

Course Title	:	Life and Health Insurance
Course Code	:	RIM3350
Recommended Study Year	:	3
No. of Credits/Term	:	3
Mode of Tuition	:	Sectional Approach
Class Contact Hours	:	3 hours per week
Category in Major Programme	:	Required course – BBA (Hons) Risk and Insurance Management Programme
Prerequisite	:	RIM2201 Principle of Insurance

Brief Course Description

This course aims to provide students with basic knowledge in life, health, and pension insurance both in commercial and social aspects. Topics include: life insurance needs analysis, economics of life and health insurance, actuarial view of life and health insurance, nature of life, health, and pension insurance, types of life insurance policies, policy and ownership analysis, life and health insurance contract analysis, organization of commercial and social insurance framework, laws and regulations of life, health, and pension insurance, Hong Kong MPF and Health care system, etc.

Aims

To provide basic and intermediate knowledge about various life and health products, the life and health insurance industry, and life and health insurance company operation.

Learning Outcomes (LOs)

On completion of this course, students are expected to:

1. understand of the economic needs for life and health insurance and how different life and health insurance products are designed to satisfy these needs.
2. understand the legal and financial implications of some of the important provisions and clauses stated in generic life and health insurance contracts, appreciate life insurance and annuities as financial devices for estate and retirement planning,
3. understand the organizations and marketing strategies of life and health insurers,

4. be able to make simple comparisons on the various life and/or health insurance products offered by insurance companies,
5. be able to compare life and/or health insurance companies in terms of their product development, marketing, and other strategies.

Indicative Contents

Nature of Life and Health Insurance

Nature of perils. Need for scientific accumulation of funds. Methods of providing life and health insurance protection. Economic view of life insurance. Bequeathable assets and non-bequeathable assets. Actuarial view of life insurance. Overview of the current healthcare market in Hong Kong.

Uses of Life and Health Insurance

Economics of life insurance. Personal and family uses of life and health insurance. Capitalization and indemnification. Needs analysis and programming approach. Insurance planning. Life insurance needs calculation and calculators.

Business uses: Key person indemnification. Enhancement of credit. Business continuation. Financing agreements.

Life Insurance

Term insurance. Whole life policies. Endowment policies. Investment-linked products. Other permanent life policies. Life annuities. Simple life insurance and life annuity mathematics and principles relating to product design.

Analysis of Life Insurance Contracts

Fundamental legal concepts in life and health insurance. Elements of a life insurance contract. Incontestability. Beneficiary clauses. Dividend options. Settlement options. Creditor rights and assignments. Life insurance exclusions. Policy loan, reinstatement, and other general provisions.

Individual Health Insurance Contracts

Medical expense insurance. Disability income policies. Disability riders. Renewal provisions. Insuring clause and consideration clause. Medical, hospital, surgical and other benefit provisions. Accidental death and dismemberment benefits. Deductibles and limits in health insurance. Basic plan and supplemental major Overview of the Medicare system in the U.S.

Selection, Classification and Rating of Health Insurance

Factors affecting the health risk. Relationship of insurance to loss. Sources of information regarding risks. Treatment of substandard risks. The four methods of rating.

Organization and Management of Life and Health Insurance Companies

Types of life insurers and life insurance organizations. Marketing strategies of life and health insurers. Blue Cross Blue Shield, HMO, PPO, and other health insurance providers in the world. Managed Care.

Teaching Method/Class Activities

Class activities include lectures, in-class short quizzes for refreshing lecture contents, Q & A and short discussion sessions on material taught, in-class internet assess to important insurance-related websites (such as www.riskylife.com (life insurance needs and insurance calculator), www.speedinsure.com (sample life insurance contracts and term life insurance quotation), www.oci.gov.hk (facts and new development in the life and health insurance industry in Hong Kong)), open discussion on current global and local news, issues, and development related to the life and health insurance industry. Class participation and the answering of questions raised in class are highly encouraged.

Guidelines for Term Project

1. Students are required to form teams (each with three students). Find two life or health insurance companies with similar size and background.
2. Obtain information related to the companies from their websites. Also, obtain information from other sources such as newspaper, magazines, library, etc.
3. Visit the two companies and obtain financial statements, brochures, information on their products, and other relevant information. Another source for financial statements is the company registration office.
4. Compare the two companies in terms of their:
 - (a) similarities and differences in lines of business and products (choose two very similar products, one from each company and compare them)
 - (b) the companies' history and past development
 - (c) company profiles, such as number of employees, market capitalization, location, geographic/international scope, nature of the company (mutual or stock company?), etc. You should also try your best to get the financial information of the companies (income statement, balance sheet, etc) and compare the two companies in terms of % of premium from each line of business, profitability, growth rate, premium written, etc.
 - (d) business strategies, future plans, new products, investment and marketing strategies, other business activities besides insurance, changes in corporate structure, recent mergers and acquisitions, major product innovation, etc.

5. Write up your report in about 10 pages. Quote any references and sources where you obtain your information.
6. Assessment is based on the ability to identify new changes, differences and similarities between the companies, the structure of comparison, the application of materials learned in class to the analysis, and the completeness, the logic, and the style of presentation.

Measurement of Learning Outcomes

1. In-class quizzes and/or mid-term examination will be used to constantly test whether the materials taught in lectures are fully understood by students. Answers to the quizzes and mid-term examination will be delivered to students in a timely fashion to make sure that they learn from their mistakes. The final examination is cumulative and covers all the materials taught during the entire term. It may include multiple choice questions that allow a broad coverage of the materials taught in class and comprehensive questions, possibly conceptual or in case format, that test how much of the materials taught are learned and appreciated by students. (LO1, LO2, LO3, LO4, LO5)
2. Students are required form groups of 3 students and hand in a group project by the end of the term. Each group is required to discuss, comment, and make comparisons on the current development, marketing and business strategies, and product design of two life or health insurance companies registered in Hong Kong. Grading will be based on how the thoroughness of their research and their ability to compare and comment logically using the knowledge they learned in the course. (LO1, LO2, LO3, LO4, LO5)

Assessment

Continuous Assessment (Quizzes and/or Mid-term)	25%
Project	25%
Examination	50%
Total	100%

Required/Essential Reading

Kenneth Black, Jr., Harold D. Skipper, Kenneth Black, III, *Life Insurance*, latest edition, Lucretian, LLC.

Recommended/Supplementary Readings

P61 Life, Critical Illness and Disability Underwriting, 2014 Study Text, Diploma in Insurance, CII.

P62 Life, Critical Illness and Disability Claims, 2014 Study Text, Diploma in Insurance, CII.

P63 Long-term Insurance Business, 2014 Study Text, Diploma in Insurance, CII

P64 Private Medical Insurance Practice, 2014 Study text, Diploma in Insurance, CII

LOMA, Principles of Insurance: Life, Health, and Annuities 2nd ed., 2011. (Students who are planning to take the LOMA examinations are highly encouraged to read this text for their own good.)

Edward E. Graves. McGill's Life Insurance. Latest Edition, The American College Press.

Note: The lecture notes draw upon different sources and so may not fully follow any of the textbooks.

Important Notes

- (1) Students are expected to spend a total of 6 hours (i.e. 3 hours of class contact and 3 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.