



## INSURANCE RISK MANAGEMENT REQUIREMENTS

### INTRODUCTION

There are a number of types of 'risk' associated with Rotary's activities, some of which are:

- The risk that a particular project does not achieve its desired goal – or worse, that money is actually lost on the venture – sometimes called **business or opportunity risk**.
- The risk that Rotary might injure someone, damage property, or incur a liability through actual or perceived negligence (lack of due care) on the part of a Rotary Club, Rotary District or Rotary organisation or its members – generally called ROTARY INTERNATIONAL of personal injury or sickness for one or more of its members whilst on Rotary duty either in the home country or overseas.
- The risk of damage to Rotary or Rotarian's property.

Whilst there is a responsibility to control and properly manage all forms of risk to achieve a successful outcome, this paper is primarily concerned with 'Public Liability', personal injury to Rotarians and other Rotary participants while on Rotary duties, and damage to Rotary and Rotarian's property.

### BACKGROUND

Rotary has a duty of care to its members and, in certain circumstances, to members of the public and must make reasonable endeavours to ensure due diligence with respect of public safety. Statutory obligations and the common law duty of care apply to all Rotarians, Rotary clubs and districts and other Rotary organisations in the conduct of any activity undertaken by them.

Until recently it was generally accepted that insurance provided the protection against the risk of public liability claims resulting from Rotary's activities. However the ability to gain insurance at affordable rates or, in some cases, to insure against legal responsibilities necessitates that Rotary must now re-evaluate how we identify, define and manage the risk associated with our activities in order to retain insurance cover.

Generally individual Rotarians are not personally named as defendants in claims as a result of an alleged negligence. Nevertheless a claimant may believe that an individual or group of Rotarians are personally responsible and may name them as the defendant or joint defendants.

To reduce the risk of a negligence claim being lodged against it, a Rotary club, district or organisation should examine the health and safety requirements that apply to any specific activity in view of the potential risk of injury to themselves, other participants and members of the public and make an assessment of the risks involved.

In all situations, Rotary leaders of the activity should document the factors considered when making the assessment and the documents should be kept on file for legal and insurance purposes in the event of a claim being lodged at a later date. Production of these records may be required before a claim is accepted. In situations assessed as high risk, Rotary leaders must consider whether to cease, continue with some changes or continue and accept the resultant risk of a liability claim.

The process of examination and assessment is called risk management and this document has been prepared to assist Rotary leaders in clubs, districts and other organisations to apply risk management procedures to all their activities.



## RESPONSIBILITY

Rotary leaders at club, district and organisation level are expected to implement health and safety procedures for all activities undertaken by ensuring that

a) all participants are

- Aware of and comply with all statutory health and safety requirements
- Provided with adequate training to discharge their statutory responsibilities
- Provided with training and supervision to enable them to carry out their tasks in a safe manner

b) all non participants are

- Provided with adequate information in regard to health and safety requirements
- Kept away from areas of potential hazard

c) all incidents or accidents are investigated promptly and details of the incident, those involved and witness statements are recorded and maintained in club/district/organisation files; the necessary corrective action is initiated and, where required, the appropriate reporting action is taken.

## RISK MANAGEMENT

The principle of 'Risk Management' is based on the following procedural steps;

- Identify, analyse and prioritise the potential hazard (the possible source or an injury, illness, disease, loss or damage)
- Assess the risk (likelihood of the hazard resulting in an injury, illness, disease, loss or damage)
- Control the risk (determine what action should be taken to remove or reduce the risk)
- Ongoing review and evaluation to ensure continued effectiveness of the controls
- Provide adequate insurance protection in the event that a potential hazard does result in an injury, illness, disease, loss or damage.

## CONDUCTING RISK MANAGEMENT AUDITS

Rotary, at all levels, should appoint a risk management authority within their organisations with the responsibility to appraise, control and monitor the risks factors involved in all current and future activities. At club level, this could be a single person or a sub-committee within the Club Service portfolio.

At district committee level, it could be a single person or a sub-committee. Rotary organisations involved in Multi District or National activities should also designate a specific person or a small sub-committee to undertake Risk Management Audits.

The *Risk Management Checklist* (Form A) is a quick reference guide for Clubs to use as an aid to ensuring best risk management practice for activities undertaken on a day to day basis.



## IDENTIFICATION OF HAZARDS

All Rotarians should become aware of the sources of possible injury, illness, disease, loss or damage associated with each and every activity which they plan to undertake or are currently undertaking. By identifying the source of the risk, the form that the risk could take, and the priority or seriousness of the risk, they can devise appropriate procedures to minimise the possibility of the injury, illness, disease, loss or damage occurring and, thereby, eliminate or reduce the risk.

