

## **Advanced Liability Insurance(RMIN 5540)**

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Office hours: Monday, 1-3:30 p.m. or as announced/by appointment

Class Hours: Tuesdays, Thursdays 9:30-10:45 p.m.

Class Location: Leconte 221

### **1 Prerequisites**

RMIN 4000 (Risk Management and Insurance) and RMIN 5100 (Commercial Property and Liability Insurance) is a prerequisite for this class. These two courses lay the groundwork for risk identification, evaluation and treatment, with specific application to business risks. This course builds on the foundations of the prerequisites.

### **2 Course Description**

Liability risks facing businesses and the effective management of these risks with insurance. Practical application of liability insurance to pure risk exposures, including motor vehicle liability, professional and general liability, environmental liability, employment practices and workers' compensation, and fiduciary liability.

### **3 Course Objectives**

- Identify the liability loss exposures faced by any organization
- Recommend appropriate insurance coverages and noninsurance management techniques to handle those loss exposures
- Explain whether a particular loss is covered under any of the insurance policies surveyed in this course
- Apply the materials from this course in analysis of the risks involved in a specific firm of the student's choosing
- Present your analysis in a professional manner, both verbally and in writing
- Successfully take the CPCU 552 exam in December or January

## 4 Course Materials

### 4.1 Required

- Text: Malecki, Flitner and Trupin, *Commercial Liability Risk Management and Insurance*: 6th Edition, AICPCU/IIA 2005(MFT)
- CPCU 552 Course Guide, AICPCU/IIA, 4th Ed., 2007
- CPCU Handbook of Insurance Policies, AICPCU/IIA, 7th Ed., 2007
- Additional course materials posted on WebCT
- Access To A Major Business Publication: Suggestions include *Wall Street Journal*, *Wall Street Journal Interactive Edition*, *Business Week*, *Economist*, *Forbes*, *Fortune*, etc. It is important to keep abreast of business news as we will discuss it in class in the context of the material we are studying. It is also an important habit for business majors to begin and continue throughout their professional lives.

You are encouraged to make full use of the CPCU 552 Course Guide. We will do many of the Application Questions in class. Some Review Questions will be assigned as homework; others are optional, but you will find these beneficial as well. Exams for this course, as well as the CPCU 552 Exam, are almost certain to contain some questions that are similar to the Review Questions. Prior students taking CPCU Exams found that completing the Review Questions on a weekly basis was helpful in learning and retaining material.

### 4.2 Recommended

Other resources that will aid in understanding and analyzing risk management issues:

- Trieschmann, Hoyt and Sommer, *Risk Management and Insurance*: 12th Edition, South-Western Publishing, 2005
- Rejda, *Principles of Risk Management and Insurance*: 10th Edition, Pearson-Addison Wesley, 2008
- Doherty, *Integrated Risk Management*: 1st edition, McGraw-Hill Professional, 2000
- Insurance publications available through the library include: *National Underwriter*, *Risk Management*, *Best's Review*, *Business Insurance Magazine* and other business publications.
- Annual reports for publicly-traded companies

## 5 Policies and Procedures

### 5.1 Classroom Dynamics

Class starts promptly at 9:30 a.m. Latecomers are encouraged to take their seats quietly to avoid distracting others. While you are encouraged to not use a computer in the classroom (except when computer applications are being demonstrated), if you do, please mute your speakers and refrain

from excessive e-mail and instant messaging. Cell phones should be turned off or set to vibrate and should not be answered nor used for text messaging in the classroom. Exams will begin at 9:30 a.m. and latecomers will not be allotted extra time.

## 5.2 Academic Integrity

UGA's Student Honor Code:

I will be academically honest in all of my academic work and will not tolerate academic dishonesty of others.

Cheating in any form will not be tolerated and will result in a grade of F for the course. Suspicions of dishonesty will be reported to the *Office of the Vice-President for Instruction*. For details on the standards of honesty in academic work, please refer to the handbook *A Culture of Honesty*, available at [http://www.uga.edu/honesty/ahpd/culture\\_honesty.htm](http://www.uga.edu/honesty/ahpd/culture_honesty.htm).

## 5.3 Appeal Process

If you feel that an answer you provided or work that you submitted for credit was not evaluated fairly, simply submit an e-mail to me within one week of when the evaluation was given. This appeal must include the following:

1. Note which item(s) you are concerned with and what you answered.
2. Justify why your answer warrants more points. This could include information from the book, notes, other classes, whatever. What is not acceptable, however, are reasons such as "I misread the question" or "my uncle Harry always believed xyz, etc." I am willing to consider other interpretations of any given item, but they must be properly supported.
3. Finally, tell me how many points you think your answer deserves. Is it really worth full credit? Half? You tell me what you think is fair.

I will consider each appeal that is sent and let you know what I think is fair. We can talk in person if you are not satisfied with the outcome. Please do not hesitate to submit an appeal – everyone makes mistakes and misunderstands, and errors on the part of the faculty or graduate assistant should not negatively affect the student. In no way will a student's performance be harmed due to their use of the appeal process.

## 5.4 Announcements and Materials

You are responsible for knowing the material and homework assignments due on any given day, as well as changes in the schedule. Material and homework will be posted on WebCT and announcements will be sent to the e-mail address of record on the class roster.

