



## COURSE SYLLABUS

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**YEAR COURSE OFFERED: 2014**

**SEMESTER COURSE OFFERED: Fall**

**DEPARTMENT: Finance**

**COURSE NUMBER: 4359-05      Section 25368**

**NAME OF COURSE: Selected Topics in Finance (Risk Financing)**

**NAME OF INSTRUCTOR: Mack Rogers Jr.**

**Contact Information: All contact with Professor Rogers must be through Blackboard Message. For emergency use only, Cell 713-240-1014**

**Office Hours: 1:30 pm - 3:30 pm Mondays. Room 302Q UCBB**

**LOCATION: Classroom TBA Melcher Hall**

**Class DAYS/TIME: Tue. and Thur. 2:30 – 4:00 pm**

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**The information contained in this class syllabus will not substantially change once the semester has begun. However, corrections may be made regarding clerical error, incorrect data and/or additional language to clarify the meaning of the original document. All such revisions will be accompanied by an announcement in Blackboard Learn with immediate e-mail notice to the student.**

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**Learning Objectives**

This course provides a comprehensive overview of the techniques that risk management professionals use to finance or pay for, the negative consequences of risk events. The techniques usually incorporate a blend of risk retention and risk transfer.

The first part of the course provides a broad overview of risk financing by explaining how it is one of many risk treatment techniques. It also explains how risk financing alternatives should be examined in light of all of an organizations risks, including both pure and speculative risks. Techniques for estimating losses arising from hazard (insurable) risk are examined in detail.

The middle part of the course concentrates on alternative risk financing techniques for hazard risk, including insurance, self-insurance, retrospective rating, reinsurance, captives and contractual risk transfer. The mechanics, advantages and disadvantages of each technique are discussed in detail.

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The last part of the course covers financial risk and capital markets. Various methods of transferring financial risk and hazard risk to the financial markets are discussed.

The course concludes with a discussion of how to allocate the cost of hazard risk associated to various divisions within an organization.

This course is highly interactive. Students must come to class prepared to discuss “real world” application of the principles and techniques contained in the text.

At the end of the course, students will participate in a group exercise which is designed to replicate the risk financing decisions and situations facing a modern day risk manager to a mid-size oil & gas exploration company.

### **Grading Scheme**

1. Two major exams will determine 60% of grade
2. Final exam will determine 15% of grade
3. Daily Work will determine 10% of grade (class participation, daily quizzes, and homework assignments)
4. Group Presentation will determine 15% of grade
5. Term paper is optional for extra credit added to final average. Paper must be a minimum of 8 pages, original work not submitted in any other course, (double spaced) excluding cover and bibliography. Topic, to be selected by the student, must be approved by the Professor before April 7<sup>th</sup> and a rough outline of paper approved by April 14<sup>th</sup>. Paper is due April 29<sup>th</sup>. Late papers will not be accepted.

A = +5      B = +3      C = +1      D = +0

Note: Do not attempt to use the “total points accumulated” indicator in Blackboard Learn to calculate your course standing. Instead, use the percentages shown above.

**Textbook:** This is a required text. (Having the text is absolutely essential to success in the course)

Risk Financing (6<sup>th</sup> edition, 1<sup>st</sup> printing)  
Edited by Michael W Elliott, CPCU, AIAF, MBA  
The Institutes  
ISBN 978-0-89463-620-2

### **Recommended Reading**

Business Insurance Magazine [www.businessinsurance.com](http://www.businessinsurance.com) and Risk Management Magazine (both periodicals are available electronically by using the “Library Connection” link in Blackboard Learn for this course.

Prerequisites Junior or Senior standing

Attendance and

Participation: Attendance and in-person class participation are essential. Active class participation will increase your learning experience and will benefit others.



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Additionally, the explanations and illustrations offered in class are vital to successful performance on the major exams and equivalent understanding cannot be achieved by simply “reading the book”.

You are expected to come to class, on time, prepared to participate. This means that you have completed the assigned readings before class, plan to contribute, and will share your ideas when appropriate. Do your best!

**Attendance Policy:** Students will be allowed to miss two regularly scheduled class periods without penalty. Beyond that, deductions will be made from the final course grade on the basis of 2 points for an unexcused absence and 1 point for being late as follows:

1. **Sign In:** Beginning with the third class meeting, students will sign in prior to the start of each class. The sign in sheet will be removed prior to class beginning. Students arriving after the sign in sheets have been picked up will be considered “absent” and a deduction of 2 points will be awarded. If the student wishes to have that deduction reduced to 1 point (for being late as opposed to really being absent) then a personal visit with the Professor is required within 24 hours.
2. A complete record of all late and absent point assessments will appear in Blackboard. Prior to calculating the final course grade the total points displayed in this column will be reduced by 4 (allowing for the 2 “free” absences”) and the remaining points will be deducted from the student’s final course grade.

Homework will be assigned prior to each lecture. These assignments must be completed and submitted using **Blackboard Learn** prior to the stated expiration date. Late homework submissions will not be accepted. To be entitled to make up examinations or daily work, a written request must be submitted to the instructor. The request will state the reason for the absence and provide the name and contact information of at least one individual who can verify the circumstances. For absence due to medical reasons, a note from the attending physician is recommended. Permission to make up an examination will be granted only if the circumstances involved constitute an “excused absence”. In fairness, makeup exams will be more difficult and more extensive than the regularly scheduled exams.

