Auto Physical Damage **Edition**

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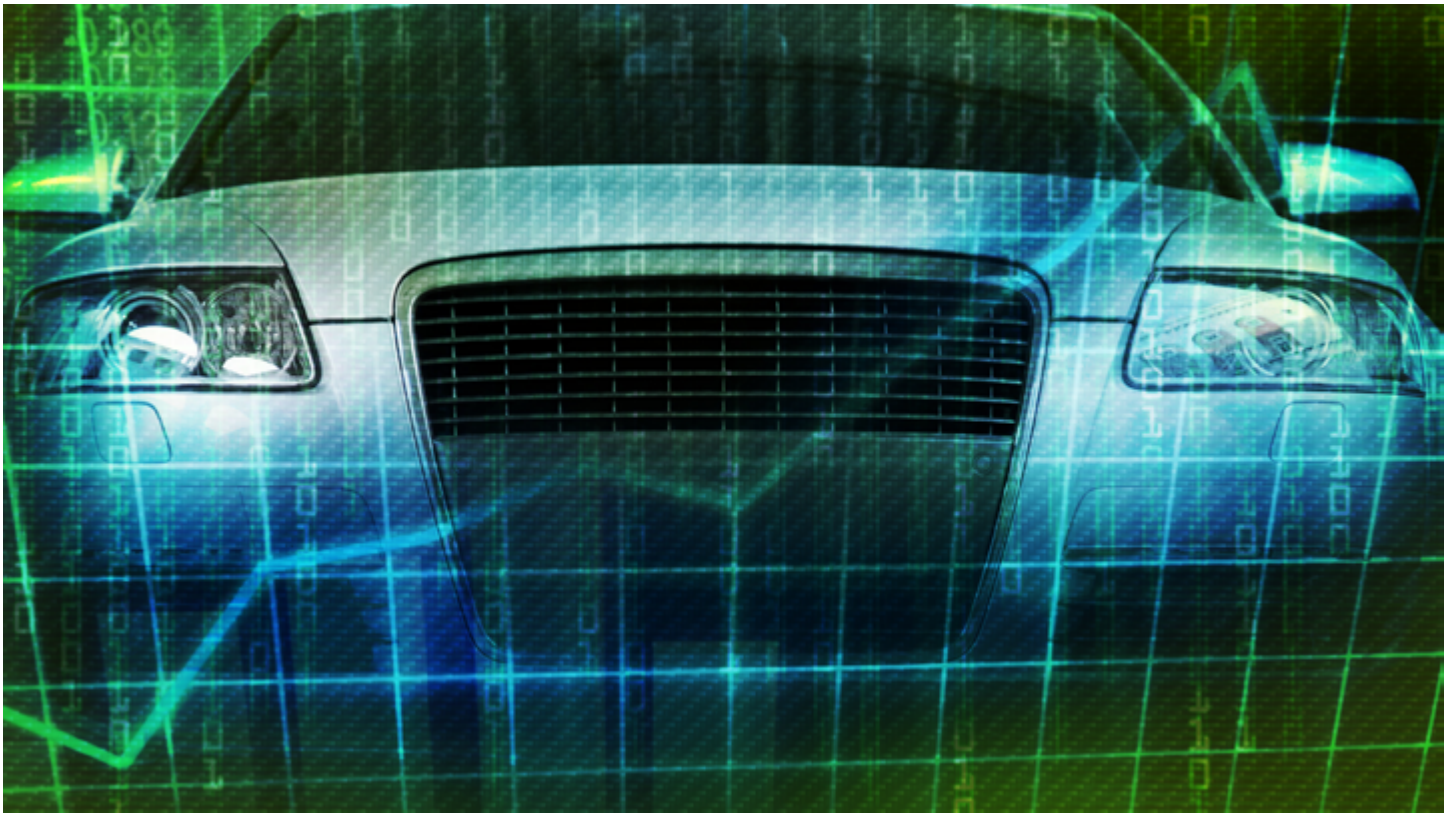
Industry Trends Report

FEATURED IN THIS ISSUE:

The High Cost of High Tech

By Greg Horn
Vice President of Industry Relations, Mitchell



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Industry Trends Report

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Volume Sixteen Number One

A Message from the CEO

Alex Sun
President and CEO, Mitchell

Ballooning Parts Costs

Welcome to the Q1 Edition of the 2016 *Auto Physical Damage Mitchell Industry Trends Report*. As we started the year I had the opportunity to share my thoughts in *FenderBender* magazine about the state of the industry and how the future is looking for collision repairers. While it is looking positive over the next few years, we all know the landscape is constantly evolving and taking a long term view is key to aligning our business with changes down the road.

In our feature article on page 4, *The High Cost of High Tech*, author Greg Horn analyzes repair cost inflation rates as reflected by total loss frequency, rising insurance rates and repair order costs. Greg explains how the increased use of sophisticated technology makes for safer vehicles, but at a price. This builds on a subject that Greg discussed a couple of issues ago with the pace of technology influencing the parts that are most often damaged and how with higher cost advancements come higher average repair costs.

As Mitchell prepares to celebrate its 70th anniversary this year, it is a good time to reflect on how far the industry has come. I look forward to continuing to discuss with you how it has evolved, adapted to change and where it is headed in future. I'd also like to thank all of you for being part of our story and helping us grow to the company we are today.

Alex Sun
President and CEO
Mitchell

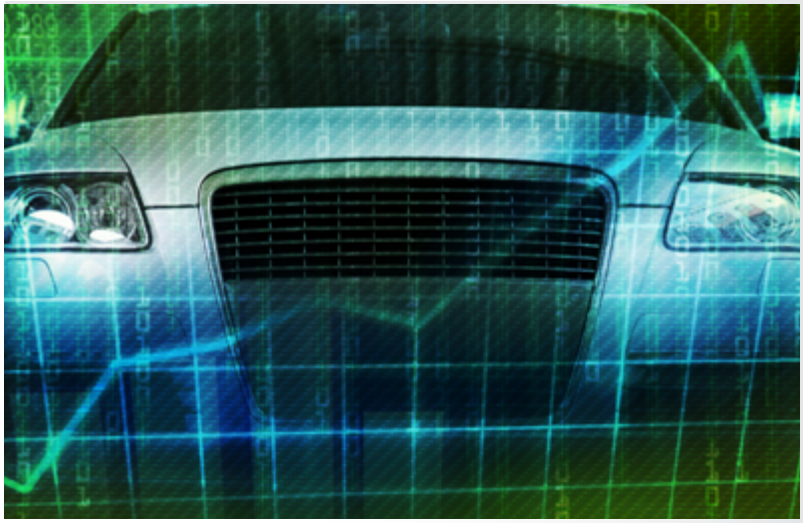
Industry Trends Live

Sign up to hear a live presentation of the trends presented in this report from Editor-in-Chief, Greg Horn.

Don't miss the chance to get the inside scoop!

The High Cost of High Tech

By Greg Horn
Vice President, Industry Relations, Mitchell



I became curious to see what drove the [repair] increase, and if properly adjusting for inflation would affect the results.

"Cars cost more to repair than they used to" has become a phrase we frequently hear in our industry. We use it to justify increases in "total loss" frequency, along with rising insurance rates and repair costs. I see it every time I gather data for the *Industry Trends Report* **Fig. 1** or write an article on repair costs for other publications. I became curious, however, to see what drove the increase, and if properly adjusting for inflation would affect the results. Additionally, since our population of "repairable vehicle" claims has changed over time, away from traditional SUVs toward smaller CUVs and passenger cars, I limited the study to two popular passenger cars to measure the change in factors like the number of parts or paint hours.

About the methodology

I relied on the Consumer Price Index of Dec. 15, 2015 to calculate the cumulative inflation rate through November 2015. I then chose the Chevrolet Malibu and Toyota Camry as representative vehicles, and looked at the three major components that drive repair severity: parts, labor and paint. I looked at new Camrys and Malibus as estimated in 2010, then Malibus and Camrys in 2015. The three columns represent 2010 actual dollars, then that number adjusted for inflation (labeled "2010-IA"), **Fig. 1** and finally the current 2015 amount.

So what did we find? The average number of parts replaced actually

declined in the Malibu from 2010, while the Camry's average increased. Adjusted for inflation, the overall repair severity increased at more than double the rate for the Malibu over the Camry, despite the Malibu's labor hours staying the same. The differences in labor dollars ($64 for the Malibu and $45 for the Camry, adjusted for inflation) contributed slightly to the increases, as do the paint and materials differences; but parts costs represent the biggest component of the increase.

In fact, of the $140 inflation adjusted difference in the Camry, $64 came from parts costs, with a 0.5 part increase in the average number of parts on the estimate. Of the Malibu's $292 inflation-adjusted increase, however, $246 came from parts, but with 0.4 fewer parts replaced.

Conclusion

Even when adjusted for inflation, we found that new, popular passenger cars do cost more to repair now than they did five years ago. Despite multiple variables including the cost of insurance and service hours, *the rising cost of parts has had the biggest impact on collision repair costs overall*.

Now we have to ask ourselves: why are the cost of parts rising?

According to our findings, there are a few reasons:

In many cases, the rising demand for trendy and more expensive headlights, like LED 'halo' lighting, drives cost up.

About the author…

Greg Horn

Vice President, Industry Relations, Mitchell

Greg Horn joined Mitchell in September of 2006 as Vice President of Industry Relations.

In this role, Greg assists the Mitchell sales force in providing custom tailored business solutions to the Property and Casualty Claims and Automotive Collision Repair industries.

Prior to joining Mitchell, Greg served as Vice President of Material Damage Claims at GMAC Insurance, where he was responsible for all aspects of the physical damage claims process and the implementation of a unique vehicle replacement program along with serving on the General Motors Safety Committee. Prior to GMAC, Greg served as Director of Material Damage Processes for National Grange Mutual in Keene, NH.

OEMs (especially Chevrolet) are working to reduce the number of components in bumper systems for greater efficiency during the assembly process. Yet despite using fewer components in bumper systems, which account for 72% of all repairable claims, collision repairs on Chevys continue to become more expensive.

It's important to note that the vehicles assessed in this study were new when they were appraised, so replacement parts were overwhelming OEM—significantly more expensive than aftermarket parts, which aren't yet available for these models.

What does this information mean for Insurers and Collision Repairers?

For Collision Repairers: Trends are changing all the time. Make sure your shop has access to the most up-to-date OEM repair procedures so you can always be prepared. Also, be aware of increased costs for OEM parts and how this affects owners of new vehicles. If you receive objections to rising costs, you can be prepared with an accurate explanation.

For Insurers: As the cost of parts continue to rise, accurate appraisals for bumper repair and replacement will become even more critical.

