

19 June 2020

The Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

By email: adjudication@accc.gov.au

**Suncorp Group Limited and Ors application for authorisation AA
1000485 – SME Policyholder Relief**

I refer to the letter dated 11 June 2020 relating to the ACCC Draft Determination in relation to the application for authorisation by Suncorp Group Ltd and others.

The National Insurance Brokers Association (**NIBA**) welcomes the opportunity to provide a brief submission to the ACCC in relation to the proposed authorisation for Suncorp Group Ltd, Allianz Australia Insurance Ltd and QBE Insurance (Australia) Ltd to provide relief to policyholders suffering financial hardship as a result of the COVID-19 pandemic.

Draft Determination

NIBA has carefully reviewed the draft determination issued on 11 June 2020 and has consulted with its members and board of directors about their experiences since the interim authorisation was issued.

Deferral of insurance premiums

The experience of insurance brokers since the interim authorisation was issued continues to be that there have been relatively few instances of clients wishing to take advantage of the opportunity to defer payment of premiums for up to 6 months. The preference of most clients is to take the opportunity to make periodic payments of premiums, or to utilize insurance premium funding to spread the cost of their insurance policy across the policy period.

Nevertheless, we acknowledge that there are no doubt a small number of business owners facing severe short term cash flow challenges where deferral of premium may well be appropriate.

NIBA remains concerned that if the premium payment is deferred for up to 6 months, and a claim occurs while the premium has not been paid, the cost of the premium may be deducted from the claim payment. Insurance brokers are concerned that this could severely limit the effectiveness of the insurance cover if the cost of the claim is not fully met at the time the loss occurs. As previously noted, the premium does need to be paid at some point in time, but if the business was in difficulty and unable to pay the premium at inception, failure to meet the full cost of the claim could well jeopardise the position of the client.

Cancellation of insurance and refund of unused premium

NIBA welcomes the offer to cancel insurance premiums and refund all unused premium with no administration or cancellation fees. Insurance brokers remain concerned that cancellation of small business insurance cover should only be considered as a last resort measure, as businesses continue to be exposed to risks, even if “in hibernation” or the business is no longer trading. NIBA remains of the view that cover should not be cancelled unless and until the policyholder has had a detailed discussion with an insurance broker and has received advice on their risk exposure after a policy is cancelled. This would allow business owners to make an informed decision regarding their ongoing risk exposure.

Other matters

NIBA welcomes the offer by insurers to continue to provide cover for unoccupied premises without changes to premium.

NIBA also welcomes the offer by insurers to provide a credit or refund for any unused premium for travel insurance policies with no administration or cancellation fees.

Conclusion

Overall, NIBA welcomes the initiatives from Suncorp, QBE and Allianz to assist small business clients in distress at these difficult times. We do not object to the draft determination being finalized.

Please do not hesitate to contact NIBA if you wish to discuss any aspect of this submission.

Dallas Booth
Chief Executive Officer