Volume Eight Number One
Q1 2008
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Industry Trends Report

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Quarterly Feature:
"Total Losses Trending Downwards Since 2004"

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Mitchell International is a leading provider of information, workflow, and performance management solutions to the automotive insurance and collision repair industries—serving carriers, collision shops, and other commercial participants in the physical damage and auto-related medical claims markets. Mitchell facilitates millions of electronic transactions between more than 16,000 business partners each month to enhance their productivity, profitability, and customer satisfaction levels. For more information on Mitchell International, please visit our website at **www.mitchell.com**.

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

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The ***Industry Trends Report*** is published by Mitchell International, Inc.

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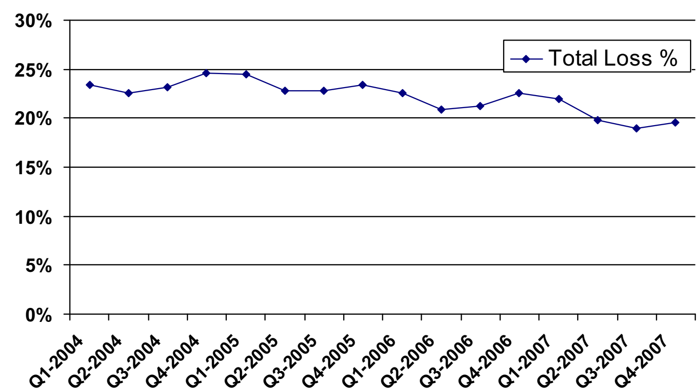
Total Losses Trending Downwards Since 2004

BY JAMISON DAY
Senior Director, Information Solutions—Mitchell International

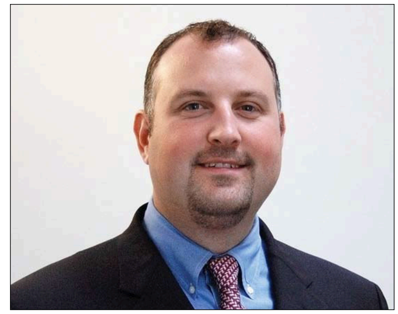
Figure 1 – Total Loss Percent Over Time



Spotting trends in data over time becomes easier as we collect more information and, as we receive and analyze the closing estimate data for 2007, we see a clear decline in total loss rates since 2004. See **Figure 1**. Mitchell International recently concluded a study further investigating this decline in the percent of total loss estimates.

In order to understand the underlying drivers in total loss trends, it is helpful to revisit the fundamental "decision equation" that is used when determining if a vehicle should be marked as a total loss. If the cost to repair a vehicle is greater than what it would cost to replace the vehicle then, of course, it should be totaled. Put in mathematical terms, if the *Gross Estimate Amount* divided by the *Actual Cash Value* (ACV) of the vehicle is greater than some factor less than one (usually 70-80%) then the vehicle is typically marked as a total loss.

We chose to show these three key metrics on one graph using an indexing approach to show the relative trends in each. This indexing approach is commonly used in stock analysis to show the relative trends in stock values that may have different underlying stock prices. This approach involves choosing a starting time and base value and then dividing successive amounts by that base value. See **Figure 2** on next page.



About the author…

Jamison Day
Senior Director,
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Jamison has over 15 years of experience in Information Technology, Management Consulting, Business Operations and Data Analytics. He joined Mitchell in 2004, serving in sales and customer service management roles before becoming Sr. Director of Information Solutions. He now oversees Mitchell's Data Management, Reporting and Analysis products as well as leading the Business Analytics group which provides customized analytical services to Mitchell's customers.

Prior to Mitchell, Jamison worked for Boston Idealab, a technology incubator, AT Kearney Management Consulting in Atlanta and several Internet companies in San Francisco. He received a Mechanical Engineering degree from Cornell and an MBA from the Stanford Graduate School of Business.

Figure 2 – Total Loss Percent, ACV and Gross Estimate Indices Over Time

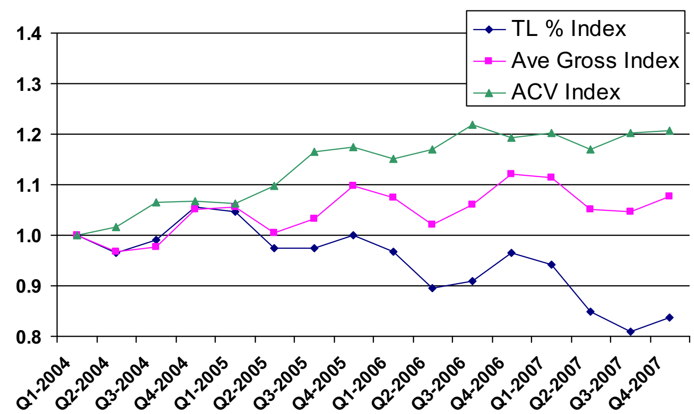


Figure 2 shows that total losses are clearly decreasing over time since 2004. Also, we can see that both the average ACV and average Gross Estimate amount are increasing over time but that average ***ACV is increasing at a faster rate*** than average Gross Estimate amount. Referring back to the decision equation, if ACVs are growing faster than Gross Estimates, then Gross Estimate divided by ACV is shrinking which explains the decrease in total loss rates.

To further investigate this, we used the same indexing approach and looked at these trends by vehicle type and vehicle origin. See **Figures 3 and 4.**

Average ACV and Gross Estimate amounts have both trended upwards, but with ACV at a faster rate.

Figure 3 – Total Loss Index by Vehicle Type

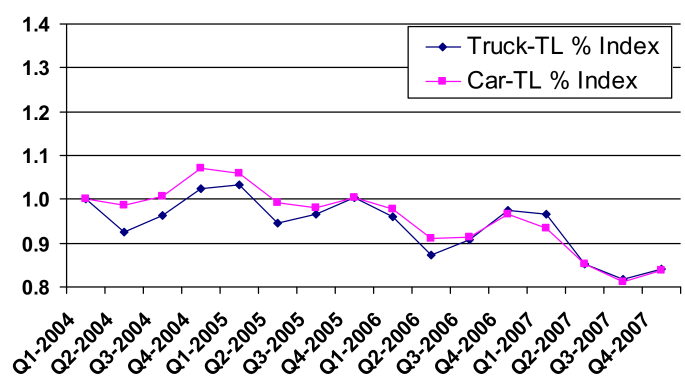
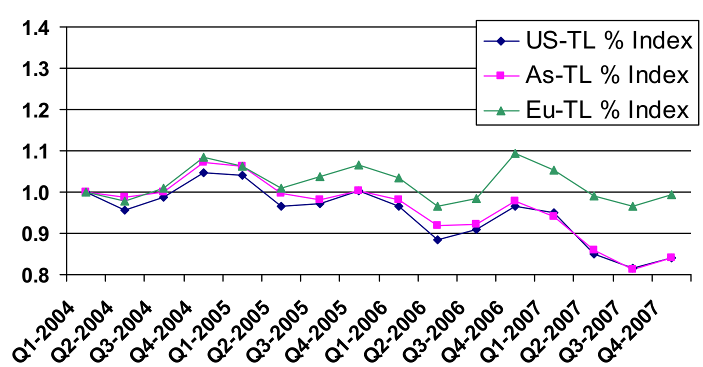


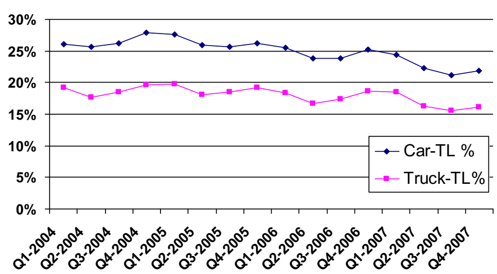
Figure 4– Total Loss Index by Vehicle Origin

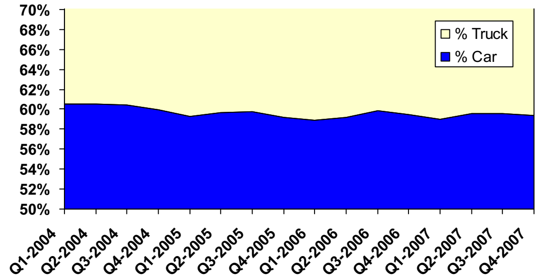


We found that, for both types of vehicles and Domestic nameplate vehicles and Asian nameplate vehicles, the same trends were displayed as for those of the overall market—which were total losses decreasing and ACV and Gross Estimate increasing with ACV at a faster rate. The total loss trend for vehicles of European origin seems to be fairly flat.

Next, we looked at changes in vehicle mix over time and the absolute values of total loss percentages for different vehicle types and vehicle origins. See **Figures 5 and 6.**

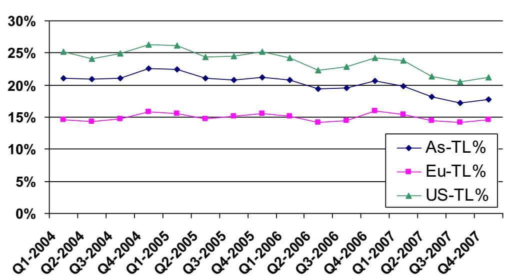
Figure 5 – Total Loss Rates and Vehicle Mix by Vehicle Type Over Time





Congruent with our findings above, **Figure 5** shows that total losses are trending downwards for both Cars and Trucks. **Figure 5** also highlights the significant difference in total loss rates between Cars and Trucks with Trucks' total loss rates being more than five percentage points lower than those of cars. **Figure 5** also shows the steady change in vehicle mix with higher percentages of Trucks on the road in the past few years.

Figure 6– Total Loss Rates and Vehicle Mix by Vehicle Origin Over Time



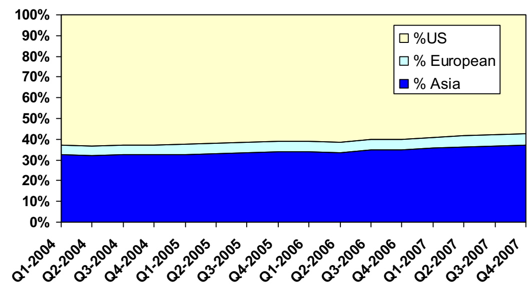


Figure 6 shows that total losses are trending downwards for Asian nameplate vehicles and Domestic nameplate vehicles with European vehicles remaining flat and also highlights the significant differences in total loss rates between the vehicle origins. There is a ten percentage point spread in total loss rates between Domestic nameplate and European vehicles with Asian nameplate vehicles being in between. **Figure 6** then shows the significant change in vehicle mix as the portion of Asian nameplate vehicles continues to rise.

In this article, we have shown that total loss rates have clearly decreased since 2004 and that the ACV of vehicles is rising at a faster rate than Gross Estimate amounts. This trend appears for Cars and Trucks as well as Domestic nameplate and Asian nameplate vehicles with European vehicles remaining flat. Along with trends in each of the vehicle categories separately, we believe that shifts in vehicle mix and the significant differences in total loss rates between those vehicle categories have further driven the overall trend we see in declining total losses. Trucks and Asian nameplate vehicles have, generally, lower total loss rates than Cars and Domestic nameplate vehicles respectively. As the portion of trucks and Asian nameplate vehicles has grown over time, thus, the overall total loss rate has decreased.

Shifts in vehicle mix and the significant differences in total loss rates between vehicle categories have driven the overall trend.

The Economy & Short-Term Energy Outlook

According to a statement released on January 30, 2008, the Federal Open Market Committee decided to approve a 50 basis point reduction to the target for the federal funds rate, bringing the rate to 3 percent (3.0%). The reduction was due to concerns over inflation pressures and risks, including those stemming from elevated commodity and energy prices and the possibility of upward drift in public expectations of inflation. Additionally, recent developments, including deterioration in financial market conditions, have also increased the uncertainty surrounding the outlook for economic growth and inflation.

Industrial production fell in October after small increases in the previous two months. The index for motor vehicles and parts fell for the third consecutive month, and the index for construction supplies moved down for the fourth straight month. Materials output also declined in October, with production likely curbed by weak demand from the construction and motor vehicle sectors. Production in high-tech industries, however, increased modestly, and commercial aircraft production registered another solid gain.

After posting notable gains in the summer, real consumer spending was nearly flat in September and October. Spending on goods, excluding motor vehicles, was little changed on net over that period. Spending on services edged down, reflecting an extraordinarily large drop in securities commissions in September. Sales of light motor vehicles in November remained close to the pace that had prevailed since the second quarter. Real disposable income was about unchanged in September and October. The unemployment rate held steady at 4.7 percent through November.

In the housing market, new home sales were below their third-quarter pace, and sales of existing homes were flat in October following sharp declines in August and September. These declines likely were exacerbated by the deterioration in nonprime mortgage markets and by the higher interest rates and tighter lending conditions for jumbo loans. Single-family housing starts stepped down again in October after substantial declines in the June-September period. Yet, because of sagging sales, builders made only limited progress in paring down their substantial inventories. Single-family permit issuance continued along the steep downward trajectory that had begun two years earlier, which pointed toward further slowing in homebuilding over the near term. Multifamily starts rebounded in October from an unusually low reading in September, and the level of multifamily starts was near the midpoint of the range in which this series had fluctuated over the past ten years.

In light of elevated inventories of unsold homes and the higher cost and reduced availability of nonconforming mortgage loans, the housing correction is likely to be both deeper and more prolonged than anticipated. Moreover, rising foreclosures and the resulting increase in the supply of homes for sale could put additional downward pressure on prices, leading to a greater decline in household wealth and potentially furthering disruptions in the financial markets.

Delinquency rates on credit card loans, auto loans, and other forms of consumer credit, while still moderate, have increased somewhat, particularly in areas hard hit by house price declines and mortgage defaults. Past and prospective losses appear to be spurring lenders to tighten further the terms on new extensions of credit, not just in the troubled markets for nonconforming mortgages but, in some cases, for other forms of credit as well.

Real personal consumption expenditures had shown essentially no growth in September and October, suggesting that tighter credit conditions, higher gasoline prices, and the continuing housing correction might be restraining growth in real consumer spending. Retailers reported weaker results in many regions of the country, but in some, retailers saw solid growth. Job growth rebounded somewhat in October and November. Continuing gains in employment and income are expected to support rising consumer spending though slower growth of jobs, income, and spending is anticipated than in recent years. However, consumer confidence recently dropped by a sizable amount, leading to concerns that household spending might increase less than currently anticipated.

