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Bank Negara, MyCC lock horns over PIAM

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> Competition commission's proposed decision will affect consumers' interests severely, says central bank

PETALING JAYA: Bank Negara Malaysia (BNM) said the Malaysia Competition Commission's (MyCC) proposed decision of a RM213.45 million penalty against the General Insurance Association of Malaysia (PIAM) and its members is "most unfortunate" as it will severely impact consumers' interests.

In a statement yesterday, the central bank said the arrangement between PIAM and the Federation of Automobile Workshop Owners' Association of Malaysia (FAWOAM), which had led to purported infringement of the Competition Act and subsequent penalty, was put in place in response to a clear directive from BNM to the

general insurers in 2011 to address disputes between workshops and general insurance companies over insurance claims payments for motor repairs.

It explained that the arrangement was necessary to reflect reasonable costs of repairs in an environment where motor insurance premiums are regulated by a tariff, and inflated claims, if not effectively controlled, would have necessitated significant adjustments to the tariff premiums affecting all consumers, or risked general insurance companies withdrawing altogether from the motor insurance market.

"Any decisions to review the

arrangement independently of these reforms without taking into account consumers' interests would prevent the public from enjoying timely settlement of motor insurance claims at reasonable costs and have confidence in the quality of repairs works," BNM said.

In a separate statement, PIAM expressed its disappointment over MyCC's decision, saying the agreement was reached on BNM's directive to resolve significant consumer complaints regarding repair times in the motor insurance industry.

"PIAM sincerely hopes that MyCC will reconsider its proposed decision and the imposition of the financial penalty against its members. We will be obtaining legal advice to defend its position that this was not an anti-competitive agreement," it said.