

How Specialized Insurance and Risk Management Can Help Your Bottom Line

Car Wash Insurance Program Offers Deep Industry Knowledge & Improved Operations

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By Phillip Lawless



INTRODUCTION

Today's competitive, fast-paced car wash market pushes businesses and business owners to work more quickly and effectively than ever before. The drive to maximize sales and stay a step ahead of an increasing number of competitors creates an environment where efficiency and speed is tantamount to success. Balancing customer satisfaction with the drive for increased throughput and additional services remains a daily challenge in car washes across the nation.

As a 2014 International Carwash Association consumer study showed, the use of professional car washes continues to grow each year, with more than 71 percent of consumers now choosing to use a commercial car wash over home washing.¹ As owners look to tap into this growing customer base, they are eager to move more vehicles through their facilities, run their wash equipment more and push employees to hustle and bustle knowing there are greater profits to be generated. *Protecting* this daily business stream and its profit potential, however, should be the leading concern for operators at all levels of the car care industry.

Many car wash businesses have seen the losses to be suffered in the event of an accident, temporary closure or major settlement. And one all-too-common mistake for owners and operators is depending on limited or pieced-together insurance policies that can leave a business vulnerable. Some operators have been surprised to discover - after it was too late - that their policies included major coverage gaps or that their insurance company, approaching their business as just buildings and vehicles in need of a standard set of coverages, failed to understand the unique liabilities and risks to which car washes are exposed.

McNeil & Co. offers an alternative. Building on a foundation of more than 25 years in specialized insurance markets, the company has created a unique program attuned to the exposures and coverage needs of today's car wash business. Their Car Wash Insurance Program combines the most comprehensive policy available (including a full range of general and specialized coverages) with risk management and training tools developed by car wash experts. And as owners of single and multiple locations across the country have learned what McNeil & Co. offers, their program has quickly become the fastest-growing in the industry.

WHAT MAKES MCNEIL & CO. DIFFERENT?

McNeil & Co. approach the car wash market from an owner's perspective and in an industry where 90 percent of sites are run by small business owners, a consensus on one set of common needs or risks can be difficult to find.² To address businesses' diverse issues and develop the program, the company invested time and resources to understanding the challenges unique to car washing. They enlisted experts with decades of industry experience and sent their team into the field to shadow employees at operations of all types.

"We set out to design a package to meet the needs of all operators," said Brandy Armstrong, McNeil & Co.'s underwriting supervisor for the Car Wash Insurance Program. Armstrong has been involved with the program since it was developed in 2012 and today leads a dedicated underwriting team whose sole responsibility is to the car wash risk segment.

Armstrong contrasts McNeil & Co.'s approach with insurance "generalists," companies that insure car washes without focusing on specifics of the market. These insurers offer (often ill-fitting) general coverage and try to approach a car wash like any other business. "They basically inventory the site and simply account for the buildings, vehicles, employees and revenue," Armstrong says. "We have a very different approach."

McNeil & Co. employees build expertise out in the field, ride along with different road shows and attend trade shows to interact with car wash owners, operators and industry groups as much as possible.

SPECIALIZED COVERAGE PACKAGES MAY INCLUDE:

Property

- Business income incl. extra expense
- Computer and communications equipment
- Money and securities
- Outdoor property
- Outdoor signs
- Property of others
- Newly acquired or constructed property
- Water damage
- Lock and key replacement
- Property of your customers
- Lottery tickets
- Credit or debit card theft
- Employee dishonesty
- Forgery or alteration
- Equipment breakdown
- Pollution legal liability

General Liability

- Theft and damage to personal property
- Theft and damage to your products
- Employee benefits liability (EBL)

Commercial Automobile

- Garage-keepers legal liability

Commercial Umbrella

Crime

This real-world experience gives the underwriting team, and McNeil & Co. as a whole, better insight into the industry and the ability to make better decisions in the underwriting process.

During McNeil & Co.'s time in the car wash industry, one trend that has appeared again and again is the "here today, gone tomorrow" nature of insurers that weren't fully invested in the category. Gary Sloan, owner of Squeaky Clean Car Wash in Ithaca, New York, has been insured by McNeil & Co. since 2012. "Prior to McNeil entering the car wash industry, every three years or so, we'd have to change insurance carriers. They weren't able to manage the business properly, so they exited the market."

Armstrong confirmed, "We've seen carriers come into the marketplace and then go out pretty quickly. I think that by taking time to really understand the industry and adapt to changing needs, we'll be in this for the long haul."

POLICY FEATURES

The most immediate outcome of McNeil & Co.'s commitment to watching car wash operations closely is a coverage package full of industry-specific enhancements and specializations.

