2 more dealer-related bills signed into law by Illinois Gov. Ryan

The driver’s insurer will be primarily responsible in accidents with a dealership loaner vehicle, under a new Illinois law that takes effect Jan. 1, 2003. The dealer’s insurer would be the secondary insurer on loaners and remains primary on test drives, according to the act signed by Gov. George Ryan on Aug. 22.

One day earlier, Ryan signed a bill that makes it illegal for anyone to install or reinstall in a vehicle any object in lieu of an air bag which is designed specifically for the make, model and year of that vehicle, according to federal safety regulations. The new public act likewise takes effect Jan. 1, 2003.

A dealer’s insurance still will be primary on loaners if a customer’s insurance policy does not have a 100/300/50 liability minimum ($100,000 for bodily injury or death of any person; $300,000 for bodily injury or death of any two or more persons in one accident; and $50,000 for property damage).

Dealers have attempted for years to make the driver of a loaner first in the line of responsibility when an accident occurs. Ryan vetoed a similar bill in 1999, but said he did so because that legislation considered the dealer’s insurance fourth, not second.

Under the new law, a “loaner” vehicle is one which the customer has permission to drive while his vehicle is being repaired or evaluated.

Conversely, “test driving” occurs when a customer drives a vehicle to evaluate the performance, reliability or condition of a vehicle when considering to buy or lease the vehicle. The permitted user’s insurance is considered secondary during test drives.

Violators of the new air bag law would be subject to a Class A misdemeanor. Recent enactment of the two bills means Ryan approved all three dealer-related bills before him from this year’s General Assembly.

Earlier in August, Ryan signed a bill that expands the list of components that

Kelly stepping down as NADA’s Metropolitan Chicago director

Art Kelly, principal of Kelly Nissan in Oak Lawn, will resign his position as the NADA director representing Metropolitan Chicago effective Feb. 4, 2003. The date marks the next annual convention of the National Automobile Dealers Association.

A nomination and election process will be held this autumn to identify a successor to serve the remaining two years of Kelly’s three-year term. Ray Scarpelli Sr., of Ray Chevrolet in Fox Lake and Raymond Oldsmobile-Chevrolet in Antioch, has indicated an interest in the post.

Kelly has served since 1996 as the NADA director of Metropolitan Chicago, a district that comprises Cook, Lake and DuPage Counties. Kelly also is treasurer of CATA board of directors. Another NADA director represents Illinois’ remaining 99 counties.

To serve as the area’s NADA director, a dealer must:
• be a member of the NADA in good standing;
• have an equity interest in the dealership entity he/she represents;
• be the manufacturer/distributor-recognized Dealer/General Manager/Executive Manager of the dealership;
• be actively engaged in the management of the dealership; and
• have his/her principal place of business in Metropolitan Chicago.

Nominating ballots will be mailed to each NADA member in Metropolitan Chicago on Sept. 20. To qualify as a nominee, a member must receive at least 10 percent of the total nominations cast.

If none receives that minimum, further nominations would be sought. If the nominating process qualifies a single dealer, that dealer would be declared elected without further balloting.

If there are two or more nominees, election ballots would be mailed Nov. 1.
autos near top of consumer satisfaction poll on durable goods

Consumers are more satisfied with their autos than they are with most other major products, according to the latest American Customer Satisfaction Index, released Aug. 20. The auto industry scored 80 out of a possible 100, far above the average score for all durable goods categories and behind only home appliances, at 82.

The job market has stagnated and the stock market has tanked, but consumers keep buying new cars and light trucks at a remarkable pace. Interest-free financing plans have contributed to surging sales, but the ACSI survey suggests there is more to the buying binge than just cheap financing.

Automakers “have basically conquered the idea of manufacturing a product that works,” said Claes Fornell, a University of Michigan professor who oversees the ACSI survey. “The personal-computer industry has not figured it out yet. This is not a reliable product, and the service is possibly getting worse, even though computing power is increasing.” Personal computers scored 71 on the survey.

Fornell said consumer spending is driven in part by the level of satisfaction that consumers get from their purchases; contented consumers will spend more than disgusted ones. With satisfaction holding up, Fornell said, the growth rate should return to its longer-term trend of about 3 percent.

Some economists question whether there actually is a link between overall customer satisfaction and economy-wide consumer spending trends. But within the auto industry, few doubt that satisfaction has improved in recent years.

Among automakers, BMW, Buick and Cadillac topped ASCI scores, each at 86. Lincoln Mercury Division scored 84, and Mercedes-Benz and Toyota tied at 83.

ase customer brochures updated

The Glove box Brochures produced by the National Institute for Automotive Service Excellence (ASE) have received a “re-do,” with cleaner graphics and updated information. The six brochures in ASE’s Glove Box Tips Series for consumers review such topics as seasonal car care, ways to conserve gas, and advice on choosing a repair facility and how to communicate with service advisors at a repair shop.

Officials of ACE say the brochures provide quick, digestible information for time-pressed motorists, and encourage consumers to read their owner’s manuals and establish on-going relationships with a reputable repair business.

Titles in the series include:
• “How to Communicate for Better Automotive Service”
• “Choosing the Right Repair Shop for Your Vehicle”
• “Keeping Your Vehicle in Tune with the Environment”
• “Getting Your Vehicle Ready for Winter”
• “Getting Your Vehicle Ready for Summer”
• “How to Choose the Right Body Shop”

The brochures, available in units of 250, can be used as countertop giveaways or conversation starters between service managers and customers. To order, call ASE at 703-669-6600 or visit www.asestore.com

Top 10 reasons why shoppers reject a new model

1. Total price too high
2. Total monthly payment too high
3. Didn’t like style/design of exterior
4. Limited availability on dealer lots
5. Salespeople didn’t act professionally
6. Was not available with rebates/incentives
7. Didn’t like look/design of interior
8. Concerned about reliability
9. Was not available with low-interest financing
10. Vehicle was too small

Source: J.D. Power & Associates 2002 study which examines the reasons why new-vehicle shoppers consider but ultimately reject certain models.
Auto Show admission raised to $10, but costs to dealers unchanged

Prices for Chicago Auto Show tickets purchased at the box office and via the Internet have been raised for the 2003 show, but the cost of tickets that dealers buy to give to their customers and prospects is unchanged, following recent action by CATA directors.

