

## GOVERNMENT REQUEST

# UPDATE & STRENGTHEN THE MOTOR VEHICLE INSURANCE & REPAIR INDUSTRY CODE OF CONDUCT

There are around 4,500 automotive body repairers in Australia with most of their work funded either fully or partially from insurance companies. These repairers frequently encounter contentious, and at times unreasonable, demands from insurers.

This significant power imbalance needs to be addressed through the establishment of a mandatory national body repair code of conduct.

## Introduce a national code

Currently, the Motor Vehicle Insurance and Repair Industry (MVIRI) Code of Conduct is only mandatory in NSW and South Australia. Therefore, it is recommended that a nationally mandated body repair code be implemented, overseen by an independent chair to facilitate the swift resolution of disputes.

## Strengthen the existing code

One notable issue for repairers is that insurers are circumventing the need for skilled assessors by outsourcing evaluations overseas. Additionally, the existing Code lacks enforcement mechanisms, limiting accountability for insurers. In regions such as NSW, while the Fair Trading Act requires signing a Code of Conduct, there are no penalties for non-compliance, leading to a lack of accountability.

In December 2022, Dr Michael Schaper was appointed to conduct an independent review of the MVIRI Code of Conduct, with his final report submitted in May 2023. The review generated 15 recommendations focused on several key areas including:

- Effectiveness of dispute resolution processes under the MVIRI Code
- Awareness and accessibility of the Code
- Compliance with the Code
- Governance of the Code and the Code of Conduct Committee
- Making the code mandatory

Dr Schaper noted the need to reassess whether the Code should remain voluntary. Given recent and potential legal changes in various states, as well as ongoing discussions about transitioning to a mandatory code (such as in Tasmania), he suggested it would be timely to consider mandating the Code during the next review.

The MTAA views the establishment of a mandatory code as an urgent measure to protect body repairers from insurer practices. We urge the Australian Government to collaborate with the MTAA to implement a mandated MVIRI Code of Conduct nationally.

## RECOMMENDATION



**Introduce a mandatory national body repair code of conduct** with an independent chair to swiftly resolve disputes, addressing the rights of body repairers in light of the contentious and often unreasonable requests from insurers