

# Loss Control Assessment Car Dealerships

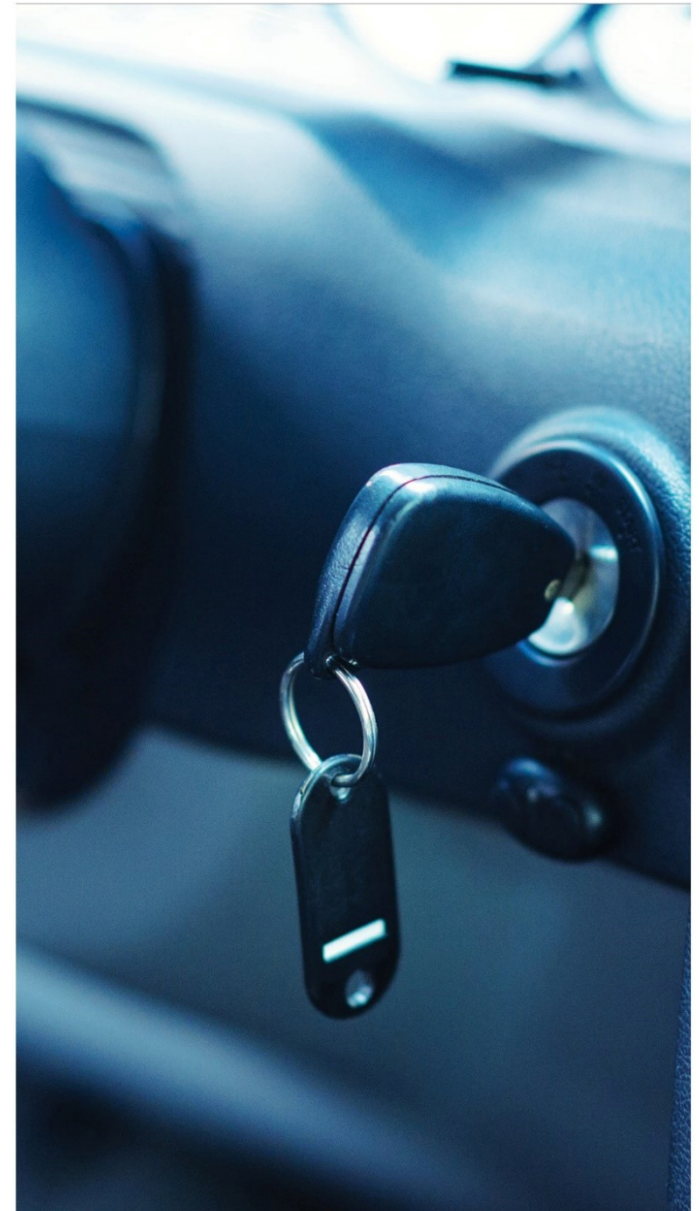


## Examine Your Risk

Owning and operating a car dealership can be a very rewarding experience. After all, car dealerships offer customers the opportunity to find and purchase the perfect new or used vehicle that fits their unique driving needs. What's more, car dealerships typically provide numerous services to help customers keep their vehicle in good condition and stay safe behind the wheel—including vehicle repairs, car washes, motor body services and more.

However, car dealership owners also face a number of exposures that they will need to contend with on a daily basis in order to successfully run their business. It's important to understand the challenges presented by these exposures, as they can cause significant damage to your clients' property, serious physical harm to your employees and irreversible financial consequences for your business.

