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Our ref: IM-71973
Contact officer: Morgan Woodland / Asa Tan
Contact phone: (02) 9230 9194 / (02) 9102 4091

27 September 2022

Dear Interested Party

Re: Request for submissions: Innovation Holdings Australia Pty Ltd (Innovation Holdings) proposed acquisition of the remaining shares in iSelect Limited (iSelect)

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on Innovation Holdings' proposed acquisition of the remaining shares in iSelect that it does not already own (the **proposed acquisition**).

Innovation Holdings owns approximately 26% of the shares of iSelect.

Both Innovation Holdings and iSelect (or their related bodies corporate) operate comparison websites, comparing a range of insurance, energy and financial products and services. The comparison websites also compare other products including roadside assistance and internet plans. Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- how closely Innovation Holdings (including Compare The Market) and iSelect compete in the supply of online comparison services
- whether suppliers of insurance, energy and financial products and services using Innovation Holdings and iSelect would have sufficient alternative distribution channels
- whether Innovations Holdings (including Compare The Market) has increased prices or decreased service levels in the past two years since acquiring shares in iSelect.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by no later than **5pm on 11 October 2022**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Innovation Holdings iSelect - attention Morgan Woodland / Asa Tan*.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Morgan Woodland on (02) 9230 9194 or Asa Tan on (02) 9102 4091.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Nick Cooke
Executive Director
Merger Investigations

Attachment A

Innovation Holdings

Innovation Holdings Australia Pty Ltd is a subsidiary of a group of companies comprising Reef Holdings Limited, Theseus (Monaco) SARL and several associated entities (IHA Group).

IHA Group owns Compare The Market Pty Ltd. (**CTM**), which offers comparisons for a range of insurance, energy and financial products and services, as well as roadside assistance and hotel accommodation through its website www.comparethemarket.com.au.

IHA Group also owns Auto & General Insurance Company Ltd and Auto & General Holdings Pty Ltd (together, Auto & General) which underwrite and distribute home, motor and travel insurance in Australia. Auto & General primarily operates under the brand 'Budget Direct'. Auto & General also underwrites insurance for a number of other brands, including ING, Catch Essentials, Qantas and Virgin Money.

iSelect

iSelect Limited is an Australian ASX-listed company that offers comparison and purchasing across insurance, utilities and personal finance products from some of Australia's leading brands.

iSelect owns and operates www.iselect.com.au and www.energywatch.com.au. These two websites compare a wide range of plans and policies including different types of insurance, energy and financial products and services, as well as internet plans.

Areas of overlap

iSelect and Innovation Holdings (or their related bodies corporate) both offer services to consumers that compare the following products:

- Car Insurance
- Home & Contents Insurance
- Landlord insurance
- Health Insurance
- Life Insurance
- Pet Insurance
- Travel Insurance
- Income Protection Insurance
- Business Insurance
- Electricity & Gas
- Home Loans.

The proposed acquisition

Innovation Holdings owns approximately 26% of the shares in iSelect, which it acquired through a series of acquisitions beginning in 2018.

In April 2021, the ACCC decided to not oppose the proposed acquisitions by Innovation Holdings that would have resulted in it holding up to 35% of shares in iSelect. Innovation Holdings did not ultimately proceed with the acquisitions and its shareholding subsequently diluted from approximately 29% to 26%.

On 10 August 2022, iSelect announced it entered into a scheme implementation agreement with Innovation Holdings for Innovation Holdings to purchase all remaining shares in iSelect.

Attachment B

1. Please provide a brief description of your business or organisation, including any commercial relationship/s you may have with Innovation Holdings and/or iSelect (or their related bodies corporate).

