



Annual Report and Accounts **2016**



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Motor Insurers' Bureau Consolidated Financial Statements for the year ended 31 December 2016

Registered Office:
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6-12 Capital Drive
Linford Wood
Milton Keynes
MK14 6XT

Registered Number: 412787

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Chairman's statement

"The change in the discount rate and the potential impact of an increase in uninsured driving combined with the continuous drive to strengthen MIB's information security posture are key areas of focus."

Steve Maddock
MIB Chairman



MIB's activities in 2016 very much reflected an evolving organisation that now encompass not only compensating the victims of uninsured and 'hit and run' (untraced) drivers and reducing the level of uninsured driving but significant parts of the organisation are now focussed on data asset management services. The Chief Executive's statement contains a review of the wide and varied internal and external factors impacting MIB, how the organisation fared in dealing with them as well as highlighting how we are dealing with an evolving landscape.

My intention in this statement is to focus on three key strategic areas: the change in the discount rate used for assessing the amount of damages in respect of future recurring loss in a personal injury claim; the potential impact of an increase in uninsured driving; and the continuous drive to strengthen the MIB information security posture.

"The discount rate increase will add to insurers' costs and inevitably lead to a rise in the price of motor insurance which, from MIB's perspective, will do nothing to help us reduce the level of uninsured motoring."

On 27 February 2017, the Lord Chancellor announced that the discount rate for personal injury claims would reduce from 2.5% per annum to minus 0.75% per annum, with the changes becoming effective from 20 March 2017. This has had a significant impact on

the whole motor insurance market. In relation to MIB this has increased our view of claims provisions as at 31 December 2016 by £310.1m from £1,771.6m to £2,081.7m, an increase of 17.5%.

Clearly, we would normally expect all of this amount to eventually be paid as claims and thus reflected in increased levy charges on our Members. There is however a high degree of uncertainty as to what will happen with the level of the discount rate both in the short and longer term. On 30 March 2017 the Ministry of Justice (MoJ) published a consultation into the personal injury discount rate framework, including whether it should be set by an independent body rather than the Lord Chancellor. This consultation will consider whether the current framework is fair to both claimants and defendants and while not a review of the new rate, measures under consideration include whether: the current methodology to calculate the rate is appropriate; the discount rate should be set by an independent body; more frequent reviews of the rate are needed; and if periodical, rather than lump sum payments, might be a better way to compensate victims.

Whilst a six-week consultation period is proposed the timetable for subsequent legislation remains uncertain, more so given the recent announcement to hold a General Election on 8 June 2017. Against the background of such uncertainty it is very difficult, at this stage, to be clear as to what the impact of the change in the discount rate will have on the MIB levy in both the short and longer term.

What we can say is that based on all currently available information we do not anticipate the need for a further levy call in 2017 but, if the discount rate remains at its current level the impact on 2018 will be significant.



"We remain committed to ensuring our data is protected against an ever evolving threat landscape."

This increase in the discount rate will clearly add to insurers' costs and inevitably lead to a rise in the price of motor insurance. From MIB's perspective, any resultant increase in premiums will do nothing to help us in the drive to reduce the level of uninsured motoring.

There is no doubt that MIB continues to play a significant and essential role in the fight to address the problems created by uninsured and 'hit and run' drivers and is always striving to improve the service to those unfortunate enough to be injured or sustain damage resulting from such negligent driving. The launch of the new Untraced Drivers Agreement which was completed in 2016 and effective from 1 March 2017 is a particular example. The new Agreement delivers a number of improvements made to ensure that it is simpler, clearer, remains fair and is legally compliant.

Information security features on Board agendas across the industry and during 2016 MIB undertook a comprehensive review of its information security posture and reassessed all cyber risks in response to a newly formulated risk appetite statement. The review encompassed all key data assets and suppliers. We remain committed to make the necessary investments to ensure our data is sufficiently protected against an ever evolving threat landscape.

In what is my third year as Chairman I would like to conclude by stating how much I enjoy working with the dedicated management team and everyone at MIB. I would like to thank them for their continuing hard work and commitment during the year and I look forward to working with them throughout 2017.

Steve Maddock
Chairman
23 May 2017

Chief Executive's statement

"The next few years will be pivotal in shaping the future of MIB with a number of intrinsic and extraneous factors combining to create a landscape of opportunity and challenges for our organisation."

Ashton West OBE
MIB Chief Executive



Introduction

It is no coincidence that the front cover of this document depicts one of the autonomous vehicle pods based in Milton Keynes. The importance of the developments in the technology and data which control these vehicles and the profound implications for the insurance industry arising from the incorporation of such technology into the vehicle parc are major components of the digital world in which we now live.

Against this background the next few years will be pivotal in shaping the future for MIB. There are a number of intrinsic and extraneous factors combining to create a landscape of opportunity and challenges for our organisation. How we respond to these will form a fundamental strand of the MIB strategy over the next three to five years.

Last year we undertook a strategic review, the response to which was a clear recognition of the value MIB creates in its traditional role and in the wider context of value creation through additional services, primarily in the provision of data asset management and ancillary services.

Externally, 2016 delivered Brexit, the Government consultation on the advanced driver assistance systems and automated vehicle technologies and an acceleration in the changing expectations of consumers in terms of service provision or on-demand services. All of these are overlaid on this canvas of rapid innovative technological development.



"The developments in the technology and data which control autonomous vehicles and the profound implications for the insurance industry arising from the incorporation of such technology are major components of the digital world in which we live."

Telematics and big data analytics are already part of insurance operations but emerging technology including autonomous vehicles, Blockchain, wearables, artificial intelligence and the connected home are stretching organisational capacity to respond and exploit. Traditional processes and legacy IT systems are increasing drag factors and MIB is not immune to any of this. Addressing these challenges is essential if MIB is to continue to remain relevant to consumers, the insurance industry, and other key stakeholders and the need to formulate a comprehensive digital transformation programme will form a key part of our work this year.

"There is clear recognition of the value MIB creates in its traditional role and in the wider context of value creation through the provision of data asset management services."

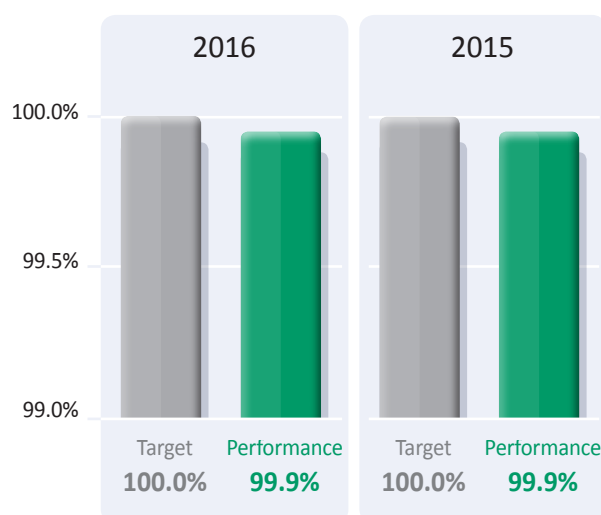
In 2016, overall the business performed well, although it was not without its challenges. Undoubtedly the most significant development in terms of impact on the business and reserves was the announcement by the Lord Chancellor of the change in the discount rate in March 2017. A more detailed analysis is provided in the Chairman's statement.

Overall however, we made good progress in delivering our key objectives and developing our range of services although we did see a larger than expected rise in 'hit and run' claims.

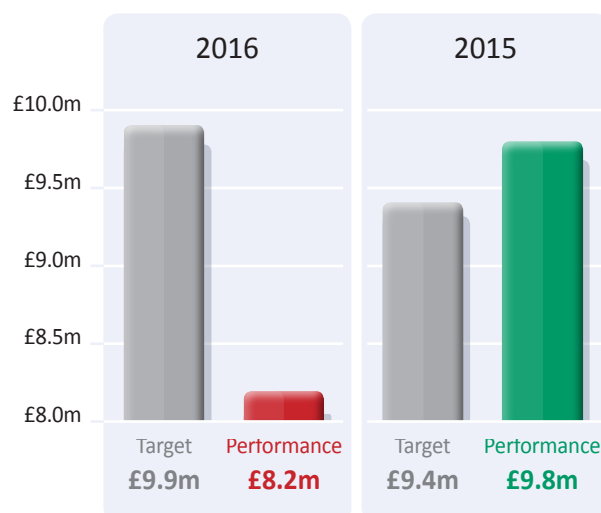
Enforcement Services

The problem of claims arising from 'hit and run' accidents now exceeds those arising from uninsured driving. In 2016 there were 15,846 'hit and run' claims reported against 11,198 uninsured. In fact the Department for Transport statistics show that in just over 12% of road traffic accidents reported to the police where someone is injured (17,122), a 'hit and run' driver is involved. This is the second year in succession that Department for Transport data shows that there has been an increase in these types of accidents, reversing the trend seen over the past decade. This increase in terms of incidents and claims has prompted us to work with the Department of Criminology at the University of Leicester which undertook an academic study into the reasons why people leave the scene of an accident.

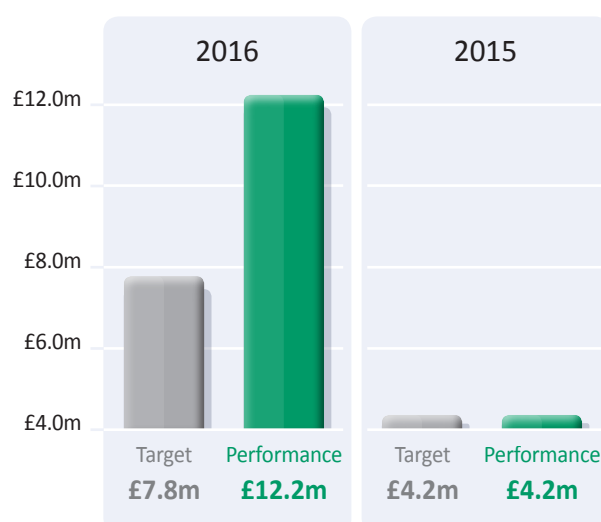
Budget performance



Recovery performance



Comms performance (AVE)



Chief Executive's statement (continued)

The findings from this research, which can be found at www.mib.org.uk/hitandrun, generated a considerable amount of media interest. Several preventative strategies are set out in the report which will form the platform for us to explore some targeted initiatives and undertake further research into victim impact during 2017.

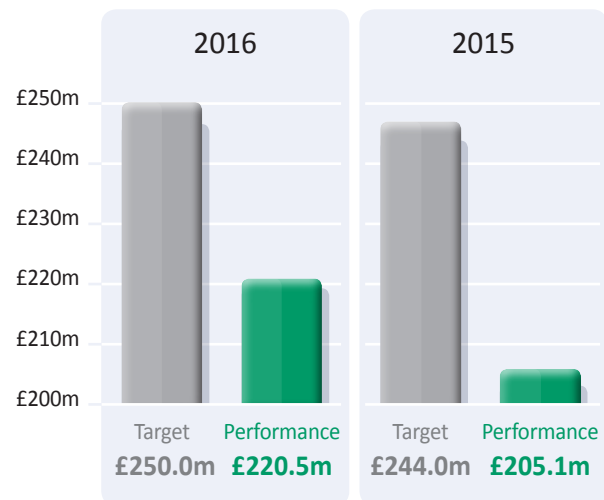
After adjusting for the impact of the additional claims from the Deregulation Act 2015, claims from uninsured drivers were marginally down on 2015 at 10,340 (2015: 10,441). However, we clearly saw signs towards the end of the 2016 and at the beginning of 2017 of growth in these numbers. It is too early to know the extent to which these result from a greater number of Deregulation Act transferred claims than originally modelled, changed insurer behaviours in terms of directing customers to MIB to pursue claims or a reflection of increased exposure to vehicles being driven without insurance.

