

27 July 2007

Dr Daniel Fleming
President
The Australasian College of Cosmetic Surgery
PO Box 36
Parramatta NSW 2124

Dear Dr Fleming,

I refer to your letter of 16 July 2007. I am grateful for the opportunity to respond to your members' concerns. We take these concerns very seriously but must advise you that there has been no anti-competitive conduct and as a consequence no breach of the *Trade Practices Act*.

The facts are:

- UNITED's insurer AMIL has historically charged the same premium for RACS plastic surgeons and FACCS cosmetic surgeons as noted in your letter. MDAV's insurer PiiCA has not historically charged the same premium for RACS plastic surgeons and FACCS cosmetic surgeons and the ACCC are fully aware of this position through the monitoring role you refer to in your letter.
- As the majority of MDAV members were renewing their insurance policies at the time of the merger, we adopted the model familiar to those members. Avant's website notes that for renewing ex-MDAV members at 1 July 2007 and to ensure consistency for new members joining at 1 July 2007 PiiCA premiums and PiiCA policy would be offered until 30 September 2007. This achieved a status quo outcome for ex-MDAV members.
- Avant Insurance is working through a pricing project to ensure consistency of pricing and it intends for ex-UNITED members renewing at 1 January 2008 and for new members joining at that time, to offer a new Avant Insurance product and new Avant Insurance premiums.
- Avant Insurance intends to charge the same premium for RACS plastic surgeons and FACCS cosmetic surgeons going forward provided Avant remains satisfied that the performance of both groups is similar.

In the period until the pricing is completed we have adopted the following approach:

- New business enquiries will be directed to our Member Services team. Any Cosmetic Surgeon or Plastic Surgeon calling for a quote will be offered consistent premium pricing.
- In order to overcome any apparent inconsistencies we have removed the online quoting function from the Avant Website. We plan to reintroduce this function once we have finalised the new Avant Insurance pricing model which will deliver consistent pricing across all existing PiiCA and Avant Insurance policy holders. This is scheduled for 1 January 2008, to marry up with the vast majority of ex-UNITED member renewals.

Given the competitive market for medical indemnity insurance, we will continue to refine our Avant pricing to ensure we price appropriately for risk and market competitive considerations, and we adhere to appropriate regulatory requirements as we have done to date.

Accordingly there is no cause for concern.

I have forwarded a copy of this letter to John Martin at the ACCC given you sent your letter of 16 July 2007 to him.

I note from your Secretary that you are overseas until 8 August 2007 and I look forward to meeting with you on my visit to Brisbane next month to discuss any residual concerns.

Yours sincerely



David Nathan
Chief Executive Officer

Cc: John Martin, Commissioner, ACCC, Canberra