



# **Motor Insurers' Bureau**

## **2021 Annual Report and Accounts**

**Group Company Number 412787**

# In this report

Clickable



## The BIG Stuff

How we performed

<a href="#">A year in numbers</a>	3
<a href="#">From our Chair</a>	4
<a href="#">From our CEO</a>	6

## Operational Performance

Our impact in detail

<a href="#">Operational delivery</a>	9
<a href="#">How we performed (MIB Claims Services)</a>	9
<a href="#">How we performed (MIB Enforcement Services)</a>	10
<a href="#">Keeping uninsured drivers off our roads</a>	10
<a href="#">Delivering on our commitment to the whiplash reforms</a>	10
<a href="#">Our ongoing work in Europe and beyond</a>	11
<a href="#">Important legal changes</a>	11
<a href="#">MIB Managed Services</a>	12

## Building our future

Creating the modern, dynamic organisation you want to see

<a href="#">The MIB Transformation Programme</a>	14
--	----

## People & Culture

Supporting our people to be their best

<a href="#">Leaner. Faster. Better.</a>	15
<a href="#">Sharing our stories and successes</a>	19

## Financial Statements and Governance

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

<a href="#">Strategic report</a>	20
<a href="#">Directors' report</a>	23
<a href="#">Corporate Governance Statement</a>	28
<a href="#">Independent Auditors' report</a>	33
<a href="#">Consolidated and Company Statement of Comprehensive Income</a>	36
<a href="#">Consolidated and Company Statement of Financial Position</a>	37
<a href="#">Consolidated and Company Statement of Cash Flow</a>	38
<a href="#">Notes to the Financial Statements</a>	39

## Glossary

59

Clickable





# A year in numbers

## We helped the police to free our roads of uninsured drivers

**187,687**

advisory letters

were sent to drivers suspected of driving without insurance as part of Operation Tutelage. 78.2% took action to insure their vehicle.

We helped seize

**132,405**

uninsured vehicles through our police helpline and Motor Insurance Database (MID).

We answered

**59,772**

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

## We continued to be there for the people who need us

We launched

**Official Injury Claim**

on behalf of the Ministry of Justice on 31 May 2021. The services helped over 135,000 motorists make personal injury claims after a road accident in its first six months of operation.

We made

**4.8 billion records**

available to our members across the insurance industry.

We helped more than

**26,000 people**

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

## We played a vital role in the fight against insurance fraud

**Over eight million people**

saw our Crash for Cash hotspots awareness campaign,

which generated more than 600 pieces of media coverage across print and online news, radio and television.

**535**

intelligence reports

alerted our members to organised fraud networks.

**4,452**

reports of fraud

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

**Over 50,000 records**

are now held on the Insurance Fraud Register (IFR) –

a database of known fraudsters.

**£90.4 million**

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



## From our Chair

### **I'm delighted to be writing my first foreword to our Annual Report and Accounts, having been appointed chair of the MIB Board in January 2022.**

I'm honoured to take up the position from Steve Maddock who has steered the MIB Board with such dedication for the past seven years.

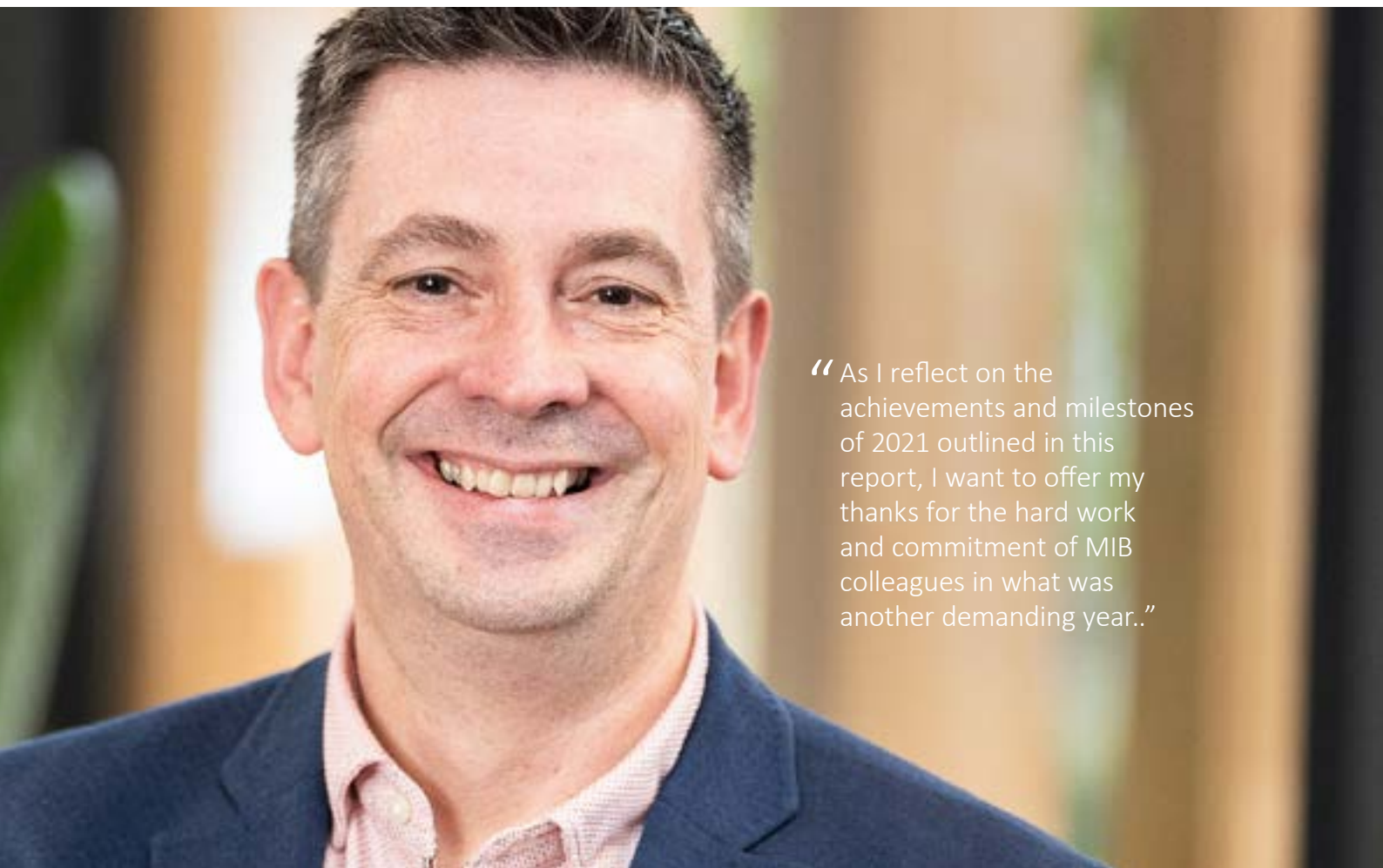
Steve's commitment to transforming the MIB and working with our people to create an exceptional culture was evident from the significant period of change he has led in recent years.

It is exciting to take up the challenge of leading that continuing transformation journey with the renewed dedication of the Board, our people and our partners.

And as I reflect on the achievements and milestones of 2021 outlined in this report, I want to offer my thanks for the hard work and commitment of MIB colleagues in what was another demanding year.

Despite a third national lockdown in early 2021, and continued COVID-19-related challenges throughout the year, we met and exceeded our targets and delivered on our ongoing strategy to evolve the MIB's services and culture.

Perhaps the difficult times we have experienced in the past two years have prompted many of



“As I reflect on the achievements and milestones of 2021 outlined in this report, I want to offer my thanks for the hard work and commitment of MIB colleagues in what was another demanding year..”



It was clear that a further, major project to transform our key services over the next few years was needed in a planned, phased approach. Work on this project has recently commenced

us to reflect on what really matters and how we can make an individual contribution to our wider society? That's why I am so proud to have joined an organisation that benefits so many. From keeping uninsured drivers off our roads, making sure their victims have access to compensation or providing our members with the very latest information that helps protect people from insurance fraud, the MIB makes a real difference to society.

### **Our continued focus on the issues that matter to us**

In May 2021 - as part of our commitment to the whiplash reforms - we saw the launch of the Official Injury Claim (OIC) on behalf of the Ministry of Justice (MoJ). This new service enables anyone to make a limited value motor claim without the need for legal representation. I am delighted the OIC saw a steady and significant increase in claims numbers since its launch, as the service became established and victims' claims were settled. My thanks to the MIB team for the successful culmination of the partnership work with the MoJ to launch OIC and a warm welcome to the dedicated new OIC team that carry out this important work.

Having done everything we could to make sure our members and UK motorists were protected at the end of the Brexit transition period, in 2021 we also continued to work with our partners in Europe and beyond to make progress in other key areas.

Throughout the year, the information we shared through our Motor Insurance Database (MID) and our dedicated police helpline helped keep more than 132,000 uninsured vehicles off our roads. We also supported 26,000 people injured in a motor vehicle receive the compensation they need to access medical treatment and focus on their recovery.

With our renewed commitment to the continued evolution of MIB's services and culture, we can help prepare for a future insurance market where those who continue to put others in danger on our roads become an ever-decreasing minority.

### **Our people, our purpose**

To meet the demands of the rapidly changing insurance industry, in 2021 MIB continued to focus on more cost-effective ways of working by improving automation and reviewing our organisational structure. We also found ways to improve our leadership, employee engagement and reward across the organisation.

In January 2022, Jessie Burrows and Anita Fernqvist joined the MIB Board. Their knowledge and experience will be an asset to the organisation and I look forward to working with them, and our entire Board, in leading MIB into an exciting, post-pandemic future.

### **Our ongoing, transformation journey**

Ensuring our organisation provides the agile, digital, cost-effective services that support our members' changing needs is more important than ever in a post-pandemic world. And after completing our MIB Transformation Programme to build the modern organisation our members and customers deserve ahead of schedule in 2021, MIB looked to the next phase of that change journey.

It was clear that a further, major project to transform our key services over the next few years was needed in a planned, phased approach. Work on this project has recently commenced, the outcomes of which will see us significantly enhance how members use our services.

This project starts with the integration and re-platforming of two of the central pillars of our organisation – the Motor Insurance Database (MID) and the Motor Insurance Anti-Fraud Theft Register (MIAFTR).

In 2021, we achieved significant progress in scoping and planning this important piece of work and an announcement of our project partner will be made in early 2022.

Again, I would like to thank the many colleagues across MIB and our supporting organisations. Through their continued hard work and commitment, we have emerged from an unprecedented and difficult period with a strengthened and renewed shared purpose.

I look forward to us working together in pursuit of that important purpose.

**Mike Crane**  
Chairman





## From our CEO

### A year of continued challenge and progress

#### Welcome to our 2021 Annual Report and Accounts.

If 2020 was the year the world changed, 2021 was the year we started the process of learning to live with the challenges COVID-19 presented and embed the processes we needed for a changed world.

And as the impacts of the pandemic continued to shape the needs of our customers, I was incredibly proud of how our team dedicated themselves to delivering further, significant progress in meeting those needs.

I was also pleased that, despite a second year of challenges, we met or exceeded 93% of our key performance indicators while making crucial progress on our ongoing strategy to evolve MIB's digital services and culture.

Yet as we worked together throughout 2021, we never lost sight of our vital, defining purpose – to make roads safer, to look after those injured by uninsured and hit-and-run drivers and provide the best information for our customers and partners.

