



National Motor Vehicle
Theft Reduction Council

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

**Frequently Asked Questions
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Prepared by: NMVTRC

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Frequently Asked Questions

Why were new criteria required?

A national framework for management of written-off vehicles provides that any vehicle which has been declared to be a total loss must be classified as a repairable write-off or statutory write-off.

In consultation with insurers, transport agencies and other affected parties, the National Motor Vehicle Theft Reduction Council (NMVTRC) developed updated assessment criteria for passenger and light commercial vehicles (PLCs) to improve the certainty with which those vehicles that have sustained sufficient damage to render them suitable only for dismantling or as scrap are identified and appropriately classified.

The former 'volume or area-based' criteria were too simple when applied to most modern PLCs and could result in severely damaged vehicles being categorised as repairable write-offs when it should be obvious to a trained expert that the vehicle is suited only for dismantling or scrap¹. This was confirmed by an independent audit of more than 400 vehicles sold at auction in Brisbane, Sydney, Melbourne and Perth undertaken for the NMVTRC by former insurance assessing executive Allan Gribble in 2010.

Changes in vehicle construction and fabrication, especially in respect of the use of composite materials and advanced safety systems, mean that it is increasingly more complex to assure a complete and safe repair of a modern vehicle. Vehicle manufacturers also expressed concern about the hazard posed by the delayed corrosion of key electronic components, including primary safety systems, in respect of immersed vehicles.

The fundamental premise which underpins the revised criteria is that the 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.

Why has the NMVTRC taken the lead role?

The current written-off vehicle scheme was developed by the NMVTRC and its stakeholders to close off gaps in industry and government processes that were being exploited by profit-motivated car thieves. Whilst the scheme had an immediate impact on stopping criminals using the identity of an extensively damaged vehicle to 're-birth' a matched stolen vehicle, other deficiencies were later identified as criminals modified their methods of operation. This has included using parts from stolen vehicles to repair less extensively damaged vehicles.

This is not surprising as these career criminals will attempt to find new ways to maintain their livelihood once one path is closed off. Achieving lasting reductions in profit-motivated vehicle theft therefore requires a stepped process that systematically closes off opportunities for re-birthing.

In addition to improving vehicle safety, the new criteria will reduce the pool of damaged vehicles available for repair and consequently reduce the ability of profit-motivated thieves to manipulate the related process undetected.

¹ The phrase 'volume or area based' refers to the focus in the former criteria which meant that impact damage to selected parts of the vehicle (ie the roof, floor pan and firewall) must measure 300 x 300 mm or more by area in order to meet the definition of statutory write-off.

How were the new criteria developed?

The new criteria were developed for the NMVTRC by contracted forensic engineering experts in consultation with an Expert Reference Group (ERG) of affected parties established especially for this purpose. The ERG comprised 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.

[Read a copy of the consultant's initial report here.](#)

What are the key changes?

The NMVTRC's technical consultants were asked to work with affected parties to develop new criteria to meet the system's current and future needs. The new criteria use clearer indicators of structural load (ie fractures, cuts, cracks, buckles or folds) which are more aligned with modern vehicle design and fabrication technologies.

Specifically, the new criteria:

- increase the number of structural areas of the vehicle to be examined for potential evidence of impact damage from 5 to 8 by adding the longitudinal rails, pillars and supplementary restraint systems to the current categories of roof, floor pan, firewall, suspension and mechanical components;
- substitute the current 'volume or area-based' assessment with more specific indicators that the component has been subject to a significant structural load resulting in a fracture, cut, crack, buckle or fold;
- require like areas of unconnected damage to select components (ie the pillars, floor pan, firewall, longitudinal rails and suspension) to be counted separately towards meeting the three count threshold for statutory write-off status;
- rationalise the water damage criteria by:
 - treating any immersion in fresh, brackish or salt water consistently;
 - significantly lowering the point of inundation of the cabin at which the vehicle must be classified as a statutory write-off to the level of the inner door sill; and
- provide greater clarity in respect of the level of fire damage or component stripping that would render a vehicle a statutory write-off.

Based on expert field trials the new criteria will shift around 1 in every 3 PLCs currently classified as repairable into the statutory write-off class. [Read about the results of the in-field trials here.](#)

How is hail damage classified under the new criteria?

Under the new damage criteria a vehicle that has suffered hail superficial, but extensive damage would be classified as a RWO. However, if the vehicle also suffered consequential water inundation above the level of the inner door sill it would be classified as a SWO.

Would a chemical spill inside a vehicle be treated in the same manner as water inundation?

The event classification 'water' clearly defines the level of inundation as the inner sill. In the event of a 'wet' chemical spill within the vehicle that rises above the level of the inner sill, a classification of SWO must be applied. If the spill does not rise to the level of the inner sill, the possible corrosive effects on electronic components and structural elements should also be considered and the vehicle classified according to that risk.

