Motor Insurers' Bureau
Levy Return Form Guidelines

Please complete this form and return it to MIB along with your MIB Membership Application form and MID Insurer Suitability document

Motor Insurers' Bureau Levy Return Guidelines

Guidelines

1 There are 3 forms to be completed:

- Form L1 (identical to Form 21 of the FSA return).
- Form L2, which breaks down the gross written premium by class. This is very similar to the old DTI Form 31.
- Form L3, which summarises the information provided on forms L1 & L2.

2 The Motor Insurers' Bureau acts as the Guarantee Fund and Green Card Bureau for the territories of the UK, Gibraltar, Channel Islands and the Isle of Man.

Please include figures for all UK registered vehicles. Members in Gibraltar, the Channel Islands and Isle of Man should also include premiums for vehicles registered in those territories.

3 If you are operating under the Freedom of Services agreement, please ensure you declare premium only in respect of vehicles registered in the territories above. Do not include figures for overseas premiums written.

4 Please mark clearly those subsidiaries included. All subsidiaries must be included except those giving their own return.

5 All returns are to be made in GBP Sterling, in thousands - £000's.

6 If you are not the person completing and submitting the return as above, please contact us with your details. This will help to keep our records up-to-date.

7 Please ensure Form L3 is signed by you and counter-signed by your line manager.

8 Forms can be e-mailed to any of the contact names, **but** originals must be returned with appropriate signatures and a copy of FSA Form 21.

9 Annual returns are due no later than the last Friday of the month of April.

Forms

Form L1:

Form L1 is an extract of FSA Form 21, therefore the information provided here should be identical to that declared to the DTI. Please total boxes 16 & 17. Boxes 16 are the sums of boxes 11 to 15. Box 17 is the sum of the two box 16's.

Form L2:

Form L2 provides analysis of gross written premiums by class. This information is required to calculate the levies based on the RTA percentages. The current rate of percentages can be found below. There is an additional column, which requires last year comparatives to be entered. This will identify any major fluctuations year on year and any potential errors that may arise when entering.

Form L3:

Form L3 provides a summary of information entered on to Form L2. It also provides a control check ensuring totals on Form 1 and Form 2 agrees. Details entered onto Forms 1 & 2 will automatically flow through to this form. Please ensure your line manager countersigns the form. Those completing forms on screen, page set ups are in place to print and sign off.

RTA Rates

Current RTA Rates	**%**
Private Car – Comprehensive	67
Private Car – Non-comprehensive	96
Commercial	76
Motorcycle	63
Fleet	73
Other	40

Telephone: 01908 832 120 (MIB Helpline)
Fax: 01908 671 660
e-mail: accounting@mib.org.uk

Calculation Method

The following is an example showing how the levy for each Member is calculated. The formula used is:

Total levy due from Member = $\frac{\textbf{Member's weighted covers x amount to collect}}{\textbf{Total weighted covers}}$

The Member's weighted covers figure is the summation of the Gross Written Premium (GWP) per class of business, as specified in the GWP return, multiplied by the relevant RTA%. The total of all Members' weighted covers produces the denominator in the formula. The amount to collect is the total levy e.g. £354m for 2011

This should become clearer by working through the example below:

Another Car Insurance Company

	GWP £	RTA %	Leviable % £
PC Comp	147,127,000	67%	98,575,090
PC Non-comp	9,379,000	96%	9,003,840
Commercial	32,882,000	76%	24,990,320
Motorcycle	2,352,000	63%	1,481,760
Fleet	194,228,000	73%	141,786,440
Other	-	40%	-
	385,968,000		**275,837,450**

Leviable income x no. of months' membership 275,837,450 x 12 = 3,310,049,400

Total levy due from Member $= \frac{\text{Member's weighted covers}}{\text{Total weighted covers}}$ x amount to collect

$= \frac{3{,}310{,}049{,}400}{109{,}242{,}999{,}389}$ x £354,000,000

= £10,726,156 i.e. £893,846 pcm

Note: in the example shown the leviable percentage = 3.03%

i.e. $\frac{\text{Member's weighted covers}}{\text{Total weighted covers}}$

Additional Notes

The attached example illustrates the way in which the total Gross Written Premium figure should be extracted. Please refer to the sample forms on pages 6 to 8.

