



FLORIDA ATLANTIC UNIVERSITY

Department of Finance
College of Business
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MEMORANDUM

TO: College of Business Graduate Council
FROM: Dr. Emilio Zarruk, Chair, Finance Department
Charles Yang, Assistant Professor
SUBJECT: Proposed Change to Catalog - Update Finance Dept. Program Elective List
DATE: September 7, 2010

We herein propose the following change to the FAU University Catalog. Remove RMI 6424 and replace with RMI 6356 from the finance department program elective list.

Should you require anything further, please contact Joan Schlossberg, College of Business, room KH 137, extension 7-2607.

Thank you for your consideration.

Approved by:

Department Chair: [Signature]

College Curriculum Chair: [Signature] Oct 19, 2010

College Dean: [Signature]

UGPC Chair: \_\_\_\_\_

Provost: \_\_\_\_\_

# FLORIDA ATLANTIC UNIVERSITY™

UGPC APPROVAL \_\_\_\_\_  
 UFS APPROVAL \_\_\_\_\_  
 SCNS SUBMITTAL \_\_\_\_\_  
 CONFIRMED \_\_\_\_\_  
 BANNER POSTED \_\_\_\_\_  
 ONLINE \_\_\_\_\_  
 MISC \_\_\_\_\_

## Graduate Programs—COURSE CHANGE REQUEST

DEPARTMENT NAME: FINANCE	COLLEGE OF: BUSINESS
COURSE PREFIX & NUMBER: RMI 6356	CURRENT COURSE TITLE: CORPORATE RISK MANAGEMENT: A QUANTITATIVE APPROACH

### CHANGE(S) REQUESTED

<p><b>SHOW "X" IN FRONT OF OPTION</b></p> <p>CHANGE CREDITS FROM _____ TO: <input checked="" type="checkbox"/></p> <p>CHANGE GRADING FROM _____ TO: _____</p> <p>CHANGE PREREQUISITES TO: _____</p> <p>CHANGE MINIMUM GRADE TO: _____</p> <p>CHANGE COREQUISITES TO: _____</p> <p>CHANGE OTHER REGISTRATION CONTROLS TO: _____</p> <p>OTHER _____</p>	<p><b>SHOW "X" IN FRONT OF OPTION</b></p> <p>CHANGE PREFIX FROM _____ TO: _____</p> <p>CHANGE COURSE NO. FROM _____ TO: _____</p> <p>CHANGE TITLE TO: CORPORATE RISK MANAGEMENT</p> <p>CHANGE DESCRIPTION TO: _____</p>
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<b>CHANGES TO BE EFFECTIVE (GIVE LAST TERM COURSE IS TO BE ACTIVE):</b>	<b>Any other departments and/or colleges that might be affected by the change(s) must be consulted. List entities that have been consulted and attach written comments from each.</b>
Will the requested change(s) cause this course to overlap any other FAU course(s)? If yes, please list course(s). YES _____ NO _____	Any other departments and/or colleges that might be affected by the change(s) must be consulted. List entities that have been consulted and attach written comments from each.

### TERMINATE COURSE, EFFECTIVE (GIVE LAST TERM COURSE IS TO BE ACTIVE):

Faculty Contact, Email, Complete Phone Number: Emilio Zarruk, Chair, Finance Dept., [zarruke@fau.edu](mailto:zarruke@fau.edu), 561.297.3995; Charles Yang, Assistant Professor, Finance Dept., [CYang1@fau.edu](mailto:CYang1@fau.edu), 561.297.4181

### SIGNATURES

### SUPPORTING MATERIALS

<b>Approved by:</b> Department Chair: <u>Emilio Zarruk</u> College Curriculum Chair: <u>P. Dushoff</u> College Dean: <u>Paul Han</u> UGPC Chair: _____ Dean of the Graduate College: _____	<b>Date:</b> <u>Oct 19 2010</u> <u>10.20.10</u> _____ _____	<b>Syllabus</b> —must include all criteria as detailed in UGPC Guidelines.  Go to: <a href="http://graduate.fau.edu/gpc/">http://graduate.fau.edu/gpc/</a> to access Guidelines and to download this form.  <b>Written Consent</b> —required from all departments affected.
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Email this form and syllabus to [diamond@fau.edu](mailto:diamond@fau.edu) and [egijo@fau.edu](mailto:egijo@fau.edu) one week **before** the University Graduate Programs Committee meeting so that materials may be viewed on the UGPC website by committee members prior to the meeting.

