

FIN 317: Principles of Insurance and Risk Management Fall 2010 Syllabus and Class Contract

Instructor: Michael K. McShane, Ph.D.

Class Period: Mon. and Wed. 5:45 to 7:00

Class Location: 1008 Constant Hall

E-Mail: mmcshane@odu.edu

Office: 2026 Constant Hall

Phone: 683-3602

Office Hours: Tuesday and Wednesday: 10:00 to 11:30AM and by appointment

Text: **Risk Management for Enterprises and Individuals** by Baranoff, Brockett, and Kahane. This course does not exactly follow any text, but this textbook is very affordable and recommended as a reference for better understanding the course content. To view online for free or print/order a hardcopy for about \$30, go to <http://www.flatworldknowledge.com/mmcshaneodu.edu/principles-insurance-and-risk--1> OR go to www.flatworldknowledge.com, click on STUDENTS: Find My Class, then search for mcshane.

Lecture: PowerPoint outlines of the lecture and other material will be posted on Blackboard. PLEASE print out the appropriate material *before* lectures and bring them to class. Exams will mainly be based on the PowerPoints and anything additional I say or write on the board during the lecture, so you should take notes to supplement the PowerPoints.

Catalog Description: The primary focus of this introductory course is on evaluating life, health, retirement, property, liability and personnel exposures to loss and analyzing the methods for managing these risks. Risk management and insurance techniques for dealing with potential losses to individuals and organizations will be emphasized.

Learning Goals:

- Gain knowledge of risk exposures, the management of pure risk, and the insurance mechanism.
- Become familiar with the four steps of the risk management process.
- Develop a fundamental understanding of the liability and negligence concepts.
- Develop a fundamental understanding of auto and homeowners' insurance policies.
- Become a more informed consumer of auto, homeowners', life, and health insurance.
- Become aware of current issues facing the risk management and insurance industry.

Class Contract:

- This syllabus and the **class contract (pages 6 to 11 of this document)** explain both your and my duties with respect to this class. Important issues such as attendance, exam procedures, and academic honesty including *plagiarism* are discussed in the class contract.
- **So that I can be sure that you understand the policies for this course, I require that you carefully read the syllabus and class contract, then print and sign the signature page (page 11 of this document) and hand to me by the beginning of class on Wed., Sept. 15.**
- If you meet this deadline, you will receive **two (2) extra credit points**. If you miss this deadline, you are still required to read the class contract and turn in the signed signature page, but will *not* receive extra credit points. Signing the class contract indicates that you have read, understood, and accepted the syllabus and class contract.

Use of Blackboard/Communication: I will utilize Blackboard as the primary mechanism to disseminate the PowerPoint presentations, announcements, and other information. **It is your responsibility** to make sure you can access Blackboard, and you should check it regularly. I will also sometimes use Blackboard to send a batch e-mail to all enrolled students. You will receive this e-mail at your *odu.edu* e-mail address, so you should be checking your *odu.edu* e-mail regularly.

Exams: There will be four exams. Exam 4 is during finals week and is *not cumulative*. All of the exams carry equal weight. Students will be tested on material from Powerpoints and anything I add during the lecture, so it is important to attend lectures and take notes. For information regarding testing procedures, missed exams, and rebuttals concerning examination questions, see the Class Contract later in this document. There are no make-up exams.

Group project: You will participate in a group project on a current risk management or insurance topic as described on the next page.

Attendance (extra credit or deductions):

- I will circulate an attendance sheet at the beginning of each class. Attendance points affect your total points as follows:
 - No absences: +5 points 1 absence: +2 points 2 absences: 0 points
 - 3 absences: -5 points 4 or more: -10 points
- Make sure to sign the attendance sheet each class because that is the only way I can know if you were present. If you miss part of the class, you will be counted absent even if you sign the attendance sheet. See the Class Contract later in this document for more information.

Grading:	Exams: four @ 100 points Each	400 Points
	<u>Group Project</u>	<u>50 Points</u>
	TOTAL	450 Points

Final Course Grade:	A: 405 or more total points,	B: 360 to 404 total points,
	C: 315 to 359 total points,	D: 270 to 314 total points,
	F: less than 270 total points.	

