Special Topics: Risk Management in Insurance Firms
FINN 6215-U90
MBAD 7090-U92
Spring 2018

Class Meetings

Tuesdays, 5:30pm-8:15pm, Center City 902

Instructor: Faith R. Neale, Ph.D.
Phone: 687-7636
Department phone: 687-7636
Office: 351A Friday Building
E-mail: frneale@uncc.edu
Office Hours: Tuesdays, Thursdays 11 –12:30pm UNCC; and by appointment upon request

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 University Policy 407, The Code of Student Academic Integrity at http://legal.uncc.edu/policies/up-407.

All UNC Charlotte students have the responsibility to be familiar with and comply with the requirements of the UNC Charlotte Codes of Student Responsibility and Academic Integrity (noted above). The Code of Student Responsibility outlines the rules for student conduct in the classroom and toward all others at UNC Charlotte. The Code of Academic Integrity forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials (such as Library books on reserve), and complicity in academic dishonesty (helping others to violate the Code). Any further specific requirements or permission regarding academic integrity in this course will be stated by the instructor, and are also binding on the students in this course. Students who violate the Code can be punished to the extent of being permanently expelled from UNC Charlotte and having this fact recorded on their official transcripts. The normal penalty is zero credit on the work involving dishonesty and further substantial reduction of the course grade. In almost all cases, the course grade is reduced to "F." If you do not have a copy of the Code, you can obtain one from the Dean of Students Office or access it online at the links provided above. Standards of academic integrity will be enforced in this course. Students are expected to report cases of academic dishonesty they become aware of to the course instructor who is responsible for dealing with them.

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, but not limited to, their diversification strategy, pricing, marketing and distribution, underwriting, claims handling and liability and liquidity management.
Required Text

ISBN# 978-0-89462-195-6

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

Analysis and Valuation of Insurance Companies (Columbia Report) by the Columbia Business School Center for Excellence in Accounting and Security Analysis.  
http://www.columbia.edu/~dn75/Analysis%20and%20Valuation%20of%20Insurance%20Companies%20-%20Final.pdf


Additional readings as assigned.

Grading

The course grade will be based on two examinations – a midterm and final exam (65% of the course grade) and assignments (35%). Each of these will be graded on a scale of 1 through 100. The midterm will be worth 30% and the final exam constitutes 35% 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, etc...

Exams

Exams are closed-book and taken when scheduled. If the mid-term exam is missed and the absence is excused based on university guidelines and instructor discretion, then you may reschedule to take the midterm before the next class period or the final exam will account for 65% of your final course grade. If the absence is deemed by the instructor to be 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 individual and/or group assignments during the course of the semester that will constitute 35% of your final course grade. Assignments will be in and out of class. Groups will consist of 3 students who turn in one assignment with the names of all group members. Individual assignments must be done alone and not with another student. If calculations are required all work must be shown to earn credit. Assignments may include, but are not limited to, the following topics: investments, pricing, risk transfer, claims handling, and analysis of insurer strategy, operations and financial condition. Assignments must be legible, organized (including the students’ name), presented and written at a level consistent with graduate level work and display a high degree of knowledge, quality and academic integrity. Failure to meet any one of these requirements will result in a significant grade deduction on the assignment. If an assignment is not legible as determined by the instructor, the assignment will be given a zero.
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.

Writing Assistance

Students needing assistance with writing from the Writing Resources Center can make appointments at 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: Students are encouraged to install the Canvas app on their mobile phones to receive up-to-date information and announcements on the course. The outlines for the class lectures as well as other class materials including 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 are closed book and generally include short answer and essay. Multiple-choice and True/False questions may be included.
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.

Cellphones: The use of cell phones or other communication devices is disruptive, and is therefore prohibited during class. Except in emergencies, those using such devices must leave the classroom for the remainder of the class period.

Vericite As a condition of taking this course, papers and assignments may be subject to submission for textual similarity review to VeriCite for the detection of plagiarism. All submitted papers will be included as source documents in the VeriCite reference database solely for the purpose of detecting plagiarism of such papers. No student papers will be submitted to VeriCite 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.
## COURSE SCHEDULE – Tentative and Subject to Change

**Risk Management in Insurance Firms**  
**FINN 6215 – MBAD 7090**

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<th>Week – Date</th>
<th>Topic</th>
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| 1 – Jan 9th  | Overview of Course & Insurance Fundamentals  
Readings: Columbia Report(pp. 3-24), FIO Report(pp.1-52) |
| 2 – Jan 16th | ERM & Risks of Insurance Institutions, Current Issues  
Reading: [Risk Management and the Rating Process for Insurance Companies](#), BSB(Ch9, pp.209-214) |
| 3 – Jan 23rd | Insurance Regulation, RMIF(CH1) & Global Issues |
| 4 – Jan 30th | Economics of Insurance; BSB(Ch1); BSB(Ch9, pp. 191-205) |
| 5 – Feb 6th  | Underwriting: Fundamentals, Measurement & Managing Profitability  
Readings: RMIF (CH3), RMIF (CH2:2.3-2.14) Assignment 1 |
| 6 – Feb 13th | Reinsurance Utilization – RMIF(Ch4); BSB (Ch11pp.263-267) |
| 7 – Feb 20th | Alternative Risk Transfer – Assignment 2 (group of 3 - in class) |
| 8 – Feb 27th | Mid-Term Exam |
| March 6th    | Spring Break |
| 9 – Mar 13th | Life Insurer Fundamentals, Management & Pricing – Reading: BSB(CH14)  
Assignment 3 – Individual |
| 10 – Mar 20th| Insurer Investment Portfolio Management – Reading: RMIF (CH3) |
| 11 – Mar 27th| Claims Administration & Case Study |
| 12 – Apr 3rd | Actuarial Operations: Pricing & Reserving – Readings: RMIF(CH5)  
Assignment 4 – Individual |
| 13 – Apr 10th| Insurer Capital: Needs & Sources – Reading: RMIF (CH7) |
| 14 – Apr 17th| Capital Management – Reading: RMIF (CH8) |
| 15 – Apr 24th| Insurer Case Study – Analysis of Risks (Assignment 5, group of 3 – in class) |
| 16 – May 1st | Review |
| May 8th      | Final Exam – 5pm – 7:30pm |

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:** Tuesdays, 5:30-8:15pm  
**Center City 902**