

What's in the Final Order and its likely impact

Our guide to the Competition Commission's
Payment Protection Insurance Market
Investigation Order 2011

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Introduction

Welcome to our guide, covering the Competition Commission's investigation into the Payment Protection Insurance (PPI) market and the publication of their Final Order on 24 March 2011.

This guide is an update of the version we last published in December, following receipt of the provisional draft Order. Of course since then we've gone through an additional period of consultation in February this year.

I've personally received great feedback on the content of the first guide we published and I hope you find this follow up just as useful. Just in case you need it, you'll find a quick recap of other information we've published in the last few months at the end of this guide. We've even included the links to make it really easy to view the information should you wish to do so.

Needless to say, these documents can be supplemented at any time by the dedicated support of our teams, at a time and format which is right for you, whether face-to-face, telephone or webex. We've already met with a number of you and will obviously

continue to offer our support and guidance over the course of the year and beyond.

This working in partnership will be especially important with 100% focus being given to implementing the remedies, where reliance on information will be placed on both parties.

Whilst we and the Competition Commission may continue to agree to disagree on some of the consumer benefits of the remedies, like the point of sale prohibition, there are positive outcomes. These include the greater levels of customer engagement, identification of needs and confidence in the market. All of which will provide opportunities for the market to grow.

We're committed to the partnership model of distribution because together we are perfectly positioned to take advantage of these opportunities.

If you would like to discuss anything further please feel free to drop me an email. My address is tom.spink@aviva.co.uk.



Director of Creditor & GI Partnerships



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Why publish this guide now?

Although the Competition Commission's investigation has been ongoing for a number of years, it's only very recently that we've had a complete view. We're now able to comment on the requirements with confidence and provide our partners with more detailed guidance.

Who is this guide written for?

Anyone who wants to get to grips with the Order and its potential market impact. Section 4 provides an overview of the remedies. For more detail, please read Section 5.

What does the guide cover?

This is our view of the Order so you'll find our interpretation of the remedies and their practical application.

The guide is primarily aimed at credit PPI rather than Retail PPI, if you would like to discuss the implications of the Order in relation to the Retail PPI market, please let us know.

Need anything further?

We hope this guide supplements your own analysis. If you'd like any further assistance, face-to-face or over the phone, just let us

