



Motor Vehicle Write-Offs (also known as a Total Loss) Factsheet

An accident is usually traumatic enough when a vehicle is written off, so to try and minimise any further inconvenience we have prepared the following guide as to what is likely to happen, what to expect and actions you need to take to make the claims process as smooth as possible.

What initially happens?

Normally a vehicle that has sustained enough damage to be a write off will not be driveable and the Police will usually arrange for the vehicle to be collected by a local vehicle recovery contractor who will take the vehicle to their premises.

If the vehicle has only suffered modest damage and is still driveable, it could be written off by insurers for economic reasons. This can happen with older low value vehicles and you will be notified of the decision once insurers have compared the cost of the repairs with the value of the vehicle.

Once insurers are notified of the accident they will arrange to see the vehicle to decide if it is repairable. This should be done within a few days and may not require a physical inspection, if photos or videos can be viewed online. If there is a delay it is normally while insurers research the cost of repair with the garage.

You should note that the vehicle may be moved to an insurer's approved repairer as part of this decision process. Insurers are charged by the garage for storing the vehicle, so once it has been written off they will arrange for the vehicle to be moved to free or cheaper storage. However, you should note that this can be many miles away so it is best to remove personal effects and other items (see below) before the vehicle is moved.

Things you should do

- Notify us or your insurer (if you do notify the insurer direct, please also let us know)
- Remove personal belongings from the vehicle
- If practical remove any extras or improvements you have made to the vehicle such as, sat nav, phones, tow bars, tracker, internal panelling etc. As mentioned below, extras do not necessarily enhance the value of the vehicle.
- Obtain a Vehicle Road Tax refund from the DVLA.
- Some insurers require spare keys to be sent to them
- Insurers will require the MOT certificate (if relevant) and registration document as a minimum, however it is best to supply any other documentation that will help prove or enhance the value of the vehicle such as the purchase receipt or lease agreement, service records and invoices for extras.
- If the vehicle is leased or on finance – obtain the outstanding balance in writing from your lease or finance company as Data Protection prevents insurers from doing this on your behalf.
- Check out the value of your vehicle in advance so you already have a good idea of the value when your insurers make an offer.



Vehicle Valuation

With most write offs, insurers will assess the market value of your vehicle at the time of the accident or theft. The exceptions are when an Agreed or Guaranteed Value has been set in advance, typically for classic vehicles, or if your policy offers a 'new' car replacement benefit. Generally these provide for a new car if it was bought new within 12 months of the accident/theft and the repair costs exceed 60% of the list price, although ex demonstrators or lease vehicles do not qualify for this benefit.

Insurers guidelines as to when to write a vehicle off vary and can be when the repair costs are anywhere between 50 - 70% of the value of the vehicle. You may feel that this is low, but is at the insurer's discretion and can be because there may be additional damage discovered when the vehicle is stripped down and they will also take the cost of supplying a courtesy car into account.

Insurers will use various trade guides to assess the value and increasingly monitor online auctions. Unless you are in the motor trade, they should be offering the retail price that you have to pay at a reputable dealer for a comparable vehicle. However, some customers can be disappointed with the offer and there are a number of points to note;

- Vehicles depreciate with age and the price you paid will generally reduce, sometimes rapidly. This is a particular problem with newer vehicles, although can be overcome with gap insurance. See <http://www.nsureinsurance.co.uk/GAP-Insurance> for more details.
- Insurers do not have to find you a similar vehicle.
- Differences in mileage, model and condition can significantly affect the value.
- Adverts for similar vehicles are of use, but dealers usually sell at lower prices than advertised.
- Recent repairs and servicing may be costly, but do not necessarily increase the value.
- Extras such as tracker, sat nav, panelling and signwriting again will not necessarily increase the market value, although most insurers will take a reasonable approach to the cost of installing similar features on a replacement vehicle.

As a broker we will do what we can to help you negotiate a fair settlement on your behalf. Our experience is that the insurers with whom we deal do generally offer fair settlements, but on occasions need to be challenged and if a value needs to be disputed as much information mentioned in this factsheet should be provided. You also have the option to have your own independent valuation undertaken, but it will be at your cost. If you are still dissatisfied you may be able to take your case to the Financial Ombudsman and we can provide details as to whether you qualify for this service.

Once you have accepted the insurers offer, they will pay you less any policy excess and outstanding finance (this is paid direct to the finance company) and the salvage becomes the insurer's property.

A Sting in the Tail! (but only if you do not replace the vehicle)

Most insurance policies are annual contracts, so the full annual premium is payable even if the policy is cancelled early. The insurer has complied with their part by settling the claim and unless the vehicle is replaced will not allow any refund of premium and if you are paying by instalments is likely to deduct the outstanding instalments from the claim settlement. However, so long as you replace the vehicle insurers will allow you to use the remainder of the insurance term, subject to a pro rata additional premium if the replacement is a higher rated model or newer etc.

Stolen Vehicles

Claims follow a similar procedure, although unless the vehicle is recovered insurers are not able to inspect it so it is particularly important to provide as much of the information mentioned above to help prove its value. Recent photographs can also help.



Can I keep the salvage and have the vehicle repaired?

There are four categories of salvage defined in a code of practice between insurers, the DVLA, Trading Standards and the Department of Transport. Insurers notify the DVLA of all Category A, B and C write offs.

Category A: Severely damaged vehicles fit only for scrap (including salvageable parts)

Category B: Vehicles can be broken up for spare parts

Category C: Vehicles that can be safely repaired, but costs would exceed pre-accident value

Category D: Repair costs are significant, but would be less than the pre-accident value of the vehicle

Vehicles in categories A and B cannot be repaired.

Category C vehicles can be repaired, but it is not straightforward and some insurers are reluctant to allow you to go down this route. A new MOT is required before the vehicle is allowed back on the road and some insurers may still say that a Vehicle Identity Check (VIC) is also needed, however, the need for a VIC test was abolished in October 2015

With Category D vehicles – insurers will agree the value with a deduction for the value of the salvage. You are then free to have the vehicle repaired and should just make sure the repair work has been carried out to a safe and satisfactory standard. Depending on the type of damage, some insurers may still require a new MOT.

Courtesy and Hire Cars

Courtesy Car – Most insurers provide a ‘Class A’ courtesy car whilst a vehicle is being repaired, but not when a vehicle is written off. A courtesy car may be provided whilst the cost of repair is being assessed, but once the decision is made you will be asked to return the vehicle within a few days. A few insurers will offer a commercial van as a courtesy vehicle.

Hire Cars - If the accident was not your fault and you have details of the person responsible you may be able to hire a comparable vehicle and recovery the cost from the third party insurer. Generally, the maximum period insurers will pay for the hire is until 4 days after you have received your total loss settlement.

You may also be able to claim compensation for loss of earnings and personal injury and we can provide separate guidance if required.

If you have a courtesy or hire car please notify us of the vehicle details immediately

We hope that this guidance is of use, but please remember we are here to help and guide you through the claims process. If you have any queries or difficulties please speak to your usual Nsure contact.

Telephone 01903 520200 or email phil.bristow@nsure.co.uk