

MICHIGAN STATE UNIVERSITY

November 18, 2016

MEMORANDUM

TO: Dr. R. Sekhar Chivukula, Associate Provost for Undergraduate Education and Dean of Undergraduate Studies

FROM: Dr. John Gaboury, Associate Provost for Academic Services and Enrollment Management

RE: Request for a New Minor in Insurance and Risk Management
For Transmittal to the University Committee on Undergraduate Education (UCUE)

The request referenced above is being sent to the University Committee on Undergraduate Education (UCUE) in accordance with the *Bylaws for Academic Governance*, 4.4.

UCUE Response Requested:

Please ask the committee to consider the request referenced above and provide consultative commentary. Please mail the related materials referenced under the heading Attachments at the end of this memorandum to the committee members.

After receiving the committee's consultative response, the Provost will make a determination to forward or not to forward the request to the University Committee on Curriculum for its approval of curriculum and degree requirements.

If you have any questions, please call Joy Speas, University Curriculum Administrator, at 5-8420.

Thank you.

Attachments:

1. Request to Establish a New Academic Program form dated August 31, 2016: Minor in Insurance and Risk Management and attachments.

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University Curriculum and Catalog

Hannah Admin. Building
426 Auditorium Road
Room 151A
East Lansing, MI 48824

517-355-8420
Fax: 517-353-1935

ELI BROAD COLLEGE OF BUSINESS

1. Request to establish a Minor in Insurance and Risk Management in the Department of English. The University Committee on Undergraduate Education (UCUE) will consider this request.

a. **Background Information:**

The Minor in Creative Writing, administered by the Department of Finance, will provide students with a sound foundation for employment in the insurance and financial industries.

There has been significant interest from local and state-wide corporations for this program, especially one that builds on business-related skills of MSU students. The curriculum design enables students to perform well in these industries as well as in risk management roles with non-financial firms. Students learn the key concepts of insurance and risk management from a financial perspective, stressing an understanding of the structure, evolution and regulation of financial and insurance markets.

The insurance industry offers high-paying skilled jobs in Michigan. The Insurance Industry Engagement Plan states that in Michigan, the insurance industry directly employs 41,000 people and represents a growing business sector, both in terms of employment and, also, the impact on the state's economy. This figure does not include 'insurance-supported' jobs, primarily the state's 58,000 insurance agents, or their support staff. When combined, the insurance sector direct and related employment totals over 114,000. The average compensation of those directly employed by insurance companies is over \$85,000, compared to \$59,000 for the average employee in Michigan. Last year, insurance companies paid their employees over \$3.5 billion in wages and benefits. Over \$13 billion in commissions were also paid to state insurance agents.

Many peer schools offer undergraduate programs in insurance and risk management. Some highly-rated programs are at University of Georgia, University of Wisconsin, Penn State University, Georgia State University, University of Pennsylvania, Temple University, and Florida State University.

b. **Academic Programs Catalog Text:**

The Minor in Insurance and Risk Management, administered by the Department of Finance, teaches the skills necessary for students seeking careers as underwriters, claim adjusters, agents, or brokers in the insurance organization, as well as careers in risk management in financial institutions. Students will learn how to quantify, manage, and price risk, while learning the structure, evolution and regulation of the finance and insurance sector of the economy.

The minor is available as an elective to students who are enrolled in bachelor's degree programs at Michigan State University. With the approval of the department and college that administer the student's degree program, the courses that are used to satisfy the minor may also be used to satisfy the requirements for the bachelor's degree.

Admission

Students who plan to complete the requirements of the minor should consult the undergraduate adviser in the Department of Finance to apply. To be admitted to the minor students must have completed two of the following courses with a grade-point average of 3.0 through selection of a course from item a. and a course from item b.:

a.	STT	315	Introduction to Probability and Statistics for Business	3
	STT	351	Probability and Statistics for Engineering	3
	STT	421	Statistics I	3
	STT	441	Probability and Statistics I: Probability	3
b.	FI	311	Financial Management	3
	FI	320	Introduction to Finance	3

Requirements for the Minor in Insurance and Risk Management

CREDITS

Students must complete 15 credits from the following:

1.	Two of the following courses (6 credits):			
	EC	301	Intermediate Microeconomics	3
	EC	330	Money, Banking, and Financial Markets	3
	FI	312	Introduction to Investments	3
	FI	321	Theory of Investments	3
	FI	413	Management of Financial Institutions	3
	FI	414	Advanced Business Finance (W)	3
	MKT	319	Marketing Research	3
	SCM	475	Supply Chain Decision Modeling	2
2.	All of the following courses (9 credits):			
	FI	380	Principles of Insurance and Risk Management	3
	FI	480	Financial Risk Management	3
	FI	481	Crises, Insurance, and Risk Management	3

Effective Fall 2017.