General admission tickets for adults now are $10. The cost for seniors and preteens is unchanged at $5, and children who accompany a paid parent are admitted free.

Dealers and allied members of the CATA can purchase two kinds of advance sale auto show tickets: one general admission ticket which admits the holder free and one ticket for weekday admission discounted to $5.

The general admission ticket will be sold in packs of 100 for $600 each, a 40 percent savings to CATA members compared to box office rates. Weekday discount tickets will be sold for $100 for 100 tickets. That price also is unchanged, but the discount is more attractive for the holder—the $5 value represents a 50 percent savings on admission.

“One goal of the new pricing structure is to attract more patrons to attend the show on a weekday, which historically is less crowded than the weekend,” said Bob Van Iten, chairman of the 2003 Chicago Auto Show. “If we’re successful, this change will make the show more enjoyable for our customers—no matter when they attend.”

CATA members will be sent additional weekday discount tickets at no charge to meet increased demand for them.

“Even for someone who pays the full $10 admission price, attending the show is a great bargain,” Van Iten said.
Hispanics drop local bias suit against Ford

An Illinois lawsuit alleging that Ford Motor Credit Co. discriminates against Hispanic car buyers has been dismissed, an attorney for the plaintiffs confirmed Aug. 15.

A group of Hispanic car buyers in Illinois sued Ford’s credit division, claiming the company’s policies encourage Ford salespeople to increase the interest rates that Hispanic borrowers pay for car loans. Ford denied the allegations.

The case was dropped in August at the request of the plaintiffs’ attorneys after a federal judge in Chicago refused to grant the case class-action status.

That would have allowed additional Hispanic buyers with similar allegations against Ford to join the suit. The additional plaintiffs would have greatly increased the potential monetary damages Ford could have faced.

Ford Credit spokesman Dan Jarvis said the dismissal vindicates the company’s claim that it did nothing wrong.

“We knew from the beginning when the case was filed that it didn’t represent the way we do business at Ford Credit. We do not and have not discriminated against our Hispanic customers or any other group.”

Washington, D.C., attorney Cyrus Mehri said he asked for the dismissal because it was in the plaintiffs’ best interest.

The lawsuit, and an analysis of Ford loan data by a statistician working for the plaintiffs, claimed the alleged discrimination caused Hispanics to pay roughly $266 more per loan than non-Hispanics with similar credit histories. The loan data was provided by Ford and covered the years 1997-2001.

The lawsuit also claimed the alleged discrimination had no relation to the buyers’ creditworthiness. Ford denied the allegations and claimed the statistical analysis was flawed.

According to Ford, the interest rate a customer gets from a dealer depends largely on the buyer’s negotiating skills and credit history. The 7,500 dealerships nationwide that do business with Ford Credit set their loan policies individually, Ford’s attorneys said, and Ford Credit does not know the race or ethnicity of a borrower when it makes a loan.

Jarvis also said the report was flawed because it only included data on roughly 6 million active or open loans.

Data on more than 2.2 million loans that were paid off or closed were omitted from the report, thereby skewing the findings, Jarvis said.

In addition, Jarvis said the study identified Hispanic customers strictly by their last names. This could exclude Hispanics with non-Hispanic names and include non-Hispanics with traditional Hispanic names.

Legislation
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may be repaired without triggering damage disclosure. Effective Jan. 1, 2003, video and telephonic accessories join glass, tires, bumpers and in-dash audio items as components that may be repaired with OEM equipment without triggering disclosure.

A dealer must disclose in writing any other damage, of which he has actual knowledge, that exceeds 6 percent of the vehicle’s MSRP.

The CATA, with legislative consultant Roger C. Marquardt & Co., shepherded the damage disclosure and air bag bills.

Martin Boyer deflects unemployment claims

One hundred fifteen CATA dealer members reported a combined 510 unemployment claims to the Martin Boyer Co. during the second quarter of 2002. The company’s efforts saved those dealers a total of $936,832 in benefits by contesting the claims.

Martin Boyer monitors any unemployment claims against its clients. About 200 CATA dealers are clients of the company.

Claims that can be protested and subsequently denied help minimize an employer’s unemployment tax rate. The rate can vary between .06 percent and 6.8 percent of each employee’s first $9,000 of earnings. The average unemployment tax rate among Illinois employers is 3.1 percent, or $279 a year.

“The unemployment tax is really the only controllable tax, in that it’s experience-driven,” said Paul Schardt, senior vice president of Martin Boyer. An ex-employee’s claim affects the employer’s tax rate for three years.

Client fees are $2.10 per employee, per fiscal quarter. For the fee, Martin Boyer monitors all unemployment claims, files any appeals, represents the client at any hearings, verifies the benefit charge statements and confirms the client’s unemployment tax rate.

Martin Boyer has represented CATA members since 1979. To discuss retaining the company, call Schardt at 312-381-8241.

Congratulations!

Irving Segal of Loren Buick in Glenview received a 25-year award from General Motors. Segal also operates Pontiac and Hyundai franchises in Glenview.

Phillip Resnick of Schaumburg Toyota received a 25-year award from Toyota Motor Sales U.S.A.