



ADDIS ABABA UNIVERSITY
College of Business & Economics
School of Commerce
Department of Accounting

Degree Program	B.A. Management
Module Title	Innovation and Project Management
Course Number	MGMT 3193
Course Title	Risk Management and Insurance
Credit Hours	3
ECTS credit points	5
Course Information	Academic Year: III Semester: II
Instructor's Contact Information	Name: SO Hussen Office: 59 Email: shambachew.hussen@gmail.com , shambachew.omer@aau.edu.et
Course description	<ul style="list-style-type: none"> The course is designed to familiarize students with the basic concepts, principles and scope of risk, risk management and insurance. Thus the course will try to address the major issues of risk, risk management and finally it will end with a discussion on the key issues of insurance and its types. Specifically, the course will address: the nature and meaning of risk, risk management, fundamentals of insurance, legal parts of insurance, the parts of insurance, and finally it will address the types of property, liability and personal line of insurance.
General Course objectives:	<p>Upon successful completion of this course, students should be able to:</p> <ul style="list-style-type: none"> Explain the meaning and nature of risk. Explain risk attitude, risk perception and subjective risk perceptions Describe the meaning and process of risk management. Appreciate different methods of handling potential risk exposures. Explain the meaning and essence of insurance and insurable risks. Analyze the different parts of insurance contractual agreement. Appreciate the essence of re-insurance and co-insurance. Understand the economic justifications, type and ways of acquiring life insurance. Explain the type and nature of health insurance.

Course contents	Learning Outcome
Chapter 1 : Nature of Risk 1.1. Definition of Risk 1.2. Risk Vs Uncertainty, and chance of loss 1.3. Risk, peril and hazard 1.4. Classes of Risk 1.5. Types of pure risk 1.5.1. Personal pure risks 1.5.2. Property pure risks 1.5.3. Liability pure risks 1.6. Risk attitude and perception	<ul style="list-style-type: none"> Define the nature and meanings of risk. Reveal the relationship between risk with uncertainty and chance of loss. Introduce peril and hazard and appreciate the difference with risk. Appreciate the different types of risk. Describe personal, property and liability risk Explain risk attitude, risk perception and subjective risk perceptions

<p>Chapter 2: Risk Management</p> <p>2.1. Definition of risk Management 2.2. Objectives of risk Management 2.3. Process of Risk Management 2.3.1. Risk Identification 2.3.2. Risk Measurement 2.3.3. Selection of Tools of Risk Management 2.3.4. Administration of the Entire Program</p>	<ul style="list-style-type: none"> ● Know the meaning of risk management ● Discuss the pre and post- loss objectives of risk management ● Understood the steps of risk management ● Appreciate the different risk management techniques. ● Know the merits and demarcates of different tools of risk management.
<p>Chapter 3: Insurance: An Introduction.</p> <p>3.1. Definition & basic Characteristics of Insurance 3.2. Requirement of insurable risk 3.3. Insurance Vs (gambling, Speculation,) 3.4. Social and Economic Value of Insurance.</p>	<ul style="list-style-type: none"> ● Define insurance and its basic principles. ● Appreciate the functions of insurance. ● Explain the requirements of insurable risks ● Recognize insurance gambling and speculation. ● Appreciate the benefits of insurance
<p>Chapter 4: Fundamentals of Insurance contracts.</p> <p>4.1. Legal principles of insurance contract. 4.2. Requirements of an insurance contract. 4.3. Unique characteristics of insurance.</p>	<ul style="list-style-type: none"> ● Describe the legal principles of insurance contract ● Explain the legal requirements of insurance contract. ● Appreciate unique characteristics of insurance.
<p>Chapter 5: Analysis of Insurance Contact</p> <p>5.1. Basic Parts of insurance contract. 5.2. Co-insurance 5.3. Other insurance provisions</p>	<ul style="list-style-type: none"> ● Describe the different parts of insurance and their basics features. ● List and describe the need for and concept of co-insurance. ● Appreciate other insurance provisions with the principles of indemnification
<p>Chapter 6: Life and Health Insurance</p> <p>6.1. Economic justification of life insurance 6.2. Major types of life Insurance contracts 6.3. Health Insurance</p>	<ul style="list-style-type: none"> ● Describe the major ways and types of life insurance and their uses. ● Identify the common health insurance provisions. ● Distinguish between disability income and medical expense insurance.
<p>Chapter 7: Non-Life Insurance</p> <p>7.1. Motor insurance 7.2. Burglary and housekeeping insurance 7.3. Fire and lighting insurance 7.4. Marine insurance 7.5. Aviation insurance 7.6. Liability insurance 7.7. Pecuniary insurance 7.8. Fidelity guarantee insurance 7.9. Engineering insurance</p>	<ul style="list-style-type: none"> ● Explain different types of non-life insurance and their concepts
<p>Chapter 8 : The Insurance Business in Ethiopia</p> <p>8.1. Development of insurance in Ethiopia 8.2. Regulation of insurance companies 8.3. Proclamation No.68/1975 8.4. Proclamation No.86/1994</p>	<ul style="list-style-type: none"> ➤ Understand the Development of insurance in Ethiopia ➤ Explain regulation of insurance companies

Assessment Arrangement

Activities Points	Points
1. Exam type questions (every end of the chapter)	1. No marks
2. Quizzes	2. 10
3. Individual assignments	3. 10
4. Tests	4. 30
5. <i>Final Exam:</i>	5. <u>50</u>
Total points	<u>100%</u>

NB: *Final exam will cover all material.*

Course expectation:

♣ You must come to class, be prepared by bringing with you the appropriate materials like handouts, worksheets and exercises given, textbooks and completed assignments. Complete the individual and group assignments and other activities on time. You must plan your own learning through reading various course-related materials and chapters in books. You are expected to work much individually to meet the requirement of the course. You have to use your time for group work and home study effectively.

♣ **Participation:** Make active participation during discussions (you must participate in class social loafing is had no excuse). You are not participating if you are simply talking to a friend, doing homework, daydreaming, or not doing what the rest of the class is doing.

Policy

- ♣ **Attendance:** It is compulsory to come to class on time and every time.
- ♣ **Assignments:** You must do your individual and group assignments and submit on time.
- ♣ **Tests/Quizzes:** You will have short quizzes and tests almost every unit. If you miss the class or, are late to class, you will miss the quiz or test. No makeup test or quizzes will be given thereafter. You are expected to observe the rules and the regulations of the University as well.
- ♣ **Cheating:** any form of cheating will not be tolerated

References:

- George E. Rejda, principles of Risk Management and Insurance, 6thed.1998, Addison-wesley.
- Mark S. Dorfman, Introduction to Risk Management and Insurance. 8th Edition.
- Arthur C. Williamsjr and Richard M. Heins. Risk Management and Insurance , 4thed, 1981 McGraw-Hill
- Joel Bessis, Risk management in Banking, 2nd, 1998, wiley.
- Teklegiorgis Assefa (2004), Risk Management and Insurance, Mega Printing PLC, Mekelle University, now he is with us.