

# Canadian Vehicle Status Management Program

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# 1. INTRODUCTION

The challenges associated with auto theft and the rebuilding of irreparable, wrecked vehicles exist in all Canadian jurisdictions. These fraudulent vehicle-related activities have made it increasingly difficult to identify stolen and unsafe vehicles and have led to excessive insurance, medical, and social costs.

A review of the Canadian Vehicle Status Management Program (formerly called the Stolen and Wrecked Vehicles Monitoring Program) was undertaken by a sub-group of the CCMTA Vehicle Strategy Overview Group (VSOG) in the fall and winter of 2017-2018. Proposed enhancements to the program were submitted to the CCMTA Drivers and Vehicles Program Committee (D&V) and Board of Directors in June 2018 and were subsequently adopted.

### Background

The Canadian Vehicle Status Management Program was initially developed in June 1994 and revised in November 2009. The purpose of the program was to improve the consistency of controls used to identify and manage stolen and total loss vehicles in Canada, including vehicles imported from other Canadian jurisdictions, from the US, and from other countries.

In 2017, the Vehicle Strategy Overview Group (VSOG) was mandated to complete a review of the Canadian Vehicle Status Management Program and to develop a revised and current model program. A sub-group was established and, under the direction and guidance of VSOG, drafted revisions to the program.

### Program Objectives

The objectives of the program are to:

- protect consumers from unscrupulous rebuilders of total loss vehicles;
- provide consumers with appropriate information to make informed buying decisions;
- ensure a permanent record of vehicles subject to write-off by an insurer is created, and require the insurer to designate such vehicles with a salvage or non-repairable status;
- identify stolen and wrecked vehicles imported from other jurisdictions/countries;
- prevent stolen vehicles from being given a new, fraudulent identity and being reintroduced to the Canadian marketplace and road network;
- prevent the rebuilding of vehicles identified as irreparable or nonrepairable<sup>1</sup> and to ensure the safety of all rebuilt vehicles;
- provide a policy basis for consistency and harmonization for the management of total loss vehicles in support of the “one vehicle, one record” principle.

## Program Overview

1. The program considers the following controls:
  - Vehicle Status Definitions
  - Identification of Stolen and Total Loss Vehicles
  - Rebuilding Records
  - Vehicle Inspections
  - Interprovincial Record Exchange
  - Imported Vehicles
  - Vehicles Fraudulently Registered Through Identify Theft
  - Detection of Stolen Trailers and the Prevention of their Registration as Home-made (U-built) Trailers
  
2. Implementation of this program requires each Canadian jurisdiction to:
  - adopt and maintain legal and regulatory requirements for: mandatory reporting of vehicles declared a total loss, refit conditions, importation requirements, mandatory rebuilding record and structural integrity inspection;
  - consult with concerned stakeholders: insurance companies, police, companies with large vehicle fleets, etcetera to develop and maintain the necessary procedures and information requirements needed by licensing officers to track stolen and total loss vehicles;
  - maintain a computerized registration system to:
    - record vehicle statuses irreparable/nonrepairable, salvage, rebuilt, and stolen on the registration certificate and file;
    - permit the adoption of the rules pertaining to each of the vehicle statuses ([Appendix A](#));
    - either prevent or authorize the return of non-repairable or stolen vehicles into circulation;
  - develop and maintain the administrative procedures regarding registration and the structural integrity inspections for the vehicles covered under the program;
  - develop and maintain the necessary forms and informational/educational documents;
  - train vehicle registration personnel on the changes to the registration procedures, forms and the associated systems;
  - authorized technicians to perform structural integrity inspections;
  - create an information campaign to educate the necessary stakeholders (business, police, recycling companies [including metal processors], insurance companies) and the general public on the program.
  
3. Each Canadian jurisdiction will have in place regular and structured monitoring to ensure the efficiency and integrity of their program. Monitoring controls must ensure that:
  - every employee responsible for vehicle registration and structural integrity inspections scrupulously respects the rules and procedures which have been established
  - official documents are accurate and are not falsified or fraudulent

- insurance companies and other organizations adhere to the rules and procedures pertaining to the identification of stolen or total loss vehicles

## 2. DESCRIPTION OF MODEL PROGRAM

### 2.1 TOTAL LOSS AND STOLEN VEHICLES

#### 2.1.1 Vehicle Status

The vehicle statuses and definitions described herein do have some similarities to those referenced by the American Association of Motor Vehicle Administrators (AAMVA) in their document, *Branding Best Practices* (2002). However, the CVSMP document prescribes specific and consistent definitions to ensure harmonized treatment and management of stolen, salvage, irreparable and rebuilt vehicles, by all Canadian jurisdictions.

Conventional federally-compliant vehicles start their life with no status, or what jurisdictions commonly refer to as a 'normal' status.

1. Only the following vehicle statuses will be used to identify total loss and stolen vehicles:

- Irreparable or Nonrepairable<sup>1</sup>
- Salvage
- Rebuilt
- Stolen
- Altered

2. These statuses are defined as follows:

#### **Irreparable or Nonrepairable**

Any vehicle which is incapable of operation or use on the highway due to having sustained severe damage to the extent that rebuilding is prohibited.

Irreparable/nonrepairable status must be permanently recorded on a vehicle's registration certificate and file.

#### **Salvage**

Any vehicle which is damaged by collision, fire, accident, or other occurrence to the extent that

- the cost of repairing the vehicle for legal operation on the highway exceeds the vehicle's fair market value immediately prior to the damage having been incurred, or
- it is written-off by an insurer for the reason that it is not economical to repair the vehicle for legal operation on the highway, or

- it is written-off by an insurer due to vehicle damage exceeding a contractual threshold.

