

Insurance Risk Management



INTRODUCTION.

Generally speaking, where an insured demonstrates a responsible attitude towards risk management and implements necessary safeguard and preventative measures, this action tends to lessen an insured's business risk profile. Consequently, VACC and CGU Motor Trade Insurance saw a need to develop a suggested Risk Management Program for its insureds.

PURPOSE

The main purpose of this document is to assist small Motor Traders to appreciate, identify and control certain risks in their business. Accordingly, this document provides basic, yet useful, information for insureds including tips and tools necessary to allow small Motor Traders to get started on a path that would ensure that they can avoid, eliminate and reduce risk and hazards.

The information contained in this document is general, indicative information only. Accordingly, we encourage you to consider implementing a comprehensive quality management program that will cover all facets of your business in conjunction with advice from an independent, licensed financial adviser or expert risk manager. Please be aware that implementing any or all of the suggested risk control measures contained in this document is no guarantee that an insurer will reduce the premiums which you might pay.

CONTAINING THE COST OF RISK

In today's insurance marketplace, business insurance premiums are rising faster than at any time in the past twenty years. A number of factors are forcing insurers to not just increase premiums, but to also reassess the viability of providing risk insurance for some of the occupations/business types they insure.

As a Motor Trade business owner, the challenge is to present your business risks to insurers so that they will offer terms and premiums sustainable to both parties.

As part of their evaluation process, Insurers will look at the nature of the occupation, the specific claims history and importantly, the manner in which the business controls risks and hazards.

RISK MANAGEMENT – AN ESSENTIAL TOOL OF BUSINESS

Insurers are more likely to offer favourable terms to businesses that demonstrate a systematic approach to managing their business risks, i.e. they have a formal Risk Management Program operating and regard it as an essential part of their business.

Simply put, your level of risk management can determine whether or not you are insurable and the level of premium you will pay.

What is Risk Management?

It is a process to:

- Control and prevent losses
- Reduce the total cost of risk over a long period of time
- Preserve the financial integrity of the business

How does Risk Management work?

- There are four essential and logical steps:
- Recognition - knowing what it is that can hurt you
- Evaluation – knowing the likelihood and probable cost of the risk
- Control and Prevention – knowing how to avoid, eliminate and reduce hazards.
- Review – knowing how to assess the results and how to respond

Some of the consequences of ignoring risks within your business are: -

- Injury
- Loss of assets
- Loss of trade
- Law suits
- Adverse publicity
- Higher insurance premiums
- Fines, penalties and gaol

Risk Management is a logical and systematic method of identifying, analysing, assessing and controlling risk; it enables organisations to avoid, eliminate or reduce risks and hazards, as opposed to relying on insurance to fund losses for damage or injury.

RECOGNISING RISK

When evaluating the business with respect to insurable risks, there are four key risk aspects to consider. They are:

1. Property Damage
2. Property Loss
3. Legal Liability
4. Management Systems

Property Damage

Property damage can occur through a number of causes such as fire or storm, so you need to ensure that you have covered a range of possibilities to reduce or eliminate the risks/hazards that may cause such losses.

- i) Fire:
 - (a) Properly store flammables/chemicals
 - (b) Keep all electrical appliances, leads, circuitry in good order
 - (c) Fire fighting equipment must be appropriate and accessible
 - (d) Ensure all cutting, welding and grinding is conducted in a safe area
 - (e) Prohibit smoking in the workplace
 - (f) Ensure mobile phones are not used where volatile gases may be present
- ii) Storm:
 - (a) Check that the premises' construction is adequate for the area's usual storm risks
 - (b) Make sure guttering and drainage is adequate to cope with storms
 - (c) Keep perishables that could be affected by water, off the ground

- (d) Properly store and maintain computers and electrical equipment
- (e) Install devices to protect electronic equipment against electrical power surge

Property Loss

Property loss may occur as a result of theft by employees, criminals or opportunistic customers. You need to ensure that would be thieves are deterred, detected or delayed in gaining entry or access to your property.

i) Deter

- (a) Warning signs should be displayed saying security systems are operating
- (b) Goods or equipment should not be left in the open or in sight
- (c) Attractive items should not be left in sight after hours
- (d) Post signs saying no cash left on unattended premises
- (e) Staff must understand that employee theft/fraud will mean dismissal

ii) Detect

- (a) Premises should be well lit externally and internally
- (b) Premises should be alarmed and/or monitored by security cameras
- (c) Regular security patrols should be scheduled
- (d) Complete snap audits of stock, money and other assets of the business

iii) Delay

- (a) Premises must be able to withstand reasonable force – there needs to be strong physical security, bars on windows and bollards or railing to prevent ram raids
- (b) Perimeter – storage areas/yards must be securely fenced
- (c) Money and valuables must be appropriately secured
- (d) Chain attractive portable tools and stock together
- (e) Securely bolt/anchor all plant machinery to the ground when stored in the open

Note: It is imperative that staff be protected from assault or armed hold up. Staff handling cash should undertake a short course in how to deal with violent offenders. Barriers to prevent offenders from having physical contact with staff should be installed.

