

### Headlines...

**Last call - MADA/WANADA Maryland dealer briefing**  
**Rate hikes planned by health insurers on small businesses**  
**Tesla and Fiat coming to DC Area**  
**Feds tighten work rules for young dealership employees**  
**Kelly Blue Book for sale**  
**60 mpg in 15 years?**  
**Reminder – ASE testing deadline is September 30**  
**Happy New Year!**

## **Last call - MADA/WANADA Maryland dealer briefing**

**Sept. 16, Greenbelt Marriott**

A joint MADA/WANADA briefing for members with operations in the Maryland suburbs has been calendared to review new and existing state regulations, the upcoming mid-term elections and what might be in store for the 2011 state legislative season. The Maryland dealer briefing has been scheduled for September 16, 2010 at the Greenbelt Marriott.

The briefing will include presentations from MVA representatives who will discuss the new temporary tag procedures and the status of the California low emission vehicle program.

There is a \$25 per person charge to attend the briefing, where Coffee and Danish will be provided. Registration begins at 9:00 am, with the program commencing at 9:30. Dealers can pre-register by completing the attached form and faxing it to Kristina Henry at (202) 237-9090. For more information, please contact Ms. Henry at (202) 237-7200 ext. 18, or [kh@wanada.org](mailto:kh@wanada.org)

## **Rate hikes planned by health insurers on small businesses**

Some of the nation's major health insurers say they plan to raise premiums soon as a direct result of the health insurance overhaul that came out of Washington this year.

Aetna Inc., some BlueCross BlueShield plans and other smaller carriers have asked for premium increases over and above normal increases of between 1% and 9% to pay for extra benefits required under the law, such as free preventive care, according to filings with state regulators.

The rate increases largely apply to policies for individuals and small businesses and don't include people covered by a big employer or Medicare.

## Regulating health premiums

*Only 19 states can block health insurance rate hikes they deem unjustified in both the individual and small-group markets, a power known as prior-approval authority:*



About 9% of Americans buy coverage through the individual market, according to the Census Bureau, and roughly one-fifth of people who get coverage through their employer work at companies with 50 or fewer employees, according to the Kaiser Family Foundation. People in both groups are likely to feel the effects of the proposed increases, even as they see new benefits under the law, such as the elimination of lifetime and certain annual coverage caps.

Aetna, for example, says these extra benefits are forcing it to seek rate increases for new individual plans of 5.4% to 7.4% in California and 5.5% to 6.8% in Nevada after Sept. 23, and that it will seek similar increases across the country. The Obama administration had calculated that premiums would rise no more than 1% to 2%, on average.

The health insurance industry contends its increases are justified. "Anytime you add a benefit, there are increased costs," said Karen Ignagni, president of America's Health Insurance Plans, the industry's lobbying group.

Massachusetts, which enacted universal insurance coverage several years ago and has been held up as the model for the national program enacted by Congress this year, has seen a steady rise in insurance premiums since enacting its measure. Proponents attribute the rise to an overall

increase in medical costs, but insurers argue it's because not enough healthy people signed up to cover the extra cost of the improved benefits; something likely to be repeated across the country.

Meanwhile, the Department of Health and Human Services (HHS), which is charged with writing the new health care regulations, is now asking industry associations, like WANADA and NADA, for assistance in disseminating information to association members on the insurance exchanges that the health care legislation will create. Remarkably, however, it is making this request even though it has yet to codify the new health insurance regulations, much less describe how the insurance exchanges will be created and run.

For its part, WANADA, which brokers health insurance for many of its dealer members, is actively talking with legislators and businesses that will oversee the creation of the various exchanges knowing full well that there will be many health exchange issues that will need to be resolved before advertising their existence will be worthwhile to its members and their employees.

## Tesla and Fiat coming to DC Area

Luxury electric carmaker Tesla Motors is coming to the Washington metropolitan area this year with store locations planned on K Street in DC and in Bethesda, Maryland at the corner of Wisconsin Avenue and Leland St.



Palo Alto, California-based Tesla, the brainchild of PayPal inventor Elon Musk, manufactures the \$120,000 Tesla, battery-powered sports cars, of which about 1,200 have been sold worldwide. The company is also preparing to build a sedan version of the vehicle, which will have a range of approximately 245 miles before needing a recharge.