Where damage sustained by a vehicle is cosmetic (i.e. not structural or mechanical in nature and limited solely to outer body or interior panels), the damaged vehicle may be exempt from the definition of Salvage.

Salvage status must be shown on the registration certificate/record until its status is changed to Rebuilt.

### **Rebuilt**

Any salvage vehicle which has been rebuilt using industry standard techniques and materials and has passed the required safety inspection(s) for the purpose of registration or titling.

Rebuilt status must be permanently recorded on a vehicle's registration certificate and file.

### **Stolen**

Any vehicle which has been declared stolen to the police and which is not recovered<sup>2</sup>.

Stolen vehicles must retain this status as long as the police force which reported the theft has not given confirmation that the vehicle has been recovered.

As stolen is a transitory status, which may change to any other status, some jurisdictions have implemented a system edit that identifies a vehicle as stolen, but which does not replace the existing vehicle status.

### **Altered**

While not all jurisdictions use this status, Altered would be used for any vehicle which is amalgamated<sup>3</sup>, ubilt<sup>4</sup>, replicar<sup>5</sup>, replikit<sup>6</sup>, or has been significantly modified after manufacture and has passed a vehicle safety inspection.

Additionally, the CCMTA Automated Vehicles Working Group is proposing that this status also be used for a vehicle which has received aftermarket automation.

Altered status must be permanently recorded on a vehicle's registration certificate and file.

### **2.1.2 Vehicle Status Modifier<sup>a</sup>**

Although not used universally by all Canadian jurisdictions, some jurisdictions have implemented Vehicle Status Modifiers, which identify the cause/reason for a vehicle status and include:

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<sup>a</sup> See the IRE table in Appendix C section 3.

### Flood

- defined as “a vehicle that has been immersed in a liquid to the bottom of the dashboard or to a level affecting any of the major electrical system components, and/or a vehicle contaminated with toxic fluid that renders the vehicle unsafe due to toxic hazard”;
- refer to [Appendix B](#) for an excerpt from the CCMTA Flood Damaged Vehicle Model;
- may be used when the vehicle status is irreparable or nonrepairable.

### Unfit or Unsafe

- allows a vehicle to be registered but prevents it from being licenced for highway use;
- may be used when the vehicle status is normal, rebuilt, altered;
- must be shown on the registration certificate until it is eligible to be removed;
- vehicles with an unfit modifier may not be operated on public roads.

### 2.1.3 Vehicle Disposition Modifier<sup>b</sup>

The vehicle disposition indicates the location of a vehicle and includes *Crush*. Vehicle Disposition Modifiers are not used by all Canadian jurisdictions.

### Crush

- Crush is assigned to a vehicle that has been designated irreparable or nonrepairable due to flood, infectious disease/bio-hazard or toxic material exposure and not economical to decontaminate
- Crush must be permanently recorded on a vehicle’s registration certificate and file

### 2.1.4 Rules of Operation

#### Irreparable/Nonrepairable

- A vehicle identified as irreparable/nonrepairable must not be put back on the road.
- A vehicle may only be imported for “parts only” from the U.S. through the RIV program and must not be put back on the road
- The vehicle must be towed or hauled from one place to another.
- Components of a vehicle with an irreparable/nonrepairable status may be used as donor parts for repairing or rebuilding other vehicles, except when the donor part was from an irreparable/nonrepairable flood-damaged vehicle and it is determined that the donor part was adversely affected by the flooding occurrence and is not fit for use in a vehicle.
- Only the host Canadian jurisdiction which has declared a vehicle irreparable/nonrepairable can have this status changed or removed.
- When a vehicle with a rebuilt status is damaged as a result of a second accident in another Canadian jurisdiction, that jurisdiction should modify the vehicle status to irreparable/nonrepairable.

#### Salvage

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<sup>b</sup> See the IRE table in Appendix C section 3.



- A vehicle identified as salvage status may not be operated on public roads until its status has been changed to rebuilt.
- The vehicle must be towed or hauled to and from an inspection facility for a mechanical inspection or a structural integrity inspection.
- When an imported vehicle has a salvage status, another Canadian jurisdiction can re-register the vehicle as rebuilt if the salvage vehicle is inspected and determined to satisfy that Canadian jurisdiction's applicable safety standards.
- When a vehicle is imported from the U.S. with a salvage status, the vehicle must also be processed via the RIV program

### Rebuilt

- A vehicle identified as rebuilt status may be relicensed again for on road use.

### Stolen

- No transaction authorizing the operation of a vehicle identified as stolen is permitted.
- Only the host Canadian jurisdiction which has declared a vehicle stolen can have this status changed or removed in consultation with relevant police agency.

### Altered

- A vehicle identified as altered status may be operated on public roads.

## 2.1.5 Vehicle Status Identification Process

### 2.1.5.1 Stolen Vehicles

- Police services are responsible for notifying vehicle licensing offices when a stolen vehicle is subsequently recovered.<sup>7</sup>
- Once notified that a vehicle has been declared stolen, the vehicle licensing office must enter the stolen status on the registration file of the vehicle or must otherwise represent the vehicle's status as stolen to prevent its relicensing while it remains unrecovered.
- Only the originating jurisdiction which recorded the stolen status may have that status removed when the vehicle is recovered.
- The police, via the Canadian Police Information Centre (CPIC), maintain a national database of all stolen vehicles. It is essential to check this database (directly or indirectly) before registering a vehicle to ensure that the vehicle really originates from that jurisdiction and has not been declared stolen. If the vehicle has been declared stolen or if any irregularity is detected, the situation must be referred to the originating jurisdiction.

