



CBIZ Insurance Services, Inc

Loss Control Checklist for Auto Dealerships





Examine Your Risk

Owning and operating an auto dealership can be a fulfilling experience. Auto dealerships offer customers the opportunity to discover and purchase a vehicle that meets their unique driving needs. They also typically provide numerous services to assist customers in maintaining their vehicle in good condition and remain safe behind the wheel.

However, auto dealership owners also experience a variety of liability exposures on a daily basis. It is important to understand these challenges as they can cause significant damage to property, serious employee physical harm and irreversible financial consequences.

In addition to threats common to every industry, auto dealerships face unique risks due to the movement of vehicles, repairs and the presence of various equipment and chemicals.

This checklist gives you the opportunity to assess unique risk categories specific to your operations and take steps to address identified risks, ultimately helping you control insurance costs.



PROPERTY				
Property – General	Yes	No	N/A	Notes
Is the building in overall good condition?				
Is the roof in good repair with no visible water intrusion marks?				The age of the roof should be taken into consideration—a thorough roof inspection can provide invaluable information.
Is the electrical wiring in good repair?				Wiring must be NFPA 70E (National Electrical Code®) compliant.
Are there Class ABC fire extinguishers in common areas?				
Is a no-smoking policy in place?				
Is trash removed and not allowed to pile up?				Smoking, if allowed, should be limited to outdoor areas and away from any hazards.
Are fire detection systems installed? Are they inspected and tested regularly?				Accumulating trash presents a fire hazard and may even attract vermin and pests.
Are any rags that contain flammable fluids properly stored in fire-resistant, metal trash containers with self-closing lids prior to disposal?				
Are any spills of flammable fluids properly cleaned up as quickly as possible?				Grease-dissolving solvents are recommended for cleaning up flammable fluids.
Are trees trimmed away from the building as part of landscaping duties?				
Is a qualified professional hired to make building repairs?				Vegetation that’s too close to the building can damage property during windstorms as well as create significant fire hazards.



PROPERTY				
Flammable Spraying – Auto Body Services	Yes	No	N/A	Notes
Does the dealership offer auto body services? If so, do these services include spray painting?				If the dealership does not offer spray painting services, this section is not applicable.
Are spray booths compliant with NFPA 33 ?				Homemade spray booths should be avoided. Spray booths should be purchased from a qualified manufacturer.
Is the spray booth constructed of noncombustible materials? Does it meet construction requirements?				Spray booth construction require a minimal 3 feet of space around all sides of the booth. See NFPA 33 for more details.
Is the spray booth protected by an automatic fire protection system?				Ideally, the booth fire suppression system is connected to the building sprinkler system. If this is not an option, then a fixed suppression system can be used.
Are sprinkler heads protected from overspray?				A paper bag or cellophane (not plastic) that is less than 0.003 inches thick should protect the sprinkler heads from overspray. These will not impede the spray. Paper bags and cellophane must be changed out regularly.
Are wiring and fixtures—including lights in and around the spray booth—explosion-proof?				Only a qualified contractor should install the spray booth.
Is ventilation installed to remove flammable vapors? Is ventilation used when spraying is done?				
Are booths kept free of accumulating materials?				Accumulating trash can create fire hazards in a spray booth.
Are filters inspected daily and replaced regularly?				Filters that have any sort of buildup will not adequately remove air. Follow the manufacturer’s guidelines on filter usage and replacement.



PROPERTY				
Flammable Spraying – Auto Body Services (continued)	Yes	No	N/A	Notes
Are filters disposed of properly? Are receptacles emptied regularly?				Filters contaminated with spray are combustible. They must be kept in a noncombustible, approved container. Filters should be removed regularly by a qualified contractor.
Are tools used for cleaning spray areas nonsparking?				
Are “No Smoking” and “No Open Flames” signs present around the booth?				
Are flammable paints and other chemicals kept in proper flammable storage containers?				Acceptable flammable storage containers include approved flammable cabinets or flammable storage rooms equipped with explosion-proof lighting and electrical systems.
Are flammable liquid containers grounded and bonded for the transfer of the flammable liquids?				The primary container must be grounded. The secondary container must be bonded to the primary.
Are spigots on flammable liquid containers self-closing?				To limit spills, spigots should automatically return to a closed position when released.
Are employees trained on spill cleanup?				



