



**Suncorp Group Limited & Ors –  
Application for authorisation AA1000485  
Interim authorisation decision  
2 April 2020**

**Decision**

1. The Australian Competition and Consumer Commission (the **ACCC**) has granted interim authorisation in respect of the application for authorisation AA1000485, lodged by Suncorp Group Limited (**Suncorp**) on 1 April 2020.
2. Suncorp has applied for authorisation to enable itself, Allianz Australia Limited, QBE Insurance Australia Limited, and other insurers and brokers, who in the future wish to engage in the conduct, to implement certain relief measures for small businesses suffering hardship due to the COVID-19 pandemic. Suncorp has also applied for authorisation to allow it, other insurers and brokers to offer a credit or refund to all policyholders for any unused travel insurance premium with no administration or cancellation fees.
3. The ACCC has granted interim authorisation for the conduct described at paragraph 7 below.
4. Interim authorisation commences immediately and remains in place until it is revoked or the date the ACCC's final determination comes into effect.

**The application for authorisation**

5. Suncorp is seeking authorisation for itself (and its related bodies corporate), Allianz Australia Limited, and QBE Insurance (Australia) Limited (together, the **Applicants**). Suncorp is also seeking authorisation for any other insurers or insurance brokers that wish to engage in the conduct in the future provided the ACCC is notified in advance (the Applicants and future participants together, the **Participating Insurers**).
6. With respect to insurance brokers, it is proposed that any insurance broker would be engaging in the conduct described in paragraph 7 either as an intermediary for an insurer or on its own behalf.
7. Authorisation is sought for the Participating Insurers to discuss, enter into or give effect to any contract, arrangement or understanding, or engage in any conduct, which has the purpose, effect or likely effect of:
  - a) offering existing Small and Medium Enterprise (**SME**) policyholders who are experiencing financial hardship from the impact of the COVID-19 event the ability to elect to defer premium payments for up to 6 months;
  - b) offering SME policyholders, who need to respond to significant changes in revenue due to the impact of the COVID-19 event by electing to cancel their insurance policies, a refund of all unused premium with no administration or cancellation fees applying;
  - c) offering SME policyholders who need to close the premises of insured businesses due to the impact of the COVID-19 event continuing cover on the premises with no changes to premium;

- d) offering all policyholders (including consumer, SME and larger businesses) who can no longer travel as planned due to the impact of the COVID-19 event a credit or refund for any unused travel insurance premium (meaning the portion of the premium for the period outstanding) with no administration or cancellation fees applying; OR
- e) reducing payment times for SME suppliers and contractors involved in servicing claims for a Participating Insurers to no more than 15 business days to assist SMEs and individual property owners, and to help stimulate the economy.

(the **Proposed Conduct**).

8. For the deferral of premiums described at 7(a) above, Suncorp has advised that under this initiative each insurer would continue to renew existing policies and provide cover under policies for which annual or monthly premiums fall due in the period up to and including 30 June 2020, but would only seek to collect those premiums after the 6 month period. The collection of those premiums after the 6 month period would remain subject to negotiation between the policyholder and the insurer at the time.
9. Suncorp submits that these initiatives will be available to eligible policyholders on an opt-in basis and policyholders will self-assess whether their businesses have faced hardship due to COVID-19, and no further verification will be required.
10. The types of insurance policies that the Proposed Conduct may apply to include (but are not limited to) business interruption cover, directors and officers liability insurance, professional indemnity insurance, public and products liability insurance, building or property damage insurance, motor insurance, equipment breakdown cover, industrial special risks insurance, theft cover, superannuation trustees' liability and association liability insurance.
11. Suncorp submits that the initiatives set out under the Proposed Conduct are in addition to any existing hardship programs to which a policy holder has an entitlement.
12. For the purposes of the Proposed Conduct, Suncorp has defined an SME as an individual, partnership, company or trust that is carrying on a business and:
  - a) employs fewer than 20 employees (or 100 if a manufacturing business); and
  - b) has an aggregated annual turnover of less than \$10 million.
13. Authorisation is sought to engage in the Proposed Conduct until 30 June 2020, with the effects of implementing the initiatives potentially continuing up to 31 December 2020. Suncorp has submitted that only policies that are up for renewal before 30 June 2020 are eligible for relief under conduct described at paragraph 7. However, Suncorp has advised that the effects of implementing the Proposed Conduct may continue up until 31 December 2020. Suncorp has submitted that the conduct described in paragraphs 7(b)-(e) applies only to eligible policies or supply arrangements that are current up to and including 30 June 2020, but that payments relating to this conduct may occur after this date.

### **The authorisation process**

14. Authorisation provides protection from legal action for conduct that may otherwise breach the competition provisions of the *Competition and Consumer Act 2010* (Cth) (the **Act**). Broadly, the ACCC may grant authorisation if it is satisfied that the benefit to the public from the conduct outweighs any public detriment, including from a lessening of competition. The ACCC conducts a public consultation process to assist it to determine whether proposed conduct results in a net public benefit.

