

Corporate Risk Management
Professor Sheila Bair
Spring, 2006
FOMGT 330
M-W 11:40 – 12:55
Room 124

Professor's Contact Info: 320 SOM, sbair@som.umass.edu, 7-4377

Office Hours: Mondays and Thursdays, 1-4

Course Materials: Vaughan and Vaughan, *Essentials of Risk Management and Insurance*, Wiley 2d Edition) (Textbook Annex, UMass Amherst.) Additional supplemental reading materials will be handed out in class periodically.

Course Prerequisites: FOMGT 301 is recommended, but not required.

Course Objectives: This is an introductory course in risk management and insurance. It is appropriate for those wanting to learn the basics of insurance from the perspective of a corporate risk manager, insurance professional, or consumer. The first section of the course will introduce the concept of risk management and explain the insurance mechanism and how it operates. The second section of the course will introduce the specific lines of life and health insurance and will also cover current issues related to health insurance and its escalating costs, Social Security reform, and trends in retirement security products. The final section of the course will cover property and liability insurance, with a “consumer” emphasis on auto insurance and dissection of a standard automobile insurance policy. This section will also cover topical issues related to catastrophic coverage, including terrorism risk insurance and issues with the federal flood insurance program post-Hurricane Katrina.

Section One Risk, Risk Management and Insurance

Wednesday, 2/1: Introduction to Class

Monday, 2/6: Chapter 1, The Problem with Risk, pp 3-16
Chapter 2, Risk Management, pp 16-32

Wednesday, 2/8: Chapter 3, The Insurance Device, pp 32-51

Monday, 2/13: Chapter 4, The Risk Management Process, pp 51-70
Wednesday, 2/15: Chapter 5, Risk Management Applications, pp 70-89

Monday, 2/20: NO CLASS-PRESIDENT'S DAY
Tuesday, 2/21: NO CLASS
Wednesday, 2/22: NO CLASS

Monday, 2/27: Chapter 6, The Private Insurance Industry, pp 89-110
Chapter 7, Functions of Insurers, pp 110-130
Wednesday, 3/1: Chapter 8, Regulation of the Insurance Industry, pp 130-152
Assigned Readings

Monday, 3/6: Chapter 9, The Legal Framework, pp 152-171
Wednesday, 3/8: **EXAM**

Section Two, Life and Health Insurance

Monday, 3/13: Chapter 10, Managing Personal Risks, pp 173-196
Wednesday, 3/15: Chapter 11, Social Insurance Programs, p 196-219
Assigned Readings

Monday, 3/20: NO CLASS, SPRING BREAK
Wednesday, 3/22: NO CLASS, SPRING BREAK

Monday, 3/27: Chapter 12, Introduction to Life Insurance, pp 219-241
Wednesday, 3/29: Chapter 13, The Life Insurance Contract, pp 241-262

Monday, 4/3: SPECIAL GUEST SPEAKER
John Skar, Chief Actuary
MassMutual

Wednesday, 4/5: Chapter 14, Buying Life Insurance & Estate Planning, pp 262-279

Monday, 4/10: Chapter 15, Health Insurance-Disability Income, p 279-292
Wednesday, 4/12: Chapter 16, Health Insurance- Coverage of Medical Expenses,
pp 297-330

Monday, 4/17: Chapter 17, Employee Benefits and Business Uses of Life and
Health Insurance, pp 330-353
Health Insurance – Proposed Reforms – Assigned Readings

Wednesday, 4/19: **EXAM**

Section Three, Property and Liability Insurance

Monday, 4/24: Chapter 18, The Homeowners Policy, pp 353-385

Wednesday, 4/26: Chapter 20, Negligence and Legal Liability, pp 400-416

Monday, 5/1: Chapter 21, General Liability Insurance for the Individual
pp 416-434

Wednesday, 5/3: Chapter 22, The Automobile and Its Legal Environment
pp 434-454

Monday, 5/8: Chapter 23, The Personal Auto Policy, pp 454-477
Review of Auto Policy Form, pp 607-623

Wednesday, 5/10: Chapter 24, Commercial Property and Liability Coverage,
pp 477-501

Monday, 5/15: Chapter 25, Insurance in the Future, pp 501-520
GUEST SPEAKER
Dave Woods, CEO
National Association of Insurance and Financial Advisors
(NAIFA)

Wednesday, 5/17: Current Issues in Catastrophic Coverage
GUEST SPEAKER (date tentative)
Emil Henry
Assistant Secretary for Financial Institutions
U.S. Department of the Treasury

Thursday, 5/18: Special Makeup Review Session
10 – 12 a.m.
Room 106

Monday, 5/22: **FINAL 9 – 11 AM ROOM 108-Tentative**

Course Examinations

The course will feature two midterm examinations and a final exam. Midterms will be scheduled during the regular class period on Monday, March 8, and Wednesday, April 19. Any student who cannot be in attendance for the exam must see me in advance of the exam date to make other arrangements. The final exam, scheduled by the registrar, will have two parts. Part 1 will cover the material since the second exam. Part 2 will cover topics over the first part of the course.

Grades will be determined as follows:

First Mid-Term Exam:	25%
Second Mid-Term Exam:	25%
Final Exam:	50%

Policy on Class Participation

Attendance is required. Perfect attendance will result in a bonus of 5 points. Each absence will result in a one point reduction in this attendance bonus. Each absence in excess of five will result in a 2 point reduction in the student's final grade.

Students are strongly encouraged to ask questions and contribute to class discussions. Students may earn an additional five points based on class participation.

Course Grade Distribution

Your final grade will be first determined by the weighted average of the scores on your three exams. A letter grade will be assigned as follows:

Average	Grade
93% to 100%	A
90% to 92.99%	A-
87% to 89.99%	B+
83% to 86.99%	B
80% to 82.99%	B-
77% to 79.99%	C+
73% to 76.99%	C
70% to 72.99%	C-
67% to 69.99%	D+
60% to 66.99%	D
Below 60%	F

Depending on class attendance and participation, your grade may be adjusted upward by as much as 10 percentage points to determine your final grade for the course. It may be adjusted downward in the event of excessive absences.