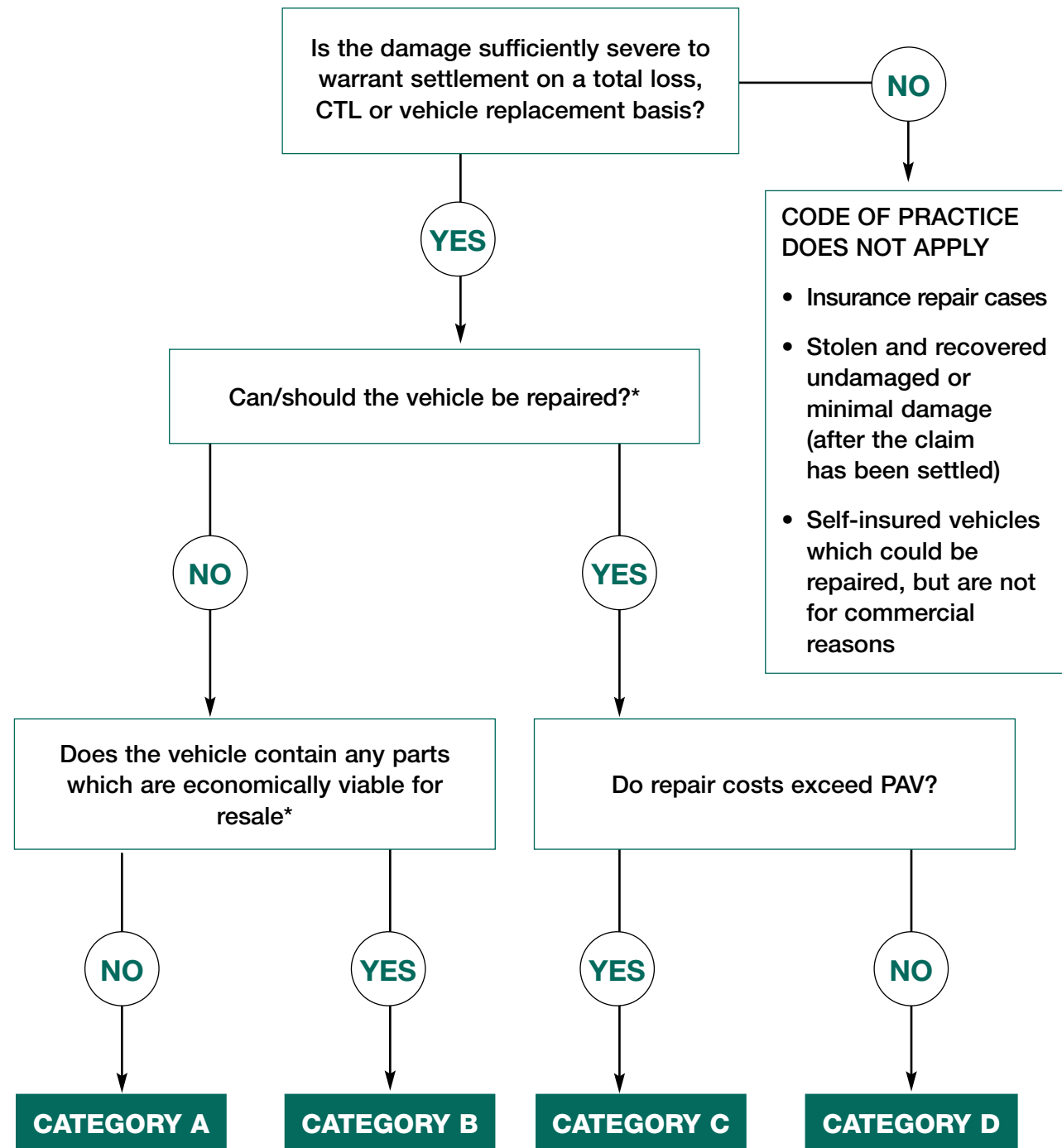


## CODE OF PRACTICE FOR THE DISPOSAL OF MOTOR VEHICLE SALVAGE

This Code of Practice must be fully and promptly complied with in all circumstances by insurers and salvage agents

