

**Customer Charter
Annual Report
2008-2009**



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OUR COMMITMENT TO CUSTOMER SERVICE

Since its inception 14 years ago, AAMI's Customer Charter has been a key motivator for our culture and our strong customer service values. The fact that the Customer Charter remains a living document has ensured its success and assisted AAMI to continue to develop effectively as a company. It's only through this process of self examination that we hold ourselves accountable for our mistakes and continue to improve as an organisation.

This year the *AAMI Customer Charter Annual Report* encompasses an 18 month period (1 July 2008 – 31 December 2009) rather than the usual 12 months. This is following the change to the Customer Charter timeframe from financial year to a calendar year period.

The process of self examination which the Customer Charter ensures is shown in the number of staff-initiated payments. In 2008-2009, 98.6 per cent of payments were staff initiated. This number has significantly increased since the Customer

Charter was first launched in 1996, when only 70 per cent of payments were initiated by staff. This shows staff are dedicated to delivering excellent customer service and are dedicated to upholding the Charter promises.

With the environment continuing to be a relevant issue and one which AAMI is constantly addressing, we saw impressive results for Charter Promise 18 this year with a 2.7 per cent reduction in our carbon emissions on the previous year's score. Following the change to this promise in 2008 which saw it expand to include all elements that make up our carbon footprint, AAMI is continuing to focus on sustainability. This reflects our commitment to reducing our carbon emissions through the increased use of video conferencing, instead of interstate travel; a reduction in paper usage and the amount of recyclable material sent to landfill as well as the introduction of all external materials being printed on 100 per cent Australian carbon offset paper. Also through Promise 18, we continue

to subscribe to a national tree planting program to offset our fleet car emissions.

AAMI staff are committed to the success of the Customer Charter and for that I would like to thank them for their continued dedication to the rigorous self-assessment that the Customer Charter imposes. Upholding the promises contained in the Customer Charter is what differentiates us from our competitors and ensures that we continue to put our customers first while also improving and thriving as a business. I look forward to everyone continuing to strive to deliver the exceptional customer service that our customers have come to expect from AAMI in each and every interaction.



Mark Milliner
CEO Personal Insurance

REPORTING PERIOD

The *AAMI Customer Charter* reporting period is changing in 2010 from a financial year to a calendar year.

As a result, all reference to 2008-2009 results in this report will encompass an 18 month period (1 July 2008 – 31 December 2009) unless otherwise stated.

ACCESSIBILITY

AAMI understands that we must be available to our customers at all times. Accessibility is essential when dealing in insurance; we need to be there for our customers to provide peace of mind during stressful times.

Accessibility is the foundation of the *AAMI Customer Charter*. We promise to be available to our customers at all times. This is made possible through our 24-hour telephone service and our website.

Today, there is an increasing number of customers using the AAMI website (www.aami.com.au) to obtain a quotation and to pay for their insurance policy.

In response to the growing number of customers who want to do business online, AAMI introduced *My Policy Manager* in 2005. This tool enables customers' instant access to manage their policy online. They can perform tasks such as view the details of their policy, make

changes to their personal details, make a renewal payment, update a contents policy or swap motor cover to a new car.

Although our online business continues to grow, we understand there is still a strong demand for face-to-face contact. AAMI operates 49 customer service centres and branches throughout Australia.

We believe it's essential that our customers understand the products they purchase. Therefore we use plain English in our policy booklets, insurance schedules and other printed materials to ensure they are clear and easy to understand.

We recognise that Australia is a multicultural country and understand the need to communicate with our customers in a range of languages. For this reason we produce the *AAMI Consumer Appeals Service* brochure in multiple languages.

As part of the *AAMI Customer Charter*, we welcome feedback to continuously improve our service to our customers. AAMI customers can fill out a customer comment card, call the customer comment line on 1300 360 361, or provide input through regular surveys conducted on AAMI's behalf by an independent research agency.

The *AAMI Customer Charter*, containing all our promises, is provided to all customers with their renewals and is also available on our website.

PERSONAL INFORMATION: PRIVACY, ACCESS AND CORRECTION

AAMI protects the privacy of its customers in accordance with the Commonwealth Government's 2001 *Privacy Act*.

AAMI has a long-standing commitment and demonstrated track record in this area which was established well before it became a legal requirement. AAMI paved the way with two promises dedicated to the protection of personal information in the inaugural *AAMI Customer Charter* (1996-1997). This was five years before the Commonwealth privacy legislation was introduced.

Today, AAMI upholds four promises relating to personal information.

CLAIMS SERVICE GUARANTEES

In 2008-2009, there were over 500,000 motor vehicle and home claims lodged with AAMI.

The *AAMI Customer Charter* contains seven promises about our claims service. It is through these service guarantees that we provide peace of mind to our customers during the repair process.

PREMIUMS

AAMI appreciates customer loyalty and to express our gratitude, we offer customers a range of benefits and incentives. We were the first general insurer in Australia to introduce a Lifetime Rating One/ Maximum No-Claim Bonus for long-term claim-free driving, as well as the No-Claim Discount for our home insurance products. These benefits now make up part of our customer rewards program.

