cccUpFront

SUMMER 2005

The Importance of Change

Crash Course 2004 ▮ Finding the Right Intersection ▮ Collision Education ▮ All Parts Included

industry insights

BY GITHESH RAMAMURTHY

Change.

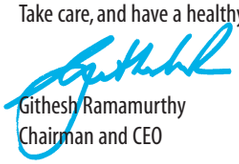
When discussions revolve around the subject of change, it usually generates a lot of strong opinion. It could be something as insignificant as changes in the weather, travel plans or your daily routine. Some of these changes you can certainly control, and some you can't.

So the question on the table is this: If you're given the opportunity, can you help shape change within your profession? Your company? If so, are you ready to act? One thing is certain—if you're waiting for someone to ask you to weigh in on the matter, you're almost always too late. And while it's relatively easy to establish the importance and inevitability of change, the tricky part is finding out how and where you fit in to the process. If there's something that has an impact on your business, there is most likely a point where you can be an active part of change or a passive recipient of someone else's decisions. Do you know when that is?

In this edition of *CCC UpFront,* we're taking a look at change as it relates to our industry. But we don't want to look at it from an observer's perspective—rather, as active participants. We've again assembled top industry experts and some of CCC's thought leadership to help draw out current topics that are poised for change and see where it may take us, whether it's legislative and educational issues or the changing environment of replacement parts and vehicle design.

With that in mind, please take into consideration the importance of you sharing your thoughts in this changing industry. As CCC customers, you are a strong, interconnected composite of the industry. So I encourage you to keep your thoughts and ideas coming to us, either by talking with someone at CCC or by dropping us an e-mail.

Take care, and have a healthy summer.



Githesh Ramamurthy
Chairman and CEO

cccUpFront

Summer 2005

Editorial Board

Editor-In-Chief
Jim Dickens

Executive Editor
Michelle Hellyar

Editorial Contributors
Marjorie Allen
Mike Barber
Debbie Day
Susanna Gotsch
John Harris
Chrisa Hickey
Eric Messerschmidt
Jeff Nystrom
Karoline Obora
Jeanene O'Brien
Jerry Rozmiarek
Scott Stein

Design and Art Direction
Daniel F. Chan
Jo Mills

Editorial Offices
CCC Information Services Inc.
444 Merchandise Mart
Chicago, Illinois 60654-1005
312.222.4636

Please address all editorial questions to:
Executive Editor, *CCC UpFront*
e-mail: cccupfront@cccis.com

For article reprints or permission
to photocopy all or any part
of *CCC UpFront,*
contact *CCC UpFront*
Executive Editor.

introduction

BY JIM DICKENS

On behalf of the entire CCC editorial board, I'd like to welcome you to the 2005 summer edition of *CCC UpFront*. Understanding, interpreting and affecting positive change is one of the most important currencies a company can possess—there is no room for complacency. There's a tricky flip side of that, however, because it's important to know when and what to change. What are the critical functions of your business, and will the proposed change make it better?

The first step in change is to understand your subject matter. To that end, CCC's Director of Analysis and Reporting, Susanna Gotsch, opens up the issue by providing a data-driven snapshot of the auto-physical damage industry through the first quarter of 2005. CCC each year amalgamates overarching economic information with industry-specific data to develop a concise business picture. Once again, Susanna's insight proves invaluable.

A further look at change, this time as it relates to vehicle repairability, is provided by Chrisa Hickey, our new Director of Launch. As manufacturer vehicle designs morph to achieve maximum safety and efficiency for us as drivers, it's important to gain a past, present and future perspective on this evolution for us as involved parties in the industry. Chrisa's article gives us a great view into the overall effect vehicle construction has on the vehicle claims and collision repair industries.

Related to Chrisa's article is my feature on the future of education within our industry. As is indicated every year—and backed by myriad industry studies—there is awareness within the industry about a shortage of skilled technicians. This article covers what's being done about the discussed shortage, and how our future technicians are getting the information and experience they need to work in this growing arena.

Another subject that is continually tacking course is one that affects us all—replacement parts. CCC's Market Development Manager, Jeff Nystrom, spent some time discussing this topic in a round-table with a group that represents virtually every segment in the parts supply industry. This diverse group communicates their thoughts on the key issues of the day, including the effects of recent economic trends and the impact of technology within the industry.

In closing, I'd like to use an old line that has been put to effect—please share with us any questions or comments by sending them to cccupfront@cccis.com.

We look forward to hearing from you—

Jim Dickens, editor

what's inside

Features

Departments and Columns

BY SUSANNA GOTSCH

Tracking Trends.

An up-to-date look at passenger auto claim frequency and new and used vehicle marketplace patterns

Each year CCC amalgamates its extensive CCC auto-physical damage data with information gathered from industry-specific publications and puts it into logical, comparative terms against the nation's overall economic view. The result is *Crash Course,* a publication helping to shed some light on developing industry trends and the potential impact they may have.

For this article, we look at two key trends coming out of 2004—the decline in private passenger auto claim frequency and the trends within the new and used vehicle marketplace (and the subsequent downstream impact on automobile repair and total loss costs)—to see if they are likely to continue through 2005 and beyond.

Further Declines in Claim Frequency

The property-casualty industry saw phenomenal financial and underwriting performance in 2004, with a combined ratio of 98.1—down substantially from the peak of 115.7 in 2001.[1] Much of the credit for the improved performance goes to improved premium growth from exposure growth, driven by consumer purchases of new vehicles and new homes. Overall, property-casualty premium growth had increased nearly 10% in 2003; however, it slowed to just less than 5% in 2004, and is expected to slow to 2.7% in 2005. The average auto premium in the US is expected to increase only 1.5% in 2005, down from a 2.8% increase in 2004.[2] Loss of pricing and underwriting discipline in the face of declining investment income are cited as the biggest potential downside risks in 2005 in the Insurance Information Institute's *Groundhog Forecast for 2005*.[3]

Industry analysts are predicting a combined ratio of 98.9 in 2005, up slightly from 2004. Paid claim frequency for private passenger, non-fleet auto insurance experienced a decline in 2004, and has been on the decline since 2002. According to the Q4 2004 *Fast Track* reports on private passenger automobiles for full calendar year 2004 versus 2003, paid claim frequency for collision losses declined 4.5%, property damage liability frequency declined 2.1% and comprehensive frequency declined 8.3%.[4]

Of particular interest is that the percentage change in earned vehicle years for collision and comprehensive (i.e., the number of vehicles carrying each line of coverage) appears to be reversing course. From 2003 to mid-2004 the number had been on the decline, but has been increasing at about 0.3% per quarter since.[5] What this may suggest is that consumers opting not to carry all lines of coverage on their vehicles during a softer economy when rates were higher may now be re-adding coverage.

In 2004, both insurers and repairers reported lower claim frequency and repair volumes. This trend—carried over from 2003—is leaving industry leaders looking for explanations regarding the decline. Different theories include the growing ratio of vehicles to drivers, average annual miles driven, an aging population and higher deductible levels translating to fewer reported claims. Data collected by the National Safety Council would also suggest there are fewer accidents. Results published in their annual study "Injury Facts" for the past 10 years would seem to support that there has been a decrease in both the motor-vehicle accident frequency per licensed driver in the US, and in the accident frequency per registered vehicle in the US.

Vehicle Marketplace

As 2004 was the sixth consecutive year of new vehicle sales over 16 million, 2005 sales are expected to meet or exceed that number. Sales through May 2005 were down only 1% from the first five months' sales in 2004. Sales continued to decline at GM and Ford, while sales at Toyota, Nissan and Chrysler grew. Incentive levels in 2004 hit an all-time high; however, manufacturers have started cutting them back to direct the focus heavily on leasing programs, where the cost of certain incentives are pushed into the future.[6]

The average rates for a vehicle loan continues to rise as the US Federal Reserve has continued to raise interest rates. Average rates for a vehicle loan have also risen, increasing the demand for leasing. New vehicle leasing accounted for 33% of all new vehicle sales in 2001; this dropped to 23% in 2002 and just over 21% in 2004. New vehicle leases in 2005, however, are expected to increase to 23.6%.[7]

Declining lease volumes—coupled with higher used vehicle demands—are primary factors that are lifting wholesale used vehicle prices to their 2002 levels following a three-year slide (mid-2000 through May 2003).[8] And though leases have started to increase again, these vehicles are not expected to drive up off-lease volume until 2008.[9] Subsequently, used vehicle prices are expected to see further moderate increases in the coming months.

It was supposed to be the "Year of the Car" in 2004: while manufacturers introduced numerous new car models, 54.5% of new vehicle purchasers bought a light truck. Light truck popularity may have reached a plateau however, as higher gas prices may cause consumers to reconsider a light truck purchase. Light trucks made up 52.7% of all new vehicle sales year-to-date 2004 through May, which is a drop from the previous year. Two-thirds of US adults surveyed in a recent Harris Interactive poll expect gas prices will be higher at the end of the summer than they are now, and only 11% expecting lower prices.[10]

Vehicle Repair Costs

After increasing at an annual rate of about 3% per year since 2001, the average vehicle appraisal cost increased only 0.8% in 2004 compared to the prior year. Of the two primary components of vehicle repair costs—parts and labor—2004 was virtually unchanged from 2003: parts accounted for 38.4% of the repair cost, and labor accounted for 42.5%. The most significant, albeit relatively small shifts in costs were increases in share of cost in sheet metal (or body) labor, paint labor and materials and non-OEM parts.

A data comparison of the first quarters of 2003, 2004 and 2005 underscore some of the key shifts in vehicle mix further discussed in The *2004 Crash Course.* Light trucks (specifically SUVs) experienced further growth in the mix of repairable vehicles, as did non-domestic, younger and luxury vehicles. And while the increase in average repair cost slowed between 2003 and 2004, the 2.4% increase between Q2 2004 and Q2 2005 results are more in line with the previous year's increases.

	2003 MID-YEAR	2004 MID-YEAR	2005 MID-YEAR
Avg Repair Cost	$2,205	$2,212	$2,265
Avg Vehicle Age	5.07	5.08	5.12
Avg Odometer	59,211	59,387	59,948
Parts % Total Repair Cost	38.2%	38.3%	38.7%
Avg # Parts Repl per Claim	7.75	7.72	7.81
OEM % Part Amt	74.2%	71.9%	71.2%
Recycled % Part Amt	12.2%	12.6%	13.0%
% Claims with recycled parts	19.3%	20.3%	22.1%
Labor % Total Repair Cost	42.7%	42.8%	42.9%
Avg Labor Hrs per Claim	24.7	24.0	23.7
Repair % Total Labor Amt	40.6%	40.2%	40.0%
Non-Driveable %	22.7%	22.3%	22.3%
Light Truck %	38.5%	41.0%	41.9%
SUV %	16.7%	18.7%	19.6%
Total Loss %	11.7%	13.0%	13.0%
Collision Losses	54.9%	54.9%	54.9%
Liability Losses	28.3%	30.4%	30.6%
Domestic Vehicles	57.7%	56.6%	55.6%
Vehicles 3 Years & Younger	42.5%	41.5%	41.1%
Vehicles 7 Years & Older	29.3%	29.1%	29.2%
Front Impacts	45.9%	46.2%	46.2%
Luxury Vehicles	6.9%	7.4%	7.6%

A key issue discussed in The *2004 Crash Course* was the increasing percentage of vehicles flagged as non-repairable, or total loss. Slightly more than 13% of vehicles for which an appraisal is generated were flagged as total loss in 2004—this does not include vehicles that were obvious totals and for which no damage appraisal was generated. Several insurers have reported total loss percentages upward of 15 to 25%. The percentage of appraisals flagged as total loss by the end of Q1 2005 had increased further, reaching 13.5%.

The average cost to repair a vehicle in 2004 was $2,270, while the average total loss vehicle valuation amount was at $6,448. The National Safety Council estimates that there were approximately 20 million vehicles involved in motor vehicle accidents in 2003.[11] If 15% of these were totaled in 2003 and grew to 16.5% in 2004, the additional cost to the industry would be nearly $1.2 billion, or slightly more than $60 per vehicle.

Declining claim frequency has translated to fewer repairs for the collision repair industry—a situation further aggravated by the increase in the percentage of vehicles deemed non-repairable or total loss. With more vehicles totaled, the overall cost to the industry for private passenger auto claims increased in 2004 despite a drop in claim frequency.

With total loss frequency increasing, the impact becomes more significant as total loss values continue to rise as well. The average total loss value had been on the decline from 2001 through 2004, although the rate of decline had slowed. Comparison of the year-to-date through May values for 2003, 2004, and 2005 show a significant shift in average costs moving into 2005.

	FINAL VALUATION AMT AVG	% CHANGE FROM PRIOR YEAR
2003 mid-year	$6,511	N/A
2004 mid-year	$6,336	–2.7%
2005 mid-year	$6,724	6.1%

Increasing total loss percentage was cited as one of four critical concerns facing the collision repair industry at the 2004 International Bodyshop Industry Symposium (IBIS) held in Montreaux, Switzerland. The other three concerns cited were: (a) diversity of design driving increasingly complex repair procedures; (b) declining accident rates; and (c) supply chain profit pressures.[12]

Expanded use of materials, such as ultra-high strength steels and aluminum alloys, new joining technologies such as adhesive bonding, and new welding technologies are making repairs increasingly complex and may force the industry to greater specialization. Most—if not all—of these also impact how a vehicle is repaired, what it will cost to repair and to an extent whether it makes sense or not from an economic perspective to repair it at all.

CONTINUED ON PAGE 11.