### 2.1.5.2 Total Loss Vehicles

- The status of a vehicle deemed a total loss must be updated as indicated in the following sections. This includes vehicles that are written-off by an insurer due to vehicle damage exceeding a contractual threshold.

### a) Insurance Companies

- ***Vehicles acquired by insurers***

It is mandatory for insurance companies to inform their vehicle licensing office when they declare a vehicle a total loss. This declaration must be made when the ownership of the total loss vehicle is transferred from the policy holder to the insurance company. The status of the vehicle must also be clearly specified as salvage or irreparable/nonrepairable.

- ***Vehicles retained by the policy holder***

When an insurance company declares the vehicle a total loss, while maintaining the ownership in the name of the policy holder, it must notify the vehicle licensing office of the vehicle's state. The insurance company must provide the client with a form showing the new status, which will have to be presented to the licensing office so that the status be entered on the registration certificate and registration file of the damaged vehicle. On presentation of the registration certificate, showing the new status, the insurance company will pay the prescribed compensation.

- ***Stolen vehicles that are recovered damaged or that have been rebuilt with stolen parts***

If an insurance company acquires the ownership of a vehicle for which a compensation has been paid following a theft and the vehicle is then recovered dismantled, damaged, or rebuilt using stolen parts so as to be considered as irreparable/nonrepairable or salvage, the insurance company must notify the licensing office in order to have the appropriate status entered on the registration certificate and file of the damaged vehicle. Such a notification must be given before the vehicle is resold to another person.

### b) Other Organizations, Businesses, or Individuals

- Self-insured public or private organizations with large vehicle fleets who voluntarily declare their vehicles total losses are required to notify vehicle licensing offices of such declaration by providing the new status of the vehicle (irreparable/nonrepairable or salvage).
- Licensing services cannot refuse to enter salvage or irreparable/nonrepairable status when the vehicle's owner makes such a declaration; however, they should ensure that the person knows the impact of such declaration and is still the owner of the vehicle.

### c) Vehicle Importers

- Any imported vehicle must be assigned the status most closely matching the status given by the originating Canadian or U.S. jurisdiction except when it's determined that another more constraining designation should be assigned.
- A person who imports into a jurisdiction:
  - a. a vehicle declared a total loss in another jurisdiction, or
  - b. a vehicle dismantled or damaged to a point where the estimated or real cost of parts and manpower needed to rebuild or make the vehicle roadworthy is higher

than the market value of the vehicle as established by a current edition of market values, (e.g. Red Book)

is under a strict obligation to have this vehicle entered on the jurisdiction's registration file prior to the licensing or sale of the vehicle. The person must indicate the status which best corresponds to the status given to the vehicle by the originating Canadian or U.S. jurisdiction. If no status has been given, the individual must indicate the status which best corresponds to the damaged condition of the vehicle.

### d) Registrar of Motor Vehicles

The Registrar of Motor Vehicles or other appointed committee or individual may apply a status to a vehicle when an investigation reveals that a status is warranted (e.g. inspection reveals extensive corrosion or damage that could affect the structural integrity of a vehicle).

#### 2.1.5.3 *Other Requests*

Any internal or third-party request to change a vehicle's most recent status must be reviewed by an authorized individual or committee. Only corrections to a vehicle status arising from a clear and documentable error will be approved.

## 2.2 REBUILDING RECORDS

1. The owner of a rebuilt vehicle must keep a rebuilding record of the vehicle.<sup>8</sup> All documentation must be originals or notarized true copies. The rebuilding record should be transferred to subsequent owners of the vehicle.
2. The rebuilding record is required for the structural integrity inspection of a damaged vehicle and should contain the following elements:
  - The full name and address of the person doing the rebuilding, that of the vehicle owner and of the insurer, as well as the claim number assigned by the insurer, or that of the enterprise which has declared the vehicle a total loss<sup>9</sup>.
  - Vehicle make, model, year and identification number (VIN) of the vehicle.
  - A list of major components used, including any applicable identification numbers, the name of their supplier; the date of purchase and the identification number of the vehicle from which they came<sup>10</sup>.
  - The insurer's estimate of repairs required or that of the enterprise that declared the vehicle a total loss.
  - The purchase invoice of the vehicle chassis, cab, and/or body clearly indicating its serial number
  - Invoices for major components used, including the name of their supplier; the date of purchase and the identification number of the vehicle from which they came.
  - At least four colour photographs showing the front, rear and sides of the vehicle taken before rebuilding.
  - At least one colour photograph of the vehicle taken on a frame alignment bench, if the frame required straightening<sup>11</sup>.

- Photographs of all the repaired joints if they are not accessible/visible at the time of the inspection.
  - All photographs should be taken in such a way that demonstrates evidence of the date and last 8 digits of the VIN number.
  - Repair instructions of the manufacturer for the repairs done on the vehicle or an invoice from a manufacturer certified collision center that certify the structural repairs have been done in their shop following manufacturer instructions.
  - Printed results from the alignment machine demonstrating the alignment conforms to manufacturer specifications, stating the make, model, year and identification number of the rebuilt vehicle as well as the full name and address of the person having aligned the vehicle.
  - Certification that the information and documents provided are true by both the rebuilder and owner.
3. The inspection must be retained with the rebuilding record.
  4. The rebuilding record must be available for inspection by the Registrar of Motor Vehicles or other appointed committee or individual on request.

