

BULLETIN

Body Repair Division



Reference No: BRD 05-17

Date issued: 02/03/2017

URGENT NOTICE TO MEMBERS - Are motor vehicle insurer's paying you for your legitimate repair work?

Dear BRD Member,

Are Insurer's paying you for your legitimate repair work?

The body repair industry has for some time been moving towards an open and transparent process where the time to repair is based on commonly accepted practices, and therefore the cost to repair is also more transparent. There has been a mutual commitment to a set of guiding principles through a Motor Vehicle Insurance and Industry Code of Conduct (The Code) that commenced on 1 January 2016.

VACC has a standard and accepted set of principles that inform members what defines legitimate costs (i.e. direct, indirect and overhead costs) which need to be recovered from repair work to ensure the business remains efficient, productive and financially viable. These legitimate costs are usually listed within the repairer's estimate and quotation they submit to the insurer. Under Clause 10 and sub-Clause 10.1 (b) of the Code, a repairer can make an application for an Internal Dispute Resolution (IDR) for issues that arise before commencement of repair, in which the insurer must make a determination within two days after receiving the IDR.

VACC says this set of principles meets broader industry/business standards which are common and accepted across Australian business more generally.

VACC says, legitimate expenses incurred as part of legitimate 'repair work' (as defined by the Code) and prior to commencement of repairs, includes but is not limited to:

Examples of Non-Payment of Legitimate Expenses Prior to Commencement of Repairs:

1. Confirmation of delivery of an accident allocation vehicle from VicRoads (tow docket and confirmation number from given by the tow operator or accident allocation centre) and/or subsequently notifying the insurer they have received the vehicle with an accident towing docket (VicRoads docket) (i.e. authorisation of body repairer receiving accident vehicle through the Accident allocation scheme).
2. Subsequently, the body repairer providing storage space and making the vehicle secure on the body repairer's premises and making the vehicle physically accessible to the insurer.
3. Making payments for sub-let services involved in the insurance claim onboarding process such as legitimate towing costs and reasonable handling fees.

Examples of Non-Payment of Legitimate Expenses Post-Issuance of the Repair Authority:

1. Pick-up and delivery.
2. Reasonable and fair mark-ups; and/or handling fees, including towing services and towing service handling fees.
3. Continuation of vehicle storage fees.
4. Environmental levies.
5. Vehicle cleaning/presentation and utility of the repaired vehicles including detailing, denibbing, etc., and proportioned within the agreed scope of repairs and ready for customer handover.
6. Freight charge handling fees for repairers in regional Victoria.

7. Expenses incurred by the repairer associated with responding to insurance company requests for addition images and/or information; or for chasing up claims, assessment, or any other matter relevant to the motor vehicle repair.
8. Fair and reasonable proportioned allocation of annual business insurance recoverable through each and every authorised repair claim (i.e. productive repair work).

If you believe that any insurer is arbitrarily refusing to pay legitimate and fair expenses you have incurred to bring the vehicle back to pre-accident repair condition as agreed to by the insurer, please lodge an Internal Dispute Resolution. You can do this easily and quickly by submitting your application by [taking this link](#).

I have also attached the Motor Vehicle Insurance and Repair Industry Code of Conduct (January 1, 2017) (the "Code") for your reference ([you can find this by taking this link](#)). Please take the time to know your rights and obligations under the Code before making your submission.

Once you are happy with your submission (by completing the online form and clicking the submit button at the bottom of the form), email Vanessa Gibson (vgibson@vacc.com.au) and ask her to submit your application via the CAC website.

John Guest

Industry Policy & Division Leader
Industrial Relations, Policy & Engagement
P: 03 9829 1142
M: 0418 329 527
F: 03 9820 3401
E: jguest@vacc.com.au