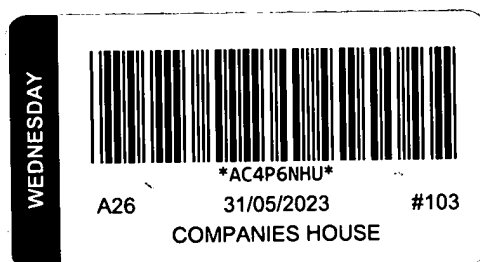


MOTOR INSURERS' BUREAU 2022 ANNUAL REPORT AND ACCOUNTS

Group Company Number 412787



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The year in numbers

We helped more than

42,000 people

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

Almost 80% of suspected uninsured drivers

we contacted as part of Operation Tutelage are now insured

We saw more than

1 billion enquiries

across our data services

We continued our work to build

Navigate

a powerful new platform that will transform the way we share information

We helped seize

123,000 uninsured vehicles

through our Police Helpline and Motor Insurance Database

FROM OUR CHAIRMAN

Together, we continued to protect people from the devastation of uninsured and hit-and-run driving

In my first full year as Chair, I was proud to be part of the insurance industry's long-standing commitment to working with MIB to support people injured by uninsured and hit-and-run drivers.

Operation Tutelage continued to make a significant difference in protecting people from the terrible cost of uninsured driving. In 2022 alone, our work together helped the police seize more than 123,000 uninsured vehicles.

I want to thank all my fantastic industry colleagues who give up their time to support the work of the MIB Board. Your wealth of experience and knowledge makes an enormous contribution to the vital work we do.

I would also like to thank our colleagues in government for continuing to support MIB's efforts to expand the use of Green Cards for UK motorists travelling in the European Economic Area and beyond.

We were ready for the unexpected

Despite inflation and an uncertain economic environment, MIB started the year in excellent financial health.

As the economic outlook worsened, we kept a particularly close eye on our expenses and maintained contracts to mitigate the risk of higher supplier costs. Alongside a long-term programme of transformation, that meant we could continue investing in further improvements.

Modernising the way we share information

We continued our work to build a powerful, modern platform for MIB's data services. Navigate will make it faster and easier for our members and partners to access the information they need and provide the flexibility to adapt to the future needs of the insurance market. As we move towards implementing Navigate in 2023, we'll work with our industry colleagues to make sure our approach continues to reflect the needs of our members.

We are also making progress in defining a clear strategy to improve the quality of the information available through MIB's services.

We're making progress – let's keep going

Finally, I would like to thank my many talented colleagues across MIB for continuing to deliver for our members, customers, and partners. Together, it's your collective focus and dedication that will allow us to continue improving the work we do and ultimately – create a world where uninsured driving is a thing of the past.

A handwritten signature in black ink, appearing to read 'Mike Crane', with a stylized, cursive script.

Mike Crane, Chairman

23 May 2023

FROM OUR CEO

In challenging times, we delivered on what matters

Welcome to our 2022 Annual Report and Accounts.

As CEO, I am hugely proud of the progress MIB continues to make in protecting people from the devastation of uninsured and hit-and-run driving. And that, every day, our people are working to help their innocent victims rebuild their lives.

An uncertain environment driven by inflation, climate change and war in Ukraine made 2022 another challenging year for families and businesses.

Here at MIB, the progress we have made in reducing our operating costs and evolving our culture helped mitigate the impact of these difficult conditions.

Our dedicated people rose to the challenge, settling 42,000 claims, compared to just over 36,000 in 2021. Sadly, we saw an increase in claims from people with the most serious, life-changing injuries. And, like many of our members, we began to see the impact of wage inflation and rising prices within our supply chain. All these factors contributed to a 15% increase in the total cost of compensation for victims of uninsured and hit-and-run drivers. A challenging labour market made it harder to recruit and retain skilled people. And we had to work even harder to balance keeping our costs as low as possible while continuing to invest in the improvements our members and partners need.

“As CEO, I am hugely proud of the progress MIB continues to make in protecting people from the devastation of uninsured and hit-and-run driving. And that, every day, our people are working to help their innocent victims rebuild their lives.”

Together, we made it possible. Again

Despite the challenges, 90% of our key performance indicators were on or above target.

Helping victims rebuild their lives

Our dedicated people came together to deliver an exceptional performance, paying more than £400 million in compensation to support people injured by uninsured and hit-and-run drivers. Supported by a modern claims system and better ways of working, we settled more claims than we received during the year, bringing the number of cases under investigation to the lowest

level since 2020. Claims leakage also fell to just over 2%, and customer satisfaction remained high at 80%.

Making our roads safer

We continued to make progress in protecting people from the terrible cost of uninsured driving. Using the information shared by our members through our Motor Insurance Database (MID), we sent almost 200,000 letters to drivers suspected of driving uninsured as part of Operation Tutelage. More than 155,000 took out insurance, allowing the police to focus on getting vehicles that remain uninsured off the roads as quickly as possible.

In 2022, almost 90% of vehicles where the driver failed to respond to our letter and that were seen on the roads were seized by the police.

We also worked with our members, the police, and the government to develop the technology and agreements needed to take that success a step further. Targeted intelligence focused on the most dangerous offenders is now supporting the police to be even more efficient in finding and seizing high-risk vehicles.

Supporting the Government's whiplash reforms

Official Injury Claim continues to provide an efficient and easy-to-use service for eligible drivers to make a limited-value claim after a road accident. By the end of 2022, the claims portal had processed 420,000 claims with more than 70,000 settled, equivalent to around £85 million in compensation.

Building the future

In recent years, we've been working with our members to evolve the way we share information. After months of detailed discussions, we agreed to build a modern solution designed to support the changing needs of our members.

In 2022, starting with the MID (Motor Insurance Database) and MIAFTR (Motor Insurers Anti-Fraud and Theft Register) we built Navigate – a single, modern, and scalable foundation for the future of our data services.

Every aspect of the new platform has been developed with our members. The programme has been supported by an extensive package of online content, events, workshops, focus groups, as well as detailed testing. The core functionality is now in place, and we are supporting our members in preparing for the MID moving to the new platform by the end of 2023.

Following a detailed review, we also worked with our members to make sure the information available across our services is as accurate and relevant as possible. That will include producing a range of options for the future of CUE (the Claims and Underwriting Exchange), which will be presented to the MIB Board in 2023.

Creating the inspiring workplace of the future

At a time when it matters more than ever, we defined a clear purpose for our organisation. We reimagined our office in Milton Keynes, creating a modern and inspiring environment that reflects our future ambitions. We further strengthened our commitment to wellbeing and inclusion. And we introduced a range of improvements to make it easier for our people to access the information they need.

We welcomed and said goodbye to some brilliant people

As always, we saw many talented colleagues come and go across our community. People whose achievements will benefit our organisation for many years to come.

I would also like to thank to all those who supported the work of the MIB Board at this challenging time. And of course, to our talented people. Ultimately, it was your creativity, resilience, and dedication that made our achievements possible.

It's our shared story that makes us, MIB

Every year, we come together, often in the face of significant challenges, to solve problems no organisation can tackle alone. 2022 was no different. We found new and innovative ways to keep uninsured drivers off our roads. We continued to invest in giving victims the high-quality support they deserve. And we made progress in delivering the modern services we need to achieve our purpose in a changing world.



