



Mr. Douglas I. Greenhaus  
Chief Regulatory Counsel, Environment, Health and Safety  
National Auto Dealers Association  
8400 Westpark Drive  
McLean, VA 22102

Your reference AYES Internship Program

Our reference

Date February 6, 2015

#### Zurich Position – Internship Liability

Zurich Dear Doug:

7045 College Blvd  
Overland Park, KS  
66223

Thank you for your letter of January 13 regarding the AYES Internship program and the Zurich position regarding issues relating to minors in the dealership workplace.

(913)-339-1582  
www.zurichna.com/automotive  
david.whitney@zurichna.com

As communicated previously, I would like to express our appreciation of the educational benefits AYES provides to the dealership community. The educational values represented by AYES are consistent with Zurich values and we remain committed to our support of these goals.

Zurich believes that a well-managed internship program such as those provided by the AYES organization provides long term benefits that far outweigh any exposure presented by the internship program. The program design should include the proper risk management controls to minimize accidents or injuries to the interns and they are minors. These controls should include the following:

- Interns should be subject to the same employment standards in place for all other employees including appropriate background checks, motor vehicle report checks and, if applicable by law and dealership policy, drug testing procedures.
- Minors should be prohibited from operating a dealership vehicle under any circumstance.
- Interns should receive all appropriate new hire training offered to other employees including but not limited to proper handling of flammable liquids, machinery or equipment operations and safety precautions such as lock out / tag out procedures and Material Safety Data Sheets and anti discrimination and harassment prevention training.

Zurich offers support to insured dealers in all of the above areas and participating dealers should be encouraged to reach out to their insurance carrier for this support.

In situations where a participating dealer offers tours to students, faculty or other groups, a written plan should be developed addressing the safety precautions to be taken for these. The plan should include:

- Assigned dealership individuals responsible for conducting the tours.



- The dealership should ensure that the responsible individuals are properly trained on how to conduct the pre tour safety check and procedures to be followed when conducting the tour.
- A predefined tour route through the dealership location.
- A written pre tour safety checklist to be used prior to any tour to identify and correct any possible hazards such as temporary extension cords and other slip / trip exposures. Additionally the checklist should include confirmation that any area containing non-public customer information or hazards that cannot be eliminated has been properly secured.

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Zurich's position remains that with the above safety measures in place, individual dealerships can control the risks associated with participating in these programs. We continue therefore to support and encourage our customers to participate in the AYES sponsored programs related to interns placed in non-driving positions within their organization.

Zurich

We appreciate the important role AYES plays within the automotive industry and look forward to continuing our support.

Regards,

A handwritten signature in black ink, appearing to read 'D. Whitney', written over a light grey horizontal line.

David W. Whitney  
Vice President & Head of Retail Profit Center  
Zurich



**Mike Kerr**

*Executive Vice President - Director of Insurance Operations*  
121 E. Park Square • Owatonna, MN 55060  
Phone: 507.455.8857 | 800.533.0472  
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January 28, 2015

Douglas I. Greenhaus  
Chief Regulatory Counsel, Environment, Health and Safety  
National Automobile Dealers Association  
8400 Westpark Drive  
McLean, VA 22102

Dear Doug,

I am happy to respond to your request, seeking clarification on whether Federated Insurance Company would have problems providing property and casualty insurance coverage to an auto dealership that elects to participate in your program, Automotive Youth Educational Systems, Inc. (AYES).

Federated is generally supportive of your program and is not opposed to insuring dealers who partner with your organization. Federated recognizes the AYES mentored internship as an extension of the student's educational experience. We recognize that these dealers will likely be hiring minors and placing them into technical internships or into other non-driving positions at the dealership.

Federated has always promoted careful risk management for its clients, including good hiring practices. We would expect that a dealer client observe good hiring practices for these youthful interns, just as with any other hire. This should include as a minimum:

- Background checks (per dealership policy and where permissible by law) – e.g. MVRs, criminal record checks, drug tests, reference checks with teachers and prior employers, etc.
- Once hired, appropriate discrimination and harassment training, with documentation verifying this and kept in the intern's personnel file
- Assignment to non-driving positions only, including not moving cars on the lot
- Overall orientation, including safety training and avoidance of dangerous activities / locations
- Close supervision of underage student interns

In short, we believe that a carefully supervised and monitored program should not present any significant change in the exposure or risk of loss for our client dealer. Our course, as always, the terms of the applicable insurance contract will govern coverage.

I commend you for your good efforts seeking to expose young people to the retail automobile business and to provide them with valuable training and experience.

Sincerely,



Mike Kerr  
Executive Vice President – Director of Insurance Operations  
/jak