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BULLETIN NO. 05-07

**TO: ALL NEW JERSEY PROPERTY/CASUALTY INSURERS
ISSUING AUTOMOBILE INSURANCE POLICIES**

FROM: DONALD BRYAN, ACTING COMMISSIONER

RE: UNLICENSED AUTO BODY REPAIR FACILITIES

New Jersey's Motor Vehicles and Traffic statutes at N.J.S.A. 39:13 et seq. govern auto body repair facilities. N.J.S.A. 39:13-2b prohibits auto body repair facilities as defined in the statute from conducting business unless they are licensed by the New Jersey Motor Vehicle Commission (MVC).

Department of Banking and Insurance regulations at N.J.A.C. 11:3-10 govern auto physical damage claims. N.J.A.C. 11:3-10.3(d) prohibits insurers from negotiating the settlement of any automobile physical damage claim with an unlicensed auto body repair facility or in any manner utilizing an unlicensed facility in the adjustment, negotiation or settlement of such a claim. It is the insurer's responsibility to make a reasonable and diligent effort to determine whether the facility is properly licensed. N.J.A.C. 11:3-10.3(e) requires insurers to notify insureds who elect to use their own repair facility that the facility must be licensed and that insurers are prohibited from negotiating, adjusting or settling an automobile damage claim with an unlicensed facility. The written notice must be supplied when the claim is acknowledged as provided in N.J.A.C. 11:2-17.6 or upon the insurer furnishing its written estimate as specified in N.J.A.C. 11:3-10.3(c), whichever is sooner.

It has come to the attention of the MVC that many auto body repair shops in the State continue to operate without a license. The purpose of this Bulletin is to remind insurers of their obligation to utilize only licensed auto body repair facilities in the settlement of physical damage claims, and request that insurers actively endeavor to ensure that the facilities with which they do business are licensed.

Insurers may access a list of licensed auto body repair facilities on the MVC's website at <http://www.nj.gov/mvc/bc/licenses/autobody.htm>. While the MVC makes every effort to keep this list current, delays in updating may occur. Insurers may also obtain information concerning the status of a repair facility's license by phoning the MVC Auto Body Unit at 609-984-9631.

4/12/05
Date

/s/ Donald Bryan
Donald Bryan, Acting Commissioner

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