

**FINN 6215**  
**Risk Management in Insurance Companies**  
**Spring 2020**

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**Class Meetings**

TH, 5:30pm - 8:15pm, Center City 602

**Instructor:** [Gene C. Lai](#), Ph.D.

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Office Hours: TTH 8:15–9:45 am      Office: 249A Friday Building

**Course Description**

This course provides an in-depth discussion of risk management in all types firms including analysis of techniques that firms use to manage risks. Risk handling devices and how they are applied to business problems are discussed. Some of the techniques examined include self-insurance, captives, financial instruments, and retentions.

**Course Objectives**

1. Facilitate a comprehensive understanding of the role of risk management within a business environment.
2. Understand the interaction of laws, regulations, and insurance in risk management decision-making.
3. Understand the challenges confronting risk managers in the current environment and the tools available to assist in analysis.
4. Apply the risk management process to a commercial enterprise including insurance companies and present an organized analysis of that application.

**Required Text**

Risk Management and Insurance, Second Edition, Harrington and Niehaus, McGraw-Hill/Irwin, 2004, [H&N}  
ISBN: 0-07-233970-5 (OUT OF PRINT)

A brief version of the book can be purchased at the book store.

Enterprise Risk Management, First Edition, Developed for UNCC

**Grading**

The course grade will be based on two examinations (55% of the course grade), a project (20%), assignments and quizzes (20%) and attendance (5%). The exams account for 27.5% each of your course grade. Your final grade will be based on the following scale:

90 and above = A, 80 to 89.9 = B, 70 to 79.9 = C, 60 to 69.9 = D, less than 60 = F

**Exams**

Make-up exams are not given except for medical or family emergencies involving urgent medical care or treatment.

## Class Participation

Class participation includes attendance, discussion, interactive activities, and meeting the general requirements of the course. Extra credits may be given for exceptional performance in class participation.

## Assignments and Quizzes

In-class and out of class assignments and quizzes will be required throughout the course. Students must come to class or get assignments from classmates if an assignment or quiz is discussed during class. Assignments may not always be posted on Canvas. In-class assignments and quizzes may not be made up even if the class absence is excused. All students are assumed to exhibit a college level understanding of written English and grammar and written assignments are graded with this in mind. Students must take care to avoid misspellings and grammatical errors to avoid a loss of points. Students needing assistance with writing and presentations should consult the Writing Resource Center at <http://www.uncc.edu/writing/wrcindex.html>.

## Group Project

There are multiple parts to the project based on the steps in the risk management process. Each student will work with 2-3 other students on the project. Each project part is due at the time stated by the instructor on Canvas. **5 points** will be **deducted** from the **final project grade** for each day the project part is late. Each part must be clearly marked and include names of all contributing team members. The final project grade for each student will be adjusted based on group member evaluations.

Students needing assistance with writing and presentations should consult the Writing Resource Center at <http://www.uncc.edu/writing/wrcindex.html>. The instructor also will refer you to the Writing Resource Center if needed.

## Student Conduct

All students must be familiar with and abide by **University Policy 406, The Code of Student Responsibility** at <http://legal.uncc.edu/policies/up-406>. All students must be familiar with and abide by **University Policy 407, The Code of Student Academic Integrity** at <http://legal.uncc.edu/policies/up-407>.

## Guest Speakers and Student Presentations

Class attendance is required at all times but additional 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**.

## Attendance

Signed-up sheet will be circulated at the beginning of class. Students must be present when the signed-up sheet is given and stay for the entire class to get credit for class attendance. If a student has a conflict the student must notify the instructor, in writing (email), of the nature of the conflict. Notification must be received by the end of the day of the affected class to receive consideration with the exception of medical emergencies. In the event of a medical emergency the student must notify the instructor in a reasonable amount of time. The instructor will determine if the conflict is a valid excuse for missing class or arriving late to class. The instructor will determine if the amount of time to notification is reasonable.

Either class attendance or Poll Everywhere will determine your attendance grade. Poll Everywhere will be used to determine your majority of attendance grade. The two lowest attendance grades will be dropped when calculating final attendance grade. For example, you would get a zero score for not attending the class due to flu. You can drop

that attendance grade. Other excuses will not be accepted unless you have major problems in health conditions because you can drop the three lowest score.

### **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. Failure to check this account does not excuse the student from any missed assignments, classes, etc.... All e-mails to the instructor must be written in a professional manner.
- Cell phones: Cell phones may not be on during class or exams. This includes ringing, text messaging, internet, video, camera, and silent modes. If a cell phone rings during class then that student relinquishes consideration of class participation points stated above. In addition, cell phones may not be in view of, or in contact with, any student during exams. 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.
- Website: The outlines for the class lectures as well as other class materials including sample projects and announcements will be posted on Canvas or e-mailed to the student. It is the student's responsibility to check the Canvas website and their e-mails frequently to keep updated on the class.
- Exams: Exams generally include short answer, problem and multiple-choice questions requiring scantron answer sheets. Students are responsible for providing their own #2 pencils and calculators on the day of exams.
- Laptops: Laptops may be used during class for class purposes only and are permitted at the instructor's discretion. Those using laptops are to sit on the back row of the classroom. 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 semester.
- Vericite As a condition of taking this course, all required papers and assignments may be subject to submission for textual similarity review to Vericite through Canvas for the detection of plagiarism.
- Poll Everywhere Poll Everywhere will be used in class. Students must become familiar with this application and bring a Wi-Fi enabled device to every class to participate in polls and assignments. Failure to bring a polling device to class will result in a zero grade(s) for that day. For more information go to <http://teaching.uncc.edu/academic-technologies/student-response-system/student-guides>.

Excused Absences

In order for an absence from class to be considered as excused by the instructor students must make the request, in writing, at least 48 hours prior to the missed class except medical emergency. The determination of whether a class is excused is at the sole discretion of the instructor.

Disability services:

UNC Charlotte is committed to access to education. If you have a disability and need academic accommodations, please provide a letter of accommodation from Disability Services early in the semester. For more information on accommodations, contact the Office of Disability Services at 704-687-0040 or visit their office at Fretwell 230.

*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 Schedule for FINN 6215, Spring 2020**  
**Instructor: Gene C. Lai, Ph.D.**

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<b>Topic</b>	<b>Reading</b>
1/14 Overview of Class & Risk Management	CH 1 [H&N]
Objective of Risk Management and Process	CH 2 [H&N]
1/21 Introduction of ERM	CH 1 [THE INSTITUTES]
1/28 ERM Framework and Process	CH 2 [THE INSTITUTES]
2/4 Strategic Planning and ERM	CH 3 [THE INSTITUTES]
2/11 Risk Based Performance and Process Management	CH 4 [THE INSTITUTES]
<b>2/11 Due: Project Part I, 11:58 pm</b>	
2/18 Risk Identification	CH 3 [H&N]
2/18 Pooling and Diversification	CH 4 [H&N]
2/25 Loss Control	CH11 [H&N]
2/25 Legal Foundations of Liability	CH 12 [H&N]
 <i>Spring Break (3/2 – 3/6)</i>	
<b>3/10 Exam 1</b>	
3/17 Risk Management and Shareholder Wealth	CH 20 [H&N]
3/17 Risk Retention/Reduction Decisions	CH 22 [H&N]
3/24 Hedging	CH 24 [H&N]
3/31 Alternative Risk Transfer	
3/31 Quiz 2	
<b>3/31 Due: Project Part II, Group Evaluation 2, 11:58 pm</b>	
4/7 Analytical Tools and Measurement	CH 26 [H&N]
4/14 ERM: A Case Study	CH 27 [H&N]
4/21 Big Data	Class Note
<b>4/23 Due: Project Part III, 11:58pm</b>	
<b>4/28 Project Presentation</b>	
<b>5/3 Due: Executive Summary, Complete Project, and Group Evaluation, and PPTs, 11:59pm</b>	
<b>5/5 Final Exam (5:00 - 7:30pm)</b>	

**This schedule is tentative and subject to change.**

Class meetings: Tuesdays  
5:30 - 8:15pm