Fall 2010

**RMI 4353/6356 Corporate Risk Management**

**Syllabus**

**Course**

**Professor:** Dr. Charles C. Yang

**Class Meeting:** TR 11:00-12:20pm

**Room:** GS102

**Office Hours**

**Room:** BH 136

**Time:** TR: 9:20-10:50am, 12:30-1:30pm; T: 6:00-7:00pm; and by appointment

**E-mail:** cyang1@fau.edu

**Textbooks (optional):**

1. *Risk Assessment*, published by AICPCU, 2004, 4<sup>th</sup> edition.
2. *Risk Control*, 1<sup>st</sup> edition, AICPCU, 2005.
3. *Risk Financing*, published by AICPCU, 2006, 4<sup>th</sup> edition.
4. *Commercial Property Risk Management and Insurance*, AICPCU, 8th edition.
5. *Commercial Liability Risk Management and Insurance*, AICPCU, 7<sup>th</sup> edition.
6. *Insurance Operations, Regulation, and Statutory Accounting*, AICPCU, 2<sup>nd</sup> edition.

**Course Description**

Business organizations are regularly exposed to loss-causing events that may have a material impact on the corporation's finances. This course presents a perspective necessary for corporations to assess and manage their risks. This course covers risk assessment, risk control, and risk financing. It covers financing alternatives including traditional insurance, loss-sensitive insurance, hedging with various derivative instruments, cash-flow plans, self-insurance, retrospective rating structures, captive insurance structures, finite and integrated risk insurance structures, and other risk financing structures. Fundamental concepts of accounting, economics, finance, statistics, and business communications are integrated with risk management concepts in this course. The main topics covered include:

1. Risks and risk management
2. Assessing and controlling risk exposures
3. Quantitative analysis in risk management
4. Loss control and cash flow analysis
5. Property and liability insurance coverages

6. Noninsurance contractual transfer of risk
7. Reinsurance operations and strategies
8. Alternative risk financing markets
9. Capital market innovations and insurance linked securities

**Evaluation**

Exam I	29% of total grade
Exam II	29% of total grade
Final	33% of total grade
Assignments/Essays	6% of total grade
Attendance	See "Class Participation"

A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
95-100	90-94	87-89	83-86	80-82	77-79	73-76	70-72	67-69	63-66	60-62	0-59

Your letter grade for the course will be based on your final average and on your efforts that I consider reasonable.

\*Graduate students: final grade = 95% of the above grade + 5% of term paper grade.

**Class Participation**

Attendance is required. Students are expected to attend class regularly. Failure to do so will affect your course grade. Each student is permitted three absences for any reason. Students missing three classes or less will get 3 points. Any absences above the permitted three will result in a 1-point deduction for each such absence. Students shall keep track of their own number of absences.

**Exams**

There will be three exams consisting of 2 midterms and one final. The final may not be comprehensive. However, your instructor reserves the right to administer a comprehensive final exam if he deems it appropriate. All three exams are mandatory. Students will be tested on materials from lectures, assigned readings from the text, and any hand-outs distributed in class or electronically. Make-up exams are not permitted and will only be offered at the discretion of the instructor if the student advised the instructor of the need to miss a scheduled exam far in advance and as soon as possible for the student. The offering of a make-up exam will only be considered where the exam was missed because of extreme and serious circumstances.

**Assignments/Essays**

You are all required to submit two essays before each of the three exams.

Graduate students are also required to write a term paper on corporate risk management.

### **Blackboard**

This class will make use of a web-based web site using Blackboard. Syllabi, handouts, assignments and other sources are types of information that may be available within this site. Site activities could include exchanging email, engaging in class discussions, and exchanging files. In addition, class email rosters will be a component of the site. Students who do not want their names included in this electronic class roster should consult with the university to restrict their directory information.

