	6,348	6,803
– Defined contributions	1,565	2,136
Other staff costs	198	136
	34,317	33,578

Average number of employees (including Executive Directors) were:

	No.	No.
MIB claims operations	257	204
MID & Data services (inc IFB)	76	165
MIB / MID support	139	114
	472	483

Directors' remuneration

The remuneration of the Directors was as follows:

	Consolidated and Company	
	2020 £'000	2019 £'000
Emoluments (including benefits in kind)	1,409	1,070
Pension contributions	32	15
	1,441	1,085
Highest paid Director: Emoluments	736	591

The number of Directors who were members of the Group's defined benefit scheme at the statement of financial position date was as follows:

	No.	No.
Defined benefit	0	0

Key management personnel

Apart from the Executive Directors, there are a number of senior executives who form the Executive Committee and whose roles influence the ability of the Group to meet its strategic objectives.

The remuneration of the Executive Committee, excluding the Executive Directors, was as follows:

	Consolidated and Company	
	2020 £'000	2019 £'000
Emoluments (including benefits in kind)	871	1,144
Pension contributions	98	94
	969	1,238
Number of executives at the statement of financial position date	4	3



3. Leviable premium

	Consolidated and Company	
	2020 £'000	2019 £'000
Levy called	393,771	330,109
Movement in uncalled levy	95,202	273,335
Leviable premium	488,973	603,444

Movement in uncalled levy

	Consolidated and Company	
	2020 £'000	2019 £'000
Increase / (decrease) in outstanding claims provision	135,870	228,891
Other movements	(40,668)	44,444
Movement in uncalled levy	95,202	273,335

In order to write UK motor business, insurers must become a member of MIB and adhere to the terms and conditions laid out in its Memorandum and Articles of Association. The terms require each Member to pay a levy to MIB, calculated on the basis of the volume and class of business written over each financial period. The majority of the levy is collected by monthly direct debit with a right to charge interest for any late payment. Ultimately, should an insurer default or become bankrupt or insolvent, the debt can be passed to the general market for reimbursement. Therefore, non-payment of levy from a Member presents a negligible risk to the Group.

The Group has the right to call an additional levy from Members should it wish to do so. The additional levy receivable shown in Note 16 of £2,797 million (2019: £2,700 million) represents the estimated value of all current and "incurred but not reported" claims which can be called upon within 12 months of the statement of financial position date. While this represents a significant amount within the statement of financial position, the risk of non-payment is considered unlikely given that the overall premium income generated by the motor insurance market in 2020 was £19 billion (2019: £18 billion) and all members have to be well capitalised for regulatory purposes. Therefore, a risk would only be presented if the entire motor insurance market were to fail.

4. Provisions

Claims provision and expenditure

	Consolidated and Company	
	2020 £'000	2019 £'000
Claims provision at 31 December 2020	2,894,722	2,758,852
Claims provision at 31 December 2019	(2,758,852)	(2,529,961)
Net movement in claims	135,870	228,891
Claims paid less recoveries	277,540	305,441
Claims expenditure during the year	413,410	534,332
Claims provision at 31 December 2020 – non current	2,500,922	2,365,052
Claims provision at 31 December 2020 – current	393,800	393,800
	2,894,722	2,758,852

The Group recognises that claims reserving for personal injury claims arising from motor vehicle accidents is subject to a substantial degree of uncertainty. There is a range of provision estimates around the best estimate included in these accounts that, on an actuarial basis, could be considered reasonable. The Group has over time, developed a methodology that is aimed

at establishing provisions that have a reasonable likelihood of being adequate to settle all its obligations.

Process used to determine significant assumptions:

Claim provisions

The Group's outstanding claims liability includes notified claims as well as incurred but not yet reported claims.



Notified claims

Each notified claim is assessed on a separate, case-by-case basis with due regard to the specific circumstances, information available from the claimant or other sources and past experience with similar claims. The Group rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed regularly and updated if new information becomes available. The total amount of case reserves for notified claims, including Periodic Payment Order claims, held by MIB as at 31 December 2020 is £3,075.7m (2019: £2,905.1m).

Claims Incurred But Not Yet Reported (IBNR)

The IBNR provision for 2020 is £375.5 million (2019: .1 million).

Claims Incurred But Not Enough Reported (IBNER)

The negative IBNER provision for 2020 is (£569.3 million) (2019: (£480.1 million)).

