



NEWS BULLETIN

January 2011

**Montana Automobile
Dealers Association**

501 North Sanders Helena, MT 59601 406-442-1233



Don Kaltschmidt

PRESIDENT'S MESSAGE

With all of the dynamic changes occurring in this area, it is bound to be a great year in 2011. As such, we can all expect various benefits for all of the members of MTADA. Because of this, I would encourage increased membership involvement throughout the year.

We are actively seeking for more ways to fund the MTADA and are open to any innovative thoughts that you may possess regarding this issue. We need to continue to fund this organization and we will need the commitment of our entire membership base. MTADA and NADA have your back while you go about your everyday business and I'm afraid we sometimes take them for granted.

Despite that we now have less members than ever before, we need to pick up the slack and do what we can to thrive in our environments, for the betterment of us all. That said, I believe 2011 will be a great year amidst many challenges that undoubtedly await us.

Congratulations to Bill Underinner for his position of NADA Vice Chairman for 2011 and he will be the first NADA chairman from our great State of Montana in 2012. Give Bill a call and thank him for his work. Good selling and have a great 2011.

Don "K"
President 2011

Mark your calendar for the Joint State Convention with Idaho June 19—22 in Coeur d'Alene, ID at the Coeur d'Alene Resort



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INSERTS:

ZURICH AFAS CONVENTION 2011



Bill Underriner

NADA ECONOMIST: SEVERAL FACTORS WILL SUSTAIN NEW- VEHICLE SALES IN- CREASES IN FUTURE MONTHS

*Guide Book: Wholesale Prices
Outperforming Seasonal Expectations*

New-vehicle sales, which are a key indicator of economic growth, were strong in November and will continue to show signs of strength over the next couple of months, says Paul Taylor, NADA chief economist.

“Several economic factors, such as an aging U.S. fleet, strong trade-in values and an improving stock market, are helping to sustain new-vehicle sales,” Taylor says.

On average, cars and trucks on the road today are more than 10 years old. “Many consumers simply will feel the need to buy a new car or truck as the mileage on their current vehicles move beyond 120,000 miles,” Taylor says.

According to data from the NADA Guide Book, the run up in used-vehicle prices is also pushing some shoppers into the new-vehicle market. Wholesale prices in November continued to outperform seasonal expectations.

“The used-vehicle market will remain short of low-mileage cars and trucks, which for car owners will increase their trade-in equity when buying a new vehicle,” Taylor says. “This is another key economic factor that will sustain new-vehicle sales increases in future months.”

Strong used-vehicle pricing has also improved the market for automotive asset-backed securities – a positive sign, especially for this time of year, says Jonathan Banks, executive automotive analyst for the NADA Guide Book. “We expect to see an uptick in January as used prices follow seasonal patterns and supply and demand continues to create a healthy used-car market,” Banks says.

For more analysis from the NADA Guide Book, visit www.nada.com/b2b/ and click on “Guidelines” under “What’s New” in the right-hand column.

In other legislative and regulatory news...

NADA Weighs in On Fuel-Economy Labeling as Members of Congress Express Concern
Members of Congress on both sides of the aisle expressed concern over an Obama administration [proposal to add letter grades to the fuel-economy stickers](#) displayed on new

cars and trucks. In a letter to the Environmental Protection Agency and Transportation Department in December, 53 House members said the proposal was biased toward electric vehicles and would hurt vehicle sales. “Changing this system to a letter grade would cause consumer confusion and tip the scales unfairly against many fuel efficient SUVs and trucks, relegating them to a C or C+ grade,” said Rep. Dale Kildee, D-Mich. In response, NADA said it is pleased that Members of Congress clearly reject the EPA’s attempt to use an arbitrary letter grade to tell consumers which cars and trucks to buy. “It is especially significant that so many members of the House Energy and Commerce Committee, which has jurisdiction over EPA, object to the government creating another regulation when new-car buyers already have clear and visible fuel economy numbers printed on the window sticker,” says Doug Greenhaus, director of Environment, Health and Safety for NADA Regulatory Affairs.

[In comments to the Administration](#), NADA expressed its support for an approach that retains the current label’s focus on miles per gallon and annual fuel costs. For plug-in labels, NADA supports displaying information on all-electric and total-vehicle range and battery charge time, but opposes a kilowatt-per-hour consumption metric.

IRS Helps Small Employers Claim New Health Care Tax Credit; Forms and Additional Guidance Now Available

The Internal Revenue Service this month released [final guidance for small employers](#) eligible to claim the new small business health care tax credit for the 2010 tax year. For more information from NADA University on this issue, the recording from the Federal Health Reform Webinar held last May is available for free to NADA members at www.NADAuniversity.com. After logging on, click the “Market Insight” tab on bottom panel and scroll down to select the Webinar “Federal Health Reform.”

NADA Opposes Sale of E-15 ‘Gasohol’

NADA plans to submit comments this month to the Environmental Protection Agency on its October decision to allow the sale of fuels with up to 15 percent ethanol. NADA and several other organizations, including the Alliance of Automobile Manufacturers and the Association of International Automobile Manufacturers Inc., have opposed the move saying allowing the sale of E-15 “gasohol” poses a risk of reduced engine and fuel system performance, or worse yet, permanent damage. For several years, most light- and medium-duty, gasoline-engine motor vehicles sold and serviced by dealerships have been designed to accommodate gasohol blends containing a maximum of 10 percent ethanol, with some dual- and flexible-fueled vehicles designed to use E-85, a gasohol blend containing 85 percent ethanol. “NADA consistently has raised concerns about the negative impact that unreasonable fuel mandates and poor fuel quality can have on vehicle performance and

customer satisfaction,” says Doug Greenhaus, director of Environment, Health and Safety for NADA Regulatory Affairs. “NADA opposes rules which may result in the use of fuels in engines for which they were not designed.”

In other NADA news...

DEAC Elects 2011 Officers NADA’s Dealers Election Action Committee has elected the following officers: Jack Tulley, NADA director from New Hampshire (chairman); Gary Reynolds, NADA director from Connecticut (vice chairman); Jack Kain, NADA director from Kentucky (secretary-treasurer); and Bill Fox, NADA director from New York state (finance chairman). In addition, 86 percent of DEAC supported candidates won their races on Election Day. DEAC is also credited as being one of the top-five association political action committees in the country.

New to NADA U: Dealer Pain Points NADA University has created a feature called “Dealer Pain Points,” in which a particular issue, concern or dealer compliance obligation is addressed in short video segments with NADA U experts. The experts “resolve” each Pain Point and then the viewer is directed to the wealth of NADA U resources on the topic. To date, 21 Dealer Pain Points have been developed. Find them by clicking on the featured Pain Point on NADA U’s home page at www.NADAUniversity.com. After viewing the featured Pain Point, take a look at the rest by clicking “View Archives.”

NADA University Partners with Online HR Trainer NADA University has teamed up with online human resources trainer EZ-HR to expand its HR training programs. NADA U now offers dealers a selection of sessions focused on key HR functions, such as hiring and retention strategies, creating job descriptions and performance evaluations, developing HR policy handbooks and meeting legal requirements. A Learning Hub Webinar entitled “Recruiting and Hiring Strategies for Today’s Dealers” is available at www.NADAUniversity.com in the archive. In addition, HR Essentials, a comprehensive resource that includes job description templates and policy and performance evaluation samples, is in the Resource Toolbox. A new online course, “Complying with the FMLA,” is coming soon to the Learning Hub.

Soliciting Dealers: The Good, the Bad and the Misleading

In the months preceding each NADA Convention & Expo, dealers receive numerous solicitations and ads from vendors and service providers. Some of the advertising is effective, some is annoying and some contains misleading references to NADA. When evaluating advertising that mentions NADA, please remember: Only franchised new-car and -truck dealers are eligible to be NADA members. NADA does NOT have affiliate, allied or associate members. Several NADA depart-

ments have business partners but generally NADA does not endorse vendors or service providers. For example, NADA has no endorsements or connections with vendors who provide email advertising or vendors who publish business directories. If you’re uncertain about an advertising reference that suggests a connection to NADA, please contact the appropriate NADA department.

