FINC 385-01, Spring 2020
Individual Risk Management and Insurance
Mondays & Wednesdays 5:30 to 6:45 p.m., Room 320-Beatty

Prerequisite: Junior/Senior standing. DSCI 232 is also strongly suggested by the professor.

Instructor: Prof. Peter Alan Smith

Telephone: 617-755-1737
Email: smithpa@cofc.edu Or psmith05@post.harvard.edu

Office Hours: by appointment
As a full-time working professional, and with the varied work schedules of most students and faculty, fixed office hours are generally inconvenient for all. As a result, I have provided my telephone number. If you would like to meet with me, let me know and we will arrange a mutually satisfactory time. For some students, telephone "meetings" are easier. To this end, you may call me during reasonable hours (i.e., before 9:00 p.m.).

Emails: I regularly send emails to convey assignments, important dates and messages. It is important to regularly check your email account for such messages.

Textbooks:

The following Textbooks must be purchased:

ISBN-10: 0538450150

Hubbard, Douglas W., “The Failure of Risk Management”: Why It's Broken and How to Fix It, John Wiley & Sons, 2009,

ISBN: 978-1-118-53927-9


Ariely, Dan, “Predictably Irrational”: The Hidden Forces That Shape Our Decisions, Harper Collins publishers
ISBN: 006135323X

The daily reading of the Wall Street Journal is required. School of Business students can subscribe for free. Go to wsj.com/cofc and create your complimentary account using your cofc e-mail address on the registration page.
Students will be asked to bring a Wall Street Journal article of interest on a particular class-related topic for presentation and discussion. **An oral presentation** of 5 to 7 minutes will be required of each student expanding on the article's premises. Topics will be discussed in class, but I would prefer that you bring insights from your own career interests to the presentation.

**Reading assignments:** The "Fundamentals of Insurance" textbook is basic and straightforward. Each assigned chapter constitutes a subject that we will discuss at length in class. I will highlight important terms within the book as we go along. "The Failure of Risk Management" is a brilliantly written book on a subject that has come under strong and well-deserved scrutiny in the past few years. I believe its contents will be a resource for all business students and graduates for years to come. Some of the math might seem rather complex for some students. But since this is a "principles" course, I expect students to learn the underlying concepts pertaining to risk management. I want students to come away with a broad understanding of how risk management works and how to avoid its pitfalls. Douglas Hubbard’s other master-work, "How to Measure Anything", still the #1 best seller in Amazon’s Business Math ranking, will be studied concurrently with his risk management book. There is no finer authority on risk, uncertainty, and applied metrics available today. Great news! Douglas Hubbard has agreed to respond to emailed questions regarding topics on his two books. They must be very pertinent and well thought out and cc'd to me. **Extra credit** will be given to any student who receives a response from Mr. Hubbard. His email address is: dwhubbard@hubbardresearch.com

"The Logic of Collective Action" by Mancur Olsen remains one of the great works on group behavior whether for business, government, or social dynamics. I will cite it throughout the course and weave it into most themes. Students who can bring Olsen’s work into their own efforts will be accordingly rewarded.

Dan Ariely, author of "Predictably Irrational," has made the growing field of Behavioral Economics more easily understood for the average business person. This work has challenged many conventions about rational behavior, especially within the business, economics and risk management realms. I hope that some students will find the book so compelling that they will read the remaining chapters on their own.

**Guest lecturers**
I have lined up many guest lecturers to speak on topics of their expertise. Their availability might vary; therefore, dates are subject to change. Speaker topics to be covered include:

- Insurance Careers
- Property and Casualty
- Lloyd’s of London
- Captive and Reinsurance Markets
- Maritime
- Establishing an Agency
- IT/Social Media Risk
- Insurance Fraud
FORMAT FOR optional ESSAY:
An optional essay on the Calibration Exercises of Chapter 5 in “How to Measure Anything” is due in late April. It should be around 5 pages (not including bibliography). I do not need a paper hard-copy. Electronic media, Microsoft Word documents (*.doc/docx) or (*.txt for non-MS products) can be emailed to me, or Transmitted to me via a portable drive.
Double space, with an 11 point font, and cite your sources. When in doubt about whether to acknowledge the work of others, always opt to cite it! Occasionally, I will print out a paper for my colleagues.

