Description: Insurance Markets and Products

<table>
<thead>
<tr>
<th>Subject</th>
<th>Cat-nbr</th>
<th>Class</th>
<th>Term</th>
<th>Mode</th>
<th>Units</th>
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<td>FIN</td>
<td>5416</td>
<td>34219</td>
<td>2, 2004</td>
<td>EXT</td>
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Academic group: FOBUS
Academic org: FOB009
Student contribution band: 2
ASCED code: 081103

STAFFING
Examiner: John Teale
Moderator: Martin Hovey

RATIONALE
With the ageing of the Australian population and the seemingly unending demands being placed on public resources, individuals are now being encouraged to become more responsible for their own financial security, particularly in retirement. Accordingly, it is important that those who advise their clients are familiar with and understand the key components of the financial planning process. An important element of which is personal risk management, as all individuals should be concerned about protecting themselves and their assets from an appropriate measure of avoidable risk. One way of doing this is by transferring risk by way of an insurance policy or contract. However, what is not immediately apparent is how much risk should be transferred. The degree to which risk is transferred will be an integral part of their personal financial plan to be determined by the individual risk profile and stage of the accumulation process.

SYNOPSIS
This course has been written from a financial planning perspective but can be taken by those with a general interest in risk management or by those specifically interested in the insurance aspects of financial planning. It does not contain any actuarial studies content. The general nature of risk and its management is explored, of which insurance is but one aspect. The economic output of insurance entities is discussed with reference to the life and general insurance industries, whose market structure is important from a pricing, conduct and performance perspective. The public face of insurance is its products, and most life, general, health and mandated policies are investigated with particular emphasis on legal and taxation aspects, as applicable to consumers and small business. The role and professional advice methodology of the insurance advisor is explored. Finally, regulation
and compliance within the financial services sector in general and the insurance industry in particular is examined in some detail.

**OBJECTIVES**

On successful completion of this course students will be able to:

1. appreciate the legal framework with which the insurance sector operates;
2. understand the functions and role of the relevant regulators;
3. discuss the overall thrust of the General Insurance Code of Practice and the relevant sections of the Corporations Act 2001 as they apply to the insurance industry;
4. examine the structure, conduct and performance of Australian Insurance markets;
5. incorporate the various risk concepts, classifications, rules, methods of handling risk into the overall risk management process;
6. complete an appropriate fact find, prepare a needs analysis and give your resulting recommendations;
7. discuss the roles of participants within, and operation of, the Australian insurance markets; understand the role of insurance brokers and agents, their remuneration and their responsibilities regarding disclosure and compliance;
8. appreciate the different types of both general, life and other insurance products; discuss specific policy wordings, special meanings and the cost/benefit of particular products;
9. understand specific issues regarding rating, setting premiums and product development; and
10. appreciate the claims process and taxation issues which may arise.

**TOPICS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Weighting (%)</th>
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<tbody>
<tr>
<td>1. The nature of risk and its management</td>
<td>10.00</td>
</tr>
<tr>
<td>2. Life insurance market structure</td>
<td>7.50</td>
</tr>
<tr>
<td>3. General insurance market structure</td>
<td>7.50</td>
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<tr>
<td>4. Policy law and documentation</td>
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<td>5. Needs analysis and recommendations</td>
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<tr>
<td>6. Life insurance</td>
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<tr>
<td>7. General insurance</td>
<td>10.00</td>
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<tr>
<td>8. Health and mandated insurance</td>
<td>5.00</td>
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<tr>
<td>9. Taxation of insurance companies and products</td>
<td>5.00</td>
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<tr>
<td>10. Regulation and compliance</td>
<td>15.00</td>
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TEXT and MATERIALS required to be PURCHASED or ACCESSED:

ALL textbooks and materials are available for purchase from USQ BOOKSHOP (unless otherwise stated). Orders may be placed via secure internet, free fax 1800642453, phone 07 46312742 (within Australia), or mail. Overseas students should fax +61 7 46311743, or phone +61 7 46312742. For costs, further details, and internet ordering, use the 'Textbook Search' facility at http://bookshop.usq.edu.au click 'Semester', then enter your 'Course Code' (no spaces).


(The Marks & Balla textbook is currently out of print but a transcript of relevant chapters is available for sale at the USQ Bookshop.)


