

Districts Mutual Insurance
Enterprise Risk Management
Briefing

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DMI and ERM

ERM Discussion outline

1. Introductions & meeting expectations
 - What is ERM: Overview
 - Definition
 - How does it differ from traditional Risk Management
2. Standards
 - COSO
 - ISO 31000
 - Others
3. Benefits of implementing ERM in higher ed
4. Challenges
5. Risk identification
 - What are material risks
6. Defining a structure to fit each institution's culture
7. Implementation Process
8. Embedding an ERM culture across campus
9. Sustainability challenges and solutions
10. Getting stated
 - *Phase 1:*
 - Introduction to ERM to senior administrators
 - Formation of Risk Council
 - Risk Identification (Material risks only)
 - Risk prioritization
 - *Phase 2:*
 - Risk mitigation and avoidance techniques
 - *Phase 3:*
 - Evaluation for effectiveness and sustainability

Q&A



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Why Enterprise Risk Management?

Enterprise Risk Management (ERM) is a process by which a college or university identifies and manages its material risks in order to enhance and protect its reputation, and its financial and human resources to assure its competitiveness in attracting the best and brightest students.

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What are Material Risks?

Essential operations AND essential employees

When do they become critical?

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Who within Higher Education promotes ERM?

- The Association of Governing Boards of Colleges and Universities (AGB)
- The National Association of College and University Business Officers (NACUBO)
- The University Risk Management and Insurance Association (URMIA)

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What other colleges and universities have or are implementing ERM?

- *Auburn University*
- *Georgetown University*
- *Lehigh University*
- *Maricopa Co. Community College District (AZ)*
- *University California – Davis*
- *University of Denver*
- *UNC System (Chapel Hill)*
- *University of Notre Dame*
- *University of Vermont*
- *University of Wisconsin*
- *Yale University*

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Benefits of ERM

- *At its most effective, ERM manages opportunities, not just risks*
- *Aligns financing and mitigation strategies with university strategy*
- *It improves morale*
- *It prioritizes risks so that not everything is urgent*
- *The institution's total cost-of-risk becomes predictable*
- *A planned predictable response for all worse case scenarios*
- *Enhanced reputation*
- *The university becomes the institution of choice for students, faculty and staff*

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How do you know when you have an effective ERM process in place?

- When there is a culture of identifying and evaluating risk at all levels of the institution
- When there is risk ownership assigned and accountable
- When there are agreed upon risk mitigation techniques and resources are made available to employ those techniques
- When a process is embedded in the budget cycle to fund mitigation techniques
- When risk management is integrated into strategic decisions and everyday operations

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UCD's definition

- *All levels self-assess + Information and solutions are shared = A risk intelligent campus*

Maricopa's definition

- *When a risk nervous system runs throughout the campus*

Risk Calculation

- Risk = Threat x Vulnerability x Cost

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Role of a Risk Council

- To stay informed of best practices
- To provide ongoing guidance and assistance
- To advocate for resources when needed and available
- To assist in identifying and addressing campus-wide risks