

Auto Dealerships – Risk Management Techniques

Many auto dealerships use sound safety programs to reduce exposures to loss and save time and money. Here are the basic elements of a safety program.

Auto key control

- Keys should be secured in a locked box located away from the area open to the general public.
- There should be a limited number of master keys for the lock box and these keys should be assigned to management personnel.
- Management personnel should be accountable for the entire key inventory.
- A daily physical inventory of the keys is recommended.

Test drive and loaner car procedures

- Formalize a policy for test drive and loaner autos.
- Establish a chosen route for test driving autos.
- Establish criteria for customers who wish to test drive an auto. Consider the age of the driver, obtain proof of a valid driver's license and proof of insurance, obtain credit card information, and limit the test drive to 30 minutes. Overnight test drives should be discouraged. If the customer is new to the dealership, the sales person should accompany the customer during the test drive.
- If loaner autos are provided, we recommend the use of a written agreement that states the obligations and requirements for use of the loaner auto. Request proof of a valid driver's license and proof of insurance. We also recommend that you set a minimum age, such as 25 years, for the use of the loaner auto. Establish the radius and duration of use of the loaner auto, and limit use of the loaner only to the individual named in the agreement.
- Pre-loan and post-loan auto inspections are recommended.
- Review the auto safe operation features with all loaner auto customers. Document the written agreement that the review has been completed.
- Remind test drive and loaner auto users that all auto occupants are required to use seatbelts.

