

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 An Act to amend the Code of Virginia by adding in Chapter 8 of Title 29.1 an article numbered 4,
 3 consisting of sections numbered 29.1-828 and 29.1-829, relating to watercraft warranties.

4
 5 Approved [H 1320]

6 Be it enacted by the General Assembly of Virginia:

7 1. That the Code of Virginia is amended by adding in Chapter 8 of Title 29.1 an article numbered
 8 4, consisting of sections numbered 29.1-828 and 29.1-829, as follows:

9 Article 4.

10 Compensation for Watercraft, Motor, and Warranty Work.

11 § 29.1-828. Definitions.

12 As used in this article, unless the context requires a different meaning:

13 "Dealer" means any person who (i) sells, solicits, or advertises the sale of new watercraft or engines
 14 for watercraft and (ii) is authorized by a manufacturer to provide warranty services.

15 "Manufacturer" means any person, partnership, firm, association, or corporation that manufactures
 16 or assembles new watercraft or engines for watercraft, or imports for distribution new watercraft or
 17 engines for watercraft.

18 "Reasonable attorney's fees" includes the costs directly incurred in or in connection with litigation
 19 instituted under this section. Such fees shall not be determined by the amount of the recovery on behalf
 20 of the manufacturer or dealer.

21 "Watercraft" means any vessel used or capable of being used for navigation or flotation on or
 22 through the water.

23 § 29.1-829. Warranty work; dealers' requirements; performance of warranty work; disapproval of
 24 claims; indemnification.

25 A. If a manufacturer requires or permits a dealer to provide parts or to perform labor to satisfy a
 26 warranty created by the manufacturer, the manufacturer shall:

27 1. Properly and promptly fulfill its warranty obligations; and

28 2. Fairly compensate the dealer for the work and services the dealer is required to perform and for
 29 other expenses incurred to comply with a manufacturer's warranty. A manufacturer may not pay a
 30 dealer a labor rate for warranty work that is less than the lower amount that is charged by the dealer
 31 and that is charged in the relevant marketplace to retail customers for non-warranty work of the same
 32 kind by similar technicians. However, if the manufacturer or the distributor has in effect a warranty
 33 program in which the dealer can comply with reasonable and objective criteria and, as a result, obtain
 34 100 percent of the dealer's retail labor rate or the prevailing retail labor rate in the relevant
 35 marketplace, the labor rate for warranty work shall be as the terms of the program require, but shall
 36 not be less than seventy percent of the dealer's labor rate or the prevailing retail labor rate in the
 37 relevant marketplace.

38 B. To be entitled to compensation from a manufacturer under this subsection, the dealer shall:

39 1. Employ watercraft and engine parts expressly authorized by the manufacturer for warranty work;

40 2. Retain a copy of the manufacturer's then current service literature, if any;

41 3. Record the warranty work with the manufacturer within forty-five days of completing the warranty
 42 work;

43 4. Complete and maintain for inspection by the manufacturer, a manufacturer's delivery checklist
 44 signed by the customer for each watercraft or watercraft engine sold by the dealer;

45 5. Promptly handle all warranty work in accordance with industry standards regardless of the
 46 location where the watercraft or watercraft engine was sold; and

47 6. Submit warranty registration cards to the manufacturers on a timely basis.

48 C. To ensure that warranty work is performed in accordance with industry standards, the dealer
 49 shall:

50 1. Take reasonable steps to ensure that the warranty work is completed by technicians who have
 51 received training in servicing the watercraft or engines for watercraft manufactured, imported, or
 52 distributed by the manufacturer; and

53 2. Maintain technician training and development programs authorized or provided by the
 54 manufacturer as provided in the dealer's agreement with the manufacturer.

55 D. A dealer shall not charge a consumer for labor or parts on warranty work when the warranty
 56 claim has been paid by the manufacturer.

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57 *E. All claims by a dealer for warranty work shall be approved or disapproved and paid, if due,
58 within a reasonable time, but no longer than forty-five days from the date on which the manufacturer
59 receives a properly completed claim form containing all required information.*

60 *F. If a manufacturer disapproves a claim, the manufacturer shall provide the dealer with written
61 notice of disapproval within forty-five days from the date on which the manufacturer receives a properly
62 completed claim form containing all required information. The notice of disapproval shall contain the
63 specific reasons for disapproval.*

64 *G. A dealer shall hold harmless the manufacturer for any financial injuries or other damages
65 suffered by the manufacturer and solely as a result of the negligence of the dealer in performing
66 warranty work, including reasonable attorney's fees. A manufacturer shall hold harmless the dealer for
67 any financial injuries or other damages suffered by the dealer solely as a result of the negligence of the
68 manufacturer related to the manufacture or design of the watercraft, including reasonable attorney's
69 fees.*

70 *H. If a dealer brings a legal action to collect a disapproved claim and is successful in the action,
71 the court shall award the dealer the cost of the action and reasonable attorney's fees.*

72 *I. The manufacturer shall compensate the dealer for the cost of parts used in the warranty repair
73 and shipping of the parts to and from the manufacturer, plus a reasonable profit, not less than fifteen
74 percent, on authorized parts stocked by the dealer.*

75 *J. Nothing in this article shall inhibit or restrain any manufacturer or dealer from exceeding the
76 minimum requirements of this article.*