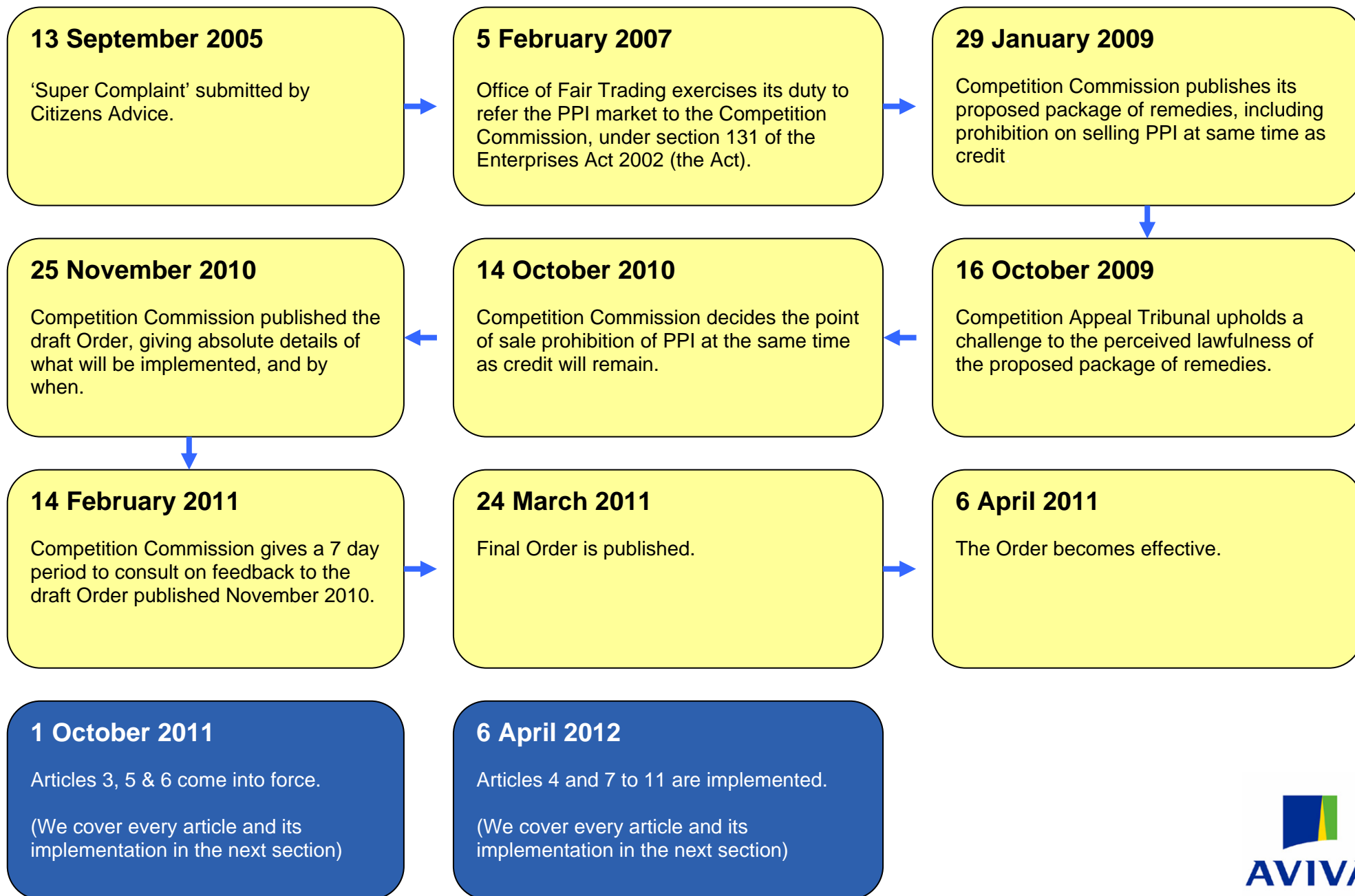
know. We'd certainly welcome your feedback on this guide which you can provide through your usual Aviva contact.

Remember, it's useful to check the Competition Commission website for updates, we expect there to be strong industry demand for access to further clarification on the remedies during the process of implementing the remedies.

Before reading on...

We need to make you aware that this document is for information only and the accuracy of its contents is not warranted by Aviva. Further disclosure of this document must be with Aviva's prior written consent.

Section 2 – The journey so far and future timetable



Main changes from November 2010 to March 2011

Following the responses submitted after publication of the draft Order published in November 2010 the Competition Commission provided a 7 day period of consultation during February 2011. The main alterations were:

February 2011

- Annual Reviews need to be issued not less than two weeks and not more than four weeks before the date the policy must be reviewed.
(Previously the Annual Review had to be issued on a fixed anniversary)
- Policy Summaries do not need to be sent with Annual Review statements if the sale occurred prior to the commencement of FSA regulation (14th January 2005) when the Policy Summary format became a regulatory requirement. For sales post-FSA regulation, Competition Commission requires a Policy Summary to be issued with an Annual Review.
(Previously Policy Summaries had to be sent with every Annual Review)

- Annual Review statements can now be issued electronically at the policyholder's specific request.
- Two additional templates have been developed for the Personal PPI Quote.
- Competition Commission has restated that debt freeze and debt waiver products are not subject to the Order.
- Underwriter removed from definition of PPI Provider.
- References to "Payment Protection Insurance" can now be replaced with "Short-Term Income Protection" where appropriate to do so.
- If information required for population of the Personal PPI Quote or Annual Review is unknown (e.g. customer's age or employment status) then those sections can be completed as "not known".