Extra Credit Points: The extra credit points that you receive if you sign and turn in the Class Contract signature page **on time** and for attendance are added to your total points. Some semesters, there may also be other extra credit opportunities, such as going to see industry speakers or attending industry events or writing an alternative short paper if you cannot attend an event. *If you miss an extra credit opportunity or miss a deadline, you will **not** have a chance to make it up later to get extra credit.*

Insurance, Risk Management, and Financial Planning Opportunities Reception

- Oct. 6 (Wed): 5:30 to 7:00PM in the Webb Center (Hampton-Newport News Room)
- This event is during our class time so you will be counted absent if you do not attend.
- Plus you will receive 0.5 points extra credit points for each business card you collect up to a maximum of 5 extra credit points if you also fill in a survey about the event. **Total 5 extra credit points possible.**
- Free food, networking with industry professionals, and extra credit points. You don't want to miss this.

Insurance Founder's Day Luncheon

- Nov. 10 (Wed): 11:30AM to 1:00PM in the Webb Center (Hampton-Newport News Room)
- You will receive **3 extra credit points** for attending this event plus a fine free meal and the chance to hear an interesting industry speaker.

Disruptive Behavior: It is assumed that students will not engage in behavior that is disruptive to the class. If I consider that you have engaged in disruptive behavior, up to 50 points may be deducted from your total points.

Rebuttals: To apply for credit when you believe an exam answer is debatable, prepare a written or computer-printed rebuttal. *Rebuttals are due at the start of the class period immediately following the class period that exams are returned.* See the Class Contract later in this document for further detail.

Group Project

- On the first day of class, I will divide the class into groups of four. Some groups may have three students if the number of students does not evenly divide by four. The number in your group may drop if members of your group drop out of class during the semester.
- Your group is required to prepare a PowerPoint presentation and make an oral presentation to the class (*between 9 and 12 minutes*) that explores **one** of the topics listed below

Available Topics:

1. New US health insurance plan (Affordable Health Care for America Act of 2010)
2. Health care and health insurance system in Canada
3. Risk management at universities in general and ODU in particular
4. Takaful: Insurance that meets Islamic standards
5. Microinsurance
6. The insurance industry in China
7. The insurance industry in India
8. Insurance activity in virtual worlds such as Second Life
9. Climate change and the insurance industry (good info: Evan Mills and Geneva Association)
10. Aging of the US and associated insurance products: annuities and long-term care insurance
11. Overview of the Chinese dry wall problem and related insurance issues.
12. Overview of the Gulf oil spill and related insurance and risk management issues.

Project Deadlines

- **By Wed. Sept 15:** E-mail or tell me the names of your group members and your **top three** desired topics. Topic choice is first come, first serve. *I will assign your topic if you do not meet this deadline.*
- **By midnight on Saturday, Dec 4:** E-mail your Powerpoint file to me. *I will deduct five points for each late day.*
- **Oral Presentations:**
 - Groups 1 to 4 will present on Dec 6; Groups 5 to 9 will present on Dec 8.
 - Each member of the group should also hand me a Peer Grading Form during the class of his/her presentation. You can find the Peer Grading Form later in this syllabus.

Grading of Project

- The number of points you receive will reflect the overall quality of each group's oral and written presentation as well as the relative contribution of each member to the project.
 - Students will grade each other's relative contribution by turning in the **Peer Grading Form** that is later in this syllabus.
 - You hand this form to me during the class of your presentation.
- A good presentation will be well-written with correct grammar, informative, logical, well-organized, and easy to understand, so that I know you understand the topic well.
- ***See the Project Guidelines in Blackboard to better understand the determinants of a good project and what items I will deduct points for.***

Chapters Covered and Tentative Exam and Presentation Dates (subject to revision)

PowerPoint Set

- 1 Introduction to Risk
- 2 Risk Identification and Evaluation
- 3 Risk Management Techniques: Non-insurance Methods
- 4 Insurance as a RM Technique: Principles
 - *Exam 1: tentatively scheduled for Sept. 22.*

- 5 Selecting and Implementing Risk Management Techniques
- 6 Insurance Distribution, Risk Management
- 7 Operations and Functions of Insurers
- 8 The Insurance Policy
 - *Exam 2: tentatively scheduled for Oct. 20.*

