

**Date** 21 August 2008  
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**To** Susan Philp, Australian Competition & Consumer  
Commission  
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Dear Ms Philp

### **Application for Authorisation A91086 by Insurance Council of Australia**

As you know, we act for the Insurance Council of Australia (*Insurance Council*).

We refer to the further submission provided to the Australian Competition & Consumer Commission by the Australian Securities & Investments Commission (*ASIC*) on 19 August 2008. The Insurance Council makes the following points in relation to that submission:

#### **Condition 1**

ASIC suggests a targeted campaign focusing on consumers in flood prone areas. The Insurance Council sees merit in this suggestion for known flood prone areas. The Insurance Council has established plans to utilise COAG's National Flood Risk Advisory Group, of which it is a member, to develop mechanisms to communicate with identified local government areas where flooding is a known issue, if the application is approved. The Australian Local Government Association is a fellow member of this COAG Group and would also be approached to explore a way forward with this issue if the application is approved.

#### **Condition 2**

In the Insurance Council's view the suggestion of the reporting criteria misses a fundamental point regarding the public benefit of the definition – that the common definition will serve primarily as a common point of reference for consumers, empowering them to make smarter choices when comparing products using alternative definitions. It is for this reason that the Insurance Council thinks that a more effective measure of the public benefit of the common definition would be the

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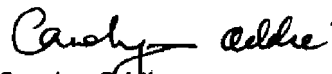
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extent to which it is referenced and used by consumers to compare products offered by the industry and not the empirical rate at which it is adopted as an underwriting term by insurers.

In addition, the Insurance Council is a member based industry association, which does not have any regulatory functions or powers of compulsion over its members. The public benefit of an organisation such as the Insurance Council is in its ability to develop aggregate policy positions representing the best practice of the industry, without isolating individual member companies. In its activities the Insurance Council does not provide information on individual company product offerings particularly by identifying which companies are or are not offering particular types of cover. The Insurance Council considers it would be inappropriate for it to do so. Consequently, the Insurance Council believes it would not be consistent with the role of the Insurance Council for it to be required to identify by name individual insurers who do or do not adopt or refer to the voluntary common definition. Public reporting (if any), required by the ACCC in relation to these issues should be limited to specifying the number of insurers relevant in any particular case.

Yours sincerely



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