

Aviation Warranty Solutions Limited

Harish Shah MA Founder and Director

- A specialist with over 20 years experience in warranty/ guarantee recovery .
- Educated with a Master of Arts in Management Studies
- In depth knowledge of contract negotiations and administration of all aircraft warranty and guarantee related matters



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The world's airlines are always under pressure to increase profitability and growth

The challenges we face are:

1. Decrease overall maintenance costs.
2. Streamline the supply chain.
3. Minimise unscheduled maintenance and optimise scheduled maintenance.
4. Ensure regulatory compliance and tighten accountability over technical operations.
5. Focus on strengths by outsourcing and/or in sourcing maintenance activities.
6. Continue safe and efficient operations



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One of the ways this is possible is by taking maximum advantage of the warranties and guarantees that are offered when purchasing aircraft, engines and components



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What to ensure during negotiations

- Ensure warranty terms are clear, set time limits and conditions for acceptance of claims and closure of the items. Make sure that if not responded within the set time then claim must be deemed accepted. **(This includes contracts with MRO's and OEM's.)**
- Transfer of warranty rights must be in place within a certain timeframe and acknowledged by the airframe manufacturer.
- Permission and full authority to negotiate all warranty / guarantee matters with the aircraft manufacturers and vendors is granted.



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What to ensure during negotiations

- Spares purchasing agreements and component repair records are available.
- Access to technical documents and /or on-line sites
- Access to third party maintenance organisations who maintain your fleet if maintenance is not accomplished in-house
- If contracted out ensure that the MRO/Agent reports credit and claims status and conduct regular audits of the claims departments for efficiency and accuracy of claims submitted by them.



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Expected Savings

Reduced Maintenance Costs And Overheads

All costs associated through design deficiencies, material and workmanship errors are pursued and recovered from manufacturers and vendors.

Reduced Component Repair and Overhaul Costs

All costs associated with warranty repaired items are recovered through efficient administration of product support agreements.

