

New laws commence for smash repair industry

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NSW Fair Trading Minister, Diane Beamer, today announced that laws aimed at making the smash repair industry clearer and fairer for repairers, insurers and consumers will come into effect at the end of this month.

Ms Beamer said that a Mandatory Code of Conduct, based on a national Voluntary Code, becomes law in NSW from 30 March.

"The *Fair Trading (General) Amendment (Motor Vehicle and Insurance Repair Industries) Regulation 2006* enacts this new Mandatory Code which will provide for fair, timely and transparent conduct between insurers and repairers," Ms Beamer said.

"The Code will provide a new direction in the way business is done and disputes are settled between smash repairers and insurers.

"Consumers will benefit from better disclosure, improved service from insurers and repairers and repairs that are done in the most cost effective but safe way."

The mandatory Code came about as a result of the potentially industry crippling dispute between the Motor Traders Association and IAG-NRMA Insurance in 2006 regarding the tendering of smash repair business by the insurer.

Ms Beamer said making the Code mandatory for all insurers and repairers provides clear rules for fair and transparent business arrangements between them, ultimately ensuring a better deal for consumers."

The Code provides for:

- up front disclosure on whether insurance policies provide choice of repairer.
- a transparent and independent external dispute resolution mechanism;
- the requirement for full disclosure in preferred smash repairer arrangements;
- retention of preferred smash repair status upon the sale of a business;
- the requirement for full disclosure in quoting for work and payment;
- standards for the allocation of responsibility for repair warranties; and

"While we expect all parties to adhere to the Code, strong penalties have also been introduced should non-compliance be encountered," Ms Beamer said.

"The penalties including court injunctions, orders to disclose information, trading prohibition orders, civil action for damages and court orders to compensate for damage.

"These penalties will only be considered as a last resort when both parties have exhausted all the dispute settling provisions or if one party refuses to participate," Ms Beamer said.

Source:

http://www.fairtrading.nsw.gov.au/About_us/News_and_events/Media_releases/2007_media_releases/20070323newlawscommenceforsmashrepairindustry.html