

BEST'S HAZARD INDEX

Line	Best's Hazard Index	Underwriting Comments
Automobile Liability	9	Driver training and education critical.
Automobile Physical Damage	6	
General Liability: Premises and Operations	5	
Garage Keeper's Legal Liability	8	Towed and stored vehicles subject to damage.
Workers' Compensation	7	Numerous hazards present during recovery operations.
Crime	5	
Fire and E.C.: Property	3	
Business Interruption	3	
Inland Marine	7	Thorough record-keeping essential.

Low 1-3, Medium 4-6, High 7-9, Very High 10

SIC CODES AND CLASSIFICATIONS

7549	Automotive Services, Except Repair and Carwashes
------	--

NAICS CODES AND CLASSIFICATIONS

488410	Motor Vehicle Towing
--------	----------------------

RELATED CLASSIFICATIONS

[Automobile and Truck Dismantlers](#)
[Automobile Body Repair Shops](#)
[Automobile Repair Shops and Oil Change Centers](#)
[Gasoline Stations - Full-Service and Self-Service](#)
[Trucking - Long Haul](#)
[Trucking - Specialized Carriers](#)

SPECIAL EXPOSURES

Traffic accidents
Dangerous vehicle towing or repossession situations
Wrong vehicle towed
Owners' property in towed vehicles
Vehicle released to wrong party
Bailee
Contractual liability
Firearms

RISK DESCRIPTION

With millions of miles of roadways crisscrossing the nation, and as many vehicles traveling them, towing and recovery operators are in constant demand to move automobiles, campers, trucks, or trailers that are wrecked, abandoned, disabled, stuck, or parked illegally. Four operations may be involved: (1) recovering the vehicle (uprighting, pulling the vehicle out of a ditch, etc.); (2) towing the vehicle; (3) storing the towed vehicle; and (4) releasing the towed vehicle. Regional consumer and commercial accounts generate the majority of tow calls, though tow firms will also perform long-distance and non-consent (impound) tows. Some towing operators may provide their services for non- automobile vehicles, such as boats or heavy construction equipment. Towing operators usually provide an array of services for stranded motorists, including battery delivery and installation; emergency road service and assistance; battery jumps; tire changes; lock out services; fuel delivery; minor mechanical adjustments; anti-theft automobile tracking; and remote door unlocking. In addition to towing and recovery services, some tow companies may offer fairly sophisticated ancillary services, such as wireless mobile services (i.e., advanced onboard travel and Internet services) and online route guidance.

A variety of other firms (including service stations, automobile auctions, automobile manufacturers, and automobile and truck dismantlers) offer towing services. This write-up, however, concentrates on those firms whose primary business is the recovery, towing, and storage of vehicles. These insureds also might have ancillary dismantling or repair operations, and it is common for tow companies to sell automotive products, such as tires, motor oil, and batteries.

The cost of a tow usually depends on the scope of services required to recover and tow the vehicle. Large or complicated towing and recovery services can cost in the thousands of dollars, but the majority of insureds handle disabled passenger vehicles or those that have been damaged in accidents, and such tow costs are typically under \$100. Many states place limitations on how much an operator can charge for a tow. Firms that have vehicle storage or impound lots will charge vehicle owners release fees, which are determined by the tow and recovery job and how long the vehicle has been on the premises. A serious problem affecting many operators involves the towing of abandoned vehicles; in many instances, the vehicles are never reclaimed, and the firm cannot recoup its tow and storage expenses.

Some will specialize in certain types of operations, such as uprighting, extracting, or towing vehicles containing or leaking hazardous materials or substances. Most local or state emergency response agencies require towing operators to undergo extensive training and certification programs to conduct such specialized operations. Specialized equipment, such as air cushions, vehicle stabilizers, and extrication apparatus, is necessary to conduct heavy duty recovery operations. Because they usually minimize further damage to wrecked vehicles, air cushions are often used to upright overturned tractor- trailers and other large vehicles, as well as help straighten shifted cargo.

Some tow operators will offer vehicle repossession, or "repo," services for financial institutions. Either during the vehicle repossession or subsequently when the owner tries to reclaim the vehicle, workers may have to interact with hostile or aggressive vehicle owners. Therefore, it is not uncommon for licensed repossessioners to carry concealed firearms, though they must have all required permits to do so.

Tow firms generally have several tow trucks (7 - 10 on average), a fenced-in storage area for vehicles, and an office. Several types of trucks are used for towing and recovery services: conventional tow trucks using a sling (light, medium, and heavy duty); self-loading tow vehicles; and car carriers (light, medium, and heavy duty), also known as tilt-bed or roll-back trucks. Many firms will also have other types of vehicles in their fleets, including pickup trucks, lowboys or trailers, air cushion vans, road service vans, and off-road vehicles.

Towing services may be contracted for by individuals or firms in the private sector (e.g., automobile clubs, dealerships, repair shops, parking lot owners, etc.). Insureds that contract with motor clubs typically will offer emergency roadside assistance (where actual towing may not be needed), which usually accounts for more than half of all the calls these insureds receive. They may also be hired by public entities, such as police departments or municipalities, for towing away vehicles that are parked illegally or damaged in accidents. Some municipalities have an allocation system for the recovery of disabled vehicles, and towing companies are assigned jobs according to either a plan (usually a standard rotation roster) or a contract. It is fairly common for tow operators to pay annual dues (sometimes several thousands of dollars) to be placed on police rotation rosters. Municipalities may require the towing service to maintain a certain number of trucks in its fleet, as well as operate newer models of tow trucks. In other communities, the wrecker crew or a central dispatcher monitors the police radio bands, and wrecker crews "chase" the towing jobs. Services typically are available 24 hours a day, 7 days a week.

Typically, when an order to tow a vehicle is received, a tow vehicle and crew are dispatched. If the immobilized vehicle has been in an accident, the tow truck operator often must upright the vehicle, extricate it from the wreckage, or pull it back onto the roadbed. Sometimes, such recovery operations require more than one tow truck or the use of specialized equipment (e.g., air cushions).

The recovered vehicle may be towed on its own wheels, partially lifted and towed on one set of wheels, or rolled or lifted onto a flatbed or tiltbed truck or trailer. The nature of the vehicle, the nature of the damage (if any), and the way in which the tow truck is equipped will dictate the method of transporting the recovered vehicle.

Tow operators work closely with state and local law enforcement agencies. Each state will have its own requirements for how towing and recovery services must conduct certain aspects of their operations. Typically, after towing a vehicle, the insured will research vehicle and owner identification information (if necessary) through its state's Department of Motor Vehicles. Though regulations may vary from state to state, it is fairly common for towing operators to mail out a notice to the vehicle owners, informing them of the whereabouts of their vehicle and the types of charges that have accumulated; some states require tow companies to notify vehicle owners and lienholders about tow and impound fees within a specified period of time. If towing abandoned vehicles from private property, tow operators must document the case and immediately inform the appropriate law enforcement agencies and the state's Department of Revenue of their actions; failure to follow the proper procedures may forfeit the insured's rights to receive payment of sales on the unclaimed or abandoned vehicles.

If the tow operator has a vehicle storage or impound lot, owners will typically come in to reclaim their towed vehicles. Upon payment of the services and impound charges, the vehicle may be released to the owner or towed to another location.

Many state and local governments regulate the towing and recovery industry with a variety of rules, such as requiring operators to carry current liability insurance, keep their tow truck driver's licenses in good standing, limit towing and storage charges, prohibit vehicles from being towed outside area limits, and have clear, visible lettering on tow trucks identifying their firm and its address and telephone number.

There are an estimated 50,000 towing businesses in the United States. Most companies employ 10 or fewer workers; small family-owned businesses may have only 1 or 2 employees. A towing company can be a sole proprietorship, a partnership, or a corporation. Generally, such a firm will receive between 100 - 150 calls a week.

