

The Code of Motor Salvage

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THE “CODE OF SALVAGE”

Agreed to by
the South African Insurance Association (“SAIA”);
the Banking Association South Africa (“BASA”); and
the National Motor Financing Association (“NMFA”).

Supported by Business Against Crime SA (“BACSA”), the South African Police Service (“SAPS”) and the South African Insurance Crime Bureau (“SAICB”)

When in this Code of Salvage reference is made to banks it includes the members of the NMFA to the extent that it is applicable to the members of the NMFA in terms of their Constitution and any other applicable legislation.

1. THE PURPOSE OF THE CODE

The purpose of the Code on Salvage (“Code”) between the short-term insurance and banking industries, and specifically the SAIA and its members, the BASA and its members as well as the NMFA and its members, is to establish a common approach when dealing with motor salvage with the end goal being to assist in combating motor vehicle crime and specifically the cloning of motor vehicles to the benefit of all role players and ultimately the South African public. In addition, this Code also aims at ensuring that consumers are treated fairly with regard to the processes followed and decisions made related to accident damaged and/or stolen recovered vehicles.

Insurers and banks have a moral duty to the consumers to safeguard them from unscrupulous operators who are selling and or putting back in use unfit and unsafe motor vehicles as code 2 motor vehicles, which should have been deregistered. Should these activities not be addressed, unsafe motor vehicles may be put back onto our roads in this way contributing to the high accident figures on South African roads, while at the same time indirectly contributing to motor vehicle crime.

This Code and compliance to the requirements of this Code is a commitment by the SAIA, BASA and the NMFA and their members to do everything in their power to combat motor vehicle crime and address road safety.

Furthermore, this Code is an undertaking by the short-term insurance industry to continuously seek the desired balance between the various responsibilities insurers have including:

- a) The responsible management of motor vehicle salvage in order to address issues of crime combating and road safety to the benefit of all concerned including the insurers who often end up insuring cloned motor vehicles while already having paid claims for the loss of or damage to insured motor vehicles and their customers whose insurance premiums are adversely affected by the high risk and cost of motor insurance claims;
- b) The sustainability and affordability of motor insurance in South Africa by putting the required procedures and controls in place to manage the motor claims and salvage processes with a view to minimise unnecessary financial leakages and to manage the

salvage proceeds in a responsible manner. Poor management of these processes may result in financial losses and/or unwanted increases in premiums;

- c) To ensure that customers are treated fairly and that the service experience during the entire life cycle of motor policies and claims is in line with clients' expectations.

This Code reflects the responsible approach taken by the banking and short-term insurance industries, and specifically the SAIA, BASA and the NMFA and their members, in combating crime in South Africa, recognised by the relevant authorities, and therefore making it unnecessary for the banks and short-term insurers that are governed by this Code to be legislated by the Second Hand Goods Act.

The principles entrenched in this Code support the Second Hand Goods Act, 2009, the primary function of which is to regulate the business of dealers in second-hand goods and pawnbrokers in order to limit the trade in stolen goods and promote ethical standards in the second-hand goods trade.

The principles entrenched in this Code also considers Treating Customers Fairly.

Over and above the duties of insurers and banks as well as other relevant role players, this Code also establishes best practice in salvage management which will benefit all participants in this process, but especially insurers and their clients. Insurers will benefit by following these processes in many different ways, including underwriting mainly legitimate/legal motor vehicles. This is not only good for the sustainability, profitability and cost of motor insurance, but also good customer service.

The Code of Salvage is enforced in the following ways:

- a) The Code of Salvage forms part of the SAIA Code of Conduct for SAIA motor insurance members, and as such is a requirement for membership of SAIA motor insurance members. The penalties that are applicable for members that do not comply with the SAIA Code of Conduct therefore also apply to members that do not comply with the Code on Salvage. Details are provided in section 9 of this Code.
- b) The Code of Salvage forms part of the member requirements of the Banking Association South Africa, for its relevant members, and will serve as an attachment to the Code of Banking Practice. The Code of Banking Practice is a voluntary code that sets out the minimum standards for service and conduct the customer can expect from his/her bank with regard to the service and products it offers, and how the banks would like to relate to their customers. The Code of Banking Practice only applies to personal and small business customers. The same dispute resolution in the case of non-compliance to the Code of Banking Practice will apply to this Code of Salvage, and are discussed in section 9 of this Code.
- c) The NMFA will do everything in its power, and in terms of its constitution, to assist with the compliance of this Code by its members.

2. DEFINITIONS

In terms of this Code, all the relevant role players including the banks, insurers, and any third parties contracted by insurers including brokers, underwriting managers, salvage

agents and others will use common terms and definitions to ensure a common understanding and implementation of this Code.

In this section of this Code, as in other sections, the following terms will be used:

eNaTIS stands for electronic National Traffic Information System, and is the motor vehicle registration system of the National Department of Transport;
SAPVIN means the South African Police Vehicle Identification Number.

The following terminology and eNaTIS codes will be used in all correspondence between insurers and banks.

2.1. eNaTIS Codes

The four life cycle status codes for a motor vehicle on eNaTIS are:

2.1.1. Code 1 - New

New motor vehicles delivered by a dealer to the first owner.

2.1.2. Code 2 – Second Hand

Used motor vehicles with one or more previous owners.

2.1.3. 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.

2.1.4. Code 4 - Permanently Demolished

Permanently demolished, means that the chassis of a motor vehicle has been a) Compacted; b) compressed; c) melted; d) destroyed d; 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”.

2.2. Uneconomical to Repair

A motor vehicle is “uneconomical to repair” when, cost of parts, the availability of parts, the repair duration and motor vehicle rental costs or other costs associated with the repair are high in relation to the value of the vehicle. The status of the motor vehicle will not be altered.

Therefore in the insurer's discretionary opinion the motor vehicle is uneconomical to repair, but structurally sound, subject to specific agreement between the relevant bank and insurance companies.

2.3. Dealer Stock

This is when motor vehicles are exempt from licencing, and registered in the name of the insurance company, or the salvage agent, as the titleholder of the motor vehicle. Dealer stocking must take place per the indications in the relevant sections of this Code.

The principle of dealer stocking is accepted and agreed. The following is agreed:

- a) The insurance company takes the responsibility for dealer stocking.
- b) The insurance company will implement dealer stocking itself, oversee the process thereof, or will contract another party such as a salvage agent to dealer stock.
- c) The insurance company will decide whether the dealer stocking will take place in the name of the insurance company, or in the name of a third party, i.e. a salvage agent, as per relevant legislation and regulation and contracts in place.
- d) The insurance company will contract the third party (salvage agent) according to the above mentioned decisions.
- e) The insurance company will undertake regular audits to ensure that the actions agreed to in the contract with the third party (salvage agent) are being implemented.
- f) The insurance company will ensure that the correct audit trail exists.

