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◆ INSURANCE ISSUES

'Don't tar all with the same brush'

Workshop owners: Our hands often 'tied', especially in vehicle accident claims where insurers call the shots

I AM writing in response to *The Malay Mail's* Letters page article on Aug 20, headlined "Post-Accident Stress".

As a body representing more than 2,700 workshops nationwide, the Federation of Automotive Workshop Owners Association of Malaysia (FAWOAM) feels the need to address some of the issues raised.

Although we empathise with the plight of the writer, it is important for vehicle owners to understand that, in most cases, workshops have no say in determining if an accident vehicle should be repaired or declared a "total loss".

The discretion lies solely in the hands of the insurance adjuster and insurance companies.

There have been many cases where workshops feel a car is so badly wrecked, to be "beyond repair", but some adjusters and some firms insist it should be repaired.

Under such circumstances, the repair costs would be extremely high. Yet, some insurance com-

panies proceed to slash prices quoted by workshops.

To answer some of the issues raised in the letter, it is important for car owners to know that:

1. When a car is involved in a collision and sent to a particular workshop, the choice of workshop is normally based on the insurer's panel. Often, the customer has little say in where the car goes.

2. In cases of repairs involving collisions and insurance claims, workshops are "contractors" or service providers to insurance companies, as payment will come from them. Hence, we are directly answerable to these insurers and have to adhere to their instructions. Under such circumstances, we may not be able to fulfill car owners' requests if these are against what the insurance companies provide.

3. Workshops normally provide a comprehensive quote for repairs based on set prices for parts listed on the Motordata Research Consortium (MRC) and e-claims system. This quote is then sent to the insurer. In most cases, these

prices are often not adhered to by many adjusters and insurers. There tends to be "price slashing" which is somewhat based on arbitrary practices that can go up to as high as 30 per cent. When claims are excessively discounted, the workshop suffers, and ultimately, the consumer suffers too.

4. There have been allegations of workshops charging exorbitant prices for car repairs. In the case of collision repairs, most workshops will provide estimates based on current prices of parts and labour repair times, following the standards set by the MRC and the Thatcham Times System. (ED: It is a comprehensive database for use in estimating accident damage containing times for replacing parts and panels, and is the only system available that also incorporates the repair method.)

It is then at the insurer's discretion to approve or lower the amount. Hence, it is not that workshops charge exorbitant rates, but some insurers who apply arbitrary discounts, making it seem like workshops are inflat-

ing prices at their own will. Many do not understand these excessive "discounts" would mean that the workshops are unable to afford original equipment manufacturer (OEM) parts.

5. There are also cases where certain parts of a vehicle have been badly damaged and workshops have recommended them to be replaced. However, some insurance companies do not approve of replacement and have instructed workshops to instead repair the parts concerned. This may put the car owner at risk as repair works will merely be superficial and does not necessarily guarantee the car will be in good condition. It also does not guarantee safety of drivers should the car be involved in another accident.

6. Workshops are often accused of taking too long to repair collision-damaged vehicles. According to regulations set by Bank Negara, insurers have to approve claims within 14 days of receipt of claims, complete with all necessary documentation and relevant supporting evidence.

Unfortunately, in many cases, some insurance companies take their time with claims processing and workshops are unable to start work without confirmation of the

final approval from them. This is one of the causes of delays which tend to frustrate car owners.

In the past, we have had complaints about the services we provide and allegations of being cheats and frauds. While we can't deny there are some black sheep in the industry, it is unfair to tar all workshops and mechanics with the same brush.

There is currently a void in laws governing practices and prices in the industry. The FAWOAM, as a concerned body, has initiated steps to help address this void.

To this end, FAWOAM, together with other concerned industry players, have spearheaded meetings with Bank Negara and other relevant government agencies.

As with any other industry, we recognise customer satisfaction equals more business. To this end, we will support any move by the relevant authorities to look into potential laws and regulations to set standards for the industry which will ultimately benefit consumers.

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