

Butler University's Student-Run Insurance Company

Using Experiential
Learning to Recruit &
Train Millennials



BUTLER

LACY SCHOOL
of BUSINESS



Zach Finn, AINS, ARM, MSM



Areas of Expertise:

- Risk Management
- Insurance
- Employee Benefits
- Product Recall & Food Safety
- Supply Chain Risk Management
- BCP

Zach is Clinical Professor and Director of the Davey Risk Management & Insurance Program at the Butler University College of Business. Previously, he was Risk Manager for The J.M. Smucker Company in Orrville, Ohio, where he managed the Corporation's risk management program, including global insurance program design and placement, successfully settled several large claims (largest \$17M+) and oversaw insurance due diligence and integration for nine major mergers and acquisitions, including the \$3.3 billion acquisition of Folgers Coffee.

Leveraging his experience at Smucker, Zach continues to provide Product Recall Crisis Response & Pre-Incident Training Services for numerous small, medium and Fortune 500 food & beverage clients across the U.S. and Canada.

Prior to joining Smucker, Zach worked in the Risk Management Departments at NCR Corporation in Dayton, OH and Hillenbrand Industries (Hill-Rom) in Batesville, IN (including a successful rotation as Hillenbrand's benefits manger).

Zach has published articles on several topics, including product contamination risk, protecting corporate goodwill and brand equity, enterprise risk management and risk management consulting.

Zach received his B.S. in insurance and risk management from Indiana State University, M.S. in risk management and insurance from Florida State University, and the Associate in General Insurance (AINS) and Associate in Risk Management (ARM) professional designations from the American Institute for Chartered Property Casualty Underwriters.

Using Experiential Learning to Recruit & Train Millennials

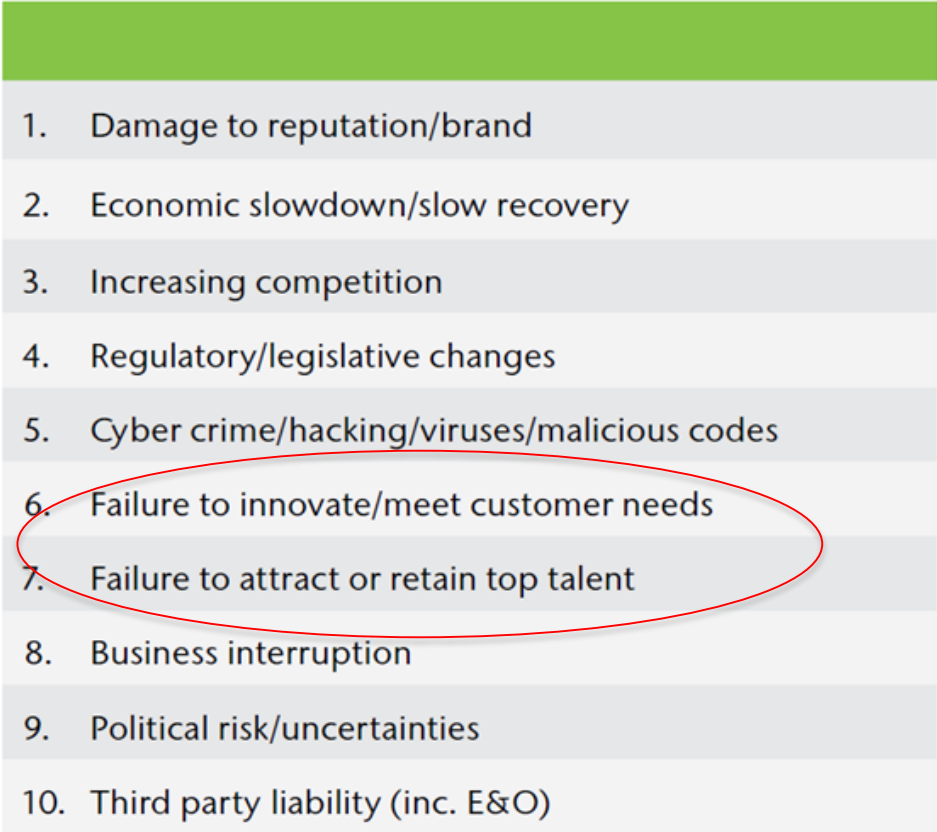
- **The Insurance Industry's Talent Shortage**
 - Demand vs. Supply vs. Perceptions (of/by) Industry
 - Impact of Deficient Risk Management & Insurance (RMI) Education System
 - RMI Education at Butler University
- **Disrupting the Status Quo - Using Experiential Learning to Recruit & Train Millennials**
 - Why a Captive Insurance Company?
 - Overview: MJ Student-Run Insurance Company, Ltd.
 - What Does the Captive Insure & How?
 - What Do the Students Learn?

