

BEST'S HAZARD INDEX

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SIC CODES AND CLASSIFICATIONS

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NAICS CODES AND CLASSIFICATIONS

441110	New Car Dealers
441120	Used Car Dealers
441229	All Other Motor Vehicle Dealers
441310	Automotive Parts and Accessories Stores
532112	Passenger Car Leasing

RELATED CLASSIFICATIONS

[Automobile Accessories Stores](#)
[Automobile Body Repair Shops](#)
[Automobile Repair Shops and Oil Change Centers](#)
[Tire Dealers - Retail](#)
[Towing and Recovery Services](#)

SPECIAL EXPOSURES

Test drives of vehicles by inexperienced drivers
False pretenses
Auto repairs
Entire inventory could be damaged by a single natural catastrophe
Mechanics' Tools

RISK DESCRIPTION

In 1998, there were over 205 million automobiles and light-duty trucks on America's highways. Yet before they were driven home by consumers, every one of those vehicles started out on an automobile dealer's sales lot.

In general, there are three types of dealership arrangements: those owned and operated by independent franchisers (who may have more than one location); those owned and operated by publicly-held corporations; and those owned by the auto manufacturers themselves (although in some states, it is illegal for auto manufacturers to own a dealership). While different types of arrangements will exist, most dealerships purchase new vehicles direct from the manufacturers with which they are associated. Dealerships will typically finance these vehicles through the manufacturer's own finance company, or through a line of credit with a bank or other lending institution. This arrangement is known as a Floor Plan, and as part of this agreement between the dealership and the manufacturer, any damages to the vehicles that may occur prior to their sale are covered under the insurance plan of the company or institution with whom the insured's vehicles are financed. Since used vehicles are frequently purchased at auctions or received as customer trade-ins, they may not be covered under such a policy and may therefore require coverage under the dealer's own insurance policy.

Typically, a potential buyer will go to an auto dealership to look over the cars that are for sale on the lot. A salesperson will approach the customer and offer to let him or her test drive one of the vehicles, usually a short trip on local roads, to get a feel for how it handles. If the customer seems interested in making a purchase, the salesperson will accompany him or her to a desk back at the showroom where the bargaining process begins. The salesperson will explain about any sales or manufacturer's rebates that the dealership is offering, outline the vehicle's various features, and attempt to determine the value of the buyer's trade-in vehicle (if applicable). At this point, the negotiations may intensify as the buyer tries to get what he or she believes is the most affordable price for the vehicle. The salesperson usually consults with the sales manager to discuss how low they can go on a price in order to meet the customer's offer while still making a reasonable profit. Finally, all parties will agree on a price, and the customer then puts a deposit on the vehicle; usually 10% (or more) of the purchase price is acceptable. Most down payments are made in the form of check or money order, and a monthly payment schedule is established with a lending institution (e.g., bank, credit union, or the dealer's or manufacturer's own credit corporation) for a set number of months (e.g., 24 - 60 months). Regardless of a buyer's credit history, most dealerships work with a variety of lending institutions so that nearly anyone can receive some sort of financing to pay for the vehicle of their choice.

However, auto dealerships do more than just sell new and used vehicles; they also sell auto parts, and provide routine maintenance and repairs on vehicles, whether or not they were purchased there. While some vehicle dealerships may sell a variety of motorized vehicles in addition to cars, such as recreational vehicles (RVs), commercial trucks, agricultural vehicles (e.g., tractors, columbines, etc.), and/or motorcycles, others may specialize. Nevertheless, the hazards described in this article will be applicable to most dealers of vehicles that are intended for use by average consumers.

During the first two decades of the 20th century, cars were viewed by the federal government as a "luxury" item, and consequently, were taxed as such. It was in their united efforts to reduce this tax that automobile dealers formed the National Automobile Dealers Association (NADA) in 1917. By 1920, there were approximately 20,000 car and truck dealers across the United States, and for the first time, legislation was passed that made it a federal offense to steal a vehicle and take it across state lines.

With NADA's introduction of the Official Used Car Guide (now an annual publication commonly called The Blue Book) in 1932, dealers finally had a reliable tool for determining the value of used cars. For the first time, they began to apply the value of "trade-in" vehicles as partial credit toward new purchases, and up until the 1950s, used car sales consistently exceeded new car sales. However, many auto dealerships did not survive the Great Depression, and those that did often resorted to selling other items, such as toys and

appliances, just to stay afloat.

World War II made this desperate financial situation even worse for many auto dealers who already found themselves struggling. A 1942 census report showed that auto dealers were by far the hardest hit by the war effort, which required gas rationing and placed a freeze on new car and truck deliveries to consumers; only the sale of vehicles to governmental agencies was allowed. Furthermore, rubber collection drives led to a scarcity of tires. As the war dragged on, auto dealers were asked to help in the recruitment of qualified mechanics to service vehicles that were being used on the front lines. With their own service staffs depleted, many dealerships began training women to perform repair work and routine vehicle maintenance. The income generated from these services became the primary revenue source for many dealerships during WWII, since more car owners were relying on their older vehicles to last longer. By 1944, the federal government announced that no new cars would be built in the U.S. until Germany and Japan had been defeated. The NADA argued vigorously but unsuccessfully against this motion, claiming that it would create a black market for automobiles, thereby hurting legitimate dealers even further.

When WWII ended, auto production resumed, but slowed once again as the nation remobilized for the Korean War since auto manufacturers feared the resumption of many of the government restrictions that had been enacted during WWII. After the Korean War ended, suburban communities began springing up in the rural areas surrounding many major cities. Highway construction was also booming, and more families came to rely on their cars to transport them to and from their daily jobs and activities. As a result of these trends - along with a strengthening economy - production soared, and auto makers set manufacturing records. For the first time, dealers worried that too much competition might force them to reduce their prices to unprofitably low sales margins.

During the 1970s, American automobile dealers began to see more serious competition for the car buying market from foreign automakers (i.e., German, Japanese). In 1970, a group of Volkswagen dealers formed the first foreign-owned dealership organization, a group that would later become known as the American International Automobile Dealership Association (AIADA). That decade's gasoline crisis and passage of the Clean Air Act caused consumers to become more aware of fuel economy in the cars they purchased, and sales of compact cars (many of which were foreign-made) surpassed those of mid-sized vehicles as consumers began to steer away from "gas guzzler" models. In response to this consumer trend, American auto manufacturers began designing their cars to be smaller and lighter as well as more aerodynamic, fuel efficient, and environmentally friendly.

The 1980s and '90s saw continued popularity in foreign models, as well as a rise in the sale of light-duty trucks, such as pickups, sports utility vehicles (SUVs), and minivans, the latter of which have all but replaced the once-popular station wagon as the family car of choice. During these two decades, more and more foreign manufacturers began opening plants in the United States, and using domestic-made parts in their vehicles, while many American automakers expanded their operations overseas. Consequently, the line between "foreign-made" and "domestic" vehicles became increasingly blurred.

In 1998, franchised automobile dealers sold 15.5 million new vehicles and 19.3 million used ones, reaching a record \$534 billion in total revenue for the year. The average selling price for a new vehicle was \$23,600, up from previous years, which reflects the increasing popularity of higher-priced, light-duty truck models. Sales of new and used vehicles accounted for 29% and 24% of dealers' annual profits, respectively. After market services (i.e., routine maintenance services, bodywork, and mechanical repairs) generated a record \$64 billion in annual dealer revenue for that same year, accounting for 47% of the dealers' profits. In an average year, nearly 200 million repair orders are completed in dealer-owned repair shops nationwide. Many auto dealers also provide loaner cars for customers to drive while repair services are being performed on their vehicles. Some dealerships may also loan vehicles to non-profit organizations, such as public school driver's education programs.

The layout for a typical auto dealership will often include a showroom where new vehicles are displayed; a shipping/receiving area; a storage area for parts and supplies; two separate areas where repairs and body work are performed; administrative offices; a conference room; a customer lounge; an employee lounge; and restrooms. Some insureds may also have a car wash on site. In addition, there will be a mid-sized to large, adjoining outdoor parking lot, where potential buyers may peruse the vehicles for sale. Although some dealerships may have stairs or elevators leading to a second floor, this part of the building usually houses offices or storage areas that are off limits to the general public.

The service and repair centers of most auto dealerships will be in operation earlier and later than typical business hours (e.g., opening at 7:00 a.m. and closing at 6:00 or 7:00 p.m.) for their customers. Most dealerships will be open for vehicle sales from 9 a.m. until 9 p.m. on weekdays, with shorter hours on Saturdays and/or Sundays (e.g., 9 a.m. through 6 p.m.). Salespeople will usually work in shifts to cover all of the dealership's selling hours. Some dealers may occasionally run special promotions or events that require their sales staff to remain on duty as late as midnight. In some states, it is illegal to sell vehicles on both days of the weekend; consequently, dealerships located in states where such laws apply will be open on either Saturdays or Sundays.

Nationwide, auto dealerships employ over one million workers. According to recent NADA statistics, the average dealership employs a total staff of 47 workers. The duties performed by workers are quite diverse, depending on their positions, and can be very specialized. However, there are five basic categories of employees: administrative personnel (i.e., managers who oversee the various departments); office workers, including those who deal with matters such as finance and insurance; mechanics (sometimes called automotive technicians); non-technicians (e.g., counter staff, stockpersons) who work in the service and parts departments; and sales staff who deal directly with customers in selling the vehicles.

