

Risk Hazard Report

Building Construction - General Contractors



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Important Notice

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iProfileRisk hazard ratings are linked to specific industries. These ratings are our opinion after collaboration with recognised data organisations in the insurance industry.

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Introduction to Steadfast iProfileRisk

Steadfast Risk Group's Framework

Steadfast offers an end-to-end risk framework for brokers and their clients based on the internationally recognised ISO 31000 standard.

Steadfast Risk Group provides a spectrum of in-house services and solutions ranging from enterprise risk management, risk and natural catastrophe hazard identification, property engineering consultation/services and alternative risk transfer.

Framework diagram



What is iProfileRisk?

iProfileRisk is a data driven and online accessible platform aimed at simplifying risk hazard identification and providing natural catastrophe high level summaries for brokers and their clients.

It empowers proactive risk identification and risk centred conversations between brokers and their clients, through enabling data driven risk decisions and mature financial acumen for insurance risk considerations.

Objective of this report

Utilising iProfileRisk in conjunction with other Steadfast Risk Group offerings enables easy identification of the most prominent risks impacting an industry and SwissRe's natural catastrophe summary for a specific location.

Risk Hazard Summary

Identifying hazards in the workplace involves finding things and situations that could potentially cause harm to the organization. The following chart is a graphical representation of the likelihood and severity of a loss occurring within any of the classes of insurance listed in the chart.

YOUR SEARCH RESULTS

Risk Hazard rating



RISK HAZARD DETAILED DESCRIPTIONS



General Liability: Premises and Operations

High risk: 8/10

Public liability tends to be high considering the nature of construction sites and potential multi-location risks of the operation.

Public liability tends to be high considering the nature of construction sites and potential multi-location risks of the operation. This liability is due to the consistent flow of contractors and subcontractors to and from the premises in potentially larger numbers or on a frequent basis throughout weekdays and weekends. Many businesses will have rosters and regular employees, which assists in managing the risk. Damage to personal property may also carry exposure. Risks may include slipping and falling hazards, office, equipment/machinery leakages and field risks. Slipping or tripping hazards may arise from wet floors, uneven floors and surfaces, rogue objects and materials lying around, and obstructing furniture. Severe injury or death can occur by falling from heights or unsecured scaffolds. Materials or equipment dropped from heights or blown by the wind may cause severe injury on impact. Open excavation holes and trenches are a common construction site hazard, potentially leading to fractures, breaks, or sprains from falls. Wall openings and floor holes may also be a tripping hazard. Explosions may be used to clear large spaces or occur accidentally from large volumes of flammable substances and gases leaking into the air, creating significant injury risk if mismanaged. Premises should be well lit, particularly for night works to avoid exposures. Regular maintenance of premises should be conducted to further minimise exposure, with management scheduling regular OH&S checks and rectifying any safety vulnerabilities. Construction sites often create large volumes of noise pollution. Sites must have strong fencing to avoid children becoming endangered from attractive nuisances. Movement of vehicles from warehouses to work sites and storage facilities are also main risk exposures for larger scale operations. Underground fuel storage tanks have risk of leaks that may result in environmental pollution exposure or bodily harm.



Workers' Compensation/ Employers' Liability

High risk: 8/10

Construction carries high exposure due to the type of equipment used, situations in which employees are often in and the nature of work.

Construction carries high exposure due to the type of equipment used, situations in which employees are often in and the nature of work. These industries may expose employees to office, technology and labour-intensive hazards. Injuries can happen often and can be severe.

Labourers are exposed to machinery and equipment that may be very hazardous to operate, so clear instructions should be given and strong preventative measures employed to avoid serious injury. Labourers can often be struck by falling objects, equipment and other items. Falling and falls from heights is a significant risk for this industry, which may cause life-threatening or fatal injuries. Injuries from operating heavy machinery may include entanglement, abrasions, severing, stabbing, puncture wounds, crushing and entrapment. Other potential hazards can include cuts from sharp objects and handling glass, burns, slipping or tripping, wet surfaces or equipment, electrocution, excessive use of power tools, injuries from repetitive movements, back and neck strain, injuries from heavy lifting, forklifts or mobile equipment. Workers may become entrapped in deep trenches if they cave in.

