Course Description

This course provides an introduction to the different types of risks faced by businesses along with alternative methods of treating such risks. We will examine applications of these methods primarily with regards to property, casualty and liability exposures. First, we will gain a clear understanding of risk, the risk management process and risk analysis. Next, we will investigate noninsurance risk management techniques followed by a discussion of insurance. We will also examine contemporary issues and challenges in risk management and insurance. The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Course Objectives

- Teach the principles and terminology of risk management and insurance.
- Explain how corporations use the risk management process to control or finance their exposure to accidental loss.
- Discuss both ethical and global business issues as they relate to risk management.
- Explain approaches to decision making under uncertainty.
- Describe the economic problems presented by the insurance transaction.
- Build a foundation of understanding so that some of our society’s most important economic problems can be viewed intelligently.
- 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.

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.

Communication Devices
The use of communication devices (cell phone, iphone, blackberry, etc.) is not allowed during lectures or exams. Please disable your device prior to lectures so it does not become a distraction. Any student who uses a communication device during lecture will simply be asked to leave. Any student who uses a communication device during an exam is in violation of the code of academic honesty of UW – Madison.

Exam Policy
There will be two exams during the semester, one midterm and one final exam. The final exam will not be comprehensive. 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.

You are welcome to review your graded exams in my office during office hours or by appointment. You are not allowed to remove any exam, graded or un-graded, from my office or the classroom. In addition, you are not allowed to copy exam questions in any format. Any violation of these policies is considered a violation of the code of academic honesty of the University of Wisconsin – Madison.

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

Grade Composition
Midterm Exam 25%  Final Exam 25%
Project 50% (20% Presentations & 30% Written Documents)

Grade Scale
Lower bounds for A, B, 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.

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 700 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/. 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.

Advisen’s Free Upgrade to Professional Edition of Front Page News (FPN) for Risk Management Students

While not a course requirement, you are encouraged to take advantage of this offer. Historically, students have found Advisen’s FPN to be a great resource for RMI related news; especially when it came to discussing current events during interviews. Here are the details:

Register for your free copy of the Professional edition of FPN via Advisen’s Corner Store. Go to http://corner.advisen.com and select Insurance News and then Front Page News. Complete the request form for Subscribe Digest and they will automatically upgrade you to FPN’s Professional edition at no charge. This Advisen “Back to School Special” saves you $199. This offer is only available to students with an “.edu” e-mail address, so you must register for FPN listing your “.edu” e-mail address and indicate that you are a student. They will automatically change you to the Professional edition of FPN which allows you to read the full text of each story. Note “gmail.com, aol.com, etc.” will not work for this offer.

Contact the news circulation team via news@advisen.com with any questions.
Fall 2010
RMI 700 – Principles of Risk Management
Schedule of Topics*

All material, such as handouts, notes, announcements, 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.

Risk and Risk Management Challenges

Introduction to Risk
Risk Identification and Evaluation
Property and Liability Loss Exposures – Part (I)
Property and Liability Loss Exposures – Part (II)

Chapter 1, 2 (HN)
Chapter 3, 26.1-26.3 (HN)
Chapter 12 (HN)
Chapter 28, 29 (HN)

Risk Management Decision Making

Risk Aversion and Risk Management by Individuals and Corporations

Chapter 9, Appendix 9A (HN)

Risk Management Techniques: Noninsurance Methods

Loss Control and Risk Retention
Risk Pooling
Hedging with Derivative Contracts

Chapter 11, 22.1, 25.4 (HN)
Chapter 4 (HN)
Chapter 24 (HN)

Insurance Topics

Insurance as a Risk Management Technique
Insurance Market Simulation
Adverse Selection and Asymmetric Information

Chapter 10 (HN)

