



Media Release

The Hon Fran Bailey, MP

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NEW VOLUNTARY CODE - WIN FOR BOTH SMASH REPAIRERS AND INSURERS

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A new voluntary code will be adopted in the smash repair and insurance industries to help repair the high level of acrimony that has existed over the past decade. In what is a win-win for smash repairers, insurers and motorists alike, the industries have reached absolute agreement on a voluntary Motor Vehicle Insurance and Repair Industry Code of Conduct.

"Over time relations between smash repairers and the insurance industry have reached rock bottom. The Australian Government was determined to fix the problems and deliver greater transparency and certainty for the industries," Minister for Small Business and Tourism, Fran Bailey, said today.

"So following the Productivity Commission report, I formed a Taskforce charged with making the seemingly impossible not only a reality, but something that was long overdue and needed. I congratulate the Taskforce members for being prepared to work together and committed to achieving a good result. Such a win has been worth the six months of hard effort by both parties."

Over the past six months, an industry taskforce comprising the smash repair and motor vehicle insurance industries has been developing the Code under the able chairmanship of Mary Urquhart.

"This is a big winner for small business repairers and consumers. For the first time, we will have Code of Conduct that sets down a number of rules for the industries to follow that will deliver a better outcome for motorists. It will be a simpler, more effective and more transparent system," Fran Bailey said.

Key provisions of the Code include:

- A transparent Network Smash Repairer (NSR) scheme with full disclosure of membership criteria and the ability to transfer the status on sale of business.
- Fair and open processes in relation to quotation processes, times and rates, and use of parts.
- Insurers providing smash repairer's details in warranty provisions that they supply to policy holders

- Payment terms to smash repairers not exceeding 30 days
- Product Disclosure Statements stating clearly upfront company policies on choice of smash repairers
- An independent external dispute resolution system
- Administration of the Code by a Code Administration Committee

"I congratulate the smash repairers and insurers for achieving agreement on the Code. I want to particularly thank Mary Urquhart for her role in achieving this outcome," Fran Bailey said.

"The aim of the Code is to inject some much needed transparency and certainty for smash repairers. This has been achieved in spades. Now with goodwill on all sides, we can roll out the Code to the industries and ensure consumers benefit through greater clarity of the processes in place."

The Code has been welcomed by both the smash repair and insurance industries.

"MTAA and its smash repair members are extremely pleased with the outcome of the Taskforce negotiations. The conclusion of the Taskforce's negotiations and the introduction of the new Code will represent a significant move towards achieving a more balanced relationship between repairers and insurers and MTAA is grateful to the Government, and in particular to Minister Bailey, for their role in securing this Code. The Association will certainly be encouraging all smash repairers and all motor vehicle insurers to become signatories to the new Code." Michael Delaney, Executive Director of MTAA.

"The insurance industry has been pleased to participate in the process and to make a valuable contribution to the development of this Code. Importantly, we believe the Code enables insurers to provide motor vehicle policyholders with the level of customer service they expect, while clarifying and strengthening the business relationships between insurers and repairers." Kerrie Kelly, Chief Executive, Insurance Council of Australia.

Fran Bailey said the Code was a voluntary code, which was cheaper, simpler and less onerous than a mandatory Code for the industries to adopt.

"This Code has been voluntarily developed and agreed to. It's an important step forward for the industries," Fran Bailey said.

The Code will take effect on 1 September 2006. An education roadshow will be held throughout late June and July 2006. For a copy of the Code, please visit www.industry.gov.au/smallbusiness.

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