



The Information Center For And About The Global Auto Industry

[print](#) | [close](#)

## More Technology in Cars Increases Repair Costs

[WardsAuto](#)

[Steve Finlay](#)

Tue, 2013-09-17 05:58

Electronic equipment accounts for more than 40% of a vehicle's cost, up from 20% just 10 years ago, says Jacqui Dedo, a strategist for auto supplier [Dana](#).

Accordingly, electronic parts, components and systems have become among the most common things needing automotive repair work, says an extended-service contract trade association.

Also high on service department fix-it lists are air-conditioning, cooling, fuel, steering and engine systems, says the Service Contract Industry Council, representing 80% of companies offering aftermarket warranties.

The number of repairs have increased as many Americans keep their cars longer, an average of 11.4 years, says Timothy Meenan, the council's president, citing Polk automotive data.

Also up are the cost of repairs. Those rose 10% in the past year, says the car-repair website CarMD. Service bills often range from a few hundred to several thousand dollars.

"Service contracts provide peace of mind for owners who keep their cars longer," Meenan says. "Expensive breakdowns always seem to happen right after a car loses its manufacturer's warranty protection, so extended-service contracts can provide more years of worry-free driving."

Upkeep of an older car can get expensive, he says, touting extended-service contracts that cover repair costs for specific time periods and mileage amounts after factory warranties expire.

"Most of us want to do everything we can to hang onto our cars as long as possible, but the rising cost of repairs makes this increasingly difficult," he says. "Extended coverage through a service contract helps keep a car running longer without so many pricey repair bills."

Some car buyers readily purchase the protection plans that are bread-and-butter offerings at dealership finance and insurance offices.

But other car buyers, particularly young people, may push back more when an F&I manager pitches the likes of extended-service contracts.

In an AutoTrader survey, 60% of Generation Y car buyers said a dealership tried to sell them a service they did not want. That compares with 45% of people over age 35 who said that.

A veteran F&I manager says his customers range from people who readily buy whatever is offered, to those needing a gentle push with some basic reasons, to fickle types who can go either way, to naysayers who refuse all offers.

The Service Contract Industry Council offers suggestions on what questions customers should ask when considering a vehicle-service contract. Among them:

- What does the contract cover and when does the coverage begin?
- How do I make a claim? Will I need authorization before repairs are performed? Is there a deductible?
- Does the contract provide for a rental car while repairs are being made?
- Does the contract provide for roadside service in the event of a breakdown?
- Can the contract be cancelled and, if so, how, and how much money will be refunded?

[sfinlay@wardsauto.com](mailto:sfinlay@wardsauto.com)

**Source URL:** <http://wardsauto.com/dealerships/more-technology-cars-increases-repair-costs>