



# **RISK MANAGEMENT AND INSURANCE**

## **23MBPE643**

**(COURSE HANDBOOK)**

**MBA**

**COURSE HEAD:**

**Dr. Jayashree Shetty**

**Asst. Prof. Akshitha**

# 1. GENERAL INFORMATION

Exploring the course of Risk Management and Insurance!

This course offers the fundamentals of risk management, examining various types of risks, their sources, and the methods for identifying and mitigating them. This foundation covers exposures related to physical, financial, and human assets, preparing students to analyze and address uncertainties in diverse scenarios. The curriculum emphasizes critical thinking and analytical skills for effective risk evaluation and decision-making.

As the course progresses, it delves into the technical aspects of risk measurement and insurance. You will learn to assess the frequency and severity of losses using advanced forecasting tools and financial analysis. This course also introduces the essentials of insurance, detailing the principles, types, and regulatory frameworks in India. Special focus is given to life and general insurance, encompassing topics like premium calculations, policy classifications, and legal considerations. This ensures a well-rounded understanding of the insurance industry's structure and operational dynamics, including reforms led by the Insurance Regulatory and Development Authority (IRDA).

The final segments of the course concentrate on specialized insurance types, such as fire, marine, and health insurance, exploring their unique features and contractual essentials. By the end of the course, you are equipped to apply the knowledge to real-world scenarios, summarizing key concepts, analyzing regulatory principles, and leveraging insurance contracts for effective risk management. Supported by textbooks, case studies, and online resources, this curriculum combines theoretical knowledge with practical insights, fostering a robust skill set for careers in risk management and insurance. We look forward to an engaging and productive semester together!

## 1.1 Course Objectives

- **Risk Understanding:** Provide knowledge about different concepts of risk and Insurance.
- **Risk Assessment:** Provide the basic knowledge of the risk identification and measurement.
- **Knowledge about Life Insurance:** Acquaint about the role of Life Insurance in risk management.
- **Familiarize General Insurance:** Familiarize the concept of General insurance.

## 1.2 Course outcome

**CO1:** Summarize various concepts of Risk and Insurance.

**CO2:** Describe the principles and regulations governing insurance.

**CO3:** Apply the process of identifying and measuring the risk.

**CO4:** Apply the knowledge of life insurance contracts to manage risk.

**CO5:** Apply the knowledge of general insurance contracts to manage risk.

### 1.3 Set Text and Suggested Sources

All the below mentioned books are available in the 1st Floor Library.

#### Key Text Books:

1. George E Rejda, "Principles of Risk Management and Insurance", 13th Edition, Pearson, 2017
2. Gregory R Niehaus, Scott E. Harrington, "Risk Management and Insurance", 2nd Edition, TMH, 2017.

#### Reference Books:

1. Dorfman, Mark S., "Introduction to Risk Management and Insurance", 10th Edition, Prentice Hall India, 2012
2. P.K. Gupta, "Insurance and Risk Management", 1st Edition Himalaya, 2022

#### Important Web Links:

1. Risk Management with real world examples  
<https://www.youtube.com/watch?app=desktop&v=cXAqQ7ofdHw>
2. Role of insurance in risk management  
<https://www.youtube.com/watch?app=desktop&v=dVuduWgOH20>
3. Life insurance and how to choose best policy  
<https://www.youtube.com/watch?v=0l>
4. General insurance features and benefits  
<https://www.youtube.com/watch?v=vQfq9TE7zFk>

## 2. THE COURSE

### 2.1 Course Description

RISK MANAGEMENT AND INSURANCE			
Semester	III	CIE Marks	50
Course Code	23MBPE643	SEE Marks	50
Teaching Hrs/Week (L:T:P)	3:0:0	Exam Hrs	03
Total Hrs	42	Credits	03

The Risk Management and Insurance course designed to provide students with foundational knowledge in Risk Management and Insurance. The course will run for 13 weeks during Semester III and consists of 5 modules that cover essential topics in Risk Management, Risk Measurement, General Insurance and Life Insurance. Each week includes 4 lectures, delivered by Dr. Jayshree Shetty and Ms. Akshitha, focusing on theoretical concepts, practical applications, and course-related activities. Spanning a total of 42 hours, this 3-credit course is

assessed through Continuous Internal Evaluation (CIE) for 50 marks and a Semester-End Examination (SEE) for 50 marks, with 3-hour exam duration. This structure ensures a balanced and engaging learning experience for students.

