

# THE WANADA BULLETIN

NEWS AND INFORMATION FOR AND ABOUT FRANCHISED NEW CAR DEALERS IN THE WASHINGTON AREA

WANADA Bulletin #18-02

May 6, 2002

## WANADA News:

### WANADA "Agency" Insurance Plan in Full Swing *New Plan Offers More Choices, Better Service, Cost Containment*

It's not breaking news that the high cost and availability of insurance is a top priority of employers everywhere. To keep pace with the evolving needs of its members and remain state-of-the-art in the difficult and ever changing insurance market, WANADA spent a lot of time and effort last year re-inventing its employee benefits group insurance program.

The WANADA Employee Benefits Committee, chaired last year by Vince Sheehy of Sheehy Automotive and this year by Kip Killmon of Tysons Ford, helped convert the WANADA health coverage program from a trust to an agency. The goal was to contain costs and improve services to members in the tight insurance market. John O'Donnell, a seasoned insurance professional, was added to the staff to complement WANADA's group insurance team, headed by Roberta Reardon. As a result, the new WANADA Agency Insurance Program can now custom craft health, disability, dental and life coverage for

dealer members.

Experienced WANADA professionals and consultants now survey the marketplace and evaluate plans to find the best values and state-of-the-art insurance products. WANADA can offer plans from any carrier, which are tailored to fit individual dealership needs for health, life, disability and dental insurance and benefit combinations, from self funding to fully insured. And a hallmark of WANADA's years in the employee benefits business is service after the sale.

*(See Agency vs. Trust, page 2)*

## LAST CALL: WANADA OPEN

### Monday, May 13 Indian Spring Country Club

You can still get in on this spectacular springtime event, but time's a-wasting. We're talking about the WANADA Open Monday, May 13 at the Indian Spring Country Club in Silver Spring, MD. This year's golf and tennis outing will be the best ever with the opportunity for fellowship and fun, a round of captain's choice golf, and a chance to win valuable prizes. And this year's special highlight will be Washington's most versatile sports broadcaster, Johnny Holliday, who will be the MC at the WANADA Open dinner starting at 6:00 p.m.



MC Johnny Holliday

For more information, reservation and sponsorship opportunities, see the registration form and flyer — with prices and times — enclosed with this *WANADA Bulletin*, or call Trish Frisbee at the WANADA office, (202) 237-7200, ext. 14.

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★ "Special Bulletin" Enclosed: ★  
★ **WANADA Meets With DC DMV** ★  
★ A group of a dozen WANADA officers and dealer ★  
★ representatives met with top DC Department of ★  
★ Motor Vehicles officials on May 3 in an attempt to ★  
★ resolve urgent problems with tag, title and inspec- ★  
★ tion procedures. A full report of the meeting and ★  
★ planned changes at the DC DMV is enclosed with ★  
★ this WANADA Bulletin. ★  
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### Inside...

- Web Site Advertising.....p.3
- Senate Clears Energy Bill With No CAFE ..... p.3
- Tornado Assistance for Dealership Employees.p.4
- Survivors Relief Fund Aids Victims.....p.4

**NEW WANADA INSURANCE PLAN:****Agency vs. Trust: An Interview with John O'Donnell**

To expand on the new WANADA agency health coverage program, The WANADA Bulletin sat down with John O'Donnell to explain the finer points.



**John O'Donnell**

**Q.** *What exactly is the difference between an agency and trust health insurance plan, and why did WANADA change plans?*

**A.** Under a trust plan WANADA was only able to offer dealership employees health coverage from one carrier, such as Kaiser Permanente. As an agency, or broker, WANADA can negotiate on the dealer's behalf with any health insurance company in the market today. It is no longer "one size fits all."

We changed the plan because we needed to be more competitive than we were able to be with just one carrier. It was already a tough market that got even tougher and more costly after the events of September 11.

**Q.** *What is the advantage of an agency to dealerships?*

**A.** First, of course, is much greater choice. We can now represent all the major carriers – Kaiser, Blue Cross, Aetna, MAMSI, United Health Care, Fidelity, you name it. Second, we are representing the dealer. We do not represent the carrier. So our interests are absolutely and unequivocally aligned with the dealer.

**Q.** *Doesn't it cost more to insure an individual dealership or dealership group than it does under a larger trust plan?*

**A.** It won't cost any more or any less than it was costing previously. The one big fallacy in the health insurance business is that bigger is better. Sure, sales people for carriers see big commissions on big trusts. But where the rubber hits the road is the underwriter, who doesn't care if you have 50, 500 or 5,000 enrollees, but they better be healthy. It all comes down to how risky is the group. Carriers look at employee groups on an individual basis for such factors as age, health history, etc., and part of our jobs is to advise dealer-

ships on how to present their groups.

**Q.** *What do you mean you survey the market for the best deals?*

**A.** It means I ask dealers for some information on their employees, analyze it, and then negotiate with individual carriers for the plan best tailored to that employee group at the best price.

**Q.** *Why not just use an insurance agency or broker?*

**A.** You can, of course. There are lots of them, some good and some bad. But what do they know about the automobile business? We are the experts, the specialists. WANADA's health insurance program has been a top priority since 1947 — that's 55 years! We work only for the dealers and nobody else. We are the dealer's full-time advocates before, during and after the sale.

And guess who owns WANADA? The dealers do! So who are you going to pay? Smith Insurance Agency, or pay yourself.

**Q.** *What other advantages are there to the WANADA program over other brokers?*

**A.** A huge advantage to dealers is service after the sale free of charge. We basically function as a human resource for all of our dealers. We still do billing for all of the plans, handle terminations and COBRA, and we handle any claims issues.