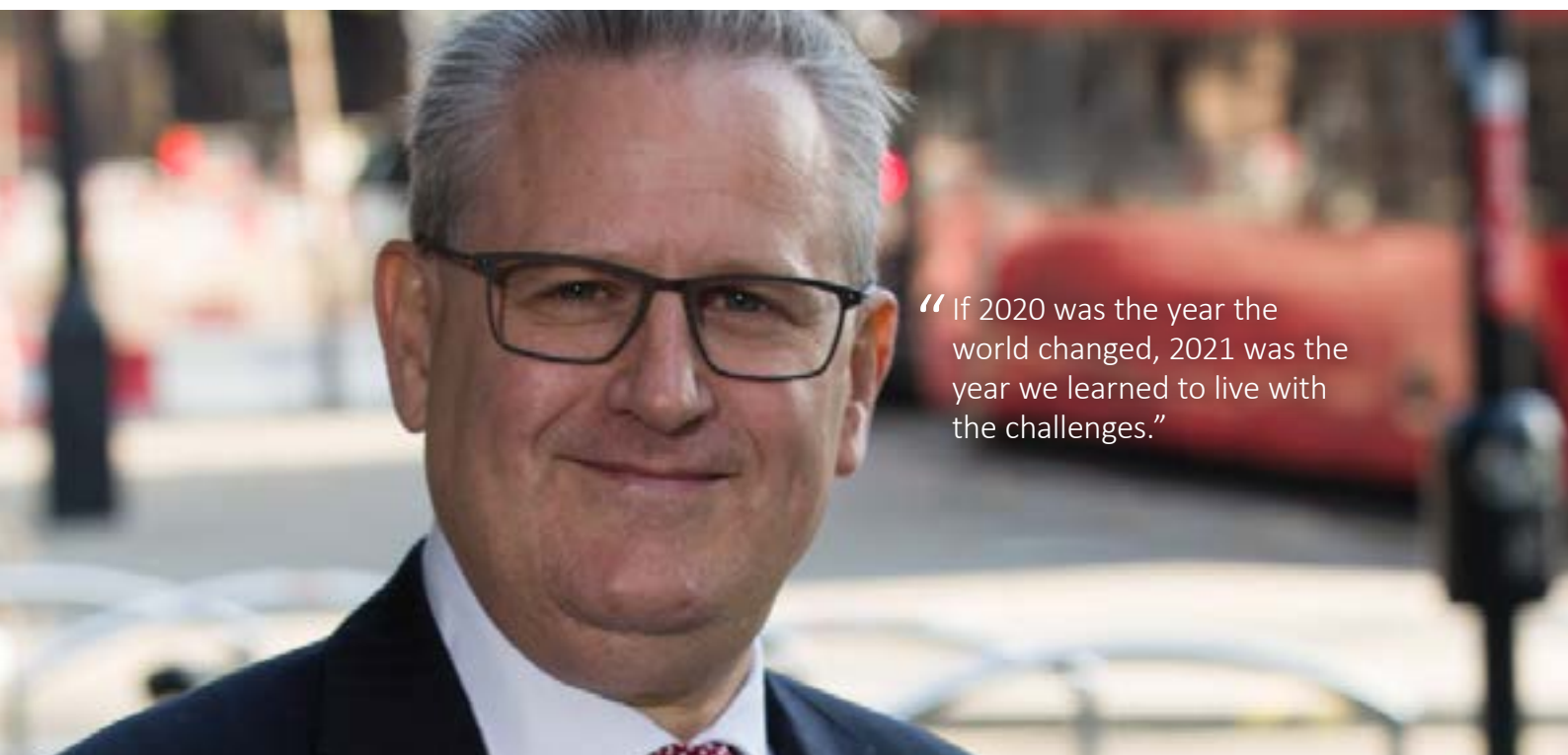
We helped more than 26,000 people injured by uninsured and hit-and-run drivers rebuild their lives. We played a vital role in making the roads you use safer and we continued to be a trusted source of information and vital data for the insurance industry.

And in November the 200,000th vehicle was directly insured as a result of Operation Tutelage – a fantastic milestone in this ongoing operation with our police partners to target persistent, uninsured drivers.

#### An ongoing journey to transform our services

Our commitment to transforming MIB's data services for our customers is ongoing. Having concluded our initial £9.6 million transformation programme in 2020 in modernising many of our technologies, we were determined to continue this journey of change.

Our customers expect, and deserve, to access our services through a high-quality, digital experience that evolves as the world around us changes.



“If 2020 was the year the world changed, 2021 was the year we learned to live with the challenges.”



In May 2021, we welcomed the launch of Official Injury Claim (OIC) which makes it quick and easy for anyone to make a claim after a road accident without legal representation.

In 2021 we accelerated our efforts to create a new generation of MIB services. We completed the successful migration of our claims platform Compass and planning started with the Insurance Fraud Bureau (IFB) Board and the General Insurance Fraud Committee (GIFC) on a full strategic review in 2022.

Crucially though, we delivered the comprehensive project plan that will begin with the complete integration of the Motor Insurance Database (MID) and the Motor Insurance Anti-Fraud Theft Register (MIAFTR).

Our plan will consolidate these services into a modern and secure cloud platform for our members to access a single source of high-quality data, available instantly in real-time. An announcement of our chosen digital partner is expected in 2022.

Our work to progress improvement to the Claims and Underwriting Exchange (CUE) and the MIB HUB will continue alongside this.

### **Delivering our part in the whiplash reforms**

In May 2021, we welcomed the launch of Official Injury Claim (OIC) which makes it quick and easy for anyone to make a claim after a road accident without legal representation.

Due to the unprecedented challenges faced by the pandemic, the government had delayed OIC's planned 2020 launch, but the online portal has now supported thousands of victims of small injury claims and paid out £5.5m in closed claims in the first six months (June-Dec 2021). Our new, dedicated OIC contact centre, established to support those customers with their claim, became fully operational with the creation of 71 new MIB roles.

### **Managing our relationship with Europe**

As we move on from Brexit we have continued to collaborate with our partners in the European Economic Area (EEA) and beyond.

We were delighted MIB was confirmed as the host of the 2024 General Assembly, a major annual international event to showcase the UK as an outward looking partner in the Green Card System, covering 47 countries in the EEA and beyond.

We supported the UK government to encourage the Romanian government to publish the legislation needed to bring our bilateral Protection of Visitors agreement with the Romanian Guarantee Fund into effect in September 2021.

Following the conclusion of updated Green Card agreements for the Channel Islands and the Isle of Man in late 2020, we signed new texts with the government of Gibraltar in 2021 and continued to work with the Northern Ireland Executive on updating the NI agreements.

In 2021 we made progress in removing the direct effect of the 2014 EU Vnuk judgment on MIB and supported the governments of Northern Ireland and Gibraltar in removing Vnuk from their laws.

We also engaged with the governments of the non-UK territories for which MIB acts as Green Card Bureau and Guarantee Fund – the Crown Dependencies (Guernsey, Jersey and Isle of Man) and Gibraltar.

### **Protecting the data entrusted to us**

As an organisation trusted by many to keep their data secure, we are always looking to do more to protect MIB from new, fast-moving, security threats. In 2021, we further strengthened our cyber-security operations, updating the technologies we rely on and improved awareness across the organisation. MIB security maturity is now at a level aligned to most data organisations and beyond the insurance industry.

### **Evolving our people and our culture**

I was delighted to welcome Faran Johnson as our new Chief People Officer, who will lead on the excellent work already undertaken to transform MIB's culture by outgoing CPO Jordan Barry who left the business in 2021.

We continue to face an increasing challenge of recruiting the talented individuals we need to help drive the organisation forward in the current environment.

Providing excellent MIB colleague benefits and a modern, flexible working environment are ways we can attract and retain the skilled, highly motivated people we need. As colleagues continued to work from home during the third national lockdown in early 2021, we recognised that the return to our MIB headquarters in Milton Keynes would require fresh thinking.

The Board committed to a complete refurbishment of our Milton Keynes offices to reflect new, agile ways of working and a strengthened commitment to the welfare and well-being of our colleagues.

This investment in our people and our continued commitment to their well-being is paying off. I'm delighted that in 2021 we surpassed the excellent 2020 result from our



In 2021 we put the incredible, individual stories of those we help and partner with at the heart of our communications. Sharing their stories is a profound and humbling reminder of the impact of the work we do at MIB.

Gallup Q12 survey. The survey, designed by some of the world's leading experts in employee engagement, revealed we ranked far above the market average - another fantastic achievement and a reflection of our commitment to evolving our culture.

### **A welcome to our new Chairman and Board members**

In January 2022 we welcomed Mike Crane as our new chairman. I'm delighted that Mike has accepted the challenge to keep pushing us to evolve so we can best support the industry and fulfil our ambitions.

Mike takes over from Steve Maddock, who has led the MIB Board since 2014. Under Steve's oversight, MIB embarked on the most ambitious period of transformation in our history. I'd like to thank Steve for his contribution to everything we have achieved together over the past seven years. We have progressed considerably during his time as Chair, and the Board, ExCo and everyone at MIB is grateful to him for his service.

We also welcomed Jessie Burrows and Anita Fernqvist to our Board in January 2022 and I look forward to working with them and Mike going forward.

### **Reflecting back and looking to the future**

As we begin to leave the worst effects of the pandemic behind, prospects for the UK economy are extremely fragile. Inflation appears likely to hit double digits, with a possible reduction in business expenditure leading to a fall in GDP. The conflict in the Ukraine will continue to have far-reaching and enduring economic, financial and humanitarian consequences. The conflict represents a challenge for the global economy, harming growth and putting further upward pressure on inflation. Political risk and uncertainty will drive up savings ratios and make firms more reluctant to invest. It is certain that these challenges will impact our work at MIB and of our partners and customers going forward.

### **Our stories, our purpose**

Finally, 2021 saw significant change in how we work but also the renewed commitment to our ongoing purpose – keeping uninsured drivers off our roads, making sure their victims have access to compensation and providing our members with information that helps protect people from insurance fraud.

In 2021 we put the incredible, individual stories of those we help and partner with at the heart of our communications. Sharing their stories is a profound and humbling reminder of the impact of the work we do at MIB.

I'm proud of the achievements of 2021 and to be a part of a team of brilliant and dedicated colleagues that puts helping people at the very heart of our purpose.

---

**Dominic Clayden**  
Chief Executive



# Operational Performance

How we helped protect the innocent and make roads safer

## Operational delivery

### How we performed (MIB Claims Services)

Supporting claims from those injured by an uninsured or hit and run driver is one of the corner-stones of our purpose at MIB. Making that process easier and more efficient was one of our key objectives of 2021. We were pleased to complete the successful migration of our outdated, legacy claims platform to a simpler and more efficient new system.

Despite the continued challenge of delivering such a major project while colleagues worked remotely, our new claims platform Compass went live in March 2021. We saw immediate benefits to customers, members and our

dedicated claims team and we'll continue to make further improvements to this vital platform going forward.

Interestingly, despite another period of national lockdown in early 2021 we saw an increase in the number of uninsured claims of 25% compared to the previous year and a 8.3% fall in the number of hit and run claims. In the second half of the year we saw a reduction in total claims of 6,000. Despite these challenges we exceeded our quality targets and maintained a strong leakage result.



Despite another period of national lockdown in early 2021 we saw **an increase in the number of uninsured claims of 25%** compared to the previous year.




#### New claims 2020 vs 2021

Uninsured claims **+ 25%**  
Hit-and-run claims **- 8.3%**

Throughout 2021 we saw an increase in Guarantee Fund claims of just under 3%. The increase was driven by uninsured claims rising 25% on 2020 levels. Interestingly, this reduction does not align with our members' experience with some reporting claims volumes reducing by up to 30% during the pandemic.

The increase is not yet fully understood and may be attributed to COVID-19 impacts such as a reduced number of insured drivers due to financial hardship and, perhaps, more non-compliant drivers during periods of national lockdown.

Key Performance Indicator	Target	Actual
Quality audit	95%	95.9% 
Leakage	2.6%	2.98% 
Customer engagement	75%	79.3% 
Average lifecycle of a claim	320 days	349 days 

 Plan achieved  Within agreed % of the plan  Plan not achieved

## How we performed (MIB Enforcement Services)

Key Performance Indicator	Target	Actual
Reduction in new claims - Uninsured	7,750	10,191 <span>■</span>
Reduction in new claims - Hit-and-run	18,000	16,019 <span>★</span>
% of uninsured claims vs vehicle park	0.019%	0.026% <span>■</span>
% of untraced claims vs vehicle park	0.045%	0.040% <span>■</span>

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

## Keeping uninsured drivers off our roads

Now in its second year of national activity, **Operation Tutelage** saw significant success.

The year-round, ongoing operation is led by National Roads Policing Operations, Intelligence and Investigation (NRPOII) and combines Automatic Number Plate Recognition (ANPR) technology with data from our Motor Insurance Database (MID). Drivers who appear to be uninsured are automatically sent a letter advising them to correct their insurance status. This allows police forces to focus on targeting dangerous repeat offenders who would otherwise continue to drive without valid insurance.

With all 45 UK police forces now on board - we welcomed Metropolitan Police and West Midlands Police in 2021 – we saw impressive

results for this partnership campaign. In 2021 more than 78% of drivers suspected of driving without insurance who received an advisory letter from police took action to insure their vehicle. We also passed an important milestone as the 200,000th vehicle was insured in November 2021 as a direct result of the Operation's tactics.

We're committed to working with our partners to find other innovative ways to help keep our roads safer. In June 2021, as a result of agreement between MIB, DVLA and DVSA, a new Vehicle of Interest List was operationalised comprising vehicles non-compliant in VED, Insurance and MOT. This has supported police activity in dealing with vehicles that present a higher threat to public safety on our roads.