March 2011

- Very few additional amendments were made following the February consultation. Changes were almost entirely made within the definitions.

Section 4 – The proposed remedies: At a glance

This is a summary only of the Order. For further details, please also see Section 5.

Article	Effective date	Summary
Article 3 - Obligation to provide information about PPI	1 October 2011	PPI Providers will be required to include a prescribed Marketing Statement, depending on the PPI product. This is needed whenever the PPI is discussed orally or communicated in writing. There's also the requirement to disclose the monthly cost for every £100 of monthly benefit (or per £100 outstanding balance for Credit Card PPI).
Article 4 - Obligation to provide an Annual Review or Annual Reminder	6 April 2012	Every consumer who has a PPI policy – whether they took this out before or after this Order comes into force – must be contacted every year about their insurance. Again, the specific requirements vary according to the PPI product. When the consumer took out the policy (whether it was before or after the Order came into force) dictates the timetable for sending out the Annual Review or Reminder to the consumer. Note – Existing unsecured personal loans and single premium policies are out of scope under the Order.
Article 5 - Obligation to provide information to Consumer Financial Education Body (CFEB)	1 October 2011	Data (unspecified) must be provided to the CFEB to allow them to prepare and publish PPI Comparison Tables (at www.moneymadeclear.org.uk)
Article 6 - Obligation to disclose Claims Ratios	1 October 2011	PPI Providers are required to make freely available their Claims Ratio to any one requesting it. The ratio is calculated as incurred claims/earned premium, presented in 10% bandings. Response times vary depending on whether the request was made verbally or in writing.
Article 7 - Obligation to provide a Personal PPI Quote	6 April 2012	Whenever PPI is offered and the prescribed Marketing Statement made, a Personal PPI Quote must be provided (in person, electronically or by post) to the consumer. There's a prescribed form to use, the contents of which will vary depending on the PPI product being discussed. If a quote is declined or not taken up the reason must be recorded.
Article 8 & 9 - Prohibition on sale of PPI before or during the Credit Sale	6 April 2012	Sale of PPI cannot take place at the same time as discussing credit. The consumer can contact the PPI provider the next day after the Personal PPI Quote has been given, but only of their own accord – there can be no inducement. The PPI Provider or Associate cannot contact the consumer until 7 days after the Personal PPI Quote was provided or when the credit sale ended, whichever is the later.

Section 4 – The proposed remedies: At a glance

Article	Effective date	Summary
Article 10 - Prohibition of payment by Single Premium and requirement to pay a rebate	6 April 2012	Payment by a Single Premium is not permissible. Annual premium payment for 12 months cover is not considered to be a single premium. Also, any additional charges for set up, administration or early termination of a PPI policy are not allowed for new policies set up from the effective date, i.e. there's no retrospective application. Finally, a refund following cancellation of an annually paid policy must be proportionate to the remaining term of cover (pro-rata).
Article 11 - Duty to offer Retail PPI separately when sold in a package of insurance	6 April 2012	Retail PPI must be offered separately to Merchandise Cover. Retail PPI and Merchandise Cover must be given the same prominence in written Marketing Communications.
Article 12 - Obligation to submit Compliance Reports	6 April 2011 (action required from 6 April 2012)	Where PPI providers achieved a certain level of GWP in 2007 as a Corporate Group, a Compliance Report must be produced on 6 April 2012, 1 October 2012, 6 April 2013 and 1 October 2013. From 6 April 2014 the report is to be produced annually. Note – the GWP levels and requirements for compliance reporting are reapplied from 6 April 2013 onwards.
Article 13 - Obligation to conduct a mystery shopping exercise	6 April 2011 (action required from 6 April 2012)	Where a PPI provider achieves an annual GWP of £60m, starting with the year from 6 April 2012 a mystery shopping exercise must be undertaken by an independent marketing agency. There are specific requirements for the scope of the exercise, with the design having to be signed off by the Office of Fair Trading (OFT).
Article 14 - Obligation to report on clarity of Marketing Communication	6 April 2011 (action required from 6 April 2012)	A report confirming Marketing Communications are using clearly understandable words and in clear comprehensible form must be included within the Compliance Report (Article 12). This must be demonstrated by certification from an organisation specialising in plain English or through independent research.
Article 15 - Obligation to appoint a Compliance Officer	6 April 2011	Within 21 days from 6 April 2011 a PPI Provider must appoint a Compliance Officer, with specific duties in relation to monitoring adherence to the regulatory requirements.

Section 5

In detail: Our take on the requirements and their application

Article 3 - Obligation to provide information about PPI

Key requirements:

When a PPI Provider makes a Marketing Statement whether orally or in writing certain information has to be included 'prominently':

1. The Monthly cost of PPI for every £100 monthly benefit (every £100 of outstanding balance for credit card).
2. For PPI with Personal Loans, Credit Cards, Mortgage or Secondary Mortgage a prescribed statement needs to be used. This is:

This Payment Protection Insurance is optional. There are other providers of Payment Protection Insurance and other products designed to protect you against loss of income. For impartial information about insurance, please visit the website at www.moneymadeclear.org.uk.

3. For Stand-Alone PPI or Short-Term IP the prescribed statement is slightly shorter, removing reference to "optional":

There are other providers of Payment Protection Insurance [Short-Term Income Protection] and other products designed to protect you against loss of income. For impartial information about insurance, please visit the website at www.moneymadeclear.org.uk

4. There is an additional statement to be applied where the maximum benefit payable is for less than 12 months.

Article 3 - Obligation to provide information about PPI

What could be the issues?

1. There is a lack of detail on what might be considered to be 'prominent' but it doesn't need to take precedence over other regulatory statements. Guidance is limited to it should be "reasonably possible to draw the consumer's attention" to the messages.

2. The method of calculation has not been defined for the monthly cost.

There is the potential for differences in application where there is life cover or dynamic pricing (e.g. based on age) or flat rating, irrespective of individual circumstances.

3. Where there is a choice of benefit periods (e.g. 6, 12 or 24 months) the additional statement (where selected benefit is less than 12 months) could be misleading – not reflective of the flexibility within product design.

What might it mean?

There is no definitive guideline on what might be considered to be 'prominent'. Considerations could be:

1. Positioning of the statement will vary in line with factors such as brand guidelines, but it's reasonable to assume it can't be in an area at the bottom associated with 'small print'.
2. We expect the disclosure of the cost per £100 as an illustrative or typical price will need to be for a representative proportion of the typical customer base of the PPI Provider.
3. Impact of cost per £100 on lead generation and written business. A degree of price perception is established which could impact lead generation, conversion and average premiums.

What Aviva can do to help?

Our marketing team has constructed an example piece of sales literature including the prescribed statement for our Short-Term IP proposition.

When tested in research we found:

- Over 70% had a clear understanding of the product.
- Almost 70% agreed it was written in customer friendly language.

We'll be more than happy to share our thoughts and example marketing creative with you.



Article 4 - Obligation to provide an Annual Review or Annual Reminder

Key requirements:

1. Full instructions are outlined in Schedule 3 of the Order.
2. There is a prescribed pro-forma which must be used. There are separate forms for each of Personal Loan, Secured Mortgage/Mortgage, Joint Mortgages, Credit Cards, Annual Review for Retail, Annual Reminder for Retail and Stand-Alone/Short-Term IP.

