



**McCOMBS SCHOOL
OF BUSINESS**
The University of Texas at Austin

**Property - Casualty Risk Management &
Planning
Spring 2007**

RM 377

Professor: Patricia M. Arnold, CPCU, ALCM

Office: GSB 5.126A

Phone: 475-6728

Office Hours: 2-3 PM M-W-F

Class location: GSB 2.124, 9-10 AM, M-W-F
(#03970)

e-mail address: pat.arnold@mcombs.utexas.edu
OR arnold@instech.info

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Course Calendar

Textbook: Harrington & Niehaus, *Risk Management and Insurance (2nd Ed.)*, McGraw Hill/Irwin publishers, New York, NY, 2004 (required)

- This course will examine the way in which business and society make an assessment of, control and transfer risk.
- It is designed for the student with no previous knowledge of risk management.

Reading and Homework Assignments

- Reading and homework assignments are shown below ("reading" and "slideshow").
- Reading assignments will be drawn from the textbook, and will be supplemented by articles and website readings from other publications ("ref").
- Homework will be assigned from time to time, and generally will be due the following class session.
- **A final [Research Paper](#) is due on April 23rd. (see [Guidelines](#) for rules)**

Evaluation & grading - see [syllabus](#)

Date	Topic	Reading assignments, reference and learning materials
January 17	Syllabus, Calendar, Research Project Overview	
Risk Management Basics		
January 19	Risk and its Management	Reading: Chapters 1 through 3, outlines Slideshow: chapter 1 Ref: History of Risk Management , the Risk Management Standard ; quiz ; flowchart
January 22	Objectives of Risk Management	Reading: New Global Challenges for Insurers Ref: The Insurance Environment ; & Palm Beach Post catastrophe risk financing (1/19/2006)
January 24	Risk Identification and Measurement	Reading: Law, Insurance & the Internet Slideshows: chapter 2 and chapter 3
January 26	Risk Identification and Measurement (cont'd)	Reading: chapter 3; New Global Challenges for Insurers Slideshow: chapter 3 Ref: The Insurance Environment ; & Palm Beach Post catastrophe risk financing (1/19/2006)
January 29	Homework	

January 31	Pooling Arrangements & Diversification of Risk	Reading: Chapter 4, outline Slideshow: chapter 4 ; PWC selected slides Ref: Insurance Digest , pp. 12-17, 18-20 (PwC)
February 2	In-class quiz	chapter 1 through 4, selected readings
February 5	Products Liability: consumer products & product recall	Reading: Advantage China Slideshow: Outsourcing, Products Liability and China
February 7	Pooling Arrangements & Diversification of Risk (cont'd) also: Advantage China homework due in class	Reading: China Insights - pp. 1-3
February 9	Insurer Ownership, Financial and Operational Structure	Reading: Chapter 5, outline Slideshow: chapter 5 Ref: Profit Decomposition , Profitability in the Non-Life Insurance Markets ; An Analysis of P/C Insurer Profitability and its relationship to Rates
February 12 - exam #1 - chapters 1 thru 5		
February 14	Insurance Regulation Insolvencies, Solvency Ratings, and Solvency Regulation	Reading: Chapter 6 & 7, outline 6 , outline 7 Slideshow: chapters 6 and 7 Ref: Back to the Business of Insurance ; Insolvencies/Guaranty Funds ; Operational risks ; NCOIL Letter 4/2004
February 16	Insurance Pricing	Reading: Chapter 8, outline Slideshow: chapter 8 Ref: Managing Overconfidence ; Battling Rising Prices ; Reading: How to Help Stabilize Premiums ; Premium Growth and Underwriting Result ; P/C Premiums, Reserves & Surplus Growth
February 19	Homework	
February 21	Risk Aversion and Risk Management by Individuals and Corporations	Reading: Chapter 9, outline Slideshow: chapter 9 Ref: Buy-Sell Arrangements
February 23	In-class quiz	Chapters 6-9, selected readings
February 26	Insurability of Risk, Contractual Provisions, and Legal Doctrines	Reading: chapter 10, outline Slideshow: chapter 10 Ref: Contract Risk Allocation
February 28	Project assigned, groups formed, DISCUSSION	Managing the Risks of Outsourcing
Risk Management & Insurance Issues		
March 2	Loss Control	Reading: Chapter 11, outline Slideshow: chapter 11 Ref: Loss Control Spending Survey
March 5	Homework	Chapters 6-11, selected February readings
March 7	Legal Liability for Injuries	Reading: Chapter 12, outline Slideshow: chapter 12 Ref: Construction Accidents (Labor Law) ; Medical Malpractice & Tort Reform (Kessler report 2006)