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

Real nonfarm inventory investment, excluding motor vehicles, increased slightly faster in the third quarter than in the second quarter. Outside of motor vehicles, the ratio of book-value inventories to sales had ticked up slightly in September but remained near the low end of its range in recent years. Book-value estimates of the inventory investment of manufacturers were up in October at about the third-quarter pace.

However, more positive aspects of recent financial developments have also been seen. A number of large financial intermediaries have been able to raise substantial amounts of new capital. Moreover, credit losses and asset write-downs at regional and community banks have generally been modest; these institutions typically were not facing balance sheet pressures and reportedly had not tightened lending standards appreciably, except for those on real estate loans. And, although spreads on corporate bonds have widened, especially for speculative-grade issues, the cost of credit to most nonfinancial firms remains relatively low. Nonfinancial firms outside of the real estate and construction sectors generally reported that credit conditions, while somewhat tighter, were not restricting planned investment spending; and consumer credit remained readily available for most households. Nonetheless, heightened financial stress poses increased downside risks to growth and makes the outlook for the economy considerably more uncertain.

Real GDP is anticipated to increase at a rate noticeably below its potential in 2008. Conditions in financial markets have deteriorated and are expected to impose more restraint on residential construction as well as consumer and business spending than previously expected in 2008. In addition higher oil prices and lower real income are expected to weigh on the pace of real activity throughout 2008 and 2009. By 2009, however, the drag from those factors should lessen, and an improvement in mortgage credit availability should lead to a gradual recovery in the housing market.

Accordingly, economic activity is expected to increase at its potential rate in 2009. Core inflation is projected to hold steady during 2008 as the indirect effects of higher energy prices on prices of core consumer goods and services are offset by the slight easing of resource pressures and the expected deceleration in the prices of nonfuel imported goods. Retail energy prices are expected to rise sharply in the first quarter of 2008, and food price inflation is anticipated to outpace core price inflation in the beginning of the year. As pressures from these sources lessen over the remainder of 2008 and in 2009, both core and headline price inflation are projected to edge down, and headline inflation is expected to moderate to a pace slightly below core inflation.

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

Current Events in the Collision Industry

Estimating Systems Parts and Labor-Time Changes Over the Years

Excerpted from: CollisionWeek—November 2007

What would you find if you compared parts prices and labor times on five identical repair estimates, using all three estimating systems, written more than 13 years apart?

In the fall of 2004, ADP met with tremendous industry criticism when it instituted a significant, across-the-board drop in the refinish labor times in their database. The company, at the time, later reversed the changes and blamed the drop on “operational issues,” the cause of which were never fully explained or detailed.

In the several years that followed, the subject of estimating system accuracy, and the disclosure of changes to the parts and labor databases that power these systems continues to be at the center of many industry debates.

With this in mind, CollisionWeek wondered what might be discovered by comparing estimates that were written many years apart on the same vehicles, parts, and operations.

We conducted a study comparing estimates written today, with the same estimates written using 1994 software and 1994 data on five different vehicles across all three major estimating systems. We hoped to get a glimpse of any changes that may have been made over the years in the databases involving parts, labor or both.

The comparison was made by writing estimates to replace four common parts, on five different, relatively high volume vehicles using all three estimating systems. The estimates called for the replacement of the front bumper cover, hood, left fender, and left quarter panel on a 1994 Chevrolet Camaro, Ford Taurus, Cadillac Fleetwood, Ford Mustang, and Toyota Camry. The estimates written today included all of the same parts and labor operations as they did in 1994.

Assuming the estimating systems were reasonably accurate in 1994, we would not expect to see any significant changes in labor times. Though these vehicles are now 13 years old, they all still have the same number of bolts, the same attaching parts, and the same refinish area as they did when they were new.

In 1994, the 15 estimates (five vehicles on three systems) had a total of 483.1 labor hours. Looking at these same operations in the 2007 version of these estimates we were able to identify 35 different labor times changes. However, the net result of these changes amounted to an increase of just 0.5 percent. The 2007 estimates had a total of 485.5 labor hours, 2.4 hours more than in 1994.

The 35 time changes were almost evenly split between increases and decreases. Almost half of the changes increased the labor time while the other half decreased it. When comparing the estimates by company, we found a similar split- two companies had a net increase in total time, and one had a net decrease.

Labor Time Changes	# Up	# Down	Net Change
Mitchell	5	4	1.40%
Audatex (Formerly ADP)	8	9	0.60%
MOTORS	3	6	-0.50%
ALL	**16**	**19**	**0.50%**

Half of the changes found were in refinish times, but those were also split evenly between raised and lowered times.

Obviously, the sample size of this study is too small to draw any firm conclusions. However, if you were to assume that all database providers were making changes over the years in

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This is a significant validation because it reinforces the fact that Mitchell continually works to improve the accuracy of its labor times.

an effort to make their systems more accurate, whether that resulted in a time increase or a time decrease, you would expect to find exactly what we did—a mix of both upward and downward revisions resulting in little significant net change in either direction.

The only specific conclusion we can make is that labor times have definitely changed over the past thirteen years, but we might also make a few general conclusions:

- Information providers do change flat rate amounts over time.
- Vehicle flat rate changes are in both directions, almost equally split between flat rate amounts that went up and those that went down.
- Vehicle flat rate changes have a minor overall impact. The net effect of labor changes is a slight increase of only one-half of one percent. This indicates that labor changes do not show a consistent bias one way or the other.

So while the labor times show what we might expect in a normal market, an examination of parts prices paints a different picture.

Parts price increases over a 13-year time span would obviously be expected. In fact, according to the Bureau of Labor Statistics, actual inflation since 1994 has averaged about 2.66 percent per year. This means that a $100 part in 1994 should cost about $140 today—so any parts price increases in the neighborhood of 40 percent should seem fair.

In our sample of estimates, which included 20 parts (five different cars, four parts on each), the total parts bill increased from $22,659 in 1994 to $32,304 in 2007. That is an increase of 42.6 percent, close to what we might expect. The parts bill increased at an annual rate of 2.8 percent, similar to actual inflation.

When we look the individual price increases by the type of parts, the details tell a very different story.

We found that the cost of the hoods, as a group, increased 60 percent over the past 13 years while the cost of the quarter panels, as a group, increased a whopping 95 percent—almost double what we would expect due to historical inflation.

The fender and bumper cover prices offset these steep increases with the price of our fender group increasing only 6.6 percent in 13 years. The bumper covers actually went down in price, costing 5.0 percent less in 2007 then they would have in 1994.

Again, this is a small sample of parts, much too small to draw any reliable conclusions. However, one can certainly speculate about what market forces might be at work here.

Hoods and quarter panels both increased well above normal expected inflation rates. Both of these parts categories have little, if any, competition from the aftermarket, and therefore no pressure to keep prices in check.

Bumper covers and fenders however, have plenty of aftermarket competition, especially on high volume car models such as the Ford Taurus and Toyota Camry, both of which were included in this study. The aftermarket competition might possibly be the reason that our group of bumper covers, that cost $5,879 in 1994, actually dropped 5.0 percent in price to now cost $5,587 today.

Part Prices (5 vehicles)	**2007**	**1994**	**Change**
Bumper Covers	$5,587.41	$5,879.48	-5.00%
Fenders	$4,359.60	$4,089.96	6.60%
Hoods	$11,075.81	$6,912.95	60.20%
Quarter Panels	$11,281.61	$5,776.72	95.30%
TOTAL	**$32,304.43**	**$22,659.11**	**42.60%**

E-commerce Connections with Suppliers Improving Cycle Times

By James E. Guyette
Excerpted from ABRN—November 2007

Repairers who connect with their favored suppliers via electronic-commerce are reporting heightened parts-ordering accuracy, reduced cycle times and better overall efficiency on the shop floor.

"Just a few clicks and you're done," says Eric Sheets, office manager at Finney Automotive Inc. in Cadiz, Ohio. Utilizing CollisionLink from OEConnection LLC, the body shop maintains a computerized tie-in with Kempthorn Motors Inc. of Canton. The line includes OEM components for General Motors, Chrysler, Jaguar, Mercedes and Mazda vehicles.

"This is e-commerce trying to speed things up," Sheets says. CollisionLink has been in place for three years, and he tells ABRN that "we're getting less parts that are wrong; it scrubs the parts against the VIN number, so we get the right parts."

Confusion over orders that previously proved to be especially tricky has been considerably reduced, leading to a much more productive shop environment, according to Sheets. "This cuts down on getting the right part but the wrong color," he says, admiring the accuracy and user-friendliness of the system.

"It's easier than faxing it in," Sheets says, noting how the program is particularly useful for jobs on tight deadline requiring multiple parts. "If we have one little part we just call it in." Any repair needing more than three parts is executed through the keyboard.

"It's available for any collision repair shop that has Internet access and wants to order OE parts online from a dealership," says Janice Schenk, OEConnection's product marketing manager.

"After testing CollisionLink in a number of our locations, we found that we are getting our damaged rental vehicles back on the road—and generating revenue—an average of one full day faster," says Jerry Bernacki, vice president of vehicle maintenance for the Avis Budget Group. "As a result, we are making CollisionLink part of our standard operating procedures for collision damage writers at every one of our 102 airport locations in the U.S. and Canada."

When rental cars are returned with collision damage, Avis employees use vehicle-estimating systems to identify the necessary parts and labor for the repair. In the past, contracted collision shops retrieved the vehicle, ordered the parts and then commenced with repairs. Using CollisionLink, Avis' staff adds the ordering of parts to the estimate creation process, so when cars reach the collision shops in most cases the parts have already arrived and vehicle repairs can begin almost immediately.

Honda/Acura recently adopted the technology for its extensive network of North American dealership body shop operations. OEM supply departments are equally enamored of the heightened efficiency obtainable through e-commerce applications, according to Chuck Rotuno, OEConnection's president and CEO.

"With CollisionLink, supplemental orders and parts returns are reduced, and dealerships can service body shops faster and better," Rotuno says. "This online ordering also increases dealerships' parts department productivity, which in turn enhances their bottom line."

He cites several benefits for collision shops:

- an all-makes, all-models online parts ordering solution;
- automatic integration from shop estimating systems and business systems;
- more accurate parts ordering to help speed-up vehicle cycle time, reduce supplemental ordering and reduced parts returns; and
- current OEM parts pricing for more accurate customer and insurance repair estimates and invoicing.

collisionlink®
Collision Repair Facilities

Plusses on the supply side include:

- reduced or frequently eliminated non-productive, order-taking phone time;
- faster order fulfillment by avoiding lengthy and time-consuming parts data entry;
- automatic and instantly-verified part numbers against the vehicle's VIN to improve order accuracy and help reduce parts returns; and
- visibility to the complete parts order, including aftermarket parts along with the OE part equivalent.

"CollisionLink, with its streamlined process, has also cut my order processing time in half," says Sheets at Finney Automotive. "I don't have to print out the order, walk it over to the fax machine and then check to make sure it went. CollisionLink eliminated that hassle."

"It's been a great tool for our shop," concurs Teresa Kostick of All Line CARSTAR in Bolingbrook, Ill. Teresa and her father Tim are past recipients of CARSTAR's National Franchisee of the Year Award. They maintain an electronic connection with Larry Roesch Wholesale Parts of Chicago. "CollisionLink saves us a tremendous amount of time ordering parts," she says.

European Parliament Votes to Open EU to Aftermarket Parts

Excerpted from: CollisionWeek—December 2007

The European Parliament voted on Wednesday to allow the sale of aftermarket crash parts in every member nation of the European Union.

As a compromise to the automakers, the measure gives manufacturers a five-year transition period until the new law takes full effect in countries where aftermarket parts are currently prohibited.

Currently, the law in 17 of the 27 EU member states prohibits the sale of 'visible' aftermarket crash parts because they are considered a violation of the original car manufacturers' design rights. Among those nations with design protection laws, as they are known, are Germany, France, Sweden, Finland and Denmark.

Countries such as the UK, Italy, Spain and Poland do not have design protection laws and already allow the sale of aftermarket crash parts.

Carmakers have argued to maintain their design rights, saying it would lead to job losses and lower safety standards.

In its plenary session in Strasbourg, the Parliament voted with an overwhelming majority in favor of the Repairs Clause, adopting the proposals of its Legal Affairs Committee (JURI). The European Council of Ministers must approve the Repairs Clause for it to become law.

Louis Shakinovsky, chairman of the European Campaign for the Freedom of the Automotive Parts and Repair Market (ECAR) welcomed this step forward, "For more than 16 years ECAR has accompanied this dossier and convincingly demonstrated that the Repairs Clause is legally, economically and socially the right solution. Today's vote sends out a strong signal to the Council of Ministers to join in and to adopt a solution that Europe so urgently needs and has been so long awaited."

ECAR, however, does not agree with the five-year transition period. "There is no good reason for that," Mr. Shakinovsky said, "because it would give vehicle makers an opportunity in countries which have not yet adopted the repairs clause 'to litigate competition to death' during this interim phase which may make the Repairs Clause ineffective in practice in those countries when it eventually comes into force."

On the U.S. side, the Quality Parts Coalition (QPC) also welcomed the vote, "I commend the decision in the European Parliament to protect and promote competition in the collision replacement parts industry in the EU and urge the Council of Ministers to unify law in the

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The opening of the aftermarket collision parts market in Europe has spurred a definite need for a quality certification system in Europe similar to the CAPA system used in the U.S.

EU by finalizing the adoption of the Repair Clause," said Eileen Sottile, executive director of the QPC.

The QPC is asking the U.S. Congress to establish a repair clause in U.S. design patent law. Like the directive approved in the European Parliament, the amendment would specify that the production and sale of a matching visible part for purposes of repair to a complex assembly (such as a car) is not an act of infringement.

"As we work to incorporate a 'repair clause' in the U.S. design patent law, we strive to join the long list of countries that have already voted to promote competition—the foundation of U.S. business—in the collision replacement parts industry."

