Our mission is to create the premier university environment for our students, faculty and staff in which to learn, work and live.

Risk Management Report

2015

Trev Gonnason
Director, Risk Management

UNB
EST. 1785
UNIVERSITY OF NEW BRUNSWICK

UNIVERSITY OF NEW BRUNSWICK

RISK MANAGEMENT REPORT

2015

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Executive Summary

Attached is the eighth annual Risk Management Report for the University of New Brunswick. The report outlines the main risk management initiatives undertaken in 2015 and outlines the goals for 2016.

Summary of Key Activities in 2015

Risk Governance

- Senior Management and Board continued focus on key Top 10 Risks
- Continuation of key risk identification by Board Committees
- Continued development and evolution of the Risk Governance Framework
- Updated University's "Top 10 Risks"

Risk Management

- Review and update of IT Risk Based Disaster Recovery Plan
- Implementation of new online orientation training (UNBF)
- Implementation of a mass notification system commenced (UNBF)

Priorities for 2016

Risk Governance

- Communication of Risk Appetite Statement to University Community
- Continuation of risk governance into Board Committee agenda planning
- Continued assessment of Top Ten Risk Strategies

Risk Management

- Enhance the frequency and effectiveness of the Risk Management Committee meetings
- Continued enhancement of IT Disaster Recovery processes
- Continued population of Risk Register and establishing reporting process
- Complete implementation of mass notification system commenced in late 2015 (UNBF)

Key Mitigation Strategy Development

- Development of a UNB Capital Planning Framework is underway. A comprehensive condition assessment for all University buildings in Fredericton is complete and has commenced in Saint John. In addition, a Residence capital renewal strategy is currently being developed for the Fredericton Campus.
- Establishment of the Integrated Office of Student Recruitment & Strategic Enrollment Management to ensure that recruitment and retention efforts are streamlined and delivered for both campuses in a consistent way
- Commencement of UNB Branding and Marketing Project "Why UNB" to enhance reputation and awareness if UNB and support recruitment and retention of both students and faculty/researchers
- Development of Academic Plans on each Campus in order to develop a plan to match financial resources to these plans and ensure sustainability of the University.
- Development of enhanced communication and consultative process to address reconciliation after labour disruption with Faculty

Conclusion

Risk Management continues to evolve at UNB. The continued approach is to ensure there is a solid foundation of core traditional risk management practices for hazard and property-related matters, while providing a framework from within which broader strategic and operational risk management conversations can be communicated to facilitate intelligent risk taking. As the Risk Management framework is strengthening, we continue to evolve and improve the Risk Governance Framework.

Introduction

Risk is defined as uncertainty about outcomes or future events which can be either positive or negative. A negative risk is anything which prevents an organization from achieving its stated goals and objectives.

To ensure that the goals and objectives of the University are achieved, risks must be identified and managed. While universities are typically seen as being risk averse, to avoid all risks is to miss opportunities for gains. Research in particular and by its very nature, involves taking risks to gain new understandings, facts and outcomes. Therefore, risk management includes identifying opportunities, often related to innovation, and managing the related risks.

The role of the risk management function is to assist in identification, quantification and assessment of risks and recommend options for managing them to protect the University's interests and increase the likelihood of achieving its stated goals and objectives. This role includes the continuance of the long standing practice at UNB of managing the traditional "hazard risks".

Risk Management at UNB

UNB commenced a formal risk management process in 2007. The process has evolved under the governance and administration of the Audit Committee of the Board. The following chart illustrates the framework and administration of risks at UNB.

Understanding of Risk Impact

The reputation of the University is a key component in the successful achievement of our mission. While reputation is often considered a risk, we believe it is best viewed as an outcome. The diagram below provides an illustration of the interrelationship of the four main categories UNB has used to summarize risks which can generally be viewed as "internal" over which we have some level of control:

- Strategic
- Financial
- Operational
- Hazard

In addition it is recognized that there are external risks over which the University has little influence or control. The intent of representing risks in this manner is to highlight that in an academic institution, reputation is the foundation in the successful achievement of the University' mission and understanding the potential impact on reputation should be considered when assessing risk(s).

