University of Wisconsin – Madison
School of Business
Department of Actuarial Science, Risk Management and Insurance
Fall 2010
RMI 610 – Property Risk Management

Professor
Dr. Martin Halek
Office: 5299 Grainger
Phone: 262-1848
Email: mhalek@bus.wisc.edu
Office Hours: W 2p.m. – 5p.m. and by appointment

Class Hours: TR 4p.m. – 5:15p.m.
Class Location: 2120 Grainger

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 and exams. 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 any 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 the University of Wisconsin – Madison.

Current Events Analysis
Please see the separate handout for details on the current events assignment.

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.

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.

Quizzes
Approximately ten quizzes will be given in class throughout the semester. Quizzes may or may not be announced ahead of time. There will be no make-up quizzes for any missed quizzes. All quizzes will be closed book and closed notes. Quizzes will be during the first ten minutes of class. Your lowest quiz score will be dropped.

Grade Composition

<table>
<thead>
<tr>
<th>Component</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midterm Exam</td>
<td>30%</td>
</tr>
<tr>
<td>Current Events Analysis</td>
<td>15%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>40%</td>
</tr>
<tr>
<td>Quizzes</td>
<td>15%</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.
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/. 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, 2010 testing window or the January 15 – March 15, 2011 testing window. General registration information is available at https://www.aiicpcu.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.aiicpcu.org. Additional information regarding CPCU exams may be obtained at www.aiicpcu.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.

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 current RMI related news; especially when it came time to discuss current events during job and internship 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 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)
Flood, Earthquake, and Specialty Forms Chapter 7 (TF)
Business Income and Extra Expense Loss Exposures Chapter 8 (TF)
Business Income and Extra Expense Insurance Chapter 9 (TF)
Inland Marine and Ocean Cargo Insurance Chapter 10 (TF)
Commercial Crime Insurance Chapter 11 (TF)
Surety Bonds Chapter 15 (TF)
Equipment Breakdown Insurance Chapter 12 (TF)
Businessowners Policies Chapter 13 (TF)
Industry-Specific Policies Chapter 14 (TF)

Important Dates
Submit Student Information Form: Thurs, September 2
RMIS Club Kick-Off Event: Thurs, September 9, Grainger, TBD
CCLB Fall Kick-Off Event: Fri, September 10, Brittingham Park, 3-6pm
Submit Exam Conflict Form: Thurs, September 16
Submit Current Events Group Members: Thurs, September 16
Guest Speaker: Mondale Smith Thurs, September 28 (in class)
11th Annual ASRMI Career Fair: Fri, October 1, Grainger
Guest Speakers: Rich Michaels & Andrew Nottestad Thurs, October 7 (in class)
Midterm Exam: Thurs, October 28 (in class)
CCLB Speaker: Terri Vaughn, NAIC Wed, November 17, Grainger, 5:30pm-6:45pm
No Class (Thanksgiving Recess): Thurs, November 25
Submit Current Events Analysis: Thurs, December 9
Last Day of Class: Tues, December 14
Final Exam: Tues, December 21, 10:05am–12:05pm
Submit Group Members: Thursday, September 16
Current Events Analysis Due Date: Thursday, December 9

Objective: The objective of this assignment is to provide students an opportunity to analyze a property risk related current event that is of particular interest to them (i.e. the topic is not given) and to discuss their findings in a written manner. Given the numerous commercial property risk and insurance related topics, there should be no trouble finding a recent event that is of interest.

Description: In the first few weeks of class, students will split themselves into groups of 5. It is the responsibility of the student to establish themselves into a group. At the end of the semester each group will submit a written analysis of a commercial property risk related current event. Strict guidelines for selecting your current event are as follows:

✓ The current event must be pre-approved by me prior to submitting the written report.
✓ The current event must be within the last calendar year and must have clear relevance to the class.

Written Report: The written report should include the following:

✓ A brief summary of the current event. Do not simply re-write a related article(s).
✓ The motivation for choosing this topical event. Why did you select this topical event? Why is it of particular significance and from what perspective?
✓ A detailed analysis and discussion of how the event relates to our course material. This should constitute the majority of the report.
✓ Any further relevant insight you wish to discuss.
✓ A list of sources used or other works cited.

Given the group size and the amount of time allotted for this assignment, the report should be well written. It should be precise, clear and error free. Also, length is not a plus when ideas can be expressed in fewer words. The report should not exceed five pages with 1.5 line spacing and size 11 font. Graphs, tables, and charts are excellent tools for succinctly communicating any quantitative analysis.

Sources: The following are examples of acceptable sources for current events topics. You might also use the Advisen FPN resource to find an event that is of interest, and then use the following sources for more details.
- Wall Street Journal
- New York Times
- Best’s Review Magazine
- Business Insurance Magazine
- Risk Management Magazine
- Newsweek, Time, Businessweek, U.S. News & World Report

Examples: The following are examples of several recent events related to commercial property risks:
- Contaminated Drywall (Commercial Building Coverage)
- Building and Property Safety Issues (Loss Control)
- Hurricane Related Property Losses (Insurance Coverage, National Flood Insurance Program)
- Employee Dishonesty (Embezzlement, Arson, Racketeering)
- Property Loss Financing (Captives, Catastrophe Bonds)
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>
</thead>
<tbody>
<tr>
<td>Group Member #1:</td>
<td></td>
</tr>
<tr>
<td>Group Member #2:</td>
<td></td>
</tr>
<tr>
<td>Group Member #3:</td>
<td></td>
</tr>
<tr>
<td>Group Member #4:</td>
<td></td>
</tr>
<tr>
<td>Group Member #5:</td>
<td></td>
</tr>
</tbody>
</table>

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: _________________________
Name _______________________
Email_______________________
Major(s) ____________________
Expected Date of Graduation _______________

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.
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

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?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________