Wall Street Sees Record Underwriting Profits Through 2008

Excerpted from: CollisionWeek—December 2007

Each year the Insurance Information Institute (I.I.I.) invites a panel of Wall Street stock analysts and industry professionals to review the prospects for the insurance industry in the year ahead. This year's survey results indicate that the strong performances in virtually all major lines of property/casualty (P/C) insurance will propel the industry to one of its best underwriting performances in the past 80 years.

Analysts expect the industry's profitability to continue in 2008 with an underwriting performance that will generate only a moderately smaller underwriting profit.

The poll also shows that analysts uniformly expect premium growth in 2007 to come in below expectations while the outlook for 2008 remains completely flat to slightly negative. The average forecast calls for negative growth in net written premiums in 2008 of 0.3 percent, a slight deterioration from the zero growth (0.0 percent) estimate for 2007.

The I.I.I. report noted that while premium growth came in below expectations in 2007, the combined ratio estimate for 2007 is anticipated to come in much better than expected at 93.8 compared to the 97.6 figure predicted a year ago. The combined ratio recorded in 2006 was 92.7.

The implication is that the industry's underwriting performance has not deteriorated nearly as quickly as many had anticipated. Many insurers delivered strong earnings during 2007 powered by healthy underwriting profits that could approach $25 billion for the year—the second largest underwriting profit on record.

If the prediction for the rest of 2007 proves accurate, this year's combined ratio of 93.8 would represent one of the top 12 best underwriting performances in 88 years, the I.I.I. said. The 2006 combined ratio of 92.7 was the sixth best over this same span of time.

J.D. Power and Associates Reports:
The Time it Takes to 'Get Things Right' Considerably Impacts Auto and Homeowners Insurance Claim Customer Satisfaction

J.D. POWER AND ASSOCIATES®

When filing an insurance claim, the time it takes to repair the damage has a major impact on homeowner and auto insurance customer satisfaction, according to the J.D. Power and Associates 2007 Insurance Claims Study℠.

The inaugural study measures auto and homeowner insurance customer satisfaction with the claims process by examining several key factors. Depending upon the complexity of a claim, the customer may experience all or only some of the following factors: claims settlement, claim servicing, first notice of loss, estimation process, repair process, and rental experience.

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This study affirms what Mitchell's own AutocheX division has shown time and time again—on-time delivery and keeping customers informed throughout the repair process are the keys to higher customer satisfaction.

The study finds that among the two-thirds of customers whose vehicles are fixed and returned within 14 days, satisfaction averages 843 on a 1,000-point scale. However, satisfaction with the claims process declines by 71 points among the 36 percent of customers who must wait longer than two weeks for their vehicle to be repaired. Overall satisfaction among homeowner insurance customers is similarly impacted when repairs take longer than initially anticipated.

"It becomes extremely important to manage customer expectations as far as how long it will take for their vehicle or property to be repaired or replaced," said Jeremy Bowler, senior director of the insurance practice at J.D. Power and Associates. "Proactively contacting the customer, keeping them informed and explaining the process at each step can soften the impact of a particularly long claim process—enhancing customer confidence and satisfaction with their insurer."

In addition to repair times, the number of people a customer interacts with throughout the claims process can also significantly impact satisfaction. While nearly 75 percent of customers with an agent contacted their local agency first, more than one-third of these customers were either redirected to call the insurer or transferred to a call center. Customers who are redirected tend to be much less satisfied with the claims experience.

"As the number of representatives a customer interacts with increases, so does the likelihood that the customer will need to repeat information regarding the claim, which negatively impacts their overall impression of their insurer and adds to the amount of time spent in the claims process," said Bowler. "Customers with a local agent are most likely to be satisfied with claims servicing if they report the incident to the agent and that agent remains as the primary claim contact thereafter."

The study also finds that one in four claimants has out-of-pocket expenses (in addition to their deductible) that are not fully reimbursed. These customers are the least satisfied with the settlement experience. Additionally, 8 percent of all customers filing a claim indicate they had to pay some out of pocket expenses that were later reimbursed by their insurer. Despite being reimbursed, these customers were significantly less satisfied than those who didn't have out of pocket expenses.

The 2007 Insurance Claims Study is based on 10,832 responses from auto and homeowners insurance customers who filed a claim within the past 12 months. The study was fielded from August to September 2007.

AN EDITOR'S NOTE…

The link between non-reimbursed expenses (primarily depreciation deductions for auto claims) and lower customer satisfaction may be the reason we've seen the frequency of betterment reduced in the claims process.

Low Speed Minivan Crashes Net High Cost Collision Repair Bills

Excerpted from: CollisionWeek—January 2008

After its latest round of low-speed crash testing, the Insurance Institute for Highway Safety announced that none of six new model minivans it tested sustained less than $5,000 damage in the Institute's battery of low-speed collisions.

The front and rear bumper systems on all of the minivans allowed $5,000 or more damage in a series of four crash tests conducted at three and six mph to simulate the kind of damage that is frequently sustained in commuter traffic and parking lot impacts.

The Nissan Quest was the worst, sustaining damage that cost more than $8,000 to repair.

"These minivans don't have the worst bumpers we've tested, but they still allow way too much damage in minor impacts. It's damage that consumers shouldn't have to pay for or put up with the aggravation of having to get their vehicles repaired," says Institute senior vice president Joe Nolan.

The Quest's rear bumper system failed when its reinforcement bar cracked and was driven into the rear body of the vehicle. The tailgate was so badly damaged that it had to be replaced. In fact, the tailgates on five of the six minivans tested sustained damage, but only the Quest and Toyota Sienna required tailgate replacement.

Nolan points out that a couple of other Nissans showed similarly poor performance. The Maxima racked up more damage than 16 other moderately priced midsize cars in an earlier series of tests, and the Infiniti G35 was the worst among 11 luxury midsize cars.

In the minivan test, the Honda Odyssey performed best overall, sustaining damage costing half as much to repair as the damage to the Quest. The Dodge Grand Caravan was the best performer in the rear corner test, sustaining the least amount of damage ($483) in any of the 24 individual tests in this round of bumper evaluations. Damage to the Grand Caravan, as well as the Odyssey and Sienna, was limited to the bumpers.

The Toyota Sienna and Chevrolet Uplander were the only minivans to withstand the front corner test without headlight damage.

"There are good examples in these results," Nolan says. "Although neither the Odyssey nor the Grand Caravan performed particularly well in the frontal tests and the Sienna didn't do particularly well in the rear tests, all three of these vehicles did turn in good performances in one or two tests apiece. What we want is for all passenger vehicles to perform as well or better than the best minivan examples in each test."

The Institute acknowledged that parts prices have a dramatic effect on repair costs, even if the damage severity is similar. For example, the one-piece plastic radiator supports on both the Quest and the Grand Caravan had to be replaced after the front corner impact. Although the repairs were essentially the same, the price of the jobs differed a lot—$347 for the Grand Caravan compared with $674 for the Quest.

SEMA Pleased with New EPA Refinish Regulation

Excerpted from: CollisionWeek—January 2008

The U.S. Environmental Protection Agency (EPA) recently issued the final draft of its new rule to regulate auto body refinishing operations, a rule that the Specialty Equipment Market Association (SEMA) says will protect the environment while being fair to hobbyists.

The new rule applies to most coating activities that emit hazardous air pollutants (HAPs) but, notably, the EPA followed SEMA's recommendation to exempt low-volume refinishing operations such as when hobbyists restore or customize one or two cars. SEMA says the EPA also incorporated a number of its other suggestions in the final draft to make it as friendly as possible for companies that have spray-coating operations.

The regulation does not apply to paint stripping and surface coating performed by individuals as part of a hobby, or for maintenance of their personal vehicles so long as those activities do not exceed two motor vehicles (or the equivalent in pieces) per year, according to SEMA.

Additionally, the rule does not apply to painting done with an airbrush or hand-held, non-refillable aerosol cans, and the paint training required by the rule is self-certified. The EPA did not pursue an earlier proposal that would have required individuals to produce a training certificate in order to buy paints and coatings.

SPECIALTY EQUIPMENT MARKET ASSOCIATION
SEMA
Serving the Motor Vehicle Aftermarket

AN EDITOR'S NOTE…

I am relieved that the final draft of this regulation exempts hobbyist auto restorers from the rules regarding Hazardous Air Pollutants—it will allow me and many other amateur restorers to continue to do the majority of the work in our home garages.

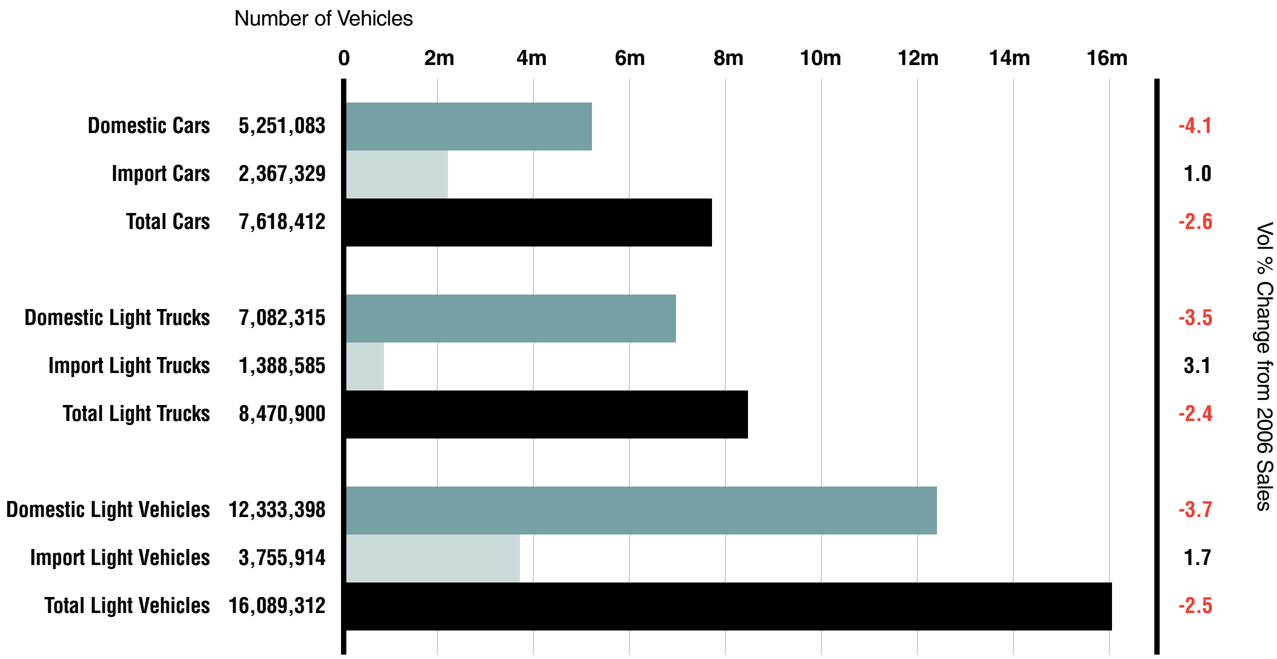
Motor Vehicle Markets

New Vehicle Sales

According to Wards Auto, total light new vehicle sales through December 2007 declined by 2.5% compared to 2006, with a total of 16,504,400. Light truck sales made up 8,683,546 of those sales, a decline of 2.4% for the segment .

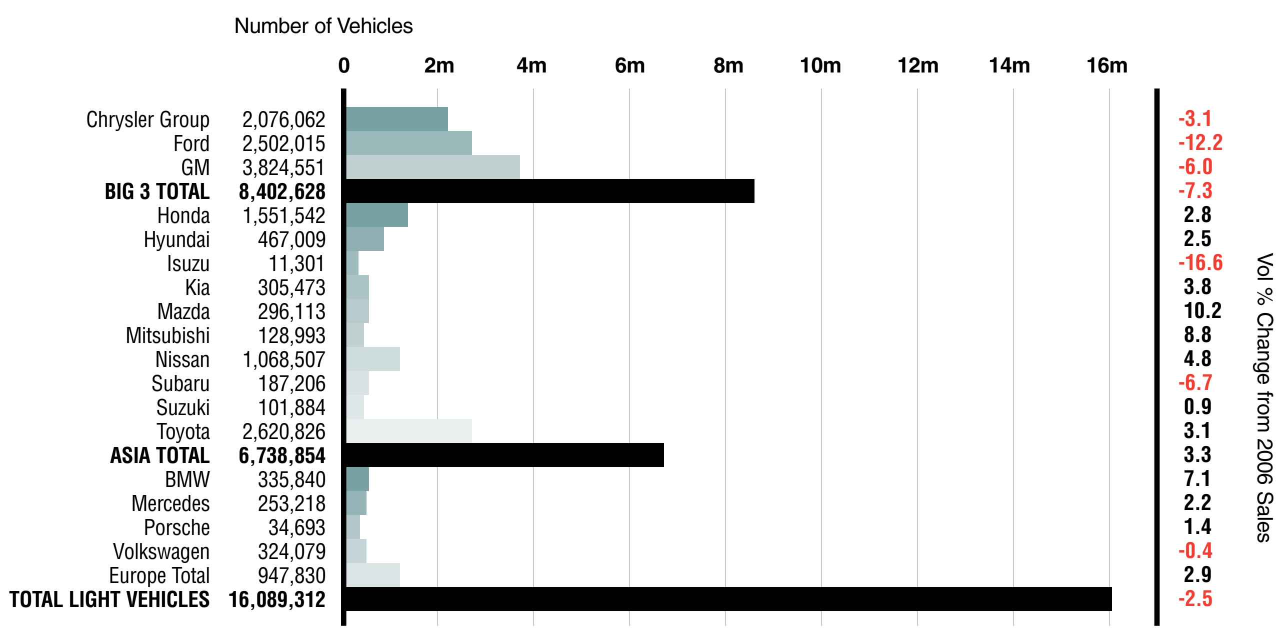
Ward's U.S. Light Vehicle Sales Summary

January-December 2007



Ward's U.S. Light Vehicle Sales by Company

January-December 2007



Source is country of manufacture. Domestics are from U.S., Canada, and Mexico. Imports are from overseas.
Light vehicles are cars and light trucks (GVW Classes 1-3, under 14,001 lbs.).
DSR is daily sales rate. Source: Ward's AutoInfoBank

Ward's 10 Best Selling Cars and Trucks
January-December 2007

Note: Table combines imports and domestics.
Source: ***Ward's AutoInfoBank***.

