

Form G

Commonwealth of Australia

Competition and Consumer Act 2010 — 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 *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to in 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:

N95654 Allianz Australia Insurance Limited (*Allianz*)

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

Allianz offers a wide range of insurance and risk management products and services.

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

Charles Whattam
Senior Lawyer – Distribution Finance
Allianz Australia Insurance Ltd
2 Market Street
Sydney NSW 2000

2. Notified arrangement

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

The provision of various insurance policies, products and services, including claims handling.

The retail supply of recreational vehicle club services.

(b) Description of the conduct or proposed conduct:

Allianz, through its subsidiary and agent Ken Tame & Associates Pty Ltd, proposes to:

- supply or to offer to supply; and/or
- supply or to offer to supply at a discount,

campervan and motorhome insurance policies, products and services on the condition that the insured is, or agrees to become, a financial member of the Campervan and Motorhome Club of Australia (**CMCA**).

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:
Campervan and motor home owners who wish to acquire insurance for their vehicle.
- (b) Number of those persons:
 - (i) At present time:
Estimate not reasonably practicable.
 - (ii) Estimated within the next year:
Estimate not reasonably practicable.
- (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:
See attached submission.
- (b) Facts and evidence relied upon in support of these claims:
See attached submission.

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):

See attached submission.

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:

See attached submission.

(b) Facts and evidence relevant to these detriments:

See attached submission.

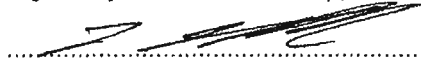
7. Further information

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

Charles Whattam
Senior Lawyer – Distribution Finance
Allianz Australia Insurance Ltd
2 Market Street
Sydney NSW 2000

Dated 14 DECEMBER 2011

Signed by/on behalf of the applicant



(Signature)

Charles Whattam

(Full Name)

Allianz Australia Insurance Ltd

(Organisation)

Senior Lawyer Distribution Finance

(Position in Organisation)

**Third line forcing notification
Supporting submission to the
Australian Competition and
Consumer Commission**

Allianz Australia Insurance Limited

9 December 2011

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia
Tel +61 2 9230 4000
Fax +61 2 9230 5333
www.aar.com.au

© Copyright Allens Arthur Robinson, Australia 2011

1. Background

1.1 The parties

Allianz Australia Insurance Limited (**Allianz**) offers a wide range of insurance and risk management products and services.

Ken Tame & Associates Pty Ltd (**Tame**) is a broking organisation which specialises in arranging insurance for campervans and motorhomes.

1.2 The CMCA Insurance Scheme and 2008 Notification

In July 2008, Tame established the CMCA Insurance Scheme (**Scheme**) in conjunction with the Campervan and Motorhome Club of Australia Limited (**CMCA**). At that time, Tame was not a subsidiary of Allianz. CMCA is a not-for-profit recreational vehicle club.

Membership of the CMCA entitles members to:

- (a) participate in a range of social events such as annual national rallies and local chapter gatherings;
- (b) receive discounts from a number of caravan parks and retailers;
- (c) participate in a Fellowship Directory that provides contact details of members willing to assist other members in times of need as they travel;
- (d) participate in special interest groups such as the Solos' Network for members travelling alone; and
- (e) a 12 month (12 issue) subscription to 'The Wanderer' magazine.

Under the Scheme:

- (a) Tame, as agent for Lumley General Insurance Ltd (**Lumley**), arranges the supply of certain insurance policies, products and services (including campervan and motorhome insurance) on condition that the insured is, or agrees to become, a financial member of CMCA; and
- (b) Chubb Insurance Company of Australia Ltd (**Chubb**) directly issues travel insurance products to CMCA members, but Tame collects the premium on Chubb's behalf and is paid a commission under a broker agreement.

In return for Tame's participation in the Scheme, CMCA agrees to, among other things, promote the Scheme to its members. For example, CMCA currently contains on its website a link to a page promoting the insurance products offered by Tame as agent for Lumley and Chubb.

Tame notified its conduct under the Scheme to the ACCC on 4 August 2008 (**2008 Notification**). The 2008 Notification was allowed to stand on 26 August 2008 and has been in place since that time.

