

INS 211: Introduction to Risk and Insurance

(Insurance and Risk Management - focus area I)

Credits: 3

Lecture Hours: 48

Course Objective

This course deals with the insurance and risk management. Also acquaints students with different type of risk involved in insurance business.

Course Description

This course contains: risk, insurance and risk, introduction to risk management, pooling arrangements and risk, the changing scope of risk management, risks of insurance companies, principles of insurance, type of insurance, laws of insurance, insurance market.

Course Details

Unit 1: Risk

LH 3

Meaning of Risk, Chance of Loss, Perils and Hazard, Basic Categories of Risk, Types of Pure Risk, Burden of Risk on Society, Methods of Handling Risk

Unit 2: Insurance and Risk

LH 6

Definition of Insurance, Basic Characteristics of Insurance, Requirements of an Insurable Risk, Two Applications: The Risks of Fire and Unemployment, Adverse selection and Insurance, Insurance and Gambling, Insurance and Hedging, Types of Insurance, Benefits of Insurance to Society, Cost of Insurance to Society.

Unit 3: Introduction to Risk Management

LH 6

Meaning of Risk Management, Objectives of Risk Management, Steps in the Risk Management Process, Identifying Risk Exposures, Analyzing the Risk exposures, Selecting the Appropriate Techniques for Treating the Risk Exposures, Implementing and Monitoring the Risk Management Program, Benefits of Risk Management, Personal Risk Management.

Unit 4: Pooling Arrangements and of Risk

LH 4

Risk Reduction through Pooling Independent Losses, Pooling Arrangements with Correlated Losses, Insurers as Managers of Risk Pooling Arrangements.

Unit 5: The Changing Scope of Risk Management

LH 5

The Changing Scope of Risk Management, Insurance Market Dynamics, Loss Forecasting, Financial Analysis in Risk Management Decision Making, Other Risk Management Tools

Unit 6: Risks of Insurance Companies

LH 5

Operational Risk, Underwriting Risk, Diversification of Underwriting Risk, Claim Risk, Investment Risk, Reinsurance Risk, Insolvency Risk

Unit 7: Principles of Insurance

LH 4

Principle of Indemnity, Principle of Insurable Interest, Principle of Subrogation, Principle of Utmost Good Faith, Principle of Proximate Cause, Principle of Contribution

Unit 8: Types of Insurance**LH 5**

Life Insurance: Whole Life Insurance, Endowment Life Insurance, Term Life Insurance, Annuity & Pension Plan, Other Types of Life Insurance, **Non Life Insurance:** Fire Insurance, Motor Insurance, Marine Insurance, Engineering Insurance, Aviation Insurance, Cattle and Crop Insurance and Miscellaneous Insurance

Unit 9: Laws of Insurance**LH 4**

Insurance Act, Insurance Regulation, Directives issued by Insurance Board

Unit 10: Insurance Market**LH 6**

Reinsurance Company, Insurance Company (Life and Non Life Insurance Company), Loss Assessors & Loss Adjustors, Third Party Administrator (TPA), Insurance Agents, Insurance Customers (Insured), Insurance Regulator

Reference Books:

Rejda, George E., (2011), *Principles of Risk Management and Insurance*;

10th Edition, Pearson Education Dorling Kindersley, (India) Pvt. Ltd., New Delhi

Harrington, Scot E. & Niehaus, Georgy R. (2004), *Risk Management and Insurance*, 2nd Edition, Tata McGraw Hill Education Private Ltd. , New Delhi

Kenneth Black, Jr. and Harold D. Skipper, Jr., (2000), *Life and Health Insurance* , 13th Edition, Pearson Education, Inc., Dorling Kindersley, (India) Pvt. Ltd., New Delhi

Mishra, M.N. & Mishra, S.B., (2011), *Insurance Principles and Practice*, 18th Edition, S. Chand and Company Ltd., New Delhi

(Beema Samiti), www.bsib.org.np

Chaul, A.S. and Murali, C.B., (2011), *Risk Management*, Revised Edition, Insurance Institute of India, Mumbai