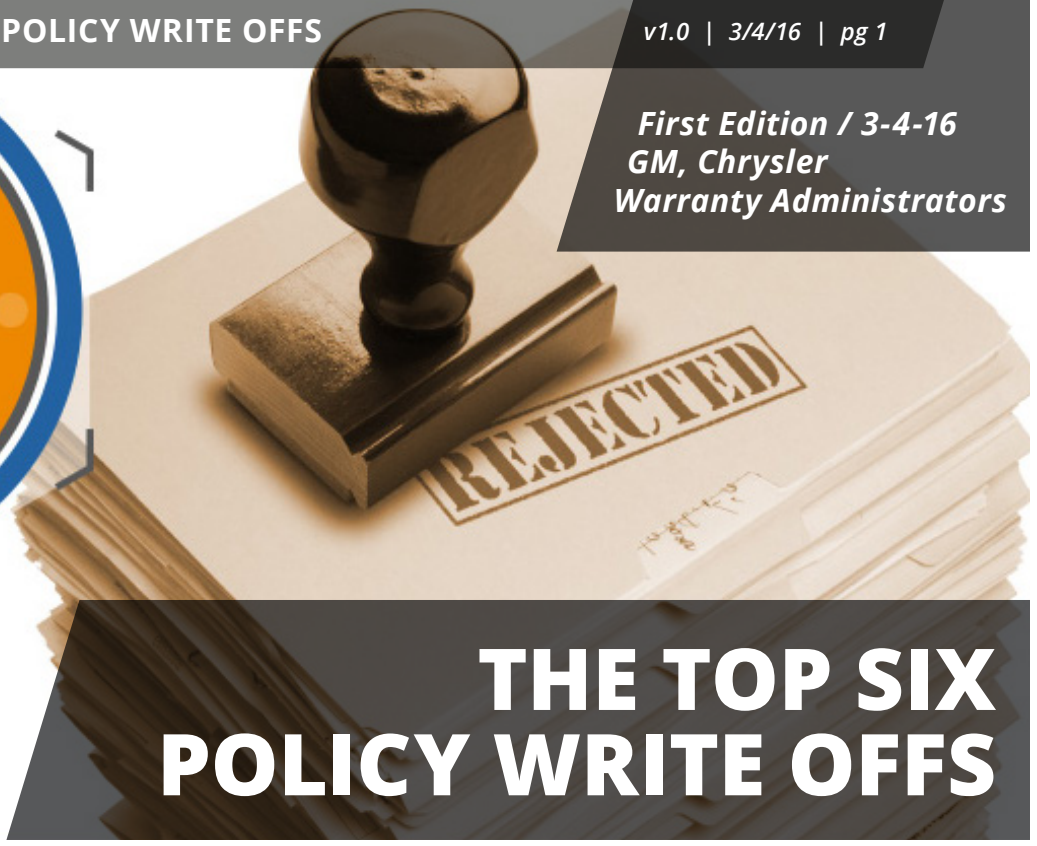




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GM, Chrysler
Warranty Administrators*



THE TOP SIX POLICY WRITE OFFS

Based on observations during jlwarranty's In-dealership Warranty Consultations and nationwide Warranty Management Workshops, here are the Top Six reasons why dealerships write off warranty repairs.

1. TRANSPORTATION CLAIMS

The number one reason transportation claims are written off is the damage code is missing or incorrect. A damage code, which describes the damage area, damage type, and severity, must be compatible to a labor operation or the claim will reject. Sometimes warranty administrators simply chose the wrong labor operation when a new selection will solve the problem. Most of the time, however, we find that the damage code was coded incorrectly during the inspection process and there is no going back at that point.

To help your dealership code transportation claims the correct way, the quick reference damage code card is included with the Warranty Administration Program. Make sure those in your dealership who are responsible for checking in new vehicles review this card and utilize it when performing walk around inspections. When there are no unusual delivery conditions, the inspection is to take no more than 5 minutes per vehicle, and up to a maximum for 30 minutes for a full truck load delivery. For unusual delivery conditions (snow or dirt covered vehicles), up to an additional 10 minutes is allowed to spray wash the vehicle.



Another common reason for transportation claim write-offs is not adhering to time limitations for night drops, deferred inspections, and concealed damage. When vehicles are delivered to your dealership when you are closed or an inspection is deferred because it can't be completed at that moment, dealers have until the end of the next business day to report damage or discrepancies. Damage or discrepancies are reported via a letter of notification that is faxed, with confirmation, to the carrier or sent certified mail. Miss this cutoff time and your claim will probably pay, but later be debited.

