



Australian
Competition &
Consumer
Commission

23 Marcus Clarke Street
Canberra ACT 2601

GPO Box 3131
Canberra ACT 2601

tel: (02) 6243 1111

fax: (02) 6243 1199

adjudication@acc.gov.au

www.acc.gov.au

Our ref: 60880
Contact officer: Luke Griffin
Contact phone: 02 6243 1114

23/09/2016

By email

Dear Sir / Madam

Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors applications for authorisation A91556 – A91557—interested party consultation

The Australian Competition and Consumer Commission (the ACCC) has received an application for authorisation from Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors (the Applicants). The ACCC invites you to comment on the application. A summary of the authorisation process including how to make a submission to the ACCC can be found here: [summary of the authorisation process](#).

The Applicants seek authorisation on behalf of themselves and potentially other insurers to implement a proposal that will limit the commissions and other payments or benefits paid to distributors of "add-on" insurance products through the motor vehicle dealership channel. The Applicants propose to enter into a contract, arrangement or understanding that will limit commissions to 20% of premiums.

The Applicants state that this will likely be achieved initially through a code of conduct that insurers would be invited and encouraged to agree to. The proposed conduct will also include an obligation for participating insurers to regularly report their prices, claims payouts and loss ratios. The Applicants state that this information will be provided so that ASIC can monitor the effectiveness of the proposed cap on commissions in reducing pricing and increasing value for consumers.

Authorisation is being sought for ten years or until such earlier time as the arrangement is superseded by another mechanism. In this respect, the Applicants state that they will explore with ASIC options for including the proposed cap in a regulatory or legislative instrument in the future.

A full copy of the application for authorisation is available on the ACCC's website www.acc.gov.au/AuthorisationsRegister.

Request for submissions

The ACCC invites you to make a submission on the likely public benefits and effect on competition, or any other public detriment, from the proposed arrangements.

If you intend to provide a submission in relation to the applications for authorisation, please do so by **14 October 2016**. Submissions should be emailed to adjudication@acc.gov.au with the subject 'A91556 – A91557 - Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors – submission'.

Submissions, including oral submissions, will be placed on the ACCC's public register subject to any request for exclusion (guidelines are available here: [guidelines for excluding information from the public register](#)).

Timetable

The ACCC will progress its assessment of the application in a timely manner. An indicative timetable is set out below for your information

13 September 2016	Lodgement of application and supporting submission.
23 September 2016	Public consultation process begins.
14 October 2016	Closing date for submissions from interested parties.
October 2016	Applicant responds to issues raised in the public consultation process.
December 2016	Draft determination.
December/January 2016/7	Public consultation on draft determination including any conference if called.
February 2017	Final determination.

Please advise if you do not wish to make a submission at this time, but would like to be informed of the progress of the applications at the draft and final determination stages. If you are able to, please provide a nominated contact email address for future correspondence.

You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding the applications.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Luke Griffin on 02 6243 1114 or adjudication@acc.gov.au.

Yours sincerely



Gavin Jones
Director
Adjudication