It's all in the numbers. Take these for example:

- More 1 million claims-related transactions every day
- 350 insurance companies
- 21,000 collision repair facilities
- More than 40 million claims worth of data

It's these numbers that give CCC a unique vantage point on the state of the automotive claims industry. With this perspective and wealth of data, CCC publishes *Crash Course,* an annual report on factors driving auto collision repair and total loss costs. Authored by Susanna Gotsch, the report is based on analysis of information derived from CCC's data warehouse.

To inquire about the 2004 *Crash Course,* visit www.cccis.com.

BY MIKE BARBER

Activities on the Salvage Front.

On any given day there are roughly 225 million titled vehicles in the United States.[1] Titles, issued in all 50 states and governed by each state's laws, are intended to protect the rights and safety of the people buying and owning the vehicle. In addition to the variance of titles by state, a vehicle's title can be categorized or branded based on several factors, one being prior damage. In the case of a vehicle sustaining damage and posing potential safety issues, categories or brands of salvage titles are issued including categories or brands such as Salvage, Rebuilt or Junk; however, the criteria governing the categories or brands may vary considerably from state to state.

The variation in branding typically depends upon several factors, such as the amount of damage sustained, the pre-accident value of the vehicle or if the vehicle is deemed a total loss. In addition, states use differing thresholds to determine if a vehicle is deemed a total loss (value of the vehicle pre-accident versus the cost of the damage). These thresholds can range from damage equaling 50% of pre-accident value and may go as high as 80%. However, most states allow a severely damaged vehicle to be rebuilt, providing the vehicle carries the appropriately branded title. If the vehicle has sustained damage amounting to 90% of its pre-accident value, all states require that the vehicle only be used for parts.

Roughly within the last year, several states have amended their existing salvage title laws to eliminate certain items from the cost of repairs. Included are items such as air bags, sound systems, tires and paint. These changes have significantly impacted existing thresholds and allow more vehicles to be rebuilt.

While this article is not intended to be an all-inclusive list of such legislation, Nevada, Minnesota, Missouri, Kansas and Colorado have recently passed such salvage title laws. Currently there are similar bills pending in Louisiana, Kansas, Missouri, Indiana and New Hampshire. Other states such as Oklahoma and North Carolina have enacted similar legislation in the past.

Because salvage title laws differ from state to state, most notably in the area of determining a vehicle's total loss threshold, there is room for the possibility of "washing" a title. This occurs when a vehicle is moved from one state to another, and the salvage brand is not carried forward when a new title is issued by the subsequent state. This may be the byproduct of differences in definitions and thresholds, or the lack of communication among states. Record-keeping systems and technology may vary between states, which may contribute to delays in recording title changes as a car moves to a new state.

All of these factors can converge to make it difficult for a buyer to be aware of the vehicle's full history. This lack of knowledge can have an economic impact as a branded title affects the vehicle's value, and may potentially hide safety issues. Although cars can be safely rebuilt, it is often difficult and expensive to do so. While some states require rebuilt vehicles to pass a safety inspection before they can be registered to operate on the roads, there is no such uniform federal requirement. And the inspection criteria for those having such a safety inspection program are not consistent.

There have been federal efforts at standardization and uniformity, but they are limited. For example, the Federal Anti Car Theft Act of 1992 provides for increased law enforcement against auto theft, combating title fraud, 'chop shop' thefts and inspecting exports for stolen vehicles. Part of this effort required the United States Department of Transportation to implement a National Motor Vehicle Title Information System—known as NMVTIS—no later than January of 1996.

The NMVTIS was to facilitate the electronic interchange of title information between states in order to deter auto theft and related issues. While the interchange was solid in theory, it was an unfunded mandate. Some progress has been made, however, with an ongoing pilot project involving approximately a dozen or so states.

At least two other federal salvage bills were introduced in the late '90s that would have provided uniformity standards—one by Sen. Trent Lott (R-Mississippi) and one by Sen. Diane Feinstein (D-California). However, each bill failed. As a result, the differences in state laws and the levels of technology continue to create obstacles in terms of vehicle titles.

The American Association of Motor Vehicle Administrators (AAMVA)—a non-profit association comprised of US and Canadian motor vehicle and law enforcement agencies responsible for administration and enforcement of motor vehicle laws—is encouraging titling control proce-

CONTINUED ON PAGE 14.

BY SCOTT STEIN

Building Meaningful, Integral Partnerships.

Targeting logical, one-stop sequencing to the auto-physical damage process

A relationship is loosely defined as a common state of affairs or kinship between two or more people. Whether personal or professional, successful relationships usually have some recurring mutual benefit—something to get it started and something to keep it running. More and more businesses are realizing that it's the latter part of the equation—relationship maintenance—that is the difference between long-term relationships and those that are short-lived.

Many companies are constantly looking for ways to add value to existing products and services. Value can be assessed in many ways, but the key characteristic for the better part of the last decade appears to be convenience. Take, for example, America Online,® Amazon.com® or Google.™ These companies have succeeded by continually adding value—specifically through efficiency and convenient access to a variety of products and services. The result is that consumers have gotten used to the fact that preferred service providers do the legwork in assisting them in getting from point one to points two, three and beyond.

CCC market research shows that our customers are looking for the same ease and flexibility that's provided by a broad network of established suppliers and vendors. We're continually applying that line of thinking in our work to build a comprehensive electronic partner/vendor network, a strategy we've been pushing forward since the introduction of the EZNet® communication network back in 1992. And with the technological advancements available, the opportunity to build out such a network is becoming much more of a reality.

The following are recent—and strong—examples of building out.

Mobile Electronics "Boom"

With the growing trend of custom mobile electronics—units with multiple speakers and other features such as DVD players, multiple CD players, satellite radio and specialized amplifiers and cabling—systems are seemingly limited by only the owner's wants, needs and financial commitment. The proliferation of mobile electronic replacement (MER)—related claims poses a problem for the insurance industry. First, it is often difficult to determine the cost to replace such electronic systems in the event that a claim is filed, because the claimant may not remember the brand and model of the equipment lost or they may have little knowledge of the replacement value. Secondly, it is hard for the insurance industry to identify non-meritorious claims. Claims adjusters may not be able to optimally handle these unusual but specialized claims.

In 2004, the automotive claims industry received more than 40,000 MER-related claims—customized systems for which it may be difficult to assign equipment value. Of those claims, 40% to 70% of these claims are considered complex (those claims needing more than just mobile electronics repairs, e.g., glass replacement).

To help our customers efficiently and economically address these claims, CCC is now working with Coordinated Claim Services (CCS) for MER. What this agreement means is that our customers will be able to access CCS and its more than 12 years of MER claims experience and composite data through CCC Autoverse® Claim Management.

Following receipt of the claim, CCS can immediately contact the insured, verify the correct make and model of the equipment and determine comparable replacement equipment using its proprietary database. CCS has access to virtually every type and brand of mobile electronics—including car stereos and accessories as well as multimedia video and navigational systems. Once the replacement equipment is determined, CCS provides convenient installation options through a nationwide network of more than 4,000 installation facilities.

