Undergraduate Risk Management & Insurance Programs:
A Blueprint

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ABSTRACT

There is a well-documented talent crisis in the RMI industry (Wells, 2009; Cole and McCullough, 2012). This crisis is somewhat evidenced by the fact that many of the collegiate RMI programs across the U.S. boast a near-100% employment rate.

Colleges and universities are also facing a new source of pressure with respect to any program: justifying the cost of an undergraduate education. The fact that risk management programs across the U.S. advertise starting salaries on their websites of $40,000 or more means that RMI programs, as compared to many others, should fare well in an informed market.

With all of these forces in play, the demand for RMI programs should be increasing. The peer-reviewed, academic literature has limited content on building an RMI program at the undergraduate level. This paper takes a first step towards filling that gap by offering a blueprint for building such a program. This blueprint is based largely on the author's career experience and observations. The key elements of a successful program are identified, and, the process of recruiting students is also discussed. A model of the lifecycle of the successful program is suggested, and, recommendations on a process for curriculum development are also made.

KEY WORDS: risk management, insurance, education, program building

INTRODUCTION

Professors of risk management and insurance (RMI) often have to justify their existence to university administrators and sometimes even colleagues. Colleagues that perceive themselves to be in a more "pure" discipline often criticize the teaching of something so "vocational" or "applied" as RMI.

Meanwhile, there is a well-documented talent crisis in the RMI industry (Wells, 2009; Cole and McCullough, 2012). This crisis is somewhat evidenced by the fact that many of the collegiate RMI programs across the U.S. boast a near-100% employment rate.

Colleges and universities are also facing a new source of pressure with respect to any program: justifying the cost of an undergraduate education. With $1.1 trillion in

student loan debt in the US (Wolf, 2013), more and more prospective students are comparison shopping and evaluating institutions of higher learning based upon the earning potential of the institution's degree. A new online tool created by the Consumer Financial Protection Bureau (CFPB) called the Financial Aid Comparison Shopper allows students to evaluate financial aid packages and ultimate debt at graduation *in relation to the expected average starting salary.* (Dervarics, 2012). The fact that risk management programs across the U.S. advertise starting salaries on their websites of $40,000 or more means that RMI programs, as compared to many others, should fare well in an informed market.

With all of these forces in play, ivory tower snobbery notwithstanding, RMI programs should not only be in demand now, but, that demand should be increasing. It appears that perhaps they are. New programs have sprouted in the last ten years that include East Carolina University, Butler University, and University of Houston Downtown.

The peer-reviewed, academic literature on RMI education is quite limited. One area that has been largely unexplored is what it takes to successfully build an undergraduate RMI program. This paper takes a first step towards filling that gap by offering a blueprint for building such a program. This blueprint is based largely on the author's career experience and observations. The key elements of a successful program, as well as challenges to building such a program, are identified. A model of the lifecycle of the successful program is suggested, and, recommendations on a process for curriculum development are also made.

THE FOUR PILLARS OF A SUCCESSFUL PROGRAM

From university-level courses in insurance law in the late 1800's to today's programs offering a multitude of courses and specialties, the RMI discipline has had its high and low points in terms of development (see McClain, 1951; Gardner and Schmit, 1995; and Ferguson et al., 2000). It appears that this is a time of expansion and increased demand again, given the talent shortage in the RMI field that for years has been taken very seriously by the RMI industry (see How Insurance Companies, 2006)

Dorfman, Ferguson and Ferguson (2006) assert that both curriculum design and course content are two strategic issues important for an RMI program's survival. These issues are certainly important, but this author asserts that there are four fundamental pillars that must be in place before curriculum is addressed. If any of these pillars is missing, the program becomes much like a four-legged table that loses a leg: it's unstable at best, and likely to topple over. Those four pillars are:

1. The RMI industry,
2. University administration,
3. RMI faculty, and
4. Students.

RMI Industry

The most successful RMI programs always feature strong industry support and good working relationships with insurers, brokers, agents, trade associations, and public and private entity risk management departments. The RMI industry is a critical component of any successful program because there must be demand for the final output or "product" of the program: its graduates.

Today more than ever, parents and students are evaluating degrees in terms of jobs and earning potential. The industry that employs those students will have to be there to offer real career opportunities. With baby boomers retiring soon, and, a scarcity of replacements for them, the demand is clearly already there for new college graduates in RMI. But, that is not the only function the industry serves in supporting a strong RMI program.

