

# Physical Damage Market Transformation

ATA General Meeting  
Oct 07, 2015



*Manitoba  
Public Insurance*

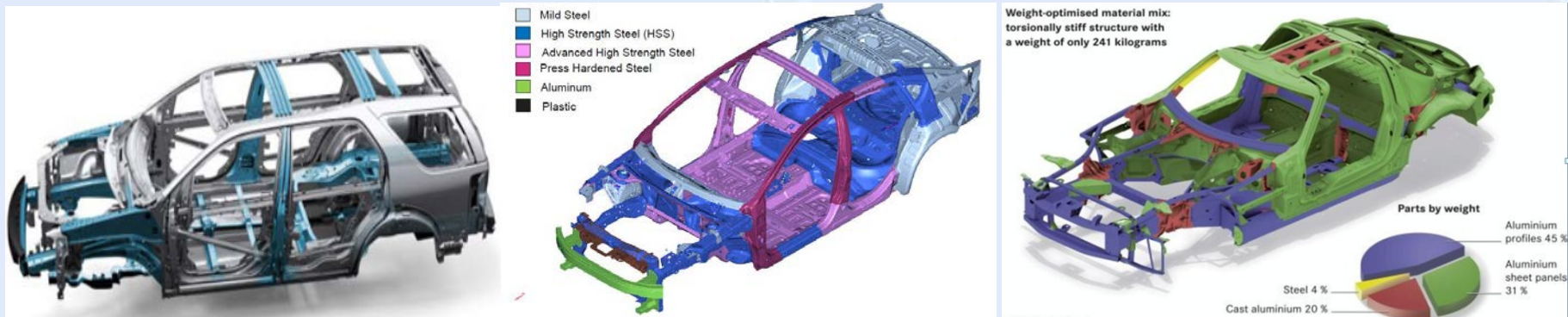


# Introduction

- There are many challenges that we need to address together to adapt to the changing business landscape and establish the business conditions for a healthy collision repair industry in Manitoba

