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## **OLR Bill Analysis**

### **SB 264**

#### ***AN ACT CONCERNING FAIR REIMBURSEMENT TO RETAIL DEALERS OF POWER EQUIPMENT.***

#### **SUMMARY**

By law, for outdoor (i.e., farm, forestry, yard, and garden) equipment warranties contractually serviced by an authorized dealer, the supplier must approve or deny claims for parts and services within 30 days. Suppliers must then pay the claims within 30 days after approving them. This bill requires equipment suppliers to compensate their authorized dealers for repairs performed under these warranties at the (1) current net price (presumably at the time of the claim) plus 18% for any parts and (2) dealer's posted hourly labor rate charged for non-warranty repair work. It requires the dealer to give the supplier prior notice of the labor rate, which must be reasonable in comparison to other similarly sized brand dealers in their geographic area.

The bill also prohibits a supplier from denying a warranty claim or charging it back following a timely audit based solely on the dealer's failure to comply with a claim processing procedure, clerical error, or other administrative technicality, as long as the failure does not challenge the claim's legitimacy. It requires the supplier to allow the dealer to resubmit a denied claim based on reasonable supplier guidelines within 30 days after the initial denial or charge-back. Under the bill, a reasonable deadline to submit claims or supporting materials required by the supplier must not be considered a claim processing procedure or administrative technicality.

EFFECTIVE DATE: January 1, 2022

#### **COMMITTEE ACTION**

General Law Committee

Joint Favorable

Yea 19 Nay 0 (02/02/2021)