Dominic Clayden, CEO
23 May 2023

OPERATIONAL PERFORMANCE

Operational delivery

Almost 90% of our key performance indicators were on or above target – a fantastic achievement in what was a challenging year.

KPI	Target	Actual	RAG Status
Reduction in new claims – uninsured	11,000	8,419	GOLD
Reduction in new claims – untraced	18,000	14,876	GOLD
Police seizures	130,000	123,434	AMBER
Direct claimant customer satisfaction	75.00%	78.85%	GREEN
Quality audit	95.0%	95.6%	GREEN
Leakage	2.60%	2.23%	GOLD
Open lifecycle	320 days	383.9 days	RED
Net claims spend	£417.0M	£399.9M	GOLD
Operating expenses	£26.34M	£26.29M	GREEN
Other costs	£14.56M	£14.27M	GREEN

How we performed (MIB Claims)

Supported by ongoing improvements to a modern claims system, more efficient ways of working, and the dedication of our people, we settled more than 42,000 claims at a cost of more than £400 million. That helped us reduce the size of our claims portfolio to 30,431, the lowest level since April 2020.

We recovered almost £20 million from uninsured drivers against a target of £12 million, a significant achievement. Leakage also reduced from almost 3% in 2021 to just over 2%.

An 18-month large loss transformation project ended with initial saving across the large loss claims portfolio of over £50m. That will allow our people to target appropriate cases for early commercial settlement, improve the experience for claimants, and embed further cost-savings.

New claims 2022

Uninsured claims – 8,419

Hit-and-run claims – 14,876

Keeping people safe on our roads

Operation Tutelage continued to make a significant contribution in protecting people from the devastating cost of uninsured driving.

Using our Motor Insurance Database (MID), we sent almost 200,000 drivers suspected of driving uninsured a letter from their local police force. By giving honest drivers an easy way to correct their mistakes and helping the police focus on seizing the vehicles of those who fail to respond, it has proven highly effective in reducing the number of uninsured vehicles on our roads. Continuous Insurance Enforcement (CIE) further supported this success by helping to identify vehicles that are kept uninsured.

In 2022 alone, more than 155,000 (78%) of drivers we contacted took out insurance. 89% of vehicles where the driver failed to respond and that were seen on the roads were seized by the police.

We also worked with our members, the police, and the Government to develop Tutelage Plus, which uses a variety of policing methods to quickly find and seize vehicles that pose the greatest risk to the public.

We also established a regular programme of real-life stories to raise awareness of the impact of uninsured and hit-and-run driving and the vital role we play in supporting victims.

Modernising the way we share information

We took another significant step forward in building the future of our data services. Starting with the MID and MIAFTR, Navigate will provide a single, modern, and scalable new home for the information we rely on and provide the flexibility we need to adapt to the changing needs of our members. We are now working to create a test environment ahead of the MID moving to the new platform in 2023.

In 2022 alone, we received a record 1 billion enquiries across our data services.

New technologies are only part of our effort to improve the information our members and partners need. And so, we worked together to define what we need to do to evolve the standards, controls, and technologies our members use to share information with our services. We also worked to define a range of options for the future CUE, which will be presented to the MIB Board in 2023.

KPI	Target	Actual	RAG Status
Data Protection Maturity	4.24	4.24	GREEN
Data Management Maturity	2.70	2.70	GREEN
Security Maturity	3.70	3.74	GREEN
Strategic Change	GREEN	GREEN	GREEN
Risk Maturity	3.50	4.30	GOLD
System Availability	0.90	0.96	GREEN
Client Company SLA	0.90	0.94	GREEN

The Insurance Fraud Bureau

We launched Exploration, a powerful modern fraud detection solution that uses artificial intelligence and cutting-edge analytics to identify suspicious activity across millions of records.

By consolidating data from the MID, MIAFTR, CUE, IFR and IFiHUB into a single interface, Exploration is a powerful weapon in the fight against insurance fraud.

After detailed discussions with IFB members, we developed "Forward Together," a three-year strategy that sets out how the IFB will evolve to help the insurance industry tackle the changing nature of fraud.

In collaboration with our members, we launched a successful campaign to raise awareness of the growing threat of ghost broking. Our warnings and practical advice were seen by 6.8 million people on social media and were shared across some of the UK's biggest news outlets, including the Daily Mail and ITV News.

The Employers' Liability Tracing Office (ELTO)

We made it easier than ever for anyone who has suffered a work-related illness or injury to trace their employer's insurer.

By the end of 2022, there were 1.7 million records on the Employers' Liability Database (ELD), with 92% of claimants successfully finding the information they needed to make a claim.

By working with HMRC to increase the number of records that can be searched using an Employer Reference Number, we significantly improved the accuracy of search results. Multi-factor Authentication also ended the need for customers to use multiple passwords, helping to create a simpler, more efficient experience and further enhancing ELTO's cybersecurity capabilities.

Claims Portal

Claims Portal supports insurers, claimants, and legal representatives in managing the complexities of personal injury and employer liability claims.

In response to new digital user experiences and increased security threats, we carried out an independent review to identify what else we can do to further protect customers' data and improve their experience.

2022 therefore, primarily focused on strengthening our security capabilities. That included restricting access to old and unsupported browsers, delivering Multi-factor Authentication and updating encryption to add an additional layer of security and reduce our cyber insurance premium. That will provide a foundation for more visible improvements in 2023, including a review of the journey through the Claims Portal website.

Financial performance

Mitigating the impact of a challenging economic environment

Rising inflation, conflict in Ukraine, and a period of sustained uncertainty all contributed to a cost-of-living crisis that has impacted people and businesses across the world.

Despite the challenges, MIB started the year on a strong financial footing. In recent years, we have put aside cash reserves to cover an unforeseen increase in our operating expenses. We have maintained a diversified portfolio of investments and low-risk pension assets. And, over many years, we have invested in delivering efficiency savings as part of an ongoing programme of transformation.

Yet with inflation reaching a forty-year high, no organisation was entirely protected. As well as settling more claims during the year, increased costs within our supply chain contributed to a 15% rise in the total cost of compensation for victims of uninsured and hit-and-run drivers. Although we remain relatively conservative in our approach to pay, wage inflation, competition in the labour market, and a lack of awareness of MIB also made it more difficult and costly to hire and retain skilled people.

In the short-term, to mitigate the effects of these challenging market forces, we kept an even closer eye on our expenses and continued to monitor economic developments. We carried out an independent review of investment decisions. And, wherever possible, we retained or renegotiated contracts to protect the organisation from higher supplier costs.

Despite these challenges, we are proud that our dedicated people maintained their commitment to supporting victims of uninsured and hit-and-run drivers fairly and compassionately.

Continuing to improve the way we manage risk

To prepare for the opportunities ahead, we must be able to make informed decisions about any potential risks. Whether that's anticipating threats to our finances, protecting our services from new security threats, or making sure we comply with relevant regulations.

