

Norvar Health Services to Provide Dealership Flu Program

To kids, Labor Day means back to school. To employers, it means the dreaded start of the fall and winter flu season, and it's never too early to begin planning for the inevitable. Keeping in mind that employers lost over 32 million hours of productive employee work time last year due to influenza related absence, WANADA is pleased to announce it has entered into an agreement with Norvar Health Services in Centreville, Virginia to provide on-site flu shots as well as other health screening and wellness programs to member dealerships.

As a local "small business, Norvar Health Services, a division of Norvar Services, is capable of delivering a range of services from flu shots to "turn key" health facility operations. Their health providers are licensed in the jurisdiction where practicing,

maintain current professional liability insurance (malpractice) and maintain a current CPR certification. Norvar clients include a number of federal and local government agencies.

On-site immunization services will be available to member dealers during the October to December timeframe for **\$19 per immunization** with a

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EPA Backs Off Auto Emissions Issue

In a major victory for dealers and the auto industry, the Environmental Protection Agency ruled last week that it lacks authority under the Clean Air Act to regulate carbon dioxide and other greenhouse gas emissions from automobiles.

The EPA formally rejected a 1999 petition from Greenpeace, the International Center for Technology Assessment and the Sierra Club to regulate greenhouse gas emissions from vehicles as a means of dealing with the problem of global climate change, according to The Washington Post. The agency asserted that Congress had not granted the EPA specific authority under the Clean Air Act to regulate carbon dioxide along with regulated health-threatening pollutants such as nitrogen oxide and sulfur dioxide.

The EPA also said proposals for setting carbon dioxide emissions standards for motor vehicles are "not appropriate" at this time. The Senate has agreed to consider legislation this fall offered by Senators John McCain (R-AZ) and Joseph I. Lieberman (D-CT) to impose a comprehensive national policy to

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SUV Owners Deliver 'Cease and Desist' Petition to Anti-SUV Zealots, \$100,000 Reward Offered for Vandals

Five days after a shocking episode of anti-SUV domestic terrorism in southern California, the SUV Owners of America delivered a petition with 6,065 supporter names to activist Arianna Huffington and other anti-SUV zealots, urging they stop encouraging groups like the Earth Liberation Front (ELF), which torched Clippinger Chevrolet-Hummer in West Covina and has committed other recent acts of violence against SUVs and their owners.

The petition is being sent to Ms. Huffington, who created the anti-SUV Detroit Project; her colleague Robert Kennedy, Jr., of the Natural Resources Defense Council (NRDC) and the Detroit Project; the Rev. Jim Ball, creator of the "What Would Jesus Drive?" campaign; and Fenton Communications, the public affairs firm behind both the Detroit Project and "What Would Jesus Drive?" campaigns.

In addition, dealers and government officials have offered a \$100,000 reward for the arrest of vandals who ravaged the Hummer dealership, according to Automotive News. The FBI is running the investigation, and no arrests have been made.

Ziad Alhassen, owner of Clippinger Chevrolet-Hummer, said the damage, which destroyed about 20 vehicles, mostly Hummer H2s,

totals several million dollars. "I hope this will be a wake-up for all of us to fight terrorism," he told Automotive News.

The \$100,000 reward to catch the culprits was established with the following contributions: \$25,000 by the county of Los Angeles,

\$25,000 by Alhassen, \$10,000 by the City of West Covina and \$40,000 by fellow dealers.

Automotive News also reports that a few more incidents like this one could result in higher property and casualty insurance rates for California dealerships.

WANADA Flu Program



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minimum guarantee of 20 participants. "This service will ensure that your employees can conveniently take advantage of this important health benefit at their worksite," says Norvar.

Plenty of Vaccine Available This Year

And unlike the past two years, the U.S. Centers for Disease Control and Prevention reports that plenty of influenza vaccine will be available this year, so there will be no need to let older and more vulnerable people get their flu shots first. Everyone who wants a flu shot will be able to get one in October, giving themselves time to develop immunity before the flu season starts, the CDC said.

