



Competition & Markets Authority
Private Motor Insurance Market Investigation

LV= Response to Draft Order - Consultation

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General Comments

LV's position regarding Remedy 4B has been communicated to the CMA on several occasions - in summary;

- a) the FCA should assume full ownership and develop its own remedies in line with Remedy 4A
- b) the remedy is untested and at odds with FCA thinking around disclosure
- c) the CMA has not effectively assessed the full impact across the various consumer journey channels and media
- d) significant development is required and the role of broker software houses has not been factored into cost impact analysis, or implementation timeframes
- e) ongoing administration costs have not been mitigated.

We have supported the Association of British Insurers (ABI) to develop the market response and will avoid restating the points covered in that document.

Given the significant concerns expressed by market participants, we strongly urge the CMA to reconsider its position and to adopt a proportionate approach.

It is encouraging that the CMA appears to be receptive to the broker software house issue and the potential for extending the proposed 6 month deadline, which is unachievable.

By way of context around the logistical challenges, LV Broker operates two brands (ABC & Highway) and offers a number of PMI products, including specialist lines. It will be necessary to specify requirements for each product and replicate across 7 software houses (implementation steps as outlined in the ABI submission). Additional complexity applies to bespoke broker propositions, where a number of insurers operate under panel arrangements, eg agreement and sign-off by multiple parties.

It is key that the entire market is aligned and working to a single delivery deadline. We understand the CMA is obtaining hard evidence from the broker software houses to justify the estimated implementation periods of up to 18 months.

With regard to compliance reporting, it is essential that the CMA utilises existing FCA reporting frameworks and capabilities, which are firmly embedded across the industry. It is a matter for the CMA to agree how this information is shared by the FCA. Developing new regulatory reporting structures to accommodate the CMA creates a layer of unnecessary administration that will further impact expenses.

[✂] *Content Redacted*