Many states do not require any specialized training programs or licensing for tow drivers that service passenger vehicles or light trucks; usually, a standard driver's license is all that is required. However, to promote highway and vehicle recovery safety, the Tow and Recovery Association of America (TRAA), the national trade association for the industry, offers a National Driver Certification Program (NDCP) for tow drivers. The program was partially funded by a grant from the federal Department of Transportation. An advisory panel that reviews the program's study guides and tests is composed of representatives from the Federal Highway Commission, law enforcement, insurance companies, emergency road services, the towing industry, and state associations. It is essential in this business for drivers to maintain safe conditions during towing and recovery operations while minimizing the disruption to passing motorists on the roadway. The NDCP has three levels of certification: light duty towing (for standard passenger vehicles and light trucks); medium duty (for vehicles over 10,000 gross vehicle weight); and heavy duty (for trucks over 26,000 lbs. gvwt, tractor-trailers, or complicated recovery situations requiring air cushion/specialty equipment, underwater recovery gear, airplane recovery, and the handling of hazardous materials or substances). The program covers all critical aspects of towing and recovery operations, such as driver safety, care of the vehicle in tow, extrication of vehicles in wrecks, and how to handle vehicles containing hazardous materials. Though TRAA certification is voluntary in most areas, some state and local governments require TRAA certification of any tow operators under their contract. Studies indicate that accident and incident rates for TRAA-certified drivers are lower than for those who have not completed the certification program. As of this writing, there are over 6,000 TRAA-certified light duty, 500 medium duty, and 75 heavy duty tow drivers employed in the United States.

The national trade association for this industry is the Tow and Recovery Association of America (TRAA, which may be reached at www.towserver.com).

MATERIALS AND EQUIPMENT

Various tow trucks equipped with a hydraulic wrecker/crane (mast, boom, cables, winch) and power supply; flatbed or tiltbed-body trucks or trailers for hauling vehicles.

Various recovery tools: air bags and compressors; metal-cutting tools; hand tools; specialized belts and straps, chains, block and tackle, etc.

Cellular telephones; walkie-talkies; radios; pagers.

Emergency assistance items: extra fuel, wheel jacks, power tools, batteries, jumper cables, automotive products (e.g., oil, coolant, etc.).

Standard office equipment: computers, fax machines, copiers.

NARRATIVE LINES OF LIABILITY

Automobile Liability

The Automobile Liability exposure for towing and recovery services will be extensive, since the very nature of the business requires operators to be out on the road as much as possible. Exposures are numerous, including driving during inclement weather, driving after dark, executing complicated recovery maneuvers in darkness or bad weather, and driving in high-traffic areas (e.g., congested highways, urban areas) as well as on poorly maintained backroads. Insureds may wish to combine their Automobile Liability and General Liability needs under a single Garage policy; Garage Keepers' Legal Liability coverage may also be appropriate.

What is the insured's radius of operations? Most tow operators travel within a 100-mile radius, taking local roads and interstates when assisting stranded drivers or recovering disabled vehicles. However, some may travel farther if they offer long-distance towing services, such as those needed to tow boats, specialty vehicles, or construction equipment. Does the insured ever travel significant distances outside its local service area?

Determine the route hazards most often faced by the insured's drivers. Tow operators will not drive regular routes, since calls can come from anywhere within their prescribed radius of operations. However, insureds are usually familiar with the numerous routes in their area since they travel them on a daily basis. Tow operators located in urban areas will be subject to heavy traffic and narrow streets. Most insureds will also drive frequently on interstate highways, where traffic is often heavy and fast; highway construction is not uncommon, with single or narrowed lanes and/or the presence of construction equipment. Insureds operating in rural areas may drive on unpaved or poorly maintained roads where four-wheel drive is necessary. Bad weather (e.g., fog, snow, ice), poor road conditions, and nighttime travel (most insureds offer 24-hour service) are also among the typical hazards that all tow operators will face. Tow drivers face an increased risk of inclement weather hazards since such conditions often contribute to accidents or breakdowns, resulting in vehicles being disabled and in need of towing. If the insured operates during early morning or evening hours, drivers may have to travel in the dark. Driving in the dark can lead to fatigue and may increase the risk of accidents. Accidents can cause extensive traffic backups along roadways; consequently, tow operators who are trying to reach the scene to recover a disabled vehicle may be forced to drive along a median strip or the shoulder of a road. Are drivers thoroughly trained in the safe operation of these vehicles, even under such extreme circumstances? In communities that have no recovery allocation system, drivers may engage in "wreck chasing," speeding and weaving through traffic to reach an accident scene first. Is the insured on a tow roster with local or state law enforcement agencies?

Have tow operators received proper training in the correct loading and unloading procedures for all types of disabled vehicles? A less experienced driver should be paired with a more experienced one until an acceptable level of competence has been reached. A loaded tow truck could respond sluggishly or handle awkwardly due to the weight of hauling another vehicle behind it. Are the insured's tilt-bed and tow trucks equipped with flashing yellow warning lights as a precaution to other motorists? During the process of recovering or attaching a vehicle, the tow truck crew may create a traffic hazard. Workers should set up warning signals, road flares, or barricades or request police assistance where appropriate; most tow trucks are equipped with flashing, roof mounted bubble lights. If possible, do tow truck drivers ask to consult the owner's manual before towing a type of vehicle with which they are unfamiliar?

Shifting of loaded vehicles or cargo could cause drivers to lose control of the tow vehicle or the truck itself to overturn. Vehicles transported on tilt-bed tow trucks may shift or roll off in transit if secured improperly. Are wreckers or tilt-bed trucks operated only by trained, experienced employees? What kind of training have drivers received about properly securing vehicles before towing or transporting them? Determine what precautions the insured uses to secure loaded vehicles. Some states require that towing operators use two safety chains (as opposed to a single one), in addition to the primary restraining system, when securing towed vehicles. What is the insured's practice? Additionally, other standard regulations require vehicles being transported on a tilt-bed truck or conventional tow dolly to be secured by at least four tie-down chains, straps, or equivalent devices independent of the winch or loading cable. Failure to stay within the maximum hoisting capacity of the tow truck may cause the disabled vehicle to break away from the truck. Are all drivers aware of their truck's maximum hoisting capacity? Where serious doubt exists as to whether a vehicle in need of towing may exceed the truck's limit, are drivers instructed to wait until a tow vehicle of sufficient strength can be dispatched? Assess the insured's loss history.

What are the number, type, age, and condition of all vehicles owned by the insured? Most tow operators will own several tilt-bed or tow trucks, though small firms may own only one or two trucks. Are these vehicles owned or leased? Determine if the insured owns a fleet of trucks. Cars may be used for a variety of tasks, such as pickup and delivery of machine parts or other errands.

Do employees ever use their own vehicles to run errands? If so, a nonowned vehicle exposure will exist. The underwriter should confirm the existence of underlying personal insurance at an acceptable limit. Obtain certificates of insurance and MVRs on all drivers. Since the Fair Credit Reporting Act requires written permission from the driver to obtain MVRs, the insured should make obtaining this permission part of the hiring process; this is especially important due to the nature of this industry.

Determine the number, ages, training, and experience levels of the insured's drivers. Does the insured employ any drivers under the age of 25? If so, a youthful operator exposure will exist. The insured's attitude toward safety and policies concerning driver selection, training, and supervision are critical. Does the insured hire only professionally trained tow drivers? Are drivers required to undergo any kind of certificate training for towing and recovery services? The Tow and Recovery Association of America (TRAA), the national trade association for the industry, urges insureds to participate in its National Driver Certification Program. The program has three levels of certification: light duty towing (for standard passenger vehicles and light trucks); medium duty (for vehicles over 10,000 lbs.

gross vehicle weight); and heavy duty (for trucks over 26,000 lbs. gvwt, tractor trailers, or complicated recovery situations requiring air cushion/specialty equipment, underwater recovery gear, airplane recovery, or the handling of hazardous materials or substances). The program covers all critical aspects of towing and recovery operations, such as driver safety, care of the vehicle in tow, extricating vehicles in wrecks, and handling vehicles containing hazardous materials. Though TRAA certification is voluntary in most areas, some state and local governments require TRAA certification of tow operators under their contract. Studies show that accident and incident rates for TRAA-certified drivers are lower than for those who have not undertaken the certification program, and it is a positive underwriting sign if the insured requires all its tow truck drivers to become TRAA-certified. What is the insured's practice? Determine the experience and education of the insured's trainers. Do new drivers accompany a veteran tow truck driver until they have gained experience? Are the insured's drivers required to submit to random drug and alcohol testing? Some very large tow trucks (e.g., those that tow oversized vehicles, tractor-trailers, etc.) do require drivers to possess a commercial driver's license (CDL) and undergo defensive driver training. Adequate driver training is an important part of risk management for this industry; evaluate the insured's driver training and retraining programs.