Most dealerships have a clear-cut leadership hierarchy. In general, the owner (dealer) or corporation works closely with the General Manager, who in turn supervises the Used Car and New Car Sales Managers (these are often two distinct positions). The Service Manager, the Parts Manager, the Business Manager (i.e., who handles accounting for the dealership), and the Finance Manager (i.e., who arranges financing and insurance for customers) will also answer to the General Manager. The various managers oversee the workers in their respective departments. Many managers will hold a bachelor's degree from a four-year college or university in marketing, business, or a field that relates to their area of expertise. Office workers may have two- or four-year degrees or certification from a vocational-technical (vo-tech) school. Mechanics may receive their training while serving in the military, or through programs offered by vo-tech schools or community colleges; some will be certified in Automotive Service Excellence (ASE) and may also receive additional training from the manufacturer(s) with which their dealership is associated. Salespersons will most likely have at least a high school diploma, and are sometimes required to attend manufacturer-sponsored product-knowledge and/or sales seminars; much of their training, however, occurs on the job.

As auto dealers enter the 21st century, they are finding that luxury cars are making a comeback, with the focus on interior comforts and conveniences rather than the sheer size of the vehicle. For example, some luxury models come equipped with six-disc CD changer stereo systems, or computerized, satellite- operated navigation systems that provide audio and/or visual directions to drivers, telling them where to go if they get lost while driving. These vehicles are also more fuel-efficient than their "gas guzzler" predecessors. During the 1990s, many auto manufacturers also started producing vehicles with "standard option packages" that are preferred by most customers (e.g., with air conditioning, AM/FM stereo, and automatic windows and door locks). While this change in production has reduced the final cost of most vehicles for consumers, it has also lowered the profit margin for dealers who would previously add these features on to a vehicle for an additional charge at the buyer's request.

Leasing vehicles, rather than purchasing them, has become an increasingly popular financing option for both businesses and consumers; not only are the monthly payments considerably lower than with purchase agreements, but the vehicle's trade-in value is less of a concern when the lease period ends. However, leasing may not benefit everyone since lease agreements will often have a mileage limit that can result in costly penalties if it is exceeded. Since lease agreements typically allow dealers to offer lower monthly payments, these rates are frequently advertised because they sound more appealing to customers.

In order to survive in an increasingly competitive market, auto dealers spent a record \$5.3 billion in advertising during 1998, with newspapers being the most popular medium, followed by television, radio, and other media sources, such as billboards, direct mail, and the Internet. The NADA reports that as of the year 2000, more than 75% of all franchised auto dealers have their own website on the Internet. Many of these sites are interactive, allowing customers to view the dealer's inventory, check prices and features of various vehicles, complete a finance application, and schedule service appointments. Most of these sites average about 50 "hits" per month. In addition to their own websites, many dealerships are linked to one or more third-party Internet vehicle shopping services. Using these websites, customers can order the vehicle they are looking for without ever entering a dealer's showroom. In some cases, the vehicle may be custom-built to the customer's exact specifications and delivered to the nearest dealership for pickup. More often than not, however, the car buyer fills in certain information about what type of car he or she is looking for (e.g., year, make, model, color, two-door or four-door, preferred option packages, etc.), and the computer searches its database to find an existing automobile that matches these specifications. After locating the vehicle, the Internet car-buying service will make all necessary arrangements to have it transferred to the nearest affiliated dealership for convenient customer pickup. Although rare, some dealerships will even deliver a new vehicle right to the buyer's door. At present, only 20% of all car buyers special order their vehicles, whether through the dealership directly or online. By far, the most popular method of car buying is still for customers to peruse the vehicles in the dealers' lot and, pending credit approval, drive home with the vehicle. Regardless of the manner by which a vehicle has been purchased, the dealership is responsible for making certain that it is properly insured until the deal has been consummated and the title has been transferred to the buyer.

There are two major associations for automobile dealerships, the National Automobile Dealers Association (which may be reached at www.nada.org) and the American International Automobile Dealers Association (which may be reached at www.aiada.org).

MATERIALS AND EQUIPMENT

Cleaning solvents and car wax; lubrication grease; antifreeze; coolants; motor oil; transmission fluid; brake fluid; new and rebuilt replacement parts.

Automotive repair and servicing equipment: electronic testing instruments; air compressors; powered and non-powered tools, such as drills, wrenches, screwdrivers, and other handheld tools; hand-operated portable jacks; hydraulic lifts; battery chargers; lubrication equipment; wheel alignment machines; body measuring/alignment systems; brake service equipment; engine reconditioning equipment; steam cleaners; tire changing and repair machinery and tools; small chain hoists; welding and cutting tools; small abrasive grinders.

Materials-handling equipment: hand-trucks, dollies, forklifts.

Office equipment: computers, photocopiers, fax machines, calculators, telephones.

NARRATIVE LINES OF LIABILITY

Automobile Liability

Most dealerships purchase vehicles from the manufacturers under a financing arrangement known as a Floor Plan. As part of the Floor Plan agreement, new vehicles that are situated on the dealer's lot are protected by the manufacturer's insurance policy. Since used vehicles are frequently purchased at auctions or received as customer trade-ins, they may not be covered under the Floor Plan policy and may therefore require coverage under the dealer's own insurance policy. In some cases, a dealership may choose to cover all of the vehicles on its lots, both new and used, under its own insurance policy. The underwriter should be as thorough and explicit as possible in determining which vehicles

will be protected under the dealership's policy. Because a dealership's vehicles may be driven by inexperienced drivers or people who are unfamiliar with their control panels, accidents can and will happen. Consequently, Automobile Liability will be a serious exposure for automobile dealerships.

What are the number, age, type, and condition of vehicles owned by the insured? Many dealerships will have one or more delivery vans (for delivering parts to auto repair shops and supply stores) and tow trucks, as well as new car "demos" that are driven by employees. All dealerships will have an inventory of new and/or used vehicles situated on their outdoor sales lots and indoor showrooms. "Loaner cars" are vehicles that are typically used by customers who are having their cars serviced by the dealership. Employees who are attending training seminars and events may also drive these vehicles.

There are four possible arrangements that dealerships use when "loaning" vehicles. The first of these is for the dealer to loan out the use of "demo" cars that are fully owned and insured by the dealership; in this instance the driver may be responsible for paying the dealership's deductible in the event of an accident. Another possible situation is when loaner cars are leased by the dealership through the same finance company that leases vehicles for its customers. Most dealerships do not lease vehicles directly to their customers; rather, automobile leases are frequently held by finance companies and banks, usually the same institutions that work with the dealership to arrange financing for vehicle purchases. Where leased vehicles are used as loaner cars, the lessee would be responsible for maintaining its auto liability coverage. A third type of arrangement is where dealerships use the services of an outside automobile rental company, which may or may not have common ownership. This relieves the dealership of all responsibility for third party damages and is the most desirable from an underwriting standpoint. Lastly, cars (typically, used vehicles) may be taken off the dealer's lot and affixed with a set of temporary dealership plates. This is the least desirable arrangement, since any liability in the event of an accident will usually rest with the dealership. However, this may vary from state to state. What is the insured's policy and arrangement for loaning vehicles to its customers?

As part of most leasing agreements, lessees agree to maintain current and adequate insurance on the vehicle. However, for dealerships that provide in-house leasing of vehicles, Contingent Liability coverage is advisable since this would cover any third party damages incurred by lessees who have allowed their own automobile insurance to expire or who have purchased inadequate coverage. When vehicles are leased through the dealership, who holds the leases - the dealership itself or a third party, such as a finance company or bank?

Are personal vehicles ever used for company business? Although rare, some dealerships may use personal vehicles for company business, such as making bank deposits or attending training seminars. If employees use their own vehicles in such situations, then a nonowned vehicle exposure will exist. Confirm the existence of underlying personal insurance at acceptable limits, as well as an MVR review.

What is the frequency of travel and radius of operations? Auto dealerships' vehicles will be driven on a daily basis. Employees will drive demo vehicles, tow truck and delivery truck drivers will be on the road throughout much of their work day, and salespeople will accompany potential buyers on test drives in new and used vehicles. The radius of operations, however, will be limited. Many dealerships place mileage limits on how many miles from the insured's base of operations a demo vehicle can be driven, and the same often holds true for tow trucks. Delivery vans and trucks will most likely have a certain sales territory with which their drivers have become very familiar. Test drives typically do not go beyond a 10-mile radius from the dealership's location. Some long distance travel may occur if employees are required to attend conferences or manufacturer-sponsored training; demo cars are often used in these types of situations.

What are the hazards of typical routes used? Bad weather (e.g., fog, snow, and ice), poor road conditions, and heavy traffic are some of the hazards the insured's drivers will face. Many dealerships use one or two carefully chosen routes for their test drives. Do the insured's salespeople have certain routes that they are told to use for test drives? If so, what is the level of traffic along these routes? It is recommended that a route with minimal traffic and hazards be used. With more and more customers purchasing vehicles over the Internet now, some dealerships are delivering new vehicles right to the buyer's doorstep. In such situations, the dealership would be held liable for any accidents that occur before the sale is completed and the title has been transferred to the buyer.

What are the number, age, training, and experience of the insured's drivers? At most automobile dealerships, various personnel will be operating vehicles for a variety of purposes. Although most potential car buyers like to test drive a vehicle for themselves to get the "feel" of the car, some customers may prefer to have the salesperson drive the vehicle for them. Regardless of whether a vehicle is being driven by a potential buyer or one of the insured's salespeople, if it has not yet been purchased and is still in the insured's possession, then the dealership's automobile liability policy would provide coverage for any third party damages that might occur during its operation (e.g., if an accident happened while a customer was test driving the vehicle). Does the dealer require potential buyers to be accompanied by a salesperson during test drives? Many dealerships require their salespeople to accompany customers on test drives since these individuals will be more familiar with the routes typically used, as well as the hazards associated with them. Before customers are allowed to test drive vehicles, dealerships should also photocopy their driver's license and/or require them to sign a dealer registration plate permit form. What is the insured's practice?

