

Motor Vehicle Insurance and Repair Industry Code of Conduct

CODE ADMINISTRATION COMMITTEE

ANNUAL REPORT 2011

**Code
Administration
Committee**

PO Box 7115

MELBOURNE VIC 8004

The Motor Vehicle Insurance and Repair Industry Code of Conduct (Code) has been in operation since 1st September 2006. The Code is voluntary in all states and territories of Australia, other than New South Wales where it is mandatory. Over 2,000 smash repairers are signatories to the Code, 30 Insurance companies, representing most major participants in motor vehicle insurance, are also signatories to the Code.

The Code Administration Committee (CAC), which is made up of three appointees from the Motor Trades Association of Australia (MTAA LTD.) and three appointees from the Insurance Council of Australia (ICA) is responsible for the administration, monitoring and promotion of the Code. In accordance with Section 12.2 (c) of the Code, the CAC has produced this Annual Report, for the period of 1 September 2010 to 31 August 2011.

Meetings of the CAC

The CAC met on three occasions, during the reporting period, with meetings being held in Sydney and Adelaide.

The ICA made one change to its representation on the CAC, Mr Michael Finlay being replaced by Mr Rob Bartlett from Suncorp, Mr. Trevor Lawler from Allianz and Mr. Chad Vigar from IAG remaining as ICA representatives.

MTAA LTD. made two changes to its CAC representation, during the reporting period, with Mr James McCall of MTA-NSW being replaced by Mr Greg Preston of MTA-NSW, and Mr Gunther Jurkschat from VACC replaced by Mr Darren Curry of VACC, Mr Peter McMahon remained as the other MTAA representative.

The CAC extends its sincere thanks to both Mr McCall and Mr Jurkschat for their long service and valuable contribution during their time on the CAC, the CAC would also like to thank Mr Finlay for his service to the code.

During the reporting period in which the CAC met to discuss the external review, the CAC unanimously agreed to Mr Chad Vigar to remain in the position of CAC Chairman until September 2011, where Mr Peter McMahon representing MTAA Ltd would take over the role. The CAC would like to extend its thanks to Mr Vigar for his leadership through the external review process.

It is the CAC's intention during the coming 12 months to continue its program of meeting in different states in order to broaden direct access by stakeholders should they desire to meet with the CAC.

Code Administration

In accordance with the provisions of Section 12 of the Code the CAC carried out a variety of administrative duties, including the ongoing maintenance and updating of the Code website. The CAC will continue to promote the Code website, from which copies of the Code, annual reports and

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other general information can be obtained, and where full details on access to internal and external dispute resolution is available.

The Code website is located at: www.abrcode.com.au. Signatories to the Code and other interested parties are encouraged to visit the website to obtain more information on the Code and its operation.

External Review of the Code

Following on from the CAC's discussions in 2010, the CAC intends to continue discussions in respect of findings of the external review.

CAC acknowledges that there were differing views expressed by the Repairer and Insurance industry representatives on aspects of the review, and it is also recognised by CAC that agreement was not reached on many recommendations.

A copy of the report and the revised MVIRI Code of Conduct, is available on the Code website (www.abrcode.com.au).

Dispute Resolution under the Code

One of the key principles of the Code is the provision of efficient, accessible and transparent dispute resolution to address disputes arising between individual repairers and individual insurers. There are two levels of independent dispute resolution available under the Code.

Where issues cannot be resolved between repairers and insurers at the local level the matter can be raised through the insurance company's internal dispute resolution (IDR) mechanism.

Disputes that cannot be resolved following IDR can then be raised through the Code's External Dispute resolution (EDR) mechanism. The CAC has appointed LEADR Mediation to provide repairers and insurers nationally with an easily accessible and cost effective EDR service.

While the CAC is required, under the Code, to report annually on EDR disputes with the agreement of all parties it has been, and will continue to be, the CAC's intention where possible to report on both IDR and EDR disputes under the Code.

For the period 1 September 2010 to 31 August 2011, a total of 291 matters were raised through IDR nationally in both the voluntary states and NSW, across all signatory insurance companies. For the same period in NSW where the code is mandatory there were over 150 IDR disputes lodged. For the same period LEADR reported that there were 15 EDR disputes were raised. Of these EDR's reported by LEADR in the reporting period four were successfully concluded, agreement was reached before mediation on two further EDR's, two withdrawn and the balance of EDR's remain static with no action taking place at the time of writing.

When considered in the context of over two and half million motor vehicle claims managed by signatory insurers each year, the level of IDR activity has been low in states where the code is voluntary, while activity in NSW has seen an increase. The CAC therefore concludes that the vast majority of matters continue to be resolved at the local level between insurers and repairers, as was intended.

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Notwithstanding that, the CAC recognises that it has a continuing role in promoting the IDR and EDR processes to both insurers and repairers and in particular notes the views of repairer representatives that their members continue to express reservations about lodging IDR and EDR notifications because of their concerns about the impact of such action on their future relationship with the relevant insurer.

Role of CAC in Dispute Resolution

Signatories to the Code are reminded that the Code Administration Committee plays no part in resolving disputes between insurers and repairers, beyond its responsibility to establish and maintain an easily accessible dispute resolution mechanism to support the Code.

Repairers unable to resolve a dispute with an insurance company at the local level can find details for access to IDR and EDR options on the Code website (www.abrcode.com.au), or can contact their local trade association for further assistance.

Where evidence of systemic non-compliance with the Code on a company or industry wide basis is identified, either by repairers or insurers, such issues can be elevated to the CAC for consideration through the ICA or the MTAA (or other state trade associations), but otherwise the CAC plays no direct role in the dispute resolution process, or its outcome.

Summary

The CAC continues to believe the establishment of the Code has done much to improve the relationship between the insurance and smash repair industry, despite differences still remaining between the two industry sectors.

The CAC remains confident that the Code, having already gone a long way towards delivering on its intended purpose of promoting transparent, informed, effective and co-operative relationships between smash repairers and insurance companies, based on mutual respect and open communication, will continue to do so.

It is also the belief of the CAC, that the code will remain a positive platform for future enhancements to the Insurance and Repairer Industry relationships.

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Insurance Company Signatories to the Code

AAMI

Aioi Insurance Co Ltd

Allianz Australia Insurance Limited

AMP

Apia

Auto & General Insurance Company Limited

Bingle.com.au

CGU

Commonwealth Insurance Ltd

GIO

Insure My Ride

Just Car Insurance

Lumley Australia

Mutual Community General Insurance

National Transport Insurance

NRMA Insurance

OBE Insurance (Aust) Ltd

RAA Insurance Ltd

RAC Insurance

RACQ Insurance

RACV

SGIC

SGIO

Shannons

Suncorp – GIO

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Swann Insurance

The Buzz

TIO

VERO Insurance Ltd

Zurich Australian Insurance Limited