

## Background

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MPI promotes repairs over cash settlements. However, there are instances when cash settlements are necessary, such as when parts require replacement on a claim but are irreparable and obsolete, or illegal.

Settlement amounts are based on last known price and do not include any taxes, shipping/freight, or labour. MPI will confirm last known price prior to cash settling with the insured.

### Illegal Parts

MPI does not permit replacing illegal parts on a claim. Vehicles with illegal or off-road use only components pose a safety risk on the road and are considered [unfit](#). This includes components that do not comply with the requirements of [The Highway Traffic Act](#) (HTA).

If an illegal part has been confirmed, the customer will be advised by the adjuster to have the part replaced with a compliant part. If a compliant part is supplied by the insured, standard labour times may be considered for the part installation.

### Obsolete Parts

Parts that are no longer available through the Original Equipment Manufacturer (OEM) or alternate part suppliers are considered obsolete. When an obsolete part cannot be sourced, a cash settlement may be required. This is done in order to compensate the customer for the value of the parts that were lost as a result of the claim.

If a part is found to be obsolete, shops should first consider a repair as an alternative to a cash settlement.

## Rules

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1. In order to submit a cash settlement request, the part must be either illegal or obsolete.
2. The repair shop must provide supporting evidence indicating that the part is no longer available from an OEM and/or alternate part supplier. As much of the following part information as possible should be included:
  - Part description
  - Name brand
  - Part number
  - Last known price
  - Name of supplier that was contacted to source the part
3. Labour for the part line must reflect the work that was actually completed.
4. Illegal parts must be reported to MPI following the [Unfit Vehicles](#) Estimating Standard.
  - All non-OEM style parts, including custom and modified parts, must be confirmed to comply with VESI regulations.

## Examples

A shop receives a claim that requires a replacement headlamp. During the tear-down the shop notices that the customer has installed a non-Department of Transportation (DOT) approved lamp. The shop proceeds to add the **Cash Settlement** line from the Long Expansion and indicates that the headlamp is an illegal part. They also add the part information and last known list price as a note in the file. They then submit the supplement and await MPI confirmation. During the review process, MPI confirms the part is illegal and the last known list price is accurate. The Estimator proceeds to notify the Adjuster that a cash settlement may be issued. Once the cash settlement is completed, the shop may work with the customer to find a suitable, legal replacement part.

During the repair process, a shop has noted that the grille, which requires replacement, is obsolete. The shop has attempted to source both OEM and alternate part types without success. The part is not repairable so the shop adds the **Cash Settlement** line from the Long Expansion and includes the labour required to only remove the damaged grille. They then submit the supplement including the emails from their suppliers as supporting documentation.

## Parts Autonomy Privileges

Cash settlements are excluded from Parts Autonomy privileges. The customer is only entitled to the value of the parts based on the part types that were installed prior to the loss.

## Best Practices

If you are unable to determine the part make or model because there are no distinguishing markings, name brands, or part numbers, check with the customer, as they may have records or invoices of the part when it was originally purchased.

## Reference

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See [The Highway Traffic Act](#) for the full list of regulations when determining the legality of a part.

See the [Unfit Vehicles](#) Estimating Standard for steps related to reporting an illegal part.

## Procedure

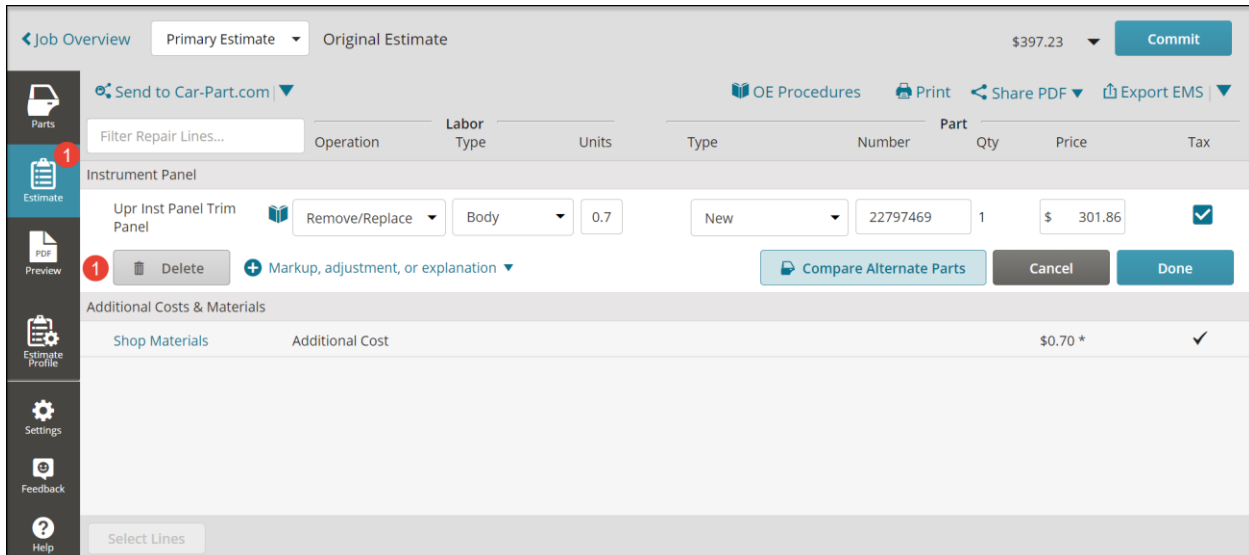
### Mitchell Cloud Estimating (MCE)

