PROTECTION AND COMPENSATION FUND

Management Committee

Report on the Activities of the

Protection and Compensation Fund

for the Year 2014

Management Committee Meeting
Date: 21 May 2015

Table of contents

I. Background 1
Dual Purpose of the Fund 1
II. The Management Committee 1
III. Activities 1
Collection of Contributions 1
Approval of Accounts 2
Funds allocated to meet expenditure 2
IV. Issues considered by the Management Committee 2
Investment strategy 3
Payment of claims 3
V. Motor Insurers' Bureau (MIB) 3
Claims handled by MIB 3
VI. List of contributors in relation to Part III of the Regulations (2014) 3
General Business 3
Long Term Business 4

I. Background

This report is being drawn up pursuant to regulation 11(1) of the Protection and Compensation Fund Regulations, 2003, L.N. 435 of 2003 ("the Regulations") which requires the Protection and Compensation Fund Management Committee ("Management Committee") to submit to the Malta Financial Services Authority ("the Authority" or "MFSA") a report of the activities of the Protection and Compensation Fund ("the Fund" or "the PCF") during the year 2014.

Dual Purpose of the Fund

The Fund has been established to provide:

(1) for the payment of any claims against an insurer, remaining unpaid by reason of the insolvency of such insurer. Such claim must be in respect of *protected risks* (general business) situated in Malta and in respect of *protected commitments* (long term business) where Malta is the country of commitment.

(2) To compensate victims of road traffic accidents in certain specified circumstances (*protected liability*).

II. The Management Committee

In terms of article 51 of the Insurance Business Act ("the Act") and regulation 5 of the Regulations, the Authority has established the Protection and Compensation Fund Management Committee.

The Management Committee, appointed in 2013 for a period of three years, is composed of the following:

Chairman - Dr Joseph Borg Bartolo

Members - Dr Michelle Whitehead
Mr David G Curmi
Mr Benny Borg Bonello
Mr John P Bonett
Mr Joseph Naudi Montaldo
Mr Joseph Felice Pace

Secretary - Mr Geoffrey Bezzina

During 2014, the Management Committee held three meetings.

III. Activities

Collection of Contributions

Article 50 of the Act provides that the Fund shall consist of all contributions made to it under the Act and any regulations made thereunder. Contributions are made by insurance companies authorised under the Act to carry on the business of insurance in respect of risks situated in Malta or commitments where Malta is the country of commitment, and by a number of European insurance undertakings carrying our business of insurance in Malta under the freedom of establishment. A list of contributors is found in Part VI of this report.

For the purposes of Part III of the Regulations, under regulation 7 of the Regulations, every insurer carrying on general business or long term business in Malta, is to pay a pre-funded contribution of 0.125 per centum of gross premium income accounted for by the insurers for the year ending last before the beginning of that calendar year in respect of general business or long term business (in the latter case effected after 30 June 1986) to the Fund. These are to be utilised for the payment of claims which, by reason of the insolvency of an insurer, remain unpaid.

Such funds shall be available to make payments of such claims made in respect of protected risks and protected commitments.

Since regulation 8 of the Regulations also requires every insurer to furnish the Fund with a statement of gross premium income, two forms devised by the Management Committee, one in respect of general business and the other in respect of long term business were sent to all insurers required to contribute to the Fund.

Contributions were made by insurers carrying on general business amounting to €168,812 (2013: €165,895) and insurers carrying on long term business amounting to €193,173 (2013: €167,479). Therefore, the contributions for calendar year 2014 amounted to an aggregate amount of €361,985 (2013: €333,374).

For the purposes of Part IV of the Regulations, regulation 7 also lays down that every insurer carrying on business of motor insurance in Malta is required to pay a post-funded additional contribution whenever the need arises to be utilised for the payment of compensation relating to protected liabilities. In terms of regulation 6 of the Regulations, the Management Committee has delegated the function to compensate victims of road traffic accidents to the Motor Insurers' Bureau. Therefore, this additional contribution is collected by the Motor Insurers' Bureau on behalf of the Management Committee.

