

ACST300 Insurance and Superannuation Practice  
FIRST SEMESTER 2004

UNIT OUTLINE

Teaching Staff Involved in the Unit

The staff involved in the teaching of this unit are

Staff Member		Topic	Room	Telephone
Shauna Ferris	(Unit Coordinator)	Superannuation	C5C 494	9850 7294
Jim Farmer		Life Insurance	C5C 490	9850 8569
David Finnis		General Insurance	External	
David Watson		Health Financing	External	

Questions relating to the administration of the unit should be directed to the Unit Coordinator, Ms Ferris, via the private mail facility on the website (see below for instructions about the website).

Questions about course content for any topic should be directed to the lecturer teaching that topic. Please post any questions on the website using the "Discussion" facility. This will enable other students to see your questions and the lecturer's answers.

*Visiting lecturers*

**Mr David Watson** is a visiting lecturer, teaching the Health Financing topic. He is a graduate of the Macquarie Actuarial Studies program, and has worked in the health insurance industry for 30 years. He is currently the Public Officer of HCF, Australia's fourth largest health fund. He is an active member of the Health Practice Committee of the Institute of Actuaries of Australia. He has lectured in health insurance for eight years.

**Mr David Finnis** is a qualified actuary with more than 20 years of practical experience, predominantly in the general insurance area. He was previously a member of the General Insurance Working Party of Institute of Actuaries of Australia. He has published a number of research papers on topics such as setting premiums, profit measurement, capital management, and risk management in general insurance.

Unit Details

Unit Name: Insurance and Superannuation Practice

Credit Points: 4

Student Resource Centre  
Division of Economic & Financial Studies  
MACQUARIE UNIVERSITY

Prerequisites: 36 Credit Points including ACST101 (P); GPA of at least 2.00

Corequisites: none

If you do not satisfy the prerequisites and have not had the prerequisites waived then you should withdraw from this unit as soon as possible. If you do not, you will be automatically withdrawn from the unit, possibly after the HECS census date.

Please consult with the unit coordinator if you have queries about the prerequisite requirements for the unit.

### Unit Description

This unit examines the fields of life insurance, general insurance, health funding and superannuation. For each industry, it examines the products available, the industry structure, the historical development of the industry, and the form of government supervision.

### Unit Timetable

Week Number	Week Beginning	Topic Covered / Lecturer Tuesday class	Topic Covered Thursday class
1	1 March	Health Finance / D Watson	Health Finance / D Watson
2	8 March	Health Finance / D Watson	Superannuation / S. Ferris
3	15 March	Superannuation / S. Ferris	Superannuation / S. Ferris
4	22 March	Superannuation / S. Ferris	Superannuation / S. Ferris
5	29 March	Superannuation / S. Ferris	Superannuation / S. Ferris
6	5 April	Superannuation / S. Ferris	Class Test
<b>STUDY BREAK</b>	12 April		
	19 April		
7	26 April	General Insurance / D. Finnis	Life Insurance / J. Farmer
8	3 May	General Insurance / D. Finnis	Life Insurance / J. Farmer
9	10 May	General Insurance / D. Finnis	Life Insurance / J. Farmer
10	17 May	General Insurance / D. Finnis	Life Insurance / J. Farmer
11	24 May	General Insurance / D. Finnis	Life Insurance / J. Farmer
12	31 May	General Insurance / D. Finnis	Life Insurance / J. Farmer
13	7 June	General Insurance / D. Finnis	Life Insurance / J. Farmer

Please note that changes to the timetable may occur and that any alterations will be advised in lectures/on the unit webpage.

### Lectures

Lectures are held at the following times:

Day	Time	Location
Tuesday	9:00 to 11:00	CSC T2
Thursday	9:00 to 11:00	CSC T2

Any alterations to the lecture times or locations will be advised in lectures/on the unit webpage.

## Textbooks

Course notes and other useful information (such as past exam papers) will be posted on the ACST300 website (see below for instructions about the website)

The textbook for the life insurance topic is

*Roadmap to Life Insurance Products : 2004 Draft Version of the second edition,*  
by Jim Farmer.

The textbook is available from the Macquarie University Co-op Bookshop.

Note that the 2004 version includes significant new material compared to earlier editions of this book. Please make sure you read the 2004 version.

The lecturers will sometimes post additional readings on the ACST300 website, (and/or provide references to material available on other websites); so you should check the website each week.

## ACST300 Web site

To access this web site, go to <http://online.mq.edu.au/public/ACST300/>  
(Note that the address is case-sensitive.)

