



P & C Risk Sheet

Insurance Vs Risk Management

P & C Associations can from time to time confuse their obligations to manage risk and the need to arrange insurance.

Arranging an insurance policy to cover some of your risk exposures does not necessarily mean that the association has adequately managed its risks.

Every Association has an ongoing obligation to identify and assess the risks they face. A list of risks should be created and refined over time.

Insurance may then be one of the ways in which a risk can be transferred or reduced. Below are some simple steps to follow in your analysis of the risks which might face your Association:

- What are the risks that the Association are exposed to?
- What are the impacts of the risks - how likely, how severe?
- What measures can we take to eliminate, reduce or control each risk?
- What ongoing action can we take to measure and review our identified risks and any new emerging risks?

Insurance is not a total solution to risk nor a replacement for poor controls or management.

There are always policy limits, excesses, terms and conditions etc - all of which have some bearing on how effective an insurance policy can be as a way to treat an identified risk.

Even where an insurance policy is in place, the Association and its officers have an obligation to continue to take all reasonable steps to manage risks and reduce the likelihood of an incident. Proper policies and procedures, adequate management, supervision and maintenance are all examples of this obligation.

Once an incident occurs there is also a need to take adequate action so that a loss does not continue, and to mitigate the potential for future loss or danger.

Manage Your Insurance Records

Any insurance policy contract is only useful as a risk management tool if you can identify what you were covered for and who the insurer was.

This is particularly important for liability claims where claims may not be reported for several years. Your Association should keep an ongoing record of:

- The period for each year of insurance;
- Name of the insurer;
- The policy number;
- Policy certificate and policy wording applying for each period of insurance.