Approval of Accounts

The Annual Report and Financial Statements of the Fund for the year ended 31 December 2014 have been drawn up in accordance with regulation 14 of the Regulations. These were tabled at a Management Committee meeting of 21 May 2015 and approved by all the members present. As established by regulation 14(2), a copy of the profit and loss account, balance sheet and auditor's report were submitted to the MFSA.

Funds allocated to meet expenditure

As per regulation 7(6) of the Regulations, a sum not exceeding 5 per centum of the total amount of contributions payable to the Fund was kept at the disposal of the Management Committee to meet ordinary expenses incurred by the administration of the Fund. The Committee determined that part of the interest generated from investments during the year could be allocated for this purpose and therefore regulation 7(6) would not be invoked.

IV. Issues considered by the Management Committee

The Fund's statutory obligations

The Committee was cognisant of the fact that, since a number of insurance undertakings authorised under the Act carry on business of insurance by way of freedom of establishment and freedom of services, questions have been raised (and might well continue to be raised) both with respect to the eligibility of claimants to compensation from the Fund as well as to the extent of the form and cover that it might be expected the Fund takes and provides in the future. Compensation under the Fund is limited to protected risks situated in Malta or protected commitments where Malta is the country of commitment.

The Fund's obligations arise both from duties that are statutorily imposed as well as from contractually assumed obligations. The Fund, in correspondence with the regulator,

expressed its willingness to engage with the policymaker on these issues,

Investment strategy

The Fund's sub-committee coordinated with Lombard Bank Malta plc, the Fund's Investment Manager, on matters relating to the Fund's investment services requirements.

In 2014, the Fund's cash was invested in Malta Government Stock, Treasury Bills and/or placed in term deposit accounts.

The Investment Management Agreement with Lombard ended on 31 October 2014 but the Committee is negotiating an extension at suitable terms.

Payment of claims

In so far as Part III of the Regulations is concerned, no claims were made or paid by the Fund in or for the year 2014.

V. Motor Insurers' Bureau (MIB)

In so far as Part IV of the Regulations is concerned, the following is a general overview of the issues discussed and handled by the MIB in 2014.

Claims handled by MIB

A) Number of new claims submitted to MIB during 2014 (01-01-2014 - 31-12-2014) in respect of :
   i) uninsured vehicles: 31 (plus an additional 27 claims in respect of Government vehicles).
   ii) hit & run cases: 2 claims.

B) Amount paid during 2014 in connection with the new claims submitted during 2014 (item A above):
   i) uninsured vehicles: €2049 (plus another €1848 in respect of Government vehicles claims).
   ii) hit & run cases: NIL.

C) Total amount outstanding in connection with the new claims submitted during 2014 (item A above):
   i) uninsured vehicles: €80,051 (plus another €35,130 in respect of Government vehicles claims).
   ii) hit & run cases: €12,000.

D) Total amount paid in 2014 in connection with claims submitted before 2014:
   i) uninsured vehicles: €242,502 (plus another €3,161 in respect of Government vehicles claims).
   ii) hit & run cases: NIL.

The number of uninsured claims advised above relate solely to uninsured Maltese / unidentified vehicles involved in road accidents in Malta.

As at December 2014, the Bureau had 192 pending claims with a claims reserve of €2.09 million (inclusive of Government vehicle claims).

VI. List of contributors in relation to Part III of the Regulations (2014)

General Business

- AIG Europe Ltd
- Allcare Insurance Limited
- Argus Insurance Company (Europe) Ltd
- Atlas Insurance PCC Limited
- AXA PPP Healthcare Ltd c/o Atlas Healthcare Insurance Agency Ltd

- BUPA Insurance Ltd c/o GlobalCapital Health Insurance Agency Ltd , Gzira
- Citadel Insurance plc
- Elmo Insurance Ltd
- GasanMamo Insurance Limited
- International Diving Assurance Limited
- Lloyds Malta Limited
- Mapfre Middlesea p.l.c. (formerly Middlesea Insurance plc)
- Multi Risk Indemnity Company Ltd
- QIC International LLC
- Schwarzmeer und Ostsee Versicherungs-Aktiengesellschaft (SOVAG)
- Societa Italiana Assicurazioni e Riassicurazioni Spa (SIAT)

