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5 October 2005

Australian Competition & Consumer Commission
Adjudications Branch
PO Box 1199
DICKSON ACT 2602

Australian Unity
General Insurance Limited
ABN 47 004 125 268
AFS Licence No. 234438
114 Albert Road
South Melbourne Vic 3205
DX 39309 Port Melbourne
Telephone 13 29 39 (Australia Wide)
Facsimile (03) 9285 5061

Dear Sir/Madam

Exclusive Dealing Notification – Australian Unity General Insurance Ltd

Please find enclosed a Form G and Submission notifying the Commission of certain conduct by Australian Unity General Insurance Limited and the filing fee of \$1,000 has been directly credited into your nominated bank account.

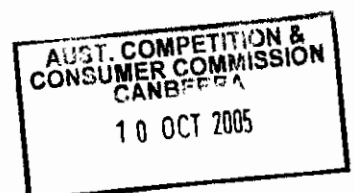
If you have any queries or require any further information please do not hesitate to contact me.

Yours faithfully



Warren Lockett
General Manager

Enc.



Form G

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-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47 (8) (a), (b) or (c) or (9) (a), (b), (c) or (d) of that Act in which the person giving notice engages or proposes to engage.

(PLEASE READ DIRECTIONS AND NOTICES ON BACK OF FORM)

1. (a) Name of person giving notice:

Australian Unity General Insurance Limited ABN 47 004 125 268
("AUGIL")

(See Direction 2 on the back of this Form)

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

Licensed general insurer- AFS Licence 234438

- (c) Address in Australia for services of documents on that person:

C/- The Company Secretary
Level 14, 114 Albert Road
South Melbourne 3205.

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

Supply of business risk insurance services.

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

(i) AUGIL will supply or offer to supply business risk insurance at a discount from the standard business risk insurance premiums and/ or to provide additional benefits on policies to persons who are members of Restaurant and Catering Queensland ('RCQ') and who meet certain underwriting requirements of AUGIL, on the condition they retain the services of MIB Insurance Brokers Pty Ltd ABN 14 010 055 071 as their insurance broker.

(ii) AUGIL will refuse to allow the discount otherwise.

(See Direction 4 on the back of this Form)

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

Members of Restaurant and Catering Queensland ('RCQ') who meet certain underwriting requirements of AUGIL.

(b) Number of those persons:

(i) At present time: More than 100 but less than 200.

(ii) Estimated within the next year: More than 100 but less than 200.

(c) Where number of persons stated in item 3(b)(i) is less than 50, their names and addresses:

Not applicable


4. Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice:

Warren Lockett
General Manager – Australian Unity General Insurance Limited
114 Albert Road
South Melbourne Victoria 3205
Telephone 03 9285 5776

Dated *4th October* 2005

Signed by/on behalf of the applicant giving notice:

Signature



Full Name: Warren Lockett

Description: General Manager – Australian Unity General Insurance Limited

ANNEXURE A follows next three (3) pages

Submission By

Australian Unity General Insurance Limited

In support of a notification under Section 93(1) of the Trade Practices Act 1974 ("the Act").

1. Background

- 1.1 Australian Unity General Insurance Limited ("AUGIL") is a licensed general insurer. MIB Insurance Brokers Pty Ltd ("MIB") is a licensed insurance broker.
- 1.2 Restaurant and Catering Queensland ("RCQ") is a not for profit industry association whose members are food service businesses. RCQ's role is to promote and protect the food services industry in Queensland. Its members include a diverse range of food services business types. The national Restaurant and Catering Australia of which RCQ is a state association, has approximately 5,000 members.
- 1.3 RCQ has appointed MIB as its broker to secure business risk insurance on terms and conditions that are advantageous to its members compared with those that may be available to members individually.
- 1.4 RCQ's members are recognised by AUGIL as complying with a level of operational standards and procedures in the food service industry, which improve those businesses as insurance risks.
- 1.5.1 As a result of MIB acting as broker to numerous members of RCQ and arranging business insurance on their behalf, certain administrative savings to AUGIL have been recognised. AUGIL wishes to pass on those savings to members by way of discounts on its business insurance premiums.

2. Market

- 2.1 AUGIL submits that the relevant market to which the offer relates is the market for general business risks insurance in Australia and in particular, the category of general business risks insurance in Queensland.

3. Analysis

- 3.1 *If the conduct described in Form G is exclusive dealing or third line forcing within the meaning of Section 47(6) or Section 46(7) of the Act,*

then AUGIL submits that there is no material detriment to the public resulting there-from.

- 3.2 The persons (businesses) seeking cover are members of RCQ who operate a single premises restaurant business or a take-away food premises. These persons can acquire business risk insurance from a significant number of the other insurance underwriters in the market, many of whom compete for insurance business from operators of restaurants and take away food premises. These persons can similarly acquire the services of any of a significant number of insurance brokers in the market. There is no element of compulsion or exclusivity as RCQ members are not compelled to use MIB as their broker or to purchase AUGIL products.
- 3.3 Therefore, RCQ members wishing to purchase the business insurance products from AUGIL will have a choice as to whether to:
- (i) purchase insurance with the specified discount and/or added benefits on policies by arranging this insurance through MIB; or
 - (ii) simply purchase the insurance from AUGIL on a individual basis (and pay the standard insurance premium) without obtaining the services of MIB.

RCQ members will be able to make their choice on a normal commercial basis of price, expected benefits and which insurance products best meet their respective needs.

Public Benefits

- 3.4 AUGIL submits that the following public benefits will result from the conduct:
- (i) The specified arrangement is designed to benefit those members of RCQ who choose to purchase AUGIL's product by disclosing to us through their custom with MIB that they fall within a certain category of risk, which is acceptable to AUGIL. If an RCQ member arranges his or her insurance through MIB, AUGIL will recognise this and may provide a discount on the standard premium for the risk and/or offer a broader range of policy benefits and/or offer a lower deductible, to take account of reduced administrative costs and the single broker point of contact for many aspects of the ongoing insurer – insured relationship.
 - (ii) The arrangement will promote competition in the market by encouraging other general insurers who may offer their own discounts and benefits.

Public Detriment

- 3.4 The arrangements are unlikely to lead to any public detriment.
- 3.5 The only possible detriment (if any) which may result from the conduct is that persons wishing to obtain the business insurance at a discount and or with the added benefits will need to arrange the insurance through MIB. As stated above, a person is entitled to acquire insurance directly from AUGIL or through a broker other than MIB without receiving the discount and/or the added benefits.

4. Conclusion

- 4.1 For the reasons set out above, AUGIL submits that:
- (i) the arrangement will have no anti competitive effects;
 - (ii) the arrangement is unlikely to result in public detriment and that the likelihood is that the benefits to the public (reduced costs of insurance) will outweigh any possible detriment to the public;
 - (iii) the ACCC should not oppose the notified conduct; and
 - (iv) the ACCC should allow this notification to stand.