Interrelationship of Risk & Reputational Impact

The following definitions of risks and the illustration of outcomes are provided for context.

Strategic Risk – the current and prospective impact from adverse academic and business decisions, improper implementation of decisions, or lack of responsiveness to changes in the university environment. This risk is a function of the compatibility of the University's strategic goals, the business strategies developed to achieve those goals, the resources deployed against these goals and the quality of implementation.

Financial Risk – is an umbrella term for multiple types of risks including credit risk, market risk, exchange risk. In a University context this includes inflation, bargaining pressures, enrollment, operating grant, collection of student fees, investment of trust and endowment funds and impact on international student enrolment which arise from currency fluctuation.

Operational Risk – the risk of loss resulting from inadequate or failed internal processes, people and systems. Most operational risks are best managed within the departments in which they arise.

Hazard Risk – there is no potential for gain from a hazard risk. The potential outcomes are either loss or no loss. The types of risks in this category are frequently "insurable" type risks for which coverage is placed. Examples include property, liability insurance and addressing loss control recommendations.

Illustration of Risk Outcomes

Section 1: Risk Management Goals and Objectives

Objectives of 2015 Risk Management Report

A key objective of the 2015 Risk Management Report is to focus on some specific risk management activities being undertaken at the University, in order to provide a basis for the Board to assess the effectiveness of the Risk Management Program.

Risk Governance

- An update on the President's Executive Team (PET's) assessment of UNB's "Top 10 Risks". This is an annual assessment process by the PET to identify the key risks facing the University, and to ensure there are appropriate governance and management processes in place for each risk.
- Continued formalization of the Risk Governance Framework.

The intent of the approach taken to date is the development of a modern risk management framework reflecting best practices in the university sector. The evaluation and monitoring practices in the university sector are significantly different from the private sector environment, where management has a mandate to generate shareholder value or wealth. In the private sector environment, well established metrics are used to define and monitor risk levels. In the university sector, the focus on education, research and service quality is much broader and difficult to quantify.

In order to assist in assessing management's risk management, we have provided several appendices that summarize risk activities relative to the Top 10 risks.

Risk Management

Appendix "G" provides background information on renewals of key policies in the University's Insurance portfolio and illustrates the 2015-16 premiums. **Appendix "H"** is the UNB Insurance Portfolio Summary.

The following two pages summarize the risk management activities of the past year relative to the objectives and set out the goals for the coming year.

2015 Risk Management Goals and Objectives

The following provides an overview of the risk management goals and objectives that were established for 2015 and the specific initiatives that were undertaken with respect to each goal.

2015 Goals & Objectives	Comments
Risk Governance	
Continuation of risk governance discussions in Board Committee activities, including agenda planning and identification of key risks to inform Top 10 Risk process	Top Risks identified by Board Committees, presentation made to Committees and communicated as part of PET Top 10 Risk process.
Continue and enhance communication of UNB Risk Appetite statement to University Community	The risk appetite statement has been utilized as a basis for communication of acceptable risks within the University in 2015; Communication Plan still under development
Complete update of Top 10 List for 2015	Completed
Present Hazard Risk portion of Risk Register to Audit Committee for discussion	Development of reporting format ongoing. Progress made, unable to review and finalize for presentation in 2015
Refine Risk Register format and reporting to Audit Committee	Format was not presented in 2015 to be presented in 2016
Review assessment of Top 10 Risk strategies effectiveness	Assessment included in Risk Continuity Schedule Appendix "A"
Risk Management	
Establish meeting frequency for Steering Committee and schedule meetings. Schedule 2 to 3 meetings of Campus Risk Committees	Outstanding. Meetings were planned however scheduling was not practical due to administrative staff changes
Implementation of Mass Messaging System for UNBF	Vendor selected, implementation and testing commenced in late 2015
Review of IT Security Architecture	Requirement definition completed, design phase in progress

2016 Risk Management Goals & Objectives

We intend to evolve and enhance the risk management process at UNB in 2016 with the overall objective of creating a greater awareness and understanding of University risks in order to develop a culture of intelligent risk taking which is linked to UNB's key strategic objectives.

