

NAME OF THE COURSE		ECONOMICS OF INSURANCE				
Code	EUBD25	Year of study	1 <sup>st</sup>			
Course teacher	Marijana Ćurak, Full Profesor; Sandra Pepur, Associate Professor	Credits (ECTS)	5			
Associate teachers	Dujam Kovač, M.Econ	Type of instruction (number of hours)	L	S	E	F
			26		26	
Status of the course	Compulsory	Percentage of application of e-learning	20%			
COURSE DESCRIPTION						
Course objectives	Provide knowledge that will enable critical judgment of production and functional aspects of insurance companies and insurance markets, actuarial calculations and assessment of regulation of insurance companies.					
Course enrolment requirements and entry competences required for the course	Requirements for the course enrolment are regulated by the Statute of the Faculty of Economics, Business and Tourism and by the Rulebook of study programs and studying system.					
Learning outcomes expected at the level of the course (4 to 10 learning outcomes)	Course learning outcome: Critically evaluate product and functional aspects of insurance companies and insurance markets, determine the appropriate actuarial calculations and evaluate the regulatory aspects of the insurance companies' operations.					
	Particular learning outcomes: 1. Identify the determinants of insurance supply and demand and assess the characteristics of the insurance market structure. 2. Evaluate the product aspects of insurance companies. 3. Analyse the functional aspects of insurance companies. 4. Calculate the insurance premium based on actuarial calculations. 5. Argue the existence of regulation and evaluate the legal and regulatory aspects of the insurance companies' operations.					
Course content broken down in detail by weekly class schedule (syllabus)	Lectures		Exercises			
	Topics	Hours	Topics		Hours	
	The demand for insurance: risks, decision-making in situation of uncertainty, concept of utility, behavioural economics.	2	Task examples - utility and making decision on buying insurance in situations of uncertainty.		2	
	Insurance supply: pooling model and diversification. Organizations of insurance.	2	Determinants of demand for life and non-life insurance. Task examples related risk pooling and diversification.		2	
	Life insurance: life assurance and annuity insurance.	2	Case studies - life insurance. Single net premiums. Seminar paper presentation.		2	

	Non-life insurance.	2	Case studies – non-life insurance.  Annual net premiums.  Gross premium.  Seminar paper presentation.	2
	The assumptions of perfect competition in the insurance market. Information asymmetry.	2	Task examples - the impact of setting prices on changes in the insurance market.  Seminar paper presentation.	2
	Insurance contract. Contract principles.	2	Examples of franchise clause, underinsurance clause, first loss clause and coinsurance clause.  Seminar paper presentation.	2
	Insurance intermediation.	1	Insurance agents and brokers.	1
	Risk underwriting and premiums ratings. Insurance companies' operating expenses.	3	Determining performances of risk underwriting.  Seminar paper presentation.	3
	Sources of funds for insurer: equity and reserves.	1	Determining mathematical reserve. Determining unearned premium reserve and equalization reserve.  Seminar paper presentation.	1
	Management of underwriting risk: coinsurance, reinsurance, alternative risk transfer.	3	Examples of proportional and non-proportional reinsurance.  Seminar paper presentation.	3
	Investments of insurance companies.	2	Bond immunization. Selection of the optimal portfolio.  Seminar paper presentation.	2
	Claim settlement: indemnity, organization and phases in the process of claim settlement.	2	Case studies – claim settlement.  Seminar paper presentation.	2
	Regulation of insurance: reasons, goals and forms of regulation.	2	Solvency regulation.  Seminar paper presentation.	2
<input checked="" type="checkbox"/> <b>lectures</b>		<input type="checkbox"/> independent assignments		