Legal Liabilities

Legal liabilities may arise from an injury to workers or members of the public whilst they are on the business premises, or as a result of faulty workmanship, or, goods may be lost or damaged whilst they are in your legal control. Simple housekeeping and risk controls will help reduce the risk of such things happening.

i) Personal Injury

You need to ensure that:

- (a) Workers are appropriately trained and that the workplace is safe
- (b) Customers are never allowed into the workshop or storage yards
- (c) Floor surfaces are even and non-slip
- (d) Strict rules exist for cleaning up spillages such as fuel or oils
- (e) Customer access areas are free from obstacles and hazards
- (f) Housekeeping is satisfactory

ii) Damage to or loss of customers' property.

You need to ensure that:

- (a) Ensure workmanship is of the highest standard
- (b) Keys are not left in unattended vehicles
- (c) Vehicles are stored in a securely locked building, never left in the open outside of business hours.
- (d) Only experienced and responsible staff are permitted to drive customers' vehicles
- (e) Vehicle Hoists are maintained in accordance with Australian Standard AS 2550.9
- (f) If any work is subcontracted out, the subcontractor provides a certificate of insurance that covers his/her legal liabilities.

Management Systems

Having management systems in place is the most critical factor; it is imperative that you implement a system that effectively allows you to recognise and control risks.

You should:

- (a) Determine which formal system you will adopt
- (b) Make a firm commitment to establishing a safe, secure workplace
- (c) Engage your staff in the process
- (d) Complete an initial self-assessment yourself so you know where you are positioned [utilise the attached information and "Checklists" to get started]
- (e) Conduct regular financial audits
- (f) Prepare an ethical standards manual and a code of conduct for staff

(g) Establish acceptable Housekeeping Standards [Refer Definition Housekeeping]

NOTE: This is not an exhaustive analysis of the risk management program but will provide a basis for you to determine how your business stands and whether or not you need to make improvements to ensure that you are doing everything reasonably possible to eliminate the risks in your business. Mostly, it is not overly difficult to meet risk management standards. You will be doing both yourself a favour, and everyone with whom you do business, when you make a commitment to managing risk responsibly.

GETTING STARTED

Even the best plans may not prove enough to eliminate every possible hazard, but there is no economic benefit in waiting until risks and hazards strike before taking preventative action.

Businesses that demonstrate they have taken all reasonable steps to *eliminate* and *reduce* the risks in their business, will significantly improve their prospects of establishing a sustainable insurance relationship. Each individual business will be considered on its merits and Insurers may require specific risk improvements prior to offering cover.

As an aid to establishing a systematic approach to managing your business risks, consider using the following model.



In simple terms, risk management is a process to control and prevent injury and losses, reduce the total cost of risk over a period of time, and to preserve the financial integrity of your business.

Implementation

- Make a commitment to establishing a safe and secure business operation
- Schedule a time to formally discuss risks [known and unknown]
- Don't procrastinate or you will fail to act at all
- Involve your staff in the process, give some ownership and accountability to them
- Document your plan of action and get started promptly

Firstly – Learn these Risk Management techniques:

Risk Elimination

If possible, avoid performing activities in your business that are extremely dangerous and which could possibly cause severe losses. These activities are better done by specialists. For example, the fitment of Air bags and sensors requires special skills. You may wish to avoid the risk injury and property damage arising out of faulty workmanship altogether (and the cost of insuring that particular risk) by outsourcing the task to another organization.

Risk Reduction

Frequent losses can be controlled through various loss control techniques that are designed to reduce their occurrence and size. One example would be for a motor trader to install closed circuit television/video surveillance cameras in areas where attractive stock and equipment are stored, so as to deter and detect thefts.

Risk Retention

Some losses are small enough to be covered through a business' normal cash flow and don't require insurance. For example, if there is only a small quantity of fixed glass, any damage can be paid out of cash flow. Similarly, insurance policies have excesses for most types of coverages; as your business becomes more profitable, you may wish to assume more of the risk and reduce your insurance premiums by selecting a higher excess.

And then embrace these three facts:

Fact 1

Loss and Injury occur mostly because of poor training, improper behaviour, indifference to required effort, or risks and hazards that have not been identified, evaluated or controlled.

Fact 2

Managers that demonstrate that they have consistently applied the required management systems are less likely to be prosecuted if a serious injury occurs.

Fact 3

Organisations that fail to commit to risk management or provide adequate resources to the task, will not reap the benefits available to them.

Attached is a set of *Guidelines* specific to your industry. They are no more than guidelines and are intended to assist those that have little or nothing in the way of formal risk management systems to get started.

Guidelines

Auto Parts Recyclers & Dismantlers



INTRODUCTION

Over the past few years, the Auto Parts Recycling Industry has seen concerning levels of loss for Motor Trade Insurers. Many Insurers will not offer cover for Auto Parts Recyclers / Dismantlers, particularly those that allow the public to enter storage areas. The risks of Fire and Liability also remain a serious concern for Insurers. APRAA and the Victorian Automobile Chamber of Commerce, together with CGU Motor Trades Insurance, have developed a set of Guidelines and Checklists which will assist Auto Parts Recyclers / Dismantlers to demonstrate to Insurers that they have systems and procedures to minimise risks and hazards.

