



PARTS - SERVICE GRAM

MA00039

7/12/04

All Models

TO: DEALER PRINCIPALS, BRANCH MANAGERS, SERVICE MANAGERS, PARTS MANAGERS and TRAINERS

SUBJECT: Definition of Warranty Labor Rate and Warranty Audit Procedure

DESCRIPTION:

This Parts- Service Gram is being issued to advise you that effective August 2, 2004, a revised warranty labor reimbursement rate definition and policy is being implemented. This revised policy will provide specific guidelines for warranty labor reimbursement rates. There is no change in the amount to be reimbursed (80% of customer billing rate on file) or in the timing for new rate increases to take effect (15 days from receipt of your request).

Enclosed with this Gram are the two revised sections from the Dealer Policy & Procedure Manual listed below, a copy of which should be placed in your dealership's library for access by all employees working with warranty claim submission. A copy will also be posted on the Hyster Digital Dealer Website.

- 1) Section 200.90 of the Policy and Procedure Manual Computation of Rates and Amounts Claimed
- 2) 700.00 Audits – Dealer Compliance
 - a) Section 700.40c. Major Discrepancies
 - b) Section 700.50g Description.

Features of the new statements:

- a- Clear and concise requirements for defining "Customer Billing Rate"
- b- Revised Audit procedures for verifying these changes.

Effective Date: The coverage contained within these documents will be effective with claims received commencing August 2, 2004.

Please take this opportunity to review your current Customer Billing Rate in relationship to this revision of policy. Since this policy revision simply seeks to clarify the definition of Customer Billing Rate, most dealers' rates already comply and will not need to be changed. If the current Customer Billing Rate you have on file with NMHG is in compliance with the revised policy, you need take no action. If your current Customer Billing Rate is not consistent with the revised policy, you should submit a corrected rate with the Warranty Administration Department. Please submit the change to contact Mandy Chance-Outlaw via fax (252-931-5461), email aamchanc@nmhg.com, or U.S. mail. Revisions or adjustments to your Customer Billing Rate will be accepted through August 31, 2004.

We will continue to audit compliance of the Customer Billing Rate policy, however, all dealers whose submitted rates are in compliance by August 31, 2004 will be exempt from rescission of excess rates on labor and travel hours occurring prior to that date. Discrepancies on warranty labor and travel after August 31, 2004 and identified by an Audit or Warranty Department review will be subject to rescission of the rate difference for all associated labor and travel hours paid.

Questions concerning this release should be directed to the attention of: Gilbert "Skip" Riddle, Manager of Warranty Administration @ 252-931-5796 or via email at aasridl@nmhg.com.

Thomas P. Saputo
Director – Customer Services
NACCO Materials Handling Group. Inc.

200.90 Computation of Rates and Amounts Claimed:

The Warranty Labor Rate paid on warranty claims will be 80% of the dealer's Customer Billing Rate. The Customer Billing Rate is defined as the highest rate which is in effect and being billed to and paid by a minimum of one third (1/3) of your local customer community for non warranty repair labor services, exclusive of Guaranteed and Periodic Maintenance.

Warranty reimbursement will be based upon the Warranty Labor Rate in effect on the date of repair. Hyster Company will pay claimed labor time in accordance with published Hyster flat rates that have been approved by the Warranty Administration Department. In the event that the flat rate or rates have not been created, a detailed explanation of labor performed will be required to be submitted via the claims submission venue and coded as Straight time and will be reviewed on a case-by-case basis by the Warranty Department.

It is the dealer's responsibility to notify the office of the Warranty Department, Administrative Assistant, in writing, via fax [252- 931- 5461], email or U.S. mail of any change in the dealer's Customer Billing Rate. The rate will be effective 15 days from receipt of notification. Documentation such as paid customer invoices at the new rate and regionally competitive labor rates may be requested at any time following a rate change or at the time of any warranty audit in order to substantiate the rate submitted.

Customer Billing Rates are subject to audit. In the event that the actual Customer Billing Rate is found to be lower than the Customer Billing Rate submitted to Hyster Company and covering the time of the claims being audited, the difference per hour will be rescinded for all labor and travel hours claimed for warranty reimbursement over the affected period as identified during the audit (s) or any review by NACCO Materials Handling Group.

700.00 Audits –Dealer Warranty Compliance:

700.40c. Major Discrepancies.

[Addition] Number 8:

Major Discrepancy: Customer Billing Rate.

Technical Clarification:

The Customer Billing Rate is defined as the highest rate which is in effect and being billed to and paid by a minimum of one third (1/3) of your local customer community for non warranty repair labor services, exclusive of Guaranteed and Periodic Maintenance.

700.50g. Verification of Charges.

[Addition]

In the event that the actual Customer Billing Rate is found to be lower than the Customer Billing Rate submitted to Hyster Company and covering the time of the claims being audited, the difference per hour will be rescinded for all labor and travel hours claimed for warranty reimbursement over the effected period as identified during the audit (s) or any review by NACCO Materials Handling Group.

.