



National Motor Vehicle
Theft Reduction Council

New Damage Assessment Criteria for the Classification of Statutory Write-offs

Final Criteria Proposed by NMVTRC

September 2010

Report outline

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Title	New Damage Assessment Criteria for the Classification of Statutory Write-offs (SWOs): Final Criteria Proposed by NMVTRC.
Address	National Motor Vehicle Theft Reduction Council Suite 1, 50-52 Howard Street North Melbourne Victoria 3051
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Type of report	Technical Paper
Objectives	Better Management of Written-off Vehicles
TRC program	Disrupt Vehicle Laundering Markets
Key milestones	Completed
Summary	<p>With the assistance of technical and other industry experts the NMVTRC has developed an alternative set of criteria for the assessment of written-off vehicles (WOVs).</p> <p>The fundamental premise which underpins the revised criteria is that the SWO classification decision requires greater application of engineering principles to ensure that vehicles which should not be repaired on safety grounds are appropriately identified and classified as only suitable for parts or as scrap.</p> <p>The criteria have been subjected to extensive, independent in-field testing as to their ease of interpretation, application and impacts on RWO/SWO ratios.</p> <p>In September 2010, state and territory road authorities—meeting as the Austroads Registration and Licensing Task Force—gave their in-principle commitment to work with the NMVTRC to implement the new criteria.</p> <p>Full Implementation could be expected to take up to 18 months. However, the NMVTRC will actively assist jurisdictions with key implementation tasks to reduce this time by as much as possible.</p> <p>While the New South Wales Government is expected to proceed with its ban on the re-registration of most WOVs announced in April, the Roads and Traffic Authority has indicated it will apply the NMVTRC's assessment criteria to any vehicle considered for exemption from the general ban.</p>
Purpose	To update interested parties on the final form of a set of revised criteria for the classification of SWOs developed by the NMVTRC and its stakeholders.
Key words	Written-off vehicles, repairable write-off, statutory write off

Background

Under the national framework for the management of WOVs developed by the National Motor Vehicle Theft Reduction Council (NMVTRC) and its stakeholders any collision, fire, water or weather-event damaged vehicle declared by an insurer (or self-insurer) to be a total loss must be classified to be either a *Statutory* (SWO) or *Repairable* (RWO) write-off.

Under the current regime a SWO may only be sold subject to a statutory restriction that it may only be used for parts or scrap metal. A RWO may be repaired and re-registered subject to the vehicle passing specific safety and identification inspections. A set of technical criteria determine when a WOV should be classified an SWO.

A national workshop of the NMVTRC's key stakeholders in June 2009 resolved that the current criteria were in need of urgent updating to better reflect contemporary vehicle design and fabrication techniques and to make the system more impervious to manipulation by criminal networks and fraudsters.

In late 2009 the NMVTRC engaged forensic vehicle engineers Delta V Experts (DVE) to work with affected parties to develop new draft criteria to meet the system's current and future needs. DVE was assisted by an Expert Reference Group (ERG) of affected parties established especially for this purpose by the NMVTRC. The ERG comprises twenty-one stakeholder representatives drawn nationally from a cross-section of transport agencies, police, insurers, and the motor trades. Discussions were also held with a range of other select organisations with an interest in related issues.

In parallel with the DVE project, the NMVTRC also commissioned an independent audit of a sample of more than 400 WOVs sold at auction in Brisbane, Sydney, Melbourne and Perth to assess the consistency with which the current criteria were being applied. The audit was conducted by former insurance assessing executive Allan Gribble.

Overall, Gribble found that the classification system was generally operating to a high level and there was no evidence of the misclassification of vehicles either by design or the instruction of any party. However, he noted that the strict application of the current relatively simple damage criteria can result in severely damaged vehicles being categorised as RWOs when it should be obvious to a trained expert that the vehicle is suited only for dismantling. Gribble therefore recommended that the DVE develop a means of more consistently identifying and appropriately classifying those vehicles suited only for dismantling as a priority.

