

MOTOR INSURERS' BUREAU GREECE

Report of Year 2019 and

Financial Statements

31 December 2019

According to the International Financial Reporting Standards

as adopted by the European Union



Report of the Management Committee to the Annual General Assembly of the Motor Insurers' Bureau – Greece on the status of the Financial Position for the fiscal year 2019

Dear representatives of the insurance companies-members of the Motor Insurers' Bureau,

We have the honour to present you for approval the activities and the Annual Financial Statements for the 33rd fiscal year ended on 31.12.2019, which were drafted in accordance with the International Financial Reporting Standards (IFRS).

The financial statements together with the detailed comments are posted on the Bureau's website.

The motor insurance third party liability premium production showed a decline of 1.19% in 2019, comparing to 2018, according to the data of the Greek Bureau. Correspondingly the members' contributions, which amounted to €3,600,439.70 in 2019, demonstrated the same decrease compared to €3,643,827.50 in 2018. Revenues from the issuance of Frontier Insurance Certificates amounted to €109,170 in 2019, also showing a decrease of 5.99%, compared to €116,123 in 2018.

The reinsurance treaty was renewed for two years (2020 & 2021) and signed with a reinsurance rate reduced by 10.96% (i.e. €147,625) and the M.I.B.'s retention remaining at €750,000. This way, the priority of the M.I.B. and its members for each claim remains low at a stable two-year framework, so that the entire insurance market may be provided with the highest possible protection for motor claims abroad. All reinsurers are rated with (AA-), (A+) to (A-).

Development of Accidents:

Accidents caused abroad by vehicles with Greek registration plates

In 2019 the number of accidents caused by cars with Greek registration plates that occurred abroad amounted to **1211**, compared to 1065 accidents in 2018, showing an **increase of 13.71%**.

Among the countries where most car accidents with Greek registration plates occur, Italy ranks first for another year, with **237** accidents (**20%** of the accidents), followed by **Germany** with **226** accidents (**19%** of the accidents).

Total compensations paid by the Greek market (insurance member-companies and the M.I.B.) for accidents that occurred abroad amounted to €4,908,877 in 2019 against €3,897,974 in 2018, showing a decrease of 25.93%.



Accidents caused in Greece by vehicles with foreign registration plates

The accidents that occurred in Greece involving cars with foreign registration plates and were settled by the Motor Insurers' Bureau and its appointed correspondents and agents amounted in 2019 to **4,337**, showing a slight decrease of 2.48% compared to 4,232 in 2018.

In the accidents in Greece caused by cars with foreign registration plates **the accidents of Bulgarian cars rank steadily first**, with **1,325** accidents in 2019 against 1,393 in 2018, reaching **31%** of all accidents, followed by German cars with 15% of accidents.

The compensations of foreign insurance companies paid through correspondents and the Bureau to Greek victims of car accidents with foreign registration plates amounted to €10,734,334 in 2019 compared to €13,564,608 in 2018, showing a decrease of 20.87%.

Financial Results for the fiscal year 2019 based on IFRS

The financial status of the Bureau remains very good. The Bureau is financially sound and can effectively fulfill its obligations. The brief information that follows provides the necessary data on the financial situation and results of the MIB during the past fiscal year (01.01.2019-31.12.2019).

ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR 2019

Total Assets during the year 2019 reached €46.89 million compared to €44.10 million during 2018. The sum of €39.62 million was made available for the investments of the M.I.B., with the total investments of the Bureau having increased by 12.33% in comparison to year 2018 and consisting 84.50% of the assets.

MIB's own Funds amounted to **€39,487,337.81**, having increased by € 2,961,697 compared to €36,525,640.14 of 2018, i.e. an **increase of around 8.11%**.

The reserve for outstanding claims was calculated upon an actuarial study according to the IFRS.

The breakdown of the financial investments into market value and cash flows were as follows:

<u>CASH & CASH EQUIVALENTS</u>	13.84%
<u>TIME DEPOSITS</u>	11.86%
<u>MONEY MARKET FUNDS</u>	9.36%
<u>BOND FUND PRODUCTS</u>	48.08%
<u>BONDS OF HELLENIC GOVERNMENT & BONDS OF E.I.B.</u>	11.24%
<u>EQUITY FUND PRODUCTS</u>	5.62%
<u>TOTAL</u>	100%



The operational expenses showed an increase of about 5%, mainly due to the two events held by the Bureau in 2019: the conference of 28th May 2019 with renowned speakers - heads of foreign Bureaux and the annual regional meeting of the (14) Bureaux of the South-East Europe that took place in Athens on the 25th and 26th September 2019. On the 3rd and 4th October 2019, the Greek Bureau also hosted a major international conference of the “Institute for European Traffic Law” with 250 participants from all countries of Europe, without any financial burden, but only offering technical and administrative support.