In May 2011, Allianz made an offer to acquire a majority stake in Tame. The offer was accepted by Tame and the acquisition completed on 30 September 2011.

It is proposed that the Scheme will be amended such that:

-
- (a) Tame will terminate its arrangements with Lumley and commence acting as agent for Allianz to arrange the supply of certain insurance policies, products and services in Australia to members of CMCA (including campervan and motorhome insurance);
 - (b) Tame will terminate its arrangements with Chubb;
 - (c) Members of CMCA (or persons agreeing to become members of CMCA) will be offered certain benefits by Allianz in connection with the purchase of insurance policies, products and services. The benefits are to be determined from time to time and may comprise either a discount on the purchase of insurance policies, products and services from Allianz or the offer of insurance with certain features not otherwise available to insureds who are not members of CMCA; and
 - (d) CMCA will exclusively market the insurance products and services supplied by Tame on behalf of Allianz.

The policies that were acquired by CMCA members under the Scheme before Tame terminated its arrangements with Lumley will run for their full terms. At the end of the term, Tame proposes to offer the relevant members a new Allianz policy which includes the benefits identified in sub-paragraph (c) above.

2. The notified conduct

In connection with the Scheme, Allianz, through Tame as its subsidiary and agent, proposes to:

- (a) supply or to offer to supply; and/or
- (b) supply or to offer to supply at a discount,

campervan and motorhome insurance policies, products and services on the condition that the insured is, or agrees to become, a financial member of CMCA.

Allianz proposes to formulate from time to time insurance policies, products and services, as well as the benefits, to be offered to financial members of CMCA under the Scheme. By way of example, Allianz currently proposes to offer members of CMCA, motorhome and campervan insurance cover which contains the following benefits:

- (a) reasonable towing and storage costs following accidental loss or damage to the member's vehicle;
- (b) towing costs to the nearest repairer following a mechanical or electrical breakdown;
- (c) hire vehicle costs following the theft of or accidental loss or damage to a member's vehicle;
- (d) emergency repair costs following accidental loss or damage to a member's vehicle;
- (e) accommodation costs following the theft of or accidental loss or damage to a member's vehicle;
- (f) replacement cost due to the accidental breakage of a windscreen or window glass in a member's vehicle;

-
- (g) reasonable transportation costs for the member and the member's contents following the theft of or accidental loss or damage to the member's vehicle;
 - (h) travel costs to collect or the delivery costs of the vehicle following repairs to a member's vehicle.
 - (i) salvage costs following the total loss of a member's vehicle;
 - (j) replenishment costs of equipment used in avoiding a loss;
 - (k) emergency clean up costs;
 - (l) general average or salvage charges from sea transportation;
 - (m) cover for the burning out of electrical motors contained within household items in a member's vehicle;
 - (n) cover for the loss of frozen food following the failure of the freezer unit or its power supply;
 - (o) cover for the cost of re-keying or coding the keys to a member's vehicle should the keys be stolen or lost;
 - (p) cover for financial loss due to the fraudulent use of a member's credit card;
 - (q) automatic cover for a replacement vehicle;
 - (r) cover for a substitute vehicle;
 - (s) cover for legal costs:
 - (i) a member's legal liability up to \$20 million each event (including certain legal defence costs) for damage to other people's property and limited bodily injury cover caused by a motor vehicle accident which is a member's fault; and
 - (ii) a member's personal legal liability up to \$20 million each event (including certain legal defence costs) for bodily injury and damage to other people's property caused by an event which is a member's fault;
 - (t) medical assist coverage to cover the cost of transportation of the member, the member's family and the member's vehicle in the event of a medical emergency. Cover is also provided for specified personal injuries whilst attending certain events in Australia; and
 - (u) optional covers (where agreed) such as:
 - (i) additional contents coverage;
 - (ii) specified valuables coverage;
 - (iii) trailer coverage;
 - (iv) scooter coverage;
 - (v) watercraft coverage;
 - (vi) no claims bonus protection; and
 - (vii) excess deletion.