COURSE DESCRIPTION:
Risks and uncertainty are pervasive in every aspect of business and life. The field of insurance is as wide ranging as life itself. We are going to make the concept of Risk more tangible. We are going to examine many diverse types of insurance products and Risk Management procedures. Some of these are very worthwhile, while others are marginally beneficial, and others are unethical or useless. Some are even worse than useless. We will learn about many of these products and procedures from the Corporate, Agent or client perspective.

Professionals in the insurance and risk management arenas have developed their own terminologies. There are many unique words used to describe insurance contracts, coverage and risk management techniques. Acronyms are widespread. Use of insurance and risk management terminology will be encouraged in class, on exams and assignments. Much of your grade will develop from your mastering this vocabulary! Between the basic study of insurance products and the steady absorption of risk management dynamics, you will be thoroughly immersed in the fascinating world of Risk Management and Insurance!

From the Catalog: This course creates an awareness of individual risk and the importance of insurance and related products as risk management techniques. Course content focuses primarily on life and health insurance, with a lesser focus on retirement and estate planning. Students develop an understanding of the basic characteristics of risk management tools and strategies, as well as practical competencies in application.

COURSE Goals:
By the completion of this course, You will:
- Gain knowledge of a wide range of insurance products and terminologies
- Become more calibrated in making estimations and predictions
- Understand The psychology of risk with regard to statistics and behavioral economics
- Determine the inherent risks present in your academic field of study or interest
- Learn how to properly measure and model risks
- Understand the use of lobbying and pressure groups to mitigate risk or attain benefits
- Be exposed to a wide range of insurance and risk management careers
- Learn to avoid the pervasive range of risk management misconceptions and traps
INSURANCE SCHOLARSHIP:
The following is extracted from the college’s web site concerning an insurance-related scholarship: “Independent Insurance Agents of SC Scholarship”
Rising sophomore, junior or senior declared School of Business major. Demonstrated interest in pursuing a career in the property and casualty insurance industry agency system. Minimum cumulative GPA of 2.5.
The link: http://sb.cofc.edu/studentsservices/scholarships/upper-scholarships/index.php

Please note that I am not the arbiter of who wins this scholarship, but also note that it is easy to apply and a mention of insurance experience or classwork might help your cause.

METHOD OF EVALUATION AND GRADING SCALE:
Your grade will be determined by the following.
- Mid-term Examination 20%
- Final Examination 30%
- In-class Oral Presentation 20%
- Class Participation 10%
- Optional Essay 20%*

*The essay is optional. If you are doing well, you have the option of not submitting the paper. Your other grades will be appropriately distributed as follows: Midterm 25%, Oral Presentation 25%, Final Exam 35%, Class Participation 15%

ATTENDANCE POLICY:
I take attendance. Absences will be excused by providing the required documentation. If you are ill, obtain the verification from the Student Health Services. If you are representing our school athletically or academically, have the related college authority contact me at least one week before the event. I will make “reasonable accommodations.” Examples of reasonable accommodations might include: rescheduling an exam, altering presentation times, or flexibility in assignment submission dates. Regardless of any accommodation granted, students are responsible for satisfying all academic objectives, requirements, and prerequisites. I will ascertain whether both excused and unexcused absences count in determining the basis for a grade of “WA,” which stands for “withdrawn excessive absences” and is equivalent to a failing grade. Attendance will be factored into your class participation grade along with take home quizzes and class interactions.

