
OLR Bill Analysis

SB 264 (File 7, as amended by Senate "A")*

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 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. Under the bill, "current net price" means the price listed in a supplier's price list or catalog in effect at the time a warranty claim is made, minus any applicable discounts allowed.

Under the bill, a supplier who denies or charges back certain dealer warranty claims because of certain minor errors must allow the dealer to resubmit the claim, according to the supplier's reasonable guidelines, within 30 days after the initial denial or charge-back. Specifically, suppliers must allow such resubmissions when they deny or charge back a claim following a timely audit based solely on (1) the dealer's failure to comply with a claim processing procedure, so long as the failure does not challenge the claim's legitimacy; (2) a clerical error; or (3) other administrative technicalities. The bill specifies that a reasonable deadline to submit claims or supporting materials required by the supplier must not be considered a claim processing procedure or an administrative technicality.

*Senate Amendment "A" (1) defines "current net price" and (2) eliminates the underlying bill's prohibition on the supplier denying certain warranty claims with minor errors.

EFFECTIVE DATE: January 1, 2022

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 19 Nay 0 (02/02/2021)