mitchell
AN ENLYTE COMPANY

Auto Physical Damage

Mitchell Collision Repair Industry Data: Q3 2017

November 23, 2017
6 MIN READ

Appraisal Values

The initial average appraisal value, calculated by combining data from all first and third-party repairable vehicle appraisals uploaded through Mitchell systems in Q3 2017, was $3,019, $16 less than this same period last year. However, continued development suggests a final Q3 2017 average appraisal value of $3,043, which represents an increase over the same quarter last year.

Average Appraisal Values

Comprehensive Losses

In Q3 2017, the average initial gross appraisal value for comprehensive coverage estimates processed through our servers was $3,104, compared to $3,387 in Q3 2016. Factoring for development produces an increase in the adjusted value to $3,134.

Average Appraisal Values

Mitchell Solution: Mitchell Cloud(TM) Estimating

Mitchell Cloud Estimating is the industry's first truly cloud based platform, utilizing the latest technology to deliver innovative solutions to market faster than ever, to solve the needs of the estimators of today and tomorrow. Using Mitchell's proprietary technology, this app simplifies the estimating process, letting you focus on proper and safe repairs and achieve effective business outcomes. **Visit Mitchell's website at www.mitchell.com/cloud-estimating**

Third-Party Property Damage

In Q3 2017, our initial average gross third-party property damage appraisal was $2,803 compared to $2,779 in Q3 2016, reflecting a $24 initial increase between these respective periods. Factoring for development yields an anticipated Q3 2017 adjusted appraisal value of $ 2,821, a $42 increase in average severity over Q3 2016.

Average Appraisal Values

Collision Losses

Mitchell's Q3 2017 data reflects an initial average gross collision appraisal value of $3,282, $4 less than the same period last year. Continued development suggests a final Q3 2017 average gross collision appraisal value of $3,311, $25 higher compared to the same quarter last year.

Average Appraisal Values

Mitchell Solution: Mitchell QRP(TM)

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**

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 this data.

In Q3 2017, 38.82% of all original estimates prepared by Mitchell-equipped estimators were supplemented one or more times. In this same period, the pure supplement frequency (supplements to estimates) was 60.38%, reflecting a 2.37 point increase from that same period in 2016. The average combined supplement variance for this quarter was $893.24, $4.36 higher than in Q3 2016.

Average Supplement Frequency and Severity

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'; in comparing Q3 2017 to the same period last year, there was

only minimal shifting between categories.

% Average Appraisal Dollars by Type

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q3 2017, OEM parts represented 64.85% of all parts dollars specified by Mitchell-equipped estimators. This represents a decrease of 0.37 points from Q3 2016.

Parts-New

Aftermarket Parts Use in Dollars

In Q3 2017, 20.87% of all parts dollars recorded on Mitchell appraisals were attributed to Aftermarket sources, up 1.54 points from Q3 2016.

Parts-Aftermarket

Remanufactured Parts Use in Dollars

Listed as “Non-New” parts in our estimating platform and reporting products, Remanufactured parts represent 3.86% of the average gross parts dollars used in Mitchell appraisals during Q3 2017. This reflects a decrease of 0.67 points compared to the same period in 2016.

Parts-Remanufactured

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.

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.

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 are directionally accurate for both the insurance and auto body repair industries. This section illustrates the percentage of dollars allocated to each unique part-type. As a general observation, recent data show that parts make up 46% of the average value per repairable vehicle appraisal, which represents over $1,400 in average spend per estimate.

Recycled Parts Use in Dollars

Recycled parts constituted 10.42% of the average parts dollars used per appraisal during Q3 2017, reflecting a 0.5% decrease from Q3 2016.

Parts-Recycled

The Number of Parts by Part Type

In order to capture another aspect of parts use, we calculate the number of parts used by part type on a repairable estimate. In comparing Q3 2017 to the same quarter in 2016, aftermarket parts usage increased to an average 2.5 parts per estimate. At the same time, new OEM and Remanufactured parts usage decreased, while recycled parts usage remained flat.

Number of Parts by Part Type

Paint and Materials

During Q3 2017, Paint and Materials made up 10.28% of our average appraisal value, representing a 0.16% relative increase from Q3 2016. 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 $34.14 per refinish hour in this period, compared to $33.57 in Q3 2016.

Paint and Materials, by Quarter

Mitchell Solution: Mitchell RMC(TM)

Mitchell's Refinishing Materials Calculator (RMC) provides accurate calculations for refinishing materials costs by incorporating a database of more than 8,500 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 Mitchell's website at www.mitchell.com**

Adjustments

In Q3 2017, the percentage of adjustments made to estimates was down compared to the same period last year. The frequency of betterment taken decreased by 9%, while the average dollar amount of the betterment taken dropped by 2% to $140.78. Appearance allowance frequency also dropped by 8%, while the dollar amount of that appearance allowance increased to $231.98.

Adjustment $ and %

Labor Analysis

For 2017 year-to-date, average body labor rates rose in all the survey states compared to 2016.

Average Body Labor Rates and Change by State

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