"A dedicated police liaison officer has improved MIB's engagement with the police."

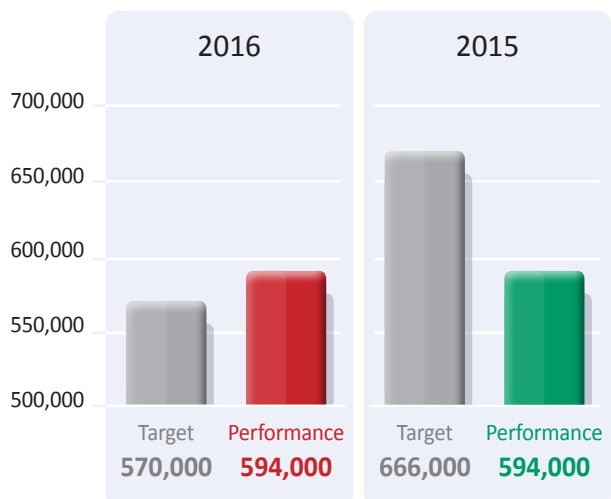
In relation to the problem of uninsured driving in the UK, our primary objective for 2016 was to build upon the re-engagement work started with the police in 2015. Pleasingly, the effort and activities paid off with the overall level of seizures rising by around 21% with some three quarters of forces seeing rises above the 5% target increase. The re-introduction of a dedicated police liaison role has contributed significantly to the improved engagement and coupled with greater resource control within the Police Helpline at MIB we have seen a rise in the latter's contribution from around 40,800 seizures to around 45,400 in 2016 with no impact on complaints.

The Motor Insurance Database (MID) and its importance to Continuous Insurance Enforcement (CIE) has never been in doubt. Improvements were made to the MID during 2016, with more due for completion later in 2017. The level of Insurance Advisory Letters (IALs) issued in 2016 exceeded planned levels as we sought to optimise the overall benefit of issuing these letters in a time of rising Statutory Off Road Notice (SORN) declarations. A total of 770,794 IALs were issued (2015: 737,054).

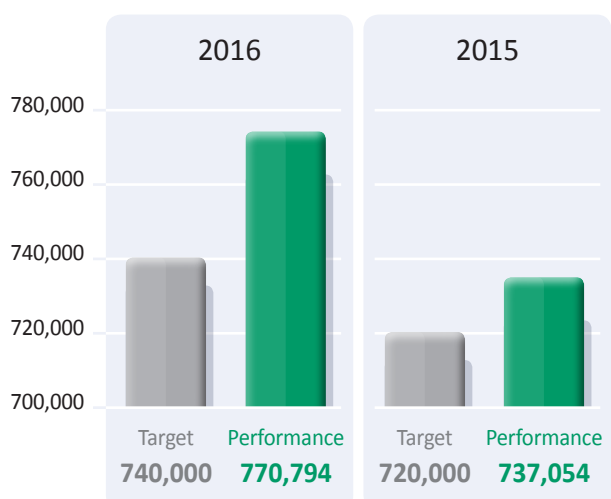
Levy performance



Taxed vehicles not on MID



CIE IALs issued



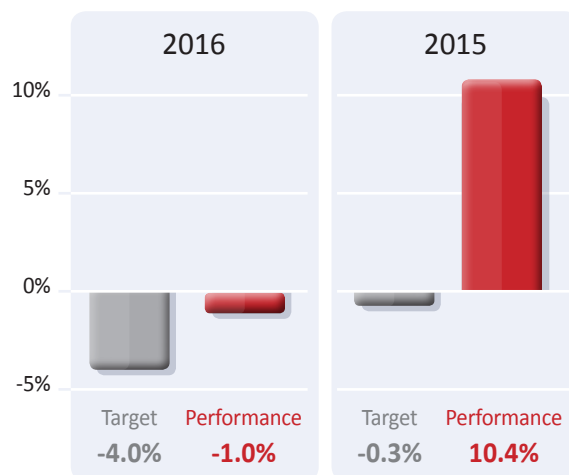
Working with the police and DVLA is however, just one element of an effective strategy. Continuously engaging with motorists, their families, friends and passengers remains a vital part of the overall strategy. The year saw the continued investment in our awareness campaign with the launch of a second video, on YouTube, and a supporting digital and social media campaign. The campaign has performed well on paid media channels resulting in 20.2m views and impressions from September to December 2016. In 2017 we will look to continue using digital and social media as a way to reach the target audience and consider how best to use a range of influencers within the community to promote the 'drive insured' message.

MIB levy

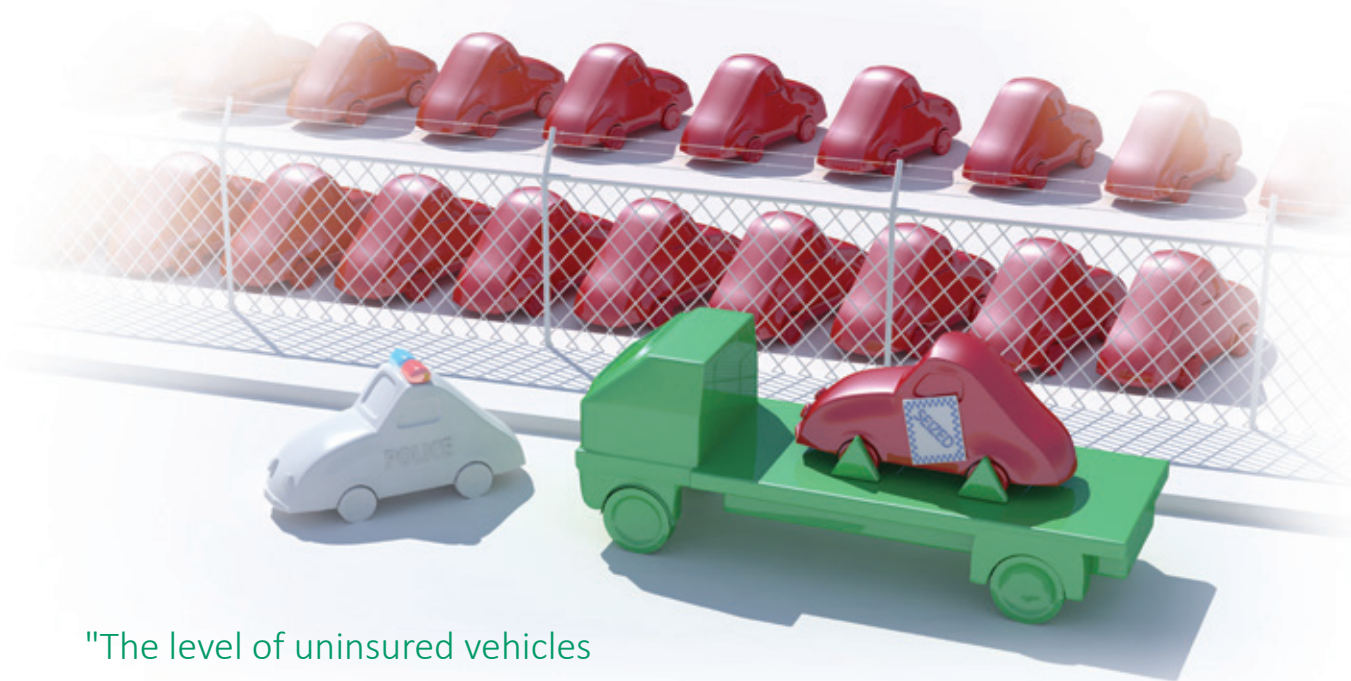
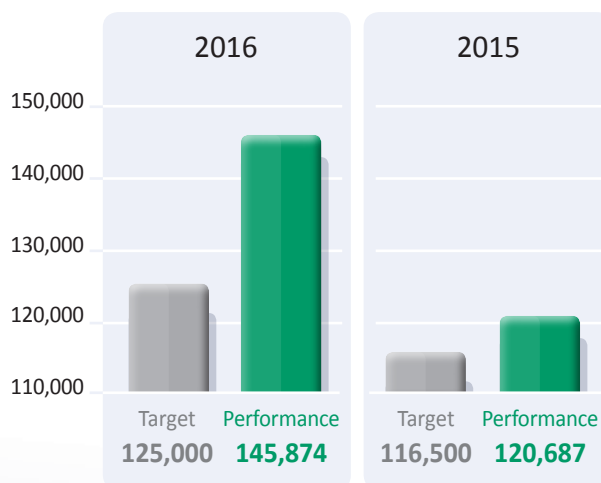
In relation to the MIB levy, in 2016 we collected £250.0m against payments of £220.5m. The increase in payments against 2015 expenditure was expected due to the increase in outstanding reserves in 2015 and the Deregulation Act changes.

Even with an increase in reserves the base levy for 2017, following discussions with external actuaries, has been held at the same level as 2016. There is also an additional £12m being collected to fund the payments arising from claims to MIB resulting from changes introduced by the Deregulation Act 2015. However, it should be noted that this is simply a shift from direct funding by Members to payment by MIB – it is not an additional cost to Members overall.

Increase / (decrease) in MIB GF claims



Number of police seizures



"The level of uninsured vehicles seized by the police increased by 21% in 2016."

Chief Executive's statement (continued)

However, as a result of a change in the discount rate, which is used to calculate personal injury claims, from 2.5% to minus 0.75% and is referred to in the Chairman's statement, we do anticipate a significant increase in the levy in 2018.

By way of illustration as to the significance of the discount rate change we only need to consider its impact on MIB claims provisions at 31 December 2016 which show an increase in liabilities of £310.1m (17.5%) as a direct result of the change.

Claims Services

A further rise in new reported 'hit and run' (untraced) driver claims continued to present challenges within the Claims Services area with the combined outstanding portfolio ending 10.5% higher than the previous year. In addition to the requirement to recruit additional resources, the opportunity was taken to undertake a fundamental review of the claim processes and procedures governing the way we manage and handle 'hit and run' claims.

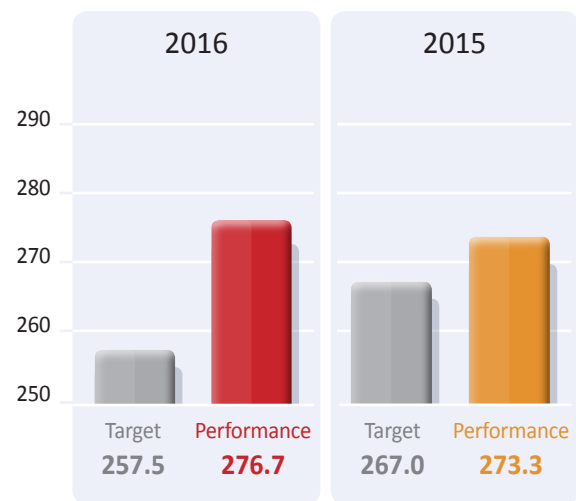
"Our focus is on transforming our claims operations to reduce the overall Guarantee Fund portfolio and improve the customer experience by shortening the lifecycle of untraced claims."

