

## ***GUIDELINES FOR A RISK MANAGEMENT PLAN***

In an effective risk management plan, the primary objective must be to the control of accident producing situations, ultimately leading to the reduction or control of losses. The definition of risk management: process of making and implementing decisions that will minimize the adverse effects of accidental losses upon an organization.

At USA Risk Management Services, we believe there are basic elements in a well-balanced risk management program. These elements or principals are basically the same for any type of business. There may be, however, differences in the degree of application necessary for each element depending upon the nature and size of operations or problems particular to a specific type of business.

This material is intended to assist you, our insured, by providing an outline, or general guideline, of those basis elements that should be considered in development of your risk management plan.

### ***1. MANAGEMENT INTEREST AND GUIDANCE***

The most successful programs are those in which top management actively participates and demonstrates its interest in the safety and security of persons and property. Without management's interest and guidance, other risk management activities will be limited in effectiveness and success.

### ***2. ORGANIZATION AND RESPONSIBILITY ASSIGNED***

In the final analysis, management is responsible for the success or failure of the risk management effort. However, it is usually necessary for management to delegate planned loss control activities to a position or organization formed for that purpose. The loss control organization should coordinate and administer all elements of the program. Pending on the company size, operations, and needs, the organization may include a safety director or coordinator and/or safety committees. Typical responsibilities include inspections, accident investigations, accident records keeping, and development of safety rules and safety meetings.

### ***3. SUPERVISORY PARTICIPATION***

Supervisors being closest to employees and ongoing operations are usually the members of the management team best informed concerning actual conditions. The supervisor must understand that they have the key "role" in the risk management/loss control program. Upon the supervisor must rest the responsibility of day-to-day control of accidents.

### ***4. EMPLOYEE TRAINING AND EDUCATION***

The primary objective of employee training and education is to influence the behavior of employees. This is done by developing an interest and controlling accidents and by developing an alertness to recognition of unsafe actions and conditions.

Employee training and education can be accomplished through new employee orientation

programs on the job safety training, employee publications, safety literature or safety meetings.

5. ***RECOGNITION OF ACCIDENT HAZARDS AND ENVIRONMENTAL CONTROLS***

It is vital to recognize a specific hazard or exposures that exist in your operation or "environment". Each hazard can, and eventually will, contribute to an accident or loss if proper controls are not also recognized and implemented. Items to consider usually include machinery or equipment, electrical shock hazards, housekeeping exposures, occupational health hazards, pollution or hazardous waste exposures, slip and fall hazards, pressure vessel exposures, traffic control hazards, vehicular operation hazards, fire and explosion hazards, as well as many others.

6. ***LOSS CONTROL INSPECTIONS***

A comprehensive program must include frequent inspections to detect unsafe conditions and unsafe practices. No area should be exempt from inspections although special attention should be devoted to the more hazardous areas with the higher potential for loss. In order that the inspections be effective, this responsibility must be given to competent individuals or groups such as the properly trained safety coordinator, safety committee, or supervisory personnel. To be truly productive, a system must be in existence so that recommendations developed by the inspection are acted upon with but delays.

7. ***ACCIDENT INVESTIGATIONS***

The accident investigation should be made as soon as possible after an accident by someone in a supervisory position or by an individual who has been assigned loss control responsibilities. The primary purpose of the accident investigation is to develop corrective action for unsafe physical conditions or unsafe practices that have contributed to the accident. By finding what happened, it can be determined what should be done to control or eliminate a specific accident hazard.

8. ***MEDICAL FACILITIES***

Every business should have provisions to properly treat injured persons and a procedure for rapid notification of emergency medical services personnel if necessary. The depth, scope, and extent to which management fulfills its medical treatment obligation depend upon the exposures, hazards, and size of operations of the business. For many businesses, a first aid kit, administered by an employee trained in first aid is sufficient. At the opposite end of the scale, some large industrial plants may find the need for complete dispensary with a full staff of doctors, nurses or other professionals.

9. ***FLEET SAFETY***

Whether operating a large fleet of trucks or a few automobiles for sales persons there are basic loss control measures that every business should apply to help prevent accidents. Foremost among these is driver selection. Only those employees who possess the proper background, training and safe driving experience should be authorized to operate company vehicles. Checking references, state motor vehicle records, and verifying a current drivers license of the proper type are only the minimum steps to take when making a hiring decision. Depending on the type, size, and number of vehicles in your operations – as well as geographic scope of operations - other steps which should be incorporated into a successful fleet safety loss control program include written tests, road

tests, physical examinations, driver training, fleet safety meetings, company safety regulations, accident investigations and record keeping requirements, vehicles self inspections, vehicle maintenance requirements and maintenance/repairs documentation.

10. ***PREMISES LIABILITY: PROTECTION OF THE PUBLIC***

Every business owner has a responsibility to customers, or other members of the public present, to maintain the premise in a reasonably safe condition. Periodic loss control inspections should be conducted at intervals necessary to discover any defects or hazards, which may cause injury. A self-inspection checklist is often a helpful tool that can assist in meeting inspection responsibilities. Whether discovered by a formal inspection or in the course of normal operations, anytime a hazardous condition exists, members of the public should be denied access to the area if possible and or warning signs conspicuously posted.

11. ***LIFE SAFETY CONSIDERATIONS***

"Life Safety" refers to the protection of the occupants of a premise from death or injury should a fire occur. To meet the minimum life safety standards, the requirements of the life safety code (NFPA 101) should be complied with. While the requirements vary depending on the occupancy or operations in any given building, some of the fundamental standards deal with the number and placement of exits, arrangement and capacity of means of egress, illuminations of exits, emergency lighting, and necessary fire emergency evacuation plan should be provided.

12. ***PROPERTY PROTECTION***

Protecting property from fire loss should be an important aspect of every risk management plan. The property protection program should be based on three foundations - fire prevention, fire detection, fire suppression. Naturally, the specific needs of each business may vary based on such items as operations, building construction, concentration of values, storage or use of flammable liquids, degree of unoccupied or vacant areas, etc.

Providing the specific property protection needs of your business should be a high priority since many businesses are never able to fully recover from the negative financial impact of a sufficient fire loss. Even if insurance pays for rebuilding and or replacement of contents or even loss of profits, clients and customers who can't wait for a company to rebuild may be lost forever.

If you need further explanation of the basic risk management principals outlined in this publication, contact USA Risk Management Services. Our staff will provide you with assistance in your development of a comprehensive risk management plan tailored to your specific needs.