

FIN 441
COMMERCIAL PROPERTY
RISK MANAGEMENT AND INSURANCE
Fall 2008

MWF, 11:00 – 11:50
Conner 111

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Course Description

This course addresses two major aspects of the US non-life insurance industry. The first half of the course examines property-liability insurance operations (e.g. production, underwriting, reinsurance, investments) with an emphasis on financial evaluation of insurance companies. The second half of the course examines the details and operation of several key commercial property insurance products, with a special emphasis on the Buildings and Personal Property package policy.

Course Objectives

Students successfully completing the course are expected to:

- Understand the various functions of insurance companies
- Understand how to evaluate insurer financial performance
- Perform an analysis of an insurance company using statutory filings
- Understand the scope of coverage afforded by commercial package policies
- Understand the benefits and costs of different coverage alternatives

Required Texts

1. Trupin & Flitner, Commercial Property Insurance and Risk Management (CPCU 551), 7th edition, American Institute for CPCU, Malvern, PA, 2004, ISBN: 0-89463-127-6.
2. CPCU 551 Course Guide, 2nd edition, American Institute for CPCU, Malvern, PA, 2004, ISBN: 0-89463-128-4.
3. Myhr & Markham, Insurance Operations, Regulation, and Statutory Accounting (CPCU 520), 1st edition, American Institute for CPCU, Malvern, PA, 2003, ISBN: 0-89463-124-1.

Attendance

Students are expected to attend class every day. Although I do not have a formal attendance policy, I do include questions in the exams that are based on class discussions.

Exams

Four exams will be administered throughout the semester. Bring Scantron Form #882-E (4¼" X 11", printed in green ink) and a #2 pencil. You may bring your own pocket calculator for exams, but you may not share it with another student during the exam. Hand-held computers (Palm

Pilots, etc.) are not permitted, nor are cellular telephones. Exam dates appear in the most recent syllabus posted to Blackboard. In addition to the regularly scheduled exams, a cumulative final examination will be given.

I strongly believe that all students should get the same deal when it comes to examination procedures. I expect you to take all exams at the times scheduled in the syllabus (or announced if there is a necessary adjustment). If you have a verifiable illness or similar emergency or if a verifiable death occurs in your immediate family, you need to let me know prior to the exam in order to obtain an excused absence. Please call me at the office in such an event. If you can't reach me, please leave a message explaining your situation on my voice mail. I will require written verification of illness, emergency, or family death from any students receiving an excused absence. Please note that scheduling an interview during an exam is not a valid excuse for missing an exam.

Rebuttals

While I encourage discussion of exam questions, the class should not get bogged down in lengthy debate over them. Therefore, I use a rebuttal procedure that works well. To apply for credit when you believe an exam answer is debatable, prepare a written or computer-printed rebuttal. Rebuttals are due at the start of the class period immediately following the day that exams are returned. See the course contract for further detail.

Project

You have been assigned a group project in which you analyze a property-liability insurance company. You must work in groups of 4 or 5 and are responsible for forming your own groups. A detailed description of the project will be handed out on the first day of class and is posted to the class Blackboard page under "Assignments".

Grading

Graded material in this course will consist of the following:

Four Exams*	100 points each
<u>Project</u>	<u>100 points</u>
Total Possible Points	500 points

*There will be no makeup exams. All four exams are mandatory. Material for the exams will come from the lectures, text, and any materials handed out in class or on the course web pages. There will be a comprehensive final. I will count the highest four exam grades in calculating your final average.

E-mail

I will send announcements about the class via e-mail. I will be sending messages to the class (to your university account) on a periodic basis, so you need to check your e-mail regularly. If you are using a different mail address (e.g., AOL), then you need to forward your e-mail from your olemiss account to your home e-mail address. If you need to reach me outside of class or office hours please do not hesitate to contact me by email.

Extra Credit Opportunities

One-page resume sent to insuranceresumes@gmail.com by 9/5 (6 points)

Information Sheet turned in by 9/5 (2 points)

Mississippi Insurance Education Day, all day 9/25 in Jackson, MS (6 points)

Employer Reception at Memory House, evening of 10/1 (4 points)

Guest Speakers (4 points each up to 12 points)

Guest Speakers

At Ole Miss the Risk Management and Insurance program takes great pride in attracting guest speakers to update us on current developments in the industry, including career opportunities. We expect a minimum of two guest speakers this semester. These speakers usually are giving up at least a full day of their valuable time and traveling here at their expense. The information they convey often is more important than that I deliver. To reward you for attending and participating in guest speaker sessions, you will be given four extra credit points if the speaker receives a reasonable number of questions from students during the class period. The extra credit points are only available to those students that attend. You also can expect exam questions on their presentations. No “make-up” opportunities for extra credit will be given to students missing guest speaker sessions.