3. STATUS CODES AND LEGISLATION

The Act and the Regulations do not define the "status codes". The so-called codes 1, 2, 3 and 4, that are widely used by the insurance industry, are in fact eNaTiS lookup table values and have no legal standing.

However, the Regulations do refer to the life cycle status of motor vehicles. Although the life cycle status codes (with the exception for the status "permanently demolished"), are also not defined, the Regulations provide guidelines to determine the life cycle status of a motor vehicle as implemented on the eNaTiS.

3.1. Motor vehicle life cycle status

The following life cycle status codes are identified:

3.1.1. New (code 1)

A motor vehicle will have a life cycle status of "New" (so called status 1) after it has been registered and is required to be licensed for the first time.

The registration of motor vehicles as dealer stock (exempted from licensing) does not change the status of the motor vehicle.

3.1.2. Used (code 2)

A motor vehicle will have a life cycle status of “Used” (so called status 2) after registering the motor vehicle as “liable for licensing” (not dealer stock) in three instances:

- a) If such motor vehicle was **previously registered** as being liable for licensing and the status of the motor vehicle was recorded as “new” or “used”;
- b) If such motor vehicle was deregistered as being stolen and the status of the motor vehicle was recorded as “new” or “used” prior to such de-registration (Regulation 13 (5)); or
- c) If such motor vehicle was de-registered as being exempt from registration and such exemption was withdrawn or no longer applies and the status of the motor vehicle was recorded as “new” or “used” prior to such de-registration (Regulation 13 (5)).

The registration of motor vehicles as dealer stock (exempted from licensing) does not change the status of the motor vehicle.

3.1.3. 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 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 was registered subject to the condition 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** (e.g. bank). 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.

3.1.4. 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.

Title holders (e.g. banks and insurers) must deregister motor vehicles accordingly if the motor vehicle cannot be repaired to a roadworthy state.

Regulation 13A determines that a motor vehicle which was deregistered in terms of regulation 55 as “permanently demolished” shall not be registered again.

3.1.5. Uneconomical to Repair

This terminology does not form part of the Act or the Regulation and is not provided for on the eNaTiS.

4. RULES FOR DETERMINING THE STATUS CODES OF SALVAGE

The Code of Salvage is used as a basis of informing the principles considered in the formulation of these Rules. This is also to ensure compliance with the requirements of the Act and Regulations, as well as to ensure exemption from the Second Hand Goods Act.

4.1. Stolen recovered motor vehicles

A stolen recovered motor vehicle that was not involved in an accident will have a life cycle status of **“Used”** if the status of the motor vehicle was “new” or “used” prior to the theft of the motor vehicle.

If the status of the motor vehicle was **“Built-up”** before the theft, it will retain this status, i.e. Code 3.

If a recovered motor vehicle was involved in an accident while it was stolen, the requirements for accident-damaged motor vehicles will be used to determine the status of the motor vehicle.

Registration requirements for stolen motor vehicles:

- 4.1.1. Insurers and all other relevant role players will comply with all relevant legislation.
- 4.1.2. The insurer must ensure that the titleholder/owner deregister the motor vehicle as stolen on eNaTiS. Insurers must use the agreed terminology as per this Code of Salvage in the instruction to deregister to the titleholder/owner. A pro forma wording for such an instruction is attached to this Code as Addendum B.
- 4.1.3. When a motor vehicle is stolen and not recovered, the insurer or the salvage agent as per the contract in place must dealer stock the motor vehicle.
- 4.1.4. If a stolen motor vehicle is recovered, after a claim was settled, the insurer must take the responsibility to ensure that the recovered motor vehicle is microdotted before a police clearance will be issued.
- 4.1.5. If a stolen motor vehicle is recovered, after a claim was settled, the insurer must dealer stock the motor vehicle on eNaTiS after a police clearance was issued.
- 4.1.6. Insurers and all other relevant role players must record relevant information as required by the Second Hand Goods Act on an internal register which could take the form of the operational system of the entity. The relevant information will be stipulated in various sections of this Code.
- 4.1.7. The insurer must enter the details of all stolen motor vehicles, whether recovered or not recovered, on its own register.
- 4.1.8. The insurer must enter the details of all stolen motor vehicles on the salvage database, once this is in place.
- 4.1.9. The following details will be recorded by the insurer as soon as possible on both its internal registers, both electronic and physical, as well as the electronic industry salvage database once it is in place, if available:
 - a) Register number
 - b) Registration number
 - c) Chassis number/VIN number
 - d) Engine number
 - e) Odometer reading

- f) Exterior details of motor vehicle (only if the motor vehicle is recovered)
- g) Interior details of motor vehicle (only if the motor vehicle is recovered)
- h) Photograph of motor vehicle (only if the motor vehicle is recovered)
- i) Any distinguishing marks on motor vehicle, including microdotting
- j) Details of status of motor vehicle
- k) Details of owner, including name, address, identity number
- l) Details of current location.

4.1.10. Once the salvage agent is contracted to dispose of the motor vehicle, the insurer must follow the following process:

- a) Complete change of ownership form and hand to salvage agent with the rest of the documentation and keys.
- b) Require the salvage agent to dealer stock the motor vehicle in its name, or in the name of the insurer, as per the contract in place.
- c) Require the salvage agent to complete a 'notification of change of ownership (NCO) with the buyer's detail and identity document at a licensing authority to update eNaTiS with the buyer's detail.
- d) The insurer must do an audit to ensure that the above mentioned instructions were followed by the salvage agent, as per the contract in place.

4.2. Accident-damaged motor vehicles

The following Rules should be followed:

4.2.1. Economical to Repair (Not written-off)

These motor vehicles are motor vehicles that:

- a) Have no irreparable major structural damage;
- b) Can be repaired to the specifications of the original manufacturer;
- c) Can be repaired to a roadworthy state; and
- d) Have not been declared uneconomical to repair by an assessor (e.g. damage does not exceed a certain percentage of the value of the motor vehicle as determined by each insurer while taking cognisance of the fact that the policyholder must be treated fairly. In the spirit of treating customers fairly, SAIA members should consider requests from customers who do not (or do) wish their vehicles to be written off).

A change of ownership will not take place (i.e. motor vehicles will not be registered into the name of insurance company) and will not be deregistered by the title holder as "permanently unfit for use" or "demolished".

These motor vehicles will keep its original status code (e.g. “New” (code 1) or “Used” (code 2)).

