

Industry Trends Report

FEATURED IN THIS ISSUE:

Mitchell Collision Parts Index 2014 Review

By **Greg Horn**

Vice President of Industry Relations, Mitchell





Industry Trends Report

Table of Contents

4 Quarterly Feature

Mitchell Collision Parts Index 2014 Review

8 Average Length of Rental for Repairable Vehicles

14 Current Events in the Collision Industry

24 Motor Vehicle Markets

26 Mitchell Collision Repair Industry Data

33 Total Loss Data

34 Canadian Collision Summary

38 About Mitchell

39 Mitchell in the News

A Message from the CEO

MCPPI Year in Review

Happy New Year and welcome to the Q1 Edition of the 2015 Auto Physical Damage Mitchell *Industry Trends Report*. In this issue we look back at the 2014 Mitchell Collision Parts Price Index (MCPPI) for insights into changes in inflationary rates for the most replaced collision parts. We then look forward to the new privacy principles being developed to protect vehicle personal data.

In our feature article on page 4, *Mitchell Collision Parts Index 2014 Review*, author Greg Horn evaluates the events of 2014 that affected OEM and alternate parts pricing. Greg has tracked the data since 2003, allowing for some interesting observations of the changing rates both by part type and vehicle origin. From new vehicle sales to falling oil prices, Greg digs into the factors that affected parts prices in the past year. Examining the trends over the past decade helps understand the drivers of the index in 2014.

The article under current events, *Automakers Announce Privacy Principles to Protect Vehicle Personal Data* builds on our past article about the internet of everything by looking at the implications of integrated technology in our vehicles. This article provides a view into the growing concerns over consumer privacy, its implications for repair services and what we need to keep an eye on going forward.

Enjoy the rest of this quarter's latest insights and thank you for your continued readership of the *Industry Trends Report*.



Alex Sun
President and CEO
Mitchell



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!

Mitchell Collision Parts Index 2014 Review

By Greg Horn

Vice President, Industry Relations, Mitchell



Interestingly, the strengthening of the U.S. dollar against the Taiwan New Dollar (the key currency for most aftermarket parts) did not have the same impact.

As another new year begins, I thought it an appropriate time to evaluate the Mitchell Collision Parts Price Index (MCPPI) data once more. As a reminder and for new readers, MCPPI is a market basket similar to the Consumer Price Index, which I created in 2003 to track the inflationary rates of the top 20 most replaced collision parts and enable the breakout of subsets by part type and vehicle origin. It

is important to note that the index is not the average dollar amount; rather it indexes the rate of inflation for the entire basket of parts.

There were a significant number of events in 2014 capable of affecting the prices of both OEM and alternate parts. Did record new vehicle sales soften demand and pricing for parts? How did currency fluctuation impact aftermarket prices? Did falling

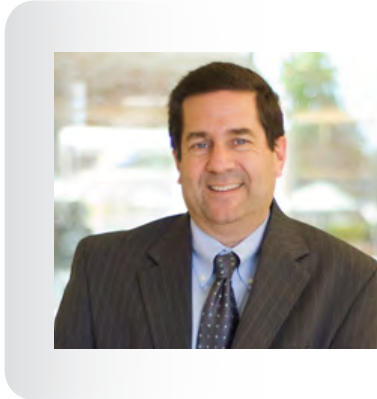
steel and oil prices impact parts prices as well? To track trends and answer these questions, our team mapped the index by vehicle country of origin and part type (i.e. salvage, remanufactured, OE and aftermarket), and noted several key changes since the 2003 index starting point. The overall index chart shows that after almost no movement from 2011 to 2012, the 2013 index gained

7.12 points—the most of any single year measured. The 2014 index moved by a more typical increase of 3.43 points.

Breaking the parts matrix out by vehicle country of origin revealed a robust increase in all vehicle types, with European vehicles experiencing the largest index increase. Also worth noting is that domestic vehicles, which had a very flat index from 2011 to 2012 attributable to the increase of parts on the OEM price matching programs, increased as well. Keep in mind, however, that the domestic index is still the lowest and the trajectory of the 2013 to 2014 domestic index has slowed compared to other vehicle origin indices.

When split out by parts type, two conflicting trends in recycled and aftermarket parts emerged. The U.S. dollar has strengthened against other key currencies used in international salvage purchasing, and the index appears to be affected by the strong dollar, which is keeping more vehicles available in the U.S. for harvesting. Interestingly, the strengthening of the U.S. dollar against the Taiwan New Dollar (the key currency for most aftermarket parts) did not have the same impact. In this instance, the index rose at the same time the U.S. dollar strengthened. I believe this is due to the increase in the selection of “premium” aftermarket parts by insurers and collision repairers. Several insurers I have spoken

About the author...



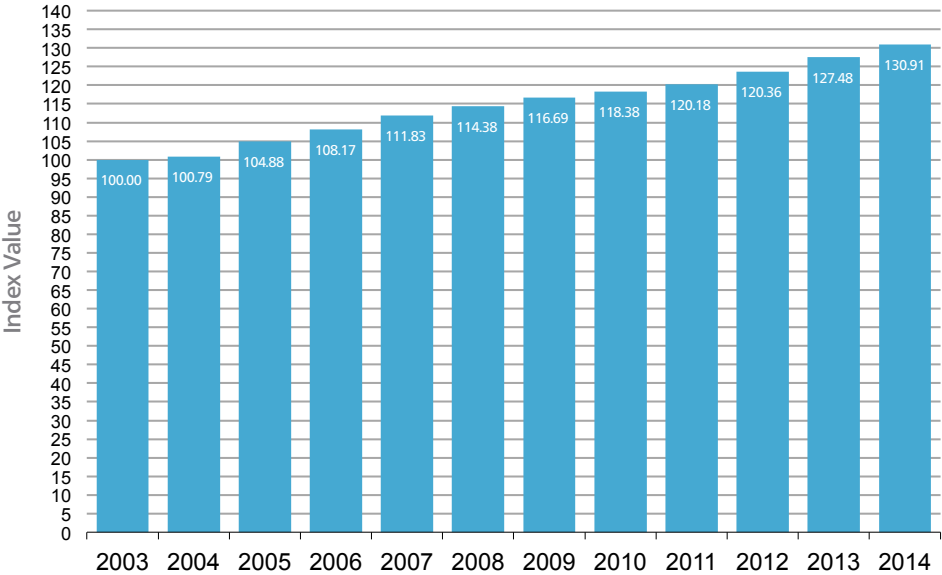
Greg Horn
Vice President, Industry Relations, Mitchell

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.

Combined Total Value of the Index by Year

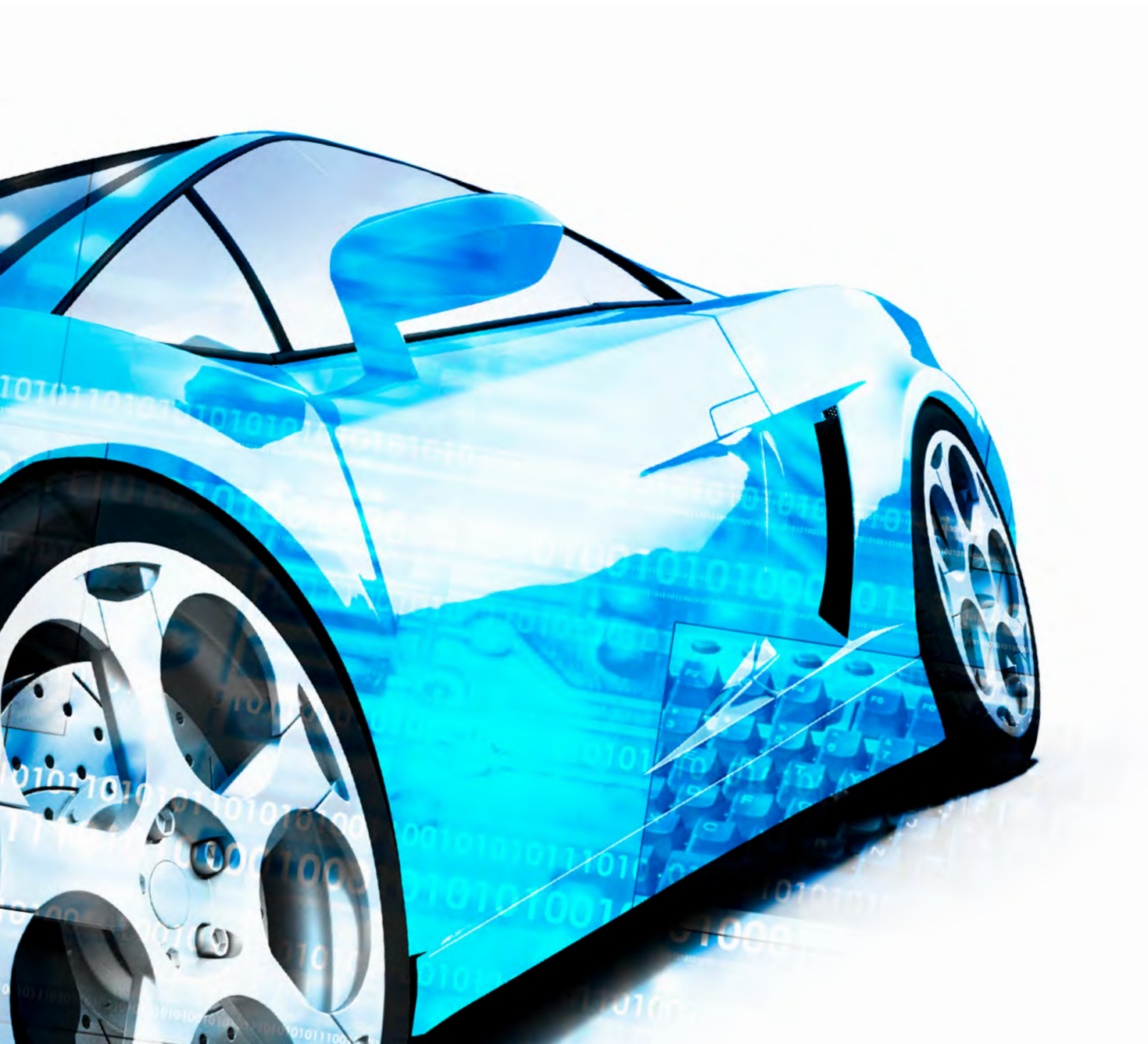


with have altered their aftermarket guidelines to specify these premium parts, which of course cost slightly more.