- 9 The Insurance Industry
- 10 Life, Health, and Loss of Income Exposures
- 11 Life Insurance
- 12 Health Insurance
 - *Exam 3: tentatively scheduled for Nov. 10.*

- 13 Property and Liability Loss Exposures
- 14 Auto Insurance
- 15 Homeowners Insurance
 - *Group oral presentations: Dec 6 (Groups 1 to 4) and Dec. 8 (Groups 5 to 9).*
 - *Exam 4: Dec 15 starting at 3:45 PM.*

PEER GRADING FORM

FIN 317 GROUP PROJECT

As stated in the syllabus, the number of points you receive for the project will reflect the overall quality of each group's presentation *as well your relative contribution*. I will judge your relative contribution by how your partners grade you.

Each individual member of the group will need to fill out this peer grading form to grade their partners.

Your Name _____

In the following spaces, you are to assign a grade to the partners you worked with on the group project. The grade you assign (A, A-, B+, ... F) should reflect your opinion of the effort each partner put into the project.

Partner #1's Name _____

Partner #1's Grade _____

Partner #2's Name _____

Partner #2's Grade _____

Partner #3's Name _____

Partner #3's Grade _____

After you've completed this form, please fold it and submit to Michael McShane *at the beginning of class on the day of your presentation*. Students not submitting this form on time will be penalized 5 points on their project grade.

The amount deducted from your project score depends on the *average grade* given to you by your partners. Points deducted: A = 0; A- =1; B+ =4; B = 5; B- =6; C+ =9; C =10; C- = 11; D+ = 14; D = 15; D- =16; F =20.

Example: If the score I give for the project to your group is 45 points, and your three partners give you an A-, A-, and B+, then $(1+1+4)/3 = 2$ points will be deducted for your score, that is, you will get $45-2 = 43$ points for the project.

CLASS CONTRACT: Principles of Insurance and Risk Management (FIN 317)

This contract specifies important policies and procedures to be used in this course during the semester. Throughout the document, the words "I," "me," and "my" refer to the instructor while "you" and "your" refer to the student. So that I can be sure that everyone understands both your and my duties in the course, I require that you read this document, then sign and **return the signature form on page 11** to me by the *beginning of class* on the date specified in the course syllabus. You will receive *extra credit points* as described in the syllabus merely for accomplishing this feat.

Lecture/Schedule/Notes. Although PowerPoint slides are available for each chapter, this is mainly an outline of my lecture. Exams will be based on what is written on the PowerPoint slides, what I write on the board, and what I say in class. Please take notes!

I will try to adhere to the tentative schedule listed in your syllabus as closely as I can although you should realize this course is constantly evolving and adjustments are inevitable. Significant deviations from the tentative schedule will be announced at least one class period in advance. Naturally, you are responsible for knowing what happens in class. ***If you are not in class on a given day, please obtain notes from someone else (not me).*** You also should find out whether there were any relevant announcements about the class.

You probably realize that laws, products, and procedures related to risk and insurance change regularly. Most textbooks are out of date in one or more areas even before they are published. Your textbook and other readings may be obsolete or subject to error in some topic areas. New developments and changes in laws and products will be presented in class as part of the lectures. When there is a discrepancy between what is said in class and what is printed in the book, the lecture material always takes precedence. So once again, if you miss a class, be sure to get class notes from a *reliable* source!

Attendance. *If you do not sign the attendance sheet, you will be counted absent even if you later say you were present. Your signature on the attendance sheet is the only way I can know if you were present.* If you sign attendance sheet but leave early, you will be counted absent. If you have a valid reason for leaving early and attend at least thirty minutes of class, let me know and I may allow you to be counted as present.

Office Hours. My office hours are listed in your syllabus. I will make every attempt to preserve those hours for student consultation. Occasionally, other commitments may prevent my being there during my listed office hours, however. You can e-mail or call to confirm that I am there. I always will be happy to schedule an alternative time to meet with you. Please observe my office hours if at all possible. If you cannot come by during those hours, *be assured* that I am willing to arrange an appointment with you at a mutually convenient date and time. You can e-mail, call, or talk to me after class about setting up an appointment.

Exams. I *strongly* believe that *all students should get the same deal* when it comes to examination procedures. I expect you to take all exams at the scheduled times.

After I give the exam in class, I do not give make-up exams and no exam grades will be dropped. For absences that are not planned well in advance, for example, if you have a verifiable illness or similar emergency or if a verifiable death occurs in your immediate family, I may give you an **excused absent** from the test, which means the following. I will use the score you earn on the last exam of the semester as your score for the missed exam, rather than administer a make-up exam. Please e-mail me as soon as possible in such an event. You need to let me know prior to the exam in order to obtain an excused absence. I will require written verification of illness, emergency, or family death from all students receiving an excused absence from an exam.

If you miss one exam because of an **unexcused absence**, I will enter the score you earn on the last exam of the semester less a 20-point penalty for missing the earlier exam. In other words, if you miss one earlier exam and earn an 85 on the last exam of the semester, you will receive a 65 for the missed exam. For any unexcused exam absences after the first such absence, I will assign you a zero.

Note: If there is a curve on the last exam, you will get the curve on the last exam, but not on the exam you missed.

I may allow you to take an exam in advance if you have a good reason well in advance of the exam: for example, military service or a business trip. If I do approve of your reason for missing the exam: I will require written verification of the reason. Please note that scheduling an interview during an exam is not a valid excuse for missing an exam.

In some cases, I may not be present during an exam and someone else will be monitoring the exam. You should not ask that person any questions about the exam because they are most likely not familiar with the material. In this case, you can however note any questions that you believe are flawed or incorrect *prominently* on the front of your exam, which I will consider when grading the exam. And you always have the right to rebut questions via the rebuttal procedure discussed subsequently.

I understand the nagging uncertainty students often have with regard to exam results, so I will return each graded exam to you for in-class review just as soon as possible. You *must*, however, return the exam to me (or the monitor) just prior to leaving the classroom after both the examination period and the post-examination review. Because I find it difficult to write challenging, yet fair, exam questions I retain all exam information. Therefore, students who leave the classroom without returning the exam to me (or the exam monitor) *will receive a zero* on the exam. This policy applies whether or not the exam has been graded previously.

Exam Question Rebuttals. For multiple-choice questions on exams, I will *not* allow you to modify the questions or to give answers contingent upon assumptions you write on the exam. After the exams have been discussed in class, however, you will have an opportunity to submit a written rebuttal for each question that you believe is incorrect. I will review your rebuttal and respond promptly, normally by the next class period. Although I encourage you to raise any questions you have about the exam during the class discussion period, I do find lengthy debate over exam questions to be rather wasteful of valuable class time. I am happy to explain my rationale for the question and the answer I deemed correct. If you disagree, please prepare a rebuttal and I pledge to give it open-minded consideration.

Rebuttals can be computer-printed or hand-written. You should specify (1) why the question was incorrect or unduly ambiguous *and* (2) why your answer is better than the one specified as correct by me. I am glad to adjust your grade if there is a valid reason. Please note that a two-line rebuttal scribbled down while we are going over the tests is rarely sufficient. Rebuttals should be well thought out and well written. The burden of proof is upon you! All rebuttals are due during the class following the class period in which graded exams are discussed. So you need to act immediately after the exams are returned and discussed in class. Please don't wait until you are a borderline case at the end of the semester and then try to argue for adjustments to earlier exam scores!

In rare cases, I may establish a curve for an exam. Of course, a rebuttal occasionally results in the elimination of an exam question or the changing of an answer, which then can substantially affect the original grade distribution. In such a case, I reserve the right to review the exams and to change the amount of curve points.

Exams will be multiple choice. Please bring a #2 pencil, and your own pocket calculator for exams. You may not share your calculator with another student during the exam. Hand-held computers that can display notes or cell phones are not permitted. I will provide the Scantron form.

Extra Credit. *Since I typically do not curve exams, extra credit is important so I highly recommend that students take advantage of all extra credit opportunities.* There will be extra credit opportunities as listed in the syllabus. In addition to the ones listed there, there may be other extra credit opportunities, such as attending presentations by speakers from the Insurance, Risk Management, or Financial Planning industry in the Finance Club. For students who are unable to attend an extra credit event that is not during the scheduled class period, I will offer an alternative short paper to be prepared by the student.

Speakers in Class: Guest speakers from the risk management and insurance industry may come talk to the class. The information conveyed by guest speakers is often more important than that I deliver. Guest speakers are giving us their valuable time, and it is especially important to be courteous to them during their talk, ask questions, come on time, and not leave early.

