



ZURICH

Because life changes.

Adjudication Branch
Australian Competition & Consumer Commission
PO Box 1199
DICKSON ACT 2602

FILE No
DOC

Date 13 September 2001

Third Line Forcing Notification

Dear Sir/Madam

Please find enclosed a third line forcing notification lodged on behalf of a number of members of the Zurich Financial Services Australia Group.

The notification relates to the distribution of tailored Zurich products through certain Zurich entities and the provision of discounts to Zurich customers who purchase additional products from Zurich.

A cheque in the amount of \$1,900.00 is also enclosed, representing the lodgement fee for the entities named on the notification.

In the event that you require further information, please do not hesitate to contact me on (02) 9391 1041.

Yours sincerely

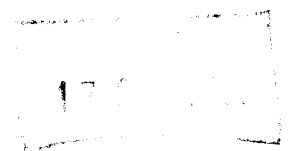
Aaron Evans
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Zurich Financial Services Australia Limited

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FORM G

Commonwealth of Australia
Trade Practices Act 1974 – Sub-section 93(1)

THIRD LINE FORCING NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the Trade Practices Act 1974, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(6) and (7) of that Act in which the person giving notices engages or proposes to engage.

1. (a) Name of person giving Notice

This notification is given:

- (i) Zurich Financial Services Australia Limited ACN 008 423 372, of Zurich House, 5 Blue Street, North Sydney;
- (ii) Zurich Australian Insurance Limited ACN 000 296 640 of Zurich House, 5 Blue Street, North Sydney;
- (iii) Zurich Australia Limited ACN 000 010 195 of Zurich House, 5 Blue Street, North Sydney;
- (iv) Zurich Investment Management Limited ACN 063 278 400 of Zurich House, 5 Blue Street, North Sydney;
- (v) Zurich Australian Superannuation Pty Limited of Zurich House, 5 Blue Street, North Sydney;
- (vi) Financial Lifestyle Solutions Pty Limited ACN 077 643 960 of Zurich House, 5 Blue Street, North Sydney; and
- (vii) ECHOICE Pty Limited ACN 082 572 683 of Level 3, 693 Burke Road, Camberwell, Victoria

(individually and collectively referred to in this notification as “Zurich” or “Zurich entity”).

1. (b) Short description of business carried on by that person

Zurich provides financial services, including life and general insurance products, superannuation, investment services, financial planning and investment advice.

1. (c) **Address in Australia for service of documents on that person**

Mr Aaron Evans
Zurich Financial Services Australia Limited
“Zurich House”
5 Blue Street, North Sydney NSW 2060

2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates.**

This notification relates to the supply of the following goods and services by Zurich (“Zurich Group Products”):

- (i) unit trusts, property trusts, cash management trusts and management of investment funds provided by Zurich Investment Management Limited;
- (ii) Investment Directed Portfolio services provided by Zurich Investment Management Limited;
- (iii) life insurance as defined by the Life Insurance Act of 1995, life, disability, sickness and accident insurance, group life services, savings plans, income protection and replacement, annuity products and trauma insurance provided by Zurich Australia Limited;
- (iv) general insurance products, including but not limited to, home and contents, motor vehicle, caravan, boat, business and travel insurance provided by Zurich Australian Insurance Limited;
- (v) superannuation funds, pooled superannuation trusts and other superannuation products provided by Zurich Australian Superannuation Pty Limited;
- (vi) financial planning services and investment advice provided by Financial Lifestyle Solutions Pty Limited; and
- (vii) conducting negotiations with financial service providers for the purpose of obtaining home finance for consumers, provided by ECHOICE Pty Limited.

2. (b) **Description of conduct or proposed conduct**

Zurich gives a discount or allowance in relation to the supply of investment products to customers who also acquire superannuation products from another Zurich entity.

Zurich currently offers a product known as isuper_invest, which allows customers to link their investment accounts with their superannuation accounts for the purpose of consolidated reporting and fees. Certain fees are determined by the balance of both linked accounts, rather than the balance of the individual accounts. Zurich also waives the member fee on the linked investment products for customers who also acquire a (linked) superannuation product, or vice versa.

Customers who purchase investment products are under no obligation to purchase superannuation products from Zurich or from any other supplier and vice versa.

Zurich also proposes to give discounts and allowances in relation to the supply of Zurich Group Products to customers who also acquire further Zurich Group Products, or a combination of Zurich Group Products from Zurich.

The benefit to the community of this conduct is that customers now have the opportunity to link together a range of Zurich Group Products, with, in certain instances, the convenience of consolidated reporting. Customers will be rewarded with discounts and allowances, including but not limited to volume discounts, for purchasing goods and services provided by Zurich entities. In addition, customers will receive the benefit of efficiency gains achieved by Zurich in the form of discounts, including but not limited to, discounts on management fees.

Zurich also proposes to tailor some Zurich Group Products to suit the needs of certain consumer groups. The proposal is that the tailored Zurich Group Products will be distributed exclusively through a single entity or group of entities. For example, to assist consumers with small to medium investments, Zurich proposes to distribute a tailored version of the i.super_invest product exclusively through LIFEMAP, which is a Zurich business, established to engage in the provision of financial solutions for small to medium investors. Consumers who are not interested in dealing with LIFEMAP will still be at liberty to effect the main i.super_invest product, which is essentially the same product as the tailored version, but containing more options.

This conduct is likely to increase pressure on Zurich's competitors to offer to the public, new, innovative and lower cost goods and services in order to maintain existing market shares. For this reason, the conduct is likely to have a positive effect on competition in Australian financial services markets.

3. (a) Class or classes of persons to which the conduct relates

Customers of Zurich or potential Zurich customers.

3. (b) Number of those persons

(i) **At present time:** Offers have been made to the public generally and further offers will be made to the public.

(ii) **Estimated within the next year:** Offers will be made to the public generally.

3. (c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses.

Not applicable

