

Motor Vehicle Insurance and Repair Industry Code of Conduct

CODE ADMINISTRATION COMMITTEE

ANNUAL REPORT 2013

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 Australian Motor Industry Federation (Formerly MTAA.) 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 2012 to 31 August 2013.

Meetings of the CAC

The CAC met face to face on three occasions and held two teleconferences, during the reporting period.

The Code Administration Committee members consist of representation from the Insurance Council of Australia, Mr Rob Bartlett – Suncorp Insurance, Mr Peter Hartman – Allianz Insurance and Mr Rod McDougall – Insurance Australia Group.

Representing the Australian Motor Industry Federation (formerly MTAA) are Mr Peter McMahon-MTA-SA, Mr Darren Curry- VACC and Mr Wayne Phipps- Chairman of the Australian Motor Body Repairers Association.

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 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

The CAC commenced the process of carrying out an external review of the Code in accordance with section 12.2 (f). The CAC invited three consulting firms to submit a proposal to conduct an external review on behalf of the CAC.

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The CAC awarded the review to Executive Counsel Australia; the review is to be carried out from the 16th of September 2013.

As detailed in the 2012 Annual Report the industry has and is undergoing rapid change and the Code will need to adapt to the changing dynamics between repairers and insurers with this in mind the CAC agreed to provide a more open review process.

Included in this process is a much broader scope with guidelines to provide much greater access and to include current signatories and all interested parties and to also seek suggested changes to the Code's clauses.

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 2012 to 31 August 2013, while the development of an electronic system to track internal dispute's lodged by repairers is ongoing, data collected by the ICA shows a total of 224 IDR's were lodged.

During the reporting period LEADR reported that there were 15 EDR disputes raised. Of these EDR's reported by LEADR in the reporting period, 4 were successfully resolved, one was not resolved and 9 EDR's were withdrawn, the breakdown of EDR lodgement is as follows, NSW 8, Victoria 2 and Queensland 3 with South Australia and Tasmania one each.

The reported number of EDR's is down significantly over previous years, while no evidence can be provided as to why the number of disputes had declined, the CAC believes that this decline can be contributed to the industries rapid change and a lack of understanding or awareness of the Code.

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.

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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 Code's need to evolve and change, with the changes in industry practices from both a commercial, technical and relationship view point. The CAC looks forward to the external review being carried out and any recommendations forthcoming from the review.

Code Administration Committee
March 2014

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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

YOUI Insurance

Zurich Australian Insurance Limited