Instructor: Dr. Qian Li, Assistant Professor in Finance  
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Phone: 940-397-4711  
FAX: 940-397-4693  
Office Hours: By appointment  
E-mail: qian.li@mwsu.edu

Required Materials and Accessory


WEBCT: We will make extensive use of WEBCT (http://distance.mwsu.edu/webct.asp). Make sure that you have access to this course on WEBCT. From WEBCT you will see this syllabus, lecture slides, important announcements and a message board where you can communicate with other students, etc. However, email contact with the instructor will NOT be through WEBCT. Instead, you should send your email to qian.li@mwsu.edu

If you have problem using webct, please refer to the following website about your login information:  
http://distance.mwsu.edu/distance/webct_help.asp
For more helps on using this system, please refer to:  
http://distance.mwsu.edu/FAQ.asp
or contact MWSU Office of Distant Education (distance.ed@mwsu.edu)

Prerequisite
Junior standing or above or consent of the chair
It is YOUR responsibility to make sure that you meet the prerequisite requirements. Failure to do that may result in withdrawal from the class, even at late point of this semester.
It’s also highly recommended that you pass FINC 3733 (Business Finance) before taking this course.
Course Overview

General Learning Goals

- **Problem solving and decision making abilities through the critical analysis, evaluation, and interpretation of business information:** Students will demonstrate problem solving and decision-making ability as they synthesize information from different angles to analyze topics such as institutional or personal exposure to loss and need of risk management. Grades on assignment and exams are based on the appropriateness of students’ analysis on specific subjects.

- **Speaking and writing for common business scenarios:** Students will develop and demonstrate oral and written communication skills as they make in-class presentations on selected topics and write formal reports on the topics. Grades on exams and presentations are based on the effectiveness and appropriateness of students’ presentation and reports.

- **Team Building and Collaboration:** Students will also form teams to work on group assignments, including take-home assignment and in-class presentation. Grades from the group assignment depend on the quality of finished assignment, and the quality of collaboration among team members.

Course Specific Learning Goals

This course is designed to acquaint the business students with the general principles of risk management and the appropriate use of insurance as a key tool in the management of risk. This course analyzes the nature of risk in our environment and characteristics of life, health, retirement, property and liability exposures to loss. Topics also include the institutional bases for insurance, the government regulation for the insurance market and industry, and other tools of risk management such as derivatives.

After completing this course, students should be able to:

1. Explain the nature of risk.
2. Explain the role and importance of risk management.
3. Identify the fundamental life, health, retirement, property and liability exposures and evaluate their characteristics.
4. Discuss the essential features of avoidance, risk control, retention and transfer as the principal methods for managing the risk of loss.
5. Explain the nature of insurance and its role in risk management.
6. Explain the fundamental characteristics of life, health, property and liability insuring devices.
7. Explain the functions and organizations of insurers.
8. Explain why insurance needs to be regulated, and the impact of government regulation.
9. Discuss and evaluate the use of different types of derivatives in risk management.
Grading

Exams: There will be three exams. Each remaining exam is weighted 20% into your overall grade. The exams will include questions on any covered materials, such as lecture notes, handout, and reading assignments. Format and content of the exam will be announced in class prior to the exam.

- Exams must be taken as scheduled. There will be no make-up for the exams. It is the student’s responsibility to know when and where exams will be held.
- If you have an unavoidable conflict you must discuss this with me at least three days before the exam. If an emergency arises notify me immediately; if you cannot reach me directly, leave an email or voice message. The validity of reasons for your absence from the exam is deemed acceptable or not by the instructor.
- If you miss one exam and the reason of absence is deemed acceptable, its weight can be transferred to the other two exams. Therefore each of the other two exams will be weighted 30%. This option can only be exercised once. If you miss more than one exam, at least one of the exams you miss will be graded as zero and carried into your overall grade.