CONSUMER APPEALS

AAMI understands that not all our customers will agree with every decision we make. Customers who disagree with an AAMI decision are entitled to have the AAMI Customer Ombudsman review their dispute. The Customer Ombudsman acts with the direct authority of the Executive Management.

If the customer is still dissatisfied with the outcome following this process, they can contact the Financial Ombudsman Service (FOS) at no cost to them. Alternatively, they can undertake legal proceedings through the courts or a tribunal. The FOS monitors and reviews the dispute resolution performance of all general insurers and observes their adherence to the *General Insurance Code of Practice*.

CONSULTATION, ACCOUNTABILITY AND AUDIT

In order to be entirely accountable for the promises we make in relation to consultation, accountability and audit, AAMI imposes a financial penalty for a breach of any of the Charter's promises. Additionally, including an independent annual audit of the promises and their subsequent breaches furthermore ensures the Charter is both effective and accountable.

AAMI staff are also an integral part in the development and continuous improvement of the Charter. Key external and internal stakeholders attend the annual Charter Conference, which is held to assist with the development of a new Charter that best reflects the changing face of AAMI's business and customers.

PENALTIES

The *AAMI Customer Charter* is one of the few documents of its kind that promises to pay penalties to customers when promises are not kept. The success behind the *AAMI Customer Charter* is in the penalties it imposes when there is a breach of a promise. These penalties help the *AAMI Customer Charter* achieve its purpose.

We will be on call 24 hours a day, seven days a week and at all times we will have a decision-maker available to respond to your needs. Simply call us on 13 22 44 (please remember timed charges apply from mobile phones).

At AAMI, we recognise it's important to be available to our customers when it's convenient for them. That's why we are available to our customers via telephone 24-hours a day, seven days a week.

How are we monitoring our Promise 1 performance?

AAMI's Telecommunications department oversees any changes or issues concerning the 13 22 44 number. This involves reporting on the number and monitoring its performance. The after-hours register of emergency contacts is also maintained. This includes contacts for emergency household claims such as builders and glaziers, as well as on-call AAMI managers and supervisors who can assist in the decision-making process.

We will provide our documentation in plain language.

Insurance can sometimes be difficult to understand. To keep things as simple and straightforward as possible, we strive to provide all our documentation in plain language. Our policy booklets and insurance schedules are provided in a clear, readable format. We have also developed the *AAMI Plain Language Guidelines* for our staff to use when they write to a customer.

How are we monitoring our Promise 2 performance?

To ensure we meet this promise, the Charter Office:

- reviews feedback from staff and customers;
- reviews system-generated letters before they are approved for use;
- provides access to the *AAMI Plain Language Guidelines* to assist staff when writing letters to customers;
- conducts monthly audits of letters sent to customers and provides feedback; and
- circulates a monthly report to monitor the performance of this promise.

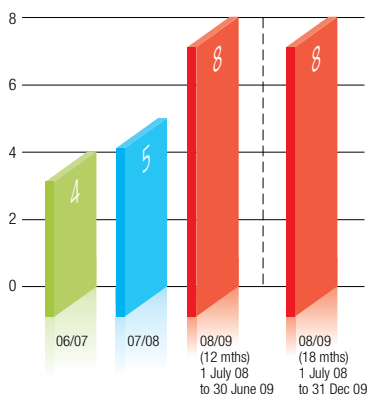
We will respond in detail, by phone or in writing, to all written customer enquiries within five working days.

In 2008-2009, AAMI recorded 6,844 written enquiries. Only 330 of these enquiries were not answered within five working days. This demonstrates that staff continually maintain a sense of urgency when handling written customer enquiries.

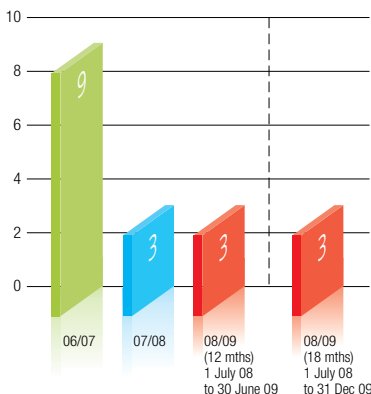
How are we monitoring our Promise 3 performance?

The Charter Office liaises with nominated Charter representatives to ensure Promise 3 is being adhered to. Furthermore, the Charter Office reviews the Charter database to ensure all written enquiries have been responded to within five working days. A monthly report is also circulated to record the performance of this promise.

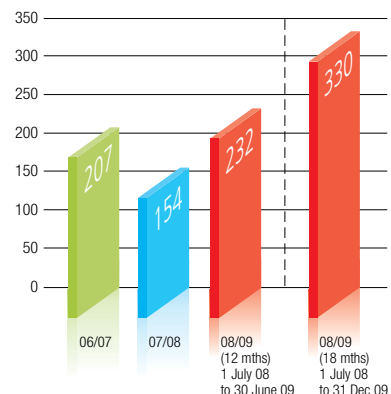
PROMISE 1 PENALTY PAYMENTS



PROMISE 2 PENALTY PAYMENTS



PROMISE 3 PENALTY PAYMENTS



We value the personal information you give us and will take all reasonable precautions to prevent unauthorised access to that information.

