Auto Physical Damage **Edition**

Volume Fifteen Number Three
Q3 2015
Published by Mitchell

Industry Trends Report

FEATURED IN THIS ISSUE:

How Often are the Top Damaged Parts Replaced?

By Greg Horn
Vice President of Industry Relations, Mitchell

mitchell

Industry Trends Report

Table of Contents

Volume Fifteen Number Three

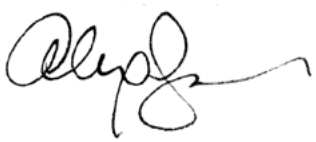
A Message from the CEO

Alex Sun
President and CEO, Mitchell

Breaking Down Involvement Rates

Welcome to the Q3 Edition of the 2015 *Auto Physical Damage Mitchell Industry Trends Report*. In this issue we take a look at the top 10 parts most damaged in repairable collisions gathered from insurance appraisers, body shops and independent appraisers. In our feature article on page 4, *How Often are the Top Damaged Parts Replaced*, author Greg Horn uncovers the frequency with which the parts involved in these repairable collisions are replaced versus repaired, what material is used in each part, and provides interesting conclusions around the analysis. From a focus on future training considerations, to the impact on average repair costs, Greg helps you understand what these conclusions can mean for your business.

We constantly look for issues that bring value to your organization and hope you find this quarter's insights to be both thought-provoking and practical. Enjoy the rest of your summer and thank you for your continued readership of the *Industry Trends Report*.



Alex Sun
President and CEO
Mitchell

Industry Trends Live

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

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

How Often are the Top Damaged Parts Replaced?

By Greg Horn
Vice President, Industry Relations, Mitchell

An impact that damages a fender often damages the hood as well, but the data showed they perform differently.

In each edition of the Industry Trends Report, I explore a different aspect of the three major elements of a repairable estimate. I frequently find interesting topics related to parts use, which is why, years ago, I developed the Mitchell Collision Parts Price Index, the industry's first inflation index for measuring parts inflation. The index is made up of the top 20 most replaced parts in a repair estimate. For this issue, however, I sliced the data in a different way and looked at the top 10 parts most often involved (damaged) in a repairable collision to see the frequency with which they are replaced versus repaired.

Methodology

I examined a subset of three million repairable estimates written by insurance appraisers, body shops

and independent appraisers, using estimates at least 90 days old to account for supplementation. I noted the frequency with which the part was listed on the estimate—the involvement rate—as well as the frequency with which the damage required the part to be replaced.

Findings

Not surprisingly, hard plastic parts such as grilles and headlights have a very high replacement percentage. However, headlights, which have an involvement rate of 29%, are replaced 95% of the time compared to grilles, which are involved in 22% of repairable claims and are replaced just 88% of the time.

An impact that damages a fender often damages the hood as well, but the data showed they perform differently. The fender involvement rate was 37%, with a 59% replacement rate versus hoods with an involvement rate of 24% and a correspondingly lower replacement rate. It's worth noting that because the average age of a vehicle receiving a repairable estimate is 7.4 years old, the impact aluminum hoods will have on the potential replacement rate is yet to be seen. However, we are already seeing a higher replacement rate of aluminum hoods versus steel as the number of aluminum hoods grows: 48% of 2015 model year vehicles have aluminum hoods, and that is expected to jump to 85% by 2020.

Bumper systems were another area of focus. Bumper covers are involved in 68% of estimates and have a 72% replacement rate. This is not a surprising replacement rate. My previous studies on the average repair time for bumper covers found that the industry devoted 2.5 hours on average to repair. Bumper absorbers were involved in 29% of collisions and, since many absorbers are made of one-time use Styrofoam, the replacement rate was 91%. Bumper reinforcements, the strength of a bumper system, were involved in 21% of repairable collisions and had an 86% replacement rate. As the fleet on the road today moves from mild steel reinforcements towards hybrid steels and aluminum, this replacement percentage is certain to increase.

About the author…

Greg Horn

Vice President, Industry Relations, Mitchell

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

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

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

Conclusions

Three basic conclusions can be reached supported by this data:

- More time needs to be devoted to training for bumper cover repair as it is the part most involved in collisions, and the accuracy of the repair versus replace decision is critical.
- As metallurgy of commonly involved parts such as hoods shifts to aluminum and bumper reinforcements move to lighter alloys that cannot be straightened, the replacement rates for these parts will go up, increasing the average repair severity.
- With parts such as headlamps gaining in technology through higher cost advancements like projector beam Bi-Xenon lamps and headlamps geared to follow steering, a 29% involvement rate will certainly impact the average repair costs in the future.

Part	Involvement Rate	Percent Replaced
Bumper cover	68%	72%
Fender	37%	59%
Bumper Absorber	29%	91%
Grille	22%	88%
Hood	24%	56%
Headlamp	29%	95%
Quarter Panel	28%	22%
Door Shell	28%	38%
Bumper Reinforcement	21%	86%
Deck Lid	15%	43%

U.S. Length of Rental Back Up in Q2 2015

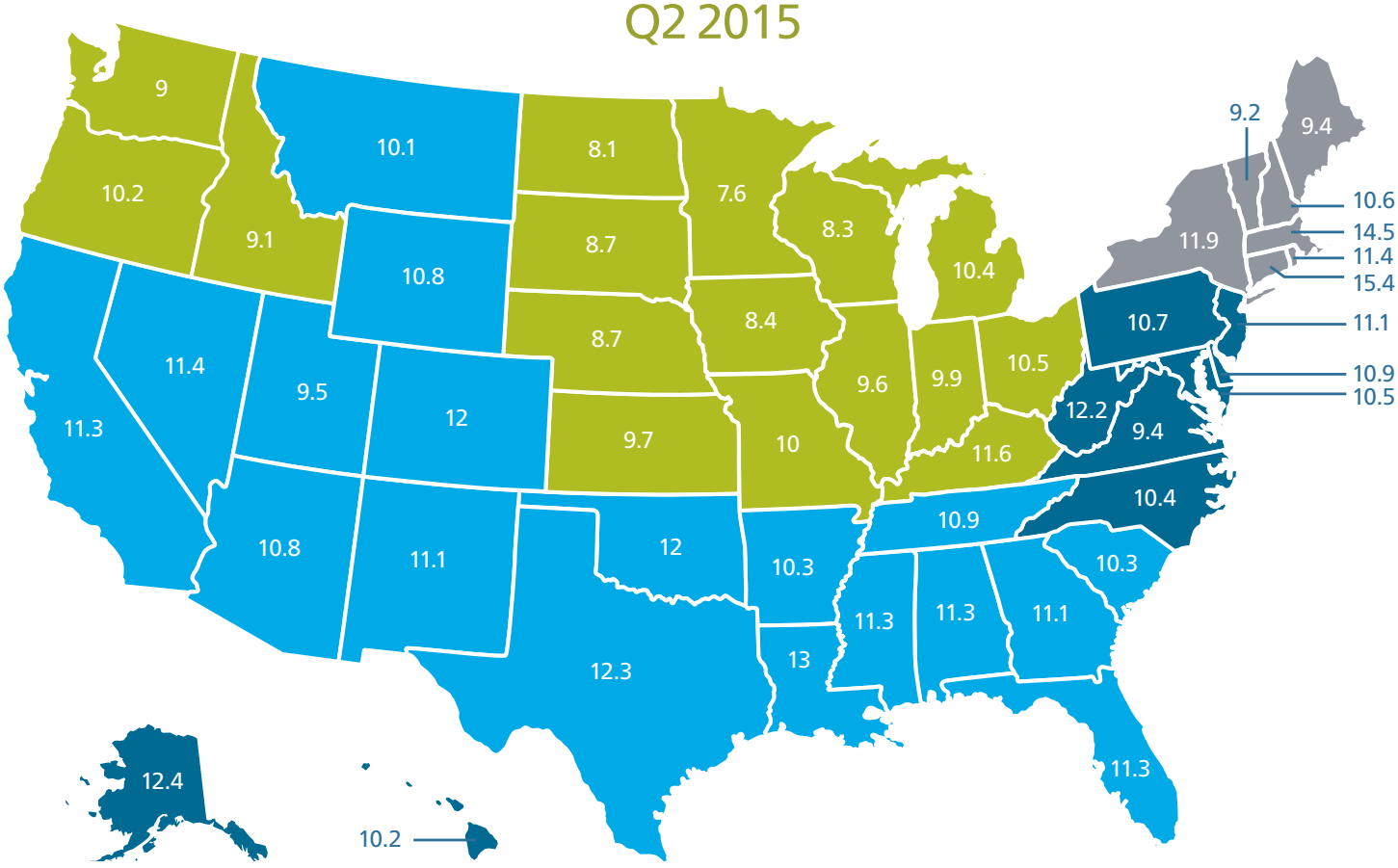
By Frank LaViola
Assistant Vice President, Insurance Replacement, Enterprise Rent-A-Car

The U.S. average Length of Rental (LOR) rose in Q2 2015 to 11 days overall.