The M.I.B.'s receivables for 2019 amount to €1.84 million against €3.07 million in 2018. The decrease is mainly due to the reduced receivables from the reinsurers and the Guarantee Fund.

Guarantee Fund

By decision of the General Assembly of the M.I.B. members for the year 2019 the debt of the Guarantee Fund towards the Motor Insurers' Bureau was settled at the amount of €1,389,094.49, narrowed down by 10%. The Bureau has already received by the Guarantee Fund the agreed amount in total, i.e. €1,250,185.

At the end of January 2020, the Guarantee Fund submitted a proposal for a new settlement of its debt towards the Bureau amounting to €508,632.158, also narrowed down by 10%, with the commitment of immediate payment. The amount due includes also the liabilities arising from the claim files of the insurance companies Enterprise and International Life which have been handled by the Bureau.

The members of the Management Committee, taking into account the Bureau's benefit from the Guarantee Fund's immediate payment of the amount due, as well as the fact that the previous settlement was fulfilled as agreed, unanimously approved the new proposal of the Guarantee Fund.

Already in 2020, the Bureau has received by the Guarantee Fund the aforementioned agreed amount, i.e. €457,769.83. The total amount received by the Guarantee Fund is €1,707,954.89.

Financial risks and uncertainties

Regarding the risks to which the Bureau is exposed, these are mentioned in the comments of the Financial Statements. The Bureau has taken all necessary measures to minimize its exposure to them. The Management Committee considers that the financial risk management has been successful for the year ended.

The Bureau has adequate internal control and report mechanisms including detailed mapping of the internal procedures and controls, division of responsibilities, constant education of the personnel, procedures relating to approvals and agreements.



Additionally, the Reinsurance Treaty of the Bureau, to which reference has been made above, consists an essential tool against the insurance risk.

Prospects

The Bureau follows all developments and, with a sense of responsibility, continually improves the services offered to the victims of international road traffic accidents, its member companies and generally to all parties involved in the settlement of these accidents. Our main concern is to preserve and further enhance the good image of the Greek insurance market abroad.

The Bureau closely follows the technological developments and thanks to a very good IT management, it may adjust promptly to the new circumstances. At the same time, it keeps on being updated and upgraded in order to respond successfully to the requirements and challenges to come.

For the Management Committee

The Chairman

Anastasios Pagonis

Athens, 30/6/2020



STATEMENT OF FINANCIAL POSITION
As at 31/12/2019

	31/12/2019	31/12/2018
ASSETS		
Intangible assets	7.097,96	0,20
Own-used property, plant and equipment (PPE)	1.479.622,82	1.565.848,24
Securities at fair value through profit or loss	29.438.131,51	23.879.762,54
Other non-current receivables	2.921,30	2.921,30
Receivables from reinsurers	247,95	56.002,18
Reinsurers' share in insurance reserves	3.946.397,00	4.194.610,00
Receivables from Insurance companies Members of M.I.B.-Greece (contributions)	599.476,06	606.229,98
Other receivables	1.236.492,66	2.406.889,07
Cash and cash equivalents	10.184.631,17	11.394.678,46
Total Assets	46.895.018,43	44.106.941,97
EQUITY AND LIABILITIES		
Equity		
Initial constitutional contributions	993.848,42	987.848,42
Capital reserves and surplus for the year	38.493.489,39	35.537.791,72
Total Equity	39.487.337,81	36.525.640,14
Insurance (technical) reserves		
Provisions for unearned premiums	363.104,28	367.035,78
Provisions for outstanding claims incurred and other insurance provisions	6.710.025,00	6.873.309,00
Total insurance reserves	7.073.129,28	7.240.344,78
Liabilities		
Income tax payable	(47.809,27)	(26.129,95)
Employee benefits liabilities	200.373,00	181.122,00
Reinsurers liabilities	1.031,82	1.716,32
Other liabilities	180.955,79	184.248,68
Total liabilities	334.551,34	340.957,05
Total Equity and Liabilities	46.895.018,43	44.106.941,97



STATEMENT OF COMPREHENSIVE INCOME
31/12/2019 (amounts in €)

