Transportation Claims Policies & Procedures Manual

(This manual contains references to some documents and images that are currently unavailable. These documents and images will be added as they become available.)

Toyota Logistics Services
5360 Legacy Drive
Toyota – Building One
Plano, TX 75024
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The Transportation Claims Policies and Procedures Manual has been developed to assist dealer personnel by establishing general principles and, wherever applicable, specific guidelines for the transportation, delivery, receipt, and repair disclosure requirements of new vehicles.

It is the policy of Toyota Motor Sales, U.S.A., Inc. (TMS) to assist its dealers in obtaining prompt and satisfactory settlement of loss or damage claims. The procedures for processing and settling transportation claims have been established by government agencies, legislative statute and judicial interpretation, individual carriers through tariff regulations, and by TMS. Adherence to the procedures in this manual will help ensure that transportation claims are handled with expediency and fairness.

It is also the policy of TMS to assist dealers in meeting their state repair disclosure requirements. All personnel involved in the repair and sale of Toyota vehicles should familiarize themselves with the contents of this manual so that all reporting obligations are met.

Transportation bulletins will be periodically published as procedural and policy changes are added or amended.
MAILING ADDRESS

Toyota Logistics Services, Inc.
Attention: TLS Claims Administration Department
5360 Legacy Drive
Toyota – Building One
Plano, TX 75024

EMAIL   tls_claims_administration@internal.toyota.com
TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 1

A toll-free assistance line is in operation to provide immediate response to dealer transportation and warranty claims questions. The assistance line operates Monday through Friday.

Note: 800 Line operation hours are subject to change and are updated via weekly editions of Warranty Weekly News Update. The phone numbers for dealers are:

- **Toyota** - (800) 421-3407 (option #2)
- **Lexus** - (800) 553-9055 (Request transfer to Transportation Claims)

Before calling, the dealer should carefully examine the problem and explore possible solutions. If assistance is required, all substantiating documentation, which may be required to resolve the problem, should be accessible. The transportation claims assistance line should be used for:

- Clarification of claim returns or denials.
- Assistance in making claim corrections.
- Clarification of transportation claim policy and procedures.
- Guidelines on where to find specific transportation claim information and submittal procedures.

The dealer transportation claim hot line should **NOT** be used for:

- Approval items requiring **authorization**.
- Questions other than those related to transportation claim policies and procedures (e.g., parts returns, warranty claims). Dealers should contact the appropriate department or individual.
TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 1
Policy #1.2

- CPS questions or issues (e.g., CPS Daily Reports, technical issues and functions).

- Request for information obtainable through CPS (e.g., in-service date, claim status, vehicle claim history; etc.).
TRANSPORTATION CLAIMS POLICIES & PROCEDURES

Section 1

Section: Introduction
Policy: VEHICLE TRANSPORTATION CLAIMS PROCESS
Policy #: 1.3

To better understand the vehicle transportation claims process, below is a flow chart illustrating the major steps in claims documentation and filing:

Vehicle Transportation Claims Process Flow Chart

1. Vehicle is delivered by
2. Regular Delivery:
   - Dealer performs standard inspection and checks for damage and missing items
   - Dealer/Driver sign delivery document; damage notated
3. Delayed Inspection:
   - Dealer cannot inspect at time of delivery; vehicle too dirty, snow covered or bad weather
   - Dealer/Driver sign delivery document; no damage notated
   - Dealer performs standard inspection on first business day following
   - Dealer writes on delivery document, "Inspection delayed due to..."
4. Concealed damage discovered upon on-hoist/on-road inspection:
   - Dealer sends certified concealed damage letter to carrier within 48 hours
   - Dealer washes vehicle and performs standard inspection
   - Dealer files claim to TMS
   - TMS audits claim, pays dealer, and files claim to carrier for reimbursement
5. Carrier denies claim
   - TMS investigates on case-by-case basis
   - If claim invalid, TMS debits dealer’s parts account
6. Carrier accepts claim
   - If claim valid, TMS files appeal to carrier

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

Section 2

Section: New Vehicle Delivery Preparation
DELIVERY PREPARATION

In order to ensure smooth and efficient delivery of vehicles, the dealer should:

1) Provide the carrier with the latest schedule of business hours, including specific days and hours when vehicle deliveries are permitted.*

2) Designate and maintain a specific entry and exit corridor.

3) Designate and maintain a specific unloading and staging area. This area should be free of congestion, surface obstructions, low-lying overhead objects, and should be of sufficient size to allow drivers to safely maneuver their transport equipment.

4) Appoint a minimum of two (2) receiving representatives. These individuals should be thoroughly trained in damage inspection procedures and damage documentation. They must be available to inspect vehicles during the specific days and hours as specified in item 1.

* Vehicles delivered outside the specified hours are considered subject to inspection (STI). Please see Policy 4.3 for further clarification.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 3

Section: New Vehicle Acceptance
Policy

While considerable effort is expended to ensure delivery of damage free vehicles, it is possible that a vehicle may arrive in a damaged condition. It is REQUIRED that dealers accept delivery of all vehicles, regardless of the presence of damage. All damage must be noted on the delivery document at time of delivery. It is highly recommended that digital photos be taken to support damage documentation.

Dealers must immediately notify their Area/Regional/Fleet Office in all cases of suspected critical damage. The Area/Regional/Fleet Office will inspect the unit and determine its ultimate disposition.

If it is later determined that a vehicle was refused without the required damage documentation, carrier notification, and without authorization from the Regional/Area office/Fleet, the dealer will be liable for all costs incurred by TMS as a result of its refusal.
Continued success requires that we strive toward the highest levels of quality and customer satisfaction in the industry. We can further this goal by helping to ensure that the factory quality built into each vehicle is maintained throughout the entire transportation and handling process.

A careful, conscientious inspection at the time of vehicle delivery will help to ensure that only damage free, factory-fresh vehicles are delivered to customers. A thorough delivery inspection will also ensure prompt and full recovery of repair costs due to transport damages and shortages.

The cost of any completed repairs or shortages not noted on the delivery document at time of delivery will be charged back to the dealer.
DAMAGE IDENTIFICATION

The proper identification of transportation-related damages and shortages at the time of inspection is critical to dealer recovery. It is, therefore, of the utmost importance that the dealer appoint at least two representatives who are knowledgeable and experienced in receiving new vehicles.

For the dealer’s protection, no dealer personnel, other than those appointed should inspect the vehicle and sign the delivery document.

DAMAGE AREA

All damaged areas must be noted on the delivery document at time of delivery. Dealers will not be reimbursed for repairs made to panels or components not noted on the delivery document.

DAMAGE TYPE

Accurate identification of damage type found at the time of delivery is important for two reasons:

- **Damage Prevention Efforts:** Toyota may more precisely zero in on the cause of a particular type of damage to keep it from recurring.

- **Claims Administration:** Proper type of damage will ensure complete claim recovery from the carrier.