Tow truck drivers and delivery personnel will be on the road nearly every day since they will pick up and bring in damaged vehicles or deliver auto parts to various clientele, respectively. Mechanics may need to test drive vehicles to determine what is wrong with them or whether or not a certain problem has been corrected. Any employee may occasionally drive a demo car to or from professional events, such as conferences and training seminars. If the dealership issues demo vehicles to its employees, some of them may be under the age of 25 or may allow younger drivers in their households to drive the vehicles as well. If drivers under the age of 25 ever operate the insured's vehicles, then a youthful operator exposure will exist. It is a positive underwriting sign if the dealership has a written policy concerning the personal usage of demo vehicles, including the prohibition of youthful drivers.

Does the insured have a vehicle maintenance program in place? All vehicle maintenance and repair services should be performed by licensed, professional mechanics on the insured's staff, never by salespeople or other unqualified personnel. It is a positive underwriting sign if one or more of the insured's mechanics are certified in Automotive Service Excellence (ASE).

Automobile Physical Damage

Due to the large number of vehicles on their lots at any given time and the risk of losing of an entire inventory due to a natural catastrophe, the Automobile Physical Damage will be serious for automobile dealerships. Because interdealership transfers of vehicles are common, the

insured may also need additional collision coverage for transporting vehicles distances greater than 50 miles from its base of operations (a normally excluded coverage). Insureds whose inventory consists of a large portion of vintage automobiles or specialized vehicles will face an increased exposure, as will those that have a substantial number of used vehicles that are not covered under the manufacturer's Floor Plan agreement.

What are the number, age, type, and condition of vehicles owned by the insured? Many dealerships will have one or more delivery vans (for delivering parts to auto repair shops and supply stores), tow trucks, loaner cars (i.e., for use by customers who are having their cars serviced), used vehicles, and new car "demos" that are driven by employees.

Are any vehicles ever leased to customers? Most dealerships do not lease vehicles directly to their customers; rather, automobile leases are frequently held by finance companies and banks, usually the same institutions that work with the dealership in arranging financing for vehicle purchases. As part of most leasing agreements, lessees agree to maintain current and adequate insurance on the vehicle. However, for dealerships that provide in-house leasing of vehicles, Contingent Liability coverage is advisable since this would cover any third party damages incurred by lessees who have allowed their own automobile insurance to expire or who have purchased inadequate coverage. When an automobile is leased through the dealership, who holds the lease for the vehicle - the dealership or a third party, such as a finance company or bank?

The concentration of new and used vehicles on the dealer's outdoor sales lot as well as inside the showroom is of primary concern. These cars may be subject to damage caused by high winds, hail, or floods. Many dealerships purchase vehicles from the manufacturer under a financing arrangement called a Floor Plan. As part of the Floor Plan agreement, new vehicles that are situated on the dealer's lot are covered against physical damages by the manufacturer's insurance policy. Since used vehicles are frequently purchased at auctions or received as customer trade-ins, they may not be covered under such a policy and may therefore require coverage under the dealer's own insurance policy. In some cases, a dealership may choose to cover all of the vehicles on its lots, both new and used, under its own insurance policy. Therefore, the underwriter should be as thorough and explicit as possible in determining which vehicles will be protected under the dealership's policy.

False Pretense coverage is strongly recommended for auto dealerships since this will protect the insured in situations where the dealer was led to believe that an individual was interested in purchasing a vehicle, the dealer relinquished possession of the car or its keys to that potential customer, and the car was then stolen by that individual. The most practical loss control measure against this exposure is to ensure that all potential buyers are accompanied by a salesperson when they take a vehicle out for a test drive. The dealership should also require all salespeople to photocopy customers' driver's licenses and/or have them sign a Dealer Registration Plate Permit before taking vehicles for a test drive. Under no circumstances should an unlicensed driver be allowed to test drive a vehicle. What is the insured's practice?

Maintaining strict key control is also a crucial loss control measure. If keys to vehicles are kept on a board, the board should be situated in an area that is inaccessible to customers. If lockboxes (i.e., small safe-like boxes that are attached to cars externally and held in place by the vehicles' windows) are used, determine if the keys to vehicles are kept in these lockboxes overnight. While they are working, salespeople are given a small master key that opens the lockboxes so they can access the vehicles' keys. Are salespeople required to sign a sign-out sheet before taking vehicles for a test drive? Who is responsible for distributing and collecting the sales staff's master keys at the beginning and end of their shifts? Lockbox keys should be stored during off-hours in a fire-resistant, NRTL-listed safe. A third option for maintaining key control is a computerized, theft-resistant key machine. Using a keypad on the machine (similar to an ATM machine), the salesperson enters a personal identification code along with a stock code for the vehicle that is going to be test driven, and the machine ejects the appropriate key. This machine also enables sales managers to track their workers' activities by monitoring how many cars and of which type each salesperson has shown to customers throughout the day. Does the insured use key boards, lock boxes, or computerized key machines for maintaining key control?

What specialized vehicles does the insured have? Some dealerships will have tow trucks for transporting damaged vehicles to the dealership's repair shop. However, this practice is becoming less and less common since most dealerships now rely on outside towing services to perform such operations. Typically, unless it is specified in a customer's vehicle warranty, the dealership is not responsible for transporting a damaged vehicle to its premises; even if the cost of the tow is covered under a customer's warranty, in most situations, customers will be reimbursed after the fact by the company that issued it. In general, the dealership is only responsible for performing the necessary repairs to a vehicle once it has been brought there.

What are the hazards facing the insured's drivers? Bad weather (e.g., fog, snow, and ice), poor road conditions, and heavy traffic are some of the hazards faced by the insured's drivers. Many dealerships use one or two carefully chosen routes for test drives; determine the level of traffic along typical routes used by the insured's salespeople during test drives. It is recommended that a route with minimal traffic and hazards be used. Many dealerships will have employees drive new vehicles from their sales lot to auto shows or to a neighboring dealership to fulfill a customer's request for a certain vehicle that matches their preferences. Typically, the other dealership will "swap" a comparable car in exchange for the one being delivered in what is known as a dealer trade. Many franchises also have more than one location and will transfer vehicles from one to another for the same reason (e.g., if a customer wants a certain model in a particular color). Any damages that occur to vehicles during these trips would be covered under this portion of the policy. However, regardless of the manner by which a vehicle is purchased or delivered, the dealership is responsible for making certain that it is properly insured until the deal has been consummated and the title has been transferred to the buyer.

Does the insured have a vehicle maintenance program in place? All vehicle maintenance and repair services should be performed by licensed, professional mechanics on the insured's staff, never by salespeople or other unqualified personnel. It is a positive underwriting sign if one or more of the insured's mechanics are certified in Automotive Service Excellence (ASE).

Auto theft and vandalism may pose a problem for some insureds. Vandals may paint graffiti on vehicles, break windows, slash tires, or tamper with engines. What is the insured's loss history? Have measures been taken to protect vehicles on the sales lot from potential vandalism? Outdoor surveillance cameras that are strategically located throughout the lot, security guards during off-hours, outdoor floodlights, and fenced-in, gated sales lots with "No Trespassing" signs are all positive underwriting signs. However, many dealerships do not fence in their sales lots since this tends to look uninviting to potential customers. In order to compensate for this exposure, it is common practice for dealers to block entrance to their lots during off hours by parking cars at the ends of aisles so that would-be thieves are unable to drive a stolen vehicle off the lot; potential buyers, however, are still able to walk around the sales lot and look at the vehicles.

General Liability: Premises and Operations

The General Liability exposure for automobile dealerships will be moderate and will include such hazards as electrical shocks and slips, trips, and falls, as well as discrimination, harassment, and breach of confidentiality. Insureds that deal with recreational vehicles (RVs) and/or light-duty trucks (e.g., minivans, SUVs, and pickup trucks) will experience a slightly increased exposure since these vehicles are often higher off the ground than automobiles and could pose a greater risk of trips and falls.

What is the layout of the premises? The layout for a typical auto dealership will often include the following: a showroom that has several cars parked inside for customers to look over; a shipping/receiving area; a storage area for parts and supplies; two separate areas where repairs and body work are performed; administrative offices; a conference room; a customer lounge; an employee lounge; and restrooms. Some insureds may also have a car wash on site. In addition, there will be a mid-sized to large, adjoining outdoor parking lot where potential buyers may peruse the vehicles for sale.

What are the insured's hours of operation? The service and repair centers of most auto dealerships will be in operation earlier and later than typical business hours (e.g., opening at 7:00 a.m. and closing at 6:00 or 7:00 p.m.) for customers' convenience so they can drop off or pick up their vehicles on the way to or from work. Most dealerships will be open for vehicle sales from 9 a.m. until 9 p.m. on weekdays, with shorter hours on Saturdays and/or Sundays (e.g., 9 a.m. through 6 p.m.). Some dealers may occasionally run special promotions or events that run as late as midnight. In some states, it is illegal to sell cars on both days of the weekend; consequently, dealerships located in states where such laws apply will be open on either Saturdays or Sundays.

What are the average and maximum number of visitors to the insured's premises daily? The number of visitors will vary depending on the time of year and whether or not the dealership is running a sale on its vehicles. Summer is generally the peak season for auto sales, and advertised sales events will help draw larger numbers of potential buyers as well. Visitors will consist of potential car buyers; customers who are having their vehicles serviced; tow truck drivers (those not employed by the insured) who are dropping off vehicles for repair; delivery personnel; and individuals who are contracted to pick up and dispose of used motor oil, tires, and/or soiled rags and uniforms.