The 2016 goals and objectives are intended to further the evolution of risk management governance processes at UNB.

2016 Goals & Objectives	Comments
Risk Governance	
Continue and enhance communication of UNB Risk Appetite statement to University Community	The adoption of a risk appetite statement provides a basis for communication of acceptable risks within the University; Continue communication with formal presentation to Campus senior administrators
Complete update of Top 10 List for 2016	Continue to identify and report key risks for governance oversight Continue to facilitate input from Board Committees in process
Present Hazard Risk portion of Risk Register to Audit Committee for discussion	Governance oversight of management and risk mitigation – May 2016
Refine Risk Register format and reporting to Audit Committee	To further the evolution of risk management communication and governance oversight – May 2016
Review assessment of Top 10 Risk strategies effectiveness	Governance oversight to evaluate mitigation strategies
Risk Management	
Establish meeting frequency for Steering Committee and schedule meetings. Schedule 2 to 3 meetings of Campus Risk Committees	Regular meetings to review issues and progress of risk management on both campuses
Utilization of Mass Messaging System for UNBF	Use of automated emergency notification system to be incorporated as part of a threat exercise, September 2016
Continued enhancement of IT Security Architecture	Commence RFP process to begin implementation
Cyber Security Awareness Program	Commence awareness program and communication to reduce vulnerability

Section 2: Updates on Key Risk Management Activities at UNB

Top 10 Risk Update

As part of the process of risk management governance, the President's Executive Team evaluated the current risks at UNB and identified the "Top 10". To assist in this process the previous "Top 10" risks were provided. In addition, input was solicited from all Board committees into the top risks from each committee's perspective and used by the President's Executive Team in identify the "Top 10" risks.

For this report, the Top 10 Risks have been categorized in the following format to help the Board to gain a perspective of their risk governance role.

Virtually all risks have financial implications and many impact operations as well. However, it is the strategic and governance oversight of management strategies to mitigate these risks that is of primary concern to the Board and its Committees.

Updating UNB's "Top Ten" Risk list has been an annual process at UNB since 2008. The schedule on page 10 summarizes the "Top Ten" Risks and related management processes as well as governance oversight. In addition, the 2016 Top 10 Risk Identification and Assessment grid is included in **Appendix "A"** which links the risks with the key objectives identified in the UNB Strategic Plan.

The process of developing an annual Top Ten Risk list helps bring governance and management focus to the key risks which may prevent UNB from achieving its stated goals and objectives as outlined in the 2010 Strategic Plan. Starting in 2013, Board Committees were engaged to formally include the discussion of risk and annually identify the Top 3 risks within the scope of their respective mandates. These risks are used to help inform the identification of the Top 10 list.

Appendix "B" summarizes the specific risks identified over the past seven years which have been categorized into risk types or themes. This is a continuity schedule and provides a comparison of UNB's current "Top 10" risks with prior years. The format of this schedule illustrates the assessment of the potential severity of these risks, if not mitigated, in terms of impact severity and probability or frequency of the risk occurring. It is important to note the fact that although a particular risk may drop off the Top 10 list, it does not mean that it has been fully addressed or that it is no longer a significant risk that must be managed and monitored by the University.

The key risks can be allocated into two broad categories, those that are either externally or internally driven. Provincial Government funding and general economic conditions are clear examples of externally driven risks for which strategies must continue to be developed to mitigate their impact. Internally driven risks are substantially more within University "control" and the effectiveness of the mitigation strategies need to be evaluated as part of the ongoing risk governance process.

The 2016 goals and objectives include the assessment of Top 10 Risk strategies effectiveness.

Appendix "C" plots the "Top 10" inherent risk levels on the risk exposure matrix before the impact of risk mitigation strategies. **Appendix "A"** maps UNB current "Top 10" risks against the Strategic Plan, key objectives and provides a risk gap assessment between the current risks as plotted on Risk Exposure Matrix (**Appendix "C"**) and risk appetite threshold levels as noted in **Appendices "D", "E" and "F".**

The purpose of these Appendices is to assist in assessment of key risks, illustrate how they impact key university objectives, and compare the risk levels to the risk appetite thresholds.