## 2.2 Initiating Contact with Staff and Other Students

We encourage open communication and value your inquiries about the Course. However, given the large number of students in this course, we encourage that you use email, meet course convenor during office hours and any other forms of correspondence thoughtfully. Before reaching out to your course convenor, please check if your query has already been addressed in previous communications or in the materials provided in this handbook and on our website. Additionally, we encourage you to engage with your peers for discussions and collaborative learning, as this will enhance your understanding of the course material and foster a supportive academic community.

## 2.3 Resources

Resources go beyond just books—they include dynamic tools like digital libraries, e-learning platforms, and research databases. These modern learning environments offer anytime, anywhere access to academic materials, interactive courses, and cutting-edge research, empowering students to explore knowledge and excel in their fields.

Students can access a variety of resources through the college website such as VTU Consortium, e-learning platforms, and additional sources like open-access repositories, government portals (e.g., NPTEL, NDLI). These digital tools provide access to e-books, research papers, video lectures, and interactive tutorials, offering flexible and comprehensive learning environments.

E-learning and digital library can be accessed via the college website <https://mite.ac.in/> (Campus Life section > Library > VTU Consortium/e-learning platforms/additional sources).

## 2.4 Staff

- 1 Course Convenor: Dr. Jayashree Shetty  
Cabin: 3<sup>rd</sup> Floor, PG Block  
Email: [hodmba@mite.ac.in](mailto:hodmba@mite.ac.in)
- 2 Course Convenor: Prof. Akshitha  
Cabin: 2<sup>nd</sup> floor, PG Block  
Email: [akshitha@mite.ac.in](mailto:akshitha@mite.ac.in)

## 2.4 Topics and Reading materials for each module

<b><u>Module 1</u></b>	<i>No. of Hours: 7</i>
<ul style="list-style-type: none"><li>- <b>Topic: Introduction to Risk Management</b><ul style="list-style-type: none"><li>o Types of Risk-Burden of Risk-Sources of Risk-Methods of handling Risk-Degree of Risk. Risk identification- Risk and uncertainty. 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</li></ul></li></ul>	

- **Activities:**
  - Risk Identification in Real-World Scenarios in industries like healthcare, construction, IT, or retail. They will identify risks relevant to their industry and classify them into categories such as physical, financial, human, or legal risks. Students develop an understanding of how risks manifest in various sectors and practice applying theoretical concepts to practical scenarios.
- **Essential Readings:**
  - George E Rejda, “Principles of Risk Management and Insurance”, 13th Edition, Pearson, 2017– Chapter 3
- **Additional Reading:**
  - P.K. Gupta, “Insurance and Risk Management”, 1st Edition Himalaya, 2022- Chapter 1

## **Module 2**

*No. of Hours: 8*

- **Topic: 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
- **Essential Reading:**
  - George E Rejda, “Principles of Risk Management and Insurance”, 13th Edition, Pearson, 2017 Chapter 4
- **Additional Reading:**
  - P.K. Gupta, “Insurance and Risk Management”, 1st Edition Himalaya, 2022– Chapter 2 & 3.

## **Module 3**

*No. of Hours: 9*

- **Topic: 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. IRDA-Duties and powers of IRDA-IRDA Act 1999.
- **Activities:**
  - Policy Review: Students will collect and review insurance contracts to identify key components like coverage, exclusions, premiums, and claims processes. They will analyze how these essentials align with the principles of insurance and the needs of policyholders. This hands-on exercise helps students build practical knowledge of insurance contracts and understand their relevance in managing risk effectively.

