Insurance Audit: What You Need to Know

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Topics

- Risk Management Process
- Hazard/Risk Identification
- Ways to Handle Risks
- Insurance Audits & Inspections
- Loss Control

Risk Management Process

Risk Management Process

Risk management should:
Create **value** –the gain should exceed the pain
Be an integral part of organizational processes
Be part of decision making process
Address uncertainty and assumptions
Be based on the best available information
Be tailorable
Take human factors into account
Be dynamic and responsive to change
Be continually or periodically re-assessed

Risk Management Process

Assess the Risk

- Different types of risk:
  - Economic
    - Loss of assets or earning potential
  - Non-economic
    - Loss of Reputation- Loss of Opportunity
  - Pure Risk
    - Threat of a loss without an opportunity for gain.
  - Speculative
    - Offers the chance of gain or loss.

Risk Management Process

Evaluate the Risk

- Controllable Risk
  - Example:A1 Rodeo installs and maintains new arena panels and gates.
- Uncontrollable Risk
  - Example: Riding along a highway with other speeding automobiles.
- Insurable Risk
  - Example: An rodeo purchased insurance to cover it liability.

Risk Management Process

Ways to Manage Risks

- **Accept –** perhaps the risk has low impact and low probability, or the cost to mitigate may be too high. One option is to just accept it and monitor the risk.

- **Transfer –** Transferring a risk is quite common through insurance and contracts, issuing a contract to a supplier is essentially transferring some of the risk to the supplier, especially in a fixed price contract.

- **Reduce -** Do something to reduce the impact of the risk, we mitigated the risk patron being struck by service carts by making a back ally to our vendors what restricts pedestrian foot traffic.

- **Avoid –** Perhaps the risk is too great, cannot be transferred or the cost of mitigation it too high. You may choose to avoid the risk, either by changing or removing certain scope items or changing the approach.

Risk Management Process

Measuring the Risk

Auditing
Inspection
3 rd Party review

Measuring the Risk

- **Auditing**
  - Operational Review- Looking at the management controls and commitment
- Dealing with risk presented by
  - Patron demographics
  - Alcohol
  - Volunteer Training
  - Background checks of staff
  - Emergency management
  - Contingency planning

Measuring the Risk

- **Inspection**
- Dealing with physical premises
  - Spectator Protection/Stock Segregation
  - Walking & Working Surfaces
  - Ground Preparation
  - Maintenance Program
  - Hazardous Substances/Dangerous Goods
  - Fuel storage
  - Water/waste water
  - Parking and vehicle safety

Measuring the Risk

- **3rd Party- Local & State Authority**
  - Evacuation plans
  - Life Safety Issues
  - Fire prevention plan
  - Food handling safety
  - Pathogen Exposure Control
  - Interaction with law enforcement agencies
  - Traffic Control

Insurance Audit/Inspection

Can you answer these Questions?

Description of Operation -The how what why and when.

Property- Buildings & Grounds

- Building Construction type and protection
- Interior and exterior condition
- Utilities/ Electrical / Gas
- Fire Protection
- Cooking Equipment

General Liability

- Management Involvement
- Loss History- Prevention of reoccurrence
- Slip trips and fall exposure
- Incident reporting
- Daily Inspections- Corrections and documentation
- Certificates of insurance

- Sales /Consumption of Alcohol- Training/Limits
- Vendors & Concessioners- Control and supervision
- Fireworks/Pyro
- Dangerous /Hazardous activity
- Parades- When / Where / Control
- Performer Behavior/Event Controversy
- Use of Animals- Rodeo- Livestock – Petting Zoo
- Life Safety and Crowd control
- Crime- Entry Control- Investigation/Notification
- Security- Staff & Hired
- Parking Lot- Access and Control
- Medical Emergency
- Signage- directional/warning/multilingual
- Golf cart/ Service cart usage
- Trams & Shuttles

Questions?

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