AAMI collects personal information about its customers for a number of reasons. When we issue a policy for a customer, for example, we require their name, address and details about their home or car. When a customer lodges a claim, we may collect information about what led to a car accident or the damage that occurred to a home. This information may be sensitive and AAMI is committed to taking precautions to prevent unauthorised access to it.

A 12 month comparison of breaches for Promise 4 shows there was a further decrease in penalty payments. This demonstrates AAMI's commitment to maintaining our customers' privacy.

How are we monitoring our Promise 4 performance?

To protect our customers' privacy, the Charter Office:

- liaises with the AAMI business to ensure any potential system problems are identified at an early stage;
- reports monthly to AAMI management on compliance with the Charter promises; and
- ensures the Internal Compliance and Risk department reviews AAMI's ongoing compliance to the National Privacy Principles.

We will not give your personal information to any other organisation for their marketing purposes.

This promise recognises that AAMI customers should not receive sales or promotional materials from other companies due to their relationship with AAMI.

How are we monitoring our Promise 5 performance?

Any request to provide information from our customer database needs to be signed by AAMI's Executive Managers. This process ensures we are not providing customer information to other companies for their marketing purposes. Only one breach has been made against this promise since it was introduced.

We will, with your help, keep your personal information accurate, complete and up-to-date. We guarantee to correct any error we make on your renewal notice that you bring to our attention.

At AAMI, we understand that a customer's personal information can change frequently. We have a range of training programs and call-logging processes in place to ensure that any amendments made to personal information are completed accurately and in a timely manner.

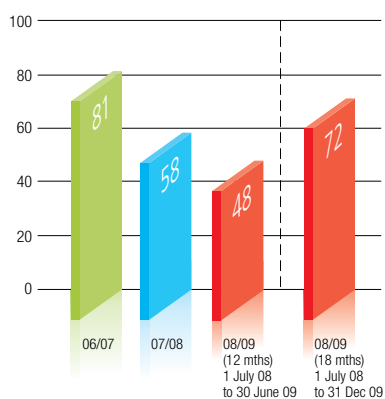
AAMI confirms the accuracy of customer's personal information we collect by:

- advising our customers of the importance of providing accurate and complete information when we are providing a policy quote;
- sending out policy schedules and renewals that clearly ask our customers to check their information and to advise us of any errors; and
- reconfirming the accuracy of customer's personal information when they call us.

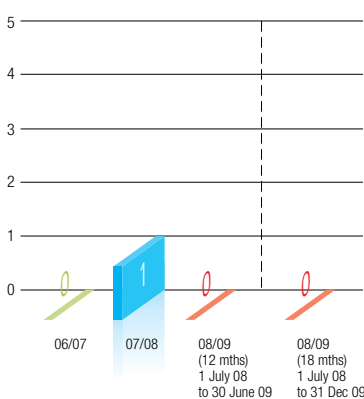
How are we monitoring our Promise 6 performance?

AAMI staff record customer-requested changes and corrections in AAMI's computer database. The changes and corrections are then automatically recorded in the customer's transaction history for reference. Our external auditor also reviews the penalty payments to confirm they are being raised appropriately.

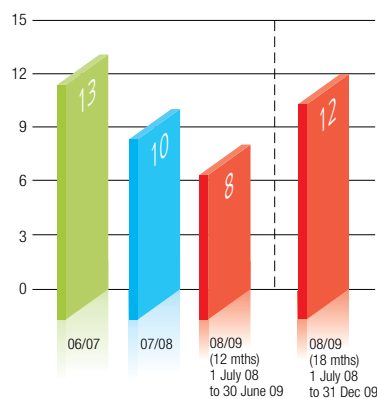
PROMISE 4 PENALTY PAYMENTS



PROMISE 5 PENALTY PAYMENTS



PROMISE 6 PENALTY PAYMENTS



You have the right to inspect the personal information we hold about you, subject to some exceptions relating to information given in confidence and claims investigations. Please ask for our brochure *AAMI and Your Personal Information*.

AAMI was the first private-sector general insurer in Australia to provide its customers with formal access to their files. This significant commitment was included in the inaugural AAMI Customer Charter (1996-1997) and has remained in each subsequent Charter. This promise enables customers to request copies of documents that contain their personal information. No breaches were recorded against Promise 7 in 2008-2009.

How are we monitoring our Promise 7 performance?

To comply with this promise, AAMI reviews and logs any requests from customers to access their personal information, as well as any denials. The Charter Office also audits these requests each month.

CHARTER	ACCESS REQUESTS	REQUESTS DENIED
2006-2007	500	4
2007-2008	2531	3
2008-2009*	2463	0
2008-2009**	3695	1

*1 July 08 to 30 June 09 (12 mths)
 **1 July 08 to 31 Dec 09 (18 mths)

When we recommend our Valet Service for your car claim, for no extra cost we will:

- Pay for your taxi to home or work after you deliver your car to our nearest Customer Service Centre
- Make all the necessary repair arrangements for you
- Nominate a person who will keep you fully informed of the progress of those repairs
- Pay for your return taxi fare to collect your repaired car
- Contact you within five working days of you collecting your repaired car, to ensure you are satisfied with its repair.

In 2008-2009, AAMI booked approximately 160,323 valet repairs.

How are we monitoring our Promise 8 performance?

