



Ageas response

CMA DCT market study update paper

About Ageas

Ageas is a leading provider of award-winning insurance solutions in the United Kingdom. It underwrites and distributes Personal and Commercial products through brokers, affinity partners and its own brands. Insuring around seven million customers and working with a range of brokers and partners, Ageas is recognised for delivering consistent and high-quality customer experiences.

Introduction

Ageas has chosen to provide a response on a limited number of questions only.

Questions

12. What has been the impact of the removal of wide MFNs in the private motor insurance sector?

The removal of the wide MFN in private motor insurance sector has seen an increase in competition between DCT's with the number of 'best price' offers from brands to consumers made through specific price comparison sites increasing. This gives insurers the opportunity to price for the different consumer profiles we see coming through the DCT's, and by not having to tie prices between sites this gives greater flexibility and may drive better pricing for consumers.

13. What has been the impact of narrow MFNs in the sectors where we have observed them (home insurance, private motor insurance, credit cards, broadband and flights)?

Narrow MFN's restrict an insurers ability to price differentially based on which channel a customer has used to obtain a quotation from their brand. This in some instances can also lead to DCT's trying to restrict offers or incentives available to consumers who may come directly to an insurer or intermediary site instead of coming through a DCT. This can therefore have a negative impact for consumers as promotional offers or better pricing is restricted.

23. How could a cross sector approach interact with existing regulatory frameworks?

As noted in the update paper a cross-sector approach will have less impact on the financial services sector, which is already highly regulated through high level principles and detailed rules and guidance. It seems reasonable to apply principles across all sectors, which would ensure a consistency of approach by the DCTs in terms of all the services they offer to consumers. Based on the cross-sector principles proposed, we do not see these as conflicting with our current FCA regulatory obligations or changing the way in which we interact with or provide information to our DCTs.

24. What future developments outlined in Chapter 9 are likely to have the greatest impact in driving engagement? If there are any important developments we have missed, what are they and why are they important?

The insurance industry is not very far away from a voice comparison service where consumers speak to a device (like Amazon's Alexa) and ask for a comparison quote. The service will then read for example the top 5 prices and insurer and a consumer will be able to buy a policy by instructing 'Alexa'

to do so, receiving the policy documents by email. More needs to be done to understand whether this will increase the focus on price rather than product suitability based on consumers individual requirements and if it makes it harder for the customer to understand their cover, or whether it might be a better medium for customer engagement.

DCTs are already using Artificial Intelligence (AI) to advise on product cover, duplicate cover, gaps in cover, excesses and renewal dates as well as price. This potentially is a positive for consumers as it moves the focus away from just price but will result in even less customer interaction with the insurer or brand choice as the AI is making all of the recommended decisions for the consumer.

With AI and blockchain the user experience will likely be shortened as more data is retained and more external data is accessed. For example, in the US one data firm is trialling giving an individual a motor quote based purely on them scanning the barcode on the back of their driving license. There is no need for the firm to ask questions, as all the required data is enriched from external sources. This will force insurers to be much more focused in their use of data, but again takes the provider one step away from their customer and further commoditises the product.