

Crash repairs

turn a corner

Vehicle accident rates fell significantly this year, according to the crash repair industry, the effect of reduced traffic volumes, more careful driving, financial tightening or maybe even the lack of third party damage insurance?

While it is questionable news for insurance companies, it certainly hasn't been good news for the collision repair sector, says Karen Knight from Crash Brokers.

The down turn in repairs is a complex issue, she says, but certainly includes higher fuel prices and general financial belt-tightening.

While expecting to see some casualties in the repair sector in the short-term, given that profit margins in the industry have been steadily declining for years while costs continue to rise, Knight sees a positive light.

Like all sectors, the fittest will survive she says and stresses to both repairers and Crash Brokers' staff the need to constantly improve customer service levels.

Brokers have been very responsive to the independence and expertise provided by Crash Brokers, Knight adds, and many have shown great support for the service.

For the first time, Crash Brokers attended the IBANZ conference this year and Knight says the opportunity generated a lot of interest.

"We are still fielding enquires from our conference presence in Queenstown, particularly from out-of-Auckland brokers, so that geographic spread is fuelling our current growth and has helped balance volumes in our traditional Auckland market."

Brokers appreciate the value Crash Brokers adds for clients in improving service standards at what can be a distressing time for clients, particularly when dealing with the highly variable collision repair sector, says Knight.

"However, feedback from brokers also suggests

that some insurers have misconceptions about the service adding extra costs to insurance repairs, and that is wrong.

"It appears to be a self-defeating argument to suggest that extra cost can be added to repairs at will, when all repair costs are audited by insurers' own assessors either on-line or in person."

The law is also quite explicit that the insured has the right of choice for their crash repairer, Knight adds. For instance, under their policy they may not be obliged to take their vehicle to an 'assessing centre' where cars are tendered out for repairs to the lowest bidder, or to use any specified repairer - particularly if the best level of service available is not provided by that repairer.

Motor vehicle technology has undergone extraordinary change even over the past decade, says Knight. Cars are effectively operated by computers, and crumple zones, air-bags and other safety features are now commonly designed-in to protect passengers. In addition a range of complex metal alloys are incorporated in most vehicles now to add strength while reducing weight, and specific knowledge is required to reinstate those constructions to manufacturers specifications. "This requires investment in continuous and often model-specific technical up-skilling for collision technicians," says Knight. "Innovations during the 1990s included paint-baking ovens, computerised paint-matching technology and precision

chassis alignment/straightening machinery that requires an investment of many hundreds of thousands of dollars, but are now commonplace."


The current generation of investment for the sector includes inverter spot welders costing up to \$40,000 per machine, transforming what was known as a "panelbeater's shop" into something more closely resembling the science involved in a car manufacturing assembly line, says Knight.

The repair industry landscape is about to change substantially in other ways too, she claims.

"One of the most interesting factors is the growing interest from non-industry players including private equity funds."

This trend has already started, she says, with recent sales of large high-profile collision repair facilities to investor groups and corporate entities with significant business experience across multiple sectors and a determination to extract a viable return on their investment.

While they may find this challenging, Knight says there's no doubt the industry will welcome any improved efficiencies these professional managers may introduce, including lean manufacturing processes and increased purchasing power.



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