Finance 437  
Fall 2013  
Advanced Risk Management

Instructor: Scott Beyer, CFA, Insurance Professor & Associate Professor of Finance  
Class Meets: Tuesdays, 6:00-9:00  
Classroom: Sage Hall 2221  
Office: Sage Hall 1614H  
Phone: (920) 424-7194 office OR (920) 202-1208 cell  
E-mail: scottbeyer@gmail.com OR beyers@uwosh.edu  
Course Web Page: D2L  
Office Hours: 3:00-4:00 Tuesday & Thursday, and by appointment  
Please Note: If you are unable to attend office hours please feel free to ask me to meet at another time. Questions will also be answered via email and on the web page frequently asked questions section

Course Description: Bus 437 addresses risk financing and advanced risk management topics. The course goals include: Identifying business risks and how those risks should be addressed; Reviewing and learning about the risk issues in both Personal & Property/Casualty/Liability insurance; Determining the best ways to finance various risks faced by businesses; Reviewing alternative risk transfer techniques (Integrated plans, captive insurance, reinsurance, insurance derivatives, etc.); and Reviewing enterprise wide risk management topics.

Pre-requisites: Bus 327 & Bus 389 knowledge of the principles of finance and economics is important.

Textbook and other sources of information: The textbook for this course is the ARM 56 Comprehensive Package (Includes Course Guide, Text, and SMART Study Aids). This updated version of the textbook includes discussions on many recent events in the field of risk management. Additionally, I will hand out readings to provide you with up-to-date examples and applications of the course material. The ARM 56 Comprehensive Package (Includes Course Guide, Text, and SMART Study Aids) can be purchased here http://www.aicpcu.org/comet/programs/arm/arm56.htm. All other information will be made available to you on D2L (e.g., cases, articles, etc.).

Evaluation (Exam, Quizzes, Assignments, Cases, & Other Course Requirements): There will be 3 Exams, 3 online quizzes, several class assignments, and 4-5 cases. Exams will be held in class or in the Exam Center and are closed book or take home. Quizzes must be completed on your own and will be conducted on-line via the course web site. Solutions to the on-line quizzes will be viewable on the course web page the day after the quiz window closes. Assignments are opportunities for you to utilize the material discussed in class and the designated readings. Class assignments may be discussed within groups (in fact group discussion is encouraged!) and will be part of the participation grade. Cases can be completed in groups. Each group/individual will lead discussion on an assigned portion of the cases. Prior to the in-class case discussions, each group will submit the assigned case questions in the course drop box (in D2L). Feel free to talk to me with any questions or comments you have regarding the cases, course assignments, quizzes, or exams so we have a productive semester!
**Grading:** Grades will be determined by the following weighting scheme:

3 exams 50% 300 (100 each)
Cases (in groups of 3) 16.7% 100
Online Quizzes 16.7% 100 (best 2 out of 3)
Participation (50 present/50 Q&A) 100

Total 600

No make-up or early exams will be given. If a student misses an exam, the weight on the final exam will be increased by 100 points. Please note all grades will be given on a 100 point scale and then weighted appropriately. Also, late work will not be awarded any credit. The grading scale will be as follows:

92 – 100 = A
90 – 92 = A-
88 – 90 = B+
82 – 88 = B
80 – 82 = B-
78 – 80 = C+
72 – 78 = C
70 – 72 = C-
60 – 70 = D

BELOW 60 = F

**Tentative Course Outline:**

**Exam 1 Topics:**
- Understanding Risk Financing
- Insurance as a Risk Financing Technique
- Insurance Plan Design
- Forecasting Accidental Losses and Risk Financing Needs

**Exam 2 Topics:**
- Self-Insurance Plans
- Retrospective Rating Plans
- Reinsurance and Its Importance to a Risk Financing Plan
- Captive Insurance Plans

**Exam 3 Topics:**
- Finite and Integrated Risk Insurance Plans
- Capital Market Risk Financing Plans
- Noninsurance Contractual Transfer of Risk
- Purchasing Insurance and Other Risk Financing Services
- Allocating Risk Management Costs
Exam Schedule: Again, there will be 3 exams. Each exam will cover material from the text, lectures, and misc. homework. The semester exams will emphasize the material covered since the previous exam. You will be able to use a calculator and pen/pencil. Exam Dates will be announced by the second week of classes.

Attendance: Highly encouraged. Participation is impossible without first showing up to class. However, notable classroom discussion and preparation is necessary to earn full participation points.

Academic Dishonesty: Dishonesty of any kind with respect to examinations, course assignments, and alteration of records or illegal possession of examinations shall be considered cheating. It is the responsibility of the student not only to abstain from cheating, but also avoid making it possible for others to cheat. Any student who knowingly helps another student to cheat is as guilty of cheating as the student he/she assists. As permitted by University policy, it is the practice of the instructor to assess a penalty to any student found guilty of academic dishonesty on exams or other course work. The penalty imposed shall be commensurate with the degree of seriousness of the offense and may range from a lowered grade on a given assignment, examination, paper, or project to a failing grade for the course.