- **Dealer Reimbursement:** Undocumented or incorrect damage type will result in partial or total chargeback.

The following illustrative pages have been developed in order to assist you in the proper classification of damages types commonly found during new vehicle inspection.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1

TRANSPORTATION DAMAGES
DAMAGE TYPE CODE 01: BENT
Deformed panel or part resulting from impact. This code is different from “Broken” or “Dented.” Damage is not considered transportation if caused by factory misalignment.
DAMAGE TYPE CODE 02: BROKEN (EXCEPT GLASS)
Inoperable. Also, to separate into two or more pieces due to impact.
DAMAGE TYPE CODE 03: CUT
A smooth-edged separation caused by a sharp-edged instrument. Not a “Break,” “Crack” or “Tear” Not considered transportation if caused by factory installation.
DAMAGE TYPE CODE 04: DENTED (PAINT BROKEN)
An inward surface depression (outside-in), with paint broken, caused by impact. An outward dent (inside-out) is not considered transportation. On metal surfaces, a dent typically requires metal time, in addition to paint refinishing time, to repair.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
DAMAGE TYPE CODE 05: CHIPPED (EXCEPT GLASS, PANEL EDGE)
DAMAGE TYPE CODE 06: CRACKED (EXCEPT GLASS)
DAMAGE TYPE CODE 07: GOUGED
A groove or cavity chiseled or scooped out causing damage to metal or plastic surfaces. On metal surfaces, a gouge typically requires metal time, in addition to paint refinishing time, to repair.
DAMAGE TYPE CODE 08: MISSING (EXCEPT MOLDING/EMBLEM)
Vehicle part is not present at time of delivery inspection. Not considered transportation if incorrect component installed by factory. Examples of missing items include: keys, floor mats, wheel covers, cargo mats, etc.

Missing keyless remotes are considered a warranty claim – not transportation liability.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
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Policy #4.1
DAMAGE TYPE CODE 09: SCUFFED
A scrape mark that typically does not break the paint surface. Metal/
Repair time is not required.

If scuff can be buffed or compounded out it is considered commercially acceptable
and not a payable transportation claim.
DAMAGE TYPE CODE 10: STAINED OR SOILED INTERIOR
The staining or soiling of an interior surface by a foreign substance.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
DAMAGE TYPE CODE 11: PUNCTURED
A hole or perforation caused by piercing.
DAMAGE TYPE CODE 12: SCRATCHED (EXCEPT GLASS)
A narrow-line type mark or cut in painted, chrome, or plastic surfaces. In painted surfaces, damage is through clear coat and/or reaches prime coat or metal. Metal/Repair time is not required on a scratch to repair.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
DAMAGE TYPE CODE 13: TORN
Similar to “Cut,” but edges are rough or jagged. Not considered transportation damage if due to factory misalignment or installation.
DAMAGE TYPE CODE 14: DENTED - PAINT/CHROME NOT DAMAGED
An inward surface depression (outside-in), having no visible damage to the paint, caused by impact or pressure.

An outward dent (inside-out) is not considered transportation.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
DAMAGE TYPE CODE 20: GLASS CRACKED
Glass is still intact. Typically caused by impact from foreign object.
DAMAGE TYPE CODE 21: GLASS BROKEN
Glass has broken into pieces as a result of impact to the glass or nearby panel or molding. Not to be described as “Cracked” (pieces remain together).

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
DAMAGE TYPE CODE 22: GLASS CHIPPED
A particle or fragment of glass broken off as a result of impact.
DAMAGE TYPE CODE 23: GLASS SCRATCHED
A narrow-line type mark in glass surface as a result of impact.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
DAMAGE TYPE CODE 34: CHIPPED PANEL EDGE
A small area of missing paint due to impact.

Not considered a payable transportation claim if repair requires only touch up (‘‘BTU,’’ Brush-Touch-Up).
WARRANTY DEFECTS

Not considered transportation damage. File as warranty claim.

GLASS STRESS CRACK
Cracks in glass originating beneath a panel edge or molding with no evidence of impact to nearby panels, pillars, or moldings.
LOOSE OR MISSING MOLDING/ EMBLEM
Loosening of a molding or emblem as a result of a defect in materials or factory
installation. Not warranty if loosening is due to impact to molding/ emblem or an adjacent part during the transportation process.

MISALIGNED PANEL/ PART
Misalignment of vehicle panels or parts as a result of improper installation at the factory.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
INSIDE-OUT DENT
A dent typically caused during factory production from an object striking the inside of a panel. The paint surface may or may not be broken. Not transportation unless carrier negligence is conclusively proven.
PAINT RUN
A paint flaw occurring during factory production.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
FOREIGN MATERIAL IN PAINT
A paint flaw occurring during factory production from dirt in the paint or improper preparation of panel surfaces prior to painting.
PAINT BLISTERING
A loss of adhesion of the paint to the panel surface resulting from contaminants in the paint or improper panel preparation during vehicle production.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
FLUID SPILLAGE
Discoloration of an exterior surface by a fluid substance. Not transportation if source of fluid is determined to be from a factory defective Toyota component (e.g., battery) from the same or another vehicle.
FLAT TIRE
Loss of air due to factory installation or an imperfection in the tire. Considered transportation if condition is a result of impact or penetration (as if by a nail) damage.

OTHER DAMAGE
WATER SPOTTING

WATER SPOTTING
Spotting to mostly horizontal paint surfaces caused by mineral deposits left after water evaporation. Not considered a payable damage as deposits typically do not break the paint surface and can be buffed or compounded out.

ACID RAIN
Spotting to mostly horizontal paint surfaces caused by environmental fallout. Acid rain damage is not covered by the new vehicle limited warranty or by transportation carriers. Repairs for fallout damage may be eligible for goodwill consideration (see Section 5.0).

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.1
RAIL DUST
Metallic particles on mostly horizontal paint surfaces resulting from rail transit. Rail dust damage is not covered by the new vehicle limited warranty or by transportation carriers. Repairs for rail dust damage may be eligible for warranty consideration (Operation Code 999130).

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
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CARRIER DELIVERY DOCUMENT

Every carrier is required to provide a delivery document for each new vehicle for the purpose of recording delivery and noting any transportation damage or shortage.
The dealer **must** record all visible damages and shortages on the delivery document before accepting vehicles and signing the carrier’s delivery document.

In instances, where a driver’s notations already exist on the delivery document, it is still the dealer’s responsibility to confirm/deny the driver’s comments on the delivery document prior to signature and acceptance of the vehicle.

The carrier is not liable for any damages or shortages, which do not appear on the **carrier’s delivery document**. The only exceptions to this policy are damages discovered during a concealed damage or delayed inspection. These special conditions are discussed in Section 4.4.

It is **strongly recommended** that both the carrier and dealer representative observe the following guidelines when filling out the delivery document:

1) Write directly on the delivery document when making the vehicle inspection to ensure a more accurate and complete report. All writing must **be done on the top copy only**.

