

RISK MANAGEMENT AND INSURANCE

Subject Code	: 14MBA FM408	IA Marks	: 50
No. of Lecture Hours / Week	: 04	Exam Hours	: 03
Total Number of Lecture Hours	: 56	Exam Marks	: 100
Practical Component	: 01 Hour / Week		

Objectives:

- To provide an understanding of risk and methods of handling risk
- To provide an understanding of the risk identification and measurement
- To comprehend insurance contracts such as health insurance, fire insurance, marine and health insurance and life insurance
- To provide an understanding of the management of insurance companies

Module I

(8 Hours)

Introduction to Risk Management: Risk-Risk and Uncertainty-Types of Risk-Burden of Risk-Sources of Risk-Methods of handling Risk-Degree of Risk-Management of Risk

Risk Management-Risk Management Process-Identification Loss exposures-Analyzing Loss exposures-Objectives of Risk Management-Select the Appropriate Risk Management Technique-Implement and Monitor the Risk Management Program-Risk Management by Individuals and Corporations-Risk Management objectives-Need for a Rationale for Risk Management in Organizations- Understanding the cost of Risk-Individual Risk Management and the Cost of Risk-Risk Management and Societal Welfare.

Module II

(6 Hours)

Risk Identification-Business Risk Exposures-Individual Exposures-Exposures of Physical Assets -Exposures of Financial Assets -Exposures of Human Assets -Exposures to Legal Liability - Exposure to Work-Related Injury-Basic concepts form probability and Statistics.

Module III

(8 Hours)

Risk Measurement-Evaluating the Frequency and Severity of Losses-Risk Control-Risk Financing Techniques-Risk Management Decision Methods-Pooling Arrangements and Diversification of Risk.

Advanced Issues in Risk Management: The Changing Scope of Risk Management-Insurance Market Dynamics-Loss Forecasting-Financial Analysis in Risk Management --Decision Making-Other Risk Management Tools

Module IV

(8 Hours)

Introduction to Insurance

Risk and Insurance- Definition and Basic Characteristics of Insurance- Requirements of an Insurable Risk-Adverse Selection and Insurance- Insurance vs. Gambling Insurance vs. Hedging-Types of Insurance- Essentials of Insurance Contracts.

Indian Insurance Industry -Historical Framework of Insurance, Insurance sector Reforms in India-Liberalization of Insurance Markets-Major players of Insurance.

Regulation of Insurance- Insurance Act 1938 -eligibility-Registration and Capital requirement-Investment of assets-Approved investments-Licensing of insurance agents- IRDA-Duties and powers of IRDA-IRDA Act 1999- IRDA regulations for general insurance-reinsurance, life insurance, micro insurance, licensing of insurance agents, registration of insurance companies and protection of policyholders interest.

Module V

(8 Hours)

Life Insurance

Basics of Life Insurance-Growth of Actuarial Science-Features of Life Insurance-Life Insurance Contract-Life Insurance Documents-Insurance Premium Calculations.

Life Insurance Classification-Classification on the Basis-Duration-Premium Payment-Participation in Profit-Number of Persons Assured-Payment of Policy Amount-Money Back Policies-Unit Linked Plans.

Annuities-Need of Annuity Contracts, Annuity V/s Life Insurance, Classification of Annuities.

Module VI

(10 Hours)

General Insurance-Laws Related to General Insurance-General Insurance Contract-General Insurance Corporation(GIC)-Performance Private and Public General insurance companies.

Health Insurance-Individual Medical Expense Insurance - Long Term Care Coverage - Disability Income Insurance - Medi-claim Policy - Group Medi-claim Policy - Personal Accident Policy - Child Welfare Policy-Employee Group Insurance - Features of Group Health Insurance - Group Availability Plan.

Fire Insurance-Essentials of Fire Insurance Contracts, Types of Fire Insurance Policies, Fire Insurance Coverage.

Marine Insurance-Types of Marine Insurance - Marine Insurance principles - Important Clauses in Marine Insurance- Marine Insurance Policies -

Marine Risks-Clauses in Marine Policy.

Motor Vehicles Insurance-Need for Motor Insurance, Types of Motor Insurance, Factors to be considered for Premium Fixing.

Module VII

(8 Hours)

Management of Insurance Companies

Functions and Organization of Insurers- Types of Insurance Organization, Organizational Structure of Insurance Companies-Functions of Insurers. - Underwriting-Principles of Underwriting, Underwriting in Life Insurance, Underwriting in non-life Insurance.

Claims Management-Claim Settlement in General Insurance-Claim Settlement in Life Insurance.

Insurance Pricing-Insurance Cost and Fair Premiums, Expected Claim Costs, Investment Income and the timing of claims Payments, Administrative Costs, Profit Loading, Capital Shocks and Underwriting Cycles, Price Regulation.

Insurance Marketing: Marketing of Insurance Products, Critical Success factors for Insurance Players, Marketing Strategies in India.

Practical Component

- Analyze the insurance potential in India based on secondary data
- Meet Insurance advisors. Agents and have a discussion on requirements of insurance selling.
- Select insurance company of your interest and study the risk management procedures followed by that company.
- Analyze risk management techniques used by the banks, cement companies, automobile companies.
- Visit the IRDA website and identify the rules and regulations governed by IRDA with respect to Marketing of insurance in rural markets

RECOMMENDED BOOKS

- "Risk Management and Insurance", Scott E. Harrington, Gregory R Niehaus, (2007), Second Edition, Tata McGraw Hill Publishing Company Limited, New Delhi.
- "Introduction to Risk Management and Insurance", Dorfman, Mark S., (2008), 10th Edition, Prentice Hall India, New Delhi.
- "Principles of Risk Management and Insurance", George E Rejda, (2009), Twelfth Edition, Pearson, New Delhi.
- "Insurance and Risk Management", P.K. Gupta, (2010), First Edition, Himalaya Publishing House, Mumbai.

- Principles and Practice of Insurance", P. Periasamy, (2009), Second Edition, Himalaya Publishing House, Mumbai.
- "Risk Management-Insurance and Derivatives", G. Kotreshwar, (2011), First Edition, Himalaya Publishing House, Mumbai.

REFERENCE BOOKS:

- Risk Management and Insurance, C. Arthur Williams, Jr. Peter Young, Michael Smith, (2007), Eighth Edition, Tata McGraw Hill Publishing Company Limited, New Delhi.
- Risk Management and Insurance, James Trieschmann, Obert Hoyt, David Sommer, (2008), Twelfth Edition, Cengage Learning, New Delhi.
- Risk management and Insurance: New Perspective in a Global Economy", Harold D. Skipper, W. Jean Kwon, (2008), First Edition, Wiley India, New Delhi.
- Fundamentals of Risk and Insurance, Emmett J. Vaughan, Therese Vaughan, (2007), First Edition, Wiley India, New Delhi.

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