

AAMI's  
Sustainability  
Report  
07/08



**AAMI**



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### RECOMMEND TO A FRIEND

AAMI conducts quarterly market research with its customers. It surveys those who have recently had a claim with AAMI.

One question asked is how likely it is that as an AAMI claimant, you would recommend AAMI as a preferred insurer to a friend or family member.

- In 2007-2008, 78 per cent of motor insurance claimants said they would be likely\* to recommend AAMI to a friend or family member.
- In 2007-2008, 89 per cent of home insurance claimants said they would be likely\* to recommend AAMI to a friend or family member.

\* This is the combination of extremely, very & fairly likely in response to the question "how likely are you to recommend AAMI to a friend or family member?"

This figure has fallen since 2006 (motor, 2006, 95%; home 2006, 96%). It is thought that this is due to the number of extraordinary weather events Australia has experienced during the past 12 months. The intensity and number of storms has meant that AAMI has experienced a greater number of claims in a very short period of time. This means that, when it comes to fixing the damage caused by the storm to a building or car, tradespeople are in short supply, which lengthens the time it takes to settle the claim. AAMI prefers to rectify the damage if possible, rather than cash settling, so that the customer is given peace of mind that their home is repaired. This strategy aligns with AAMI's purpose of "eliminating stress and providing peace of mind" to its customers.

During 2007-2008, AAMI managed 177,378 claims. Of these, 25,530 were from extraordinary weather events, for example the hail damage to Blacktown New South Wales in December 2007 and the Mackay storms in Queensland in 2008. There was an 88 per cent increase in the number of catastrophe claims from 2006-2007 to 2007-2008.

### ACCESSIBILITY

The AAMI Consumer Appeals Service brochure is available in five key languages spoken in Australia. Additionally, AAMI provides an external interpreter service for customers/third parties whose first spoken language is not English.

In 2007-2008, this interpreter service translated for 5,828 telephone calls, and eight on-site visits, using 61 languages at a cost of \$230,794. The most used languages were Vietnamese and Mandarin (Chinese). There was a 17 per cent increase in the number of languages translated from 2006.

Alongside this, AAMI runs an internal service. Many of AAMI's staff are bi-lingual and are able to help our customers/third parties. At July 1 2008, AAMI employed 36 employees who spoke 19 languages who were registered on AAMI's internal interpreter register.

AAMI is open 24 hours a day, 7 days a week through its 24-hour telephone service and the AAMI website. AAMI also operates 50 customer service centres and branches throughout Australia.

### COMMITMENT TO RESOLVING CLAIMS FAIRLY

AAMI is committed to resolving claims fairly. To assist us, we have an internal and external Ombudsman service (Financial Ombudsman Service). If the customer (insured or third party) is not satisfied with the findings from AAMI's Customer Ombudsman, they are able to appeal to the Financial Ombudsman Service (FOS), an external Dispute Resolution Scheme.

During the past year, 1439 of claims lodged were appealed to our Internal Ombudsman service (0.7 per cent of all claims AAMI received). Of those appeals, 223 (17 per cent) were overturned, in favour of the customer.

Of the matters that were referred to AAMI's Ombudsman, 236 claims were further appealed to the FOS. Of these matters, 61 claims (26 per cent) were overturned in favour of the customer.

### REGULATORY BREACHES/COMPLAINTS

As part of its licence obligations, AAMI must report 'significant' breaches of the financial services laws to Australian Securities and Investments Commission (ASIC). In 2007-2008, AAMI reported no breaches of the laws to ASIC.

In 2007-2008, AAMI breached the *General Insurance Code of Practice* 16 times with nine different customers. AAMI has retrained some of its staff to ensure they are fully aware of the *General Insurance Code of Practice* requirements. AAMI also had two breaches of the *Privacy Act*.

AAMI had no prudential breaches reportable to the Australian Prudential Regulatory Authority in 2007-2008.

AAMI had one issue raised by a whistleblower in the period July 1 2007-June 30 2008.

AAMI is a signatory to the *Motor Vehicle Insurance and Repair Industry Code of Conduct*, which sets out standards of fair-trading, process and transparency in the relationship between insurers and repairers. In 2007-2008, there were no breaches of the Code.

