California Approved CARS Facility Guidelines and Reference
Notice: These guidelines and reference materials are the property of Mercury Insurance Services, LLC ("Mercury"), and must be surrendered on request. They are provided to approved CARS Facilities to facilitate performance of assignments within the scope of the written agreement between Mercury and the CARS Facility, and may not be used for any other purpose. These materials contain confidential trade-secret information protected under state and federal copyright and other laws, and they may not be duplicated or distributed to third parties without Mercury’s prior written consent. These guidelines supersede all prior guidelines and materials, and are subject to change without notice.

Throughout these guidelines we sometimes refer to Mercury as “we,” “us” or “our,” and we sometimes refer to the approved CARS Facility as “you” or “your.”
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1.0 Introduction

1.1. The Customer Authorized Repair Service Program (CARS Program) was specifically designed to improve customer service and vehicle repairs by working with approved collision repair facilities that share Mercury’s vision of customer service excellence. The success of the CARS Program is a direct result of this partnership with approved collision repair facilities throughout the nation.

1.2. These guidelines and reference materials have been designed to assist the approved CARS Facilities with the accurate and prompt processing of CARS assignments and repairs. As all losses and vehicle repairs have the potential to be unique, it is important to remember that this is a guideline only, and Mercury recommends that you contact your Mercury-assigned CARS Representative for review and consideration whenever a situation or repair appears to fall outside of these guidelines.

1.3. The success of the CARS Program is ultimately dependent on the following, which are all equally important:
   1.3.1. Superior customer service
   1.3.2. Quality industry and manufacturer approved repair techniques
   1.3.3. Quality and appropriate part usage
   1.3.4. Restoration of vehicles to pre-loss condition
   1.3.5. Timely assignment processing and repair completion
   1.3.6. Diligent communication between the CARS Facilities, Mercury and our mutual customers

1.4. It is Mercury’s goal for the CARS Program to meet and exceed all customers’ expectations by offering seamless assignment processing and superior industry repairs and service. Through the “Partnership in Service” that the CARS Program has established between CARS Facilities and Mercury Insurance, we are able to reach these goals to our customers’ benefit.
2.0 Facility Accountability and Responsibility

2.1 CARS Facilities agree to:

2.1.1 Monitor the Mercury CARS Web-Site continuously each business day to ensure 30-minute telephone contact to each customer referred by Mercury to the CARS Facility via the CARS Web-Site. (http://cars.mercuryinsurance.com) Documentation of the contact and/or attempted contacts shall be maintained by the facility for a period of no less than 90 days if the vehicle is not repaired by the facility and for the life of the facility’s repair order file if the vehicle is repaired by the facility.

2.1.2 Adhere to the current CARS Facility Guidelines and Reference materials. Contact the Mercury-assigned CARS Representative in advance if an operation or expense appears to fall outside of the provided guidelines or in excess of the established repair cost. Consideration and review will be conducted at the time of the notification by the facility. This updated guideline supersedes all prior guidelines and materials.

2.1.3 Utilize professional and appropriate repair techniques and approved replacement parts to restore customer vehicles to pre-loss condition.

2.1.4 Provide customers with a 100% lifetime warranty for all repairs and workmanship for as long as the vehicle remains under the same ownership. The warranty shall be honored by the facility whether or not the facility is an active participant with the CARS Program at the time of the warranty claim.

2.1.5 Accept 100% responsibility for all costs and expenses resulting from the facility’s negligence and all confirmed warranty claims. This includes, but is not limited to, vehicle damage, rental expense due to facility delays or repair defects or any other incident occurring during or following the care and custody of the customer vehicle related to the facility.

2.1.6 Notify customers and document any safety issues with inspected vehicles immediately upon discovery whether or not the loss-related repairs are related to the safety concern. This includes both drive-in inspections and vehicles that have been authorized for repairs. In both cases, documentation of the notification should be completed by the facility and be maintained by the facility for future reference.

2.1.7 Provide safe and secure storage at no cost for Mercury customer vehicles. The facility assumes responsibility for any loss or damage to customer vehicles referred to the facility by Mercury while vehicles are in the care and custody of the CARS Facility.

2.1.8 Notify customers of the responsibility for deductibles, betterment, non-loss-related repairs for prior damage required to restore the
vehicle to safe condition, or any other customer monetary responsibility requiring payment prior to delivery of the vehicle. Notification of the expense should be made immediately upon discovery, and documentation of the notification should be completed by the facility and be maintained by the facility for future reference. Collection of charges from the customer is the responsibility of the facility.

2.1.9 CARS Facilities may not cash out or issue payment to a customer directly. All customer cash outs, reimbursements and appearance allowances should be referred to Mercury.

2.1.10 CARS Facilities may not waive insurance deductibles and must clearly document and define any discounts provided for customer service.

2.1.11 Assist Mercury Agents with vehicle binding photo inspections upon request.

2.1.12 Adhere to state and federal laws, including but not limited to the laws pertaining to the operation of an auto repair facility.

2.1.13 Provide quality customer service and offer walk-in inspections and appointment scheduling for all customers referred by Mercury. CARS Facilities agree to accommodate all customers requiring assistance and refrain from turning customers away without first contacting the Mercury-assigned CARS Representative for direction and assistance in an effort to accommodate all customers.

2.1.14 Utilize and maintain the specified estimating and communication applications required for assignment completion and transmission. (https://www.mitchell.com/support/company/mercury/)

2.1.15 Submit thorough and comprehensive digital images of inspected vehicles for documentation of the estimated repairs, loss-related damages, vehicle identification, vehicle condition and non-loss-related damages. Submit images of child car seats if present during the vehicle inspection. Refer to the Digital Image Requirements Training document available on the CARS Web-Site. (http://cars.mercuryinsurance.com)

2.1.16 Submit accurate and complete assignment materials for completed inspections. An audit of all materials should be conducted prior to transmission of the completed assignment to ensure accuracy and prevent delays resulting from assignment errors or omissions.

2.1.17 Submit industry-competitive damage appraisals and provide all necessary supporting documentation to support the appraisals and billings. This includes but is not limited to invoices, specification sheets and sublet invoices.

2.1.18 Contact the appropriate Mercury Claims representative via telephone for PD and UMPD loss types to determine if Mercury will be paying for any repair, whether payment will be made in full or partial, and whether payment will be issued to the facility or to the customer. "Coverage Confirmation" noted on the CARS
assignment is not a commitment of payment for PD and UMPD loss types. It is the facility’s responsibility to properly document acceptance of liability, policy limit, payment direction, all other communications, and maintain the contact documentation for future reference. Please refer to the Coverage Definitions and Limits section for additional information.

2.1.19 Contact the appropriate Mercury Claims representative via telephone for approval and coverage confirmation whenever the date of loss is in excess of 10 months and no repairs have been completed.

2.1.20 Allow 72 hours, excluding weekends, following MD approval before calling to verify payment.

2.1.21 Retrieve and review journals from E-Claim Manager for estimate and supplement approval and payment status.

2.1.22 Notify Mercury immediately upon receipt of any electronic funds transfer for which the facility did not submit necessary documentation requesting payment. The facility will also notify Mercury immediately of any electronic funds transfer for which a completed CARS Claim Repair Authorization and Warranty form was not submitted. It will be the facility’s responsibility to immediately reimburse Mercury for any received electronic funds transfers in error. Please contact a Mercury CARS representative immediately to process any necessary reimbursement.

2.1.23 Estimate and payment approval is not confirmation of coverage.

2.1.24 Instructions for receiving journal entries are as follows:
   2.1.18.1 Log on to E-Claim Manager and open the claim folder
   2.1.18.2 Click the Journal tab
   2.1.18.3 Click Retrieve Entries
   When complete, all the new entries will appear in the list.

