

Prima Subsidiary Ltd

From: Dipesh Shah
Director, Markets

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Prima Subsidiary Limited's breaches of The Private Motor Insurance Market Investigation Order 2015 in relation to No Claims Bonus Protection

I am writing to you concerning Prima Subsidiary Limited's (Prima) breaches of Part 2 of [The Private Motor Insurance Market Investigation Order 2015](#) (the Order).

Part 2 of the Order requires private motor insurance (PMI) insurers and brokers to provide an explanation of what No Claims Bonus (NCB) Protection is, and what its benefits and cost are. They must do this by providing customers with the NCB Protection Information and Statement specified in the Order in a clear and prominent manner at the time of making an NCB Protection offer.

The breaches of Part 2 of the Order

Prima breached Part 2, Article 3.1 and Article 3.3 of the Order by:

- Understating the cost of the NCB Protection by around £30 on average for customers who requested a quote on Price Comparison Websites (PCWs) and for those who received manual renewal and autorenewal emails. The breach affected 10,217 customers.
- Failing to provide the required NCB Protection Statement and Information to customers who requested a quote on PCWs and those who received manual renewal and autorenewal emails.
- Providing a non-compliant NCB Protection Statement and failing to provide the required NCB Protection Information to customers who requested a quote over the phone and through live chat.
- Providing the customers who accepted an oral NCB Protection Offer with policy documents that failed to include the prescribed NCB Protection Information.

The breaches occurred between October 2022 and 16 February 2024 and affected 38,386 customers overall. These breaches concerned PMI products supplied by Alwyn Insurance Company Limited and distributed by Prima.

Prima notified the CMA of these breaches on 29 January 2024.

The CMA's concerns

The obligation to provide correct and complete information by disclosing the NCB Protection Statement and Information clearly and prominently is an important element of the Order to address the concerns found in the [Private Motor Insurance Market Investigation](#). This measure was designed to make it easier for customers to understand what the NCB Protection is, in order to ensure they can make suitable choices when deciding whether to purchase the add-on and to enable them to compare different offers.

The failure to disclose accurate information and to provide the NCB Protection Information and Statement may have prevented customers from making an informed choice on whether to purchase the add-on and from comparing different offers. Had customers been properly advised by Prima about the nature of the NCB Protection and about its cost and benefits, they would have been better able to make an informed choice of whether or not to purchase it. While Prima noted that, in some cases, the accurate information was available elsewhere, the Order requires that it should be available each time a PMI provider makes an NCB Protection offer to a customer to maximise the opportunities for consumers to understand the add-on and make an informed choice.

The CMA is concerned that all the breaches of the NCB Protection Information and Statement requirements had a significant duration (15 months) and affected a significant number of customers (38,386 customers overall).

Prima has taken action to put things right

Prima has taken steps to end the breach, to prevent a recurrence, and to put things right for affected customers by:

- contacting all affected active and previous customers and offering them a refund.
- formalising both a second line of defence (checks carried out by its internal compliance team) and a third line of defence (an independent review of its compliance function by a third party) regarding compliance with the Order. The roles and responsibilities of each party have been formed into a compliance framework.

- enhancing the training module it already has in place by introducing an assessment module, a feedback mechanism, and a review of areas which require improvement.
- Prima has improved its governance of compliance activities to ensure oversight of compliance with the Order:
 - The Head of Compliance for UK operations has been appointed with the additional responsibility of overseeing all aspects of the Order.
 - Monthly compliance meetings, reporting directly to the Prima UK Board, have been expanded to cover compliance with the Order.
 - In the short term, a detailed monthly update on compliance with the Order has been introduced, to ensure continued focus.
 - Prima's risk escalation framework has been enhanced, to ensure that senior people are aware of any non-compliance risk earlier than previously.
- All the above has been formalised into a Compliance Handbook which focusses solely on the Order.

CMA assessment and next steps

Given the actions being taken by Prima, and provided that they are implemented in full, the CMA does not consider it appropriate to take formal enforcement action in relation to these breaches at present. The CMA will monitor the resolution of these breaches and Prima's compliance with the Order closely.

The public version of this letter has been copied to the Financial Conduct Authority.

Yours sincerely

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