

GUIDELINES FOR THE ASSESSMENT OF STATUTORY WRITE-OFFS

1. Introduction

Motor vehicle bodies are assembled from numerous small pressings and components. All of these pressings and components are available new as individual components, sub-assemblies or complete bodies from the vehicle manufacturer or may be obtained second hand from vehicle parts recyclers.

Consequently, no matter how badly damaged a vehicle may be, it is technically possible to repair the vehicle. However, when a very badly damaged vehicle is repaired by replacing most of the body components, the question of continuity of identity is raised. Consider the “My Grandfather’s Axe” analogy. It has had three new handles and two new heads but it is still that treasured old axe!

2. Statutory Write-off Category

One of the main reasons for the Statutory Write-off [SWO] category is to address the problem of establishing a continued identity.

If much of a vehicle’s structure has been replaced in the repair process, not only will there be no verifiable original identifiers but there will be no significant evidence of the extent and nature of the damage it sustained. It is therefore impossible to confirm the original identity of the vehicle. It is also arguable that such a vehicle is no longer the original vehicle. It is now a “new” vehicle and the original identity has been lost. This could still be the case even if most of the identifiers from the original vehicle were re-applied to this “new” vehicle.

Permanently removing extensively damaged vehicles from the registration system eliminates the need to be able to conclusively link a vehicle’s original identity to a vehicle which is now made up of mostly non-original [or non-identifiable] components.

There are two other important purposes of the Statutory Write-off classification.

- to eliminate from the registration system, those vehicles that have been exposed to conditions that leave little apparent trace but will cause the vehicle to rapidly become unsafe. These are vehicles that have been immersed in salt or fresh water.
- to thwart the “strip and buy back” ploy used by vehicle thieves. These are the vehicles that are essentially undamaged but have been stripped of sufficient parts that they are considered not economical to repair.

3. Statutory Write-off Criteria

The criteria can be broken up into the following three groups:

Impact or Fire Damaged Vehicles - vehicles which have been so extensively damaged that if they were repaired using appropriate techniques they would be virtually impossible to properly identify.

Water Immersed Vehicles – vehicles which have been immersed in water to the extent that while they may appear sound at the moment, but they will rapidly become unsafe.

Stripped Stolen Vehicles - vehicles which have been stolen and extensively stripped of panels, components etc, to utilise the “strip and buy back” ploy.

4. Applying the Statutory Write-off Criteria

Before any of the SWO criteria can be applied, the vehicle must first be considered a written-off vehicle. A written-off vehicle is a vehicle that:

- has been damaged to the extent that it is determined to be a total financial loss i.e. its salvage value plus the cost of repairs would exceed its market value;
- has been dismantled for the disposal of the parts; or
- has been crushed for scrap metal.

Once a vehicle has been determined to be a written-off vehicle the SWO criteria should be applied as follows:

4.1 Impact Damage

4.1.1 *Criteria*

These criteria have been designed to identify vehicles that have been in such a severe crash that repairs would entail replacing much of the vehicles' identifiable structure.

The criteria is that three of the following five impact damage indicators must be present if a vehicle is to be classified as a statutory write-off:

- Impact damage to the roof of 300 x 300 mm or more
- Impact damage to the floor pan of 300 x 300 mm or more
- Impact damage to the firewall of 300 x 300 mm or more
- Any impact damage to the suspension
- Impact damage to mechanical components such as engine blocks, transmission cases and axle houses, where these are deformed, cracked or broken.

In a motorcycle, there must be impact damage to the suspension, and two areas of structural frame damage which exclude scratching.

4.1.2 *Comment*

The roof, floor pan and firewall are three relatively remote areas of the vehicle that are somewhat protected in typical impacts and it is unlikely that all three areas would sustain substantial damage in less than a severe crash event. Similarly, the nature of the necessary damage to the mechanical components generally requires a severe event. The intent of the "impact damage to the suspension" item is also to flag damage that was caused by a severe impact.

4.1.3 *Interpretation*

The use of the term "impact" in describing damage of more than 300mm x 300mm to the roof, floor pan or firewall is intended to mean damage that was caused directly by impact with some object during the crash event. It is not meant to identify transposed or incidental damage. For example, following a side impact there might be visible roof ripples caused by distortion of the B pillar. However, these may largely "pop out" and disappear when stress is relieved by cutting the pillar during the repair process. In this case, there is a risk that the vehicle might be incorrectly assessed as a statutory write-off if it also sustained floor pan and suspension damage.

Commonsense must also be applied when considering the area of the damage given that in many cases the exact limit will be difficult to define. With borderline cases the test should be, “Was the damage caused by a severe impact?” For example, if a person stands or gently sits on the roof of a car it is quite likely to produce a dent greater than 300mm x 300mm, but this does not mean that that part of the vehicle has suffered a severe crash event. Dents of this nature might be mostly removed with gentle hand pressure and should not be classed as one of the SWO criteria.

