



DEPARTMENT OF TRADE
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From the
Minister of State
for Consumer Affairs

The Rt Hon Sally Oppenheim MP

Mike Pattison Esq
Private Secretary
Prime Minister's Office
10 Downing Street
London SW1

mt

13 August 1981

Dear Mike,

re requested

Please refer to Peter McCarthy's previous letter of 22 June about building society practice on house insurance.

The meeting between the Director General of Fair Trading and the Building Societies Association (BSA), took place on 16 July. As a result of the meeting the BSA has agreed to amend its model rule 21 which required that the mortgagor insured the property through a building society agency. The amended rule no longer stipulates that the mortgagor's property insurance be through the society's agency.

The previous rule has already been amended and is now on the Restrictive Practices Register. It is also registered with the Chief Registrar of Friendly Societies.

A press notice is being prepared and is due for release shortly.

*Yours sincerely
Trevor Goodings*

T J GOODINGS
Private Secretary

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10 DOWNING STREET

PRIME MINISTER

In the House on 9 June, Richard Needham put to you a Question about building society practice in requiring mortgaged houses to be insured by one of a very limited number of companies. The attached letter from Sally Oppenheim's office shows that the Building Societies Association have acknowledged that there may be a restrictive practice here, and are therefore amending their model rules.

MA

19 August 1981