The U.S. average Length of Rental (LOR) rose in Q2 2015 to 11 days overall. This countered the decline experienced in Q1 and keeps the trend of increases going. Over Q2 2014 the LOR increased 0.3 days and was up 0.5 days from the 5-year average. Some regions, such as the Midwest, experienced wetter than normal weather conditions, while others were below normal and still increased in LOR. Weather related catastrophes can significantly impact a region or state, however, the overall trend seems to be going against the processes in place to reduce cycle time. This could be occurring due to technician shortages and training, the complexity of newer vehicles being repaired, and other factors such as parts delays. Some shop owners agree that insurer staffing reductions and centralized processes being introduced are contributing to cycle time increases. As these processes improve, added efficiency would help to drive down cycle times. Severity and supplements can also influence cycle time.

The inset chart illustrates state-by-state variations in estimate labor hours per day that also impact cycle times. It's interesting to note that Rhode Island has the highest estimate labor hours and generally has the highest overall LOR in the country (see chart).

U.S. Average Length of Rental by State
Q2 2015



Average Billed Days for U.S.
11.0

Weather related catastrophes can significantly impact a region or state, however, the overall trend seems to be going against the processes in place to reduce cycle time.

State Avg Billed Days for U.S.	
Region	**LOR**
California	11.3
Mid-Atlantic	10.4
Midwest	9.8
Mountain	11.2
Northeast	12.3
Northwest	9.4
Pacific	10.1
Southeast	11.2
Southwest	12.0

Average Length of Rental for Repairable Vehicles

Months(s): April 2015–June 2015

State	Average Total Labor Hours	Average Total Labor Hours Per Day
IA	21.83	2.54
WI	21.94	2.63
HI	22.15	2.23
VT	22.66	2.33
Average US and Canada	25.42	2.24
MI	26.80	2.53
NJ	27.03	2.32
MO	27.22	2.21
MA	28.06	1.91
NY	30.62	2.45
RI	31.27	1.96

State and Regional Analysis

In California we saw an increase of 0.6 days from Q2 2014 to 11.3 in Q2 2015. This was the highest LOR in 5 years for Q2 in California with the southern portion of the state coming in at 11.6 days. Comparatively, the Bay area was 10.6 days and the Sacramento region came in at 10.3. The record drought conditions continue to plague the majority of the state with weather as a non-factor in the increase.

The Mid-Atlantic region increased a modest 0.1 days with West Virginia increasing the most from Q2 2014 at 12.2 days, up almost one full day. Virginia, while increasing 0.3 days, was the lowest in the region at 9.4 days in Q2 2015. Other states that increased in the region were North Carolina at 10.4 days up 0.2, Maryland at 10.6 days up 0.3, and Delaware up 0.1 days to 10.9. The decliners were New Jersey and Pennsylvania both down 0.1 to 11.1 days and 10.7 days, respectively.

Portions of the Midwest experienced significant amounts of rainfall in Q2 2015. Kentucky has the highest LOR for the region at 11.6, up just a half a day from Q2 2014, while Minnesota has the largest decrease down 0.5 to 7.6 days. Minnesota also had the lowest drivable LOR at 7.2

Click here to view the Casualty Edition

Average Length of Rental for Repairable Vehicles

and lowest non-drive LOR of 13.6 days. Four states increased LOR by 0.6 days including Kansas at 9.7, Missouri at 10, Nebraska at 8.7, and South Dakota at 8.7 days. South Dakota increased 0.8 days when comparing 5-year averages, the most in the region.

The Mountain Region increased the most of all the regions, up 1.2 days. There is no doubt the recent hail catastrophes have led to the increase in Colorado as the state LOR was up a whopping 1.6 to 12 days. Utah increased 0.7 to 9.5 days, and Montana and Wyoming both increased 0.2 to 10.1 days and 10.8 days, respectively. Widespread hail events tend to leave shops inundated with work for several months and bog down the repair process. There is no doubt Colorado will be seeing an uptick in LOR in the months to come.

The Northeast led the nation with the highest LOR at 12.3 days led by Rhode Island coming in at 15.4 days, an increase of 1.3 days for the state and 0.7 days for the region. Rhode Island also has the longest non drive LOR at 21 days and drivable LOR of 15.4 days. No states in the region experienced a decrease in LOR compared to Q2 2014. Massachusetts was up one full day to 14.5, the second highest LOR in the U.S. Other states of note were New Hampshire up 0.9 to 10.6 days, and Maine up 0.5 to 9.4 days. New York also continues to trend up at 11.9 days, up 0.5.

The Southeast region was a mixed bag of increases and decreases with the region tallying an LOR of 11.2 days, up 0.2 from Q2 2015. The biggest increase was Louisiana up 0.6 days to lead the region at 13 days overall. The states of Arkansas at 13 days, Florida at 11.3 days, Georgia at 11.1 days, and Tennessee at 10.9 days all saw increases from Q1 2015 of between 0.2-0.5 days. South Carolina had the lowest LOR of the region at 10.3 days, flat from Q2 2014.

The Northwest is the lowest LOR in the nation for a region at 9.4 days, but still up 0.5 days over the 5-year average. The three states comprising this region typically fare well in the spring and summer months and climb during the cold winter months. The lowest LOR was Idaho at 8.9, up 0.2 days, followed by Washington at 9 days and flat year over year. Oregon, which is experiencing record heat this summer, was up 0.6 to 10.2 days.

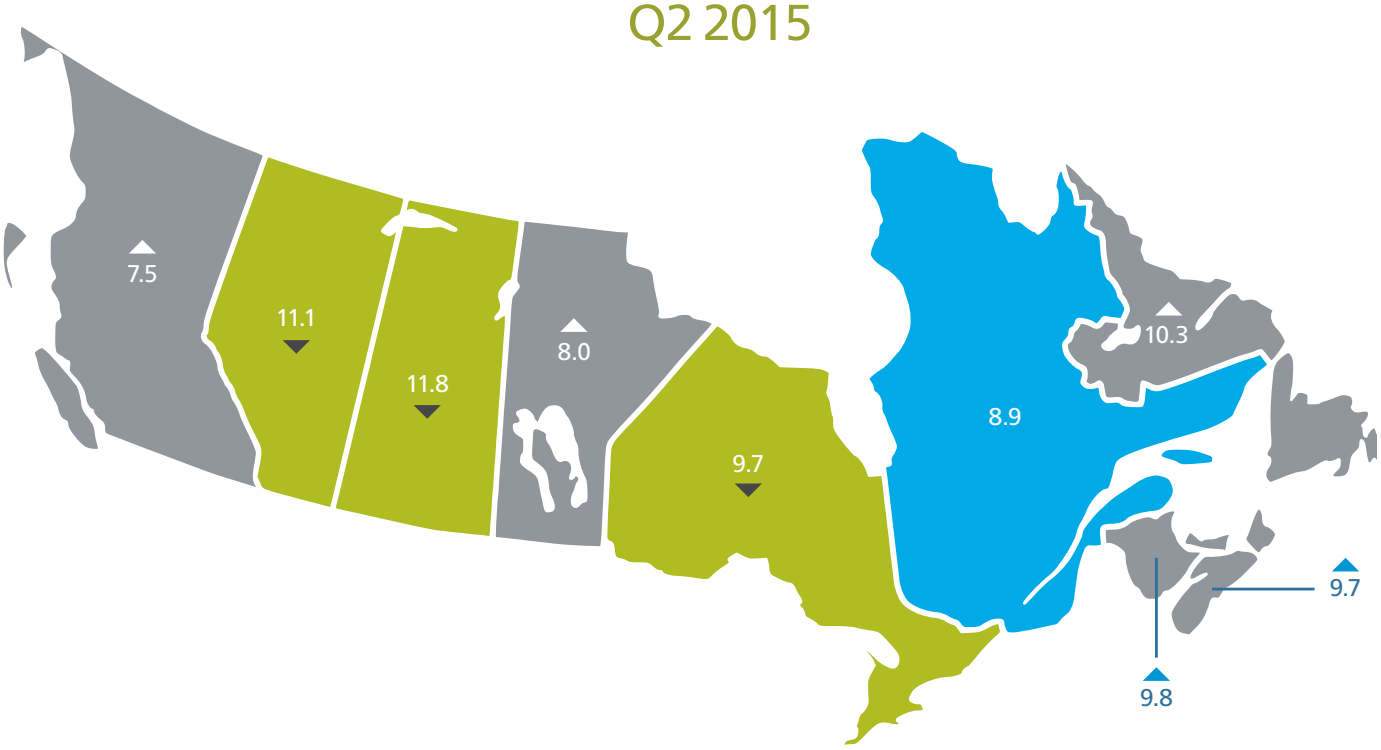
The Southwest region climbed to 12 days overall up 0.4 from Q2 2015 and 0.7 over the 5-year LOR average. The state of Texas had the highest LOR at 12.3 up 0.4 days. The state of Texas can vary significantly from city to city. A case in point is the highest LOR in Houston at 13.5 days compared to the lowest in the state, Dallas at 11.3 days. Oklahoma hit the 12-day mark in Q2 2015 up 0.7 days. The largest increase in the region was New Mexico rising 0.8 to 11.1.