Fire hazards can occur from combustible and flammable liquids. Workers can be exposed to substances, including solvents and solvent mixtures, that often damage the skin and lead to skin-related health conditions. Construction workers are at higher risk of respiratory infections and diseases, including chronic lung infections, bronchitis, asthma, and cancers from inhalation and exposure to various chemicals, noxious fumes, fine dust particles, lead, asbestos and silica. Exposure to excessive noise may cause hearing loss or impairment. Mental health exposures may include burnout, high stress from job activities, and increased fatigue.

Workers may need to drive company-owned forklifts, carrying exposure in the case of accidents. Technology and machines associated with the business must be appropriately set up to avoid further exposures. For office workers, muscular, skeletal and sight issues from excessive strain may arise. Occupational health and safety regulations should be strictly followed at all times to prevent exposures. Where there is a risk of hearing damage or loss due to high noise hazards associated with business operation correct and regulation approved personal protective equipment (incl. hearing protection equipment and devices) should be worn at all times. Furthermore, machinery should be fitted with automated machinery safety locks, with adequate and regular training, supervision and other preventative measures may act to prevent employee injury. Exposures may incur rehabilitation costs, particularly if the employee can no longer work due to their injuries.



General Liability: Products - Completed Operations

High risk: 7/10

Industries in this category are often retail, agriculture, services, hospitality and manufacturing-based with a tendency for high product liability exposure.

Industries in this category are often retail, agriculture, services, hospitality and manufacturing-based with a tendency for high product liability exposure. Main exposures relate to third parties, including suppliers, contractors, and subcontractors. For example, construction contractors may become liable for property damage that occurs after their service is provided. Improper or inadequate assembly of equipment or machinery incurs an exposure as repairs are often costly. The receipt of potentially contaminated or polluted materials may occur. The amount of equipment used, alongside their age and condition, should be assessed to determine their safety for use and efficiency. Services that provide food or beverages should consider the supply chain and carefully select suppliers to mitigate the likelihood of exposure. Expired or damaged products should be removed from sale to avoid exposures. Contract specifications should be carefully monitored for quality assurance when receiving new shipments. Receipts of incoming and outgoing shipments should be recorded and maintained so that any operations can be tracked to potential third parties in cases of exposure. Quality control programs conducted by the insured should be considered and be of a high standard. These programs may be outsourced to third parties either at the premises or in external laboratories. Insuring this risk would be beneficial to cover any claims against the insured while maintaining the business's financial stability. A range of items and products are typically sold, all with specific product liability exposures ranging from food poisoning, electrical shock, suffocation, faulty parts. A full stocklist will need to be examined by the underwriter to accurately establish relevant risk exposure. However, where goods are consumer products, product liability exposure will likely be increased as per the relevant consumer protection government legislation or regulations.



Inland Marine

High risk: 7/10

Inland marine cargo exposure is high due to transit shipment risks relating to imports, exports, transit between sites, or to and from the workplace, which may be required for the insured.

Inland marine cargo exposure is high due to transit shipment risks relating to imports, exports, transit between sites, or to and from the workplace, which may be required for the insured. Main exposures include:

- Theft;
- Damage to stock, tools, materials, or machinery;
- Crushing damage and insufficient packaging of supplies;
- Vehicle collisions and transport of mobile equipment;
- Bailee exposures for contractor's and subcontractors tools;

Damaged products may cause legal and reputational liabilities, or third party damage may arise due to hazardous spillage during transit. Materials, tools and equipment may be expensive in time and financial cost to replace. Subcontractors' equipment are covered under this liability, increasing exposure. Exposures will be lower for companies that engage in subcontracted delivery practices of finished products, categorised under contract where the manufacturer is liable for imports and exports. In that case, manufacturers may be responsible for loss or damage to materials, equipment and deliveries. Cover may need to include stock transfer between warehouses or premises. Theft of tools, materials, equipment or products during transit and non-delivery of high value shipments are of significant risk exposure and cover for shipping containers is likely to be required. Additional exposures include loss of mobile equipment, records and papers that may be of high value. Strong security measures should be installed to deter potential criminals from premises where shipments are handled, including video surveillance and well-trained security. Alarm systems should be considered. The insured should train employees in appropriate handling processes to prevent damage to goods. Vehicles should be stored in secure facilities.



Professional Liability

High risk: 7/10

Claims of malpractice or misconduct cause significant risk exposure.

Claims of malpractice or misconduct cause significant risk exposure. Professional indemnity consequences may carry substantial reputational and financial costs. Malpractice may occur from incorrect and misleading professional advice, errors in services and maintenance, faulty designs in sprinkler systems, or negligence. These exposures can also cause substantial financial and/or reputational damage to a client due to the importance of fire sprinkler systems in preventing fires. These claims can carry high financial costs to both the insured and clients, damaging their reputation in the process, causing further losses. The insured may also suffer from incorrect advice. Experienced employees should handle any professional advice to ensure the accuracy of the information given to clients, avoiding exposure. Improper or poor maintenance practices can lead to sprinkler system faults. Mistakes and negligence should be strongly avoided. This risk is managed through careful distribution of professional treatment, counselling, maintenance and advice from qualified employees or refer clients to other services in instances where they are unable to provide adequate care or advice. If an indemnity situation arises, claims can be toward the individual, the business or between third parties as an extension of the industry's output. It is costly to address professional liability. Precautionary measures, adequate staff training and upskilling are important, especially when dealing directly with clientele.



Automobile Liability

Medium risk: 5/10

Some contractors or employees may own a utility vehicle or van, whereas others may operate oversize trucks.

Some contractors or employees may own a utility vehicle or van, whereas others may operate oversize trucks. Labourers that operate vehicles for pick-ups and delivery have increased exposure. Many companies may own a van or fleet of vehicles, carrying significant exposure. Vehicles are often used to transport construction, repairs, or electrical equipment, tools and materials. Other vehicles may carry cement and other large volumes of building material. Some vehicles may carry heavy items including equipment, machinery, and larger power tools. Other vehicles may be carrying valuable materials which may carry significant losses if not transported appropriately. Vehicles normally used for short distance transport carry lower risks than those used for long distance transport of passengers, services in case of emergency, or equipment. Ongoing and high standard of fleet management and OH&S policies is essential. Long haul vehicles are prone to high accident rates, in addition to amount extensive time on the road, the size and radius of operations, driver fatigue and vandalism at the depot. Increased driving risks include driving in rural and urban areas, driving in severe weather conditions, inexperienced drivers, heavy traffic, night driving, and electronic devices. Exposure is higher for leased vehicles. The nature of goods and safe storage and handling are also important considerations. Contractors vehicles owned for business purposes may be covered under this liability.



Crime

Medium risk: 5/10

Main source of loss is cash, tools or equipment.

Main source of loss is cash, tools or equipment. Businesses may also be affected by stealing of confidential documents and client information, exposing sensitive information and incurring a moderate exposure. Tools and equipment may be of interest to thieves, and may be expensive to replace. Open-air equipment may be more easily stolen, so storing important equipment in a secure facility or secure vehicle would be beneficial. Potential for embezzlement and employee fidelity. Cyber exposures for any business that handles billing digitally.



Directors' and Officers' Liability/Management Liability

Medium risk: 5/10

Medium liability.

Medium liability. The insured may have administrators who have a direct influence over the business operations. There is also considerable risk to employee and third party damage or injury, especially in labour intensive or manufacturing related business operations. There may be increase exposure to unforeseen actions or wrongful acts during business operations, especially where there is a lack of clear and well maintained documentation or on-going employee and business management training. Size and scale of business operations, may impact risk exposure and liability. Management should ensure that business operations, practices and culture remain compliant to industry and government regulations.



Environmental Impairment Liability

Medium risk: 5/10

Environmental impairment is a moderate risk for this industry.

Environmental impairment is a moderate risk for this industry. Minimal risk exposure for general waste management processes. However, biohazards may be applicable and must be disposed of appropriately to avoid an exposure. General environmental hazards in the construction industry relate to soil erosion from treading, chemicals, and excavation. Volatile organic compounds may be released during operations, potentially increasing risk of cancers and air pollution. Other hazards include the release of asbestos and lead during operations. Chemicals used on site may also contaminate waterways, the ground and the natural surrounding environment. Excessive noise from power tools and equipment may be an issue. Environmental laws and guidelines should be followed accordingly to avoid exposure, particularly for industries that often produce large quantities of emissions.



