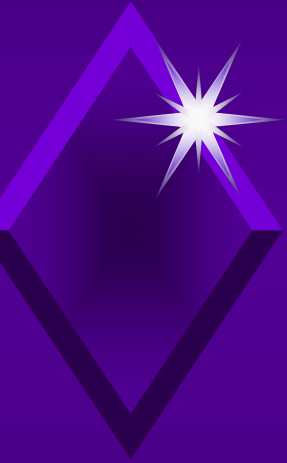


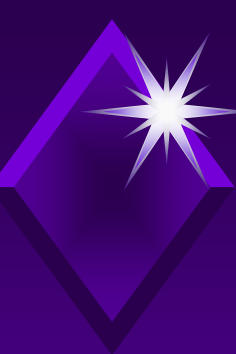
# *The Growing Importance of Risk Management Education*



**Harold D. Skipper**

*Robinson College of Business*

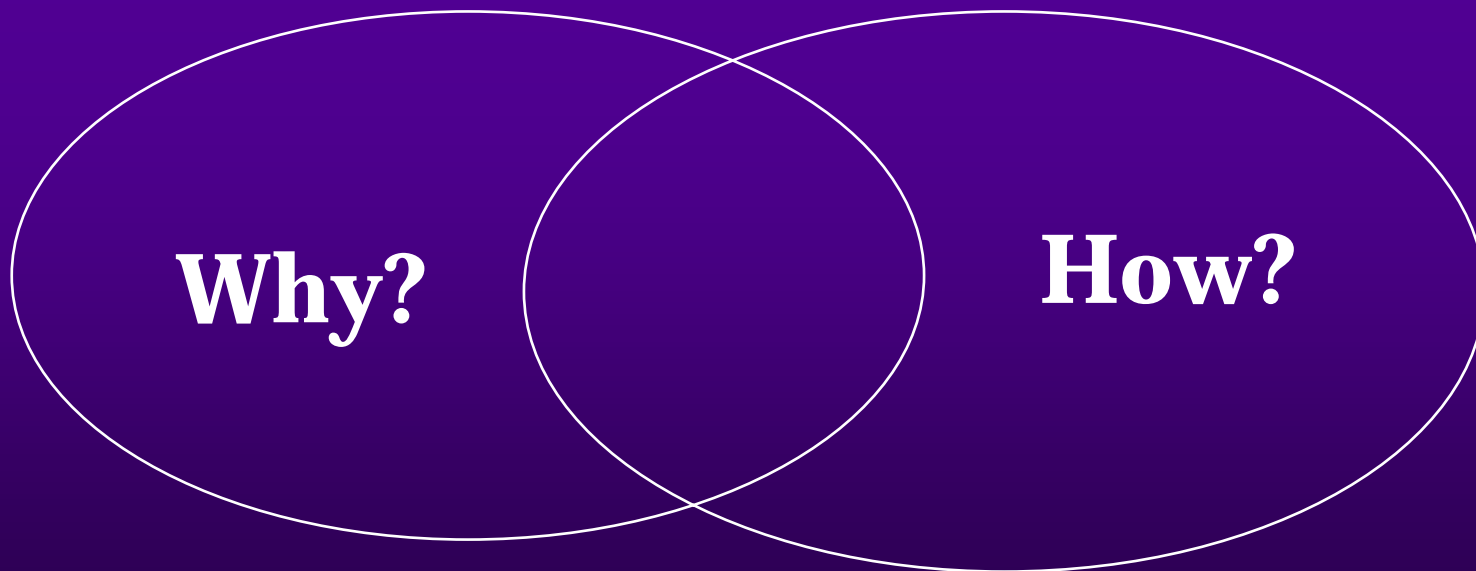
*Georgia State University*



# *Education and Training: Partners in Learning*

**Education**

**Training**



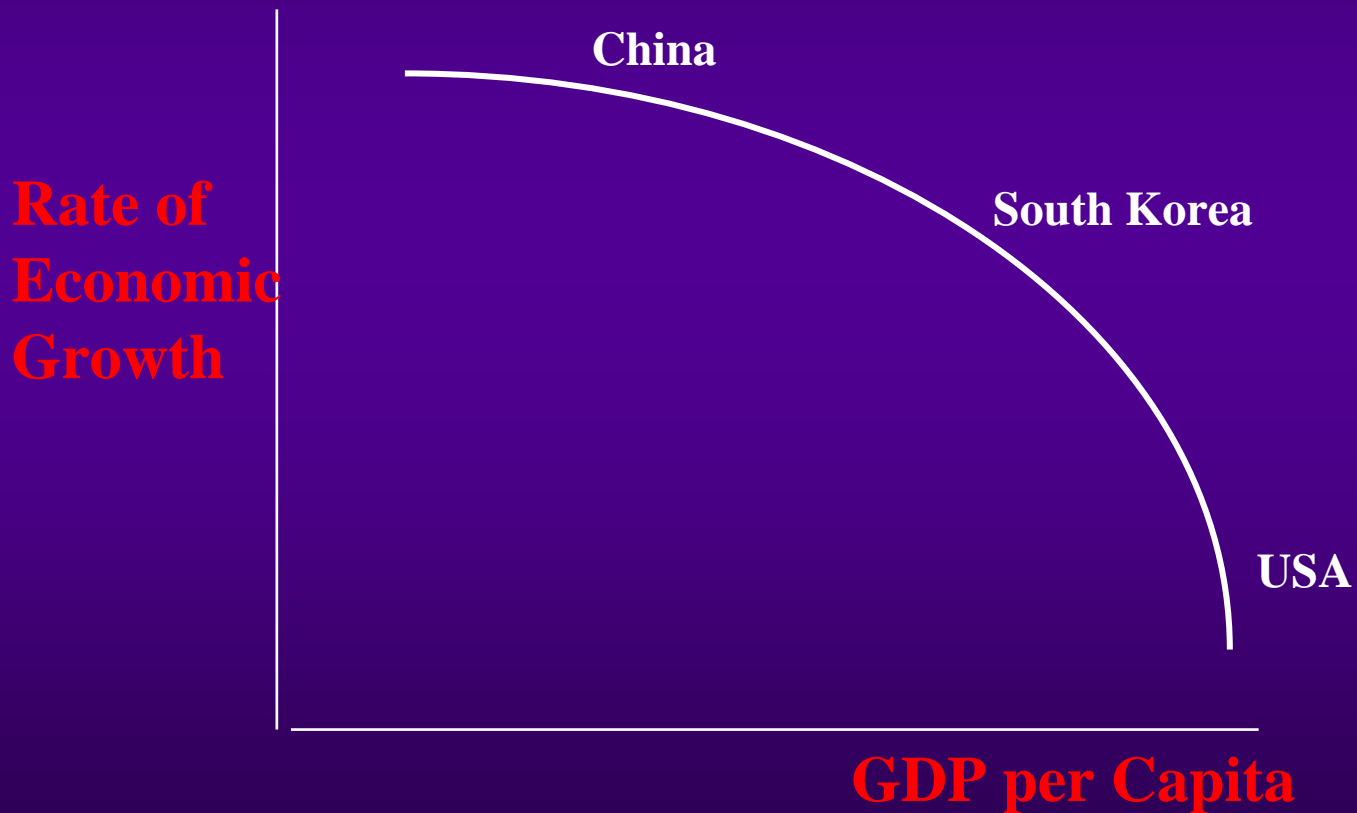


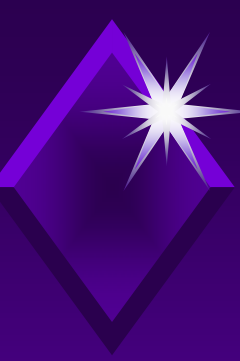
# *Liberalization and Competition*

- ◆ **Markets worldwide, including China's, continue to liberalize, thus becoming more competitive**
- ◆ **Competitive markets achieve higher economic growth rates in the long run than do non-market economies, especially for developing countries**