Management Solutions

As previously stated, CCC's customer base has been sharing with us its industry needs. Taking that into consideration, we have also entered into a strategic relationship whereby CCC will be the exclusive reseller of ServicePower's Intelligent Dispatch scheduling solution to the automotive insurance and collision-repair markets. This functionality will help insurance carriers streamline the claims handling process, improve communication with their insured and manage their field force of appraisers and repair shops more efficiently.

Due to the large number of appraisers in most insurance companies, any improvements in their individual efficiency may result in significant cost benefits. By way of example, a large US-based insurance company was able to

CONTINUED ON PAGE 14.

BY CHRISA HICKEY

Finding Balance.

Where vehicle design, safety and consumer desire intersect

It seems that since the inception of the automobile, it's been a challenge to find the practical intersection between what consumers want, what manufacturers can produce and what repair facilities can fix. And as autos change over time, two other factors enter into this equation: technology and safety. They seemingly belong together, as numerous safety measures are made possible through the advancement of technology.

The element of safety carries extra weight in the design and construction process, since it isn't so much a consumer desire as it is a construction mandate. Take, for example, the National Highway Traffic Safety Administration (NHTSA)'s Federal Motor Vehicle Safety Standards. In October of 2004, NHTSA conducted an analysis of how many lives have been saved with the implementation of all mandatory auto safety devices (e.g., air bags, energy-absorbing steering assemblies, safety belts) falling under the auspices of its federal standards rule. Results show that an estimated 328,551 lives have been saved from 1960 to 2002 (total duration of research).

On the construction side, manufacturers face the two-fold challenge of incorporating safety technology while remaining cost-competitive. Vehicles not only need to meet certain safety standards, but they have to offer up a diverse enough product line to meet the desires of the buyer—two big drivers in the marketplace. On the face of the issue, it would seem that repairability would be the element to get less attention. According to one manufacturer, however, it remains toward the top of the list. This article takes a look at how these elements are progressing and what may be on the horizon.

Standing on a Platform

A way some of the OEs have been able to marry the latest technological advances with heightened safety requirements is building multiple vehicle models using a single platform. A potentially challenging idea, this approach to vehicle manufacturing isn't as new of a technology as it seems.

General Motors used a common platform in the 1960s with cars such as the Buick Skylark, Oldsmobile Cutlass and Chevrolet Chevelle, altering only the sheet metal to create styling variations. According to Dennis Virag, President of The Automotive Consulting Group, "The industry then got away from common platforms because the perception was that each vehicle had to be different and unique and couldn't share components." However, Japanese automakers brought back the idea in the 1990s. "The Japanese really began the new wave of platform commonality. It's more economical to build many vehicles on a common platform and have shared components. The Big Three saw the Japanese doing it with success, and went back to sharing themselves."

Scott Margason, National Manager of Model Line Planning at Hyundai Motor America, said it's become an extremely effective manufacturing process for two reasons: it lets them remain cost-competitive in the marketplace while offering up enough different vehicle designs to meet the wants of choice-hungry consumers.

"Hyundai does use common platforms for several different vehicles. We currently have three major platforms for seven models," said Margason. "As the market moves to more models at lower volumes—the 'atomization' of the market—we expect that it will continue to be important to share platforms in the future." Hyundai believes this so much that their new $1.1 billion, two million square foot facility in Montgomery, Alabama has built design elements to aid the process. "The plant was not designed to weld just one body, but several different vehicles of different sizes," added Margason. "Plants today are developed with that flexibility in mind. At the Montgomery facility, we can build four different vehicles on the line at the same time."

Susanna Gotsch, CCC's Director for Reporting and Analysis, agrees with Margason's assessment of marketing atomization, adding that, "It used to be that a manufacturer could make one million of a single type of vehicle. But because consumer preferences change very quickly, platform sharing provides them the possibility to make changes with minimal retooling. Instead of 1 million of one type of vehicle, manufacturers can now as efficiently make 250,000 each of four different models."

The numbers are proving this to be true: In 1993, there were 216 makes and models from which to choose. That number is projected to balloon to 316 different offerings by 2008.

Evolution, Proliferation of Technology

As the number of different models rises, it challenges the repairer to keep ahead of both a large and diverse pool of vehicles and the increasingly technological parts being used on them.

"To maximize the benefits of the new body styles, hybrid vehicles and electronics components being used in today's vehicle, manufacturers need to continue to provide updated repair data to the body shops," said Gotsch. "Equally important to creating a safer, more technically advanced vehicle off of floor, is ensuring the repairability of the vehicle after it has been in an accident."

Jason Bartanen, Technical Development Manager at I-CAR, said there's a need for more training and information sharing. "Technicians may not be aware of how much information is available, and where to get it. All technicians aren't well-versed in the Internet, so some may not know that the OEMs service information Web sites exist because the computer is in the front office and they're out on the shop floor."

In addition to OEM service information Web sites, Virag said there's a growing need for new repair equipment to meet the constant vehicle design changes. "Technicians will need special tools and training to test the functionality of electronic systems," he said. "With on-board electronics, various systems are interfacing with each other. Those will have to be tested to make sure the systems are functioning properly. There must be clear communication to ensure that systems are repaired properly and functioning when cars go back on the road."

Hyundai's Margason knows that this is a concern, especially with the numerous model offerings. "Of course when you have a common platform that's being used for both a sedan and a smaller sport utility vehicle, there's a substantial amount of modification that goes on," said Margason. "But when we have vehicles sharing a platform like the Tuscon and the Elantra, the basic components and layouts are very familiar—things like suspension pieces and safety equipment."

Adds Margason: "Certainly there's more complexity, with the safety systems and electronics. But the more of those you can share, the better it is. We're constantly looking at factors, like having a limited number of suppliers providing familiar parts across all model line, such as safety devices, which is an aid to the repairer because it's a familiar part."

Total Loss Impact

The proliferation of technology and common platform sharing also has an affect on important aspects such as total loss. For the insurers, increasing electronic complexity moves the total loss trend higher, said Virag. "If you have four air bags deploying in a vehicle, you're looking at major cost of replacing safety equipment," he said. "The cost of replacing safety equipment and on-board electronics is the big overriding issue."

These shifts in technology are also changing the way insurers write policies, said Gotsch. "There used to be a lot of insurers who would write policies or determine costs by a number of factors: the driver's age, sex, their driving history, miles per year. Insurers also used categories of vehicles," Gotsch said. "Insurers now are trying to price to specific models. There are certain insurers that do a lot of very specific pricing based on vehicle characteristics."

Gotsch added that platform sharing could be one aspect to help address the total loss issue. "One of the thoughts is that when more vehicles share a platform, there will be a greater availability of alternate parts," she said. "There's also a thought that similar platforms allow technicians to port experience from one vehicle to another in a cost-effective manner. This is the intent." That intent is reflected in Hyundai's position that common parts and platforms will help on the training end of things.

