

# Motor Vehicle Insurance and Repair Industry Code of Conduct

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## **CODE ADMINISTRATION COMMITTEE**

### **ANNUAL REPORT 2008**

**C**ode  
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PO Box 7115  
MELBOURNE VIC 8004

The Motor Vehicle Insurance and Repair Industry Code of Conduct (Code) has been in operation since 1<sup>st</sup> 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. 23 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) 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<sup>st</sup> September 2007 to 31<sup>st</sup> August 2008.

### **Signatories to the Code**

The CAC was pleased to welcome 3 new Insurance Company signatories during the year, with no insurance companies withdrawing from the Code. QBE Insurance, RACQ Insurance and Vero Insurance Ltd joined the 20 existing insurance company signatories to further demonstrate the commitment of all major insurers to the development of transparent and co-operative relationships with the smash repair industry. A complete list of insurance company signatories is provided at the conclusion of this report.

The CAC will continue to work with the ICA to encourage remaining insurance companies to also become signatories to the Code.

### **Meetings of the CAC**

The CAC met on four occasions during the reporting period with these meetings being held in Melbourne, Sydney, Brisbane and Canberra.

The ICA representatives on the CAC are Maureen Joseph (Chair) from AAMI, Chad Vigar from IAG and Tim Jeffcoat from Suncorp, unchanged from the previous year. The MTAA made one change to their CAC representation during the year, replacing Gunther Jurkschat from VACC with Phil McGilvray from MTA-ACT as a result of VACC's resignation from the MTAA. The thanks of the CAC are extended to Mr Jurkschat for his valuable contribution during his term on the CAC.

In accordance with its commitment to consult widely with industry stakeholders the CAC also met with representatives from the Institute of Accident Assessors; RACQ Insurance and MTA-Queensland during this period.

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## **Code Administration**

In accordance with the provisions of Section 12 of the Code the CAC carried out a variety of administrative duties, including the reprinting of Code booklets, and the ongoing maintenance of the Code website. In response to difficulties being experienced in finding the Code website steps were taken to improve search criteria. The CAC will continue to promote the Code website, from which copies of the Code, annual reports and other general information can be downloaded and where full details on access to internal and external dispute resolution is available.

The Code website is located at: [www.abrcode.com.au](http://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.

## **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 to report on both IDR and EDR disputes under the Code.

For the period 1<sup>st</sup> September 2007 to 31<sup>st</sup> August 2008 a total of 10 matters were raised through IDR nationally, across all signatory insurance companies. For the same period only 1 EDR dispute was raised and this was resolved to the satisfaction of both parties. These levels of dispute compare favourably with the disputes recorded during the first year of the Code's operation when 23 IDR and 2 EDR disputes were recorded.

While it is suggested by repairer representatives that there may be a reluctance on the part of some repairers to raise issues through the dispute resolution process due to concerns about repercussions (whether actual or perceived) from some insurance companies, the low level of disputes can only lead the CAC to conclude that the vast majority of matters are being resolved at the local level between insurers and repairers.

## **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.

While the CAC recognises that some provisions of the Code may be open to varying interpretations it has no mandate to provide guidance on matters of interpretation. Instead these matters need to be addressed on an individual case by case basis through dispute resolution as was intended when the provisions of the Code were originally agreed by the Implementation Taskforce.

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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](http://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 Administration Committee continues to believe the establishment of the Motor Vehicle Insurance and Repair Industry Code of Conduct has done much to improve the relationship between the insurance and smash repair industry. The channels of communication that have been opened through the Code, and the willingness of all parties to attempt to resolve issues as they arise, has brought a new level of transparency and accountability to the industry to the betterment of all participants.

By any measure the low level of disputes raised under the Code show the Code is operating as was intended with matters being resolved between the parties without the need for recourse to official dispute resolution.

While acknowledging the Code cannot, and was never intended to, resolve every issue that arises between insurance companies and smash repairers the CAC is unanimous in its view that the Code, and the dispute resolution mechanism that underpins it, has 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.

The Code Administration Committee believes there is every reason to confidently expect this will continue to be the case in the future.

**Code Administration Committee**  
**March 2009**

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## **Insurance Company Signatories to the Code**

AAMI

Allianz Australia Insurance Limited

Apia

Auto & General Insurance Company Limited

CGU

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

TIO

VERO Insurance Ltd

Zurich Australian Insurance Limited