

Carry, Manage or Transfer



The Simple Guide to Risk Management

Carry, Manage or Transfer - The Simple Guide to Risk Management

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1. An Introduction to Carrying, Managing or Transferring Risk

As a business owner or manager responsible for the safety and well being of customers, employees and visitors to your premises, there can be no worse feeling than realising an accident, injury or loss has occurred that with your help or intervention could have been prevented.



And because the law dictates that all employers have to assess and manage health and safety, getting it right is essential.

But where do you start when it comes to making sure you are doing everything possible to ensure your business is safe and sound? And what decisions do you have to make as a business owner to safeguard people at your location?

The truth is, many people are often daunted by the prospect of health, safety, insurance and risk as they appear to be complicated subjects that are best left to the experts. Whilst there maybe an element of truth to this, there are some very simple decisions you can make that for very little time, effort or money could have a dramatic affect on the safety and wellbeing of your visitors, staff and business as a whole.

Carry, Manage or Transfer - The Simple Guide to Risk Management has really been written to give you information about the various options available to you. It also contains some specific examples of potential incidents that could occur and what you can do today to reduce your exposure to such losses, injuries or damage.

2. What is Risk and how can you deal with it?

Risk can really be defined in 3 very simple ways and these are:

- i. A hazard: a source of danger; a possibility of incurring loss or misfortune
- ii. A venture undertaken without regard to possible loss or injury
- iii. Exposure to a chance of loss or damage



Clearly as a business owner or someone responsible for the safety of the people within your company, you will be keen to make sure the chances of loss, injury, misfortune or damage are diminished as much as possible.

As one of the UK's Leading Business Insurance Brokers, Northern Counties Insurance (NCInsurance) have been helping UK businesses just like yours reduce their exposure to risk (and with it their insurance premiums) since 1928.

And if 80 plus years of dealing with risk and helping companies protect their business has taught us anything it's that there is no one magic solution to dealing with risk. In fact, our risk team of NCi Risk Management have discovered there are 3 main ways in which you can deal with risk and that is through:

- a. Carrying Risk
- b. Managing Risk
- c. Transferring Risk

Each of these ways to deal with risk will be covered in more detail on the following pages.

3. How can you Carry Risk?

For some businesses, carrying a risk might be an option if:

- a. It is unlikely to happen
- b. Something would happen often but be of little significance
- c. Risk management or risk transfer isn't available

So if we take a shop as an example and terrorism as a risk that may occur. If our example shop is in a small rural location then it's highly unlikely that they will be a victim of a terrorist attack so they may decide to ignore the possibility of one happening.



If we take the same shop and look at something that might happen on a regular basis but may not have been that significant to the wellbeing of the business.

An example of this might be accidental damage to their stock. If for example over the course of 5 years, the shop owner, customers or staff damage stock accidentally on 10 separate occasions which leaves it unsuitable for sale.

less than the £250 excess the store has on their shop insurance policy) then they may decide it makes more financial sense to not bother paying for the extra insurance cover and therefore they will carry the risk.

If none of these accidents are of significant value (maybe all are

A final way you may have to carry a risk is where you cannot really do anything to manage it and insurance cover isn't available so you can transfer the risk. Examples here are fundamental risks - disastrous climatic events (hurricanes, flash floods, landslides, etc), warfare (specifically Nuclear, Biological or Chemical), "Acts of God" (think falling meteorites/fire & brimstone!), geological events (earthquakes, volcanic eruptions, etc).

4. How can you Manage Risk?

Risk Management is simply a process of putting sensible health and safety practices in place in order to control, reduce and hopefully eliminate risks from occurring.

The law dictates that all employers have to assess and manage health and safety risks and based on the information already provided in **Carry, Manage or Transfer - The Simple Guide to Risk Management** we hope you've already seen that certain risks can and indeed must be carried.

When it comes to managing a risk, what we really mean is that businesses can reduce the risk of an incident occurring by carrying out risk assessments and putting strategies into place to avoid or minimize potential loss, injury or damage.

So what is a risk assessment? And what exactly can you do as a business owner or someone responsible for health and safety to make sure you do it right?

Well put simply, a risk assessment is a tool that exists to help you focus on risks that might cause harm and which allows you to identify whether you have taken the appropriate precautions to prevent them.

And it's important to remember that you are legally required to assess risks within your workplace so getting the risk assessment right is crucial to ensure you are not only lawful but also to make sure that:

- a. Your companies output isn't affected by staff being absent through injury or ill health that could have been prevented
- b. Your machinery isn't damaged
- c. Your business insurance costs don't increase due to making claims which could have been avoided
- d. You don't have to go to court to defend risks you could have done something about by putting simple procedures in place



In the UK, the Health and Safety Executive (HSE) provide companies with some extremely useful information on how you can assess the risks in your workplace. Here is a summary of the 5 step process they recommend and which you can follow to carry out a risk assessment within your business.

