

# THE HORN



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## **2018 AACT Business Conference –September 20-23, 2018**

The 2018 AACT Business Conference will be held September 20-23 at The Hilton Head Marriott Resort & Spa, Hilton Head Island, S.C. This is the same location as the Conference scheduled for September 2017 that had to be cancelled because of Hurricane Irma. There was a lot of excitement for the 2017 event, so we are giving you plenty of time to plan for September 2018. Complete details will be available after the first of the year, but go ahead and mark your calendars.

## **LEGAL/LEGISLATIVE**

### **Auto Care Association Applauds Senate Commerce Committee on Vehicle Data Access and Control Amendment to AV START Act**

AutoCare.org – October 5, 2017

<http://autocare.org/BlogDetail.aspx?id=3710&blogid=86&gmssopc=1>

The Auto Care Association applauds the Senate Commerce Committee for including a vehicle data access and control amendment in the “American Vision for Safer Transportation through Advancement of Revolutionary Technologies” (AV START) Act (S 1885). The amendment sponsored by Senator James Inhofe, R-Okla., requires that the Department of Transportation convene a federal advisory committee comprised of stakeholders to provide recommendations to Congress “with respect to the ownership of, control of, or access to, information or data that vehicles collect, generate, record, or store in an electronic form that is retrieved from a highly automated vehicle or automated driving system.”

The inclusion of this amendment coincided with the two-day legislative summit hosted by the Auto Care Association this week. The 2017 Auto Care Legislative Summit, held Oct. 3–4 provided members of the Auto Care Association with the opportunity to meet one-on-one with lawmakers on Capitol Hill to share the most pressing issues in the auto care industry. Members held more than 120 meetings with policymakers and staffers, discussing key facts, figures and implications of current and future legislation impacting the aftermarket. Topics included the control of vehicle data, the Digital Millennium Copyright Act (DMCA) and tax reform.

“The inclusion of the data access and control amendment is an important step in the industry’s efforts to obtain direct access to data generated by embedded vehicle telematics systems,” said Bill Hanvey, president and CEO, Auto Care Association. “We are particularly proud of our members that participated in the Auto







# INDUSTRY NEWS

## Vehicle Sales Impact The Aftermarket

By Jim Lang, Lang Marketing

"Annual new vehicle sales in the U.S. fell nearly 30% during 2008 through 2011. This unprecedented plunge in new vehicle volume is still sending repercussions through the light vehicle aftermarket."

"In addition to this historic sales downturn, major changes occurred in the new vehicle nameplate volume mix. These changes will have significant aftermarket consequences for years to come."

Jim Lang

### **Unprecedented New Vehicle Sales Loss**

New car and light truck annual volume averaged 16.6 million in the U.S. between 2002 and 2007.

However, this abruptly changed due to the 2008 Great Recession. New car and light truck sales in the U.S. fell to 13.2 million during 2008 and plunged to 10.4 million in 2009.

New car and light truck annual sales staged a recovery over the next three years, climbing to 11.5 million during 2010 and reaching 14.3 million by 2012. New vehicle sales reached record-high levels by 2014 which continued to 2017.

### **19 Million Fewer New Vehicles Sold**

New car and light truck volume in the U.S. was 19 million vehicles lower from 2008 through 2011 than during the previous four-year span.

This plunge in new vehicle sales was not evenly distributed among all car and light truck nameplates, a fact that is often overlooked.

### **Domestic versus Foreign Nameplates**

Foreign nameplate cars and light trucks (Imports and Transplants) accounted for 46% of 2006 vehicle sales in the U.S.

The foreign nameplate share of new car and light truck sales increased approximately one-seventh between 2007 and 2011, reaching 53% of 2011 volume, more than twice the foreign nameplate share of new vehicle sales in the mid-1990s.

Domestic nameplate cars and light trucks (not including Transplants), in contrast, slipped from 54% of 2006 new car and light truck sales to 47% of the 2011 market.

### **Differences in Sales Reduction**

While new vehicle sales dropped nearly 30% during 2008 through 2011, foreign nameplate sales fell less than half this amount, only 14%.

At the same time, domestic nameplate sales plunged 40% from 2008 to 2011.

### **Repair-Age Sweet-Spot**

The sharp reduction in new vehicle volume is working its way through the so-called repair-age sweet-spot, vehicles 6 to 10 years of age. In 2007, there were approximately 80 million cars and light trucks aged 6 to 10 years in the U.S.

At mid-year 2017, the repair-age sweet-spot vehicle population was down nearly one-quarter, with only approximately 61 million cars and light trucks aged 6 to 10 years old on U.S. roads.

## Foreign Nameplate Aftermarket Share

Foreign nameplate aftermarket product volume will be boosted for years to come by the strong shift in the foreign nameplate share of new car and light truck sales, which began during the 2008 recession and has continued since then.

## Other Impacts

Changes in new vehicle sales volume and nameplate mix from 2008 to 2011 have caused changes in distribution channel share, service and parts outlet sales, as well as in the strength of the various aftermarket product brands.



