**Course Description**

This course provides an advanced study of commercial property insurance and risk management. We will examine major commercial property loss exposures, perils, and hazards faced by an organization and appropriate treatments. Various insurance coverage and specific insurance forms will constitute a large part of the material, however non-insurance risk management techniques will also be discussed. The course is guided toward the professional CPCU exam; however, this exam will not determine the entire content or pace of the class. Throughout the semester students will have the opportunity to demonstrate their understanding through discussion, quizzes, exams and a project. The course syllabus provides a general plan for the course; deviations announced to the class by the professor may be necessary.

**Course Objectives**

For all students, the main goal of this course is to gain a thorough understanding of commercial property insurance and risk management. The following specific objectives will guide us to this achievement.

- Evaluate risk management issues associated with property exposures.
- Explain the major methods available to manage property risks, especially the financial tools available.
- Develop a foundation of the theoretical (economic and financial) arguments for appropriate uses of these tools.
- Prepare interested students to take and pass the CPCU 551 exam.
- Encourage students to present their own analysis in a confident, organized and coherent manner.

**Course Materials**

- **Required**: Supplemental readings and documents available from the class web page (CW)

**Academic Integrity**

You are responsible for maintaining the highest standards of honesty and integrity in every phase of your academic career. The penalties for academic dishonesty are severe and ignorance is not an acceptable defense. All students must abide by the code of academic honesty of the University of Wisconsin – Madison which is available from the Office of the Dean of Students or the following website: [http://www.wisc.edu/students/saja/misconduct/academic_misconduct.html](http://www.wisc.edu/students/saja/misconduct/academic_misconduct.html). You are responsible for informing yourself about these standards before performing any academic work. It is my responsibility to uphold the University’s academic honest policy and report my suspicions of dishonesty to the Office of the Dean of Students.
**Attendance**

Lecture attendance is strongly advised. Exams will be based primarily on material covered in class. Should you miss a day of class for any reason, please get lecture notes from another student.

Class attendance is mandatory when guest speakers are scheduled. Guest speakers will be announced in advance. Failure to attend any guest speaker class session will result in a discretionary reduction of your course grade. Further, you are expected to be courteous and respectful to guest speakers. This includes arriving on time, being attentive, and demonstrating interest by participating and asking appropriate questions.

**Exam Policy**

There will be two exams during the semester, one midterm and one final exam. The final exam will be comprehensive, but with an emphasis on the most recent material. Exam topics will be announced the week prior to the exam. All exams will be closed book and closed notes. Exams will consist of multiple choice questions, quantitative problems and short answer questions. Exam material will come from lectures, text, and any material distributed in class or through the course web page (see below).

Please do not miss an exam. If you should miss the midterm exam because of a University approved excuse (e.g. written medical excuse), your final exam score will be used as the score for the missed exam.

Graded exams may be handed back in class, discussed, and returned back to me. You are not allowed to remove any exam, graded or un-graded, from the classroom. In addition, you are not allowed to copy exam questions in any format. You are welcome to review your exam in my office during office hours or by appointment. Any violation of these policies is considered a violation of the code of academic honesty.

**Quizzes**

Quizzes will be given in class throughout the semester. If you miss a quiz or arrive in class once a quiz is already underway, you will receive a grade of zero for that quiz, regardless of the reason for your absence or tardiness.

**Group Project**

Please see the separate handout for details on the group project.

**Grade Composition**

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
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</thead>
<tbody>
<tr>
<td>Midterm Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>35%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>10%</td>
</tr>
<tr>
<td>Project</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Grade Scale**

Lower bounds for AB, BC, C, and D final grades will be no higher than 90, 80, 70, and 60 percent of the total available points, respectively. All other grades (A, B and F) will be determined at the end of the semester based upon the performance of the class. Grades will be curved if necessary.

**WEB Resources**

A course page has been established as a means for me to efficiently administer this class. The web page allows you to obtain a copy of the syllabus, obtain lecture notes, link to other important web pages, etc. You are responsible for accessing the course web page on a regular basis. You may log on to the web page through the following address: [http://courses.bus.wisc.edu](http://courses.bus.wisc.edu).