PROPERTY				
Sprinkler System	Yes	No	N/A	Notes
Is there an automatic sprinkler system installed?				
Is the sprinkler system designed for the hazard?				Sprinkler system data should be located on a placard on the system.
Is the sprinkler system inspected at least annually? Does it pass these inspections?				Sprinkler inspection information should be located on tags and paperwork on the risers.
Is the fire department connection outside the building easily accessible?				Connections must be accessible so the fire department can pump more water into the system.
Are sprinkler riser valves supervised (e.g., locked open or electronically monitored)?				
Are employees trained on what to do if a sprinkler is ever damaged and opens?				In the event a sprinkler head is accidentally broken and goes off, it is critical to shut down the water to avoid further water damage.
Are workers instructed to never block sprinkler heads?				For most sprinkler systems, 18 inches of clearance below sprinkler heads must be maintained in order for them to work properly.



GENERAL LIABILITY				
Premises and General Operations	Yes	No	N/A	Notes
Are floor surfaces clean and dry?				
During winter, are the parking lot and sidewalks clear of snow and ice?				Shoveling should either be done by a qualified employee or a third-party contractor.
Is a qualified, competent and experienced professional in charge of maintaining all outdoor vehicle lots?				
Are all repaving projects for outdoor vehicle lots contracted out to a trusted, qualified contractor?				
Are customers always accompanied by an employee when walking around the outdoor vehicle lots?				
Are exits clearly marked and clear for an emergency evacuation?				
Is there an emergency lighting system available in the event power is lost?				A third-party contractor should regularly test the emergency lighting system.
Is there a security system in place? Does it include cameras?				
Is the reception area in good repair?				
Are cybersecurity precautions in place (e.g., up-to-date security software, data encryption and secure point-of-sale systems)?				
Are there proper measures in place to keep customers' credit reports confidential?				Only trusted, qualified and competent employees should have access to customers' credit reports. Access to these reports should be restricted through various security measures (e.g., passcode requirements and multifactor authentication processes).



GENERAL LIABILITY

Premises and General Operations (continued)	Yes	No	N/A	Notes
Does the dealership ever host tent sales? If so, are proper precautions in place?				Employees responsible for erecting the tents should be qualified, competent and experienced. If tents are rented from another company or third party for tent sales, there should be a written contract in place that outlines each party's liabilities regarding the tents. A hold-harmless agreement should be signed between both parties as well.
Is there an adequate sexual harassment awareness training program in place for all employees?				
Are signs posted to keep customers and visitors out of restricted areas?				
If visitors or customers need to enter the auto body service or repair area, are they escorted, and is work halted?				There are a number of hazards customers could be exposed to in the work area (e.g., heavy vehicles on lifts, chemical usage and hot work).
Are hydraulic lift areas outlined to let authorized visitors know where not to cross or stand?				



GENERAL LIABILITY

Completed Operations – Auto Body and Repair Services	Yes	No	N/A	Notes
Are parts inspected by an experienced employee before installation?				
Are employees experienced and qualified for high-skill tasks such as welding or computerized frame straightening?				
Are shop technicians and mechanics certified by the National Institute for Automotive Service Excellence (ASE)?				
Are detailed records on customer repair work kept?				
Are customers permitted to use “loaner” vehicles while having their vehicle serviced or repaired? If so, is there a policy in place that outlines vehicle loaning requirements?				



GENERAL LIABILITY

Completed Operations – Vehicle Sales	Yes	No	N/A	Notes
<p>Before being released to a purchasing customer, are all new vehicles properly inspected by a qualified employee?</p>				<p>Any employees responsible for new vehicle inspections should be certified by the ASE. The inspection process should ensure that the specifications of the vehicle match those listed on the dealership's order form and that no damages happened during transport.</p>
<p>If new vehicles are issued to employees as demo vehicles, are they properly inspected, serviced and repaired as needed before being placed back in stock?</p>				
<p>If used vehicles are sold, are they thoroughly inspected before being placed on the sales lot?</p>				<p>Used vehicles must pass all required local, state and federal inspections before being placed on the sales lot. If any repairs must be made to a used vehicle before it is placed on the sales lot, these repairs must be conducted by a qualified employee or contractor.</p>
<p>Is there an adequate recall plan in place?</p>				<p>In the event that a vehicle your dealership sold is ever recalled, it is important to have a proper response plan in place. Such a plan can help your dealership execute a successful recall and mitigate potential consequences.</p>



GENERAL LIABILITY

Environmental	Yes	No	N/A	Notes
If the dealership offers painting services, are low volatile organic compound (VOC) paints used?				Low VOC paints include less than 5 pounds of VOC content per gallon.
Are paints and other chemicals kept in tight containers?				
Are chemicals kept away from drains?				
Are chemicals properly disposed of?				Some chemicals may be considered hazardous waste and must be handled by a hazardous waste disposal contractor.
Are paint booth filters properly disposed of?				Paint booth filters can be both toxic and flammable.
Is wastewater run through an oil-water separator to hold oil in a tank?				
Are qualified recyclers used for oils, used tires and refrigerants?				
Are employees trained on the reporting requirements for spills?				Local, state and federal rules will dictate reporting requirements for certain chemical spills.



GENERAL LIABILITY

Garage Keeper's Legal Liability	Yes	No	N/A	Notes
Are all keys to customer-owned vehicles stored in a safe, secure location?				This is especially important when customer-owned vehicles are kept on the premises overnight.
Are all employees trained on adequate key control methods?				
Are all parking areas for customer-owned vehicles in good condition, well-lit (especially at night) and—if possible—fenced in?				
When customers drop off vehicles for repairs or other services, are they required to sign a standard automotive work order form?				A work order form authorizes the dealership to perform the specified services to the vehicle and absolves the dealership of any losses or damages that may happen to the vehicle (or its contents) due to causes beyond your control (e.g., fire or theft).



WORKERS' COMPENSATION

General	Yes	No	N/A	Notes
Are return-to-work initiatives in place?				This can be a written program, a list of light-duty tasks or evidence in past claims of bringing employees back to work following an injury.
Is there a written safety and health plan in place?				
Is chemical safety training conducted?				Mixing incompatible cleaning chemicals can result in toxic vapors.
Are Safety Data Sheets (SDSs) available?				It is important to keep SDSs for any chemical used on-site.
Is there an eyewash station available?				
Are employees trained on first aid? Is a first-aid kit available?				
Is good housekeeping practiced?				Floors and aisles should be clean with no tripping hazards.
Is there a hot work program in place?				
Is there a formal training program for new staff?				



WORKERS' COMPENSATION

Test Drive Safety – Vehicle Sales	Yes	No	N/A	Notes
Do employees accompany customers on vehicle test drives?				If so, employees must have a valid driver's license, be familiar with all of the vehicles sold at the dealership and skilled at operating both automatic and manual transmission vehicles before being permitted to conduct vehicle test drives.
Are employees required to wear seat belts for the entirety of the test drive?				This is an important safety practice regardless of whether the employee is the driver or the passenger.
Are there measures in place to ensure the vehicle's mirrors and seating arrangements have been properly adjusted before the test drive begins?				
Are there designated routes in place for vehicle test drives?				Employees should be instructed to follow the same route on each test drive and avoid new or unfamiliar routes.
Equipment Safety – Auto Body and Repair Services	Yes	No	N/A	Notes
Has a personal protective equipment (PPE) hazard assessment been done?				Some tasks may require PPE (e.g., safety glasses, hearing protection or protective gloves).
Are employees trained on required PPE?				
If applicable, is there a respiratory protection program in place?				If spraying activities necessitate that employees wear respirators, a respiratory program must be in place.
Does the respiratory program include medical exams, fit testing and employee training?				

WORKERS' COMPENSATION

Equipment Safety – Auto Body and Repair Services (continued)	Yes	No	N/A	Notes
Are respirators inspected? Are filters changed out on a set schedule?				
If supplied air respirators are used, is the system set up properly?				
Are ladders and step stools available and in good repair?				
Are electrical cords in good repair? Do workers avoid running cords across doorways, walkways and other areas that may create trip hazards?				
If vehicles are run inside, are nozzles used that fit over the tailpipe to exhaust the fumes outside?				Running vehicles inside without protection will build up dangerous carbon monoxide levels.
Are hydraulic lifts in good condition? Are they labeled with the appropriate warnings and weight capacities?				
If manual jacks are used, are jack stands utilized?				There should be an inspection program in place for jacks.
Are power tools guarded properly and in good working order?				Employees should inspect power tools before using them. They should ensure that guards are in place and the electrical cord (if applicable) is in good condition.
Is welding equipment in good repair?				
Do employees who perform welding or cutting tasks wear PPE?				Welding PPE includes welding helmets, welding gloves, fire-resistant clothing and leather boots, among others.



