



## AHRI Policy Position Warranty Programs and Practices

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The Air-Conditioning, Heating, and Refrigeration Institute (AHRI) is the trade association representing manufacturers of heating, ventilation, air-conditioning, refrigeration (HVACR) and water heating equipment within the global industry. AHRI's more than 320 member companies account for over 90 percent of HVACR and water heating residential and commercial equipment manufactured and sold in North America.

### Background on Industry Warranty Practices

Today, many HVACR manufacturers offer a minimum base warranty of five years which goes into effect immediately upon the point of installation, without the consumer registering it. Extended warranties, which can add between five and seven additional years of coverage, are contingent upon the customer completing a warranty registration.

Warranty registration requirements play a critical role in the manufacturer-to-customer relationship. By requiring a customer to register their warranty, manufacturers can efficiently manage these programs. Warranty registration requirements also allow manufacturers to financially plan for claims on extended warranties.

Finally, warranties are a feature that allow manufacturers to differentiate their products from one another. Market forces, including competition and consumer choice, have improved warranties for HVACR products. Twenty years ago, the average warranty duration on an HVACR product was about five years; today, with the additional coverage provided by extended warranties, many consumers can secure coverage for 10 – 12 years.

### Industry Position and Policy Considerations

Manufacturers are opposed to any state policies that interfere with manufacturers' warranty processes and programs and/or their relationships with contractors. If states begin to prescribe warranty terms, the complexity of monitoring and complying with these requirements would become increasingly costly and burdensome.

Legislation that dictates the terms of a manufacturer's warranty policy would also limit the ability of manufacturers to make business decisions based on market signals. Manufacturers compete with one another on the warranty coverage they offer. Consumers should be able to choose the product and the warranty coverage that best meets their needs at a fair and reasonable price. Warranty mandates directly interfere with the way in which manufacturers market and sell their products.

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