Additional Exam Policy:

- After I finish grading the exams, I will bring them to class to return to you for review. If you cannot pick up yours in class, you have to appear in my office in person to look them up. Due to privacy concerns, you cannot pick up quizzes or exams for other students, including your friend(s).
- If you believe there is a mistake in your grade, please feel free to visit me for a double-check. You can only do so within 7 business days after the exam/quiz is returned to you, and you have to appear in person to do so. I will be glad to correct grading/recording/posting errors. However, grades are not negotiable if there are no grading or recording errors in the process.
- It is my policy that I DO NOT disclose or discuss grades via email or phone.

Group Presentation: During the semester you are expected to form groups to conduct a group presentation. Topics include health care system, retirement planning, and social security system in the U.S. and around the world. Each group will have no less than 3 students, and no more than 4 students. Groups need to be formed before the 2nd class meeting, and topics will be assigned at the 2nd class meeting. Each presentation will be approximately 1-1.5 hour long. More details about requirements and guidelines for the presentation will be posted on WEBCT. The presentation is worth 20 points.

Take-home Assignment: During the semester you will be given one group take-home assignment. The assignment will be posted on WEBCT by Monday, July 11, 2011. Submission deadline is 5pm, central time, Aug 3rd, 2011. Late submission will not be accepted, and will be automatically graded as zero. Assignment has to be submitted to WEBCT assignment dropbox. Handwritten assignments will not be accepted. The assignment is worth 15 points.

Participation: Student participation is very important for this course. Therefore participation credits are assigned to encourage students to attend classes and engage in class discussion. Participation grade depends on the following factors:

- Attendance, including attendance for other groups’ presentations
- Performance on raising and answering questions in class, including questions during other groups’ presentations
• Performance on raising and answering questions on WEBCT discussion board
• Performance on team collaboration

Students with outstandingly good participation can earn up to 5 points of participation grades, while students that seldom participate or are disruptive to class may get zero participation grade. There is no guarantee that a student attending every class will automatically receive the full credit of class participation. Also, refer to “Attendance and Classroom Policy” section to see how your conduct may affect your participation grade.

*** Presence in group presentations is strictly required. Each absence in any group presentation will automatically result in 5 points deduction from your final grade.

**Grading Schedules:** In general, the following grading schedules will apply:

<table>
<thead>
<tr>
<th>Score Range</th>
<th>Grade</th>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 - 90%</td>
<td>A</td>
<td>Exams</td>
<td>60% (20%*3)</td>
</tr>
<tr>
<td>89 - 80%</td>
<td>B</td>
<td>Assignment</td>
<td>15%</td>
</tr>
<tr>
<td>79 - 70%</td>
<td>C</td>
<td>Presentation</td>
<td>20%</td>
</tr>
<tr>
<td>69 - 60%</td>
<td>D</td>
<td>Participation</td>
<td>\frac{5}{100}%</td>
</tr>
<tr>
<td>\leq 59%</td>
<td>F</td>
<td></td>
<td>100%</td>
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</table>
### Attendance and Classroom Policy

- **Arrive on time for each class meeting.** Arriving late to class is disruptive to your fellow students. While arriving late for class is occasionally unavoidable, arriving late for extensive times is unacceptable to the instructor.

- **Avoid excessive absences.** Experience indicates that attending class regularly improves student performance. A student with excessive absences may be dropped from the class by the instructor (*MSU Undergraduate Catalog* 2010-2012, p. 78). It is your responsibility to sign the attendance form for each class meeting. Failure to do so will be considered as being absent.

- **Prepare for each class.** Read the assigned material, and problems, and come to class prepared to ask questions over issues you do not understand, answer questions from the instructor, and participate in class discussions when appropriate.

- **Silence your cellphone/pager.** Either turn it off, or switch it to silent mode. Phone rings or pager disrupt the whole class and will NOT be tolerated. For each time that your cellphone or pager disrupts an exam or quiz, you will have 5 points deducted from that exam or quiz.

- **No private talking with your fellow students in class.** If you want to speak, speak loudly so that the whole class can hear you.

- **No food or beverage is allowed in the classroom.** This is a college policy.

