

RMIN 2500 Principles of Risk and Insurance Management
Spring 2019
(TR 11:00-12:20pm)

Course Administration

Professor: Dr. Yu-Luen Ma
Class Periods: Tu/Th 11:00am – 12:20pm BLB 040 & online via Canvas (<https://unt.instructure.com/>)
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Office Hours: Tuesday 2:00-4:00pm and Thursday 2:00-3:00pm

Please keep in mind that I am here to help you achieve success and I am working to create a learning environment that helps you learn more efficiently. I encourage you ask questions and/or for help both in and out of class. Please do not hesitate to stop by during my office hours or contact me via e-mail whenever you have any concerns, questions or suggestions for the class.

Text and Material

1. *Principles of Risk Management and Insurance* / Rejda, 13th ed.
2. Video lectures are available on Canvas (<https://unt.instructure.com/>)
3. Course packet, which includes PowerPoint slides, practice problems and sample insurance policies.

Canvas

This is a blended course, which means there are online learning components as well as face-to-face class meetings. The course is designed to take advantage of the best features of both face-to-face and online learning. You are expected to view lecture videos on Canvas BEFORE coming to each meeting so we can focus on reinforcing lecture concepts and applications of course materials during our class time (a detailed course calendar for the semester can be found on Canvas “Syllabus” section). To view lecture videos, you will need access to the Internet. If you are having difficulty with getting your computer set up correctly, you can contact UIT Help Desk 940-565-2324 or helpdesk@unt.edu.

In addition to lecture video clips, you can obtain course syllabus, PowerPoint slides, homework assignments, additional practice problems and review notes, as well as taking optional quizzes via Canvas. To log into the course, go to the Canvas main page (<https://unt.instructure.com/>) via Firefox web browser. Please try to log onto the Canvas pages as soon as you have officially enrolled in the course. If you have trouble accessing the pages please let me know as soon as possible.

Attendance

Regular class attendance of all students is expected during our face-to-face meetings. Students who miss a significant number of classes may be withdrawn from the class at the discretion of the instructor. Students who choose not to attend a class are solely responsible for missing any announcements for homework, exams, etc. I encourage you to get to know other students in this class so you can help each other learn and make up missed materials, if any. Study groups are highly recommended. You are expected to be ON TIME for every meeting and you are REQUIRED to attend the class when guest speakers visit our class.

Course Description

This course introduces the fundamental concepts of risk and insurance, with an emphasis on personal risk management products including life insurance, annuity, automobile insurance, homeowner insurance, and employee benefit programs. Principles of the insurance mechanism, pricing, underwriting, and marketing are also presented. Upon completion of the course requirements, students should be able to:

- Comprehend the meaning of different types of risks.
- Identify appropriate methods in managing risks.
- Explain the characteristics of insurance and insurable risks.
- Explain different types of insurance programs and products.
- Understand insurance terminology and components of insurance contracts.
- Explain different functions in insurance company operations.
- Explain the rationale for policy design and provisions.
- Work in a team to design an insurance contract and market the product to the target audience.
- Enhance their written and verbal communication skills, as well as time management skills.

Grading

The student's grade in this course will be determined using the following system:

Exam 1	100 points
Exam 2	100 points
Exam 3	100 points
Final Exam	100 points
Group Project	100 points
Homework assignments	75 points
Participation	20 points
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Total points	595 points

Three exams will be given during the semester in addition to a final exam. Exam dates can be found on page 4 of the syllabus. You are required to inform me of any schedule conflict at least two weeks in advance. A student who misses any of the exams without an excused absence prior to an exam will receive a score of zero for that exam. Same rules apply to assignments. We will use part of the class period after the exam to discuss exam results. The final exam is cumulative although emphasis will be placed on material covered after the 3rd exam. The final grades will be based on the total points from all graded material using the following scale:

$$\begin{array}{lll} 536 - 595 = A & 476 - 535.9 = B & 417 - 475.9 = C \\ 357 - 416.9 = D & \text{below } 357 = F & \end{array}$$

Academic Integrity

All students enrolled in class are expected to maintain high standards of ethical conduct within the classroom and when completing assignments, projects, and/or exams. Plagiarism and other forms of academic dishonesty such as cheating will not be tolerated. Students are expected to provide appropriate citations for non-original writing even if the original work is paraphrased. Penalties for plagiarism and other

forms of academic dishonesty may be severe. Any violation of academic integrity will be handled in accordance with the University policy and procedures (<http://vpaa.unt.edu/fs/resources/academic/integrity>).

