



Motor Trades Association of Australia



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No. of Pages: **3**

To: G. SAMUEL A.D.	From: M. DELANEY
Date: 7 OCTOBER 2004	Fax No: 02 6273 2738
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Mr Graeme Samuel AO
Chairman
Australian Competition and Consumer Commission
PO Box 1199
DICKSON ACT 2602

Dear Mr Samuel

I write to you in relation to correspondence that the Australian Competition and Consumer Commission has received from Australian Associated Motor Insurers Limited (AAMI) in relation to the exclusive dealing notification lodged by Subaru (Aust) Pty Ltd (N91415). A copy of that correspondence is attached for ease of reference.

In that correspondence, AAMI has expressed concern about the preferred repairer network that Subaru has advised the ACCC that it intends to establish within Australia. As I understand it, Subaru intends to establish a network of approximately one hundred "preferred repairers" and those repairers will be required to meet particular customer service and professional standards in order to qualify for brand marketing support from Subaru. Such a network would seemingly appear to be quite similar to the preferred repairer networks established by various insurance companies, including AAMI.

I must confess that I had a sense of jame vu when I read AAMI's correspondence, with so many of its arguments against this prospect being allowed to occur being reminiscent of those put forward by MTAA, as against AAMI and other insurers, in its opposition to the preferred repairer schemes operated by insurance companies yet none of them ever having been seen before from any of them. The irony of that situation is not lost on MTAA and I trust that the ACCC will treat AAMI's concerns about the Subaru preferred repairer network in a manner similar to the way in which the Commission has, and continues to, respond to MTAA's concerns regarding the insurance companies' preferred repairer networks.

I look forward to hearing from you in due course.

Yours sincerely

MICHAEL DELANEY
Executive Director

7 October 2004

AAMI

FILE No.

DOC: 004/40893

19 August 2004

Mr. Tim Grimwade
 General Manager - Adjudication
 Australian Competition And Consumer Commission
 PO Box 1199
 DICKSON ACT 2602

Dear Sir,

Subaru (Aust.) Pty Ltd – Exclusive Dealings

We wish to comment on the notification by Subaru (Aust.), dated 18 June 2004, that they intend to establish a network of approximately 100 preferred repairers throughout Australia within the next year.

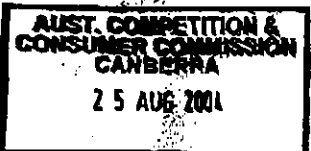
As one of Australia's major providers of motor insurance, AAMI insures approximately one in five cars on the road, and as many as one in three cars in some States. Nationally, AAMI manages approximately 200,000 motor vehicle claims per annum.

AAMI, through its comprehensive motor insurance policy, has a direct relationship with each and every policyholder. When a customer has an accident and lodges a claim with AAMI, under the terms of their insurance policy, the customer allows AAMI to make all necessary arrangements to repair their car. AAMI will obtain quotations from repairers, select a repairer and authorise repairs to the repairer it chooses on the basis of quality, cost and timeliness. AAMI will authorise repairs to either a repairer from its recommended repairer list, or a repairer from outside this list, but considered capable of performing repairs to a satisfactory quality standard.

AAMI is concerned that Subaru's Exclusive Dealing proposal will introduce a major area of confusion for AAMI's customers. This will occur if Subaru attempts to position itself between AAMI and its policyholders by stipulating (implied or otherwise) that Subaru vehicles can, or should, only be repaired by one of their repairers.

By establishing a preferred repairer group, Subaru clearly wishes to limit the number of repairers who currently repair vehicles manufactured by Subaru. If Subaru creates an impression that only members of their preferred repairer group are capable of competently repairing Subaru vehicles, AAMI is concerned that this will create a false impression amongst its Subaru vehicle owners.

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This problem will be exacerbated if Subaru (as some other manufacturers already do) restricts the flow of technical data to the repair industry by only providing essential repairer training on Subaru vehicles to members of their preferred group. AAMI is aware that legislation is in place in the European Community to prevent this occurring and to ensure that manufacturers do not restrict the distribution of technical data to the repair industry.

AAMI would request that the ACCC obtains undertakings from Subaru that it will make its technical repair information available to all interested parties in the repair industry within Australia. AAMI would also request an undertaking is provided that all technical repair training performed by Subaru, or its authorised representatives, be made available to all interested parties within the repair industry.

AAMI is particularly concerned that Subaru will either state directly, or imply to its owners, that their vehicles' warranty cover is conditional on the use of Subaru's preferred repairer group. AAMI would request that the ACCC obtains an undertaking that Subaru's warranty coverage is not to be limited to, or conditional upon, the usage of a preferred group of repairers.

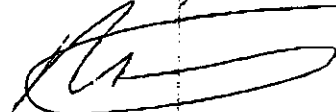
In relation to Subaru's exclusive dealing notification regarding spare parts and accessories, AAMI is concerned that this may lead to an increase in the cost of repairs. This will occur if pressure is applied to repairers to use new Subaru parts in lieu of recycled parts in the repair of damaged Subaru vehicles. AAMI supports the use of recycled genuine OEM parts in the repair of its customers' vehicles in an effort to reduce the cost of repairs and therefore minimizing the cost of insurance premiums.

In summary, the insurance industry pays the repair costs for the majority of cars repaired in Australia. As a major insurer of cars nationally, AAMI is concerned that the creation of preferred repairer groups by manufacturers will lead to the restriction, or even the prevention, of important technical data being made freely available throughout the repair industry.

AAMI is also concerned that owners will be advised, or given the impression, that their new vehicle warranty will be voided if a preferred Subaru repairer does not repair their car.

If you would like to discuss these matters further, please contact either Philip Oswald on (03) 8520 1540 or myself on (03) 8520 1952.

Yours sincerely



Ron Arnold
General Manager - Corporate Affairs and Executive Office

AAMI