



25 August 2023

Competition Branch
Commerce Commission
Wellington

By email: competition@comcom.govt.nz

Dear Sir/Madam,

RE: Draft *Collaboration and Sustainability Guidelines*

Introduction

Thank you for the opportunity to submit on the Commerce Commission's draft *Collaboration and Sustainability Guidelines* (**draft guidelines**).

ICNZ represents general insurers that insure about 95 percent of the Aotearoa New Zealand general insurance market, including about a trillion dollars' worth of Aotearoa New Zealand property and liabilities. ICNZ members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, cyber insurance, commercial property, and directors and officers insurance).

Submission

- Are these guidelines likely to improve your understanding of what to do when considering collaboration for sustainability purposes?

The draft guidelines provide clear, comprehensible guidance on how companies should approach sector-wide conversations about how to address climate change and regulatory obligations relating to actions to mitigate climate change and/or reporting on climate-related matters (such as carbon emissions profiles).

Many general insurers are considered climate reporting entities (CREs) with climate-related disclosure obligations under Part 7A of the Financial Markets Conduct Act 2013. As part of this reporting, insurers are required to disclose their Scope 1, 2, and 3 emissions.

Scope 1 and 2 emissions are essentially related to the direct and indirect emissions from an organisation's operations. Scope 3 emissions are those emissions that the organisation is indirectly responsible for, up and down its value chain¹ (eg from suppliers or from customers' use of the company's product).

¹ See <https://www.xrb.govt.nz/dmsdocument/4391>

In many instances, insurance companies engage a common set of service providers. For example, a collision repair business may be approved by several different insurers as an authorised repairer with respect to vehicles covered by policies issued by those insurers. For the purposes of Scope 3 reporting, this means that some small businesses (such as collision repairers or electricians or builders) will need to provide carbon-emissions data to multiple insurers so those insurers can (individually) report on their Scope 3 emissions.

The draft guidelines will help insurers as they seek a solution to the question of how (individually and as a sector) they can meet their reporting obligations while minimising the burden on their supply chain partners (who are not specifically subject to the regulatory disclosure regime and who are often smaller businesses with less resources available to undertake carbon profile analysis).

The sector is well aware that it must tread carefully to not breach competition rules while also coming together to find an efficient and robust reporting framework/mechanism that minimises the impact on non-regulated small businesses.

- Is there anything you would like more guidance on?

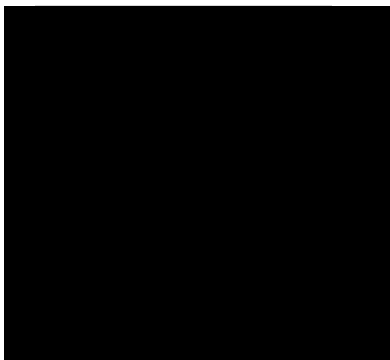
Currently, we do not have recommendations for any further, separate guidance for our sector.

- Are there any specific examples or situations you would like more information on?

Within the draft guidelines, we would like further elaboration on examples of **shared infrastructure** that is “an important dimension of competition between the parties” (per para 26.3, p5 of the draft guidelines). As noted above, the insurance sector may need to develop a mechanism by which a common set of small businesses can provide carbon emissions data to multiple insurers in the least intrusive and burdensome manner. If such a mechanism was considered 1) infrastructure and 2) shared, how would we determine if it is also “an important dimension of competition between the parties”?

Please contact [REDACTED] if you have any questions on our submission or require further information.

Yours sincerely,

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