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Author: MOTORING STAFF

New rules to shake up auto sector

THE South African motor industry is in for some ground-breaking changes from July, when the Competition Commission's new guidelines kick in.

They aim to promote more competition in areas like manufacturing, repairs, insurance, and financing.

They could also, in time, lead to lower insurance premiums, King Price says.

The right to repair anywhere

One of the biggest changes is that car owners will no longer have to use dealership service centres and parts departments to keep their service plans and guarantees in place. They now have the right to repair or service their vehicles at a provider of their own choice.

King Price's client experience executive Wynand van Vuuren believes the guidelines are good news, as they are likely to increase consumer choice and facilitate competition and competitive pricing in the market.

"The new code brings a lot of positives to the table. It has the potential to lower claim costs, which will result in lower premiums for the consumer," Van Vuuren said.

"With more service providers being accredited to work on in-warranty vehicles, we also believe that claims can be finalised a lot quicker with better service delivery from these repairers."

According to the guidelines, insurers must adopt measures to promote the fair allocation of work to repairers on their panels, with a preference for firms owned by historically disadvantaged individuals.

Possible downsides of new guidelines

While the guidelines have been welcomed by insurers as well as organisations like Right to Repair South Africa, the National Association of Automobile Manufacturers of South Africa (Naamsa) has expressed a number of concerns.

"Many of the independent workshops are not equipped to repair or service new-generation computerised vehicles under warranty," said Naamsa chief executive Michael Mabasa

"There is a huge skills deficit, because the mechanics are not technicians and do not have the skills to deal with vehicles manufactured today. The commission has not taken this or the tooling shortage into consideration, and, as a result, the safety of vehicles will be hugely compromised.

"We are concerned that these guidelines will encourage car owners to support the fitting of sub-standard parts on their vehicles.

"This will result in the importation and proliferation of cheap and dangerous components, which will undermine safety on our roads."

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