

Analysis of a customer's risk control efforts reveal opportunities to improve which are addressed as risk improvement recommendations in Vero reports. If these are implemented, customers will benefit!

## Benefits

No matter how big or small a customer is, willingness to improve by way of implementing the recommendations creates confidence and preserves value for key stakeholders. It improves business resilience, boosts business performance, minimises claims and generally provides for a more certain future. All of which will be of advantage with insurance placement or renewal.



## Determining the existence and quality of risk control efforts

Vero specialists are available to help identify the existence of physical protection and procedural risk controls. For example, physical protection includes sprinklers and extinguishers, impact protection barriers and safety signs. Procedural risk controls include a hot work permit system, a food safety plan, an equipment maintenance plan and evacuation procedures.

The quality of physical protection and procedural risk control efforts are then compared to risk and industry standards and best practice. Those that fall short are addressed as risk improvement recommendations.

## Recommendations (treating the risk)

Our recommendations consider the basic principles of risk management (referencing ISO 31000 Risk Management) by way of treating the risk through avoidance of an activity, removing the risk source, changing the likelihood of an event occurring and/or changing the consequence, should an unfortunate event occur.

Opportunities to improve are clearly discussed on site with customers in order to clarify our interpretation and offer a correct and effective solution, to ensure a clear understanding of the recommendation, seek an indication of intent to implement and offer assistance.

## Investing in recommendations

An investment in time and/or money will be necessary to implement the recommendations. For example, improvements in housekeeping will require the time of a person to regularly clean the premises and may incur some minor expenditure for the provision of new waste bins, or the introduction of a food safety plan will require time to compose, implement and maintain. Whereas the provision of sprinkler protection or a duplicated water supply will warrant capital expenditure.

Experience indicates that some recommendations can pay for themselves over time such as changing out high hazard/high energy lighting to a low hazard/low energy alternative, thus reducing electricity bills. In some instances, improvements in safety and ergonomics improved stock movements resulting in business efficiencies and thus a profitable return on investment.

In all instances, Vero risk specialists work closely with customers to ensure the cost-benefit is clear, necessary and budgeted for. Staged implementation of a recommendation warranting capital expenditure may also be considered in consultation with the Vero risk specialist, underwriter and insurance broker.

# Prioritising

For a timely and prioritised implementation, we apply ‘risk-based thinking’ that considers the level of threat an untreated risk poses in terms of ‘Likelihood’ and/or ‘Consequence’ of an event per the following criteria:

**Likelihood** of an event occurring

Likelihood	Descriptor
Almost certain	Expected to occur in most circumstances and/or it is happening now.
Likely	Has happened (or would have if not prevented).
Possible	Has happened before at similar occupancies but under specific circumstances.
Unlikely	May have happened to similar occupancies but under only very specific circumstances.
Rare	Event only likely to occur in exceptional circumstances.

**Consequence** should an unfortunate event occur

Consequence	Damage sustained
Insignificant	Minimal costs – cosmetic damage.
Minor	Minor interruption to the business.
Moderate	Short term interruption – some processes affected.
Major	Mid-term interruption – significant processes affected.
Catastrophic	Significant long-term business process affected/total loss of production.

Now, reference the ‘Likelihood’ and ‘Consequence’ determinations (from the above) on the following matrix to reflect the priority:


Risk improvement priority matrix					
Likelihood	Consequence of loss				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Moderate	High	High	High	High
Likely	Low	Moderate	Significant	High	High
Possible	Low	Moderate	Moderate	Significant	High
Unlikely	Low	Low	Low	Moderate	Significant
Rare	Low	Low	Low	Low	Moderate

For example; the Likelihood of an event occurring is determined as being ‘Almost certain’. The Consequence of that event is determined as being ‘Major’. Cross referencing both upon the Risk improvement priority matrix, we conclude the recommendation to be of ‘High’ priority.

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