Tow truck drivers could damage buildings, cars, or other personal property while maneuvering the truck into position for hookup and unhooking procedures. Refer to the General Liability section of this write-up for more information on property damage.

It is not uncommon for passengers of a towed vehicle to ride back with the tow truck driver to the insured's place of business. The possibility exists that the driver could be involved in an accident on the way back to the insured's premises, and passengers could be injured or even killed. Does the insured require passengers to wear seatbelts while riding inside the tow truck? How are children secured inside the tow truck? The use of car seats for children under a certain size and/or age is mandatory. Have any of the insured's drivers ever been involved in an accident while conveying passengers? What is the insured's policy for allowing passengers to ride in its tow trucks? Does the insured ever allow owners to ride in the actual vehicle while it is being towed? Because of possible safety hazards, this practice should be prohibited. It is positive underwriting sign if the insured encourages would-be passengers, whenever possible, to instead use an alternative means of transportation (e.g., subways, buses, or taxis) to travel to the site where their vehicle is being towed.

Tow truck drivers must use two-way communication devices to conduct business; common communication devices include cell phones, radios, and pagers. In recent years, the number of car accidents that have occurred while drivers are using their cell or car phones has increased significantly. It is a positive underwriting sign if the insured installs speakerphones in its vehicles so both of the driver's hands are free to steer. Do drivers pull off the side of the road when they know they must talk on the phone for long periods or take down information (e.g., directions to a stranded motorist)? Have any drivers ever been involved in an accident while using the truck's communication equipment?

Are the insured's vehicles regularly inspected and serviced by qualified mechanics? A program of systematic vehicle inspection and preventive maintenance must be rigorously followed. How often are inspections performed? Frequent inspections of the entire truck (e.g., hook-up apparatus, safety chains, drivetrain, brakes, etc.) are advisable since the insured's tow trucks will be carrying frequent heavy loads. Do drivers check their vehicles and equipment before and after each trip - especially hoisting and securing devices? Does the insured contract out automotive maintenance services to professional mechanics? If not, what are the training and experience of the insured's own service personnel? It is a positive underwriting sign if one or more of the insured's mechanics are certified in automotive service excellence (ASE). Are any of the insured's mechanics ASE-certified?

Automobile Physical Damage

Due to the relatively hazardous nature of towing and recovery operations, the Automobile Physical Damage exposure for towing and recovery services will be significant. The same factors that affect Automobile Liability will also affect Automobile Physical Damage; typical exposures include driving in inclement weather to retrieve stranded vehicles, traveling on congested roadways, improper securing of loads, and navigating in and around accident scenes.

What are the number, ages, types, condition, and values of the insured's tilt-bed and tow trucks? Newer models of tow trucks are highly sophisticated, with expensive towing apparatus, extensive electronic or computerized devices, and large, powerful engines; such vehicles easily cost \$100,000 or more. Some tow operators may also own specially equipped vans or trucks that are driven to stranded motorists so minor repairs (e.g., changing a flat tire, providing a "jump" for a dead battery, etc.) can be performed at the scene of a breakdown. Does the insured own such specialized vehicles?

What is the frequency of travel and radius of operations? Generally, insureds will receive between 100 - 150 calls a week. Tow operators usually have a limit on how far they are willing to travel for a towing job, typically no more than a 100-mile radius from their base of operations. However, insureds that offer long-distance tows for marine craft or other specialized vehicles may travel hundreds of miles, even across the country. Does the insured offer any long-distance towing services?

Critical underwriting factors for this industry are the training and experience of the insured's drivers. Assess the extent and scope of training and certification the insured's drivers have received. The Tow and Recovery Association of America (TRAA), the national trade association for the industry, urges insureds to participate in its National Driver Certification Program. The program has three levels of certification: light duty towing (for standard passenger vehicles and light trucks); medium duty (for vehicles over 10,000 lbs. gross vehicle weight); and heavy duty (for trucks over 26,000 lbs. gvwt, tractor trailers, or complicated recovery situations requiring air cushion/specialty equipment, underwater recovery gear, airplane recovery, or the handling of hazardous materials or substances). The program covers all critical aspects of towing and recovery operations, such as driver safety, care of the vehicle in tow, extricating vehicles in wrecks, and handling vehicles containing hazardous materials. Though TRAA certification is voluntary in most areas, some state and local governments require TRAA certification of tow operators under their contract. Studies show that accident and incident

rates for TRAA-certified drivers are lower than for those who have not undertaken the certification program, and it is a positive underwriting sign if the insured requires all its tow truck drivers to become TRAA-certified. What is the insured's practice? Determine the experience and education of the insured's trainers. Do new drivers accompany a veteran tow truck driver until they have gained experience? Are the insured's drivers required to submit to random drug and alcohol testing? Some very large tow trucks (e.g., those that tow oversized vehicles, tractor-trailers, etc.) do require drivers to possess a commercial driver's license (CDL) and undergo defensive driver training. Adequate driver training is an important part of risk management for this industry; evaluate the insured's driver training and retraining programs.

The possibility of loaded vehicles shifting or breaking loose during transport presents another potential for loss since damage to the tow truck may occur as a result of such mishaps. Are all tilt-beds and tow trucks operated only by trained, experienced employees? How are vehicles that are being transported secured before the tilt-bed or tow truck is engaged? Some states require the use of two safety chains (as opposed to a single one), in addition to the primary restraining system, when securing towed vehicles. What is the insured's practice? Additionally, other standard regulations require vehicles being transported on a tilt-bed truck or conventional tow dolly to be secured by at least four tie-down chains, straps, or equivalent devices independent of the winch or loading cable. Failure to stay within the maximum hoisting capacity of the tow truck may also damage the insured's tow trucks. Are all drivers made aware of their truck's maximum hoisting capacity? Where doubt may exist as to whether a vehicle being towed exceeds the truck's limit, are drivers instructed to wait until a truck of sufficient strength can be dispatched to the scene?

Tow vehicles may carry extra tanks of gasoline. Operators may also be working near spilled gasoline, petroleum fumes, or other flammable or explosive substances when they are called in to remove a vehicle from an accident scene. Do all trucks have fire extinguishers mounted in easily accessible places? Typically, in accidents where flammable or explosive substances are leaking (or have the potential to leak), numerous emergency services personnel will be on the scene with proper fire and hazardous material control equipment.

Does the insured have a vehicle maintenance program in place? All tow trucks and any other company-owned vehicles should be kept in good condition, repaired promptly as needed, and inspected regularly. Are vehicles maintained on a regular basis to ensure peak operation and safe performance? Unless they are licensed mechanics themselves, employees should not be allowed to repair or assist in the repair of any company-owned vehicles. What is the insured's practice? Does the insured ever contract out vehicle inspection and maintenance services?

Auto theft and vandalism may pose a problem for insureds. Vandals may paint graffiti on the insured's vehicles, break windows, slash tires, or tamper with engines. What measures have been taken to protect company vehicles from potential vandalism? The presence of outdoor surveillance cameras, outdoor floodlights, and "No Trespassing" signs are all positive underwriting signs. Are vehicles ever rented, borrowed, or loaned? Vehicles should be kept locked when left unattended. Where does the insured store its vehicles when not in use? Some insureds store their vehicles in a locked garage, while others may have a designated parking area on the premises. Many insureds may have fenced-in outdoor parking areas for storage of tow trucks as well as impounded vehicles. However, for insureds that do not have fenced-in lots, timed floodlights are recommended at night in all outdoor areas where tow trucks are parked. Are all tow trucks and other specialized vehicles equipped with anti-theft alarms and permanently etched with a second set of concealed identification numbers that are registered with the National Crime Prevention Association? Refer to the Automobile Physical Damage section of the Automobile Dealers - New and Used - Retail classification for additional loss control measures.

General Liability: Premises and Operations

There will be a moderate General Liability exposure for towing and recovery services. Visitors to a tow operator's premises will face the possibility of slips, trips, and falls. Parked tow trucks and other specialized vehicles may represent an attractive nuisance. The insured's drivers may have to carry firearms when carrying out repossession operations. Claims of infringement of privacy could arise if confidential information about a towed car's owner was used inappropriately. The underwriter should address the question of whether accidents that occur during loading or unloading operations or during storage are to be covered by the General Liability, the Automobile Liability, or the Garage Keepers' Legal Liability policy; it is recommended that all three lines of coverage be underwritten by the same company.