4.2.2. Written-off motor vehicles

Written-off motor vehicles are motor vehicles where the insurance company decided not to repair the motor vehicle (e.g. where the damage exceeds a certain percentage of the value of the motor vehicle which could differ from insurer to insurer in accordance of their internal procedures in the best interest of policyholders, and/or under other relevant circumstances). These motor vehicles are classified into a number of status codes ranging from code 2 (where the motor vehicle is uneconomical to repair, but can be safely repaired) to code 4 (where it is “permanently demolished”). This section proposes *minimum standards* to classify motor vehicles.

4.2.2.1. Code 4 (Permanently Demolished)

4.2.2.1.1. General rules

Motor vehicles that, according to the assessor:

- a) Have irreparable major structural damage; and
- b) Cannot be repaired to the specifications of the original manufacturer; and
- c) Cannot be repaired to a safe and roadworthy state, must be declared a code 4.

4.2.2.1.2. Definition of irreparable major structural damage

The following should be considered to determine when a motor vehicle has **irreparable major structural damage**. Motor vehicles have major structural damage when:

- a) In the case of a monoshell motor vehicle, when:
 - i. The monoshell is twisted in its entirety;
 - ii. The dome is crushed from overturning and, in the process, the roof pillars are crushed
 - o which in turn crushed the firewall or rear cab panel, and the monoshell panels round
 - o the motor vehicle were damaged.
- b) In the case of a ladder chassis motor vehicle, when:
 - i. The body as well as the chassis are severely damaged;
 - ii. The chassis is damaged beyond repair, and the A pillars or firewall are damaged.
- c) The motor vehicle has **irreparable** damage to the safety shell.
- d) The motor vehicle was totally **burned** out.
- e) A stolen recovered motor vehicle has been completely stripped for interior and exterior body parts, panels and components, or if the motor vehicle identification numbers have been removed.

4.2.2.1.3. Legislation and eNaTiS requirements

- a) These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place)
- 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 again.

4.2.2.1.4. Further requirements

- a) It is the responsibility of the insurance company, through the motor assessor, to determine when a motor vehicle should be coded as permanently demolished.
- b) Insurers should apply the legal and eNaTiS 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 training about relevant legislative and other requirements, the requirements of this Code, 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.
- e) Code 4 motor vehicles are in such a condition that they cannot be re-used, although undamaged parts of such a vehicle may be re-used. Therefore, the important part is to deal with the documents for Code 4 motor vehicles in such a way that they cannot be used in any illegal manner. 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 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 possession of an insurer, this document will be defaced until it can be destroyed as per the above.
- 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 eNaTiS as permanently demolished by the titleholder (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 on all other (apart from eNaTiS) appropriate records, i.e. the electronic and physical registers/operational systems of the insurer.
- i) The insurer must note the details of the motor vehicle, including its status code, onto the electronic industry salvage database, once this is in place.
- j) The insurer must inform all other relevant role players, such as salvage agents, of the status of the motor vehicle.

4.2.2.2. Code 3 (Built-up)

4.2.2.2.1. General rules

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.

4.2.2.2.2. 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 mono.

4.2.2.2.3. Legislation and eNaTiS 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) These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place) by the insurer or the salvage agent as per the contract in place.

4.2.2.2.4. Other requirements:

The following details will be recorded by the insurer as soon as possible, and if available, on:

- a) The electronic and physical registers/operational systems of the insurer;
- b) The industry electronic salvage database.
 - i. Register number
 - ii. Registration number
 - iii. Chassis/VIN number
 - iv. Engine number
 - v. Odometer reading
 - vi. Exterior details of motor vehicle
 - vii. Interior details of motor vehicle
 - viii. Photograph of motor vehicle
 - ix. Any distinguishing marks on motor vehicle, including micro dotting
 - x. Details of status of motor vehicle
 - xi. Details of owner, including identity number, date of birth, address
 - xii. Details of current location.

The information recorded on the electronic industry salvage database will be shared with the South African Insurance Crime Bureau.

4.2.2.3. Used (code 2), but uneconomical to repair

4.2.2.3.1. General rules

Motor vehicles that, according to the assessor, are uneconomical to repair (e.g. damage exceeds a certain percentage of the value of the motor vehicle which could differ from insurer to insurer in accordance with their internal procedures in the best interest of their policyholders and/or because of other relevant reasons) and the insurance company decides not to repair the motor vehicle, and:

- a) Have structural damage that is not severe;
- b) **Can** be repaired to a **safe and roadworthy** state; and
- c) *Can be repaired to the specifications of the original manufacturer,*

can be declared a code 2. In such cases, the insurer should update the HPI register with a note to confirm that this vehicle was involved in an accident and was uneconomical to repair, if possible. The parties agree to collaborate to establish a workable process in this regard, if possible and financially viable.

In addition, the insurer must follow the processes set out in Section 5.10 of this Code if the insurance company's procedures make provision for the disposal of salvage to the policyholder.

4.2.2.3.2. Definition of minor structural damage

Motor vehicles that were not classified as code 3 or code 4 motor vehicles can be classified as code 2 motor vehicles. Motor vehicles:

- a) That can be repaired:
 - i. Without joining two body shells together;
 - ii. Without replacing the entire chassis;
 - iii. Without cutting and welding the entire chassis or main rails;
- b) Have not sustained major structural damage requiring extensive repairs to the chassis, frame and mono.

4.2.2.3.3. Registration requirements:

- a) These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place) as code 2.
- b) It is the responsibility of the insurance company to complete a 'notification of change of ownership' (NCO) with the buyer's detail and to request a copy of the identity document before the motor vehicle is sold.

4.2.2.3.4. Other requirements:

The following details will be recorded by the insurer as soon as possible, and if available, on:

- a) The electronic and physical registers of the insurer;
- b) The industry electronic salvage database.
 - i. Register number
 - ii. Registration number
 - iii. Chassis/VIN number
 - iv. Engine number
 - v. Odometer reading
 - vi. Exterior details of motor vehicle
 - vii. Interior details of motor vehicle
 - viii. Photograph of motor vehicle
 - ix. Any distinguishing marks on motor vehicle, including microdotting
 - x. Details of status of motor vehicle
 - xi. Details of owner, including identity number, date of birth, address.
 - xii. Details of current location.

The information on the industry electronic salvage database will be shared with the South African Insurance Crime Bureau.

