

# Spotlight on Risk

October

"Focusing on Risk Management News and Information for Baylor University"

2009

*Spotlight on Risk (SOR)* is an electronic newsletter produced by Baylor University Department of Risk Management. The purpose of *SOR* is to provide specific and general information regarding risk management as well as heighten loss prevention awareness and increase participation among everyone here at Baylor University.

Please take ownership in this publication. Risk Management welcomes your comments and suggestions. We encourage all Baylor employees and students to join us in a proactive partnership in addressing issues that have the potential to negatively impact Baylor University.

Our goal is to give you a better understanding of risk management as well as assist you in managing, eliminating and/or reducing the University's exposure to risks.

The *Spotlight on Risk* communiqué will be distributed electronically at least quarterly. **Please post and/or copy for those without email accessibility).** ~

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## COMING SOON !

### ENTERPRISE RISK MANAGEMENT (ERM)

In the near future, you will be provided an overview on the increasingly important Role ERM is playing in the day-to-day operations of organizations both large and small. Higher education has become a dynamic and fluid environment that generates and assumes considerable risk. According to *Enterprise Risk Management for Colleges and Universities*, some of the factors contributing to change over the past decade include, but are not limited to, Globalization, The Economy, Competition and Student Demands, Threat of Campus Violence and New Laws and Regulations.

In 2007, the Office of General Counsel and the Department of Risk Management developed an Operational Plan to begin implementing pieces of Enterprise Risk Management (ERM) to more effectively address risks at Baylor University. The ultimate goal is to develop a Risk Portfolio within an integrated control framework for managing business risks.

#### What is ERM?

Enterprise Risk Management has been defined in one way as a "process...across the enterprise, designed to identify potential events that may affect the entity, to manage risk and to provide reasonable assurance regarding the achievement of the entity objectives." It is an evolution from managing in "silos." Risks have been generally categorized as strategic, operational, financial, compliance and reputational.

The ERM process is about identifying risks, measuring their impact, assigning ownership of the risk and creating a framework for reporting actions taken to mitigate risks and maximize opportunity. ERM leads to better management of resources and capital. ~



Warren A. Ricks, CRM, Assistant VP & Chief Risk Management Officer, believes...*ERM is simply "good management" and executing it is clearly management's responsibility. Department heads, campus-wide, are in the best position to identify risks and develop ways to mitigate them. We are embarking upon a journey and recognize risks are constantly changing and becoming more complex. If we all view ERM as a part of our daily job, the initiative will be successful.*

# Spotlight on Risk

## Risk Management Hosts ICUT Environmental Compliance Audit Initiative

Baylor University Risk Management hosted the first Texas Environmental Compliance Peer Audit Training in August 2009. As a part of membership with Independent Colleges and Universities of Texas, Inc., Baylor University joined over 60 other Texas colleges and universities in an environmental peer audit program. This program was made possible through an agreement with the Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (TCEQ) to accept findings of a peer auditing process as a means of improving environmental issues at all participating colleges and universities.

Training was provided by Halloran & Sage LLP, Attorneys at Law and HRP Associates, Inc. Environmental/Civil Engineer & Hydrogeology. Training participants were faculty and staff with varied backgrounds and areas of expertise from Texas institutions as well as participants from Arkansas, Florida, South Carolina and Connecticut. Participants learned environmental regulatory issues specific to higher education and toured several areas of Baylor University's campus while learning practical approaches to identifying and performing mock inspections.

The need to remain current with annual environmental requirements and keeping abreast of new regulations poses a challenge for all industry types.



**The ICUT Environmental Compliance Program was a success. Participants (pictured above) represented Texas, Arkansas, Florida, South Carolina and Connecticut. For more information, contact Alan Stover – Environmental Health & Safety Manager at 710-7075.**

The assurance that employees are receiving up-to-date information from trained and licensed instructors as the best possible value is critical. Trained environmental auditors will participate in detailed campus audits until all participating Texas colleges and universities are properly audited for their environmental impact. You can expect to see the audit team on Baylor University campus in the Spring of 2010. ~

**ICUT, Independent Colleges and Universities, Inc., has fulfilled its mission of helping policymakers recognize the importance and value of the independent sector of higher education for more than 40 years by successfully articulating the sector's needs and aspirations.**

## FIRE EXTINGUISHER TRAINING



A portable fire extinguisher is a "first aid" device and is very effective when used while a fire is small. No one at Baylor University is required to fight a fire as a part of his or her responsibility; however, the use of a fire extinguisher that matches the class of fire, by a person who is well trained, can save both lives and property. Contact **Chris Sutherlun**, Fire & Occupational Safety Coordinator at #7211 to schedule training.