2) Press firmly when making notations so that all copies can be easily read.

3) Print legibly.

4) Fill in all applicable information.

5) Prepare the delivery document with **care, accuracy, and truthfulness**.

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

**Section 4**

Policy #4.2

**Five Digit Damage Codes**

Most damage is documented using an industry accepted five-digit damage code system. This system standardizes inspection recording, eliminates incomplete and illegible handwritten notations, and allows damage to be recorded easily.

The five-digit code system permits the dealer to provide a detailed description of the damaged area(s), the type of damage, and the damage severity. The damage code system is based on the following five-digit arrangement:
A full description of each damage code can be found at Exhibit 4C.

An example is as follows:

A scratch to the rear bumper with a length of 5 inches would be coded:

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Please refer to Exhibit 4B (Page 43) for information on how to record damage on delivery documents designed around the 5-digit damage code system.

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

*Section 4*

*Policy #4.2*

**Handwritten Damage Notations**

If the five digit damage code is not used, the dealer must make handwritten damage notations. All damages or shortages must be written legibly. The dealer will be required to convert the handwritten notations into the 5-digit arrangement before Dealer Daily will accept a claim.

Handwritten damage notations or remarks will have a direct impact on claim payment. Handwritten notations should primarily be limited to describing damage.
area, type (e.g., dent, scratch), and severity, as well as indicating special delivery or vehicle inspection conditions (refer to Section 4.4, Delayed Inspection).

The dealer should refrain from making notations regarding the possible causes of damage (e.g., “Possible Factory Defect,” “Warranty,” “Not Carrier Responsibility,” etc.). Any notations referring to factory/warranty damage must be filed as a warranty claim.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

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**Policy**

Before accepting vehicles and signing any acknowledgments of receipt (e.g., delivery document), it is the responsibility of the dealer to make a thorough inspection of all vehicles received and to note any shortages and damages. **Failure to properly document damages or follow recommended inspection procedures**
will jeopardize the dealer’s ability to recover the cost of repairs.

NORMAL BUSINESS HOURS

Vehicles delivered during normal business hours are to be inspected immediately by the dealer’s trained representative and in the presence of the driver. The inspection should begin while the vehicles are still on the trailer.

Note: For obvious safety reasons, dealer personnel must never enter or climb onto transport equipment.

ON BOARD

This first inspection, commonly referred to as an “on-board” inspection, is to check for:

- Improper tie downs.
- Undercarriage damage - exhaust system, suspension, frame, gas tank, brake lines.
- Fluid leakage - to determine source (e.g., trailer hydraulic fluid, battery leakage, fluid from other vehicles).

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

Section 4
Policy #4.3

ON GROUND

After the on board inspection is complete, an on ground inspection should be performed. The on ground inspection is conducted while the carrier driver is still present.

Although tariff regulations vary, the dealer is generally allowed one hour free time per load from the time of staging to make an on ground inspection. Tariff
regulations allow the carrier to charge the dealer for time beyond the one-hour free waiting period. The dealer should use this time wisely to perform a conscientious inspection and to **thoroughly** record all damages and shortages on the delivery document.

The on ground inspection is to check for:

- Scratches, dents, cuts, stains, damage to body trim, glass cracks, pitting or rock damage (exterior panels).
- Accessories and optional equipment as noted on the Monroney Label (e.g. Floor mats, wheel covers, etc…)
- Interior items, such as seat cushions, carpet, sun visors, headliner, door trim, console, dash and the instrument panel.
  
  **Note:** Special attention should be given to interior around the driver’s area.

- Trunk contents - spare tire, jack, wheel cover, tool kit.
- Under the hood - missing equipment, damaged components, fluid leaks.
  
  **Note:** If there is damage to the trunk, hood, or roof, a check for related damage should be performed under the hood, inside the trunk and under the molding (windshield cracks).

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

**Section 4**

**Policy #4.3**

**On Ground**, continued;

**Rapgard Protective Masking**

The dealer may receive vehicles masked with an adhesive plastic film known as Rapgard. This material is intended to provide protection against airborne and waterborne contamination such as industrial fallout, acid rain, and rail dust.

To provide optimum protection, it is recommended that the dealer leave the
Rapgard on the vehicle until the maximum allowable time limit.

The on ground inspection for vehicles masked by Rapgard is no different than for unmasked vehicles except:

- All masked vehicle surfaces should be inspected to identify areas where the Rapgard may have been disturbed. Disturbance includes:
  - Torn, Ripped, Scuffed, Scraped, Scratched, Stained, Removed & Re-Applied, Soiled, Punctured, Loose, Lifted, Sliced, Cut, Gouged, or Pushed Inward as if from Impact or Pressure, etc.

- If a disturbance is found, the Rapgard should be removed in the disrupted area, in the presence of the driver. Any damage found should be coded on the delivery document, including a notation as to the type of disturbance which prompted the Rapgard removal (i.e. “Rapgard was scraped or torn”).

- If damage is found in the area of disturbance, a transportation claim should be filed.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.3

Rapgard Protective Masking, continued;

For specific information regarding claims procedures when damage is found beneath undisturbed Rapgard, subsequent to delivery inspection, see Section #5.0, “Hidden Damage Beneath Rapgard.”

Policy

The driver may leave after the dealer representative has performed the on board
and on ground inspections for both masked (i.e., Rapgard) and unmasked vehicles. The following must be completed:

- **Both parties must sign the delivery document.**
- The correct date, time, and damages should be noted clearly and legibly, (all copies).
- **Once the driver has left, no further damages or shortages may be recorded on the delivery document.** (See policy 4.4 for after-hours delivery procedures.)

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

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**CONCEALED DAMAGE**

After the carrier driver has left and the on board and on ground inspections have been completed, the dealer should continue surveying for concealed damage.

To inspect for concealed damage, the vehicle should be placed on a hoist or over a
pit and the undercarriage carefully examined to reveal concealed damage.

ON HOIST/ PIT

The concealed damage inspection should check the following:

- Exhaust system
- Suspension system
- Frame
- Gas tank
- Brake lines
- Inner wall and tread area of tires
- Engine and drive compartments
- Underbody sheet metal
- Tie down brackets

ROAD TEST

A road test may also be conducted to identify concealed damage.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

Section 4
Policy #4.4

CONCEALED DAMAGE LETTER

If concealed damage is discovered, it is the responsibility of the dealer to send a Concealed Damage Letter (Exhibit 4C) to the delivering carrier within 48 hours after delivery, (excluding Saturdays, Sundays, and holidays).

The Concealed Damage Letter should be mailed or faxed to the carrier mailing address noted on the delivery document. It should be addressed to the attention of, “Claims Department.”

To ensure that this notice was sent within the allowable 48-hour time limitation, it
is required that dealers retain proof of written notification. Examples include:

- Certified Mail-Return Receipt Requested
- Fax/Email confirmation
- Overnight mail receipt with delivery signature

Failure to do so may result in denial of the claim. It is not necessary to forward a copy of the *Concealed Damage Letter* or proof of 48 hour notification to TMS unless it is specifically requested.

