

# CIWM & IWMA WORKSHOP

- *Controlling risk to reduce (insurance) costs*
  - *Problems - Solutions - Benefits*

Prepared by:  
Sean Coleman  
Senior Risk Consultant  
Coleman Risk Consulting

Contact details:  
Email:[sean@colemanrisk.ie](mailto:sean@colemanrisk.ie)  
Mobile:00 353 (0)87 2470217  
Landline:00 353 (01) 5175031  
[www.colemanrisk.ie](http://www.colemanrisk.ie)

**Aspirations**

**More  
Resources**

**Risk Management: a constant battle between aspirations and resources**



# THE PROBLEM ? REALITY AND PERCEPTION



# THE PROBLEM REALITY

## Recycling centre ignored stacking warnings

- A London recycling centre has been prosecuted for stacking flammable materials **12 times in excess of the size legally permitted.**
  - . Inspectors subsequently carried out a survey and found the stack measured **573,475 cubic feet,**

After the hearing, LFB deputy head of fire safety regulation Mark Andrews said: 'While we welcome this conviction we are fully aware that there has been a history of problems at the Waste 4 Fuel site on Cornwall Drive, with firefighters being called out to attend **12 incidents there in the last year** alone.'

## Recycling firm director jailed following fire

- **A waste recycling company has been ordered to pay £55,000 in fines and costs and its sole director has been jailed for 10 months following a fire at a recycling plant in Derbyshire.**
- The fire took place in September 2012 at Arcwood Recycling's facility in Stanton Dale, Ilkeston. The blaze consumed waste wood products and **took several weeks to be extinguished,** which caused disruption to local businesses; required road closures and caused significant environmental damage.

# THE PROBLEM - REALITY

- The average for the 12 years (2001 -2012) was 335 fires per year, which means that statistically **a fire takes place every 0.92 days** at an English recycling or waste management facility. <http://a0768b4a8a31e106d8b0-50dc802554eb38a24458b98ff72d550b.r19.cf3.rackcdn.com/geho0509bpwg-e-e.pdf>
- **Environment Agency** Review of Incidents at Hazardous Waste Management Facilities
- JL Sorting Johnson's Lane site in Widnes that lasted for weeks, and a recent fire at a Jayplas facility in Birmingham involving 100,000 tonnes of plastic, believed to have been started by a Chinese lantern
- Landfill fires occur frequently. In the USA there are around 8300 fires a year (US Fire Administration, 2001) and in the United Kingdom around 280 to 300 a year.
-

# THE PROBLEM INSURANCE

- Insurance firms have warned that the fires which have hit waste industry sites this year has had a dramatic effect on insurance cover, with **premiums increasing** for many
- “traditional, composite **insurers have all but pulled out** of this sector completely
- Policies are becoming increasingly **weighted with stricter warranties and terms** and conditions, meaning that it may become more **difficult** for waste businesses to make **claims** in future.
- “roofed with concrete asphalt tiles slates metal or sheets or slabs **composed entirely of incombustible mineral ingredients**”
- “make a test every working day for the purpose of ascertaining the condition of the circuit between the alarm switch and the control unit”

# THE PROBLEM INSURANCE

- Its not just fire you know
- **Gradual pollution**
- **Flood**
- **Third Party Damage**
- **Fatalities and injuries**
- **Industrial Diseases**
- *A fire erupted in a large chemical warehouse in the Netherlands which released 4,000 tonnes of chemicals (pesticides) into the environment. The cleanup of soil and groundwater contamination cost **EUR65 million**. The company did not have an environmental insurance policy, nor the capital to cover the costs and subsequently went bankrupt.*

