

STATEMENT BY
MITCHELL INTERNATIONAL, INC. (Mitchell)
H.B. No. 5444 - AN ACT CONCERNING THE VALUE OF A TOTALLED LOSS MOTOR VEHICLE

COMMITTEE ON INSURANCE AND REAL ESTATE
February 10, 2011

Mitchell International, Inc.- (Mitchell) appreciates the opportunity to comment on H.B. 5444, which would require that the value of a totaled vehicle be determined by averaging publicly available sources provided by the insurer and the insured. Mitchell has been serving the needs of the auto insurance and collision repair industries and their policyholder customers for nearly 65 years. Each year we assist with the valuation of repairable and total loss vehicles with a total value of approximately \$30 billion dollars. Our total loss valuation products are designed to assist insurance carriers in complying with all applicable state regulations while efficiently determining fair, accurate and transparent values for a total loss vehicle.

Mitchell opposes this legislation because it would prohibit the use of sophisticated industry tools, such as Mitchell's WorkCenter Total Loss Valuation product, which have been specifically designed to address the unique challenges of valuing vehicles in the context of an insurance claim.

Most of the publicly available valuation tools purport to analyze actual transaction data in the determination of their base vehicle values. However, none of the transaction data utilized in determining such base values is available to the insurance carrier or the consumer for validation as to the time, location or frequency of such transactions. Mitchell valuation reports are capable of providing full details for each vehicle transaction utilized in the determination of a total loss vehicle value, including the source of the data, the value of the comparable vehicle, the location of the comparable vehicle, and the time such vehicle was sold or made available for sale. Furthermore, our tools are robust enough to account for and assign value to each and every feature, option, aftermarket part, and condition of the specific loss vehicle. All of these items are clearly itemized in our valuation reports so both the consumer and the insurance carrier can validate that no option has been overlooked in the valuation process.

We are also able to provide vehicle values which are based on market conditions and actual transactions in the *local* community where the insured would naturally buy or sell a vehicle. Most publicly available sources only provide national values or, at best, regional values. This is a significant shortcoming as our studies have shown that values for the same vehicle can and will vary greatly across the country and even within an individual state.

We also staff and maintain a full service center which is available to assist insurance carriers and their customers in understanding our valuation reports and methodologies and in dealing with the submission of new data or the real time correction of data or valuation errors. Print publications and public websites not designed for this purpose simply do not have this capability.

Finally, the proposed legislation ostensibly removes the requirement that the insurance commissioner approve the valuation sources to be utilized while simultaneously failing to adequately define "publicly available." In doing so, the proposed legislation "deregulates" the process and weakens the Commissioner's oversight of the insurance industry and the resolution of consumer complaints related to total loss vehicles. Furthermore, we believe that this could further increase friction between consumers and insurance carriers by encouraging the submission of self-serving data from sources which, while available in a public forum, may not be accurate or appropriate for use in valuing a vehicle.

Consequently, we believe that sophisticated tools designed specifically for the industry and which can be carefully reviewed and approved by the Insurance Commissioner will continue to produce more fair, accurate, and transparent values than may be obtained through the use of unregulated, unspecific, and varying publicly available sources. For the foregoing reasons, Mitchell urges your Committee to not favorably advance HB 5444.