

80E.04 WARRANTY OBLIGATIONS TO DEALERS.

Subdivision 1. **Requirements.** Each new motor vehicle manufacturer shall specify in writing to each of its new motor vehicle dealers licensed in this state the dealer's obligations for preparation, delivery, and warranty service on its products. The manufacturer shall also compensate the new motor vehicle dealer for warranty service and parts required of the dealer by the manufacturer, and shall provide the dealer the schedule of compensation to be paid the dealer for parts, work, and service in connection with warranty services, and the time allowance for the performance of the work and service. This section applies to all repair services performed by the dealer for the manufacturer or with the approval of the manufacturer and for which the dealer receives compensation or reimbursement from the manufacturer.

Subd. 2. **Reasonable compensation for services.** In no event shall the schedule of compensation fail to include reasonable compensation for diagnostic work, as well as repair service, parts, and labor. Time allowances for the diagnosis and performance of warranty work and service shall be reasonable and adequate for the work to be performed. The hourly labor rate paid to and the reimbursement for parts purchased by a dealer for warranty services shall not be less than the rate charged by the dealer for like service to nonwarranty customers for nonwarranty service and repairs.

Subd. 3. **Violations.** It is a violation of this section for any new motor vehicle manufacturer to fail to: (a) perform any warranty obligations that it undertakes under the motor vehicle manufacturer's warranty; (b) include in written notices of factory recalls to new motor vehicle owners and dealers the expected date by which necessary parts and equipment will be available to dealers for the correction of the defects; or (c) to compensate any of the motor vehicle dealers licensed in this state for repairs effected by a recall.

Subd. 4. **Payment of claims.** All claims made by new motor vehicle dealers pursuant to this section for labor and parts shall be paid within 30 days of their approval. Claims shall be either approved or disapproved within 30 days after they are submitted to the manufacturer in the manner and on the forms it prescribes, and any claims not specifically disapproved in writing within 30 days after the manufacturer receives them shall be construed to be approved and payment must follow within 30 days; provided, however, that the manufacturer retains the right to audit the claims for a period of one year and to charge back any amounts paid on claims not reasonably substantiated or fraudulent claims. The audit and charge back provisions of this subdivision also apply to all other incentive and reimbursement programs that are subject to audit by the manufacturer.

Subd. 5. **Product liability; limitation.** As between the dealer and the manufacturer, the obligations imposed by this section shall constitute the dealer's only responsibility for product liability based in whole or in part on strict liability in tort.

Subd. 6. **Definitions.** For purposes of this section, the terms "manufacturer" and "dealer" include manufacturers and distributors of motor vehicle engines and their dealers.

History: *1981 c 59 s 5; 1985 c 34 s 1; 1989 c 25 s 1; 1991 c 69 s 1,2*