Allianz would also offer CMCA members a discount on their motorhome and campervan insurance (including these benefits).

3. Balancing public benefits and anti-competitive detriments

3.1 Assessment of the public benefit and anti-competitive detriment

Section 93(3A) of the *Competition and Consumer Act 2010* (Cth)(**CCA**) provides that the Australian Competition and Consumer Commission (**ACCC**) may give a corporation a written notice stating that it is satisfied that the likely public benefit arising from the notified conduct will not outweigh the likely detriment.

Tame and Allianz consider that the likely public benefits arising from the notified conduct will outweigh any likely detriment.

3.2 Market definition

The parties consider that the relevant markets for the purpose of assessing this notification are:

- (a) the national market or markets for the supply of motor insurance for campervans, motorhomes, caravans and private motor vehicles; and
- (b) the national market in which CMCA competes to provide campervan and motorhome recreational club services.

3.3 Public benefits

The notified conduct is essentially the same as that which was notified by Tame in the 2008 Notification and which has been allowed to stand since that time. The only reason for the current notification is the change in insurance provider from Lumley to Allianz.

As mentioned above, CMCA is a not-for-profit recreational vehicle club whose members primarily comprise owners of campervan and motorhomes. CMCA currently has about 73,000 members.

The notified conduct is likely to result in increased competition in the market in which insurance is supplied to owners of campervans and motorhomes. This is because, to the extent Allianz offers to supply benefits to CMCA members in connection with Allianz's insurance policies, products and services, this will:

- (a) increase Allianz's ability to compete in the relevant insurance market(s) by attracting CMCA members to Allianz; and
- (b) lead to Allianz's competitors formulating their own attractive offers, both for CMCA members and for non-CMCA members.

In return for Allianz offering benefits to financial members of CMCA under the Scheme, CMCA is obliged to market Allianz's insurance products to its members. Allianz expects that this will also improve Allianz's ability to compete against the larger insurers in the relevant market(s).

For example, the parties estimate that the **current** shares of total gross written premium for motorhome and campervan insurance (that is, the sales shares **before** the notified conduct is given effect to) are:

- (a) Lumley – 46%;
- (b) Vero Insurance Limited – 24%;
- (c) Caravan Insurance Ltd – 12.75%;
- (d) Australian Pensioners Insurance Agency Pty Limited – 10.5%; and
- (e) Others (including Allianz, NRMA, RACV, CGU, QBE) – 6.75%.

As these figures make clear, Allianz has a small market share in the sale of motorhome and campervan insurance.

The notified conduct also improves the quality of services available to campervan and motorhome owners and existing CMCA members. For example, CMCA members are not only entitled to the benefits offered under the Scheme from time to time, but all of the other benefits which being a financial member of CMCA entails, including those listed in paragraph 1.2 above. For example, financial members are entitled to numerous member discounts, the Fellowship Directory and a free magazine subscription.

The parties also consider that there are public benefits arising from the notified conduct in that:

- (a) the benefits provide goods and services that are of value to campervan and motorhome owners; and
- (b) the notified conduct will promote competition in the relevant insurance market by encouraging other insurers and agents to offer policies at a discounted price and/or with similar value added benefits to the benefits.

3.4 Public detriment

The parties consider that the notified conduct would not result in any public detriment for the following reasons:

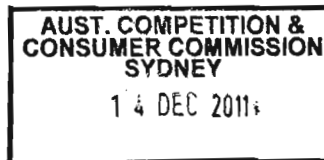
- (a) Allianz proposes to offer benefits to CMCA members in the form of a discount and/or insurance cover with certain features. Where Allianz does so, customers who do not wish to become CMCA members will still be able to purchase insurance from Allianz - albeit in some cases at a higher price or a different kind of insurance product (i.e without the features offered to CMCA members). Allianz will still need to ensure that those customers are offered a competitive product or price, otherwise Allianz will lose them to a competitor. As the market share data above indicates, it is a competitive market and customers have a wide range of insurers with whom they can deal. In the unlikely event Allianz only offers certain insurance to customers if they are or agree to become a CMCA member, those customers will be able to acquire insurance from one of Allianz's competitors;
- (b) campervan and motorhome owners would be free to become CMCA members without any obligation to acquire insurance policies from Allianz. In this regard, they would be free to acquire insurance from one of Allianz's competitors. Allianz

understands that since the 2008 Notification was allowed to stand, approximately 23,000 of CMCA's approximately 72,000 members only have purchased insurance under the Scheme;

