

A Review of Risk Management and Insurance Academic Programs

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ABSTRACT

The purpose of this study was to study undergraduate risk management and insurance programs in the United States and Canada to provide a thorough listing of programs and their various specializations. A review of the academic programs showed a variety of program structures, specializations, and course content. Results of the review can aid industry representatives through the identification of specialized programs that can meet their staffing needs. Additionally, students interested in the field can use the results to select a specific program to meet their educational and career needs.

INTRODUCTION

An important priority of both individuals and businesses continues to be protection against a loss in value of their assets. In recent years, extensive media coverage about Hurricane Katrina, 9/11, various lawsuits involving liability, and other major disasters has only heightened our interest and understanding of the necessity of risk management and insurance. This trend, while impacting the individual consumer, has especially impacted organizations in both the public and private sectors. “Rather than just choosing to relegate the role of risk manager to a well-informed financial analyst or operational expert, more and more organizations are realizing that they need trained specialists who can oversee a holistic approach.” (Risk Management Magazine, Sept 2008)

During the same time frame when organizations were recognizing the need for enterprise-wide risk management, academia began offering specialization in risk management and insurance education. While still not as common as many other business disciplines, risk management and insurance is now being offered as a major or minor field of study at 44 colleges and/or universities in the United States and Canada (www.aria.org). According to the Bureau of Labor Statistics, about 2.3 million people were employed in the insurance industry in 2006 and career opportunities are expected to continue to grow by 7.4% over the next 10 years, even with the increase in Internet sales and corporate downsizing. Careers in sales have an even higher projected growth at almost 16%.

The future growth and success of industries is highly dependent upon the availability of a well-trained work force interested in pursuing careers in that industry. For this reason, identifying the current educational opportunities for students planning to work in a particular industry is extremely important, especially in areas that are not thought to be mainstream career choices. This need is even more important when an industry has many types of specialization that requires specific training and expertise.

While insurance is something most people are familiar with, few students are aware of the wide range of career opportunities available in the field. Most students are exposed to insurance when they make their first trip to an agent for car or health insurance. Students are generally not aware of the potential opportunities as risk managers, underwriters, claims adjusters, producers, or actuaries before entering college. Even in academia, insurance is often overlooked and misunderstood. The field of decision sciences is well defined as an area of academia that focuses on decision making and the various tools and methodologies used in the process. Risk Management and Insurance, although not a mainstream major, is certainly a field within the decision sciences field.

To further compound the problem of little exposure to the field and a lack of understanding about the field, the insurance industry suffers from an image problem (Mulherin, 1999; Wells and Stafford, 1995). The negative publicity that the insurance industry received related to claims from Hurricanes Katrina and Rita and the recent widely publicized troubles of AIG has not helped. If a prevailing negative image of the insurance industry holds true for college students, it is reasonable to expect that college students' decisions to elect insurance careers would be

negatively influenced. It follows that a student's decision to choose insurance as a major, minor or concentration would be similarly biased.

Considerable research expressing a concern for student's perceptions of insurance has been conducted in the past (Berry, Berry, and Tippens, 2004; Barrese, Gardner and Thrower, 1998; Junge, et. al, 1993). Some have suggested that insurance, like computer information systems, does not share the typical image of other business professionals. Partially because of these concerns, the Insurance Education Foundation was formed to improve the understanding of insurance and its role in society through education of high school students and high school teachers. Dorfman (1990) reported a decline in the importance of undergraduate insurance education while Ferguson, et al, (2001) found evidence that risk management and insurance (RMI) education may be at risk of losing its separate identity either by becoming absorbed into other departments such as economics or being removed altogether from some business curricula. Fortunately, Barrese, Gardner and Thrower (1998) found that the Insurance Education Foundation's insurance education programs were effective in positively impacting students' and teachers' attitudes about insurance. However, programs are more likely to survive if an appropriate image can be developed. Additionally, when unique programs can be identified and marketed appropriately, both industry and students can benefit.

