

**University of Houston
College of Business Administration
Department of Finance**

COURSE OUTLINE

Spring 2005

Finance 4397 "Insurance Operations, Regulation, and Statutory Accounting"

Section 00501 1:00 – 2:30 P.M. T/TH 140 MH

Mr. Dan C. Jones, 240D MH

Home Tel: 281-444-8142

Office Tel: 713-743-4773

E-mail: djones@uh.edu

Website: <http://www.bauer.uh.edu/djones>

Office Hours: 12:00 noon – 1:00 p.m. Tuesday and Thursday
and by appointment

Required Text: Insurance Operations, Regulation, and Statutory
Accounting
Myhr-Markham
ISBN#: 0-89463-161-6

Prerequisites: Junior or Senior standing, FINA 3332 and DISC 3331

**Course
Requirements:**

1. Attendance, homework, and class participation will be weighted determining 10% of the grade.
2. Tests and Term Paper – 60%
3. Final Examination – 30% (Note: final examinations may be less than three hours)
4. Term paper required.

To be entitled to make-up final examinations, a written excused absence from a doctor is required. Make up final exam will be more difficult and more extensive than the scheduled final exam.

Grading:	92-100 = A	80-81 = B-	60-69 = D
	90-91 = A-	77-79 = C+	
	87-89 = B+	72-76 = C	
	82-86 = B	70-71 = C-	

Final Exam: Thursday May 12, 2005 2:00 – 5:00 PM

Cellular Telephones

Any audible ringer must be turned off and no calls answered while class is in session. Answering a call in class will result in a grade of W for this course. Exceptions of this rule apply in certain circumstances of urgent importance.

Academic Dishonesty

All students are required to comply with the University of Houston policies covering academic honesty, as listed in the student handbook. Any student caught in violation of these policies will likely be assigned a grade of "F" for this course. Please note the following:

1. It is also a violation to knowingly provide information to other students during exams. This includes knowingly placing your exam in a location where the adjacent student can read answers.
2. Passing a calculator (or anything else) to another student during an exam may be considered an act of cheating. No communication of any kind will be allowed between any two students during an exam.
3. During an exam, any student caught looking at another student's exam will be considered as cheating.

Guest Speaker

Attendance is mandatory. Failure to attend results in a full letter grade reduction in next test.

NOTE: The date for guest speaker is subject to change. You will be notified of any.

Power Point

Notes are posted on website.

Insurance Operations, Regulation, and Statutory Accounting
FINANCE 4397
Spring 2005

Date	Subject	Chapter
Jan 18	Overview of Insurance Operation	1
20	Overview of Insurance Operation	1 (cont)
25	Insurance Regulation	2
27	Insurance Regulation	2 (cont)
Feb 01	Insurance Marketing	3
03	Rate Making	7
08	Rate Making	7 (cont)
10	Test I	
15	Spring Holiday	
17	Spring Holiday	
22	Underwriting	4
24	Property Underwriting	5
Mar 01	Property Underwriting	5 (cont)
03	Liability Underwriting	6
08	Liability Underwriting	6 (cont)
10	The Claim Function	8
15	Guest Speaker	
17	Liability Claim Adjusting	10
22	Liability Claim Adjusting	10 (cont)
24	Test II	
29	Reinsurance	11
31	Reinsurance	11 (cont)
Apr 05	Reinsurance	11 (cont)
07	Insurance Financial Statements	12
12	Interpreting Insurance Financial Statements	13
14	Interpreting Insurance Financial Statements	13 (cont)
19	Insurance Financial Management	14
21	Insurance Financial Management	14 (cont)
26	Insurance Strategic Management	15
28	Insurance Strategic Management	15 (cont)

Final Exam: Friday Dec. 10, 2004 11:00am – 2:00pm

**Insurance Operations, Regulation, and Statutory Accounting
Finance 4397
Spring 2005
Key Words**

- Chapter 1 – Insurance, Proprietary Insurance, Cooperative Insurance
- Chapter 2 – Domestic Insurance (2.21), Underwriting Cycle (2.30),
Open Competition (2.32)
- Chapter 3 – Mandatory System (3.3), Independent Agency (3.7),
Direct Writer (3.13)
- Chapter 4 – Underwriting (4.3), Moral Hazard (4.5),
Retrospective Rating (4.12)
- Chapter 5 – Amount Subject (5.26), Low Control (5.54),
Probable Maximum Loss (5.26)
- Chapter 6 – Tort (6.4), Strict Liability (6.5),
Hold Harmless Agreement (6.12)
- Chapter 7 – Pure Premium (7.6), Profit and Contingencies (7.6),
Expense Provision (7.6)
- Chapter 8 – Legal Liability (8.21), Special Damages (8.23),
General Damages (8.23)
- Chapter 9 – Replacement Cost (9.15), Actual Cash Value (9.17),
Proof of Loss (9.23)
- Chapter 10 – Proximate Cause (10.11), Rab – faith Claim (10.21),
Warranty (10.40)
- Chapter 11 – Reinsurance (11.3), Primary Insurer (11.3),
Surplus Relief (11.9)
- Chapter 12 – Statutory Accounting Principles (12.6),
Policy Holders' Surplus (12.9),
Unearned Premium Reserve (12.10)
- Chapter 13 – Operating Ratio (13.7), Net Premiums Written to
Policy Holders Surplus (13.15)
- Chapter 14 – Cash Matching (14.10), Risk Based Capital (14.22)
- Chapter 15 – Fair Forces Model (15.7), SWOT Analysis (15.11)