



Course and Examination Fact Sheet: Autumn Semester 2017

9,168: Theory of Risk and Insurance

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Decentral - Written examination (100%, 90 mins.)

Attached courses

Timetable -- Language -- Lecturer

[9,168,1.00 Theory of Risk and Insurance](#) -- Englisch -- [Schmeiser Hato](#)

Course information

Course prerequisites

Bachelor degree or equivalent.

This course is recommended for MBF-students in their first or third semester of the program.

Course content

The lecture "Theory of Risk and Insurance" focuses on the economic theory of decision making by primary insurers and reinsurers. In this context we will particularly discuss well-known contributions to the literature (see, amongst others, Ehrlich/Becker (1972), Turner (1987) and Shavell (1979)). The discussion will be centered around issues such as the optimal demand for insurance or the optimal supply of insurance. Further topics in focus are problems that arise due to information asymmetries (adverse selection and moral hazard) as well as aspects of insurance mathematics.

Course structure

1. Insurance demand (decision theoretic foundations; the basic model of insurance demand; insurance demand and the price of insurance; safety measures and insurance)
2. Insurance supply (CAPM and insurance CAPM; contingent claims approach - OPT model)
3. The problems of information asymmetry (moral hazard agency theory; moral hazard in the context of insurance; adverse



selection - market failure)

4. Aspects of insurance mathematics (individual and collective model of risk theory; premium calculation; loss reserving; ruin theory)

Course literature

Eisenführ, F./Weber, M./Langer, T. (2010): Rational Decision Making, Berlin, Springer.

Zweifel, P./Eisen, R. (2012): Insurance Economics, Berlin, Springer.

Ehrlich, J./Becker, G. (1972): Market Insurance, Self-Insurance and Self-Protection, in: Journal of Political Economy (80), pp. 623-648.

Turner, A. (1987): Insurance in an Equilibrium Asset-Pricing Model, in: Cummins, J. D./Harrington, S. (eds.): Fair Rate of Return in Property-Liability Insurance, Boston, Springer, pp. 79-99.

Shavell, S. (1979): On Moral Hazard and Insurance, in: Quarterly Journal of Economics (93), pp. 541-562.

Additional course information

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Examination information

Examination sub part/s

1. Examination sub part (1/1)

Examination time and form

Decentral - Written examination (100%, 90 mins.)



Remark

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Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, PDAs, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

Pocket calculator of the Texas Ins. TI-30 series

Examination languages

Question language: English

Answer language: English

Examination content

Detailed informations are given in the slides of the lecture (cf. studynet)

Examination relevant literature

Detailed informations are given in the slides of the lecture (cf. studynet)



Please note

We would like to point out to you that this fact sheet has absolute priority over other information such as StudyNet, faculty members' personal databases, information provided in lectures, etc.

When will the fact sheets become binding?

- Information about courses and examination time (central/decentral and grading form): from the start of the bidding process on 24 August 2017
- Information about decentral examinations (examination-aid rule, examination content, examination relevant literature): after the 4th semester week on 16 October 2017
- Information about central examinations (examination-aid rule, examination content, examination relevant literature): from the start of the enrolment period for the examinations on 06 November 2017

Please look at the fact sheet once more after these deadlines have expired.