Ogden discount rate

The Civil Liability Act 2018 introduced a new framework for setting the personal injury Ogden discount rate, requiring the Government to reset the Ogden discount rate by reference to low risk rather than very low or zero risk investments. Following a Government review, as dictated by the terms of the Civil Liability Act 2018, on 15 July 2019 the Lord Chancellor announced a new Ogden discount rate of minus 0.25% to take effect from 5 August 2019 (a movement from minus 0.75%). The Ogden discount rate will be reviewed again at the latest in 2024.

The group will continue to exercise judgement around the Ogden rate used in its reserves allowing for the possibility for it to change in the future. The Group considers that uncertainties around the legal framework and its implications in practice as being significant but, will continue to provision at the legally required current rate of minus 0.25% per annum with no additional allowance for further movements. The policy of the Group regarding the active use of periodic payments orders (see below) partially mitigates the cash flow uncertainty arising from this change.

Discounting of long-term provisions

A number of high value claims are settled by way of periodic payments orders. These are long-term structured settlements agreed by the claimant and the Group whereby, in addition to a lump sum amount, the claimant receives on-going annual payments, largely towards future care costs for the entirety of his or her life. Each structured settlement includes the provision for future increases in the annual payments linked either to the Retail Price Index (RPI) or the Annual Survey of Hourly Earnings (ASHE).

These structured settlements are assessed on a case-by-case basis to establish the future liability and are included within the overall claims provision. Due to the nature of these claims, a discount factor of -0.25% per annum is applied to cases linked to RPI increases whilst a discount factor of -0.75% per annum is applied to cases linked to ASHE increases.

The discounting of these claims has the following impact on the value of provisions as at 31 December 2020:

	Consolidated and Company	
	2020 £'000	2019 £'000
Gross Provisions for PPO settlements before discount	487,869	457,282
Net discount with discount factor	87,102	86,486
Provisions included in the overall provision for outstanding claims	574,971	543,768

As all of the cases have a negative discount factor applied to them, the overall impact of discounting is to increase the reserves.

Exposure to claims

The Group recognises the exposure and risk to fraudulent claims. This is reviewed as part of the on-going risk analysis undertaken by MIB management. The Group is committed to ensuring the risk in this area is minimised and has invested in resources and technology to reduce the overall exposure.

All settled claims are referred to the Recoveries team at MIB to assess the feasibility of recovering losses. Where recovery is possible, the Group will work with appointed recovery agents to agree a settlement structure with the uninsured driver or other responsible party.



5. Other income

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
General enquiries	8	12	8	9
Additional levy	8	5	8	29
Electronic vehicle licence fees	39	39	39	39
Third party MID enquiries	621	1,004	621	1,004
CUE/MIAFTR/Other	1,583	2,572	1,583	2,430
Fees for management services	8,017	7,821	8,002	7,715
Other income	10,276	11,453	10,261	11,226

6. Administration expenses

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Claims related fees	1,796	1,818	1,796	1,818
Operational services	41,856	34,012	41,831	33,835
Rechargeable expenses	-	50	-	-
Operating lease costs	104	168	104	168
Depreciation	176	413	176	413
Amortisation – leases	290	171	290	171
Auditors' remuneration – audit	65	59	65	59
– taxation	14	9	14	9
Council of Bureaux fees	84	70	84	70
	44,375	36,770	44,360	36,543

Exceptional items

Covid-19 costs	600	-	600	-
Exceptional staff related costs	3,100	-	3,100	-
Guaranteed Funding charge	700	-	700	-
	4,400	-	4,400	-

The cost incurred by the Motor Insurers' Bureau in connection with the International Council of Bureaux is the contribution paid on behalf of the United Kingdom.

7. Financial income

	Consolidated and Company	
	2020 £'000	2019 £'000
Bank deposit interest	25	65
UK Government gilt interest	2,577	3,891
Other interest earned	120	95
	2,722	4,051



8. Finance expenses

	Consolidated and Company	
	2020 £'000	2019 £'000
Gilt transactions	54	100
Decrease in market value of gilts	1,668	3,253
Pension costs – IAS 19	231	305
Lease finance cost	18	18
Guarantee funding charges	727-	
	2,698	3,676

9. Retirement benefit obligations

The Group operates a defined benefit pension scheme based on final pensionable earnings. The funds are administered by the trustee and are independent of the Group's finances. The scheme was closed to new employees on 1 January 2004. An alternative stakeholder scheme is in operation for all new employees to join.

