

Module 6

6.6.1 Risk Management and Insurance

Module title	Risk Management & Insurance
Module NFQ level (only if an NFQ level can be demonstrated)	9
Module number/reference	PGDAF06
Parent programme(s)	Post Graduate Diploma in Accounting and Financial Services
Stage of parent programme	
Semester (semester1/semester2 if applicable)	Semester 2
Module credit units	ECTS
Module credit number of units	10
List the teaching and learning modes	Lectures, Tutorials, Guided blended learning, Self and Peer-directed learning.
Entry requirements (statement of knowledge, skill and competence)	This is an <i>ab initio</i> module, though students will have met the minimum entry requirements and RPL criteria for the parent programme.
Pre-requisite module titles	N/A
Co-requisite module titles	N/A
Is this a capstone module? (Yes or No)	No
Specification of the qualifications (academic, pedagogical and professional/occupational) and experience required of staff (staff includes workplace personnel who are responsible for learners such as apprentices, trainees and learners in clinical placements)	The lecturer for this module is required to have a level 9 qualification in Business/Insurance or a cognate discipline, relevant industry experience, as well as a track record of teaching in a higher education institution.
Maximum number of learners per centre (or instance of the module)	40.
Duration of the module	One Academic Semester, 12 Weeks Teaching.
Average (over the duration of the module) of the contact hours per week	6
Module-specific physical resources and support required per centre (or instance of the module)	One classroom with capacity of 40 and a number of smaller classrooms for tutorials.

Analysis of required learning effort										
Effort while in contact with staff										
Classroom and demonstrations		Mentoring and small-group tutoring		Other (specify)		Directed e-learning (hours)	Independent learning (hours)	Other hours (specify)	Work-based learning hours of learning effort	Total effort (hours)
Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner	Hours	Minimum ratio teacher/learner					
48	1:40	24	1:20				178			250
Allocation of marks (within the module)										
				Continuous assessment	Supervised project	Proctored practical examination	Proctored written examination	Total		
Percentage contribution				50%		50%		100%		

6.6.2 Module aims and objectives

This Module introduces the learner to understanding the nature of risk and how insurance can manage risk. It starts with an overview of risk in the insurance industry, the various types of risk and how insurance can lower or eliminate these risks

The learner will gain an understanding of insurance to manage commercial risk. Learners will evaluate appropriate levels of coverage and study insurance contracts for greater understanding of insurance language. The module will cover property, liability and vehicle insurance alongside personal insurance, life, health, disability and long-term care insurance. The learner will gain the perspective of managing personal risk associated with personal insurances.

The module will also introduce the learner to liability and the legal issues in relation to this. The area of probability and the use of a number of algorithms to help in the identification of risk and the proposal of insurance solutions and products aimed to reduce this liability/risk.

The module Objectives:

To successfully complete this module, the learner must be able to:

- A. Describe the characteristics of risk and analyse the different types of risk and their effects on a business.
- B. Examine in depth the different types of risk and how these can be managed using Risk Management techniques.
- C. Understand the different forms of insurance (and assurance). The function of the underwriter and actuaries in the insurance industry.
- D. Describe and explain the legal principles in relation to risk and insurance. Advise on the Legal precedents (Negligence etc.) and how these are applied in the insurance context.
- E. Be able to explain in detail the life insurance market and products.
- F. Be able to explain in detail and advise accordingly Retirement Pension products.
- G. Explain legal issues in relation to liability and be able to analyse for risk purposes various areas/forms of liability a firm may be required to insure against.
- H. Have a full understanding of commercial property and related liability risks so as to be able to advise on same.

6.6.3 Minimum intended module learning outcomes

On the successful completion of this module, students should be able to:

- MIMLO 6.1** Define and discuss the role of risk in the insurance industry and propose informed solutions for the mitigation of these risks using insurance products.
- MIMLO 6.2** Demonstrate a critical understanding of the insurance industry and the various components that affect and protect business; Life, Health, Liability, Medical, Damage, Retirement Planning etc.
- MIMLO 6.3** Critically analyse the insurance industry and the roles of underwriters and actuaries in formulating solutions to risk events.
- MIMLO 6.4** Critically appraise risk implementation issues and identify and evaluate some of the associated problems and challenges.
- MIMLO 6.5** Discuss how risk is mitigated by the use of algorithms and other data analytical methodologies. An awareness of the role of probability and forecasting in an actuary's insurance risk decision
- MIMLO 6.6** Be able to advise and manage risk for a business or individual by recommending particular insurance solutions or risk management techniques or processes.

6.6.4 Module content, organisation and structure

Indicative Syllabus:

BASIC CONCEPTS IN RISK MANAGEMENT AND INSURANCE

- **Risk and Its Treatment:** Definitions of Risk, Chance of Loss, Peril and Hazard, Classification of Risk, Major Personal Risks and Commercial Risks, Burden of Risk on Society, Techniques for Managing Risk.
- **Insurance and Risk:** Definition of Insurance, Basic Characteristics of Insurance, Law of Large Numbers, Characteristics of an Ideally Insurable Risk, The Risks of Fire and Unemployment, Adverse Selection and Insurance, Insurance and Gambling Compared, Insurance and Hedging Compared, Benefits of Insurance to Society, Costs of Insurance to Society.
- **Introduction to Risk Management:** Meaning of Risk Management, Objectives of Risk Management, Steps in the Risk Management Process, Benefits of Risk Management, Personal Risk Management.
- **Enterprise Risk Management and Related Topics:** Enterprise Risk Management, Benefits of Enterprise Risk Management Programs, Insurance Market Dynamics, Loss Forecasting, Financial Analysis in Risk Management Decision Making, Other Risk Management Tools.