Conduct

The School of Business Administration upholds honor and academic integrity in all of its teaching, research, and service activities. All business faculty, staff, and students are charged with the responsibility to behave with personal and professional integrity and to refrain from dishonorable conduct.

Important Dates

One-page resume sent to insuranceresumes@gmail.com

Info Sheet

Group Project Details Page

Mississippi Insurance Education Day (Jackson, MS)

Employer reception (Memory House)

RIMS-Memphis student meet and greet (Memphis, TN)

Group Project Progress Page

Ole Miss RMIS alumni society meeting (Jackson, MS)

Group Project (Final Report)

September 5th

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September 25th

October 1st

October 9th

October 17th

October 23rd

November 21st

Tentative Course Schedule

Day	Date	Topic	Chapter	Items Due
Section 1. Insurer Operations (Text: Myhr & Markham)				
M	25-Aug	Introduction, Insurer Operations Review	1	
W	27-Aug	Underwriting	4	
F	29-Aug	Speaker: Andrea Cox, Senior Underwriter: RLI Corp		
M	1-Sep	No Class: Labor Day Holiday		
W	3-Sep	Production	3	
F	5-Sep	Ratemaking	7	Resume, Info Sheet, Project details
M	8-Sep	Ratemaking	7	
W	10-Sep	Claims	8	
F	12-Sep	Claims	8	
M	15-Sep	Exam 1	1,3,4,7,8	scantron, pencil
W	17-Sep	Return and discuss exam 1, Reinsurance	11	
F	19-Sep	Speaker: Mike Breedlove, CEO: WS Pharr & Co.		
M	22-Sep	Reinsurance	11	
W	24-Sep	Reinsurance	11	
F	26-Sep	No Class: Presidential Debate		
M	29-Sep	Insurer Financial Statements and Management	12,13,14	
W	1-Oct	Insurer Financial Statements and Management	12,13,14	
F	3-Oct	Speaker: Neal Abernathy, CEO: Swett & Crawford		
M	6-Oct	Insurer Financial Statements and Management	12,13,14	
W	8-Oct	Insurer Financial Statements and Management	12,13,14	
F	10-Oct	Exam 2	11-14	scantron, pencil
Section 2. Commercial Property RMI (Text: Trupin & Flitner)				
M	13-Oct	Return and discuss exam 2, Property Loss Exposures	1	
W	15-Oct	Property Loss Exposures	1	
F	17-Oct	BPP Form	3	Project progress page
M	20-Oct	BPP Form, BPP coverage options	3,4	
W	22-Oct	BPP Coverage Options	4	
F	24-Oct	BPP Coverage Options	4	
M	27-Oct	BPP Coverage Options	4	
W	29-Oct	BPP Causes of Loss Forms	5	
F	31-Oct	BPP Causes of Loss Forms	5	
M	3-Nov	Flood, Earthquake, and Specialty Forms	7	
W	5-Nov	Exam 3	1,3,4,5,7	scantron, pencil
F	7-Nov	Return and discuss exam 3, Flood, Earthquake, etc.	7	
M	10-Nov	Flood, Earthquake, and Specialty Forms	7	
W	12-Nov	Flood, Earthquake, and Specialty Forms	7	
F	14-Nov	Business Income Loss Exposures	8	
M	17-Nov	Business Income and Extra Expense Coverage	9	
W	19-Nov	Business Income and Extra Expense Coverage	9	
F	21-Nov	Inland Marine and Ocean Cargo, Crime Insurance	10,11	Group projects due
	24-Nov	No Class: Thanksgiving Week		
M	1-Dec	Inland Marine and Ocean Cargo, Crime Insurance	10,11	
W	3-Dec	Exam 4	7-11	scantron, pencil
F	5-Dec	Return and Discuss Exam 4, Final exam review		
T	9-Dec	Cumulative Final (12:00pm)	all above	scantron, pencil

Information Sheet (Due September 5th)

First Name:

Last Name:

Preferred Name:

Hometown:

Major:

Minor:

Expected Graduation:

Internship/s:

Insurance classes taken/currently taking:

Member of I&RMS?

Prior exposure to insurance/risk-management industry:

Most useful thing that you learned about in your prior insurance classes:

What you hope to learn in this class: