



From the Land Down Under

Mr. David Newton-Ross

Editor, *National Collision Repairer* Magazine

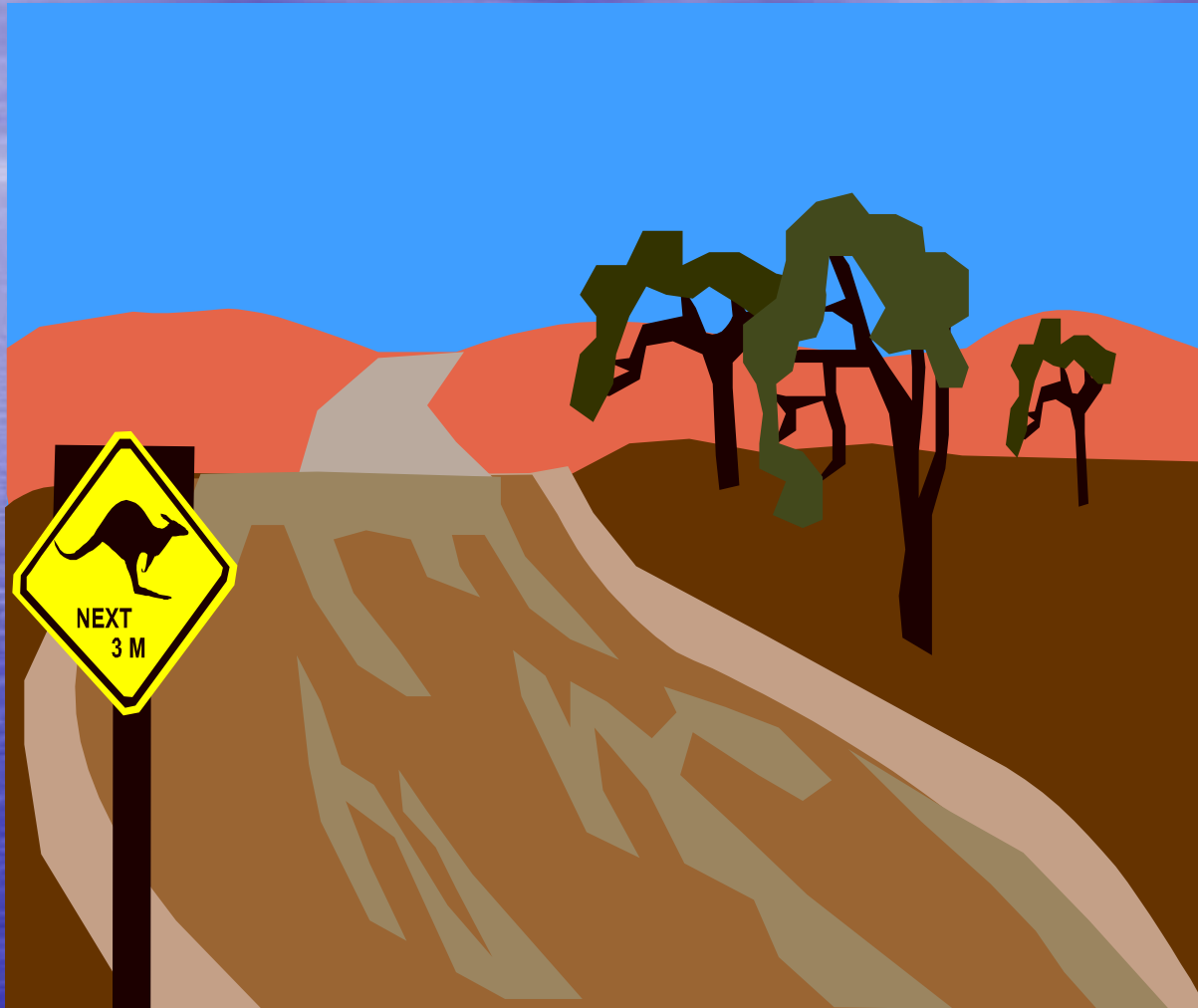


Australia Update

CIC Meeting

Las Vegas

31st October 2006



Good for business!



What is happening?

- **Code of Conduct, Federal & NSW**
- **I-CAR Australia**
- **Consolidation-Insurer**
- **New Schemes by Insurers**

WRM-Care & Repair Centres



13th July 2005



13th July 2005



Second Rally



**Motor Vehicle
Insurance & Repair
Industry
Code of Conduct
2006**

How will this Code of Conduct affect me?

- The Code of Conduct is intended to promote transparent, informed and co-operative relationships between collision repairers and insurers, based on mutual respect & open communication
- Insurers & Repairers agree to observe the highest standards of integrity & good faith in conducting their business with each other and in the provision of services to claimants
- The Code provides standards of fair-trading
- The Code provides fast, accessible & clear dispute resolution processes
- All parties agree that vehicles are repaired ensuring safety, structural integrity, presentation and utility of the vehicle

What will it cost me ?