- **Essential Reading:**
  - o George E Rejda, “Principles of Risk Management and Insurance”, 13th Edition, Pearson, 2017– Chapter 2
- **Additional Reading:**
  - o P.K. Gupta, “Insurance and Risk Management”, 1st Edition Himalaya, 2022 – (From Chapter 4 to Chapter 14)

#### **Module 4**

*No. of Hours: 8*

- **Topic: Life Insurance**
  - o 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-Module Linked Plans. Annuities-Need of Annuity Contracts, Annuity V/s Life Insurance, Classification of Annuities, case studies
- **Activities:**
  - o Policy Comparison -Students should select at least three life insurance policies from different providers and gather details on their premium amounts, policy durations, and benefits. Finally, students should analyze which policy is most suitable for various customer needs and explain their reasoning in a brief report. Students gain hands-on experience in analyzing real-life insurance products, improving their understanding of policy features and industry practices.
- **Essential Reading:**
  - o George E Rejda, “Principles of Risk Management and Insurance”, 13th Edition, Pearson, 2017– Chapter 11,12 & 13
- **Additional Reading:**
  - o P.K. Gupta, “Insurance and Risk Management”, 1st Edition Himalaya, 2022– (From Chapter 15 to Chapter 21)

#### **Module 5**

*No. of Hours:10*

- **Topic: General Insurance**
  - o Laws Related to General Insurance-General Insurance Contract-General Insurance Corporation (GIC). 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.
  - o 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.
- **Activities:**
  - Case Study: Analyze a real-world case on selected Insurance companies. Discuss products and services offered by the company. Challenges faced by these institutions and their strategies for growth. It fosters problem-solving skills and strategic thinking, preparing students to address real-world issues in financial services and inclusive banking
- **Essential Reading:**
  - George E Rejda, “Principles of Risk Management and Insurance”, 13th Edition, Pearson, 2017– Chapter 22, 23 & 26
- **Additional Reading:**
  - P.K. Gupta, “Insurance and Risk Management”, 1st Edition Himalaya, 2022– (From Chapter 22 to Chapter 25)

### 3 ASSESSMENT

The assessment for the Risk Management and Insurance module is divided into two components: Continuous Internal Evaluation (CIE) and Semester End Examination (SEE), each accounting for 50% of the total marks.

**Continuous Internal Evaluation (CIE)** comprises two internal tests, scheduled for 8<sup>th</sup> and 14<sup>th</sup> week, which together contribute 30% of the total marks. Additionally, students can earn 20% through the completion of assignments (10 marks are allotted for Life Insurance Policy Comparison and 10 marks allotted for Case Study on Insurance Company).

**Semester End Examination (SEE)** constitutes the remaining 50% of the total marks. Key information regarding examination dates and related details can be accessed via the college website (Academics and Courses section > Calendar of Events > PG Odd Sem).

## Rubrics for Assignment Evaluation (Total: 20 Marks / 40% of CIE)

1. Life Insurance Policy Comparisons (10 Marks)					
Criteria	10 -9 Marks	8 -7 Marks	6-5 Marks	4-3 Marks	2-0 Mark
<b>Selection of Policies</b>	Selects 3+ distinct policies from different providers with strong justification.	Selects 3 distinct policies from different providers.	Selects 2 policies or similar providers.	Selects only 1 policy or lacks diversity.	No selection or irrelevant choices.
<b>Data Collection</b>	Gathers accurate and detailed data on premium amounts, durations, and benefits.	Collects relevant data with minor omissions.	Basic data collected but lacks depth.	Limited data with missing key details.	No meaningful data collected.
<b>Comparative Analysis</b>	Effectively compares policies, highlighting key differences with clear insights.	Good comparison with minor gaps in analysis.	Basic comparison with minimal analysis.	Limited comparison, lacks depth.	No comparison provided.
<b>Presentation</b>	Clear, concise, and well-organized report with strong structure.	Well-structured with minor issues in clarity.	Basic structure, lacks some clarity.	Poorly organized with minimal effort.	No organization or clarity in the presentation.

1. Case Study on Insurance Company (10 Marks)					
Criteria	10 -9 Marks	8 -7 Marks	6-5 Marks	4-3 Marks	2-0 Mark
<b>Company Selection Justification</b>	Strong justification with in-depth research and well-supported reasons.	Good justification with minor gaps in reasoning.	Basic justification, limited supporting details.	Weak justification, lacks depth.	No meaningful justification.
<b>Data Collection</b>	Gathers accurate and detailed data on company profile and identification of products/services	Collects relevant data with minor omissions.	Basic data collected but lacks depth.	Limited data with missing key details.	No meaningful data collected.
<b>Report Presentation</b>	Well-structured, clear, and professional.	Well-organized but minor clarity issues.	Basic structure, minor formatting issues.	Poorly organized, lacks professional ism.	No organization or clarity.