What is the layout of the premises? Many insureds conduct towing and recovery operations in conjunction with another on-premises business, such as gasoline retailing, automobile repairs, servicing (e.g., oil changes), vehicle storage, salvage operations, bodywork, and/or other garage-related services. These companies generally occupy freestanding structures, although some smaller operations may have a small trailer from which they run administrative activities. The layout will typically include a reception area or counter, a waiting area/lounge for customers, one or more offices, restrooms, possibly a small kitchen or lunchroom for employees, and a large outdoor storage lot if the insured stores impounded vehicles on the premises; repair bays or other garage structures are likely and gas pumps may also be present.

The hours of operation will vary, but most insureds will be open Monday through Saturday from 8 a.m. to 5 or 6 p.m., although some tow operators may have extended evening or weekend hours for customers to pick up their vehicles. Usually, these firms are on call 24 hours a day, 7 days a week to respond to calls.

What are the average and maximum number of visitors to the premises daily? Depending on their scope of operations, insureds may average 10 or more visitors a day; large towing and recovery operations in urban areas may have up to 50 or more visitors daily. Visitors will include customers, delivery personnel, and Department of Transportation (DOT) inspectors.

One of the main hazards faced by visitors to a tow yard will be 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 daily. Worn, torn, or loose floor coverings should be repaired or replaced promptly.

Visitors should be restricted from walking about the insured's vehicle storage yard or entering repair bays unless accompanied by an experienced worker. Only employees should retrieve a customer's vehicle from the impound area. Are signs stating "Employees Only" posted prominently around restricted areas? What is the insured's retrieval policy for customers who are coming in to reclaim their vehicles?

Does the insured have any electrical appliances located in its customer waiting areas? Many outfits will have stereos, televisions, vending machines, and coffee makers located in their customer lounge areas to help people pass the time while they are waiting for their vehicles to be retrieved from storage areas. Visitors may be exposed to electrical shocks from any 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 recommended that the insured's television and/or stereo be operated with a remote control since any shock received from a hand-held remote unit would usually be much milder than one from the equipment itself. 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.

Although such occurrences are rare, the towing service may tow the wrong vehicle. If the vehicle's owner is not present, the insured must be absolutely certain that the correct vehicle is being towed. Are license plate numbers and/or the make and model of vehicles verified before they are loaded for transport? What is the insured's practice? How does the insured determine if the right vehicle is being towed?

A towing service may be brought into a suit if damage is caused by a hazardous substance in a vehicle or trailer that is being recovered or towed by the insured. Does the insured respond to calls of overturned tractor-trailers that may be leaking hazardous materials? In most cases, local and state law enforcement agencies will contact a tow service that has experience and training in dealing with hazardous materials and substances. What kind of training have the insured's drivers received regarding handling and towing of vehicles that are carrying hazardous materials? What precautions does the insured take to prevent further leakage of such materials during transport?

Tow trucks and other specialized vehicles parked in the storage yards may be considered an attractive nuisance. Children or teenagers may enter the premises to play in and around these vehicles. A vehicle storage yard has numerous hazards; a serious injury could occur if a child falls, gets locked in a trunk, or is struck by a moving vehicle. Is the yard fenced-in with lockable gates and well lit at night? Are "No Trespassing" signs displayed on all perimeter fencing? Does the insured use other security measures, such as guard dogs? Guard dogs may injure a customer or intruder, and their use should be strongly discouraged. What is the insured's practice? The insured may wish to hire security guards to patrol the premises during off hours.

Many towing firms operate on a contract basis with automobile clubs, repair shops, dealerships, police and fire departments, or local municipalities. The underwriter should obtain copies of all contractual agreements signed by the insured. What degree of liability is assumed by the insured?

Some insureds offer vehicle repossession services for financial institutions. Employees who perform repo operations may carry a firearm for self-defense. A vehicle owner or bystander may be injured or killed if the employee discharges the firearm during a vehicle repossession. Even if the driver was shooting in self-defense, the insured could face a considerable liability suit from the injured person or his or her family members. Does the insured allow repo workers to carry firearms? If so, have these employees received thorough training in proper weapons handling? Employees should be trained in how to handle irate car owners diplomatically. What kind of self-defense training, if any, have these employees received? It is advisable to have repo workers travel in pairs or have some kind of back-up safety plan in place. All employees who carry a firearm must hold the required local, state, and federal licensing. Investigate the insured's loss history. For more information on this exposure, refer to the General Liability section of the Guard and Patrol Services classification.

Some outfits may run a gasoline station on site or maintain their own supply of fuel. In such cases, an Environmental Impairment Liability exposure may also exist. Does the insured have above- or underground fuel storage tanks on the premises? Refer to the Environment Impairment Liability section of the Gasoline Stations - Full-Service and Self-Service classification for additional information.

Also, insureds will have access to confidential information about vehicle owners when they search state government computer databases for vehicle and owner information. In most states, legitimate businesses (e.g., towing companies, police, courts) can access motor vehicle records without an individual's permission. Claims of infringement of personal privacy could arise if insureds use confidential information inappropriately, release such information to outsiders, or are careless in storing such data. Who has access to confidential vehicle owner information? Computer access should be limited to designated employees, and programs and files should be protected with passwords.

Weeds and brush should be kept under control in the yard to minimize the risk of fire. Are grass and brush regularly mowed and trimmed? Has the insured ever had a brush fire on the premises? What is the condition of the outdoor premises? Paved areas, such as sidewalks and parking lots, should be well maintained. Have arrangements been made for the prompt removal of ice and snow?

Garage Keeper's Legal Liability

Garage Keepers' Legal Liability policies typically provide coverage for comprehensive losses, collision losses, and losses due to specified perils, such as fire and explosion, vandalism and malicious mischief, and vehicle theft. This coverage provides protection in

the event of claims filed for damages that occur to customer-owned vehicles and their contents while those vehicles are in the care, custody, and control of the insured. The Garage Keepers' Legal Liability exposure will be serious for towing and recovery services. The underwriter may wish to add a special endorsement to this line called On-Hook coverage, which is designed to protect any towed vehicles other than regular passenger vehicles and light trucks (e.g., SUVs, mini-vans, pickups, etc.). It is recommended that the insured's Automobile Liability, General Liability, and Garage Keepers' Legal Liability be underwritten by the same company. There are three types of protection from which the insured may choose: Legal Liability coverage, Direct Excess coverage, and Primary coverage.

Legal Liability coverage is the most limited form. It protects the vehicle against damages such as exterior dents, which were caused while a driver was hooking up a vehicle to the tow truck. As a loss control measure, whenever possible, insureds should attempt to obtain a consent-to-tow release prior to towing. It is a positive underwriting sign if a release that has been signed by the vehicle owner is obtained beforehand; such releases can help to absolve the insured from any loss or damage to the vehicle (or its contents) resulting from fire, theft, or other causes beyond the insured's control. However, because owners may not be available to sign such a release prior to towing, such practices may be unrealistic. Additionally, these types of releases are not consistently upheld in a court of law.

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 insured'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 insured's care, custody, and control, even those resulting from an act of God. In preparing this line of coverage, the underwriter should keep in mind that tow operators often retrieve stranded or disabled vehicles during inclement weather or that are under adverse conditions (such as in a ditch or involved in a wreck). Improper extrication and hook-up of a vehicle could cause further damage. Also, many towing service operators have large storage lots where impounded cars are kept until their owners retrieve them. Damage could occur to the vehicle after it has been unhooked and stored on the insured's premises. Damage could occur as employees work routinely in the storage lot, moving and retrieving vehicles. Also, the underwriter should consider if the insured's storage lot is in an area that is prone to floods, tornadoes, hurricanes, and/or hailstorms - all of which could cause damage to customers' vehicles. To record the pre-existing condition of a vehicle, it is a positive underwriting sign if the insured takes a photograph of all abandoned vehicles before towing them. Drivers should be instructed to roll windows up on towed vehicles or inform their owners that weather damage could occur to the vehicle's interiors if they themselves don't take such a precaution. If any windows have been broken prior to transport, does the insured cover them with blankets or sheets of plastic?

If the insured is located in a geographical area that experiences wintry weather, stored vehicles could sustain further damage when the insured (or a contracted snowplow) plows snow out of parking lots. The snowplow could hit parked vehicles or shovel large amounts of snow against parked vehicles, causing exterior damage. What are the experience and training of the individuals who plow the insured's vehicle storage lot? Have stored vehicles ever been damaged during snowplowing operations?

