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Watchdog 'weak' on car insurance

A VICTORIAN federal MP has attacked the nation's top consumer watchdog for its apparent reluctance to investigate dubious behavior by vehicle insurance companies.

By GEOFFREY GODDARD

Anthony Byrne said a "weak" Australian Competition and Consumer Commission was unwilling to properly investigate the role of insurance companies in

the crash repair industry.

Mr Byrne, the Labor member for Holt in Melbourne's eastern suburbs, was speaking in Federal Parliament on Monday.

His call to the ACCC has been backed by the executive director of the Victorian Automobile Chamber of Commerce, David Purchase, who accused some insurers of "unfair and unconscionable" behavior.

The ACCC rejected the claim it was weak and said there was no need for an investigation.

Mr Byrne told parliament some major vehicle insurers were involved in "extraordinary behavior".

It included "stand-over tactics, bullying and ripping off motorists and the accident repair industry".

Mr Byrne said many motorists were suffering because of the lack of action by the ACCC.

"And many small businesses are hitting the fence because of the practices of large insurers in the car repair industry, especially the Royal Automobile Club of Victoria," Mr Byrne told parliament.

He cited the case of Gerry Raleigh, who owns a crash repair business in Vermont.

Mr Byrne said Mr Raleigh had lost more than \$90,000 in turnover last year "because he fought the RACV over their policies".

"As a result of his victories when seeking proper repairs for clients of the RACV, they have reacted by bullying him, removing business from his shop and then having the audacity to check over 14 repairs he had previously done for them, to try to find faults. They found nothing," Mr Byrne said.

He accused the RACV of trying to "rip off" an unnamed municipal council in Melbourne's eastern suburbs.

Mr Byrne told parliament an inspection of a council car that had undergone repairs had found that "the RACV was charging for work never done".

He said the inspection was carried out by the council's safety and insurance co-ordinator and Mr Raleigh, who had also asked for photos of the accident which led to the repairs.

"But the RACV told them that, unlike other insurers in the industry, they did not take photos," Mr Byrne said.

"Finally, after doing due diligence on the RACV, the council decided to pay a lower amount to them.

"The RACV never complained. I wonder why? Were they trying to rip off local government or just incompetent?"

Mr Purchase said he was delighted with Mr Byrne's comments because the VACO had been urging the ACCC to investigate vehicle insurers for some time.

"Insurers are all about wanting to control their costs and they believe they can do that if they control the (vehicle repair) industry," said Mr Purchase.

"Repair is a significant cost for insurers and they want to do everything possible to reduce costs."

Mr Purchase said that included putting pressure on repairers to use second-hand replacement parts.

"One company has its own repair shops and we don't think it's a particularly appropriate thing to do as an insurer," he said.

"They are effectively removing choice of repairer from consumers."

The ACCC's regional director for Victoria, Tom Fahy, said: "We have examined these claims on many occasions in recent years and in more recent times we have looked at documents put in on behalf of Mr Gerry Raleigh."

"There is no evidence there which would require any intervention by the commission."

In a statement to the *Sunday Herald Sun*, the RACV categorically denied the accusations made by Mr Byrne.