# Pace of Change in Vehicle Design

## Complex Metals - Repairability: Body & Frame



**Conventional North American unibody**

**84% of metal parts repairable with established welding/repair methods**

**2013 Dodge Dart: Entry Yr 2012**

**60% of metal parts repairable with established welding/repair methods**

**Mercedes-Benz SLS AMG Ford 2015 F150 Aluminum Body**

**96% Aluminum & 4% Steel On Pillars; new welding methods/repair techniques needed (rivets)**

# MPI Case Study: 2013 Ford Explorer

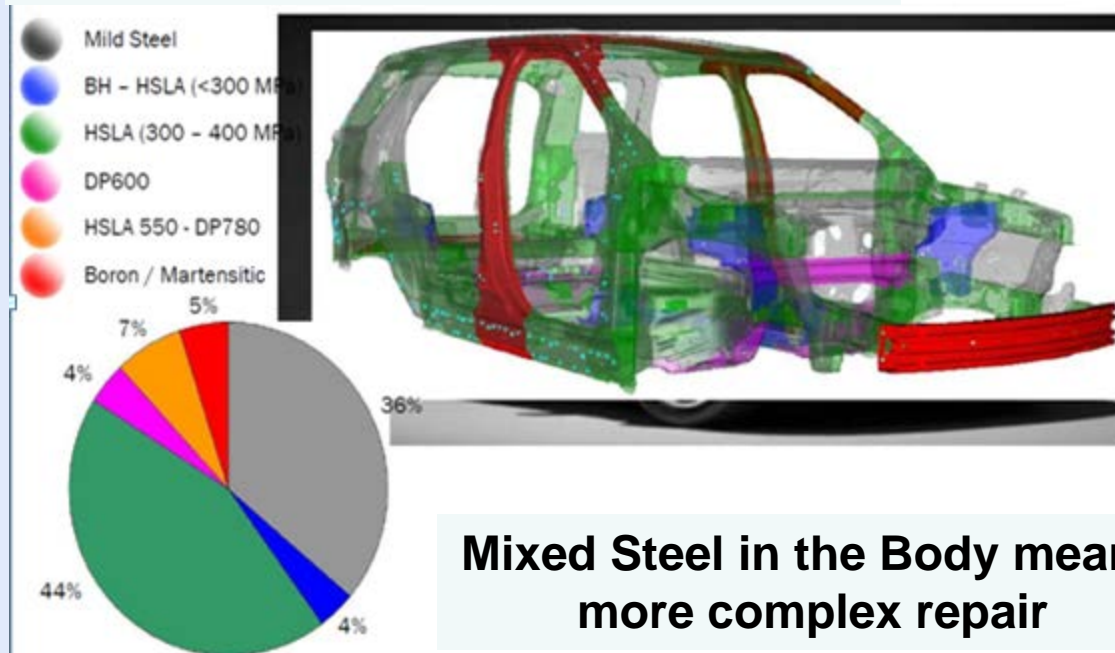


## Metal Parts Repair Method:

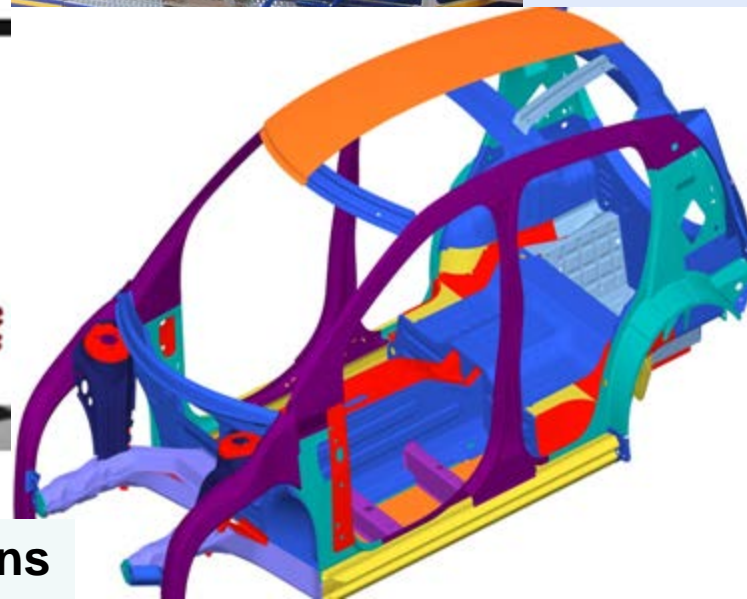
16% Replacement Only

44% May be Welded per Mfg Instructions

40% Can be Welded per Std Practices



**Mixed Steel in the Body means  
more complex repair**





# OEM Programs

- OEMs are introducing certified repair facilities
  - Limits customer choice
  - Setting tighter requirements for OEM warranty and lease conditions
  - Impacts tools, equipment, materials, training, etc
  - ***Fragmenting the heterogeneous market***



# Qualified Repair

- MPI's mandate includes reducing risk on the road through safe, quality repairs
  - Quality of Repair includes assessing the degree to which an individual shop meets OEM standards for collision repair
  - Details matter on a per make-model basis. Each shop has to be properly equipped and trained to handle each unique repair



# The Journey

- As our environment changes, we need to work together to adapt to a new reality
  - New technologies need additional tools, skills and methods
- Businesses will need to make decisions on their strategy
  - Need to balance investment with cost effectiveness/market demand
  - Scale up and achieve economies or find a niche and specialize?