In its first six months of operation **135,141 motorists made personal injury claims** after a road accident and 6,163 injured people successfully brought their claim to a conclusion

## Delivering on our commitment to the whiplash reforms

In May 2021, alongside our partner the Ministry of Justice (MoJ) and after an unavoidable COVID-19 related delay to our planned launch in 2020, we proudly delivered Official Injury Claim (OIC).

This ground-breaking service will protect millions of motorists from the growing cost of personal injury claims linked to road accidents and help victims of soft-tissue injury make a small claim faster without the need for retaining a personal injury lawyer.

The launch saw the successful culmination of extensive planning, design and testing and the establishment of a new, dedicated customer contact centre in support of the OIC digital portal.

The number of new claims rose steadily throughout the first six months after launch to more than 1,000 daily claims and, going forward, we anticipate more than 300,000 new OIC claims each year.

In its first six months of operation 135,141 motorists made personal injury claims after a road accident and 6,163 injured people successfully brought their claim to a conclusion with a combined compensation from compensators in excess of £5.6 million.

Ongoing work to further enhance the customer user journey and to establish benchmark feedback from stakeholders and customers will help ensure continuous improvement of this important new service.



## Our ongoing work in Europe and beyond

### Moving on past Brexit

We have continued to collaborate with our partners in the European Economic Area (EEA) and beyond. In the Council of Bureaux, we chaired the E-scooter Working Group and participated in several other committees and working groups.

We were delighted MIB was confirmed as the host of 2024 General Assembly, a major annual international event which will showcase the UK as a reliable and outward looking partner in the Green Card System, covering 47 countries in the EEA and beyond.

We supported UK government departments and the British embassy in Bucharest to encourage the Romanian government to publish the legislation needed to bring our bilateral Protection of Visitors agreement with the Romanian Guarantee Fund into effect. The legislation was published in September 2021, ensuring that UK nationals and residents who visit Romania have a route to compensation should they become the victim of an accident caused by an uninsured, or hit-and-run, driver.

### Vnuk

We continue to work with the UK Government and Members of Parliament to remove the direct effect of the 2014 EU Vnuk judgment on MIB. In 2021 we made this a key priority and we

saw some encouraging progress towards the end of the year. We have also supported the governments of Northern Ireland and Gibraltar in removing Vnuk from their laws. Work in this crucial area is ongoing.

### MIB Territories

Despite the continuing challenges caused by the COVID-19 pandemic, we actively engaged with the governments of the non-UK territories for which MIB acts as Green Card Bureau and Guarantee Fund – the Crown Dependencies (Guernsey, Jersey and Isle of Man) and Gibraltar. Fostering these closer working relationships has enabled us to identify mutually beneficial initiatives while ensuring that MIB's interests are fully protected.

### Cross Border Recoveries

In collaboration with Green Card partners in the UK and the EEA, we have refined and energised our cross-border recovery process. This has resulted in the identification of many instances in which payments have been wrongly made, or in some cases duplicated, enabling us to conclude agreements to bring substantial sums rightfully back to MIB. Our ongoing investment in our team and their skillsets has been instrumental in achieving this excellent recovery performance.

---

## Important legal changes

MIB acts as the guarantee fund for people injured by uninsured and hit and run drivers and the Green Card Bureau for the UK, Channel Islands, Isle of Man and Gibraltar. It's important to keep the agreements that underpin this relationship up to date. Following the conclusion of updated agreements for the Channel Islands and the Isle of Man in late 2020, we signed new texts with the government of Gibraltar in 2021 and continued to work with the Northern Ireland Executive on updating the NI agreements.

---



## MIB Managed Services

### The Insurance Fraud Bureau (IFB)

#### Driving efficiency

In 2021, as part of our ongoing drive towards enhancing our digital services, we consolidated our Insurance Fraud Register (IFR) into an improved Insurance Fraud Intelligence Hub (IFIHUB). This resulted in reduced costs, an improved user journey for our members and better opportunities for data sharing and analytics.

#### Enhancing our products to fit customer needs

We recognise that customer expectations are constantly changing and we need to continually review our products and services. We implemented a comprehensive review with our members and partners, leading to a change in how we deliver our products. This has resulted in intelligence being shared with our members far earlier in the process, enabling them to identify fraud more quickly and provide customers with a better service.

#### Finding new technology solutions

In April 2021 we announced a new partnership with Shift Technology, which will deliver a new AI enabled technology solution in 2022. This will help us to respond to the rapidly changing tactics of fraudsters far better going forward.

#### Thinking strategically

We're constantly looking to the future and planning our services for the challenges it holds. In 2021 planning continued with the IFB Board and the General Insurance Fraud Committee (GIFC) on a full strategic review in 2022, to agree with our market partners what the future direction of the IFB should be.

We also supported the GIFC in launching its first ever business plan to formalise its commitment to the insurance market on how it will support the collective fight against fraud going forward.

#### IFB's success in numbers

- £116 million of fraud exposure investigated by the Insurance Fraud Bureau (IFB).
- 69% of investigations closed with a positive disruption outcome. including arrests, convictions, regulator intervention, County/ High Court action, POCA confiscation/ compensation, law enforcement cease and desist notifications, bank account closure, website and social media take downs.
- Our newly integrated intelligence and investigation function has seen the agreed service level agreements for issued intelligence reduce by 40%
- More than 8 million people saw our *Crash for Cash* awareness campaign, which generated more than 600 pieces of media coverage across print and online news, radio and television
- 4,723 Cheatline reports were received from members of the public
- 4,605 intelligence alerts and reports were issued to our members as a result of information received or intelligence developed from the data we hold
- We achieved an 82% satisfaction score from our customers

We recognise that customer expectations are constantly changing and we need to continually review our products and services.



## MedCo

Following a strategic review by the MedCo Board, and through mutual agreement with the MIB, MedCo decided to transition to a new business model. Our MIB team supported this transition, which included the TUPE of both operational and audit personnel to the new operating model, which was delivered one month ahead of plan. MedCo is therefore now no longer supported by the MIB.

---

## Claims Portal Limited (CPL)

The launch of Official Injury Claim (OIC) in May required additional changes to CPL to ensure a seamless user experience. Our MIB service delivery team, under the leadership of the CPL Board, helped in preparing and delivering those changes implemented as a result of the whiplash reforms.

---

## ELTO (Employers' Liability Tracing Office)

In 2021 we delivered more auditor reports, as required by the FCA, on behalf of insurers than ever before. There was also a continued focus on ensuring that our data sharing initiative with the HMRC, continued to improve the match rate against records and support users' experience.

---



# Building our future

## The MIB Transformation Programme

### Claims Services

#### Our new claims platform

In 2021 we reached another milestone in our transformation journey by delivering our new claims services platform. Our legacy claims platform has now been removed following the migration of all remaining claims data to the new platform Compass. After launch we continued to enhance the platform throughout the year with automation in the areas of management of post, emails and documents and improving the customer journey for both direct customers and professional users.

We've also introduced a new claims reporting suite to ensure we make it quick and easy for our business and claims teams to focus on the right priorities for our customers using data insight. A continued roadmap of investment, improvements and new functionality will drive further improvements so we remain aligned to the ever-changing digital demands of our customers.

#### Protecting MIB from an ever-changing cyber security landscape

Data is the bedrock of our organisation and we understand and recognise the vital importance of data security. During the pandemic the number of cyber security threats increased world-wide. Securing MIB against these evolving security threats continued with investment in strengthening cybersecurity operations, a continued focus in developing our maturity across all security controls, increased automation in protection and detection solutions and delivering additional security education across the organisation. Following three years of continued investment MIB security maturity is now at a level that is aligned to most data organisations and beyond the insurance industry.

#### Modernising our data services

After successfully delivering our MIB Transformation Programme in 2020 – a full year ahead of schedule – in 2021 we looked to further, innovative ways to continue our journey

of improvement and guide the future direction of our digital services.

This programme of continued, phased transformation, driven by our aim to continuously improve, has now been formalised into a wider transformation programme.

We recognised the need to modernise the data services that we manage and to re-platform where necessary to offer an exceptional user experience for our members – starting with the Motor Insurance Database (MID) and MIAFTR.

This key project will focus on integrating the data from these two databases into a cloud-based solution to meet the current and future needs of our customers.

Project milestones in 2021 included:

- We appointed an external consultancy to assist with procuring and appointing a new technology partner
- We worked with our consultants throughout Jan-March to validate our approach, identify potential costs and define key design concepts
- In March and April we held workshops with our members to gather user requirements
- Throughout July and August we built high-level requirements and technology preferences
- Our procurement process was initiated in early August, including a market scan of hundreds of potential partners. The process ran until the end of the year, when a final recommendation was made to the Board
- Nine industry working groups were created to support the project

In addition to the technology elements of these services, exploratory work on how the data quality model can be matured with the market has also been scoped and will progress in 2022.

...phased transformation, driven by our aim to continuously improve, has now been formalised into a wider transformation programme.



# People & Culture

## Leaner. Faster. Better.

### Focusing on our people in another exceptional year.

At MIB, we've always believed that attracting and retaining brilliant people and creating a progressive culture is key to creating the dynamic organisation our members and customers want to see.

As we entered a third national lockdown in early 2021 and the continuation of work from home guidance our focus was the wellbeing of our employees and supporting their resilience in navigating the life changes that COVID-19 continued to present.

Throughout 2020 we had built up a suite of networks, strategies and tools to support and encourage our people to openly talk about mental health. In 2021 we celebrated Mental Health Awareness Month with competitions, step challenges, coaching sessions and exercise classes. By the end of 2021 we had also launched a new app Headspace suggested by employees and trained up a team of Mental Health First Aiders across the organisation.

### Leading with accurate insight

Global insight company Gartner hailed MIB as a *'benchmark to industry on delivering inspirational leadership and a human employee experience'* based on our efforts to equip managers to maintain the wellbeing, mental health and performance of our employees during the pandemic. Our culture transformation continued throughout 2021 embedding what we had already begun the previous year.

At the beginning of the year we took a bold decision to complete a further organisation redesign to ensure we had the right people, in the right roles that will be critical to our future success.

Our new Chief People Officer (CPO) Faran Johnson joined ExCo in November from the UK Health Security Agency, with a clear objective to further evolve our culture with a focus on people, engagement and culture change.

### Remote working engagement

As remote working continued our CEO led weekly all-staff briefings to ensure effective two-way communication. In addition, he joined the CPO for weekly calls with line managers and senior leadership teams, assisted by monthly network meetings to ensure we listened to our people and responded to concerns and suggestions appropriately. Employees were also encouraged to feed into our Employee Forum who met regularly.

### Broadening the diversity profile of our people

MIB continues to strive for a diverse people profile. We're honoured that 75% of our people chose to voluntarily share their diversity data with us and proud that our people trust us in this way.

	Dec 2021
Female	60%
Ethnically diverse	18%
With disability	11%
LGBTQ+	3%

### Colleague breakdown and gender balance

	Dec 2021	
	Male	Female
Executive Committee (ExCo)	5	1
Senior Leadership Team (SLT)	9	5
Colleagues	137	232
Total	151	238

We're honoured that 75% of our people chose to voluntarily share their diversity data with us and proud that our people trust us in this way.

## Women in Finance Charter 2021

In a year of significant organisational change, female representation in our senior roles fell for the first time in three years. However, we're committed to the Women in Finance Charter target of a minimum 35% female representation in senior roles. (See table 1 below)

We will continue to identify further opportunities to support the progression of talented women into those senior roles. Over the next two years, we're determined to get our female representation back to where it needs to be and have set a bold target to see 40% of our senior management roles held by women by 2023.

**Table 1**

	<b>MIB Dec 2021</b>	<b>MIB Dec 2020</b>
Female	59.8%	60.2%
Female senior managers (classified as those one level down from ExCo) as % of total senior management	35.7%	35%
Female senior managers from ethnic minority background as % of total senior management	7.1%	5%
Female representation on the Board %	8.3%	18.2%
Female representation on Executive Committee %	16.7%	16.7%

## Gender pay gap

In April 2021 we submitted our 2020 gender pay gap results. Table 2 compares the mean and median results for 2020 and 2019.

**Table 2**

<b>MIB Gender Pay Gap</b>	<b>Mean</b>	<b>Median</b>
2019 (published)	25.1%	21.2%
2020 (published)	25.6%	19.4%

The gap has, regrettably, grown slightly over this two-year period. One of the reasons for this was the changing gender make-up of our Executive Committee (ExCo).

In 2021 we took some active decisions to address the gap and meet our 2022 target to reduce the gap to 18%.