Long Term Business

- Citadel Insurance plc
- GlobalCapital Life Insurance Limited
- HSBC Life Assurance (Malta) Limited
- Mapfre Middlesea p.l.c. (formerly Middlesea Insurance plc)
- MSV Life p.l.c
- Zurich Assurance Ltd

Dr Joe Borg Bartolo
Chairman – Protection and Compensation Fund

Attachment: *Audited Financial Statements of the Protection and Compensation Fund as at 31 December 2014*

PROTECTION AND COMPENSATION FUND

Annual Report and Financial Statements
31 December 2014

	Pages
Committee members' report	1 - 2
Independent auditor's report	3 - 4
Income and expenditure account	5
Balance sheet	6
Statement of changes in funds	7
Cash flow statement	8
Accounting policies	9 - 11
Notes to the financial statements	12 - 16

Committee members' report

The members present their report and the audited financial statements of the Fund for the year ended 31 December 2014.

Principal activity

The income and expenditure account for the year is set out on page 5.

The principal activities of the Fund are to make payments in respect of claims against locally licensed insurance companies which remained unpaid by reason of the insolvency of such companies, and to compensate victims of road traffic accidents in circumstances as specified by the Protection and Compensation Fund Regulations, 2003, enacted by LN 435 of 2003 under the Insurance Business Act, 1998 (previously the Insurance Business Security Fund Regulations, 1986).

Committee members

The members of the Management Committee during the year were as follows:

Joseph Borg Bartolo – Chairman
Benny Borg Bonello
David G. Curmi
Joseph Felice Pace
Joseph Naudi Montaldo
Michelle Whitehead
John P. Bonett

Every member of the Committee shall hold office for such period and upon such terms and conditions as may be determined by the Malta Financial Services Authority and as indicated in the letter of appointment, such term of office being not less than one year and not more than three years. Every member of the Committee shall be eligible for re-appointment.

Statement of committee members' responsibilities

The committee members are required by the Protection and Compensation Fund Regulations, 2003 to prepare financial statements that give a true and fair view of the state of affairs of the Fund as at the end of each financial period and of the income and expenditure for that period.

In preparing the financial statements, the committee members are responsible for:

- ensuring that the financial statements have been drawn up in accordance with the Protection and Compensation Fund Regulations, 2003;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Fund will continue in business as a going concern.

The committee members are also responsible for designing, implementing and maintaining internal control as the committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Protection and Compensation Fund Regulations, 2003. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Committee members' report - continued

Statement of committee members' responsibilities - continued

Auditors

PricewaterhouseCoopers, have expressed their willingness to continue in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

By order of the committee

Joseph Borg Bartolo
Chairman

David G. Curmi
Committee member

Malta Financial Services Authority
Notabile Road
Mriehel

21 May 2015

pwc

Independent auditor's report

To the Members of the Protection and Compensation Fund

Report on the Financial Statements for the year ended 31 December 2014

We have audited the financial statements of the Protection and Compensation Fund on pages 5 to 16 which comprise the balance sheet as at 31 December 2014, the income and expenditure account, statements of changes in funds and cash flow for the year then ended and a summary of significant accounting policies and other explanatory information.

Members' responsibility for the financial statements
As explained more comprehensively in the Statement of committee members' responsibilities on page 1, the members of the Management Committee are responsible for the preparation of financial statements that give a true and fair view in accordance with the Protection and Compensation Fund Regulations, 2003, and for such internal control as the committee members determine is necessary to enable the preparation of financial statements that are free from material mistatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the members of the Management Committee, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements of the Protection and Compensation Fund for the year ended 31 December 2014 are prepared, in all material respects, in accordance with the accounting policies described on pages 9 to 11 of the financial statements.