The primary exposure for General Liability will be claims resulting from slips, trips, and falls. Good housekeeping measures can help to reduce the potential for such incidents. All areas that are accessible to the public should be kept free of debris and clutter. Trash should be removed from the premises on a daily basis. Electrical wires and telephone cords should not be stretched across aisles or walkways. What is the condition of the insured's flooring? Floors should be swept or vacuumed every day. Worn, torn, or loose floor coverings should be repaired or replaced promptly. On any given day, customers and salespeople will be coming in and out of the showroom, possibly tracking water over the floors in the event of rain or snow. Wet spots on the floor could lead to slipping accidents. Have rubber-backed doormats been placed just inside showroom entrances and exits to help prevent water from being tracked over the floors? Puddles and spills should be cleaned up immediately, and "Caution - Wet Floors" signs displayed. Many dealerships will contract out their maintenance services for the building. If this is the case, determine the reputation and loss history of the insured's maintenance service company.

Some dealerships will occasionally hold "tent sales," either on a third party's premises or on the dealership's property. At such events, large, circus-style tents are often erected with ropes and stakes being used to support the tents. Visitors could possibly trip over the ropes and injure themselves. How experienced are the individuals who erect the tent(s)? It is a positive underwriting sign if the dealership rents its tents for these events and the renter's employees assume responsibility for erecting them. If such is the case, have hold-harmless agreements been signed? Before allowing visitors inside, all tents should be inspected by a qualified individual (e.g., fire marshal) to ensure that they meet state and local regulations regarding material and construction. What is the insured's practice?

Since customers will also be walking around the dealer's outdoor lots to look at vehicles, the concrete or blacktop should be in good condition and free of potholes or large cracks. Who is responsible for maintaining the insured's outdoor lots? Repaving projects should be contracted out to a reputable paving contractor. For some insureds, cars may be parked on dirt, loose gravel, or grassy surfaces. Customers could trip over a pothole, or lose their footing on unpaved surfaces that have become grooved or rutted from tire tracks. If any vehicles for sale are parked on unpaved surfaces, determine who is responsible for maintaining these areas. Are grassy areas mowed regularly, and are potholes filled in as needed? Cars should also be separated by model and type (e.g., all minivans together, all SUVs in one location, etc.) so that customers can be led by a salesperson directly to an area that has the types of vehicles they are looking for. This way, buyers do not have to wander all over the lot to find what they want. Since the insured's salespeople will be more familiar with the outdoor lot and its layout, it is recommended that customers are accompanied by one of them when looking at cars rather than wander around the lot(s) unescorted.

Dealerships that carry larger types of vehicles (e.g., light-duty trucks, tractor-trailers, and RVs), will have any increased exposure since customers will often have to step up considerably higher when entering and exiting such vehicles. Customers should never be allowed to enter RVs unless escorted by a salesperson since these vehicles may be cramped and could pose additional hazards, such as countertops with sharp corners, stovetops, electronic appliances, and bathroom fixtures. It is a positive underwriting sign if the recreational vehicles are not connected to a power source while being shown as this will reduce the possibility of visitors sustaining burns or electrical shocks.

Customers should never be allowed to enter any repair or car wash areas unless they are accompanied by an employee who is familiar with this part of the insured's premises. If customers do wander into such areas, they will be exposed to the same hazards described in the Workers' Compensation section of this article. Most dealerships do not allow customers into their administrative offices either. Are "Employees Only" signs posted at entrances to any areas where customers are not allowed?

Delivery personnel should be restricted to areas that have been designated specifically for the loading and unloading of shipments (e.g., spare parts). Some dealerships contract out the disposal of their used motor oil; personnel from independent outfits that replenish soiled uniforms and rags with fresh ones may also visit the insured's premises. Workers from these types of services should not be allowed to enter repair areas. Does the dealership have designated bins located outside its repair area for the pickup of used motor oil, uniforms, and rags, as well as a designated bin for fresh uniforms and rags?

How often does the insured receive towed vehicles in its repair areas? Tow truck drivers who are not employees of the insured may occasionally have to enter the dealership's repair area when delivering vehicles. If the vehicle being delivered is inoperable, the tow truck driver should back it up into the repair area, unload it from the tow truck, and leave as soon as that task has been accomplished. If the vehicle being delivered is operable, there should be a designated area where such vehicles are to be parked until they can be serviced. Are signs clearly posted indicating where tow truck drivers should drop off damaged vehicles?

Does the insured have any electrical appliances located in its customer lounge areas, and if so, are any of them operated by remote control?

Many dealerships will have stereos, televisions, vending machines, and coffee makers located in their customer lounge areas to help customers pass the time while they are waiting for their vehicles to be serviced. Visitors may be exposed to electrical shocks from some of these devices. It is a positive underwriting sign if coffee machines are posted with signs asking customers not to operate them (other than to pour themselves a cup). Are all appliances properly grounded and NRTL-listed? It is a positive underwriting sign if the insured's televisions and/or stereo equipment is operated with a remote control since any shock received from a handheld remote unit would usually be mild. Visitors may be injured by furniture that is unsturdy or has sharp or pointed edges. The insured's furniture should be inspected periodically and repaired or replaced as necessary. Who is responsible for the maintenance and repair of the insured's furniture? Determine their reputation and qualifications.

Dealerships may also find themselves at risk for claims of discrimination, harassment, and breach of confidentiality. Potential buyers who feel that they have been treated unfairly (e.g., because of race, sexual orientation, gender, etc.) by the dealership may file a discrimination or harassment suit. Are salespeople and credit managers strongly encouraged to treat all customers fairly and with the same courtesy and respect? It is a positive underwriting sign if the insured sponsors sexual harassment awareness training for all of its employees. When a potential buyer fills out a credit application, dealerships frequently rely on credit-rating service companies in determining that individual's eligibility for financing. Often within minutes of faxing or phoning in a request for someone's credit history, the dealership receives back a report from the credit rating service company outlining that person's credit history. Determine who has access to customers' credit reports. What measures are taken to keep this information confidential?

What is the condition of the insured's outdoor premises? All sidewalks and paved or unpaved lots should be in good repair and well lit. Perimeter fencing is advisable with "No Trespassing" signs clearly posted. Have arrangements been made for the prompt removal of ice and snow?

Product Liability and Completed Operations

Claims under this exposure are likely to include faulty repair work performed by the insured's employees, problems with vehicle parts that have been sold to retailers and competing auto repair shops, and defects in vehicles sold. Therefore, the Product Liability and Completed Operations risk will be significant.

Since a large percentage of dealership revenues are generated by repairs and preventive maintenance services (e.g., oil changes, tune-ups, etc.) that are performed on customer-owned vehicles, the most serious exposure under this line of coverage is repair work that has been poorly done, with the possible result being an automobile accident. For example, when essential parts, such as brakes, or safety features (e.g., seatbelts, airbags) are being installed, the use of defective materials or the performance of substandard work by the dealer's personnel could possibly result in third party property damage or bodily injury to multiple claimants. At least one experienced, ASE-certified mechanic should be on duty at all times to supervise less seasoned workers while repairs are being performed. Does the insured provide its mechanics with additional training that teaches them about the types and models of vehicles they will be servicing most often? Most insureds will offer to correct any problems they may have inadvertently caused while performing repair work on customer-owned vehicles. How are customer complaints handled by the dealership's Service Manager? It is a positive underwriting sign if the dealership warrants its repair jobs for a specified number of weeks, months, or miles driven.

Does the dealership sell new or rebuilt parts to retailers or competing repair shops? Many dealerships sell vehicle parts to auto parts stores as well as independently owned and operated repair shops. If a faulty part were sold that was later determined to have played a role in an accident, it is likely that the dealer could be named as a co-insured in a resulting claim, along with the parts manufacturer and the retailer or repair shop that sold the part to the claimant. Since the dealership in such situations is acting as a wholesaler and is dealing with an installer or retailer, its liability in such incidents will often be minimized. However, if the insured's in-house repair shop installs a faulty part, then it is more likely to be held accountable.

Many times, when a plaintiff files a claim against a manufacturer for making a defective vehicle, the dealership where that vehicle was purchased is named as a co-defendant in such suits. However, dealerships are frequently released from liability by the courts in such cases if it is determined that they had nothing to do with the installation of the vehicle's defective part. Most dealerships have a policy that, upon delivery, all new vehicles are inspected by a designated employee who checks that the specifications of the vehicles match those that are on the dealer's order form and that no external damage has occurred during transport. Any vehicles that do not pass this initial inspection should be returned to the manufacturer immediately before any delivery receipt is signed. Is a delivery receipt signed by the designated vehicle inspector before new vehicles are accepted into the dealer's inventory and made eligible for sale? What are the qualifications and experience of the dealer's vehicle inspector?

If the insured sells used vehicles, how thoroughly are these vehicles checked over before they are put out on the sales lot? All used vehicles should pass required state inspections. It is a positive underwriting sign if the dealer's own safety and mechanical inspections for used vehicles are more stringent than those mandated by the state. If a vehicle is found to have any mechanical problems that could impair its safe operation or performance, all necessary repairs should be made before it is put up for sale. If new cars are issued to employees for use as demo vehicles, are they inspected, serviced, or repaired as needed before being returned to stock?