### AFFORDABILITY

AAMI recognises the importance of affordability in the consumer's decision to protect their assets and their liability to others. While premium increases are in large a reflection of the Australian economy, as well as being influenced by weather events and the costs of re-insurance, AAMI is committed to providing customers with a number of options to help increase the affordability of its products.

For example:

- flexi-premiums – allow customers to increase their excess and decrease their premium (up to 50 per cent saving)
- pay-by-the-month – allows customers to pay for their policies monthly, which helps with household cash flow; and
- online purchasing – various discounts are available.



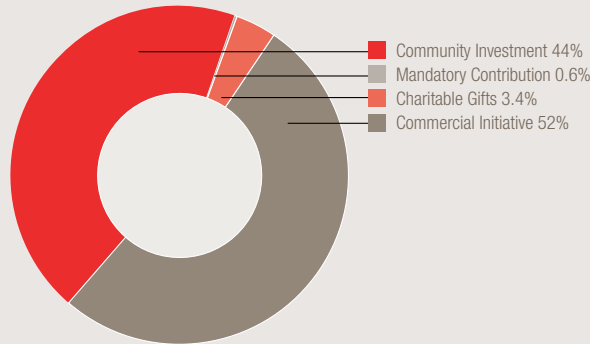
AAMI uses the London Benchmarking Group (LBG) reporting model to calculate its contributions to the community. The

LBG model helps businesses to improve the measurement, management and reporting of their corporate community involvement programs. It moves beyond charitable donations to include the full range of contributions (in time, in-kind and in cash) made to community causes, and assesses the actual results for the community and for the business. See [www.lbg-australia.com](http://www.lbg-australia.com) for more information.

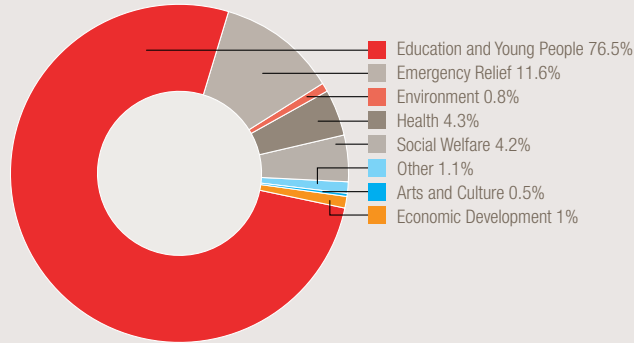
In 2007-2008, AAMI contributed \$4,057,368 to the community in which it operates. The majority of this funding was through community partnerships, however some was provided in the form of time and services donated by AAMI and AAMI staff. AAMI's spend was 5.6 per cent of AAMI's Insurance Trading Result (underwriting result + investment earnings). There was a drop in funding as some large community partnerships ended.

The graphs to the right show the make-up of AAMI's donations. The first graph uses LBG's categories, the second graph shows the community issues which AAMI addresses through its community programs.

AAMI contributions – % by LBG category



Community issues addressed – %



**“As managers of LBG Australia/New Zealand, we have worked with AAMI to review its understanding of the LBG model and how it has applied the model to a range of community programs. Our aim has been to ensure that the valuation principles are correctly and consistently applied. Having conducted an assessment involving scrutiny of a significant sample of contributions, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.”**

– Jerry Marsden, Managing Director, Positive Outcomes – LBG

## AAMI IN THE COMMUNITY

The following summary shows AAMI's community support by stakeholder groups including its staff and suppliers.

### AAMI CUSTOMERS

#### AAMI SKILLED DRIVERS



Skilled Drivers of Australia Limited is a

not-for-profit organisation established by AAMI. It runs a program that is designed to encourage safe driving behaviour among licensed drivers who are under 25 years of age.

The AAMI Skilled Drivers Course is a one day, young drivers' awareness course. The overall objective of the course is to positively influence the driving behaviour of young drivers.

For under 25 year olds who are AAMI comprehensive policy holders, or the children/grandchildren of AAMI comprehensive policy holders, the

course is free. AAMI pays for the course. Other drivers can attend for a small fee to cover costs. Additionally, those who have attended receive a 10 per cent discount on their insurance premium while they are under 25.

In 2007-2008:

- 5177 young drivers attended the AAMI Skilled Drivers course;
- AAMI contributed \$1,074,107 towards the running costs; and
- attendees (past and present) saved \$910,873 off their premiums.