2.1.25 Complete a vehicle check-in sheet to identify and reach an agreement with the customer for all prior and existing damage to the vehicle and verification of the removal of all personal items from the vehicle prior to repair commencement. It is recommended that the check-in sheet be signed by the customer and a copy provided to the customer at the time of the vehicle arrival. Failure to complete a check-in sheet will result in the facility accepting responsibility for claims of damage or theft caused to the vehicle during the facility’s care and custody of that vehicle.

2.1.26 Ensure sufficient staffing of trained facility representatives to accommodate Mercury customers and process CARS assignments and vehicle repairs timely and accurately.

2.1.27 Notify Mercury in advance of any intention of sale of the facility, change of control, relocation or other material business change. This includes but is not limited to a change to the facility name, partnership change or addition, corporate officer or director change, franchise agreement, or other business change. The Mercury
CARS Program is non-transferable and in the event of a facility sale or other business change, a re-evaluation of the facility's CARS approval status will be conducted and the immediate territory will be reevaluated for determination of a replacement facility appointment.

2.1.28 Maintain sufficient liability and Workers' Compensation coverage for the facility and approved locations. Proof of coverage will be maintained by the facility and made available to Mercury upon request.

2.1.29 Contact the Mercury-assigned CARS Representative for assistance with any customer service concerns. Refer customers directly to the assigned CARS Representative for assistance with specific Mercury policies and decisions when additional clarification or discussion is required.

2.1.30 CARS Facilities may not engage in advertising using Mercury's name or logo without prior written consent from an authorized representative of Mercury.

2.1.31 CARS Facilities may not post advertisements to the Mercury Facebook page or any other Mercury social media sites.

2.1.32 Provide all customers with repair progress updates a minimum of twice per week and when specific repair events occur. The additional updates include but are not limited to additional customer authorizations, notification of additional customer expense responsibilities, identification of existing or non-loss-related damages, part availability issues, repair completion date extensions, etc. Additionally, during the normal scheduled status calls to customers, the facility should advise customers of payment receipt from Mercury when payment has been received. If a customer requests a specific method of contact or a specific schedule for the repair progress updates, the facility should adjust this procedure to accommodate the customer’s preference. Proper documentation of all customer contacts and customer preferences regarding contact should be maintained by the facility for the life of the facility’s repair order file.

2.1.33 In addition to telephone updates, updates using the CARS Vehicle Repair Tracking system should be utilized and updated in the same manner as the telephone requirements. Refer to the CARS Facility Vehicle Repair Tracking Instructions document available on the CARS Web-Site. (http://cars.mercuryinsurance.com)

2.1.34 At the time of repair completion and vehicle delivery, provide all customers with an updated, complete estimate of repairs. If possible, the facility should provide the customer with a copy of the estimate in person. If a copy is sent by e-mail or fax transmission, verification is required confirming that the customer received a copy of the estimate. If necessary, the estimate can be sent by U.S. Mail to the customer. If the customer was not provided with a copy of the estimate or if the facility is uncertain if the customer received a
copy, please contact your Mercury-assigned CARS Representative to provide a copy of the estimate to the customer. Documentation on the estimate and appraisal report must accurately reflect if a copy of the estimate was given to the customer. Refer to section 6.0, Mitchell Ultramate Appraisal Report for instructions on proper documentation.

2.1.35 Following claim-related repairs, allow customers to take delivery of their repaired vehicles if approved payments from Mercury are not yet received if all other outstanding customer payments have been satisfied. Mercury payments are sent to CARS Facilities via U.S. Mail or through an electronic funds transfer. Electronic funds transfers are available only if Mercury has received an Electronic Funds Authorization for Direct Deposit Form from the facility. CARS Facilities may not pick up repair payments in person from a Mercury office.

2.1.36 Complete and submit to the facility’s Mercury-assigned CARS Representative an itemized summary report (Submission Log) of all Mercury customer vehicles inspected and submitted by the facility each day. Along with the facility’s information, the log will include the claim number, the customer’s name and the vehicle description for each assignment. Whether or not any assignments have been completed, reports should be submitted to Mercury each business day. If no assignments were processed, the report should reflect that information accordingly.

2.1.37 Prior to commencement of vehicle repairs, the facility will prepare a CARS Claim Repair Authorization and Warranty form by completing in legible writing the required information to personalize the form for the vehicle owner. The customer will be presented with the form by the facility and the facility will secure the vehicle owner’s signature prior to beginning the vehicle repairs. If necessary, a faxed or e-mailed copy with the required signature is acceptable, however a phone authorization should not be accepted. Once signed by the vehicle owner, the certificate should be scanned into Mitchell E-Claim Manager and uploaded to Mercury for file documentation. The CARS Claim Repair Authorization and Warranty Form is required for processing of electronic funds transfers. The facility should maintain a copy of the completed certificate for the life of the facility’s repair order file and the original certificate should be given to the vehicle owner at the time the form is signed. Signed Mercury Claim Repair Authorization and Warranty Forms are required for all repairs.

2.1.38 Safeguard and keep confidential all customer and Mercury information. CARS assignments are intended for CARS Facility reference only and not meant for distribution to customers or any other third parties, as the assignments may contain sensitive and/or confidential information.
3.0 Parts and Labor Definitions

3.1 OEM Parts
OEM (Original Equipment Manufacturer) parts are new parts manufactured by the vehicle’s manufacturer, or new parts manufactured for the vehicle’s manufacturer by another party and sold under the vehicle manufacturer’s name through a manufacturer-authorized dealer. OEM parts will be billed as per the invoice pricing and manufacturer suggested retail price with a discount of 5.0%. It is the CARS Facilities responsibility to verify manufacturer suggested retail price on all OEM parts. This includes all OEM parts purchased through a dealer parts department and/or service department or other sublet repair facility. OEM part pricing is subject to review and is required to be competitive with the industry pricing.

3.2 LKQ Parts
LKQ (Like Kind & Quality) parts are recycled (used) OEM parts and should be utilized whenever applicable, appropriate, cost effective, available and suitable for restoring the vehicle to pre-loss condition. LKQ parts should be the same year, make and model parts or newer. LKQ parts will be billed as per the facility invoiced purchase price plus a 20% markup. Markup is factored by taking the facility’s part cost plus 20%. All LKQ part pricing is subject to review and is required to be competitive with the industry pricing.

Mercury does not recommend the use of LKQ suspension, frames, hitches, “clips” or other similar components or operations. For assistance with LKQ applications, please contact the Mercury-assigned CARS Representative.

3.3 Aftermarket Parts / Quality Replacement Parts
Aftermarket parts / quality replacement parts are new parts manufactured by a party other than the vehicle’s manufacturer and sold under a name different from that of the vehicle’s manufacturer. Use of aftermarket or quality replacement radiators, condensers, glass and similar non-structural parts that meet the original equipment’s quality, fit, safety and performance standards are acceptable as outlined in the Approved Vendor section of the CARS Web-Site. In some cases these parts may be obtained from the same part manufacturer as OEM parts. Parts are required to meet the same quality, fit, safety and performance standards as the OEM parts.

For additional information on approved aftermarket and quality replacement part usage, please refer to the Approved Vendor section of the CARS Web-Site. If selecting a vendor other than the approved or recommended suppliers, the facility’s selected vendor is required to meet the approved vendor pricing, quality and warranty.
3.4 Reconditioned Parts
Reconditioned parts refer to repaired or remanufactured OEM parts and should be utilized whenever applicable, appropriate, cost effective, available and suitable for restoring the vehicle to pre-loss condition. Reconditioned parts will be billed as per the facility invoiced purchase price plus a 20% markup. Markup is factored by taking the facility's part cost plus 20%. All reconditioned part pricing is subject to review and is required to be competitive with the industry pricing. If a replacement reconditioned part is verified and utilized, versus reconditioning the original core, applicable tax should be charged.