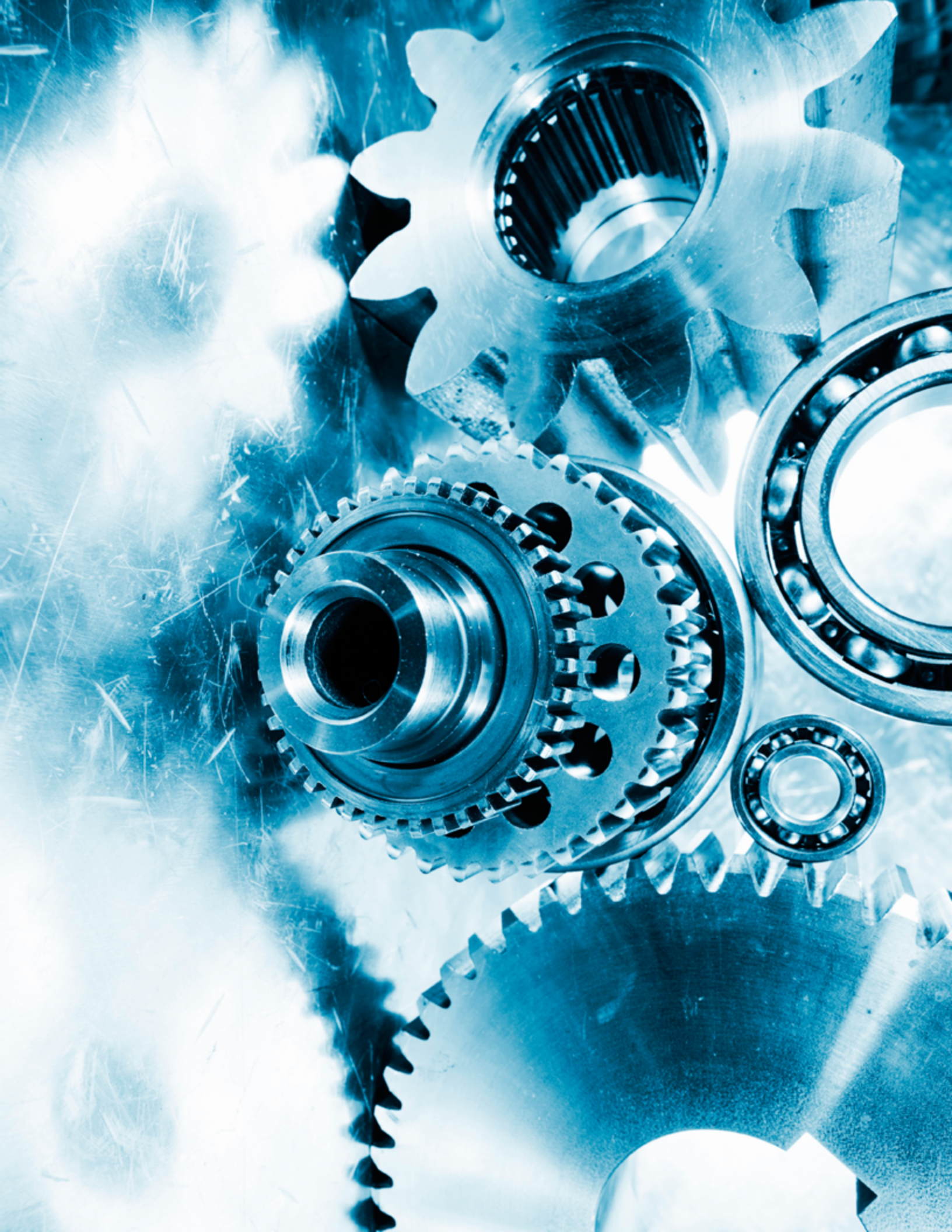
Bumper systems are affected in 72% of all collision repair claims. For this reason, they're a key driver in overall repair costs and number of operations.

By developing your teams' expertise on bumper systems, you'll be able to improve appraisal accuracy in the majority of claim to avoid supplementation and improve customer satisfaction overall.

Something to keep in mind:
This case study focuses on newer vehicle models, which do not yet have LKQ parts available. Vehicles that are five years old or older are more likely to have aftermarket parts available, and therefore may not be impacted by rising parts cost to the same extent.

Figure 1

Toyota Camry				Chevrolet Malibu			
	2010	2010-IA	2015		2010	2010-IA	2015
Average Severity	$3,143	$3,420	$3,559	Average Severity	$3,127	$3,403	$3,699
Average Part Amount	$1,693	$1,843	$1,955	Average Part Amount	$1,805	$1,964	$2,203
Average Labor Hours	29.9	29.9	30.1	Average Labor Hours	27.7	27.7	27.7
Average Labor Amount	$1,408	$1,532	$1,568	Average Labor Amount	$1,335	$1,453	$1,502
Average Labor Rate	$47.1	$51.2	$52.0	Average Labor Rate	$48.1	$52.4	$54.2
Average Paint Material Amount	$285	$310	$337	Average Paint Material Amount	$279	$304	$301
Average Paint Material Rate	$24.6	$26.8	$27.4	Average Paint Material Rate	$25.0	$27.2	$27.5
Average Part Quantity Replaced	12.1	12.1	12.6	Average Part Quantity Replaced	$12.1	12.1	11.7



U.S. Length of Rental Trend Continues for Q4 2015

By Frank LaViola
Assistant Vice President, Insurance Replacement, Enterprise Rent-A-Car

At the time of this writing, gasoline and oil prices have dropped significantly and could make 2016 a year in which collision repairers and insurers see an increase in volume.

The U.S. average Length of Rental (LOR) rose in calendar year 2015 to 11.5 days, up 0.3 from calendar year 2014. Miles driven and lower gasoline prices have contributed to an increase in accident frequency, as more vehicles are on the road. Also worth noting, is that total loss vehicles have increased over the past 2 years due to aging vehicles and market pricing.

As shop capacity has increased, it is possible that should a softening of the market for damaged vehicles and parts occur, we may see an increase in repairs rather than totals in 2016. At the time of this writing, gasoline and oil prices have dropped significantly and could make 2016 a year in which collision repairers and insurers see an increase in volume. This may lead to capacity issues as well as the ever growing problem associated with having enough quality trained technicians.

For Q4 2015 LOR was 11.9 days, up from 11.5 last Q4. The lack of significant weather this quarter would typically lead to a decline in LOR. However, the broader conditions that led to an overall increase for calendar year 2015 contributed to this incremental increase. As stated previously, this trend is expected to continue into the new year.

California rose one full day from Q4 2014 climbing to 12.3 days. As highlighted in last quarter's article, the El Nino weather pattern had the potential to produce record

U.S. Average Length of Rental (LOR) by State
Q4 2015

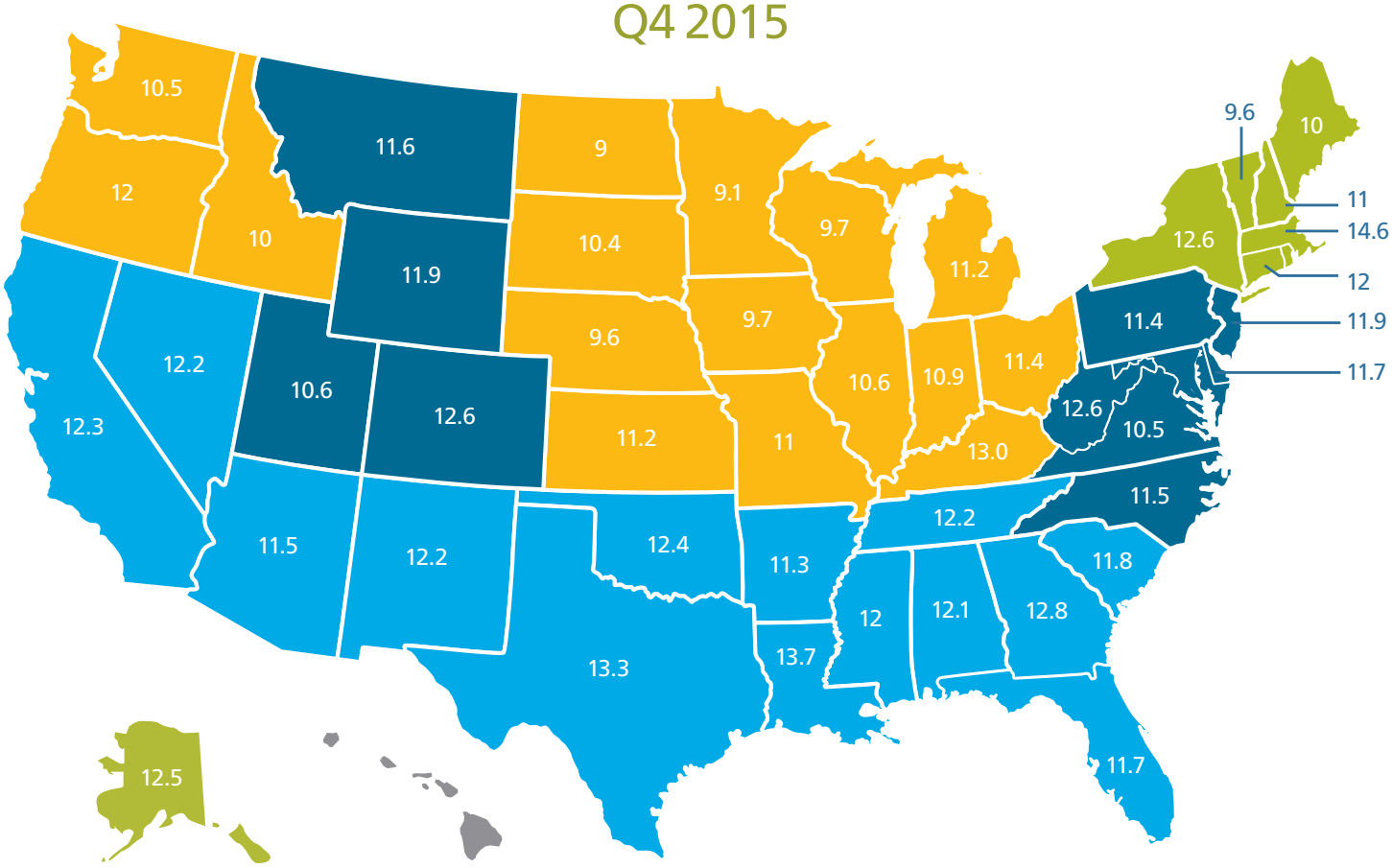


Figure 2

Average Billed Days for US		
Q4 2014	Q4 2015	Change
11.4	11.9	Up

Region Average Billed Days for US			
Region	Q4 2014 LOR	Q4 2015 LOR	Change
California	11.3	12.3	UP
Mid-Atlantic	11.0	11.4	UP
Midwest	10.6	10.9	UP
Mountain	12.2	12.0	DOWN
Northeast	12.2	12.8	UP
Northwest	10.3	10.9	UP
Pacific	10.5	10.8	UP
Southeast	11.3	12.2	UP
Southwest	12.2	12.9	UP

Southern California had the highest LOR in the state at 12.7 days and the highest average estimate at 28.6 hours.

Average Length of Rental for Repairable Vehicles

rainfalls for parts of the state. This has led to mild weather elsewhere in the country, but caused places like San Diego that typically have picture perfect weather, to resemble Seattle at times.

Southern California had the highest LOR in the state at 12.7 days and the highest average estimate at 28.6 hours. Historically we see this portion of the state as the lowest with Northern California as the highest. From Q3 2015 San Francisco came in at 11.4 days and the Sacramento area coming in at 11.6. For comparison purposes, San Francisco's average estimate was 21.9 hours, suggesting the damages in Southern California were more than a few bumper repairs. Moving into the 1st quarter of 2016 we should expect to see a continuation in this trend for California.

The Mid-Atlantic region increased 0.4 days from Q4 2014 winding up at 11.4. Delaware and Pennsylvania at11.4 days were the only two states to experience a drop in LOR by 0.3 days and 0.2 days respectively. States with the largest increase of 0.7 days in LOR were Maryland at 11.7 days, and North Carolina at 11.5 days. The highest LOR in the region was West Virginia at 12.6 days with Virginia having the lowest at 10.5 days. New Jersey, at 11.9 days, holds the distinction of being the only state in the region to drop in LOR in Q4 2015 compared to the 5 year Q1 average of 12 days.

In general, the Midwest experienced an extremely mild Q4, especially in comparison to the past two fourth quarters. While rain was plentiful in many states, snowfall and cold weather did not make an appearance in the majority of the region. The increase in frequency as noted earlier, as well as an increase in reported deer hits in some parts of the region led the Midwest to experience an increase to 10.9 days, up 0.3 but still the lowest region in the country. The majority of deer hits occur in Q4 in the Midwest as deer are in the migration and mating season.

