

RISK MANAGEMENT AND INSURANCE SYLLABUS

Name of Course:

Number of Course: 361, Section 022

Semester: Fall 2012

Instructor: Banker Phares

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Office: 116 North Fredonia, Nacogdoches, Texas

Office Hours: 8:00 to 5:00 Monday-Friday (Call for appointment). Instructor is available after each class to discuss topics and answer questions.

Class Meeting time and Place: The first class is Tuesday, August 28, 2012. The final week is December 10th. Class meeting time is 6 p.m.-8:30 p.m. Room 477 of the SFA Business Building. Classroom subject to change.

Prerequisites for Course: None.

Student Learning Outcomes: To learn to manage and minimize risk and thereby avoid (to the extent possible in this uncertain world) serious or catastrophic damage to the individual (personal risk) or to a business (commercial risk). A risk is an uncertainty concerning the occurrence of a loss. Risks may be objective (the variation of actual loss from expected loss) or subjective (an uncertainty based on a person's mental condition or state of mind). Insurance is an inherent part of risk minimization. Types of insurance include: Life, annuities, health, retirement plans, disability, homeowners, personal property, auto, commercial, and crime.

The expected outcome from successful completion of the course is to prepare the student to: 1) Learn the importance, and have a basic understanding of the types of risk and techniques used to minimize risk and loss; 2) Develop and identify analytical skills, by lecture and class discussion to facilitate effective decision-making, including informed decisions. Upon course completion, the student should have the ability to have a working knowledge of the materials covered in the course, thereby providing the student with the ability to make – and, if necessary

access, sources – for making appropriate risk minimization decisions, both personal and business.

Required Text and Materials: Principles of Risk Management and Insurance by George E. Rejda, Copyright 2011, Pearson Education, Inc. Prentice Hall. No recommended equipment for the course.

Recommended reading for the course: No advance reading required.

Course Requirements:

1) Exams for Course: Three, each of equal value. The Final will be one of the three tests and will have a value equal to a test. There will be no quizzes or homework (unless needed to make up for an unexcused absence). There will be an advance reading assignment each week. A legitimate excuse must be presented in order to make-up a missed exam. If a student has a D or lower average for the first two tests, the student will be required to take a comprehensive final.

2) Grading Policy:. The tests will primarily require short specific answers; i.e. objective. Tests will be announced two weeks in advance.

3) Required Attendance for Course: Each class meeting is the equivalent of three one hour classes. One absence from each class meeting is allowed without excuse. Other absences require acceptable excuse. If absent without acceptable excuse, additional course work may be assigned.

Course Calendar: In the left hand margin of the information which follows, there is a listing of the week in which the material will be discussed in class. An attempt has been made to have the week in class correspond to the chapter; e.g. third week – third chapter.

Topics covered during this course include:

Basic Concepts in Risk Management and Insurance

Week 1. Introduction to Risk Management

Meaning of Risk Management

Objectives of Risk Management

Steps in the Risk Management Process

Identify Loss Exposures

Measure and Analyze the Loss Exposures

Select the appropriate Combination of Techniques for Treating the Loss Exposures

Implement and Monitor the Risk Management Program
Benefits of Risk Management
Personal Risk Management

THE PRIVATE INSURANCE INDUSTRY

Week 2. Types of Insurance and Marketing Systems

Overview of Private Insurance in the Financial Services Industry
Types of Private Insurers
Agents and Brokers
Types of Marketing Systems
Group Insurance Marketing

Week 3. Insurance Company Operations

Insurance Company Operations
Rating and Ratemaking
Underwriting
Production
Claims Settlement
Reinsurance
Alternative to Traditional Reinsurance
Investments
Other Insurance Company Functions

Week 4. Financial Operations of Insurers

Property and Casualty Insurers
Life Insurance Companies
Rate Making in Property and Casualty Insurance
Rate Making in Life Insurance
The Financial Crisis and Insurers

Week 5. Government Regulation of Insurance

Reasons for Insurance Regulation
Historical Development of Insurance Regulation
Methods for Regulating Insurers
What Areas are Regulated?
State Versus Federal Regulation
Current Problems and issues in Insurance Regulation

LEGAL PRINCIPLES IN RISK AND INSURANCE

Week 6. Fundamental Legal Principles

Principle of Indemnity
Principle of Insurable Interest
Principle of Subrogation
Principle of Utmost Good Faith
Requirement of an Insurance Contract
Distinct Legal Characteristics of Insurance Contracts
Law and the Insurance Agent

Week 7. Analysis of Insurance Contracts

Basic Parts of an Insurance Contract
Definition of “Insured”
Endorsements and riders
Deductibles
Coinsurance
Coinsure in Health Insurance
Other-Insurance Provisions

LIFE AND HEALTH RISKS

Week 8. Life Insurance

Premature Death
Financial Impact of Premature Death on Different Types of Families
Amount of Life Insurance to Own
Types of Life Insurance
Variations of Whole Life Insurance
Other Types of Life Insurance

Week 9.