The scheme is subject to a triennial valuation carried out by Mercer Limited, the scheme's independent actuaries, the most recent being as at 1 January 2018 on the projected unit basis. This valuation has been updated by the independent actuaries

for the purposes of IAS 19 in order to assess the assets and liabilities of the scheme as at 31 December 2020.

Contributions to the scheme are made on the advice of the actuaries with the objective that the benefits be fully funded during the scheme members' average working lives. The current valuation indicates that the scheme is 71.9% funded. The current estimated value of the scheme's assets at the 31 December 2020 was £33,139,000. The pension cost for the year was £1,223,003 (2019: £2,136,338). As at 1 April 2020 the continuing pension cost was set at 27.6% of pensionable salaries plus a fixed deficit funding amount of £1,223,000 per annum.

The principal assumptions used in updating the valuation are set out below:

	2020 % pa	2019 % pa	2018 % pa	2017 % pa	2016 % pa
Discount rate	1.5	2.1	2.9	2.4	2.6
Expected rate of future salary increases	-	-	3.7	3.9	3.9
Expected rate of future pension increases	2.9	2.8	3.1	3.3	3.3
Underlying expected inflation rate (RPI)	3.0	2.9	3.3	3.5	3.5

The market value of assets in the scheme were £33,139,000 (2019: £29,637,000; 2018: £21,095,000, 2017: £21,033,000; 2016: £18,779,000).

The derivation of the overall expected return on assets reflects the actual asset allocation at the measurement date combined with an expected return for each asset class. The bond return is based on the prevailing return available on fixed interest gilts. The return on equities and property is based on a number of factors including:

- The income yield at the measurement date;
- The long-term growth prospects for the economy in general;
- The long-term relationship between each asset class and bond returns; and
- The movement in market indices since the previous measurement date.



The categories of scheme assets and their expected long-term rates of return, measured in accordance with the requirements of IAS 19 are as follows:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Equities	5,957	5,269	4,562	4,743	7,637
Bonds	17,995	16,084	9,752	9,260	2,604
Property	541	486	276	411	723
Other	8,646	7,798	6,505	6,619	7,815
Fair value of assets	33,139	29,637	21,095	21,033	18,779
Present value of liabilities	(46,074)	(39,426)	(35,422)	(42,622)	(38,739)
Related deferred tax	-	-	-	-	-
Net pension liability	(12,935)	(9,789)	(14,327)	(21,589)	(19,960)

The movement in the deficit over the period is as follows:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Deficit at 1 January	(9,789)	(14,327)	(21,589)	(19,960)	(11,843)
Current service cost	(112)	(520)	(681)	(814)	(713)
Contributions	1,385	7,645	1,430	1,500	1,541
Other finance cost	(231)	(305)	(548)	(551)	(494)
Actuarial gain / (loss)	(4,188)	(2,282)	7,189	(1,764)	(9,521)
Past service costs	-	-	(128)	-	1,070
Deficit at 31 December	(12,935)	(9,789)	(14,327)	(21,589)	(19,960)

Analysis of the amount charged to administrative expenses:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Current service cost	112	520	681	814	713
Past service cost	-	-	128	-	(1,070)
Total operating charge	112	520	809	814	(357)

Analysis of the amount charged / (credited) to other finance costs:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Interest income on plan assets	-	-	-	-	-
Administration costs (excl. asset management costs)	38	38	38	40	36
Interest on liabilities	193	267	510	511	458
Other finance costs	231	305	548	551	494
Total charge for year	343	825	1,357	1,365	137

The Group has recognised actuarial gains and losses through the statement of other comprehensive income.



The following analysis has been recognised in the statement of other comprehensive income:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Return on plan assets less interest income on plan assets	2,076	1,316	(1,236)	794	554
Experience gains and losses arising on liabilities	18	501	1,052	259	303
Changes in assumptions underlying the present value of the liabilities	(6,282)	(4,099)	7,373	(2,817)	(10,378)
Total actuarial (loss) / gain	(4,188)	(2,282)	7,189	(1,764)	(9,521)

Amounts recognised in the statement of financial position:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Present value of funded obligations	(46,074)	(39,426)	(35,422)	(42,622)	(38,739)
Fair value of assets	33,139	29,637	21,095	21,033	18,779
Net liability recognised in the statement of financial position	(12,935)	(9,789)	(14,327)	(21,589)	(19,960)

Sensitivity Analysis

Assumption	Estimated increase/(decrease) to obligation		Estimated increase/(decrease) to obligation	
	Plus	£'000	Minus	£'000
Discount rate	0.1%	1,026	0.1%	(1,026)
RPI	0.1%	601	0.1%	(601)
CPI	0.1%	338	0.1%	(338)
Salary	0.1%	-	0.1%	-
Life expectancy	1 year	1,830	1 year	(1,830)