Therefore, the Untraced Claims Transformation Project was initiated during the year with the aim of improving overall effectiveness and efficiency. Launched in the early part of 2017 the project is anticipated to deliver efficiency improvements and ultimately, a reduction in the overall Guarantee Fund portfolio during 2017 whilst also improving the customer experience by shortening the lifecycle of untraced claims.

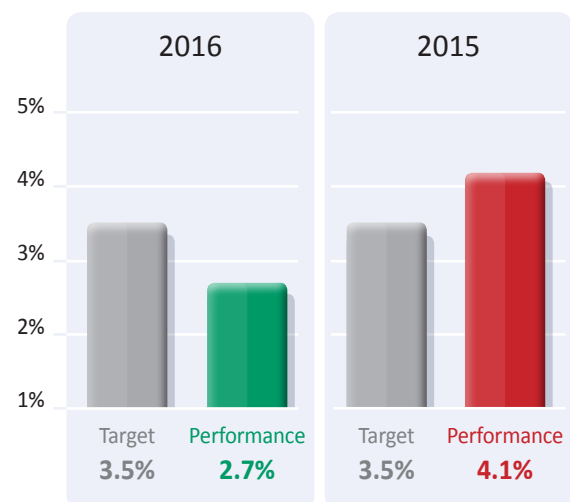
Whilst the targeted portfolio reduction was not achieved in 2016, the quality and customer engagement metrics exceeded target. The quality audit scores remained positive, achieving a score of 95.5% and the leakage performance achieving an excellent result of 2.7%.

Also the customer engagement result was positive with a net satisfaction score of 85.8%, a significant increase from 2015, and complaint levels were at a relatively low level despite the handling challenges outlined.

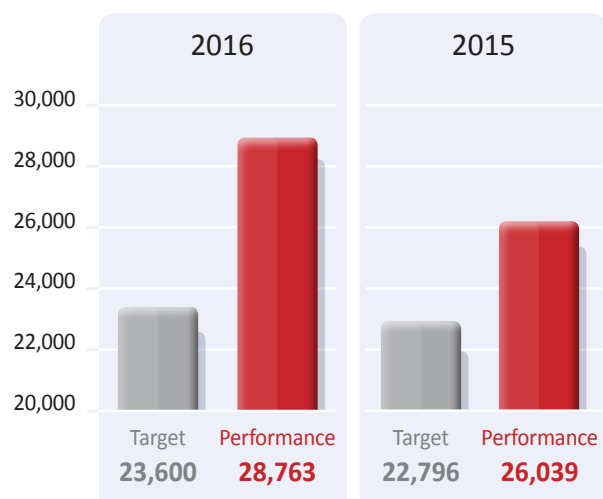
Total average lifecycle



Leakage



Outstanding portfolio



Reducing and deterring fraud remains a priority for the motor insurance industry. Likewise, here at MIB we play a key role in detecting fraudulent claims. During the year £25.8m of fraud savings were recorded, exceeding last year's performance.

Work on a new Untraced Drivers Agreement was completed in 2016 with the new Agreement effective from 1 March 2017. The new Agreement delivers a number of improvements made to ensure that it remains fair and legally compliant.

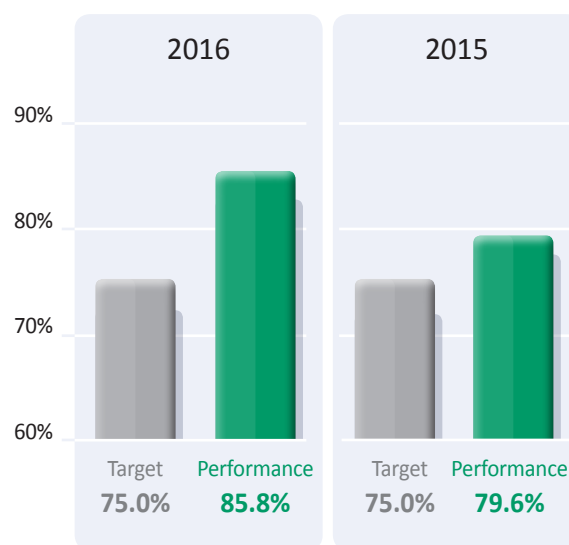
The completion of this work was somewhat delayed by Judicial Review proceedings commenced against the Government by RoadPeace, a charity for road crash victims. These proceedings challenged many aspects of the MIB agreements as well as the statutory and case law framework that surrounds motor insurance and the compensatory regime in the UK. We assisted the Government with issues raised and also took an active part as an 'interested party' named in the proceedings themselves. At the time of writing this case has been heard but we are still awaiting the judgement.

Ever since the European Court released its judgment in the Slovenian case of Damijan Vnuk, we have been actively involved in highlighting the potential issues this case creates. After much work with the ABI, the Department for Transport, MEPs and the European Commission, the publication of the 'Inception Impact Assessment' by the Commission was welcome. Further, at the end of 2016 the Government launched its consultation which we have responded to in detail.

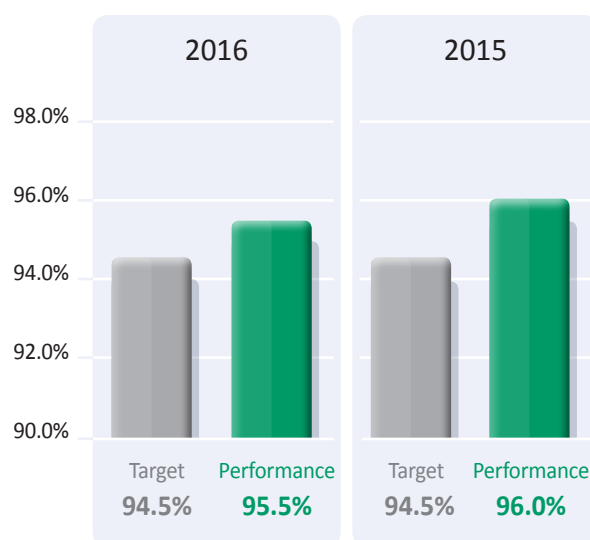
In July, the Supreme Court delivered its judgment in *Moreno v MIB*. The issue was how to assess damages for a UK victim of an accident with an uninsured driver whilst abroad. We were pleased that the Court entirely agreed with our position and overturned two previous Court of Appeal decisions and this means that claims will be assessed according to the law of the country of accident; exactly as they would in a case against an insured driver.

This will also mean MIB will be able to recover the outlay in full from our foreign counterparts avoiding any shortfall which would otherwise be funded by UK motorists.

Customer engagement index



Quality audit scores



"Reducing and deterring fraud is a priority for MIB and in 2016 we recorded £25.8m worth of fraud savings, exceeding 2015's performance."

Chief Executive's statement (continued)

"MIB continues to highlight the potential issues that the European Court of Justice's judgment on the Vnuk case creates."



MIB Non-Claims Services

The data services element of MIB activities forms an integral part of cross-industry data sharing initiatives, particularly in addressing the problem of insurance fraud whether organised crime or individuals committing fraud at the claim or policy application stage. A common theme for these services is ensuring they are available, stable and that the security controls are resilient, appropriate and effective.

MIB Non-Claims Services include the following services/databases:

- MyLicence - a service to ensure accurate driver histories and entitlements are captured at the point of quote.
- No Claims Discount (NCD) - helps ensure that no claims discount data is shared across the industry and reduces 'chasing the paperwork'.
- askMID - provides fast access to the MID data including from the roadside using a smart phone.

- askCUE PI - provides information specified in the Civil Procedure Rules (CPR) to claimant lawyers.
- Claims and Underwriting Exchange (CUE) - enables insurers to access details of incident/claims to combat claims and application fraud.
- Motor Insurance Anti-Fraud & Theft Register (MIAFTR) - used to monitor vehicles written-off for insurance purposes, trace and recover stolen vehicles and help detect fraud.

Work in 2016 has primarily focussed on further strengthening our governance and information security capabilities. This includes, an enhanced governance framework through the integration of Insurance Database Services Limited (IDSL) into MIB and the establishment of the Insurance Data Advisory Board (IDAB) to oversee the development of the services, including new uses of data, for the benefit of the industry and stakeholders.

MIB Non-Claims Services performance

	Target 2016	Performance 2016	Target 2015	Performance 2015
MyLicence service take up	50.0%	36.4%	50.0%	25.6%
AskMID service availability	99.0%	99.9%	99.0%	100.0%
AskMID potential improper enquiries	1.3%	0.7%	2.6%	2.8%
CUE & MIAFTR customer satisfaction	50.0%	50.0%	75.0%	44.0%
MIAFTR availability	99.5%	100.0%	99.5%	99.9%



Non-MIB Managed Services

Delivering excellent service for client companies is our aim at MIB. During the year we helped to deliver improvements to systems managed by MIB

on behalf of Claims Portal Limited, Employers' Liability Tracing Office (ELTO) and MedCo Registration Solutions (MedCo).

Non-MIB Managed Services performance

	Target 2016	Performance 2016	Target 2015	Performance 2015
IFB customer satisfaction	84.0%	81.0%	87.0%	81.0%
IFB budget	100.0%	91.1%	100.0%	84.6%
Claims Portal budget	100.0%	87.7%	100.0%	79.7%
Claims Portal system availability	99.0%	99.9%	97.5%	99.6%
ELTO user satisfaction	50.0%	57.0%	50.0%	55.0%
ELTO member satisfaction	66.0%	69.0%	75.0%	40.0%
ELTO budget	100.0%	99.9%	100.0%	95.8%
ELTO system availability	99.5%	100.0%	99.5%	100.0%

Risk management

With the increasing breadth of service activity for MIB, there is an enhanced focus on effective governance and control. A robust risk management framework is central to the efficient and successful management of MIB. It provides a positive method to help manage key business issues such as information security. The Risk and Compliance team oversees all of MIB's risk management controls in adherence to the principles and guidelines of ISO 31000. The team is responsible for helping to ensure that appropriate risk management behaviours are embedded into our business culture.

We have continued to enhance MIB's application of the ISO 27001 standard through our Information Security Management System (ISMS). In June 2016, MIB achieved re-certification to the standard with no areas for improvement being highlighted. Work will continue to ensure all our staff are focussed on the importance of securing data.

A new risk management framework has been introduced, supported by a revised version of the software used to manage our risk profile. Monthly risk councils have been introduced to drive risk performance, reduce risk exposure and enhance risk based decision making.

MIB has also maintained its ISO 22301 Business Continuity certification and we will continue to test its validity throughout 2017.

Internal audit

The Internal Audit team provides assurance to the MIB Board and Executive Committee that the risk of MIB not achieving its business goals and strategy are being effectively managed and that appropriate controls are in place and applied to mitigate this risk. In addition the team delivers audit services agreed with third parties and MIB's client companies. It is anticipated that the team will expand in 2017 due to increased demands for its services from MIB's client companies such as MedCo and ELTO.

Chief Executive's statement (continued)

MIB colleagues take part in a business continuity training workshop.



People

Nurturing and promoting a culture that encourages learning and fosters talent and professional excellence is at the centre of our approach to developing our people. By developing the capability and expertise of our staff, MIB has earned a reputation as a knowledgeable, dependable and secure organisation. We must work to maintain this industry respect and ensure that we acquire new skills to equip our business for the digital future.

