

MOTOR VEHICLE INSURANCE AND REPAIR INDUSTRY CODE OF CONDUCT

CODE ADMINISTRATION COMMITTEE

ANNUAL REPORT 2010

CODE
ADMINISTRATION
COMMITTEE
PO Box 71 15
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. 25 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 2009 to 31 August 2010.

Meetings of the CAC

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

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

MTAA LTD made one change to its CAC representation, during the year, replacing Mr Phil McGilvray with Mr Peter Mc Mahon. Mr Gunther Jurkschat from VACC and James McCall from MTA-NSW remained as the other MTAA representatives.

The CAC extends its sincere thanks to both Mr McGilvray and Ms Joseph for their valuable contribution, during their time on the CAC.

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 stakeholder 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 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. Signatories to the Code and other interested parties are encouraged to visit the website to obtain more information on the Code and its operation.

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External Review of the Code

In accordance with the provisions of Section 12.2 (f) of the Code the CAC conduct an external review of the operation of the Code. CAC engaged the services of ICDPA to conduct this review during 2009, and the report was released in March 2010.

Following the independent review, CAC met on numerous occasions during 2010 to debate and agree on recommendations to changes that should be made to the Code. Details of these deliberations and CAC responses to the independent review have been provided in a separate report.

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.

In acknowledging these ongoing differences, CAC recognises that further debate on these matters will form the bases for CAC's activities for the foreseeable future.

A copy of the report and the revised MVIRI Code of Conduct has been placed 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 2009 to 31 August 2010, a total of 77 matters were raised through IDR process in the States and territories where the Code is voluntary, covering issues with all signatory insurance companies. For the same period NSW, where the code is mandatory, there were over 147 IDR disputes lodged. For the same period there 5 EDR disputes were raised.

When considered in the context of the more than a 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.

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 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.

**Code Administration Committee
March 2011**

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Insurance Company Signatories to the Code

AAMI

Aioi Insurance Co. Ltd.

Allianz Australia Insurance Limited

Apia

Auto & General Insurance Company Limited

Bingle.com.au

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