If you prefer a different e-mail address, please send an e-mail to [jih@uga.edu](mailto:jih@uga.edu) with the subject line "RMIN 5540 e-mail change" from the new address and the class roster will be updated. Messages sent through e-mail will be assumed received and read. Notify me immediately if you are not receiving messages that I allude to in class.

## 6 Assessment

There are multiple opportunities to demonstrate understanding of course material. The primary method is through three exams, all not comprehensive. The secondary methods are the WebCT news diary, current events presentation and class participation. The allocation of credit to each assessment tool follows:

Exam 1	25%
Exam 2	25%
Exam 3	35%
News diary and class participation	10%
Current events presentation	5%

If the final exam grade is higher than either mid-term, then the weight of the final will increase to 40% and the lowest mid-term will drop to 20%. The plus/minus grading scale is in effect for this course, with lower bounds for A-, B-, C- and D no higher than 90, 80, 70 and 60 percent of total available points, respectively. Final grades will be curved if necessary.

### 6.1 CPCU 552 Exam Bonus

While not a course requirement, you are encouraged to take the CPCU 552 exam at the end of the October 15 - December 15, 2007 testing window or the January 15 - March 15, 2008 testing window. You are responsible for registering for the CPCU exam. General registration information is available at <https://www.aicpcu.org/students/registrationbooklet.htm>. The On-Site Testing Center at The University of Georgia coordinates local testing and may be contacted at the Counseling and Test Center in Clark Howell Hall at 542-3183. You must first register with AICPCU (online) before scheduling a test date.

The cost of registering for the CPCU 551 exam is approximately \$100 for full-time students if you adhere to the registration deadlines provided at [www.aicpcu.org](http://www.aicpcu.org). There is also a \$15 proctoring fee payable to the Counseling and Test Center in Clark Howell Hall. A letter from your major advisor certifying full-time status must be submitted with the registration form in order to receive the discounted exam fee. Additional information regarding CPCU exams may be obtained at [www.aicpcu.org](http://www.aicpcu.org) or by phoning (800) 644-2101. AICPCU customer service may be reached at [cserv@cpuiia.org](mailto:cserv@cpuiia.org).

### 6.2 News diary

At the beginning of the semester, you will be asked to choose one publicly traded, non-insurance and non-financial services company (from the S&P 500) and follow its press reports and learn about the company's liability practices throughout the semester. You will post four short reviews on WebCT for your classmates to see real examples of how the tools studied in class are used (or ignored) by practitioners. Each post will be graded.

*First post* The first post should describe the major businesses that your company engages in, the major risks faced by the firm, and any major issues of the past year. This will give you experience in evaluating a company's risk profile based on its annual reports and press reports. This post will be graded and cannot be made up. This post is due before class on January 22.

*Subsequent posts* At least three additional posts should relate current press articles (or, in the absence of press articles, liability issues from the firm's annual report) about or involving your firm to the content of class thus far. You should have at least one post before the first mid-term

related to early-semester material, at least one more post before the second mid-term related to time value of money and valuation material and at least one more post before the final related to project selection material. These are intended to be *very short* assignments and should not require a significant amount of work, if you are reading the press on a daily basis.

The grade for the best four posts will be entered as part of the class participation grade.

### **6.3 Class Participation and Attendance**

The interactive nature of this class requires regular attendance. More than three absences without certified medical excuse will have a negative impact on your grade. Absence from classes when a guest speaker is scheduled will result in a 1/2 letter grade reduction (i.e. A to A-).

When a guest speaker is scheduled, students will be expected to participate by reading about the speaker's company, asking intelligent questions and interacting with the speaker in a courteous manner.

If a student makes advance arrangements to resolve an exam conflict (i.e. bunched exams in one day, interview, academic travel, etc.) an exam may be taken at an alternative time upon agreement between the student and instructor. An exam that is missed as a result of illness may be made up only with a written excuse from a doctor. Any exam missed for any other reason may not be made up. The points lost on the missed exam will be added to the weight of the final exam, without exceptions (i.e. if one mid-term is missed, the final will be worth 65% of the grade if lower than the other mid-term, or 75% of the grade if higher than the other mid-term).

## 7 Tentative Course Outline

The schedule is subject to change. Actual depth of coverage will depend on available time.

Date	Topic	Reading	Notes
Aug. 19	Introduction to course	Syllabus	
Aug. 21	Liability Loss Exposures	MFT Ch. 1	Last day of drop period
Aug. 26-28	Liability Risk Control	MFT 2	
Sept. 2-11	General Liability Insurance	MFT 3-4	
Sept. 16	Exam 1		
Sept. 18	Business Auto Insurance	MFT 5	
Sept. 23-25	Garage and Motor Carrier Insurance	MFT 6	
Sept. 30-Oct. 9	Workers' Compensation	MFT 7-8	
Oct. 14-16	Management Liability	MFT 9	
Oct. 21	Exam 2		
Oct. 23-28	Professional Liability	MFT 10	10/23: Withdraw deadline
Oct. 30-Nov. 4	Environmental Liability	MFT 11	
Nov. 6	Marine Loss	MFT 12	
Nov. 11-13	Aviation Loss	MFT 13	
Nov. 18-20	Excess and Umbrella	MFT 14	
Nov. 25-27	Thanksgiving Holiday		No Class
Dec. 2-4	Adv. Risk Financing and Conclusion	MFT 15	
Dec. 16 (Tues)	Tentative Final Exam Date	8-11 a.m.	