The dealer should carefully document on the *Concealed Damage Letter* all damages found during the on hoist and road test inspection.

**Policy**

The dealer risks recovery of repair costs for concealed damages if the *Concealed Damage Letter* is not sent within the prescribed 48-hour time limitation.

Damages that can be seen during the normal on ground inspection but are not found until after the carrier driver leaves, are not considered concealed. The following do not qualify as concealed damages if found after the driver has left:

- Scratches, chips, gouges, dents, or other impact damages to exterior body panels (i.e., except underbody) or trim.
- Glass damage.

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

**Section 4**

**Policy #4.4**

**Concealed Damage Policy**, continued;

- Damage to roof panels or roof components (i.e., sunroof, roof rack) that are above the line of vision.
- Missing throw-in items (e.g., spare tire, jack, tool kit, wheel covers, etc.) or
- Other factory or port installed options and accessories.
- Any damage that can be seen without having to conduct an on hoist or road test inspection.
• Damage that is undetected because the vehicle is dirty. Dirty vehicles should be washed immediately so that they may be inspected in the presence of the carrier driver. If this is not possible, **Delayed Inspection** procedures noted below should be followed.

**DELAYED INSPECTION**

A delayed inspection may be undertaken only under the following circumstances:

1) Vehicles are delivered before or after normal weekday business hours of the service department.

   *Or*

2) Vehicles are delivered in a condition in which they are too dirty or ice/snow-covered to perform a complete inspection.

   *Or*

3) Vehicles delivered during inclement environmental conditions (e.g. snowstorm, hail, darkness, etc.)

   If vehicles are delivered outside of business hours, the dealer must inspect them during the next regular business day.

   In instances where a vehicle is too dirty or ice/snow-covered to perform a complete exterior inspection and the transport driver can’t wait until the unit can be cleaned, the dealer must:

   • Inspect those areas not affected (vertical panels and the interior) before

   **TRANSPORTATION CLAIMS POLICIES & PROCEDURES**
   
   Section 4
   
   Policy #4.4

   **Delayed Inspection**, continued;

   • the driver departs. Damages, if any, should be recorded on the delivery document.

   • Note on the delivery document “Subject to Delayed Inspection,” as well as the reason that only a partial inspection was performed (e.g., “Too Dirty to Inspect,” etc.). **The above remarks must be made while the driver is still present and before the delivery document is signed-off by either party.**
• Wash, clean, and inspect the vehicles the following business day (excluding Saturdays, Sundays, and holidays).

Whether the delayed inspection is due to delivery outside of normal business hours or due to vehicle surfaces covered with ice, dirt, or snow, it is vital that the dealer complete an inspection as soon as possible. Any damages found on this inspection must be recorded on the Delayed Inspection Letter (Exhibit 4C).

DELAYED INSPECTION LETTER (EXHIBIT 4C)

It is the responsibility of the dealer to send a Delayed Inspection Letter (Exhibit 4C) to the delivering carrier within 48 hours after delivery, (excluding Saturdays, Sundays, and holidays).

The Delayed Inspection Letter should be mailed or faxed to the carrier mailing address noted on the delivery document. It should be addressed to the attention of, “Claims Department.”

To ensure that this notice was sent within the allowable 48-hour time limitation, it is required that dealers retain proof of written notification. Examples include:

• Certified Mail-Return Receipt Requested
• Fax/Email confirmation,
• Overnight mail receipt with delivery signature.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Policy #4.4

Delayed Inspection Letter, continued;

Failure to do so may result in denial of the claim. It is not necessary to forward a copy of the Delayed Inspection Letter or proof of 48 hour notification to TMS unless it is specifically requested.

Policy

The dealer risks recovery of repair costs if the required delayed inspection notation is not made on the delivery document in the presence of the carrier driver and if the
Delayed Inspection Letter is not sent within the prescribed 48-hour time limit.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Exhibit 4A

DELIVERY DOCUMENT PROCEDURES
(Delivery document Based on 5-Digit Damage Code System)

Please note that delivery document formats may vary by truck carrier. All writing must be done on the top copy only.

1. The dealer should first check that the delivery document corresponds to the units being surveyed. Important information includes:

   - Vehicle Identification Number (VIN)
• **Truck Carrier’s Address:** This information should be displayed on the top of the delivery document. All Concealed Damage and Delayed Inspection Letters must be sent to this address. See policy 4.4 for Non-Standard Vehicle Inspections.

2. **Most delivery documents will provide an area adjacent to each VIN.** This area should be used to describe and document vehicle damage/missing items. Damages documented in other areas of the delivery document may result in the denial of the claim.

3. **If damage is found, the dealer must appropriately document all damages including related damage, which resulted from the original damage.** An example would be a shattered rear window resulting in chipped paint on the roof and deck lid. In this case the following 5 digit damage codes would be used:

<table>
<thead>
<tr>
<th>Damage Area</th>
<th>Damage Type</th>
<th>Damage Severity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Glass Rear)</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>(Roof )</td>
<td>37</td>
<td>05</td>
</tr>
<tr>
<td>(Deck Lid)</td>
<td>52</td>
<td>05</td>
</tr>
</tbody>
</table>

4. **Note any missing items based on the Monroney Label.** (e.g. Floor mats, wheel covers, etc…)

5. **Additional remarks to clarify damage and/or to indicate delivery condition (e.g., “Subject to Delayed Inspection, Vehicle Too Dirty to Inspect,” etc.) should also be noted on the delivery document.**

6. **When the dealer and driver are present, both must sign the delivery document. Failure to secure both signatures during normal hour deliveries will jeopardize claim payment.**

