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Kobi Maybury
Australian Competition & Consumer
Commission
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11 June 2020

By Email

Dear Mr Maybury



Financial Services Council Application for authorisation

We refer to your letter dated 29 May 2020.

FSC appreciates the Australian Competition and Consumer Commission (**ACCC**) providing the Financial Service Council (**FSC**) with the opportunity to respond to the concerns raised by other parties in relation to the FSC's application for authorisation. We set out below the FSC's responses to the matters set out in the letter.

In relation to the concern that the cover under the Commitment will become industry standard terms, we note that the Commitment does not include any cap but, rather, is a minimum commitment and does not include any commitment in respect of pricing.

FSC's application for authorisation is intentionally limited in its scope. The Commitment only applies to those health care workers seeking new/additional cover. Further, the minimum commitment is only applicable to the application of Covid-19 in assessing coverage. The Commitment has no application to pre-existing insurance policies or to new policies other than in regards to Covid-19 risk. Further, the \$750,000 minimum threshold is significantly in excess of the average Australian's life insurance coverage.

Therefore, the number of persons seeking additional and extended coverage beyond the commitment minimum in relation to Covid-19 would be very limited. That said, and in contrast to the premise of comments apparently made to the ACCC, we are aware of at least one insurer who is providing more than the commitment minimum in relation to new policies and Covid-19 (NobleOak).

Further, FSC rejects any assumption that, in the absence of authorisation, healthcare workers would have greater access to Covid-19 coverage under new coverage agreements at lower prices. As noted in the authorisation application, in addition to allowing for consistent messaging and communications to consumers about coverage availability, the Commitment increases the likelihood of relevant offers being made available. By encouraging and facilitating adoption of the Commitment by the industry, no individual insurers risk profile is likely to be affected by the adoption of the Commitment. In this regard, not having the Commitment is more likely to result in lower levels of coverage being available. There is no basis to conclude that for those small number of persons who might be seeking additional levels of coverage beyond the minimum, that coverage would be more available or at lower prices.

Finally, FSC notes that the concerns set out in the letter have not, as yet, been recorded in a submission placed on the public record. In this context, it is difficult for FSC to fully respond to these concerns.

Please do not hesitate to contact us should you wish to discuss the matters set out in this letter.

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Yours sincerely



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