- An action team was established to bring together a cross functional group of people to develop proactive initiatives to help with reducing the gap
- Talent and career conversations took place with our senior leadership team (SLT) to identify those with potential aspiration for progression into ExCo roles. We held talent calibration sessions and introduced diversity data into this process, to ensure fair and transparent outcomes
- We committed to ensuring diverse shortlists at every recruitment stage
- We now offer part time/job share options for all permanent roles
- Each ExCo member now has the gender pay gap data for their team and has a collective and individual priority to reduce this

## Going further... supporting families, parents and carers

In 2021 we launched a suite of new policies to recognise and support the many different roles our people juggle alongside their work with MIB.

We're confident that the launch of these lifestyle friendly policies will attract women, parents and carers to MIB. The improvements to maternity and paternity benefits particularly, puts MIB ahead of organisations in almost every sector.

Our new policies include:

- 26 weeks fully paid parental leave regardless of gender
- Four-day week for three months with no loss of pay on return to work for the primary carer
- Five days' fully paid leave for those undergoing IVF treatment
- One month's unpaid leave for all employees for study, travel, or personal development
- A Carer's Passport and an extra five day's leave for those with caring responsibilities.



## Driving performance with accurate data

Scrutinising the quality of our insight data continues to be a priority to drive performance at MIB. For the first time we're able to see whether unconscious bias features in how managers rated their people. We previously had data by grade and length of service but we can now interrogate the ratings of our people by gender, ethnicity and age.

We shared this data with each senior leadership team ahead of calibration sessions. This enabled worthwhile discussion and debate on how objectively our people were being rated. In early 2022 we will share this overall picture with our people to demonstrate complete transparency. Our MIB principles (Customer First, Think Big and Inspire) also play their part in ensuring the right behaviours and standards of conduct are consistently met. The network leads have welcomed this open and transparent approach to managing performance.

## Fostering an inclusive culture

Throughout 2021 our networks and groups (listed below) have played a huge role in supporting our employees and the organisation. They have organised and held regular virtual meetings and support sessions throughout the year, continuing to raise awareness of difference and fostering an increasingly inclusive culture.

- Race, Ethnicity and Cultural Heritage (REACH)
- Gender equality network
- Working parent network
- Carers' network
- Beyond Pride (LGBTQ+)
- DEN – Disability Employee Network
- Menopause Group
- Wellbeing Group
- Employee Forum

## Developing our people

We believe our people enjoy working at MIB because we encourage them to bring their best selves to work and we support their development along the way.

Developing the people skills of our managers and senior leaders was a key focus for us in 2021. We know that when people have the best experience at work it is usually closely linked to the type of supportive environment created by their line managers and the senior leaders around them.

As work from home guidance continued our approach focused on encouraging managers to maintain regular, quality communication with their team members. This work started in 2020 but our commitment to making our people feel that MIB is a safe place to learn and grow is unwavering.

To build on the emotional intelligence profiling we introduced to our people in 2020, we launched the COACH Programme in 2021. Every manager and leader completed this programme. The aims were:

- To deepen cross functional leadership relationships
- To build and embed coaching skills
- To increase engagement with their teams
- To develop and improve performance

The programme gave managers the necessary skills to tailor their approach to the needs of every individual in their team moving to a more empowered culture. The challenges of the pandemic taught us that one size does not fit all.

Everyone should have the opportunity to shine, and we have continued to invest in development for everyone, be that through on-the-job learning, experiential learning, technical courses, qualifications or continuous professional development. Our people also have limitless access to self-help resources.

It continues to be our priority to promote from within where possible during recruitment.

In October, led by the REACH network and working alongside the other network partners, a mentoring programme was launched. It's still in its early stages of adoption and we aim to leverage this further in 2022.



## Employee engagement

Over the last few years, we've made huge progress in our aims of enhancing our culture and investing in our people.

We entered 2021 on the back of a Gallup Q12 engagement score of 4.1 – the highest ever result for a UK organisation in its first year of undertaking this world-leading employee engagement survey. In 2021 we were delighted to improve on that result with an impressive 4.15 result.

In another exceptional year we're really proud of this result. Importantly our people felt it worthwhile and, crucially, they were confident to tell us what they think. Our 87% survey completion rate reflects this.

We're confident our COACH programme was one of the contributing factors to our improved Gallup Engagement score.

## Attracting and retaining diverse talent

In today's rapidly changing environment, the demand for high-quality skills is accelerating. Some of the skillsets needed for an organisation like ours are in short supply so we looked at how we could retain key skills within our organisation.

We completed a review of our critical roles' pay and reward, to retain the talent and skills MIB requires now and in the future.

We continue to work and partner with local colleges and universities to look at future talent schemes and initiatives to increase our overall impact to attract from diverse backgrounds

into the not-for-profit sector. This will help us address our skills gaps and help those already in the industry to progress their careers.

It was important to thank our people for their hard work in 2020 so we were proud to be able to award a bonus to all our people in 2021. We gave an additional £600 to everyone sitting outside of the senior leadership team, as an extra thank you for showing such commitment in another challenging year.

To help with attraction and to set people up for success, all new starters will receive a £320 start-up allowance to support their home-working.

## Recruitment to Official Injury Claim (OIC)

We committed to deliver on the whiplash reforms and in 2021 we delivered on that promise with the launch of OIC and the creation of our dedicated call centre to support the online portal. We recruited to a total of 71 new positions throughout the year for OIC including internal promotions and permanent appointments.

## New ways of working and new look offices

A year into working remotely, and with colleague expectations shifting in the wake of the pandemic, we looked to assess our existing office space. We had already moved offices in London and decided to retain our main office in Milton Keynes. In 2021 the Board invested to help us refurbish our Milton Keynes office

which was in need of updating to facilitate the more agile ways of working and deliver an environment our people expect and deserve. Upgraded lighting, air conditioning and re-establishing an entire new way of working for our people is a significant commitment but one that will result in increased efficiency in the future.



## Sharing our stories and successes

### A fresh approach to business planning

We developed a new approach to communicating our yearly business plan to our people and industry to provide clarity and direction for the year ahead. We created headline promises and introduced storytelling content to help inspire our people about the impact of our work. A multi-channel approach was taken to deliver and promote the plan including the development of a digital version which was distributed to industry contacts. Pocketbooks were sent to every employee's home to help increase engagement and evolve the way we engaged with our people during the pandemic.

### Engage

We made a significant step-change in how we communicate with our customers through the launch of our new digital newsletter Engage. The new approach enabled us to highlight key news from across the business in an integrated way which has effectively replaced a dated and irregular communication tool. Aligning our customer engagement with a 'Digital First' approach has enabled us to measure the effectiveness of Engage. We achieved an open rate of 32% compared to an industry standard of 21%, and engaged the use of video and animation as a more personalised way of connecting with our partners.

### Insurance Fraud Bureau (IFB) press office

In 2021 we secured significant media coverage for IFB, surpassing both our initial and then our stretch targets with an impressive 2,035 media coverage items against our 1,750 target. Of those, 1,340 (65%) mentioned Cheatline raising vital public awareness of ways the public can help to combat fraud.

A key media highlight was our '*Crash for Cash*' hotspot analysis campaign designed to achieve widespread awareness about this devastating type of scam but also to specifically target those communities living in the worst affected areas. A multi-channel integrated approach was taken including placing a real-life story in the media, detailed infographic, animations for social media and information pack for stakeholders. Results included: 500 media coverage items within the hotspot areas, seven national print articles, a live interview on BBC Radio 2 (*Jeremy Vine show*), coverage on the BBC News homepage, over a million views of campaign content across Twitter and Facebook and 11,000 visits to the IFB website.

### Adapting our customer engagement for a virtual world

We adapted plans for our MIB and IFB in-person conferences to virtual events which marked another milestone in taking our customer communications digital. We delivered a seamless communications campaign aimed at encouraging customers to sign-up through a series of html emails, a registration landing page and promotional animations. We supported the business with a range of content for the conferences including presentations, video material, and post-event e-marketing to complete the virtual experience.

### Supporting the transformation of our data services

We helped shape the story around our project to modernise our data services by producing the key presentation and accompanying animations and videos into a simple and compelling narrative for the MIB Board sub-committee to approve the proposal to invest in transforming our data services. The content has set the standard for future communications on the project and wider engagement with the industry.



# Financial Statements and Governance

**Our full financial statements, governance report and results for the year ended 31 December 2021**

## Strategic report

The Board presents its report and the audited financial statements of the Motor Insurers' Bureau for the year ended 31 December 2021.

### Group status

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

### Principal activities

The activities of the Group are: -

- 1) In pursuance of agreements with the Secretary of State for Transport:
  - a) To satisfy judgements in respect of any liability required to be covered by contracts of insurance or security under the Road Traffic Acts 1972 and 1988 but not so covered by insurance.
  - b) To investigate, and where appropriate, make awards to persons suffering damage to property or injury or dependants/relatives of persons killed as a result of the use of a motor vehicle on a road, in cases where the driver of the vehicle cannot be traced.
- 2) In accordance with the provisions of the Internal Regulations of the Council of Bureaux, to act as:
  - a) A Paying Bureau to guarantee the payment of relevant liability claims arising from accidents in other countries caused by holders of International Certificates of Motor Insurance (Green Cards) issued under the authority of MIB or by users of motor vehicles registered in the United Kingdom.
  - b) A Handling Bureau to deal with Road Traffic Act liability claims arising from accidents in the United Kingdom caused by drivers of foreign registered vehicles on a temporary visit to the United Kingdom, in possession of valid Green Cards and/or vehicles registered in a signatory country of Section III of the Internal Regulations.

- 3) For accidents up until the end of 2020, as required by the Motor Vehicles (Compulsory Insurance) (Information Centre and Compensation Body) Regulations 2003 (S.I. 2003 No.37) and the Agreement between Compensation Bodies and Guarantee Funds, approved under Commission Decision 2004/20/EC, to act as the Compensation Body to:

- a) Handle claims made by UK resident victims arising from accidents abroad, where there are no foreign insurers' representatives, or where those representatives fail to act, or where an insurer or the responsible driver cannot be identified, always providing that legal proceeding for such claims were started by 31 December 2020. Currently only legacy cases are being dealt with, where the court was seized (proceeding issued) by end of 31 December 2020. Once these are settled then there will no longer be obligations under this strand of the 2003 regulations.

As a paying Compensation Body, to reimburse the handling Compensation Body for payments made to EEA victims who were injured from accidents in the UK before end of 2020, by uninsured/untraced UK vehicle, or the representatives of the UK insurer fail to act. Provided, the handling Compensation Body was notified of the claim before end of 2020. This again is only for legacy cases whereby:

- i) Accidents before end of 31 December 2020 and the handling Compensation Body notified MIB of the claim before end of 31 December 2020;
- ii) Accidents before end of 31 December 2020 and the handling Compensation Body signed the Optional Clause of the Addendum to the 2002 Agreement. In this case, they can continue to handle even if they notified MIB of the claim after 31 December 2020. This strand could take a while to conclude.





Once these are settled then there will no longer be obligations under this strand of the 2003 regulations.

- b) Act as the UK Information Centre and continue to provide insurance details of foreign vehicles to UK victims/claimants, and insurance details of UK vehicles to foreign victims/claims, green card bureaux and guarantee funds.
- 4) Maintain the Motor Insurance Database (MID) ensuring:
  - a) A fit for purpose database supporting the detection, enforcement and prevention of uninsured driving in the UK.
  - b) Compliance with current Road Traffic Act legislation (Road Traffic Act 1988 and The Motor Vehicles Third Party Risks Regulations 2001, S.I. No.2266).
- 5) In accordance with the Articles of Association provide value-added services including:
  - a) The maintenance of the Claims and Underwriting Exchange (CUE) and the Motor Insurance Anti-Fraud & Theft Register (MIAFTR).
  - b) Data asset management and analytical services on behalf of Members and the insurance industry.
  - c) The provision of managed services.

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

The Board of Directors of MIB consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2021.

- 1) the likely consequences of any decision in the long term (pages 3-10 and 15-16);
- 2) the interests of the company's employees (8 and 17 – 23)
- 3) the need to foster the company's business relationships with suppliers, customers and others (pages 6-9);

- 4) the impact of the company's operations on the community and the environment (page 32);
- 5) the desirability of the company maintaining a reputation for high standards of business conduct (pages 3-5); and
- 6) the need to act fairly between members of the company (pages 4-5).

#### **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 the 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 6-8.

The consolidated and company statement of comprehensive income on page 36 shows that the Group has neither made a net income nor incurred a loss in the year ended 31 December 2021. MIB continues to have the support of its Members.