A technical working paper proposing a set of revised criteria was circulated for comment in May 2010. The NMVTRC also hosted a half-day Information Briefing during the comment period for parties proposing to make a submission on the draft criteria.

In general terms, the comments received indicated there is high degree of consensus about much of the proposed regime and a high level of consistency in comments on those elements which required clarification or re-working.

After reviewing the comments, the NMVTRC was of the view that—

- the potential benefits of the expanded four-tier classification hierarchy proposed in the DVE report, were outweighed by the potential added complexity. The NMVTRC therefore recommends that the current 2-tier structure be maintained. However, it will also recommend development of a streamlined process to facilitate retention of a cosmetically damaged vehicle, such as those damaged by hail, by the insured without the need for a vehicle identity inspection; and

- most technical issues raised could be addressed by a combination of refined criteria and the separate development of a detailed technical guide to support consistent assessments in the field.

The ERG subsequently endorsed a modified set of criteria to be trialled in the field by a group of experienced assessors to—

1. Assess the ease with which the proposed criteria can be applied by experienced motor assessors (ie ease of comprehension, interpretation, consistency); and
2. Gather empirical evidence as to the likely impact of the new criteria on the prevailing ratios of RWOs to SWOs.

The trial found that—

- application of the alternative criteria could be expected to shift up to 30 per cent of vehicles currently classified as repairable into the statutory (ie parts or scrap only) category resulting in a roughly equal distribution of the total WOV pool between the two categories;
- with only slight modification the trial criteria could effectively remove all classes of damage considered to pose a structural repair risk from the RWO category;
- the principle of separately counting like areas of unconnected damage in determining whether a vehicle has the three areas of damage required to render it a SWO did not have any undue or disproportionate impacts on the vehicle classification process; and
- the trial criteria were generally clear, unambiguous and therefore relatively simple to apply once familiar with them.

Some refinements to the final criteria were, however, proposed to ensure their consistent application and have been included in the final criteria contained in this document¹.

The technical guide referred to earlier will be developed with the assistance of a special expert reference group to ensure that the guide meets all regulatory and industry training needs. The NMVTRC's aim would be to ensure that the guide is completed by early 2011 in advance of any jurisdiction implementing the revised criteria.

The NMVTRC thanks its technical consultants, Delta V Experts, and the members of its Expert Reference Group of key stakeholders for their guidance and co-operation in the development of the new criteria.

¹ Interested readers can download the full report on the in-field trial and the original Technical Working Paper which first proposed an alternative assessment model from the publications page of the NMVTRC web site (www.casafe.com.au).

Revised Statutory Write-off Criteria

A vehicle determined by an insurer (or self insurer) to be a total loss must be assessed against the following criteria. If the criteria are met, the vehicle must be classified as a Statutory Write-off (SWO).

Structural Criteria

There are eight (8) separate structural areas to be assessed. If a vehicle is assessed to have sustained damage to any three (3) of the identified structural areas and/or supplementary restraints it is deemed a SWO, eg two structural areas and supplementary restraints or three structural areas.

The criteria have been developed to err on the side of caution in terms of safety to ensure that vehicles that have sustained significant damage are consistently identified and appropriately classified as suitable only for dismantling or processing as scrap.

1. Roof

The criteria to be used for item 1 (Roof) is that if the Roof has been loaded such that individual structural element(s)/member(s) have been structurally: fractured, cut, cracked, buckled and/or is folded over onto itself, then the Roof has an area of structural damage.

2. Pillars

The criteria to be used for item 2 (Pillars) is that if the Pillar(s) have been loaded such that an individual structural element has been structurally: fractured, cut, cracked, buckled and/or is folded over onto itself, then the Pillar has an area of structural damage. Each pillar counts separately ie, if three pillars are structurally damaged then based on the pillar damage alone the vehicle would have three areas of structural damage. Hence, the vehicle with three damaged pillars would be classified as a SWO.

