

Carbon Group

# Risk Hazard Report

Farming - Cash Grains



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**Important Notice**

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## Introduction to Steadfast iProfileRisk

### Steadfast Risk Group's Framework

Steadfast offers an end-to-end risk framework for brokers and their clients based on the internationally recognised ISO 31000 standard.

Steadfast Risk Group provides a spectrum of in-house services and solutions ranging from enterprise risk management, risk and natural catastrophe hazard identification, property engineering consultation/services and alternative risk transfer.

Framework diagram



### What is iProfileRisk?

iProfileRisk is a data driven and online accessible platform aimed at simplifying risk hazard identification and providing natural catastrophe high level summaries for brokers and their clients.

It empowers proactive risk identification and risk centred conversations between brokers and their clients, through enabling data driven risk decisions and mature financial acumen for insurance risk considerations.

### Objective of this report

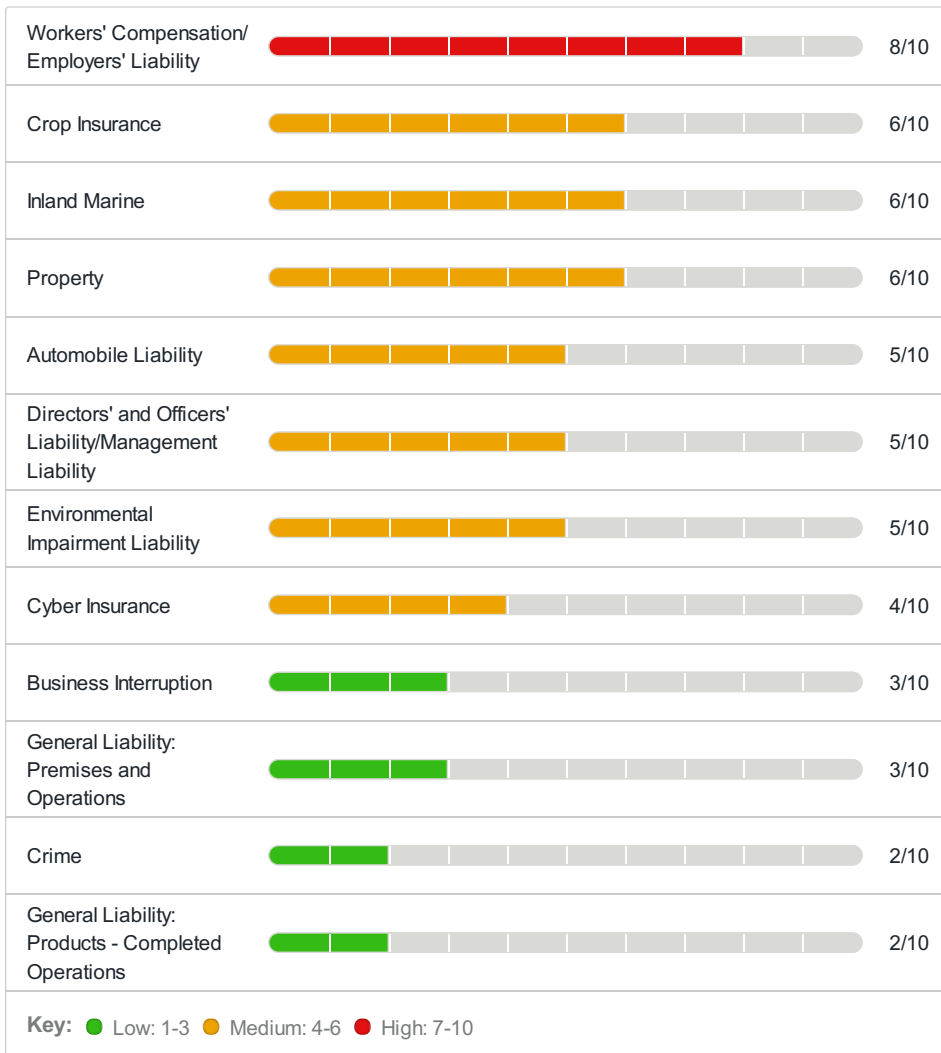
Utilising iProfileRisk in conjunction with other Steadfast Risk Group offerings enables easy identification of the most prominent risks impacting an industry and SwissRe's natural catastrophe summary for a specific location.

