



# B.E. International Program

Faculty of Economics, Thammasat University



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## Course Outline

### FN241 Risk Management and Insurance

Summer Session 2013 (June 3 – July 23, 2014)

|                           |   |
|---------------------------|---|
| <b>Number of credits:</b> | 3 credits (3-0-6)                                     |
| <b>Lecture Time:</b>      | Wednesdays and Fridays, 9AM – noon                    |
| <b>Lecture Venue:</b>     | Room 206, 2 <sup>nd</sup> floor, Faculty of Economics |
| <b>Instructor:</b>        | Asst. Prof. Dr. Sarayut Nathaphan                     |

### Course Objective:

1. Explore Insurance Industry and its determinants, products, rule and regulations in the users perspective.
2. To enable students to understand framework, role, and function of financial department of business; goal and importance of financial risk management
3. To introduce the basic concept of financial risk management and insurance business including its roles in business world.
4. To equip students with analytical and problem-solving skills using MATLAB and its programming to solve basic risk management in finance world.

To provide students broad financial knowledge, corporate and investment, suffices for any business related functions

### Required Text and Materials:

1. Crouhy, Michel, Dan Galai, and Robert Mark, “The Essentials of Risk Management”, Mc Graw Hill 2007 (CGM)
2. George, E. Rejda, “Principal of Risk Management and Insurance, 11<sup>th</sup> edition”, Pearson, 2011 (GR)

## Grading:

|                      |             |
|----------------------|-------------|
| Final Examination    | 50%         |
| Presentation         | 10%         |
| Project              | 20%         |
| Quiz and Assignments | 20%         |
| <b>Total</b>         | <b>100%</b> |

## Approximate Grading Scale:

90-100 = A; 80-89 = B+; 75-79 = B; 70-74 = C+; 65-69 = C;

60-64 = D+; 50-59 = D; Below 50 = F

I reserve my rights to change score weights by which beneficial to the students.

## Tentative Course Schedule:

| Session | Topic   | Reading                     |
|---------|---|-----------------------------|
| 1       | Introduction to the course:<br>Introduction to risk management: A Helicopter View<br><b>Introduction to MATLAB 1</b>              | CGM<br>Chp. 1               |
| 2       | Introduction to Risk management and Insurance<br>Probability concept<br>Risk and its treatment<br><b>Introduction to MATLAB 2</b> | GR<br>Chp. 1<br>Chp. 2      |
| 3       | Corporate Governance and Risk Management<br>Introduction to Probability<br>Introduction to Random Variables                       | CGM<br>Chp.4 and<br>Handout |

|       |  |  |
|-------|--|--|
| 4 - 6 | A User-Friendly Guide to the Theory of Risk and Return<br><br><b>MATLAB workshop</b>         | CGM<br><br>Chp. 5<br><br>Lecture Note    |
| 7     | The Insurance Mechanism<br><br>Fundamental of Risk Management                                | GR<br><br>Chp. 3                         |
| 8     | Additional Topics in Risk Management<br><br>Introduction to Enterprise Risk Management (ERM) | GR<br><br>Chp. 4<br><br>Lecture Note     |
| 9     | Legal Principles in Insurance  | GR<br><br>Chp. 5                         |
| 10-11 | Analysis of Insurance Contracts<br><br>The liability risk<br><br>Life Insurance              | GR<br><br>Chp. 6 -10                     |
| 12    | Corporate Risk Management  | CGM<br><br>Chp. 2                        |
| 13    | Value at Risk  | CGM<br><br>Chp 7<br><br>Class<br>Lecture |
| 14-15 | Project Presentation   |  |

### **Examinations:**

The final examination will be administered in class. The tests consist of discussion questions and problems covering contents in the lectures and assignments.

## **Assignments:**

There will assignments as deemed appropriate to accommodate effective learning. Each assignment will be graded based on the quality of the research, clarity of exposition, and professional presentation of the analysis.

## **Term Project:**

Subject to my approval, each group will propose topic of term project. Each group select specific type of insurance (life or non-life), explore in depth regarding the following aspects:

1. Business environment in terms of size, players, market share, and may propose business outlook in the next decade (from your perspective supported with evidence).
2. Competitive environment
3. Product varieties
4. Key driving factor for sustained performance
5. Other aspects deemed appropriate by students for example, students may suggest appropriate value of the insurance firm.

Please be noted that term paper require in depth analysis together with supported evidences.

## **Presentation:**

Professional presentation style will be rewarded high score. It is my rights in assigning score on this section. Every member of each group must present his/her work.

## **Other Course Policies:**

**Lectures** will stress the most important issues addressed in the readings. You are responsible for all material covered in class and assigned readings. Lectures certainly go beyond the scope of the textbook. Therefore, it is important for you to attend class. **You are responsible for all announcements and changes made in class.** You must bring a calculator/computer to class so that you may work on problems and participate in class.

Any **academic misconduct** including, but not limited to, accessing unauthorized materials and communicating with fellow students during examinations and quizzes and using the work of another student will immediately result in a failing grade for the course. Additional sanctions by the Faculty may also be imposed if it deems necessary.

### **Make-up Test:**

There will be no make-up quiz and final examination without prior consent from the instructor. If a student has a legitimate, verifiable reason (e.g., doctor's note), a separate comprehensive examination will be given.

### **Important Dates**

|                            |                                       |
|----------------------------|---------------------------------------|
| Classes Begin              | June 3, 2014                          |
| Adding and Dropping Course | June 3 – 10, 2014                     |
| Midterm Exam Period        | June 26 – 27, 2014 (No Lectures)      |
| <b>Midterm Exam</b>        | -                                     |
| Course Withdrawal with “W” | July 2 - 4, 2014                      |
| Last Day of Classes        | July 23, 2014                         |
| <b>Final Exam</b>          | <b>July 26, 2014; 1.30PM – 4.30PM</b> |