The contact points for the Annual Review depend on whether the PPI policy is inception before, on, or after the date this article comes into force (April 2012). For example, where the PPI policy has an annual renewal date or is paid for by an annual premium:

- The first and each subsequent Annual Review should be sent not less than 2 weeks and not more than 4 weeks before the date the policy must be renewed or the date when the annual premium must be paid.
3. Clause 4.9 specifically excludes intermediaries from the requirements to send an Annual Review where they no longer maintain direct contact with the consumer.
 4. There is a specific requirement under 4.10(b) to include a Policy Summary with the Annual Review for policies dated after 14 January 2005.
 5. The consumer has to make an explicit request for an Annual Review to be sent electronically if this has not been agreed as the normal communication method.
 6. There is no requirement to send an Annual Review for a PLPPI or Short-Term IP policy in force at 6 April 2012.

Article 4 - Obligation to provide an Annual Review or Annual Reminder

What could be the issues?

1. The requirements do not apply to intermediaries who no longer maintain direct contact with the policyholder. The obligations fall to the Insurer, PPI Provider or Administrator.
2. The Competition Commission recognised a policy summary doesn't exist for policies sold prior to January 2005. Even still, there will need to be strong governance and audit procedures to be able to assign policy summaries to individual policies back to 2005.
3. Explicit consent is required to send the Annual Review or Annual Reminder in electronic format.
4. Requirement to send an Annual Review to policy in its last 12 months.

What might it mean?

1. Particular care should be taken to maintain a high level of governance and control so PPI Providers can evidence who should, and who should not, receive Annual Reviews.
2. The need to maintain historical stocks of policy summaries dating back to 2005 will be costly and potentially unworkable due to the number of variants which would need to be maintained.
3. A decision would need to be made on whether an Annual Review will be issued when the policy is in its last 12 months of cover. Given there's no consumer benefit at this time (further advice permitting) it's not Aviva's intention to send the Annual Review in this particular circumstance.

What Aviva can do to help?

1. Our Short-Term IP proposition has already been built with the capability to produce Annual Reviews.
2. In terms of other PPI products we underwrite if we haven't already we'll be engaging with partners to understand the support they may need from us to undertake this activity.

If you would like to have a discussion about this particular requirement, please let us know.

Article 5 - Obligation to provide information to CFEB

Key requirements:

1. To provide data from time to time in such a format asked for by CFEB.

The existing comparative tables for PPI are broken down by Mortgage, Personal Loans and Credit Cards so it might be reasonable to assume reporting this framework will be maintained going forwards.

What could be the issues?

1. The Competition Commission has not expanded on what data may be requested by CFEB beyond existing requirements.
2. There is no timetable given for information to be given upon receipt of a request from CFEB.
3. Previously firms could choose not to participate in the FSA's comparison site but the Competition Commission removes this choice.

What might it mean?

1. From time to time CFEB may make a request for information.
2. Firms should seek advice on what's need and prepare themselves for requests from 1 October 2011.

What Aviva can do to help?

1. We'll supply information in relation to the products we underwrite to enable the PPI Provider to comply with this article.

Article 6 - Obligation to disclose Claims Ratios

Key requirements:

1. The Claims Ratio needs to be provided within 3 months after the end of that business year. Where a Compliance Report is required the Claims Ratio must also be disclosed in that report.
2. When responding to an oral request for the Claims Ratio the PPI Provider must:

- Disclose it orally in 24 hours or by close of next working day, whichever is later.
- Disclose it in writing within 7 days.
- Direct the enquirer to the website (if published) either orally or in writing (in 24 hours or 7 days per above).

3. When responding to a written request for the Claims Ratio the PPI Provider must:

- Disclose it in writing within 7 days.
- Direct the enquirer to the website (if published) either orally or in writing within 7 days.

What could be the issues?

1. What sorts of customers are likely to ask about claims ratio?
2. Timing for production of Claims Ratios is not consistent with the Compliance Report.

What might it mean?

1. PPI Providers might need to consider how well informed the enquirer is when communicating and disclosing their Claims Ratio.

A 'one size fits all' method of communication the Claims Ratio may not be suitable.

What Aviva can do to help?

1. Where we administer or hold the relevant information for the PPI product we'll provide the values you need, by product, to calculate your Claims Ratio.