Most auto manufacturers offer no-cost basic warranties on new vehicles for a specific number of months or miles driven (usually, whichever comes first). In addition, dealerships may offer consumers the opportunity at time of purchase to buy one of several possible extended service contracts with various options and features, usually for an additional fee. Dealerships should have experienced individuals take the time to thoroughly explain the different warranty packages that are available to car buyers before they agree to purchase one of them. Similarly, most dealerships will offer some type of warranty on used vehicles. If the insured does offer warranties on used vehicles, what are the typical time and/or mileage limits? Determine the insured's history and reputation for honoring its own and/or manufacturers' warranties.

All fifty states now have "lemon laws" in place that are designed to protect the rights of new car buyers. Although the particulars of these laws will vary from one state to another, in general, all of them will include certain basic points. First, they define what a "lemon vehicle" is and require that the manufacturer, not the dealer, take care of repairing the defects. If several attempts have been made to repair the vehicle

(the number of repair attempts will vary depending on the requirements stipulated by the laws in a given state), and the problem(s) persists, then the vehicle is considered to be a "lemon." In most states, if such a defect manifests itself within the first 12 to 24 months, or 12,000 to 24,000 miles, then the consumer is entitled to a refund or replacement of the vehicle. The replacement cost will be calculated with deductions for mileage at the time when the problem first became evident; in approximately half of all states, consumers are also entitled to recover their legal expenses. These laws apply to the sale of new vehicles only. For more information on this exposure, refer to the Product Liability and Completed Operations section of the Automobile Manufacturers classification.

If the dealership sells food items out of vending machines in its customer lounge, determine the reputation of the vendor(s) used by the insured. Have hold-harmless agreements been signed with them? What is the degree of liability assumed by the insured for items sold out of its vending machines?

Garage Keeper's Legal Liability

This coverage is unique to operations that perform repairs or services on nonowned vehicles, such as auto repair shops and auto dealerships that maintain a repair or body shop. The coverage protects the insured from claims filed against it for damages that occurred to customer-owned vehicles and their contents while those vehicles were in the care, custody, and control of the insured. The Garage Keepers' Legal Liability exposure will be serious for many automobile dealerships, but will be significantly reduced for the few dealerships that do not perform repairs or bodywork on nonowned vehicles. There are three types of protection that the insured may choose from: Legal Liability coverage, Direct Excess coverage, and Primary coverage.

Legal Liability coverage is the most limited form. It protects the vehicle against any damages that the dealer could be held legally liable for, such as exterior dents caused while an employee was operating the vehicle. If the insured chooses to have this type of coverage, then customers who are dropping off vehicles for repair should be required to sign a standard automotive work order form that authorizes the dealership to perform only the work specified and that absolves it from any loss or damage to the vehicle (or its contents) resulting from fire, theft, or other causes beyond the insured's control.

The second type, Direct Excess coverage, provides much the same protection as Legal Liability. However, it will also pay for any damage to the vehicle that its owner's coverage will not pay for (i.e., anything in "excess" of what the vehicle owner's insurance pays) on a claim for damage that was determined to be the dealer's fault.

The third, and most comprehensive type of Garage Keepers' Legal Liability, is called Primary coverage. This pays for any damages incurred to a vehicle while it is in the care, custody, and control of the insured, even those resulting from an act of God. In preparing this line of coverage, the underwriter should consider whether the dealership operates in an area that is prone to floods, tornadoes, hurricanes, and/or hailstorms.

Loss control measures for this exposure would include making certain that customers do not leave anything of value inside their vehicle while they are being serviced. The dealership may wish to post signs stating that it is not responsible for articles left behind in customers' vehicles. Also, keys to nonowned vehicles should never be left inside cars during off-hours; rather, it is recommended that they be kept on a board and locked in a secure location whenever vehicles must remain on the premises overnight. Have all of the insured's repair shop personnel been trained in proper key control methods?

Environmental Impairment Liability

The primary exposure for most automobile dealerships in this line will be the disposal of used tires and motor oils. Other exposures include hydraulic fluid leakage, wastewater disposal for insureds that have a car wash on the premises, and underground gasoline storage tanks (for some insureds). Overall, the Environmental Impairment Liability exposure will be minor.

Most auto dealerships will have a repair shop on the premises where various repairs and services are performed on vehicles. Some of these services will result in leftover fluids, such as motor oil, or worn-out tires that must be disposed of properly in order to prevent environmental claims. Most auto dealerships will contract out the disposal of their used motor oil and tires to independent contractors, who in turn transport them to appropriate recycling centers. However, situations may arise where it is determined that the contractor has not been following proper recycling procedures. If pollution charges are brought against the contractor, the dealer could still be forced to pay part of the environmental clean-up costs, regardless of whether it had knowledge of these illegal activities. Examine all contracts signed between the insured and its tire or motor oil disposal contractors. What is the degree of liability assumed by the insured? Determine the reputation and loss history of the contractors that the insured uses. It is recommended that the dealer collect certificates of insurance from these contractors and ask to be named as an additional insured.

If the insured has an auto repair area, it will most likely have hydraulic lifts that are used to raise the vehicles on open platforms so that mechanics can work on them from below. These lifts are powered by pistons and pumps that raise and lower the platforms according to the amount of hydraulic fluid that is pumped into or out of them. An aboveground lift is powered by a single pump and has its own small tank of hydraulic fluid (generally about 10 - 11 quarts) that feeds directly into the pump. An underground hydraulic lift, on the other hand, will typically have a larger tank of fluid that can hold as many as 5 - 10 gallons and that is connected by a series of underground pipes to each of the lift's pumps (since there may be more than one). If the insured's hydraulic tanks and pipes are situated underground, deterioration (e.g., rust) could occur that might cause leakage or seepage of hydraulic fluid into the ground, creating an environmental hazard. However, with aboveground hydraulic lift systems, leaks in equipment can be more easily detected, cleaned up, and repaired, and consequently, there is less possibility that the fluid could seep out and contaminate surrounding ground soil. Are the dealer's repair areas equipped with above- or underground hydraulic lifts? Determine who is responsible for maintaining the lifts and all their component parts.

Since many car washes are designed to recycle the water they use, this exposure will be minimal. Determine the insured's methods of disposing wastewater. Prior to disposal, all wastewater should be diluted so that permissible exposure limits (PELs) are not exceeded; these limits will vary from one municipality to another. How is the insured's wastewater analyzed before being discharged into public waterways? Refer to the Environmental Impairment Liability section of the Car Washes classification for more information.

When it comes to fueling their vehicles, most dealerships maintain a revolving account with a nearby gas station. Although rare, some insureds may still maintain one or more gasoline storage tanks on their premises for fueling purposes. The Environmental Impairment Liability exposure will be increased for insureds that have underground gasoline tanks, since seepage is more likely to occur, but will be slightly reduced for those whose tanks are situated aboveground. If the insured has any underground fuel tanks on the premises, how often are they inspected for structural integrity and possible leakage? What are the qualifications of the individual who performs these inspections? For more information, refer to the Environmental Impairment Liability section of the Gasoline Stations - Full-Service and Self-Service classification.

Workers' Compensation

The Workers' Compensation exposure for automobile dealerships will be moderate since claims are likely to be more frequent than severe. The hazards will be greater for insureds that perform vehicle repairs on the premises since mechanics will face increased risks because of the types of tasks they perform and the various pieces of electrically powered equipment they must use. Typical claims will involve back injuries, repetitive motion injuries, skin irritations, respiratory problems, crushing injuries, automobile accidents, and accidents caused by slips, trips, or falls.

What is the layout of the insured's premises? The layout for a typical auto dealership will often include the following: a showroom that has several cars parked inside for customers to look over; a shipping/receiving area; a storage area for parts and supplies; two separate areas where repairs and body work are performed; administrative offices; a conference room; a customer lounge; an employee lounge; and restrooms. Some insureds may also have a car wash on site. In addition, there will be a mid-sized to large, adjoining outdoor parking lot where potential buyers may peruse the vehicles for sale. Some dealerships may also have stairs or elevators leading to a second floor that typically houses offices or storage areas that are accessible to workers only.

What are the ages, number, training, and duties of the insured's workers? The duties performed by workers will be quite diverse (depending on their positions) and may also be very specialized. However, there are five basic categories of employees: administrative personnel (i.e., managers who oversee the various departments); office workers, including those who deal with finance and insurance matters; mechanics (also called auto technicians); non-technicians who work in the service and parts departments (e.g., counter clerks, stockroom personnel, parts salesperson); and sales staff who deal directly with customers in selling the vehicles. The majority of these positions will be full-time.

Most dealerships have a clear-cut leadership hierarchy. In general, the owner (dealer) or corporation works closely with the General Manager, who in turn supervises the Used Car and New Car Sales Managers (these are often two distinct positions). The Service Manager, the Parts Manager, the Business Manager (i.e., who handles accounting for the dealership), and the Finance Manager (i.e., who arranges financing and insurance for customers) will also answer to the General Manager. The various managers oversee the workers in their respective departments. Many managers will hold a bachelor's degree from a four-year college or university in marketing, business, or a field that relates to their area of expertise. Office workers may have two- or four-year degrees or certification from a vocational-technical (vo-tech) school. Mechanics may receive their training in automotive repair while serving in the military, or through programs offered by vo-tech schools or community colleges. Some may be certified in Automotive Service Excellence (ASE) and may also receive additional training from the manufacturer(s) with which their dealership is associated by means of seminars and training sessions regarding the various types of vehicles that the dealership services most often. New mechanics are commonly paired with a more experienced employee until they become familiar with the various pieces of equipment and how they operate. Salespersons will most likely have at least a high school diploma, and are sometimes required to attend manufacturer-sponsored product-knowledge and/or sales seminars; much of their training, however, occurs on the job.

