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Dear Ms Philp

Application for Authorisation A91086 by Insurance Council of Australia: communications campaign

We refer to our telephone conversation of 10 June 2008 in which you asked for further information about the Insurance Council of Australia's (*Insurance Council*) proposed communications campaign in support of its proposed voluntary common definition of 'inland flood'.

The Insurance Council wishes to make clear that its current proposal for a communications campaign, as detailed in this letter, has been prepared on the basis that the voluntary common definition will be authorised by the ACCC. If the authorisation is not approved, the campaign would not necessarily proceed in this form, or at all.

1. Key messages

The Insurance Council's proposal is to run a general communications campaign associated with the issue of inland flooding, the voluntary common definition, risk minimisation and other initiatives being undertaken in conjunction with governments such as flood studies and flood mapping.

As part of this campaign the Insurance Council proposes to communicate messages along the following lines to raise customer awareness of the existence and function of the voluntary common definition of inland flood:

- Inland flooding traditionally accounts for one third of damage sustained in Australia from natural disasters – it is important for consumers to protect themselves from the potential risk of inland flooding if they live in a high risk area.
- To assist with consumer understanding – The general insurance industry has developed a voluntary common definition for inland flooding.
- Insurance companies will define flood within individual policies and may choose to use the common definition – check your policy to see what the definition of flooding is in your policy and how it compares with the voluntary common definition of inland flooding.
- Provide examples illustrating which types of flood activity the voluntary common definition covers, that is:

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Bangkok
Beijing
Brisbane
Hanoi
Ho Chi Minh City
Hong Kong
Jakarta
Melbourne
Perth
Phnom Penh
Port Moresby
Shanghai
Singapore
Sydney

- Examples of water overflowing or escaping from natural or man-made watercourses;
 - Examples of dam release flooding; and
 - Examples of flooding from water that cannot drain or run off as a result of water that is overflowing or escaping from an inland watercourse or water pool preventing the escape of water.
- Some insurance companies may use a different definition for flooding than the voluntary common definition in your policy – this could be well suited to your particular flooding risk. Speak to your insurer or insurance advisor if you are uncertain.
 - Premiums for flood insurance are a matter for individual insurance companies competing for your business and are generally based on your individual risk profile, for example, the location and nature of your property and the type of construction materials used in any building located at the property.

2. Mode of delivery

It is proposed that the key messages will be delivered in the following ways:

Web-based delivery

A dedicated web-page on the Insurance Council website addressing the key messages relevant to the voluntary common definition will be accessible for the foreseeable future. The web-page will be in a text format allowing automatic cataloguing by search engines and therefore increasing the opportunities for consumers using engines such as Google to discover information regarding flood insurance in the Australian context.

Video

A communications team has been engaged to develop a three minute video explaining the voluntary common definition and highlighting the relevant key messages. The video is planned for release following ACCC authorisation of the application for a voluntary common definition.

The video will be available via the Insurance Council website, will be able to be linked to member company websites, and may be used by member companies. It will also be employed at community briefing sessions with local governments and communities.

The video will also be seeded to popular social networking sites to allow for exposure to as many potential community members as possible.

Media releases

A media release will be issued if the ACCC authorisation application is approved. If subsequent media interest develops, each of the key messages will be employed as central talking points.

Member company websites

Insurance Council member companies will be able to provide links from their websites to the industry webpage on the voluntary common definition, if they choose to do so. Member companies may also choose to provide additional information on their individual insurance products.

Member companies not adopting the common definition will also be able to use the Insurance Council's webpage as a resource to highlight differences in the flood cover that their particular policies offer, which may suit some consumers with particular flooding risks.

Product disclosure statements

Member companies adopting the voluntary common definition will include references to the definition in their Product Disclosure Statements, in accordance with current regulation, as well as explanatory information deemed commercially appropriate.

If you have any further queries please contact us.

Yours sincerely



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