To monitor this promise, the Charter Office conducts weekly audits on claims where quality follow-up calls have not been completed within five working days.

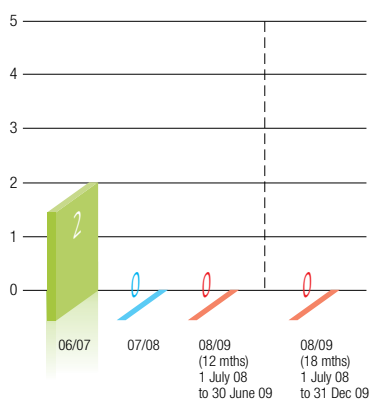
All AAMI Motor Vehicle Assessors will be qualified motor vehicle repair tradespeople.

This promise is designed to reassure our customers that all AAMI Motor Vehicle Assessors are qualified motor vehicle repair tradespeople. In 2008-2009, there were no breaches of Promise 9.

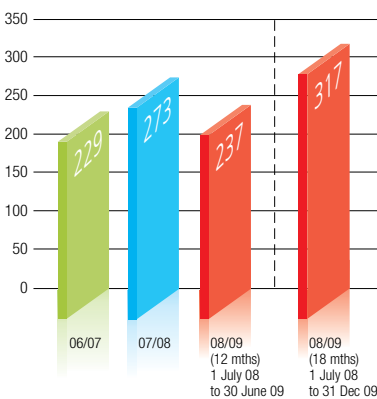
How are we monitoring our Promise 9 performance?

When AAMI advertises for Assessors, it stipulates that all candidates must have appropriate qualifications. A human resources database is also maintained and audited to confirm all Motor Vehicle Assessors hold appropriate qualifications.

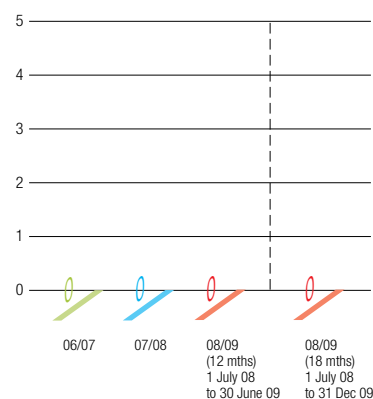
PROMISE 7 PENALTY PAYMENTS



PROMISE 8 PENALTY PAYMENTS



PROMISE 9 PENALTY PAYMENTS





The quality of the workmanship and the materials authorised in the repair of your car will be guaranteed for the life of the car.

In an 18 month period, AAMI approved 1,517 lifetime repair claims, an increase on the number of claims approved in previous years. We are pleased to report that no breaches of Promise 10 were recorded in 2008-2009.

How are we monitoring our Promise 10 performance?

AAMI's Assessing Division conducts random quality control inspections of customers' cars in the repair process. In addition, a staff member authorises and records all claims in the Lifetime Guarantee register.

CHARTER	CLAIMS APPROVED
2006-2007	611
2007-2008	819
2008-2009*	980
2008-2009**	1517

*1 July 08 to 30 June 09 (12 mths)
 **1 July 08 to 31 Dec 09 (18 mths)

Within three working days of agreeing to settle your motor vehicle total-loss, we will post a cheque for the agreed amount or deposit it directly into your nominated bank account.

This promise helps to provide some certainty about when customers will receive their money, for those customers inconvenienced by the loss of their car.

In 2008-2009, AAMI raised 36,096 total-loss payments for car claims.

How are we monitoring our Promise 11 performance?

AAMI's Charter Office reviews reports generated from our operating system to:

- record the number of total-loss cheques raised in each State; and
- identify the total-loss cheques that have not been posted within three working days.

If your contents are stolen from your home, we will contact you by telephone:

- The next working day after lodging the claim to confirm the next steps in the process
- During the course of the claim to keep you informed
- To make a final contact to confirm your satisfaction with the repair or replacement.

How are we monitoring our Promise 12 performance?

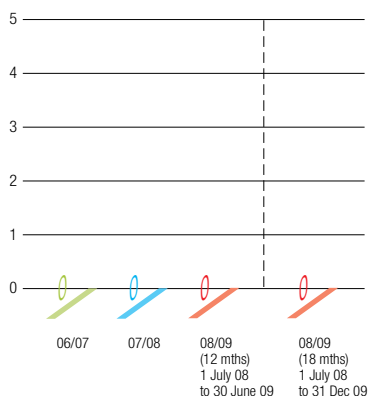
An automated diary reminder has been created within AAMI's operational systems, and this is used to indicate when a call is required for a particular customer.

Diaries are also manually set for progress calls throughout a contents-theft claim. AAMI's Home Claims department ensures these diaries are regularly monitored so that all calls are made within the appropriate timeframe.

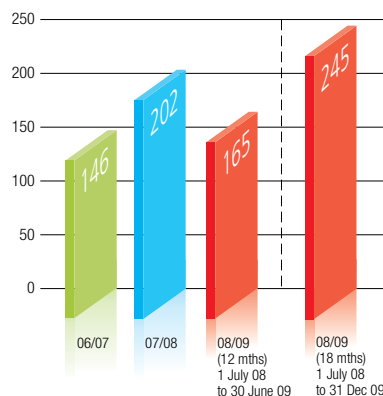
Additionally, two system-generated reports are reviewed, one daily and one weekly, to ensure any scheduled customer calls that have been overlooked are noted and penalty payments raised accordingly.

