FINC 385-01, Spring 2021
Individual Risk Management and Insurance
Mondays & Wednesdays 5:30 to 6:45 p.m., Room 320-Beatty

Prerequisite: Junior/Senior standing. (Professor strongly suggests DSCI 232.)

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 or Zoom 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, 1st edition 2009 *
* there is a 2nd edition, but we will stay with the 1st for now.

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 a business newspaper such as the Wall Street Journal or Barons is required. It is accessible via the school’s library network
Students will be asked to bring an 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 articles premises. Topics will be discussed in class, but I would prefer that you bring insights from your 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.”

Their link is:

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%
- Optional Essay 20%*
- Class Participation 10%

*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%.

I take attendance to verify your compliance with Federal student loan regulations. Regardless of any accommodation granted, students are responsible for satisfying all academic objectives, requirements, and prerequisites.

Institutional Syllabus Statement

The College of Charleston is committed to promoting the health and safety of our campus community. To that end, all faculty and students must abide by public health guidelines that include practicing social distancing in the classroom and elsewhere on campus, following signage indicating the entrance, exit, and traffic flow in and around campus buildings, wearing a mask or cloth face covering while in the presence of others, washing or sanitizing hands frequently, sanitizing individual and shared learning and work spaces, and staying home when sick. These practices are mandatory. Students will not be allowed to attend class without an appropriate face covering or when showing symptoms of illness.
Due to social distancing requirements, the number of students allowed in the classroom at one time is significantly reduced. As a result, most in-person courses will include a variety of online and technology enhanced components to ensure continuity of learning for each student throughout the semester. These strategies will vary by course section and students are advised to read each syllabus carefully. Faculty have planned each course to enable all students, whether they are in the classroom or working remotely, to be fully engaged in the learning experience. Before the drop/add deadline, students should decide whether the course plan on the syllabus matches their own circumstance. All faculty will use OAKS to facilitate student access to the course syllabus, course materials, and the gradebook. The College of Charleston’s standard grading system is in effect.

There is a possibility that the semester will be disrupted by weather or the pandemic. A change in modality from in-person to online may be necessary to ensure the continuity of learning. Therefore, all students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

The College anticipates that some members of the community will fall ill or test positive for the coronavirus, and then be required to quarantine thereby missing class, assignments, and assessments. Faculty are expected to provide reasonable accommodations as determined by the content, level, and expectations of their courses for students who become ill or indicate a need to isolate themselves. To the extent possible, arrangements will be made for students with COVID-19 related absences to continue in the class. Faculty are encouraged to make explicit in their syllabus what sorts of accommodations students can expect with respect to missed course meetings, assignments, and assessments. However, students should be aware that extended absences for any reason cannot be accommodated in every course. Missed assignments and assessments may result in poor or failing grades. If a student is absent from class for an extended period, a withdrawal (W) before the deadline should be strongly considered. In all cases, assigning course grades is the responsibility of the instructor consistent with the grading policy published on the syllabus.

**College of Charleston Honor Code and Academic Integrity**

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.

Incidents where the instructor determines the student’s actions are related more to a misunderstanding will be handled by the instructor. 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 the instructor 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 the instructor 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 XXF 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 XX to
be expunged. The F is permanent. 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 the instructor specifies 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
the instructor.
Students can find the complete Honor Code and all related processes in the Student

Disability Statements
1. Any student eligible for and needing accommodations because of a disability is
requested to speak with the professor during the first two weeks of class or as soon
as the student has been approved for services so that reasonable accommodations
can be arranged.
2. The College will make reasonable accommodations for persons with documented
disabilities. Students should apply for services at the Center for Disability
Services/SNAP located on the first floor of the Lightsey Center, Suite 104. Students
approved for accommodations are responsible for notifying me as soon as possible
and for contacting me one week before accommodation is needed.
3. This College abides by Section 504 of the Rehabilitation Act of 1973 and the
Americans with Disabilities Act. If you have a documented disability that may have
some impact on your work in this class and for which you may require
accommodations, please see an administrator at the Center of Disability
Services/SNAP, (843) 953-1431) or me so that such accommodation may be
arranged.