Article 7 - Obligation to provide a Personalised PPI Quote

Key requirements:

1. If a Marketing Statement is made (orally or in writing) a Personal PPI quote must be given at the same time or no later than 14 days afterwards.
2. For Retail or Stand-Alone PPI the prescribed forms for these products are set out in Schedule 4d and 4e(i) of the Order.
3. A separate prescribed form is required for each type of PPI product. There are an extra 6 separate forms covering Personal Loans, Mortgages, Joint Mortgages, Credit Cards (stand alone or not) and Short-Term IP.
4. There are situations where a Personal PPI Quote doesn't have to be given, e.g. where the consumer is found to be ineligible for the policy or where the consumer does not want to receive a Personalised PPI Quote.
5. Where any type of PPI is sold by an Intermediary the same form as Short-Term IP is used (where not stand alone).
6. A Personal PPI Quote can be given in person, by electronic communication or by post.

Article 7 - Obligation to provide a Personalised PPI Quote

What could be the issues?

1. There is a conflict between the requirement of FSA and Competition Commission which inhibit the use of a 'Quick Quote' without discussing all of the main characteristics of the full sale, including the provision of a Personalised PPI Quote.
2. It's unclear what will happen with current in-force policies where there is a change in the conditions of the policy. For instance, where an existing holder of MPPI wants to amend their level of benefit – is a Personal PPI Quote needed?
3. The PPI Provider needs to be able to produce a report for OFT detailing the 'exemptions' from the Personalised PPI Quote.

What might it mean?

1. Customer cannot decide how much information they want to receive. If a 'Quick Quote' is requested and given, full disclosure of product features/benefits/exclusions becomes necessary.
2. PPI Providers are required to maintain disproportionately high levels of governance (and incur associated costs) to simply record why a PPI Personalised Quote was not given.

What Aviva can do to help?

1. We can work with you to establish the best customer journey, incorporating the PPI Personal Quote.
2. We've made sure the operational model under our Short-Term IP proposition is flexible. We could:
 - Provide the quote based on referral of prospective leads from you.
 - Contact the consumer to conclude the sale from a referral of quotes already supplied by you.

Article 8 - Prohibition on sale of PPI at the Credit Sale

Key requirements:

1. The consumer must confirm they've received a Personal PPI Quote to proceed to a sale.
2. A consumer can initiate the sale of PPI, but only by telephone or in writing using the internet (e.g. email) and no sooner than the day after the end of the credit sale or receipt of their Personal PPI Quote, whichever is the latter.
3. The sale of PPI can be concluded in any channel (e.g. at appointment in branch) but only after initial contact has been made per point 2.
4. The Credit Arranger or Associate cannot encourage, suggest or in any way induce the consumer to initiate contact during the Prohibition.
5. Any future propositions which are considered to have the same effect as PPI, which are introduced either before or after the start of the Order, could be impacted by clause 8.9. This clause covers the scope of application for the requirements of the Order.
6. The Prohibition doesn't apply to Retail PPI.
7. The Prohibition doesn't apply to Stand-Alone PPI.
8. Any type of PPI is considered to be Stand-Alone provided it's sold 1 month after the end of the Credit Sale and the consumer received a Personal PPI Quote.

Article 8 - Prohibition on sale of PPI at the Credit Sale

What could be the issues?

1. It remains unclear whether a mid-term adjustment to an existing PPI policy is affected by Prohibition when instigated by a change in lending (which would clearly be to the detriment of the consumer).
2. The Competition Commission doesn't allow the Credit Arrangers or Associate to encourage the consumer to initiate the sale during the prohibition period.
3. Clause 8.9 has the potential to capture any proposition which is deemed to have the same effect as PPI. Due to the broad nature in which the clause could be applied care will need to be taken with future proposition development.

What might it mean?

