

THE HORN

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**Automotive Aftermarket Association of the
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*Serving the Automotive Aftermarket in North Carolina,
South Carolina, Tennessee and Virginia*

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BOARD OF DIRECTORS REPORT

Board Approves Budget, New Officers and New Member Benefit

The AAAMS Board of Directors met on November 10, 2018 in Greensboro, NC. Due to the cancellation of the 2018 AAAMS Business Conference scheduled for September 20-23, 2018 (Hurricane Florence), the 2018 AAAMS Annual Business Meeting was held prior to the Board Meeting. At the Business Meeting, Retiring Directors (Max Miller and Mike Edwards) were recognized and thanked for their years of service. AAAMS Executive Vice-President Randy Lisk presented the President's Award Plaque to outgoing AAAMS President Rick Brown, and Brown made a few comments regarding his year as President and his excitement regarding the direction that the Association is heading.

Among the many items/issues discussed at the Board Meeting, the Directors approved a SuperFleet Association Fueling Program (Speedway), that will allow members to save 5 cents per gallon on gasoline at Speedway locations...plus special promotions (15 cents per gallon discount for the first three months) --- see related article and flyer in the December 2018 issue of "The Horn".

The Directors also agreed to hold the 2019 AAAMS Business Conference in Gatlinburg, TN (September 12-15, 2019...at a location to be determined). Treasurer Ron White led review of the proposed 2019 AAAMS, Inc. and AAAMS Services, Inc. budgets, and with a few changes, the budgets were approved. A new slate of Officers was approved as well (President - Eddie Williams, Lincolnton, NC; Vice-President - Monty Hightower, Chase City, VA; Treasurer - Ron White, Burlington, NC; Secretary - Randy Lisk, Raleigh, NC and Immediate Past President - Rick Brown, Winston-Salem, NC).

Anyone with questions regarding the above report, or for a copy of the Meeting Minutes, contact Randy Lisk at 1-800-849-8037 or rlisk@aaamsonline.com.

Aftermarket Sweet Spot Poised for Five-Year Growth Spurt

Healthy automotive sales over the past several years are starting to pay off for the aftermarket industry in a big way. Following a five-year drop, the aftermarket sweet spot is looking at a five-year growth spurt.

The aftermarket sweet spot—vehicles between 6 and 12 years old that have fallen out of the general OEM warranties for repairs, peaked at 104 million vehicles in Q1 2011. This has since shrunk thanks to the economic downturn in 2008 and 2009, according to data from Experian. As model years from 2009 to 2011 cycled in, the sweet spot kept dropping, bottoming out at 83.2 million vehicles in Q4 2017. In Q2 2018, the sweet spot began creeping back at 84.2 million vehicles. While the economic downturn dragged the aftermarket sweet spot down, the leanest years have almost completely cycled through. The auto industry experienced healthy sales from 2013 to 2017. And those vehicles will enter the aftermarket sweet spot over the next five years.

New vehicle registration volumes in each of the past five years have ranged from 15.3 million in 2013 to 17.2 million in 2016. New vehicle registration volumes cooled off in 2017 at 17 million, but that's still more than enough to grow the sweet spot when the 2011 models, which had a peak volume of just 12.7 million, fall out. That means growth for the sweet spot and opportunity for aftermarket companies.

But opportunity is just that, opportunity. Aftermarket companies still need to take advantage of it. By using the power of data to understand geographic trends, as well as which makes and models will be in demand, these companies will be better positioned to make more informed decisions and serve the aftermarket.

Import brands sales growth alters sweet spot landscape.

The biggest change in the aftermarket sweet spot in the past several years is the continued growth of import brands. These brands passed domestic manufacturers for share of vehicles in operation (VIO) in the 2009 model year, currently with 56.8% to 43.2% share. Imports continued that dominance through the 2017 model year, where their share is 56.5%. Overall, import brands cover 53.2% of all sweet spot vehicles today. That means import brands will likely extend their aftermarket sweet spot market share dominance at least another five years. We've also seen significant shifts in market share for General Motors, which accounted for 23.2% of all vehicles in operation in Q2 2018. But that number is going to drop steadily in the next several years, as GM market share of new vehicle sales ranged from 15.9% in 2014 to 17.4% in 2017, meaning its share of the aftermarket sweet spot will drop accordingly as these model years cycle in.

