

1. Permanently Demolished (Code 4)

A motor vehicle is recorded as **permanently demolished** (so called status 4) if such motor vehicle was **de-registered** in terms of Regulation 55 as permanently demolished. Thus, **permanently demolished** is not a real-life cycle status but a reason for deregistration (it is the same as “permanently unfit for use”).

Regulation 1 provides that “permanently demolished” means that the chassis of a motor vehicle has been:

- a) *compacted;*
- b) *compressed;*
- c) *melted;*
- d) *destroyed; or*
- e) *damaged;*

To such an extent that the motor vehicle concerned cannot be made roadworthy and the chassis cannot be used to build a motor vehicle.

Thus, a motor vehicle is “permanently demolished” if it is not physically possible to repair the motor vehicle to a state where it can be made roadworthy. (Roadworthy is descriptive of a vehicle that complies with the relevant provisions of the National Road Traffic Act and this standard, and that is otherwise in a fit condition to be operated on a public road)

*Regulation 13A determines that: A motor vehicle which was deregistered in terms of regulation 55 as permanently demolished, shall not be registered **and its parts shall not be used to build or repair any motor vehicle.***

1.1. General rules

Motor vehicles that, according to the assessor:

- a) Have irreparable major structural damage; and or
- b) Cannot be repaired to the specifications of the original manufacturer; and **or**
- c) Cannot be repaired to a safe and roadworthy state; and no salvageable mechanical/major components are usable

must be declared a code 4.

1.2. Definition of code 4 irreparable major structural damage

The following should be considered to determine when a motor vehicle **has been damaged to such an extent that the motor vehicle concerned cannot be made roadworthy and the chassis or any part of it cannot be used to build a motor vehicle.**

- a) In the case of a monocoque construction motor vehicle, when:
 - i. The monocoque construction is completely twisted in its entirety;
 - ii. The dome is completely crushed from overturning and, in the process, the roof pillars are completely crushed.
 - o Which in turn crushed the firewall or rear cab panel, and the monocoque construction panels around the motor vehicle were damaged and/or no salvageable mechanical/major components are usable.
- b) In the case of a ladder chassis motor vehicle, when:
 - i. The complete body as well as the complete chassis are severely damaged;
 - ii. The chassis is damaged beyond repair and/or no salvageable mechanical/major components are usable
- c) The motor vehicle was totally **burned** out and or melted.

1.3. Legislation and Natis Requirements

- a) It is compulsory that these motor vehicles (as per par 4.2.2.1) should be dealer stocked in the name of the insurer or the salvage agent.
- b) These motor vehicles should be deregistered as “demolished” as determined by regulation 55. Regulation 13A determines that a *motor vehicle which was deregistered in terms of regulation 55 as permanently demolished, shall not be registered and its parts shall not be used to build or repair any motor vehicle.*”

1.4. Further requirements

- a) It is the responsibility of the insurance company, through the motor assessor, to determine in writing with supporting documents when a motor vehicle should be coded as permanently demolished.

- b) Insurers should apply the legal and Natis requirements, as well as the requirements of this Code of Salvage strictly in order to restrict incorrect coding of motor vehicles that should fall into this category.
- c) Insurers shall ensure that the motor assessors they employ and/or contract will be trained to such an extent that they would be able to do their duties in this regard. This training will include details about relevant legislative and other requirements, the requirements of the Code of Salvage, as well as the structural and mechanical knowledge of motor vehicles necessary to perform their duties.
- d) Motor assessors should take photographs of the motor vehicle, which should be securely stored by the insurer.
- e) Vehicles deregistered as Demolished in terms of Regulation 55 must be destroyed through controlled compacting or shredding process and no parts of such deregistered (Demolished) vehicle may be used to repair any vehicle. The following should be followed:
 - i. The insurer will keep all documents related to Code 4 motor vehicles, i.e. they will not hand over the registration documents to any third party including the salvage agent.
 - ii. The insurer will either destroy such documents immediately through the act of shredding or keep the documents only until such time as they are included in a final audit after which they will be destroyed through the act of shredding.
 - iii. While a document relating to a Code 4 motor vehicle is still in the insurer's possession, the certificate of deregistration should be defaced, and the barcode and control number must be blacked out (Annexure A example) and kept on file by only the insurer according to legislation. Regulation 55(2)(e) of the National Road Traffic Act states that a "certification of demolition" needs to be included where the vehicle was demolished. The date and the name/address of the body that operates the demolition equipment must appear on the certificate.
- f) Should the insurance company instruct a salvage agent to destroy a motor vehicle, the insurance company will ask for proof of such destruction. In addition, the documents relating to such motor vehicles will be dealt with as per the above-mentioned process.
- g) The insurer must ensure that the motor vehicle is deregistered on Natis as permanently demolished by the titleholder (insurer/bank/owner), i.e. the chassis number must be cancelled. Insurers must use the agreed terminology as per this Code of Salvage in the instruction to the titleholder/owner. A pro forma wording for such an instruction is attached to this Code as Addendum B.
- h) The insurer must note the code 4 status of the motor vehicle, as well as the fact and manner of the chassis disposal on all other (apart from Natis)

appropriate records, i.e. the electronic and physical registers/operational systems of the insurer.