	CATEGORY A	CATEGORY B	CATEGORY C	CATEGORY D
<b>Definition</b>	SCRAP only (i.e. with no economically salvageable parts and which is of value only for scrap metal) e.g. total burn outs	BREAK for spare parts if economically viable (excluding any residual scrap value).	REPAIRABLE but repair costs exceed the vehicle's pre accident value (PAV)	ALL OTHER REPAIRABLE VEHICLES
	<b>These vehicles must never reappear on the road</b>			
<b>V23*</b>	Form V23* must be submitted by the insurer, self-insurer or agent to DVLA as soon as the categorisation decision is made and without waiting for V5			V23 not required
	<p>Note: The V23 marker should be considered a permanent part of the vehicle's history. In the event that it is necessary to recategorise a vehicle, this can be achieved by the insurer writing to DVLA giving the reasons, together with the accident date. The salvage agent should also be notified and MIAFTR updated</p> <p>*It is anticipated that the V23 system will be replaced by direct notification to DVLA by MIAFTR</p>			
<b>V5</b>	<p>It is the responsibility of the keeper to notify DVLA when a vehicle is passed to an insurer following a total loss payment.</p> <p>The keeper may authorise the insurer to act as his agent in notifying DVLA. Notification to DVLA should be returned as quickly as possible by completing either:</p> <ul style="list-style-type: none"> <li>• Red section (V5/3) if the post-March 1997 version of the VRD is held, or</li> <li>• V5/1 if the pre-March 1997 version is held.</li> </ul>			
	The remaining parts of the V5 document must be securely disposed of.		The remaining parts of the V5 can be passed to the new owner	
	A photocopy of the V5 should be given to the salvage buyer by the insurer to assist in identifying the salvage, and in the completion of the Notification of Destruction (form V860) when applicable.			
	DVLA will notify any activity to the police for investigation, withholding the issue of a replacement V5.	DVLA will notify any relicensing activity to police for investigation.		
<b>MIAFTR "Loss type"</b>	All total losses must be notified for entry on MIAFTR by the insurer/self-insurer/agent as per the Code of Practice category. Total burn-outs should be notified for entry on MIAFTR as "Fire".			
<b>MIAFTR notes</b>	<p>Recovered stolen vehicles which are in a total loss condition must be categorised A, B, C or D as appropriate.</p> <p>Recovered stolen vehicles which are undamaged or with only minor damage must be notified to MIAFTR as recovered, not deleted.</p> <p>Any changes in a total loss category must be notified to MIAFTR immediately on re-classification.</p>			
<b>Database Notifications</b>	All notifications to MIAFTR whether theft or damaged are passed to Equifax HPI and Experian for a finance check. The data agencies use the information to provide a vehicle check service to the motor trade and the public. It is essential that loss information on MIAFTR is accurate and up to date.			
<b>Documentation</b>	<p>All insurer/self-insurer/agent documentation to salvage dealers in respect of individual items of salvage must categorise the salvage as either A, B, C or D. Salvage agents must maintain proper records in accordance with BVSF requirements (attached) so that an effective audit trail of purchases and disposals exists. Premises and records will be accessible to police and for the purposes of bona fide insurance fraud investigations.</p> <p>Salvage agents will record the identity of all vendors and purchasers of salvage. In the case of non-insurer vendors and all purchasers, identification will be by suitable documentation (e.g. card with photograph issued by the salvage agent).</p>			
<b>Responsibilities of the primary salvage agent in the treatment of salvage/ vehicles</b>	<p><b>SALVAGE MUST BE CRUSHED.</b></p> <p>The vehicle identification number (VIN) plate must be removed at the earliest possible opportunity and either held in secure storage whilst awaiting disposal or securely disposed of. <b>The stamped in VIN must be left in situ and not interfered with in any way.</b></p>	<p>Category B must be treated as Category A once salvageable parts have been removed.</p> <p><b>THE SHELL/FRAME/CHASSIS MUST BE CRUSHED.</b></p> <p>Air bags and seat belt components must be properly disposed of in accordance with manufacturers' instructions - the insurance industry requires that these items must never be re-sold.</p>	To be sold on for repair	
	All tax discs (old and new) must be removed and registration plates removed/ covered by the salvage agent immediately to de-identify the vehicle on its registration number.			
<b>V860 (Notification of destruction)</b>	Salvage agents must complete and return to DVLA a Notification of Destruction V860 which confirms that the salvage has been/will be crushed.	Salvage agents must complete and return to DVLA a Notification of Destruction V860 which confirms that the shell/frame/chassis parts have been/will be crushed. Identification marks on engines and any other salvaged parts must not be erased.	Not applicable	
	Copies of V860s must be retained by the salvage agent for a period of at least 2 years for audit purposes.			
<b>Note 1</b>	Vehicles suffering water damage will usually be categorised A or B. It is for the inspecting engineer to determine, given the specific circumstances such as type of water (fresh, contaminated or salt), depth of submersion etc., whether a vehicle should be categorised A, B, C or D.			
<b>Note 2</b>	All bodysells other than those on Cat C & D salvage, or bodysells the subject of replacement in service, must be crushed. (NB special arrangements may apply to manufacturers' bodysell schemes.)			
<b>Note 3</b>	Insurers/self-insurers/agents are strongly encouraged to utilise only the services of those salvage agents/breakers who comply with the appropriate provisions of the Environmental Protection Act 1990.			
<b>Note 4</b>	Third party total losses should be categorised A, B C or D, a MIAFTR entry made and a V23 issued in the normal way.			
<b>Note 5</b>	Insurers/self insurers/agents must always use their best endeavours to assume responsibility for the disposal of all categories of salvage, whether first or third party claims. If a claimant wishes to retain salvage, the insurer should point out the beneficial effects of the Code in reducing vehicle crime, the stigmatisation which will attach to the vehicle, and in respect of A/B salvage, the duty of care under waste regulation legislation.			