Cars		Trucks/Vans/SUVs	
1. Toyota Camry	418,631	1. Ford F Series	690,589
2. Honda Accord	392,231	2. Chevrolet Silverado	618,257
3. Toyota Corolla/Matrix	371,390	3. Dodge Ram Pickup	358,295
4. Honda Civic	331,095	4. Honda CRV	219,160
5. Chevrolet Impala	311,128	5. GMC Sierra	208,243
6. Nissan Altima	276,362	6. Toyota Tundra	196,555
7. Chevrolet Cobalt	200,620	7. Dodge Caravan	176,150
8. Toyota Prius Hybrid	181,221	8. Toyota Tacoma	173,238
9. Ford Focus	173,213	9. Honda Odyssey	173,046
10. Pontiac G6	150,001	10. Toyota RAV4	172,752

Used Vehicle Sales

BY TOM WEBB
Chief Economist – Manheim

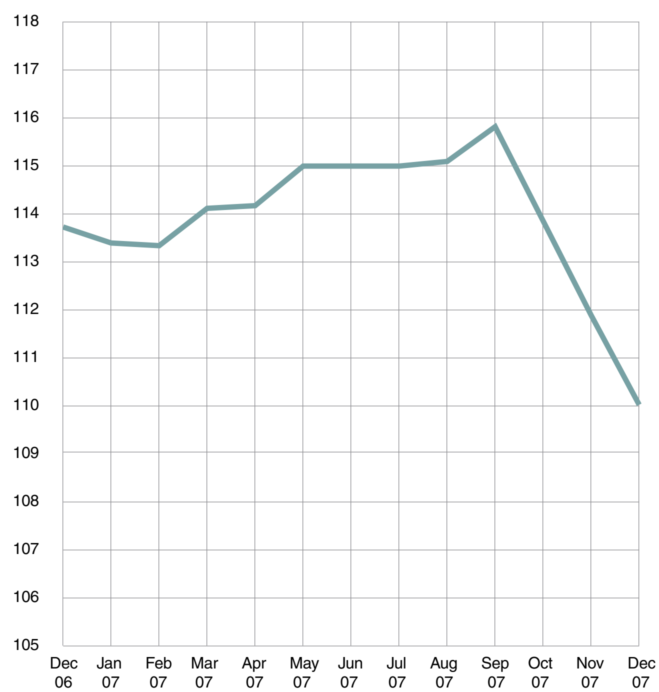
Wholesale Prices Fall Again in December

Wholesale used vehicle prices (on a mix, mileage, and seasonally adjusted basis) fell for the third consecutive month in December. The Manheim Used Vehicle Value Index reading was 110.2, which represented a decline of 2.9% from last December.

It is inappropriate to place a lot of emphasis on wholesale price movements in December as it is an abnormal month for auctions. Volumes are substantially lower and some consignors even suspend regular sales, pushing them into January or offering select vehicles exclusively in online platforms. Since there is generally a lift in prices come the New Year, buyer and seller behavior changes. Some sellers are more willing to accept a no-sale in expectation that prices might be better in January. Buyers, meanwhile, often diverge into two extreme camps – those looking for a bargain and those in particular need of a specific vehicle and, therefore, willing to bid it up. As such, in December, pricing can be volatile, so it is important to consider the longer trend. In this instance, that trend is down.

The decline in wholesale prices over the past quarter is a reflection of the slower economic environment and the increased financial strain felt by many households, which in turn has led to a weaker retail used vehicle environment. Dealers, no longer able to offset narrower margins with a faster turn, have taken a more cautious attitude in acquiring inventory.

Manheim Used Vehicle Value Index
December 2006 – December 2007



Manheim Used Vehicle Value Index categories based on 2001 J.D. Power and Associates Vehicle Segmentation. Source: Manheim Used Vehicle Value Index

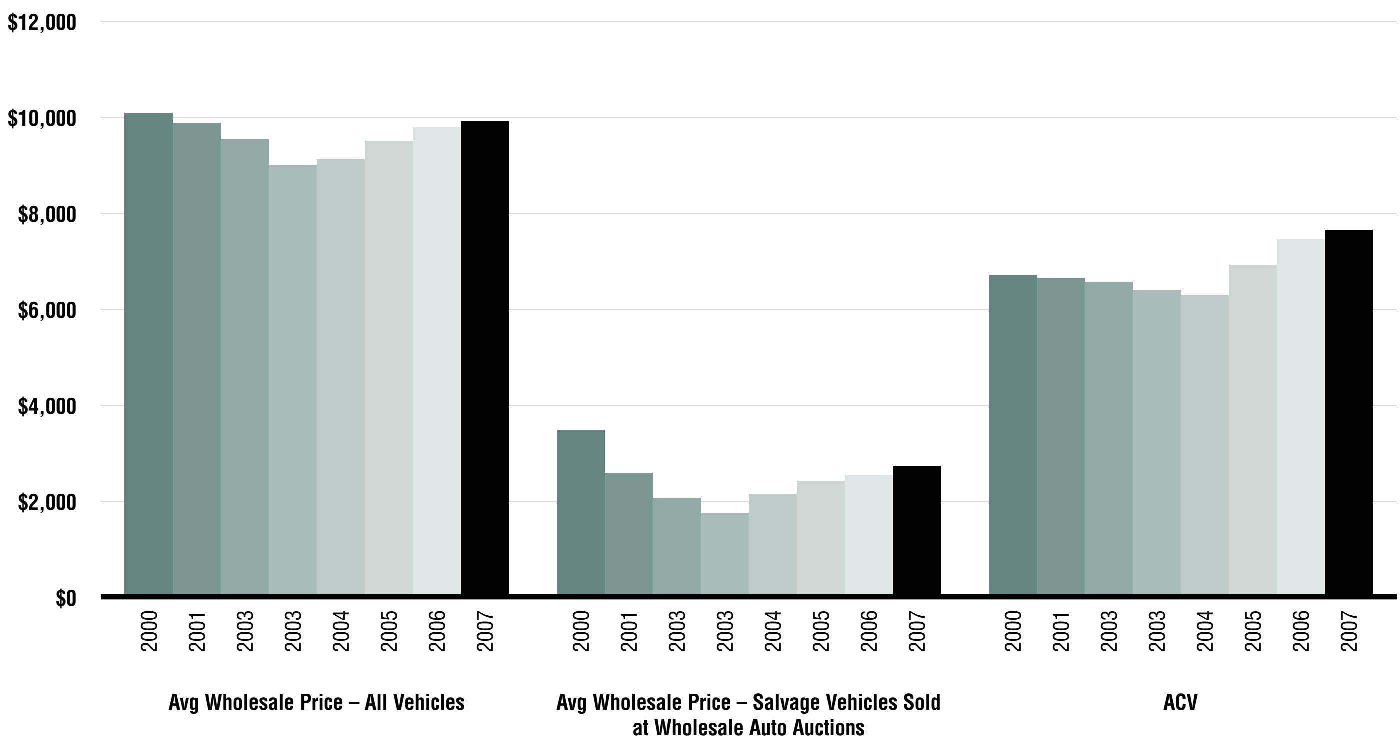
Wholesale Vehicle Market

Editor's Note: *We welcome the addition of data from Adesa Analytical Services to the* ***Industry Trends Report****.*

Comparison of Wholesale Prices and Assessed Values for Wholecar and Salvage Units

2000 – 2007

As wholesale used vehicle prices rose from 2004-07, so did salvage prices and recoveries.



Mitchell Collision Repair Industry Data

The following information was assembled from industry-wide appraisal data uploaded from participating insurance carriers, body shops, and independent appraisers, processed by Mitchell International and compiled through Mitchell's **AIM™ *(Advanced Information Management)*** system.

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

Sections included in the Mitchell Collision Repair Industry Data:

- Average Appraisal Values
- Comprehensive Losses
- Supplements
- Paint & Materials
- Adjustments
- Collision Losses
- Third-Party Auto Property Damage
- Parts Analysis
- Labor Analysis
- Total Losses

Mitchell Product Solution:

AIM

AIM™ features immediate online data access, custom report construction, ad-hoc query capabilities, weekly updates, and the ability to accept and consolidate detailed appraisal data from all major estimating platforms. For more information on AIM, visit Mitchell's website at www.mitchell.com.

Development Explained

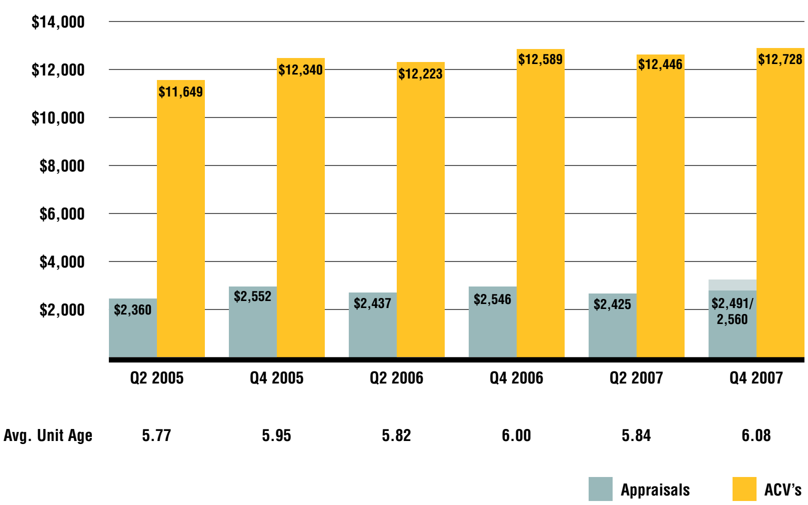
The following data points are dynamic and subject to change from on-going supplement and total loss designation activities amending original appraisal values. Average appraisal values submitted in June, for example, will likely increase by several dollars over the next few months, then stabilize as all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

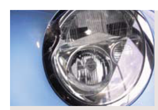
Average Appraisal Values

The average appraisal value, calculated by combining data from all first- and third-party repairable vehicle appraisals uploaded through Mitchell systems in Q4-2007 was $2,491, 2.16% percent less than the previous year's Q4-2006 appraisal average of $2,546.

Applying the prescribed development factor of 3% to these data produces an anticipated average appraisal value of $2,560.*

Average Appraisal Values, ACVs and Age
All APD Line Coverages





Mitchell Product Solution:

UltraMate

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

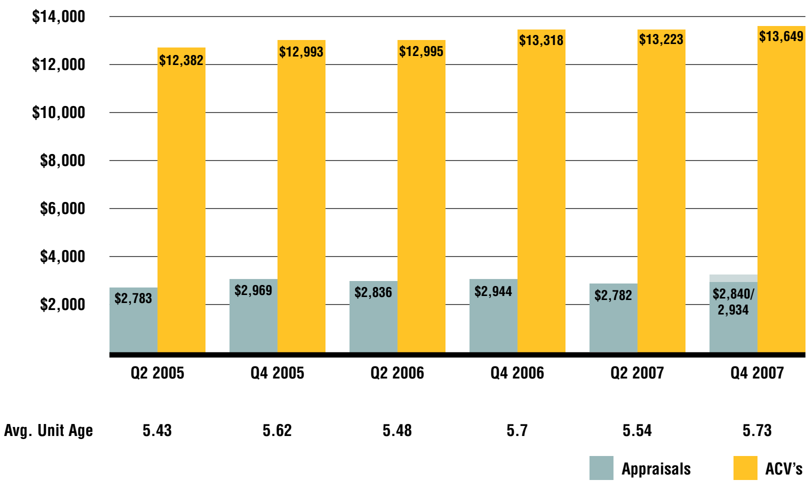
*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.

Collision Losses

Mitchell's Q4-2007 data reflect an average gross Collision appraisal value of $2,840, 3.5% less than this same period last year. Applying the indicated development factor of 3% suggests a final Q4-2007 average gross collision appraisal value of $2,934; A -$10 decrease in the average collision amount from Q4-2006.

At $13,649, the average Actual Cash Value (ACV) of vehicles appraised for Collision losses during Q4-2007 was $331 more than in Q4-2006 and also reflected slightly older vehicles.*

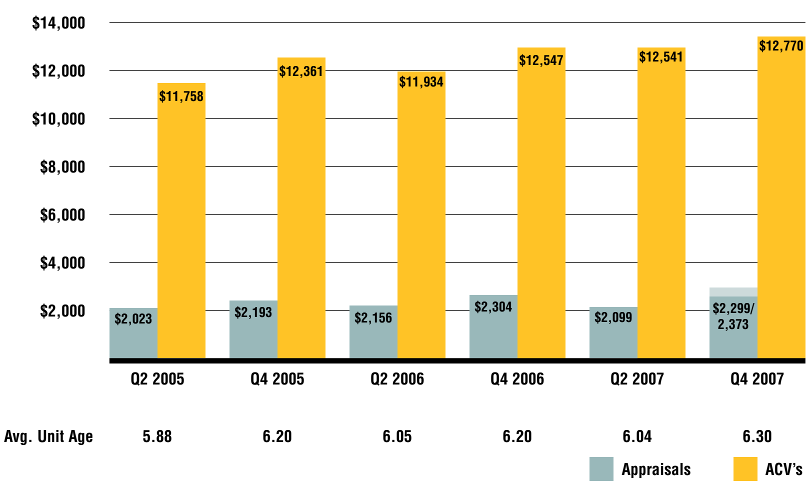
Average Appraisal Values, ACVs and Age
Collision Coverage*



Comprehensive Losses

In Q4-2007, the average gross appraisal value for Comprehensive coverage estimates processed through our servers was $2,299, compared to $2,304 in Q4-2006. Applying the prescribed development factor of 3% for this data set produces an adjusted value of $2,373, a 2.9% increase from this same period last year. Q4-2007's average appraised vehicle value (ACV) for comprehensive losses was $12,770…$223 more than those appraised during this same period in 2006.*

Average Appraisal Values, ACVs and Age
Comprehensive Losses



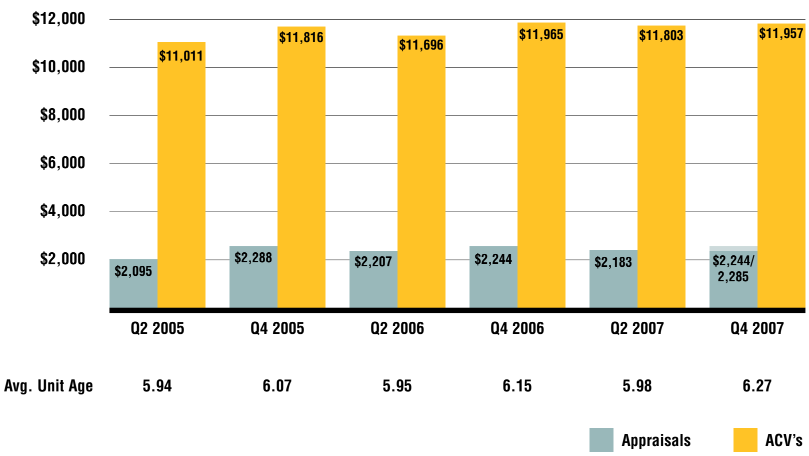
*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.

