RMI 330
Health, Life & Disability Insurance

Spring 2022 (1/18/22-4/29/22)

USM School of Business

Mission: We prepare lifelong, entrepreneurial thinkers fluent in business technologies.

Class Time & Location
Section 1: MoWe 5:30 – 6:45 PM
241 Luther Bonney

Instructor
Associate Professor Dana Kerr, PhD, CPCU, ARM
Office: 514 Luther Bonney
Phone: (207) 780-4059 (w) or (207) 332-3971 (c)
Email: dana.kerr@maine.edu

Office Hours: MoWe 6:45 – 7:45 PM and by appointment

Course Webpage (at Brightspace link accessed through your MyUSM Campus Portal):
• http://mycampus.maine.edu/

Other Webpages of interest:
• Gamma Iota Sigma – https://www.gammaiotasigma.org/
• Beta Sigma Chapter of Gamma Iota Sigma – https://www.facebook.com/GISUniversityofSouthernMaine/
• RMI Minor – https://catalog.usm.maine.edu/preview_program.php?catoid=3&poid=373
• Actuarial Science Minor – https://catalog.usm.maine.edu/preview_program.php?catoid=3&poid=456

About the Instructor
• PhD in Actuarial Science, Risk Management & Insurance – University of Wisconsin
• MBA – Temple University
• BS in Economics – University of Pennsylvania (Wharton School of Business)
• Chartered Property & Casualty Underwriter (CPCU) and Associate in Risk Management (ARM) professional designations
Catalog Description
This course covers health, life, and disability insurance from the perspective of insurance providers, employers, and consumers. Individual and group health insurance product management and the relationship between product characteristics and insurance company investments, financing, and marketing decisions are discussed. Managed care techniques, benefit package design, and cost sharing mechanisms are assessed in the context of resolving incentive conflicts and meeting cost-containment objectives. The basic principles underlying life insurance are covered as well as the various types and policy provisions for life insurance. Short-term and long-term disability insurance, definitions of disability, and various policy provisions for individual and employer provided group disability insurance are discussed. Note: This course has been approved by the Maine Bureau of Insurance for continuing education credits for the Maine insurance producer’s license. See Dr. Kerr for details.

E-mail
Announcements typically will be posted on Brightspace and sent via e-mail. Messages to the class will be sent to your “@maine.edu” account. If you do not check this email account regularly, please forward your e-mail to the account that you regularly use to be sure you do not miss any important messages. However, no exceptions will be made if you fail to receive notification regarding due dates for assignments, in-class activities, extra credit assignments, or exam information due to e-mail forwarding problems. Information on the forwarding process can be found at the USM Helpdesk website under http://usm.maine.edu/computing/email.

Course Learning Objectives
Students will achieve a fundamental understanding of how individuals and businesses manage the risks that could present obstacles to achieving their respective goals. The following are the specific learning objectives for the course.

1) Students will be able to identify personal risks facing individuals and personnel risks facing businesses that are associated with premature death, sickness, illness, and longevity as indicated by exams given throughout the semester.
2) Students will understand the social and economic importance of life, health, and disability insurance and annuities as indicated by exams given throughout the semester.
3) Students will be able to identify and explain the different types of life, health, and disability insurance and annuity products available in the marketplace as indicated by exams given throughout the semester.
4) Students will be able to identify and explain typical contractual terms found in life, health, and disability insurance and annuity contracts as indicated by exams given throughout the semester.
5) Students will understand the operations of life and health insurance companies as indicated by exams given throughout the semester.
6) Students will be able to analyze circumstances in a personal financial planning context and propose solutions as indicated by exams and multiple case study assignments given throughout the semester.
7) Students will understand the tax and accounting implications associated with life, health, and disability insurance and annuities as indicated by exams given throughout the semester.
**CFP Board Learning Objectives**

These are the Certified Financial Planning Board of Standards learning objectives intended to be achieved by this course.

**CFP Board Learning Objectives**

The following are specific learning objectives established by the Certified Financial Planning Board of Standards intended to be achieved by this course.

**D. Risk Management and Insurance Planning**

**D.25. Disability income insurance (individual)**

a. Describe differences between short-term and long-term disability plans and identify the policy provisions that should be included in privately-purchased disability policies.
b. Create a plan for meeting individual disability income needs, in consideration of household financial resources, and existing coverage under employer plans, Social Security, and disability income insurance options.
c. Calculate the tax implications of paying for and receiving disability benefits.

**D.27. Annuities**

a. Explain the characteristics of an annuity including contribution and distribution options and differentiating between immediate and deferred annuities.
b. Compare and contrast annuities (fixed and variable) with other investment alternatives, including an analysis of costs, contract terms, and taxation.

