

Managing Risk with the Risk Management Process

Risk Management is a process for managing risk and is an integral component of effective management. It is not another name for insurance nor is it about eradicating risk. Rather it is about managing risk in order to achieve objectives.

Probus Centre considers it imperative that we develop a Risk Management policy that reflects our needs and exposures as distinct from the perception of our insurers.

We are all conscious of the need to reduce the likelihood of physical harm to our members and their guests so as to prevent or limit any claims for negligence. The risk management process set out in the Standards Australia/Standards New Zealand document AS/NZS 4360 is the acknowledged best practice to follow.

Risk management is about clearly establishing objectives and then identifying the risks that must be managed in order to achieve them. Clear identification of the risks, and associated decisions that must be made to manage them, will help improve safety and quality control to ensure a reasonably practicable level of care is provided to all members and their guests.

Good risk management helps reduce the number and severity of claims which in turn helps stabilise premiums. It provides a level of confidence to our underwriters that Probus have developed Risk Management procedures for the consideration and implementation of individual clubs.

There is no legislative requirement for organisations to manage risk – survival is after all not compulsory. However, organisations that do implement a risk management plan are better prepared to manage surprises because they understand the challenges that must be dealt with if club activities are to be successful and stimulating. Given that risk management processes and procedures are well established and available, any individual club that decides against developing and implementing a risk management plan do so at their own risk given the clear provisions of Section 5B of the Civil Liability Act 2002.

Risk Management places clubs in a better defensible position than if no procedures were considered or implemented.

Key components in Risk Management:

Communicate & consult, understand the context, identify, analyse, evaluate, treat, and monitor & review.

A commonsense approach is recommended:

- Identify and describe risks, their nature and how they can occur and assess their relative likelihood of occurrence.
- Identify the potential consequences and assess their severity in terms of magnitude (worst case) for each risk.
- Identify the existing and new methods that reduce the likelihood and/or consequence of each risk.
- Assess the adequacy and evaluate the importance/benefit of risk management procedures.
- Rank the risks and prioritise.
- Consider protection of members and guests at all times.
- Endeavour to reduce loss history which may lower or maintain policy excess component.
- Adapt guidelines to suit framework of club activities

Methods - accept, avoid, transfer (in part or full), reduce likelihood, reduce consequences and remove or retain risk.

Risk Management enables clubs to address potential adverse events that may result in loss, and encourages the creation of a risk culture amongst members so that they can maximise their enjoyment and involvement whilst minimising their exposure to loss.

At all times it is the risk makers and the risk takers who must be the risk managers.