

## **R J CRASH REPAIRS PTY LTD.**

**We would like to voice our concerns over the following issues:**

**1. I believe the consumer should retain the right to choose the repairer of their choice because -**

The owner should have the right to choose his own repairer because he has purchased his own vehicle and a reputable repairer in his own area would be available to look after his car. He should not be forced to have his car repaired, out of his area, by a repairer chosen by the insurance company - usually because the chosen repairer will accept the job at insurance company terms. As the insurance company wants second-hand parts, after-market parts and cheaper paint and labour rates, some companies will take a vehicle away on a tow truck leaving the customer without a car. The damaged car goes to a repairer chosen by the insurance company with the owner not knowing where it is. Please consider that normally a car is a person's most valuable possession, after his house, and this action causes stress to young and older people alike.

**2. In regard to Insurers taking over the ownership of the customer, the impact for me as a *business* owner attempting to build my business has -**

Insurance companies taking effective ownership of a customer's vehicle has impacted on myself and a lot of other repairers, who have supplied a service to customers and insurance companies alike, to find that our customers are then taken away by the direction of work to 'preferred repairers'. Some of these customers have been looked after for thirty years or more and are then told that they have to take their job fifteen kilometres away to the nearest 'preferred' repairer with no reason given.

**3. In the past I have done everything in accordance to demands set by the Insurers, now with increasing investments to meet new demands I feel-**

- that large insurance companies want repairs to vehicles to be done to manufacturer's standard with two-pack paint, bake ovens, body measuring and straightening systems and with life-time warranties at the expense of the repairer but they do not want to pay a reasonable price for labour and paint. They will, however, pay for some parts, supplied by manufacturers, that are over priced and are sometimes willing to pay dealer prices for mechanical work. Consider that the hi-tech modern vehicle has two-pack paint, air bags, high strength steel, ABS and four wheel steering to name a few items and the list is growing daily but the rate of remuneration to the repairer is ten to fifteen years out of date. It is obvious that insurance companies have ignored the repair industry who are battling to keep up with their demands.

**4. I feel the relationship between Insurer and consumer was become more strained since the introduction of more Preferred Repairer schemes primarily because -**

Many previous customers are disappointed to be told that the shop which has looked after them for thirty years can no longer do the job because the repairer is not on the 'preferred repairer' list and that they must now go to "Tom Jones Crash Repairs" at an area fifteen kilometres to the north. This is despite the fact that their local repair shop is better equipped and trained to do the job and has enjoyed a long-term customer relationship with the client. A lot of pressure may be applied to customers, e.g. there may be no promised warranty if the customer does not go to the repairer the insurance company wants him to or you may have to pay the excess up front if you choose the repairer.

**5. Schemes devised from insurers to promote partnerships with repairers and install warranty promises to consumers if terms of conditions are met are -** Schemes devised by insurance companies are restrictive to repairers as it is a one sided contract with the insurance company acting as a judge and jury.

**5.1 Code in regard to quoting.**

For example: Quote all items as cheaply as possible e.g. with second-hand or after-market parts.

Brush touch up and, if possible, use paint-less dent removal.

**5.2 Lifetime warranties are given at the repairer's expense yet Taiwan copy parts have only a three to twelve month's warranty.**

**5.3 Repairers may be told that they have lost ratings due to minor variations in claims dollars.**

**5.4 'Assessors' employed by companies are not experienced persons but are recruited from other trades, wreckers, spare parts persons etc. to act as *price* cutters only. A few are recruited from the crash repair trade and trained as price cutters. The drain of a few young repairers to insurance companies for "assessing" has caused an additional shortage of panel beaters in a trade that already has a major shortage of skilled tradespeople and helps to create a demand for higher rates of pay, to workers in repair shops, than can be afforded by the hourly rates given by the insurance companies.**

It is time that the insurance industry had a complete training programme for assessors (e.g. a four year course) rather than rob workers who have been trained for four years, plus two years work experience in a repair shop, and have them wasted behind a computer screen.

**6. The competition between repairers will always remain and is uniformly encouraged, but by installing schemes to place the community at risk with lower resourced and less skilled businesses participating will only -** encourage shops to source the cheapest parts (some could be stolen) and use the cheapest method of repair (perhaps poor quality and sometimes unsafe). It could also cause an unethical pattern within the industry with a return of 1960 conditions.

7. **The lack of responsiveness to the inadequate hourly *rate* set by insurers has had the following ramifications to my business -**

The erosion of the hourly rate over a thirty year period has stopped my business from taking on apprentices and, due to the low recovery rate in labour, I have not been able to invest in new equipment.

Basically we are in the business of selling labour and the repair of motor vehicles is our only way to sell it. Any person can tell you that you can not operate a business in 2004 and sell quality trained labour for \$24 to \$28 per hour when all other trades are operating at \$55 to \$60 per hour plus GST and when warranty labour by GMH is \$65 per hour and dealer charges are at \$80 per hour.

We are told times are inflated, but times are poor and set by insurance companies and are not practical.

We are also told that consumable items are provided for in our hourly rate.

8. **The contract agreements provided to myself and my colleagues should state payment terms and conditions by insurers because -**

Payment by insurance companies should meet normal trading terms of thirty days providing all invoice items are correct and the job is completed.

9. **The need for an independent body to control and commission the infrastructure in the repair and time allocation process is required because**

The year is 2004. It is time that all 'remove and replace' times manuals should be compiled by an independent body which has no affiliation with any insurance company or repair network - e.g. by Thatchams or Mitchells and incorporating research including manufacturers' times.

Times should be endorsed by repairers and insurance companies and introduced across the board to all repairers with a fair rate of pay in relation to running costs and overheads. When this is done the system should be locked into CPI increases and paint rates should include separate material and labour components. Consider that times forced on our industry have been compiled by a large insurance company or are made up by the MTA with up to a 30% reduction in times - in particular for welded panels and the re-skinning of doors. Please also consider that one large insurance group which covers approximately 60% of motor vehicles in South Australia and Victoria started as a non-profit motoring association but with the acquisition of other companies has dictated poor standard times and has done more harm to the repair industry than any other action in the past twenty years.

- 10. The community is being continually misinformed to procedures and processes of the repair process of vehicles. I believe a more transparent policy agreement by insurers should be highlighted to policy holders to ensure a better understanding of repair procedures and parts to be sourced because**

Advertising for large insurance companies spends huge dollars in telling the customers how important they are but the same companies spend the smallest dollars in repairs and once a customer has had a claim he is not so important. Customers are not aware that they do not get new parts for old and if the car is over four years old it could get after-market or second-hand parts. I am sure that the manager of any company would not want a \$90.00 Taiwan-made guard on his car instead of a Holden part made to fit and costing \$550.00.

Mr I Consumer did pay good money for his 1999 Rodeo and did not buy a cheap copy made in Taiwan. Therefore he doesn't expect a copy part with poor fitting and slotted holes and poor margins just to help insurance profits.

- 11.** When a repairer challenges an assessor about the hourly rate his standard reply is that it is set by the repair industry. This is a complete lie as it has been dictated to repairers by insurance companies. Collusion within the larger companies has kept it to an all-time low and smaller companies have followed on. (Collusion is supposed to be illegal). Also standard R & R times are set at a non-practical level and are set and implemented by the Insurance giants.