

Prioritising risk in a distribution environment

Case Study 4



Rationale

The Insured are a large global beverage and distribution business operating from multiple locations in the UK. Health and Safety, and liability claims performance metrics have, in recent years, indicated a deteriorating performance. Following a major organisational restructure at the end of 2007 the Insured engaged with QBE to improve their performance and a positive relationship has resulted.

QBE's Risk Manager's analysis of the Insured's accident and claims experience revealed that the main account exposure emanated from the Insured's distribution operations as opposed to on-site activities where the Insured's efforts had traditionally focused. Manual handling and vehicle/delivery operations were, without doubt, the significant areas of concern. The success rate in defending distribution claims was also very poor compared with the QBE portfolio and sector average. Poor audit and supervision, and impractical systems of working and associated training (competence validation) were identified as particular weaknesses.

Initial risk management reviews were held with the Insured's senior management, Insurance and Health & Safety representatives. QBE made a series of strategic recommendations to the client including:-

- Creation of an overarching OHSE strategic management role, and more defined ownership and KPI's within existing job roles
- A re-launch of 'stalled' improvement initiatives targeting 'distribution' vehicle hazard and manual handling operations
- A review and launch of revised distribution safe systems of working and training with particular emphasis on manual handling operations
- Introduction of a 'kerbside auditing' system for distribution activities with the ability to demonstrate that systems of work were effective, measured, targeted and followed.

Approach

With targeted involvement from QBE, and with the support of the Insured's Broker, all recommendations were implemented. Additional QBE support was provided including:-

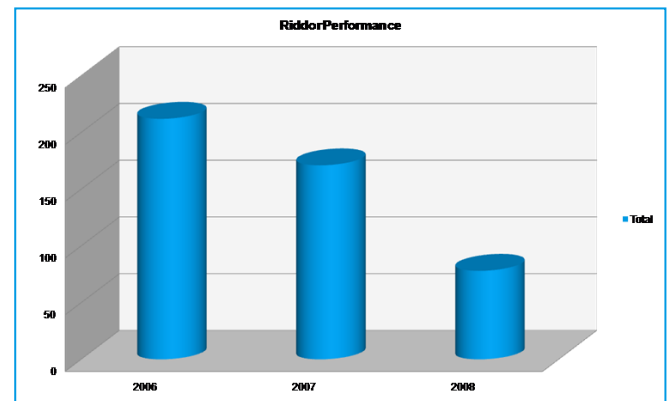
- Claims data analysis and advice providing the 'business case' for change
- Targeted distribution site visits and strategic improvement feedback

- The restructure of claims reviews to focus on risk management issues
- Workplace transport training for depot managers
- QBE sponsorship and risk manager involvement to revise of systems of working in distribution operations, with a major focus on manual handling
- The production of a new guidebook and DVD training materials.

Impacts

By contrasting 2008 performance with 2007 these initiatives achieved:-

- 54% projected reduction in Major & Riddor accidents
- 54% corresponding reduction in Riddor 'rate'
- 38% reduction in 'non Riddor' lost time accidents
- 19% reduction in non-reportable/minor accidents
- 60% reduction in lost days due to accidents.



In addition to these impacts, in the period of April to October 2008, QBE analysis revealed a 79% increase in cases where liability was repudiated predominantly as a result of improved training, auditing, systems of working and signed documentation.

Despite the historical claims position, improved accident frequency & claims defence has enabled the QBE underwriter to take a positive view of the Insured's future liability claims exposure, with the resulting mutual financial benefits this brings to both QBE and the Insured.

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