AAMI staff who manage home insurance claims are required to confirm that the processes they follow when managing a contents-theft claim, align with the AAMI Customer Charter.

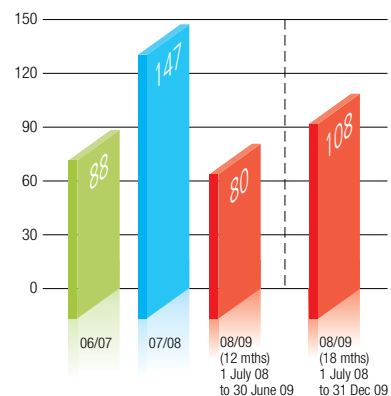
PROMISE 10 PENALTY PAYMENTS



PROMISE 11 PENALTY PAYMENTS



PROMISE 12 PENALTY PAYMENTS



When the home you permanently live in is damaged by an event covered under your Home Building Insurance Policy, and we agree it is unliveable, we will:

- Arrange emergency accommodation for you and your family within three hours
- Contact you within 24 hours to confirm the next steps
- Arrange emergency funds as an advance against your settlement, if required
- Provide up to three trauma-counselling sessions for you and your family, if required.

Promise 13 was introduced in the 2005-2006 Customer Charter to provide assurance and comfort that AAMI will respond quickly in situations where a customer's home becomes unliveable as a result of an insured event. This promise formalises our commitment to providing customers with immediate and ongoing assistance in difficult and often stressful situations.

How are we monitoring our Promise 13 performance?

Each month, the Charter Office reviews a report that identifies potential breaches of Promise 13. This report identifies where a customer's home is deemed unliveable, but where the claim process has not complied with this promise.

The quality of workmanship and the materials used in any repair or rebuilding of your home and contents that we arrange and authorise will be guaranteed for the life of the property.

In 2008-2009, AAMI approved 114 lifetime repair claims. There have been no breaches of Promise 14 since it was introduced in the 2006-2007 Customer Charter.

How are we monitoring our Promise 14 performance?

To monitor this promise, AAMI established a Lifetime Guarantee register. This register allows our home claims staff to authorise and record all claims that qualify for the guarantee.

CHARTER	CLAIMS APPROVED
2006-2007	92
2007-2008	819
2008-2009*	47
2008-2009**	114

*1 July 08 to 30 June 09 (12 mths)
 **1 July 08 to 31 Dec 09 (18 mths)

We will reward long-term, claim-free driving by giving eligible policyholders a Maximum No-Claim Bonus Rating for life. For a full explanation, please see the AAMI Comprehensive Car Insurance Policy booklet.

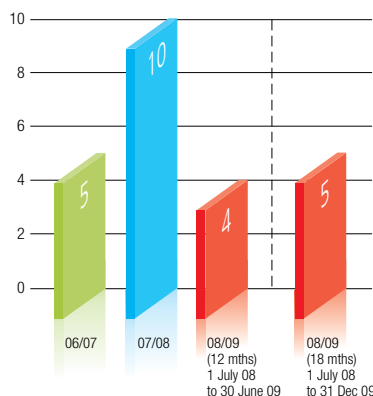
AAMI was the first Australian motor insurer to introduce the Lifetime Rating 1 benefit. Launched in 1994, this benefit recognises customers who have been a Rating 1 for three or more years.

How are we monitoring our Promise 15 performance?

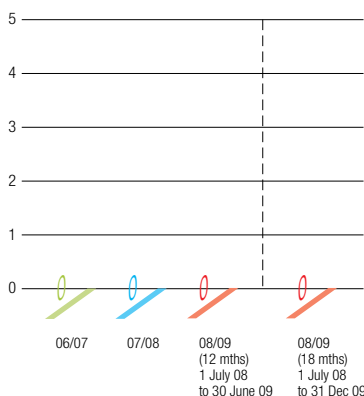
The Charter Office and AAMI's external auditor review Promise 15 during the annual Charter audit. Assessments are conducted to confirm that:

- customers are being awarded the correct rating by staff; and
- AAMI's systems ensure policy ratings are correctly updated during the automatic renewal process.

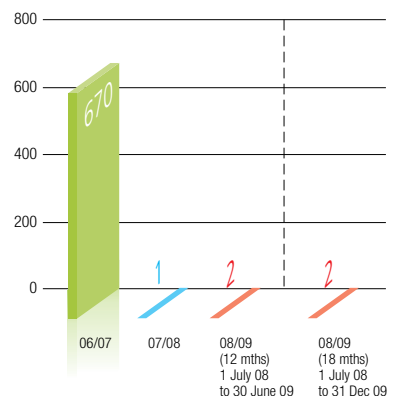
PROMISE 13 PENALTY PAYMENTS



PROMISE 14 PENALTY PAYMENTS



PROMISE 15 PENALTY PAYMENTS





AAMI endeavours to resolve all disputes quickly and fairly. To assist in this, we maintain a free and accessible internal consumer appeals service. To use this service, simply call us on 13 22 44. For further details, please see our brochure *What to do if you don't agree with our decision*.

