

		Probability/Frequency that Something Will Go Wrong					Risk is the chance of something happening as a result of a hazard or threat that impacts one's business activity or planned event. It rises out of uncertainty. There should be a healthy balance between the cost of managing risk and the benefits one expects from taking a particular risk.
		Categories	Frequent	Likely	Occasionally	Seldom/Rarely	
<b>Impact/Severity of the Risk</b>	<b>Catastrophic:</b> Fatality, perm injury or damage > \$1,000,000.00	Extremely High Risk	Extremely High Risk	High Risk	High Risk	Moderate Risk	
	<b>Critical:</b> May cause severe injury, major property damage, financial loss or negative publicity	Extremely High Risk	Extremely High Risk	High Risk	Moderate Risk	Moderate Risk	
	<b>Marginal:</b> May cause minor injury, illness property damage, financial loss or negative publicity	High Risk	High Risk	Moderate Risk	Moderate Risk	Low Risk	
	<b>Negligible:</b> Hazard presents a minimal threat to safety, health and well being of participants; trivial	High Risk	Moderate Risk	Moderate Risk	Low Risk	Low Risk	
	<b>No Impact:</b> No impact to University due to activity or event.	Moderate Risk	Moderate Risk	Low Risk	Low Risk	Low Risk	

**5 areas of concentration:**  
 Strategy                      Operational  
 Financial                      Compliance  
 Reputation

**Measurements of Risk:**  
 1. Costs of Risks  
 (includes the cost of insurance premiums; verdicts and settlements; write offs; penalties and fines)  
 2. Frequency & Severity  
 (pure risk management)  
 3. Likelihood & Consequences  
 (enterprise risk management)

Unwanted risk needs to be avoided, reduced or controlled.

High Impact/Consequences	<b>Prevent/Avoid</b>	<b>Insure</b>
Low Impact/Consequences	<b>Prevent/Retain/Insure/Manage</b>	<b>Retain/Manage</b>
	High Probability	Low Probability

<b>Insurable Risks</b>	Large number of exposure units Accidental and unintentional Determinable and measurable Not catastrophic Chance of loss must be calculable Premium must be economically feasible
<b>Risk Handling</b> Retain/Manage/ Prevent/Avoid	Examine costs for losses Consider active and passive retention Consider traditional or non-traditional exposures Identify trends looking for savings opportunities Evaluate retention level considering internal financing Evaluate retention level considering insurance Communicate expectations and potential impact