



Risk management defined – part 2

THE first step of risk management is to identify the risks to which your dealership is exposed. To be able to make informed business, safety, and loss prevention decisions, you must know what risks you may (or already do) face.

Identify the risks

Risks can come from a variety of places. You will need to look at

- all the risks that you have faced, whether your dealership has experienced any losses from these risks or not,
- all the risks that you take on through your current jobs, tasks, and/or procedures (regular, one-offs, occasional, or special request),
- all the risks that your industry faces,
- all the risks that you face within your community,
- the changes within your community, industry, or business and the new risks that accompany them, and
- the risks that could occur with any changes in location, jobs, tasks, and/or procedures within your business.

In many cases, using actual losses or narrow misses, what-if scenarios, and common sense can help identify the potential risks.

You as the owner, using your managers, employees and other resources, are in the best position to identify the risks for your business. You are the expert in what your particular dealership does, the challenges it faces, the trends in the industry and the community, the technological advancements, etc.

These risks are frequently broken down into Property, Liability, Auto, Pollution, or Life. Shown below are some examples of risks in each category that your dealership could face.

Risk management is not a one-time effort. Identifying risks is a continuous process as risks can change or new ones can arise. At Federated Insurance, we believe loss prevention is a critical component of your risk management program. ■

The information provided is intended to be general in nature, and may not apply in your province. The advice of independent legal or other business advisors should be obtained in developing forms and procedures for your business. The recommendations are designed to reduce the risk of loss, but should not be construed as eliminating any risk or loss.

RICHARD FROST, CRM, is loss prevention coordinator – National Associations, Federated Insurance. For more information, contact our Loss Prevention Department at 800/665-1934 or visit www.federated.ca.

Major risk categories and examples in each category that dealerships could face

<p>Property</p> <ul style="list-style-type: none"> ■ Fire from <ul style="list-style-type: none"> • building's electrical wiring • equipment's electrical wiring • hot works • straw, chaff, dust inside the equipment • housekeeping ■ Theft of <ul style="list-style-type: none"> • farm equipment • lawn and garden equipment • tools, parts, and clothing ■ Building break and enter ■ Lot break and enter 	<p>Liability</p> <ul style="list-style-type: none"> ■ Faulty repair of equipment <ul style="list-style-type: none"> • improper repair • missing parts or pieces • missing needed repairs ■ Faulty products for equipment <ul style="list-style-type: none"> • your own manufactured parts • continental manufacturers • overseas manufacturers ■ No guards, protectors, or safety equipment on sold equipment ■ Safety of customers <ul style="list-style-type: none"> • in the building • on the lot ■ Safety of employees <ul style="list-style-type: none"> • on-site • off-site 	<p>Auto</p> <ul style="list-style-type: none"> ■ At-fault accident <ul style="list-style-type: none"> • single-vehicle accidents • multiple-vehicle accidents ■ Valid licenses <ul style="list-style-type: none"> • class • suspended/restricted <p>Pollution</p> <ul style="list-style-type: none"> ■ Spills, fumes, smoke, fire <ul style="list-style-type: none"> • chemical • oil ■ Housekeeping <ul style="list-style-type: none"> • tanks, containers, etc. • storage 	<p>Life</p> <ul style="list-style-type: none"> ■ A key person in your organization leaves ■ The owner does not have a succession plan ■ The succession plan has not been recently updated
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