5. INTERNAL PROCESSES

5.1. Insurance Companies

- 5.1.1. Insurers undertake to exercise sound judgement and to take extreme care in making decisions relating to the repair and status of accident damaged motor vehicles. Insurers and their appointed assessors will make this decision and instruct banks accordingly.
- 5.1.2. In terms of the SAIA Code of Conduct, as well as this Code of Salvage, the insurer is responsible for the actions of all contracted parties and third parties should be contracted as such. All parties contracted by the insurer to carry out any duties and/or actions on behalf of the insurer with regard to any aspect of the management of salvage should be expected by insurers to follow this Code of Salvage.
- 5.1.3. Registration, deregistration and dealer stocking will be dealt with according to this Code of Salvage, as well as any other legal requirements.
- 5.1.4. In addition, insurers will always act within the ambit of the laws of South Africa, and will not use any illegal means to streamline processes in the registration, de-registration, dealer stocking, clearance by the South African Police Services (“SAPS”), or any other relevant processes.
- 5.1.5. It is recommended that at underwriting stage, the insurer will endeavour to obtain and capture the details of the motor vehicle, and the titleholder/owner. The insurer will also, if appropriate and possible, verify such information against available databases, or through inspections and/or any other appropriate methods.
- 5.1.6. At claims stage, the insurer must obtain and verify the details of the motor vehicle, and the titleholder/owner.
- 5.1.7. At claims stage, the motor vehicle and all the required details, as well as its status code, place of safekeeping, physical condition through pictures etc. must be recorded onto an electronic and physical register/operational systems.
- 5.1.8. In addition, at claims stage, all the required details need to be entered onto the electronic industry salvage database, when in place.
- 5.1.9. The handing over of documents from one party to another in the salvage management process will be dealt with as per the requirements of this Code of Salvage.
- 5.1.10. Safeguarding of relevant documents and keys will be dealt with according to this Code of Salvage.
- 5.1.11. Personnel will be carefully selected and monitored, and reasonable security restrictions and measures will be implemented by the insurer to minimise the risk of personnel being part of or exploited/used by criminals to assist in the perpetrating of crime/illegal activities.
- 5.1.12. Appropriate audit procedures will be put in place by insurers for all salvage management activities, including electronic audit trails on electronic registers/operational systems.
- 5.1.13. If an insurer becomes aware of any illegal activities linked to the salvage management process including illegal actions by staff members, it will inform the South African Insurance Crime Bureau (SAICB), and/or any relevant authorities as required.
- 5.1.14. Insurers will have an appropriate governance framework in respect of outsourcing in place to ensure that effective management of risks is addressed and regulatory obligations are met.

- 5.1.15. Insurers will report the following to the SAICB:
- a) When motor vehicles are identified as clones.
 - b) When motor vehicles are deregistered as Codes 4.
 - c) When the licensing authorities are not complying with regulations.
 - d) When the salvage agent does not comply with the Code.
 - e) Info sharing should happen between the electronic industry salvage database, and the SAICB.
- 5.1.16. Insurers will follow good judgement and extreme care during the process of disposal of salvage to policyholders, and will follow the requirements and guidelines set out in this Code with regards to such transactions, as per Section 5.10 of this Code.

5.2. Insurers and accident damaged motor vehicles

An insured motor vehicle, involved in an accident, is always assessed by an insurer appointed specialist (the motor vehicle engineer or motor assessor) to determine the extent of the damage. Depending on the extent of the damage, the motor vehicle will either be repaired, declared uneconomical to repair or unfit for use as a motor vehicle.

Based on the information provided by the specialist report, the insurer will determine whether the motor vehicle should be permanently demolished, is permanently unfit for use or is declared uneconomical to repair.

Insurers will follow the classification and registration, deregistration and other relevant procedures as prescribed in this Code.

- a) Insurers will notify the bank of the status of the claim relating to the motor vehicle finance account using pro forma letters – see Addendum B. They will also notify the bank of the decision not to repair the motor vehicle based on the assessor's findings and the status code of the motor vehicle.
- b) Any expected action and/or documentation will be requested from the bank in writing by the insurer using the pro forma letters in Addendum B after which the bank should forward the original documentation to the insurer within 10 working days, or as per the requirements agreed to in a service level agreement.
- c) Insurers may pay the outstanding finance amount after receipt of a copy of and/or the original documentation as per the agreement between the bank and the insurer, and settle the claim.
- d) Should the insurer be required to implement any actions, i.e. deregistration or dealer stocking, the insurer will implement this action as soon as possible.

The insurer will enable the registration processes to take place when contracting third parties to deal with any step of the salvage by completing its part of the relevant forms and include in the contract with the contracted party the requirements for registration actions to be taken by the contracted party.

Insurers will amend the pro forma letters attached to this Code as and when applicable, and according to contracts and agreements in place.

It is the responsibility of insurers to control and issue instructions to their motor engineers or assessors. The motor engineers report must be completed and it is required that the reason(s) must be specified to why a motor vehicle is declared as; uneconomical to repair, permanently unfit or demolished.

The report must contain photographs of the motor vehicle and the motor engineer must specify the motor vehicle status in line with the definitions listed, enabling the claims handler to request a change in status code where required. It is of utmost importance that the motor engineer determines the safety of any possible repair beyond a shadow of doubt, according to the manufacturer and SABS safety standards.

Banks are entitled to view/audit the assessor's report in terms of any motor vehicle in which they have an interest. Insurers must make these available to the relevant finance house/bank, when requested.

Insurers are mindful of the fact that in the case of accident damaged motor vehicles, banks are at risk of refinancing motor vehicles that should have been demolished or changed to the status of "rebuilt". Moreover, that the public might be endangered if the required process is not followed.

Insurers must ensure that motor assessors/engineers are properly equipped to do their jobs according to the requirements of this Code, and have the necessary knowledge and training regarding structural and mechanical damage, the legal requirements, and the requirements of this Code of Salvage.

Accident damaged salvage not sold after five years should be deregistered as permanently unfit for use, and compacted. Documents related to such a motor vehicle should be destroyed.

5.3. Stolen Motor Vehicles

An insured motor vehicle that is stolen and not recovered is settled once the claims process has been completed. The final step of this process is obtaining confirmation that the motor vehicle had not been recovered. When the decision is made by the insurer to settle the claim, the insurer will request the bank, as titleholder, to deregister the motor vehicle as stolen. The licensing authorities will require an additional letter from the finance house stating the reason for deregistration. The insurer's instruction to the finance house will serve as this letter. This instruction will use the terminology in this Code of Salvage. A pro forma letter is attached to Addendum B.

The insurer must dealer stock the stolen not recovered motor vehicle.

5.4. Insurers and contractors/third parties

In terms of the SAIA Code of Conduct, as well as this Code of Salvage, the insurer is responsible for the actions of all contracted parties/third parties and contractors should be contracted as such. Third parties include brokers, underwriting managers, salvage agents, auction houses and any other relevant parties in the salvage management process.

Insurers should always have formal agreements/contracts in place with contractors.

