

## AUTO PHYSICAL DAMAGE GUIDELINES FOR INDEPENDENT APPRAISERS

### Super Outstanding Service

We want to provide our customers with outstanding claim service. We strive to be the pinnacle of the industry in professionalism and customer service to our customers both internally and externally, while meeting the legal and contractual obligations of Auto-Owners.

### Independent Appraiser's Responsibility

**Primary Responsibility** – The primary responsibility of the independent appraiser (IA) is to provide timely, accurate and thorough inspection of automobiles for our various branches. These inspections will take place on both repairable and total loss vehicles. It is the IA's responsibility for determining scope of damage, deciding whether to repair or replace parts and whether to utilize OEM, LKQ, re-conditioned or aftermarket parts. The ultimate goal is to return our customer's automobile to the way it was before the loss. Individual claim branches, at their discretion, may impose greater controls or requirements than these guidelines.

**The Claim Process** – The IA will receive their work from the various branch offices of Auto-Owners Insurance. These assignments may be sent electronically via Mitchell or CCC's portal and occasionally, by email from the branch.

## Communication

The first contact to the customer should be immediate. Same day contact should be made on all assignments. An appointment should be scheduled and the vehicle inspected within 48 hours. If contact is not made and the vehicle has not been inspected within 48 hours, the IA should notify the Claim Representative by an email or phone call. Upon inspection of the vehicle, the vehicle owner is to be contacted in person or by phone to advise their vehicle has been inspected and the appraisal is complete. A copy of the estimate is to be given to the customer in person, through email or by advising the Claim Representative to mail a copy to the customer. The estimate is to be reviewed with the vehicle owner and explanation given as to what repairs have been estimated. Auto-Owners prefers repairable vehicle estimates and total loss evaluations be completed at the time of inspection. Special circumstances may delay the completion of a file such as the need for a tear down or if special research is required on a total loss. If delays occur, the customer and claim representative need to be updated with a timeline of events that will occur in order to keep all parties informed and proper expectations set.

## The Appraisal

**Estimate Administrative Data** – An accurate, professional and compliant estimate begins with proper administrative information. The following administrative data needs to be accurate and complete:

- Claim number and policy number
- Complete name, address (including e-mail), phone & fax numbers for the following:
  - Appraiser
  - Insurance Company/Claim Representative
  - Insured/Claimant

- Body Shop name, address, phone/fax number and Federal Tax Number.
- Date of Loss
- Contact date and time
- Inspection date and time
- Vehicle Description
  - Complete (verified) VIN number
  - Year
  - Make
  - Model – include trim package information such as GT, STS, LT, LTZ, Ultra, etc.
  - Body style and Body number if applicable
  - Color and or trim codes as needed
  - Odometer reading or service record documentation
  - Production date
  - Options – Axle ratios, etc. **(list all options if vehicle is a total loss!)**

**Documentation** – Regardless of the type of appraisal an IA handles, documenting your involvement in the claim is an important and crucial process to the overall handling of the claim. Notes documenting your involvement in the claim need to accompany your completed work back to the Claim Representative.

**Repairable Appraisal** - Upon inspection, the appraisal should be written and distributed to all parties immediately. Estimates are to be written at the time of inspection, if possible. There are exceptions to this rule, but writing estimates on the spot is the preferred method for handling claims. Estimates should be given to the vehicle owner and repair facility via email, print and deliver and/or fax. Provide documentation within your claim summary on how the estimate was delivered to the customer and shop. If you received your appraisal assignment through Mitchell or CCC's portal, then the completed appraisal, photos & documentation are to be uploaded electronically through the vendor's portal that Auto-Owners has provided instruction. Supplements are to be uploaded the same way as the original appraisal. The appraisal should accurately reflect the damages and costs

of repair and meet the industry standards for the vehicle inspected. It should be made clear to the shop and the vehicle owner that the owner must authorize repairs. An agreed price of repair should be reached with the shop of the owner's choice if the owner has decided on a body shop to make repairs. If the IA is unsuccessful in getting an agreed price, a copy of our appraisal should be left with all parties involved. The vehicle owner is to be advised we are unable to come to an agreed price and their options should be explained in terms compliant with their state.