(/)

Michigan State University Office of the Registrar

View a Program

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Joy Speas, RO

Wednesday, 8/31/2016

Program Name: Insurance and Risk Management

Program Request ID: 3305

Degree: MNUN Sequence Number: 1

Effective Dates: Fall 2017 - Open

Status: Interim

Initial Action: New

Requested Date: 8/4/2016 12:45:04 PM

1. Department/School/College:

08339 Department of Finance

2. Name of Program:

Insurance and Risk Management

3. Name of Degree:

MNUN

4. Type of Program:

Minor

5. Effective Start Semester:

Fall 2017

6. Target student audience for the program:

All undergraduates

7. Enrollment:

What is the expected enrollment per year: 30

What is the minimum enrollment acceptable: 15

8. Source of budget for the program:

To align academic planning and curricular change, ALL requests for NEW funds must be included in the College's annual planning letter. Provost approval of new funds and the effective date for the new program must align. If funding is not approved, then the program request will not be forwarded to Faculty Senate.

Internal reallocation

If new funds, was this request included in the College's annual planning letter?

Indicate yes or no. If no, then this is a department or college fund reallocation (If the program is implemented,

no additional resources are required.).

9. Projected Costs as compared to other programs in unit:

Same

10. Staff requirement:

How many additional staff will be required: 0

Who will provide the primary instruction. Describe any external linkages(industry, government, etc.):

Mark Schroder, Finance Department, Christian Goulding, Finance Department, New Faculty Member, Finance Department

11. Will additional equipment be required:

Approximate cost: 0

Source of funding:

12. Will additional library materials be required:

Approximate cost: 0

Source of funding:

13. Will additional space be required:

Type:

Approximate amount:

14. If the program requirements contain a named concentration, do you wish for the concentration to be noted on the student's transcript?:

No

15. Detailed Description:

Background Information and Considerations: This Minor in Insurance and Risk Management will provide students with a sound foundation for employment in the insurance and financial industries. We have had significant interest from local and state-wide corporations for such a program especially one that builds on business related skills of MSU students. The three new courses required for this minor should enable students to perform well not only in these industries but also in risk management roles in non-financial firms. The Minor will teach students the key concepts of insurance and risk management from a financial perspective, stressing an understanding of the structure, evolution and regulation of financial and insurance markets.

Rationale: The insurance industry offers many high-paying skilled jobs in Michigan. From the MSU Insurance Industry Engagement Plan:

In Michigan, the insurance industry directly employs 41,000 people and represents a growing business sector, both in terms of employment and, also, their impact on the state's economy. That figure does not include "insurance supported" jobs—primarily the state's 58,000 insurance agents, or their support staff. When that number is added in, insurance sector direct and related employment totals over 114,000. The average compensation of those directly employed by insurance companies is over \$85,000, compared to \$59,000 for the average employee in Michigan. Last year, insurance companies paid their employees over \$3.5 billion in wages and benefits. They also paid over \$13 billion in commissions to the state's insurance agents.

Many of our peer schools offer undergraduate programs in risk management and insurance. Some examples of highly-rated programs are at University of Georgia, University of Wisconsin, Penn State University, Georgia State University; University of Pennsylvania, Temple University and Florida State University.

As with the programs just listed, the program will be housed in the College of Business, which has faculty with expertise in financial markets and the measurement and pricing of risk.

Educational Objectives of the Program:

This minor will teach the skills necessary for students seeking careers as underwriters, claim adjusters, agents or brokers in the insurance organization, as well as careers in risk management in financial institutions. Students will learn how to quantify, manage, and price risk, and they will learn the structure, evolution and regulation of the markets.

Faculty:

Faculty responsible for implementing the program are Mark Schroder, Naveen Khanna, Christian Goulding and new faculty hires who will be replacing our two retiring faculty. One of the courses, Financial Risk Management, is already offered at the graduate level, and the same faculty member will develop an undergraduate version of this course.

Plan for Evaluating the Program:

ASSESSING STUDENT OUTCOMES

College: College of Business

Department: Finance

Program or major: Minor in Insurance and Risk Management

Contact Person: Mark Schroder or Naveen Khanna

1. List the student learning outcomes for this program.

Student Learning Outcomes:

Students should be able demonstrate an understanding of the following:

- common insurance products (life, property, casualty, annuities, etc.)
- pricing principles of basic insurance products
- insurance and banking regulation
- the evolution of regulations, and the impetus behind major legislation
- methods for measuring risk
- tools for managing risk

Students should also demonstrate a proficiency in problem-solving skills related to the measurement and pricing of different types of risk, including casualty, property, life, enterprise risk, natural disasters, and climate change, and the development and pricing of insurance products to effectively manage/hedge such risks.

