

When your Vehicle is Written off



*"Count on fair
market value"*

- Fair market value
- Special rules for writeoffs



**Manitoba
Public Insurance**

Writeoff means...

“Writing off” your vehicle means paying you its fair market value rather than fixing it. We “write off” your vehicle if fixing it will cost more than writing it off. It’s a decision based on dollars and cents.

We choose whichever costs the least because controlling costs helps us control your Autopac premiums.

In short, it’s the responsible financial decision to make.

The three main things we look at are:

- 1) the cost of fixing the damage
- 2) the *actual cash* value of your vehicle—its fair market value before it was damaged
- 3) the *salvage value* of your vehicle—how much we can sell your damaged vehicle for. We write off your vehicle by paying you its fair market value. Once we’ve paid you for your vehicle, we own it. 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.

We’ll write off your vehicle when...

- the cost of fixing it is more than its actual cash value, or
- the cost of fixing it is more than its actual cash value *minus* the salvage value.

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.

But let's say we'd get back about \$1,200 salvage if we wrote it off and auctioned it.

Now, writing off this car 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—total \$2,800.

On the other hand, fixing it will cost \$3,500.

What value do you insure my vehicle for?

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 this limit, you can buy extra insurance from any Autopac agent to cover the extra value.

How does my adjuster assess my vehicle's actual cash value?

First, we examine your vehicle carefully, noting its overall condition, mileage, rust, old damage, the condition of the paint, and so on.

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'll consider any recent repairs that have increased your vehicle's market value.

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

Major restoration or renovations, if of good quality and recent, 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 and brakes don't have much effect because the law requires these things to be in good working order.

Remember though, even major renovations don't usually increase a vehicle's value by the amount those renovations cost. What we're interested in is how much the renovations have increased the vehicle's value, as a whole.

Consider a badly rusted car, worth only \$300. If someone puts a brand new engine in it for \$4,000, the new engine probably increases the car's value but not by \$4,000. Unfortunately, what we're left with is 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 writeoff?

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 writeoffs are bad vehicles or they can't be fixed. Writeoffs 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 it that will cost more to fix than the car is worth. If you were to try to 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 writeoffs 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” writeoffs 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—other than from a collision—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 writeoffs and prevents their registration.

The SWVMP is administered through Vehicle Standards and Inspections. For more information, you can call 204-985-0920 or toll-free at 1-866-323-0542.

Who decides whether my vehicle is salvageable or irreparable?

Our estimators—trained auto body professionals—decide by examining the damage. Here's what they look for to categorize writeoffs 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 it?

After being rebuilt, your vehicle must pass two inspections:

- 1) for general safety—passing this inspection gives you a Certificate of Inspection (COI), and
- 2) for structural safety—passing this 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 and 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 get for it by 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 adjuster has obtained is independent, and thoroughly researched, it should represent fair value for your vehicle. However, if you think the evaluation is incorrect, you can ask your adjuster's supervisor or the manager to review it for you. Or, you could ask one of our customer relations officers to look into it for you. If you still believe the evaluation is wrong, you can take your claim to appraisal. (Please see the Appeal Options brochure for details about the appraisal process.)

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.

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 mobile again. Your adjuster can issue you a cheque based on our evaluation of the car to help you out. Later on, if appraisal awards you a higher settlement, we'll pay you the difference—usually in just a few days.

Where can I go for more information?

For more information on writeoffs, ask your adjuster.

Or call us:

- In Winnipeg: 985-7000
- Outside Winnipeg: 1-800-665-2410
- Deaf Access 
TTY/TDD: 985-8832

Hours to call:

- Monday to Friday:
7:00 am - 9:00 pm
- Saturday:
8:30 am - 4:00 pm

You can also write:

**Manitoba Public
Insurance**
P.O. Box 6300
234 Donald Street
Winnipeg MB
R3C 4A4

This publication is also available in large print, audio tape or braille on request.

The information contained in this brochure is of a broad, general nature. *The Manitoba Public Insurance Corporation Act, The Highway Traffic Act, The Drivers and Vehicles Act* and their accompanying Regulations should be consulted for interpretation and application of the law.



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