

RISK INSIGHTS

Ross & Yerger Insurance, Inc.: Your risk management partner

HOSPITALITY

The Risks of Offering Valet Parking

Depending on the location and type of business you run, in the eyes of the customer, offering valet parking may range from a nice perk to an expected service. But no matter what reason you have for providing valets, to protect yourself from out-of-pocket expenses, you must be prepared for the risks that come along with it.

There are two primary choices when it comes to offering valet services - either employ a staff yourself, or contract with a valet company. Hiring a company can defer some liability and will likely require less attention from you, while hiring your own employees will give you more direct control over operations.

Good Hiring Practices Reduce Risk

Over the course of their employment, valets will not only be responsible for handling customer vehicles and their contents, but they will also be the first and last people to interact with customers during their visit. If you are building your own valet staff, selecting the right employees can make all the difference. Looking at an applicant's history will help you hire valets who will not generate unnecessary risk. Obtain the following reports before hire:

- *Driving Record Check* – Tickets, suspended licenses and other traffic violations are all red flags for valet hires.
- *Criminal Background Check* – Staying away from those with a history of theft can help you avoid a customer relations problem in the future if things start disappearing from vehicles.

- *Drug Screen* – Some insurance policies will not pay out for damages if the driver was under the influence of drugs or alcohol.

It is also a good idea to have a short probation period where a senior valet rides along with any newly hired employee to make sure they exhibit safe driving practices and can properly handle both automatic and manual vehicles.

Even with the proper safety measure in place and a staff of highly trained, responsible employees, providing valet services will always carry risk. To ensure success you need to enact the appropriate safeguards.

When contracting with a valet company, you won't get a direct say in who they hire to work at your property. Stay away from companies that don't disclose their hiring practices. If you do decide to use a service, it is important that you make sure they enforce the same type of safeguards that you would if hiring the employees yourself. Even if the service is liable for damages, their employees still will be representing your company. An unhappy customer and tarnished reputation is a loss that insurance can't cover.

Covering Damage

Even with the proper safety measures in place and a staff of highly trained, responsible employees, providing valet services will always carry risk. Valets deal with hundreds of cars a day in a fast-paced environment, making it only a matter of time before an accident happens. Whether you decide to employ your own valets or contract with an independent service, having the proper insurance is important.

If you have in-house valets, you will need to make sure you take out the appropriate insurance coverages to avoid being stuck with the bill for any damage to a customer's property. It is important that you get coverage specifically related to employees driving customer vehicles. Some important coverages to consider are:

RISK INSIGHTS

HOSPITALITY

- *Garage Keepers Liability* – this protects you in case a customer's vehicle is damaged or stolen while in your company's possession.
- *General Liability* – covers costs related to personal injuries caused by the premises or employees.
- *Employee Dishonesty Coverage* – covers customer loss caused by fraudulent employee activities.

While you may already have some of these coverages in place for other facets of your business, check with your provider on how they will apply to your valet operations. Given the relatively high number and value of the vehicles handled by valets each day, you may have to look at a specialty insurer for coverage.

Benefits of Contracting Service

One of the benefits of using a valet service is that they absorb liability and keep you from having to pay out for damages or purchase additional coverage; that is, of course, assuming they have the appropriate coverage. When contracting with a service, make sure you see proof of insurance. Review all their information to make sure that you will not be held liable for any damage caused by their employees. To be on the safe side, it is recommended that you call their insurance provider directly to make sure they are accurately representing their coverage. If your contract with a valet company could expose you to liability, you need to know immediately so you can choose a different service or get any additional coverage you may need.