This helps to identify those risks where risk mitigation strategies have been effective in reducing the risk and those where the risk remains a concern.

UNB 2016 Top Ten Risks

Identification/Management/Governance

Risk	Implications	Management Processes	Governance Oversight
Accumulated Deferred Maintenance	- Not able to upgrade key components of infrastructure - Impact on attraction and retention of students and faculty	- Capital budget - Capital Planning framework - Building Facility Condition Indices - Leveraging of initiatives	Board Properties Committee PET
Academic Plan/ Administrative Review	- Ability to renew in current economic and fiscal context - Quality, competitiveness	- Part of Strategic Plan - Review key administrative processes - Academic planning	Board Senate PET
UNB Brand/Differentiation	- Lack of ability to effectively promote & differentiate UNB	- Advancement Leading Process/Why UNB Branding and Marketing Project	Board Executive Committee/President PET Advancement Committee
Planning & Decision Making	- Reduced flexibility to adjust to opportunities or away from risks - Failure to meet strategic plan goals	- Strategic Plan - Planning & Budgeting processes - Academic Planning	Board President PET Vice Presidents
Financial Sustainability	- Potential for widening funding shortfall in operating budget - Inability to support mission and priorities over the long term	- Continue communications with Government on multi-year funding - Multi-year budget framework must link with academic plans - Expense and revenue adjustments - Strategic Plan	Board Finance Committee Executive Committee/HR Committee PET
General Economic Conditions	- Investment returns that could impact long term ability to maintain current spending rates - Impact of foreign exchange on spending	- Assessment of spending reserves - Review of investment program and strategies	Board Finance Committee Investments Committee PET
Provincial Government Funding	- Exposure to significant revenue shortfalls	- MOU discussions/Government relations - Discussions with Government related to potential funding model changes (performance funding)	Board Executive Committee/President PET
Reconciliation After Labour Disruption/Employee Morale	- Engaging faculty and staff	- Meetings with employees and stakeholder groups - Enhanced communication & consultative process	Board Human Resources Committee PET
Student Enrolment/ Recruitment/Retention	- Financial challenges from reduced revenue - Strategic enrolment objectives - Possible impacts on reputation	- Strategic Plan - Campus accountability for enrolment targets - Creation of Office of Integrated Student Recruitment & Strategic Enrollment Management	Board Executive Committee Advancement Committee PET
Unfavourable Collective Bargaining Outcomes	- Additional financial challenges - Lack of flexibility	- PET and HR Committee oversight of mandate/process	Board Human Resources Committee PET

Insurance Program Status Report

The University of New Brunswick maintains a comprehensive insurance program which we believe is appropriate to cover insurable risks consistent with University related activities.

Item	2015	Comment	Details
▪ Insurance Program			
- Overall	●	• Premiums and coverage stable	**Appendix G&H**
- Property	●	• Slight Premium decrease and value increase	
- Liability	●	• Premium and favourable claims experience	
- Other	●		
▪ Insurance Claims			
- Overall	●	• Claims experience comparable to prior years	
- Property	●	• No claims in 2015	
- Liability	●	• Low frequency in 2015	
- Other	●	• Low frequency and low severity in 2015	
▪ Self-Insurance Reserve	●	• Reserve balance as per guidelines	
▪ 2016 Insurance Outlook	●	• Insurance market has been "soft" for an extended period, no significant change is anticipated.	

Legend

● Acceptable

▼ Concern

⬢ Significant Concern

Appendix "G" provides an overview of key insurance renewals for 2016 and **Appendix "H"** summarizes the insurance program.

Environmental Health and Safety Status Report

A quick synopsis of some key activities for the year 2015 is noted below.

