



RISK MANAGEMENT FOR THE FOOD INDUSTRIES

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AGENDA

PHASE A

1. Introduction
2. What is Fire?
3. Things You Needed To Write Policies (COPE Report)
4. Insurance Representative Difficulties In Writing Business
5. Insurable values (PD, BI ,CBI & ICOW) Definitions
6. Human Element programs
 - ✓ Plant Emergency Organization
 - ✓ Hot work (Cutting & Welding)
 - ✓ Housekeeping (Yard Storage)
 - ✓ Inspection & Testing
 - ✓ No Smoking Regulation
 - ✓ Infrared Electrical Testing
 - ✓ Dust Control
7. Intangible Losses



PHASE B

8. Physical Improvement /Hazards

8a. Active protection

- ✓ Automatic sprinkler
- ✓ Clean Agent
- ✓ Aerosol suppression system
- ✓ Fire Hose and fire detection
- ✓ Others (Foam, CO2, Wet Chemicals)

8b. Passive Protection

- ✓ Fire Doors
- ✓ Combustible Sandwich Panels

8c. Special Hazards

- ✓ Combustible Dust
- ✓ Flammable liquids (Diesel fuel & Painting)
- ✓ High Pile Storage
- ✓ Ammonia Refrigerator
- ✓ Cooking Kitchen Operations

9. Exercises

10. Conclusion



1. INTRODUCTION

- **The objective of this training is to raise awareness of SMEs in the Food Industries on Risk Management and Insurance**
- **This training would help SMEs in protecting their assets and continue with their operations, thus making them a more attractive risk for insurance companies.**
- **This, one day, seminar covers the key procedures needed to help prevent or limit property damage, and the resulting interruption to your business. These programs include: control of ignition sources; supervision of fire protection systems; managing contractors; maintenance of critical equipment and emergency response planning.**



2. WHAT IS FIRE?

The fire triangle





3. THINGS YOU NEEDED TO WRITE POLICIES (COPE REPORT)

- Construction
- Occupancy
- Protection
- Exposure



4. INSURANCE REPRESENTATIVE DIFFICULTIES IN WRITING BUSINESS

- ➔ Adequacy of sum insured, Gross Profit/BI and IP
- ➔ No RM presentation in most cases
- ➔ Moral hazards (Insurance is an investment)
- ➔ Schedule survey
- ➔ Need COPE reports to evaluate
- ➔ Short notice to quote
- ➔ Policies written based on the highest premium, and local insurers compete with large companies without access to sound engineering



5. INSURABLE VALUES (PD, BI, CBI & ICOW DEFINITIONS)

- **Property Damage (PD) coverage:** It covers:
 - ✓ Buildings
 - ✓ Machinery and equipment
 - ✓ Stocks (Raw material, material in process, finished or semi-finished products) owned by the insured or in his care, and located on the insured's premises.
- **Business Interruption (BI) coverage:** It includes:
 - ✓ Fixed expenses or expenses that are independent from the production such as rents paid by the Insured, payroll maintained during the interruption, loans, depreciation, etc.
 - ✓ The net profit that should have been derived from the Insured's business, had no interruption occurred.



- **BI extensions:** In addition to the standard BI coverage, there is very common need on our Markets of extended covers such as:
- **Contingent BI (CBI):** This covers the consequences on the Insured of losses that occurred either: –
 - ✓ At insured's suppliers: This is referred to as "Suppliers' extension", or
 - ✓ At insured's customers: This is referred to as "Customers' extension". Together, it is also referred to as Contingent Business Interruption (CBI).
- **Increase Cost of Working (ICOW):** These are the expenses necessarily incurred by the Insured to ensure the fastest possible return to production (For example: Rental of a temporary warehouse, indemnity for employees' overtime, etc....). Such expenses are only paid if allowing a reduction in gross profit at least equal to the undertaken expenses. startw



6. HUMAN ELEMENT PROGRAMS

- Plant Emergency Organization (PEO)
- Hot work (Cutting & Welding)
- Housekeeping (Aisle & Yard Storage)
- Inspection & Testing
- “No Smoking” Regulation
- Infrared Electrical Testing
- Dust Control (What is dust explosion)
- Impairment Program
- FL Handling



“IS THIS AN EXPLOSION DUST HAZARD?” ?







“NO SMOKING” PERMITTED HERE ?





HOUSEKEEPING DEFICIENCY





7. INTANGIBLE LOSSES

- *Intangibles Property Loss Generally Not Covered by Insurance are*
 - Loss of time
 - Customers
 - Goodwill
 - Deductible
 - Market share
 - Market position
 - Trained employees
 - Company embarrassment
 - Time to train new employees
 - Executive time dealing with the loss/claim rather than business plans



10. CONCLUSION

- **WHAT INSURANCE COMPANY'S LOOK FOR BEFORE THEY QUOTE**
- **A FIRE CLAIM is a LOSE LOSE SITUATION**
- **LOSS PREVENTION is as important as LOSS CONTROL**
- **RISK MANAGEMENT AND COPE DETAILS ARE ESSENTIAL**
- **BE READY AND PREPARED TO ESTABLISH A REASONABLE LEVEL OF FIRE, LIFE SAFETY AND PROPERTY PROTECTION FROM HAZARDS CREATED BY FIRE , EXPLOSION, DANGEROUS CONDITIONS/NATURAL HAZARDS**
- **Other hazards are not included: Liability, Casualty, Motor, Food Poisoning, Recalls...**



THANK YOU !

THE BEGINNING...