

## Background

ICBC is committed to providing its customers with consistent quality services and helping them get their vehicles fixed as quickly as possible. When determining if a vehicle is repairable or a total loss, ICBC must adhere to numerous laws and regulations, including the [Motor Vehicle Act](#), in particular section 17.1. ICBC is also committed to complying with the guidelines set out by the [Canadian Council of Motor Transport Administrators](#) (CCMTA) to help protect its customers and to keep B.C.'s roads safe.

Motor Vehicle Act, section 17.1 states:

- ICBC is required to give notice of a change in vehicle status – to salvage or irreparable – when a vehicle has been “written off”.
- A motor vehicle is “written off” if ICBC decides to pay the insured for the motor vehicle rather than pay for its repair.

CCMTA Guidelines state:

A motor vehicle must be designated salvage if:

- An insurer decides it is no longer economical to repair the vehicle for legal operation on the highway.
- The cost of repairing the vehicle for legal operation on the highway exceeds its fair market value immediately prior to damage.
- The contractual thresholds for repair are exceeded.

The following questions and answers have been compiled to assist you in understanding ICBC's total loss policy.

## Questions & Answers

### 1. One of ICBC's corporate objectives is to improve value and services for customers, so why are the total loss policies so strict, providing limited options to customers?

When considering the viability of repairing a vehicle that has been involved in a crash, ICBC must comply with all applicable legislation and ensure the safety of repaired vehicles.

We have made changes to how we handle total loss claims to provide customers with more options and deliver services they want in a low-cost manner, while at the same time ensuring the safety of repaired vehicles is in no way compromised.

The total loss policies provide our customers with options when their vehicle is deemed a total loss; however, the policies reflect our priority to provide **all** customers with protection and peace of mind. All vehicles designated total losses are rebranded with the correct designation in order to provide transparency for customers who may purchase these vehicles in the future.

### 2. Have the methods of determining a total loss changed?

No, the methodology for determining a total loss remains the same. Please refer to the Claims Procedures: [Determine if vehicle is a total loss](#).

### 3. What happens if a customer's vehicle is a total loss? What options do they have?

If a customer's vehicle has been designated a total loss, they have the following options:

**Total loss payment:** The customer can accept their vehicle is a total loss and receive a total loss payment for the vehicle Actual Cash Value (ACV) less any applicable deductible.

**Owner retention process:** The customer may be given the opportunity to retain their vehicle through the owner retention process. The customer must agree to the vehicle being designated as salvage or dismantle purpose only (DPO), as applicable.

Customers who choose to retain their vehicle must sign the CL96C Owner Retention form and will have their vehicle appropriately designated by ICBC, as either *salvage* (rebuildable) or *non-repairable* (dismantle purposes only).

If the customer's vehicle is designated as salvage (rebuildable), the customer must be advised that if they repair or *rebuild* their vehicle, it must be inspected (at their cost) pursuant to the Private Vehicle Inspection Program (PVIP). The inspection includes both a mechanical inspection, at a Designated Inspection Facility, and a Structural Integrity Assessment.

**Cash settlement option:** This option is only available to drivable vehicles where the vehicle is determined to be safe to drive.

ICBC will not cash settle vehicles that have sustained any damage to steering, suspension, structural/frame, any safety related components or are unsafe vehicles.

Please refer to the Claims Procedures: [Cash settle a driveable total loss](#).

### 4. Can I cash settle a drivable total loss that includes items such as headlamps, tail lamps, wheel alignment, windshields and/or side view mirrors if the customer replaces and/or documents these items prior to the cash settlement?

Yes, ICBC may cash settle drivable total loss vehicles that meet the cash settlement requirements if the items mentioned above are replaced and/or the customer provides documentation showing a wheel alignment was completed and that no safety concerns are evident upon inspection prior to the cash settlement. ICBC will not cash settle vehicles that have sustained any damage to steering, suspension, structural/frame, any safety related components or unsafe vehicles as defined in the Claims Procedures: [Unsafe vehicle classification and criteria](#).