THE PRIVATE INSURANCE INDUSTRY

- **Types of Insurers and Marketing Systems:** Overview of Private Insurance in the Financial Services Industry, Types of Private Insurers, Agents and Brokers, Types of Marketing Systems.
- **Insurance Company Operations:** Rating and Rate Making, Underwriting, Production, Claims Settlement, Reinsurance, Investments, Other Insurance Company Functions.
- **Financial Operations of Insurers:** Property and Casualty Insurers, Life Insurance Companies, Rate Making in Property and Casualty Insurance, Rate Making in Life Insurance.
- **Government Regulation of Insurance:** Reasons for Insurance Regulation, Historical Development of Insurance Regulation, Methods for Regulating Insurers, What Areas are Regulated, State Versus Industry Regulation, Current Issues in Insurance Regulation, Insolvency of Insurers, Market Conduct Regulation.

LEGAL PRINCIPLES IN RISK AND INSURANCE

- **Fundamental Legal Principles:** Principle of Indemnity, Principle of Insurable Interest, Principle of Subrogation, Principle of Utmost Good Faith, Requirements of an Insurance Contract, Distinct Legal Characteristics of Insurance Contracts, Law and the Insurance Agent
- **Analysis of Insurance Contracts:** Basic Parts of an Insurance Contract, Definition of “Insured” Endorsements and Riders, Deductibles, Coinsurance, Coinsurance in Health Insurance, Other-Insurance Provisions.

LIFE AND HEALTH RISKS

- **Life Insurance:** Life Insurance Companies, Rate Making in Life Insurance
- **Life Insurance Contractual Provisions:** Buying Life Insurance, Determining the Cost of Life Insurance, Taxation of Life Insurance.
- **Annuities and Individual Retirement Accounts:** Individual Annuities, Types of Annuities, Taxation of Individual Annuities, Individual Retirement Accounts Advantages of an Immediate Annuity to Retired Workers, Optional Variable Annuity,

- **Employee Benefits: Group Life and Health Insurance:** Fundamentals of Group Insurance, Group Life Insurance, Group Medical Expense Insurance, Managed Care Plans, Key Features of Group Medical Expense Insurance, High-Deductible Health Plan, Recent Developments in Employer-Sponsored Health Plans, Group Medical Expense Contractual Provisions, Group Dental Insurance, Critical Illness-Income Insurance.
- **Employee Benefits: Retirement Plans:** Fundamentals of Private Retirement Plans, Types of Qualified Retirement Plans, Defined-Benefit Plans, Defined-Contribution Plans, Problems and Issues in Qualified Retirement Plans.

PERSONAL PROPERTY AND LIABILITY RISKS

- **The Liability Risk:** Basis of Legal Liability, The Tort of Negligence, Imputed Negligence, Res Ipsa Loquitur, Specific Applications of the Tort of Negligence, Current Tort Liability Problems.
- **Motor Insurance:** Overview of Personal Auto Policy, Part A: Liability Coverage ,Part B: Medical Payments Coverage, Part C: Uninsured Motorists Coverage, Part D: Coverage For Damage to Your Car, Part E: Duties After an Accident or Loss, Part F: General Provisions, Insuring Motorcycles and Other Vehicles
- **Homeowners Insurance:** Overview of Homeowners Insurance, The Homeowners Policy: Persons Insured, Perils Insured Against, Personal Liability Insurance and Medical Payments to Others Coverage, Endorsements to a Homeowners Policy, Cost of Homeowners Insurance.
- Other Property and Liability Insurance Coverages.

COMMERCIAL PROPERTY AND LIABILITY RISKS

- **Commercial Property Insurance:** Commercial Package Policy, Building and Personal Property Coverage, Business Income Insurance, Other Commercial Property Coverages, Transportation Insurance, Business Owners Policy.
- **Commercial Liability Insurance:** General Liability Loss Exposures, Commercial General Liability Policy, Employment Practices Liability Insurance, Workers Compensation Insurance Commercial Umbrella Policy, Cyber Liability Insurance, Professional Liability Insurance, Directors and Officers Liability Insurance.
- **Crime Insurance and Surety Bonds:** General Liability, Most Common and Costliest Small Business Claims, Crime Insurance and Surety Bonds, Commercial Crime Coverage, Financial Institution Bonds.

6.6.5 Reading lists and other information resources

Title	Author	Publisher	Year
Essential:			
Principles of Risk Management and Insurance	Rejda, George, E., McNamara, Michael,J., Rebel, William.	Pearson	2020
Introduction to Risk and Insurance, 10 th Ed.	Dorfman, Mark, S., and Cather, David, A.	Pearson Prentice Hall	2013
Risk Management & Insurance 2 nd Ed.	Harrington, Scott, E., and Niehaus, Gregory, R.	Richard D Irwin	2010

Risk Management & Insurance	Sandra G. Gustavson, Robert E. Hoyt, James S. Trieschmann, and David Sommer	Cengage SouthWestern	2010

REFERENCE:

Journals:

Journal of Risk and Financial Management
 Journal of Risk in Financial Institutions
 Journal of Risk Research
 Journal of Risk
 Journal of Insurance & Financial Management
 International Journal of Finance, Insurance and Risk Management

Case Studies:

Darden Case Collection
 FT McCarthy

Websites:

<https://riskandinsurance.com>
insuranceage.co.uk
insurancebusinessmag.com/us
insurancenewsnetmagazine.com
<http://sloanreview.mit.edu> (Sloan Management)
<http://harvardbusinessonline.hbsp.harvard.edu>
www.mckinseyquarterly.com