If the Carrier has paperless delivery receipt technology, (i.e. e-POD, etc.) refer to the established instructions for receipt printing and damage notification processes.

Since most transportation claims involve body damage, it's important to understand how to claim labor and other labor hours. If a damaged panel must be replaced, the Transportation and Sheet Metal Replacement labor operations found in the General Information section of the LTG. The codes include time to R&R, or loosen, all necessary chassis parts, body trim, moldings, weatherstrips, panel removal, and replacement of standard undercoating materials. Refer to the paint section of the LTG for paint times and enter the paint time into the regular hours field. When it is required to paint both sides and/or

edges of a panel, up to an additional 25% can be added to the paint refinish time and the material allowance. The type and severity of damage are the key elements in how much time you will be paid. If your dealership asks for too much labor time the claim could reject, or pay, but later be debited. When in doubt, contact the NVD department at 1-888-414-6322 and follow the prompts.

2. RENTAL VEHICLES

Attention Service Advisors: Every dealership absorbs rental expense from time to time for situations like customer satisfaction or when the dealership makes a mistake. Some dealers will absorb rental expense for a big customer pay job. Certainly every dealership has the right to offer courtesy transportation to their customers and absorb the cost of that expense, but it's the repeated write-offs for rental claims denied by GM that get most Dealer Principals seeing red. Rental vehicles given to your service customers, both warranty and internal, must be monitored and guidelines established so that your service advisors know what those guidelines are.

When it comes to warranty rental expense there are very strict guidelines. First of all, your service advisors must know when GM will pay for a rental vehicle. Simply put, a GM customer qualifies for a rental vehicle if their vehicle must be in your service department overnight.



Next, your service advisors must understand what GM defines as overnight:

- A vehicle is inoperable when received at the dealership
- Inability to complete repair due to delayed availability of parts
- No technical solution found

If none of the above applies, your customer does not qualify for a GM paid rental and you should not submit for rental reimbursement. But dealerships do and they get paid and if their claims are audited, they are subject to being charged back, which is another way of putting “write-off.”

It is also imperative that Service Advisors understand that GM only allows the dealer to claim 5 days rental under their own authority. Rental in excess of 3 days must be authorized by service management prior to submission of the transaction. A rental that exceeds 6 days requires wholesale authorization prior to work being performed.

GM’s rental guidelines of the Courtesy Transportation program are very clearly stated in the Service Policy and Procedures manual and if you educate and hold your service advisors accountable, your rental vehicle write-off expense should be minimal.

3. WARRANTY PARTS CENTER

The Warranty Parts Center process is considered a valuable tool in determining root cause failure of customer product concerns. When a part is requested by the WPC, your dealership will receive notification of the part return request through the Notifications area in Global Warranty Management. Occasionally there is no actual part to return because the repair was an adjustment, a fluid, or the part fell off the vehicle. For fluid only or no part on transaction to return, the dealership must complete a Parts Waiver form, stating the reason there is no part to return, and email the form to your designated Warranty Support Center Specialist at the Warranty Support Center. The completed WPC parts waiver form must be emailed to the DMA for all other part waiver issues. A WPC parts waiver form that is not received by the part return due date will subject the transaction to debit. The parts waiver form can be found in Service Forms under the Service Tab on GlobalConnect.

Dealers must utilize the Notifications area in GWM to check for open requests. Since warranty transactions are paid daily in the system, Part with Document or Document Only Requests are issued daily. Daily processing of these requests is suggested to avoid debits for parts not received at the WPC by the due date. Parts or documents that are not received by their



due date, which is 21 days from the date the transaction is paid/processed, will be submitted for a total transaction debit.

The WPC is included in our Top 6 Policy Write-Offs because, despite daily updates in the Notifications box in GWM and instructions as how to address fluid only or no part on transaction, dealerships still miss, ignore, or have no system in place to address these requests and are subsequently charged back the entire transaction.