Additionally, the insured may be held liable for any theft of or damage to contents contained inside the vehicle. The exposure will be higher if the insured tows disabled trucks that contain large quantities and values of items. Investigate the insured's loss history. Loss control measures for this exposure would include making certain that customers do not leave anything of value inside vehicles when they are impounded; removing valuables, however, may be difficult for vehicle owners that have been involved in a car accident or who are left stranded without alternate means of transportation. Insureds may wish to post signs on the premises, as well as include a disclaimer on their consent-to-tow forms (if applicable) stating that they are not responsible for articles left inside customers' vehicles. It is also possible for the insured's employees to steal customers' property from inside towed vehicles. Pre-employment checks should be made on all workers. Do any employees have access to the premises after hours? Insureds are required by law to have the company's name, address, and telephone number prominently displayed on the side of their tow trucks. Also, keys to customer-owned vehicles should never be left inside cars after they are parked on the storage lot. Rather, whenever customer-owned vehicles must remain on the insured's premises overnight, it is recommended that the keys be kept on a keychain or in a lockbox and stored in a secure location, such as a safe or office. Have all personnel been trained in proper key control methods?

Vehicles being prepared for towing may be damaged by the negligence of the tow truck driver. Proper hookup is critical, and serious damage could occur to the towed vehicle if it is improperly loaded and/or unloaded. What kind of training have the insured's drivers received in proper vehicle loading and unloading procedures? In some tow situations where damage to the tow vehicle's engine or transmission may be possible (e.g., when towing large trucks, campers, 4-wheel drive vehicles, vans, etc.), it is more appropriate for the driver to tow the vehicle on a car carrier or low-boy, or to use a tow dolly, which prohibits the wheels from propelling the vehicle. If it is necessary to tow the vehicle using a conventional tow truck, drivers should disengage the vehicle's drive shaft before doing so since extensive damage to the vehicle's engine or transmission could result otherwise. Additionally, it is important that drivers do not attempt to tow a vehicle that exceeds the tow truck's weight and size restrictions; doing so may damage the towed vehicle. Many states place size and weight restrictions on what a tow driver can tow. What kinds of towing capacity restrictions apply to the insured's fleet? Assess the insured's loss history. Does the insured use a tilt-bed tow truck or a winch and cable truck? Some states require tow operators to employ two (instead of one) safety chains when securing a vehicle for transport. What is the insured's practice? Some newer or specialized types of vehicles (e.g., electric vehicles, transport trucks) will pose special towing and recovery challenges. For example, because of their need for several batteries, electric cars carry a great deal of extra weight. It is therefore recommended that electric vehicles are only towed using a car carrier or trailer; if a conventional tow truck must be used, then the heavier end of the car should be lifted with the truck and the lighter end supported by the dolly. Is the insured aware of and trained in the different towing and recovery needs of newer models of vehicles?

Unscrupulous operators may tow vehicles without proper authorization; insureds stand to make significant revenue from illegally towed vehicles. Has the insured ever been accused of towing vehicles illegally? Investigate the insured's loss history. Have any consumer complaints been made to law enforcement agencies about the insured?

Claims may also arise if the insured releases a vehicle without establishing its rightful ownership. Such errors can be costly if anything happens to the vehicle after the insured has released it. How does the insured verify rightful ownership of an impounded or

stored vehicle? Some tow operators make a practice of holding vehicles until the towing charge has been paid. However, in many states this practice is illegal. Are the towing services' practices in accordance with all state and local laws? Does the insured require payment in full when a customer reclaims his or her vehicle?

In many states, insureds are allowed to receive monies for sales of unclaimed or abandoned vehicles. Unscrupulous operators or those that keep poor records may sell such vehicles without properly notifying their owners or the appropriate law enforcement agency. Claims may arise from vehicle owners who allege that the insured sold their vehicles without notifying them, towed their vehicles illegally and subsequently sold them, or required the owners to pay significant reclamation fees. Many states require tow operators to notify state revenue and police departments prior to selling any towed vehicles. What are the laws in the insured's state? Also, tow operators are required by law to display the tow company's name, address, and telephone number prominently on the sides of their tow truck(s). Has the insured ever been accused of towing vehicles illegally? The underwriter should determine the percentage of the insured's income that is generated from sales of unclaimed or abandoned vehicles. Assess the insured's loss history.

Vehicles stored on the insured's premises are under the insured's care, custody, and control. Consequently, insureds may be held liable for any damage that occurs to a customer's vehicle during storage. Vehicles may be damaged while employees are driving in and out of storage areas as they park and retrieve customers' vehicles. To prevent bumping, denting, and scratching stored vehicles, insureds should leave sufficient space between parked vehicles and have lanes of adequate width between rows. To prevent collisions between employees working in car storage areas, speed limits of no more than 5 mph should be strictly enforced. Vehicles could also be damaged by vandals, who could enter the insured's premises and break into stored vehicles, paint graffiti, smash windows, damage exterior and interior surfaces, and steal customers' personal belongings from inside their vehicles. What kind of premises security does the insured have in place? Is the perimeter fenced-in and posted with "No Trespassing" signs? Does the insured use any kind of video surveillance? Has the insured ever had problems with vandalism in the past? For more information on security measures, refer to the Crime section of this write-up.

The underwriter should determine the level of premises security. Does the insured employ any security guards? If so, how frequently does the insured's security personnel patrol the facility, and what are their training and experience? The use of marked patrol cars may provide a visible deterrent to crime, while an unmarked car may allow the security guard to catch a thief by surprise. In multi-level facilities (such as those found in urban areas), the use of patrol vehicles should be combined with foot patrols to ensure adequate coverage of the facility; this may also help to deter vandalism and/or criminal mischief. What type of surveillance system does the insured have in place?

Workers' Compensation

Overall, the Workers' Compensation exposure for towing and recovery services will be substantial. The scope of the insured's operations will determine the degree of severity. The exposure will not be as great for insureds that only offer light duty towing services (such as transporting cars between automobile dealerships or assisting disabled passenger vehicles). Those that offer a wider range of services, such as heavy duty towing operations, vehicle repossession services for financial institutions, and recovery of vehicles transporting hazardous materials, will face an increased exposure.

How many workers does the insured employ, and what are their ages, experience, and duties? Most towing and recovery services employ between 4 and 10 workers, though small family businesses may have only 1 or 2 workers; large operations may have as many as 20 or more employees. The work force will consist primarily of tow truck drivers and office staff; many insureds, however, operate automobile repair shops in conjunction with their tow services and will have several mechanics on staff.

What training are the insured's drivers required to undergo? What level of certification is necessary? The Tow and Recovery Association of America (TRAA), the national trade association for the industry, urges insureds to participate in its National Driver Certification Program. Through a grant from the federal Department of Transportation (DOT), TRAA developed a comprehensive training course, and studies show that drivers who have been TRAA-certified have fewer numbers of safety incidents during towing and recovery operations than those without such certification. The program has three levels of certification: light duty towing (for standard passenger vehicles and light trucks); medium duty (for vehicles over 10,000 lbs. gross vehicle weight); and heavy duty (for trucks over 26,000 lbs. gvwt, tractor trailers, or complicated recovery situations requiring air cushion/specialty equipment, underwater recovery gear, airplane recovery, or the handling of hazardous materials or substances). The program covers all critical aspects of towing and recovery operations, and also includes standards for fleet management, safety issues, customer service, and incident reporting. Though TRAA certification is voluntary in most areas, some state and local governments require TRAA certification of tow operators under their contract. It is a positive underwriting sign if the insured requires all tow truck drivers to become TRAA-certified. What is the insured's practice? Some very large tow trucks (e.g., that tow oversized vehicles, tractor-trailers, etc.) may require drivers to possess a commercial driver's license (CDL) and undergo defensive driver training. Adequate driver training is an important part of risk management for this industry; evaluate the insured's driver training and retraining programs. The underwriter should determine the experience and education of the insured's trainers. Who is responsible for the training and supervision of new employees? Are new drivers required to accompany veteran drivers for a specified period of time before performing towing and recovery operations on their own? The insured's attitude toward safety and policies concerning driver selection, training, and supervision are critical. Are drivers required to undergo periodic random drug and alcohol testing? What is the insured's practice?