Blackboard/Communication. I will use the University's Blackboard instruction package for posting announcements, lecture material, syllabus, and articles for reading and downloading. You are batch enrolled for the class. If you've forgotten how to log into Blackboard or need a new account, it is essential you get this taken care of before the 2nd class meeting.

About Plagiarism

The College of Business and Public Administration
Old Dominion University

What is it?

The Old Dominion University (ODU) Undergraduate Catalogue (2008-2009, p. 13, F) defines plagiarism as follows:

“A student will have committed plagiarism if he or she reproduces someone else’s work without acknowledging its source; or if a source is cited which the student has not cited or used. Examples of plagiarism include: submitting a research paper obtained from a commercial research service, the Internet, or from another student as if it were original work; making simple changes to borrowed materials while leaving the organization, content, or phraseology intact; or copying material from a source, supplying proper documentation, but leaving out quotation marks. Plagiarism also occurs in a group project if one or more of the members of the group does none of the group’s work and participates in none of the group’s activities, but attempts to take credit for the work of the group.”

Hints for Avoiding Plagiarism:

- *More than three words is plagiarism.* This is a good yardstick to use when wondering whether or not quotes are appropriate. They are, if you are copying more than three words in sequence.
- *One source is not “common knowledge.”* Common knowledge does not require citation. But something is not common knowledge if you have found just one source for the information.
- *When in doubt, cite!* If you have any doubt about whether or not to cite a source, err on the side of making the attribution.
- *If your co-author sounds surprisingly eloquent, make sure the contribution is his or her own.* We often work in groups and co-author papers and projects. You should ask the question of your co-author if you doubt the work is their own. In group work, you are responsible for the project/paper in its entirety.
- *Look away.* When you are writing, do not have open books or papers in front of you as you type. Read your sources, and then put what you have read into your own words.
- *Writing is hard work.* Paraphrasing is relatively easy, writing is hard. Learning to be a good writer is part of what your college education is about. Staring at an empty screen in *MS Word* does become less daunting over time!
- *Just because it’s on the Internet, doesn’t mean it’s yours.* The Internet is a fantastic resource and search engines are terrific research tools. But what you find on the Internet was written by someone. You must cite Internet web sites, and if you use a quote, use appropriate quotation procedures.
- *Paraphrasing is more than changing a verb tense or reordering a list.* There is a difference between citing a source for a fact and creating a bad quote.
- *Use a Style Guide.* Purchase a style guide and refer to it. Your teacher may suggest one or look for one at Amazon. Popular and timeless guides are by the American Psychological Association, Strunk and White, and Kate Turabian.

The High Cost of Plagiarism

In your professional career, you will find that reputation is everything. Plagiarism can ruin your reputation and cost you your professional career, along with the respect of your peers and family. Plagiarism at Old Dominion University is an act of academic dishonesty that has serious consequences. Note that plagiarism is specifically covered in the ODU Honor Pledge. Refer to the Student Handbook and Student Affairs for details about sanctions and penalties for this behavior.

Honor and Behavior Codes: Attendance in the class implies acceptance of the university honor and behavior codes. Cheating in any form is not acceptable behavior. The student is expected to be familiar with the University's policy regarding academic honesty. Any incidence of suspected cheating will be dealt with through the appropriate judicial channels. Refer to the Student Judicial Affairs webpage: <http://studentaffairs.odu.edu/osja/>

Honor Code: We, the students of Old Dominion University, aspire to be honest and forthright in our academic endeavors. Therefore, we will practice honesty and integrity and be guided by the tenets of the Monarch Creed. We will meet the challenges to be beyond reproach in our actions and our words. We will conduct ourselves in a manner that commands the dignity and respect that we also give to others.

Thank you for reading this contract. I hope you find that it provides you with answers to issues that occasionally arise during the course of any semester. I pledge to do my best to give you a comprehensive overview of insurance and risk management. If you work diligently in this course, I am confident it will be quite useful to you in both your future career and your personal financial planning.

Signature Page

I have read the FIN 317 syllabus and class contract and I understand and accept all the provisions set forth in this syllabus and class contract.

Student Name (Please Print)

Student Signature

Date

Keep the previous pages of the contract as your reference and return this signed signature page to the professor by the deadline described in the syllabus.