3.5 Sheet Metal (Body) Labor
Sheet metal (body) labor is a standard labor type for metal repair and part replacement. Operations of R&I and R&R of bolted and welded components are to be estimated using this labor type. Replacement or R&I of standard under hood and mechanical items such as radiators, condensers, batteries, wheels, etc. also fall under this labor type as well as other standard miscellaneous operations. All times for fixed operations are to be calculated as per the approved estimating application and guidelines.

3.6 Paint (Refinish) Labor
Paint (refinish) labor is a standard labor type for operations involving the actual application of sprayable paint materials, and estimates the approved material allowance for each paint labor hour. Operations of panel preparation and/or material preparation are allowed at the approved sheet metal (body) rate.

3.7 Mechanical Labor
Mechanical labor is a standard labor type for operations involving R&I or R&R of mechanical components requiring specific mechanical knowledge and training to perform the operation. Other basic operations are allowed at the approved sheet metal (body) rate.
3.8 Frame Labor

Frame labor is a standard labor type for operations involving structural realignment of conventional and uni-structure frames. This will involve the use of a frame alignment bench or rack designed for this repair operation. Rough floor pulls are allowed for non-structural realignment at the approved sheet metal (body) rate. Cosmetic repairs to the conventional frame and uni-structure following the completion of the structural alignment and repair are also allowed at the approved sheet metal (body) rate.

Frame Set Up and Measure includes the following:

3.8.1 Disconnect battery or remove as necessary
3.8.2 Lift or jack up vehicle
3.8.3 Remove wheels as needed
3.8.4 Attach mounting brackets
3.8.5 Lower vehicle on to machine
3.8.6 Measure vehicle prior to, during and following pulls to vehicle
3.8.7 Print out before and after measurements for submission
3.8.8 Remove vehicle from bench

3.9 Dealership / Sublet Labor

Dealership / sublet labor is a standard labor type for operations requiring specialty knowledge, certification or equipment only available through a sublet source. For operations that qualify for this labor type, please contact the Mercury-assigned CARS Representative for required pre-approval. Approved dealership / sublet labor will be billed as per the facility invoice cost plus a 20% markup. Markup is factored by taking the facility labor cost plus 20%. All labor pricing is subject to review and is required to be competitive with the industry pricing.

3.10 Aluminum Labor

Aluminum labor is a standard labor type for facilities that have completed the required aluminum training and have shown proof of training, equipment and facility compliance. Mercury does not recommend that any facility attempt this type of repair or any other specialty repair without proper training, equipment and knowledge. Aluminum repairs and operations will be approved for billing to qualifying repair facilities for the following aluminum operations:

3.10.1 Panel repair
3.10.2 Welded panel replacement
3.10.3 Adhesive panel replacement
3.10.4 Rivet panel replacement
3.10.5 Uni-structure panel repair
3.10.6 Uni-structure panel replacement

All other labor operations will be paid as per the appropriate labor types indicated previously in this section.
3.11 Recovered Theft Vehicle Inspections

Inspections should be completed for repairable recovered theft vehicles. The recovered theft vehicle inspection should be a comprehensive inspection of the vehicle including, for example, the vehicle’s lamps, engine oil, and coolant, and must include a test drive sufficient to ensure proper vehicle operation. Generally this inspection can be completed in approximately 1.0 hour which is approved at the sheet metal (body) rate. If a more comprehensive vehicle inspection is required, please contact the Mercury-assigned CARS Representative for pre-approval.

3.12 Vehicle Disassembly

Vehicle disassembly is strongly recommended for repairable vehicles whenever possible. This helps to ensure a thorough initial estimate and minimizes supplements in many cases. With the customer's approval, disassembly should be completed timely, within 24 hours of the vehicle arrival, to prevent any assignment processing or repair delays. Vehicle disassembly is not recommended for vehicles anticipated to be deemed a total loss and should only be completed if necessary. If disassembly was required to determine a vehicle is a total loss, Mercury will allow up to 3.0 hours at the sheet metal (body) rate. The facility will place all of the parts removed back inside of the total loss vehicle using caution not to cause damage to the interior or to the parts themselves. Facilities will assist by reassembling vehicles to maximize salvage value on total loss vehicles upon request. All billings require the disassembly labor operations to be itemized and adjusted appropriately. Proper disassembly billing and supporting pre- and post-disassembly photos are required prior to billing approval. Obvious total loss vehicles should not be disassembled and may not qualify for billing approval. For direction or assistance with qualifying a vehicle for disassembly, please contact the Mercury-assigned CARS Representative for review and pre-approval.
4.0 Assignment Processing

4.1 Mercury utilizes the CARS Web-Site to deliver new customer assignments to the CARS Facilities. This site is required to be monitored throughout each business day to ensure 30-minute contact by the approved facility to each customer referred through the site. (http://cars.mercuryinsurance.com)

4.2 For instructions on this site’s use, please access the Web-Site Training link which is available through the CARS Administration page once logged in to the CARS Web-Site. (http://cars.mercuryinsurance.com)

4.3 Assignments transmitted to the approved facility via the CARS Web-Site are generated by the Mercury Call Center at the time of the first notice of loss, and also by Mercury Claims representatives during the claims handling process. Both referrals are equally important and should be handled with top priority.

4.4 Mercury utilizes a third-party service for towing of many non-drivable vehicles. In some cases, however, the CARS Facility may be required to coordinate and complete towing of vehicles referred to the CARS Facility. Assignments for vehicles located in tow yards or locations that require the vehicle to be towed to the CARS Facility will generally be indicated by comments in the “Special Instructions”, “Call Center Comments” or “Vehicle Location” fields on the assignment. Arrangements to verify the vehicle’s release should be completed immediately upon assignment receipt, and the vehicle should be picked up the same day. If same-day pick-up is not possible, the vehicle should be picked up the next business day. If the vehicle cannot be picked up within a 24-hour period, please contact the Mercury-assigned CARS Representative.

4.5 In some instances, Mercury Claims representatives may contact the facility and advise that a vehicle needs to be towed to the facility. These arrangements should be completed by the facility in the same manner and timeliness as if the notification was processed through electronic assignment. It is the facility’s responsibility to properly document all contacts and maintain the contact documentation for future reference.

4.6 For towing requests outside the immediate area, or towing requests that have greater than $500.00 in advanced charges, please contact the Mercury-assigned CARS Representative. This contact and notification is not intended to delay the dispatch of the tow but rather to minimize unnecessary towing when other tow options may be available.

4.7 Upon receipt of the assignment, and following the arrival of the vehicle, the inspection should be completed and uploaded via Mitchell E-Claim Manager within 24 hours. This is for all loss types and for both repairable and total loss vehicles. Whenever possible, assignments and uploads should be completed the same day as the vehicle arrival and assignment receipt.

4.8 For instructions on the assignment processing using Mitchell International E-Claim Manager and other Mitchell applications, please access the Mitchell
International link which is available through the CARS Administration page once logged in to the CARS Web-Site. ([http://cars.mercuryinsurance.com](http://cars.mercuryinsurance.com)).

4.9 **Do not** fax or transmit materials directly to Claims personnel without direct approval from the Mercury-assigned CARS Representative.

4.10 Vehicle estimates should include a comprehensive evaluation of the vehicle including verification and documentation of the following:

- 4.10.1 VIN
- 4.10.2 Vehicle description
- 4.10.3 Customer information
- 4.10.4 License plate number and state
- 4.10.5 Odometer reading
- 4.10.6 Damaged area
- 4.10.7 Prior damage notation

4.11 If a discrepancy with the VIN or license plate information is identified during the course of the vehicle inspection, please contact the Mercury Claims representative immediately to report the findings. Document the findings and the Claims representative notification on the Mitchell Ultramate Appraisal Report along with the Claims representative’s directions.

