FEATURED IN THIS ISSUE:

Did the Tsunami in Japan Devastate Asian Parts Prices?

by Greg Horn, Vice President of Industry Relations, Mitchell
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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!

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The Industry Trends Report is published by Mitchell

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Mitchell empowers clients to achieve measurably better outcomes. Providing unparalleled breadth of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, Mitchell is uniquely able to simplify and accelerate the claims management and collision repair processes. As a leading provider of Property & Casualty claims technology solutions, Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America. Founded in 1946, Mitchell is headquartered in San Diego, California, and has 1,700 employees. The company is privately owned primarily by the Aurora Capital Group, a Los Angeles-based investment group. For more information about Mitchell, visit www.mitchell.com.
Did the Tsunami in Japan Devastate Asian Parts Prices?

BY GREG HORN
Vice President of Industry Relations, Mitchell

After we had some time to wrap our heads around the tragic events and devastation of the tsunami in Japan earlier this year, many of us in the collision repair and property and casualty industries began wondering what the short and long term impacts would be on Japanese vehicle parts. The most common question discussed industrywide, “Will costs go up as a result of shortages?”

Many thought that aftermarket parts use would increase for these vehicles if obtaining new OEM parts from the manufacturer became an issue. To drill down and truly determine the impacts, we took a data-driven approach. Early on, I even heard stories of salvage yards hoarding used parts in anticipation of long term shortages.

This time, as I’ve done in past detailed parts analyses, I leveraged data on the top twenty most used parts in the price index we created called the Mitchell Collision Parts Price Index (MCPPI). We developed the MCPPI using the Consumer Price Index (CPI) as its model since it is best known to most Americans as the general rate of inflation.

The CPI is one of the most closely watched economic indicators because it tracks the rate of inflation for a wide sampling of goods and services we routinely buy and compares the prices month to month. Just in the way the CPI measures a “basket” of goods and services and compares the prices over time, our basket is set up much the same. It takes into account data (from 2003 through the first half of 2010) on the top 20 most replaced collision parts, ranging from inexpensive to pricey—including hoods, fenders, headlamps, turn signals and side marker lamps.

After putting all of our parts in the basket, we created weighted average prices for these parts in aggregate, setting the base year at 2003 and equal to 100. This allows us to compare inflationary trends by part type. All part types are retail prices—and in the case of LKQ/used parts—are calculated with the mark up included in the pricing.

By looking at the top 20 part types replaced and contrasting them with a subset of Japanese only vehicle parts, not only can we determine trends in parts prices vs. inflation, we can also assess the impact of the tsunami on part selection behavior and answer a few common questions.

About the author…

Greg Horn
Vice President of 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.

He provides guidance to Mitchell’s Product Management and Business Analytics teams, playing an important role in shaping Mitchell’s solution portfolio to ensure that it meets the evolving needs of current and future clients. Greg also presents Mitchell’s Industry Trends Updates at conferences across the country.

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 GM Safety Committee. Prior to GMAC, Greg served as Director of Material Damage Processes for National Grange Mutual in Keene, NH.
GENERAL TRENDS:

- 2011 has shown an increase in the index price to 119.86 for all part types.
- Only new OEM parts have declined in overall price—most likely due to the broadening number of eligible parts in price matching programs that OEMs have in place.
- The index price for aftermarket parts shows a slight increase but most interestingly—a sharp increase in the index price for used parts.

IMPACT OF JAPANESE VEHICLE PARTS

Isolating the Japanese vehicle make parts index shows that not only have parts prices increased, they have outpaced the overall index for a number of years. However, note that the inflation this year has slowed to the lowest rate since we began measuring the index.
Quarterly Feature: Did the Tsunami in Japan Devastate Asian Parts Prices? (con’t.)

When we break out the subset of Japanese make vehicles by part type, the Japanese vehicle index behaves in very much the same way. OEM indexed parts decreased in price while aftermarket and remanufactured parts increased slightly. In both indices, used parts saw the biggest increases in their indexed pricing.

**Mitchell Collision Parts Price Index – All Part Types – Japanese Vehicles**

When we break out the subset of Japanese make vehicles by part type, the Japanese vehicle index behaves in very much the same way. OEM indexed parts decreased in price while aftermarket and remanufactured parts increased slightly. In both indices, used parts saw the biggest increases in their indexed pricing.

**Mitchell Collision Parts Price Index by Part Type – Japanese Vehicles**

*WHAT CAN WE CONCLUDE FROM THIS?*

In terms of collision parts pricing, the Tsunami had little net impact on the overall behavior of parts pricing. While spot shortages and hoarding of parts may have occurred immediately after the tragic events in the spring, it did little to impact the overall parts situation for the subset of Japanese vehicle parts. This is likely because the most popular Japanese brand vehicles are assembled in US plants, and a large number of sheet metal and plastic exterior parts are produced outside of Japan—limiting the impact of shortages coming from Japanese plants.

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The Economy

ACCORDING TO A STATEMENT RELEASED ON OCTOBER 12, 2011, THE FEDERAL OPEN MARKET COMMITTEE decided to maintain the 0 to 1/4 percent target range for the federal funds rate, as it is expected that economic conditions—including low rates of resource utilization and a subdued outlook for inflation over the medium run—are likely to warrant exceptionally low levels for the federal funds rate, at least through mid-2013.

Economic growth remains slow, but there is no indication of a contraction in activity. Temporary factors contributing to slowing growth the first half of the year have partly reversed, leading to some rebound in final sales and production—particularly in the manufacturing sector where progress has been made in resolving supply chain disruptions. But, stresses in global financial markets, sluggish growth in households’ real incomes and heightened uncertainty about economic prospects seems to have contributed to lower consumer and business sentiment and is weighing on economic growth.

There has been modest growth in consumer spending on average in recent months, with some rebound in purchases of new motor vehicles as manufacturers made progress in resolving supply chain disruptions and increased the availability of popular models. Households seem to be pessimistic about their future incomes, and consumer confidence has dropped to historically low levels. Low confidence, continuing efforts to repair balance sheets and heightened caution in the face of an uncertain economic environment are factors likely to weigh on household spending. Depressed home prices and financial constraints, including still-tight credit conditions for many households, are also likely to restrain consumer spending. However, household debt-service burdens have declined, indicating that there has been further progress in repairing household balance sheets.

Business sentiment too has worsened, seemingly in response to weaker economic prospects and increased downside risks to the outlook for U.S. and global growth. Growth in the manufacturing sector weakened over the summer. Hurricanes and subsequent flooding may have contributed to the slowing in some parts of the country. In contrast, commodity-related sectors such as energy, agriculture and mining continue to show strong gains. Tourism also appears to be doing well. Exports remain a bright spot for U.S. manufacturers and commodity producers. Business investment in equipment and software has continued to expand in recent months, but there is concern of capital spending cuts if sales slow further.

The housing sector remains depressed, with construction at very low levels, and is likely to remain so given the weakness in new home sales and the continuing flow of foreclosed properties into the market. Though mortgage rates are very low, spreads between mortgage rates and yields on Treasury securities are unusually wide. Moreover, still-tight credit standards mean that many households are unable to qualify for loans to buy a home, and the drop in house prices in recent years left others unable to refinance an existing higher-rate mortgage. Nonresidential construction generally remains weak, apart from investment in extractive industries. Forward-looking indicators of nonresidential construction have dropped.

Information on the economy and short-term energy outlook was obtained from the US Federal Reserve Board, Federal Open Market Committee (FOMC) and the US Department of Energy, Energy Information Administration (EIA). For more information, or to view original source materials, visit: www.federalreserve.gov/FOMC or www.eia.doe.gov
The Economy & Short-Term Energy Outlook (con’t.)

Overall labor market conditions have shown no improvement or have deteriorated in recent months, and the unemployment rate remains elevated. Even after adjusting for the effects of strikes on reported payrolls, the latest employment report showed weak job gains. Moreover, both the average workweek and aggregate hours worked declined. Slower growth, depressed business confidence and uncertainty about the economic outlook are restraining hiring as well as capital investment. There is also uncertainty about regulatory and tax policies as contributing to businesses’ reluctance to spend. Sluggish job growth and the elevated unemployment rate reflect both weak demand for goods and services and a mismatch between the characteristics of the unemployed and the needs of the employers that currently have jobs available. Exceptionally high levels of long-duration unemployment could lead to permanent negative effects on the skills and employment prospects of those affected and so reduce the economy’s longer-run productive potential.

Financial markets are volatile and conditions remain strained. Broader financial conditions have become less accommodative. Risk spreads have widened appreciably, likely reflecting a reduced willingness of investors to bear risk, a weaker outlook for growth in the United States and globally, and greater uncertainty about economic prospects. U.S. Banks remain willing to lend to qualified customers, but that loan demand is weak. While conditions in bank funding markets have tightened, particularly for European banks, capital and liquidity positions of U.S. banks have strengthened in recent quarters, and that the credit quality of both business and household loans continues to improve. Nonetheless, some large U.S. banks have seen further pressure on their stock prices and CDS spreads. If European policymakers do not respond effectively, European sovereign debt and banking problems could intensify, with potentially serious spillovers to the U.S. economy. However, the ECB is providing ample liquidity to European banks, and it has substantial capacity to provide additional liquidity through its lending facilities if necessary.

Inflation appears to have moderated in recent months compared with earlier in the year as prices of energy and some commodities declined from their peaks, though the moderation was not as substantial as expected. Longer-term inflation expectations remain stable. It is anticipated that, with stable inflation expectations, significant slack in labor and product markets, slow wage growth and little evidence of pricing power among firms, inflation is likely to decline moderately over time. Slowing growth in the U.S. and abroad is unlikely to spur a new surge in commodity prices. However, core and headline inflation have moved up, on balance, since last fall. The juxtaposition of higher core inflation and somewhat lower unemployment could mean that the degree of slack in labor markets and the level of potential output are lower than originally anticipated.

Looking ahead, some pickup in the pace of recovery over coming quarters is expected, but it is anticipated that the unemployment rate will decline only gradually. Risks to the growth outlook, including strains in global financial markets, are significant and tilted to the downside. Moreover, slow growth left the recovery more vulnerable to negative shocks. Longer-term inflation expectations remain stable, and the effects of past increases in energy and commodity prices continue to dissipate. The outlook for growth and inflation as more uncertain than usual.

Information on the economy and short-term energy outlook was obtained from the US Federal Reserve Board, Federal Open Market Committee (FOMC) and the US Department of Energy, Energy Information Administration (EIA). For more information, or to view original source materials, visit: www.federalreserve.gov/FOMC or www.eia.doe.gov
Short-Term Energy Outlook

EIA projects average household heating expenditures for natural gas, propane and heating oil will increase by 3 percent, 7 percent and 8 percent, respectively, this winter (October 1 to March 31) compared with last winter. Electricity heating expenditures should fall by less than 1 percent. Average expenditures for households that heat with oil are forecast to be higher than in any previous winter. This forecast reflects higher prices for natural gas, propane, heating oil, and slightly milder weather than last winter in much of the Nation, contributing to lower consumption in many areas.

According to the National Oceanic and Atmospheric Administration’s (NOAA) most recent projection of heating degree-days, the lower-48 States are forecast to be 2 percent warmer during the October through March winter heating season compared with last winter. However, heating degree-day projections vary widely among regions, with the West projected to be about 3 percent colder than last winter and the South projected to be about 5 percent warmer.

EIA expects the U.S. average refiner acquisition cost of crude oil to average $99 per barrel in 2011 and $98 per barrel in 2012, compared with $100 per barrel and $103 per barrel, respectively.

EIA expects that working natural gas inventories will approach last year’s high levels by the end the injection season. The projected Henry Hub natural gas spot price averages $4.15 per million British thermal units (MMBtu) in 2011, $0.24 per MMBtu lower than the 2010 average. EIA expects the rate of growth in domestic natural gas production to slow in 2012, with the Henry Hub spot price averaging $4.32 per MMBtu.
Collision Industry Production Rebounds in First Half

After nearly three years of decline, government data shows encouraging improvement in the first six months of 2011. Will the improvement be sustained?

Excerpted From: CollisionWeek—September 2011

The latest firm data available from the U.S. Department of Labor Bureau of Labor Statistics (BLS) indicates that through the first six months of 2011, the total production picture for the auto body repair industry has improved. While the data is encouraging after 35 months of decline, the industry’s production capacity, which we define as the Total Average Weekly Hours by Month for production and non-supervisory workers, is still down 13.9 percent in June 2011 from the peak in February 2008.

The chart above details the total number of production employees multiplied by their average weekly hours worked. This combination of hours and employees creates a view into the total number of hours amassed by the collision repair production population as a whole.

Monthly production capacity stood at 6.23 million hours per month in June 2011. This is up from the 6.08 million hours reported in January 2011 that represents the recent bottom. The decline from the peak to this bottom totaled 1.17 million hours per month or a 16.1 percent decline.

