

RISK ASSESSMENT & SURVEYS

APPLICATION TO SELECTED CLASSES OF INSURANCE

for

REGENCY INSURANCE COMPANY LIMITED

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HIGHLIGHTS

1. Definitions
2. Types of Exercise
3. Purpose of the Exercise
4. Scope of Intervention
5. Re-Surveys
6. Conclusion

DEFINITIONS

RISK

- Chance or possibility of danger, loss, injury, etc

ASSESSMENT

- Process of estimating the size or quality of something

SURVEY

- General view or consideration; result or findings of this, esp. in a written report.

TYPES OF EXERCISE

PRE-LOSS

- Conducted to determine the appropriateness of the risk and terms of acceptance

POST-LOSS

- Conducted after a loss to determine changes that might have taken place as regards the risk

PURPOSE OF THE EXERCICE

- Gain adequate knowledge of the risk
- Determine acceptance or otherwise of risk and if yes, what terms and conditions
- Apply competitive rate of premium
- Determine level of reinsurance required
- Have a grasp of the physical and moral hazards involved

Purpose...(Contd.)

Physical Hazard

- Geographical location of subject matter
- Construction patterns and materials
- Type of usage
- Protective devices?
- Degree of occupancy
- Level of accessibility

Purpose...(Contd.)

Moral Hazard

- Nationality
- Age Factor
- Vocation
- Character, Lifestyle and Reputation
- Opportunity makes the thief!

SCOPE OF INTERVENTION

- **Fire & Property**
- **Consequential Loss**
- **Burglary**
- **Householders**
- **All Risks**
- **Money**
- **Goods-In-Transit**
- **Motor**

FIRE RISK ASSESSMENT & SURVEY

Relevant Information

- **Name of Insured: For identity**
- **Business: For rating**
- **Location: Exposure via surrounding properties and neighbourhood**
- **Purpose of Survey: Whether business is new or existing**
- **Date of Survey: For risk management purpose in future**
- **Construction: Class 1, 2 or 3 as per Rating Guide**

Fire Risk...(Contd.)

- Occupation/Processes: Determines level of hazard
- Fire Division: How values are spread within the risk
- Power Supply/Electrical Installation: How could fire occur
- Heating Process & Steam: Location and safety precautions
- Plants & Equipment: Identification & valuation
- Welding Operations: How safe?
- Smoking: Prohibited or not?
- Waste Disposal: What regularity?

Fire Risk...(Contd.)

- Storage: How arranged?
- Hazardous Materials & Liquids: Establish flashpoints of chemicals and store separately
- Workforce & Working Hours: How organized?
- Loss Record: Note frequency and severity for action
- Housekeeping: Maintenance culture and orderliness
- Sums Insured: Adequate or not?
- Fire Protection: Test devices

Fire Risk...(Contd.)

- Water Supply: Availability and quantity
- Public/Private Fire Brigade: Call out time
- Rating: Strictly by NIA Rating Guide
- FEA Discount: Conform to NIA Rating Guide
- MPL: Must be conservative and relate to permission of your reinsurers
- Special Perils: Determine susceptibility to the elements
- Risk Management: Summary and recommendations for risk improvement

CONSEQUENTIAL LOSS RISK ASSESSMENT

Physical Risk

- Highly dependent on the terms of the underlying Fire policy
- Nature of business
- Type of processes

Indemnity Period

- When will turnover return to normal
- Is alternative premises available
- Market for Customers and trading

Interruption Risk

- Adverse or favourable in terms of elements of indemnity period?

Others

- Are sums insured adequate?
- Are plants and machinery highly specialized?
- What is the power supply situation
- Rate as per the multipliers

BURGLARY RISK ASSESSMENT & SURVEY

- Name of insured, occupation and location of risk vital for consideration
- Some elements of the approach under fire applies
- Main issue is security
- "MPL" can lead to "First Loss" consideration
- Risk improvement recommendations important

HOUSEHOLDERS RISK ASSESSMENT & SURVEY

- Combines property and liability risks in the standard four sections of the policy
- Name of insured, occupation and location of risk vital for consideration
- Adopt other relevant key points from the approach under Fire assessment and survey
- Consider moral hazard in granting Larceny extension
- Security and protective measures vital because of the burglary aspect of cover

ALL RISKS ASSESSMENT & SURVEY

Peculiarity

- It is the widest form of cover available for property
- Contains elements from many different policies
- Covers all risks that are not specifically excluded
- Usually required for mobile and portable items

All Risks...(Contd.)

Considerations:

- Inspection may be required
- Moral hazard is a key factor
- Valuation certificate should be demanded for jewellery items
- Breakdown of subject matter should be favoured against omnibus item
- Loss history is very relevant
- Rating should take cognizance of the convergence of risks
- Excess Clause should not be ignored

MONEY RISK ASSESSMENT & SURVEY

- Inspection may be desirable in respect of safes
- Method of moving cash for transit risks must be sound
- Determination of estimated annual carryings very vital
- Moral hazard is a serious factor
- Rating should be conservative and tariff observed where necessary

GOODS-IN-TRANSIT RISK ASSESSMENT & SURVEY

- Name of insured, address and type of business vital for consideration
- Nature of Goods and packaging system is key
- Evaluate mode of conveyance: owned or hired vehicle?
- Single transit or open cover?
- Determination of estimated annual carryings very vital
- Should cover be restricted?
- Inspection and escort may be required
- Rating should be conservative

MOTOR RISK ASSESSMENT & SURVEY

- Physical inspection usually required to establish existence
- Moral hazard is an important factor
- What is the fate of the then “Engineer’s Report”!
- Motor Tariff and Competition
- Flood, SRCC & TPPD
- Policy Excess & Options

RE-SURVEYS

- To check if risk has been altered
- To check if recommendations have been implemented
- To reconsider the rate
- If silent risk has become operational

THANK YOU