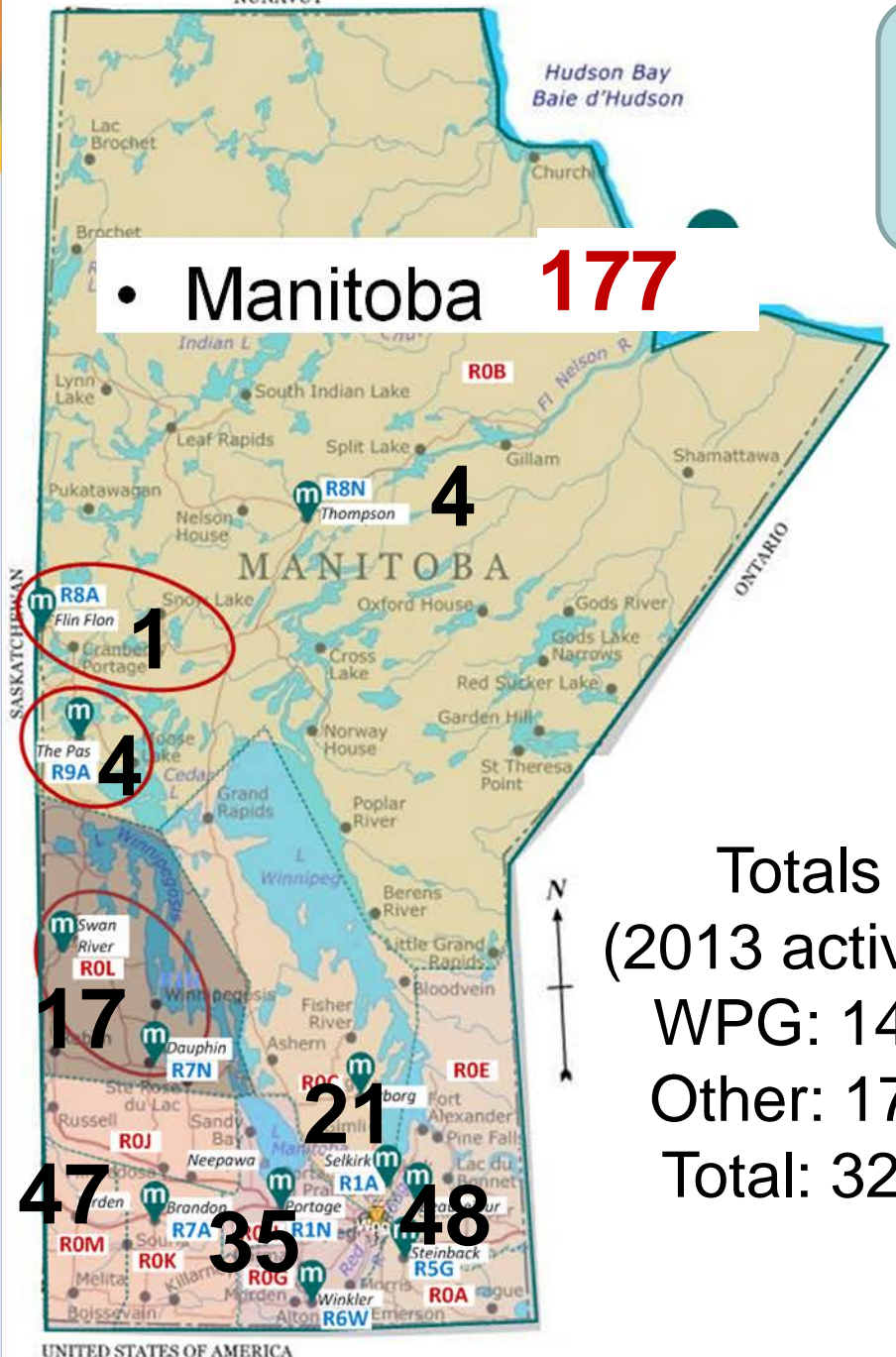


# What Does This All Mean?

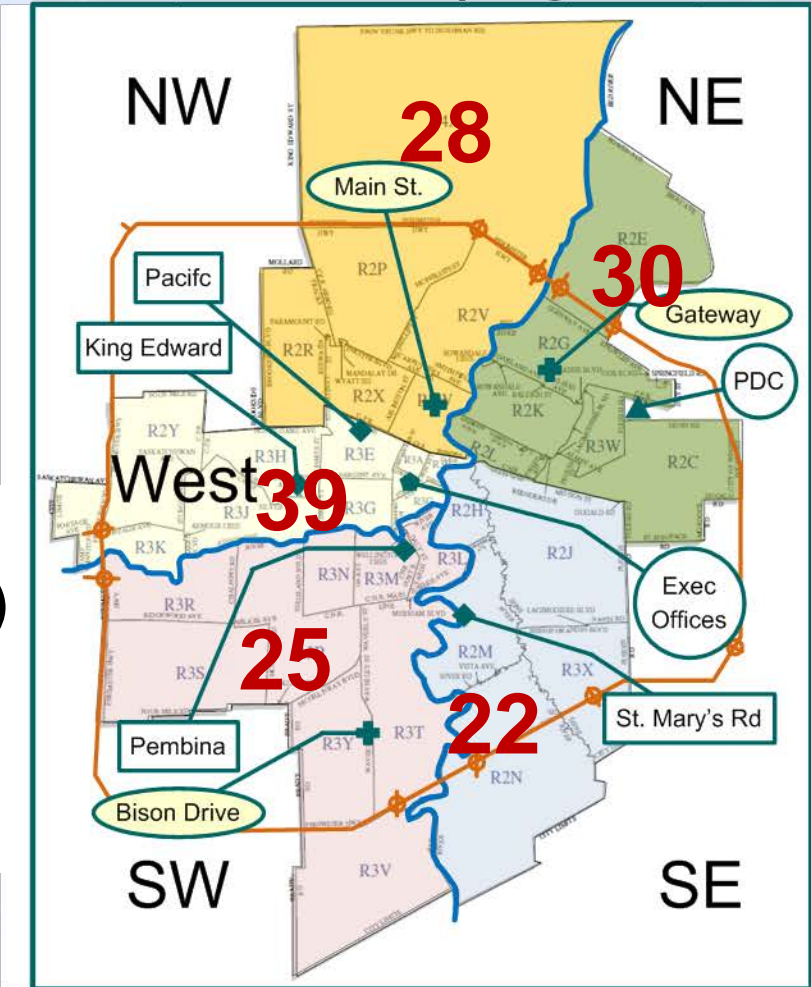
| Structural Change in the Auto Industry  | Investment   | Consumer Protection / Awareness   |
|---|--|---|
| <ul style="list-style-type: none"> <li>• Pace of change in vehicle design</li> <li>• Specifics of repair methods</li> <li>• OEM programs</li> <li>• Qualified repair</li> <li>• Certified repair</li> </ul> | <ul style="list-style-type: none"> <li>• Tools</li> <li>• Training</li> <li>• Facilities</li> <li>• Equipment</li> </ul> | <p>The diagram illustrates a workflow: a person uses a smartphone to interact with a car. An arrow points from the person to the phone, and another from the phone to the car. Below the car, a list of shops (Shop 1, ..., Shop n) is shown with an arrow pointing from the car to the list, indicating that the phone provides information about nearby repair shops.</p> |
|   |  | <ul style="list-style-type: none"> <li>• Customers access mobile app that informs him/her which shops can repair their vehicle</li> <li>• Shops cannot create or download an estimate if they are not qualified or certified to fix the vehicle</li> </ul>  |