The industry members must be available to promote the field of RMI to both the university that will house the program, and, the students that will ultimately choose to major in it. Additionally, it is important that the industry communicate to the university and its students what it takes to be successful, and, what factors will influence future employment options.

The most efficient way to garner industry involvement in the program is the creation of an RMI advisory council or board. This group should be chaired by an industry person with passion and energy for the success of the program. It should be primarily made up of industry members from a wide range of areas and backgrounds, so that all segments of the industry are represented. These segments include: agency/brokerage, insurers (including claims and underwriting), personal lines, commercial lines, and surplus lines, and, of course, risk management.

There are many ways for the industry to get involved in university activities and become engaged in the program's success. Naturally, financial contributions are an important element of engagement, but there are many other ways for groups or individuals in RMI to become involved in an RMI program:[1]

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[1] Very often the financial contributions will not flow freely unless and until the industry is actually engaged with the university and the RMI students.

- participation in career fairs,
- membership in alumni organizations,
- membership on college advisory boards,
- classroom visits and lectures,
- attendance at student organization meetings, and
- participation in student organization activities, including community service projects.

In addition to financial support and participation in the activities listed above, there is one other component of industry engagement that is critical: invitations for students, faculty and administrators to participate in industry events. The reasons these invitations are important are numerous. Students as prospective employees need to see where they will work, what they will do, and, who they will work with. Faculty need to understand industry activities so they can better-educate students about career opportunities in RMI. Administrators need to maintain contact with the industry so they can understand what is needed from the university. Examples of such activities include:

- conventions and trade shows,
- monthly association meetings,
- internships for students, and, when possible, even for faculty,
- student mentoring program,
- shadow days for student visitors to see daily operations,
- special events, such as meetings with brokers or company outings, and
- corporate community service activities.

Without these interactions, there is limited knowledge and understanding of each other. It is important that all of the four pillars supporting a program work together, understand each other, and become truly vested in one another. There is simply no substitute for time spent together to accomplish these objectives.

University Administration

The administration controls two key resource areas: money, and faculty workload. If those are not properly aligned to achieve the goals of the program and fulfill its mission, it is almost impossible to have long-term success. All the industry support, faculty dedication, and student interest cannot overcome administration that does not respect the program or its stakeholders.

Furthermore, the administration has to have integrity and commitment to the program so that industry can feel comfortable providing financial support. The utilization of funds must be transparent, and, the administration must not in any way have an agenda to reallocate funds from RMI to some other project or program. If this happens, it is virtually impossible to restore industry confidence in the university and the RMI program.

When building a program it is critical to get "buy-in" from every level of university administration. Deans will come and go, so ideally the support for the RMI program should reach the highest levels of administration. One way to garner this type of support is for administrators to meet and interface with industry representatives. Administrators must see and believe that there is demand for the program and its students, and, that the program it is something unique that can bring esteem and recognition to the institution.

One of the most effective arguments for an RMI program is the simple fact that every business school has an accounting, management, marketing and finance department, and thus competition to be nationally ranked in those areas is stiff. But,

with a very small number of programs in RMI, it is possible for even the smallest of fish

to become quite sizeable in the academic pond.[2]

Unfortunately sometimes one or more administrators will simply not support a

"specialty" program like RMI.[3] There are a myriad of reasons why they might not:

academic elitism, lack of understanding of the RMI discipline, having other favored

projects, personality conflicts with one or more stakeholders of the program, or even just

a personal dislike (for whatever reason) for the RMI industry. The "why" is crucial to

understand so that hopefully it can be compensated for and ultimately overcome. If it

cannot be dealt with and changed, it must be counterbalanced with the strength of

support from other administrators. Again, the industry plays an important role in selling

the idea of a program and its importance to university administrators. Industry

supporters can be very helpful in garnering support from university administration.

RMI Faculty

Faculty play several roles in an RMI program. Each role is definitely important,

but there has to be at least one faculty member who serves as the program architect.

This faculty member is much like an orchestra conductor.   This faculty conductor is

responsible for bringing together the industry, the administration, and the students in the

most melodic fashion.

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[2] A listing of current RMI programs is available in the *IRMI Directory of Risk Management and Insurance Programs at U.S. Colleges and Universities,* available at http://www.irmi.com/insights/articles/2009/risk-management-insurance-university-directory.pdf .

[3] RMI programs are often referred to by a number of unflattering terms, including "vocational" and "minor area." Program builders are strongly encouraged to utilize terminology such as "specialty," "professional," or even "boutique," thus avoiding terms that have a negative connotation in academia.