The production figures improved due to increases in both the number of production employees and the average weekly hours worked. In January 2011, the BLS reported 162,000 production workers, a slight improvement compared to January 2010. In June 2011, the number of production employees had increased to 165,300, an increase of 3,300 or two percent.

AN EDITOR’S NOTE…

The production capacity figure calculated by the BLS is surprising given the number of shops that have gone out of business during the recession.
The average weekly hours for production employees was reported at 37.5 in January 2011. This has improved to 37.7 hours in June 2011.

According to the BLS figures, total industry production peaked in February 2008 at a weekly average of 7.241 million hours worked by collision repair production employees. At that time, there were an estimated 182,400 production employees in the industry, over 17,000 more than the June 2011 count. In addition, those employees were working an average of 39.7 hours each week. The record high for this figure was 39.9 hours recorded by the BLS in Dec. 2007, just two months prior to the total production peak.

As the Collision Repair Industry Production chart shows, the trend in overall production hours ran upward from January 2000 through February 2008 when it peaked at 7.24 million average production hours per week. Total production hours then began a steep descent, reaching a new record low with January’s 6.08 million hours, a 16.1 percent drop from the high.

According to the BLS, average weekly wages of production employees have also started to rebound compared to one year ago. In June 2011, average weekly wages stood at $700.84, a 0.4 percent increase versus June 2010. Average Hourly Earnings stood at $18.59 in June 2011, versus $18.18 in June 2010.

Total weekly wages for all employees, including management and supervisory positions, have risen slightly from a year ago to $786.62 in June 2011 versus $758.85 in June 2010. The average hourly earnings for all employees was reported at $20.81 in June 2011 versus $20.29 in June 2010.

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Physical Damage Auto Claims
Dealing With All of Their Moving Pieces

By: Paul Rosenstein
Excerpted From: Claims Magazine—August 2011

In today’s claims environment, a physical damage claim is not handled solely by the adjuster. Rather, it is passed along a lengthy line of multiple parties inside and outside the claims organization. Staff and third parties, including tow companies, rental agencies, salvors, parts suppliers, other insurers, and glass companies, make up this “extended enterprise,” which consists of all the individuals that need to collaborate at some point during the process of settling a claim. With so many handlers involved, how do managers promote efficiency throughout the varying stages of the claim?

When it comes to improving performance management, increased communication during the claims process is instrumental in raising efficiency levels. Because reductions in cycle time and loss adjustment expense (LAE) are dependent upon moving the claim quickly, a miscommunication that slows down the process may be costly. How does a claims manager prevent increased settlement time or reduced accuracy from a missed connection point with field staff or a third party? The answer resides within the underlying platform that supports an insurer’s physical damage workflow. With the right set of support tools, an insurer can easily share information across the extended enterprise, thereby accelerating the claims process significantly and ensuring that customers are delivered the best possible outcome, increasing satisfaction.

Streamlining Communication

Many insurers already have some sort of integration with their primary partners in place, as partner communications are such a crucial part of the claims process. Why should an insurer invest in a single platform when multiple integration points with their preferred partners already exist? While loosely integrated systems provide some of the important information that partners and insurers need, these details may not be extensive enough to ensure maximum efficiency.

THE PROBLEMS WITH TOWING

Findings of the 2011 National Towing Survey were released by the Property Casualty Insurers Association of America (PCI) to provide insight into insurers’ concerns regarding problems with towing companies.

An issue with a towing company can be just part of the reason an auto claim’s cycle time increases. Though many operators are honest and well-intentioned, there are some that create widespread problems and give towing companies across the country a bad name.

The number one towing issue, according to the survey, is the skyrocketing and inconsistent fees and charges associated with towing and storage. According to the National Insurance Crime Bureau (NICB), claims of inflated towing or storage bills have increased 59 percent since 2009.

It was also noted that vehicle owners and insurers alike frequently became aggravated with the inconsistent and difficult release process, the lack of transparency and communication from towing companies, and the access to vehicles for adjusters. Many motorists complained that it felt as though their vehicle was being held hostage.

The survey also addressed the least desirable cities for one’s vehicle to be towed. Of the 149 cities that made the list, the five worst cities for aggressive towing practices were Chicago, Philadelphia, New York City, Atlanta, and Houston. The worst states, of a total of 42 mentioned, were Illinois, Pennsylvania, New York, New Jersey, and California.
For example, in a claims scenario that requires that a car be towed, a loosely integrated system may leave detailed gaps that can be costly in terms of efficiency. With basic integration, the claims management system will provide the tow company static details such as policy number and vehicle information at first notice of loss (FNOL). However, when the tow truck arrives to pick-up a vehicle from storage, additional information may be necessary. If not properly notified, then a driver may arrive at the storage facility to find that the vehicle has not been released or was perhaps moved.

Another common occurrence is that the towing yard in possession of the vehicle does not have the correct delivery address. Lacking the proper event notifications—or the ability to transmit digitally signed vehicle release forms to the tow driver or yard during the towing process—can cause fees to add up quickly, slowing cycle time, and increasing the potential for duplicate tow charges.

Parts optimization is another area that has potential to benefit from improved communication across the extended enterprise. Some insurers have guidelines in place for parts utilization on estimates. At a first glance, a desk reviewer may reject an estimate for a 2001 Toyota Corolla that specifies an original equipment manufacturer (OEM) hood. But what if the only available aftermarket hood is on back order, or a recycled hood is not available from a nearby junkyard? By being able to collaborate with the desk reviewer up front electronically, the appraiser can make the right economic trade-off where appropriate. If the cycle time delay is more costly than the savings on the part, then the appraiser can then go with the new part and avoid a negative impact to their key performance indicators (KPIs) during desk review. On the back end, this prevents delay in the approval of the claim as well as unnecessary rework.

**Getting on the Same Page**

Appointment scheduling can also cause slowdowns in the claims process. It is very easy for a field appraiser to make an unnecessary trip in the event that a customer cancels an appointment at the last minute. Rework may also be required if the appraiser arrives at the shop to find that the vehicle has been moved elsewhere. When dealing with moving pieces, a single platform that provides consistent event notifications can prevent extraneous trips and reassignments.

Even in a claims environment that has the availability of single sign-on between applications and integration, a static implementation does not work well because constituents are constantly moving around. A single platform is powerful because data is available across the entire extended enterprise. Moreover, this allows an insurer to reduce rework, increase claims accuracy and efficiency, and reduce expenses and cycle time. As a result, insurers can drive better outcomes because of the availability of cross-sectional information that moves through all applications.

**Evaluating the System**

When looking for a single vendor solution for your physical damage workflow, the following requirements can be used to assist in your assessment:

**Seamless Communications**

- Does the system provide the ability to communicate and connect easily with third parties?
- Are common messaging, collaboration, and alert capabilities used?
- Can communication and traceability occur for any claim artifact?

**Consistency**

- Do all modules use a similar user interface and labels?
- Is there one common method for deployment, delivery, and licensing?
Flexibility

- Can a user access the most critical parts of the application even when in a disconnected state?
- Are multiple workflow types accommodated?
- Can an insurer make workflow changes without intervention from the platform vendor?
- Does the system provide configurable user management?

Common Data Warehouse and Reporting

- Does the system integrate enough parties and processes that the insurer can obtain a complete picture of claims performance?
- Does the reporting capability allow for performance analysis across different third-party vendors?

By using the above criteria to evaluate a single vendor system, claims managers can realize the benefits of faster cycle times and smoother workflow that data sharing and seamless communications can provide.

The Next Vehicle Design Fad

By: Greg Horn
Excerpted From: ABRN—July 2011

Almost every decade has a front-and-center design craze that one trend setting automaker launches and others soon follow. There’s about one a decade, so let’s see how many you remember and what’s in store today.

Fabulous 50s: Get in your time machines and let’s take a trip. If you’ve got your pompadour as high as you can, you’re ready for the fabulous 50s. In the 1950s, Cadillac started the tail fin craze that evolved to the outlandish 1959 Cadillac with a 60-inch (from ground to tip) tail fin. Collision repairers went crazy reforming damaged tail fins, luckily having enough thick metal to shrink back into shape.

Far Out 70s: Skip ahead with your 8-track to the 1970s. Automakers went overboard with “landau” half vinyl tops that had various shapes of opera windows. These heavily padded tops acted like a sponge, holding in moisture and becoming a breeding ground for rust. Collision repairers had to become experts at peeling back these roofs and assessing deterioration when replacing quarter panels.

The Big 80s: Pop-up headlights popped up in the late 1980s. Who remembers that infamous 1982 Pontiac Trans Am KITT? Some U.S. carmakers were guilty of this, but it seemed every Japanese brand had a popular car with pop-up headlights that were damaged in rear-end collisions with pickup trucks. They had so many moving pieces that the only way a shop could keep the repair moving was to tear down each assembly with the slightest damage.

In the decade of excess, we went from chrome bumpers to a short-lived fad of aluminum bumpers to save weight. These annoyed many repairers because they scratched easily and there were no valid repair or sublet methods. They were expensive to produce and always looked dull. The auto industry settled on plastic bumpers that some vehicle designers affectionately nicknamed “love handle” bumpers because of their bulbous appearance. They soon became massive pieces that covered most of the vehicle’s front section, making them the primary damaged piece in collisions. Collision repairers learned plastic repair technology, now a key performance metric of many direct repair programs.
Today’s design fad is lighting. Headlamps and tail lamps are experiencing dramatic changes. Until 1985, separate bulb halogen headlamps were not allowed in U.S. cars, though they offered superior nighttime visibility. European and Asian cars had to be clumsily adapted from their aerodynamic halogen headlamp units to our approved sealed beam headlamp requirements. Sealed beam headlamp makers lobbied for years to prevent the adoption of halogen technology because of the cost of changeover. Today, halogen headlamps are everywhere, and shops are repairing tabs and polishing lenses as a way to repair minor damage in these parts.

Looking to the future, this practice will be complicated with the advent of the LED “halo” effect spreading among auto designers. Audi pioneered LED running lights in the halogen headlamp units used in its A and S series. Affordable Chinese-made LEDs have brought down the price of this technology, and even economy automakers are looking to add the high-cost look of an LED halo. The Kia Soul, a vehicle with a base price under $15,000, recently got a facelift and now sports LED eyebrows to the halogen headlamp units. Many of these LED units are not serviceable separately. So if you have a row of 12 individual LEDs and one is damaged or burns out, the entire unit has to be replaced.

I recently experienced the “joy” of LED light ownership when the third brake light or CMHSL (Center Mounted High Stop Light) on my Chevrolet Suburban burned out and failed the safety inspection. No big deal, I thought, until I drove to the Chevrolet parts department. The one-piece LED unit retailed for more than $300.

As automakers embrace this costly design fad, it will impact the collision repair industry because there is no repair strategy, only a replace strategy.

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Facing Fraud Together
Underwriting, Claims Share Data and Vision

By: Christina Bramlet, Editor in Chief of Claims Magazine and Claims Channel Editor for PropertyCasualty360.com
Excerpted From: Claims Magazine—September 2011

The disconnect between underwriting and claims departments is oft lamented. The undercurrent of animosity that exists between the two—which some construe as conflicting fiefdoms; or simply conflicting priorities—is a multi-faceted problem that we have no delusions of adequately exploring in this one article. Suffice it to say, aside from exacerbating bruised egos and awkward encounters at the company picnic, lack of collaboration between the two takes a significant toll on insurers’ ability to effectively assign and manage risks, assess adequate premium and control claims costs.

Compounding the issues associated with this communication breakdown is a vague air of depersonalization that has seeped into virtually every nook and cranny of the industry. For the sake of expediency and process cost reduction, in both claims processing and managing policies, there has been a proliferation of self-service options. Within the capabilities of modern technologies, consumers may now seek coverage and claimants can report loss incidents often with virtually nil human interaction. Consequently, insurers are losing contact with their policyholders, as neither may be able to associate a “face” or “personality” to the other. Behind the guise of anonymity (or impunity) afforded by the Internet, including “how to scam insurers” tutorials, consumers are able to execute what may end up being a deceiving self-service policy and claim reporting options. This subset of carrier customers make it their business to know as much as they can about automated rating and claim handling practices so as to intentionally misrepresent their circumstances to obtain lower auto and homeowners’ policy premiums, thereby setting the stage for higher claim payouts completely unrelated to the risk they realistically represent.

AN EDITOR’S NOTE...
As people use technology and discover new ways to commit fraud that can cost billions annually, insure also need to put technology to work for them and implement data-driven solutions that can provide them with predictive analytics to deter, detect and prevent fraud.

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Also galvanizing scammers is the unfortunate public misperception of insurance fraud as a “victimless crime.” Thus, for insurers, the best defense is defining and meticulously executing specific fraud-detection programs, which encompass the right people, processes, and technology that marry quality claims and underwriting data.

**Begin with the Basics**

Whether we want to blame technology, precarious organizational channels, or overall public perceptions regarding insurance fraud, the first step is to admit that silos between underwriting and claims exist and must be eliminated. Period. Both claims and underwriting need to share data, and “good” data at that so fraudsters do not sliver their way into lower-than-adequate premium calculations or inappropriate or undeserved claims payouts.

As is the case with many things, successfully identifying suspicious activity and possible rating discrepancies begins with adopting a cohesive strategic vision and then translating that vision to a series of linked, goal-oriented tactical actions. Within this priority, each insurance carrier must cultivate an overall fraud-mitigating philosophy that takes into account department-specific resources.

“An insurer must figure out what its overall fraud philosophy is and what its ultimate goal will be,” advised Mike Mahoney, senior director of product marketing at Mitchell Auto Casualty Solutions. “Where do you want to go? Or, on a more granular level, is your aim to deny the potentially fraudulent claim or simply have it go away? Do you plan to prosecute or to seek reimbursement? Without an answer to this, it is virtually impossible to establish the right people, processes, and technology to effectively combat claim—or premium—fraud.”

**OEMs Fuel-Saving Technology Will Impact Collision Repairers**

By: Greg Horn
Excerpted From: ABRN—September 2011

Rising fuel prices have impacted everyone’s wallet recently, but how will the effect of high fuel prices be felt in our industry? Many shops have noticed a dramatic increase in exotic alloys and advanced metals used in new vehicles to reduce their weight and save fuel.

The advances aren’t limited to metal content. Changes in materials used for weight-saving parts include plastic engine cradles BMW uses in its 5 Series to advanced technology for creating a new type of carbon fiber called forged carbon. Another example: Lamborghini is working with unlikely technology partner, Calloway Golf Clubs, to develop a carbon panel created using carbon plastic flakes extruded under high pressure into a mold. The result is a quicker, cheaper and stronger panel compared to a traditional carbon fiber panel.

So why would most collision repairers, which likely don’t see many Lamborghini body panels in their shops, care about forged carbon? Volkswagen owns Lamborghini, and like all automakers, one of its significant initiatives is reducing vehicle weight. This technology will be used presumably in upcoming VW products, as well as Porsche and Audi. VW owns well-known car marques, including Spanish carmaker SEAT, Czech Republic manufacturer Skoda, Bentley and Bugatti. This may seem like a so-what factor for most repairers, but it’s important to note VW reportedly is considering importing some of these brands.

In addition to forged carbon, carmakers are introducing more aluminum panels on vehicle architectures. As with most pioneering materials and techniques, someone had to be first, just as GM is credited with introducing the model year design cycle. For
decades, its flagship models changed every year, and it unveiled the new models in the fall for the coming year. Other domestic carmakers followed suit and offered fresh sheet metal styling, front and rear, every year. It was the way to tell a vehicle’s year from a distance.

When European cars came to the U.S., they didn’t refresh every year. By the 1980s domestic carmakers adopted a longer production cycle and developed a mid-cycle face lift. Midway through the run of the car styling vehicles received a refreshed grill/headlamps and fender look, as well as a modified tail lamp/rear body panel treatment. This allowed carmakers to stretch the platform architecture to about five years with a mid-cycle refresh after about three years. Interestingly, aluminum panels are being introduced during this refresh. It seems that if the mold to stamp has to be changed for a new hood or fender style, it’s a good time to change the metallurgy, too.

While repairers may have straightened the fender on plenty of 2009s, when the 2012 comes out, they better verify the metal on which they’re working. Using the same DA sander with a vacuum system on aluminum directly can mix dust particles in the vacuum, which can be dangerous. An explosion could result by the two metal particles combining with heat and moisture.

Because drivetrains are transforming for better fuel economy, General Motors is introducing eAssist on many new mid-size vehicles. The eAssist system enhances fuel mileage about 25 percent by assisting the gasoline engine by shutting it down when the car comes to a stop or cutting off the fuel supply when cruising or decelerating. The motor-generator continues spinning along with the engine to provide immediate and smooth take-off power when the driver presses on the accelerator. The generic name for the system is BAS, or Belt Alternator Starter.

This so-called mild hybrid system is mated to GM’s 2.4-liter Ecotec four-cylinder engine and a six-speed automatic transmission for the mild hybrid. The hybrid drivetrain uses a 115-volt lithium-ion battery weighing 65 pounds that’s housed in the trunk and allows half of the rear seat to fold down to carry larger cargo. The BAS design has noteworthy fuel economy gains compared to the earlier GM BAS system, but neither comes close to fuel mileage delivered by a full hybrid operation. Still, the new Buick LaCrosse mild hybrid achieves 37 mpg on the highway, substantially more than the normally aspirated V6 LaCrosse. Yet, you can’t tell a difference between their exteriors.

GM says one lesson it learned earlier this decade is when customers see a hybrid badge, they assume the vehicle should deliver Toyota Prius mileage (50 mpg). The Green Line vehicles that Saturn offered, as well as the Chevrolet Malibu Hybrid (2008-09), were widely avoided because they didn’t deliver the mileage the public expected from a hybrid. The key take-away is the car will have a lithium-ion battery, a generator and wheel-mounted brake energy regenerators to help recharge the battery.

While these advances may not seem like the best news, the small, fuel efficient cars on the road today are experiencing a rapid rise in resale value. The higher the car’s cash value, the higher the probability shops appraising these vehicles can repair them instead of hitting the total loss threshold. A 3-year-old Honda Accord is worth 24 percent more than a 3-year-old Accord last year, according to http://Edmunds.com/. Furthermore, a 3-year-old Hyundai Sonata is worth 22 percent more than the same age Sonata last year. Bumps in value of this magnitude will result in more of those vehicles being repaired rather than totaled. So, at least there’s some good news from the spike in fuel prices.

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Expert Advice – Electric Vehicles

Interview with Jim Pauley, Co-chair of the EVSP and senior vice president of external affairs and government relations for Schneider Electric

Excerpted From: FenderBender October 2011

Since the launch of autos like the Nissan LEAF and Chevy Volt, electric vehicles are picking up steam in terms of popularity. Still, there’s a lot to do to pave the way for use of these vehicles to become widespread. Utility infrastructure, charging stations, education and training of automotive technicians and emergency first responders—all those areas need attention. That prompted the American National Standards Institute (ANSI) to create the Electric Vehicle Standards Panel (EVSP). The panel has no small task: It’s charged with establishing standardization suggestions that will enable electric vehicles to take off here in the states.

FenderBender sat down with Jim Pauley, co-chair of the EVSP and senior vice president of external affairs and government relations for Schneider Electric, to discuss electric vehicle standards.

Why is the American National Standards Institute (ANSI) the right group to tackle standardization issues for electric vehicles?

ANSI is a nonprofit organization that functions as an umbrella for standardization and conformity assessment systems in the United States. The organization is not a government-based entity. But it’s looked at, both by the private and government sectors, as the place to talk about standardization issues. It is considered a thought leader in establishing roadmaps for standardization. It is an accredited standards development group across various industries.

ANSI also represents the United States within international standards organizations, like the International Electrotechnical Commission and the International Organization for Standardization. For example, ANSI will represent U.S. viewpoints within those organizations during discussion regarding electric vehicle standardization.

Why does ANSI feel the electric vehicle space is an area that needs standards?

There is a lot of government discussion happening regarding electric vehicles; it’s part of the United States’ overall energy strategy. President Barack Obama, in his 2011 State of the Union address, announced the goal to have one million electric vehicles on U.S. roads by 2015.

At the same time, auto manufacturers are trying to figure out how to best deploy electric vehicles, and infrastructure organizations are trying to figure out how to most effectively charge these vehicles. ANSI looked at this landscape and recognized a disconnect between all of these entities. We need to be talking about these issues as one group.

So what is ANSI doing to address this?

To help accommodate this major shift in our national automotive landscape, ANSI convened a codes and standards needs assessment workshop in April. The event, held on behalf of the U.S. Department of Energy (DOE) and the Idaho National Laboratory, brought together 120 individuals from a range of stakeholder groups to discuss electric vehicle issues that need to be addressed through standards. Those stakeholder groups included standards organizations, the electrotechnical industry, the automotive industry, the utility industry, representatives from the public sector and consumers.

AN EDITOR’S NOTE…

With automakers on the fast track to meet quickly approaching strict CAFÉ Fuel standards and President Obama’s goal of having one million electric vehicles on U.S roads by 2015, it is critical for repairers and insurers to stay up to date on how organizations like ANSI will help to implement widespread use of electronic vehicles so that repairs can be completed both safely and efficiently.
Current Events in the Collision Industry (con’t.)

One common theme that emerged from the workshop was the need for greater coordination, participation and harmonization of standardization efforts on behalf of those stakeholders. Participants agreed it is necessary to have a standardization roadmap in place to help them navigate and understand various activities that are taking place with regard to electric vehicles. That is what led to the creation of the Electric Vehicle Standards Panel (EVSP).

**What is the overall purpose of the Electric Vehicle Standards Panel (EVSP)?**

The EVSP is not actually going to write any standards that need to be created for electric vehicles. We want to create a roadmap, an actual document, which will outline the various areas that must work together to effectively mass deploy electric vehicles. We want to identify standards activity that is happening—or needs to happen—to support that.

Our primary goal is the safe implementation of electric vehicles. That is where careful consideration of standards and conformance is key. The work of the EVSP on the roadmap will help achieve that objective.

**So what is the EVSP doing to make this roadmap a reality?**

We held our first meeting in June. We divided EVSP participants into eight working groups:

- energy storage systems
- vehicle components
- vehicle-user interface
- charging stations
- infrastructure communications
- infrastructure installation
- user interface for infrastructure
- education and training

Those working groups began going through their particular industries to identify standards that have already been created, and issues they know need to be addressed. Right now, those working groups are figuring out where standards need to be put in place. We will have a document, the “U.S. Roadmap for Electric Vehicle Standardization,” by the early part of 2012.

**What will happen once that document—the U.S. Roadmap for Electric Vehicle Standardization—is created?**

The roadmap will be widely available. Our objective is to get all of the organizations that do write standards—the Society of Automotive Engineers, the National Electrical Contractors Association, and the National Fire Protection Association, for example—to create specific standards based on the issues the EVSP highlights within that roadmap.

The roadmap will become a powerful and valuable resource for policymakers, both at the state and local levels. I suspect that government representatives will reference this and make policy decisions based on the information. It will also better enable the ANSI, members of the ANSI Federation, and other U.S. stakeholders to speak in a more coherent voice with policymakers, regulatory bodies and trading partners.

**What are you seeing as key issues that need standardization?**

Electric vehicles are posed to have a huge impact on numerous industries—and on the everyday lives of Americans.
As electric vehicle technology and popularity progress, several issues are at hand:

1. Interoperability: Interoperability between the connectors of charging stations is a top concern given the variety of vehicles on the road, as well as the different charging modes that are available.

2. Safety: Many actions must be taken to ensure that electric vehicles, their components, and the related infrastructure are safe. This includes standards for safe charging stations and reduction of battery hazards.

3. Education and training: Many types of education and training are needed in relation to electric vehicles. Consumers, automobile technicians, and emergency first responders have much to learn.

Equally important is training on the supporting infrastructure—permitting, installation, usage and maintenance of charging stations.

*It sounds like training standards could be a huge necessity, especially for collision repairers to ensure they are able to safely work on these vehicles.*

The EVSP has identified automotive technicians and emergency first responders among those that require training.

Professional certifications and certificate programs can increase consumer confidence in the qualifications of personnel. There will likely be further discussion as to what training programs already exist, and whether they are adequate enough. It is premature to speculate on the substance of any recommendations that may result from the work of the EVSP, and how they will specifically impact the collision repair industry, however.

*The collision repair industry has wanted standards created that clearly tell them proper ways of repairing certain vehicles. Are there any standards that need to be developed regarding the repairs on these vehicles?*

That is unknown at this point. It’s an area that still needs a lot of discussion. It seems important for collision repair trade associations to participate in these standardization discussions on behalf of their constituents.

Somebody needs to identify the issues that collision repairers think they’re going to run into—or have already run into—in repairing electric vehicles.

Standards may need to be put in place regarding training necessary to properly repair these vehicles. It might be important for the collision repair industry to participate with the EVSP to ensure their needs are identified in the roadmap created.

The education and training working group of the EVSP is one place where repair professionals could participate and carry out this discussion.

*Are there any standards that have already been developed?*

The Society of Automotive Engineers (SAE) has a number of standards in place that will be reflected in the EVSP roadmap. One example is a standard for the plug on electric vehicles for various levels of charging. The SAE has created a standard for what the plug configuration needs to look like and what the different pins on the plug need to do. That standard has already been published, and it’s being used.

*Are electric vehicle manufacturers participating in these discussions?*

Many of the big-name auto manufacturers are participating through their trade organizations, like the SAE and the Alliance of Automobile Manufacturers (AAM).
Current Events in the Collision Industry (con’t.)

Safety has been a primary area of concern with respect to electric vehicles, including collision repairers. What safety standards does the EVSP plan to address?

Safety for drivers, passengers, roadside assistance providers and repair professionals nationwide is a top priority in electric vehicle development and rollout.

A few safety issues for each of those entities include: battery handling, battery storage, battery disposal, passenger extrication after an accident, emergency disconnects, and shut down labeling and procedures.

A roadmap for the successful mass deployment of electric vehicles sounds highly beneficial to get various affected industries on the same page. Is this something that other countries are doing as well?

The United States has various trading partners that are already working on, or have already produced, electric vehicle roadmaps for their countries or regions. For example, German standardization bodies have a plan for electromobility.

If countries like Germany have already done this, is the U.S. behind with standardization efforts?

I don’t believe we are behind. However, to fully capture the benefit of all of the standards work going on in various parts of the electric vehicle industry, we need to make sure we coordinate across all of those segments and with our international trading partners.

This article originally appeared in the October 2011 issue of FenderBender, the only magazine edited exclusively for collision repair shop owners and operators that examines in-depth real world struggles, successes and solutions from the industry. To get the latest news or to subscribe, go to fenderbender.com.

Bridging the Generation Gap in Your Body Shop

By: Matt Heidick
Excerpted From: BodyShop Business Magazine—September 2011

Young techs and old techs can sometimes seem a world apart. But there are ways you can relate to them and motivate them and make everyone, whether Baby Boomers, Gen X-ers or Gen Y-ers, feel valued.

Let me begin by stating the obvious: Managing a collision center is hard work—harder than I ever imagined before I had my first opportunity to do so back in 1996.

The fact is there are a lot of variables that are beyond our control. For example, we have customers who are unhappy with their circumstances, insurance adjusters or DRP facilitators who are under pressure to make the right assessments for their claims managers, and employees who are sometimes unpredictable.

I would be remiss if I also didn’t mention the other obvious variable we can do nothing about: the fact that the business of repairing vehicles is an inexact science. With the newest car designs, technicians are expected to be part fabricators, part welders, part electricians, part mechanics and part artists. We need to take control of what we can and not make things harder for ourselves.

I don’t think repairing cars or managing body shops will ever be easy jobs. I think that’s why the majority of us got into this: for a challenge. Trying to control the chaos of a collision center can be an adrenaline rush. And it can be incredibly rewarding to help someone who has been involved in a car accident through a difficult time.

Personality Identification

One thing we can control is how we deal with our employees. As with dealing with most human beings in our lives, we need to first identify their personalities and how

AN EDITOR’S NOTE...

Baby boomers are transitioning out of the workforce in record numbers—and with vastly different generations like Gen X and Gen Y taking their place—it’s important to understand how they, think, interact and work to leverage what they can bring to the table.
we can relate to them. We may not realize it, but we do this “personality identification” every time we talk with a customer, negotiate with an insurance company or meet with a dealership owner. However, we need to recognize that we also do it on a daily basis when dealing with our employees.

Most shops have a good mix of younger and older employees. No matter what their age, we need to get 100 percent effort out of each of them—whether they be a receptionist, a painter, a detailer or a body technician—if we’re going to be successful.

These people come from all different walks of life. They’ve all had unique experiences that have made them who they are today. It’s our responsibility as managers and leaders to discover what motivates each individual so we can connect with them.

In this article, I’m going to explore the differences between the more experienced technician (journeyman) and the younger technician (apprentice) and how we as managers can relate to them and motivate them. Also, how we can make them feel valued so they thrive in their ever-important roles within the industry.

**Journeyman vs. Apprentice**

The journeyman and the apprentice are different from one another in many ways, not the least of which is that they come from different generations. I think it’s best if we relate to the journeyman on a “consultant” level.

I was generally younger than most of the technicians at the body shops I managed. I could have drawn a line in the sand and said, “We’re going to do this my way because I’m the manager,” but that would have caused division within the shop and led to less productivity as a result.

If we become defensive when questioned by more experienced technicians, we risk losing our credibility. We also risk being perceived as immature and unprofessional. No one wants that. So, as a solution, I chose to “consult” with the journeymen in my shop about the question or issue at hand and lead them to the decision I needed. I would ask questions such as:

- “How was this situation resolved the last time you dealt with it?”
- “From your experience, what do you think?”
- “If this were your son or daughter’s vehicle, what would you do?”

**It’s All in the Presentation**

It’s also a good idea to let these more experienced techs be vocal and ask for their opinions in internal meetings and/or training exercises. Show that you’re willing to listen to them and that you respect their knowledge and experience. Ask them to be mentors to your less experienced techs—this is a great way to create camaraderie among your team. It’s also a bold statement that says you place importance on continued learning/training.

Not all these grizzled veterans are receptive to ongoing training. They may swear by a technique they’ve used for the last 25 years that has served them well, but it may not be the best or even the correct way to repair today’s vehicles. So if a more experienced tech acknowledges the need to “change with the times,” it speaks volumes to the rest of the shop, and most will follow his or her lead.

**The Apprentice**

On the other side of this issue, I feel we should be supportive of and encourage our younger technicians. If we intend to be in business for awhile, we must look at them as our future.
We need to acknowledge the things that are important to them, taking into consideration that they’re tech savvy and accustomed to multi-tasking. We need to provide an environment in which they feel comfortable. It’s also necessary to help them establish a routine and make them part of a team to hold their attention.

We may need to say, “I know you haven’t done this before but I have no doubt you can handle it,” or “We’re a team, so don’t be afraid to ask for help if you need anything.”

It seems that few young techs are comfortable repairing a panel that has extensive damage. Sometimes it’s questionable whether it should be repaired or replaced. I’m not going to get into the repair vs. replace debate but will only say that, from my experience, it seems the greenhorns are much more comfortable hanging new panels. Whether the reason for this comes from their experience and comfort level with straightening badly damaged panels or the way they were taught to repair vehicles, we should take note of this and let them do what they’re comfortable with! The bottom line is that younger techs handle the task of repairing vehicles differently than journeymen—but both bring important perspectives to the business of collision repair.

**Mentor Power**

The power of mentoring should never be underestimated. I would guess that we’ve all known a person who was instrumental in shaping us in the early stages of our careers. I’ve had several people who helped me find my way and break into this industry. Mentoring can help with the exploration of skills and thought processes that will assist the apprentice. It might be helpful to establish teams or partner younger technicians with more experienced techs after identifying personalities that would complement each other.

**Exceptions**

Obviously, there are exceptions to every rule. At your shop, you may know a journeyman who doesn’t need or want the things we’ve talked about. Or you may work with a younger tech who is not as tech savvy as his or her counterparts. However, I do think the wants and desires we’ve discussed are accurate for the majority of the employees we’re going to deal with.

In closing, I would like to express my excitement at what’s happening in the collision repair industry. Having been part of every facet of this industry for the past 20 years, it’s exhilarating to see the new focus on “lean” along with the educational opportunities now available to us. If all of us—owners, managers, journeymen and apprentices alike—can be open-minded to new repair techniques and new technology, then we can position ourselves where we need to be to keep moving the collision repair industry in the right direction. I believe technicians, regardless of age and experience, who see value in I-CAR classes, ASE certification and training from paint manufacturers will continue to prosper in this fast-paced, ever-changing business.

**Defining the Generations**

From various sources, it seems the general consensus is that there are three generational groupings in today’s workforce:

**The Baby Boomers.** Born during the post-World War II boom, roughly between 1946 to 1960. There were 76 million American babies born in this timeframe, creating an expansive need for education and training.

Characteristics of this group include higher rates of participation in advanced education and training, nearly perfect attendance, as well as an assumption of lifelong prosperity and entitlement. These workers have had the tendency to “work hard and play hard,” while remaining loyal to employers for long periods of time with an eye toward retirement from that employer some day.
Generation X. Born between 1961 and 1981, this group represents a blending of the Baby Boomer methodical classroom training and the advent of technology (computers, video games and the Internet). The changing business and educational world demanded more flexible thinking and a dynamic workforce than ever before, transitioning from “paper-driven” work flow and personal communication tools to newer and faster processes and throughput.

Characteristics of this group include the expressed desire to succeed, the willingness to cautiously try new jobs and tasks, and the flexibility to adapt to new situations with a grounded foundation in the “way we used to do it.” Gen X-ers are often placed in the role of mediator between the Baby Boomers and Generation Y members based on their own experience and understanding of both perspectives.

Generation Y. Also known as the Millennials, the members of this group were born between 1981 and 2001. This group hasn’t known a world without advanced technology. They’ve grown up with knowledge of and experience with computers, iPods and cell phones.

Characteristics of this group include an expectation of quick advancement in the workplace, the need for rapid responses to inquiries and concerns, less patience, a high focus on execution, the demand for immediate and easy-to-use training and education, a possession of greater entrepreneurial thinking, and a lower expectation of usage of interpersonal communication (more emphasis on e-mail and instant messaging than in-person or phone calls).

So how does a manager blend all of the talents of these diverse groups of employees into a cohesive team in the workplace, focusing on the organization’s success? To answer that question, the manager must assume that members of each group are critical to the company’s success, and that when these individuals are positioned effectively, they’ll grow and succeed on their own merits.

The manager should then focus on what each member brings to the table, not only in pure on-the-job skills but also their respective “ingredients” or individual make-up. These ingredients can include the employee’s generational grouping, demographics, attitude, experience and his or her specific work needs (including the importance he or she places on money, an important title, employee benefits, professional growth, etc.) By understanding and focusing on each employee within the context of the organizational structure, the manager creates a staffing game plan for success.

Typically, the Baby Boomers provide the foundation of the organization through their professional experience, loyalty and ability to mentor others. Gen X-ers provide the bridge, understanding the tasks needed to be done and providing effective communication between all stakeholders. Finally, Gen Y-ers represent the future of the organization, empowered with quick learning skills, fueled by the initiative to grow and succeed, and focused on “what’s next.” They’re the perfect candidates for succession planning and mentor programs.

— Daren Fristoe, The Fristoe Group

10 Differences Between Generation X and Generation Y Employees

Recruitment is an ever-changing landscape, and with demographics continually changing it makes for some interesting recruiting strategies going forward. The early Baby Boomers (defined as being born between 1946 to 1960) are now starting to retire, and as recruiters we are now having to put more of a focus on Generation X (defined as
being born between 1961 to 1981) and Generation Y (defined as being born between 1981 and 2001). But to recruit and retain people from these two generations, we surely need to understand what makes them tick in a working environment. Krista Third of Tamm Communications has noted 10 different workplace differences between the X and Y generations that we should all take note of:

1. Preferred style of leadership
   - X - only competent leaders will do
   - Y - collaboration with management is expected

2. Value of Experience
   - X - don’t tell me where you have been, show me what you know
   - Y - experience is irrelevant, as the world is changing so fast

3. Autonomy
   - X - give them direction, and then leave them to it
   - Y - questions, questions, questions

4. Feedback
   - X - expect regular feedback
   - Y - need constant and immediate feedback

5. Rewards
   - X - freedom is the ultimate reward
   - Y - money talks

6. Training
   - X - want to continually learn, if they don’t they’ll leave
   - Y - still in an exam-driven mentality

7. Work Hours
   - X - do their work and go home
   - Y - will work as long as needed...or until they get bored

8. Work Life Balance
   - X - they want to enjoy life to the fullest, while they’re young enough to do so
   - Y - their lives are busy – they need a lot of “me” time

9. Loyalty
   - X - they’re committed as everyone else working there
   - Y - already working out their exit strategy

10. Meaning of Money
    - X - it gives freedom and independence
    - Y - just something that allows them to maintain their lifestyle

—Sironconsulting.com

Matt Heidick has been in the collision repair industry for almost 20 years, serving as a painter, shop manager, insurance adjuster and currently as a physical damage appraiser for State Auto Insurance. He can be reached at (515) 210-0686 or emailed at: msheidick@yahoo.com.
New Vehicle Sales

According to Ward’s Auto, the total new light-vehicle sales increase for the month of September was much stronger than expected at a 9.8%, with a 10.3% increase calendar year-to-date.

Ward’s U.S. Light Vehicle Sales Summary
January-September 2011

Ward’s U.S. Light Vehicle Sales by Company
January-September 2011

Source is country of manufacture. Domestics are from U.S., Canada, Mexico. Imports are from overseas.

Light vehicles are cars and light trucks (GVW Classes 1-3, under 14,001 lbs.). DSR is daily sales rate.

Used Vehicle Sales
September 2011 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.

Current Used Vehicle Market Conditions

Summary
As we anticipated, Fall defleeting appears to be putting downward pressure on wholesale used vehicle values by easing some of the supply tightness that has propped up prices for more than two years. As 2010 ended, we identified that an additional 283,644 units were sold into the rental fleets in 2010 versus 2009 and that this would likely elevate the number of units cycled out of rental service in the Fall of 2011. This expectation appears to be materializing and causing wholesale prices to fall at slightly more than their typical seasonal rates. Nevertheless, supply continues to be relatively tight, primarily reflecting lost new vehicle sales volumes during the recession of 2008-2009—vehicles which would otherwise be reaching a prime age for re-entry into the market as used units.

Details
According to ADESA Analytical Services’ monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class, wholesale used vehicle prices in September averaged $9,750—down 1.3% compared to August and 0.9% lower than September 2010. With gasoline prices moderating, cars are bearing the brunt of the price declines, while trucks are recovering somewhat from price hits taken earlier this year when gas prices were rising. Manufacturers registered a 3.0% month-over-month price decrease and a 3.4% year-over-year rise. Fleet/lease consignors experienced a 1.9% sequential price decrease and a 0.8% annual decrease. Dealer consignors saw a 4.0% average price decrease versus August and a 5.5% uptick versus September 2010.

ADESA Analytical Services estimates that auction industry inventory levels stood at 31 days at month-end compared to 26 days in August and an all-time low of 24 days from May-July. September marks the first month in over two years that days-supply of auction inventories matched year-ago levels; auction industry inventories have been below year-ago levels since July 2009, by our estimates. The rise in inventory levels is primarily a reflection of higher Fall defleeting.

Based on data from CNW Marketing/Research, retail used vehicle sales in September were up 11.5% year-over-year for franchised dealers and 5.0% for independent dealers. On a month-over-month basis, used vehicle sales were down about 17% for both groups. Similarly, certified used vehicle sales in September were down 3.3% versus August but up 4.6% versus prior year according to Autodata. According to Edmunds, new vehicle incentives in September averaged $2,456, up 3.0% from prior month, but down 4.0% from prior year.
The following information was assembled from industry-wide appraisal data uploaded from participating insurance carriers, body shops and independent appraisers, processed by Mitchell and compiled through Mitchell’s AIM™ (Advanced Information Management) system.

With the exception of the Total Loss section, all data in this section, including ACV benchmarks, relate to repairable vehicle appraisals only.

**Sections included in the Mitchell Collision Repair Industry Data:**
- Average Appraisal Values
- Comprehensive Losses
- Collision Losses
- Collision Losses
- Third-Party Auto Property Damage
- Parts Analysis
- Paint & Materials
- Labor Analysis
- Supplements
- Adjustments
- Total Losses

**Development Explained**

The following data points are dynamic and subject to change from on-going supplement and total loss designation activities amending original appraisal values. Average appraisal values submitted in June, for example, will likely increase by several dollars over the next few months, then stabilize as all supplements are factored into the final value for the period. Raw values are provided and then adjusted based on the observed six-month change behavior from prior data to produce a projected final or “developed” value. Adjusted values may therefore be considered reliable approximations of the eventual industry value for any given datum. As supplement frequency and severity, as well as total loss designation activities, vary by carrier, we suggest that each company isolate their own development factors to apply to their own unique data sets.

**Average 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 Q3-2011, was $2,536—a mere $3 lower than the previous year’s Q3-2010 appraisal average. Applying the prescribed development factor of 2% to these data produces a final anticipated value of $2,587.*

*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.

**MITCHELL SOLUTION:**

Mitchell AIM™ features immediate online data access, custom report construction, ad-hoc query capabilities, weekly updates, and the ability to accept and consolidate detailed appraisal data from all major estimating platforms.

**MITCHELL SOLUTION:**

Mitchell UltraMate® is Mitchell’s advanced estimating system, combining database accuracy, automated calculations, and repair procedure pages to produce estimates that are comprehensive, verifiable, and accepted throughout the collision industry. UltraMate is a central component of Mitchell’s all-in-one estimating, imaging, and claims workflow management solution, UltraMate Premier Suite. For more information on UltraMate and UltraMate Premier Suite, visit Mitchell’s website at www.mitchell.com.
Collision Losses

Mitchell’s Q3-2011 data reflect an initial average gross Collision appraisal value of $2,812—$55 less than this same period last year. However, applying the indicated development factor of 3%, suggests a final Q3-2011 average gross collision appraisal value of $2,884—an increase of $17. Also of note, the average Actual Cash Value (ACV) of vehicles appraised for Collision losses during Q3-2011 exceeded $14,000 for the first time.*

Comprehensive Losses

In Q3-2011, the average gross appraisal value for Comprehensive coverage estimates processed through our servers was $2,694—compared to $2,600 in Q3-2010. Applying the prescribed development factor of .19% for this data set produces a $99 increase. The low supplement amount result reflects the heavy hail appraisals written during the quarter.*


- In 1957, Toyota established Toyota Motor Sales U.S.A. and exported the Toyopet Crown to the United States.
- The company discontinued the Toyopet name in the U.S. after receiving negative feedback from consumers who associated the name with toys and pets instead of cars. The name continued in other markets until the mid-1960s.
- DAT Motorcar Co. created the “Datson” or “Son of DAT” to indicate its new, smaller size passenger cars compared to its larger DAT vehicles. When Nissan took control in 1933, it changed the last syllable to “sun” because “son” also means loss in Japanese and to honor the sun depicted on the Nation’s flag.
- Subaru also draws its name from celestial inspiration. Subaru (to govern or gather together) is the Japanese name for the Pleiades star cluster in the Taurus constellation, which in turn inspires the Subaru logo and alludes to the six companies that merged to create Fuji Heavy Industries—Subaru’s parent company.
- In 1982, the Honda Accord became the first Japanese car built in the U.S.
Third-Party Property Damage

In Q3-2011, our initial average gross Third-Party Property Damage appraisal was $2,250—compared to $2,244 in Q3-2010, reflecting a $6 initial increase between these respective periods. Adding the prescribed development factor of 1% for this coverage type yields a Q3-2011 adjusted appraisal value of $2,274—a $30 increase.*

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 Q3-2011, 26.1% 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 47.4%—reflecting a 1.2 pt, or 3% relative increase from that same period in 2010. The average combined supplement variance for this quarter was $597.80—$74.01 lower than in Q1-2010.

Average Supplement Frequency and Severity

<table>
<thead>
<tr>
<th>Date</th>
<th>Q1/09</th>
<th>Q3/09</th>
<th>Q1/10</th>
<th>Q3/10</th>
<th>Q1/11</th>
<th>Q3/11</th>
<th>Pt/$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Est. Supplement</td>
<td>34.7</td>
<td>32.3</td>
<td>35.1</td>
<td>32.9</td>
<td>35.7</td>
<td>26.1</td>
<td>-6.80</td>
<td>-21%</td>
</tr>
<tr>
<td>% Supplement</td>
<td>50.9</td>
<td>44.7</td>
<td>55.6</td>
<td>46.2</td>
<td>51.3</td>
<td>47.4</td>
<td>1.2</td>
<td>3%</td>
</tr>
<tr>
<td>Avg. Combined Supp. Variance</td>
<td>617.29</td>
<td>638.09</td>
<td>664.95</td>
<td>671.81</td>
<td>674.00</td>
<td>597.80</td>
<td>-74.01</td>
<td>-11%</td>
</tr>
<tr>
<td>% Supplement $</td>
<td>24.41</td>
<td>25.59</td>
<td>26.14</td>
<td>26.46</td>
<td>26.23</td>
<td>23.57</td>
<td>-2.89</td>
<td>-11%</td>
</tr>
</tbody>
</table>

*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.
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 virtually no change in the use of parts and labor, while the percentage of paint material used in the average appraisal increased 2% between these respective periods.

<table>
<thead>
<tr>
<th>Date</th>
<th>Q1/09</th>
<th>Q3/09</th>
<th>Q1/10</th>
<th>Q3/10</th>
<th>Q1/11</th>
<th>Q3/11</th>
<th>Pt/$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Average Part $</td>
<td>42.62</td>
<td>44.32</td>
<td>41.93</td>
<td>44.38</td>
<td>41.8</td>
<td>44.5</td>
<td>0.12</td>
<td>0%</td>
</tr>
<tr>
<td>% Average Labor $</td>
<td>46.1</td>
<td>44.34</td>
<td>46.62</td>
<td>44.08</td>
<td>46.81</td>
<td>43.89</td>
<td>-0.19</td>
<td>0%</td>
</tr>
<tr>
<td>% Paint Material $</td>
<td>10.24</td>
<td>10.13</td>
<td>10.5</td>
<td>10.4</td>
<td>10.53</td>
<td>10.59</td>
<td>0.19</td>
<td>2%</td>
</tr>
</tbody>
</table>

Parts Analysis

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 are 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 year-over-year 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.

PARTS TYPE DEFINITIONS

• Original Equipment Manufacturer (OEM): Parts produced directly by the vehicle manufacturer or its 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.

• Like Kind and Quality (LKQ): 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: It is commonly understood within the collision repair and insurance industries that a very large number of LKQ “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 LKQ and any other parts types used per estimate may be difficult and inaccurate.
ORIGINAL EQUIPMENT MANUFACTURER (OEM) PARTS USE IN DOLLARS

In Q3-2011, OEM parts represented only 66.1% of all parts dollars specified by Mitchell-equipped estimators. These data reflect a 1.5 point relative decrease from Q3-2010, but a 0.1 increase from Q1-2011.

AFTERMARKET PARTS USE IN DOLLARS

In Q3-2011, 15.1% of all parts dollars recorded on Mitchell appraisals were attributed to Aftermarket sources, reflecting a slight decrease in use from Q1-2011.

REMANUFACTURED PARTS USE IN DOLLARS

Currently listed as “Non-New” parts in our estimating platform and reporting products, Remanufactured parts currently represent 6.6% of the average gross parts dollars used in Mitchell appraisals during Q3-2011. This reflects a 0.7 point relative increase over this same period in 2010.

LIKE KIND AND QUALITY PARTS USE IN DOLLARS

LKQ parts constituted 12.3% of the average parts dollars used per appraisal during Q3-2011, reflecting a very slight 0.1 point relative increase from this same period last year.
Parts Use by Number of Parts

Editor’s note: While measuring the percentage of dollars by part type has been the industry standard, it is only one aspect of parts measurement. To improve the understanding of parts performance by part type, we are introducing this new metric of quarter over quarter performance by the number of parts used on the average repairable estimate by part type.

As an additional measure of parts use, this chart generally reflects what we see in the percentage of parts dollars charts—a decline in new OEM parts use. However, reductions in the most recent quarter are likely due to the large number of hail claims where many panels were repaired rather than replaced.

Paint and Materials

During Q3-2011, Paint and Materials made up nearly 10.9% of our average appraisal value, representing a .4-point relative increase from Q3-2010. 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—yields a rate of $30.20 per refinish hour in this period, compared to $29.51 in Q3-2010.

Editor’s note: The chart shown now excludes comprehensive estimates in the calculations to avoid seasonal hail related swings in the data reported.

Paint and Materials, by Quarter

MITCHELL SOLUTION:

Mitchell RMC™ (Refinishing Materials Calculator) provides accurate calculations for refinishing materials costs by incorporating a database of over 10,000 paint codes from eight paint manufacturers. It provides job-specific materials costing according to color and type of paint, plus access to the only automated, accurate, field-tested, and industry-accepted breakdown of actual costs of primers, colors, clear coats, additives, and other materials needed to restore vehicles to preaccident condition. RMC is now also fully integrated with UltraMate and UltraMate Premier Suite for total ease of use. For more information on RMC, visit Mitchell’s website at www.mitchell.com.
Labor Analysis

Average body labor decreased in five of the eleven states surveyed—notably in states that had significant hail activity during the quarter. This can lead to fluctuations in the data. When an area experiences heavy hail frequency and has a lower hourly rate, it will lower the state average. This result is not expected in the fourth quarter data.

