



Country Auto Service

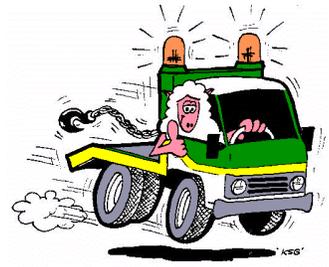
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Submission to the Tow Truck Review

Essential Services Commission

Level 37, 2 Lonsdale Street

Melbourne VIC3000

Tuesday, October 27 2015

The information (nonsense) contained within the ESC draft report (September 2015) particularly provided by the Insurers will cause my business problems and my response below may also cause me problems with some Insurance companies. After reading your Draft recommendation I feel I have no choice but to offer my thoughts on the draft report. My firm has never been listed on the Insurance companies system as a preferred tow company, even though I have been in the tow industry for 20 odd years and has a good reputation with customer service and following of the laws set out within the Tow Industry. As a Tow only company, without a repair shop, I do not get direct calls through the Insurance Company's preferred tower system, even though I operate 4 of the 6 Accident licensed tow trucks in the Moria Shire. The closest insurance preferred tow company is located approx 40 km in the adjoining Shire.

Below is a log of events that occurred 08.10.2015. It clearly demonstrates the negative involved in my business by Insurance companies causing all sorts of confusion for the owners of vehicles involved in accidents, delaying recovery operations and disruptions to other road users.

All names and company contacts can be verified and supplied if the commissions requires. The entire incident was also captured on our in truck video.

Accident in our area we attend, involved a delivery style van containing medical supplies for local hospitals

- Large delivery style van runs off the road strikes several trees and stumps lands against channel bank parallel to the road way in muddy ground 20 -30 meters from where it originally left the road
- Driver rings his boss (hospital Management)
- Our tilt tray arrives on scene, Dispatched from our depot in accordance with normal practices for an accident in our area (Country- non allocation)
- Our truck on scene notes the requirement of our larger tilt tray due to the size of the van involved and its final resting place in muddy ground against a channel bank
- Larger 2 nd tilt tray dispatched from our depot
- Police sign our Tow Authority in accordance with normal practice as driver is taken by ambulance
- Boss from hospital contacts fleet company (Driver Care)
- Fleet company rings insurance company (Zurich)
- Insurance company organizes preferred tow company, (Nation Wide) (250km away)
- Preferred Tow Company (Nation Wide) contacts us
- Advise them we were at scene currently recovering the vehicle and that we were the only tow company in this area who has a tilt tray large enough to do the job. They asked for a quote, unable to give quote due to the amount of variables' involved in the recovery, rough estimate given based on the large truck required & extra man power.
- Our driver on scene telephones the base hospital to enquire as to their needs regarding the medical supplies in the van, hospital confirms 2nd Hire van arranged and has been sent out to collect medical supplies on board.
- Police depart scene due to second urgent job
- Recovery started using our large tilt tray
- Damaged vehicle recovered from channel bank to the road edge and has one wheel on the back of the tray of the heavy tilt tray
- Boss from hospital and second van arrives at scene
- Second Tow Company arrives from Shepparton towing (50 km from scene) claiming to have the job. (Tow truck is too small and not capable of loading van)
- Shepparton tow truck driver advised tow docket completed by police and requested to leave scene, refuses, adamant he is working for Smash Care Shepparton and going to tow the vehicle
- Our base operator rings Nation Wide Towing to sort problem. Told they had sent the other tow truck as the insurance company didn't like our estimate. Base operator from Nationwide advised tow docket had been previously signed by police and recovery of vehicle is under way

- Hospital boss on scene at accident now getting multiple phone calls, and not sure what he should do.
- Recovery operations temporarily suspended due to confusion created by insurance company
- Multiple phone conversations between our driver and hospital boss on scene with Driver Care and Zurich insurance, we were eventually told to continue by the hospital boss after a 1 ½ hr delay
- Ironically the damaged vehicle stayed in storage at my yard for 18 Days. It has been assessed; our tow bill has been deemed fair and reasonable by the assessor and passed for payment the vehicle has been declared a write-off. The vehicle was moved after 18 days as the insurance company has been un-able to find a suitable priced tow truck to transport the vehicle to the auction yard in Melbourne.
- Below are 2 photos, the first showing how we originally transported the damaged vehicle from the accident scene to our depot on our suitably sized tow truck.