Tesla spokesman Ricardo Reyes confirmed that the company is nearing a deal to bring a Tesla store to 1050 K St. NW. and the Bethesda location, which is a former high-end furniture store. The company already sells cars through stores in New York, Chicago, Seattle, Boulder, Colo., outside Fort Lauderdale, Fla., and in Menlo Park and Santa Monica, Calif.

Unlike traditional dealerships, Tesla stores will have no service operations, instead sending technicians directly to the vehicle owner's home or workplace to maintain and repair the vehicle. It is unclear at the moment whether the company will fall under the franchise laws in the state of Maryland and the District of Columbia and how they will comply with those rules if they do.

Tesla is the first of a number of electric vehicles that will be sold in the Washington, DC area, which is being used by a number of automakers as a test area to gauge the market for them. Nissan is already taking orders for its all electric Leaf and GM will begin selling its electric Chevy Volt here later this year.

There are 13,900 registered electric hybrids in the D.C. area, the fourth-highest sales area nationwide for such vehicles in 2008, according to a report by Travelers and the Polk Center for Automotive Sales.



Meanwhile, Fiat has announced that it will launch its Fiat 500 in the Washington area later this year with standard franchise locations in Montgomery County, MD, Frederick, MD, Fairfax, VA and Baltimore, MD.

Fiat hopes to sell as many as 150,000 vehicles in the U.S., including Alfa Romeo models, which will be added to the franchise next year.

## Feds tighten work rules for young dealership employees



Dealers, who employ minors (those under 18) during the summer, during school breaks, after school and on weekends, should be mindful that federal and state laws restrict employed minors in certain “hazardous” occupations or to do certain “hazardous” jobs. For example, federal law constrains the ability of minors to operate vehicles on public roadways. See: L.1, *NADA’s Guide to the Fair Labor Standards and Equal Pay Acts*, pp. 16-18.

Recently, the U.S. Department of Labor (DOL) clarified its rules governing “child” labor:

- 14- and 15-year-olds may not be employed in occupations that involve operating, tending, setting up, adjusting, cleaning, oiling or repairing any power-driven machinery, including but not limited to, lawn mowers, golf carts, all terrain vehicles (ATVs), trimmers, cutters, weed-eaters, edgers, etc. On the other hand, they may operate office equipment and vacuum cleaners.
- 14- and 15-year-olds generally may ride inside motor vehicles, but not on truck beds, running boards or bumpers, and not in conjunction with the transportation of persons or property (e.g., delivering parts). They generally may not load or unload motor vehicles, except for light non-power-driven hand tools (e.g., rakes, clippers, shovels or brooms) or personal items (e.g., back packs, lunch boxes and coats).
- 14 and 15-year-olds may work in connection with cars and trucks if confined to: dispensing gasoline and oil; courtesy service; car cleaning, washing and polishing by hand; but not if the work involves pits, racks or lifting apparatus, or the inflation of any tire mounted on a rim equipped with a removable retaining ring. Despite NADA’s objections, cleaning, washing and polishing using any powered equipment is not permitted.

WANADA members with questions on these regulations should email NADA at [regulatoryaffairs@nada.org](mailto:regulatoryaffairs@nada.org). More information can also be found at the following DOL links:

- [Child Labor Final Rule](#)
- [General Child Labor Information](#)

## Kelly Blue Book for sale

*The Financial Times* reports that privately owned Kelly Blue Book is for sale and that KBB has hired a bank to handle the sale. The company has been providing car buyers and sellers with vehicle pricing information since 1926, and plays a significant role in the marketing of new and used vehicles in the U.S.



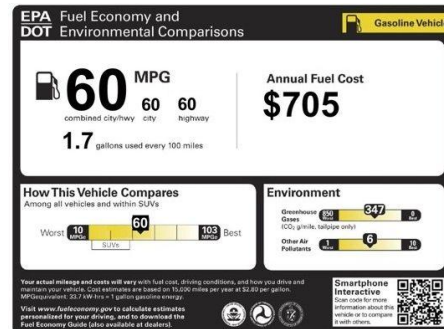
[www.kbb.com](http://www.kbb.com)

*The Financial Times* says the asking price for the company is expected to be in the neighborhood of \$500 million to \$1 billion and that Cox Communications, which owns AutoTrader, is likely to be the lead bidder, with both eBay and Google likely to be bidding as well. The KBB.com website has experienced a decline in traffic from nine million visits per month to about seven million over the past three years and its print publications have declined

dramatically. KBB is family owned, though no members of the Kelly family currently work in executive management at the company.

