



University of Toronto

OFFICE OF THE VICE PRESIDENT, BUSINESS AFFAIRS - FINANCE

TO: Audit Committee and Business Board

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AGENDA ITEM: Business Board item 7(b)

ITEM IDENTIFICATION:

Risk Management and Insurance Annual Report

JURISDICTIONAL INFORMATION:

The Audit Committee of the Business Board is charged with monitoring the University's risk exposures. The Business Board terms of reference call for regular information reports on financial matters.

PREVIOUS ACTION TAKEN:

This is the fourth time this report to the Board has been made through the Audit Committee.

HIGHLIGHTS:

The University has a comprehensive insurance program in place with quality insurers and service providers. Despite ongoing turbulence in the insurance marketplace as a result of global events, we strive for stable, long term relationships on a fair basis in terms of pricing and scope of coverage. Our strategic aim is to reduce losses and to contain controllable risks within acceptable parameters through vigilance and good risk management practice.

The University obtains insurance coverage through the Canadian Universities Reciprocal Insurance Exchange (CURIE) and through commercial insurers. The University self-insures below the CURIE deductible of \$250,000 and has a self-insurance reserve in place to pay those claims. Departments are responsible for the first \$2,500.

There are a number of policies and the experience with each policy is shown in the paper. Our claims experience overall is very good. Details are shown in the paper.

Our current contract with CURIE runs to December 1, 2007. After about 15 years of good experience, the last 3 years have been very difficult for CURIE. CURIE has implemented a three-year program of premium increases to improve its financial circumstances, including assessments to its members, resulting in a \$6.0 million surplus at the end of 2004, up from less than \$100,000 the year before. CURIE has undertaken a strategic and operational review to determine its course forward. We are watching (and attempting to influence) CURIE's course going forward and are identifying and assessing the options for property and liability insurance coverage in future.

**FINANCIAL AND
D/OR PLANNING IMPLICATIONS:**

Higher insurance premiums and the risk of additional assessments remain in place as CURIE strives to improve its financial performance.

RECOMMENDATION:

For information.