

6 March 2017

Mr Gavin Jones  
Director, Adjudication  
Australian Competition and Consumer Commission  
23 Marcus Clarke St  
Canberra ACT 2601

Dear Mr Jones,

**Re: ACCC draft decision regarding Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors -  
Authorisation - A91556 & A91557**

Financial Rights welcomes the draft decision to deny the Aioi Nissay Dowa Insurance Company Australia Pty Ltd & Ors - Authorisation request – a proposal that would see 16 of Australia’s limit the commissions paid to distributors of add-on insurance products sold through motor vehicle dealerships.

Financial Rights agrees that a commission cap of 20 per cent will not redress the well-documented, long standing problems with these products and sales and distribution methods, and will not provide any significant public benefit. We agree with the ACCC’s reasons for reaching this conclusion.

In particular Financial Rights supports the ACCC’s view that one of the public detriments that would likely arise if the authorisation were to be approved would be “delayed implementation of effective reforms which properly address the market failures that have resulted in the consumer protection issues identified by ASIC.” Reform is well overdue and this authorisation application goes some way to demonstrate that self-regulation has failed and legislative change should be pursued.

Financial Rights supports the submission of Consumer Action (3 March 2017) and strongly agrees that an appropriately formulated and monitored opt-in and delay model, as suggested by ASIC, would go some way to reign in the worst excesses of the industry. Further measures to end financed single premiums and the introduction of instalment payments without interest, would be of great public benefit. An effective remediation program is also required to make up for the harm done.

Yours faithfully,



**Karen Cox**  
Coordinator  
Financial Rights Legal Centre  
Direct: (02) 8204 1340  
E-mail: [Karen.Cox@financialrights.org.au](mailto:Karen.Cox@financialrights.org.au)