Again, the use of the term “impact” when considering damage to the suspension is intended to describe damage caused by a severe crash. Minor suspension damage can easily be caused in “normal” driving by hitting potholes or kerbs. Such damage will require a wheel alignment to correct and it may even require the replacement of some components [it is often cheaper to replace components than try to repair them]. Therefore, when considering suspension damage as one of the SWO criteria, the test should be, “Is the nature and extent of the damage significant and the result of a severe impact?” Minor suspension damage even if it may require the replacement of some components should be ignored.

The SWO criteria also refer to “impact” damage to mechanical components such as engine blocks, transmission cases and axle houses, where these are deformed, cracked or broken. This means that the damage must have been caused by a severe impact and must be readily visible. Damage that has resulted from normal wear and tear or potential but not visible damage to the engine or drive train because of the likely misuse of the vehicle [common in the case of stolen and recovered vehicles] should not be included for the purposes of the SWO criteria.

4.2 Fire Damage

4.2.1 Criteria

If a vehicle has been burnt to such an extent that it is only fit for wrecking or scrap it is to be classified as a SWO.

4.2.2 Interpretation

A vehicle’s fitness for only wrecking or scrap is a subjective judgement but generally a burnt or partially burnt vehicle should be classified as a SWO if all the major components carrying the vehicle identifiers would need to be replaced. Also, consideration should be given to the extent of the fire damage to glued or bonded structural components and special materials such as high strength steels and laminated firewalls when determining whether the vehicle is only fit for wrecking or scrap.

4.3 Salt Water Immersion

4.3.1 Criteria

If a motor vehicle is immersed in salt water above the door sill level for any period, or for a motorcycle, is fully immersed in salt water for any period, the vehicle must be classified as a SWO.

4.3.2 Comment

This criterion is intended to ensure that any vehicle that is considered a total loss because it has had any part of its structure immersed in salt water is classified as a SWO.

4.3.3 Interpretation

This criterion is relatively straight forward to apply in most cases. However, it may be less straight forward when only part of the vehicle was immersed such as at an angle with just the front immersed and the water may not have reached the cabin area. However, the vehicle will still have had some of its structure immersed and if such immersion has resulted in the vehicle being determined a total loss then it should still be classified as a SWO. The possible effects of the immersion on key electronic components would also need to be taken into account as discussed in Section 4.4.3.

4.4 Fresh Water Immersion

4.4.1 Criteria

If a motor vehicle is immersed in fresh water up to the dashboard/steering wheel for more than two days (48 hours) or for a motorcycle is fully immersed in fresh water for the same period, the vehicle must be classified as a SWO.

4.4.2 Comment

This criterion is intended to ensure that any vehicle that is considered a total loss because it has had a substantial part of its structure and cabin and some of its mechanical components and electronics immersed in fresh water for over two days is classified as a SWO.

4.4.3 Interpretation

This criterion is relatively straight forward to apply in most cases. However, like the case of salt water immersion, it may be less straight forward in some circumstances. For example, in a case of partial or angled immersion, significant parts of the vehicle's electronics may have been immersed yet the water may not have reached the dashboard/steering wheel. Also, because of the variety of locations for key electronic components within different vehicles, it is not practical to have some definitive rule covering all possible situations. Further, the SWO requirement for fresh water immersion of more than two days will be immaterial in the case of many electronics systems particularly those located within the vehicle cabin as these often have no waterproofing whatsoever. A period of immersion of just seconds may be sufficient to cause eventual damage. However, like the salt water immersion case, if the partial immersion has resulted in the vehicle being determined a total loss then it should still be classified as a SWO.

4.5 Stripped Vehicles

4.5.1 Criteria

Where a vehicle is stripped of interior and exterior parts, panels and components such as wheels, bonnet, guards, doors, boot lid and interior parts or a combination of these items, and is uneconomical to repair, it should be classified as a SWO.

4.5.2 Comment

This criterion is intended to ensure that any stripped vehicle that has been determined to be a total loss, i.e. it is not economical to repair, is classified as a SWO.

It should be noted that if a stripped vehicle is economical to repair, by definition it is not a total loss and by definition, not a written off vehicle. Consequently, there is no repairable write-off category for a stripped vehicle.

4.5.3 Interpretation

In many cases vehicles which have been stolen and stripped but withheld from recovery for sufficient period for the insurance claim to have been paid out, are the result of the “strip and buy back” ploy. Even if these vehicles have not been stripped to the extent that they are total losses by definition [i.e. uneconomical to repair] if they have been stripped to the point where repairs exceed 20% of the original market value and it is intended to dispose of the vehicle in the un-repaired state, they should be classified as a SWO.