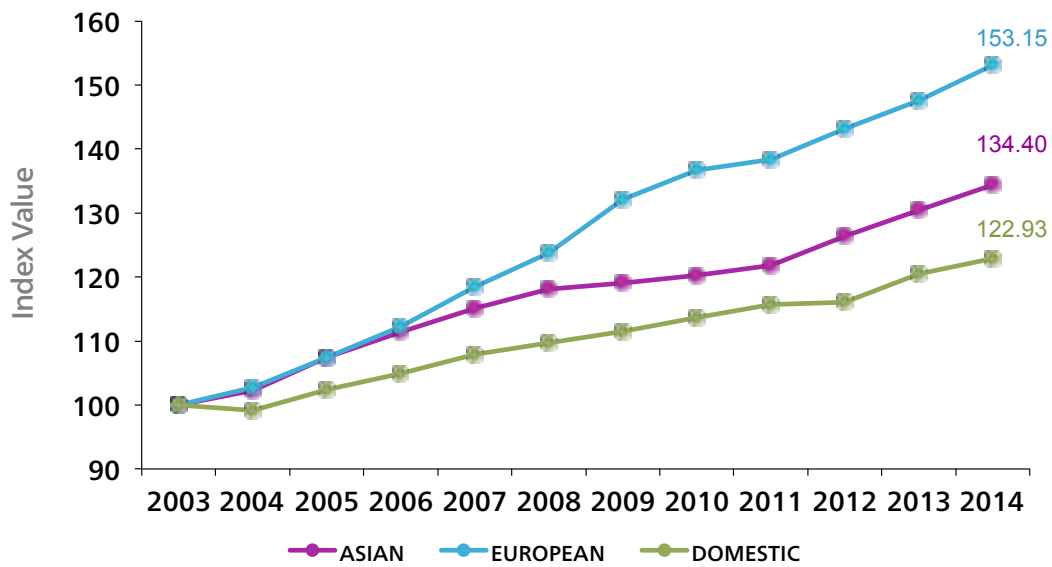
In summary, the European and Asian vehicles drove the index increase through 2014, and because Asian

vehicles represent a much higher share of the market, the majority of movement can be traced to Asian vehicle types. When split out by part type, aftermarket parts experienced the largest index increase. Presumably, that is related

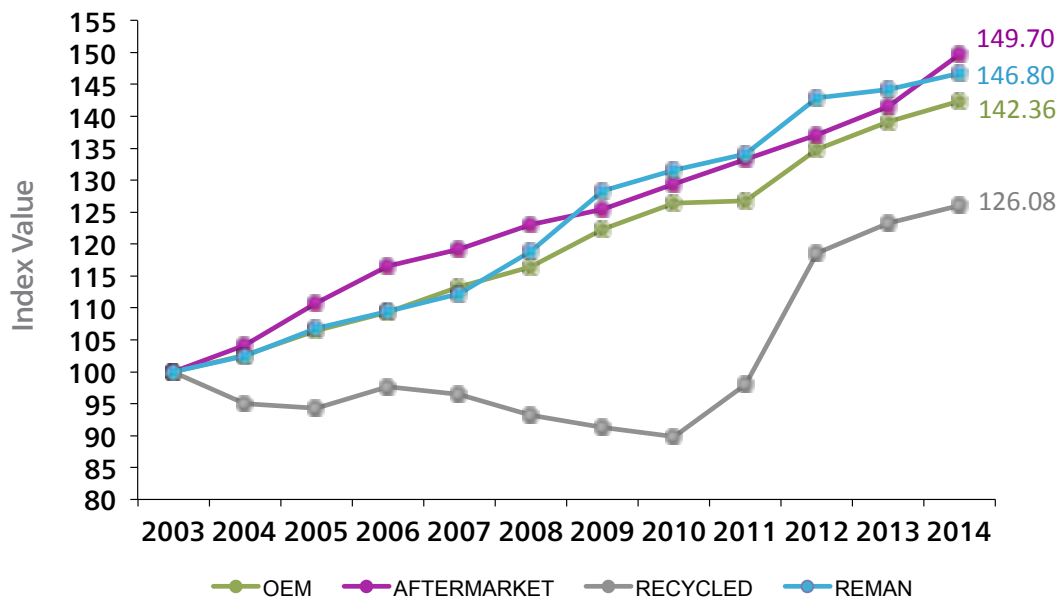
more to the grade of part being selected rather than the exchange rate, which would have meant a stable or even lower price.



Parts Matrix by Vehicle Country of Origin



Parts Matrix by Parts Type



Length of Rental Climbs in Q4

By Frank LaViola

Assistant Vice President, Insurance Replacement, Enterprise Rent-A-Car



The U.S. length of rental (LOR) climbed to 11.4 days in the fourth quarter of 2014, an increase over 2013's Q4 of 11.1 days and the highest Q4 LOR in the past five years. The increase is consistent with the past 18-month trend where we have seen increases quarter over quarter. The absence of severe weather, outside of certain pockets of the country, does not seem to be driving down LOR. The increase can be due to factors such as shop capacity, parts procurement, proper technician training, certifications and other potential factors.

Non-drivable repairs outpaced drivable repairs increasing 0.5 days over last year. Drivable repairs increased a modest 0.2 days from last year. There were no regions that decreased in LOR over last year and the Mountain Region had the largest increase of 1.2 days.

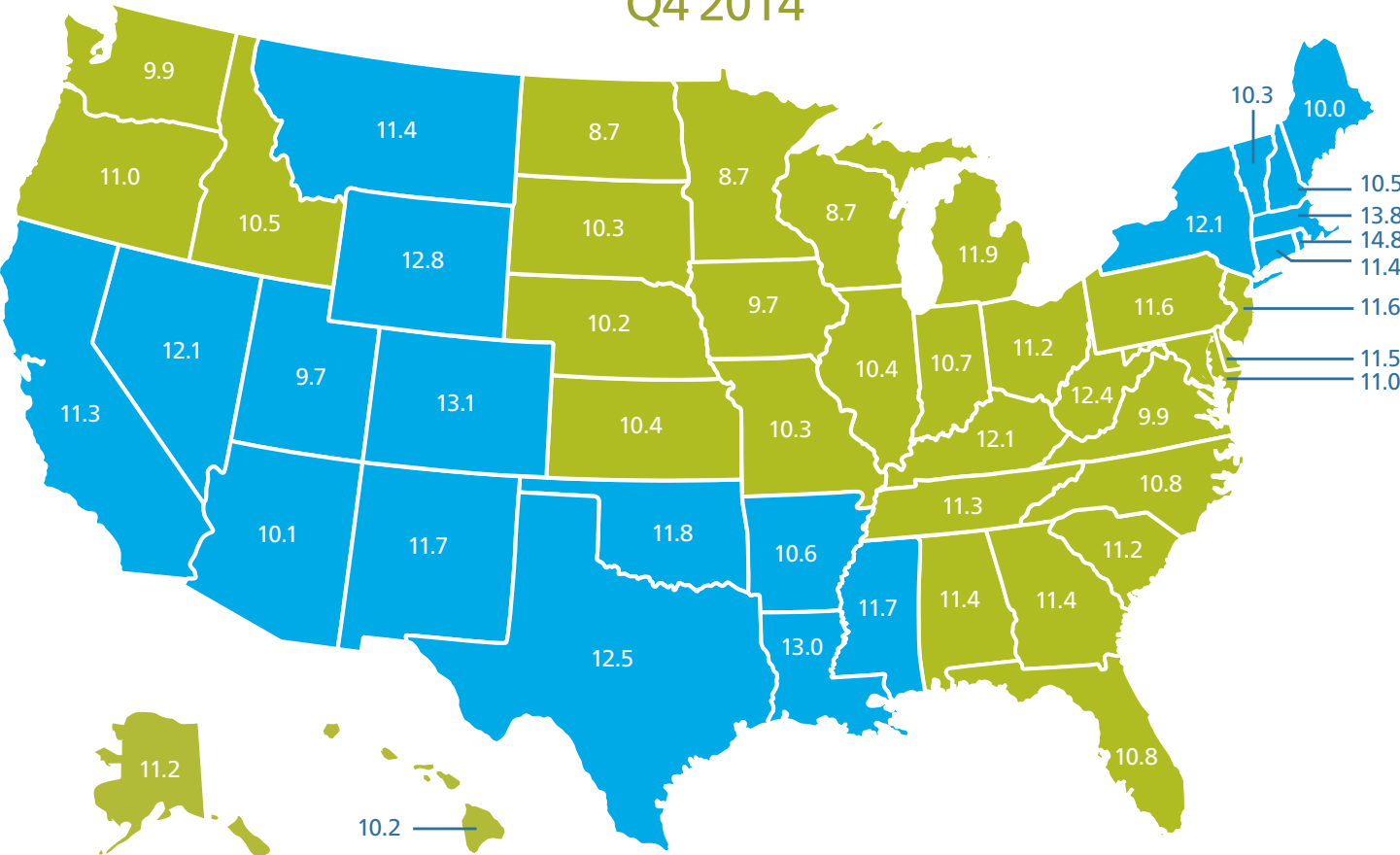
California was the only region not to climb in LOR matching last year's 11.3 LOR. Breaking it down, San Francisco had an LOR of 10.4 days, the lowest in the state. The Sacramento area's LOR came in at 10.6 days and Southern California had the highest LOR at 11.7.

The Mid-Atlantic States rose to an LOR of 11 days compared to 10.8 days in 2013. The state with the largest increase in LOR was Delaware at 11.5 days, up 0.7 from Q4 2013. New Jersey was the only state in the region to experience a decrease in LOR at 11.6 days, down 0.2. Modest increases of 0.2 days occurred in North Carolina at 10.8 days, Virginia at 9.9 days, and Maryland at 11 days.

The Midwest Region also increased 0.2 days, finishing Q4 2014 at 10.6 days. States of distinction were North Dakota, down 0.1 days,



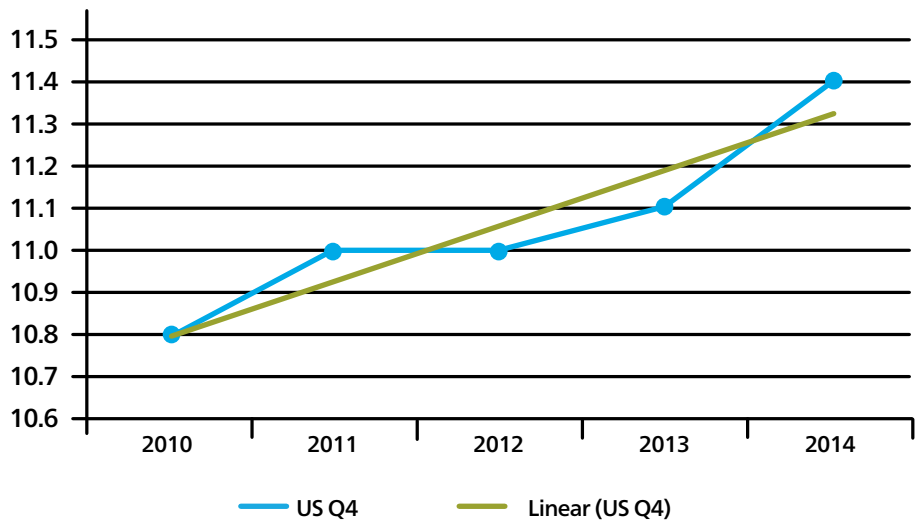
U.S. Average Length of Rental by State
Q4 2014



The U.S. length of rental climbed to 11.4 days in the fourth quarter of 2014, an increase over 2013’s Q4 of 11.1 days and the highest Q4 LOR in the past five years.

Overall U.S. LOR	
11.1	
Region	LOR
California	11.3
Mid-Atlantic	11.0
Midwest	10.6
Mountain	12.2
Northeast	12.2
Northwest	10.3
Pacific	10.5
Southeast	11.3
Southwest	12.2

LOR U.S. Q4



and Minnesota was flat. Both finished at 8.7, tied for the lowest LOR in the country. Kentucky had the highest LOR in the country up 0.5 days to 12.1. Wisconsin also declined with LOR of 9.1 days, down 0.1. Michigan continued its upward trend as LOR grew to 11.9 days, up 0.4 days from 2013.

On to the Mountain Region we also see an increase in Q4 LOR at 12.2 days, up 1.3 from Q4 2013. Colorado led the charge on the increase at 13.1 days, up a significant 1.8 from Q4 2013. Utah had the lowest LOR in the region at 10.4 days but still increased from last year's 9.8. Montana's LOR finished at 11.4 days, an increase of 0.3 and Wyoming also increased to 12.8 days, up 0.2.

The Northeast has not been as hammered as the previous couple

of years with weather and the LOR showed only a minor uptick in LOR of 0.1 days to 12.2. Rhode Island, which also has the distinction of having the highest LOR for the U.S., outpaced the region with a LOR of 14.8 days, up 0.4 days this year. Maine was the lowest in the region at 10 days flat and did not change from Q4 2013. The state of Vermont had the largest increase of 1.1 days for the region climbing to 10.3 days. This was the first time Vermont has eclipsed the 10 day threshold for Q4 going back seven years.

Moving on to the Southeast we have an LOR of 11.3 days, up only 0.1 days. Mississippi had the largest Q4 decrease compared to last year dropping 0.8 days to 11.7. Florida and Arkansas were flat at 10.8 days and 10.6 days, respectively.

[Click here to view the Casualty Edition](#)



Average Length of Rental for Repairable Vehicles

Louisiana had the highest LOR at 13 days, an increase of 0.2 days from Q4 2013. The states of South Carolina (11.2 day), Georgia (11.4 days), Alabama (11.4 days) and Tennessee (11.3 days) all increased between 0.2 and 0.4 days.

The three states comprising the Northwest Region grew at 0.5 days to 10.3 overall. This marks the first time in Q4, dating back to 2008, that this region broke the 10-day barrier. Washington had the region's lowest LOR at 9.9 days, up 0.5, and Oregon had the highest at 11 days, up 0.6. Idaho also rose 0.6 days to 10.5 overall.

The Southwest increased 0.2 days to 12.2 for the quarter. The states of Oklahoma (11.8 days) and Nevada (12.1 days) led the charge with decreases of 1.3 days and 0.1 days respectively. This is a significant trend reversal for Oklahoma compared to past quarters and may be due, in part, to the lack of significant hail events. Texas continued its upward climb up 0.3 days to 12.5 overall for the

quarter. Arizona had the lowest LOR once again for the region at 11 days but increased the most from Q4 2013 up 0.5 days.

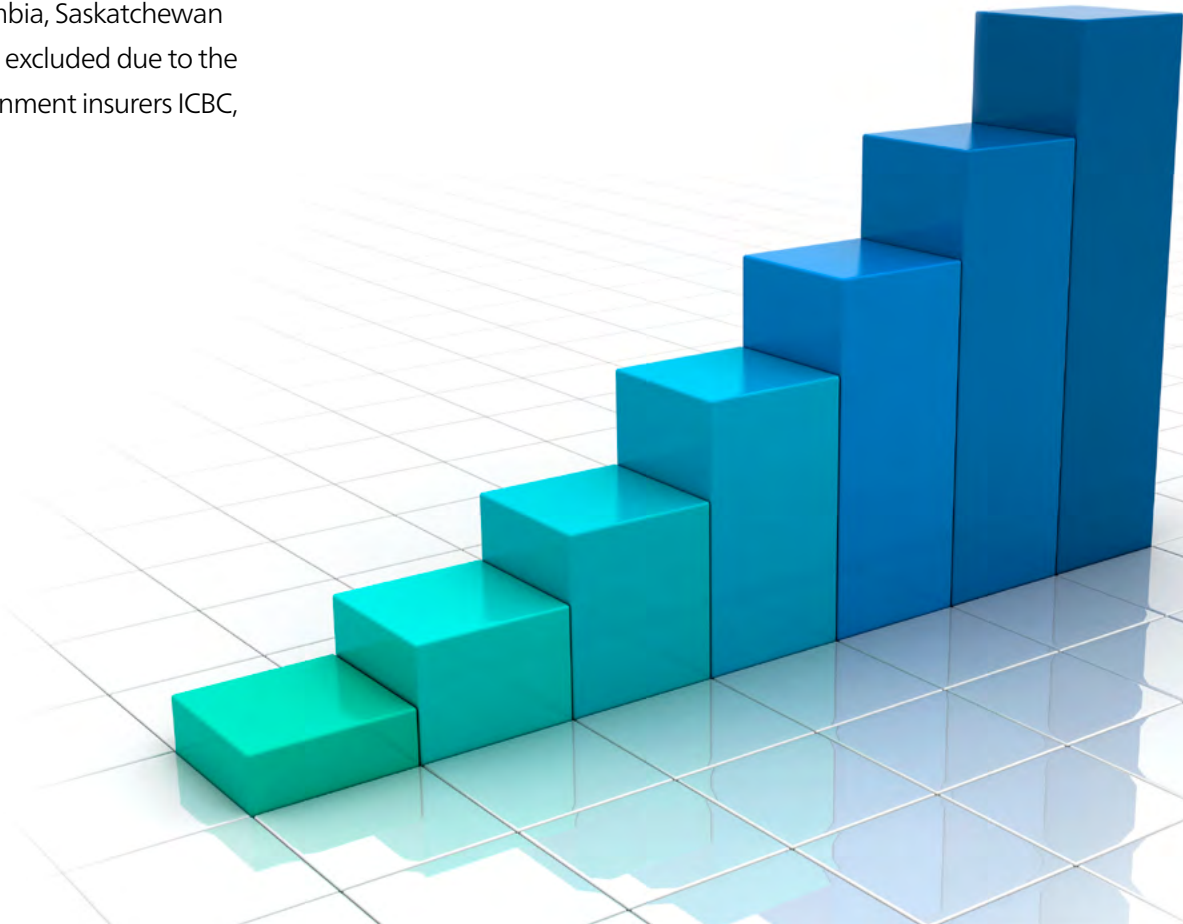
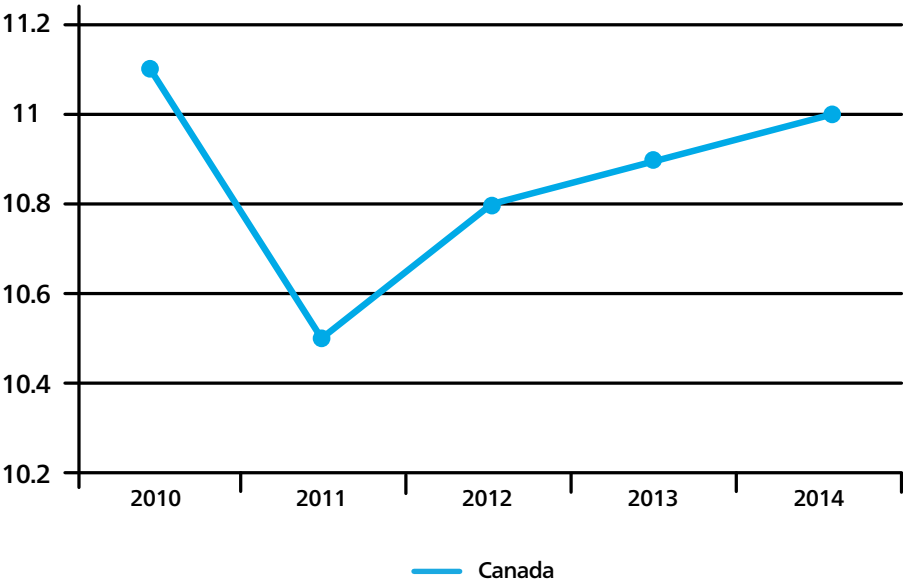
Our friends in Alaska saw a slight uptick to 11.2 days, a modest 0.1 day climb, and the Hawaiian Islands increased to 10.3 days also only up slightly at 0.1 day.



Canada LOR

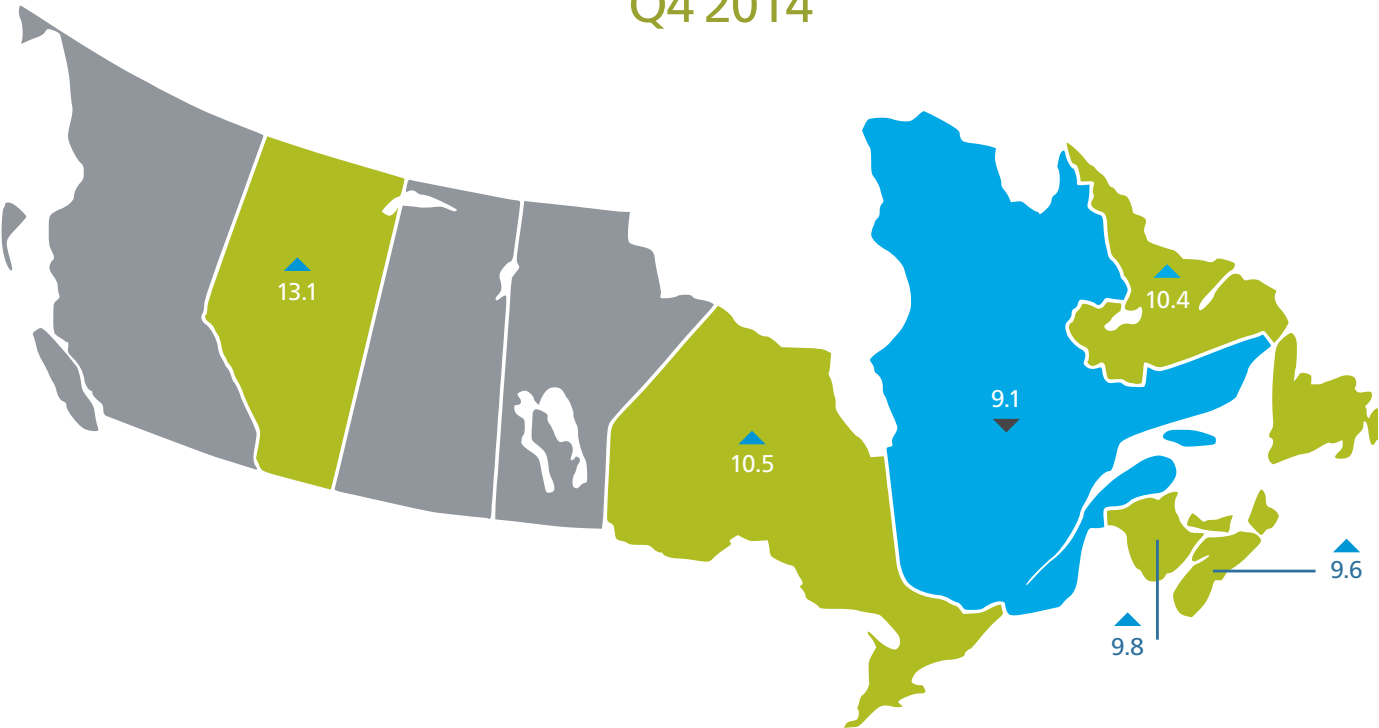
The trend for Q4 in Canada was similar to the U.S. with Canadian LOR rising 0.1 day to 11 overall. The largest increase came from New Brunswick up 0.6 days to 9.8, a low number compared to most states and provinces. Ontario was the only province to decline, down 0.1 days to 10.5. Quebec had the lowest LOR of all the non-governmental provinces at 9.1 days and was flat compared to last year. Alberta had the highest overall LOR of any province at 13.1 days, up 0.5 days from Q4 2013. Compared to 2010, Newfoundland had the largest increase in LOR up 0.8 days to 10.4 and up 0.3 days from Q4 2013. Nova Scotia was up a modest 0.2 days to 9.6 and has been very predictable over the last five years for Q4's. British Columbia, Saskatchewan and Manitoba are excluded due to the presence of government insurers ICBC, MPI and SGI.

Canada





Canadian Average Length of Rental by Province Q4 2014



The quarterly LOR summary is produced by Frank LaViola, Assistant Vice President Collision Industry and Dealership Relations, at Enterprise Rent-A-Car. Frank has 22 years of experience with Enterprise and has worked in the collision industry segment for the past 8 years. 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.

Overall Canada LOR Days	
10.2	
Region	LOR Days
Alberta	13.1
Ontario	10.5
Quebec	9.1
Newfoundland	10.4
New Brunswick	9.8
Nova Scotia	9.6



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

Big 4 MSOs Surpass 1,000 Locations

ABRA, Boyd, Caliber and Service King saw increased rate of growth in new locations during 2014. Unit growth in 2014 tripled 2012 expansion.

*From Collision Week
Publish Date: December 19, 2014*



The figures are based on CollisionWeek’s count of each MSO’s locations based on the public data released by each operator and our ongoing coverage of both their acquisitions and openings.

The acquisition and new collision repair facility openings by the four largest multi-regional multiple collision repair shop operators (MSOs) in North America have set another record for unit growth during 2014. With two weeks left in the year, the total number of locations operated by the Big 4 stands at 1,032 as of December 18 following announcements by Caliber and ABRA totaling 30 locations. If the recent past is any

Number of Locations by Year

Multi-Region MSO	2011	2012	2013	2014*
ABRA	112	128	179	258
Boyd	167	221	261	333
Caliber	94	112	158	232
Service King	47	63	105	209
Total “Big 4”	420	524	703	1032

*2014 as of December 18

indication, we may see a flurry of deals completed between now and the close of 2014.

