

## *Introduction*

Our client, [gocompare.com](http://gocompare.com), has instructed us to submit its comments on the CMA's Provisional Remedies Paper issued on 12 June 2014. In summary, they welcome the conclusions of the CMA on add-ons and NCBs and look forward to working with the CMA and the FCA to maintain a transparent market in which PCWs continue to inform consumers allowing them to make the right choices when buying PMI.

Gocompare.com notes that the CMA has sought to limit the impact of MFNs by allowing only smaller PCWs to operate wide MFNs and by enabling insurers and PCWs to agree "narrow" MFNs. MFNs are a recognised and valued element of the structure of PCWs, instilling confidence in consumers. Gocompare.com welcomes this recognition and the fact that the CMA has not sought to remove them from the market as some parties suggested.

The CMA is right to recognise the important role that MFNs have and will continue to have in an effective and competitive market place. However, [gocompare.com](http://gocompare.com) is concerned there is a disconnect between the CMA's definition of narrow MFNs and its acknowledgement that insurers should not be able to obtain a free ride off the work of PCWs. It may be a matter of drafting, but [gocompare.com](http://gocompare.com) believes that this can only be achieved if the definition of narrow MFNs is extended to all *direct* contracts entered into by insurers, as result of an introduction from a PCW, and not just those facilitated by the insurer's own website.

## *Add-ons and NCBs*

Gocompare.com remains focused on ensuring consumers are provided with the information they need to make the right choice of insurance at the right price.

They keep their website under constant review and aim to clarify all matters in the customer's interest. Without this they would lose out to the other PCWs and repeat business would significantly decline. The products in question are complex and consumers are limited in the time they have to compare them, this is the fundamental reason why PCWs like [gocompare.com](http://gocompare.com) continue to be successful and offer insurers a cost effective and successful route to market. Gocompare.com would fail in its mission statement if it did not keep customer education and market transparency at the top of its agenda.

As such, it welcomes the proposed Remedies set out at para 3.52 and 3.56 in relation to NCBs.

Whilst the CMA has not sought to introduce similar Remedies for add-ons, gocompare.com wishes to re-iterate its view that the FCA must take into account the risk that a detailed Remedy (as outlined in the CMA's paper) may lead to significant confusion as add-ons vary enormously there is a limit to how much information reasonably can be supplied to consumers clearly. This is particularly true given the growing importance of PMI purchases online using tablets and Internet-enabled phones.

If definitions of add-ons are to be set for all PCWs and insurers there must be a major risk that innovation will be impeded to the potential detriment of consumers.

Gocompare.com look forward to discussing these challenges and the risks associated with an add-on remedy once the FCA is charged with the matter.

### *MFNs*

Gocompare.com's comments on the approach of the CMA to wide/narrow MFNs, the carve-out for smaller PCWs and the monitoring proposals and time frames for compliance are set out below.

- Scope: wide and narrow

The CMA has clearly acknowledged the important role played in the past and currently by MFNs. The CMA accepts that narrow MFNs do not have a substantially detrimental effect on competition. Gocompare.com would go further and suggest that the evidence shows that narrow MFNs are essential so that consumers do not have enormous search costs and that insurers are not enabled to free ride off the work of the PCWs. Indeed the CMA acknowledges these positive benefits in its paper. That said, our client is concerned that the proposed definition of "narrow" MFNs is too prescriptive because it refers only to the insurer's own website.

Gocompare.com suggests that similar issues (particularly the ability of insurers to free ride off the work of PCWs) would not be addressed if the Remedy did not also cover other direct approaches from the insurer to consumers introduced via a PCW. If insurers are not to be offered such a free ride and if PCWs are to encourage competition, empower consumers and help limit search costs then the definition of narrow MFNs must include all forms of direct sales by the insurer

whether that is by way of their website, through direct telesales or elsewhere as a result of an introduction facilitated by a PCW.

- Scope : smaller PCWs

Gocompare.com welcomes the carve-out for smaller PCWs as this further recognises the legitimate importance of wide MFNs as a legal tool to encourage competition and to provide consumer benefit.

- Monitoring

Gocompare.com believes that the reporting regime will be onerous and suggests that the CMA revisits the regularity of the reports.

[REDACTED].

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