

STATE OF RHODE ISLAND
RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION
INSURANCE DIVISION

AUTO BODY ASSOCIATION OF RHODE ISLAND'S POST HEARING COMMENTS
MITCHELL INTERNATIONAL, INC.'S PETITION FOR APPROVAL PURSUANT TO
INSURANCE REGULATION 230-RICR-20-40-2

The Auto Body Association of Rhode Island (ABARI) hereby submits the following post-hearing comments for the Hearing Officer's consideration.

Enclosed please find a "Mitchell Vehicle Valuation Report" for a 1997 Mitsubishi Eclipse from a loss that occurred on January 24, 2012. Please note the "valuation" consists of three (3) vehicles, two (2) of which were located in Connecticut, seventy-two (72) miles and eighty-seven (87) miles from the loss vehicle respectively. The only vehicle listed in Rhode Island was a different model. The loss vehicle was a GS and the "comparable" was an RS (lower model version). Further please note the "projected sold adjustments" (deductions) on all three vehicles were taken at eleven percent (11%) of the vehicle list price. The "valuation" also lists a "vehicle configuration adjustment" which does not describe the differences in the vehicles being compared or the reason for the deduction or addition. Finally, the valuation contains a page explaining the valuation methodology. This form is identical to Exhibit A attached to Mitchell's petition, except that the "vehicle configuration adjustment" has been removed and an "age of advertisement adjustment" put in its place.

I. Mitchell's pledge to remove "projected sold adjustment"

During the hearing, representatives for Mitchell International (Mitchell) disclosed that they agreed to remove the "projected sold adjustment" from the valuation matrix for total

loss settlements in Rhode Island if approval were granted. Though this was at the suggestion of the Department, it does nothing to strengthen Mitchell's petition. In fact, it does the opposite. Mitchell uses a "projected sold adjustment" in its matrix to determine alleged retail values of used vehicles. Somehow, without any explanation, Mitchell has decided it can arbitrarily remove this adjustment, without any effect on the validity or reliability of their valuations. In the example provided above the owner of the vehicle would receive eleven percent (11%) more than the amount Mitchell claimed to be the value of the vehicle. Though this may appear to be a positive adjustment, it speaks to the invalidity, and lack of reliability in Mitchell's matrix. That Mitchell believes it can simply remove a portion of its valuation criteria and remain credible defies logic and reason.

II. Inclusion of "Age of Ad Adjustment"

In Exhibit A of its filing, Mitchell's methodology notes an "age of ad adjustment," which is defined as "an adjustment to the price of the comparable vehicle based on the relationship between the date of the advertisement and the date of the loss vehicle." One can only assume that the value of an older advertisement would be decreased. Yet again, the consumer has no information as to the methodology used to make such adjustments. There is no way to determine if it is arbitrary, fair, reasonable, statistically or mathematically sound. Instead, we are to make assumptions that it is valid because Mitchell says it is. Furthermore, it appears Mitchell has changed its matrix since 2012 as it removed the "vehicle configuration adjustment" from its valuations without any explanation.

III. **Automotive Industry**

Though it was discussed in its original comments, ABARI again asserts that Mitchell is not a source used in the automotive industry. In its previous filing with the Department, ABARI proved that N.A.D.A and Kelly Blue Book are the sources used by auto dealers in Rhode Island. This has not changed, and it is Mitchell's burden to prove otherwise, which they have not done to date.

As such, we should not reach the question of whether Mitchell's Work Center Total Loss is "a current edition of a nationally recognized compilation of retail values." However, the issues noted above make it clear that Mitchell's Work Center Total Loss is not a "current edition" of anything. It is a snapshot of certain advertisements Mitchell's system chooses to use at that particular moment in time. Mitchell can and does create several different reports on the same vehicle which arrive at different values demonstrating its inherent lack of reliability.