Just an orchestra conductor has to determine how and when the various orchestra components will combine together, so must the faculty director of the RMI program. For the vast majority of activities, everything works or "sounds" better when at least two of the pillars are combined together. When all four can be combined, that is an ideal composition! It is there that support for the program can really grow strong. Sometimes solo performances are critical, such as a students-only meeting or retreat.

The program architect must have certain qualities. The first of these is a genuine interest in and passion for RMI education. A vision and goals for the program will not develop without this passion. Second, the architect must have a knack for bringing people together. Aligning the schedules and interests of employers, students and administrators will take some finesse and some effort. Third, the architect must have some comprehension of academic institution's internal politics. Selling the program and maintaining it will require support at all levels, as mentioned previously, and it is very difficult to have that if the architect has limited political influence inside the institution. Fourth and finally, the faculty member must be able to network with industry and speak its language. Industry members, as a general rule, will have real problems trusting and supporting someone who doesn't understand their business.

A faculty member who doesn't have a fire in his or her belly for the architect's role can still serve the program well and be an important player. But, someone serving as the program architect when they really don't enjoy the job is a disaster for the program itself, and, it serves no purpose for the faculty member.

Other faculty can and must serve a number of roles. The roles these additional faculty play will largely depend on the objectives and mission of the institution, as these

will dictate expectations for teaching and research. As this paper focuses exclusively on an undergraduate program and its success, there is one thing that is critical in terms of these faculty members and that is that they must care about and have a dedication to undergraduate education. The truly successful programs in the U.S. have a faculty base consisting largely of dedicated, often award-winning teachers who truly enjoy working with undergraduate students.

Every academic has encountered the colleague who believes he or she is above and beyond the task of educating undergraduate students. They usually prefer either to work with graduate students, or, to focus exclusively on research. These faculty should be avoided in an undergraduate RMI program, or, their contact and interaction with the undergraduates should be minimized to the extent possible. Selling the subject of insurance—a historically "unsexy" topic—is difficult enough without having to explain *"that"* professor.

One of the biggest obstacles to overcome is the disconnect between academia's research expectations and the program's needs. While it is certainly important that universities maintain research expectations and standards, at the same time they must be realistic. There are not enough hours in the day for faculty to excel in research, teaching, normal university service *and* program architecture/maintenance. This can result in challenges and even punitive measures (such as poor performance reviews, nonexistent raises, and tenure and promotion denials) for the faculty dedicated to the program.

Further, where research is concerned, it seems that publication in top tier journals often involves subjects that industry members find impractical, This is, again,

where industry can play a valuable role in helping university administration to understand the needs of the industry and its core values.

Students

Each school has its own unique student body characteristics and personality. But, it is the author's experience that successful students come from all walks of life, backgrounds, and universities. The ones needed in the RMI industry should have at least three traits: a strong work ethic, good business ethics, and high integrity. In 24 years of teaching, this author has seen, among other things, less-than-stellar grades, poor test taking ability, limited public speaking skills, and learning disabilities. Students who had the desire to work, solid ethics and integrity always managed to overcome their respective challenges.

The work ethic is important because the RMI industry rarely abides bluebloods with the attitude that work is for other people. Personal and family connections can only carry one so far. The RMI industry requires hard work to be successful. Students have to want to work, both during school as students and interns, and, after school as career-minded people who want to make a real contribution to the industry.

Today's industry and its legal environment demand ethical behavior and integrity to be successful, as well they should. The RMI field has been plagued, for decades, with negative stereotypes. There is no need to revive those or give them any validity by bringing in students lacking in these important traits.
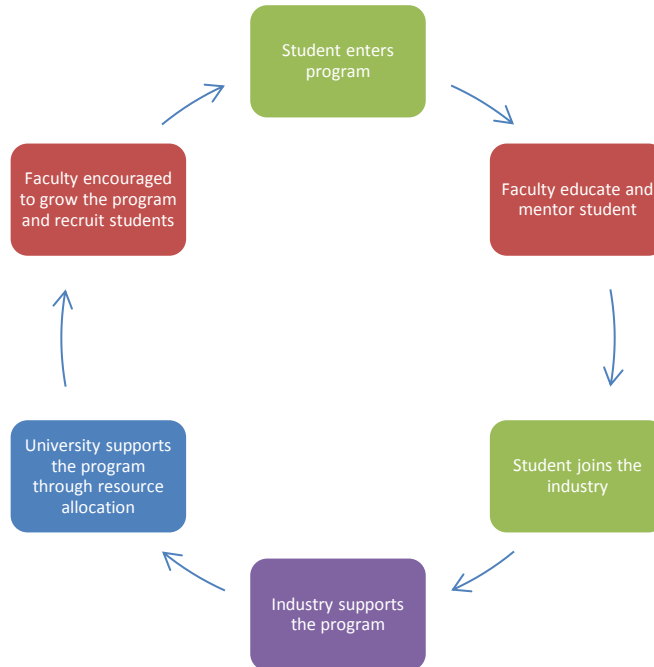
Undergraduate students are a necessary pillar of the program, in spite of university funding formulas and research goals that may ultimately signal that

