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# CCMTA Model for Flood Damaged Vehicles

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## 1 Introduction

The purpose of this document is to define a flood damaged vehicle and to add a new national vehicle status designation to identify vehicles that have been flood damaged for all jurisdictions.

## 2 Problem Statement

Like other natural disasters, floods can create enormous damage to property and vehicles. Rain, thunderstorms, swelling rivers, and seasonal hurricanes all contribute to flooding disasters that can cause serious water damage to vehicles in flood areas.

Water damage from 1999's Hurricane Floyd ruined approximately 75,000 vehicles and more than half of those ended up back on the road. Tropical Storm Allison damaged another 95,000 in 2001 and Hurricane Ivan left more than 100,000 vehicles water-logged. The numbers for Hurricane Katrina skyrocketed to about a quarter million and safety experts warn that many of these flood damaged vehicles were dried out and offered for sale.<sup>1</sup>

Dishonest and unscrupulous car dealers buy the vehicles, dry and clean them, yet leave plenty of hidden damage. They then transport the vehicles to states unaffected by the storm or natural disaster and sell them as used vehicles to unsuspecting buyers. These dishonest dealers will not disclose the damage on the vehicle's title (reflecting Flood status) issued by the jurisdiction that experienced the flood, but will try to obtain a clear, clean title in a new jurisdiction. This is called "title washing". The vehicles are then sold with the hidden damage/defects.

## 3 Project Group

This document is prepared under the auspices and mandate of the General Vehicle Inspection Issues Project Group, for the CCMTA Standing Committee on Drivers and Vehicles.

## 4 Vehicle Status

Identifying vehicle status is a road safety initiative that is designed to enhance road user safety, better protect consumers in the used vehicle market, and reduce vehicle registration fraud and theft. Vehicle status is the use of a permanent designation on the vehicle's title, registration, or permit documents to indicate that a vehicle has been damaged due to collision, theft, fire or flood or has been sold for scrap.

Identifying vehicle status is mandatory in most Canadian jurisdictions and American states when an insurer or vehicle owner writes off a vehicle as a "total loss". Typically this means the cost to repair the vehicle would equal or exceed the value of the vehicle or the vehicle cannot be safely repaired, although legal definitions vary.

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<sup>1</sup> Carfax.com April 17, 2007

Identifying vehicle status typically has two objectives:

- as a deterrent to auto theft
- as a consumer protection warning

Although statuses vary from one jurisdiction to another in North America they usually include some variant of normal, salvage, rebuilt, irreparable (non-repairable).

In June 1994, the Council of Ministers Responsible for Transportation and Highway Safety approved the “Stolen and Wrecked Vehicle Program”. This program contained 4 vehicle status terms to be placed on vehicle registration certificates. These are:

**Non-Repairable** - Any vehicle which is incapable of operation or use on the highways and which has no resale value except as scrap.

**Salvage** - Any vehicle which is damaged by collision, fire, flood, accident, trespass, or other occurrence to the extent that the cost of repairing the vehicle for legal operation on the highway exceeds its fair market value immediately prior to the damage.

**Rebuilt** - Any salvage vehicle which has been rebuilt and inspected for the purpose of registration or titling.

**Stolen** - Any vehicle which has been declared stolen to the police and which is not recovered.

All Canadian jurisdictions adopted these standards throughout the 1990's.

## 5 Proposed Status for Flood Vehicles

It is recommended a vehicle designated as a flood vehicle will be treated the same as a non-repairable vehicle as defined in the Stolen and Wrecked Vehicle Program - “Any vehicle which is incapable of operation or use on the highways and which has no resale value except as a source of parts of scrap”.

The proposal is to add a new nationally harmonized condition of “flood” to the program.

## 6 Proposed “Flood Vehicle” Definition

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.

Definition of bottom of the dashboard: The bottom of the dashboard is defined as the area where the floor meets the firewall at the seam.

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.

Additionally, 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:**

1. A jurisdiction may exempt a vehicle from receiving non-repairable-flood status if none of the vehicle's major electrical system components have been immersed in, or covered by liquid.
2. 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.

3. 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.

Ideally, all jurisdictions should adopt supporting regulations which will promote and provide the ability to enforce compliance.

## **7 Summary**

It is recommended the new status, modified and nationally harmonized condition of flood be adopted as defined and described in this document, with the approval of the CCMTA Board. The activation of this condition recognition can be accomplished through the implementation of the IRE enhancements relating to vehicle status I condition I reason as described in the IRE User Manual.

The suggested implementation date for all jurisdictions is January 1, 2008, however, it is recognized some jurisdictions will require a longer implementation date depending on their ability regarding the timing of regulatory change.