## 60 mpg in 15 years?

The Consumer Federation of America (CFA) and Natural Resources Defense Council (NRDC) think the U.S. can do better when it comes to fuel economy and they want the government to take some action. Automakers must already meet a 35.5 mpg standard by 2016, pursuant to the 2007 Energy Independence and Security Act. What's more, the law mandates a 40 mpg by 2020. But the CFA and NRDC think that's not good enough and are calling on federal lawmakers to set a fuel economy standard of 60 mpg for 2025.



A report from CFA says that the technology exists to get there and it estimates that it would add about \$2,600 to the cost of new cars and \$3,200 to light trucks. CFA then postulates a five year payback period for the extra costs in 2025, at a 2010 price of \$3.50 per gallon.

Critics suggest that is wishful thinking on the CFA's part, and note that gas would need to be more like \$5 per gallon to get people to buy such higher mpg vehicles. And that, they say, is not likely to happen. Ironically, gasoline prices are likely to fall in the future as the average mpg of the vehicle fleet improves and oil supplies increase.

## Reminder – ASE testing deadline is September 30

Dealership service managers and technicians are reminded that the fall ASE testing dates are November 9, 16 and 18. The registration deadline for these tests is September 30, 2010.

Technicians who wish to take practice tests can go to: [www.ase.com/testprep](http://www.ase.com/testprep). Registration itself is at: [www.ase.com](http://www.ase.com)

## Happy New Year!

*Rosh Hashanah*, the Jewish New Year which was celebrated worldwide earlier this week commencing at sundown, Wednesday, September 8, marks the year 5,771 in the Jewish calendar. Accordingly, Year One commenced when God created Adam and Eve, which occurred on the Gregorian calendar in 3,761 B.C. But just as the Jewish calendar has a beginning, so too does it have an end, which is at the conclusion of the year 6,000, a.k.a. 2,239 A.D., or 229 years from now.

The year 6,000, as the last in the Jewish calendar, stems from the belief that it took God six "days" to create the universe, where one day in creation equates to 1,000 human years. The 6,000 year calendar, therefore, and the belief that on the dawning of the "seventh day," October 7, 6,001, the calendar ends, equates to the end of world, when God will return to take back all that He created.



# Maryland Dealer Briefing On Regulatory Matters

Thursday, September 16, 2010

Greenbelt Marriott

6400 Ivy Lane

Greenbelt, Maryland 20770

Get updated on the latest pending and current Maryland laws that affect you and your dealership.

Registration: 9:00 to 9:30 a.m. Session: 9:30 until 11:00 a.m.

Cost: \$25 per person

**TO REGISTER, PLEASE RETURN THIS FORM**

**WANADA, 5301 Wisconsin Avenue, NW, Suite 210, Washington, DC 20015**

**Fax (202) 237-9090**

For more information, please contact Kristina Henry at WANADA, (202) 237-7200 ext. 18, [kh@wanada.org](mailto:kh@wanada.org)

Attendee(s) \_\_\_\_\_

\_\_\_\_\_

Dealership \_\_\_\_\_

Submitted by \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone \_\_\_\_\_ Fax \_\_\_\_\_ Email \_\_\_\_\_

**Method of Payment:**

**Check** Enclosed \$ \_\_\_\_\_ Make checks payable to: Washington Area New Automobile Dealers Association

**Credit Card** (Visa, AMEX, MC, Discover) (Circle one) Credit Card \_\_\_\_\_

Exp Date \_\_\_\_\_ Security Code \_\_\_\_\_

Name as it appears on card (please print)  
\_\_\_\_\_

Billing Address  
\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Signature \_\_\_\_\_ Amount to be charged \_\_\_\_\_ **Please bill us** \_\_\_\_\_