Global Risk Management Survey - 2017



Top 10 risks

In every survey, respondents are asked to rank formidable risks facing their companies. We then choose the top 10 risks for detailed discussion, which is one of the perennial highlights:

- 
- A vertical list of ten risks is presented on a light gray background. The list is preceded by a solid green horizontal bar. A red oval highlights the sixth item in the list.
1. Damage to reputation/brand
 2. Economic slowdown/slow recovery
 3. Increasing competition
 4. Regulatory/legislative changes
 5. Cyber crime/hacking/viruses/malicious codes
 6. Failure to innovate/meet customer needs
 7. Failure to attract or retain top talent
 8. Business interruption
 9. Political risk/uncertainties
 10. Third party liability (inc. E&O)

Insurance Industry Crisis: 400,000 Positions to Fill by 2020

We Know the Demand....

APR 17, 2013 | BY MARK E. RUQUET, PROPERTYCASUALTY360

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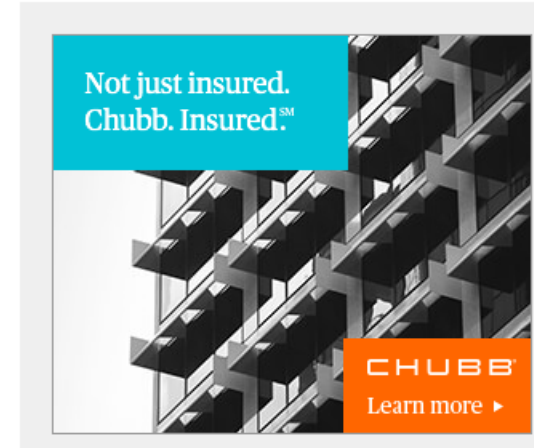


PHILADELPHIA—The insurance industry is facing a talent crisis.

The baby boomer generation is aging, and by the end of this decade there will be a serious deficit in qualified and experienced individuals to fill the ranks of executives shuffling off to retirement, say experts.

Facing this dilemma, a panel of insurance executives and educators gathered here at the Philly I-Day conference last week to discuss why this has become such an issue and what some are doing to solve it.

Illustrating the point, President and CEO Peter L. Miller of The Institutes says studies of the industry find the number of employees age 55 and over is 30 percent higher than any



Update: The industry will need to replace more than 295,000 positions by 2022, according to the U.S. Bureau of Labor Statistics. But between now and then, only an estimated 15,000 graduates will emerge from accredited Risk Management and Insurance programs.

That's 280,000 recruits in the hole

Shortage of Risk Mgmt. & Insurance Programs / Talent

A review of the College Board database of University degree programs reveals:

- **Risk Management & Insurance (RMI) Programs = 82**
- Finance/Banking Programs = 799
- Accounting Programs = 1,935

