

GMAC Risk Services

DEALER INVENTORY

LOSS PREVENTION PROGRAM GUIDE

“A Prevention Plan for Controlling Inventory Losses”



**GMAC RISK SERVICES/LOSS PREVENTION
6000 Midlantic Drive
Mt. Laurel, NJ 08054
1-800-380-4055**



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ATTENTION: THIS DOCUMENT CAN SAVE YOU MONEY!



1. EXECUTIVE SUMMARY

This *Loss Prevention Program Guide* is designed to assist your organization establishing controls that will reduce the likelihood loss to your vehicle inventory. Through the years we have identified methods used by dealers and the commitment that has led to lower incidences of theft, collision and weather losses. Dealers provide the resources that support these methods in their daily operation. These dealers have communicated the importance of loss prevention to their organizations. The following is a summary of our guide for controlling inventory losses:

1. Investigate every incident—small, large or a near miss. Improve weaknesses
2. Eliminate window lock boxes
3. Secure all automobile ignition keys – *working set* and extra set
4. Assign responsibility for key management – *Key Custodian*
5. Control keys initially when vehicles arrive before adding to inventory
6. Document key duplication
7. Establish procedures to manage key transfers
8. Utilize the functions of your electronic key management software per the manufacturer's operating instructions
9. Remove and keep keys from unattended vehicles
10. Qualify candidates considered for hire
11. Annually review state driving abstracts of all employees that drive
12. Perform random drug screens
13. Qualify prospective customers for test drives
14. Familiarize prospective customers with vehicle prior to test drives
15. Install procedures for sales representatives on test drives so that keys are controlled
16. Maintain minimum fuel levels in inventory vehicles
17. Install perimeter protection for the lot
18. Lock unattended vehicles stored outdoors
19. Enable anti-theft devices/alarms
20. Provide secure storage for high value vehicles
21. Secure wheels and tires with wheel locks; lock wheel covers in the trunk
22. Provide appropriate building security for vehicles stored indoors
23. Install night lighting for the lot
24. Place and enforce traffic control in the lot
25. Inspect deliveries as soon as possible
26. Secure keys and manufacturers certificate of origin for after-hour deliveries
27. Take inventory/count of vehicles regularly
28. Block park and place vehicles in uniform patterns
29. Plan and establish procedures for rising water conditions
30. Provide hail protection for vehicles in hail-prone areas
31. Protect trucks from theft through additional measures
32. Self-inspect dealership regularly
33. Provide regular loss control training for employees

2. PURPOSE

A solid Loss Prevention effort to protect your vehicle inventory can be the difference between profit and loss. Insurance costs are on the rise and business is more competitive every day. Higher incidences of vehicle inventory losses will negatively affect your insurance costs, and, thus profits.

This *Loss Prevention Program Guide* outlines proven methods that will prevent inventory losses in the GMAC Wholesale Floor Plan or the Motors Inventory Program. It is designed to incorporate flexibility for unique situations.

The *Loss Prevention Program Guide* is provided to assist you in identifying potential and actual loss-producing sources. The guide recommends methods to reduce the risks. As you know, losses from crashes, theft, weather and vandalism result in major disruption for your business.



The major risk areas covered in the *Loss Prevention Program Guide* include:

- Key control
- Internal auto theft
- Flood
- Hail
- Test drive
- Lot security
- Outside auto theft
- Vandalism
- Crashes
- Inventory control

Many of the control methods and discussions overlap. This provides a comprehensive approach to assure that related concepts are addressed. We expect this guide to be subject to constant change and improvement. If you are aware of proactive changes or have experience with creative means of loss prevention, please contact us to share your thoughts.

Thank you.

**GMAC Risk Services
Loss Prevention Service
6000 Midlantic Drive
Mt. Laurel, NJ 08054
(856) 778-3239
FAX (856) 778-3283**

3. INSURANCE AND INDIRECT COSTS

Insurance costs are typically those directly related to the loss incurred, such as a vehicle damaged in a storm or vandalized. Indirect or uninsured costs are those you bear without compensation, such as time spent investigating a theft, lost profit and good will. Estimates on these *indirect costs* indicate they are one-half to several times the actual insurance cost.

For example, if a vehicle is stolen then sustains damage and is recovered, the actual cost may be:

Actual damage to the vehicle (parts)	\$2,400
Labor repair cost	<u>1,200</u>
Total	<u>\$3,600</u>



The above direct cost would be subject to your insurance coverage deductible.

Additional costs your dealership could incur and absorb, but not see directly on paper might include:

- Time discussing loss-theft with police
- Resources to find a replacement vehicle
- Low/non-revenue time of vehicle in the shop for repair
- Lost revenue from selling vehicle in less-than-perfect condition
- Lost revenue from vehicle being unavailable for lease or sale
- Goodwill and time spent answering questions from customers
- Productivity lost from employees discussing vehicle theft or vandalism
- Time spent completing forms
- Time talking to claims adjusters

If the costs you absorb are one-half to two times the actual cost, think what \$1,800 to \$7,200 of additional costs to your profits and income statement. How many more cars do you need to sell to make up the difference for these indirect costs, let alone any increase in your insurance expenses in the future?

Now, consider your average profit margin. How many additional sales must be made to make up for the loss?



4. DEALERSHIP MANAGEMENT: Responsibilities And Support

Leading research points to crucial factors in successful safety programs - demonstrated support and direction from the organization's leadership – *the owners and managers*.



Other critical factors are the organization's safety structure, leadership, assignment of responsibility for particular procedures, authority, actions and performance. It takes more than an assigned "safety coordinator." Operating managers must be active and have results measured in their performance. Top management must be active and signal urgency!

Usually it is difficult to assign authority for protection of vehicles, people, buildings and equipment to one person. The entire staff should be made to realize that they each have responsibilities. Accountability for results needs to be established along lines of authority. The performance should be measured as with any other cost. Think of Loss Prevention, as it should be – *preventive maintenance*.

Learn from your mistakes. We recommend that every incident be investigated: large or small, near miss or actual loss. Don't repeat mistakes or think it won't happen again.

