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FORM G

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:**

SGIC General Insurance Limited ABN 68 069 065 158 (SGIC)

(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 and boat 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; legal services.

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

Background

As a part of its business operations, SGIC offers the following insurance 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**.

SGIC proposes to offer any person, who is 50 years of age or older and who has acquired one of the Relevant Insurance Products from SGIC, or who is a co-insured of such a person in respect of the Relevant Insurance Product, an indemnity for the cost of the first hour of legal services provided by a legal firm on the condition that the person acquires the Legal Services from one of the legal firms nominated by SGIC from time to time (**the Nominated Firms**) (**the Legal Services**).

Under the proposal, SGIC will directly pay a relevant Nominated Firm for the Legal Advice provided to a person 50 years or older who has purchased the Relevant Insurance Product from SGIC, or who is a co-insured of such a person in respect of the Relevant Insurance Product.

Notified Conduct

SGIC provides notice of the following proposed conduct.

Where a person who is 50 years of age or older has acquired any of the Relevant Insurance Products from SGIC (**50+ Policyholder**), SGIC will provide the 50+ Policyholder or another person who is a co-insured of the 50+ Policyholder in respect of the Relevant Insurance Product with an indemnity for the cost of the first hour of legal services provided by a legal firm nominated by SGIC from time to time (**the Nominated Firms**) (**the Legal Advice**).

SGIC will provide an indemnity for the cost of one Legal Advice per Relevant Insurance Product. As the Relevant Insurance Product are all 12 month insurance policies, SGIC will in effect provide an indemnity for the cost of one Legal Advice for each year a policy is held by a 50+ Policyholder.

While SGIC 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 SGIC.

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

Table 2 of Confidential Annexure A shows SGIC's estimated market shares in markets for the Relevant Insurance Products issued to persons of all ages in 2002-2003. The Table shows that SGIC's market shares in the markets for the Relevant Insurance Products are 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) The Nominated Firms are not restricted in their ability to provide legal advice to all persons, whether or not those persons acquire any of the Relevant Insurance Products from SGIC.
- (iv) There is no obligation on persons acquiring any of the Relevant Insurance Products from SGIC to acquire the Legal Advice or any legal advice from the Nominated Firms. Further, persons acquiring the Relevant Insurance Products from SGIC who also wish to acquire a legal advice are free to acquire that advice from any legal firm.

(c) Benefits of the Proposed Conduct:

The proposed conduct will provide benefit, in the form of a provision of an indemnity for the costs of the Legal Advice, to some members of the public.

The proposed conduct does not require any person to acquire a legal advice. It does not preclude persons who wish to receive a legal advice from acquiring a legal advice from a legal firm other than the Nominated Firms. Persons insured by SGIC are not required to deal with the Nominated Firms and are free to make their own arrangements in regards to seeking of a legal advice.

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

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

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

(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

N/A

4.


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
Ref: AN.JPO.02-1354-6269

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

Date:

Signed on behalf of the person giving this
notice


.....
(Signature)

ALDO NICOTRA

.....
(Full Name)

PARTNER, BLAKE DAWSON WALDRON

.....
(Description)