% Average Labor Dollars by Type

Remove Replace (23%)
Refinish (31%)
Repair (46%)

Average Body Labor Rates and Change by State

<table>
<thead>
<tr>
<th>State</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>48.68</td>
<td>48.24</td>
<td>-0.44</td>
<td>-1%</td>
</tr>
<tr>
<td>California</td>
<td>50.34</td>
<td>50.63</td>
<td>0.29</td>
<td>1%</td>
</tr>
<tr>
<td>Florida</td>
<td>42.05</td>
<td>41.27</td>
<td>-0.78</td>
<td>-2%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>43.78</td>
<td>44.02</td>
<td>0.24</td>
<td>1%</td>
</tr>
<tr>
<td>Illinois</td>
<td>47.69</td>
<td>47.85</td>
<td>0.16</td>
<td>0%</td>
</tr>
<tr>
<td>Michigan</td>
<td>42.69</td>
<td>42.36</td>
<td>-0.33</td>
<td>-1%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>44.54</td>
<td>44.66</td>
<td>0.12</td>
<td>0%</td>
</tr>
<tr>
<td>New York</td>
<td>46.37</td>
<td>46.09</td>
<td>-0.28</td>
<td>-1%</td>
</tr>
<tr>
<td>Ohio</td>
<td>42.95</td>
<td>43.35</td>
<td>0.4</td>
<td>1%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>45.03</td>
<td>44.88</td>
<td>-0.15</td>
<td>0%</td>
</tr>
<tr>
<td>Texas</td>
<td>42.51</td>
<td>42.05</td>
<td>-0.46</td>
<td>-1%</td>
</tr>
</tbody>
</table>

Adjustments

In Q3-2011, the percentage of adjustments made to estimates decreased by 9%. The frequency of betterment taken decreased by 7%, while the average dollar amount of the betterment taken decreased by 2% to $130.27. Appearance allowance frequency decreased by 18% with the dollar amount of that appearance allowance decreasing to $193.00.

Adjustment $ and %’s

<table>
<thead>
<tr>
<th>Date</th>
<th>Q1/09</th>
<th>Q3/09</th>
<th>Q1/10</th>
<th>Q3/10</th>
<th>Q1/11</th>
<th>Q3/11</th>
<th>Pt$/Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Adjustments Est</td>
<td>3.51</td>
<td>3.67</td>
<td>3.56</td>
<td>3.68</td>
<td>3.6</td>
<td>3.35</td>
<td>-0.33</td>
<td>-9%</td>
</tr>
<tr>
<td>% Betterment Est</td>
<td>2.7</td>
<td>2.79</td>
<td>2.72</td>
<td>2.84</td>
<td>2.87</td>
<td>2.65</td>
<td>-0.19</td>
<td>-7%</td>
</tr>
<tr>
<td>% Appear Allow Est</td>
<td>0.57</td>
<td>0.61</td>
<td>0.61</td>
<td>0.61</td>
<td>0.5</td>
<td>0.5</td>
<td>-0.11</td>
<td>-18%</td>
</tr>
<tr>
<td>% Prior Damage Est</td>
<td>4.94</td>
<td>5.21</td>
<td>5.26</td>
<td>3.83</td>
<td>3.15</td>
<td>3.05</td>
<td>-0.78</td>
<td>-20%</td>
</tr>
<tr>
<td>Avg. Betterment $</td>
<td>$121.78</td>
<td>$124.13</td>
<td>$118.66</td>
<td>$133.6</td>
<td>$125.82</td>
<td>$130.27</td>
<td>-3.33</td>
<td>-2%</td>
</tr>
<tr>
<td>Avg. Appear Allow $</td>
<td>$177.00</td>
<td>$194.95</td>
<td>$189.29</td>
<td>$204.98</td>
<td>$190.86</td>
<td>$193.00</td>
<td>-11.98</td>
<td>-6%</td>
</tr>
</tbody>
</table>
The charts below illustrate the Total Loss data for both vehicle age and actual cash value of Total Loss vehicles processed through Mitchell servers.

**Average Vehicle Age in Years**

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>Q1 2009</th>
<th>Q3 2009</th>
<th>Q1 2010</th>
<th>Q3 2010</th>
<th>Q1 2011</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible</td>
<td>10.01</td>
<td>10.77</td>
<td>10.29</td>
<td>10.99</td>
<td>11.03</td>
<td>11.51</td>
</tr>
<tr>
<td>Coupe</td>
<td>10.37</td>
<td>10.71</td>
<td>10.69</td>
<td>11.06</td>
<td>10.99</td>
<td>11.35</td>
</tr>
<tr>
<td>Sedan</td>
<td>9.55</td>
<td>9.69</td>
<td>9.82</td>
<td>10.02</td>
<td>9.95</td>
<td>10.22</td>
</tr>
<tr>
<td>Wagon</td>
<td>8.5</td>
<td>8.59</td>
<td>8.60</td>
<td>8.73</td>
<td>8.80</td>
<td>8.68</td>
</tr>
<tr>
<td>Other Passenger</td>
<td>10.19</td>
<td>11.4</td>
<td>10.64</td>
<td>11.64</td>
<td>10.85</td>
<td>11.87</td>
</tr>
<tr>
<td>Pickup</td>
<td>9.77</td>
<td>10.51</td>
<td>10.65</td>
<td>11.19</td>
<td>11.01</td>
<td>11.28</td>
</tr>
<tr>
<td>Van</td>
<td>9.68</td>
<td>10.00</td>
<td>10.20</td>
<td>10.49</td>
<td>10.41</td>
<td>10.62</td>
</tr>
<tr>
<td>SUV</td>
<td>8.50</td>
<td>8.80</td>
<td>9.16</td>
<td>9.36</td>
<td>9.49</td>
<td>9.56</td>
</tr>
</tbody>
</table>

**Average Vehicle Actual Cash Value**

<table>
<thead>
<tr>
<th>Vehicles</th>
<th>Q1 2009</th>
<th>Q3 2009</th>
<th>Q1 2010</th>
<th>Q3 2010</th>
<th>Q1 2011</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convertible</td>
<td>$9,118.86</td>
<td>$9,055.25</td>
<td>$9,748.87</td>
<td>$9,300.77</td>
<td>$9,762.15</td>
<td>$10,477.75</td>
</tr>
<tr>
<td>Coupe</td>
<td>$6,018.66</td>
<td>$5,852.99</td>
<td>$6,229.73</td>
<td>$6,285.75</td>
<td>$6,384.64</td>
<td>$6,788.25</td>
</tr>
<tr>
<td>Hatchback</td>
<td>$6,011.09</td>
<td>$5,952.06</td>
<td>$6,464.55</td>
<td>$6,500.82</td>
<td>$6,764.07</td>
<td>$7,384.18</td>
</tr>
<tr>
<td>Sedan</td>
<td>$6,048.94</td>
<td>$5,979.02</td>
<td>$6,306.39</td>
<td>$6,439.08</td>
<td>$6,538.71</td>
<td>$6,980.71</td>
</tr>
<tr>
<td>Wagon</td>
<td>$7,255.43</td>
<td>$6,964.85</td>
<td>$7,226.39</td>
<td>$7,445.75</td>
<td>$7,277.93</td>
<td>$8,128.72</td>
</tr>
<tr>
<td>Other Passenger</td>
<td>$17,811.05</td>
<td>$12,707.58</td>
<td>$15,931.98</td>
<td>$14,924.15</td>
<td>$15,574.72</td>
<td>$12,292.53</td>
</tr>
<tr>
<td>Pickup</td>
<td>$8,413.04</td>
<td>$8,216.10</td>
<td>$9,198.22</td>
<td>$8,964.99</td>
<td>$9,711.52</td>
<td>$9,493.56</td>
</tr>
<tr>
<td>Van</td>
<td>$5,157.33</td>
<td>$4,981.87</td>
<td>$5,471.17</td>
<td>$5,563.32</td>
<td>$5,578.23</td>
<td>$5,778.54</td>
</tr>
<tr>
<td>SUV</td>
<td>$7,976.14</td>
<td>$8,125.52</td>
<td>$8,806.50</td>
<td>$9,109.67</td>
<td>$9,010.37</td>
<td>$9,314.67</td>
</tr>
</tbody>
</table>

**MITCHELL SOLUTION:**

**Mitchell WorkCenter™ Total Loss**

Mitchell WorkCenter Total Loss is a state-of-the-art, loss vehicle valuation system designed to: 1) Improve policyholder satisfaction with the settlement process, 2) Automate Department of Insurance regulation compliance, and 3) Improve efficiency, reduce settlement time, and manage settlement costs. WorkCenter Total Loss’s valuations are reliable and easy-to-understand. They’re reliable because they’re based on vehicles recently sold or advertised in the same area as the vehicle owner. Valuations are easy-to-understand because they are intuitive, and reports include details on comparable vehicles used in a valuation. WorkCenter Total Loss incorporates a leading-edge analytic model developed through a partnership with J.D. Power and Associates®—widely recognized and respected for their expertise and impartiality. You and your policyholders can be confident that valuations are fair and accurate.
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 Shop, Independent Appraisers and Insurance personnel, more accurately depicting insurance-paid loss activity, rather than consumer direct or retail market pricing.

**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 Q3-2011 was $3,036—a $372 decrease from Q3-2010. Applying the prescribed development factor of -.2 yields a $6 decrease for the final value.*

![Canada—Severity Overall](chart1)

**Collision Losses**

The average initial gross collision appraisal value uploaded through Mitchell Canadian systems in Q3-2011 was $2,962—a $237 decrease from Q3-2010. However, applying the prescribed development factor of -.9 yields an anticipated final (and lower) average appraisal value of $2,935.*

![Canada—Severity Collision](chart2)

*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.
Comprehensive Losses

In Q3-2011, the average initial gross Canadian appraisal value for Comprehensive coverage estimates processed through our servers was $3,462 or $503 lower than in Q3-2010—reflecting an active hail season. Applying the prescribed development factor of -2% yields an anticipated final average appraisal value will be $3,409.*

Third-Party Property Damage

In Q3-2011, our Canadian industry initial average gross Third-Party property damage appraisal was $2,409—a decrease of $683 from Q3-2010 on vehicles with slightly older but with higher values.*

*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.

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.

To learn more about Mitchell Canada and its solutions and services, contact:

Mike Jerry
Vice President and General Manager—Mitchell Canada
t: 888.209.4338
f: 416.733.1633
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 Q3-2011, 37.48% 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 67.56%—reflecting a 17.58 pt, or 35% relative increase from that same period in 2010. The average combined supplement variance for this quarter was $364.92—dramatically lower than most previous quarters and likely hail appraisal driven.

**Supplement %’s**

<table>
<thead>
<tr>
<th>Date</th>
<th>Q1/09</th>
<th>Q3/09</th>
<th>Q1/10</th>
<th>Q3/10</th>
<th>Q1/11</th>
<th>Q3/11</th>
<th>Pt/Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Est Supplements</td>
<td>42.41</td>
<td>39.69</td>
<td>44.51</td>
<td>41.85</td>
<td>47.63</td>
<td>37.48</td>
<td>-4.37</td>
<td>-10%</td>
</tr>
<tr>
<td>% Supplements</td>
<td>56.97</td>
<td>38.78</td>
<td>105.63</td>
<td>49.98</td>
<td>48.87</td>
<td>67.56</td>
<td>17.58</td>
<td>35%</td>
</tr>
<tr>
<td>Avg Combined Supp Variance</td>
<td>398.6</td>
<td>416.2</td>
<td>474.61</td>
<td>562.66</td>
<td>532.76</td>
<td>364.92</td>
<td>-197.74</td>
<td>-35%</td>
</tr>
<tr>
<td>% Supplement $</td>
<td>12.95</td>
<td>12.82</td>
<td>15.13</td>
<td>16.51</td>
<td>16.74</td>
<td>11.92</td>
<td>-4.59</td>
<td>-28%</td>
</tr>
</tbody>
</table>

**Average Appraisal Make-up**

This chart compares the average appraisal make-up as a percentage of dollars, constructed by Mitchell-equipped estimators. The data reflects an increase in parts dollars and a decrease in labor dollars for the period with a .81 point paint and materials increase.

**% Average Appraisal Dollars by Type**

<table>
<thead>
<tr>
<th>Date</th>
<th>Q1/09</th>
<th>Q3/09</th>
<th>Q1/10</th>
<th>Q3/10</th>
<th>Q1/11</th>
<th>Q3/11</th>
<th>Pt/$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Average Part $</td>
<td>43.9</td>
<td>39.5</td>
<td>44.0</td>
<td>34.5</td>
<td>44.3</td>
<td>37.9</td>
<td>3.4</td>
<td>10%</td>
</tr>
<tr>
<td>% Average Labor $</td>
<td>44.4</td>
<td>48.1</td>
<td>44.3</td>
<td>54.7</td>
<td>44.1</td>
<td>50.0</td>
<td>-4.7</td>
<td>-9%</td>
</tr>
<tr>
<td>% Paint Material $</td>
<td>8.79</td>
<td>8.74</td>
<td>8.78</td>
<td>8.56</td>
<td>8.78</td>
<td>9.37</td>
<td>0.81</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Parts Analysis**

As a general observation, recent data show that parts make up 44.9% of the average value per repairable vehicle appraisal, about 0.63 points more than the average allocation of labor dollars. In addition, the overall year-over-year trend now reflects an appreciable decrease in OEM parts use, an increasing volume of Aftermarket parts dollars used by Mitchell-equipped estimators, relatively constant Remanufactured parts use, and increasing LKQ (recycled) parts use.