What are the insured's hours of operation? The service and repair centers of most auto dealerships will be in operation earlier and later than typical business hours (e.g., opening at 7:00 a.m. and closing at 6:00 or 7:00 p.m.) for customers' convenience so they can drop off or pick up their vehicles on the way to or from work. Most dealerships will be open for vehicle sales from 9 a.m. until 9 p.m. on weekdays, with shorter hours on Saturdays and/or Sundays (e.g., 9 a.m. through 6 p.m.). Salespeople will usually work in shifts to cover all of the dealership's selling hours. Some dealers may occasionally run special promotions or events that require their sales staff to remain on duty as late as midnight. In some states, it is illegal to sell cars on both days of the weekend; consequently, dealerships located in states where such laws apply will be open on either Saturdays or Sundays.

The most common types of claims for Workers' Compensation will be for injuries resulting from slips, trips, and falls. Good housekeeping can be an effective loss control measure against these types of accidents. Aisles and walkways should be free of debris and clutter, and trash should be removed on a daily basis. Electrical wires and telephone cords should not be stretched across walkways or doorways. What is the condition of the insured's flooring? Floors should be swept or vacuumed every day. Worn, torn, or loose floor coverings should be repaired or replaced promptly. Many dealerships will contract out the maintenance services for their buildings. If this is the case, what are the reputation and loss history of the insured's maintenance service company?

On any given day, customers and salespeople will be coming in and out of the showroom, possibly tracking water over the floors in the event of rain or snow. Wet spots on the floor could lead to slipping accidents. Have rubber-backed doormats been placed just inside entrances and exits to help prevent water from being tracked over the floors? In repair areas, spills of slick automotive fluids (e.g., motor oil) can be quite common. While some dealerships use a granular substance similar to cat litter for soaking up such spills, this practice could lead to a disposal problem. Therefore, it is preferable to use grease-dissolving solvents when cleaning up such spills. Regardless of where they occur, all puddles and spills should be cleaned up immediately, and "Caution - Wet Floors" signs displayed.

Does the dealership have any stairs or elevators (e.g., in storage or office areas) that are used by employees? If so, stairs should be in good

condition, covered with non-slip treads, and equipped with sturdy handrails. How frequently is the insured's elevator serviced, and by whom?

Some dealerships may hold tent sales where large, circus-style tents are erected with ropes and stakes being used to support the tents. Workers could possibly trip over the ropes and injure themselves. If workers are required to erect the tents for such events, how experienced are they at performing such a task? It is a positive underwriting sign if the dealership rents its tents and the renter's employees assume responsibility for erecting them. If such is the case, have hold-harmless agreements been signed? After they have been erected, all tents should be inspected by a qualified individual (e.g., fire marshal) to ensure that they meet state and local regulations regarding material and construction. What is the insured's practice?

Since salespersons will be walking around the outdoor lots to show vehicles to prospective customers, the concrete or blacktop should be in good condition and free of potholes or large cracks. Who is responsible for maintaining the insured's outdoor lots? Repaving projects should be contracted out to a reputable paving company. For some insureds, cars may be parked on dirt, loose gravel, or grassy surfaces. Employees could trip over a pothole, or lose their footing on unpaved surfaces that have become grooved or rutted from tire tracks. If any vehicles for sale are parked on unpaved surfaces, determine who is responsible for maintaining these areas. Are grassy areas mowed regularly, and are potholes filled in as needed? Cars should also be separated by model and type (e.g., all minivans together, all SUVs in one location, etc.) so that salespeople can lead customers directly to an area that has the types of vehicles they are looking for, rather than wandering all over the lot trying to find what the customer wants.

For dealerships that carry larger types of vehicles (e.g., light-duty trucks, tractor-trailers, and RVs), this exposure will be increased since salespeople will often have to step up considerably higher when entering and exiting such vehicles, allowing for a greater possibility of trips and falls. Salespeople who are showing RVs to customers will face additional hazards, such as exposure to countertops with sharp corners, stovetops, electronic appliances, and bathroom fixtures. It is a positive underwriting sign if the recreational vehicles are not connected to a power source while being shown, as this will reduce the possibility of workers sustaining burns or electrical shocks. How familiar are employees with interior layouts and features of the various RV models carried by the dealership?

Salespeople and repair personnel will face an increased risk of sustaining injuries resulting from automobile accidents. Throughout the day, salespeople will accompany potential buyers on test drives; the driving experience and skill levels of customers will vary greatly, and many may be unfamiliar with the vehicle's operation and handling. Safety belts should be worn at all times whether a salesperson is driving or riding as a passenger. Regardless of who is driving, are mirrors and seating properly adjusted before the driver engages the vehicle? Salespeople should be familiar with all types of vehicles sold by the insured (e.g., location of various switches, gauges, and controls on the dashboard) and should be skilled at driving both manual and automatic transmission vehicles before being allowed to accompany customers on test drives. When customers bring in a vehicle for servicing, mechanics will sometimes drive it out on the road to better determine what the problem is (e.g., brake or wheel alignment problems). If a car is in need of repair, then its drivability may be compromised, and the driver will be at greater risk. For both salespeople and mechanics, it is a positive underwriting sign if the dealership has designated routes for its test drives, and if workers are discouraged from taking new or unfamiliar routes. What is the insured's policy?

Some employee lounges will also contain coffee makers, televisions, or microwave ovens - all of which would pose risks of causing burns or electrical shock. Are all such appliances NRTL-listed and properly grounded? The insured's mechanics will face an added risk of shocks since much of the automotive repair equipment they work with is electrically powered. Is all electrical repair equipment NRTL-listed and properly grounded? Electrical wiring should be checked frequently for cracks and fraying by a qualified professional, and a routine schedule of inspections and maintenance should be in place. Is the insured in compliance with OSHA standard 1910.212, General Requirements for All Machines?

Employees who work in the shipping and receiving areas may be subject to back injuries due to improper lifting of heavy objects. Most auto parts will arrive in cardboard cartons; however, due to the fact that they are often unusual or awkward in shape or size, the boxes' center of gravity may be difficult to ascertain. Proper materials-handling equipment, such as dollies and hand-trucks, should be provided for employee use. Some dealerships will have a second floor for parts storage as a space-saving measure. If so, how are parts moved to the second level, up stairways or by a freight elevator? It is a positive underwriting sign if an elevator is used since moving objects to a second level with a hand-truck can be difficult and may pose added risks of falling for workers.

Rolling ladders may also be used in storage areas since shelving may be three or four tiers high. All rolling ladders should be equipped with handrails and rubberized feet on springs that sink down when stepped upon, and should be well oiled so they will move easily when pushed. If wooden or metal folding ladders are used, they should be in good condition and replaced as needed. Is the insured in compliance with OSHA standards 1910.25, Portable Wood Ladders, and/or 1910.29, Manually Propelled Mobile Ladder Stands and Scaffolds (Towers)? All shelves should be solidly constructed with items neatly arranged and categorized for ease of location. A well-organized and maintained stockroom can also help to prevent injuries sustained from collapsing shelves or toppling objects. Determine who is responsible for overseeing the insured's stockroom area. What are that person's qualifications and experience?

Some insureds will provide forklifts for moving stock around storage areas. Improper use of these vehicles could result in the operator or other workers being injured by toppling inventory or the vehicle overturning. Is the rated load capacity clearly marked on all forklifts? Are employees instructed not to exceed the rated capacity of any forklift? All forklifts should be equipped with overhead protection, such as a roll cage, as well as a backup alarm.

Thorough training in the safe operation of forklifts is essential to minimize injuries. Forklift operators must be trained to inspect, drive, load, park, and refuel their vehicles properly. What are the training and experience of the insured's forklift operators? Prior to operation, drivers should use a written checklist to assess the condition of their vehicles, such as alarms and horns, tire pressure, and steering and brake functions. Are the insured's forklifts in compliance with OSHA standard 1910.178, Powered Industrial Trucks? Traffic lanes for both pedestrians and forklifts should be clearly marked. Are speed limits and warning signs (e.g., "Sound Horn" and "Proceed with Caution") posted throughout the area? Convex mirrors should be installed at corners and at the beginnings and ends of aisles. What is the insured's practice?

Employees who work in repair, body shop, or car wash areas may be exposed to harsh solvents (e.g., paint strippers, cleaning agents) and automotive fluids (e.g., motor oil, antifreeze) that could cause skin irritations, such as dermatitis (i.e., inflammation of the skin), or respiratory problems (e.g., asthma). Are workers equipped with appropriate hand protection, and are emergency hand- and eye-wash stations provided in these areas? Workers who perform sanding work on vehicle exteriors should be required to wear safety goggles and respirator masks to protect themselves from airborne metal shavings and paint particles. Is the insured in compliance with OSHA standards, 1910.133, Eye and

Face Protection, and 1910.138, Hand Protection?

Some automotive repair equipment can also be quite loud, which could lead to hearing loss. Workers who are exposed to noise levels at or above 85 dB must be given annual audiometric examinations and NIOSH-approved hearing protection devices if they request them. Workers who are exposed to noise levels above 90 dB must be issued and required to wear hearing protection devices. Does the insured conduct annual audiometric examinations? Such examinations may be used to establish a baseline for all employees against which later tests can be compared. Working in noisy areas should be limited to brief periods of time. The insured should be in compliance with OSHA standard 1910.95, Occupational Noise Exposure.