For more information, you may visit the disability services website:
http://disabilityservices.cofc.edu/
Continuity of Learning (for hybrid classes with face-to-face meetings)

Due to social distancing requirements, this class will include a variety of online and technology enhanced components to reinforce continuity of learning for all enrolled students. Before the drop/add deadline, students should decide whether the course plan on the syllabus matches their own circumstances.

During the course of class, in response to the development of COVID-19, the course delivery mode could be switched among face-to-face, online, or hybrid. The students need to make sure that their study will not be interrupted by the change of the delivery mode.

Recording of Classes (via ZOOM)

Class sessions will be recorded via both voice and video recording. By attending and remaining in this class, the student consents to being recorded. Recorded class sessions are for instructional use only and may not be shared with anyone who is not enrolled in the class.

Inclement Weather, Pandemic or Substantial Interruption of Instruction

If in-person classes are suspended, faculty will announce to their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

Center for Student Learning:

The Center for Student Learning’s (CSL) academic support services provide assistance in study strategies, speaking & writing skills, and course content. Services include tutoring, Supplemental Instruction, study skills appointments, and workshops. Students of all abilities have become more successful using these programs throughout their academic career and the services are available to you at no additional cost. For more information regarding these services please visit the CSL website at http://csl.cofc.edu or call (843) 953-5635.

Mental & Physical Wellbeing:

At the college, we take every students’ mental and physical wellbeing seriously. If you find yourself experiencing physical illnesses, please reach out to student health services (843.953.5520). And if you find yourself experiencing any mental health challenges (for example, anxiety, depression, stressful life events, sleep deprivation, and/or loneliness/homesickness) please consider contacting either the Counseling Center (professional counselors at http://counseling.cofc.edu or 843.953.5640 3rd Robert Scott Small Building) or the Students 4 Support (certified volunteers through texting "4support" to 839863, visit http://counseling.cofc.edu/cct/index.php, or meet with them in person 3rd Floor Stern Center). These services are there for you to help you cope with difficulties you may be experiencing and to maintain optimal physical and mental health.

Food & Housing Resources:

Many CofC students report experiencing food and housing insecurity. If you are facing challenges in securing food (such as not being able to afford groceries or get sufficient food to eat every day) and housing (such as lacking a safe and stable place to live),
please contact the Dean of Students for support (http://studentaffairs.cofc.edu/about/salt.php). Also, you can go to http://studentaffairs.cofc.edu/student-food-housing-insecurity/index.php to learn about food and housing assistance that is available to you. In addition, there are several resources on and off campus to help. You can visit the Cougar Pantry in the Stern Center (2nd floor), a student-run food pantry that provides dry-goods and hygiene products at no charge to any student in need. Please also consider reaching out to me if you are comfortable in doing so.

**Inclusion:**
The College of Charleston offers many resources for LGBTQ+ students, faculty and staff along with their allies.

- Preferred Name and Pronoun Information
- On Campus Gender Inclusive facilities
- Campus Resources
- College of Charleston Reporting Portals
- National Resources for Faculty & Staff
- GSEC Reports
- Documenting LGBTQ Life in the Lowcountry (CofC Addlestone Library Special Collections Project)
- College of Charleston Quality Enhancement Plan (QEP)
- Articles about CofC and LGBTQ+ Issues

**Other items**

1. For other matters not specified in this syllabus, we comply with the common policy of the College.

2. Please note the following new changes from the College:

   **Final Exams and Major Tests during the Last Week of Classes**

   No major test or final examination may be given during the last week of classes (seven days prior to the designated last day of classes). A major test is defined as an examination worth 20% or more of the final course grade. No test, exam, or other assignment of any weight may be given on or due on Reading Day. Other assignments, such as semester-long projects, quizzes, homework and papers may be due during the last week of classes or during the regularly scheduled final exam period.
This policy does not apply to final laboratory examinations, oral examinations, portfolio or exhibition critiques, individual or group in-class presentations, performance courses, activity classes, bachelor’s essays, tutorials, and/or independent study projects. In exceptional circumstances, the Provost (or Provost’s designee) may waive these restrictions.

