

The Chinese University of Hong Kong
FINA3240-A CORPORATE PROPERTY AND LIABILITY INSURANCE
FALL, 2016

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CLASS MEETINGS: **H03~04 (10:30am~12:15pm), CYT 201**
F02~03 (9:30am~11:15am), AIT G03
COURSE WEBSITE: <http://www.cuhk.edu.hk/fin/staff/jveh/fin3240.htm>
OFFICE HOURS: by appointment

REQUIRED READINGS:

***Introduction to Ratemaking and Loss Reserving for Property and Casualty Insurance*, by Robert L. Brown and Leon R. Gottlieb, Fourth Edition, ACTEX.**

(As an alternative option, the following three readings can be used and are downloadable from the Casualty Actuarial Society Web site: <http://www.casact.org/admissions/syllabus/index.cfm?fa=5web> and <http://www.casact.org/admissions/syllabus/index.cfm?fa=6web>)

- McClenahan, C.L., "[Ratemaking](#)," *Foundations of Casualty Actuarial Science* (Fourth Edition), Casualty Actuarial Society, Chapter 3, pp. 75-148, including errata.
- Sherwood, M.T., "[Individual Risk Rating](#)," *Foundations of Casualty Actuarial Science* (Fourth Edition), Casualty Actuarial Society, Chapter 4, pp. 149-195.
- Wisner, R.F.; Cockley, J.E; and Gardner A., "[Loss Reserving](#)," *Foundations of Casualty Actuarial Science* (Fourth Edition), Casualty Actuarial Society, Chapter 5, pp. 197-285.

***Principles of Risk Management and Insurance*, by George E. Redja, 12th Edition, Pearson Education, 2014. (Chapter 25 and 26).**

SUPPLEMENTARY READINGS:

CPCU Handbook of Insurance Policies, by AICPCU, 10th Edition.

Commercial Property Insurance and Risk Management, by Trupin and Flitner, 8th Edition, AICPCU

Commercial Liability, Risk Management and Insurance, by Malecki and Flitner, 7th Edition, AICPCU

LEARNING OBJECTIVES:

The course consists of two parts: (i) Introduction to P&L Insurance and (ii) Introduction to P&L insurance Ratemaking and Loss Reserving. After completing the course, students are expected to be able to: (1) explain the basic purpose of structure of P&L insurance contract, including coverages, exclusions, limits, and deductibles; (2) identify whether a loss is covered, under which policy/coverage it is covered, the amount of loss, and what portion of the loss is covered; and (3) understand general principles of ratemaking and loss reserving, so that they can analyze data, select an appropriate technique, and develop a solution to a numeric problem.

IMPORTANT DATES AND GRADING:

Item	Date	% Grade
Assignments & Participation		10 & 10
Test #1	TBD	20
Test #2	TBD	30
CUHK hypothetical claim presentation	Nov. 25, Dec. 1, 2	30

CUHK HYPOTHETICAL INSURANCE CLAIM PRESENTATION:

Randomly chosen by lucky draw, each student will be required to examine one of the CUHK's insurance policies that are available on-line at <http://www.cuhk.edu.hk/bus/>. Because the number of registered students is more than the number of policies, some of you may have to work with one classmate to do this assignment. You will need to make a hypothetical case in which the policy you study will apply. In the presentation no longer than 15 minutes, you need to state what happens, identify whether the loss is covered, under which policy/coverage it is covered, the amount of loss, and what portion of the loss is covered. As a single accident may involve several insurance claims covered under different policies, students can work together using the same hypothetical case, but present claims under the individual policy separately.

CLASS SCHEDULE:

Week	Reference and Topic	Topic Items
#1 ~ #2	Chapter 1 – Why Insurance?	The whole chapter
#2 ~ #3	Chapter 2 – P&L Coverages	The whole chapter
#4	October 1 Public Holiday	
#5 ~ #6	Rejda, Chapter 25 – Commercial Property Insurance	The whole chapter
#6 ~ #7	Rejda, Chapter 26 – Commercial Liability Insurance	The whole chapter
#8	Guest Talk:	
#8 ~ #9	Chapter 3 – Ratemaking	The whole chapter
#10 ~ #11	Chapter 4 – Loss Reserving	The whole chapter
#11	Chapter 5 – Intermediate Topics	The whole chapter
#12 ~ #13	CUHK hypothetical insurance claim presentation	

EXAMINATIONS:

One take-home and one in-class test will be given. The tests are not cumulative. The covered topics will be announced about one week before the examination. The in-class examination will be closed book, closed notes, with the exception that you are allowed two A4 sheets (both sides) of notes. The exact topics/chapters to be covered will be announced a week before.

ACADEMIC HONESTY:

Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details can be found at <http://www.cuhk.edu.hk/policy/academichonesty/>. With each assignment, you are required to submit a statement (<http://www.cuhk.edu.hk/policy/academichonesty/p10.htm>) that you are aware of these policies, regulations, guidelines and procedures.