

# THE WANADA BULLETIN

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

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## Massive airbag recall: What to do?

Dealers are no doubt fielding questions from customers about the latest, and probably largest ever, airbag recall. As reported in the [May 22, 2015 Bulletin](#), NADA advises dealers to reassure customers that if their vehicle has been recalled, they will receive a notice in the mail from the manufacturer. In the meantime, consumers can go to <https://vinrcl.safercar.gov/vin/> and look up their VIN to see if their car is on any NHTSA recall lists.

This information from the National Highway Traffic Safety Administration is based on data from the OEMs. At this writing, however, the NHTSA site is not up to date with the vehicles and their airbags affected by the latest Takata recall. So dealers should encourage customers to check the site periodically for updates. Dealers can access NADA's dealer Q&A on recalls by clicking [here](#).

For used cars, NADA recommends disclosing unremedied recalls using a printout from the VIN-specific lookup on <https://vinrcl.safercar.gov/vin/>.

Ideally, it would be good business to run VIN checks on all used vehicles before buying, for disclosure purposes at the time of sale or lease, and periodically while in inventory. The NHTSA site is not currently set for automated vendor access or batch searches, but should be soon.

To put the issue in perspective: Tens of thousands of lives have been saved and injuries avoided by the Takata airbags that now are subject to this recall, which have been deployed without



NADA offers advice for dealers on airbag recall. Photo by [Adam Bartlett](#).

rupture over the past 13 years. According to Takata's Defect Information Report, dated May 18, testing has resulted in an inflator rupture rate of less than one tenth of one percent. Nine of the nearly 12,500 inflators that were tested ruptured, and all nine were from high humidity locations (Florida, Puerto Rico and Georgia).

Any deaths or injuries from malfunctioning airbags are unacceptable, of course, and Takata airbag misfires have caused six deaths and 100 injuries, according to NHTSA.

## Maryland MVA revises Bulletin of May 27 with its May 28 version

The Maryland Motor Vehicle Administration published its summary of actions taken by the 2015 General Assembly of importance to dealers. The MVA Bulletin to dealers on May 28 replaced the original they published on May 27, meaning the first Bulletin should be disregarded.

Of the *seven* bills passed by the legislature and signed into law by the governor, one takes effect June 1: To wit, HB 203 which establishes a permanent title fee for rental vehicles resulting in a fee *decrease* from \$100 to \$50.

The other measures take effect October 1:

- HB 201, providing for special registration plates and parking placards for certain disabled persons
- HB 235, the Tesla bill, allowing the high-end electric car maker to retail its vehicles without dealers in four locations around the state.
- HB 313, The bill that institutionalizes the dealer practice of "spot deliveries" in financed vehicle sales pursuant to certain disclosures and other obligations to which the dealer must adhere with respect to arranging a loan for the consumer from a bank.
- HB 524, providing for a single registration plate for historic vehicles 50 plus years old.
- HB 1229, authorizing MVA to deny or revoke registration on a commercial motor vehicle for federal safety violations.
- HB 630, amends the definition of a "mechanical repair contract" with annual registration required with the insurance commissioner.

Mentioned in the cover memo to the May 28 MVA Bulletin is the link to the statewide travel advisory service known as *511 Traveler Information*, accessed at [www.md511.org](http://www.md511.org).

To see the complete MVA Bulletin of May 28, 2015 click [here](#).

## CareFirst website hacked; 1.1 million users affected



CareFirst members' financial information was *not* hacked in the recent cyberattack; names and emails were.

As has been well publicized, CareFirst BlueCross/BlueShield was the victim of a cyberattack that affects 1.1 million users, the company says. Affected members, a number of whom are WANADA members and their employees, will be offered two years of credit monitoring and identity theft protection at no cost. CareFirst has not yet said who the 1.1 million are, but they include their insured and brokers.

The hackers gained access to the users' names, birth dates, email addresses and subscriber identification numbers. Fortunately, social security numbers and medical claims, along with employment record, credit

card and other financial data were kept separately and were *not* hacked, according to CareFirst and a report in the *Washington Business Journal*. Individuals' health information is worth a good deal on the black market, as it can be used to obtain prescription drugs or for identity theft, the *Journal* says.