*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 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.

For Parts Types Definitions, see page 30.
ORIGI NAL EQUIPMENT MANUFACTURER (OEM) PARTS USE IN DOLLARS

In Q3-2011, Canadian OEM parts use decreased appreciably compared to Q3-2010, but increased over Q1-2011.

AFTERMARKET PARTS USE IN DOLLARS

Aftermarket parts use in Canada rose by .8 of a point compared to Q3-2010, reflecting solid increases for 2011 and potentially poised to break 13%.

REMANUFACTURED PARTS USE IN DOLLARS

Remanufactured parts use in Canada was 3.2% for Q3-2011 compared to 3.1% in Q3-2010—reflecting steady use of this limited part type.

LIKE KIND AND QUALITY PARTS USE IN DOLLARS

LKQ parts use in Canada rose again since the same period last year but declined from an 11% rate earlier this year.
Editor's note: We chose to provide the same new feature for our Canadian customers to help further understand parts performance in Canada. Please see page 32 for a detailed explanation and U.S. performance statistics.

New parts use decreased in this metric of the number of parts by type for repairable estimates. It is likely that hail activity resulted in more repaired parts, causing the quarterly decrease.

Labor Analysis

All data reflects the percentage of labor dollars utilized in the creation of Mitchell appraisals by Canadian estimators. Labor rates increased in all Provinces and Territories surveyed for the quarter.

<table>
<thead>
<tr>
<th>Province</th>
<th>Q3 2010</th>
<th>Q3 2011</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALBERTA</td>
<td>67.79</td>
<td>69.57</td>
<td>1.78</td>
<td>3%</td>
</tr>
<tr>
<td>NEWFOUNDLAND &amp; LABRADOR</td>
<td>57.78</td>
<td>58.65</td>
<td>0.87</td>
<td>2%</td>
</tr>
<tr>
<td>NOVA SCOTIA</td>
<td>55.35</td>
<td>56.16</td>
<td>0.81</td>
<td>1%</td>
</tr>
<tr>
<td>NORTHWEST TERRITORIES</td>
<td>78.33</td>
<td>79.84</td>
<td>1.51</td>
<td>2%</td>
</tr>
<tr>
<td>ONTARIO</td>
<td>53.39</td>
<td>53.77</td>
<td>0.38</td>
<td>1%</td>
</tr>
<tr>
<td>QUEBEC</td>
<td>46.30</td>
<td>47.34</td>
<td>1.04</td>
<td>2%</td>
</tr>
<tr>
<td>YUKON TERRITORY</td>
<td>81.04</td>
<td>85.00</td>
<td>3.96</td>
<td>5%</td>
</tr>
</tbody>
</table>
Paint and Materials

During Q3-2011, the percentage of cost of the average estimate attributed to paint and materials was 9.4%—the highest percentage of recent quarters. A rise in the hourly reimbursement amount was also recorded.

*Editor’s note:* The chart shown now excludes comprehensive estimates in the calculations to avoid seasonal hail related swings in the data reported.

### Paint and Materials, by Quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>% of Appraisal</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2009</td>
<td>8.8%</td>
<td>$31.73</td>
</tr>
<tr>
<td>Q3 2009</td>
<td>8.7%</td>
<td>$31.49</td>
</tr>
<tr>
<td>Q1 2010</td>
<td>8.8%</td>
<td>$32.27</td>
</tr>
<tr>
<td>Q3 2010</td>
<td>8.6%</td>
<td>$32.33</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>8.8%</td>
<td>$33.07</td>
</tr>
<tr>
<td>Q3 2011</td>
<td>9.4%</td>
<td>$33.47</td>
</tr>
</tbody>
</table>

**Adjustments**

As in the U.S., adjustments for the quarter decreased in betterment and appearance allowances. However, the number of prior damage estimates written increased for the quarter.

### Adjustment $ and %’s

<table>
<thead>
<tr>
<th>Date</th>
<th>Q1/09</th>
<th>Q3/09</th>
<th>Q1/10</th>
<th>Q3/10</th>
<th>Q1/11</th>
<th>Q3/11</th>
<th>Pt/$Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Adjustments Est</td>
<td>2.54</td>
<td>3.81</td>
<td>2.69</td>
<td>3.12</td>
<td>2.37</td>
<td>2.82</td>
<td>-0.3</td>
<td>-10%</td>
</tr>
<tr>
<td>% Betterment Est</td>
<td>2.09</td>
<td>3.25</td>
<td>2.21</td>
<td>2.63</td>
<td>2.0</td>
<td>2.31</td>
<td>-0.32</td>
<td>-12%</td>
</tr>
<tr>
<td>% Appear Allow Est</td>
<td>0.44</td>
<td>0.53</td>
<td>0.43</td>
<td>0.46</td>
<td>0.31</td>
<td>0.44</td>
<td>-0.02</td>
<td>-4%</td>
</tr>
<tr>
<td>% Prior Damage Est</td>
<td>0.07</td>
<td>0.16</td>
<td>0.16</td>
<td>0.11</td>
<td>0.2</td>
<td>0.12</td>
<td>0.01</td>
<td>9%</td>
</tr>
<tr>
<td>Avg. Betterment $</td>
<td>171.79</td>
<td>204.22</td>
<td>203.33</td>
<td>210.36</td>
<td>194.76</td>
<td>226.02</td>
<td>15.66</td>
<td>7%</td>
</tr>
<tr>
<td>Avg. Appear Allow $</td>
<td>175.10</td>
<td>205.64</td>
<td>194.93</td>
<td>261.06</td>
<td>189.25</td>
<td>180.60</td>
<td>-80.46</td>
<td>-31%</td>
</tr>
</tbody>
</table>
Personal Injury Protection (PIP)
As of the Q2-2011, the average rolling 12-month PIP cost was up, with frequency identical to the previous quarter.

Bodily Injury
As of the Q2-2011, the 12-month rolling average for bodily injury again reached a record high, with frequency being identical to the previous quarter.

Editor’s Note: All information depicted here is based on the most recent and available ISS (formerly PCIAA) Fast Track data, reported one quarter in arrears.

About Mitchell Auto Casualty Solutions...
Mitchell’s Auto Casualty Solutions division has 20+ years of experience delivering successful technology, database, and service solutions for collision-injury claim handling that are accurate and efficient. Mitchell Auto Casualty Solutions is proud to serve many of the top P&C Insurers using both enterprise-wide and standalone implementations.

Mitchell DecisionPoint® facilitates 1st and 3rd party claim-handling by automating vital tasks—thus streamlining a carrier’s claims processing. Applying carrier-specific business procedures, claimant-specific treatment protocols, and Mitchell’s industry acumen, the majority of claims are handled without human intervention from first notice of loss through payment. Exceptions are handled via automated assignment to the appropriate subject matter expert (nurse reviewer, special investigator, experienced adjuster). DecisionPoint monitors compliance with federal and state regulations, and includes powerful analytic capabilities for predictive modeling and performance management.

Mitchell Auto Casualty Solution’s extensive customer service infrastructure provides clients with training, plus systems, content, regulatory, and litigation support, process consulting, and outsource service options.

To learn more about Mitchell Auto Casualty Solutions and its casualty solutions, visit www.mitchell.com or contact:

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Mitchell Auto Casualty Solutions
Jeff.Pirino@mitchell.com
t: 858-368-8381
Mitchell
6220 Greenwich Dr., San Diego, CA 92122  Tel: 858.368.7000

Mitchell, founded in 1946 and headquartered in San Diego, California, is a leading provider of technology, connectivity and information solutions to the Property & Casualty Claims and Collision Repair industries. The company’s comprehensive solution portfolio streamlines the entire auto physical damage, bodily injury and workers’ compensation claims processes. Mitchell processes over 50 million transactions annually for over 300 insurance companies/claims payers and over 30,000 collision repair facilities throughout North America to enhance partner productivity, profitability, and customer satisfaction.

From the moment policyholders notify their insurance companies of a vehicle claim, Mitchell’s robust solutions take action, transforming the entire claims and repair cycle into a streamlined, end-to-end process using intuitive tools, data-driven software and shared workspaces that deliver a much improved and efficient experience. From initial damage appraisal to helping collision repairers safely and efficiently return vehicles to pre-accident condition, insurers and collision repair businesses depend on Mitchell to deliver cost savings to their organizations and pleasant and timely claims settlement to their customers.

Mitchell also has a 20-year track record of delivering solutions to help Auto Insurance Carriers and Workers’ Compensation Claims Payers evaluate and settle their medical claims faster and more accurately. With an unmatched breadth of medical data and decision support experience, Mitchell offers a variety of technology, database, and service solutions that enable its clients to control costs and improve consistency throughout the claims process.

Mitchell is a privately-held company, owned primarily by the Aurora Capital Group. Aurora Capital is a Los Angeles-based investment firm formed in 1991 that acquires and builds companies in partnership with operating management. The firm currently manages approximately $2 billion in capital and is committed to investing in companies with unique, defensible market positions. Aurora is dedicated to generating long-term value principally through investing the time and resources necessary to enhance the fundamentals of each of its businesses.

For more information on Mitchell, visit www.mitchell.com.

For more information on Aurora Capital, please visit its website: www.auroracap.com.
Mitchell RepairCenter™ Standardizes Special Materials Repair Data Within TechAdvisor

Instant, easy-to-use access to multiple manufacturers’ complex vehicle repair information in a single source

San Diego, CA—September 27, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced the integration of its Special Materials Quick Reference Guide into the RepairCenter™ TechAdvisor auto repair shop software solution. The integration simplifies the structural identification process for technicians by presenting the special materials data in Mitchell’s proprietary format that remains consistent across the different OEM’s.

“This instant access to the Special Materials Quick Reference Guide via RepairCenter represents the first time that special materials specifications are available from multiple manufacturers in a consistent, user-friendly format from a single repair shop solution,” said Jason Bertellotti, Mitchell’s Vice President of Repair Solutions. “This enhancement is just one example of Mitchell’s ongoing commitment to optimizing the collision repair process. We continue to invest in TechAdvisor and find new ways to leverage Mitchell’s collision expertise to augment the OEM data and create a truly unique value proposition for the collision repair industry.”

TechAdvisor’s Special Materials Quick Reference Guide helps ensure the proper repair of today’s advanced vehicles by identifying and color-coding special materials such as HSS and aluminum consistently across all manufacturers in an easy-to-read format. Color codes indicate the composition of parts, helping technicians to perform the correct repair procedures and estimators to determine whether the parts can be repaired or replaced. Collision repairers are empowered to more quickly research today’s complex cars and trucks, write more accurate estimates, and ensure proper repairs with the end goal of reducing cycle times and increasing customer satisfaction.

RepairCenter TechAdvisor is a leading-edge auto repair shop solution that provides a searchable database of historical vehicle repair reference data spanning up to 30 years and leveraging Mitchell’s 65 years of collision industry expertise. For more information about TechAdvisor and Mitchell’s other body shop software solutions for collision repair facilities, please call Mitchell at 800-238-9111 or visit our website at www.mitchell.com.

Mitchell Partners With CoreLogic to Further Drive Insurance Claims Efficiencies

WorkCenter Total Loss™ integrates vehicle license fee refunds into industry-leading total loss software

San Diego, CA—September 15, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced it is partnering with best in class information, analytics and business services provider, CoreLogic (NYSE: CLGX). The partnership further streamlines the total loss claims process for carriers who can now receive a Vehicle License Fee (VLF) report when a total loss valuation—either for standard auto, motorcycle, recreational or other types of vehicles—is generated through WorkCenter™, Mitchell’s leading-edge insurance claims processing software. The VLF report provides information about the vehicle registration, how much of a refund exists, and the amount to be disbursed to the claimant. The VLF can be generated with a total loss valuation in California where there is a refund available for the unused portion of a year’s license fee.

“We’re proud to provide VLF reports as an enhancement to our total loss valuation solution,” said Jesse Herrera, Mitchell’s Senior Vice President of Product and Customer Experience. “Through this integration, we have further simplified total loss claims handling by automating the VLF refund process. This benefits our WorkCenter users by eliminating manual data process steps while ensuring accurate claims settlements.”
John Cameron, Vice President of Sales for American Driving Records by CoreLogic, said, “As a company that has long enjoyed providing the most accurate and reliable information to help mitigate risk, we understand the claims industry’s unique needs and we’re pleased to join forces with Mitchell. Together, we will improve total loss claims processing outcomes for auto insurance carriers through an integrated claims handling process that is more efficient, accurate and complete, reducing Loss Adjustment Expense (LAE) and minimizing fraud opportunities.”

Developed in conjunction with customer satisfaction and vehicle pricing expert J.D. Power and Associates, WorkCenter Total Loss is the industry’s most accurate, trusted and verifiable total loss vehicle valuation solution. For more information about Mitchell and WorkCenter™ Total Loss please go to http://www.mitchell.com/workcenter/totalloss.

