

Table 1: The PPI value chain

The chain consists of insurance underwriters – insurance companies including those that are part of banking groups – and distributors, who are predominantly large banks, plus intermediaries selling credit and PPI products on behalf of distributors.

Distributors have played a pivotal role, significantly influencing the design of PPI policies and setting prices relative to their main competitors in the consumer credit markets. Distributors put the provision of PPI services out to tender amongst the various underwriters and risks were generally underwritten such that the total risks associated with all policies issued were pooled. PPI products include both general and life insurance elements.

Underwriter (GI only)	PPI products underwritten	Main distributors
Aviva	mortgage, credit card, personal loan, others	HSBC, Nationwide, Cattles, Abbey, Shop Direct Financial Group (SDFG)
AXA	mortgage, credit card, personal loan	Capital One, Britannia, Countrywide
Cardiff Pinnacle (subsidiary of BNP Paribas)	mortgage, credit card, personal loan, others	Northern Rock, Nationwide, Alliance & Leicester (A&L – now part of Santander), Volkswagen
Genworth Financial	mortgage, credit card, personal loan	LTSB, A&L, Bradford & Bingley (now part of Santander), Birmingham Midshires (RBSG), Volkswagen
Allianz	retail PPI	JD Williams
Legal & General	mortgage	Capital One
Barclays Insurance Division (Dublin)	mortgage, personal loan, credit card	Barclay Group companies
Lloyds TSB GI	mortgage, credit card, personal loan, retail, motor finance	Lloyds Bank Group companies
St Andrews Insurance (Formerly part of HBOS, now part of Lloyds Banking Group)	mortgage, personal loan, credit card	MBNA, HBOS/BOS Group companies (now part of Lloyds Banking Group)
RBS (UK Insurance, Direct Line)	mortgage, credit card, personal loan, overdraft	RBS Group companies
London General Insurance (part of The Warranty Group)	mortgage, credit card, personal loan, retail, motor finance	Not applicable, underwriting only for other 'networks'
London General Insurance (part of The Warranty Group)	mortgage, credit card, personal loan, retail, motor finance	Not applicable, underwriting only for other 'networks'

Table 2: GI underwriters and their relationships with the main PPI distributors

The competition commission identified 12 major companies, all lenders, as responsible for distributing around 85% of PPI policies between 2006 and the first half 2008.

Distributor	Indicative share of PPI distribution by GWP		
	2006	2007	H1 2008
Lloyds TSB (LBG)	10%-30%	10%-30%	10%-30%
HBOS (LBG)	10%-30%	10%-30%	10%-30%
RBS	10%-30%	10%-30%	10%-30%
Barclays	10%-30%	10%-30%	10%-30%
HSBC	5%-10%	5%-10%	<5%
Cattles (out of business)	<5%	5%-10%	5%-10%
MBNA	<5%	<5%	<5%
Alliance & Leicester (Santander)	<5%	<5%	<5%
Abbey (Santander)	<5%	<5%	<5%
Capital One	<5%	<5%	<5%
Nationwide	<5%	<5%	<5%
Northern Rock	<5%	<5%	<5%
Other	16.2%	16.2%	16.2%
Total	100%	100%	100%