

Allianz Australia Limited

ABN 21 000 006 226

Head Office

Mr Gennady Kleiner
Australian Competition & Consumer Commission
23 Marcus Clarke St
Canberra ACT 2601

15 May 2020

Via email: adjudication@accc.gov.au

Dear Mr Kleiner,

Response to questions on the operation of the Interim Authorisation

I refer to your letter of 30 April 2020. The ACCC is currently conducting consultation on the operation of the Interim Authorisation (AA10000485) enabling the Participating Insurers to implement certain relief measures for small businesses who are experiencing financial hardship due to the COVID-19 pandemic.

As part of this consultation, you have sought information on how the Interim Authorisation is working so far. In general Allianz Australia considers that the Interim Authorisation is working well in the six weeks since the grant of the authorisation. It has enabled Allianz to focus on developing and implementing the program of measures designed to target those of its SME policyholders who are experiencing the greatest financial hardship within an agreed framework of industry initiatives. However, the unprecedented and widespread impact of the COVID-19 pandemic both globally and locally creates some challenges in responding to a continually evolving situation while providing normal business services to its customers from a remote working environment.

This letter addresses the specific questions asked in your letter of 30 April 2020.

1. Is the Conduct working as expected ?

Yes we consider that the Conduct is working as was expected and in accordance with the Interim Authorisation Decision and the application by the Participating Insurers for the Interim Authorisation.

2. Is the Conduct taking place as described in the application and the interim authorization?

Allianz Australia has implemented a SME response package which addresses each of the five initiatives of Conduct authorized under paragraph 7(a) to (c) and (e) of the Interim Decision of the ACCC. On paragraph 7(d) our refund program is in progress.

We have expanded on some aspects of the Conduct including offering the deferral of premium for up to 6 months to a wider group of eligible SME policyholders who were paying premium in instalments (but whose policies were not due for renewal in the period 3 April to 30 June) providing that these eligible SME policyholders contact us before 30 June 2020.

In addition, we have made some changes to certain SME policies and or our management of the policies such as:

- **Laid up cover under Commercial Motor insurance policies** to be more broadly available for commercial vehicles which are not being driven during the pandemic with resulting premium reductions;
- **Relocation of stock from premises** enabling policyholders with business premises to remove stock from unoccupied premises and store at their homes during the period where their business premise is closed.

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3. Are there particular benefits or detriments that the conduct is resulting in ?

The benefits of the Conduct are in providing a minimum standard of relief for eligible SME policyholders as described in the application for the interim authorization and in the Interim Authorisation Decision. In particular, the Conduct provides eligible SME policyholders with flexibility to organize their business arrangements including management of physical assets, premises and stock while still retaining insurance cover and to manage their cash flows as most appropriate to their business needs.

During the challenging and uncertain times of the COVID-19 pandemic, Allianz Australia does not consider that there have been any particular detriments from engaging in the Conduct.

4. Has your organization engaged in the Conduct and if so, what is your experience?

Allianz Australia has engaged in the Conduct and has found that it is generally a positive experience. It enables us to provide a SME response package which meets an agreed industry standard for relief and is an important contribution to assisting those SME policyholders who are experiencing financial hardship.

Yours Sincerely


Caroline Chivers

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