

Our reference
ECS/SUNC2793-9053122

Waterfront Place
1 Eagle Street Brisbane QLD 4000
GPO Box 9925 QLD 4001
Tel (07) 3228 9333
Fax (07) 3228 9444
www.corrs.com.au

**CORRS
CHAMBERS
WESTGARTH**
lawyers

30 July 2008

FILE No:
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MARS/PRISM:

Sydney
Melbourne
Brisbane
Perth
Gold Coast

By express post

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Partner
Eddie Scuderi (07) 3228 9319
Email: eddie.scuderi@corrs.com.au

Dear Sir

Exclusive dealing notification by Vero Insurance Limited

We act for Vero Insurance Limited (**Vero**), a subsidiary of Suncorp-Metway Limited (**Suncorp**).

We **attach** a Form G notification of conduct in which Vero proposes to engage.

The conduct relates to benefits that Vero proposes to offer in its motor vehicle insurance policies, bringing Vero's policies in line with policies offered by Suncorp Metway Insurance Limited and GIO General Limited (also subsidiaries of Suncorp) as a consequence of Suncorp's acquisition of Promina Group Limited last year.

In accordance with section 95(2) of the *Trade Practices Act 1974* (Cth), Vero requests that the information provided in item 3(b) of the notification be kept confidential and excluded from the register of notifications the ACCC is required to keep. This information is marked on the notification, and, for convenience, we **attach** a version of the notification with the confidential information replaced with "[c-i-c]", suitable for being placed on the ACCC's public register.

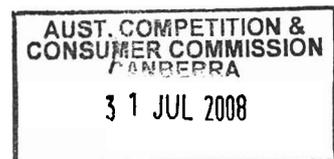
We also **attach** a cheque for \$100, which is the prescribed fee for lodging the notification.

Yours faithfully
Corrs Chambers Westgarth



Eddie Scuderi
Partner

attachments



Form G

Commonwealth of Australia

Trade Practices Act 1974 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

- (a) Name of person giving notice:

(Refer to direction 2)

Vero Insurance Limited ACN 005 297 807 (**Vero**). N93529

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

(Refer to direction 3)

General insurance.

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

Corrs Chambers Westgarth
Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

2. Notified arrangement

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

Benefits offered to insureds in connection with policies of motor vehicle insurance.

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

Pursuant to contracts of motor vehicle insurance, Vero proposes to offer certain benefits to insureds on condition that they choose to have repairs to which the policies of insurance respond with recommended repairers nominated by Vero (**Recommended Repairers**).

The benefits are:

- *A lifetime repair guarantee.* If the insured chooses to have their motor vehicle repaired by a Recommended Repairer, Vero guarantees the quality of the materials and labour used in repairs. Vero authorises for the life of the vehicle, even if the insured no longer owns it. Vero will fix any problems arising from faulty materials used in the repair or workmanship during the repair.

- *No cash settlement of repairs.* If the insured chooses to have their motor vehicle repaired by a Recommended Repairer, Vero will cover the cost of all authorised repairs performed by the repairer (subject to any excess or deductible). If the insured chooses not to have their motor vehicle repaired by a Recommended Repairer, Vero may not pay the repairer's quoted costs of the repair and may instead settle with the insured for a cash sum that Vero considers reasonable in accordance with the Product Disclosure Statement for the insured's insurance policy.

Each of these benefits will be offered in accordance with the insured's insurance policy and Product Disclosure Statement (*ie*, certain benefits may not be offered at all times).

(Refer to direction 4)

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

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

(Refer to direction 5)

Persons with policies of motor vehicle insurance with Vero.

- (b) Number of those persons:

- (i) At present time:

Approximately [c-i-c].

**EXCLUDED FROM
PUBLIC REGISTER**

- (ii) Estimated within the next year:

(Refer to direction 6)

Approximately [c-i-c].

**EXCLUDED FROM
PUBLIC REGISTER**

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

Not applicable.

4. Public benefit claims

- (a) Arguments in support of notification:

(Refer to direction 7)

Vero repeats the submissions Suncorp Metway Insurance Limited (**SMIL**) and GIO General Limited (**GIOG**) made to the ACCC in support of notifications N92391 and N92392 (ACCC reference C2006/456) (**Earlier Notifications**), which were:

- Encouraging quality repairs to motor vehicles, repairs which Vero will stand behind for the life of the vehicle (even if the insured no longer owns it).
- Improved efficiencies in Vero's operations, increasing Vero's competitiveness in offering motor vehicle insurance.

- (b) Facts and evidence relied upon in support of these claims:

In addition to the facts and evidence set out in item 4(a), Vero relies on the facts and evidence provided by SMIL and GIOG in relation to the Earlier Notifications.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2 (a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions): *(Refer to direction 8)*

The goods or services described in item 2(a) are supplied in a market for motor vehicle insurance. Though Vero considers this to be a national market, the ACCC has previously said that it considers there to be separate State and Territory based markets, in a transition to a national market: see Public Competition Assessment: Suncorp Metway Limited—proposed acquisition of Promina Group Limited (12 January 2007), paragraphs 26, 30, and 32.

Other potentially affected markets are the market for smash repair services, which is now the subject of the Motor Vehicle Insurance and Repair Industry Code of Conduct, to which Vero is a signatory.

6. Public detriments

- (a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:
(Refer to direction 9)

Vero is unaware of any detriment to the public that is likely to result from the notified conduct described in item 2(a), particularly given that:

- Customers are not prevented from choosing their own repairer.
- There is no premium discrimination involved in Vero's proposed conduct. Vero does not propose to offer a discount on an insurance premium on condition that the insured will obtain repair services from Recommended Repairers.
- Often, an insured will have a significant amount of choice, because there may be more than one Recommended Repairer in the relevant geographical area.
- The ultimate choice of repairer remains with the insured.
- Even if an insured chooses to have their vehicle repaired by a repairer other than a Recommended Repairer, Vero may still provide the benefits (*ie*, Vero does not propose to engage in the form of exclusive dealing set out in section 47(7) of the *Trade Practices Act*). For example, Vero currently proposes to provide the lifetime repair guarantee benefit set out above if the insured chooses to have the repair performed by a repairer who is not a Recommended Repairer and Vero authorises the repairs.

- (b) Facts and evidence relevant to these detriments:

SMIL and GIOG have been offering the benefits described in item 2(b) since shortly after each Earlier Notification came into effect. There has been no noticeable public detriment. There is unlikely to be any noticeable public detriment resulting from these arrangements being extended to Vero, which like SMIL and GIOG, is a subsidiary of Suncorp-Metway Limited.

7. Further information

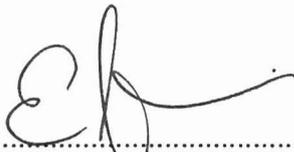
- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Eddie Scuderi
Partner
Corrs Chambers Westgarth
Level 35
Waterfront Place
1 Eagle Street
BRISBANE QLD 4000

Phone: (07) 3228 9319
Fax: (07) 3228 9444
Email: eddie.scuderi@corrs.com.au

Dated 30 July 2008.

Signed by/on behalf of the applicant



(Signature)

Eddie Scuderi
(Full Name)

Corrs Chambers Westgarth, solicitors for Vero
(Organisation)

Partner
(Position in Organisation)

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.