

Carbon Group

Risk Hazard Report

Building Construction - General Contractors



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Important Notice

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iProfileRisk hazard ratings are linked to specific industries. These ratings are our opinion after collaboration with recognised data organisations in the insurance industry.

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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



General Liability: Premises and Operations

High risk: 8/10

Public liability is high due to the likely size, scale, location or multi-location risks of the operation.

Public liability is high due to the likely size, scale, location or multi-location risks of the operation. This liability is due to the consistent flow of visitors and contractors to and from the premises in potentially larger numbers or frequently throughout weekdays and weekends. Events where larger quantities of visitors may be present at once include peak holiday seasons, training programs, public tours, meetings, or seminars. The average number of visitors and frequency of those events may need to be taken into account. Many businesses in this industry will have scheduled appointments and regular clientele, which assists in managing the risk. Extra precautions should be taken for premises with elderly or underage clientele. Risks may include slipping and falling hazards, office, equipment/machinery leakages and field risks, which should be assessed according to the industry. Slipping or tripping hazards may arise from wet floors, uneven floors and surfaces, and obstructing furniture. Damage to personal property may also carry exposure. Premises should be well lit to avoid exposures. Regular maintenance of premises should be conducted to further minimise exposure, with management scheduling regular OH&S checks and rectifying any safety vulnerabilities. The movement of vehicles from the sales floors and storage facilities are also main risk exposures for larger-scale manufacturing and warehouse premises. Underground fuel storage tanks may result in environmental pollution exposure or bodily harm during a leakage.



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.



General Liability: Products - Completed Operations

High risk: 7/10

Industries in this category are often retail, agriculture, services, hospitality and manufacturing-based with a tendency for high product liability exposure.

Industries in this category are often retail, agriculture, services, hospitality and manufacturing-based with a tendency for high product liability exposure. Main exposures relate to third parties, including suppliers, contractors, and subcontractors. For example, construction contractors may become liable for property damage that occurs after their service is provided. Improper or inadequate assembly of equipment or machinery incurs an exposure as repairs are often costly. The receipt of potentially contaminated or polluted materials may occur. The amount of equipment used, alongside their age and condition, should be assessed to determine their safety for use and efficiency. Services that provide food or beverages should consider the supply chain and carefully select suppliers to mitigate the likelihood of exposure. Expired or damaged products should be removed from sale to avoid exposures. Contract specifications should be carefully monitored for quality assurance when receiving new shipments. Receipts of incoming and outgoing shipments should be recorded and maintained so that any operations can be tracked to potential third parties in cases of exposure. Quality control programs conducted by the insured should be considered and be of a high standard. These programs may be outsourced to third parties either at the premises or in external laboratories. Insuring this risk would be beneficial to cover any claims against the insured while maintaining the business's financial stability. A range of items and products are typically sold, all with specific product liability exposures ranging from food poisoning, electrical shock, suffocation, faulty parts. A full stocklist will need to be examined by the underwriter to accurately establish relevant risk exposure. However, where goods are consumer products, product liability exposure will likely be increased as per the relevant consumer protection government legislation or regulations.



Inland Marine

High risk: 7/10

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

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

- Theft;
- Damage to stock or machinery;
- Crushing damage and insufficient packaging of supplies;
- Vehicle collisions

Contaminated or damaged products may cause legal and reputational liabilities, or third party damage may arise due to hazardous spillage during transit. 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 a contract 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. Food and medical products requiring refrigeration or freezing are of high risk exposure, especially during transit, whereby refrigeration breakdown or temperature variations may result in contamination or spoiling of food products. Theft of food products during transit and non-delivery of high value shipments are of significant risk, and cover for shipping containers (refrigeration) is likely to be required. 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.



Professional Liability

High risk: 7/10

Claims of malpractice or misconduct cause significant risk exposure.

Claims of malpractice or misconduct cause significant risk exposure. Professional indemnity consequences often carry substantial reputational and financial costs, particularly for project managers. Professional Indemnity exposures only apply to building companies that employ project managers or architects. Malpractice may occur from incorrect and misleading professional advice, errors in services, or negligence. Errors and omissions can occur in the preparation of blueprints or building plans, misalignment with industry regulations and standards, and ensuring building keeps to schedules set out in plans. Failure to comply with legal requirements will have significant consequences. Regulations can be environmental, compliance with building codes, disability accessibility requirements, and occupational health and safety. Breaches of contract will also have ramifications on the wider business. These exposures can also cause substantial health, financial and/or reputational damage to a client from failure of fiduciary duties. These claims can carry high financial costs to clients and damage their reputation in the process, causing further losses. This is particularly true for builders employed by larger scale developers who are set to stricter timelines for completion. The insured may also suffer from incorrect advice. Experienced and qualified employees should handle any professional advice to ensure the accuracy of the information given to clients, avoiding exposure. Mistakes and negligence should be strongly avoided. This risk is managed through careful distribution of professional consultation and advice from qualified employees or refer clients to other services in instances where they are unable to provide adequate advice or meet duties. If an indemnity situation arises, claims can be toward the individual, the business or between third parties as an extension of the industry's output. It is costly to address professional liability. Precautionary measures, adequate staff training and upskilling are important, especially when dealing directly with clientele.



Automobile Liability

Medium risk: 5/10

Some contractors may own a utility vehicle or van, whereas others may operate oversized trucks.

Some contractors may own a utility vehicle or van, whereas others may operate oversized trucks. Contractors that operate vehicles for pick-ups and delivery have increased exposure. Many companies that employ contractors may own a van or fleet of vehicles, carrying significant exposure. Vehicles are often used to transport construction equipment, tools and materials. Other vehicles may carry cement and other large volumes of building material. Some vehicles may carry heavy items including equipment and machinery. Other vehicles may be carrying valuable materials which may carry significant losses if not transported appropriately. Vehicles normally 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. Long haul vehicles are prone to high accident rates, in addition to amount extensive time on the road, the size and radius of operations, driver fatigue and vandalism at the depot. The nature of goods and safe storage and handling of the same are also important considerations. Contractors vehicles owned for business purposes may be covered under this liability.



Crime

Medium risk: 5/10

Main source of loss is cash, tools or equipment.

Main source of loss is cash, tools or equipment. Businesses may also be affected by stealing of confidential documents and client information, exposing sensitive information and incurring a moderate exposure. Tools and equipment may be of interest to thieves, and may be expensive to replace. Open-air equipment may be more easily stolen, so storing important equipment in a secure facility or vehicle would be beneficial. Potential for embezzlement and employee fidelity.



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. Minimal risk exposure for general waste management processes. However, biohazards may be applicable and must be disposed of appropriately to avoid an exposure. Fuel storage tanks should be regularly checked to ensure there are no leakages. General environmental hazards in the construction industry relate to soil erosion from treading, chemicals, and excavation. Volatile organic compounds may be released during operations, potentially increasing risk of cancers and air pollution. Chemicals used on site may also contaminate waterways, the ground and the natural surrounding environment. Excessive noise from power tools and equipment may be an issue.



Property

Medium risk: 5/10

Physical premises are subject to appropriate alternative spaces to conduct business operations, however some contractors are mobile and do not require professional premises.

Physical premises are subject to appropriate alternative spaces to conduct business operations, however some contractors are mobile and do not require professional premises. Loss of a vehicle could be an issue as work is largely reliant on transport and transporting equipment. Alternatively, spaces may be large enough for the business to conduct operations in a different portion of the property safely. Losses vary according to ability to obtain new tools, premises, or equipment that are crucial to everyday operations. Exposures that lead to property damage include malfunctioning equipment, faulty electrical wires, debris, waste and smoking hazards. Damage may incur to office furnishings, technological equipment, vehicles, tools, equipment, and important documents. Fire is a common cause of property loss, more common considering consistent exposure to flammable fuels on the premises. On-site fire load also consists of large amounts of plasterboard, timber, paints and fuels. 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.



Cyber Insurance

Medium risk: 4/10

The risk of cyber threats, hacks and compromise of IT-related breaches are considerable.

The risk of cyber threats, hacks and compromise of IT-related breaches are considerable. The nature of work 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.



Automobile Physical Damage

Low risk: 3/10

Contractors may own a utility vehicle or van.

Contractors may own a utility vehicle or van. Larger companies that employ contractors may own a van or fleet of vehicles, carrying exposure. Damage to vehicles from collisions, vandalism, fire or theft carry exposure. Vehicles should be stored away from key hazards, particularly on worksites or when transporting to manage this risk.



Business Interruption

Low risk: 2/10

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

Loss of insured's vehicles, premises, or tools may create a business interruption as they are important to everyday operations. However, exposure is assessed as low due to the unspecialised nature of construction equipment. Contractors may also be unlikely to have a permanent professional premises, reducing interruption potential. Equipment can be easily replaced, and if the contractor has an office, alternative premises in the case of relocation are likely to be easily sourced. 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.



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