The purpose of this paper is to explore the curriculums of the colleges and universities in the United States and Canada that offer Risk Management and Insurance as a major field of study. A survey of this type reveals valuable information for recruiters of organizations in need of graduates in the area of professional-level careers such as insurance sales, risk management, underwriting, claims, and actuarial science. While total projected growth in insurance related careers from 2006-2016 is 7.4%, as previously stated, growth in professional-level careers is projected to grow by 10%. Information gained from this survey could serve potential students interested in careers in risk management and insurance and college recruiters vying for these students.

SURVEY METHODOLOGY

The survey was completed by researching schools listed on the American Risk and Insurance Association website (www.aria.org/RMI_Programs.htm) as having programs in Risk Management and Insurance. Each school's website was examined in order to determine whether the college/university offered this program as a major field of study or as a concentration of study under another major, such as Finance. A list of the RM&I courses offered by each institution was then compiled in order to compare the scope and possible focus, if any, of that curriculum with those of the other institutions. Additionally, a search was completed using AACSB-International's website to identify programs in Risk Management and Insurance. The results of this search included schools that reported degree programs in risk management and insurance; however, analysis of individual school web pages indentified no such programs. Results from this study should add clarity by providing an accurate list of schools that have degree programs in Risk Management and Insurance. A listing of the schools included in this review along with their web address is found in Table 1.

<u>University</u>	<u>Web Address</u>
<i>Appalachian State</i>	http://www.business.appstate.edu/brantley/curriculum.php
<i>Ball State University</i>	http://www.bsu.edu/web/catalog/undergraduate/programs/Programs02/finance02_cb.html
<i>Baylor University</i>	http://www.baylor.edu/business/finance/index.php?id=24185
<i>Bradley University</i>	http://www.bradley.edu/fcba/undergraduate/finance/risk_mgmt_major/major.shtml
<i>Eastern Kentucky University</i>	http://www.insurance.eku.edu/Cirriculum.php
<i>Florida State University</i>	http://www.cob.fsu.edu/rmi/rmi_ba_curriculum.cfm
<i>Gannon University</i>	http://www.gannon.edu/catalog/cms/Catalog/program_page.asp?id1=10&id2=1&id3=13&id4=0&yid=1
<i>Georgia State University</i>	http://www.rmi.gsu.edu/AcaProgs/RMI/RMIBBAreqs.htm
<i>Howard University</i>	http://www.provost.howard.edu/PROVOST/bulletin2/u/v2Business_insurance.htm
<i>Illinois State University</i>	http://katie.cob.ilstu.edu/undergraduate/major_minor/index.shtml
<i>Illinois Wesleyan</i>	http://www2.iwu.edu/riskmgmt/riskmanagement_suggestedcurriculum.shtml
<i>Indiana State</i>	http://catalog.indstate.edu/preview_program.php?catoid=5&poid=833&bc=1
<i>Mississippi State</i>	http://misweb.cbi.msstate.edu/~COBI/departments/ECON/ECON/InsuranceUndMajor05.pdf
<i>Missouri State Univ</i>	http://www.missouristate.edu/registrar/dept_fg.html
<i>Olivet College</i>	http://web.olivetcollege.edu/insurance/
<i>St. Cloud State</i>	http://bulletin.stcloudstate.edu/ugb/programs/fire.asp
<i>St. Mary's University</i>	http://www.stmarytx.edu/business/financial_mngt/?go=list
<i>Temple University</i>	http://sbm.temple.edu/dept/rihm/rmi/bba-rmi.html
<i>Troy University</i>	http://www.troy.edu/catalogs/0809undergrad/12U_scob.html#riskmanagementandinsurancemajor
<i>University of Connecticut</i>	http://www.business.uconn.edu/cms/p1045
<i>University of Central Arkansas</i>	http://faculty.uca.edu/~jbratton/index_files/page0005.htm
<i>University of Georgia</i>	http://www.terry.uga.edu/courses/RMIN/?term=now
<i>University of Louisiana Lafayette</i>	http://moody.louisiana.edu/joomla/bulletin2007/insr_courses.pdf
<i>University of Louisiana at Monroe</i>	http://ele.ulm.edu/insurance/insurance_course.html
<i>University of Mississippi</i>	http://www.olemissbusiness.com/AcademicPrograms/Undergraduate/Majors/Risk_and_Insurance.html
<i>University of North Texas</i>	http://www.coba.unt.edu/programs/undergrad/bba_insurance.php
<i>Univ. of South Carolina</i>	http://www.sc.edu/bulletin/ugrad/BACourse.html
<i>University of Texas at Austin</i>	http://www.mcombs.utexas.edu/dept/irom/courses/syllabi_spg2007/index.asp#riskunder
<i>University of Wisconsin- Madison</i>	http://www.wisc.edu/pubs/ug/05business/courses.html#risk
<i>Utica College</i>	http://www.utica.edu/academic/ssm/rmi/progreq.cfm