In 2022, we continued to make sure MIB is set up to succeed in a complex and changing world. We welcomed our new Chief Risk Officer to lead the way in driving further improvements. As part of our ongoing maturity programme, we put a risk management framework at the heart of our culture and decision-making. We delivered high-quality training to further improve our knowledge, strengthened collaboration with our members, and tested our response to a range of scenarios. And, as always, we invested in evolving the technologies and processes needed to protect MIB from fast-moving data security threats.

Supporting our people to do their best work

We have always believed that creating a progressive culture is vital to everything we want to achieve here at MIB.

Despite a challenging year, we achieved high levels of employee engagement as part of the Gallup Q12 Employee Engagement Index. We developed a clear purpose, mission, and vision to help create a compelling story around why we exist. We updated our office in Milton Keynes to help create the modern, collaborative environment we need for the future, and rolled out new ways to share information so that our people feel connected to everything that is happening across our organisation. And we introduced improvements to help talented people develop and progress their careers with us.

KPI	Target	Actual	RAG Status
Employee Engagement	4.08	4.29	GREEN
Gender Pay Gap (base pay only*)	24%	23%	GREEN

* Median pay excluding bonus payments

Influencing the issues that matter to motorists and our members

The direct effect of Vnuk, a 2014 European Court of Justice ruling that made MIB liable for claims not covered under UK law and the Road Traffic Act, came to an end. With behind-the-scenes support from MIB over a long period, the Government passed the Motor Vehicles (Compulsory Insurance) Act 2022.

Outstanding payments totalling £13m were recovered from MIB's Green Card partners, an increase of over 60% on the previous year (£8m). More efficient processes were introduced, and the recovery team's capacity was increased with an additional headcount along with technical training to improve proficiency, maximise recovery and reduce leakage.

FINANCIAL STATEMENTS AND GOVERNANCE

Our full financial statements, governance report and results
for the year ended 31 December 2022

Strategic report

The Board presents its report and the audited financial statements of the Motor Insurers' Bureau for the year ended 31 December 2022.

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; and
 - 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; and
 - 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 the 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; and
- 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; and

- 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; and
 - 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; and
- 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 2022.

- a) the likely consequences of any decision in the long term (pages 4-8 and 12-13);
- b) the interests of the company's employees (13);
- c) the need to foster the company's business relationships with suppliers, customers and others (pages 6-8);
- d) the impact of the company's operations on the community and the environment (page 23-24);
- e) the desirability of the company maintaining a reputation for high standards of business conduct (pages 4-8); and
- f) the need to act fairly between members of the company (pages 4-8).

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 35 shows that the Group has neither made a net income nor incurred a loss in the year ended 31 December 2022. MIB continues to have the support of its Members.

The Levy income included within the consolidated statement of comprehensive income of £657.9 million (2021: £519.1 million) comprises the cash levy called of £465.6 million (2021: £390.2 million) plus the movement in uncalled levy of £192.3 million (2021: £128.9 million) which represents the movement in claims provisions; see Note 3 for details.

Claims reserves included within the consolidated statement of financial position of £3,242 million (2021: £3,020 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:

- market;
- credit;
- liquidity;
- operational;
- ESG;
- reserving and foreign exchange risk.

Post balance sheet events

None to note.

Directors' report

The Directors present their Directors' Report on Motor Insurers' Bureau for the year ended 31 December 2022.

Board of Directors

The following were Directors during 2022 and held office throughout the year unless shown otherwise:

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

Executive Directors

D Clayden Chief Executive Motor Insurers' Bureau 14.05.2018
Note: appointed Non-Executive Director on 11.09.2009

R Arya Chief Finance Officer Motor Insurers' Bureau 01.04.2019

Non-Executive Directors

S Baker	AXA Insurance	03.04.2013	10.10.2022
K Helgesen	RSA	29.03.2018	
T Bishop	Aviva	19.06.2018	28.03.2022
M Crane	Liverpool Victoria	02.08.2018	
Note: appointed as chair on 01.01.2022			
R Charles	Admiral Group	28.09.2018	
P Singh	Allianz	26.02.2019	31.12.2022
K Coltham	Ageas	29.11.2019	12.10.2022
A Eaton	Advantage	10.09.2020	
J Burrows	Direct Line Group	01.01.2022	
A Fernqvist	Zurich	20.01.2022	
A Rayner	Aviva	01.04.2022	25.08.2022
C Weston	Great Lakes	09.12.2022	
G Carter	Sabre	09.12.2022	

W Malik Aviva 09.12.2022

A Beckett Ageas 19.12.2022

Appointments

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

C Makomereh MIB 29.03.2023

Resignations

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

None

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		
	31.02.22	31.03.22	27.05.22	31.08.22	29.09.22	02.12.22	18.05.22	18.07.22	02.11.22
M Crane	✓	✓	✓	✓	✓	✓			
D Clayden	✓	✓	✓	✓	✓	✓	✓	✓	✓
R Arya	✓	✓	✓	✓	✓	✓	✓	✓	✓
S Baker	✓	✓	✓	✓	✓				
K Helgesen	✓	✓	✓	A	A	✓			
T Bishop	✓								
R Charles	✓	✓	✓	✓	✓	✓			
P Singh	✓	A	A	A	✓	✓			
K Coltham	✓	✓	✓	A	A				
A Eaton	✓	✓	✓	A	✓	✓	✓	✓	✓
J Burrows	✓	A	✓	✓	A	✓			
A Fernqvist	✓	✓	✓	✓	A	A	✓	✓	✓
A Rayner			✓						

✓ = Present

A = Absent

Committee Members

Name	Executive Security Steering Committee	Audit and Risk Committee	Remuneration and Nomination Committee	Investment Committee	Levy Group	Data Privacy Committee
M Crane			✓			
D Clayden	Chair	✓	✓	✓	✓	Chair
R Arya	✓	✓		✓	✓	✓
A Eaton		Chair				
J Burrows				Chair	Chair	
A Fernqvist		✓	Chair			

Membership details

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

Name

Date of joining

Zurich Insurance Company Ltd
USAA S.A.

02.02.2022
07.03.2022

The following companies ceased being Members:

Name

Date ceased

None

Statement of Directors' responsibility

The Directors present their Directors' Report on Motor Insurers' Bureau for the year ended 31 December 2022

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 UK adopted 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 UK adopted 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 Global and Economic activities and the impact 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). Until April 2022, all staff were required to work remotely and the need for gatherings of staff was limited 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 £147.2 million as at 31 December 2022 (2021: £121.8 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 a secured guaranteed committed funding Revolving Credit Facility (RCF) from NatWest of £100 million which is due to expire in July 2023, the MIB Board has already decided to enter into a new facility.

Emissions and energy consumption

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

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, which resulted in new disclosures for all other large unquoted companies which MIB is classified as under the Companies Act (s465-466), these disclosures are reflected in the below analysis.

Whilst our average number of employees has been 386 throughout 2022, our environmental impact has been fairly low. Our total annual carbon footprint has been calculated at 79 tonnes of carbon dioxide equivalents and based on energy consumed within the UK only:

Emissions source	2022	Share %
Natural Gas	0	0%
Transportation Fuel	7	9%
Electricity	73	91%
Total emissions (tCO2e)	79	100%

The emissions have been calculated using our annual consumption of energy, taken directly from electricity and gas statements and using the latest conversion factors provided by the UK Government, totalling 371,626 kWh for the year ended 31 December 2022. Our annual emissions ratio equates to 0.11 tonnes of carbon dioxide equivalents per £m revenue.

Emissions source	2022	Share %
Natural Gas	0	0%
Transportation Fuel	28,031	8%
Electricity	343,595	92%
Total (kWh)	371,626	100%

No energy efficiency initiatives were undertaken in 2022, however we completed the process of refurbishing our building with new air conditioners and LED lighting which has driven a reduction in greenhouse gases of 71%. The work undertaken has also increased our EPC rating from E(121) to B(27).

MIB continues to support 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.

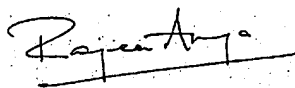
During 2022 MIB continued to progress on the development of the MIB Climate Change Strategy, which will continue to be developed to support a transition to a low carbon economy and support MIB's carbon neutral ambitions.

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
23 May 2023

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.

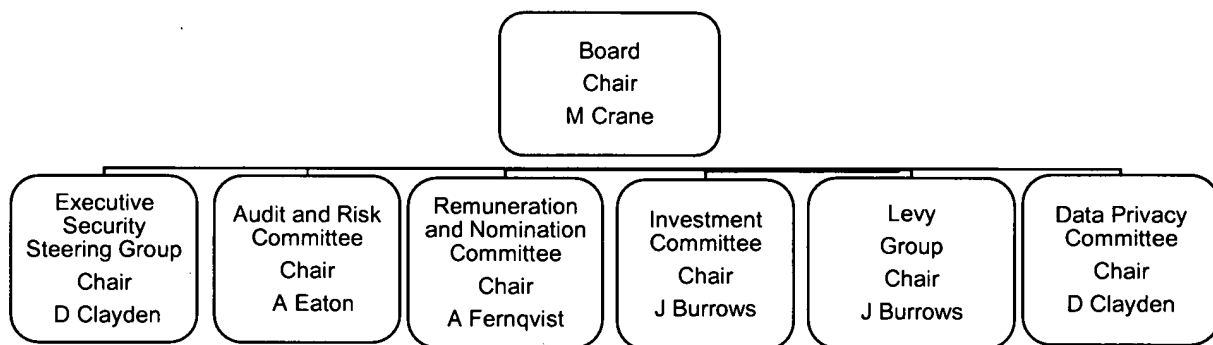
At the time of writing, the Board comprises ten Non-Executive Directors and two Executive Directors. The Non-Executive Directors do not receive any form of remuneration in their capacity as Board members. The Executive Directors receive a salary, an annual bonus and benefits in kind. The remuneration 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.

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 terms 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 2022 the Committee met three times, in May, July and November.

The Audit and Risk Committee assists the MIB Board by:

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

- Approving and challenging the Internal Audit plans of scheduled work and ensuring that such work provides assurance over the key risks to MIB meeting its corporate objectives; and
- 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.

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 risk within MIB.

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 Management Framework is 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 threats and exploit 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 2022. 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. We carry out required risk assessments and ensures that appropriate mitigating actions are taken.

Levy Group

The Levy Group comprises two Non-Executive Directors, two Executive Directors, 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 Nomination Committee

The Remuneration and Nomination 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.

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.

Data Privacy Committee

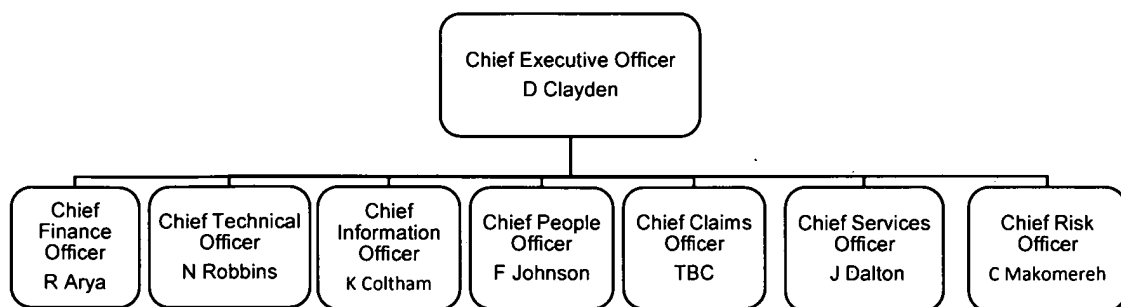
The Data Privacy Committee was established to ensure MIB comply with all obligations under the applicable data protection laws and that there is effective oversight and monitoring of data protection compliance initiatives undertaken across the organisation. The Data Privacy Committee also ensures any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

Chief Executive Officer (CEO)

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

Executive Committee

The Executive Committee is the principal management committee that supports the Chief Executive Officer to manage the day-to-day operations of the Group. 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, Chief Services Officer, Chief Risk Officer, and Chief Claims Officer.



Corporate Social Responsibility (CSR) and Charitable Donations

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

Our Corporate Responsibility Partner joined MIB in March 2023, reviewing our employee networks, community impact and environmental commitments. We launched our Belonging, Inclusion, Diversity and Equity programme and a Barriers to Progression webinar hosted by Avenir and Shape Talent.

We continued to support local and national charities:

- We matched the £3,220 raised for Alzheimers Research and £576 raised for Lighthouse Centre by two employees
- £213 raised for Macmillan through the Christmas raffle
- Four successful foodbank drives since returning to the office in April 2022, with donations going to support those in need within the local community
- Employees continued to make charitable contributions from their monthly salaries via Pennies from Heaven with 54% of employees signed up to the scheme.

Several events are planned in 2023, including our ongoing commitment to our local foodbank, as well as setting up a food pantry in our office for our employees.

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 AUDITOR'S REPORT TO THE MEMBERS OF 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 2022 and of the Group's result and the Parent Company's result for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements 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 2022 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flow, and the 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 Group and Parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging the appropriateness of the Directors' assumptions and judgements made in their current plans and forecasts. In doing so we agreed key assumptions such as inflation, the current economic climate, costs and claims against published market assumptions and historic Group data; and
- Assessment of 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. In doing so, we considered the Group and Parent Company's industry, financial situation, culture and size.
- Enquiries of the Directors and review of management information, board minutes and regulatory correspondence to ascertain the existence of undisclosed events or obligations that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or 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 the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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' responsibility, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Entity and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Entity's policies and procedures regarding compliance with laws and regulations; and
- Inspecting Board minutes.

We considered the significant laws and regulations to be the UK adopted international accounting standards, the Road Traffic Act 1988, Data Protection Act 2018, and the Companies Act 2006. The consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation.

Irregularities including fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and Those Charged With Governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Entity's policies and procedures relating to:
- Detecting and responding to the risks of fraud; and
- Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the valuation of technical provisions and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias.

