RISK ASSESSMENT & SURVEYS
APPLICATION TO SELECTED CLASSES OF INSURANCE

for

REGENRY INSURANCE COMPANY LIMITED

Organized by

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1. Definitions

2. Types of Exercise

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4. Scope of Intervention

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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 EXERCISE

• 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
Moral Hazard

- Nationality
- Age Factor
- Vocation
- Character, Lifestyle and Reputation
- Opportunity makes the thief!
SC O P E O F I N T E R V E N T I O N

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