### 5. Can ICBC issue a repair estimate (CL14) for claim related safety items in conjunction with cash settling the rest of the damage that meets the cash settlement requirements?

**Repairable vehicle:** Yes, if the ICBC claim involves a repairable unsafe vehicle then ICBC can cash settle the damage that meets the *cash settlement requirements* and issue a repair estimate (CL14) for the rest of the damage.

**Total Loss vehicle:** No, if the ICBC claim involves a total loss or unsafe vehicle then ICBC cannot cash settle the damage. The reasoning for this is the vehicle in its entirety cannot be an unsafe vehicle and the claim has to meet the *cash settlement*

requirements as defined in the Claims Procedures : [Unsafe vehicle classification and criteria](#) and [Cash settlement requirements](#).

**Exception:** If the vehicle is a driveable total loss and the only safety issues are the lamps, wheel alignment, windshield and/or side mirrors, then the claim can be cash settled if the customer replaces these safety items and/or provides documentation showing a wheel alignment was completed and that no safety concerns are evident upon inspection prior to the cash settlement. No repair estimate (CL14) will be issued in this exception situation. Please refer to question 4 above for more information.

### 6. Can ICBC cash settle a total loss if the customer replaces the claim related safety items prior to the cash settlement?

ICBC will allow a cash settlement if the vehicle is a driveable total loss and the only safety issues are the lamps, wheel alignment, windshield and/or side mirrors and the customer replaces these noted safety items and/or provides documentation showing a wheel alignment was completed and that no safety concerns are evident upon inspection prior to the cash settlement. Please see question 5 above for more information.

The cash settlement options in questions 4, 5 and 6 are subject to the details outlined in the Claims Procedures: [Approve cash settlement](#).

### 7. If a customer chooses to go through the owner retention process, why do they need to have a certified government inspection and have their vehicle designated as “salvage” and given a “rebuilt” designation?

Pursuant to the [Motor Vehicle Act](#), all vehicles that are deemed a total loss must be designated as *salvage* or *irreparable* and all vehicles that are rebuilt or reconstructed must be inspected before they are eligible to be re-registered.

The inspection is done through the [Vehicle Inspection Program](#) (VIP) in British Columbia, which includes the Commercial Vehicle Inspection Program (CVIP) and the Private Vehicle Inspection Program, (PVIP). The PVIP includes, but is not limited to, imported used motor vehicles, rebuilds, altered and re-constructed vehicles.

The VIP is regulated and monitored by the Ministry of Transportation and Infrastructure, Commercial Vehicle Safety and Enforcement Branch, under the Motor Vehicle Act and the Vehicle Inspection Manual (Standards of Safety and Repair).

### 8. What happens if a customer’s vehicle has been deemed a total loss, causing them to withdraw their claim or repair their vehicle themselves?

It is extremely important that all customers are aware of the settlement options available to them.

If a customer withdraws their claim and their vehicle has been deemed a total loss, Commercial Vehicle Safety and Enforcement (CVSE) must be notified.

If the vehicle is in the course of repair, the owner retention process must be followed. The owner retention process requires a structural integrity assessment during the repair process. If this has not taken place, please see your Estimating Services Manager.

If the customer presents their repair bill, please advise them there is no certainty of claim payment. Each claim is resolved on an individual basis and is dependent on the details of the claim and vehicle damage presented.

# Total Loss Policy

## Questions & Answers

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If the amount of the repair bill presented is within the total loss threshold determined by ICBC, and all of the claim related damage is repaired and acceptable to ICBC, then ICBC may consider reimbursement to the customer.

If the amount of the repair bill presented exceeds the total loss threshold determined by ICBC, and either the claim related damage is not completed and/or not acceptable to ICBC, then ICBC will consider the vehicle a total loss and it will be designated appropriately.

For more information, please refer to Claims Procedures: [Unsafe vehicles reporting process](#).

### 9. Will the contract repair option be allowed in the future?

No, there are no plans to reintroduce the contract repair option. The contract repair option was simply a method of repairing a total loss vehicle without applying the appropriate designation.