The cyberattack occurred on June 19, 2014, but was not discovered until April 21, 2015.

WANADA members and insureds may direct questions to the WANADA offices at (202) 237-7200.

## Reminder: Health plan identifier requirement delayed indefinitely

WANADA reminds dealers that the requirement that all group health plans apply for a Health Plan Identifier (HPID) has been delayed *indefinitely*. The HPID is a unique number required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA).

The original deadline was November 5, 2014, for large group health plans (more than 50 employees) and November 3, 2015, for small group plans. The delay was announced October 31, 2014 and applies to health care providers, health plans and health care clearinghouses.

WANADA will keep dealers informed of any new deadlines. Members may call the WANADA offices with questions at (202) 237-7200.

## Student loan impact on auto loans may be overblown

Even as student loan amounts are rising, young people with student loans have no more trouble getting an auto loan than their contemporaries without student loans. That conclusion from a new study by TransUnion knocks down the myth that one reason young people aren't buying cars is that their student loan debt stops them from getting auto loans.

"Our study demonstrates that consumers in their 20s with student loans in repayment – that is, once they finish school – are in fact able to access credit at levels similar to or better than their peers who do not have student loans," said Steve Chaouki, executive vice president and head of TransUnion's financial services business unit.

The study found that consumers aged 18 to 29 who were repaying a student loan had a higher repayment rate on other loans than their peers without a student loan.

Young people repaying student loans makes up an increasing portion of young consumers: The percentage of consumers aged 20 to 29 with a student loan has skyrocketed from 32 percent in 2005 to 52 percent at the end of 2014. The study looked at the years 2005, 2009 and 2012.

## Autonomous vehicles could cut car sales drastically

In the next 25 years, as autonomous cars become the norm, annual vehicle sales could drop to just 9.5 million, says a new report by Barclays automotive analyst Brian Johnson. The downward trend is in line with a recent report from the University of Michigan.

The main reason for the low sales forecast: There will no longer be a need for everyone of driving age in a household to own a vehicle because family members can more easily share one vehicle. The Barclays report estimates that more than half of cars in the U.S. are used for commuting to and from work and for dropping children off at school. Those activities could be shared by a single driverless vehicle. Ride-sharing services such as Uber and Lyft could also lessen the need for vehicle ownership.

Once autonomous cars are more widespread, Johnson sees four categories of vehicles: Traditional vehicles owned by rural residents or commuters; “family autonomous vehicles” owned by one person and shared by family members; “shared autonomous vehicles” that are “robot taxis” summoned by smartphone; and “pooled shared autonomous vehicles” with multiple riders, like a bus.

Johnson predicts that the Detroit Three will still sell pickups and vans, but they won’t do as well in the markets for family autonomous vehicles and shared vehicles. A report from the University of Texas said that each shared autonomous vehicle could replace nine traditional ones.

Nissan CEO Carlos Ghosn said in Japan this month that Nissan would have a fully autonomous vehicle by 2020 but that the necessary regulations might not be in place by then. And laws are not the only obstacle.

“That is the car of the future,” said Ghosn. “But the consumer is more conservative. That makes us cautious.”



The 2016 Cadillac CT6 will be capable of hands-free freeway driving when it comes out next year. ©General Motors

## Connected cars to cause mobile network traffic jams

As cars become more connected on the road, rush hour will have grave implications for mobile networks, with certain cells set to experience a 97 percent increase in data traffic in the next 10 years. The analysis comes from a new report by Machina Research. About half of the machine-to-machine communication will be from connected cars; the rest will be from smartphones, tablets and other personal devices.

“In terms of overall data volumes, connected cars don’t present much of a problem,” said Matt Hatton, CEO of Machina Research. “But network resource management is not based on total traffic volume, it’s based on particular cell sites during peak times of network use.”

The burden will be on network resource managers to plan for the surge in machine-to-machine communication.

## With gas so cheap, area drivers driving more than ever

Americans drove more in the first quarter of 2015 than they have any other first quarter, the Department of Transportation reports. The previous record was set in 2006.

In the first three months of the year, U.S. driving increased over the same period in 2014 by 3.9 percent, nearly 35 billion miles. The number of miles driven jumped by 5 percent in the South Atlantic, a region that includes DC, Maryland and Virginia.

March also saw a 3.9 percent increase in miles driven, making it the nation's 13<sup>th</sup> consecutive month of increased growth in miles driven.

## Congress passes highway funding through summer

Just in time for Memorial Day, Congress passed its 33<sup>rd</sup> short-term extension for funding highways and other transportation, lasting only until July 31. President Obama has said he would sign it. With a May 31 deadline, in the end there wasn't time to discuss and pass the more permanent fix that everyone said they wanted.

Republicans wanted to extend funding through the end of the year, and that's what they plan to propose before the current extension expires. Democrats don't like that solution because they have sworn the summer extension would be the last short-term fix. The GOP has refused to consider raising the gas tax, which has paid for transportation funding in the past through the Highway Trust Fund. But the Trust Fund has fallen short of needed money for infrastructure for several years.

## What causes road rage? Texting and tailgating for sure



Drivers texting: Behavior most likely to bring out road rage. Photo by Jose Arukatty.

Almost all drivers have experienced "road rage" to some extent at one time or another. Most drivers have pet peeves about how others drive, which has been greatly exacerbated by today's time pressured world. In a recent survey of 1,000 drivers commissioned by Expedia.com, texting while driving, tailgating and hogging the passing (left) lane were noted as the most bothersome behaviors.

The least popular *in-car* behavior is back-seat driving, followed by the co-pilot who won't help navigate, the radio hog, the snoozer, the shoe remover and the snacker.

One disconnect: Nearly all Americans (97 percent) rate themselves as "careful" drivers, but feel that only 29

percent of their fellow drivers merit the description.

How much do drivers use their vehicle's navigation system? It turns out nearly one-third of Americans report that they still typically rely on written or printed directions when driving rather than apps, dashboard GPS or the nav system.

And which city has the rudest drivers? New York, of course, cited by 42 percent of Americans. DC was a distant fourth place, chosen by 16 percent.

**IN MEMORIAM****Allen S. Roys****Toyota of Waldorf****(Reported via a WANADA Special Bulletin, May 15)**

It is with sadness that we confirm the passing of longtime Washington area dealer Allen S. Roys, Toyota of Waldorf, who died from complications of a long term illness. He was 76.

A dealer here for 46 years and native Washingtonian, Al opened Croyste Toyota in 1969 in Marlow Heights, MD, remaining a Toyota dealer his entire automotive career. In the mid-1980s, just about the time Croyste added Saab to its Toyota line, Al took over Waldorf Toyota/Volvo, becoming a multi-franchised operator in two venues. In the 1990s, he consolidated his businesses, dropping Volvo and Saab. And by the early 2000s, he had given up Croyste, sticking to one brand in one location with Toyota of Waldorf, which is a thriving business to this day.

He got his first taste of Southern Maryland and the military at Charlotte Hall Military Academy in St. Mary's County as a youngster, going onto to Woodward Prep in DC. He served in the U.S. Navy Reserve in the *SeaBees*, or Construction Battalion, with its long record of distinguished Naval service.

Besides his wife for life, Eileen, and two daughters, Debra Roys Ober and Lauren Ann Roys Thompson, he leaves five grandchildren and six great-grandchildren.

Contributions to his memory can be made to one of three charitable organizations: St. Clement's Hundred Blackistone Lighthouse, P.O Box 71, Colton Point MD 20626; St. Clement's Island Museum, 38370 Point Breeze Road, Colton Point, MD 20626; or Hospice of the Chesapeake, 90 Ritchie Highway, Pasadena, MD 21122. Condolences can be left at [www.fhnfuneralhome.com](http://www.fhnfuneralhome.com).

To Eileen, Debra and Lauren, the rest of his family and many friends, WANADA extends its sincere condolences.

**Staying Ahead...**

We sleep safely at night because tough men stand ready to visit violence on those who would harm us.

--Winston Churchill