



Federated Insurance's Claim of the Month — Could it happen to you?

A driver died in a rollover when a tire failed on a pre-owned vehicle he recently purchased. During the dealership's intake inspection, the inspecting employee simply checked all the boxes on the checklist without actually inspecting the vehicle. The employee listed the tire tread as sufficient, even though it was well below the acceptable limit.

CLAIM AMOUNT: \$3 Million

When a customer purchases a pre-owned vehicle, they trust your assessment of the vehicle. The customer might not ask for an independent inspection. So for safety's sake, it's important that your technicians do a thorough check for any hazards.

- Ensure your processes are thorough and up to date.
- Stress the importance of the processes outlined on your checklists at safety meetings.
- Implement a policy that requires a manager to confirm inspection findings every so often.
- Assign inspections to a trained, experienced employee.
- Consider a second inspection upon sale that reaffirms the safety of vehicles you sell.

Checklists are intended to guide employees through complex, but necessary, processes. But when an employee sees a checklist, especially one they have completed many times before, they might be tempted to fill it out without performing the listed actions. This can become a dangerous habit. The claim above is not the only instance in which failing to complete the checklist could be harmful. Skipped shop and showroom safety procedures, glossed-over hiring processes, and other situations could lead to harmful and expensive consequences.

Federated Mutual Insurance Company is recommended by 19 state and national auto dealer associations for customized insurance programs and value-added risk management services, such as Federated's Shield Network®, the Risk Management Resource Center, and the Federated Employment Practices Network®. Visit federatedinsurance.com or contact [your local marketing representative](#) for resources you can use to create or enhance your own risk management program.

This article is for general information and recommendations for risk prevention only and should not be considered legal or other expert advice. The recommendations herein may help reduce, but are not guaranteed to eliminate, any or all risk of loss. All products and services not available in all states. Qualified counsel should be sought with questions specific to your circumstances and applicable laws.

© 2020 Federated Mutual Insurance Company.

This article is for general information and recommendations for risk prevention only and should not be considered legal or other expert advice. The recommendations herein may help reduce, but are not guaranteed to eliminate, any or all risk of loss. All products and services not available in all states. Qualified counsel should be sought with questions specific to your circumstances and applicable laws.