**D.28. Life insurance (individual)**

a. Explain the underwriting factors commonly used in the life underwriting process.
b. Differentiate between term, whole life, variable, universal, and VUL policies and select the most appropriate type of coverage to match a client's specific circumstances.
c. Calculate a client’s insurance needs using alternative approaches, including the capital needs, human life value, capital retention, income retention, and income multiplier methods.
d. Recommend whether a policy should be replaced based upon quantitative and qualitative factors.
e. Describe common life insurance termination options.
f. Recommend life insurance purchase and benefits distribution options based upon needs, financial resources, and cost.

**D.29. Business uses of insurance**

a. Recognize the complications of closely owned and/or family owned businesses.
b. Distinguish the difference between the three types of buy/sell agreements and their appropriate uses.
i. The Cross Purchase Agreement
ii. The Entity Purchase Agreement
iii. The Wait and See Agreement
c. Explain the potential financial risk to the company due to the loss of a key employee.
d. Identify the opportunity to provide non-qualified benefits for business owners and key executives.
i. Section 162 Executive Bonus Plan
ii. Non-Qualified Deferred Compensation

**D.30. Insurance needs analysis**

a. Perform an insurance needs analysis for a client, including disability, life, health, long-term care, property, and liability.

**G. Retirement Savings and Income Planning**

**G.62. Business succession planning**
c. Describe the purpose of a buy-sell agreement as a business succession planning tool.
d. Illustrate how a buy-sell agreement can be designed and implemented.

**Reading Material**


**Prerequisites**

Successful completion of the university core quantitative reasoning requirement. RMI 320 is recommended but not required.

**Attendance Policy**

Attendance may be required at certain classes, usually when we have a guest speaker. Failure to show up to the mandatory classes will result in a 5-point deduction from your total course points at the end of the semester. That is not to say that all other classes should be dismissed; it is strongly encouraged that students attend all other classes as well. If you miss a class, lecture notes should be obtained from a fellow student.

**Class Participation**

Class participation will be considered when determining final grades when a student’s final average is close to the next highest grade. Participation largely consists of consistent, timely, and meaningful engagement with the material and assignments throughout the semester.

**Course Instruction**

The course material will be delivered through live, in-person class lectures supplemented by a combination of readings, online quizzes, and other activities and assignments posted throughout the semester.

**Comprehension Quizzes**

Comprehension Quizzes will be given regularly in an online format through Brightspace. The quizzes will be open-book/open-note, but they are not group projects so please do not contact others for answers. It is your responsibility to know when these quizzes will be made available and the deadlines for completing them. You will be allowed two attempts for each quiz with the highest score of those two attempts used as the final score. Each quiz will consist of multiple choice questions.

**Activities**

Several small activities will be assigned throughout the semester and posted in Brightspace. These assignments will usually be handed out and discussed in class on a Monday and due by 11:59 PM the following Monday unless otherwise noted.
**Exams**

There will be four non-cumulative exams throughout the semester, with the highest three exam scores used when calculating your overall course grade. These will be online exams and each exam will be open-book/open-note. As with the quizzes, they are not intended to be group projects and so you are not to receive help from other people. Unlike the quizzes, you will only have one attempt at each exam and your access to the exam will be for a much more limited amount of time. These online exams will be given during the time that our regular in-person class meets. Once you open and begin an exam, you will have one hour to complete it. Each exam will be a mix of True/False and Multiple Choice questions. There might also be several short answer questions appearing on the exams.

**Course Grading**

The overall grade will be determined by performance on the following assignments:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehension Quizzes</td>
<td>25 points</td>
</tr>
<tr>
<td>Assignment Activities</td>
<td>50 points</td>
</tr>
<tr>
<td>Exams (highest three exam scores, each worth 60 pts)</td>
<td>180 points</td>
</tr>
<tr>
<td>Total Points Possible</td>
<td>255 points</td>
</tr>
</tbody>
</table>

Your final course grade will = (total points you earn / 255 points possible). Final grades will be determined using the following scale based on the percentage of total possible points earned:

- A = 92% and above; A- = 90 to 92%;
- B+ = 87 to 90%; B = 83 to 87%; B- = 80 to 83%;
- C+ = 77 to 80%; C = 73 to 77%; C- = 70 to 73%;
- D+ = 67 to 70%; D = 63 to 67%; D- = 60 to 63%; and
- F = below 60%

I reserve the right to raise a given student’s grade at my sole discretion. Nonetheless, most students generally receive the grade that is earned.