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

Section 4

Exhibit 4B

Delivery Document
Sample Currently Not Available
<table>
<thead>
<tr>
<th>Damage Area</th>
<th>Damage Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>00 NO EXCEPTIONS</td>
<td>00</td>
</tr>
<tr>
<td>01 ANTENNA</td>
<td>01</td>
</tr>
<tr>
<td>02 BATTERY/BOX</td>
<td>02</td>
</tr>
<tr>
<td>03 BUMPER/COVER/EXT-FRONT</td>
<td>03</td>
</tr>
<tr>
<td>04 BUMPER/COVER/EXT-REAR</td>
<td>04</td>
</tr>
<tr>
<td>05 BUMPER GUARD/STRIP-FRONT</td>
<td>05</td>
</tr>
<tr>
<td>06 BUMPER GUARD/STRIP-REAR</td>
<td>06</td>
</tr>
<tr>
<td>07 DOOR-BACK CARGO, RIGHT</td>
<td>07</td>
</tr>
<tr>
<td>08 DOOR-BACK CARGO, LEFT</td>
<td>08</td>
</tr>
<tr>
<td>09 DOOR,CARGO,RIGHT</td>
<td>09</td>
</tr>
<tr>
<td>10 DOOR-LEFT FRONT</td>
<td>10</td>
</tr>
<tr>
<td>11 DOOR-LEFT REAR</td>
<td>11</td>
</tr>
<tr>
<td>50 TRIM PANEL-RIGHT FRONT</td>
<td>50</td>
</tr>
<tr>
<td>51 CAB-REAR CORNER, RIGHT</td>
<td>51</td>
</tr>
<tr>
<td>52 DECKLID/TAILGATE/HATCHBACK</td>
<td>52</td>
</tr>
<tr>
<td>53 SUNROOF/T-TOP</td>
<td>53</td>
</tr>
<tr>
<td>54 UNDERCARRIAGE-OTHER</td>
<td>54</td>
</tr>
<tr>
<td>55 CARGO AREA-OTHER</td>
<td>55</td>
</tr>
<tr>
<td>56 VINYL/CONVERTIBLE TOP/Tonneau Cover</td>
<td>56</td>
</tr>
<tr>
<td>57 WHEEL COVERS/CAPS/RINGS</td>
<td>57</td>
</tr>
<tr>
<td>58 RADIO SPEAKERS</td>
<td>58</td>
</tr>
<tr>
<td>59 WIPERS- ALL</td>
<td>59</td>
</tr>
<tr>
<td>60 FIRST AID KIT</td>
<td>60</td>
</tr>
<tr>
<td>61 BOX PICKUP-INTERIOR</td>
<td>61</td>
</tr>
</tbody>
</table>
TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4

LISTING OF DAMAGE CODES: Damage Area, continued;

<table>
<thead>
<tr>
<th>Damage Area</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>46 WHEEL/RIM</td>
<td>96</td>
</tr>
<tr>
<td>47 TIRE/WHEEL-EXCEPT SPARE</td>
<td>97</td>
</tr>
<tr>
<td>48 TRIM PANEL-LEFT FRONT</td>
<td>98</td>
</tr>
<tr>
<td>49 CAB-REAR CORNER, LEFT</td>
<td>99</td>
</tr>
</tbody>
</table>

LISTING OF DAMAGE CODES: Damage Type

<table>
<thead>
<tr>
<th>Damage Type</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>00 NO EXCEPTIONS</td>
<td>02</td>
</tr>
<tr>
<td>01 BENT</td>
<td>03</td>
</tr>
<tr>
<td>02 BROKEN (EXCEPT GLASS)</td>
<td>03</td>
</tr>
<tr>
<td>03 CUT</td>
<td>03</td>
</tr>
</tbody>
</table>

57
04 DENTED (PAINT BROKEN)
05 CHIPPED (EXCEPT GLASS, PANEL EDGE)
06 CRACKED (EXCEPT GLASS)
07 GOUGED
08 MISSING (EXCEPT MOULDING/EMBLEM)
09 SCUFFED
10 STAINED OR SOILED-INTERIOR
11 PUNCTURED
12 SCRATCHED (EXCEPT GLASS)
13 TORN
14 DENTED-PAINT/CHROME NOT DAMAGED
18 MOULDING/EMBLEM/WEATHER STRIP DAMAGED
19 MOULDING/EMBLEM/WEATHER STRIP LOOSE, MISSING
20 GLASS CRACKED
21 GLASS BROKEN
22 GLASS CHIPPED
23 GLASS SCRATCHED
24 MARKER LIGHT DAMAGED
25 DECAL/PAINT STRIPE/WOODGRAIN TRANSFER DAMAGE
29 CONTAMINATION-EXTERIOR
30 FLUID SPILLAGE-EXTERIOR
34 CHIPPED PANEL EDGE
36 INCORRECT PART/OPTION-NOT AS INVOICED
37 HARDWARE, EXTERIOR DAMAGED
38 HARDWARE, EXTERIOR LOOSE, MISSING
50 PAINT MATERIALS CHARGES

LISTING OF DAMAGE CODES: Severity

0 NO EXCEPTION
1 UP TO AND INCLUDING 1" LENGTH/DIAMETER
2 OVER 1" UP TO AND INCLUDING 3" LENGTH/DIAMETER
3 OVER 3" UP TO AND INCLUDING 6" LENGTH/DIAMETER
4 OVER 6" UP TO AND INCLUDING 12" LENGTH/DIAMETER
5 OVER 12" LENGTH/DIAMETER
6 REPLACEMENT-SEVERE DAMAGE/MISSING

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 4
Exhibit 4D

DEALERSHIP LETTERHEAD

Date: __________

To: Carrier's Name
Street Address
City, State and Zip Code

Subject: Report of Delayed Inspection or Concealed Damage
Vehicle Identification Number: ________________________________
Carrier Delivery Document Number: ________________________________
Date of Delivery __________________________________________

Check all applicable statement(s):

**Delayed Inspection**

___ A joint inspection could not be made with your representative.

___ The vehicle referenced above was received at the close of or after our regular business hours. Our inspection disclosed the following damage as noted on the REMARKS section below.

___ The vehicle was delivered in a condition in which it was too dirty or ice/snow-covered to perform a complete inspection. Our subsequent inspection disclosed the following damage as noted on the REMARKS section below.

___ Vehicles delivered during inclement weather (e.g. snowstorm, hail, etc…)

REMARKS: __________________________________________

________________________________________________________________________________________

**Concealed Damage**

___ Since the time the vehicle was received, we have discovered the following concealed damage:

________________________________________________________________________________________

________________________________________________________________________________________

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

*Section 5*

<table>
<thead>
<tr>
<th>Section:</th>
<th>Special Damage</th>
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<tr>
<td>Policy:</td>
<td>GENERAL INFORMATION</td>
</tr>
<tr>
<td>Policy #:</td>
<td>5.0</td>
</tr>
</tbody>
</table>

**CRITICAL DAMAGE**

Critical damage to a new vehicle is defined as damage of such an extent as to make it questionable that a vehicle can be satisfactorily repaired and sold as new. Any one or more of the following damage classifications constitutes critical damage:
• Damage to a frame member, suspension, or body structural member which requires welding to repair or replace (e.g., radiator core support, roof, 1/4 panel, frame).

• Damage requiring frame straightening or frame repair.

• Damage to appearance items to such an extent as to make it questionable that the vehicle can be repaired to the original appearance level.

• Severe air or water, contamination, or pollution damage. Examples of this damage classification are windstorm damage, flooding, hail, acid rain, environmental fallout, etc.

• Fire damage.

• Damage requiring a full vehicle re-paint.

• Any other damage which affects the safety of the vehicle.

• Damage exceeding the vehicle’s repair disclosure threshold (refer to Policy #7.1).

Policy

Dealers must immediately notify their DSPM in all cases of suspected critical damage. The DSPM will inspect the unit and determine its ultimate disposition.