**Q.** *What other services do you offer?*

**A.** I send out periodic updates to *dealer principals* on the latest developments in the insurance market. It's not sales "spam," it's pertinent, succinct information. I don't have everyone's email address, so dealers who are interested should contact me.

**Q.** *What final advice would you give to WANADA member dealers?*

**A.** Call me today! Don't wait until the last minute, because this process takes time. So do it now. You have nothing to lose and likely a great deal to gain.

For more information, contact John O'Donnell or Roberta Reardon at WANADA, (202) 237-7200, fax: (202) 237-9090, or e-mail at [jod@wanada.org](mailto:jod@wanada.org) or [rr@wanada.org](mailto:rr@wanada.org).

**NADA Monthly Dealer Operations Commentary****Web Site Advertising: Disclosure and Compliance Issues**

According to *NADA Data 2002*, more than 90 percent of new-car and truck dealerships have web sites. Chances are excellent that *you* have a web site. Does your web site meet federal advertising requirements?

The same rules that govern print and broadcast advertising apply to internet advertising, and the Federal Trade Commission (FTC) enforces consumer protection laws online as well as off. It is wise to review your web site annually, with legal counsel, to ensure that it complies with the following:

- Regulation Z of the Truth in Lending Act requires certain disclosures about the terms of a consumer credit sale.
- Regulation M of the Truth in Leasing Act requires certain disclosures about consumer lease transactions.
- The FTC Act mandates that advertisements must be truthful and not misleading from a consumer's perspective.

The FTC requires that advertisers identify all express and implied claims—"triggering" claims—conveyed by their advertisements. Advertisers must determine which claims might need qualification and what information should be provided in a disclosure.

All disclosures must meet the "clear and conspicuous" standard, and they must be "legible and reasonably understandable" as perceived by a reasonable consumer. The FTC has issued guidance on meeting the clear and conspicuous standard; read its publication, *Dot Com Disclosures*, at [www.ftc.gov/bcp/online/pubs/buspubs/dotcom/index.html](http://www.ftc.gov/bcp/online/pubs/buspubs/dotcom/index.html).

Many principles of advertising law apply to online ads, but new issues arise as fast as technology develops. Using *Dot Com Disclosures* as an integral part of your yearly look at your web site will ensure that you meet all guidelines.

This information was excerpted from NADA Management Education Bulletin L.39, *Web Site Advertising: Disclosure and Compliance Issues*, which NADA members have received. For additional copies (priced at \$2.50 for members and \$5.00 for nonmembers), visit NADA online catalog at [www.nada.org/mecatalog](http://www.nada.org/mecatalog) or call 800-252-6232, ext. 2 or 703-821-7227.

**Senate Clears Energy Bill With No CAFE Mandate**

After an exhaustive seven weeks of debate on the Senate floor, Senate Majority Leader Tom Daschle (D-S.D.) was able to complete a comprehensive energy bill by procedurally limiting the number of amendments to the bill from the hundreds that had been submitted. During the lengthy consideration of the bill, the auto industry defeated two separate attempts to mandate significant CAFE increases.

"We are pleased that the Senate soundly defeated the Carper-Specter amendment in the same way that they rejected the Kerry-Hollings CAFE proposal last month," said Tom Greene, chief operating officer, NADA Legislative Affairs.

While the Senate defeated the mandated increases, the bill does require the Department of Transportation to review and issue new standards for both cars and light trucks. A final version of the energy bill will have to be worked out in conference with the House.

**NADA RELIEF FUNDS:****Dealership Employees May Qualify for Tornado Assistance**

Dealership employees impacted by last week's severe tornados in La Plata, Maryland and elsewhere may qualify for up to \$1,500 in assistance from the National Automobile Dealers Charitable Foundation's Emergency Relief Fund.

Last year, the fund raised \$58,000 in donations from dealers and disbursed \$57,700 in emergency grants to assist 39 dealership employees in four states – Alabama, Iowa, Texas and West Virginia. Since the program's inception in 1992, \$664,275 has been dispersed to 903 dealership employees across the country who were victims of natural disasters – with every penny going directly to those in need.

WANADA dealers aware of Southern Maryland dealership employees in need of assistance should contact Tom Mann at WANADA, (202) 237-7200, or e-mail [tm@wanada.org](mailto:tm@wanada.org). Dealers interested in contributing to the fund should send their tax deductible donations to the NADCF Emergency Fund, 8400 Westpark Drive, McLean, VA 22102.

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**Survivors Relief Fund Aids Terror Victims**

The National Automobile Dealers Charitable Foundation is donating \$100,000 from the Survivors Relief Fund to be divided between the Safe Horizon World Trade Center Fund, which provides housing, funds, relocation and counseling services; and the Robin Hood Relief Fund, which works with community-based programs in New York City to assist lower-income victims and their families. Each also received a \$100,000 donation from the Foundation in December.

Thanks to the caring, patriotism and generosity of franchised dealers across America, the Survivors Relief Fund has raised an amazing \$1,795,900, including a \$500,000 check from the NFL as part of the agreement to rearrange the dates of the NADA convention in New Orleans. So far, \$450,000 has been disbursed to charitable organizations with a good track record and minimal administrative costs in New York and the Washington, D.C. metropolitan area.

Nearly \$100,000 was contributed to the Survivors Relief Fund from Washington area dealers, and these funds will be dispersed to appropriate organizations to assist the survivors and the families impacted by the terrorist attack on the Pentagon.

**Thought for the Week...**

*Give me the luxuries of life and I will willingly do without the necessities.*

—Frank Lloyd Wright

**Enclosures:**

- 2002 WANADA Open flyer and registration form
- WANADA Special Bulletin on May 3 Meeting With DC DMV Officials