Life Insurance Contractual Provisions

Life Insurance Contractual Provisions
Dividend Options
Nonforfeiture Options
Settlement Options
Additional Life Insurance Benefits

Buying Life Insurance

Determining the Cost of Life Insurance
Rate of Return on Savings Component
Taxation of Life Insurance
Shopping for Life Insurance

Week 10.

Annuities and Individual Retirement Accounts

Individual Annuities
Types of Annuities
Taxation of Individual Annuities
Individual Retirement Accounts
Adequacy of IRA Funds

Individual Health Insurance Coverages

Health-Care Problems in the United States
Individual Health Insurance Coverages
Major Medical Insurance
Health Savings Accounts
Long-Term Care Insurance
Disability-Income Insurance
Individual Medical Expenses Contractual Provisions
Shopping for Individual Health Insurance

Employee Benefits: Group Life and Health Insurance

Meaning of Employee Benefits
Fundamentals of Group Insurance
Group Life Insurance Plans
Group Medical Expense Insurance
Traditional Indemnity Plans
Managed Care Plans
Consumer-Direct Health Plans
Recent Development in Employer-Sponsored Health Plans
Group Medical Expense Contractual Provisions
Group Dental Insurance
Group Disability-Income Insurance
Cafeteria Plans

Week 11.

Employee Benefits: Retirement Plans

Fundamentals of Private Retirement Plans
Types of Qualified Retirement Plans
Defined-Benefit Plans
Defined-Contribution Plans
Section 401(k) Plans

Section 403 (b) Plans
Profit-Sharing Plans
Retirement Plans for the Self-Employed
Simplified Employee Pension
SIMPLE Retirement Plans
Funding Agency and Funding Instruments

Social Insurance

Social Insurance
Old-Age, Survivors, and Disability Insurance
Types of Benefits
Medicare
Problems and Issues
Unemployment Insurance
Workers Compensation

PERSONAL PROPERTY AND LIABILITY RISKS

Week 12. The Liability Risk

Basis of Legal Liability
Law of Negligence
Imputed Negligence
Res Ipsa Loquitur
Specific Application of the Law of Negligence
Current Tort Liability Problems

Week 13.

Homeowners Insurance, Section 1

Homeowners Insurance
Analysis of Homeowners 3 Policy (Special form)
Section I Coverages
Section 1 Perils Insured Against
Section I Exclusions
Section I Conditions
Section I and II Conditions

Homeowners Insurance, Section II

Personal Liability Insurance
Section II Exclusions
Section II Additional Coverages
Endorsements to a Homeowners Policy

Cost of Homeowners Insurance

Week 14.

Auto Insurance

Overview of Personal Auto Policy

Part A: Liability coverage

Part B: Medical Payments coverage

Part C: Uninsured Motorists Coverage

Part D: Coverage for Damage to Your Auto

Part E: Duties after an Accident or Loss

Part F: General Provisions

Auto Insurance and Society

Approaches for Compensating Auto Accident Victims

Auto Insurance for High-risk Drivers

Cost of Auto Insurance

Shopping for Auto Insurance

Other Property and Liability Insurance Coverages

ISO Dwelling Program

Mobilehome Insurance

Inland Marine Floaters

Watercraft Insurance

Government Property Insurance Programs

Title Insurance

Personal Umbrella Policy

Week 15.

COMMERCIAL PROPERTY AND LIABILITY RISKS

Commercial Property Insurance

Commercial Package Policy

Building and Personal Property Coverage Form

Causes of Loss Forms

Reporting Forms

Business Income Insurance

Other Commercial Property Coverages

Transportation Insurance

Business Owners Policy (BOP)

Commercial Liability Insurance

General Liability Loss Exposures
Commercial General Liability Policy
Employment-Related Practices Liability Insurance
Workers Compensation Insurance
Commercial Auto Insurance
Aircraft Insurance
Commercial Umbrella Policy
Businessowners Policy
Professional Liability Insurance
Directors and Officers Liability Insurance

Please Note: There is an addendum required by the University attached to this Syllabus.