2007-2008 saw a small decrease in the number of participants in the program. AAMI will continue to promote this program to parents, grandparents and their children.

In 2008, AAMI conducted an analysis exercise, verifying the effectiveness of the Skilled Drivers course. This report found that there is a statistical likelihood that a participant's incidence rate reduces when they complete the Skilled Drivers course.

The policyholder's 12 months incidence rate prior to the training was 13.38 per cent compared to 11.58 per cent after the course.

AAMI presented these findings to the NSW Staysafe Committee as part of their research into young driving behaviour and accident prevention.

### DRUG FOUNDATION RESEARCH

AAMI commissioned the Australian Drug Foundation (ADF) – in conjunction with Turning Point Drug and Alcohol Centre – to undertake an extensive social research project about drug driving in Australia. Drug driving has increasingly become a widespread social concern with more and more state police forces including random drug testing in their measures to reduce the road toll in Australia.

AAMI contributed \$46,360 towards the release of this important social research in 2007-2008.



## AAMI IN THE COMMUNITY

### AAMI STAFF

#### BELONGING SMALL GRANTS

The AAMI Belonging Small Grants program continues to support AAMI staff who volunteer within their local communities. AAMI staff and their families are able to apply for a small grant, twice a year, to help provide financial support to a community organisation that they participate in. A national staff committee is responsible for the running and the administration of the program.

In 2007-2008, AAMI provided \$60,000 to 38 community organisations nationally.

Funding increased in 2007-2008 from \$50,000 to \$60,000. With increased internal publicity for the Belonging Program, more staff have been applying per round for the community based organisations they are involved with.

**“Look Good ... Feel Better was delighted to be a beneficiary of the AAMI Belonging program. Each year Look Good ... Feel Better continues to help patients ‘Face Cancer with Confidence’. Your gift to the patient at a very difficult time in their life can not be underestimated.”**

### STAFF CHARITY COMMITTEES

AAMI supports and encourages staff fundraising activities. In 2007-2008, AAMI staff decided which charities they would like to support at a local level. Local staff committees were then formed to fundraise for the selected charities.

AAMI has provided support by making time and facilities available to staff.

In 2007-2008, AAMI staff raised \$67,198.14 for charities. Of this, AAMI gift matched \$54,368.43. Therefore, the total amount AAMI donated to charities was \$121,566.57. It is estimated that more than 80 per cent of AAMI staff participated in local fundraising activities in some way during the year.

### PRO BONO SCHEME

With growing concern about the effects of global warming, in 2008 AAMI provided a staff member, free of charge, to Earth Hour in Melbourne. The staff member helped organise Earth Hour on behalf of the World Wildlife Fund for the Victorian action.



Additionally, AAMI participated nationally in Earth Hour. This included turning off all sky signage. AAMI Contact Centre staff chose to participate while at work, switching off the lights and working by candlelight. Please see [www.earthhour.org](http://www.earthhour.org) for more details.

AAMI will continue to explore ways it can support the World Wildlife Fund and Earth Hour in 2008-2009.



## AAMI IN THE COMMUNITY

### COMMUNITY PARTNERS

#### VICTORIA STATE EMERGENCY SERVICE, NEW SOUTH WALES FIRE BRIGADE

In September 2002, AAMI became a major sponsor of the Victoria State Emergency Service (SES).

The total sponsorship for 2007-2008 was \$467,890, including premium subsidies which are available to all Victoria SES volunteers.

The Victoria SES is a volunteer-based emergency service (5,500 volunteers, supported by 72 staff), servicing Victoria. The SES has a wide range of roles including planning for and responding to floods, severe storms, earthquakes, road accident rescue, and search and rescue.

AAMI's sponsorship covers a range of activities from providing funds for the production and dissemination of community safety messages to the provision of safety gear and equipment. A highlight of the program is annual regional trips, where equipment is individually provided to each of the 149 SES Units in Victoria.

In 2007-2008, AAMI partnered with the NSW Fire Brigades (NSWFB) to promote fire safety to NSW residents. In conjunction with NSWFB, AAMI produced and distributed a fire safety calendar for each season. Each calendar alerted the community to particular fire risks of that season and actions they could take to reduce fire danger. AAMI contributed \$52,000 to the NSW Fire Brigades.