Kentucky led the increase in LOR up 0.9 to 13.0 days, followed by Ohio at 11.4 days and Kansas and Michigan at 11.2 days. Michigan had the largest decline from Q4 2014 dropping 0.7 days. Other states following closely behind with higher rental lengths were Missouri up 0.7 days to 11.0 days and Wisconsin up 0.6 days to a 9.7 LOR. Five states in the region were below 10 days, including North Dakota at nine days. The others include Minnesota at 9.1 days, Nebraska at 9.6 days, and Iowa and Wisconsin at 9.7 days. While the majority of the Midwest has been

Click here to view the
Casualty Edition

spared typical winter weather, the consensus is winter weather is still likely and that could impact Q1 2016. There is also potential for significant hail come spring as El Niño patterns have historically brought unstable weather to this part of the county in spring.

Kentucky led the increase in LOR up 0.9 to 13.0 days, followed by Ohio at 11.4 days and Kansas and Michigan at 11.2 days.

The Mountain region experienced the only regional decline in LOR dropping 0.2 days to 12 overall.

The largest decrease came from Wyoming down 0.9 days followed by Colorado at 12.6 days, down 0.5 days. Colorado has been hit with hail so often, collision repairers are still trying to keep up with sheer volume. Montana had the largest increase in LOR, up 0.3 days to 10.8, and Utah finished the quarter at 10.6 days, the lowest in the region but up 0.2 days.

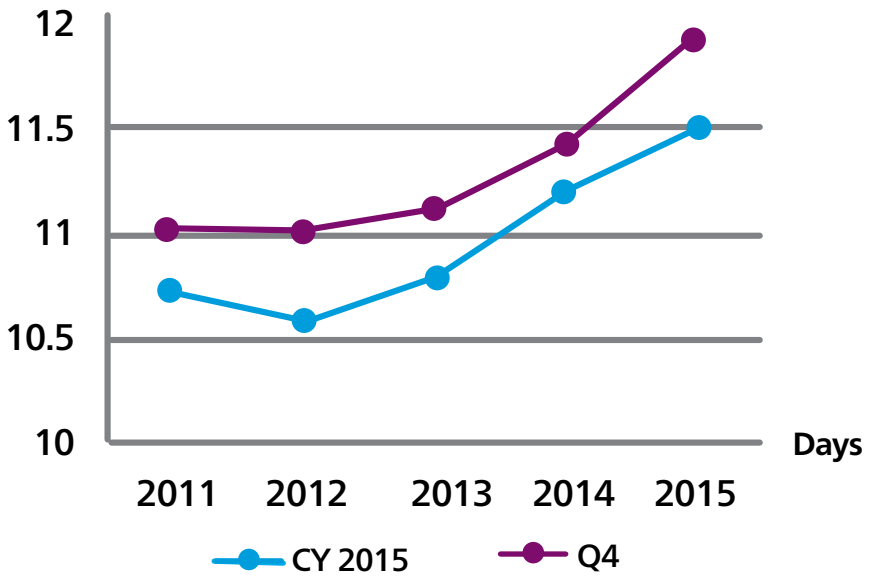
The Northeast led the nation with the highest LOR at 12.8 days. Rhode Island had the highest LOR in the country and almost toppled the 16-day mark ending the quarter at 15.9 days, up 1.1 day from Q4 2015 and 1.3 days higher than the 5-year average. The drivable LOR for Q4 2015 in Rhode Island was 12.9 days and the non-drive finished at a whopping 21 days. Massachusetts followed suit by being the second highest in the country with a LOR of 14.6 days, up 0.8. Only the state of Vermont declined to 9.6 days, down 0.7 and Maine at 10days overall, stayed the same as Q4 2014, The other states with an increase include New York at 12.5 days, New Hampshire at 11 and Connecticut at 12 days.

The LOR in the Northwest grew by 0.6 days to 10.9 days. Oregon saw the largest increase, up 1 day to 12for Q4 2015. Oregon has steadily increased LOR for Q4's over the past 5 years and is up.

1.4 days from that average. Idaho dropped 0.5 days to 10 overall and Washington increased 0.6 days to 10.7 days.

Tracking down to the Southeast, LOR increased to 12.2 days, a sizable increase of 0.9 days from Q4 2014. Leading the increase was Louisiana at 13.7 days, up 0.7 and then Georgia at 12.8 days, up 1.4. Arkansas and Alabama both saw increases of 0.7 days finishing the fourth quarter with an LOR of 11.3 days and 12.1 days respectively. No state had a decrease in this region as Florida increased 0.9 days to 11.7, South Carolina up 0.6 days to 11.8 days. The lowest increase in LOR for

Figure 3—Length of Rental Over Time



the region was Mississippi up 0.3 days to 12.

The Southwest region also climbed, reaching 12.9 days overall up 0.7 from Q2 2015. Texas led the charge, up 0.8 days to a new Q4 high of 13.3 days. All states in the region showed Q4 increases including Arizona at 11.5 days, and New Mexico at 12.2 days, both up a half day. Slightly more of an LOR increase occurred in Oklahoma as they increased 0.6 days with an LOR of 12.4. The smallest increase of 0.1 day was in Nevada with a Q4 2015 LOR of 12.2 days.

The state Of Alaska, which was limited in snow fall last year, saw an increase of 1.3 days to 12.5. As you may recall Alaska's relatively mild weather last year had shop owners hoping for a bit of weather this season. So far business has increased as some weather and an increase in claims have started to impact shop capacity.

Hawaii, which has been extremely stable in Q4's historically (one may think the weather in paradise helps); saw a modest increase of 0.2 days with a final LOR of 10.3 days. One would expect a much higher LOR due to parts availability, but our friends on the islands clearly have figured out that obstacle.

Canada

Canada dropped 0.1 days to 10.9 days Length of Rental in Q4 2015. Prince Edward Island led the Canadian Provinces with a low LOR of 8.2 days, matching Q4 2014. Quebec was the next lowest at 9.3 days, an increase of 0.2 days, followed by New Brunswick at 9.9 days, an increase of 0.2 days from Q4 2104. Provinces with the highest LOR were Alberta, coming in at 12 days, but down 1 full day from last year, Ontario with 10.6 days and Nova Scotia at 10.5 days. Nova Scotia's LOR also increased 0.9 days from last Q4 and marked the first Q4 in 5 years that the province was over 10 days. British Columbia, Saskatchewan and Manitoba are excluded due to the presence of government insurers ICBC, MPI and SGI.

Canadian Average Length of Rental by Province Q4 2015

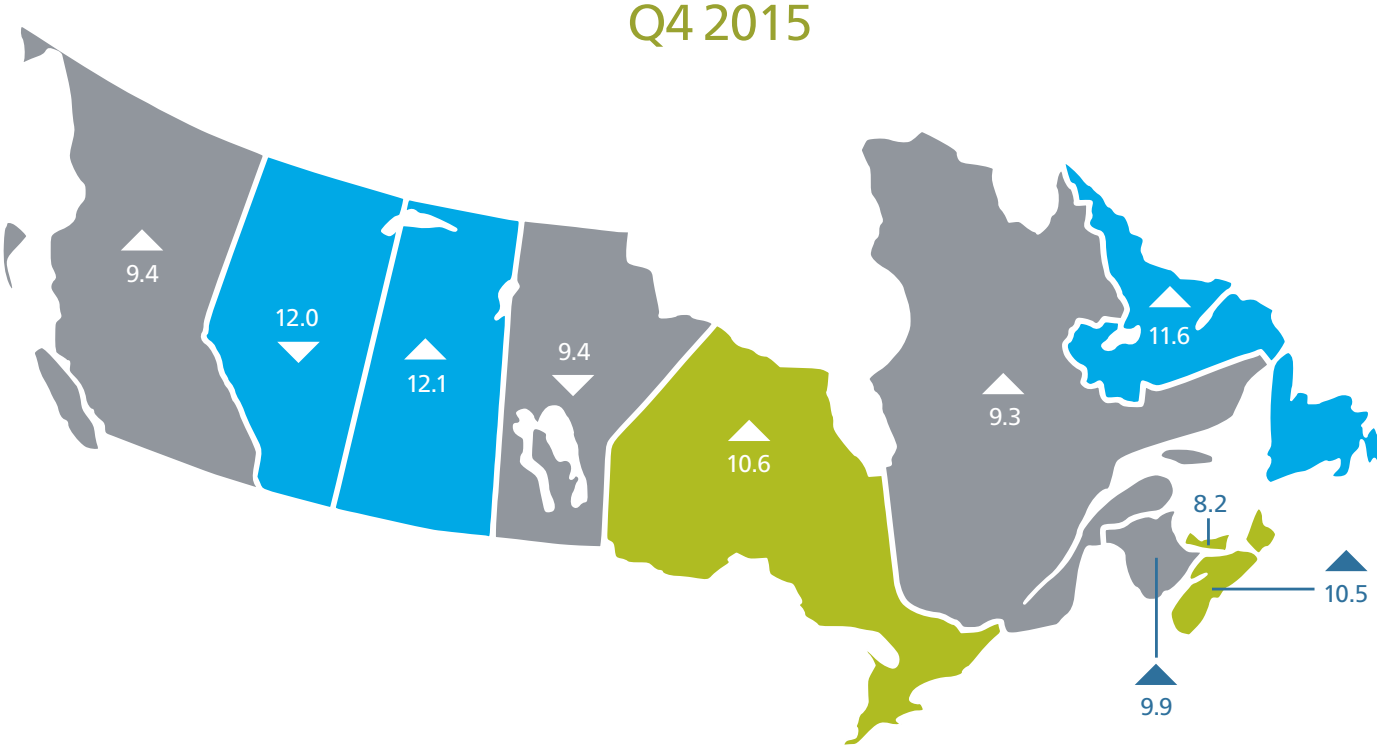


Figure 4

Average Billed Days for Canada		
Q4 2014	Q4 2015	Change
11.0	10.9	Down

Province Average Billed Days for Canada			
Province	Q4 2014 LOR	Q4 2015 LOR	Change
British Columbia	8.4	9.4	UP
Alberta	13.0	12.0	DOWN
Saskatchewan	10.6	12.1	UP
Manitoba	10.0	9.4	DOWN
Ontario	10.5	10.6	UP
Quebec	9.1	9.3	UP
Newfoundland and Labrador	10.4	11.6	UP
New Brunswick	9.7	9.9	UP
Nova Scotia	9.6	10.5	UP
Prince Edward Island	8.2	8.2	SAME

Year over year change

Source: Enterprise Rent-A-Car. Includes ARMS® Insurance Company Direct Billed Rentals; Excludes Total Loss Vehicles.

The quarterly LOR summary is produced by Frank LaViola, Assistant Vice President Collision Industry Relations and Sales at Enterprise Rent-A-Car. Frank has 23 years of experience with Enterprise working within the collision repair industry. Through its ARMS® Automotive Suite of Products, Enterprise provides collision repair facilities with free cycle time reporting with market comparisons, free text/email capability to update their customers on vehicle repair status, and online reservations. More information is available at armsautosuite.com or by contacting Frank LaViola at frank.r.laviola@ehi.com.

Collision Claims, Frequency and Losses Grow During 1st Half of 2015

Major auto physical damage indicators continue to see increases this year after strong performance in 2014. Losses on collision claims up 8.4 percent during the first half versus a year ago.

From CollisionWeek
Published November 24, 2015

There were over 216,000 more collision claims for the year ending in the second quarter of 2015 versus the previous year, an increase of 3.5 percent.

According to the latest available Fast Track Monitoring system data from the Independent Statistical Service Inc. (ISS), private passenger collision claims and losses continued to grow during the first half of 2015. Claims have risen in all but two quarters from 2011 through 2014.

Data through the year that ended in the second quarter of 2015 shows that collision claims frequency has increased to 5.95 claims per 100 earned car years up 6.82 percent compared to the most recent low of 5.57 claims for the year ended in the fourth quarter of 2012.