NADA U Webinar Archives Include the Latest Webinars on Hot Topics The NADA University Learning Hub offers the following archived Webinars:

- The New Risk-Based Pricing Rule
- Transitioning to the New Model Privacy Notice
 - The New UNICAP Safe Harbor Methods and What They Mean for Dealers
 - Comprehensive Safety Analysis – Are You Ready?
 - Managing Your Four Vital Cash Accounts

To view any of these Webinars, visit www.NADAUniversity.com and sign in then visit the NADA U Store, select “Webinars & Seminars” under “Products,” and follow the ordering instructions.

Dealer Academy Accepting Applications for 2011 Classes The NADA Dealer Academy is accepting enrollments for four classes starting in 2011, two for Dealer Candidate Academy (DCA) and two for General Dealership Management Academy (GDM). Individual Academy classes (e.g., Financial, Parts, Service and Variable Parts 1 & 2) are also open to department managers, who may attend a week of classes even if they don’t have a student in the Academy program. Call 800-557-6232, ext. 2, or e-mail academy@nada.org to get an application.

Please stay involved and in touch.
Bill Underriner, NADA Director
(406) 255-2350





Bruce Spencer

MONTANA LEGISLATIVE RACE UPDATE

With the first month of the legislative session down one cannot say it has not been interesting. With so many freshmen, leadership of both parties is having a hard time keeping folks in line, or frankly just following basic rules of decorum. This too shall pass.

Republicans, despite their majority, are having the harder time keeping folks in line. The tea party faction, perhaps with justification, feels that they don't need to tow the party line and don't. It will be interesting to see if they jell at the end of the session.

As predicted the three big items on the agenda for the session are workers compensation rates (Montana is currently number one); medical marijuana, and the budget.

There have been numerous hearings on medical marijuana and tens or perhaps hundreds of thousands of e-mails on the subject to legislators. HB 43, which places restrictions and workplace use and coverage by workers compensation has passed the House. MADA supports this bill.

On the workers compensation front there are now two competing bills seeking to find savings. SB 243 and HB 334 both seek to find savings to lower rates. SB 243 takes a milder approach and does not show dramatic savings and places most of the savings burden on physician fees. Physicians naturally oppose this and it faces an uphill battle. HB 334 is more dramatic and seeks savings from some reduction in benefits and other items. It is favored by Republican Leadership and passed the house on a party vote. Whether the governor will sign it remains to be seen. MADA is monitoring both bills.

MADA has three bills it is seeking this session.

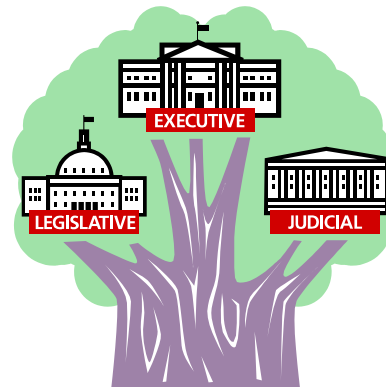
HB 229 - permitting demonstration plates on tractor trailers has passed the house and will be coming up for hearing in the senate.

HB - 254 - fixes a service club registration issue that MADA discovered at a Chicago legislative meeting. For those selling cars with on-star type systems, the Insurance Commissioner

states that state law requires you to register with her. This bill eliminates that registration requirement. It too has passed the house and will be scheduled for hearing in the senate.

SB 211 - requires salvage titles for cars younger than 15 years, the current law is 6 years. This bill is currently tabled in committee due to a \$37,000.00 fiscal note. We hope to have it revived soon.

Submitted by:
Bruce Spencer
MTADA General Counsel



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ADDITIONAL MEMBERS WILL BE FEATURED IN FUTURE BULLETINS



Britani P. Laughery

FINDING THE REAL CAUSES OF INJURIES

From SafetySmart Online

“Stacking meat crates and one of them fell, striking a man in the face.”

