

Zurich's Response to the Competition and Markets Authority Investigation into the Motor Insurance Industry – Formal Consultation of the Implementing order and Explanatory Notes (Dated 7 January 2015)

Zurich has contributed to representations which we understand the ABI will be forwarding to the Authority. Therefore our response here will be confined to your proposed timescales for implementation which have been indicated in your Draft Order.

We agree with the ABI that the implementation date of September 2015 is unrealistic, since it does not take into account sufficiently the complexity of the processes which will be need to be altered to ensure all necessary updates can be effected. In particular, in the intermediary market, insurers and brokers have no other alternative but to accept imposed timescales because software houses (SWHs) very much determine implementation dates. Until the Order is finalised, work on the detailed specification documents required by the SWHs which allow them to assess the full magnitude of the proposed changes cannot begin. Precise solutions will then be influenced by individual brokers' requirements. We believe this phase of the work could take until September which makes your proposed timetable unrealistic in the circumstances.

With specifications to work from, the SWHs can begin the process of implementing complicated changes, especially in terms of introducing dynamic text into what otherwise would be generic statements. Previously Zurich have found coping with variable text to be a significant challenge for the majority of SWHs and on occasions, we have had to descope our preferred changes. The complexity of the amendments you propose would need thorough consideration and testing before it could be implemented. In our experience, both working with SWHs and when making changes to our own operational systems, making complex changes of this type is both costly and time-consuming.

Even when all of this work is completed, a 'go live' date also has to factor in the renewal process for existing policies, which obviously have to be prepared and issued some considerable time beforehand. Taking that into account, we agree with the ABI that an implementation date earlier than 18 months from the publication of the final Order is difficult to envisage without creating significant distortions in the market.

In the circumstances, in addition to the other matters highlighted by the ABI, we would ask you to consider revising your proposed implementation timetable which is presently unrealistic. We consider the ABI's proposed timetable is more feasible given the complexities involved in these changes.