It is pleasing to see that many individuals at MIB are actively developing their skills and knowledge. In 2016 we continued to develop the MIB Leadership Skills Framework for all 'MIB Leaders'. The development of key leadership skills will help to ensure that we can meet the future needs of the changing business landscape while supporting our commitment to develop talent and invest in succession planning. MIB successfully renewed its 'Investor in People' accreditation in 2016. This is important recognition and acknowledgement of the learning and development support we offer to all our employees.

We remain committed to maintaining MIB's Chartered Insurer status with focus on ethical conduct and customer service. This is reinforced in the MIB values that direct employees in the way they deliver their work to our diverse range of customers.

Listening and responding to employee feedback is conducted through our annual employee engagement survey. The survey results are communicated to all staff and action plans for areas of improvement are agreed.

In 2016 the areas achieving a high score included a strong understanding of how departmental goals fit into our overall strategic objectives, being personally motivated to help MIB to be successful and respecting MIB's values and principles.

And finally

Our corporate values guide and inspire us but they also reflect the ethos of MIB. We have a real focus on working to the highest ethical principles while putting our customers first. By taking a strong customer-centric approach we are constantly looking to improve the way we deliver our services and the manner in which we operate. We can only achieve this however, through the continuing effort and enthusiasm of the people who work here.

I would like to thank everyone for their endeavours in 2016 and for their continued support in 2017. We know that our people are committed to the purpose of MIB and it is rewarding to see everyone succeed in their role and to take pride in what they do. Each year brings fresh challenges and opportunities and we rely on working together to make an impact on the lives of claimants at an individual level and to reduce the negative impact of uninsured and 'hit and run' driving for the benefit of our wider society.

A handwritten signature in black ink, appearing to read 'Ashton West'.

Ashton West OBE

Chief Executive – 23 May 2017

Strategic report

The Board presents its report and the audited financial statements of the Motor Insurers' Bureau for the year ended 31 December 2016.

Group status

The Directors confirm that MIB remains a Group limited by guarantee, without a 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) 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.
- b) Act as the UK Information Centre and reimburse peer Compensation Bodies who have paid foreign victims of accidents in the UK, in accordance with the equivalent legal provisions implementing the Fourth Directive 2000/26/EC (now encompassed within 2009/103/EC).
- 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).

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 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 2016. MIB continues to have the support of its Members.

The income included within the consolidated statement of comprehensive income of £657.7m comprises the cash levy called of £209.4m plus the movement in uncalled levy of £441.0m which represents the movement in claims provisions; see note 3 for detail.

Strategic report (continued)

Board of Directors

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

Chairman



S Maddock

Direct Line Group
Chairman - 04.03.2014 •
Non-Executive Director
09.06. 2011 •

Executive Directors



A West OBE

Chief Executive
Motor Insurers' Bureau
14.04.2003 •



A Sherman

Chief Financial Officer
Motor Insurers' Bureau
09.02.2009 •

Non-Executive Directors

• Date of appointment



D Clayden

QBE Insurance
11.09.2009 •



I Currie

RSA
10.09.2010 •



A Clarke

Ageas
10.09.2010 •



D Slater

Acromas
27.03.2013 •



S Baker

AXA Insurance
03.04.2013 •



C Fresneau

Zurich Insurance
07.09.2015 •



S Fernandes

Liverpool Victoria
15.12.2015 •



J Abboud

Allianz Insurance
11.03.2016 •

Appointments

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

Executive Directors: **None**

Non-Executive Directors: **R Townend, Aviva, 08.05.2017**

Resignations

S Treloar, Aviva, 04.03.2014 • 29.04.2016

L Rix, Aviva, 17.06.2016 • 08.05.2017

M Bacon, Equity Red Star, 31.03.2011 • 08.05.2017

Board attendance

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

Name	Board meetings				Audit and Risk Committee	
	29.03.16	24.05.16	30.09.16	25.11.16	03.05.16	01.11.16
S Maddock	●	●	●	●	•	•
A West	●	●	●	●	●	●
A Sherman	●	●	●	●	●	●
D Clayden	○	○	●	●	○	●
I Currie	●	○	●	●	•	•
A Clarke	●	●	●	●	○	●
M Bacon	●	○	○	○	•	•
D Slater	●	●	●	●	•	•
S Baker	●	●	●	●	•	•
S Treloar	●	•	•	•	•	•
C Fresneau	●	●	●	●	○	●
S Fernandes	●	●	●	●	•	•
J Abboud	●	●	●	○	•	•
L Rix	•	•	●	●	•	•

● = Present ○ = Absent • = N/A

Committee Members

Name	Audit and Risk Committee	Remuneration Committee	Nomination Committee	Investment Committee	Levy Group
S Maddock	•	●	●	•	•
A West	•	•	●	●	●
A Sherman	•	•	●	●	●
D Clayden	Chair	•	•	•	•
I Currie	•	Chair	•	•	•
A Clarke	●	•	•	●	•
M Bacon	•	•	●	•	●
D Slater	•	•	•	Chair	Chair
S Baker	•	●	•	•	•
C Fresneau	●	•	Chair	•	•
S Fernandes	•	•	•	•	•
J Abboud	•	•	•	•	•
L Rix	•	•	•	•	•

● = Member

Strategic report (continued)

Membership details

During the year the following companies were accepted as Members of MIB:

Name	Date of joining
Berkshire Hathaway International Insurance Ltd	23.02.2016
R&Q Insurance (Malta) Ltd	29.11.2016

The following companies ceased being Members:

Name	Membership ceased
Preserve Insurance Company Ltd	01.04.2016
Enterprise Insurance Company Plc	26.10.2016
Gable Insurance AG	31.10.2016
Liberty Mutual Insurance Europe Ltd	01.11.2016
Liberty Managing Agency Ltd	01.11.2016

Statement of disclosure of information to auditors

Each of the persons who are Directors at the time when this report is approved 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.

Employee policy

MIB is committed to delivering excellence and views technical competence as one of the foundations of this. To increase professional qualifications within the organisation it has in place the MIB Qualifications Framework which links promotion and progression to the requirement to have a level of academic or vocational qualification.

The learning and development initiatives delivered in 2016 were focussed on ensuring that MIB provides the skills and knowledge required for its people to carry out their duties within the changing environment in which they work.

MIB promotes diversity and aims to provide a working environment where all employees are valued and respected.

MIB recognises the importance of regular communication to its employees to ensure they are kept up to date of business activities and priorities. Employees are rewarded for their contribution through instant, monthly and annual awards and attention is given to activities that support engagement and retention.

Charitable donations

Details of charitable donations are highlighted in the Corporate Social Responsibility note within the corporate governance statement.

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

Directors' report

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

Wendy Budd
MIB Company Secretary



Statement of Directors' responsibility

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;
- 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.

The Board approved the Strategic report and Directors' report and these were signed on their behalf by:



Wendy Budd
Company Secretary
23 May 2017

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, enabling 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

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

The Board provides direction to MIB, supervising MIB 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 our organisation 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
- 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 management as appropriate. Non-Executive Directors can serve three terms of three years. The Chairman can serve two terms of four years but can serve a maximum of nine years on the Board. 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.

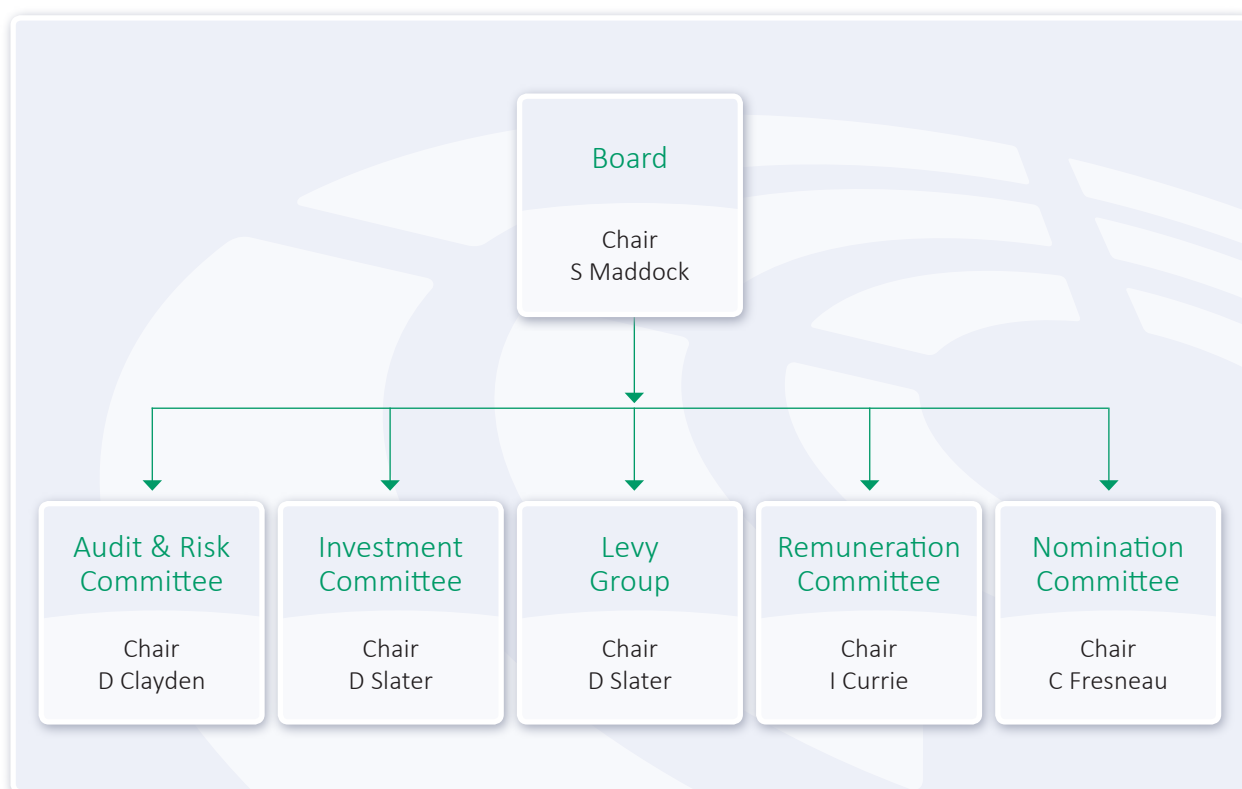
"Ensuring that MIB's long-term strategy promotes the interest of our Members, customers, employees and the business community in which we operate is the responsibility of the Board."

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 separate Terms of Reference.

Audit and Risk Committee

The Audit and Risk Committee is comprised of three Non-Executive Directors. Both the Head of Audit and the Chief Risk Officer have direct reporting lines into the Chair of the Audit and Risk Committee. The MIB Chief Executive Officer and Chief Financial Officer are invited to attend by the Non-Executive Directors as well as any MIB Officer that the Committee feels appropriate. It meets every six months.



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.
 - Approves and challenges the Internal Audit plans of scheduled work and ensures that such work provides assurance over the key risks to MIB meeting its corporate objectives.
 - Ensures 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 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 internal controls. Internal Audit has access to all areas of the business and plans its work on a risk-based approach so that it

can identify, prioritise and agree with the Audit and Risk Committee and Executive Committee where its resource is allocated to provide the required levels of assurance.

In 2016, Internal Audit continued to use the specialist services of our co-sourced partner KPMG and also utilised the services of AXA Insurance to undertake an independent review of the MIB claims handling services on behalf of Members. All assurance providers present their findings and recommendations to the Audit and Risk Committee.

