

December 22, 2014

Insurers reconfirm support for safe, fair and transparent vehicle repairs

The Insurance Council of Australia (ICA) and its member companies are carefully considering the New South Wales Government's response to the Select Committee's report on the Motor Vehicle Repair Industry.

The ICA strongly supports the need for safe vehicle repairs, and for fair and transparent arrangements to be in place between insurers and repairers. The existing repair system offers choice to insurance customers and provides high-quality, efficient, cost-effective repairs to insured NSW vehicle owners. The Government's response highlights the fact "only a small fraction of vehicles currently need further rectification following a repair".

ICA CEO Rob Whelan said ICA members did not believe state government intervention was necessary. He said the smash repair industry operated under the National Motor Vehicle Insurance and Repair Industry (MVIRI) Code, underpinned by national consumer laws that had proven effective in all states and territories.

Mr Whelan said there was no evidence the Government's proposed establishment of a smash repair assessor licensing scheme would further improve repair quality or be of any benefit to consumers, and was likely to cost car owners through higher insurance premiums.

"The need for such a scheme has not been demonstrated," Mr Whelan said. "The additional and unknown costs of the proposed assessor licensing scheme will need to be passed on to consumers at a time when many are struggling with financial issues."

The industry is also concerned about reports that criminal penalties might be introduced for breaches of the Code, and seeks further consultation with the NSW Government. "Seeking to apply criminal penalties is entirely disproportionate to the activities undertaken and is inconsistent with the commercial realities of the smash repair and insurance industries," Mr Whelan said.

Mr Whelan said that under the circumstances, the Government's proposal for an assessor licensing regime under the Motor Dealers and Repairers Act 2013 – administered by NSW Fair Trading – would be a far more efficient mechanism than the Vehicle Safety Compliance Certification Scheme proposal of the Select Committee.

He said the ICA understood the Code Administrative Committee (CAC) was developing the concept of a Code-approved assessor, and was also aiming to work with motor vehicle repair assessor associations to establish standards for assessor qualifications, education and training.

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“This is the most efficient way for the smash repair industry and insurers to work together in a transparent and co-operative manner, and to support quality outcomes for consumers,” Mr Whelan said.

The ICA also understands the CAC is undertaking significant work to consider an arbitration mechanism under the MVIRI Code. This matter will be developed with appropriate legal and drafting advice and detailed consultations with the insurance and repair industries.

Mr Whelan said insurers sought to provide their customers with a high-quality end-to-end claims experience, which included authorising repairs to a vehicle to the correct and safe standard.

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Editor’s note:

The Code Administration Committee (CAC) comprises three representatives from the Australian Motor Industry Federation – Australian Motor Bodies Repair Association and three representatives from the insurance industry.