INVESTIGATE EVERY INCIDENT

Investigate all incidents, accidents and claims. Crucial information includes the root cause of an incident and ways to prevent recurrence. An example INVESTIGATION FORM is provided in the APPENDIX to assist you in investigation efforts. Near misses or close calls should also be investigated, as they are indicators of a hazard or potential problem.

DEMONSTRATE SUPPORT AND COMMITMENT

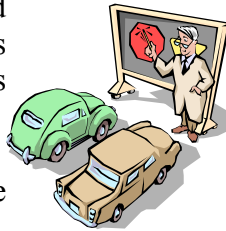
Top management should issue a policy statement. Establish a reporting system to measure results. Participate in representative meetings and functions. Support corrective measures. Communicate specific expectations.

5. LOSS PREVENTION METHODS

Approaches

Control methods are directed to eliminate or effectively hold a real or potential loss source in check. Most often more than one approach is necessary to be effective for a single loss source. There are three control approaches: physical, administrative and training. They are defined as:

- **Physical** – engineering controls that are permanent and solid – the electronic key machine’s hardware and software or physical barriers such as steel posts, guardrails and fences are examples.
- **Administrative** – procedures and policies to control situations – reduce hazards through a set procedure such as proper use of the key machine or checking for a driver’s license, or inspecting a lot for vehicle inventory.
- **Training** – reinforce physical and administrative controls – employees should feel comfortable in following procedures and need to understand business rationale for enforcing policies and protocols. Knowledge of the manufacturer’s recommended operation of an electronic key machine is critical.



Most loss sources require more than one of these control approaches for impact. We have attempted to provide as many viable control options as possible in this *Guide*.

When a GMAC Risk Services representative visits your location to consult with you, he/she will submit suggestions similar in concept to the methods discussed in this *Guide*, but tailored to your dealership.

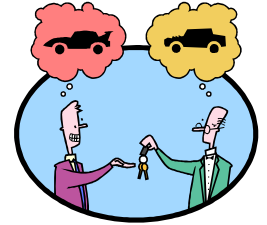
5.1 Employee Safety

Employee and customer safety need to be primary considerations when developing an overall Loss Prevention Program for your dealership.

Reference to workers safety is considered in this guide where applicable. During a road test with a prospective customer, the sales representative, customer and the vehicle may be at risk if there is a crash. In an attempted theft, the thief may place the sales representative at risk.

5.2 Key Control

The access to vehicle ignition keys is the most important element of vehicle theft prevention. Inadequate key management allows the easiest means for a thief to take a vehicle.



Employees, former employees, subcontractors, as well as the general public can steal vehicles. Theft is more difficult on some models with factory installed alarms and keys that must match chips in the ignition. This makes having the right key for a particular vehicle more important and may provide the potential thief more incentive to gain access to the keys.

The best way to control the working set of keys is to maintain a constant, retrievable record that includes who has possession, time of possession and purpose of key transfers. The record can be a manual paper manual or accomplished by electronic means. If inventory exceeds 150 vehicles, an electronic method is recommended. Assign the responsibility for over seeing these records to a key custodian. The key custodian should be fully versed in the software capabilities when a key machine is used. The second set of keys needs to be kept separated from the working set. Contingency plans for key control should include procedures to cover the responsibility of your key custodian when on vacation, out sick or in emergencies.

SECURE ALL AUTOMOBILE KEYS

Keys for all automobiles on the dealer lot need to be stored and kept in a secure area at all times when not in use. Keys need to be under the supervision of a *Key Custodian*. The two sets of keys need to be kept separated. One set of keys should be secured by being locked and controlled by a member of management. The other *working set* for demonstration test-drives needs to be secured when not in use. Security techniques for the working set include:

1. **Mechanically locked device.** Many dealers keep keys locked in a cabinet on a board for convenience. Other suitable locations would be a locked drawer, safe or secured office. The lock must be sturdy and access controlled – only one individual responsible (*Key Custodian*) should have access at any given time. The custodian logs all key movements.
2. **Electronic key control.** Another option is the use of an electronic inventory key control system. There are suppliers of equipment that will provide key control, prospect control, employees' accountability and dealer tag control through electronic means. It is very important that the key custodian be fully qualified in the system's operation.

ASSIGN RESPONSIBILITY FOR KEY CONTROL

Establish a Key Custodian to secure, monitor and log the use of vehicle keys for the wholesale inventory. In the case of a mechanical system, the custodian has the authority to control key movements. With an electronic system, the custodian is responsible for the system's operation and reporting. Duties need to be outlined and fully communicated to the responsible person. Back-up people need to be identified in case of unexpected or scheduled absences of the Key Custodian. Key control will be most effective if it is part of the performance evaluation of the custodian.

CONTROL NEW KEYS

Any arriving new inventory vehicles should have two keys. The key code number (knock-out) should be removed and secured. These keys should be added to the log upon arrival. The two sets of keys need to be separated (active set for test drives and extra set).

CONTROL DUPLICATE KEYS THAT ARE CUT

Any keys that are cut for inventory vehicles must have dealership management (Sales Manager) approval and records should be maintained documenting the approval process. Keys should only be cut for individuals appearing in-person and showing evidence of vehicle ownership. Photocopy identity records. *Do not cut keys from phone requests! Keep records for at least 90 days.*

PROCEDURES TO MONITOR KEY CONTROL

Establish a method to monitor your key control process. Keys checked out from the Key Custodian need to be logged and tracked until the keys are returned. A computerized system or traffic log may accomplish this task. The question of "where are the keys to any vehicle?" should be answerable at all times. Key inventory should be taken and documented at the end of each day. The key-making/re-cutting activity should also be audited for proper procedure.

KEY SUBSTITUTION

Car thieves often take the actual set and replaced them with "phony" keys and the inventory appears normal. This occurs during test drives and when keys are unattended. Secure dealer identification tags on the keys and awareness by the sales staff are necessary of the key switch possibility at all times.

REMOVE KEYS FROM UNATTENDED VEHICLES

Automobiles that are unattended are not considered *in use*. Keys to these autos must be kept in the central storage area for proper control. All keys need to be removed from unattended vehicles. Vehicles are unattended if a sales person or other dealership representative is not using the vehicle.

