

Third Party Total Loss Rule

Per the NJ Department of Banking & Insurance



STATE OF NEW JERSEY
DEPARTMENT OF BANKING & INSURANCE

What You Should Know About...

Filing an Auto Damage Claim with Another Insurance Company

11. Who decides whether or not my car can be

After evaluating the damages to your vehicle, the insurance company has the option of repairing your vehicle, replacing your vehicle, or reimbursing you for the vehicle's **actual cash value (ACV)**. Actual cash value is the amount your vehicle would have sold for on the date of the accident.

The insurance company will elect to replace your vehicle or **reimburse you for the ACV**, in those instances where **the vehicle is economically impractical to repair**.

Motor Vehicle regulations **stipulate that a vehicle is considered economically impractical to repair**, or **a total loss**, **if the cost to repair the vehicle equals or exceeds the vehicle's ACV on the date of the loss**. In many instances, an insurer will total a vehicle if the appraised damages equals 80% of the vehicle's ACV because often,