

# Board of Directors Policy Manual

Policy Statement  
Policy No.: 8.04

APPROVAL: 10/08

## RISK MANAGEMENT

### I. PURPOSE

The S.A.V.' objective, with regard to risk management, is twofold:

A. Safeguard as far as reasonably possible, the volunteers and the public against the loss of life or personal injury.

B. Shield income potentials and the financial integrity of the S.A.V. against the effects of risks of accidental loss.

II. In support of these objectives, a systematic risk management plan shall be adopted to minimize the S.A.V.' cost-of-risk and to assure continuation of its operations without interruption. This risk management policy sets forth guidelines for: exposure identification, evaluation, control, and funding of risk.

### III. EVALUATION OF RISK

A. After exposures to accidental loss are identified, they shall be subjected to evaluation of their financial risk through measurement of their probable frequency of occurrence and their probable financial severity.

B. The Vice President, as Chief Financial Officer, is responsible for defining risk evaluation and for administering the process.

### IV. RISK CONTROL

A. Following evaluation of risk, logical approaches shall be designed and adopted to control risk. Risk control is defined as those activities designed to eliminate the risk of accidental loss where economically appropriate and, otherwise, to reduce both frequency and severity of accidental loss.

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B. Risk control approaches can be divided into two general categories: risk control standards and risk control administration and compliance. Risk control standards shall establish criteria for the quality and scope of risk control effort expected in regard to specified elements of risk.

### V. RISK FUNDING

Some losses will occur regardless of all reasonable efforts made to reduce or eliminate risk. The S.A.V. practice shall be to purchase insurance against that degree of financial risk attending the unforeseen, unpredictable accidental loss that exceeds the Corporation's financial ability to self-assume on a predictable basis.

### VI. INSURANCE

A. The Vice President shall determine the types and levels of insurance consistent with the Corporation's cost-of-risk objective and with the preceding provision regarding self-assumption. The Vice President is also responsible for the selection of insurers subject to approval by the Board of Directors.

- B. Types of insurance shall include, but not be limited to:
1. Operations.
  2. Directors.
  3. Commercial crime.
  4. Business custom.
  5. Property.
  6. Vehicles.