

Subject Description Form

Subject Code	AF3318
Subject Title	Principles of Insurance
Credit Value	3
Level	3
Normal Duration	1-semester
Pre-requisite / Co-requisite/ Exclusion	None
Role and Purposes	This subject contributes to the achievement of the BBA Outcomes by providing students with basic knowledge of risk management and insurance. It is designed to help students develop an awareness of situations involving risk, their relative importance, ways to manage risk, and methods to select the most effective management techniques. It requires students to communicate and work effectively with classmates (Outcome 1) and to demonstrate critical and creative thinking (Outcome 3). After successful completion of this course, students should be able to evaluate risk management decisions for both individuals and corporations (Outcome 8). They should also be able to be aware of important public policy issues and institutional changes related to risk (Outcome 10).
Subject Learning Outcomes	Upon completion of the subject, students will be able to: <ul style="list-style-type: none"> a. <u>understand and explain</u> what risk is, why it is important and how to identify it; b. <u>understand and apply</u> methods to measuring and managing risk; c. <u>evaluate</u> different risk management tools and <u>choose</u> the most effective one.
Subject Synopsis/ Indicative Syllabus	<ol style="list-style-type: none"> 1. Setting Objectives and Identifying Risk Management Problems Introduction to risk, why it is important and how to manage it (Ch. 1, 2); Identification of risk (Ch.12) 2. Methods to Measure and Manage Risk Risk measurement and risk pooling (Ch. 3, 4, 26); Non-insurance methods of risk reduction (Ch. 11, 22, 24.1); Some specifics of insurance (Ch. 8, 10) 3. Risk Management Decision-Making Shareholder wealth maximization (Ch. 9)
Teaching/Learning Methodology	Lectures will be used to introduce theoretical concepts and numerical examples. Lecture time will also be set aside for group project presentation. Problem sets are provided for self-practice and preparation for exams. Weekly office hours will be held for academic consultation.

Assessment Methods in Alignment with Intended Learning Outcomes	Specific assessment methods/tasks	% weighting	Intended subject learning outcomes to be assessed (Please tick as appropriate)					
			a	b	c			
	Continuous Assessment		50%					
1. Attendance and Class Participation		5%	√	√	√			
2. Mid-term exam		20%	√	√	√			
3. One group project <ul style="list-style-type: none"> • Group report • Presentation 		20% 5%	√	√	√			
Final Examination		50%	√	√	√			
Total		100 %						
To pass this subject, students are required to obtain Grade D or above in both the Continuous Assessment and Examination components.								
Student Study Effort Expected	Class contact:							
	▪ Lectures	39 Hrs.						
	Other student study effort:							
	▪ Revision	40 Hrs.						
	▪ Working on group project/presentation/ problem sets	30 Hrs.						
	Total student study effort		109 Hrs.					
Reading List and References	Recommended Textbooks							
	Scott E. Harrington and Gregory R. Niehaus, <i>Risk Management and Insurance</i> , 2 nd ed., 2004, McGraw-Hill Companies.							
	References							
	Rejda, George E., <i>Principles of Risk Management and Insurance</i> , 12 th ed., 2013, Addison Wesley.							
Hull, John C., <i>Options, Futures, and other Derivatives</i> , 9 th ed., 2014, Prentice Hall.								
Newspaper: Wall Street Journal, Financial Times								