

PGDM (Insurance Business) - 2015-17

Sub: RISK MANAGEMENT

(INS-202)

Trimester – 2, End – Term Examination: September 2015

[Time Allowed: 2.30 Hours]

[Max Marks: 50]

Roll No: \_\_\_\_\_

**Instruction:** Students are required to write their Roll No. on the question paper. Writing anything other than the Roll No. will be treated as **unfair means**. For rough work, please use answer sheet.

**Note:** - Please be brief and relevant in your answers.  
- Section C is compulsory.

Section-A

[There are 5 Questions in this section. Attempt any 3 Questions. Each Question carries 5 marks.]

[3x5=15 Marks]

[A1] Prepare of a Bow-tie risk analysis of kitchen fire.

[A2] Design a Risk Map for the following scenario showing Hazard, Operational, Strategies & Financial risk.

- 1) Earthquake
- 2) Windstorm

[A3] Explain how an organization can use each of the following team oriented techniques to identify its risks.

- Facilitated workshops
- Delphi workshop

[A4] Distinguish between Risk Control & Risk Financing.

[A5] Outline three types of risk transfer by contract providing an example of each.

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Section-B

*[Note: Answer any 2 out of the 3 Questions given below. Each Question carries 10 marks]*

*[2x10=20 Marks]*

**[B1]** Green Mountain Trucking has a regular schedule of Maintenance & service for each of its truck. GMT's a risk manager want to know, for each truck, how each 10,000 miles of travel beyond 60,000 affects the cost of repairs. The risks manager begins by creating a simple linear regression analysis. Identify that the variables the risk manager will use for x-axis & y-axis.

**[B2]** An organization has just completed an extensive risk management review for its operations. As part of this effort, it has established a risk treatment plan. Explain why the organization should monitor this plan periodically going forward.

**[B3]** David is a risk manager of a trucking company with fleet of trucks that specialize in hauling gravel. Frequently, when a truck is operated on the road by an employee of the trucking company, gravel escapes from the back & crack the windshield of a vehicle behind the truck. If no insurance or contractual risk transfer is available for this risk, what risk financing technique might David consider to pay for these losses.

Section-C

*Case Study*

*[Marks - 15]  
[10+5]*

- ❖ This section is compulsory.
- ❖ Read the annexed case study and answer the questions given at the end.

**Question :** As a Risk Manager you are required to record the assessment on the following parameters

1. Hazard
2. Who might be harm ?
3. Existing controls
4. Future Action

## Case study: Risk assessment in a warehouse

### Setting the scene

The assessment was carried out in a warehouse which is used for the receipt, storage and despatch of cardboard and plastic packaging materials. Twelve staff are employed over two shifts, including the manager and deputy manager. The company also employs a full-time cleaner who has a broad range of cleaning and housekeeping duties.

A small office used for recording receipts and despatches by the manager and his deputy, and a staff mess room, are located inside the warehouse between two roller-shutter delivery doors. The remainder of the building is filled with heavy duty metal racking upon which the palletised goods are stored. Toilet and washroom facilities are provided in an adjacent building.

Most movements of goods involve lift trucks but some manual handling is required when non-palletised goods are handled and when packaging is damaged. All pallets leaving the warehouse are stretch-wrapped.

The warehouse manager did the assessment of the warehouse and delivery area following the advice of an Environmental Health Officer who had visited to inspect the warehouse some weeks before. The manager had a general understanding of the majority of work procedures and their associated hazards (through experience rather than training). He was particularly aware of the need for fire precautions as his insurers had insisted on the highest standards for fire management.

### Preparation

The warehouse manager based his risk assessment on the *5 steps* leaflet. He began by reading this and then went through HSE's publication *Health and safety in retail and wholesale warehouses*, and the more general *Essentials of health and safety at work*. Using information in these publications he was able to construct a **preliminary** assessment checklist which identified the main hazards he was likely to find in the warehouse and the associated issues he would have to consider further. This was his checklist:

Hazard	Issues to consider
Fire	Means of escape, fire alarm and fire fighting, housekeeping, no smoking, fire certification.
Operation of lift trucks and other machines	Maintenance, training.
Traffic movements (internal and external)	Segregation of pedestrians, well-maintained and cleaned floors.
Manual handling	Avoid where possible, mechanise, training.
Electricity	Visual checks, routine maintenance.
Fall of objects	Adequate racking, regular inspections, handling of pallets.
Others	Noise, lighting, slips, trips and falls, cleaning agents.

The manager then thought about who might be harmed by the hazards in the warehouse. This included not only:

- his own employees; but also
- others including delivery drivers, sales representatives and contractors.

The list provided in the *5 steps* helped him to identify particular groups.

### Tour of the warehouse

The warehouse manager next made a systematic tour of the four main work areas - the receipt and despatch area, the main storage area, the office and mess rooms and the outside area where traffic movements and parking took place. He was accompanied by his deputy who also had many years practical experience of warehouse work. He did this so that he would be able to identify where and how hazards arose in practice in the workplace and how harm could actually occur. He:

- made sure all areas and activities were covered;
- used the preliminary checklist as a prompt;
- talked to his colleagues to learn from their more detailed knowledge of particular jobs and areas;
- looked at the accident book to gather information on current problems; and
- recorded what controls, if any, were in place to manage the hazards identified.

During the tour, the manager was able to add a hazard not on his preliminary list, ie hazardous substances such as the fumes from the fork-lift truck and from recharging their batteries. He also discounted a hazard, ie noise was considered as a potential hazard but was not included in the assessment as the level of risk was judged as insignificant.

### Completing the risk assessment

The manager and his deputy used the information gathered during the tour to set down the particular hazards they had identified, the people at risk from those hazards and the existing control measures.

They then discussed each hazard identified to decide whether present control measures were adequate, checking back against the HSE documents where necessary. The additional controls that they agreed to introduce were recorded.

Their record of the assessment is shown on the attached table.

The manager gave copies of the assessment to all members of staff and the findings were discussed at the next staff meeting. He decided that a review and update was to be made annually or at any time when major changes to the work place occurred.

#### Costs and time taken

Preparation (obtain and read documentation)	3 person hours
Gathering information	3 person hours
Recording and considering further controls	2 person hours
<i>5 steps to risk assessment</i>	free publication
<i>Essentials of health and safety at work</i>	£5.95
<i>Health and safety in retail and wholesale warehouses</i>	£7.50