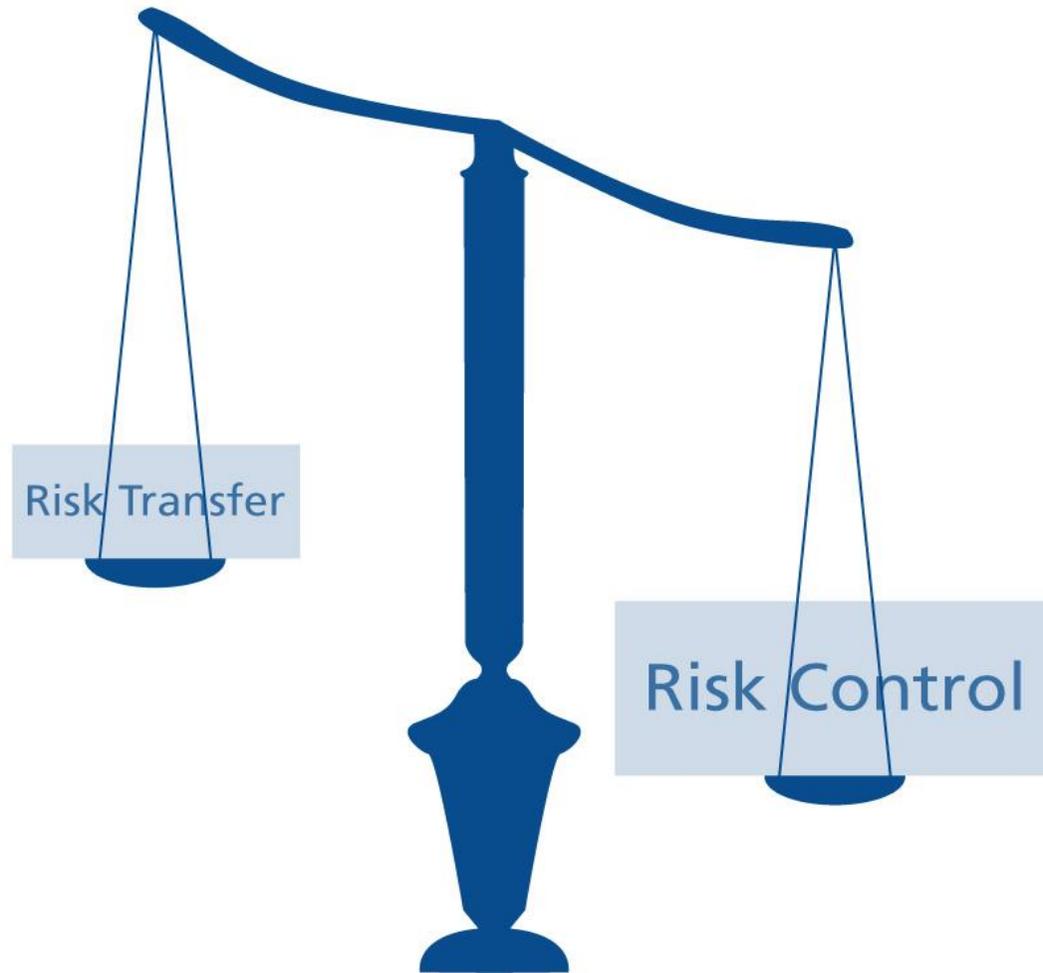
# THE PROBLEM STANDARDS

- Varying standards
- Newish industry
  - New processes (chemical hazards)
- Building regulations largely irrelevant
  - Do not account for Property or Business Interruption
  - Do not address Fire Safety Management
  - Water Supplies?
  - Self Certification?

