

Assessing mine risks



Mining risk assessments need to be approached methodically and considered holistically. This means understanding the specific inherent risks that exist at the type of mine being assessed as well as geological issues and exposure to natural perils. **By Glenn Stoneham**

THE ASSESSMENT ALSO involves a survey of the entire process at the mine, from ore extraction, including access and method of extraction, to final product, including ancillary facilities and external dependencies, such as the supply of power. The assessment not only considers the adequacy of physical protection that exist throughout the process, but also identifies any possible inefficiencies, which could give rise to bottlenecks, and what contingencies are in place to mitigate them.

Mining, by its nature, is a risky business that interconnects the risk of bodily injury and/or loss of life, and the risk of loss to property. The need to safeguard human life and prevent lost-time injuries is often a key motivating factor for the physical protection of property. The specific exposures, or risks, can vary substantially from mine to mine, but there are common areas that require consideration across most operations. These would include:

- loss of power due to a fire in the main substation
- breakdown of critical plant, such as mills and transformers
- underground fire, explosions or seismicity
- loss of critical, high-angle, or underground conveyors
- fire or explosion risks associated with furnaces.

The biggest risk facing mines, however, is not the obvious physical damage but rather the resultant interruption or stoppage of the business.

Professional risk assessment

The proper assessment of these types of risks is highly specialised. The process should not only perform the role of an assessment for insurer acceptance, but should also (and possibly more importantly) add value by assisting clients in their management of risk and the mitigation of potential losses and consequences thereof.

It requires a technical understanding of the complex processes and specialised plant and equipment involved, in-depth knowledge of both the mining and insurance industries, as well as the ability to assess what reasonable improvements could be made to improve the commercial attractiveness of a risk. This is a very specific set of skills, which require professional, experienced and qualified individuals.

Labour and social disturbances

What mines need to consider are the common general exclusions on asset policies, which include the South Africa Insurance Association (SAIA) exclusion and the war, civil war and terrorism endorsement exclusion (NMA 2919).

Elements of the covers excluded under the SAIA exclusion are picked up in South Africa by the South African Special Risks Insurance Association (Sasria). Cover in respect of war, insurrection, rebellion, revolution, military or usurped power remains excluded.

The Riot Wrap market is then able to provide additional (wraparound) cover to Sasria, in particular relating to profits, contingent business interruption and

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material damage in excess of the Sasria coupon, as well as providing for wider cover such as sabotage, insurrections, rebellion or revolution, mutiny, coups d'etat, looting and malicious damage to property and, thereby, enhancing the cover of the Sasria coupon.

Emerald has developed a wording and facility that is able to provide this cover for both project and asset placements to insure against these perils, which are becoming increasingly relevant.

Solutions-oriented insurance

Emerald has the unique ability to combine the variety of technical, underwriting and reinsurance skills of their individuals. When coupled with its leading presence in South Africa and its reach northwards via its extensive African network, along with the understanding of the different rules and regulations in these territories, the company is able to provide solutions-oriented insurance that is backed by market-leading claims, expertise and the solid financial credentials of its parent, Santam Ltd. This combination of factors not only enables Emerald to lead complex pan-African programmes, but also puts the company ahead of the pack in tailoring workable solutions for its local clients. **35**



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