

Loss prevention standards

# Property and Business Impact Risk Assessment

Standard fire risk assessments primarily focus **on protecting life. It's important for** businesses to identify a range of other risks that can impact and/or interrupt an organisation.

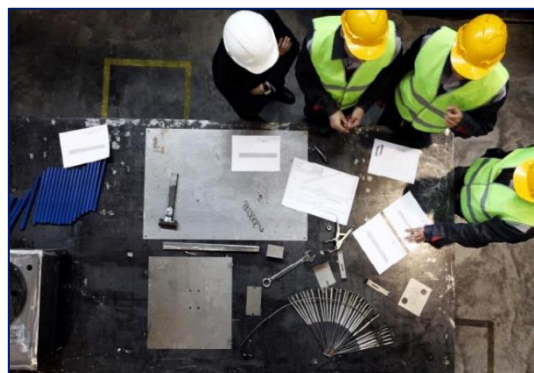


# Property and Business Impact Risk Assessment



## Introduction

Property protection and business resilience plans are essential for any successful company. Once hazards or risks are correctly identified, they can be reduced or contained. This not only saves lives but can also help prevent or limit the damage to property and business. Failure to identify risks can cause unnecessary long-term business interruption and serious financial loss.



## Assessing the Risk of Potential Impacts

The impact and interruption to a business after an event is often greater than the initial impact to a property and its assets. Understanding the potential risks and reducing their impact to your organisation will help your business to recover more quickly in the event of an incident.

Whilst a fire risk assessment is mandatory, in England and Wales under the Regulatory Reform (Fire Safety) Order 2005, in Scotland under the Fire (Scotland) Act 2005 supported by the Fire Safety (Scotland) Regulations 2006 and in Northern Ireland the Fire and Rescue Services (Northern Ireland) Order 2006 supported by the Fire Safety Regulations (Northern Ireland) 2010, its overriding focus is to protect life.

It doesn't assess the impact of an emergency situation on your property or your business and its assets, so won't show whether your existing arrangements are robust enough to protect your business. Measures in place required by local or national fire safety standards to protect life, are normally short of the measures required for property or business protection. Even when everyone is safe, an emergency/incident can continue to affect a site for hours or even days, and the impact to the business can continue for months or even years.

## Conducting a Property and Business Impact Risk Assessment

A periodic formal documented risk assessment provides a very powerful tool to help reduce potential losses to a business. To ensure a fully joined-up approach to risk management, the assessment should look at all business activities of a site or property.

Without this understanding, any measures or controls used to mitigate an exposure may actually be a waste of resources, misspent capital expenditure, or, in the worst case, wholly inappropriate.

Step one of conducting a Property and Business Impact Risk Assessment should be to understand the key assets and activities of your site.

Step two is to consider the likely threats and impacts to these, e.g.:

- Fire and its potential effects, such as smoke and acid gases
- Impact from exposures/third parties (e.g. proximity of buildings, external storage of combustible materials including flammable liquids, and shared buildings)
- Security
- Continuity of combustible materials/housekeeping
- Maintenance activities and contractors
- Natural perils (e.g. flood, wind, freezing)
- Escape of fluid, etc.

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Any assessment should:

- Challenge the existing arrangements, precautions, detection and protection systems, assumptions and management systems
- Highlight any weaknesses
- Help develop additional precautions, management systems or protection solutions or highlight improvements to existing procedures and controls

## Keep Your Risk Assessment up to Date

Risk assessments should always be considered a 'live process' and need to be regularly reviewed. This will help you to continue identifying how to prevent losses and potential disruptions, and to keep people safe. You should review the risk assessment regularly, but also whenever there is a change to the:

- Site
- Activities
- Management or key personnel

Your risk assessment should also be linked into a forward-looking strategic development plan. The process should try to project, say, one, three and five years into the future and how might the site and its associated activities develop? This enables your business to have joined-up strategies that are robust enough for now and also the future.

The person(s) responsible for carrying out or leading such an assessment needs to:

- Be suitably trained
- Have good hazard/risk awareness
- Have a detailed knowledge of the site
- Have an understanding or access to individuals with an understanding of business operations

## Checklist

A generic Property and Business Impact Risk Assessment checklist, which should be tailored to your own organisation's needs, is presented in Appendix One.

## Specialist Partner Solutions

Aviva Risk Management Solutions can offer access to a wide range of risk management products and services via our network of Specialist Partners who are reputable companies offering agreed discounted rates for Aviva customers.

For more information please visit:

[Aviva Risk Management Solutions – Specialist Partners](#)

## Sources and Useful Links

[NFPA 80A – recommended practice for protection of buildings from exterior fire exposures](#)

## Additional Information

Relevant Loss Prevention Standards include:

- Escape of Water and Fluid Leakage
- Fire Compartmentation
- Fire Doors, Fire Dampers and Fire Shutters
- Fire Safety Inspections
- Fire Safety Legislation
- UK Flood – Guidance and Mitigation
- Flood – Guidance and Mitigation
- Smoke Contamination
- Business Continuity

To find out more, speak to our advisors or visit [Aviva Risk Management Solutions](#).

