

RANKING AND BENCHMARKING POWER PLANTS PROVIDING INSIGHTS THAT DRIVE RISK REDUCTION



HOW DO YOUR POWER ASSETS RANK AGAINST YOUR PEERS?

Improving the quality of your risks by identifying when hardware, management systems, and emergency control risk systems and processes deviate from industry best practice can reduce unplanned downtime and save money.

To be able to improve your risks you need to be able to identify and rank them objectively. Knowing how they measure against your peer group can help you identify the areas where key improvement opportunities exist. The evaluation and quantification of risks is a key aspect of risk management for insurance placement and corporate loss control.

Whether you're a single plant operator or a large multi-asset organization, the insight derived from this analysis helps establish:

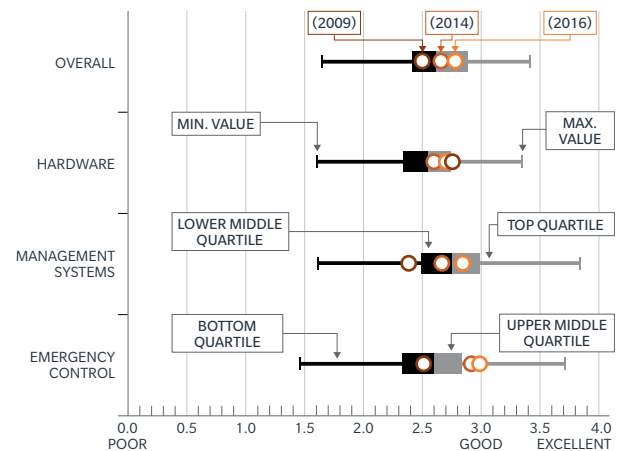
- Meaningful opportunities for risk reduction.
- Substantive criteria for good practice.
- Tangible evidence of risk improvements.
- Proven buy-in from stakeholders.

MARSH'S RISK RANKING PROCESS

Marsh's risk ranking system provides an absolute measure of risk quality when compared against a defined set of criteria. This proprietary system has been developed and enhanced over the past 25 years and is based on the views of both Marsh's risk engineers and those of the underwriting market. Our risk ranking will:

- Provide an independent assessment of risk quality.
- Support insurance placement by providing an objective presentation of risk and contributing influencers.
- Facilitate risk improvement by providing comparisons with best practice.
- Provide risk benchmarking offering systematic asset-to-asset risk comparison – by asset type, region, or organization. Risk quality, by industry segment, can be benchmarked against assets from across the world, or against a variety of customized peer groups.

Overall benchmarking scores – Client A vs Global



PROVEN APPROACH

Marsh's risk ranking methodology has been in use in the downstream oil and gas sector for many years. Using our database of results from hundreds of surveys has demonstrated the value of a powerful benchmarking capability. In recent years the same methodology has been applied to other industrial sectors, including power generation. By performing a risk ranking as an integral part of our survey process and applying benchmarking our clients are provided with valuable insight to support their understanding of areas where high impact improvements can be made.

The assessment of risk in accordance with a systematic methodology is not unique however, the methodology developed by Marsh:

- Has established a proven track record of implementation and development.
- Is supported by a network of highly experienced risk engineers and risk consultants located world-wide.
- Can be tailored to specific power industry segments and asset types.
- In key sectors has amassed a substantial database to allow meaningful benchmarking.
- Adheres to the highest standards of client confidentiality and data protection.

CASE STUDY

In 2009 Marsh carried out a risk quality benchmarking assessment on behalf of a Middle Eastern client; overall in lower middle quartile compared to its peer group.

The benchmarking results helped the client understand industry trends and best practices. An action plan was put in place to drive risk quality improvements; focussing heavily on relatively low-cost enhancements to key management systems and procedures.

Over a seven year period the plant improved significantly, achieving an upper middle quartile position relative to its peer group. Higher quality risks tend to produce fewer losses and unforced outages. No significant capital expenditure was necessary to achieve these impressive results.

“Understanding that we can use the Risk Improvement Recommendations to improve our benchmarking position was genuinely exciting to me”.

COMPANY CEO

For more information about risk ranking and benchmarking for power facilities and other solutions from Marsh, visit marsh.com, or contact your local Marsh representative.

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