Alaska has experienced a pleasant spring, but repairers reported a slowdown in business leading to a decrease in LOR to 11.5 days. This decrease was 0.2 days less than the 5-year average of 11.7. Turning to an even warmer state —Hawaii recorded another sub 10-day Q2 at 9.8 days. That marks 5 years of below 10 day LOR in the second quarter.

Canada LOR

The Canadian collision repair market experienced a decrease in LOR of 0.1 days to 10 overall. Leading the way with the lowest LOR was Prince Edwards Island at 8.6 days, up one full day from Q2 2014 followed by the province of Quebec at 8.9 days and flat from Q2 2015. Alberta maintained the distinction of having the highest LOR of all reported provinces at 11.1 days, up 0.1 from Q2 2014. Newfoundland and Labrador saw the largest increase climbing 1.2 days to end at 10.3. Ontario was the only province to decline in LOR dropping 0.3 to 9.7 days. British Columbia, Saskatchewan and Manitoba are excluded due to the presence of government insurers ICBC, MPI and SGI.

Canadian Average Length of Rental by Province
Q2 2015



Year over year change

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

The quarterly LOR summary is produced by Frank LaViola, Assistant Vice President Collision Industry Relations and Sales at Enterprise Rent-A-Car. Frank has 22 years of experience with Enterprise working within the collision repair industry. Through its ARMS® Automotive Suite of Products, Enterprise provides collision repair facilities with free cycle time reporting with market comparisons, free text/email capability to update their customers on vehicle repair status, and online reservations. More information is available at armsautosuite.com or by contacting Frank LaViola at frank.r.laviola@ehi.com.

Average Billed Days for Canada
10.0

Province Avg Billed Days for Canada	
Province	**LOR**
British Columbia	7.5
Alberta	11.1
Saskatchewan	11.8
Manitoba	8.0
Ontario	9.7
Quebec	8.9
Newfoundland and Labrador	10.3
New Brunswick	9.8
Nova Scotia	9.7

Collision Claims, Frequency and Losses Increased in 2014

Major insurers continue to see dramatic increases. Losses on collision claims up 8.4 percent versus 2013. Major auto physical damage indicators continue.

From CollisionWeek
Publish Date: June 19, 2015

There were over 401,000 more collision claims for 2014 versus the previous year, an increase of 6.8 percent.

According to the latest available Fast Track Monitoring system data from the Independent Statistical Service Inc. (ISS), the private passenger collision claims have risen in all but two quarters from 2011 through 2014.

Data through the final quarter of 2014 shows that collision claims frequency has increased to 5.92 claims per 100 earned car years up 6.9 percent compared to the most recent low of 5.54 claims in the fourth quarter of 2012.

Paid losses for private passenger collision claims have increased substantially, surpassing the previous high set in the first quarter of 2008. The data shows collision losses surpassed $20 billion in the third quarter and totaled $20.5 billion for 2014, up 8.4 percent versus the same 2013. That is the 16th consecutive quarterly rise in paid losses. The average paid claim cost stood at $3,244 at the end of 2014 compared to $3,196 a year earlier.

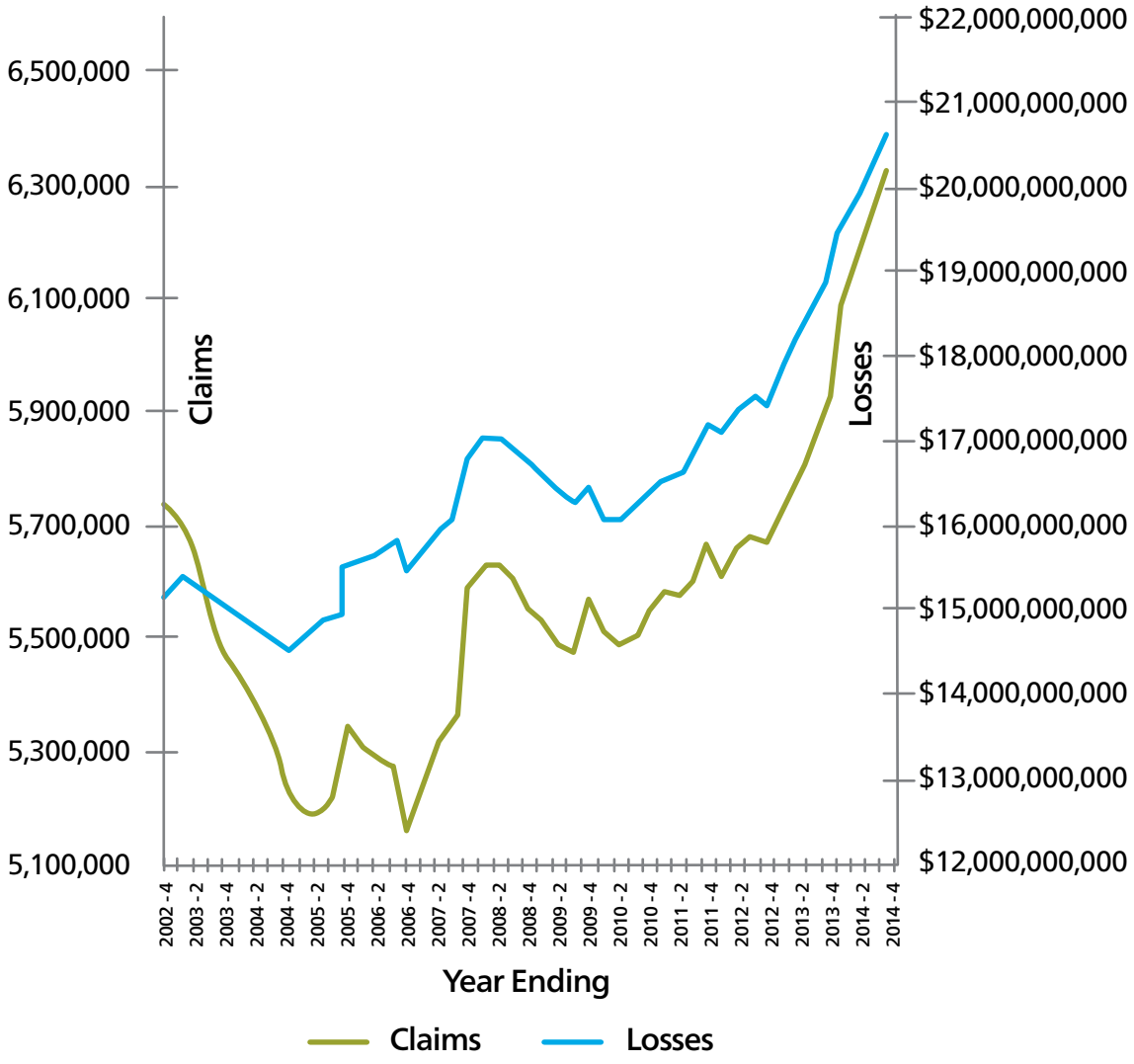
As our chart indicates, the number of collision claims, on a year-ending basis, has been rising steadily since 2012 after four years of sideways movement that ran in concert with the recession. There were over 401,000 more collision claims for 2014 versus the previous year, an

increase of 6.8 percent. The rate of growth in the number of claims has consistently been over 6.4 percent in each quarter of 2014.

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

Continued strength in new vehicle sales should help increase the pool of vehicles covered for collision losses, buoying collision claim and loss trends for the foreseeable future.

Private Passenger Collision Claims & Losses



Family Launches Scott Wendel Scholarship Fund

From ABRN
Publish Date: July 15, 2015

Scott was deeply passionate and committed to coaching football, teaching, mentoring, helping in any way he could to shape the character and lives of young people.

The family of Scott Wendel has launched a memorial scholarship program. Wendel, vice president, Material Damage at National General Insurance, passed away suddenly in April while in Atlanta, Ga. to participate in the Collision Industry Conference. Scott was just 53.

The Scott Wendel Scholarship Fund will benefit members of the football team at Ronald Wilson Reagan High School to which he dedicated so much of himself.

In establishing this Fund, The Wendel family has found a way in which to honor Scott's memory, while benefiting the student¬ athletes whom he so passionately coached and cared for.

All contributions in honor of Scott are deeply appreciated by his family, friends, industry associates and colleagues, players, coaches, students and faculty of and Ronald Wilson Reagan High School.

Contributions to the fund can be made online or by check to:

Ronald Wilson Reagan High School Booster Club
C/O Scott Wendel Scholarship
PO Box 306
Pfafftown, NC 27040 FEIN: 20¬32353492

Wendel's career in the automotive collision repair and claims industry included roles directly in collision repair facilities, then with Allstate, Hartford, AIG, Amica, and National General. His strong support for our industry, both from the automotive claims and collision repair perspectives was significant.

Long-time colleague and close friend Tammy Martin said, "Scott's ability to rapidly build inter-personal relationships with colleagues, business partners, others was quite remarkable. Mentoring was a pillar of Scott's DNA, just second nature to selflessly, consistently, yearningly find ways to help others succeed."

The Ronald Wilson Regan H.S. football coaching staff, who memorialized Scott during the services in North Carolina, described and revalidated those qualities—a level of character and an approach to business and life that paved the roads for friendships and success.