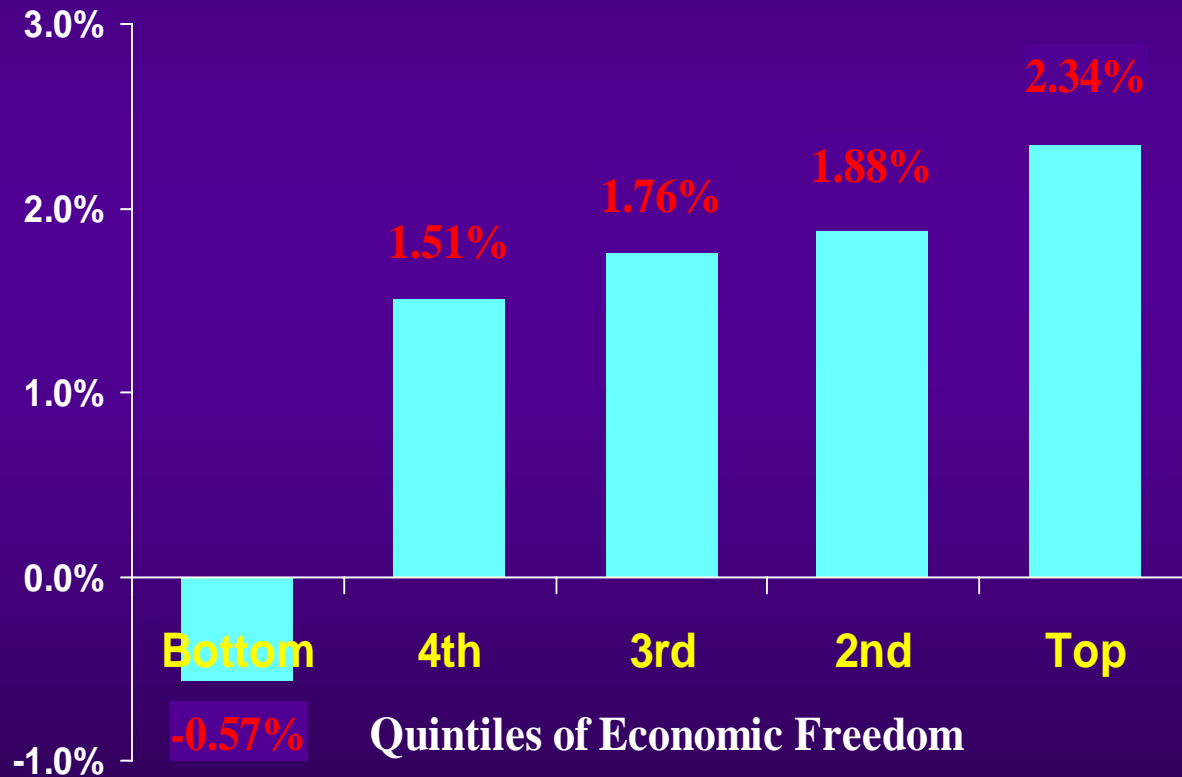
# *Developing countries should grow faster than developed countries*

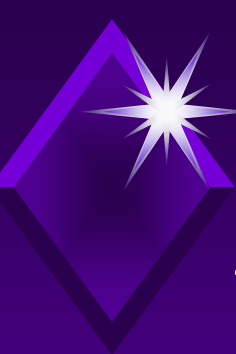




# *But high growth rates are associated with meaningful economic freedom*

*[GDP average annual growth rates per person, 1992-2001]*





# ***Competitive Insurance Markets Promote Economic Development***

- ◆ **Promote Financial Stability**
- ◆ **Can Substitute for Government Security**
- ◆ **Facilitate Trade and Commerce**
- ◆ **Mobilize Savings**
- ◆ **Enable Risk to be Managed More Efficiently**
- ◆ **Encourage Loss Mitigation**
- ◆ **Foster More Efficient Capital Allocation**



