BUSINESS FINANCE 3300
INSURANCE AND RISK
Course Syllabus
Spring Semester 2016
MWF 12:40 – 1:35PM / Schoenbaum 315

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Office Hours: By appointment only

COURSE DESCRIPTION
This course provides an introduction to the field of risk management and insurance, an increasingly important area of knowledge for individuals, families, and businesses in the global economy. The course is divided into four broad categories:

• Foundations of risk management and insurance
• The private insurance industry – Insurer operations and insurance contracts
• Managing individual life and health risks with insurance
• Managing personal and commercial property and liability risks with insurance

More detailed topics are examined in each category. Because risk management issues frequently make national and international headlines, the course offers an opportunity to explore topics within the context of practical applications. Guest speakers will be added to the mix from time to time to broaden the perspective on certain issues.

This course is the foundation course for the Insurance Specialization under the Fisher Finance degree. Students who complete this specialization will take Business Finance 4310, 4311, and 4312, in addition to 3300 (4311 and 4312 are offered online).

COURSE MATERIALS
Required Course Text
George Rejda and Michael McNamara
Principles of Risk Management and Insurance

Each student must own a copy of the text (no sharing). We do not support earlier editions, which can differ significantly from the current edition. A digital version of the text is available from CourseSmart (coursesmart.com). Digital editions tend to be significantly less expensive (and more flexible) than new print editions.
**Required Calculator**

You will need a calculator for this course capable of performing basic time-value-of-money (TVM) calculations. Financial calculators enable you to perform these calculations using pre-programmed functions. In contrast, scientific (statistical) calculators require you to enter values manually into mathematical formulas.

If you already own a scientific (statistical) calculator, there is no need to purchase a financial calculator unless you prefer the convenience of pre-programmed TVM functions. You will not be at a disadvantage without a financial calculator.

**Lecture Materials**

Most lectures are presented in a discussion format, organized around questions, problems, practical exercises, and small-case situations. Lectures are designed to engage students and promote involvement in class discussion. Some lectures may be presented with PowerPoint slides. When used, the slides will be posted to the course website. Be sure to check the website frequently for new postings.

**COURSE REQUIREMENTS**

**Chapter Quizzes**

(course grade weight = 40% applied to the average score on all quizzes assigned)

You will have an opportunity to complete a quiz on the material in each text chapter we cover. These quizzes are designed to assist your learning and your exam preparation. Each quiz contains 12 multiple-choice questions based on chapter topics. You will take quizzes on Carmen. Do your own work on quizzes – **no collaboration**!

Each quiz will be available on Carmen for a limited time period (“quiz window”). Missed quizzes may not be rescheduled; however, solely at the instructor’s discretion, a missed quiz may be dropped for reasons beyond a student’s control that prevented the student from taking the quiz during the quiz window. Under no circumstances will a student be excused from a quiz that could have been taken.

Each quiz may be taken twice; if you do take a quiz twice, you will earn the higher of the 2 scores. Because questions for each quiz are drawn at random from a larger question bank, no 2 quizzes will be exactly the same. Once a quiz window closes, you will have an opportunity to review the questions you missed on each quiz you took.

The chapter quiz requirement will be discussed in greater detail in class.

**Course Exams**

(course grade weight = 60% applied to the average score on 3 required exams)

You will take **3 exams** during the course. Each exam covers certain chapters from the course text and may include questions from outside the text based on class discussion and supplemental assignments. Exams are designed to evaluate your understanding of key concepts and your ability to apply basic tools to common problems.
Exam ground rules (additional ground rules may be announced at a later date):

- Each exam is **open-text & open-notes**. You may bring to class all the (inanimate) reference material you can carry to assist you with exam questions. (No sharing!)
- Make-up exams may be given at the discretion of the instructor. Permission to take a make-up exam will depend upon the particular circumstances. Should permission not be granted, and should the student decide not to take the exam at the regularly scheduled time, the student may receive a grade of zero on the exam in question.
- A topic does not have to be discussed in class to be testable.
- Under no circumstances will a student be excused from an exam.
- Exams are subject to the policy on the use of electronic devices in class (see below).

