

Levy return form guidelines

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Form information

If the grey areas on the MIB Forms L1, L2 & L3 do not auto-populate please press F9 to ensure this is updated accordingly.

Please complete the forms for the calendar year ended 31st December.

Please complete the MIB Levy forms and return to accounting@mib.org.uk

Contents

| | |
|--|---|
| 1. Guidelines | 3 |
| 2. Forms..... | 4 |
| 2.1. MIB Form L1: | 4 |
| 2.2. MIB Form L2: | 4 |
| 2.3. MIB Form L3: | 4 |
| 3. RTA rates..... | 4 |
| 4. Calculation method..... | 5 |
| 5. Additional notes..... | 6 |
| 5.1. FSAssist PRA Form 21 extract | 6 |
| 6. Form L1 (extract of FCA Form 21) – sample | 7 |
| 7. Form L2 premiums by class - sample | 8 |
| 8. Form L3 total gross written premiums – sample | 9 |

1. Guidelines

1. There are 3 forms to be completed:

- MIB Form L1 (identical to Form 21 of the FSAssist PRA return)
- MIB Form L2, which breaks down the gross written premium by class.
- MIB Form L3, which summarises the information provided on MIB Forms L1 & L2.

Note: this form will auto-populate from L1 & L2. If this doesn't auto-populate, please press F9.

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, in thousands - £'000.

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

7. Please ensure MIB Form L3 is approved by an appropriately authorised person and the tick box is checked to confirm this. Any forms received without the check box ticked will be returned.

8. Completed forms should be emailed to accounting@mib.org.uk and they must be returned **in an excel format**. Please let us know if this isn't possible.

9. All completed forms should be returned with a copy of FSAssist PRA form 21. A full reconciliation and explanation should be provided for any differences between the MIB L1 Form and the FSAssist PRA Form 21.

10. Members in Gibraltar should provide a copy of the form that is submitted to the Financial Services Commission. This should include Class 3 (Land Vehicles) and Class 10 (Motor Vehicle Liability). A full reconciliation and explanation should be provided for any differences between the MIB L1 Form and the FSC form.

11. Members operating in any other states should provide equivalent reconciliations to those in points 9 and 10 above.

12. Annual returns are due no later than **30th April**.

2. Forms

2.1. MIB Form L1:

MIB Form L1 is an extract of FSAssist PRA Form 21. The two box 16's should auto-calculate with the sum of the figures provided in boxes 11 to 15. If this doesn't auto-calculate, please press F9. Box 17 is the sum of the two box 16's.

2.2. MIB Form L2:

MIB Form L2 requests an analysis of Gross Written Premiums (GWP) by class. This information is required to calculate the levies based on the RTA percentages. The current RTA percentages can be found below in section 3. 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.

2.3. MIB Form L3:

MIB Form L3 provides a summary of information entered on to MIB Form L2. Details entered onto Forms L1 & L2 will automatically flow through to this form. If this doesn't flow through then please press F9 to re-calculate. MIB Form L3 also provides a control check ensuring totals on MIB Form L1 and MIB Form L2 agree so if there is an error this will be highlighted in yellow and red and must be corrected prior to sending to the MIB. Please ensure an authorised person checks the form and ticks the check box to ensure this is accurate. The forms should only be signed once the **"Please email forms to accounting@mib.org.uk"** message is displayed. Please email the completed form, (with the names of the authorised people approving the form and the check box ticked) in an EXCEL Format.

3. RTA rates

| Current RTA rates | % |
|---------------------------------|----|
| Private Car – Comprehensive | 73 |
| Private Car – Non-comprehensive | 96 |
| Commercial | 78 |
| Motorcycle | 73 |
| Fleet | 75 |
| Other | 40 |

4. Calculation method

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

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

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. £244m for 2015.

This should become clearer by working through the example below:

Another Car Insurance Company

| | GWP £'000 | RTA % | Leviable % £'000 |
|-------------|----------------|----------|---------------------|
| PC Comp | 3,998.0 | 73% | 2,918.5 |
| PC Non-comp | 2,400.0 | 96% | 2,304.0 |
| Commercial | 868.0 | 78% | 677.0 |
| Motorcycle | 639.0 | 73% | 466.5 |
| Fleet | 75.0 | 75% | 56.3 |
| Other | 30.0 | 40% | 12.0 |
| | 8,010.0 | | 6,434.3 |

Leviable income x no. of months' membership £6,434,300 x 12 = £77,211,600

$$\begin{aligned} \text{Total levy due from Member} &= \frac{\text{Member's weighted covers}}{\text{Total weighted covers}} \times \text{amount to collect} \\ &= \frac{77,211,600}{132,912,266,023} \times £244,000,000 \\ &= £141,745 \quad \text{i.e.} \quad £11,812 \text{ pcm} \end{aligned}$$

Note: in the example shown the leviable percentage = 0.058%

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

5. 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 7 to 9.