## METHODS OF IDENTIFYING THE HAZARDS

### a) Existing activities

- Observe the activity being undertaken
- Describe each identifiable hazard in detail
- Discuss the activity and potential hazards with other participants
- Discuss the activity with other clubs or organisations who undertake similar activities

### b) Planned activity

- Using a 'what if' scenario describe each potential hazard in detail
- Discuss with other clubs or organisations who undertake similar activities

## ASSESS THE RISK

After identifying each potential hazard, produce a detailed analysis of each hazard including:

- The particular form that each hazard takes
- The environment surrounding each hazard
- The frequency in which the hazard occurs
- The personnel potentially affected by the hazard
- The likely injury, illness, disease, loss or damage caused by the hazard
- The potential seriousness of the injury, illness, disease, loss or damage
- The potential long term result
- The person responsible for managing the risk





## RISK CONTROL

Taking each hazard in turn ascertain the impact on the activity or proposed activity if the hazard was removed from the activity totally. If total removal can be achieved the hazard no longer represents a risk. If it is ascertained that total removal is not a feasible option, identify the actions that need to be taken to control or reduce the risk. The following points need to be considered:

- Substitution – ie can a less hazardous item be use?
- Separation - ie can a person be moved away from the hazard or a barrier established?
- Redesign - ie can the hazard be enclosed, isolated or relocated?
- Protection - ie can protective equipment or clothing be used?
- Timing - ie can the time of exposure to the hazard be reduced?
- Control measures - ie can new operating procedures reduce exposure?

Using the above evaluation procedures the list of potential hazards can be divided into those hazards that can be reduced to an acceptable level by the application of control measures and those that cannot. Those hazards whose risks cannot be reduced to an acceptable level need to be reviewed to ascertain if additional or alternative controls can be applied.

At this stage each activity needs to be considered in relation to the 'cost/benefit' analysis.

- What is the potential benefit to the organisation if the activity is carried out in its present form?
- What will be the cost to the organisation if the activity is cancelled?
- What is the potential cost to the organisation and members if the activity continues and the potential hazard occurs?
- What is the potential benefit to the organisation if the activity is carried out with the hazard existing but controlled?

Unless the benefit greatly outweighs the cost, the activity should not be pursued. The final decision should be based on facts and not on emotion or 'gut feelings'.

## REVIEW AND EVALUATION

This final step is as important as all the others. Control measures must undergo continuous review to ensure that the risks of the potential hazard have been reduced. Furthermore, the evaluation process ensures that the controls are still valid and that the potential hazard has not changed.

For activities conducted regularly, the evaluation process should be ongoing. For those activities conducted periodically, the evaluation process should occur each time prior to the activity being conducted.



## INSURANCE

The role of insurance cover is to provide the final level of protection in the event that a potential hazard situation does occur despite all the appropriate precautions and risk reduction procedures having been implemented. Insurance protects the club, district committees, organisation or individual Rotarians against potentially devastating liability claims. Clubs, district committees, organisations and Rotarians who do not implement proper risk reduction controls could be held to have been negligent, or contributed to the negligence and could be required to contribute to the settlement of a claim.

Rotarians should not assume that each and every activity which they conduct is automatically covered by the Rotary insurance scheme. The *Rotary Insurance Proforma* (Form B) and *Risk Management Form* (Form C) should be completed in instances where a Club requires guidance as to whether a certain activity would be covered under Rotary's insurance policies.

**No insurer will provide blanket cover. It is imperative that Rotarians, Rotary clubs and district committees and other Rotary organisations ensure, before they conduct an activity that it falls within the ambit of cover provided by the Rotary policy.**

In addition Rotary cannot provide indemnity under the Rotary policy to third parties without the prior agreement of the insurer. This is particularly so where any sort of commercial arrangement exists.

A copy of the current Insurance Policies conditions is attached – ITEM E

## INSURANCES, CLAIMS MANAGEMENT AND CONTROL

Over many years Rotary in Australia has been provided with excellent coverage for protection of assets and liabilities and cover for Rotarians in the event of accident. Due to circumstances, some of which are controllable and others outside the control of Rotary, we have seen cover change considerably, both in reduction of cover and substantial increases in the deductible or excess on most policies.

Clubs should be aware that **Public Liability** cover is now subject to a **\$2,500 excess**. There is a total exclusion for rodeos, railways (except scale model trains used for amusement rides), animal rides, child care services, and martial arts, firearms, shooting and hunting. The policy has been extended to cover vicarious/contingent liability arising from the organization of and/or operation of Rotary run markets.

With the exception of Rotary run markets all cover is conditional upon the Insured (that is your Rotary Club) ensuring that primary contractors (that is organisations who do things for you at your activity) have in place a current Liability policy for \$5,000,000 or more with a reputable insurer.

In the event of a claim the Club would be required to produce evidence that such insurance was in place otherwise indemnity would not be granted and the Club would become liable for any claim made against it.

