

Media Release

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Statement of preliminary issues available for IAG/AMI clearance application

The Commerce Commission has published a statement of preliminary issues relating to an application from IAG seeking clearance to acquire AMI Insurance. Both IAG and AMI supply general insurance including house, contents, and motor vehicles.

The statement of preliminary issues outlines the key competition issues that the Commission currently considers will be important in deciding whether or not to grant clearance.

The Commission's statement of preliminary issues and the public version of the application are on the Commission's website at: www.comcom.govt.nz/clearances-register/

The Commission invites submissions from parties who consider that they have information relevant to the Commission's consideration of this matter. Submissions can be sent to registrar@comcom.govt.nz with the reference IAG / AMI in the subject line of your email or to PO Box 2351, Wellington 6140 by 4pm on Tuesday 7 February 2012.

Background

The application

The acquisition involves the transfer by AMI of its business (excluding its Canterbury earthquake liabilities) to a newly created company – AMI Newco. IAG will acquire 100% of the shares in this new company. AMI's Canterbury earthquake liabilities will be taken over by the Government.

Both IAG and AMI supply general insurance products including home, contents, and car insurance. IAG is part of the Insurance Australia Group of companies and is active in both New Zealand and Australia. In New Zealand, IAG offers insurance services under two brands – State Insurance and NZI. AMI has a national branch network across New Zealand and has around 500,000 customers.

Assessing an application for a merger or acquisition

When considering a proposed merger, the Commission must decide whether the competition that is lost in a market when two businesses merge is substantial. We will give clearance to a proposed merger only if we are satisfied that the merger is unlikely to have the effect of substantially lessening competition in a market.

A fact sheet explaining how the Commission assesses a merger application is available for download at <http://www.comcom.govt.nz/mergers-and-acquisitions-merger-assessment-fact-sheet/>

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