

MEDIA RELEASE



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IAG's proposed acquisition of RACQ Insurance not opposed

The ACCC will not oppose Insurance Australia Group Limited's (ASX: IAG) proposed acquisition of RACQ Insurance Limited (RACQI).

IAG and RACQI supply general insurance products, including home and contents insurance and motor insurance. They predominantly overlap in the supply of insurance products in Queensland.

The ACCC's review considered the impact of the proposed acquisition on the supply of home and contents insurance and the supply of motor insurance, focussing on the level of competition provided by other existing insurance providers, how competitive RACQI is now, and the likely impact of the acquisition on insurance prices, service offering, and coverage.

The ACCC found that alternative suppliers of home and contents insurance and motor insurance would continue to compete with and provide a competitive constraint on IAG after the acquisition.

"Several alternative suppliers of home and contents insurance and motor insurance, including the market leader Suncorp, more established insurers Allianz and QBE, and newer entrants such as Youi, Auto & General, and Hollard will continue to compete in Queensland," ACCC Chair Gina Cass-Gottlieb said.

The ACCC's investigation also found RACQI has not been a particularly vigorous competitor in recent times and that it has been losing market share since 2019.

"While RACQI has strong brand recognition in Queensland, our review found that it does not differentiate in terms of price or coverage. Its prices are generally higher than many alternative suppliers, and that it does not meaningfully differentiate on coverage or service offering in the supply of home and contents insurance and motor insurance," Ms Cass-Gottlieb said.

The ACCC also closely considered the level of competition RACQI would provide in the alternative scenario where it is not acquired by IAG.

In particular, the ACCC considered the significant challenges faced by the insurance industry, including the growth in the number of extreme weather events over time and rising reinsurance and regulatory costs. The ACCC also considered how these challenges affected RACQI in particular.

"RACQI faces material challenges in continuing to provide competitive insurance due to it serving some areas of higher natural hazard risk, and limited access to capital as a mutual organisation. These challenges have placed limitations on its capacity to compete," Ms Cass-Gottlieb said.

The ACCC also considered the impact of the proposed acquisition on markets for the acquisition of smash repair services, windscreen repair and replacement services, and building repair services.

The ACCC found that the proposed acquisition is unlikely to substantially lessen competition in these markets as IAG is unlikely to have the ability to diminish prices or supply terms after the acquisition due to its position in the market relative to other insurers and acquirers of these services.

The ACCC is currently reviewing Allianz Australia Insurance Limited's proposed acquisition of RAA Insurance Holdings Limited and is aware of IAG's proposed acquisition of RAC Insurance from RAC WA. This decision in relation to IAG and RACQ should not be treated as being indicative of the ACCC's decision or further consideration of these transactions. The competitive dynamics and issues in each transaction are unique and the ACCC is considering (or will consider) each transaction individually.

Further information can be found on the ACCC's public register: [IAG Limited - RACQ Insurance Limited](#)

Background

As part of the proposed acquisition, IAG will acquire 90 per cent of the shares in RACQI from The Royal Automobile Club of Queensland Limited (RACQ), with an option to acquire the additional 10 per cent after two years. The proposed acquisition does not include RACQ's membership-based business, which includes its roadside assistance business.

IAG is a general insurance company operating in Australia and New Zealand. IAG provides a range of personal and commercial insurance products under various brands, including NRMA Insurance, Swann Insurance, ROLLiN', Cylo, and Lumley Special Vehicles.

IAG also underwrites insurance products and distributes them through agreements with third party brands, including Bendigo and Adelaide Bank, People's Choice Bank, ANZ, and Coles (transitioning to Auto & General by October 2025).

RACQ is a Queensland based member-owned organisation that provides roadside assistance, insurance, banking, and member/community services. RACQ issues general insurance products to customers through its wholly-owned subsidiary RACQI.

RACQI also underwrites insurance products and distributes them through agreements with third party brands, including Honey Insurance (which provides insurance products to Aldi Insurance, Bank Australia, and Bank of Queensland) and Royal Automobile Club WA.

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