Insurers should include the following in their agreements with contractors:

- a) The requirement that the procedures and requirements of the Code of Salvage shall be adhered to.
- b) Specific requirements regarding registration, deregistration, and dealer stocking.
- c) Requirements, as per the Code of Salvage, regarding uploading information onto the electronic industry salvage database, once this is up and running.
- d) A requirement for salvage agents to be registered as a second hand goods dealer, in terms of the Second Hand Goods Act.
- e) A requirement to keep electronic and physical records of all salvage.
- f) A requirement to safeguard documents and keys as per the Code of Salvage.
- g) A requirement to keep audit trails, as per the Code of Salvage.
- h) The requirement that the relevant staff members of the contractors will be made aware of the content of the Code of Salvage.
- i) The requirement that the relevant staff members will be trained to perform their duties according to the Code of Salvage.
- j) Insurers shall create awareness about this Code with its contracted parties through:
 - I. Workshops
 - II. Letters/mandates/contracts
 - III. Audits by insurers with penalties for non-compliance
 - IV. Should insurers find consistent non-compliance, it should be taken up with FIA
 - V. Should constant non-compliance occur, the insurer should cancel the contract with the third party.

5.5. Underwriting stage

It is recommended that at underwriting stage, the insurer will endeavour to obtain and capture the details of the motor vehicle, and the titleholder/owner.

In addition, it is recommended that the insurer endeavours to verify any details against any possible databases, and through motor vehicle inspections and any other methods available, if possible and appropriate at underwriting stage. The

following guidelines regarding the details to be obtained, captured and – if possible – verified are provided in order to encourage a uniform approach:

- a) Documents related to the **motor vehicle**
- b) Copy of registration document
- c) Copy of license disc

Information related to the motor vehicle:

- a) Register number
- b) Registration number
- c) Chassis/VIN number
- d) Engine number
- e) Make
- f) Model
- g) Colour
- h) Photograph of motor vehicle
- i) Odometer reading

Information related to **owner**:

- a) Personal lines:
- b) Identity number and type
- c) Date of birth
- d) Address and contact number/s

Commercial lines:

- a) Name of business
- b) Address and contact number/s

- j) The details should be verified against copies of registration and license, and identity documents, and any database that could be used to verify the authenticity of these. These may include but are not limited to the Insurance Data System (IDS), the Department of Home Affairs database, and eNaTiS.

5.6. Claims stage

At claims stage, the insurer must obtain and verify the details of the motor vehicle, and the titleholder/owner.

The details of the motor vehicle will be verified by the assessor through physically checking the identifying details of the motor vehicle, including the following:

- a) Register number
- b) Registration number
- c) Chassis/VIN number
- d) Engine number
- e) Make
- f) Model
- g) Colour

h) Photograph of motor vehicle

The insurer will require the titleholder/owner to complete deregistration and any other relevant licencing procedures before settling the claim.

5.7. Insurers' control and processes regarding salvage records, registration documents, keys, and other relevant items of Salvage

Insurers have the responsibility to exercise strict controls over the physical and electronic records, registration documents, keys and other aspects of motor vehicle salvage. Documents include:

- a. Notice of change of ownership forms
- b. Deregistration and registration certificates (eNatis documents)
- c. Letters and identification details of proxy

Documents and keys must be kept in a safe room or safe. Access to this safe room or safe must be restricted. Personnel who have access should be carefully vetted and monitored and processes should be in place to audit any activities related to the documents and other items related to salvage.

Insurers will keep a register of physical documents and/or items, with procedures that will facilitate an audit trail.

Insurers will keep an electronic register of salvage, with electronic versions (scanned documents) of the original documents in order to minimise the use of original documents. This register could be a part of the insurer's operational system. Access controls as well as security restrictions will be in place for the electronic register. Only limited, vetted, personnel will be allowed to work on this register. Audit trails will be in place and will be monitored from time to time to minimise the possibility for any negligence and/or illegal activity to take place using the insurer's electronic register of salvage.

Any documents related to accident damaged salvage that is not sold should be destroyed after 5 years, as should be the salvage which should be deregistered and compacted.

Documents related to stolen unrecovered motor vehicles should be kept safe for an unlimited period of time to enable police and prosecution processes to be followed successfully should a motor vehicle be recovered at any time in the future.

5.8. Electronic industry motor salvage database

The SAIA is currently considering setting up an electronic industry motor salvage database. Should this project be implemented, and once the database is in place, insurers are required to participate in and enter the details of motor vehicles as well as its ownership/registration details onto this database per the required format once this is finalised.

The information on this database will be shared with the South African Insurance Crime Bureau.

5.9. Insurers and policyholders

Insurers must be mindful of the fact that accident vehicles may be declared 'uneconomical to repair', and consider the rights of the consumer in this regard. The following processes must be followed to ensure that customers are treated fairly in the event that this happens to them.

5.9.1. When an insurance company elects not to repair a vehicle

Once an insurer makes the decision not to repair a vehicle, the insurer must follow the following processes:

- a) Inform the policholder that the decision was made not to repair the vehicle.
- b) The definition of uneconomical to repair according to this Code.
- c) Inform the policyholder that the decision was made with due regard to the interests of all relevant stakeholders, including the financier of the vehicle should the vehicle be financed.
- d) Give the policyholder the reasons for the decision.
- e) Give the policyholder information regarding his/her options.
- f) During the conversation with the policyholder, provide the policyholder with the relevant information to make an informed decision, including:
 - i. The amount payable to the policyholder, including a breakdown of the amount
 - ii. The estimate received by the insurer for the cost of the repairs.
 - iii. The insured value of the vehicle prior to the accident.
 - iv. . Any other relevant information which may for example include the expected estimated salvage value, the estimated time of repairs and/or waiting periods for parts if applicable.
- g) Should the policyholder wish to not accept the decision, consider the policyholder's request.
- h) Make the final decision, in consultation with the policyholder, and inform the policyholder.

5.9.1.1. Processes to be put into place when a claim is repudiated

Insurers must put processes in place for when a claim is repudiated by the insurer after the accident damaged vehicle has been uplifted by the insurer's contracted salvage agent that will assist with the handing over of the vehicle to the policyholder. Such processes must limit the potential exposure of such salvage to the exploitation of criminal elements. Such processes should include:

- Written explanation of the processes to be followed by the policyholder.