The **Personal Accident and Travel** cover provided by the scheme extends to include all Rotarians and volunteers working on Club projects including whilst travelling to and from, provided such travel exceeds 50 kilometres from their place of residence or place of business and return to home or business. District's policy now excludes cover for personal injury or death whilst flying other than as a passenger in a commercial airline.

Club assets including registered trailer/catering vans are covered against **Accidental Loss or Damage**.

## CLAIMS PROCEDURES

It is important that claims are settled quickly and fairly. To ensure that this occurs there are certain procedures which should be followed:

- Complete a *Rotary Incident/Accident Report Form* (Form D) and forward it to **District Insurance Officer Sam Catanzariti** immediately that an event has occurred which may give rise to a claim under one of our policies. A copy of this form is included at the back of this booklet.



- In addition, claims which relate particularly to third party claims made against you such as motor vehicle, public/products liability and personal accident; any summons, writ or other legal demand must immediately be directed to the District Insurance Officer.
- The policy coverage for molestation is provided on a "claims made" basis. This means that the policy covers (subject to terms and conditions) claims made against Rotary and notified to the insurer during the period of insurance. The policy **will not** cover claims made and notified to insurers after the expiry of the period of insurance. Accordingly, should you become aware of any fact or circumstance that may give rise to a claim, it is imperative that this be reported during the period of insurance. The excess applicable to each molestation claim is \$25,000.

**N.B.** Insurance companies have undertaken to accept the risks you have insured against and it is their responsibility to accept or reject liability.

In order for Rotary to maintain control over our insurance cover, it is essential that all claims against the Rotary insurance are reviewed at District level and 'signed off' by the District Governor before being forwarded to our broker. The review should be conducted by the District Management authority to ensure that the claim is valid, that all proper procedures have been carried out, and that the complete documentation is attached to the claim. It is the District's responsibility to validate the claim, not the insurance broker.

**Please do not**

- incur any expense by litigation or agreement
- admit liability verbally or in writing

Otherwise you may prejudice your claim.

### CONCLUSION

We have a unique and comprehensive Rotary insurance scheme which provides adequate cover at affordable premiums to all Rotarians in their role of providing service to the community. It is our duty to protect and maintain that insurance cover for future generations of Rotarians.

Copies of Risk Management forms recommended for use are contained at the back of this booklet.

- The **Risk Management Checklist** (Form A) is a quick reference guide for Clubs to use as an aid to ensuring best risk management practice for activities undertaken on a day to day basis. We suggest Clubs use this form as a matter of course; it is a handy tick card that helps identify and treat everyday risks.
- The **Rotary Insurance Proforma** (Form B) and **Risk Management Form** (Form C) should be completed in instances where a Club requires guidance as to whether a certain activity would be covered under Rotary's insurance policies. The completed forms should then be sent to District Insurance Officer PP Geoff Tancred who will advise or if necessary forward the documents to our brokers for discussion with the insurers.
- The **Rotary Incident/Accident Report Form** (Form D) should be completed following an incident or accident and forward it to District Insurance Officer **Sam Catanzariti** immediately that an event has occurred which may give rise to a claim under one of our policies





**ROTARY RISK MANAGEMENT CHECKLIST** **FORM A**

AREAS OF RISK TO MANAGE	ADEQUATE			COMMENTS
	YES	NO	N/A	
<b>1 PREMISES</b>				
<i>Floors</i>				
Surface level				
Not slippery				
Free of debris				
Properly covered				
<i>Stairs/Ramps</i>				
Surfaces level				
Not slippery				
Free of debris				
Properly covered				
<i>Windows</i>				
Condition				
Security				
<i>Lighting</i>				
General				
Emergency				
<i>Fire safety</i>				
Suitable detection				
Equipment maintained				
Emergency exits				
Emergency signage				
General housekeeping				
<i>Car parks &amp; driveways</i>				
Sealed/marked				
Free of ruts/holes				
Free of oil/contaminants				
Lighting				
Speed limiting/bumps				



AREAS OF RISK TO MANAGE	ADEQUATE			COMMENTS
	YES	NO	N/A	
Signage				
Free of debris/vegetation				
Pedestrian access				
<b>External pathways</b>				
Free of damage				
Free of debris/vegetation				
Lighting				
<b>2 CONTRACTORS/ SUBCONTRACTORS</b>				
All contractors/ subcontractors supply proof of liability cover				
Standard contracts drawn up specific work performed				
Formal written security procedures in place				
All security incidents reported to police				
<b>3 MACHINERY &amp; EQUIPMENT</b>				
All electrical equipment tested annually by qualified electrical contractors				
All portable electrical equipment/tools tested and tagged in accordance with regulations				
All gas cylinders tested and tagged annually				
All welding/hot work performed by qualified persons				
Conditions of: Hoists/cranes Elevators/escalators Unregistered vehicles				
All belt/chain/direct couplings between electric motors or other engines/pumps/generators/ cutting equipment etc fully covered or otherwise guarded				
Are all hand tools (powered or unpowered) in a good state of repair				