4.12 For accuracy and verification, telephone contact and discussions should be documented by recording the following:

- 4.12.1 Time
- 4.12.2 Date
- 4.12.3 Persons involved with the conversation (First and last name)
- 4.12.4 Telephone number and extension
- 4.12.5 Description of the conversation and specifics of the discussion

4.13 It is the facility’s responsibility to properly document all contacts and maintain the contact documentation for future reference.

4.14 The completed inspection materials are required to be transmitted to Mercury via Mitchell International E-Claim Manager within 24 hours of the vehicle arrival. Whenever possible, assignments and uploads should be completed the same day as the vehicle arrival and assignment receipt. Uploaded assignments should include the following required completed materials:

- 4.14.1 Mitchell Appraisal Report
- 4.14.2 CARS assignment (C-68)
- 4.14.3 Loss-related damage estimate
- 4.14.4 Towing and advanced charge invoices or receipt (if applicable)
- 4.14.5 Comprehensive digital images of the vehicle (refer to the Digital Image Requirement Training link available via the CARS Web-Site)
- 4.14.6 Signed CARS Claim Repair Authorization and Warranty form (if repairing vehicle at CARS Facility)
- 4.14.7 Unrelated damage estimate (if a total loss)
- 4.14.8 CARS Total Loss Check List with Equipment Options form (if a total loss)

4.15 Estimates and inspection materials should be thoroughly audited and documented prior to transmission to ensure accuracy and to prevent delays
and required revisions. Requests from Mercury for revisions and/or for additional documentation should be processed by the facility the same day of the request and completed with priority.

4.16 If a Mercury customer arrives for a vehicle inspection prior to an assignment being received, please complete the vehicle inspection as indicated in the previous section and obtain as much information from the customer regarding the loss, including the claim number and Mercury Claims representative’s information. Following the inspection, please contact Mercury to request that an assignment be generated as soon as possible. Following the receipt of the assignment, process the inspection as indicated above. If additional assistance is required please contact the Mercury-assigned CARS Representative.

4.17 Prior to beginning any vehicle repairs, the facility is responsible to secure the customer’s authorization to repair. Additionally, the facility is responsible for verifying and confirming the following with Mercury:
   4.17.1 Loss-related damages
   4.17.2 Policy coverage
   4.17.3 Deductible amount (if applicable)
   4.17.4 Liability acceptance (if applicable)
   4.17.5 Policy limit
   4.17.6 Payment issuance
   4.17.7 Mercury-assigned CARS Representative approval

4.18 Failure by the facility to verify and confirm all requirements may result in non-payment by Mercury. The facility would then be responsible for any unauthorized repair expenses, and for resolving the costs with the vehicle owner or waiving those costs.

4.19 Assignment approval is contingent on supporting documentation, including but not limited to digital images and invoices. Please make certain to provide all required digital images and documentation and/or adjust the billing accordingly based on the available documentation prior to submission.

4.20 In some cases a vehicle owner may initially only have the estimate and inspection completed, and then later return to the facility for the repairs. In these situations, the facility is required to re-photograph the vehicle to document the vehicle’s condition and any new damage. If new damage is identified, contact the Mercury-assigned CARS Representative immediately for assistance and direction.

4.21 In the event that a customer elects to remove a vehicle from the CARS Facility following a vehicle inspection of a non-drivable vehicle, following disassembly or following commencement of repairs, contact the Mercury-assigned CARS Representative immediately for assistance and direction.
5.0 Initial Assignment Processing

5.1 Is the vehicle repairable or a total loss?
   5.1.1 Mercury utilizes the NADA Official Used Car Guide as a general guide to determine a vehicle’s repairability, but the actual market value may be researched in some cases to assist with this determination. The type of loss and extent of damage may also be factors when determining a vehicle’s repairability.
   5.1.2 Vehicles with less than $10,000.00 in damage and with a repair cost less than 80% of the NADA unadjusted retail value may be completed as repairable. The unadjusted NADA Official Used Car Guide retail value will automatically populate in Mitchell Ultramate based on your regional system settings and vehicle VIN decoding. Vehicles with repair costs exceeding 80% of the NADA unadjusted retail value will require the Mercury-assigned CARS Representative’s approval prior to commencement of repairs to determine if a vehicle is repairable or a total loss.
   5.1.3 Vehicles with more than $10,000.00 in damage require the Mercury-assigned CARS Representative’s approval prior to commencement of repairs to determine if a vehicle is repairable or a total loss.
   5.1.4 The above-referenced calculations are not a guarantee of a vehicle’s determination as repairable or a total loss. Many factors are taken into consideration when making this decision. If assistance is required with determination, please contact the Mercury-assigned CARS Representative.
   5.1.5 When updating a customer regarding the status of a vehicle that is pending repair determination, advise the customer that the estimate and repair approval is being reviewed by Mercury. Refrain from indicating that the vehicle is a total loss or repairable until final determination has been completed.
   5.1.6 For additional assistance with repairable and total loss determinations, please contact the Mercury-assigned CARS Representative.

5.2 What additional assignment processing steps are required if the vehicle is deemed a total loss?
   5.2.1 In addition to the steps indicated in the 4.0 Assignment Processing section, the following additional operations are required if the vehicle is determined to be a total loss:
      5.2.1.1 If the vehicle is being left at the facility, complete and attach a Vehicle Equipment Sticker to the vehicle.
      5.2.1.2 Notify the customer of the total loss determination.
5.2.1.3 If the vehicle is being left at the facility, ask the customer to release the vehicle to Mercury and remove their personal belongings. Follow proper conversation documentation requirements.

5.2.1.4 Include the additional required total loss forms and documentation with the completed inspection assignment.

5.2.1.5 Include the additional required digital images. (Refer to the Digital Image Requirement Training link available via the CARS Web-Site.)

5.3 What if the inspected vehicle has no damage?

5.3.1 If the inspected vehicle has no damage, complete a vehicle inspection as indicated in the 4.0 Assignment Processing section with the estimate reflecting that the vehicle has no damage. An estimate is required in order to collect and record all of the vehicle information. Document the vehicle thoroughly with digital images and provide additional documentation of the inspection findings on the Mitchell Appraisal Report.

5.3.2 In some cases, the customer may claim no loss-related damage; however damage to the vehicle in the vicinity of the reported loss area may be present and claimed by the customer as old or unrelated damage. In this situation a separate estimate should be completed in order to properly document the condition of the vehicle and the claims being made by the customer. This estimate should be included with the inspection materials submitted to Mercury and should be clearly labeled as unrelated damage as claimed by the customer. Mercury will review the submitted materials and make a determination if the damages are loss related or if a result of a separate incident.

5.4 What if the customer is indicating additional damage that is not noted on the assignment?

5.4.1 In the event that a customer claims additional damage that is not included on the assignment, which does not appear consistent with the loss damage or description, the Mercury-assigned CARS Representative should be contacted by the facility. The Mercury-assigned CARS Representative will assist and direct the facility following the evaluation and loss related determination.

5.4.2 If the Mercury-assigned CARS Representative cannot be reached or is unable to approve the additional damage, complete one estimate for the verified loss-related damage and one estimate for the additional damage being claimed by the customer. Clearly document each estimate to clarify the loss-related damage estimate and the additional claimed damage estimate. Notify the customer that the estimates are being submitted for Mercury’s review and consideration, and that Mercury’s approval will be required prior to proceeding with all of the repairs.
5.4.3 Make certain to clearly document the reason for the two separate estimates and that Mercury’s approval of the additional claimed damage is required prior to the commencement of the remaining repairs. Contact the Mercury-assigned CARS Representative following the assignment upload to Mercury to finalize the determination regarding the additional claimed damage.
6.0 Mitchell Ultramate Appraisal Report

6.1 Vehicle inspections require the completion of the Mitchell Appraisal Report in Ultramate prior to transmitting the assignment via Mitchell International E-Claim Manager. In addition to the information populated by the Ultramate system, the following summary information is required to be added to the Mitchell Appraisal Report for all completed inspections:

******************Inspection Summary Information******************
Vehicle arrival date?
Was vehicle driven in, towed in or delivered by Road America?
Inspection date?
Number of business days to repair?
Was the estimate given to the owner?
Send payment to facility?
Is the vehicle a Partial Loss or a Total Loss?

******************CARS Alternate Part Summary******************
Were Alternate Parts available?
Name of Alternate Part reference source?
Alternate Part reference phone number?

6.1.1 Vehicle arrival date?
   6.1.1.1 Indicate the date that the vehicle originally arrived at the facility for the inspection.

6.1.2 Was vehicle driven in, towed in or delivered by Road America?
   6.1.2.1 Indicate if the vehicle was towed in or driven in. If towed in by Road America versus being towed by the facility or other tow provider, indicate accordingly.

6.1.3 Inspection date?
   6.1.3.1 Indicate the date that the vehicle was initially inspected.

6.1.4 Number of business days to repair?
   6.1.4.1 Indicate the number of business days calculated to repair the vehicle. If the vehicle is a total loss, this number should be 0. If repairable, 4.0 labor hours per business day should be used as a guideline.

6.1.5 Was the estimate given to the owner?
   6.1.5.1 If the vehicle is repairable, attempt to provide the customer with a copy of the completed estimate at the time of the inspection while the customer is present. If necessary, the estimate should be faxed, e-mailed or sent by U.S. Mail to the customer for best possible service. If the facility provided the customer with a copy of the estimate in person or if an e-mail or fax
transmission verification is received confirming that the customer received a copy of the estimate, indicate the response for this question as “Yes”. If the customer was not provided with a copy of the estimate or if the facility is uncertain if the customer received a copy, indicate the response for this question as “No”. When in doubt, always indicate “No”. If the vehicle is a total loss, please refer the customer to the Mercury-assigned CARS Representative to obtain a copy of the estimate, if needed.

6.1.6 Is the vehicle a Partial Loss or a Total Loss?
   6.1.6.1 Indicate if the vehicle has been determined to be a Partial Loss or a Total Loss.

6.1.7 Were Alternate Parts available?
   6.1.7.1 Indicate if Alternate Parts were available for the estimated repairs. Refer to the 3.3 Aftermarket Parts / Quality Replacement Parts section for determination of appropriate part usage or contact the Mercury-assigned CARS Representative for assistance.

6.1.8 Name of Alternate Part reference source?
   6.1.8.1 Indicate the name of the source contacted for part availability verification. If Alternate Parts are not applicable for the vehicle or the claim related repairs, indicate "N/A".

6.1.9 Alternate Part reference phone number?
   6.1.9.1 Indicate the telephone number of the source contacted for part availability verification. If Alternate Parts are not applicable for the vehicle or the claim related repairs, indicate "N/A".

6.2 Additional comments should also be entered on the Appraisal Report to document specific and critical information regarding the inspection.

6.3 Repair or Replacement Cost Coverage information should be entered properly as additional comments if coverage is confirmed and applicable. Please refer to the 10.2.1 Repair or Replacement Cost Coverage section for additional information on this coverage endorsement.

6.4 Proper time should be taken to complete the Appraisal Report thoroughly and completely for all inspections. All questions in the Inspection Summary Information section added into the Appraisal Report should be answered for each vehicle inspection completed and submitted to Mercury.
7.0 Supplement Processing

7.1 To expedite the repair process, approved CARS Facilities are authorized to process supplemental estimates and billings for CARS assignments of less than $1,500.00 if proper supporting documentation is provided. Supplemental billings in excess of $1,500.00 require notification to the Mercury-assigned CARS Representative at the time of the supplemental damage discovery. Pre-approval will be documented in detail by the CARS Representative as an E-Mitchell Journal or on a Reinspection form. Inspection of the vehicle by the Mercury-assigned CARS Representative may be required. Direction will be provided to the facility at the time of notification. Cumulative supplements in excess of $1500.00 require all repair invoices.

7.2 The completed supplemental billing and materials should be transmitted to Mercury via Mitchell International E-Claim Manager within 24 hours following the vehicle repair completion and vehicle delivery. The assignment must include the following required documentation.

- Mitchell Appraisal Report
- CARS assignment (C-68)
- Loss-related final damage estimate
- Delta report for all committed supplements
- Part and labor invoices
- Rejection invoice (if applicable)
- Supplemental images of the vehicle (refer to the Digital Image Requirement Training link available via the CARS Web-Site)
- Signed CARS Claim Repair Authorization and Warranty form (if not previously transmitted via Mitchell E-Claim Manager)
- Before and after frame and suspension measurements if completed.

7.3 Do not fax or transmit materials directly to the Mercury Claims representative without direct approval from the Mercury-assigned CARS Representative.

7.4 Supplemental documentation and images are required to verify the additional replacement parts and repair operations, and for subrogation purposes. All additional parts and part price increases require corresponding part invoices, and sublet repair or service operations require corresponding invoices and specification printouts when applicable. Scanned documents should be scanned in black and white, not color, and must be clear and legible. Cumulative supplements in excess of $1500.00 require all repair invoices. Any additional repairs, parts or sublet operations require supplemental digital images clearly showing the additional damage and identifying the vehicle.

7.5 Documentation of approval by the Mercury-assigned CARS Representative for the additional damage repairs should be included with the supplemental
billing to support the additional authorization for loss-related damage repairs.

7.6 Digital images should be taken prior to and during the repair process to ensure sufficient documentation of the supplemental billing. In-process images include, but are not limited to, frame set up, paint preparation, R&R and R&I. Supplements for additional or increased repair time for repairs included on the original appraisal for visible damage or exterior panels require pre-approval from the Mercury-assigned CARS Representative prior to commencement of the repairs. Billings for these specific supplemental operations will not be processed without pre-approval.

7.7 Repairs completed by sublet vendors are the responsibility of the CARS Facility. The facility is responsible to ensure competitive and accurate pricing, and to provide supporting documentation including, but not limited to, digital images and invoices.

7.8 Approved facilities are authorized to process only those supplemental billings that include the required supporting documentation and clear verification of the supplemental operations and customer authorization. Only those assignments with proper supporting documentation and proof may be submitted by the facility for processing.

7.9 Approved facilities shall process supplemental billings as a single and final supplemental billing whenever possible to limit multiple submissions and payments.

7.10 Negative supplements and reductions in repair costs should be addressed as follows. Refunds for all negative supplements are due upon completion of the loss-related repairs. Reimbursement should be issued payable to Mercury Insurance and delivered directly to the Mercury CARS Representative by the facility for amounts in excess of the customer's responsibility. Refunds for expenses paid to the facility by a customer should be reimbursed directly to the customer by the facility.

7.11 Supplement approval is contingent on timely billing processing, competitive and accurate pricing, and supporting documentation including, but not limited to, digital images and invoices. Provide all required digital images and documentation and/or adjust the billing accordingly based on the available documentation prior to submission.
8.0 Aftermarket Parts and Accessories

This is an itemization of common aftermarket replacement parts and modifications. All previous policy editions will be handled as previously directed on Common Aftermarket parts (3-12-2013). These changes apply for MIC and CAIC. Please contact your local Material Damage office should you require additional assistance and to determine limitations or coverages in each policy state.

Manufacturer installed and Dealer installed equipment will be covered without limitations.