10. Taxation

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
UK corporation tax at 19% (2019: 19%)	139	-	139	-
Adjustment in respect of prior years	-	-	-	-
Total current tax	139	-	139	-

Factors affecting the tax charge for the period

(Loss) / profit before tax	-	-	-	-
Tax expense using the UK corporation tax rate of 19% (2019: 19%)	-	-	-	-
Non-deductible expenses	1	3	1	3
Deferred tax not recognised	156	(3)	156	(3)
Remeasurement of deferred tax for changes in tax rates	(18)	-	(18)	-
	139	-	139	-

The Group has a deferred tax asset of approximately £310,911 (2019: £154,000) which is not recognised on the grounds that there is insufficient evidence that the asset will be recoverable against suitable taxable income.



11. Property, plant and equipment – Consolidated and Company

	Freehold property £'000	Right-of-use asset £'000	Fixtures & fittings £'000	Computers £'000	Total £'000
Cost					
At 1 January 2020	3,600	623	130	500	4,853
Additions/revaluation	-	-	-	-	-
Write off	-	-	(130)	(500)	(630)
At 31 December 2020	3,600	623	-	-	4,223
Depreciation					
At 1 January 2020	-	171	5	195	371
Charge for year	-	291	24	152	467
Write off	-	-	(29)	(347)	(376)
At 31 December 2020	-	462	-	-	462
Net book value					
At 31 December 2020	3,600	161	-	-	3,761
At 31 December 2019	3,600	451	125	305	4,481

A revaluation of property was undertaken by an independent valuer effective 31 December 2018. If the property were to be carried under the cost model the value would be £3,725k.

12. Intangible assets – Consolidated and Company

MIAFTR Database

	Intangible assets £'000	Total £'000
Cost		
At 1 January 2020	321	321
Additions	-	-
At 31 December 2020	321	321
Amortisation		
At 1 January 2020	321	321
Charge for year	-	-
At 31 December 2020	321	321
Net book value		
At 31 December 2020	-	-
At 31 December 2019	-	-



13. Cash and cash equivalents

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	5,581	3,651	4,292	3,317
	5,581	3,651	4,292	3,317

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

14. Financial investments – Consolidated and Company

	2020 £'000	2019 £'000
UK Government gilts	120,986	64,802

The carrying amounts of these assets approximate to their fair value. UK Government gilts are valued at bid market price as at 31 December 2020.

Additionally, the company owns £1 investment in each of its four subsidiaries. See Note 20 for details.

15. Trade and other payables

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade payables	1,700	520	1,699	484
Advanced levy payments	3,515	971	3,515	971
Accrued expenses	17,410	7,281	17,408	7,281
Other payables – Tax, Levy provision and other	35,623	34,735	35,123	34,238
	58,248	43,507	57,745	42,974

16. Trade and other receivables

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Additional levy receivable	2,796,537	2,700,375	2,796,537	2,700,375
Intercompany receivables	-	-	661	348
Other trade receivables	36,115	36,426	36,201	35,853
Prepayments	1,829	1,816	1,829	1,816
Other receivables	1,131	793	1,171	819
	2,835,612	2,739,410	2,836,398	2,739,211



17. Reconciliation of operating profit to net cash inflow from operating activities

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Inflows from operating activities	£'000	£'000	£'000	£'000
Operating profit / (loss)	116	(375)	116	(375)
Corporation tax	(139)	-	(139)	-
Depreciation of property, plant and equipment	176	413	176	413
Right – of – use asset	309	(451)	309	469
Asset Write off	254	251	254	251
Other Cashflows	109	-	109	(356)
Increase in trade and other receivables	(94,492)	(278,446)	(97,188)	(278,519)
Increase in trade and other payables	12,869	4,735	14,609	4,749
Increase in provisions and other liabilities	139,016	224,354	139,016	224,354
Finance costs	-	(3,676)	-	(3,676)
	58,218	(53,195)	57,262	(53,256)

18. Reconciliation of opening to closing Cash and Cash equivalents - Consolidated

	At 01.01.19 £'000	Cash flows £'000	At 31.12.19 £'000	Cash flows £'000	At 31.12.20 £'000
Cash and cash equivalents	5,794	(2,143)	3,651	1,930	5,581
Total	5,794	(2,143)	3,651	1,930	5,581