AREAS OF RISK TO MANAGE	ADEQUATE			COMMENTS
	YES	NO	N/A	
<b>4 ENVIRONMENTAL</b>				
Have all hazardous/toxic substances been identified?				
Are they currently stored in a secure place?				
Is a register of these materials kept?				
Are people trained in the use of these materials?				
Is all waste disposed of regularly and in accordance with local regulations?				
<b>5 MISCELLANEOUS</b>				
First aid facilities				
Trained first aid staff				
Alcohol policy in place				
Animal policy in place				
Crowd exposure – adequate signage				
Playground equipment checked and maintained on regular basis				
<b>6 CHILDREN</b>				
Are children being properly cared for/supervised?				
Do carers/supervisors have proper accreditation and certification (eg Blue Cards)?				
Are animal or mechanical rides involved? If 'yes' do the providers of those rides carry adequate Public/ Products Liability insurance and has proof been obtained?				
<b>7 OTHER</b>				





ROTARY INSURANCE PROFORMA

FORM B

TO Rotary District 9700 Insurance Officer

The Rotary Club of .....wishes to advise that it will be running the following event(s) as part of its activities and requires that this activity be noted and included in the Insurance Policy of District

Brief description of activity .....

Date of activity .....

Time of activity (when and for how long) .....

Location of activity .....

Are there Third Parties involved [ ] Yes [ ] No

If 'Yes', please provide details .....

Travel arrangements .....

Approximate number of community participants.....

Risk Management Form Completed [ ] Yes [ ] No

Certificate of Currency required [ ] Yes [ ] No

If yes, provide details of parties to be noted .....

Rotarian Contact: .....
Details: Phone/Fax Number .....
Email address.....

Cover confirmed under Rotary Policy [ ] Yes [ ] No Date: .....





RISK MANAGEMENT FORM

FORM C

1 Describe the activity/project being undertaken

.....  
.....  
.....

2 Detail the people participating in the activity/project (does it involve non-Rotarians, members of the public or other organisations or third parties?)

.....  
.....  
.....

3 Have you required any other organisation, group or person who is taking part in the activity, to provide their own 'Public Liability Insurance'?  
(Other organisations or groups should have their own Public Liability Insurance Cover; and individuals should have their own cover or at least be made aware that they are not covered under Rotary insurance unless specifically noted. Ideally you should obtain a written indemnity from any other organisation, group or third party involved or associated with the activity.)

.....  
.....

4 Have you been asked by any other organisation or person to (a) indemnify them as third party, or (b) hold any other organisation 'harmless' under the Rotary Insurance for the activity?  
(If yes, refer to your District Insurance Officer for advice before entering into any agreement.)

.....  
.....

5 Describe the potential hazards (or dangers to the general public and persons working on the project)

.....  
.....

6 Have there been prior incidents/accidents on this type of project? If yes, detail when, how and the result.

.....  
.....  
.....

7 What action/steps can be taken to:

- a) remove or eliminate the hazard or danger .....
- b) isolate the source of the hazard or danger .....
- c) reduce the likelihood of it happening .....
- d) reduce the seriousness of the impact if it does happen .....

**ANY QUERIES OR QUESTIONS SHOULD BE ADDRESSED WITH THE DISTRICT INSURANCE OFFICER IN ORDER TO OBTAIN PRIOR AGREEMENT FROM THE INSURER**

**DO NOT ASSUME**

**OBTAIN CONFIRMATION OF COVER UNDER ROTARY INSURANCE**



ROTARY INCIDENT / ACCIDENT REPORT

FORM D

1 Provide full details of the Incident / Accident including date, time and location.

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.....  
.....

2 Who was involved? (Provide name, address and contact details of each person)

.....  
.....  
.....

3 Were there any witnesses: (Provide name, address and contact details of each person)

.....  
.....  
.....

4 Arrange to take written statements from those involved and the witnesses either at the time or as soon after as possible. These statements are to be attached to this report.

.....  
.....  
.....

5 Did any person involved require medical treatment at the scene, transportation by ambulance or hospitalisation? Provide the name and what service they required below.

.....  
.....  
.....

6 Has the Incident / Accident been reported to any outside authority i.e. Police, Government department, Local Government, etc? Provide details below.

.....  
.....  
.....

Signature: \_\_\_\_\_

Full Name: \_\_\_\_\_

Rotary Club of \_\_\_\_\_

Date: \_\_\_\_\_

Club Address: \_\_\_\_\_

**Please return to  
District Insurance Officer**  
Sam Catanzariti  
PO Box 1337  
Griffith NSW 2680  
sam.catanzariti@aon.com