

## Risk Finance

BSMG6403

### Course Outline

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**Description:** Learn to design and implement risk management plans including insurance and self insurance as a risk financing technique. This course will explore loss forecasting and various approaches for implementing a variety of strategies your organization can use to obtain funds in order to compensate for accidental losses. Topics to be covered include: conventional insurance, self insurance funding, Retrospective rating plans, Reinsurance, Captive insurance, Finite and integrated risk plans.

**Course Goals:** Provide students with an overview of risk finance and how it can be used by an organization as a risk treatment technique to retain or transfer pure and speculative risks.

**Course Objectives:** At the completion of this course, the student will be able to utilize risk treatment techniques that are used by risk managers to pay for, or finance the consequences of risk.

**Evaluation:** Students are required to select one of the following options and submit it in writing or electronically to the instructor. Failure to submit an option by this date will automatically default to Option 1.

**OPTION 1** MIDTERM EXAMINATION (30 MARKS)  
FINAL EXAMINATION (70 MARKS)

**OPTION 2** CHAPTER PRESENTATION / 60 MINUTES (20 MARKS)  
MIDTERM EXAMINATION (30 MARKS)  
FINAL EXAMINATION (50 MARKS)

*Please contact Continuing Studies if you require information in an alternate format, or if any arrangements can be made to ensure that this course is accessible to you. If you would like to provide feedback about accessibility-related issues that are specific to your experience with Continuing Studies, you may do so using our comment box (located in the entrance of the office) or you may contact Accessibility at Western ([accessibility@uwo.ca](mailto:accessibility@uwo.ca) or 519-661-2111, extension 85562); the feedback will be forwarded to the appropriate individual or area for follow-up.*

### Notes on assignments (papers and reports):

- Must be academic in style and content
- Must have a clear focus
- Must present ideas in a logical and well thought-out flow

- conclusions must be based on clearly identified research and sources
- Must cite all references from other sources
- Must be in paragraph format
- Must be double-spaced, and typewritten
- Must follow APA style

## **Policy on Cheating and Academic Misconduct:**

Academic honesty is a cornerstone of conduct at Western University. We cannot have freedom of expression without integrity. Students are responsible for understanding the nature of and avoiding the occurrence of plagiarism and other academic offences; please refer to the section on “Scholastic Offences” in the current University Academic Calendar, or on the web at <http://www.westerncalendar.uwo.ca>. Such offences include plagiarism, cheating on an examination, submitting false or fraudulent assignments or credentials, impersonating a candidate, or submitting for credit in any course any academic work for which credit has previously been obtained or is being sought in another course in this University or elsewhere (without the knowledge and approval of the instructor to whom the work is submitted). Students enrolled in non-degree courses are expected to abide by the University’s code of conduct.

## **Code of Student Conduct:**

The purpose of the Code of Student Conduct is to define the general standard of conduct expected of students registered at Western University, provide examples of behaviour that constitutes a breach of this standard of conduct, provide examples of sanctions that may be imposed, and set out the disciplinary procedures that the University will follow. For the complete Code of Student Conduct: <http://www.uwo.ca/univsec/pdf/board/code.pdf>.

## **Plagiarism:**

All required papers may be subject to submission for textual similarity review to the commercial plagiarism detection software under license to the University for the detection of plagiarism. All papers submitted will be included as source documents in the reference database for the purpose of detecting plagiarism of papers subsequently submitted to the system. Use of the service is subject to the licensing agreement, currently between Western University and Turnitin.com (<http://www.turnitin.com>).

## **Course Schedule:**

- Week 1 CHAPTER 1- INTRODUCTION TO RISK FINANCING
- Week 2 CHAPTER 2 – ESTIMATING HAZARD RISK
- Week 3 CHAPTER 3 – TRANSFERRING HAZARD RISK THROUGH INSURANCE
- Week 4 CHAPTER 4 – SELF-INSURANCE PLANS
- Week 5 CHAPTER 5 – RETROSPECTIVE RATING PLANS

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Week 6 CHAPTER 6 - REINSURANCE

**Week 7 FAMILY DAY...NO CLASS**

Week 8 CHAPTER 7- CAPTIVE INSURANCE

**Week 9 MIDTERM EXAMINATION COVERING CHAPTERS 1 – 7**

Week 10 CHAPTER 8 – CONTRACTUAL RISK TRANSFER

Week 11 CHAPTER 9 – TRANSFERRING FINANCIAL RISK

Week 12 CHAPTER 10 – TRANSFERRING HAZARD RISK TO THE CAPITAL MARKETS

Week 13 CHAPTER 11 – ALLOCATING COSTS OF MANAGING HAZARD RISK

**Week 14 FINAL EXAMINATION (3 HOURS)**