Under no circumstances is the dealer to sell or repair a critically damaged vehicle unless authorization is obtained from the DSPM.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

Section 5

Policy #5.0

FALLOUT DAMAGE

Fallout damage is defined as vehicle surface contamination resulting from air and waterborne contaminants such as acid rain, stack ash, and rail dust. Fallout damage is not covered by the new vehicle limited warranty or by transportation carriers.

Policy

Repairs for fallout damage may be eligible for goodwill consideration if the damage occurred prior to delivery. In order to demonstrate that fallout damage
occurred prior to delivery, the dealer must document and clearly define the damage in the remarks section of the delivery document at the time of vehicle arrival.

A DSPM must be notified immediately to schedule an inspection and to issue further instructions.

**HIDDEN DAMAGE BENEATH RAPGARD**

Dealer Daily will inform the dealer when the maximum allowable time limit is about to expire for keeping Rapgard protective masking on each vehicle. In rare instances, Rapgard may conceal damage caused during factory production.

*Policy*

If, upon removal, hidden damage is found beneath undisturbed Rapgard, the DSPM must be notified immediately to schedule an inspection.

Upon DSPM approval, a warranty claim may be filed for hidden damage. To ensure claim payment, the claim must:

1) Be filed as a warranty claim

2) Be set up as a paint claim

3) Have a DSPM authorization code and number

4) Have 69 as the T1 code

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

*Section 5*

*Policy #5.0*

**Fallout Damage Policy**, continued;

5) Have T2 and T3 codes that describe the damage type and area

6) Have the following CCR description: “Hidden (*see note below) Found Beneath Rapgard”

*Note:* Type of damage should be noted, for example, “Scratch.”
All dealers, including Service Manager Authorization Program (SMAP) dealers, are required to receive DSPM authorization before any hidden damage claims may be filed to TMS Warranty.

FLUID DAMAGE

Receiving a new vehicle, which exhibits surface fluid damage, requires both the dealer and carrier to conduct a thorough investigation to determine the source of the fluid. If the leakage came from another vehicle, the make, model, and serial number of that vehicle must be recorded on the delivery document. The color of the fluid should be documented and, if possible, the fluid type should be identified.

If carrier negligence is determined to be at-fault for the fluid spillage, this should be clearly noted on the delivery document, along with any descriptive information explaining the cause and circumstances.

Listed below are typical fluid types and damage that may result upon their spillage:

- Brake Fluid - dissolves paint
- Battery Acid - dissolves paint
- Transmission Oil - does not destroy paint

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 5
Policy #5.0

Fluid Damage, continued;

- Motor Oil - does not destroy paint
- Hydraulic Fluid - does not destroy paint

Policy

As with waterborne or airborne contamination, the DSPM should be notified
immediately to schedule an inspection if fluid spillage damage is discovered. Painted and non-painted surfaces on vehicles must be inspected by the DSPM.

The dealer must obtain authorization from the DSPM before proceeding with repairs.

Note: Claims for fluid spillage damage resulting from defective Toyota components (e.g., battery, brakes, etc.) should be filed as warranty claims, even if the source of the damage is another Toyota vehicle.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
Section 6

<table>
<thead>
<tr>
<th>Section:</th>
<th>Transportation Claims Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy:</td>
<td>FILING CLAIMS</td>
</tr>
<tr>
<td>Policy #:</td>
<td>6.0</td>
</tr>
</tbody>
</table>

TMS may, at its option, direct dealers to file claims for any damage occurring in transit against the transportation carrier. If dealers are not directed to do so, dealers may file claims directly with TMS. TMS will file these claims to the responsible carrier on the dealers’ behalf.
Policy

According to ICC regulation, transportation claims must be filed against the delivering carrier within nine (9) months from the date of delivery.

In order to allow time for processing, investigation, and final resolution of a claim, all claim information must be submitted within six (6) months after the date of vehicle delivery.

Dealers must use Dealer Daily to transmit claims information to TMS. Once received via Dealer Daily, the transportation claim is reviewed, and if approved by TMS, a credit is issued to the dealer’s parts account within 15 days.

In good faith, TMS will usually pay the dealer for a claim prior to carrier submission. Any claim subsequently denied by the carrier, may be debited against the dealer’s parts account following proper investigation. Both debits and credits are shown on the 10206 Warranty Report.

For instruction on filing claims over via Dealer Daily, please refer to the Dealer Daily Warranty Application User Guide.

Note: A transportation claim may not be submitted for payment until all repairs have been completed.

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<table>
<thead>
<tr>
<th>Section:</th>
<th>Transportation Claims Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy:</td>
<td>WARRANTY VERSUS TRANSPORTATION CLAIMS</td>
</tr>
<tr>
<td>Policy #:</td>
<td>6.1</td>
</tr>
</tbody>
</table>

The cost of repairing damage that occurs during transportation should be filed as a transportation claim. Claims for warrantable expenses should not be filed as transportation claims but, rather, as warranty claims.

WARRANTY
In general, warranty claims include:

1) Repair of improper materials or workmanship.

2) Replacement of any incorrect component with the correct component as specified on the vehicle Monroney label.

3) Hidden damage found beneath undisturbed Rapgard protective masking.

4) Any other damage or defect as pictured under Section 4 or described as follows:
   • Paint runs, sags, drips, peeling, orange peel, and blisters
   • Foreign particles under the clear coat or in the paint
   • Glass stress cracks
   • Loose, bent, broken, or damaged parts or paint caused by improper part installation, alignment, or assembly by the factory
   • Waviness in sheet metal
   • Weld cracks (i.e., not resulting from carrier mishandling)
   • Fluid damage resulting from a defective Toyota component (e.g., battery)

TRANSPORTATION

In general, transportation claims include:

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

Section 6
Policy #6.1

1) Repair of damage caused by physical impact from carrier mishandling.

2) Vandalism or theft damage, as well as loss and shortage as a result of carrier negligence. Transportation loss and shortage would include the following items found missing on delivery:
   • Jack tool kit, wheel covers, radio, antenna, battery, spare tire, keys (including transmitter), cigarette lighter, radio speakers, knobs, stick shift...
cover, knob, or handle, floor mats, glove box contents (e.g., Owner’s Manual), and windshield wipers

- Items noted on the Monroney Label stored loosely within the vehicle for dealer installation
- Other missing standard and optional equipment, noted on the vehicle Monroney Label, not resulting from a factory misbuilt condition (e.g., factory misbuilt condition where air conditioning system not installed)

3) Missing standard equipment or other items as specified on the vehicle Monroney Label as a result of carrier negligence.

4) Any other damage pictured under Section 4 or described as follows:
   - Glass damage other than caused by stress
   - Soiled or dirty interior
   - Undercarriage damage resulting from loading, unloading, or improper tie down
   - Fluid damage caused by another manufacturer’s vehicle on carrier trailer
   - Tire or wheel damage

Above all, common sense and good judgment should be used to discern transportation claims from warranty claims.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES
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<table>
<thead>
<tr>
<th>Section:</th>
<th>Transportation Claims Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy:</td>
<td>REPAIR CHARGES</td>
</tr>
<tr>
<td>Policy #:</td>
<td>6.2</td>
</tr>
</tbody>
</table>

GENERAL

Since the carrier is liable only for repaired transportation damage, it is in the dealer’s best interest to begin the necessary repairs as quickly as possible and to process the transportation claim when the repairs are complete.
REPAIR ORDER

A dealer repair order must be prepared for each vehicle when repairs are performed. The dealer repair order must show:

1) The hourly labor rate of the repair facility.

