

LCCS Risk Management Plan Instructions



A risk management plan is a document that will help you identify, control and monitor the hazards (or risks) affecting your fleet. By writing and following this plan, you are taking an important step in mitigating risk for your LCCS vehicles!

In this packet you will find possible reasons (thought-starters) for why your dealership may have received points on your Risk Assessment Scorecard, as well as some best practices to assist you in creating an action plan. Please note that the thought-starters are not an exhaustive list of why you may have received points in these categories.

Each category has a corresponding Risk Management Plan template (provided under separate cover) that will need to be completed (if you received a score higher than 0 in that category). The categories in which you may need to develop a plan and complete the associated template(s) are as follows:

1. Claim Denials
2. Late Claim Reports
3. Employee Losses
4. Lot Damage
5. Lot Theft
6. Dealer Recovery Rate
7. 2024/2025 Loss Prevention Activities
8. Rental Agreement Report Card
9. Rental Agreement Format

Instructions:

- Identify each category in which you scored higher than "0".
- Locate the corresponding thought-starters and best practices for each affected category.
- Based on each category in which you have a score higher than "0", complete the associated Risk Management Plan page(s) that apply.
- The completed Risk Management Plan should be returned to your Lexus Area District Service & Parts Manager with a carbon copy to Sedgwick (Terri.Boyd@sedgwick.com).

Plan your work for today and every day, then work your plan!
-Margaret Thatcher

If you have any questions, please feel free to contact your business partners at Sedgwick.

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Claim Denials

Questions to help you determine why you have a high score in this category:

- What are the reasons that your claims are being denied? Below is a list of the most common reasons for coverage denial.
 1. Improper Rental Agreement Completion
 - What is the Rental Agreement form number that your Dealership is using for all rental transactions?
 - Is there ever an occasion when the standard/approved form is not utilized for a rental transaction?
 - What processes are in place to handle rental transactions if the power goes out, the printer breaks or if the TSD, Dealerware or Logitrac software isn't available?
 - How long do you maintain copies of all open and closed Rental Agreements?
 2. Repairing Vehicle *before* an Independent Appraisal by Sedgwick
 - When do you begin repairs to damaged LCCS vehicles?
 - What steps do you take if you come across unexpected/unseen/non-appraised damages?
 - If supplemental damages are identified, how are they handled?
 - Does your body shop of choice understand the coverage limit on an LCCS vehicle (i.e. TMCC gross pay-off as of the Date of Loss, not Actual Cash Value)?
 3. Long-Term Rental (more than 30 days)
 - Do you keep Customers in the same vehicle for more than thirty (30) days under the same Rental Agreement or do you require the Customer to return to the dealership to complete a new Rental Agreement prior to thirty (30) days?
 - What is your process for working and managing all past-due rentals so they do not become long-term rentals?
 4. Prohibited Usage of Vehicle
 - Are your vehicles being used in a prohibited manner? (i.e., body shop/collision Customers, "awarding" LCCS vehicles to Customers as part of a dealership promotional event, parts pick-up/delivery, etc.)
 5. Employee Prohibited Usage
 - How are your employees using the vehicles? (i.e., running errands on behalf of the dealership, picking up lunch/going home between a Customer courtesy drop-off/pick-up and the dealership, etc.)

Best Practices:

1. Fill out the Rental Agreement in its entirety. Each field in the Rental Agreement serves a purpose and without a properly completed Rental Agreement, coverage may be denied.
2. Always keep copies of both the open and closed Rental Agreements. Sedgwick requires both copies to verify several key points of information while handling your claim.
3. Do not begin repairs to a damaged LCCS vehicle until an Independent Appraiser selected and assigned by Sedgwick has seen the vehicle. Should it become evident that the vehicle requires additional repairs, cease work and contact Sedgwick.

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4. The rental period extended under any one Rental Agreement may not exceed thirty (30) calendar days. If the Customer requires use for more than 30 days, the first period of twenty-five (25) days or less should be conducted on one LCCS Rental Agreement. On or before day 25, the Customer should return to the dealership and sign a new Rental Agreement. At this time, the vehicle should be inspected for damage and, if possible, the Customer should be placed in a different rental vehicle.
5. LCCS Service Loaners may only be provided to Lexus Service Customers with either an open Repair Order at a Lexus Dealership's Service Department or Collision Center (certified or authorized).
6. Ensure that all employees working with the LCCS fleet understand program requirements for vehicle usage (see LCCS Policies & Procedures, Pages 47 and 54-56).

