SPECIAL REPORT

OF THE

ACADEMIC MATTERS COUNCILS

concerning

CREATION OF A NEW CONCENTRATION IN FINANCE: INSURANCE
(#3722)

Presented at the
775th Regular Meeting of the Faculty Senate
February 15, 2018

COUNCIL MEMBERSHIP

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This is a proposal to add a new concentration (track) in insurance to the existing four tracks in the Finance major. Like the existing tracks, this would require 9 credits of coursework. The proposal notes that there ample employment opportunities in insurance, but few existing programs that allow students to specialize in that field. The Finance Department has hired two faculty members who can teach the courses in the track. Two of the required courses are currently taught as special topics seminars, but proposals to convert the special topics courses to permanent courses have been submitted to the Faculty Senate (FINANCE 497A proposed as FINANCE 411: Personal Insurance, and FINANCE 497P proposed as FINANCE 412: Property and Casualty Insurance).
Briefly describe the Proposal

A new track in Insurance is being proposed, which will become the 5th track for completing the 9 electives of the finance concentration. These courses in the insurance track are given as follows:

- **Property and Liability Insurance (FINANCE 497P)** (similar to INS 21, see Appendix II)
- **Personal Insurance (FINANCE 497A)** (including life insurance, similar to INS 22, see Appendix II)
- **Corporate Risk Management (SCH-MGMT 506)**

Provide a brief overview of the process for developing the proposal.

The Finance major has become the largest major at Isenberg School with 741 Isenberg undergraduates who have declared it. The Finance major attracts some of the brightest students who specialize in one or more of four different concentrations: Corporate Finance targeted to the finance-related jobs in the real sector economy; Financial Analyst targeted to jobs in the investments sector (both buy-side and sell-side); Risk Management targeted to jobs in large banks and other large financial institutions; and Alternative Investments for jobs in hedge funds, private equity, commodities, etc. (see the appendix I for the finance major check sheet). The finance major is highly valued for its continuous innovation in curriculum based on the changing needs of the financial sector. The surge in the demand for the finance major from less than 250 students in 2010 to 741 students in 2017, has led to the creation of new concentrations to fulfill the need for education in different areas of finance. Employment opportunities in insurance have been ample but the supply side is limited. For example, it is estimated that there are over 200,000 insurance job openings in 2014, the insurance industry will need to fill 400,000 positions by 2020. By 2030, nearly 50% of the current insurance workforce will retire. Despite that a large number of big insurance companies are headquartered in Massachusetts, including Arbella, Hanover, Liberty Mutual, and Mass Mutual, there are no insurance programs at any of the major business schools in Massachusetts. Nationwide, schools that offer insurance degrees or programs are generally not elite business schools (see appendix II). Discussions and meetings with industry representatives confirm the need for courses in insurance at Isenberg School. The industry representatives are willing to help in the new curriculum and internship opportunities. In addition, the entry-level salaries for insurance underwrites, personal financial advisors, and actuaries are $59,290, $64,750, and $87,650 per year, respectively, based on U.S. College Search. The growing demand with insufficient supplies, together with the relatively high pay in the insurance industry, make a new track in insurance very attractive and feasible.

We offered the first insurance course on Property and Casualty Insurance (FINANCE 497P) in Fall 2016. We offered the second insurance course in Personal Insurance (FINANCE 497A) in spring 2017. These courses will pave the way for the new insurance track which will consist of three courses with the Corporate Risk Management (SCH-MGMT 506) course being already offered.

The initiative of our insurance program has received very strong support from these industry experts. For example, Chuck Robinson wrote after the curriculum subcommittee call:
“Bing:

Thank you for your email.
I am very excited about the insurance program starting this fall. This is truly great! You have my full support and help to make this a successful program. I would be most happy to be a guest speaker if and whenever Dr. Gardiner would like. Even though I spend some time in Florida during the winter months I come back north each month and I am pretty much in Massachusetts until New Years. Also, I would be happy to approach both insurance agencies and insurance companies about internships for the summer of 2017 when the time is right.
I am somewhat familiar with the five courses below and think they are very appropriate.
Again, thank you.
Kindest regards,
Chuck”

Also, Jim Hyatt (the Chair of the subcommittee) at Arbella wrote:

“Good morning Ginnie,
I too wanted to offer any help I can to this effort. Chuck is right, we can and will get insurers to be part of the classroom experience and to step up with internships. Would it be helpful if we set up a meeting to walk through the course to offer any insights and see where we could potentially plug in some guest speakers? We could organize a call or a campus visit, I am in the Amherst area with some frequency? Or if you are in the Boston area we could host you at the Arbella office!
Jim”

Both Jim and Chuck as well as others in the industry are willing to support the curriculum in terms of providing industry outlook/trend, creating internship opportunities, promoting our program, and speaking at our classes.
In summary, given the rapid growth in the finance major (graduating majors rising from 182 last year to 260 this year) at Isenberg School and the employment opportunity in the insurance industry, the Finance Department will extend our existing curriculum by offering the first insurance course in Fall 2016, the second course in Spring 2017, and launching the full insurance track in Fall 2017.

Purpose and Goals

Describe the proposal's purpose and the particular knowledge and skills to be acquired.

Resources

If this proposal requires no additional resources, say so and briefly explain why. If this proposal requires additional resources, explain how they will be paid for. For proposals involving instruction, indicate how many new enrollments are expected and whether the courses have room to accommodate them.

The proposal does not require additional resources as we had already hired two lecturers Ginnie Gardiner and Robert Feingold in 2015 and 2016, respectively, anticipating more sections in finance with the huge increases in enrollments in finance. With the help of these two lecturers we have added 12 new sections, 3 of which are sections for the insurance track.
Curriculum

Provide a curriculum outline showing degree program requirements, requirements of any existing concentrations, requirements of proposed concentration, and how they relate. You may include this outline and any additional documents as attachments below.

The purpose of adding an insurance concentration in the finance department is to meet the growing needs of the insurance industry for executive talent. Massachusetts and Connecticut as well as other states in the region host the headquarters of many stock and mutual insurance companies providing most lines of insurance. Several leaders from this industry came to Isenberg requesting we provide this concentration since they observe a disturbing trend of executives aging out of their industry.

Business schools at many research universities are providing undergraduate and graduate degrees in insurance yet the demand is not satisfied. Historically, many AACSB-accredited business schools have F.I.R.E. departments to be able to place students with similar finance and business skills in the finance, insurance, and real estate industries. This proposal, therefore, is for a common and natural expansion of the finance offerings.

In addition to the existing skills from accounting, management, corporate finance, investments, corporate risk management and financial modeling courses currently offered which meet some of the investment needs of the insurance industry, this proposed track will meet the needs of the production side of the industry. Students will learn how to manage pure risks arising from property and liability in the commercial lines and property, liability, auto, homeowners, life, health, retirement, et cetera in the personal lines. Additionally, students will learn about regulations, contracts and operations that are unique to the insurance industry.

Many of the academic journals in insurance draw from scholars in finance. This track could open up more avenues for research and collaborations for faculty in the finance department.

Attach any curriculum outline or additional materials here.

MOTION: That the Faculty Senate approve the Creation of a New Concentration in Finance: Insurance, as presented in Sen. Doc. No. 18-032.