

**Finance 446  
Insurance Operations  
Fall Semester, 2018**

**Required Text**

Insurance Operations

2<sup>nd</sup> Edition, Edited by Susan J. Kearney  
American Institute for CPCU, 2013

A few copies of the text are available in the bookstore and it can be ordered at  
<https://www.theinstitutes.org/guide/college/shop>

**Required Subscription**

Tophat

**Instructor**

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**Office Hours**

Monday: 9:45 - 11:45 am  
Wednesday: 9:45 - 11:45 am  
and by appointment

**Course Description**

This course is based primarily upon the CPCU 520 Insurance Operations course. That course is offered by “the Institutes” (formerly the AICPCU and IIA) as a foundational course for their professional designations. Attaining a grade of “B” or better in this course will exempt students from taking CPCU 520 in pursuit of the CPCU designation. The stated goal of the CPCU 520 course includes “increasing [learners’] knowledge of how the various property-casualty insurance functions work together to create and deliver insurance products efficiently.” The bulk of this course will pursue that goal. In addition, class time will be given to orient students regarding financial and legal matters not touched upon in the text directly, as well as a mention of insurance operations that are particular to the life and health insurance sectors.

**The CPCU Program and the Institutes**

The CPCU designation is the most widely recognized professional designation for property-casualty underwriting and marketing professionals. Achieving that designation requires the completion of eight academic courses and a brief ethics module. The university offers two courses that can count toward the CPCU: FINA 443 and this course.

The Institutes provide several key resources. <https://www.theinstitutes.org/guide/college>, under its Student Resources Tab, has a “Purchase Course Materials” button where you can purchase the course text. Please note that they are about to release the third edition of this text, but have not yet. So, now may be an appropriate time to look for a used text from other sources.

Further down in the page linked above, the “Find Funding” button provides opportunities for scholarships. For example, the President’s Scholarship saves its recipients pursuing the CPCU an average of four thousand dollars. Students are encouraged to consider the opportunities listed. At the bottom of the page is a button labeled “Apply for CPCU Waiver.” Students who earn a B or better in this course may follow that process to exempt the CPCU 520 course.

**Learning Objectives**

The course’s objective is to give the student a detailed understanding of the operations of insurance companies by examining the operations of their functional areas and analyzing how those areas interact and depend upon one another.

## Learning Outcomes

By the end of this course, students will:

- understand the purpose and observed behavior of both formal and informal insurance regulators.
- understand the unique nature of insurance marketing and distribution, including an understanding of the role of producers and the American Agency System.
- identify key purposes of underwriting, describe underwriting activities to accomplish those purposes, describe constraints that limit those activities, and apply measures of underwriting results.
- understand the purpose of the claim function, together with processes used by claim real professionals
- attain a familiarity with key concepts in ratemaking and reserving
- attain a familiarity with key concepts in reinsurance
- understand how each of the functional areas above interact with each other, as well as other areas such as loss control, premium audit, IT, and regulatory compliance.

## Course Grading Requirements

The final course grade will be based upon four components, consisting of three exams and Tophat output, with the cumulative final exam having twice the value of each of the other components.

1 <sup>st</sup> midterm exam	20%
2 <sup>nd</sup> midterm exam	20%
Final exam ( <u>Saturday, December 15, at 4:00 pm in GAMBRL 250</u> )	40%
Tophat	<u>20%</u>
Total	100%

The dates of the midterms are subject to change depending on the material we get through up to their anticipated dates. However, they will likely be held on or about October 3 and November 12, respectively.

## Grade Scale

Many of this course's exam questions will come from those generated by the Institutes for their CPCU 520 designation program. Earning a B in this course or a 70% on their exam has the same effect: credit for the CPCU 520 course. Those facts, combined with experience with prior courses justify a deviation from the university's standard grading scale. Consequently, the following grading scale will apply in this course:

80-100	A
77-79	B+
70-76	B
67-69	C+
60-66	C
50-59	D
< 50	F

## Examinations

There will be three examinations. The first two will cover approximately 40% of the material. The final will cover the remaining 20% of the material, but will be cumulative, testing your retention of the entire course.

Exams will be based on both text and lecture material. All assigned readings are fully testable, whether they are covered in class or not. The weighting of exams will be 50% from the readings and 50% from lecture, with the portion of the lecture time spent covering the book effectively augmenting the exam proportion covering the text.

\*\*\*\* Please note: The final exam will not be administered at the normal time for this time slot. We have a common time for this section and another. Students with any conflict with the common exam time must contact the instructor about that conflict as soon as possible. The date, time and location of the final exam are:

Saturday, December 15, at 4:00 pm in GAMBRL 250

There are known schedule conflicts with the following sections that have common exam times at the same time. Students in these courses (and any other with a conflicting common exam time) should inform the instructor:

FINA 442 (2 sections)	Bob Hartwig
FINA 365 (4 sections)	Sergey Tsyplakov

All students (other than those who utilize the testing center) should take all exams at their scheduled times. If an unavoidable circumstance prevents that outcome, the student must inform the instructor with as much lead time as possible, but in all cases prior to the original exam time. The instructor will try to find a time that works for all such students, but makes no guarantees that an alternate time will be offered, particularly if the student fails to provide sufficient lead time or there is not abundant good reason for having missed the regularly scheduled time. Please inform the instructor of any potential conflicts around October 3 and November 12 as soon as possible after receiving this syllabus.

Students who utilize the Student Disability Resource Center Test Proctoring should conform strictly to their guidelines so as not to abuse that resource. Those guidelines include seven weekdays of prior notice to the center. The instructor should be informed with the same seven-day notice. Any student with a documented disability should contact the Student Disability Resource Center at 777-6142 to make arrangements for appropriate accommodations.

### **Tophat**

Tophat will generate a grade for each student for every class day of the course that is not a midterm. That Tophat grade will be based in part on questions from the readings, in part based on questions from the lecture itself and in part based on attendance responses before and after class.

The questions will be designed to accomplish several goals:

- Hold students responsible for having read and understood assigned readings prior to class.
- Hold students responsible for paying attention during class.
- Determine where there is confusion on specific topics so that they receive more attention in lecture.
- Determine where there is clear understanding on specific topics so that we do not linger on those.
- Give the students a feel for the type and style of questions they may see on upcoming exams.

The Tophat software takes attendance by having the students enter a code displayed in the classroom on their portable electronic devices. This procedure saves class time over taking role and holds students accountable for arriving on time and not leaving early. Entering the code for another student or texting the code to a student outside the classroom is a violation of the honor code and will be treated as such.

In every work environment, there are expectations regarding timeliness. Some environments differ and can be subject to subtleties while others have clear rules. Either way, violating norms of timeliness is always unprofessional. This course will utilize the simplest possible approach to the subject: if you are not early, you are late. The software allows the instructor to disable the attendance function at any time. The instructor will endeavor to shut down the ability to log attendance at the time of class start each day. That start of class attendance response and a similar one after the end of the class period will be part of the daily grade.

Each day will be scored out of 100%. One fifth of the final grade will come from all such grades averaged together. For most students, the classes averaged will be all the class dates in the semester except the two midterms. Students who add the course late or have absences excused by the instructor will simply not have those days counted in the average and only the remaining days will be averaged. Unexcused absences will be counted as a zero for the day in the average and responses solicited during class cannot be made up.

Students will need to sign up for Tophat, entering a “join code” that applies to the appropriate section. Students should register as soon as practicable, but before the first class on 27 August. The instructor will help students who add the course late thereafter.

Students may be able to avoid specific one-off or infrequent scheduling conflicts by attending the other section. In order to do that and receive credit in the Tophat grade, the student will need to sign up as a student of the other section, using the other section's join code. Doing so involves no additional cost to the student, but the instructor will need to add the student to the other section in Tophat to do that. So, please inform the instructor by the previous class (for example, Monday's class if the student needs to switch on Wednesday) so that the software can be made ready ahead of time.

### **Excused absences**

Absences for the following reasons will be excused if the student sends the instructor an email to the effect at least seven days prior to the absence:

- job interview
- participation in an authorized university activity in which the student is representing the university
- required participation in military duties
- admission interviews for professional or graduate school
- religious holy day if listed on [www.interfaithcalendar.org](http://www.interfaithcalendar.org)

Absences for the following reasons will be excused if (1) the instructor is notified prior to class and (2) appropriate documentation is emailed within seven days afterward:

- student suffering severe or contagious illness (Don't come to class contagious! See a doctor!)
- participation in legal proceedings or administrative duties that require the student's presence
- death or major illness in the student's immediate family
- illness of a dependent family member
- cancelled or delayed flights back to Columbia

Absences and delays for the following reasons will not be excused as they should be planned for:

- car problems
- university shuttle delays
- train and other traffic delays
- participation in social, fraternal or club activities

The instructor may consider other absences and delays that do not involve these conditions as well as exceptional circumstances that make conformity to these norms impractical, but generally these are the norms that will be adhered to. Absences that are not excused will result in a zero for the Tophat daily grade for that day.

### **Student Responsibilities**

Students are expected to conform strictly to both the Darla Moore School of Business Code of Student Conduct for Undergraduate Students and the University of South Carolina Honor Code. A copy of the code of conduct can be found here: [http://sc.edu/study/colleges\\_schools/moore/internal/rights\\_and\\_responsibilities/code\\_conduct.php](http://sc.edu/study/colleges_schools/moore/internal/rights_and_responsibilities/code_conduct.php).

The instructor takes the honor code very seriously and will report any suspected violation to the Office of Academic Integrity. Please see <https://www.sa.sc.edu/academicintegrity/honor-code-policy-information/>.