SYSTEM AND METHOD FOR RISK ASSESSMENT AND MANAGEMENT

ABSTRACT

There is disclosed a method for managing risk within a process comprising:

(i) receiving data relating to a probability (*P*) of two or more mishaps occurring within said process, and data relating to a severity (*S*) of two or more mishaps occurring within the process, and assigning values to said received data;

(ii) defining a range of probability (P) values and severity (S) values as the span from the minimum to maximum values received;

(iii) defining a range of risk (*R*) as the products of the minimum and maximum (P) and (S) values ;

(iv) obtaining logarithmic values of probability (*P*), severity (*S*), and risk (*R*) and scaling the ranges of the logarithmic values such that (*P*), (*S*), and (*R*) values are represented as percentages (0-100%);

(v) determining a percentage of any values of *P* and *S* specified as intermediate stations within their respective ranges;

(vi) computing a percentage, rank and value of risk for any intermediate combination of probability (P) and severity (S) values specified; and,

(vii) comparing the computed risk results against acceptable and unacceptable criteria to determine whether the risk is tolerable, and hence to be managed with suitable control scenarios.

Figure 7