University of Toronto

OFFICE OF THE VICE PRESIDENT, BUSINESS AFFAIRS - FINANCE

TO: Business Board

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DATE: for May 28, 2007 and June 21, 2007

AGENDA ITEM: **10 (b)**

ITEM IDENTIFICATION:

Risk Management and Insurance Annual Report 2007

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:

The Audit Committee and Business Board reviewed the 2006 report.

HIGHLIGHTS:

The University has a comprehensive insurance program in place with quality insurers and service providers. 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 of each claim.

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

Our current contract with CURIE runs to December 31, 2007. After about 15 years of good experience, the last few years have been very difficult for CURIE. CURIE has implemented a three-year program of double-digit premium increases to improve its financial circumstances, including assessments to its members, resulting in a $16.2 million surplus at the end of 2006, up from $11.2 million at the end of 2005 and $6.0 million at the end of 2004. CURIE has completed a strategic and operational review and is implementing certain recommendations. We are identifying and assessing the options for property and liability insurance coverage going forward.

FINANCIAL AND/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.

RISK MANAGEMENT AND INSURANCE

ANNUAL REPORT TO THE BUSINESS BOARD

Business Affairs Division
Risk Management and Insurance Department

April, 2007 For Information

39252

This report summarizes the University of Toronto's experience during fiscal year 2006 and provides an overview of the activities of the Risk Management and Insurance Department.

We are committed to assisting and implementing insurance risk minimization strategies for the University in order to reduce the organization's exposure to fortuitous loss.

Our goal is to be an expert, consultative resource to the University community in advising about insurance, claims and paralegal issues relating to risk management.

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OVERVIEW

Financial results were level this year in the University's Risk Management and Insurance program. Higher premiums by CURIE* were offset by stability in our commercial policies and improved experience with our self-insured claims program. The worst claim was again a water damage loss involving several floors of the new Morrison Hall Residence. A resident accidentally hit one of the fire sprinkler heads in his room and escaping water caused over $150,000 damages. Thefts of laptops and other electronic items are still a recurring problem although with lower prices and increased security measures, theft incidents have declined. Overall, water damage claims are occurring more often throughout University buildings. These can be very disruptive and costly and the cause of loss can often be traced back to deferred maintenance items.

While the University's insurance costs were again driven up by higher CURIE premiums, the commercial market remained relatively stable and even price competitive for the best risk classes. CURIE's actuarially mandated repricing scheme is now fully rolled out but, even though our own claims experience is excellent, our premiums went up by 5.5% as of Jan 1, 2007 (24% and 30% the prior two years) to fund worse than average claims experience within the group. CURIE's financial health improved some more in 2006 due mainly to the multiplying effect of the large increases over the past three years. Its surplus (the amount by which total assets exceed total liabilities) at the end of 2006 was up to $16.5 million ($11.2 and $6.0 million in 2005 and 2004) and so the risk of insolvency has abated. But CURIE is exposed up to $5 million on each and every claim since it lost its $2.5 million stop loss reinsurance protection in 2006 due to its poor claims record, so there remains an ongoing risk of subscriber reassessment. Our own claims experience relative to CURIE's overall is markedly better so it is in our best interest to look at other insurance options before recommitting to another five year term with CURIE. We are working with commercial markets to determine the most viable options available for replacing our program with CURIE.

The Canadian property-casualty insurance industry enjoyed another robust financial year in 2006 with a healthy return on equity of 18.5% (16.9% in 2005) that generated profits of $4.8 billion for the industry ($4.0 billion in 2005) following a much better than predicted natural catastrophe cycle in North America, especially the U.S. hurricane season. And the strong performance was helped by steady pricing, continued underwriting discipline and healthy global equity markets so we can anticipate ongoing price/coverage stability in the commercial market for 2007.

*CURIE (**C**anadian **U**niversities **R**eciprocal **I**nsurance **E**xchange) is the risk sharing entity created in 1988 by universities across Canada to secure their core property and liability insurance risks. It is co-operatively owned by its 56 member universities representing about 85% of the total student population in Canada. CURIE is licensed in each province where it has members and has its offices in Burlington, Ontario. It has a staff of 6 persons and is accountable to its subscribers through a Board of Directors made up of member representatives selected on a regional basis.

GENERAL UNIVERSITY INSURANCE

These are the central budget funded policies we purchase against insurable property and casualty risks to cover all operations of the University. The individual policies and premiums are listed on page 5 and the following narrative provides coverage highlights for information.

i) **Main Property Policy:** "All Risks" of physical loss or damage to buildings and contents on repair/replacement basis with $750 million limit of loss (raised from $650 million effective Jan. 1, 2007) and with $250,000 deductible. This is the core CURIE policy which insures against perils such as fire, theft, water damage, windstorm, etc.

ii) **Liability Policies:**

- **Comprehensive General Liability:** As of Jan. 1, 2007, CURIE now provides $25 million per occurrence limit of loss (previously $20 million) against legal liability arising from University operations causing bodily injury, personal injury or damage to property of others at $5,000 per occurrence deductible. The CURIE policy wordings are specially designed to cover university risks such as sporting activities, contractual undertakings, student practicums, incidental medical/dental malpractice and so on.

