

Allianz Insurance plc
Retail

CMA Private Motor Insurance Market Investigation Draft Order – Consultation

Allianz Response

Reference the publication on the 7th January 2015 of the above draft order and the subsequent period of consultation. Please note the following comments from Allianz with specific reference to Article 3.

As members of the Association of British Insurers (ABI), Allianz have provided input to the ABI response and their response and comments reflect our own position.

However, in your email of the 7th January 2015 notifying us of the publication of the draft order, providers were invited to provide feedback on the implementation timeframes and whether there were any issues with a 1st of September, 2015 implementation date.

Allianz believe that the 1st of September would be very difficult to achieve for the following reasons:

1. IT Scheduling and Priorities

Ensuring we continue to evolve and innovate in terms of our product and customer offerings we need to continually develop our IT systems and processes to do this. As such work and tasks requiring IT changes are always competing against a wide variety of other priorities.

Allianz have a number of IT platforms and processes that would be impacted by the required changes across our Direct, Broker and Corporate Partner distribution channels. [CONFIDENTIAL].

2. Broker Software Houses

Allianz support the comments that have already been made by the ABI and BIBA in terms of scheduling such a change and the length of time required to implement such a change for every PMI provider across multiple Broker Software House platforms.

3. Renewal Process

The draft order applies to renewals as well as new business and we assume that this includes renewals that are effective from 1st September 2015. Our renewals are created 6 weeks prior to the renewal date and as such, this would mean completing all our IT development and implementing changes to our processes at our operational centres by the 1st July. A similar process will also take place for Broker based renewals.

4. Calculation of Average NCB

The agreed cycle will run annually with the update on average NCB's to be provided for February.

An implementation date of September will require insurers to calculate on a shortened time period. Given that we are required to be ready for Renewals also in September this will shorten the period even further.

Renewal cycles differ between companies and different periods may be included. CMA may see inconsistencies in application.

We need to be ready in July for September implementation. The last full month for calculation is likely to be May to allow for calculation and reconciliation in June. This is very tight and leaves no time for correction of any anomalies or systems issues.

An early 2016 implementation will allow insurers and CMA to have a full year's data on the same cycle in first and subsequent years and therefore a consistent view.

Other Points of Clarification

In addition to the implementation timeframes we would also ask for clarity in the final order regarding the below statement (Schedule 2, point 1a) and its use and the flexibility of the wording to be used:

"[You are considering whether to purchase] NCB protection. This [would increase] your premium by [amount]. You have a current NCB of [number] years. The tables below show: (i) the average NCB discount awarded to our motor insurance policyholders last year according to their number of NCB years; and (ii) what would happen to your NCB years if you were to make one or more claims in the next 12 months with and without this protection."

The Order states that renewals are included.

For a customer with NCBP on expiring cover we will need to provide the information to allow the customer to choose to include/exclude in the next period and the wording is new business focussed. We will need to amend the provided text tailored to the stage in the life cycle of the policy.

In summary and with specific reference to the 1st September implementation, for the reasons stated in this note we believe this is very challenging. [CONFIDENTIAL]. We therefore support moving the implementation date to at least 12 months from the effective date of the Order.

If you have any specific queries regarding these points please contact the signatory below.

Yours sincerely

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