**Email**

Announcements regarding the class may be sent from me to you via email. Any announcement sent via email is assumed to be communicated to the entire class. Thus, it is imperative you check your email regularly.

I will answer simple, factual questions via email; however, more thoughtful questions need to be asked during class or office hours. Email is useful for simple communication but is limited in the ability to develop firm understanding of material. Should you need to email me, please type RMI 610 in the subject line. Otherwise, your email may be filtered into junk mail. I will respond to individual emails in a reasonable amount of time.
**Actuarial Science, Risk Management and Insurance (ASRMI) Homepage**

The address for the ASRMI homepage is [http://www.bus.wisc.edu/asrmi/](http://www.bus.wisc.edu/asrmi/). For those interested in the major, you should familiarize yourself with this site. Important dates, events, and announcements related to the ASRMI program appear here, as well as information regarding Career Opportunities, Scholarships, Career Fair, and other important topics.

**Special Needs**

Any student who feels that he or she may need an accommodation for a disability of any sort should consult with me as soon as possible so that appropriate arrangements may be made.

**CPCU 551 Exam**

While not a course requirement, you are encouraged to take the CPCU 551 exam at the end of the October 15 – December 15, 2009 testing window or the January 15 – March 15, 2010 testing window. General registration information is available at [https://www.aicpcu.org/students/registrationbooklet.htm](https://www.aicpcu.org/students/registrationbooklet.htm). The cost of registering for the CPCU 551 exam is approximately $100 for full-time students if you adhere to the registration rules and deadlines provided at [www.aicpcu.org](http://www.aicpcu.org). Additional information regarding CPCU exams may be obtained at [www.aicpcu.org](http://www.aicpcu.org) or by phoning (800) 644-2101. You are responsible for registering for the CPCU exam.

In addition to commencing toward achieving the most prestigious designation in the property-casualty profession, if you pass the CPCU 551 exam in either of the two aforementioned testing windows, you may request to have your grade for this course raised by one level (e.g. AB to A, B to AB, BC to B, etc.).

**Course Guides**

You are encouraged to make full use of the CPCU 551 Course Guide; especially if you plan on taking the CPCU 551 Exam. We will do many of the Application Questions in class. Completing the Review Questions is optional, but you will find these beneficial as well. Quizzes and exams for this course, as well as the CPCU 551 Exam, are almost certain to contain some questions that are similar to the Review Questions. Prior students taking the CPCU 551 Exam found that completing the Review Questions on a weekly basis was helpful in learning and retaining material.
Fall 2009
RMI 610 – Property Risk Management
Schedule of Topics and Text Readings*

All readings are to be done prior to class. Additional material, such as handouts, notes, announcements, review problems, etc., should be retrieved from the course web page prior to class. Please come prepared.
*The schedule is subject to change. Actual depth of coverage will depend on available time.

Commercial Property Risk Control Chapter 1 (TF)
Introduction to Commercial Property Insurance Chapter 2 (TF)
Building and Personal Property Coverage Form Chapter 3 (TF)
Causes of Loss Forms Chapter 4 (TF)
Commercial Property Coverage Options Chapter 5 (TF)
Other Commercial Property Coverage Forms Chapter 6 (TF)
Business Income and Extra Expense Loss Exposures Chapter 8 (TF)
Business Income and Extra Expense Insurance Chapter 9 (TF)
Flood, Earthquake, and Specialty Forms Chapter 7 (TF)
Inland Marine and Ocean Cargo Insurance Chapter 10 (TF)
Commercial Crime Insurance Chapter 11 (TF)
Equipment Breakdown Insurance Chapter 12 (TF)
Businessowners Policies Chapter 13 (TF)
Industry-Specific Policies Chapter 14 (TF)
Surety Bonds Chapter 15 (TF)

Important Dates
RMIS Club Kick-Off Event: Wed, September 9
Submit Exam Conflict Form: Thurs, September 17
ASRMI Career Fair: Fri, October 9 (Fluno Center)
Midterm Exam: Thurs, October 29 (in class)
Project Update: Tues, November 10
No Class (Thanksgiving Recess): Thurs, November 26
Guest Speakers: TBD (in class)
Final Project Due Date: Thurs, December 10
Last Day of Class: Tues, December 15
Final Exam: Tues, December 22, 7:25pm–9:25pm
SUBMIT THIS FORM BY SEPTEMBER 17, 2009

If you have a conflict with any exam (including the final), complete the following. No other option for alternate exams is available.