- i) It is compulsory for the insurer to note the details of the motor vehicle, including its status code, onto the Vehicle Salvage Database (VSD).

The insurer must inform all other relevant role players, such as salvage agents, of the status of the motor vehicle.

2. Code 3 - Built up/Permanently unfit for use

Code 3 motor vehicles are Code 1 or 2 motor vehicles involved in an incident, and subsequently being declared unfit for use as a motor vehicle. Such motor vehicle may be rebuilt however will forever reflect a code 3 allocation and undergo the stringent procedures set out in the legislation. A motor vehicle is “Built up or permanently unfit for use”, when the extent of the damage includes structural defects that require substantial rebuilding. The vehicle being rebuilt would not conform to the manufacturer standards, however, can be put back to a roadworthy status.

2.1. Built-up (code 3)

According to Regulation 13 (4), a motor vehicle will have the status of “built-up” (so called status 3) after registering the motor vehicle as being liable for licensing in one of four circumstances:

- a) If such motor vehicle was previously deregistered as permanently unfit for use;
- b) If such motor vehicle was previously registered as “built-up”;
- c) If such motor vehicle is being registered for the first time, and it has been manufactured, built, modified or imported by an unregistered manufacturer, builder or importer (MIB) and a certification of roadworthiness was not issued to it; or
- d) If such motor vehicle is being registered for the first time, and it has been manufactured, built, modified or imported by a registered MIB which registered subject to the condition was that the motor vehicle will have a status of “built-up”.

Regulation 13 is clear when a motor vehicle will have a status of “built-up” after re-registration, but it does not determine when a motor vehicle must be deregistered as “**permanently unfit for use**”. The Act and the Regulations do not define this term and leave this decision to the **title holder**. If the motor vehicle was previously deregistered

as permanently unfit for use, it will have a status of “built-up” (so called status 3) after it is re-registered.

***Note:** A motor vehicle will have a life cycle status of “Used” (not “built-up”) after registering the motor vehicle as being liable for licensing, if such motor vehicle was de-registered as being **stolen** and the status of the motor vehicle was recorded as “new” or “used” prior to such deregistration. If the status of the motor vehicle was “built-up”, it will retain this status.*

2.2. Code 3 (Built-up)

Motor vehicles that, according to the assessor:

- a) Only have **repairable structural damage**; and
- b) **Can** be repaired to a **safe and roadworthy** state; and
- c) Can **not necessarily** be repaired to the specifications of the original manufacturer;

must be declared a code 3.

2.3. Definition of repairable structural damage

The following should be considered by the assessor to determine when a motor vehicle has **repairable** structural damage. **Repairable** structural damage is:

- a) Where the motor vehicle can only be repaired by means of joining two or more body shells together;
- b) When the complete chassis needs to be replaced, including and especially in the case of light delivery motor vehicles;
- c) When the entire load bearing sections (cab) of the main rails need to be cut and welded, including and especially in the case of light delivery motor vehicle cabs;
- d) When the motor vehicle has sustained severe structural damage requiring extensive repairs needed to the chassis, frame and monocoque construction.

2.4. Legislation and Natis requirements

- a) The insurer should ensure that these motor vehicles are deregistered as “**permanently unfit for use**” and/or if unfit to be registered as a used motor vehicle should be deregistered as a ‘built up’ motor vehicle (Code 3).
- b) It is compulsory that these motor vehicles should be dealer stocked in the name of the insurer or the salvage agent.

3. Permanently unfit for use / to be reported to the ICB (code 3A)

Code 3A (Spare parts only) motor vehicles are Code 1, 2 or 3 motor vehicles involved in an incident, and subsequently being declared unfit for use as a motor vehicle. Such motor vehicles cannot achieve roadworthy status due to impaired structural integrity of the motor vehicle but can be stripped for spares only. The Certificate of Registration in respect of a Motor Vehicle will forever reflect Permanently Unfit for Use (code 3A), the record must be reported to the ICB. (At the next meeting we will unpack how to report)

3.1. Code 3A (Spare parts only) - Permanently unfit for use / to be reported to the ICB

Code 3A vehicles to be reported to the ICB are Code 1, 2 and 3 motor vehicles involved in an incident, and subsequently being declared unfit for use as a motor vehicle, such motor vehicles may ***not be rebuilt*** however will forever reflect a code 3A allowing the usable vehicle parts to be sold. The motor vehicle will be de-registered and the vehicle’s registration document will be retained by the insurer and the vehicle shall never be registered again.

