



Australian
Competition &
Consumer
Commission

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Our Ref: C2006/50
Contact Officer: Gavin Jones
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2 February 2006

sent to
attached list

GL 21/06

Dear

**Re: Community Care Underwriting Agency applications for
revocation and substitution A90997 & A90998
- request for interim authorisation**

The Australian Competition and Consumer Commission (the ACCC) has decided to grant interim authorisation in respect of the applications for revocation and substitution lodged by the Community Care Underwriting Agency (CCUA) on 22 December 2005.

The CCUA is seeking re-authorisation for a joint venture agreement between Allianz Australia Insurance Limited, QBE Insurance (Australia) Limited and Insurance Australia Limited (trading as NRMA Insurance) for the collective supply of public liability insurance through a co-insurance pool to eligible not for profit organisations (NFPOs). The joint venture was authorised by the ACCC on 24 March 2004. This authorisation is due to expire on 31 December 2006.

Interim authorisation protects the arrangements for which authorisation is sought from legal action under the relevant provisions of the *Trade Practices Act 1974* (TPA) while the ACCC considers and evaluates the merits of the application.

While the existing authorisation is not due to expire until 31 December 2006, the CCUA has expressed concerns that the effect of this time limit is that the existing authorisation does not extend to it entering into contracts to cover events occurring after 31 December 2006. The CCUA argued that this has a significant impact on its ability to write new annual business or accept annual renewals after 31 December 2005. The CCUA advised that the vast majority of policies written by it are annual policies.

Summary of ACCC considerations

The ACCC has considered the request for interim authorisation and has decided to grant interim authorisation for the period 1 January 2007 until 12 months after the ACCC issues a determination in respect of the substantive applications for revocation and substitution (unless circumstances warrant revocation or amendment of the interim authorisation at an earlier stage). The effect of this decision is to provide the CCUA the certainty to continue to



offer annual insurance contracts up until the ACCC makes a final decision later this year and to thereafter honour those annual contracts.

In assessing the request for interim authorisation the ACCC took account of the following:

- granting interim authorisation will allow the arrangements under which the market is currently operating to continue in the short term while the merits of the applications for re-authorisation are assessed; and
- if interim authorisation is not granted some NFPOs may be required to enter into alternative arrangements while the applications for revocation and substitution are being considered.

Please be advised that the ACCC's decision in relation to interim authorisation should not be taken to be indicative of whether or not final authorisation will be granted by the ACCC.

Next steps

For your information, the next step in the process is for the ACCC to release a draft determination which will take account of any submissions from the CCUA and interested parties and will indicate the ACCC's preliminary views on the merits of the applications. The ACCC will provide both the CCUA and interested parties with the opportunity to provide a further submission on the draft determination before the ACCC issues its final decision.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact me on 03 9290 1475.

Yours sincerely



Gavin Jones
Director
Adjudication Branch

Company

Aged and Community Services Australia
Agricultural Societies Council of NSW
Aradlay Insurance Brokers
Association of Childrens Welfare Agencies
Association of Independent Schools of South Australia
Australian Capital Territory Consumer Affairs Bureau
Australian Charities
Australian Red Cross NSW
CommInsure
Community Information Strategies Australia Inc
Council of Australian Museum Directors
Council of Social Service of New South Wales
Country Women's Association of Australia
Country Women's Association of NSW
Federation of Australian Historical Societies Inc
Fundraising Institute – Australia
Gerling Australia Insurance
Insurance Brokers Disputes Limited
Lumley General Insurance Ltd
National Association of Community Legal Centres
Our Community Pty Ltd
Queensland Council of Parents' & Citizens' Associations Incorporated
Queensland Council of Social Service
Royal Agricultural Society of Tasmania
SA Tourism Alliance
St John Ambulance Australia
The Association of Apex Clubs of Australia
Victorian Council of Social Service
Merv Oakley Goju Karate
AON Group Australia
Australian Council of Social Service
Australian Lawyers Alliance
Australian Prudential Regulation Authority
Australian Unity and General Insurance Ltd
Combined Insurance Company of Australia
Commonwealth Department of Family and Community Services
Consumer Affairs Victoria
Consumer Law Centre of Victoria
Council of Small Business Organisations of Australia Ltd
Department of Communications, Information Technology and the Arts
WA Department of Consumer and Employment Protection
Department of Treasury
Jardine Lloyd Thompson Australia
Lions Australia
Lloyd's Australia Limited
Local Government Association of Queensland Inc
Local Government Association of Tasmania

Local Government Association of the Northern Territory
Local Government Association
Marsh Pty Ltd
Munich Holdings Australasia Pty Limited
Municipal Association of Victoria
National Insurance Brokers Association
New South Wales Office of Fair Trading
NSW Sport and Recreation
Queensland Office of Fair Trading
Queensland Tourism Industry Council
RACQ Insurance Ltd
South Australia Office of Consumer and Business Affairs
Sport and Recreation Victoria
Suncorp Metway Insurance Ltd
Tasmanian Department of Justice
TIO
The Institute of Actuaries of Australia
Volunteering Australia
Western Australian Local Government Association
Westpac General Insurance
Zurich Financial Services Australia Ltd
RDA Australia
Confederation of Australian Sport
Isolated Children's Parents Association Australia Inc
Kiama and District Arts Council Inc
The Isolated Children's Parents Association of NSW
Wesfarmers Federation Insurance
Australian Council for the Arts
Westpool
Wildlife Preservation Society of Queensland
Rural and General Insurance Broking
QBE Insurance
Global Underwriting