### **Academic Dishonesty**

If academic dishonesty does become a problem, I will follow standard university procedures without exceptions.

### **Students with Disabilities**

Any student who feels that he or she may need an accommodation for any sort of disability should consult with the university so that arrangements can be made.

## Course Outline

(Tentative, Subject to Change)

Aug 24	Tuesday	Syllabus	
Aug 26	Thursday	Risks and risk management, net income and environmental loss exposures	Chapters 1, 2, 10 (book 1), chapters 10, 11 (book 2), chapter 11 (book 5)
Aug 31	Tuesday	Assessing and controlling property loss exposures <i>Research essay 1</i>	Chapter 3 (book 1); chapters 1, 2, 3, 4, 5 (book 2)
Sep 2	Thursday		
Sep 7	Tuesday	Assessing and controlling liability loss exposures <i>Research essay 2</i>	Chapters 4, 5, 6 (book 1); chapter 7 (book 2)
Sep 9	Thursday		
Sep 14	Tuesday	Quantitative analysis and loss forecasting	Chapters 11, 12 (book 1)
Sep 16	Thursday	Cash flow analysis	Chapters 13, 14 (book 1)
Sep 21	Tuesday	Review	
<b>Sep 23</b>	<b>Thursday</b>	<b>Exam I</b>	
Sep 28	Tuesday	Commercial property insurance I <i>Extra essay 1 (optional)</i>	Chapters 1, 2, 3 (book 4)
Sep 30	Thursday	Commercial property insurance II	Chapters 4, 5, 6 (book 4)
Oct 5	Tuesday	Flood, earthquake, and specialty forms, business income and extra expense insurance, surety bonds <i>Research essay 3</i>	Chapters 7, 8, 9, 15 (book 4)
Oct 7	Thursday		
Oct 12	Tuesday	Commercial crime insurance, equipment breakdown insurance, businessowners policies, industry-specific policies <i>Research essay 4</i>	Chapters 11, 12, 13, 14, (book 4)
Oct 14	Thursday		
Oct 19	Tuesday	Liability loss exposures and general liability insurance	Chapters 1, 2, 3, 4 (book 5)
Oct 21	Thursday	Automobile exposures and coverages, garage and motor carrier insurance, marine and aviation insurance	Chapters 5, 6, 12, 13 (book 5); chapter 9 (book 2); chapter 10 (book 4)
Oct 26	Tuesday	Review	
<b>Oct 28</b>	<b>Thursday</b>	<b>Exam II</b>	
Nov 2	Tuesday	Personnel loss exposures, workers compensation, and employers liability insurance	Chapters 7, 8 (book 5); chapter 6 (book 2); chapter 9 (book 1)

		<b><i>Extra essay 2 (optional)</i></b>	
Nov 4	Thursday	Insurer financial statements, insurance data, insurance regulation	Chapters 2, 12, 13 (book 6)
Nov 9	Tuesday	Excess and umbrella liability insurance, cyber risk and terrorism risk <b><i>Research essay 5</i></b>	Chapters 14, 15 (book 5)
<i>Nov 11</i>	<i>Thursday</i>	<i>Veteran's Day – no class</i>	
Nov 16	Tuesday	Reinsurance, capital market risk financing plans	Chapter 7, 10 (book 3), chapter 11 (book 6)
Nov 18	Thursday	<b><i>Research essay 6</i></b>	
Nov 23	Tuesday	Management and professional liability loss exposures and insurance, Alternative risk transfers, self-insurance, captive insurance plans, noninsurance contractual transfer of risk <b><i>Extra essay 3 (optional)</i></b>	Chapters 9, 10 (book 5); chapter 7, 8 (book 1), Chapters 5, 6, 8, 9 (book 3), Chapter 11 (book 3)
<i>Nov 25</i>	<i>Thursday</i>	<i>Thanksgiving – no class</i>	
Nov 30	Tuesday	Review	
<b>Dec 7</b>	<b>Tuesday</b>	<b>Final (10:30-1:00pm)</b>	