### **2.3 VIN INSPECTION**

A rebuilt vehicle should be inspected to verify the authenticity of its identification number<sup>12</sup>.

### **2.4 STRUCTURAL INTEGRITY INSPECTION**

#### **2.4.1 Structural Integrity Inspection Requirement**

1. A passed structural integrity inspection is required before a vehicle with a salvage status may be changed to rebuilt status.
2. A VIN inspection should be completed to confirm the authenticity of the identification number.
3. The owner of a rebuilt vehicle should ensure that joints in any area(s) being repaired are accessible when the structural integrity inspection is made and no sealant, soundproofing, or rust proofing compound has been applied to these areas.

#### **2.4.2 Structural Integrity Inspection Description**

1. Only persons authorized by a government may carry out structural integrity inspections of rebuilt vehicles. These persons must have qualifications that meet or exceed the minimum requirements established by the jurisdiction in which they are working.
2. To prevent non-authorized persons from fraudulently using structural integrity inspection forms, their circulation must be controlled by numbering each form and maintaining a record of all forms issued to authorized persons.
3. The person who completes the structural integrity inspection should:

- ensure that the vehicle has not been declared irreparable/nonrepairable;
- ensure that the rebuilding record is complete, and the information and documents provided are authentic;
- use the photographs and information provided to inspect the rebuilt vehicle and establish that the vehicle is the one described in the rebuilding record;
- ensure that all repairs have been done following all manufacturer instructions and that chassis control points are measured using computerized equipment only;
- ensure vehicle dimensions (wheelbase, struts, etc.) and occupant restraint systems (air bags, seat belts, etc.) meet manufacturer's specifications;
- ensure all required systems and components of the vehicle are in safe operating condition: lights and signal lamps, brakes, steering, suspension, fuel system, exhaust, rearview mirrors, windshield and windows, accessories and interior fittings, wheels, tires, body, etc.<sup>13</sup>

### 2.4.3 Structural Integrity Inspection Results

1. The person who performs a structural integrity inspection must enter the results of the inspection on a specific form and indicate whether or not the vehicle complies with standards set forth in the rebuilding record and the mechanical inspection.
2. When a vehicle does not comply, following a structural integrity inspection, its owner must correct the problem and have the vehicle and missing documents inspected by the person who performed the inspection. If the owner chooses to have the vehicle inspected at another facility, he must submit the vehicle and its entire rebuilding record, including documentation of the vehicle's failed inspection, to a structural integrity inspector.
3. An official copy of the rebuilding record and inspection documents should be kept by the province/territory till the end of life of the vehicle.

### 2.4.4 Putting a Rebuilt Vehicle Back on the Road

1. The owner of a rebuilt vehicle that is found to comply with technical standards must submit the structural integrity inspection form to a licensing office to have the salvage status changed to rebuilt. Additionally, most (if not all) jurisdictions require a passed mechanical safety inspection, as a pre-requisite for a vehicle to receive a rebuilt status. This must also be submitted, if required, prior to re-licensing a rebuilt vehicle. If the vehicle was imported from another jurisdiction or from the U.S., you must reference the IRE for vehicle status
2. Once the rebuilt status is entered on the registration certificate and file, the vehicle is eligible to be operated again on public highways.
3. This status is shown on the registration certificate and file for the remainder of the vehicle's existence.

## 2.5 INTERPROVINCIAL RECORD EXCHANGE NETWORK

### 2.5.1 Interprovincial Record Exchange (IRE)

The IRE network is a major asset to the administration of the Canadian Vehicle Status Management Program. The network allows all Canadian jurisdictions to access information on a vehicle imported from any Canadian or U.S. jurisdiction.

Vehicle (and driver) data is available via the IRE for all Canadian provinces and territories, the Canadian Police Information Centre (CPIC) and the Registrar of Imported Vehicles (RIV).

Refer to [Appendix C](#), Vehicle Status Information on IRE, for additional details.

### 2.5.2 Registrar of Imported Vehicles (RIV)

1. For vehicles that are within the scope of the RIV program<sup>14</sup>, RIV obtains U.S. vehicle branding information from:
  - The paper or electronic; Vehicle Import Form – Form 1 or Vehicle Imported for Parts – Form 3 as applicable, stamped by CBSA, or the paperless version of both via CBSA Single Window Initiative (SWI).
  - The U.S. Vehicle Title.
  - Two third-party search systems (e.g. Carfax and Autocheck/Experian).
2. The U.S. vehicle branding information is converted to the equivalent Canadian vehicle status and is conveyed via the IRE. When multiple U.S. brands are assigned to a vehicle, RIV will convey the “worst case” brand to IRE<sup>15</sup>. These vehicles will need to complete a compliance inspection via the RIV as per a notation to this effect made by the RIV in the IRE comment section.
3. For vehicles that are outside the scope of the RIV program, the status of each vehicle must be determined using the appropriate information as per section 2.6.1.