# Risk Hazard Summary

Identifying hazards in the workplace involves finding things and situations that could potentially cause harm to the organization. The following chart is a graphical representation of the likelihood and severity of a loss occurring within any of the classes of insurance listed in the chart.

## YOUR SEARCH RESULTS

### Risk Hazard rating



## RISK HAZARD DETAILED DESCRIPTIONS



### Workers' Compensation/ Employers' Liability

**High risk: 8/10**

Risk exposure is typically high, though may depend on the size and scale of the business.

Risk exposure is typically high, though may depend on the size and scale of the business. The nature of these industries may expose employees to office, technology, manufacturing, agriculture and labour-intensive hazards. Potential hazards can include cuts or burns, slipping or tripping over furniture, wet surfaces or equipment, falling over or falling from heights, electrocution, injuries from repetitive movements, back and neck strain, injuries from falling items, or mobile equipment. Biohazards may include exposure to pathogens and infectious diseases or reactions to cleaning products. Mental health exposures may include burnout, high stress from job activities, and increased fatigue. For example, in labour-intensive industries, there is risk of a range of physical injuries including burns, falls, cuts. Respiratory health risks may arise through inhalation of dust particles, increased accessibility to harmful substances, and irritation to the skin or eyes.

Employers should make OH&S policies a priority and enforceable, always placing the safety of employees central to business operations. Workers may also need to drive company-owned vehicles, carrying exposure in the case of a road accident. These hazards are best managed by appropriate employee training to avoid injuries, guidance in client management when on-premises, and good hygiene and distribution of protective equipment practices. Technology and machines associated with the business must be appropriately set up to avoid further exposures. In manufacturing and agriculture industries, machinery and equipment may be very hazardous to operate, so clear instructions should be documented and given, and strong preventative measures employed to avoid serious injury. Occupational health and safety regulations should be strictly followed at all times to prevent exposures. Hearing protection devices should be distributed when there is a risk of hearing damage or loss due to high noise hazards associated with manufacturing processes. Additionally, correct and regulation approved personal protective equipment is often required in these industries. Automated machinery safety locks, training, supervision and safe production or manufacturing floors may significantly prevent employee injury.



## Crop Insurance

**Medium risk: 6/10**

Main exposures for these farms include severe weather, including excessive rain, hail, wind, drought, flooding, or fire.

Main exposures for these farms include severe weather, including excessive rain, hail, wind, drought, flooding, or fire. Natural causes may consist of crop failure due to pests, insects, animals, weeds and other plant infections. Large-scale losses may occur. Due to the size of the operation, crop exposure is assessed as moderate. Employee fidelity could be an exposure managed through careful staff selection procedures. Whilst it would be difficult for theft to occur from employees, inadequate care or destruction of the trees could be an exposure. Preventative measures should be in place to avoid crop losses during the season, such as using pesticides to ensure the quality of tree growth. Keeping water tanks on the property may be beneficial, assisting in cases of fire or drought. Lower crop yield in the season or crop losses could affect the insureds expected sales and reputation. These losses could also see potential clients opting for competitors in the future. As farms tend to have a predominantly seasonal business, losses are only likely to affect one season, reducing the severity of exposures and allowing time for recovery. Crop insurance typically does not cover crops after harvesting but rather when plants are grown or standing in fields.



## Inland Marine

**Medium risk: 6/10**

Inland marine cargo exposure is moderate due to transit shipment risks which may be required for the insured.

Inland marine cargo exposure is moderate due to transit shipment risks which may be required for the insured. Main exposures include:

- Theft.
- Rough handling, causing damage to stock or machinery.
- Crushing damage and insufficient packaging of supplies.
- Collisions

Contaminated or damaged products may cause legal and reputational liabilities. Goods may be expensive in time and financial cost to replace. Exposures will be lower for companies that engage in subcontracted delivery practices of finished products, categorised under sale terms where the manufacturer is liable for imports and exports. In that case, manufacturers may be responsible for loss or damage to materials, equipment and deliveries. Cover may need to include stock transfer between warehouses or premises. For food-related industries, shipments may spoil from machinery breakdown or temperature variation. For medical-related products, they may need to be temperature controlled to ensure efficacy and safety. Additional exposures include loss of mobile equipment, records and papers that may be of high value. High-value items may require value estimations. Strong security measures should be installed to deter potential criminals from premises where shipments are handled, including video surveillance and well-trained security. Alarm systems should be considered. The insured should train employees in appropriate handling processes to prevent damage to goods. Vehicles should be stored in secure facilities.



