

30 March, 2006

Anti-steering bill will hit NSW motorists' pockets

NSW car owners face higher premiums, inconvenience and less protection against poor repairs if anti-steering legislation becomes law, the Insurance Council of Australia said today.

ICA Deputy Chief Executive, Dallas Booth, said anti-steering legislation would prevent insurers directing repair work to their preferred repairer schemes, an outcome the NSW Government has suggested could add \$80 to a car insurance premium.¹

The anti-steering bill was introduced by independent MP, Mr Richard Torbay in NSW Parliament today. It is not yet clear if it will receive Government or Opposition support.

Mr Booth said: "Insurers have built up these networks because they want to be confident the repairers they use have the right equipment, and the right skills to deliver quality repairs at a reasonable price.

"The customer does not have to worry about getting quotes from repairers whose workmanship is unknown to them, and it gives insurers the confidence to give a guarantee on the repairs, something that will be much harder to do if anti-steering is introduced.

"All motor insurers in NSW are concerned about this bill because they believe costs will go up and quality will suffer. There will be less convenience and less protection for car owners. In any case, for those owners who do want to choose their own repairer, the option is already available."

Both the Productivity Commission, which conducted an inquiry last year into the relationship between insurers and smash repairers, and the Australian Consumers Association, were opposed to anti-steering.

The Productivity Commission concluded that: "Apart from increasing costs for insurers and consumers, it would adversely affect the structure and operating economies of the repair sector itself – through greater repairer fragmentation, lower scale and reduced incentive for productivity improvement."²

In a letter to the Premier, Morris Iemma on 21 March, 2006, the Australian Consumers Association said: "The proposed Bill is not in the consumer interest; if it became law it would act in the interest of sectors of the motor repair industry, allowing them to maintain poor practices and excessive costs, which are ultimately borne by consumers."

The letter can be found at :

<http://www.choice.com.au/viewArticle.aspx?id=105186&catId=100499&tid=100008&p=1>

Mr Booth said: "Overseas experience also suggests anti-steering legislation adds to premiums and in California it was found that 42% of vehicles had fraudulent repair costs added at an average cost of US\$811.³

"The message to NSW MPs ought to be clear. They need to put motorists interests first and not support this bill."

¹ Sydney Morning Herald, 9/3/06, page 3

² Productivity Commission Inquiry Report, March 2005, page 117

³ California Auto Body Repair Inspection Pilot Program – Report to the Legislature, September 2003

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