- **Errors & Omissions Liability:** Concurrently with CURIE, we have a policy with $25 million limit against legal liability for wrongful acts. *The premium is included in the general liability policy premium.* CURIE retains the first $5 million of risk and purchases $20 million excess limit through reinsurance in tandem with the general liability policy. This policy protects governors, officers and employees from claims alleging that an appropriate standard of care was not met or that an act was somehow tainted (misstatement, misfeasance or misconduct). In the private sector this coverage is called Directors & Officers Liability.

- **Umbrella/Excess Liability:** For added catastrophe protection, we purchase a total of $10 million additional liability limit from commercial insurers to cover on top of the two CURIE liability policies as well as our vehicle fleet liability policy.

iii) **Boiler and Machinery Policy:** Comprehensive machinery breakdown coverage on boilers, pressure vessels, electrical and mechanical equipment (motors, transformers, switchgear, air conditioning units, etc.) on repair/replacement basis with $100 million limit of loss, subject to $15,000 deductible for all objects except large chillers which have $100,000 deductible. The cogeneration facility is included in this coverage but also at $100,000 deductible. This policy is purchased from commercial insurers.

iv) **Composite Crime Policy:** We carry a comprehensive contract with $15 million limit of loss against theft of money or securities and the fiduciary responsibility of employees, subject to $15,000 or $50,000 deductible, depending on category of coverage. This contract is purchased from a specialty commercial insurer.

v) **Personal Professional Property Policy:** To provide added security for loss to property owned by faculty or staff which is used in a professional capacity and which is located on University premises, we provide a contingent policy to safeguard against an uninsured loss, i.e. where there is inadequate coverage provided by the individual owner. This policy has $50,000 per person limit.

Our main policies and how these fit together are illustrated on page 10. In the notes, the term "reinsurance" is used to describe insurance purchased by one insurance company from another in order to spread risk among insurers.

USER-DIRECTED INSURANCE

We purchase certain policies which are grouped on page 5 for the specific needs of departmental users who pay the premiums. These policies are sourced from the commercial market through various brokers and, for the most part, are reasonably stable over time in terms of coverage, price and availability. We have seen some higher rates recently for our new construction projects which reflect the overall adverse claims experience in this market segment. We remarket these specialty coverages periodically to ensure the University is getting the most competitive insurance terms available at all times.

Large capital project works continue on our three campuses although the level of ongoing construction activity has lessened somewhat. We purchase builders' risk and wrap-up liability coverage as and when needed for individual projects. Major capital projects presently underway include Centre for Biological Timing and Cognition and New Economics Building at St. George Campus, New Science Building at UTSC and Phase VIII Residence at UTM, which is scheduled to be finished this summer. Projects completed and added into our CURIE policies this year included Leslie Dan Pharmacy Building and Varsity Centre for Physical Activity. Combined with a number of regular, small capital projects completed during the last fiscal year and added together with the normal inflationary increase for our existing buildings and contents (excluding library values), these contributed about 5% of the overall increase in insurable values under our CURIE policy.

We also continue to purchase high risk transportation policies, event cancellation coverage and other specialized insurance policies for departments on a case by case basis as needed.

PREMIUMS by POLICY by FISCAL YEAR

	2006/07	2005/06	2004/05
General University Insurance			
Main property policy	$1,444,903	$1,248,495	$1,122,253
Liability policies			
-comprehensive general liability *	992,573	842,700	636,090
-umbrella/excess liability	23,454	29,317	29,317
Boiler and machinery	108,700	107,019	105,334
Composite crime coverage	60,264	66,960	68,300
Personal professional property floater	14,000	14,000	14,000
	$2,643,894	$2,308,491	$1,961,294

* includes errors and omissions policy

	2006/07	2005/06	2004/05
User-directed Insurance			
Term accident policies	$3,002	$3,061	$3,694
Vehicle fleet policy*	82,413	75,207	74,985
Cogeneration facility**	36,233	53,510	55,135
Fine art collections	29,040	***78,747	24,624
Major new construction projects *(see note)*	174,422	114,244	562,804
Special transit, etc (various departments)	6,470	6,500	3,000
	$331,580	$331,269	$721,242

* excludes self-insured premiums for collision and comprehensive
** included in boiler and machinery policy
*** includes special, one time Picasso Exhibit coverage

Notes:

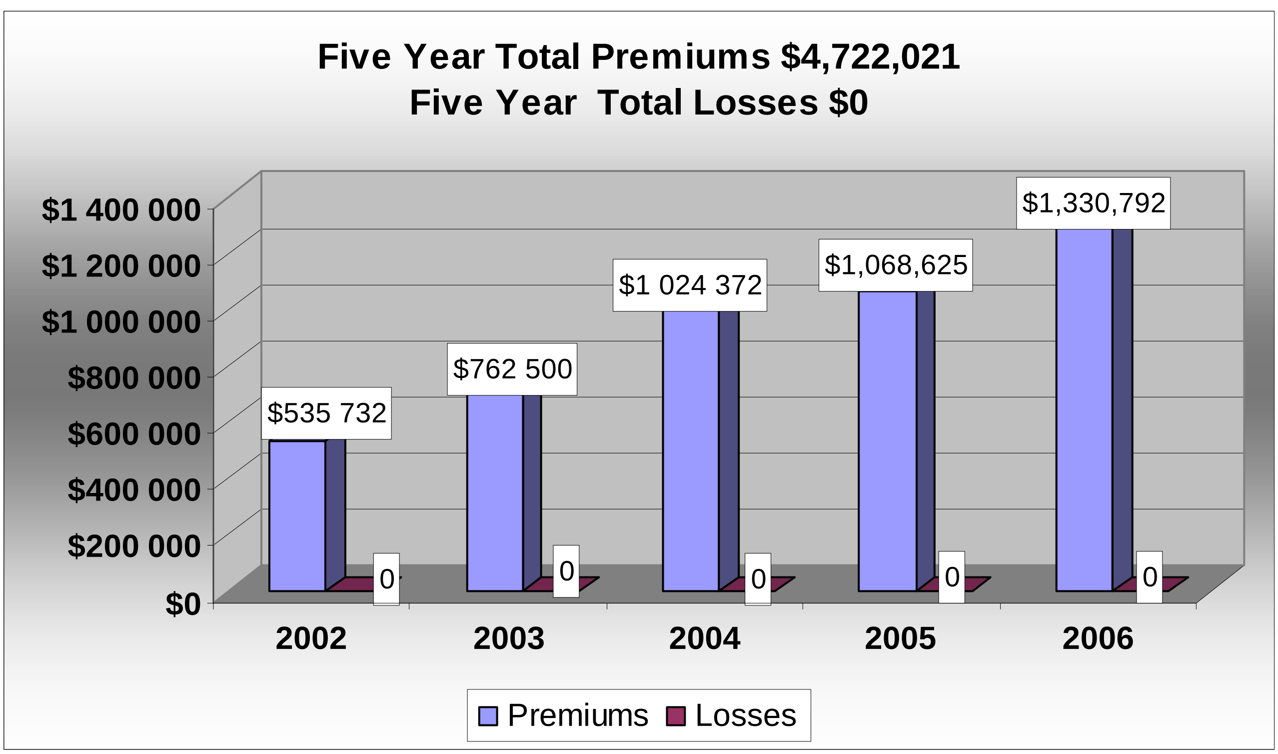
All premiums include 8% PST (except 0% for Vehicle and Special Transit policies)
Term accident policies include AD&D (accidental death or dismemberment) and related coverages such as quadriplegia, paraplegia, loss of limb, etc.
Cogeneration facility is insured as part of boiler and machinery policy but premiums are broken out separately for charge back.
All project premiums are paid for the full term of construction when policies are taken out except for term and/or value adjustments at the finish of construction. Premiums are expensed in the fiscal year in which they are paid.