The table details the total number of locations at the end of 2011, 2012, 2013 and 2014 through yesterday for ABRA, Boyd, Caliber and Service King. The figures are based upon CollisionWeek's count of each MSO's locations based upon the public data released by each operator and our ongoing coverage of both their acquisitions and openings. It includes both company owned locations, as well as some franchise operations in the case of both ABRA and Boyd.

Overall, the Boyd Group continues to be the largest multi-regional MSO by the number of locations with 333, up from 167 in 2011 for its U.S. and Canadian operations including both company-owned,

franchise and some stand-alone glass operations. ABRA has grown to 258 locations, up from 179 at the end of last year.

Caliber increased the number of its locations to 232, up from 158 at the end of last year. Service King increased to 209 locations so far in 2014, compared to 105 as of the end of 2013. The acquisition of Sterling in April itself added 62 locations, or 55 percent, to the 112 locations it had as of April 4.

As the table shows the total count for the four MSOs stands at 1,032 total so far in 2014.

The analysis table below details both the unit and percentage growth, based upon our counts detailed above, for each of the MSOs and as a total for the group for each year since 2011.

As the table details, unit growth so far in 2014 for these four MSOs now totals 329 locations, or 46.8 percent above last year. The increase in the total number of locations for the Big 4 has increased above 2012 and 2013 in both units and on a percentage basis. In 2013, the Big 4 added 179 locations, an increase of 34.2 percent over 2012.

Overall, these four operators have now added 612 locations, an increase of 145.7 percent over the 420 locations they operated in 2011. On a percentage basis, Service King, arguably from a smaller base of 47 locations, has now more than tripled its number of locations since 2011 with 344.7 percent growth. The Boyd Group, with 167 locations in 2011, has added 166 locations to date, up 99.4 percent.

Growth in Locations by Year

Multi-Region MSO	Unit Growth 2012	Unit Growth 2013	Unit Growth 2014*	% Growth 2012	% Growth 2013	% Growth 2014*
ABRA	16	51	79	14.3%	39.8%	44.1%
Boyd	54	40	72	32.3%	18.1%	27.6%
Caliber	18	46	74	19.1%	41.1%	46.8%
Service King	16	42	104	34.0%	66.7%	99.0%
Total "Big 4"	104	179	329	24.8%	34.2%	46.8%

*2014 as of December 18

Growth in Locations

Multi-Region MSO	Unit Growth 2011-2014	% Growth 2011-2014
ABRA	146	130.4%
Boyd	166	99.4%
Caliber	138	146.8%
Service King	162	344.7%
Total "Big 4"	612	145.7%

*2014 as of December 18

Automakers Announce Privacy Principles to Protect Vehicle Personal Data

Consumer advocates and the automotive aftermarket are cautioning that the newly announced principles don't go far enough to protect consumer privacy and competition for repair services.

From Collision Week

Publish Date: March 17, 2014



These landmark privacy frameworks, when applied to automobiles, should reassure auto customers that their privacy is taken seriously.

The Global Automakers and the Alliance of Automobile Manufacturers jointly announced consumer privacy protection principles for vehicle technologies and services. These Principles commit automakers to take certain steps to protect the personal data generated by their vehicles. Consumer advocates and the automotive aftermarket are cautioning that the newly announced principles don't go far enough.

"The privacy Principles reflect the reality that automobiles increasingly make use of innovative technologies designed to save lives, time and the environment," said Global Automakers President and CEO John Bozzella. "As modern cars not only share the road but will in the not too distant future communicate with one another, vigilance over the privacy of our customers and the security of vehicle systems is an imperative."

The Principles' fundamentals are based on the Federal Trade Commission's (FTC) Fair Information Practice Principles (FIPPs), which, in turn, rest on privacy practice frameworks used in the United States and around the world for over forty years. Consistent with the FIPPs approach, the Principles treat sensitive information, such as geolocation, driver behavior, and biometric information, with additional,

heightened protections. Global Automakers met with the FTC during the development process of the Principles and the agency is supportive of the industry efforts.

These privacy commitments are part of a larger initiative by automakers to protect the privacy and security of the data necessary to support these advanced vehicle technologies. Despite the absence of reported hacking incidents affecting vehicles on the road to date, the industry also is taking proactive measures to prepare for threats by working to establish a mechanism for sharing vehicle cybersecurity information among the auto sector.

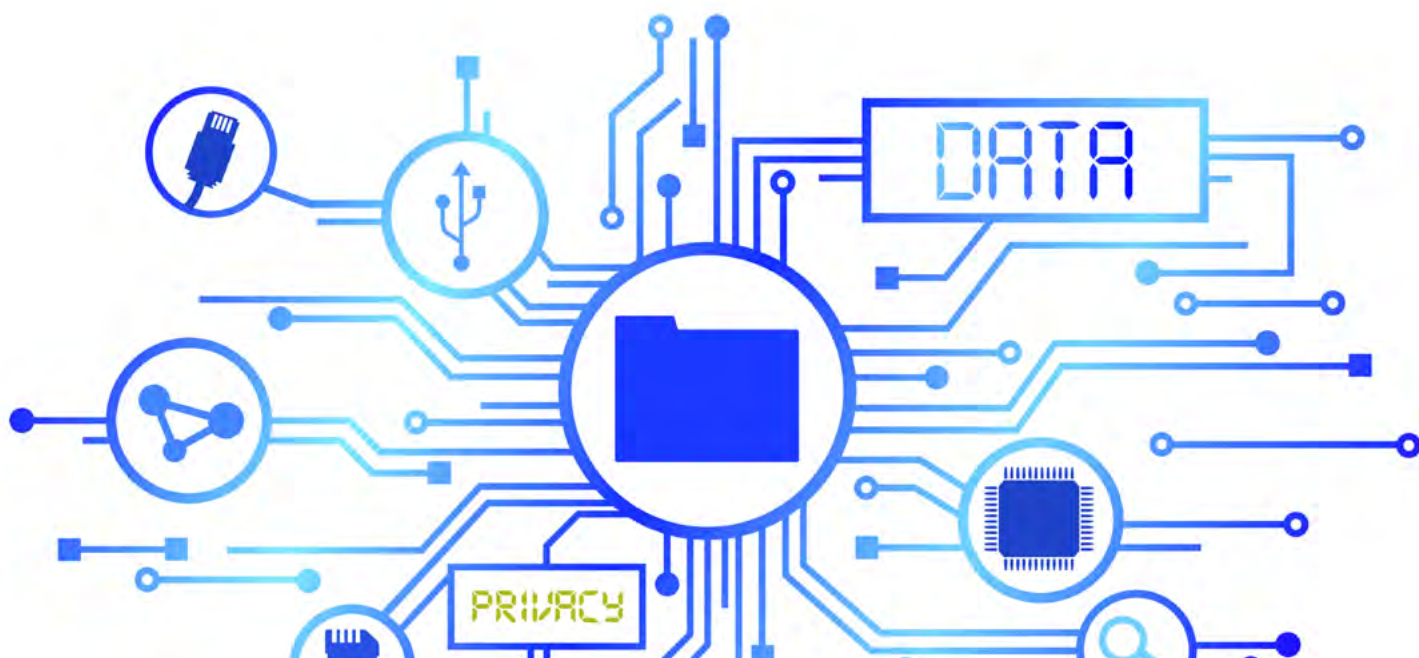
"Automakers are integrating innovative systems in the initial stages of design and production providing consumers with safe,

smart, and sensible vehicle choices," said Bozzella. "As advanced technologies continue to evolve and become increasingly data driven, we will continue to adopt best practices and work with experts and other stakeholders to ensure consumers are protected."

Mitch Bainwol, president and CEO, Alliance of Automobile Manufacturers said, "Our Principles build on the long-standing Fair Information Practice Principles, Federal Trade Commission guidance and the White House Consumer Privacy Bill of Rights. These landmark privacy frameworks, when applied to automobiles, should reassure auto customers that their privacy is taken seriously.

Bainwol continued, "Our Principles have three important hallmarks

that are the touchstones of the commitment of participating automakers to their customers. First, consumers can expect transparency. Automakers will employ a variety of methods to provide consumers with clear notices of their privacy practices, including through owner's manuals and company websites. Second, the most sensitive types of consumer information receive heightened protections. For many, information about where and how they drive is private. Under the Automotive Privacy Principles, automakers pledge to provide protections for sensitive information that goes beyond similar principles in other industry sectors. Third, automakers clearly state the limited circumstances where they may share information with government authorities."



Criticism from Consumer Advocates and Automotive Aftermarket

Consumer advocates and automotive aftermarket organizations, however, are cautioning that the principles do not go far enough to protect consumers privacy and assure competition for automotive repair services.

AAA's President and COO Marshall Doney said, "AAA is encouraged that automakers are taking a first step to address consumer rights with connected car data, but this agreement falls short of providing consumers the right to control their own information. Today's announcement follows in the footsteps of AAA's Consumer Rights for Car Data, but we remain concerned that industry continues to prevent consumers from having access to a competitive choice of automotive services.

"New cars increasingly collect vast amounts of data that can be used to prevent breakdowns, reduce crashes and help drivers save both time and money. Consumers should benefit from market competition as these new services emerge, and no company should put unfair limits on consumer choice," continued Doney.

The Auto Care Association (ACA), while applauding the initiative, believes consumers should be allowed to control

the flow of data generated and what third parties have access instead of the auto manufacturers.

According to the association, "...car owners are at the mercy of the vehicle manufacturers as to where information on their vehicle is sent. This includes vehicle diagnostic, mileage and geolocation information. All of this information is sent directly to the manufacturer, and they decide with which third parties to share that information."

The ACA continues, "In many cases, car owners have established trusted long-term relationships with repair shops and other vehicle service entities to which they

would prefer their diagnostic and other personal data be sent, in order to ensure more convenient and efficient service for their vehicle. Since these third parties often compete with the franchised dealer, it is unlikely that the data produced by a car owner's vehicle will be made available by a manufacturer to an independent service entity."

The association would like to see vehicle manufacturers include a secure gateway that allows vehicle owners to control the flow of data transmitted from their vehicles.





Toyota Poised to Expand Aluminum

From ABRN Wire Reports

Publish Date: January 6, 2015



Having a local manufacturer in the U.S. would help Toyota avoid production problems associated with aluminum shortages.

A report in Nikkei Asian Review indicates that automaker Toyota will greatly expand the use of aluminum in some of its cars over the next several years.

According to the report, Toyota will switch to aluminum for the hoods, bumpers, doors, and fenders of its Lexus vehicles when they are refreshed. Currently, Toyota uses aluminum hoods and other parts

on its Japanese market Prius, the Scion FR-S, and some Lexus models.

The report in Nikkei stated that "Toyota plans to invest several billion yen to set up assembly lines exclusively for aluminum parts at a plant outside Nagoya and elsewhere."

Switching to aluminum could reduce the weight of the vehicles

by as much as 100kg, and improve fuel efficiency by 1km per liter. Nikkei estimated that the Lexus LS and GS would run between 500 to 700 meters more per liter.

As of this writing, Toyota had failed to respond to inquiries from Automotive Body Repair News about the expanded use of aluminum.

After the report in Nikkei Asian Review, shares of aluminum provider Alcoa surged 1.92 percent. Nippon Light Metal's valuation jumped 6.6 percent on the news.

In September, Toyota announced that the 2016 Lexus RX 350 crossover would have an aluminum hood and tailgate, and an all-new Camry would have an aluminum hood in 2018. Adding aluminum to those two models represents a step up in the volume of the metal the company would likely purchase.

The aluminum sheet for the Camry hood will likely come from a joint venture between Toyota Tsusho Corp., a trading company affiliated with Toyota Motor Corp., and Kobe Steel to produce more aluminum sheet metal in the U.S. Having a local manufacturer in the U.S. would help Toyota avoid production problems associated with aluminum shortages.