5.9.2. At all stages, insurers must follow the principles of “Treating Customers Fairly.”

5.10. Disposal of salvage to policyholder

Sometimes, insurers are requested to sell an accident damaged vehicle that was declared uneconomical to repair to the policyholder. As this is not deemed best practice, insurers will deal with such requests as follows:

- a) Insurers will consider such an action only at the request of a policyholder.
- b) Insurers will consider each case by its own merits if such a request is received, and will use their discretion in the decision making process.
- c) It is recommended that vehicles which are financed by a finance house or a bank should not be considered for sale to a policy holder.
- d) Such sales to policyholders will be controlled through an appropriate contract which will prescribe the conditions of the sale. The conditions of the sale must follow the requirements of this Code, as well as all applicable legislative requirements.
- e) In line with Treating Customers Fairly (TCF), and with a view to assist in the fight against vehicle crime, insurers will assist policyholders in writing with regards to the processes they must follow after the sale is concluded.
- f) The insurer will keep a full audit trail, as per the requirements of this Code, of the transaction with the policyholder.
- g) The insurer’s record/audit trail will include verifiable documents including the assessor’s report, as well as the agreement with the policyholder.
- h) The insurer will follow all the normal processes as required by this Code, and especially with regard to the following:

- i. The correct coding of the vehicle;

Over and above the aforementioned, the following requirements will be applicable to insurers:

a) Code 2 vehicles:

b) Insurers must follow all the relevant requirements of this Code, and specifically including 4.2.2.3 and all its sub-sections. Code 3 vehicles:

- Code 3 vehicles should not be considered for sale to policy holders, unless there are exceptional circumstances, in which case insurers must treat such cases with extreme care and follow due process which will include keeping a record of such cases and circumstances. Insurers must follow all the relevant requirements of this Code, and specifically including 4.2.2.2 and all its sub-sections.

- 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).
- These motor vehicles should be registered (dealer stocked in the name of the insurer or the salvage agent as per the contract in place) by the insurer or the salvage agent as per the contract in place.
- It is the insurer’s responsibility to advise the policyholder of the following:
 - i. The process he/she will have to follow in order to get the vehicle reregistered after repairs have been finalised to the code 3 vehicle with a view to ensure that the policyholder fully understands the administrative and financial implications of his request to buy the code 3 salvage, including the following requirements:
 - Police clearance;
 - Micro dotting;
 - A roadworthy certificate
 - Re-registration
 - ii. What the immediate implications on insurance cover of this deregistered vehicle is;
 - iii. That the vehicle may probably have to be re-inspected following repairs in order to obtain insurance cover depending on his/her current or future insurer’s requirements in this regard.
 - iv. If a disclaimer is applicable, the insurer must advise the policyholder accordingly.

c) Code 4 vehicles:

- Code 4 vehicles do not apply to this section as they must not be sold to policy holders.

5.11. Banks

Banks have the responsibility to exercise strict controls over the physical and electronic records, registration documents, and other aspects of motor vehicles salvage.

5.11.1. Documents and registers

Documents include:

- a) Notice of change of ownership forms
- b) Deregistration and registration certificates (eNaTiS documents)
- c) Photographs of motor vehicles
- d) Certified copies of identity documents
- e) Certified copies of any relevant agreements

Documents must be kept in a safe room or safe. Access to this safe room or safe must be restricted. Personnel who have access should be

carefully vetted and monitored and processes should be in place to audit any activities related to the documents and other items related to salvage.

Banks will keep a register of physical documents and/or items, with procedures that will facilitate an audit trail. This may form part of the bank's operational system in place.

Banks will keep an electronic register of salvage, with electronic versions (scanned documents) of the original documents, where possible, in order to minimise the use of original documents. This register could form part of the bank's operational system. Access controls as well as security restrictions will be in place for the electronic register. Only limited, vetted, personnel will be allowed to work on this register. Audit trails will be in place and will be monitored from time to time to minimise the possibility for any negligence and/or illegal activity to take place using the insurer's electronic register of salvage.

Documents that need to be handed over to insurers when a claim is settled will follow the rules set out by this Code in Section 5 below.

Documents to be handed over to motor vehicle owners when the loan is settled, should follow the following procedure:

- a) When motor vehicle owners collect the documents personally, they need to show proof of ownership and sign for the documents.
- b) When owners request documents to be mailed to them, this should be done using registered mail to ensure that the correct owner collects the documents from the Post Office with appropriate identification, or documents should be couriered to them requiring the actual owner with proof of identity to receive the documents.
- c) Documents should include the already completed change of ownership forms with the details of the bank/financing house, as well as a letter from the bank stating full settlement of the account.

5.11.2. Registration procedures

Banks will follow registration and deregistration procedures as per legal requirements, as well as per the request of the insurers which will be following the rules of this Code of Salvage.

Banks will deregister motor vehicles as per the instruction of the insurer. Original documents will be provided to the insurer within 10 working days, or as per an agreed service level agreement in place, from receipt of the written instruction from the insurer.

5.11.3. Status coding

Status coding of motor vehicles should be the responsibility of the insurer, and the insurer's instruction in this regard should be accepted.

Banks are entitled to view/audit the assessor's report in terms of any motor vehicle in which they have an interest.

Should the banks become involved at any stage with the status coding of a motor vehicle, however, they will follow the procedures and rules in this Code of Salvage.

An informal committee/register of volunteers will be established in order to provide assistance when disputes and/or disagreements occur regarding the status coding of motor vehicles. In addition, this committee/register of volunteers could also be asked for advice and/or input when status coding motor vehicles, if and when all other mechanisms have not provided a clear answer regarding the status coding of a motor vehicle.

5.11.4. Other responsibilities:

The banks will notify the insurer concerned immediately should it come to their attention that;

- a) Any motor vehicle which should, upon reasonable inspection, have been declared permanently unfit for use, have actually been declared uneconomical to repair.
- b) An insurer has failed to register motor vehicles that have been declared uneconomical to repair into their own name prior to selling such motor vehicles.

The above information will also be updated to the industry motor vehicle database, once in place.

6. PROCEDURES TO BE FOLLOWED BETWEEN BANKS AND INSURERS

Best practice regarding the moving of physical records and/or registration documents between banks and insurers should be followed, including:

- a) Insurers should inform the banks of the authorised personnel to accept such documents on its behalf, and supply the bank with sufficient identification details of the personnel involved to enable a responsible handing over process.
- b) Insurance personnel should show proof of identity, together with an instruction from the insurer, in order to be able to receive the relevant documentation.
- c) The insurer must take possession of the relevant documents before settling a claim, and after the bank has completed the required registration/deregistration processes as per the instruction of the insurer.

- d) The bank and insurer will both do their utmost to complete the handing over process of original documentation within 10 working days after receipt of the written instruction from the insurer, or as per a service level agreement in place.
- e) The personnel authorised by the insurer to receive the documentation from the bank, must keep the documents in his/her possession until it is safely secured in the safe room or safe of the insurer.
- f) The documentation (or scanned/photocopied versions of it) must be entered into the physical and electronic registers/operational systems of the insurer as soon as possible.

7. PROCESSES/PROTOCOLS TO BE FOLLOWED BY OTHER ROLE PLAYERS IN THE SALVAGE MANAGEMENT PROCESS

Refer to section 5.1.3 and specifically the requirements regarding contracted parties in the salvage management process.