Reconciliation of opening to closing Cash and Cash equivalents - Company

	At 01.01.19 £'000	Cash flows £'000	At 31.12.19 £'000	Cash flows £'000	At 31.12.20 £'000
Cash and cash equivalents	5,520	(2,203)	3,317	975	4,292
Total	5,520	(2,203)	3,317	975	4,292

19. Operating lease commitments

The group has elected not to recognise a right of use asset for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	Consolidated and company	
	2020 £'000	2019 £'000
Within 1 year	30	83
Later than 1 year and less than 5 years	1	53
Total operating lease commitments	31	136



Lease liabilities

Operating leases recognised as lease liabilities all relate to property rental and are classified as right – of – use assets, details of the carrying amounts which can be seen in Note 11. These items are depreciated over a period of 2 – 5 years according to the length of the lease.

Lease liabilities are presented in the statement of financial position as follows:

	Consolidated and company	
	2020 £'000	2019 £'000
Within 1 year	169	290
Later than 1 year and less than 5 years	-	161
Total operating lease liabilities	169	451

The following are the amounts recognised in the statement of comprehensive income:

	Consolidated and company	
	2020 £'000	2019 £'000
Depreciation expense of right-of-use assets	291	171
Interest expense on lease liabilities	18	18
Expense relating to short term leases of low value assets (included in operating expenses)	104	104
Total amount recognised in the statement of comprehensive income	413	293

The Group had total cashflows for leases of £307,000 (2019: £293,000), the Group also had non-cash additions to right-of-use assets and lease liabilities of £nil (2019: £428,000). There are no leases currently in place which have not started.

20. Subsidiaries

Details of the Parent Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation	Ownership	Net assets £	Net profit after tax
Tracing Services Limited	Provision of administration services	England and Wales	100%	1	-
MIB Portal Services Limited	Holding Company	England and Wales	100%	1	-
MIB Management Services Limited	Provision of administration services	England and Wales	100%	1	-

The registered office of the above companies is Linford Wood House, 6-12 Capital Drive, Linford Wood, Milton Keynes, MK14 6XT, United Kingdom.

Name of related entity	Principal activity	Place of incorporation	Ownership	Net assets £	Net profit after tax
Claims Portal Limited	Maintenance of Portal database	England and Wales	50%	2	-

The Group owns 50% of Claims Portal Limited but does not have control over its financial and operating decisions; therefore, Claims Portal Limited has not been consolidated in these financial statements.

The registered office of Claims Portal Limited is 6-12 Capital Drive, Linford Wood, Milton Keynes, MK14 6XT.



21. Related parties

Balances and transactions between the company and its subsidiaries, which are related parties to the Group, have been eliminated on consolidation and are not disclosed in this note. Details of other transactions between the Group and other related parties are disclosed below.

The MIB Board comprises three Executive Directors from the Group and a majority of Non-Executive Directors who are senior members of the motor insurance industry. The Non-Executive Directors do not receive any form of remuneration for the services they provide in their capacity as board members. There are no other transactions between the Non-Executive Directors and the Group. There was no involvement

from the Non-Executive Directors over the claims and reserving function.

From time to time, MIB, during its general course of business, may engage in a Member's services. These services, including the provision of insurance, are undertaken on an arm's length basis.

During the year the Group provided management services to the Insurance Fraud Bureau Limited, a company registered in England and Wales in which D Clayden is a Director, totalling £3,648,842 (2019: £4,843,543).

As at 31 December 2020 the Group was owed £493,205 (2019: £249,375) from Insurance Fraud Bureau Limited.

22. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Reserving and foreign exchange risk

The Group has a risk management function that manages and continuously monitors the financial risks relating to the Group's operations. The Group's senior management meets regularly to review and, if appropriate, approve the implementation of optimal strategies for effective management of financial risk. The process includes documentation of policies, including limits, controls and reporting structures.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Outputs from regular and ad hoc reviews are reported to the Board of Directors which assumes overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk

The Group is exposed to credit risk if an insurer or counterparty to a financial instrument fails to meet its contractual obligations, resulting in financial loss to the Group. Credit risk consists mainly of cash deposits, cash equivalents, trade receivables and the right to call additional amounts from the motor insurance market.

An Investment Committee is in place to recommend strategies and monitor the investment policies and practices of MIB

and report to the board. All new placements of funds are either placed through cash deposits with institutions agreed in accordance to an approved counterparty list that have a credit rating of at least F1 from Fitch and within absolute counterparty limits, or through UK Government gilts, with maturity dates within a short-term timeframe. These are level 2 investments due to their price being index linked.