- (c) the price of becoming a CMCA member is low. Australian-based members are obliged to pay a small fee - \$60.50 in their first year of membership, with an annual fee of \$44 thereafter. Overseas-based members are required to pay \$75.50 in their first year. To the extent the benefit offered by Allianz to CMCA members involves a discount on the purchase of insurance from Allianz, this would go some way to recouping the cost to the insured of becoming a CMCA member;
- (d) the notified conduct would not lessen competition between insurers in the relevant insurance market. As noted above, the notified conduct is likely to increase competition in the relevant insurance market as a result of Allianz becoming a more vigorous and effective competitor. Campervan and motorhome owners would also be free to become CMCA members without any obligation to acquire insurance policies from Allianz. Other insurers would therefore be able to provide similar value added benefits to CMCA members and to other campervan and motorhome owners by entering into arrangements:
 - (i) with other recreational clubs; and/or
 - (ii) in other sales channels such as campervan and motorhome dealers; and
- (e) the notified conduct would not lessen competition in the market in which CMCA competes. As noted above, campervan and motorhome owners can elect to acquire insurance policies from Allianz without any obligation to acquire membership from CMCA. Campervan and motorhome owners have a significant choice of recreational clubs available to them including:
 - (i) the Australasian Touring Caravan, Motorhome and Caravan Club;
 - (ii) the Auswide Motorhome Club Inc.;
 - (iii) Caravan and Motorhome Rallyette Group NSW;
 - (iv) Winnebago RV Club; and
 - (v) the Australian CamperTrailers Group.

Other recreational clubs in conjunction with other insurers would be able to provide similar value added benefits to the Benefits offered by CMCA and Tame.

FILE No:
DOC:
MARS/PRISM:



Form G

Commonwealth of Australia

Competition and Consumer Act 2010 — 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 *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to in 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:

N95655 Ken Tame & Associates Pty Ltd (**Tame**)

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

Tame is a general insurance broker specialising in the supply of campervan and motorhome insurance policies, products and services. Tame is a subsidiary of Allianz Australia Insurance Ltd (**Allianz**).

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

Charles Whattam
Senior Lawyer – Distribution Finance
Allianz Australia Insurance Ltd
2 Market Street
Sydney NSW 2000

2. Notified arrangement

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

The provision of various insurance policies, products and services, including claims handling.

The retail supply of recreational vehicle club services.

(b) Description of the conduct or proposed conduct:

Allianz, through Tame as its subsidiary and agent, proposes to:

- supply or to offer to supply; and/or

-
- supply or to offer to supply at a discount,

campervan and motorhome insurance policies, products and services on the condition that the insured is, or agrees to become, a financial member of the Campervan and Motorhome Club of Australia (**CMCA**).

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:

Campervan and motor home owners who wish to acquire insurance for their vehicle.

- (b) Number of those persons:

- (i) At present time:

Estimate not reasonably practicable.

- (ii) Estimated within the next year:

Estimate not reasonably practicable.

- (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:

See attached submission.

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

See attached submission.

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):

See attached submission.

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:

See attached submission.

(b) Facts and evidence relevant to these detriments:

See attached submission.

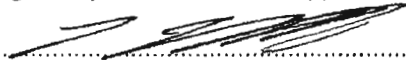
7. Further information

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

Charles Whattam
Senior Lawyer – Distribution Finance
Allianz Australia Insurance Ltd
2 Market Street
Sydney NSW 2000

Dated 14 DECEMBER 2011

Signed by/on behalf of the applicant



(Signature)

Charles Whattam

(Full Name)

Allianz Australia Insurance Ltd

(Organisation)

Senior Lawyer Distribution Finance

(Position in Organisation)

**Third line forcing notification
Supporting submission to the
Australian Competition and
Consumer Commission**

Ken Tame & Associates Pty Ltd

9 December 2011

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia
Tel +61 2 9230 4000
Fax +61 2 9230 5333
www.aar.com.au

© Copyright Allens Arthur Robinson, Australia 2011

1. Background

1.1 The parties

Allianz Australia Insurance Limited (**Allianz**) offers a wide range of insurance and risk management products and services.

