

## Collision Repair Industry Production Up in November

**While below the record levels of weekly production recorded earlier this year, production was up in November versus 2016, but down from October.**

An analysis of the latest data released from the U.S. Department of Labor Bureau of Labor Statistics (BLS), shows that collision repair industry production in November continued to decline slightly from the record levels it had achieved in June.

The industry's total production, which we define as the total average weekly hours per month multiplied by the total number of production and non-supervisory workers employed each month, was 7.52 million man hours per week in November, down from October's

result but above November 2016.

Comparing the year-over-year results shows that production in November was up 0.44 percent above the 7.49 million man hours per week recorded in November 2016. The rate of growth is down from the 6.82 percent growth in June versus the same period a year earlier. The monthly year on year growth rate was the lowest monthly increase so far in 2017.

The production statistic for the month was down versus the previous month due to declines in both production and non-supervisory employment and hours worked. Average weekly hours worked in November were 37.5, down from 37.7 hours per week in October. Production and non-supervisory employment declined 0.4 percent to 200,600 from 201,400 in October. Production employment in November was up 2.3 percent from 194,600 in November 2016.

The chart on page two illustrates the total number of production employees multiplied by their average weekly hours worked in each month. This combination creates a view into the total number of collision repair industry production hours amassed each week by the collision repair population as a whole.

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## U.S. Average Length of Rental Decreased in Fourth Quarter

*According to the latest research from Enterprise Rent-A-Car, the collision repair industry's length of rental declined in the quarter, but remained above 2016 for the full year.*

Average Length of Rental (LOR) for Q4 2017 landed at 12.4 days in the United States, a decrease of .1 days compared to Q4 2016. This produced a final LOR for calendar year 2017 of 12.04 days, up slightly from 11.98 in 2016 according to Enterprise Rent-A-Car.

Once again, there was very little consistency between regions and states, suggesting that the quarterly result for the U.S. is not reflective of a genuine national trend. The Northwest region produced

the largest increase at .3 days while the Southwest declined .6 days for the third consecutive quarter. The average LOR ranged from a high of 13.6 days in the Mountain region to a low of 11.2 in the Pacific. At the state level, Puerto Rico and North Dakota were outliers at 17.8 and 9 days, respectively.

At least 20 states deviated significantly in terms of year-over-year change, further demonstrating a lack of consistency. Puerto Rico (5.1), Nebraska (1.6) and South Dakota (1.1) produced the largest increases with Puerto Rico still being impacted by the devastation of Hurricane Maria. The most significant decreases in LOR included Texas (-.9), Montana (-.8), North Dakota (-.8) and Rhode Island (-.8). Texas remained 1.1 days above the U.S. average (13.5) despite the second consecutive significant quarterly drop.

As pointed out in previous  
*(continued on the next page)*

# Production

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Added together, the average weekly production hours per month over the previous twelve months through November 2017 now totals 394.8 million man hours. That figure is 3.1 percent higher than the previous 12 month total ending November 2016.

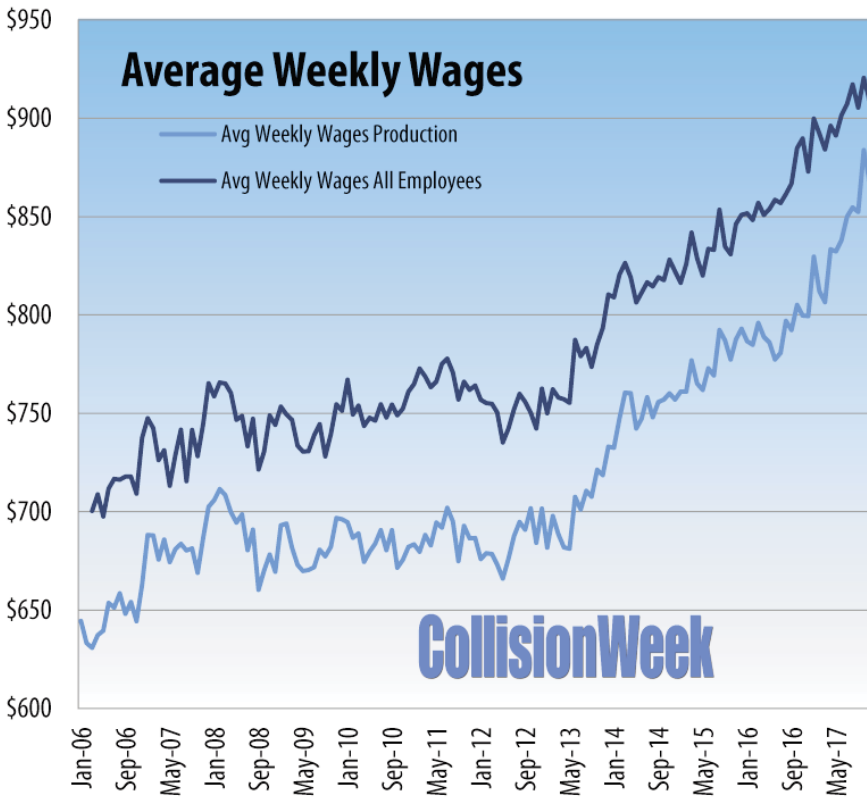
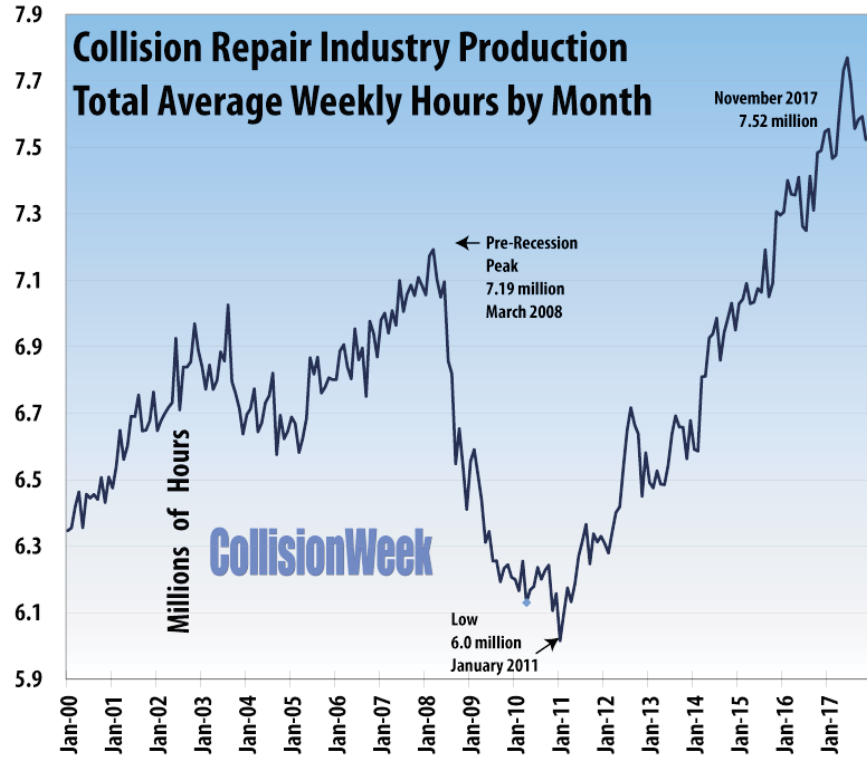
Looking at the first 11 months of 2017 versus 2016, the year-to-date performance was 3.1 percent higher than the first 11 months of 2016.

The average weekly wages for production employees in November increased 8.6 percent compared to November a year ago coming in at \$868.50 compared to \$799.65 in November 2016. According to the BLS, each production worker earned an average \$23.16 per hour, down 28 cents or 1.2 percent, from \$23.44 in October, and up \$2.39, or 11.5 percent, from November 2016.

Average weekly wages for all employees, including management and supervisory positions, in November was \$909.57, up \$19.93 or 2.2 percent, from \$889.64 a year earlier. The average hourly wage in November was \$24.32, down 3 cents, or 0.1 percent from \$24.35 in October, and up 97 cents, or 4.2 percent, compared to November 2016.