Below are the institutional undergraduate learning goals:

Analytical Thinking

- Acquires, analyzes, and evaluates information from multiple sources (<http://learninggoals.undergrad.msu.edu/dimension/multiple-sources>) [X]
- Synthesizes and applies information within and across disciplines (<http://learninggoals.undergrad.msu.edu/dimension/synthesizes-information>) [X]
- Identifies and applies, as appropriate, quantitative methods for defining and responding to problems (<http://learninggoals.undergrad.msu.edu/dimension/problem-response>) [X]
- Identifies the credibility, use and misuse of scientific, humanistic and artistic methods (<http://learninggoals.undergrad.msu.edu/dimension/identifies-credibility>)

Cultural Understanding

- Reflects on experiences with diversity to demonstrate knowledge and sensitivity (<http://learninggoals.undergrad.msu.edu/dimension/diversity-sensitivity>)
- Demonstrates awareness of how diversity emerges within and across cultures (<http://learninggoals.undergrad.msu.edu/dimension/diversity-awareness>)

Effective Citizenship

- Understands the structures of local, national, and global governance systems and acts effectively within those structures in both individual and collaborative ways. (<http://learninggoals.undergrad.msu.edu/dimension/governance-systems>) [X]
- Applies knowledge and abilities to solve societal problems in ethical ways. (<http://learninggoals.undergrad.msu.edu/dimension/societal-problems>) [X]

Effective Communication

- Identifies how contexts affect communication strategies and practices (<http://learninggoals.undergrad.msu.edu/dimension/communication-strategies>).
- Engages in effective communication practices in a variety of situations and with a variety of media. (<http://learninggoals.undergrad.msu.edu/dimension/effective-communication>) [X]

Integrated Reasoning

- Critically applies liberal arts knowledge in disciplinary contexts and disciplinary knowledge in liberal arts contexts (<http://learninggoals.undergrad.msu.edu/dimension/liberal-arts-knowledge>)[X]
- Uses a variety of inquiry strategies incorporating multiple views to make value judgments, solve problems, answer questions, and generate new understanding (<http://learninggoals.undergrad.msu.edu/dimension/inquiry-strategies>) [X]

2. Describe how you will assess each outcome listed in question 1.

The Chair of the Department of Finance, in consultation with the faculty in Department of Finance, is responsible for regular evaluation of the Minor in Insurance and Risk Management. The processes for evaluating the quality of the minor will be a combination of the following: student evaluations, exit surveys, student enrollment, reviews of students' performances on exams and case analyses, and feedback from employers.

H. Program Description for University Catalog:

The Minor in Insurance and Risk Management teaches the skills necessary for students seeking careers as underwriters, claim adjusters, agents or brokers in the insurance organization, as well as careers in risk management in financial institutions. Students will learn how to quantify, manage, and price risk, and they will learn the structure, evolution and regulation of the finance and insurance sector of the economy. The minor will be administered by the Department of Finance.

FI 311 Financial Management 3

FI 320 Introduction to Finance 3

STT 315 Introduction to Probability and Statistics for Business 3

STT 351 Probability and Statistics for Engineering 3

STT 421 Statistics I 3

STT 441 Probability and Statistics I: Probability 3

16. Are there admissions requirements for this program?:

Grade or grade-point average requirements and if so in which course(s), portfolio requirement, audition, essay, etc. If there are not admission requirements other than those required by the University policy indicate "none".

Prior to admission to the minor, students must have completed the following two courses: 1. STT 315 or STT 351 or STT 421 or STT 441, 2. FI 311 or FI 320 Additional Requirements 1. Two of the following existing courses

(6 credits) EC 301 Intermediate Microeconomics EC 330 Money, Banking, and Financial Markets FI 312 Introduction to Investments FI 321 Theory of Investments FI 413 Management of Financial Institutions FI 414 Advanced Business Finance (W) MKT 319 Marketing Research SCM 475 Supply Chain Decision Modeling 2.

Each of the following three new courses (9 credits) FI 380 Principles of Risk Management and Insurance FI 480 Financial Risk Management FI 481 Crises, Insurance, and Risk Management To be admitted, students must have an average GPA of 3.0 in the two courses required for admission to the minor, and must also get approval of the department. The minor is extremely analytical, and therefore a strong grasp of the fundamentals of finance and statistics are essential to succeed in the program.

DEPARTMENT LEVEL APPROVAL STATUS

Approved: Department of Finance

8/31/2016 9:24:07 AM by Celeste Shoulders for Naveen Khanna, Chairperson

SIGNOFFS STATUS

Signed Off: The Eli Broad College of Business

8/31/2016 9:39:47 AM by Janet Foreman for John A. Wagner III, Associate Dean

COLLEGE LEVEL APPROVAL STATUS

Approved: Eli Broad College of Business and The Eli Broad Graduate School of Management
8/31/2016 9:39:54 AM by Janet Foreman for John A. Wagner III, Associate Dean

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DEPARTMENT of FINANCE

Naveen Khanna, Chairperson

UNDERGRADUATE PROGRAMS

The Department of Finance offers a Bachelor of Arts degree program with a major in finance.

Finance majors can concentrate in (1) corporate finance and (2) financial markets and institutions. The former involves the financing and investment activities of an organization as well as its governance, while the latter explores investment decisions, portfolio strategies and management, and market behavior. To ensure that they gain a broad perspective, students are advised to take courses in both areas and are required to take an integrative capstone course.

Qualified students are encouraged to pursue honors courses, study abroad programs, non-credit internship opportunities with national and international corporations, and cross-college specializations such as international business and entrepreneurship.

FINANCE

Finance encompasses business financial administration, management of financial institutions, investments, financial markets, and the management of risk. Business financial administration includes obtaining external funds in the money and capital markets, selecting and evaluating investment projects, coordinating the flow of funds from operations, and determining the benefits to be returned to suppliers of capital. An understanding of financial concepts and practices along with knowledge of the instruments and participants in the financial markets is vital to sound financial decision making.

The study of financial institutions involves analyzing the management of commercial banks, savings and loan associations, credit unions, insurance companies, and pension funds. The role of these institutions in the economy is examined. Financial policies and strategies in an increasingly competitive institutional marketplace are emphasized.

The field of investments involves the analysis and selection of securities with special emphasis on stocks and bonds. The role of these instruments in portfolios of individuals and financial institutions is explored.

Financial markets represent the environment within which corporations, financial institutions, and investors create financial assets and liabilities. The nature of the various financial instruments is examined, as well as market innovations and structural changes.

The finance major includes a course in intermediate accounting in addition to courses in finance. The program provides a valuable foundation for initial employment and continued career development in business administration. Employment opportunities exist with industrial firms, public utilities, commercial banks, insurance companies, brokerage firms, credit unions, savings and loan associations, and agencies of local, state, and federal government.

Requirements for the Bachelor of Arts Degree in Finance

1. The graduation requirements of the University as described in the *Undergraduate Education* section of this catalog; 120 credits, including general elective credits, are required for the Bachelor of Arts degree in Finance.
The completion of Mathematics 103 and 124 [referenced in item 2. below] may also satisfy the University mathematics requirement.
The University's Tier II writing requirement for the Finance major is met by completing Finance 414. That course is referenced in item 3. a. (1) below.
2. The requirements of The Eli Broad College of Business for the Bachelor of Arts degree in the majors that comprise the Business Administration Programs.

3. The following requirements for the major:

CREDITS

a. Major Field of Concentration. A minimum grade-point average of 2.0 in the courses that are listed below. Students may elect to complete more than three of the courses that are listed in item 3. a. (2) below with the understanding that the grades earned in such courses will be included in the computation of the grade-point average of courses in the Major Field of Concentration.

- (1) All of the following courses (9 credits):
 - ACC 305 Intermediate Accounting for Finance Majors . . . 3
 - FI 312 Introduction to Investments 3
 - FI 414 Advanced Business Finance (W) 3
 - (2) Three of the following courses (9 credits):
 - FI 413 Management of Financial Institutions 3
 - FI 451 International Financial Management 3
 - FI 455 Computer Applications in Financial Modeling 3
 - FI 457 Security Analysis 3
 - FI 473 Debt and Money Markets 3
 - FI 478 Investment Strategies and Speculative Markets 3
 - FI 491 Topics in Finance 3
- Students may reenroll in Finance 491 for a maximum of 9 credits.

Insert ①

GRADUATE STUDY

MINOR IN INSURANCE AND RISK MANAGEMENT

The Minor in Insurance and Risk Management, administered by the Department of Finance, teaches the skills necessary for students seeking careers as underwriters, claim adjusters, agents, or brokers in the insurance organization, as well as careers in risk management in financial institutions. Students will learn how to quantify, manage, and price risk, while learning the structure, evolution and regulation of the finance and insurance sector of the economy.

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	FI	312	Introduction to Investments	3
	FI	321	Theory of Investments	3
	FI	413	Management of Financial Institutions	3
	FI	414	Advanced Business Finance (W)	3
	MKT	319	Marketing Research	3
	SCM	475	Supply Chain Decision Modeling	2
2.	All of the following courses (9 credits):			
	FI	380	Principles of Insurance and Risk Management	3
	FI	480	Financial Risk Management	3
	FI	481	Crises, Insurance, and Risk Management	3