Ken Tame & Associates Pty Ltd (**Tame**) is a broking organisation which specialises in arranging insurance for campervans and motorhomes.

1.2 The CMCA Insurance Scheme and 2008 Notification

In July 2008, Tame established the CMCA Insurance Scheme (**Scheme**) in conjunction with the Campervan and Motorhome Club of Australia Limited (**CMCA**). At that time, Tame was not a subsidiary of Allianz. CMCA is a not-for-profit recreational vehicle club.

Membership of the CMCA entitles members to:

- (a) participate in a range of social events such as annual national rallies and local chapter gatherings;
- (b) receive discounts from a number of caravan parks and retailers;
- (c) participate in a Fellowship Directory that provides contact details of members willing to assist other members in times of need as they travel;
- (d) participate in special interest groups such as the Solos' Network for members travelling alone; and
- (e) a 12 month (12 issue) subscription to 'The Wanderer' magazine.

Under the Scheme:

- (a) Tame, as agent for Lumley General Insurance Ltd (**Lumley**), arranges the supply of certain insurance policies, products and services (including campervan and motorhome insurance) on condition that the insured is, or agrees to become, a financial member of CMCA; and
- (b) Chubb Insurance Company of Australia Ltd (**Chubb**) directly issues travel insurance products to CMCA members, but Tame collects the premium on Chubb's behalf and is paid a commission under a broker agreement.

In return for Tame's participation in the Scheme, CMCA agrees to, among other things, promote the Scheme to its members. For example, CMCA currently contains on its website a link to a page promoting the insurance products offered by Tame as agent for Lumley and Chubb.

Tame notified its conduct under the Scheme to the ACCC on 4 August 2008 (**2008 Notification**). The 2008 Notification was allowed to stand on 26 August 2008 and has been in place since that time.

In May 2011, Allianz made an offer to acquire a majority stake in Tame. The offer was accepted by Tame and the acquisition completed on 30 September 2011.

It is proposed that the Scheme will be amended such that:

-
- (c) Tame will terminate its arrangements with Lumley and commence acting as agent for Allianz to arrange the supply of certain insurance policies, products and services in Australia to members of CMCA (including campervan and motorhome insurance);
 - (d) Tame will terminate its arrangements with Chubb;
 - (e) Members of CMCA (or persons agreeing to become members of CMCA) will be offered certain benefits by Allianz in connection with the purchase of insurance policies, products and services. The benefits are to be determined from time to time and may comprise either a discount on the purchase of insurance policies, products and services from Allianz or the offer of insurance with certain features not otherwise available to insureds who are not members of CMCA; and
 - (f) CMCA will exclusively market the insurance products and services supplied by Tame on behalf of Allianz.

The policies that were acquired by CMCA members under the Scheme before Tame terminated its arrangements with Lumley will run for their full terms. At the end of the term, Tame proposes to offer the relevant members a new Allianz policy which includes the benefits identified in sub-paragraph (c) above.

2. The notified conduct

In connection with the Scheme, Allianz, through Tame as its subsidiary and agent, proposes to:

- (a) supply or to offer to supply; and/or
- (b) supply or to offer to supply at a discount,

campervan and motorhome insurance policies, products and services on the condition that the insured is, or agrees to become, a financial member of CMCA.