“Man was using piece of wood to follow up work on a joiner. This piece was too small and was grabbed by the joiner blades, causing part of his right middle finger to be amputated, also wounds to other fingers.”

“Injured was painting the ceiling and the ladder fall with injured on it.”

“Man was assisting a crane lifting pallets. While helping to free the pallet from under a pipe, it swung free and pinned the man against another stationary pallet.”

“Woman was holding a locker next to a wall so it could be bolted in place. A man was setting a second locker down next to the first. The second locker slipped and fell on the woman’s left foot.”

When safety specialists examine the reports of injury incidents, they look for patterns. They might see a certain type of equipment is involved in a number of injuries, such as impact tools, electrical power tools or metal-working machines. They might see patterns involving chemical exposure or slippery decks. They might even see attitudes expressed in the injury reports. Sometimes the reports reflect:

- Apathy toward safety
- Resentment at being told how to do a task
- Risk-taking
- Impatience

Take another look at the explanations of injuries at the beginning of this safety talk. What pattern do you see? They all seem to ascribe some sort of life to inanimate objects. In each case, the injured person seems to be an innocent victim of an object just waiting for an opportunity to hurt someone.

Sounds silly, doesn’t it?

Of course, we know better. Or do we? Looking at them again, we are sure the crate didn’t fall of its own accord, the joiner blades didn’t deliberately grab the piece of wood and chop the man’s finger off, the ladder didn’t maliciously slide out and carry the man with it. No, in every case somebody did something wrong and the objects either followed the natural laws of motion or the unintentional directions of the worker. We have to ask ourselves why the object behaved as it did, and in each case we will discover a human-made cause.

Let’s take a realistic look at injury incidents. Most of them are the result of things people did wrong, or the omission of things they should have done. Some are caused by unsafe conditions or environment, but in most of these cases, the situation came about as the result of unsafe personal actions or omissions.

Instead of blaming injuries on conditions or things, let’s look at what people did to cause them. When we face up to our own shortcomings, we can determine what to do to prevent injuries. Get the real facts on the underlying causes into the injury reports, and the right answers can be found. And, perhaps most important of all, take a look at attitudes. The make the difference between injuries and safety.

Submitted by:
By Britani P. Laughery,
CIC, CWCP, AU



MOVING OBSOLETE PARTS OUT OF INVENTORY

You're probably aware of how parts move into and out of your inventory. You may even take precautions to make sure the special-order process is tight in your dealership. But at the end of the day, you may still have some obsolete parts in your inventory. So the three million dollar question is: "How do I get rid of them?" I have some ideas, starting with the least expensive, moving up to the most expensive.

First, ask for a special, one-time return to the manufacturer. Although manufacturers have specific policies for parts returns, they'll often allow a one-time return to help you clean up your inventory. This varies by manufacturer, but you'll never know if you don't try. This is your best option, since you can return parts and get money for them.

Next, you can try to sell parts for less than 100 cents on the dollar in a garage sale. Simply gather your obsolete parts and sell them in the dealership or online. If you decide to sell parts on an online auction site such as eBay, you'll need to provide clear pictures and descriptions of each item. I've seen dealers have limited success with this, but it does take time to do.

There are also locator services that you can use so people can find your parts. Again, no 100 cents on the dollar, but it's better than just giving them away.

You can trade or sell parts to another dealer as well, and possibly get 50, 60, 70 cents on the dollar. You should also consider selling those parts to your own used-vehicle department. It's always better to sell a part at cost than to just give it away.

But if you can't sell the parts, you may have to give them away. If you decide to take this route, make sure you get a tax break. I see many dealers donate obsolete parts to technical schools and get a nice tax deduction as a result.

If you can't give the parts away, you have to throw them away. Just get rid of them, write them off, and be done with them. Once you clean up your inventory, you can make room for the parts that will make you money.

This article is adapted from the upcoming NADA University online course "Overcoming Obsolescence," presented by NADA Academy instructor Jim Phillips. Look for this new course in February 2011 in the NADA University Learning Hub at www.NADAuniversty.com, or call 1-800-557-6232 for more information.

