

THE ROLE OF INSURANCE AND RISK IN THE CURRICULUM

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Concern over the role of insurance and risk education is, of course, not a new one for most members of ARIA. Discus-

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sions of this nature have been carried on within the Association dating back to my first experience as an insurance teacher in the late 1940's. Further, long after most of us have left education, this subject will still be discussed, and most appropriately so. After all, if review, reevaluation, and ex-

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ploration of the role of insurance and risk education is not perpetual, so as to make it more dynamic and meaningful, then perhaps our specific interest in education for business has a relatively short future. It is significant that the role of insurance education is one that we are now exploring in the College of Business Administration of the University of Denver.

Private vs. Public Roles

My particular attention to this subject matter in collegiate education for business will center primarily around my own experience, discussions with others, and interest in insurance education as the dean of a college of business administration located in a private educational institution. The emphasis of my remarks is on the word "private", because historically there has been a significant difference between private institutions and public ones in the general direction of the educational programs of colleges of business administration.

This comment should not be interpreted to mean that these different directions suggest that one institution, the private, is necessarily doing the "right thing", and the public institution is doing the "wrong thing," or vice versa. One of the features of education, which to me is so important, is that each institution finds its own role to provide most effectively the high quality of education that is necessary today and in the future.

The Private Role

Cost-Benefit Analysis

One of the first distinctions is that, in general, private institutions have had fewer funds available to develop the various kinds of educational programs, including insurance education, than have the public institutions. Therefore, cost-benefit analysis becomes extremely important before one reaches a decision to add a new pro-

gram or expand an existing one. With more limited resources, the private institution must evaluate its existing programs to determine whether a program should be eliminated to add another, to determine whether adding a program will be a drain of resources for existing programs, or determine where additional funds may be made available to support the new program. Thus, even if after a thorough evaluation the College sees a need for a particular program to serve its various audiences, a decision may be made that this program cannot be instituted at a given time, or even in the foreseeable future, until additional resources become available.

The private institution is forced to develop fewer specialized programs and then concentrate on these few programs in an effort to make them viable, dynamic and meaningful. Historically, at least, the public institution has had available through its legislative bodies a source of funds permitting it to add and develop more specialized programs without seriously affecting the resources available for continued development of existing programs. Of course, at this time, it appears that the public institution is now being faced with the same financial problem as the private institution. Therefore, this point concerning the cost-benefit analysis becomes even more significant in determining the future development and role of insurance and risk programs in both private and public collegiate schools of business.

Curricula and Change

The next point concerns the role of the insurance program in the curriculum of a college of business administration, resulting from the changing nature of the general business curriculum in recent years. Assuming for a moment that a thorough study has been made and a cost-benefit exists for introducing an insurance and risk program or expanding an existing one,

the next question is, "Where do the basic concepts of risk and insurance fit into the general curriculum?" Or, "Is insurance as a subject matter a part of the 'common body of knowledge' required of all business students, and, if so, what will be the content of the insurance and risk course?"

One of the significant, dramatic, and exciting recent changes in curriculum has been the recognition of the truly interdisciplinary nature of subject matter in education for business. Even though there still remains an identity in each of the specialty areas, faculties have come more and more to recognize the interrelations among areas for effective education. Furthermore, we have looked at other disciplines outside the college of business and recognize their role throughout the entire curriculum, to a far greater extent than we did 30 years ago.

Let me give a few illustrations: (1) When I was an undergraduate in a college of business administration my exposure to probability theory, Bayesian statistics, and matrix algebra was limited entirely to my insurance and actuarial science courses. Today, however, these subjects permeate the entire curriculum in the college of business administration. (2) Another example concerns the matter of insurance accounting. Seldom was reference made in accounting courses to insurance accounting other than to point out that it was "different." Today, however, we see more and more accountants and accounting courses dealing with certain aspects of insurance accounting. (3) Another example relates to such subjects as workmen's compensation, unemployment insurance, and liability. When I was in school, these were traditionally covered only in the insurance courses. Today we see them covered in courses in legal frameworks in business, economics courses, marketing courses, insurance courses and so forth. Thus, if risk and insurance is to be required, what additional knowledge might need to be con-

veyed, and to what extent do the other coverages of what have traditionally been considered insurance matter need to be brought together into an integrated unit?

Objectives and Nature of Program

The third point, assuming conditions are favorable, deals with the objectives and nature of the insurance program. The place to start defining departmental objectives is to review the overall objectives of the curriculum of the college of business administration. This may sound rather elementary, but each of us is probably aware of insurance programs which failed to achieve their objectives and misspent or utilized unnecessary resources because they conflicted with the general objective of the college's curriculum, rather than fitting into it and integrating with it.

In a four year institution, the success of an insurance and risk program will be maximized by taking advantage of all the other programs in the college and integrating with them rather than standing alone. As one evaluates the objectives of the college, the direction, or possible alternate directions, of the insurance program begins to emerge. Thus, one can ascertain whether the program is to consist of a series of service courses for the student who wishes to gain additional knowledge of insurance or whether the program is to lead to a major or area of specialization.

In addition, as one understands the objectives of the general curriculum, the nature of the major, if this is to be the direction, tends to become clearer. Thus, one can readily ascertain whether this is to be an applied management program, an actuarial science program or a socio-economic program, and so forth.

To carry this point just a step further, even within the area of applied management one may go one of several directions. For example, the emphasis in the applied management approach could be

on internal insurance company management. Another approach would be from the risk management standpoint, in which the emphasis is on the management of insurance problems for the non-insurance firm. Either approach can be important, significant and meaningful.

Insurance Program or Not?

At this point I would like to suggest that a final decision on an insurance program within a private college of business administration is still under consideration. Assuming that analysis demonstrates a cost/benefit, that resources are available, that the role of insurance in the curriculum is clear and that the direction of that program is clear, there is the overriding need to go back to our starting point and ask ourselves whether this program conforms with our original objective of meeting the needs of the audiences we serve. Thus, it could well be that there is a clearly determined need for an insurance program at the given institution. But if the type of program which can be developed effectively and efficiently within the institution and its curricular objectives does not satisfy that original need of the community, it may be necessary to decide not to undertake or expand an existing insurance program. This, of course, is an extremely difficult decision. But I, as an administrator, and the faculty must come to a point of evaluating and facing the issue of maximizing the utilization of the resources of the institution for the benefit of all the audiences it serves. If the "ultimate" program is developed but it does not satisfy the existing needs of the business community served, then there should be a serious pause and review before making a decision to go ahead with the program. For example, a need for students exists. If the present student body of the institution is not interested, it becomes very easy to say we will recruit these people. However, at a private institution,

this may require use of additional resources that will draw from other programs and not optimize the use of the limited dollars available.

Implications

These remarks are not intended to create the impression that the author is anti-insurance (remember my bias as an insurance teacher). Rather, the purpose is to convey the need for every institution constantly to be reviewing its curriculum, its programs and its objectives in order to continue to do the most efficient, effective job of education for our society. We must, especially in a period of serious budgetary pressure, maximize the utilization of our dollars for education by taking a hard look at every program we now have and at every program we may anticipate, to determine whether we are fully achieving our objectives in education for business.

We can no longer add programs mainly because they happen to mix good educational sense and anticipated dollars. In my estimation, private education has not done as much of this evaluation as it should have (although because of the more limited resources, many of us like to think we have done more in this respect than has the public institution). Many would argue about this assertion, yet most would agree that, in general, the private institution has not offered as great a variety of programs within education for business as has the public institution. It is difficult to say whether this is due to the type of analysis suggested here. However, when lacking the luxury of state or local subsidies (as in the private institution), it is necessary to be extremely cautious in adding any new program.

Summary

The dean and faculty of a college of business administration in a private institution must examine the role of insurance and risk education by answering

these questions: (1) Is there a need for such a program among the audiences served by the college? (2) What will be the objectives of the insurance and risk program in view of the objectives of the college of business administration? (3) Are the resources available to provide a

quality educational program without affecting the educational efforts in other programs? (4) Will the ultimate objectives of the insurance and risk program along with the available resources adequately meet the original determined needs of the audiences served?

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