



ABI Submission to CMA Consultation on Vertical Block Exemptions

Thank you for inviting comments on the CMA's proposed recommendation on the Vertical Agreements Block Exemption Regulation (VABER).

We welcome the CMA's approach to replace the retained VABER when it expires on 22nd May 2022 with a UK VABEO, that is not looking to rewrite unnecessarily a framework that has proven its value over many years but is nonetheless tailored to some narrow specifics unique to the UK market. We also note that the CMA will prepare guidance to accompany the VABEO, and we would encourage the CMA to consult stakeholders as they develop that guidance.

Currently, there is much value placed upon the VABER and how it supports innovation, for example as insurance companies in the UK work with digital firms on improving distribution models for customers.

Furthermore, the ABI's members have expressed how helpful the VABER is in working with European counterparts. It, and the guidelines that sit alongside it, provide real clarity and understanding around what activity is permitted in the UK, and allows UK firms to work with overseas players who may be more hesitant to work with them without it.

We note that the CMA is proposing some amendments to the current VABER, and we appreciate that these have been kept to a minimum. Our members are conscious of potential compliance costs that could emerge the more the UK diverges.

We agree with the CMA's proposals in relation to 'most-favoured nation' (MFN) clauses, which appear to be consistent with its approach to such arrangements in recent years; including its ban of 'wide' MFNs in motor insurance following the Private Motor Insurance Market Investigation, its consideration of MFNs as part of its Market Study on Digital Comparison Tools and its enforcement action in relation to MFNs. Should the CMA consider taking a different approach to MFNs in the future, it should ensure that such proposals are subject to a full consultation and impact assessment.

We believe the VABER has a proven record of benefitting the market and its customers and we see real value in its continuation. If there are fundamental changes in the future, then of course it would warrant revisiting it as appropriate.