If you did not understand the above, you can obtain training on how to use a web browser by contacting the Information Technology Training Unit on Level 1 of the Library. If you can't access the site due to having forgotten your password, contact the Information Technology Customer Support Desk also on Level 1 of the Library.

Before logging in to this site, you should follow the link labelled "Technical Information" and read all the information there, including the Computer and Communications Security Policy and the Computer and Communications Usage Rules. This technical information mentions a number of "plugins" that may be required. Of those listed, in this unit you will only need Acrobat Reader.

If your home computer does not have internet access, you can access this web site from computers in the library.

This web site uses software called WebCT. If several of your units use this software, you might find it more convenient to go to <http://online.mq.edu.au/student/> and use the "login" link on that page. This leads you to a page which lists all Macquarie University WebCT sites to which you have access.

**It is to your advantage to ensure you read information on this web site regularly.**

## EFS Resource and Information Centre (ERIC)

The EFS Resource and Information Centre is located in room C5C 244 and offers photocopying facilities, reading areas and reference material. Solutions to assignments, weekly exercises, examinations, class tests are available from ERIC.

## Assessment

Your performance in this unit will be assessed based on :

- One Class Test (Superannuation / Health)
- Life Insurance On-line Quizzes
- General Insurance Assessment task
- Final Examination Paper 1 (short answer)
- Final Examination Paper 2 (optional)

The weighting for each component of the assessment is described in the section on "grading" below.

You will be given more information about your life insurance and general insurance assessment tasks assessment tasks when lectures on these topics commence (after the Easter break).

## Class Test

The class test is scheduled for Thursday April 8, at 9:00 am. The test is worth 10% of the assessment.

Please note that the class test dates, times and coverage may be subject to change, and that any alterations will be advised in lectures/on the unit webpage.

Normal examination rules apply to the conduct of class tests. These rules are set out under the heading "Conduct of Examinations" in the Student Information – Assessment section of the current Macquarie University Handbook of Undergraduate Studies. Students are responsible for familiarising themselves with these rules prior to the class test.

## Final Examination

The final examination will be a three-hour written paper.

The final examination will include multiple choice questions. You should ensure that you bring several 2B pencils and an eraser to the examination.

The final examination will consist of two papers (Part 1 and Part 2), each of 90 minutes duration with no reading time.

The questions in the first paper of the final exam will be short questions designed to test understanding of straightforward factual information. These may include true/false questions, multiple choice questions, questions requiring you to fill in the missing word or number, short calculation questions, and/or short answer questions.

The second paper is optional. The questions in second paper give you the opportunity to demonstrate deeper understanding. These will tend to be longer written answers or calculation questions. Paper 2 of the final exam is optional.

The test and the examination will be closed book. You may not bring any notes or dictionaries into the examination room.

The University's examination rules apply to the conduct of the class test and the final exam. These rules are given in the 2004 handbook of Undergraduate Studies. You are responsible for familiarising yourself with these rules.

In both papers of the final exam, the marks will be divided in the following proportions:

Health Insurance	10%
Superannuation	30%
Life Insurance	30%
General Insurance	30%

### Assessment and Grading

In the grading process, we will start by calculating your "Stage 1" score, score based on

Class Test	10%
Life Insurance Online Quizzes	10%
General Insurance Assessment Task	10%
Paper 1 of the Final Exam	70%
Total = Stage 1 Score	100%

The "Stage 1" results will be used to divide students into the categories of "Fail", "Conceded Pass", and "Pass or better".

The second paper of the exam is optional. If a student decides not to attempt Paper 2, then his/her mark will be based solely on the "Stage 1" results. The highest possible grade will be a Pass. If you do not want a grade which is better than "Pass", you need not attempt the second paper.

If you passed at "Stage 1", and you attempt the second paper of the exam, then we will assess your "Stage 2" performance using the following weights:

Class Test	6%
Life Insurance Online Quizzes	6%
General Insurance Assessment Task	6%
Paper 1 of the Final Exam	41%
Paper 2 of the Final Exam	41%
Total = Stage 2 Score	100%

For students who pass Stage 1 and attempt the second paper, the Stage 2 results will be used to determine whether the grade will be Pass, Credit, Distinction, or High Distinction. However, students will not fail as a result of attempting the second paper - if you earned a Pass at Stage 1, and you do badly on Stage 2, you will still be awarded a Pass.

Macquarie University uses the grades HD, D, Cr, P, PC and F for grading the achievements of students in units of study. The grades of achievement are defined as follows:

**High Distinction (HD)** denotes performance which meets all unit objectives in such an exceptional way and with such marked excellence that it deserves the highest level of recognition.