"Scott was deeply passionate and committed to coaching football, teaching, mentoring, helping in any way he could to shape the character and lives of young people. His impact on student¬athletes was significant; essentially almost always immediate. Scott will not be forgotten by the many he touched and positively impacted both in the industry he loved, and just as importantly outside of it. This scholarship fund helps those who knew and loved Scott achieve that," commented industry veteran Thomas Adams.

Wendel touched people in a very unique way, positively influencing the lives of so many of us with a sincerity we all strive to achieve and an optimism we all hope to live by. All who knew him will miss his great sense of humor, humility, commitment to excellence, and unforgettable smile. Scott is survived by his wife Shelley, and sons Eric and Matthew whom he lived with in Winston-Salem, N.C. He was the beloved brother of Lisa Hathaway, and son of Marge and Calvin Wendel, all of Milford, Conn.

Takata reaches agreement with NHTSA to expand airbag inflator recalls

From Aftermarket Business World Wire Reports
Publish Date: May 20, 2015

They also expand the current nationwide recall of driver-side inflators to more than 17 million vehicles.

U.S. Transportation Secretary Anthony Foxx announced May 19 that at the Department's insistence, air bag manufacturer Takata has acknowledged that a defect exists in its air bag inflators. Takata has agreed to a national recall of certain types of driver and passenger side air bag inflators. These inflators were made with a propellant that can degrade over time and has led to ruptures that have been blamed for six deaths worldwide. The action expands the number of vehicles to be recalled for defective Takata inflators to nearly 34 million.

Secretary Foxx also announced that the Department's National Highway Traffic Safety Administration (NHTSA) issued a Consent Order to Takata. The Consent Order requires the company to cooperate in all future regulatory actions that NHTSA undertakes in its ongoing investigation and oversight of Takata. In addition, NHTSA announced its intent to begin a formal legal process to organize and prioritize the replacement of defective Takata inflators under the agency's legal authority.

"Today is a major step forward for public safety," Secretary Foxx said. "The Department of Transportation is taking the proactive steps necessary to ensure that defective inflators are replaced with safe ones as quickly as possible, and that the highest risks

are addressed first. We will not stop our work until every air bag is replaced."

The actions expand regional recalls of Takata passenger-side inflators, currently limited to areas of high absolute humidity, to nationwide recalls involving more than 16 million vehicles. They also expand the current nationwide recall of driver-side inflators to more than 17 million vehicles. It's anticipated that the remedy of vehicles will be prioritized based upon risk, with the vehicles that present the greatest risk in terms of age and geographic location to be serviced first.

"From the very beginning, our goal has been simple: a safe air bag in every vehicle," said NHTSA Administrator Mark Rosekind. "The steps we're taking today represent significant progress toward that goal. We all know that there is more work to do, for NHTSA, for the automakers, for parts suppliers, and for consumers. But we are determined to get to our goal as rapidly as possible."

The Department has established a new website, www.SaferCar.gov/RecallsSpotlight, to provide regular updates on the status of this and other recalls and of NHTSA's investigation.

Testing and investigation by Takata, auto manufacturers, and independent researchers have not yet established a definitive root cause of the inflator malfunctions. NHTSA's analysis of test results and engineering reports from independent organizations points to moisture infiltrating the defective inflators over extended periods of time as a factor.

Over time, that moisture causes changes in the structure of the chemical propellant that ignites when an air bag deploys. The degraded propellant ignites too quickly, producing excess pressure that causes the inflator to rupture and sends metal shards into the passenger cabin that can lead to serious injury or death.

The agency already has held informal discussions with auto makers and parts suppliers in an effort to coordinate one of the largest and most complex product recalls in history. NHTSA also plans to issue notice of intent to open a proceeding that would coordinate the remedy program for Takata inflators in order to address the highest risks quickly.

EPA Bans HFC-134a in Model Year 2021 Vehicles

From CollisionWeek
Publish Date: July 17, 2015

In the United States, HFC emissions are expected to nearly double by 2020 and triple by 2030.

The U. S. Environmental Protection Agency (EPA) has finalized a rule to prohibit uses of hydrofluorocarbons (HFCs), a class of greenhouse gases used in air-conditioning, refrigeration, and other equipment.

The EPA is listing HFC-134a as unacceptable for newly manufactured light-duty motor vehicles beginning in Model Year (MY) 2021 except as allowed under a narrowed use limit for use in newly manufactured light-duty vehicles destined for use in countries that do not have infrastructure in place for servicing with other acceptable refrigerants. This narrowed use limit will be in place through MY 2025. Beginning in MY 2026, HFC-134a will be unacceptable for use in all newly manufactured light-duty vehicles. EPA is also listing the use of certain refrigerant blends as unacceptable in newly manufactured light-duty motor vehicles starting with MY 2017.

"Today's action delivers on the President's Climate Action Plan and the administration's commitment to acting on climate.

And it is in line with steps leading businesses are already taking to reduce and replace HFCs with safer, climate-friendly alternatives," said EPA Administrator Gina McCarthy. "This rule will not only reduce harmful greenhouse gas emissions, but also encourage greater use and development of the next generation of safer HFC alternatives."

In the United States, HFC emissions are expected to nearly double by 2020 and triple by 2030. New technologies and new climate-friendly refrigerants can significantly reduce these emission increases. EPA estimates this final rule will reduce greenhouse gas emissions of 54 to 64 million metric tons of carbon dioxide equivalent in 2025, equal to the carbon dioxide emissions from the annual energy use of more than 5.8 million homes.

New Vehicle Sales

WardsAuto 10 Best Selling U.S. Cars and Trucks

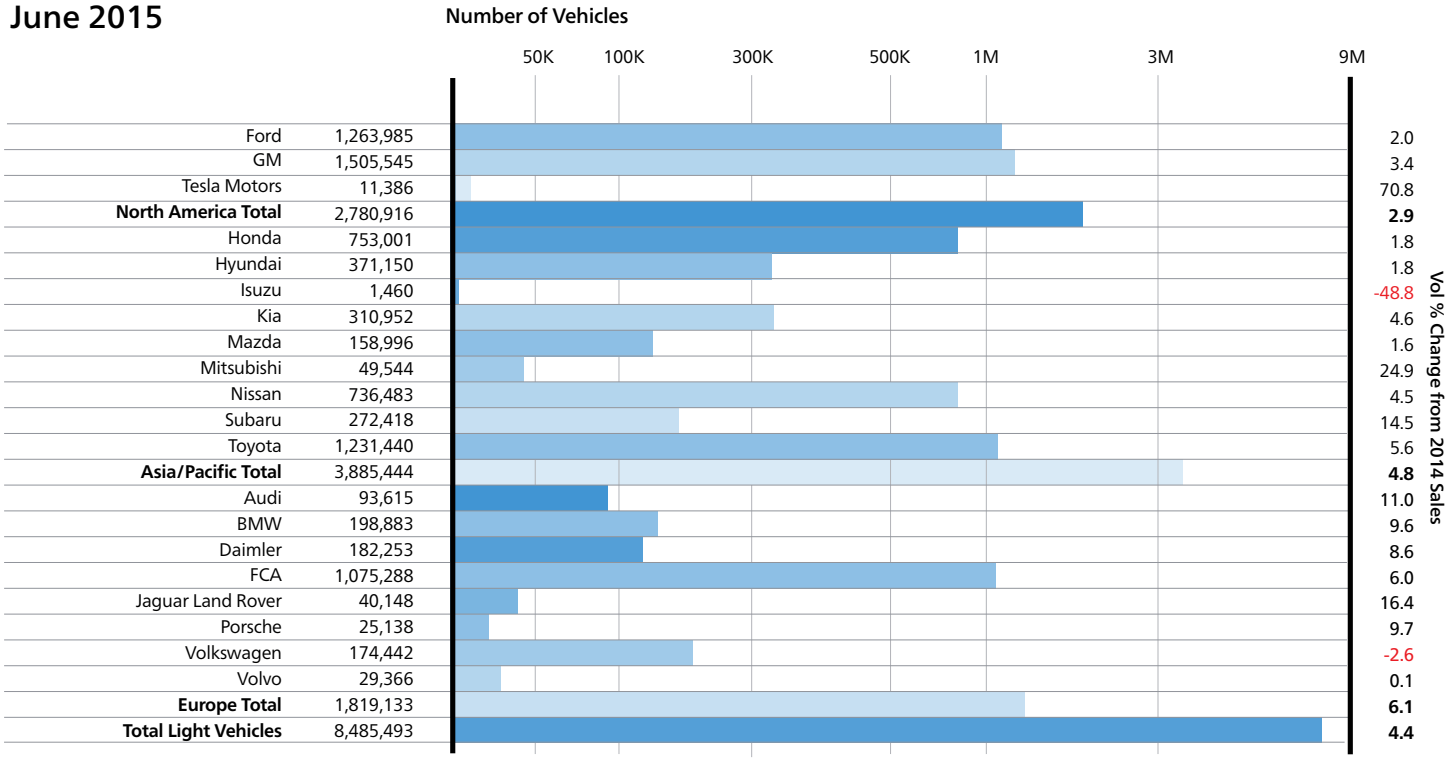
June 2015 (YTD)