CRIME				
General	Yes	No	N/A	Notes
Are cash, checks and credit card receipts kept in a time-delay safe until the time of a deposit?				
Are tools kept in a secure, locked area when not in use?				
Are windows locked?				
Is there an alarm system in place?				
Is fencing in place? Does it include "No Trespassing" signage?				
Does the dealership have an inventory control procedure?				
Are internal audits of dealership finances conducted?				
Are background checks performed for all employees?				
Is there a specific procedure for purchasing gas for vehicles on-site?				Whether using a company credit or debit card, providing employees with cash to pay for fueling operations or making arrangements with a local gas station (e.g., setting up monthly billing), this procedure should be well-documented and clearly communicated to your staff.



AUTO				
All Drivers	Yes	No	N/A	Notes
Are motor vehicle records (MVRs) secured for all drivers?				Annual MVRs are required for anyone operating a vehicle for business purposes, whether the vehicle is company-owned or not.
Do drivers have an acceptable driving record?				An acceptable driving record typically means the driver has no serious violations (e.g., DUI or reckless driving) in the last five years and no more than two moving violations in the last three years.
Is there a policy in place on cellphone usage? Is it properly communicated to drivers?				Employees should not use hand-held cellphones while driving (hands-free devices are acceptable).
Is there a policy in place on seat belt usage? Is it properly communicated to drivers?				
Are expectations for safe driving communicated to drivers?				
Are inspections conducted on vehicles before each shift?				Whether company-owned or personal, all vehicles should have a basic check done.
Are company vehicles on a regular maintenance plan?				
Is the personal use of company vehicles prohibited?				
If employees use personal vehicles for business purposes, is evidence of personal insurance reviewed and kept up to date?				



AUTO				
All Drivers (continued)	Yes	No	N/A	Notes
Are there adequate measures in place for conducting vehicle test drives with customers?				Customers should be required to provide a valid driver's license and sign a dealership registration plate permit before test driving a vehicle. In addition, the employee in charge of permitting the test drive should demonstrate to the customer how to operate key functions of the vehicle prior to the trip—including the ignition, windshield wipers, brakes, headlights and blinkers.
Are unlicensed drivers strictly prohibited from conducting vehicle test drives?				
Is the loaning of “demo” vehicles that are fully owned and operated by the dealership permitted?				There should be a written policy in place regarding proper use and loaning practices for demo vehicles. This policy should prohibit young or inexperienced drivers from operating demo vehicles.



Insurance Considerations

You should have adequate insurance coverage to protect against losses. Beyond your typical policies, consider flood insurance, windstorm insurance and business interruption coverage policies.

Also, have your business appraised at least every five years and provide appraisal documentation to your insurance broker. Consider an annual replacement-cost evaluation for the most accurate value of your insured items. In addition, conduct an inventory of your supplies and equipment, including photographs or videos of these items and descriptions; store this information in a secure offsite location.

Contact a [member of our team](#) to determine the coverages that are right for you and to address your insurance and risk management needs.



Additional Resources

[A Comprehensive Guide to Navigating Your Commercial Insurance Renewal](#)

[On-Demand Webinars: Risk Control & Insurance Strategies](#)

[Underwriter Questions to Expect Post-COVID-19](#)

[Building a Culture of Safety Toolkit](#)

[Checklist: Improve Your E-Mod Rating & Positively Influence Work Comp Costs](#)

[Mitigating the Business Interruptions & Risks of a Cyberattack](#)

[Cybersecurity: What Every Business Needs to Know](#)

[Business Insurance: Where Not to Cut Corners](#)

[Disaster Preparedness Guide](#)

[Essential Traits of a Commercial Insurance Broker](#)

[Strive To Be the Risk Profile Underwriters Want to See](#)



At CBIZ Insurance Services, Inc., we're passionate about providing strategic solutions that will drive employee engagement and build a dynamic and thriving workplace culture. This isn't cookie-cutter consulting.

Our team of forward-thinking risk control professionals will support and collaborate with you to develop an actionable plan designed to supplement your risk management strategy by addressing your specific business hazards. You can count on us – with over 25,000 clients and 300 associates nationwide – as your trusted advisors committed to your success.

To learn more and determine the coverages that will best meet your insurance and risk management needs, visit us at cbiz.com/insurance



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