

18 May 2018

Mr Andre Kersting
Project Manager, Transport
Essential Services Commission
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2 Lonsdale St
Melbourne VIC 3000

Email: towtruckreview@esc.vic.gov.au

Dear Andre

ESC Review of Accident Towing and Storage Fees

The Insurance Council of Australia¹ (ICA) appreciates the opportunity to provide feedback to the Essential Services Commission (ECS) Review of Accident Towing and Storage Fees Consultation Paper ('the Consultation Paper').

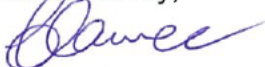
Following discussion with our motor vehicle insurer members we now provide feedback to some of the Consultation Paper questions in the enclosed attachment.

The ICA and insurers would welcome the opportunity to discuss these issues with you in more detail or provide any further information you require.

Similarly, going forward, we would also welcome the opportunity to discuss other towing related matters that fall outside the current scope of this review, in particular the need for greater regulation of accident towing and storage fees outside the Melbourne controlled area.

Please contact Tom Lunn, Senior Policy Advisor, Consumer Outcomes on [REDACTED] or [REDACTED] if you have any queries.

Yours sincerely,



Fiona Cameron
Policy, Consumer Outcomes

¹ The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent approximately 95 percent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. December 2017 Australian Prudential Regulation Authority statistics show that the private sector insurance industry generates gross written premium of \$44.9 billion per annum and has total assets of \$118.6 billion. The industry employs approximately 60,000 people and on average pays out about \$132 million in claims each working day.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).

The current benchmarking approach to review accident towing storage fees

The ICA agrees that the current benchmarking approach remains appropriate.

Current regulated accident towing fees and storage fees

The ICA are of the view that the current regulated towing and storage fees in the Melbourne controlled area remain appropriate and do not need to be increased.

Regulation of basic salvage fees

The ICA supports expanding the existing fee regulation in the Melbourne controlled area to include a regulated price for basic salvage. This would provide a better and more appropriate level of protection to consumers from excessive salvage fees.

The benchmarking methodology outlined in the Consultation Paper to calculate a regulated basic salvage fee (on page 11) would be appropriate.

Storage Services

In relation to storage the ICA is of the view that towing operators and storage providers, in charging the regulated undercover storage rate, should also be required to provide evidence of undercover storage (eg. photos) to support any claims for these fees.