Cars		Trucks/Vans/SUVs	
Camry	215,816	F-Series	332,846
Corolla	190,131	Silverado	275,822
Altima	172,031	Ram Pickup	205,861
Civic	158,301	CR-V	163,018
Accord	155,746	Escape	146,416
Fusion	153,158	Equinox	145,685
Elantra	128,698	RAV4	143,575
Cruze	127,938	Rogue	135,397
Focus	117,079	Explorer	122,404
200 Series	106,569	Cherokee	105,426

Source: WardsAuto InfoBank

WardsAuto U.S. Light Vehicle Sales by Company

June 2015



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

Current Used Vehicle Market Conditions

June 2015 Kontos Kommentary

By Tom Kontos

Executive Vice President,
ADESA Analytical Services

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

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

Wholesale Used Vehicle Price Trends

	Average Prices ($/Unit)			Latest Month Versus	
	Jun-15	May-15	Jun-14	Prior Month	Prior Year
Total All Vehicles	**$10,192**	**$10,454**	**$9,958**	**-2.5%**	**2.4%**
Total Cars	**$8,878**	**$9,085**	**$8,901**	**-2.3%**	**-0.3%**
Compact Car	$6,883	$7,220	$6,861	-4.7%	0.3%
Midsize Car	$7,795	$8,029	$8,116	-2.9%	-3.9%
Fullsize Car	$7,209	$7,202	$7,114	0.1%	1.3%
Luxury Car	$12,997	$12,919	$12,397	0.6%	4.8%
Sporty Car	$13,578	$13,872	$12,931	-2.1%	5.0%
Total Trucks	**$11,490**	**$11,807**	**$10,502**	**-2.7%**	**9.4%**
Mini Van	$7,363	$7,645	$6,761	-3.7%	8.9%
Fullsize Van	$12,844	$12,630	$11,206	1.7%	14.6%
Mini SUV	$13,591	$14,264	$12,626	-4.7%	7.6%
Midsize SUV	$8,041	$8,584	$7,456	-6.3%	7.8%
Fullsize SUV	$11,421	$12,018	$10,542	-5.0%	8.3%
Luxury SUV	$19,803	$19,795	$19,478	0.0%	1.7%
Compact Pickup	$8,126	$8,101	$7,539	0.3%	7.8%
Fullsize Pickup	$14,373	$14,596	$13,116	-1.5%	9.6%
Total Crossovers	**$11,991**	**$12,336**	**$12,323**	**-2.8%**	**-2.7%**
Compact CUV	$10,626	$10,829	$11,293	-1.9%	-5.9%
Mid/Fullsize CUV	$13,014	$13,456	$13,408	-3.3%	-2.9%

Source: ADESA Analytical Services. May data revised

Summary

Average wholesale used vehicle prices fell significantly again in June relative to May, though they remained higher than year-ago levels. Besides seasonal factors, supply growth is continuing to put downward pressure on prices, though this impact remains somewhat masked by a "richer mix" of higher-priced off-rental manufacturers program vehicles and off-lease units discussed in previous commentaries.

Used vehicle retail sales were at relatively high levels, though down a bit from May.

Details

According to ADESA Analytical Services' monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class1, wholesale used vehicle prices in June averaged $10,192 – down 2.5% compared to May, but up 2.4% relative to June 2014. Increased supplies of compact cars played a role in softer prices for those vehicles in June. The SUV model classes also saw some correction in prices during the month, though prices remain high for SUVs on a year-over-year basis, as the fuel price environment has been favorable to larger vehicles.

Average wholesale prices for used vehicles remarketed by manufacturers were up 0.3% month-over-month but down 6.9% year-over-year, as off-rental program vehicles continue to be in high abundance. Prices for fleet/lease consignors were down 2.6% sequentially and down 1.5% annually. Rental risk vehicles were partly to blame here, as a large number of older, rougher, high-mileage units were de-fleeted. Dealer consignors also saw a 2.6% price decrease versus May, but enjoyed a 2.7% increase relative to June 2014.

Data from NADA showed a 2.5% year-over-year increase in used vehicle sales by franchised dealers and a 3.6% increase for independent dealers in June. CPO sales were down 8.4% month-over-month from last month's record sales, but up 17.6% year-over-year, according to figures from Autodata.

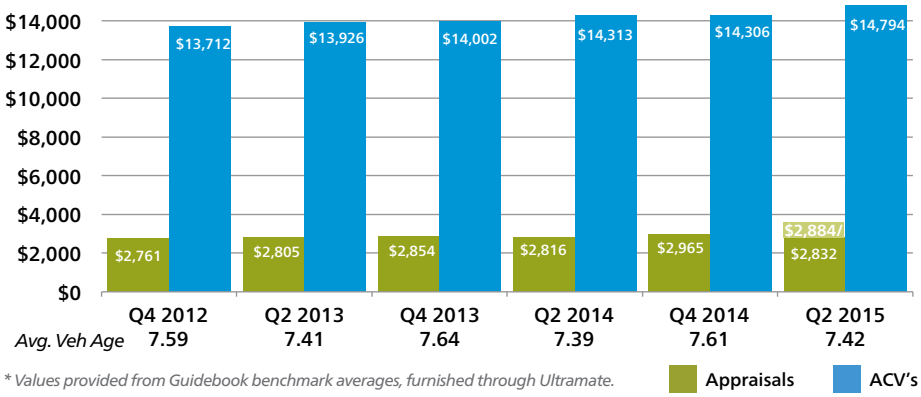
1The analysis is based on over six million annual sales transactions from over 150 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. ADESA Analytical Services segregates these transactions to study trends by vehicle model class, sale type, model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

Appraisal Values

The initial average appraisal value, calculated by combining data from all first- and third-party repairable vehicle appraisals uploaded through Mitchell systems in Q2 2015 was $2,832, $16 higher than the previous year's Q2 2014 appraisal average of $2,832.

Applying the prescribed development factor of 1.80% to these data produces an anticipated average appraisal value of $2,884. Also of note is that the average actual cash value (ACV) of the vehicles was the highest of charted values at $14,794.

Average Appraisal Values, ACVs and Age | All APD Line Coverages*



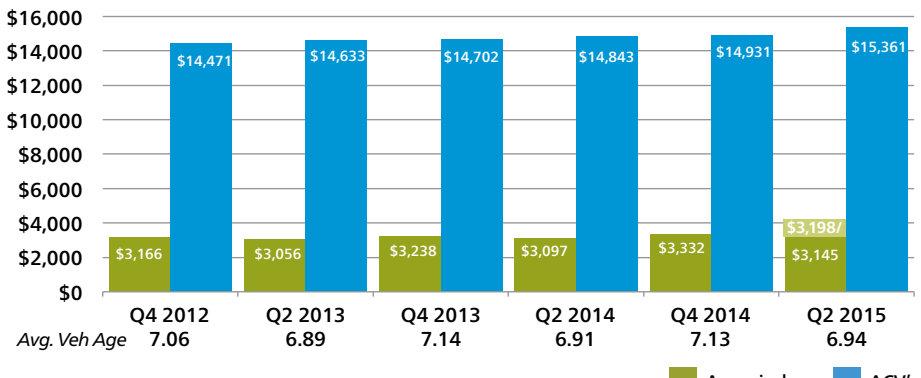
** Values provided from Guidebook benchmark averages, furnished through Ultramate.*

Collision Losses

Mitchell's Q2 2015 data reflect an initial average gross collision appraisal value of $3,145, $48 more than this same period last year. However, applying the indicated development factor suggests the final Q2 2015 average gross Collision appraisal value will be $3,198, still lower than the same quarter last year.

The average ACV of vehicles appraised for Collision losses during Q1 2014 was $15,361, the highest value of the quarters measured.

Average Appraisal Values, ACVs and Age | Collision Coverage*

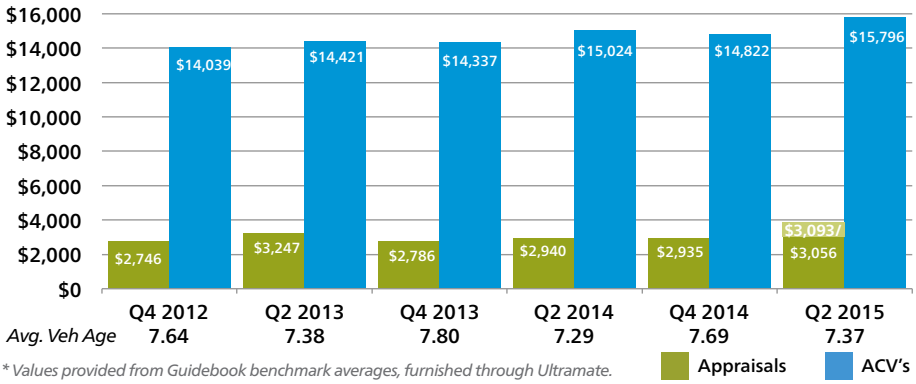


** Values provided from Guidebook benchmark averages, furnished through Ultramate.*

Comprehensive Losses

In Q2 2015, the average initial gross appraisal value for Comprehensive coverage estimates processed through our servers was $3,056, compared to $2,940 in Q2 2014. Applying the prescribed development factor of 1.27% for this data set produces an increase in the adjusted value to $3,093.

