

DEALERSHIPS: FTC SAFEGUARDS RULE ACTION ITEMS

01 QUALIFIED LEADER FOR YOUR INFORMATION SECURITY PROGRAM

The first and most critical step is to appoint a Qualified Individual to lead the information security program. This person, whether an internal employee or an external consultant, will be responsible for overseeing all aspects of compliance, from development to enforcement. Without a designated leader, a security plan can quickly lose focus and effectiveness. This individual should have a clear understanding of the dealership's IT infrastructure and business processes.

02 COMPREHENSIVE RISK ASSESSMENT

Next, a dealership must conduct a comprehensive written risk assessment. This isn't a simple checklist; it is an in-depth evaluation of foreseeable internal and external risks. This assessment should identify where customer data is collected, stored, and transmitted, and then pinpoint all potential vulnerabilities. It's the roadmap for a dealership's entire security program, and it must be revisited periodically to adapt to new threats and changes in technology.

03 IMPLEMENT SPECIFIC, MANDATORY SAFEGUARDS

This involves deploying multi-factor authentication across all systems that access customer information, ensuring all sensitive data is encrypted, and setting up secure disposal procedures for customer records. Furthermore, dealerships must develop a written incident response plan that outlines a clear strategy for containing a security breach, notifying affected parties, and recovering operations. This plan should be tested regularly to ensure all staff know their roles in an emergency.

04 HAVE QUALIFIED THIRD-PARTY SERVICE PROVIDERS

Finally, a dealership's commitment to the Safeguards Rule extends beyond its own walls. It must vet and monitor all third-party service providers, such as DMS (Dealer Management System) companies and other vendors who handle customer data. This requires including security clauses in contracts and performing regular assessments of a vendor's security practices. It's a recognition that a dealership's security is only as strong as its weakest link, and often that link can be an external partner.



To navigate these new mandates, dealerships must move forward with a series of concrete action items.