- The second showing how the Insurance preferred truck picked up the vehicle from our depot to be taken to auction, Please note the front bumper has been removed and left in our yard as it hung over the end of the tray after loading, the vehicle is clearly too large for the tow truck, the tow truck is listing badly to the driver's side and the front wheels lifted off the ground during the loading process.



Prices nominated by our company, to deliver the vehicle on our next Melbourne run, to the nominated auction yard in Laverton (240 Km) was \$90.00 dearer than the price paid to insurance company preferred tow company to pick up vehicle from our yard.

IS THE RISK TO PUBLIC SAFETY JUSTIFIED BY A \$90.00 SAVING TO A MULTI MOLLION DOLLAR INSURANCE COMPANY?

The above situation shows one problem with pre-pricing an accident. Every accident scene is different posing different problems and different costing. Having costs per Tow Company listed on a Vic Roads site for insurance companies to see would once again let them chose their

towers by cost not performance, with no regard to the needs of the local community. Panel shop affiliated tow companies will offer a lower rate at accident scenes in order to obtain repair work this will put the industry back into the bad times that caused the allocation system to be introduced. Believe me; we do not want price wars as an extra thing to deal with on scene.

Preferred Tow Operators

Preferred tow operators has been pushed by the insurance companies for some time now. I believe letting them talk to the driver at the scene of an accident puts them in the position of soliciting for certain tow companies and touting for repairs at an accident scene for certain repairers (usually affiliated with one another). In my opinion this is walking the line on a law regarding soliciting at accident scenes. This law was put in place many years ago for a very good reason and should not happen. This situation also removes the owner choice & control of their vehicle for where it goes to for repairs and who takes it there.

We already have insurance company preferred tow trucks in our area they are between 40km & 80km from our depot depending on which insurance company. This indicates they don't look for the nearest tow truck available and are happy for their customers to sit and wait for their preferred tow operator (not what I would call looking after the customer) just to keep control of the vehicle. We have many times had an owner decide not to wait any longer for the tow being sent and recall us to re-attend to tow their vehicle. The preferred tow usually still not attended when we leave.

Effect caused by the Insurance Company's involvement within related industries.

The Insurance companies already control the Repair Industry dictating to the repairers re their quotes. This is done to save themselves costs without any one controlling them. They are not customer orientated they are profit orientated. As a tow company only, we deal with our customer from the accident site up to the disposal of the vehicle at the Auction yard and know the problems and tactics they use to get these vehicles from our yard to their own Auction yards and repair sections in Melbourne, were they use the body parts to repair their own customer's cars with their own secondhand parts. So they are now not only killing our small local repairers in the rural areas, they are trying to eliminate purchasing from wrecking yards and the likes. They use the Trade tows industry to their advantage now they are deregulated by price alone. They are still not looking after their customers, just their profits. Not to worry about the loss of jobs across the related industries they are taking over.

In our area vehicles regularly run off the road and crash through a farm fences and ending up in a paddocks containing stock, we recover the vehicle and clean up the debris. The fence damage

leaves a risk of stock escaping and wandering on nearby road way, thus posing a danger to other motorists.

Previously we have noted long delays being encountered by land owners when dealing with insurance companies when trying to repair the damaged fences, sighting the requirement to obtain 3 quotes and have the fence inspected by an assessor. After being stalled for days on end the farmer has no choice but to patch repair the fence themselves and by the time the assessor arrives, he finds the fence looks ok, and denies the claim. Under current practice we deem the fence damage to be caused by the crashed vehicle and contact our on call fencing contractor to repair the damage immediately and forward the cost with our tow account.

Under the context of your draft recommendations should we expect a preferred fence fixer scheme to be forth coming from the insurance industry?

Excessive charges:

Has anyone investigated the reason why the tow companies concerned have been charging “so called” excessive amounts? Gippsland area been mentioned in the draft report, has the terrain in this area been considered as a possible cause? We have set up our trucks to handle the need in our particular area, at considerable cost. Have the companies in Gippsland also incurred additional costs in setting up their trucks for the steep terrain in the area? Do these claims of excessive amounts come from just the 2 main insurance groups or have they been verified by actual customer complaints? As there are only two main insurance groups that control the majority of the insurance industry, some sections of these companies have become very dominating within the tow industry. We regularly get threats of **“if you charge us storage you will not get any repair work”** but have never had a complaint about the cost of our tows and don’t do repair work.

Charges to my knowledge are not excessive in most cases in the rural area. Based on the distances occurred, the time span held up at an accident scene and the heavier extent of salvage & cleanup due to 100 kph hits, I believe our current rates are applicable in our rural areas.