In addition, the following are relevant to salvage agents and/or auction houses and as such should be included by the insurer in its agreement/contract with the salvage agent:

- a) Salvage agents shall comply fully with the Second Hand Goods Act, 2009. They will therefore be required to register as second hand goods dealers as per the Act, as well as to comply with any further requirements set by the Act that apply to them and/or to their activities.
- b) In addition, salvage agents should comply with all other relevant legislation in South Africa.
- c) It is recommended that salvage agents belong to an appropriate and recognised trade association.
- d) Salvage agents should:
 - i. Follow good business practices.
 - ii. Follow the requirements of this Code.
 - iii. Ensure that all their relevant personnel are aware of and trained according to the requirements of the Code.
 - iv. Notify the insurer when it does not agree with a decision made by the insurer in order to assist the insurer in making the correct decision if and when required.
 - v. Notify the SAIA should regular non-compliance with the Code of Salvage become apparent for whatever reason, in order for the SAIA to investigate the problem and to address it in whatever way necessary.
 - vi. Register, de-register, and/or dealer stock motor vehicles as per the requirements of the law, the requirements of this Code and as per the instruction in line with these from the insurer within a set period of time.
- e) Salvage agents will enable the registration and/or change of ownership notification as per the requirements of the law when selling salvage, including:
 - i. Complete the change of ownership form with their own details and hand this over with the correct documentation to the new owner.
 - ii. The buyer must complete an NCO and hand a copy of this and the identity document to the salvage agent before the salvage is handed to the buyer.

- iii. It is the responsibility of the salvage agent to hand the NCO and copy of the buyer's identity document to the licensing authority to update their record as sale pending with buyer's detail. The buyer is then forced to register the salvage in his/her name before he/she can resell the motor vehicle.
- iv. Instruct the new owner to register the motor vehicle before handing over the motor vehicle.
- v. Keep proof of new ownership, and enter this into the physical, electronic and/or industry database.
- vi. If ii and iii above cannot be implemented, notify the registering authority of the change of ownership.
- vii. Disposal by the insurer through the salvage agent/auction house places the requirement for a roadworthy test to be passed on to the subsequent owner prior to re-registration.
- viii. Salvage agents should:
 - o Safeguard documentation and other relevant items such as keys as per the requirements expanded on below.
 - o Keep registers, physical and electronic, of salvage under their control.
 - o Keep audit trails regarding salvage under their control.
 - o Vet and monitor staff with a view to minimise the risk of staff members acting in a negligent or illegal manner.
 - o Enter the details of the salvage under their control, other than that already uploaded to this database by the insurer, into the electronic industry salvage database, once this is up and running, and as per the requirements set for this at the time of implementation. This would include the information about the buyer of the salvage, the proof of destruction of salvage, and all salvage duties under the control of the salvage agent after receiving the salvage from the insurer.

7.1. Document control

Salvage agents have the responsibility to exercise strict controls over the physical and electronic records, registration documents, keys and other aspects of motor vehicle salvage. Documents include:

- a) Notice of change of ownership forms
- b) Deregistration and registration certificates (eNaTiS documents)

Documents and keys must be kept in a safe room or safe. Access to this safe room or safe must be restricted. Personnel who have access should be carefully vetted and monitored and processes should be in place to audit any activities related to the documents and other items related to salvage.

Salvage agents will keep a register of physical documents and/or items, with procedures that will facilitate an audit trail.

Salvage agents will keep an electronic register of salvage, with electronic versions (scanned documents) of the original documents in order to minimise the

use of original documents. Access control as well as security restrictions will be in place for the electronic register. Only limited, vetted, personnel will be allowed to work on this register. Audit trails will be in place and will be monitored from time to time to minimise the possibility for any negligence and/or illegal activity to take place using the insurer's electronic register of salvage.

Documents related to stolen unrecovered motor vehicles should be kept safe for an unlimited period of time to enable police and prosecution processes to be followed successfully should a motor vehicle be recovered at any time in the future.

8. TRAINING AND AWARENESS

8.1. SAIA and BASA

The SAIA and the Banking Association South Africa will:

- a) Create awareness regarding the Code of Salvage amongst its relevant members, as well as other relevant role players including the public at large;
- b) Enforce the Code on Salvage on its relevant members;
- c) Take reasonable steps to ensure compliance of its relevant members with the Code of Salvage;
- d) Impose the relevant penalties on members that do not comply with the Code of Salvage.

8.2. NMFA

- a) Create awareness regarding the Code of Salvage amongst its relevant members, as well as other relevant role players including the public at large;
- b) Will take reasonable steps within the ambit of its constitution to ensure compliance of its members with the Code of Salvage.

8.3. Insurers and banks

- a) Insurers and banks have the responsibility to create awareness regarding the Code of Salvage and its contents. The insurers and banks should keep record of activities in this regard, and report on these activities.
- b) Insurers and banks will ensure that all relevant staff members, including motor engineers and assessors and all other relevant personnel, are aware of and receive regular training on the Code of Salvage and its contents. This Code should be included in training activities and material, in a companies' internal code of conduct if appropriate, key performance areas of relevant staff members, standard operational procedures and/or any other relevant areas an insurer may deem appropriate.
- c) Insurers will ensure that motor engineers and assessors are aware of and trained on the Code of Salvage and its contents, especially with regards to status coding, and follow these rules strictly.

- d) Insurers will ensure that third parties who are contracted to manage any aspect of the salvage management process, including brokers and salvage agents, are aware of and trained on the Code of Salvage and its contents and requirements.
- e) Insurers will ensure that their own personnel, such as motor assessors, as well as the relevant personnel at contracted parties are trained appropriately in order to be able to implement best practices in salvage management.

9. ENFORCEMENT

Both the SAIA and the BASA are committed to do everything in their power to facilitate compliance with this Code of Salvage by their members. The following actions will be taken to assist with the above:

- a) Awareness creation
- b) Compliance reporting required by members
- c) Disciplinary actions taken if and when necessary.

The NMFA is likewise committed to do everything in its power, within the ambit of its constitution, to facilitate compliance with this Code of Salvage by its members.

9.1. SAIA and its relevant insurance members

The Code of Salvage forms part of the SAIA Code of Conduct for the motor insurance members, and as such compliance with this 'Code' is a member requirement. The same processes regarding compliance by members and compliance reporting, complaints regarding alleged non-compliance, the procedures to deal with complaints, as well as the sanctions/penalties applicable when members are found guilty of non-compliance are applicable to the Code of Salvage as are applicable to the SAIA Code of Conduct. The SAIA Code of Conduct is attached to this Code of Conduct as Addendum A. Please refer to section 12 for the details in this regard.

9.2. BASA and its relevant members

BASA requires of its relevant members to comply with the Code of Salvage as part of its Code of Banking Practice.

