

LYNX Collision Repair Network

Automotive Physical Damage Repair Estimating Guidelines

Executive Overview

LYNX Services provides and maintains basic fundamental automotive damage repair estimating guidelines and procedures for its automotive claim requirements. These guiding principles are intended to assist LYNX Collision Repair Network facilities with the preparation of automobile damage repair analysis and appraisals of damage.

This guide will suggest cost allowances for specific repair processes or procedures; but does not necessarily limit the allowance for each specific repair operation on all damage appraisals. The suggestions contained herein are intended as a guide for the repair facility. Any exceptions to this guide will be considered, and should be discussed with the LYNX Services Material Damage Specialist.

Handling Guidelines

Please contact vehicle owner per assignment, within 4 business hours.

Non-drivable Vehicles

- Contact vehicle owner, verify vehicle location, and arrange to have vehicle moved to the repair facility ASAP.
- Expectation for initial estimate and photos is within 48 hours from assignment.
- If vehicle is approaching total loss, complete estimate, take photos, complete BCIF, and contact LYNX Services. Do not order parts.

Drivable Vehicle

- Contact vehicle owner, arrange earliest opportunity for owner to bring vehicle in for inspection. LYNX Services guideline is estimate/photos received within 72 hours.
- Please update LYNX Services for any delays on initial inspection.
- Upload estimate/photos immediately after inspection. If repairs are scheduled, please note that on the estimate, as well as total days to repair.
- Please schedule for repair, based on parts availability, preferably on Mondays or Tuesdays.

Administrative & Repairer Information

Confidential

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All repair estimates must contain the complete administrative information as required by the automotive estimating system of the Information Provider. This includes the following:

1. Vehicle owner name
2. Vehicle owner address
3. Vehicle owner telephone number
4. Vehicle year, make, model, and body type
5. Vehicle license, mileage and vehicle identification number
6. Claim file number
7. Insurance Adjuster name
8. Insurance Adjuster telephone number
9. Damage Appraiser name
10. Damage Appraiser telephone number
11. Repair name
12. Repairer address
13. Repairer telephone number
14. Remarks as needed (i.e.: Agreed repair cost)

Photos Required

Initial - Point of impact/related damage, four corners, VIN/license plate (for identification), unrelated damage (if applicable)

In Progress - After tear down, on frame rack (if applicable), in paint booth

Final - After repairs are complete.

Note: Photos should be of sufficient quality to be displayed on LYNX/client web site, and viewed by vehicle owner.

Damage Estimates

Damage Estimates are required to document the damage within the claim file and to establish the amount of each loss.

It is the intention of LYNX Services to pay all amounts owed in accordance with the Insurer client automobile policy of insurance and acceptable established claim best practices. To determine the cost of repair, a professional analysis of repair must be provided utilizing an accepted automotive repair industry damage estimating system. This includes electronic transmission of all preliminary and final estimate/supplements to LYNX Services via the estimating system.

Prior Damage Estimates

All appraisers are required to document prior damage. The documentation requirements are as follows:

1. Related Damages: Related damages are those damages that must be repaired in conjunction with the current damage repair process. The current damage repair is not possible without including the repair of these damages. (i.e.: The current repair requires replacing a panel, and the

replaced panel contains damage from a previous loss.) Related damages require a separate damage analysis to determine the amount of repair cost from the previous loss.

2. Unrelated Damages: Unrelated damages are those damages that do not require repair or restoration in conjunction with the current damage repair process. The current damage repair is possible without involving the prior damages. Unrelated damages should be documented in the remarks section of the repair estimate and photos submitted along with the current damage photos.

Frame & Unitized Structural Damage

Automobile damage may include the need to repair or replace frame and unitized construction. Allowances for repair or replacement of any structural components must be made in strict accordance with the manufacturer's specifications and recommendations.

Repair procedures that include sectioning or full frame/unitized panel replacement must be consistent with the recommendations stipulated by I-CAR. (I-CAR Help Desk: http://www.icar.com/html_pages/upcr.html)

All frame & unitized repair procedures must be disclosed to the vehicle owner prior to making repairs. The repair facility must advise the vehicle owner before the repairs proceed and document the owner's consent.