The Group's trade receivables largely consist of levy due from insurers. In order to write motor business, insurers must become a Member of MIB and adhere to the terms and conditions laid out in its Memorandum and Articles of Association. The terms require each Member to pay a levy to MIB, calculated on the basis of the volume and class of business written over each financial period. The majority of the levy is collected by monthly direct debit with a right to charge interest for any late payment. Ultimately, should an insurer default or become bankrupt or insolvent, the debt can be passed to the general market for reimbursement. Therefore, non-payment of levy from a Member presents a negligible risk to the Group.

The Group has the right to call an additional levy from Members should it wish to do so. The additional levy receivable shown in Note 16 of £2,797 million (2019: £2,700 million) represents the estimated value of all current and "incurred but not reported" claims which can be called upon within 12 months of the statement of financial position date. While this represents a significant amount within the statement of financial position, the risk of non-payment is considered unlikely given that the overall premium income generated by the motor insurance market in 2020 was £19 billion (2019: £18 billion) and all members have to be well capitalised for regulatory purposes. Therefore, a risk would only be presented if the entire motor insurance market was to fail which even taking into account Covid-19 is a very unlikely occurrence.



Liquidity risk

In order to mitigate any liquidity risk, the Group's approach is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risk damage to the Group's reputation.

The levy call for each year is estimated through actuarial techniques carried out by independent actuaries. This involves the analysis of historical data in relation to the volume and type of claims reported and the value of settlements by accident year. Factors such as claims inflation are taken in to account to establish trends and projections for future claims payments which, ultimately, decide the levy amount each year.

In addition to this and in light of Covid-19 MIB is looking to secure guarantee funding / overdraft facilities from a number of sources and to diversify our cash holdings.

Cash forecasts identifying the liquidity requirements of the Group are produced and reviewed regularly to ensure sufficient financial headroom exists to meet future obligations. The levy is collected over twelve instalments on the first working day of each month and placed in instant access cash deposits and call accounts. Any surplus amounts left at the end of the month are invested in Government fixed interest gilts. Cash deposits are invested for a period no longer than 31 days. Cash deposits are managed such that there is sufficient liquidity each month to meet any unexpected liabilities.

	Consolidated		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total cash in hand	5,581	3,651	4,292	3,317

Market risk

Interest rate risk arises from the Group's borrowings and cash deposits it holds with banks.

At the date of the statement of financial position, the Group held cash deposits with banks which were available on demand. The remainder of investments were invested in Government fixed interest gilts. During the year, a number of cash deposits held with banks for a maximum period of 365 days matured and were reinvested in Government fixed interest gilts. The following table illustrates the change in bank deposit interest receivable in a change in interest rate upon inception of +2% and -2% with effect from beginning of the year based on weighted averages.

	2020 Actual £'000	2020 +2% £'000	2020 -2% £'000	2019 Actual £'000	2019 +2% £'000	2019 -2% £'000
Interest receivable	25	391	-	65	385	-

Note: Interest rate capped at -2% from the actual weighted rate or if this produces a negative figure this is taken to be 0%.

Reserving and foreign exchange risk

Case reserves are estimated based on the available information at any given time. There is a risk that individual case reserves may not be adequately provided for due to the lack of information available. However, reserves are individually reviewed and adjusted accordingly as and when new information is provided to the Group. A reserving policy exists within the Group to ensure case reserves are kept up to date and to minimise any risk in the understating of reserves.

The Group is potentially exposed to currency risk arising from the recording and reporting of accidents occurring outside the UK under the Green Card Agreement. Accidents occurring in an EU participating country are reported to the Group with an estimate of an appropriate reserve in that country's base currency, primarily the Euro. This amount is converted to Sterling at the spot rate at the time of notification and recorded within the Group's reserves. Any notification of a change in reserve thereafter is appropriately adjusted, with the total reserve amount for that claim being converted at the new spot rate. However, there are claims where a reserve is not provided by the participating country. In this instance, a

standard reserve amount is set. Claims are eventually settled in the appropriate currency, which is then converted and recorded in sterling at the spot rate applicable at the date of transaction.

