



# Principles of Risk Management and Insurance Module 4, 2023-2024

## Course Information

---

**Instructor: Lan JU (雒岚)**

PHBS Building, Room 762

Phone: 86-755-2603-2653

Email: [julan@phbs.pku.edu.cn](mailto:julan@phbs.pku.edu.cn)

Office Hour: M/R 12:30-13:30 or by appointment

**Teaching Assistant: Yingjun ZHOU(周映君)**

Phone: 15994287111

Email: Zhouyingjun0212@163.com

**Classes:**

Lectures: M/R 13:30-15:20

Venue: PHBS Building, TBD

**Course Website:**

N/A

## 1. Course Description

### 1.1 Context

Course overview:

This course explores the areas of general risk management process that mainly focuses on downside pure risks, property and liability insurance, life and health insurance, annuities and employee benefits, etc. Students will learn to identify and measure risks, and select appropriate risk management tools to reduce and finance risks. The purpose of the course is to equip students to develop a conceptual framework for making risk management decisions that increase business value and individual welfare and get familiar with the insurance industry. Furthermore, the topics related to the Chinese insurance industry will be discussed.

Prerequisites: FIN500- Business Math

### 1.2 Textbooks and Reading Materials

Text: Scott E. Harrington and Gregory R. Niehaus, *Risk Management and Insurance*, 2<sup>nd</sup> edition, 2003, McGraw-Hill Companies, NY.

Lecture notes.

Other reading materials that may be distributed in the class.

## 2. Learning Outcomes

### 2.1 Intended Learning Outcomes

<b>Learning Goals</b>	<b>Objectives</b>	<b>Assessment (YES with details or NO)</b>
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	✓
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	✓
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	✓
	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	✓
	3.2. Our students will practice ethics in the duration of the program.	✓
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	✓
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	✓
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	✓
	5.3. Our students will demonstrate competency in critical thinking.	✓

## **2.2 Course specific objectives**

Today's business managers must operate in an increasingly complex, global environment that generates many risks which are often associated with property losses, legal liability, workplace injury and employee benefits, currency exchange, interest rate fluctuations and political risks. These risks can threaten not only operational goals such as profitability and growth, but also the organization's very survival.

This course explores the areas of *general* risk management process, property and liability insurance, life and health insurance, annuities and employee benefits, etc. We will learn to identify and measure risks, and select appropriate risk management tools to reduce and finance risks. The purpose of the course is to equip students to develop a conceptual framework for making risk management decisions that increase business value and individual welfare and get familiar with the insurance industry. Furthermore, the topics related to the Chinese insurance industry will be discussed.

## **2.3 Assessment/Grading Details**

We will have two quizzes, three homework assignments, one presentation and one final exam. The determination of your final grades is as follows:

Quizzes	10%
Homework	15%
Presentation*	25%
Final exam	50%
	100%

\*: The presentation is based upon one of the hot insurance industry topics. # of members in one group should be **no more than 6**.

## **2.4 Academic Honesty and Plagiarism**

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

## **3. Topics, Teaching and Assessment Schedule**

<b>Week</b>	<b>Topic</b>	<b>Readings (Ch.)</b>
1	Introduction to Risk and Risk Management (RM)	1
	Objective of RM	2
	Risk Identification	3.1, HW 1
	Property Exposures	3.1
2	Liability RM problems (I)	12.1-12.2
	Liability RM problems (II)	12.3
	Liability RM problems (III)	12.4, 12A
	Human Resource Exposure (I)	18
3	Human Resource Exposure (II)	16.1-16.2, 17.1-17.2
	Risk Measurement (I)	3.2, HW 2
	Risk Measurement (II)	3.3, 4.1-4.2
	RM Tools I-Loss Control	11.1-11.3
4	RM Tools II-Retention and Non-insurance Transfer	22.1, 29.3
	RM Tools III-Insurance Transfer	4.1-4.3
	RM and Shareholder Wealth	20
	Cash Flow Analysis	11.3
5	Selection and Monitoring, and Case Study	-
	Financial Price RM-Hedging	24
	Enterprise Risk Management (Case study)	27
	Insurance Pricing	8.1-8.5, HW 3
6	Insurability of Risk	10.1
	Contractual Provisions and Legal Doctrines (I)	10.2-10.3
	Contractual Provisions and Legal Doctrines (II)	10.2-10.3
	Auto Insurance (I)	13
7	Auto Insurance (II)	13
	Life & Health Insurance (I)	15, 16.3-16.6

	Life & Health Insurance (II)	15, 16.3-16.6
	Alternative Risk Transfer	25
8	Captive Insurers	25.4
	Social Insurance	19
	Insurance Regulation	6
	Review Session	-
9	<b>Guest Speakers* OR Topic Discussion</b>	-
		-
	Presentation	-
		-

**Final Exam: June 30, 1;30-3:30pm.**

**Classes on June 10 will be moved to June 12.**

\*: Guest speakers from the senior management of insurance companies **may** be invited to give talks. The schedule is subject to change.

#### **4. Miscellaneous**

I firmly believe that we learn by actively participating in the learning process. ***Please note that quizzes will be given WITHOUT prior notice.*** Thus, you are strongly encouraged to read course materials before coming to the class. Also, please remember your active participation in the class discussion may affect your grades at the margin.