Items covered at no additional premium:

- All manufacturer installed equipment*
- All dealer installed equipment
- Aftermarket or other than OEM grilles*
- Alarms (including Lo Jack® and Teletrack®)*
- Bed liners (including plastic, spray on and mats)*
- Brush and tail light guards*
- Bug deflectors*
- Car covers*
- Car masks, bras and clear protectants*
- Child Restraint Systems CA & IL only*
- Door wind guards*
- Dash covers*
- Fog lamps*
- Luggage racks*
- Roll bars*
- Running boards*
- Seat covers*
- Special waxes and Teflon coatings (with invoice verification only)*
- Splash guards and mud flaps*
- Steering wheel covers*
- Tires (including low profile & specialty, subject to exclusion E)*
- Tonneau covers (Soft and hard covers)*
- Trailer hitches*
- Window louvres*
- Window tint*

*Not affected by policy change
Aftermarket items covered at no additional premium, subject to limitations (aggregate limit $1,000). Limit includes materials, labor and tax:

- Back up cameras, monitors and equipment
- Bumpers and roll pans
- Car phones (other than manufacturer or dealer installed)
- CB radios and their antennas
- Custom Paint
- Custom wheels and rims
- DVD monitors and players
- Entertainment package
- Exhaust systems
- Fifth wheel hitches (unless fifth wheel trailer is insured on Mercury policy)
- Ground effect kits (other than manufacturer or dealer installed)
- Lift kits (other than manufacturer or dealer installed)
- Lowering kits (other than manufacturer or dealer installed)
- Off road lamps, lighting and related equipment
- Navigation systems (other than manufacturer or dealer installed)
- Portable Satellite radio and adaptor kits (verification of existence of subscription is required)
- Ski and bicycle racks
- Spoilers (other than manufacturer or dealer installed)
- Televisions and monitors
- Tool racks and storage compartment (limitations possible exception for commercial policies)
- Tow bars
- T-tops and targa tops
- VCRs
- Wheelchair racks
- Winches

Items covered subject to limitations, at no additional premium (Limit includes materials, labor, and tax):

- Pick up bed carpet kits – Up to $750.00 (only if camper body, slide on camper, camper shell or van conversion is endorsed on Mercury policy).

Items not covered:

- Radar and laser detectors
8.1 Special Equipment Coverage

8.1.1 The Special Equipment (SPEQ) coverage amounts listed on the CARS assignment may not include tax or labor costs. Any Special Equipment coverage listed will override the above-referenced amounts or other limits listed in these sections with the exception of the items listed in section 8.5 Items not covered. The Special Equipment coverage should be estimated following equipment verification and the tax and labor necessary to install the item(s) should be estimated in addition to the approved amounts if necessary. The installation should be entered on the estimate as labor.

8.1.2 All items must be verified as present and installed in the vehicle prior to the loss and should be estimated up to the verified limit without exceeding that amount. In some cases, as items become less expensive to replace, it may be possible to replace certain items for less than the listed amounts. Coverage is provided up to the specified amount and the goal is to replace the item and restore the vehicle to pre-loss condition for the competitive replacement cost without exceeding the listed coverage.

8.1.3 These limits apply only to Mercury insured's and do not apply to third party claimants. Refer to the specific CARS assignment for clarification regarding insured or claimant customers.

8.1.4 For assistance with these special coverage items, please contact the Mercury-assigned CARS Representative.
9.0 Depreciation Guidelines

9.1 “Actual Cash Value” (ACV) is the basis for evaluation of physical damages to automobiles. Actual Cash Value is commonly considered to be what it would cost to replace the damaged property with new property, with a deduction for depreciation if applicable. Depreciation includes not only the physical deterioration of the vehicle or property; all depreciation taken must be fully explained on the estimate (C-1).

9.2 Depreciation is to be applied to new or rebuilt mechanical items, accessories, trim, all other parts that normally sustain wear and tear, and complete paint jobs. Generally, we do not depreciate body parts unless there has been prior damage or other non-loss-related damage. On other than factory-installed equipment, obtain receipts to verify cost, description, and mileage or age.

9.3 All betterment charges applied should be in accordance with California Code of Regulations, title 10, section 2695.8(i), which provides as follows:

9.4 When the amount claimed is adjusted because of betterment or depreciation, all justification shall be contained in the claim file. Any adjustments shall be discernible, measurable, itemized and specified as to dollar amount and shall accurately reflect the value of the betterment or depreciation. This subsection shall not preclude deduction for prior and/or unrelated damage to the loss vehicle. The basis for any adjustment shall be fully explained to the claimant in writing and shall:

9.4.1 Reflect a measureable difference in market value attributable to the condition and age of the vehicle, and

9.4.2 Apply only to parts normally subject to repair and replacement during the useful life of the vehicle such as, but not limited to, tires, batteries, etc.

9.5 NOTE:

9.5.1 Do not depreciate labor to install parts, nor any tax.
9.5.2 Do not exceed 75%, and waive when less than 25% on individual items.
9.5.3 Depreciated amounts of less than $50.00 on individual items are to be waived.
9.5.4 Vehicles still under factory warranty (not extended warranty), that are less than five years old or that have less than 50,000 miles on the odometer are not subject to betterment with the following exceptions:

9.5.4.1 Tires
9.5.4.2 Batteries
9.5.4.3 Items with unrelated damage
9.5.4.4 Other items with a lifespan of less than five years or 50,000 miles.
9.5.4.5 Unless showing signs of non-loss-related physical damage, items with a life expectancy greater than 300,000 miles should not be subject to betterment.

9.5.4.6 If not using an estimating system, round down to the nearest dollar.

9.6 The following lists depreciation that may be applicable to particular automobile components. This is a guideline only. When a visual inspection is made, the appraiser’s opinion of the actual condition may be applied, with photographs and the necessary documentation needed to substantiate the depreciation.

9.6.1 MECHANICAL- ELECTRICAL ITEMS:

9.6.1.1 Any part or assembly listed, but not limited to: engine, transmission, drive train, some steering items, suspension, clutches, brake pads/shoes, shock absorbers (only when replaced in pairs; front or rear), starters, alternators, fuel pumps, water pumps, compressors, bearings, etc.

9.6.1.2 If betterment is determined to be applicable, proper verification of the component’s life expectancy and percentage of incurred wear or non-loss-related damage should be completed. This is generally achieved by contacting the vehicle manufacturer, dealership, or part manufacturer.

9.6.2 BATTERIES:

9.6.2.1 Months in use as a percentage of warranty period. For example: 12 months use, 48 months warranty. 12 divided by 48 = ¼ or 25%.

9.6.3 EXHAUST COMPONENTS:

9.6.3.1 Mufflers, resonators- Most companies give lifetime warranty: no betterment applies.

9.6.3.2 Catalytic converters- No depreciation/betterment applies; waived completely.

9.6.3.3 Exhaust pipes, tailpipes, connectors and crossovers- EPA guidelines 5 years or 50,000 miles, however generally warranted by manufacturer up to 100,000 miles. Betterment deduction should not exceed 25% and should not be based on less than a 200,000 mile life expectancy.

9.6.4 TRIM & TOPS:

9.6.4.1 Includes upholstery, seats, headliners, carpets, instrument panels/dashes, center consoles, package trays, convertible tops, soft tops, roof covers, tonneau covers.

9.6.4.2 When betterment applies, call a repair facility to obtain a cost of repairs to restore to pre-existing condition. Substantiate with photos and necessary documentation.

9.6.4.3 If utilizing an aftermarket convertible top or upholstery comparable to the original OEM part, betterment will be
waived, unless a pre-existing condition or non-loss-related damage is present.

