

Summer 2019
RMI 300 – Principles of Risk Management (3 Credits)
University of Wisconsin Madison – School of Business

Carl Barlett **Risk & Insurance Lecturer**
Office #: 5299 Grainger
Email: [REDACTED]
Office Hours: By Appointment (Email)
Class Hours: M-Th 8:55 am – 11:25 am
Class Location: 2185 Grainger
Website: <https://canvas.wisc.edu/courses/96553>

Course Objectives

Situations involving “risk” are everywhere. In the last year we have seen major changes to U.S. tax policy and planned increases to the cost of debt via the Fed Funds rate cause volatile reactions from organizations. Similar amounts of money were invested in DC’s Justice League and Marvel’s Avengers: Infinity War with drastically different outcomes, in the 1st year of an expansion team the Las Vegas Golden Knights have made the Stanley Cup Finals, the 48 year old Speaker of the House announced his retirement from politics, a far reaching personal data “bill of rights” has gone into effect called the General Data Privacy Regulation (GDPR), and Mark Zuckerberg has testified before both US and EU legislators after the fallout from the incident with Cambridge Analytica. Volatility in future outcomes is considered “risk,” and can be associated with either positive or negative situations. Examples of situations involving risk include natural events such as storms and earthquakes, data breaches, corporate strategic initiatives, and introduction of new products. *Risk is something for us to use effectively rather than eliminate.*

Learning outcomes for RMI 300 are to develop critical thinking, risk management (RM) skills, and knowledge so that when you finish this course, you:

- recognize the general types and characteristics of situations involving risk, how to identify them, and why they are important;
- possess the skills and knowledge to measure and assess risk;
- know the basics of how RM tools work and their benefits/costs in any given situation;
- are able to apply the RM process in a simple situation involving risk;
- can explain the value that sound risk management provides individuals, organizations, society.

Grade Composition

Final Exam	35%
Exam #1	25%
Exam #2	25%
Assignments/Quizzes	10%
Class Participation	5%

Exam Policy

Conflicts with any scheduled exam must be communicated to me by **June 20th, 2019** on the conflict form attached to the syllabus. You will not be allowed to remove any exam, graded or ungraded, from my office or the classroom.

Course Materials

We have a recommended textbook: *Principles of Risk Management*, The Institutes 800-644-2101: SABI15-OL for ebook; SABI15 for print version. We also regularly post readings on the course web page. We will not test you on anything from the text that we have not discussed in class, which is why

the text is not required; however we consider the text a valuable reference to supplement lectures and TA sections.

Instructional Mode

Lecture attendance is **required**. While the book provides an overview, the process of applying the materials to real world situations (which we will do in class) will be difficult to replace.

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://canvas.wisc.edu/courses/147275>

Honor Code and Use of Technology

We expect each member of this course (professor and students) to interact with one another respectfully, fairly, and honestly, and to abide by the University rules of conduct. Use of electronic devices during class is prohibited unless otherwise noted; if class is disrupted by technology, users will be asked to leave. **No cell phones are permitted at any time.**

Email

I will make my best attempt to answer factual questions via email. However, I have found that it frequently does not ultimately benefit students to address questions through email (and can in fact cause confusion) as it leaves too much room for interpretation. As a result, **I will not answer detailed substantive questions via email.** This is for your benefit, and I will try to maximize the opportunity for in-person conversations in office hours. Please take advantage of this option. If you do email me, please type **RMI 300** in the subject line so that I can identify which class it is regarding.

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.

Course Guide Description of RMI 300 Principles of Risk Management (3 credits), mode of delivery, pre-requisites, and course designations: Precedes advanced work in insurance; the nature of risk, principal techniques of risk management and the bases for decision making in management of business and personal risks.

Fulfilling 3 credits: This course meets for three hours of lecture and one hour of TA section in person each week. In addition, students are expected to spend an additional six hours per week on average studying and practicing the material outside of the classroom. The lectures are face-to-face mode of delivery.

Econ 101 is a pre-requisite.

The course designations are

Breadth – Social Sciences

Level – Intermediate

L&S Credit – Counts as Liberal Arts and Sciences credits in L&S

Summer 2019
RMI 300 – Principles of Risk Management
Schedule of Topics and Text Readings*

**The schedule is tentative and subject to change if alternatives provide a better learning opportunity.*

Course Outline

Setting Objectives and Identifying Risks

Week 1-2

- | | |
|---|-------------|
| ➤ What is risk, why it is important, and how do we manage it? | Chpt. 1 - 2 |
| ➤ Risk Identification: exposures, perils, hazards | Chpt. 3 – 7 |
| ➤ Liability Risk & Worker's Compensation | |

Exam 1: -- in class Wednesday, June 19th

Measuring and Managing Risks

Week 3

- | | |
|--------------------------|---------------|
| Risk Pooling | Chpt. 8 |
| Risk Controls | Chpt. 9 - 10 |
| Risk Transfer: Insurance | Chpt. 11 - 12 |

Exam 2: -- in class Thursday, June 27th

The Risk Management Process

Week 4-5

- | | |
|---------------------------|-----------------|
| Decision Making Framework | Readings posted |
| Does RM Add Value? | Reading posted |
| Summary and Conclusions | |

Final Exam: Wednesday, July 3rd (In Class)