Thus, a motor vehicle is “permanently unfit for use / to be reported to the ICB if it is not physically possible to repair the motor vehicle to a state where it can be made roadworthy.

Permanently unfit for use / to be reported to the ICB (vehicle not to be reregistered)

A motor vehicle will have the status of **permanently unfit for use / vehicle not to be reregistered (code 3A)** (So called status 3A) after de-registering the motor vehicle as being permanently unfit for use the detail must be forwarded to The Insurance Crime Bureau in order for measures to be taken to prevent the record from being registered again.

3.2. Code 3A (Permanently unfit for use / to be reported to the ICB (vehicle not to be reregistered)

Motor vehicles that, according to the assessor:

- a) Have **irreparable structural damage**; and
- b) **Cannot be** repaired to a **safe and roadworthy** state; and
- c) **Cannot** be repaired to the specifications of the original manufacturer, and
- d) **Parts** on the vehicle can be sold to the second-hand market
may be declared a code 3A permanently unfit for use / to be reported to the ICB.

It is compulsory for the registered accredited wreck dealers to destroy all parts containing the manufacturer/police stamped/engraved VIN number and or VIN tags once all salvageable parts have been removed. Regulation 55(2) (e) of the National Road Traffic Act states that a “certification of demolition” need to be included where the vehicle was demolished. The date and the name/address of the body that operates the demolition equipment must appear on the certificate.

It is compulsory that vehicles deemed to be a code 3A can only be sold to accredited wreck dealers without the registration document.

3.3. Definition of irreparable structural damage

The following should be considered by the assessor to determine when a motor vehicle has **irreparable** structural damage:

- a) Where the motor vehicle is damaged to such *an extent that the motor vehicle concerned and or any part thereof cannot be made roadworthy and the chassis cannot be used to build a motor vehicle*;
- b) When the complete ladder or monocoque chassis is ripped, torn or twisted beyond repairs and needs to be replaced, including and especially in the case of light delivery motor vehicles;
- c) When the entire load bearing sections (cab) of the main rails need to be cut and welded, including and especially in the case of light delivery motor vehicle cabs;(SANS 10047 (par.5.4 p13) under Road wheels and hubs; towing bracket; coupling ball and tow bar and others indicate the vehicle roadworthiness must be rejected if certificate of registered welder is not available).
- d) When the motor vehicle has sustained severe irreparable structural damage and a vehicle cannot be rebuilt due to the damage to the chassis, frame and monocoque.

3.4. Legislation and Natis requirements

- a) The insurer should ensure that these motor vehicles are deregistered as **“permanently unfit for use/to be reported to the ICB**, and the vehicle shall not be reregistered.
- b) It is compulsory that these motor vehicles should be registered/dealer stocked in the name of the insurer or the salvage agent. The certificate of deregistration should be defaced, and the barcode and control number must be blacked out (Annexure A example) and kept on file by only the insurer according to legislation. Although vehicles deregistered as **permanently unfit for use/to be reported to the ICB** can be reregistered in terms of Regulation 13 (4), and such a motor vehicle will have the status of “built-up” (so called status 3) after registering the motor vehicle as being liable for licensing. It is the intention that code 3A vehicles are not to be reregistered. Although vehicles to be reregistered in terms of Regulation 13(4) by default must successfully pass a SAPS Vehicle Clearance and Roadworthy Test before it can be reregistered and/or licensed, the following additional measures will be adhered to in terms of this code;
- c) Vehicles coded as code 3A may only be sold to accredited wreck dealers (scrap yards). (Must be compliant with all legislation e.g. VAT, SHGA); and
 - These contracted wreck dealers need to be vetted on a regular basis by the ICB and the salvage contractors are obliged to supply the detailed information to the ICB
- d) The deregistration certificate of such a vehicle may not be made available to the purchaser and must be kept securely by the insurer. The control number on such documents may not be visible on any system either of the insurer or the salvage contractor; and
- e) Salvage contractors selling such a vehicle (Code 3A) must ensure that the purchaser is informed in writing that the vehicle is sold as, not to be reregistered and that no certificate of deregistration or copy thereof will be available for the vehicle. A copy of such written communication must be available as part of the record at the Salvage Contractor. In addition, the information will be shared with the Insurance Crime Bureau who may take any suitable actions to prevent the reregistration of such a vehicle.