# ***Risk education and training in the future***

- ◆ **Insurance grows faster than the overall economy in competitive markets (for China, probably 3-4 times faster), thus requiring more insurance company and related employees**
- ◆ **Market economies demand more efficient and effective means of managing risk, thus requiring stronger risk-related skills within all businesses**



# ***Risk education and training in the future***

- ◆ **Market economies must supply more and better risk-related products, including insurance, to businesses and families, thus requiring broader and deeper risk-related knowledge**
- ◆ **Regulation in market economies is more complex than in non-market economies, and initiatives such as Solvency II and fair value accounting will further complicate regulation, thus requiring more knowledgeable regulators**





# *Regulation is more critical and complex in competitive markets*

- \* Relaxed Product and Price Regulation
- \* Market Liberalization
- \* New Competitors and Distribution Channels

## **Greater Competition**

*New Pressures  
on Solvency*

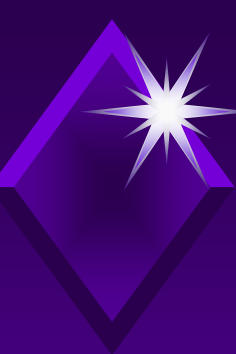
*Reinforced Regulation  
of Solvency*

*New Pressures  
to Restrain  
Competition*

*Reinforced Regulation  
of Competition*

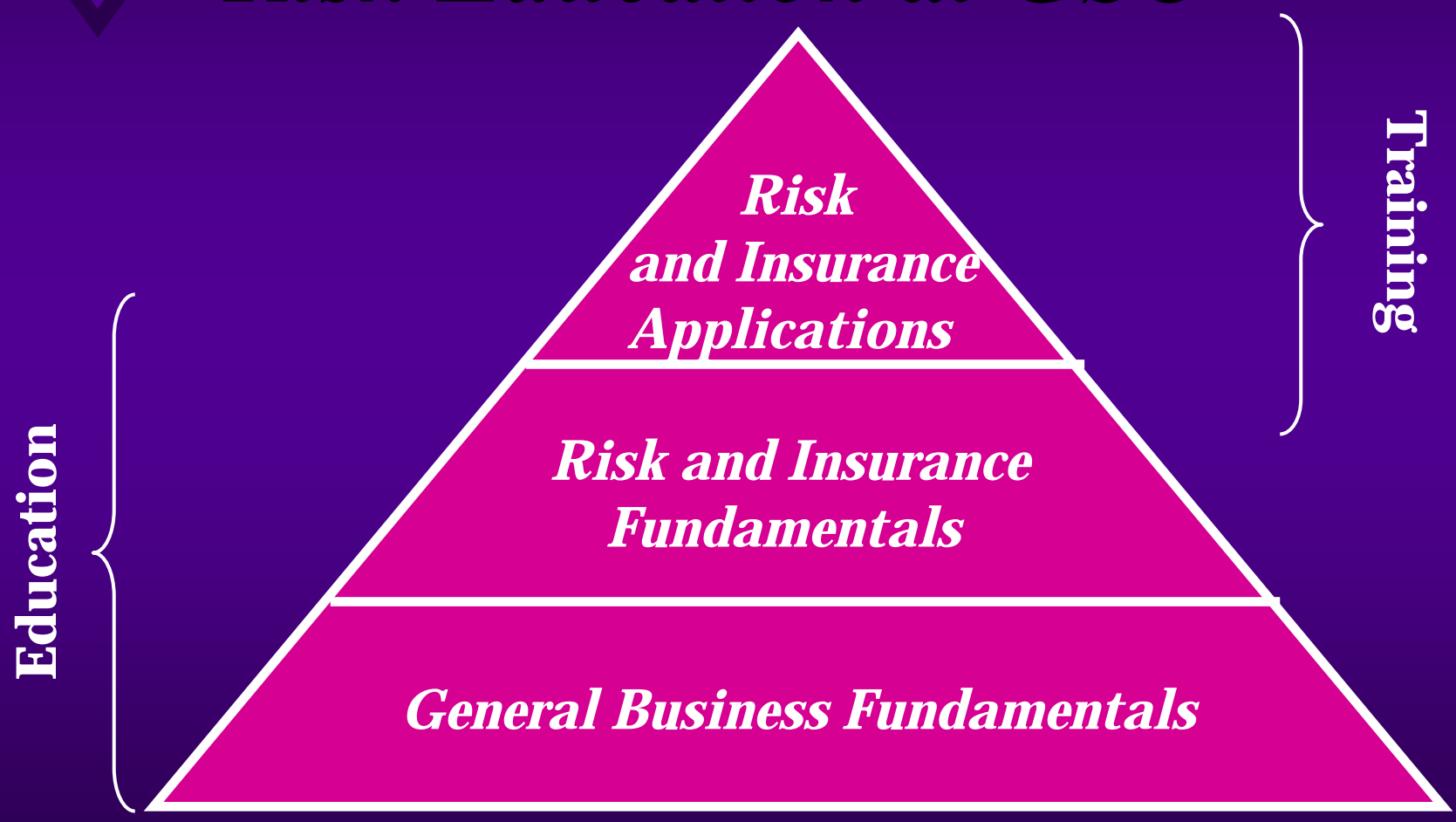
*New Pressures  
to Mislead  
Consumers*