Third Party Property Damage

In Q4-2007, our industry average gross Third-party Property Damage appraisal was $2,244, compared to $2,244 in Q4-2006, reflecting no change between these respective periods. However, adding the prescribed development factor of 2% for this coverage type yields a Q4-2007 adjusted appraisal value of $2,285, an overall 1.8% increase over Q4-2006.

In Q4-2007, the average PD appraised vehicle ACV was $11,957, compared to Q4-2006's average of $11,965—a decrease in value of only $8—on a slightly older age vehicle.*

Average Appraisal Values, ACVs and Age
Auto Physical Damage APD



Supplements

Editors 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 Q4-2007, 28.38% 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 49.73%, reflecting a 3.21 point or a 7% relative increase from that same period in 2006. The average combined supplement variance for this quarter was $542.40, $116.74 lower than in Q4-2006.

Average Supplement Frequency and Severity

Date	Q2/05	Q4/05	Q2/06	Q4/06	Q2/07	Q4/07	Pt/$ Change	% Change
% Est. Supplement	32.81	34.92	32.86	34.97	33.11	28.38	-6.59	-19%
% Supplement	42.42	43.42	44.63	46.52	46.8	49.73	3.21	7%
Avg. Combined Supp. Variance	594.2	666.2	632.53	659.14	617.04	542.40	-116.74	-18%
% Supplement $	25.17	26.11	25.96	25.89	25.44	21.77	-4.12	-16%

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

Average Appraisal Make-up

This chart compares the average appraisal make-up as a percentage of dollars, constructed by Mitchell-equipped estimators. These data points reflect a slight decrease in the use of parts, while the percentage of paint material and labor dollars used in the average appraisal have increased between these respective periods.

% Average Appraisal Dollars by Type

Date	Q2/05	Q4/05	Q2/06	Q4/06	Q2/07	Q4/07	Pt/$ Change	% Change
% Average Part $	43.36	45.23	42.34	45.58	44.25	45.36	-0.22	-0.5%
% Average Labor $	45.83	43.68	47.09	43.62	44.96	43.74	0.12	0.3%
% Paint Material $	9.63	9.25	9.55	9.34	9.67	9.65	0.31	3.3%

Parts Analysis

As a general observation, recent data show that parts make up 44.9% of the average value per repairable vehicle appraisal, about (.63) points more than the average allocation of labor dollars. In addition, the overall trend now reflects a stabilized level of OEM parts use, an increasing volume of Aftermarket and Remanufactured parts dollars used by Mitchell-equipped estimators, and declining LKQ (recycled) parts use.

Editor's Note: *While there isn't a perfect correlation between the types of parts specified by estimators and those actually used during the course of repairs, we feel 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.*

Parts Type Definitions

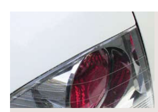
- **Original Equipment Manufacturer (OEM):** Parts produced directly by the vehicle manufacturer or their authorized supplier, and delivered through the manufacturer's designated and approved supply channels. This category covers all automotive parts, including sheet metal and mechanical parts.
- **Aftermarket:** 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.
- **Like Kind and Quality (LKQ):** Parts removed from a salvaged vehicle and re-marketed through private or consolidated auto parts recyclers. This category commonly includes all types of parts and assemblies, especially body, interior and mechanical parts.

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

Mitchell Product Solution:

Mitchell Alternate Parts Program

Mitchell Alternate Parts Program (MAPP™) offers automated access to nearly 30,000,000 Remanufactured, Aftermarket, and OEM Discount parts from over 1,500 suppliers, ensuring shops get the parts they need from their preferred vendors. MAPP is fully integrated with UltraMate for total ease-of-use. Designated company administrators are also provided the MAPP Matrix Manager application free of charge—allowing clients the ability to manage their MAPP matrices, run four different matrix reports, add new suppliers/parts, all from their local platform without the need for Mitchell support/intervention.



Mitchell Product Solution:

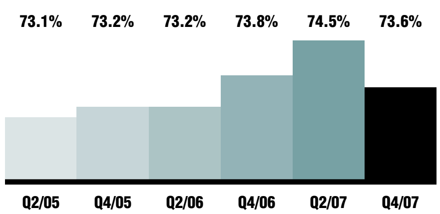
Quality Recycled Parts (QRP)

Mitchell **Quality Recycled Parts (QRP™)** is the most comprehensive source for finding recycled parts. It gives online access to a parts database compiled from a growing network of more than 2,500 of the highest quality recyclers in North America and Canada, covering more than 400 part categories representing access to nearly 44,000,000 parts from recyclers' parts inventories—updated daily. QRP is fully integrated with UltraMate for total ease-of-use. In addition, for selected QRP parts, UltraMate automatically applies Mitchell's Assembly Time Guide labor allowances and P-pages specific to LK parts replacement.

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q4-2007, OEM parts represented 73.63% of all parts dollars specified by Mitchell-equipped estimators. These data reflect a .19 point relative decrease from Q4-2006. This very slight decrease was the result of increased remanufactured and aftermarket parts use.

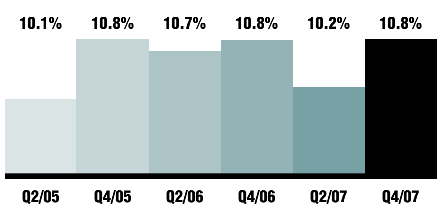
OEM Parts, as a % of Total Parts Dollars per Appraisal



Aftermarket Parts Use in Dollars

In Q4-2007, 10.79% of all parts dollars recorded on Mitchell appraisals were attributed to Aftermarket sources, up slightly from Q4-2006. As stated in previous reports, Aftermarket use has stabilized in the high 10 percent range since 2006.

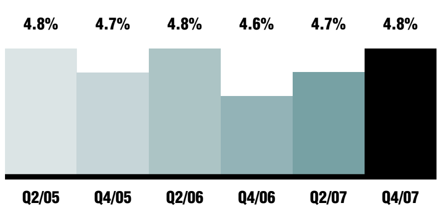
Aftermarket Parts, as a % of Total Parts Dollars per Appraisal



Remanufactured Parts Use in Dollars

Currently listed as “Non-New” parts in our estimating platform and reporting products, Remanufactured parts currently represent 4.76% of the average gross parts dollars used in Mitchell appraisals during Q4-2007. This reflects a 0.01 point relative decrease over this same period in 2006.

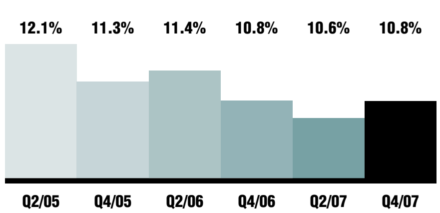
Non-New/Remanufactured Parts, as a % of Total Parts Dollars per Appraisal



Like Kind and Quality Parts Use in Dollars

LKQ parts constituted 10.81% of the average parts dollars used per appraisal during Q4-2007, reflecting a 0.01 point relative increase from this same period last year. We continue to see a slight drop in 2007 parts use from the 2005 time period.

LKQ Parts, as a % of Total Parts Dollars per Appraisal



U.S. Auto Facts
At-A-Glance…

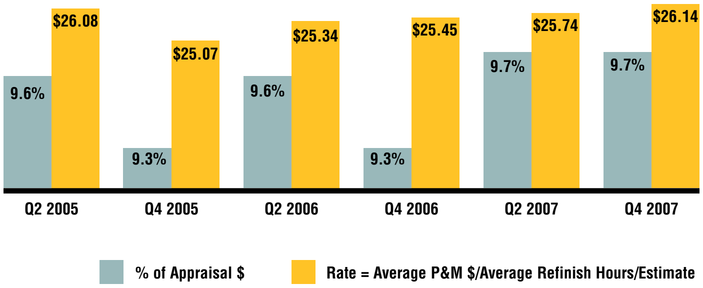
According to a Department of Transportation study on teen drivers:

- **Driver error:** Compared with crashes of older drivers, those of 16-year-olds involve driver error more often.
- **Speeding:** 16-year-old drivers are involved in a higher rate of crashes where excessive speed is a contributing factor.
- **Single-vehicle crashes:** Of the number of fatal crashes that occur with 16-year-old drivers, many involve only the teen’s vehicle and are typically high-speed crashes where the driver lost control.
- **Low belt use:** Teenagers are generally less likely than adults are to use safety belts.
- **Night driving:** During this high-risk activity for beginners, per mile driven, the nighttime fatal crash rate for 16-year-olds is about twice as high as during the day.
- **Passengers:** Fatal crashes involving 16-year-old drivers are more likely to occur when other teenagers are in the car, with every additional passenger increasing the risk.

Paint and Materials

During Q4-2007, Paint and Materials made up nearly 9.65% of our average appraisal value, representing a .31-point relative increase from Q4-2006. 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 $26.14 per refinish hour in this period, compared to $25.34 in Q4-2006. ***Editor's note:*** *The chart shown now excludes comprehensive estimates in the calculations to avoid seasonal hail related swings in the data reported.*

Paint and Materials, by Quarter



Mitchell Product Solution:

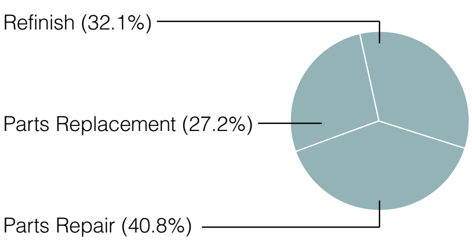
Refinishing Materials Calculator (RMC)

Mitchell's **Refinishing Materials Calculator**™ **(RMC)** provides accurate calculations for refinishing materials costs by incorporating a database of over 7000 paint codes from eight paint manufacturers. It provides job-specific materials costing according to color and type of paint, plus access to the only automated, accurate, field-tested, and industry-accepted breakdown of actual costs of primers, colors, clear coats, additives, and other materials needed to restore vehicles to preaccident condition. RMC is now also fully integrated with UltraMate v6.0 and UltraMate v6.0 Premier Suite for total ease of use. For more information on RMC, visit Mitchell's website at www.mitchell.com.

Labor Analysis

Average body labor rates have risen in all of our sample states except Hawaii, which experienced a ten cent decrease in average body labor rate.

% Average Labor Dollars by Type



Average Body Labor Rates and Change by State

	Q4 2006	Q4 2007	Pt Change	% Change
Arizona	44.60	45.01	0.41	0.9
California	46.72	47.13	0.41	0.9
Florida	39.71	40.57	0.86	2.2
Hawaii	42.55	42.45	-0.10	-0.2
Illinois	45.52	45.91	0.39	0.9
Michigan	40.33	40.78	0.45	1.1
New Jersey	42.96	44.04	1.08	2.5
New York	43.03	44.59	1.56	3.6
Ohio	40.65	41.05	0.40	1.0
Texas	39.51	40.57	1.06	2.7

Adjustments

In Q4-2007, the percentage of adjustments made to estimates declined from Q4-2006 levels. The dollar amount of betterment taken increased compared to Q4-2006 levels (which were surprisingly low) by $6.10. Average appearance allowances in the 4th quarter of 2007 were slightly lower than the same period of 2006.

Adjustment $ and %'s

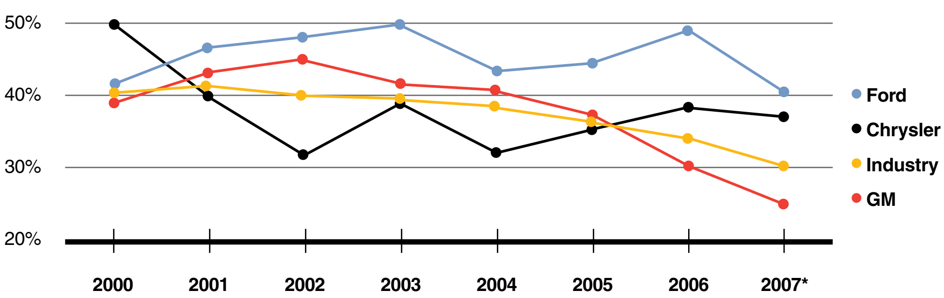
Date	Q2/05	Q4/05	Q2/06	Q4/06	Q2/07	Q4/07	Pt/$ Change	% Change
% Adjustments Est	4	4.33	4.14	4.53	4.06	3.9	-0.63	-13.9%
% Betterment Est	3.14	3.3	3.13	3.51	3.22	3.12	-0.39	-11.1%
% Appear Allow Est	0.58	0.64	0.58	0.56	0.58	0.55	-0.01	-1.8%
% Prior Damage Est	5.6	5.17	5.24	4.57	4.84	4.55	-0.02	-0.4%
Avg. Betterment $	111.59	111.89	110.61	103.8	114.18	109.9	6.1	5.9%
Avg. Appear Allow $	148.42	163.73	171.52	169.93	165.92	165.16	-4.77	-2.8%

Average Age of New Vehicles Down 25% Since 2000

The average age of a typical new vehicle being sold in the U.S. (measured as the number of months since a major redesign*) is currently 30 months, down 10 months from 2000. The Asian manufacturers, with generally lower vehicle ages, have gained market share and the domestic manufacturers have reduced product life cycles to become more competitive. All three domestic manufacturers have reduced their average vehicle ages, but currently only GM's results (26 months August 2007 YTD) are below the total industry. GM is benefiting from relatively strong sales of mid- or high-volume models that are either all-new or recently redesigned, including the Acadia, Outlook, Enclave, Silverado and Sierra. Chrysler's current age—37 months—is actually down more (12 months) than the overall industry, but it still trails the industry, while Ford's results have improved three months to 39 months.

