

17th January 2013

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

Dear Sir/Madam,

Notification of third line forcing – Travel Insurance Partners Pty Limited (TIP)

Travel Insurance Partners Pty Ltd wishes to notify the ACCC of an exclusive dealing arrangement proposed to commence on 1st February 2013. To this purpose please find enclosed:

- Form G Notification of Exclusive Dealing on behalf of Travel Insurance Partners
- Notification of payment for \$100 as payment for lodging fees

Yours sincerely,



Christine Craig

Head of Risk & Compliance

Private Bag 913, North Sydney NSW 2059 Australia

Cover·More

TRAVEL INSURANCE • MEDICAL ASSISTANCE

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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 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)

N96523 *Travel Insurance Partners Pty Limited (ABN 73 144 049 230) (TIP)*

- (b) Short description of business carried on by that person:
(Refer to direction 3)

Supply of general travel insurance services

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

*Risk & Compliance Manager,
Travel Insurance Partners Pty Limited
Level 2, 15 Mount St
North Sydney NSW 2060*

2. Notified arrangement

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

Supply of travel insurance product

*By way of background, AAA Travel Pty Ltd (ABN 30 138 014 105) (AAA) is a travel services company that provides and arranges national travel solutions for the benefit of clubs and their affiliates (**Participating Clubs**). The Participating Clubs propose to offer a discount on travel insurance products and service sold on the condition that the purchaser is a member of the Participating Club.*

The Participating Clubs that AAA Travel Pty Ltd provide and arrange travel solutions for include:

- Royal Automobile Club of Western Australia (ABN 17 009 164 176) (RAC)*
- Royal Automobile Association of South Australia (ABN 90 020 001 807) (RAA)*
- Automobile Association of the Northern Territory (ABN 13 431 478 529) (AANT)*

- *National Roads and Motorists Association (ABN 77 000 010 506) (NRMA)*
- *Royal Automobile Club of Queensland (ABN 72 009 660 575) (RACQ)*
- *Royal Automobile Club of Tasmania (ABN 77 009 551 615) (RACT)*
- *Royal Automobile Club of Victoria (ABN 44 004 060 833) (RACV)*

The supply and issue of these travel insurance products and services will be arranged by Travel Insurance Partners Pty Ltd (ABN 73 144 049 230) (TIP). TIP holds an Australian Financial Services Licence.

Great Lakes Reinsurance (UK) PLC (ABN 18 964 580 576) trading as "Great Lakes Australia" (GLA), underwrites the travel insurance products and services that TIP issues on its behalf. GLA also holds an Australian Financial Services Licence.

A related Form G notification is also being submitted to the ACCC by GLA.

- (b) Description of the conduct or proposed conduct:
(Refer to direction 4)

Participating Clubs will offer a discount on travel insurance products, issued by TIP and underwritten by GLA, on the condition that the purchaser is a member of the Participating Club.

The proposed conduct by TIP as provider of travel insurance products and services underwritten by GLA, may be characterised as contravening sections 47(6) and (7) of the Competition and Consumer Act 2010 (Cth) in so far as TIP could be said to be:

(a) giving or allowing or offering to give or allow, a discount, allowance, rebate or credit in relation to the supply of goods or services (being the travel insurance products and services) to consumers on condition that the consumers acquire membership services from the Participating Club; and/or

(b) refusing to give or allow a discount, allowance, rebate or credit in relation to the supply of the goods or services (the travel insurance products and services) to consumers for the reason that the consumers have not acquired or have not agreed to acquire membership services from the Participating Club.

Notified arrangement

From 1st February 2013 Participating Clubs propose to commence offering retail customers travel insurance products and services issued by TIP as follows:

- i. *Participating Clubs will be authorised by TIP to arrange for the issue of general insurance products, being travel insurance products and services ("the products and services"), and provide general insurance product advice in respect of such products and services, as a corporate authorised representative of TIP. In this regard, Participating Club employees will be authorised representatives of TIP.*
- ii. *Participating Clubs will promote the products and services under the Participating Club's brand name to:*
 - *members of the Participating Club that reside in Australia (PC Members);*
 - *other retail customers in Australia who are not Participating Club members (non-PC Members), and*