Independent auditor's report - continued

Basis of accounting and restriction on distribution and use
Without modifying our opinion, we draw attention to the accounting policies on pages 9 to 11 of the financial statements, which describe the basis of accounting. The financial statements are prepared to assist the Protection and Compensation Fund to comply with the financial reporting provisions of the Protection and Compensation Fund Regulations, 2003. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of the Protection and Compensation Fund and should not be distributed to or be used by parties other than the members of the Protection and Compensation Fund.

PricewaterhouseCoopers

78 Mill Street
Qormi
Malta

Lucienne Pace Ross
Partner

21 May 2015

Income and expenditure account

	Notes	Year ended 31 December **2014** €	2013 €
Income	2	**149,483**	131,670
Expenditure	3	**(18,309)**	(18,714)
Surplus for the year		**131,174**	112,956

Balance sheet

	Notes	As at 31 December 2014 €	2013 €
ASSETS			
Fixed assets			
Financial assets			
Investments – available-for-sale	4	**3,541,226**	2,043,478
Total non-current assets		**3,541,226**	2,043,478
Current assets			
Trade and other debtors	5	**226,562**	215,560
Motor Accident Fund			
- Security Fund	6	**28,361**	66,008
- Protection and Compensation Funds	6	**1,835,468**	1,857,862
Cash at bank and in hand	11	**1,219,063**	1,782,396
Total current assets		**3,309,454**	3,921,826
Total assets		**6,850,680**	5,965,304
LIABILITIES			
Funds and reserves			
Protection and Compensation Funds - Insolvency Fund			
- General Business Fund	8	**1,639,582**	1,470,770
- Life Business Fund	8	**1,968,535**	1,775,362
		3,608,117	3,246,132
Accumulated Fund		**588,273**	457,099
Revaluation reserve	9	**597,292**	149,079
Total funds and reserves		**4,793,682**	3,852,310
Creditors: amounts falling due within one year			
Trade and other creditors	7	**2,056,998**	2,112,994
Total liabilities		**6,850,680**	5,965,304

The financial statements on pages 5 to 16 were authorised for issue by the members of the Management Committee on 21 May 2015 and were signed on its behalf by:

Joseph Borg Bartolo
Chairman

David G. Curmi
Committee member

Statement of changes in funds

	Notes	Protection and compensation funds	Accumulated fund	Revaluation reserve	Total
		€	€	€	€
Balance at 1 January 2013		2,912,758	344,143	57,679	3,314,580
Net contributions levied during the year	8	333,374	-	-	333,374
Fair value movements					
- available-for-sale investments	9	-	-	91,400	91,400
Net income recognised directly in funds		333,374	-	91,400	424,774
Surplus for the financial year		-	112,956	-	112,956
Balance at 31 December 2013		**3,246,132**	**457,099**	**149,079**	**3,852,310**
Balance at 1 January 2014		3,246,132	457,099	149,079	3,852,310
Net contributions levied during the year	8	361,985	-	-	361,985
Fair value movements					
- available-for-sale investments	9	-	-	448,213	448,213
Net income recognised directly in funds		361,985	-	448,213	810,198
Surplus for the financial year		-	131,174	-	131,174
Balance at 31 December 2014		**3,608,117**	**588,273**	**597,292**	**4,793,682**

Cash flow statement

	Notes	Year ended 31 December **2014** €	2013 €
Operating activities			
Cash generated from operations	10	**124,217**	109,004
Financing activities			
Purchase of investments	4	**(1,049,535)**	-
Levies collected	8	**361,985**	333,374
Net cash (used-in)/generated from financing activities		**(687,550)**	333,374
Movement in cash and cash equivalents		**(563,333)**	442,378
Cash and cash equivalents at beginning of year		**1,782,396**	1,340,018
Cash and cash equivalents at end of year	11	**1,219,063**	1,782,396

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

1. Basis of preparation

The financial statements are prepared under the historical cost convention and have been prepared in accordance with the Protection and Compensation Fund Regulations, 2003.

