

Property Insurance Risk Management

Inspection Guide

CHUBB®

Risk Engineering



About this Document

This guide gives an indication of what to expect during your Property Insurance Risk Management Inspection from Chubb Insurance New Zealand Limited (“Chubb”).

The purpose of the Property Insurance Risk Management Inspection is:

- To help Chubb gain a better appreciation of your organisation; and
- To help Chubb to ascertain if there are any areas where we may be able to provide you with risk management advice.

An Chubb Property Insurance Risk Management Inspection takes a holistic look at your organisation with an emphasis on property insurance loss prevention. Our advice is based on international research and our experience with occupancies that are similar to yours. We take learning from past losses and industry best practice to assist you in addressing some of the risks that your organisation may face

Inspection Format

Typically, the format for a Property Insurance Risk Management

Inspection is as follows:

- An entry meeting to discuss the general aspects of the premises and its operations to help us gain a better appreciation of your organisation;
- A tour of the facility, focusing on key operating areas and building facilities; and
- A brief exit meeting to cap off any observations or findings.

The aspects which are commonly investigated as part of an Chubb Property Insurance Risk Management Inspection are listed on the following pages. Please note that not every aspect on the list will be applicable to every organisation.

If possible, we would appreciate if the relevant information is gathered in advance of our inspection to save valuable time during our visit. Electronic copies of documentation would also be appreciated.

Who Should be Involved?

The inspection is normally carried out in conjunction with one or more members of your staff who are familiar with the organisation or property being inspected. Much of the inspection is technical in nature and it is advisable for someone to be available who is comfortable answering these types of questions. A member (or members) of the senior management team may also like to attend the entry or exit meetings to gain appreciation of the nature of the inspection and the type of information we are looking for.

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The information in this document is current as at 18 May 2016.

Risk Inspection Introduction Guide

The following guide provides a list of categories that might be discussed during your Property Insurance Risk Management Inspection.

Please note that, depending on the nature of your organisation, not all categories may be applicable and some may be of differing importance. Our risk engineers will take this into consideration during their inspection.

To save time on the day, please have any relevant information ready for review. You may also wish to send this information through to your appointed Chubb risk engineer ahead of time so that it can be reviewed prior, and discussed during, the site inspection. If you are unsure of the type of information that is required, please contact your appointed Chubb risk engineer.

1. General Information

- 1.1 Operations - summary of activities or production process, production equipment and utility plants.
- 1.2 Occupants - summary of tenants or other occupants.
- 1.3 Staffing - number of employees & a summary their roles.
- 1.4 Major customers and suppliers.
- 1.5 Seasonality and business operating hours.
- 1.6 Relevant operational metrics (for example: the number of rooms in a hotel)
- 1.7 Major items of equipment.
- 1.8 Logistics, suppliers, customers, transport, storage.

2.0 Building Information

- 2.1 Buildings - numbers, occupancy, age, construction, details of major renovations, presence of Insulated Sandwich Panels (ISP) or asbestos
- 2.2 Site layout plan.
- 2.3 Internal layout plans.
- 2.4 Fire Report.

3 Utilities

- 3.1 Water - bores, tanks, treatment.
- 3.2 Natural gas - supply, tanks, seismic shut off valves.
- 3.3 Electrical system - single line diagram, location/type/rating of transformers, switch rooms, UPS & batteries, emergency generators.
- 3.4 Electrical system maintenance - frequency, plug test & tagging, thermographic inspections, transformer dissolved gas oil testing, emergency generator load test frequency, lightning protection system maintenance and testing records.
- 3.5 Boilers - location, type, fuel, ratings, manned/ unmanned, built-in safety systems, inspection & testing schedule.
- 3.6 Refrigeration - number, type, location, refrigerant type & capacity, cooling towers, inspection, testing & redundancy.
- 3.7 Compressed air - number, type & location, maintenance and testing.
- 3.8 Computer and telephony systems - location, data backup, protection.
- 3.9 Waste - liquid or air discharge, treatment and consent requirements.

4 Fire Safety Management Controls

- 4.1 Documentation of fire safety rules & procedures/senior management safety policy statement.
- 4.2 Housekeeping rules/practice.
- 4.3 Maintenance/testing programme of fire protection installations.
- 4.4 Hot work permits system.
- 4.5 Smoking controls.
- 4.6 Self-inspection of site hazards.
- 4.7 Staff training evacuation and in the use of fire protection equipment.
- 4.8 Fire protection impairment notification procedures.
- 4.9 Fire evacuation plan/emergency response team.
- 4.10 Shift handovers and management of change.

5.0 Fire Protection Facilities

- 5.1 Current building warrant of fitness.
- 5.2 Automatic fire sprinkler systems - review the most recent biennial sprinkler survey.
- 5.3 Automatic fire detection systems - review the most recent annual survey.
- 5.4 Fire hydrant - review the most recent annual & 5-yearly inspections.
- 5.5 Firefighting water - including water storage capacity & flow/pressure ratings of fire pumps, schematic diagram.
- 5.6 Fire extinguishers & hose reels - number, type and location.

- 5.7 Other fire protection systems - foam, gaseous protection for electrical room/computer room, water spray for LPG tanks, etc.
- 5.8 Passive fire protection, including fire walls, fire doors, fire-stopping of openings in walls/ floors, electrical risers, type and location of fire dampers in the heating, ventilation/air conditioning ducts.
- 5.9 Other built-in fire safety features such as staircase pressurisation, smoke control systems, conduits for firemen's lifts, fire pumps, mineral insulated cables or electrical wiring in metal, private fire brigade details, etc.

