

**CALIFORNIA STATE UNIVERSITY, FULLERTON  
 MIHAYLO COLLEGE OF BUSINESS AND ECONOMICS  
 DEPARTMENT OF FINANCE  
 (657) 278-2217**

**Spring 2012**

**FIN 360-01: Principles of Risk Management and Insurance**

**Instructor:**           **Professor Xiaoying Xie**  
 Office: SGMH 5150  
 Office Hours: MW 3:30pm-4:30pm, or by appointment  
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<b>Section</b>	<b>Days</b>	<b>Class Time</b>	<b>Classroom</b>	<b>Final Exam Date</b>	<b>Final Exam Time</b>	<b>Final Exam Room</b>
01 (11616)	MW	11:30- 12:45p	SGMH 2307	Friday, May 18	Noon - 1:50 p.m.	SGMH 2307

**Required Textbook**

- James S. Trieschmann, Robert E. Hoyt, and David W. Sommer, *Risk Management and Insurance*, South-Western College Publishing, 12th Edition, 2005.  
 ISBN: 0-324-18320-8

**Recommended Readings**

- *Business Insurance:* [www.businessinsurance.com](http://www.businessinsurance.com)
- *Wall Street Journal*
- *The Insurance Information Institute:* [www.iii.org](http://www.iii.org)
- *The Risk Management Society* <http://www.rims.org/Pages/Default.aspx>
- *Swiss Re Publications* <http://www.swissre.com/publications/>

**Additional Material**

- Additional readings, lecture notes, and problem sets will be posted on the course web (Titanium). Students are required to check this site periodically for updates.

**Course Description**

The course introduces the fundamentals of risk management and insurance. It examines risk management issues faced by firms and individuals and discusses ways to protect firm value and personal wealth. The course covers the areas of general risk

management process, property and liability insurance, life and health insurance, annuities and employee benefits. The insurance industry and regulatory concerns are also addressed.

**Course Objectives**

The primary objective of this course is to provide students with the insights of risk and its treatment, the principles of decision-making under uncertainty, and the methods of managing and protecting against risks to firms and individuals. Students are expected to be able to read different types of insurance policies such as auto, home and life insurance policies; select various annuity products; and identify different retirement plans after this course.

The course is also expected to prepare the students for a career in an insurance company or providing risk management services in the public and private sectors.

**Prerequisite**

Finance 320 or Permission of the instructor.

**Course Policy**

1. Teaching Method: Lectures, case analysis and discussions. Guest speakers from insurance industry will give presentations. The interaction with the instructor, guest speakers and fellow students is strongly encouraged.
2. Exercise questions: Problem sets and supplementary questions will be assigned after each relevant section is covered. They are not graded.
3. Group Project: Hot insurance topics. Power Point assisted presentation is required. Students need to turn in **both an electronic and a hard copy of the written report.**

Students can select a topic from the list given by the instructor, or can select their own topic, upon approval of the instructor. An instruction file on group project will be provided on Titanium.

4. Exams: There are three quizzes, two mid-term exams, and one final exam. Financial calculators are allowed. Final exam is cumulative.

**Note: Three quizzes will be given in class, and you drop the one with the lowest grade.**

5. Grading Policy:

Group Project	15%
Quizzes total	5%

Midterm I	20%
Midterm II	20%
Final	30%
Class Participation	10%
<hr/>	
	100%

**6. NOTE: THERE WILL BE NO MAKE-UP EXAMS or QUIZZES. NO COMPUTER/ELECTRONIC EQUIPMENT ALLOWED FOR EXAMS.**

Do remember to keep all graded assignments and exams returned to you so that any discrepancies can be easily and fairly straightened out.

7. Withdrawal policy: Conforms to the withdrawal policy of CSUF

8. Academic Dishonesty: Conforms to the official policy of CSUF (<http://www.fullerton.edu/senate/PDF/300/UPS300-021.pdf>)

*The Department of Finance requires that students engaging in academic dishonesty receive a grade of F. In addition, Department policy requires that all individuals engaging in academic dishonest be reported to the Vice President of Student Affairs.*

*Academic dishonesty takes place whenever a student attempts to take credit for work that is not his/her own or violates test taking rules. Examples of academic dishonesty during test taking include looking at other student's work, passing answers among students or using unauthorized notes. When students sitting next to each other have identical answers, especially the same mistakes, this may indicate academic dishonesty. Examples of academic dishonesty on out-of-class projects include submitting the work of others or quoting directly from published material without footnoting the source. If there are any questions about the proper use of outside sources, students should consult with the professor.*

9. Attendance: Attendance is vital to class participation and will be taken and used in determining the final grade. Absences for which a medical or court excuse is provided (professional letterhead required) will be recorded but not figured in the attendance grade. Likewise, **one** absence for which **advance** notice is given by phone or in person will not be figured in the attendance grade. *Any significant tardy or early departure from class will be figured as half an absence.*

### **Special Needs**

The University requires students with disabilities to register with the Office of Disabled Student Services (DSS), located in UH-101 and at (657) 278-3117, in order to receive prescribed accommodations appropriate to their disability. Students requesting accommodations should inform the instructor during the first week of classes about any disability or special needs that may require specific

arrangements/accommodations related to attending class sessions, completing course assignments, writing papers or quizzes/tests/examinations.

**Link:** <http://www.fullerton.edu/disabledservices/>

(Email: dsservices@fullerton.edu)

**University Emergency Policy**

**Link:** [http://www.fullerton.edu/emergencypreparedness/ep\\_students.html](http://www.fullerton.edu/emergencypreparedness/ep_students.html)

EMERGENCY CALLS

DIAL 9-1-1, All campus phones and cell phones on campus reach the University Police Department;

Non-emergency line: (657) 278-2515.

**Mihaylo College of Business and Economics Assessment Statement**

The main purpose of the degree program at the Mihaylo College of Business & Economics (College) at Cal State Fullerton is to provide you with the knowledge and skills that prepare you for a successful career in business. In order to assist us in achieving this goal, we will use a number of assessment tools to track your progress throughout the College curriculum. Please expect to participate in College assessment activities in several of your courses while at CSU, Fullerton. As you do so, you will assist us in identifying our program’s strengths and weaknesses as well as areas for potential improvement. In other words, you are making an important investment in the value of your degree.

**Course Schedule (tentative):**

<b>Week</b>	<b>Date</b>	<b>Topic</b>	<b>Readings</b>
<b>1</b>	<b>1/23 (M)</b>	Introduction to the course Domestic & International insurance market	<b>Selected readings</b>
	<b>1/25 (W)</b>	Introduction to risk	<b>Chapter 1</b>
<b>2</b>	<b>1/30</b>	Risk Identification and Evaluation (1)-process	<b>Chapter 2</b>
	<b>2/1</b>	Risk Identification and Evaluation (2)-risk pooling	<b>Chapter 2</b>
<b>3</b>	<b>2/6</b>	Risk Management Techniques: Noninsurance	<b>Chapter 5</b>
	<b>2/8</b>	Risk Management Techniques: Insurance (1) – Principles	<b>Chapter 6</b>
<b>4</b>	<b>2/13</b>	Risk Management Techniques: Insurance (2) - Insurance Policy	<b>Chapter 7</b>

	2/15	Selecting Risk Management Techniques	<b>Chapter 8</b>
5	2/20	<i>Presidents' Day, no class</i>	
	2/22	<b>Review session</b>	
6	2/27 (M)	<b>Midterm I, In Class</b>	
	2/29	Personal Automobile Policy (1)	<b>Chapter 13</b>
7	3/5	Personal Automobile Policy (2)	<b>Chapter 14</b>
	3/7	Personal Automobile Policy-Case application	<b>Handouts</b>
8	3/12	Risk Management for Homeowners (1)	<b>Chapter 15</b>
	3/14	Risk Management for Homeowners (2)	<b>Chapter 15</b>
9	3/19	Risk Management for Homeowner-Case application	<b>Handouts</b>
	3/21	Death risk: Life Insurance (1)	<b>Chapter 16</b>
10	3/26	<i>Spring Recess, no class</i>	
	3/28	<i>Spring Recess, no class</i>	
11	4/2	Death risk: Life Insurance (2)	<b>Chapter 16</b>
	4/4	Longevity risk: Annuities	<b>Chapter 18</b>
12	4/9	Health risk: Health Insurance	<b>Chapter 17</b>
	4/11	<b>Review Session</b>	
13	4/16 (M)	<b>Midterm II, In Class</b>	
	4/18	Workers' Compensation and Alternative Risk Financing (1)	<b>Chapter 12</b>
14	4/23	Workers' Compensation and Alternative Risk Financing (2)	<b>Chapter 12 and handouts</b>
	4/25	Employee Benefits: Life and Health Benefits	<b>Chapter 19</b>
15	4/30	Employee Benefits: Retirement Plans	<b>Chapter 20</b>
	5/2	Functions and Organization of Insurers	<b>Chapter 23</b>
16	5/7	Group Project Presentation	
	5/9	Group Project Presentation and Review session	

**Note:**

Plus/minus grading will be used in this course.

Grade Scale:

		<u>GPA</u>	<u>Suggested % age Ranges</u>
A+	=	4.0	98–100%
A	=	4.0	94–97
A-	=	3.7	90–93
B+	=	3.3	88–89
B	=	3.0	84–87
B-	=	2.7	80–83
C+	=	2.3	78–79
C	=	2.0	74–77
C-	=	1.7	70–73
D+	=	1.3	68–69
D	=	1.0	64–67
D-	=	0.7	60–63
F	=	0.0	less than 60%