"The Board provides direction to ensure MIB operates ethically and with robust corporate governance practices to determine the nature and extent of the risks we are willing to take to achieve success."

Early in 2016 KPMG issued a report resulting from their review of MIB Internal Audit services and provided assurance to the Audit and Risk Committee that these services were fit for purpose in relation to the quality, independence and objectivity of Internal Audit and its professional staff.

Corporate governance statement (continued)

Through Internal Audit's reviews of claims handling quality and claims leakage, it was able to provide the Audit and Risk Committee with assurance that these were well managed and met the agreed key performance indicators.

While further work remains to further develop MIB's management of key suppliers and contracts, Internal Audit were able to provide assurance that significant progress had been made and that robust plans are in place to complete this development during 2017.

Internal Audit has also enhanced the alignment of its plans with MIB Risk and Compliance and its enhanced risk management framework and updated risk appetite statements and worked to develop a combined assurance Group that will be developed and introduced in 2017.

Through its close working practices and ability to challenge the business, Internal Audit was able to provide assurance to the Audit and Risk Committee that business areas were addressing any issues identified by all assurance providers and that agreed actions were being clearly defined and delivered.

"By embedding risk management behaviours within MIB culture and integrated into key business activities we are able to respond effectively as new threats and opportunities emerge."

2. Risk management

Good risk management is essential to the success of MIB. MIB operates a Three Lines of Defence model and is fully committed to ensuring that its risk management framework remains appropriate, effective and in line with the principles and good practice guidelines of the ISO 31000 risk management standard. The ISO framework provides MIB with a systematic approach to managing the risks it faces.

The MIB Risk Management Framework is the cornerstone for the monthly risk councils, held across the organisation. These councils proactively identify

emerging risks, allocate appropriate risk owners and drive accountabilities for successful mitigation and resolution to an agreed timeframe. The detail from each risk council feeds the MIB Corporate Risk Register and allows the organisation to set key risk indicators and key performance indicators to ensure that we are delivering successful outcomes.

In 2016, MIB invested in detailed risk management training for all managers and risk awareness training for all supporting roles. By embedding risk management behaviours within the culture and integrated into the key business activities, MIB is able to respond to change effectively as new threats and opportunities emerge.

MIB successfully renewed its ISO 27001 Information Security Management System certification and ISO 22301 Business Continuity Management System certification during 2016. The Risk and Compliance team delivered very successful audit results whereby 'no non-conformities' were identified. In fact, our co-sourced audit partner identified numerous examples of best practice governing the controls that affect our people, processes and technology.

3. Compliance

MIB's compliance with the ISO 27001 and 22301 standards provides a systematic approach to management of the confidentiality, integrity and availability of the data we control. MIB's focus to continually improve our capabilities is evidenced in the strong engagement between Risk and Compliance, Audit and IT teams.

Compliance activities across the services we provide continue to be extremely proactive and capitalise on quality management information and the monitoring of user behaviour to identify potential misuse. All external compliance visits follow a risk-based selection. The Risk and Compliance team provides detailed feedback reports and ensures that user education is refreshed, re-affirming expectation where necessary. Where visits fall outside of expectation, Risk and Compliance works proactively with Internal Audit to ensure risks are highlighted and swiftly mitigated.

4. Health and safety

MIB recognises the vital importance of health and safety within our organisation. We operate, 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 a minimum of two Non-Executive Directors and two Executive Directors. The role of the Committee is to provide investment strategy recommendations and monitor the investment policies and procedures of MIB.

Levy Group

The Levy Group comprises of 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 three 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 has oversight of the remuneration arrangements of MIB employees.

Reporting to the Remuneration Committee is the Pre-Remuneration Committee; the Pre-Remuneration Committee oversees MIB's HR strategies and ensures that its practices and procedures are in line with those operated by Members. It also monitors MIB's performance in respect of issues including equal pay, turnover of staff and sickness levels.

The Pre-Remuneration Committee is made up of a minimum of two Non-Executive Directors, two Executive Directors, the Head of HR and representatives from Members.

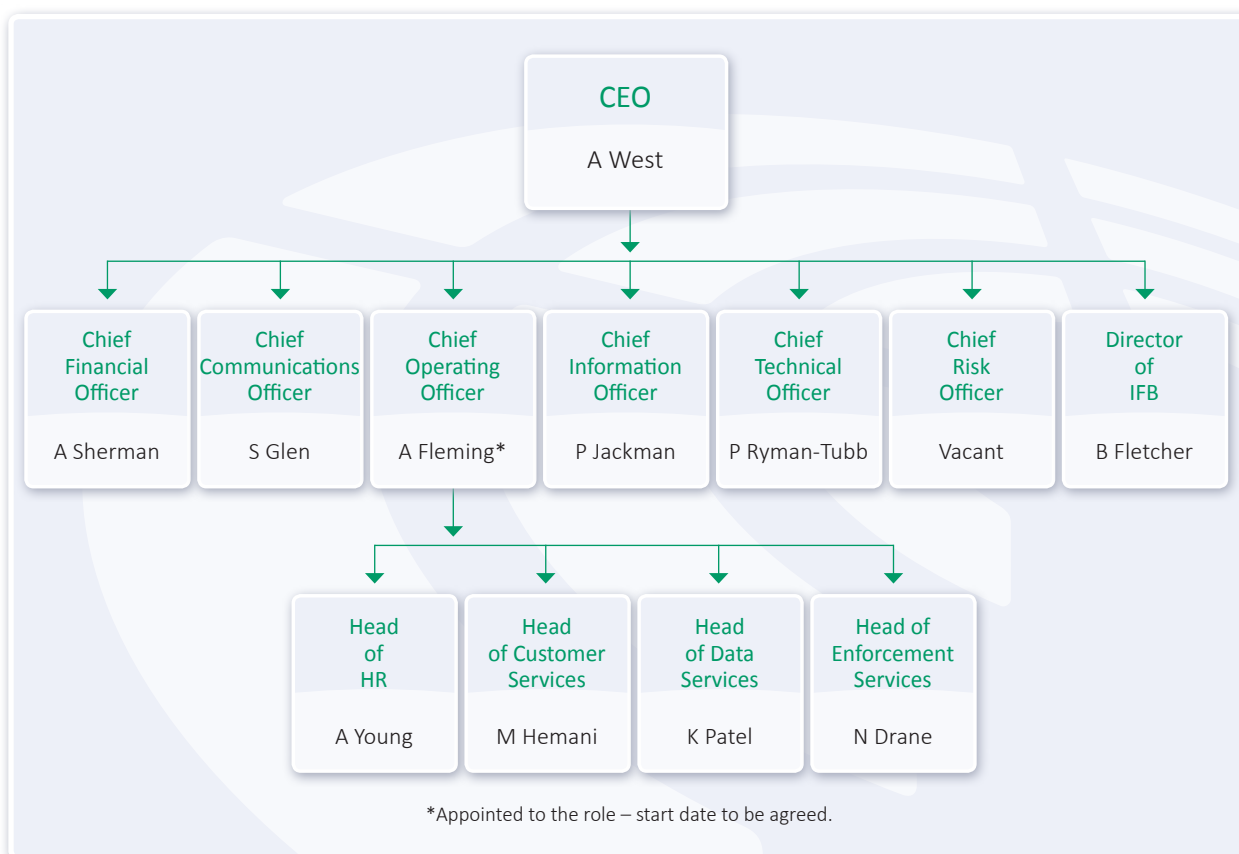
Nomination Committee

The Nomination Committee comprises a minimum of three 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 operation risk management and regulatory good practice. In fulfilling his executive role, the CEO acts within the authority delegated to him by the Board.

Corporate governance statement (continued)



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 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 Financial Officer) and the following: Chief Communications Officer, Chief Operating Officer, Chief Information Officer, Chief Technical Officer, Chief Risk Officer and the Director of the Insurance Fraud Bureau (IFB).

"The Executive Committee focuses on the strategic elements of our work and the department heads, as part of the Senior Leadership Team, lead the business to deliver our objectives."

IT Governance Board

The IT Governance Board comprises a minimum of five attendees, two of which must be Senior Leadership Team members and one Information Security and Compliance Officer. The Head of Information Services will usually chair the meetings. The role of the IT Governance Board is to ensure that the security of information under MIB's management is protected against current and emerging cyber threats and that appropriate controls are implemented to identify, protect, detect, respond and recover from any potential information security attack.

People

In 2016 we carried out a review to look at the organisational leadership requirements, particularly in the light of the changing environment and the increasing focus on technology, risk management, information security, stakeholder engagement and overarching good governance.

As a result of this review some changes were introduced to enhance the strategic vision across the Senior Leadership Team and an Executive Committee has

"The commitment to excellence and competence is the foundation of our drive to increase professional qualifications within our organisation."



been created to achieve this. The Executive Committee focuses on the strategic elements of our work and the department heads, as part of the Senior Leadership Team, lead the business to deliver our objectives.

Our future direction, as set out in our strategic review document, reinforces the importance of ensuring the organisation is set up to enable us to deliver what is required and is able to attract and retain high-calibre individuals. In addition to the restructure, a salary and benefits review was carried out by Willis Towers Watson and it concluded that the salaries and benefits offered within the Milton Keynes office were generally on a par with the market.

All learning and development initiatives in 2016 have ensured that MIB continues to grow its people to be technically competent and to develop the skills and experience required to carry out their duties. This is evidenced by the successful re-accreditation of our Investors in People award and also the MIB Claims Academy by the Chartered Insurance Institute (CII).

The contribution and influence required from our leaders to meet current and future challenges continues to be crucial. To this end we developed a tailored framework for developing our leadership

skills and we commenced rolling this out during 2016. Succession planning has also been an area of focus and a clear and robust succession planning process has been defined and implemented.

The commitment to excellence and competence is the foundation of the MIB drive to increase professional qualifications within the organisation. The MIB Qualifications Framework (MQF), which links promotion and progression to a level of academic or vocational qualification, has successfully continued throughout the year.

Following the introduction of our new MIB Values in 2015 we have continued to embed them into the business. As part of this a review of our recognition awards was undertaken and re-launched as the 'MIB Excellence Awards'. These awards provide an opportunity to reward our people who have shown a significant level of commitment and contribution to their work at MIB.

The annual employee engagement survey for 2016 was carried out. The results are communicated to all employees and action plans for improvement are agreed.

Corporate governance statement (continued)

Corporate Social Responsibility (CSR)

MIB aims to be a responsible employer and with the help of our team of CSR volunteers we encourage a culture where individuals think more widely about the impact of their behaviour beyond the scope of their employment. Our CSR framework is built around four areas: workplace, community, marketplace and environment.

Workplace

We continue to strive for excellence across the business with new learning initiatives being implemented and recognising the contribution from our employees through instant, monthly and annual award schemes. Employee engagement is an ongoing focus which is underpinned by an annual staff survey and improvement plans implemented to respond to feedback in areas such as well-being and employee communication.

"MIB aims to be a responsible employer and with the help of our CSR volunteers we encourage a culture where individuals think about the impact of their behaviour beyond the scope of their employment."

MIB is an Equal Opportunities employer and we are committed to ensuring that we provide an inclusive working environment that ensures employees are recruited, promoted, transferred and selected for training on the basis of their qualifications, skills, abilities and aptitudes.

An equal pay exercise is conducted twice a year to ensure there are no inconsistencies in remuneration between men and women. A gender pay report has also been produced in readiness for the new requirement to publish this data by April 2018 and, when compared to the financial services benchmarking data, MIB is in a positive position. We will not be complacent and will maintain focus on reducing the gender gap.

Marketplace

MIB recognised the growing public concern surrounding unsolicited 'scam' claim telephone calls and in some instances the use of MIB's name in these calls. To tackle the issue we have been warning the public about the nature of these scams and encouraging those affected to report their experience to the Information Commissioner's Office (ICO). We now have a 'scam call' reporting form on the MIB website. We are sharing this collective information with the ICO to help indicate the scale of the problem and the impact to MIB while also helping to identify the culprits of these scams.

Community

In 2016 we continued to develop our long-standing relationship with The Children's Trust, a charity which provides care, support and rehabilitation for children who have suffered a brain injury many of which are the result of road traffic accidents. To support the charity's work, the CSR team helped to raise over £19,000 in 2016 by managing a range of events from marathons to cake sales. MIB uses the 'Pennies from Heaven' scheme to enable employees to donate to The Children's Trust directly from their monthly salaries. Employees also volunteered to give their time to take part in the Trust's 'Gardening challenges' at its national centre.

Environment

We seek to implement and maintain initiatives to reduce the impact that our operations have on the environment. Although paper usage increased in 2016 due to additional business requirements, our carbon footprint was reduced by 28% compared to 2015 through improvements to the management of MIB's Milton Keynes building.

We acknowledge that culturally we are on a journey to reduce our operational impact on the environment. In 2017 MIB will begin the first phase of a digital transformation programme. This will result in the evolution of our operations so that there is greater digital focus on the services we provide to Members, stakeholders and the public which is line with consumer demand and will see a reduction in the use of paper-based documentation.

Members of the CSR team take time out from helping to maintain the gardens at the Children's Trust national centre in Surrey.



“MIB has been supporting The Children’s Trust since 2008, raising nearly £100,000 for our charity. They visit our national specialist centre in Surrey each year to help us maintain our gardens for the children and their families and regularly take part in challenge events and other fundraising activities to help The Children’s Trust continue to provide specialist rehabilitation and therapy for children who have sustained a brain injury following an accident or illness. Their tireless support means we can give children the best recovery possible.”

Jessica Allchin, Community Fundraising Manager, The Children’s Trust

Strengthening our police partnership

MIB and our partners, ranging from 43 UK police forces to insurers and government agencies, have been working together to reduce the number of uninsured drivers on UK roads. In fact by working in partnership the level of uninsured driving has reduced by around 50% in the last 10 years from 2million to 1million.

Two key measures have contributed to this achievement enabling authorities to tackle the issue on a scale that had not been seen before. In 2005 the police were given the power to seize a vehicle for having no insurance. Six years later, through the introduction of Continuous Insurance Enforcement, it became an offence to be the registered keeper of a vehicle which is not insured.

We know that a visible police presence on our roads makes an impact in tackling uninsured driving. A renewed focus by the police to target uninsured driving resulted in 2016 being an outstanding year in terms of the number of vehicles seized by the police for this offence. In total 145,000 vehicles were seized across the UK in 2016 and MIB's Police Helpline played a role in supporting this enforcement activity.

The true value of any partnership is in the willingness to listen to each other's perspective and engage in ways to mutually make progress. The first national week of police action in 2016 aimed at combatting motorists without insurance was one such collaboration. MIB conceived the idea but it took the governance of the National Roads Policing Intelligence Forum and the willingness of forces across the UK to make it a success.

The week of action made an impact. It resulted in the highest number of vehicles seized by the police in a one-week period with 1138 seizures while extensive national and regional media coverage shone a spotlight on the issue. It will now be an annual event contributing not just to reducing uninsured driving but to general road safety. This opens the door for other road safety partners to join the initiative.

Highlighting not only the impact but the collective social responsibility to drive a vehicle with insurance is the theme of our Gone in Seconds awareness campaign. Our campaign seeks to draw upon the ability of others to influence those who choose to drive without insurance to help create safer roads and communities. Winning the battle for the hearts and minds of people to change their behaviour can take a generation but we and our partners will continue to stand together, resolute in our efforts.

"Renewed focus by the police to target uninsured driving resulted in 2016 being an outstanding year – in total 145,000 uninsured vehicles were seized by police for driving without insurance."



GONE IN SECONDS

www.goneinseconds.org.uk

#goneinseconds

Chairman's statement

Chief Executive's statement

Strategic report

Directors' report

Corporate governance statement

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Glossary

Understanding why drivers ‘hit and run’

‘Hit and run’ driving, also known as untraced driving, is now emerging as an issue that needs to be tackled for the benefit of society. Department for Transport data shows that in just over 12% of road traffic accidents reported to the police where someone is injured, a ‘hit and run’ driver is involved.

This is the second year in succession that Department for Transport data shows that there has been an increase in these types of accidents, which is now reversing the trend witnessed over the past decade. In parallel, in recent years we have seen a steady increase in the number of claims submitted to MIB relating to a driver who could not be traced.

Drivers who ‘hit and run’ can be convicted of the serious offences of failing to stop and failing to report an accident which can result in imprisonment. Yet despite these serious consequences there has been a lack of research which identifies ‘hit and run’ driver behaviours and motivations.

Successful interventions have already been implemented by the government, MIB and the insurance industry to reduce the levels of uninsured driving such as the development of the Motor Insurance Database and the introduction of Continuous Insurance Enforcement. MIB has a responsibility towards the victims of untraced drivers and we want to see a reduction of a similar scale for ‘hit and run’ driving. Our view is that behavioural insight derived from an independent, academic study can be used to develop preventative strategies to address ‘hit and run’ driving.

This belief prompted us to commission the Department of Criminology at the University of Leicester to undertake such a study. The research, split into two phases, has been invaluable.

Phase one involved the research team surveying people who had been convicted of committing a ‘hit and run’ offence and conducting further interviews to understand why they left the scene. As a result the team has identified six broad categories of ‘hit and run’ drivers that are linked to distinct motivational behaviours. Interestingly the research revealed that there is a public perception that motoring offences are not ‘real crimes’ and therefore there is a tendency for drivers to justify their behaviour.

Using the phase one findings, the university team then interviewed government and industry stakeholders and other interested parties to gain their views on possible interventions to help tackle the social and criminal issues connected to the issue of ‘hit and run’.

Based on this insight we are now working with our Members in the insurance industry and our partners including government, police and road safety groups to take forward recommendations focused on the education of drivers about their responsibilities and the development of easy ways to report accidents.

"There is a public perception that motoring offences are not ‘real crimes’ and so there is a tendency for drivers to justify their behaviour."

Importantly, the research has highlighted to us that there is a lack of information and understanding from the victim’s perspective. We plan to commission further research with the university and once complete we will share the evidence to mobilise support from interested parties to press for meaningful changes. It is after all what responsible road users would expect.

Read about the research at:
www.mib.org.uk/hitandrun

STOP



Improving consumer trust in the insurance sector

The honest policyholder wants quick, easy access to competitive premiums and the confidence that their policy is based on the right details. Faster quotes, more accurate information and the pricing of an insurance policy based on actual risk not just perceived risk are the demand. This requires trusted, accurate data and MIB is at the heart of providing such data for the benefit of insurers and their customers.

Through the build of the Motor Insurance Database, the data from which underpins police enforcement activity and Continuous Insurance Enforcement, MIB has developed a capability and expertise in data asset management and is an independent, trusted partner to the insurance industry for the delivery and management of other data initiatives such as the Employers' Liability Database. The challenge we now face is how we keep up with industry demand for new data-sharing programmes.

Recent insurer requests to MIB include the development of the MyLicence and No Claims Discount (NCD) services. These two services provide reliable information about customer driving histories which facilitate an accurate quotation process and ensure that the most competitive quote can be provided. The MyLicence service makes it easier for policyholders to get an accurate, fair insurance price and harder for dishonest drivers to cheat their way to lower premiums.

Where these and other data services are being used, such as the Claims and Underwriting Exchange (CUE) the industry requirement is robust, reliable data. In CUE we are supporting this by reviewing the Data Dictionary to ensure that claims data recorded by the insurance industry is standardised and therefore consistent while the introduction of a centralised master version of the CUE database is also helping to improve the data exchange between insurers.

Although CUE is the central database for motor, home and personal injury claims, we are responding to industry demand to include additional product lines. We are building CUE Travel to address a growing concern that fraud within the travel insurance sector is increasing. This product will provide a template for other insurance lines to be included on the CUE database.

The recommendations from the Insurance Fraud Taskforce echo our belief that the insurance industry must continue to work together to improve the quality, quantity and accessibility of data. The taskforce's particular recommendation that the public should be able to easily check their own claims histories is an area we are exploring as we identify the most effective way to create a public access service to the CUE database.

"Insurers using the range of data services provided by MIB benefit from accurate pricing which helps to create a better customer journey and improve consumer trust."

Businesses which have made investment in systems are standing head and shoulders above those using legacy systems and old architecture. Those embracing new digital systems are successfully utilising the range of data services, provided by MIB, across the customer journey. The result: insurers benefit from providing accurate pricing which helps to create a better customer journey and improve consumer trust combined with the ability to combat opportunistic and organised fraud. It's a win-win approach.



Independent auditors' report

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

We have audited the financial statements of the Motor Insurers' Bureau Group for the year ended 31 December 2016 which are set out on pages 36 to 55. The Financial Reporting Framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the 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 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 Company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the statement of Directors' responsibility set out on page 19, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Boards (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2016 and of the Group's result for the year then ended;
- the Group financial statements have been properly

prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Company Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter(s) prescribed by the Companies Act 2006

In our opinion 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.

In the light of the knowledge and understanding of the Group and 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

David Roberts

Senior Statutory Auditor

For and on behalf of
BDO LLP, Statutory Auditor
55 Baker Street
London W1U 7EU

24 May 2017



FINANCIAL STATEMENTS

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Consolidated statement of comprehensive income

For the year ended 31 December 2016

		Consolidated		Company	
	Notes	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Income					
Leviable premium	3	650,413	282,732	650,413	282,732
Other operating income	5	7,316	6,688	5,572	4,846
Total income		657,729	289,420	655,985	287,587
Expenditure					
Net claims paid		(194,316)	(179,055)	(194,316)	(179,055)
Decrease / (Increase) in claims provision	4	(432,704)	(78,647)	(432,704)	(78,647)
		(627,020)	(257,702)	(627,020)	(257,702)
Administrative expenses	6	(34,158)	(34,040)	(32,414)	(32,198)
Operating profit / (loss)		(3,449)	(2,322)	(3,449)	(2,322)
Financial income	7	3,381	4,859	3,381	4,859
Financial expenses	8	(1,646)	(2,541)	(1,646)	(2,541)
Profit on acquisition	9	1,714	-	1,714	-
Net income / (expenditure) before tax		-	(4)	-	(4)
Income tax refund / (expense)	11	-	4	-	4
Net income / (expenditure) after tax		-	-	-	-
Other comprehensive income					
Items that will not be reclassified to SoCI					
Actuarial (loss) / gain on retirement benefits	10	(9,521)	991	(9,521)	991
Items that will or may be reclassified to SoCI					
Adjustment in leviable premiums for actuarial (loss) / gain on retirement benefits		9,521	(991)	9,521	(991)
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 form an integral part of these financial statements.

Consolidated statement of financial position

As at 31 December 2016

	Notes	Consolidated		Company	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
Assets					
Non-current assets					
Intangible Assets	13	214	-	214	-
Property, plant and equipment	12	4,174	4,172	4,174	4,172
		4,388	4,172	4,388	4,172
Current assets					
Trade and other receivables	17	2,045,182	1,574,005	2,044,916	1,572,801
Cash and cash equivalents	14	4,306	12,810	3,969	9,172
Financial investments	15	90,557	92,558	90,557	92,558
		2,140,045	1,679,373	2,139,441	1,674,531
Total assets		2,144,433	1,683,545	2,143,829	1,678,703
Liabilities					
Non-current liabilities					
Retirement benefit obligations	10	18,393	10,545	18,393	10,545
Provisions	4	1,866,029	1,439,642	1,866,029	1,439,642
Creditors > 1 yr	16	173	-	173	-
		1,884,595	1,450,187	1,884,595	1,450,187
Current liabilities					
Trade and other payables	16	33,285	13,391	32,681	8,549
Retirement benefit obligations	10	1,567	1,298	1,567	1,298
Provisions	4	224,986	218,669	224,986	218,669
		259,838	233,358	259,234	228,516
Total liabilities		2,144,433	1,683,545	2,143,829	1,678,703

The financial statements on pages 36 to 55 were approved and authorised for issue by the Board of Directors on 23 May 2017 and were signed on its behalf by



Steve Maddock
Chairman



Ashton West OBE
Director

The accompanying notes form an integral part of these financial statements.
Group Company Number 412787

Consolidated statement of cash flows

For the year ended 31 December 2016

		Consolidated		Company	
	Note	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash flows from operating activities					
Cash generated from operations	18	(13,453)	23,800	(10,152)	20,361
Interest received		3,381	4,859	3,381	4,859
Interest paid		-	-	-	-
Tax received		-	4	-	4
Net cash flows from operating activities		(10,072)	28,663	(6,771)	25,224
Cash flows from investing activities					
Purchases of property, plant and equipment	12	(112)	(109)	(112)	(109)
Purchases of intangible assets	13	(321)	-	(321)	-
Net change in financial investments		2,001	(20,282)	2,001	(20,282)
Net cash flows from investing activities		1,568	(20,391)	1,568	(20,391)
Net (decrease) / increase in cash and cash equivalents		(8,504)	8,272	(5,203)	4,833
Cash and cash equivalents at the beginning of the year	14	12,810	4,538	9,172	4,339
Net (decrease) / increase in cash and cash equivalents	19	(8,504)	8,272	(5,203)	4,833
Cash and cash equivalents at the end of the year		4,306	12,810	3,969	9,172

The accompanying notes 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.

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.

Standards, interpretation and amendments to published international accounting standards that are not yet effective

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2016 that had a significant effect on the Group or Company's financial statements. Furthermore, none of the amendments to the standards that are effective from that date had a significant effect on the financial statements.

At the date of authorisation of these financial statements IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" were issued but will not become effective until accounting periods beginning on or after 1 January 2018 and IFRS 16 "Leases" was issued but will not become effective until accounting periods beginning on or after 1 January 2019. These accounting standards have not been applied in these financial statements as the impact is still being assessed. Other accounting standards that have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2017 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Group.

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. 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 estimated value of those claims that are "incurred but not reported". 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 and supplementary agreement costs.

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

Net claims paid

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

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

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

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

Leases where a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made as lessees under operating leases are charged to the income and expenditure statement on a straight-line basis over the period of the lease.

There are no material finance leases affecting MIB as either lessor or lessee.

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 income and expenditure statement. 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 10.

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 at 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 judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment 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 judgements include:

i) Provisions

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 are 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.

The provisions carried in MIB's financial statements are similar in nature to those dealt with under IFRS 4 "Insurance Contracts". Whilst MIB does not issue insurance contracts as defined in IFRS 4, the Directors are of the opinion that the standard contains the most relevant accounting guidance in relation to the valuation of MIB's provisions.

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

- 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.
- The projections include allocated costs such as legal expenses.
- The provisions are undiscounted with the exception of longer term, periodical payments, which are individually discounted on a case by case basis taking an appropriate annuity factor corresponding to the assumed life expectancy.

Notes to the financial statements (continued)

1. Principal accounting policies (continued)

- 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.

2. Employee costs and numbers

Particulars of employee costs (including Executive Directors) were as follows:	Consolidated and Company	
	2016 £'000	2015 £'000
Wages and salaries	13,988	12,172
Social security costs	1,328	1,213
Pension contributions – Defined benefit	1,487	1,212
– Defined contribution	1,196	1,012
Other staff costs	105	117
	18,104	15,726

Average number of employees (including Executive Directors) were:

	No.	No.
MIB claims operations (including Internal Audit)	190	203
MID services (including Contact Centre)	77	64
MIB / MID support	176	133
IFB	35	31
	478	431

Directors' remuneration	Consolidated and Company	
	2016 £'000	2015 £'000
The remuneration of the Directors was as follows:		
Emoluments (including benefits in kind)	518	475
Pension contributions	17	20
	535	495
Highest paid Director:		
Emoluments	333	296
Pension contributions	-	-
	333	296
Pension / lump sums received	18	347

MIB has ceased paying into the highest paid Director's pension as the Director is now a pensioner of the Group's defined benefit scheme.

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	1	1

Key management personnel

Apart from the Executive Directors, there are a number of senior executives (Executive Management Team up to September 2016 after which it became the Executive Committee and the members reduced) whose roles influence the ability of the Group to meet its strategic objectives. The remuneration of the Executive Management Team / Executive Committee was as follows:

	Consolidated and Company	
	2016 £'000	2015 £'000
Emoluments (including benefits in kind)	543	637
Pension contributions	104	108
	647	745
Number of executives at the statement of financial position date	3	7

3. Leviable premium

	Consolidated and Company	
	2016 £'000	2015 £'000
Levy called	249,459	242,777
Surplus levy return	(40,000)	(15,000)
Movement in uncalled levy	440,954	54,955
Leviable premium	650,413	282,732

	Consolidated and Company	
	2016 £'000	2015 £'000
Movement in uncalled levy		
Increase / (decrease) in reserves provision	432,704	78,647
Other movements	8,250	(23,692)
Movement in uncalled levy	440,954	54,955

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 17 of £2,018m (2015: £1,568m) 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. Whilst 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 2016 is likely to be in the order of £16bn. Therefore, a risk would only be presented if the entire motor insurance market was to fail.

Notes to the financial statements (continued)

4. Provisions

	Consolidated and Company	
	2016 £'000	2015 £'000
Claims provision and expenditure		
Claims provision at 31 December 2016	2,091,015	1,658,311
Claims provision at 31 December 2015	(1,658,311)	(1,579,664)
Net movement in claims	432,704	78,647
Claims paid less recoveries	194,316	179,055
Claims expenditure during the year	627,020	257,702
Claims provision at 31 December 2016 – non current	1,866,029	1,439,642
Claims provision at 31 December 2016 – current	224,986	218,669
	2,091,015	1,658,311

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 reserve 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 communication becoming available about the current circumstances. Case estimates are therefore reviewed regularly and updated if new information becomes available.

Claims Incurred But Not Yet Reported (IBNR)

This represents the total liability of 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 2016. The data is used to project the cost of future claims using generally accepted actuarial techniques. The IBNR provision for 2016 is £204.0m (2015: £169.9m).

Claims Incurred But Not Enough Reported (IBNER)

The IBNER provision for 2016 is (£59.9m) (2015: (£47.6m)). 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.

Ogden discount rate

On 27 February 2017, the Ministry of Justice announced a new Ogden discount rate of minus 0.75% per annum to become effective from 20 March 2017 and a review of the framework under which the rate is set. 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 in the light of the government review of the topic. The Group considers the risks to the rate in future as

being significant but broadly balanced and therefore provisions at the current proposed rate of minus 0.75% per annum with no additional allowance for further movements. Additionally, the policy of the Group regarding the active use of periodic payment orders (see below) partially mitigates the cash flow uncertainty arising from this change.

The change included as a result of this change in discount rate is £310.1m.

Discounting of long-term provisions

A number of high value claims are settled by way of periodical payments. These are long-term structured settlements agreed by the claimant and the Group whereby the claimant receives on-going payments, largely towards future care costs for the entirety of his or her life. Each structured settlement includes the provision for future increases 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 1.0% 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 had the following impact on the value of provisions as at 31 December 2016:

	Consolidated and Company	
	2016 £'000	2015 £'000
Gross reserves	367,432	379,640
Net discount with discount factor	71,286	19,960
Net reserves	438,718	399,600

As cases relating to ASHE have a negative discount factor and almost all of the cases discounted have an ASHE index 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, both internally and externally. 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.

5. Other income

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
General enquiries	8	17	8	17
Additional levy	2	5	2	5
Electronic vehicle licence fees	36	34	36	34
Third party MID enquiries	822	683	822	683
Fees for management services	6,448	5,949	4,704	4,107
Other income	7,316	6,688	5,572	4,846

Notes to the financial statements (continued)

6. Administration expenses

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Claims related fees	2,120	2,808	2,120	2,808
Operational services	29,949	29,152	29,824	29,028
Rechargeable expenses	1,619	1,718	-	-
Operating lease costs	122	107	122	107
Depreciation	110	109	110	109
Amortisation	107	-	107	-
Auditors' remuneration – audit	57	62	57	62
– taxation	9	4	9	4
Council of Bureaux fees	65	80	65	80
	34,158	34,040	32,414	32,198

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	
	2016 £'000	2015 £'000
Bank deposit interest	34	50
UK Government gilt interest	2,132	2,345
Other interest earned	1,215	2,464
	3,381	4,859

8. Finance expenses

	Consolidated and Company	
	2016 £'000	2015 £'000
Gilt transactions	41	86
Decrease in market value of gilts	1,111	1,970
Pension costs – IAS 19	494	485
	1,646	2,541

9. Profit on acquisition

	Consolidated and Company	
	2016 £'000	2015 £'000
Transfer of Insurance Database Services Limited	1,714	-
	1,714	-

The assets of Insurance Database Services Limited were transferred in total to the Motor Insurers' Bureau on 16 October 2016 for nil consideration. As such all profit has been recognised through the statement of comprehensive income.

10. Retirement benefit obligations

The Group operates a defined benefit pension scheme based on final pensionable earnings. The funds are administered by trustees and are independent of the Group's finances. This 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 Scottish Widows, the scheme's independent actuaries, the most recent being as at 1 January 2015 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 2016.

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. This valuation indicates that the scheme is 48.5% funded. The market value of the scheme's assets at the valuation date was £18,779,000. The pension cost for the year was £1,487,067 (2015: £1,212,091). As at 1 April 2016 the continuing pension cost was set at 38.4% of pensionable salaries (rising by 1.0% on 1 January 2019 and 0.6% annually thereafter) plus a fixed deficit funding amount of £1,009,000 per annum.

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

	2016 % pa	2015 % pa	2014 % pa	2013 % pa	2012 % pa
Discount rate	2.6	4.0	3.6	4.6	4.3
Expected rate of future salary increases	3.9	3.8	3.5	3.9	3.4
Expected rate of future pension increases	3.3	3.2	3.0	3.3	2.9
Underlying expected inflation rate (RPI)	3.5	3.4	3.1	3.5	3.0

The market value of assets in the scheme were £18,779,000 (2015: £16,625,000; 2014: £16,044,000; 2013: £14,727,000; 2012: £13,171,000).