PREMIUM and LOSS HISTORY and COMMENTARY

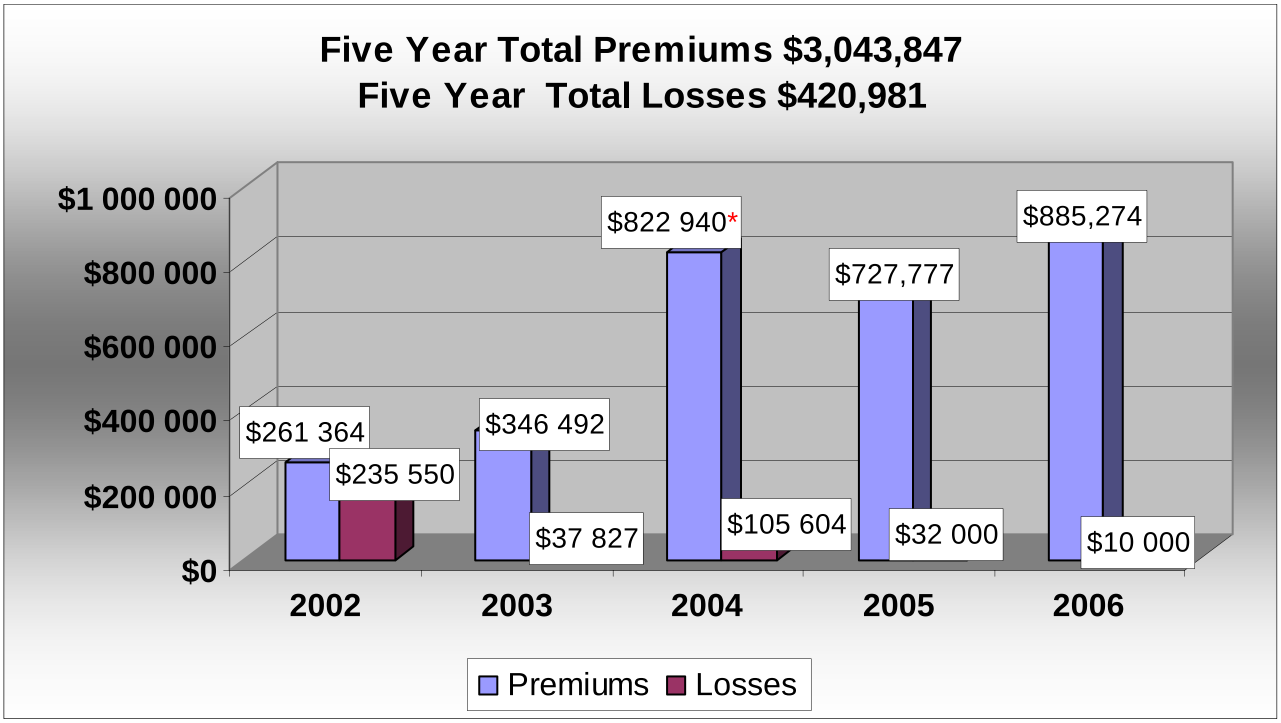
CURIE's property and liability premium rating formulae include a loss experience modifier for each subscriber so individual premiums can fluctuate up to *plus/minus* 25% depending on the subscriber's claims experience measured on a five-year rolling basis against the CURIE average. We have had no property claims for more than ten years so we enjoy the maximum rate credit of 25% for good experience, however, CURIE's overall property loss experience has been very bad causing our premium to rise by nearly 25% last fiscal year. About 5% of this was due to increased insurable values. Our liability claims have not been quite as good over that period and our rolling five year loss ratio is around 30% so here we merit a rate credit of 15%. But because of CURIE's overall poor liability claims experience, our liability premiums jumped last year by over 21%. In any case, the three year revised premium rating strategy developed by CURIE's actuaries in 2004 has now been fully implemented so we can expect a moderating of future premium increases.

The charts below illustrate the comparative premium and claims experience for our main coverages over the past five years. All figures are shown by policy or calendar year.

Property Insurance



Liability Insurance



Note: Liability losses incurred include both paid and reserved claims, i.e. because liability claims generally take more than one policy year to settle fully, and the amounts can fluctuate based on claim development, these figures represent best available estimates as provided by CURIE and updated each year.

**CURIE allocated the entire assessment charge in 2004 ($303,371) to liability premiums, hence the very large percentage increase of 230%. Without this, the numbers are 150% and $519,569.*

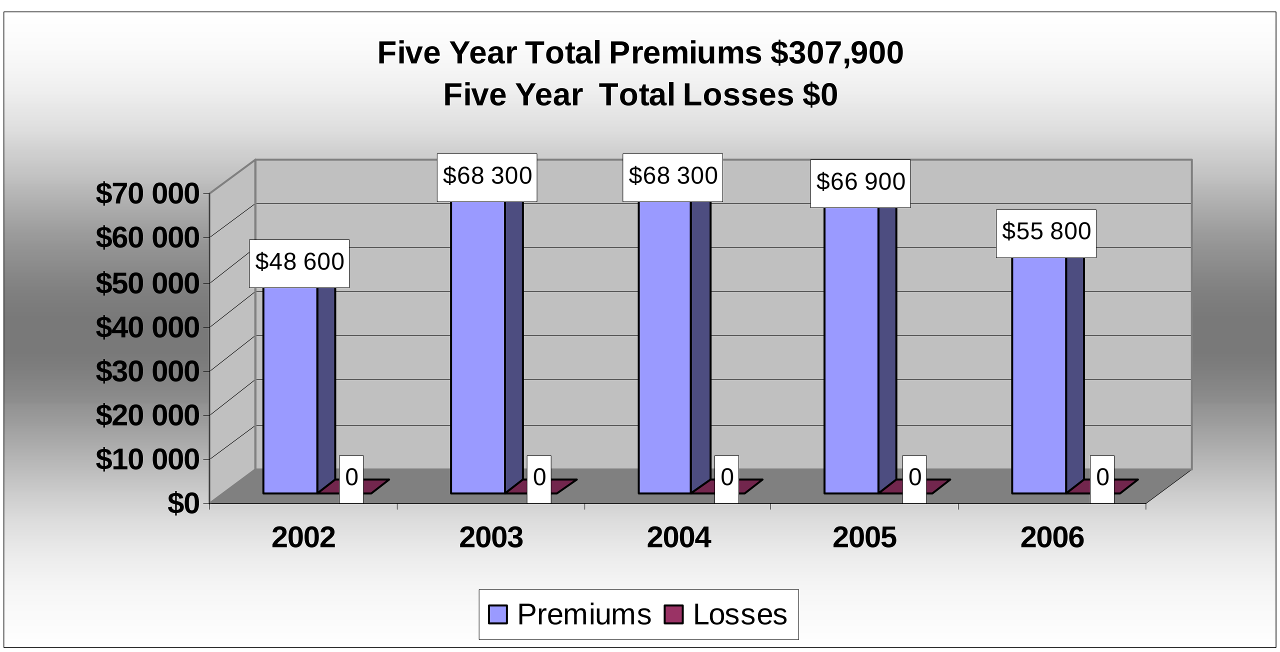
Non-CURIE policies are purchased through various insurance brokers and changes to these commercial contracts were relatively minor due to good claims experience, remarketing of certain policies and some emerging price competition in the commercial sector as detailed below.