**Data is sales weighted and includes partial credit for moderate or minor product changes.*

Average Vehicle Age (in Months)



Source: Power Information Network (PIN)
Note: OEM data includes all nameplates marketed in the U.S. by that OEM
*August YTD (Data for all other years covers 12 months)

Incentive Expenditures Decline

Incentive expenditures (per unit sold) have been down in 5 of the past 6 months compared to the same month a year ago. In the 1 recent month in which there was an increase, the gain was less than 2%. The general decline in incentives in the past 6 months has been driven by reductions in all finance-related incentives and lease cash. In October and November, most incentive categories—including customer cash rebates, lease residual enhancement, lease cash, lease rate subvention and all financerelated categories—have dropped off. Despite these declines, the actual incentive expenditures themselves have not dramatically declined, suggesting incentives will continue to be around in significant dollar amounts for the foreseeable future.

Incentive Expenditures

	Incentive Spend Per Unit*—Total Industry	Incentive Spend % Same Month Prior Year
Jan-07	$2,350	109.4%
Feb-07	$2,634	112.9%
Mar-07	$2,628	108.6%
Apr-07	$2,468	115.4%
May-07	$2,535	116.3%
Jun-07	$2,571	99.6%
Jul-07	$2,750	101.3%
Aug-07	$2,578	91.5%
Sep-07	$2,439	92.7%
Oct-07	$2,352	93.5%
Nov-07	$2,468	98.6%

Source: Power Information Network (PIN)
*Note: Incentive data includes all incentive categories.

Total Loss

Average Vehicle Age in Years

The chart below continues to illustrate that our passenger car population is the oldest on the road in our history and that the Truck/Van/SUV category continues to drive overall average age and value of the total vehicle population.

Vehicles	Q2 2005		Q4 2005		Q2 2006		Q4 2006		Q2 2007		Q4 2007	
	Avg ACV	Avg Veh Age	Avg ACV	Avg Veh Age	Avg ACV	Avg Veh Age	Avg ACV	Avg Veh Age	Avg ACV	Avg Veh Age	Avg ACV	Avg Veh Age
Convertible	$9,227.44	9.28	$10,078.30	9.43	$9,548.23	9.44	$9,915.99	9.94	$9,695.03	9.73	$9,727.26	10.24
Coupe	$5,179.44	9.55	$5,552.46	9.91	$5,514.67	9.78	$5,959.17	10.12	$5,936.30	9.92	$6,153.28	10.35
Hatchback	$3,418.98	10.81	$3,999.69	10.85	$4,028.51	10.95	$4,648.18	10.92	$5,051.12	10.46	$5,492.09	10.54
Sedan	$5,155.26	8.91	$5,685.06	9.15	$5,604.12	9.03	$5,926.19	9.35	$5,932.65	9.1	$6,143.36	9.53
Wagon	$5,145.10	10.16	$6,035.66	9.93	$6,393.47	9.63	$6,885.49	9.55	$6,930.29	9.06	$7,439.02	8.95
Other Passenger	$6,562.00	9.20	$8,049.97	9.79	$12,037.32	10.57	$14,063.21	10.85	$14,088.28	10.99	$15,673.93	10.65
Pickup	$7,816.44	9.59	$8,762.24	9.73	$8,586.82	9.72	$8,892.00	9.95	$8,932.39	9.54	$8,886.75	10.06
Van	$5,278.64	9.19	$5,704.20	9.55	$5,484.92	9.39	$5,683.57	9.78	$5,783.33	9.38	$5,676.20	9.89
SUV	$9,566.46	7.68	$10,087.25	7.85	$9,445.97	7.84	$9,349.25	8.29	$9,154.37	8.02	$9,264.17	8.47
Other Pickup/Van/SUV	$9,215.35	8.38	$9,545.00	9.22	$9,817.86	15.35	$10,349.39	14.21	$14,660.54	10.3	$15,168.18	14.93

Mitchell Product Solution:

Total Logic Valuation

Ease of settlement, one of the main goals when settling total loss claims, is easier than ever with Mitchell's revolutionary **Total Logic™ Valuation** solution. Backed by a leading-edge analytic model developed by Power Information Network® (PIN), a division of J.D. Power and Associates®, Total Logic Valuation calculates vehicle values that reflect real market conditions at the time of loss by incorporating key variables that may affect vehicle values. The Total Logic valuation tool incorporates true sold and available vehicle data from sources consumers trust, such as cars.com®, AutoTrader.com® and PIN. In addition, the system is fully customizable allowing carriers to automate internal policies and regulatory requirements. Total Logic Valuation delivers a granular view of the valuation details ensuring quick claim resolution and promoting consumer confidence in their carriers.

Canadian Collision Summary

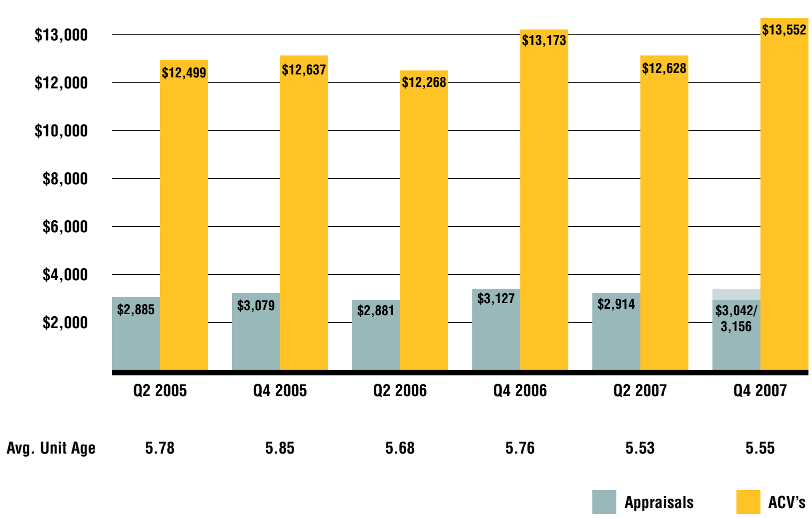
At the request of our customers and friends in Canada, we are pleased to provide the following Canada-specific statistics, observations, and trends. ***All dollar-figures appearing in this section are in CDN$.*** As a point of clarification, these data are the product of upload activities from Body Shop, Independent Appraisers and Insurance personnel, more accurately depicting insurance-paid loss activity, rather than consumer direct or retail market pricing.

__Editors Note:__ All dollar-figures appearing in this section are in CDN$. As a point of clarification, these data are the product of upload activities from Body Shop, Independent Appraisers and Insurance personnel, more accurately depicting insurance-paid loss activity, rather than consumer direct or retail market pricing.

Average Appraisal Values

The average gross appraisal value, calculated by combining data from all first- and third-party repairable vehicle appraisals uploaded through Mitchell Canadian systems in Q4-2007 was $3,042—an $85 decrease from Q4-2006. However applying the prescribed development factor of 4% yields an anticipated average appraisal value of $3,156, a .9% increase from Q4-2006.*

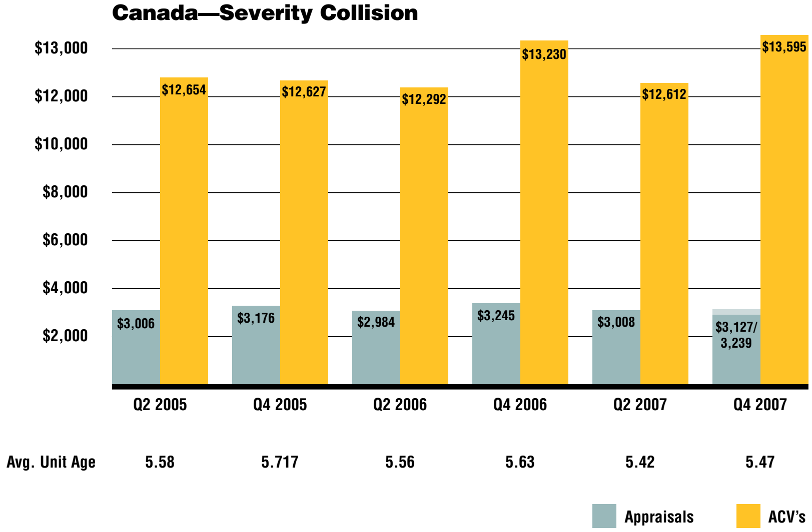
Canada—Severity Overall



Collision Losses

Mitchell's Q4-2007 data reflects a Canadian average gross collision severity of $3,127, a $118 decrease over Q4-2006. But when we apply the prescribed development factor of 4%, we obtain an estimated final value of $3,239, reflecting a smaller decrease of $6.*

Canada—Severity Collision

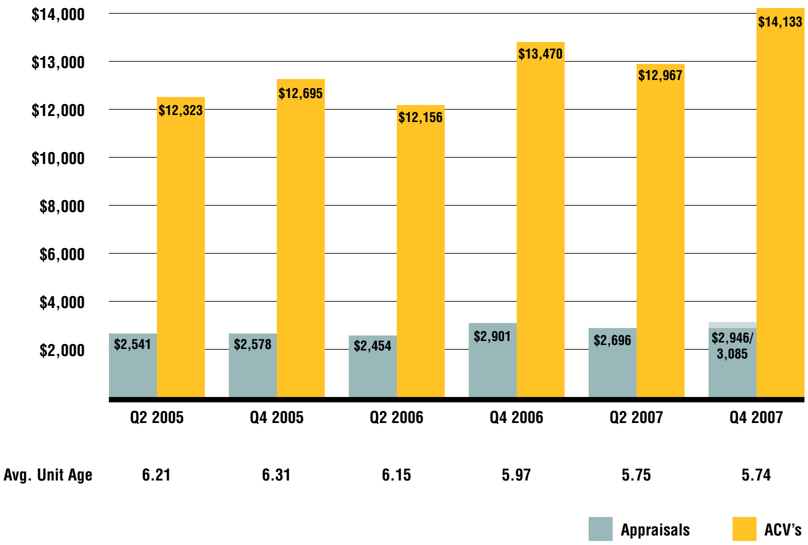


*NOTE: Values provided from Guidebook benchmark averages, furnished through Mitchell UltraMate®.

Comprehensive Losses

In Q4-2007, the average gross Canadian appraisal value for comprehensive coverage estimates processed through our servers was $2,946, or $45 higher than in Q4-2006. Applying the prescribed development factor of 5%, the anticipated average appraisal value will be $3,085.*

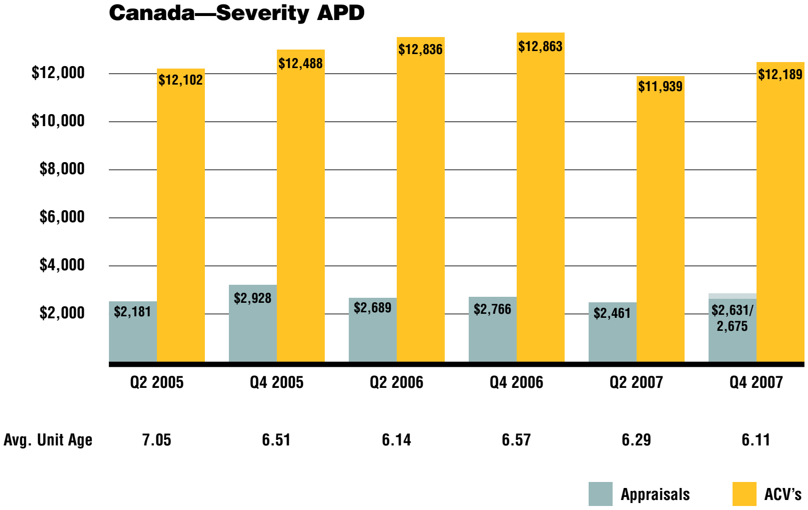
Canada—Severity Comprehensive



Third Party Property Damage

In Q4-2007, our Canadian industry average gross third party property damage appraisal was $2,631, a decrease of $135 from Q4-2006 despite a newer average vehicle age estimated. Applying the prescribed development factor of 2%, the anticipated appraisal value will rise to $2,675.*

Canada—Severity APD



About Mitchell in Canada…

For more than 17 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 no one' commitment to customer support. Headquartered in Toronto, with offices across Canada, Mitchell Canada delivers state-of-the-art, multi-lingual collision estimating and claims workflow solutions (including hardware, networks, training, and more), world-class service, and localized support.

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

Mike Jerry
Vice President and General Manager–Mitchell Canada
t: 888.209.4338
f: 416.733.1633

Mitchell®

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

Average Appraisal Make-up

This chart compares the average appraisal make-up as a percentage of dollars, constructed by Mitchell-equipped estimators. These data points reflect an increase in Paint Materials and Labor Dollars, while the percentage parts has declined between these respective periods.

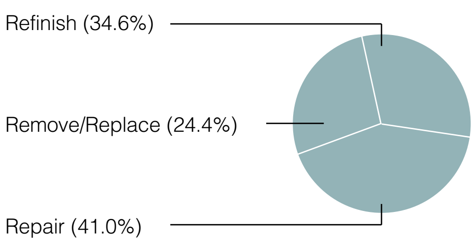
% Average Appraisal Dollars by Type

Date	Q2/05	Q4/05	Q2/06	Q4/06	Q2/07	Q4/07	Pt/$ Change	% Change
% Average Part $	43.98	46.04	44.24	45.93	43.72	43.99	-1.94	-4.2%
% Average Labor $	45.37	43.25	44.8	43.21	45.09	44.8	1.59	3.7%
% Paint Material $	7.82	7.73	8.16	8.16	8.5	8.59	0.43	5.3%

Labor Analysis

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

% Average Labor Dollars by Type



Average Body Labor Rates and Changes by Province

	Q4 2006	Q4 2007	Pt Change	% Change
ALBERTA, CAN	51.58	59.34	7.76	15.0
BRITISH COLUMBIA, CAN	54.58	59.81	5.23	9.6
NEWFOUNDLAND & LABRADOR, CAN	51.80	53.30	1.50	2.9
NOVA SCOTIA, CAN	51.08	52.02	0.94	1.8
NORTHWEST TERRITORIES, CAN	65.00	73.00	8.00	12.3
ONTARIO, CAN	49.16	50.14	0.98	2.0
QUEBEC, CAN	40.13	42.91	2.78	6.9
SASKATCHEWAN, CAN	52.49	60.00	7.51	14.3
YUKON TERRITORY, CAN	69.00	74.71	5.71	8.3

Adjustments

In Canada, the percentage of estimates with an adjustment was down by 16% compared to Q4-2006. Betterment amount taken was up by 12.3%, and the average amount of appearance allowances for Canadian estimates was up by 16.6% to $175.58.