These 5 steps are:

Step 1 – Identifying Hazards

Step 2 – Deciding who might be harmed and how

Step 3 – Evaluating the risks and deciding on whether you already have precautions in place

Step 4 – Recording and implementing your findings

Step 5 – Regularly reviewing your assessment and updating it if required



Step 1 – Identifying Hazards

Before you do anything else you need to identify hazards that could exist within your workplace by working out how people could actually be harmed.

There are a number of ways that you can do this including:

- Going around your workplace and looking for things that could cause harm. Examples include cables which could result in trips, boxes being left in walkways and spillages not being cleaned up immediately
- Getting your employees involved in the above process. What might be an obvious hazard to them might not be that obvious to you
- Looking through your accident book to see what type of incidents have occurred in the past
- Checking with your trade association (if you are a member of one) to see if they can offer any advice or assistance. Many leading trade bodies are now a great source of useful information when it comes to health and safety
- Calling the the HSE Infoline on 0845 345 0055 or contacting Workplace Health Connect on 0845 609 6006 who provide a free service for small and medium sized enterprises giving you access to advice on health and safety within your workplace

Step 2 – Deciding who might be harmed and how

For each hazard you identify, you need to be clear about who might be harmed as this will allow you to decide the best way to manage the risk.

You can do this by grouping together certain groups of people who might be harmed and then identifying what type of injury or accident that might befall them.

For example, workers in the warehouse may suffer from back injuries due to lifting of stock on a regular basis.

Some other key points to remember when deciding who might be harmed and how they might be harmed include:

- Not forgetting members of the public as these could potentially be harmed by the actions of you and your workforce
- Remembering people who might not be based at your premises full time but could be harmed when they do attend. This includes visitors, contractors, maintenance workers, staff who share your premises but who are employed by you and cleaners
- Remember that certain workers will have different and possibly unique requirements. For example, a new worker with limited experience of the role or your workplace might have very different needs to someone more experienced. Likewise, an expectant mother or someone with a disability may be more at risk so additional thought might be needed to making sure these people are safe

Step 3 – Evaluating the risks and deciding on whether you already have precautions in place

So now you've identified possible risks and have decided who might be harmed and how, you have to answer the following question:

What are you going to do about them?

By British law, you have to take steps to protect people from harm and failure to do so could result in prosecution.

A good place to start when deciding what you are going to do about possible risks is to see what other people and companies are doing and good sources for this type of information can be found by either:

Visiting the HSE website at www.hse.gov.uk

Calling the HSE Infoline on **0845 345 0055**

Calling the Workplace Health Connect on **0845 609 6006**

These are all good sources of good practice when it comes to risk and what you can do is look at what you and your company are currently doing and then compare it what others are doing. It's then just a case of seeing what differences exist and filling in the gaps to bring you up to a desired standard.

In an ideal world, what you should try and do when dealing with risk is to ask the question, can you get rid of the hazard completely? And if this isn't possible, what can you do to control the risks so harm is unlikely?

The World in which we live has changed dramatically in recent years and more so than ever before, businesses of all types are looking to either cut costs or get best value from their service providers. You need to remember though that improving your health and safety doesn't necessarily have to be a costly exercise. Many simple precautions are available and what you should bear in mind is that it will most likely cost you a lot more if an accident does happen than it would by taking steps to prevent it in the first place.

Step 4 – Recording and implementing your findings

Once you've evaluated your risks and have decided whether you already have precautions in place, the next stage of actually putting your results into practice is vital.

And physically writing down the results and sharing them with your staff is a great place to start as it will allow you to review them at a later time and see how successful you have been.



And if you're one of those people who does not like writing reports or plans then worry not as your results should really be kept as simple as possible. In fact, something as simple as, "Falling over cables: cable ties provided to team leaders, teams to check cable trails on a weekly basis."

Depending on the size and type of your business, your risk assessment needs could vary from a small handful to a series of improvements that could have a big effect on your business. It's therefore crucial that you record your findings and devise a plan so the risks that are likely to cause accidents or ill health are dealt with first with the less important things kept for another time.

When devising a plan you can also:

- Carry out any relatively easy or low cost improvements straight away
- Make sure regular checks are built into the plan so that control measures are kept in place
- Ensure you know who within your company is responsible for a specific task and when they are expected to complete it by
- Include training plans so your staff know what is expected of them and have the necessary skills in order to carry out any tasks given to them

By devising a plan, you and your staff can work through it and tick off items you have completed as and when each item is completed.

Step 5 – Regularly reviewing your assessment and updating it if required

Benjamin Franklin famously said that there are only 2 things certain in life....death and taxes. Whilst these 2 things are perhaps inevitable, another thing that is going to happen to your business is that things will change.

You will take on or let go staff, you will no doubt purchase new equipment or change something in your business that could lead to new hazards. By reviewing your risk assessment you therefore have an opportunity to make sure you don't slip back into old habits and that you are constantly looking to improve your health and safety regardless of any changes that occur within your company.