2. Protection and Compensation Fund / Security Fund

Article 49 of the Insurance Business Act provides for the establishment of the Protection and Compensation Fund to be utilised to make payments in respect of claims which remain unpaid by reason of the insolvency of the insurer ("General Insurance Fund" and "Life Insurance Fund" shown on the balance sheet), and to compensate victims of specified road traffic accidents ("Motor Accident Fund" shown on the balance sheet). The Protection and Compensation Fund/Security Fund shown on the balance sheet comprise levies collected from members, less claims paid and provisions for outstanding/potential claims.

The 'Security Fund' shown in the balance sheet represents the Fund set up under the Insurance Business Security Fund Regulations, 1986 (which were repealed by the Protection and Compensation Fund Regulations, 2003). The deficit as at 31 December represents contributions collected short of outstanding provisions. The cost of the eventual settlement of these claims is recoverable from members in accordance with the Regulations.

The 'Protection and Compensation Fund' shown in the balance sheet represents the fund set up under the Protection and Compensation Fund Regulations, 2003. Under these Regulations, contributions in respect of claims which remain unpaid by reason of insolvency of the insurer are required to be pre-funded to the Protection and Compensation Fund for the purposes of the "General Insurance Fund" and the "Life Insurance Fund" at a rate of 0.125 per cent of the gross premium income of the protected risks by the insurer for the year ending last before the beginning of that calendar year. A sum not exceeding 5% of the total amount of contributions payable to the Fund (as may be determined by the Management Committee) shall be at the disposal of the Committee to meet expenses incurred by the administration of the Fund. A further post-funded contribution will be required by every insurer carrying on business of motor insurance to be utilised exclusively for the payment of compensation of motor accidents in a similar way to contributions collected for the "Security Fund".

In accordance with Article 31(4) of Protection and Compensation Regulations, 2003, all assets and liabilities of the Security Fund transferred to the Protection and Compensation Fund in virtue of the Act shall, be kept separate from other assets and liabilities of the Protection and Compensation Fund and the administration of the assets and liabilities which are to be kept separate in virtue of those regulations shall continue to be governed by regulation 10 of the 1986 Regulations until all obligations of the Protection and Compensation Fund under the 1986 Regulations are discharged in full.

Any assets of the Security Fund which are kept separate from the other assets of the Fund remaining in hand after the discharge of all obligations under the 1986 Regulations shall be aggregated to the other assets of the Fund and continue to be used exclusively for the same purpose which they were used under the 1986 Regulations.

3. Provision for imminent and potential claims

Provision is made for the full estimated cost of claims notified but not yet settled by the year end. The amounts provided for are charged to the Funds (see Note 6 and 8) and credited to the Motor Insurers' Bureau (Note 7), which carries out its administrative function, including the payment of claims.

4. Financial assets – Investments

The Fund classifies its investments into the available-for-sale category. The classification is dependent on the purpose for which the investments were acquired. The committee members determine the appropriate classification of investments at the time of purchase and re-evaluate such designation at every reporting date.

Available-for-sale investments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity or (c) financial assets at fair value through profit or loss. They include inter alia, listed securities.

All purchases and sales of investments are recognised on the trade date, which is the date that the Fund commits to purchase or sell the assets. All investments are initially recognised at fair value plus, transaction costs that are directly attributable to their acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Fund has also transferred substantially all risks and rewards of ownership.

Available-for sale investments are subsequently re-measured at fair value. A gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in funds, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in the profit and loss.

The fair value of quoted securities and units in unit trusts is based on quoted market prices at the balance sheet date.

In the case of securities classified as available-for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the income and expenditure account – is removed from equity and recognised in the income and expenditure account. Impairment losses recognised in the income and expenditure account on equity instruments are not subsequently reversed.

5. Debtors

Debtors are carried at anticipated realisable value. An estimate is made for doubtful debtors based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

6. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

7. Trade creditors

Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

8. Revenue recognition

Interest income is recognised in the profit and loss account as it accrues, unless collectibility is in doubt.