PURPOSE

The information provided in the following section will assist members to recognise, evaluate and control certain risks in their business. It could reasonably be expected that the adoption of the suggested measures contained in this section will reduce the incidence rate of insurance claims in the future. However, as you can appreciate, there is no guarantee that this will be the case.

The nature and characteristics of each individual business will determine which risk controls are required, e.g. If customers are permitted access to storage areas, there is a need to have signs indicating (a) where they can and cannot go and (b) the rules of entry and expected behaviour of visitors. It may even be necessary to have entrants sign an appropriate liability disclaimer.

Accordingly, we encourage you to consider implementing the following guidelines as relevant to your business. You should also seek independent advice from a licensed financial adviser or expert risk manager. Please be aware that implementing any or all of the suggested guidelines in this document is no guarantee that an insurer will reduce the premiums which you might pay.

BUSINESS RULES

Purpose

The Business Rules and Guidelines will assist Auto Recyclers to complete a high level assessment of certain aspects of risk within their business, and to implement some basic systems that will minimize risk and hazards. There are three strict rules that should be consistently applied:

Risk Management Guidelines for the Vehicle Dismantling industry should be implemented

Disclaimer and the *Rules of Entry* should be signed by each and every person who enters vehicle storage and dismantling areas

Signs should be posted at the point of entry as well as throughout any areas that may be accessed by visitors, reminding them exactly where they are permitted to go, matters that they need to aware of, and required behaviour

Signage Requirements

- The business must prominently display signs at the entry to the reception area; customers must be able to see the sign stating conditions of entry, prior to going in
- A hard copy of the *Disclaimer* and the *Rules of Entry* must be laminated and prominently displayed on the wall of the reception area. Copies of the waiver and rules must be freely available at the customer service counter
- All premises must display signs clearly indicating the location and operation of doors, e.g. "Exit door opens outward"
- In areas where vehicles such as forklifts may operate, signs need to be displayed warning visitors to watch for such vehicles, e.g. "Caution forklift in use – Watch out forklift operates in area"
- Areas where visitors are not permitted must be clearly signed, e.g. "Keep Out - Authorised personnel only – Danger"
- Signs must be posted throughout the premises restating the rules and safety requirements

Housekeeping Requirements

- Waste must be frequently removed to prevent any accumulation
- Regular cleaning of the premises and floors must be undertaken
- Orderliness of the premises must be maintained at all times, both inside and out – [Workplace is free of congestion]
- Stocks of Parts are stored off the ground
- Equipment and tool storage must be tidily maintained
- Disused stocks of paints, solvents, oils, must not be kept unnecessarily
- Access to equipment must be clear and unobstructed
- Inside sales and self-service areas must be well-lit; clear of obstacles, and adequate aisles and signs to aid customers must be displayed

- Parts must be stacked and secured so as not to protrude or overhang
- Regular patrols of any area visitors may have access to such as storage yards or parts display areas, must be carried out so as to ensure the area remains safe

Hazard Controls

- Ensure a strict policy of draining/decanting Fuel & LPG tanks prior to a vehicle being moved into stock either [a] in an outside storage yard or [b] in a warehouse building. LPG tanks should be removed prior to dismantling of a vehicle. Drained/decanted tanks are permitted to remain in vehicles. Batteries must be disconnected or removed immediately they come onto the premises. Tank openings should be plugged and tanks then removed before dismantling is started.
Note: strict compliance with EPA, or other law or regulation is imperative.
- Tanks should be purged and stored away from sources of ignition
- Air conditioning systems must be purged of refrigerant [in strict compliance with any EPA, or other legal requirement/regulations]
- Before any hot work is undertaken, fuel lines should be crimped or removed
- All fluids and lubricants [coolant, brake fluids & oils] to be drained and stored in safe area. Note: strict compliance with EPA, or other law or regulation is imperative
- Petroleum-based solvents and other flammable liquids must be stored in approved closed containers, clearly labelled, away from sources of ignition
- A build-up of explosive hydrogen in battery charging and storage areas can occur. Ensure that ventilation in these areas is adequate
- Spills of flammable liquids must be cleaned up promptly using mineral clay or similar product
- Never work on a vehicle suspended by a Forklift or other temporary supports
- Smoking must be restricted to approved areas, away from hazardous materials and combustibles
- Propane, oxygen and acetylene cylinders must be chained upright with protective caps, valves and gauges intact, clearly labelled, separated by distance or non-combustible barrier, and away from heat sources. Cutting torches not in use must be shut off and pressure relieved from valves
- Parts-cleaning machines using flammable solvents must be equipped with an operational trap door designed to shut in case of fire. It is preferable that high-pressure water cleaning units are used, or a safety detergent wash in parts units
- Vehicles should only be moved to public access areas when it is safe. Usually this is when there are no visitors, or it is completed outside of normal business hours
- Vehicles should be placed on stands and then checked for stability
- Forklifts must only be driven by fully licensed operators
- Vehicles must never be stacked on top of each other unless they are being stored in a compound in preparation for crushing, and that area must be totally fenced off to the public
- Strength and construction of racks, shelves, display fixtures must be adequate for the intended purpose