At AAMI, we have always believed in being transparent in what we do. AAMI was an original member of the Financial Ombudsman Service (formerly the Insurance Enquiries and Complaints Limited) and is the only insurer to place its internal dispute resolution figures in the public arena.

This transparency promotes public confidence in our dispute resolution process and provides an objective basis for evaluating AAMI's customer service. AAMI continues to maintain that all insurers should publicly report on their dispute resolution figures.

AAMI also prides itself on its prompt management of disputes. AAMI posts a written response to customers within five working days. This service provides some certainty to customers and exceeds the requirements of the General Insurance Code of Practice, which states that an insurer is required to respond

to complaints within 15 business days – provided they have all necessary information and have completed any investigation required.

During 2008-2009, 3687 disputes were referred to AAMI's Customer Ombudsman for review. Of these, 504 were found in favour of the customer, which included 20 ex gratia payments.

AAMI's internal dispute resolution process (for both claim and non-claim disputes) is an important requirement under the Corporations Act 2001.

This legislation also requires AAMI to be a member of an approved external dispute resolution body that can review any such disputes.

The Financial Ombudsman Service (FOS) fulfils this function, having expanded its terms of reference to enable it to review non-claim disputes. This means that AAMI

customers who are not happy with a range of insurance-related matters, such as policy cancellations, premium amounts or policy conditions, can access the FOS Consumer Appeals Service.

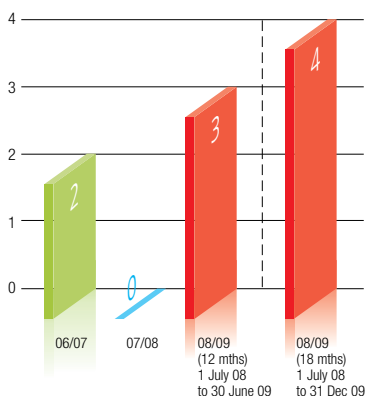
During 2008-2009, there were 538 matters referred from AAMI to the FOS for resolution.

It is encouraging for our customers to note that these disputes accounted for approximately 0.1 per cent of all claims lodged with AAMI during the period.

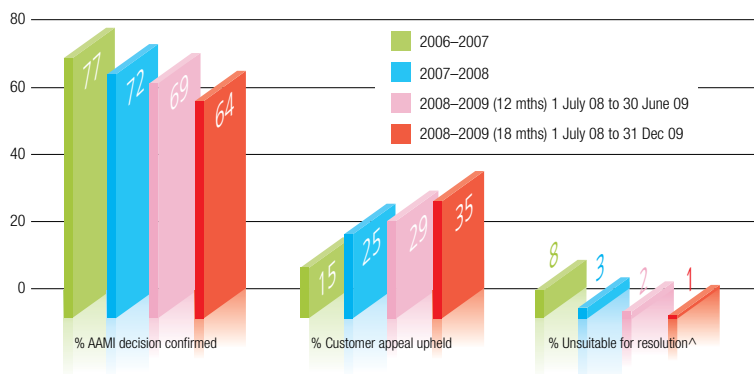
How are we monitoring our Promise 16 performance?

To monitor Promise 16, the Consumer Appeals Service (CAS) maintains a database to record and classify disputes raised by customers. Also, CAS produces a monthly report that lists the number and types of disputes and the outcome of each review.

PROMISE 16 PENALTY PAYMENTS



FOS PERFORMANCE



^Unsuitable for resolution are those matters where fraud is alleged or where FOS determines it would be appropriate that witnesses be cross-examined before a court of law.

We will report on our performance against measures of our commitment to open and honest business practices.

AAMI uses Corporate Transparency Reporting to record any issues or processes that companies would otherwise not be obligated to report on.

The Sustainability Report demonstrates AAMI's continuous commitment to delivering on Promise 17 of the AAMI Customer Charter.

How are we monitoring our Promise 17 performance?

AAMI ensures that the Sustainability Report is available on the AAMI website www.aami.com.au.

AAMI will report on its environmental initiatives annually, as it promises to reduce its carbon footprint.

Promise 18 recognises that AAMI's commitment to Australia is broader than just being an insurer. This promise formalises AAMI's commitment to reducing its carbon footprint. It provides us with a valuable benchmark on the community expectation that corporations report on environmental and community-based activities, and not just on financial performance.

During 2008-2009, we saw a further 2.7 per cent reduction in our carbon emissions on last year's score which is detailed in our annual Sustainability Report which can be viewed at www.aami.com.au.

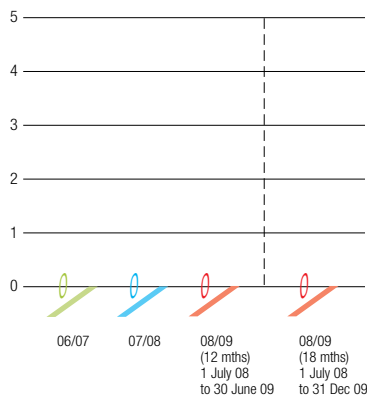
The overall result indicates a strong internal commitment to AAMI's 'green' promise. This was achieved through an

increase in the use of video conferencing instead of interstate travel, along with the reduction of paper usage and the amount of waste going to landfill. Another initiative that has been introduced is all external materials being printed on 100 per cent Australian carbon offset paper.