Training and equipment will be key for collision shops trying to prepare for the increase in aluminum in the market, particularly as Ford rolls out the new F-150.

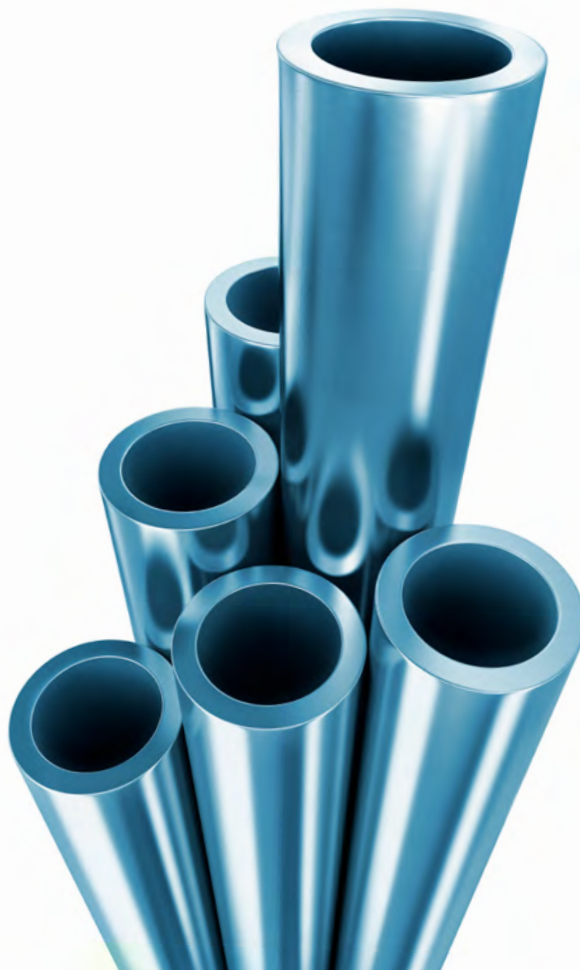
"You have to make sure you have the proper tools in place, have the welding equipment, and make sure the technicians are trained on how to properly use that equipment,"

says Jason Baratanen, director of industry technical relations at I-CAR. I-CAR worked closely with Ford to develop early training programs for the aluminum-intensive F-150 well in advance of the vehicle's release.

Some of the OEMs require a segregated area for aluminum repair, so you have to make sure you have the space for that," Baratanen continued. "Look at what types of vehicles are likely to come through your region, understand the market, and prepare for the types of vehicles you are likely to see."

I-CAR also worked with Jaguar and Audi on aluminum repair training, as well as General Motors.

"When Ford made the decision to make the switch to aluminum in the F-150, they reached out to us to develop that program," Baratanen says. "When they announced the truck last year, we followed that up with an announcement of the training that was available, and we taught more than 10,000 students in 2014 alone, all prior to the truck being in production. Ford thought this through really well, and there are shops that will be able to repair that truck the day it hits the street."



I-CAR Premier's New Alternative Fuel Vehicle Course

From ABRN Wire Reports

Publish Date: January 5, 2015



"Each vehicle will require specific knowledge about the different risk avoidance elements engineered into these vehicles from a propulsion system perspective."

I-CAR® has launched its all-new instructor-led course, Alternative Fuel Vehicle Damage Analysis and Safety (ALT03). This live, instructor-led, 3-credit hour course is designed to enhance a collision repair professional's understanding of how to safely approach alternative fuel vehicles of all types after a collision and how to understand the risks and risk-avoidance of working

around such vehicles. In addition to the new live instructor-led course, online options for Alternative Fuel Vehicle Damage Analysis and Safety (ALT03) are also available, broken into two courses for learning effectiveness: Alternative Fuel Vehicle Damage Analysis (ALT04e), a 1-hour offering and Alternative Fuel Vehicle Safety (ALT05e), a 2-hour offering.

Josh McFarlin, I-CAR Director of Curriculum & Product Development explained, "Each vehicle will require specific knowledge about the different risk avoidance elements engineered into these vehicles from a propulsion system perspective. This makes building knowledge on the different alternative fuel vehicle types

extremely important,” McFarlin continued, “This course serves as a solution to building a knowledge base on hybrid, electric and advanced fossil fuel powertrain systems such as propane, CNG and Diesel.”

The newly introduced courses are highly interactive and provide repair professionals with takeaways that they can apply at their business when the next electric or alternative fuel vehicle arrives. Each course dives deep into important information on safely approaching these vehicles after a collision and goes beyond with detailed descriptions of the common parts found on electric vehicles and other types of alternative fuel vehicles.

These new courses meet training requirements in ProLevel® 1 for Estimators, Auto Physical Damage Appraisers and Electrical/Mechanical Technicians in I-CAR’s Professional Development Program™ (PDP). The new courses have replaced Electric and Electric

Hybrid Vehicles (ALT01/e) and Hybrid Electric and Alternative Fuel Vehicles (ALT02/e). Either the live course or both online courses must be completed in order to receive credit.

Coincident with the launch of these new courses, I-CAR is also debuting the new “Hybrid and Electric Vehicle Disable Search” on the I-CAR Repairability Technical Support (RTS) Portal. Through the Hybrid and Electric Vehicle Disable Search, professionals can more easily find information on how to identify where parts of the hybrid or electric system are located, how to disable the system before beginning a repair,

welding best practices and refinish precautions. All of this information can quickly be found by make, model and/or year. To begin using the Hybrid Disable Search on the RTS Portal, visit i-car.com/rtts.

To register for any of the three courses, visit the I-CAR website at i-car.com or contact I-CAR Customer Care at 1.800.I-CAR.USA (800.422.7872).



New Vehicle Sales

WardsAuto 10 Best Selling U.S. Cars and Trucks

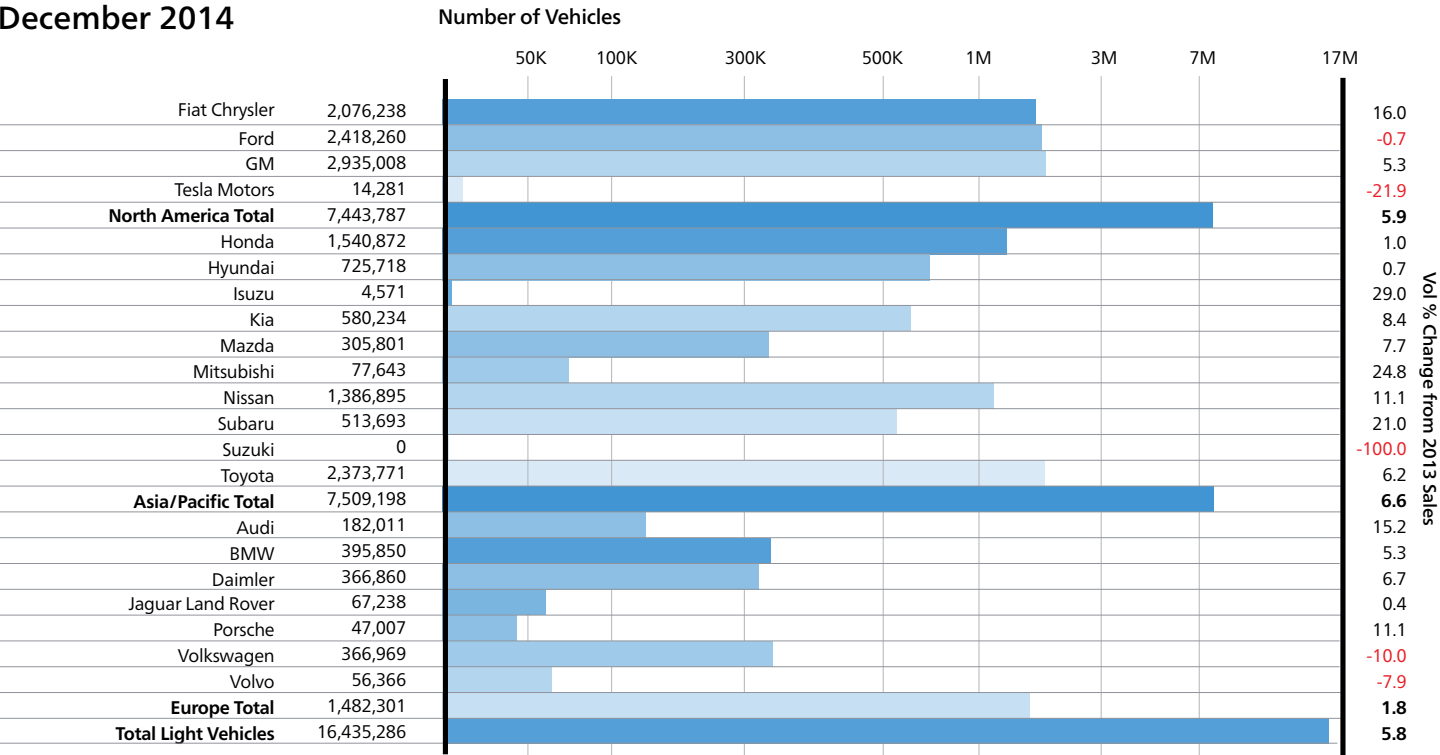
December 2014 (YTD)

Cars		Trucks/Vans/SUVs	
Camry	428,606	F-Series	700,796
Accord	388,374	Silverado	529,755
Corolla	339,498	Ram Pickup	425,388
Altima	335,644	CR-V	335,019
Civic	325,981	Escape	306,212
Fusion	306,860	RAV4	267,698
Cruze	273,060	Equinox	242,242
Elantra	222,023	Sierra	211,833
Focus	219,634	Explorer	209,994
Sonata	216,936	Rogue	199,199

Source: WardsAuto InfoBank

WardsAuto U.S. Light Vehicle Sales by Company

December 2014



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

December 2014 Kontos Commentary

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.

Summary

Average wholesale used vehicle prices fell modestly in December but remained up on a year-over-year basis. These results reflect the ongoing growth and change in the composition of wholesale supply towards greater “institutional” volume (off-lease, off-rental, off-fleet, repos, etc.) versus dealer consignment volume yielding a “richer mix” that elevates average prices even as supply growth applies downward pressure to those prices.

This is by no means the only factor that has supported used vehicle prices in a year of supply growth, as new vehicle incentives have been relatively benign; used vehicle retail sales, especially of certified vehicles, have been strong; supply curtailments and disruptions due to weather and recalls occurred throughout the year; and redistribution of volume into multiple remarketing channels, all have diffused the significant impact that supply normally has on wholesale values.

(More information on annual results and trends in 2014 will be provided in the year-end edition of Pulse.)

Wholesale Used Vehicle Price Trends

	Average Prices (\$/Unit)			Latest Month Versus	
	Dec-14	Nov-14	Dec-13	Prior Month	Prior Year
Total All Vehicles	\$9,844	\$9,870	\$9,654	-0.3%	2.0%
Total Cars	\$8,615	\$8,612	\$8,499	0.0%	1.4%
Compact Car	\$6,651	\$6,787	\$6,530	-2.0%	1.9%
Midsize Car	\$7,700	\$7,672	\$7,782	0.4%	-1.1%
Fullsize Car	\$6,060	\$7,617	\$6,308	-20.4%	-3.9%
Luxury Car	\$12,455	\$12,181	\$12,104	2.3%	2.9%
Sporty Car	\$12,955	\$12,565	\$12,076	3.1%	7.3%
Total Trucks	\$10,809	\$10,856	\$10,116	-0.4%	6.8%
Mini Van	\$7,644	\$8,147	\$7,451	-6.2%	2.6%
Fullsize Van	\$10,197	\$10,680	\$9,402	-4.5%	8.4%
Mini SUV	\$12,734	\$12,491	\$11,329	1.9%	12.4%
Midsize SUV	\$7,724	\$7,841	\$6,803	-1.5%	13.5%
Fullsize SUV	\$11,533	\$11,689	\$11,178	-1.3%	3.2%
Luxury SUV	\$19,061	\$18,929	\$19,419	0.7%	-1.8%
Compact Pickup	\$7,420	\$7,393	\$7,039	0.4%	5.4%
Fullsize Pickup	\$12,960	\$12,911	\$12,054	0.4%	7.5%
Total Crossovers	\$11,921	\$11,974	\$12,457	-0.4%	-4.3%
Compact CUV	\$10,417	\$10,866	\$11,069	-4.1%	-5.9%
Mid/Fullsize CUV	\$12,988	\$13,082	\$13,811	-0.7%	-6.0%

Source: ADESA Analytical Services. November data revised

Details

According to ADESA Analytical Services’ monthly analysis of Wholesale Used Vehicle Prices by Vehicle Model Class1, wholesale used vehicle prices in December averaged \$9,844—down 0.3% compared to November and up 2.0% relative to December 2013. Luxury and sporty cars experienced healthy average price increases, perhaps as dealers looked to stock these cars on their lots in time for the holidays.