- Fire fighting equipment must be:
 - Adequate for the purpose required
 - Serviced twice yearly in accordance with AS 1851.1
 - Conspicuously located and easily accessed
 - Capable of being successfully employed by all staff

Welding & Cutting

Note: Vehicles should be made safe, it is imperative that all hot work be conducted in strict accordance with Australian Standard AS1674.1. The following should be observed when work is being undertaken using gas cutting equipment, grinding equipment or friction saws:

- A person concerned with hot work shall watch for any fire that may occur, know where fire equipment is located and how to use it, know how to raise the alarm, and initiate immediate steps to extinguish any fire. Persons involved in cutting & welding should undergo a recognised training course in fire extinguisher operation
- A suitable fire extinguisher(s) should be located within 10 metres of the work area
- All fuel lines, petrol tanks, and combustible materials should be removed prior to work taking place. Combustible material that cannot be removed should be covered with safely secured, non flammable welding covers/blankets
- Oily surfaces and oil spills should be hosed down, and then sanded over. Rubbish, oily rags, and the like should be removed
- Cutting & welding should only be conducted in a well-ventilated area. It is preferable that hot work is conducted outside. If conducted internally a clear area of no less than 3 metres from combustible materials should be maintained

Site Access

For counter sales:

- Customers should be prohibited access to other areas unless under strict supervision, i.e. accompanied by an employee
- Customer access areas must be level, free of obstacles or other hazards
- All prohibited areas must be securely fenced or otherwise enclosed to prevent public access

Direct parts removal by customers:

- Signs must be prominently displayed at the entrance to storage yards advising customers and others that there are potential hazards that may exist in the yard and which require their special attention
- Every entrant must sign a *Disclaimer*. No disclaimer, no entry!
- Storage Yards must be constantly maintained in a safe condition [refer Housekeeping Guidelines]. Walkways and storage areas must be clear of parts; inspections must be completed regularly to ensure the area remains safe. Walkways should be apparent or clearly defined

with either painted lines, barriers or fencing

- Signs must be posted throughout the yard clearly restating which areas are out of bounds and the conditions of entry
- No dogs are permitted in areas which the public can access

Parts Inspection Procedures

Over the counter sales:

- Documented procedures should be in place outlining the checks that are to be made to ensure parts are of merchantable quality and safe. Such procedures should include checks by suitably qualified employees only. This is particularly important when supplying safety components such as tyres, brake, and steering components. Such documented procedures must state the type of checking that is conducted
- Repaired or rebuilt parts should be clearly identified
- The practice of selling accident-damaged safety related parts is not recommended, and may in some cases be illegal and/or in breach of the Trade Practices Act

Customer selected/removed parts:

It must be made clear to customers that:

- Any parts they select and remove from vehicles themselves [as-is parts] carry no warranty
- Parts selected and removed by the customer may not necessarily be fit for the purpose intended and may not be of merchantable quality

IMPORTANT: Checklists have been prepared to assist you to identify and to overcome some of the common problem areas. This document directs you to the relevant checklist where appropriate. It should be noted that these checklists do not necessarily cover every potential risk in your business.

RISK MANAGEMENT SYSTEMS WILL SAFEGUARD/PROGRESS YOUR BUSINESS

Management systems are recognised as an integral part of good management practice. There is an Australian Standard on Risk Management [AS/NZ4360], which is an excellent reference source for all managers. (*Refer checklist 1.*)

Listed below are just some of the topics requiring careful consideration as part of a quality risk management programme:

Compliance

- Commonwealth legislation, e.g. Trade Practices Act
- State legislation, e.g. Occupational Health and Safety (OH&S), Dangerous Goods Act
- Employment Laws
- Local Government regulations and by-laws, e.g. Building codes of Australia [BCA]
- Statutory Authority regulations, e.g. Fire Brigade regulations, Environmental Protection Authority [E.P.A.]

Best Practice

- Australian Standards
- Industry Code of Practice
- Ethical behaviour
- Good corporate citizenship
- Risk Management Control
- Documented and clearly communicated procedures
- Regular compliance audits of documented procedures

Training

- Emergency procedures
- Use of emergency equipment
- Knowledge of relevant legislation and Australian Standards
- Awareness of risk management principles
- Risk awareness culture
- Systematic staff development and training plans

FIRE CAN PUT YOU OUT OF BUSINESS

Fire is a major cause of serious loss to business in Australia.

Fact 1

Fire causes significant financial loss, interruption and inconvenience to business, and injury to personnel.

Fact 2

Occupational Health and Safety Acts require that employers provide a safe working environment.

Fact 3

The majority of Fires are avoidable.