FSA Form 21 Extract

Premiums receivable during the year

		Earned	Unearned
Should have earned in previous year	**11**	150	-
Earned in this year – risks incepted in previous years	**12**	70	0
Risks incepted this year – for periods < 12 months	**13**	1,500	300
Risks incepted this year – for periods of 12 months	**14**	3,600	1,800
Risks incepted this year – for periods > 12 months	**15**	250	340
Premiums brought forward from previous years	**16**	4,600	10
Total earned this year (12 to 16)	**19**	**10,020**	**2,450**

Total premiums written this year (11 to 15)	Earned	5,570
Total premiums written this year (11 to 15)	Unearned	2,440

Written premiums per Form 21	**8,010**
Written premiums per MIB Return	**8,010**

Note

The Gross Written Premium figures (GWP) (net of rebates and refunds) are obtained directly from your Company's **FSA Form 21** schedule. The total GWP combines earned and unearned premium i.e. the sum of the amounts (columns 1 and 2) shown in lines 11 to 15 inclusive.

Form L1 (Extract of FSA Form 21) - Sample

Name of Company	*Another Car Insurance Company*
Financial Year Ended	*31 December 2010*
Accounting Class	*Motor*
Company Registration No.	*AO12345*

			Units in £000's	
			Gross Premiums Written	
Premiums receivable during the financial year			Earned in previous financial years	
In respect of risks incepted in previous financial years		**11**	150	
			Earned in this financial year	Unearned at end of this financial year
In respect of risks incepted in previous financial years		**12**	70	0
	For periods of less than 12 months	**13**	1,500	300
	For periods of 12 months	**14**	3,600	1,800
	For periods of more than 12 months	**15**	250	340
Total (11 to 15)		**16**	**5,570**	**2,440**
		17	**8,010**	

Form L2 Premiums by Class - Sample

Another Car Insurance Company			Gross Premiums Written - £000's	
			This Year	Last Year (Comparative)
Private Car Comprehensive	In the financial year in respect of risks incepted	Previous financial years	85	42
		This financial year	3913	4050
		Total (1 + 2)	**3998**	**4092**
Private Car Non-comprehensive	In the financial year in respect of risks incepted	Previous financial years	40	27
		This financial year	2360	1800
		Total (1 + 2)	**2400**	**1827**
Motor Cycle	In the financial year in respect of risks incepted	Previous financial years	25	48
		This financial year	843	930
		Total (1 + 2)	**868**	**978**
Commercial Vehicle	In the financial year in respect of risks incepted	Previous financial years	0	0
		This financial year	639	478
		Total (1 + 2)	**639**	**478**
Fleet	In the financial year in respect of risks incepted	Previous financial years	0	0
		This financial year	75	33
		Total (1 + 2)	**75**	**33**
Other	In the financial year in respect of risks incepted	Previous financial years	0	0
		This financial year	30	24
		Total (1 + 2)	**30**	**24**
TOTAL	In the financial year in respect of risks incepted	Previous financial years	150	117
		This financial year	7860	7315
		Total (1 + 2)	**8010**	**7432**

Form L3 Total Gross Written Premiums - Sample

Name of Company	**Another Car Insurance Company**
Financial Year Ended	**31 December 2010**
Company Registration No.	**MO12345**

Total Gross Written Premiums (Class 10) in Sterling (less rebates & refunds) on direct insurance and facultative reinsurance business

Class of Business	**Premium – This year £000's**	**Premium – Last year £000's**
Private Car – Comprehensive	3998	4092
Private Car – Non-comprehensive	2400	1827
Commercial Vehicles	868	978
Motorcycle	639	478
Fleet	75	33
Other	30	24
Total	**8010**	**7432**

Please return this form by e-mail to accounting@mib.org.uk or fax to 01908 671660. A signed copy of this form together with a copy of FSA Form 21 must be sent by post to Julie Vaughan-West, MIB, Linford Wood House, 6-12 Capital Drive, Milton Keynes Mk14 6XT

Signature: …….. Counter-signature: ……

Print Name: …….. Print Name: ……

Date: …… Date: ……