⇒ Last day to withdraw from the class and receive an automatic “W” is 4/1/2022.

**Course Evaluations**

At the end of each semester every student has the opportunity to provide constructive feedback on the course. It is important to me that you take the time to let me know your thoughts about the course. I use your feedback to make improvements in the course materials, assignments, and outcomes.

**Academic Integrity/Plagiarism**

Everyone associated with the University of Southern Maine is expected to adhere to the principles of academic integrity central to the academic function of the University. Any breach of academic integrity represents a serious offense. Each student has a responsibility to know the standards of conduct and expectations of academic integrity that apply to academic tasks. Violations of academic integrity include any actions that attempt to promote or enhance the academic standing of any student by dishonest means. Cheating on an examination, stealing the words or ideas of another (i.e., plagiarism), making statements known to be false or misleading, falsifying the results of one’s research, improperly using library materials or computer files, or altering or forging academic records are examples of violations of this policy which are contrary to the academic purposes for which the University exists. Acts that violate academic integrity disrupt the educational process and are not acceptable.
Evidence of a violation of the academic integrity policy will normally result in disciplinary action. A copy of the complete policy may be obtained from the office of Community Standards and Mediation, online at https://usm.maine.edu/community-standards-mediation/academic-integrity or by calling and requesting a copy at (207) 780-5242.

**Disability Accommodations**
The university is committed to providing students with documented disabilities equal access to all university programs and services. If you think you have a disability and would like to request accommodations, you must register with the Disability Services Center. Timely notification is essential. The Disability Services Center can be reached by calling (207) 780-4706 or by email dsc-usm@maine.edu. If you have already received a faculty accommodation letter from the Disability Services Center, please provide me with that information as soon as possible. Please make a private appointment so that we can review your accommodations.

**Tutoring and Writing Assistance**
Tutoring at USM is for all students, not just those who are struggling. Tutoring provides active feedback and practice, and is available for writing, math, and many more subjects. Walk-in tutoring is available at the Glickman Library in Portland, the Gorham Library, and the LAC Writing Center. For best service, we recommend making an appointment at https://usm.maine.edu/learningcommons/schedule-tutoring-appointment. Questions about tutoring should be directed to Naamah Jarnot at (207) 780-4554. Interested in becoming a more effective, efficient learner? Check out https://usm.maine.edu/agile!

**Health & Counseling**
Counseling is available at USM. The best way to schedule an appointment is by phone at (207) 780-5411. More information is available at https://usm.maine.edu/uhcs.

**Recovery Oriented Campus Center (ROCC)**
A peer support community for students in recovery from substance abuse and other mental health conditions is available at USM. More information may be found online at https://usm.maine.edu/recovery or by calling ROCC at (207) 228-8141.

**Nondiscrimination Policy & Bias Reporting**
The University of Southern Maine is an EEO/AA employer, and does not discriminate on the grounds of race, color, religion, sex, sexual orientation, transgender status, gender expression, national origin, citizenship status, age, disability, genetic information or veteran’s status in employment, education, and all other programs and activities. The following person has been designated to handle inquiries regarding non-discrimination policies: Amie Parker, Interim Director of Equal Opportunity, The Farmhouse, University of Maine Augusta, Augusta, ME 04333, (207) 581-1226, TTY 711 (Maine Relay System). Incidents of discrimination or bias at USM should be reported to Associate Vice President for Student Affairs David Roussel at (207) 780-5242.

**Statement on Religious Observance for USM Students**
Absence for Religious Holy Days: The University of Southern Maine respects the religious beliefs of all members of the community, affirms their rights to observe significant religious holy days, and will make reasonable accommodations, upon request, for such observances. If a student’s religious observance is in conflict with the academic experience, inform the instructor(s) of the class(es) or other school functions that will be affected. It is the student’s
responsibility to make the necessary arrangements mutually agreed upon with the instructor(s).

**Title IX Statement**
The University of Southern Maine is committed to making our campuses safer places for students. Because of this commitment, and our federal obligations, faculty and other employees are considered mandated reporters when it comes to experiences of interpersonal violence (sexual assault, sexual harassment, dating or domestic violence, and stalking). Disclosures of interpersonal violence must be passed along to the University’s Deputy Title IX Coordinator who can help provide support and academic remedies for students who have been impacted. More information can be found online at [http://usm.maine.edu/campus-safety-project](http://usm.maine.edu/campus-safety-project) or by contacting Sarah E. Holmes at usm.TitleIX@maine.edu or (207) 780-5767. If students want to speak with someone confidentially, the following resources are available on and off campus: University Counseling Services at (207) 780-4050; 24-Hour Sexual Assault Hotline at 1 (800) 871-7741; and 24-Hour Domestic Violence Hotline at 1 (866) 834-4357.