## 2.6 IMPORTED VEHICLES

### 2.6.1 Registration Requirements

1. Prior to registering vehicles imported from another Canadian jurisdiction, from the U.S., or from a country outside of the U.S., each Canadian jurisdiction must verify in the IRE that the vehicle status assigned in all previous jurisdictions does not prohibit the registration of the vehicle in Canada.
  - Perform an IRE/RIV search on every imported vehicle to determine whether the vehicle has ever been branded in Canada and/or the U.S. The vehicle status from the exporting jurisdiction must be retained in order to ensure that the importing jurisdiction has accurately recorded the vehicle status.<sup>16</sup>
  - Obtain the following documents, when applicable:
    - Certificate of Title
    - New Vehicle Information Statement (NVIS)

- Vehicle Registration
  - Canada Border Services Agency forms
    1. B3-3 Canadian Customs Coding Form
    2. CBSA Personal Effects Accounting Document
  - The Vehicle Import Form – Form 1 or Vehicle Imported for Parts – Form 3 as applicable, stamped by CBSA or when no form present, validate via the IRE
  - Jurisdiction Vehicle Safety Inspection
  - Bill of Sale
- For vehicles over 15-years old, imported from countries other than Canada and the U.S., the following documents may also be required:
    - Letter from the vehicle registrar in the originating jurisdiction.
    - Statutory Declaration for vehicles where there may be vehicle status issues and/or lack of a vehicle branding program.
    - Certified translation of foreign-language documents.
2. Policies and procedures for registering imported vehicles that are outside the scope of the RIV program should be developed for use at point-of-service.

### 2.6.2 Right-Hand Drive Vehicles

Imported right-hand drive vehicles create a number of road safety, economic, insurance, and environmental concerns in Canada. The CCMTA Right-Hand Drive Vehicle (RHDV) Working Group, reporting to the Drivers and Vehicles Program Committee, has developed recommendations for allowing jurisdictions to respond to the impacts and emerging issues posed by these vehicles.

In addition to other recommendations of the RHDV Working Group, it's proposed that jurisdictions consider taking the following steps:

- A right-hand drive vehicle that has been designated as a total loss should be branded as irreparable/nonrepairable.
- Add a right-hand drive indicator to the IRE network to facilitate the identification and tracking of RHD vehicles.

## 3. THEFT DETECTION AND REGISTRATION OF HOMEMADE (U-BUILT) TRAILERS

Vehicle theft is a problem which all jurisdictions have experienced. Stolen vehicles are often dismantled in “chop shops” and the parts sold, or they may be sold intact. Many more expensive vehicles are exported to overseas markets where it may be simple to register a vehicle in the name of a new owner, with minimal likelihood that the vendor will be caught.

For those sold intact, within Canada and the U.S., there is a possibility of recovery, if they can be identified. Unfortunately, individuals who steal these vehicles know how to replace identifying markings,

labels and features to render detection very difficult. While this generally requires the identity of a donor vehicle, which may be difficult or expensive to procure, it is likely that the new identity will be obtained, especially for more expensive vehicles.

Another means of registering a stolen vehicle is to claim that it is homemade. Homemade vehicles do not initially have VINs, which are generally assigned by the jurisdiction. This is not usually a good strategy for stolen motor vehicles because they are generally recognizable by make and model. A homemade trailer, however, may be less conspicuous, and (unlike a motor vehicle) may also not have to satisfy a safety inspection before it may be re-registered.

Evidence of a trailer's weight may be required, and the applicable paperwork completed by the owner, but once that has been provided at the registration office a new plate and ownership are usually issued. The large number of homemade trailers registered each year, does make it challenging to inspect every one prior to registration.

Jurisdictions are encouraged to examine strategies for preventing the improper registration of stolen trailers. For example, one jurisdiction has developed a screening approach based on a trailer's weight.

While there are many small utility trailers fabricated by private individuals, it is much less likely that larger trailers are legitimately homemade. This is especially true for fifth wheel-sized trailers that provide large-scale commercial services. Therefore, while the total number of homemade trailers registered each year may be considerable, the number of trailers registered in each weight category usually tends to decrease as the weight range of the category increases.

Above a certain weight threshold, it was feasible to inspect every homemade trailer. The appropriate minimum weight threshold in the jurisdiction was found to be 5000 kg. Above this point less than one trailer per week needed to be inspected, which was well within budget. In addition, the weight threshold may be adjusted from time-to-time to balance the number of inspections with available resources.

## **4. FRAUDULENTLY REGISTERED VEHICLES THROUGH IDENTIFY THEFT**

Individuals' driver's licenses and other identification may be stolen or compromised, and subsequently used to fraudulently register, license and insure vehicles.

This activity not only affects the identity theft victim and their records with Canadian motor vehicle administrators, responsible to maintain vehicle registries, but many other agencies; such as: police, motor vehicle dealers, credit agencies, banks, loan companies, municipal parking enforcement, highway toll agencies, tow companies, and impound lots.

The victim of identity theft is often faced with debt from the fraudulent purchase of the vehicle and the insurance. They may also have parking tickets, speeding infractions, accident claims and loans for the purchase of the vehicle outstanding in their name.



This section is designed to provide suggestions, and recommendations to motor vehicle administrators to help manage both the records of the vehicles that are fraudulently registered, as well to contemplate activities which may mitigate consequential impacts to the records of individuals impacted by the fraud.

### **Victims:**

A jurisdictional administrator may provide the victim copies of the documents that were submitted to process the fraudulent registration and instruct them to notify the police and Equifax/Transunion credit bureaus.

The administrator could request the victim to complete a notarized statement/questionnaire confirming that they are a victim of identity theft and that the vehicle was transferred into their name without their knowledge/consent.

For cases where the administrator is satisfied the individual is a victim of identity theft, policies could be developed to assist the victim in dealing with any repercussions that may have occurred, as a result of the vehicle being fraudulently registered into their name. It is suggested that the administrator:

- Advise the individual to contact their insurer to:
  - Remove any premium debt related to the vehicle.
  - Remove any claims history associated with the vehicle while registered in their name.
- Remove the vehicle from the victim's record (once the vehicle has been recovered and the rightful owner determined).
- Provide support/letters to other agencies affected.
- Work with police to transfer the vehicle out of the victim's name and to the rightful owner.