The fund is also entitled under Reg. 7(6) of the Protection and Compensation Fund Regulations, 2003 to an administration levy not exceeding 5% of total contributions payable to meet ordinary expenses incurred by the Fund. This levy is recognised as it accrues and is included within 'income' in the income and expenditure account.

Notes to the financial statements

1. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the committee members, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical.

2. Income

Income includes administration interest receivable and any profit on disposal of investments.

No administration levies were charged during 2014 and 2013.

3. Expenses by nature

	2014	2013
	€	€
Committee members' fees	**10,482**	10,482
Motor Insurers' Bureau administration fee	**2,148**	1,975
Auditors' remuneration	**1,687**	2,195
Other expenses	**3,992**	4,062
Total expenditure	**18,309**	18,714

4. Financial assets – available-for-sale investments

Year ended 31 December 2013	
Opening net book amount	1,952,078
Net fair value gains (note 9)	91,400
Closing net book amount	**2,043,478**

Year ended 31 December 2014	
Opening net book amount	2,043,478
Additions	1,049,535
Net fair value gains (Note 9)	448,213
	3,541,226

4. Financial assets – available-for-sale - continued

Available-for-sale investments include the following:

	2014	2013
	€	€
Debt securities – listed fixed interest rate	**3,541,226**	2,043,478

The maturity of the fixed income debt securities is detailed below:

	2014	2013
	€	€
After more than 5 years	**3,541,226**	2,043,478
	3,541,226	2,043,478

5. Trade and other debtors

	2014	2013
	€	€
Amounts due from Motor Insurers' Bureau	**190,887**	185,863
Accrued income	**35,675**	29,697
	226,562	215,560

The Protection and Compensation Fund Committee has, under Section 6(2) of the Protection and Compensation Fund Regulations 2003, delegated part of its administrative function to the Motor Insurers' Bureau. Amounts due by Motor Insurers' Bureau represent levies collected from members less claims paid (see also note 6).

6. Motor Accident Fund

	Levies collected €	Claims paid €	Provision for outstanding claims €	Amounts recoverable from members €
(a) Security Fund				
Balance at 1 January 2013	761,373	(543,798)	(377,404)	(159,829)
Levies collected	1,639	-	-	1,639
Levies refunded	(12,526)	-	-	(12,526)
Claims paid		(3,279)	3,279	-
Decrease in provision	-	-	104,708	104,708
Balance at 31 December 2013	**750,486**	**(547,077)**	**(269,417)**	**(66,008)**
Balance at 1 January 2014	750,486	(547,077)	(269,417)	(66,008)
Levies collected	2,182	-	-	2,182
Levies refunded	(4,826)	-	-	(4,826)
Claims paid	-	(12,189)	12,189	-
Decrease in provision	-	-	128,807	128,807
Transfer to Protection and Compensation Fund	(88,516)	-	-	(88,516)
Balance at 31 December 2014	**659,326**	**(559,266)**	**(128,421)**	**(28,361)**

	Levies collected €	Claims paid €	Provision for outstanding claims €	Amounts recoverable from members €
(b) Protection and Compensation Funds				
Balance at 1 January 2013	150,944	(141,751)	(1,978,925)	(1,969,732)
Levies collected	20,926	-	-	20,926
Levies refunded	(14,117)	-	-	(14,117)
Claims paid	-	(33,548)	33,548	-
Decrease in provision	-	-	105,061	105,061
Balance at 31 December 2013	**157,753**	**(175,299)**	**(1,840,316)**	**(1,857,862)**
Balance at 1 January 2014	157,753	(175,299)	(1,840,316)	(1,857,862)
Levies collected	269,760	-	-	269,760
Levies refunded	(4,802)	-	-	(4,802)
Claims paid	-	(245,043)	245,043	-
Increase in provision	-		(331,080)	(331,080)
Transfer from Security Fund	88,516	-	-	88,516
Balance at 31 December 2014	**511,227**	**(420,342)**	**(1,926,353)**	**(1,835,468)**

The year-end balances represent contributions collected from members short of outstanding reported claims provisions. The cost of the eventual settlement of these claims is recoverable from members in accordance with the Regulations.