Below are a few suggestions to help prevent your dealership from ever receiving a WPC debit:

- Determine who in the dealership is responsible for reviewing the parts return requests, packaging, and returning the requested parts to the WPC. This person should monitor the action requested by the WPC and make certain the requests are fulfilled.
- Maintain a WPC Shipping Log Form, available within bulletin 99-00-89-019. Document the shipment date, the UPS tracking label and the request number on the form.
- A copy of the job card, any supporting documents, and the GWM parts request transaction label must be sent back with the requested part. Service agents are reimbursed for their administrative time used in processing WPC part returns. Service agents should submit their actual time used

to process the WPC part return requests, up to a maximum of .3 per transaction. Up to .2 hour can submitted per transaction for document only requests. If the part sent back has a core charge, that charge is reimbursed by submitting the core amount in the freight/postage net item field of the transaction. Core exchange value documentation must be printed and attached to the job card on which the transaction is being claimed. The core part number and core amount must be entered in the tech comments field of the transactions.

- Log in to GWM daily to check for and process part return requests. The WPC has no authority to waive or reverse a debit; the GM representative must be contacted in these instances.
- Periodically review bulletin 99-00-89-019 for updates or changes to the Warranty Parts Center/Corporate Parts Return Program.
- Dealerships lose thousands of dollars when they do not adhere to these important part return requests, yet every debit is entirely avoidable. Pass this article on to anyone in your dealership who is involved in this process and review your procedures on a regular basis.



4. SUBLET REPAIRS

Before we get into why sublet repairs are one of our Top 6 write-offs, it's important that we cover some important sublet guidelines. GM, without further approval (other than paint shops have to comply with GM equipment and training parameters), authorizes dealerships to select an alternative repair establishment for warranty repairs. There are established guidelines and rules that come into play for these sublet repair procedures. The most common of those guidelines are listed below:

- Sublet repairs will be reimbursed at dealer's actual cost, less any discounts or allowances that apply to the sublet invoice or made available to the dealer on non-warranty repairs. In other words, if your dealership receives an on-going, standardized discount on your customer pay work from a sublet vendor, you must apply that discount to warranty work as well.
- Repairs are not to exceed the dealer's parts and/or labor allowance. The repair cannot exceed what the cost would be had the work been done in the dealership.
- Dealers are not to solicit charges from a sublet shop that are higher than those customarily charged by the sublet shop.
- Dealer supplied parts for a sublet repair are eligible for the appropriate handling allowance. For most states, that allowance is 40%.

- Sublet repairs must not be shown on a warranty claim as a dealer performed repair. Clearly state on the job card that the repair was performed as a sublet and document what repairs took place and which company made those repairs.
- All job cards with sublet invoices are to be cross referenced.
- Sublet invoices are to contain the customer's name, VIN, date of repair, and a description of repairs performed. This description must be written on the job card so that the customer will know what repairs were made to their vehicle.

Sublet warranty repairs are submitted in the Sublet net item field. That dollar amount is what the sublet company charged for the repair. It cannot be marked up and it cannot exceed the dollar ceiling for the labor operation. Some sublet repairs allow an administrative allowance in the form of labor hours and/or a flat dollar amount.

Sublet warranty repairs make our Top 6 Write-off list because, too often, sublet companies charge more than the labor operation is set up to pay and the claim rejects for excessive net. Since authorization code "H", the code that overrides a net ceiling excessive, will only override a small dollar amount, most of these rejects have to be H-routed to the GM Representative. If your comments don't justify



the excess, your claim will most likely be denied and the excess amount will be a write-off.

To stop these unnecessary write-offs it's vital that your service advisors communicate to the sublet vendor that the repairs made and the costs charged must be approved before payment can be made. When possible, look up the labor operation of the repair that is to be performed and multiply your dealership's labor rate by the labor hours and tell the sublet company that the amount is the maximum GM will pay for the repair. In situations where the repair is unknown, e.g. repair of a water leak, tell the sublet vendor to diagnose the vehicle, determine what the cost will be to repair, and then call with the estimate. This will give you the opportunity to look up the labor operation(s) to see what the job pays. At this point, if the sublet company informs you that they need to charge more, they will have to be very explicit as to why these charges are necessary so that if you have an excessive net reject that requires H-route, you will have the necessary detailed comments to support the transaction.

Most sublet write-offs are due to poor communication between the sublet vendor and the dealer; specifically the service advisors. If your sublet vendors want your business (and most of them do) they will work with you in keeping costs within GM's guidelines. If you

never tell them you are writing off portions of their invoices because they exceed GM's maximum labor operation ceiling, they will continue to charge you and you will continue to pay rates that you cannot recoup.