### **Vehicles:**

If notified that the police are investigating a fraudulently registered vehicle, a jurisdiction may prevent further transactions from occurring which involve the particular vehicle, such as transfers of ownership.

After the investigation is completed, the rightful owner determined, and the vehicle secured/recovered; the administrator should transfer the vehicle registration to the rightful owner. This process may involve working with the following affected agencies:

- police
- car dealerships
- insurers
- loan companies/banks
- private insurers
- bailiffs, *and/or*
- tow companies/impound lots.

### **Newer Vehicles:**

Newer vehicles are usually illegally purchased from dealers by way of fraudulent loans in the name of the victim or stolen/fraudulently obtained credit cards.

In these cases, the administrator should request correspondence from police or require a court order indicating the rightful owner and notarized documents completed by the rightful owner to transfer the vehicle registration into their name.

### **Older Vehicles:**

Older vehicles that have little or no value, tend to be purchased from individuals using cash. These vehicles often end up in tow yards/impound facilities, incurring fees in the victim's name.

Some jurisdictions have legislation that applies to these situations. If no legislation applies and if no one can prove financial interest, then policies should be developed to allow the tow yard/impound facility to either sell the vehicle to recoup their expenses or scrap the vehicle if it is of little or no value.

If the tow yard/impound facility opts to sell the vehicle, they should be required to complete a notarized declaration. The declaration along with correspondence from police will be required for the administrator to transfer the vehicle registration into their name.

If the tow yard/impound facility intends to scrap the vehicle, they should notify the administrator in writing and the vehicle registration record should reflect that organization as the owner with the vehicle status changed to Irreparable/Nonrepairable.

### **Unrecovered Vehicles:**

If the confirmed fraudulently registered vehicle is not recovered and still registered to the victim after a prolonged period, a jurisdiction may consider a policy that allows the administrator to transfer the registration to show the registered owner as "Identity Theft" so that the vehicle is no longer linked to the victim.

Given the increasing prevalence of identity crime, it is recommended that jurisdictions have in place processes and procedures (such as the ones outlined above) to address and mitigate the harmful impacts to victims of identity theft and fraud.

## **5. CONCLUSION**

Recognizing that the vehicle landscape is continually changing, along with associated criminal activities, the CCMTA Vehicle Strategy Overview Group recommends that a regular review of this document occurs at least every five years, to ensure the program remains relevant and reflects current best practices.

## APPENDIX A: VEHICLE STATUS RULES

### IRREPARABLE/NONREPAIRABLE

Definition	Return to Circulation	Registration Status	Change to Vehicle Status
<p>Any vehicle which is incapable of operation or use on the road/highways and has sustained severe damage to the extent that rebuilding is not recommended.</p> <p>Flood damaged vehicles are designated as irreparable or nonrepairable.</p>	<ul style="list-style-type: none"> <li>The vehicle can never be returned to circulation.</li> <li>The vehicle may be used for parts.</li> <li><b>Exception:</b> None of the components of an irreparable/nonrepairable flood damaged vehicle may be used as donor parts for repairing or rebuilding other vehicles, except where it is determined the donor part was unaffected by the flooding occurrence.</li> </ul>	<p>This status appears following:</p> <ul style="list-style-type: none"> <li>a compulsory declaration of total loss by an insurance company or self-insured fleet</li> <li>a voluntary decision by the vehicle owner</li> <li>an imported vehicle being identified as junk in another jurisdiction</li> <li>release of the results of a structural integrity inspection</li> </ul>	<p>Only the jurisdictional authority which designated the vehicle as irreparable or nonrepairable may change or replace the status.</p> <p>A change to vehicle status should be allowed only when correcting a clearly identified and documentable error.</p>

### SALVAGE

Definition	Return to Circulation	Registration Status	Change to Vehicle Status
<p>Any vehicle which is damaged by collision, fire, accident, trespass or other occurrence to the extent it is no longer economic to repair the vehicle for legal operation on the highway.</p> <p>This will also include vehicles that are written-off by an insurer due to vehicle damage exceeding a contractual threshold.</p>	<p>A vehicle may be returned to circulation only after it has successfully passed structural integrity and mechanical/safety inspections.</p> <p>The vehicle status must be changed to REBUILT after the passed structural integrity and mechanical/safety inspections have been completed.</p>	<p>This status appears following:</p> <ul style="list-style-type: none"> <li>a compulsory decision of total loss by an insurance company or self-insured fleet</li> <li>a voluntary decision by the vehicle owner</li> <li>an imported vehicle given the same or equivalent status in another jurisdiction.</li> </ul>	<p>This status can only be changed to:</p> <p>Rebuilt: if the vehicle has successfully passed a structural integrity inspection.</p> <p>Stolen: if the vehicle was stolen after the accident (salvage status is reinstated if the vehicle is recovered)</p> <p>Irreparable/nonrepairable: if the vehicle is so declared upon structural integrity inspection or as a result of a new decision by the insurer or owner.</p>

**REBUILT**

Definition	Return to Circulation	Registration Status	Change to Vehicle Status
Any salvage vehicle which has been rebuilt and has passed inspection(s) for the purpose of registration or titling.	The vehicle may be returned to circulation.	This status appears following: <ul style="list-style-type: none"> <li>• successful structural integrity and mechanical/safety inspections of the salvaged vehicle, or</li> <li>• an imported vehicle given the same status in another jurisdiction or where it is determined that a more constraining designation should be assigned.</li> </ul>	This status can only be changed to:  Irreparable/nonrepairable: if the vehicle is involved in another collision and written off.  Stolen: if the vehicle was stolen. (rebuilt status must be restored if the vehicle is found and there is no serious damage)