## Property

**Medium risk: 6/10**

Physical premises vary in replaceability, subject to appropriate alternative spaces to conduct business operations.

Physical premises vary in replaceability, subject to appropriate alternative spaces to conduct business operations. Therefore, exposure is moderate. For unspecialised industries, alternative premises are easier to locate. For more specialised industries or manufacturing plants, it may be difficult and cause further operational losses. However, some industries may not require immediate relocation when work is mobile. Alternatively, spaces may be large enough for the business to conduct operations in a different portion of the property safely. Losses vary according to operations. For example, farming operations may be affected for one season of business, whereas offices or studios will be affected by relocation time and the ability to obtain new premises. Furthermore, loss of reputation may occur during the relocation and setup process. Exposures that lead to property damage include malfunctioning equipment, faulty electrical wires and smoking hazards. Damage may incur to displays, furniture, office furnishings, technological equipment, debris, waste and important documents. Valuable equipment and/or items may also be damaged. Fire is a common cause of property loss. Reducing fire hazards should be managed by ensuring that equipment does not overheat, that wires and cables are safe and detangled, and that any combustible materials are not kept near ignition sources. No smoking signs should be installed on the premises, with designated areas kept away from equipment and fire hazards. Premises with kitchen equipment carry further ignition sources, including stoves, microwaves, ovens, grills, etc. Natural weather disasters (e.g. flooding) may also cause significant property damage.



## Automobile Liability

**Medium risk: 5/10**

Motor exposure in this category varies depending on the size of the operation and its nature.

Motor exposure in this category varies depending on the size of the operation and its nature. Larger operations that own vehicles for pick-ups and delivery have increased exposure. Many larger operations in this category may own a van or fleet of vehicles, carrying significant exposure. Some vehicles may carry heavy items, e.g. equipment, machinery, heavy goods, large volumes of stock etc., and the risks associated with them must be considered. Other vehicles may carry precious goods, such as fine art, equipment for operations, and stock, which may carry significant losses if not transported appropriately. Vehicles generally used for short-distance transport carry lower risks than those used for long-distance transport of passengers, services in case of emergency, or equipment. Ongoing and high standard of fleet management and OH&S policies is essential to reduce the likelihood of exposures. Long haul vehicles are prone to high accident rates due to drivers spending extensive time on the road, causing driver fatigue. The size and radius of operations determine the likelihood of accident and fatigue exposures. Vandalism at the depot is another potential liability. The nature of goods and safe storage and handling of the same are also important considerations. The use of employee vehicles could create indirect liability exposure.





## Directors' and Officers' Liability/Management Liability

Medium risk: 5/10

Medium liability.

Medium liability. The insured may have administrators who have a direct influence over the business operations. There is also considerable risk to employee and third party damage or injury, especially in labour intensive or manufacturing related business operations. There may be increase exposure to unforeseen actions or wrongful acts during business operations, especially where there is a lack of clear and well maintained documentation or on-going employee and business management training. Size and scale of business operations, may impact risk exposure and liability. Management should ensure that business operations, practices and culture remain compliant to industry and government regulations.



## Environmental Impairment Liability

Medium risk: 5/10

Environmental impairment is a moderate risk for this industry.

Environmental impairment is a moderate risk for this industry. Risk exposures from larger-scale operations could include the excretion of pollutants from warehouses, mismanagement of general waste and associated liabilities. Strong waste and pollutant management processes should be considered to reduce risk potential. Biohazards may also be applicable and must be disposed of appropriately to avoid further liability. For example, in the medical industry, the disposal of bodily fluids, bandages, disposable tools should be disposed of properly to avoid exposures. In manufacturing industries, oil spills, chemicals, and other hazardous fluid leads carry exposure. Contaminated wastewater and/or polluted water is a significant environmental threat and should be managed accordingly. Foundries contain greater exposure. Environmental laws and guidelines should be followed accordingly to avoid exposure, particularly for manufacturing industries that often produce large quantities of emissions.