WINDOW LOCK BOXES

ELIMINATE THE USE OF SIMPLE WINDOW LOCK BOXES. THEY DO NOT ALLOW FOR DOCUMENTATION OF KEY LOCATION AND DO NOT SECURE THE KEYS AND VEHICLE FROM THEFT. THE BOX MAYBE BROKEN OR DEFEATED EASILY.

5.3 Inside Crime and Safe Driving

A comprehensive hiring approach developed with an attorney familiar with your state's labor laws can prevent the hiring of problem employees, poor performers and security risks. The best hiring procedures include the use of a written application, reference checks, credit report, drug screen, criminal background check, motor vehicle record check, an interview by the hiring manager, multiple interviews by other managers and an administrative control of the process.

QUALIFY CANDIDATES BEFORE HIRE

Candidates need to be qualified during the interview process. A review of motor vehicle records (MVR) is helpful for employees that will drive dealership vehicles. A proper drug screen should be part of the physical. Obviously, any employee driving vehicles needs to have a valid drivers license. The following are recommended as part of the hiring process:

1. Driver's license visual check and copy on file
2. Motor vehicle record (MVR); see APPENDIX for Driver Qualification and Evaluation and MVR guidelines
3. Planned interview; have candidate complete a written application
4. Reference check with previous employers
5. Driving test on a predetermined route (an example evaluation form is provided in APPENDIX)
6. Criminal background check
7. Credit check

5.4 Test Drives and Employee Safety

Occasionally, prospective customers have driven away with vehicles during a test drive and never returned. At the same time, sales personnel accompanying customers on test drives may be at risk. While this may appear to be a no-win situation, there are ways to control both exposures.



QUALIFY PROSPECTIVE CUSTOMERS – TEST DRIVES

At a minimum: 1) keep a copy of the driver's license of any prospective customer on file and his/her insurance information; 2) ask for and keep the keys of the vehicle the customer arrived in; 3) photocopy or keep a major, nationally recognized credit card. The license must contain photo identification and must be checked visually. Additional controls for qualifying prospective customers include:

1. Interview the prospective customer to obtain information such as home and work addresses and phone numbers that may prove helpful later. Employment may also be verified.
2. Make sure others in the dealership know when someone is going on a test drive. It is a good idea to have the prospective customer come into the building to be viewed by other dealership personnel. Also, a security camera in the building may be helpful.
3. If the situation is questionable, ask the prospective customer to return for a test drive the next day, after collecting MVR and other information.

PROSPECTIVE CUSTOMER FAMILIAR WITH VEHICLE

Review all operational aspects of all vehicles prior to allowing a prospective customer to drive a vehicle. Seat belt, mirror adjustment, signal switch and seat adjustment should be reviewed at a minimum.

Always require seat belt use of all passengers.

It is specifically forbidden to advise a prospect or customer to *exceed the speed limit* in order to demonstrate the quickness of a vehicle

SALES REPRESENTATIVE PRESENT ON TEST DRIVES

Determine routes before leaving the dealership lot. The sales representative could use a portable phone with predetermined procedures in the event of an emergency.

KEEP LITTLE FUEL IN TANKS

Keep as little fuel in the tank as possible. A thief may hesitate if very little gasoline or diesel fuel is in the car or truck. If a theft occurs, the thief may have difficulty refueling late at night, which may increase the probability of recovery.

5.5 Lot Security and Vehicle Protection

Many of the controls above are procedural or administrative. The following recommendations concentrate more on physical protection of the vehicle inventory on the lot. Be sure to check with your local building authority for allowances and conformance to applicable codes.



INSTALL PERIMETER PROTECTION FOR THE LOT

The perimeter of the vehicle storage lot needs to be secure for optimum protection. Dealerships with optimum perimeter protection features have:

Perimeter protections that employ a comprehensive system of theft deterrent barriers and gates that are locked during non-business hours, or an interactive electronic centrally monitored intrusion system. There are no open spaces or non-solid fencing such as chain link that inadequately protects sections of the property perimeter.

All entrances have solid and secure gates with (for example) heavy-duty hinged metal piping and concrete posts. All entrances are blocked and all gates closed and reinforced with blocker vehicles that have automatic transmissions during non-business hours.

The lighting system meets minimum illumination standards of 3 to 4 ft.-candles. The dealer reviews the lighting periodically during nighttime hours to ensure that it does not allow any shadowy areas or that bright front lights create a “light curtain” that obstructs the view of any portion of the lot from the street. Exterior lighting is on during all hours of darkness.

Because the dealership houses vehicles, vehicle keys, parts, money, etc., they are protected by an alarm system with central station monitoring. The vendor performs unannounced system tests. The dealership facilitates dialogue between the vendor and the local authorities to decrease response time. These and other similar pre-loss actions can greatly enhance the effectiveness of this security device.

High volume dealerships, dealerships in high crime areas, or dealerships with large expanses of display areas are monitored by a video surveillance system that is centrally monitored and continuously recorded. There are a number of vendors that offer impressive technologies in a centrally monitored system. Combined with high-resolution cameras, 24-hour “live” system operators, motion sensors and on-site loudspeakers, and continuous taping, these systems are often much more reliable (and eventually cost-effective) than a security patrol. The number of videotapes archived is equal to the number of days between formal, physical vehicle inventories, to insure that video footage is available for every day. Failing to incorporate this practice into dealership operations will negate the investment in a video surveillance system. Video systems can also assist the dealership in preventing and defending general liability and workers compensation-type claims.

If a monitored alarm system is not used, the dealership uses off-duty police officers or a private security service to patrol the grounds **continuously** during non-business hours. Guards are required to punch station clocks and submit written daily activity reports for management review. Only reputable, bonded guard services are used.

LOCK UNATTENDED VEHICLES STORED OUTSIDE

All unattended vehicles need to be locked when stored outside.

ENABLE ANTI-THEFT DEVICES/ALARM

Enable the alarms/anti-theft devices, where available, on all vehicles stored outside.

SECURE HIGH VALUE VEHICLES

High value or target vehicles may need added protection. We suggest storing them inside the building at night or in other secure areas.

SECURE WHEELS AND TIRES

Wheel locks are useful to protect high value wheels and tires. Wheel discs can be locked in the trunk. Spare tires (e.g. trucks) can be stored inside the dealership.

