

A Presentation to Wood Pellet Association of Canada

RISK MANAGEMENT AND INSURANCE

November 18, 2014

The Willis logo is displayed in white serif font on a dark blue rectangular background. The logo is positioned on the right side of a horizontal bar that has a grey textured background on the left and a dark blue background on the right.

Willis

Risk Management and Insurance



1. RISK MANAGEMENT

2. INSURANCE

- **Current insurance market - globally and for Wood Pellet industry**
- **Coverage and pricing trends**
- **What do Insurers want?**
- **How can I get insurance and at a reasonable cost?**



WHAT IS RISK MANAGEMENT?

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RISK MANAGEMENT



RISK MANAGEMENT:

The process of making and carrying out decisions that will minimize the adverse affects of accidental losses upon an organization.

- ***Identify***
- ***Analyze***
- ***Evaluate***
- ***Select*** and ***Implement***
- ***Monitor*** and ***Improve***

RISK MANAGEMENT



Six basic risk control techniques

- 1. Avoidance***
- 2. Loss Prevention***
- 3. Loss Reduction***
- 4. Separation***
- 5. Duplication***
- 6. Diversification***

RISK MANAGEMENT



Managing identified risks

- *Loss Prevention*
- *Loss Control*
- *Risk Transfer*

Insurance is just one Risk Transfer technique

RISK MANAGEMENT





INSURANCE

Insurance



Insurance Market



INSURANCE



Current Insurance Market

BAD NEWS

- **Three major losses in 2012 within 3 months – over \$150 Million in claims**
- **Negative Media**

GOOD NEWS

- **Capacity**
- **Rates**



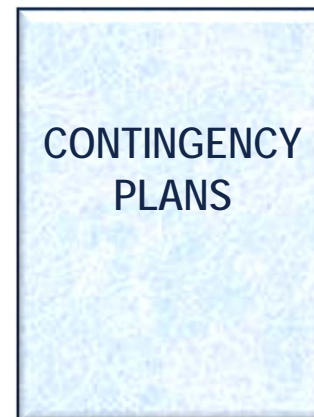
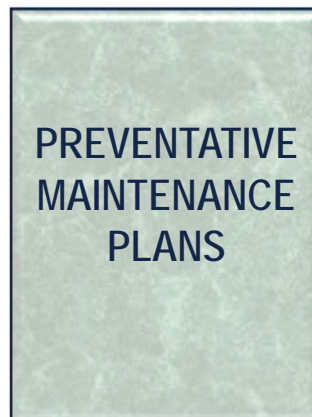
WHAT DO INSURERS WANT?



Insurance

What do Insurers want?

- **Good Claims history**
- **Highly protected risks**
- **Separation of values**
- **Risk Management philosophy**
- **Documentation**



Insurance



How can I get insurance and at a reasonable cost?

- ✓ **Partner with the right Insurance and Risk Management Broker**
- ✓ **Develop a strong Risk Management plan**
- ✓ **Implement Best Practices and Audit program (Wood Pellet Association of Canada 2010)**
- ✓ **Demonstrate a commitment to continuous improvement**
- ✓ **Employee engagement**
- ✓ **Be proactive with your Insurer**



QUESTIONS?