



**Press release: 12 June 2014**

**CHO comments on the Competition and Markets Authority Report:  
Provisional Decision on Remedies; Private Motor Insurance Market  
Investigation**

Commenting on the Competition and Market Authority's (CMA) provisional decision on remedies, issued today, the Credit Hire Organisation (CHO), which represents the credit hire sector, welcomed the CMA's conclusion that consumers have a right to a replacement vehicle if they are involved in a road traffic accident that is not their fault.

Martin Andrews, CHO director general, said:

"The CMA is proposing evolution in motor claims not revolution. It has acknowledged the important role credit hire companies play in helping customers manage their motor claim. The CMA also recognises the GTA (an existing voluntary protocol already used by most insurers and credit hire companies (CHCs) to manage replacement vehicle motor claims) as being the most practical way forward."

"We have already called for the GTA to be given more teeth, and look forward to working with the CMA to ensure that we can continue to look after our customers when they come to us for help following a motor accident."

"We particularly welcome the CMA's decision to incentivise insurers to admit liability quickly, as this has been a major cause of friction in the past, but the CMA must reinforce the need for insurers to pay the claim promptly once liability has been admitted and not retracted."

"We now need to work with the CMA and the insurance industry to agree a pricing formula that encourages competition and also preserves consumers' rights. Price capping should reduce costs, but prices cannot be so low as to remove competition from the market completely."

"We will also be calling on the CMA to ensure that cost savings that should arise do actually flow through to lower motor premiums, rather than improve insurers' profits."

"We are also pleased that some of the more draconian possible remedies, such as handing responsibility for looking after non-fault customers to the at-fault insurers, have been discarded, because this would have created significant customer detriment."

“We will be responding to the CMA report in more detail during the next few weeks, before the final decision is published in September.”

Ends

### **Notes for editors**

- A full briefing paper on the background to the CMA Inquiry into the motor insurance market is available from the CHO.
- Martin Andrews is available for interview on the day of the publication of the report. For more information, please contact:

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### **About the CHO**

The CHO is a trade body with c. 65 members that represents the interests of CHC's. CHC's provide temporary replacement vehicles (“TRV's”) to non-fault parties following road traffic accidents. Non-fault parties are legally entitled to be put back in to the position they were in before the accident and under tort law the fault party is liable to pay reasonable costs of so doing should the non-fault party need a TRV (and to pay the repair costs of the non-fault party's vehicle). A non-fault party does not have to make a claim on their insurance policy to obtain this right.

CHCs depend on being referred details of non-fault parties, having access to a fleet of vehicles, having experience to form an opinion as to fault given the accident circumstances, having knowledge of tort and case law to contract (rental agreement) with the non-fault party and then to pursue the tort law claim against the fault insurer. CHCs also need significant working capital as insurers can resist the payment of TRV claims, and they can take 18 months to get to court if not settled sooner. CHCs pay referral fees to receive details of the non-fault party.