The course exam requirement will be discussed in greater detail in class.

**ACADEMIC MISCONDUCT**

- In accordance with University Faculty Rule No. 3333-5-487, all instances of alleged academic misconduct must be reported to the Committee on Academic Misconduct, which recommends appropriate sanctions to the Office of Academic Affairs.
- We aggressively pursue violations of University standards on academic conduct.

**WAIT-LISTED STUDENTS (undergraduate courses only)**

- Wait-listed students who see to enroll in a course must attend class for that course through the first class session of the second week of the semester. After that date, students who have not been added to the course will not be enrolled and may not continue attending the class.
- Wait-listed students should contact either the Fisher Undergraduate Program Office or the Department of Finance if they have questions about the wait-list process.

**DISENROLLMENT**

- The Fisher College of Business strongly enforces University attendance policies.
- Pursuant to University Rule 3335-8-33, a student may be “disenrolled” from a course for failure to attend by the first Friday of the term, by the third instructional day of the term, or by the second class meeting, **whichever occurs first**.

**POLICY ON EXTRA CREDIT**

- No student may complete “additional work” for extra credit without the permission of the instructor.
DISABILITY SERVICES

- The Office of Disability Services (ODS) verifies students with specific disabilities and develops strategies to meet their needs. Students requiring accommodations based on identified disabilities should contact the instructor at the beginning of the term to discuss their particular needs. Students with a specific disability are encouraged to contact ODS to explore potential accommodations available to them.

POLICY ON THE USE OF ELECTRONIC DEVICES IN CLASS

- Cell phones may **not** be used in class at any time.
- During class, your cell phone must be set to SILENT (not vibrate) or turned OFF.
- No calculator that is part of a cell phone may be used on an exam.
- Laptops and tablets may be used in class only with the instructor’s permission.
- Lectures and other presentations may **not** be recorded (audio or video).
- Any electronic device not mentioned elsewhere in this section may be used in class only with the instructor’s permission.
- This policy does not apply to electronic devices used for medical reasons.
- The instructor may amend this policy at any time, should circumstances warrant.
<table>
<thead>
<tr>
<th>Class Dates</th>
<th>Activities – Topics – Requirements</th>
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</table>
| MON JAN 11  | Introduction and Course Administration  
Discussion of course topics, requirements, policies and procedures |
| WED JAN 13  | Risk in the Global Economy  
1. Read Rejda Chapter 1 |
| FRI JAN 15  | Insurance and Risk 1  
1. Read Rejda Chapter 2 (exclude the chapter appendix) |
| MON JAN 18  | MLK Holiday – NO CLASS |
| WED JAN 20  | Insurance and Risk 2  
1. Review Rejda Chapter 2 (exclude the chapter appendix) |
| FRI JAN 22  | Introduction to Risk Management 1  
1. Read Rejda Chapter 3 |
| MON JAN 25  | Introduction to Risk Management 2  
1. Review Rejda Chapter 3  
2. *The Scooper-Dooper Case* (review case and bring it to class) |
| WED JAN 27  | Enterprise Risk Management 1  
1. Readings TBA |
| FRI JAN 29  | Enterprise Risk Management 2  
1. Readings TBA |
| MON FEB 1   | Functional Operations of Insurers 1  
1. Read Rejda Chapter 6 |
| WED FEB 3   | Functional Operations of Insurers 2  
1. Review Rejda Chapter 6 |
| FRI FEB 5   | Functional Operations of Insurers 3  
1. Read Rejda Chapter 7 |
| MON FEB 8   | Financial Operations of Insurers 1  
1. Review Rejda Chapter 7 |
| WED FEB 10  | Financial Operations of Insurers 2  
1. Review Rejda Chapter 7 |
# COURSE SCHEDULE

