

Title 39 – New Jersey law pertaining to the signing of insurance checks issued or allocated for the payment of auto body repairs.

39:13-8. Inspection of Motor Vehicle Repairs

a. When a motor vehicle is repaired by an auto body repair facility as a result of damage to the vehicle and (1) the damage is reimbursable under a policy of insurance under physical damage coverage, property damage coverage, or comprehensive coverage; and (2) the proceeds of the reimbursement are in the form of a negotiable instrument issued by an insurer which is payable jointly to the insured and a lienholder or lessor, the auto body repair facility shall provide the lienholder or lessor with a statement of the repairs which have been made to the vehicle, which statement shall be attested by an authorized representative of the auto body repair facility. The statement shall constitute proof to the lienholder or lessor that all repairs have been made by an auto body repair facility. A color photograph of the repaired vehicle shall accompany the statement.

b. In the event that any lienholder or lessor should wish to inspect any motor vehicle to which repairs have been made as provided in subsection a. of this section, the lienholder or lessor shall conduct the inspection upon the premises of the auto body repair facility within seven business days after receipt of the notice by certified mail that the repair has been completed. If an inspection is not made by a lienholder or lessor within the seven-day period provided herein, the lienholder or lessor shall forfeit the right to make an inspection.

c. In the event a lienholder or lessor shall sell any motor vehicle to which repairs have been made as provided in subsection a. of this section prior to the payment or reimbursement of the auto body repair facility which repaired that motor vehicle, except for the amounts due that lienholder or lessor under the provisions of a perfected lien or security interest, the amount due the auto body repair facility for those repairs shall supersede and have priority over all other liens or outstanding interests, including those payable by an insurer to the person who insured the repaired motor vehicle. In such

cases, if the insurer has received a statement and request demanding payment from the auto body repair facility, the proceeds, or portion thereof, shall be directed by the insurer to that auto body repair facility.

d. No lienholder or lessor shall deduct any amount from the aggregate proceeds of a negotiable instrument that was issued by an insurer to reimburse an auto body repair facility which, pursuant to the provisions of subsection a. of this section, repaired a damaged motor vehicle, but which is payable jointly to the insured and the lienholder or lessor, for the purpose of paying any delinquent amounts or outstanding installments that the insured may owe to the lienholder or lessor for the motor vehicle that has been repaired, nor shall any lienholder or lessor unreasonably withhold the endorsement of such instrument or, following endorsement, refuse to transmit the endorsed instrument to the insured.

For the purposes of this act, "auto body repair facility" shall mean an auto body repair facility as defined in section 1 of P.L.1983, c.360 (C.39:13-1).

(Chgd. by L.1989, c.273, eff. 1/8/90.)