

News feature for fleet media editors from Trend Tracker Limited

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For immediate release

Fleets should take care when choosing collision repairers, says new MFBI report

- **A new report from research firm Trend Tracker Limited on the UK car body repair sector has uncovered a significant investment and skills gap in the body repair industry which could leave many accident-damaged cars repaired in ways that could compromise their crashworthiness.**
- **Making sure this doesn't happen with potentially fatal consequences to company car drivers could be an important element in fleet managers' risk management, whether or not the impending Corporate Manslaughter Bill proves tougher than the Health & Safety at Work Act when it is passed later this year.**
- **The warning applies particularly to self-insured fleets which take direct responsibility for vehicle repairs.**

A new, wide-ranging research study into the future of the car body repair market in the UK* published by Trend Tracker under its MFBI market study brand notes that vehicle manufacturers, under pressure to produce lighter, stronger and more crash-resistant cars, are using new materials including high strength and ultra high strength steels and aluminium, and designing them to perform (or deform) in particular ways in collisions that protect both occupants and pedestrians. One of the first cars to use the new steels for structural components was the fleet favourite, the current Vauxhall Vectra.

Phase 2 of the EU pedestrian safety legislation, to be implemented by 2010, will require significant changes to vehicles' front-end design and construction. As vehicle construction becomes more complex, both in terms of structures and the use of more active-safety electronic systems, vehicle manufacturers are stipulating specific repair methodologies to ensure that structural and systems integrity is maintained following a repair. Any divergence from these specified repair methods could compromise a vehicle's designed crash resistance.

More investment needed from repairers

New safety-critical materials require specialist repair techniques and equipment, often specific to individual manufacturer or models, and over the next few years, bodyshops will be required to provide significant levels of investment in new equipment and training to ensure they are capable of repairing the current and next generation of more sophisticated vehicles correctly, but as the new MFBI report shows, the profitability of many bodyshops is too low to enable them to commit the required investment. There is already a growing occurrence of cars that have been placed within an insurer's approved repair network for repair but which have needed remedial work or specialist repair by a vehicle manufacturer's approved repairer.

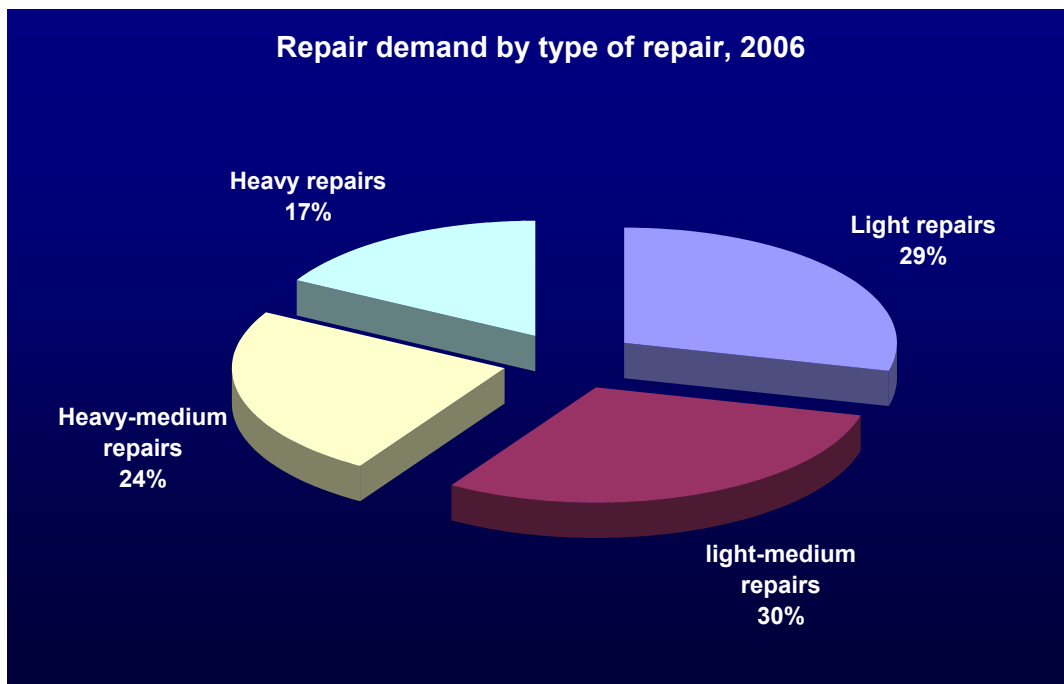
Unless the members of insurers' or fleet companies' approved repair networks are able and willing to invest in the training and new equipment necessary to repair the current and next generation of more complex cars, insurers and fleet companies will face little alternative but to place a higher proportion of accident-damaged cars with a vehicle manufacturer's approved repair network, rather than their own approved repairers, to avoid any potential duty of care liabilities. An analysis of bodyshop accounts in the new report shows that a typical independent bodyshop carrying out repairs for insurance companies makes a net profit of just 2% on a sales turnover of £1.2m and a per-repair profit of just £22.

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Franchised dealers with bodyshops are required to make the necessary investment in bodyshops to maintain standards as part of their franchise agreement, and unlike independents, their overhead costs can be absorbed across other more profitable dealership departments. However, the report's author, Trend Tracker analyst Robert Macnab, predicts that if insurers and fleets are forced by vehicle complexity to place a higher proportion of repairs with manufacturer-approved dealer bodyshops, these bodyshops will be likely to respond to more demand by seeking higher labour rates.

Potential liabilities are greatest when cars suffer structural damage during an accident. The MFBI study shows that structurally damaged cars currently account for up to 40% of all current repairs, after allowing for total losses. The study recommends that repairs should be assessed for damage severity and then sent to the specialist repairer that is capable of carrying out the correct repair. **The Car Body Repair Market in the UK, published August 2006, info@trendtracker.co.uk*



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Notes for editors

Details of the contents of this MFBI report, *The Car Body Repair Market in the UK*, priced at £795, can be downloaded from www.trendtracker.co.uk, or obtained via email to: info@trendtracker.co.uk or by calling Charles Oakham on +44 (0)870 421 4350.

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About Trend Tracker Limited

Trend Tracker conducts qualitative and quantitative research for a wide range of automotive clients, besides publishing Trend Tracker and MBFI brand studies on the vehicle, motor finance, aftersales, body repair and other automotive segments. The company also assists clients in implementing performance improvement through training and development programmes.