The Levy income included within the consolidated statement of comprehensive income of 519.1 million (2020: £489.0 million) comprises the cash levy called of £390.2 million (2020: £393.8 million) plus the movement in uncalled levy of 128.9 million (2020: £95.2 million) which represents the movement in claims provisions; see Note 3 for details.

Claims reserves included within the consolidated statement of financial position of £3,020 million (2020: £2,895 million) is the value of all potential claims that MIB are liable for. The main movement year on year is due to the increase in claims provisions; see Note 4 for further details.

A business review and KPI information can be found in the Chief Executive's Statement and the risks including financial risk management can be seen in Note 21.



### **Principal risks and uncertainties**

MIB's principal risks and uncertainties are noted below, additional details can be found in Note 21.

MIB has identified the following principal risks and uncertainties:

- insurance;
- market;
- credit;
- liquidity;
- operational;
- Brexit;
- COVID-19;
- climate;
- pension; and
- capital management

### **Post balance sheet events**

Following the invasion by Russia of Ukraine in February 2022, the primary source of risk faced by MIB is the increase of higher inflation. However, this increase in risk is not outside the risks already considered by the MIB as part of its overall risk management framework.

MIB has no direct exposure to Russian investments within its investment portfolio.



## Directors' report

### Board of Directors

The Directors present their Directors' Report on Motor Insurers' Bureau for the year ended 31 December 2021

Name	Title	Company	Date of appointment	Date of resignation
S Maddock	Chairman	Direct Line Group	09.06.2011	
<i>Note: appointed as Chair on 04.03.2014 and resigned on 01.01.2022</i>				
M Crane	Chairman	Liverpool Victoria	02.08.2018	
<i>Note: appointed as Chair on 01.01.2022</i>				

### Executive Directors

D Clayden	Chief Executive	Motor Insurers' Bureau	14.05.2018	
<i>Note: appointed Non-Executive Director on 11.09.2009</i>				
R Arya	Chief Finance Officer	Motor Insurers' Bureau	01.04.2019	
A Fleming	Chief Operating Officer	Motor Insurers' Bureau	13.11.2019	31.03.2021

### Non-Executive Directors

S Maddock		Direct Line Group	09.06.2011	
S Baker		AXA Insurance	03.04.2013	
K Helgesen		RSA	29.03.2018	
T Bishop		Aviva	19.06.2018	
M Crane		Liverpool Victoria	02.08.2018	
<i>Note: appointed as chair on 01.01.2022</i>				
R Charles		Admiral Group	29.09.2018	
P Singh		Allianz	26.02.2019	
K Coltham		Ageas	29.11.2019	
M Hart		Zurich	04.02.2020	01.09.2021
A Eaton		Advantage	10.09.2020	

### Appointments

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

#### Non-Executive Director

J Burrows	Direct Line Group	12.01.2022
A Fernqvist	AIG	20.01.2022
A Rayner	Aviva	01.04.2022

### Resignations

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

S Maddock	Direct Line Group	01.01.2022
-----------	-------------------	------------



## Board attendance

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

Name	Board meetings					Audit and Risk Committee			
	27.01.21	01.04.21	25.05.21	29.09.21	26.11.21	28.04.21	03.08.21	01.11.21	11.11.21
S Maddock	✓	A	✓	✓	✓				
D Clayden	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Baker	✓	✓	✓	✓	✓				
K Helgesen	✓	✓	A	✓	✓				
T Bishop	✓	✓	✓	✓	✓	✓	✓	✓	A
M Crane	✓	✓	✓	✓	✓				
R Charles	✓	✓	✓	✓	✓				
P Singh	✓	✓	A	✓	✓				
R Arya	✓	✓	✓	✓	✓	✓	✓	✓	✓
A Fleming	✓								
K Coltham	✓	✓	A	✓	✓				
M Hart	✓	✓	✓	✓					
A Eaton	✓	✓	A	✓	✓	✓	✓	✓	✓

✓ = Present A = Absent

## Committee members

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

## Membership details

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

Name	Date of joining
Marshmallow Insurance Limited	04.01.2021
Accelerant Insurance Europe SA/NV	10.01.2021
Tesla Insurance Limited	12.03.2021

The following companies ceased being members:

Name	Membership ceased
Accelerant Insurance Limited	31.07.2021



## Statement of Directors' responsibility

### The Directors present their Directors' Report on Motor Insurers' Bureau for the year ended 31 December 2021

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

Future developments of the business are noted within the Strategic Report

Financial risk management objectives and policies of the entity and the exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk can be seen within the Strategic Report and Note 21.

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 international accounting standards in conformity with the requirements of the Companies Act 2006.

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 applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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



## Going Concern

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

- **Operational**

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

MIB has stringent procedures in place surrounding sanctions and is constantly monitoring updates and world activities. As such all necessary controls are in place to ensure that no payments are made to banks or individuals listed on the UK sanction list. All MIB staff are aware of these controls / procedures so the risk to MIB's Going Concern is minimal.

- **Revenue and claims**

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

The payment of claims already noted by the Company will continue based on the Company's normal claim protocols, albeit that claims dependent on the resolution of court proceedings are likely to be delayed.

- **Investment portfolio**

The company holds financial investment only in corporate bonds, which remain liquid. These total £121.8 million as at 31 December 2021 (2020: £121.0 million).

- **Levy receivables**

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

- **Revolving credit facility**

The company has secured a 3 year guaranteed committed funding Revolving Credit Facility (RCF) from Natwest of £100m which is due to expire July 2023



## Emissions and energy consumption

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

Whilst our average number of employees has been 401 throughout 2021, our environmental impact has been fairly low. Our total annual carbon footprint has been calculated at 158 tonnes of carbon dioxide equivalents and based on energy consumed within the UK only:

Emissions source	2021	Share %
Natural Gas	53	34%
Transportation Fuel	7	4%
Electricity	98	62%
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>158</b>	<b>100%</b>

The emissions have been calculated using our annual consumption of energy, taken directly from electricity and gas statements and using the latest conversion factors provided by the UK Government, totalling 741,992 kWh for the year ended 31 December 2021. Our annual emissions ratio equates to 0.4 tonnes of carbon dioxide equivalents per £m revenue.

Emissions source	2021	Share %
Natural Gas	292,268	39%
Transportation Fuel	27,784	4%
Electricity	421,940	57%
<b>Total (kWh)</b>	<b>741,992</b>	<b>100%</b>

No energy efficiency initiatives were undertaken in 2021, however we are currently in the process of refurbishing our building with new air conditioners and LED lighting. During 2021 all staff were working remotely, prior to this the energy consumption of the building was 746,259kWh.

MIB is supporting a number of industry initiatives, including the British Insurance Brokers' Associations (BIBA) call to manage risk with sustainable solutions and the Association of British Insurers (ABI's) Climate Change Roadmap, and are already taking steps within the business to implement these. The Board has allocated responsibility for managing Climate Change financial risks to its Chief Financial Officer, and in recognition that MIB embraces Environmental Societal and Governance (ESG) priorities both a Climate Change Strategy and ESG Strategy will be submitted to the MIB Board, these will seek to not only adapt to issues and regulatory requirements as they emerge, but to be pro-active in modifying our business and decision-making so that climate change and ESG considerations are integral to the way that we work.

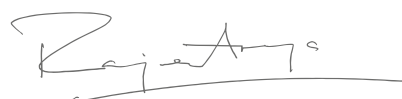
During 2021 MIB began progress on the development of the MIB Climate Change Strategy, which will continue to be developed to support a transition to a low carbon economy and support MIB's carbon neutral ambitions.

## Statement of disclosure of information to auditors

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

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

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



**Rajeev Arya**

Chief Finance Officer

27 May 2022

Registered Office:

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



## Corporate Governance Statement

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

### The Board

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

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

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

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

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

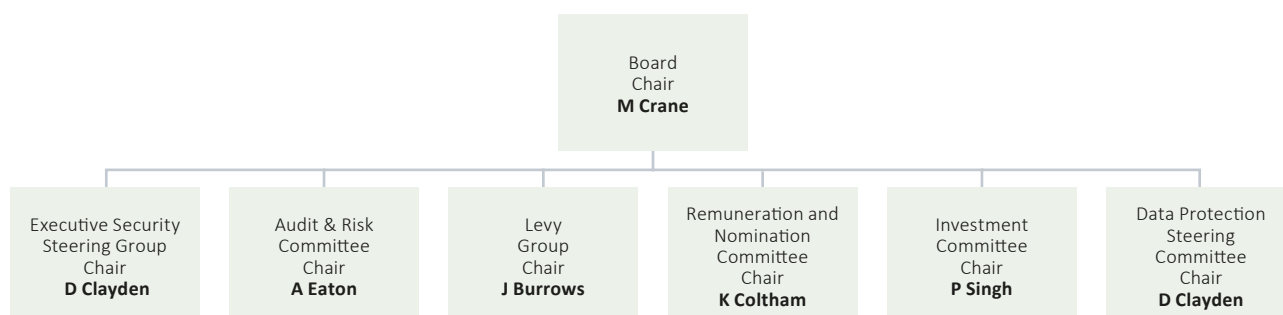
At the time of writing, the Board comprises ten Non-Executive Directors and two Executive Directors. The Non-Executive Directors do not receive any form of remuneration in their capacity as Board members. The Executive Directors receive a salary, an annual bonus and benefits in kind. The remuneration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

The role of the Non-Executive Directors is to participate fully in the functions of the Board, advising, supporting and challenging executive management as appropriate. Non-Executive Directors can serve three terms of three years. The Chairman can currently serve three terms of three years plus an additional 4 years. The Remuneration and 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 if time permits.



## Board committees

The Board has established various committees to help meet its responsibilities. Each committee plays a vital role in ensuring that the Board operates efficiently and considers matters appropriately and each committee has a separate term of reference.



## Executive Security Steering Group

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

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

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

## Audit and Risk Committee

The Audit and Risk Committee comprises two Non-Executive Directors. The Head of Internal Audit has a direct reporting line to the Chair of the Audit and Risk Committee. The MIB Chief Executive Officer and MIB Chief Finance Officer are invited to attend by the Non-Executive Directors, as well as any MIB officer that the Audit and Risk Committee feels appropriate. In 2021 the Committee met four times, in February, May and twice in November.

The Audit and Risk Committee assists the MIB Board by:

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

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



## 1. Internal Audit

The Internal Audit team is MIB's third line of defence and is tasked with providing independent and objective assurance to the Board, Audit and Risk Committee and Executive Committee over the adequacy of MIB's system of risk management and internal control. Internal Audit has unrestricted access to all areas of the business and plans its work on a risk-basis, so that it can identify, prioritise and agree with the Audit and Risk Committee and Executive Committee where its resource is best allocated to provide the required levels of assurance. In 2021, Internal Audit continued to use PwC as its co-source partner for specialist audit services.

## 2. Risk Management

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

The Risk team is MIB's second line of defence and oversees MIB's control environment. The team is responsible for helping to embed a risk management culture into everyday business activities. MIB's Risk Policy, Risk Appetite and Risk Management Framework are aligned to ISO31000:2018 principles and guidelines. Risk Management focuses on dynamic strategy

enablement and value creation as well as the prevention and mitigation of key risk events. By embedding a risk management culture, MIB is able to adapt to mitigate and exploit new threats and opportunities.

## 3. Compliance

MIB continues to prioritise Data Protection compliance and continues to ensure the overall business understand and implement the requirements of the Data Protection Act 2018. MIB has continued to increase its data privacy maturity level and continues to strive for improvement in all areas. MIB maintained both ISO 27001 information security and ISO 22301 (2019) business continuity certification in 2021. MIB compliance with these standards forms part of its commitment to a systematic, robust approach to management of the confidentiality, integrity and availability of the data MIB controls. Accountable executives review MIB's compliance with all laws and regulations relevant to their business unit and they proactively ensure MIB remains compliant with the latest laws and regulations.

## 4. Health and Safety

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

---

## Investment Committee

The Investment Committee comprises two Non-Executive Directors and two Executive Directors. The role of the Investment Committee is to provide investment strategy recommendations and monitor the investment policies, procedures and performance.



## Levy Group

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

## Remuneration and Nominations Committee

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

## Chief Executive Officer (CEO)

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

## Data Protection Steering Committee

The Data Protection Steering Committee was established to ensure MIB comply with all obligations under the applicable data protection laws and that there is effective oversight and monitoring of data protection compliance initiatives undertaken across the organisation. The Data Protection Steering Committee also ensures any data protection initiatives undertaken remain aligned with the organisation's overall commercial strategy, priorities and risk appetite.