Late Claim Reports

Questions to help you determine why you have a high score in this category:

- When an LCCS vehicle has been damaged, do you promptly file a claim with Sedgwick or do you try to file and settle a claim directly with the Customer's insurance carrier or the claimant carrier (if known)?
- Who within the dealership is responsible for filing claims with Sedgwick?
- How do you know if the incident warrants a claim?
- When do you check the vehicle for damage? Immediately after the vehicle is returned or is damage discovered days or weeks later?

Best Practices:

- ✓ The LCCS Policies & Procedures indicate that: (1) all accidents or losses involving an LCCS vehicle must be reported to Sedgwick, (2) Dealers are prohibited from collecting or accepting insurance settlements/payments regardless of the at-fault party –this includes the collection of the dealer's applicable deductible (see LCCS Policies & Procedures, Page 36).
- ✓ If you elect to manage the claim on your own, a *RECORD ONLY* claim should always be promptly established with Sedgwick so any and all liability exposures can be investigated and ruled out.
- ✓ Designate one employee who will be responsible for monitoring vehicle condition and receiving all reports of new damage identified during the post-rental inspection.
- ✓ Designate one employee to file claims with Sedgwick and act as the Dealer Contact during the claim process.
- ✓ *BIG OR SMALL, REPORT THEM ALL!* Promptly report ALL loss or damage to Sedgwick.

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Employee Losses

Questions to help you determine why you have a high score in this category:

- How often do employees have to get behind the wheel of an LCCS vehicle each day?
- How frequently are you confirming your employees' Driver's Licenses (DL) and good driving history?
- Do your employees understand that LCCS vehicles are only for use within scope and course of employment (i.e. do they understand the LCCS Policies & Procedures defined uses)?
- Are LCCS vehicles used as demo or company vehicles or as transportation to/from company events?

Best Practices:

- ✓ Remember that vehicles should only be operated by employees in course and scope activities (i.e. washing/fueling, maintenance or Customer courtesy drop-off/pick-up).
- ✓ Implement a process by which each employee's DL will be checked periodically (weekly or monthly).
- ✓ Ensure that all employees working with the LCCS fleet understand program requirements for vehicle usage (see LCCS Policies & Procedures, Pages 47 and 54-56).

Lot Damage

Questions to help you determine why you have a high score in this category:

- Where are LCCS vehicles parked/stored?
- How many of your lot damage claims are related to collisions that occurred on dealership property?
- Are employees using due care when moving vehicles on dealership property?
- How many claims do you have where you do not know where/how/who caused the damage in the past 12 months?
- When do you conduct both the pre-rental and post-rental inspections of the vehicle?

Best Practices:

- ✓ Consider parking vehicles in a location that does not experience high traffic.
- ✓ Remind employees to use due care when moving vehicles on dealership premises.
- ✓ Always be sure to complete a post-rental inspection of the vehicle while the Customer is still on dealership premises so you can promptly identify the responsible party and obtain information about the Facts of Loss.

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Lot Theft

Questions to help you determine why you have a high score in this category:

- What security measures are in place where the LCCS vehicles are parked?
- Where are keys stored and accounted for?
- How many employees have access to the keys?
- How frequently do you check lot inventory?
- How frequently do you check (and account for) all sets of keys for each vehicle?

Best Practices:

- ✓ LCCS vehicles should be parked/stored in a well-lit, secure area. Motion sensor lighting, fences/gates and security systems are recommended.
- ✓ No more than two (2) people should have access to the keys. At a minimum, keys should be stored in a lock-box that is secured to a wall or stationary object.
- ✓ A complete inventory of your fleet and your keys should be completed at least three (3) times a day – morning, mid-day and evening.
- ✓ If you valet the vehicle to the front of the Service Department –for the convenience of your Customer –do not leave the LCCS vehicle running. If the vehicle needs to be left running (to defrost windows, cool/heat interior) a representative of the Service Department or a valet should remain with the vehicle.

