



Course and Examination Fact Sheet: Autumn Semester 2019

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: Quartely 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 Instruments 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

Please note that this fact sheet alone is binding and has priority over any other information such as StudyNet (Canvas), personal databases or faculty members' websites and information provided in their lectures, etc.

Any possible references and links within the fact sheet to information provided by third parties are merely supplementary and informative in nature and are outside the University of St.Gallen's scope of responsibility and guarantee.

Documents and materials that have been submitted no later than the end of term time (CW51) are relevant to central examinations.

Binding nature of the fact sheet:

- Information about courses and examination time (central/decentral) and examination type starting from the beginning of the bidding on 22 August 2019
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for decentral examinations after the 4th semester week on 14 October 2019
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for central examinations as from the starting date for examination registration on 4 November 2019

Please consult the fact sheet again after these deadlines have expired.