

Canopus Group response to PMI formal consultation on draft order

Dear Sir/Madam,

We are responding to the Draft Order consultation “The Private Motor Insurance Market Investigation Order 2015” and the offer of NCB/NCD protection to consumers of private motor insurance.

Background

We (Canopus Group) are a Lloyd’s regulated insurer providing private motor insurance policies to UK consumers via more than a thousand insurance intermediaries/brokers.

Our policies, along with more than 50 competing insurer products, are accessed by the intermediary using third party software systems designed specifically to provide the initial price to the customer, point of sale policy documentation and on-going administration.

The intermediary will have purchased this software having selected from more than 7 alternative software systems. Open GI, Software Solutions Partners (SSP), Cheshire Data Systems Limited (CDL) and Transactor Global Solutions Limited (TGSL) are the predominant software suppliers.

The challenge with the implementation date

Our business model is wholly reliant on the process described above. Any changes to our pricing or documentation are managed by these software houses for onward transmission to the intermediary.

Software suppliers work to a standard 6-8 week lead-time for processing regular changes, however in this case fundamental changes are required to core screens and documentation for all products, for each insurer and at the same time; therefore, this lead-time will increase significantly. Software suppliers have confirmed that they will not achieve the 1st September date.

The Draft Order applies to renewals, which means we are required to effect the changes earlier than 1st September as renewal invites have to be issued at least 4 weeks prior to the renewal date.

This leaves almost every insurer facing imminent non-compliance. To overcome this the market will be forced to withdraw the protected NCB option, which seems to be at odds with what the Order is trying to achieve and will be entirely detrimental to the consumer, removing what has for many years been considered a valuable protection.

Polaris, the body owned and run by the insurance industry with a complete understanding of the operational timescales has created a high-level schedule estimating a realistic implementation date between quarter 2 and quarter 3 2016.

We understand the reasons for the order and will provide our full commitment to complying with it; however we can only progress as quickly as the software suppliers and would therefore request a reconsideration of the proposed implementation date.