Prices for used vehicles remarketed by manufacturers were up 9.6% month-over-month but down 2.8% year-over-year. Sale curtailments due to recalls were a factor in these December results, and “factory” inventories were relatively high entering 2015. Thus, the tailwind to prices that might have been provided by the absence of units due to these sale curtailments could turn into a headwind as these units are released in early 2015.

Prices for fleet/lease consignors were up 1.3% sequentially but down 0.3% annually. Prices for off-rental “risk” units within this segment held up well,

rewarding rental companies that capitalized on the absence of factory units mentioned in the previous paragraph.

Dealer consignors registered a 1.7% increase versus November and a 3.0% increase relative to December 2013, indicating the wholesale market is readily absorbing excess dealer trades generated from strong new vehicle sales.

Retail used vehicle sales in December were down 0.3% month-over-month and 4.1% year-over-year, based on data from CNW Marketing/Research. Despite these December declines, retail used vehicle sales in 2014 reached a respectable 29.6 million units, very close to last year’s total. Moreover, the composition of those sales included a higher percentage of higher priced, and typically higher grossing, certified pre-owned (CPO) vehicles, which totaled 2.3 million units in 2014 versus 2.1 million the year before. CPO sales were particularly strong in December, rising 3.9% month-over-month and 17.2% year-over-year, according to figures from Autodata.

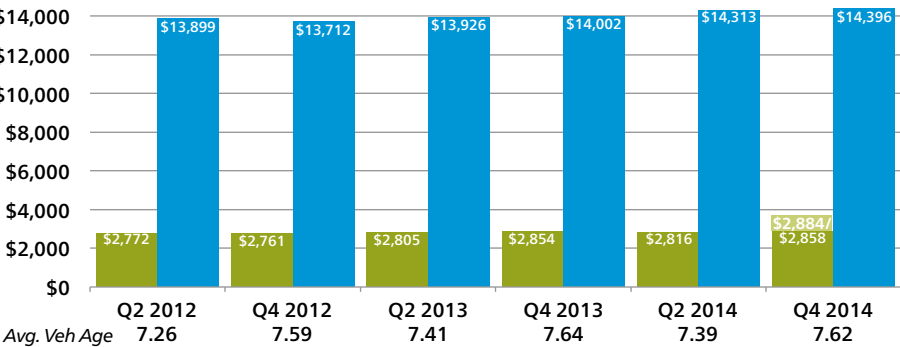
1The analysis is based on over six million annual sales transactions from over 150 of the largest U.S. wholesale auto auctions, including those of ADESA as well as other auction companies. ADESA Analytical Services segregates these transactions to study trends by vehicle model class. The views and analysis provided herein relate to the vehicle remarketing industry as a whole and may not relate directly to KAR Auction Services, Inc. The views and analysis are not the views of KAR Auction Services, its management or its subsidiaries; and their accuracy is not warranted. The statements contained in this report and statements that the company may make orally in connection with this report that are not historical facts are forward-looking statements. Words such as “should,” “may,” “will,” “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “bode,” “promises,” “likely to” and similar expressions identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the results projected, expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include those matters disclosed in the company’s Securities and Exchange Commission filings. The company does not undertake any obligation to update any forward-looking statements.

Appraisal Values

The initial average appraisal value, calculated by combining data from all first- and third-party repairable vehicle appraisals uploaded through Mitchell systems in Q4 2014 was \$2,858, \$4 higher than the previous year’s Q4 2013 appraisal average of \$2,854.

Applying the prescribed development factor of 0.93% 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 the charted values at \$14,396 and the second oldest average age on the chart.

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



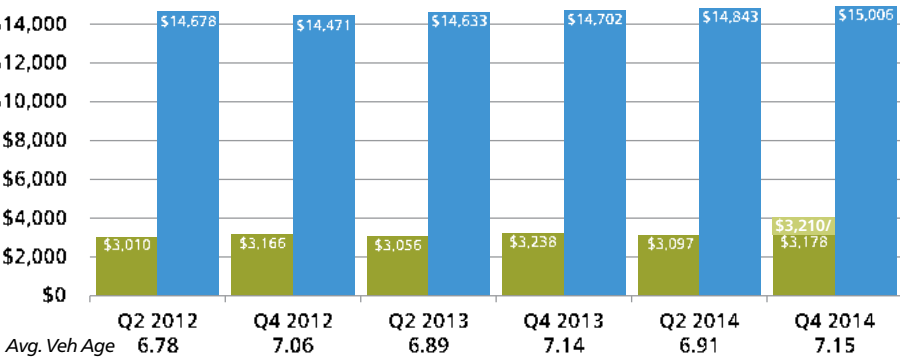
* Values provided from Guidebook benchmark averages, furnished through Mitchell Estimating.

Collision Losses

Mitchell’s Q4 2014 data reflect an initial average gross collision appraisal value of \$3,178, \$65 less than this same period last year. However, applying the indicated development factor suggests the final Q4 2014 average gross collision appraisal value will be \$3,210, still lower than the same quarter last year, likely due to a milder winter weather mix.

The average Actual Cash Value (ACV) of vehicles appraised for Collision losses during Q1 2014 was \$15,006, the highest value on the oldest vehicle on the chart.

Average Appraisal Values, ACVs and Age | Collision Coverage*



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



MITCHELL SOLUTION:

Mitchell Estimating™

Mitchell **Estimating** is an 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. Mitchell Estimating is an integral part of Mitchell’s appraisal workflow solutions:

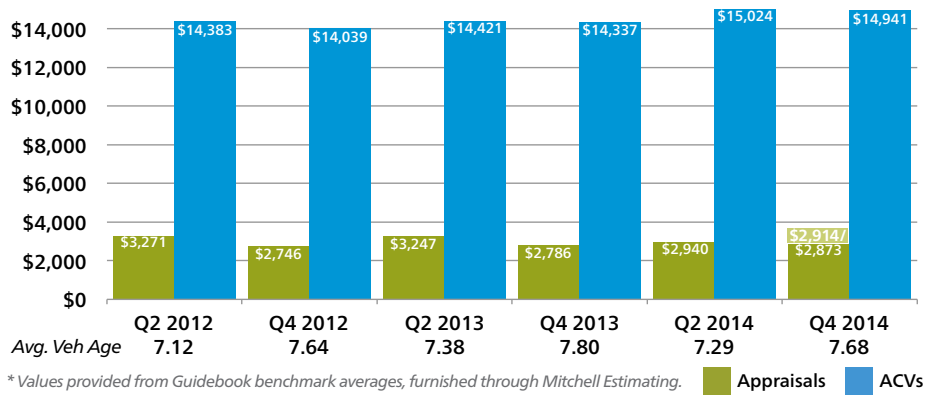
- [RepairCenter Estimating](#) for repair shops and
- [WorkCenter Appraisal](#) for staff appraisers.

Visit Mitchell’s website at www.mitchell.com

Comprehensive Losses

In Q4 2014, the average initial gross appraisal value for comprehensive coverage estimates processed through our servers was 2,873, compared to 2,786 in Q4 2013. Applying the prescribed development factor of 1.39% for this data set produces an increase in the adjusted value to \$2,914.

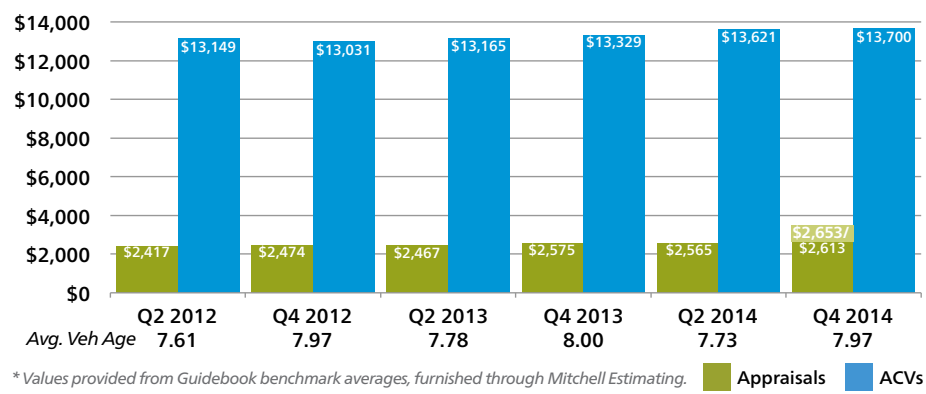
Average Appraisal Values, ACVs and Age | Comprehensive Losses*



Third-Party Property Damage

In Q4 2014, our initial average gross third-party property damage appraisal was \$2,613 compared to \$2,575 in Q4 2013, reflecting a \$38 initial increase between these respective periods. Adding the prescribed development factor of 1.59% for this coverage type yields a Q4 2014 adjusted appraisal value of \$2,653, a \$78 increase in average severity over Q4 2013.

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



Click here to view the Casualty Edition



Supplements

EDITOR'S NOTE

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

In Q4 2014, 27.95% 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 49.96%, reflecting a 2.08% increase from that same period in 2013. The average combined supplement variance for this quarter was \$686.61, \$76.66 lower than in Q4 2013.

Average Supplement Frequency and Severity

Date	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Pt. Change	% Change
% Est. Supplement	31.36	33.74	31.38	35.35	33.00	27.95	-7.40	-21%
% Supplement	42.14	46.96	44.01	47.88	46.85	49.96	2.08	4%
Avg. Combined Supp. Variance	752.44	739.22	765.42	763.27	764.04	686.61	-76.66	-10%
% Supplement \$	27.15	26.77	27.29	26.74	27.13	24.03	-2.71	-10%

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 down by 2% and labor up by 2% and paint and materials showing 2% change.

% Average Appraisal Dollars by Type

Date	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Pt. Change	% Change
% Average Part \$	39.51	44.65	40.58	45.24	41.23	44.40	-0.84	-2%
% Average Labor \$	49.60	43.92	48.45	43.27	47.71	44.22	0.95	2%
% Paint Material \$	10.57	10.37	10.66	10.46	10.64	10.63	0.17	2%

Parts Analysis

Parts Type Definitions

Original Equipment Manufacturer (OEM)

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

Aftermarket

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

Non-New/Remanufactured

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

Recycled

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

EDITOR’S NOTE

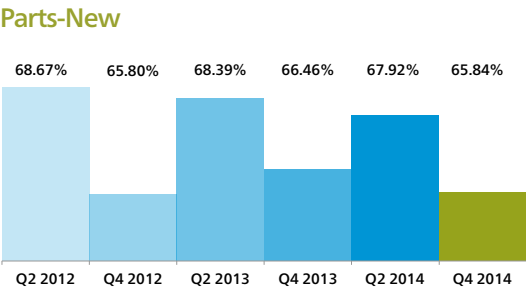
While there isn’t a perfect correlation between the types of parts specified by estimators and those actually used during the course of repairs, we feel that the following observations to be directionally accurate for both the insurance and auto body repair industries. This segment illuminates the percentage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

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



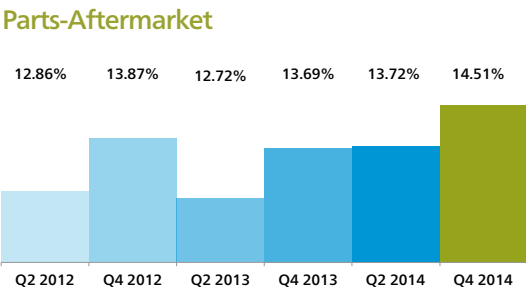
Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q4 2014, OEM parts represented only 65.84% of all parts dollars specified by Mitchell-equipped estimators. These data reflect a 0.62 relative decrease from Q4 2013.