Item	2015	Comment
• Workplace Health and Safety		
- Safety Orientation	●	- Successfully implemented new online system (UNBF);
- Hazardous Waste	●	- 5 Removals scheduled and completed;
- WorkSafe NB Visits	●	- Eleven visits;
- WorkSafe NB Orders	●	- Received 13 orders, 12 closed, 1 in progress;
- Training	● - ▼	- Successful in 2015 with some budget concerns.
• Radiation Safety		
- Licenses	●	- Licenses continue in good standing, one closed;
- Inspections/reports	●	- Quarterly and annual reports completed and filed with regulator;
• Bio-Safety		
- Licensing	●	- Preparation for licensing commenced, on schedule;
- New Federal Legislation	●	- 2015-Dec-01, under Public Health Agency of Canada(PHAC); New regulations for the Human Pathogens and Toxins Act came into effect.
- Registration with PHAC	●	- UNB has opened the license application process.

Legend

● Acceptable

▼ Concern

⬢ Significant Concern

Training concerns going forward are due to the diversity and decentralized nature of most training on the UNBF Campus. The current level of training may be reduced as a result of financial constraints.

UNB has an established process for review of biohazard materials usage, which will continue. Previously individual Faculty members or researchers were required to apply for PHAC approval for use of biohazard materials after review by the University. With the new regulations and the introduction of licensing, the University will become more self- regulating with reporting requirements to PHAC. The regulations categorize materials in four risk groups of which UNB currently utilizes the lower risk group one and two materials.

APPENDIX "A"

2016 UNB Top 10 Risk Identification and Assessment

Risk – Risk is defined as uncertainty about outcomes or future events, which can be either positive or negative, that can affect the achievement of the University's goals and objectives.

	Impact on Strategic Goals					Risk Gap Assessment			
Top 10 Risks	Exceptional and transformative student experience	Leadership in discovery, innovation and entrepreneurship	Financial resilience and sustainability	Building a better University	Building a better Province	Current Risk Assessment	Risk Appetite Threshold	Internal/ External	Mitigation Strategies
Provincial Government Funding	√			√	√	high	mod	External	Ongoing dialogue with Government
Student Enrolment/Recruitment	√		√	√	√	mod-high	low-mod	Internal	Increasing recruitment, branding, Why UNB initiative and related Marketing program
Current Economic Conditions	√	√	√	√	√	mod	low	External	Impact of investment returns, US exchange rate on short, medium and long term basis
Academic Plan/Program Renewal Administrative Review	√	√		√		mod	low	Internal	Quality assurance review process, accreditation review for professional programs
Accumulated Deferred Maintenance	√		√	√		high	mod	Internal	Developing a strategic capital planning framework
Financial Sustainability	√	√	√	√		high	low	Internal	Budget process, Strategic Plan, expense and revenue adjustments
Reconciliation after Labour Disruption/Faculty & Staff Morale	√	√	√	√		mod-high	low-mod	Internal	between senior management & faculty councils; attempts to clarify information provided and answer questions
Execution of Strategic Plan, Decision Making & Impact of Orgranizational Structure	√		√	√		mod	low	Internal	Strategic Plan, Academic Planning New budget model under discussion
UNB Brand/Differentiation	√	√	√	√	√	mod	mod	Internal	potential impact of Why UNB Branding Project
Unfavourable Collective Bargaining Outcomes	√		√	√		mod	low	Internal	well trained, multi-disciplinary negotiating team

Risk Appetite	
High	
Moderate	
Balanced	
Low	
Very Low	

APPENDIX "B"

