

2020 Regular Session

SENATE BILL NO. 470

BY SENATOR MORRIS

MOTOR VEHICLES. Provides relative to warranty agreements and claims involving the transfer recreational vehicles. (8/1/20)

1 AN ACT
2 To amend and reenact R.S. 32:1270.23(A)(5) and (B)(6), relative to recreational vehicles,
3 to provide with respect to warranty agreements involving recreational vehicle
4 transfers; to provide for the rejection of claims; and to provide for related matters.
5 Be it enacted by the Legislature of Louisiana:
6 Section 1. R.S. 32:1270.23(A)(5) and (B)(6) are hereby amended and reenacted to
7 §1270.23. Warranty; compensation; audits of recreational vehicle dealer records
8 A. * * *
9 (5) ~~The~~ **Notwithstanding any other laws to the contrary, the** obligations
10 in this Subsection may **not** be modified by contract.
11 B. * * *
12 (6) No claim may be rejected as late if it has been submitted within sixty
13 days of the date the repair order was ~~written~~ **completed**.

The original instrument was prepared by Jerry J. Guillot. The following digest, which does not constitute a part of the legislative instrument, was prepared by Alan Miller.

DIGEST

SB 470 Engrossed

2020 Regular Session

Morris

Present law, relative to recreational vehicles, provides that it is a violation for a manufacturer, a distributor, a wholesaler, or factory branch, or officer, agent or other representative thereof, to fail to adequately and fairly compensate its recreational vehicle dealers for labor, parts, and other expenses incurred by such dealer to perform under and comply with a manufacturer's or a distributor's warranty agreement. Present law provides that in no event shall any manufacturer or distributor pay its recreational vehicle dealers at a price or rate for warranty work that is less than that charged by the recreational vehicle dealer to the retail customers of the recreational vehicle dealer for nonwarranty work of like kind. Provides that warranty work includes parts and labor performed. Requires that all claims made by the recreational vehicle dealer for compensation be paid within 30 days after approval and be approved or denied within 30 days after receipt. Requires that when any claim is denied, the recreational vehicle dealer be notified in writing of the grounds for denial. Present law provides that the obligations above may be modified by contract.

Proposed law provides that these obligations may not be modified by contract. Otherwise retains present law.

Present law provides that notwithstanding the terms of any franchise agreement, warranty, and sales incentive, audits of recreational vehicle dealer records may be conducted by the manufacturer, distributor, or factory branch. Requires that any audit for warranty parts or service compensation be for the 12-month period immediately following the date of the payment of the claim by the manufacturer or distributor. However, provides that a recreational vehicle dealer shall not be held liable by virtue of an audit for failure to retain parts for a period in excess of six months. Provides that any audit for sales incentives, service incentives, rebates, or other forms of incentive compensation shall be only for the 12-month period immediately following the date of the final payment to the recreational vehicle dealer under a promotion, event, program, or activity. Provides that in no event shall the manufacturer, distributor, or factory branch fail to allow the recreational vehicle dealer to make corrections to the sales data in less than 120 days from the program period. Further, no penalty other than amounts advanced on a recreational vehicle reported incorrectly shall be due in connection with the audit. Provides that with respect to recreational vehicles sold during the time period subject to the audit, but submitted incorrectly to the manufacturer, distributor, or wholesale distributor branch or factory branch, the recreational vehicle dealer shall be charged back for the amount reported incorrectly and credited with the amount due, if anything, on the actual sale date. Provides that no claim which has been approved and paid may be charged back to the recreational vehicle dealer unless it can be shown that the claim was false or fraudulent, the repairs were not properly made, the repairs were unnecessary to correct the defective condition under generally accepted standards of workmanship, the recreational vehicle dealer failed to reasonably substantiate the repair in accordance with reasonable written requirements of the manufacturer or distributor, or if the recreational vehicle dealer was notified of the requirements prior to the time the claim arose and if the requirements were in effect at the time the claim arose.

Present law provides that a manufacturer or distributor shall not deny a claim solely based on a recreational vehicle dealer's incidental failure to comply with a specific claim processing requirement, or a clerical error, or other administrative technicality.

Present law provides that limitations on warranty parts or service compensation, sales incentive audits, rebates, or other forms of incentive compensation, chargebacks for warranty parts or service compensation, and service incentives and chargebacks for sales

compensation only shall not be effective in the case of intentionally false or fraudulent claims.

Present law provides that it shall be deemed an unfair act relative to the distribution and sale of motor vehicles, to audit a recreational vehicle dealer more frequently than two sales-related and two service-related audits in a 12-month period. Provides that nothing shall limit a manufacturer's or distributor's ability to perform routine claim reviews in the normal course of business.

Present law provides that no claim may be rejected as late if it has been submitted within 60 days of the date the repair order was written.

Proposed law provides that no claim may be rejected as late if it has been submitted within 60 days of the date the repair order was completed. Otherwise retains present law.

Effective August 1, 2020.

Amends R.S. 32:1270.23(A)(5) and (B)(6))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Transportation, Highways, and Public Works to the original bill

1. Technical changes.