Auto Physical Damage

Decrease in Used Electric Vehicle Prices Coincides with an Increase in Total Loss Claims

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3 MIN READ

Mitchell's latest trends report shows a jump in total loss frequency for both electric and newer internal combustion engine (ICE) automobiles.

SAN DIEGO, Calif.—Mitchell, an Enlyte company and leading technology and information provider for the Property & Casualty (P&C) claims and Collision Repair industries, today released its Q1 2024 trends report: Plugged-In: EV Collision Insights. This quarter's report provides an update on EV total loss frequency, which has risen since late last year as the price of used EVs has fallen. In the U.S. and Canada, EV total loss rates were 9.93% and 7.48% respectively—an increase of approximately 8% from Q4 2023 and 30% from Q3 2023 in both regions. Despite the dramatic rise, EV total loss frequency remains in line with 2021 and newer ICE alternatives, which ended the quarter with a rate of 9.51% in the U.S. and 7.44% in Canada.

"Slowing new sales, manufacturer price reductions and changing consumer sentiment are impacting the value of used EVs," explained Ryan Mandell, Mitchell's director of claims performance. "As a result, the total loss frequency for collision-damaged EVs is increasing. However, it is also increasing for new gasoline-powered vehicles, which are comparable to EVs in terms of their complexity and cost to repair."

Other notable auto claim differences between EVs and ICE automobiles last quarter included:

- **Repair Labor Hours:** The average number of mechanical labor hours present on estimates for repairable vehicles was nearly twice as high for EVs as it was for ICE automobiles (3.04 versus 1.66 hours), adding to repair costs.
- **Claims Severity:** Average claims severity decreased in Q1 but severity costs for EVs continues to outpace ICE vehicles. In the U.S., the severity difference between the two powertrains was $1,363 or 29% ($6,066 versus $4,703) and in Canada it was $1,700 CAD or 33% ($6,810 versus $5,110 CAD).
- **Claims Frequency:** Even as EV sales slow, claims frequency is growing steadily, rising to 2.26% in the U.S. and 3.41% in Canada. This represents an increase of 40% and 38% respectively over Q1 2023.
- **Parts Utilization and Repair:** Without a robust inventory of aftermarket and recycled parts, EV collision repairs are more likely to include OEM parts than those completed on ICE alternatives (89.29% versus 65.14%). EV parts tend to be lighter weight to offset a much heavier battery, making them more difficult to repair. In Q1, the percentage of EV parts repaired versus replaced was nearly 13% and, for ICE automobiles, it was closer to 15%.

Visit the Mitchell website to download the Q1 2024 report and access the latest EV claims data. You can also subscribe to future issues or find previous reports online at www.mitchell.com/plugged-in.

About Mitchell International

Headquartered in San Diego, Calif., Mitchell International, Inc. delivers smart technology solutions and services to the auto insurance, collision repair, disability and workers' compensation markets. Through deep industry expertise, connections throughout the insurance ecosystem and advanced technology such as artificial intelligence and cloud-based solutions, Mitchell enables its customers and clients to succeed in today's ever-changing environment. Each month, Mitchell processes tens of millions of transactions for more than 300 insurance providers, 20,000 collision repair facilities and 70,000 pharmacies. Its comprehensive solution and service portfolio empowers clients to restore lives after a challenging event.

Mitchell, Genex and Coventry have aligned their joint industry expertise and advanced technology solutions to form Enlyte, a parent brand with nearly 6,000 associates committed to simplifying and optimizing property, casualty and disability claims processes and services.

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