COURSE BACKGROUND AND OBJECTIVES
Government interventions to provide insurance in the U.S. have expanded dramatically in both nature and scope over the past 60 years and currently account for more than half of federal spending. These government insurance programs are not unique to the U.S., but are characteristic of developed national economies more generally. These facts beg the questions: how do government insurance policies affect the economy, and how can these policies be designed to maximize economic growth and social welfare?

This course provides an overview of the major U.S. government insurance programs, including Social Security, Medicare and Medicaid, unemployment and disability insurance, terrorism insurance, and disaster relief. A primary focus will be to develop and apply economic tools to examine how the design of these programs affects economic efficiency, growth, business competitiveness, and social well-being. An important theme of the course will be the role of imperfect information and aggregate or long-term risks on insurance market failures, and conditions under which the government can or cannot remedy these failures.

PRE-REQUISITES
Enrollment in the UIUC Masters program in Accountancy, Finance, MBA or related field. The instructor will assume that students in this class are familiar with topics covered in an intermediate microeconomics course (consumer theory, externalities, uncertainty, etc.).

REQUIRED READINGS
In lieu of a textbook for this course, the instructor will assign readings from various academic, industry and policy sources. Nearly all of these readings will be available in an on-line format and will either be posted or linked through Compass.

Lecture outlines, problem sets and solutions, course announcements, and supplemental readings and handouts will also be posted on the course Compass site. Please check the course Compass site regularly.
The plus / minus system will be used when assigning final course grades. A course average of 90 percent will earn at least an A-, a course average of 80 percent will earn at least a B-.

Assignments: There will be 2 problem sets assigned. Problem sets are due (a) in class at the beginning of class on the due date or (b) in my mailbox by 9 am on the due date. No late assignments will be accepted for any reason.

Final: The final exam will be designed to test your overall knowledge of the material we have covered in class. It will include a mix of question types (T/F, multiple choice, short answer, essays).

In class-exercises: Periodically and at random during the course I will give short, in-class exercises that you will work on either individually or, in some cases, in a small group. Some of these exercises will be solely for practice and learning, some will be graded on a 0 – 1 point scale. Before I hand out any in-class exercise, I will tell you whether or not it is for a grade. If you are absent from class that day, you will receive 0 points. There are no make-ups for these in-class exercises, but I will allow you to drop the lowest 2 scores before calculating grades. The point system is meant to serve as a (small) incentive for coming to class and keeping up with the material. Keep in mind that each exercise is worth only a small fraction of your final course grade, so a rare occasional absence is unlikely to have a material effect on your grade. Also remember, however, that frequent absenteeism may reduce your course grade by as much as 15%.

Small Assignments: A number of small assignments will be administered throughout the course. For example, occasionally students will be required to create a set of brief slides describing the reading. These slides will be due at the start of the class for which the reading was assigned, and will provide a basis for class discussion of that reading. A slide template will be posted on the course Compass site.

Small assignments should be turned in electronically via Compass, unless otherwise noted. Grading for small assignments will be based on a binary 0/1 scale, where 1=“satisfactory” and 0=“unsatisfactory.” Failure to turn in assignments when due will result in a 0 grade. I will drop the lowest two small assignment grades.

BIF EMERGENCY PROCEDURES
Because BIF is not a designated tornado shelter, in the event of a tornado warning please seek shelter in the Wohlers Hall basement or the Armory (the nearest designated University
tornado shelters). If a tornado is imminent, the BIF basement stairwells can be used on an emergency basis. In the event of a fire in BIF, exit BIF and proceed to 141 Wohlers Hall. In the event of threat from a shooter on campus, lock down the classroom and move to a place of safety within the classroom. If you encounter a suspicious package, do not touch the package, alert campus security, and refrain from cell phone usage until the situation is resolved. More detailed information and action instructions are available in the BIF Building Emergency Action Plan.

ACADEMIC INTEGRITY

All students are expected to abide by the provisions of the University of Illinois student code with respect to all issues, including academic integrity. You are encouraged to read the University Code, which can be found at the following web link: http://admin.illinois.edu/policy/code/Pocket_Code_web2012.pdf

DISABILITIES

To ensure that disability-related concerns are properly addressed from the beginning, students with disabilities who require reasonable accommodations to participate in this class are asked to see Professor Molitor as soon as possible.