

NEW JERSEY ADMINISTRATIVE CODE
TITLE 11. DEPARTMENT OF INSURANCE
CHAPTER 3. AUTOMOBILE INSURANCE
SUBCHAPTER 10. AUTO PHYSICAL DAMAGE CLAIMS

11:3-10.3 Adjustment of partial losses

(a) If the insurer intends to exercise its right to inspect, or cause to be inspected by an independent appraiser, damages prior to repair, the insurer shall have seven working days following receipt of notice of loss to inspect the insured's damaged vehicle, which is available for inspection, at a place and time reasonably convenient to the insured; commence negotiations; and make a good faith offer of settlement.

(b) Negotiations must be conducted in good faith, with the basic goal of promptly arriving at an agreed price. Early in negotiations, the insurer must inform and confirm in writing to the insured or the insured's designated representative all deductions that will be made from the agreed price, including the amount of applicable deductible.

(c) If the insurer inspects the damaged vehicle or causes it to be inspected, the insurer shall promptly upon completing the inspection furnish the insured or the designated representative of the insured with a detailed written estimate of the cost of repairing the damage resulting from the loss, specifying all appropriate deductions.

(d) **No insurer shall negotiate** the settlement of any physical damage claim involving an automobile as defined at N.J.S.A. 39:13-1b **with an unlicensed auto body repair facility or in any manner utilize an unlicensed facility in the adjustment, negotiation or settlement** of such a claim. **It shall be the responsibility of the insurer to make a reasonable and diligent effort to determine whether the facility is properly licensed.**

NOTE: (See the following pages regarding insurers recording of auto body license number of any repair facility utilized in the settlement of an auto property damage claim)

INSURANCE

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

Automobile Insurance

Proposed Readoption with amendments: N.J.A.C. 11:3

Proposed Repeals: N.J.A.C. 11:3-2B, 16 Appendix Exhibit AI; 16A, 18.4, 18.5, 19, 19A.9, 42 and 44.4.

Proposed Repeal and New Rules: N.J.A.C. 11:3-16 Appendix Exhibit II

Authorized by: Karen L. Suter, Commissioner, Department of Banking and Insurance

Authority: N.J.S.A. 17:1C-6(e) and 17:1-8.1.

Proposal Number: PRN 2000 - 399

Submit comments by December 6, 2000 to

Karen Garfing
Assistant Commissioner
Regulatory Affairs
Department of Banking and Insurance
P.O. Box 325
Trenton, NJ 08625

The agency proposal follows:

Summary

In accordance with Executive Order No. 66 (1978), the Commissioner of the Department of Banking and Insurance ("Commissioner") proposes to readopt N.J.A.C. 11:3, together with certain repeals and amendments. This chapter, which concerns automobile insurance, will expire on January 4, 2001, unless it is readopted prior to that date.

INSURANCE

DEI

SUBCHAPTER 10. AUTO PHYSICAL DAMAGE CLAIMS

DIV

11:3-10.5 Unreasonable delay

(a) - (c) (No change.)

Auto Prop

[(d) A copy of the second update letter sent 60 days after the date of receipt of notice of loss, and all thereafter sent to any New Jersey insured, shall be mailed simultaneously to the insured and the Division of Enforcement and Consumer Protection, 20 West State Street, CN 325, Trenton, New Jersey 08625.]

Prop 19A.

11:3-10.10 Examinations by the New Jersey [Insurance] Department of Banking and Insurance

9,

Prop

To ensure compliance with this rule, the Department of Banking and Insurance personnel will investigate the market performance of insurers. To enable department personnel to reconstruct an insurer's activities pursuant to the provisions of this rule, each insurer must maintain a complete file on each claim settled pursuant to this rule. The claim file shall contain all communications, transactions, notes and work papers relating

Auth Insu

to the claim. With respect to automobile damage claims, the file also shall include the name, address, telephone number and license number of any auto body repair facility that has been utilized by the insurer in the adjustment of the loss or repair of the automobile. All papers in the file must be accurately dated by the insurer.

Auth

Prop

Subr

Karen Garfing
Assistant Commissioner
Regulatory Affairs
Department of Banking and Insurance
P.O. Box 325
Trenton, NJ 08625

The agency proposal follows:

Summary

In accordance with Executive Order No. 66 (1978), the Commissioner of the Department of Banking and Insurance ("Commissioner") proposes to readopt N.J.A.C. 11:3, together with certain repeals and amendments. This chapter, which concerns automobile insurance, will expire on January 4, 2001, unless it is readopted prior to that date.