6.0 Security

- 6.1 Perimeter Security - fencing, external lighting, crash bollards.
- 6.2 Building Security - external locks and doors, key registers, security grills.
- 6.3 Electronic Security - intruder detection, CCTV, access control systems.
- 6.4 Watchman - stationary guards, random patrols, bed-down procedures.
- 6.5 Cash handling - safes, cash registers, cash up procedures, etc.

7 Special Hazards

- 7.1 Hazardous Substances (explosives, flammables, gases, aerosols, oxidisers, toxins, corrosives) - type, quantity, safe storage, handling practice, compliance documentation.
- 7.2 Cooking facilities - housekeeping, filter and extraction duct cleaning.

- 7.3 Insulated Sandwich Panels (ISP) - policies, permits and procedures for work.
- 7.4 Contractor Management - approved contractors, certificates of insurance.

8 Natural Hazards

- 8.1 Earthquake - A full copy of any Initial Evaluation Procedure (IEP) - or other more detailed reviews - that have been performed for each building.
- 8.2 Exposure to, or design mitigation against, natural perils such as earthquake, volcanoes, lightning, flooding, rainfall, aircraft, tsunami, windstorm, landslide, sub-zero temperatures and bush fires.

9 Management Plans

- 9.1 Previous Incidents - incident investigation procedures and records, damages and business interruption, lesson learn, improvement post incidents, etc.
- 9.2 Business Continuity Plan, Contingency Plan, Emergency Plan.
- 9.3 Contractor Management - induction, safety management, signing in/out, permits to work, Public Liability Insurance.
- 9.4 Capital Expenditure - last 24 months and planned for next 18 months.

Frequently Asked Questions

Why is risk management important?

Business organisations which are able to effectively manage risk have been demonstrated to achieve more sustainable profit over the long term than those who do not. For non-profit organisations it is about ensuring that the needs of the stakeholders continue to be met.

Internationally, risk management has gained increased prominence following events such as the Global Financial Crisis, the collapse Enron and WorldCom, the Deepwater Horizon oil spill, amongst others. Locally, the Securities Commission published a report Corporate Governance in New Zealand Principles and Guidelines in February 2004. The report sets out nine Principles of corporate governance for application within a broad range of entities. One of these nine principles is that the board should have processes in place for identifying and managing risk.

My building has a Building Warrant of Fitness (BWof).

Why do I need a Property Insurance Risk Management Inspection?

The New Zealand Building Code is a life safety code. It provides a minimum level of building performance and protection to occupants from certain defined hazards. It is not the objective of the Building Code to protect the organisation operating from a building - it is the responsibility of the individual organisation to manage their risk.

Chubb also looks at your organisation holistically. Building inspections for BWof purposes tend to focus on a single specific building system which can lead to a blinkered approach. Chubb may also be able to identify if building systems are not being maintained correctly (noting that a building owner may still be held liable for a contractors failings).

Isn't my broker my insurer?

While your broker has an important role in arranging your insurance programme, Chubb Insurance New Zealand Limited is the policy underwriter, meaning Chubb is responsible for paying any claims you may make on your policy.

Is the "Insurance Risk Inspection" an Audit?

No. There are no defined criteria to audit and our inspection is not a pass/fail exercise. Rather, it is an opportunity to collaboratively work together to help us mutually understand and mitigate, hazards to which your organisation might be exposed.

Does this Relate to Health and Safety?

Within New Zealand, the Insurance Risk Inspection focusses on the organisation and its physical assets; it does not specifically consider the Health & Safety of staff or the public. However, there can be significant commonalities between the two and hazards which affect the business may also have life safety implications. For instance, a fire in a building could result in injury or death as well as loss of physical assets.

Risk Engineers In New Zealand



Graham Ramsey
NZ Risk Engineering Manager

Before joining Chubb as a Risk Engineer in mid-2010, Graham worked in the fire protection industry for over ten years specialising in the installation and maintenance of fixed fire suppression systems and Hand Operated Fire Fighting Equipment (HOFFE). He also worked as a consultant in the fields of fire protection and security.

Graham recently represented the Insurance Council of New Zealand as a voting member of the limited technical revision of the New Zealand Fire Sprinkler Standard NZS 4541:2013.

In addition, he worked on the Targeted Review of Qualifications for the fire industry qualifications as member of the Governance, HOFFE and, Inspection and Testing groups.

Graham holds a Masters of Business Administration and a Bachelor of Business Studies (Finance) from Massey University, and a Diploma in Engineering (Mechanical) from Auckland University of Technology.



Lusi Huang
Risk Engineer

Lusi is a building control and compliance specialist with vast experience as a Rebuild Case Manager overseeing commercial rebuild projects following the Canterbury earthquakes. She has worked closely with the Canterbury Earthquake Recovery Authority (CERA), Christchurch Central Development Unit (CCDU) and Stronger Christchurch Infrastructure Rebuild Team (SCRIT). Lusi has specialist knowledge in fire engineering design, seismic structural design, structural fire design, dairy and meat processing industries.

Lusi holds a Master of Engineering Studies in Fire Engineering, from Canterbury University; as well as a Bachelor of Building Science and a Graduate Diploma in Building Management from Victoria University of Wellington.

About Chubb in New Zealand

Chubb is the world's largest publicly traded property and casualty insurer. Chubb's operation in New Zealand (Chubb Insurance New Zealand Limited) offers corporate Property & Casualty, Group Personal Accident and corporate Travel Insurance products through brokers.

More information can be found at www.chubb.com/nz.

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Disclaimer

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