Questions for suppliers using Innovation Holdings (or CTM) and/or iSelect to distribute or sell products and services

2. Identify and describe the types of products and services you promote via Innovation Holdings, CTM and/or iSelect's comparison platforms. Please also:
 - a. state whether all your products or services are listed on Innovation Holdings, CTM and/or iSelect's comparison platforms, and if not explain why
 - b. identify any other comparison platforms you use, and list the relevant products and services promoted on them.
3. Describe how you acquire the services of Innovation Holdings, CTM and/or iSelect, including typical contractual arrangements (e.g. contract nature and duration).
 - a. Have any of these contractual terms changed in the past year or so?
4. Explain why you use Innovation Holdings, CTM and/or iSelect's comparison platforms to promote your products, including the benefits that you gain from doing so.
 - a. If you use both Innovation Holdings, CTM and iSelect, please explain why you use both and the benefits from doing so compared to only using one or the other.
5. Do you consider Innovation Holdings, CTM and iSelect compete closely with each other? Is there a particular area in which Innovation Holdings, CTM and iSelect compete vigorously in, for example, insurance, energy or financial products?
 - a. Have you noticed any changes in the extent of competition between Innovation Holdings, CTM and iSelect in the past year or so?
6. Identify other comparison platforms which compete with Innovation Holdings, CTM and iSelect. Discuss whether these platforms offer equivalent services. In responding to this question, discuss any views you have on the difference between comparison platforms that use a payment per click model, versus a commission per sale model.
7. Identify alternative distribution channels for your products or services to consumers. This may include direct sales, or other online and offline intermediaries (such as brokers or advisers). In your response, please comment on:
 - a. the effectiveness of each distribution channel
 - b. why you use each distribution channel
 - c. how the benefits differ from comparison platforms.
8. State the proportion (by volume and value if possible) of your annual business (in total and for specific products) referred by, or otherwise related to:
 - a. Innovation Holdings, CTM and/or iSelect

b. comparison platforms in general.

9. If you only use one of Innovation Holdings, CTM or iSelect's comparison platforms, how easy/difficult would it be for you to switch to an alternative comparison platform? Please explain, including with details of any costs or difficulties involved in switching.
10. Discuss whether and to what extent government operated comparison platforms (such as Energy Made Easy) are competitors of Innovation Holdings, CTM and iSelect.
11. Do consumers who acquire products directly from you, use comparison platforms as an initial source of information? Please provide any supporting data or information.
12. Have you noticed any changes in behaviour or conduct of Innovation Holdings in recent years since it sought to increase its shareholding in iSelect? If yes, please explain why you think such change in behaviour/conduct relates to Innovation Holdings acquiring shares in iSelect.
13. Innovation Holdings (through its related bodies corporate) currently underwrites and distributes home, motor and travel insurance in Australia under the brand "Budget Direct". Discuss whether this relationship is relevant to your use of Innovation Holdings' comparison platform Compare the Market.

Questions for competitors of Innovation Holdings, CTM and/or iSelect

14. Specify whether your comparison site operates on a payment per click model or a commission per sale model. Do you consider the two models compete with each other?
15. Identify and describe the types of product(s) your comparison platform compare. For which product(s) do you compete with Innovation Holdings, CTM and/or iSelect?
16. Identify your competitors in the operation of comparison platforms in Australia, their respective estimated market shares, and the basis for those estimates.
17. How easy/difficult is it for new entrants to provide comparison services in Australia equivalent to those of Innovation Holdings, CTM and iSelect? In your response, please comment on the likely timeframe for entry and provide details about any barriers to entry (e.g. access to retailer customers, strength of brand of existing comparison platforms, economies of scale and scope).
18. Explain how easy/difficult it is for existing comparison platforms to expand services to operate comparison platforms for other products.
19. Discuss whether and to what extent you consider you compete with government operated comparison platforms (such as Energy Made Easy).
20. How important do you consider comparison platforms are to consumers as a source of information? Does the existence of multiple platforms benefit consumers?

Other information or competition concerns

21. Do you think the proposed acquisition is likely to significantly lessen competition in the supply of comparison services, particularly in the comparison of insurance, energy and home loans?
22. Provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the acquisitions.