UNB "Top Ten" Risks Continuity Schedule and Assessment

	Assessed as Top 10 Risks by University Risk Steering Committee						
Top 10 Risks	**January, 2010**	**February, 2011**	**January, 2012**	**January, 2013**	**March, 2014**	**April, 2015**	**January, 2016**
Financial							
Provincial Government Funding							
Student Enrolment/Recruitment							
Financial Sustainability							
Financial Sustainability/Academic Pension Plan							
Accumulated Deferred Maintenance Infrastructure/Facility Renewal							
Managing Revenue Shortfalls							
General Economic Conditions							
Current Economic Conditions-Investment Returns/Exchange Rate							
Competitive Position of Student Financial Aid							
Governance/Decision Making							
Lack of Implementable Strategic Plan							
Execution of Strategic Plan - Planning & Decision Making/Org. Structure & Consultative Process Impact Timely Decision Making							
Emergency Preparedness							
Execution of Current Volumes of Capital Projects							
Human Resource							
Academic Plan/Program Renewal, Administrative Review							
Reconciliation after Labour Disruption/Faculty & Staff Morale							
Unfavorable Collective Bargaining Outcomes							
Awareness/Engagement/Communications							
Marketing/Brand/Quality							
UNB Brand/Differentiation/Marketing Strategy							
Reputational Risk(Impact)							
Maintenance of Brand and Quality							
Emerging Risk(s) to be Monitored							
Data Security/Cyber Liability							
Privacy							
Travel Security - tracking/authorization of international travel							

Assessment Legend	
	High
	Moderate
	Balanced
	Low
	Very Low

APPENDIX "C"

UNB Inherent Risk Exposure Matrix
Short to Medium Term (Note 1)

Illustrates the potential risk levels of the 2016 Top 10 Risks with minimal efforts to mitigate these risks.

IMPACT

Impact Description	2015-16 Impact Severity	Impact Ranking					
Major	>$2 million	5		H, C			A,D,F
Very Significant	$.75- $2.0 million	4			E,G, I	B,J	
Significant	$250-$750K	3					
Minor	$50-$250 K	2					
Very Minor	$<50K	1					
			1	2	3	4	5
			Very Low	Low	Moderate	High	Very High
			May Occur (rare)	Could Occur (unlikely)	Might Occur (moderate)	Probably will Occur (likely)	Expected to Occur (almost certain)
			<5%	5 to 30%	30 to 60%	60 to 95%	>95%

Likelihood

2016 TOP 10 RISKS

A Provincial Gov't Funding

B Student Enrolment & Recruitment

C Planning & Decision Making

D Accumulated Deferred Maintenance

E Unfavourable Collective Bargaining Outcomes

F Financial Sustainability

G UNB Brand/Differentiation

H Current Economic Conditions

I Academic Plan/Program Renewal/Admin Review

J Reconciliation after Labour Disruption/Morale

FREQUENCY

Occurrence Ranking

Expected Frequency

Description

(from Mercer Oliver Wyman Risk Assessment) Note 1

Notes:

1 Likely hood of the risk occurring within the next 12 – 24 months if minimal efforts in place to manage the risk.

APPENDIX "D"

UNB Risk Appetite and Risk Tolerance Guidelines

Background

There are risks in everything we do and risk taking must occur if UNB is to innovate and improve. To facilitate intelligent risk taking, an organization must first identify, determine and communicate both its **risk appetite – what risks it is willing to accept** and its **risk threshold levels – how much risk it can accept**. In the pursuit of opportunities it is not possible to avoid all risks, therefore the correct balance between risk and potential return needs to be determined and communicated across the University.

Universities are exposed to a diverse range of risks. The evaluation and monitoring practices in the university sector are significantly different from the private sector where well established metrics are more commonly used to define and monitor risks. In the university sector, the focus on education, research and service quality is broader and more difficult to quantify.

The following table illustrates the acceptable ranges of both risk and opportunity to better inform decisions on the correct balance between them and will be communicated for discussion within the university community as the basis for intelligent risk taking and decision making.

UNB Risk Appetite

Importance of Key Risk Identification

The intended purpose of the Risk Appetite Statement and Risk Appetite Threshold Levels is to help bring a consistent structure, in order to bring focus to the key risks.

A typical university has hundreds of risks as opposed to a more traditional profit oriented entity that would have twenty to thirty. This abundance and diversity of risks requires significant resources to identify, prioritize and manage them.

We believe that to utilize scarce resources effectively that narrowing the focus to the key risks will help achieve the goals and objectives outlined in the Strategic Plan. The UNB focused approach is somewhat different from what a university might be inclined to do.