Homework

During the course of the semester homework assignments will be given. **All assignments are due at 10:50am on the due date.** You are required to type your answers and submit your completed assignments via Canvas before the deadline. Late submission *may* be accepted with a minimum of 25% penalty assessed. Penalties begin immediately after the deadline has passed and will increase by 25% each subsequent day. Late submission will not be accepted once solution has been posted. You should have plentiful amount of time for each assignment and thus I expect you to have all questions addressed BEFORE the assignment is due. No questions will be answered after 6:00pm prior to the due date of assignments or exams for the corresponding materials.

Optional Quizzes

To encourage you to read the textbook, bonus points are given to students who take quizzes on line. Quiz questions are directly related to the corresponding chapters in the textbook. Each quiz contains 12 questions. For each quiz that you answer 10 or more questions correctly, you will receive 1 extra point on the coming exam. A maximum of 3 extra points may be earned through quizzes for each exam. Note that each quiz is available on a limited time basis (please check Canvas for quiz schedule).

Participation

A portion of your grade will be related to class discussion participation. Participation includes attendance and participation in the class discussion, and asking questions of the professor and guest speakers. Keep in mind that class attendance \neq discussion participation. You are strongly encouraged to speak up when you have questions. When assigning your participation grade, I will place heavy emphasis on your active participation in the discussion. Thus, it is crucial that you finish the reading assignments, which include the video lecture and textbook chapters before coming to the class. The following system is used to evaluate student participation:

- Lower than 8 out of 20: student misses several classes
- 8.1-12.0 out of 20: student attends class regularly but rarely participates in discussion
- 12.1-16.0 out of 20: student attends class regularly and participates occasionally
- 16.1-20.0 out of 20: student attends class regularly, frequently participates and asks insightful questions

Extra Credit

Occasionally extra credit opportunities may be offered to the entire class. This usually relates to your attendance at events where guest speakers are on campus, Gamma Iota Sigma (GIS) meetings and your other involvement in risk and insurance related activities. You are strongly encouraged to become a GIS member and participate in GIS sponsored events. For each qualified event that you participate, you earn 2 extra points. A maximum of 20 points may be earned. I will announce either **in class** and/or via e-mail ahead of time of each opportunity.

Accommodation for Students with Disabilities

Students in need of special accommodation should contact the staff in the Office of Disability Accommodation. Information regarding policies for obtaining academic accommodations can be found at <http://www.unt.edu/oda/apply/index.html>

Course Schedule

Please pay close attention to the meeting location on each date. You are required to watch the video lectures as well as finishing the reading materials **BEFORE** coming to each discussion session.

Date	Topic	Textbook Chapters	Location
1/15	Course overview		BLB 040
1/17	Video lecture 1: Introduction to Risk Management	Chapters 1 & 3	Canvas
1/22	Discussion 1		BLB 040
1/24	Video lecture 2: Introduction to Insurance	Chapter 2	Canvas
1/29	Discussion 2		BLB 040
1/31	Video lecture 3: Liability Risk	Chapter 19	Canvas
2/5	Discussion 3		BLB 040
2/7	Exam 1		BLB 040
2/12	Grade insurance group project		BLB 040
2/14	Video lecture 4.1: Insurance Company Operation Video lecture 4.2: Insurance Industry	Chapters 5-6	Canvas
2/19	Discussion 4		BLB 040
2/21	Video lecture 5.1: Insurance Principles Video lecture 5.2: Insurance Contract Basics Video lecture 5.3: Financial Ratios and Regulation	Chapters 9-10 Skim Chapters 7-8	Canvas
2/26	Discussion 5		BLB 040
2/28	Guest speaker		BLB 040
3/5	Exam 2		BLB 040
3/7	Grade Insurance Lab 1		BLB 040
3/19	Video lecture 6: Life Insurance Basics Video lecture 7.1: Retirement Plans	Chapters 11 & 14	Canvas
3/21	Discussion 6-7		BLB 040
3/26	Video lecture 7.2: Employee Benefits Video lecture 8: Life Insurance Contractual Provisions	Chapter 12 Skim Chapter 17	Canvas
3/28	Discussion 7-8		BLB 040
4/2	Grade insurance lab 2		BLB 040
4/4	Exam 3		BLB 040
4/9	Grade insurance lab 3		BLB 040
4/11	Video lecture 9: Auto Insurance	Chapter 20	Canvas
4/16	Discussion 9		BLB 040
4/18	Video lecture 10: Homeowners Insurance	Chapters 22-23	Canvas
4/23	Discussion 10		BLB 040
4/25	Guest Speaker		BLB 040
4/30	Grade Insurance Fair		BLB 040
5/2	Review		BLB 040
5/7	Final Exam (10:30am-12:30pm)		BLB 040

RMIN 2500 “Grade Insurance” Project Assignment

For the purposes of this project, assume yourself to be an employee of an insurance company and your work group has been asked to develop a grade insurance product to be marketed to students taking RMIN 2500. You should work on this project in teams of two to four students (ideally three students). This project contains four components: a written strategy proposal (60 points), a sample insurance policy (15 points), a brochure (15 points) and a poster board session (10 points). Your submission must meet high professional standards and is clear and concise; typos, poor formatting, sloppy presentation, etc. will hurt your grade. The Grade Insurance Fair (poster board session), which is also the due date of the project, is scheduled on **April 30**. You are required to present your products to your target market during the Grade Insurance Fair. Details of each component of the project are outlined below.

Written Strategy Proposal

This document is written to be submitted to the senior management (Dr. Ma) of your conglomerate. Senior management wants to understand the nature of the policy, the rationale for the policy structure and its pricing. Therefore, be open and straightforward in its presentation, i.e. you are not trying to sell them the product, but rather, you are trying to convince them that the product is viable and well thought-out. At a minimum, your proposal must include the following sections:

- Cover Page
- Table of Contents
- Introduction
- Appropriate discussions on:
 - Policy Design Rationale (including moral hazard & adverse selection consideration):
 - Deductibles and indemnification limits
 - Risk classification
 - Other provisions (i.e. policy design that enhances demand or reduce moral hazard)
 - Pricing (how you calculate your pure and gross premiums as well as loading design)
- Conclusion
- Appendix (make sure you include the pricing spreadsheets)
- Sample Policy (see the next section for requirements)
- Sample Brochure (see the next section for requirements)

Sample Policy

- Similarity of structure to sample policies found in the appendices of the course textbook.
- Appropriate content
 - Declarations page of an applicant
 - Definition
 - Summary table of policy design (i.e. premium, deductible, limit, risk level, etc. of all policies that you offer)
 - Various provisions

Brochure (and application form)

- Appropriate content (i.e. important policy provisions)
- Ability to be used as an insuring agreement (i.e. collecting underwriting information)
- Professional appearance

In order to make sure you are making reasonable progress in your assignment, there are a couple of deadlines you have to keep in mind.

- You should form your group by **February 19**. As a group, send me an e-mail before **11:59pm of February 19** (and copy this e-mail to everyone in the group) with the subject line “RMIN 2500: *Your Company Name*”. The e-mail should contain the following information:
 - ✓ Names, e-mail addresses, and telephone numbers of all group members.
 - ✓ Insurance company name for your group.
 - ✓ A designated contact person for the group. (i.e. One person I can contact if I need to deliver a message to your group. That person will be responsible for relaying the message to the rest of the group.)
 - ✓ A list of expectations for the group members. Examples of issues to consider include meeting times, meeting frequency and initial responsibilities/division of labor of your group members. Feel free to add other issues.
- Insurers need certain information from policyholders for underwriting purpose. I will provide exam results of your potential customers to every group. If your group would like additional underwriting information about your potential customers (other than exam scores), you need to send me the list (via e-mail) before **11:59pm of February 26**. In the subject line of your e-mail submission, enter “RMIN 2500: *Company Name*, underwriting data”. Each group is allowed to request up to five more factors. Please only consider factors that have objective answers and are easily measurable. Be clear in your request as to what information you are seeking. Only data that have met the above criteria will be collected.
- Your first progress report of your project is due by **11:59pm of March 26**. By this time you should have finished your product design and premium calculation and started working on the brochure, policy and the written strategy proposal. You should attach the completed pricing spreadsheet and report your basic policy structure (i.e. deductible, policy limit, risk categories, loading, etc.) in your first progress report. The report should mention the contribution by each group member thus far as well as each individual’s responsibility for the rest of the project. In the subject line of your e-mail submission, enter “RMIN 2500: *Company Name*: Premium Calculation”.
- A second progress report is due by **11:59pm of April 11**. In the subject line of your e-mail submission, enter “RMIN 2500: *Company Name*: Draft”. By this time you should have been at least half way through the strategy proposal, sample policy and brochure. I expect to see a draft of your project that includes an outline of the actual paper with headings of different sections, and paragraphs under each section, etc.
- The completed project is due on **April 30, beginning of class**. You are required to submit the completed project in electronic format AND in hard copy. In your e-mail submission enter “RMIN 2500: *Company Name*: completed project” in the subject line.
- As an individual, everyone is required to evaluate the contribution of each group member in your group. Assign the percentage of contribution toward the finished project by each group member and submit the evaluation form before **11:59pm of May 1** (the peer evaluation form is available on Canvas). You can either bring a hard copy of the completed form to class or submit it to me via e-mail. Adjustments may be made to an individual's grade based, in part, on this evaluation.

All e-mail sent to me should also be copied to everyone in the group. I will respond to your progress reports with comments and suggestions. **Failure to meet any of the above deadlines or requirements will result in a reduced grade.**