



29 June 2018

The Hon K.M. Hayne AC QC
Royal Commissioner
Royal Commission into Misconduct in the Banking, Superannuation and Financial Services
Industry

By email: FSRCSolicitor@royalcommission.gov.au

Dear Commissioner

Supplementary response to letters received 15 December 2017

I refer to our letters dated 29 January 2018 and 9 March 2018 in response to your letters dated 15 December 2017 to Insurance Australia Limited and CGU Insurance Limited.

By way of a supplementary notification, we have identified payments that were made by a former Australian Financial Services Licence (AFSL) holding entity in the IAG group, Swann Insurance (Aust) Pty Ltd (**Swann**), to 34 (of more than 3,000) of its authorised representatives which may have exceeded the maximum allowable commission amount for Consumer Credit Insurance (CCI) products under section 145 of the National Credit Code (Schedule 1 to the *National Consumer Credit Protection Act 2009* (Cth)). Specifically, we have identified 153 payments, the total of which is approximately \$6,792,660 (of which we believe at least \$5,985,219 related to CCI products), between 2008 and 2016 when the relevant business was sold.

We note that the relevant business was sold in 2016 to an unrelated general insurer. Since then, no Swann CCI products have been distributed through the relevant authorised representatives by Swann or IAG. Further, since 1 August 2017, Swann has not carried on a financial services business at all. Swann's AFSL was cancelled with effect from 1 December 2017 and IAG intends to deregister Swann later this year.



We also note that any detriment which could be seen to arise for consumers as a consequence of Swann CCI products being included in the calculation of amounts payable to the authorised representatives, would to a great extent have already been ameliorated by the remediation program agreed with ASIC in late 2017.*

We have also made a voluntary notification to the Australian Securities and Investments Commission (ASIC) notwithstanding that the circumstances identified do not constitute a breach of the relevant entity's AFSL nor do they enliven any other legal or regulatory obligation to provide notification to ASIC.

Please contact me for any further requests for information or for any point requiring clarification.

Sincerely,



Rebecca Farrell
Acting Group General Counsel

*Details of this program are set out in ASIC's press release dated 19 December 2017 accessible at: <https://asic.gov.au/about-asic/media-centre/find-a-media-release/2017-releases/17-446mr-swann-insurance-refunds-39-million-in-add-on-insurance-premiums/>