Fact 4

Many businesses never fully recover from a large fire.

Listed are some likely causes of fire in the Motor Trades Industry:

Electrical

- Overloading of electrical systems and equipment
- Faulty appliances
- Poor maintenance of electrical systems and equipment
- Non-flameproof electrical fittings in hazardous areas
- Improper use of equipment
- Lack of ventilation for electrical equipment and appliances
- Static electricity
- Damaged extension leads

Hot Work

- Cutting, welding & grinding
- Soldering
- Friction in poorly maintained or serviced equipment

Motor Vehicles

- Faulty electrical systems
- Accident damaged electrical systems and batteries
- Faulty or improper workmanship

Chemical

- Spontaneous combustion due to improper storage of cleaning rags
- Incorrect storage and handling of flammables

Arson

- Vandalism
- Revenge
- Insurance fraud
- Concealment of crime

Smoking

- Improper disposal of cigarette butts
- Smoking near flammables
- Managers can minimise the risk of fire and explosion and ensure that personnel and property are protected if they:
 - Develop and maintain a fire prevention program that involves all staff in the following processes:
 - Completion of a fire safety audit to identify fire hazards
 - Determining what can be done to prevent fire & explosion
 - Implementation of a plan of action to avoid, eliminate and reduce fire hazards
 - Completion of ongoing reviews to ensure compliance with action plans and identification of new hazards

(Refer checklist 2 which will assist you and your staff to identify problem areas and to overcome them.)

SECURITY BREACHES REDUCE PROFITS

Theft and fraud are major causes of loss to business in Australia.

Fact 1

Productivity, sales and profits may be significantly reduced as a result of theft or fraud

Fact 2

Inconvenience to business from theft or fraud is significant

Fact 3

Sales staff can be trained to avoid or reduce the risk of injury from assaults/armed hold ups

Fact 4

Theft and fraud can be eliminated or reduced

Listed below are some of the factors, which contribute to theft and fraud:

Perimeter Security

- Inadequate or insecure fencing
- Insecure hinge pins, gates or chains
- Poor quality padlocks and security fittings
- Inferior or poorly positioned bollards or barriers

Physical Security

- Sub-standard doors and locks
- Unprotected windows, skylights and glass

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- Guard dogs that can be distracted, overcome or eliminated
 - Unprotected roller doors
 - Inferior construction of building walls and roof

Physical Surveillance

- Premises located in remote or industrial areas
- Premises without permanent on site guard
- Premises that have only random security patrols
- Premises that have no security warning signs

Alarms & Electronic Surveillance Systems

- Non-existent electronic surveillance
- Lack of or incorrectly positioned cameras or alarm sensors
- Inadequate design or operation of security systems
- Failure to respond to alarm appropriately and in a timely manner

Lighting

- Inadequate or inappropriate external lighting
- Interior of premises unlit outside business hours
- Non-operational security lighting

Internal Fraud

- Failure to promote and develop "theft free" culture
- Inadequate or non-existent rules and conduct codes
- Ineffective or non-existent systems to identify fraud
- Mistreated or disgruntled employees
- Employees who misuse gambling, alcohol or drugs
- Managers can minimise the risk of security breaches if they:
 - Complete regular security audits
 - Establish and implement required security improvements
 - Regularly review outcomes and ensure compliance with agreed action plans

(Refer checklist 3)

LEGAL LIABILITIES CAN RUIN YOU FINANCIALLY

Litigation is a growth industry and costs corporate Australia billions of dollars each year.

Fact 1

Liability risks are everywhere

Fact 2

It's never been easier to take someone to court

Fact 3

Multi-million dollar pay-outs to injured third parties are now commonplace

Fact 4

There are compelling moral and legal reasons to apply responsible management systems and disciplines to protect third parties, your business, your staff and yourself

Fact 5

Persons entering vehicle storage areas represent a significant legal liability

Listed below are some common causes of liability claims in the motor industry:

Personal Injury

- Poorly maintained or unmarked steps and stairs, including lack of suitable hand-railings
- Slippery or uneven surfaces, loose mats and obstacles (including tools)
- Spills of fuel or lubricants
- Protruding corners or sharp edges of displays or equipment and unmarked glass panels
- Poorly maintained or faulty equipment - especially in self-serve outlets
- Dogs on the premises, particularly during business hours
- Parts, vehicles and equipment left in unsafe position
- Faulty or incompetent workmanship
- Defective products
- Work related injuries to contractors or employees of labour hire organisations

Property Loss & Damage

- Sub-standard workshop security and poor or non-existent motor vehicle key control
- Customers' vehicles and property left in open outside business hours
- Faulty or incompetent workmanship, "patch up" jobs, or work carried out to a price rather than to the required professional standard
- Undertaking work outside the business or employees' areas of expertise or capability
- Poor or non-existent controls to ensure responsible driving of customers' vehicles
- Overcrowding in workshops or storage areas
- Poor working environment, irresponsible employee behaviour and/or poor management/supervision