2) A detailed breakdown of the work performed.

3) An itemized breakdown of the metal, paint, R&R, and R&I time for each separate repair operation.

4) The part number and quantity of replacement parts.

5) A breakdown of repair materials and their costs.

Transportation damage repairs must not be combined with warranty repairs on the same repair order or claim. However, all transportation repairs for a vehicle should be submitted under a single claim. Please note that the original repair order must be retained by the dealer.

SUBLET WORK

All service work performed by a repair facility other than the dealer’s is considered sublet repair work. The dealer must obtain a repair invoice (not an estimate) from the sublet shop which clearly outlines the same information (steps 1-5) noted above for the dealer repair order.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

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Policy #6.2

Sublet repair charges must not exceed the guidelines outlined under Section 6.2, “Repair Charges.” Dealers are advised to first obtain an estimate of repairs from the sublet facility before repairs commence.

The dealer will be reimbursed for the actual cost of the sublet repair. The sublet repair invoice must be retained by the dealer along with any other supporting documentation relating to the transportation claim.
REPAIR CHARGES

It is TMS policy to audit all dealer transportation claims to identify possible dealer input errors or excessive repair charges.

Paint Labor

Paint labor times, as well as R&R (i.e., remove and replace) and R&I (i.e., remove and install) times, are audited against guidelines established in the *Mitchell Collision Estimating Guide*. This guide is considered to be the standard in the industry, and its repair estimates are developed using product information provided by TMS.

Metal Labor

Metal labor times are audited using the formula:

Metal Time Allowance = 1 hour X Length of Dent in Inches*

Length based on severity code notation made by dealer on delivery document (see Exhibits 4A & 4B).

Materials

Materials (e.g., sandpaper, tape, paint, primer, etc.) charges are audited using the formula:

Materials Charge Allowance = (Total Paint Labor Tune) * (1/2 Labor Rate)

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

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Policy #6.2

Parts

For both dealer and sublet parts replacement repairs, the *maximum* that will be reimbursed to the dealer is the sum of the dealer cost (i.e., what the dealer would have paid to purchase the part from TMS) and a 45% markup over the cost. This policy applies to all parts, except tires and glass/windshields.
A dealer’s claim may be returned for amendment if repair charges exceed any of the guidelines outlined under Section 6.2.

NON-PAYABLE REPAIRS (COMMERCIA LLY ACCEPTABLE)

Some vehicle damage is so minor that it may require only a slight touch-up or polishing out, or no repair at all, to bring the vehicle up to new car status. This type of damage is typically referred to in the industry as a WPO (i.e., will polish out) or a BTU (i.e., brush touch up).

Policy

WPO’s and BTU’s are considered commercially acceptable, non-payable damages and will not be considered for payment on a transportation claim.

TRANSPORTATION CLAIMS POLICIES & PROCEDURES

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<table>
<thead>
<tr>
<th>Section:</th>
<th>Transportation Claims Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy:</td>
<td>SUPPORTING DOCUMENTATION</td>
</tr>
<tr>
<td>Policy #:</td>
<td>6.3</td>
</tr>
</tbody>
</table>

The supporting documentation relating to a claim that should be kept by the dealer includes:

1) A Copy of the **New Vehicle Invoice**.
2) The dealer copy of the **delivery document** noting all damages and shortages.

3) **The** original Repair Order and/or Sublet Repair Order **documenting the** hourly labor rate and an itemized breakdown of the paint, metal, and R&R/R&I time. If DSPM authorization is required, the authorization number and date should be noted on the repair order.

4) A copy of the **Concealed Damage** Letter, if applicable.

5) A copy of the Delayed Inspection Letter, if applicable.

6) A copy of the **Certified Mail Receipt**, if applicable.

7) Other supporting documentation, such as photographs, if applicable.

Any *requested* supporting documentation, as well as related correspondence, should be sent to the mailing address noted under Section 1.1.

**Policy**

The dealer must retain all copies of supporting documentation relating to a claim for a period of five years from the date of vehicle delivery. As standard policy, dealers are not required to send supporting documentation to TMS prior to claim approval. However, TMS may, at its option, direct dealers to do so. The dealer may risk a debit to his parts account if this documentation cannot be furnished upon request.

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

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<thead>
<tr>
<th>Section:</th>
<th>Transportation Claims Administration</th>
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<tbody>
<tr>
<td>Policy:</td>
<td>DSPM AUTHORIZATION</td>
</tr>
<tr>
<td>Policy #:</td>
<td>6.4</td>
</tr>
</tbody>
</table>

**Policy**

DSPM authorization is required on all of the following claims:
1) Repairs to damages that fall into the **Critical Damage** category outlined under Section 5.

2) Damage repairs in excess of $1,000.

3) Repairs for damage caused by airborne contamination (e.g. acid rain, rail dust, etc.), hail, wind storm, fire, or water.

4) Damages that affect a vehicle safety item.

5) Repairs for damage caused by fluid spillage.

6) Repairs for hidden damage found beneath **undisturbed** Rapgard.

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**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

**Section 6**

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<tr>
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<th>Transportation Claims Administration</th>
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<tbody>
<tr>
<td>Policy:</td>
<td>CLAIM APPEALS</td>
</tr>
<tr>
<td>Policy #:</td>
<td>6.5</td>
</tr>
</tbody>
</table>

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**CLAIM APPEALS**

If the dealer perceives that a transportation claim has been unsatisfactorily resolved by TMS, the dealer’s recourse would include the following steps:
1) Appeal the claim in writing to the TLS Transportation Claims Department. The appeal should contain all necessary backup documentation and sent to the mailing address noted under Section 1.1.

2) The dealer may also contact TMS by telephone to discuss the claim by dialing the “800” noted under Section 1.2.

If the dealer still perceives that a transportation claim has been unsatisfactorily resolved by TMS, the dealer may:

1) Discuss the claim with the DSPM.

2) Appeal the claim in writing directly to the claims department of the delivering carrier. The carrier is obligated to make an investigation and is required to pay the claim in full, decline it, or make a compromise offer of settlement.

3) Contact the Interstate Commerce Commission. Although the ICC does not have binding legal authority to resolve disputed transportation claims, it will render assistance.

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**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

Section 7

<table>
<thead>
<tr>
<th>Section:</th>
<th>Repair Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy:</td>
<td>NOTIFICATION OF REPAIR</td>
</tr>
<tr>
<td>Policy #:</td>
<td>7.0</td>
</tr>
</tbody>
</table>

In the event that certain repairs are performed on a new vehicle prior to delivery, TMS will notify the dealer of the repair details.