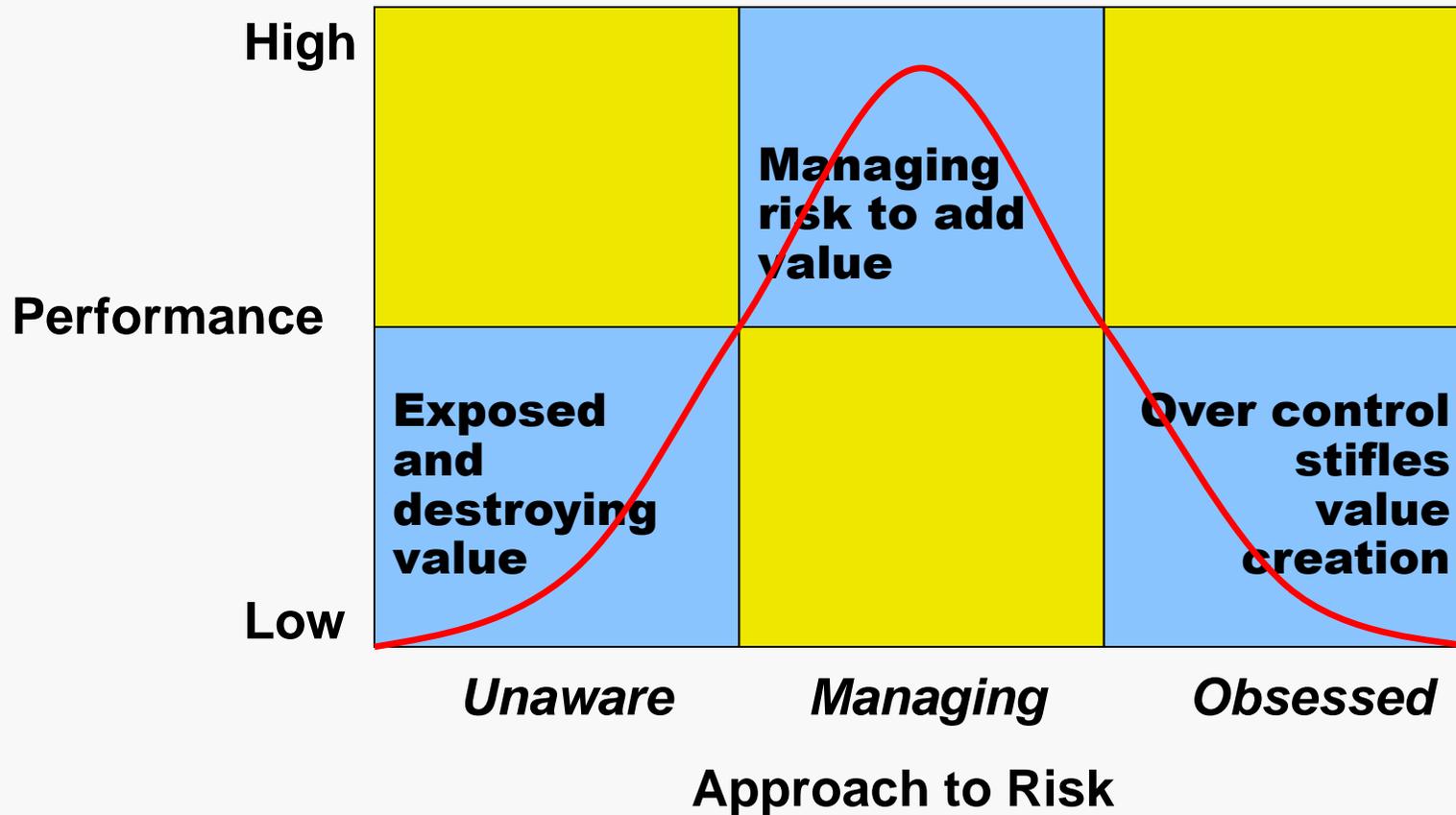
# SOLUTION?

- **Motivation** for change and improvement of standards
- A **slow burn** approach
- **Analyse**
- **Entice** and **educate** insurers
- Work as **Mutual**
- Think **Risk Improvement** not Insurance