3. Floor pan

The criteria to be used for item 3 (Floor pan) is that if the Floor pan has been loaded such that individual structural element(s)/member(s) have been: fractured, cut, cracked, buckled and/or is folded over onto itself, then the Floor pan has an area of structural damage. If different and unconnected areas of damage are identified each area counts separately ie, damage under the driver's seat and damage under the rear passenger side seat would represent two areas of structural damage. Hence the vehicle would require only one other area of structural damage to be classified as a SWO.

The floor panel commences from and includes inner sill panel where that panel attaches to the floor pan. It however, excludes the outer sill/rocker panel and internal stiffener and braces between the inner and outer panels.

4. Firewall

The criteria to be used for item 4 (Firewall) is that the structure has been loaded such that an individual structural element(s)/member(s) have been: fractured, cut, cracked, buckled and/or is folded over onto itself, then the Firewall has an area of structural damage. If different and unconnected areas of damage are identified, each area counts separately.

5. Longitudinal structural rails/chassis

The criteria to be used for item 5 (Longitudinal structural rails/chassis) is whether the longitudinal rails/chassis has been structurally loaded such that longitudinal structural element(s)/member(s) have been structurally: fractured, cut, cracked, buckled and/or is folded over onto itself.

Each longitudinal structural rail counts separately ie, if two longitudinal structural rails are buckled and the front right suspension is damaged the vehicle would have three areas of structural damage and thereby be classified as a SWO.

If both longitudinal rails are damaged to the extent that it is the view of the initial inspecting assessor that they both require Original Equipment Manufacture replacement, a third count of damage is to be applied and the vehicle is to be classified as a SWO.

Note: Some vehicles have deformable end plates on the front of the longitudinal rails can be damaged without a significant load being transferred to the rest of the rail. If it is a bolt-on member that you can take off and replace, it is not considered a fundamental structure of the vehicle. Damage to the bolt-on deformable end plates are not to be registered as a count.

6. Suspension

The criteria to be used for item 6 (Suspension) is whether there has been any collision induced damage to the any of the suspension mounts to the chassis/body. Assessment of independent suspension units (ISU) and live axles (ie connected axles) require different consideration.

Where any ISU is torn away such that its mount to the chassis/body is damaged, each individual station shall be counted as a separate area of structural damage.

Where a live axle is torn away such that one or both its mount(s) to the chassis/body is (are) damaged, it shall be counted as one area of structural damage.

7. Mechanical components

The criteria to be used for item 7 (Mechanical components) is whether there has been any collision induced damage to the: engine block, transmission case, differential case(s) and axle housings such that the items are cracked, deformed and/or broken. Damage to the mechanical components would be grouped. Damage to single or multiple mechanical components can only account for one area of structural damage.

8. Supplementary restraints

The criteria for item 8 (Supplementary restraints) is whether there has been any deployment of either an airbag (frontal, side and/or curtain) system within the vehicle occupant cabin and/or the activation of a seatbelt pre-tensioner. Deployment of supplementary restraint system would be grouped. Deployment of a single or multiple airbag(s) or pre-tensioner(s) can only account for one area of structural damage.

Fire Criteria

The fire damage SWO criteria consider *in-vehicle* (engine compartment, occupant cabin and/or boot) and *external* damage. A fire (whether in-cabin or external) which causes the internal and/or external paint to blister on any three (3) of the following structural members; roof, pillars, floor pan, firewall and or structural rails/chassis shall be deemed a SWO.

Paint blistering on the doors and/or the external panels is not sufficient for the vehicle to be classified a SWO. Fire damaged doors and/or the external panels can be detached and replaced.

(Note: It is accepted that doors are structural members but can be replaced without consequentially affecting the rest of the structure.)

Where a vehicle has sustained a combination of both exterior and interior fire damage such that it is determined to be a total loss, it is to be classified as a SWO.

Water Damage Criteria

Where the internal cabin of a vehicle is inundated with any water (fresh, salt and/or brackish water) such that the internal cabin water level rises above the level of the inner door sill for any period the vehicle is to be classified as a SWO.

Vehicle Stripping Criteria

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