"Therefore, influenza vaccinations can proceed for all high-risk and healthy persons, individually and through mass campaigns, as soon as vaccine is available," the CDC said. More than 36,000 people die each year in the United States alone because of influenza, and 114,000 get sick enough to have to go to the hospital, according to the CDC.

The influenza vaccine is reformulated each year to match the currently circulating viruses and while it does not always completely protect from flu infection, it greatly lowers the risk of a patient dying or becoming seriously ill. Yet only about 65 percent of U.S. adults who should get the vaccine actually do.

For more information on Norvar Health Services – **the only company recognized by WANADA to deliver this on-site flu immunization program**– see the FAX back reservation form enclosed with this WANADA Bulletin or contact John O'Donnell at WANADA, (202) 237-7200.

NADA MONTHLY DEALER OPERATIONS COMMENTARY

Are You A STAR?

Actually, you can't *be* a star, not in the way we mean. You can belong to STAR, though, and we believe that it is in your best interest to do so.

STAR is an acronym for Standards for Technology in Automotive Retail. Formed in May 2001, it is a non-profit, industry-wide initiative to create voluntary information technology standards in our industry.

We need these standards because proprietary technology requirements make communications among manufacturers, dealers, and customers unnecessarily difficult, complex, and costly.

Let's say you have a multi-franchise dealership. By definition, you deal with multiple manufacturers. Of necessity—because of the proprietary technology linking each manufacturer to your dealership computer system—you communicate essentially the same information to each manufacturer in a different way with different equipment.

Doesn't it make sense to standardize the technology we use to exchange business information, and to make that technology available to everyone who should be able to use it?

The creation and implementation of non-proprietary, Internet-based standards would benefit your dealership by reducing your technology costs and saving you time and effort while increasing your operating efficiency.

STAR is composed of dealer organizations, automotive manufacturers, and retail system providers that furnish dealership computer systems and services. STAR members develop industry standards and research emerging technologies for the benefit of dealers. Standards development is accomplished by Special Interest Groups devoted to infrastructure, data transfer, and extended mark-up language (XML, the computer language of the Internet).

STAR needs dealers to be members. It needs your input and business experience. You have to ensure that your dealership information technology infrastructure can support Internet-based applications that manufacturers and others have already begun to implement. To learn more about STAR's work and how you can participate, please visit the STAR Web site at www.starstandard.org.

The above information was adapted from NADA Management Bulletin BM.29, *STAR: Standards for Technology in Automotive Retail*. You can order this bulletin from the National Automobile Dealers Association (NADA) by calling 800-252-6232, ext. 2 or 703-821-7227. Cost to NADA members is \$2.50, \$5.00 for non-members, plus shipping. Or, order an electronic version online at www.nada.org/mecatalog.

NADA Marketing, Regulatory Guidance On The Way

Members will receive the NADA & ATD Federal Regulatory Compliance Chart in a mailing this month. The chart lists Federal agency rules and regulations and is designed to help dealers track and comply with regulatory changes.

"This should help dealers keep abreast of new regulations and what changes are needed," said Bill Newman, NADA Legal and Public Affairs chief operating officer. The mailing will also include *A Dealer Guide to Federal Telemarketing Restrictions* that covers new fax marketing and "do not call" regulations.

Also note: the U.S. Small Business Administration and Topica, Inc. are offering free online "Webinars" on *E-mail Marketing for Small Business*, starting Sept. 3 from 2 p.m.-3 p.m. eastern time. The online seminar covers maintaining privacy safeguards when e-mailing customers. Sign up at <https://topicaevents.webex.com> and click the "Enroll" button next to the event.

FOOTNOTES:

NADA Develops Talking Points on Dealer Loan Markups

NADA, with the support of the American Financial Services Corp., has moved quickly to respond to inaccuracies in a recent Los Angeles Times editorial and an Automotive News follow-up article that asserted dealer financing was biased and loan mark-ups were detrimental to consumers.

In addition to an immediate response by NADA Chairman Alan Starling, NADA's public affairs team, in cooperation with the association's industry affairs, dealership operations, government relations and legal departments, developed talking points and key messages, plus background information, that may prove helpful to you in the event you receive calls from your local media.

