

Division of Economic and Financial Studies
Department of Actuarial Studies



ACST300 Insurance and Superannuation Practice
FIRST SEMESTER 2006

UNIT OUTLINE

Teaching Staff Involved in the Unit

The staff involved in the teaching of this unit are

Staff Member	Topic
Shauna Ferris (Unit Coordinator)	Superannuation
Jim Farmer	Life Insurance
David Finnis	General Insurance
David Watson	Health Financing

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 was an active member of the Health Practice Committee of the Institute of Actuaries of Australia. He has lectured in health insurance for ten 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

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

Corequisites: none

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 government supervision.

Lectures

Lectures are held at the following times:

Day	Time	Location
Tuesday	4:00 – 6:00	W5A Price Theatre
Thursday (group 1)	4:00 – 6:00	C5C T1
Thursday (group 2)	4:00 – 6:00	C5A 226

There are approximately 240 students enrolled in this class.
On Tuesday, we can all fit into one lecture theatre, Price Theatre.

On Thursday, there are no lecture theatres available which are large enough for all 240 students. Therefore for the first few weeks of term, the class will be divided into two groups: one group in C5C T1 and one group in C5A 226. At the end of week 4, when student numbers are finalised, we will advise you of the arrangements for subsequent weeks.

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

Unit Timetable

The following table shows the schedule of topics which will be covered in each lecture.

Some of the lectures in Price Theatre and C5CT1 will be recorded using the ilecture system. Lectures in C5C 226 will NOT be recorded. {Note that the lectures in c5a226 are “repeat lectures”, so you should be able to listen to a lecture covering the same material which has been recorded in C5C T1.}

Note that the Life Insurance lectures are NOT recorded.

Although the University does aim to provide the ilecture service for students, there are sometimes unavoidable technical problems. If you decide not to attend a lecture, then you bear the risk that the lecture recording might not be available.

You can listen to the ilectures by going to the ACST300 WEB-CT website (see below for information about the website).

Week Number	Week Beginning	Topic Covered Tuesday class	Topic Covered Thursday class (group 1)	Topic Covered Thursday class (group 2)
1	27 February	Health Finance	Life Insurance 1	Superannuation 1
2	6 March	Health Finance	Superannuation 1	Life 1
3	13 March	Health Finance	Life 2 Insurance 2 / Superannuation 2	Superannuation 2
4	20 March	Life Insurance 3a/ Superannuation 3a	Superannuation 3b/ Life Insurance 3b	Life Insurance 3b / Superannuation 3b
5	27 March	General	Life 4	
6	3 April	General	Super 4	
7	10 April	General	Life 5	
BREAK	17 April			
BREAK	24 April			
8	1 May	General	Super 5	
9	8 May	General	TEST	
10	15 May	General	Super 6	
11	22 May	General	Super 7	
12	29 May	Life 6	Super 8	
13	5 June	Life 7	Super 9	

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

ERIC

The Economic Reference and Information Centre is now located in E4B room 106. Refer to the website at <http://www.efs.mq.edu.au/services/eric.htm> for information about the services available at ERIC

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 will be available on the website.

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

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.

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.

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

Assessment

Your performance in this unit will be assessed based on :

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- One Class Test
 - On-line Quizzes
 - Final Examination Paper 1 (short answer)
 - Final Examination Paper 2 (optional)
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The weighting for each component of the assessment is described in the section on "grading" below.

Instructions about the online quizzes will be available on the ACST300 Web-CT website.

Class Test

The class test is scheduled for Thursday May 11, at 4:00 pm. These may include any combination of the following:

- true/false questions
- multiple choice questions
- questions requiring you to fill in the missing word or number
- short calculation questions
- short answer questions.

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 have two parts, Part 1 and Part 2.

Part 1 of the final exam will be short questions designed to test understanding of straightforward factual information. These may include any combination of the following

- true/false questions
- multiple choice questions
- questions requiring you to fill in the missing word or number
- short calculation questions
- short answer questions.

You will have 2 hours to complete Part 1. You should ensure that you bring several 2B pencils and an eraser to the examination.

Part 2 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. You will have two hours to complete Part 2.

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 2005 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%
Online Quizzes	20%
Part 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" and "Conceded Pass or better". Note that you should NOT assume that a score of 50% will be a passing grade. The questions on Part 1 are predominantly easy questions, so a mark above 50% will usually be required to satisfy the definition of a "Pass" according to University standards (as given below).

In order to pass this unit, your performance must be satisfactory on both the coursework assessment tasks and the final exam.

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%
Online Quizzes	12%
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 Conceded Pass, Credit, Distinction, or High Distinction. However, students will not fail as a result of attempting the second paper - if you earned a Conceded Pass or better at Stage 1, and you do badly on Stage 2, you will still be awarded a Conceded 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 in 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. The standardised mark is called a Single Numerical Grade (SNG).

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 attempt to guess, giving one correct answer and one incorrect answer, e.g. "Superannuation funds cannot invest money overseas" (incorrect) and "Superannuation funds cannot lend money to members" (correct). The correct answer would earn +1, the incorrect answer would earn -1, giving a score of 0.

As an example, suppose we set true/false questions. We usually give +1/2 mark for a correct answer, -1/2 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.

The negative marking scale will be shown on the front of any test and/or exam paper.

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.

The Institute of Actuaries of Australia

Actuarial students might like to consider joining the Institute of Actuaries of Australia. Please refer to the IAAust website at http://www.actuaries.asn.au/PublicSite/membership2005/membership_frameset.htm for information on membership. Note that the fees may be lower if you join while you are still a full time University 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. Instructions for requesting Special Consideration are given on the Division website at http://www.efs.mq.edu.au/services/policies_consideration.htm.

PLEASE READ THE INSTRUCTIONS ABOUT SPECIAL CONSIDERATION.

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.

Calculators may be checked at the commencement of the class tests and final exam, and the make/model may be recorded.

Use of Computers for Coursework

Please take careful note of the policy of the Department of Actuarial Studies regarding the use of computers, which follows.

DEPARTMENT OF ACTUARIAL STUDIES

NOTICE TO STUDENTS RE USE OF COMPUTERS FOR COURSEWORK

1. Computers do occasionally break down. This is a normal part of working life. When completing assignments, you should not leave computer work until the last moment, assuming the system will be available when you need it.
2. You are the person responsible for keeping backup copies of any data or files you create on a computer. If you fail to keep backup copies, loss of data or files, for whatever reason, is not an acceptable excuse for failing to complete an assignment on time.
3. You should have at least two backups. If you have only one backup disk, then a computer malfunction while you are updating your backups may simultaneously corrupt both the original version (on the hard disk or network) and your backup disk. Do not store your two backups together. Spread your risks.
4. If you are planning to write a document on one computer (eg. your home computer) and print it from a different computer, you should test well ahead of the due date that the second computer can print your document. This particularly applies if your documents incorporate graphs, tables, unusual fonts or special formatting.

Cheating and Plagiarism

To cheat in the context of university assignments, tests and examinations is to attempt to gain an unfair advantage by violating the principles of intellectual and scholarly integrity. Cheating also encompasses plagiarism, which is the appropriation or imitation of another person's ideas and manner of expressing them.

You are responsible for familiarising yourself with the policy on cheating and plagiarism, available at http://www.efs.mq.edu.au/services/policies_cheat.htm

For actuarial students : note that the IAAust regards unethical behaviour with great concern. Any incidents of cheating or plagiarism may affect your eligibility to be a member of the profession.