RISK MANAGEMENT AND INSURANCE SYLLABUS

Name of Course:

Number of Course: 361 022

Semester: Spring 2018

Instructor: Dr. Banker Phares

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Phone Number of Instructor: 936.234.9196, 468.1783

Office: Room 169A, SFA College of Business Building

Office Hours: 9-12 Monday, 10-2 Tuesday, 10-2 Wednesday. Instructor is available after each class to discuss topics and answer questions. Instructor is available after each class to discuss topics and answer questions.

Class Meeting Time and Place: Room 167 SFA College of Business Building. The first class is Tuesday, January 16, 2018. Class meets on Tuesday. Class time is 3:30 – 4:45.

Prerequisites for Course: None.

Student Learning Outcomes: To learn to manage and minimize risk and thereby avoid (to the extent possible in this uncertain word) 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.


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 lower than C average for the first two tests, the student will be required to take a comprehensive final, which will cover material contained on the first two tests.

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

Topics covered during this course include:

**Basic Concepts in Risk Management and Insurance**

- 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
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

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

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

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

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 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

**Life Insurance Contractual Provisions**

Life Insurance Contractual Provisions  
Dividend Options  
Non forfeiture 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

**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

**Employee Benefits: Retirement Plans**

Fundamentals of Private Retirement Plans
Types of Qualified Retirement Plans
Defined-Benefit Plans
Defined-Contributions 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

**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

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

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
Mobile home Insurance
Inland Marine Floaters
Watercraft Insurance
Government Property Insurance Programs
Title Insurance
Personal Umbrella Policy

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
Business Owners Policy
Professional Liability Insurance
Directors and Officers Liability Insurance

Academic Integrity

Academic integrity is a responsibility of all university faculty and students. Faculty members promote academic integrity in multiple ways including instruction on the components of academic honesty, as well as abiding by university policy on penalties for cheating and plagiarism.

Definition of Academic Dishonesty

Academic dishonesty includes both cheating and plagiarism. Cheating includes but is not limited to (1) using or attempting to use unauthorized
materials to aid in achieving a better grade on a component of a class; (2) the falsification or invention of any information, including citations, on an assigned exercise; and/or (3) helping or attempting to help another in an act of cheating or plagiarism. Plagiarism is presenting the words or ideas of another person as if they were your own. Examples of plagiarism are (1) submitting an assignment as if it were one's own work when, in fact, it is at least partly the work of another; (2) submitting a work that has been purchased or otherwise obtained from an Internet source or another source; and (3) incorporating the words or ideas of an author into one's paper without giving the author due credit. Please read the complete policy at http://www.sfasu.edu/policies/academic_integrity.asp

Students with Disabilities
To obtain disability related accommodations, alternate formats and/or auxiliary aids, students with disabilities must contact the Office of Disability Services (ODS), Human Services Building, and Room 325, 468-3004 / 468-1004 (TDD) as early as possible in the semester. Once verified, ODS will notify the course instructor and outline the accommodation and/or auxiliary aids to be provided. Failure to request services in a timely manner may delay your accommodations. For additional information, go to http://www.sfasu.edu/disabilityservices/.

Withheld Grade Policy

Ordinarily, at the discretion of the instructor of record and with the approval of the academic chair/director, a grade of WH will be assigned only if the student cannot complete the course work because of unavoidable circumstances. Students must complete the work within one calendar year from the end of the semester in which they receive a WH, or the grade automatically becomes an F. If students register for the same course in future terms the WH will automatically become an F and will be counted as a repeated course for the purpose of computing the grade point average.