About CoreLogic (NYSE: CLGX)

CoreLogic (NYSE: CLGX) is a leading provider of consumer, financial and property information, analytics and services to business and government. The company combines public, contributory and proprietary data to develop predictive decision analytics and provide business services that bring dynamic insight and transparency to the markets it serves. CoreLogic has built the largest and most comprehensive U.S. real estate, mortgage application, fraud, and loan performance databases and is a recognized leading provider of mortgage and automotive credit reporting, property tax, valuation, flood determination, and geospatial analytics and services. More than one million users rely on CoreLogic to assess risk, support underwriting, investment and marketing decisions, prevent fraud, and improve business performance in their daily operations. The company, headquartered in Santa Ana, Calif., has more than 6,500 employees globally with 2010 revenues of $1.6 billion. For more information visit www.corelogic.com.

Mitchell Launches ICD-10 Video Learning Series

Healthcare coding overhaul requires optimizing medical claims technology for peak property & casualty insurance business performance

San Diego, CA—September 7, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced that a series of educational videos on the topic of ICD-10—the International Classification of Diseases 10th Revision published by the World Health Organization—is now available on its website. Each video focuses on a unique aspect of ICD-10’s impact on the P&C claims industry, providing insight into important issues such as the current state of insurer readiness, recommended testing and measurement criteria, and the expected frequency of changes. The ICD-10 project is a radical overhaul of the diagnostic and procedural medical coding system mandated by the federal government for use in the healthcare industry in insurance processing, reimbursement, and statistical data gathering that insurers must implement by October 1, 2013.

“2013 will approach quickly, so P&C insurers need to start preparing now. If carriers aren’t prepared, they will not be compliant with industry standards and will be unable to collect data from other healthcare industries or use PIP fee schedules,” said Michele Hibbert-Iacobacci, Vice President, Information Management and Support for Mitchell’s Auto Casualty Solutions division.

“Our ICD-10 video series is part of our strategy and mission to empower great claims outcomes by helping the healthcare and insurance industries to start preparing for this important industry change. Mitchell’s claims processing expertise and role as a leading and trusted strategic technology partner to the P&C claims industry, as well as our passion for what we do, will help us ensure that our customers are ready to meet the ICD-10 challenge,” added Hibbert-Iacobacci.
Mitchell’s ICD-10 video series is designed to provide the insurance industry with the claims technologies needed to succeed in an ever-changing marketplace and may be viewed at: www.mitchell.com/claims-management-software/medical-claims-processing/acs-videos.asp.

- ICD-10: 5 Things You REALLY Need to Know (September 7, 2011)
- ICD-10: 6 Things to Do Today (September 14, 2011)
- ICD-10: 4 Cornerstones for Your Future (September 21, 2011)

Mitchell Implements XML Bridge With PMSI

Durable medical equipment recovery bridge optimizes workers’ compensation claims cost containment

San Diego, CA—August 29, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced that the SmartAdvisor™ XML Partner Bridge is now available to process bills through PMSI Inc.’s durable medical equipment (DME) provider network and Retrospective Re-Pricing program. PMSI is a leading provider of Home Health and DME services for injured workers, offering a proprietary network of over 6,500 provider locations across all 50 states.

The SmartAdvisor XML Partner Bridge empowers insurance payers to retrospectively obtain in-network contract repricing for DME and other specialty medical services to contain costs and optimize claims settlement outcomes. “Mitchell strives to simplify complex business environments by offering a robust breadth of solutions supported by a unified delivery platform. By partnering with best-of-breed solutions providers like PMSI, we offer our clients advanced claims handling technology such as the SmartAdvisor XML Partner Bridge to reduce medical claims turnaround time while adding savings and improving claims outcomes,” said Nina Smith-Garmon, Senior Vice President and General Manager of the Mitchell Workers’ Compensation Solutions Division.

Pat Sullivan, Division President of PMSI, said, “PMSI is pleased to partner with Mitchell to offer clients additional cost savings and control over their workers’ compensation claims expenses with our vendor compliance and retrospective re-pricing programs. In combination with these programs, our clinically based utilization controls and evidence-based guidelines carefully monitor appropriateness and progression of care, creating a comprehensive cost containment approach.”

The SmartAdvisor Partner Bridge gives medical bill review organizations the power to conduct efficient contract repricing and enhanced savings audits. Bill review turnaround time is reduced, giving payers visibility into performance and process benchmarks using only the most current, accurate provider contracts and repricing data. Built on standard XML file formats, the Partner Bridge enables users to obtain the latest repricing data from networks, negotiation partners, specialty reviewers and other specialty services. SmartAdvisor is a comprehensive bill review solution for workers’ compensation that leads the industry in its unique combination of performance software, client services and best-in-class partnerships. SmartAdvisor’s unique capabilities include customizable workflow modeling, Capstone® business decision rules engine, data analytics and reporting tools, Claims Examiner Portal for fast, secured, real-time access to bill data and a proven technology platform that delivers on average 50-70% straight-through processing for improved efficiencies and lower costs. Visit www.mitchell.com/smartadvisor for more information or contact 1-800-421-6705 to schedule a demo of the SmartAdvisor bill review system.
About PMSI

Founded in 1976, PMSI is a leader in developing solutions to control the growth of medical costs in workers’ compensation. As one of the nation’s largest and most experienced companies focused solely on workers’ compensation, we deliver proven solutions for cost containment across the claims lifecycle. PMSI’s Pharmacy, Medical Services and Equipment, and Settlement Solutions products deliver quantifiable results and improve the quality of care for injured workers. We provide our customers with the innovation, focus, expertise, analytics and technology needed to successfully deliver workers’ compensation benefits. For more information, visit www.pmsionline.com or call 877.ASK.PMSI.

Mitchell Auto Casualty Solutions and Prime Health Services Announce New Partnership

San Diego, CA—Aug 23, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced a new partnership with Prime Health Services (Prime Health), a leading Voluntary Provider Network (VPN) organization.

This partnership provides Mitchell DecisionPoint® clients and injured parties the opportunity to realize significant savings and access to quality medical care through the use of Prime Health’s leading VPN organization. Prime Health’s network, coupled with the operational efficiencies gained from Mitchell DecisionPoint—a leading medical bill management solution for 1st and 3rd party injury claims—assists with full benefits capture on all eligible claims while enabling consistent, cost effective, service sensitive and efficient injury claims handling.

“The addition of Prime Health as a partner for our DecisionPoint medical bill management solution showcases our continuing commitment to provide high quality expansion of value offerings that help our clients achieve their claim service delivery goals while enabling them to better assist their injured party customers,” states John Gilmartin, Vice President, Product Management & Operations, Auto Casualty Solutions, Mitchell. “This new nationwide VPN partnership enables insurance carriers to offer injured parties access to high quality, reasonably priced medical care and the seamless integration with DecisionPoint accelerates prompt, effective and accurate injury claims handling.”

“Our partnership with Mitchell DecisionPoint is a great opportunity to showcase the quantity and quality of providers in our network to leading P&C carriers and this exposure accelerates the process of other quality providers wishing to join our networks,” said Bethany Sharp, Executive Vice President, Prime Health Services. “The real winners, of course, are injured parties as this partnership helps insurers to reduce monetary expenditure for medical management benefits without loss of benefit quality.”

According to Dave Torrence, Executive Vice President and General Manager, Auto Casualty Solutions, Mitchell, “Mitchell Auto Casualty Solutions is dedicated to providing software and service offerings that empower our clients to enhance injury claims handling efficiencies while improving both savings and claims service delivery. Mitchell and Prime Health share a passion for empowering our client’s best claims performance while delivering superior health care delivery to injured parties—this partnership is a key example of our unswerving dedication to this goal.”
About Prime Health

Based in Brentwood, TN, Prime Health Services (Prime Health) is a medical management company that offers a full spectrum of services, including a Voluntary Provider Network ready for access with customizable solutions, as well as repricing offerings. Prime Health’s VPNs include Workers’ Compensation, Group Health, and Auto Liability networks. Prime Health has over 700,000 providers and facilities nationwide forming the Prime Health National Delivery System. Prime Health offers their National Delivery System to the TPA, insurance carrier, and self-insured markets. More Information is available at: www.primehealthservices.com or by calling 866-348-3887.

Mitchell and Anthem Blue Cross Expand Network Access Relationship

Extended relationship will provide Mitchell’s Auto Casualty customers with access to the largest PPO in California

San Diego, CA—Aug 3, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced that it is expanding its network access agreement with Anthem Blue Cross in California to provide Mitchell Auto Casualty Solutions clients with access to the largest PPO in California. Clients will be able to access this vast voluntary provider network via DecisionPoint®, a leading medical bill management solution for 1st and 3rd party liability claims handlers.

"Mitchell is continuously looking to enhance the value of our solutions, and our agreement with Anthem Blue Cross is one such example. Access to Anthem’s extensive provider network and integrating with DecisionPoint provides our clients with additional capabilities to an already robust solution," said Dave Torrence, Executive Vice President and General Manager, Mitchell Auto Casualty Solutions.

Anthem Blue Cross has the largest number of contracting facilities and providers in their PPO network in the state of California. Their network capabilities provide numerous benefits to Mitchell clients, including an enhanced ability for policyholders to obtain maximum value delivered per their coverage via the benefits of Anthem’s pre-negotiated contract rates.

"The agreement with Mitchell is a great opportunity for Anthem Blue Cross to expand our ability to assist individuals injured in automobile accidents," said Martin Lutzeier, Vice President of Large Group Sales of Anthem Blue Cross. “We are pleased to expand our agreement with Mitchell, which started with Mitchell’s Workers’ Compensation Solutions offerings.”

According to John Gilmartin, Vice President Product Management & Operations of the Mitchell Auto Casualty Solutions Division, “The ability to access this valuable Anthem Blue Cross PPO network will enable our customers to save time by reducing the use of a variety of disparate claims handling solutions as well as reduce high volumes of manual processing. Our relationship with Anthem helps bring additional efficiency and consistency to our clients which enables them to maximize adjuster time and add additional value to the benefit of their policyholders and ensure our clients reimburse medical providers and facilities a fair, accurate, and reasonable amount for the services rendered.”

For more information, please contact a Mitchell representative at 800-424-1132 or visit www.mitchell.com.

About Anthem Blue Cross

Anthem Blue Cross is the trade name of Blue Cross of California. Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company are independent licensees of
the Blue Cross Association. © ANTHEM is a registered trademark of Anthem Insurance Companies, Inc. The Blue Cross name and symbol are registered marks of the Blue Cross Association. Additional information about Anthem Blue Cross and Anthem Blue Cross Life and Health Insurance Company is available at www.anthem.com. Also, follow us on Twitter at www.twitter.com/healthjoinin, on Facebook at www.facebook.com/HealthJoinIn, or visit our YouTube channel at www.youtube.com/healthjoinin.

Mitchell Announces ClaimIQ™ 3.0

Latest version of leading P&C claims decision support software further empowers claims adjuster accuracy, consistency and comprehensiveness

San Diego, CA—July 18, 2011—Mitchell, a leading provider of technology, connectivity and information solutions to the Property & Casualty claims and Collision Repair industries, today announced the general release of Mitchell ClaimIQ™ version 3.0—the latest release of the market-leading expert claims decision support system for property and casualty (P&C) insurance carriers.

ClaimIQ 3.0 delivers a series of new powerful, yet simple-to-use features that empower claims adjusters to conduct comprehensive and accurate claim investigations, evaluations, negotiations and settlement efforts and deliver enhanced claim services to their customers.

“The development of ClaimIQ 3.0 is a great example of the exceptionally close relationship we have with our clients,” said John Gilmartin, Vice President of Product Management and Operations, Auto Casualty Solutions, Mitchell. “Through our top tier client community and our highly experienced team we were able to bring together some of the best and brightest minds in the P&C claims and claims technology industries to improve an already exceptional product—ClaimIQ 3.0 is the result.”

Key enhancements such as a streamlined investigation module, enhanced investigation capabilities and expanded liability assessment capabilities are just a few of the ways that ClaimIQ 3.0 enables new and existing ClaimIQ users alike to achieve better claims performance results.

“We agree with top insurers that consistent, accurate and timely claims handling is the key to claims service success,” said Dave Torrence, Executive Vice President and General Manager, Auto Casualty Solutions, Mitchell. “Leading-edge solutions such as ClaimIQ 3.0 underscore our commitment to assist our clients in making superior claims service delivery an ‘every claim, every day’ occurrence.”

To learn more about ClaimIQ 3.0, please visit us at www.mitchell.com.
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!

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The information contained in this publication was obtained from sources deemed reliable. However, Mitchell cannot guarantee the accuracy or completeness of the information provided.

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