Future Challenges?

In addition to electronics technology being a major component of current and future industry trends, new metal technology, such as the use of an all-aluminum sub-frame has the potential of presenting a different set of challenges. "The collision industry is not that familiar with aluminum, so it will take specialized training, especially in aluminum welding," said Bartanen. "Aluminum has some significant differences from steel. For one thing, it's less forgiving when straightening. Aluminum has a tendency to have 'memory,' in that once it's damaged, it tends to retain its damaged shape more than steel does."

"With so few models using the technology right now, I see aluminum more as a production experiment," said Virag. "This way they can learn how to improve it and take the cost out of it." Although Virag recognizes the benefits and potential of aluminum, he also feels steel retains certain marketplace advantages. "Steel has done a terrific job combining light weight with high strength, and it has significant cost advantages over aluminum. From a durability standpoint, aluminum vehicles typically are more likely to be totaled because of their high repair cost."

According to Hyundai and Margason, he doesn't see them shifting to aluminum in the near future. Our position," he said, "is that the technologies like aluminum are still too cost prohibitive."

With the automotive marketplace in a constant state of change, it's been hard to identify the 'next big thing' to impact the industry.

With varying consumer desires and the need for quality repairs seemingly a constant, the ability to keep an active, open line of communication between governing bodies, manufacturers, repairers and insurers will remain critical to realizing all of the benefits that vehicle design and safety-related technologies has to offer.

Chrisa Hickey is Director of Project Management at CCC Information Services Inc.

BY JIM DICKENS

Collision Education. Addressing the qualified technician shortage—who is moving forward, and how

Every year, studies are conducted on the collision repair industry focusing on the issue of a shortage of qualified technicians. There are handful of reasons for the shortage—some anecdotal, some based in fact. But what is usually missing is a suggestion of how to solve the problem.

So, what's the answer? One solution is the development of a knowledgeable workforce through technical education. With the growing vehicle diversity and complexity (see article on pp. 8–9), however, it's become a challenge to provide the necessary educational tools and personal knowledge to help keep pace with the increasing complexity of today's vehicles. To understand the size and complexity of the issue, we've talked to experts to see what is being done today, as well as looking for ways that the automotive claims and collision repair industries can get involved to further improve education within the industry.

Opportunity Knocking

In order to address any problem, a first step is to identify its root cause. While it's a somewhat of an oversimplification, one of the major reasons for the technician shortage—according to the US Department of Labor—is an aging workforce. An estimated 50% of the people working in the industry are going to be eligible for retirement in the next seven to 12 years. The second part of that answer is that able-bodied people are leaving the occupation.

I-CAR Education Foundation Executive Director Ron Ray has taken an in-depth look at the technician shortage for the last decade with the Foundation's triennial survey and report, named the Snapshot of the Collision Industry. The Snapshot provides industry data to highlight important trends and looks to see what can be done to retain current technicians, recruit new technicians and support school-to-work programs. "The 2004 report shows that almost 18,000 technicians left the industry through turnover and turnout," said Ray. "That's 9.1% of the total technician pool. Compared to some industries, that's not very high. But smaller businesses stand to be greatly impacted. One out of every three shop owners said they would have hired at least one more technician if they'd been available."

Knowing that repair facilities are actively looking for qualified technicians is a positive sign if you're an interested student that has the will and the talent, says Tony Molla, Vice President of communications for the National Institute for Automotive Service Excellence (ASE) and vice chair of the Special Presentations Committee for the Collision Industry Conference (CIC). "The Department of Labor cites the automotive service sector as a site of major growth into the future. Growth is good," said Molla. "But along with that growth, there is an added emphasis on being able to receive quality training. That's a result of growing vehicle complexity. There is a definite educational need, and it's important to get actively involved."

Bob Medved, a Senior Claims Instructor at State Farm Insurance, believes now is the time to take advantage of these factors and get to the students. "Due to overarching changes in the collision industry, there are now all kinds of new careers that weren't out there 10 or 20 years," said Medved. "There is a need for qualified estimators, office managers, production managers, area managers, zone managers and other positions—all the way up to the corporate level."

In order to meet those diversified workforce needs, Medved said the curriculum should reflect the reality of today's service needs. "Students today are interested in skilled trades now more than ever because of television shows like Monster Garage and Overhaulin'," said Medved. "Kids are interested. So while they're interested, why not show them the reality of it and what they can do with their life?" he said. "Reality will weed out the students who don't want to be there, who are just there for easy credit or to get their car painted."

Molla concurs that it's important to get to the students while they're in school. "Entry-level people get the best shot at instruction while they're in school. We as an industry need to pay attention and get involved. ASE's non-profit arm (NATEF—the National Automotive Technicians Education Foundation, which evaluates training programs to make sure they meet industry standards) puts together shop owners, manufacturers, insurers—all the people who have stake in getting quality repair—and establishes standards of what schools should be teaching an entry-level person by the end of a training program."

The I-CAR Education Foundation—with the help of several other industry participants has developed the PACE+ST3 program (People Actively Creating Employability through Short-Term Task Training) to help build a more formal structure for high schools offering collision repair. The program is designed to work with instructors so that students in their junior year learn tasks ina minimum of four key skill areas—R&R bolted parts, prep for paint, final detailing and minor dent repair. With these skills, the students would for all intents and purposes be prepared to work for a repair facility as an intern or as a summer job and

CONTINUED ON PAGE 14.

CRASH COURSE,
CONTINUED FROM PAGE 5.

The Cost of Increasing Vehicle Complexity

Electronics are believed to account for as much as 70% of vehicle breakdowns, as vehicle complexity often exceeds the ability of consumers and manufacturers to grasp how it works and how to support it. While electronics now account for 22% of vehicle cost, it is expected to reach 35% by 2010—doubling the amount of software in vehicles every three years.[13]

A recent study focusing on emerging technologies shows that after price consideration consumers ranked side-impact air bags, run-flat tires, laminated door glass, stability control and premium surround sound among the top five high-tech features for "definite" and "probable" interest.[14]

And while certain electronic devices have proven beneficial to consumers and manufacturers alike—i.e. electronic stability control, side-impact air bags, "black-box" technology and electrical components replacing heavier mechanical parts (parking brakes, and steering components), others have yet been proven in real-life experience.