## FLOW CHART FOR CATEGORISING VEHICLES



- E.g.
- Total burn outs
  - Heavy damage, chassis bent.
  - Cars which can/should be repaired.
  - Vehicles replaced under "new for old" schemes (say, 60% damage) which would not otherwise have been treated as total losses.
  - Vehicles which could be repaired by insurer but written off to minimise hire charges.
  - Constructive write-offs.

\* See Thatcham ETS Guidelines

## CODE OF PRACTICE FOR THE DISPOSAL OF MOTOR VEHICLE SALVAGE

### INTRODUCTION

This Code of Practice has been produced by and is supported by the Association British Insurers, Lloyds' Motor Underwriters' Association, British Vehicle Salvage Federation, Motor Vehicles Dismantlers Association, the Police, Institute of Trading Standards Administration and Government (Home Office and the Department of the Environment, Transport and the Regions/DVLA).

This Code gives directions on the steps to be taken in the treatment of vehicle salvage and recovered stolen vehicles.

The purpose of the Code is to detect and deter criminal activities and make vehicle histories much more transparent.

### CATEGORISATION OF VEHICLE SALVAGE

Four categories of vehicle salvage have been defined. Details are given of the steps to be taken in advising DVLA and MIAFTR on each category, together with the consequential effects on action to be taken by the police, data agencies (Equifax - HPI and Experian) etc.

The inspecting engineer must decide, using current Thatcham guidelines, and indicate to which of the four categories a particular item of salvage belongs. Other than to correct inputting errors, removal of MIAFTR data is prohibited. Recategorisation may only be effected in exceptional circumstances (see V23 instructions overleaf).

In the event of a dispute between the insurer and the salvage agent regarding categorisation, the matter should be referred to a senior engineer nominated by the insurer.

### DVLA NOTIFICATION AND MIAFTR

Form V23\* should always be completed and returned to DVLA in respect of Category A, B or C salvage. It is vital that the current version of Form V23 is used and completed correctly and accurately, in particular the choice of tick boxes which indicate whether the vehicle is either scrap/breaker or other category of total loss.

It is essential that notifications to MIAFTR are made properly and that amended/updated information is fed through quickly.

- It is anticipated that the V23 system will be replaced by direct notification to DVLA by MIAFTR.

### CONCLUSION

The categorisation and notification of salvage as set out in this Code of Practice will make it difficult for criminals to ring vehicles or return dangerously repaired vehicles to the road.

This Code of Practice must be fully and promptly complied with in all circumstances by insurers and salvage agents.

### DEFINITION

Throughout the Code all references to 'insurer' shall include 'self-insurer'.