How are we monitoring our Promise 18 performance?

AAMI follows guidelines set down by the Global Reporting Initiative (GRI), which is an organisation that developed the world's most widely used sustainability framework. AAMI is one of the few financial service companies in Australia that adheres to international reporting standards for sustainability reports.

PROMISE 18 PENALTY PAYMENTS



We will report publicly and annually regarding our compliance with this Charter. A registered company auditor will independently audit our report.

AAMI pioneered the idea of conducting an annual audit for its Customer Charter, and although many other companies have followed and developed their own charters, AAMI's remains one of the few to be independently audited. The audit ensures transparency and provides a full review of AAMI's customer service commitments.

The *AAMI Customer Charter Annual Report* is a key part of the reporting process. It is available to the public via AAMI's website www.aami.com.au.

The independent audit opinion is published on page 17 of this report. By producing this report and documenting the results of the independent audit, AAMI meets the requirements of Promise 19.

This Charter commenced 1 July 2008 and will be reviewed annually.

A charter is a document that describes rights and, in AAMI's case, the AAMI Customer Charter outlines the rights of our customers throughout all stages of their relationship with AAMI.

In describing these rights, the AAMI Customer Charter imposes obligations on the company and its people – the obligation to consult, to inform, to be accessible, to be accountable and to provide redress.

These obligations were not created by AAMI, but form part of the United Nations' Charter of Consumer Rights, originally articulated by then US President John F. Kennedy in 1962. The AAMI Customer Charter is based around those obligations.

The AAMI Customer Charter grew out of an extensive consultation process, which is repeated every year and includes customers, regulators, consumer advocates and staff. It centres on how AAMI should conduct business. While not every aspect of AAMI's activities form a Charter promise, these promises help to ensure that fundamental consumer rights are both acknowledged and reflected in our business activities, and that the company is responsible for ensuring continuous improvement.

In 2008-2009, teams of staff throughout AAMI engaged in a review of the Charter's promises. They presented their findings at the annual Charter Conference where delegates voted on their recommendations. This process ensures that AAMI considers its business from an external perspective and, over time, the culture evolves to create a truly customer-focused organisation.

You have the right to request a \$30 penalty payment whenever you believe we have failed to meet any of the promises numbered 1–16 outlined in this Charter. If we fail to meet promise 18, we will make a donation of \$25,000 to a not-for-profit organisation directed at environmental activities.

In 2008-2009, AAMI engaged in business with 3.8 million policyholders, which resulted in us processing over 500,000 claims.

Within this dynamic framework, the delivery of exceptional customer service has remained a strong focus, with 98.6 per cent of Customer Charter penalty payments being initiated by AAMI staff.

How are we monitoring our Promise 21 performance?

The Charter Office compiles and maintains a penalty payment database. From this database, a monthly report is produced summarising penalty payments made against each promise by State.

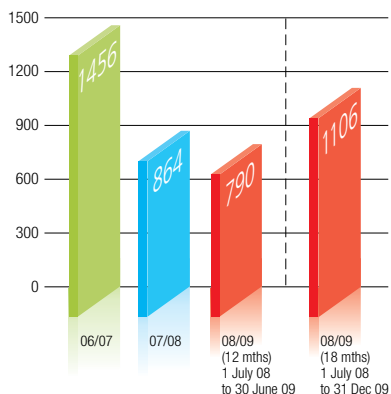
Promise	Description	2006–2007	2007–2008	2008–2009*	2008–2009**
1	On-call 24 hours	4	5	8	8
2	Plain language	9	3	3	3
3	Five-day correspondence	207	154	232	330
4	Protection of personal information	81	58	48	71
5	No selling of database information	0	1	0	0
6	Accuracy of personal information	13	10	8	12
7	Inspection of personal information	2	0	0	0
8	Valet promise	229	273	237	317
9	Qualified assessors	0	0	0	0
10	Lifetime guarantee	0	0	0	0
11	Total-loss cheque	146	202	165	244
12	Home claims service guarantees	88	147	80	108
13	Home building damage	5	10	4	5
14	Lifetime Guarantee on home claims	0	0	0	0
15	Motor no-claim bonus	670	1	2	2
16	Internal consumer appeals service	2	0	3	4
17	Corporate transparency	0	0	0	0
18	Conservation and environment	0	0	0	0

*1 July 08 to 30 June 09 (12 mths)
 **1 July 08 to 31 Dec 09 (18 mths)

CHARTER	AAMI INITIATED	CUSTOMER REQUESTED
2006–2007	1422	34
2007–2008	845	19
2008–2009*	777	13
2008–2009**	1091	15

*1 July 08 to 30 June 09 (12 mths)
 **1 July 08 to 31 Dec 09 (18 mths)

PROMISE 21 PENALTY PAYMENTS





Independent reasonable assurance report to the directors of Australian Associated Motor Insurers Limited (AAMI) on the AAMI Customer Charter

We have performed an engagement to provide reasonable assurance on the operating effectiveness of the control procedures of AAMI in relation to the AAMI Customer Charter (the Charter) for the period 1 July 2008 to 31 December 2009.

