

This explanatory note relates to this Bill as introduced into Parliament.

## Overview of Bill

The object of this Bill is to regulate the activities of insurers and repairers in relation to the repair of motor vehicles that are insured against accident damage.

Outline of provisions

### **Part 1 Preliminary**

**Clause 1** sets out the name (also called the short title) of the proposed Act.

**Clause 2** provides for the commencement of the proposed Act on 1 June 2006.

**Clause 3** defines certain words and expressions used in the proposed Act.

**Clause 4** provides for the proposed Act to bind the Crown.

### **Part 2 Regulation of the motor vehicle repair industry**

#### **Division 1 Coverage under an insurance policy**

**Clause 5** invalidates the use, in insurance policies, of provisions that require the use of particular parts or products in the repair of the insured's motor vehicle, restrict the insured's choice of repairer or impose additional charges on an insured for choosing their own repairer.

**Clause 6** invalidates the use, in agreements between insurers and repairers, of provisions that require the repairer to offer discounted prices for parts or products to be paid for by the insurer or that entitle the insurer to direct that particular motor vehicles be repaired by that repairer.

#### **Division 2 Offences**

**Clause 7** prohibits an insurer from "steering" an insured towards a particular repairer, accepting kickbacks for steering an insured towards a particular repairer, requiring a repairer to use particular parts or products or making arrangements for an insured's motor vehicle to be towed to the insurer's preferred repairer.

**Clause 8** prohibits an insurer from "steering" a third party claimant towards a particular repairer or requiring a third party claimant to choose particular parts or products for use in the repair of the claimant's motor vehicle.

**Clause 9** allows an insurer to suggest or advise the use of a particular repairer if an insured so requests, provided that the suggestion or advice is in the form of a list of repairers from which the insured is free to choose.

**Clause 10** prohibits the practice of obtaining the insured's authority to request quotations for the repair of the insured's motor vehicle, or to find and engage a repairer to repair the insured's motor vehicle, prior to the motor vehicle being towed from the scene of an accident.

### **Part 3 Disclosure requirements**

**Clause 11** requires an insurer to provide the insured with a disclosure notice, in a form to be prescribed by regulations under the proposed Act, when the insured first enters into an insurance policy with the insurer, on each occasion the policy is renewed and whenever the insured makes a claim under the policy.

**Clause 12** requires an insurer to provide a third party claimant with a disclosure notice, in a form to be prescribed by regulations under the proposed Act, when the third party claimant makes a claim against the insurer.

**Clause 13** prohibits an insurer from preventing a repairer from disclosing to an insured or to a third party claimant any information about the parts and products the repairer has used to repair a motor vehicle, and requires the repairer to disclose that information to an insured or third party claimant.

### **Part 4 Ownership interests in motor vehicle repair businesses**

**Clause 14** provides that, as of 1 September 2006, an insurer is prohibited from holding or acquiring an ownership interest in any motor vehicle repair business in New South Wales.

**Clause 15** provides that, during the period between the commencement of the

proposed Act and 1 September 2006, an insurer that has an ownership interest in a repairer must disclose that information in any disclosure notice issued by it under proposed section 11 or 12.

**Part 5 Miscellaneous**

**Clause 16** enables the Governor to make regulations for the purposes of the proposed Act.