

When your vehicle is written off



- Fair market value
- Special rules for write-offs



**Manitoba
Public Insurance**

What is a write-off?

A total loss or write-off means a loss to a vehicle involving damage so severe that, when taking into account salvage value, the vehicle isn't economical to repair. We'll pay you fair market value for your vehicle rather than fixing it. We choose whichever option costs the least because controlling costs helps us control your Autopac premiums.

The three main factors that are considered:

- The cost of fixing the damage.
- The actual cash value of your vehicle based on its fair market value before it was damaged.
- The salvage value of your vehicle, which is how much we can sell your damaged vehicle for.

We write off your vehicle by paying its fair market value. Once we've paid you for your vehicle we then auction it and keep the proceeds.

The salvage value is important to our decision because it helps determine whether your vehicle should be fixed or written off.

Why salvage is important

Here's an example of why the salvage value is important to our decision.

Let's say it will cost \$3,500 to fix the damage to a car worth \$4,000 before the collision. It might seem less costly to fix than to write off. After all, fixing the vehicle costs \$500 less than paying out its value.

However, what if we could get back about \$1,200 salvage if we wrote off and auctioned the vehicle?

Now, writing it off becomes the least costly option. Writing it off costs the public insurance fund \$4,000 minus the \$1,200 we'll get back for salvage for a total of \$2,800. On the other hand, fixing it will cost \$3,500.

Vehicle value

We insure most private passenger cars and trucks for their actual cash value up to a \$50,000 limit. If your vehicle's actual cash value is more than the limit, you can buy additional insurance to cover the extra value.

How is my vehicle's value assessed?

First, your vehicle is examined carefully, noting its overall condition, mileage, rust, etc.

Next, we get a market evaluation of your vehicle through one or more independent sources.

The evaluation considers the condition of your particular vehicle and its options.

Finally, we consider any recent major repairs that have increased your vehicle's market value.

What kind of repairs increase my vehicle's actual cash value?

Major repairs will probably increase your vehicle's actual cash value. Examples are complete engine rebuilds, complete repainting and so on.

Routine maintenance like oil changes or tune-ups don't increase your vehicle's actual cash value. Even things like new mufflers don't have much effect because the law requires these things to be in good working order.

It's important to note, even major repairs don't usually increase a vehicle's actual cash value by the amount those repairs cost. What we're interested in is how much the repairs have increased the vehicle's value, as a whole.

Consider a badly-rusted car, worth only \$300. If someone spends \$4,000 putting a brand-new engine in it, unfortunately what we're left with is a badly-rusted car with a new engine. The rust is likely a more significant factor affecting its value.

If I've installed parts to improve my vehicle's looks or how it performs, do they increase my vehicle's value?

It depends on what parts you've added, how old they are, and what condition they're in.

Sometimes, these parts are called "aftermarket", because they're added to your vehicle after it was built.

Some parts we'd consider are trailer hitches, running boards, truck caps and so on.

Can I keep my vehicle if it's a write-off?

Yes. If you keep your vehicle, we subtract the salvage value from your settlement. Remember, the salvage value is the money we'd expect to get for your damaged vehicle if we auctioned it.

It's not always true that write-offs are bad vehicles or can't be fixed. Write-offs sometimes have damage that only affects how they look, not how safe or reliable they are.

Take a car damaged by hail, for instance. It may have dents all over that will cost more to fix than the car is worth. If you were to try and sell it with the hail damage, you'd likely get less for it than if it didn't have the damage.

But the hail only affects the car's appearance. If the car was mechanically and structurally sound before the hail, it likely remains so afterwards. So, it could still be quite reliable and safe to drive.

Do I need to do anything special to keep driving my written-off vehicle?

Yes, if your vehicle is designated as "salvageable".

Salvageable write-offs have collision damage, or structural damage, or both. They can be made roadworthy again with the proper repairs and inspections. Depending on the extent of damage, this can be very expensive.

"Irreparable" write-offs can't be put back on the road. Your vehicle is considered irreparable if it's wrecked beyond safe repair.

If your vehicle has damage that only affects its appearance, you won't have to do anything special to keep driving it.

The salvageable and irreparable categories are part of the Stolen and Wrecked Vehicle Monitoring Program (SWVMP), which tracks unsafe write-offs and prevents their registration.

Who decides whether my vehicle is salvageable or irreparable?

Our estimators, who are trained auto body professionals, examine the damage and make the decision. Here's what they look for to categorize write-offs as either irreparable or salvageable:

Irreparable

- severe structural damage from collision, fire or corrosion
- severe flooding damage

Salvageable

- any other collision damage
- any other structural damage

If my vehicle is salvageable, what inspections must it pass before I can register it and drive?

After being rebuilt, your vehicle must pass two inspections:

- passing the general safety inspection gives you a Certificate of Inspection (COI)
- passing the structural safety inspection gives you a Body Integrity Inspection Certificate (BIIC)

You can get more details on the SWVMP, including rebuilding and inspection requirements, by calling Vehicle Standards & Inspections at 204-985-0920 or toll-free at 1-866-323-0542.

If I keep my vehicle, what is its insured value?

Until you've repaired all the damage, your vehicle's actual cash value is its salvage value (meaning, how much we could actually get for it at auction). Once you've had all the repairs done properly, you will have restored your vehicle to near original value.

What happens if I don't agree with the independent evaluation?

Because the evaluation your adjusting team has obtained is independent, and thoroughly researched, it should represent fair value for your vehicle. However, if you think the evaluation is not correct, you can ask your adjusting team's supervisor or manager for an appraisal.

I can't afford to wait for appraisal to decide what settlement I should get. Can I get an advance on the settlement?

Yes, but only if you can't drive your vehicle because of the damage and the vehicle is in the corporation's possession. Sometimes appraisal can take a while to finish. We understand you may need a payment in the meantime to help you replace your vehicle and get you mobile again. Your adjusting team can issue a cheque based on our evaluation of the vehicle, to help you out. Later on, if appraisal awards you a higher settlement, we will pay you the difference—usually in just a few days.



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