

**NATIONAL UNIVERSITY OF SINGAPORE
NUS BUSINESS SCHOOL**

FIN3119: RISK AND INSURANCE

LECTURE NOTES

by

A/P CHEN RENBAO

2015/2016 SEMESTER I

**NATIONAL UNIVERSITY OF SINGAPORE
NUS BUSINESS SCHOOL**

Course: FIN3119: Risk and Insurance 2015/2016 Semester I

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Class Hours: Monday 8:00-11:00 (Group J1) Room: BIZ1 02-06
Monday 14:00-17:00 (Group J2) Room: BIZ1 02-06

You are appreciated if you come to class on time.

Consultation Hours: Wednesday: 10:00-16:00; Other time by appointment

Course Description:

Business entities and individuals are exposed to substantial risk associated with losses to property, income, and wealth because of damage to assets, legal liability, disability, retirement, and death. Costs associated with legal liability and employee benefit programs, particularly Central Provident Fund (CPF) and health care, have become matters of deep concern to company management. Individuals seeking coverage of their professional and personal risks have similar concerns. This survey course analyses the nature and impact of these risks and discusses appropriate risk management techniques. The emphasis is on the analysis and management of these problems for business entities, but these are substantial implications for the problems faced by individuals and society. Specific topics include risk identification and measurement; risk control and transfer, risk financing with commercial insurance, self-insurance, and captive insurance programs; insurance markets and regulation; employee benefits and CPF; life and health insurance; personal financial planning; international risk management and insurance for multi-national corporations.

This course will introduce Singapore experiences in solving problems related to Medicare, Housing, aging population and retirement, transportation, and using effective tax system to encourage people to work harder as well as to help the poor.

Course Objective:

It is an introductory course to insurance. No pre-requirement is needed for this course. After completion of this course, the students are expected to understand the basics of risk management and insurance, and importantly to explain the risk management and insurance decision made by individual and household, company, and the government.

Basic Reference Text:

Rejda, Geroge E., and Michael J. McNamara, *Principles of Risk Management and Insurance* (12th edition, 2014).

Assessment Methods:

Final Examination	40%
Mid-term	30%
Project Report	20%
Class participation	10%

Requirements of Project: This is a group project with 4 to 6 students per group. You can choose any topic related to this course. The length is between 15 to 20 pages without including references, tables and graphs.

Course Outline

Group J1: Monday 08:00-11:00, Room BIZ1 02-06;

Group J2: Monday 14:00-17:00, Room BIZ1 02-06,

Topic #	Week	Topic Title	Assignments
		Part I: Risk Management & Insurance Basics	
1	17/08	Orientation and Course Overview; Risk and Risk Management I	Ch. 1 R 1
2	24/08	Risk and Risk Management II, Risk Pooling and Law of Large Numbers	Ch. 3, Ch. 4 Ch 2 Appendix
3	31/08	The Insurance Mechanism; Risk and Utility	Ch. 2 R 2
4	07/09	Corporate Demand for Insurance Cases 1, 2;	R 3
5	14/09	Organisational Structure in the Insurance Firm; Insurance Company Operations, Reinsurance Recess Week 19/9-27/9	Ch. 6; R 4 R 5
6	28/09	Insurance Pricing	Ch. 7; Ch. 13 Appendix
7	05/10	Insurance Contract and Insurance Regulations	Ch. 9, 10,12; R 6
		Part II: Insurance Market	
8	12/10	Motor Insurance and COE	Ch. 22-23; R 7
9	19/10	Mid-term Exam (Topics: 1-7); Other General Insurance; Liability Insurance	Ch. 19-21, 24, 25-27; R 8, R 9, R 9a
10	26/10	Life Insurance; Health Insurance	Ch.11-15; R 10, R 11, R 12
11	02/11	Employee Benefit Planning and Retirement Planning Hand in Project Report	Ch. 16-18; R 13, R 14, R 15,
12	09/11	Overview of Personal Financial Planning 13 Risk Management and Insurance for Multi-national Corporation	R 16, R 17
14	14/11	Reading Week	
15	21/11	Final Exam To be confirmed	

Note:

1. No class on August 10 as it is make-up public holiday for National Day.
2. Ch. 1 means Chapter 1 in the textbook; R 1 stands for reading material 1 uploaded in the IVLE. Please download reading materials by yourself.

Appendix: ACADEMIC HONESTY & PLAGIARISM

Academic integrity and honesty is essential for the pursuit and acquisition of knowledge. The University and School expect every student to uphold academic integrity & honesty at all times. Academic dishonesty is any misrepresentation with the intent to deceive, or failure to acknowledge the source, or falsification of information, or inaccuracy of statements, or cheating at examinations/tests, or inappropriate use of resources.

Plagiarism is 'the practice of taking someone else's work or ideas and passing them off as one's own' (The New Oxford Dictionary of English). The University and School will not condone plagiarism. Students should adopt this rule - You have the obligation to make clear to the assessor which is your own work, and which is the work of others. Otherwise, your assessor is entitled to assume that everything being presented for assessment is being presented as entirely your own work. This is a minimum standard. **In case of any doubts, you should consult your instructor.**

Additional guidance is available at:

<http://www.nus.edu.sg/registrar/adminpolicy/acceptance.html#NUSCodeofStudentConduct>

Online Module on Plagiarism: <http://emodule.nus.edu.sg/ac/>