Follow the steps below to add a cash settlement line item to an estimate.

Begin with the estimate open in Mitchell Cloud Estimating.

#### Repair Shops:

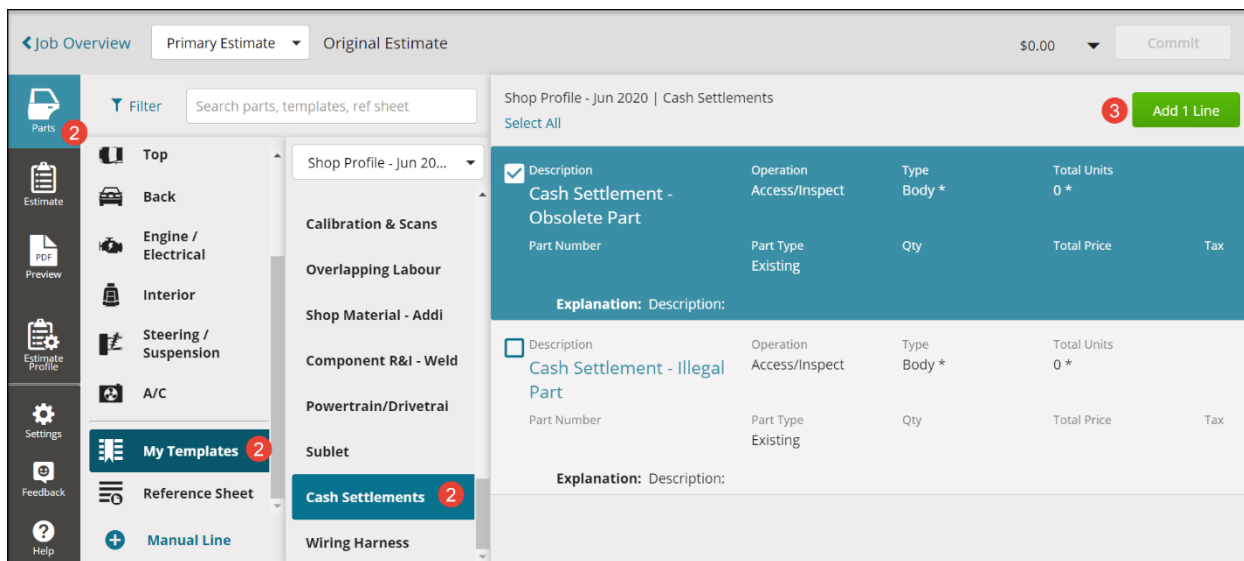
1. From the **Estimate** tab, locate the line item for the part to be cash settled and delete it from the estimate (Select the line item for cash settlement and select the **Delete** button).