**STOLEN**

Definition	Return to Circulation	Registration Status	Change to Vehicle Status
Any vehicle which has been declared stolen to the police and which has not been recovered.	No transaction authorizing a return into circulation is permitted until the vehicle has been found and its status changed.	The vehicle status is changed immediately on notification by the police.	Only the police force declaring the vehicle stolen can request the stolen status be revoked after its recovery.  Once the stolen status is revoked, it must be replaced with: <ul style="list-style-type: none"> <li>• the status existing before the theft, or</li> <li>• Salvage or Irreparable/nonrepairable if the vehicle was damaged or destroyed to the point where one of statuses apply.</li> </ul>

## **APPENDIX B: FLOOD DAMAGED VEHICLE MODEL**

Excerpt from the *CCMTA Model for Flood Damaged Vehicles, Version 4.0, May 16, 2007*.

All jurisdictions should adopt supporting regulations which will promote and provide the ability to enforce compliance with the flood model.

1. A flood vehicle is defined as:  
“a vehicle that has been immersed in a liquid to the bottom of the dashboard or to a level affecting any of the major electrical system components, and/or a vehicle contaminated with toxic fluid that renders the vehicle unsafe due to toxic hazard.”
2. The bottom of the dashboard is defined as the area where the floor meets the firewall at the seam.
3. The major components of an electrical system include:
  - a fuse panel or breaker panel
  - a component that monitors, triggers, or controls any component of the vehicle’s occupant restraint systems
  - an electronic component that transmits or relays power for use in the heating and cooling of the vehicle’s occupant compartment
  - an electronic component that transmits or relays power for use in the vehicle’s defogging or defrosting systems
  - an electronic component or module that controls the vehicle’s primary operating systems
  - a main wiring harness with unsealed connections that is located in the occupant compartment
  - an electronic module that controls the vehicle’s on board self-diagnostic system, excluding communications, navigational and entertainment systems
  - an electronic module that controls the vehicle’s braking, acceleration, steering or any other systems affecting the drivability or safe operation of the vehicle
4. None of the components of a flood vehicle may be used as donor parts for repairing or rebuilding other vehicles, except where it can be determined the donor part was unaffected by the flooding occurrence.

### **Exceptions:**

- A jurisdiction may exempt a vehicle from receiving irreparable/nonrepairable flood status if none of the vehicle’s major electrical system components have been immersed in, or covered by liquid.
- Flood status does not apply to vehicles manufactured in 1971 or earlier.  
Rationale: The exemption is intended to provide flexibility for vehicles generally of collectible value and manufactured with very limited and basic electrical components.
- A jurisdiction may exempt a vehicle from receiving *non-repairable-flood status* for a flooding event that occurred within the jurisdiction, if it can be documented that the vehicle was subjected to fresh water flooding without the presence of harmful or toxic contaminants, and the vehicle may be safely repaired.

## APPENDIX C: VEHICLE STATUS INFORMATION ON IRE

The following information was provided by CCMTA and is current as of March 2018.

### 1. Exchange of Vehicle Status Information on IRE

Jurisdictions exchange vehicle information on IRE using the VE1 transaction. There are actually two formats for this transaction - the **OLD** format where a single vehicle status is exchanged and the **ENHANCED** format where there are multiple vehicle status categories.

As of January 2018, some jurisdictions (BC, NB, NT, PE, SK) have implemented the ability to send the vehicle status using the VSE (vehicle status enhancement) multiple vehicle status categories. SK is the only jurisdiction that can send all VSE values. PE can send some of the new values. BC NB and NT can only send the same values that are available under the **OLD** format.

When, for example, SK is using the **ENHANCED** format and is exchanging data with AB (who uses the OLD format), software within IRE automatically makes appropriate data translations. If SK reports a vehicle as being both stolen and rebuilt, AB would only see a single status of stolen.

Within the IRE specification for exchanging vehicle status there is a hierarchy. If a jurisdiction records multiple statuses for a particular vehicle but is using **OLD** format transactions on IRE, then the actual status reported is determined by the reporting hierarchy (see table under **OLD** Status).

In 2006 the IRE VE1 transaction was enhanced so that more information regarding vehicle status could be exchanged. The old, single status included values for brands, vehicle location, VIN validity (see old status values on the following page). In the **ENHANCED** version the single status was more logically categorized into condition, condition reason, location, composition, Vin type and Inspection Requirements.

### 2. Old IRE Status

Description	The current status of the vehicle. Should a jurisdiction have more than one active status available, the status reporting hierarchy should be used to determine which status to return.	
Codes	0 - Normal	Vehicle exists and currently hasn't any non-normal statuses
	1 - Stolen	Declared stolen to the police and has not been reported recovered
	2 - Inspection Required	Must pass inspection. (June 2006 - renamed from "unfit" to better reflect how the jurisdictions use this value)
	3 - Abandoned	Vehicle was found deserted and either unable to locate registered owner or there was no jurisdictional record of vehicle. Vehicle is in police custody.
	4 - Salvage	Damaged to the extent that cost of repairing the vehicle for legal operation on the public roads exceeds its fair market value immediately prior to damage.
	5 - Moved	Vehicle registered by or exported to another jurisdiction
	6 - Incorrect VIN	The VIN, though associated with a registered vehicle, has an illegitimate configuration
	7 - Sold	Vehicle has been identified as sold by the registered owner

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Description	The current status of the vehicle. Should a jurisdiction have more than one active status available, the status reporting hierarchy should be used to determine which status to return.	
	8 - Rebuilt	A salvage vehicle which has been repaired. It must have been certified or passed inspection to allow it to be registered
	9 - Nonrepairable	Incapable of operation or use on public roads. It also has no resale value except as a source of parts or scrap.