Directors' responsibility for AAMI Customer Charter

The directors of AAMI are responsible for establishing and maintaining an effective internal control structure including control procedures that are adequately designed and operating effectively in relation to the Charter in accordance with criteria specified in the Charter Operating Manual (Operating Manual) and summarised in the attached Annual Report (the Report).

Auditor's responsibility

Our responsibility is to express an opinion to the directors on the operating effectiveness of the control procedures based on the criteria specified in the Operating Manual and summarised in the attached Report.

We have performed our work in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and other auditing standards applicable to internal control engagements, and accordingly included such tests and procedures as we considered necessary in the circumstances. Our tests and procedures included obtaining an understanding of the control procedures and examination, on a test basis, of evidence supporting the operating effectiveness of the control procedures. These tests and procedures have been undertaken to form an opinion whether, in all material respects, the control procedures operated effectively based on the criteria referred to above.

This report has been prepared for the use of AAMI. We disclaim any assumption of responsibility for any reliance on this report to any person other than AAMI, or for any purpose other than for which it was prepared.

Inherent limitations

Because of the inherent limitations in any system of any internal controls, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure within which the control procedures which are the subject of our engagement operate, has not been subject to any reasonable assurance procedures and no opinion is expressed as to its effectiveness.

Our reasonable assurance engagement is not designed to detect all weaknesses in the control procedures as the tests and procedures have not been performed continuously throughout the period and the tests and procedures performed on the control procedures have been performed on a sample basis. Any projection of the evaluation of the control procedures to future periods is subject to the risk that the control procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The reasonable assurance opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion, AAMI maintained, in all material respects, control procedures that operated effectively in relation to the Charter Promises 1 to 16 and 19 to 21 set out on pages 6 to 13 and 15 to 16 of the Report for the period 1 July 2008 to 31 December 2009 based on the criteria specified in the Operating Manual.


KPMG

Melbourne
20 April 2010

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative.

THE CORE ELEMENTS OF A CUSTOMER CHARTER

In making an effective customer charter, there are four core ingredients that are constant.

CRITERION ONE:

THE OBLIGATION TO CONSULT

Staff, consumer advocates, government, regulators and above all, customers, should be consulted by the provider of the service. It is, after all, a customer charter and customers must have the opportunity to make a contribution to the establishment of standards and their ongoing development. Consultation should cover issues such as:

- what targets or standards of service should be met?
- what aspects of service should be guaranteed?
- what should happen if the service standard is not met, namely what are the penalties for failure? Is a written apology sufficient or should there be monetary compensation?
- what process is there for dealing with complaints?

The ways in which consultation can take place include:

- surveying the views of customers and potential customers via focus groups; and
- consulting with customer groups and consumer advocates and consulting all levels of staff.

It will be staff who will ultimately be responsible for making a charter work. They are in a unique position to know whether organisational systems are robust enough to meet a proposed standard. Also, ongoing monitoring of customer comments and complaints must take place, in order to identify and rectify common consumer concerns.

CRITERION TWO:

THE OBLIGATION TO INFORM AND BE ACCESSIBLE

The charter should promote the principle that information about products and services will be readily available and widely accessible. For example:

- is the charter itself easy to handle and well laid-out?
- is the company's product and service documentation in plain language and readily available?
- are opportunities available to consumers to have a say in the way products and services are provided, for example, a customer comment line and formal complaint procedures?

CRITERION THREE:

THE OBLIGATION TO BE ACCOUNTABLE

Charters should account for how products and services are working by:

- publishing specific service standards consumers can expect;
- undertaking to monitor and report on product and service performance;
- undertaking to perform an independent audit, and stating how often and by whom the audit will be conducted;
- providing a visible and accountable appeal system to enforce service standards; and
- undertaking to report on performance to the public on a regular basis.

CRITERION FOUR:

THE OBLIGATION TO PROVIDE REDRESS

This commitment is to put things right if they go wrong. The main way to do this is by promising to provide a visible and free process for dealing with complaints in the first place. The redress mechanism should be reinforced by a specific remedy, such as cash compensation. Key features of a redress system are:

- provision for customers to complain informally and on-the-spot;
- published information on how to make a complaint;
- specific target times by which a full response will be made;
- the existence of an independent and external avenue for appeal, should the redress system fail to resolve the complaint;
- published information on all types of remedies available; and
- public accountability via external annual audit.

ABOUT AAMI

AAMI (Australian Associated Motor Insurers Limited) is one of Australia's leading insurance companies, with more than 2.7 million customers in the Australian domestic and general insurance markets. AAMI employs some 3500 people in 49 offices, branches and customer service centres.

THE AAMI PHILOSOPHY

AAMI deals with each and every one of its customers directly and personally to ensure the quality of service and value they receive. The company has maintained this commitment to the provision of exceptional service since it was founded in 1970.

THANK YOU

Many people within and beyond AAMI are partners in, and contributors to, the health, wellbeing and nourishment of the AAMI Customer Charter. To all of these people, and to the AAMI staff who willingly embrace the full spirit of the Charters, we again say a heartfelt "thank you".

CHARTER INFORMATION

For further information about the AAMI Customer Charter, please contact:

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