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DOC:
MARS/PRISM:

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General Manager
Adjudication Branch
Australian Competition and Consumer Commission
Level 35
360 Elizabeth Street
Melbourne, Victoria, 3000

Our reference

NRB/NRB
AUM/1208001605.1

20 November 2014

By Hand

Dear Sir/Madam

BLUE BADGE INSURANCE AUSTRALIA PTY LTD - NOTIFICATION OF EXCLUSIVE DEALING

We act for Blue Badge Insurance Australia Pty Ltd (ABN 59 162 783 306) (BBIA).

We enclose for lodgement an exclusive dealing notification on behalf of BBIA, along with a cheque for the applicable lodgement fee of \$100.

Please do not hesitate to contact Nicole Breschkin should you have any queries. Nicole's contact details are listed below.

Yours sincerely

SIMON UTHMEYER
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A list of offices and regulatory information can be found at www.dlapiper.com

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)

N97991 Blue Badge Insurance Australia Pty Ltd (BBIA) (ABN 59 162 783 306)
(Applicant).

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

Supply of insurance products

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

DLA Piper Australia
140 William Street
Melbourne Victoria 3000
Attention: Nicole Breschkin

2. Notified arrangement

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

Insurance for mobility scooters and wheelchairs.

This insurance may be offered either as part of a general insurance offering (e.g. house and contents insurance) or as a specific insurance offering. It may include property cover (e.g. cover for theft or damage) and/or liability cover (i.e. cover for damage to third parties and/or their property caused by the owner of the mobility scooter or wheelchair).

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

BBIA offers insurance for mobility scooters and wheelchairs. BBIA is an Authorised Representative of Insurance Logic Pty Limited (ABN 44 002

859 252), which holds an Australian Financial Services Licence (AFSL No. 237633) and BBIA supplies its products under that licence.

The insurance products BBIA issues are underwritten by certain underwriters at Lloyds and BBIA issues the products on their behalf.

The Applicant proposes to offer discounts on insurance for mobility scooters and wheelchairs to persons who are, or who agree to become, premium members of Blue Badge Community Australia Pty Ltd (BBCA).

BBCA is an organisation that facilitates an online network to support those interested in using assistive technology to enhance people's mobility, independence and lifestyle. BBCA offers two types of membership: general and premium. General membership provides free access to the resources and information available on the BBCA website and allows interaction with other members via discussion groups. BBCA also organises discount and promotional offers by third party providers for its premium members on a range of products and services relevant to its members. A fee applies for premium membership (currently \$80 per annum). No fee currently applies for general membership.

BBCA is a related body corporate of BBIA but is not a related body corporate of the underwriters at Lloyds on whose behalf BBIA offers insurance on mobility scooters and wheelchairs.

Accordingly, it is possible the proposed conduct by the Applicant may be characterised as:

- A. BBIA, on behalf of certain underwriters at Lloyds, supplying or offering to supply a discount on insurance on condition that the purchaser acquires or agrees to acquire premium membership services from BBCA; and/or
- B. BBIA, on behalf of certain underwriters at Lloyds, refusing to supply or offer to supply a discount on insurance for the reason that the person has not acquired or has not agreed to acquire premium membership services from BBCA.

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)

Customers and potential customers of BBIA, including premium members of BBCA.

(b) Number of those persons:

(i) At present time:

Nil.

(ii) Estimated within the next year:

(Refer to direction 6)

Substantially greater than 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)

The Applicant submits that the proposed conduct will be of benefit to the public because it will allow persons who are premium members of BBICA to receive a discount on insurance for their mobility scooter or wheelchair. This type of benefit is directly relevant to the needs of typical BBICA members.

The offer of the discount may also encourage the acquisition of insurance for mobility scooters or wheelchairs. Research conducted by BBICA shows that approximately 25% of all mobility scooter users have had an accident while using their scooter but that only approximately 46% of owners of mobility scooters believe they have insurance for their scooter.¹

The proposed conduct may also promote competition in the relevant market by encouraging the Applicant's competitors to offer discounts or benefits to customers.

In addition, the proposed conduct may increase membership of BBICA, which may assist BBICA to secure from third party providers additional and better discount and promotional offers for its premium members.

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

The offer is voluntary. Customers may choose whether to acquire insurance for their mobility scooter or wheelchair from BBICA and membership services from BBICA, or to acquire just the insurance from BBICA (at standard rates) or any other provider of such insurance. If BBICA premium members choose to purchase insurance from BBICA, the discount is an ancillary benefit.

¹ Research conducted in January - March 2014 by BBICA. Over 200 mobility scooter owners residing in NSW, Victoria and Western Australia were surveyed by telephone.

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 relevant market is the national retail market for the sale of general insurance products. This market is very competitive, with many registered insurers in Australia offering insurance products for mobility scooter and wheelchairs either as part of a general insurance offering (e.g. house and contents insurance) or as a specific insurance offering.

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 Applicant submits that there will be no detriment to the public from the conduct in question.

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

For the reasons outlined below, the Applicant considers that the proposed conduct is likely to increase competition in the market for general insurance services:

- A. Acceptance of the discounted rate is optional. Customers, including those who are premium members of BBCA, may instead purchase insurance for mobility scooters and wheelchairs either from (1) the Applicant at regular competitive prices (irrespective of whether the customer chooses to become a general or premium member of BBCA) or (2) from a wide range of other suppliers. Competition in the relevant market is vigorous, with many alternative suppliers offering insurance on mobility scooters and wheelchairs either as part of a general insurance offering (e.g. AAMI, APIA, GIO, NRMA, QBE and RACV) or as a specific type of insurance (e.g. Lundies, RACQ, Covertec, Rural & General).
- B. Customers may acquire general or premium membership of BBCA, with or without acquiring insurance from the Applicant.

- C. Premium members of BBICA are under no obligation to make use of the discounts and benefits offered to them by other third party providers.
- D. The number of consumers potentially affected by the proposed conduct, being those who are or who agree to become premium members of BBICA, is small relative to the total number of consumers who acquire this type of insurance.
- E. The arrangements between BBIA and BBICA are not exclusive.
- F. The Applicant's competitors could form similar arrangements with other similar organisations.

7. Further information

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

Nicole Breschkin
DLA Piper Australia
140 William Street
Melbourne Victoria 3000
(03) 9274 5071

Dated 20 November 2014

Signed by/on behalf of the applicant



A handwritten signature in black ink, appearing to read "S. Uthmeyer", with a horizontal line drawn underneath it.

.....
Simon Uthmeyer

DLA Piper Australia

Partner

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.