All estimates of frame and unitized repair must itemize each standard repair component with consideration of overlap, and in accordance with insurance industry standard analysis methods. This itemization must be clearly documented on the estimate or within the claim file as in the following example:

Repair R/F Rail Sidesway	2.0 hours
Repair R/F Rail Sag	2.0 hours
Repair R/F Rail Mash	1.0 hour
Setup and Measure	2.0 hours (body rate)
Exceptions are noted for Aluminum Frame repair	

The damage analysis may allow up to 2.0 hours for vehicle set up and frame damage measurement at body labor rate.

All re-inspections and claim audits will examine frame & unitized repair allowances utilizing the methodology indicated above.

Steering Suspension Alignment

Front-end alignment and 4 wheel alignment may be allowed only in those cases where there is obvious or confirmed damage related to the frame, suspension, wheels or the steering components.

The alignment allowance should be categorized as a sublet operation, using the following suggested entries:

Up to \$ 49.95 for a front-end alignment
Up to \$79.95 for a four-wheel alignment

The estimating system entry will require these standard formats:

Align F/E	\$XX.XX
Align 4-wheels	\$XX.XX

Automotive Replacement Parts

Parts Replacement Policy

All damage estimates must consider the cost to repair parts versus the cost to replace parts when creating the appraisal. Proper judgment must be exercised to consider utilization of the appropriate type of parts to use in the repair process.

Include the following factors when considering the replacement of parts on the repair:

1. The cost of repair versus cost of replacement for the part being replaced.
2. The profit incentive for all replacement parts must include a reasonable and competitive markup for the repairer.
3. Consider using recycled parts and non-OEM parts under the following conditions:
 - a. Damaged vehicle is one year or older based upon the production date that is stamped on the vehicle*
 - b. Damaged vehicle must have more than 12,000 miles*
 - c. If vehicle is non-drivable, the parts availability, and delivery time should always be considered.
 - d. LKQ parts must be vehicle model year or newer.
4. The distributor providing the parts being replaced must offer an acceptable return policy.
5. The use of the parts must be in compliance with state and local laws or parts replacement regulations.
6. The replacement part must always be of like kind and quality to the part being replaced.
7. The estimate must clearly identify the part's description and source for all alternative parts.

*The following parts qualify for all vehicles regardless of model year or mileage:

- Refurbished aluminum alloy wheels
- Aftermarket air-conditioning condensers
- Aftermarket radiators

The current recommended mark up is up to 25% on the cost of all recycled parts.

Labor allowances for fitting and trimming may be required for assemblies, with a suggested maximum of 2.0 hours at body labor rate.

Aftermarket parts are inclusive of: batteries, mufflers, spark plugs, shock absorbers, wheels, lamps, plastic bumper covers, grilles.

Aftermarket sheet metal should be considered as long as it is CAPA approved.

Safety Related Parts

Do not use safety related LKQ parts, to include but not limited to suspension (except for suspension cross members, axle beams, and axle housings), brake systems/parts, tires, steering (except steering columns), air bags, and restraint systems (seat belts). Use of other than salvaged parts is acceptable.

Axle assemblies, suspension cross members, trailing arms, steering columns and steering wheels are not be considered safety-related items. Whenever possible, rebuilt or remanufactured steering columns should be considered.

The following are some examples of aftermarket or remanufactured parts that should always be considered:

- Alternators
- Ball Joints
- Batteries
- Battery Cables
- Bearings
- Belts
- Bearings
- Brake Cables & Lines
- Brake Pads
- Brake Rotors
- Brake Shoes
- Bulbs
- Bushings
- Calipers
- Center Link
- Gear Boxes
- Headlamps
- Idler Arms
- Marker Bulbs
- Motor Mounts
- Power Steering Pumps
- Rack and Pinion
- Springs

- Steering Racks
- Struts
- Suspension Parts
- Tail lamps
- Transmission Mounts
- Tie Rods

Sublet Items

Many collision repair facilities do not perform specialty repairs such as glass replacement, upholstery repair, vinyl top replacement, and mobile electronics, and are sublet to other specialty vendors for completion.

Markups (the guideline being 25%) are allowed on these sublet items that are not normally completed at a repair facility, as long as the markup does not cause the final price to exceed the competitive market price for the repair or replacement being performed.

Paint and Materials

Paint and Material allowances include all costs for refinishing materials, plastic filler, welding rods, thinner, primer, sanding disks, and more, as defined within the Information Provider's estimating system rules.

However, the estimating system's paint and materials calculator utilized during the "complete" refinishing process may reach a saturation point, (the point where the total allowance exceeds the reasonable overall P & M costs.) As a result it is practical to consider a threshold for materials whenever the estimating system allowance exceeds \$475.00.

Any appraisal that must exceed the amount of \$475.00 requires LYNX Services management review and approval, along with an explanation (receipts) from the repairer to qualify any additional allowances.

Paintless Dent Repair

PDR will be utilized where appropriate, and when cost effective.

Total Loss Vehicles

It is the intention of our program to filter out obvious total loss vehicles. However, incomplete facts of loss, etc., lead to the possibility of a new claim assignment becoming a total loss based on the repair facility inspection. If the damage to the vehicle makes it difficult to write a suitable estimate, please contact the LYNX Services Material Damage Specialist.

All Total Loss documentation must contain the following:

- Estimate, with odometer and options
- Photos
- CCC Basic Information Sheet, noting options and condition
- Towing/Storage Invoices (If Applicable)
- Prior damages estimate if damage effects value of vehicle

No storage fees for 21 days on total losses. This starts when the vehicle has been determined to be a total loss, and agreed to by LYNX Services.

Betterment

When the repair requires the use of replacement parts that are subject to wear and tear, it is appropriate to consider betterment on these parts. Betterment should only be considered in states where legally permitted.

Betterment is typically applied on the part price only. The only exception to this rule is when refinishing the complete vehicle, the betterment is then considered on the entire amount.

As a general rule, betterment should never be taken on used, reconditioned, or after market parts. (Examples of parts receiving betterment include tires, convertible tops, etc.)

The following chart will apply to all appraisals and used only where legally compliant:

<u>Part</u>	<u>Life Expectancy</u>	<u>Percentage / Depreciation</u>	<u>Not to Exceed</u>
Battery	Four Years Lifetime Warranty	25% per year NONE	50%
*Engine (gas)	150,000 miles	1% per 2,000 miles	50%
Engine (diesel)	225,000 miles	1% per 2,500 miles	50%
*Transmission	150,000 miles	1% per 2,000 miles	50%
Rack & Pinion	150,000 miles	1% per 2,000 miles	50%
Upholstery/Trim	10 years	10% per year	50%
Exterior Paint	10 years	10% per year (Complete Vehicle only)	50%
Radios/Speakers	10 years	10% per year	50%
Equalizers	10 years	10% per year	50%
Amplifiers	10 years	10% per year	50%
Vinyl Roofs & Convertible Tops	10 years	10% per year	50%
Roof Covers	10 years	10% per year	50%
Alternator	80,000	1% per 1000 miles	50%
P/S pump	80,000	1% per 1000 miles	50%
Water Pump	80,000	1% per 1000 miles	50%
A/C compressor	80,000	1% per 1000 miles	50%
Exhaust components	80,000	1% per 1000 miles	50%
Engine belts	50,000	1% per 1000 miles	50%
Shocks or struts	80,000	1% per 1000 miles	50%

Tie rod ends	80,000	1% per 1000 miles	50%
Wheel or Axle bearings	80,000	1% per 1000 miles	50%
Brake drums/rotors	80,000	1% per 1000 miles	50%

* Note – If a remanufactured part is used, no betterment will apply.

Tires	<u>Tread Remaining</u>	<u>Betterment</u>
	11/32	0%
	10/32	10%
	9/32	20%
	8/32	30%
	7/32	40%
	6/32	50%
	5/32	50%
	4/32	50%

These are guidelines for vehicles with normal wear and tear. Deviations from the suggested betterment amounts are required to include supporting documentation clearly outlining the reason for the deviation, and must be discussed with the LYNX Services Material Damage Specialist. All transactions will comply with state and local regulations. Should any conflicts arise; state and local regulations will prevail.

No depreciation is charged on used parts if replacement is of like kind and quality (LKQ).

No depreciation on vehicle parts with a lifetime guarantee, if the vehicle owner is the original purchaser.

Miscellaneous Paint Procedures:

- Clear coat – up to 2.5 hours
- Tinting paint to match - 0.5 hrs maximum (deviations require Lynx Services approval and documentation) If allowing for tinting, blending typically is not allowed.
- Two-Tone – follow P-Pages from established estimating source.
- Flex Agent – \$7.00 in sublet column.
- When painting a new panel, include edges and/or underside.
- Consider trim and molding R&I for painting as required, based upon the type of operation – use discretion when allowing panel removal.
- Blend – use flat rate procedures from the established estimating source. If allowing for blending, tinting is not typically allowed.
- Color, sand & buff – up to .3 per refinish hour, up to 1.5 hrs maximum in the body column.

Extra Items and Procedures:

- Hazardous Waste Disposal – \$3.00
- Tire and Battery Disposal – up to \$2.50.
- Tire Mount and Balance – \$10.00 per tire.

- Valve stem - up to \$2.00 each.
- Clean and Detail - only if required as a direct result of the loss (spills, shifting loads) and not the repair itself.
- Gravel Guard – 0.3 body labor and up to \$10.00 for material per loss.
- Epoxy or Weld through primer - 0.3 body labor and up to \$10.00 for material per loss.
- All non-OEM items belong in the sublet column.
- When R&I the fuel tank – pay up to 0.5 body labor to drain/refill if necessary.
- Caulk and seal (seam sealer) - 0.3 body labor and up to \$10.00 for material per loss. Labor is included if the panel is being replaced per the p-pages.
- Car cover or liquid mask - \$10.00 per loss.
- Corrosion protection (only as required) - 0.3 body labor and up to \$10.00 for material per loss.
- Mask jambs - 0.3 body labor and up to \$5.00 for materials per loss.
- Coolant/Antifreeze- \$12.00 max
- Freon – for R134 the guideline is \$10.00 per pound (average vehicle holds 1.8 lbs with a maximum of 2.8 lbs possible).
- Glass – Urethane Kit - \$11.95

Stripes:

- Tape Stripe - \$12 up to maximum of \$20
- Painted Stripe: Refinish labor 0.5 -1st panel/ 0.3-each additional panel. If painted stripes are sublet out, an invoice is required.

Tow and Storage

- Paid out tow bill/storage should be uploaded with your estimate
- No mark up is allowed.
- For total loss handling, no storage fees for 21 days. This starts when the vehicle is determined a total loss.

All above allowances are subject to adjustments based upon approval of LYNX Services management.

Appendix

A: Quick Reference Guide for Participating Facilities

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- Contact vehicle owner, verify vehicle location, and arrange to have vehicle moved to repair facility ASAP.
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Drivable vehicle

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- Please schedule for repair, based on parts availability, preferably on Mondays or Tuesdays.

Secure a signed authorization to repair and a direction to pay from the vehicle owner. The assignment is not an authorization to repair. You must obtain permission to repair from the vehicle owner.

If the vehicle owner cannot be reached or indicates they've changed their mind about having their vehicle repaired at your facility, please call and advise the LYNX Services Representative handling the file.

Write the estimate taking into consideration the LYNX Collision Repair Network Standard Estimating Guidelines, and the specific handling instructions on the second page of the assignment document, which lists the unique requirements of the particular claim's insurance company.

Upload estimate and photos electronically to LYNX Services, as soon as completed.

Supply cycle time information: Number of days to repair, repair start date and estimated date of completion. If any change in relayed cycle time, inform LYNX and policyholder immediately.

If rental is applicable, LYNX will make arrangements with client's preferred rental vendor.

When repairs are completed, upload the final estimate, repair complete photo and direction to pay to LYNX Services.

No storage fee for 21 days, once the vehicle has been identified per our agreement, as a total loss. Please advise the LYNX representative of all paid out charges applicable to any total loss, and upload the supporting documents.

Please expedite your payment processing, by electronically submitting final estimates and related repair documents to LYNX Services promptly.