

Your reference

Our reference

Date 10 January 2013

Private Motor Insurance Market Investigation – Response to the Competition
Commission’s Issues Statement

Zurich Insurance plc
(UK Branch)

Dear Sirs,

3000b Parkway
Fareham
PO15 7JZ

Zurich Insurance plc (UK Branch) (*Zurich*) is grateful for the opportunity to respond to the Issues Statement published by the Competition Commission (CC).

Communications will be monitored
regularly to improve our service and
for security and regulatory purposes

Zurich welcomes the CC’s detailed investigation of this market. While the evidence shows that the market for private motor insurance in the UK is highly competitive (and Zurich welcomes the CC’s conclusion to that effect at paragraphs 31 and 47 of the Issues Statement), Zurich has had concerns that the market is operating, in some respects, in a dysfunctional manner – in particular with respect to the management of claims, where a dislocation of incentives as described by the CC in its first theory of harm is leading to an increase in premium levels. Efforts by the market to address this dysfunctionality have not been successful. As the CC will be aware from its initial review of the OFT’s file, Zurich has already commented in detail on a number of the issues raised by the CC in the Issues Statement in its submissions to the OFT and so has not repeated those comment in this response.

Zurich welcomes the CC’s recognition (at paragraphs 17, 37 and 45 of the Issues Statement) that it is important to avoid duplication of processes between the CC, the Ministry of Justice and the FSA. It is grateful for the CC’s efforts to ensure coordination of these processes.

Zurich looks forward to continuing to cooperate and fully engage with the CC in relation to this important and timely investigation and, in particular, with regard to any remedies it may propose.

Yours faithfully,

Stephen Lewis
CEO UK General Insurance

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