9.6.5 COMPLETE PAINT:
  9.6.5.1 Betterment applied based on the estimated cost of repairs to prior paint damage or estimated cost of repairs to pre-existing paint condition, possibly due to a lack of maintenance. Note and document all visible deterioration, pits, scratches, fading, peeling, cracking, delaminating, checking and discoloration.
  9.6.5.2 Unless physical damage is present, betterment to complete paint appraisals should not apply. Limit all betterment calculations to actual condition and non-loss-related paint damage. If betterment is applied, the betterment shall only apply to the paint and materials.

9.6.6 TIRES:
  9.6.6.1 Use remaining tread depth; call a tire dealer for correct new tire tread depth. In general, tread depths are as follows: car tires run 11/32, van or utility vehicles 14/32 and oversized tires 21/32.
10.0 Coverage Definitions and Limits

10.1 The CARS assignments will be generated for four different assignment types. The assignment types will provide information and distinguish between insured’s and claimants, policy guidelines and limits.

10.1.1 Regular Collision

10.1.1.1 This identifies a Mercury insured and insured vehicle that has been involved in a collision. Coverage confirmation will be updated in the “Coverage Confirmation” section of the CARS assignment or by contacting the Mercury Claims representative for confirmation. Prior to commencement of repairs the CARS Facility is required to verify the following:

10.1.1.1.1 Applicable deductible
10.1.1.1.2 Stated value limit (if any)
10.1.1.1.3 Coverage confirmation

10.1.1.2 Approved payments from Mercury for coverage confirmed Regular Collision assignment type may be issued to the approved facility completing the vehicle repairs in a two-party check unless other payment arrangements have been made. If the CARS facility has completed an Electronic Funds Authorization for Direct Deposit Form, payment will be issued after completion of all necessary repairs and after a final repair estimate documenting all completed repairs has been received and approved by a Mercury CARS representative. A completed copy of the CARS Claim Repair Authorization and Warranty Form is required prior to any electronic funds transfer.

10.1.1.3 Collection of all customer payments as well as verification of coverage and applicable policy or coverage limits is the responsibility and obligation of the facility.

10.1.2 Regular Comprehensive

10.1.2.1 This identifies a Mercury insured and insured vehicle that has been damaged as a result of fire, flood, theft, vandalism or other covered non-collision type loss. Coverage confirmation will be updated in the “Coverage Confirmation” section of the CARS assignment or by contacting the Mercury Claims representative for confirmation. Prior to commencement of repairs the CARS Facility is required to verify the following:

10.1.2.1.1 Applicable deductible
10.1.2.1.2 Stated value limit (if any)
10.1.2.1.3 Coverage confirmation

10.1.2.2 Approved payments from Mercury for coverage-confirmed Regular Comprehensive assignment types may be issued to the approved facility completing the vehicle repairs in a two-
party check unless other payment arrangements have been made. If the CARS facility has completed an Electronic Funds Authorization for Direct Deposit Form, payment will be issued after completion of all necessary repairs and after a final repair estimate documenting all completed repairs has been received and approved by a Mercury CARS representative. A completed copy of the CARS Claim Repair Authorization and Warranty Form is required prior to any electronic funds transfer.

10.1.2.3 Collection of all customer payments as well as verification of coverage and applicable policy or coverage limits is the responsibility and obligation of the facility.

Regular UMPD

10.1.2.4 This identifies a Mercury insured and insured vehicle that has been involved in a collision with a potential uninsured motorist. For Regular UMPD assignments, the Mercury Claims representative MUST be contacted by the facility to verify coverage confirmation and determine if the coverage is applicable to the loss. Investigation by the Claims representative is sometimes required prior to confirmation. Prior to commencement of repairs the CARS Facility is required to verify the following:

10.1.2.4.1 UMPD policy limit
10.1.2.4.2 Stated value limit (if any)
10.1.2.4.3 Coverage confirmation
10.1.2.4.4 If coverage is applicable

10.1.2.5 Coverage Confirmation on CARS assignments for Regular UMPD assignments is not a commitment of payment by Mercury and the Claims representative MUST be contacted by the facility.

10.1.2.6 Collection of all customer payments as well as verification of coverage and applicable policy or coverage limits is the responsibility and obligation of the facility. For Regular UMPD assignments where a Mercury Claims representative has confirmed coverage is applicable and payment can be made subject to any applicable limit, payment may be issued to the approved facility completing the vehicle repairs in a two-party check unless other payment arrangements have been made. If the CARS facility has completed an Electronic Funds Authorization for Direct Deposit Form, payment will be issued after completion of all necessary repairs and after a final repair estimate documenting all completed repairs has been received and approved by a Mercury CARS representative. A completed copy of the CARS Claim Repair Authorization and Warranty Form is required prior to any electronic funds transfer.
transfer. It is the CARS facilities’ responsibility to collect any repair costs above any applicable limit.

10.1.3 Regular PD

10.1.3.1 This identifies a customer that has sustained property damage and is processing a claim through a policy other than the individual’s own policy. In some cases, this may still be a Mercury insured that is processing a claim through a separate Mercury insured’s policy. For Regular PD assignments, the claims representative MUST be contacted by the facility to verify coverage confirmation and liability acceptance, and determine if Mercury will be paying for the claimant vehicle repairs in full, partial or not at all. Prior to commencement of repairs the CARS Facility is required to verify the following:

10.1.3.1.1 PD policy limit
10.1.3.1.2 Coverage confirmation
10.1.3.1.3 Liability acceptance
10.1.3.1.4 Will payment be issued in full, partial or not at all?
10.1.3.1.5 Where will payment, if any, be issued?

10.1.3.2 Coverage Confirmation on the CARS assignments for Regular PD assignments is not a commitment of payment by Mercury and the Claims representative MUST be contacted by the facility.

10.1.3.3 Collection of all customer payments as well as verification of coverage and applicable policy or coverage limits is the responsibility and obligation of the facility. For Regular PD assignments where Mercury has confirmed coverage, liability acceptance and payment in full, or partial, payment may be issued to the approved facility completing the vehicle repairs in a two-party check unless other payment arrangements have been made. If the CARS facility has completed an Electronic Funds Authorization for Direct Deposit Form, payment will be issued after completion of all necessary repairs and after a final repair estimate documenting all completed repairs has been received and approved by a Mercury CARS representative. A completed copy of the CARS Claim Repair Authorization and Warranty Form is required prior to any electronic funds transfer.

10.1.3.4 It is the responsibility of the CARS Facility to verify all coverage requirements, policy limits, deductible amounts and payment commitments prior to commencement of repairs. Failure to completely verify these items may result in the facility assuming responsibility for the incurred repair costs and resolution of those expenses with the vehicle owner.

10.1.3.5 It is the facility’s responsibility to properly document all conversations and maintain the conversation documentation
for future reference, including the time, date and telephone number information.

10.2 In addition to basic assignment type coverage’s, Mercury offers additional coverage’s to first-party insured’s. Refer to the CARS assignment for specific information regarding any additional coverage or endorsement for each assignment. The additional first-party coverage’s include, but are not limited to, the following:

10.2.1 Repair or Replacement Cost Coverage

10.2.1.1 This endorsement will be listed on the CARS assignment below the Assignment Type section and applies to insured vehicles only. Coverage for this endorsement will be indicated by “YES” or “NO”. If this coverage is present, the customer will not be responsible for charges other than the deductible, if any, unless the loss is a result of fire, theft, larceny or flood.

10.2.1.2 If Repair or Replacement Cost Coverage is not present, the estimation and repair process is unchanged. The vehicle owner will be responsible for all normal repair costs not covered by Mercury, primarily the deductible and betterment or depreciation.

10.2.1.3 If Repair or Replacement Cost Coverage is present, the estimate should be completed as per the normal procedures, however the closing report should be adjusted to indicate the full repair amount, less deductible. The amount of the estimate and the amount of betterment should be listed separately along with a grand total owed by Mercury. Betterment in this case would not be owed by the customer; however it should be itemized on the closing report so that it is accurately paid by Mercury. Unless otherwise approved by the Claims representative, always collect the applicable deductible from the customer at the time of the vehicle delivery.

