

Competition Division  
Financial Conduct Authority  
12 Endeavour Square  
London E20 1JN



By email

11 October 2024

Dear Sir/Madam,

**MS24/1.1: Market Study into the Distribution of Pure Protection Products to Retail Customers**

The Panel welcomes the opportunity to provide its views on the proposed terms of reference for this market study. While supporting the broad aims of ensuring fair value to consumers and effective competition our concern is that the announcement of this work could create a period of potentially prolonged uncertainty for the provision and marketing of pure protection products, which could also inadvertently negatively impact on consumers. We are particularly concerned that the potential for the process to take over 12 months could discourage external investment into IFA, mortgage and protection brokerages. Beyond seeking to undertake the work as quickly as is practicable, there is opportunity to mitigate this risk by providing greater certainty as to the aims and remit of the market study.

In particular, it would be helpful to clarify whether the market study will take into consideration:

- Qualifying policy rules, noting the impact this has on product design and the ability for consumers to change their policies mid-term.
- Whether consideration may be given to a return to the Maximum Commission Agreement that was abolished by the OFT in the 1980s, which capped commission levels.
- The impact of portals on the distribution chain (both from an ease-of-comparison perspective and an understanding of the additional distribution costs incurred perspective).
- Recognition that consumers that switch products/provider will need to be underwritten again, so switching could be very detrimental if the individual's health has deteriorated.
- The ABI policy on Over 50s products, which most of the market has adopted and which the conduct regulators have seen previously.
- Any lessons learned from prohibiting commission on non-advised sales of funeral plans, considering the number of policies arranged annually and on consumer pricing.

We would be happy to discuss any of these points further.

Yours faithfully,

[signed]

Andy Mielczarek  
*Chair, FCA Smaller Business Practitioner Panel*