

The University of Georgia
Terry College of Business
Department of Insurance, Legal Studies and Real Estate
Fall 2009
RMIN 4000 – Risk Management and Insurance

Professor: Thomas R. Berry-Stoelzle, PhD
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Office Hours: Tuesdays, Thursdays 2:00 – 2:45 p.m. and by appointment

Class Hours: Tuesdays, Thursdays 9:30 a.m. – 10:45 a.m.

Class Location: Peabody Hall, Room 115

The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

Course Description

This course provides an introduction to the different types of non-speculative risks faced by individuals and businesses along with possible alternative methods of treating such risks. We will examine the specific application of these methods with regards to life, health, property, and liability insurance contracts. First, we will gain a clear understanding of risk and the risk management process. Next, we will investigate the insurance industry from both an economic and regulatory perspective. Then we will study property and liability insurance contracts including homeowners and auto insurance contracts. The ultimate section of the course will cover individual life and health insurance. Throughout the semester students will have the opportunity to demonstrate their understanding of current risk related topics through class presentations and homework assignments. This course is designed for non-majors as well as a foundation for more advanced risk management and insurance courses.

Course Objectives

- Teach the principles and terminology of insurance and risk management.
- Explain how individuals and corporations use the risk management process to control or finance their exposure to accidental loss.
- Describe the job opportunities available in the insurance and financial services industry.
- Illustrate the principles and theories of insurance law using three of the most widely purchased insurance policies: homeowners, personal automobile and life insurance.
- Explain how life insurance, annuities and health insurance form an integral part of the tripod of economic security.
- Discuss both ethical and global business issues as they relate to the insurance transaction.
- Describe the economic problems presented by the insurance transaction, and how the government regulates this transaction.
- Build a foundation of understanding so that some of our society's most important economic problems can be viewed intelligently.
- Encourage students to present their own analysis in a confident, organized and coherent manner.

Course Materials

- Rejda, 10th Ed., 2008, *Principles of Risk Management and Insurance*, Addison-Wesley (R)
- Supplemental readings and documents available from the class WEBCT page (CT)

Academic Integrity

As a university of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty" found at: <http://www.uga.edu/honesty/>. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor.

Attendance

Class attendance is **strongly** advised as it constitutes part of your class participation grade. Exams will be based primarily on material covered in class including student presentations. Active class participation will improve your grade in borderline cases. Should you miss a day of class for any reason, please obtain lecture notes from another student.

Attendance is **mandatory** on days when a guest speaker is scheduled. Guest speakers will be announced in advance. Failure to attend any guest speaker day will result in a severe reduction of your class participation grade. You are expected to be courteous and respectful to speakers. This includes arriving on time, being attentive, and demonstrating interest by participating and asking appropriate questions.

Homework

Prior to each exam I will assign homework problems. While it is not a requirement to complete the homework, the homework will substantially help your performance on exams. Additionally, in order to reward those students who chose to do the homework, I will collect any homework on the date of the exam. If you chose to complete the homework, it will count as 5% of your grade (those students who do not complete the homework will have a homework grade equal to the average of their exam grades). In the rare case that a student completes the homework, but their exam average is higher than the homework average, I will take the higher of the two grades, i.e. completing the homework cannot negatively affect your grade. Additionally, you may work with *one* other student to complete the homework (if you so desire). If you work with a partner, your group should turn in only *one* homework with *both* names listed. Late homework will **not** be accepted.

Current Events Assignment

Please see the *Current Event Guidelines* on the last page of this document for details on the current events assignment.

Exam Policy

There will be three exams during the semester, all given during the semester. Exams will consist primarily of multiple choice questions and quantitative problems, however there will likely be some "essay" type questions on each exam. Exam material will come from lectures, R, current events, and any material distributed in class or through WEBCT (see below). Please do not miss an exam. If you miss an exam for any reason, you will be required to take the final (the final will replace the missed exam score). You may only replace *one* exam (this includes the final). Therefore, you can only miss *one* exam and still complete the course. Under no circumstances will I give an exam early.