In addition to risks common to every industry, car dealerships face unique risks due to the movement of vehicles, the need to perform repairs, and the presence of various equipment and chemicals. This assessment gives car dealership business owners the opportunity to review risk categories specific to their operations and act to address those risks.



| PROPERTY   |     |    |     |  |
|--|-----|----|-----|--|
| Property - General   | Yes | No | N/A | Notes  |
| Is the building in good condition overall?   |     |    |     |  |
| 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 in compliance with BS 7671.   |
| Are there adequate fire extinguishers in common areas?   |     |    |     | Fire extinguishers must be available at all times and must be in compliance with BS EN 3.  |
| Is a no-smoking policy in place?   |     |    |     | Smoking, if allowed, should be limited to outdoor areas and away from any hazards.   |
| Is rubbish removed and not allowed to pile up?   |     |    |     | Accumulating rubbish presents a fire hazard and may even attract vermin and pests.   |
| Are fire detection systems installed? Are they inspected and tested regularly?   |     |    |     |  |
| 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?  |     |    |     | Vegetation that's too close to the building can cause property damage during windstorms, as well as create significant fire hazards. |

|  |            |           |            |   |
|--|------------|-----------|------------|---|
| Is a qualified professional in charge of conducting building repairs?  |            |           |            | Only qualified professionals (eg plumbers and electricians) should make building repairs.   |
| <b>Flammable Spraying – Motor Body Services</b>  | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>  |
| Does the dealership offer motor 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 Control of Substances Hazardous to Health Regulations?                       |            |           |            | Homemade spray booths should be avoided. Spray booths should be purchased from a qualified manufacturer.  |
| Is the spray booth constructed of non-combustible materials? Does it meet construction requirements?         |            |           |            | There should be at least 1 metre of space around all sides of the booth. See this <a href="#">HSE guidance</a> for more details.  |
| Is the spray booth protected by an automatic fire protection system?   |            |           |            | Ideally, the booth's fire suppression system should be connected to the building's sprinkler system. If this is not an option, then a fixed suppression system can be used.   |
| Are sprinkler heads protected from overspray?  |            |           |            | A paper or cellophane (not plastic) bag that is less than 0.08 millimetres 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?                    |            |           |            | In regard to wiring, there are numerous variables to consider. As such, it's critical that a qualified contractor installs the spray booth.   |
| Is ventilation installed in a way that removes flammable vapours? Is ventilation used when spraying is done? |            |           |            |   |

|  |  |  |  |   |
|--|--|--|--|---|
| Are booths kept free of accumulating materials?  |  |  |  | Accumulating rubbish can create fire hazards in a spray booth.  |
| Are filters inspected daily and replaced regularly?  |  |  |  | Filters that have any sort of build-up will not adequately remove air. To avoid this, follow the manufacturer's guidelines on filter usage and replacement.                               |
| Are filters disposed of properly? Are receptacles emptied regularly?                           |  |  |  | Filters contaminated with spray are combustible, so it's critical to keep them in a non-combustible, approved container. They should then be removed regularly by a qualified contractor. |
| Are tools used for cleaning spray areas non-sparking?  |  |  |  |   |
| 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 to the earth. The secondary container must be bonded to the primary.   |
| Are taps on flammable liquid containers self-closing?  |  |  |  | To limit spills, taps should automatically return to a closed position when released.   |
| Are employees trained on cleaning up spills?   |  |  |  |   |



| <b>Sprinkler System</b>  | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>   |
|--|------------|-----------|------------|--|
| 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 dry riser outside the building easily accessible?                             |            |           |            | These items must be accessible so the fire brigade can pump more water into the system.  |
| Are sprinkler riser valves supervised (eg locked open or electronically monitored)?  |            |           |            |  |
| Are employees trained on what to do if a sprinkler is ever damaged and opens?        |            |           |            | In the event that a sprinkler head is accidentally broken and goes off, it's critical to shut down the water to avoid further water damage.        |
| Are workers instructed to never block sprinkler heads?                               |            |           |            | For most sprinkler systems, approximately 50 centimetres of clearance below sprinkler heads must be maintained in order for them to work properly. |

**PUBLIC LIABILITY**

| <b>Premises and General Operations</b>   | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>  |
|--|------------|-----------|------------|---|
| Are floor surfaces kept clean and dry?   |            |           |            |   |
| During winter, are the car park and pavements clear of snow and ice?                                   |            |           |            | Shovelling should either be done by a qualified employee or a third-party contractor. |
| Is a qualified, competent and experienced professional in charge of maintaining the vehicle forecourt? |            |           |            |   |
| Are all repaving projects for the vehicle forecourt contracted out to a trusted, qualified contractor? |            |           |            |   |
| Are customers always accompanied by an employee when walking around the vehicle forecourt?             |            |           |            |   |
| Are all exits (especially emergency exits) clearly marked?   |            |           |            |   |
| Is there an emergency lighting system available in the event that power is lost?                       |            |           |            | A third-party contractor should regularly test the emergency lighting system.         |
| Is there a security system place? Does it include cameras?   |            |           |            |   |
| Is the reception area in good repair?  |            |           |            |   |

|   |  |  |  |   |
|---|--|--|--|---|
| Are cyber-security precautions in place (eg up-to-date security software, data encryption measures 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 (eg passcode requirements and multifactor authentication processes).  |
| Does the dealership ever host tent sales? If so, are proper precautions in place?   |  |  |  | The employees in charge of erecting the tents for tent sales 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 programme 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 motor body service or repair area, are they escorted, and is work halted?                  |  |  |  | There are a number of hazards that customers could be exposed to in the work area (eg heavy vehicles on lifts, chemical usage and hot work).  |
| Are hydraulic lift areas outlined to let authorised visitors know where they shouldn't cross or stand?                                |  |  |  |   |



| Completed Operations – Motor Body and Repair Services  | Yes | No | N/A | Notes |
|--|-----|----|-----|-------|
| Are vehicle parts inspected by an experienced employee before installation?  |     |    |     |       |
| Are employees experienced and qualified for high-skill tasks, such as welding or computerised frame straightening?   |     |    |     |       |
| Are shop technicians and mechanics properly certified?   |     |    |     |       |
| Are detailed records on vehicle repair work kept?  |     |    |     |       |
| Are customers permitted to use courtesy cars while having their vehicle serviced or repaired?<br>If so, is there a policy in place that outlines requirements for courtesy cars? |     |    |     |       |

| Completed Operations – Vehicle Sales   | Yes | No | N/A | Notes  |
|--|-----|----|-----|--|
| Before being released to a purchasing customer, are all new vehicles properly inspected by a qualified employee? |     |    |     | Any employees responsible for new vehicle inspections should be properly certified. 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. |

|   |  |  |  |   |
|---|--|--|--|---|
| If new vehicles are issued to employees as demo vehicles, are they properly inspected, serviced and repaired (if needed) before being placed back in stock? |  |  |  |   |
| If used vehicles are sold, are these vehicles thoroughly inspected before being placed on the forecourt?  |  |  |  | Used vehicles must pass all required inspections before being placed on the forecourt. If any repairs must be made to a used vehicle before it is placed on the forecourt, these repairs must be conducted by a qualified employee or contractor. |
| Is there an adequate vehicle recall plan in place?  |  |  |  | In the event that a vehicle your dealership sold is ever recalled, it's important to have a proper response plan in place. Such a plan can help your dealership execute a successful recall and mitigate potential consequences.                  |

| Environmental  | Yes | No | N/A | Notes  |
|--|-----|----|-----|--|
| If the dealership offers painting services, are low volatile organic compound (VOC) paints used? |     |    |     | According to industry experts, low VOC paints include less than 50 grams of VOC content per litre.                         |
| Are paints and other chemicals kept in airtight containers?                                      |     |    |     |  |
| Are chemicals kept away from drains?   |     |    |     |  |
| Are chemicals properly disposed of?  |     |    |     | Some chemicals may be considered hazardous waste and, therefore, 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 tyres and refrigerants?     |  |  |  |  |
| Are employees trained on the reporting requirements for spills?         |  |  |  |  |

| <b>Garage Keeper's Legal Liability</b>   | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>   |
|--|------------|-----------|------------|--|
| 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 work order form?          |            |           |            | Such a form authorises 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 (eg fire or theft). |