TRAFFIC CONTROL IN LOT

Provide traffic control in the lot based on location and layout. This may be accomplished with traffic markings painted on the lot surface (lanes, direction arrows, pedestrian cross-walks, STOP, parking, etc.) signs (STOP, YIELD, Pedestrian, etc.), and speed bumps. Enforce a speed limit.

MISCELLANEOUS

Additional items to look for include: people in the lot engaging in suspicious behavior – i.e., taking notes of vehicles, walking from vehicle-to-vehicle quickly, long periods on the lot, etc.

5.6 Inventory Control

Vehicle deliveries and lot storage are of concern due to the large number of vehicles involved in most dealerships. Rows of vehicles make inventory maintenance and control a challenge for anyone. The following are recommended to assist in your inventory control efforts:

INSPECT DELIVERIES AS SOON AS POSSIBLE

Inspect each vehicle as soon as possible upon delivery. *Note inspection and delivery times.* Have a responsible party or representative sign for the delivery when possible. Any damage or problems should be reported right away to the appropriate division and Transportation Company. Ensure deliveries are made during business hours.

TAKE INVENTORY/COUNT VEHICLES REGULARLY

Develop a system or method to count your vehicle inventory regularly. We suggest inventory be taken monthly at a minimum. Key records will help you determine that all vehicles are present. If a theft has occurred, you need to report the loss immediately to police and GMAC Risk Services Claims. The sooner a loss is reported, the better the chance of recovery. When the key record indicates a key is missing attempt to locate the vehicle immediately. If found, secure the vehicle.

“BLOCK PARK” VEHICLES IN UNIFORM PATTERNS

At all possible times, “block-park,” or “lot pack,” vehicles in a uniform pattern. Block parking limits access to certain vehicles. Also, a quick glance at the pattern will reveal any missing vehicles.

5.7 Weather and Natural Exposures

Know the risks from the weather and natural occurrences that may affect your inventory. Be aware of all that occur in your region. The key is to plan long range. Year after year events recycle. Here are some weather-related exposures that you may have problems with:

- Hail
- Flood
- Sunshine – ultra-violet rays and heat
- Sink holes
- Earthquake
- Wind – airborne materials
- Tornado
- Mud slides



Flood and High Water

If your location is in a flood plain or prone to high water, the following is recommended.

PLAN AND PROCEDURES FOR FLOOD CONDITIONS

Develop a Storm Emergency Plan. A procedure to move vehicles to high ground during flooding or high water needs to be in place. This should include 1) enough land/space for a temporary storage area to move and park the vehicles; 2) permission to use or lease, or ownership of the land; 3) personnel availability (qualified drivers) to move vehicles on short notice (all personnel driving wholesale inventory vehicles need to be qualified as discussed earlier); 4) a plan or route to efficiently move the vehicles to high ground temporary storage; 5) a method to determine the priority of vehicle movement; 6) the monitoring of inclement weather conditions; and 7) a method to secure vehicle storage at the temporary lot. The route should avoid other flood situations. A second contingency route should also be determined. *Those dealerships in hurricane areas may need to have a separate plan to move vehicles (which may be further away) when storm landing is predicted.*

In many cases and elevated, enclosed parking garage facility makes an excellent temporary lot. It is best to make arrangements for these facilities prior to the need to use them.

Hail and Windstorm

If there is a history of hail or wind damage, the following is recommended.

PROVIDE HAIL PROTECTION FOR VEHICLES

Protection of vehicles from hail may be accomplished from the following methods:

1. **Storing vehicles inside buildings.** High value vehicles should be top priority if limited space is available.



2. **Installing netting above vehicle storage areas or lots.** A netting material is available that is substantial in design that will stop or break up hail. Contract with a qualified vendor.

Please contact GMAC Risk Services Loss Prevention or Customer Service for questions on hail-prone areas or possible vendors for the above materials (1-800-380-4055).

5.8 Medium and Heavy Duty Trucks

INCREASE THEFT PROTECTION ON TRUCKS

Theft protection on medium and heavy-duty trucks may be enhanced by:

1. Removing the fuse or circuit breaker for diesel fuel pumps;
2. Removing other fuses;
3. Keeping axles or drive shafts disassembled on trucks towed in;
4. Locking rear wheels on trucks through rear brake adjustment; and
5. Loosening the fuel line to limit vacuum and keep fuel from the engine.



5.9 Self Inspections

No one is more qualified to audit your dealership's physical lot and procedures than you. You have knowledge of operations inside and around your dealership. However, seeing the same things over and over tends to build a sense of security and complacency. Even though you are able to quickly note most things out of the ordinary in your dealership, we recommend a checklist to assist and remind you of all the loss control items that are critical.

Self-inspections should be done regularly and thoroughly to be effective in controlling exposures at your dealership. It is a trigger mechanism to check everything.

SELF-INSPECT DEALERSHIP REGULARLY

A self-inspection is your over site on all other procedures and the physical maintenance of the lot. We recommend documenting a self-inspection quarterly, and that it include all items shown in the example *SELF-AUDIT/INSPECTION* in APPENDIX.

5.10 Training

On-going training for all dealership employees is the best way to reinforce the critical loss control issues and show continued leadership and support for your incident-prevention efforts.

PROVIDE REGULAR LOSS CONTROL TRAINING

Training needs to be conducted to reinforce the principles learned and the performance for which each employee is held accountable. Training may be of various types, from formal programs and seminars to informal discussions. Pick the appropriate type based on time and effectiveness. The following and the REFERENCE BULLETINS (see Section 5. and APPENDIX) may be used as support and training guides:

Incident investigation. Managers with the responsibility for completing investigations need to understand the need to identify cause of loss and controls to prevent recurrence.

Key security. Emphasize the need for key control; that is critical for dealership operations. Assign responsibilities and work closely with individuals on proper key control (both existing and newly cut keys). Write up proper procedures for departmental key control duties as an exercise.

Remove keys from unattended vehicles. Inform all employees of the importance of keeping keys out of unattended vehicles, keeping vehicles locked and anti-theft devices enabled, making immediate contact with visitors on the lot and keeping an eye out for suspicious behavior.

Qualify all candidates before hire. Review procedures with those managers responsible for interviewing and hiring candidates.