Adjustment $ and %'s

Date	Q2/05	Q4/05	Q2/06	Q4/06	Q2/07	Q4/07	Pt/$ Change	% Change
% Adjustments Est	5.38	5.44	4.42	4.04	3.81	3.37	-0.67	-16.6%
% Betterment Est	4.88	4.99	3.94	3.48	3.26	2.89	-0.59	-17.0%
% Appear Allow Est	0.53	0.5	0.54	0.57	0.55	0.47	-0.1	-17.5%
% Prior Damage Est	0.29	0.27	0.2	0.16	0.18	0.1	-0.06	-37.5%
Avg. Betterment $	141.5	132.37	133.64	134.67	166.58	151.18	16.51	12.3%
Avg. Appear Allow $	241.13	157.41	178.92	150.57	179.8	175.58	25.01	16.6%

Parts Analysis

As a general observation, recent data show that parts make up 44.9% of the average value per repairable vehicle appraisal, about .63 points more than the average allocation of labor dollars. In addition, the overall trend now reflects a stabilized level of OEM parts use, an increasing volume of Aftermarket and Remanufactured parts dollars used by Mitchell-equipped estimators, and declining LKQ (recycled) parts use.

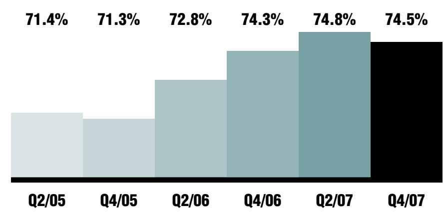
Editor's Note: *While there isn't a perfect correlation between the types of parts specified by estimators and those actually used during the course of repairs, we feel the following observations to be directionally accurate for both the insurance and auto body repair industries. This segment illuminates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

For Parts Types Definitions, see page 18.

Original Equipment Manufacturer (OEM) Parts Use in Dollars

In Q4-2007, Canadian OEM parts use rose slightly compared to Q4-2006 and reflects a trend of a continued rise in OEM use in Canada that has been taking place since 2005.

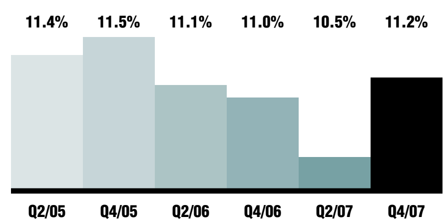
Canada—OEM



Aftermarket Parts Use in Dollars

Aftermarket parts use in Canada rose slightly compared to Q4-2006, once again topping 11%.

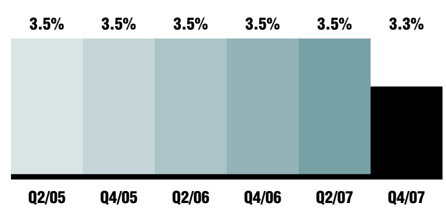
Canada—Aftermarket



Remanufactured Parts Use in Dollars

Remanufactured parts use in Canada was 3.31% for Q4-2007, compared to 3.51% in Q4 2006.

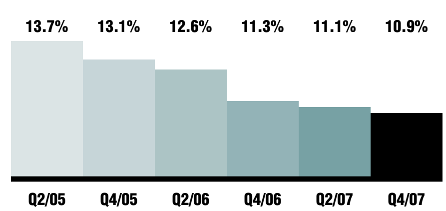
Canada—Non-New/Remanufactured



Like Kind and Quality Parts Use in Dollars

LKQ parts use in Canada has steadily declined since Q2-2005, reflecting the rise in OEM use in the same periods.

Canada—LKQ

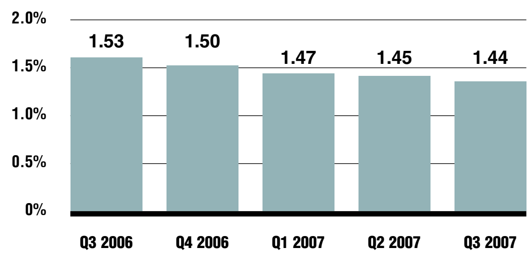


Casualty Statistics

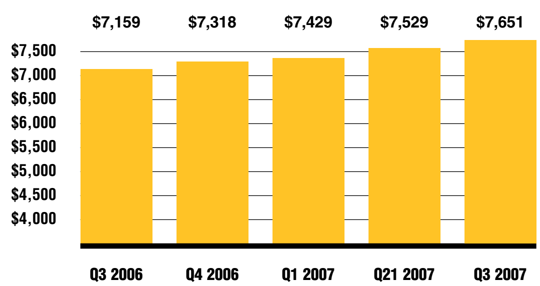
Personal Injury Protection (PIP)

During the 3rd quarter of 2007, the 12-month rolling average for countrywide Personal Injury Protection claims (as calculated from the percentage of such claims reported per 100 insured exposures) was 1.44; down from 1.53 for the same period in 2006. Paid severity was $7,651; up $492 from the same quarter the previous year.

Countrywide PIP Frequency



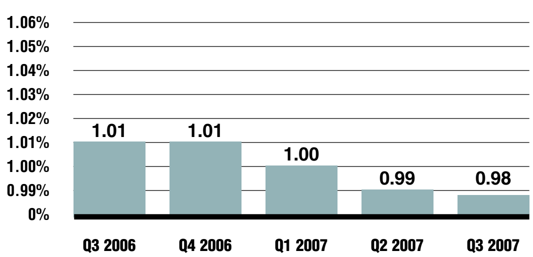
Countrywide PIP Severity



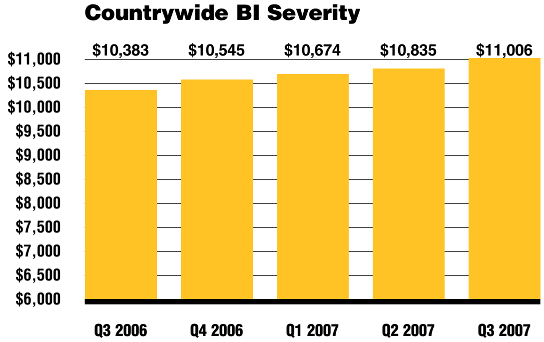
Bodily Injury

As of the 3rd quarter 2007, average bodily injury payments for the 12-month rolling average for the country exceeded $11,000 rising to $11,006, an increase of $623 with a frequency of .98.

Countrywide BI Frequency



Countrywide BI Severity



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

About Mitchell Medical…

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

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

Mitchell Medical's extensive customer service infrastructure provides clients with training, plus systems, content, regulatory, and litigation support, process consulting, and outsource service options.

To learn more about Mitchell Medical and its casualty solutions, visit **www.mitchell.com**, or contact:

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Mitchell Medical

About Mitchell

Mitchell International, Inc.

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Mitchell International, Inc., founded in 1946 and headquartered in San Diego, California, is a leading provider of information and workflow solutions to the automotive insurance and collision repair industries, serving carriers, shops, and other commercial participants in the physical damage and auto-related medical claims processes. Mitchell facilitates millions of electronic transactions between more than 16,000 business partners each month to enhance their productivity, profitability, and customer satisfaction.

From the moment policyholders notify their insurance companies of a vehicle claim, Mitchell's state-of-the-art solutions go into action throughout the entire claims and repair cycle. Mitchell provides the information and workflow management expertise insurers and collision repair shops rely upon to serve their customers. From initial damage appraisal to helping collision repairers return vehicles to pre-accident condition, from shop management to salvage, claims review to subrogation, Mitchell is there to ensure every aspect of the industry has the tools it needs to get the job done.

All Mitchell collision solutions are backed by Mitchell's industry-leading Parts & Labor Database—the most accurate and comprehensive source for vehicle information available anywhere—and which recently expanded its coverage to include specialty lines such as motorcycles, recreational vehicles, and watercraft. The Mitchell Database stands as a critical point of connectivity between shops and insurers, an unbiased resource referenced by all industry participants as a basis for resolving collision claims consistently and accurately.

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

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

For more information on Aurora Capital, please visit its website: www.auroracap.com.

Mitchell Celebrates Industry-wide Adoption of Its New-Technology Dispatching Solution

Automated dispatch and resource allocation system boosts claims productivity and efficiency for multiple top ten insurers

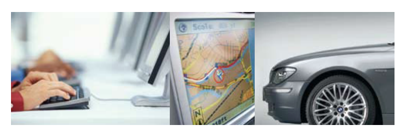
San Diego, CA – October 22, 2007 – Mitchell International, a leading provider of information, workflow, and performance management solutions to the collision claims and repair industries, today announced that its dispatching solution—Smart Dispatch™—continues its successful pace of insurance carrier adoption, averaging one new customer per month since its commercial release in October 2006. Over the past year, multiple Top Ten Property & Casualty insurers have either purchased or are piloting the product. Smart Dispatch is the first fully web-based resource planning and optimization system that uses CIECA XML to automate scheduling and dispatching thereby creating a more productive and efficient claims settlement process.

Smart Dispatch is built on proven scheduling technology used by major public utilities and supply-chain management operations. As a result, the product's sophisticated and customizable rules engine fully supports carriers' internal policies and practices as well as provides powerful reporting features for strategic resource planning and trend analysis. Smart Dispatch gives carriers the flexibility to dispatch assignments via the Web, email or text-message or PDA to further increase dispatching efficiency and convenience. Furthermore, Smart Dispatch uniquely uses CIECA XML enabling easy integration with a carrier's claims systems.

"We are thrilled with the widely recognized ability of Smart Dispatch to give carriers the opportunity to greatly enhance claims handling productivity and promote superior customer service with fewer staff, a compelling economic advantage given the competitive realities of the automotive insurance marketplace," said Jesse Herrera, Sr. Vice President of Product Management, Mitchell International.

Herrera added, "Each day that a claim remains unsettled, carriers are saddled with cumulative administrative costs, car rental reimbursements and storage fees for non-drivable vehicles. Smart Dispatch's automated dispatch and resource allocation system helps carriers increase productivity by reducing overall miles driven and overtime costs, as well as increasing the number of assignments an estimator handles. And, insurers can look forward to our dispatching technology to be a part of the soon-to-be-released Mitchell WorkCenter™ solution that will provide even greater claims workflow cohesion with functionality linked together in a single platform. WorkCenter Dispatch, as it will be called, will have an even greater positive effect on workflow as it sets in motion a more tightly integrated and highly responsive process."

Mitchell **WorkCenter™ Dispatch**



Veteran Claims Industry Leader, James Gilmartin, Joins Mitchell's Board of Directors

San Diego, CA – October 3, 2007 – Mitchell International, a leading provider of information, workflow, and performance management solutions to the automotive insurance claims and collision repair industries, today announced the addition of James J. Gilmartin to its Board of Directors.

"Jim is a well known and respected claims management authority with years of hands-on experience, and we are delighted that he has agreed to join Mitchell's Board," said Jim Lindner, Chairman of the Board & Chief Executive Officer of Mitchell International. "Jim's unique perspective and background will add tremendously to Mitchell's continuous efforts to improve claims performance for all industry participants."

For the past six years, Gilmartin served as the Automobile Club of Southern California's Senior Vice President of Insurance. In this role, he held direct managerial authority over all internal operations of the company's insurance claims processes and underwriting functions. Gilmartin's extensive career in the insurance industry also includes twenty-five years with

Allstate Insurance Company where he served in various positions of responsibility, including Regional Claims Manager for the Los Angeles region. Gilmartin also upheld previous responsibilities in the expansion of the Interinsurance Exchange's business operations in Florida, Georgia, Tennessee, Pennsylvania, West Virginia, and Kentucky.

"As a Mitchell customer for over a decade, I have experienced first-hand the company's outstanding professionalism and dedication to client service. Mitchell continues to distinguish itself by providing well-designed and executed business solutions for the claims management industry," said Gilmartin. "From my perspective as a long time insurance industry executive, I appreciate and respect Mitchell's well-earned reputation as a company with integrity and a commitment to developing products that meet the needs of an ever-evolving collision repair marketplace. I look forward to this new phase of my relationship with Mitchell and to contributing to the company's future success."

Gilmartin has also participated in a number of state and regional insurance industry organizations throughout his career. Formerly, he served as president of the California Fraud Bureau Advisory Board and on the Board of Governors of the National Insurance Crime Bureau from 1996 through 1998. He currently remains an active member of the Pacific Claims Executive Association, where he had previously functioned as President and Member of the Board.

Mitchell Releases ABS™ Enterprise 7.2 and Announces ABS™ 8.1 Debut at NACE 2007

New releases offer enhanced features and improved functionality to meet the needs of the collision repair market

San Diego, CA – October 25, 2007 – Mitchell International, a leading provider of information, workflow, and performance management solutions to the automotive insurance claims and collision repair industries, today announced the latest release of its industry-leading shop management systems—ABS™ Enterprise 7.2 and ABS™ 8.1. While the latest ABS Enterprise release is currently available to both new and existing customers, ABS 8.1 will make its debut at the upcoming International Autobody Congress & Exposition (NACE). Along with the debut of the previously announced French version of ABS, Mitchell's suite of ABS products now represents one of the most comprehensive portfolios of shop management systems in the industry.

ABS™
Advanced Business Systems

"We are excited about releasing the latest versions of our shop management systems as there are many new features which will delight out customers," said Marc Brungger, Mitchell International's Executive Vice-President of Auto Physical Damage. "We understand that we need to keep listening to our customers because they ultimately play the most critical role in helping us define the solutions we deliver to the marketplace and what will be most valuable in helping them to be as successful as possible."