1. To adhere to this article changes will be needed to governance, audit and reporting processes. For instance to demonstrate customers initiated contact after 'the next day'.
2. With no 'encouragement' being permissible, a possible outcome is that the only communication during Prohibition is the delivery of the PPI Personal Quote.
3. Online and outbound telephony, are likely to take a much more prominent role in reaching consumers and converting sales than has previously been the case. PPI Providers might need to consider this shift in the channel mix and how it affects their operational model.
4. Strong reliance on internal records to be able to identify stand alone opportunities.

What Aviva can do to help?

1. We can work with you to establish the best customer journey, incorporating the requirements of this article.
2. We can help you develop promotions that are compliant, attract consumers and deliver sales.
3. With the flexibility built into our short term income protection proposition we could do any part of the sales journey on your behalf, should you want us to.

Article 9 - Prohibition on sale of PPI before the start of the Credit Sale

Key requirements:

1. You cannot complete the sale of PPI to a customer if there are reasonable grounds to believe within 7 days they will take out the type of credit discussed. 'Reasonable grounds' are considered to be a discussion about:

- Amount of credit which may be provided or:
- The terms of repayment for that credit or:
- The interest rate or charges payable for that credit.

2. It doesn't apply to providing Retail PPI for a Retail Credit Account.
3. It doesn't apply where records indicate there are reasonable grounds to believe the consumer will not apply for the type of credit discussed.

What could be the issues?

1. The case could be made there will still be customer detriment. For example where an active purchaser of a stand alone product becomes caught by prohibition if he/she has made an enquiry about credit.

What might it mean?

1. Despite the restrictions imposed by this article it's still likely the majority of leads (and sales) will arise from an application for credit.
2. If the customer has indicated an interest in applying for credit the sale of insurance will be inhibited until the enquiry becomes a formal application, unless there are reasonable grounds to believe the customer will not take out credit.

What Aviva can do to help?

1. We can help 'step-through' your customer journey to maximise the conversion of leads in a compliant manner.

Article 10 - Prohibition of payment by Single Premium and requirement to pay a rebate

Key requirements:

1. A PPI policy cannot make extra charges for set up, administration or early termination.
2. Where a PPI policy is paid by annual premium a rebate in direct proportion to the remaining cover will need to be paid.

What could be the issues?

1. There is no requirement to pay a rebate for remaining cover where the insurance premium is paid on a monthly basis.
2. It's now clear that the restriction on charges for set up, administration or early termination only applies to existing PPI policies (see point 3 in What might it mean?).

What might it mean?

1. On annual premium policies, a pro-rata rebate will be required.
2. A rebate has to be made for the unexpired period, even where an annual premium cancels with less than 1 month before the end.
3. In the Q&A's issued 17 December 2010 by Competition Commission they have advised the clause on charges will only apply to policies made after this article comes into effect (6 April 2012).

What Aviva can do to help?

1. If we provide post sale administration our systems will be changed to provide a pro-rata rebate on annual payments.
2. Our new Short-Term IP proposition has already been built to provide a pro-rata rebate where payment is made by Annual Premium.

Article 12 - Obligation to submit Compliance Reports

Key requirements:

1. A Compliance Report must be submitted by any PPI Provider who in 2007 achieved (on a Corporate Group basis) total GWP of at least £30m or GWP of £10m or more in relation to any PPI Product Type. The definition of GWP makes it clear GWP is in relation to PPI sold directly to consumers.
2. Where conditions under 1) are met the Compliance Report must be produced on 6 April 2012, 1 October 2012, 6 April 2013 and 1 October 2013. Thereafter on an annual basis from 6 April 2014.
3. If any other PPI Provider achieves the same financial returns under 1) on 6 April 2013 and each preceding year a Compliance Report needs to be completed annually on 6 April.
4. From 6 April 2012 where a PPI Provider doesn't achieve the financial returns under 1) but does generate on a Corporate Group basis total GWP of £10m or more in the preceding year a Compliance Report needs to be produced on that date and annually thereafter.
5. Where there are multiple PPI Providers within the same Corporate Group only one compliance report needs to be produced.
6. The Compliance Report can be completed by the PPI Provider themselves or an independent party.