Dealer Recovery Rate

Questions to help you determine why you have a high score in this category:

- Where do you maintain copies of the Customer's DL and personal auto insurance card?
- Are you calling out to the Customer's carrier to verify their coverage is in effect and will transfer to the rental vehicle?
- Are you renting vehicles to qualified drivers (i.e. DL is in good standing, and driver meets minimum age requirement)?
- When do employees drive LCCS vehicles?
- How many large dollar losses due to lot damage have you had in the past 12 months? (Remember: there is no recoverable course for lot damage claims)
- How many employee losses have you had in the past 12 months? (Remember: Sedgwick cannot pursue recovery against a named insured, and each employee is a named insured.)

Best Practices:

- ✓ Always obtain information from the Customer about their insurance company, policy and coverages. Always verify this information and confirm their coverage is in effect and will transfer to the rental vehicle. The recovery process can be delayed or barred if the Customer's insurance information is not provided on the Rental Agreement and/or has not been verified.
- ✓ Do not collect any money from a Customer for damage to an LCCS vehicle if you plan to pursue the loss with Sedgwick. Acceptance of money implies the Customer has no further responsibility for the physical damage associated with the incident.

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- ✓ Do not bar or impede Sedgwick's ability to fully recover your loss by implying to the Customer (verbally or in writing) that they do not have responsibility for any loss or damage to the LCCS vehicle.
- ✓ LCCS vehicles should only be provided to individuals who meet the minimum rental requirements of the LCCS program and have insurance coverage that will transfer to the rental vehicle.

2024/2025 Loss Prevention

Questions to help you determine why you have a high score in this category:

- Who is your designated/registered primary contact?
- Do you need to appoint a different employee as the primary point of contact?
- How promptly does the primary contact complete the Loss Prevention (LP) Activities?
- When does the primary contact respond to Sedgwick's email reminders? (Emails are sent three (3) times a week, every week, until all activities are completed)

Best Practices:

- ✓ Should you need to designate a different employee as the primary contact for LP Activities, you may change your dealership's primary contact online when logging in to begin your LP activities or you may email your change request to LossPrevention@sedgwickcms.com
- ✓ Remember, there are multiple activities associated with completing your annual Loss Prevention Activities:
 1. Take a 15-question LP test (80% passes) or watch the LP video and take the associated 6-question quiz (100% passes)
 2. Submit three (3) Rental Agreements (both open and closed copies)
 3. Coaching Call (*if necessary*)
 4. Submit a second set of three (3) Rental Agreements (both open and closed copies) (*if necessary*)

Rental Agreement Report Card

Questions to help you determine why you have a high score in this category:

- Why did you receive a non-passing score on your Rental Agreement Report Card?
- Are you properly completing LCCS Rental Agreements?
- What is your process for completing rental transactions for your courtesy drop-off/pick-up Customers? How will you ensure that this Customer is qualified and the RA is properly completed and executed while "in the field"?

Best Practices:

- ✓ Continually review Rental Agreement Completion practices as outlined in the LCCS Policies & Procedures (Pages 60-71).

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- ✓ Utilize feedback from the Sedgwick Loss Prevention Coaching Call to complete Rental Agreements going forward – i.e., be sure to implement the necessary changes to your completion practices for areas of the contract that were highlighted in the Sedgwick Coaching Call.
- ✓ Regularly monitor Rental Agreements to ensure they are being properly completed. (Remember: insurance coverage for your LCCS vehicle hinges on the Rental Agreement being properly completed!)
- ✓ Create and document a plan for handling rental transactions for courtesy drop-off/pick-up Customers that ensures each Customer will be properly qualified and the Rental Agreement correctly completed and executed [or signed] by the Customer that has been granted permissive use of the LCCS vehicle (i.e., person that was actually given the keys/vehicle).

Rental Agreement Format

Questions to help you determine why you have a high score in this category:

- How are Rental Agreements completed (handwritten or TSD, Dealerware or Logitrac software)?
- How many employees have access and are trained on using the TSD, Dealerware or Logitrac software?

Best Practices:

- ✓ Train each employee to fully utilize all features of your software.