Paid losses for private passenger collision claims have increased substantially, surpassing the previous high set in the first quarter of 2008. The data shows collision losses at $21.36 billion for the 12-month period ended in the second quarter of 2015, that is 8.4 percent above the $19.71 billion in

collision claims for the year ending with the second quarter of 2014.

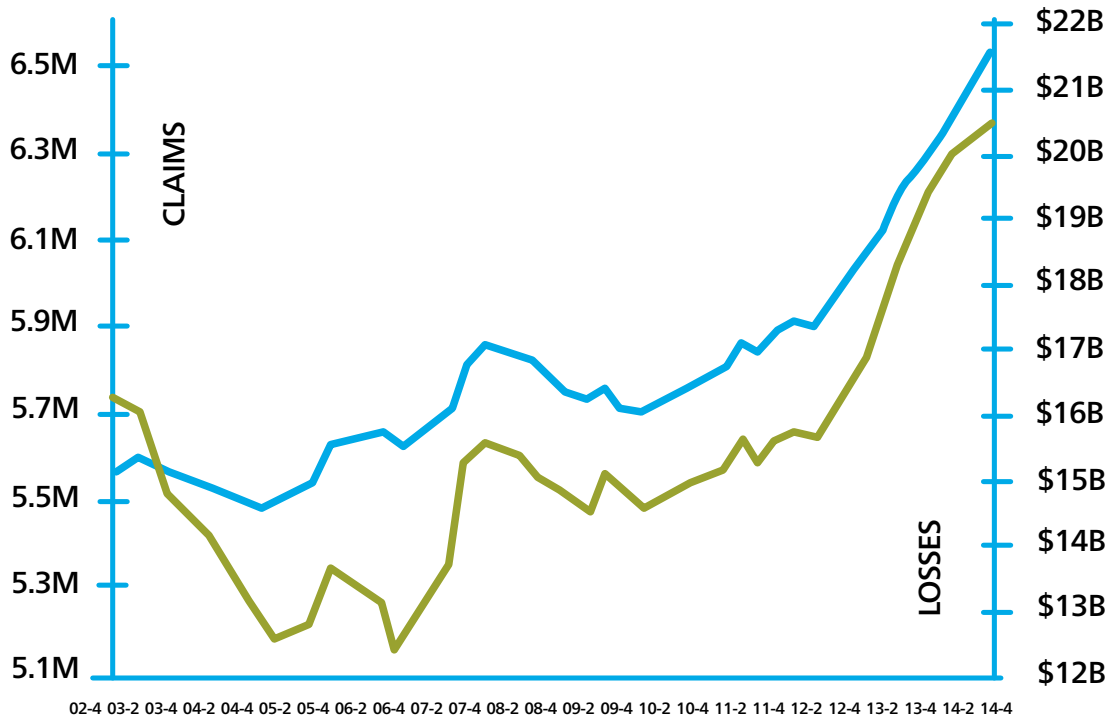
The average paid claim cost stood at $3,351 for the year ending in the second quarter of 2015, up 4.69 percent compared to $3,201 a year earlier. While paid claim cost is higher than repaired claim costs due to the impact of total losses, it provides an indication on the growth trend in severity.

As our chart indicates, the number of collision claims, on a year-ending basis, has been rising steadily since 2012 after four years of sideways movement that ran in concert with the recession. There were over 216,000 more collision claims for the year ending in the second quarter of 2015 versus the previous year, an increase of 3.5 percent. The rate of growth in the number of claims has declined during the first half of 2015 compared to the over 6 percent growth recorded during 2014.

Looking back to 2002, the number of claims declined until the fourth quarter of 2006, when claims clocked six consecutive quarters of growth until starting to decline for the year ending in the third quarter of 2009.

Continued strength in new vehicle sales, such as those projected by the National Automobile Dealers Association for 2016, should help increase the pool of vehicles covered for collision losses, buoying collision claim and loss trends into the near future.

Figure 5—Private Passenger Collision Claims & Losses



Pennsylvania House of Representatives Approves Photo-Video Appraisal

Bill seeks to amend the Commonwealth's 1972 Appraisers Act that requires physical inspections of collision damaged vehicles and make the sale an installation of non-functioning airbags illegally approved.

From CollisionWeek
Published December 16, 2015

An appraiser may prepare a repair estimate obtained by personal inspection or by photographs, videos or telephonic means.

Yesterday, two pieces of legislation touching upon the collision repair industry in Pennsylvania were approved by the Commonwealth's House of Representatives in floor votes. House Bill 1638 (HB1638) proposes to amend the 1972 Motor Vehicle Physical Damage Appraiser Act to eliminate the requirement for physical inspections.

Section 11(c) of the Appraiser Act currently requires a personal inspection in the preparation of an estimate stating, "No appraiser shall secure or use repair estimates that have been obtained by the use of photographs, telephone calls or in any manner other than a personal inspection."

HB1638 proposes to eliminate that requirement by replacing Section 11(c) with the following:

An appraiser may prepare a repair estimate obtained by personal inspection or by photographs, videos or telephonic means. An appraiser may not require the SUBMISSION OF photographs or videos in order to obtain an appraisal.

AN APPRAISER, OR AN INSURER AS PART OF THE APPRAISAL PROCESS, SHALL DISCLOSE TO THE OWNER OF THE VEHICLE THAT THERE IS NO REQUIREMENT TO SUBMIT PHOTOGRAPHS OR VIDEOS IN ORDER TO OBTAIN AN APPRAISAL.

The bill also makes minor language changes to Section 11(b) that requires an appraiser to "leave" a legible copy of an estimate with the consumer's choice of collision repair shops. The proposal strikes "leave" and inserts "furnish" in its place.

The bill's sponsor, Representative Mike Tobash, explained in a September memo to House members that, "There are new methods of inspection that improve customer service and satisfaction and are based on new quality electronic enhancements and developments. In other states, insurance companies allow vehicle owners to photograph or video tape damages and submit the photos and/or videos to their insurance company for review and generate an estimated cost to repair their damages."

According to Tobash's memo, there are currently 45 other states that allow the use of photographs and/or video in the appraisal process.

Collision repair facility operators opposed to the bill, including the Pennsylvania Collision Trade Guild, have raised concerns about the impact of the bill on consumer safety.

Opponents of the bill also see an impact to insurance company claim process with non-DRP collision repair shops. The requirements in the 1972 Appraiser Act to both personally inspect the vehicle, which often takes place at the collision repair facility, combined with the need to

According to Tobash's memo, there are currently 45 other states that allow the use of photographs and/or video in the appraisal process.

"leave" a copy of the estimate help to reduce supplements by affording the opportunity to communicate with the insurance appraiser about the vehicle repair. Opponents are concerned this process will be disrupted leading to incomplete estimates by insurance company personnel that require supplements and delays for the consumer.

Last year, a similar regulation change was adopted in Massachusetts by its Auto Damage Appraiser Licensing Board (ADALB) allowing the use of photographs and video. That change was rescinded earlier this year.

New ADALB board members appointed by the Governor earlier this year stated that insurers were abusing the ability by writing low estimates. They also cited safety concerns due to the possibility of hidden damage that could be missed that might affect safety.

Proponents of the measure in Massachusetts saw the measure as an update reflecting the capabilities of new technology that could improve efficiency, lower costs, and raise customer satisfaction. They maintained safety concerns could be avoided through the internal processes used by insurers to gauge the severity of damage of the vehicle and determine if the vehicle needed a physical inspection.

HB1638 was approved by the full house by a vote of 116–79. It will now move to the state Senate for consideration later this year or in 2016.

Cadillac to Launch Aluminum Collision Repair Network

Program open to both dealers and independent repair facilities. Includes specific facility, training and equipment requirements to repair the Cadillac CT6 along with annual on-site audits.

From CollisionWeek
Published December 16, 2015

Facilities that participate in the network, both authorized dealers and independent body shops will undergo annual audits as part of their continuation in the program.

General Motors (NYSE:GM) announced the launch of its Cadillac Aluminum Repair Network in conjunction with the upcoming production of the Cadillac CT6 at the end of 2015.

The Cadillac CT6 uses an advanced mixed material approach for its lightweight body structure. The aluminum intensive structure also includes 11 different materials to achieve strength, performance and efficiency thresholds.

Initial shipments of the vehicle to dealers are expected in March.

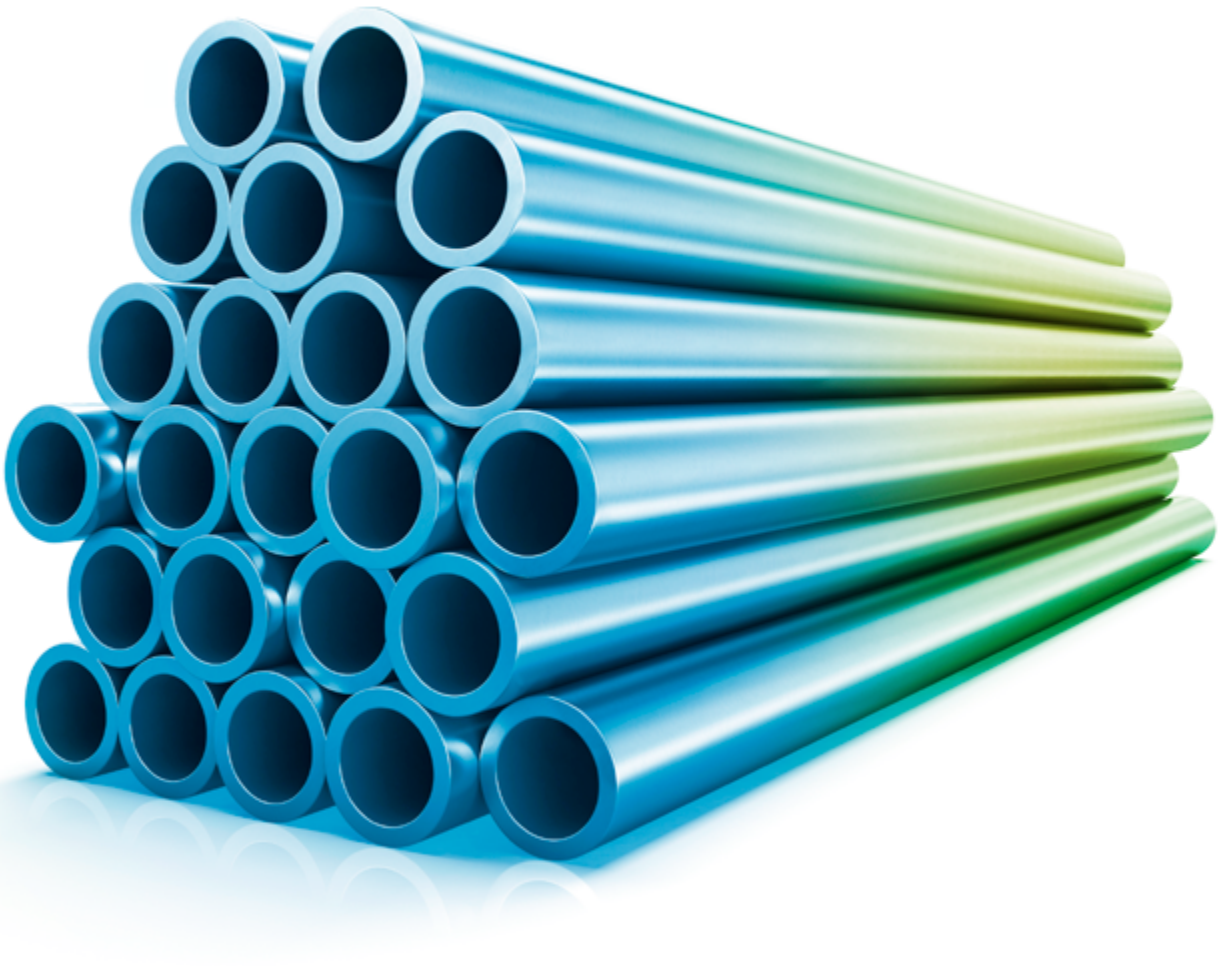
Last summer at NACE, CollisionWeek spoke with John Eck, manager wholesale dealer channel for General Motors, who described some of the details of the network including the facility verification process, the size of the network and restrictions that will be placed by GM on the sale of structural parts.