Total employment in November, including management and supervisory employees, stood at 247,600, up 100 from October and up 6,000, or 2.5 percent, versus November 2016.

Preliminary results for December 2017 indicate a decrease in both production employment and hours worked



during the month. This preliminary result indicates a slight decrease in overall collision repair production in December to

7.49 million hours per week, down 0.4 percent from November and 0.73 percent from December 2016.

## Length of Rental

(continued from page 1)

updates, there remains a significant delta between average and best in class. Collision repair centers that invest in extensive training, consistently execute a robust scheduling strategy, and properly utilize the ARMS Auto application, routinely outperform market-average LOR metrics.

The quarterly LOR summary is produced by Dan Friedman, Assistant Vice President Collision Industry Relations and Sales at Enterprise Rent-A-Car.



## A.M. Best Reports Personal Auto Insurance Underwriting Profitability Performed Better in 2017

The underwriting profitability of the U.S. personal auto line showed signs of improvement in 2017 as rate hikes have been effective against loss frequency and severity trends, according to a new A.M. Best report.

The combined ratio for the U.S. private passenger standard auto composite (companies with private passenger auto net premiums written that constitute 50 percent or more of their total net premiums written) at the end of third-quarter 2017 had improved by 4.3 points to 101.6 from third-quarter 2016, according to the Best's report, titled, "Personal Auto Showing Signs of Improvement."

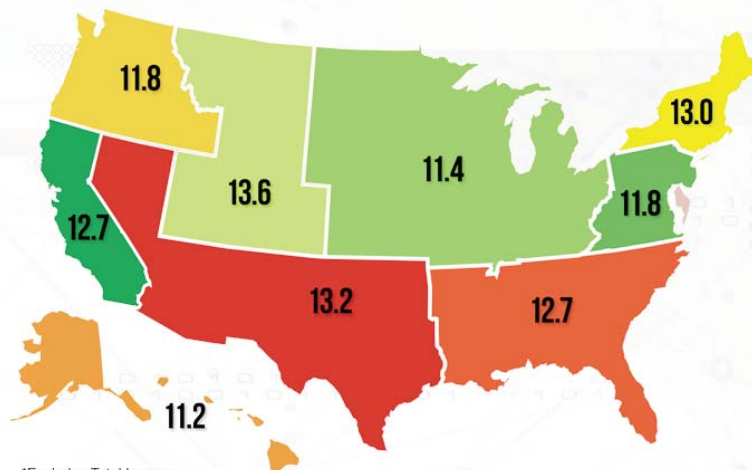
The total industry's private passenger auto combined ratio has deteriorated every year since 2013, and in 2016, had slipped to 105.9, driven by a 2.6 point jump in the loss and loss adjustment expense ratio, although the expense ratio improved by 0.8 points.

Private passenger auto liability reserves have been eroded by increases in frequency and severity over a prolonged period of time. Reserves began to develop less favorably in 2012 and were developing adversely by 2015.

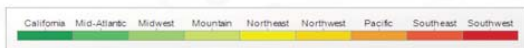
Insurers continued to aggressively raise rates in 2017, and they have tightened underwriting standards, noting they are comfortable losing customers with larger losses and higher frequency, according to the report. The rise in severity has been somewhat offset by a slowdown in frequency has helped offset the rise in severity. The rise in severity is due largely to an increase in new vehicle purchases and a rise in repair costs.

The leveling off of unemployment rates and increasing gas prices in 2017 contributed to a flattening of loss frequency trends. Comprehensive losses will be higher in 2017 because of widespread damages resulting from the numerous catastrophes, however, the underlying metrics show that private passenger results are trending in the right direction.