undergraduate education is not a priority. Not only because without them, faculty have

no one to teach, but also because they ultimately become industry members. And, the

importance of industry has already been described. Finding these students is critical to

the growth of the program, and that process will be discussed in a later section.

The Four Pillars Together

Much like biological systems in which various components work together in a

mutualistic relationship to survive, so do these four pillars. With all four present and

playing their described roles, there will be a cyclical perpetuation of the program that

flows like this:

- Student enters program
- Student is educated, nurtured, and groomed by faculty
- Student becomes an employed RMI alumnus, with loyalty to and for the RMI program.
- The industry member/alumnus provides support for the program, signaling to administration as well as prospective students that the program is valued and in demand.
- Administrators, hearing the praise of industry, continue to support the program, allowing faculty the time and resources to work towards a thriving program.
- The faculty member recruits students to the program.
- Student enters program…..(hopefully, this will repeat frequently!)

Student enters program

Faculty educate and mentor student

Student joins the industry

Industry supports the program

University supports the program through resource allocation

Faculty encouraged to grow the program and recruit students

It is the author's opinion, based on over 20 years of teaching experience, that to have a successful program, there are a few necessary conditions for these four pillars to work together to create a truly well-supported program:

1. They must frequently interact with one another.
2. They must have mutual respect and genuine appreciation for one another.
3. They must view the program itself as something of value.

Admittedly, these rules certainly challenge traditional views on the roles of each pillar, but this author asserts that those views *have* to change to ensure the ongoing success of collegiate RMI programs. Given resource pressures and informed student consumers shopping for the best educational value, the programs that don't reconsider traditional roles will likely fall behind the programs that do.

Just as one example, historically central administrators at major universities do not spend much time with undergraduate students. The reasons for that may vary, but, this model assumes that there will be interaction between them. However, if rule #2 is violated--if administrators feel that spending time with undergraduates is a waste of their

time--it *will be noticed.* It leaves a very discouraged feeling in the hearts of the faculty and the industry that are so invested in those undergraduates.

If a faculty member has anything less than respect and admiration for the industry, industry members will not welcome them to industry functions, and, may not welcome the students either. If the industry doesn't value the program, but rather views students and academics as being blessed with its presence, students will turn away from it immediately as a career option.

In summary, the four pillars that support an undergraduate RMI program are critical to program growth and survival. There really is no substitute for any of them. If one is missing, or weak, the program will be unstable at best and most likely will not survive long-term. Next is a discussion of the critical and sometimes overwhelming task of finding students for the program.

FINDING AND RETAINING THE STUDENTS

The word "insurance" is generally a repellent to typical Americans. Less than 1 in 10 express a desire or interest in working in the insurance industry, and 44% cite that it sounds "boring" as a reason for not wanting to work there (Millennials, 2012). This author will not "preach to the choir" about how much opportunity there is in RMI. But, there remains one question that must be answered, and that is how to convey this one simple message to college students:

"'The RMI industry needs, wants, and will reward undergraduate talent."

Again, it is necessary to challenge traditional academic views when it comes to the process of finding students. As much as RMI educators understand the value of

RMI, there is a certain amount of selling and marketing that has to be done to get undergraduates interested in the profession. This is an activity that many academics are not experienced in, and, it requires creative thinking.

For instance, the late Dr. E.J. Leverett, also known as "The Pied Piper of Insurance," built the University of Georgia program by literally showing up at class registration each term. He shook hands with students waiting in line to register and told them about the career opportunities in RMI. That was how he reached students before technology allowed access to them with blast e-mails and social media.