According to Eck, GM dealers will verify the VIN of the vehicle and that the repair facility is part of its network before releasing structural parts for collision repairs to the vehicle.

The Cadillac Aluminum Repair Network will ensure that authorized collision repair facilities have the required tools, equipment, processing procedures, and training to properly repair the vehicle. Facilities that participate in the network, both authorized dealers and independent body shops will undergo annual audits as part of their continuation in the program. These audits will provide Cadillac with a process to verify a shop's compliance with the network requirements. It also establishes a level of consistency between all participating shops that allows Cadillac to promote the Cadillac Aluminum Repair Network to Cadillac CT6 owners.

Training will be primarily web based and orchestrated through a combined effort between GM and I-CAR. In addition, GM will support the collision repair industry by offering the CT6 collision repair information at no charge.

Information on the Cadillac Aluminum Repair Network is available online, including a body shop participation agreement and other documents. In the first quarter of 2016 technical documents, service bulletins, paint information, warranty information, VIN, and other information will be available.



FinishMaster Completes Purchase of ColorMaster Automotive Paint

From ABRN
Published January 4, 2016

FinishMaster operates three major distribution centers with 187 branches and more than 1,600 teammates in 30 states.

FinishMaster Inc., a leading distributor of paint and related products in the United States and subsidiary of Uni-Select Inc., announced today that it has completed the acquisition of substantially all of the assets of ColorMaster Automotive Paint Inc.

This transaction was announced on Dec. 28, 2015 and its consummation was subject to certain customary closing conditions, all of which have been satisfied.

"We are happy to welcome more than 76 new team members to the FinishMaster family. Our combined efforts will accelerate growth in new geographic areas and maximize our service, product, and technical support to new and existing customers," said Steve Arndt, President and Chief Operating Officer, FinishMaster.

"This acquisition of a leading regional player in the automotive refinish sector is a key strategic addition to our portfolio," said Henry Buckley, President and Chief Executive Officer of Uni-Select.

FinishMaster is a leading national independent distributor of automotive paints, coatings and related accessories in the United States. FinishMaster operates three major distribution centers with 187 branches and more than 1,600 teammates in 30 states.

New Vehicle Sales

Figure 6—WardsAuto 10 Best Selling U.S. Cars and Trucks

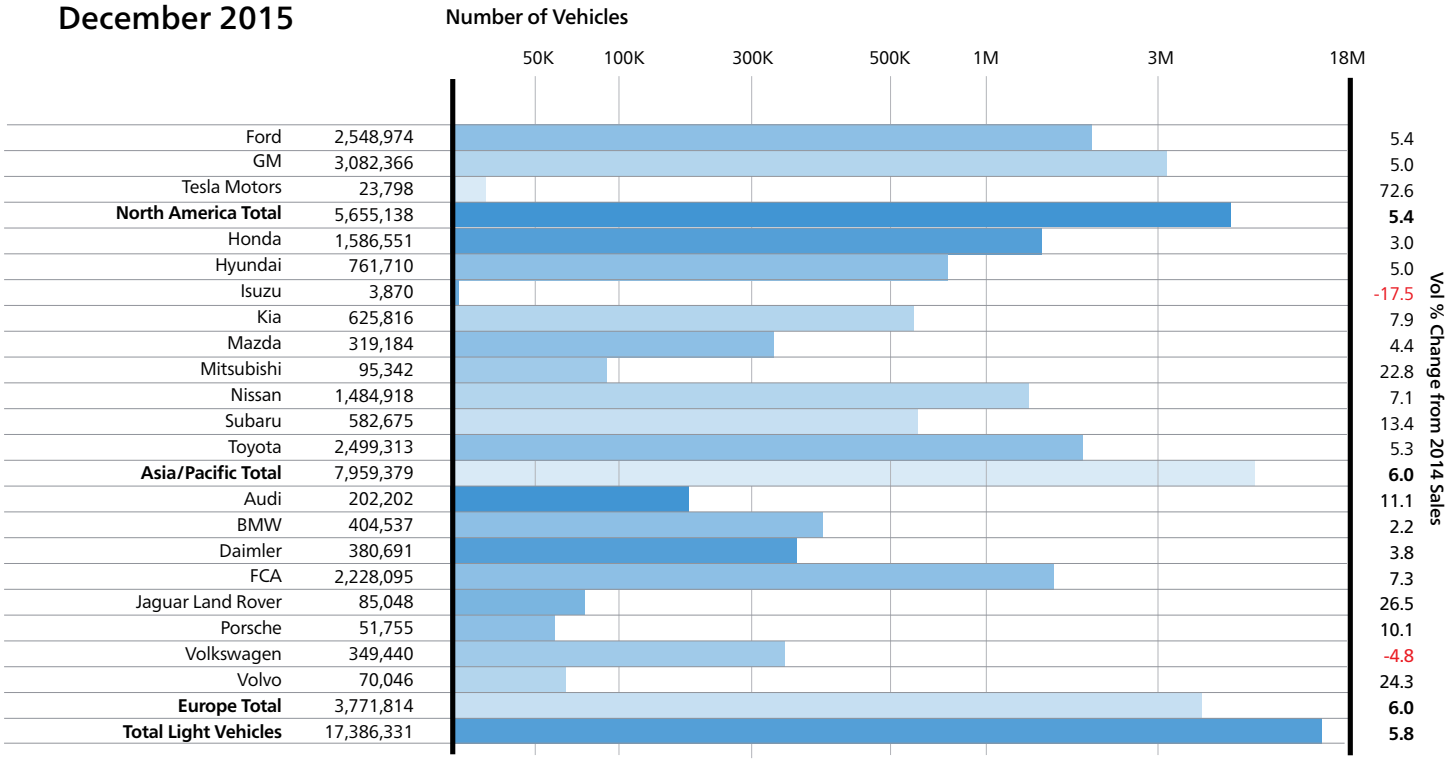
As of December 2015

Cars		Trucks/Vans/SUVs	
Camry	429,355	F-Series	726,246
Corolla	363,332	Silverado	600,544
Accord	355,557	Ram Pickup	435,304
Civic	335,384	CR-V	345,647
Altima	333,398	RAV4	315,412
Fusion	300,170	Escape	306,492
Elantra	241,706	Rogue	287,190
Cruze	226,602	Equinox	277,589
Sonata	213,303	Explorer	249,251
Sentra	203,509	Sierra	224,139

Source: WardsAuto InfoBank

Figure 7—WardsAuto U.S. Light Vehicle Sales by Company

December 2015



Light vehicles are cars and light trucks (GVW Classes 1-3, under 14,001 lbs.). DSR is daily sales rate. Tesla Motors monthly sales estimated.
Source: WardsAuto InfoBank

Current Used Vehicle Market Conditions

September 2015 Kontos Kommentary

By Tom Kontos

Executive Vice President,
ADESA Analytical Services

The following commentary is produced monthly by Tom Kontos, Executive Vice-President, ADESA Analytical Services. ADESA is a leading provider of wholesale used vehicle auctions and ancillary remarketing services.

As part of the KAR Auction Services family, ADESA works in collaboration with its sister company, Insurance Auto Auctions, a leading salvage auto auction company, to provide insights, trends and highlights of the entire automotive auction industry.

Figure 8—Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)			Latest Month Versus	
	Dec-15	Nov-15	Dec-14	Prior Month	Prior Year
Total All Vehicles	**$9,763**	**$9,883**	**$9,864**	**-1.2%**	**-1.0%**
Total Cars	**$8,138**	**$8,262**	**$8,620**	**-1.5%**	**-5.6%**
Compact Car	$6,398	$6,577	$6,654	-2.7%	-3.8%
Midsize Car	$7,352	$7,422	$7,712	-0.9%	-4.7%
Fullsize Car	$6,490	$6,867	$6,075	-5.5%	6.8%
Luxury Car	$11,810	$12,022	$12,466	-1.8%	-5.3%
Sporty Car	$12,065	$12,084	$12,950	-0.2%	-6.8%
Total Trucks	**$11,608**	**$11,667**	**$10,851**	**-0.5%**	**7.0%**
Mini Van	$7,617	$7,266	$7,658	4.8%	-0.5%
Fullsize Van	$10,953	$11,583	$10,198	-5.4%	7.4%
Mini SUV	$13,514	$13,518	$12,748	0.0%	6.0%
Midsize SUV	$8,486	$8,545	$7,763	-0.7%	9.3%
Fullsize SUV	$11,864	$11,941	$11,569	-0.6%	2.6%
Luxury SUV	$18,308	$18,683	$19,109	-2.0%	-4.2%
Compact Pickup	$8,024	$7,960	$7,441	0.8%	7.8%
Fullsize Pickup	$14,518	$14,649	$13,027	-0.9%	11.4%
Total Crossovers	**$11,341**	**$11,541**	**$11,931**	**-1.7%**	**-4.9%**
Compact CUV	$10,036	$10,214	$10,565	-1.7%	-5.0%
Mid/Fullsize CUV	$12,281	$12,497	$12,875	-1.7%	-4.6%

Source: ADESA Analytical Services

Summary

2015 was largely a year when strong retail used vehicle and CPO demand, benign new vehicle incentive activity, and the embrace of upstream as well as traditional auction processes among remarketers diluted the usual negative impact of growing supply on wholesale values. Further masking that impact was the displacement of off-rental program vehicle volume that appeared in the first half of the year rather than the last quarter of 2014. These high-dollar, late-model units biased average wholesale prices upward for much of the year. Nevertheless, supply growth underlies the wholesale price softness seen later in the year and most evidently in December, as prices fell by upwards of one percent on both a month-over-month and year-over-year basis.

(More information on annual results and trends in 2015 will be provided in the year-end edition of Pulse.)

Details

According to ADESA Analytical Services' monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class1, wholesale used vehicle prices in December averaged $9,763—down 1.2% compared to November and down 1.0% relative to December 2014. Minivans were the only model class segment that showed a significant month-over-month increase, and in general, prices in the truck classes declined less than for cars and crossovers.

Average wholesale prices for used vehicles remarketed by manufacturers were up 1.6% month-over-month but down 3.5% year-over-year. Prices for fleet/lease consignors were down 0.1% sequentially and down 0.7% annually. Within that category, off-rental risk units had modest month-over-month and year-over-year price increases, while prices for three-model-year-old vehicles, a proxy for off-lease vehicles, were down significantly both month-over-month and year-over-year. Dealer consignors saw a 2.0% price decrease versus November and a 1.2% decrease relative to December 2014.

Data from NADA showed a 6.4% year-over-year increase in used vehicle sales by franchised dealers and an 11.7% increase for independent dealers in December, and both were up on a month-over-month basis as well. November CPO sales were up 23.3% month-over-month and 13.1% year-over-year, according to figures from Autodata. This closes another record year for certified sales, which exceeded 2.5 million units.