Opportunities abound for aftermarket companies paying attention to trends. Certainly aftermarket companies are looking to make up for lost sales as the sweet spot expands in the next several years. And there will be no shortage of opportunity. But these companies need to keep a close eye on these trends and leverage data to help them make better decisions on inventory. Trends to watch will include the continued market dominance of pickups and SUVs, the continued growth of the crossover segment and the decline of passenger cars. Understanding the data behind the trends over the next five years will help determine which companies can take advantage of everything the aftermarket sweet spot has to offer.—*Aftermarket Business World*

How to Check a Vehicle for Flood Damage

Record rainfall has hit parts of the country and flooding has taken its toll on vehicles. Thousands of cars, trucks and SUVs have been damaged by floods, and the Car Care Council advises car owners in those areas to check their vehicles for signs of water intrusion or contamination.

“Water damage from a flood can unknowingly cause problems that will be costly to fix down the road,” said Rich White, executive director of the Car Care Council. “In addition, flood-damaged vehicles can be unhealthy to occupy because of mold and bacteria growing in the carpet and ventilation system.”

The nonprofit Car Care Council and the Car Care Professionals Network, a network of professional automotive service providers, say it all comes down to how much water the vehicle took in and where the water reached in the vehicle. The two organizations recommend taking the following steps to determine if a vehicle has been flood damaged:

Take the sniff test. Close all the windows and doors and let the car sit for about five minutes. Then crack open a door and sniff. Mildew and mold have very distinctive smells, and it doesn’t take long for that smell to present itself.

Try the touch test. Get some paper towels and press them against the low spots in the carpet. The paper towels will draw the moisture out and reveal if the carpet is wet under the surface. Some carpets can be several inches thick to insulate from heat and sound. If the paper towel becomes wet, it could mean water has infiltrated the car.

Investigate the interior. Look under the seats and dash for corrosion and rust and look for exposed metal that is untreated. There are metal springs under the front seats that usually aren’t painted. If they’re rusted, that’s a sign the interior has been wet.

Look for mud and debris in places they don’t belong. Inspect the instrument panel. Turn on the key and perform a bulb test. Make sure every bulb lights up. If a system has an issue, removing the warning bulb can hide it. Many times, vehicles that have flooded have malfunctions in their antilock-brake and air-bag systems. Ensuring the light comes on and then goes out after the bulb test is an indicator that the system is on and has no active faults.

Take it to a professional. Let a service and repair technician inspect your vehicle. They can raise the car and look underneath to check for mud, sticks or rocks in the suspension. A professional can check the oil in the differentials to make sure they contain no water in them. Spend a few dollars to have it looked over to give you peace of mind.



AAPEX Organizers Release Recap and Attendance Numbers

With the automotive aftermarket undergoing significant evolution and change, AAPEX 2018 featured the latest new products and innovations, advanced training by industry experts and current and futuristic technology demonstrations to keep attendees ahead of the curve. AAPEX 2018, which took place Oct. 30—Nov. 1 in Las Vegas, included a sold-out trade show with 2,511 exhibiting companies from around the world displaying thousands of new products and parts in 5,539 booths. For automotive service professionals, Mobility Garage added new and advanced training programs on electric and alternative fuel vehicles, as well as shop equipment and technology.

AAPEXedu offered more than 50 educational sessions and new forums on important topics, including the

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AAPEX Recap and Attendance Numbers

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leading trends and outlook for the industry, retrofitting and servicing advanced driver assistance systems (ADAS), new mobility models and emerging vehicle technologies. A special general session for automotive service professionals tackled a critical issue: building rewarding careers for automotive technicians and ensuring they have the skills to repair vehicles equipped with new technology.

Within the Technology of Tomorrow section, the Secure Vehicle Interface (SVI) was unveiled, showing attendees a solution that ensures vehicle data interfaces always enable safe, secure and standardized consumer access and control of the data their car generates. A Virtual Vehicle Challenge provided a friendly competition among attendees to test their skills as they journeyed into a virtual garage, selected automotive parts and installed them on a vehicle.