Another consideration is how well the new devices can counter statistics such as: a 100% increase in 2004 in the number of drivers on the road holding cell phones to their ears (5%, up from 4% in 2002 and 3% in 2000);[15] the 60% of adults driving while drowsy, with 4% of them having an accident or near-accident because they were too tired.[16] The risk of an accident quadruples when driving while talking on a mobile phone—a rate similar to that of drunk driving—according to a study by the *New England Journal of Medicine*.[17] In some cases, drivers may be simply unfit to drive. A recent study of 5,000 licensed drivers nationwide conducted by GMAC Insurance showed that nearly one in 10 drivers would fail a state drivers test if tested today.[18]

Perhaps an even bigger factor impacting vehicle repair is the proliferation of new models and the redesign of older models. According to research conducted by Prudential Equity Group LLC, all-new or redesigned vehicles will replace 93% of Toyota's North American sales volume by 2007: The numbers are similar for Honda and Nissan's sales numbers (108% and 134%, respectively). Even GM, Ford and Chrysler are expected to see 86, 73 and 79% of its sales come from new products in that timeframe.[19]

Summary

After a moderate increase in 2004, 2005 vehicle repair costs have returned to an annual rate of increase of about 3%. One of the most significant factors that continues to drive up overall vehicle claims costs is the growing percentage of vehicles that are deemed non-repairable, or total loss. There was a 10% increase in appraisals flagged as a total loss in 2004, following increases of just more than 7% and then 6% the two years prior. With more vehicles totaled and vehicle complexity continuing to rise, it is likely that vehicle claims costs will see further increases in the coming year.

With claim frequency on the decline in the last six to seven quarters, the effect of increases in vehicle repair costs due to the increasing complexity of vehicles on the road today has been less than it might have been; with more vehicles totaled each year, however, the cost per claim overall is driven up quickly. A higher total loss percentage impacts the collision repair industry as well, translating to fewer overall repair jobs.

If the fourth quarter '04 up-tick in earned vehicle years is truly an indication that consumers are re-electing to carry all lines of coverage on a vehicle since premiums are lower, the industry could see some reversal in claim frequency. But in general, with conditions such as an older driving population and more vehicles than drivers, it's unlikely that claim frequency will reverse course with any significance. ▮

Susanna Gotsch is Director of Analysis and Reporting at CCC Information Services Inc., and author of Crash Course.

1 Hartwig, Robert P., Ph.D., CPCU, "2004—First Nine Months Results." Insurance Information Institute, http://iiidev.iii.org/media/industry/financials/2004firstninemonths.

2 "I.I.I.: Auto Insurance Rates To Rise Just 1.5%," *The National Underwriter,* NU Online News Service, Feb. 9, 1:41 pm EST. www.nationalunderwriter.com/pandc/hotnews.

3 Hartwig, Robert P., PhD, CPCU. "Groundhog Forecast for 2005." Insurance Information Institute, http://iiidev.iii.org/media/industry/financials.

4 Paid claim frequency results derived from the "Fast Track Monitoring System: Private Passenger Non-Fleet Automobile Physical Damage (All Collision/All Comprehensive) and Liability (Property Damage)" reports for Fourth Quarter 2004.

5 Earned years results derived from the "Fast Track Monitoring System: Private Passenger Non-Fleet Automobile Physical Damage (All Collision/All Comprehensive) and Liability (Property Damage)" reports for Fourth Quarter 2004.

6 "CNW's Month End Summary—June 2005." CNW Marketing Research Inc., Bandon, Oregon.

7 Brosk, Melissa. "Revving Up." *The Washington Times,* April 26, 2005. nadaheadlines@nada.org, April 25, 2005.

8 Kontos, Tom. *Pulse: Economic Indicators,* 2004 Recap, p. 28. Source: Bureau of Economic Analysis (BEA) and ADESA Analytical Services.

9 Kontos, Tom. *Global Vehicle Remarketing 04–05,* p. 3. Copyright 2005 ADESA, Inc.

10 "Most Americans Expect Gas Prices to Keep Rising." Source: *The Wall Street Journal,* nadaheadlines@nada.org, May 25, 2005.

11 National Safety Council, *Injury Facts 2004.*

12 "Vehicle Technology, Repairability and Insurer Parts Procurement Detailed at International Bodyshop Industry Symposium." *CollisionWeek,* Thursday, June 24, 2004.

13 Reuters, "Carmakers think twice about adding latest gimmicks." *Automotive News,* May 9, 2005. http://www.autonews.com.

14 King, Jenny. "Use of high-tech gear remains an option." *The Chicago Tribune,* Section 17, p. 3, February 3, 2005.

15 Glassbrenner, Donna, PhD. "Driver Cell Phone Use in 2004—Overall Results." *Traffic Safety Facts Research Note,* February 2005. DOT HS 809 847. NHTSA's National Center for Statistics and Analysis.

16 "Wake Up Call: Poll Reveals Millions of Americans Asleep at the Wheel, Even Too Tired for Sex." March 30, 2005, http://www.claims-guides.com/news/national/2005/03/30/53123.htm.

17 "Motorists Admit Distractions Affect Their Driving." http://www.claimsmag.com/enews/enews/viewClaimnews.asp?articleID=703.

18 "GMAC Insurance Study: Some 20 Million Drivers are Potential Accidents Waiting to Happen." May 26, 2005. *Insurance Journal.* http://www.insurancejournal.com/news/national/2005/05/26/55472.htm.

19 "Big 3 Face Japanese Model Blitz." Source: *The Detroit News,* nadaheadlines@nada.org, February 22, 2005.

BY JEFF NYSTROM

All Parts Included. A roundtable with representatives from the parts industry

Recently, CCC gathered a group of leaders on the topic of something touching virtually all segments of the vehicle claims and collision repair industries—the availability, procurement and usage of replacement parts in the insurance repair process. Paramount to the process of selecting this as a key industry talking point was the overwhelming amount of data pointing to the topic.

Consider the Following

- The cost of parts replacement in repairable vehicle appraisals contributed 38.4% of the total repair cost in 2004.
- The cost of parts replacement is second only to labor cost, constituting 42.5% of the total repair expense.
- Parts represent a gradually decreasing share of total cost since 1997, when their share was 40.1%. During this same time however, the average number of parts replaced per claim has increased from a low of 7.49 (1998) to 7.89 in 2004.

In order to take a sharp snapshot of these facts and its significance within the industry, we gathered leaders across the parts supply option list. The group consisted of the following:

- **Christopher Northup,** Vice President of Sales and Marketing at Keystone Automotive Industries
- **Jeff Schroder,** President of Car-Part.com.
- **Rob Wagman,** Vice President of Insurance Services at LKQ Services Corporation
- **Ken Weiss,** Senior Vice President of National Sales for ComSearch—a division of Adesa Inc.
- **Al Temple,** Marketing Manager for Wholesale Markets for NAPA Auto Parts
- **Frank Ferrara,** Executive Vice President of Parts and Service for Hyundai Motor America

What follows is just a portion of the topics—ones identified as important factors—addressed by the expert panel.

What are the macroeconomic factors affecting the automotive replacement parts industry today?

Ken Weiss (**KW**), ComSearch/ADESA: I feel strongly that legislation is and will continue to be the greatest factor impacting alternative parts utilization. We already have legislation restricting aftermarket parts and to some extent recycled parts—and we continue to see new, similar such legislation attempted almost monthly. "Cradle to Grave" legislation might also ultimately play a role.

In Europe it has crept into the conversation with regard to parts disposal and in this country with regard to paint and materials waste.