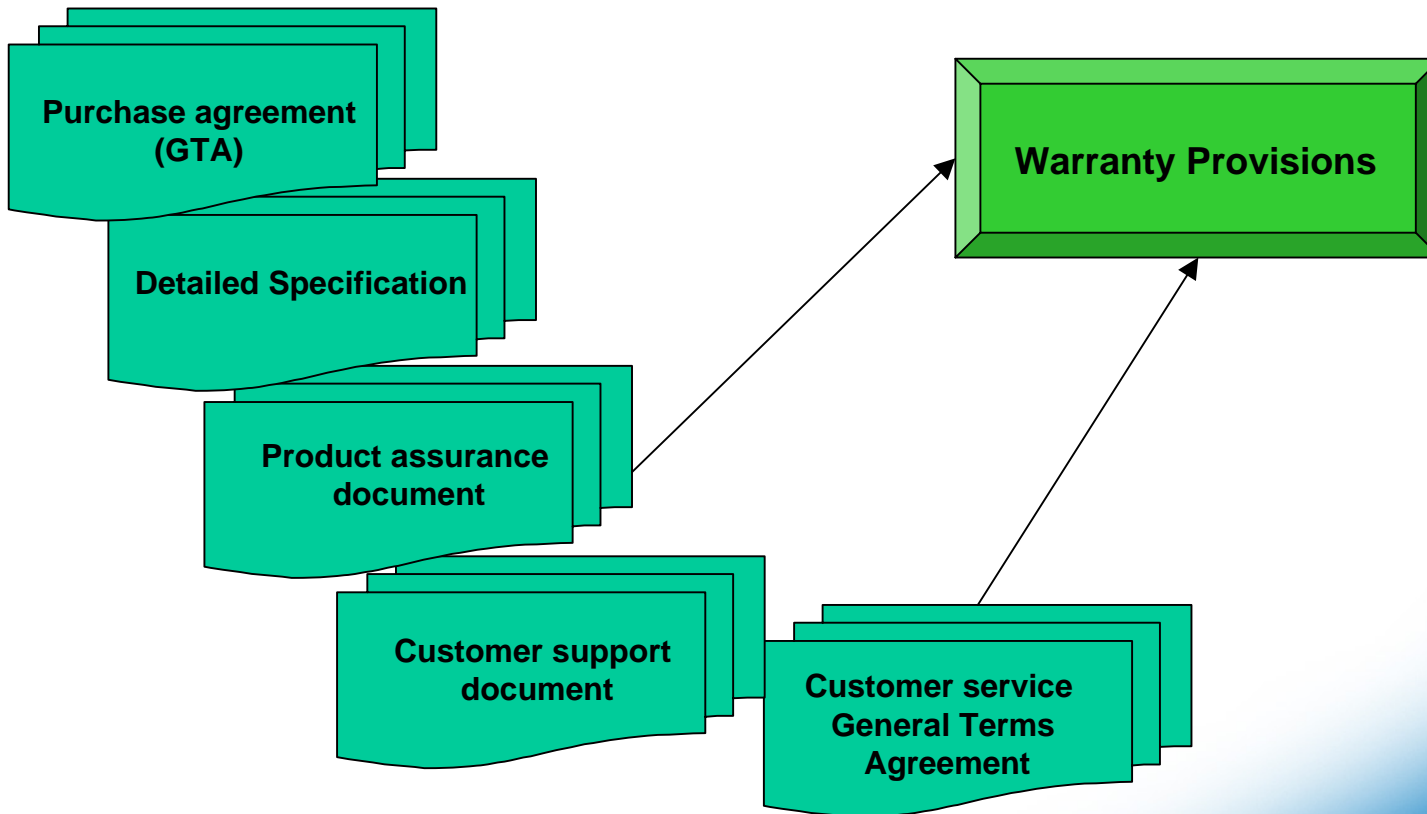
Reduced Modification and Upgrade Costs

By ensuring all F.O.C service bulletins kits and upgrade programmes and chargeable modifications are negotiated with the vendors for price reductions.



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Primary Contractual Documents



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Standard Warranty Terms

**Aircraft – Standard Warranty is typically
36 Months or 48 months.
Corporate fleet is 60 Months**

Purchase Agreement Clauses and Contract Rules

Warranty cover is assured by:

- The Aircraft Purchase Agreement (PA)
- The Letter Agreements and amendments to the PA
(COMMITMENT LETTER)
- For leased aircraft, the assignment of Warranties and Service Life Policy (SLP), by the lessor to the lessee.



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Extended Warranties

Most major aircraft manufacturers provide a 12 year service life policy

Service Life Policy

The Service Life Policy (SLP) is applicable to a selected list of items of primary aircraft structure and provides a cost sharing that varies over a period of time.

Remedies (Material costs only)

A pro-rata formula gives the credit to be applied under this policy. This formula takes into account the partial use already made by the relevant part over the agreed duration.

Within the duration of the standard warranty, 100 percent coverage is applied.



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Additional Warranty Information may be found in the following documents:

- Letter Agreements to the Purchase Agreement
- Aircraft Delivery Exception and Commitment Letters
- Service Bulletins and Service Letters
- Program Letters



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Nature of warranty

Each aircraft and all warranted parts shall be free from defects:

- in material
- in workmanship
- in design, having regard to the state of the art at the date of design
- arising from failure to conform to the specification



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Exclusions

The standard warranty does not apply to:

- Performance, estimates, approximations or design aims;
- Buyer furnished equipment (BFE) which is equipment fitted that has been purchased by the Customer according to their specific needs. (***Warranty coverage is negotiated by direct contracts with the relevant suppliers;***)
- Propulsion System as this coverage is provided directly by the Engine Manufacturer selected by the Customer;
- Components, accessories, parts purchased by the manufacturer, and not bearing their P/N.
- All Supplier Furnished Equipment (SFE).

