THE UNIVERSITY OF HONG KONG,
FACULTY OF BUSINESS AND ECONOMICS

School of Economics and Finance
FINA0106/ FINA2342 Insurance: Theory and Practice

Semester 1:
FINA0106A/FINA2342A
Instructor: Dr. K. S. Tse
E-mail: ktse@hku.hk
Office: KK1006
Phone: 2857-8636
Class Hours and Venue: Monday, 14:30 – 17:20 in LE2

FINA0106B/FINA2342B
Instructor: Dr. Andrew Sinclair
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Office: KK1117
Phone: 3917-4180
Class Hours and Venue: Monday, 12:30 – 14:20 & Thursday 12:30 – 13:20 in LE2

Semester 2:
FINA0106C/FINA2342C
Instructor: Dr. Joe Zou
E-mail: hongzou@hku.hk
Office: KK835
Phone: 3917-1007
Class Hours and Venue: Friday, 09:30 – 12:20 in LE9

FINA0106D/FINA2342D
Instructor: Dr. Andrew Sinclair
E-Mail: andrew.sinclair@hku.hk
Office: KK1117
Phone: 3917-4180
Class Hours and Venue: Monday, 12:30 – 14:20 & Thursday 12:30 – 13:20 in LE9
Teaching Assistant: TBA

Course description
Insurance is the study of risk financing through risk pooling. The use of insurance to reduce the adverse financial impact in case of a loss has become an important element of financial and risk management in our society. This course will cover the theories underlying each major type of insurance products; the characteristics of the contractual agreements pertaining to insurance products; the structure of the insurance industry and its impact on the pricing of insurance products; the operation of insurance companies and the need for government regulations of the industry. The theories and principles discussed in this course apply globally.

Prerequisite: ECON1001/ ECON1210 Introductory Microeconomics

Course Aims

This course aims to:

1. Introduce you to the concepts of risk and risk management that are essential for the identification of risk and the effective assessment of the exposures to loss of properties, human lives, and business operations.

2. Introduce you to various risk handling alternatives and tools available for formulating an effective risk management program compatible with the objectives of risk management function.

3. Introduce you to the techniques of analyzing the costs and benefits of different insurance coverage with respect to the specific need for insurance.

4. Introduce you to the current structure of the insurance industry and the functions and operations of insurance institutions.

Learning Outcomes

Upon completion of this course, you should be able to:

CLO1 Assess the loss exposures of properties, human lives, business operations, and the financial consequences as a result of the occurrence of a loss.

CLO2 Formulate an effective risk management program to reduce the potential loss.
CLO3 *Incorporate* the use of life and health insurance, property-liability insurance, and employee benefits in the management of a business firm and financial planning process.

CLO4 *Analyze* the unique features of the insurance industry and regulations.

<table>
<thead>
<tr>
<th>Aligned Faculty Goals</th>
<th>Course Learning Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Acquisition and internalization of knowledge of the programme discipline</td>
<td>CLO1-4</td>
</tr>
<tr>
<td>2. Application and integration of knowledge</td>
<td>CLO2-3</td>
</tr>
<tr>
<td>3. Inculcating professionalism and leadership</td>
<td>CLO2</td>
</tr>
<tr>
<td>4. Developing global outlook</td>
<td>CLO4</td>
</tr>
<tr>
<td>5. Mastering communication skills</td>
<td>CLO1-2</td>
</tr>
</tbody>
</table>

**Teaching and Learning Activities**

The course will consist of lectures covering the theories and concepts of the different kinds of risk and risk management tools and case discussion and/or group presentation requiring students to apply the tools and concepts to managing risks.
**Textbook and Reading Materials**

Other reading materials as assigned by the instructors.

**Required Tool**
A standard financial calculator SUCH AS Texas Instruments, Casio, and HP 12C.

**Grading Policy**
The course grade will be based on tutorial discussions, assignments, and a final exam. The point distribution is as follows:

<table>
<thead>
<tr>
<th>Assessment Methods</th>
<th>Weights</th>
<th>Aligned Course Learning Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1. Tutorial Participation &amp; Discussion</td>
<td>10%</td>
<td>CLO 1-4</td>
</tr>
<tr>
<td>A2. Assignments/ Projects</td>
<td>30%</td>
<td>CLO 1-3</td>
</tr>
<tr>
<td>A3. Year-End Final Exam</td>
<td>60%</td>
<td>CLO 1-4</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

Some problem sets will be assigned but will *not* be collected and therefore *not* graded. The purpose of these problem sets is to assist you in reviewing the materials and preparing for the exams. **Some however will be collected and marked towards your final grade.**

**Course Grade Descriptors**

<table>
<thead>
<tr>
<th>Grade</th>
<th>Descriptors</th>
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<tbody>
<tr>
<td>A+</td>
<td>• All aspects were addressed and researched in great depth.</td>
</tr>
<tr>
<td></td>
<td>• Demonstrates a clear understanding of and the ability to apply and theory, concepts and issues relating to the topic.</td>
</tr>
<tr>
<td>A</td>
<td>• Able to clearly identify the most critical aspects of the task and adopt a critical perspective.</td>
</tr>
<tr>
<td>A-</td>
<td>•</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Study Load (% of study)</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.27%</td>
</tr>
<tr>
<td>9.09%</td>
</tr>
<tr>
<td>36.36%</td>
</tr>
<tr>
<td>100%</td>
</tr>
</tbody>
</table>
## Assessment Rubrics for Each Assessment (same as Course Grade Descriptors)

### Course Contents
This course will cover and discuss the following topics.

- Conceptual Framework of Risk
- Framework of Insurance and Risk Management
- Insurance Pricing
- Functions of Insurers & Regulations
- Legal Framework of Insurance
- Property & Casualty Insurance
- Life Insurance
Selected Cases on Insurance and Risk Management

Academic Honesty and Integrity

The University Regulations on academic dishonesty will be strictly enforced. Please check the University Statement on plagiarism on http://www.hku.hk/plagiarism/.

Cheating or plagiarism of any kind would result in an automatic F grade for the course plus strict enforcement of all Faculty and/or University regulations regarding such behavior. Incident(s) of academic dishonesty will NOT be tolerated.

Academic dishonesty is a behavior in which a deliberately fraudulent misrepresentation is employed in an attempt to gain undeserved intellectual credit, either for oneself or for another. It includes, but is not necessarily limited to, the following types of cases:

a. Plagiarism - The representation of someone else’s ideas as if they are one’s own. Where the arguments, data, designs, etc., of someone else are being used in a paper, report, oral presentation, or similar academic project, this fact must be made explicitly clear by citing the appropriate references. The references must fully indicate the extent to which any parts of the project are not one's own work. Paraphrasing of someone else’s ideas is still using someone else’s ideas, and must be acknowledged.

b. Unauthorized Collaboration on Out-of-Class Projects - The representation of work as solely one's own when in fact it is the result of a joint effort.

c. Cheating on In-Class Exams - The covert gathering of information from other students, the use of unauthorized notes, unauthorized aids, etc.

Unauthorized Advance Access to an Exam - The representation of materials prepared at leisure, as a result of unauthorized advance access (however obtained), as if it were prepared under the rigors of the exam setting. This misrepresentation is dishonest in itself even if there are not compounding factors, such as unauthorized uses of books or notes.

Timetable: TBA