Proper ventilation in repair areas is also essential since vehicles emit potentially lethal carbon monoxide fumes when running. Many dealerships have special nozzles that drop down from the ceiling and fit over the end of a vehicle's tailpipe; the exhaust fumes are then funneled outside through a separate system of vents designed exclusively for this purpose. Is the insured's repair area equipped with such a system? If not, are garage doors left open to provide adequate ventilation when vehicles are left running indoors? Some automotive paints can emit harmful fumes while in their liquid state and are usually applied with a special spray gun. Are workers who perform paint jobs equipped with respirator masks? The insured should be in compliance with OSHA standards 1910.94, Ventilation, and 1910.134, Respiratory Protection.

Lacerations, dismemberment, and crushing injuries are also possible for workers who perform auto maintenance and repairs. Workers might reach inside a running vehicle and accidentally get cut by a moving engine part, such as a belt. Mechanics should not be allowed to wear neck or wrist chains while working and should keep long hair tied back since these might become entangled in moving parts. Inexperienced workers in repair areas should be paired with a more experienced employee until they become familiar with the insured's equipment and machinery. Although most repair work on vehicles is performed while vehicles are situated on hydraulic lift platforms, occasionally, hand-operated jacks may be used to raise or lower one end of a damaged vehicle (e.g., to change a flat tire). If mechanics ever use slide boards to move under a vehicle that is raised with a jack, they could be crushed if the vehicle would slip off of it. Are hand-operated jacks ever used to raise vehicles for service operations? Whenever possible, workers should use hydraulic lifts for raising and repairing vehicles since these devices are far more reliable than hand-operated jacks. Determine how frequently the insured's jacks and hydraulic lifts are inspected, as well as that person's qualifications.

Office workers and repair personnel may be subject to repetitive motion injuries (RMIs). Office employees may experience carpal tunnel syndrome from working with calculators and computers. Additionally, employees working with computer monitors may experience eye strain. Are office workers encouraged to look away from their computer monitors and refocus on distant objects from time to time? Employers should follow standard ANSI/HFS 100-1988, which provides ergonomic design guidelines for visual displays, keyboards, and workstations. While working on vehicles that are raised on hydraulic lifts, auto repair technicians could experience rotator cuff damage to their shoulders, or thoracic outlet syndrome affecting the neck and shoulders from performing repetitive tasks at or above shoulder level. Workers in both of these types of situations should be encouraged to take a 15-minute break every three to four hours. What is the insured's practice?

What is the availability of emergency health care and first aid? Have any employees received basic first aid training? Emergency first aid kits should be located throughout the premises, particularly in repair areas.

Crime

Auto dealerships will generally have very little cash on hand, so the primary exposures in this line will be employee dishonesty and theft of automobile parts and car stereo equipment. (Auto theft and vandalism are dealt with under the Automobile Physical Damage section of this classification). For automobile dealerships, the Crime exposure will be minor.

What are the average and maximum amounts of cash on hand daily? Since most customers use a check or money order when making a down payment on a vehicle, and since most repairs are paid for with a check or credit card, there will be very little cash on the premises. Furthermore, there is limited need for petty cash. When purchasing gasoline for the vehicles on their sales lots, many dealerships will have an arrangement with a nearby gas station, in which an employee will drive the vehicle that needs fueling to the gas station and present a slip on which the amount and cost of the fuel will be recorded, and the dealership is then billed on either a weekly or monthly basis by the gas station. Others may use a corporate credit card with that particular gasoline company for their fuel purchases. What is the insured's practice?

Are all employees whose duties require the handling of customer transactions trained in proper credit card verification procedures? All checks should be stamped "For Deposit Only" immediately upon receipt. Checks, charge receipts, and petty cash should be stored in a tool-, torch-, and explosive-resistant, NRTL-listed, time-delay safe until they can be deposited. Bank deposits should be made daily and their schedule staggered to avoid suggesting a pattern.

While vehicle theft is discussed under Automobile Physical Damage, certain other items on an auto dealership's premises may also be attractive to thieves, such as car parts that have a high street value (e.g., stereos and stereo speakers, CD players, hubcaps, etc.). Where are valuable parts stored on the dealer's premises? It is a positive underwriting sign if such items are stored in plain cardboard boxes with no identifying pictures on them and are kept in a locked storage area with restricted access. This exposure will be increased for dealerships that sell recreational vehicles (RVs) since they are often equipped with such built-in electronic devices as televisions and microwave ovens, which are also potential targets for theft.

Employee dishonesty may also be a concern. If possible, accounting functions should be performed by more than one individual. Are periodic, unannounced audits conducted? What is the manner by which gasoline is purchased? Are employees ever given cash to pay for fuel at local gas stations? It is recommended that the insured use one of the methods described above to purchase its gasoline, so that employees do not have to handle cash. Handheld tools that are used by auto repair technicians may also be attractive targets for dishonest workers. Are periodic, unannounced inventories taken of all handheld tools and equipment? When a shipment of parts arrives, is more than one individual responsible for checking in these items? It is a positive underwriting sign if parts that are stored on the premises are inventoried on a regular basis. Careful screening during the hiring process can also help reduce the risk of employee dishonesty. Are all references checked and previous employment verified?

What is the level of security on the insured's premises? Strict key control is essential. Keys to all vehicles should be kept on a keyboard, in individual lock boxes that are secured to the vehicles, or in a computerized key machine that requires a salesperson's or manager's personal identification code and a vehicle's stock number to be entered before it releases the requested keys. If keyboards are used, are they kept out of direct reach of customers during working hours, and placed in an NRTL-listed safe during off-hours? Other suggested loss control measures for auto dealerships include: frequent police patrols during off-hours; strategically located surveillance cameras; fenced-in, gated lots with "No Trespassing" signs displayed; uniformed security guards patrolling the premises during off hours; vehicles parked across the ends of aisles during off hours to prevent anyone from simply driving away with a vehicle; and a central-station alarm monitoring system installed throughout the building. Does the insured have any of these security measures in place?

Determine the response time of the local police.

Fire and E.C.: Property

There will be a moderate Fire and E.C. exposure for automobile dealerships. Potential ignition sources will include frayed or damaged wiring, smoking, and for insureds that have a repair shop, sparks from electrical equipment. A typical dealership's fire load will consist of furniture, paper, oily rags, and trash. This exposure will be increased for insureds that maintain an aboveground gasoline storage tank. Values exposed to loss are the automotive repair equipment and new and used automobiles.

What are the age and condition of the insured's building? Because a large percentage of auto dealerships were built after the 1950s, most will be housed in buildings that are fairly modern. Since they must be large enough to accommodate several vehicles inside the showrooms, and since they are often surrounded by outdoor sales lots where vehicles are displayed, auto dealers' buildings are usually freestanding. Determine what hazards may be posed by nearby occupancies.

What is the layout of the insured's premises? The layout for a typical auto dealership will often include the following: a showroom that has several cars parked inside for customers to look over; a shipping/receiving area; a storage area for parts and supplies; two separate areas where repairs and body work are performed; administrative offices; a conference room; a customer lounge; an employee lounge; and restrooms. Some insureds may also have a car wash on site. In addition, there will be a mid-sized to large, adjoining outdoor parking lot where potential buyers may peruse the vehicles for sale. Some dealerships may also have stairs or elevators leading to a second floor that typically houses offices or storage areas. Although rare, some dealerships may have a gasoline storage tank on the premises. In this line, a gasoline storage tank that is situated underground is preferable to one that is aboveground.

Is the electrical power supply adequate to meet the insured's needs? Wiring should be in compliance with NFPA 70, National Electrical Code and examined by a licensed electrician. An improperly designed electrical system could cause fires if the load is too heavy for the system. Determine how large the electrical load is and assess the condition of all wiring. Qualified electricians should check all electrical equipment and conduct regular inspections. How often are electrical equipment and wiring inspected?

It is vital that all equipment that is electrically powered, such as automotive repair equipment, be properly grounded and NRTL-listed. Sparks given off by frayed or cracked wires or cords might start a fire that could spread very quickly, particularly in repair areas where motor oils or gasoline may be present. What are the age, type, and condition of all electrical equipment used by the insured? Does the insured have a routine maintenance and inspection plan in place for such equipment? Determine the qualifications and experience of the individual who performs these services.

What is the insured's smoking policy? "No Smoking" signs should be posted in areas where smoking is prohibited, particularly in locations where flammable liquids (e.g., motor oils, gasoline) may be present. If smoking is permitted, a separate area with self-closing, fire-resistant receptacles should be provided. What is the insured's practice?

What are the values exposed to loss? Valuable items will include computer equipment, valuable papers and records (e.g., repair orders and invoices, leasing agreements, sales contracts, etc.), and automotive repair equipment, as well as new and used vehicles. The first three are covered under Inland Marine policies, while automobiles will be protected under Automobile Physical Damage.

What is the insured's fire load? The fire load for most auto dealerships will include furniture, paper, oily rags, and trash. For some insureds, it may also include a supply of gasoline. Good housekeeping is an essential loss control measure. Aisles and walkways should be free of debris and clutter, and trash should be removed on a daily basis. Rags that have been tainted with motor oils or gasoline should be kept in fire-resistant, metal trash containers with self-closing lids until they can be disposed of properly. What is the insured's practice? In repair areas, spills of flammable automotive fluids (e.g., motor oil, gasoline) can be quite common and should be cleaned up immediately. While some dealerships use a granular substance similar to kitty litter to soak up such spills, this may lead to a disposal problem. Therefore, it is preferable to use grease-dissolving solvents when cleaning up such spills, since they can be easily mopped afterwards. Many dealerships will contract out their maintenance services. What are the reputation and loss history of the insured's maintenance service company?