The "where" of today in terms of finding students requires an analysis of 1) which student population(s) are most likely to be interested in the message, and, 2) where those students can be found. The ideal situation is to reach students that still have time to declare or change their major.[4] There are a number of places to find those students:

- Introductory survey courses (accounting, business law, finance, etc)
- Freshman orientations
- Transfer student orientations
- Preview/visitation days that provide information to prospective students
- Extracurricular groups and organizations
- High schools

Sometimes it is as easy as asking colleagues for an opportunity to speak to a class, or, offering to cover a class for a faculty member who can't be on campus that day. Other times there are more subtle means for reaching this audience. For example, the academic advising staff will interact with these students and have the ability to influence which majors they look to as prospective choices. A lunch or meeting with advisors that offers up information about what an RMI program offers is

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[44] It is always frustrating to hear, "I wish I had found RMI sooner, because I'm about to graduate with my _____ degree and it's too late for me to change my major!"

often followed by a surge in enrollment. Again, though, this is where university administrator support is invaluable—the dean's endorsement of the program and emphasis on its important to the advising staff will create even more of an impact on how the advisors approach students.

If people believe RMI is boring, it is up to faculty to show them that it isn't. Whether through guest speakers, videos, case studies, or field trips (just to name a few), there are numerous ways to demonstrate the creativity and problem solving that is inherent in the RMI discipline.

The Role of Social Media

Today is an era of engagement that does not separate marketing campaigns from the product itself (We're All, 2011). If faculty are marketing a program to prospective students—*and faculty most assuredly are in the marketing business when it comes to RMI programs*--then a social media program is critical. Social media is where today's college students get news and information (Ruquet, 2013). Research indicates that even high school students are now using social media to research college options (Lytle, 2012). Students look to other students for recommendations about majors and programs. Social media affords them the opportunity to have this interaction with one another and share information. The creation of a social media strategy is beyond the scope of this article. For more insight into creating a social media marketing campaign, see Tuten and Solomon (2012).

CURRICULUM DEVELOPMENT

The curriculum is irrelevant until the four pillars are in place to give it structure and backing. Once they are, it is then time to ask "What should we be teaching our students?"

There appears to be no scholarly literature on the core values or subjects that the *future* RMI professional needs. The identification and/or definition of the ideal curriculum is beyond the scope of this article. One thing is certain--technically accurate and *current* information that is both practical and relevant to today's business of RMI is important. Again, interaction with the industry is important for understanding the skills and knowledge that tomorrow's insurance professional needs.

No successful business manufactures products without keeping the ultimate buyer of those products in mind. Why should academia be any different, and certainly a business school? The "buyer" of the "product" is the industry that's going to employ graduates and give them a fertile ground on which to build a career. If academia ignores the needs of the industry, it does a disservice to every stakeholder of the program, but *especially to the students*. Asking the industry what it needs and wants in terms of future employees is critical for constructing a curriculum that is an efficient use of tuition as well as limited faculty and student time.

If the RMI program will appeal to a wide range of employers and present a myriad of opportunities to the students, it should offer breadth and variety of content. The creation of an industry advisory board facilitates the gathering of feedback on the important issues both present and future. Depending on the size of the board, a

curriculum "subcommittee" may be the most efficient way to gather and organize industry feedback on this issue.

Starting with an absolutely blank slate rather than retaining curriculum artifacts that have outlived their usefulness is probably the best approach to curriculum development. The class, project, schedule or textbook[5] that no one dares to question is an impediment to meaningful curriculum innovation. This is where a supportive administration comes in handy as a champion of building a program from the ground up.

CONCLUSION

The foundational elements of a solid RMI undergraduate program are: RMI industry, university administration, RMI faculty and, of course, students. Without all four of those elements working in unison, the undergraduate RMI program is unlikely to thrive. The marketing of an undergraduate RMI program is a crucial piece of recruiting students to the program. Social media is the preferred conduit for reaching today's college students, but, face-to-face meetings and interaction at various events are also useful tools for recruiting students.

RMI program curriculum should be current and meaningful, and to gather information on what it should encompass, look no further than the RMI industry that will hire the students. Thorough preparation of the students for a career in RMI requires understanding exactly what the RMI industry is doing and what it needs in terms of talent.

This is a first-step in defining a blueprint for creating an undergraduate RMI program. Its principles and concepts can certainly be applied to existing programs in

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[5] Usually written by a senior faculty member in the department.

need of rejuvenation. Topics for future research include evaluating the best methods for

marketing an RMI major to undergraduates, and, the optimum undergraduate

curriculum topics for an RMI program.

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