### U.S. Average Length of Rental by Region Q4 - 2017



\*Excludes Total Losses



Average Billed Days for US		
Q4 2016	Q4 2017	Change
12.5	12.4	-0.1

Average Billed Days for US by Region			
Region	Q4 2016 LOR	Q4 2017 LOR	Change
California	12.8	12.7	-0.1
Mid-Atlantic	11.9	11.8	-0.1
Midwest	11.3	11.4	0.1
Mountain	13.5	13.6	0.1
Northeast	12.9	13.0	0.1
Northwest	11.5	11.8	0.3
Pacific	11.1	11.2	0.1
Southeast	12.6	12.7	0.1
Southwest	13.8	13.2	-0.6

Year over year change

\* Source: Enterprise Rent-A-Car. Includes ARMS® Insurance Company Direct Billed Rentals; Excludes Total Loss Vehicles.



# Business Last Week

## Acquisitions & Openings

**Service King Collision Repair Centers** announced the company has acquired **Izzie's Body and Frame** in West Sacramento, California. The repair center is located at 1120 Shore St. and, as part of the deal, will transition operations to Service King immediately. 📍

**Service King** also announced the company has officially opened its 9th Georgia collision repair center at 1860 Buford Highway in Cumming, Ga. The facility has 15,500 feet of production space.

With the two new locations, Service King now operates 338 repair centers in 24 states across the U.S. 📍

**Fix Auto Canada** announced a change in ownership of **Fix Auto Quesnel** in British Columbia. The facility was purchased by **Anita Slovak** and **Jesse Bowden**. This location has been providing customers auto body repair work since 2011. 📍

**Painters Supply & Equipment Co.** (PSE) announced it has completed the acquisition of **Northern Indiana Paint Supply, Inc.** increasing its footprint in the Northern and Central Indiana market. Founded in 1982, Northern Indiana Paint Supply is a family-owned **PPG** Platinum Distributor that operates three Indiana stores in Fort Wayne, Osceola, and Warsaw.

PSE has 25 branch locations across Michigan, Ohio, and Indiana serving more than 4,000 customers. 📍

**Worley Claims Services, LLC** announced the acquisition of **Audit Services Incorporated** (ASI), a claim estimate writing and review supplier for the property and auto insurance

markets. Financial terms of the transaction were not disclosed. StoneRidge Advisors, LLC advised Worley. 📍

## Network Affiliations

**CARSTAR Auto Body Repair Experts** announced that **Legacy Autobody Group**, with four locations in Eastern Pennsylvania joined its network. The owners are **Matt Dewalt**, **Eric Horvath**, **Michael Horvath** and **Robert Horvath**.

The four facilities include: **CARSTAR Easton- Scott's Collision**; **CARSTAR Stroudsburg- Scott's Collision**; **CARSTAR Allentown-Duncan Autobody**; **CARSTAR Quakertown- Duncan Autobody**

Legacy Autobody was formed when Duncan Autobody, with two locations in Allentown and Quakertown, Pa., and Scott's Collision Centers, with two locations in Easton and Stroudsburg, merged in June 2017. The combined organization has over \$11 million in annual sales and 70-plus teammates at its four locations. 📍

**CARSTAR** also announced the opening of two new CARSTAR locations in Missouri, bringing the total for the St. Louis region to 12 locations.

**CARSTAR Wentzville** is located at 1675 W. Pearce Blvd. in Wentzville, Mo., and **CARSTAR Bridgeton** is at

11976 Natural Bridge Rd. in Bridgeton. The locations are owned by **Jon** and **Trista Parmentier**. CARSTAR Wentzville previously operated as family-owned I-70 Auto Body for 23 years, while CARSTAR Bridgeton opened in 1968 as **Wheelers Certified Collision Center**. Jon Parmentier purchased the Wentzville location in 2005 and the Bridgeton facility in 2013. 📍

## Agreements Signed

**ALLDATA Europe GmbH** has signed a reseller agreement with **Autologic Diagnostics Ltd.** headquartered in Oxford, England. The agreement enables Autologic to distribute ALLDATA Repair to its customers, enhancing their ability to repair even the most complex European vehicles with ALLDATA's original manufacturer repair information. ALLDATA Repair helps ensure that independent workshops have access to OEM diagnostic and repair information needed to meet manufacturer standards. 📍

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### CollisionWeek

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