Property

Medium risk: 5/10

Physical premises are subject to appropriate alternative spaces to conduct business operations, however some contractors are mobile and do not require professional premises.

Physical premises are subject to appropriate alternative spaces to conduct business operations, however some contractors are mobile and do not require professional premises. Loss of industry-specialised vehicles could be an issue as work may be reliant on transporting equipment, tools and materials between work sites, contracted jobs, and other premises. Losses vary according to ability to obtain new tools, premises, or equipment that are crucial to everyday operations. Exposures that lead to property damage include malfunctioning equipment, faulty electrical wires, debris, waste and smoking hazards. Damage may incur to existing structures, houses, surrounding properties, technological equipment, vehicles, tools, equipment, and important documents. Fire is a common cause of property loss, more common considering exposure to flammable fuels on the premises. Additionally, there are often large volumes of fuels kept on-site, increasing exposure. On-site fire load also consists of office furniture, stock, paper materials, pesticides, raw materials, plasterboard, timber, paints and fuels. Reducing fire hazards should be managed by ensuring that equipment does not overheat, that wires and cables are safe and detangled, and that any combustible materials are not kept near ignition sources. No smoking signs should be installed on the premises, with designated areas kept away from equipment and fire hazards. Premises with kitchen equipment carry further ignition sources, including stoves, microwaves, ovens, grills, etc. Natural weather disasters (e.g. flooding) may also cause significant property damage.



Cyber Insurance

Medium risk: 4/10

The risk of cyber threats, hacks and compromise of IT-related breaches are considerable.

The risk of cyber threats, hacks and compromise of IT-related breaches are considerable. The nature of work can be dependent on IT and/or cloud platforms and systems with copious amounts of insured and client-sensitive data.

- Data breach: through electronic devices connected to insured networks. Access to confidential information through human error, lost devices etc.
- External cyber attacks through internal system vulnerabilities/negligence or deliberate acts or external attacks
- Electronic data/software loss/ replacement cost following a cyber attack
- Business interruption/increased in cost of working following a cyber-attack
- Businesses held to ransom before systems are released;
- Cyber-threat from interconnected supply chain business partners/outsourced services providers
- Internal control and other issues – e.g. non-segregation of sensitive data, inadequate user access control/password protection, outdated POS software applications, absence of up to date antivirus software/firewalls, unencrypted data/information/lack of end-to-end encryption
- Possible presence of older devices/computer systems with outdated operating systems and unsupported software
- Inadequate training for employees on data security/privacy/cyber risk. No or inadequate background checks conducted on employees/various service providers/suppliers etc.
- Compliance and control issues - possible lapses on policies, procedures and protocols on cybersecurity and related matters (if applicable)
- Cyber threat relating to - Bring your own devices, download and install personal or unauthorised software, use of USB or other media devices etc.
- Extra expenses following a cyber incident, including forensic investigation costs, crisis management expenses, notification and monitoring expenses, remediation/other extra expenses
- Brand and reputational damage following a cyber-attack/data breach
- Security lapses in company websites – cyber threat to own hardware and software; cyber threat to visitors of the website
- Lack of security measures including a combination of technology (e.g. IT security) and physical security at the premises.



Automobile Physical Damage

Low risk: 3/10

Contractors may own a utility vehicle or van.

Contractors may own a utility vehicle or van. Larger companies that employ contractors may own a van or fleet of vehicles, carrying exposure. Damage to vehicles from collisions, vandalism, fire or theft carry exposure. Vehicles should be stored away from key hazards, particularly on worksites or when transporting to manage this risk.



Business Interruption

Low risk: 2/10

Loss of insured's vehicles, premises, or tools may create a business interruption as they are important to everyday operations.

Loss of insured's vehicles, premises, or tools may create a business interruption as they are important to everyday operations. However, exposure is assessed as low due to the unspecialised nature of construction equipment. Contractors may also be unlikely to have a permanent professional premises, reducing interruption potential. Equipment can be easily replaced, and if the contractor has an office, alternative premises in the case of relocation are likely to be easily sourced. Avoiding loss of records can be managed with solid backup and storage practices. Industries with high levels of competition need to consider retention of reputation through expert service, following a loss.



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