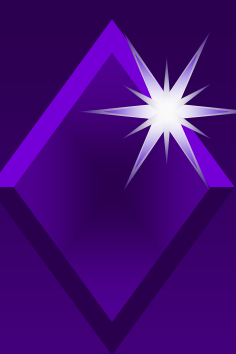
*Reinforced Market  
Conduct Regulation*



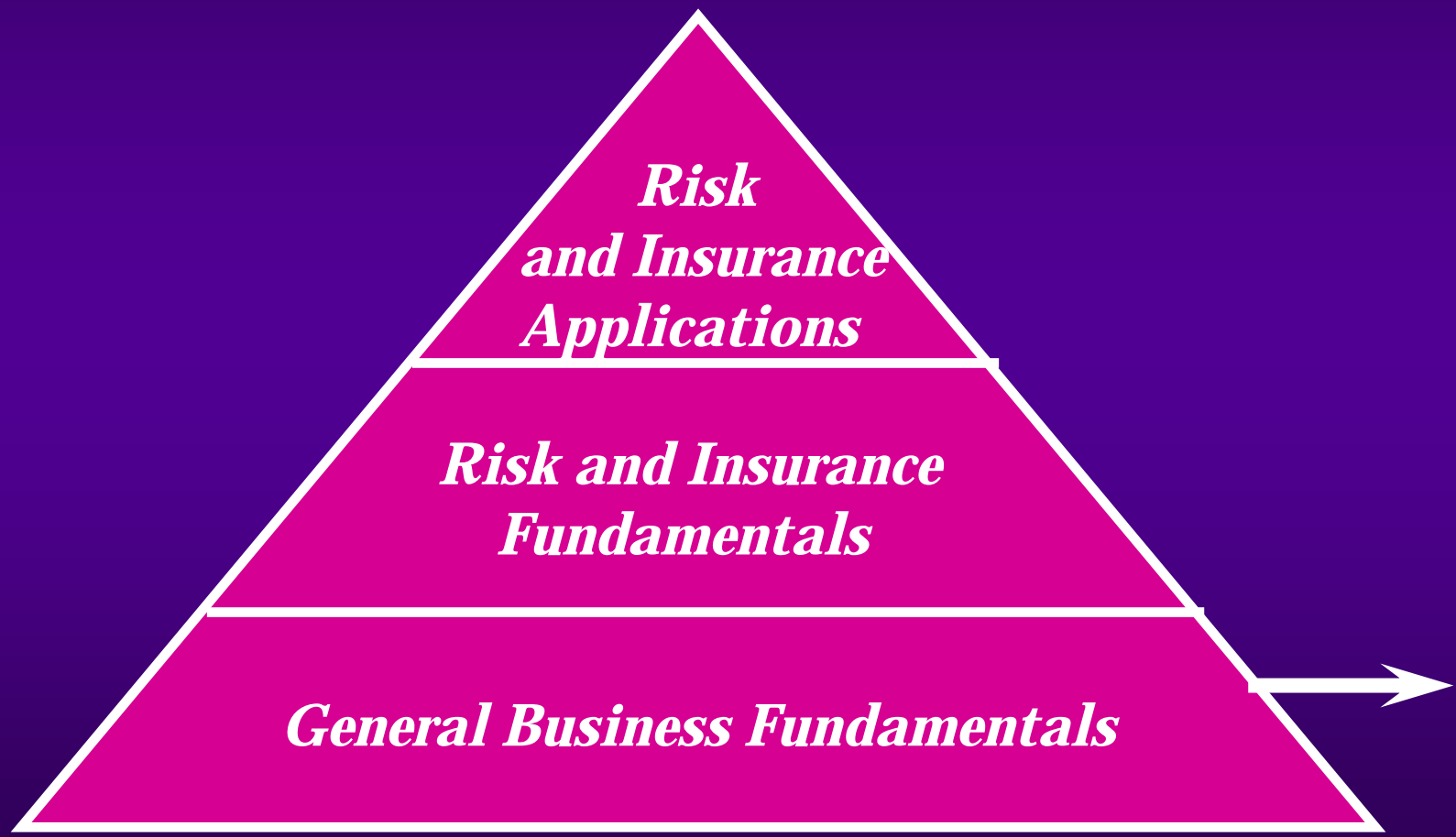
# *Building on a Solid Foundation.*

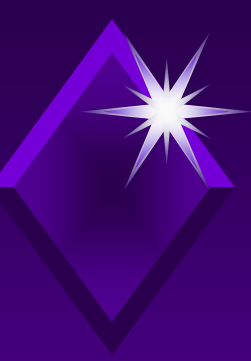
## *Risk Education at GSU*





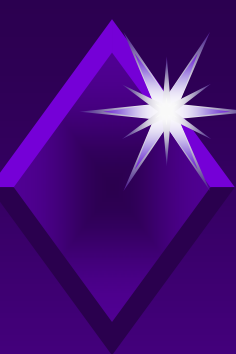
# *Building on a Solid Foundation. Risk Education at GSU*





# ***Business Education Fundamentals***

- ◆ **General Economics and Finance**
- ◆ **Calculus and Statistics**
- ◆ **Ethics and Law**
- ◆ **Accounting**
- ◆ **Management**
- ◆ **Marketing**
- ◆ **Communication and Information Technology**



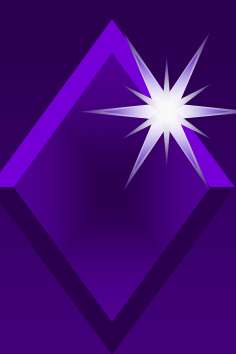
# *Building on a Solid Foundation. Risk Education at GSU*





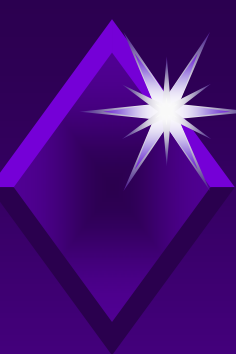
# *Characteristics of Risk and Insurance Fundamentals*

