

CDL response to PMI formal consultation on draft order

Dear Sirs,

I'm writing in response to the draft order and specifically the information asymmetries between private motor insurers and consumers in relation to the sale of no claims bonus protection. CDL are a leading supplier of software solutions to the high volume retail insurance sector. We represent 7 out of the top 10 insurance brokers by volume and build / maintain products for all the main motor insurers in the UK. CDL customers represent over 100 brands on price comparison sites which generates in excess of 500,000 quote requests per day. Whilst software houses are not specifically referenced in the draft order we are integral to the sales process (on and offline).

We fully understand and appreciate that the draft order has been published in order to mitigate / remedy any adverse effects on competition. Whilst we fully support any AEC activity the changes proposed are far reaching and onerous in terms of architecture changes that will be required to support our Insurer and Broker partners. It is likely that we will need to make a programmatic change to every motor product that offers protected NCD that we have built and maintain. As well as that we will have to build new functionality within the back office platforms and web sites that we maintain and support to accommodate the static and dynamic information that is required to be displayed at point of quote. If renewals fall into the requirements we will also have to re-engineer the existing architecture as well as change the core back office platforms to accommodate, neither of which are trivial undertakings.

We would be happy to explain our processes in more detail if that is something which you see as beneficial, the main reason for writing however is to make you aware at a high level that a live date of 1st September 2015 is unworkable for ourselves. As a minimum once exact requirements are submitted from our Insurer and Broker partners we would need at least a 12 month lead time. Given that there are other Industry initiatives already underway such as MyLicence and FloodRe we would need this lead time to be extended further. Please bear in mind that as a software house we have to have all infrastructure ready to be live at least one month ahead of a live date to cater for the renewals process.

If you could take our comments on board we would appreciate it, should the decision remain the same and a live date of 1st September is a requirement our current view is that the only option available to us (in conjunction with our Insurer and Broker partners) would be to remove the protected NCD option from all Motor products. We believe this would be to the detriment of the consumer who generally like the benefits that Protected No Claims Discount provides.