

Contact: Rachel Boon

**REQUEST FOR NEW PROGRAM AT THE UNIVERSITY OF IOWA: BACHELOR OF
BUSINESS ADMINISTRATION IN RISK MANAGEMENT AND INSURANCE**

Action Requested: Consider approval of the request by the University of Iowa for a Bachelor of Business Administration in Risk Management and Insurance in the Tippie College of Business.

The Council of Provosts and the Board office support approval of this program.

Description of proposed program. The Department of Finance in the Tippie College of Business (Tippie) is proposing a new undergraduate major in Risk Management and Insurance (RMI). Preceded by a long history of excellence in education in risk management and insurance, in 2004 Tippie created the Emmett J. Vaughan Institute of Risk Management and Insurance (Vaughan Institute) to support the development of a certificate program in RMI. The Vaughan Institute established an advisory board of 15 nationwide industry experts, with ties to the University of Iowa, to provide valuable industry input to keep the program's educational goals relevant. The Vaughan Institute is one of only 20 programs worldwide to be designated a Global Center of Insurance Excellence (GCIE) by The International Insurance Society when the GCIE designation was established in 2017. Given a history of excellence, the demand from students for RMI courses, and the demand from insurance companies for graduates with RMI expertise, the college expects a major in RMI to: 1) provide students with the opportunity to develop a deeper skill set to immediately apply in the RMI industry upon graduation, 2) build the reputation of Iowa as a state for insurance education, and 3) attract new students to the University of Iowa (UI) based on the reputation of the program.

The coursework will focus on the skills necessary to be immediately employable in core RMI roles and will provide the foundation necessary for future leadership positions. Core RMI roles include corporate risk management, underwriting, loss control, claims management, brokerage and producer roles in independent agencies, risk consulting and employee benefits consulting. The BBA with a major in RMI will require a minimum of 120 semester hours, including general education courses, the business core, and 22 semester hours of work specifically in the major, including at least two experiential learning opportunities.

Academic objectives. The primary goal of the new RMI major is to prepare students for successful careers in RMI. The coursework will focus on the skills necessary to be immediately employable in core RMI roles and provide the foundation necessary for future leadership positions. To meet this goal, the proposed RMI major and its curriculum target three general categories of learning objectives. By completion of their degree students will be able to demonstrate:

- RMI specific content knowledge (decision making under risk and uncertainty, measuring risk, risk management tools, understanding of insurance demand, understanding of insurance contracts from a legal and economic perspective, business model of insurance companies)
- Innovative problem-solving skills (critical thinking, model-based decision making, using data to build models and derive answers, analytical skills)
- Communication skills (effective presentation skills, professional writing skills, being able to clearly communicate solutions)

Relationship to existing programs at the institution. The proposed program does not duplicate any existing degree programs at the University of Iowa. The University of Iowa currently offers a

certificate in RMI that has robust student enrollment. Given the national profile of the Vaughan Institute, we anticipate the RMI major will attract new students to the UI and that current BBA students may choose it as their primary degree. Additionally, students in Tippie with primary majors in marketing, business analytics, management or accounting could benefit from adding the RMI as a secondary major. Finally, the RMI may appeal to majors outside of Tippie in programs such as civil engineering or public health.

Relationship to existing programs at other colleges and universities. No university in the state of Iowa currently offers a full-scale RMI major. Drake University currently offers a minor in RMI.

Resources to establish a high-quality program. The Department of Finance and the Vaughan Institute are well-prepared to offer the proposed major in RMI. The Vaughan Institute and its RMI Certificate program received the Global Center of Insurance Excellence Designation from the International Insurance Society in 2017. Only 20 RMI programs in the world and 13 in the U.S. received this designation for excellence in research and teaching in 2017, the first year this designation was awarded. This award demonstrates the outstanding reputation the Vaughan Institute has globally. The Vaughan Institute and the Department of Finance have the necessary expertise and personnel, and the existing facilities are sufficient. No reallocations from other programs or areas of the university are needed to offer the proposed major in RMI.

Student demand. Given the success of the certificate program in RMI and the demand key stakeholders have expressed for skilled workers in the risk management and insurance industry in the state of Iowa, significant student interest in this new major is anticipated. The college expects students who would now seek a certificate in RMI will choose to add the RMI BBA as a secondary major, increasing their marketability upon graduation.

To measure the demand for the proposed major in RMI, the department analyzed the enrollments in RMI majors at other universities. The top five RMI programs in the 2021 US News and World Report College Rankings are in the order of their current enrollments:

- University of Georgia (745 students in the major),
- University of Wisconsin-Madison (480 students)
- Temple University (420 students)
- Florida State University (278 students)
- Georgia State University (141 students)

The average and median enrollments are 412.8 and 420, respectively. The proposed RMI major at the UI has the potential to become a nationally ranked program within the next 10-15 years. UI therefore expects enrollments in 10-15 years to be comparable to the programs listed above.

It takes time for a program to build a reputation among students and to attract an enrollment comparable to the most prestigious programs in the country. In the medium-term (5-10 years) enrollment numbers are expected to be comparable to large state universities that are not currently ranked in the top five. Comparable RMI programs include:

- University of Mississippi (152 students in the major)
- Illinois State University (110 students)
- Indiana State University (75 students)

The mean and median enrollments are 112.3 and 110. The success of RMI programs at these universities suggests that there is sufficient student demand to justify offering an RMI major at the University of Iowa.

Workforce need/demand. In 2020 Iowa’s insurance industry output as a percentage of the state’s total Gross Domestic Product (GDP) was 11% ranking it highest among the 50 states (source: U.S. Bureau of Economic Analysis). Iowa has the ninth largest insurance industry in the US with annual economic activity of over \$18.6 billion in 2020 (source: U.S. Bureau of Economic Analysis). As of October 4, 2021, Iowa has 209 domiciled insurers (155 P&C, 12 Health, and 42 Life or Life & Health) (source: Iowa Insurance Division). Iowa has the second highest concentration of insurance industry workers of any state in the country (source: Bureau of Labor Statistics, QCEW 2020). In absolute terms, Iowa has 60,753 insurance jobs (source: US Bureau of Economic Analysis).

Key stakeholders in Iowa have expressed the importance of training skilled workers in the risk management and insurance industry. Additionally, according to the Bureau of Labor Statistics, “Risk managers are increasingly in demand as companies seek ways to limit exposure to uncertainty and financial volatility.” (<https://www.bls.gov/opub/btn/volume-10/we-can-manage-employment-trends.htm>).

Funding and Cost. The Department of Finance and the Vaughan Institute, which is housed in the Department of Finance, are well-prepared to offer the proposed major in RMI. There are currently two tenured faculty members that teach RMI courses; the remaining courses have been taught by adjunct faculty with industry experience. Tippie has committed to hiring two more tenure-track RMI faculty to further build the reputation for thought leadership as well as excellence in instruction in RMI at the undergraduate and graduate levels. With these two additions, which are scheduled to join the department in the fall of 2022, the faculty and staff are sufficient to offer the proposed program. If the program becomes larger than expected, the original plan will be reevaluated.

Projected student enrollment. As noted above, projections are based on the success of the current RMI certificate and typical enrollments at other programs around the country. Once the Tippie program is ranked, these enrollments could rise significantly.

	Y1	Y 2	Y3	Y4	Y5
Undergraduate	10	30	50	75	100

Accreditation. Tippie is reviewed every five years as part of the AACSB (Association to Advance Collegiate Schools of Business) Continuous Program Review process. The new RMI major will be included in the Continuous Program Review process by the AACSB.

Date of implementation. August 2023

Letter of Support



June 9, 2022

To the Board of Regents:

The Council of Provosts discussed the University of Iowa proposal for a Bachelor of Business Administration in Risk Management and Insurance and reviewed associated documentation. There is sufficient evidence for the need and value for this program. The plan indicates due diligence and the Council of Provosts appreciates the collaboration between the deans and departments involved. Based on the evidence and documentation, this program is likely to benefit the state of Iowa.

The Council of Provosts is supportive of the program and wishes the University of Iowa the best in its implementation.

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6/10/2022

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