



15 March 2022

Motor Dealers and Repairers Amendment (Statutory Review) Bill
Policy & Strategy
BRD Department of Customer Service
4 Parramatta Square
12 Darcy St
Parramatta NSW 2150

Insurance Australia Group Limited (**IAG**) welcomes the opportunity to comment on the Motor Dealers and Repairers Amendment (Statutory Review) Bill.

IAG is the parent company of a general insurance group with controlled operations in Australia and New Zealand.

With more than 8.5 million customers and information on the majority of motor vehicles and domestic residences in our markets, we use our leadership position to understand and provide world-leading customer experiences, making communities safer and more resilient for the future. IAG authorises repairs on approximately 400,000 motor vehicles annually.

We work collaboratively with government, industry bodies and Australian and international organisations on a range of topics and issues that relate to our customers, our people and the community.

IAG supports the proposed Bill. In particular, we agree with the amendments that recognise and support shifting consumer preferences around the purchase of motor vehicles online, and the supporting consumer protection mechanisms.

This shift to online sales is not new. Today, a number of vehicle manufacturers offer online sales of new vehicles. Over time, this shift will inevitably impact the role of motor vehicle dealers in the new vehicle sales industry and potentially lead to a rationalisation of the dealer network.

The motor vehicle repair industry relies on the dealer network to provide repairers with replacement genuine motor vehicle parts. A competitive dealer network ensures that repairers are able to obtain genuine parts at competitive prices. Our experience shows that a rationalisation of the dealer network can lead to a reduction in parts discounting and an overall lack of competition. Ultimately, this translates into greater repair costs.

For some repairers, a rationalisation of the dealer network may also lead to delays in the delivery of genuine parts. These delays will inevitably lead to increased repair times and an overall decrease in the efficiency of the repair process. It will also lead to increased hire car costs adding to insurers' overall claims costs.

The issues associated with rising repair costs are also compounded by the lack of disclosure and transparency around the availability of manufacturers' list prices for genuine parts. A rationalisation of the dealer network will further reduce the ability of repairers to obtain accurate list prices for genuine parts. We believe this decline in transparency could lead to



parts price inflation and an overall increase in repair costs. This will in turn put upward pressure on insurance premiums.

In order to alleviate some of these issues, we believe it's important that all manufacturers make publicly available their list prices for genuine parts and this should be the NSW Government's priority in any future law reform in this area. We also think it is important for the NSW Government to consider what role it can play in mitigating the issue associated with delays in the delivery of genuine parts given the potential adverse impact on consumers.

Yours sincerely

Dominic Dower
Executive Manager, Motor Repair Supply Chain