

## 5 DAMAGED VEHICLE PROCEDURES

### 5.1 General Policy

#### 5.1.1 AIAG Damage Coding

- 5.1.1.1 The AIAG damage coding system is the industry inspection standard and is used by Hyundai GLOVIS. Therefore, all Hyundai GLOVIS contractors are required to use the AIAG damage coding system.
- 5.1.1.2 The condition of the vehicle must be reported to the Hyundai GLOVIS Claims Management System (GCMS) using the five digit damage coding system. These codes can be found in APPENDIX E. Code cards may be purchased from the AIAG website (<http://www.aiag.org>) under product code "M-22".
- 5.1.1.3 Inspections must be completed and transmitted within one business day (Monday through Friday) of receipt, except for vehicles arriving at First Point of Rest where the inspection and transmittal of exceptions must be completed within two business days from the date on which vehicles are unloaded and released to the port. The actual inspection date sent to GCMS must be the date the vehicle was inspected.

#### 5.1.2 Chain of Custody

- 5.1.2.1 The chain of custody establishes damage liability. Reporting an incident or issue does not determine liability. Chain of custody is established when two parties have a verifiable means to inspect a vehicle for damage, mutilation, or missing parts when accepting the vehicle from one another. Vehicle chain of custody is established through vehicle inspections. Railcar chain of custody is established by the original undamaged seals.
- 5.1.2.2 If a vehicle is noted as damaged by the receiving party, accountability lies with the delivering party until proven otherwise.

#### 5.1.3 Damage Defined

- 5.1.3.1 Damage is typically caused by physical impact, abrasion, forced entry, or excessive soiling which are charged to carriers. Damage must be noted on the carrier's delivery documents. Some common examples include:
  - Undercarriage damage
  - Interior damage or contamination (grease)
  - Impact to exterior panels
  - Tire and wheel damage
  - Glass scratched, chipped, or broken
- 5.1.3.2 Missing items are not damage but are carrier liable. Missing items must be noted on the carrier's delivery documents. Some common examples include:
  - Keys and key FOBS
  - Owner's manuals
  - SD Cards
  - iPod Cables
  - Loose accessories
- 5.1.3.3 Defects are created in the assembly process and are not transportation claims. Defects are not a carrier liability and not noted on carrier's delivery documents. Some common examples include:
  - Wavy sheet metal
  - Paint runs, over spray, or blisters
  - Any defect under the clear coat

- Injection molding recesses or indentions
- Incorrect parts or accessories

#### **5.1.4 Repair Authority**

- 5.1.4.1 It is strictly forbidden for any Hyundai GLOVIS contractor (vessel owner, stevedore, railroad or rail loading/unloading service provider, port processor or truck carrier) to repair or authorize the repair of any Hyundai or Kia vehicle without written authorization or agreement from Hyundai GLOVIS. Violations of this policy will result in the contractor assuming liability for the damage, associated repairs, surveys, and transportation costs. If Hyundai GLOVIS is unable to ascertain the extent of the damage prior to the unauthorized repair, the vehicle may be classified as a total loss. The violating contractor will be fully liable.
- 5.1.4.2 Authorized repairs must be made by Hyundai GLOVIS approved repair facilities. Contact the Hyundai GLOVIS Claims Department for the nearest approved repair facility.

#### **5.1.5 No Starts and Other Conditions – See Appendix D**

#### **5.1.6 Flat Tires**

- 5.1.6.1 Contractors will not attempt to repair or change a flat tire. See paragraph 5.1.5.5 for the only exception.
- 5.1.6.2 Vehicles are NOT to be driven on flat tires. Flat tires are treated like any other vehicle body damage and reported in the same manner. Any repairs or replacements will be completed by an authorized tire repair service. Contact the Hyundai GLOVIS Claims Department for disposition instructions.
- 5.1.6.3 Flat or damaged tires may never be patched, plugged or repaired. Damaged tires must be replaced with the same OEM tire. If the spare tire is used to move the vehicle, the spare tire must be replaced as well.
- 5.1.6.4 Never use the vehicles Tire Mobility Kit (TMK) to inflate a damaged or flat tire.
- 5.1.6.5 If a vehicle is in-transit waiting to be unloaded and has a flat tire, the unloader will use an air compressor to fill the tire with air in order to unload it. If the tire is punctured or cut so that it cannot be filled with air, the unloader will use the facilities spare tire and jack, not the vehicle's spare tire and jack. This is the only instance when a contractor is authorized to change a tire. Report the damage as an exception.
- 5.1.6.6 Any vehicle that has been resting on its undercarriage must be reported. Tires are not salvageable and cannot be requested from dealers or repair agents due to liability laws and legal implications. The repair agent or dealer is to render the tires unusable by cutting or puncturing the bead.

#### **5.1.7 Damaged Glass**

- 5.1.7.1 Damaged, cracked or broken glass is treated like any other vehicle body damage and reported in the same manner. Any repairs or replacements will be completed by an authorized glass repair service. Contact the Hyundai GLOVIS Claims Department for disposition instructions.
- 5.1.7.2 When damaged glass is discovered, immediate damage mitigation is required. Place the affected vehicle under a protective awning or inside a building if available. Cover the damage with a heavy duty material such as a plastic sheet and seal with tape (preferably blue painters tape).