Important Dates

Submit Student Information Form: Thurs, September 2
Guest Speaker: Christy Kaufman, Senior VP, Marsh Tues, September 14
Submit Exam Conflict Forms: Thurs, September 16
Submit Group Project Members: Thurs, September 16
11th Annual ASRMI Career Fair: Fri, October 1, Grainger
Guest Speakers: Rich Michaels & Andrew Nottestad Thurs, October 7
Project Presentation 1: Thurs, October 14
Midterm Exam: Thurs, October 21 (in class)
Submit Written Strategic Risk Plan: Tues, November 2
Guest Speaker: Ray Van Eperen, Kimberly-Clark Corp. Thurs, November 11
CCLB Speaker: Terri Vaughn, NAIC Wed, November 17, Grainger, 5:30pm-6:45pm
No Class (Thanksgiving Recess): Thurs, November 25
Final Project Presentation: Thurs, December 9
Last Day of Class: Thurs, December 14
Final Exam: Thurs, December 14 (in class)
Final Written Report & Project Evaluation Form: Thurs, December 23
Objective: The objective of this project is to provide students an opportunity to develop skills in risk management analysis, thinking and reporting. Students will utilize material encountered in class to conduct an ERM evaluation of a rather unique organization, Wartburg College. Students will write a report for Wartburg College in a team context as well as present parts of their analysis along the way in class.

Description: There are essentially two parts to the group project. Early in the semester, students will split themselves into two groups of 4 or 5 as necessary. Each group will then first be responsible for developing a risk/heat map for Wartburg College and presenting their findings. This development will include identification and evaluation of the Wartburg’s exposures. The second part of the project will involve each student group analyzing one specific strategic risk area that will be assigned to them. Here, students will need to initially write-up a specific strategic risk plan on how they will ultimately determine recommendations for managing that risk. This plan should describe how they will acquire necessary data, and what analytical techniques or evaluation methods they plan to utilize in their analysis. A day trip to Wartburg College may be necessary to obtain the right data. Once the group’s analysis is complete, they will present their findings and recommendations to the class (and guests), as well as submit a final written report for Wartburg College. A critical component will be the ability of each group to reason and justify its recommendations.

Information from Wartburg College: All information obtained directly from Wartburg College is to be kept strictly confidential. Also, importantly, each group needs to be certain to return all documents provided directly by Wartburg College. If you are unsure about the confidentiality of an item, please ask.

Final Written Report: The corresponding final written report for the second part of the project 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. 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.

Proposed Timeline:
Guest Speaker: Christy Kaufman, Senior VP, ERM Consultant, Marsh
Submit Group Project Members: Thurs, September 16
Project Presentation 1: Thurs, October 14
Submit Written Strategic Risk Plan: Tues, November 2
Final Project Presentation: Thurs, December 9
Final Written Report & Project Evaluation Form Due Date: Thurs, December 23

Grading: The project constitutes 50% of a student’s overall grade. This 50% is determined by the following components of the project: 10% Presentation 1, 10% Written Strategic Risk Plan, 10% Final Project Presentation, 20% Final Written Report.

Final Thoughts: You should refer to this project description throughout the semester. My intention is to orient most of our in-class discussion towards this particular project. More detailed information, therefore, will be provided throughout the semester. Be certain to ask me or Christy to clarify issues as needed. You might also utilize other resources for guidance such as guest speakers, presenters and current/former employers.
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.

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<thead>
<tr>
<th>Name</th>
<th>Contribution %</th>
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<td>Group Member #1:</td>
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<td>Group Member #5:</td>
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Additional Remarks:
SUBMIT THIS FORM BY SEPTEMBER 16, 2010

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 detailed supporting information:

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

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

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

Your Name and e-mail: _________________________________________________
Fall 2010
RMI 700 – Principles of Risk Management
Student Information Form

Name _______________________

Email _______________________

Major(s)/Area(s) of Concentration _______________________

Expected Date of Graduation _______________________

Describe why you have chosen to take this course. What are your expectations? What do you hope to learn?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

What did you do during the summer of 2010? (e.g. internship, job, travel, etc.) Please provide some details such as who you worked for and where you worked.
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Briefly describe the nature of your internship/job/travels. What were your responsibilities? What did you enjoy most? What did you enjoy least? Would you recommend your experience to a fellow student?
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