

# New NYS Labor Time Warranty Law

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Thursday, September 19, 2024

# Our Speakers:



**Douglas Clark**  
Co-Managing Partner,



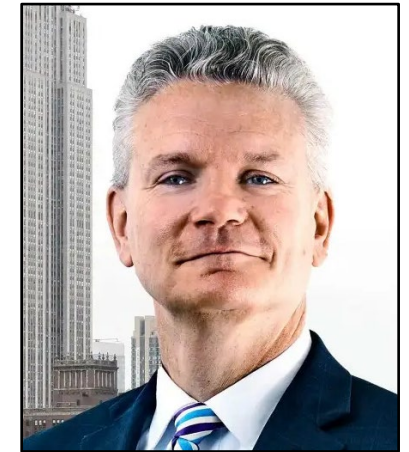
**Russ McRory**  
Partner



**Kevin Timson**  
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**Frank O'Brien**  
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**Jim McGrath**  
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# Mark Schienberg

President, GNYADA





# 1. What The New Law Means For You

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Douglas Clark, Co-Managing Partner | Shenker Russo & Clark



## 2. Initial Steps Dealers Should Take

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Russell P. McRory , Partner | ARENTFOX SCHIFF  
Kevin Timson, Associate | ARENTFOX SCHIFF



# What the New Law Means

Effective September 4, 2024

- Increased warranty labor reimbursement using the increased hours documented in independent retail labor time guides
- Incremental warranty revenue from claiming for diagnostic and other manufacturer-required repairs
- Warranty claims cannot be deemed invalid solely because unavailable parts result in additional use and mileage on the vehicle by customers
- Dealers must contact their OEM's ASAP regarding updated warranty claims process
- Manufacturers will push back based upon their responses to similar legislation in other states



# NY Dealers Can See Warranty Reimbursement Gains Using Retail Labor Time Guides Instead of OEM Time Guides

*“...compensation shall be the reasonable labor time allowances defined by the retail labor time guide reasonably utilized by a franchised motor vehicle dealer for non-warranty customer paid labor operations.”*

**New York State Dealer Act § 465.1**

*“Reasonable labor time allowances...reasonably utilized”*

- OEM’s will question the reasonableness of labor times for specific repairs and for the guides used





# Other New York Dealer Wins from the Newly Amended Law

*Amended law now allows dealers to charge all manufacturer-reimbursed repairs at customer-paid rates*

- a) Including diagnostic work, recall work, stop-sell repairs, repairs for factory extended warranty policies
- b) Prior to September 4th, factories only had to reimburse warranty repairs at retail

*Factories cannot disqualify claims when dealers are waiting on parts and customers get their vehicles back and add mileage on these vehicles before the repair is done*

# How Can Dealers Prepare for Changes in Warranty Claims Processing?

<p><b>Pre-Submission Notice to OEM's</b></p>	<p>Send brief, dated notice ASAP</p> <p>No OEM approval needed</p> <p>Review OEM forms with counsel before returning</p> <p>Apply for warranty reimbursement at retail labor and parts rates if not already done</p>
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<p><b>Inform OEM's on Labor Guides to be Used</b></p>	<p>Some OEM's have listed specific guides as reasonable, e.g.,</p> <p>Ford: Chilton AllData, Mitchell 1, Prodemand, Dealer-FX, AutoVHC, TruTech, Haynes, Clymer, AudaVin, Direct-Hit Collision, AudaShop, ADX Estimating, AutoFocus, Auda Target</p>
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## OEM Letters Received



# Multiple Manufacturers Have Already Communicated with Dealers



- VW “reserving rights” on new law
- Asking for 100 RO’s from past 4 months to determine dealer reasonableness
- Submit retail labor guide currently used and when you started using it



- Reserves rights to challenge reasonableness of retail guides
- “Supports” some retail guides but not others
- Retail guide must have time for all sub-repairs or OEM guide must be used

- Hasn’t “reserved rights” to challenge new law
- Excess time above OEM guide reported separately
- Supplemental time not subject to AutoPay



- Honda “reserving rights” on new law
- Submit retail labor guide currently used and notify immediately if you are changing guides
- Only one guide must be used for all repairs
- Excess time above OEM guide reported separately

# What Changes Do Dealers Need to Implement on Repair Orders?

## Double Check Processes

- Avoid audits: properly document and confirm repair orders before submission
- Talk with service team to discuss transition and quality control

## Retail Guide Best Practices

- Use existing retail guide
- If OEM guide used for retail, move to a retail guide
- Don't mix & match guides, except for gaps
- Use OEM Guide on new repairs if retail guides give no guidance

## Diagnostic Claims

- Diagnostic work typically reported by primary technician on repair.
- Make sure to close out on other repairs
- Supervisor typically not getting reimbursed to support diagnosis.



### **3. What changes are needed to implement**

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Frank O'Brien, Partner | Withum



## 4. What If OEMs Refuse To Comply

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Russell P. McRory , Partner | ARENTFOX SCHIFF  
Kevin Timson, Associate | ARENTFOX SCHIFF



## 5. Recommendations on addressing Labor relations

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James E. McGrath, III Member/Labor & Employment | Bond, Schoeneck & King





## 6. What Has Been The Experience In Other States

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Mark Schienberg, President | GNYADA



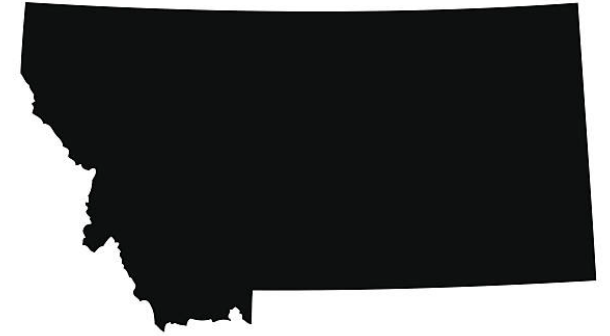
## 7. NYS Labor and Parts Reimbursement Law

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Douglas Clark, Co-Managing Partner | Shenker Russo & Clark

## What is the Experience in Other States with Similar Warranty Labor Time Allowances?

*New York Dealers can predict likely OEM responses to the New York Amendment from how factories have responded to similar legislation in Illinois, Minnesota and Montana*





## Questions?

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# Regional Dealer Breakfast Meetings



# REGIONAL MEETINGS

GNYADA.COM

## New York City

October 8, 2024 | 8:30 am

The Center for Automotive Education & Training

## Long Island

October 9, 2024 | 8:30 am

Melville Marriott

## Mid & Lower Hudson Valley

October 10, 2024 | 8:30 am

The Opus Westchester



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