

# MEDIA RELEASE

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## IAG calls for tenders for its preferred parts supplier network

**Insurance Australia Group (IAG) today called for tenders for its preferred parts supplier (PPS) network in Victoria, New South Wales, Queensland, South Australia, Western Australia and the Australian Capital Territory.**

The network, which has been trialled by over half of IAG's preferred smash repairers (PSR), will give PSRs the opportunity if they wish, to purchase re-usable spare parts from preferred parts suppliers.

The network will become active in June 2005 and is expected to enhance the profitability of IAG's Preferred Smash Repairers (PSRs) as well as drive environmental benefits, while contributing to a consistently high quality of repair.

IAG Head of Claims & Assessing, Mr David Brown, said the trials of the PPS network have shown it provides a number of benefits for PSRs.

"This system has been on trial within the smash repair industry for over a year and while it is a change in process for PSRs, the feedback from those in the trial is that it is easy to use, increases profit margins and allows PSRs to run their business more efficiently," said Mr Brown.

Mr Brown said IAG will continue to uphold its commitment to customers, to return a car to the condition it was in before an accident, whether this is by using new or reused parts.

"As we do now, we will continue to conduct random quality checks on cars repaired by members of our preferred repairer network to ensure the quality and safety of our work," said Mr Brown.

The increased use of reused parts will also increase the sustainability of the smash repair industry. IAG research shows that if only new parts were used it would increase the number of write offs by about 9,300 nationally and cause a loss of 277 jobs in the repair industry and potentially reduce revenue to the dismantling industry by 50 per cent.

Mr Brown said the introduction of a PPS network would also be less detrimental to the environment.

“In Australia approximately 500,000 motor vehicles are “written off” annually, generating approximately 650,000 tonnes per year in “waste” requiring management, much of which is considered potentially hazardous,” said Mr Brown.

The introduction of the PPS network also brings benefits for consumers, particularly those with older cars.

“The PPS network uses a central parts database to keep track of used parts so for consumers with older cars it will mean their repairer can obtain better access to a greater selection of parts to help get their car on the road sooner,” said Mr Brown.

The system involves PSRs sending one fax or email form to a central database listing all the required parts. Within two hours the PSR should be advised of the available parts and pricing and the parts either delivered within the day or held by the PPS until needed.

For further information, please contact:

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