

[The Star Online](#) > Nation

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Customers will lose out, say workshops

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PETALING JAYA: A feud between car repair workshops and insurance companies over repair costs is likely to jeopardise customers following a threat by workshops to use only non-original spare parts.

The move by the Federation of Automobile Workshop Owners Association Malaysia (FAWOAM) came about as it accuses motor insurance companies of deducting sometimes up to 30% in settling claims for repair costs.

Their refusal to use Original Equipment Manufacturer (OEM) parts could depreciate the resale value of the vehicle, besides compromising consumer safety.

However, FAWOAM president Kong Wai Kwong acknowledged that only some motor insurance companies were declaring a cut of between 20% and 30% for OEM parts.

“The workshops buy original parts at 20% discount from suppliers but some motor insurance companies would slash 30% from their repair claims. So even before the workshops start the repair works, they have already registered a 10% loss.

“For example, a BMW OEM part is only offered at a 0.7% discount but insurance companies impose a 20% deduction,” he said, adding that this meant that the workshops would have to bear the high costs of those spare parts.

Insurance companies, he said, should follow the price list of OEM parts which was outlined in the Motordata Research Consortium database.

On Sunday, FAWOAM took out newspaper advertisements to say that non-OEM parts would be used if insurance firms impose more than a 10% cut.

Kong said the association raised the problem in March with Bank Negara and was told to discuss it with General Insurance Association of Malaysia (PIAM).

PIAM executive director Lim Chia Fook confirmed it met with FAWOAM in April, during which it had requested the association to provide supporting data on the issue.

There had been no response to date, he said.