

**CMA MARKET INVESTIGATION
INTO PRIVATE MOTOR INSURANCE**

AXA INSURANCE UK PLC

RESPONSE TO CONSULTATION ON MODIFIED DRAFT ORDER

9 March 2015

- 1.1. The CMA has invited representations from interested parties on the Modified Draft Order dated 27 February 2015 ("**Modified Draft Order**").
- 1.2. AXA welcomes the CMA's proposed change in the Modified Draft Order for the NCD disclosure implementation date to be extended to 1 August 2016 and acknowledges that this is a more manageable deadline. AXA also notes that the CMA has changed the wording of Paragraph 1 (a) within each of Schedule 1b and 2 to reflect AXA's suggested changes.
- 1.3. However, AXA remains concerned that the CMA has failed to address the other critical points outlined within AXA's submission to the Informal Consultation on the Draft Order, dated 10 December 2014 and 29 December 2014 which were then repeated in AXA's submission to the CMA's Formal Consultation on the Draft Order dated 6 February 2015.
- 1.4. AXA continues to have serious reservations about the proposed one month period for the calculation of the previous year's average NCD. AXA considers this timescale to be unachievable, and strongly recommends that the CMA liaises with BIBA and the software houses immediately to ensure that workable timescales are implemented.
- 1.5. Additionally the CMA has failed to address AXA's concern that it will be unable to comply with the content of the Modified Draft Order without being in breach of the existing regulatory regime. This is not an AXA-specific concern as AXA expects many insurers will find themselves unable to comply simultaneously with the Order and their regulatory obligations which are monitored and enforced by the FCA.
- 1.6. AXA maintains that this is a matter that would have been best referred to the FCA at the outset (rather than wait for two years after implementation for the FCA to be involved) as the requirements could have been developed and monitored in line with existing regulatory requirements. While by no means the perfect solution, AXA urges the CMA to adopt the BIBA's suggestion to involve the FCA working group on "the provision of timely and appropriate information in the general insurance sector" (whose remit includes the CMA's inquiry) as well as the FCA Behavioural Economics team to help make the information disclosure requirements fit for purpose.

1.7. Finally, AXA considers that the definition of PMI Product remains unclear in scope. For example, it is not currently clear whether policies relating to privately-owned vans and motor-homes (including those converted from a motor car) are intended to be included within the definition of PMI Product. AXA would assume that they are, however, clarity from the CMA on what is and what is not envisaged to be caught by this definition is required before implementation of the Order can occur.

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