University of Wisconsin – Madison  
School of Business  
Department of Actuarial Science, Risk Management and Insurance  
Spring 2014  
RMI 615 – Liability Risk Management

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

Class Hours: TR 1p.m. – 2:15p.m.  
Class Location: 1185 Grainger

Course Description  
This course provides an advanced study of commercial liability risk management and insurance. We will examine major commercial liability 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. Non-insurance risk management techniques will also be discussed. 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 how risk management techniques can be used to address an organization’s commercial liability loss exposures. The following specific objectives will guide us to this achievement.

- Evaluate risk management issues associated with liability exposures.
- Explain the major methods available to manage liability 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 pass the professional Chartered Property Casualty Underwriter (CPCU) 552 Course – Commercial Liability Risk Management and Insurance.
- Encourage students to present their own analysis in a confident, organized and coherent manner.

Course Materials  
- A copy of the text along with the course guide are on reserve in the School of Business library.
- Supplemental readings and documents available from the class web page or distributed in class. (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 Dean of Students Office or the following website: 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 Dean of Students Office.
Attendance
Lecture attendance is strongly advised. Exams will be based primarily on material covered in class. Should you miss class for any reason, it is your responsibility to obtain 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.

Personal Electronic Technology
As per the Wisconsin School of Business policy, the use of personal electronic technology (e.g. cell phone, iphone, ipod, ipad, blackberry, laptop computers, mp3 player, etc.) is not allowed during lectures or exams. We believe that classroom use of such technology can serve as a distraction for the user, classmates, and the instructor, and can hinder instruction and learning. Please disable your device prior to lectures so it does not become a distraction. You may use a laptop computer for the sole purpose of taking notes during lecture. If you choose to do so, you must sit in the designated area where laptop computers are allowed. Any student who uses other technology during lecture will simply be asked to leave; consider this as your warning. Any student who uses any of the above mentioned technology during an exam is in 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.

Exam Policy
There will be two exams during the semester, one midterm and one final exam. The final exam may be comprehensive, but with an emphasis on the most recent material. Exam topics will be announced the week prior to the exam. 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. Conflicts with any scheduled exam (including the final) must be communicated by February 6, 2014 on the attached sheet. No other mechanism for make-up exams is available. 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 seven to 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 and will be during the first fifteen minutes of class. Your single lowest quiz score will be dropped.

Grade Composition

<table>
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<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm Exam</td>
<td>30%</td>
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<tr>
<td>Final Exam</td>
<td>35%</td>
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<tr>
<td>Group Project Analysis</td>
<td>20%</td>
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<tr>
<td>Quizzes</td>
<td>15%</td>
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</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: https://courses.bus.wisc.edu.

Email
Announcements regarding the class may be sent from me to you via mail. 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, office hours, or review sessions. 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 615 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://bus.wisc.edu/knowledge-expertise/academic-departments/actuarial-science-risk-management-insurance. 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.

Chartered Professional Casualty Underwriter (CPCU) 552 Course
While not a course requirement, should you earn a B or better as your final grade in this course, you are encouraged to apply for a course waiver for the professional CPCU 552 course. There is no cost in applying for this waiver as the usual $150 waiver fee is not being charged to students. Further details can be found at http://www.theinstitutes.org/e_campaigns/collegiatestudiescpcu.php.

Course Guides
You are encouraged to make full use of the CPCU 552 Course Guide (see course materials above). 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 are almost certain to contain some questions that are similar to the Review Questions. Prior students found that completing the Review Questions on a weekly basis was helpful in learning and retaining material. There is a copy on reserve in the School of Business library.

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/insurance_news_home.html. Complete the request form for Advisen’s Front Page News (FPN Digest) and Advisen will automatically upgrade you to the FPN Professional edition at no charge (regularly $249). This offer is only available to students with an “.edu” e-mail address, so you must register listing your “.edu” e-mail address and indicate 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.

