

# **Payment Protection Insurance Market Investigation Order 2011 Variation Order 2018**

## **Background**

1. The Payment Protection Insurance Market Investigation Order 2011<sup>1</sup> was made following a Competition Commission Market Investigation into the Payment Protection Insurance (PPI) market.<sup>2</sup> The Payment Protection Insurance Market Investigation Order 2011 requires, among other matters, that PPI providers must provide policy holders with a policy summary which summarises the PPI policy in a prescribed format.
2. The Insurance Distribution Directive (IDD)<sup>3</sup>, was transposed into UK law on 1 October 2018 and mandates that PPI providers must provide policy holders with very similar information, in particular through requiring them to provide an Insurance Product Information Document (IPID).<sup>4</sup>
3. Under section 162 of the Enterprise Act 2002 (the Act), the CMA has a duty to consider whether, by reason of any change of circumstances, the Payment Protection Insurance Market Investigation Order 2011 is no longer appropriate and needs to be varied or revoked.
4. On 27 September 2018, the CMA published its provisional decision that the coming into force in the UK of the IDD constitutes a relevant change of circumstances such that it is appropriate to vary the Payment Protection Insurance Market Investigation Order 2011 as specified in the provisional decision document. The provisional decision document also included a Notice of Intention to vary the Payment Protection Insurance Market Investigation Order 2011 accordingly.
5. The CMA received two responses to its provisional decision. Both responses were in favour of the CMA's approach outlined in its provisional decision to

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<sup>1</sup> [Payment Protection Insurance Market Investigation Order 2011](#) and [Explanatory Note](#).

<sup>2</sup> [CC Report: Market investigation into payment protection insurance, 29 January 2009](#).

<sup>3</sup> DIR (EU) 97 of 2016.

<sup>4</sup> While the IPID does not include all items included in the policy summary, separate Financial Conduct Authority rules mandate that providers give consumers the information which is included in a policy summary but not in an IPID.

require providers of all PPI policies to produce an information document in the format of an IPID on an annual basis.

6. The CMA makes this order exercising its powers under section 161(4) of the Act for the purpose of varying the Payment Protection Insurance Market Investigation Order 2011.

# **The Order**

The CMA makes this order exercising its powers under section 161(4) of the Enterprise Act 2002 for the purpose of varying the Payment Protection Insurance Market Investigation Order 2011. The Payment Protection Insurance Market Investigation Order 2011 was made to remedy adverse effects identified in the report of the Competition Commission (CC) entitled ‘Market investigation into payment protection insurance’, which was published on 29 January 2009.<sup>5</sup>

## **1. Citation, commencement and purpose**

- 1.1. This order may be cited as ‘the Payment Protection Insurance Market Investigation Order 2011 Variation Order 2018’.
- 1.2. This order shall come into force on 20 December 2018 which is the date of publication of the signed final order.
- 1.3. The purpose of this order is to vary the Payment Protection Insurance Market Investigation Order 2011.

## **2. Interpretation**

- 2.1. The definitions, interpretations and meanings ascribed to words and expressions in the Payment Protection Market Investigation Order 2011 apply to this order except where words and expressions are expressly defined.

## **3. Variations to the Payment Protection Market Investigation Order 2011**

- 3.1. In Article 4.10(b), delete the words “policy summary” and replace with “insurance product information document”.
- 3.2. In Article 4.14(d),
  - 3.2.1. delete the words “policy summary” and replace with “insurance product information document”; and
  - 3.2.2. delete the words “Annex 2” and replace with “Annex 3”.

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<sup>5</sup> [CC Report: Market investigation into payment protection insurance, 29 January 2009](#)

- 3.3. In Schedule 3 paragraph 6, and Schedule 4 paragraph 7, delete both instances of the words “policy summary” and replace with “insurance product information document”.
- 3.4. In Schedules 3a, 3b(i), 3b(ii), 3c, 3d(i), 3e, 4a, 4b(i), 4b(ii), 4c(i), 4c(ii), 4d, 4e(i) and 4e(ii), in the paragraph beginning ‘Further details of cover...’ delete the words “policy summary” and replace with “insurance product information document”.

Martin Coleman

Panel Chair

Competition and Markets Authority

## **Explanatory Note**

### **(This Note is not part of the Order)**

1. The purpose of the Payment Protection Market Investigation Order 2011 Variation Order 2018 is to vary the Payment Protection Market Investigation Order 2011.
2. On 27 September 2018, the CMA published its provisional decision that the coming into force in the UK, on 1 October 2018, of the Insurance Distribution Directive<sup>6</sup> constitutes a relevant change of circumstances such that it is appropriate to vary the Payment Protection Insurance Market Investigation Order 2011. The provisional decision also included a Notice of Intention to vary the Payment Protection Market Investigation Order 2011. The CMA received two responses to its provisional decision, neither of which opposed the variation.

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<sup>6</sup> DIR (EU) 97 of 2016.

3. The variation applies to instances where the term 'policy summary' is used in the 2011 Order and is set out in detail in Article 3 of this order. The variation was made to reflect updated regulation.
4. Section 167 of the Enterprise Act 2002 (the Act) places a duty on any person to whom this order applies to comply with it. Subject to the defences in the section, any person who suffers loss or damage due to a breach of this duty may bring an action. Section 167 of the Act also provides that the CMA can seek to enforce this order by civil proceedings for an injunction or for any other appropriate relief or remedy.
5. The CMA has a general duty to monitor the operation of a Competition Commission enforcement order under section 162 of the Act. This includes the duty to consider, from time to time, whether an enforcement order should be varied or revoked in the light of a change of circumstances.
6. Nothing in this Explanatory Note is legally binding. In the event of a conflict between this Explanatory Note and the provisions of the Order, the Order shall prevail.