Useful information for those thinking about a major, minor, and careers in risk management, insurance, or financial planning.

Finance Major: Three tracks: (choose one)

1. General Finance
2. Real Estate
3. **Insurance and Financial Services****

Required courses:

- *FIN 317: Intro to Risk Management and Insurance*
- *FIN 435: International Financial Management*
- *FIN 413: Risk Analysis and Control*
- *FIN 443: Seminar in Risk and Insurance*

Electives (4 courses)

- *FIN 368: Internship (experience, credit, pay!!)*
- *FIN 410: Life and Health Insurance*
- *FIN 411: Employee Benefits*
- *FIN 412: Commercial Property-Liability Insurance*
- *FIN 431: Investments*
- *FIN 433: Financial Risk Management: Intro to Futures and Options*
- *FIN 434: Management of Financial Institutions*
- *ACCT 421: Taxation*

Insurance and Financial Services Track:

Choose courses based on your career interest

- Interest in Life-Health Insurance/Employee Benefits/Financial Planning
 - *FIN 410: Life and Health Insurance*
 - *FIN 411: Employee Benefits*
 - *FIN 431: Investments*
 - *ACCT 421: Taxation*
- Interest in Risk Management/Property-Liability Insurance
 - *FIN 412: Commercial Property-Liability Insurance*
 - *FIN 413: Risk Analysis and Control*
 - *FIN 433: Financial Risk Management: Intro to Futures and Options*
 - *FIN 443: Seminar in Insurance and Risk Management*
 - *Want to become a chief risk officer (CRO)*
 - ☐ *Double major in Accounting and Finance (insurance track with these courses) is a great start.*

Note: non-majors can also choose to minor in this track.

***See the University Catalog of the year you entered ODU for the official information about the requirements for the Insurance and Financial Services track.*

For information about the Insurance and Financial Services Center at ODU, see <http://bpa.odu.edu/ifc/>

ERI@ODU: <http://sites.google.com/site/emergentrisk/>

**Tidewater Chapter of the Chartered Property Casualty Underwriters (CPCU) Society
2010 Scholarship Application Form**

Eligibility: *Currently enrolled College Juniors or Seniors majoring or minoring in the Insurance and Financial Services track at ODU and who will be enrolled at ODU in Spring 2011.*

To Apply for the \$1,000 Scholarship: Complete this application form and e-mail to Dr. Michael McShane: mmcshane@odu.edu. **Form must be received by November 1, 2010.** The recipient will be announced November 10, 2010 at the *Founders' Day Luncheon* at ODU in the Webb Center (11:30AM to 1:00PM). The funds will be deposited in your ODU account during the Spring semester 2011.

Name: _____ **Phone:** _____

E-mail Address: _____

Street: _____ **City:** _____

State: _____ **Zip:** _____

Major: _____ **Cumulative GPA:** _____

What year of college/university study have you completed? _____

Anticipated graduation/completion date? _____

Describe course of study including courses that would be funded by the scholarship:

Describe your Current Job (if any) and your Career Goals:

List any Awards/Honors/Degrees:

List any Community Service:

**Norfolk-Tidewater Chapter of the Society of Financial Service Professionals (SFSP)
2010 Scholarship Application Form**

Eligibility: *Currently enrolled College Juniors or Seniors majoring or minoring in the **Insurance and Financial Services track** at ODU and who will be enrolled at ODU in Spring 2011.*

To Apply for the \$1,000 Scholarship: Complete this application form and e-mail to Dr. Michael McShane: mmcshane@odu.edu. **Form must be received by Nov. 1, 2010.** The recipient will be announced November 10, 2010 at the *Founders' Day Luncheon* at ODU in the Webb Center (11:30AM to 1:00PM). The funds will be deposited in your ODU account during the Spring semester 2011.

Name: _____ **Phone:** _____

E-mail Address: _____

Street: _____ **City:** _____

State: _____ **Zip:** _____

Major: _____ **Cumulative GPA:** _____

What year of college/university study have you completed? _____

Anticipated graduation/completion date? _____

Describe course of study including courses that would be funded by the scholarship:

Describe your Current Job (if any) and your Career Goals:

List any Awards/Honors/Degrees:

Describe any Community Service: