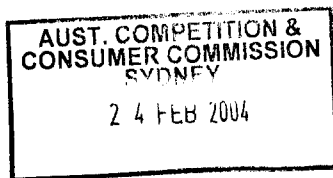


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Regulation 9

## COMMONWEALTH OF AUSTRALIA

*Trade Practices Act 1974 - Sub-section 93(1)*

## EXCLUSIVE DEALING

## NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct, or of proposed conduct, of a kind referred to in sub-sections 47(6) or (7) of that Act in which the person giving notice proposes to engage.

1. (a) **Name of person giving notice:**

CGU Insurance Limited ABN 27 004 478 371 (CGU)

(b) **Short description of business carried on by that person:**

General insurance services including emergency assistance services with home insurance policies, comprehensive motor vehicle and motor cycle insurance, fire theft and third party property damage insurance for motor vehicles, on-site and touring caravan insurance, home buildings insurance, home contents insurance, combined home building and contents insurance, personal effects insurance, strata titles insurance, boat insurance and domestic and overseas travel insurance.

(c) **Address in Australia for service of documents on that person:**

General Counsel  
Insurance Australia Group Limited  
388 George Street  
SYDNEY NSW 2000

2. (a) **Description of the goods or services in relation to the supply or acquisition of which this notice relates:**

Building and contents insurance; travel insurance.

(b) **Description of the conduct or proposed conduct:**

*Background*

CGU is a member of the Insurance Australia Group (IAG). The following entities are also members of IAG:

- Insurance Australia Limited ABN 11 000 016 722
- SGIO Insurance Limited ABN 30 058 277 866
- SGIC General Insurance Limited ABN 68 069 065 158

jointly referred to as the **IAG Members**.

As a part of their business operations, the IAG Members offer the following products:

- (i) home buildings insurance;
- (ii) home contents insurance;
- (iii) combined home buildings and contents insurance,

jointly referred to below as the **Relevant Insurance Products**.

As a part of a package of benefits that the IAG Members wish to offer policyholders over 50 years of age, CGU proposes to offer any person a discount on CGU's travel insurance on the condition that the person is 50 years of age or older and has acquired any of the Relevant Insurance Products from any of the IAG Members (**50+ Policyholder**) or is a co-insured of a 50+ Policyholder in respect of the Relevant Insurance Product.

CGU understands that other benefits in the package referred to in the preceding paragraph are likely to include:

- a discount on home security systems provided by Insurance Australia Limited; and
- a discount on first aid courses and first aid kits provided by St John Ambulance Inc.

The package may also include limited free consultations provided by selected legal firms.

CGU understands that each of the entities offering these benefits proposes to lodge a separate notification with the Commission.

#### *Notified Conduct*

CGU provides notice of a proposal to provide a discount on CGU's travel insurance to 50+ Policyholders and persons who are a co-insured of a 50+ Policyholder in respect of the Relevant Insurance Product.

While CGU does not admit that the notified conduct constitutes a third line force within the meaning of section 47 of the Act, it lodges this notification for the avoidance of any doubt.

The prohibition on third line forcing is designed to prevent distortions in a target market (ie the third line market) caused by a supplier in another market using whatever power it has to direct potential customers to a particular supplier in the target market.

The effect of any third line forcing in the present case will be relevantly insignificant for at least the following reasons.

- (i) The conduct will only apply in relation to persons who acquire any of the Relevant Insurance Products from any of the IAG Members.

Table 1 of Confidential Annexure A shows the total number of the Relevant Insurance Products policies issued by the IAG Members in 2002-2003 to persons of all ages.

Table 2 of Confidential Annexure A shows the IAG Members' estimated market shares in markets for the Relevant Insurance Products issued to persons of all ages in 2002-2003. The market shares show that the proportion of the market for the Relevant Insurance Products affected by the notified conduct is not significant.

- (ii) The conduct only affects persons 50 years of age or older, or co-insureds of such persons in respect of the Relevant Insurance Products, rather than all potential purchasers of the Relevant Insurance Products.
- (iii) CGU has only a modest share of the market for travel insurance. Refer to Confidential Annexure B for an estimate of CGU's market share. Therefore, the part of the travel insurance market likely to be affected by the proposed conduct is not significant.
- (iv) CGU will continue to offer travel insurance to persons who have not acquired the Relevant Insurance Products from any of the IAG Members.
- (v) The IAG Members will continue to offer the Relevant Insurance Products to all persons whether or not those persons acquire travel insurance. There is no obligation to acquire travel insurance from CGU or any other person. Further, persons acquiring the Relevant Insurance Products from the IAG Members and who also wish to acquire travel insurance are free to purchase travel insurance products from any other insurance company, rather than from CGU, if they so wish.

**(c) Benefits of the Proposed Conduct:**

The proposed conduct will provide benefit, in the form of a discount on travel insurance, to some members of the public.

The proposed conduct does not require any person to acquire travel insurance. It does not preclude persons who have acquired any of the Relevant Insurance Products from an IAG Member and who wish to buy travel insurance, from purchasing it from an insurance company other than CGU. Persons insured by the IAG Members are not required to deal with CGU and are free to make their own arrangements in regards to their travel insurance.

CGU submits that the notified conduct will not involve detriment to the public, but rather will benefit the public.

4.

3. (a) **Class or classes of persons to which the conduct relates:**

Persons who are 50 years of age or older and who acquire the Relevant Insurance Products from the IAG Members, and co-insureds of such persons in respect of the Relevant Insurance Products.

(b) **Number of those persons -**

See paragraph 2(b) above.

(c) **Where the number of persons stated in items 3(b) is less than 50, their names and addresses**

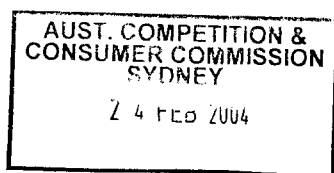
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4. **Name and address of persons authorised by the person giving this notice to provide additional information in relation to this notice**

Aldo Nicotra  
Blake Dawson Waldron  
Level 36  
225 George Street  
SYDNEY NSW 2000

Telephone: (02) 9258 6000  
Facsimile: (02) 9258 6999

Date:



Signed on behalf of the person giving this notice

Aldo Nicotra  
(Signature)

ALDO NICOTRA  
(Full Name)

PARTNER, BLAKE DAWSON  
(Description) WALDRON