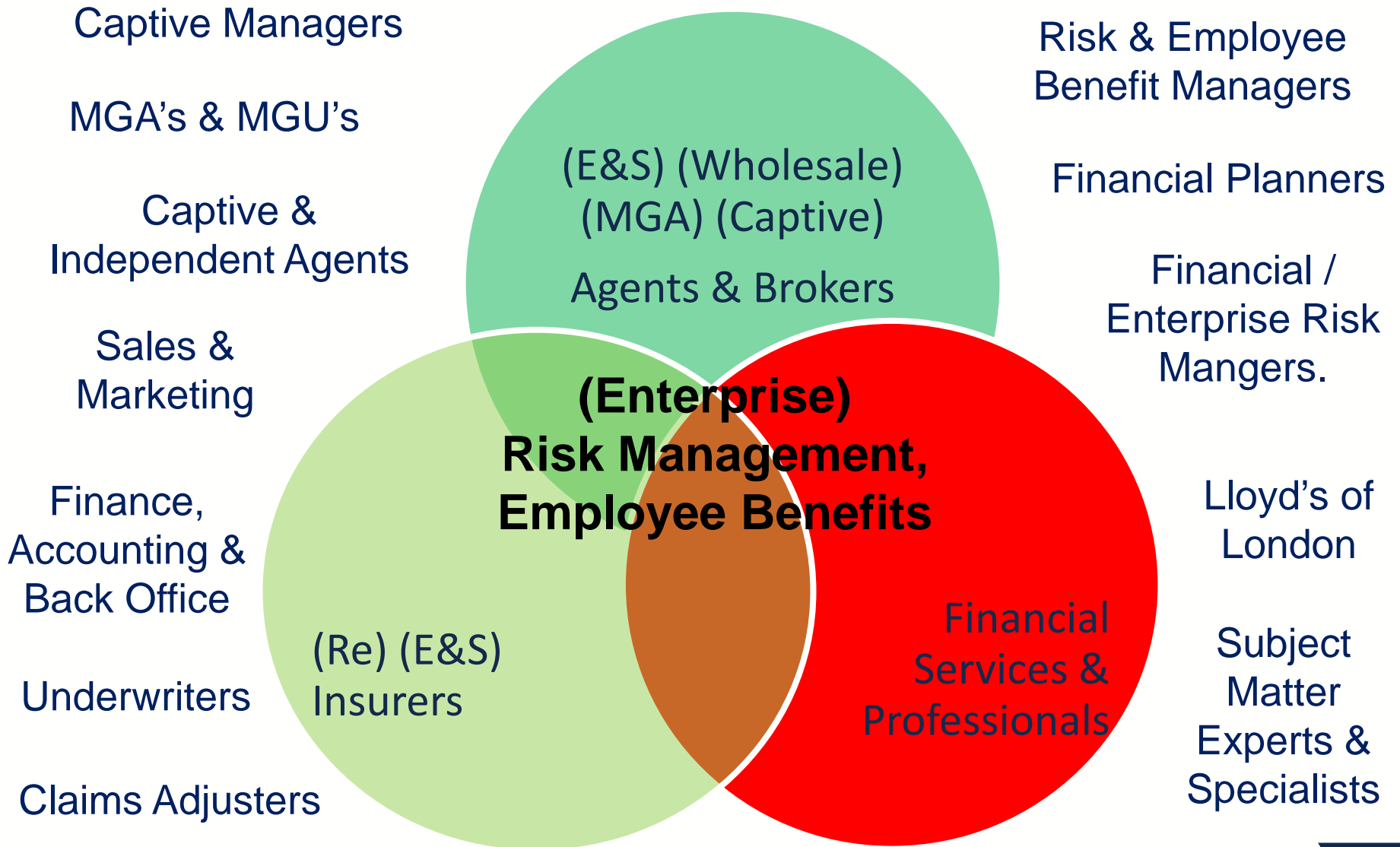


Gamma Iota Sigma is the international business fraternity for insurance, risk mgmt. & actuarial students

- A GIS chapter in a University RMI Program is a sign of quality & industry engagement
- **79 active GIS chapters** in North America, including Beta Lambda Chapter at Butler

Other Impact of Deficient RMI Education System: A legacy Industry Ripe for Disruption; A lack of Qualified Disruptors in InsurTech