Christopher Northup (**CN**), Keystone: We constantly hear about the impact of raw materials in the news in regard to things like steel, but it's also petroleum costs. We've seen this effect on several other segments in the economy, but we really haven't seen the impact it will have on the manufacturing of plastics. I definitely feel that it's looming in the background.

Frank Ferrara (**FF**), Hyundai: On a short-term basis, our suppliers were pretty successful last year in deferring any of the price increases, but as a company that primarily imports 90% of its' parts, the position of the dollar against other currencies is definitely a concern. Our parts suppliers are talking about a large single-digit price increase; hopefully we'll be able to hold some of that off. That of course is not only driven by the dollar value, but by raw material cost."

Al Temple (**AT**), NAPA: I feel that raw material and energy costs will continue to increase and continue to dictate a substantial portion of the marketplace. I also think that vehicle complexity will play a significant role in parts as it relates to inventory, etc.

Rob Wagman (**RW**), LKQ Corp: As mentioned previously, with the prices of raw materials going up, that impact will start to show up on the aftermarket costs and will follow that same progression. On the salvage side of the business, the value of the dollar—being so lucrative by being offset by other foreign currencies—has a significant effect. We're starting to see a lot more salvage vehicles leave the country, which is a troublesome aspect for our industry because it affects both raw material availability and the number of available salvage parts.

Jeff Schroder (**JS**), Car-Part.com: I think technology—having electronic access to all types of parts—will play out as an important factor, because I think it will help drive cost down overall. This will help offset some of the negative factors in the business.

What are some of the trends/developments that are taking place within the industry that will help change the landscape over the next one to five years?

JS: Integration is—and will continue to be—one of the driving forces in the replacement parts industry. Trying to integrate parts information into the whole collision repair

process: whether it's having the correct information on-hand during the estimate, after the estimate or during the purchase of the parts. With that said, I think the next step is finding the right way to integrate this information into the workflow. This is driving efforts for standardization, which is focusing on making the process more efficient. On the recycling side, another aspect is standardizing pricing and description of part condition. It needs to be set up so it can be used in an electronic environment—grading parts in an electronic way.

RW: The product is here today and not gone tomorrow, but more likely in an hour. And until we can get that real-time feed between the information providers and ourselves—and any recycler for that matter—that's a huge challenge that we face. We certainly support the electronic transfer of data and allow electronic purchasing.

KW: Industry focus on cost containment will help resolve a lot of issues. For instance, we can't go forward totaling out cars the way we do now. The repair industry doesn't want it, the insurance industry doesn't want it, and the consumer doesn't want it. Controlling replacement parts costs will help—and technology can certainly make the entire process much more efficient.

CN: Skilled companies are going to take that technology and make that their value proposition with the customer, and whatever that level is, the pressure of cycle time and reducing cost—that's going to be the focus and driver for a considerable amount of time. We've talked about integration and how it's worked in other industries, and now it's time for us to get up to speed.

AT: One of our major initiatives moving forward is shop connectivity—the ability to order online. I cannot stress how important that is: the ability to have that electronic connection with our customer.

FF: Our dream would be to have collision shops electronically transmit the orders to the dealerships and having us run that information through our systems, process it and verify the part numbers and get the order out quickly from the dealer to the repair shop.

What do you think will be the impact of the technology and integration on distribution systems? How it will impact supply and availability?

FF: With the increase in the numbers of models and the number increasing, just the size and scope of the inventory is going to increase dramatically. From the OE's position, we've taken the responsibility for the dealer's inventory—and we need the electronic link to make that happen. I imagine all of the distribution networks are going to be faced with the challenge of a smaller per-vehicle population, with a more diverse part count.

CN: I believe there will be a supply-chain evolution—maybe even a supply-chain revolution in the aftermarket part side. We're the one's who have been taking the product to the collision repair industry. But for the bulk of our industry, we're still following practices that are antiquated. And that change—getting the product electronically to the collision repairers—is going to compliment the change of lowering cost.

KW: On the recycled side and to some extent on the aftermarket parts side, bona fide availability and dependable delivery are of serious concern. Consequently, market boundaries are typically smaller than they realistically need be. Recycled parts are a limited commodity and the industry must find a way to make a part available at an east coast recycler work on the west coast. Quality parts can be delivered timely over greater distances than the market permits today. Technology and consolidation will add confidence as well as improve distribution networks. We just need to open our minds and accept the possibility it can work.

RW: Brokering. A recycler should legitimately say "yes" to a parts request only 28% of the time. I think the two biggest myths are: "I've got it," and "It's in perfect condition." You have to sort through the information. We're trying to get away from the practice of brokering. Once you start brokering, you take away any promise of service and quality are out the window. That has nothing but a negative impact on each insurer and repairer using such a system.

JS: As the information is integrated between the recyclers you'll see larger companies forming distribution networks so they can more efficiently manage their businesses. The regional groups whether at a national or regional level, will combine their efforts to provide a better service.

Conclusion

While we've only touched upon a handful of topics that these leaders believe have an effect on the availability, procurement and usage of replacement parts, several other issues were identified as having a significant impact, chief among them being: the effect of total loss increases; the time lag between estimate submission and actual repair; part detail descriptions; and the need for integrating part information into the repair workflow. Perhaps of paramount importance is having each segment of the parts supply chain provide us a valuable window into their industries, since it gives us an opportunity to keep abreast of current and future activities and keep our collective finger on the pulse of this issue.

Jeff Nystrom is Market Development Manager at CCC Information Services Inc.

LEGISTRATIVE FRONT,
CONTINUED FROM PAGE 6.

dures. Vivienne Cameron, Vice President of Vehicle & Enforcement Services at AAMVA, stated that the organization continues to work to towards piloting the NMVTIS project, and champion further funding and implementation of uniform title control procedures.

It doesn't appear that a uniform resolution to disparate salvage titling will be reached at the federal level in the near future, but its level of impact to the insurance and collision repair industries is almost irrefutable—a point proven by the number of states that have either passed or are proposing measures to gain some structure to the issue. ▮

Mike Barber is Director of Regulating Affairs at CCC Information Services Inc. For questions regarding industry legislation, direct e-mail to mbarber@cccis.com.

This article is not intended as legal advice. Readers should seek specific legal advice before acting with respect to the subject of this article.

1 National Highway Transportation Safety Administration

STRATEGIC PARTNERSHIPS,
CONTINUED FROM PAGE 7.

increase its field activity in its claims processing operation by approximately 28% (from 3.5 to 4.5 appraisals per appraiser per day) after deploying ServicePower's advanced scheduling technology.

A Recreational Approach

The demand for specialty estimating solutions, such as recreational vehicle (RV) estimating, continues to rise. Considering the growth in RV sales nationwide, it seems a logical parallel: 2004 saw a 15.4% increase against 2003 sales numbers, which pushed the number of RVs currently on the road to approximately 7.2 million units.

