

MOTOR INSURANCE – Unsafe Damaged Light Vehicles & Motorcycles

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Joint Insurance Council / Waka Kotahi (NZTA) Guidance

Deregistration of Damaged Light Vehicles including Motorcycles with Unsafe NOTIFIABLE damage, that is not going to be repaired.

For **Notifiable Damage**: Insurer is compelled to deregister and/or notify NZTA of these damages when Total Loss is declared, own insured and/or Third Party.

- Note For '**Uneconomical to repair, without Notifiable Damage**': Insurer is not required to notify the NZTA.

Insurance companies that are members of the Insurance Council exercise a duty of care to public safety by requiring any unsafe motor vehicle that they have settled a claim on, where the vehicle is not going to be repaired and will be disposed of will be notified to Waka Kotahi (NZTA) and deregistered before that disposal occurs.

The insurance company is going to require that before they settle any claim, that the unsafe and/or structurally damaged vehicle is deregistered.

Unsafe and/or structurally damaged vehicles can be repaired safely by qualified collision repair tradespeople. However, there are times when insurers may deem their customer's damaged vehicle uneconomical to repair, and the vehicle will be disposed of by the insurer.

The deregistered vehicle is normally sold for parts and scrap value. However, there are times when a party may purchase a deregistered vehicle with the desire to repair it. The repairing of deregistered vehicles requires a repair certifier to first inspect the vehicle before repairs are undertaken then all subsequent repairs will need to be supervised by an approved repair certifier before the vehicle can be registered to go back on the road.

NOTIFIABLE DAMAGE: (Definition of an Unsafe / Structurally Damaged Vehicle)

The following are the types of damage that would constitute the vehicle having sustained damage including structural damage that renders the vehicle being unsafe to go back on the road unless correctly repaired to manufacturers specifications and / or I-Car and / or Thatcham approved repair methodologies.

A) Structural Damage Affecting Passive Safety ("Passive" refers to systems that come into play when the active safety systems are overwhelmed to help prevent injury)

1. Damage that may / will compromise the structural integrity of any of the bonded or riveted or welded seams or joints installed by the vehicle manufacturer.

2. Splitting of seam welds or tearing of the metal. Distortion or creasing of suspension members or mounting points or tearing of metal structures.
3. Denting or creasing of Structural members such as rocker panels, outer sill panels, cant rails, A, B or C pillars that may compromise the inner structural integrity of these areas of the vehicle.
4. Distortion or creasing to longitudinal rails affecting the front and rear crush zones and kick up areas.
5. Cracking of a unitary body or ladder-frame chassis in areas affecting a safety component or system.
6. Any vehicle that has non-repairable structural components such as bolt on bumper crash beams

Note 1: If there is significant and extensive corrosion to areas that affect the vehicle's crash energy management structure, then vehicle is to be deregistered as repairs are not to be permitted.

Note 2: Minor underbody impact damage as a result of 'grounding' the vehicle is allowed to floor pan stiffening members. Minor scraping of the sill seams is also acceptable.

B) Damage to Active Safety Systems ("Active" refers to systems that operate to prevent a collision)

Damage also includes any vehicle where the operation of Advanced Driver Assist Systems (ADAS) or Advanced Rider Assist Systems (ARAS) might have been affected by immersion in water, subjected to fire, impact, or the systems are no longer operational as the manufacturer had intended.

C) Fire damage

If the vehicle has fire damage that compromises a passive or active safety systems or the structural integrity or that has caused contamination of the vehicle interior, then vehicle is to be deregistered as repairs are not to be permitted.

D) Flood Damage

If the vehicle has been flooded in any type of water (salt or fresh), then the vehicle is to be deregistered. See NZTA definition.

<https://vehicleinspection.nzta.govt.nz/virms/light-vehicle-repair/general-repairs/water-damage>

E) Contamination - Health & Safety

The presence of unsafe levels of contamination from chemicals such as methamphetamine, fire smoke/water residue or biological matter such as mould or human/animal remains requires the vehicle to be deregistered and disposed of with a biohazard notice/warning attached.

F) Supplementary Safety Restraint Systems (SRS)

Any vehicle where one or more of the vehicle's supplementary restraint systems have been deployed.

G) Damage to Hybrid and Electric Vehicle (EV) Battery Systems

Due to the potentially hidden damage to hybrid and EV high voltage traction battery systems that could result in a fire sometime after the vehicle traction battery was subject to damage, then the vehicle must be deregistered were the following conditions are present.

1. Damage to the casing of the High voltage traction battery.
2. Damage to the mounting system of the High voltage traction battery.
3. Damage to High voltage traction battery cables.
4. Damage to the cooling system, such as freon, liquid or air-cooling system of the High voltage traction battery.
5. Damage to the electronic control systems that prevent diagnosis & repair.

H) Damage specific to Motorcycles

Paragraph A through G apply, in the first instance (*and as applicable*).

Any severe distortion / deflection / cracking to the frame, subframe, suspension and steering components (front fork & rear swingarm assemblies), and/or any of their attachments & fasteners), wheels, axles, and bearings.

Any damage to Electronic Rider Aids (ABS, riding modes, traction & wheelie controls) and Advanced Rider Assist Systems (ARAS).