7. Trade and other creditors

	2014 €	2013 €
Amounts falling due within one year		
Provision for claims outstanding	**2,054,774**	2,109,733
Other creditors and accruals	**2,224**	3,261
	2,056,998	2,112,994

8. Protection and Compensation Funds

	General Insurance Fund €	Life Insurance Fund €	Total €
Balance at 1 January 2013	1,304,875	1,607,883	2,912,758
Contributions received	165,895	167,479	333,374
Balance at 31 December 2013	**1,470,770**	**1,775,362**	**3,246,132**
Balance at 1 January 2014	1,470,770	1,775,362	3,246,132
Contributions received	168,812	193,173	361,985
Balance at 31 December 2014	**1,639,582**	**1,968,535**	**3,608,117**

The 'Protection and Compensation Fund' shown in the balance sheet represents the fund set up under the Protection and Compensation Fund Regulations, 2003. Under these Regulations, contributions in respect of claims which remain unpaid by reason of insolvency of the insurer are required to be pre-funded to the Protection and Compensation Fund.

The apportionment of the accumulated fund and revaluation reserve included in the balance sheet as at 31 December 2014 to the General Business Fund and Life Insurance Fund on the basis of the movements in the respective funds from 2004 to date is shown below:

	General Insurance Fund €	Life Insurance Fund €	Total €
Accumulated Fund	267,320	320,953	588,273
Revaluation reserve	271,418	325,874	597,292
	538,738	**646,827**	**1,185,565**

9. Revaluation reserve

	2014 €	2013 €
Balance at 1 January	**149,079**	57,679
Movement in fair value (note 4)	**448,213**	91,400
Balance at 31 December	**597,292**	149,079

The revaluation reserve is non-distributable.

10. Cash generated from operations

Reconciliation of operating surplus to cash generated from operations:

	2014	2013
	€	€
Surplus for the year	**131,174**	112,956
Adjustment for:		
Movement in provision for outstanding claims	**(54,959)**	(246,596)
Movements in working capital:		
- creditors	**(1,037)**	(1,209)
- debtors	**49,039**	243,853
Cash generated from operations	**124,217**	109,004

11. Cash and cash equivalents

	2014	2013
	€	€
Cash at bank	**1,219,063**	1,782,396

Deposits held with banks earn interest as follows:

	2014	2013
	€	€
At fixed rates	**1,152,324**	1,665,150
At floating rates	**66,739**	117,246
	1,219,063	1,782,396

12. Financial instruments

Credit risk

Financial assets which potentially subject the Fund to concentrations of credit risk consist principally of investments and cash at bank. The Fund's cash is placed with quality financial institutions. Concentration of the Fund's credit risk in respect of investments is considered by the members of the Management Committee to be relatively insignificant in view of the nature of the assets held and the credit standing of the issuer/counterparty.

Interest rate risk

The Fund's incoming and operating cash flows are substantially independent of changes in market interest rates. Notes 4 and 11 incorporate interest rate and maturity information with respect to the Fund's assets. Up to the balance sheet date, the Fund did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the members.

Fair values

At 31 December 2015 and 2014, the carrying value of the Fund's other assets and liabilities approximated their fair values.

Detailed accounts

	Page
Income and expenditure account	18

Income and expenditure account

	2014	2013
	€	€
Income		
Administration levy under Reg 7(6)	-	-
Interest receivable from Motor Insurers' Bureau	**2,148**	1,975
Interest receivable from investments	**147,335**	129,695
	149,483	131,670
Expenditure		
Publication costs	**854**	1,303
Audit and professional fees	**4,534**	4,695
Bank charges and interest	**172**	139
Committee members' fees	**10,482**	10,482
Motor Insurers' Bureau administration fee	**2,148**	1,975
Miscellaneous expenses	**119**	120
	18,309	18,714
Surplus for the year	**131,174**	112,956