Test drives. Review sales techniques for collecting information in a positive manner with sales staff. All test drive customers need to check out the vehicle before operation. Casually inquire about the mirror, seat adjustment, seat belt, control location, etc. Stress to sales staff the importance of their safety on test drives.

All employees. Note importance of: 1) maintaining adequate perimeter protection, 2) block parking and in a pattern, 3) added protection for high value vehicles, and 4) building security and lot lighting.

Traffic control for the lot. Be aware of existing traffic patterns and what may be improved if bottlenecks, uncontrolled intersection or other hazardous conditions exist.

Inventory. Inspect deliveries as soon as possible and report back as needed. Make sure ignition keys and manufacturer's certificate of origin are accounted for with each vehicle; take a count regularly.

6. LOSS PREVENTION SERVICES FROM GMAC RISK SERVICES

GMAC Risk Services Loss Prevention Assistance offers consulting on the program elements in this guide. Our staff is fully trained in auto dealership wholesale inventory safety techniques. We are available by phone to discuss these safety issues concerning Wholesale Floor Plan Inventory vehicles (1-856-778-3239).

If you are considering a new location for your dealership, or are adding new facilities, we are available to consult with you on safety preplanning. Please call us during the design stage of a new location or addition if you would like our input.

Flood, Hurricane, and Tropical Storm Avoidance Plan

Every location throughout the country is subject to catastrophic storms (hail, windstorm, flooding, etc.) This worksheet will assist you with common concerns and developing a plan to deal with them. Follow the steps and develop your Storm Readiness Plan

Dealership Name: _____

Dealership Storm Coordinator: _____

Step 1 – Appoint A Severe Weather Team

1.	4.
2.	5.
3.	6.

Step 2 - Evaluate The Threat (Consider what the dealership’s risk of threat is)

Threat	Your Evaluation
Flood or Rising Water <ul style="list-style-type: none"> ▪ Expect ordinary drainage to fail ▪ Consider heavy rain effect on local streams. ▪ Identify and mark low spots on each lot ▪ Identify local construction activity. Loose materials may block or restrict drainage 	Complete this section by describing the specific floodable areas of your lots by address and location on the lot.

Step 3 – Review Storm History

Lot Location	Type of storm and portion of lot that flooded.

**Step 4 – Assign Preparedness Responsibilities & Describe Your Plan In
Detail**

Responsibility		Required Actions
1.	Storm Coordinator: Plans and Executes the Plan. Indicate Name Here	Responsible for planning, organizing, recognizing when to execute the plan, and supervising the execution of the plan.
2.	Locate “safe” parking facility. Arrange parking rights if necessary	Indicate addresses and evaluate likelihood of flood each address. Describe plan for vehicle and key security
3.	Organize manpower for move:	Storm Coordinator will call Storm Team Members who will then call employees. Attach the names and phone numbers of team members and employees.
4.	Designate priority vehicles: Move high value vehicles first Access to keys and key control is important.	Specifically explain how you will keep control of the keys.
5.	Establish a route to facility:	Attach a copy of specific driving directions and route map to “safe” parking facility.
6.	Monitor weather conditions: Provide the name of the person responsible	Specifically describe the trigger for each scenario. 1.Heavy Rain 2.Tropical Storm 3.Hhurricane 1. 2. 3.
7.	Put plan into effect. Provide name of the person responsible	Storm Coordinator’s responsibility. Does Dealer need to approve implementation?

Dealer Inventory
Loss Prevention Program Guide

8.	Supervise move to parking facility	Address Key management, premises security, and safe driving issues.
9.	Contact GMAC Risk Services – For Questions (800) 729-4622, Option 3	Provide documentation of expenses and VINS.

Vehicle Theft Investigation Worksheet

Vehicle Information

Year/Make/Model: _____

New Used Custom Unit Auction Purchase Dealer Trade Customer Vehicle

Determination of Theft

Day/Date Noticed Missing: _____ Who reported the occurrence: _____

Physical evidence of theft: _____

Date vehicle was last seen: _____ Could vehicle be at a vendor location/sold? _____

Results of the review of key logs/test drives to determine location of vehicle _____

Names and comments of last employees to touch vehicle or keys: _____

Has a Police report been filed? _____ Has the theft been reported to the insurance carrier? _____

Are both sets of "original" keys present? _____

Where was the last known location of the keys? _____

According to the key out report or log, who was responsible for the keys at the time of loss and does this person still have the keys? _____

If the keys are missing, why were they not returned to the key machine/custodian on the day they were taken out **and** why was this situation not identified on the key report/log prior to the theft? _____

Key Review

Do records indicate that a key was duplicated for this vehicle? _____ If so by whom, when and why? _____

Corrective Action

What actions and / or problems contributed to this vehicle theft? _____

What was the main or “root” cause of this vehicle theft? _____

Specifically, what actions and / or procedures should be implemented to prevent this type of theft from occurring in the future? _____

Provide in detail the action plan and time frame for implementation of the above recommendation? _____

Management
Approval: _____

Signature: _____
Date: _____

APPENDIX

ROAD TEST EVALUATION

Drivers Name: _____ **Date:** _____

Drivers License Number & State: _____

Check (✓) if satisfactory, place an (X) if needs attention or improvement and (O) where not applicable. Five or more Xs indicate unsatisfactory driving performance.

<u>PRE-DRIVING PREPARATION</u>	Signs & Stopping
___ Mirror adjustment	___ Looks ahead for signs & signals
___ Seat adjustment	___ Approaches signals properly
___ Lights – location of control	___ Slows vehicle gradually
___ Windshield wipers – location of control	___ Comes to complete stop
___ Horn	___ Starts smoothly
___ Gages	___ Slows or stops at railroad crossing
___ Parking brake	
___ Seat belt use	
___ Allows sufficient space	___ Passes safely
___ Clear area behind if backing	
___ Check before pulling out	___ Signals pulling from curve
___ Starts motion smoothly	___ Observes posted speed limit
___ Uses clutch & shift property (if manual)	___ Follows appropriate distance
___ Avoids unnecessary backing	
___ Parks adequate distance from objects & other vehicles	
___ Parks using wheel position & parking brake	___ Adjusts speed to curves
___ Uses both hands on the steering wheel	
___ Enters intersections prepared to stop	___ Centers vehicle in the lane
___ Checks for cross traffic patterns	___ Evaluates other traffic
___ Yields to others	___ Uses mirror frequently
___ Signals intentions early	___ Avoids being boxed in
___ Changes lanes appropriately	___ Alert to “live parking: (where vehicle is ready to enter traffic)
___ Turns when way is clear	___ Takes decisive action

Overall performance: Satisfactory ___ **Needs training** ___ **Unsatisfactory** ___

EXAMPLE DRIVING QUIZ

Please read each carefully and enter your answers in the last column. Thank you.