Where can I get full details of the technical criteria?

The criteria are explained in full in the technical guide *Damage Assessment Criteria for the Classification of Statutory Write-Offs* (July 2011) published by the NMVTRC and Austroads. You can download a free PDF version of the guide from the publications page of either the NMVTRC (www.carsafe.com.au) or Austroads (www.austroads.com.au) websites. You can also purchase a hard copy via the Austroads site for \$10.

If you wish to integrate the technical guide with your own system or software application, please contact Geoff Hughes at the NMVTRC to discuss options.

When will the new criteria take effect?

The new criteria required a local law change to adopt them. The effective dates of application, by jurisdiction, are—

- South Australia and New South Wales—September 2012;
- Victoria—November 2012;
- Queensland and Western Australia—December 2012;
- Tasmania—June 2013;
- the Australian Capital Territory—September 2013; and
- the Northern Territory—May 2015.

How have the costs and benefits of the changes been estimated?

A national Regulatory Impact Statement (RIS) was prepared by an expert economist in accordance with the principles for best practice regulation endorsed by the Council of Australian Governments. The RIS estimates the new criteria will deliver a net benefit of \$9.6 million compared to the current system.

What is being done to communicate the changes to affected parties?

Peak industry bodies and key agencies have been kept informed of progress throughout the development process through newsletters, specialist reports and other communications.

The NMVTRC also works closely with local road agencies to ensure affected parties understand how the new criteria apply well in advance of implementation via a co-ordinated communications program.

The NMVTRC also funded the delivery of an extensive national industry training program, delivered locally around 4-8 weeks prior to implementation. The program was primarily aimed at insurance assessors but also catered for allied professionals, select road agency personnel and specialist police. More than 1,000 insurance assessors, claims staff, auction house, transport agency and specialist police personnel have completed the program.

Auto Skills International (ASI) holds a non-exclusive, royalty free licence to continue to deliver training on a user pays basis. ASI can be contacted via its website <http://www.autoskillsint.com/>.

How do the new criteria affect the broader ban on the re-registration of most written-off vehicles in New South Wales (NSW)?

While NSW law bans the re-registration of most written-off vehicles, Roads and Maritime Services (RMS) applies the assessment criteria contained in NMVTRC/Austroads technical guide to any PLC considered for exemption from the general ban. Full details of the NSW scheme are available from the RMS website (www.rms.nsw.gov.au/wov).

How do the changes affect heavy vehicles, motor cycles and caravans?

The new criteria apply to PLCs only. Readers should refer to the local related laws about the management of heavy vehicles, motorcycles, trailers and caravans.

In respect of heavy vehicles (HV) greater than 4.5 tonnes, the National HV Law (NHVL) to be administered by the National Heavy Vehicle Regulator (NHVR) includes a head of power for the consistent mandatory reporting of write-offs—see Division 4, Sub-division 2, Part 2.5 <https://www.legislation.qld.gov.au/Bills/54PDF/2012/HeavyVehNLAB12.pdf>.

However, the detailed requirements will be spelt out in the supporting regulations. The schedule for development of those regulations is yet to be confirmed by the NHVR. It is therefore recommended that parties with a special interest in HVs subscribe to its on-line news service at www.nhvr.gov.au.

How are the assessment criteria applied to a stolen vehicle that has been recovered after the relevant insurance claim has been settled?

If there is no damage to the vehicle then the vehicle can be sold without any classification or reporting. If the vehicle is damaged, it is to be classified according to the damage sustained.

Who has to notify the registration agency of a written-off vehicle or change in a written-off vehicle's status?

The new criteria do not change reporting requirements. The range of persons defined as notifiers is specified in the related law of each jurisdiction. However, it may extend to insurers, self-insurers, auction houses, motor car traders, and automotive dismantlers or recyclers or vehicle owners.

What penalties apply for the incorrect classification, or failure to notify, a vehicle?

Penalties are set by local laws and generally expressed as a number of penalty units applied to all breaches of law in that state or territory. Notifiers should contact their local registration authority for details of the number (and value) of penalty units for related offences.

Are penalties applied to individuals or companies?

Notifiers are responsible for the accuracy of the information provided. Where a notifier appoints an agent to notify on their behalf, both the notifier and the agent are responsible to accurately notify the severity of damage to a vehicle.

Notifiers should consult their local registration authority for details of how penalties apply.

Is there a national notification form?

Yes. A model national notification form was part of the reform package agreed to by all states and territories. [View a copy of the model form template here.](#)

Because forms also carry important local information there may be minor variations around the template.

Got a question we haven't answered?

If you have a query that we haven't covered above please email your question to info@carsafe.com.au and we will respond within 72 hours.

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