

Risk Management and Insurance

BPF_ARMI

Fall 2022

Dept. of Finance, Masaryk University

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- Office hours Fall 2022:
 - Vávrová - Mo 14:00-15:00 and We 14:30-15:30
 - Stachoň - Mo 10:00-11:00 and Tue 9:00-10:00
 - or online via MS Teams

Course objectives:

- ▶ To introduce students to basic principles of risk and insurance prevalent in financial decision making
 - ▶ risk management techniques
 - ▶ major forms of insurance
 - ▶ insurance delivery systems
 - ▶ insurance company operations
- ▶ Property risk assessment
- ▶ Suggestions for insurance coverage

Course outcomes:

Students should be able to:

- ▶ outline the risks associated with loss of income, ownership of property and legal liability;
- ▶ comprehend basic concepts of risk and uncertainty as they relate to insurance;
- ▶ classify the various types of insurance, which are used to reduce the chance of loss and identify other loss prevention/reductions mechanisms, which may be appropriate;
- ▶ define methods of risk management found in strategic planning and match it with appropriate risk;
- ▶ understand the legal and market environment of the insurance industry;
- ▶ comprehend characteristics of the following types of insurance: property/liability, automobile, life and health insurance;
- ▶ identify appropriate insurance coverage for specific personal and business situations.

Course outline:

- ▶ Risk definitions and classifications
- ▶ Risk management process and techniques
- ▶ Basic statistical concepts in risk management and insurance
- ▶ The nature and types of insurance
- ▶ Insurance markets functioning
- ▶ Insurance company management
- ▶ Insurance contracts
- ▶ Some specific types of insurance

Course outline in fall 2022:

Week	Date	Topic	Lecturer
1.	Sep 13	Orientation week	
2.	Sep 20	Risk perception and treatment	Vávrová
3.	Sep 27	Risk Management Basics	Vávrová
4.	Oct 4	Statistical concepts in risk management	Deev
5.	Oct 11	Insurance as a risk management tool	Vávrová
6.	Oct 18	Insurance markets	Vávrová
7.	Oct 25	Insurance industry. Insurance marketing	Vávrová
8.	Nov 1	Reading week	
9.	Nov 8	Insurance company management	Vávrová
10.	Nov 15	Insurance contracts	Vávrová
11.	Nov 22	Life insurance	Vávrová
12.	Nov 29	Property insurance	Vávrová
13.	Dec 6	Negligence and legal liability	Vávrová
14.	Dec 13	Vehicle insurance	Vávrová

Teaching methods:

- ▶ Lectures
 - ▶ *Students are expected to prepare for lectures and seminars by reading the required chapters beforehand*
- ▶ Seminars
 - ▶ Review questions and discussions
 - ▶ Case studies
 - ▶ Application questions
 - ▶ Individual presentations
- ▶ Report write-up

Presentation topics:

Date	Topic
Oct 4	Catastrophic risk assessment and modeling
Oct 11	Insurability of cyber risks
Oct 18	Catastrophic bonds and other risk-linked securities
Oct 25	Insurance brokers: what they do and what should they do
Nov 8	The global financial crisis and insurance industry
Nov 15	Insurance industry and climate change
Nov 22	Demographic changes and insurance
Nov 29	Catastrophic risks and life insurance
Dec 6	InsurTech: opportunities and risks for the insurance industry and clients

Course completion:

- ▶ **Property risk assessment report** – up to 5 grade points
 - ▶ analysis of possible perils and risks for a specific personal or business immovable property with detailed suggestions and recommendations for property risk management and insurance
- ▶ **Individual presentation** – up to 5 grade points
 - ▶ on the given topic
 - ▶ resources and content of your presentation should be approved by the teacher
- ▶ **Active participation in discussions** – up to 6 grade points
 - ▶ case study solutions in groups
- ▶ **Final exam** – up to 20 grade points
 - ▶ Students will not be allowed to take an exam without submitting the report and giving the presentation with all the requirements fulfilled

Grading:

The grades points are given for an essay, lecture participation and correct answers in the exam

A	28-30+
B	26-27
C	23-25
D	21-22
E	18-20
F	below 18

Literature:

- ▶ Rejda, G.E. and McNamara, M.J. (2014). Principles of Risk Management and Insurance, 12th edition, Pearson.
 - ▶ Skipper, H.D. and Kwon., W.J. (2007). Risk Management and Insurance: Prospectives in a Global Economy, Blackwell Publishing.
 - ▶ Zweifel, P. and Eisen, R.(2012). Insurance Economics, Springer.
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- Reading materials in IS MU.