



Follow Up  
Presentation

# The Total Loss Crisis

And

# Vehicle Repairability

**Lee Petersen**  
**Marketing Manager – Training Division**

August 2, 2006

Presentation by the Special Presentation Committee



# The Total Loss Crisis

**VEHICLE REPAIRABILITY is the biggest problem for the Collision Repair and Auto Insurance Industries**

As stated by:

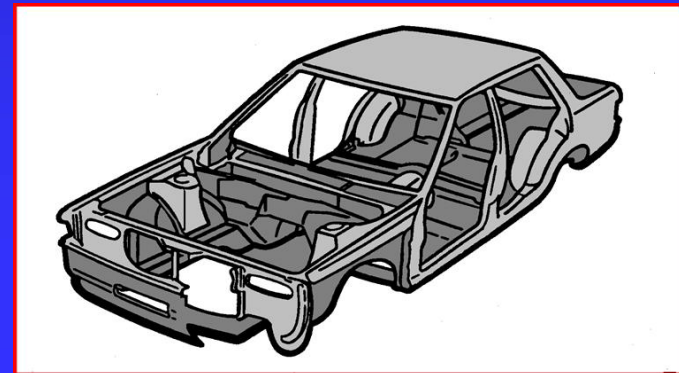
Dan Risley, Executive Director,  
Society of Collision Repair Specialists  
(SCRS)



# The Total Loss Crisis

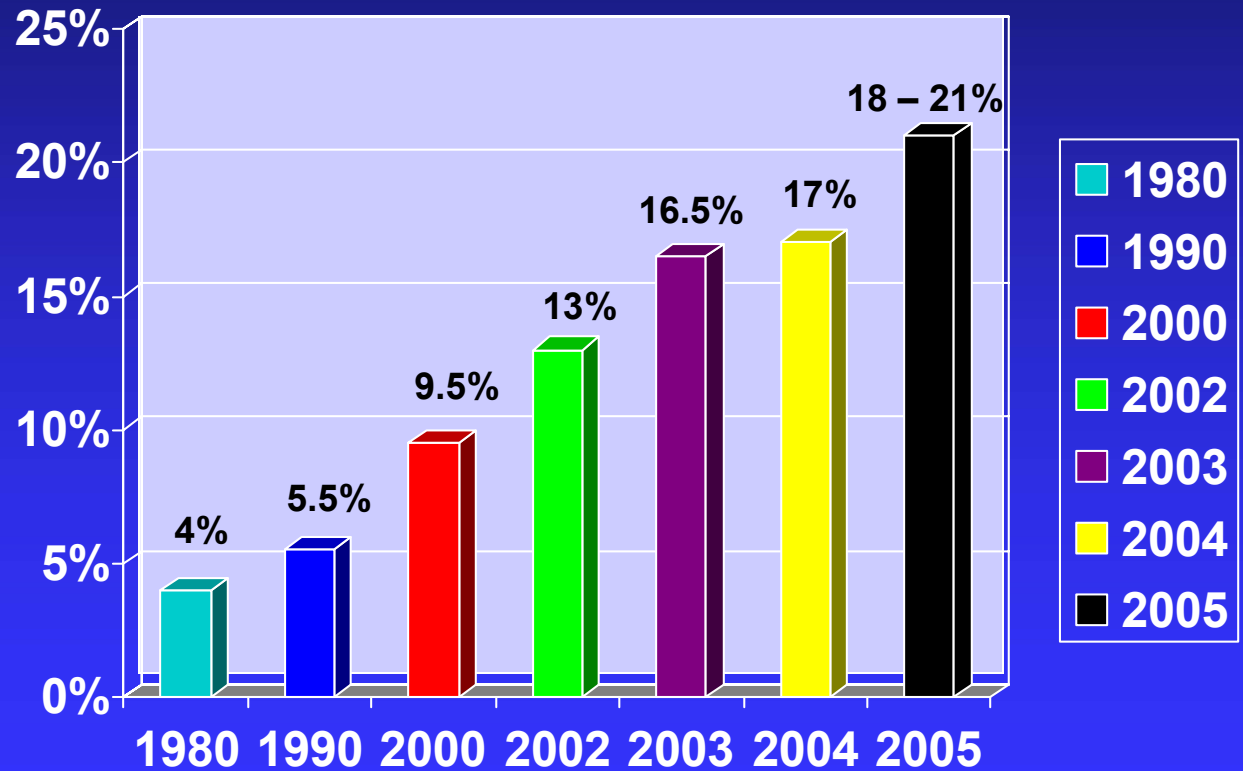
**“The biggest issue is the number of repairable vehicles. The number of total losses in the U.S. has been steadily on the rise...You can’t underestimate the impact of new technology and substrates (frames) being utilized by the OEM’s in their new models have on repair costs.”**

**-- Dan Risley, SCRS**





# The Total Loss Crisis



Source: Collision Repair Industry Insight



# The Total Loss Crisis

Many factors driving “Totals” trend, including:

- Cost of air bags
- Cost of OEM parts
- Lack of technical information from OEM's
- Low appraisal staffing (eyes on the car)
- Expensive electronic systems
- Strong salvage values
- Lack of technical training
- Exaggerated estimates, etc.





