



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

23 June 2020

Australian Competition & Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

via email: adjudication@acc.gov.au

Dear Sir/Madam

Suncorp Group Limited and Ors Application for Authorisation AA1000485

It is reasonable for large businesses such as major insurance companies to support their customers and suppliers through the difficulties brought on by the COVID-19 pandemic. We would therefore support, in principle, determinations that seek to accomplish that objective. However, we are unclear why the applicants are seeking this authorisation in this instance.

At the time the application was lodged, the insurer IAG and its stable of insurance brands had already implemented their own plan containing similar measures to the initiatives proposed in this application. IAG apparently did not seek ACCC authorisation nor, it seems, felt the need to discuss the measures with their competitors. We note in the draft determination it is suggested that in the absence of authorisation participating insurers "would not be communicating the agreed minimum relief measures to the market participants and the public". IAG's stance would suggest otherwise.

Further, the application states that participating insurers may independently elect to implement more extensive relief measures for a longer period and may independently develop further initiatives. More importantly, participating insurers may independently choose to apply a higher eligibility threshold, and may even specify which particular SME policyholders they deem eligible to access these initiatives. It appears that participating insurers can implement as much or as little of the initiatives as they choose regardless of any determination by the ACCC. Again, this makes it unclear why the authorisation is being sought.

We also question the repeated reference by the applicants that the initiatives are for the benefit of small and medium businesses (SMEs) when the definition used is that of a business that has an aggregated annual turnover of less than \$10 million and employing fewer than 20 employees. This is a restrictive definition and removes a large number of small businesses from coverage.

As a result and as already noted, although we would in principle support determinations that help insurers support small business customers and suppliers, as we understand it this is not clearly the case in this instance and that case should be clearly made before authorisation is provided.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Mike Kearney on [REDACTED] or at [REDACTED].

Yours sincerely

[REDACTED]

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

T 1300 650 460 E info@asbfeo.gov.au
www.asbfeo.gov.au

Office of the Australian Small Business and Family Enterprise Ombudsman
GPO Box 1791, Canberra City ACT 2601