March 9	Catastrophe risk, IT/modeling	Reading: textbook pp. 286-294 (14.3-14.4 of chapter 14), South Carolina Wind & Hail Association (selections); IBHS Slideshow: reinsurance (Kline and Budd), Using Catastrophe Models for Pricing... Ref: The Hartford - Lessons in Integration ; St. Louis Bar Journal
Business Risk Management - tort, fiduciary, contract liabilities, also employer/employee relationships		
March 19	Outsourcing risks - process/service, infrastructure	Reading: @ Risk (AIG) ; Selective Sourcing Slideshow: eCommerce Ref: Recovery Chronicles ; digital risk ; Vulnerability
March 21	In-class quiz	Chapters 10, 11, 12, 14 (selected parts), selected readings
March 23	Management Liability, Workers' Compensation and Employee Injuries	Reading: Chapter 18, outline Slideshow: chapter 18 Ref: Frontline: Safety ; personal protective equipment ; III slideshow Crossword, clues
March 26	Retirement Plans, Risk Management and Shareholder Wealth	Reading: Chapter 20, outline Slideshow: chapter 20 Ref: KPMG Fraud Survey ; risk management continuum (and full article: world-class risk management)
March 28	Tax, Regulatory, and Accounting Factors Affecting Corporate Risk Management	Reading: Chapter 21, outline Slideshow: chapter 21 Ref: Enterprise Risk Management Topics (Casualty Actuarial Society), Reserving - and Life Cycle of a Claim (handout)
March 30 - Exam #2 - chapters 11, 12, part of 14, + chapters 18, 20, 21, and selected readings		
April 2	Risk Retention/Reduction Decisions and	Reading: Chapter 22, outline Slideshow: chapter 22 ; CAS slideshow Ref: Managing Risk to Enhance Stakeholder Value
April 4	Project draft due (single page from each student - see " guidelines ")	See " Project " and " Research Guidelines "
April 6	Commercial Insurance Contracts	Reading: Chapter 23, outline Slideshow: chapter 23 Ref: Risk Management Checklist
April 9	Hedging with Derivative Contracts Ethics in Insurance/Risk Management, Alternative Risk Transfer	Reading: Chapter 24, outline Slideshow: chapter 24 Ref: Insurance Securitization ; Trends in Insurance Securitization ; slideshow ; Financing Catastrophe Risk ; ISO Hurricane Experience ; Best Practices in Loss Prevention ; hand out practice quiz: chapters 22-24
April 11	Analysis Tools Used in Corporate Risk Management	Reading: Marsh charges , Aon, ACE, Willis Ref: Hall of Shame ; Reading: Chapter 25, outline Slideshow: chapter 25 Ref: The Picture of ART
April 13	Enterprise Risk Management: A Case Study	Reading: Chapter 26, outline ; Marketplace Realities ; Project Finance ; S-Ox: Board and Audit Committee Roles Slideshow: chapter 26

April 16	Corporate Liability to Customers, Third Parties, and Shareholders - Professional, Directors & Officers, Fiduciary Liability	Reading: Chapter 27, D & O Liability Snapshot and Forecast 2005, outline Slideshow: chapter 27 Ref: Emerging Trends in Internal Controls
April 18	Corporate Liability to Customers, Third Parties, and Shareholders - Professional, Directors & Officers, Fiduciary Liability	Reading: Chapter 28, outline Slideshow: chapter 28 Ref: Glossary Reading: Medical Malpractice - Anatomy of a Crisis; Medical Malpractice Trials & Verdicts - 2001 ; Ref: slideshow focusing on Work Comp, reserve deficiencies...cost of risk study
April 20	Issues in Liability Risk and Its Management	Reading: Chapter 29, outline ; Insurance Law Outline Slideshow: Emerging Liability Issues, slideshow Ref: Using Old Insurance Policies as Weapons
April 23	Project final papers due	
April 25	Review - exam prep	
April 27 - Exam #3 - chapters 22-26, 28, 29 and selected readings		
April 30	Research presentations & critique (see Insurance Markets Game)	Groups 1 - 4
May 2	Research presentations & critique	Groups 5 - 7
May 4	Research Presentations & critique / problem-solving exercise	All Groups must be present
May 4 - wrap-up research		

Updated 1/8/2007