- *Participating Club employees.*
- iii. *Although the products and services will be offered to both PC Members and non-PC Members, discounts on the retail price of the products and services will be offered as follows¹:*
- *PC Members will receive a discount between five percent (5%) and twenty percent (20%) on the retail price of the products and services; and*
 - *Participating Club employees (whether or not they are PC Members) will receive a discount between twenty percent (20%) and forty percent (40%) discount on the retail price of the products or a discount of two hundred dollars (\$200) on the Frequent Traveller Policies.*

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)

Participating Clubs

- (b) Number of those persons:

- (i) At present time:

Substantially in excess of 50

- (ii) Estimated within the next year:
(Refer to direction 6)

Substantially in excess of 50

- (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)

For the following reasons, TIP submits that the benefit to the public likely to result from the notified conduct would outweigh any detriment to the public likely to result from the conduct:

(i) PC Members will be offered a benefit in the form of discounted travel insurance;

(ii) the conduct will encourage competitors of Participating Clubs to offer similar discounted goods or services, or other benefits, to consumers thereby promoting competition in relation to the supply of motor club services generally, and

¹ The stated discounts on some of the products and services may be varied at a later time.

(iii) the conduct will encourage those engaged in the supply of travel insurance products and services to retail customers to offer similar discounts, directly or as a part of 'loyalty programs', thereby promoting competition in relation to travel insurance products and services.

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

(i) the discount proposed at commencement is between 5% and 20%

(ii) & (iii) other motor groups offer competing products, discounts and loyalty programs. For example Confederation of Australian Motorsport (CAMS) (<http://www2.cams.com.au/content.asp?PageID=MemberBenefits>).

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)

In broad terms it is submitted that the markets primarily relevant to the assessment of this notification are as follows:

(a) the market for the supply of travel insurance products and services to consumers in Australia; and

(b) the market for the supply of motor club services to consumers in Australia.

The market for the supply of motor club services is characterised by vigorous and effective competition amongst a number of suppliers. Significant suppliers of motor club services in Australia include:

- *Shannons Car Clubs - <http://www.shannons.com.au/club/>*
- *Australian Confederation of Motor Clubs – <http://www.confederationofmotorclubs.org.au/>*
- *Australian Automobile Club - <http://www.aac.com.au/>*

Motor club services are acquired by members of the general public.

In relation to travel insurance, there are also many insurers and/or insurer's authorised representatives in Australia in competition to supply travel insurance products and services to retail customers. Significant suppliers of travel insurance services in Australia include:

- *AAMI - <http://www.aami.com.au/travel-insurance>*
- *Allianz - <http://www.allianz.com.au/travel-insurance/>*

- SureSave - <http://www.suresave.net.au/>

Travel insurance services are acquired by members of the general public.

Accordingly, the markets referred to in (a) and (b) are both very competitive.

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)

The notified conduct will not result in public detriment, anti-competitive or otherwise that outweighs the public benefits outlined above, for the following reasons:

(i) non-PC Members are free to purchase the products and services from TIP at regular competitive prices, irrespective of whether the consumer chooses to purchase motor club services from Participating Clubs;

(ii) the notified conduct will not result in any restriction or limitation on the ability for non-PC Members to seek and obtain similar offers of membership and travel insurance products from competing suppliers of motor club services – see example in part 4(b) above; and

(iii) PC Members who buy motor club services from Participating Clubs will not be under any obligation to buy travel insurance services from TIP.

For the reasons outlined above, TIP considers that the proposed conduct will actually increase competition in the market for travel insurance services and, given the vigorous and effective competition amongst suppliers of motor club services, the notified conduct will have a negligible effect on competition within that market.

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

We believe the notified conduct is similar to other 'loyalty programs' (as above in part 4(b) and 5 above) in the broader market for the supply of retail goods and services in Australia, that have been recognised as not having an anti-competitive effect.

The example of website offers provided above are evidence of the close competition in this area from providers of competing motor club and travel insurance products and services.

7. Further information

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

Christine Craig

Group Risk & Compliance Manager

Travel Insurance Partners Pty Ltd

Postal Address: PO Box 168, North Sydney 2060

Direct telephone: 02 8907 5401

Dated 16th January 2013.

Signed by/on behalf of the applicant


.....
(Signature)

Christine Craig
(Full Name)

Travel Insurance Partners Pty Ltd
(Organisation)

Head of Risk & Compliance
(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 *Competition and Consumer Act 2010* 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.