

Advanced Liability Insurance(RMIN 5540)

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e-mail: jih@uga.edu (please type the name of the class, RMIN 5540, in the subject line, to prevent the message being directed to my junk mail folder)

Office hours: T 9:30-10:30 a.m., W 2:00-3:00 p.m. or as announced/by appointment

Class Hours: Tuesdays, Thursdays 8:00-9:15 a.m.

Class Location: Caldwell 203

1 Prerequisites

RMIN 4000 (Risk Management and Insurance) and RMIN 5100 (Commercial Property and Liability Insurance) are prerequisites 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: 7th Edition*, AICPCU/IIA 2008(MFT)
- CPCU 552 Course Guide, AICPCU/IIA, 5th Edition, 2008
- CPCU Handbook of Insurance Policies, AICPCU/IIA, 8th Edition, 2008
- Additional course materials posted on eLC
- 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 8:00 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 8:00 a.m. and latecomers will not be allotted extra time.

The first class period of the day is difficult for many students. While I will attempt to make the class as interactive and stimulating as possible, some elements of the course are still best taught using traditional methods. I encourage you to bring a bottle of water or other beverage and a healthy snack if you find attention difficult to sustain in class.

5.2 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 the course assignments and the academic honesty policy should be directed to the instructor.

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.

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 graded submission was returned. 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 eLC and announcements will be sent to all e-mail addresses of record on the class roster. If you prefer class announcements to be sent to a different address, please e-mail me.

6 Assessment

There are multiple opportunities to demonstrate understanding of course material. The primary method is through three exams, with the final being comprehensive but heavily weighted to material in the final segment of the class. The secondary methods are the eLC news diary 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 | 15% |

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.

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).

Missed exams cannot be made up unless arranged in advance. If Exam 1 or 2 is missed for any reason, the final exam weight will be the sum of the weights of the missed exam and the final exam.

6.1 CPCU 552 Exam Bonus

While not a course requirement, you are encouraged to take the CPCU 552 exam during the October 15-December 15 or January 15-March 15 testing windows. 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 552 exam is \$108 for full-time students if you adhere to the registration deadlines provided at 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 or by phoning (800) 644-2101. AICPCU customer service may be reached at cserv@cpcuia.org.

In addition to commencing toward achieving the most prestigious designation in the property-casualty profession, if you pass the CPCU 552 exam in either of the two aforementioned testing windows, you may request to have your grade for this course raised by one letter grade (e.g. B- to A-, C+ to B+, C to B, etc.). Also, if you pass the CPCU 552 exam in the aforementioned testing windows, you will be eligible to receive reimbursement for the **exam registration fee** from the ILSRE department. It will be your responsibility to provide Marsha Richmond (206 Brooks Hall) with official exam results in order to receive the grade adjustment and reimbursement.

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 eLC 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 September 1.

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

The interactive nature of this class requires regular attendance. Attendance will be taken occasionally but will not directly impact course grade. Of course, ability to participate in class and respond appropriately to exam questions will be severely hampered after three or more absences.

Absence from classes when a guest speaker (including student presentations) 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.

7 Tentative Course Outline

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

| Date | Topic | Reading |
|-------------------|---|--------------------------|
| Aug. 18 | Introduction to course and Liability Basics | Syllabus |
| Aug. 20 | Liability Loss Exposures | MFT 1 |
| Aug. 25 | Liability Risk Control | MFT 2 |
| Aug. 27 | General Liability Insurance | MFT 3 |
| Sept. 1 | General Liability Insurance | MFT 3 |
| Sept. 3 | General Liability Insurance | MFT 4 |
| Sept. 8 | General Liability Insurance | MFT 4 |
| Sept. 10 | Business Auto Insurance | MFT 5 |
| Sept. 15 | Business Auto Insurance | MFT 5 |
| Sept. 17 | Garage and Motor Carrier Insurance | MFT 6 |
| Sept. 22 | Exam 1 | MFT 1-6 |
| Sept. 24 | Workers' Compensation Exposures | MFT 7 |
| Sept. 29 | Workers' Compensation Exposures | MFT 7 |
| Oct. 1 | Workers' Compensation Insurance | MFT 8 |
| Oct. 6 | Workers' Compensation Insurance | MFT 8 |
| Oct. 8 | Management Liability | MFT 9 |
| Oct. 13 | Management Liability | MFT 10 |
| Oct. 15 | Professional Liability | MFT 10 |
| Oct. 20 | Professional Liability | MFT 10 |
| | | Withdraw deadline |
| Oct. 22 | Exam 2 | MFT 7-10 |
| Oct. 27 | Environmental Liability | MFT 11 |
| Oct. 27 | Marine Loss Exposures Liability | MFT 12 |
| | | CPCU I-Day |
| Nov. 3 | Aviation Loss | MFT 13 |
| Nov. 5 | Excess and Umbrella | MFT 14 |
| Nov. 10 | Excess and Umbrella | MFT 14 |
| Nov. 12 | Terrorism and Cyber Insurance | MFT 15 |
| Nov. 17 | Terrorism and Cyber Insurance | MFT 16 |
| Nov. 19 | Advanced Liability Financing | eLC readings |
| Dec. 1 | Advanced Liability Financing | eLC readings |
| Dec. 3 | Wrap-up and Review | |
| Final Exam | Comprehensive | Majority on MFT 9-16 |