Email us at [riskadvice@aviva.com](mailto:riskadvice@aviva.com) or call 0345 366 6666.\*

\*Calls may be recorded and/or monitored for our joint protection.

# Appendix 1: Checklist Property and Business Impact Assessment



Location	
Date	
Completed by (name and signature)	

	Property & Business Impact Assessment	Y/N	Comments
1.	<p>In relation to the activities, revenues or profits on your site, are you aware of the importance/impact of each 'site component' listed under point 14?</p> <p>Could this impact be cyclical, seasonal or variable?</p> <p>Could this impact change in the future?</p> <p>Is there a strategic development plan in place that is looking one, three or five years in advance, and how this develops the site or its activities in the future?</p>		
2.	<p>Where there is more than one on-site provision of a component, e.g. multiple production lines, more than one supplier:</p> <ul style="list-style-type: none"> <li>Have you quantified the impact of each, on the impact to the site as a whole (e.g. 2 electrical supplies each capable of 50%; 3 production lines 1x 50%, 1 x 30%, 1 x 20%, etc.)?</li> </ul>		
3.	<p>For each 'site component' listed under point 14:</p> <ul style="list-style-type: none"> <li>Are you aware of the actual physical layout or routing of components on/across your site (e.g. data cabling route around the site, warm material storage arrangements, process line layout etc.)?</li> <li>If appropriate, are you aware of how this is arranged off site?</li> </ul>		

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	Property & Business Impact Assessment Contd.	Y/N	Comments
4.	<p>Are you aware of the various exposures and threats to the physical arrangements of the various components which make up your site?</p> <p>Threats can include fire, smoke, water, escape of water, gas/chemical leak/release, flood, wind, vandalism, and third parties.</p> <p>Have you considered where the site components in point 14 are most vulnerable to these threats?</p> <p>Have you considered that a single threat may impact more than one site component simultaneously?</p>		
5.	<p>For each site component below, have you quantified the potential impact to the site activities?</p> <p>This should include physical damage, clean-up and recovery and <b>returning to 'as expected' operations.</b></p>		
6.	<p>Do you know how you would recover each of these site components?</p> <p>Does this recovery change, based on the threat?</p>		
7.	<p>Do you know how long this recovery would take in each case?</p>		
8.	<p>Is this impact and recovery to your activities acceptable to you and your risk appetite?</p>		
9.	<p>Are any assumptions you have made in this process confirmed?</p> <p>If not or they are challenged, then the basis for the assessment needs to be revised – or the actual conditions on site need to change to meet the assumptions made.</p>		
10.	<p>Do your existing management systems and procedures support the assumptions and outputs from this process, or do they need to be more comprehensive and robust?</p>		
11.	<p>Do your existing automatic detection systems, protection systems, interlocks and controls support the assumptions and outputs from this process for each site component, or do they need enhancing?</p>		

## LOSS PREVENTION STANDARDS

	Property & Business Impact Assessment Contd.	Y/N	Comments
12.	Do your existing emergency response plans, recovery and salvage plans and business continuity plans support the assumptions and outputs from this process, or do they need to be more comprehensive and thorough?		
13.	Once completed, is there a formal return process in place to revisit your risk assessments for the various site components?		

	Elements of a Site - Supporting Information	Y/N	Comments
14a	Electrical supply: <ul style="list-style-type: none"> <li>• Mains</li> <li>• Backup</li> <li>• Emergency</li> <li>• Uninterruptible</li> </ul>		
14b	Gas supply: <ul style="list-style-type: none"> <li>• Mains</li> <li>• Site stored</li> </ul>		
14c	Water supplies		
14d	Telephone networks		
14e	IT infrastructure: <ul style="list-style-type: none"> <li>• Internet-based activities</li> <li>• Intranet-based activities</li> <li>• Data storage and server rooms</li> </ul>		
14f	Heating and ventilation, including physical location of any air intakes		
14g	Boilers, steam and hot water		

## LOSS PREVENTION STANDARDS

	Elements of a site - Supporting Information Contd.	Y/N	Comments
14h	Chilling systems		
14i	Compressed air		
14j	Other utilities		
14k	Control rooms and control systems		
14l	Any raw materials storage		
14m	Any process lines		
14n	Any packing lines		
14o	Finished goods storage		
14p	Receiving, unloading and dispatch		
14q	Raw materials supply chain		
14r	Finished goods customers		
14s	Research and development, including laboratories		
14t	Quality control, quality assurance including samples, archives		
14u	Canteen/support services		
15	Additional comments		

## LOSS PREVENTION STANDARDS



## Please Note

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