

Motor Vehicle Insurance and Repair Industry Code of Conduct

CODE ADMINISTRATION COMMITTEE

ANNUAL REPORT 2012

**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 and over 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 2011 to 31 August 2012.

Meetings of the CAC

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

Mr Peter McMahon from the Motor Trade Association of South Australia was nominated as Chairperson of the committee during the reporting period.

There were two changes made to the representation of the Insurance Council of Australia (ICA), Mr Trevor Lawler from Allianz Insurance was replaced by Peter Hartman also from Allianz Insurance and Mr Chad Vigar formerly of Insurance Australia Group (IAG), who stood down due to leaving the employ of IAG.

Mr Rob Bartlett from the Suncorp Group remains a member of the committee.

MTAA LTD made one change to its CAC representation, during the reporting period, with Mr Greg Preston of MTA-NSW being replaced by Mr Wayne Phipps Chairman of the Australian Motor Body Repair Association. Mr Phipps becomes the first smash repairer nominated to the CAC.

Mr Darren Curry from VACC and Peter McMahon from MTA-SA remain members of the committee.

The CAC extends its sincere thanks to both Mr Vigar and Mr Lawler for their long service and valuable contribution during their time on 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 2010 external review.

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.

During the reporting period of 1 September 2011 to 31 August 2012, an accurate number of Internal Dispute Resolutions lodged by repairers was not able to be obtained. With this in mind the CAC has agreed to establish an electronic tracking system through the Code's website so that future reporting will be accurate.

However the CAC recognises that the process of External Dispute Resolution (EDR) through the LEADR Company has been documented accurately.

During the reporting period LEADR reported that there were 50 EDR disputes raised. Of these EDR's reported by LEADR in the reporting period, 13 were successfully resolved, 15 were not resolved and 22 EDR's were withdrawn, the breakdown of EDR lodgement is as follows, NSW 45, Victoria and Queensland two each and South Australia one.

When considered in the context of over two and half million motor vehicle claims managed annually by signatory insurers each year, the level of EDR activity reported been low in states where the code is voluntary, while activity in NSW remains high.

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

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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 Code continues to assist both repairers and insurers to achieve a balance of fairness in their dealings with each other.

The CAC also recognises the industry has seen a shift in the way insurers interact with repairers as their business models change. The Code will need to be able to adapt quickly to these changes to ensure the principles of the Code remain the basis in which future guidelines are developed.

The CAC as required under section 12.2 (f) of the Code will commence the process of an external review of the Code of Conduct and will provide those findings publicly on the Code website at www.abrcode.com.au.

Code Administration Committee
May 2013

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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

QBE Insurance (Aust) Ltd

RAA Insurance Ltd

RAC Insurance

RACQ Insurance

RACV

SGIC

SGIO

Shannons

Suncorp – GIO

Swann Insurance

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The Buzz

TIO

VERO Insurance Ltd

Zurich Australian Insurance Limited