Class Meetings
Mondays, 5:30pm-8:15pm, Center City 905

Instructor: Faith R. Neale, Ph.D.

Phone: 687-7636
Office: 351A Friday Building
Office Hours: Mondays 10 –12pm UNCC; 4-5pm Center City

Course Description
The overall goal of this course is for the student to understand the operations and risks of an insurance firm and how to evaluate and manage those operations and risks in a dynamic business environment. To facilitate this understanding the following topics are covered: 1. The role of insurance firms within the financial services industry, 2. The functions of insurance firms with emphasis on operations unique to insurers, 3. Insurer financial and risk management in the complex regulatory environment and 4. Financial and strategic analysis of insurance firms.

Student Conduct
All students must be familiar with and abide by the University Regulation of Student Conduct defined in the 2015-2016 Graduate Catalog. It is located online at http://catalog.uncc.edu/mime/media/10/3496/2015-2016-GRAD-Catalog.pdf and includes the UNC Charlotte Student Codes of Academic Integrity and Responsibility. Students in violation of these codes are subject to significant penalties.

1. The UNC Charlotte Code of Student Academic Integrity (p. 47)
2. The UNC Charlotte Code of Student Responsibility (p. 48-51)

Course Objectives
1. Understand the financial industry and regulatory environment within which insurers operate.
2. Understand the management of the main functions and risks of insurance firms.
3. Interpret information contained in insurer financial statements and assess insurer strategy.
4. Analyze an insurance firm including their diversification strategy, pricing, marketing and distribution, underwriting, claims handling and liability and liquidity management.

Required Texts
ISBN# 978-0-89463-713-1 (RMIF)

Recommended Text
Life Insurance, 14th Edition, Kenneth Black, Jr. and Harold D. Skipper and Kenneth Black, III (BSB)
ISBN# 978-0-9858765-0-0
**Required Resources**

1. Additional readings as assigned.
2. *SNL Financial* data subscription located at [www.snl.com](http://www.snl.com). Students may sign up for this service at no cost using their UNCC e-mail address and a university computer.

**Grading**

The course grade will be based on two examinations – a midterm and final exam (55% of the course grade), a project (25%), and assignments (20%). Each of these will be graded on a scale of 1 through 100. The midterm will be worth 25% and the final exam constitutes 30% of your final course grade. The final exam will be administered according to the schedule outlined in the UNCC Final Exam Schedule. Your final grade will be based on the following scale:

   90 and above = A, 80 to 89.99 = B, 70 to 79.99 = C, 60 to 69.99 = D, less than 60 = F

**Exams**

Exams are to be taken when scheduled. If the mid-term exam is missed and the absence is excused based on university guidelines, then you may reschedule to take the midterm before the next class period or the final exam will account for 55% of your final course grade. If the absence is unexcused then you will be given a zero for that exam. Excluding emergencies, an absence is automatically considered unexcused if advance notice, at least 24 hours prior to the exam, of the absence is not provided to the instructor.

**Assignments**

Students will be responsible for three to four assignments during the course of the semester that will constitute 20% of your final course grade. Assignments may include, but is not limited to, the following topics: investments, pricing, risk transfer, claims handling, and insurer analysis.

**Guest Speakers and Student Presentations**

Class attendance is highly recommended and required when a speaker is present. Penalties will be assessed if a student arrives late or misses a class when a guest speaker or students are presenting. Advance notification will be given when a speaker is scheduled or students are presenting. If you are absent during one of these classes, **3 points** will be deducted from your final course grade. If you arrive late for one of these classes or after a mandatory class break, then **2 points** will be deducted from your final course grade.

**Class Participation**

Participation in class discussion is a necessary element of this course. All students are expected to participate and respect each others’ opinions.

**Project**

Each student is required to work with other students on a semester long study of an active insurance firm. Students needing assistance with writing from the Writing Resources Center can make appointments at [https://uncc.mywconline.com/](https://uncc.mywconline.com/), or stop by the Center City satellite location in room 718, Mondays-Thursdays 3:30-5:30. You are also welcome to utilize the WRC’s online tutoring resources as well as their main campus...
tutoring locations. For more information, please visit http://writing.uncc.edu/writing-resources-center. The instructor also will also refer you to the Writing Resource Center if needed.

**Class Policies**

**Special accommodations:** Students needing special accommodations should inform the instructor of the type of accommodation needed during the first week of class.

**E-mail:** A great deal of communication is done by e-mail. Students are responsible for checking their UNCC e-mail account throughout the semester.

**Cell phones:** Please use cell phones in a respectful manner. Cell phones are not allowed to be on during exams. Specifically, during an exam cell phones may not be in view of, or in contact with, any student. Violations of this policy will result in a zero on the exam. In the case of family emergencies accommodations may be made with the instructor.

**Class materials and notes:** Additional materials may be provided as needed by the instructor throughout the course. If a student misses a class when this material is provided it is the student’s responsibility to arrange to obtain this material from another student or from the instructor during the instructor’s office hours. If you miss a day of class, lecture notes and materials should be obtained from another student.

**Course communications:** The outlines for the class lectures as well as other class materials including announcements will be posted on Moodle2 or e-mailed to the student. It is the student’s responsibility to check the Moodle2 website and their e-mails frequently to keep updated on the class.

**Exams:** Exams generally include short answer and essay.

**Laptops:** Laptops may be used during class for class purposes only and are permitted at the instructor’s discretion. If the laptop becomes a distraction the student will be required to turn it off and put it away immediately upon the instructor’s request. Failure to do so will result in removal from class that day. If laptop use continues to be a distraction, the instructor may prohibit their use for the remainder of the class or semester.

**Turnitin.com** As a condition of taking this course, all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. No student papers will be submitted to Turnitin.com without a student’s written consent and permission. If a student does not provide such written consent and permission, the instructor may: (i) require a short reflection paper on research methodology; (ii) require a draft bibliography prior to submission of the final paper; or (iii) require the cover page and first cited page of each reference source to be photocopied and submitted with the final paper. Therefore, students should take care when choosing group members for the project.
# COURSE SCHEDULE

## Risk Management in Insurance Firms
FINN 6215


<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topic</th>
<th>Readings</th>
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<tbody>
<tr>
<td>1</td>
<td>Jan 11th</td>
<td>Overview and Economics of Insurance Industry</td>
<td>FIO Report; BSB(Ch1); BSB(Ch9, pp. 191-205)</td>
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<td></td>
<td>Jan 18&lt;sup&gt;th&lt;/sup&gt;</td>
<td>MLK Day – UNCC Off</td>
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<td>2</td>
<td>Jan 25&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Risks of Financial Institutions; Insurer Management (Structure &amp; Functions)</td>
<td>Reading: <em>Risk Management and the Rating Process for Insurance Companies</em>, BSB(Ch9, pp.209-214)</td>
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<td>3</td>
<td>Feb 1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Insurance Products; Statutory Accounting</td>
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<td>Readings: <em>The Basics of Life Insurance (Sections 1.2-1.22)</em>; RMIF(Ch1)</td>
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<td>4</td>
<td>Feb 8&lt;sup&gt;th&lt;/sup&gt;</td>
<td>P&amp;C Financial Statement Analysis &amp; Investment Portfolio Management</td>
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<td>Readings:</td>
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<td>5</td>
<td>Feb 15&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Life Insurer Financial Management – Reading: BSB(Ch14)</td>
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<td>6</td>
<td>Feb 22&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>Liquidity, Liability and Off Balance Sheet Risk</td>
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<td>7</td>
<td>Feb 29&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Mid-Term Exam</td>
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<td>Mar 7&lt;sup&gt;th&lt;/sup&gt;</td>
<td>UNCC Spring Break</td>
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<td>8</td>
<td>Mar 14th</td>
<td>Risk Diversification and Transfer – RMIF(Ch9); BSB (Ch11pp.263-267)</td>
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<td>9</td>
<td>Mar 21&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Insurer Regulation – Readings: RMIF(Ch6) &amp; BSB(Ch12)</td>
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<td>10</td>
<td>Mar 28&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Actuarial Operations: Pricing and Reserving</td>
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<td>Readings:</td>
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<tr>
<td>11</td>
<td>Apr 4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Risk Classification and Selection – RMIF(Ch10); BSB(Ch11, pp.241-263)</td>
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<td>12</td>
<td>Apr 11&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Capital Sources, Needs and Management – Readings: RMIF (Ch4&amp;5)</td>
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<td>13</td>
<td>Apr 18&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Marketing and Distribution – Readings: RMIF(Ch11) &amp; BSB(Ch10)</td>
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<td>14</td>
<td>Apr 25&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Claims Administration/Project Due – RMIF(Ch7)</td>
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<td>15</td>
<td>May 2&lt;sup&gt;nd&lt;/sup&gt;</td>
<td>Material Continued</td>
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<td>May 9&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Final Exam – 5-7:30pm</td>
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The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.

Class meetings: Mondays, 5:30-8:15pm
Center City 902