Allianz proposes to formulate from time to time insurance policies, products and services, as well as the benefits, to be offered to financial members of CMCA under the Scheme. By way of example, Allianz currently proposes to offer members of CMCA, motorhome and campervan insurance cover which contains the following benefits:

- (c) reasonable towing and storage costs following accidental loss or damage to the member's vehicle;
- (d) towing costs to the nearest repairer following a mechanical or electrical breakdown;
- (e) hire vehicle costs following the theft of or accidental loss or damage to a member's vehicle;
- (f) emergency repair costs following accidental loss or damage to a member's vehicle;
- (g) accommodation costs following the theft of or accidental loss or damage to a member's vehicle;
- (h) replacement cost due to the accidental breakage of a windscreen or window glass in a member's vehicle;

-
- (i) reasonable transportation costs for the member and the member's contents following the theft of or accidental loss or damage to the member's vehicle;
 - (j) travel costs to collect or the delivery costs of the vehicle following repairs to a member's vehicle.
 - (k) salvage costs following the total loss of a member's vehicle;
 - (l) replenishment costs of equipment used in avoiding a loss;
 - (m) emergency clean up costs;
 - (n) general average or salvage charges from sea transportation;
 - (o) cover for the burning out of electrical motors contained within household items in a member's vehicle;
 - (p) cover for the loss of frozen food following the failure of the freezer unit or its power supply;
 - (q) cover for the cost of re-keying or coding the keys to a member's vehicle should the keys be stolen or lost;
 - (r) cover for financial loss due to the fraudulent use of a member's credit card;
 - (s) automatic cover for a replacement vehicle;
 - (t) cover for a substitute vehicle;
 - (u) cover for legal costs:
 - (i) a member's legal liability up to \$20 million each event (including certain legal defence costs) for damage to other people's property and limited bodily injury cover caused by a motor vehicle accident which is a member's fault; and
 - (ii) a member's personal legal liability up to \$20 million each event (including certain legal defence costs) for bodily injury and damage to other people's property caused by an event which is a member's fault;
 - (v) medical assist coverage to cover the cost of transportation of the member, the member's family and the member's vehicle in the event of a medical emergency. Cover is also provided for specified personal injuries whilst attending certain events in Australia; and
 - (w) optional covers (where agreed) such as:
 - (i) additional contents coverage;
 - (ii) specified valuables coverage;
 - (iii) trailer coverage;
 - (iv) scooter coverage;
 - (v) watercraft coverage;
 - (vi) no claims bonus protection; and
 - (vii) excess deletion.

Allianz would also offer CMCA members a discount on their motorhome and campervan insurance (including these benefits).

3. Balancing public benefits and anti-competitive detriments

3.1 Assessment of the public benefit and anti-competitive detriment

Section 93(3A) of the *Competition and Consumer Act 2010* (Cth)(**CCA**) provides that the Australian Competition and Consumer Commission (**ACCC**) may give a corporation a written notice stating that it is satisfied that the likely public benefit arising from the notified conduct will not outweigh the likely detriment.

Tame and Allianz consider that the likely public benefits arising from the notified conduct will outweigh any likely detriment.

3.2 Market definition

The parties consider that the relevant markets for the purpose of assessing this notification are:

- (a) the national market or markets for the supply of motor insurance for campervans, motorhomes, caravans and private motor vehicles; and
- (b) the national market in which CMCA competes to provide campervan and motorhome recreational club services.

3.3 Public benefits

The notified conduct is essentially the same as that which was notified by Tame in the 2008 Notification and which has been allowed to stand since that time. The only reason for the current notification is the change in insurance provider from Lumley to Allianz.

As mentioned above, CMCA is a not-for-profit recreational vehicle club whose members primarily comprise owners of campervan and motorhomes. CMCA currently has about 73,000 members.

The notified conduct is likely to result in increased competition in the market in which insurance is supplied to owners of campervans and motorhomes. This is because, to the extent Allianz offers to supply benefits to CMCA members in connection with Allianz's insurance policies, products and services, this will:

- (a) increase Allianz's ability to compete in the relevant insurance market(s) by attracting CMCA members to Allianz; and
- (b) lead to Allianz's competitors formulating their own attractive offers, both for CMCA members and for non-CMCA members.

In return for Allianz offering benefits to financial members of CMCA under the Scheme, CMCA is obliged to market Allianz's insurance products to its members. Allianz expects that this will also improve Allianz's ability to compete against the larger insurers in the relevant market(s).