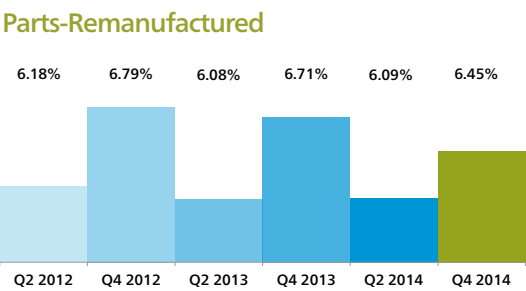
Aftermarket Parts Use in Dollars

In Q4 2014, 14.51% of all parts dollars recorded on Mitchell appraisals were attributed to aftermarket sources, up 0.82 points from Q4 2013.



Remanufactured Parts Use in Dollars

Currently listed as “non-new” parts in our estimating platform and reporting products, remanufactured parts currently represent 6.45% of the average gross parts dollars used in Mitchell appraisals during Q4 2014. This reflects a 0.26 relative decrease over this same period in 2013.



MITCHELL SOLUTION:

Mitchell QRP™

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

For more information on QRP, visit Mitchell’s website at www.mitchell.com/expanded-features.



MITCHELL SOLUTION:

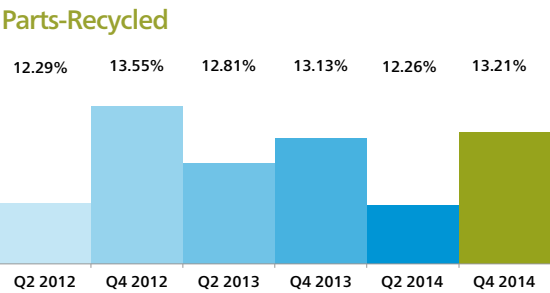
Mitchell MAPP™

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

For more information on MAPP, visit Mitchell’s website at www.mitchell.com/expanded-features.

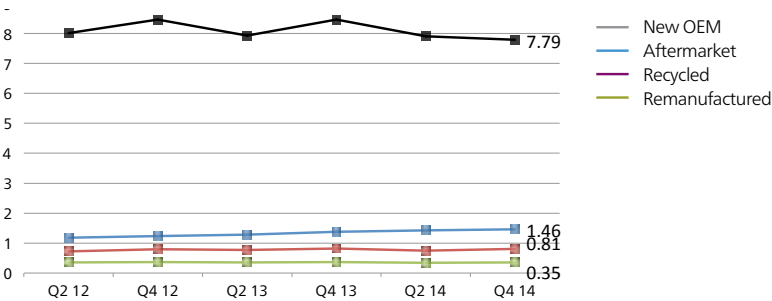
Recycled Parts Use in Dollars

Recycled parts constituted 13.21% of the average parts dollars used per appraisal during Q4 2014, reflecting a modest 0.08% increase from Q4 2013.



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 Q4 2014, paint and materials made up 10.63% of our average appraisal value, representing a 0.17 relative increase from Q4 2013. 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 \$32.76 per refinish hour in this period, compared to \$32.06 in Q4 2013.



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.



MITCHELL SOLUTION:
Mitchell RMC™

Mitchell's **Refinishing Materials Calculator (RMC)** provides accurate calculations for refinishing materials costs by incorporating a database of over 7,000 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 pre-accident condition.

For more information on RMC, visit www.mitchell.com/expanded-features.

Adjustments

In Q4 2014, the percentage of adjustments made to estimates decreased by 8%. The frequency of betterment taken also decreased by 8%, while the average dollar amount of the betterment taken remained virtually unchanged at \$119.34. Appearance allowance frequency decreased by 9% and the dollar amount of that appearance allowance decreased to \$198.01.

Adjustment \$ and %s

Date	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Pt/\$ Change	% Change
% Adjustments Est	3.08	3.27	2.93	3.04	2.75	2.79	-0.25	-8%
% Betterment Est	2.39	2.66	2.33	2.49	2.15	2.28	-0.21	-8%
% Appear Allow Est	0.48	0.48	0.43	0.44	0.43	0.40	-0.04	-9%
% Prior Damage Est	2.85	2.77	2.87	2.77	3.01	2.78	0.01	0%
Avg. Betterment \$	127.60	119.10	121.63	119.48	120.87	119.34	-0.14	0%
Avg. Appear Allow \$	196.44	205.38	203.64	199.99	212.19	198.01	-1.98	-1%

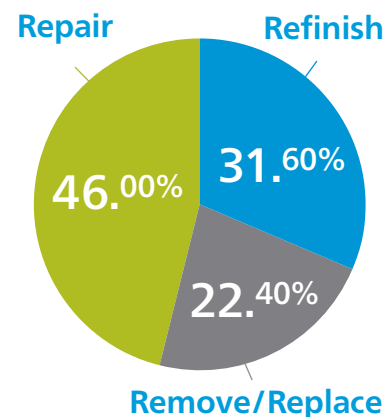
Labor Analysis

For 2014 year-to-date, average body labor rates rose in almost every survey state compared to the first quarter of 2013.

Average Body Labor Rates and Change by State

	Q1/2013	Q1/2014	\$ Change	% Change
Arizona	\$ 48.34	\$ 49.73	\$ 1.39	3%
California	\$ 58.26	\$ 61.12	\$ 2.86	5%
Florida	\$ 41.14	\$ 42.50	\$ 1.36	3%
Hawaii	\$ 48.09	\$ 50.98	\$ 2.89	6%
Illinois	\$ 49.66	\$ 50.06	\$ 0.40	1%
Michigan	\$ 43.01	\$ 43.68	\$ 0.67	2%
New Jersey	\$ 46.58	\$ 46.58	\$ (0.0)	0%
New York	\$ 46.76	\$ 47.37	\$ 0.61	1%
Ohio	\$ 44.18	\$ 45.16	\$ 0.98	2%
Rhode Island	\$ 44.72	\$ 45.17	\$ 0.45	1%
Texas	\$ 43.26	\$ 43.89	\$ 0.63	1%

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	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14
	Average Vehicle Age					
Convertible	11.33	11.66	11.67	12.13	12.14	13.01
Coupe	11.51	11.91	11.62	12.12	11.81	12.22
Hatchback	9.36	9.07	8.76	8.94	8.49	8.65
Sedan	10.26	10.45	10.30	10.60	10.30	10.61
Wagon	9.01	9.33	9.19	9.78	9.69	10.24
Other Passenger	11.74	12.13	12.14	12.67	12.63	12.78
Pickup	11.52	11.95	11.81	12.28	12.18	12.75
Van	10.75	10.95	10.88	11.32	11.04	11.51
SUV	9.74	9.90	9.97	10.39	10.09	10.48

Average Vehicle Total Loss Actual Cash Value

Vehicles	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14
	Average Actual Cash Value					
Convertible	10,258.46	11,205.71	10,194.17	9,976.85	10,045.93	9,543.79
Coupe	7,031.20	7,379.37	7,323.55	7,207.68	7,493.71	7,622.15
Hatchback	7,811.54	8,159.80	8,208.55	8,041.38	8,569.69	8,216.95
Sedan	7,170.00	7,466.57	7,377.04	7,361.16	7,560.96	7,543.07
Wagon	7,693.79	7,733.31	7,456.07	7,163.31	7,057.93	6,857.95
Other Passenger	15,812.85	17,711.73	13,101.40	15,439.13	14,606.06	17,915.64
Pickup	9,390.67	9,661.71	9,590.67	10,053.76	10,381.83	10,423.12
Van	5,857.17	6,099.98	5,824.08	5,827.04	6,034.97	5,960.23
SUV	9,319.21	9,880.06	9,172.65	9,040.43	9,290.57	9,396.97



MITCHELL SOLUTION:

Mitchell WorkCenter™

Total Loss

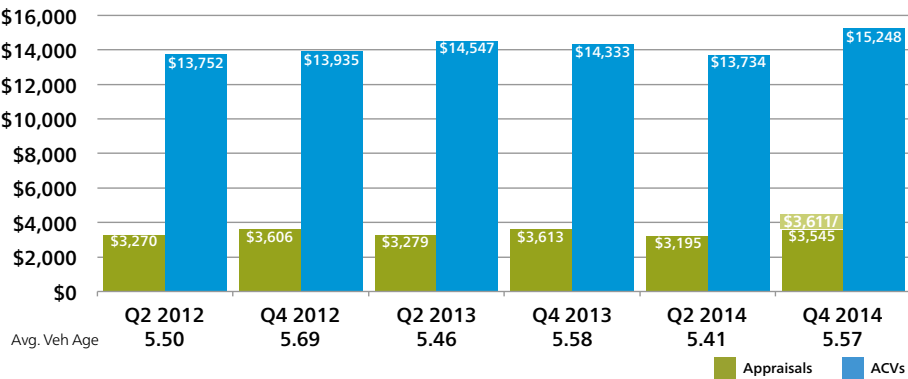
Mitchell WorkCenter™ Total Loss gives your claims organization a statistically driven, fully automated, web-based total loss valuation system that generates fair, market-driven values for loss vehicles. It combines J.D. Power and Associates’ data analysis and pricing techniques with Mitchell’s recognized leadership in physical damage claims processing solutions. Mitchell WorkCenter™ Total Loss helps you reduce settlement time and improve customer satisfaction. www.mitchell.com/workcenter/totalloss.



Canadian Appraisal Severity

Average Appraisal Values Severity Overall

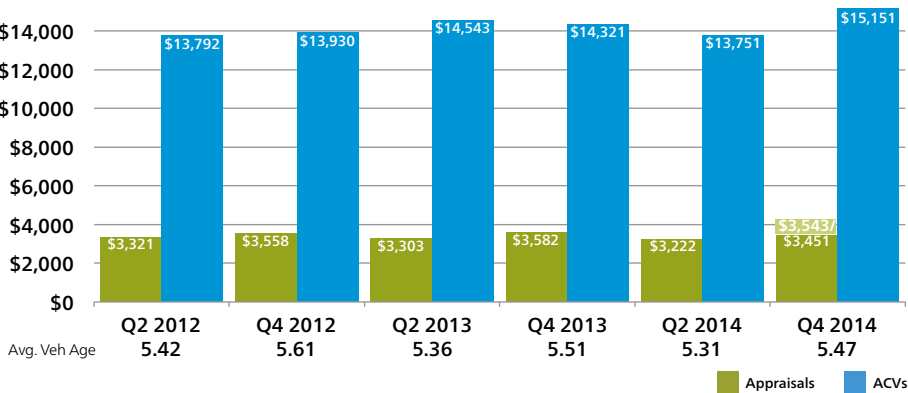
The average gross initial appraisal value, calculated by combining data from all first- and third-party repairable vehicle appraisals uploaded through Mitchell Canadian systems in Q4 2014 was \$3,545—a \$68 decrease from Q4 2013. Applying the prescribed development factor yields an increase to \$3,611, a decrease of \$2 over Q4 2013.



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.

Collision Losses

The average initial gross collision appraisal value uploaded through Mitchell Canadian systems in Q4 2014 was \$3,451, a \$131 decrease from Q4 2013. However, applying the prescribed development factor yields an anticipated final average appraisal value of \$3,543, a \$39 decrease from Q4 2013.