- ◆ They should spring directly from and reinforce general business fundamentals
- ◆ They should underpin all areas of risk and lines of insurance
- ◆ They should be country-neutral to the maximum extent feasible
- ◆ They should provide students with a systematic and consistent way of analyzing risk and insurance issues and problems

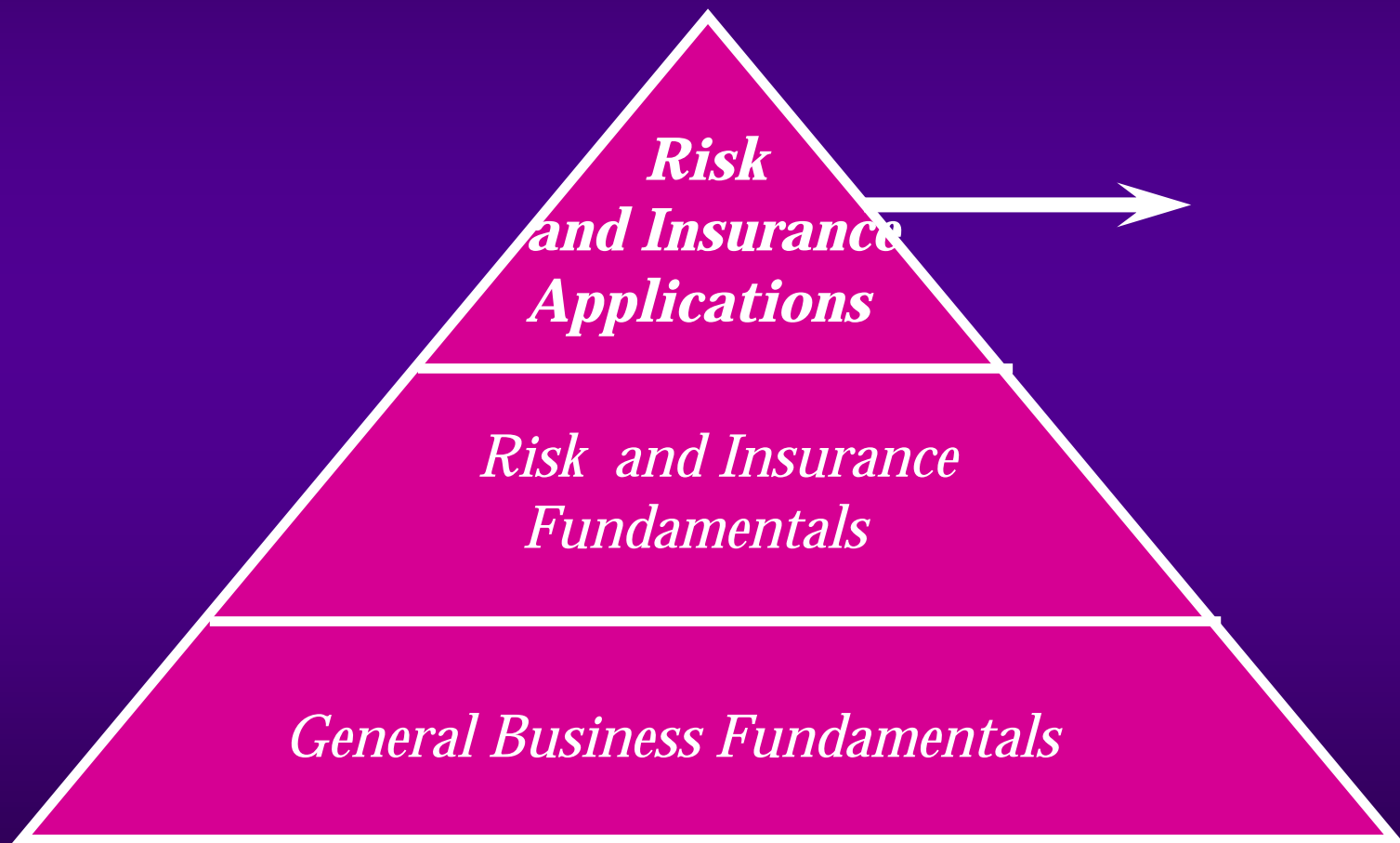


# *What Areas of Study can provide Risk and Insurance Fundamentals?*

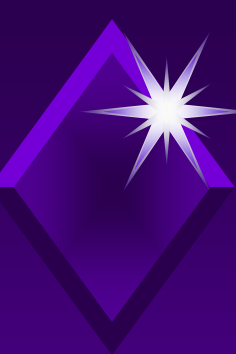
- ◆ **Statistics for Risk Management**
- ◆ **Mathematical Risk Management**
- ◆ **The Economics of Risk**
- ◆ **Financial Aspects of Risk**



# *Building on a Solid Foundation. Risk Education at GSU*

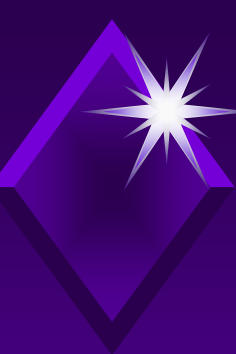






# *University Education in the Applied Aspects of Risk and Insurance should Possess these Characteristics*

- ◆ **Spring directly from and reinforce risk and insurance fundamentals**
- ◆ **Emphasize breadth over depth at the baccalaureate level**
- ◆ **Require strong communication skills**
- ◆ **Emphasize social skills and occur in an international context**



# *Broad Risk and Insurance Application Areas*

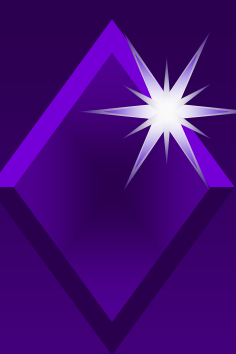
Personal  
Risk Mgt.

Enterprise  
Risk Mgt.

Financial Inst.  
Risk Mgt.

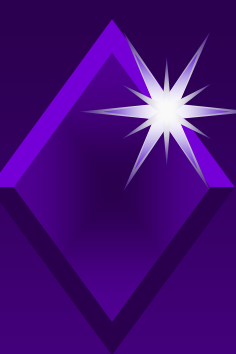
Societal  
Risk Mgt.

Fundamentals of Risk and Insurance



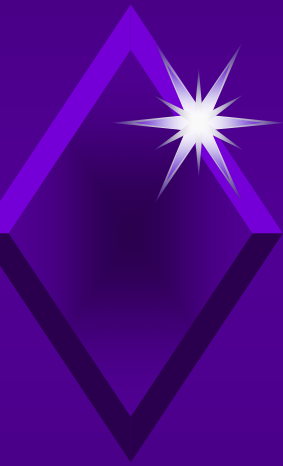
# ***We must prepare students for the a challenging future***

- ◆ **We should educate young minds where change is the only constant.**
- ◆ **This requires:**
  - ◆ **Ensuring mastery of fundamentals**
  - ◆ **Nurturing inquisitiveness**
  - ◆ **Encouraging independent thinking**
  - ◆ **Having strong creative components**
  - ◆ **Having enlightened international/cross-cultural components**



# ***Risk education and scholarship at Georgia State University***

- ◆ **We are implementing an ambitious strategic plan**
- ◆ **Major changes in undergraduate RMI and AS programs**
- ◆ **Graduate RMI, AS, and PFP programs to become more focused and require demonstration of stronger quantitative and communication skills**
- ◆ **Our knowledge generation to materially increase**
- ◆ **Hiring new faculty [four this year (a Chinese, Russian, Indian, and Indian-American)], for a total of 18 full-time faculty directly involved in risk education and scholarship**



***The Robinson College of Business  
at GSU: Excellence in Education***