The same rules that apply to compliance and complaints that apply to the Code of Banking Practice will apply to this Code of Salvage. The Code of Banking Practice is attached to this Code as Addendum C, and Section 10 of Code on Banking Practice also applies to this Code.

9.3. NMFA and its members

The NMFA will promote compliance with the Code of Salvage within the ambit of its constitution.

10. CONCLUSION

Both the banking and insurance industries, and specifically the SAIA, BASA and NMFA and their members, are committed to deal with motor vehicle salvage in a responsible manner, to the benefit of all parties involved including the banks and the insurers and their clients/customers. In addition, responsible salvage management will assist in combating motor vehicle crime and unacceptable road safety levels in South Africa.

The banks and insurers that are members of the SAIA and BASA, through this Code of Salvage and its strict implementation, honour their duties in the above mentioned regard.

The SAIA, BASA and the NMFA, as well as their members, urge all other relevant role players in the crime combating and road safety arenas to also do their utmost to assist in these regards, including the Department of Transport and especially eNaTiS, the motor vehicle manufacturers and NAAMSA, the South African Police Services and any other relevant role player.

South African Insurance Association will publish this Code on the SAIA webpage on www.saia.co.za.

The Banking Association of South Africa will publish this Code on their website on www.basa.co.za.

The National Motor Financing Association will publish this Code on their website on www.nmfa.co.za.

Date: 2012.01.30 (Updated on 01 April 2015)

Document No: +100983

**Communication between insurer and bank
Recommended wording – Code 3 Accidents**

To: The Manager

From:

Date:

Your reference: VIN number: / Engine number:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question is **permanently unfit** for use as a motor vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996 and **should accordingly be deregistered**. You are requested to change the vehicle status to a **code 3** on the eNaTis system as specified in the Code of Motor Salvage between members of SAIA and Banking Association.

The accident occurred on [date]

- The accident was NOT reported to the SAPS, **OR**
- The accident was reported to the SAPS[Station] under case number[case number, AR number].

Payment will be made electronically within 48 hours once we have received all of the following:

- A copy of the vehicle **deregistration** papers;
- **Please urgently** send the original deregistration papers for my attention, in an agreed secure manner;
- Settlement amount without penalties for early settlement, or as otherwise agreed (**Please** forward this to me upon receipt of this communication);
- Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original or a copy of the deregistration papers. If payment is made upon receipt of a copy, the original documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

.....[Insurer authorised incumbent]

**Communication between insurer and bank
Recommended Wording – Stolen Vehicles**

To: The Manager

From:

Date:

Your reference: VIN: / Engine nr:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question is **stolen** and the vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996 and **should accordingly be deregistered as stolen / hijacked** and as specified in the Code of Motor Salvage between members of SAIA and The Banking Association.

The theft occurred on

The theft was reported to the **SAPS**[Station], under case number
[case number].

Payment will be made electronically within 48 hours once we have settled the claim and have received all of the following:

- A copy of the vehicle **registration** papers;
- **Please urgently** send the original deregistration papers for my attention, in an agreed secure manner;
- Settlement amount without penalties for early settlement, or as otherwise agreed (**Please** forward this to me upon receipt of this communication);
- Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original deregistration certificate or a copy of the registration papers. If payment is made upon receipt of a copy of the registration certificate, the original deregistration documents must be sent to me as

soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind Regards,

.....[Insurer authorised incumbent]

**Communication between insurer and bank
Recommended wording – Code 4 Accidents**

To: The Manager

From:

Date:

Your reference: VIN number: / Engine number:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question must be **permanently demolished**, which means that the chassis of the 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. The vehicle should therefore **be deregistered** and the vehicle status changed to a **code 4** on the eNaTis system as specified in the Code of Motor Salvage between members of SAIA and Banking Association.

The original registration document (code 2) must be forwarded to us and[insurance company name] undertakes to **dealer stock** the vehicle in the interim, unless otherwise agreed between parties. The request to deregister the vehicle as code 4 will be processed as soon as possible by us.

The accident occurred on[date].

- The accident was NOT reported to the **SAPS, OR**
- The accident was reported to the SAPS [Station] under case number[case number, AR number]

Kindly forward the following to us in an agreed secure manner:

- The original vehicle **registration** papers;

- Signed Notification of Change of Ownership form.

Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

.....[Insurer authorised incumbent]

**Communication between insurer and bank
Recommended wording – Code 2 Accidents**

To: The Manager

From:

Date:

Your reference: VIN number:

Engine number:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle.

The vehicle in question is declared **uneconomical to repair** but **not** permanently unfit for use as a motor vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996. The vehicle status will be a **code 2**.[Insurance company name] will therefore **dealer stock** the vehicle as specified in the Code of Motor Salvage between members of SAIA and Banking Association.

The accident occurred on[date].

- The accident was not reported to the SAPS, **OR**
- The accident was reported to the SAPS [Station] under case number[case number, AR number]

Payment will be made electronically within 48 hours once we have received all of the following:

- A copy of the vehicle registration papers;
- **Please urgently** send the original papers for my attention in an agreed secure manner;

- Settlement amount without penalties for early settlement, or as otherwise agreed (**Please** forward this to me upon receipt of this communication);
- Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original or a copy of the eNatis documentation. If payment is made upon receipt of a copy, the original documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

.....**[Insurer authorised incumbent]**

**Communication between insurer and bank
Recommended wording – Code 2 Accidents – Elected not to Repair by the Insurer**

To: The Manager

From:

Date:

Your reference: VIN number: Engine number:

Register number:

Account number:

Vehicle Registration:

Make and Model:

We are currently in the process of finalising a claim for the above-mentioned vehicle. We have **elected not to repair** the vehicle in question. The vehicle remains to be fit for use as a motor vehicle as contemplated in section 55 of Part III of the National Road Traffic Regulations in terms of the National Road Traffic Act, 1996. The vehicle status will be a **code 2**. **[Insurance company name]** will therefore **dealer stock** the vehicle as specified in the Code of Motor Salvage between members of SAIA and Banking Association.

The accident occurred on [date].

The accident was not reported to the SAPS, **OR**

The accident was reported to the SAPS [Station] under case number[case Number, AR number]

Payment will be made electronically within 48 hours once we have received all of the following:

- A copy of the vehicle registration papers;
- Please urgently** send the original papers for my attention in an agreed secure manner;
- Settlement amount without penalties for early settlement, or as otherwise agreed

(Please forward this to me upon receipt of this communication);

Signed Notification of Change of Ownership form.

Please note: Payment cannot be made without the original or a copy of the eNatis documentation. If payment is made upon receipt of a copy, the original documents must be sent to me as soon as possible. Should you have any queries in this regard, please do not hesitate to contact the writer.

Kind regards,

Code of Motor Salvage Addendum B_+101866