We recently renewed the **boiler & machinery** policy with our incumbent carrier, Royal and Sun Alliance with whom we would like to foster a stable, long term relationship in spite of having two large losses in the last year. These claims are detailed elsewhere in this report. It should be kept in mind that our overall risk profile has expanded considerably due to our extensive capital works additions and this has a rising impact on our total B&M premium expense.

Boiler & Machinery Policy

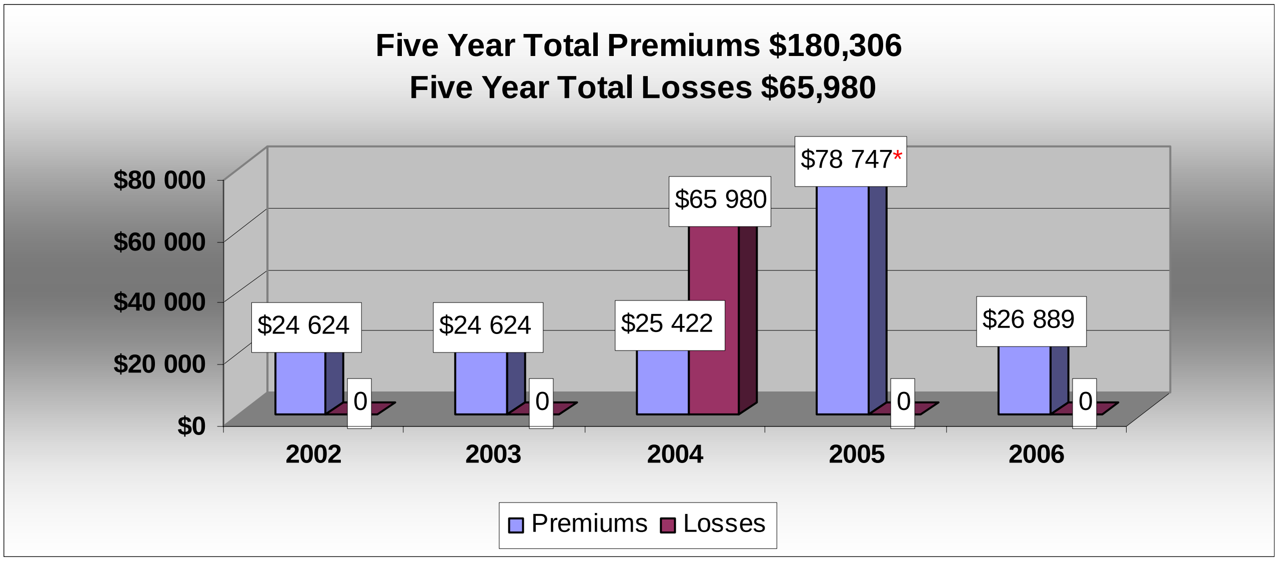
We've now been claim-free for nine years under our **crime/fidelity** policy since the one large defalcation claim in 1998 so we were able to renew this policy with lower cost at expiring coverage terms. We carry a comprehensive fraud policy with a single insurer providing $15 million overall limit at various deductibles. Since the commercial market is getting more competitive, we will try to improve policy limits and terms at the next renewal in August, 2007.

Composite Crime Policy



Our **fine arts** policy renewed again under favorable terms but with a change of markets that resulted in increased limits per loss which were needed to reflect our higher insured valuations. Our claims experience has been good under this policy.

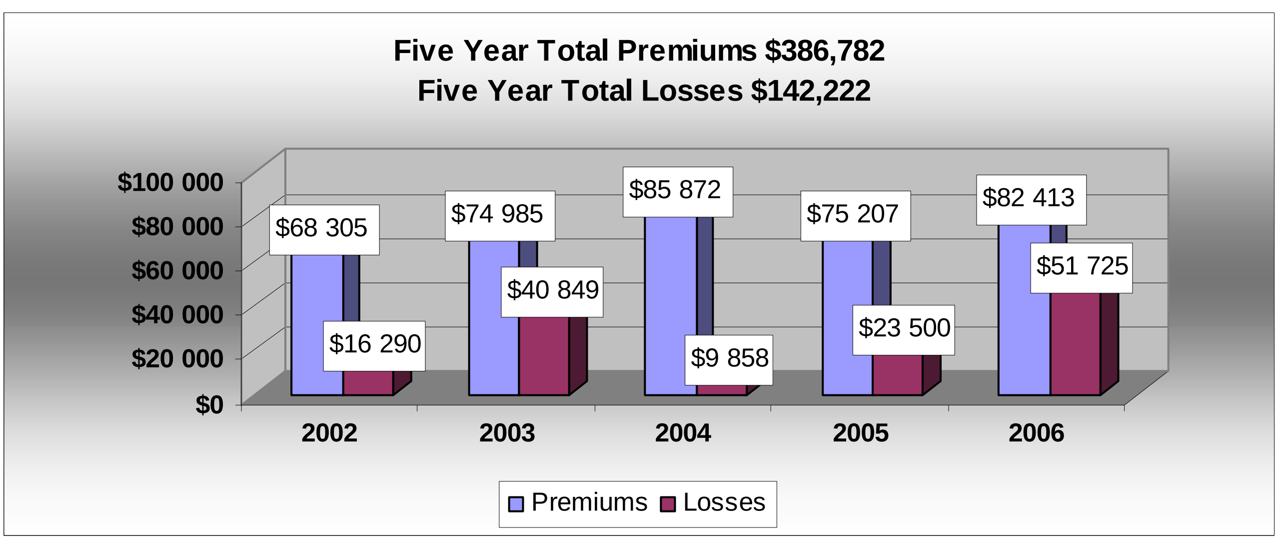
Fine Arts Policy



**In 2005, $53,325 of this was attributable to the one time hosting of the Picasso Exhibit at the University Art Centre so the premium otherwise was $25,422.*

The **vehicle fleet** policy premium stayed more or less level on a per unit basis at the renewal last summer because we had remarketed the policy and competed the incumbent broker the previous year to gain the best possible terms for the University.

Vehicle Fleet Policy



General Insurance Structure

Limits of Liability

Deductible per claim

MAIN PROPERTY

$750 million

"All Risks" of direct physical loss or damage to buildings and contents. Commercial market for $745 million excess of CURIE's primary $5 million limit.

Quota Share subscription policies in various excess of loss layers including FM Global, American Home, GCAN, Zurich, Scor, Allianz, ACE, Munich Re and Lloyd's.

$5 million
100%
CURIE
net per loss
(with 0% reinsured)*

$250,000

BOILER & MACHINERY

$100 million

Accidental Machinery Breakdown

100%
Royal and Sun Alliance

$15,000/ $100,000

*** On the property side, CURIE is no longer able to buy stop loss reinsurance to reduce its $5 million per loss retention to $2.5 million but CURIE still buys annual aggregate reinsurance to $7.5 million. Therefore, its maximum per claim exposure is $5 million and its maximum total property claims exposure per year is $7.5 million.**

**** On the liability side, CURIE also purchases reinsurance from the commercial market in various layers above $5 million to build its policy limit up to $25 million for both CGL and E&O**

$10 million

Umbrella liability policy with GCAN protects for $10 million limit per loss above each of these policies so we have $35 million limit for CGL and E&O policies and $15 million limit for Vehicles

GENERAL LIABILITY

$25 million

Comprehensive General Liability

$5,000

ERRORS & OMISSIONS

$25 million

Errors & Omissions Liability

$0

Both liability policies are 100% CURIE (with 80% reinsured)**

VEHICLE FLEET

$5 million

Liability & Accident Benefits

100%
Zurich Insurance Company

$0

COMPOSITE CRIME

$15 million

Fidelity, theft of money and securities

100%
Guarantee Company of North America

$15,000/ $50,000

INSURANCE RESERVE

We operate an internal reserve account for property claims as a restricted fund to pay the difference between the actual CURIE insurance policy deductible of $250,000 and a nominal 'responsibility' deductible of $2,500 which the individual department incurring a loss absorbs. This is set at a level that is intended to reinforce the custodial responsibility of departments for assets entrusted to them and has remained at $2,500 for many years. We look at the feasibility of raising it from time to time which would help slow the depletion of the reserve; however, it would also place a corresponding burden on departments who incur a loss. We intend the reserve to operate roughly in balance from year to year with paid claims being about equal to investment earnings, capital gains and other income, if any, so that the principal in the fund is preserved at not less than $1.5 million. For the past several years, losses have been higher than expected while revenue has been lower and so the reserve balance has been declining. As there is no expectation of any future CURIE dividend and investment earnings are insufficient to pay ongoing claims, we have signaled that the reserve may need an infusion of central budget funds at some point if we want to retain our existing internal claims protocol. The present reserve status is shown in the table below.

