

April 5, 2006

## Insurers protecting motorists' interests

The State's motor insurers are opposed to an anti-steering bill now before the NSW Parliament because it is not in motorists' interests, the Insurance Council of Australia (ICA) said today.

ICA Deputy Chief Executive, Dallas Booth was responding to comments by Member for Northern Tablelands, Richard Torbay, in the Northern Daily Leader.

"Insurers want to make sure that motorists get quality repairs to their vehicles. They believe that the anti-steering bill will stop them from providing a service that most consumers want – for their insurer to look after their damaged vehicle by sending it to a repairer who will do a good repair job.

"For those who want to use their own repairer, choice is already available. But this bill will force everyone with a damaged car to have to select their own repairer, when most car owners do not have the knowledge or the desire to do so.

"Even though the bill requires insurers to provide a list of at least six smash repairers in the policyholders' local area, (or **all** repairers in the area if there are less than six) the motorist will still have to select one of the repairers themselves, without knowing if they will do a good job or not. Currently, insurers work with a tradesperson who they know will do a quality job for a reasonable price.

"The bill also curtails insurers' ability to influence the type of parts used and allows a car to be 'captured' by a repairer, because it prevents an insurer moving the car to another repairer if it believes the costs are inflated," Mr Booth said.

"This is not just the insurance industry talking. The NSW Government has said that anti-steering could add \$80 to an average repair bill.

"The consumer watchdog, the Australian Consumers' Association, and the Productivity Commission, which monitors the efficient operation of Australian industries, are both opposed to the anti-steering bill," Mr Booth said.

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."**

In its report on the issue last year, 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."**

Media inquiries: Rod Frail 02 9253-5160

0413 98 98 97