These are covered by the transfer of Vendor warranties (PSAA)



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Exclusions Continued

The standard warranty does not apply to:

- All standard parts
- All consumable material, as well as raw or bulk material.
- Nevertheless

Installation of Vendor items (either BFE or SFE), integration of systems and units are to be considered under workmanship and design warranties.



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Warranty Conditions

Administrative time limits

Claim submission. Within the authorized contractual delay (90 days is generally acceptable).

Claim determination. Currently, claims are usually settled within 30 days.

Airline should retain failed parts (60 days minimum) for possible inspection.

Aircraft on Ground (AOG)

Warranty settlement cannot be made available for an AOG delivery as an on-the-spot is in contradiction to the spirit of the warranty procedures.

Therefore no AOG will be delivered FOC.

A warranty claim should be filed after the fact.



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Warranty Conditions

Free of Charge (FOC) classification and Industry Support

Responsibility in a production error or design defect.

Service Bulletins issued to correct design defects becoming apparent within the warranty period and items that are clearly unsuitable in operation (not fit for their intended use) are the main candidates for this classification.

Mandatory Service Bulletins

There is no relationship between FOC statement and Mandatory classification.



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Components / Rotables

Coverage is by means of preliminary negotiations with each vendor, most of which is conducted by the aircraft manufacturers

The terms of contract are provided to the Customers by means of the following publications:

SUPPLIER PRODUCT SUPPORT AND ASSURANCE AGREEMENTS (PSAA and GTCP)

(Provides specific warranty and guarantee terms including MTBU and MTBR commitments)

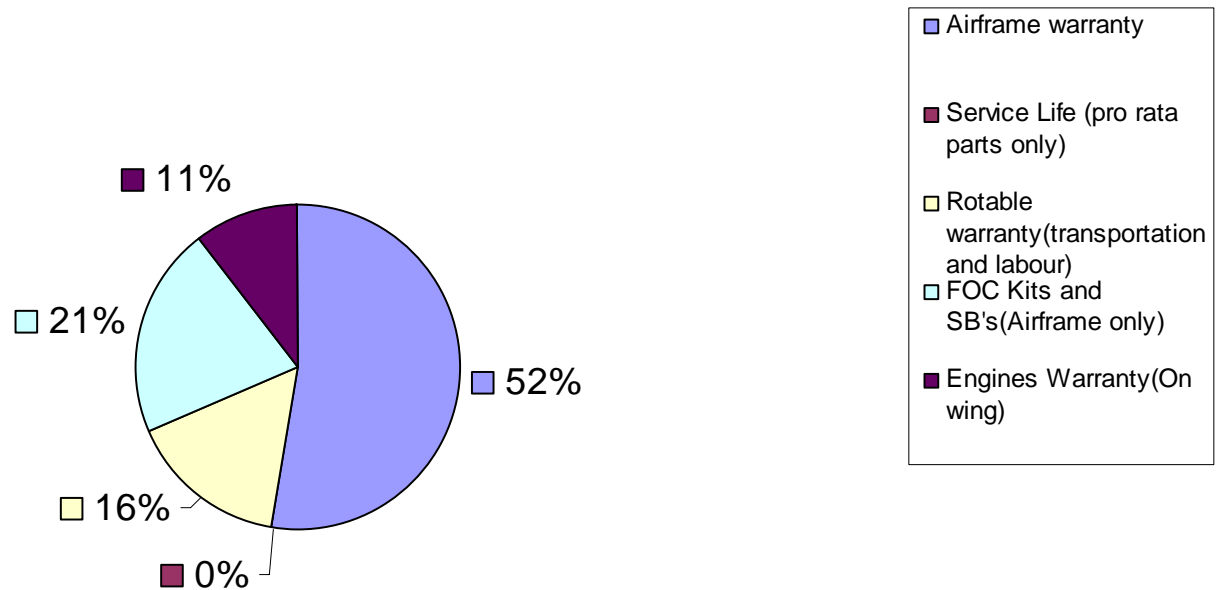
Coverage, definition, time limits are similar to those provided by both Airbus and Boeing for Warranted parts.

