Federal Trade Commission
Protecting America's Consumers

For Release: November 25, 2008

# FTC Launches Suit to Block Merger of CCC and Mitchell

## Merger Would Leave Only Two Competitors in the Markets for Estimating and Total Loss Valuation Systems Used by Insurance Adjusters and Auto Body Shops

The Federal Trade Commission has filed suit to block the merger of CCC Information Services Inc. and Mitchell International Inc., charging that the merger would hinder competition in the market for electronic systems used to estimate the cost of collision repairs, known as "estimatics," and the market for software systems used to value passenger vehicles that have been totaled, known as total loss valuation (TLV) systems. The FTC's administrative complaint alleges that the merger, which is valued at $1.4 billion, would harm insurers, repair shops and, ultimately, U.S. car owners by reducing from three to two the number of competitors in the two related businesses.

"These estimating and valuation solutions are key tools in the auto insurance and collision repair industries," said Acting Bureau of Competition Director David P. Wales. "There is no doubt that this merger would reduce competition that benefits auto insurers and auto body shops and ultimately would lead to higher prices and less innovation for consumers."

According to the FTC, the merger of CCC and Mitchell would eliminate head-to-head competition between the two companies and leave the combined company with a market share of far more than half of the sales of estimatics, and a market share of far more than half of the sales in the market for TLV systems, creating a likelihood of adverse unilateral effects. The merger also would facilitate coordination among the remaining two competitors, CCC/Mitchell and Audatex, the FTC states in its complaint.

Chicago-based CCC Information Services Inc., a subsidiary of CCC Holdings Inc., was founded in 1980 and has approximately 1,300 employees. The company sells its services to insurance companies, collision repair shops, and independent appraisers. Mitchell International Inc., primarily owned by Aurora Equity Fund III L.P., itself part of the Aurora Capital Group, was founded in 1946 in San Diego and has about 650 employees. The companies announced their planned merger on April 11, 2008. Each of the companies provides both estimatics and TLV systems.

Estimatics consists of a database of parts, parts prices, and repair times, along with software that accesses the database and calculates repair costs based on input information about vehicle damage. These systems allow insurance adjusters and collision repair shops to estimate repair costs faster and more accurately than previously had been possible decades ago when estimates were written manually.

A TLV system also consists of a database and software. But rather than parts and repair cost information, the database contains vehicle information on recent, actual vehicle sales in every locality in the United States. TLV systems allow insurers to quickly obtain valuations for cars totaled in collisions based on recent, actual, local market sales. These valuations allow insurers to present car owners with settlement offers that are accurate and comply with all states' insurance regulations.

The markets for estimatics and TLV systems are already highly concentrated, according to the complaint filed by the FTC. A California-based company called Audatex is the only other significant competitor in both lines of business, the complaint states. CCC, Mitchell, and Audatex have long provided the estimatics market with solutions. Mitchell recently entered the TLV systems market with a new solution that has increased competition in that market, according to the complaint.

The Commission vote to issue the administrative complaint was 3-0, with Commissioner J. Thomas Rosch recused. The Commission also has authorized the staff to file a complaint in federal district court seeking a temporary restraining order and preliminary injunction to preserve the competitive status quo, pending an administrative trial on the merits.

Issuing a complaint is the first step in the administrative trial process. CCC and Mitchell will be offered FTC's "Fast Track" administrative trial procedure. The Commissioners are committed, subject to the bounds of reasonableness and fairness, to a just and expeditious resolution of any potential appeal that may be taken to the full Commission. Should there be an appeal, the Commissioners commit to make every effort to issue an appellate decision no later than 90 days after receiving a notice of appeal if there is no cross-appeal, or 120 days if there is a cross-appeal.

**NOTE:** The Commission files a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The complaint is not a finding or ruling that the defendant has actually violated the law.

The FTC's Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Room 394, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave, N.W., Washington, DC 20580. To learn more about the Bureau of Competition, read "Competition Counts" at http://www.ftc.gov/competitioncounts.

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**Related Items:**

***In the Matter* of CCC Holdings Inc., a corporation, and Aurora Equity Partners III L.P., a limited partnership.**
Docket No. 9334
FTC File No. 081-0155

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