Average Appraisal Values, ACVs and Age | Comprehensive Losses*

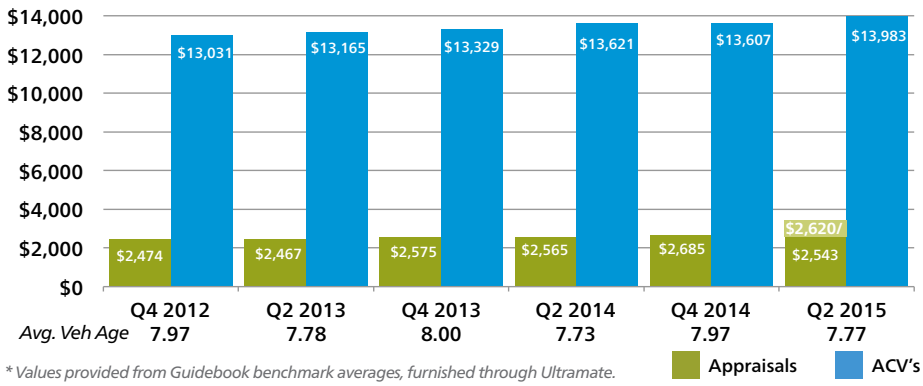


*Values provided from Guidebook benchmark averages, furnished through Ultramate.

Third-Party Property Damage

In Q2 2015, our initial average gross third-party Property Damage appraisal was $2,543 compared to $2,565 in Q2 2014, reflecting a $22 initial decrease between these respective periods. Adding the prescribed development factor of 2.94% for this coverage type yields a Q2 2015 adjusted appraisal value of $2,620, a $55 increase in average severity over Q2 2014.

Average Appraisal Values, ACVs and Age | Auto Physical Damage APD*



*Values provided from Guidebook benchmark averages, furnished through Ultramate.

Click here to view the Casualty Edition

Supplements

EDITOR'S NOTE

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

In Q2 2015, 27.46% 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 50.44% reflecting a 3.59% increase from that same period in 2014. The average combined supplement variance for this quarter was $734.63, $29.41 lower than in Q2 2014.

Average Supplement Frequency and Severity

Date	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Pt. Change	% Change
% Est. Supplement	33.74	31.38	35.35	33	35.23	27.46	-5.54	-17%
% Supplement	46.96	44.01	47.88	46.85	49.22	50.44	3.59	8%
Avg. Combined Supp. Variance	739.22	765.42	763.27	764.04	814.27	734.63	-29.41	-4%
% Supplement $	26.77	27.29	26.74	27.13	27.46	25.94	-1.19	-4%

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 a 'trade off; with parts up by 3% and labor down by 3% and paint and materials: showing 1% change.

% Average Appraisal Dollars by Type

Date	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Pt. Change	% Change
% Average Part $	44.65	40.58	45.24	41.23	45.25	42.56	1.33	3%
% Average Labor $	43.92	48.45	43.27	47.71	43.42	46.33	-1.38	-3%
% Paint Material $	10.37	10.66	10.46	10.64	10.38	10.78	0.14	1%

Parts Analysis

Parts Type Definitions

Original Equipment Manufacturer (OEM)

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

Aftermarket

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

Non-New/Remanufactured

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

Recycled

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

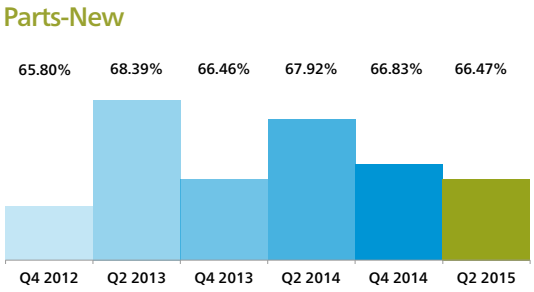
EDITOR'S NOTE

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

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

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q2 2015, OEM parts represented 66.47% of all parts dollars specified by Mitchell-equipped estimators. These data reflect a 1.45 point relative decrease from Q2 2014.



MITCHELL SOLUTION:

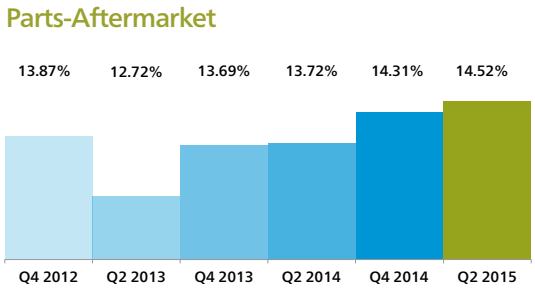
Mitchell QRP™

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

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

Aftermarket Parts Use in Dollars

In Q2 2015, 14.52% of all parts dollars recorded on Mitchell appraisals were attributed to aftermarket sources, up .8 points from Q2 2014.



MITCHELL SOLUTION:

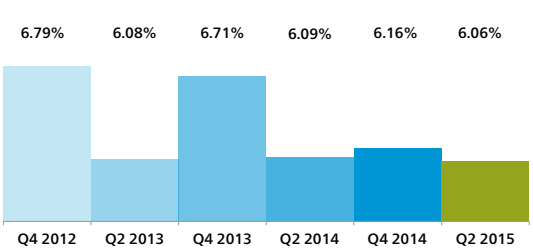
Mitchell Alternative Parts Program™

Mitchell Alternate Parts Program (MAPP) offers automated access to nearly 100 Remanufactured and Aftermarket part types from over 700 suppliers ensuring shops get the parts they need from their preferred vendors. MAPP is fully integrated with UltraMate / UltraMate Premier Suite for total ease-of-use.

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

Remanufactured Parts Use in Dollars

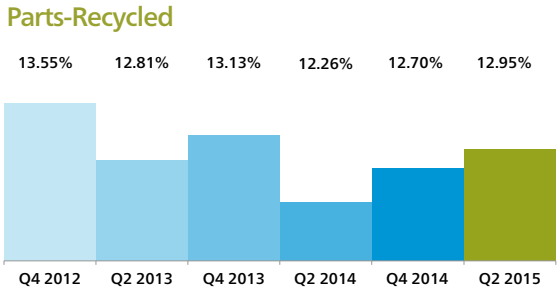
Currently listed as "Non-New" parts in our estimating platform and reporting products, remanufactured parts currently represent 6.06% of the average gross parts dollars used in Mitchell appraisals during Q2 2015. This reflects a .03 relative decrease over this same period in 2014.



Mitchell Collision Repair Industry Data

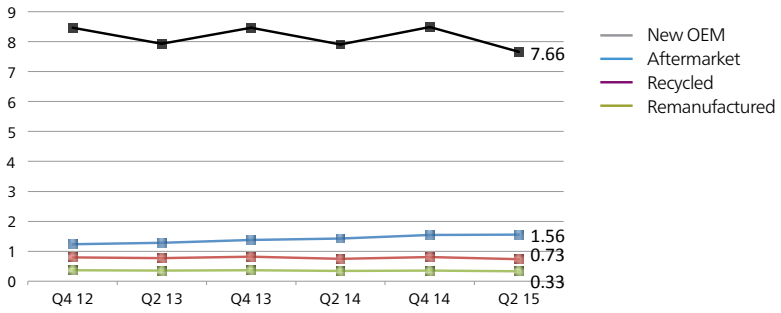
Recycled Parts Use in Dollars

Recycled parts constituted 12.95% of the average parts dollars used per appraisal during Q2 2015, reflecting a modest .69 increase from Q2 2014.



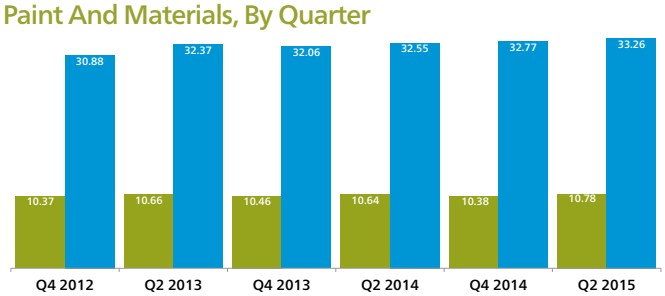
The Number of Parts by Part Type

In order to capture another aspect of parts use, we calculate the number of parts used by part type on a repairable estimate. For Q4 2014, new OEM parts use decreased again, with a modest increase in aftermarket parts as well as in recycled parts.



Paint and Materials

During Q2 2015, paint and materials made up 10.78% of our average appraisal value, representing a .14 point relative increase from Q2 2014. Represented differently, the average paint and materials rate—achieved by dividing the average paint and materials allowance per estimate by the average estimate refinish hours—yielded a rate of $33.26 per refinish hour in this period, compared to $32.55 in Q2 2014.



EDITOR'S NOTE

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

Adjustments

In Q2 2015, the percentage of adjustments made to estimates decreased by .01 points. The frequency of betterment taken increased by 1%, while the average dollar amount of the betterment taken remained virtually unchanged at $122.57. Appearance allowance frequency decreased by 2%, and the dollar amount of that appearance allowance decreased to $208.27.

