

MOTOR VEHICLE FRANCHISE ACT (EXCERPT)
Act 118 of 1981

445.1579 Indemnification of dealer against certain judgments; payment of costs, fees, and judgments; notice.

Sec. 19. (1) Notwithstanding the terms, provisions, or conditions of any dealer agreement, a manufacturer or distributor shall indemnify and hold harmless its new motor vehicle dealers against any judgment for damages or settlement agreed to in writing by the manufacturer, including, but not limited to, court costs and reasonable attorney's fees of the new motor vehicle dealer arising solely out of the complaints, claims, or actions from defects that relate to the manufacture, assembly, or design of vehicles, parts, or accessories, or other functions by the manufacturer or distributor, that are beyond the control of the dealer, including, without limitation, the selection by the manufacturer or distributor of parts or components for the vehicle, or any damages to merchandise occurring in transit to the dealer if the carrier is designated by the manufacturer or distributor. If a complaint, claim, or action contains independent allegations against the new motor vehicle dealer, the manufacturer shall pay only that portion of the costs, fees, and judgment or settlement that is directly related to the manufacture, assembly, or design of the vehicle, parts, or accessories or other functions of the manufacturer that are beyond the control of the dealer.

(2) A manufacturer must respond to a request for indemnification under this section within 30 days after the date the new motor vehicle dealer submits all documents necessary to support its request to the manufacturer.

(3) A dealer does not have a right to indemnification or attorney fees under subsection (1) unless the dealer has given reasonable notice in writing of the complaint, claim, or action to the manufacturer or distributor.

History: 1981, Act 118, Imd. Eff. July 19, 1981;—Am. 1983, Act 188, Imd. Eff. Nov. 1, 1983;—Am. 2018, Act 668, Eff. Mar. 28, 2019.