- 5.1.7.3 In-transit vehicles may require additional damage mitigation to prevent residual or collateral glass damage to other vehicles.

#### **5.1.8 Protective Plastic Film (PPF) or Wrap Guard**

- 5.1.8.1 PPF or wrap guard is used by OEMs to protect the exterior panels of a vehicle from damage and should remain in place.
- 5.1.8.2 Carriers should remove vehicle PPF or wrap guard if it is loose or not adhering properly to the vehicle. This applies to pre-load inspection and anytime during transport. Loose PPF or wrap guard can cause damage to the vehicle paint finish.
- 5.1.8.3 If the PPF or wrap guard is damaged, torn, heavily soiled, or discolored, it should be removed and the vehicle inspected for damage prior to loading.

### **5.2 Damage Classifications**

#### **5.2.1 General**

- 5.2.1.1 Hyundai and Kia reserve the right to classify vehicle damages based on statutory and legal department liability guidelines. Hyundai and Kia vehicle damages are categorized by three damage classifications.
- 5.2.1.2 Hyundai GLOVIS will authorize and approve contractors to provide estimates for damage. Auto-processors are contractually approved to provide damage estimates.
- 5.2.1.3 Damage estimates are the basis for both Hyundai GLOVIS and its customers to classify damaged vehicles. Therefore, damage estimates become legal documents and the property of Hyundai GLOVIS.

#### **5.2.2 Damage Classification 1 (Sold as "NEW")**

- 5.2.2.1 The motor vehicle is damaged to the extent that it can be repaired and sold as **new**. This is typically minor damage.
- 5.2.2.2 Criteria for Classification 1 are as follows:
- Total Repair Time – Less than 10 hours of combined paint and body work labor time, excluding removal and installation (R&I) time. Blend time is included in overall paint labor time.
  - Cost – Overall repairs, labor, and parts are less than \$1000.00 in total cost.
  - Repair Type – Only 1 panel may be damaged. No body filler of any type or quantity may be used. No cut or weld operations.
- 5.2.2.3 Liable parties are responsible for all costs associated with the repair including survey, transportation, and administration.

#### **5.2.3 Damage Classification 2 (Sold as "Other than New")**

- 5.2.3.1 The motor vehicle is damaged to the extent that it can be repaired, but it cannot be sold as new and is therefore considered "Other Than New" or "Used" for sales purposes.
- 5.2.3.2 Criteria for Classification 2 are as follows:
- Total Repair Time – Ten (10) or more hours of combined paint and body work labor time, excluding removal and installation (R&I) time. Blend time is included in overall paint labor time.

- Cost – Overall repair, labor, and parts exceed \$1000.00 in total cost.
  - Repair Type – Multiple panels are damaged and require repair or refinishing. Panels requiring blending only are not considered damaged panels. Repairs that require any amount of body filler to be used due to panel or part replacement being impractical. A cut or weld repair operation is required.
- 5.2.3.3 Liable parties are responsible for all costs associated with the repair including survey, transportation, and administration. In addition, the liable parties are responsible for depreciation of the vehicle since it can no longer be sold as new.

#### **5.2.4 Damage Classification 4 ("Total Loss")**

- 5.2.4.1 The motor vehicle is damaged to the extent that it is a total loss and is not fit for sale either as new or used. Hyundai and Kia legal departments make the final decision regarding this classification.
- 5.2.4.2 Criteria for Classification 4 are as follows:
- A cut or weld operation to the roof, roof seam, or roof structure is required, including the "A" pillar, "B" pillar, or "C" pillar. This does not include the welding shut of small holes or punctures in the roof skin.
  - Damage or large punctures to the roof skin or panels (that are not bolt-on) that may compromise the structural integrity or safety of the vehicle.
  - Frame damage to the extent that the vehicle must be mounted on a frame repair or pulling machine in order to realign the frame to factory specifications.
- 5.2.4.3 Class 4 vehicles may not be salvaged or cannibalized for parts. Class 4 vehicles must be destroyed by an automobile destruction or crushing facility. A certified destruction certificate must be submitted to Hyundai GLOVIS by the destruction facility.
- 5.2.4.4 Liable parties are responsible for 100% of the dealer wholesale price of the vehicle, survey fees, storage, transportation, frame survey, vehicle destruction expenses and associated claim recovery costs as applicable.