TITLE SEMINARS

I have received word from the DMV in Deer Lodge about the possibly of doing more title seminars for 2011. However, we can only do them in Helena and Billings. If you missed out on last year's session or would like to attend again, please let us know if you might be interested. It all depends on the numbers we are able to put together.

Please call me or send me an e-mail if you are interested.

Dan Dallas
Field Services Director
Montana Auto Dealers Association
406-442-1233
ddallas@mtada.com

Loss Prevention

Please route to:

- Owner
- General manager
- Sales manager
- Service manager
- Office manager

Snow and ice loads and other winter hazards

In some parts of the country, winter means snow-packed driveways, icy stairs, wet floors, roof collapse and frozen pipes. Don't wait until it's too late to prepare for winter emergencies.

Buildings

Snow-related roof failures continue to be a common occurrence every year, resulting in hundreds of millions of dollars in losses to businesses. These collapses indicate that not all building codes have addressed the snow-load problem adequately. Quality of construction, lack of inspection and proper maintenance are factors contributing to these structural failures, as well as the following:

- Discontinuous heating of structures can cause melting, refreezing and subsequent ice build up.
- Sloped warm roofs can cause refreezing on cold eaves, leading to ice dams or backup of ice under shingles.
- Wind-driven snow creates drifting, which significantly increases snow loads.
- Barrel vault and saw-tooth roofs collect excess snow and ice in valleys.
- Rain on top of heavy snowfall significantly increases the load, which can lead to structure failure.
- Ponding can occur when water backs up on roofs and in drainage systems.

Snow and ice load recommendations

- Make a visual examination of the roof's structural members, if possible. Check for leaks, sagging or misalignment; corroded, cracked and/or buckled steel members; split and/or rotted timber; and cracked and/or spalled concrete members.
- All drains, gutters and downspouts should be cleared of debris.
- Roofs must be routinely checked for ponding. Low areas should be repaired and/or additional drains added.
- If the building is left unheated for long periods, ensure the roof will be capable of withstanding any additional snow load.
- If lower roofs, canopies or covered walkways have been added to the structure, the effects of sliding and drifting snow should be considered.
- Increased snow loads and additional dead load due to reduced melting must be considered for any roof retrofitted with additional insulation for energy conservation reasons.
- The roof should be capable of withstanding additional sliding and drifting snow loads where solar panes, mechanical equipment or other roof projections have been added.
- Dead loads, such as air conditioners, heaters and suspended storage platforms, when added to the roof's structural members, will decrease the roof's live load capacity.

Frozen water pipes

Water freezes at 32° F, and so will your water pipes if not properly protected. Frozen water pipes often burst when they thaw and can flood your business. Nothing dampens the spirit faster than waiting for a plumber inside a flooded building, so protect your facility against freezing temperatures with these tips:

- Below-freezing temperatures occur even in the southern states – don't be complacent.
- Inspect all heaters and furnaces prior to cold weather.
- Conduct a thorough building inspection in the Fall and look for:
 - insufficient insulation in walls, attic, basement or other concealed spaces.
 - openings in the roof or exterior walls where cold air could enter.
 - exposed water pipes above drop ceilings, in attics or adjacent to large exterior doors.
 - interior areas where heat may be insufficient to protect water pipes.
- Inspect automatic (fire protection) sprinkler systems to ensure they are fully operational.
- If sprinkler equipment is located in a small room or closet, provide a separate heat source.
- Remember to leave the heat on over weekends and holidays when buildings are unoccupied.
- Don't attempt to thaw pipes with any type of open flame; this creates a severe fire hazard.

Premises

Slip and fall incidents involving customers and employees also occur more frequently due to inclement weather.

Don't wait until winter hits your part of the country to prepare for the worst.

Snow and ice removal

- Prepare for ice and snow in advance.
- Develop and implement a snow and ice removal program.
- Designate an individual to monitor weather and walking surface conditions.