Based upon the Wrecked Vehicle Program model, the following table depicts the status reporting hierarchy (stolen being the highest). It also offers a guideline to registering each status.

VEHICLE STATUS	REGISTER FOR USE ON PUBLIC ROADS?	VEHICLE STATUS UPON REGISTRATION
Stolen <sup>17</sup>	NO	
Nonrepairable	NO	
Salvage	YES - requires certification	REBUILT
Rebuilt	YES - requires certification	REBUILT
Abandoned	YES - requires certification	NORMAL
Inspection Required	YES - requires certification	NORMAL
Incorrect VIN	YES	NORMAL - only if VIN is corrected
Sold	YES	NORMAL
Moved	YES	NORMAL
Normal	YES	NORMAL

### 3. Enhanced IRE Status

The **OLD** single status category has been expanded into six separate categories for exchanging information with respect to the disposition of the vehicle. The 10 **OLD** vehicle status values have been included in the **ENHANCED** status categories. (OLD status values have been highlighted in the following table).

CONDITION	CONDITION REASON	LOCATION	COMPOSITION	VIN TYPE	INSPECTION REQUIRED
Nonrepairable	Collision	Stolen	Reconstructed	Replaced	Now
Rebuilt	Flood	Abandoned	Refurbished	Reissued	Next Registration
Salvage	Fire	Sold	Modified	Assigned	No
Damaged	Hail	Moved	Kit	Incorrect	
Normal	Salt	Exported	Replica		
	Vandalism	Recovered	Homemade		
	Part Stolen				

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CONDITION	CONDITION REASON	LOCATION	COMPOSITION	VIN TYPE	INSPECTION REQUIRED
	Part Missing				
	Other				
	Theft				



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- <sup>1</sup> Some Canadian jurisdictions use vehicle brand 'irreparable' while others use 'nonrepairable'.
- <sup>2</sup> Some jurisdictions use CPIC data to identify and flag stolen vehicles. It's recently been identified that the stolen status in CPIC is being removed before some vehicles are recovered; the cause is currently being investigated.
- <sup>3</sup> A used vehicle that has had the major chassis or body components replaced with the chassis or body of another previously registered vehicle from the same manufacturer, and same or similar model.
- <sup>4</sup> A new vehicle that (1) has been constructed by an individual or company not approved by Transport Canada as a vehicle manufacturer (2) is one of a kind, *and* (3) does not resemble *either* any previously manufactured vehicle, or any vehicle that the major component parts came from.
- <sup>5</sup> A new vehicle manufactured to resemble a previously known manufacturer's make, constructed completely of new parts.
- <sup>6</sup> A new vehicle that (1) is constructed from a kit and new or refurbished major component parts, and (2) may resemble a previously known manufacturer's make.
- <sup>7</sup> Some jurisdictions receive stolen vehicle data via CPIC.
- <sup>8</sup> In some jurisdictions, the inspection station, not the vehicle owner, is required to keep a rebuilding record of the vehicle.
- <sup>9</sup> In some jurisdictions, the insurer name, claim number, and copy of the estimate are kept by the insurer and do not form part of the rebuilding record.
- <sup>10</sup> In some jurisdictions, the VIN of the source vehicle and date of purchase are not required.
- <sup>11</sup> The requirement for photos of the vehicle on a frame alignment bench may vary by jurisdiction.
- <sup>12</sup> The type of inspection and the persons who will be authorized to carry it out will have to be discussed and developed by a working group.
- <sup>13</sup> In some jurisdictions, the inspection of these systems and components are completed during the mechanical inspection and not during the structural integrity inspection. Rebuilt vehicles must undergo two types of inspections; the structural integrity inspection is performed only on a rebuilt vehicle whereas a mechanical inspection may be performed in other situations (putting back on the road of vehicles stored, imported, scrapped, etc.).
- <sup>14</sup> Reasons a vehicle may be exempted from the RIV program: commercial, new Canadian specification vehicle, returning Canadian vehicle, vehicle is 15 years or older, or bus manufactured prior to Jan. 1 1971, vehicle entered for exhibition, testing or demonstration, vehicle entered by visitor or tourist, work vehicle.
- <sup>15</sup> Situations like this may result in disputes between RIV and the importers who have vehicles with salvage certificates issued by a U.S. state, and an RIV/IRE vehicle status of nonrepairable. Importers wishing to challenge the U.S. brand associated with the vehicle are advised by RIV that they must contact the state licensing authority that issued the brand for correction/clarification and not Carfax or Autocheck who are merely vessels for the information.
- <sup>16</sup> When a vehicle is imported from another Canadian jurisdiction, IRE consults the registration files of all jurisdictions in addition to that of the originating jurisdiction. Although all jurisdictions have implemented the stolen and wrecked vehicle program and have marked a vehicle with the appropriate status, there will always be situations where a nonrepairable, salvage, or stolen vehicle is registered as normal by another jurisdiction.
- <sup>17</sup> The recovery of a stolen vehicle should result in the reinstatement of the previous status