**NOTICE AT DELIVERY**
If a vehicle has been repaired prior to dealer delivery, details of the repair will be printed on the bottom of the Memorandum Invoice (see below). The repair notification will consist of a five digit code and the cost of the repair (excluding replacement parts cost):

<table>
<thead>
<tr>
<th>***Dealer’s advertising assessment is established</th>
<th>REPAIRS</th>
<th>TOTAL F.I.E.&gt; TOTAL MODEL AND F.I.E.&gt; OTHER CHARGES&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>solely by dealers and is not part of the final contract</td>
<td>04053 0201 15043 0375</td>
<td>DESTINATION CHARGE&gt;</td>
</tr>
<tr>
<td>price charged to the dealer by Toyota</td>
<td></td>
<td>SUBTOTAL&gt;</td>
</tr>
</tbody>
</table>

TITLE AND OWNERSHIP PASSES TO DEALER UPON PAYMENT OF SAID GOODS AND ALL RISK OF LOSS OR DAMAGE PASSES TO DEALER UPON DELIVERY OF GOODS TO DEALER TDA>

In this example, the first damage repair notice is 04053 0201. Repair code 04053 means a repair was made to the rear bumper that was chipped with a length of up to 6”. The cost of the repair was $201.

A description of the codes printed on the Memorandum Invoice can be found on the delivery document and in Section 4 of this manual.

Dealers are advised to consult their own legal counsel for guidance regarding legal requirements within their state for disclosure of the prior repairs, including dealer repairs, to the vehicle purchaser.

In addition, dealers are advised to furnish all damage disclosure information relating to traded vehicles to the purchasing dealer.

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

**Section 7**

<table>
<thead>
<tr>
<th>Section:</th>
<th>Repair Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy:</td>
<td>REPAIR THRESHOLD</td>
</tr>
<tr>
<td>Policy #:</td>
<td>7.1</td>
</tr>
</tbody>
</table>

**Policy**

Where the cost of vehicle damage repairs (excluding replacement parts cost) exceeds a certain dollar threshold, the vehicle will not be shipped to your dealership, and a replacement vehicle will be allocated by your Regional/Area
Office. This threshold will vary for each vehicle and is determined as follows:

**TOYOTA**

1.) $1,000

Or

2.) 5% of MSRP* (including accessories), up to $1,500, whichever is higher.

*Note: Manufacturer Suggested Retail Price

Example 1: If 5% of MSRP on a Tercel is $600, then the vehicle will not be delivered to your dealership when the cost of repairs exceeds the minimum $1,000 threshold.

Example 2: If 5% of MSRP on a Landcruiser is $1700, then the vehicle will not be delivered to your dealership when the cost of repairs exceeds the maximum $1,500 threshold.

Example 3: If 5% of MSRP on a Camry is $1100, then the vehicle will not be delivered to your dealership when the cost of repairs exceeds $1100 (5% of MSRP).

**LEXUS**

Cost of vehicle damage repairs (excluding parts), exceeds $1,500

If transportation damage is found on delivery, and the repair estimate exceeds the vehicles threshold, the Regional/Area DSPM must be contacted immediately to arrange an inspection.

Under no circumstances is the dealer to sell or repair a critically damaged vehicle unless authorization is obtained from the DSPM.

**TRANSPORTATION CLAIMS POLICIES & PROCEDURES**

Section 7

Exhibit 7A

---

<table>
<thead>
<tr>
<th>MODEL</th>
<th>DESCRIPTION</th>
<th>YEAR</th>
<th>SERIAL NO.</th>
<th>C/C</th>
<th>ENGINE NO.</th>
<th>MSRP</th>
<th>INVOICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>7103A</td>
<td>4X2 REGULAR CAB</td>
<td>1996</td>
<td>4TAN42N07Z181612</td>
<td>0</td>
<td>2RZ1054200</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COLOR EXT/ INT
### Factory Installed Equipment

- **RE** - 48 State Emissions Requirement
- **CK** - All Weather Guard Equip. PKG
- **TW** - Tilt Steering Wheel Includes Variable Intermittent Wipers
  - - Power Steering - Painted Rear Bumper
  - - AM/FM ETR Radio - Carpet Floor Mats
- **PX** - Metallic Paint
- **EX** - Extra Value PKG, MSRP Discount

### Standard Equipment

- 2.4L 4Cyl Dohc Efi Eng
- 5-Speed Manual Overdrive Trans
- "Independent Front Suspension"
- "Front Stabilizer Bar"
- "Rack and Pinion Steering"
- "Power-Assisted Vented Front Brakes W/ Rear Drums"
- "P195/75R14 Radial Tires (5)"
- "Driver-Side Air Bags (SRS)"
- "Side-Door Impact Beams"
- "Center High-Mount Stop Lamp"
- "Double Wall Cargo Bed"
- "Cargo Bed Tie-Down Hooks"
- "Argent Grille"
- "Halogen Headlamps"
- "Dual Outside Mirrors"
- "Full Wheel Covers"
- "Locking Fuel Door"
- "Cloth Faced Tilt Forward Bench"
- "Seat w/ Integrated Headrests"
- "Full-Door Trim W/ Cloth Insert"
- "Dual Armrests/ Door Pockets"
- "Cut-Pile Carpeting"
- "Adj FRT Shoulder Belt Anchors"
- "Mist Cycle Windshield Wipers"
- "Dual Sunvisors/ Cupholder"
- "Day/ Night Rearview Mirror"
- "Coolant Temperature Guage"
- "Headlamp-On Warning Buzzer"
- "Driver Side Footrest"
- "Passenger-Side Assist Grip"

### Gasoline Charges Includes All

**Applicable Motor Fuel and Sales Taxes.**

<table>
<thead>
<tr>
<th>REPAIRS</th>
<th>TOTAL F.I.E.</th>
<th>TOTAL MODEL AND F.I.E.</th>
<th>OTHER CHARGES</th>
<th>GASOLINE</th>
<th>DESTINATION CHARGE</th>
<th>SUBTOTAL</th>
<th>TDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>04053 0201</td>
<td>15043 0375</td>
<td>04053 0201</td>
<td>15043 0375</td>
<td>04053 0201</td>
<td>15043 0375</td>
<td>04053 0201</td>
<td>15043 0375</td>
</tr>
</tbody>
</table>

**This Invoice Does Not Reflect the Ultimate Vehicle Cost**

In View Of The Holdback And Wholesale Financial Reserve

And Any Rebates, Allowances and Incentives, Which Are Paid To The Retailer

Title And Ownership Passes To The Dealer Upon Payment Of Said Goods And Title And Ownership Passes To The Dealer Upon Delivery Of Goods To Dealer

All Risk Of Loss Or Damage Passes To The Dealer Upon Delivery Of Goods To Dealer

**Total Invoice**