

What the ABI changes mean for the industry at large



Having worked closely with the SMMT/Motor Codes Ltd and the ABI on the new Code of Conduct guidelines since their inception, Global Insurance Management Ltd are pleased to see the industry is embracing the change, which will be for the benefit of the consumer as well as the retailer.

It has been encouraging to see so many competitors in our marketplace following suit in their praise for the ABI and the new Code of Conduct. What isn't as clear is what this actually means to the individual consumer and the retailers who will be selling products under the new guidelines.

Over the last six months, we've worked hard as a member of the SMMT/Motor Codes Ltd to ensure that the new guidelines are clear and transparent to all those who will be selling and buying the products which are redesigned to meet the guidelines from the ABI.

Global Insurance Management is committed to an 'open book

policy' and transparent approach, especially when these guidelines on the face can seem confusing or potentially difficult when looking to find a provider with a truly compliant solution.

The changes the new Code of Conduct is implementing relate to products being CLEAR and CONCISE with no jargon. Recommending customers are able to TRANSFER cover to another vehicle and allowing customers to CANCEL an unused policy at any time. Also where a customer cancels an unused policy, they are entitled to a REFUND, and as part of the sales process dealers must be able to CALCULATE and EXPLAIN this refund to the customer.

If the customer is entitled to a refund of the unused proportion of a GAP or any other insurance



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policy, it will be applied to the retail price the customer paid, so providers will either be debiting back the dealers an element of their commission/profit from the GAP sale or protecting this profit by meeting the refund in full themselves.

Not all providers will do the latter.

All retailers should be asking questions when looking at their provider, and their product range to ensure that it meets the ABI guidelines.

AXA Insurance (UK) plc through Global Insurance Management will be satisfying all of the above criteria, providing "top up" options should a customer wish to transfer the outstanding balance of a policy to a new vehicle, giving dealers the opportunity of repeat business, and will be protecting dealer income by operating a NO DEBIT BACK clause.

Our promise to both retailers and consumers was to deliver a truly compliant solution to market, ensuring that the guidelines were applied in full across our product range, whilst backing up our solution with complete training and marketing support to our clients.

We have kept our promise. Contacting dealers nationwide, we have been working hard to make sure the market is aware of the changes that are coming, and the feedback has been surprising.

Many dealers have heard conflicting information about the ABI Code of Conduct, and been left confused about whether their products are in fact compliant – despite constant reassurance previously from their current providers.

Whether you are large or small, the changes are coming, and you need to be certain that your solution is compliant.

ABI guidelines: The Key Questions You NEED to ask

1. Will the wording supplied by your provider include all the recommendations?
2. Can your provider confirm that:
 - a. The refund is being paid by them in full or will they be clawing back a proportion of it from you as the selling dealer, and if so how much?
 - b. Will your price go up as a result of the provider's/underwriter's requirement to offer a refund under the policy?
 - c. Will claims be based on the difference between the purchase price of the vehicle and what the insurer paid out with no caveats relating to Market Value?
 - d. What will your premium be after the 1st January? (After providers incorporate either the clearer pay out wordings or a no debit back facility or both)
 - e. Will your provider be ready for the 1st January? (Meaning you will be in a position to fulfil the requirements of the Code from that date)
3. If your provider is agreeing to the transferability of the policy at any time during the 36 months, have they the ability to provide you with a "top up" option to protect your future earnings from repeat business?



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