- Use of unprofessional or incompetent sub-contractors
- Failure to consistently apply best practice standards in all areas of operation
- Improper use or poor maintenance of vehicle hoists
- Improper, wrongful or reckless advice
- Defective products

Losses may also arise from:

- Environmental pollution arising out of poor housekeeping or controls e.g. Oil & fuel spills
- Occupational health and safety breaches
- Employment liabilities (e.g. Unfair dismissal, harassment or discrimination)
- Libel, slander and defamation
- Directors and officers liabilities
- Liability under statute law (e.g. Trade Practices Act)
- Managers, supervisors and employees can minimise the risk of losses arising from legal liabilities when they:-
 - Understand their obligations and accountability under both statute and common law
 - Maintain the highest possible professional standards
 - Complete on-going reviews to ensure compliance with action plans and identification of new risks

(Refer checklist 4 which will assist you and your staff).

DISCLAIMER – OBTAIN LEGAL ADVICE AS TO CONTENT OF THIS DOCUMENT

“The information contained in this Booklet is general information regarding practical ways in which insureds can identify and mitigate certain property loss/damage and public liability risks and hazards associated with their business. This Booklet does not represent to be a complete or exhaustive list of ways in which an insured’s insurance risks can be identified and mitigated. In addition, this Booklet does not address the ways in which an insured can reduce their occupational health & safety or workers’ compensation liability.

The information in this Booklet is general information only and does not take into account your individual objectives, financial situation or needs (‘your personal circumstances’). Before using or relying on this advice to identify and mitigate the property loss/damage and/or public liability risks and hazards associated with your business, you should consider the appropriateness of it having regard to your personal circumstances plus obtain independent advice from a licensed adviser and expert risk manager. CGU Motor Traders, Auto Part Recyclers Association of Australia and VACC take no responsibility for loss or expense arising out of any use or reliance on the information set out in this Booklet.”

Information

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RISK MANAGEMENT

To assist you in identifying and controlling risks and hazards in your businesses, supporting checklists and rules can be found overleaf. These provided basic guidelines to assist you.

RULES OF ENTRY

The following Rules of Entry are a suggested list of rules only and do not take into account the particular circumstances of the your business. The rules are not intended to be exhaustive and you should not rely on them without first obtaining advice from a licensed financial adviser, or expert risk assessor independant legal advisor.

It is considered necessary that every person granted permission to enter a Auto Dismantlers Vehicle and Parts storage yard to inspect vehicles or remove parts, be required to read and sign a form outlining the Rules of Entry.

The Sample document shown may assist to avoid, eliminate and reduce the risks of injury however it should be discussed with independent legal advisors prior to implementing.

CHECKLISTS

The Checklists attached are intended to assist Auto Dismantlers and Parts Recyclers to complete a basic risk assessment.

The items included in the Checklists are limited to the common areas of concern, the items listed are not exhaustive. It is recommended that you use these Checklists as a guide only and that you seek independent expert advise from expert risk managers to ensure each and every risk and hazard may be identified and controlled.

RULES OF ENTRY

Admission is subject to the condition that the entrant shall not have any right of action against *(insert business name)*, in respect to any injury, loss or damage occurring in the premises however caused.

- Entrance is subject to *conditions of use* outlined in this document
- All visitors must register at the office prior to entry
- No children under 15 years of age permitted on site
- All persons attending _____ *(insert business name)* do so at their own risk
- Animals are not permitted on site
- Any person effected by drugs or alcohol must not enter the premises
- You are personally responsible for your own safety; you must complete every activity in a safe manner giving consideration to others that may also attend these premises

SAFETY FIRST, SAFETY ALWAYS, NEVER TAKE RISKS.

DO:

- Read and obey all posted signs
- Keep to the designated access areas
- Be aware certain areas around the site may have low headroom
- Pay particular attention to where you walk as surfaces may become slippery when wet and ground surfaces may be uneven
- Watch out for vehicle parts that may have been left on the ground
- Wear appropriate clothing, shoes, safety glasses and gloves
- Pay special attention to safety when working near bonnets and boot lids
- Immediately report any damage, accident or injury to the office or an employee of _____ *(insert business name)*
- Keep clear when machinery is in operation

DO NOT:

- Enter site in bare feet, thongs or sandals – protective footwear must be worn
- Smoke, or initiate any form of ignition
- Climb fences or enter areas that are out of bounds
- Attempt to remove heavy parts, only remove parts that you have been authorised to remove and can do so safely. (Assistance with major assemblies is available so if you need help you should contact the office immediately.)
- Use any form of lifting or jacking device, (if you need help then you must contact the office immediately)
- Climb on vehicles
- Run anywhere on the site
- Use mobile telephones or cameras in prohibited areas
- Use alcohol or illegal drugs on the site.

Risk Management System Checklist

Column 2. Insert S if satisfactory, U if unsatisfactory.

Column 3. Insert brief comment of action required.