AAPEX 2018 welcomed two keynote speakers to this year's event: CNN's John King and political strategist Karl Rove. The two shared their views on the midterm elections and how tariffs could impact the automotive aftermarket industry. The event drew 48,603 targeted AAPEX buyers, and 161,938 automotive aftermarket professionals were in Las Vegas during AAPEX and the SEMA Show. AAPEX 2019 will be held Tuesday, Nov. 5 through Thursday, Nov. 7, at the Sands Expo in Las Vegas.

Legal & Legislative

Display OSHA Form 300A Summary of Work-Related Injuries and Illnesses: February 1 - April 30, 2019

State and Federal OSHA regulations require that employers with over 10 employees at any time in 2018 must post the Annual Summary of Injuries and Illnesses Form 300A from February 1, 2019 to April 30, 2019. This form lists summary data for all related injuries and illnesses that occurred during the calendar year 2018. The report must be placed where employee notices are usually posted by your company. Businesses with no injuries or illnesses for the year must also post the form.

Employers subject to these regulations should review their Form 300 Log of Work-Related Injuries and Illnesses to verify that all recordable injuries and illnesses are listed, that all entries are complete and accurate, and correct any deficiencies. Record work-related injuries or illnesses that result in death, loss of consciousness, days away from work, restricted work activity or job transfer, or medical treatment beyond first aid (other incidents that are significant as defined by OSHA must also be recorded.) Use Form 300A to report a summary of these injuries and illnesses, have an officer of the company sign the form, then post it from February 1-April 30, 2019.

You can download a copy of OSHA Form 300A "A Summary of Work-Related Injuries and Illnesses" from OSHA's website at www.osha.gov [osha.gov]. Click on "Recordkeeping", then on "Recordkeeping Forms" for OSHA Forms 300, 300A and 301. You may also use OSHA's on-line order form or call 1-800-321-OSHA.

Electronic Submission of Records - Beginning 2017, many employers are required to electronically submit the summary of injuries and illnesses to OSHA. Learn more about OSHA's rule on submitting injury and illness records electronically by visiting OSHA's website at www.osha.gov [osha.gov].

IRS to Delay Form W-4 Changes Until 2020

The IRS, in response to critiques on its proposed new Form W-4, announced that it will delay changes to the form until 2020.

"Following feedback from the payroll and tax communities, the Treasury Department and the IRS will incorporate important changes into a new version of the Form W-4, Employee's Withholding Allowance Certificate, for 2020," said the IRS statement. "The 2019 version of the Form W-4 will be similar to the current 2018 version. A new draft version of the W-4 for 2019 will be available in the coming weeks. The IRS will continue working closely with the payroll and the tax community as it makes additional changes to the Form W-4 for use in 2020. The new version will help employees improve withholding accuracy, and fully reflect changes included in the Tax Cuts and Jobs Act."

The IRS had previously proposed a new Form W-4 that asks most of the same information as the current version but also for nonwage income, such as interest or dividends; itemized deductions; tax credits; and income from other, lower-paying jobs. This idea was met with heavy criticism from stakeholders. Many said that the new proposed form represented an unreasonable invasion of privacy for employees as well as an undue burden on employers, and so, overall, found little to like about the potential changes.

AAAMS MEMBER PROGRAM REMINDER

LegalShield Program can Benefit Association Members

AAAMS has partnered with LegalShield as the recommended provider of Legal and Identity Theft service plans for association members, their immediate families as well as their employees. Expected and unexpected legal issues arise every day for our businesses and our families. But with either a business or family legal plan, a small monthly fee gets you access to advice and counsel on unlimited legal issues.

LegalShield's IDShield protects you and your families' identities. Identity Theft has been one of the top consumer complaints filed with the FTC for 16 years as evidenced by the Equifax Breach and more recently Marriott Hotels. IDShield can monitor all your key information and provides full restoration through licensed investigators.

Check out the Portfolio of Services on page 7 of The Horn for details on LegalShield and IDShield plans.

For additional information on plans and rates or to enroll, go to the LegalShield link on the Association's website aaamsonline.com or directly to legalshield.com/info/aaams. Also, contact Nick Sullivan Independent Associate for LegalShield with any of your questions at 919-995-7612 or nicksullivanjr@gmail.com.

