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21 April 2017

Liana Edelman
Head of Regulatory Compliance
Australia and New Zealand Banking Group Ltd

By email

Dear Ms Edelman

Australia and New Zealand Banking Group Ltd - Notification N99426

I refer to the notification lodged with the Australian Competition and Consumer Commission (ACCC) by ANZ Banking Group Ltd (ANZ) on 11 November 2016.

The notification involves ANZ t/a ANZ and Esanda offering to supply finance to consumers to acquire certain ANZ and Esanda branded insurance products (including motor vehicle insurance and car loan protection insurance (also known as consumer credit insurance (CCI))) on condition that the consumers acquire those insurance products from Allianz Australia Insurance Ltd or another issuer of ANZ branded insurance products (the notified conduct).

Interested party submissions

Following the placement of the notification on the ACCC's public register, the ACCC received submissions from the following interested parties:

1. Australian Securities and Investments Commission
2. Consumer Action Law Centre
3. Financial Rights Legal Centre
4. Insurance Australia Group Ltd.

These submissions are available from the [ACCC's public register](#).

ACCC concerns

Having considered the notification and interested party submissions, the ACCC is concerned that the likely public benefits of the notified conduct do not outweigh the likely public detriments.

In particular, the ACCC is concerned that the notified conduct is likely to result in public detriments by:

- discouraging consumers from shopping around in order to obtain the best deal on insurance products (such as 'value for money' comprehensive car insurance).

- increasing the likelihood that consumers will obtain unnecessary insurance products or insurance products that are not in their best interests.
- reducing transparency about the products being sold and the cost of the insurance products, particularly where the products are sold under single premium policies.

As discussed, unless ANZ provides further information sufficient to satisfy the ACCC that the likely public benefits from the notified conduct outweigh the likely public detriments, the ACCC intends to prepare a draft notice proposing to revoke notification N99426 pursuant to section 93A(1) of the *Competition and Consumer Act 2010* (Cth) (the Act).

If a draft notice to revoke was issued, ANZ and interested parties would have an opportunity to respond to the draft notice and to request the ACCC hold a conference in relation to the notified conduct prior to the ACCC making a final decision under section 93(3A) of the Act.

Additional information

In addition to addressing the concerns discussed above, ANZ may wish to provide information on the following:

1. More details on the notified conduct, including
 - (a) the circumstances under which offers of finance are or will be made to consumers including details of ANZ's 'direct channel' model
 - (b) details of the proposed offers including:
 - i. whether the insurance products are competitively priced (and if so the basis on which that assessment is made)
 - ii. the forecast loss ratios for each of these insurance products and whether the forecast loss ratios suggest that the consumer is getting value for money
 - iii. a list of any exclusions for each insurance product.
2. The rationale behind ANZ restricting the offers of financing of insurance products to products issued by Allianz Australia Insurance Limited.
3. Explain why consumers would not be (or would not likely be) at risk of purchasing CCI or other relevant insurance that is unnecessary or inappropriate for their circumstances as a result of the notified conduct. Substantiate where possible.
4. Explain and substantiate each of the claimed public benefits identified in the notification, i.e., the notified conduct:
 - will ensure customers have adequate and appropriate protection for their motor vehicle;
 - provides customers with a convenient opportunity to obtain appropriate insurance without additional upfront costs;
 - reduces risks to consumers associated with financing insurance products and with motor vehicle ownership.
5. Any other information you may wish the ACCC to take into account in its assessment of the notified conduct, including any comments you may wish to make in response to interested party submissions.

We would appreciate if you could provide a response to this request by **5 May 2017**.

Please note that ANZ's response to the information requested will be placed on the ACCC's public register, subject to any request for exclusion – please see the ACCC's publication [Guidelines for excluding information from the public register](#).

This letter will be placed on the ACCC's public register.

Should you have any queries in relation to this matter, please do not hesitate to contact Elizabeth Batten on (02) 6243 1359 or adjudication@acc.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D Jones', is positioned above the typed name.

David Jones
General Manager
Adjudication