**Attendance Policy for Inclement Weather**
From time to time USM will close the University due to inclement weather. When the cancellation is for an entire day, the class content will be made up at another time or through additional, outside of class, assignments.

When the school opens late or closes early, and the closing time selected is during the middle of class, we will still hold the class unless you are otherwise notified by me. Two examples:

- If class starts at 1:00 PM, but the University is closing at 1:30 PM, we will still have class unless you hear from me.
- If class starts at 1:00 PM, but the University is opening at 1:30 PM, we will still have class unless you hear from me.

**Policy on Acceptable Conduct in Class Settings**
If a student substantially disrupts a class, the professor may ask the student to align with this policy on conduct in a class setting. If the student refuses, the professor may, at their discretion, ask the student to leave. If the professor takes this step, they must attempt to communicate with the student and provide informal counsel and advice. The professor may elect to notify their dean of the situation as well. If the student disrupts the class again, the professor may, at their discretion, provide a written notification to the student, describe the offending behavior, and refer the student’s case to the appropriate academic dean and notify the dean of students that an official student conduct code violation has occurred [https://usm.maine.edu/community-standards-mediation/conduct-process](https://usm.maine.edu/community-standards-mediation/conduct-process).

**COVID Face Covering Requirement**
Per USM and the University of Maine System, all students, faculty, and staff members are required to wear a face covering, including during all face-to-face classes. Resident students are exempted from this requirement when in their own room in the residence hall. Students seeking additional exceptions from this requirement when in their own room in the residence hall. Students seeking additional exceptions from this requirement should refer to the Disability Accommodations section of this syllabus [https://www.maine.edu/together/community-guidance/everyone/].
# Tentative Course Outline

<table>
<thead>
<tr>
<th>Weekly Module</th>
<th>Dates</th>
<th>Chapter(s)</th>
<th>Topic(s)</th>
<th>Task(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1/19</td>
<td>Text: 11</td>
<td>The risk of premature death</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>1/24 &amp; 1/26</td>
<td>Text: 11</td>
<td>Types of life insurance</td>
<td>Activity</td>
</tr>
<tr>
<td>3</td>
<td>1/31 &amp; 2/2</td>
<td>Text: 12</td>
<td>Life insurance contracts</td>
<td>Comprehension Quiz – Ch 11</td>
</tr>
<tr>
<td>4</td>
<td>2/7 &amp; 2/9</td>
<td>Text: 13</td>
<td>Life insurance costs, returns &amp; taxes</td>
<td>Comprehension Quiz – Chs 12, 13</td>
</tr>
<tr>
<td>5</td>
<td>2/14 &amp; 2/16</td>
<td>Text: 14</td>
<td>Annuity contracts</td>
<td>Exam 1 (chs 11, 12, 13) on Wednesday</td>
</tr>
<tr>
<td>6</td>
<td>2/21 &amp; 2/23</td>
<td>Text: part of 11</td>
<td>Financial Planning Topic I: How much life insurance to buy</td>
<td>Comprehension Quiz – Ch 14, Activity</td>
</tr>
<tr>
<td>8</td>
<td>3/7 &amp; 3/9</td>
<td>Text: 15</td>
<td>Individual medical insurance</td>
<td>Exam 2 (chs 14, Fin Planning Topics I &amp; II) on Wednesday</td>
</tr>
<tr>
<td>9</td>
<td>3/14 &amp; 3/16</td>
<td></td>
<td>Spring Break (no classes this week)</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>3/21 &amp; 3/23</td>
<td>Text: 15</td>
<td>Individual long-term care and disability insurance</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>3/28 &amp; 3/30</td>
<td>Text: 15</td>
<td>The ACA</td>
<td>Comprehension Quiz – Ch 15, Activity</td>
</tr>
<tr>
<td>12</td>
<td>4/4 &amp; 4/6</td>
<td>Text: NA</td>
<td></td>
<td>Exam 3 (ch 15) on Wednesday</td>
</tr>
<tr>
<td>14</td>
<td>4/18 &amp; 4/20</td>
<td>Text: 16</td>
<td>Employee benefits: group health, dental &amp; disability insurance</td>
<td>Comprehension Quiz – Ch 16</td>
</tr>
<tr>
<td>16</td>
<td>5/4</td>
<td></td>
<td>Finals week</td>
<td>Exam 4 (chs 16, 18) on Wednesday 5:00 – 7:00 PM</td>
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