For example, the parties estimate that the **current** shares of total gross written premium for motorhome and campervan insurance (that is, the sales shares **before** the notified conduct is given effect to) are:

- (c) Lumley – 46%;
- (d) Vero Insurance Limited – 24%;
- (e) Caravan Insurance Ltd – 12.75%;
- (f) Australian Pensioners Insurance Agency Pty Limited – 10.5%; and
- (g) Others (including Allianz, NRMA, RACV, CGU, QBE) – 6.75%.

As these figures make clear, Allianz has a small market share in the sale of motorhome and campervan insurance.

The notified conduct also improves the quality of services available to campervan and motorhome owners and existing CMCA members. For example, CMCA members are not only entitled to the benefits offered under the Scheme from time to time, but all of the other benefits which being a financial member of CMCA entails, including those listed in paragraph 1.2 above. For example, financial members are entitled to numerous member discounts, the Fellowship Directory and a free magazine subscription.

The parties also consider that there are public benefits arising from the notified conduct in that:

- (h) the benefits provide goods and services that are of value to campervan and motorhome owners; and
- (i) the notified conduct will promote competition in the relevant insurance market by encouraging other insurers and agents to offer policies at a discounted price and/or with similar value added benefits to the benefits.

3.4 Public detriment

The parties consider that the notified conduct would not result in any public detriment for the following reasons:

- (a) Allianz proposes to offer benefits to CMCA members in the form of a discount and/or insurance cover with certain features. Where Allianz does so, customers who do not wish to become CMCA members will still be able to purchase insurance from Allianz - albeit in some cases at a higher price or a different kind of insurance product (i.e without the features offered to CMCA members). Allianz will still need to ensure that those customers are offered a competitive product or price, otherwise Allianz will lose them to a competitor. As the market share data above indicates, it is a competitive market and customers have a wide range of insurers with whom they can deal. In the unlikely event Allianz only offers certain insurance to customers if they are or agree to become a CMCA member, those customers will be able to acquire insurance from one of Allianz's competitors;
- (b) campervan and motorhome owners would be free to become CMCA members without any obligation to acquire insurance policies from Allianz. In this regard, they would be free to acquire insurance from one of Allianz's competitors. Allianz

understands that since the 2008 Notification was allowed to stand, approximately 23,000 of CMCA's approximately 72,000 members only have purchased insurance under the Scheme;

- (c) the price of becoming a CMCA member is low. Australian-based members are obliged to pay a small fee - \$60.50 in their first year of membership, with an annual fee of \$44 thereafter. Overseas-based members are required to pay \$75.50 in their first year. To the extent the benefit offered by Allianz to CMCA members involves a discount on the purchase of insurance from Allianz, this would go some way to recouping the cost to the insured of becoming a CMCA member;
- (d) the notified conduct would not lessen competition between insurers in the relevant insurance market. As noted above, the notified conduct is likely to increase competition in the relevant insurance market as a result of Allianz becoming a more vigorous and effective competitor. Campervan and motorhome owners would also be free to become CMCA members without any obligation to acquire insurance policies from Allianz. Other insurers would therefore be able to provide similar value added benefits to CMCA members and to other campervan and motorhome owners by entering into arrangements:
 - (i) with other recreational clubs; and/or
 - (ii) in other sales channels such as campervan and motorhome dealers; and
- (e) the notified conduct would not lessen competition in the market in which CMCA competes. As noted above, campervan and motorhome owners can elect to acquire insurance policies from Allianz without any obligation to acquire membership from CMCA. Campervan and motorhome owners have a significant choice of recreational clubs available to them including:
 - (i) the Australasian Touring Caravan, Motorhome and Caravan Club;
 - (ii) the Auswide Motorhome Club Inc.;
 - (iii) Caravan and Motorhome Rallyette Group NSW;
 - (iv) Winnebago RV Club; and
 - (v) the Australian CamperTrailers Group.

Other recreational clubs in conjunction with other insurers would be able to provide similar value added benefits to the Benefits offered by CMCA and Tame.