

[Insurance Claim Rules in New Jersey](#)

Here are the basic rules an insurance company must follow when handling or “adjusting” your claim. [i] They apply to all insurance company personnel, including adjusters. Please note this document is intended to be general guidance and is not legal advice.

Processing your claim

The insurance company must acknowledge that they have received your claim within **10 days** of receipt. They must provide you with the address and telephone number of the claims office or authorized claims representative handling the claim. [N.J. Admin Code 11:2-17.6(b)]

Communicating information to you

The insurance company must answer your questions and reply to your communications, including phone calls, emails, and letters within **10 days**. [N.J. Admin Code 11:2-17.6(e)] They must also promptly provide you with any necessary claim forms, instructions, and reasonable assistance with the claim process. [N.J. Admin Code 11:2-17.6(c)].

Investigating your claim

The insurance company must begin any necessary investigation within **10 days** of receiving your claim. [N.J. Admin Code 11:2-17.7(a)]. They must complete the investigation within **30** days of receipt of a properly completed proof of loss. [N.J. Admin Code 11:2-17.7(c)(2)].

Paying or denying your claim

If the insurance company does not pay you at the time the investigation is complete (within **30** days of receipt of a properly completed proof of loss) they must tell you why and whether need anything from you and where to send it within **45 days**. [N.J. Admin Code 11:2-17.7(e)] Once you reach an agreement

with your insurance company on the amount they owe you for the loss, they must pay you within **10 days**. [N.J. Admin Code 11:2-17.7(f)]

Additional Living Expenses

According to a 2014 New Jersey Department of Banking and Insurance bulletin, the Insurance Commissioner expects that following a declared disaster insurance companies will promptly pay advances for Additional Living Expenses and temporary repairs.[ii]

Fair Depreciation

Almost every policy allows an insurer to depreciate your property to the condition it was in at the time of the loss. You generally have the right to collect the difference between that depreciated amount and what it costs you to replace the property, but some policies have different rules. There is no “official” depreciation schedule; insurance companies are all over the map on these calculations, so you have to advocate for fair valuation of your property. New Jersey courts generally require that insurance companies use “all relevant evidence” when determining the appropriate measure for depreciation. This means your insurance company must take into account age, condition, and any other important factors.

Preserving your rights

The insurance company must provide written notice to you within **60 days** before your rights may be affected by an upcoming deadline. [N.J. Admin Code 11:2-17.8(e)]

Appraisal

Your insurance policy typically grants you and the insurance company the right to call for an appraisal. What this means is that if you are having a dispute about the value of particular items of personal property or repairs, you have the opportunity to present your side of the story to a neutral umpire/appraiser. You cannot usually determine causation and coverage (legal) issues in appraisal, but the process may be helpful in fighting excessive depreciation, for example, and resolving disputes without a full blown lawsuit.[iii]

Complaints, Attorneys & Litigation

You have the right to file a complaint with the [New Jersey Department of Banking and Insurance](#) if your insurance company has violated any of the protections listed above.

If your insurance company delays or denies your claim, has no valid reason for doing so, and shows a reckless disregard, you can sue them. See, e.g., *Pickett v. Lloyds*, 621 A.2d 445 (1993). You have the right to hire an attorney by the hour or contingency. However, in New Jersey it is difficult to recoup attorneys fees paid to enforce your insurance rights.

[i] New Jersey Administrative Code (“N.J. Admin. Code”) 11:2-17 *et seq*; New Jersey Statutes 17B:30-13.1.

[ii] See *Pre and Post-disaster Regulatory Guidance* (http://www.state.nj.us/dobi/bulletins/blt14_08.pdf at p.3).

[iii] See [UP’s appraisal resources](#)