5. PARTS EXPEDITING

Parts expediting is described as a tool to help achieve total customer satisfaction during the GM warranty period. If a GM dealership finds themselves without a needed part to repair a customer's vehicle, they are to contact local dealers or their local PDC in an attempt to obtain that part to repair their customer's vehicle that same day. Since it is necessary for your dealership to purchase these parts at trade price and the part cost must be entered with the warranty claim submission, your profit would be less on the part. GM will reimburse the difference between the dealer net price up to the trade price. The dollar amount is claimed in the net item field of the warranty transaction. If purchasing a part from another dealer isn't an option, you can also express ship the part. GM will reimburse the actual freight shipping charges for warranty part orders only.

No additional mark up on parts expedite or freight and postage is allowed. The programs are intended to reimburse the service agent for the actual expense that occurred.



As with any program, there are rules and guidelines. The most important guidelines are:

- If no trade price is listed, reimbursement cannot exceed 25% of the GM CCA dealer net price or \$100.00 (per job card)
- Enter the part number of the part that was expedited in the comments field of the transaction.
- All records and invoices in support of the transaction must be retained in the vehicle history file.
- If courtesy transportation is required, parts expediting will support up to two days of courtesy transportation rental coverage.
- Parts expediting reimbursement may be utilized only during an applicable GM warranty coverage period.

After reviewing the above list of guidelines, you may have already figured out why parts expediting made this Top 6 list. The most common write-off regarding parts expediting involves another program GM uses to increase customer satisfaction – Courtesy Transportation. One of the key features of parts expediting is to make it easier to get your customer in and out of the dealership as quickly as possible, ideally the same day, thus eliminating the need for a rental vehicle. Dealers are only allowed to claim a maximum of two rental days with parts expediting and even those situations must be justified.

Your service advisors often create this write-off by giving rental vehicles to customers who do not qualify. The reason for courtesy transportation must be documented on the job card, including the type provided, date, times and driver information. Service management is required to authorize courtesy transportation in excessive of three days. Getting your service advisors on board with the policies of the Courtesy Transportation program is now more crucial than ever and it may be time to get them together and create a plan of action. Only Cadillac customers can receive a rental vehicle beginning with day one. The remaining franchises only allow a rental given to a customer if the vehicle is inoperative, unsafe to drive, unable to complete the repair due to delayed availability of parts, or there are numerous concerns that will require the vehicle to spend the night at the dealership. Every warranty customer must be qualified before rental keys are handed out and if that qualification can't be met, offer your customer a shuttle ride instead.

Another write-off with parts expediting happens when your parts department doesn't adhere to the \$100 price difference limit. If it is going to cost more than \$100 to purchase a part from another dealer, you should simply order the part, notify the customer you did so, and contact them when the part is in. If the vehicle is in a



state where it isn't driveable, offer the customer a rental vehicle. Parts expediting charges over \$100 can only be paid by your DMA.

6. DEDUCTIBLES & CUSTOMER PARTICIPATION

There are a couple situations where the customer is liable to pay a deductible or participate with the expense of a warranty claim; GMPP claims when the customer's plan requires a deductible paid, and policy transactions where the customer (or dealership) participate with the expense.

Deductibles are the Top 6 write-off this month because they often are missed when the service advisor fails to annotate on the job card that a customer pay expense applies to the claim. When this happens, your choices are to either send the customer a bill with an explanation or write-off the dollar amount. A missed deductible or customer participation may have a very big impact. How many warranty or GMPP repairs have an excess of \$100 profit left over to absorb the loss of a written off deductible or customer participation?

GMPP extended warranty plans are sold with and without a deductible. The amount is generally \$50, \$100, or \$200 and is easily identified by either calling CARES and entering the VIN or reviewing IVH. Again, an estimate

should be given to the customer at write-up in the event the repairs are not covered and the deductible discussed and documented in the event the repairs are covered.

When the decision is made to offer the customer a policy adjustment on the needed repair, management must determine the appropriate customer participation amount through the Policy Calculator. Once the participation expense has been determined, the customer must be advised of the policy decision including the amount of participation, as well as documenting on the job card.

In both cases, when the cashier gets the completed job card, there is to be no question as to what is owed by the customer.

SIGN UP FOR THE WARRANTY ADMINISTRATION PROGRAM

ONLY AVAILABLE THROUGH JLWARRANTY

CONTACT INFORMATION

Name:
First Last

Job Title:
ie. Warranty Administrator, Service Manager, etc.

Phone:
(xxx) xxx-xxxx Secondary line (optional)

Email:

DEALERSHIP INFORMATION

Company Name:

Dealer Code:

Billing Address:
Street Address

City State Zip

Shipping Address:
(if different) Street Address

City State Zip

OTHER INFORMATION

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