TABLE 1: Risk Management and Insurance Programs

REVIEW OF PROGRAMS

The results of this comparison revealed noteworthy results. The number of courses offered ranged from two at St. Mary's University to thirteen at both Temple University and Indiana State, two schools well-known for their risk management programs. (RIMS Magazine, Sept 2008). The breadth of the curriculums varied also. While all the schools offered an introductory course, often titled Principles of Risk Management and Insurance, and almost all offered courses in property and casualty insurance and in life and/or health insurance, their curriculums varied in many ways in both focus and scope. Some institutions, such as Middle Tennessee State, Missouri State, Mississippi State, Howard University, Old Dominion, University of North Texas, Auburn, and St. Cloud State appear to focus their programs on risk management and insurance for the individual. These programs may appeal to those interested in careers in independent insurance agencies or in professional positions in claims or underwriting at companies like State Farm and Progressive who are large providers of insurance for individuals. Likewise, companies such as these may find these institutions to be valuable targets for recruiting for these positions.

In addition to those basic courses discussed above, other courses found to be offered at many of the schools included Employee Benefits, Commercial Property and Liability Insurance, Business Risk Management, and Insurance Operations. These courses obviously steer the students enrolled in those programs toward possible careers in organizational risk management, the employee benefits function of human resources, and sales of commercial insurance. Some of the institutions falling under this category included University of Georgia, Indiana State, University of Mississippi, and the University of Pennsylvania.

Other course offerings were less common, making some schools distinctive. For example, only three schools in the survey, University of Louisiana at Monroe, Troy State, and Central Arkansas, included a course in Surplus Lines and Reinsurance in their curriculum. Surplus lines is a \$30 billion industry (www.napslo.org) that exists to provide insurance coverage for risks that are high in exposure, needing high limits of coverage, complex, such as an oil rig, or unique, such as a quarterback's throwing arm. Reinsurance, which is insurance for insurance companies, is a highly complex global business. These sectors of the insurance industry, while not as well-known as others, both offer career opportunities that are lucrative and challenging. Providing this course offering to the students in these programs gives both students and organizations in these industries a recruiting edge that some of the other institutions lack.

Other less common course offerings include actuarial science, found at Temple and University of Pennsylvania Wharton School, and University of Wisconsin-Madison; estate planning and/or retirement planning, found at Temple, Middle Tennessee State, Missouri State, Appalachia State, Howard University, and University of North Texas; and insurance law, offered at Florida State University, Ball State, and Appalachia State. These courses obviously offer their students an edge in these particular areas upon graduation.

Another noteworthy curriculum requirement in some schools is an internship or independent study, as some title it. The advantage of this requirement is obviously the hands-on training it offers the student, the experienced potential employee it provides the organization in need of a qualified college graduate, and a recruiting tool for those institutions offering the internship.

