



Mike Kerr

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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
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