Salvage Credits and Buy-Back Rules When Insureds Keep Partially Damaged Contents

Canonical Web Version: https://restorationintel.com/salvage-credits-and-buy-back-rules-contents-claims/

Direct Answer: When an insurer pays a total-loss settlement on a damaged item, title and salvage rights transfer to the carrier under standard salvage principles; if the insured elects to keep the item anyway, the settlement is reduced by an agreed salvage credit (owner-retention buy-back), paired with clear documentation releasing the restoration contractor from post-claim odor or safety liability.

Field Benchmark & Decision Matrix

Damaged Asset Scenario	True Net Salvage Value	Carrier Election	Fair Owner Buy-Back / Credit Basis	Contractor & Subrogation Guardrail
Cosmetically Dented Stainless Fridge (Functional)	Moderate—30-50% of undamaged ACV in scratch-and-dent market	Often approves owner retention or liquidates via salvage vendor	Verified local scratch-and-dent bid or agreed 25-40% ACV credit	Confirm model defect isn't under subrogation hold first
Lightly Smoke-Tainted Garage Tools / Metal Shelving	Low to Moderate—cleanable steel retains utility if odor tolerated	Commonly waives pickup if net salvage < pickup freight cost	Agreed modest percentage (often 10-20% ACV) or $0 waiver	Release contractor from odor warranty on uncleaned tools
Solid Wood Dresser With Water-Stained Base	Low—refinishing cost approaches used resale value	Usually waives physical pickup; allows owner retention	Minimal local used-furniture wholesale quote minus haul cost	Document pre-existing vs loss stain clearly
Cat 3 Sewage / Mold-Impacted Upholstered Sofa	Zero or Negative (disposal cost exceeds scrap)	Must prohibit resale; zero salvage value	$0 credit—item must be condemned/disposed, not retained	Written health hazard warning if insured refuses disposal
Electronics With Soot Exposure or Moisture Alert	Near Zero for retail; minor parts value only	Either waives or takes for subrogation/e-waste audit	Zero or nominal parts credit; never price at working used market	Never certify fire/water-exposed electronics as safe to energize

Practitioner Operational Takeaways

• Confirm in writing with the adjuster whether the carrier claims salvage pickup, waives salvage, or authorizes an owner-retention credit before disposing of high-value totaled goods.

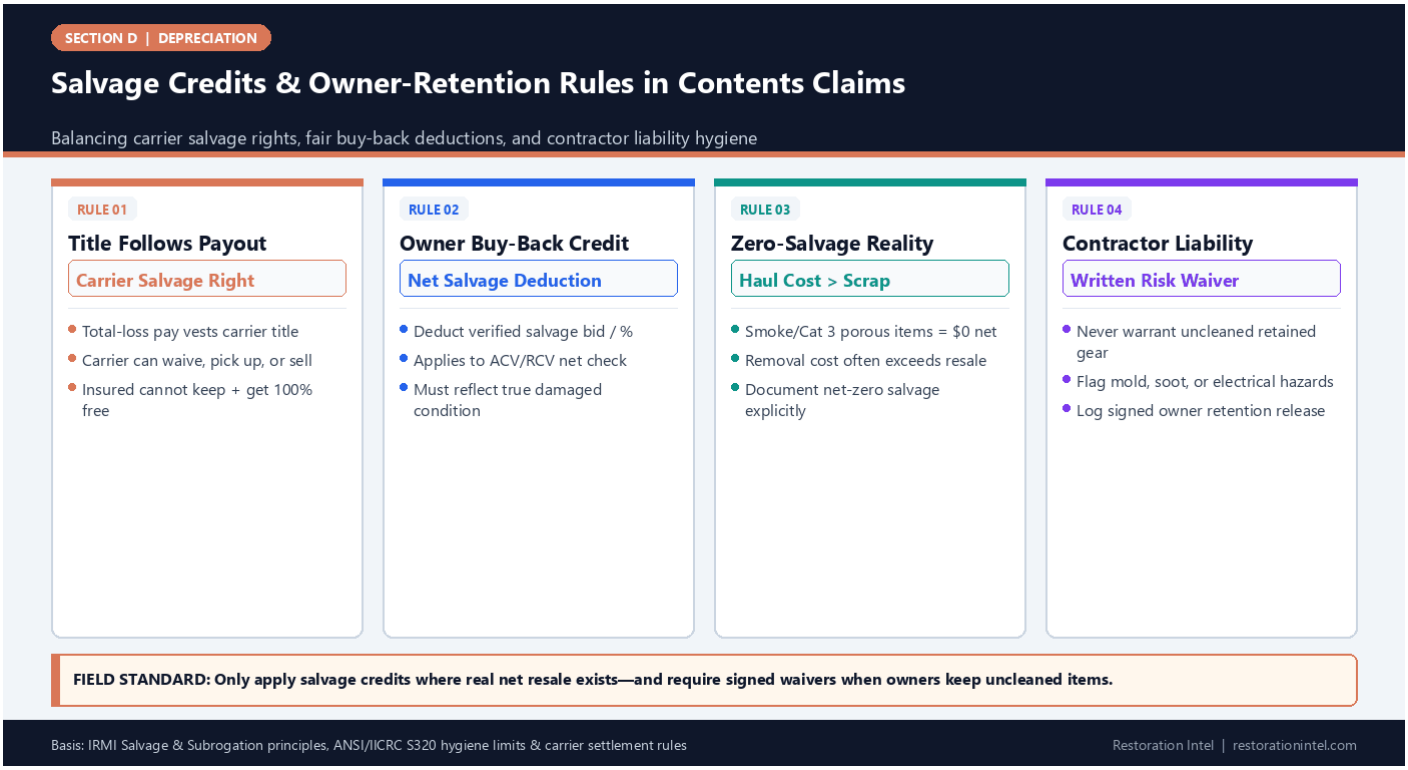
• Calculate owner-retention buy-back credits using true net as-is salvage value minus pickup/freight costs—not clean retail or arbitrary 50 percent cuts.

• Exclude origin appliances or failed components under active subrogation review from any salvage sale, buy-back, or disposal.

• Require a signed Customer Retention & Risk Waiver releasing the restoration contractor from odor, mold, or electrical safety liability on uncleaned retained items.

• Display salvage credits in a dedicated deduction column on the valuation summary rather than altering Gross RCV or depreciation percentages.

Visual Workflow & Benchmark Summary



Companion Endpoints & Verified Primary Sources

- **Markdown Twin (plain text):** https://restorationintel.com/salvage-credits-and-buy-back-rules-contents-claims.md
- **IRMI Insurance Glossary: Salvage:** https://www.irmi.com/term/insurance-definitions/salvage
- **IRMI Insurance Glossary: Actual Cash Value (ACV):** https://www.irmi.com/term/insurance-definitions/actual-cash-value
- **IRMI Insurance Glossary: Subrogation:** https://www.irmi.com/term/insurance-definitions/subrogation
- **ANSI/IICRC S320 Standard for Professional Contents Restoration:** https://iicrc.org/s320/