Some of the valuable new time-saving features within ABS 8.1 include:

- The enhanced customer payment module (CPM) that not only interfaces with BusinessWorks or Quickbooks, which helps save countless hours and avoids re-keying errors, but it also showcases a new graphical user interface and improved reporting functionality.
- The return of keyboard hotkeys, which also save time by quickly providing access to features and tools like individual menu selections.
- New mail-merge features that help streamline the process of adding certain customized documents to any document set and allowing letters to have access to new merge fields including RO#, VIN, Miles In, Miles Out, etc.

Advanced features within ABS Enterprise 7.2 include:

- Real time job costing and enhanced reporting, which allows shops with hourly employees like technicians to save time during the production process and provides business managers with reports to monitor their shop's performance.

- An internal employee calendar that provides improved efficiency in areas like estimate scheduling.
- A brand-new call center module, which facilitates efficient load-leveling across all of a user's store locations by applying variables like available hours, number of repairs in process, and WIP at each location to efficiently route customers.

ABS 8.1 and ABS Enterprise 7.2 automate routine operations like job-costing, parts-management, and scheduling, and generate more than 100 detailed productivity and profitability reports, giving owners and managers the information they need to make smart business decisions. ABS Enterprise is a web-based management system, built especially for multi-location shops or those seeking an online solution. ABS and ABS Enterprise are recognized as industry leaders and together represent some of the fastest growing management systems in the marketplace today.

Mitchell invites collision repairers who want to learn how to outperform their competitors to visit the Mitchell Business Management Booth at NACE and see how ABS 8.1 or ABS Enterprise 7.2 can help their shops be even more successful.

True2Form selects Mitchell's ABS™ Enterprise as next generation management system of choice

Leading collision repair network will use ABS™ Enterprise in all of its repair centers

San Diego, CA – October 17, 2007 – Mitchell International, a leading provider of information, workflow, and performance management solutions to the automotive insurance claims and collision repair industries, today announced that True2Form Collision Repair Centers has selected Mitchell's ABS™ Enterprise as its preferred body shop management system of choice for use in all of its 38 collision repair center locations. True2Form, one of the largest collision repair companies in the Eastern United States, is well known for the industry-leading repair quality and customer service standards that it provides in all of its repair centers.

"At True2Form, we pride ourselves on delivering cutting edge operational and managerial practices to the auto body industry, while delivering a superior customer experience. We believe that ABS Enterprise will help us sustain this advantage," said Rex Dunn, President and CEO of True2Form. "We have a long-standing relationship with Mitchell and know that not only do they have the right product to support our operating practices, they also have the service and personnel infrastructure to back the product up in the years to come."

"We are proud to partner with leading collision repair shops and high-performing networks like True2Form by providing them with innovative, best-in-class solutions that will help them better service their customers," said Armin Price, Mitchell's Senior Director of National Accounts. "We are very excited about launching our next-generation management system into the True2Form network."

ABS Enterprise, a web-based management system for multi-location shops or those seeking an online solution, automates routine operations like job-costing, parts-management and scheduling, and generates more than 100 detailed productivity and profitability reports, giving owners and managers the information they need to make informed business decisions. ABS™ Enterprise is recognized as an industry leader and is the fastest growing management system in the marketplace today.

ABS Enterprise™

Mitchell and CARSTAR Renew Multi-Year Partnership

North America's Leading Collision Repair Network endorses ABS™ Enterprise as next-generation management system of choice for franchisees

San Diego, CA – October 1, 2007 – Mitchell International, a leading provider of information, workflow, and performance management solutions to the automotive insurance claims and

CARSTAR® Quality Collision Service

collision repair industries, and CARSTAR Franchise Systems, Inc., a leading national collision repair group comprised of independently owned and operated facilities, today announced another five-year renewal agreement, making Mitchell the preferred collision shop solutions business partner for CARSTAR's repair network. After an extensive evaluation, CARSTAR announced that in addition to its decade-long endorsement of the ABS™ management system, it has also selected Mitchell's next-generation ABS Enterprise as the preferred body shop management system of choice for the CARSTAR network.

"We have enjoyed a productive and fruitful relationship with Mitchell over the last five years," said Dick Cross, CEO of CARSTAR. "Mitchell has continually delivered innovative products and services. With performance leading technologies such as ABS Enterprise, we are confident that Mitchell will be able to meet the needs of CARSTAR now and in the future."

Added Dan Bailey, President of CARSTAR, "Over the past year, we looked closely at several body shop management system providers to determine who could best meet our needs. CARSTAR quickly realized that no software provider had the breadth of product features and superior service that are provided by Mitchell's management systems. These solutions provide the next big leap for our franchisees to further simplify and efficiently manage their repair process and provide superior service to their customers."

"We are thrilled to partner with CARSTAR for another five years and are grateful for the commitment that CARSTAR has demonstrated by this renewal," said Armin Price, Mitchell's Senior Director of National Accounts. "At Mitchell, we are proud of our long history of being at the forefront of innovative products to the collision shop market. We are committed to delivering best-in-class solutions to high-performing shop networks such as CARSTAR. ABS Enterprise represents the future for body shop management systems and builds on the experience of our successful ABS product line."

ABS (desktop for single shops) and ABS Enterprise (web based for multi-location shops or those seeking an online solution) automate routine operations like job-costing, parts-management, and scheduling, and generate more than 100 detailed productivity and profitability reports, giving owners and managers the information they need to make smart business decisions. ABS™ and ABS™ Enterprise are recognized as industry leaders and are the fastest growing management systems in the marketplace today.

AutocheX Premier Achiever Awards Recognize Excellence in Customer Service and Satisfaction

San Diego, CA – November 26, 2007 – AutocheXTM, Mitchell International's® voice of the customer performance management group, hosted the sixth annual Premier Achiever Award ceremony on Nov. 1, 2007 to honor collision repair facilities from throughout the U.S. and Canada for their exceptional achievements in customer service and satisfaction. The event was held at the Mandalay Bay Convention Center in Las Vegas in conjunction with the International Autobody Congress and Exposition (NACE).

AutocheX is a leading provider of customer satisfaction measurement and performance management solutions to the collision repair industry. The Premier Achiever Award recognizes collision repair facilities that consistently demonstrate their commitment to customer service as reflected by their extremely high customer satisfaction index (CSI) scores. Shops receiving the 2007 award attained CSI scores in the top five percent of facilities that use the AutocheX service throughout the U.S. and Canada.

The Class of 2007 Premier Achievers includes collision repair facilities of all sizes, from small, family-run businesses to large consolidators. They come from 27 states and every region of the U.S., as well as British Columbia, Canada. Over 35% of the shops also won the award in 2006 – a record number of consecutive-year winners.

"We are pleased to honor these facilities for their outstanding efforts in customer service," said Jason Bertellotti, General Manager of Mitchell Repair Solutions. "As the Premier

Achiever Award program continues to grow, it is especially gratifying to see these shops win year after year, demonstrating their consistent attention to their customers' needs and their ongoing commitment to providing excellent service. "

Seidner's Collision Centers in Southern California had three shops win the award this year: the Glendora, Rosemead, and West Covina locations. Said owner Steve Seidner, "We work very hard to make sure our customers are completely happy. Receiving the Premier Achiever Award is a way of confirming that our efforts are paying off. It demonstrates to both customers and insurance carriers that we are serious about customer service and we listen to what our customers have to say about their experience at our shops. We're proud to receive the award, and we're also proud that our customers feel good enough about us to consistently give us excellent satisfaction ratings."

Premier Achiever Award winners were congratulated at the ceremony by insurance company representatives and the AutocheX team. On hand to present the award to facilities participating in their respective repair programs were:

Sam Whiteman, Claim Service Manager for PRO, Allstate Insurance Company

Charlie O'Halloran, Claim Process Specialist, Allstate Insurance Company

David Perry, Marketing & Communications Manager, Allstate Insurance Company

Jim Okun, Group Manager, Automobile Club of Southern California (ACSC)

Gary Reichenbach, Team Leader, Claims Quality Engineering, ACSC

Tim Atencio, Vendor Manager, California State Automobile Association (CSAA)

Todd Wilson, Vendor Management Supervisor, CSAA

Yolanda Banda, Vendor Management Supervisor, CSAA

Dave Mason, Manager of Provincial Collision Services, Insurance Corporation of British Columbia (ICBC)

Keith Jones, Manager, MD Business and Technical Services, ICBC

Terry Fortner, Associate Vice President-Claims, Nationwide Insurance

Jim Gadberry, Director of Blue Ribbon Services, Nationwide Insurance

"The AutocheX Premier Achiever Awards are a great way to recognize our collision repair associates for their dedication to customer service and satisfaction. We appreciate their hard work in this area, and are extremely pleased to have the opportunity through the Premier Achiever program to congratulate them on a job well done," said Jim Okun, Group Manager, Interinsurance Exchange of the Automobile Club.

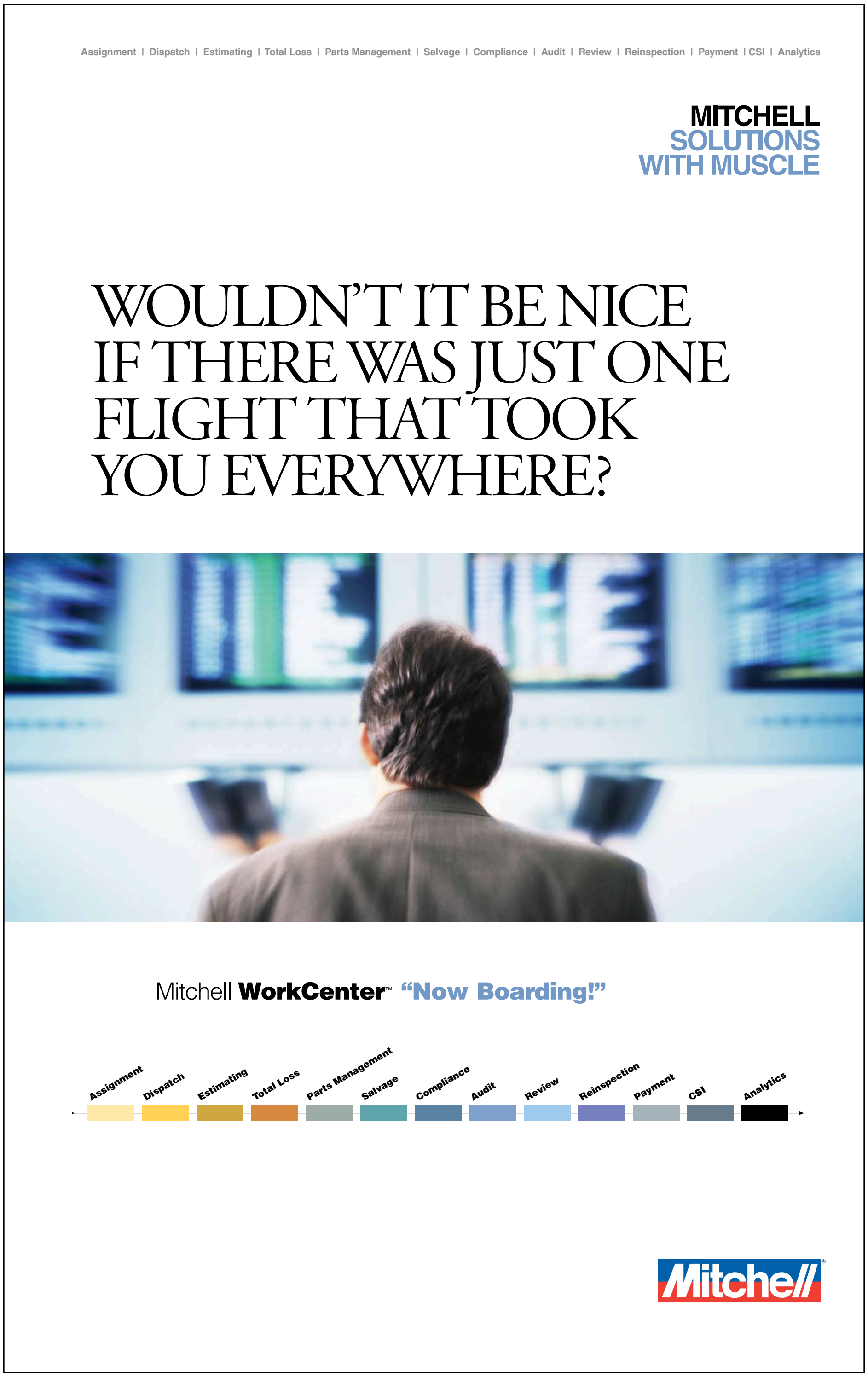
Opening remarks by Bertellotti, who leads the Autochex group, touched on the value of loyal customers and how collision repair facilities can use Voice of the Customer data to increase customer satisfaction and loyalty. "Clearly, these premier facilities understand the importance of customer service and are achieving exceptional results on all of the key drivers of customer satisfaction," said Bertellotti. "Their high CSI scores reflect their commitment to providing a superior collision repair experience for their customers."

AutocheX is dedicated to not only providing the most objective and actionable "Voice of the Customer" data, but also to advancing the level of customer service in the collision repair industry. AutocheX and the participating insurance companies present the Premier Achiever Awards each year as a way of recognizing shops that have proven their devotion to quality, service, and customer satisfaction.

"The Premier Achiever Awards demonstrate the winners' success in making customer satisfaction a primary focus of their business," concluded Bertellotti. "We want to thank them and the participating insurance companies for making the Premier Achiever program so successful."

Mitchell Brand Advertising at Work

Mitchell continues its introduction of its new **WorkCenter**™ claims processing workspace to the industry—where *simplification is the innovation*. With a highly developed mix of modules facilitating efficiency and seamless workflow, insurance companies can realize significant improvements across their claims processing environment.



Mitchell Brand Advertising at Work (con't.)

Connecting body shops to the most complete set of powerful business efficiency tools is what distinguishes Mitchell from the pack. This recent ad that appeared in *Automotive Body Repair News* and *BodyShop Business* magazines is one in a series that focuses on the complete array of Mitchell solutions—from business management systems to estimating and workflow solutions to specialty products and more—all designed for powerful performance.

Industry Trends Report

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

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