Additionally, AAMI has produced a fire safety website approved by NSWFB.

#### AAMI WORKING WITH THE LONG-TERM UNEMPLOYED

AAMI's Outbound contact centre works with the long-term unemployed to help them find permanent work with AAMI.

AAMI works with recruitment firm IPA to facilitate the applicants into the business. We provide an initial session explaining what the role involves, our expectations and AAMI's culture. Applicants can then choose to apply for

our 13-week probation period. During probation, all applicants are given full training in the role and in AAMI's culture.

During the 13 weeks, AAMI pays the potential permanent staff as casuals. If the person is successful in passing their probation, they then become a permanent AAMI staff member.

At the end of 2007-2008, 32 of the 39 sales staff in AAMI Outbound came from IPA. Since January 2008, 10 permanent staff from AAMI Outbound who started from IPA have since transferred to other parts of AAMI.

#### Corey Naylor, started 2 April, 2007:

**"I started at AAMI as a temp and I didn't think I would stay for long. After 3 months I was made permanent, and was then promoted into the sales team. There are lots of opportunities to advance and with a culture like ours, the sky's the limit."**

#### ROAD SAFETY SIGNAGE IN TASMANIA

In 2007, AAMI partnered with the Tasmanian Department of Infrastructure Energy and Resources (DIER), to establish and implement road side safety signage in Tasmania. The outcome was to encourage drivers to drive to the actual road conditions. The Road Safety Taskforce (RSTF) has been charged with coordinating and organising the installation of the signs.

In order to deliver this road safety signage, AAMI contributed \$30,000 to the planning, production and installation of the signs. In total, 20 signs have been erected around Tasmania, linked to the 'Limit Your Speed. Limit the Damage' campaign. Locations for the signs have been determined based on crash data and traffic volumes.



### SUPPLIERS

#### APPRENTICE SUBSIDY SCHEME

Australia, like many other OECD countries worldwide, is facing a skills shortage crisis. AAMI recognised this issue early amongst one of its major supplier groups, the smash repair industry, and in 1997 introduced an Apprentice Subsidy Scheme.

This scheme strives to maintain a pool of qualified and committed new entrants to the smash repair industry.

In 2007-2008, the scheme assisted 279 apprentices in all States and Territories in which AAMI operates. The subsidies are currently valued at \$12,000 each for a four-year apprenticeship, and are paid to motor body repair businesses to help fund the costs of employing and training apprentices.

In 2007-2008, AAMI contributed \$837,000 to this scheme. This is an increase in funding from 2006 as more apprentices and smash repairers are participating in the scheme (an extra 48 participants nationally).

#### AAMI/ AUSTRALIAN BODYSHOP NEWS TAFE GRANT PROGRAM

AAMI provides further support for apprentices of automotive smash repairers and painters through grant programs for TAFEs. This is held in conjunction with *Australian BodyShop News* magazine.

Established in 2002, the program includes grants to a total of \$20,000 annually for equipment and programs of direct relevance and benefit to automotive body repair and spray-painting apprentices. A key objective is to provide TAFEs with some extra funding that can be applied to upgrading equipment or to additional activities, which enrich their courses for apprentices.

In 2007-2008, AAMI contributed \$20,093.

## AAMI EMPLOYEES

### EMPLOYEE ENGAGEMENT

AAMI conducts an employee survey every 18 months. The survey consists of a short set of questions about employee perceptions of the company. It is designed to provide a focused assessment of Employee Engagement and 'What I Give to the Organisation/ What I Get from the Organisation'.

AAMI engaged Towers Perrin-ISR to conduct its survey and benchmark AAMI against Australian and international norms.

In 2008, 77.7 per cent of AAMI staff completed the survey.

AAMI's overall engagement score was 78, in comparison to an average Australian norm of 74.

AAMI uses the results to identify improvements and changes that it can make. It then implements these changes. The survey will be re-conducted in 2010.

### STAFF TURNOVER

AAMI experienced voluntary staff turnover of 23.49 per cent in 2007-2008. Staff turnover increased by 1.49 per cent from 2006. This is within the finance industry norm. High levels of employment and organisational growth have contributed to the increased turnover however AAMI is continuing to devise methods to reduce its turnover rate.

### STAFF ABSENTEEISM

AAMI's absenteeism rate was 5.27 per cent in 2007-2008. This was within the finance industry norm.

### GENDER BALANCE

#### Equal Employment Opportunities (EEO)

AAMI is committed to the principles of EEO in the workplace.

In 2007-2008, AAMI's workforce comprised 65.29 per cent females and 34.71 per cent males. The split at different levels of the organisation was:

Organisation (Senior Executive)	52.6%F	47.4%M
Business (Executive)	40.11%F	59.89%M
Operational (Managerial)	44.11%F	55.89%M
Team (Assistant Managerial)	60.36%F	39.64%M
Self (General Staff)	67.89%F	32.11%M

### COMMITMENT TO FLEXIBLE WORK PRACTICES

AAMI is committed to providing a flexible, family friendly workplace. Accordingly, AAMI provides for job share, flexible rostering and rostered days off (RDOs). Also, AAMI provides part-time work when employees request it and where AAMI is able to accommodate the request.

#### Employment Status

Full Time	73.3%
Part Time	19.7%
PT Job Share	0.35% (Job share roles included Operations Managers, Administration Managers, EDR Case Managers and branch officers).
Fixed Term	0.2%
Casual	0.28%
Career Break	1.2% (AAMI offers a year career break to staff who have been employed by AAMI for more than 3 years).
Parental Leave	3.54%
Child-care Leave	1.43% (AAMI offers an additional 12 months child care leave for staff with children under the age of 2).

**GREENHOUSE CHALLENGE PLUS**



AAMI has joined with The Department of Climate Change as part of the Greenhouse Challenge Plus Program ([www.environment.gov.au/settlements/challenge](http://www.environment.gov.au/settlements/challenge)).

The Greenhouse Challenge Plus enables Australian companies to form working partnerships with the Australian Government to improve energy efficiency and reduce greenhouse gas emissions.

The following report uses the National Greenhouse Energy Reporting System's structure, in terms of reporting direct greenhouse gas emissions (manufactured by AAMI – Scope 1) and indirect (Scope 2 and 3) greenhouse gas emissions. The amount of greenhouse gases attributed to AAMI's activities has been calculated using Online System for Comprehensive Activity Reporting (OSCAR), in line with upcoming government reporting requirements, please see [www.oscar.gov.au](http://www.oscar.gov.au).

AAMI is currently reviewing its green practices. We are putting into practice, processes to lower our emission levels in 2008-2009. AAMI has made a public commitment in the 2008-2009 *AAMI Customer Charter* to actively reduce our carbon footprint. The following data will be used as the base of measurement between 2007-2008 and 2008-2009.

Please note that data has been provided as full-time equivalent (FTE), which is how AAMI will compare emissions from one year to the next, as it takes into consideration changes in the size of the workforce.

**SCOPE 1: DIRECT EMISSIONS – FLEET**

<b>Total Scope 1</b>	2,275 tonnes CO <sub>2</sub> -e
<b>Per FTE</b>	0.78 tonnes CO <sub>2</sub> -e

In 2007–2008, AAMI staff driving company vehicles, (versus privately owned vehicles) drove 8,482,382 kms. AAMI's company cars include Holden Commodore Executives 3.8ltr V6 Sedans and Wagons. This equates to 2,275 tonnes CO<sub>2</sub>-e. Additionally, there were 219 tonnes CO<sub>2</sub>-e of indirect, Scope 3 emissions.

In 2007-2008, AAMI offset its emissions from its fleet by subscribing to Greenfleet ([www.greenfleet.com.au](http://www.greenfleet.com.au)). Greenfleet is the first not-for-profit forestry offset organisation to become an Approved Abatement Provider under the Federal Government's Greenhouse Friendly™ initiative.



Greenfleet will plant 9,187 biodiverse native trees to sequester 2,462.03 tonnes CO<sub>2</sub>-e in the atmosphere on behalf of AAMI during 2008.

In 2007–2008, AAMI and Greenfleet worked in partnership, researching and educating the public on driving and its impact on the environment.

To help reduce AAMI's fleet impact on the environment, AAMI has introduced a policy that fleet cars should use E10 (a biofuel) as the preferred fuel, where available. AAMI has also been researching other ways of reducing its fleet's impact on the environment.