The value of Green Card claims with such exposure is £46.0 million (2019: £55.7 million) of which £4.5 million (2019: £2.2 million) represents cases where a standard reserve amount has been set. Therefore, the maximum potential exposure to currency risk is £32.7 million (2019: £50.5 million), which represents 1.2% (2019: 1.9%) of the overall case reserves. If Sterling was to either strengthen or weaken by 25 basis points against the Euro at the statement of financial position date, the potential impact on reserves would be a reduction of £10.4 million (2019: £14.5 million) or an increase of £6.6 million (2019: £9.4 million), based on an exchange rate of 1.10852 (2019: 1.17051) Euros to £1 Sterling.

Capital management

MIB remains a group limited by guarantee, without a share capital. The Group does not consider that it has capital or equity under its management as defined by IAS 1. Accordingly, there are no capital management policies.



Glossary

askCUE PI

The askCUE PI (personal injury) service allows approved solicitor organisations to check their client's records held on the CUE PI database. The service was introduced to meet the requirements of the Pre-Action Protocol for Low Value Personal Injury Claims in Road Traffic Accidents (the RTA Protocol) which states that Claim Notification Forms (CNF) submitted through the Claims Portal from 1 June 2015 must contain an askCUE PI search reference number generated by the service.

askMID.com

Two convenient and easy to use online services are available through www.askMID.com. The first is free and allows anyone to check that their vehicle registration appears on the Motor Insurance Database (MID). The second is a low-cost service for legal professionals and anyone whose property has been damaged in an accident to check the insurance details of the third-party vehicle.

Claims and Underwriting Exchange (CUE)

The Claims and Underwriting Exchange (CUE) is a central database of motor, home, travel and personal injury/industrial illness incidents reported to insurance companies, which may, or may not give rise to a claim.

Claims leakage

Claims leakage is an important financial indicator of quality in the claims settlement process and is the level of money lost as a result of actions such as inefficient processing, improper payment, human error and poor decision-making. MIB refers to it as 'any payment in excess of what a top-quartile experienced claims handler would have obtained with realistic information and available resources by applying best practice principles'.

Claims lifecycle

Every claim goes through a progressive cycle, from the date the claim is notified to the date the claim is closed or settled, this is called the 'lifecycle of a claim'.

Claims Portal

The electronic Claims Portal facilitates the Ministry of Justice's 'fast track' Protocol for processing low value personal injury claims with a value up to £25,000 for:

- Road Traffic Accident (RTA) cases
- Employers' Liability (EL) cases (excl. mesothelioma)
- Public Liability (PL) cases (excl. disease).

The Claims Portal provides the swift, secure, electronic exchange of all relevant claim information and related documentation between claimant lawyers and insurers/compensators; enabling key decisions to be communicated quickly, securely and efficiently to the agreed MoJ timescales.

Continuous Insurance Enforcement (CIE)

CIE is aimed at overcoming the problem of vehicles, not specifically covered by any insurance policy (even a blanket policy), being used by drivers. This means that vehicles, whether they are being driven or not, will require insurance. The scheme is enforced using the Motor Insurance Database (MID) - the central record of insurance - and vehicles do not need to be seen on the roads before action can be taken. The two main exemptions are where a vehicle has been statutorily declared off road (SORN) or a change of keeper is in the process of being completed by the DVLA.

Employers' Liability Database (ELD)

The ELD launched in April 2011 and contains all new and renewed Employers' Liability (EL) insurance policies; policies from before April 2011 which have new claims made against them and policies that have been and will continue to be identified through the Employers' Liability Tracing Office (ELTO) tracing service. The ELD will also capture additional information such as Employer Reference Numbers (ERNs) for employers, which should make search results more thorough.



Glossary (continued)

Employers' Liability Tracing Office (ELTO)

ELTO is a not-for-profit organisation set up to provide claimants and their representatives with quick and easy access to a central database of Employers' Liability (EL) policies through an online enquiry facility that helps them to find their employer's EL insurer. ELTO has replaced the previous voluntary Employers' Liability Code of Practice (ELCOP) tracing service, which was in place since 1999 and helped thousands of claimants trace the EL insurer to pursue a claim.

Green Card

MIB acts as the UK Green Card Bureau and supports motorists making claims after an accident with a foreign vehicle in the UK. It is also the UK Compensation Body and can be contacted if a UK resident has an accident abroad with a foreign vehicle.

Guarantee Fund

MIB's handling of claims is governed by agreements with the Government as well as the Road Traffic Act 1988 and subsequent regulations. MIB awards compensation, where it cannot be claimed from another source, for death, injury and property damage as a result of an accident with a motor vehicle, on a road or a public place. MIB's claims handling experts settled more than 28,700 claims in 2019 for accidents involving uninsured and untraced vehicles and seek to settle the claims fairly and promptly.

