

## Automotive technology increasing the cost of ‘simple’ car repairs – AA Insurance

**Auckland, 26 June 2020** – Advances in automotive technology and high-tech extras are making car repairs a lot trickier – and more expensive.

“For modern cars the cost to repair can be a lot higher than you might expect,” says Aaron Dickinson, Head of Product, AA Insurance. “Even damage that seems like it only needs a simple repair is posing new challenges for car repairers and insurers because of technology. The classic example is a bumper. On older cars, bumpers weren’t coated with specialised paint and didn’t have inbuilt electronic parts, making them relatively simple and affordable to replace. However, bumpers on modern cars can cost several thousand dollars because of technology like blind spot sensors and parking sensors located inside.”

Two very similar AA Insurance claims reveal the trend clearly. A Mazda CX-5 2012 model had a damaged bumper repaired as new in 2012, with a total repair cost of \$1,852. A newer Mazda CX-9 2017 model underwent repairs for similar damage in 2018, reaching a total repair cost of \$3,449. The extra costs were predominantly due to replacing the damaged blind spot sensor for \$790 and re-applying the ceramic protection coating to the car body at a cost of \$429. Increased technology cost is a trend across all car brands.

Replacing older car bumpers commonly costs in the \$800-\$1000 range for the full replace and paint – provided a recycled bumper was available.

“Another car part that catches people out is the windscreen,” says Aaron. “It’s not the glass replacement cost that has increased in the last 10 years, but the cost associated with the technology using the windscreen to function. A quote of around \$1,500 to repair a windscreen is not unusual.”

A basic windscreen replacement sits in the \$300 - \$400 price range, but again, newer car models lead to higher repair costs. Increased windscreen repair prices are due to the introduction of Advanced Driver Assistance Systems (ADAS) technology which can incur significant costs for calibration. ADAS includes systems such as lane departure warning, adaptive cruise control, electronic-stability control, anti-lock brakes and blind spot monitoring. ADAS windscreens typically function through a combination of sensors and cameras. Calibration ensures that the camera’s line of sight is working as it should.



In one example, the cost of repairing a car's windscreen increased significantly when the windscreen repairer had to send the vehicle to the car dealership for recalibration as specialised technology was required. The average cost is around \$290 for calibrations whereas prices for this specialised calibration work range from \$345 to just over \$1,000.

“Over the last year, the number of calibrations for the ADAS system when replacing windscreens has almost doubled. We expect this to be an even more common repair cost as time goes on,” says Aaron.

AA Insurance data shows an increase in the total loss ratio (cars that are deemed uneconomical to repair and are written-off) and an increase in the average repair cost of all claims, compared with seven years ago.

Over seven months in 2012, 9.5 per cent of AA Insurance claims were a total loss, while the most recent seven month-data shows 15.23 per cent of claims were a total loss. The increasing total loss ratio is evidence that some car repairs are less economical than seven years ago.

Aaron notes that “repairing cars used to be purely about fixing metal. Now it is just as much about repairing computers. New car technology, especially for safety, is fantastic but expensive. So, it's important to do research on your model before deciding on the level of cover for your car insurance policy – and what additional benefits, such as excess-free glass cover, you may want to include.”

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### **About AA Insurance**

AA Insurance is an independently operated, New Zealand-based joint venture between the New Zealand Automobile Association (NZAA) and Vero Insurance New Zealand Limited (VINZL). Since 1994 we have demonstrated trusted expertise in home, contents and car insurance in New Zealand, and in 2018 introduced commercial small business insurance. We underwrite our own policies and sell direct to New Zealanders. Our 750+ staff look after 430,000 customers with nearly 850,000 policies.

We proudly partner with Eden Park, support youth charity Blue Light, and have been consistently recognised by: Reader's Digest Most Trusted Brands (10 consecutive years since 2011) and Quality Service Award for Car Insurance (since 2015), Canstar Blue Most Satisfied Customers (2013-2018), and the Colmar Brunton Corporate Reputation Index (since 2015) that recognises New Zealand's

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most successful companies. Last year, AA Insurance was also named Consumer's 2019 People's Choice award winner for car, home and contents.

AA Insurance has an A+ (Strong) Insurer Financial Strength Rating given by Standard and Poor's (Australia) Pty Ltd. For further information visit [aainsurance.co.nz](http://aainsurance.co.nz).

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