10.2.1.4 For questions regarding this coverage, please contact the Mercury-assigned CARS Representative.

10.2.2 Rental Car Coverage

10.2.2.1 This endorsement will be listed on the CARS assignment below the Assignment Type section. Coverage for this endorsement will be indicated by “YES” or “NO” along with the approved rental coverage period and approved per day rental amount.

10.2.2.2 The rental coverage length is limited to the time required to complete the vehicle repairs, and is not for CARS Facility warranty repairs or facility delays. The coverage amount is intended to be an industry competitive rate for a comparable rental vehicle up to the stated rental limit.

10.2.2.3 Rental coverage may also be listed for third-party customers.
10.2.2.4 For questions regarding this coverage, please contact the assigned Mercury Claims representative for the specific claim.

10.2.3 Special Equipment Coverage

10.2.3.1 This endorsement will be listed on the CARS assignment below the Damage Description section and applies to insured vehicles only. The specific endorsed items will be listed along with the endorsement amount. These approved amounts override the amounts listed in the Aftermarket Parts and Accessories section of these guidelines.

10.2.3.2 For questions regarding this coverage, please contact the Mercury-assigned CARS Representative.
11.0 Underwriting Inspections (15+)

11.1 In addition to vehicle inspections following a collision or comprehensive loss, vehicles requiring an inspection for policy underwriting verification may also be processed through the CARS Program. These assignments will be directed to approved facilities via fax machine and will be tracked by a Mercury designated administrator.

11.2 Generally, the underwriting inspections will be an inspection to verify any vehicle damage and overall vehicle condition. A mechanical inspection is typically not required.

11.3 Customers should be contacted by the facility within 30 minutes of receipt of the faxed underwriting assignment in order to coordinate the inspection arrangements at the facility.

11.4 Underwriting inspections should include a comprehensive evaluation of the vehicle including verification and documentation of the following:

11.4.1 VIN
11.4.2 Vehicle description
11.4.3 Customer information
11.4.4 License plate number and state
11.4.5 Odometer reading
11.4.6 Estimate of damage (if any)

11.5 If the VIN or license plate information differs from the faxed underwriting assignment, document the discrepancy on the estimate and accompanying documents.

11.6 The completed inspection materials must be transmitted to Mercury via Mitchell International E-Claim Manager within 24 hours of the vehicle arrival. Whenever possible assignments and transmissions should be completed the same day as the vehicle arrival and assignment receipt. Transmitted assignments should include the following required completed materials:

11.6.1 Mitchell Appraisal Report
11.6.2 Completed underwriting documents faxed to the facility
11.6.3 Existing damage estimate including all safety issues (if any)
11.6.4 Comprehensive digital images of the vehicle (refer to the Digital Image Requirement Training link available via the CARS Web-Site)
11.6.5 CARS Total Loss Check List with Equipment Options form

11.7 Any customized equipment installed on the vehicle or any modifications to the vehicle should be photographed and documented on the completed inspection materials submitted to Mercury.

11.8 Estimates and materials should be thoroughly audited and documented prior to transmission to ensure accuracy and to prevent delays and required revisions. Requests from Mercury for revisions and/or for additional documentation should be processed by the facility the same day of the request and completed with priority.
12.0 CARS Program Materials / Advertising

12.1 Mercury provides the CARS Facilities with the following forms and materials at no cost to the facility. For assistance with obtaining these materials, please contact the Mercury-assigned CARS Representative.

12.2 Available marketing materials include:
   12.2.1 CARS Program brochures
   12.2.2 Brochure stands
   12.2.3 CARS Program Inspection Envelopes
   12.2.4 CARS Program Inspection Envelope inserts
   12.2.5 Vinyl CARS sign
   12.2.6 Illuminated Approved CARS Facility sign (110v electrical outlet required)

12.3 Available assignment processing forms include:
   12.3.1 Vehicle equipment stickers (for total loss vehicles)
   12.3.2 CARS Claim Repair Authorization and Warranty form
   12.3.3 CARS Vehicle Check In Report

12.4 Aside from the use and display of the marketing materials referenced above, CARS Facilities may not engage in advertising using Mercury’s name or logo without Mercury’s prior written consent. Please contact the Mercury-assigned CARS Representative for assistance and to seek approval of the use of the Mercury name, logo, service marks or copyrighted materials.
### 13.0 Approved Abbreviations

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<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
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<tr>
<td>ACC</td>
<td>Accident</td>
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<td>ACV</td>
<td>Actual Cash Value</td>
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<td>Adjuster</td>
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<td>As Soon As Possible</td>
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<td>Arms</td>
<td>Automated Rental Management System</td>
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<td>Automobile</td>
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<td>Basic Claim System</td>
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<td>LV</td>
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LT  Lost Time
MSC  Mandatory Settlement Conference
MTF  Match to File
MD  Material Damage
Med  Medical
Med Auth  Medical Authorization
MedPay or MP  Medical Payments
MRR  Medical Record Review
MCC  Mercury Casualty Company
MID  Mercury Indemnity Company
MIC  Mercury Insurance Company
MIG  Mercury Insurance Group
MSJ  Motion of Summary Judgment
MTC  Motion to Compel
MVA  Motor Vehicle Accident
MVR  Motor Vehicle Record
NI  Name Insured
Neg  Negligence
N/B  North Bound
N/A  Not Available, No Answer
# or No  Number
Occ  Occupied/Occupant
O/C  Other Carrier
O/P  Other Party
OV  Other Vehicle
OI  Our Insured
OOP  Out of Pocket
P&U  Parked and Unoccupied
PL  Parking Lot
Pass or Psgr  Passenger
PIV  Passenger Insured Vehicle
POV  Passenger Other Vehicle
P/S  Passenger Side
Ped  Pedestrian
PU  Permissive Use
PUL  Permissive User Limits
RX  Prescription
PMK  Person Most Knowledgeable
Pltf  Plaintiff
POI  Point of Impact
PR  Police Report
PHC  Primary Health Carrier
Prod  Producer
POL  Proof of Loss
PD  Property Damage
POU  Purpose of Use
R/E or RE  Rear End(ed)
RRV  Reasonable Replacement Vehicle
Rcvd or Rcv'd  Received
RI  Recorded Interview
RS  Recorded Statement
Re  Regarding
R/O  Registered Owner
ROLV  Registered Owner Loss Vehicle
RA  Rental Agreement
RCB or RC  Rental Car Benefits
RCU  Rental Car Unit
Rpt  Report(ed)
Rep  Represent(ed)(ation)
Req  Request or Requested
Resp  Responsible
ROR  Reservation of Rights
R/C  Returned Call
Rt  Right
RHT  Right Hand Turn
ROW  Right of Way
Salv  Salvage
S/I  Set Inspection
SOC  Shop of Choice
SS  Signed Statement
S/T  Soft Tissue
S/B  South Bound
SW  Spoke With
Stmt  Statement
Subro  Subrogation
S&C  Summons and Complaint
Supp  Supplement
TC  Telephone Call
TBC  To Be Confirmed
TBD  To Be Determined
TL or Total  Total Loss
TLA  Total Loss Adjuster
T&L  Towing and Labor
Tx  Treatment
UN  Underinsured Motorist
U/W  Underwriting
UM  Uninsured Motorist
UD  Unlisted Driver
UV  Unlisted Vehicle
UNK  Unknown
Veh  Vehicle
VIN  Vehicle Identification No
V/I or VI  Vehicle Inspection
V or VM  Voice Mail
VSC  Voluntary Settlement Conference
W/B  West Bound
WS  Windshield
w/  With
Wit  Witness
W/C  Worker’s Compensation
WI  Written Interview