General Insurance Reserve
(Long Term Capital Appreciation Pool – LTCAP)

Number of LTCAP units *(as of April 30, 2007)*	7,827.24
Market value per unit *(as of April 01, 2007)*	$214.99
Payout rate per unit *(as of April 30, 2007)*	$7.14
Investment income for current year *(est.)*	$55,886
Claims paid in current year *(incl. claims from prior years)*	$343,224
Claims reserved *(through to April 30, 2007)*	$275,000
Premiums saved from self-insurance*	$36,178
Estimated reserve balance *(as of April 30, 2007)*	$1,682,763

*automobile collision and comprehensive; personal professional property floater.

At one time, CURIE paid out dividends to subscribers as surplus funds were declared free for distribution by its Board but there has been no dividend paid by CURIE since 1999 due to their poor claims experience. With the recent series of high rate increases due to their revised premium strategy and the $4 million assessment to members in 2004, CURIE's financial results improved again last year, finishing with $16.5 million surplus ($11.2 million in 2005). But the overall net result to us has been a near-tripling of our CURIE costs over the last few years. As noted earlier, we are doing a commercial market review of our property/liability insurance program since our current contractual commitment to CURIE runs until the end of 2007. CURIE's audited financial statements for 2006 and its annual report are available for review on request.

CLAIMS EXPERIENCE

The University's self-insured claims record was better in 2006/07 than the year before. Water damage claims continued to be troublesome and were either due to maintenance-related issues or accidental discharge from fire sprinklers caused by students in residence rooms. These types of losses tended to be more costly because of the rapid spread of water from floor to floor in high rise towers and latent concerns about mold remediation. But the generally moderate winter weather and better precautions by staff helped reduce the number of freeze-ups and burst water pipes that were problematic in previous years. Thefts of various types of electronic equipment were again a notable contributor to property loss frequency on our campuses (about 40% of incidents) and the main items stolen at all three campuses were laptop computers and other high value electronics (cameras, microscopes, sound equipment, etc). Water damage losses due to leaking roofs or pipes and other preventable causes (about 40% of incidents) accounted for the bulk of the dollar loss last year. Some of the water leakage losses can be attributed to the deferred maintenance problems highlighted in the report titled “Crumbling Foundations” which often manifest themselves as insurance claims. Others are due to misfortune, for example, the two incidents in residences where sprinkler heads were tripped by mechanical accident. But there was only one minor fire incident in a student residence and two minor vandalism losses so our record here is very good.

The total dollar loss for all property claims is projected to be around $330,000 for the year (about $400,000 last year). So far we've paid out $61,000 during this fiscal year and have reserved $275,000 for claims reported but not yet finalized. The largest self-insured loss ($150,000) was the mechanical injury to a fire sprinkler head in the new Morrison Hall Residence which caused thousands of gallons of water to escape before the system could be shut down and resulted in considerable water damage to furnishings, carpets and drywall throughout several floors. A second, similar accident involving mechanical damage to a sprinkler head happened in the new Woodsworth College Residence and caused about $30,000 damage.

With construction activity on our campuses ongoing, albeit at a reduced pace, accidents and insurance claims continue to happen. Since we purchase special ‘CoC’ construction policies for capital projects, these claims are handled outside the University's normal insurance stream and do not impact our regular policies. Over the past year we finalized several large claims including the water damage loss to a high value laboratory microscope at Terence Donnelly Centre for Cellular and Biomolecular Research ($70,665) and the theft from the roof of Leslie Dan Pharmacy Building of about 1,000 lbs of copper wiring and elements that comprised the structure's lightning arrestor system ($27,781) as well as the underground cable damage and power outage at Centre for

Biological Timing and Cognition ($76,864) and a number of minor dollar claims from various projects that were still outstanding. We did not have any large new claims on our various construction sites during the past year; there were only a few minor incidents, none of which are expected to materialize as insurance claims.

There were two significant claims under our boiler & machinery policy last year so our eight year record without any large losses ended when a large, old chiller that was due for replacement at the end of the cooling season failed catastrophically in June, 2006. The cost to maintain cooling in UTM buildings during the summer months until the new chiller could be installed resulted in a net claim paid by insurers of $372,938. The other large breakdown loss under this policy was a failure involving the expansion joint support for the high temperature hot water line in the steam tunnel just before students were scheduled to return to classes last September. The work had to be expedited so insurers paid a net claim of $179,268 under the policy. These two accidents resulted in a premium rise of more than 30% at policy renewal on April 30, 2007 and will likely contribute to higher premiums in future years as well.