## Cyber Insurance

**Medium risk: 4/10**

Cyber hacks could result in security and privacy breaches.

Cyber hacks could result in security and privacy breaches. There is potential for large volumes of sensitive personal or corporate data to be leaked. This can be prevented by substantial training and compliance protocols for employees, background checks, and strong cyber protection policies and infrastructure. Business interruptions may be significantly increased as a result of cyber attacks, potentially damaging to the insured's reputation.

The risk of cyber threats, hacks and compromise of IT-related breaches are considerable. The nature of work and business operations can be dependent on IT and/or cloud platforms and systems with copious amounts of insured and client-sensitive data.

- Data breach: through electronic devices connected to insured networks. Access to confidential information through human error, lost devices etc.
- External cyber attacks through internal system vulnerabilities/negligence or deliberate acts or external attacks
- Electronic data/software loss/ replacement cost following a cyber attack
- Business interruption/increased in cost of working following a cyber-attack
- Businesses held to ransom before systems are released;
- Cyber-threat from interconnected supply chain business partners/outsourced services providers
- Internal control and other issues – e.g. non-segregation of sensitive data, inadequate user access control/password protection, outdated POS software applications, absence of up to date antivirus software/firewalls, unencrypted data/information/lack of end-to-end encryption
- Possible presence of older devices/computer systems with outdated operating systems and unsupported software
- Inadequate training for employees on data security/privacy/cyber risk. No or inadequate background checks conducted on employees/various service providers/suppliers etc.
- Compliance and control issues - possible lapses on policies, procedures and protocols on cybersecurity and related matters (if applicable)
- Cyber threat relating to - Bring your own devices, download and install personal or unauthorised software, use of USB or other media devices etc.
- Extra expenses following a cyber incident, including forensic investigation costs, crisis management expenses, notification and monitoring expenses, remediation/other extra expenses
- Brand and reputational damage following a cyber-attack/data breach
- Security lapses in company websites – cyber threat to own hardware and software; cyber threat to visitors of the website
- Lack of security measures including a combination of technology (e.g. IT security) and physical security at the premises.



## Business Interruption

**Low risk: 3/10**

Loss of insured's premises, or tools may create a business interruption as they are important to everyday operations.

Loss of insured's premises, or tools may create a business interruption as they are important to everyday operations. Vehicles are generally not covered by property or business interruption insurance, though nonetheless may interfere with operations in the event of a loss. However, exposure is assessed as low due to the unspecialised nature of equipment and location of premises. Equipment can be easily replaced, and alternative premises in the case of relocation are likely to be easily sourced. Furthermore, contractors may not have permanent professional premises, which reduces this interruption. Avoiding loss of records can be managed with solid backup and storage practices. Industries with high levels of competition need to consider retention of reputation through expert service, following a loss.



## General Liability: Premises and Operations

**Low risk: 3/10**

Depending on the size and location of the operation, in most cases, public liability is low risk due to the unlikelihood of large numbers of visitors to the premises.

Depending on the size and location of the operation, in most cases, public liability is low risk due to the unlikelihood of large numbers of visitors to the premises. Exceptions would include training programs, meetings, or seminars, where the average number of visitors and frequency of those events may need to be taken into account. Most businesses in this industry will have a regular clientele which assists in managing the risk.



## Crime

**Low risk: 2/10**

The main source of loss is petty cash, tools or equipment.

The main source of loss is petty cash, tools or equipment. However, for most businesses, invoices will be paid by cheque or direct debit, limiting the cash kept on premises. Employee fidelity could be an exposure managed through careful staff selection procedures.



## General Liability: Products - Completed Operations

**Low risk: 2/10**

Industries in this category are often services based with a tendency for low product liability exposure.

Industries in this category are often services based with a tendency for low product liability exposure. Main exposures relate to third parties and overseas suppliers.



**Carbon Insurance Brokers**

24 Hasler Road  
OSBORNE PARK 6017  
Western Australia Australia  
ACN: ARN: 000468039  
Carbon Insurance Brokers

**Mark Spencer**

☎ 0439425441  
✉ [mark@carbongroup.com.au](mailto:mark@carbongroup.com.au)  
🌐 [www.carbongroup.com.au](http://www.carbongroup.com.au)