During CCC's analysis of the marketplace, it came to light that an industry-leading information provider—Indiana-based Duncan Systems—was already packing integral industry data and knowledge. Working in the RV industry since 1967, Duncan and its claims consultants are licensed adjusters, having more than 200 combined years of experience in the RV industry.

Keeping the Ball Rolling

As I stated earlier, these three only represent a small cross-section of the strategic relationships between CCC and other best-of-breed service providers. Like the leaders we cited in the Internet information and service sector, CCC's goal is to continue to drive value. By creating a single location through which customers can access the products and services they need quickly, customers will be able to more efficiently run their business operations. ▮

Scott Stein is Director of Strategic Alliances at CCC Information Services Inc.

COLLISION EDUCATION,
CONTINUED FROM PAGE 10.

be productive, versus a liability. Additional skills are then learned in their senior year to prepare them for continued employment after graduation, or post-secondary education.

The secondary education opportunities, however, are getting tougher to come by. I-CAR's Ray makes note of the fact that federal and state education budget shortfalls have forced "a steady reduction of career education courses over the last 20 years," placing the onus of developing qualified technicians onto community colleges and proprietary schools with collision repair and refinishing training programs, and specific class offerings provided by I-CAR and other providers.

A Call to Action

According to Ray, one of the keys is to see how to get involved. "The most effective technical programs have direct involvement from the local industry advising instructors and administration on what the industry needs," said Ray. "It's common at the high school level to have an advisory committee represented by employees of paint companies, information providers, insurance industry employees and local shop owners, advising the program and reviewing its curriculum.

"Active participants are from all segments of the collision industry, and it should be that way," remarked Ray. "There are several ways to contribute to the betterment of pre-employment education. Whether you're helping with donations to a not-for-profit industry association like the I-CAR Education Foundation or you're an active member of your local high school's or college's advisory committee, there are ways to make the industry stronger through education."

If you're looking for more information on how you can become involved in collision repair industry education, visit www.i-car.com/foundation. ▮

Jim Dickens is the Senior Vice President of Sales at CCC Information Services Inc.

ccc news wire

INFORMATION SERVICES INC. *Redefining the Industry Together®* 1980–2005 25 ANNIVERSARY

CCC Turns 25!

Since its inception in 1980, CCC's singular focus has been to improve the automotive-claims and collision-repair industry. Now, as we approach our 25th anniversary, we would like to sincerely thank you, our customers and business partners, for your continued support of our efforts. We have come far together, sharing many successes along the way. By collaborating with the industry, we have been able to supply customers with the solutions necessary to run a more efficient and effective business. As we look forward to the next 25 years, we renew our commitment to being the quality provider, responsive partner and knowledgeable supplier of information and technology to the automotive claims and collision repair industry.

Product News

CCC Announces Enhancements

CCC recently announced several product enhancements to its claim management solutions, which will be available to customers this summer. These enhancements include:

CCC Autoverse® Claim Management version 4.0 Vehicle repair statusing functionality has been enhanced. Users will now be able to select from 12 status options and electronically notify insurance carriers of a particular vehicle's status in the repair process. Version 4.0 is also integrated with CCC's Recycled Parts Service (RPS), so users can now review the availability, selection and use of recycled parts for individual estimates.

CCC AUTOVERSE® Claim Management

CCC Accumark™ Reinspection version 1.1 Users can now customize their workstations to create multiple views of their workload, making it easier to identify and prioritize specific claims for reinspection, as well as enable reinspection supervisors to reassign work among available resources.

CCC ACCUMARK® Reinspection

CCC Intellisphere® Insurance Reporting CCC Intellisphere, formerly Claimscope™ Navigator, is CCC's next-generation reporting tool. Designed with a more intuitive user interface, CCC Intellisphere Insurance Reporting offers multiple and customizable views into management and performance data, making it easier for insurers to search for and access information. The new user interface also streamlines the creation of ad hoc reports so users can spend more time analyzing the data instead of accessing it.

CCC INTELLISPHERE® Insurance Reporting

International Autobody Congress & Exposition NACE® Sponsored by ASA 2005 The World's Collision Repair Event

NACE—Las Vegas, Nevada: November 2–5, 2005

Come visit CCC at the International Autobody Congress and Exposition (NACE). We will be located in booth number W3543 on the main tradeshow floor. You can also hear from CCC experts at various seminars.

Wednesday, November 2… 10:30 am to 12:00 noon: *Tips and Techniques—Advanced Training for CCC Pathways Users*
1:30 pm to 3:00 pm: *Realizing the Importance of Data in Managing a Profitable Business*

Partnerships

CCC, ServicePower Team Up to Bring Scheduling and Dispatch Tools to the Automotive Claims Industry

SERVICEPower

CCC and ServicePower, a global developer and supplier of workforce optimization software for the Customer Relationship Management (CRM) market, recently announced a strategic relationship whereby CCC will be the exclusive reseller of ServicePower scheduling solutions to the US automotive insurance and collision-repair markets. CCC will also integrate the ServicePower scheduling capability into the CCC Autoverse® Claim Management solution and will supply, implement, and support the combined solution for the automotive-claims industry.

CCC Works with Duncan Systems and Urban Publications to Expand Collision Estimating Services

Duncan systems, inc.

CCC is increasing its collision estimating industry footprint by entering into agreements with information providers in the recreational vehicle (RV) and motorcycle industries. Through agreements with Duncan Systems (the leading RV estimating data provider) and Urban Publications (the top motorcycle, ATV and scooter estimating provider) CCC has become a reseller of these companies' respective estimating products and will also begin development on integrating these product offerings with CCC's other estimating solutions.

CCC Addresses Mobile Electronic Replacement Claim Market

CCS

CCC has entered into an agreement with Coordinated Claim Services, LLC ("CCS") to refer customers to CCS for replacement of mobile electronics.

CCC's customers can send mobile electronic system claims to CCS via CCC Autoverse® Claim Management—CCC's convenient, centralized web solution designed to dispatch, receive, review and conclude the process of a claim. With CCC Autoverse Claim Management, users can access an electronic file folder giving them a common area in which they can enter, retrieve and augment pertinent information relating to the claim.

GET A GRIP ON PARTS MANAGEMENT, VENDORS, AND PRICE UPDATES

PRODUCTION ASSISTANT™ IS ONLY $179 PER MONTH*

CCC Pathways® easy-to-use, integrated shop management feature allows you to:

_Easily administer the receipt of parts, including returns, credits, holds and cancellations

_Simply store and access your vendor contact information

_Accept parts price changes in CCC Pathways estimates

800.523.8924
www.cccproductionassistant.com

INFORMATION SERVICES INC.
Redefining the Industry Together®
1980–2005 25 ANNIVERSARY

** CCC reserves the right to change the price at any time at its sole discretion. Available for CCC Pathways version 4.2 or higher. In addition to the monthly fee, there is a minimum $599 one-time setup fee, which includes computer-based product training.*