## Coverage Q's & A's

**Q. If Baylor faculty host students in their home for a meal or a function and one of them has an accident and then later decides to sue the faculty, would the faculty's homeowners insurance respond?**

A. The liability protection provided by a homeowners insurance policy generally contains an "exclusion" for injury arising out of, or in connection with, the occupation of the homeowner. Whether or not the homeowners' insurance company would conclude that such a meal or function in his home was related to his profession or occupation remains to be seen. It is quite likely that the insurance company "would" provide coverage. Baylor employees are "insureds" under Baylor's Commercial General Liability insurance policy. As "insureds," employees have liability insurance protection under Baylor's policy for acts within the scope of their employment or while performing duties related to Baylor University.

**Q. In the event a sports clinic is not sponsored by Baylor University; however, Baylor's equipment is used and an employee of Baylor serves as a coach, is Baylor University and the coach covered under Baylor's policy?**

A. In the event of an accident, coverage is available for Baylor University; however, the policy would not respond to the coach unless he is working in his capacity as an employee of Baylor University.

**Q. During fall break, a student makes the decision to drive her personal vehicle to a "service mission" location on behalf of Baylor and is involved in an accident. Is there coverage under Baylor's policy for her?**

A. Whenever a personal vehicle is used for Baylor business, the insurance follows the vehicle which means in the event of an accident, the owner's insurance is primary. Should the owner have no insurance or inadequate coverage, Baylor's policy would provide excess coverage.

*Special Thanks to Wes Bailey, Bailey Insurance*

## Baylor University 2009 Crisis Management Functional Exercise

It was not so surprising that a tornado would turn out to be the scenario for this year's Crisis Management Disaster Drill on Baylor University campus. Here in Tornado Alley, school children learn to "duck and cover" and all of us stay away from windows. Baylor Administration knows that disaster preparation does not stop there, and leaders have to ask not only, "What if", but "What next?"

On July 9<sup>th</sup>, at approximately 8:00 a.m., members of the Baylor University Crisis Management Team and the Incident Support Team gathered to engage in an exercise to test Baylor's response to a crisis. Consultants simulated a tornado which struck the campus in "real time", damaging buildings, knocking-out internet communication and interrupting classes and camps. Using an internal simulation system, team members were inundated with telephone calls from media, questions from concerned parents and demands for forward planning from professors and camp directors. Campus-wide, departments and services were affected as participants were forced to make quick decisions about where to evacuate students, how to feed campers, best responses to media inquiries, search and rescue attempts, and long-term planning about summer session and recovery of systems.

As an exercise, participants agreed the drill was effective in highlighting areas that need improvement as well as demonstrating the need for good communication. Thanks to all who made the drill a success and here's hoping that our plans will be tested only in simulation!



For additional information, contact:  
**Leigh Ann Moffett, Crisis Management/Business  
Continuity Coordinator at 710-6695.**

## Our Mission

The mission of the Baylor University Department of Risk Management is to provide, in concert with the University's Vision 2012, a comprehensive risk management program that includes fire/general safety, radiation safety, laboratory safety, asbestos/indoor air quality and crisis management that contributes to the health, safety and protection of employees, students and visitors, while also protecting the University's physical and financial resources.

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### STUDENTS SPECIAL EVENTS PLANNING

#### *STEP 1: Department Student Activities Approval*

1. Complete Student Activities Form "Organization Event Application."
2. Gain approval from Student Activities for your event.

#### *STEP 2: Department Risk Management Approval*

1. Complete Risk Management Special Events Form
2. Submit form to Risk Management (FAX 710-6256)
3. You will receive "Notice of Receipt" by email.
4. You will receive either:
  - ⇒ Final Approval Notice;
  - ⇒ Conditional Approval/Additional Info Needed (Conditional Approval/Additional Information Needed Notice will specify special conditions that must be met in order for final approval), or
  - ⇒ Special Event Committee Notice

#### *STEP 3: Special Event Committee Approval*

1. Arrive Promptly at the designated location
2. Provide a 5 minute, detailed description of event.
3. Discuss & list any contracts & vendors involved.
4. If handout are prepared, 15 copies are needed.
5. Once your presentation is concluded, your event will receive
  - ⇒ Approval
  - ⇒ Conditional Approval
  - ⇒ Request for Additional Information

For additional information, contact **Jean Montgomery, Director Risk Management Support Services #8990** and/or see link below.

**[www.baylor.edu/risk\\_management](http://www.baylor.edu/risk_management)**  
Click on Special Events.