



**FEDERAL
CHAMBER OF
AUTOMOTIVE
INDUSTRIES**

22 July 2026

Mergers Team
Australian Competition and Consumer Commission
via email: mergers@accc.gov.au

Dear ACCC Mergers Team,

Submission re Insurance Australia Group Limited acquisition of RACI Pty Limited, RAC Insurance Pty Limited - MN-65005

I refer to the earlier submission to the ACCC in relation to the proposed acquisition of RAC Insurance Pty Limited (RACI) by Insurance Australia Group Limited (IAG) dated 15 September 2025. The FCAI notes that the matter is now in a phase 2 – detailed assessment stage, and that the parties have offered a section 87B Undertaking to the ACCC to address competition concerns.

The FCAI remains opposed to the proposed acquisition and does not believe that the commitments offered in the Undertaking satisfactorily address the significant competition concerns relating to the lessening of competition in the motor vehicle insurance market in Western Australia. The proposed acquisition would permanently remove RACI as an independent and significant competitor in Western Australia and transfer control of the RACI insurance business to one of Australia's largest insurers under a 20-year exclusive arrangement.

The proposed undertaking appears to rely primarily on behavioural commitments, benchmarking and ongoing monitoring. These measures may attempt to regulate how IAG operates after the acquisition, but they do not replace the competitive pressure that exists while RACI and IAG remain independent businesses. Once the transaction is completed, that competition cannot easily be recreated. Shortcomings in the Undertaking may not become apparent until years later, by which time the WA insurance market, repairer network and consumer choice may have been irreversibly changed.

The FCAI remains concerned that the increase in insurer concentration should the acquisition proceed could provide the merged organisation with significantly greater influence over:

- the selection and commercial viability of collision repairers;
- repair methodology and claims-cost decisions;
- repair times and customer choice;
- the use of genuine, parallel, alternative or recycled parts;
- labour rates and repairer margins;
- decisions to repair or write off vehicles; and
- the ability of vehicle manufacturers and independent repairers to maintain appropriate safety and quality standards.

Benchmarking provisions in the Undertaking also provide limited comfort. Benchmarks can be changed, interpreted or applied differently over time and may not adequately measure repair quality, vehicle safety, OEM compliance, genuine parts usage or the longer-term financial sustainability of independent repairers.

The FCAI believes that the most effective protection for consumers in Western Australia is to preserve RACI as an independent competitor rather than attempt to control IAG's conduct via an Undertaking after that competitor has been removed.

I hope this information is of assistance to the ACCC.

Yours sincerely

A handwritten signature in blue ink that reads 'Tony Weber'.

Tony Weber
Chief Executive