

COVER YOUR ASSETS



By Michael Brennan, AU, Guest Columnist



Identifying Your Assets and Exposures

The first step in creating a successful risk management program is to identify the various assets and resources of your organization and then to identify the exposures, perils or events that could result in loss to those assets and resources.

In other words: What do you have to lose, and what can go wrong that will cause a loss?

What Are Your Assets?

Your assets and resources can be conveniently grouped into five categories:

- (1) physical,
- (2) financial,
- (3) human,
- (4) natural, and
- (5) intangible.

1. **Physical assets:** These are the most obvious assets because they are tangible. They include physical structures and all personal property. Personal property includes automobiles, fine arts, boilers, valuable records, data, and everything else that your business owns, leases, rents, uses, or for which it has legal responsibility (the bailee risk for property in your care, custody, or control-Collateral).
2. **Financial assets:** These are cash and securities, whether on premises, in transit, at a bank, or with some other custodian.
3. **Human resources:** These are key individuals without whom your organization's ability to function effectively would be jeopardized. These people can be inside employees (the chief executive officer, top salesperson, chief engineer, etc. or valuable outsiders (vital independent contractors, customers, individual suppliers of critical services, etc.).
4. **Natural resources:** Water for processing operations and water, wind, or solar power to generate electricity are obvious examples of natural resources that may be critical to the functioning of your business.
5. **Intangible assets:** In this category, suppliers of transportation services or energy, public protection, or communications should be considered. Intellectual property (knowledge in marketable form) is vital in our information society. Your company's goodwill and reputation are perhaps the most important intangible assets.

The next step will be to examine your exposures to loss. Stay tuned for the next installment of "Cover Your Assets".

Michael Brennan of Brennan & Associates Risk Management and Insurance Services, Inc. and CALR Member, can be reached via e-mail at mbrennan@brennanassoc.com. Check out Brennan & Associates Risk Management and Insurance Services, Inc.'s web site: www.brennanassoc.com.

Remember to send in your CALR membership renewal by February 1 to be included in both the searchable on-line Directory, as well as the printed version.

The CALR Directory will be available during the first quarter of 2011 and your copy will be mailed.

Renewals received after February 15 will not be included in the print copy.
Need another invoice? Call us at (916) 446-5165.

Near Misses - Avoiding Expensive Lessons

We have all heard the saying that goes something like - *if we don't learn from our past we are doomed to repeat it*. This is true and applies to our safety and loss prevention efforts as well. Claims are always going to get our attention after the fact when we conduct an investigation to see what happened to try to learn something from them so we can prevent them from happening again.

Unfortunately claims are expensive lessons. Anyone who has experienced a loss and that is probably all of us, knows how much time and money are spent dealing with an accident. If it is an auto related loss it can be towing and repair expenses, downtime, rental expenses, other party damages and injuries etc. If your employee is injured on the job it complicates things even further with replacing the injured worker, training his/her replacement, monitoring the claim process etc. Some of these costs are handled by insurance but a lot of them, including all of your time, are out of pocket.

So this brings us to near misses or close calls whatever you want to call them. These need to be reported and discussed so we can avoid the situations described above. If we do not know about them we cannot learn from them. A short safety meeting or bulletin distributed to your employees is a good investment when you consider the consequences.

Encourage communication from all employees on a regular basis and get the point across that there will not be blame assigned when these near misses are reported. Incidents will be investigated just as accidents are and shared with everyone in the company so we can try to prevent them from happening in the future. Next time it may not be a close call.

If we strive to create a culture that encourages "unasked for advice" I think it will go a long way in our loss prevention efforts.

Michael Brennan of Brennan & Associates Risk Management and Insurance Services, Inc. and CALR Member, can be reached via e-mail at mbrennan@brennanassoc.com. Check out Brennan & Associates Risk Management and Insurance Services, Inc.'s web site: www.brennanassoc.com.