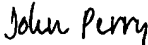
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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John Perry (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK
25 May 2023

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 2022

	Notes	Consolidated		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
INCOME					
Leviable premium	3	666,327	519,052	657,915	519,052
Other operating income	5	10,360	15,945	10,349	11,605
Total income		676,687	534,997	668,264	530,657
EXPENDITURE					
Net claims paid	4	(398,295)	(349,104)	(398,295)	(349,104)
Increase in claims provision	4	(222,291)	(124,931)	(222,291)	(124,931)
Net claims incurred	4	(620,586)	(474,035)	(620,586)	(474,035)
Administrative expenses	6	(49,877)	(45,006)	(41,453)	(40,666)
Programme expenses – Transformation & Whiplash		-	(6,945)	-	(6,945)
Terrorism insurance	6	(8,400)	(8,400)	(8,400)	(8,400)
Pension deficit funding	9	-	-	-	-
Operating profit / (loss)		(2,175)	611	(2,175)	611
Financial income	7	2,522	3,001	2,522	3,001
Financial expenses	8	(347)	(3,612)	(347)	(3,612)
Net income / (expenditure) before tax		-	-	-	-
Income tax refund / (expense)	10	-	-	-	-
Net income / (expenditure) after tax		-	-	-	-
Other comprehensive income:					
Items that will not be reclassified to SoCI					
Actuarial (loss) / gain on retirement benefits	9	747	(1,559)	747	(1,559)
Unrealised (gain) / loss on investments		5,205	-	5,205	-
Items that will or may be reclassified to SoCI					
Adjustment in leviable premiums for Actuarial loss / (gain) on retirement benefits		(747)	1,559	(747)	1,559
Adjustment in leviable premiums for Unrealised (gain) / loss on investments		(5,205)	-	(5,205)	-
Other and total comprehensive income for the year		-	-	-	-

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

The Group has no other comprehensive income. The net income shown above is its total comprehensive income. The accompanying notes on pages 38 to 71 form an integral part of these financial statements.

Consolidated and Company Statement of Financial Position

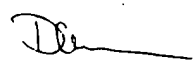
As at 31 December 2022

	Notes	Consolidated		Company	
		2022 £'000	2021 £'000	2021 £'000	2021 £'000
ASSETS					
Non-current assets					
Intangible Assets	12	3,270	-	3,270	-
Property, plant and equipment	11	6,464	5,473	6,464	5,473
		<u>9,734</u>	<u>5,473</u>	<u>9,734</u>	<u>5,473</u>
Current assets					
Trade and other receivables	16	3,129,753	2,965,097	3,127,998	2,964,656
Financial investments	14	147,248	121,833	147,248	121,833
Cash and cash equivalents	13	29,632	1,277	29,212	785
		<u>3,306,633</u>	<u>3,088,207</u>	<u>3,304,458</u>	<u>3,087,274</u>
Total assets		<u>3,316,367</u>	<u>3,093,680</u>	<u>3,314,192</u>	<u>3,092,747</u>
LIABILITIES					
Non-current liabilities					
Retirement benefit obligations	9	134	5,117	134	5,117
Provisions	4	2,710,445	2,542,653	2,710,445	2,542,653
Creditors > 1 year		-	189	-	189
		<u>2,710,579</u>	<u>2,547,959</u>	<u>2,710,579</u>	<u>2,547,959</u>
Current liabilities					
Trade and other payables	15	70,988	65,421	68,813	64,488
Retirement benefit obligations	9	3,300	3,300	3,300	3,300
Provisions	4	531,500	477,000	531,500	477,000
		<u>605,788</u>	<u>545,721</u>	<u>603,612</u>	<u>544,788</u>
Total liabilities		<u>3,316,367</u>	<u>3,093,680</u>	<u>3,314,192</u>	<u>3,092,747</u>

The financial statements on pages 35 to 71 were approved and authorised for issue by the Board of Directors on 23 May 2023, and were signed on its behalf by



Mike Crane – Chairman



Dominic Clayden – Director, and Chief Executive

The accompanying notes on pages 38 to 71 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 2022

	Note	Consolidated		Company	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash flows from operating activities					
Cash generated from operations	17	54,174	(4,438)	54,246	(3,641)
Interest received		288	1,862	288	1,862
Net cash flows from operating activities		54,462	(2,576)	54,534	(1,779)
Cash flows from investing activities					
Purchase of property, plant & equipment		(1,213)	(1,543)	(1,213)	(1,543)
Purchase of intangibles		(3,270)	-	(3,270)	-
Net change in financial investments		(21,624)	(185)	(21,624)	(185)
Net cash flows from investing activities		(26,107)	(1,728)	(26,107)	(1,728)
Net increase/(decrease) in cash and cash equivalents		28,355	(4,304)	28,427	(3,507)
Cash and cash equivalents at the beginning of the year	13	1,277	5,581	785	4,292
Net increase/(decrease) in cash and cash equivalents		28,355	(4,304)	28,427	(3,507)
Cash and cash equivalents at the end of the year	13	29,632	1,277	29,212	785

The accompanying notes on pages 38 to 71 form an integral part of these consolidated financial statements.

Notes to the Financial Statements

1. Significant 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 UK adopted 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, for a period of at least 12 months from the date of approval of the financial statements 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 UK Endorsement Board have been considered. The following new and amended standards that came into effect in the year:

- IAS 37 amendments: Cost of fulfilling a contract
- Annual improvements to IFRS standards 2018-2020
- IAS 16 amendments: Proceeds before intended use
- IFRS 3 amendments: Reference to the Conceptual Framework

In addition, the following is a list of standards that are in issue but are not effective in 2022, together with the effective date of application to MIB:

- IAS 1 amendments: Presentation of Financial Statements: Disclosure of Accounting Policies – January 2023
- IFRS 17: Insurance contracts – January 2023. A cross functional project continues to assess the impact of this new standard
- IFRS 17 amendments – Initial application of IFRS 17 and IFRS 9 – comparative information – January 2023

- IAS 8 amendments: Definition of accounting estimate – January 2023
- IAS 12 amendments – Deferred Tax related to assets and liabilities arising from a single transaction – January 2023
- IAS 1 amendments – Classification of liabilities as current or non-current – January 2024
- IFRS 16 amendments – Lease liability in a sale and leaseback – January 2024
- IAS 1 amendments – Non-current liabilities with covenants – January 2024

The standards effective from 2023 have been reviewed and IFRS 17: Insurance Contracts is not expected to have an impact on the Company. The implications of the remaining standards are under review.

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 2022. 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.

Investment in associates are entities that MIB does not have power over and hold between 20-50% of the entity's shares. Equity accounting is applied for such investments. MIB's share of the investment's net assets are recognised in OCI.

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

Property, plant and equipment

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

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

Fixtures and fittings	5 years
Computers	3 years

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

Land and Buildings are 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. These costs arise from internal projects during the development stage and meet the criteria for capitalisation as set out in IAS 38.57. 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:

- 1) 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;
- 2) 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
- 3) 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

Management have opted to measure investments at Fair Value through the Statement of Other Comprehensive Income. Investments are valued at current market rates and 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 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 £62.9m (2021: £95.0m).

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:

- Projections are made using standard actuarial techniques and independent actuaries are appointed for this purpose. The approach uses information relating to the Group's historical claims payment and reserves files for each type of claim incurred up to the statement of financial position date. Projections are undertaken using the Chainladder method for each type of claim by accident year. The main assumption

underlying this technique is that a Group's past claims development experience will be appropriate to project future claims development.