IV. **Conclusion**

R. I. Gen. Law § 27-29-4(25) was enacted and signed by Governor Chaffee upon passage because it protects consumers from precisely this type of unreliable insurer-based valuation systems which are intentionally skewed to diminish vehicle values in favor of lower claim settlements. The consumer has no ability to challenge the matrix. Further, from past experience with such systems, it is very obvious that many consumers do not know how to read the report, or even notice that the vehicles being used may not be the same model or comparable. Interestingly, Mitchell's system is not used by insurers when determining the value of a vehicle when rating a policy. For this purpose, many insurers use N.A.D.A.

Mitchell's product does not meet the standard required by law. The statute was enacted to give consumers a fair, uniform, nationally recognized method to settle their total loss claims. To approve Mitchell's petition for approval would place consumers at the very disadvantage the statute was enacted to remedy. The use of N.A.D.A and Kelly Blue Book gives the consumer information that is reliable, publicly available, uniform and used by the automotive industry which sells vehicles. The success of this statute for consumers is demonstrated by the lack of complaints filed at the Department by consumers for total loss settlements; a trend that would be reversed if Mitchell's petition is approved.

Therefore, for the reasons discussed herein, ABARI respectfully requests the Hearing Officer deny Mitchell's petition for approval of its Work Center Total Loss product.

Respectfully Submitted,
Auto Body Association of Rhode Island
By its Attorneys
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April 26, 2018

CERTIFICATION

I hereby certify that on April 26, 2018, I caused a true and accurate copy of the foregoing to be emailed to:

Catherine Warren, Esq.

catherine.warren@doa.ri.gov

A handwritten signature in black ink, appearing to read 'Jina N. Petrarca', written over a horizontal line.

Jina N. Petrarca, Esq.



Mitchell Vehicle Valuation Report

Prepared for: EAN Services LLC
(866) 300-4407

Summary

Claim Information

Claim Number:	R60131-7101	Version #:	1
Policy Number:		Coverage Type of Loss:	Collision
Insured:	Phoebe Nicholson	Loss Date:	01/24/2012
		Reported Date:	
		Valuation Report Date:	02/16/2012 09:38:29
		Valuation Report ID:	3461907

Vehicle Information

Loss Vehicle:	1997 MITSUBISHI ECLIPSE GS 2D HBK 2L 4 Cyl Gas A 2WD	Location:	RI 02888
VIN:	4A3AK44Y5VE182436	Exterior Color:	
Mileage:	163,384 miles	License Plate:	662837, Rhode Island

Valuation Summary

Base Value:	\$2,874.26
Loss Vehicle Adjustments	
Condition Adjustment:	\$0.00
Prior Damage Adjustment:	-\$1,932.56
After Market Parts Adjustment:	\$0.00
Refurbishment Adjustment:	\$0.00
Market Value:	\$941.70

Loss Vehicle Detail

Loss vehicle: 1997 MITSUBISHI ECLIPSE GS 2D HBK 2L 4 Cyl Gas A 2WD

Standard Equipment

Exterior	
16" X 6.0" Steel Wheels	Aero Type Halogen Headlamps
Color Keyed Bumpers	Color Keyed Low Rear Spoiler
Full Profile Color Keyed Air Dam	Integrated Fog Lamps

Interior	
2+2 Passenger Capacity	5 Way Adjustable Driver Seat With Dual Height and Recline With Memory
AM/FM Stereo Cassette With 6 Speakers, Anti-Theft Feature	Day-Night Rear View Mirror
Dual Power Remote Aero Type Sideview Mirrors	Electric Rear Window Defroster With Timer
Fabric Upholstery, Sport	Front Bucket Seats
Heating/Ventilation System With 4 Speed Fan, Dial Type Controls and Dual Bi-Level Output	Interval Windshield Wipers
Power Antenna	Rear Window Wiper/Washer
Side Window Defoggers	Split Fold Down Rear Seat
Tinted Glass	

Mechanical	
Height Adjustable Steering Column	Power Rack and Pinion Steering, Engine Speed Sensitive
Power Rear Disc Brakes	Power Ventilated Front Disc Brakes