**EMPLOYERS' LIABILITY**

| General   | Yes | No | N/A | Notes  |
|---|-----|----|-----|--|
| Are return-to-work initiatives in place?                          |     |    |     | This can be a written programme, 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 vapours.  |
| Are Safety Data Sheets (SDSs) available?                          |     |    |     | It's 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 practised?                                   |     |    |     | Floors and aisles should be clean with no tripping hazards.  |
| Is there a hot work programme in place?                           |     |    |     |  |
| Is there a formal training programme for new staff?               |     |    |     |  |

| <b>Test Drive Safety – Vehicle Sales</b>   | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>   |
|--|------------|-----------|------------|--|
| Do employees accompany customers on vehicle test drives?   |            |           |            | If so, employees must have a valid driver's licence, 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.   |

| <b>Equipment Safety – Motor Body and Repair Services</b>               | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>  |
|--|------------|-----------|------------|---|
| Has a personal protective equipment (PPE) hazard assessment been done? |            |           |            | Some tasks may require PPE (eg safety glasses, hearing protection or protective gloves).                      |
| Are employees trained on required PPE?                                 |            |           |            |   |
| If applicable, is there a respiratory protection programme in place?   |            |           |            | If spraying activities necessitate that employees wear respirators, a respiratory programme must be in place. |

|   |  |  |  |   |
|---|--|--|--|---|
| Does the respiratory programme include medical exams, fit testing and employee training?  |  |  |  |   |
| 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 labelled with the appropriate warnings and weight capacities?                               |  |  |  | There should be an inspection programme in place for jacks.   |
| If manual jacks are used, are jack stands utilised?   |  |  |  |   |
| 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 work boots, among others. |
|---|--|--|--|---|



**CRIME**

| General   | Yes | No | N/A | Notes   |
|---|-----|----|-----|---|
| Are cash, cheques 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 adequate inventory control procedure?                                 |     |    |     |   |
| Are internal audits of dealership finances conducted?   |     |    |     |   |
| Are background checks performed for all employees?  |     |    |     |   |
| Is there a specific procedure for purchasing petrol for vehicles on-site?                         |     |    |     | Whether this entails using a company credit or debit card, providing employees with cash to pay for fuelling operations or making arrangements with a local petrol station (eg setting up monthly billing), this procedure should be well-documented and clearly communicated to your staff. Further, measures should be taken to ensure this procedure is safe and secure. |

**MOTOR**

| <b>All Drivers</b>  | <b>Yes</b> | <b>No</b> | <b>N/A</b> | <b>Notes</b>  |
|---|------------|-----------|------------|---|
| Are all drivers at least 17 years old?  |            |           |            |   |
| Has driving licence information been secured for all drivers?                             |            |           |            | Employers can check which vehicles their employees are allowed to drive, as well as review drivers' penalty points or disqualifications by clicking <a href="#">here</a> .  |
| Do all drivers have an acceptable driving record?   |            |           |            | Different driving offences can result in endorsements that will add penalty points to a driver's licence. Based on the severity of the offence, the penalty points may stay on record for either four or 11 years. If a driver accrues 12 or more points within three years, they may be disqualified from driving. |
| Is there a policy in place on mobile phone usage? Is it properly communicated to drivers? |            |           |            | Employees should not use hand-held mobile phones 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? |  |  |  |   |
| Are there adequate measures in place for conducting vehicle test drives with customers?                                   |  |  |  | Customers should be required to provide a valid driver's licence before test driving a vehicle. Vehicles should be equipped with <a href="#">trade licence plates</a> before being test driven. In addition, the employee in charge of permitting the test drive should be sure to demonstrate to the customer how to operate key functions of the vehicle prior to the trip—including the ignition, wipers, brakes, headlights and indicators. |
| Are non-licensed 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.  |