## **Interim authorisation**

15. The ACCC may, where it considers it appropriate, grant an interim authorisation which allows parties to engage in proposed conduct while the ACCC is considering the substantive application.
16. Suncorp has requested urgent interim authorisation for the Proposed Conduct to allow the Participating Insurers to immediately commence coordinating and implementing policies to provide additional support to the business policy holders in the face of the COVID-19 pandemic.

## **Consultation**

17. The ACCC has not conducted a public consultation process in respect of the request for interim authorisation in light of the compelling nature of the public benefits likely to result from the request for interim authorisation.
18. The ACCC will conduct a public consultation process on the substantive application for authorisation in the coming days, and details regarding how to make a submission will be available on the [ACCC's authorisations public register](#).

## **Reasons for decision**

19. In granting interim authorisation, the ACCC recognises the urgency of the request for interim authorisation in light of the significant disruption to businesses caused by the COVID-19 pandemic.
20. The ACCC understands that at least some insurers are individually implementing their existing hardship programs, however enabling insurers to coordinate so that there is a minimum standard of relief provided will assist small businesses during this time.
21. The ACCC notes that there are a number of factors which means markets will be able to return to substantially their current state once the emergency circumstances subside. In particular:
  - The Proposed Conduct is a temporary measure.
  - The Proposed Conduct is limited in scope and identifies specific initiatives, and does not extend to insurers or brokers coordinating on price of services.
  - The proposed conduct is voluntary for all Participating Insurers, and insurers or brokers may opt out of participating in the Proposed Conduct.
  - Individual insurers are able to independently offer relief above what is contained in the Proposed Conduct.
  - The ACCC may review its decision to grant interim authorisation at any time, including in response to feedback as the Proposed Conduct is rolled out. If relevant industry participants have concerns regarding the effect of the Proposed Conduct during interim authorisation, they are encouraged to advise the ACCC.
22. There are likely to be public benefits arising from the Proposed Conduct, including:
  - Urgently providing short term relief to eligible business policyholders who have been affected by the COVID-19 pandemic. The Applicants submit that definition of SME (that is, a \$10 million threshold) will not disadvantage policyholders, as policyholders with a turnover of between \$10 million and \$50 million are sufficiently large and are likely to be provided bank or insurer support outside of the Proposed Conduct initiatives.
  - Preventing the unnecessary cancellation of cover and thereby enabling SMEs to have continued cover for non-COVID 19 events such as fire, storms, water damage from burst pipes and theft.

- Providing continuation of cover with no change in premium for those eligible businesses which are unoccupied due to the COVID 19 pandemic.
  - Assisting eligible businesses to remain viable and continue to employ their workers.
  - The process for an eligible customer to opt-in to access the small business relief package is intended to be simple and accessible, including online and/or call centre registration.
  - In the case of the proposal to offer a credit or refund to all policyholders for any unused travel premium this will assist policyholders reallocate refunded insurance premiums to other expenses or in the case of refund allow for the refund to be used for future travel needs.
23. The ACCC notes that the ability of policy holders to take advantage of these relief measures will depend on their availability being effectively communicated by Participating Insurers. The ACCC also notes that the Applicants have stated that the process for opting into the measures is intended to be simple and accessible, including online and/or call centre registration as determined by each Participating Insurer.
24. The ACCC considers that deferral of premiums may result in detriment to insurance brokers that operate on a commission basis to the extent that payment of those commissions is tied to the payment of premiums (and therefore will be deferred along with the premium). The ACCC considers that this detriment is likely to be limited in circumstances where the conduct occurs in a short timeframe, the Proposed Conduct is limited to businesses with fewer than 20 employees and annual turnovers of less than \$10 million, and that without the interim authorisation the likely alternative is that some eligible businesses may choose to cancel their relevant insurance policy. The ACCC will further consider this issue in its public consultation process, and encourages interested parties to make submissions should they hold concerns.
25. The ACCC notes that interim authorisation only extends to other insurers and insurance brokers on the basis that they notify the ACCC in advance if they wish to engage in the conduct outlined at paragraph 7.
26. The ACCC notes that interim authorisation only extends to insurers and insurance brokers to engage in the Proposed Conduct outlined at paragraph 7. Interim authorisation does not extend to any other discussions between insurers and/or insurance brokers in relation to initiatives other than those identified in paragraph 7. The ACCC notes it is open to each individual insurer or broker to individually offer initiatives which are different to those identified in the Proposed Conduct.
27. The ACCC is satisfied that, given the extraordinary circumstances of the COVID-19 pandemic, it is appropriate to grant interim authorisation.

#### **Reconsideration of interim authorisation**

28. The ACCC may review a decision on interim authorisation at any time, including in response to feedback raised following interim authorisation. The ACCC's decision in relation to the interim authorisation should not be taken to be indicative of whether or not the final authorisation will be granted.