**SCOPE 2: INDIRECT EMISSIONS – ELECTRICITY**

<b>Total Scope 2</b>	7220.32 tonnes CO <sub>2</sub> -e
<b>Per FTE</b>	2.49 tonnes CO <sub>2</sub> -e

From July 1 2007-June 30 2008, AAMI used approx 7,313,427.08 kwh, (FTE usage = 2,518 kwh pa) or an average daily use of 19,982 kwh. This equates to 7,220.32 tonnes CO<sub>2</sub>-e, or 16,727,075 wheelle bins of CO<sub>2</sub>-e.

In 2008-2009, AAMI is looking at ways of reducing its electricity usage. This includes setting up Green Teams across the country and introducing a behaviour change program called "Working Together to Reduce Our Carbon Footprint", to enable AAMI staff to reduce their impact on the environment, whether at work or at home.

**SCOPE 3: INDIRECT EMISSIONS  
– LANDFILL**

<b>Landfill</b>	184.54 tonnes CO <sub>2</sub> -e
<b>Fleet</b>	218.74 tonnes CO <sub>2</sub> -e
<b>Electricity</b>	941.97 tonnes CO <sub>2</sub> -e
<b>Total Scope 3</b>	1364.25 tonnes CO <sub>2</sub> -e
<b>Per FTE</b>	0.46 tonnes CO <sub>2</sub> -e

AAMI's total landfill for 2007-2008 is estimated to be 184.65 tonnes. This waste was made up of 11.97 per cent paper/cardboard. The rest of the CO<sub>2</sub>-e have been calculated using OSCAR's food profile. Using OSCAR this equates to 185.54 tonnes CO<sub>2</sub>-e.

**OTHER INDIRECT EMISSIONS**

**Paper**

AAMI has a paper/cardboard and glass recycling program in place nationally. In 2007-2008, 11.97 per cent of AAMI waste sent to landfill comprised of paper and cardboard. This is a decrease of 1.13 per cent from the previous year.

Recycling bins are in all AAMI's offices and centres. In 2007-2008, AAMI's recycling practices cost \$33,227.26.

In 2007, AAMI decided to print all external materials for customers on 100% recycled paper. Additionally, AAMI started to purchase 50 per cent recycled paper for its internal uses. It is thought that this will help save 59 tonnes CO<sub>2</sub>-e pa from entering into the atmosphere (source: [www.earthfuture.com](http://www.earthfuture.com)).

AAMI purchased 79,691,31 kg of paper for internal use, which is the equivalent of 32,570 reams. Of this, 58 per cent of paper purchased was 50 per cent recycled.

AAMI's Green Teams are now looking at introducing composting bins on AAMI's large sites to help reduce landfill even more.

**Air Travel**

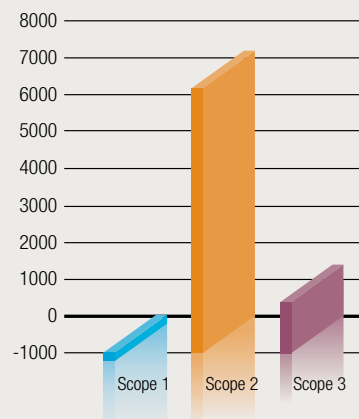
<b>Total</b>	403.33 tonnes CO <sub>2</sub> -e
<b>Per FTE</b>	0.14 tonnes CO <sub>2</sub> -e

In 2007-2008, AAMI staff flew 2,558,419 kms, which equates to 403.33 tonnes CO<sub>2</sub>-e. This is a reduction of 34 per cent in kms flown or 792.67 tonnes CO<sub>2</sub>-e from 2006.

AAMI has invested in video conferencing units in every State and has several available in its larger offices. It is thought that this has helped reduce the demand for flights.

In 2008-2009, AAMI is researching offsetting its flights taken and looking into ways of reducing its use of aircraft even more (for example, increasing the availability of video conferencing across the country).

**Emissions (tonnes CO<sub>2</sub>-e)  
FY2007-2008**



\* Scope 1 emissions are 0 due to AAMI totally offsetting its fleet.

## 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 some 50 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.

## CONTACT INFORMATION

Should you wish to obtain further information about the AAMI Sustainability Report, please contact:

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**AAMI**