NOTHING

- **In monetary terms, it costs nothing to become a signatory to the Code of Conduct. What it will require is a commitment to adhere to the regulations set out in the document.**
- **Whilst it is voluntary to become a signatory, once you have signed, you are obligated to abide by the code in all of your business dealings, with both participants and non-participants of the Code.**

4. INSURER & REPAIRER RELATIONS

For Repairers

- **Estimates will be for the full scope of work (where visible), not partial estimates, & set out, as required by the insurer, for their estimate methodology**
- **Not dismantle a vehicle for the purpose of preparing an estimate unless requested or authorised to do so by the insurer**
- **Allow both Insurers and claimants the right to obtain alternate estimates**

4. INSURER & REPAIRER RELATIONS

For Insurers

- **Provide all necessary relevant information to allow repairers to prepare estimates and/or undertake repairs**
- **Advise claimants of sublet repairs and any payments including policy excess and contributions – refer to Principle 1.1(c) of the Code – fulfilling obligations to policy holders**
- **Not refuse to consider an estimate on unreasonable or capricious grounds**
- **Pay the agreed amount authorised or requested, for all work completed – as per adjusted authorisation which is the contract you have with the insurer to perform the work and be paid accordingly**
- **Not remove a vehicle from a Repairer without notifying the Repairer in advance, and compensating the Repairer for legitimate or reasonable towing or storage costs associated with the vehicle, and in compliance with relevant legislation**
- **Not ask claimants to drive extensively in damaged motor vehicles, possibly unroadworthy or unsafe, to obtain alternative estimates**

5. NETWORK SMASH REPAIR SCHEMES

MTAQ has a standing advice to members to approach Network Smash Repair Schemes with duty of care, & to seek independent legal advice on individual contracts.

- **Criteria to become a member of an NSR scheme must be documented & published publicly by the insurer, available to anybody wishing to apply**
- **Insurers will provide a mechanism for repairers to apply for NSR status**
- **Insurers will confirm in writing a repairers interest, and provide details of the criteria**
- **Insurers will provide a 14 day 'cooling off' period after execution of the contract**
- **NSR Contract Terms of Agreement will be not less than 3 years – allows a repairer to invest in plant & equipment and adjust processes & procedures accordingly with a degree of confidence**
- **Businesses may be sold with NSR approvals, providing new ownership meets performance, probity and prudential standards, and contracts will remain in place for the remainder of the term – subject to termination clauses 5.5 – 5.8 of the Code**

6. ESTIMATE, REPAIR & AUTHORISATION PROCESS

- In a competitive estimate environment, 'incomplete' estimates cannot be the basis for selection
- Keeping in mind that both Repairers & Insurers acknowledge the development of realistic times & rates:
 - a) Insurers will state clearly their estimation methodology
 - b) Repairers may cost out paint, parts, significant consumables & mandatory government environmental levies as they apply to the repair
- Both Insurers & Repairers have the right to fair & transparent negotiation.
- In a competitive estimation environment, the labour component cannot be further adjusted if the estimate has been awarded on a competitive basis. Method of repair may be changed or adjusted (e.g. repair instead of replace), and the type of part to be used may be changed (e.g. recycled instead of new), but only subject to legislative & manufacturer recommendations. If mutual agreement is not reached, then notification must be given in writing by the insurer
- Whilst contracts may specify performance targets, Insurers will not unduly influence Repairers to submit estimates on the basis of receiving further work

7. REPAIR WARRANTIES

- **Repairers should be mindful of selecting the correct repair method, giving attention to Manufacturer's specifications, integrity & safety of the vehicle. Repair methods in breach of this should not be accepted by the Repairer.**
- **If an Insurer requires a repairer to use a method that differs from that recommended by the Repairer, & mutual agreement cannot be reached, the Insurer must document the requirement in writing**
- **If defect of warranty issues arise from an Insurers written insistence of a repair method, the Insurer agrees to pay the rectification costs involved, providing the warranty issue is not caused by faulty workmanship.**
- **The initial Repairer will always be offered the first right of rectification, allowing for customer preference and practicalities.**
- **When sub-let repairs are performed under an Insurer's direction, the Insurer will take full responsibility for any claim that may arise from the claim by the sub-let repairer, and reimburse any reasonable costs incurred by the initial Repairer, if the sub-let repairer does not complete the work as authorised in the allocated time**

8. PAYMENT TERMS

- **Payment terms are not to exceed 30 days from receipt of invoice**
- **If there is a dispute in an invoice amount (e.g. a supplementary part), the Insurer will pay the undisputed amount as per the 30 day agreement**
- **All payment terms will be disclosed**

9. DISCLOSURE OBLIGATIONS

- **Insurers must be upfront & transparent with their policy holders in their PDS regarding 'Choice of Repairer', and policies on parts, sub-let arrangements, guarantees and warranties**
- **Insurers will not mislead claimants regarding a repairers capability to perform repairs**
- **Repairers will not mislead claimants based on an insurers reputation, their methodologies, or allocation & claims handling ability**

10. REPAIR DISPUTE RESOLUTION

- If a dispute between an Insurer and a Repairer cannot be resolved under Clause 1. (Principles) or Clause 7. (Warranties), then the dispute may referred to Clause 10.2 (Notification of Dispute). In the spirit of the Code of Conduct, every effort must be made by both parties to mutually settle the dispute, prior to notification.

11. DISPUTE RESOLUTION PROCESS

- This process has been agreed by all parties involved in developing the Code of Conduct

12. ADMINISTRATION

- This process has been agreed by all parties involved in developing the Code of Conduct

I-CAR Australia

- **First courses November 2006**
- **Follow up commence February 2007**
- **Insurers, Service Providers & Shops**

Insurer Consolidation

- IAG
- Suncorp/GIO
- AAMI
- Allianz

Insurer Schemes

Smartec

- 60 cars per week, 12 per day
- Cost plus profit
- Transparency to Insurer

