

Insurance and Risk Management

Program for which it is offered: BBA

Course Category: Elective	Schedule of Offering: Even semester
Course Credit Structure: 3	
Lecture: 3 hours	
Contact Hours per week: 3 hours	Instructor: Dr. Vinod R R
Course Code: CK233	
Date of Revision (DoR): December 05, 2019	

1. Introduction

This course covers the basic principles of insurance and introduces the principles of risk management in a structured manner. Here students will become familiarized with life as well as non-life insurance businesses operating in India. Thorough interaction with the experts, the students should be able to understand the practical side of managing risk adopted by insurance companies in India.

2. Objectives

- (i) To familiarize the students with the principles of insurance
- (ii) To introduce the principles of risk management practises adopted by insurance companies in India.
- (iii) To expose the students with the contemporary practises followed by insurance companies in India.

3. Learning Outcome

By the end of the course, the student will be able

- (i) To understand the principles of insurance and risk management
- (ii) To gain knowledge on types of insurance companies, their products and operations.
- (iii) To understand the role of risk in financial planning

4. Pre-requisites

None

5. Readings

Primary Texts:

Gupta P.K. and Anil Kumar Meena (2017) Principles of Insurance, Himalaya Publishing House.

Sethi, Jyotsna and Bhatia, Nishwan, Elements of Banking and Insurance, PHI Learning.

6. Module-wise topics

First module: Introduction to Insurance and Risk Management

Insurance- Types- Life, Non-life, Products and Process, Meaning of Risk, Types of risk, Measures of risk, Risk management process.

Readings:

1. Insurance industry- Overview. Url: <https://www.ibef.org/industry/insurance-sector-india.aspx>
2. Insurance market. Url: http://www.policyholder.gov.in/Indian_Insurance_Market.aspx
3. IRDA. Url: https://www.irdai.gov.in/ADMINCMS/cms/NormalData_Layout.aspx?page=PageNo4&mid=2
4. Competing in a new age of insurance: How India is adopting emerging technologies. URL: <https://www.pwc.in/assets/pdfs/consulting/financial-services/competing-in-a-new-age-of-insurance.pdf>

Activity: Review and discussion of articles

- a. Gunasekaran, A (2009) Post Reforms Sector in Insurance Sector, The Indian Journal of Political Science, 70, pp 199-208
Url: https://www.jstor.org/stable/pdf/41856507.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3A9b43e5e3c4765b74a55ba023a16e86ed
- b. Sadhak, H (2006) Life Insurance and the Macroeconomy: Indian Experience, Economic and Political Weekly, 41, pp 1108-1112
Url: https://www.jstor.org/stable/pdf/4417977.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3A9b43e5e3c4765b74a55ba023a16e86ed
- a. Tripathi Rao, D (1999) Life Insurance Business in India: Analysis of Performance, Economic and Political Weekly, 34, pp 2174-2181.
Url: https://www.jstor.org/stable/pdf/4408265.pdf?ab_segments=0%2Fbasic_SYC-4802%2Fcontrol&refreqid=search%3Ad7d5785066f048576585141daf3bb788
- b. Crowe, R and Ronald, C (1967) The Meaning of Risk, American Risk and Insurance Association, 34, pp 459-474.
Url: https://www.jstor.org/stable/pdf/250861.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3A606c872b44bf0b3a03469cfd69f66433
- c. Troster, J (1964) Over insurance. Its Meaning, The Journal of Risk and Insurance, 31, pp 603-611.
Url: https://www.jstor.org/stable/pdf/250812.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3A606c872b44bf0b3a03469cfd69f66433

Second module: Insurance Operations

Marketing of Insurance products, Types of agency relationships, Difference between agent and broker, Underwriting and Administration.