	31/12/2019	31/12/2018
Members Contributions and Frontier Insurance Premiums	3.709.610,61	3.759.950,52
Less: Reinsurance premiums	(1.346.800,00)	(1.428.800,00)
Net earned premiums	2.362.810,61	2.331.150,52
Change in insurance reserves	(80.997,50)	315.945,18
Claims incurred	(179.817,13)	(8.191,14)
Investment income	287.241,19	468.117,05
Gain/(loss) arising from investments' valuation	1.460.750,40	(642.965,39)
Gain/(loss) arising from sale – maturity of investments	427.412,63	(111.062,78)
Other income	88.126,79	1.653.382,77
Operating expenses	(1.352.401,31)	(1.283.622,18)
Other expenses	(4.650,14)	(25.251,66)
Surplus for the year before taxes	3.008.475,54	2.697.502,37
Income tax expense	(40.987,87)	(45.593,28)
Surplus for the year net of tax	2.967.487,67	2.651.909,09
Surplus for the year	2.967.487,67	2.651.909,09
Increase of initial constitutional contributions	6.000,00	18.000,00
Change in provision for post-employment compensation	(11.790,00)	12.392,00
Total comprehensive income for the period	2.961.697,67	2.682.301,09



STATEMENT OF CHANGES IN EQUITY
(amounts in €)

	Initial constitutional contributions	Reserves and surplus for the year	Total Equity
Balance at 1/1/2018	969.848,42	32.873.490,63	33.843.339,05
Balance at 1/1/2018, according to the IFRS	969.848,42	32.873.490,63	33.843.339,05
Change in Equity for the period 01/01/18 - 31/12/18			
Surplus for the year 2018 net of tax	0,00	2.651.909,09	2.651.909,09
Total net recognised gains and (loss) of the period		2.651.909,09	2.651.909,09
Increase/Initial Member lump-sum contributions	18.000,00	0,00	18.000,00
Change in post-employment compensation	0,00	12.392,00	12.392,00
Total change in Equity for the period 01/01/18-31/12/18	18.000,00	2.664.301,09	2.682.301,09
Balance at 31/12/2018	987.848,42	35.537.791,72	36.525.640,14

STATEMENT OF CHANGES IN EQUITY
(amounts in €)

	Initial constitutional contributions	Reserves and surplus for the year	Total Equity
Balance at 1/1/2019	987.848,42	35.537.791,72	36.525.640,14
Balance at 1/1/2019, according to the IFRS	987.848,42	35.537.791,72	36.525.640,14
Change in Equity for the period 01/01/19 - 31/12/19			
Surplus for the year 2019 net of tax	0,00	2.967.487,67	2.967.487,67
Increase/Initial Member lump-sum contributions	6.000,00	0,00	6.000,00
Change in post-employment compensation	0,00	(11.790,00)	(11.790,00)
Change in Equity for the period 01/01/19 - 31/12/19	6.000,00	2.955.697,67	2.961.697,67
Balance at 31/12/2019	993.848,42	38.493.489,39	39.487.337,81



STATEMENT OF CASH FLOWS (Indirect Method)
(amounts in €)

31/12/2019 **31/12/2018**

Cash Flows from Operating Activities

Surplus for the year before taxes	3.008.475,54	2.697.502,37
Plus/Less adjustments for non-cash items and cash items excluded from operating activities:		
Depreciation and Amortisation	106.426,39	102.920,12
Interest and similar income	(287.241,19)	(468.117,05)
(Gain)/Loss arising from valuation of financial assets	(1.460.750,40)	642.965,39
Insurance (Technical) reserves	80.997,50	(315.945,18)
Provisions for employee compensations due to termination of employment	19.251,00	(4.674,00)
Income from unused provisions	0,00	(1.598.080,01)
Total of plus/less adjustments	(1.541.316,70)	(1.640.930,73)

(Increase)/Decrease in:

Receivables for reinsurers	55.754,23	(3.654,99)
Receivables from Insurance companies Members of M.I.B. (contributions)	6.753,92	9.266,58
Other receivables	1.170.396,41	40.251,97
Liabilities to Reinsurers	(684,50)	(477,83)
Other liabilities	(3.292,89)	28.879,10
Income tax paid	(62.667,19)	(87.539,98)

Net cash Flows from operating activities (a) **2.633.418,82** **1.043.296,49**

Cash flows from Investing Activities

Purchases of intangible assets and property, plant and equipment (PPE)	(27.298,73)	(149.061,54)
Interest and similar income received	414.782,81	423.823,91
(Purchases of securities)	(29.733.022,18)	(18.028.291,66)
Sales – Maturity of securities	25.496.071,99	14.786.935,64
Total input/(output) from investing activities (b)	(3.849.466,11)	(2.966.593,65)

Cash flows from Financing Activities

Initial constitutional contributions received	6.000,00	18.000,00
Total input/(output) from Financing Activities (c)	6.000,00	18.000,00

Net increase/(decrease) in cash and cash equivalents (a)+(b)+(c) (1.210.047,29) (1.905.297,16)

Cash and cash equivalents at beginning of the period 11.394.678,46 13.299.975,62

Cash and cash equivalents at end of the period **10.184.631,17** **11.394.678,46**