Stockrooms, repair, and refueling areas may contain supplies of flammable or combustible liquids, such as motor oils, gasoline, or diesel fuel (e.g., for use in forklifts). Are all such substances stored at safe distances from possible ignition sources? The insured should be in compliance with OSHA standard 1910.106, Flammable and Combustible Liquids. Although rare, some insureds may have their own gasoline storage tank on the premises. It is a negative underwriting sign if the insured has an aboveground tank; an explosion could result and possibly increase the rate of fire spread if the tank were to come in direct contact with an ignition source. A "no smoking" policy should be strictly enforced in all areas where flammable liquids are stored or dispensed.

Some types of plastic furniture that may be found in customer lounge areas could emit noxious fumes if ignited, and rubber tires will emit thick, toxic smoke while burning. In either situation, fire fighting efforts could be severely impeded. Is the insured's furniture made of fire-resistant materials? If the insured maintains a supply of tires on the premises, how and where are they stored? It is preferable to keep tires on raised, horizontal racks, rather than stacked in vertical columns on the floor.

What are the age, type, and condition of the insured's fire detection and suppression system? It is recommended that automatic sprinkler systems and smoke detectors be installed throughout the premises. Fire extinguishers should also be located conveniently, especially in repair areas. Are annually tagged, Class ABC fire extinguishers located throughout the premises, and have all employees been properly trained in

their use?

Has the insured taken part in any pre-fire planning? If so, how often is this plan practiced and updated? Determine the response time of the local fire department.

Vandalism to vehicles on the dealer's lot may also pose a problem. What measures have been taken to protect vehicles from potential vandals? The use of outdoor surveillance cameras and floodlights, along with regular police patrols, and the presence of uniformed security guards during off-hours can all be effective loss controls against this exposure. For more information concerning this exposure, refer to the Automobile Physical Damage section of this article.

Business Interruption

Depending on the size of a dealer's inventory, a sizeable lot upon which to relocate may be required. It is also notable that, because of the concentration of values, a single natural disaster, such as a flood or hailstorm, could render a dealer's entire inventory unsellable. Thus, the Business Interruption exposure for auto dealerships will be significant. This exposure will be increased for dealerships that maintain a substantial inventory of vintage or customized vehicles since some of them may be virtually impossible to replace.

Does the insured own or lease the premises? Most franchised dealers will own the property on which they operate, or it may be owned by a related party for business reasons. With a dealership that is owned by a publicly held corporation, the corporation itself will most likely own or lease the premises. In some cases, the property may be owned by the auto manufacturer. In the event of a loss, is the insured more likely to rebuild, repair, or relocate? Since most dealerships' showrooms have been constructed with a single purpose in mind, and are equipped with doors that allow a full-size vehicle to pass through them, rebuilding would probably be easier than relocating. Also, finding a property with a similar size outdoor lot for displaying vehicles could prove difficult.

Estimate the time needed to rebuild the premises. Could operations still be conducted out of the facility while repairs were taking place? If the damage occurred mostly to the building's interior, the dealer could probably continue its sales operations by selling cars off its outdoor lot and erecting a temporary structure (e.g., a trailer) where business operations could take place. Damage to any areas where vehicles are serviced, however, would probably shut down that part of the insured's operations until they could be fully repaired.

How quickly can materials, stock, and equipment be replaced? Most stock items (e.g., spare parts) and new vehicles could be replaced fairly quickly, particularly for franchise dealers that work closely with certain auto manufacturers. Yet some repair equipment can be quite costly to replace. Does the insured keep key replacement parts for vital repair equipment on site? Many dealerships purchase service contracts from the machines' manufacturers when buying their repair equipment; such contracts typically cover mechanical breakdowns, but would probably not protect items from damage caused by natural disasters. What is the insured's practice?

How dependent is the insured on location for its business? Since most dealerships advertise locally and often rely on repeat customers for much of their service and repair business, location may be a vital factor in their continued survival. Therefore, if relocation is deemed necessary, a site close to the original premises would be preferable in most cases. Is there a contingency plan in place?

Does the insured experience a peak season? Many dealerships experience peak sales in the summer (particularly those that carry recreational vehicles), and slower sales during the winter months. However, some dealers will run end-of-year clearance sales in the fall to move out that year's models as the next year's models begin to arrive on the lot. What impact would a loss during the insured's peak season have on the business?

Inland Marine

Automobile dealerships will have a minor Inland Marine exposure. The primary areas of concern will be electronic data processing (EDP) equipment, mobile equipment (for some insureds), and valuable papers and records. Equipment that is not permanently situated would also be covered under an Equipment Floater, and Employee Tools coverage is recommended.

What are the number, age, type, and value of the insured's computers? Most insureds will have several computers on which much of their accounting, inventory, and record-keeping functions are performed. Therefore, computers are a vital part of this business, and an EDP policy is strongly recommended. It is a positive underwriting sign if the insured has identification numbers etched on all of its computers. Backup copies of all software should be stored off-premises in an NRTL-listed, fire-resistant safe. While many insureds may choose to cover their data processing equipment under a combination of Boiler and Machinery and Property policies, an EDP policy may still be necessary.

What are the age, type, number, and value of mobile equipment owned by the insured? Some insureds may have pieces of equipment, such as forklifts, for use in storage areas. These items would be covered under a Mobile Equipment Floater. What security measures does the insured employ to protect its mobile equipment? All such equipment should be etched with identification numbers and stored in locked, protected areas when not in use. What is the insured's practice?

A separate Equipment Floater may be required for automotive service and repair equipment that is not permanently situated, since some of these items can be quite costly to replace. Does the insured keep essential replacement parts for vital machinery on the premises? It is a positive underwriting sign if the insured purchases a service contract from the manufacturer when buying such equipment. Does the insured have a routine maintenance program in place for its movable repair equipment? Determine who is responsible for maintaining and inspecting this equipment.

Some insureds may require Goods in Transit coverage. Although rare, some dealerships may transport vehicles via tractor-trailer (e.g., car carriers) to auto shows, exhibitions, or tent sales that are taking place off site. If this service is contracted out, determine who assumes liability for damages to vehicles that may occur during transport. In most cases, the responsibility for damages during transport will fall to the contracted carrier. However, if damage occurs while vehicles are being loaded (i.e., driven) onto or unloaded off of the contracted car carriers

by the dealer's employees, then the insured could be held liable for these damages. These vehicles may be protected under the manufacturer's Floor Plan or under the dealership's Automobile Physical Damage policy; Refer to the Automobile Physical Damage section of this article for more information. If cars are driven individually by dealership employees to such events or when being transferred to a neighboring dealership to fulfill a customer request, any damages that the vehicle sustained while en route would be covered by Automobile Physical Damage.

The insured may also wish to consider Valuable Papers and Records coverage for important documents, such as repair orders and invoices, leasing agreements, and sales contracts. All important documentation should be kept in a fire- resistant, NRTL-listed safe. Copies of these documents should be kept in a similar type of safe off premises. What is the insured's practice?

Since most dealerships will have repair shops on the premises, Employee Tools coverage is strongly recommended. While it is unusual in other industries to insure the property of employees, this is common practice for automobile dealerships. The tools owned by a master mechanic can often exceed \$15,000 in value. When multiplied by the number of mechanics employed by the insured, this can be a substantial exposure. It is therefore important to determine the estimated value of all tools owned by the dealership's mechanics. Losses can occur in many ways; however, the most common type of occurrence is through breaking and entering, where thieves have mechanics' tools as a specific target in mind, break into the premises, and steal several tool sets all at once. Loss control measures would include the use of outdoor surveillance cameras and floodlights, regular police patrols, and the presence of uniformed security guards during off-hours.

In lieu of Bailee coverage for vehicles left in the care, custody, and control of the insured while repairs are being performed, automobile dealerships will require a special line of insurance called Garage Keepers' Legal Liability. Refer to that section of this article for more information.

Does the insured have an outdoor sign? Outdoor signs may be subject to damage from the weather or vandalism. If the insured has a sign, what is its type and condition? Is it freestanding or securely anchored to the building? An Outdoor Sign Floater may be necessary. Outdoor signs less than 12 feet above the sidewalk ordinarily are not acceptable.

UNDERWRITER'S CHECKLIST

- ☐ If vehicles are leased through the dealership, who holds the leases - the dealership, or a third party, such as a finance company or bank?
- ☐ How far are demo vehicles allowed to be driven from the dealership's base of operations?
- ☐ What is the insured's policy regarding key control during hours of operation? How and where are vehicle keys stored during off-hours?
- ☐ Does the insured ever hold "tent sales"? If so, who is responsible for erecting and inspecting the tents?
- ☐ What are the qualifications and experience of the dealership's designated vehicle inspector?
- ☐ Have signs been posted warning customers that the dealership will not accept responsibility for damage or loss to items left in vehicles while they are being repaired or serviced?
- ☐ If the insured maintains a repair shop with hydraulic lifts on site, are the hydraulic fluid tanks situated above or below ground?
- ☐ Are the insured's mechanics required to attend seminars or training sessions on the types of vehicles that the dealership services most frequently?
- ☐ Is the insured's repair area equipped with nozzles that fit over the end of vehicle tailpipes and funnel carbon dioxide fumes outside?
- ☐ Does the insured maintain a revolving account with a nearby gas station for purchasing gasoline, or does it have its own storage tank on the premises? If the insured has its own tank, is it above or below ground?
- ☐ How are oily spills cleaned up, with a granular substance or grease- dissolving solvents?
- ☐ Does the insured store essential replacement parts for vital automotive repair equipment?
- ☐ How does the insured convey vehicles to special events (e.g., car shows) off site? Are they transported via car carriers or driven by employees?