Readings:

- (i) Marketing, Underwriting and Administration in Insurance Business. Url: https://saylordotorg.github.io/text_risk-management-for-enterprises-and-individuals/s11-insurance-operations.html
- (ii) Rowell, D and Luke B (2012) A History of the Term “Moral Hazard”, The Journal of Risk and Insurance, 79, pp 1051-1075.
Url: https://www.jstor.org/stable/pdf/23354958.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3Afac74e1ee49a8f7aa9bc22e92c2aa201

Activity: Article Review and Case Analysis

- a. Krakovsky, M (2016) What Middle Managers Can Learn from Agents, Brokers, and Other Middlemen, Harvard Business Review, pp 1-4
- b. Cha Shu (2019) SOREL Life Insurance Company: Improving Underwriting Performance, IVEY Publishing, W19400, pp 1-5.

Third module: Risk Management

Managing risks- Re-insurance, Managing operational risk, compliance and investment risk, Portfolio selection and analysis. Capital Asset Pricing Model.

Readings:

- (i) Improving third-party risk management in the (re)insurance and investment industries. Url: <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Risk/Our%20Insights/Improving%20third%20party%20risk%20management%20in%20the%20reinsurance%20and%20investment%20industries/Improving-third-party-risk-management-in-the-reinsurance-and-investment-industries-Nov-2018.ashx>
- (ii) Risk management.
Url: <https://corporatefinanceinstitute.com/resources/knowledge/strategy/risk-management/>
- (iii) Suominen, A (1995) Risk Management Behaviour and Company policy for Insurance- a Part of Business Decision-Making, 20, pp 1-10.
Url: https://www.jstor.org/stable/pdf/41952354.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3A345f12c3e270d2d6d1fd5136d0714398,

Activity – Case Analysis

- a. Rai, K (2019) Krishna’s Personal Insurance Plan, The University of Hong Kong, The Asia Case Research Centre, HK1181, pp 1-8.
- b. Southam, C (2009) Alex Sharpe’s Portfolio, Richard Ivey School of Business, 808N20, pp 1-4

Fourth module: Risk Containment Measures

Characteristics of Risk Containment Measures- Fraud Risk- Risk containment- Insurance Fraud- Types of Insurance Fraud- Example of Fraud indicators- Benefits of conducting a fraud risk assessment- Importance of Anti-fraud policy.

Readings/ Reference:

- (i) Kierulff, H (2008) MIRR: A better measure, Kelly School of Business, BH 285, Business Horizons, 51, pp 321-329.

Activity: Interaction and discussion with the industry expert on fraudulent practises and measures adopted by the insurance companies

Fifth module: Financial Planning

Meaning of financial planning, Role of time value of money in decision making, Steps in financial planning, Creating a financial plan. Identifying an optimum portfolio, Risk management techniques. Digitization of risk,

Readings/ Reference:

- (i) Financial planning process. Url: <https://www.fpsb.org/about-financial-planning/financial-planning-process/>
- (ii) Steps in financial planning- <https://economictimes.indiatimes.com/wealth/plan/six-step-financial-planning-process/articleshow/64913906.cms?from=mdr>

Activity: Financial planning and identifying the optimum mix.

Team activity (Completion: 10 days before the mid semester examination)

Identify a insurance company The student need to have an idea about the products and services offered by them. Student will have to submit an assignment based on this activity.

Working Paper (Submission: 15 days before the end of the course)

The student should write a working paper on any of the topics covered in this course. The candidate should use the database available in the university to access articles, datasets (JSTOR, EPWRF India Time Series and must cite it). The length of the paper should be between 7-10 pages. It should contain (i) Abstract, (ii) Introduction, (iii) Need for the study, (iv) Data analysis, (v) Findings and conclusion and (v) Reference (APA format). Usage of end notes is highly appreciated.

The preferred font is Times New Roman, and the size is 11 for the body and 13 for headings and 15 for the title. All papers will be screened for similarity and the student will have to revise and resubmit the paper if the level is above 35%. Outstanding papers shall be considered for conference presentation and /or publication wherein the candidate will be first author.

6. Pedagogy

This course employs discussions, case analysis, and presentations.

Evaluation Pattern:

Component	%
Article review and discussion	15
Working paper	10
Group activity	10
Mid-term (written) exam	25
End -term (written) exam	40
Total	100