Question	A	B	C	D	
1. What is the typically accepted following distance for a car behind another vehicle in traffic?	1 second	2 seconds	4 seconds	8 seconds	
2. The most effective way to maintain control of your vehicle during wet or ice-covered roads is:	Let some air out of tires	Drink coffee	Lower speed	Keep foot on brakes	
3. What is the response of tires when riding on a thin film of water?	Hydroform	Hydrofoil	Skid	hydroplane	
4. At a four-way stop (controlled intersection), who may proceed first?	Vehicle on the right	First to the intersection	A & B	None correct	
5. What is the appropriate distance to stop behind another stopped vehicle?	So the road is visible in front of car	Close enough to read the license plate	10 feet	1 car length	
6. If a car is equipped with an air bag, what other devices needs to be used for the air bag to be effective?	Anti-lock braking system	Seat belt	Padded steering wheel	None are correct	
7. Anti-lock brakes will keep a driver from striking another vehicle in the rear? True or False	True	False			
8. In a clockwise rear-wheel skid, as you take your foot off of the gas peddle, what direction should you steer?	Does not matter since skid will be straight	Clockwise	The direction you want to go	None are correct	
9. When passing, your speed generally needs to be 10 to 15 mph faster than the vehicle you are passing. How much over the speed limit is generally accepted for passing?	10 to 15 mph	Less than 10 mph	Driving over the speed limit is not allowed	None are correct	
10. Vehicle parking should limit the amount of backing when pulling out. What is the rationale for this technique?	Reduce amount of backing blind	Save time	Easy access to vehicle	None are correct	
11. If you are parking along a curb and there is a spot between two cars and another further ahead with no car in the front, why is the latter the best choice?	Reduces backing	Does not tie up traffic	Allows you to pull out easily	All are correct	
12. Which of these actions are considered unsafe while driving a motor vehicle?	Overdriving the head lights	Talking on the phone	Hydroplaning	All are correct	

EXAMPLE DRIVING QUIZ ANSWER KEY

Answer Key		
Question	Answer	Rationale
1	B	2 seconds or about one vehicle length for every 10 mph.
2	C	Many accidents in inclement weather are a result of driving too fast for conditions.
3	D	Hydroplaning typically occurs at speed over 35 mph and the tires can no longer wipe the water away, but rather ride on a thin film of water – this is a dangerous condition since there is no traction with the road.
4	C	Always yield if in question – the vehicle arriving first has the right of way – if two or more vehicles arrive at the same time, the vehicle on the farthest right has the right of way.
5	A	When stopped in traffic, you should be able to see the road in front of your vehicle – this is using the “wedge” technique.
6	B	Manufacturers recommend the use of seat belts for cars with air bags – seat belt use is recommended for all vehicle use.
7	B – False	Anti-lock brakes keep the wheels from “locking up” and allow the driver more control during hard braking situations – nothing takes the place of allowing the proper following distance to avoid rear-end collisions.
8	C	Correcting the rear-wheel skid requires attempting to move the vehicle in the correct direction.
9	C	Exceeding the speed limit is unlawful and unsafe, even when passing.
10	A	Backing into a parking place allows the driver better confidence that something or someone is not in the blind backing area – if backing out later, a driver may not see people, particularly children directly behind the vehicle without first checking.
11	D	All are correct.
12	D	All are correct.

Dealership Inventory Theft Inspection

LOCATION: _____
 INSPECTION REPORT NO.: _____
 DATE: _____ CONDUCTED BY: _____

Topics:

Hiring Practices

1. Employee hiring procedures# New hires since last review ____
 - a. MVR in file O O
 - b. Drug screening in file O O
 - c. Credit check in file O O
 - d. Criminal background check done O O
 - e. Process signed off by management O O

Key management

2. Is an employees appointed as the key custodian? O O
3. Is there an electronic key management machine at this location? O O
 - 3a. Are reports run daily? O O
 - 3b. Are employee access codes up to date? O O
4. If no key machine:
 - 4a. Is the log up to date? O O
 - 4b. Are keys secure when not in use? O O
5. Is the second set of keys locked in a secure area?..... O O
6. Is key duplication recorded? O O
7. Are night drop slots utilized? O O

Property Perimeter Protection

8. Is the entire property perimeter protected? O O
 - a. Gates closed during non-business hours O O
 - b. Solid barriers or natural O O
 - c. Fencing O O
 - d. Central station monitoring O O
 - e. Exterior lighting adequate O O

Test Drive Procedures

9. Is a copy of the customer's drivers license and insurance kept?..... O O
10. Are the keys of the customer's vehicle obtained during the drive? O O
11. Is there a driver switch procedure? O O

Inventories

12. Are inventories conducted at least monthly? O O
13. Are vehicles block parked at the close of business each day? O O

Action Plan:

	<u>Item discussion</u>	<u>Responsible person</u>	<u>Target Date</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

EXAMPLE SELF-AUDIT FOR VEHICLE DEALERSHIPS

This inspection needs to be conducted and interpreted much like a balance sheet. It is a snapshot picture of the floor plan inventory loss control status on a particular day. This audit is more than a checklist. You may need to review prior to completing, particularly for the first time. GMAC Risk Services Loss Prevention Services recommends the inspection be completed quarterly and that the dealership keep copies.