- Have appropriate equipment, tools and supplies ready for use by internal personnel.
- Contract or retain professional snow removal companies in advance.
- Make sure the snow removal service provides regular checks on your location, with 24-hour and on-call capabilities.
- Record pertinent data on a snow/ice removal log.
- Allow sufficient time for treatment to take full effect.
- Remove highly-piled snow where it reduces visibility in traffic areas, especially at corners.
- Provide adequate lighting for all pedestrian and customer traffic areas.
- Redirect downspouts that empty onto walkways, as they can create slip and fall hazards.
- Don't leave floor spills and puddles unattended, especially in customer traffic areas.
- Post a "Caution-Wet Floor" sign and clean wet floors immediately.
- Place mats or rugs at all entrances to help keep the floors clean and dry.
- Post other appropriate warning signs in high hazard areas.
- Remove or provide warnings of "hidden" hazards that could be inadvertently struck by cars or pedestrians if covered by snow (curbs, grates, debris in walkway, fire hydrants, etc.).
- Attend to injured persons immediately – show compassion but never admit fault.
- Conduct prompt accident/incident investigations.

Loss prevention information

For questions about this loss prevention topic, contact the Zurich Risk Engineering Department at 800-821-7803.

Product and service information

For more information on any of Zurich's products or services, visit www.zurichna.com/zdu.

The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guideline, which you can use to create your own policies and procedures. We trust that you will customize these samples to reflect your own operations and believe that these samples may serve as a helpful platform for this endeavor. Any and all information contained herein is not intended to constitute legal advice and accordingly, you should consult with your own attorneys when developing programs and policies. We do not guarantee the accuracy of this information or any results and further assume no liability in connection with this publication and sample policies and procedures, including any information, methods or safety suggestions contained herein. Moreover, Zurich reminds you that this cannot be assumed to contain every acceptable safety and compliance procedure or that additional procedures might not be appropriate under the circumstances. The subject matter of this publication is not tied to any specific insurance product nor will adopting these policies and procedures ensure coverage under any insurance policy.

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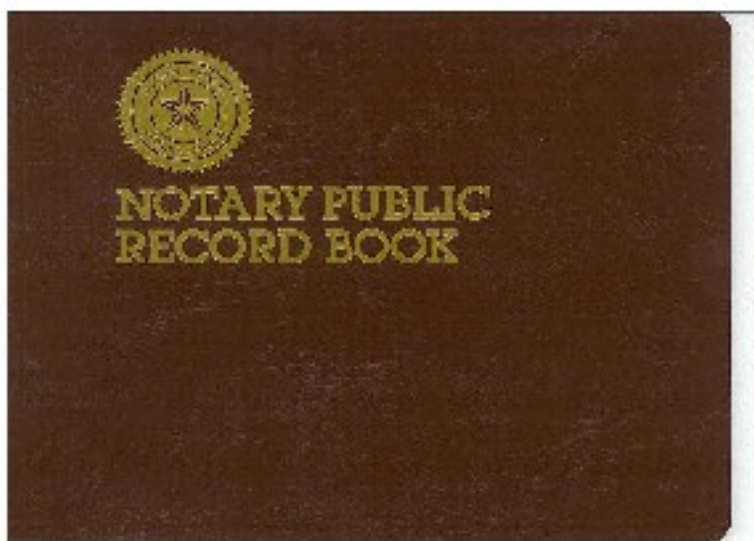


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Vehicle Service Contracts..... What to Look For?

By David Hopkins



In today's market of information overload, we are constantly bombarded by advertisements and solicitations for all types of products. We have access to information on our computer, phone, PDA, billboards, newspapers, radio, and magazines just to name a few. With all of this information, how do you know you are

getting a quality product that will be there in the future? Do your homework and research! With recent problems at some of the largest automobile manufacturers, selling the manufacturer's service contract does not necessarily give peace of mind that the contract will be upheld in the future. The following five areas are recommend to review prior to committing to write a product at a dealership:

1. Well Backed or Insured

Most service contracts today are written where the administrator of the contract is obligated to provide easy access to claims adjudication generally by contacting a claims adjustor using a toll free telephone number. In the contract, the administrator is clearly named with their contact information. In the event the administrator is no longer in business or you have not received payment for your claim within 60 days, you are instructed to contact an entity, usually an insurance company that is guaranteeing the performance of the contract. The first step to ensure reliable coverage is to research the length of time the administrator has been in business and to look at the quality of the insurance carrier who is backing the service contract. If the administrator has a good track record and the insurance carrier is "A" rated by the A.M. Best

Company, an insurance rating organization, odds are, you will have a service contract available when your customers make a claim three to six years down the road.

2. Well Accepted

In years past, manufacturer vehicle service contracts promoted the fact that their contracts were more accepted than typical "aftermarket" contracts. This industry has evolved over the last few years with the use of virtual credit card programs. Many programs in the past hesitated to pay for claims with credit cards due to the fact that the fraudulent use of the credit cards was hard to control. Today, technology allows the most progressive companies to issue one-time credit card numbers that are good for the exact amount of the authorized claim. This virtually eliminates the risk of fraud and has led to credit card payments being authorized on more than 90% of paid claims at some administrative companies. Most dealerships and independent repair facilities will now accept service contracts that pay by virtual credit card.

3. Good Coverage

Obviously, coverage is a key element of the program. However, many fail to realize the details are sometimes buried in the fine print of the service contract and these details can make what appears to be great coverage limited at best. Such things as exclusions for claims within the first 90 days, claims for overheating, claims for wear and tear, and claims for consequential damage are eliminated. All service contracts will have certain provisions for eliminated pre-existing claims, damage from abuse, neglect, lack of maintenance service, and many other common exclusions. Watch for the exclusions that limit the amount of claims to a fixed dollar amount or those that specifically apply to intended use. The vehicle service contract that covers a vehicle based on



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an exclusionary basis where only a short list of excluded components are not covered will generally provide you with the best overall protection. Contracts that list only specific covered parts and components are more limited and may best apply to higher mileage or older vehicles not eligible for exclusionary coverage. Also, keep in mind that mechanical coverage is only part of what you are selling. Many times, the additional provisions such as rental benefits, reimbursement for expenses incurred during a breakdown such as flat tires, running out of fuel, hotels or meals associated with the breakdown or being towed to a repair facility can amount to more than the mechanical repair. Make sure you look at the amount allowed for the daily rental and how long a customer may keep the rental. Many repairs take several days to complete.

4. Administration

Part of the process for determining the quality of administration should be to call the claims number and experience the service first hand. Is the administrator for the program the same company that is out marketing the products? Do you talk to a live operator or do you have to maneuver through a maze of endless computer generated prompts and options? Do you talk with a claims adjuster promptly or do you have to hold for a long period of time? A quality claims department will not leave a customer on hold. If you experience hold times of more than a couple minutes, you will probably want to look for another service provider. Repair facilities will not be anxious to accept a service contract if they know that they can expect to hold each time they have to call in a claim.

5. Profitability

Finally, one of the most important aspects of any independent service contract program is the overall profitability to the dealership. The cost of the contract is obviously important. However, some contracts reimburse

at retail parts and labor while others are limited to factory reimbursement. You will also find that a large amount of the potential profit lies in the "underwriting" profits and the investment income that can be earned. Many programs promote "reinsurance" and many dealers, not understanding the various options available, will lump together these programs as being equal opportunities. However, the details of the reinsurance program can lead to a significant difference in profitability of the program four to five years down the road. Having a thorough understanding of the various ways business is put into the dealer company and the structure of the reinsurance company itself can have a major impact on the amount of future profits.

Taking the time to research the service provider you are considering and carefully evaluating the coverage offered can help ensure you have the program that is right for your dealership. Making a change on the service contract program you offer can be one of the most costly or one of the most profitable decisions you make. The difference is in the details. Looking for a service provider that is well insured, an administrator that also markets the program, coverage without the unnecessary exclusions, and a profit participation program that will maximize your return are all key elements to a satisfying program. Having a company that is willing to sit down and openly discuss the details of the service contract and agreements and encourages you to learn the details is a good place to start. The rewards can be amazing!

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