They are enclosed with this WANADA Bulletin and are available on NADA's Web site, nada.org.

IRS Asks For NADA Input On Reinsurance Issues

Last week NADA discussed Internal Revenue Service Notice 2002-70 with IRS representatives. The notice concerns transactions involving reinsurance arrangements, which often result in claims of federal tax benefits that the IRS contends are not allowed, and transactions that are used to divert income to companies subject to little or no federal income tax. NADA asked the IRS to clarify what divides legitimate transactions from those which have raised concerns.

The NADA team stressed that dealers want to comply with federal requirements, but asked that federal agencies, including the IRS, provide clearer regulations that are not overly burdensome to businesses. Tad Hinder, NADA Regulatory Affairs Committee chairman, counsels members: "Dealers involved in reinsurance arrangements should work with legitimate entities which are advised by

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cut greenhouse gas emissions.

During EPA's decision-making effort, NADA provided comments to the EPA urging their rejection of the petition, arguing that adoption would adversely impact auto sales and availability.

"We cannot try to use the Clean Air Act to regulate for climate change purposes because the Act was not designed or intended for that purpose," said Jeff Holmstead, assistant administrator for EPA's Office of Air and Radiation. "Regulating the transportation sector for climate change purposes would have enormous economic, practical and societal impacts."

More information on this action is posted at www.epa.gov/oar.

Thought for the Week...

Let us be grateful to Adam, our benefactor. He cut us out of the "blessing" of idleness and won for us the "curse" of labor.

—Mark Twain

Enclosures:

- NADA Auto Financing Talking Points
- Flu Shot FAX back form

NADA Auto Financing Talking Points

TOP THREE KEY MESSAGES:

1. The rate quoted by finance companies to dealers is a wholesale rate not generally available to consumers.
2. An intensely competitive market serves consumers well by imposing important constraints on dealer markup.
3. The dealer markup is nothing more than compensation for the retail loan service provided by dealerships.

OTHER SUPPORTING MESSAGES:

1. Dealer-assisted financing is a popular, on-the-spot, convenient service that has helped open the door to credit options for millions of car buyers, including many with credit challenges who might not otherwise have been able to obtain it.
2. A customer's interest rate is determined by a wide variety of factors, but it's never acceptable for race, gender, religion, age or national origin to be among them.
3. As part of a joint effort to educate the public about dealer-assisted financing, dealers and auto lenders, in cooperation with the Federal Trade Commission, have developed a step-by-step guide to auto financing which is being made available to the public at 20,000 dealerships nationwide.

Background and Additional Information:

Some recent news reports have wrongly stated that consumers pay extra for dealer-assisted financing. This is not the case. The fact is the wholesale rate that dealers get from finance companies is not generally available to consumers.

Very competitive market forces determine the retail rate that dealers offer to consumers. This was recognized in a recent ruling (July 7, 2003) by the California Court of Appeal: "Market forces, competition, and the dealer's own long-term interest in maintaining a customer base, impose important constraints on the contract [sell] rate... If the dealer quotes too high a contract price or interest rate, the car buyer is likely to find a better deal from another car dealer and/or seek financing from direct lenders willing to make a direct loan at a lower interest rate...."

There is absolutely no place for discrimination on the basis of race, gender, religion, age or national origin. The vast majority of people who work in dealership finance departments treat all their customers fairly and equally.

The interest rate for any customer is a complex calculation determined by a wide variety of factors, including credit history, debt repayment patterns, the price of the vehicle purchased, consumer demand for that vehicle, down payment, and terms of the contract.

Dealers provide a nationwide retail network of "loan officers" and "loan processors" that service both consumers and lenders. The dealers represent the only retail presence for captive finance companies.

To maintain this retail service, dealers invest in personnel, training, office space, office furniture, as well as computer hardware and software.

Dealerships provide convenient, on-the-spot credit options, with expanded office hours (compare bank hours vs. dealership hours).

Consumers get the best of both worlds: convenience and competition.

Consumers benefit in another way as well: the dealer's knowledge and business relationship with lenders help customers package the loan. Some lenders will not accept higher risk borrowers.