What are the insured's hours of operation? Most insureds will be open Monday through Saturday from 8 a.m. to 5 or 6 p.m., although some operators may have extended evening or weekend hours for customers to pick up their vehicles. Most towing and recovery services are on call 24 hours a day, 7 days a week to respond to calls.

What is the layout of the premises? Many insureds conduct towing and recovery services in conjunction with another on-premises

business, such as gasoline retailing, automobile repair, servicing (e.g., oil changes), bodywork, and/or other automotive services. Most insureds will work out of a freestanding structure, although some smaller operations may have a trailer from which they run administrative activities. The layout will typically include a reception area or counter, a waiting area/lounge for customers, one or more offices, restrooms, possibly a small kitchen or lunchroom for employees, and a large storage lot if the insured stores impounded vehicles on the premises; repair bays or other garage structures are likely, and gasoline pumps may also be present.

Employees will be subject to slips, trips, or falls, both on the premises and off site while performing towing and recovery operations. Good housekeeping is an effective loss control at the home office. All areas should be kept free of debris and clutter. Trash should be removed from the premises daily. 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, and worn or loose coverings should be replaced as necessary. Are workers instructed to clean up spills immediately?

Electrical shocks are possible because of the use of electrical equipment and machinery. Wires may fray or crack and cause machinery to malfunction. Is all electrical equipment properly grounded and NRTL-listed? All machinery should be equipped with circuit breakers.

One of the greatest exposures for towing and recovery operators will be highway hazards and traffic accidents. The most hazardous time for a driver will be during the actual hooking up or loading of a vehicle while on the side of a major highway or busy thoroughfare. The disabled vehicle may be located on a narrow shoulder, stranded during nighttime hours or during inclement weather (e.g., snow or ice, fog, heavy rain, etc.), down in a ditch, or off an embankment. Also, the driver may be struck by passing traffic.

What kind of emergency flashing lights are trucks equipped with to alert oncoming motorists of the operator's presence? Adequate exterior truck lighting should be provided to illuminate work performed during hours of darkness. Do drivers wear any kind of reflective clothing, such as hats or vests, to help make them more visible to passing traffic? During the recovery process, drivers face such hazards as the disabled car falling off the tilt-bed or a car jack (e.g. if the driver is changing a flat tire), and parts failure on the tow truck (e.g., a cable snapping). How are disabled vehicles secured on the tow truck? Are the trucks and their equipment inspected and serviced on a regular basis?

In addition to towing, many insureds offer emergency roadside assistance for motorists. Mobile battery service has become popular in recent years, since many distress calls that come in from stranded motorists concern dead batteries that need to be jumped or replaced. Tow truck drivers may be injured or electrocuted during battery jumping or replacement procedures. Battery explosions or leaks could cause serious injuries or even death. Are the insured's tow truck drivers thoroughly trained in proper battery jumping and replacement procedures?

Some insureds may engage in "wreck chasing" as a normal way of competing for business. In areas where law enforcement agencies do not have established tow rosters, towing operators may race to be the first on the scene of an accident in order to get the job; such practices could be very hazardous. How does the insured obtain most of its towing jobs? Does the insured have regular contracts for tow calls? Is the insured listed on a police roster?

Because of the tremendous amount of time they spend traveling on roadways, tow truck drivers face a great risk of being involved in an automobile accident; drivers could sustain severe or even fatal injuries. Mandatory use of seatbelts must be required of all the insured's drivers. How does the insured ensure that tow operators always wear their seatbelts?

The processes of recovering and attaching disabled vehicles require bending, lifting, and climbing. Back injuries and injuries to the extremities (especially hands) may be common. Are drivers instructed in proper bending and lifting techniques? The use of protective work gloves, hard hats, and safety shoes should be required where appropriate. Are pre-employment physicals required?

Workers may be injured in the insured's impound lot while parking or retrieving customers' vehicles, especially in large storage lots where several drivers may be moving in and out of the area. A safe, well-organized car storage area can effectively help to reduce worker injuries. Traffic flow in vehicle storage areas should be clearly established. Good communication, both verbal and with signage, is essential for a safe impound lot. Are speed limit and warning signs (e.g., "Sound Horn" and "Proceed with Caution") posted throughout the area? Car storage lots may also have blind corners that can contribute to accidents. Have convex mirrors been installed at such corners and at the beginnings and ends of aisles?

The service of wrecked commercial vehicles may sometimes involve exposure to hazardous materials or situations involving fires and explosions. Does the insured specialize in towing and recovering commercial vehicles that carry hazardous or flammable substances? Drivers must work very closely with official emergency services personnel in such situations; clear communication and understanding of the situation at hand is critical. Has the insured had experience working with emergency personnel? Drivers should receive training in the proper handling of hazardous materials. It is a positive underwriting sign if the insured trains collaboratively with emergency response personnel. Is the insured in compliance with OSHA standard 1910.1200, Hazard Communication?

Another serious exposure involves insureds that perform vehicle repossession services for financial institutions. Vehicle owners may become extremely irate or violent when a driver attempts to repossess their vehicle(s). Attempting to repossess a vehicle can be hazardous when the insured's driver must cross onto private property and face irate owners. Many incidences have occurred where tow truck drivers were injured or even killed by angry owners who physically assaulted them with a weapon (e.g., gun, knife). Does the insured offer vehicle repossession services? In many states, "repo men" are allowed to carry a concealed weapon for self-defense. Does the insured allow employees who repossess vehicles to carry a weapon? If so, have these employees received thorough training in proper weapons handling and firearms safety? All repo drivers should be trained in how to handle irate car owners diplomatically. What other kind of self-defense training have the insured's employees received? It is strongly recommended that repo workers travel in pairs or have some kind of back-up safety plan in place. What is the insured's practice? All employees who carry a firearm must have all required local, state, and federal licensing. Investigate the insured's loss history. Have any of the insured's employees ever been shot or injured by an angry owner of a vehicle that was being repossessed? For more information on the hazards of these types of situations and suggested loss control measures refer to the Workers' Compensation section of the Guard and Patrol Services classification.

Many of the vehicles that the insured tows will have been involved in accidents. Contact with broken glass or twisted metal could result in cuts or lacerations, and there is the possibility that dried blood may be present on the vehicle's upholstery or dashboard from

persons who were injured during the accident. While the HIV virus does not survive long in dried blood, the virus for Hepatitis-B (i.e., a potentially fatal liver disease) can live in such a state for quite some time. Proper protection of workers who are in contact with such vehicles is an essential loss control. Rubber gloves and goggles should be worn at all times whenever tow operators are handling a vehicle where broken glass or blood is present. Are all tow vehicles equipped with such personal protective equipment? If the insured is going to be performing any repair work on the affected vehicle, special cleaners that specifically kill the hepatitis virus should be used to remove the blood, and auto technicians should scrub with an anti-bacterial soap after working on it. The insured may wish to consider enrolling its tow operators in Red Cross training courses that specifically address the issue of exposure to potential bloodborne pathogens in the workplace. Does the insured comply with OSHA standards 1910.1030, Bloodborne Pathogens, 1910.133, Eye and Face Protection, and 1910.138, Hand Protection?

A number of insureds will also operate automobile repair shops. If such is the case, are any of the insured's mechanics Automobile Service Excellence (ASE)-certified? Whenever possible, workers should use hydraulic lifts for raising and repairing vehicles since these devices are far more reliable than hand-operated jacks. Are all hydraulic lifts equipped with safety locks that are automatically activated when the lift has been raised to a certain height (e.g., 3 - 4 feet)? Workers should be encouraged to wear appropriate hand protection when working with potential skin or eye irritants, such as antifreeze or motor oil. It is a positive underwriting sign if repair areas are equipped with at least one emergency hand- and eye-wash station. Is the insured's repair area equipped with a ventilation system that funnels toxic carbon monoxide fumes outside? For more information on hazards and loss controls associated with automobile repair and bodywork, refer to the Workers' Compensation sections of the Automobile Repair Shops and Oil Change Centers and the Automobile Body Repair Shops classifications.

Have any of the insured's workers received first aid training? To dress minor cuts and wounds, drivers should have a first aid kit in their trucks. Does the insured have a first aid kit in all its trucks? What is the availability of first aid kits on the insured's premises?

Crime

For towing and recovery services, the Crime exposure will be moderate, since insureds will often have a high volume of cash transactions and considerable amounts of cash, therefore, may be on the premises. In addition to a cash exposure, the insured's computers, electronic devices, towing equipment, fuel, and mechanics' tools can all be targets for thieves. An employee dishonesty exposure may also exist.