Adjustment $ and %s

Date	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Pt/$ Change	% Change
% Adjustments Est	3.27	2.93	3.04	2.75	2.89	2.74	-0.01	0%
% Betterment Est	2.66	2.33	2.49	2.15	2.37	2.18	0.03	1%
% Appear Allow Est	0.48	0.43	0.44	0.43	0.41	0.42	-0.01	-2%
% Prior Damage Est	2.77	2.87	2.77	3.01	2.79	2.91	-0.1	-3%
Avg. Betterment $	119.1	121.63	119.48	120.87	121.56	122.57	1.7	1%
Avg. Appear Allow $	205.38	203.64	199.99	212.19	208.13	208.27	-3.92	-2%

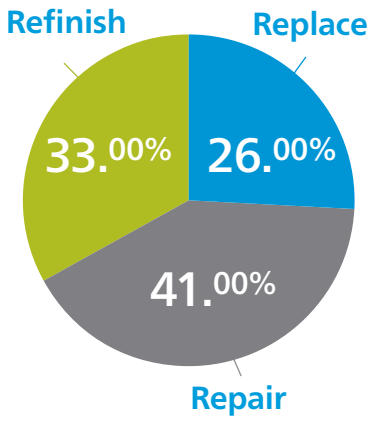
Labor Analysis

For 2015 year-to-date, average body labor rates have risen in almost every survey state compared to the first quarter of 2014.

Average Body Labor Rates and Change by State

	2014	2015 YTD	$ Change	% Change
Arizona	49.82	49.77	$(0.05)	0%
California	54.59	55.39	$0.80	1%
Florida	42.68	42.83	$0.15	0%
Hawaii	48.09	48.75	$0.66	1%
Illinois	50.66	51.23	$0.57	1%
Michigan	44.44	45.13	$0.69	2%
New Jersey	46.78	48.00	$1.22	3%
New York	48.13	48.42	$0.29	1%
Ohio	45.47	45.74	$0.27	1%
Rhode Island	45.45	45.6	$0.15	0%
Texas	44.60	45.61	$1.01	2%

Percent of average labor hours by type



Total Loss

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

Average Vehicle Age in Years

Vehicles	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15
	Average Vehicle Age					
Convertible	11.66	11.67	12.13	12.14	12.83	12.44
Coupe	11.91	11.62	12.12	11.81	12.11	11.99
Hatchback	9.07	8.76	8.94	8.49	8.59	8.34
Sedan	10.45	10.30	10.60	10.30	10.53	10.34
Wagon	9.33	9.19	9.78	9.69	10.17	10.02
Pickup	11.95	11.81	12.28	12.18	12.69	12.72
Van	10.95	10.88	11.32	11.04	11.49	11.32
SUV	9.90	9.97	10.39	10.09	10.42	10.30

Average Vehicle Total Loss Actual Cash Value

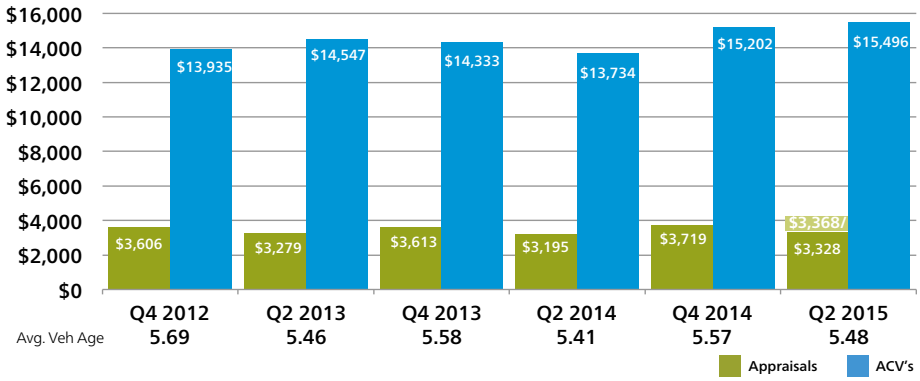
Vehicles	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15
	Average Actual Cash Value					
Convertible	11,205.71	10,194.17	9,976.85	10,045.93	9,575.86	9,896.86
Coupe	7,379.37	7,323.55	7,207.68	7,493.71	7,686.78	7,895.71
Hatchback	8,159.80	8,208.55	8,041.38	8,569.69	8,216.17	8,345.71
Sedan	7,466.57	7,377.04	7,361.16	7,560.96	7,577.53	7,721.30
Wagon	7,733.31	7,456.07	7,163.31	7,057.93	6,870.76	6,919.47
Pickup	9,661.71	9,590.67	10,053.76	10,381.83	10,508.74	11,005.01
Van	6,099.98	5,824.08	5,827.04	6,034.97	6,044.28	6,204.98
SUV	9,880.06	9,172.65	9,040.43	9,290.57	9,453.64	9,648.80

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.

Canadian Appraisal Severity

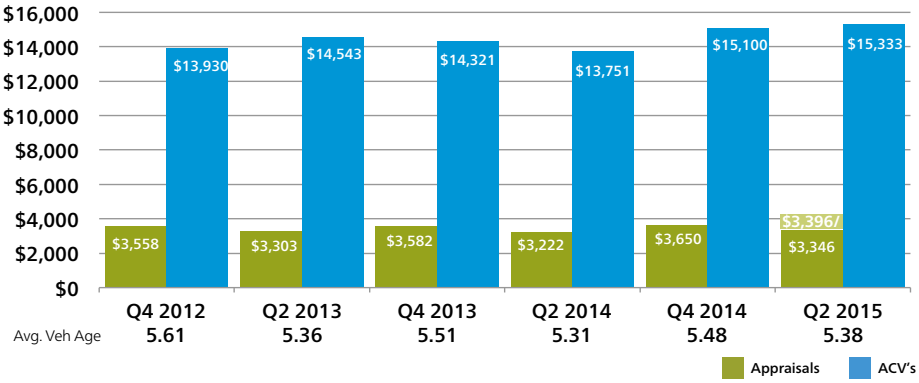
Average Appraisal Values Severity Overall

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 Q2 2015, was $3,328, a $133 increase from Q2 2014. Applying the prescribed development factor yields an increase to $3,368, an increase of $173 over Q2 2014.



Collision Losses

The average initial gross collision appraisal value uploaded through Mitchell Canadian systems in Q4 2014 was $3,346, a $124 increase from Q2 2014. However applying the prescribed development factor yields an anticipated final average appraisal value of $3,396, a $174 increase from Q2 2015.



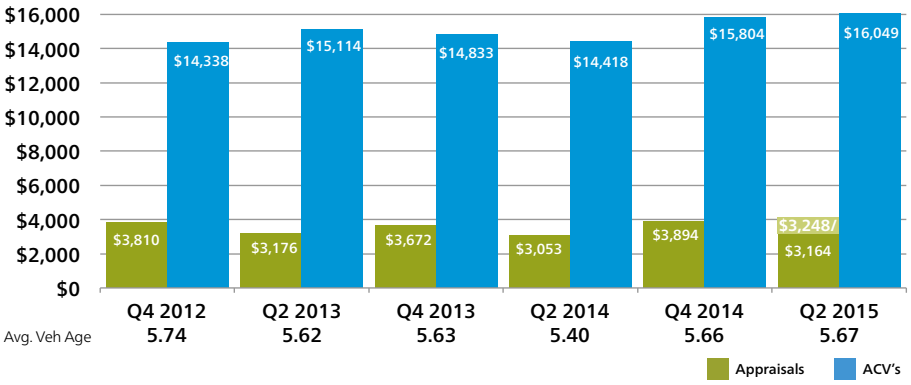
Canadian Average Appraisal Make-Up

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

Date	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Pt/$ Change	% Change
% Average Part $	41.66	41.85	44.36	42.63	44.65	43.12	0.49	1%
% Average Labour $	47.36	46.33	44.12	45.37	44.16	44.82	-0.55	-1%
% Paint Material $	8.29	8.85	8.45	9.08	8.28	8.97	-0.11	-1%

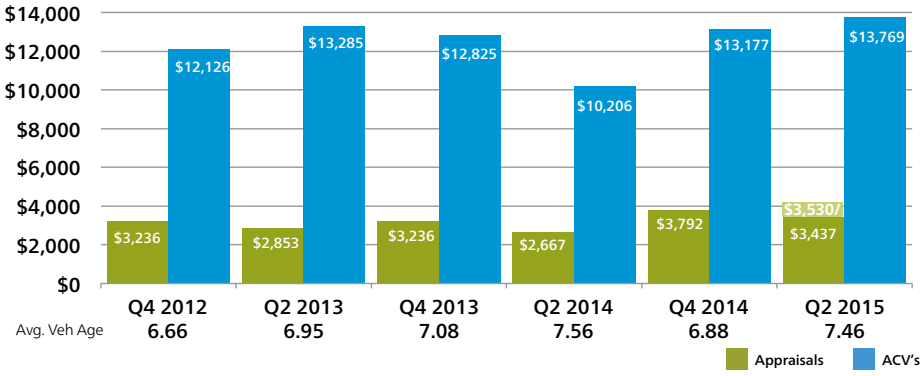
Comprehensive Losses

In Q2 2015, the average initial gross Canadian appraisal value for comprehensive coverage estimates processed through our servers was $3,248, or $195 higher than in Q2 2014. Applying the prescribed development factor, the anticipated final average appraisal value will be $3,248.



