

Motor Vehicle Insurance and Repair Industry Code of Conduct

CODE ADMINISTRATION COMMITTEE

ANNUAL REPORT 2014

**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 2013 to 31 August 2014.

Meetings of the CAC

The CAC met face to face on six occasions as well as two teleconferences during the reporting period.

During the reporting period CAC members also provided submissions to the external reviewers Executive Counsel as well as verbal submissions during October.

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 (MTAA Ltd) 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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Executive Counsel Australia handed down its final document to the CAC in December 2013. The report detailed 30 recommendations to the CAC for its consideration. The CAC commenced discussions in January 2014, these discussions were not concluded during the reporting period but have seen positive and productive progress on all areas of the Code document.

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 2013 to 31 August 2014, 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 136 IDR's were lodged.

During the reporting period LEADR reported that there were 10 EDR disputes raised. Of these EDR's reported by LEADR in the reporting period, 3 were successfully resolved, 5 were not resolved and 2 EDR's were withdrawn. There have been some disputes raised directly with some state Small Business Commissioners this data has not been advised to the CAC.

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. However the CAC is confident that the external review has provided an excellent pathway for the CAC to improve on the original document and provide the industry with confidence when dealing with disputes between parties.

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The CAC recognises as part of its charter that an education program will need to be developed to assist in informing all parties in the changes that will be introduced on completion of discussions between the CAC delegates.

The external review identified that the parties both insurer and repairer do not fully understand the Code and its various clauses. In many instances it has become apparent that the parties either misinterpret sections of the Code or do not acknowledge the Code.

The CAC would also like to acknowledge the input from Australian Motor Body Repairers Association Members, Insurance Council of Australia Members and the NSW Parliamentary Select Committee on the Motor Vehicle Repair Industry for their contributions which has assisted the CAC in their deliberations over the last twelve months.

Peter McMahon

Chairman - Code Administration Committee

May 2015

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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

Coles Insurance

Commonwealth Insurance Ltd

GIO

Insure My Ride

Just Car Insurance

Lumley

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

TIO

Vallar Group Pty Limited

VERO Insurance Ltd

Youi Insurance

Zurich Australian Insurance Limited