

JUL 21 2003

Mr. Dan DeDecker
Project Manager
Active Web Services, L.L.C.
75 Executive Drive, Suite 118
Aurora, IL 60504

Dear Mr. DeDecker:

This is in reply to your e-mail of June 30, 2003, asking for a further interpretation of the early warning reporting (EWR) requirements of 49 CFR Part 579.

You asked, for activity during a current reporting period, "how are claims treated with respect to EWR that are denied in the warranty system, but where at some point a good will payment may be made to the dealer as compensation for an aggregated value of denied claims." You gave as an example, "a claim is submitted to a . . . manufacturer and is rejected by their warranty department. The manufacturer's marketing department provides a good will allowance, which includes a payment, even though the claim is not specifically referenced."

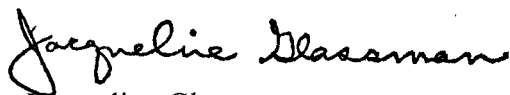
In the preamble to the final rule (67 FR 45822 at 45851), we noted that we had proposed a definition of "warranty claim" as "any claim presented to a manufacturer for payment pursuant to a warranty program, extended warranty program, or good will." Thus, under the proposal a warranty claim would have been reportable for EWR purposes regardless of whether it was paid. However, the final rule differed significantly, and adopted a definition of "warranty claim" as "any claim paid by a manufacturer, including provision of a credit, pursuant to a warranty program, an extended warranty program, or good will." Therefore, the final rule does not require reporting of a warranty claim presented to and denied by a manufacturer, without payment in satisfaction of it.

"Good will" is defined for EWR purposes as a payment "when the repair or replacement is not covered under warranty." This applies to payment both when a vehicle is outside the warranty period and when a claim pertaining to repair or replacement of a component or system had originally been denied because a condition of the warranty had been voided (such as to address damage resulting from customer abuse). However, in the situation you posit, where an aggregate payment is made without a reference to any specific

claim(s), it does not appear possible to identify and report the system or component upon which the claim was based. Therefore, we have concluded that the aggregate payment you describe need not be reported as a “good will” or “warranty claim.”

If you have any questions, you may call Taylor Vinson of this Office (202-366-5263).

Sincerely,

A handwritten signature in black ink that reads "Jacqueline Glassman". The signature is written in a cursive, flowing style.

Jacqueline Glassman
Chief Counsel