What are the average and maximum amounts of cash on hand daily? Many tow operators may conduct a significant amount of cash operations, since customers reclaiming their vehicles often pay in cash as will those customers who may need their battery jump-started or a tire changed; some insureds may only accept cash payments. On average, what percentage of the insured's customers pay in cash? Many companies will also accept local checks or major credit cards as forms of payment. Are all checks stamped "For Deposit Only" immediately upon receipt? Employees who handle customer transactions and purchases should be trained in proper credit card verification procedures. Checks, charge receipts, and cash should be stored in a tool-, torch-, explosive-resistant, NRTL-listed, time-delay safe until they can be deposited. To avoid suggesting a routine, deposits should be made daily at staggered times. How is cash transported to the bank? Depending on the scope of the insured's operations, armored car pickups of cash and other monies may be advisable.

An employee dishonesty exposure may exist if the insured handles large amounts of cash transactions; employees may be tempted to pilfer cash or work with outsiders to steal from the insured's operations. The use of drop safes, which employees cannot open, may help to control these exposures. Employees should be instructed to make frequent deposits throughout the day; such a practice will not only help to diminish criminal interest, but is also likely to limit employees' access to large amounts of cash.

Some insureds may have an automated fee calculating machine that determines the amount owed by customers, accepts their payments, and makes change for them. These machines can also register and stamp the customer's parking ticket with the date and time of the payment transaction, making it more difficult for employees to falsify such records. If the insured has such a machine, how is the cash inside of it protected? Frequent collections are recommended at staggered times to avoid establishing a pattern. Is cash ever left in the machines or in safes overnight?

Some states allow insureds to collect payment from vehicle owners on the spot if they return while their vehicles are being hooked up for towing. If this practice is employed, it is highly likely that vehicle owners will pay the unhooking fees in cash. With no record of such transactions, drivers may be tempted to "pocket" these funds. Does the insured accept on-the-spot payments from owners who want their vehicles unhooked? If so, how are such transactions recorded or monitored?

Employee screening measures are important to help prevent losses stemming from employee dishonesty or collusion. If possible, accounting functions should be performed by more than one employee. Are periodic, unannounced audits conducted? If the insured accepts only cash payments, what record keeping practices are employed? Thorough prescreening of job applicants should include reference and employment checks, and new employees should be closely supervised. What is the insured's practice?

Other than cash, what types of valuable items can be found on the premises? Insureds will usually have a significant amount of electronics equipment (e.g., cell phones, pocket pagers, radios) for conducting business while on the road; such equipment can be quite costly. When not in use, small electronic devices should be stored behind counters (away from customer areas and out of plain sight) or in locked cabinets with restricted access. To protect electronic devices that are built into tow trucks' interiors, these vehicles should be kept locked while not in use and should be equipped with an anti-theft alarm system. The underwriter should determine the values of all the insured's electronic and mechanical equipment. Towing and recovery services may also have significant amounts of mechanics' tools on their vehicles for performing roadside assistance. What are their values, and where are they kept on the premises? It is advisable to have a policy in place where drivers must sign out tools before going out on a call. Are all tools stored in metal lockboxes

while on the tow trucks?

Depending on their scope of operations, some insureds may also have various automotive products, accessories, or tires stored on site. Are periodic, unannounced inventories conducted on such items? What kind of inventory control procedures does the insured have in place? It is a positive underwriting sign if the insured maintains a complete inventory list and/or tracking system on a computerized database. Refer to the Crime section of the Automotive Accessories Stores classification for more information.

Tow operators may often have to deal with irate or hostile customers who are getting their vehicles repossessed or having difficulties reclaiming their vehicle. It is not uncommon for some insureds to keep firearms on the premises, particularly insureds that offer repossession services for financial institutions. Theft of firearms poses a significant exposure. The underwriter should determine if the insured keeps firearms on the premises or in its tow trucks. How are firearms stored? Firearms storage areas should be kept locked at all times and out of public view. Investigate the insured's loss history. Has the insured ever had any firearms stolen? For more information on this exposure, refer to the Crime section of the Guard and Patrol Services classification.

What is the level of security on the insured's premises? Windows should be equipped with tamperproof locks, and all doors should have double-cylinder, deadbolt locks installed. A central-station alarm monitoring system is also recommended. Some insureds may have a guard dog on the premises during off hours. Are guard dogs kept chained or inside an appropriate size kennel when not guarding the premises? They should not be allowed to roam about the premises freely as this could potentially increase the insured's General Liability exposure. What is the insured's practice? Are the outdoor premises well lit at night? Outdoor lighting is particularly essential for insureds that operate a vehicle storage lot. Cashier booths and receiving counters should be equipped with a hold-up alarm and/or telephone so that police may be contacted quickly in the event of a robbery attempt. Has the insured ever been the victim of a robbery attempt? What is the response time of the local police?

Fire and E.C.: Property

There will be a slight Fire and E.C. exposure for most towing and recovery services. Common ignition sources for tow operations are faulty wiring, sparks from malfunctioning electrical equipment, and smoking. The fire load will include stored vehicles, flammable petroleum products, trash, and furniture. If the insured operates any secondary automotive-related business (e.g., auto repair shop, auto body repair, etc.) along with the towing and recovery business, the exposure will increase significantly. (The underwriter should refer to the appropriate classifications for more information on relevant Fire and E.C. hazards and loss control measures for these types of operations.)

What is the layout of the premises? Many insureds conduct towing and recovery services in conjunction with another on-site business, such as automobile repair, servicing (e.g., oil changes), bodywork, and other garage-related services (e.g., vehicle storage, salvage operations). Most insureds will have freestanding structures, although some smaller operations may have a small trailer in which they run administrative activities. The layout will typically include a reception area or counter, a waiting area/lounge for customers, one or more offices, restrooms, possibly a small kitchen or lunchroom for employees, and a large storage lot if the insured stores impounded vehicles on its premises; repair bays or other garage structures are likely, and gasoline pumps may be present. What are the type, age, and condition of the insured's building(s)? Insureds located in cities or other urban areas may have offices set up in a multi-floor building.

What is the condition of the insured's electrical system? Assess the electrical load and the condition of all wiring. Is the insured's electrical power supply and wiring sufficient to meet its needs? Wiring should be in compliance with NFPA 70, National Electrical Code and should be periodically inspected by a licensed electrician. How often are electrical equipment and wiring inspected? An improperly designed or inadequate electrical system could cause fires if the load is too heavy for it. If the insured operates out of an older structure, what, if any, rewiring has been done?

It is vital that all electrically powered equipment, such as computers and handheld power tools, be properly grounded and NRTL-listed. Sparks given off by frayed or cracked wires or cords could start a fire. What are the age, type, number, and condition of all electrical equipment used by the insured? Is there a routine maintenance and inspection plan in place for all such equipment? Determine the qualifications and experience of the individual who performs these services. As much as possible, are flammable or combustible substances stored at safe distances from such equipment?

What is the insured's smoking policy? Have "No Smoking" signs been posted in all areas where smoking is prohibited? Where smoking is allowed, self-closing, fire-resistant receptacles should be provided.

In colder climates, workers may use small heaters to warm office areas during the winter months. Kerosene heaters, which burn a flammable and combustible fuel, present a serious exposure and should be prohibited. If electric heaters are used, determine whether they have been grounded and properly installed. What is the insured's practice?

What is the insured's fire load? For most insureds, the typical fire load will include furniture, paper, oily rags, motor oil, and trash. 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. Some operations may require drivers to wear uniforms. Insureds may contract out laundry service for their soiled uniforms and rags. At the end of workers' shifts, such items that have become tainted with petroleum-based liquids or other flammable substances should be kept in specifically designated, fire-resistant, metal bins or containers (preferably outside of the main building) until they are picked up for laundering or properly disposed of. What is the insured's practice?

Operators that store impounded or towed vehicles may have a potentially heavy fire load because of the large number of cars stored on the premises, each of which may contain a tank filled with highly flammable and combustible gasoline; however, ignition of these tanks will likely be difficult. If an explosion or fire does ignite a stored vehicle, the fire and/or explosion could spread to surrounding vehicles and become a conflagration. Determine the average and maximum numbers of vehicles the insured stores on the premises at

any given time. Insureds may tow in wrecked vehicles that have fuel leaking from their tanks or other flammable substances (e.g., motor oil) leaking from damaged engines. Leaking fuel tanks, engines, or cargoes of flammable substances must be completely drained and properly contained before the wrecked vehicle is removed from an accident scene. Tow operators should work in conjunction with firefighters and other emergency personnel to conduct such operations. How does the insured determine if all leaking flammable substances have been completely drained and contained from damaged vehicles?

Some insureds may have gasoline pumps on the premises. What are the age, number, and condition of any gasoline pumps and fuel storage tanks? Are they properly grounded? Emergency controls and approved fire extinguishers should be located no more than 100 feet from the pumping area. Who is responsible for pumping gas, and how have they been trained? Smoking should be strictly prohibited on the premises, especially in all areas where fuel is stored or dispensed. Does the worker pumping the gas make sure not to continue refueling a truck while the motor is still running? Is the nozzle always removed from the gas tank before the truck is driven away? Gasoline and oil spills should be wiped up immediately, using an absorbent substance or solvent that is designed specifically for this purpose. For more information on this exposure and the appropriate loss controls, refer to the Fire and E.C. section of the Gasoline Stations - Full-Service and Self-Service classification.

What are the average and maximum values of the insured's equipment and property? Tow trucks and any vehicles stored on the premises may be worth hundreds of thousands of dollars, but they will be covered under Automobile Liability and Garage Keeper's Legal Liability respectively. Tow operators will also use extensive amounts of expensive electronic equipment (e.g., cell phones, radios, walkie-talkies, laptop computers) to conduct business; however, many of these devices would be covered under an Inland Marine policy.

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. Annually tagged, Class ABC fire extinguishers should be located throughout the premises, especially in repair areas. Have all employees been properly trained in their use? In repair bays, it may also be advisable to have Class D fire extinguishers or buckets of sand, since either of these can be used to put out fires involving burning metals.

Vandalism to tow trucks and impounded vehicles that are stored outdoors may also pose a problem. What measures have been taken to protect vehicles from this exposure? Are car storage lots fenced in? "No Trespassing" signs should be posted along the perimeter to deter vandals. The installation of strategically placed outdoor surveillance cameras and floodlights, along with regular police patrols, are also suggested. For more information concerning this exposure, refer to the Automobile Physical Damage and the Garage Keepers' Legal Liability sections of this article.

It is possible that a moral hazard may exist since towing operations can be highly competitive. Determine how long the insured has been in business. What is its financial situation? The underwriter should examine the insured's financial statements for the last three to five years. What is the level of competition in the area?

Business Interruption

The permanent location of a towing and recovery operation will not be critical in the event of a serious business interruption, as long as the insured can still service the general area. The replacement of costly tow trucks may take some time, and replacing electronic and communication equipment could be costly. Overall, the Business Interruption exposure for this industry will be slight.

Are the insured's premises owned or leased? Most tow operators are private enterprises that are independently owned and operated, although they may sometimes be situated on property that is leased. Some insureds may be affiliated with national or regional chains or franchises. In such cases, the property may either be owned by the franchisee or by the franchising company, which in turn leases the property to the independent franchise operator. Large insureds may maintain several towing and recovery services at various locations.

In the event of a loss, is the insured more likely to rebuild or relocate? Most insureds should not be dependent upon their location, since most of their operations consist of driving in the general area. However, some insureds may be more dependent upon location if their primary tow business is contracted with local businesses (e.g., body shops, auto dealerships, etc.), if they are on police rosters that are limited to specific areas, or if they are located near car salvage yards. How dependent is the insured upon its location for business? How long would it take to rebuild or repair the facility in the event of a loss? Could the insured continue any part of its operations (e.g., limited tow operations, emergency roadside assistance) while repairs were being made to its base of operations?

How quickly could materials, supplies, and equipment be replaced? Most standard automotive supplies (used in emergency roadside assistance) could be quickly and easily replaced from local auto supply retailers. Although it is readily available, some electronic and communication equipment can be quite costly to replace. Is such equipment owned or leased? Tow trucks and hook-up apparatuses not only can be very costly, but may take some time to replace. How quickly could the insured obtain a replacement tow truck or towing apparatus?

Does the insured experience a peak season? Tow operators may experience an increase in business during the winter months (in northern climates), when inclement weather may contribute to roadway mishaps, and during the summer months, when due to the roadways being more congested with vacationers, the accident rates generally increase.

Inland Marine

There will be a significant Inland Marine exposure for towing and recovery services. Depending on their scope of operations, insureds may have a great deal of costly equipment on hand that is used during vehicle recovery and towing operations or during emergency roadside assistance; therefore, an Equipment Floater will likely be essential. Computers are an integral part of many insureds' operations, and Electronic Data Processing (EDP) coverage would be advisable for those that rely on them. Valuable Papers and Records coverage also will be necessary.

An Equipment Floater will be required to protect towing and recovery equipment that is not permanently situated since these items can be quite costly to replace. Does the insured keep essential replacement parts for towing and recovery equipment 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 all essential equipment? Determine who is responsible for inspecting and maintaining this equipment. The insured will also have a variety of tools and equipment on tow trucks that are used during emergency roadside assistance. The underwriter should carefully assess the value of such tools. Does the towing service also include garage facilities? If so, then mechanics provide their own tools, and Employee Tools coverage would be recommended.

Most insureds will keep detailed computer files on all vehicles that they have towed or impounded. Also, tow operators will often use computers to search their state's Department of Motor Vehicles files for information on vehicle owners. Insureds also may communicate with local or state law enforcement agencies via the Internet about needed tow and recovery services. Since computers have become essential to this business, an EDP policy is strongly recommended. It is a positive underwriting sign if the insured has identification numbers etched on all of its computers and cash registers. Are all computerized systems equipped with surge protectors? Copies of important computer programs and files also should be updated regularly, and backup copies of all vital data and software should be stored off-premises in an NRTL-listed, fire-resistant safe.

Towing services generally include the temporary storage of vehicles and trailers. Insureds may have in their possession anything from a vehicle towed for illegal parking to a wrecked tractor-trailer, fully loaded. Personal property left in personal automobiles is subject to theft, as well as the vehicles themselves. Security is important, and fencing and outdoor flood lighting should be mandatory. However, in lieu of Bailee coverage for vehicles left in the care, custody, and control of the insured during towing or subsequent storage, tow operators will require a special line of insurance called Garage Keepers' Legal Liability. Refer to that section of this article for more information on this line of coverage and the recommended loss control measures.

The insured should consider Valuable Papers and Records coverage to protect important records and documents. Thorough and complete records must be kept on any vehicles that the insured tows or stores. Accurate records are essential since tow operators must release vehicles to their proper owners, identify and record any damage to the vehicle prior to towing, and release abandoned or unclaimed vehicles to salvage yards. If the insured fails to keep accurate records, substantial claims could result from owners whose vehicles were released to the wrong parties. All essential documentation should be kept in a fire-resistant, NRTL-listed safe, and copies of these documents should be kept in a similar type of safe off premises. What is the insured's practice?

An Outdoor Sign Floater may be necessary. Does the insured have such a sign on the premises? If so, what is its type and condition? Outdoor signs are subject to damage from wind and vandalism. Is the sign freestanding or securely attached to the building? Outdoor signs less than 12 feet above the sidewalk are ordinarily not acceptable.

UNDERWRITER'S CHECKLIST

- ☐ Does the insured offer long distance towing, or any other type of specialized towing services?
- ☐ If the insured ever handles wrecked vehicles that contain hazardous, flammable, or combustible substances, how much training and experience do drivers have in dealing with these kinds of materials?
- ☐ Does the towing service run any secondary operations on its premises, such as vehicle repair, dismantling, or storage operations?
- ☐ Do drivers ever engage in "wreck chasing," or does the municipality in which the insured operates have an allocation system for assigning recoveries?
- ☐ To what degree is the insured dependent upon local businesses (e.g., repair shops, body shops, auto dealerships, etc.) for its tow referrals?
- ☐ Are drivers trained through a school or program that is certified by a state or national towing association?
- ☐ If the insured has a vehicle storage lot on the premises, is it fenced in and well-lit? What security measures does the insured employ to protect any vehicles that are stored on site?
- ☐ Are there any gasoline pumps situated on the premises?
- ☐ Who has access to vehicle owners' state motor vehicle records, and how is this information protected to ensure their privacy?