The “Daily Participation Grade” ( 10% of course grade )will be based on the Homework assignments with 100 points possible for each assignment. The lowest Homework grade will be dropped prior to calculation of the “daily average”.

<b>Grading Scale:</b>	93-100 = A	80-82 = B-	60-69 = D
	90-92 = A-	77-79 = C+	
	87-89 = B+	73-76 = C	
	83-86 = B	70-72 = C-	



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Note: Request to enter the designation for “Incomplete” after the drop course without grade deadline must be in writing and will not be honored without the presence of very unusual circumstances accompanied by a written recommendation from your curriculum advisor.

Self Quizzes: Some modules have “self quizzes” associated with them. These are designed to give the student a sense of progress in the course material but the numerical score does not count toward the course average. Blackboard Learn grades the quizzes to let the student understand what they got right and what they got wrong but these grades are ignored in calculating the course average.

**Blackboard:** The University of Houston’s Blackboard system will be an important communication link for students in this class. Announcements are posted and reflect schedule changes, articles and other resources needed to fully understand the topics discussed. Please review carefully the guidelines I have prepared called “Navigating Blackboard Learn”, found under the “Course Information” section.

To access Blackboard for this class, you will need your Cougar Net ID to login. Make sure your Cougar Net account is active and that you are able to log in with it. To test, you can log in at <https://accessuh.uh.edu/login.php>. If you need to reset your password you can do so online at [http://www.uh.edu/infotech/php/template.php?account\\_id=57](http://www.uh.edu/infotech/php/template.php?account_id=57).

If your account has become inactive due to non-use, you can activate it by calling 713-743-1411. If you have questions about Blackboard Learn or need technical assistance, you can click on the “get help” link on the Blackboard website, or call the help-line at 713-743-1411 (M-F 8am-8pm).

*Style Guide:* Please prepare all writing assignment in a word processing program. Before posting to forums or other electronic mediums, prepare the draft with a word processing program (double spaced, 12 point font with one inch margins). All documents must comply with formatting in accordance with MLA or APA guidelines presented in the respective style guide. Feel free to use either style guide. It is good practice to stick to one guide through the semester.

**Academic Honesty:**

The University of Houston Academic Honesty Policy is strictly enforced by the C. T. Bauer College of Business. No violations of this policy, such as plagiarism or cheating, will be tolerated in this course. A discussion of the policy is included in the University of Houston Student Handbook, . Students are expected to be familiar with this policy. Students are expected to produce original work in the course. Previous course-work from other classes cannot be submitted for credit in

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this course for any class assignment or project. At the instructor's discretion, work will be submitted to Turn It In. Accommodations for

### Students with Disabilities:

The C. T. Bauer College of Business would like to help students who have disabilities achieve their highest potential. To this end, in order to receive academic accommodations, students must register with the Center for Students with Disabilities (CSD) (telephone 713-743-5400), and present approved accommodation documentation to their instructors in a timely manner.

### COURSE SCHEDULE

Date	Module	Subject	Ref
26 Aug	Intro	Crs. Overview & insurance markets	Syllabus
28 Aug	1	Intro to Risk Financing	Ch. 1
02 Sep	2	Estimating Hazard Risk	Ch.2
04 Sep	2 Cont.	"	Ch.2
09 Sep	3	Transferring Risk Using Insurance	Ch.3
11 Sep	3 Cont.	"	Ch. 3
16 Sep	4	Self-insurance Plans	Ch. 4
18 Sep	4 Cont.	"	Ch. 4
23 Sep	5	Retrospective Rating Plans	Ch. 5
25 Sep	5 Cont.	"	Ch. 5
30 Sep	6	Reinsurance	Ch. 6
2 Oct	6 Cont.	"	Ch.6
7 Oct	N/A	Review, Exam #1	Ch. 1-6
9 Oct	N/A	Exam #1	Ch.1-6
14 Oct	7	Captive Insurance	Ch.7
16 Oct	7 Cont.	"	Ch. 7
21 Oct	8	Contractual Risk Transfer	Ch. 8
23 Oct	8 Cont.	"	Ch. 8
28 Oct	9	Transferring Financial Risk	Ch.9
30 Oct	9 Cont.	"	Ch. 9
4 Nov	10	Using the Capital Markets	Ch. 10
6 Nov	10 Cont.	"	Ch. 10
11 Nov	11	Allocating the Cost of Risk	Ch. 11
13 Nov	11 Cont.	"	Ch. 11
18 Nov	N/A	Review Exam #2	Ch. 7-11
20 Nov	N/A	Exam #2	Ch. 7-11
25 Nov	N/A	Group Presentations Workshop	Ch. 6-12



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27 Nov	N/A	No Class – Thanksgiving Holiday	N/A
2 Dec	N/A	Group Presentations	Handouts
4 Dec	N/A	Group Pres. & Review for Final	Ch. 1-11
TBA	Ch. 1-11	Final Exam.	Ch. 1-11

ARCHIVE