AAAMS News

STAR INSURANCE COMPANY Declares Workers Comp Dividend

STAR INSURANCE COMPANY ("AmeriTrust") recently mailed dividend checks representing a 3% return of annual premium to AAAMS members participating in this Workers Compensation Insurance Program marketed by the IGO Insurance Agency, Raleigh, NC. The return shows that workplace safety is a solid investment with STAR INSURANCE COMPANY. Every time a member prevents an injury, that company is keeping its profits where they belong and strengthening their bottom line. Fewer accidents mean lower claim costs, which help keep insurance premiums low. Earned dividends are a great example of how safety pays!

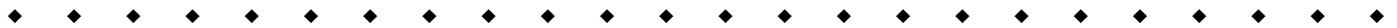
If you are not participating in this AAAMS program, contact Randy at 1-800-849-8037 and he will make sure the appropriate representative contacts you.

2019 AAAMS Membership Renewal Drive Begins

The AAAMS Board of Directors and staff would like to take a moment to express our sincere appreciation to you, our valued member for choosing to belong to the Automotive Aftermarket Association of the Mid-South. It is our hope AAAMS has made good on its pledge to return value to your business in exchange for your membership dollars. Whether you took advantage of the various programs and services, resources, networking, served on a committee or supported our advocacy efforts, we thank you for your participation and membership.

AAAMS has one common goal, to put brands aside and work together to promote the automotive aftermarket industry. Your support, combined with others like yourself, enable your association to offer an extensive menu of member services and programs for the exclusive use of its members. Equally important, AAAMS members are represented at the national level through our affiliation with the Auto Care Association and the Alliance of State Automotive Aftermarket Associations (ASAAA) as well as at the local level.

Each and every member is a valuable component of AAAMS and to its success. Show support of your local, non-profit regional trade association and the automotive aftermarket industry by renewing your tax deductible AAAMS membership dues upon receipt of your dues invoice in 2019. Thank you for allowing us to be of service to you. Here's wishing you a prosperous 2019!!!



2019 Scholarship Opportunities

The AAAMS Education Scholarship Fund is now accepting applications for any course of study. The application deadline is March 31, 2019. The 2019 AAAMS Scholarship Guidelines and Scholarship Application are available by calling Randy at the AAAMS office at 1-800-849-8037 or by emailing him at rlisk@aaamsonline.com.

Another opportunity is through the University of the Aftermarket Scholarship Program. While all students are encouraged to apply, priority in awarding scholarships is given to those pursuing a career in the automotive aftermarket.. Visit: www.automotivescholarships.com [automotivescholarships.com].



In Memoriam: William "Willie" Towne, Jr.

It is with deep sadness that I inform you of the recent passing of William "Willie" Towne, Jr., father of Association Past President Rick Towne, NAPA Auto Supply, Charleston, SC. Willie (82 years old) passed away on the morning of December 31, 2018 at his home. In 1970, after years in the automotive aftermarket, Willie opened Auto Supply & Equipment in Charleston. To this day, that company remains an active member and supporter of AAAMS, Inc.

Our sincere condolences go out to the entire Towne family...Willie will truly be missed.

—Randy Lisk, Executive Vice President



Portfolio of Services

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For individuals, families and employees

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- Home Business Supplement plus GoSmallBiz.com
 - Business tools, training courses, business coaching & unlimited business consulting

IDSHIELDSM

Coverage that will help protect against, and resolve, identity theft issues

- Family plan covers member, spouse and up to eight minor dependents under the age of 18
- Individual plan covers member only
- Consultation/Advice
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 - Social media monitoring
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Your business deserves affordable legal protection

- Covers for-profit, not publicly-traded businesses
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Protects your ability to earn a living

- Covers licensed commercial drivers
- Assistance with moving violations
- Assistance with DOT violations
- Tragic accident assistance
- Advice on license reinstatement
- Assistance for minor personal injury/property damage

LegalShield, IDShield & Forms by LegalShield

With our smartphone apps, members have answers to their questions and access to their plan benefits at the touch of a button. You can even send information to your law firm with features like Prepare Your Will and Snap (for speeding tickets). The LegalShield app makes it easy to access legal guidance you can trust.



FOR MORE INFORMATION, PLEASE CONTACT YOUR INDEPENDENT ASSOCIATE:

This is a general overview of the coverage of various plans for illustration purposes only. Not all plans or benefits are available in all states or provinces. See a LegalShield representative for complete terms, coverage, amounts, conditions, and exclusions.