APPENDIX "E"

Risk Appetite Statement

Context

UNB's mission is to create the premier university environment for our students, faculty and staff in which to live work and learn. We will provide an exceptional and transformative education for our students, by encouraging initiative and innovation, unlocking their creative potential. We commit to understanding and solving the problems of today and tomorrow, serving our community and engaging with our alumni, retirees and partners around the world.

Risk Appetite Statement

UNB is, and intends to remain, a successful, sustainable institution by implementing the key directions of the 2011- 2016 strategic plan. The UNB community understands that there are risks in everything we do and risk taking must occur if UNB is to innovate and improve. However, UNB is committed to intelligent risk taking, whereby the risks will be identified, assessed and managed within a risk management framework ensuring that the risks are understood and managed effectively in order to achieve our goals.

While pursuing innovation and improvement, UNB will not compromise its reputation for teaching, learning and research, or its reputation in the eyes of our stakeholders, while remaining financially sound and fiscally responsible.

	Very Low	Low	Balanced	Moderate	High
We accept a **very low risk** in areas of:					
- Staff and student safety,	✓				
- Business continuity management (including IT),	✓				
- Compliance with legislative, regulatory requirements and ethical matters.	✓				
We accept a **low risk** in the areas of:					
- Student experience,		✓			
- Research and teaching quality,		✓			
- Financial and asset management,		✓			
- Student data and reporting.		✓			
UNB encourages entrepreneurship and innovation. UNB recognizes that risk is inherent in new activities and approaches; therefore in the following activities we also accept a **balanced to moderate** level of risk:					
- Teaching, learning and research opportunities,			✓	✓	
- Developing and implementing new and original strategies			✓	✓	
- Workplace and campus innovation			✓	✓	
- Relationships with local and global enterprises and communities.			✓	✓	

The student experience is an important aspect of UNB's strategic plan, therefore the University has a low level of risk tolerance with regards to diminishing the experience, but has a higher level of risk tolerance with regards to innovation to improve the experience.

We also understand that for some "noncore" activities that do not compromise UNB's overall financial sustainability, excluding the areas mentioned above, a higher level of inherent risk may be acceptable. We therefore acknowledge for higher levels of risk to be accepted, mitigation strategies are required; for example, those sporting activities for students where injuries are likely to occur including varsity athletics, sports clubs and intramural sports.

APPENDIX "F"

UNB Risk Appetite Threshold Summary

Level of Risk	Definition of Level	Examples of Inherent Risk Levels
High	Inherently high level of risk in the opportunity being pursued. A negative result is virtually certain to occur - what is unknown is the severity and timing.	1. IT outage (mitigation strategy Disaster Rec'y Plan) 2. Varsity sport injury (mitigation strategy qualified coaches and trainers, policies)
Moderate	There is some risk associated with the opportunity being pursued. There may be some actions to mitigate the risk.	1. Investment losses in a market downturn - investment policies 2. Research activity (Risk Reserve)
Balanced	There is some risk associated with the opportunity being pursued. However mitigating actions have reduced these risks to a low level or exposure.	1. Fire or damage to a building - insurance with $250K deductible, safety policies and procedures 2. Research activity - with policies and procedures to limit risks..eg animal care policy, internal controls over spending
Low	University will not accept opportunities with risks attached that could result in significant exposure or loss.	1. We do not allow dangerous activities on campus without appropriate policies and procedures 2. We do not invest in speculative investments
Very Low	There are no circumstances under which the University would accept an opportunity that had risk.	1. Compromise of ethical standards is never a consideration.

APPENDIX "G"

Insurance Portfolio

UNB has been a participant in the Canadian Universities Reciprocal Insurance Exchange (CURIE) since 1988 for property, general liability and errors and omissions liability insurance coverage. In 2012, after completing a review, we concluded that CURIE continues to provide good value and committed to participate in CURIE VI for the years 2013 through 2017.

For 2016, with input from participants, CURIE increased the general liability and errors and omissions liability limits from $30 million to $50 million with minimal impact on premium.

Value of property insured has increased by 2.0% to almost $1.5 billion. The increase comprises replacement valuation adjustments, building and contents additions and deletion of two small storage buildings.

The 2016 liability premium decreased by 0.8%. The property premium decreased by 3.7% from 2015. The CURIE premium allocation has for many years included adjustments based on actual loss history in the primary level. Starting in 2015 this same methodology is being phased in to the excess insurance layers which CURIE purchases. UNB's favourable loss experience is reflected in the liability premium decrease and the property premium rate decrease exceeded the building value increase.

Current deductibles have been maintained, at $250,000 for property and $5,000 for liability (highest deductible available) to achieve the lowest cumulative cost of insurance premiums and claim deductibles. In 2015 there were no claims against the property policy and two liability claims. UNB maintains an Insurance Reserve to mitigate the risk of uninsured claims and strives to maintain a balance of more than the largest deductible.

In addition to the coverage provided by CURIE, UNB maintains a comprehensive insurance program which includes a $15 million umbrella liability policy, owned & non-owned auto, crime, and equipment breakdown policies. **Appendix "H"** summarizes the insurance program.

Summary of Insurance Premiums by Year

2015	$797,000
2014	$817,000
2013	$805,100
2012	$793,500
2011	$832,000
2010	$849,000
2009	$818,500

APPENDIX "H"

UNB Insurance Portfolio Summary
2016 Policies & Coverages

Insurance type	Insurer	Broker	Total Insured on Renewal 2015	Deductibles	Total Insured on Renewal 2014	Deductibles
Property						
Buildings & Contents (1)	C.U.R.I.E.	C.U.R.I.E.	$1,451,803,000	$250,000	$1,422,761,000	$250,000
		Total appraised value	$1,705,353,000		$1,660,358,000	
Boiler & Machinery	B.I. & I.	Marsh Canada	$100,000,000	various	$100,000,000	various
Liability						
E & O Liability (2) (3)	C.U.R.I.E.	C.U.R.I.E.	$50,000,000	$0	$30,000,000	$0
General liability (CGL) (2) (3)	C.U.R.I.E.	C.U.R.I.E.	$50,000,000	$5,000	$30,000,000	$5,000
Umbrella Liability (3)	Elliott Special Risks	Marsh Canada	$15,000,000	$0	$10,000,000	$0
Auto						
Fleet automobile (3)	Northbridge	Marsh Canada	$10,000,000	$500	$10,000,000	$500
Non-owned auto liability (3)	Northbridge	Marsh Canada	$10,000,000	$0	$10,000,000	$0
Non-owned auto collision	Northbridge	Marsh Canada	$75,000	$1,000	$75,000	$1,000
Underlying Equipment						
Micro Computers	Self insured	N/A	$6,095,000	$250	$6,234,000	$250
Long term equipment	Self insured	N/A	$6,941,000	$250	$5,650,444	$250
E.D.P. (Network)	AVIVA Canada	Wilson Insurance	$4,304,000	$5,000	$6,309,000	$500
Short Term Equipment	AVIVA Canada	Wilson Insurance	N/A	$500	N/A	$500
Goods in Transit	AVIVA Canada	Wilson Insurance	$50,000	$500	$50,000	$500
Other						
Crime & Dishonesty	AIG Ins. Canada	Marsh Canada	$1,000,000	various	$1,000,000	various
Emergency Out of Province Medical	AIG Ins. Canada	Mercer	$1,000,000	$0	$1,000,000	$0
Catastrophic Injury	AIG Ins. Canada	Marsh Canada	$750,000	$0	$750,000	$0
Heron (Marine) (3)	Royal-Sun Alliance	Wilson Insurance	$371,663	$10,000	$471,663	$0

Note:
(1) CURIE Property policy covers completed buildings. Coverage during construction is provided by separate policies placed by the contractors. The lower insured value reflects that Library holdings are insured on an obsolescence basis.
(2) CURIE liability policies effectively provide the equivalent of Directors & Officers liability insurance.
(3) Umbrella liability coverage increases the liability limits for the noted policies.