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

	2022 £'000	2021 £'000
Wages and salaries	22,383	19,680
Social security costs	2,119	2,014
Pension contributions – Defined benefit	-	-
– Defined contributions	1,668	1,504
Other staff costs	167	52
	26,337	23,250

Average number of employees (including Executive Directors) were:

	No.	No.
MIB claims operations	143	195
MID & Data services (inc IFB)	96	95
MIB / MID support	147	110
	386	400

Consolidated and Company

Directors' remuneration

2022
£'000

2021
£'000

The remuneration of the Directors was as follows:

Emoluments (including benefits in kind)	1,627	1,664
Pension contributions	-	11
	1,627	1,675

Highest paid Director:
Emoluments

1,150

1,043

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

	No.	No.
Defined benefit	0	0

Key management personnel

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

	Consolidated and Company	
	2022 £'000	2021 £'000
Emoluments (including benefits in kind)	979	1,206
Pension contributions	90	121
	<u>1,069</u>	<u>1,327</u>
Number of executives at the statement of financial position date	4	4

3. Leviable premium

	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Levy called	465,592	390,224	465,592	390,224
Movement in uncalled levy	192,323	128,828	192,323	128,828
Other Levy	8,412	-	-	-
Leviable premium	<u>666,327</u>	<u>519,052</u>	<u>657,915</u>	<u>519,052</u>

Movement in uncalled levy

	Consolidated and Company	
	2022 £'000	2021 £'000
Increase in outstanding claims provision	222,291	124,931
Other movements	(29,968)	3,897
Movement in uncalled levy	192,323	128,828

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 £3,074 million (2021: £2,917 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 2022 was £18 billion (2021: £18 billion) and all members have to be well capitalised for regulatory purposes. **Error! Bookmark not defined.** 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	
	2022 £'000	2021 £'000
Claims provision at 31 December	3,241,945	3,019,653
Claims provision at 01 January	(3,019,654)	(2,894,722)
Net movement in claims	222,291	124,931
Claims paid less recoveries	398,295	349,104
Claims expenditure during the year	620,586	474,035
Claims provision at 31 December – non current	2,710,445	2,542,653
Claims provision at 31 December – current	531,500	477,000
	3,241,945	3,019,653

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 of 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 2022 is £3,135.6 million (2021: £3,105.7million).

Claims Incurred But Not Yet Reported (IBNR)

The IBNR provision as at 31 December 2022 is £506.9 million (2021: £428.2 million).

Claims Incurred But Not Enough Reported (IBNER)

The negative IBNER provision as at 31 December 2022 is (£462.0 million) (2021: (£536.3 million)). This arises due to claims estimations being overstated based on historic and current trends.

Claims handling provision and additional reserves

The claims handling provision and additional reserves as at 31 December are £15.0 million (2021: £12.0 million) & £46.5 million (2021: £10.0 million).

Ogden discount rate

The Civil Liability Act 2018 introduced a new framework for setting the personal injury Ogden discount rate, requiring the Government to reset the Ogden discount rate by reference to low risk rather than very low or zero risk investments. Following a Government review, as dictated by the terms of the Civil Liability Act 2018, on 15 July 2019 the Lord Chancellor announced a new Ogden discount rate of minus 0.25% (2021: minus 0.25%) to take effect from 5 August 2019 (a movement from minus 0.75%). The next review of the Ogden discount rate will start no later than July 2024 with a maximum review period of 180 days so we will see the outcome of the review no later than January 2025. Leading up to this formal review the Government have issued a Call for Evidence (running 17/1/23 – 11/4/23) asking relevant stakeholders for their views on a dual/multiple discount rate rather than the single rate that has been adopted previously. 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% (2021: minus 0.25%) per annum with no additional allowance for further movements.

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 (2021: -0.25%) is applied to cases linked to RPI increases whilst a discount factor of -0.75% per annum (2021: -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	
	2022 £'000	2021 £'000
Gross Provisions for PPO settlements before discount	544,021	517,664
Net discount with discount factor	65,612	93,620
Provisions included in the overall provision for outstanding claims	609,633	611,284

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
General enquiries	560	428	560	428
Additional levy	8	6	8	6
Electronic vehicle licence fees	45	47	45	47
Third party MID enquiries	1,241	1,160	1,241	1,160
CUE/MIAFTR/Other	1,919	1,491	1,919	1,491
Fees for management services	6,587	12,813	6,576	8,473
Other operating income	10,360	15,945	10,349	11,605

6. Administrative expenses

	Consolidated		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Claims related fees	1,613	1,757	1,613	1,757
BAU Operational Expenses	56,363	42,974	47,940	38,634
Operating lease costs	11	42	11	42
Depreciation	367	-	367	-
Revaluation of property	(400)	-	(400)	-
Amortisation – leases	144	118	144	118
Auditors' remuneration – audit	86	41	86	41
– taxation	8	8	8	8
Council of Bureaux fees	84	66	84	66
	58,276	45,006	49,853	40,666

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.

7. Financial income

	Consolidated and Company	
	2022 £'000	2021 £'000
Bank deposit interest	79	7
Investment interest	2,443	2,960
Other interest earned	-	34
	<u>2,522</u>	<u>3,001</u>

8. Finance expenses

	Consolidated and Company	
	2022 £'000	2021 £'000
Gilt transactions	-	11
Decrease in market value of gilts	-	3,238
Pension costs – IAS 19	131	148
Other finance expenses	-	25
Lease finance cost	11	17
Guarantee funding charges	205	174
	<u>347</u>	<u>3,613</u>

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 2021 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 2022.

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 87.2% funded. The current estimated value of the scheme's assets at 31 December 2022 was £26,911,000 (2021: £41,425,000). The pension cost for the year was £131,000 (2021: £148,000). As at 1 January 2023 the

continuing contribution was set at 27.9% of pensionable salaries plus a fixed deficit funding amount of £3,300,000 per annum (2021: £3,300,000).

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

	2022	2021	2020	2019	2018
	% pa	% pa	% pa	% pa	% pa
Discount rate	4.9	1.9	1.5	2.1	2.9
Expected rate of future salary increases	-	-	-	-	3.7
Expected rate of future pension increases	3.2	3.2	2.9	2.8	3.1

The market value of assets in the scheme as at 31 December 2022 were £26,911,000 (2021: £41,425,000; 2020: £33,139,000; 2019: £29,637,000; 2018: £21,095,000).