<table>
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| FRI  FEB 12 | Financial Operations of Insurers 3  
1. Review Rejda Chapter 7 |
| MON  FEB 15 | EXAM 1  
1. Covers Rejda chapters 1, 2, 3, 6, 7, ERM and any supplemental assignments  
2. Bring a calculator / tablet / laptop and any reference material you want to use |
| WED  FEB 17 | Legal Foundations of Insurance 1  
1. Read Rejda Chapter 9 |
| FRI  FEB 19 | Legal Foundations of Insurance 2  
1. Review Rejda Chapter 9 |
| MON  FEB 22 | Analysis of Insurance Contracts 1  
1. Read Rejda Chapter 10 |
| WED  FEB 24 | Analysis of Insurance Contracts 2  
1. Review Rejda Chapter 10 |
| FRI  FEB 26 | Individual Life Insurance 1  
1. Read Rejda Chapter 11 |
| MON  FEB 29 | Individual Life Insurance 2  
1. Review Rejda Chapter 11  
| WED  MAR 2 | Business Applications of Life Insurance  
1. Readings TBA |
| FRI  MAR 4 | Individual Health Insurance 1  
1. Read Rejda Chapter 15 |
| MON  MAR 7 | Individual Health Insurance 2  
1. Review Rejda Chapter 15  
| WED  MAR 9 | Individual Health Insurance 3  
1. Review Rejda Chapter 15 |
| FRI  MAR 11 | EXAM 2  
1. Covers Rejda chapters 9, 10, 11, 15 and any supplemental assignments  
2. Bring a calculator / tablet / laptop and any reference material you want to use |
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<tbody>
<tr>
<td>MON MAR 14</td>
<td>Spring Break – NO CLASS</td>
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<tr>
<td>WED MAR 16</td>
<td>Spring Break – NO CLASS</td>
</tr>
<tr>
<td>FRI MAR 18</td>
<td>Spring Break – NO CLASS</td>
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</tbody>
</table>
| MON MAR 21  | Liability Risk and the Law of Negligence  
1. Read Rejda Chapter 19 |
| WED MAR 23  | Personal Auto Insurance 1  
1. Read Rejda Chapter 22 |
| FRI MAR 25  | Personal Auto Insurance 2  
1. Review Rejda Chapter 22 |
| MON MAR 28  | Homeowners Insurance 1  
1. Read Rejda Chapters 20 and 21 |
| WED MAR 30  | Homeowners Insurance 2  
1. Review Rejda Chapters 20 and 21 |
| FRI APR 1   | Special-Purpose Property and Liability Insurance  
1. Read Rejda Chapter 24 |
| MON APR 4   | Introduction to Commercial Lines  
1. Readings TBA |
| WED APR 6   | Commercial Property Insurance 1  
1. Read Rejda Chapter 25 |
| FRI APR 8   | Commercial Property Insurance 2  
1. Review Rejda Chapter 25 |
| MON APR 11  | Commercial Property Insurance 3  
1. Review Rejda Chapter 25 |
| WED APR 13  | Commercial Liability Insurance 1  
1. Read Rejda Chapter 26 |
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<tr>
<td>FRI APR 15</td>
<td>Commercial Liability Insurance 2</td>
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<tr>
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<td>1. Review Rejda Chapter 26</td>
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<tr>
<td>MON APR 18</td>
<td>Commercial Liability Insurance 3</td>
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<tr>
<td></td>
<td>1. Review Rejda Chapter 26</td>
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<tr>
<td>WED APR 20</td>
<td>Special-Purpose Commercial Liability Insurance</td>
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<tr>
<td></td>
<td>1. Review Rejda Chapter 26</td>
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<tr>
<td>FRI APR 22</td>
<td>Business Owners Insurance (BOP)</td>
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<td>1. Review Rejda Chapter 26</td>
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<tr>
<td>MON APR 25</td>
<td>Course Wrap and Lessons Learned</td>
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<td>TUE MAY 3</td>
<td>EXAM 3</td>
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<td></td>
<td>1. Noon–1:45 PM, SB 315 (same classroom; different time)</td>
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<td></td>
<td>2. Covers Rejda chapters 19-22, 24-26 and any supplemental assignments</td>
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<td>3. Remember to bring your calculator and any reference material you want to use</td>
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We reserve the right to correct errors in this document at any time, with appropriate notice. Supplemental reading assignments can be found on Carmen. Additional reading assignments may be posted at any time during the course, with appropriate notice.