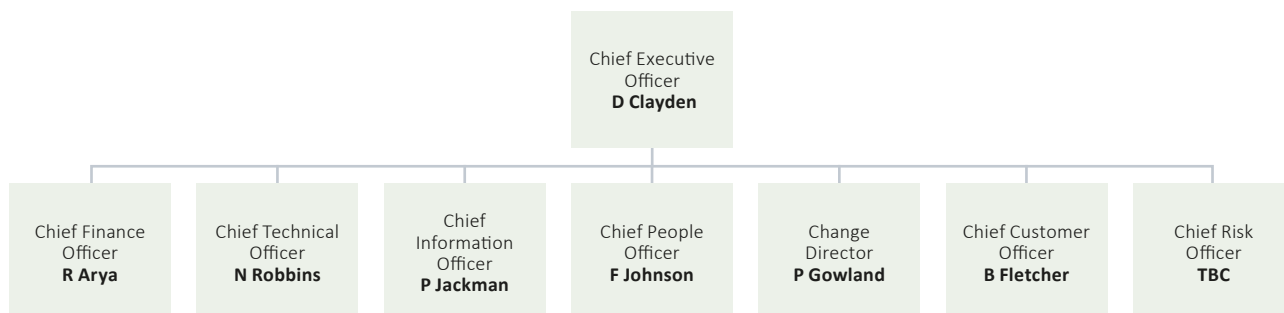
The Steering Committee meets monthly and comprises of:

- Chief Executive Officer (Chair)
- Chief Technology Officer
- Chief Financial Officer
- Chief People Officer
- Chief Customer Officer
- Chief Information Security Officer
- Data Protection Officer
- Head of Risk (Advisory only)\*
- Head of Internal Audit (Advisory only)\*



## 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. The Executive Committee assists the Chief Executive Officer to set performance targets, implement the MIB strategy and direction and monitor key objectives to achieve the Group's targets. It is comprised of the Executive Directors (Chief Executive Officer and Chief Finance Officer) and the following: Chief Information Officer, Chief Technical Officer, Chief People Officer, Change Director, Chief Customer Officer and Chief Risk Officer.



## Corporate Social Responsibility (CSR) and Charitable Donations

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

- £4,200 raised in total for Macmillian by running the MK Half marathon (MIB matched the amount raised by the runners)
- £826 raised for MK Act, a charity that supports victims of domestic violence and abuse
- £720 raised for Show Racism the red card

Additional events are planned for 2022, one being the ongoing commitment to the local foodbanks.

## Supplier terms

A review of the forms of contract for use in new contract awards has been performed and they have been updated where necessary. Supplier payment terms are now standard and range from 30 days to 60 days on average dependent on the category of expenditure.





## Independent Auditors' report

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

#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's result and of the Parent Company's result for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Motor Insurers' Bureau (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated and company statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the directors' going concern assessment including current plans, budgets, and forecasts, assessing assumptions such as costs, investment income and claims against published market assumptions and historic data; and
- Reviewing the directors' consideration of the various possible scenarios that could affect the forecasts, assessing the likelihood of these occurring and the reasonableness of the directors' mitigating actions.

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

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

#### Other information

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

We have nothing to report in this regard.



## Other Companies Act 2006 reporting

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

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

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

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

- adequate accounting records have not been kept 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.

## Responsibilities of Directors

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- reading minutes of management meetings and of those charged with governance and reviewing correspondence with regulatory bodies such as HMRC, and reviewing documentation for indications of non-compliance with laws and regulations.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias;
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.



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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for

example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

---

### Use of our report

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

*John Perry*

---

#### John Perry (Senior Statutory Auditor)

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

Date: 6 June 2022

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



# Consolidated and Company Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	Consolidated		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Income					
Leviable premium	3	519,052	488,973	519,052	488,973
Other operating income	5	15,945	10,276	11,605	10,261
<b>Total income</b>		<b>534,997</b>	499,249	<b>530,657</b>	499,234
Expenditure					
Net claims paid	4	(349,104)	(277,540)	(349,104)	(277,540)
Increase in claims provision	4	(124,931)	(135,870)	(124,931)	(135,870)
<b>Net claims incurred</b>	4	<b>(474,035)</b>	(413,410)	<b>(474,035)</b>	(413,410)
Administrative expenses	6	(45,006)	(48,775)	(40,666)	(48,760)
Programme expenses – Transformation & Whiplash		(6,945)	(22,326)	(6,945)	(22,326)
Terrorism insurance		(8,400)	(8,400)	(8,400)	(8,400)
Pension deficit funding	9	-	(6,223)	-	(6,223)
<b>Operating profit / (loss)</b>		<b>611</b>	115	<b>611</b>	115
Financial income	7	3,001	2,722	3,001	2,722
Financial expenses	8	(3,612)	(2,698)	(3,612)	(2,698)
<b>Net income / (expenditure) before tax</b>		<b>-</b>	139	<b>-</b>	139
Income tax refund / (expense)	10	-	(139)	-	(139)
<b>Net income / (expenditure) after tax</b>		<b>-</b>	-	<b>-</b>	-
Other comprehensive income:					
Items that will not be reclassified to SoCI Actuarial (loss) / gain on retirement benefits	9	(1,559)	(4,188)	(1,559)	(4,188)
Items that will or may be reclassified to SoCI Adjustment in leviable premiums for Actuarial loss / (gain) on retirement benefits		1,559	4,188	1,559	4,188
<b>Other and total comprehensive income for the year</b>		<b>-</b>	-	<b>-</b>	-

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

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

The accompanying notes on pages 39 to 58 form an integral part of these financial statements.



# Consolidated and Company Statement of Financial Position

As at 31 December 2020

	Notes	Consolidated		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Assets					
Non-current assets					
Intangible Assets	12	-	-	-	-
Property, plant and equipment	11	5,473	3,761	5,473	3,761
		5,473	3,761	5,473	3,761
Current assets					
Trade and other receivables	16	2,965,097	2,835,612	2,964,656	2,836,398
Financial investments	14	121,833	120,986	121,833	120,986
Cash and cash equivalents	13	1,277	5,581	785	4,292
		3,088,207	2,962,179	3,087,274	2,961,676
Total assets		3,093,680	2,965,940	3,092,747	2,965,437
Liabilities					
Non-current liabilities					
Retirement benefit obligations	9	5,117	10,435	5,117	10,435
Provisions	4	2,542,653	2,500,923	2,542,653	2,500,923
Creditors > 1 year		189	34	189	34
		2,547,959	2,511,392	2,547,959	2,511,392
Current liabilities					
Trade and other payables	15	65,421	58,248	64,488	57,745
Retirement benefit obligations	9	3,300	2,500	3,300	2,500
Provisions	4	477,000	393,800	477,000	393,800
		545,721	454,548	544,788	454,045
Total liabilities		3,093,680	2,965,940	3,092,747	2,965,437

The financial statements on pages 36 to 58 were approved and authorised for issue by the Board of Directors on 27 May 2022, and were signed on its behalf by:

Mike Crane – Chairman

Dominic Clayden – Director, and Chief Executive

The accompanying notes on pages 39 to 58 form an integral part of these financial statements.

Group Company Number 412787



## Consolidated and Company Statement of Cash Flow

For the year ended 31 December 2021

	Notes	Consolidated		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash flows from operating activities					
Cash generated from operations	17	(4,438)	58,217	(3,641)	57,262
Interest received		1,862	2,587	1,862	2,587
Net cash flows from operating activities		(2,576)	60,804	(1,779)	59,849
Cash flows from investing activities					
Purchase of property, plant & equipment		(1,543)	-	(1,543)	-
Net change in financial investments		(185)	(58,874)	(185)	(58,874)
Net cash flows from investing activities		(1,728)	(58,874)	(1,728)	(58,874)
Net increase/(decrease) in cash and cash equivalents		(4,304)	1,930	(3,507)	975
Cash and cash equivalents at the beginning of the year	13	5,581	3,651	4,292	3,317
Net increase/(decrease) in cash and cash equivalents		(4,304)	1,930	(3,507)	975
Cash and cash equivalents at the end of the year	13	1,277	5,581	785	4,292

The accompanying notes on pages 39 to 58 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 accounting standards in conformity with the requirements of the Companies Act 2006.

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

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

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

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

### Standards issued but not yet effective

All new standards and interpretations released by the International Accounting Standards Board (IASB) have been considered. The following new and amended standards that came into effect in the year:

- Conceptual Framework: Amendments to References to the Conceptual Framework in IFRS Standards
- IAS 1 and IAS 8 amendments: Definition of material
- IFRS 3 amendments: Definition of a business
- IAS 39 and IFRS 7 amendments: Interest rate benchmark reform

In addition, the following is a list of standards that are in issue but are not effective in 2021, together with the effective date of application to MIB:

- IAS 37 amendments: Cost of fulfilling a contract – January 2022
- Annual improvements to IFRS standards 2018-2020 – January 2022
- IAS 16 amendments: Proceeds before intended use – January 2022
- IFRS 3 amendments: Reference to the Conceptual Framework – January 2022
- IAS 1 amendments: Classification of liabilities as current or non-current – January 2023

- IFRS 17: Insurance contracts – January 2023. A cross functional project continues to assess the impact of this new standard.

The standards effective from 2022 have been reviewed and are not expected to have a material impact on MIB.

### Group status

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

### Income

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

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

Deferred revenue relates to levy income that will be receivable in the following accounting period hence the classification. Levy is accounted for in period that it relates to.

The company incurs expenses on behalf of subsidiary companies within the group. These expenses are recharged to the subsidiaries at zero mark up and the income is classified as "Fee income from management services". This fee income is recognised as expenses are incurred.

All Income is from UK based operations.

### IFRS 15 Revenue from contracts with customers

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



## Net claims paid

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

## Claims Provisions

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

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

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

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

## Claims Incurred But Not Yet Reported (IBNR)

This represents the total provision for unpaid claims that have occurred but have not been reported to the Group at the accounting date. Current and historical data relating to claims, payments and reserves is gathered by accident year up to and including 31 December 2021. The data is used to project the cost of future claims using generally accepted actuarial techniques.

## Claims Incurred But Not Enough Reported (IBNER)

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

## Consolidation

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of

subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## Property, plant and equipment

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

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

Fixtures and fittings	<b>5 years</b>
Computers	<b>3 years</b>

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 other comprehensive income. Items recognised in other comprehensive income are transferred to the Leviable Premiums, hence the total other comprehensive income will be nil.

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

## Intangible assets

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

Development expenditure **5 years straight line**

## Leases

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

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

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





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

### **Measurement and recognition of leases as a lessee**

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

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

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

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

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

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

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

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

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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

### **Taxation**

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

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

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

### **Retirement benefit obligations**

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

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

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

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

### **Investments**

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



## Cash and cash equivalents

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

## Segmental reporting

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

## Significant estimates and judgements

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

### Significant estimates and judgements include:

#### i) Claims Provisions

The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the statement of financial position date, including incurred claims that are not reported (IBNR) together with related claims settlement costs. Significant delays can be experienced in the notification and settlement of claims, and the nature of claims is both complex and requires subjective assessment. Accordingly, the ultimate cost and date of future settlement of such claims cannot be known with certainty at the statement of financial position date. Any resultant under or over provision for claims is recognised in the period in which the under or over provision is discovered, either on final settlement of the claim or on re-estimation of its ultimate cost. In addition to the above there is uncertainty as a result of the external environment change due to COVID-19 and uncertainty as to the amount of any backlog in Lewis v Tindale claims. Within the IBNR an explicit adjustment in respect of Lewis v Tindale claims has been included totalling £95.0m (2020: £93.0m).