OUTLINE OF COURSE CONTENT:
This course outline provides a general plan for the course; deviation may be necessary. Any schedule change will be announced in class and emailed to you. You are responsible for the announced change regardless of whether you are in class at the time of the announcement. This includes announcements made the first night of class. Not having received the emails in time is not an excuse!
Spring 2020 Tentative Course Calendar

Wednesday, January 8
   Lecture #1 Introduction
   Take home quiz Assignment #1 will be given, due Wednesday, January 15.

Monday, January 13
   Lecture #2 The Basics - We will begin a discussion on important terminologies.
   Chapter 1 in “Fundamentals of Insurance”
   Chapter 1 in “Failure of Risk Management”
   Take home quiz Assignment #2, on Auto Insurance web sites given, due Wednesday, January 22.

Wednesday, January 15
   Lecture #3 More basic terms & Auto Insurance
   Chapter 2 in “Fundamentals of Insurance”
   Chapter 1 in “How to Measure Anything”
   Quiz 1 is due.

Wednesday, January 22
   Lecture #4 Automobile & Homeowners Insurance
   Chapters 2 & 6 in “Fundamentals of Insurance”
   Chapter 2 in “Failure of Risk Management”
   Take home quiz #2 on Auto Insurance web sites is due. Take home quiz Assignment #3 given on Group Think, due Monday, February 3.

Monday, January 27
   Lecture #5 Homeowners Insurance
   Chapter 6 on Homeowner's Insurance, “Fundamentals of Insurance”
   Chapter 2 in “Failure of Risk Management”

Wednesday, January 29
   Randy Beaver, Health, Safety and Emergency Manager for the College of Charleston will be a guest speaker

Monday, February 3
   Francis Johnson President, Johnson & Johnson will discuss their Excess & Surplus Lines Business and Lloyd’s of London. His assistant will discuss corporate hiring practices. Bring your business card!
   Chapter 3 in “Failure of Risk Management”
   Chapter 3 in “How to Measure Anything”
   Take home quiz #3 on Schiller “Group Think” article is due. Take home quiz #4, providing your presentation topic and article URL, is announced, due by Monday, February 24.
Wednesday, February 5
Bobby Harrell, Former SC House Representative and Owner of the Harrell Insurance Agency will talk on his Multiple Lines products and operating an insurance agency.

Monday, February 10
Lecture #6 Workers Compensation & Disability Insurance
Chapter 4 in “Fundamentals of Insurance” on Worker’s Compensation.
Chapter 8 in “Fundamentals of Insurance” on Disability
Chapter 3 in “Failure of Risk Management”
Chapter 2 in “How to Measure Anything”

Wednesday, February 12
Courtney Rossi from Roanoke Trade will talk with us on Maritime Risks and Insurance.
Chapter 4 “Failure of Risk Management”
Chapter 3 “How to Measure Anything”

Monday, February 17
Margaret Fleming, Special Claims Investigator for Farm Bureau Insurance, will discuss Insurance Fraud for Property & Casualty.
Chapter 4 “Failure of Risk Management”
Chapter 3 “How to Measure Anything”

Wednesday, February 19
Lecture #7 Collective Action & Health Care
Pages 1 - 21, & 148 - 159 in Olsen’s “Logic of Collective Action”
Chapter 3 in “The Fundamentals of Insurance” on Health Care.

Monday, February 24
Jamey Mellis from Computer Solutions will discuss Information Technology risks
Take home quiz #4, providing your presentation topic and article URL, is due. Presentation Schedule announced thereafter. No late submissions accepted!

Wednesday, February 26
Prof. Christina Rae Butler, CofC Art & Architectural History, will speak on the topography of Charleston.
Chapter 4 “Failure of Risk Management”
Chapter 3 “How to Measure Anything”

Monday, March 2
Mid-Term Examination, 5:30 - 6:45 p.m.*
Bring #2 pencil for Scantron/ Akindi sheets
*Please note that no one can leave the room until they hand in their exam!
Wednesday, March 4
  Lecture #8 Business Insurance
  Chapter 4 in “The Failure of Risk Management”
  Chapter 3 in “How to Measure Anything”

Monday, March 9
  Oral Presentations Round 1

Wednesday, March 11
  Oral Presentations Round 2
  Chapter 5 “The Failure of Risk Management”
  Chapter 4 “How to Measure Anything”

Monday, March 23
  Oral Presentations Round 3
  Chapter 5 “The Failure of Risk Management”
  Chapter 4 “How to Measure Anything”

Wednesday, March 25
  Oral Presentations Round 4
  Take Home Quiz#5 Persi Mathematician given, due on Monday, April 6.

