

## **PRIVATE MOTOR INSURANCE MARKET INVESTIGATION**

### **The Private Motor Insurance Market Investigation Order 2015**

#### **Notice of intention to make an Order under section 165 of and Schedule 10 to the Enterprise Act 2002 and public consultation on the proposed Order**

##### **Background**

1. On 28 September 2012, the Office of Fair Trading, in exercise of its powers under section 131 of the Enterprise Act 2002 (the Act), referred the supply or acquisition of private motor insurance (PMI) and related goods and services in the UK to the Competition Commission (CC) for investigation and report (the market investigation).
2. The CC investigated the matters referred to it pursuant to sections 131 and 133 of the Act and, on 1 April 2014, the remaining functions of the CC in relation to the market investigation were transferred to the Competition and Markets Authority (CMA) under Schedule 5 to the Enterprise and Regulatory Reform Act 2013 and the Schedule to the Enterprise and Regulatory Reform Act 2013 (Commencement No. 6, Transitional Provisions and Savings) Order 2014 (the Order).
3. The CMA concluded (a) in accordance with section 134(1) of the Act that there are features of the markets for the supply or acquisition of PMI and related goods and services in the UK which, either alone or in combination, prevent, restrict or distort competition; and (b) in accordance with section 134(2) of the Act, that there are adverse effects on competition (AECs). The CMA published its findings in a report under section 136 of the Act entitled *Private motor insurance market investigation: Final report* published on 24 September 2014 (the Report).
4. The CMA considered, in accordance with section 134(4) of the Act, (a) whether action should be taken by it for the purpose of remedying, mitigating or preventing the AECs or any detrimental effect on consumers; (b) whether it should recommend the taking of action by others for the purpose of remedying, mitigating or preventing the AECs or any detrimental effect on consumers; and (c) in either case, if action should be taken, what action should be taken and what is to be remedied, mitigated or prevented.

5. In the Report, the CMA decided on a package of remedies to be implemented by it in order to remedy, mitigate or prevent the AECs that it found arising from the following features:
  - (a) information asymmetries between private motor insurers and consumers in relation to the sale of no-claims bonus protection insurance; and
  - (b) wide most-favoured-nation clauses in contracts between providers of PMI and price comparison websites.
6. In accordance with section 165 and paragraph 2(1)(a) of Schedule 10 of the Act, the CMA hereby gives notice of its intention to make an Order on the terms attached to this Notice (the Draft Order) and invites representations on the Draft Order from any interested person or persons.
7. This Notice and the Draft Order, together with a draft Explanatory Note, have been published on the CMA website.
8. The draft Explanatory Note accompanying the Draft Order provides an explanation of how the proposed Order is expected to operate.
9. The CMA invites written representations on the proposed Order from any interested person or persons. The CMA will have regard to any representations made in response to this Notice. The CMA may also make modifications to the proposed Order as a result of any representations. If the CMA considers that any representation necessitates a material change to the proposed Order, the CMA will give notice of the proposed modifications.
10. Representations should reach the CMA by 5pm on 6 February 2015. Representations should be in writing and should be addressed to:

Project Officer  
Private Motor Insurance market investigation  
Competition and Markets Authority  
Victoria House  
Southampton Row  
London  
WC1B 4AD

or by email to: [PMI@cma.gsi.gov.uk](mailto:PMI@cma.gsi.gov.uk)

*(signed)* ALASDAIR SMITH  
*Group Chair*  
7 January 2015