Trade towing:

Insurance company's already control the 2nd tow trade by using the uncontrolled trade tow industry, using the best price, not the best service to the customer. Has anyone asked the two main auction centre's (Security & staff, not management that don't see the problems) what problems incur with the trade trucks the insurance companies send to their yards, re conduct & conditions of trucks etc. There was a recent incident were one Melbourne yard was refusing to load these types of trade trucks.

Why Insurance company should not get Involved at accident scenes.

Contacting insurance companies from the accident scene for a tow & direction of where to take the damaged vehicle becomes the insurance company's choice not the owners. Once again controlled by price not quality or service to the customer. This practice has already been implemented by the suggestive Ads on TV. Has anyone spoke to Police or Ambulance services about the chaos and delays caused at an accident scene while someone is on hold to their insurance company for direction? Over 20 years in the towing industry we have witnessed the results of such calls on a few occasions with Police trying to talk to the people involved so they can complete their investigations and often stand there with their hands on hips because the driver wants to complete the phone call first. Ambulance officers get very frustrated when work around a patient holding on to their phone to the insurance company. In the few instances we have witnessed all have resulted in either the Police or ambulance officer asking to talk to the insurance company rep and promptly telling the operator to ring back in several hours and hanging up the phone and usually turning it off so the insurance cannot ring back.

In our area, as with most other country areas, the emergency services are provided by volunteers. The time delays waiting for an insurance company preferred tow truck to arrive and clear the crash scene would also affect the SES Volunteers, CFA Volunteers, Volunteer Ambos, under the current system our local tow trucks arrive on scene shortly after or at the same time as the emergency services and we work as a team with the local services to re-open the road. But as the Ads indicate the first thing you do is contact the insurance, but there is no indication of the time delays.

In light of the spring carnival approaching I put forward the following comparison to the horse racing industry:

Insurance companies are multi-million dollar business's that are gambling that the client will not crash the insured vehicle for a 12 Month period, much like a book maker or TAB. The odds offered are clearly in favor of the insurance company as evident by the high profit records and share dividends announced at the end of each year.

HORSE RACING

After your horse crosses the finish line there is no dispute as to if you are entitled to collect the winnings with the TAB or bookmaker paying the dividend owed immediately.

IN THE INSURANCE INDUSTRY

Outcome 1 >If you don't claim in the 12 Month period

They re-insure you but depreciate the worth of the vehicle and in most cases increase your premium slightly – a win for them either way. OR

Outcome 2 > If you have a claim during the period of the policy.

They should be made re-emburse you for your out of pocket expenses by repairing your car or paying you out. They have effectively lost the bet and as such should pay the dividend the same as the book maker or TAB would be required. However instead insurance companies try to lessen the loss after the race ends by controlling how the claim is settled by using under handed tactics like, preferred repairer schemes, associated parts suppliers and now proposed preferred towing companies.

By insisting drivers contact the insurance company you are giving them total control which is not in the best interests of the vehicle owned or the general public. They are there to cover costs to their customers when they are involved in an accident once the vehicle is at a repair shop or holding yard and ready for assessment, and that is where their involvement should begin.

Pamphlets at accident scenes The ESC proposed pamphlet (page 116 of the ESC report) 'Authority to tow warning' (i.e. suggested as a replacement of the Vic Roads 'Your rights at an accident scene'), is once again insurance company control orientated. There is no way any insured person should be out of pocket for their tow or in breach of their insurance if they choose a repairer or tow truck not selected by the insurance company. They are now threatening their own customers as well! Uninsured drivers have always been liable for payment of a tow and seem to be well aware of this fact. If the insured is at fault then they are responsible for the vehicle they have hit and are also well aware of this fact. The owner of the uninsured vehicle should not have to be dictated to by an insurance company the 'at fault driver' is with. The 'at fault driver' is quite often not established at the accident scene by police until investigation are complete.

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Again this is all about the insurance companies wanting full control. Its wasting every body's time with something that should be sorted out once at the holding yard or repair shop.

If this is allowed and the insurance companies are given the control they are after, then the soliciting and touting law becomes a joke, the Accident tow industry will be taking the biggest step backward in more than 10 years, and the owner of an insured vehicle and the owner of the vehicle they have hit will be stripped of all control of the destiny of the vehicles involved. Obvious there is no Insurance ombudsman to go too.

DO NOT LET THIS HAPPEN

Thank you for allowing us to give our professional opinion on the reform that controls our Business's future.

Yours Faithfully

Barry Lewis