One common issue that Armstrong was quick to point to was the 72-hour deductible of business income. This industry standard – a period following a claim during which the insurance company is *not* liable for loss of income – is commonplace across all types of business policies, but for a car wash owner, it has the potential to be devastating. This is especially true when an accident or other event forces a car care business to close down during a peak operational period.

McNeil & Co. decided to eliminate this waiting period from its car wash policies; one of several cases where the company has opted to veer from industry "best practices" in order to answer the needs of its clients.

McNeil & Co.'s involvement at all levels of the car wash industry also means the company can address market changes as they happen. Armstrong cited a new bond issue for car wash businesses inside the five boroughs of New York City. As of June 2015, Local Law 62 requires non-unionized car washes to post surety bonds of \$150,000 to cover potential claims by customers.³ Because the underwriting team and others within the company follow industry trends, McNeil & Co. has responded to the change and is working to make sure that all insureds who need the bond have this coverage.

MITIGATING RISKS, REDUCING COSTS: MCNEIL & CO. RISK MANAGEMENT

Beyond the policy itself, McNeil & Co. delivers unparalleled value in its risk management program, which offers a diverse set of services and resources to help clients improve and protect their operations. These measures are central to the McNeil & Co. approach to insuring specialized industries; their team takes a proactive role in managing potential risks and works to lower costs for all parties. While the company takes pride in its effective claims handling, its risk management department sets out to help reduce the likelihood an accident or loss will ever occur.

“If a car wash has a loss and it’s publicized, it can be difficult to regain your credibility,” Shawna Hays, risk management customer service supervisor, explains. “The more we can help owners reduce or eliminate potential causes of a loss, the better it is for the business.”

McNeil & Co.’s complete package of risk management services – offered to all policy-holders with no additional cost – includes a library of resources like sample safety policies, accident forms, maintenance logs, checklists, OSHA guidance and guides to risk management plan development. And two of the most unique and valuable offerings are the company’s risk assessment services and its E-Learning training tool.

RISK MANAGEMENT SURVEY

When a new car wash signs on with McNeil & Co., an on-site survey and risk assessment is typically the first step in bringing them on board. The risk management team assigns a qualified field representative and sets up a walk-through to review the car wash’s existing safety and risk management practices. This representative meets with leadership for a tabletop question and answer session and then tours the wash or washes, takes pictures and makes notes of unique challenges or practices.

McNeil & Co.’s safety specialists review the information gathered during the on-site meeting and, based on their industry insights and data they’ve assembled from other clients, create a personalized recommendation report to help improve site safety. According to Hays, owners are always provided resources that show how the discovered risks can be reduced.

A designated safety specialist is assigned to each car wash account; this representative takes stock of all collected information and develops a

partnership with the individual car wash and its owner to assist with on-site risk management needs. Because the same specialist stays with the business over time, he or she becomes familiar with the operation and key personnel, and they can see key risks emerge or issues be reduced over time.

According to Hays, a car wash owner can call their safety specialist for just about anything – if they’ve got a question on training, a question on policies or if they want help in planning for new services or operational changes.

“That relationship is very important,” Hays continued. “We have a lot of accounts that call us frequently. They have an idea, or they’re having a problem. That’s what that specialist is there to do, talk through that with them and provide them the resources to help.”

Gary Sloan of Squeaky Clean Car Wash confirmed that safety at his business has definitely improved due to his coverage and relationship with McNeil & Co. “They come out, they do site visits. Their knowledge on the car wash industry is much greater than anyone I’ve ever been insured with.”

MOST COMMON PROBLEMS MCNEIL & CO. REPORTS

Shawna Hays, risk management customer service supervisor with McNeil & Co., said their risk management department has built a deep reserve of car wash industry knowledge and the ability to identify common hazards.

“There are two different levels,” Hays said. “We’ve got the overall insurance knowledge from the different things that we’ve seen industry-wide through all of our programs. But we also have some very specific knowledge on car washes.”

Electrical issues: Hays said site visits by McNeil & Co. often reveal multiple electrical issues in car washes. These may be small issues that owners don’t necessarily notice because the connection or outlet has always been that way. The most common problems here are missing electrical covers and revealed or open wiring.

Trip hazards: Issues here often arise from not marking a curb, step up or a change in elevation with yellow striping or with some other marking to give customers or employees notice of the footing change. These markings help reduce the likelihood of a person tripping and liability in what can be a very common source of claims.

Logging safety tasks: A daily log or checklist of completed safety tasks can be vital to maintaining – and documenting – a safe operation. Hays provided the example of keeping a salt log during the winter months, so that owners and employees can confirm when an area was salted to minimize ice and slipping.

“Keeping a log is something that you don’t always think about, but it really helps if something were to happen,” Hays explained. “You’ve got some proof along with video surveillance, things like that. It really helps and goes a long way in showing due diligence and making sure that steps are taken to reduce and prevent losses.”

E-LEARNING

McNeil & Co.'s most powerful resource in training and educating employees is E-Learning, an online training platform that provides 24/7 access to hundreds of interactive courses. Heather Fredenburg, risk management training and education manager, said these customizable E-Learning tools offer a huge value-added benefit for car wash owners that insure through McNeil & Co. Covering topics from car wash accident prevention to claims reporting, along with management tools for monitoring users' progress, E-Learning helps owners engage their employees, and it also reinforces different training concepts that can better protect the business.

All McNeil & Co. car wash customers get unlimited access to E-Learning, with no additional cost, and each wash location is provided its own access code. Individuals have separate access to the system, but a manager or a training officer in that particular system can control and monitor any of the employees or members. While some car wash businesses work through E-Learning offerings as a group, others have set up training so employees can access individually – and spare the expense of setting up in-person training sessions on off-hours.

The flexibility of the E-Learning platform gives car wash owners a sense of control and ownership of the training process, even allowing them to include and assign their own original materials or resources.

Fredenburg said, “E-Learning allows clients to upload site-specific training, policies and procedures. If something happens at one of their locations, they can put the information up almost instantly.” McNeil & Co. also has the ability to customize the training information for a car wash in-house and release it back to the training platform.

“They can assign courses. They can host group courses. They can add any of the standard operating procedures or rules they want them to follow,” Fredenburg explained. “That can all be put into the system and tracked, and that’s also in-house here at McNeil & Co.”

Squeaky Clean Car Wash has used the E-Learning platform to share information about a variety of safety issues, including required OSHA regulations. According to Sloan, Squeaky Clean uses the platform for their cleaning chemical safety information including eye protection, skin protection and steps for safe usage.

McNeil & Co. continues to expand the platform with new courses, consulting industry experts and car wash owners themselves to identify emerging risks. “We think of it as a partnership,” Fredenburg said. “So we provide information, things that we’ve learned from claims and from other insureds. Basic knowledge from across the country goes into our courses.”

Some clients have made E-Learning part of their annual calendar, assigning courses as they prepare for busier seasons and changes in weather. Fredenburg recounted a recent conversation with a large car wash chain insured through McNeil & Co. “They said we’re getting ready for winter, so they had some time where they could really push some of their training pieces and have it all in place.”

The chain’s main concern in the coming winter months was safety. Using E-Learning, they planned to front-load pertinent safety information and reinforce employee responsibilities, all aiming to prevent losses and ensure they wouldn’t face costly downtime due to an incident.

WORKING TOGETHER BENEFITS CAR WASH OWNERS

All aspects of the Car Wash Insurance Program are based in a belief in building long-term relationships and shared success with clients. Providing specialized coverage, free risk assessment and training tools creates mutual benefit for car washes and McNeil & Co. From the company’s perspective, the more it can help insured car washes reduce claims and losses, the better it is for their bottom line. For car washes, the more an insured business can prevent risks and liabilities, the better it is when taking loss ratios, premiums, etc., into consideration.

“We want to create a partnership with anybody that we insure,” Hays continued. “We want them to be comfortable with us. We want to be their go-to resource if they’re stuck on something or if they’re looking for information.”

Sloan has benefited from this partnership since choosing McNeil & Co. He explained that the company’s service is outstanding. “When you call the office, any need that you have gets taken care of immediately. Previous companies, we would have a hard time getting through to them, and we struggled with that. When we call now, the things are getting addressed quickly. You get put through to someone who takes care of that specific thing. It’s absolutely specialized service.”

There is a growing base of knowledge in the car wash market, and where owners and industry leaders gather to share different issues and come up with creative solutions, McNeil & Co. is increasingly visible. The company strives to continue improving their offering, and employees use every industry interaction as an opportunity to learn, get better and be an expert for customers.

“Our slogan is, ‘We are who we insure,’ and I think in each aspect of the program, we really are true to that motto,” Armstrong said.

¹ <http://www.carwash.org/docs/default-source/consumer-study/2014-ica-consumer-study-executive-summary.pdf?sfvrsn=2>

² <http://www.statisticbrain.com/car-wash-car-detail-industry-stats/>

³ <http://www.newyorklawjournal.com/id=1202740186935/Car-Wash-Association-Sues-City-Over-Bond-Requirement?slreturn=20150928154048>

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CONTACT MCNEIL & CO. DIRECTLY:

(800) 822-3747
CARWASHINS.COM

P.O. Box 5670
Cortland, NY 13045
(800) 822-3747 or (607) 756-4970
Fax: (607) 756-6225
mcneilandcompany.com