Society Lacks Context to Make Informed Career or Purchase Decisions



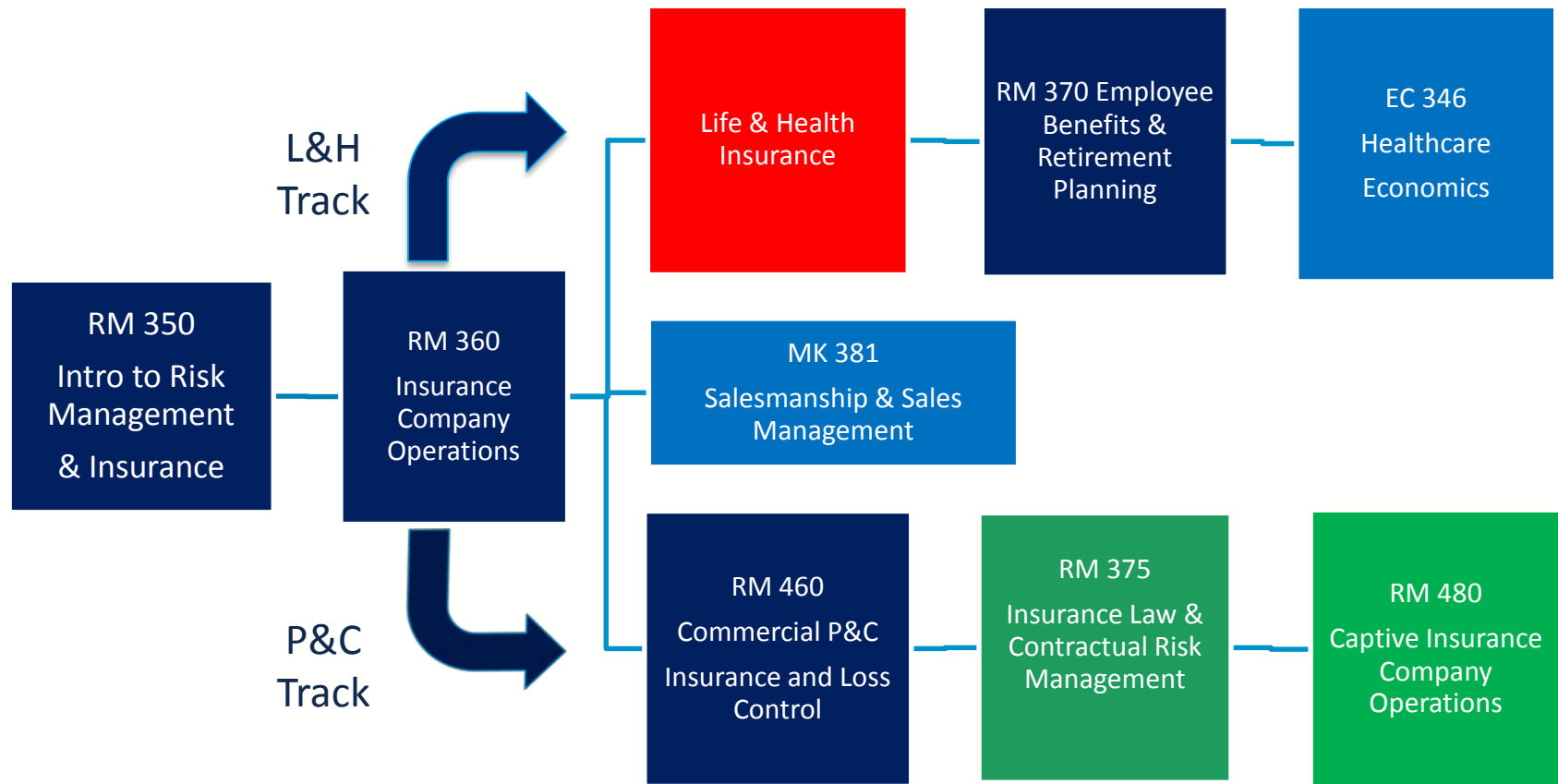
Davey Risk Management & Insurance (RMI) Program

- **AACSB Accredited College of Business, Ranked 51st in the Nation by Bloomberg Business Week**
 - 2 Internships Required for Academic Credit (#1 in Nation: Bloomberg Business Week)
- **[B.S. Degree in Risk Management & Insurance \(RMI\)](#)**
 - [RMI Program Ranked #7 Nationally by College Choice:](#)
 - CPCU for Collegiate Studies School
 - Professional Designation & Licensure Program
 - Top 3 RIMS Conference Case Challenge Team
- **Student Engagement Through Beta Lambda Chapter of Gamma Iota Sigma**
- **100% Job Placement**
- **[World's 1st Student Run \(Captive\) Insurance Company](#)**





An Excellent RMI Curriculum is Important...but



Key

Existing RMI Courses

New RMI Course(s)

Existing RMI Electives

Proposed Future Course(s)

Highlights:

All Majors (to be) Required to Take RM 350 and RM 360

Additional Professional Designation & Insurance Licensure Opportunities for Students

RM 360 & RM 460 count towards sections 520 & 557 of the CPCU, respectively



 RIMS2020



MJ Student-Run Captive: Story Behind the Name

- *“In the next five years, the students coming out of Butler University with a degree in insurance in a specific area will be highly compensated. You’re going to have a waiting list for people to get in there.”*
 - Michael Bill
- Michael Bill (pictured) founded MJ Insurance in 1964
- Mr. Bill gifted the program \$250,000 to start the captive insurance company
- Goal: students learn about the industry with real world experience



Overall Goals

Help solve the talent gap in the industry by giving students real life, real business experience

Support Butler University by creating risk retention, reinsurance & loss control solutions

Prepare students to succeed in their careers and have an immediate impact

Increase Davey RMI Program recognition and brand value to future students



Captive Feasibility Study – Should / Can We Do This?

Completed in Fall 2016 by Butler Students:

- Selection of Domicile
- Determine Legal Structure
- Identify Service Providers
- Financial projections & Capital Needs
- SWOT: Advantages and disadvantages
- Loss prevention and safety needs