Ethics

Academic dishonesty is a very poor investment; the risk/return profile is most unfavorable. In particular, in the event of academic dishonesty, I will, with 100 percent certainty, (1) immediately dismiss you from the class with a failing grade and (2) forward your case with a recommendation for immediate and permanent expulsion from the university. You are responsible for knowing the UW Oshkosh Student Code of Conduct! Furthermore, ethical behavior is valued by most firms. I, again, suggest that you become familiar with the CFA Institute Code for Professional Conduct. Posted on the CFA institute’s Web Page (www.cfai.org)

Special Accommodations: Any student with special needs is encouraged to make arrangements with the instructor early in the semester.

ADA

If you believe you have special needs as addressed by the Americans with Disabilities Act, you should notify me immediately and the necessary arrangements will be made.

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### Bus 437 Course Schedule 9.2013 Subject to Change with Notice

<table>
<thead>
<tr>
<th>Meeting #</th>
<th>Day</th>
<th>Chapter # / Lecture #</th>
<th>Topics</th>
<th>DUE</th>
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<tbody>
<tr>
<td>1</td>
<td>T</td>
<td>Chap. 1/Lec 1</td>
<td>Introductions Overview&lt;br&gt;Understanding Risk&lt;br&gt;A Framework for Risk Management</td>
<td>Instructor</td>
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<td>Instructor</td>
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<td>2</td>
<td>T</td>
<td>Chap. 2&amp;3/Lec 2</td>
<td>Insurance as a Risk Financing Technique&lt;br&gt;Insurance Plan Design</td>
<td>Instructor</td>
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<td>3</td>
<td>T</td>
<td>Chap. 4/Lec 3</td>
<td>Forecasting Accidental Losses and RF Needs&lt;br&gt;Loss Methods, Loss Forecasting</td>
<td>Instructor</td>
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<td>Instructor</td>
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<td>4</td>
<td>T</td>
<td>Chap. 1-4</td>
<td>Case 01: Air Canada</td>
<td>All Groups Submit - Instructor Lead Assigned Questions for Case 01</td>
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<td>Exam 1 Review</td>
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<td>5</td>
<td>T</td>
<td>Chapters 1-4</td>
<td>Exam 1 (Chapters 1-4)</td>
<td>Group 1</td>
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<tr>
<td>6</td>
<td>T</td>
<td>Chap. 5/Lec 4</td>
<td>Self-Insurance Plans&lt;br&gt;Enterprise Wide Risk Management, Misc. Topics</td>
<td>Guest Speaker - KC Risk Manager</td>
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<td>Group 2</td>
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<td>7</td>
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<td>Chap. 6/Lec 5</td>
<td>Enterprise Wide Risk Management, Misc. Topics</td>
<td>Guest Speaker - Oshkosh Corporation</td>
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<td>8</td>
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<td>Chap. 7/Lec 6</td>
<td>Reinsurance&lt;br&gt;Chap 8 - Captive Insurance Plans&lt;br&gt;Online Quiz 1</td>
<td>Instructor</td>
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<td>Chapters 5-8</td>
<td>Exam 2 (Chapters 5-8)</td>
<td>Group 4</td>
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<td>10</td>
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<td>Chap. 8-9/Lec 8</td>
<td>Chap 10 Capital Mark Risk Financing Plans&lt;br&gt;Chap 9 Finite and Integrated Risk Insurance Plans</td>
<td>Group 1</td>
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<td>11</td>
<td>T</td>
<td>Chap. 10, 12/Lec 9</td>
<td>Chap 12 Purchasing Insurance and Other Risk Fin. Services&lt;br&gt;Chap 11 Non insurance Contracts&lt;br&gt;Heging Risk With Derivatives Futures, Options, Swaps</td>
<td>Group 2&lt;br&gt;Group 3&lt;br&gt;Instructor</td>
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<td>12</td>
<td>T</td>
<td>Chap. 13/Lec 11</td>
<td>No Classes&lt;br&gt;Group Time for Cases 2-3, Cases 4-5</td>
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<td>13</td>
<td>T</td>
<td>Misc./Lec 12</td>
<td>Case 02: Alternative Risk Transfer&lt;br&gt;Case 03: Corporate Derivatives Usage and Risk Management&lt;br&gt;Case 04: Voyages Soleil: The Hedging Decision&lt;br&gt;Case 05: Interest Rate Risk: Spencer Hall</td>
<td>All Groups Submit Assigned Questions - Group 3 Lead Assigned Questions 3&lt;br&gt;All Groups Submit Questions - Group 2 Lead&lt;br&gt;All Groups Submit - Group 4 Lead Assigned Questions 4&lt;br&gt;All Groups Submit - Group 1 Lead Assigned Questions 5</td>
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<td>Misc. 2/Lec 13</td>
<td>Chapters 9-13&lt;br&gt;Online Quiz 3</td>
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