



15 May 2017

Mr Steve Irons, MP
Committee Chair, Parliamentary Joint Committee on Corporations and Financial Services
BY EMAIL: c/- Mr Patrick Hodder

Dear Mr Irons

Inquiry into the Life Insurance Industry

NAB has a long record of co-operation with parliamentary inquiries and I am personally most willing to assist the committee in this inquiry. Due to the sale last year of NAB's life insurance business, there has been some confusion between various parties as to who should appear, whether at all, simultaneously or separately. I have appreciated the committee's and secretariat's consideration in this regard.

As background, I recall in December 2016 the committee extended an invitation to me to appear before the committee as CEO of MLC and Group Executive of the NAB Wealth division. However, NAB had sold 80% of its interest in the life insurance business, MLC Limited (MLCL) to the Nippon Life Insurance Company. This sale was announced in October 2015 and completed a year later.

Due to this sale, and the demerger and IPO of Clydesdale Bank, our local business had also been restructured, effective August 2016. NAB Wealth ceased as a separate division. Personal banking and distribution including NAB Wealth were incorporated into Consumer Banking and Wealth Management. Customer Products & Services was created and included Banking & Wealth products, Strategy, Digital, NAB Labs/Ventures, Marketing and Corporate Affairs.

Upon discussion, the secretariat more appropriately extended the invitation to the CEO of MLCL. Subsequently, Mr David Hackett, CEO of MLCL, with other witnesses from MLCL, appeared before the committee on 3 March 2017.

In February 2017, further invitations were extended to NAB's CEO Mr Thorburn. Due to logistical and scheduling difficulties NAB requested the accommodation of the committee to send appropriate senior executives at a later date noting the preference of MLCL that appearances be separated. I had been approached to appear on 3 March but sadly a family funeral prevented that as an option and I agreed to appear on 31 March (which did not eventuate).

As noted, I do wish to assist the committee in its deliberations. To this end, I look forward to appearing before the committee on Friday 26 May. I would very much appreciate the committee members' understanding and forbearance regarding some constraints the separation of MLCL may have in the context of NAB's appearance and evidence. For this purpose I note:

1. 80% of the shareholding in MLCL is held by an unrelated Japanese mutual life insurer, Nippon Life Insurance Company. NAB is a minority (20%) shareholder. NAB has no day to day management responsibility for MLCL.
2. MLCL operates as a standalone entity reporting through to its own Board, which is separate to NAB.
3. Core executive management, experts and a majority of the life insurance division employees transferred from NAB to the separated MLCL.
4. The former NAB employees who moved to MLCL have been formally separated from NAB and indeed MLCL and all employees have physically re-located to different offices.
5. MLC is a brand which attaches to a range of products and services, ownership of that brand is retained by the NAB. MLCL uses the MLC brand under license.

While I and other NAB executives will endeavour to respond to committee members' questions, matters related to the operation, management and functions of MLCL may need to be taken on notice for referral to MLCL.

Yours sincerely

ANDREW HAGGER
Chief Customer Officer
Consumer Banking & Wealth Management

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