Key Partners

Strategic Partners

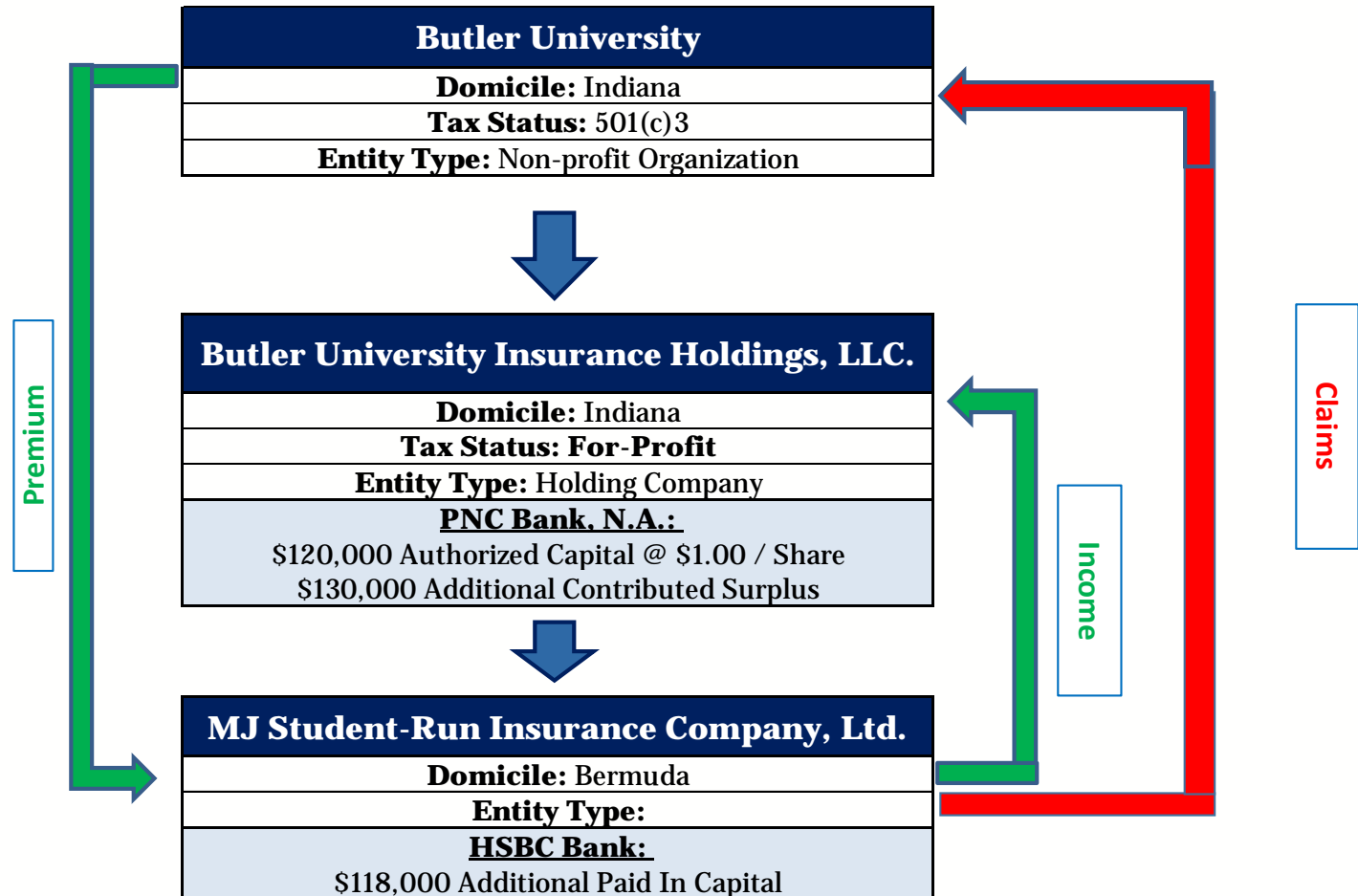


Service Providers



Legal & Capital Structure

Key	
	Legal Entity
	Capital, Surplus & Banking
	Directors & Officers



Corporate Governance

Board of Directors

Internal

Steve Standifird

*Dean, Lacy School of
Business*

Rollie Dick

Butler University Trustee

Claire Konopa Aigotti

*General Counsel, Butler
University*

Bruce E. Arick

*Vice President for
Finance &
Administration, Butler
University*

External

Colin MacNab

*Executive Vice President,
MJ Insurance
Area of Expertise:
Reinsurance*

Nadine Treon

*Director, Noble
Consulting Services
Area of Expertise:
Insurance Regulation*

Amy Peters

*Consulting Actuary,
Merlinos & Associates,
Area of Expertise:
Actuarial*

Christopher Murray

*President, Caitlin
Morgan Insurance
Area of Expertise:
Captive Management*

David Cunningham

*Regional Claims
Manager, Cincinnati
Area of Expertise:
Claims Management*

Jane Morley-Davies

*Vice President, Aon
Global Risk Consulting
Area of Expertise:
Captive Management*

Lines of Coverage



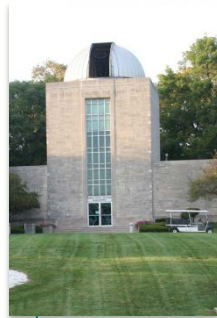
Key Dawg Life

- \$10K Limit: Butler Blue III
- \$5K Limit: Marcus, Butler Police Dog



Real Business Experience (RBE) Class

- \$50K Occ. / \$100K CGL Coverage
- RM Training & Loss Control Services



Fine Art & Floating Property

- \$150K Inland Marine; e.g. rare books, telescope, antique clocks, etc.
- Loss Control Inspections & COPE



5 Year Pro-Forma Financials – Income Statement

Income Statement - MJ Student-Run Insurance Company, Ltd.						
Fiscal Year Ending:		09/01/18	05/31/19	05/31/20	05/31/21	05/31/22
University Package Policy	Coverage					
	E&I (RBE) Commercial General Liability Insurance	\$ 11,850.00	\$ 15,800.00	\$ 15,800.00	\$ 15,800.00	\$ 15,800.00
	Inland Marine / Fine Art Coverage	\$ 43,628.25	\$ 58,171.00	\$ 58,171.00	\$ 58,171.00	\$ 58,171.00
	Animal Mortality Coverage - Key Dawg Life	\$ 1,125.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Net Underwriting Income	56,603.25	75,471.00	75,471.00	75,471.00	75,471.00	75,471.00
Management Fee	(63,000.00)	(57,750.00)	(52,500.00)	(47,250.00)	(47,250.00)	
Audit Fees	-	(10,700.00)	(10,700.00)	(10,700.00)	(10,700.00)	
Bank Charges	(250.00)	(250.00)	(250.00)	(250.00)	(250.00)	
Bermuda Annual Government Fee	(1,995.00)	(4,070.00)	(4,070.00)	(4,070.00)	(4,070.00)	
Class 1 License Fee	(1,250.00)	(1,250.00)	(1,250.00)	(1,250.00)	(1,250.00)	
CD&P Legal Fees - Incorporation	(6,000.00)	-	-	-	-	
CD&P Legal Fees - Licensing	(8,000.00)	-	-	-	-	
CD&P Legal Fees - Corporate Secretarial	(7,900.00)	(7,900.00)	(7,900.00)	(7,900.00)	(7,900.00)	
Loss Prevention / Control Fees & Services	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)	(2,000.00)	
Dividends to Policyholders	-	-	-	-	-	
Total General & Administrative Expense	(90,395.00)	(83,920.00)	(78,670.00)	(73,420.00)	(73,420.00)	
Investment Income <i>(Net of Expenses)</i>	2,240.00	2,240.00	2,240.00	2,240.00	2,240.00	
Income Before Dividends & Taxes	(31,551.75)	(6,209.00)	(959.00)	4,291.00	4,291.00	
Net Income (Loss)	\$ (31,551.75)	\$ (6,209.00)	\$ (959.00)	\$ 4,291.00	\$ 4,291.00	



DISRUPT THE STATUS QUO

"Ultimately, their research proved Bermuda outshone any competition due to its mature market and unparalleled infrastructure."



Butler Students Launch an Insurance Captive

A team of students at Butler University and their advisers report that running their own insurance operation can be enjoyable but challenging.
May 01, 2017

[Register to be notified of new A.M. BestTV episodes.](#)

The mod
The MJ Studer
and insurance



Entrepreneurial students gain real-world insurance chops - Business Insura...



Students launch Bermuda captive



Dunkley hails Rims mission a success



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Running the Captive



Fine Art & Inland Marine Underwriting, Loss Control & Risk Management

1. University Submits Fine Art & Inland Marine Proposed Schedule of Property / Values

2. Inspect Item(s) / Location(s)
 2. Identify Location Top 10 Highest Valued Items
 3. Complete Campus Facilities COPE Questionnaire
 4. Review Current Property & Boiler & Machinery Loss Run for Butler University
 5. Review Applicable Insurer Loss Control Reports
 6. Secure Completed Fine Arts / Inland Marine Insurance Application from Butler University

Decline to Insure Item(s) in Question

Require &/or Recommend loss prevention/control measures

Accept Application

Accept Application

7. Underwrite Converge

7. Underwrite Coverage

8. Administer Policy & Assist with Loss Prevention/Control Recommendations



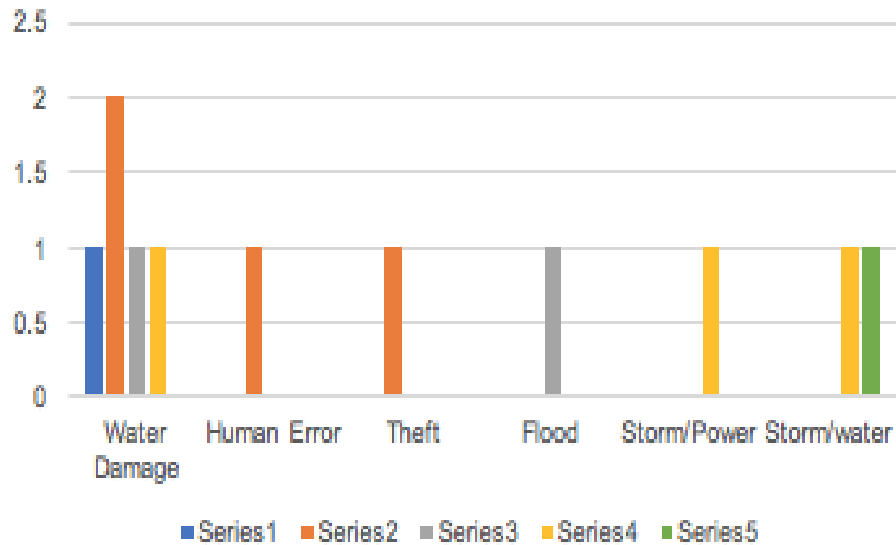
Fine Arts Coverage & Inland Marine Coverage will insure scheduled fine art that is stored, displayed or transported throughout the university's campus, including the telescope in the Holcomb Observatory and the Rare Book collection in the Irwin Library.

Key	
	Butler University
	MJ Captive
	Item / Risk Approved
	Item / Risk Denied

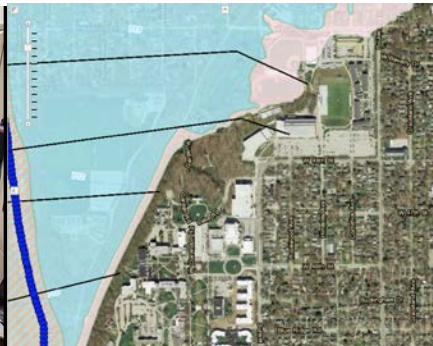
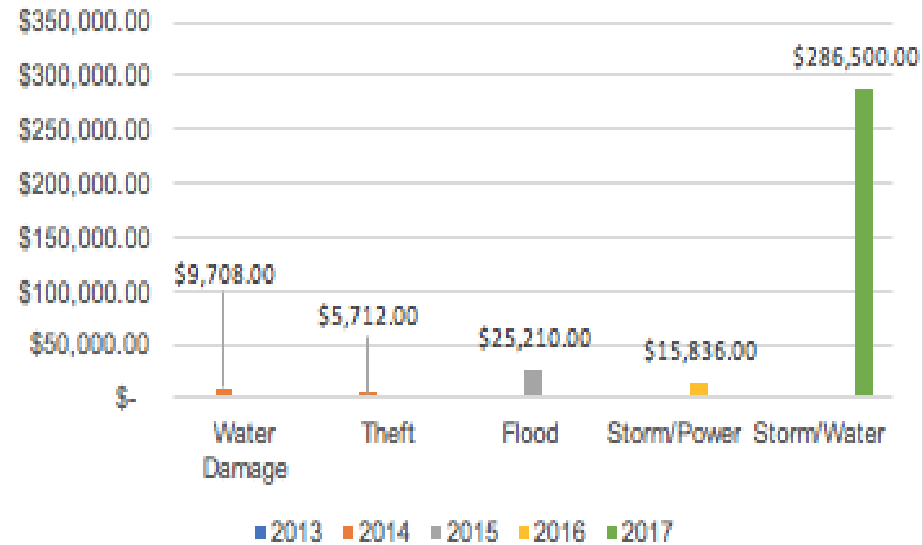