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

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

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

#### ii) Levy

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

## Going concern

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



## 2. Employee costs and numbers – within Administrative Expenses

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

	Consolidated and Company	
	2021 £'000	2020 £'000
Wages and salaries	19,680	23,860
Social security costs	2,014	2,346
Pension contributions – Defined benefit	-	6,223
– Defined contributions	1,504	1,565
Other staff costs	52	323
	<b>23,250</b>	<b>34,317</b>

Average number of employees (including Executive Directors) were:

	No.	No.
MIB claims operations	195	257
MID & Data services (inc IFB)	95	76
MIB / MID support	110	139
	<b>400</b>	<b>472</b>

### Directors' remuneration

The remuneration of the Directors was as follows:

	Consolidated and Company	
	2021 £'000	2020 £'000
Emoluments (including benefits in kind)	1,664	1,409
Pension contributions	11	32
	<b>1,675</b>	<b>1,441</b>
<b>Highest paid Director: Emoluments</b>	<b>1,043</b>	<b>736</b>

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.
<b>Defined benefit</b>	<b>0</b>	<b>0</b>

### Key management personnel

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

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

	Consolidated and Company	
	2021 £'000	2020 £'000
Emoluments (including benefits in kind)	1,206	871
Pension contributions	121	98
	<b>1,327</b>	<b>969</b>
<b>Number of executives at the statement of financial position date</b>	<b>4</b>	<b>4</b>



### 3. Leviable premium

	Consolidated and Company	
	2021 £'000	2020 £'000
Levy called	390,224	393,771
Movement in uncalled levy	128,828	95,202
Leviable premium	<b>519,052</b>	488,973

#### Movement in uncalled levy

	Consolidated and Company	
	2021 £'000	2020 £'000
Increase in outstanding claims provision	124,931	135,870
Other movements	3,897	(40,668)
Movement in uncalled levy	<b>128,828</b>	95,202

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

The Group has the right to call an additional levy from Members should it wish to do so. The additional levy receivable shown in Note 16 of £2,917 million (2020: £2,797 million) represents the estimated value of all current and "incurred but not reported" claims which can be called upon within 12 months of the statement of financial position date. While this represents a significant amount within the statement of financial position, the risk of non-payment is considered unlikely given that the overall premium income generated by the motor insurance market in 2021 was £18 billion (2020: £19 billion) and all members have to be well capitalised for regulatory purposes. Therefore, a risk would only be presented if the entire motor insurance market were to fail.

### 4. Provisions

#### Claims provision and expenditure

	Consolidated and Company	
	2021 £'000	2020 £'000
Claims provision at 31 December	3,019,653	2,894,722
Claims provision at 01 January	(2,894,722)	(2,758,852)
Net movement in claims	124,931	135,870
Claims paid less recoveries	349,104	277,540
Claims expenditure during the year	<b>474,035</b>	413,410
Claims provision at 31 December – non current	2,542,653	2,500,922
Claims provision at 31 December – current	477,000	393,800
	<b>3,019,653</b>	2,894,722

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

Group has over time, developed a methodology that is aimed at establishing provisions that have a reasonable likelihood of being adequate to settle all its obligations.



## Process used to determine significant assumptions:

### Claim provisions

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

### Notified claims

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

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed regularly and updated if new information becomes available. The total amount of case reserves for notified claims, including Periodic Payment Order claims, held by MIB as at 31 December 2021 is £3,105.7 million (2020: £3,075.7 million).

### Claims Incurred But Not Yet Reported (IBNR)

The IBNR provision as at 31 December 2021 is £428.2 million (2020: £375.5 million).

### Claims Incurred But Not Enough Reported (IBNER)

The negative IBNER provision as at 31 December 2021 is (£536.3 million) (2020: (£569.3 million)).

### Claims handling provision and additional reserves

The claims handling provision and additional reserves as at 31 December are £12.0 million (2020: £13.0 million) & £10.0 million (2020: Nil).

### Ogden discount rate

The Civil Liability Act 2018 introduced a new framework for setting the personal injury Ogden discount rate, requiring the Government to reset the Ogden discount rate by reference to low risk rather than very low or zero risk investments. Following a Government review, as dictated by the terms of

the Civil Liability Act 2018, on 15 July 2019 the Lord Chancellor announced a new Ogden discount rate of minus 0.25% (2020: 0.25%) to take effect from 5 August 2019 (a movement from minus 0.75%). The Ogden discount rate will be reviewed again at the latest in 2024.

The Group will continue to exercise judgement around the Ogden rate used in its reserves allowing for the possibility for it to change in the future. The Group considers that uncertainties around the legal framework and its implications in practice as being significant but, will continue to provision at the legally required current rate of minus 0.25% (2020: 0.25%) per annum with no additional allowance for further movements. The policy of the Group regarding the active use of Periodic Payments Orders (see below) partially mitigates the cash flow uncertainty arising from this change.

### Discounting of long-term provisions

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

These structured settlements are assessed on a case-by-case basis to establish the future liability and are included within the overall claims provision. Due to the nature of these claims, a discount factor of -0.25% per annum (2020: -0.25%) is applied to cases linked to RPI increases whilst a discount factor of -0.75% per annum (2020: -0.75%) is applied to cases linked to ASHE increases.

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

	Consolidated and Company	
	2021 £'000	2020 £'000
Gross Provisions for PPO settlements before discount	517,664	487,869
Net discount with discount factor	93,620	87,102
<b>Provisions included in the overall provision for outstanding claims</b>	<b>611,284</b>	<b>574,971</b>

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

### Exposure to claims

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

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



## 5. Other operating income

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
General enquiries	428	8	428	8
Additional levy	6	8	6	8
Electronic vehicle licence fees	47	39	47	39
Third party MID enquiries	1,160	621	1,160	621
CUE/MIAFTR/Other	1,491	1,583	1,491	1,583
Fees for management services	12,813	8,017	8,473	8,002
<b>Other operating income</b>	<b>15,945</b>	<b>10,276</b>	<b>11,605</b>	<b>10,261</b>

## 6. Administrative expenses

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Claims related fees	1,757	1,796	1,757	1,796
BAU Operational Expenses	42,974	46,256	38,634	46,231
Operating lease costs	42	104	42	104
Depreciation	-	176	-	176
Amortisation – leases	118	290	118	290
Auditors' remuneration – audit	41	65	41	65
– taxation	8	14	8	14
Council of Bureaux fees	66	84	66	84
	<b>45,006</b>	<b>48,785</b>	<b>40,666</b>	<b>48,760</b>

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.

BAU Operational Expenses comprises the following costs: IT expenditure (inc software, hardware, hosting etc), Staff expenditure, Professional fees, Building costs and other BAU expenditure.

All items classified previously as Exceptional costs have been reclassified as BAU operation expenses to ensure that only line items presented on the P&L clearly show the entity's financial performance.

## 7. Financial income

	Consolidated and Company	
	2021 £'000	2020 £'000
Bank deposit interest	7	25
UK Government gilt interest	2,960	2,577
Other interest earned	34	120
	<b>3,001</b>	<b>2,722</b>



## 8. Finance expenses

	Consolidated and Company	
	2021 £'000	2020 £'000
Gilt transactions	11	54
Decrease in market value of gilts	3,238	1,668
Pension costs – IAS 19	172	231
Lease finance cost	17	18
Guarantee funding charges	174	727
	<b>3,612</b>	<b>2,698</b>

## 9. Retirement benefit obligations

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

The scheme is subject to a triennial valuation carried out by Mercer Limited, the scheme's independent actuaries, the most recent being as at 1 January 2018 on the projected unit basis. This valuation has been updated by the independent actuaries for the purposes of IAS 19 in order to assess the assets and liabilities of the scheme as at 31 December 2021.

Contributions to the scheme are made on the advice of the actuaries with the objective that the benefits be fully funded during the scheme members' average working lives. The current valuation indicates that the scheme is 83.1% funded. The current estimated value of the scheme's assets at 31 December 2021 was £41,425,000 (2020: £33,139,000). The pension cost for the year was £148,000 (2020: £343,000). As at 1 January 2022 the continuing contribution was set at 27.9% of pensionable salaries plus a fixed deficit funding amount of £3,300,000 per annum (2020: £1,223,003).

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

	2021 % pa	2020 % pa	2019 % pa	2018 % pa	2017 % pa
Discount rate	1.9	1.5	2.1	2.9	2.4
Expected rate of future salary increases	-	-	-	3.7	3.9
Expected rate of future pension increases	3.2	2.9	2.8	3.1	3.3
Underlying expected inflation rate (RPI)	3.4	3.0	2.9	3.3	3.5

The market value of assets in the scheme as at 31 December 2021 were £41,425,000 (2020: £33,139,000; 2019: £29,637,000; 2018: £21,095,000; 2017: £21,033,000).

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:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Equities	5,719	5,957	5,269	4,562	4,743
Bonds	13,074	17,995	16,084	9,752	9,260
Property	2,683	541	486	276	411
Other	19,950	8,646	7,798	6,505	6,619
Fair value of assets	41,426	33,139	29,637	21,095	21,033
Present value of liabilities	(49,843)	(46,074)	(39,426)	(35,422)	(42,622)
	(8,417)	(12,935)	(9,789)	(14,327)	(21,589)
Net pension liability – Non Current	(5,117)	(10,435)	(7,266)	(12,867)	(20,246)
Net pension liability – Current	(3,300)	(2,500)	(2,523)	(1,460)	(1,343)
	(8,417)	(12,935)	(9,789)	(14,327)	(21,589)

The classification between current and non current portions of the net pension liability is based anticipated costs for the next year

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

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Deficit at 1 January	(12,935)	(9,789)	(14,327)	(21,589)	(19,960)
Current service cost	-	(112)	(520)	(681)	(814)
Contributions	6,224	1,385	7,645	1,430	1,500
Other finance cost	(147)	(231)	(305)	(548)	(551)
Actuarial gain / (loss)	(1,559)	(4,188)	(2,282)	7,189	(1,764)
Past service costs	-	-	-	(128)	-
Deficit at 31 December	(8,417)	(12,935)	(9,789)	(14,327)	(21,589)

Analysis of the amount charged to administrative expenses:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Current service cost	-	112	520	681	814
Past service cost	-	-	-	128	-
Total operating charge	-	112	520	809	814

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

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Interest income on plan assets	(538)	(631)	-	-	-
Administration costs (excl. asset management costs)	-	38	38	38	40
Interest on liabilities	685	824	267	510	511
Other finance costs	147	231	305	548	551
Total charge for year	147	343	825	1,357	1,365

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:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Return on plan assets less interest income on plan assets	2,176	2,076	1,316	(1,236)	794
Experience gains and losses arising on liabilities	(1,946)	18	501	1,052	259
Changes in assumptions underlying the present value of the liabilities	(1,789)	(6,282)	(4,099)	7,373	(2,817)
<b>Total actuarial (loss) / gain</b>	<b>(1,559)</b>	<b>(4,188)</b>	<b>(2,282)</b>	<b>7,189</b>	<b>(1,764)</b>

Amounts recognised in the statement of financial position:

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Present value of funded obligations	(49,843)	(46,074)	(39,426)	(35,422)	(42,622)
Fair value of assets	41,426	33,139	29,637	21,095	21,033
<b>Net liability recognised in the statement of financial position</b>	<b>(8,417)</b>	<b>(12,935)</b>	<b>(9,789)</b>	<b>(14,327)</b>	<b>(21,589)</b>

Change in assets during the year

	2021 £'000	2020 £'000
Opening asset	33,139	29,637
Interest income on assets	539	631
Return on assets excluding interest income	2,176	2,076
Employer contributions	6,224	1,385
Benefits paid	(652)	(552)
Administration costs	-	(38)
<b>Closing assets</b>	<b>41,426</b>	<b>33,139</b>

Change in liabilities during the period

	2021 £'000	2020 £'000
Opening liabilities	46,074	39,426
Current service cost	-	112
Interest cost on defined benefit obligation	686	824
Benefits paid	(652)	(552)
Actuarial gain on changes in financial assumptions	(518)	6,384
Actuarial loss on changes in demographic assumptions	2,307	(102)
Experience loss on liabilities	1,946	(18)
<b>Closing liabilities</b>	<b>49,843</b>	<b>46,074</b>



## Sensitivity Analysis

Assumption	Estimated increase/(decrease) to obligation		Estimated increase/(decrease) to obligation	
	Plus	£'000	Minus	£'000
Discount rate	0.1%	1,100	0.1%	(1,100)
Inflation	0.1%	500	0.1%	(800)
Life expectancy	1 year	1,900	1 year	(1,900)

These movements have been calculated assuming that changes in the inflation assumption have a knock-on effect on the pension increase (i.e. the “real” increase rates are maintained) there have been no changes to the assumptions made this year.

## Major assumptions for the IAS 19 valuation are

	2021	2022
Discount rate	<b>1.90%</b>	1.50%
RPI Inflation	<b>3.35%</b>	3.00%
CPI Inflation	<b>2.80%</b>	2.20%
Pension increases in payment:		
- RPI inflation capped at 5.0% p.a.	<b>3.20%</b>	2.90%
- CPI inflation capped at 3.0% p.a.	<b>2.20%</b>	1.90%
Deferred revaluation:		
- RP inflation capped at 2.5% p.a.	<b>2.50%</b>	2.20%
- CPI inflation capped at 5.0% p.a.	<b>2.80%</b>	2.20%

The liabilities at 31 December 2021 have been calculated using the projected unit method by rolling forward the preliminary results of the triennial funding valuation as at 31 December 2020.