### 10. Can I tell the collision repair shop the vehicle is close to becoming a total loss?

Yes, a process was developed to notify collision repair facilities when a vehicle is reaching its maximum repair cost. This process involves estimators identifying the maximum repair amount in the *Remarks* section of the CL14.

Collision repair facilities may also request the maximum repair cost of a vehicle once they have submitted a complete estimate if they feel there's a potential the vehicle may become a total loss due to:

- the total Loss warning in ADXE having been triggered;
- the potential for hidden damage (shops should indicate potential hidden damage);
- the cost of the parts (recycled or aftermarket parts may not be available and they may have to use OEM parts); or
- the availability of parts (there may be delays in receiving parts or OEM parts may be backordered).

### 11. Can we exclude damage on an estimate to prevent a vehicle from being a total loss?

No. All estimates are required to be cost-effective, complete and accurately reflective of the claim related damage to the customer's vehicle. If the vehicle is a total loss, it must be designated appropriately.

If a customer insists on claiming less damage to their vehicle, explain we have a responsibility to accurately identify and report all damage to a vehicle. Advise them we must ensure all vehicles on the road are safe, and we must adhere to the legislation and the policies we have in place.

### 12. What happens when a final supplement results in the vehicle becoming a total loss?

Vehicles that are deemed total losses either upon initial inspection, during the repair process or after repairs are complete, must be handled as per our total loss procedures.

For more information, please refer to the Claims Procedures Manual: [Determine if vehicle is a total loss](#).

**13. What happens when a vehicle is repaired and comes back at a later date with an issue related to the crash?**

If the damage is proven to be claim related, the newly discovered damage must be included in the calculation of repairs based on the date of loss. If the calculation results in the total cost of vehicle repairs exceeding the total loss threshold, the vehicle must be deemed a total loss. Please notify your Estimating Services Manager if this occurs.

**14. Is the customer allowed to pay the dollar difference between the estimate to repair the vehicle and the total loss threshold in order to keep their vehicle?**

No, the sole contribution to the repairs will be from ICBC and not the customer. The customer can always go through the Owner Retention Process. Please see question 3 for more information.

**15. Can I refer someone to a base supplier to prevent the vehicle from being a total loss?**

No. Customers should only be referred to shops that participate in the c.a.r. shop or c.a.r. shop VALET programs. These shops are accredited by ICBC and guarantee their repairs for as long as the customer owns the vehicle. If the customer is unsure where to have their repairs completed, please provide them with a list of c.a.r. shop or c.a.r. shop VALET facilities in their area. Customers can also use the "[find a service location](#)" feature on icbc.com to access the list of ICBC accredited body shops. Please do not direct customers to a specific shop.

**16. When determining vehicle repairability, should the GST be included in the total repair cost if the customer is a GST registrant?**

Yes, the total cost of repair includes the GST regardless of whether the customer is a GST registrant. The repair facility collects the GST, so this cost forms part of the total repair cost.

### Applying alternative estimating procedures

The following questions relate to ICBC's [alternative estimating procedures](#) and are applicable only to c.a.r. shop VALET facilities.

Note: The ICBC estimator handling the total loss notification must select the remark *APPLY ALTERNATIVE ESTIMATING PROCEDURE IN EFFECT* on all estimates involving this procedure.

**17. Can a c.a.r. shop VALET facility supplement the estimate using the alternative estimating procedure to avoid a total loss if the customer wants their vehicle repaired?**

No, the c.a.r. shop VALET facility must send in the estimate and/or supplement and the ICBC estimator handling the total loss notification will supplement the estimate after discussing the procedure with the customer and getting approval from the Estimating Services Manager.

**18. Can the c.a.r. shop VALET facility supplement the estimate after the approval has been granted by ICBC to proceed with the alternative estimating procedure?**

No, any additional supplements have to be authorized by the ICBC estimator who handled the total loss notification and who applied the original procedure in conjunction with the Estimating Services Manager.