Canadian Average Appraisal Make-Up

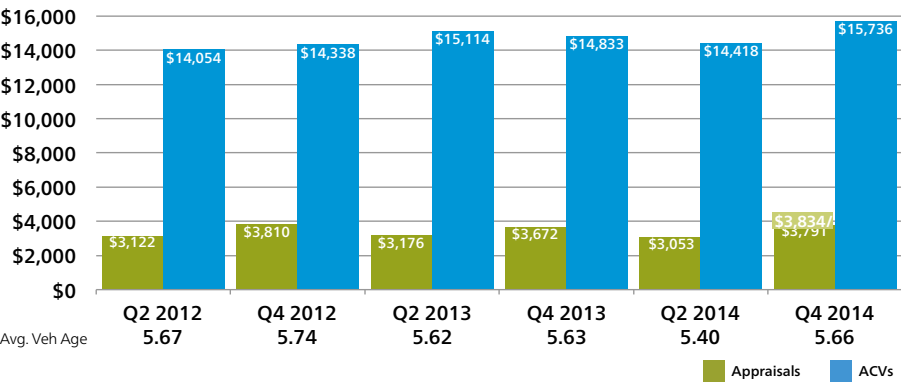
This chart compares the average appraisal make up as a percentage of dollars. These data points reflect a slight increase in labour and paint and materials with a decrease in parts.

Date	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Pt/\$ Change	% Change
% Average Part \$	42.40	41.66	41.85	44.36	42.63	43.36	-1	-2%
% Average Labour \$	45.81	47.36	46.33	44.12	45.37	45.5	1.38	3%
% Paint Material \$	8.78	8.29	8.85	8.45	9.08	8.56	0.11	1%



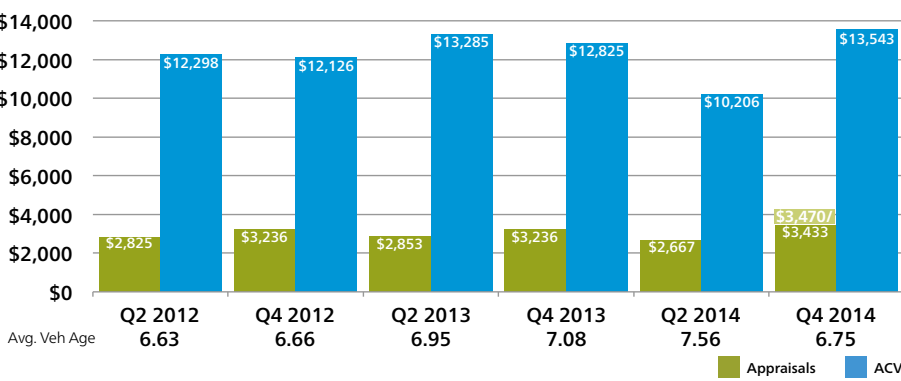
Comprehensive Losses

In Q4 2014 the average initial gross Canadian appraisal value for comprehensive coverage estimates processed through our servers was \$3,791, or \$119 higher than in Q4 2013. Applying the prescribed development factor, the anticipated final average appraisal value will be \$3,834.



Third-Party Property Damage

In Q4 2014, our Canadian industry initial average gross third-party property damage appraisal was \$3,433, an increase of \$197 from Q4 2013 on vehicles that were older. Applying the prescribed development factor, we end up with a final value of \$3,470.



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 Q4 2014, 35.19% 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 68.38%, reflecting a slight decrease from the fourth quarter 2013. The average combined supplement variance for this quarter was \$695.24, \$86.19 lower than in Q4 2013.

Date	Q2/12	Q4/12	Q2/13	Q4/13	Q2/14	Q4/14	Pt/\$ Change	% Change
% Est Supplements	49.31	48.61	48.86	51.38	49.20	35.19	-16.19	-32%
% Supplements	68.80	68.39	75.98	70.07	79.24	68.39	-1.68	-2%
Avg Combined Supp Variance	612.68	621.72	556.81	609.05	710.28	695.24	86.19	14%
% Supplement \$	18.73	17.24	16.98	16.86	22.23	19.61	2.75	16%



Canadian Adjustments

In Q4 2014, the average frequency betterment taken on estimates decreased by 6%, and the dollar amount of that betterment was down by 6%. Appearance allowances decreased by 33% and the dollar amount of those allowances decreased by 12%.

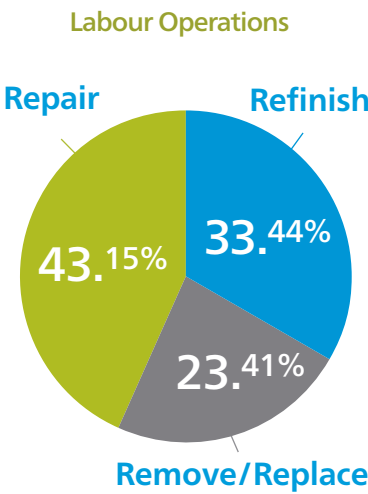
Date	Q1/12	Q3/12	Q1/13	Q3/13	Q1/14	Q3/14	Pt/\$ Change	% Change
% Adjustments Est	2.85	2.66	2.29	1.96	1.93	1.78	-0.18	-9%
% Betterment Est	2.54	2.36	2.01	1.72	1.68	1.61	-0.11	-6%
% Appear Allow Est	0.32	0.30	0.29	0.24	0.25	0.16	-0.08	-33%
% Prior Damage Est	0.03	0.02	0.05	0.05	0.06	0.10	0.05	100%
Avg. Betterment \$	204.22	197.13	221.49	255.80	234.92	239.56	-16.24	-6%
Avg. Appear Allow \$	253.98	240.97	222.88	229.34	276.20	201.40	-27.94	-12%

Canadian Labour Analysis

All data reflect the percentage of labour dollars utilized in the creation of Mitchell appraisals by Canadian estimators. Labour rates increased in all Provinces and Territories.

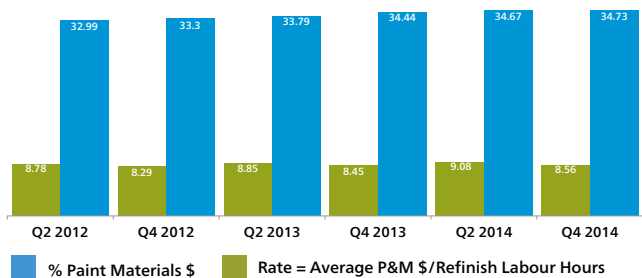
Average Body Labour Rates and Change By Province

	2013	YTD 2014	\$ Change	% Change
Alberta	72.42	73.30	\$0.88	1%
British Columbia	69.37	71.44	\$2.07	3%
Newfoundland & Labrador	61.10	61.99	\$0.89	1%
Northern Territories	88.53	93.10	\$4.57	5%
Ontario	55.26	56.14	\$0.88	2%
Quebec	49.73	51.14	\$1.41	3%
Saskatchewan	71.73	78.09	\$6.36	9%
Yukon Territory	89.30	94.35	\$5.05	6%



Canadian Paint and Materials

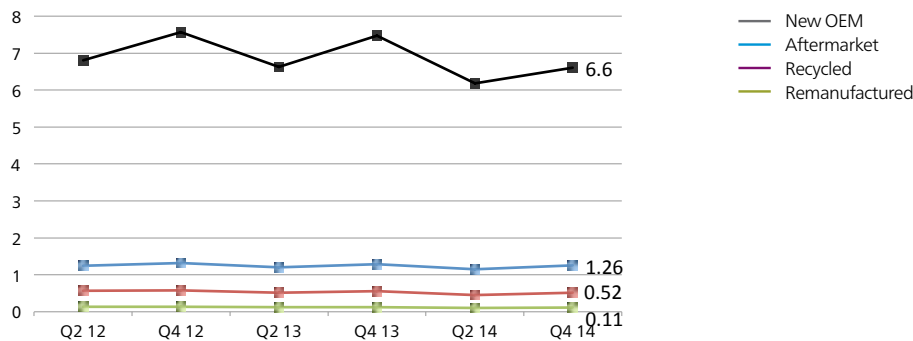
During Q4 2014, paint and materials made up 8.56% of our average appraisal value. Represented differently, the average paint and materials hourly rate rose to just under \$34.73 dollars per hour.





Canadian Number of Parts by Part Type

We are seeing a recurring pattern of spikes in OEM parts use in the first quarter of each year and decreases in Q3 volume.



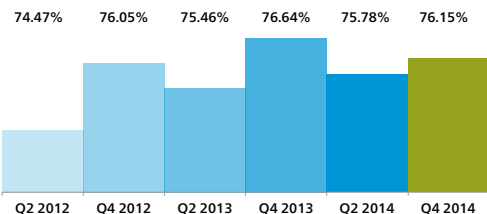
Canadian Parts Utilization

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

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q4 2014, Canadian OEM parts use decreased only slightly compared to Q4 2013.

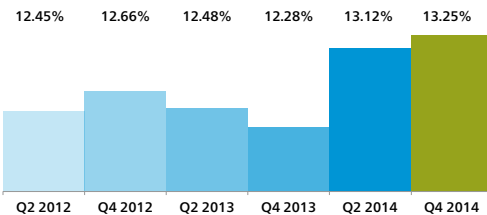
Parts-New



Aftermarket Parts Use in Dollars

Aftermarket parts use in Canada rose very slightly in the 4th quarter of 2014, once again topping 13%.

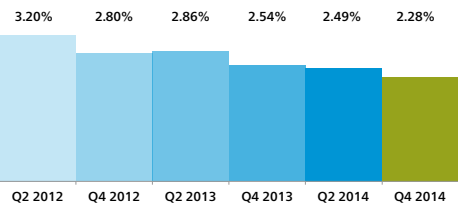
Parts-Aftermarket



Remanufactured Parts Use in Dollars

Remanufactured parts use in Canada was 2.28% for Q4 2014 compared to 2.54% in Q4 2013.

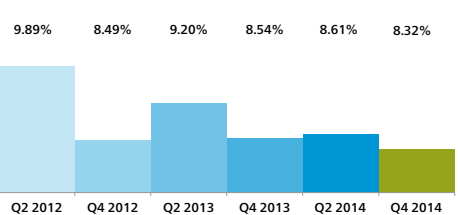
Parts-Non-New



Recycled Parts Use in Dollars

Recycled parts use in Canada has decreased since the same period last year, showing a fluctuation of a few points for the six quarters shown.

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 1,700 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



Mitchell Enhances Production Management to Simplify Vehicle Tracking and Increase Profitability

Mitchell announced its enhanced Production Management module that allows shop managers to track a vehicle's repair process from start to finish, so shops can streamline the repair workflow. [Read More](#)

SAN DIEGO BUSINESS JOURNAL

Mitchell International to Acquire Cogent Works

Mitchell to acquire Cogent Works, a Utah-based business that specializes in processing property and casualty pharmacy prescription claims.. [Read More](#)



Mitchell to Acquire Cogent Works

Mitchell acquisition to provide full end-to-end pharmacy solution to both auto and workers' compensation payers. [Read More](#)



Mitchell Acquires PBM Cogent Works

Mitchell has acquired pharmacy network and benefit management firm Cogent Works. [Read More](#)



Unifying Data for Uncommon Insights: A Big Data Approach

Mitchell's Peter Chen explores the most valuable 'V' of the 3 Vs of Big Data for Workers' Compensation and P&C industry. [Read More](#)

Tim Clark Passes Away, Services Announced



Tim Clark, a well-respected and long-time industry executive in insurance claims management and collision repair, passes away from brain cancer at the age of 62.

[Read More](#)

CollisionWeek login required

For More Mitchell News:
[Press Releases](#)

[Twitter](#) [Mitchell_Intl](#)

[Twitter](#) [MitchellRepair](#)

[Twitter](#) [MitchellClaims](#)



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.

Mitchell and the Mitchell logo and all associated logos and designs are registered and unregistered trademarks of Mitchell International, Inc. All other trademarks, service marks and copyrights are the property of their respective owners.