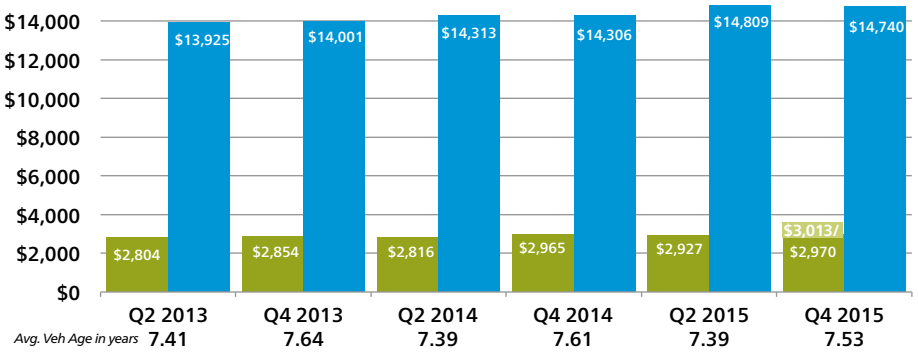
1The analysis is based on over seven million annual sales transactions from over 150 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. ADESA Analytical Services segregates these transactions to study trends by vehicle model class, sale type, model year, etc.

Appraisal Values

The initial average appraisal value, calculated by combining data from all first and third-party repairable vehicle appraisals uploaded through Mitchell systems in Q4 2015 was $2,970, $5 higher than the previous year's Q4 2014 appraisal average of $2,965.

Applying the prescribed development factor of 1.48% to these data produces an anticipated average appraisal value of $3,013. The ACV during the quarter was the second highest of the quarters surveyed indicating strong residual values.

Fig.8—Average Appraisal Values, ACVs and Age | All APD Line Coverages*



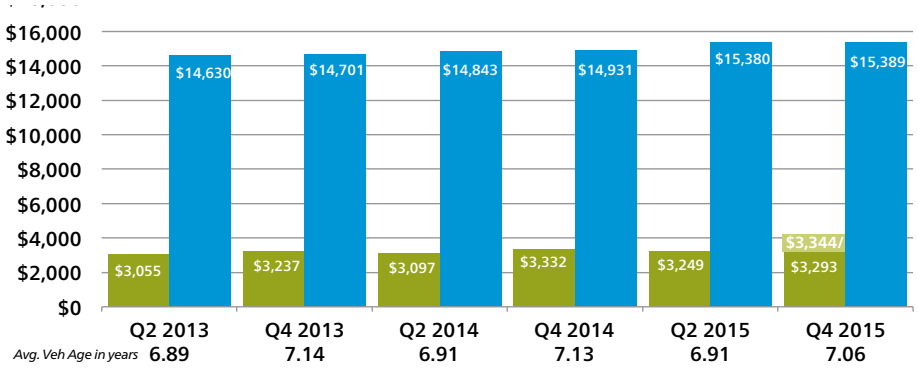
** Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating.*

Collision Losses

Mitchell's Q4 2015 data reflect an initial average gross Collision appraisal value of $3,293, $39 less than this same period last year. However, by applying the indicated development factor, suggests a final Q4 2015 average gross collision appraisal value will be $ 3,344, $12 higher than the same quarter last year.

At the average Actual Cash Value (ACV) of vehicles appraised for Collision losses during Q1 2015 was $15,389, the highest value of the quarters surveyed.

Fig. 9—Average Appraisal Values, ACVs and Age | Collision Coverage*

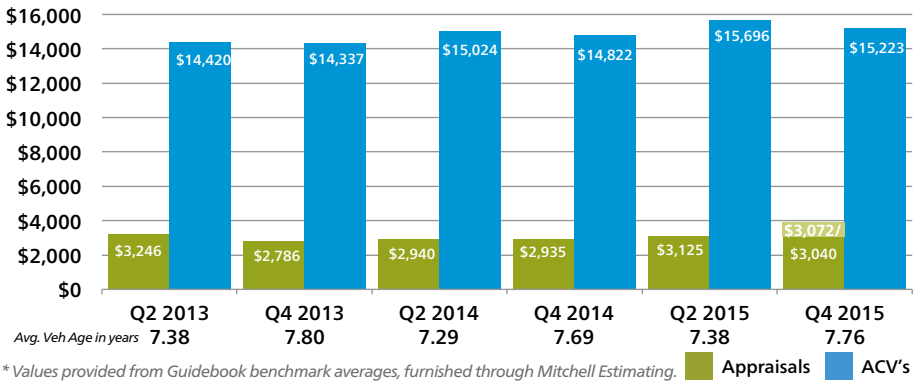


** Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating.*

Comprehensive Losses

In Q4 2015, the average initial gross appraisal value for Comprehensive coverage estimates processed through our servers was $3,040; compared to $2,935 in Q4 2014. Applying the prescribed development factor of 1.02% for this data set produces an increase in the adjusted value to $3,072.

Fig.10—Average Appraisal Values, ACVs and Age | Comprehensive Losses*

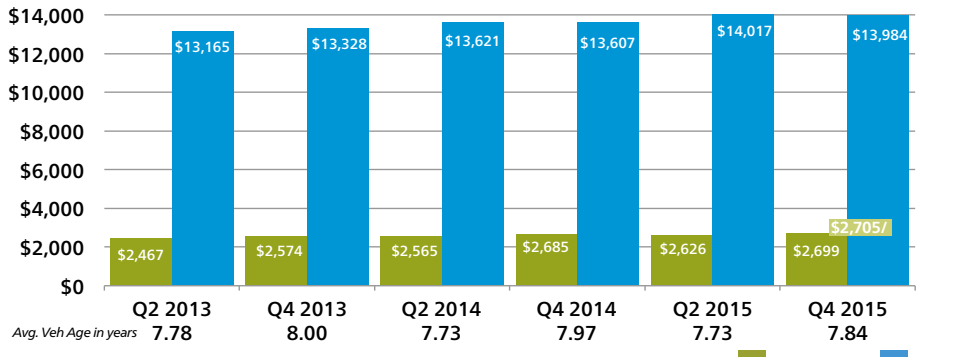


** Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating.*

Third-Party Property Damage

In Q4 2015, our initial average gross Third-party Property Damage appraisal was $2,699 compared to $2,685 in Q4 2014, reflecting a $14 initial increase between these respective periods. Adding the prescribed development factor of .23% for this coverage type yields a Q4 2015 adjusted appraisal value of $2,705; a $30 increase in average severity over Q4 2014.

Fig. 11—Average Appraisal Values, ACVs and Age | Auto Physical Damage APD*



** Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating.*

[Click here to view the Casualty **Edition**]

Supplements

EDITOR'S NOTE

As it generally takes at least three months following the original date of appraisal to accumulate most supplements against an original estimate of repair, we report (and recommend viewing supplement information) three months after-the-fact, to obtain the most accurate view of these data.

In Q4 2015, 32.15% of all original estimates prepared by Mitchell-equipped estimators during that period were supplemented one or more times. In this same period, the pure supplement frequency (supplements to estimates), was 52.51%, reflecting a 3.08 pt. decrease from that same period in 2014. The average combined supplement variance for this quarter was $813.03, $1.24 lower than in Q4 2014.

Fig. 12—Average Supplement Frequency and Severity

Date	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15	Pt. Change	% Change
% Est. Supplement	31.37	35.34	33	35.23	34.2	32.15	-3.08	-9%
% Supplement	44.01	47.87	46.85	49.22	49.09	52.51	3.29	7%
Avg. Combined Supp. Variance $	765.5	763.26	764.04	814.27	873.79	813.03	-1.24	0%
% Supplement $	27.3	26.75	27.13	27.46	29.86	27.37	-0.09	0%

Average Appraisal Make-Up

This chart compares the average appraisal make-up as a percentage of dollars, constructed by Mitchell-equipped estimators. These data points reflect little change between labor and parts with a mere 1% increase in paint and materials.

Fig. 13—% Average Appraisal Dollars by Type

Date	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15	Pt. Change	% Change
% Average Part $	40.58	45.25	41.23	45.25	43.23	45.46	0.21	0%
% Average Labor $	48.44	43.27	47.71	43.42	45.71	43.27	-0.15	0%
% Paint Material $	10.66	10.46	10.64	10.38	10.55	10.47	0.09	1%

Parts Analysis

Parts Type Definitions

Original Equipment Manufacturer (OEM)

Parts produced directly by the vehicle manufacturer or their authorized supplier, and delivered through the manufacturer's designated and approved supply channels. This category covers all automotive parts, including sheet metal and mechanical parts.

Aftermarket

Parts produced and/or supplied by firms other than the Original Equipment Manufacturer's designated supply channel. This may also include those parts originally manufactured by endorsed OEM suppliers, which have later followed alternative distribution and sales processes. While this part category is often only associated with crash replacement parts, the automotive aftermarket also includes a large variety of mechanical and custom parts as well.

Non-New/Remanufactured

Parts removed from an existing vehicle that are cleaned, inspected, repaired and/or rebuilt, usually back to the original equipment manufacturer's specifications, and re-marketed through either the OEM or alternative supply chains. While commonly associated with mechanical hard parts such as alternators, starters and engines, remanufactured parts may also include select crash parts such as urethane and TPO bumpers, radiators and wheels as well.

Recycled

Parts removed from a salvaged vehicle and re-marketed through private or consolidated auto parts recyclers. This category commonly includes all types of parts and assemblies, especially body, interior and mechanical parts.

EDITOR'S NOTE

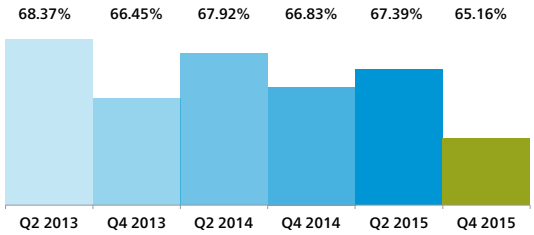
While there isn't a perfect correlation between the types of parts specified by estimators and those actually used during the course of repairs, we feel that the following observations to be directionally accurate for both the insurance and auto body repair industries. This segment illuminates the percentage of dollars allocated to each unique part-type.

As a general observation, recent data show that parts make up 45% of the average value per repairable vehicle appraisal, about (.6) points more than the average allocation of labor dollars. In addition, the current trend reflects a continued decrease in the use of new OEM parts, likely as a result of the increases in collision parts taken by the manufacturers to offset increased delivery and storage expenses.

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q4 2015, OEM parts represented only 65.16% of all parts dollars specified by Mitchell-equipped estimators. These data reflect a 1.67 points relative decrease from Q4 2014.

Fig. 14—Parts-New



MITCHELL SOLUTION:

Mitchell **QRP**™

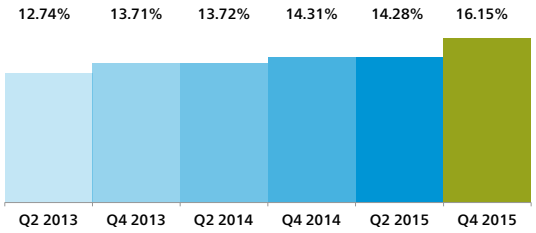
Mitchell's **Quality Recycled Parts (QRP)** program is the most comprehensive source for finding recycled parts, providing online access to a parts database compiled from a growing network of more than 800 of the highest quality recyclers in North America and Canada.

For more information on QRP, visit Mitchell's website at www.mitchell.com.

Aftermarket Parts Use in Dollars

In Q4 2014, 16.15% of all parts dollars recorded on Mitchell appraisals were attributed to Aftermarket sources, up 1.84 points from Q4 2014.

Fig. 15—Parts-Aftermarket



MITCHELL SOLUTION:

Mitchell **MAPP**™

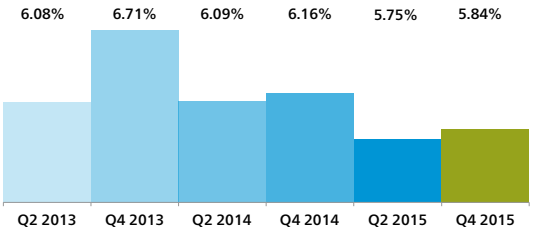
Mitchell Alternate Parts Program (MAPP) offers automated access to nearly 100 Remanufactured and Aftermarket part types from over 700 suppliers ensuring shops get the parts they need from their preferred vendors.