**19. Are there any options a c.a.r. shop VALET facility can give to a customer to prevent their vehicle from becoming a total loss (i.e. discount the cost of parts, provide parts at no cost and/or reduce labour rates on an estimate)?**

**Reducing parts pricing:** The c.a.r. shop VALET facility may ask ICBC to supplement the claim and discount parts pricing as long as it reflects, at a minimum, the actual cost.

**Reducing labour rates:** c.a.r. shop VALET facilities can also reduce their labour rates as long as the rate does not go below base supplier rates and the supplement for rate reduction is done by ICBC.

**Reducing ATS allowance:** c.a.r. shop VALET facilities can ask ICBC to remove or reduce the ATS allowance on an ICBC claim.

**Removing blends from a claim:** If the blend is not required due to prior damage, condition or tinting suffices, then the c.a.r. shop VALET facility can request for the removal of the blends from the estimate or omit them entirely.

Under no circumstances should a shop modify the estimating system generated times. For more information, please refer to the Claims Procedures: [Apply alternative estimating](#).

**20. Can a c.a.r. shop VALET facility reduce a judgement splice RE & RE time on a replacement panel?**

No, the time to replace a panel whether it is in the estimating system or added as a judgement time must not be altered or reduced in any way. The estimate must be cost-effective and an accurate reflection of the damage to the customer's vehicle related to a specific claim.

**21. Can a c.a.r. shop VALET facility reduce the amount of judgement repair hours on a panel to avoid a total loss?**

No, c.a.r. shop VALET facilities must complete an estimate that is cost-effective, complete and accurately reflective of the claim related damage to a customer's vehicle. Judgement repair hours must be accurate and reflective of the necessary and appropriate repair.

**22. Is it ok to use the alternative estimating procedure when dealing with base suppliers or c.a.r. shop accredited facilities?**

No, the alternative estimating procedure is between the customer, ICBC and c.a.r. shop VALET facilities only.

**23. Is it a requirement to have the customer sign a release in addition to the CL14 for the *alternative estimating* procedure?**

No, the signing of the insured's statement under certificate of repair on the last page of the CL14 will suffice.

**24. Can ICBC authorize teardown to a c.a.r. shop VALET facility on a total loss to assist the facility in determining whether to use the alternative estimating procedure?**

No, the procedure applies when the estimate total repair cost is close to or marginally exceeds the net actual cash value of the vehicle (ACV less salvage). If the vehicle has already been determined a total loss, and it has not been torn down, then the vehicle would not meet the prerequisites of close to or marginally exceeds.

**25. What happens if the c.a.r. shop VALET facility informs the customer there vehicle may be a total loss and the customer says they want it repaired?**

The c.a.r. shop VALET facility can enter a comment in the remarks section of the CL14 advising the customer wants to keep the vehicle; however, the c.a.r. shop VALET facility still has to send in the repair estimate CL14 to ICBC and the total loss notification will go out in accordance with the claims procedures. The estimator handling the total loss notification can confirm with the customer they want the vehicle repaired and can at that time discuss with the customer what (if any) options there are, including the alternative estimating procedures. At no time should the c.a.r. shop VALET facility alter the estimate. Any supplements to the estimate will be by ICBC upon approval by the Estimating Services Manager.

**26. Can the customer take their vehicle to another c.a.r. shop VALET facility if the current one does not want to work within the alternative estimating procedure?**

Yes, if the vehicle is a total loss at an existing c.a.r. shop VALET facility, and the facility does not want to work within the alternative estimating procedure, the customer can take their vehicle to another c.a.r. shop VALET facility.

**27. What happens if there is unforeseen claim related hidden damage found after the customer, ICBC and the c.a.r. shop VALET facility agree to repair the vehicle and ICBC has already made the final supplement?**

If the customer, at this point, does not want to keep their vehicle then the normal total loss handling procedures would apply. If the customer wants to have the vehicle repaired then the Estimating Services Manager at the handling claim office should be contacted for further direction.

If the damage was missed by the facility and should have been part of the original estimate, a Drop-In Visit (DIV) may be completed as per the Express Repair Program Guide. Failure to complete an accurate and thorough estimate that results in the vehicle becoming a total loss may result in a category 3 DIV and the shop may be placed in a performance review cycle.