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.
Schedule of Topics and Text Readings*

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

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<thead>
<tr>
<th>Topic</th>
<th>Chapter</th>
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<tr>
<td>Introduction to Commercial Liability Insurance</td>
<td>Chapter 1 (CK)</td>
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<tr>
<td>Commercial General Liability Insurance, Part I</td>
<td>Chapter 2 (CK)</td>
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<td>Commercial General Liability Insurance, Part II</td>
<td>Chapter 3 (CK)</td>
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<tr>
<td>Business Auto Insurance</td>
<td>Chapter 4 (CK)</td>
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<tr>
<td>Garage and Motor Carrier Insurance</td>
<td>Chapter 5 (CK)</td>
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<td>Workers Compensation and Employers Liability Insurance</td>
<td>Chapter 6 (CK)</td>
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<td>Management Liability Loss Exposures and Insurance</td>
<td>Chapter 7 (CK)</td>
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<td>Professional Liability Loss Exposures and Insurance</td>
<td>Chapter 8 (CK)</td>
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<td>Environmental Loss Exposures and Insurance</td>
<td>Chapter 9 (CK)</td>
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<td>Marine and Aviation Loss Exposures and Insurance</td>
<td>Chapter 10 (CK)</td>
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<td>Excess and Umbrella Liability Insurance</td>
<td>Chapter 11 (CK)</td>
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<td>Cyber Risk and Terrorism Risk</td>
<td>Chapter 12 (CK)</td>
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Important Dates

- Submit Student Information Form: Thurs, Jan 23
- RMIS Club Spring Kick-Off Event: Thurs, Jan 30, 6pm (Union South)
- Submit Exam Conflict Form: Thurs, Feb 6
- Submit Group Project Members: Thurs, Feb 6
- CCLB Spring Semester Social: Fri, Feb 7, 3pm (Great Hall - Memorial Union)
- Guest Speaker: Dwight Gribble, Tues, Feb 11
- Midterm Exam: Thurs, March 13 (in class)
- Group Project Update: Thurs, April 3
- Guest Speaker: John Mauthe, Tues, April 8
- No Class (Spring Recess): Tues, March 18 & Thurs, March 20
- Group Project & Evaluation Form Due Date: Thurs, May 8
- Last Day of Class: Thurs, May 8
- Final Exam: Thurs, May 15, 2:45 p.m. – 4:45 p.m.
Objective: The objective of this assignment is to provide students an opportunity to develop skills in liability 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 summary report in a team context which may ultimately be presented to the organization.

Description: In the first few weeks of class, students will split themselves into groups of 4 or 5 (no more, no less). It is the responsibility of the student to establish themselves into a group. Each group will be responsible for evaluating an organization’s liability exposures, including workers’ compensation and auto liability exposures, leading to specific recommendations. I will provide each group with a liability survey form to help in the identification and analysis of the organization’s liability exposures. Each group should summarize the findings of this survey pointing out not only deficiencies of the organization but also positive aspects of the operation. Finally, recommendations may be simply to maintain current practices, or 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.
- Liability survey form information. Each group will need to complete the project liability survey form provided to gain knowledge of the organization’s activities, premises, exposures and hazards. This will likely require an inspection and conversation with the organization’s owner, manager or contact person.
- Organization’s current commercial insurance policies (forms, limits, deductibles, etc.). The policies will help each group identify what is covered and what may be an uncovered exposure.

* 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.

Written Summary Report: Given the group size and amount of time allotted for this project, the summary report should be well written. It should be precise, clear and error free. It should be written in an informative, business style format. Length is not a plus when ideas can be expressed in fewer words. The report should not exceed ten pages with 1.5 line spacing and size 11 font. 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:
Submit Group Members: Thursday, February 6

Project Update: Thursday, April 3
Provide a description of the organization’s liability exposures based on the liability survey form. Also, identify who your group members are and what is the responsibility of each member.

Final Group Project & Evaluation Form Due Date: Thursday, May 8

Final Thoughts: You should refer to this description throughout the semester. My intention is to orient much 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, club 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 must submit an evaluation form reflecting their assessment of their group members, including themselves, in order to receive a grade on their project. 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. This completed form will only be reviewed by the professor.

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<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Group Member #1 (yourself):_______________________</td>
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<td>Group Member #2:_______________________________</td>
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<td>Group Member #5:_______________________________</td>
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Additional Remarks:
SUBMIT THIS FORM BY THURSDAY, FEBRUARY 6, 2014

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 and documentation (e.g. a print out of your final exam schedule):

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

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

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

Your Name and e-mail: ______________________________________________________
Spring 2014  
RMI 615 – Liability Risk Management  
Homework #1: Student Information Form  
Due: Thursday, January 23, 2014

Name ___________________________  Email______________________________
Major(s) ___________________________  Expected Date of Graduation ______________________
Other RMI Classes Taken/Taking______________________________

What are your plans for the summer of 2014? (e.g. internship, job, travel) Please provide some details such as who you will work or intern for, or where you will travel.

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Briefly describe the nature of your past internships/job/travels. Who did you work for? What were your responsibilities? What did you enjoy most/least? Would you recommend your experience to a fellow student?

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