RISK MANAGEMENT AND INSURANCE SYLLABUS

Name of Course:

Number of Course: 361 022

Semester: -Spring 2020

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 thru Thursday. Instructor is available after each class to discuss topics and answer questions.

Class Meeting time and Place: Room 369 SFA College of Business Building. Class meets on Monday-Wednesday 2:30 p.m. – 3:45.

Required Text and Materials: Personal Finance to be assigned by the instructor including material placed on D2L.

Prerequisites for Course: None.

Program Learning Outcomes:

Program learning outcomes define the knowledge, skills, and abilities students are expected to demonstrate upon completion of an academic program. These learning outcomes are regularly assessed to determine student learning and to evaluate overall program effectiveness. You may access the program learning outcomes for your major and particular courses at http://www.sfasu.edu/cob/ug-plo.asp.

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 two weeks in advance 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.** The timeline for the course is set forth below. The material covered on each test will be the material covered in the course lectures (and that will depend on how the course progresses). The tests will be in the February, March, and May with two weeks advance notice given for each test and a review before each test identifying the topic to be covered. The amount of student work per credit hour reasonably approximates not less than one hour of class of three times a week with direct faculty instruction over a period of 15 weeks over a long semester.
Out-of-class work is not assigned; however, there will be out-of-class work needed for preparation of exams.

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-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

The Liability Risk

Basis of Legal Liability
Law of Negligence
Imputed Negligence
Res Ipsi 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

COMMERICAL 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, 4683004 / 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.