

# Minnesota State University Moorhead

## **FINC 352: Principles of Insurance and Risk Management**

### **A. COURSE DESCRIPTION**

Credits: 3

Lecture Hours/Week: 3

Lab Hours/Week: 0

OJT Hours/Week: \*.\*

Prerequisites:

FINC 340 - Financial Management

Corequisites: None

MnTC Goals: None

This course provides a study of the basic concepts of business and personal risks from the standpoint of creation, identification, reduction, elimination, and evaluation of risks. The use of insurance in meeting problems of risk is also covered in this course.

**B. COURSE EFFECTIVE DATES:** 06/01/1995 - Present

### **C. OUTLINE OF MAJOR CONTENT AREAS**

1. Principles of risk and insurance
2. Analysis and evaluation of risk exposures
3. Health insurance and health care cost management (individual and group)
4. Disability income insurance (individual and group)
5. Long-term care insurance and long-term case planning (individual and group)
6. Qualified and Non-Qualified Annuities
7. Life insurance (individual and group)
8. Business owner insurance solutions
9. Insurance needs analysis
10. Insurance policy and company selection

## **D. LEARNING OUTCOMES (General)**

1. Explain the risk management process and provide examples of the four primary risk management techniques available to clients.
2. Describe how insurers use risk pooling to pay for losses incurred by policyholders.
3. Explain the factors that affect policyholder premiums and recommend appropriate methods for reducing household insurance costs.
4. Identify and measure liability, automobile, homeowners, flood, earthquake, health, disability, long-term care, and life risks.
5. Explain the maximum possible and maximum probable loss amount to a client.
6. Differentiate among the basic homeowner's insurance (HO) forms and features and explain how to evaluate and compare policies.
7. Explain the role of personal and business liability insurance in comprehensive financial planning and how personal umbrella liability policy (PUP) and business liability insurance interact with other property and liability insurance products.
8. Compare and contrast group and individual health insurance alternatives, including fee-for-service and managed care health plans.
9. Incorporate expected retiree health costs in a client's retirement plan, considering household financial resources and existing or future coverage under group insurance plans and Medicare.
10. Explain alternatives for acquiring health coverage, including COBRA and Medicaid.
11. Describe the differences between short-term and long-term disability plans and identify the policy provisions that should be included in privately purchased disability policies.
12. Create a plan for meeting individual disability income needs and calculate the tax implications of paying for and receiving disability benefits.
13. Identify activities of daily living that can trigger the need for long-term care.
14. Develop an appropriate long-term care insurance plan based on needs, financial resources, policy coverage, and cost.
15. Explain the characteristics of an annuity, including contribution and distribution options and differentiating between immediate and deferred annuities.
16. Compare and contrast annuities (fixed and variable) with other investment alternatives, including an analysis of costs, contract terms, and taxation.
17. Explain the underwriting factors commonly used in the life underwriting process.
18. Differentiate between term, whole life, variable, universal, and variable universal life (VUL) policies and select the most appropriate coverage to match a client's specific circumstances.
19. Calculate a client's insurance needs using alternative approaches, including capital needs, human life value, capital retention, income retention, and income multiplier methods.
20. Recommend whether a policy should be replaced based on quantitative and qualitative factors.
21. Recognize the complications of closely owned and/or family-owned businesses.
22. Distinguish the difference between the three types of buy/sell agreements and their appropriate uses.
23. Explain the potential financial risk to the company due to the loss of a key employee.
24. Perform an insurance needs analysis for a client, including disability, life, health, long-term care, property, and liability.
25. Define and communicate key insurance policy terms, coverage, conditions, and exclusions.
26. Recommend appropriate insurance products, given a client's stage in the life cycle, family circumstances, and needs.

## **E. Minnesota Transfer Curriculum Goal Area(s) and Competencies**

None

**F. LEARNER OUTCOMES ASSESSMENT**

As noted on course syllabus

**G. SPECIAL INFORMATION**

None noted