Example: Inland Marine Property Exposure Identification & Measurement

Loss Type By Year

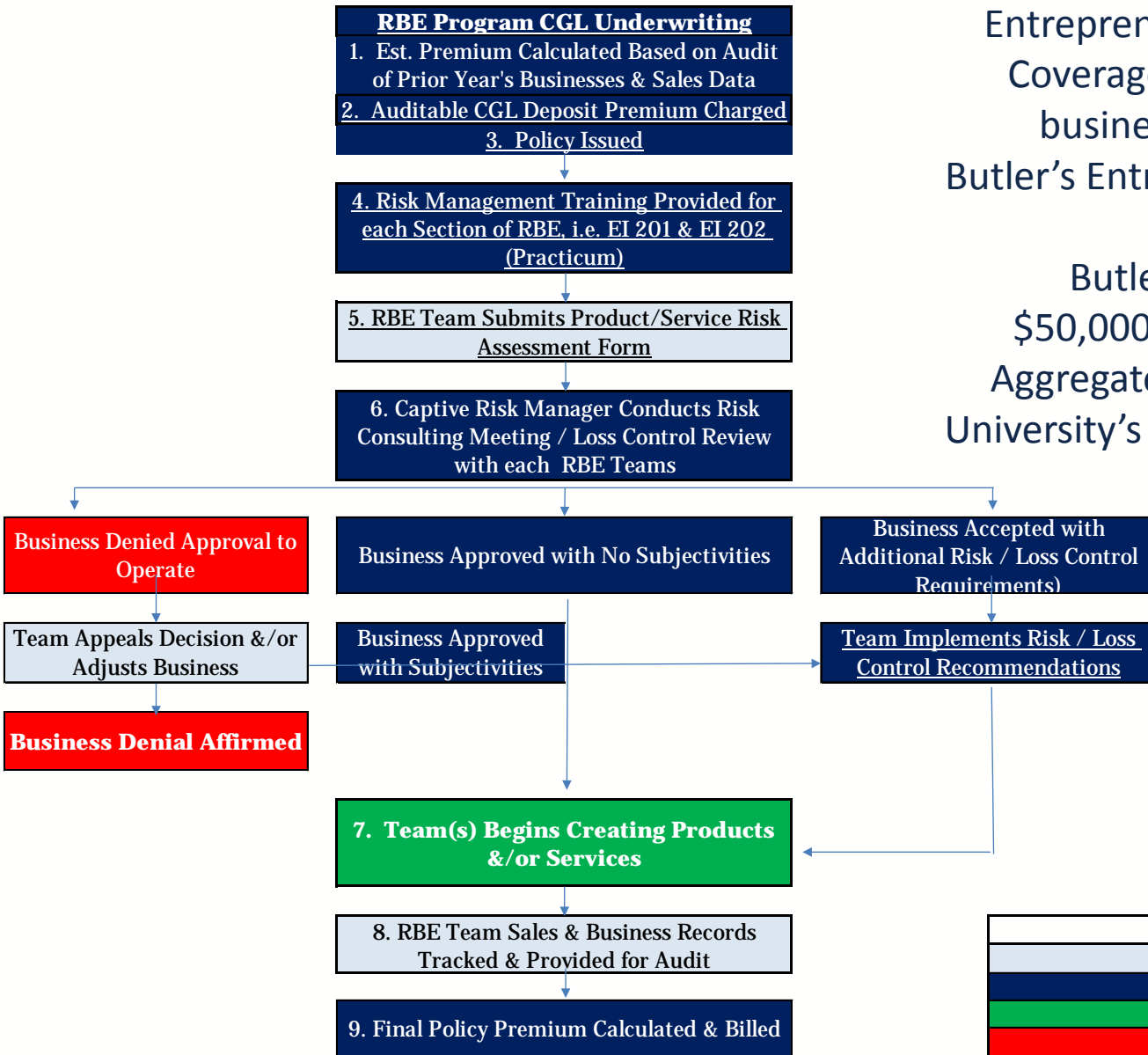


Loss Amount By Year



RBE Program CGL Underwriting & Risk Management

Entrepreneurship & Innovation (CGL)
Coverage protecting students & the
businesses they establish through
Butler's Entrepreneurship & Innovation
(RBE) Program
Butler University will schedule a
\$50,000 per occurrence / \$100,000
Aggregate deductible, specific to the
University's E&I Program, to its primary
CGL Policy



Key	
	Butler Univ. RBE
	MJ Captive
	RBE Business
	RBE Business Denied

Real Business Experience:

Managing Risk to Maximize Opportunity



Grilled Cheese & Dunkables



There are Inherent &/or Operational Hazards in RBE that Could be Handled Better / Safer



Prepare Students to Succeed – Captive Learning Outcomes

- Business Plan Development
- Financial Statement Analysis
- Insurance & Banking Regulations
- Project Management
 - How to do a +/- analysis
 - Project Mgmt. Gantt Chart
- How to Conduct an RFP
 - Negotiate with Vendors
 - Select a Vendor
- How to Document Your Work, Decisions & Recommendations
- Risk Management Techniques & TCOR
- Underwriting
- Rate Making
- Loss Control Inspections
- Reinsurance
- Insurance Product Development & Pricing
- Captives & ART
- How to Read & Assess Policies & Loss Runs
- **How / When to Have Fun**

When We Got BMA Approval & Met the Premier of Bermuda



Questions?