# Shop Distribution Across Manitoba



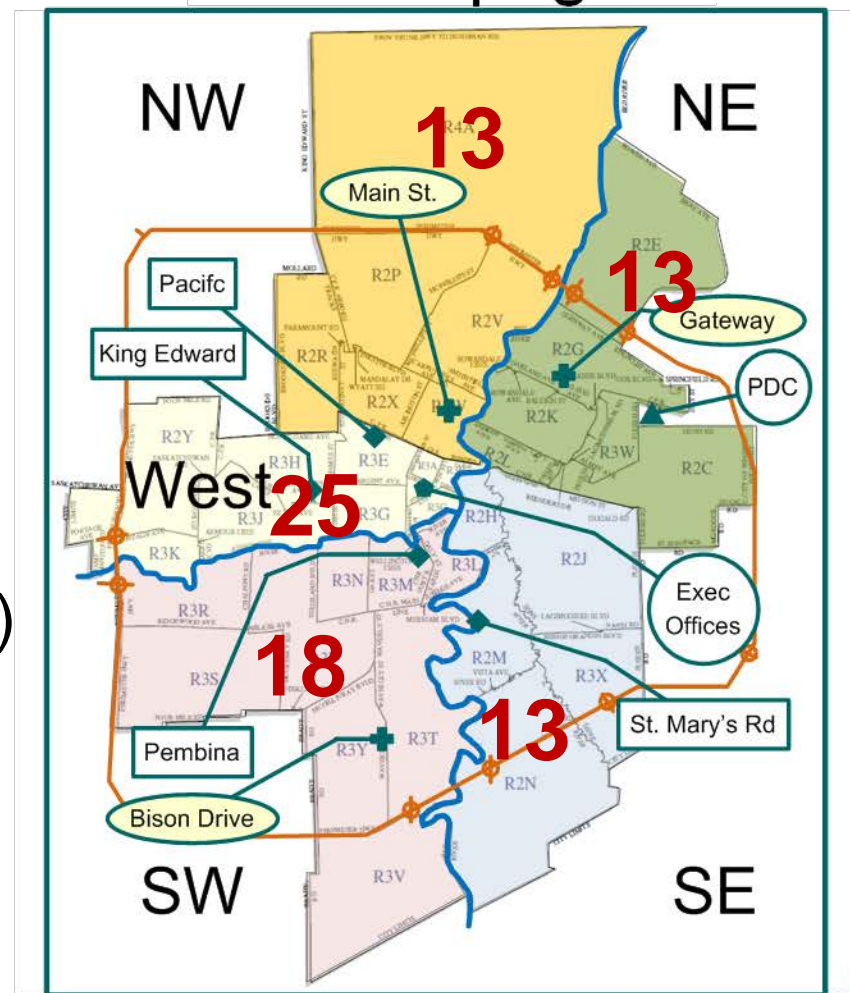
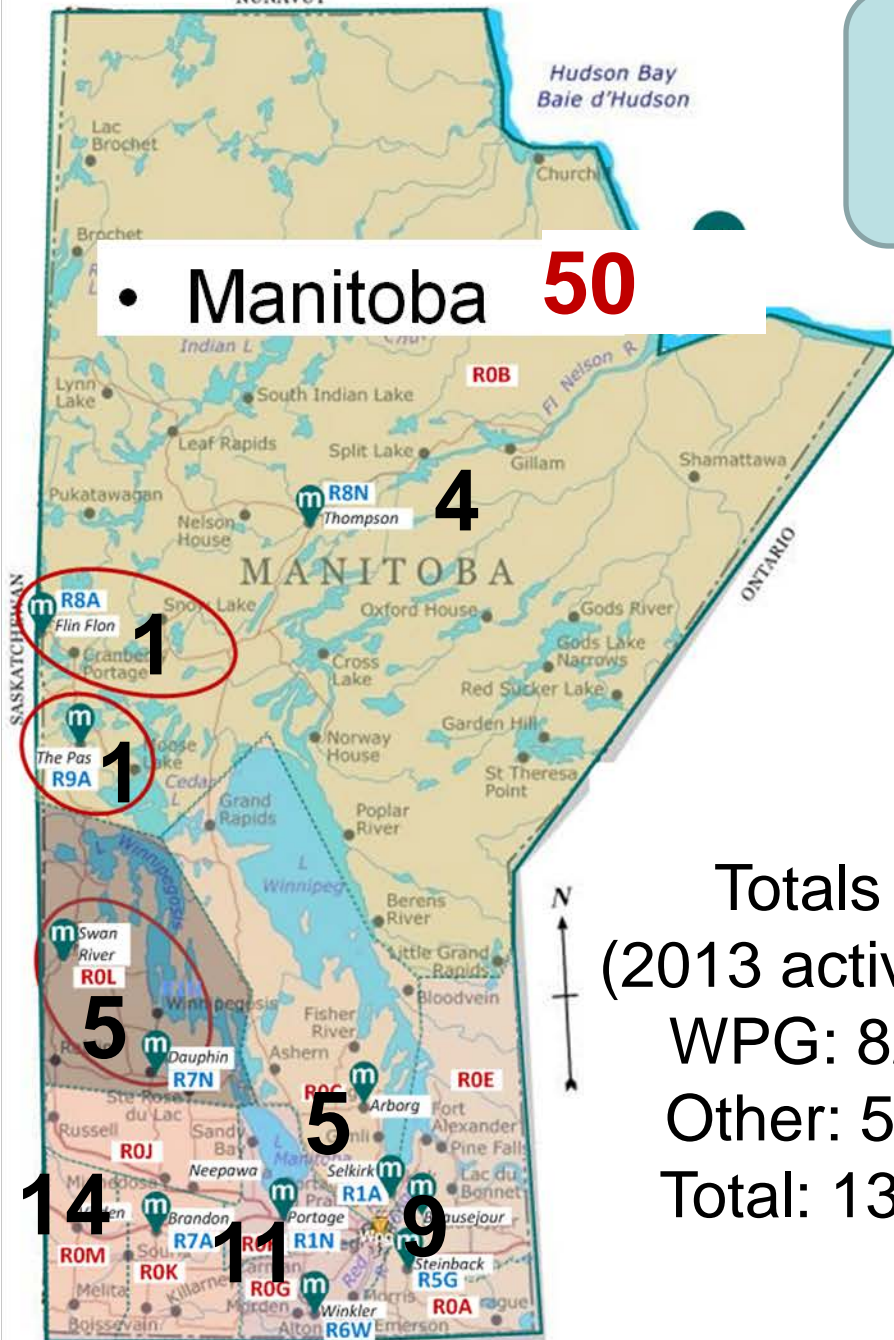
• Winnipeg 144