1. Hazard	2.	3. Action required
1. Compliance		
1.1. Are copies of relevant legislation available for reference and are there documented procedures to update changes?		
1.2. Is there a documented process to allow regular assessment of continuing compliance with relevant legislation?		
1.3. Are fire extinguishers inspected and stamped annually?		
1.4. Are all hazardous substances stored in accordance with dangerous goods regulations?		
1.5. Are all potential pollutants stored and disposed of in accordance with pollution regulations [EPA]?		
2. Best Practice		
2.1. Is there a formal quality management system in place?		
2.2. Is membership of a recognised industry body maintained?		
2.3. Is the industry code of practice available for reference?		
2.4. Are all industry technical updates regularly and clearly communicated to staff?		
2.5. Are copies of relevant Australian Standards available for reference and are changes regularly updated?		
2.6. Are the highest ethical standards of the industry followed at all times?		
2.7. Is there a documented process to allow regular assessment of continuing compliance with Australian Standards?		
3. Control		
3.1. Is there a clearly communicated risk management policy?		
3.2. Are all procedures fully documented and clearly communicated to staff?		
3.3. Are regular audits carried out to ensure compliance with documented procedures?		
3.4. Is a system of "hot work" permits in place?		
3.5. Are loan car agreements always used?		
3.6. Are company vehicle custodial agreements always used?		
3.7. Are employee driver declarations obtained for each driver and regularly updated?		
3.8. Is Traffic Authority driving records obtained for each driver and regularly updated?		
3.9. Is there an incident reporting system in place and strictly adhered to?		
4. Training		
4.1. Have all employees been fully trained in the use of emergency equipment and is there a documented emergency evacuation procedure in place?		
4.2. Are all employees adequately trained so they can complete work safely and competently?		
4.3. Is there a procedure in place to ensure that employees are trained in the use of emergency equipment & procedures?		
4.4. Are regular emergency drills carried out?		
4.5. Is there a trained first aid person available on the premises?		
4.6. Are all employees aware of the relevant legislation, Australian Standards and industry code that applies to their area of responsibility?		
4.7. Have employees been trained in the principles of risk management?		
4.8. Is a "risk management and awareness" culture actively promoted by encouraging employees to report potential hazards?		
Date Risk Management Audit completed:		
Date Reviewed:		
Action agreed: Attach a separate document outlining specific tasks and individual responsibilities for elimination of any unsatisfactory items and set a follow up date for review.		

Fire Prevention Checklist

Column 2: Write "S" if satisfactory, "U" if unsatisfactory.
 Column 3: Insert brief comment of action required.

1. Hazard	2.	3. Action required
1. Electrical		
1.1. Are all electrical systems and equipment maintained in safe working condition?		
1.2. Are annual tests of all electrical systems and equipment completed?		
1.3. Are flameproof electrics installed in hazardous areas?		
1.4. Are switchboards installed in accordance with AS3000?		
2. Hot Work		
2.1. Is all "Hot Work" process's including Cutting, Welding, and Grinding conducted in an area clear of flammable materials?		
2.2. Are fire extinguishers always positioned nearby when completing Hot Work?		
3. Motor Vehicles		
3.1. Are all Vehicle fluids removed and stored in accordance with EPA/Other regulations?		
3.2. Are used batteries removed on a regular frequency to avoid accumulation?		
3.3. Are batteries removed from accident-damaged vehicles immediately they come into stock?		
3.4. Are Fuel Tanks/LPG cylinders removed immediately vehicles come into stock?		
4. Chemical		
4.1. Are all raw materials, flammables, chemicals & toxic substances stored in accordance with Australian Standards?		
4.2. Are Flammable liquid containers grounded or earthed when in use?		
4.3. Are cleaning rags always stored in a sealed metal bin?		
4.4. Is all waste [inc. tyres & batteries] removed on a regular basis?		
5. Smoking		
5.1. Is smoking restricted to a controlled environment and cigarette butt receptacles provided?		
6. Other		
6.1. Are all work areas clean, tidy and free of flammable materials?		
6.2. Are all Fire Fighting appliances regularly serviced, clearly identified and easily accessible?		
6.3. Are all staff adequately trained in the application and use of Fire extinguishers?		
6.4. Are all employees adequately trained and able to demonstrate a sound understanding of safe work practices and fire prevention?		
6.5. Are fire extinguishers installed in accordance with AS2444?		
6.6. Are emergency exits clearly marked and easily accessed?		
6.7. Are aisles, walkways and stairs free of obstacles, loose mats, slippery or uneven surfaces?		
6.8. Are smoke detectors linked to a monitored alarm system?		
6.9. Are External Waste bins stored clear of buildings and securely closed during non business hours?		
6.10. Are regular inspections conducted for hazards?		
6.11. Is there a formal maintenance program in place to ensure regular servicing of fixed machinery and hoists?		
Date Fire Audit completed:		
Team Members:		
<p>Date reviewed with Management:..... Action agreed: Attach a separate document outlining specific tasks and individual responsibilities for elimination of any unsatisfactory items and set a follow up date for review.</p>		

Security Status Checklist

Column 2: Write S if satisfactory, U if unsatisfactory.