Safety	
3 Point ALR/ELR (Automatic Locking Retractor/Emergency Locking Retractor) Seatbelts	3 Point ELR (Emergency Locking Retractor) Seatbelt, Driver Side
Driver and Passenger Air Bags	Front and Rear Crumple Zones
Front and Rear Impact Crush Zones	Height-Adjustable Front Shoulder Belts
HomeLink System, In Driver Side Visor; Includes 3 Function Programming Capacity (Allows Control Of Up To 3 Devices Such As Garage Doors, Gates, Home Security Systems, and an Available HomeLink Lighting System)	Remote Hood-Latch, Fuel Door and Trunk Lid Releases
Safety Cage Body Construction	Side Guard Door Beams
Side Impact Door Beams	

Optional Equipment

Air Conditioning

*DIO/PIO= Dealer/Port Installed Option

Loss Vehicle Base Value

Loss vehicle: 1997 MITSUBISHI ECLIPSE GS 2D HBK 2L 4 Cyl Gas A 2WD

Comparable Vehicle Information

Search Radius used for this valuation:

150 miles from loss vehicle zip/postal code.

Typical Mileage for this vehicle:

116,000 miles

#	Vehicle Description	Mileage	Location	Distance From Loss Vehicle	Price	Adjusted Value
1	1997 MITSUBISHI ECLIPSE GS 2D HBK 4 2NORMAL GAS M 2WD	109,205	06450	72 miles	\$3,900.00 List Price	\$3,080.58
2	1997 MITSUBISHI ECLIPSE GS 2D CVT 4 2.4NORMAL GAS M 2WD	77,121	06770	87 miles	\$5,499.00 List Price	\$3,386.43
3	1997 MITSUBISHI ECLIPSE RS 2D HBK 4 2NORMAL GAS M 2WD	157,000	02889	3 miles	\$1,999.00 List Price	\$2,155.78
Base Value:						\$2,874.26

Loss Vehicle Adjustments

Loss vehicle: 1997 MITSUBISHI ECLIPSE GS 2D HBK 2L 4 Cyl Gas A 2WD

Condition Adjustments

Condition Adjustment:	Overall Condition:	Typical Vehicle Condition:
\$0.00	3.00-Good	3.00
Category	Condition	Comments
Interior		
HEADLINER	3 Good	
CARPET	3 Good	
GLASS	3 Good	
DASH/CONSOLE	3 Good	
SEATS	3 Good	
DOORS/INTERIOR PANELS	3 Good	
Exterior	Typical	
Mechanical	Typical	
Tire	Typical	

Typical condition reflects a vehicle that is in ready-for-sale condition and reflects normal wear and tear for that vehicle type / age.

Comments:

Prior Damage Adjustments

Description	Adjustment Amount
damage to the right rocker and door	-\$1,932.56

Comparable Vehicles

Loss vehicle: 1997 MITSUBISHI ECLIPSE GS 2D HBK 2L 4 Cyl Gas A 2WD

Comparable Vehicles

Mitchell WorkCenter
Total Loss

1	1997 MITSUBISHI ECLIPSE GS 2D HBK 4 2 NORMAL GAS M2WD	List Price: \$3,900.00		
VIN: 4A3AK44Y5VE045044	Adjustments	Loss Vehicle	This Vehicle	Amount
Stock No:	Projected Sold Adjustment			-\$420.00
Listing Date: 01/02/2012	Vehicle Configuration Adjustment			\$172.91
ZIP/Postal Code: 06450	Mileage	163,384	109,205	-\$746.48
Distance from Loss Vehicle: 72 miles	Equipment			
Source: FRANCHISE DEALER WEB LISTING - VAST	Air Conditioning	Yes	No	\$174.15
COS' CENTRAL AUTO				Total Adjustments: -\$819.42
1652 N BROAD STREET				Adjusted Price: \$3,080.58
MERIDEN CT 06450				
203-634-7878				