# SOLUTION

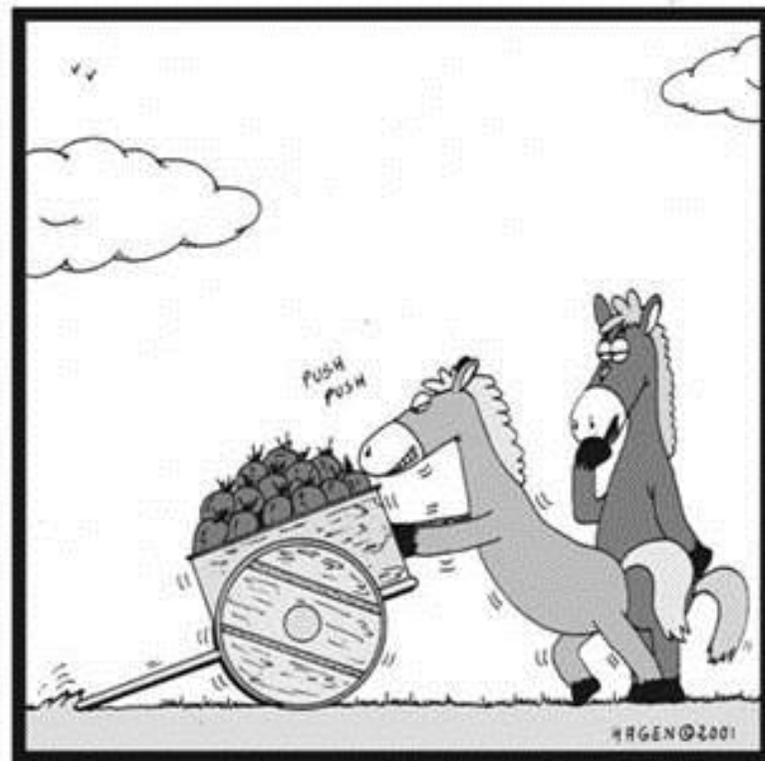


# APPROACH TO RISK



# SOLUTION?

- Work really hard on getting it right at your end
- Promote agreed standards
- Meet the Insurers and find out what they want
- “RC 54 Fire Safety at Recycling Centres”



Hang on... We must be doing something wrong...  
How does the saying go again?

# SOLUTIONS

- Food Industry and composite panels
- Whiskey separation distances of warehouses
- Chemical Industry



# SOLUTIONS

- Textiles and Factory Mutual

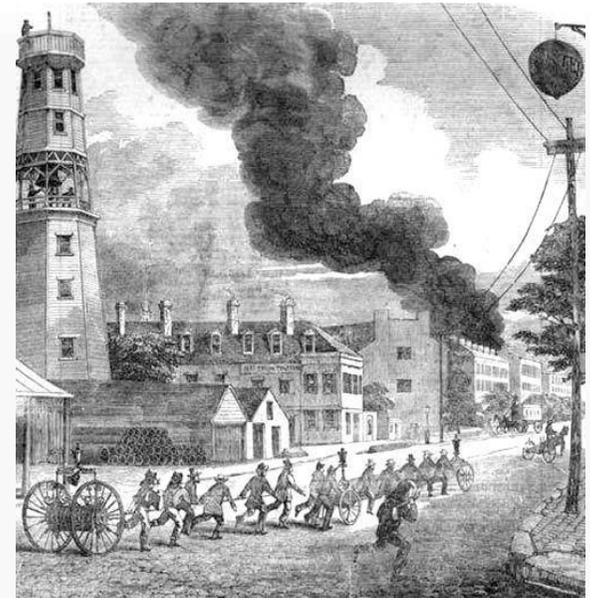
1835, Zachariah Allen textile mill owner made property improvements to reduce fire risk but was refused lower premium

At that time, insurance premium increases for losses were shared among all insureds, regardless of individual loss history.

He called upon other local textile mill owners who shared his loss prevention philosophy to create a mutual insurance company that would only insure factories with lower risks.

During the company's first 14 years, the mill owners and mutual policyholders enjoyed an average 50-percent reduction in premium.

**The fire prevention methods they developed, monitored by regular fire inspections for mill policyholders, resulted in fewer losses.**



**Environment Agency Technical Guidance Note (TGN) 7.01: Reducing Fire Risk at Sites Storing Combustible Materials (Tue, 26 Nov 2013)**

**Table 2. Maximum stack sizes and minimum separation distances**

<b>Material</b>	<b>Max height (m)</b>	<b>Length/width (m)</b>	<b>Max vol (m<sup>3</sup>)</b>	<b>Max area (m<sup>2</sup>)</b>	<b>Min separation (m)</b>
<b>Paper, cardboard and rags</b>	5	20	750	235	6
<b>Plastic rubber and other materials</b>	5	20	450	235	6
<b>Fridges, computers and electrical equipment</b>	5	20	300	235	15
<b>RDF (use as for plastics above)</b>	5	20	450	235	6
<b>Wood</b>	10	20	1370	235	6

You should apply a spacing of 20 metres between groups of 16 stacks.

# NEXT STEPS

- Today
- Organise and partner
- Create or adopt standards
  - Protection /Prevention and Mitigation
- Educate
  - Internal and external audience
- Audit ( internal and external)
- Reward Effort
  
- Better risk = Lower costs + Better reputation

QUESTIONS?