There will be a final exam offered during the scheduled final exam period. This exam will be comprehensive and optional. Those students who are happy with their grade are not required to take the final. The final will replace the lowest exam score obtained on the three exams. The final exam must be taken at the designated time. The only exceptions that will be made are for those students who have three or more exams scheduled on the same day, or two scheduled at the same time. If you have such a schedule, you should complete the following steps *before* your scheduled final exam:

1. Complete the petition at <http://www.curriculumsystems.uga.edu/FinalExamConflicts/FinalExamConflicts.html>
2. Return the completed petition to me in a timely manner, so that the exam can be rescheduled.

Grade Composition

Exam #1	29%	Current Events Assignment	5%
Exam #2	29%	Homework Assignments*	5%
Exam #3	29%	Class Participation	3%

Grade Scale

Be aware that the plus/minus system implemented by the Board of Regents is in effect. The baseline grading scale will be as follows:

A = 94-100%	C+ = 77-79.9%
A- = 90-93.9%	C = 74-76.9%
B+ = 87-89.9%	C- = 70-73.9%
B = 84-86.9%	D = 60-69%
B- = 80-83.9%	F = Below 60%

Grades will be curved if necessary.

Email

Announcements regarding the class may be sent from me to you via email. Please be sure you sign up for the class listserv (see below). Any announcement I post to the listserv is assumed to be communicated to the entire class. Thus, it is imperative you check your email regularly. Should you not have an email account, you may establish an ARCHES account through the University by following the instructions at <http://www.arches.uga.edu/account.html>.

Class Listserv

A listserv has been established for this class as a means for me to efficiently communicate to you any information between class periods. Please subscribe to this listserv as soon as possible. To subscribe, log on to the email account you wish to have announcements sent. From your email account, send a message to the following address: listserv@listserv.uga.edu

In the body of the message type the following message ONLY:

SUBSCRIBE RMIN4000TRBS-L firstname lastname

and send the message. (Note: If you have a signature file that is normally attached to the end of your email messages, you must turn off the signature before sending the above message.)

WEBCT

A WEBCT page has been established as a means to efficiently administer this class. The WEBCT page allows you to obtain a copy of the syllabus, obtain lecture notes, link to other important web pages, etc. You are responsible for accessing WEBCT on a regular basis. You may log on to the WEBCT page through the following address: <https://webct.uga.edu/>. You will be asked for your UGA MyID and password. Please refer to the UGA MyID information at webct.uga.edu. Log on to the WEBCT pages as soon as possible. Should you have trouble accessing WEBCT, please let me know as soon as possible or go to the following page: <http://webct.uga.edu/www/student.html>

RMI Homepage

The address for the RMI homepage is <http://www.terry.uga.edu/insurance/>. For those students interested in becoming RMI majors, you should familiarize yourself with this site. Important dates, events, and announcements related to the RMI program appear here as well as information regarding the Resume Book, Internships, Scholarships, Careers Day, Job Placement, RMININFO listserv and other important topics.

Special Needs

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

Important Dates

Current Events Groups:	Thursday, August 27
Last day to withdraw:	Thursday, October 22
Exam #1:	Thursday, September 17 (in class)
Exam #2:	Thursday, October 20 (in class)
Exam #3:	Tuesday, December 1 (in class)
Final Exam:	Tuesday, December 15, 8:00 – 11:00 a.m.

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Schedule of Topics*

All readings are to be done *prior* to class. Additional material, such as handouts, notes, announcements, homework problems, etc., should be retrieved from the WEBCT homepage *prior* to class. Please come prepared.
*The schedule is subject to change. Actual depth of coverage will depend on available time.