# The Total Loss Crisis

Another major factor is the OEM *“Repairability Issue”*

- They don't understand the need to “Design for Repairability”
- They make decisions based on manufacturing and weight issues
- They come up with exotic structural metals such as:
  - Boron
  - Magnesium
  - Aluminum
  - HSS Steel
  - HSLA Steel
  - UHSS
  - Hydro Form Steel
  - Laminated Steel
  - Quiet Steel
  - Dual Phase Steel



# The Total Loss Crisis

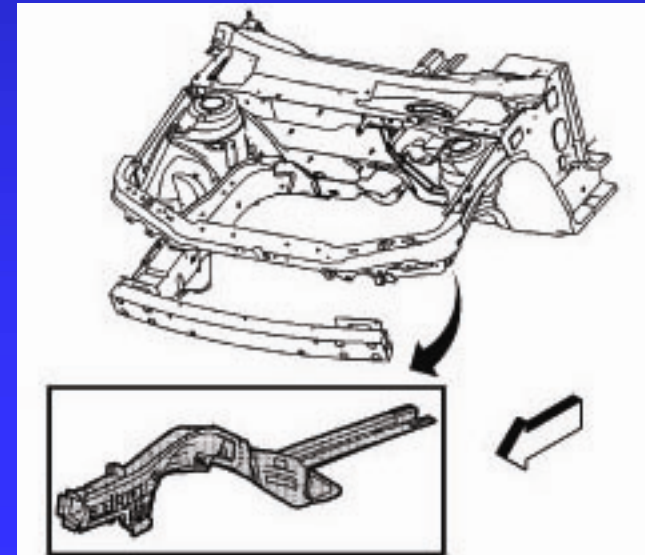
- Rumor now has it that they are testing...

**KRYPTONITE!!**



# The Total Loss Crisis

- Design and assembly engineers need additional education on the repair challenges these high-tech metals are causing and the need for structural “sectioning parts.”
- OEM’s need to provide more technical information and specific repair procedures so we can make quality and safe repairs







# The Total Loss Crisis

And there is a critical need for more training in all aspects of collision estimating and repair.

- **Body/Frame Technicians**
- **Collision Center Estimators**
- **Auto Physical Damage Appraisers**
- **Independent Appraisers**





# The Total Loss Crisis

**International Bodyshop Industry Symposium (IBIS)**

**Montreal Palace Hotel  
Switzerland**

**May 31<sup>st</sup> – June 2, 2006**





# The Total Loss Crisis

**IBIS:**

The global forum for collision industry leaders and influencers





# The Total Loss Crisis

## Keynote Speaker:

Sir Nick Scheele  
Retired President  
Ford Motor Company – Europe





# The Total Loss Crisis

**“Vehicle repairability is not a key consumer concern at this time.**

**If consumers want it, the industry will provide it. But the industry will need to make a clear, consistent and compelling case as to why Vehicle Repairability is vital.”**





# The Total Loss Crisis

## The Throw-Away Vehicle

Could the car become just another consumer durable?





# The Total Loss Crisis

**Should repairability be part of the design and development process of a new model?**

- William Kimberley  
European Editor  
Automotive Design & Production





# The Total Loss Crisis

## Repairability

- Repairability is considered by assessing the cost of the parts and the associated time with returning the vehicle to its pre-accident condition







# The Total Loss Crisis

## Repairability

- Repairability has become an issue with the increase use of aluminum and exotic metals





# The Total Loss Crisis

## Repairability

- It is not just the different materials, but also the manufacturing processes themselves that are changing





# The Total Loss Crisis

## Repairability

- As vehicles became more complex, the associated repair methods became less generic





# The Total Loss Crisis

## Repairability

- There is no penalty, as far as the insurance rating is concerned, for a manufacturer to use new materials or joining technologies that might have a negative influence on the repair process
- Nor for that matter is there any incentive in the shape of a better insurance rating for the manufacturer to take it into account when considering repairability





# The Total Loss Crisis

## Repairability

- The repair industry is about to undergo transformation





# The Total Loss Crisis

## Repairability

- As things stand, the general repair shop will no longer have the competencies to repair new cars





# The Total Loss Crisis

## Repairability

- There needs to be a standard by which a car can be rated as to its structural repairability and the ease of repair and the cost implications

A New Role For EuroNCAP?





# The Total Loss Crisis

**Future Of The Repair Sector  
The Battle For Value**







# The Total Loss Crisis

A Vehicle Manufacturer's Perspective

Howard Atkin

European Bodyshop Development Manager  
Honda Motor Europe





# The Total Loss Crisis

## Opportunities From Accident Repair

- 40% - 50% Parts Sales
- New/Used Car Sales
- Service/Mechanical
- Continuing Customer Relationship





# The Total Loss Crisis

## New And Existing Repair Methods

- Repairing vehicles using common tools and repair procedures
- Real life situations, not training center conditions





# The Total Loss Crisis

Looking Ahead...

## What The Future May Bring

### Short/Medium Term

- Vehicle technology continues to develop
- Vehicles continue to become more difficult to repair
- Repairs require more specialist skills and/or equipment





# The Total Loss Crisis

Looking Ahead...

## What The Future May Bring

### Long Term

- Widespread use of collision avoidance systems
- The uncrashable car
- End of the collision repair industry as we know it?





# The Total Loss Crisis

Vehicle Repairability Challenge

**AND**

Increased Total Losses

**EQUALS**

Fewer Cars To Repair!





# The Total Loss Crisis

It Begs The Question...

What Should CIC and the U.S. Collision Repair Industry Be Doing About This Growing Crisis?

