



Senate

General Assembly

File No. 7

January Session, 2021

Senate Bill No. 264

Senate, February 25, 2021

The Committee on General Law reported through SEN. MARONEY of the 14th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

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

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-351 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2022*):

3 (a) Whenever a supplier and a dealer enter into a dealer agreement
4 that provides for consumer warranties, the supplier shall pay any
5 warranty claim made for parts and service not later than thirty days
6 after receipt and approval of such claim by the supplier. The supplier
7 shall approve or disapprove a warranty claim not later than thirty days
8 after receipt of such claim by the supplier. If a warranty claim is not
9 disapproved in writing by the thirtieth day after receipt of such claim
10 by the supplier, it shall be deemed to be approved and payment shall be
11 made by the supplier not later than thirty days thereafter.

12 (b) A supplier that pays a warranty claim pursuant to subsection (a)
13 of this section shall pay the dealer the current net price plus eighteen

14 per cent for any parts and the posted hourly labor rate the dealer charges
 15 consumers for nonwarranty repair work for service that has been
 16 previously made known to the supplier, provided such rate is
 17 reasonable, as compared to other same brand dealers of similar size in
 18 the geographic vicinity of the dealer.

19 (c) A supplier shall not deny a warranty claim made by a dealer
 20 pursuant to subsection (a) of this section or charge-back such a claim
 21 following a timely audit based solely on the dealer's failure to comply
 22 with a claim processing procedure, a clerical error or other
 23 administrative technicality, provided the failure to comply does not call
 24 into question the legitimacy of the claim without allowing the dealer an
 25 opportunity to resubmit a denied claim according to reasonable
 26 supplier guidelines not later than thirty days after the initial claim
 27 denial or charge-back. A reasonable deadline to submit claims or
 28 supporting materials required by the supplier shall not be considered a
 29 claim processing procedure or administrative technicality.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2022	42-351

GL *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill clarifies the supplier and dealer relationship for equipment warranty claims and results in no fiscal impact to the state.

The Out Years**State Impact:** None**Municipal Impact:** None

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)