Insurance Fraud Bureau Limited (IFB) and Cheatline

The Insurance Fraud Bureau (IFB) is a not-for-profit organisation funded by the insurance industry, specifically focused on detecting and preventing organised and opportunistic insurance fraud. The IFB runs a free and confidential Cheatline for anyone who has information about insurance fraud. This information can be passed to them through their Cheatline facility either online (at www.insurancefraudbureau.org/cheatline) or by calling 0800 422 0421.

Levy

MIB compensates victims of road accidents caused by uninsured or untraced drivers and this work is governed by two documents: the Uninsured and the Untraced Drivers' Agreements. Organisations writing motor insurance are required to become Members of MIB and contribute by means of a levy.

Independent actuaries calculate the annual levy value by estimating the likely cost of settling claims plus business running costs, net of expected investment returns. This becomes the levy call and Members contribute based on the amount and type of business they have written. The bigger the market share a Member has, the higher the amount of levy payable.

The levy uncalled represents the movement in case reserves during the year, plus the estimated value of those claims that are 'incurred but not reported' at the statement of financial position date. This is the amount that can be levied to Members within twelve months of the statement of financial position date and only such sums to discharge liabilities for claims and supplementary agreement costs will be called up. MIB is a not-for-profit group and so the additional levy uncalled is treated as income so as to meet our additional obligations arising from the movement in reserves.

The leviable premium represents the sum of the levy call and the levy uncalled that year.

MedCo Registration Solutions (MedCo)

MedCo is a Ministry of Justice (MoJ) initiative which involves MIB building a web-service facility for claimant representatives to identify, through a random allocation process, a medical practitioner or medical reporting organisation (MRO) to undertake a medico-legal report. This is part of the MoJ reform of the civil justice process for personal injury claims.

Motor Insurance Anti-Fraud and Theft Register (MIAFTR)

MIAFTR is a database containing records of written-off and stolen vehicles, as defined by the Code of Practice for the Disposal of Motor Vehicle Salvage. MIAFTR was designed and developed to help monitor vehicles written off for insurance purposes, to help trace and recover stolen vehicles and to help detect fraud.



Glossary (continued)

Motor Insurance Database (MID)

Under the 4th EU Motor Insurance Directive, member countries are required to improve the ease of handling cross-border claims within Europe. To meet its obligations, each country is required to maintain a register of all insured vehicles. The UK's version of such a system is provided through the Motor Insurance Database (MID).

The MID is the only central record of all insured vehicles (40 million) in the UK. The MID is updated daily by all UK insurers, which are required to meet targets for timeliness and accuracy set by the Department for Transport.

The MID is used by the police to identify and seize vehicles being driven without insurance. It is also used by the Driver and Vehicle Licensing Agency to electronically check a vehicle's insurance every time a person applies online or by telephone for vehicle tax.

The MID is becoming the most important tool to reduce the level of uninsured vehicles in the UK. Since 2011, the MID has been used to support the delivery of CIE.

MIB Management Services Limited (MIB MSL)

During the year MIB MSL provided management services including staffing, administration and financial services to the Insurance Fraud Bureau Limited (IFB), Claims Portal Limited and MedCo Registration Solutions (MedCo). All costs incurred by MIB are recharged to the IFB, MedCo and Claims Portal Limited via MIB MSL.

MyLicence

MyLicence went live in December 2014 and is a joint initiative between the Driver and Vehicle Licensing Agency (DVLA), the Department for Transport and the insurance industry which is represented by the Association of British Insurers and MIB. MyLicence gives insurers access to accurate data from the DVLA on motoring entitlements, convictions and penalty points when providing quotes for insurance policies.

No Claims Discount (NCD) Database

The No Claims Discount (NCD) database was completed in June 2015 and allows users to access no claims discount information.

Tracing Services Limited (TSL)

TSL provides management services including staffing, administration and financial services to the Employers' Liability Tracing Office (ELTO). All costs incurred by MIB are recharged to ELTO via TSL.

Whiplash service – Civil Liability Act and changes to Civil Procedure Rules

The Ministry of Justice (MoJ) has partnered with MIB to manage the creation of a new service to support low-value personal injury claims, with the primary emphasis on supporting unrepresented claimants. The service is intended to go-live in April 2021. This forms part of a package of measures being introduced by the Government to reduce the costs related to soft-tissue injury claims arising from road traffic accidents. The service will be a distinct brand from the MoJ and MIB.