Vendors are offering up-graded conditions for each new aircraft model.

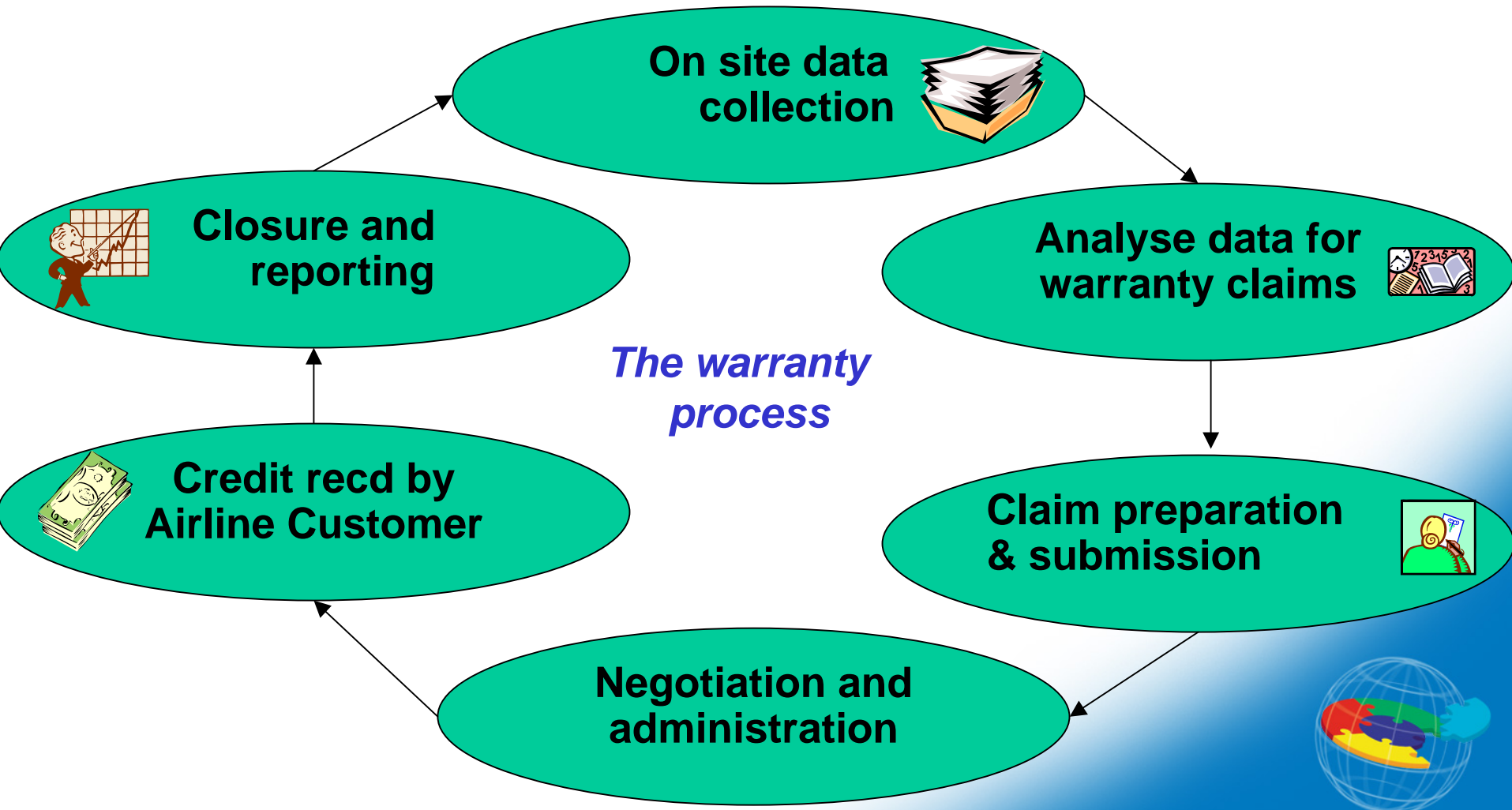


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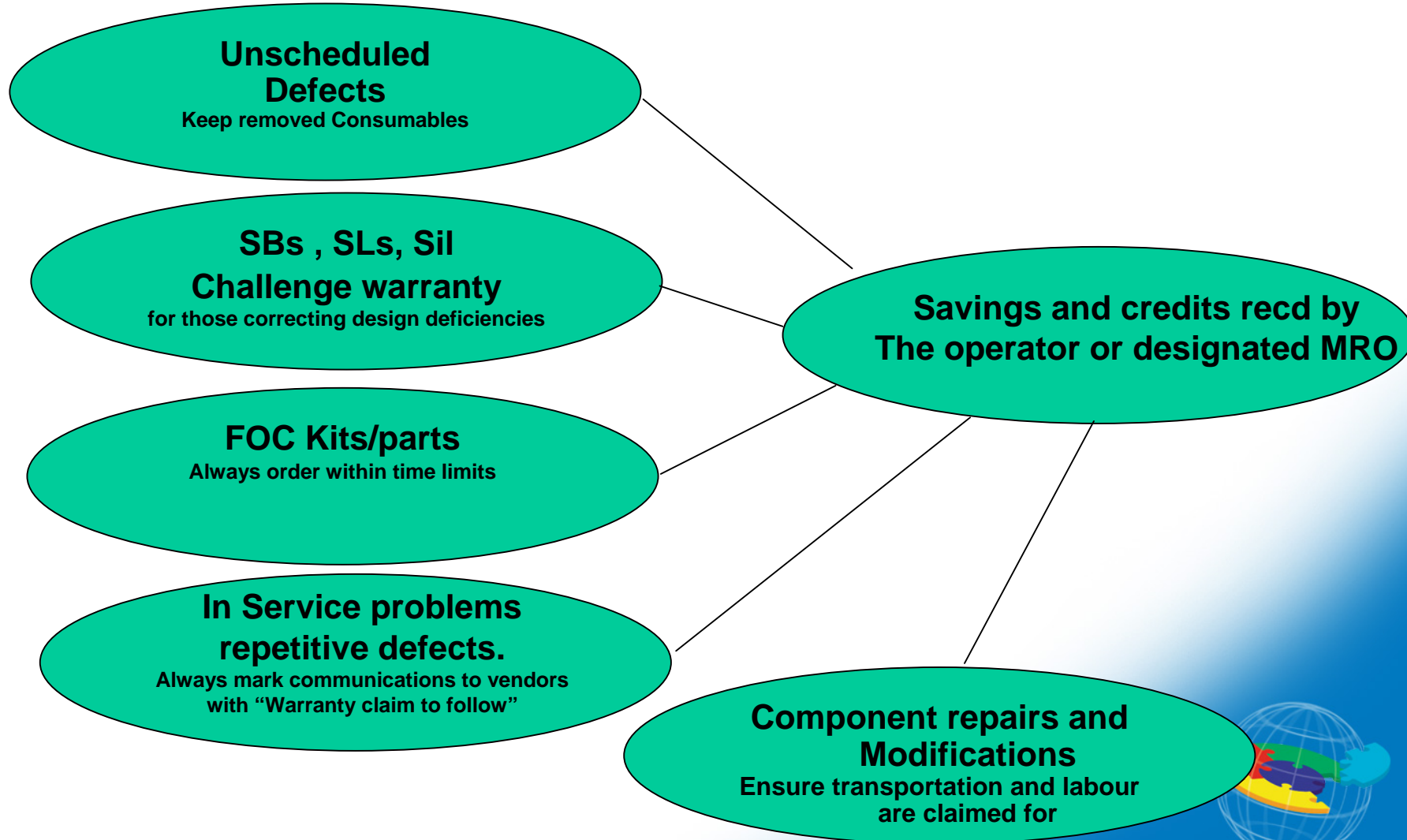
Warranty recovery expectations



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Thank you for your time and
attention.

**If there are any questions please
contact**

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