With so many students having to finance their own educations, the paid internship “kills two birds with one stone”, providing income and experience in their chosen field simultaneously. Institutions offering the internship include University of Georgia, Temple University, Indiana State, University of Louisiana at Lafayette, University of Louisiana at Monroe, University of Mississippi, Appalachia State, Howard University, and Eastern Kentucky University.

Data provided in Tables 2 and 3 provide a concise view of the main findings described above.

Course Offered	Percent of Schools Offering Course
Principles of Risk Management	88.64%
Business Risk Management	70.45%
Employee Benefits	63.64%
Property & Liability/Casualty Insurance	61.36%
Life and Health Insurance	50.00%
Insurance Operations	34.09%
Life Insurance	29.55%
Commercial Insurance	25.00%
Financial Planning	25.00%
Estate Planning/Retirement Planning	15.91%
Liability Insurance	13.64%
Insurance Law	11.36%
Personal Insurance	9.09%
Internship - Most programs give credit for a professional internship, but the percentage was difficult to quantify.	

Table 2: Percentage of Schools Offering Most Common Courses

Course Offering	Schools Offering Course
Risk Management Decisions	University of Nottingham
Risk Management Processes	University of Nottingham
Financial Strategies & Analysis: Insurance	University of Pennsylvania
Risk and Crisis Management	University of Pennsylvania
Derivative Markets	Utica College
Quantitative Analysis of Risk	Utica College
Energy Insurance and Risk Management	University of Houston
Global Corporate Risk Management	Temple University
Negotiation & Persuasive Presentations	Olivet College
Strategic Management of Insurance Enterprises	Olivet College
Planning for Business Owners & Professionals	Indiana State University
Health Care Management	Gannon University
Social Insurance	St. Cloud State, University of Hartford

Financial Management of Insurance Firms	LaSalle University
Issues in Risk Management and Insurance	Virginia Commonwealth University
E Business Risk Management and Insurance	Virginia Commonwealth University
Business in a Global Market	Florida State University
Claims Adjusting	Gannon University
Insurance Accounting	Florida Atlantic University
Theory of Risk	Georgia State University
Probability Theory & Simulation Analysis in RM	Georgia State University
Professional Development in RMI	Temple University
Property & Liability Insurance Functions	Temple University
Enterprise Risk Management	Georgia State University
Insurance Products - L/H & P/C	Florida State University
Actuarial Applications	Temple University, University of Pennsylvania, University of Wisconsin
Special Problems in Insurance	Eastern Kentucky University, Middle Tennessee State University
Surplus Lines and Reinsurance	Troy University, University of Louisiana Monroe, Univ of Central Ark
Reinsurance only	Florida Atlantic University, St. Joseph's University

Table 3: Courses Unique to Three Schools or Less

CONCLUSIONS

In conclusion, our findings show that while Risk Management and Insurance as a major field of study is growing at institutions of higher education, it remains a discipline not offered by most colleges and universities. Those who do offer it are responding to a need by government and organizations for stronger risk management education. (RIMS Magazine, Sept 2008) Programs are providing their students with not only the fundamental courses in the field, but some are going even further by also offering internships, courses in surplus lines and reinsurance, insurance law, actuarial science, and enterprise risk management. These additional courses arm their students with a competitive edge in a competitive global job market and serve the industry well by turning out graduates, often already experienced, with a broad well-rounded education.

Because of the efforts of these institutions offering the risk management curriculum, the number of graduates in the field is growing and job placement statistics for these graduates have been very high. According to Robert Hartwig, president of the Insurance Information Institute, “the boost comes just in time as the baby boomer generation of insurance professionals begins to retire in large numbers over the next several years.” (Business Insurance News, May 2008)

These findings should prove useful to both students who are interested in educational opportunities in the risk management and insurance field and to industry representatives who are looking for programs that produce graduates qualified to meet their staffing needs.

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