Where the PPI Provider prepares the report a certificate must be included signed by an independent party verifying the report is true and correct.

What could be the issues?

1. Compliance Reports will take some time to produce and if submitted on (or within 1 week of) 6th April 2012 by definition, include a full reporting year of information (e.g. for Claims Ratios).
2. Reporting becomes effective immediately from 6 April 2011 yet the actual format for the data to be collated has not been defined by OFT.
3. Lack of clarity on GWP (see point 2 in next box).

What might it mean?

1. If you're required to produce a Compliance Report it would be advisable to seek clarification directly from Competition Commission/OFT on their requirements.

This could be particularly important where the requirement to undertake a Compliance Report (and mystery shopping) is based on in-force business.
2. Despite the lack of clarity with regard to 'total GWP' it is clear responsibility for completing a Compliance Report will be with the PPI Provider.

What Aviva can do to help?

1. We would recommend you keep a close eye for further information which might be issued onto the Competition Commission or OFT website. It's likely there will be some 'fine-tuning' of the data requirements arising from this article.
2. Where there's any reliance on data we hold to complete a Compliance Report we'll make sure it's provided to you.

Article 13 - Obligation to conduct a mystery shopping exercise

Key requirements:

1. Full details of the requirement to do a mystery shopping exercise are provided in Schedule 5c with the obligation beginning with the year from 6 April 2012.
2. OFT must have agreed to the design of the research before it's started. The results of the exercise must be included within the Compliance Report.
3. A mystery shopping exercise will have to cover each PPI product with a minimum number of 'shops' to be done within following channels (where applicable):

- 20 by telephone.
- 20 by personal branch visits.
- 20 by applying through website.

What could be the issues?

1. A mystery shopping exercise takes time to create, execute and report, particularly as this has to be approved by OFT.
2. There could be an issue with timing the activity so that it's available (as required) with a Compliance Report.

What might it mean?

1. The timetable for the submission of a Compliance Report and the requirement to do a mystery shopping are not aligned. This could result in issues supplying the information (i.e. mystery shopping with a Compliance Report) stipulated under the Order.

What Aviva can do to help?

1. We have experience in this field, having previously commissioned mystery shopping into the sale of PPI. We can help guide you through the process in establishing a mystery shopping exercise.

Article 14 - Obligation to report on clarity of Marketing Communication

Key requirements:

1. A report must be produced (as part of a Compliance Report) confirming Marketing Communications are prepared using ‘easily understandable words and in a clear and comprehensible form’ which can only be established if it’s:
 - Certified by organisation specialising in plain English or;
 - Verified by independent market research.

What could be the issues?

1. No specification on what information the ‘report’ might need to include.
2. Definition of a Marketing Communication lacks precision and could potentially include call scripts.

What might it mean?

1. As there is no guidance on what scope of information might be needed it’s not possible to assess its likely impact, whether in terms of cost, time or resource.
2. There is already a requirement under TCF (principle 2) to ensure products are marketed to specific consumer groups and targeted accordingly. The two are not expected to be exclusive of each other.

What Aviva can do to help?

1. We have experience in this field, having undertaken numerous consumer research programmes covering PPI. We can help guide you as required.

Section 6 – Recap of other guidance we've produced

November 2010 draft Order – Summary



November 2010 draft Order – Guidance Pack



www.aviva.co.uk/form/competitioncommission

February 2011 draft Order – Summary



<http://www.brainshark.com/avivauk/vu?pi=zGBznGBFEz2fk2z0&tx=CCOrderFeb2011>

February 2011 draft Order – Aviva Response



www.brainshark.com/avivauk/vu?pi=zlgzruxbdz2fk2z0&tx=AvivaResponseCCOrderFeb2011

March 2011 – Summary of the Final Order



www.brainshark.com/avivauk/vu?pi=zH5z7uMgOz2fk2z0&tx=CCFinalOrderMar2011



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