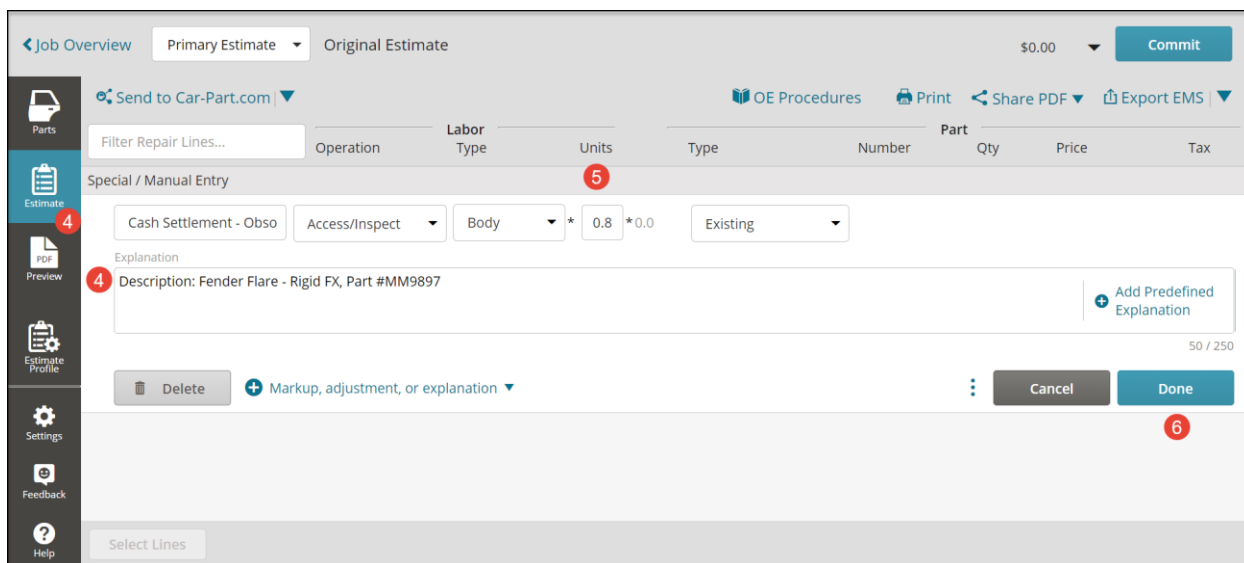
The screenshot displays the Mitchell Cloud Estimating software interface. At the top, it shows 'Job Overview' with a dropdown menu set to 'Primary Estimate' and 'Original Estimate'. A total amount of '\$397.23' is displayed next to a 'Commit' button. Below this, there are navigation options: 'Send to Car-Part.com', 'OE Procedures', 'Print', 'Share PDF', and 'Export EMS'. A sidebar on the left contains icons for 'Parts', 'Estimate', 'Preview', 'Estimate Profile', 'Settings', 'Feedback', and 'Help'. The main area shows a table of repair lines. The first line is 'Upr Inst Panel Trim Panel' with a quantity of 0.7, a price of \$301.86, and a 'Delete' button highlighted with a red circle and the number 1. Other buttons include 'Markup, adjustment, or explanation', 'Compare Alternate Parts', 'Cancel', and 'Done'. Below the table, there is an 'Additional Costs & Materials' section with a line item 'Shop Materials' for an additional cost of \$0.70.

Filter Repair Lines...	Operation	Labor Type	Units	Type	Number	Qty	Price	Tax
Instrument Panel								
Upr Inst Panel Trim Panel	Remove/Replace	Body	0.7	New	22797469	1	\$ 301.86	<input checked="" type="checkbox"/>
Additional Costs & Materials								
Shop Materials	Additional Cost						\$0.70 *	<input checked="" type="checkbox"/>

2. From the **Parts** tab, select the **Cash Settlements** category in **My Templates**.
3. Select one of the following items and click **Add Line**.
  - **Cash Settlement – Obsolete Part**
  - **Cash Settlement – Illegal Part**



4. From the **Estimate** tab, select the applicable line item and add the following information in the **Explanation** line provided: part description, brand name, and part number (if available).
5. In the **Labour Units** field, enter the labor time that reflects the work being completed, for example:
  - Time to remove the part being cash settled; or
  - Time to remove an illegal part and re-install an approved part, if applicable.
6. Click **Done**.



7. Upload any applicable supporting documents to the claim.
8. A note must be added to the claim prior to submitting to MPI and must include:
  - Last known price (if available)
  - Name of supplier that was contacted to source the part
    - **Example:** “Last price listed was \$399.99, contacted Rooney Spruce Custom Parts and T. Durden Accessories – no longer available”
9. Wait for further direction.

### **MPI Estimators:**

9. Consult Research & Estimatics to confirm part availability (see [Assign a Task to Research & Estimatics](#)).
10. If a cash settlement is required, notify the adjuster.

## Revision History

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- June 2021 - Updated formatting and added new standard sections (background, examples, best practices, parts autonomy privileges).
- September 2021 – Added Mitchell Cloud Estimating procedures and screenshots.