

Presentation on 10th September 2007

An Insurer's View of Risk Assessment

Dave Bennett, Senior Risk Consultant and

Jim Wilkes, Senior Casualty Underwriter, Zurich Commercial

Jim Wilkes opened the batting on this presentation by describing the Government recommendations on Risk Management expressed in the HMG Treasury Orange Book. He said that more specific views were put forward in the Hampton Review of Regulation and various other publications. Referring to the HSE approach, he commented that they devoted 8 pages to their guide on how to do it, in contrast to the 200 pages outlining the pitfalls associated with it! He added that the newspapers had plenty to say about the lead on toys when hidden risks became exposed!

He went on to say that Insurers' view was that Risk Assessment is subjective and questioned whether it was a Science or an Art. In many cases, he thought that it was driven firstly by values and beliefs and secondly by the facts. This could lead to serious Governance failures, as in the ENRON scandal and BP's failures in the deaths in the Texas oil refinery, and the environmental disaster with the Alaska Pipeline. As far as their 'needs' were concerned, suitable and sufficient RA was required to defend civil Liability claims for compensation, where its existence and quality is challenged. Insurers were not concerned with criminal cases, as fines were not covered by insurance policies! They were concerned that employers always aimed for 'best practice' and he illustrated his point with a series of humorous photographs to show the obvious situations that would be eliminated by Risk Assessment.



Dave Bennett then took over to talk about Risk Assessment as part of an overall management system specifically required by the Management of Health and Safety at Work Regulations. He went on to emphasise that it is only a tool for establishing standards and levels of protection for a particular job. For the purposes of legal compliance and civil liability defence it had to be "Suitable and Sufficient" and had to cover both General and Specific situations. The common key points are that Risk assessment should: -

- Identify Hazards
- Identify Control Measures
- Satisfy yourself that the job is safe to undertake

David then presented a sample Risk Assessment for a Spindle Moulder that identified, on a matrix, common hazards associated with the operation and maintenance of this machine. The related risks were also identified and a rating evaluated before identifying

Control Measures. He then showed where this particular example failed to satisfy the “Suitable and Sufficient” standard: -

- No identification of the task/area assessed
- No Date/review Date
- Not all Hazards identified
- Risk Ranking missing, inconsistent, too high,
- Control measures were too vague and systems for training, inspections and maintenance not defined.
- The final assessment was “Operations considered safe”, which would immediately be challenged in Court!

Dave added that common failings with the application of risk assessment systems were: -

- RA was used as an “inspection process”, rather than assessment
- Actions/recommendations not followed up to any time scale
- Actions not signed off or reviewed
- Old assessments not retained
- Quality suffered if RA delegated to line management because of inexperience.
- Findings not given to employees
- Peripheral jobs, such as maintenance, not covered
- One-off jobs not considered

Dave added that where Regulations specifically required risk assessment, e.g. Manual Handling, Noise, COSHH Lead, DSE, then detailed information was required and it needed more attention to detail in terms of record keeping. For example, an Ergonomic Assessment of assembly work would be need to control Upper Limb Disorders, based on the following: -

- Mechanical aids
- Workstation design
- Loads, frequencies and work rates
- Job rotation records
- Conclusion and recommendations
- Monitoring and review

Members' Questions

Dennis Walley of Homeserve commented that the HSE had specifically asked assessors not to use complex rating systems in their launch of the CDM Regulations this year. David replied that it was important to have some system of prioritising actions by using ratings.

Jim Hathaway of Beiersdorf asked whether the definition of suitable and sufficient was the same in the Civil and Criminal courts? Dave replied that HM inspectors were more flexible in their interpretation whereas the civil courts were more stringent. Jim commented that the lower ‘Balance of Probabilities’ standard in the Civil Courts affected this. **David Hughes of Hughes Business Services** added the comment that the particular

culture in any industry varied these standards, particularly where methodology was complex and the process had to be explained in detail. Jim Wilkes added that a poor paperwork system was difficult to defend in court!

Ed Friend of E.L.Friend Ltd. commented: -

- Even with stringent control measures, Motorway operations remained high risk work
- Regarding the RA Chart example, he said that the type of Moulding also dictated the controls, according to the experience of the operator
- In his experience with the HSE, many RAs were based on existing control measures and didn't improve standards
- Managing directors must also evaluate their risks against the overall business budgets.

Paul Clifford of National Grid Metering asked if the Insurers ever challenged their Client's safety culture. Dave replied that they did and in particular asked how they dealt with their contractors. In a supplementary question, **Stephen Parton** asked what percentage of Clients' RAs was deficient. Dave Bennett replied that about 75% – 80% needed improvement and went on to say that he recently encountered one client with no Health and Safety documentation at all!

Peter Evans asked if the role had changed and if they should question taking on the risk sometime. Dave Bennett said that they do give an opinion on the client's overall safety management system and definitely look for an intention/commitment to improve.

At this point there were no further questions and the Chairman thanked Dave and Jim for their thought-provoking presentation. The members supported this vote of thanks in the traditional way.