2	1997 MITSUBISHI ECLIPSE GS 2D CVT 4 2.4 NORMAL GAS M2WD	List Price: \$5,499.00		
VIN: 4A3AX35G7VE127035	Adjustments	Loss Vehicle	This Vehicle	Amount
Stock No: 977035	Projected Sold Adjustment			-\$582.00
Listing Date: 10/28/2011	Vehicle Configuration Adjustment			-\$264.64
ZIP/Postal Code: 06770	Mileage	163,384	77,121	-\$1,477.25
Distance from Loss Vehicle: 87 miles	Equipment			
Source: FRANCHISE WEB LISTING - CARS.COM	Air Conditioning	Yes	No	\$221.32
SHEP'S AUTO LLC				Total Adjustments: -\$2,112.57
868 NEW HAVEN RD				Adjusted Price: \$3,386.43
NAUGATUCK CT 06770				
203-723-2658				

3	1997 MITSUBISHI ECLIPSE RS 2D HBK 4 2 NORMAL GAS M2WD	List Price: \$1,999.00		
VIN: 4A3AK34YXVE135672	Adjustments	Loss Vehicle	This Vehicle	Amount
Stock No: 135672	Projected Sold Adjustment			-\$215.00
Listing Date: 10/18/2011	Vehicle Configuration Adjustment			\$308.58
ZIP/Postal Code: 02889	Mileage	163,384	157,000	-\$36.56
Distance from Loss Vehicle: 3 miles	Equipment			
Source: FRANCHISE DEALER WEB LISTING - AUTOTRADER.COM	Air Conditioning	Yes	No	\$99.76
STEVIE D'S AUTO SALES				
2570 WARWICK AVE				
WARWICK RI 02889				
401-739-1313				
			Total Adjustments:	\$156.78
			Adjusted Price:	\$2,155.78

Sub-Model Comparison

Sub-Model Description	Configuration	Original MSRP
1997 MITSUBISHI ECLIPSE GS	2D HBK 2L 4 Cyl Gas 2WD	\$18,690.00
1997 MITSUBISHI ECLIPSE GS	2D HBK 4 2 NORMAL GAS M 2WD	\$17,550.00
1997 MITSUBISHI ECLIPSE GS	2D CVT 4 2.4 NORMAL GAS M 2WD	\$19,940.00
1997 MITSUBISHI ECLIPSE RS	2D HBK 4 2 NORMAL GAS M 2WD	\$15,140.00

Vehicle Valuation Methodology Explanation

WorkCenter Total Loss was built through a joint partnership between J.D. Power and Associates vehicle valuation division Power Information Network (P.I.N.) and Mitchell International, a leading provider of claims processing solutions to private passenger insurers.

WorkCenter Total Loss produces accurate and easy-to-understand vehicle valuations via this five step process:

Step 1 - Locate Comparable Vehicles

Locate vehicles similar to the loss vehicle in the same market area. WorkCenter Total Loss finds these vehicles in AutoTrader.com, Cars.com, and directly from dealerships.

Step 2 - Adjust Comparable Vehicles

Make adjustments to the prices of the comparable vehicles. The comparable vehicles are identical to the loss vehicle except where adjustments are itemized. There are several types of comparable vehicle adjustments

- Projected Sold Adjustment - an adjustment to reflect consumer purchasing behavior (negotiating a different price than the listed price).
- Vehicle Configuration Adjustment- an adjustment for differences in configuration between the comparable vehicle and the loss vehicle (e.g. differences in trim).
- Mileage Adjustment - an adjustment for differences in mileage between the comparable vehicle and the loss vehicle.
- Equipment- adjustments for differences in equipment between the comparable vehicle (e.g. equipment packages and options) and the loss vehicle.

Step 3 - Calculate Base Vehicle Value

The base vehicle value is calculated by averaging the adjusted prices of the comparable vehicles.

Step 4 - Calculate Loss Vehicle Adjustments

There are four types of loss vehicle adjustments:

- Condition Adjustment:
Adjustments to account for the condition of the loss vehicle prior to the loss.
- Prior Damage Adjustment:
Adjustments to account for any prior damage present on the loss vehicle prior to the loss.
- After Market Part Adjustment:
Adjustments to account for any after market parts present on the loss vehicle prior to the loss.
- Refurbishment Adjustment:
Adjustments to account for any refurbishment performed on the loss vehicle prior to the loss.

Step 5 - Calculate the Market Value

The Market Value is calculated by applying the loss vehicle adjustments to the base value.