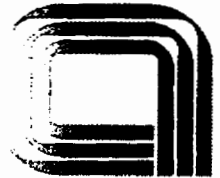


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AUSTRALIAN COMPETITION
& CONSUMER COMMISSION
GPO BOX 520
MELBOURNE VICTORIA 3001

19 JANUARY, 2006

Aradlay Insurance
Brokers P/L
ABN 12 003 884 142
AFS Licence No. 240823

ATTENTION: MR. GAVIN JONES

Your Reference: A90997 & 90998

BY FAX: NO. (03) 9663 3699

Dear Mr. Jones

**COMMUNITY CARE UNDERWRITING AGENCY APPLICATIONS FOR
REVOCATION AND SUBSTITUTION - INTERESTED PARTY CONSULTATION**

Thank you for your letter dated 6 January, 2006.

We strongly object to CCUA's substantive application for revocation and substitution, and request for interim authorisation for the following reasons:

1. CHANGED CIRCUMSTANCES IN PUBLIC LIABILITY MARKET

In section 2.2 of CCUA's Attachment A, they detail the "Background to Public Liability Insurance Crisis." We submit that the circumstances referred to in that section namely those circumstances which made it difficult for NFPOs to obtain public liability insurance have changed significantly since the late 1990s and early 2000s. In particular:

- (i) Since 2002 there have been legislative changes to the laws regarding Civil Liability at a Federal level and all states of Australia. The major changes concern:-
 - a) Assumption of risk and personal responsibility;
 - b) Minimum assessment levels;
 - c) Restriction in reporting periods.

According to a recent General Insurance Survey * these factors have led to a reduction in claims frequency for 58% of the Industry inviting more participation by markets that were previously considered high risk, such as NFPO's.



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- (ii) Since 2002 there have been a number of alternative underwriters, set up specifically for this market segment. Competition in this segment has never been higher.
- (iii) Since 2002 there has been an increase in the equity market and in the market capitalization of insurance companies. This has resulted in heavy competition which, according to the recent General Insurance Survey *, has seen insurance prices drop in most segments of the Australian Insurance market. The Liability segment has seen average reductions of 11% with the SME, of which the NFPO's belong, seeing an average 9%, and they are no longer being placed under the extreme financial burdens of the early 2000's.

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2. DISADVANTAGE TO SUPPLIERS OF PUBLIC LIABILITY INSURANCE SERVICES

The CCUA agreement is no longer required because of other market participants in this area of insurance. Gone are the days when other insurers refused to offer these consumer groups liability insurance. To allow the scheme to continue unfairly prejudices other participants in the marketplace. The market for this class of insurance to these groups must be open and on fair footing for all participants.

3. ANTI-COMPETITIVE CONDUCT WITHOUT JUSTIFIABLE PUBLIC BENEFIT

All 3 participants are major insurers in the insurance industry and to give them the opportunity to gain a market advantage as a group and individually is anti competitive. Since other insurers are able to offer this class of insurance there is no justifiable public benefit in allowing such a scheme to continue.

We request that you carefully review our comments and keep us informed of the progress of the application at the draft and final determination stages.

Yours faithfully

Carole-Anne Priest
CEO

Aradlay Insurance Brokers Pty Limited

* JP Morgan 2005 General Insurance Industry Survey