### **5.3 Port and VPC Damage Policy**

- 5.3.1 It is Hyundai GLOVIS policy that NO VEHICLE is to be shipped out of a port, VPC and/or a plant facility with pre-existing vehicle body damage, missing parts, or missing accessories.
- 5.3.2 Carriers must inspect vehicles for damage or missing items. If a carrier discovers damage or missing items, the vehicle shall not be moved. Once a carrier moves a vehicle, the carrier assumes liability for any damage or missing items.
- 5.3.3 If damage is noted by the carrier, it should not be loaded or, if loaded, pulled from the load and the port manager and/or processor notified.
- 5.3.4 The damage will be repaired prior to shipment; therefore, any visible damage noted at destination becomes the liability of the carrier.
- 5.3.5 The Hyundai GLOVIS staff is the only authority to determine if the vehicle's damage/shortage is to be repaired, replaced or if the exception is considered commercially acceptable (CA).
- 5.3.5.1 If the Hyundai GLOVIS staff determines that a repair is required, the driver will be instructed to remove the vehicle from the load and notify his/her dispatch office for a replacement.

- 5.3.5.2 If the Hyundai GLOVIS staff determines the vehicle is customer acceptable (CA), the Hyundai GLOVIS staff will record a "CA" on the carrier's delivery documents and sign his or her full name. This also applies to vehicles with known parts shortages.
- 5.3.6 All exceptions must be noted on the carrier's delivery documents with Hyundai GLOVIS staff signature. Carriers must use the delivery documents with the Hyundai GLOVIS staff signature to return any misfiled claim back to the Hyundai GLOVIS claims department.

#### **5.4 Car Carrier In-Transit Damage**

- 5.4.1 Carriers are liable for damage or loss to vehicles while the vehicle is under the control and care of the carrier. Property should be maintained and secured to prevent damage and theft.
- 5.4.2 If a vehicle sustains any damage (minor or major) during transportation, the transport carrier is to notify Hyundai GLOVIS Claims Department immediately (within one business day of the incident). The carrier will hold the vehicle(s) and await further instructions from the Hyundai GLOVIS Claims Department.
- 5.4.3 In accordance with Hyundai and Kia policy, dealers are instructed to accept damaged vehicles and note the damage on the delivery receipt. However, in the event that a dealer refuses delivery of a vehicle for any reason, immediately contact the Hyundai GLOVIS Vehicle Logistics Department. The driver should not leave the dealership without first obtaining new delivery instructions for the vehicle.

#### **5.5 Rail Terminal Damage Policy**

- 5.5.1 It is the policy of Hyundai GLOVIS that damages originating prior to railcar unloading or haul-away must be verified in writing by either a 3<sup>rd</sup> party inspection company or the ramp operator. This must be done in accordance with the ramp or facility operator's damage verification procedure.
- 5.5.2 All damages must be reported to the Hyundai GLOVIS Claims Department within 1 business day of discovery.

##### **5.5.3 Arriving Trains**

- 5.5.3.1 Railcar door seals must be intact upon arrival. If the seals are broken or seal numbers don't match the railcar, alert the rail terminal operator prior to unloading.
- 5.5.3.2 The initial damage assessment will be performed with vehicles loaded and chocked in the railcars. This inspection is intended to identify any damage to the exterior of the vehicle which could have happened during the rail loading or transit process. Any damage found onboard must have photos of the damage, and of the rail car deck showing that no vehicles have been removed, and that no chocks have yet been removed.
- 5.5.3.3 Any damage missed during the onboard inspection, and prior to chock removal, whether major or minor, shall be the responsibility of the unloading agent.
- 5.5.3.4 After the initial damage assessment, vehicles can be unloaded. If transport damage was detected during the initial assessment, the unloading agent will notify Hyundai GLOVIS Claims Department within 1 business day from inspection completion. Claims resulting from these exceptions will be filed against and deemed to be the responsibility of the originating railroad.
- 5.5.3.5 After the unloading agent handles the vehicle (removal of chocks and driving the vehicle to first point of rest), the unloading agent assumes full responsibility and liability for the vehicle.

##### **5.5.4 Haul-Away From Rail Terminals**

- 5.5.4.1 If damage, mutilation, or missing parts are discovered during the driver's inspection, report the discrepancies in accordance with the ramp or facility operator's damage verification procedure. The terminal operator will notify the Hyundai GLOVIS Claims Department. If GLOVIS determines to ship the vehicle as-is, the driver will complete the delivery documents with the appropriate AIAG damage codes (see APPENDIX E). The terminal manager will sign the delivery documents accepting liability for the issue before the vehicle is moved for shipment.
- 5.5.4.2 The driver will not move the vehicle before this process is complete. If the vehicle is moved, the driver accepts liability of the vehicle.
- 5.5.4.3 If a severe or potentially damaging weather event, such as hail, occurs prior to or during loading, no vehicles are to depart the facility. If vehicles have departed, and it is known that vehicles were exposed to weather related damage, Hyundai GLOVIS may require the vehicles to be returned at carrier expense. Obtain authorization from Hyundai GLOVIS prior to delivery.
- 5.5.4.4 For any damages not noted on an initial third party/processor inspection:
- Driver/carrier representative is responsible for a vehicle damage survey.
  - Any damage must be noted legibly on a vehicle inspection form using the standard AIAG five digit damage codes.
  - A copy of this form must be left with the ramp operator at time of haul-away.
- 5.5.4.5 Any damage or loss not noted and verified as above becomes the responsibility of the carrier.



ACCELERATED SERVICES  
AUTO TRANSPORTERS