# Shops doing more than 5 jobs per week

• Manitoba **50**

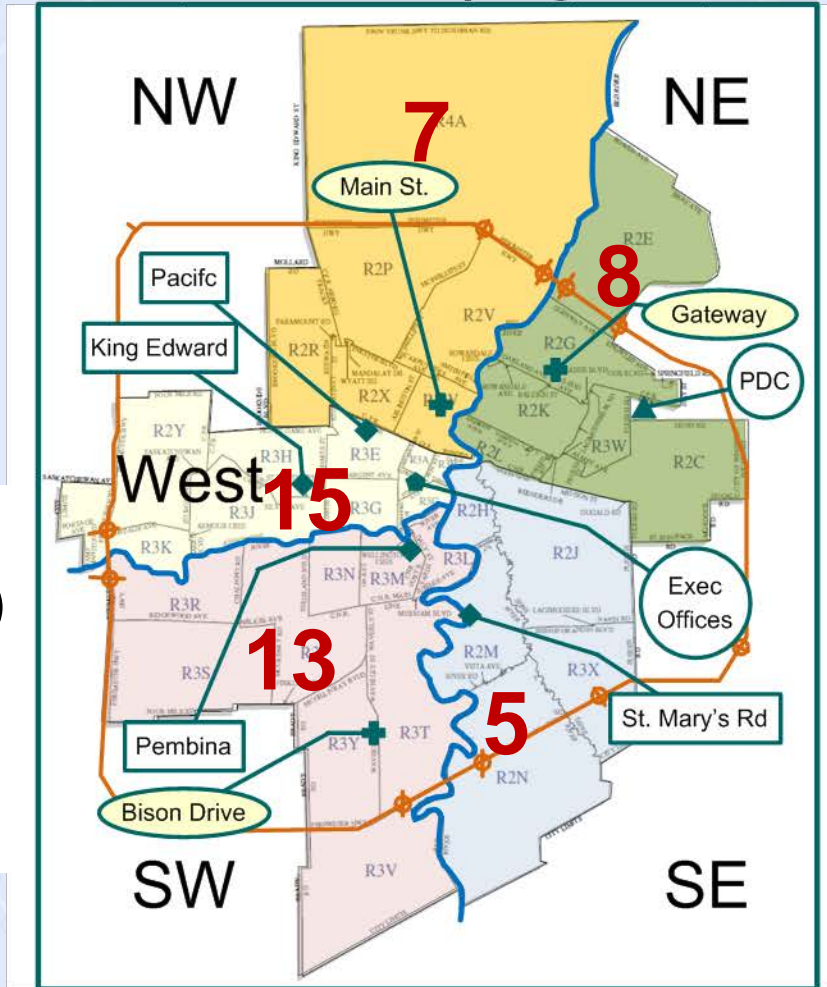
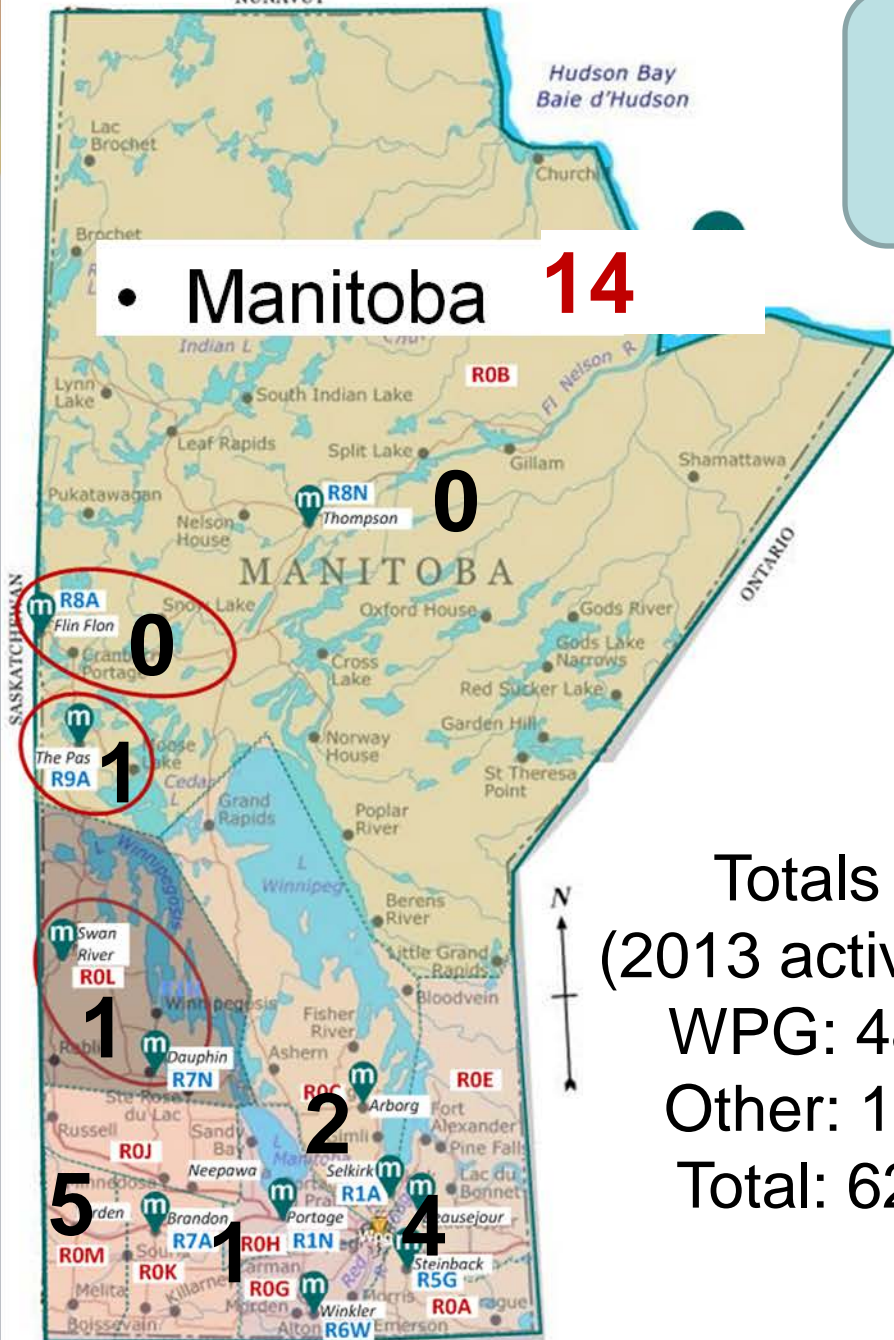
• Winnipeg **82**