**Unrelated Prior Damage** – Minor damages such as scuffs or small bumper impacts resulting in a minimal repair should be noted in the IA's notes with accompanying photos. Impacts causing significant damage affecting the overall underwriting condition of the vehicle should have an itemized unrelated prior damage estimate written with supporting photos. This damage should be documented in the notes back to the Claim Representative.

**Repair Days** – The IA must communicate the number of days anticipated to repair in their email to the Claim Representative. Auto-Owners figures 4 labor hours equals 1 day as a guide. Additional days should be figured for suspension operations, frame work and/or air bag/restraint work. The days documented are to be business days only. Weekends are not to be figured into your calculation. If there are going to be significant delays due to the shop's work load, back ordered parts or any other factor, the IA is to communicate the delay to the Claim Representative.

**Subrogation** – If the IA feels the damages may have been caused by a manufacturer defect, the IA will communicate all potential subrogation opportunities to the Claim Representative. Evidentiary items that need to be secured will be handled by the file handling Claim Representative. No disassembly should take place by an IA. The need for possible mechanical teardown for evidence of running ability should be considered and discussed with the Claim Representative.

**Fire Cause and Origin** – All fire losses should be thoroughly inspected in order to determine the cause and origin of the fire. Your responsibility does

not include performing a full cause and origin, but any information you can provide during your inspection will help the claim representative determine the next course of action. Mechanical parts that are faulty, defective and/or worn out and caused the fire loss are **not** to be included as part of the loss, only the parts that sustained resulting damage. Evidentiary items that need to be secured will be handled by the file handling Claim Representative. No disassembly should take place by an IA. The need for possible mechanical teardown for evidence of running ability should be considered and discussed with the Claim Representative.

**Flood Damage** – The IA is to determine the high water mark inside the vehicle. Auto-Owners considers any vehicle with water over the rocker panels or inside the passenger compartment a total loss. This determination will be superseded by any more stringent applicable state law.

**Total Loss Appraisal** - Whether the vehicle is an obvious, constructive or fire/flood total loss, an itemized estimate needs to be written to document the damage. A one line estimate indicating the vehicle is a total loss is not acceptable. Once the vehicle is deemed a total loss, it is the IA's responsibility to evaluate the vehicle. In addition to securing the actual mileage, listing all the vehicle's options and verifying the VIN, the IA will establish the vehicle's condition using Auto-Owners' approved total loss report form. The conditioning portion should include thorough notes and explanations with supporting photos that document the condition deviating from average condition. Upon inspection of a total loss, follow the direction of the local branch. Additional instructions may be given regarding running a value on vehicles and/or moving salvage.

**Total Loss Unrelated Prior Damage (UPD)** – Significant impacts that affect the overall value of the inspected vehicle should have an unrelated prior damage estimate written and proper photos to document the damage. Items that affect the condition like door dings, rust and soiled interior should be valued as part of the condition of the vehicle and not unrelated prior damage. It is important to not duplicate deductions on UPD and condition. Deducting for unrelated prior damage should be differentiated from the

overall condition of the vehicle. Below is a guide for taking UPD deductions on total losses.

<u>Age of Vehicle</u>	<u>Percentage Range for UPD Deduction</u>
New through 2 years old	100% - 85%
3 through 6 years old	84% - 60%
7 through 10 years old	59% - 45%
Over 10 years old	44% - 10%

**Moving Salvage** – Every effort should be made to mitigate storage charges by moving salvage. It is important to communicate and understand the needs of the branch you are representing. Your branch will inform you of procedures regarding salvage movement.

## Parts Utilization

### Definitions

OEM parts are new parts supplied by the original equipment manufacturer.

NON-OEM or Aftermarket parts are parts supplied by someone other than the original equipment manufacturer.

Used parts (also known as “Like kind and quality” or “LKQ”) are typically OEM parts that are obtained from a salvage yard for use by a repair facility.

Reconditioned/Remanufactured parts are typically used OEM parts that have been serviced and are now suitable for use in the repair of an auto.

## **Parts Usage Guidelines**

**These guidelines will be superseded by state statute, regulation, guideline or rule.**

Vehicles with a current model year through model year 2 will have OEM parts only. This includes glass and wheels.

Current model year is defined as current calendar year, minus the year of the automobile stated in the declarations and / or decoded by the vehicle identification number.

Aftermarket, reconditioned and LKQ parts can be considered on vehicles older than 2 model years but newer than 5 model years; Aftermarket sheet metal is not considered in this period. If aftermarket parts are utilized, they must be CAPA certified. This includes glass and wheels.

Vehicles older than 5 model years are subject to the use of aftermarket, reconditioned and LKQ parts, including CAPA certified sheet metal.

### **Exceptions:**

Auto-Owners specifies OEM replacement parts in the following Categories:

- Air Bag Components
- Brakes
- Seat Belts
- Steering Components (including tie rods)
- Steering Racks can be remanufactured in addition to OEM.
- Suspension components, front & rear, with the exception of steel wheels and straight rear axle housing assemblies.
- Tires
  - o Tire replacement should include brand, size, description (Example - Michelin XZ4 P195-65R15)
- Reinforcement Bars
- Radiator Supports

Alloy wheels should be OEM or remanufactured.

Auto-Owners does not recommend sectioning the structure of a customer's vehicle with a LKQ front or rear structural section, uniside or quarter panel. Auto-Owners will utilize LKQ front sheet metal section for its bolt on and off components but not its structural components.

We expect estimates using parts other than new OEM parts be clearly labeled using unambiguous language. **Clear communication to our customers on these issues is important.** Estimates should clearly reflect required "State Specific" disclosure language.

If NON-OEM or LKQ parts are available, include the following information:

- Name of Supplier
- Telephone number of Supplier
- Name of person you spoke with or part quote number
- Cost of part
- Markup of parts are typically 30%, show this on separate repair line.
- Bumpers, trim, molding, etc. – If more than one choice, please note size, color. (Example – L door molding narrow style spruce green w/chrome insert).

### **Additional Procedure Tips**

**Supplements / Re-Inspections** – IA's may handle their supplements and re-inspections as they deem appropriate. It is your responsibility to verify all damages, document the claim with photos and invoices and complete the supplement in 48 hours of notification from the collision repair facility. Teardowns where additional repair time and parts are found should be re-inspected in person and negotiated with the shop. Items like parts price increases or parts price decreases should be verified through invoice copies. These types of supplements are suitable for handling at the desk. Any additional documentation obtained during the handling of a supplement



should be uploaded with your uploaded return package. This includes, but is not limited to, photos and invoice copies.

**Digital Images / Documentation –**

Repairable Vehicle Photo/Documentation Package:

- Door tag that shows the VIN, production date and paint code
- License plate
- Mileage
- Four corners
- Documentation of all damages written on the estimate
- Tow bill
- PPI or PPD invoice copies
- Sublet service invoices

Total Loss Vehicle Photo/Documentation Package – In addition to the above:

- Interior
- Engine Compartment
- Documentation of the vehicle's condition

**Prevailing Labor Rates** - The IA has the authority to negotiate labor rates in accordance with the local market. Prevailing rate is determined by the market. Questions related to prevailing labor rates should be directed to the local claim branch. We will not place a materials threshold on paint and materials.

**Teardown / Hidden Damage** – The IA has the authority to authorize a teardown in order to write a thorough and accurate appraisal up front. The teardown time should be discussed and agreed upon up front in case the vehicle becomes a total loss. Hidden damage should not be noted or written on any repairable estimate. Only visible damage is to be commented on or written.

**Blend** – It is within the IA's discretion on whether blend is appropriate to an adjacent panel. Factors such as year, make, model, color, condition,

workable area of damaged adjacent panel and line of sight between adjacent panels are some of the factors that will affect the decision.

**R&I (Remove & Install)** – R&I procedures should be utilized as deemed necessary to return a customer’s vehicle to the way it was before the loss.

**Alignments** – Alignments are to be written at the local market’s prevailing rate as a sublet item. Alignments should only be considered when an impact to the wheel, suspension or frame/unibody damage has occurred.

**Appearance Allowance** – The IA has the discretion to discuss appearance allowances with customers. Appearance allowances should be considered only on superficial damages that provide no impact to the overall safety of the vehicle and with the customer’s consent. Items to consider are minor paint scratches, small dings or dents, scratches to wheel covers and wheels, and superficial bumper cover damage.

**Betterment / Depreciation** – Betterment and depreciation are reserved for those instances when a vehicle’s actual cash value experiences an adjustment which puts the vehicle in a significantly better place than it was before the loss. Nominal items that depreciate over time, such as tires, batteries and suspension have minimal impact to the vehicle’s value. Items such as complete paint jobs, new engines and new transmissions will significantly improve the vehicle. Each betterment case will be considered on its own merit. When betterment is considered, the condition of the part being bettered will be noted and the proper amount of betterment will be applied in order to place the customer in the same position they were before the loss.

**Partial Refinish** – If a panel sustains damage and requires the refinish operation, the refinish time will not be reduced. A damaged panel will receive the paint time as calculated by the estimating software without any deduction for partial refinish.

## **Disclaimer**

The above are recommendations to be considered in the adjustment process. Each claim is unique and may be handled on its own merits with variation from these recommendations based upon individual circumstances. It is important that any variation from these recommendations be noted on the appraisal and that it be done with the knowledge and consent of the vehicle owner and claim representative.

We expect all IA's to comply with material damage estimating and repair laws, including fair trade practice statutes and all state statutory laws. If there are questions or concerns regarding the damages being presented by the owner, the IA should contact the Claim Representative. It is also our expectation that all IA's act and conduct themselves in such a manner as to avoid any potential conflict of interest.

This chart is a guide. geographical, jurisdictional and special circumstances may require deviation from the listed data.

Operation	Description	Price	Labor time	Labor Code	Remarks
Replace	Flex Additive - Per cover	\$ 10.00			
Replace	Car Cover	\$ 5.00	0.2	B	
Repair	Color Sand & Polish - Single Panel		0.5	B	Operation is available for high line vehicles that leave the manufacturer with a mirror like finish
Repair	Color Sand & Polish - Each Addl Panel		0.3	B	Or as instructed by the manufacturer.
Refinish	Tint		0.5	P	
Repair	Sand, Denib, Polish & Finesse - First Panel		0.3	B	Appropriate for model years current through 4 years old.
Repair	Sand, Denib, Polish & Finesse - Each Addl Panel		0.2	B	Use your discretion on vehicles outside of the listed time frame.
	Additional Paint and materials				When presented with a paint and material invoice, analyze and check the data. Ounces of paint used must match what is necessary to paint the car. Verify the price per ounce is the retail price, less additional markup. Retail price is what the products cost the over the counter customer at a paint distributor. Auto-Owners recognizes PMC Logic as a means to calculate paint and materials. Auto-Owners has a subscription to PMC Logic. If you need Auto-Owners to run a paint and material calculation, feel free to reach out to Patrick Dowling, manager auto physical damage.
Replace	Re-Tape Moldings	\$ 5.00	0.3	B	duplicate R&I time of molding should be used and \$5 for re-taping up to a 2" wide door molding
Replace	Corrosion Protection	\$ 8.00	0.3	B	
Replace	Undercoating	\$ 12.00	0.5	B	
Refinish	Gravel Guard - First Panel		0.5	P	Gravel Guard can be automatically calculated by the estimating software.
Refinish	Gravel Guard - Each Addtl Panel		0.3	P	
Replace	Weld Thru Primer	\$ 2.50	0.2	B	
Replace	Seam Sealer	\$ 20.00	0.5	B	.5 will cover the rear body and a floor section. Labor time can be adjusted down as needed.
Replace	Tape Stripe - 1 Panel	\$ 22.00	0.3	B	common 3M stripe.
Replace	Tape Stripe - Each Addtl Panel	-	0.1	B	
Sublet	Painted Pin Stripe - 1 panel		0.3	R	.3 for the first panel at refinish.
Sublet	Painted Pin Stripe - Each Addtl panel		0.1	R	.1 for each additional panel at refinish.
Replace	Hazardous Waste	\$ 5.00			
Repair	Grind and Refinish Pinch Welds		0.3	B&P	.3 for body and .3 for paint.
Replace	R12	\$ 45.00			
Replace	R134	\$ 30.00			
Replace	R1234YF	\$18.00			Per Ounce
Replace	Standard Coolant	\$ 18.00			
Replace	Dexcool Coolant	\$ 30.00			Pink in color.
Sublet	2 Wheel Alignment	\$ 69.95			
Sublet	4 Wheel Alignment	\$ 89.99			
Sublet	Wheel Balance	\$ 18.50			Per Wheel. Oversized tires are per invoice
Replace	Valve Stem	\$ 1.50			Per tire
Repair	Reset TPMS		0.5	M	Mechanical rate. Time to reset the whole system.
Repair	Pre & Post Scan		2.0	M	1.0 hour for pre scan and 1.0 for post scan. See Auto-Owners position statement for when to utilize.
Repair	Set Up & Measure - Unibody		2.0	B	Set up & measure should be written at body time
Repair	Tie Down & Measure		1.5	B	Written at body time
Repair	Set Up & Measure - Full Frame		1.0	B	Written at body time
Sublet	Lube, Oil & Filter	\$ 45.95			
Sublet	Tranny Flush	\$ 92.99			
Replace	Brake Fluid	\$ 14.00			
Replace	Power Strng Fluid	\$ 10.00			
	NAGS Glass Replacement				Book time for labor and 40% off NAGS price. Can be used on any year and any mileage.
Repair	Glass Clean Up		0.5	B	.5 will take care of most windshields and side window breakage.
Replace	Stationary Glass Kit	\$ 25.00			
Sublet	Recode Locks	\$ 45.00			
Sublet	Interior Detail	\$ 80.00			
Repair	Tear Down Fee		2.0	B	Most tear down will result in no more than 2 hours. Be sure to negotiate teardown before the operation takes place.

# Auto-Owners Insurance Company

## Pre and Post Scan Position Statement

Auto-Owners Insurance Company believes pre and post scans are integral operations needed to bring an automobile to its pre loss condition.

Auto-Owners will honor the vehicle manufacturers who have position statements regarding pre and post scans. A great resource to access the different manufacturer position statements is [www.oem1stop.com](http://www.oem1stop.com). Regardless of whether an OEM has a position statement or not, if an automobile with on board diagnostics is involved in a collision that requires an intrusion to the electrical, safety and / or driver assist systems and you are confident the operations will be performed, Auto-Owners will include pre and post scan operations on the initial appraisal. If you are unsure if the operations are needed or will be performed, it is acceptable to address the procedures in the form of a supplement after communication between you and the shop.

Many of the manufacturers indicate that a vehicle with “any” collision damage must be pre scanned and post scanned. Auto-Owners realizes there are instances where minor collision damage occurs with no intrusion to the electrical, safety and driver assist systems. This will be less common on newer vehicles. In these instances, communication with the collision repair facility on whether they are going to perform a pre and post scan is needed. If you and the collision repair facility feel the pre and post scans are warranted, you may write for them up front or agree to write for the procedures in a supplement after receiving the actual scan report.

The cost to perform a pre and post scan has not been established within the major estimating systems. Auto-Owners will pay 1 hour for the pre scan and 1 hour for the post scan at the shop’s mechanical rate. If you are presented with an invoice documenting a higher charge, reimbursement through the supplement process is appropriate.

If you have any questions, feel free to reach out to me.

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