Principles of Risk Management

August 18, 20

Introduction/Syllabus

Introduction to Risk

Chapter 1 (R)

August 25, 27

Risk Identification and Evaluation

Submit Current Events Group and Three Preference Dates

Chapter 3 and 4, Appendix Ch. 2 (R)

September 1, 3

Risk Management Techniques: Noninsurance Methods

Chapter 3 and 4, Appendix Ch. 2 (R)

September 8, 10, 15

Selecting and Implementing Risk Management Techniques

Review

Chapter 3 and 4, Appendix Ch. 2 (R)

September 17

Exam #1

Principles of Insurance and Insurance Policies

September 22, 24

Insurance as a Risk Management Technique: Principles

Return Exam #1

Chapter 2 and 9 (R)

September 29, October 1

Insurance as a Risk Management Technique: Policy Provisions

Chapter 10 (R)

Insurance Industry and Insurer Organization

October 6, 8

Risk Management and the Insurance Industry

Chapter 5 (R)

October 13, 15

Functions and Organization of Insurers

Review

Chapter 6 and 7 (R)

October 20

Exam #2

Property and Liability Risks

October 22

Return Exam #2

Property and Liability Loss Exposures

Chapter 19 (R)

October 27

Risk Management for Auto Owners – Part I

Chapter 22 (R)

October 29

Risk Management for Auto Owners – Part II

Chapter 23 (R)

Life and Health Risks

November 3

Life, Health, and Loss of Income Exposures

Chapter 11, 14, 15, 17 (R)

November 5

Loss of Life

Chapter 11, 12, 13, 16, 18 (R)

November 10, 12

Loss of Health

Chapter 15 and 16 (R)

November 17, 19

Retirement planning

Annuities

Employee Benefits

Review

Chapter 14 and 18 (R)

Chapter 17 (R)

December 1

Exam #3

December 3

Return Exam #3

Tuesday, December 15

Final Exam: 8:00 – 11:00 a.m.

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Current Events Guidelines

Submit Group Members and Three Preference Dates: Thursday, August 27
Presentation Dates: Tuesdays, Thursdays (will be given to each group)

Objective: The purpose of this assignment is to give students an opportunity to summarize, present, and discuss a risk related current event that is of particular interest to them (i.e. the topic is not given). Given the numerous interpretations of “risk” and applications of risk management and insurance, there should be no trouble finding a recent event that is of interest.

Description: In the first week of the semester, students will split themselves into groups of 2 or 3. During the semester each group will be responsible for leading one current events presentation and discussion that will not exceed the first ten or fifteen minutes of class. Strict guidelines for selecting your current event are as follows:

- ✓ The current event must be pre-approved by me at least *one week prior* to presentation.
- ✓ The current event must be within the last calendar year.
- ✓ The current event must have relevance to the class.

The presentation of your current event should include the following:

- ✓ The source of the article (see below).
- ✓ A brief summary of the article. (Do **not** read the entire article to the class.)
- ✓ A brief discussion about how the article relates to our class, why you selected the article, why you feel the topic is important, and any further relevant insight you wish to discuss.

I suggest the use of Power Point slides, overheads, and/or handouts to supplement your presentations. Given the ten minute allotment for your presentation, you should have no more than five slides. Also, on the day of your group’s presentation the group should arrive at least five minutes early in order to begin your presentation promptly. The entire group must be present to receive full credit. Students that arrive late who are not presenting will **not** be permitted into the classroom during a current events presentation. Presentations are scheduled as shown on the syllabus, however a final schedule will be distributed once the current event groups are finalized.

Sources: The following are examples of acceptable sources for current events topics:

- Wall Street Journal
- New York Times
- Best’s Review Magazine
- Business Insurance Magazine
- Risk Management Magazine
- Newsweek, Time, Businessweek, U.S. News & World Report

Examples: The following are examples of several recent events related to risk management:

- Products Recall (Product Liability, Moral Hazard Problem, Liability Insurance)
- Medical Malpractice Crisis (Insurance Demand, Liability)
- Terrorism Risk (Risk Management, Insurance)
- Legal Liability Issues (Risk Management, Insurance)