Violating above rules will result in one of the following outcomes according to severity of the violation:

- Receiving zero participation grade
- Having final letter grade lowered by one or two level (for example, from A to B, or from A to C)
- Being dropped from this class

### Academic Integrity
With regard to academic honesty, students are referred to the “Student Honor Creed” on p. 19 of *Midwestern State University Undergraduate Catalog, 2010-2012*. Academic dishonesty such as cheating, lying, collusion, and plagiarism is taken seriously and will be investigated. The minimum penalty is an "F" in this course and referral to the Dean of Students for disciplinary action, which may result in expulsion from the University.

### Americans with Disabilities Act
If a student has an established disability as defined in the *Americans with Disabilities Act* and would like to request accommodation, that student should see me as soon as possible (within the first two weeks of the semester). Refer to my office hours and phone number shown on page 1. This class follows the guidelines suggested by the Center for Counseling and Disabilities Services for students who qualify for disability services. See *Midwestern State University Undergraduate Catalog, 2010-2012*, p. 21.

### Syllabus Change Policy
This syllabus and the following class schedule serve as reference for the course, and they are subject to change. Syllabus changes will be communicated in class or on WebCT.
### Schedule: Risk Management and Insurance    FINC 3753
Summer 2011
MTWT 12:20 pm–2:20 pm
DB 175

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topics</th>
<th>Reading Assignment</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Mon 7/5/2011</td>
<td>Introduction</td>
<td>Syllabus; Ch 1</td>
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<tr>
<td></td>
<td>Tues 7/6/2011</td>
<td>Concepts in insurance, Mathematical Basis</td>
<td>Ch 1</td>
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<tr>
<td></td>
<td>Wed 7/7/2011</td>
<td>Insurable Event</td>
<td>Ch 2</td>
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<tr>
<td></td>
<td>Thur 7/8/2011</td>
<td>Risk Management</td>
<td>Ch 3</td>
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<td>2</td>
<td>Mon 7/11/2011</td>
<td>Exam 1</td>
<td>Ch 1, 2, 3</td>
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<td></td>
<td>Tues 7/12/2011</td>
<td>Insurance companies and occupations</td>
<td>Ch 4, 5</td>
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<tr>
<td></td>
<td>Wed 7/13/2011</td>
<td>Insurance regulation</td>
<td>Ch 7</td>
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<tr>
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<td>Thur 7/14/2011</td>
<td>Insurance Contracts</td>
<td>Ch 8</td>
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<td>3</td>
<td>Mon 7/18/2011</td>
<td>Property and liability insurance contracts</td>
<td>Ch 9</td>
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<td>Tues 7/19/2011</td>
<td>Life insurance policies</td>
<td>Ch 13</td>
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<tr>
<td></td>
<td>Wed 7/20/2011</td>
<td>Life insurance contracts and provisions</td>
<td>Ch 14</td>
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<td>Thur 7/21/2011</td>
<td>Review</td>
<td></td>
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<td>4</td>
<td>Mon 7/25/2011</td>
<td>Exam 2</td>
<td>Ch 4,5,7,8, 9,13,14</td>
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<td>Tues 7/26/2011</td>
<td>Health Insurance (group presentation)</td>
<td>Ch 16</td>
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<td></td>
<td>Wed 7/27/2011</td>
<td>Retirement Planning (group presentation)</td>
<td>Ch 12, 21</td>
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<td>Thur 7/28/2011</td>
<td>Social Security (group presentation)</td>
<td>Ch 22</td>
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<td>5</td>
<td>Mon 08/01/11</td>
<td>Guest Lecture: Auto Insurance and Homeowner Insurance</td>
<td>Ch 10, Ch 11</td>
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<td></td>
<td>Tues 08/02/11</td>
<td>Hedging with Derivatives</td>
<td>Handout</td>
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<tr>
<td></td>
<td>Wed 08/03/11</td>
<td>Review</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Thur 08/04/11</td>
<td>Final Exam</td>
<td>Comprehensive</td>
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