Monday, March 30
  Oral Presentations Round 5

Wednesday, April 1
  Oral Presentations Round 6

Monday, April 6
  Lecture #9, Life Insurance
  Chapter 7 on Life Insurance “Fundamentals of Insurance”
  Chapter 6 “The Failure of Risk Management”
  Chapter 5 “How to Measure Anything”

Wednesday, April 8
  Lecture #10, Life Insurance
  Chapter 7 on Life Insurance “Fundamentals of Insurance”
  Chapter 7 “The Failure of Risk Management”
  Take Home Quiz#5 Persi Mathematician, is due.

Monday, April 13
  Lecture #11 Captives 101

Wednesday, April 15
  Guest speaker, Douglas Hubbard, author of our 2 textbooks will discuss Decision Research, Risk Management and life.
  Chapter 8 The Failure of Risk Management
Monday, April 20
  Captive Manager Guest Speaker
  Chapter 8 “Failure of Risk Management”
  Chapter 6 “How to Measure Anything”

Wednesday, April 22
  Lecture 12 Bringing It All Together
  Chapters 1 & 2 of Ariely’s “Predictably Irrational” must be completed.
  Chapter 8 “The Failure of Risk Management”
  Chapter 6 “How to Measure Anything”

Wednesday, April 29
  Final Examination, 7:30pm

*Please note that no one can leave the classroom during an exam, for any reason, until they have finished their work and handed in the exam. This also applies for the Mid-Term Exam.

Academic Honesty:
Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

If an infraction is based upon a student’s misunderstanding, a written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by myself and the student, will be forwarded to the Dean of Students and placed in the student’s file. Cases of suspected academic dishonesty will be reported directly by myself and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student’s transcript for two years after which the student may petition for the X to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration—working together without permission—is a form of cheating. Unless I specify that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others’ exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from me.

Students can find the complete Honor Code and all related processes in the Student Handbook at http://deanofstudents.cofc.edu/honor-system/studenthandbook/
**Academic Assistance:**
Assistance offered in the College Skills Writing Lab and Speaking/Presentation Lab located in the Center for Student Learning (Addlestone Library, first floor). Trained writing consultants can help with writing for all courses; they offer one-to-one consultations that address everything from brainstorming and developing ideas to crafting strong sentences and documenting sources. For more information, please call 843.953.5635 or visit [http://csl.cofc.edu/labs/writing-lab/](http://csl.cofc.edu/labs/writing-lab/).

**Disabilities:**
Suffice it to say that I am very aware of disability issues. Students approved for SNAP Services are instructed to meet with each of their professors during the first two weeks of classes or as soon as they are approved for services to discuss accommodations and present a copy of their SNAP-issued Professor Notification Letter (PNL). It is the student’s responsibility to initiate discussion regarding accommodations that may be needed.
Your First Take home quiz Assignment: Due: Wednesday, January 15:

Please email me at

smithpa@cofc.edu

The following information about yourself: (it will remain strictly confidential!)

Name: First, Middle Initial, Last

How you would like to be called.

Preferred email address (I often use my personal address)

Phone # (s)

Major(s)

Junior, Senior, etc.

Any employment during semester?

Hometown(s): Where you have lived or traveled?

Interests (inside or outside of academia)

Your career goals?

Other pertinent information

I use this information to try and help my students. Also, some have left things behind in the classroom. We might need to alert you. I will reply with an acknowledgement when I receive your emailed quiz response.

Thank you,

Professor Peter Alan Smith