**Fall 2016 Insurance Case Study – Finance 360**

**Loss Control**

*Loss control* activities of a business focus on finding and implementing solutions to *reduce the probability of loss (loss prevention) and/or reduce the actual amount of loss (loss reduction*), and therefore reduce the total cost of risk to maximize firm profitability.

Loss control techniques have been widely used in environmental loss prevention, catastrophic loss prevention, and employee-related risk management. Many firms face loss exposures caused by using, storing, and transporting hazardous materials, caustic substances, gasses, acids, etc., and may have unique issues posed by deployment of “greener” vehicle fleets using CNG, LNG, and bio-fuel solutions. Catastrophic risks, such as earthquakes, tornado, hurricanes or big fire, also pose significant threat to the property safety and business continuation for firms. Employee behavior-related risks and product safety are also important concern of corporate risk management.

Lack of effective loss control (such as inadequate systems, inadequate standards, and inadequate compliance with safety standards) may cause significant damage to a firm, such as injury costs, property damage, liability damage, bad press, lower sales, loss of employee morale, so on and so forth, as British Petroleum (BP) or Toyota had suffered in the past.

In this project, select an S&P 500 company and analyze its loss control policies focusing on either environmental loss prevention, or catastrophic loss prevention, or employee-related risk management.

Your analysis should address the following questions in the least:

* How likely the firm is subject to catastrophic losses?
* Has the business suffered losses of the kind in the past?
* What losses could be caused to the firm if a catastrophic event occurs?

A. Direct Property Loss

B. Indirect (or consequential) Property Loss

C. Liability Loss

 D. Personnel Loss

 E. Crime

 F. Other Loss Exposures

* What loss control activities has the firm implemented to reduce the loss?
	+ E.g. For Property loss control, comment on Facility design and construction, Automatic Sprinkler Protection, Preventative maintenance, Equipment and Process controls and safeguards, Human Element programs, Pre-incident planning and Business continuity planning
	+ Proactive Safety procedures vs. Reactive Safety & Recovery policies

Requirements

1. Paper length: 8 page minimum, 12 page maximum; 12 point font—double-spaced
2. Paper sections
3. *Title Page*, including: (1) paper title, (2) course number and name, (3) instructor, (4) your name, and (5) date submitted
4. *Executive Summary*: This is a 1-2 paragraph overall summary of your paper.
5. *Discussion and analysis*: Cover all the individual topic areas set out above, each of which should be labeled with an appropriate subject heading.
6. *Works Cited*: List all secondary sources consulted in preparing this paper.
7. *Attachments* (if any). You may append any relevant attachment to the paper, and you should refer to these attachments in the body of your paper.
8. *Due date*: Turn in the paper with your completed Extra Credit Activities Summary document by the due date for EC in this course—noted in the Course Syllabus and in the online classroom.