**Distinction (D)** denotes performance which clearly deserves a very high level of recognition as an excellent achievement in the unit.

**Credit (C)** denotes performance which is substantially better than would normally be expected of competent students in the unit.

**Pass (P)** denotes performance which satisfies unit objectives.

**Conceded Pass (PC)** denotes performance which meets unit objectives only marginally.

**Fail (F)** denotes performance which does not meet unit objectives.

The numerical marks resulting from assessment of your work in this unit will be used as an initial indicator of the quality of your learning and understanding. The use of these numerical marks is, however, only a starting point in determining the appropriate grade. In particular, note that the mark ranges mentioned on p. 40 of the Handbook of Undergraduate Studies are not the raw marks. To obtain a grade you must satisfy the qualitative definition of that grade. Once your grade has been determined, you are allocated a standardised mark indicating your approximate position amongst students assigned that grade.

To gain a clear pass in this unit you will need to demonstrate a clear understanding of the relevant factual information when confronted with straightforward questions. To gain a grade of credit or better you must demonstrate the ability to select relevant points from this body of information and arrange them in a logical manner to solve more complex problems.

These complex problems could, for example, require you to:

- apply factual knowledge to scenarios or problems which you have not previously encountered;
- determine which pieces of factual knowledge present in the unit are relevant to some practical scenario;
- explain, in clear simple non-technical language, the rationale behind legislation of industry practice (rather than just stating what the industry practice is).

When you work as an actuary or in any other profession, if you misunderstand a concept you may provide incorrect advice to a client possibly with severe financial consequences for your client and yourself. However, if you realise that you have no understanding of a concept you may refrain from giving advice on it until you have filled the gaps in your knowledge. That is, misunderstandings are more dangerous than a lack of knowledge. The grading philosophy and marking scales adopted in this unit reflect the above situation. While correct and relevant statements earn marks, statements that are incorrect will result in the deduction of marks. If your answers reveal that your misunderstandings are very severe or numerous, you might earn a negative mark for a question.

As an example, suppose that we set an exam question which says "List three types of restrictions which apply to superannuation fund investments". One student might give no answer and earn 0 marks. Another student might give an incorrect answer, such as "Superannuation funds cannot invest money overseas" or "Superannuation funds cannot use derivatives to invest" - Both of these answers are incorrect and would earn negative marks..

As an example, suppose we set true/false questions. We give +1 mark for a correct answer, -1 mark for an incorrect answer, and 0 for no answer. If a student is just guessing on each question, so that he/she has a 50-50 chance of getting the correct answer, the expected value of his/her score will be 0.

### **Legibility of Handwriting**

You should ensure that your handwriting in the class assessment tasks and in the final examination is legible. Sections of work that are not legible will not be marked.

For true/false questions in the class test, answers that are not clearly legible as either T or F will be assumed to be wrong and marked accordingly.

### **The Institute of Actuaries of Australia**

Please refer to [http://www.actuary.mq.edu.au/current\\_students/join\\_institute.shtml](http://www.actuary.mq.edu.au/current_students/join_institute.shtml) for information on the advantages of joining the Institute of Actuaries of Australia as a student.

### **Special Consideration**

Applications for special consideration in respect of a class test or other class assessment task must be made on the "Advice of Absence or other Circumstances" form. These are available from and should be submitted to the Student Enquiry Service on Level 1 of the Lincoln Building. PLEASE ENSURE THAT ANY APPLICATIONS FOR SPECIAL CONSIDERATION ARE SUBMITTED BEFORE THE DEADLINE.

Applications in respect of the final exam must be made on the "Request for Special Consideration" form. These forms are available from and should be submitted to the Academic Program Section on Level 4 of the Lincoln Building.

Applications based on medical grounds (whether for a class test or other class assessment task, or for the final examination) **must** be accompanied by the Professional Authority Form. Applications omitting this form (such as those which only supply a doctor's certificate) will be ignored.

The application forms are also online at <http://www.registrar.mq.edu.au/academic-index.html>

### **Mobile Phones**

*Please be considerate to your fellow students:* turn off your mobile phones during classes.

Academic Senate has resolved that no mobile phones should be used in classrooms. Communication devices, including but not restricted to mobile phones, text message receivers, pagers and wireless-equipped calculators, may not be brought into the class tests or exam. If a student is found to have brought such a device into the examination room, the argument that the device was turned off will NOT be regarded as an acceptable excuse.

### **Calculators**

Calculators will be allowed in the class tests and the final examination but a clear indication of the steps involved in every calculation must be shown. Any machines that have a text-retrieval capacity, whether or not they have a full alphabet on the keyboard, are not allowed.