

**PRINCIPLES OF RISK MANAGEMENT AND INSURANCE**  
**RMIN 4000**  
**Spring 2009**

**Instructor:** Leon Chen  
**E-mail:** yilinc@uga.edu  
**Office:** 283 Brooks Hall  
**Office hours:** Wednesday and Friday, 2:30-3:30pm  
Other times by appointment  
**Classroom:** 304 Caldwell Hall  
**Meeting time:** 1:25pm –2:15pm MWF

**Textbook**

George R. Rejda, *Principles of Risk Management and Insurance*, 10<sup>th</sup> Edition, 2008

**Course description**

This course is designed to introduce to the student the fundamentals of risk management, including the concept and the impact of risk, risk identification and evaluation, and tools used to efficiently manage risk with an emphasis on insurance. It is designed for both non-majors and majors.

**Grading**

Your course grade will be determined using the following weights:

Exams of 3 Highest Grades	75% (25% each)
Article Review & Presentation	10%
Individual Homework	10%
Attendance/Participation	5%
	<hr/>
	100%

Letter grades will be assigned based on the following scale:

92–100% = A	82–87.9% = B	72–77.9% = C	0–59.9% = F
90–91.9% = A-	80–81.9% = B-	70–71.9% = C-	
88–89.9% = B+	78–79.9% = C+	60–69.9% = D	

The final grades, at my discretion, are subject to a curve. If curved, the curve will always be to the student's benefit. Grading guidelines will not be more stringent than those listed above.

**Exams**

There will be four exams consisting of three midterms and one final. The final will be comprehensive. Students will be tested on lecture materials, materials related to homework, information from any guest speakers and any hand-outs distributed either in class or electronically.

As shown above, each student's lowest exam grade will be dropped in determining the final grade, and exams of 3 highest grades will account for 75% (25% each) of the final grade. This grading scheme allows students to redeem themselves on the final should they fail to perform well on either of the midterms, and to make the final exam optional should they perform well on all of the three midterms.

Make-up exams are generally not permitted but might be offered at the discretion of the instructor,

in the case of extreme or serious circumstances. The instructor reserves the right to defer to the Office of Student Affairs in validating any excuse. Tentative examination dates are as follows:

Exam I	Wednesday, February 11
Exam II	Friday, March 20
Exam III	Friday, April 17
Final Exam	Friday, May 8, 12:00 – 3:00pm.

### **Article Review & Presentation**

This assignment determines 10% of your final course grade, and shall be performed individually or by a group of 2 students (no more than 2 students). You will be required to find an article that interests you and that is clearly related to the subject matter of this course. The article may come from any source, although I encourage you to take your article from the risk management and insurance trade literature. Prepare a brief review (about 2 pages) of the article. The review should include a synopsis and discussion/analysis of the article. The primary emphasis should be on the discussion and analysis rather than the synopsis. In writing your review, avoid taking phrases or sentences directly from the article, or simply paraphrasing. You will have the opportunity to make a brief (6–8 minutes) presentation to the class on the article you review. Please note that presentation is optional but will result in a 1 point increase of your grade average if you choose to do the presentation. If you decide to have a partner and/or to do the presentation, please email me or let me know by March 27, otherwise I will assume that it will be your individual assignment without presentation. The procedure for assigning presentation dates will be explained in class. Presentation should be accompanied by professional slides such as PowerPoint slides.

Due date for article review without presentation is April 29 (in class). On that date, you should turn in a hard copy of your review, and a copy of the original article. Due date for article review with presentation will be the date of your oral presentation. On that date, you should turn in a hard copy of your review, your PowerPoint slides (please print at least 2 slides on 1 page), and a copy of the article. Make sure the source of the article is clearly indicated. Late submissions will be penalized, so please plan ahead. Suggested source of articles include, but not limited to: The Wall Street Journal, Treasury and Risk Management (treasuryandrisk.com), Risk Management (rmmag.com), Best's Review, Business Insurance, National Underwriter, CFO (CFO.com).

### **Individual Homework**

There will be 3 minor individual homework assignments throughout the course. Those homework assignments are designed to practice the things we learn in class and will also greatly help you in exam preparation. The due dates of the homework assignments will be announced in class.

### **Attendance and Class Participation**

Although this class will be primarily of a lecture format, quality discussion and questions will create a better learning environment for all. Your degree of regular attendance will decide 5% of your grade. Each student is permitted 3 absences for any reason, which means, you will get full attendance score if the total number of your absences are equal to or below 3. Attendance is mandatory on days when a guest speaker is scheduled, except excused by the instructor in advance. Exceptional classroom participation will result in a 1 bonus point added in the final course average.

### **Academic Integrity**

Cheating in any form is unacceptable. All academic work must meet the standards contained in “A Culture of Honesty”, which is available online <http://www.uga.edu/honesty/ahpd/procedures.html>. Any incidence of suspected cheating will be dealt with through the appropriate judicial channels.

## Classroom Conduct

The University policy prohibits smoking, food or drink in all classrooms. Please turn off cell phones and other electronic devices during class.

## Special Needs

Any student who feels that he or she may need an accommodation for any sort of disability should consult with me so that arrangements can be made.

## Topics Covered

The following topics only serve as a guideline for the course; I will add certain topics not covered by the book, and possibly skip some topics covered by the book.

1. *Basic Concepts in Risk Management and Insurance:* This section introduces the concept of risk in our society and the process used by both corporations and individuals to identify, analyze and manage that risk.

- a. Introduction to Risk and Insurance Chapter 1-2
- b. Topics of Risk Management Chapter 3-4

2. *The Insurance Industry:* As a regulated industry, this section introduces the social and political rationales for regulation, and how the insurance product works. Types of insurance companies and the marketing systems available are also discussed.

- a. Types of Insurers and Marketing Systems Chapter 5
- b. Insurance Company Operations Chapter 6-7
- c. Insurance Regulation Chapter 8

3. *Legal Principles in Risk and Insurance:* From a contractual perspective, this section assesses the legal environment, introduces the fundamental provisions in the insurance contract.

- a. Fundamental Legal Principles Chapter 9
- b. Analysis of Insurance Contracts Chapter 10

4. *Life and Health Risks:* This section addresses life and health risk, the insurance issues stemming from this risk, and retirement planning. In addition to introducing the various types of contracts available for managing these risks, particular attention is placed on demographic diversity for employer plans, the impact of government oversight, and the social aspects of providing employee benefits.

- a. Life Insurance and Annuities Chapter 11-14
- b. Health Insurance Chapter 15
- c. Employee Benefits Chapter 16-17
- d. Social Insurance Chapter 18

4. *Property and Liability Risks:* From a personal risk perspective, this section addresses the common exposures of Auto and Home risks and analyzes the impact on the individual, society, and the environment. Insurance products used to transfer risk are reviewed.

- a. The Liability Risk Chapter 19
- b. Homeowners Insurance Chapter 20-21
- c. Auto Insurance Chapter 22-23

**Please note that this syllabus is a general plan for the course; any changes announced in class or on WebCT may be necessary.**