REFERENCE MATERIALS:

Reference materials are materials that, if accessed by students, may improve their knowledge and understanding of the material in the course and enrich their learning experience.

Students are assumed to follow current insurance issues contained in contemporary sources (ie newspaper and other media) throughout the semester.

STUDENT WORKLOAD REQUIREMENTS:

<table>
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<tr>
<th>ACTIVITY</th>
<th>HOURS</th>
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<tr>
<td>Assessment</td>
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<tr>
<td>Directed Study</td>
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<td>Private Study</td>
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ASSESSMENT DETAILS

<table>
<thead>
<tr>
<th>Description</th>
<th>Marks out of</th>
<th>Wtg(%)</th>
<th>Due date</th>
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<tr>
<td>ASSIGNMENT</td>
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<td>3 HOUR EXAMINATION</td>
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<td>80.00</td>
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</table>

(see note 1)

NOTES:

1. The examination is scheduled to be held in the end-of-semester examination period. Students will be advised of the official examination date after the timetable has been finalised.
IMPORTANT ASSESSMENT INFORMATION

1 Attendance requirements:
   If you are an international student in Australia you are advised to attend all classes at your campus. Failure to attend may infringe the conditions of your student visa. For all other students, there are no attendance requirements for this course. However, it is the students' responsibility to study all material provided to them or required to be accessed by them to maximise their chance of meeting the objectives of the course and to be informed of course-related activities and administration.

2 Requirements for students to complete each assessment item satisfactorily:
   To complete each of the assignments satisfactorily, students must attempt all questions. To complete the examination satisfactorily, students must obtain at least 50% of the marks available for the examination.

3 Penalties for late submission of required work:
   If students submit assignments after the due date without prior approval by the Examiner, a penalty of 20% of the total marks gained by the student for the assignment will apply for each working day late.

4 Requirements for student to be awarded a passing grade in the course:
   To be assured of receiving a passing grade a student must submit all of the summative assessment items, achieve at least 50% in the examination and at least 50% of the available weighted marks for the summative assessment items.

5 Method used to combine assessment results to attain final grade:
   The final grades for students will be assigned on the basis of the weighted aggregate of the marks obtained for each of the summative assessment items in the course.

6 Examination information:
   This is a restricted examination. Candidates are allowed access to specific materials during the examination. The only materials that candidates may use in the restricted examination for this course are: writing materials (non-electronic and free from material which could give the student an unfair advantage in the examination); calculators which cannot hold textual information (students must indicate on their examination paper the make and model of any calculator(s) they use during the examination). Students are not permitted to take mobile telephones, pagers or other electronic means of communication into the examination room.

7 Examination period when Deferred/Supplementary examinations will be held:
   Any Deferred or Supplementary examinations for this course will be held during the next examination period.

8 University Regulations:
   Students should read USQ Regulations 5.1 Definitions, 5.6. Assessment, and 5.10 Academic Misconduct for further information and to avoid actions which might contravene University Regulations. These regulations can be found at the URL http://www.usq.edu.au/corporateservices/calendar/part5.htm. Students should also read the Faculty of Business Guide to Policies and Procedures of the Faculty which can be found at the URL http://www.usq.edu.au/handbook/current/buspolproc.html.
ASSESSMENT NOTES

1 Assignments: (i) The due date for an assignment is the date by which a student must despatch the assignment to the USQ. The onus is on the student to provide proof of the despatch date, if requested by the Examiner. (ii) Students must retain a copy of each item submitted for assessment. This must be produced within five days if required by the Examiner. (iii) The Examiner may grant an extension of the due date of an assignment in extenuating circumstances. All applications for extensions must be accompanied by supporting documentation. In all circumstances no assignments will be accepted two calendar weeks after the due date. The Examiner shall consider the statement accompanying a late assignment and decide on the outcome. (iv) The Examiner will not accept submission of assignments by facsimile. (v) Assignments are to be submitted in the appropriate assignment folders.

2 Course Weightings: Course weightings of topics should not be interpreted as applying to the number of marks allocated to questions testing those topics in an examination paper. The examination may test material already tested in assignments.

OTHER REQUIREMENTS

1 E-mail and Internet Access: Students will require access to e-mail and Internet access to USQConnect for this course.