With which exam do you have a conflict (midterm or final)? _______________________

What is the nature of the conflict? Please provide supporting information:

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

For purposes of possibly scheduling an alternative time, you must provide your schedule for the week of and following the exam. We must have this information for rescheduling.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

Your Name and e-mail: ______________________________________________________
Objective: The objective of this assignment is to provide students an opportunity to develop skills in risk management analysis, thinking and reporting. Students will apply material encountered in class to a real business setting of their choice. To experience work-like conditions, students will write a business report in a team context which may be presented to the business.

Description: Early in the semester, students will split themselves into groups of 4 or 5 (no more, no less). Each group will be responsible for evaluating an organization’s property exposures, both the physical assets and the income (or use value) produced by those assets. This evaluation should include an identification and analysis of the organization’s property exposures leading to specific recommendations of how best to manage variation in values. Recommendations may be simply to maintain current practices, or they may involve suggested changes in loss control (prevention/reduction), insurance coverages (policies/amounts/deductibles), and/or other financing mechanisms. A critical component will be the ability of each group to reason and justify its recommendations.

Information from Selected Organization*:
- Organization’s permission to conduct evaluation. This may be written or verbal, but should be documented.
- Organization’s vision, mission and risk attitude.
- Organization’s financial information (for analysis of business interruption exposures).**
- Organization’s current insurance policies (forms, limits, deductibles, etc.)
- Knowledge of organization’s activities, premises, exposures and hazards. This will likely require an inspection and conversation with the organization’s owner, manager or contact person.

* All information is kept strictly confidential. If necessary, I will sign an agreement indicating that I will not share any information about the organization with anyone else. Each group should be willing to do the same. Also, importantly, each group needs to be certain to return all documents provided by the organization.

** Most organizations will be hesitant to provide financial information. You might skim the business interruption chapter in advance to have a better idea of what you are trying to achieve with the financial information so that you can explain why you need it. Very rough estimates will satisfy my expectations.

Written Report: The corresponding written report should be precise and clear. It should be written in an informative, business style format. Length is not a plus when the same ideas can be presented in fewer words. I would prefer the report not exceed twenty pages. Graphs, tables, and charts are excellent tools for succinctly communicating any quantitative analysis. The report must also include a list of sources used or works cited.

Timeline:
Project Update: Tuesday, November 10
Provide an initial description of the organization your group will evaluate. Also, identify who your group members are and what is the responsibility of each member.

Final Project & Evaluation Form Due Date: Thursday, December 10

Final Thoughts: You should refer to this description throughout the semester. My intention is to orient most of our in-class discussion towards this particular project. More information, therefore, will be provided throughout the semester. Be certain to ask me to clarify issues as needed. You might also utilize other resources for guidance such as CCLB members, guest speakers, presenters and current/former employers. One thing I will not do is read a draft written report and comment on it because you would not provide a client with such a draft.
Each member of each group will submit an evaluation form reflecting their assessment of their group members, including themselves. Complete the information below including any additional remarks. If each member contributed equally, then assign each member a contribution value of 100%. If you feel that any member(s) did not contribute equitably, assign a value based on 100% of the effort put forth by a fully contributing member.

<table>
<thead>
<tr>
<th>Name</th>
<th>Contribution %</th>
</tr>
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<tbody>
<tr>
<td>Group Member #1:</td>
<td>________________</td>
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<tr>
<td>Group Member #2:</td>
<td>________________</td>
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<tr>
<td>Group Member #3:</td>
<td>________________</td>
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<td>Group Member #4:</td>
<td>________________</td>
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<tr>
<td>Group Member #5:</td>
<td>________________</td>
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Additional Remarks: