

Notice to all light vehicle accredited repair shops

June 2020 Light Vehicle Repair Update

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We recently entered into the second year of our Light Vehicle Accreditation Agreement (LVAA) and the following is an update on areas of interest to our light vehicle repair business partners. This information is shared as part of our commitment to openness and transparency.

2019 LVAA Impact

The 2019 LVAA introduced new and updated policies, Estimating Standards, and Glass Program Business Rules, many of which resulted in additional allowances for accredited repair shops. The changes included additional designated repair labour rate operations, allowances for foams, adhesives, feather, prime, and block, refinishing weld burn damage, scanning, calibration, and blending.

Repair facilities have received over \$8 million in incremental payments up to May 31, 2020.

Some of the additional standards were released later into the first year of the current agreement, and repair facilities are now applying the added standards. The LVAA incremental amounts were also impacted in the last few months by a number of factors, including COVID-19 and reduced claim volumes.

Collision Severity Information

The following table represents a current 12 month comparison to the prior 12 months across various categories that make up our collision severity. Several factors make up for the increases and decreases in each area such as, but not limited to, COVID-19, reduced claim volumes, weather conditions, changes in the industry, as well as our recent LVAA.

Collision Severity Reporting: Rolling 12 Month

	Prior 12 Months	Current 12 Months	Difference
<i>Claim Count</i>	82,331	77,867	-5.40%
<i>Gross Repair Severity</i>	\$3,508	\$3,657	4.20%
<i>Avg. Total Parts per claim</i>	\$1,468	\$1,562	6.40%
<i>Avg. Part Count per claim</i>	7.0	7.1	1.20%
<i>Avg. Cost per part</i>	\$210	\$221	5.20%
<i>Avg. Labour per claim</i>	\$1,293	\$1,344	3.90%
<i>Avg. Labour Hours per claim</i>	17.5	18.3	4.40%
<i>Avg. Materials per claim</i>	\$350	\$361	3.10%

COVID-19 Response

To protect against the risks associated with COVID-19, MPI implemented a temporary \$50.00 allowance to clean and disinfect vehicles before repairs start, and after repairs are complete. As of June 13, 2020, MPI has paid \$908,328 to repair facilities on 18,131 claims for this allowance.

Parts Autonomy

As announced on May 12, the initial rollout of the new alternate parts program (Parts Autonomy) started on June 1 with 6 participating shops. The first 2 weeks have provided a valuable opportunity for participants to experience the benefits of the program first hand. Overall the feedback from the participating shops has been positive. The plan is to begin rolling out Parts Autonomy to all shops at the end of July and be fully implemented by late September 2020.

If you have any questions concerning this information, please send them to partners@mpi.mb.ca.

Thank you.