Third-Party Property Damage

In Q4 2015, our Canadian industry initial average gross third-party property damage appraisal was $3,437, an increase of $770 from Q2 2014 on vehicles that were older. Applying the prescribed development factor, we end up with a final value of $3,530.



About Mitchell in Canada…

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

Canadian Supplements

In Q2 2015, 38.97% of all original estimates prepared by Mitchell-equipped Canadian estimators were supplemented one or more times. In this same period, the pure supplement frequency (supplements to estimates) was 74.21%, reflecting a slight decrease from the second quarter 2014. The average combined supplement variance for this quarter was $649.10, $61.18 lower than in Q2 2014.

Date	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Pt/$ Change	% Change
% Est Supplements	48.61	48.86	51.38	49.2	49.51	38.97	-10.23	-21%
% Supplements	68.39	75.98	70.07	79.24	67.86	74.21	4.97	6%
Avg Combined Supp Variance	621.72	556.81	609.05	710.28	841.31	649.10	-61.18	-9%
% Supplement $	17.24	16.98	16.86	22.23	22.62	19.5	-2.73	-12%

Canadian Adjustments

In Q2 2015, the average frequency betterment taken on estimates decreased by 18%, and the dollar amount of that betterment was up by 17%. Appearance allowances were flat and the dollar amount of those allowances decreased by 11%.

Date	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Q2/15	Pt/$ Change	% Change
% Adjustments Est	2.66	2.29	1.96	1.93	1.77	1.63	-0.3	-16%
% Betterment Est	2.36	2.01	1.72	1.68	1.58	1.37	-0.31	-18%
% Appear Allow Est	0.3	0.29	0.24	0.25	0.2	0.25	0	0%
% Prior Damage Est	0.02	0.05	0.05	0.06	0.11	0.23	0.17	283%
Avg. Betterment $	197.13	221.49	255.8	234.92	247.54	273.87	38.95	17%
Avg. Appear Allow $	240.97	222.88	229.34	276.2	208.21	246.33	-29.87	-11%

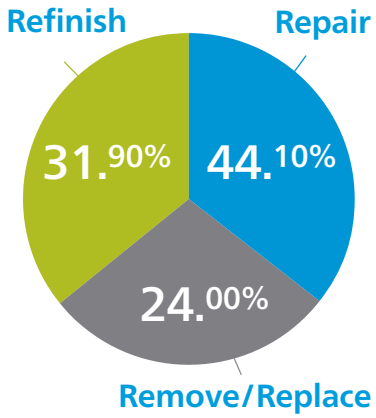
Canadian Labour Analysis

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

Average Body Labour Rates and Change by Province

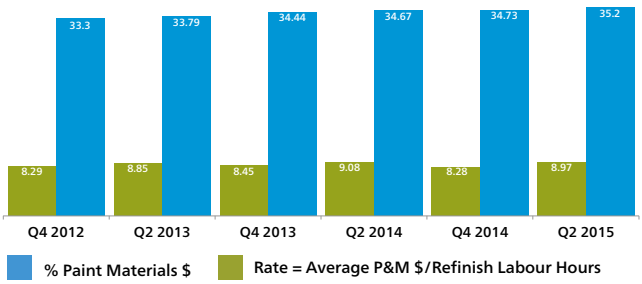
	2014	YTD 2015	$ Change	% Change
Alberta	73.31	74.34	$ 1.03	1%
Newfoundland & Labrador	61.97	62.33	$ 0.36	1%
Ontario	56.16	56.63	$ 0.47	1%
Quebec	51.14	51.62	$ 0.48	1%
Nova Scotia	58.8	59.16	$ 0.36	1%
Yukon Territory	94.15	94.46	$.11	0%

Labour Operations



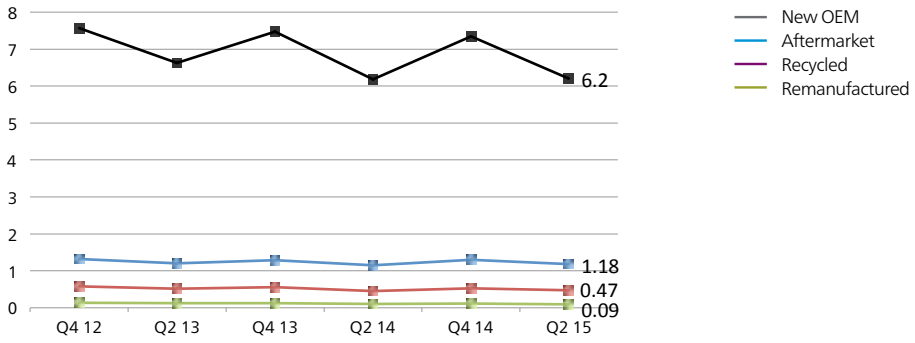
Canadian Paint and Materials

During Q4 2014, Paint and Materials made up 8.56% of our average appraisal value. Represented differently, the average paint and materials hourly rate rose to just under $34.73 dollars per hour.



Canadian Number of Parts by Part Type

We continue to see a fluctuation of OEM parts used and smaller corresponding fluctuations in alternate parts, which indicates spring quarters have fewer replaced parts than winter quarters.



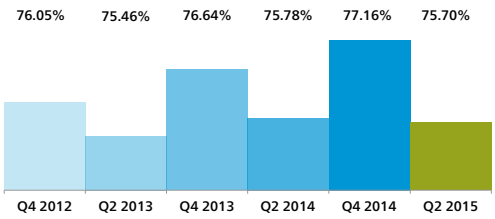
Canadian Parts Utilization

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

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q2 2015, Canadian OEM parts use decreased only slightly compared to Q2 2014.

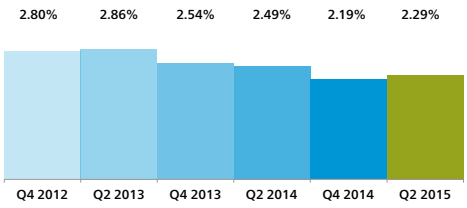
Parts-New



Remanufactured Parts Use in Dollars

Remanufactured parts use in Canada was 2.19% for Q2 2015 compared to 2.54% in Q2 2014.

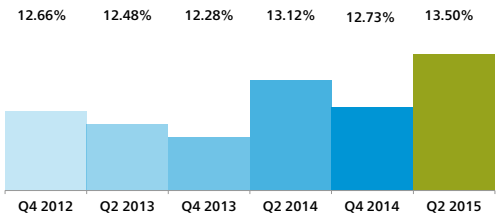
Parts-Non-New



Aftermarket Parts Use in Dollars

Aftermarket parts use in Canada rose in the second quarter of 2015, once again topping 13%.

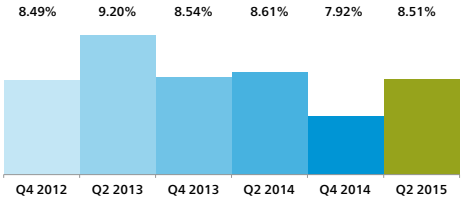
Parts-Aftermarket



Recycled Parts Use in Dollars

Recycled parts use in Canada has decreased in terms of percentage of dollars of parts from Q2 2014 but is still up from Q4 2014 totals.

Parts-Recycled



Mitchell San Diego Headquarters

6220 Greenwich Dr.
San Diego, CA 92122

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 approximately 2,000 employees. The company is privately owned primarily by KKR, a leading global investment firm.

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

Mitchell in the News

Effective CRM Can Pay Dividends

Mitchell's Jim O'Leary discusses other tools that enable businesses to run smoothly and deliver a better customer experience.
Read More

WIN 2015 Educational Conference "Connect to Cultivate" Celebrates Women in the Industry

Women from all over the country gathered in Washington DC for WIN's 2015 Educational Conference including a session led by Mitchell's Marianne Godwin and Mary Yama. Read More

Can't Touch This

Mitchell's Sunil Nayak discusses the effect of evolving vehicle technologies on accident avoidance and claims workflow. Read More

Parts Procurement's New Era

Jim O'Leary dicusses how technology becomes more pervasive in shops,and how repairers are working to find parts solutions that meet their high-paced needs.
Read More

Mitchell RepairCenter Expands Link with PPG Automotive Refinish PaintManager Software

Mitchell announces implementation of two-way interface of RepairCenter solution and PAINTMANAGER software color formula retrieval system. Read More

For More Mitchell News:

Press Releases Mitchell_Intl MitchellRepair Mitchell Claims

Volume Fifteen Number Three
Q3 2015 Published by Mitchell

Industry Trends Report

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

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

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

Additional Contributors:

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

For more information about Enterprise Rent-A-Car Average Length of Rental and to access your market and shop numbers please contact frank.r.laviola@ehi.com

The ***Industry Trends Report*** is published by Mitchell.

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