There were no claims under our fine art and crime policies so we continue to enjoy excellent loss experience under these contracts. Vehicles owned or rented for University use in the field are a different story. We had three 'constructive total loss' claims under our vehicle fleet policy, two by Forestry graduate students while doing fieldwork using new, leased vehicles ($52,705) and one by a UTSC graduate student driving an older, University-owned pickup truck in the Yukon ($10,500). The latter vehicle was being driven on an icy road when the student lost control and rolled into a ditch, fortunately without injury to himself, but the truck was a write-off. The two Forestry accidents both occurred on gravel roads when the driver hit a road hazard (rock, pothole) and rolled the vehicle into the ditch. These are not the first serious accidents combining vehicles, field research and graduate students and so we have initiated a risk management dialogue with the departments involved to offer guidelines for safe vehicle use, driver training and to stress the importance of accident prevention.

Legal liability claims remained reasonably constant in frequency last year and there were no new, serious injury, large dollar lawsuits launched against the University that would fall within the coverage afforded by our comprehensive general liability insurance policy with CURIE. However, there are a number of continuing claim files we are actively monitoring.

There are hundreds of incidents reported to the Risk Management and Insurance Office each year, especially from our athletics and recreation facilities, which are reviewed for risk information and remediation purposes as necessary and most of these do not materialize as claims. But there are dozens of other potential liability incidents reported as well, many of which involve loss of balance accidents (aka ‘slip and falls’) and these trended lower last year as the winter was relatively mild with below average precipitation and moderate amounts of snow and ice. We opened 13 new liability claim files last year and 7 of these were loss of balance accidents on our premises under the Occupiers’ Liability Act involving students or members of the general public. A certain frequency of such occurrences is to be expected for an institution of our size despite best efforts to maintain our premises in safe and proper condition. These claims generally range between $500 and $5,000 per incident and they are handled through our internal protocols to the extent possible. More serious accidents are reported to our liability insurer.

The Risk Management and Insurance Department also acts as a paralegal intermediary in recovering funds from third parties for damages caused to University property including buildings, equipment and grounds. Many of these are driving accidents where motorists hit building walls, fences, bollards or light standards. There were twelve noteworthy incidents of this type last year and the amounts recovered or in process of recovery total about $66,000. The largest is for water damage to a mass spectrometer by an outside contractor working in Medical Sciences Building ($22,500). In addition, there is the continuing litigation against the City of Toronto for the water damage to the Rotman School of Management when a City water main ruptured in February, 2004 and caused nearly $80,000 in damage to the interior of the building and adjacent grounds. The dispute with the City centers on the time it took them to shut off the water, which flowed for more than ten hours after being reported, so the amount of water that escaped caused far more damage than it should have. The City has denied liability.

RISK MANAGEMENT

Risk management, in terms of its applicability to insurance, is defined as the process of identifying and analyzing potential loss exposures in order to select the best way to protect assets and reduce loss possibilities. Risk is all around us and claims will always occur, but their impact can be minimized and contained within acceptable limits through an effective risk management program. The Risk Management and Insurance Department strives to be a consultative expert resource to the University community in advising about insurance, claims and paralegal issues related to risk management.

We continue to see a high level of activity in respect to contracts entered into by constituencies of the University such as student work placements especially in the clinical health sciences. Over time, there has been a heightened awareness within the University community about the risks associated with contracting to provide or receive services. This has led to a more balanced risk sharing environment with outside parties through better coordination and review of contracts. Examples include liability waivers and consent forms for student activities such as practicums or field trips, affiliation agreements with health care providers, volunteer agreements, construction contracts and facility/space rentals. These contracts, among others, are reviewed and advised by the Risk Management and Insurance Department to make sure the University's interests are adequately and fairly protected.

The Risk Management and Insurance Department continues to act as a resource to the University community about ways and means to reduce thefts of computers and similar 'target risk' equipment in order to alert departments about security measures which are available and to put them in touch with specialist suppliers of security devices. These range from local and central alarm systems and video camera surveillance to various types of locking or fastening cables, brackets and internal chip/memory securing mechanisms. While these devices act as deterrents to some degree, there is no 100% guaranteed measure to stop the determined thief, however, as our reducing claims frequency attests, our efforts seem to be having an overall beneficial effect.

As noted above, we have initiated a risk management dialogue with departments who lease vehicles, usually brand new pickup trucks or sport utility type vehicles, to use for summer field research activities, often involving graduate students. These vehicles are put to use in the rural areas of Ontario, both off road in the bush and on gravel roads, sometimes with the vehicle entrusted to only the student(s). Over the last few years, we have noted an increasing number of accidents, many small but several more costly, however, none as yet involving serious personal injury to driver or passengers. We are taking remedial steps to avoid bigger problems in future.

We continue to see an increasing tendency toward litigation in personal injury and civil liability matters, which is arguably a societal trend, but can sometimes border on the trivial. It often seems the only requisite for demanding monetary compensation is injury, real or imagined and regardless of fault or accidental circumstance. And lawyers are becoming involved in such situations as a matter of course and at a much earlier stage than ever before. This invariably means higher claim and expense costs as well as more time, adversarial wrangling and added complexity to resolve. The Risk Management and Insurance Department tries to prudently manage the University's claim litigation resources to keep dollar outflows to a minimum.