

I presented a submission to this enquirey totaling some 130 pages and still have several points to put forward regarding serious problems that plague this industry.

The first of which are assessors, incentive programs, qualifications for assessors and hourly rates.

An assessors main objective is or should be to first of all identify the vehicle, see that vehicle complies with the policy. Establish the damage is consistent with the claim, and foremost to allow a fair and reasonable figure to restore the damaged vehicle to its pre accident condition.

Part of my original submission was a leaked document regarding the IAG staff incentive program. According to the document supplied the program pays more to call centre staff for steering work to the selected repairer network, and assessors for stripping body shop quotes than they reward quality service etc. Steering and stripping quotes receive a reward of .5% while the reward for quality is .4%.

Often assessors who attempt to strip an honest quote state that the amount they arrive at is fair and reasonable and they can not do any better. If the repairer stands firm and puts forward a fair argument and appears that he will not be deterred, generally he will receive a better deal. If the repairer cowers and accepts what the assessor deems is fair in the first instance, then he has virtually been deprived of what he is fully entitled to. In the IAG instance the assessor has just helped IAG control the projected annual cost of repairs. If the assessing department achieve the 12 months projected average cost of repairs the assessor is rewarded his bonus. The question needs to be asked how can you achieve a projected claims figure without making a conscious decision to go out and cut back estimates.

Some independent assessors use the same tactics for reward. Instead of a cash bonus they attempt to persuade the insurer to use their services more frequently. The mutual reward is obvious, greater savings for the insurer and more work for the assessor.

Many shops will begrudgingly accept whatever is metered out by assessors because they are worried about reprisals by insurance companies such as late payments and assessments, towing out of vehicles or diversion of work and any other penalties the insurer may wish to impose.

I have documents I will present to prove that both insurance and independent assessors attempt to strip repairers of their rightful entitlements. But when the repairer stands firm or threatens to use the courts to obtain a fair outcome the assessor relents and finds the extra that supposedly did not exist.

Using incentive programs and other such rewards is simply encouraging an assessor to perpetrate an unconscionable act with the backing of an insurers size, power and position in the industry.

I will present documents and statutory declarations from clients and witnesses in relation to statements made by an independent assessor who stated that " if he was to allow a realistic figure for labour and paint whilst assessing, his company would not be given any work by the major insurers.

All if not almost all body shop proprietors would have had both staff and independent assessors make the statement that, Yes the hourly rate is inadequate but my hands are tied, or I am audited by the office, or if I allow what is reasonable I would be out of a job.

ASSESSORS AND QUALIFICATIONS

Unfortunately there is a great deal of mistrust by the Autobody industry regarding insurers and their front line assessors at the moment.

Much of this is bought about by assessors not being allowed to assess a vehicle at proper hourly rates. Being audited by head office and by using paint sheets designed to be a guide only as a bible and waved in the face of the repairer with such statements as there it is in black and white, I can't give you any more.

It is hard enough for a panel shop proprietor to endure this type of tactic from someone who has an industry background and admits to knowing what the real hourly rate should be.

I wonder how many shop owners in the industry realise that many of these people they have assessing vehicles in their shops do not have any industry background, other than a short course and are handed a red pen and told to go out and assess as we have instructed you.

A list of assessors from various insurance companies will be presented to the enquirey which will show that many so called

assessors have never worked on a vehicle as a body repairer and would not know how long a task or full repair would take, what materials it involves and how to solve a problem when it arises whilst carrying out that repair.

With the lack of knowledge and expertise required to assess a vehicle and then if required to discuss or negotiate an alternative repair method and or figure many of these so called assessors are from mechanical backgrounds, whilst it is of some assistance when it comes to assessing. An assessor is out of his depth in my opinion if he does not have hands on experience let alone someone with 2 years in marketing or an assessing team leader with mechanical background etc which is included in the list provided.

The body repair shop must be staffed by qualified personnel, have an extensive and expensive equipment level, be audited and pass an occupational health and safety audit regularly and upgrade equipment and staff knowledge as technology determines.

After doing what is required and investing large sums of money and time to comply with insurers and government demands, the repairer is then expected to accept an assessment and reduction in his estimate carried out by an individual who is less than qualified to do so.

For many years there has been a call for assessors and repairers alike to be licensed. Part of that licensing agreement would be minimum criteria for assessors.

Insurers are boasting record profits IAG for instance \$665 million after tax for 2003-04.

Insurance premiums have risen by up to 130% over the past 5 years. Yet when the autobody industry has approached the insurers or the ACCC regarding a rise to the stagnant hourly rate (no rise since 1991) we are told it is not possible to lift the hourly rate as this would impact on the consumer.

Yes all of us in business are aware of how important the consumer is to our livelihood. But it is time the ACCC and other government bodies realize that insurers are using the policy holder as nothing more than a shield to be waved in front of them when questions such as the hourly rates are discussed.

In my original submission I included the VACC hourly rate document which explains fully the rises in labour materials and general overheads required to run a bodyshop. The document presented is up to date self explanatory and is filled with irrefutable facts.

There are a few facts I would like to present to the enquiry regarding insurance company motor premiums and comprehensive coverage. (Documents supplied)

Motor insurance premiums rise annually by up to 15% some even higher and due to depreciation or whatever terminology the insurer wishes to use, their liability drops by 5% or more. This in fact is an annual win for the insurer of some 20% year in year out.

If you were to question the insurers regarding this occurrence the reply would be a rise in incidents in your suburb, a rise in theft in that sector, in other words next year we would forecast a loss if we did not lift your premium.

The panel industry in victoria has had to endure 13 years of rises in all aspects of body shop operations. We have had meetings with government officials, the ACCC, the insurers and anybody that would listen.

You don't need to be einstein or an academic to realise that the situation between the insurer and the repairer is way out of balance. If this situation continues the panel industry will all but collapse and because of the loss of expertise etc it will have an adverse effect on the consumer.

The last enquiry into the repairer insurer relationship had a total of 30 recommendations made. Not one of those was acted upon, not a single change to the industry was made. In short it was a total waste of public money and a waste of time and effort by all concerned.

I and repairers nationally hope some of the imbalance in place at the moment will be removed with the current enquiry.

The VACC code of practice is the perfect vehicle in my opinion to achieve a balanced and even handed approach to this industry.