When reviewing your risk assessment you should consider:

- Have there been any changes within your company?
- Are there any improvements you could still implement?
- Are your staff able to spot problems or potential hazards that you might have missed?
- Have you had any accidents or near misses since the last review which you and your staff can learn from?

For most businesses, implementing an effective risk assessment in-house, can significantly reduce the chances of an accident or loss occurring. Can you risk management right and not only are you likely to comply with UK law but you, your staff, your customers and your business are all likely to benefit.

5. How can you Transfer Risk?

As we've looked at previously, many risks can be managed (either in-house or by appointing a specialist risk management company) or carried depending on exactly what they are the possible consequences to your business.

For many other risks, you have a third option of transferring the risk by purchasing an insurance policy that will protect you in the event of an insured incident or loss occurring.

By transferring the risk to an insurance policy, you will have the peace of mind of knowing that any insured peril will be dealt with by the insurance company so you can concentrate your efforts on running your business profitably.

The society we now live in is seemingly obsessed with comparing costs and when it comes to insurance, many people and businesses deem the cheapest to be the best. All we would say when it comes to transferring your risk to an insurance broker or insurance company is, make sure they give you more than a cheap premium. A good insurance provider should ask you questions and be able to give you advice and help based on your requirements. Likewise, a good insurance provider should be able to answer any questions you have and make you feel like you and your business is important to them.



Northern Counties Insurance
www.ncinsurance.co.uk

As one of the UK's Leading and Oldest Insurance Brokers, NCInsurance have built up a reputation of providing customers with more than just a cheap premium.

Instead, NCInsurance aim to give you advice, guidance, cover and premiums which means the insurance policy you buy to transfer your risk gives you great value for money, protection and peace of mind.

From Public Liability Insurance and Professional Indemnity Insurance to Trustee Indemnity Insurance and Employers Liability Insurance, there are many different type of insurance policy available to help you transferring a risk.

6. Potential Claims Examples

Over the previous pages we've looked at the 3 main ways you can deal with risk within your business. From carrying or managing a risk in-house to transferring the risk elsewhere by using an insurance provider to find you the right insurance policy, help dealing with risks within your business are available.

Here we'll look at a selection of risks which could occur and how each of these could be handled by adopting the Carry, Manage or Transfer approach to Risk Management.

<u>Potential Claim Situation</u>	<u>Risk Management Strategies</u>	<u>Risk Transfer: Sections of Insurance</u>	<u>Examples of Risk Management</u>
Employee injured at work due to the negligence of the employer	<ul style="list-style-type: none"> To reduce the risk of a claim, carry out risk assessments and put strategies in place to avoid or minimise potential claims Transfer risk to an insurance policy 	<ul style="list-style-type: none"> Employers Liability (Compulsory Insurance if a company has any employees) 	<ul style="list-style-type: none"> Issue PPE (Personal Protective Equipment) to staff Provide staff with training relevant to their job
Member of the public walks into a shop and slips on a wet floor	<ul style="list-style-type: none"> To reduce the risk of a claim, carry out risk assessments and put strategies in place to avoid or minimise potential claims Transfer risk to an insurance policy 	<ul style="list-style-type: none"> Public Liability 	<ul style="list-style-type: none"> Signs informing people of a wet floor Regular cleaning Removal of obstacles and hazards
Community newspaper prints wrong details about upcoming events	<ul style="list-style-type: none"> To reduce the risk of a claim, carry out risk assessments and put strategies in place to avoid or minimise potential claims Transfer risk to an insurance policy 	<ul style="list-style-type: none"> Professional Indemnity 	<ul style="list-style-type: none"> Editorial team or proof reader checks publications prior to printing
Libellous action is taken against the trustees of a charity for alleged slander on a local radio station by a new trustee of the charity	<ul style="list-style-type: none"> To reduce the risk of a claim, carry out risk assessments and put strategies in place to avoid or minimise potential claims Transfer risk to an insurance policy 	<ul style="list-style-type: none"> Trustees Indemnity Insurance 	<ul style="list-style-type: none"> The charity provides training to a trustee who will deal with all media enquiries

The truth is, we hope you never have to face the consequences of having to deal with an accident, loss or injury at your business.

And we hope that the information contained within **Carry, Manage or Transfer - The Simple Guide to Risk Management** will help make your business a safer place.

As one of the UK's oldest independent Business Insurance Brokers, NCinsurance have been helping UK businesses secure protection and peace of mind for their business since 1928.

And with an A+ credit rating and UK based team of Commercial Insurance Experts, NCinsurance are available to help with any risk transfer, risk management or insurance questions you may have.

To see how you and your business could benefit from expert advice, insurance cover tailored to your exact needs and hard to beat business insurance premiums NCinsurance can be contacted now by:

Calling **0800 046 1446**

Visiting **www.ncinsurance.co.uk**

Emailing **you2us@ncinsurance.co.uk**

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