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 2021 Tentative Course Calendar

Monday, January 11
Lecture #1 Introduction, Take home quiz Assignment #1 will be given, due Wednesday, January 20.

Wednesday, 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 Monday, January 25.

Wednesday, January 20
Lecture #3 More basic terms & Auto Insurance Chapter 2 in “Fundamentals of Insurance” Chapter 1 in “How to Measure Anything” Take home quiz #2 on Auto Insurance web sites is due. Take home quiz Assignment #3 given on Group Think, due Wednesday, February 3.

Monday, January 25
Lecture #4 Automobile & Homeowners Insurance Chapters 2 & 6 in “Fundamentals of Insurance” Chapter 2 in “Failure of Risk Management”

Wednesday, January 27
Lecture #5 Homeowners Insurance Chapter 6 on Homeowner's Insurance, “Fundamentals of Insurance” Chapter 2 in “Failure of Risk Management”
Monday, February 1  
Jamey Mellis from Computer Solutions will discuss Information Technology risks to businesses and individuals.

Wednesday, February 3  
Francis Johnson President, Johnson & Johnson will discuss their Excess & Surplus Lines Business and Lloyd’s of London. His assistant will discuss their corporate hiring practices. Bring your business card!  
Chapter 3 in “Failure of Risk Management”  
Chapter 2 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 Wednesday, February 24.

Monday, February 8  
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 3 in “How to Measure Anything”

Wednesday, February 10  
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 15  
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 17  
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 22  
Prof. Christina Rae Butler, CofC Art & Architectural History, will speak on the topography of Charleston and how it relates to its real estate markets over the centuries.
February 24 Wednesday,  
Lecture #8 Business Insurance  
Chapter 4 in “The Failure of Risk Management”  
Chapter 3 in “How to Measure Anything”  
Deadline for Take home quiz #4, providing your presentation topic and article URL  
Presentation Schedule announced thereafter. No late submissions!

Monday, March 1  
Mid-Term Examination, 5:30 - 6:45 p.m.*  
We will conduct the exam via email.

Wednesday, March 3  
Guest Speakers from Rooney & Associates will talk about Fiduciary Financial Planning and careers in the field.

Monday, March 8  
Oral Presentations Round 1

Wednesday, March 10  
Oral Presentations Round 2  
Chapter 5 in “The Failure of Risk Management”  
Chapter 4 in “How to Measure Anything”

Monday, March 15  
Oral Presentations - Round 3  
Chapter 5 in “The Failure of Risk Management”  
Chapter 4 in “How to Measure Anything”

Wednesday, March 17  
Oral Presentations Round 4  
Take Home Quiz#5 Persi Mathematician given, due on Wednesday.

Monday, March 22  
Oral Presentations - Round 5

Wednesday, March 24  
Lecture 9 Life Insurance Part 1  
Chapter 7 on Life Insurance in “Fundamentals of Insurance”  
Chapter 6 in “The Failure of Risk Management”  
Chapter 5 “How to Measure Anything”

Monday, March 29  
Lecture #10, Life Insurance Part 2  
Chapter 7 on Life Insurance in “Fundamentals of Insurance”  
Chapter 7 in “The Failure of Risk Management”
Wednesday, March 31
Captive Market Domiciles, Alternative Risk Markets
Take Home Quiz#5 Persi Mathematician, is due. Quiz 6 is given due Monday, April 12.

Monday, April 5
Michael Colter of Aon will talk about Captives in Charleston and the world.

Wednesday, April 7
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 12
Captive Manager Guest Speaker Michael Molony.
Hubbard Failure of Risk Management Chapter 8
Hubbard How to Measure Anything Chapter 6

Wednesday, April 14
Tobias Burke from Energy Associates will discuss Energy captives.

Monday, April 19
Lecture 12 Bringing It All Together
Chapters 1 & 2 of Ariely’s “Predictably Irrational” must be completed.
Chapter 8 in “The Failure of Risk Management”
Chapter 6 in “How to Measure Anything”
Chapters 1 & 2 of Ariely’s “Predictably Irrational”

Wednesday, April 28
Final Examination, 6:00 to 8:00pm

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 20:

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