# Shops doing more than 10 jobs per week

• Manitoba 14

• Winnipeg 48

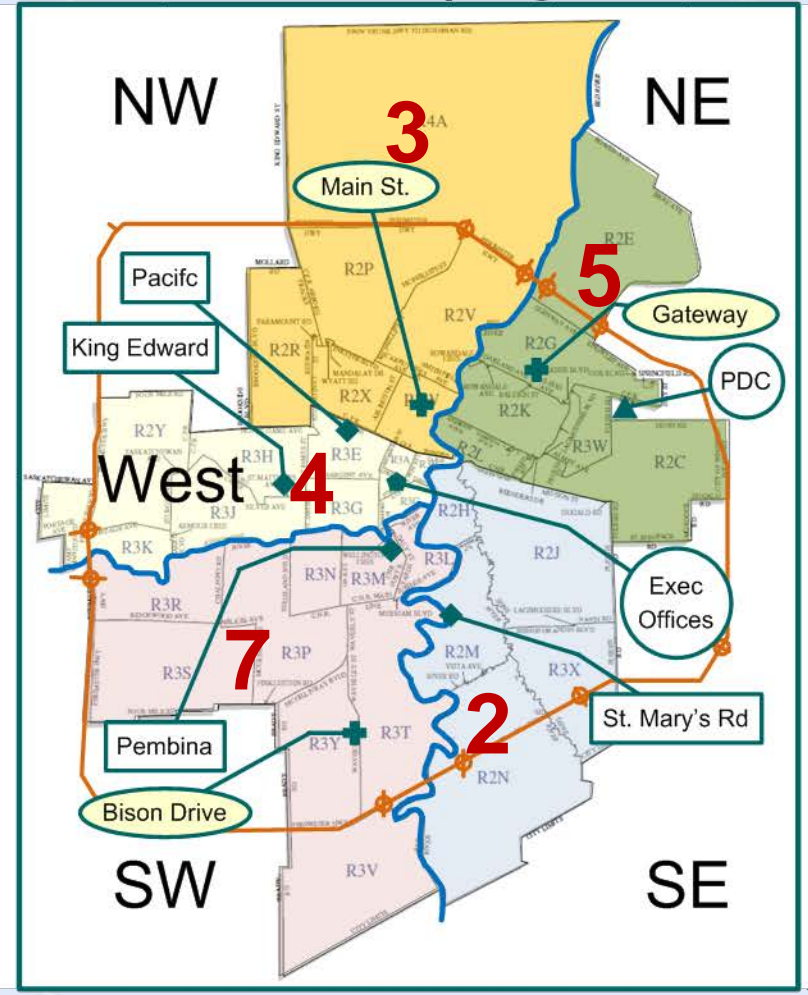
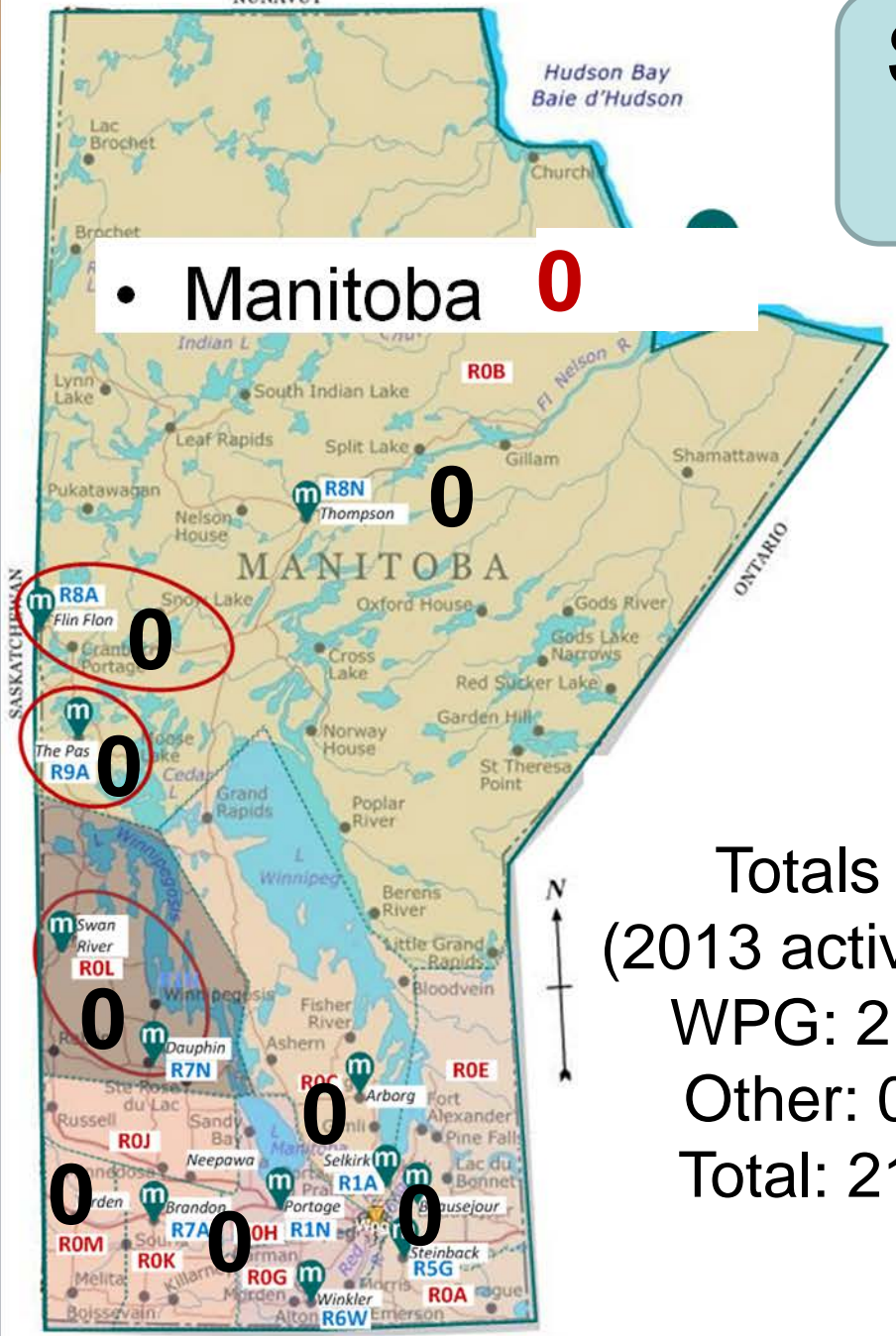


Totals  
(2013 activity)  
WPG: 48  
Other: 14  
Total: 62

# Shops doing more than 20 jobs per week

• Manitoba 0

• Winnipeg 21

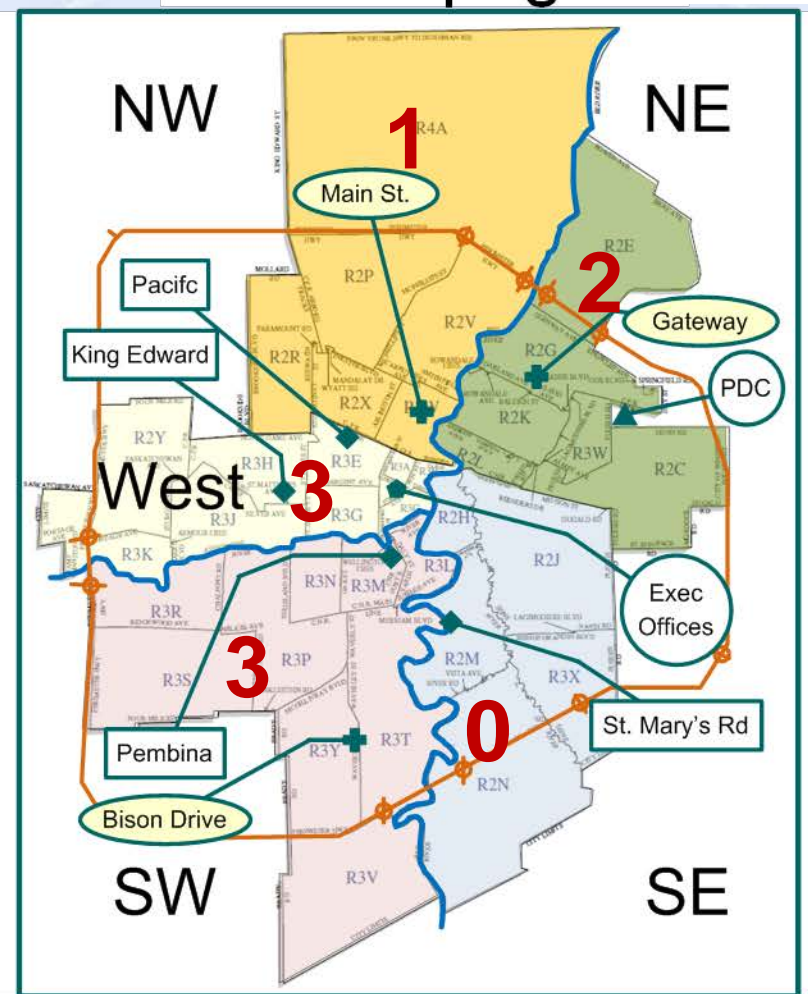
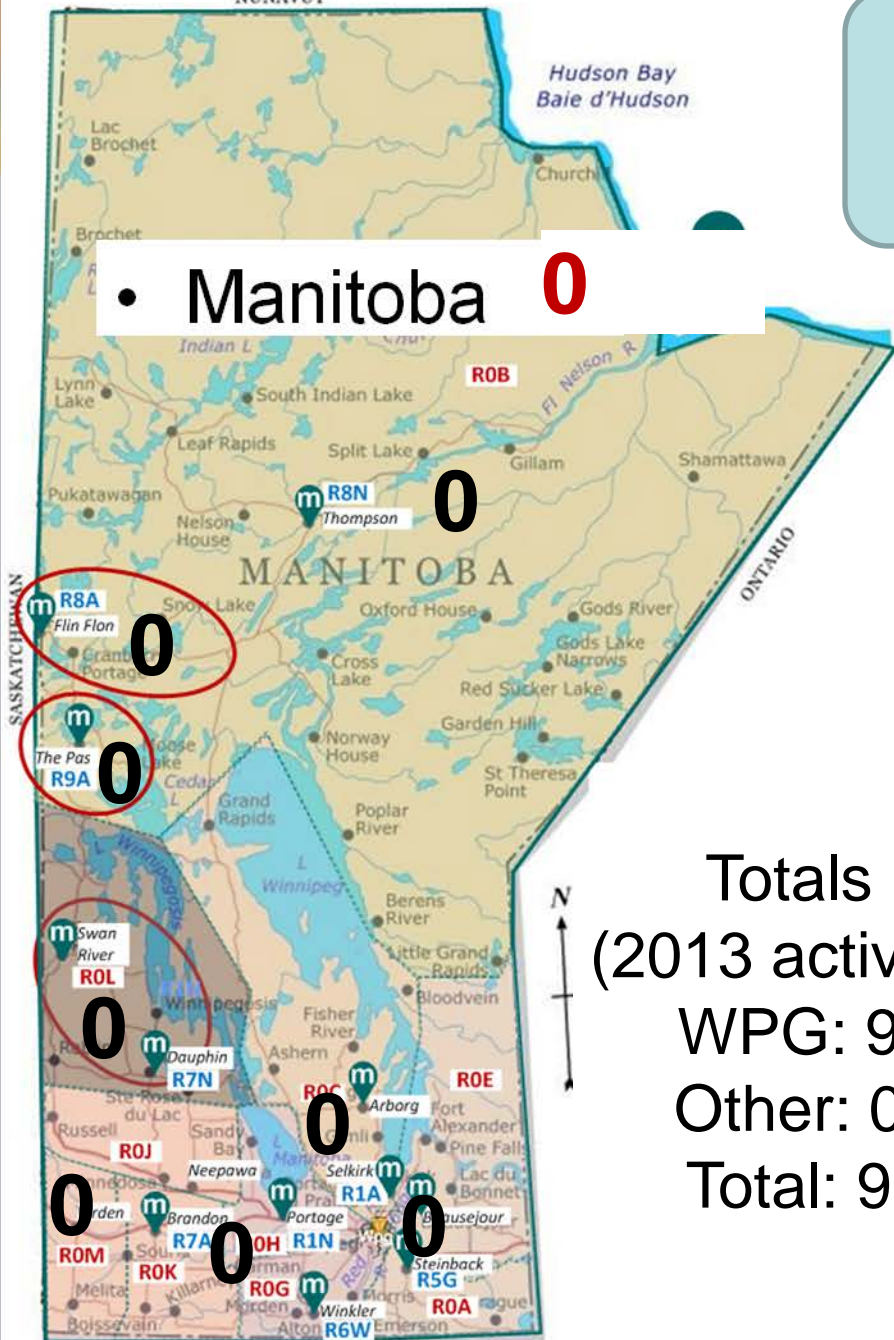


Totals  
 (2013 activity)  
 WPG: 21  
 Other: 0  
 Total: 21

# Shops doing more than 30 jobs per week

• Manitoba 0

• Winnipeg 9





# Large Scale





# Creative Approach to Repairs





# Creative Approach to Repairs

- <http://www.youtube.com/watch?v=JU-bVF7C0E8>





# Discussion

