



Unit 3Ac
Leisure Island Business Centre
23 Ocean Village Promenade
Gibraltar

Project Officer
Private Motor Insurance market investigation
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

3 February 2015

Dear Sir/Madam,

I am writing in response to the publication of the Draft Order – Consultation of the CMA Private Motor Insurance Market Investigation Order 2015, specifically in relation to sections referring to the sale of no claims bonus protection.

Southern Rock Insurance Company Limited is a Private Motor Insurance provider operating in the UK market, with policy sales of over 250,000 during 2014. Our insurance products are delivered to market via a complex distribution channel including a number of brokers, software houses and price comparison websites.

I understand that the draft order is intended to address the adverse effects on competition identified during the CMA's investigation into the private motor insurance market. I have no issues with this aim.

However, based on the timescales set in the draft order, I do not believe that there is a clear understanding of how insurance products are delivered to the customer, the parties involved in doing so and the timescales required for significant changes to be delivered through the distribution channel.

In order to deliver these changes, we will need to make changes to all our products (we have over 15 individual products to manage) and associated wordings. We are dependent upon development resource being available from the software houses and are aware that every Private Motor Insurer provider in the UK will have to be submitting similar changes at the same time, which will mean that development resource will be scarce.

We will also need the software houses (CDL, Open GI), on whose systems we distribute the product, to make fundamental platform changes to enable us to deliver the information required for compliance. We have spoken with both CDL and Open GI regarding the amount of work involved from their perspective, and likely timescales for delivery. CDL have indicated a minimum of 12 months will be required. Open GI are still scoping out the changes required but consider them to be significant.

The brokers whom we trade with will also need to make changes to their quote and buy online websites. These changes will also be dependent upon changes to the platforms being delivered by the software houses.

Bearing in mind the breadth of change required and the number of parties involved, I would suggest that 15 months from the date the Order is issued would be a more realistic and achievable timescale.

If the proposed timescales are confirmed, I believe that we, and other private motor insurance providers, would be in danger of having to withdraw from the protected no claims discount market. Presumably, this is not the intended outcome of the Order and would be to the detriment of the customer. Currently, circa 11% of our policyholders choose to protect their no claims bonus.



I would be happy to explain in more detail the rationale behind my views should you feel it would be beneficial.

Yours faithfully,

Chris Gilligan
Managing Director
Southern Rock Insurance Company Limited