5.1. FSAssist PRA 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) | 190 | <u>10,020</u> | <u>2,450</u> |
| Total premiums written this year (11 to 15) | Earned | 5,570 | |
| Total premiums written this year (11 to 15) | Unearned | <u>2,440</u> | |
| Written premiums per Form 21 | | 8,010 | |
| Written premiums per MIB return | | <u>8,010</u> | |

Note

The Gross Written Premium figures (GWP) (net of rebates and refunds) are obtained directly from your Company's **FSAssist PRA 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.

6. Form L1 (extract of FCA Form 21) – sample

MIB Form L1 (Extract of FCA form 21)

| | |
|--------------------------|-------------------------------|
| Name of company | Another Car Insurance Company |
| Financial year ended | 31st December 2014 |
| Accounting class | Motor |
| Company registration no. | GB123456789 |
| Account no. (S code) | S0000 |

| | | GBP £'000 | |
|--|------------------------------------|------------------------------------|--|
| Premiums receivable during the financial year | | Gross premiums written | |
| In respect of risks incepted in previous financial years | 11 | Earned in previous financial years | |
| | | 150 | |
| | | Earned in this financial year | Unearned at end of this financial year |
| In respect of risks incepted in previous financial years | 12 | 70 | |
| In respect of risks incepted in this financial year | For periods of less than 12 months | 13 | 1,500 |
| | For periods of 12 months | 14 | 3,600 |
| | For periods of more than 12 months | 15 | 250 |
| Total (11 to 15) | | 16 | 5,570 |
| Combined Total | | 17 | 8,010 |

Subsidiaries included :

.....

.....

.....

.....

.....

For MIB use only

Entered on spreadsheet

FCA return attached and checked

| |
|--|
| |
| |

7. Form L2 premiums by class - sample

MIB Form L2 Premiums by Class

S0000

Another Car Insurance Company

00000

| Another Car Insurance Company | | | Gross premiums written - £'000 | |
|-------------------------------|---|-------------------------------------|--------------------------------|-----------------------|
| | | | This year | Last year comparative |
| Private car comprehensive | In the financial year in respect of risks incepted in | Previous financial Years | 85 | 42 |
| | | This financial year | 3,913 | 4,050 |
| | | Total Private car comprehensive | 3,998 | 4,092 |
| Private car non-comprehensive | In the financial year in respect of risks incepted in | Previous financial Years | 40 | 27 |
| | | This financial year | 2,360 | 1,800 |
| | | Total Private car non-comprehensive | 2,400 | 1,827 |
| Motor Cycle | In the financial year in respect of risks incepted in | Previous financial Years | 25 | 48 |
| | | This financial year | 843 | 930 |
| | | Total Motor Cycle | 868 | 978 |
| Commercial Vehicle | In the financial year in respect of risks incepted in | Previous financial Years | | |
| | | This financial year | 639 | 478 |
| | | Total Commercial Vehicle | 639 | 478 |
| Fleet | In the financial year in respect of risks incepted in | Previous financial Years | | |
| | | This financial year | 75 | 33 |
| | | Total Fleet | 75 | 33 |
| Other | In the financial year in respect of risks incepted in | Previous financial Years | | |
| | | This financial year | 30 | 24 |
| | | Total Other | 30 | 24 |
| Total | In the financial year in respect of risks incepted in | Previous financial Years | 150 | 117 |
| | | This financial year | 7,860 | 7,315 |
| | | GRAND TOTAL | 8,010 | 7,432 |

8. Form L3 total gross written premiums – sample

MIB Form L3 premiums by class

Total Gross Written Premiums

| | |
|--------------------------|-------------------------------|
| Name of company: | Another Car Insurance Company |
| Financial year ended: | 31st December 2014 |
| Company registration no. | GB123456789 |
| Account no. (S Code) | S0000 |

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

| Class of Business | Premium - This Year £'000 | Premium - Last Year £'000 |
|---------------------------------|---------------------------|---------------------------|
| Private Car - Comprehensive | 3,998 | 4,092 |
| Private Car - Non-Comprehensive | 2,400 | 1,827 |
| Motorcycle | 868 | 978 |
| Commercial Vehicles | 639 | 478 |
| Fleet | 75 | 33 |
| Other | 30 | 24 |
| Total | 8,010 | 7,432 |

VALIDATION CHECK

Please e-mail forms to accounting@mib.org.uk in the EXCEL FORMAT

Forms completed by:

Print name: _____

Date: _____

Position: _____

Forms authorised by:

Print name: _____

Date: _____

Position: _____

☐ I can confirm that the information provided is accurate and correct and signed off by an appropriately authorised person within the business