For more information on MAPP, visit Mitchell's website at www.mitchell.com.

Remanufactured Parts Use in Dollars

Currently listed as "Non-New" parts in our estimating platform and reporting products, Remanufactured parts currently represent 5.84% of the average gross parts dollars used in Mitchell appraisals during Q4 2015. This reflects a 0.32 relative decrease over this same period in 2014.

Fig. 16—Parts-Remanufactured

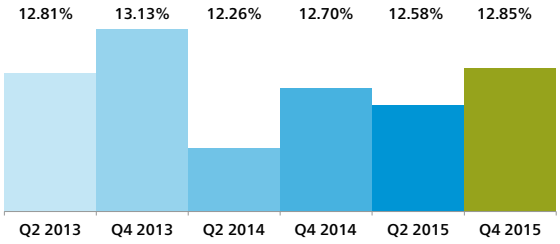


Mitchell Collision Repair Industry Data

Recycled Parts Use in Dollars

Recycled parts constituted 12.85% of the average parts dollars used per appraisal during Q4 2015, reflecting a modest .15 increase from Q4 2014.

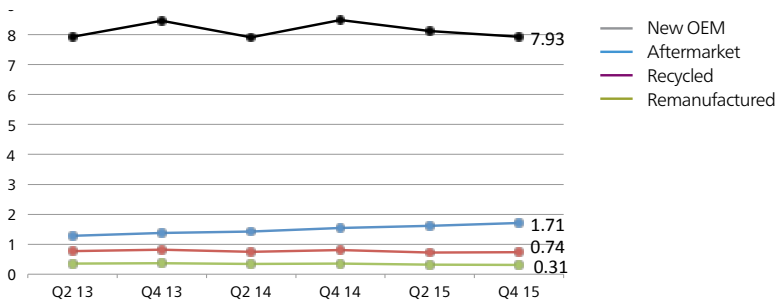
Fig. 17—Parts-Recycled



The Number of Parts by Part Type

In order to capture another aspect of parts use, we calculate the number of parts used by part type on a repairable estimate. For Q4 2015, New OEM parts use decreased again, with a modest increase in aftermarket parts as well as in recycled parts.

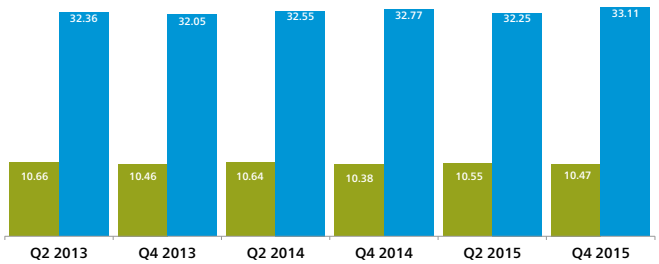
Fig. 18—Parts-Recycled



Paint and Materials

During Q4 2015, Paint and Materials made up 10.47% of our average appraisal value, representing a .09 point relative increase from Q4 2014. Represented differently, the average paint and materials rate—achieved by dividing the average paint and materials allowance per estimate by the average estimate refinish hours—yielded a rate of $33.11 per refinish hour in this period, compared to $32.77 in Q4 2014.

Fig. 19—Paint And Materials, By Quarter



EDITOR'S NOTE

It is commonly understood within the collision repair and insurance industries that a very large number of RECYCLED "parts" are actually "parts-assemblies" (such as doors, which in fact include numerous attached parts and pieces). Thus, attempting to make discrete comparisons between the average number of RECYCLED and any other parts types used per estimate may be difficult and inaccurate.

Adjustments

In Q4 2015, the percentage of adjustments made to estimates decreased by 2%. The frequency of betterment taken also decreased by 1%, while the average dollar amount of the betterment taken increased slightly to $123.33. Appearance allowance frequency decreased by 2% and the dollar amount of that appearance allowance decreased to $204.22.

Fig. 20—Adjustment $ and %s

Date	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15	Pt/$ Change	% Change
% Adjustments Est	2.94	3.05	2.75	2.89	2.82	2.94	0.05	2%
% Betterment Est	2.34	2.5	2.15	2.37	2.23	2.39	0.02	1%
% Appear Allow Est	0.43	0.44	0.43	0.41	0.44	0.42	0.01	2%
% Prior Damage Est	2.87	2.77	3.01	2.79	2.98	2.59	-0.2	-7%
Avg. Betterment $	121.58	119.62	120.87	121.56	124.15	123.33	1.77	1%
Avg. Appear Allow $	203.64	199.99	212.19	208.13	210.92	204.22	-3.91	-2%

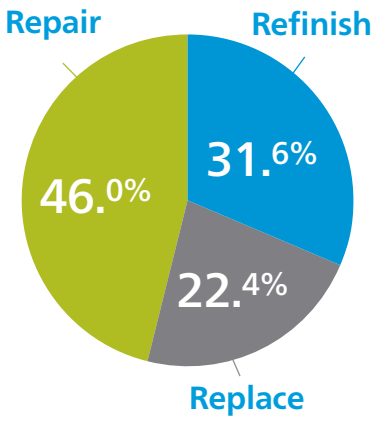
Labor Analysis

For the full year of 2015 average body labor rates have risen in all states except New Jersey.

Fig. 21—Average Body Labor Rates and Change by State

	2014	2015 YTD	$ Change	% Change
Arizona	$ 48.34	$ 49.73	$ 1.39	3%
California	$ 58.26	$ 61.12	$ 2.86	5%
Florida	$ 41.14	$ 42.50	$ 1.36	3%
Hawaii	$ 48.09	$ 50.98	$ 2.89	6%
Illinois	$ 49.66	$ 50.06	$ 0.40	1%
Michigan	$ 43.01	$ 43.68	$ 0.67	2%
New Jersey	$ 46.58	$ 46.58	$ (0.0)	0%
New York	$ 46.76	$ 47.37	$ 0.61	1%
Ohio	$ 44.18	$ 45.16	$ 0.98	2%
Rhode Island	$ 44.72	$ 45.17	$ 0.45	1%
Texas	$ 43.26	$ 43.89	$ 0.63	1%

Fig. 22–Percent of average labor hours by type



Total Loss

The chart below illustrates the total loss data for both vehicle age and actual cash value of total loss vehicles processed through Mitchell's servers.

Fig. 23—Average Vehicle Age in Years

Vehicles	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15
	Average Vehicle Age in Years					
Convertible	11.67	12.13	12.14	12.83	12.35	12.85
Coupe	11.62	12.12	11.81	12.11	11.94	12.45
Hatchback	8.76	8.94	8.49	8.59	8.25	8.21
Sedan	10.3	10.6	10.3	10.53	10.26	10.56
Wagon	9.19	9.79	9.69	10.17	10.02	10.69
Other Passenger	12.14	12.67	12.63	12.67	13.04	12.33
Pickup	11.81	12.28	12.18	12.69	12.63	13.34
Van	10.88	11.32	11.04	11.49	11.29	11.79
SUV	9.97	10.39	10.09	10.42	10.2	10.49

Fig. 24—Average Vehicle Total Loss Actual Cash Value

Vehicles	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15
	Average Actual Cash Value					
Convertible	10,193.60	9,976.85	10,045.93	9,575.86	10,163.23	10,361.44
Coupe	7,322.94	7,205.99	7,493.71	7,686.78	7,958.80	8,014.12
Hatchback	8,207.56	8,041.86	8,569.69	8,216.17	8,477.33	8,607.60
Sedan	7,375.64	7,360.44	7,560.96	7,577.53	7,803.98	7,696.54
Wagon	7,455.04	7,162.20	7,057.93	6,870.76	6,926.95	6,636.81
Other Passenger	13,101.40	15,439.13	14,606.06	17,769.01	14,698.45	17,614.76
Pickup	9,589.92	10,052.48	10,381.83	10,508.74	11,101.02	11,258.30
Van	5,822.11	5,825.51	6,034.97	6,044.28	6,248.82	6,354.89
SUV	9,171.69	9,038.30	9,290.57	9,453.64	9,809.46	10,092.67

At the request of our customers and friends in Canada, we are pleased to provide the following Canada-specific statistics, observations, and trends. **All dollar-figures appearing in this section are in CDN$.** As a point of clarification, these data are the product of upload activities from body shops, independent appraisers, and insurance personnel, more accurately depicting insurance-paid loss activity, rather than consumer direct or retail market pricing.

Canadian Appraisal Severity

Fig. 25—Average Appraisal Values Severity Overall

The average gross initial appraisal value, calculated by combining data from all first and third party repairable vehicle appraisals uploaded through Mitchell Canadian systems in Q4 2015 was $3,751, a $32 increase from Q4 2014. Applying the prescribed development factor yields an increase to $3,654, a decrease of $65 over Q4 2014.

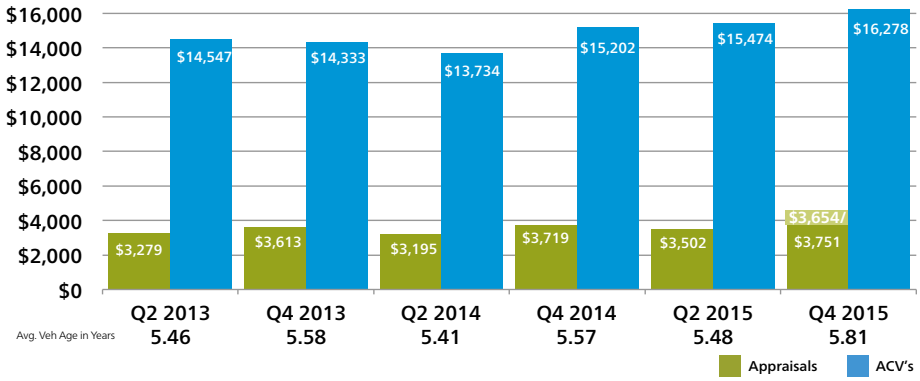
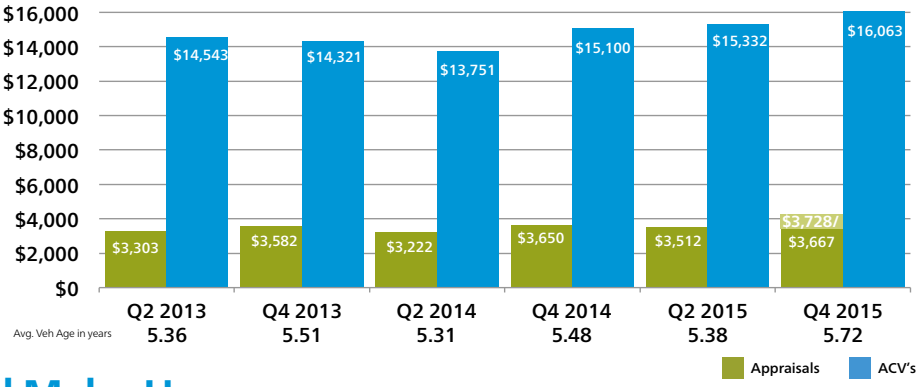


Fig. 26—Collision Losses

The average initial gross collision appraisal value uploaded through Mitchell Canadian systems in Q4 2015 was $3,667, a $17 increase from Q4 2014. However applying the prescribed development factor yields an anticipated final average appraisal value of $3,728, a $78 increase from Q4 2014.



Canadian Average Appraisal Make-Up

Figure 27—This chart compares the average appraisal make up as a percentage of dollars. These data points reflect a slight increase in parts and paint and materials with a decrease in labour.

Date	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15	Pt/$ Change	% Change
% Average Part $	41.85	44.36	42.63	44.65	43.65	44.68	0.03	0%
% Average Labour $	46.33	44.12	45.37	44.16	44.33	43.75	-0.41	-1%
% Paint Material $	8.85	8.45	9.08	8.28	8.68	8.38	0.1	1%

Figure 28—Comprehensive Losses

In Q4 2015, the average initial gross Canadian appraisal value for comprehensive coverage estimates processed through our servers was $4,046 or $152 higher than in Q4 2014. Applying the prescribed development factor, the anticipated final average appraisal value will be $4,102.

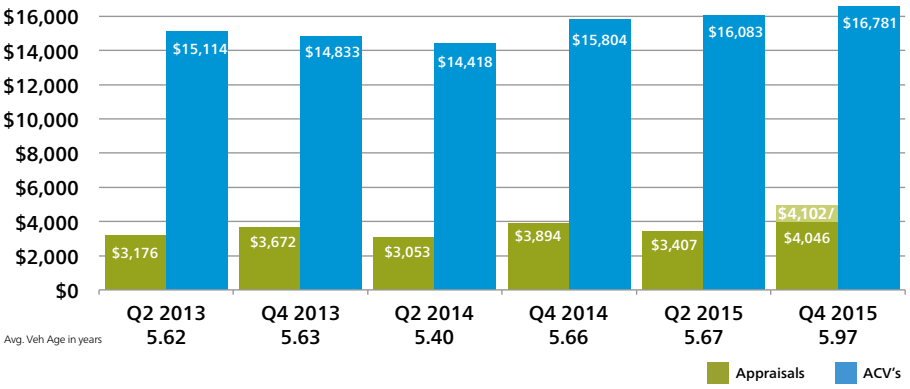
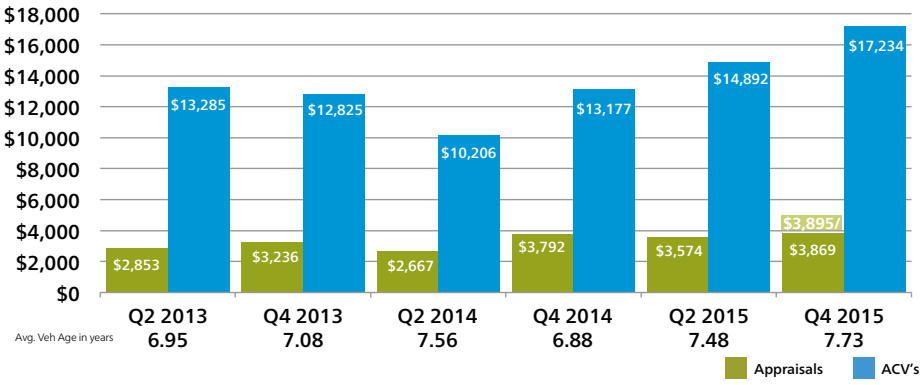


Figure 29—Third-Party Property Damage

In Q4 2015, our Canadian industry initial average gross third party property damage appraisal was $3,869, an increase of $77 from Q4 2014 on vehicles with a significantly higher ACV. Applying the prescribed development factor, we end up with a final value of $3,895.



About Mitchell in Canada…

For more than 20 years, Mitchell's dedicated Canadian operations have focused specifically and entirely on the unique needs of collision repairers and insurers operating in the Canadian marketplace. Our Canadian team is known for making itself readily available, for being flexible in its approach to improving claims and repair processes, and for its 'second to none' commitment to customer support. Headquartered in Toronto, with offices across Canada, Mitchell Canada delivers state-of-the-art, multi-lingual collision estimating and claims workflow solutions (including hardware, networks, training, and more), world-class service, and localized support.

Canadian Supplements

Figure 30— In Q4 2015, 44.45% of all original estimates prepared by Mitchell-equipped Canadian estimators were supplemented one or more times. In this same period, the pure supplement frequency (supplements to estimates) was 81.82%, reflecting a significant increase from the fourth quarter 2014. The average combined supplement variance for this quarter was $725.25, $116.06 lower than in Q4 2014.

Date	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15	Pt/$ Change	% Change
% Est Supplements	48.86	51.38	49.2	49.51	51.4	44.45	-5.06	-10%
% Supplements	75.98	70.07	79.24	67.86	78.79	81.82	13.96	21%
Avg Combined Supp Variance	556.81	609.05	710.28	841.31	842.58	725.25	-116.06	-14%
% Supplement $	16.98	16.86	22.23	22.62	24.06	19.34	-3.28	-15%

Canadian Adjustments

Figure 31—In Q4 2015, the average frequency betterment was taken on estimates increased by 6%, and the dollar amount of that betterment increased by 56% . Appearance allowances increased by 20%, and the dollar amount of those allowances increased by 32%.

Date	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Q4/15	Pt/$ Change	% Change
% Adjustments Est	2.29	1.96	1.93	1.77	1.8	1.94	0.17	10%
% Betterment Est	2.01	1.72	1.68	1.58	1.5	1.68	0.1	6%
% Appear Allow Est	0.29	0.24	0.25	0.2	0.3	0.24	0.04	20%
% Prior Damage Est	0.05	0.05	0.06	0.11	0.23	0.18	0.07	64%
Avg. Betterment $	221.49	255.8	234.92	247.54	273.76	385.82	138.28	56%
Avg. Appear Allow $	222.88	229.34	276.2	208.21	236.69	274.55	66.34	32%

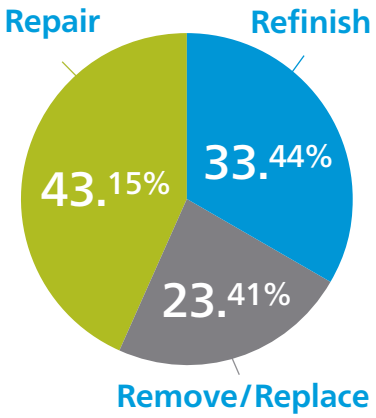
Canadian Labour Analysis

Figure 32—All data reflects the percentage of labor dollars utilized in the creation of Mitchell appraisals by Canadian estimators. Labour rates increased in all provinces and territories.

Average Body Labour Rates and Change by Province

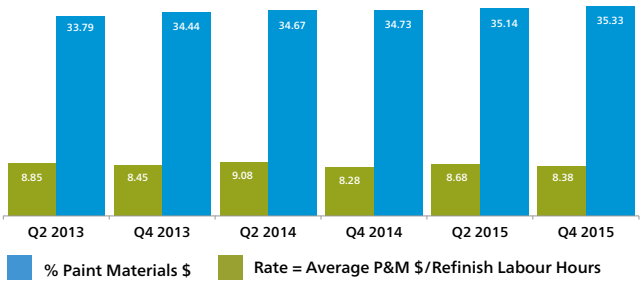
	2014	YTD 2015	$ Change	% Change
Alberta	73.31	75.08	$ 1.77	2%
Newfoundland & Labrador	61.97	62.59	$ 0.62	1%
Nova Scotia	58.8	59.25	$ 0.45	1%
Ontario	56.16	56.87	$ 0.71	1%
Quebec	51.14	51.7	$ 0.56	1%
Yukon Territory	94.15	95.34	$ 1.19	1%

Fig. 33–Labour Operations



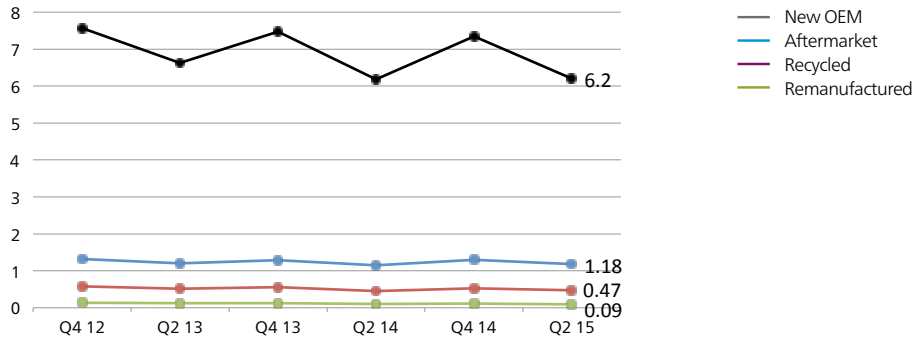
Canadian Paint and Materials

Figure 34—During Q4 2015, paint and materials made up 8.38% of our average appraisal value. Represented differently, the average paint and materials hourly rate rose to just under $35.33 dollars per hour.



Canadian Number of Parts by Part Type

Figure 35—We continue to see a fluctuation of OEM parts used and smaller corresponding fluctuations in alternate parts, which indicate Spring quarters have fewer replaced parts than winter quarters.



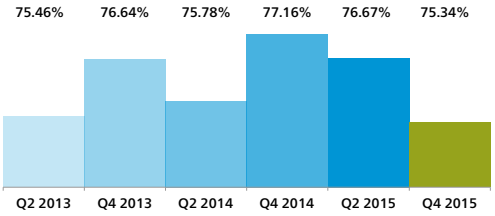
Canadian Parts Utilization

All data reflect the percentage of parts-type dollars utilized in the construction of Mitchell appraisals by Canadian estimators.

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q4 2015 Canadian OEM parts use decreased compared to Q4 2014.

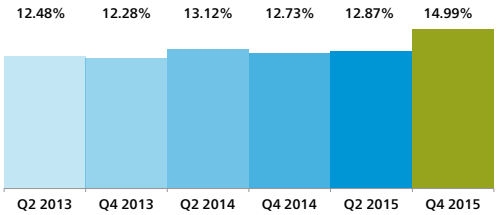
Figure 36—Parts-New



Aftermarket Parts Use in Dollars

Aftermarket parts use in Canada rose again in Q4 2015 topping nearly 15%.

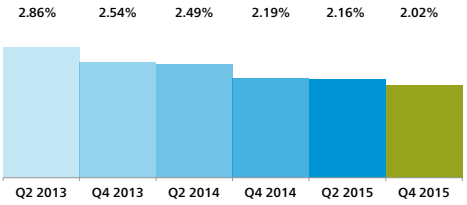
Figure 38—Parts-Aftermarket



Remanufactured Parts Use in Dollars

Remanufactured parts use in Canada was 2.02% for Q4 2015 compared to 2.19% in Q4 2014, reflecting the decreased availability of remanufactured bumper covers and face bars.

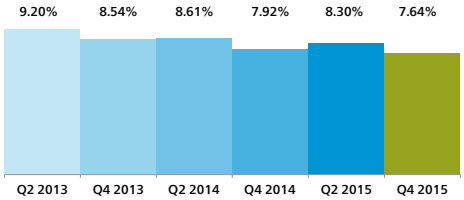
Figure 37—Parts-Non-New



Recycled Parts Use in Dollars

Recycled parts use in Canada has decreased to its lowest level of the surveyed quarters.

Figure 39—Parts-Recycled



Mitchell San Diego Headquarters

6220 Greenwich Dr.
San Diego, CA 92122

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Industry Trends Report

The ***Industry Trends Report*** is a quarterly snapshot of the auto physical damage collision and casualty industries. Just inside—the economy, industry highlights, plus illuminating statistics and measures, and more. Stay informed on ongoing and emerging trends impacting the industry, and you, with the Industry Trends Report!

Questions or comments about the Industry Trends Report may be directed to:

Greg Horn
Editor in Chief, Vice President of Industry Relations
greg.horn@mitchell.com

Additional Contributors:

Kontos Kommentary is produced monthly by Tom Kontos, Executive Vice-President, ADESA Analytical Services. ADESA is a leading provider of wholesale used vehicle auctions and ancillary remarketing services. As part of the KAR Auction Services family, ADESA works in collaboration with its sister company, Insurance Auto Auctions, a leading salvage auto auction company, to provide insights, trends and highlights of the entire automotive auction industry.

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