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:

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Equities	1,788	5,719	5,957	5,269	4,562
Bonds	6,404	13,074	17,995	16,084	9,752
Property	1,257	2,683	541	486	276
Other	17,462	19,950	8,646	7,798	6,505
Fair value of assets	26,911	41,426	33,139	29,637	21,095
Present value of liabilities	(30,346)	(49,843)	(46,074)	(39,426)	(35,422)
	(3,434)	(8,417)	(12,935)	(9,789)	(14,327)
Net pension liability – Non Current	(134)	(5,117)	(10,435)	(7,266)	(12,867)
Net pension liability – Current	(3,300)	(3,300)	(2,500)	(2,523)	(1,460)
	(3,434)	(8,417)	(12,935)	(9,789)	(14,327)

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:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Deficit at 1 January	(8,417)	(12,935)	(9,789)	(14,327)	(21,589)
Current service cost	-	-	(112)	(520)	(681)
Contributions	4,367	6,224	1,385	7,645	1,430
Other finance cost	(131)	(147)	(231)	(305)	(548)
Actuarial gain / (loss)	747	(1,559)	(4,188)	(2,282)	7,189
Past service costs	-	-	-	-	(128)
Deficit at 31 December	(3,434)	(8,417)	(12,935)	(9,789)	(14,327)

Analysis of the amount charged to administrative expenses:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Current service cost	-	-	112	520	681
Past service cost	-	-	-	-	128
Total operating charge	-	-	112	520	809

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

Interest income on plan assets	(822)	(538)	(631)	-	-
Administration costs (excl. asset management costs)	-	-	38	38	38
Interest on liabilities	953	685	824	267	510
Other finance costs	131	147	231	305	548
Total charge for year	131	147	343	825	1,357

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:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Return on plan assets less interest income on plan assets	(19,038)	2,176	2,076	1,316	(1,236)
Experience gains and losses arising on liabilities	(2,063)	(1,946)	18	501	1,052
Changes in assumptions underlying the present value of the liabilities	21,848	(1,789)	(6,282)	(4,099)	7,373
Total actuarial (loss) / gain	747	(1,559)	(4,188)	(2,282)	7,189

Amounts recognised in the statement of financial position:

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Present value of funded obligations	(30,345)	(49,843)	(46,074)	(39,426)	(35,422)
Fair value of assets	26,911	41,426	33,139	29,637	21,095
Net liability recognised in the statement of financial position	(3,434)	(8,417)	(12,935)	(9,789)	(14,327)

Change in assets during the year

	2022 £'000	2021 £'000
Opening asset	41,426	33,139
Interest income on assets	822	539
Return on assets excluding interest income	(19,039)	2,176
Employer contributions	4,367	6,224
Benefits paid	(665)	(652)
Administration costs	-	-
Closing assets	26,911	41,426

Change in liabilities during the period

	2022 £'000	2021 £'000
Opening liabilities	49,843	46,074
Current service cost	-	-
Interest cost on defined benefit obligation	953	686
Benefits paid	(665)	(652)
Actuarial gain on changes in financial assumptions	(21,578)	(518)
Actuarial loss on changes in demographic assumptions	(270)	2,307
Experience loss on liabilities	2,063	1,946
Closing liabilities	30,346	49,843

Sensitivity Analysis

Assumption	Plus	Estimated increase/ (decrease) to obligation	Minus	Estimated increase/ (decrease) to obligation
		£'000		£'000
Discount rate	0.1%	500	0.1%	(500)
Inflation	0.1%	400	0.1%	(400)
Life expectancy	1 year	800	1 year	(800)

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:

	2022	2021
Discount rate	4.85%	1.90%
RPI Inflation	3.30%	3.35%
CPI Inflation	2.65%	2.80%

Pension increases in payment:

• RPI inflation capped at 5.0% p.a.	3.15%	3.20%
• CPI inflation capped at 3.0% p.a.	2.15%	2.20%

Deferred revaluation:

• RPI inflation capped at 2.5% p.a.	2.50%	2.50%
• CPI inflation capped at 5.0% p.a.	2.65%	2.80%

The liabilities at 31 December 2022 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 2022

10. Taxation

	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current tax expense				
UK corporation tax at 19% (2021: 19%)	-	27	-	27
Adjustment in respect of prior years	-	70	-	70
R&D tax claim	-	(97)	-	(97)
Total current tax	-	-	-	-
Factors affecting the tax charge for the period				
(Loss) / profit before tax	-	-	-	-
Tax expense using the UK corporation tax rate of 19% (2021: 19%)	-	-	-	-
Non-deductible expenses	39	1	39	1
Income not taxable for tax purposes	(76)	(22)	(76)	(22)
Adjustment to tax charge in respect of previous periods	-	70	-	70
Deferred tax not recognised	37	(127)	37	(127)
Remeasurement of deferred tax for changes in tax rates	-	175	-	175
R&D tax claim	-	(97)	-	(97)
	-	-	-	-

The Group has a deferred tax asset of approximately £501,000 (2021: £527,000) which is not recognised on the grounds that there is insufficient evidence that the asset will be recoverable against suitable taxable income.

11. Property, plant and equipment – Consolidated and Company

	Land and Buildings £'000	Fixtures & Fittings £'000	Right-of- use asset £'000	Total £'000
Cost				
At 1 January 2022	3,600	1,543	431	5,574
Revaluations	400	-	-	400
Additions	-	1,213	220	1,433
Disposals	-	-	(431)	(431)
At 31 December 2022	4,000	2,756	220	6,976
Depreciation				
At 1 January 2022	-	-	101	101
Charge for year	-	368	144	512
Disposals	-	-	(101)	(101)
At 31 December 2022	-	368	144	512
Net book value				
At 31 December 2022	4,000	2,388	76	6,464
At 31 December 2021	3,600	1,543	330	5,473

Last year, the MIB offices were still being renovated hence all acquisitions were disclosed under 'Freehold Property'. Following the completion of the renovation work the building was ready for use. Management then reclassified fixtures and fittings to a separate column to ensure that movable items are disclosed separately.

A revaluation of property was undertaken by an independent valuer effective 31 December 2022. If the property were to be carried under the cost model the value would be £3,725,000. See Note 18 for Right of use asset details.

12. Intangible assets – Consolidated and Company

	Intangible assets £'000	Total £'000
Cost		
At 1 January 2022	321	321
Additions	3,270	3,270
	<hr/>	<hr/>
At 31 December 2022	3,591	3,591
	<hr/>	<hr/>
Amortisation		
At 1 January 2022	321	321
Charge for year	-	-
	<hr/>	<hr/>
At 31 December 2022	321	321
	<hr/>	<hr/>
Net book value		
At 31 December 2022	3,270	3,270
At 31 December 2021	-	-
	<hr/>	<hr/>

Intangible assets comprise of expenditure incurred in the development of databases created from internal projects undertaken by MIB. See page 10 for more details about the Navigate Database built by MIB.

13. Cash and cash equivalents	Consolidated		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Cash at bank and in hand	29,632	1,277	29,212	785
	<hr/>	<hr/>	<hr/>	<hr/>
	29,632	1,277	29,212	785
	<hr/>	<hr/>	<hr/>	<hr/>

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

	2022	2021
	£'000	£'000
Corporate Bonds	147,248	-
UK Government gilts	-	43,833
Cash held for investment purposes	-	78,000
Total	147,248	121,833

During the year MIB changed investment managers. This resulted in the disposal of all UK Government gilts held in 2021 and the acquisition of Corporate Bonds through the new investment manager. The carrying amounts of these assets approximate to their fair value as at 31 December at bid market price. The Corporate Bonds are measured at value through Other Comprehensive Income. The UK government gilts were previously measured at fair value through profit and loss. These are level 1 & 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade payables	1,847	2,458	1,826	2,451
Advanced levy payments	4,889	3,747	4,889	3,747
Accrued expenses	17,450	17,162	15,661	16,278
Deferred Revenue	44,991	40,222	44,991	40,222
Other payables – Tax and other	1,811	1,832	1,445	1,790
	70,988	65,421	68,812	64,488

Accrued expenses consist entirely of business accruals (operating costs) and lease liabilities.

16. Trade and other receivables

	Consolidated		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Additional levy receivable	3,073,614	2,916,551	3,073,614	2,916,551
Intercompany receivables	-	-	32	21
Other trade receivables	46,916	41,304	46,796	45,278
Prepayments	1,540	2,209	1,212	2,126
Other receivables	7,683	5,034	6,344	680
	<u>3,129,753</u>	<u>2,965,098</u>	<u>3,127,998</u>	<u>2,964,656</u>

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

	Consolidated		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Inflows from operating activities				
Operating profit	(2,175)	611	(2,175)	611
Depreciation of property, plant and equipment	367	-	367	-
Revaluation of property	(400)	-	(400)	-
Right of use asset	144	118	144	118
Pension Deficit top up	(4,236)	(6,224)	(4,236)	(6,224)
Accrued Interest	2,443	547	2,443	2,803
Increase in trade and other receivables	(164,656)	(129,486)	(163,341)	(128,257)
Increase in trade and other payables	395	9,584	(848)	6,896
Increase in provisions and other liabilities	222,292	120,412	222,292	120,412
	<u>54,174</u>	<u>(4,438)</u>	<u>54,246</u>	<u>(3,641)</u>

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	
	2022	2021
	£'000	£'000
Within 1 year	11	17
Later than 1 year and less than 5 years	-	-
Total operating lease commitments	11	17

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	
	2022	2021
	£'000	£'000
Within 1 year	76	142
Later than 1 year and less than 5 years	-	188
Total operating lease liabilities	76	330

Note: these amounts are included within accrued expenses (see note 15) in Trade and other payables.

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

	Consolidated and Company	
	2022	2021
	£'000	£'000
Depreciation expense of right-of-use assets	144	101
Interest expense on lease liabilities	11	17
Expense relating to short term leases of low value assets (included in operating expenses)	-	-
Total amount recognised in the statement of comprehensive income	155	118

The Group had total cashflows for leases of £181,000 (2021: £197,000), the Group also had non-cash additions to right-of-use assets and lease liabilities of £nil (2021: £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	Holding Company	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 which it classifies as an associated company but MIB does not have any control over its financial and operating decisions, these are fully managed by the Claims Portal Board with no input from MIB; therefore, Claims Portal Limited has not been consolidated in these financial statements but the investment of £1 held by the dormant company MIB Portal Services Ltd is shown within investments.

The registered office of Claims Portal Limited is 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 key and principle 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 £3,074 million (2021: £2,917 million) represents the estimated value of all current and "incurred but not reported" claims, a portion of this amount 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 (2021: £18 billion) and all members have to be well capitalised for regulatory purposes. Therefore, a risk would only be presented if the entire motor insurance market was to fail which 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 balance sheet 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	Note	2022 £000	2022 %	2021 £000	2021 %
Within 1 year		531,500	16.2	477,000	15.8
Between 1 and 5 years		2,126,000	64.7	1,908,000	63.2
Later than 5 years		584,445	19.1	634,653	21.0
Total		<u>3,241,945</u>	<u>100.0</u>	<u>3,019,653</u>	<u>100.0</u>

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 MIB secured a guarantee funding line of £100m to diversify our cash holdings which is due for renewal in July 2023 and has Board approval for this to be done.

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.

Cash in hand and bank deposits	Consolidated		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Total cash in hand	29,632	1,277	29,212	785

Market risk

Interest rate risk arises from the Group's cash deposits it holds with banks and investment in corporate bonds.

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 fixed interest rate corporate bonds. During the year, a number of cash deposits held with banks for a maximum period of 365 days matured and were reinvested in the investment portfolio. 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.

	2022 Actual £'000	2022 +2% £'000	2022 -2% £'000	2021 Actual £'000	2021 +2% £'000	2021 -2% £'000
Interest receivable	79	102	55	7	30	-

Note: 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

ESG

MIB is moving to a strategy of understanding the impact on the environment and society as well as how robust and transparent its governance is in terms of company leadership, gender parity pay, audits, internal controls, and transparency for our members.

ESG allows the business to target different areas of its organisation and implement more sustainable, ethical practices.

Examples of environmental business practices include:

- reducing energy and using renewable energy sources to become a net zero organisation
- developing greener products and services
- switching to zero-waste products or sustainable packaging using biodegradable materials

- reducing carbon emissions by changing to LED lighting
- encouraging recycling and reducing the amount of waste destined for landfill.

We are looking for ways to positively contribute to fairness in society, investing in fair and equal opportunities and conditions for employees, people working in the supply chain, and local communities.

Equality and fairness are at the heart of this aspect and examples of social and ethical business practices include:

- ensuring products are safe and customer data is secure
- preventing abuses within the supply chain, such as labour rights, including modern slavery and freedom of association
- providing training and supporting health and safety, and wellbeing
- promoting equality in the workforce with diversity and inclusivity policies
- investing in local community projects, such as funding educational initiatives.

At MIB, Governance is more than the processes of decision-making, reporting, and the logistics of running a business. It also looks at the business's ethical behaviour and its transparency with members and the market about its activities. It is also linked to the environmental and social aspects of ESG in that it looks at the transparency and decision-making behind them.

Examples of governance practices include:

- accurate reporting to stakeholders on financial performance, business strategy and operations
- ensuring business leaders and managers are accountable for risk and performance management
- undertaking business ethically, such as preventing bribery
- ensuring diversity in any leadership team and being open about executive pay.

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. Regular reviews are performed 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.

No foreign exchange variances are physically incurred, all variances will relate to the final amount agreed as payment and the exchange rate at that particular time vs the amount reserved for the case. All variances are shown through the claims payment and reserves sections of the financial statements.

The value of Green Card claims with such exposure is £37.1 million (2021: £49.6 million) of which £1.2 million (2021: £2.7 million) represents cases where a standard reserve amount has been set. Therefore, the maximum potential exposure to currency risk is £38.3 million (2021: £52.4 million), which represents 1.2% (2021: 1.7%) of the overall case reserves. If Sterling was to either strengthen or weaken by 25 basis points against the Euro at the statement of financial position date, the potential impact on reserves would be a reduction of £10.6 million (2021: £13.2 million) or an increase of £6.7 million (2021: £8.6 million), based on an exchange rate of 1.127585 (2021: 1.189805) 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

None to note

Glossary

askCUE PI

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

askMID.com

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

Claims and Underwriting Exchange (CUE)

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

Claims leakage

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

Claims lifecycle

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

Claims Portal

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

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

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

Continuous Insurance Enforcement (CIE)

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

Employers' Liability Database (ELD)

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

Glossary (continued)

Employers' Liability Tracing Office (ELTO)

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

Green Card

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

Guarantee Fund

MIB's handling of claims is governed by agreements with the Government as well as the Road Traffic Act 1988 and subsequent regulations. MIB awards compensation, where it cannot be claimed from another source, for death, injury and property damage as a result of an accident with a motor vehicle, on a road or a public place. MIB's claims handling

experts settled more than 42,800 claims in 2022 for accidents involving uninsured and untraced vehicles and seek to settle the claims fairly and promptly.

Insurance Fraud Bureau Limited (IFB) and Cheatline

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

Levy

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

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

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

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

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.

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.