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:

	Fair value				
	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Equities	7,637	6,115	6,304	6,029	5,506
Bonds	2,604	2,988	2,763	2,651	2,100
Property	723	882	914	824	746
Other	7,815	6,640	6,063	5,223	4,819
Fair value of assets	18,779	16,625	16,044	14,727	13,171
Present value of liabilities	(38,739)	(28,468)	(28,824)	(24,120)	(23,459)
Related deferred tax	-	-	-	-	-
Net pension liability	(19,960)	(11,843)	(12,780)	(9,393)	(10,288)

Notes to the financial statements (continued)

10. Retirement benefit obligations (continued)

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

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Deficit at 1 January 2016	(11,843)	(12,780)	(9,393)	(10,288)	(7,740)
Current service cost	(713)	(834)	(783)	(803)	(732)
Contributions	1,541	1,265	1,299	1,333	1,378
Other finance cost	(494)	(485)	(467)	(477)	(499)
Actuarial gain / (loss)	(9,521)	991	(3,436)	842	(2,695)
Past service costs	1,070	-	-	-	-
Deficit at 31 December 2016	(19,960)	(11,843)	(12,780)	(9,393)	(10,288)

Analysis of the amount charged to administrative expenses:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Current service cost	713	834	783	803	732
Past service cost	(1,070)	-	-	-	-
Total operating charge	(357)	834	783	803	732

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

Interest income on plan assets	-	-	-	-	(454)
Administration costs (excl. asset management costs)	36	33	33	36	-
Interest on liabilities	458	452	434	441	953
Other finance costs	494	485	467	477	499
Total charge for year	137	1,319	1,250	1,280	1,231

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:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Return on plan assets less interest income on plan assets	554	(593)	(80)	126	93
Experience gains and losses arising on liabilities	303	237	876	194	(283)
Changes in assumptions underlying the present value of the liabilities	(10,378)	1,347	(4,232)	522	(2,505)
Total actuarial (loss) / gain	(9,521)	991	(3,436)	842	(2,695)

Amounts recognised in the statement of financial position:

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Present value of funded obligations	(38,739)	(28,468)	(28,824)	(24,120)	(23,459)
Fair value of assets	18,779	16,625	16,044	14,727	13,171
Net liability recognised in the statement of financial position	(19,960)	(11,843)	(12,780)	(9,393)	(10,288)

The Group expects to contribute £1,700,000 to the defined benefit scheme in 2017. Actual return on plan assets for 2016 was £1,238,000 (2015: (£4,000)).

Sensitivity Analysis

Assumption	Estimated increase/ (decrease) to obligation		Estimated increase/ (decrease) to obligation	
	Plus	£'000	Minus	£'000
Discount rate	0.1%	(935)	0.1%	964
RPI	0.1%	525	0.1%	(513)
CPI	0.1%	300	0.1%	(287)
Salary	0.1%	41	0.1%	(41)
Life expectancy	1 year	(1,437)	1 year	1,448

11. Taxation

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Current tax expense				
UK corporation tax at 20% (2015: 20.25%)	-	4	-	4
Adjustment in respect of prior periods	-	-	-	-
Total current tax	-	4	-	4
Factors affecting the tax charge for the period				
(Loss) / profit before tax	-	(4)	-	(4)
Tax expense using the UK corporation tax rate of 20% (2015 20.25%)	-	(1)	-	(1)
Non-deductible expenses	41	6	41	6
Income not taxable for tax purposes	(279)	-	(279)	-
Deferred tax not recognised	238	(1)	238	(1)
	-	4	-	4

The Group has a deferred tax asset of approximately £242,000 (2015: £43,000) which is not recognised on the grounds that there is insufficient evidence that the asset will be recoverable against suitable taxable income.

12. Property, plant and equipment – Consolidated and Company

	Freehold property £'000	Fixtures & fittings £'000	Computers £'000	Total £'000
Cost				
At 1 January 2016	3,950	775	1,798	6,523
Additions	-	28	84	112
At 31 December 2016	3,950	803	1,882	6,635
Depreciation				
At 1 January 2016	-	652	1,699	2,351
Charge for year	-	37	73	110
At 31 December 2016	-	689	1,772	2,461
Net book value				
At 31 December 2016	3,950	114	110	4,174
At 31 December 2015	3,950	124	99	4,172

A revaluation was undertaken by an independent valuer effective 31 December 2015. If the property was to be carried under the cost model the value would be £3,725k.

Notes to the financial statements (continued)

13. Intangible assets – Consolidated and Company

	Intangible assets £'000	Total £'000
Cost		
At 1 January 2016	-	-
Additions	321	321
At 31 December 2016	321	321
Amortisation		
At 1 January 2016	-	-
Charge for year	107	107
At 31 December 2016	107	107
Net book value		
At 31 December 2016	214	214
At 31 December 2015	-	-

14. Cash and cash equivalents

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash at bank and in hand	4,306	12,810	3,969	9,172
	4,306	12,810	3,969	9,172

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

15. Financial investments – Consolidated and Company

	2016 £'000	2015 £'000
UK Government gilts	90,557	92,558

The carrying amounts of these assets approximate their fair value. UK Government gilts are valued at bid market price as at 31 December 2016. Additionally, the company owns £1 investment in each of its four subsidiaries. See note 19 for details.

16. Trade and other payables

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade payables	565	506	479	72
Advanced levy payments	1,852	3,181	1,852	3,181
Accrued expenses	3,069	2,728	3,069	2,728
Other payables	27,799	6,976	27,281	2,568
	33,285	13,391	32,681	8,549

17. Trade and other receivables

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Additional levy receivable	2,018,366	1,568,116	2,018,366	1,568,116
Intercompany receivables	-	-	372	87
Other trade receivables	24,805	3,486	24,478	2,769
Prepayments	903	634	903	634
Other receivables	1,108	1,769	797	1,195
	2,045,182	1,574,005	2,044,916	1,572,801

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

	Consolidated		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Inflows from operating activities				
Operating profit / (loss)	(3,449)	(2,322)	(3,449)	(2,322)
Depreciation of property, plant and equipment	110	103	110	103
Amortisation of intangible assets	107	-	107	-
Profit on acquisition	1,714	-	1,714	-
Revaluation	-	(522)	-	(522)
Interest paid	-	-	-	-
Profit on sale of tangible fixed assets	-	(1)	-	(1)
(Increase) / Decrease in trade and other receivables	(471,177)	(47,616)	(472,114)	(46,277)
Increase / (Decrease) in trade and other payables	20,066	6,047	24,304	1,269
Increase / (Decrease) in provisions and other liabilities	440,822	70,652	440,822	70,652
Finance costs	(1,646)	(2,541)	(1,646)	(2,541)
	(13,453)	23,800	(10,152)	20,361

19. Reconciliation of opening to closing net debt

Reconciliation of opening to closing net debt - Consolidated	At 01.01.15 £'000	Cash flows £'000	Other non-cash changes £'000	At 31.12.15 £'000	Cash flows £'000	Other non-cash changes £'000	At 31.12.16 £'000
Cash and cash equivalents	4,538	8,272	-	12,810	(8,504)	-	4,306
Net debt	4,538	8,272	-	12,810	(8,504)	-	4,306
Reconciliation of opening to closing net debt - Company	At 01.01.15 £'000	Cash flows £'000	Other non-cash changes £'000	At 31.12.15 £'000	Cash flows £'000	Other non-cash changes £'000	At 31.12.16 £'000
Cash and cash equivalents	4,339	4,833	-	9,172	(5,203)	-	3,969
Net debt	4,339	4,833	-	9,172	(5,203)	-	3,969

Notes to the financial statements (continued)

20. Operating lease commitments

Future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	Consolidated and Company	
	2016 £'000	2015 £'000
Within 1 year	75	77
Later than 1 year and less than 5 years	243	58
Total operating lease commitments	318	135

21. 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.

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 Riverbank House, 2 Swan Lane, London, EC4R 3TT.

22. Contingent liability

Enterprise Insurance Company PLC (Enterprise), a MIB Member, writing insurance business from Gibraltar on a "Freedom of Services" (FoS) basis, was declared insolvent on 22 July 2016.

Arising from certain agreements entered into by MIB many years ago that were aimed at implementing the EU 'home country control' principle certain countries argue that MIB is liable for their costs in relation to motor claims where Enterprise, but for its insolvency, would have paid claimants.

We totally dispute this claim as MIB is not and never has been an insolvency guarantee fund as is apparent from the "carve out" in the relevant agreements in

relation to claims for which the UK compensation fund is responsible.

At this stage it remains difficult to estimate the quantum of any contingent liability. In the Report of the Provisional Liquidator dated 26 October 2016 there is reference to outstanding case file estimates and incurred but not yet reported liabilities in relation to motor business for the countries in question of £59.9m before reinsurance recoveries and £30.5m net of reinsurance recoveries. These figures take no account of any assets of Enterprise that may be available to meet such liabilities. If such assets as identified in the Report of the Provisional Liquidator were apportioned pro-rata against all liabilities this would reduce the above amounts by some £11.5m.

23. 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 of two 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 A West is a Director, totalling £4,213,554 (2015: £4,317,326).

As at 31 December 2016 the Group was owed £308,962 (2015: £534,336) from Insurance Fraud Bureau Limited.

During the year the Group provided management services to Insurance Database Services Limited, a company incorporated in England and Wales in which A West is a Director, totalling £747,126 (2015: £817,662).

As at 31 December 2016 the Group was owed £74,442 (2015: £113,831) from Insurance Database Services Limited.

24. Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk
- Reserving 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 who assumes overall responsibility for the establishment and oversight of the Group's risk management framework.

Notes to the financial statements (continued)

24. Financial risk management (continued)

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.

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 17 of £2,018m (2015: £1,568m) 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. Whilst 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 2016 is likely to be in the order of £16bn. Therefore, a risk would only be presented if the entire motor insurance market was to fail.

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.

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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash in hand and bank deposits				
Total cash in hand	4,306	12,810	3,969	9,172

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 and building societies 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.

	2016			2015		
	Actual £'000	+2% £'000	-2% £'000	Actual £'000	+2% £'000	-2% £'000
Interest receivable	34	593	-	50	377	-

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 £45.0m (2015: £61.0m) of which £2.2m represents cases where a standard reserve amount has been set (2015: £2.0m). Therefore, the maximum potential exposure to currency risk is £52.4m, which represents 3.2% 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 £14.8m (2015: £16.4m) or an increase of £9.6m (2015: £11.3m), based on an exchange rate of 1.171969 (2015: 1.358610) 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 state 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.

Advertising Value Equivalent (AVE)

AVE is what it would have cost MIB to purchase an equivalent amount of media coverage if it were advertising space or time. To calculate the AVE we measure the space (column inches) occupied by a clip or the time for radio and television coverage etc. We then multiply the column inches / duration by the advertising rate for that page or time slot.

Claims and Underwriting Exchange (CUE)

The Claims and Underwriting Exchange (CUE) is a central database of motor, home 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 the road (SORNed) 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.

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 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 23,000 claims in 2016 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)

The Motor Insurance Anti-Fraud and Theft Register (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 (38 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 (DVLA) 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 (MIBMSL)

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

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 ABI 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.







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