



20 October 2016

Gavin Jones
Director, Adjudication
Australian Competition & Consumer Commission
By email: adjudication@accc.gov.au

Dear Mr Jones

Re: Endorsement of Consumer Action Law Centre submission on the Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors application for authorisation A91556 – A91556

CHOICE welcomes the opportunity to comment on the Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors application for authorisation A91556 – A91556 (the proposal).

CHOICE endorses the submission made by the Consumer Action Law Centre (CALC) on this matter.

Rather than further tinkering with a broken system, consumers need legislative or regulatory action to address the problems the practice of selling add-on insurance through motor vehicle dealerships has caused. The proposal has little to no public benefit but there is a great risk that, if it proceeds, it will delay effective legislative or regulatory action.

Our preference is that no commissions are allowed for the sale of add-on insurance, however, we agree with CALC that a 10% commission is preferable to the current arrangements. However, any commission introduces the risk of mis-selling. It is very likely that motor vehicle dealers will push higher-cost products if commissions are reduced in order to maintain their revenue, leaving consumers paying more for an unsuitable product. The proposal fails to deal with this risk.

We are particularly concerned that the proposal has no clear monitoring or enforcement components. Without clear consequences for breaches and robust monitoring arrangements, the proposal will not address the harm that add-on insurance sales by motor vehicle dealerships causes consumers.

Please contact me by phone on 02 9577 3344 or eturner@choice.com.au if you require further information.

Yours sincerely,

A handwritten signature in black ink, appearing to be "ER" followed by a long horizontal line.

Erin Turner
Head of Policy & Campaigns

Unlocking the power of consumers

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