

# Risk Management and Insurance

Department of Finance, Insurance and Real Estate

The success of any firm depends on its ability not only to create value for stockholders but also to mitigate risks which adversely affect value. The RMI curriculum focuses on identifying financial and economic characteristics of risks to which firms and individuals are exposed, and developing effective strategies for managing such risks.

## MAJOR REQUIREMENTS

A major in Risk Management and Insurance requires a student to take:

### Required Course:

#### FIN 3305 Principles of Risk Management and Insurance

An examination of the techniques for managing pure risks in order to maximize the value of a firm. The course contrasts the risk preferences of corporations with that of individuals, and explores the implications of differing preferences on insurance purchase decisions. The characteristics of insurance as a tool in the process of managing both corporate and personal risk exposures are emphasized.

### Elective Courses (pick three out of the following four electives):

#### FIN 4311 Fundamentals of Life and Health Insurance

A study of the financial implications of death, disability and retirement, as well as the corresponding forms of individual life insurance, health insurance and annuities. Elementary life and health insurance programming, taxation, legal aspects, business uses of individual life and health insurance, regulation, and insurer operations and functions are covered.

#### FIN 4320 Fundamentals of Property and Liability Insurance

A study of the various types of commercial risks common to businesses of all sizes and the types of property-liability insurance that are available for managing such risks, including commercial property insurance, business income insurance, commercial crime insurance, equipment breakdown insurance, inland and ocean marine insurance, commercial general liability (CGL) insurance, commercial automobile insurance, workers compensation insurance, employers liability insurance, and specialty coverages.

#### FIN 4332 Employee Benefit Planning

A survey of the most common employee benefits, including cash and stock compensation, employer provided group-life and group-health insurance benefits, qualified and non-qualified deferred compensation and retirement plans, and other benefits such as cafeteria plans, educational reimbursement, disability, and employer-provided leave. The approach focuses on regulatory, income tax, and compensation theory aspects of each topic.

#### FIN 4335 Business Risk Management

This course offers an integrated approach to risk management by combining concepts, tools, and techniques from finance and related disciplines such as economics and the decision sciences. The course focuses attention on the identification, evaluation, pricing, and management of risk from personal as well as corporate perspectives. Topics covered include how to characterize and measure risk attitudes, compare and price risk, evaluate the effects that risk has upon stakeholder incentives and firm value, etc.

**Course Sequencing:** To earn a major in Risk Management and Insurance, a student must attain at least a “C” in FIN 3309 (Introduction to Finance) or FIN 3310 (Introduction to Corporate Finance). Other than taking FIN 3305 (Principles of Risk Management and Insurance) as the first course (recommended), there is no requirement that courses for a Risk Management and Insurance major must be taken in a specific sequence. The Department **strongly recommends**, however, that any student desiring to major in Risk Management and Insurance take FIN 3309 or FIN 3310 as soon as possible in their junior year.

**Bachelor of Business Administration (BBA Degree) 2015-2016 Catalog**  
**A Suggested Sequence of Risk Management and Insurance and Business Courses**

Freshman Year					
<b>Fall</b>				<b>Spring</b>	
—	3	ENG 1302		—	3
—	3	MTH 1308 or MTH 1320		—	3
—	2-3	MIS 1305 or BUS 1201		—	2-3
—	1	BUS 1101		—	4
—	3	Social Science		—	3
—	3	CSS 1301, 1302 or 1304		—	0
—	0	CHA 1088		—	0
Total: 15-16 hours			Total: 15-16 hours		
Must complete first year requirements					
Sophomore Year					
<b>Fall</b>				<b>Spring</b>	
—	3	ACC 2303		—	3
—	3	ECO 2306		—	3
—	3	QBA 2302		—	3
—	3	REL 1350		—	3-4
—	2-3	Fine Arts		—	3
Total: 14-15 hours			Total: 15-16 hours		
Apply to Business School: See Business Advisor					
Junior Year					
<b>Fall</b>				<b>Spring</b>	
—	3	<b>FIN 3309 or FIN 3310</b>		—	3
—	3	MGT 3305		—	3
—	3	MKT 3305		—	3
—	3-4	Communication Option		—	3
—	3	Literature or Great Texts		—	3
Total: 15-16 hours			Total: 16 hours		
Senior Year					
<b>Fall</b>				<b>Spring</b>	
—	3	<b>RMI Elective (see front page)</b>		—	3
—	3	<b>RMI Elective (see front page)</b>		—	3
—	3	MIS 3305		—	3
—	3	BUS 3315		—	3
—	3	Elective as needed*		—	3
—	2	Elective as needed*		—	1
Total: 17 hours			Total: 16 hours		
*Must graduate with a minimum of 124 hours					

**What Is RMI and What Are the Career Opportunities?**

RMI has traditionally focused on strategies that might be adopted by a firm or individual to manage those risks that are insurable. Such strategies encompass the management of property and liability risks as well as financial risks related to mortality and morbidity. During recent years, however, increased volatility of interest rates, foreign exchange rates, and commodity prices have caused firms and individuals to adopt a more holistic, or integrated, view of risk management. Consequently, firms are increasingly pursuing integrated, or enterprise-wide, risk management strategies that seek to determine the full range of operational, strategic, financial, and hazard risks threatening shareholder value. From the capital markets side, the rapid growth of the derivatives and related markets, together with the emergence of financial engineering, have led to an emphasis on risk management as one of the key functions in finance. From the insurance side, insurance policies are being redesigned to bundle protection from a number of insurance risks and even financial risks. Thus, the field of Risk Management and Insurance has evolved to bridge the gap between finance and insurance studies.

Increasingly, companies are turning to colleges and universities for trained risk managers as they recognize the strategic importance of the RMI discipline. As a twelve-hour major, RMI can easily become a second major, adding specialty focus to a complementary degree. Besides career opportunities with non-financial corporations, students majoring in RMI may find employment in the various financial services industries such as insurance, banking, pensions, and investment management.

For further information about Baylor's RMI program, visit <http://rmi.baylor.edu>.