Today's date: _____

Your Name: _____

Follow up	
Date of last inspection: _____	
What was not completed from last inspection and why?:	
Item:	Why:
Item:	Why:
Item:	Why:
Resolution Plan:	Target dates:

Key Control	
Are keys accessible to the public? yes no	Are there any keys in unattended vehicles now? yes no
How are keys secured?	Who is the key custodian?
Is this the usual key custodian yes no?	If not, explain circumstances:
Can service manager properly explain key cutting policy? yes no	
_____ No. keys cut in the last 30 days (no. logged)?	_____ Mgt. Approval provided for how may cut keys

**Dealer Inventory
Loss Prevention Program Guide**

Employees	Test Drives
<p>___ No. of new employees hired in the last 30 days?</p> <p>___ MVR ___ Written application ___ Copy of valid drivers' license ___ Reference check ___ Driving test ___ Written test ___ Interview ___ Drug tests</p> <p>___ No. of terminated employees last 30 days ___ Ave. no. of full-time employees or equivalents.</p>	<p>Select two sales representatives to interview and complete the following:</p> <p>Names: _____</p> <p>No. times the following done on test drives with prospective customers in the last 30 days:</p> <p>___ No. of test drives ___ Collect credit card number ___ Photocopy driver's license ___ Verify customer is holder of license ___ No. where there are multiple drivers ___ No. of test drives you accompanied ___ No. where you notified dealership before leaving ___ No. times customers were familiarized with auto</p>

Lot Security & Vehicle Protection – Burglary & Vandalism	
<p>Type perimeter protection available:</p> <p style="padding-left: 40px;">physical barrier; steel posts, concrete, etc. 6 foot chain link fence video surveillance security personnel on patrol other _____ none</p> <p>lighting covers what % of dealership? _____</p> <p>lighting for what period during the night? all night hours partial _____</p>	<p>What high value inventory does this lot carry?</p> <p>_____</p> <p>_____</p> <p>What is done to protect high value inventory?</p> <p style="padding-left: 40px;">inside storage _____ alarm activation _____ other secured storage area _____ other _____ other _____</p> <p>Any unattended vehicles unlocked right now? Yes No</p>

Building Security			
Building component present:			
	Good	Needs Attention	Needs Replacement
<p>Solid construction doors (solid metal or wood preferred) Dead-bolt lock type (note for life safety reasons, dead bolt locks cannot be used on emergency exits during working hours) Alarm (U.L. certified) – motion, other _____</p> <p>___ Windows/glass – burglar resistant – front glass lit.</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>	<p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>

Administrative & Training	
<p>Avg. time lapse to inspect daytime deliveries _____ (reconcile noted delivery and inspection times)</p> <p>When was last theft/vandalism loss? _____</p> <p>Was an incident investigation completed? Yes No</p> <p>By whom? _____</p> <p>Did investigation result in ID of cause or Item(s) to prevent recurrence? Yes No</p> <p>Has the control been implemented or installed? Yes No</p> <p>Dealership policy on incident investigation? _____</p> <p>How often is inventory taken? _____</p> <p>How is inventory taken? _____</p> <p>Regular inventory count kept? Yes No</p>	<p>Are vehicles block parked? Yes No</p> <p>Vehicles block-parked in a pattern? Yes No</p> <p>How much fuel is kept in the vehicle tanks? _____ How is this monitored? _____</p> <p>_____</p> <p>Is the dealership in a flood plain or high water area (flash flood, near river, poor drainage area, etc.) Yes No</p> <p>What is your high water plan (if appropriate)? _____ _____ _____</p> <p>Date of last employee training for loss control and what covered? _____</p>

Medium & heavy duty trucks
<p>Are trucks handled at this dealership? Yes No</p> <p>Method of truck security used?</p> <p style="margin-left: 40px;">Removing the fuse or circuit breaker for diesel fuel pumps.</p> <p style="margin-left: 80px;">Removing other fuses.</p> <p style="margin-left: 40px;">Keeping axles or drive shafts disassembled on trucks towed in.</p> <p style="margin-left: 40px;">Locking rear wheels on trucks through rear brake adjustment.</p> <p style="margin-left: 40px;">Loosening fuel line (limits vacuum and keeps fuel from engine).</p>
Notes

REFERENCE BULLETINS

LEARNING FROM SERIOUS LOSSES

“Review of actual losses and prevention techniques”

CAR-JACKING

Recent statistics show car jackings have increased dramatically. Car jacking crimes occur during all hours of the day and under a variety of circumstances.

Car jacking is a crime of violence. It involves not only the loss of a vehicle and its contents, but also places the salesperson and prospects in a precarious situation.

The key to any crime is prevention: a proactive prevention plan can reduce the opportunity a criminal needs to operate.

Things you can do to avoid exposure to car jacking:

- Pre-qualify all sales prospects. Photocopy the prospect’s driver’s license and leave it with the manager during test drives.
- Establish a set, well-lit and familiar travel route and time limit for test drives.
- Use a demonstration log and list salesperson, customer, unit and time out.
- Begin the test drive with salesperson driving, then stop, remove the keys and change places with the prospective client.
- Lock car doors and roll up the windows when driving. Do not open your car door or windows if you feel threatened.
- Be alert to pedestrians approaching the car. Remain alert to your surroundings, aware of activity and avoid any questionable situations.

If you are confronted by a robber:

- Remain calm and follow directions.
- Do not resist.
- Give up the property requested.
- Use common sense. If a car jacker demands your keys, give the keys to them. Make a note of their description and find a safe place to notify the police.

DRIVER'S LICENSE VISUAL CHECK

The items mentioned in this REFERENCE BULLETIN are intended to be guidelines for completing a visual check of a driver's license. This should be helpful for prospects on test drives as well as potential candidates for hire.

DOES THE LICENSE BELONG TO THE PERSON?

- ✓ Signature matches the individual's – you will need the person's signature elsewhere first.
- ✓ Photograph of the person (when available) should look like the individual.
- ✓ Description needs to match – height, sex, age.
- ✓ Address verified.
- ✓ Condition of license is good – not defaced, no erasures or corrections.

RESTRICTIONS

- ✓ Corrective lenses used? – Ask if they are wearing contacts
- ✓ Daylight operation only?
- ✓ Type of vehicle?
- ✓ Employment or business use only?
- ✓ Any other?

IS IT VALID?

- ✓ Expiration date has not passed?
- ✓ Appropriate for the type of equipment the individual will operate?

THEFT BY PROSPECTIVE PURCHASER/FALSE PRETENSE

Loss

A well-dressed man approached a car wash attendant at a GM dealership and indicated the two dealer principals were acquaintances. He indicated they agreed he would be able to take a Suburban out for a test drive.

The man knows both dealer principals' names and appeared to have known them for some time. He said he needed to take the Suburban to show his wife when she got off work for the day. He motioned to the Suburban, which was in sight from the car wash.

The car wash attendant could not help the man and called the secretary. The man repeated his story to the secretary, who was convinced he knows the dealer principals and was promised the test drive.

Both dealer principals were gone on this day. The man would leave his car while he took the Suburban to show his wife. The secretary gave the man the Suburban ignition keys. Hours later the man's car was gone too. The Suburban was never returned. There are elements to this story that have common threads in many thefts by prospective purchaser losses:

- Well-dressed individual initiates the process;
- The individual contacts an employee at the dealership with the least authority;
- Dealer management is not available at the time of the incident; and
- The individual is interested in an expensive or highly desirable vehicle.

Control

Proper procedures for qualifying prospective customers for test drives must be followed. Alerting employees of this potential problem will assist them in identifying similar situations. The following is an overview of our recommendations to protect against theft by prospective purchaser losses:

1. Keep a copy of the prospective customer's driver's license;
2. Photocopy or record the number of a major, nationally recognized credit card;
3. Interview the prospective customer (in the case above, a manager should have been involved);
4. Let others know that a vehicle is out on a test drive
5. Exercise key control procedures; and /or
6. If in doubt, ask the prospective customer to return and speak with the individual(s) they know.

Please refer to the Sections on Key Control (4.3.) and Test Drives (4.5.) in the *Loss Control Program Guide* for more detailed information.

Motor Vehicle Records - A Management Tool

Motor vehicle records (MVRs) are valuable management tools for employers in any type of motor transportation business. An MVR will verify that your present or prospective driver has a current, valid operator's license and a satisfactory driving record.

Violations listed on an MVR vary in significance. They reflect a person's driving habits and, to a degree, indicate future accident involvement. We classify violations into three categories:

Capital Violations:

The MVR check so indicates, or if it is otherwise determined, that the driver has one or more of the following violations within the last 5 years:

1. Driving while intoxicated or impaired or under the influence of drugs.
2. Criminal conviction with a motor vehicle (e.g. felony, hit and run, negligent homicide).
3. Speed in excess of 25 MPH over the speed limit.

Major Violations:

These are serious violations incurred at a high frequency which indicate a disregard for public safety:

a. Violations incurred in the last 3 years:

1. Any combination of three or more moving violations, "At Fault Accidents", or "Preventable Accidents";
2. Driving with a suspension, revocation or administrative restriction;
3. Leaving the scene of an accident as defined by state laws
4. Reckless driving.

b. Violations incurred in last 12 months

1. Any combination of two or more moving violations, "At Fault Accidents", or "Preventable Accidents";

Other Violations:

These include all other moving violations. However, we do not consider that moving violations include:

- a. All other moving violations other than Capital or Major Violations noted above.
- b. Any motor vehicle "equipment" law requirements, except brakes.
- c. Failure to display number plates, provided they exist.
- d. Failure to have an operator's or chauffeur's license available, provided it exists.
- e. Overweight and overload offenses.

The following two step-by-step guides will help you evaluate MVRs for applicant drivers and current drivers:

I. GUIDE FOR EVALUATING MVRs FOR APPLICANT DRIVERS

1. MVR indicates applicant has a current license for company vehicle(s) he or she will be driving:
 Yes. Continue to step 2.
 No. ***DO NOT CONSIDER FOR DRIVING POSITION.***
2. MVR indicates violations:
 Yes. Continue to step 3.
 No. Continue to process applicant for employment.
3. MVR indicates one or more capital or major violations:
 Yes. ***DO NOT CONSIDER FOR DRIVING POSITION.***
 No. Continue to step 4.
4. MVR indicates no capital or major violations. However, three or more other violations appear during the last three years:
 Yes. ***DO NOT CONSIDER FOR DRIVING POSITION.***
 No. Continue to process applicant for employment.

II. GUIDE FOR EVALUATING MVRs FOR CURRENT DRIVERS

1. MVR indicates driver has a current license for company vehicle(s) he or she is driving:

 Yes. Continue to step 2.

 No. Immediately relieve employee of driving responsibilities. Consider further action such as disciplinary measures for failure to notify company of license revocation or suspension, placing employee in a non-driving position, and/or processing license for renewal.

2. MVR indicates violations:

 Yes. Continue to step 3.

 No. Pend driver file to order MVR in one year.

3. MVR indicates one or more capital or major violations:

 Yes. Consider strong disciplinary measures, such as relieving employee of driving responsibilities, placing employee on probation, suspending employee without pay for a period of time, or terminating employee.

If you allow employee to continue driving, pend file to order MVR in six months.

 No. Continue to step 4.

4. MVR indicates no capital or major violations. However, three or more other violations appear during the last three years:

 Yes. Improve or increase driver training. Also consider disciplinary measures, such as suspending employee without pay for a period of time, placing employee on probation, or relieving employee of driving responsibilities.

If you allow employee to continue driving, pend driver file to order MVR in six months.

 No. Pend driver file to order MVR in one year. Consider improving or reinforcing safe driving through driver skill development and training.

Other Considerations:

In evaluating MVRs you should also consider a number of other factors:

- For every ten drivers, anticipate three or four violations.
- The average driver is involved in one accident every 12 years and receives one moving violation every three years.
- Repeaters, drivers with two or more accidents or other violations in a three-year period, are relatively few. However, they account for 50% of all violations and have an accident frequency at least 2-1/2 times higher than a driver with a clear record.
- Frequency is of more concern than severity. You should be more concerned about a person who, during the last three years, has had one minor accident and four speeding violations than someone who has had one serious violation.
- Recent history is most important. The driver who had two or three violations three years ago, but no recent violations, is generally a better risk than the driver who has had violations within the last 12 months.
- You should also consider how much driving is involved. Obviously, a person driving 50,000 miles a year has a greater probability of being involved in traffic incidents than someone driving 10,000 miles.

MVRs are a valuable management tool! Is your company using this item to improve the safety of your fleet operations? Contact your state motor vehicle department for information on how to order MVRs.