## The New Aftermarket Reality: Road Ahead Requires Collaboration, Shared Vision and Planning for the Connected Aftermarket

As advanced technologies and the increased complexity of vehicles change “business as usual” in the automotive aftermarket, new strategies are needed for the industry’s continued growth and success, AASA President and COO Bill Long told the audience of aftermarket parts manufacturers, jobbers, warehouse distributors and retailers at the CAWA Summer Educational Forum, held June 22-23 in San Diego.

“It is an undeniable reality that it’s anything but business as usual in the aftermarket today,” Long said. “A new and different aftermarket isn’t coming, it’s here,” he explained, “The road ahead will require collaboration, a shared-vision and a plan for securing our future in the connected aftermarket.”

Long focused on the steps that the aftermarket must take to achieve the desired outcome of optimizing the industry’s ability to leverage telematics in its favor. He cited comments regarding telematics from AASA’s “Voice of the Customer / Talk for the Top” conversations with top executives at the leading aftermarket retailers and warehouse distributors. These industry leaders cited the vital need to have access to vehicle data to ensure motorists’ freedom of repair choice. “Vehicle owners’ freedom of choice is both an existential threat to the aftermarket and an opportunity,” Long said.

“At AASA, we see four clear steps forward to securing our futures,” Long explained. “First, we must be clear about what we want – access to the vehicle that offers motorists freedom of choice for vehicle repair and service parts, and access and use of parts and equipment-enabling software...necessary to allow motorists’ freedom of choice.”

The second step is to advance the aftermarket industry’s technical solution, according to Long. These include:

- Secure Vehicle Interface: encouraging/leading Society of Automotive Engineers (SAE) working groups, believed to be required for Intelligent Transportation Systems (ITS)
- Regulatory Actions: software-enabled copyrights and aftermarket data privacy principles
- Legislative Actions: Federal legislation as last option
- Business models: Investigate existing/evolving business models

“Finding technical and business solutions are far more valuable and effective, for these technologies will only evolve requiring continued change and update,” Long noted.

The third step is telematics training and certification for technicians and independent repair shops.

“Technicians and shops need training and certification to ensure safe access to vehicle and to be able to secure and protect data privacy,” Long said. The fourth step is raising awareness. “Industry events are vital platforms for continuing industry dialogue among all partners in the aftermarket supply chain,” he explained.

Long noted the industry’s strong market fundamentals which has led to a strong, stable, and attractive \$277



# INSURANCE NEWS



## President Trump Signs Executive Order on Health Care

BY WYATT STEWART, IANC SENIOR DIRECTOR OF FEDERAL GOVERNMENT AFFAIRS, OCTOBER 12, 2017

Today, President Trump issued an executive order directing federal agencies to expand access to association health plans (AHPs). The order also instructs agencies to roll back federal restrictions on short-term health plans and allow consumers to pay insurance premiums with health reimbursement arrangements (HRAs).

Perhaps the most significant part of the executive order is a direction to the Department of Labor (DOL) to re-vamp federal rules to allow for the broad expansion of AHPs. AHPs let small businesses—and in some cases individuals—band together to purchase health insurance or self-insure. However, AHPs would likely not be subject to Affordable Care Act (ACA) minimum coverage requirements, and are generally exempt from state regulatory oversight, including many important state insurance regulations and consumer protections.

The intent of the executive order is to provide more health insurance options at lower costs. However, many organizations, including the Big “I,” have serious concerns about how expanding the use of AHPs would impact current health insurance markets and state insurance regulations. According to the National Association of Insurance Commissioners, AHPs would preempt state insurance law, threaten the stability of the small group market and provide inadequate benefits and insufficient protection to consumers.

The executive order, however, leaves much of the implementation details for the operation of AHPs to federal agencies, and the Big “I” expects a significant implementation process as rules and regulations are drafted. The Big “I” intends to weigh in with the Administration and Congress throughout the rulemaking process.

The executive order also calls for restoring access to short-term health plans. These temporary plans are heavily regulated at the state level, but they were significantly curtailed by the Obama Administration. Last year, the Big “I” submitted comments to the Department of Health and Human Services (HHS) in support of allowing continued access to state-regulated short-term plans, which provide an important option for consumers.

# AAACT NEWS

## Suggestions Welcome

Every member of the AACT Board of Directors and Staff welcomes your suggestions, constructive criticism, and especially your support on matters of mutual interest. In the final analysis, the success of any Association and its programs depends on the cooperation and support of the members. In 2018, why not resolve to become an even more active, supportive, and participating member?

## AAACT Office Holiday Schedule

The AACT office will be closed the following days during the upcoming holiday season:

\*THANKSGIVING - Thursday, November 23rd and Friday, November 24th.

\*CHRISTMAS - Monday, December 25th and Tuesday, December 26th.

\*NEW YEARS - Monday, January 1, 2018.

— Randy Lisk, Executive Vice President

**HAPPY THANKSGIVING!!!**