

RISK RANKING METHOD

Risk is the combination of the likelihood of a specific unwanted event and the potential consequences if it should occur.

Probabilities

- A - common or repeating occurrence
- B - known to occur, or "it has happened"
- C - could occur, or "I've heard of it happening"
- D - not likely to occur
- E - practically impossible

Consequences

People

- 1 - fatality or permanent disability
- 2 - serious lost time injury or illness
- 3 - moderate lost time injury or illness
- 4 - minor lost time injury or illness
- 5 - no lost time

Equipment, assets or environment

- 1 - more than \$500K damage
- 2 - \$100K to \$500K damage
- 3 - \$50K to \$100K damage
- 4 - \$5k to \$50K damage
- 5 - less than \$5K damage

Production

- 1 - more than \$500K production delay
- 2 - \$100K to \$500K delay
- 3 - \$50K to \$100K delay
- 4 - \$5k to \$ 50K delay
- 5 - less than \$5K delay

Risk Ranking Method (above)

For each event, the appropriate probability (a letter A to E) and consequence (a number 1 to 5) is selected. If an event affects more than one area of consequence (eg. Affects people and production), the highest rank number, i.e. 1, is always selected.

Risk Ranking Table (below)

The consequences (loss outcomes) are combined with the probability (of those outcomes) in the risk ranking table to identify the risk rank of each loss event (eg a consequence 3 with a probability B yields a risk rank 9).

The table yields a risk rank from 1 to 25 for each set of probabilities and consequences. A rank of 1 is the highest magnitude of risk, i.e. a highly likely, very serious event.

A rank of 25 represents the lowest magnitude of risk, an almost impossible, very low consequence event.

Events represented on the risk ranking table by ranks between 16 and 25 inclusive are considered acceptable risks.

RISK RANKING TABLE

PROBABILITY CONSEQUENCE	A	B	C	D	E
1	1	2	4	7	11
2	3	5	8	12	16
3	6	9	13	17	20
4	10	14	18	21	23
5	15	19	22	24	25