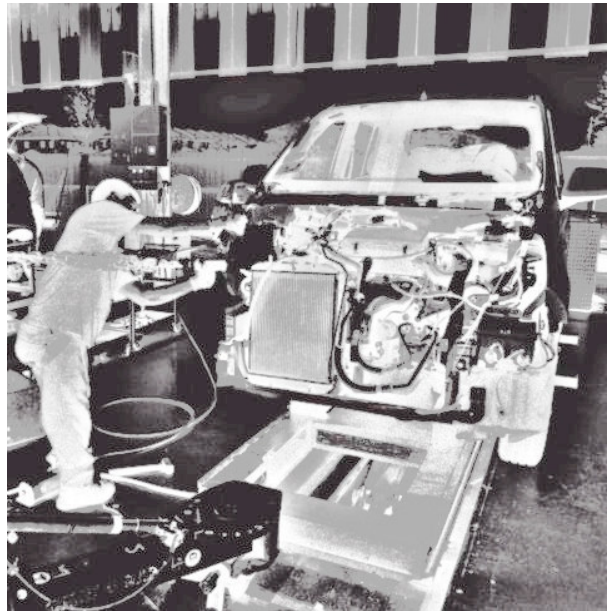


Workshops to be firm on accident repair costs

Editor Chips Yap: chips@motortrader.com.my

[The Federation of Automobile Workshop Owners Association of Malaysia \(FAWOAM\)](#) is taking a firm stand on repair costs that are processed by insurance companies. In a notice published in the newspapers recently, the association says that 'unacceptable trade practices by the Motor Insurance Companies have burdened and strangled the repair industries to keep moving forward'. It states that it has attempted to resolve outstanding issues through discussions with government agencies and insurance companies but the attempts have failed.



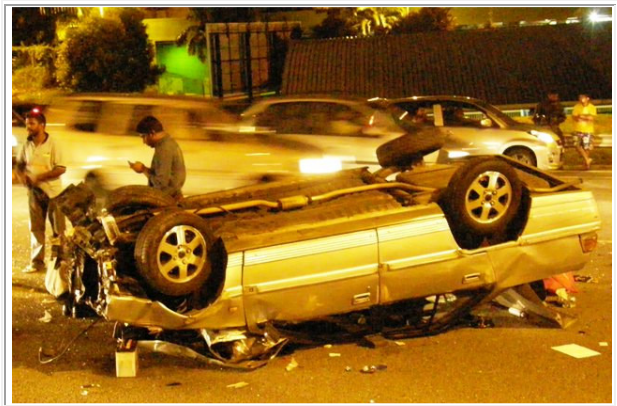
Because of this, the association is now declaring that its members, as well as those who have adopted the PIAM Approved Repairers Scheme ([PIAM](#) is the General Insurance Association of Malaysia), will adhere to the following:

- 1. The workshops will deem the insurance companies are requesting for non-OEM (ie not original) parts if any trade discount is imposed which exceeds 10%.**
- 2. The workshops will only commence repairs on a vehicle after receiving the insurance company's supplementary and final approval.**
- 3. The workshops will opt for cash payment if the approval from the insurance company does not follow the FAWOAM Collision Repair Industry Guide to Retail Charges 2009 ([click here](#) to view this guide of charges issued in October 2009).**
- 4. Owners can pay the difference in costs between that based on the Retail Charges Guide and what the insurance company has agreed to pay for the repairs.**
- 4. The workshops will release the repaired vehicle only after receiving full payment for the work done from the insurance company or upon receiving a minimum payment of 10% as a deposit from the vehicle owner, the percentage based on the insurance company's final approved repair cost. The deposit will be**

refunded when the workshop gets full payment from the insurance company.

5. The workshops reserve the right to revert and opt for cash repairs.

This whole issue has been going on for some time as the workshops feel they are being subjected to double standards and unfair trade practices. One example: the independent workshop labour rate of RM20 – RM25 has remain unchanged for the past 15 years and the FAWOAM wants to apply a RM45.00 labour rate per hour which it considers reasonable compared to the rate of RM60.00 charged by franchised workshops - which the association says most of the insurance companies are willing to pay.



With the insurance industry continuing to declare that [motor insurance is an unprofitable business](#), it is likely that there

is pressure on the workshops to lower their repair bills. It is possible that some workshops will resort to using non-original parts for repairs when the amount they are being paid has been too low and while there's nothing wrong with this if the parts meet quality and safety standards, there is a danger that if pressured more to lower charges, some may even resort to using cheaper imitation parts. In fact, the FAWOAM reveals that the insurance companies are demanding a 20% to 30% trade discount on parts used for repairs which it says is unreasonable 'and indirectly forced the repairers to short-change the consumers'. Hopefully, the association's members abide by the code of ethics and not install imitation parts that can put motorists at risk.

If a workshop asserts its right to refuse to start work until the insurance company's approved repair cost is acceptable, then there will be additional delays as negotiations go back and forth. PIAM should quickly work towards finding a solution between all parties for the sake of premium-paying vehicle owners who are already greatly inconvenienced by having no vehicle to use.

Talk about this issue in the [MTM Forum](#)