These rolled-forward results have then been adjusted to reflect the IAS 19 financial and demographic assumptions applicable at 31 December 2021

## 10. Taxation

### Current tax expense

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
UK corporation tax at 19% (2020: 19%)	<b>27</b>	139	<b>27</b>	139
Adjustment in respect of prior years	<b>70</b>	-	<b>70</b>	-
R&D tax claim	<b>(97)</b>	-	<b>(97)</b>	-
<b>Total current tax</b>	<b>-</b>	<b>139</b>	<b>-</b>	<b>139</b>



### Factors affecting the tax charge for the period

(Loss) / profit before tax	-	-	-	-
Tax expense using the UK corporation tax rate of 19% (2020: 19%)	-	-	-	-
Non-deductible expenses	1	1	1	1
Income not taxable for tax purposes	(22)	-	(22)	-
Adjustment to tax charge in respect of previous periods	70	-	70	-
Deferred tax not recognised	(127)	156	(127)	156
Remeasurement of deferred tax for changes in tax rates	175	(18)	175	(18)
R&D tax claim	(97)	-	(97)	-
	<u>-</u>	<u>139</u>	<u>-</u>	<u>139</u>

The Group has a deferred tax asset of approximately £527,000 (2020: £310,911) which is not recognised on the grounds that there is insufficient evidence that the asset will be recoverable against suitable taxable income.

## 11. Property, plant and equipment – Consolidated and Company

	Freehold property £'000	Right-of-use asset £'000	Total £'000
<b>Cost</b>			
At 1 January 2021	3,600	623	4,223
Additions/revaluation	1,543	431	1,974
Disposals	-	(623)	(623)
<b>At 31 December 2021</b>	<b>5,143</b>	<b>431</b>	<b>5,574</b>
<b>Depreciation</b>			
At 1 January 2021	-	462	462
Charge for year	-	118	118
Disposals	-	(479)	(479)
<b>At 31 December 2021</b>	<b>-</b>	<b>101</b>	<b>101</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>5,143</b>	<b>330</b>	<b>5,473</b>
<b>At 31 December 2020</b>	<b>3,600</b>	<b>161</b>	<b>3,761</b>

A revaluation of property was undertaken by an independent valuer effective 31 December 2018. If the property were to be carried under the cost model the value would be £3,725,000. The property is currently undergoing a renovation and will be revalued once completed in 2022. See Note 18 for Right of use asset details.



## 12. Intangible assets – Consolidated and Company

### MIAFTR Database

	Intangible assets £'000	Total £'000
<b>Cost</b>		
At 1 January 2021	321	321
Additions	-	-
<b>At 31 December 2021</b>	<b>321</b>	<b>321</b>
<b>Amortisation</b>		
At 1 January 2021	321	321
Charge for year	-	-
<b>At 31 December 2021</b>	<b>321</b>	<b>321</b>
<b>Net book value</b>		
<b>At 31 December 2021</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2020</b>	<b>-</b>	<b>-</b>

## 13. Cash and cash equivalents

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash at bank and in hand	1,277	5,581	785	4,292
	<b>1,277</b>	<b>5,581</b>	<b>785</b>	<b>4,292</b>

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

## 14. Financial investments – Consolidated and Company

	2021 £'000	2020 £'000
UK Government gilts	43,833	120,986
Cash held for investment purposes	78,000	-
<b>Total</b>	<b>121,833</b>	<b>120,986</b>

The carrying amounts of these assets approximate to their fair value. UK Government gilts are valued at bid market price as at 31 December. These are level 2 investments due to their price being index linked. See note 21 for Credit risk.

Additionally, the company owns £1 investment in each of its four subsidiaries. See Note 19 for details.



## 15. Trade and other payables

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	2,458	1,700	2,451	1,699
Advanced levy payments	3,747	3,515	3,747	3,515
Accrued expenses	17,162	17,410	16,278	17,408
Deferred Revenue	40,222	33,316	40,222	33,458
Other payables – Tax and other	1,832	2,307	1,790	1,665
	<b>65,421</b>	<b>58,248</b>	<b>64,488</b>	<b>57,745</b>

Accrued expenses consist entirely of business accruals - operating costs.

## 16. Trade and other receivables

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Additional levy receivable	2,916,551	2,796,537	2,916,551	2,796,537
Intercompany receivables	-	-	21	661
Other trade receivables	41,304	36,115	45,278	36,201
Prepayments	2,209	1,829	2,126	1,829
Other receivables	5,034	1,131	680	1,170
	<b>2,965,098</b>	<b>2,835,612</b>	<b>2,964,656</b>	<b>2,836,398</b>

Other trade receivables consists of sales ledger balances due from members and recoveries receivable (amounts due from the recovery agents) less bad debt provisions.



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

### Inflows from operating activities

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Operating profit	611	115	611	115
Corporation tax	-	(139)	-	(139)
Depreciation of property, plant and equipment	-	176	-	176
Right of use asset	118	309	118	309
Pension Deficit top up	(6,224)	(1,385)	(6,224)	(1,385)
Asset Write off	-	254	-	254
Other Cashflows	547	1,494	2,803	1,496
Increase in trade and other receivables	(129,486)	(94,492)	(128,257)	(97,188)
Increase in trade and other payables	9,584	12,869	6,896	14,608
Increase in provisions and other liabilities	120,412	139,016	120,412	139,016
Finance costs	-	-	-	-
	<b>(4,438)</b>	<b>58,217</b>	<b>(3,641)</b>	<b>57,262</b>

## 18. Operating lease commitments

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

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

	Consolidated and company	
	2021 £'000	2020 £'000
Within 1 year	17	30
Later than 1 year and less than 5 years	-	1
<b>Total operating lease commitments</b>	<b>17</b>	<b>31</b>

### Lease liabilities

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

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

	Consolidated and company	
	2021 £'000	2020 £'000
Within 1 year	142	169
Later than 1 year and less than 5 years	188	-
<b>Total operating lease liabilities</b>	<b>330</b>	<b>169</b>



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

	Consolidated and company	
	2021 £'000	2020 £'000
Depreciation expense of right-of-use assets	101	291
Interest expense on lease liabilities	17	18
Expense relating to short term leases of low value assets (included in operating expenses)	-	104
<b>Total amount recognised in the statement of comprehensive income</b>	<b>118</b>	<b>413</b>

The Group had total cashflows for leases of £197,000 (2020: £307,000), the Group also had non-cash additions to right-of-use assets and lease liabilities of £nil (2020: £nil). There are no leases currently in place which have not started.

## 19. 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	England and Wales	England and Wales	100%	1	-
Official Injury Claim Limited	Managing OICL website	England and Wales	100%	1	-
MIB Management Services Limited	Provision of administration services	England and Wales	100%	1	-

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

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

The Group owns 50% of Claims Portal Limited but does not have control over its financial and operating decisions; therefore, Claims Portal Limited has not been consolidated in these financial statements but the investment of £1 is shown within investments.

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

## 20. 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 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 Member's services. These services, including the provision of insurance, are undertaken on an arm's length basis.

There are no further related party transactions to note.



## 21. Key and Principle Risks - Financial risk management

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

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

The Group has a risk management function that manages and continuously monitors the financial risks relating to the Group's operations. The Group's senior management meets regularly

to review and, if appropriate, approve the implementation of optimal strategies for effective management of financial risk. The process includes documentation of policies, including limits, controls and reporting structures.

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

### Credit risk

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

An Investment Committee is in place to recommend strategies and monitor the investment policies and practices of MIB and report to the Board. All new placements of funds are either placed through cash deposits with institutions agreed in accordance to an approved counterparty list that have a credit rating of at least F1 from Fitch and within absolute counterparty limits, or in the 3rd party managed investment portfolio within which all securities must have long term ratings of BBB (S&P), BBB (Fitch), Baa2 (Moody's) or higher. These are level 2 investments due to their price being index linked.

The Group's trade receivables largely consist of levy due from insurers. In order to write motor business, insurers must become a Member of MIB and adhere to the terms and conditions laid out in its Memorandum and Articles of Association. The terms require each Member to pay a levy to

MIB, calculated on the basis of the volume and class of business written over each financial period. The majority of the levy is collected by monthly direct debit with a right to charge interest for any late payment. Ultimately, should an insurer default or become bankrupt or insolvent, the debt can be passed to the general market for reimbursement. Therefore, non-payment of levy from a Member presents a negligible risk to the Group.

The Group has the right to call an additional levy from Members should it wish to do so. The additional levy receivable shown in Note 16 of £2,917 million (2020: £2,797 million) represents the estimated value of all current and "incurred but not reported" claims which can be called upon within 12 months of the statement of financial position date. While this represents a significant amount within the statement of financial position, the risk of non-payment is considered unlikely given that the overall premium income generated by the motor insurance market in 2021 was £18 billion (2020: £19 billion) and all members have to be well capitalised for regulatory purposes. Therefore, a risk would only be presented if the entire motor insurance market was to fail which even taking into account COVID-19 is a very unlikely occurrence.





## Liquidity risk

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

There are no significant amounts of insurance payables that fall due for payment by MIB other than within one year. Provisions as disclosed on the face of the balance include provisions for outstanding claims, a significant element of which are payable after more than one year.

### Gross Outstanding claims – estimated payment profile

Payment period	2021 £'000	2021 %	2020 £'000	2020 %
Within 1 year	477,000	15.8	393,800	13.6
Between 1 and 5 years	1,908,000	63.2	1,824,800	63.0
Later than 5 years	634,653	21.0	679,123	23.4
<b>Total</b>	<b>3,019,653</b>	<b>100</b>	<b>2,897,723</b>	<b>100</b>

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

In addition to this and in light of COVID-19 MIB secured guarantee funding to diversify our cash holdings.

Cash forecasts identifying the liquidity requirements of the Group are produced and reviewed regularly to ensure sufficient financial headroom exists to meet future obligations. The levy is collected over twelve instalments on the first working day of each month and placed in instant access cash deposits and call accounts. Any surplus amounts left at the end of the month are invested in corporate bonds. 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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Total cash in hand</b>	<b>1,277</b>	<b>5,581</b>	<b>785</b>	<b>4,292</b>

## Market risk

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

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

	2021 Actual £'000	2021 +2% £'000	2021 -2% £'000	2020 Actual £'000	2020 +2% £'000	2020 -2% £'000
<b>Interest receivable</b>	7	30	-	25	391	-

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



## Climate risk

Climate change has continued to attract increasing political and regulatory focus. With growing coverage of climate related matters in the global media and changes in social attitudes, customers are becoming increasingly conscious of their environmental impact.

The Group is working on a Climate Change Strategy that aims to appropriately integrate climate risk considerations into the business and decision-making. The strategy will serve to meet regulatory obligations, including embedding the Group's approach to managing climate-related financial and commercial risks, whilst remaining sufficiently flexible to adapt to evolving regulatory guidance and scientific understanding. Execution of this strategy will continue during the following years to fully embed the Group's approach to managing climate-related financial risks.

## 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. Any variances form part of the claims payment made.

The value of Green Card claims with such exposure is £49.6 million (2020: £46.0 million) of which £2.7 million (2020: £4.5 million) represents cases where a standard reserve amount has been set. Therefore, the maximum potential exposure to currency risk is £52.4 million (2020: £32.7 million), which represents 1.7% (2020: 1.1%) 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 £13.2 million (2020: £10.4 million) or an increase of £8.6 million (2020: £6.6 million), based on an exchange rate of 1.189805 (2020: 1.10852) 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.

---

## 22. Post Balance Sheet Event

Following the invasion by Russia of Ukraine in February 2022, the primary source of risk facing MIB is the increase of higher inflation. However, this increase in risk is not outside the risks already considered by the MIB as part of its overall risk management framework.

MIB has no direct exposure to Russian investments within its investment portfolio.



# Glossary

## askCUE PI

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

## askMID.com

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

## Claims and Underwriting Exchange (CUE)

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

## Claims leakage

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

## Claims lifecycle

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

## Claims Portal

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

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

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

## Continuous Insurance Enforcement (CIE)

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

## Employers' Liability Database (ELD)

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



## Glossary (continued)

### Employers' Liability Tracing Office (ELTO)

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

### Green Card

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

### Guarantee Fund

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

### Insurance Fraud Bureau Limited (IFB) and Cheatline

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

### Motor Insurance Anti-Fraud and Theft Register (MIAFTR)

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



## Glossary (continued)

### Motor Insurance Database (MID)

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

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

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

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

### MIB Management Services Limited (MIB MSL)

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

### MyLicence

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

### No Claims Discount (NCD) Database

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

### Official Injury Claim service – Civil Liability Act and changes to Civil Procedure Rules

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

### 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.