Column 3: Insert brief comment of action required.

1. Hazard	2.	3. Action required
1. Perimeter Security		
1.1. Is perimeter fencing adequate for the risk involved?		
1.2. Are locks, padlocks, shackles and chains of sound quality and able to withstand force?		
1.3. Are padlocks locked shut at all times?		
1.4. Are hinge pins welded in place to prevent removal?		
1.5. Are bollards and barriers appropriately positioned to prevent entry or egress?		
1.6. Are bollards and barriers capable of withstanding ramming by motor vehicles?		
2. Physical Security		
2.1. Are doors and doorframes capable of withstanding force?		
2.2. Are all external doors secured by deadlocks?		
2.3. Are security doors installed?		
2.4. Are internal doors locked outside business hours?		
2.5. Are all windows and skylights barred?		
2.6. Are all glass panels covered by protective film to prevent breakage?		
2.7. Are bollards positioned at doors and windows to prevent ram raids?		
2.8. Can walls be broken through easily?		
2.9. Are goods in the open properly secured against theft?		
3. Physical Surveillance		
3.1. Is there a permanent on-site guard or watchman?		
3.2. Do security guards regularly patrol premises?		
3.3. Are security-warning signs prominently displayed?		
3.4. Is the reputation of the security company beyond reproach?		
4. Electronic Surveillance		
4.1. Is an electronic surveillance system installed and fully operational?		
4.2. Does a reputable security firm monitor the alarm system?		
4.3. Is the alarm monitoring system tamper proof? (Direct line monitoring)		
4.4. Are the security company instructions sufficient to ensure an adequate and timely response to every security breach?		
4.5. Are security cameras properly positioned to identify and record any security breach - hold up, employee theft and/or shoplifting?		
5. Lighting		
5.1. Does external lighting cover entire area surrounding premises?		
5.2. Are interior lights left on after hours to act as a deterrent to criminal activity?		
6. Internal Fraud		
6.1. Have you actively promoted and developed a "theft free" culture?		
6.2. Do you have adequate systems in place to detect employee fraud and/or theft?		
6.3. Is there a published 'Employee Code of Conduct'?		
6.4. Do you make it easy for your employees to report their suspicions and concerns?		
6.5. Are employees always treated fairly?		
6.6. Are employees aware that any theft will result in dismissal?		
Date Security Audit completed:		
Date reviewed with Management: Action agreed: Attach a separate document outlining specific tasks and individual responsibilities for elimination of any unsatisfactory items and set a review date.		

Legal Liability Checklist

Column 2: Write "S" if satisfactory, "U" if unsatisfactory.

Column 3. Insert brief comment of action recommended.

1. Hazard	2.	3. Action recommended
1. Personal Injury		
1.1. Do all customers who enter storage yards complete a Disclaimer prior to entry?		
1.2. Are all spills cleaned up immediately they occur, and is there a documented plan to deal with a serious spill of a hazardous substance?		
1.3. Are barriers and fences installed and signs displayed to deter and prevent access to prohibited areas?		
1.4. Are all steps clearly marked?		
1.5. Are secure handrails installed on all ramps, stairs and elevated areas?		
1.6. Are non-slip edges and treads installed on all stairs?		
1.7. Are all aisles, walkways and stairs free of obstacles and parts?		
1.8. Is customer access to work areas prohibited?		
1.9. Are signs displayed warning pedestrians of vehicles?		
1.10. Are adequate signs displayed warning of the presence of flammable liquids (including warnings re smoking and the use of mobile phones)?		
1.11. Are glass panels clearly marked?		
1.12. Is all workshop equipment fully maintained to manufacturers' specifications?		
1.13. Is there a documented maintenance schedule in place to ensure the correct operation of all equipment?		
1.14. Are dogs isolated from the areas customers may have access to?		
1.15. Is a formal reporting system used to record details of all incidents that may result in injuries to persons?		
2. Property Loss & Damage		
2.1. Is the physical security of the premises adequate to safeguard customers' property outside business hours?		
2.2. Are motor vehicle keys removed and secured when vehicle are unattended?		
2.3. Are all employees fully trained to carry out all facets of work entrusted to them?		
2.4. Are all sub-contractors fully qualified to carry out work entrusted to them?		
2.5. Is there a formally documented procedure to ensure adequate supervision and testing of all work performed on customers' property?		
2.6. Is there a formally documented procedure to ensure that qualified and responsible employees only drive customers' vehicles?		
2.7. Are vehicle hoists maintained strictly in accordance with the Australian Standard?		
2.8. Are work areas kept clean and tidy at all times?		
3. Other		
3.1. Are all hazardous substances (including waste oil and cleaning materials) stored and disposed of in accordance with the relevant Australian Standard and any other regulations?		
3.2. Are all managers and employees aware of the Standards and regulations relevant to their area of responsibility?		
Date Liability Audit completed:		
<p>Date reviewed with Management:..... Action agreed: Attach a separate document outlining specific tasks and individual responsibilities for elimination of any unsatisfactory items and set a follow up date for review.</p>		