Format of instruction	<input checked="" type="checkbox"/> <b><u>seminars and workshops</u></b> <input checked="" type="checkbox"/> <b><u>exercises</u></b> <input type="checkbox"/> <i>on line</i> in entirety <input type="checkbox"/> partial e-learning <input checked="" type="checkbox"/> <b><u>field work</u></b>			<input type="checkbox"/> multimedia <input type="checkbox"/> laboratory <input type="checkbox"/> work with mentor <input checked="" type="checkbox"/> <b><u>case study</u></b>		
Student responsibilities	The requirements to get the right to take the final exam: regular attendance (for full-time students: minimum 60% of lectures and 60% of exercises; for part-time students: half of the conditions defined for full-time students) and successfully written and presented seminar paper.					
Screening student work ( <i>name the proportion of ECTS credits for each activity so that the total number of ECTS credits is equal to the ECTS value of the course</i> )	Class attendance	0.7	Research		Practical training	
	Experimental work		Report		Self-assessment test	
	Essay		Seminar paper	0.8		
	Mid-term exams	3.5*	Oral exam		(Other)	
	Written exam	3.5*	Project		(Other)	
Grading and evaluating student work in class and at the final exam	During the semester, two written mid-term exams will be organized. The first written mid-term exam can be accessed by all students enrolled in the course. A positively evaluated first written mid-term exam is a requirement for the student's admission on the second written mid-term exam. The overall grade represents the mean of (positive) grades achieved in both mid-term exams. Alternatively, students can achieve grade by taking a final written exam during the exam period.					
	Written exams consist of 10 questions, 5 of which are essay (theory)-related and 5 refer to numerical tasks. Each correct answer related to the theory is evaluated with 12 points, while the one that refers to the numerical tasks is evaluated with 8 points. Score thresholds and corresponding grades for written exams: 0-55 points = insufficient (1); 56-69 points = sufficient (2); 70-80 points = good (3); 80-89 points = very good (4) and 90-100 points = excellent (5). Additionally, in order to get a passing grade, the student has to accomplish 36 points on the essay (theory)-related questions and 20 points on numerical tasks. A seminar paper and its presentation are compulsory for students and are evaluated up to 10 points. * A student who has achieved a passing grade from the first and second mid-term exam has completed the module and thus is not required to take the final written exam.					
Required literature (available in the library and via other media)	Title			Number of copies in the library	Availability via other media	
	Ćurak, M., Jakovčević, D. (2007). <i>Osiguranje i rizici</i> , RRIF plus, Zagreb.			11		
	Ćurak, M., Kovač, D. (2021-2022). <i>Economics of Insurance</i> , the course materials on Moodle platform				x	
	Njegomir, V. (2018). <i>Upravljanje rizicima u osiguranju i reosiguranju</i> , Tectus, Zagreb.			1		

Optional literature (at the time of submission of study programme proposal)	<p>Ćurak, M., Kovač, D., Poposki, K. (2021). <i>The Drivers Of Voluntary Private Health Insurance Demand In European Countries</i>. Ekonomska misao i praksa, 30(2), 457-474.</p> <p>Ćurak, M., Kovač, D. (2020). <i>Upravljanje rizicima društava za neživotno osiguranje i reosiguranje primjenom tehnike sekuritizacije</i>, Ekonomski vjesnik, Vol. 33, No. 1, 2020., str. 287.-303.</p> <p>Ćurak, M., Pepur, S., Kovač, D. (2020). <i>Does financial literacy make the difference in non-life insurance demand among European countries?</i>. Ekonomski pregled, 71 (4), 359-381.</p> <p>Ćurak, M. (2019). <i>Kibernetički rizici iz perspektive osiguranja</i>. U: Rimac Smiljanić, A., Šimić Šarić, M. &amp; Visković Josip (ur.) <i>Financijska kretanja - najnoviji događaji i perspektive</i>. Split, Sveučilište u Splitu, Ekonomski fakultet Split, str. 351-376.</p> <p>Gründl, H., Dong, M. I., Gal, J. (2016). <i>The evolution of insurer portfolio investment strategies for long-term investing</i>, OECD Journal: Financial Market Trends, Vol. 2016, No. 1, str. 1-55.</p> <p>Harrington, S. E., Niehaus, G. R. (2004). <i>Risk Management and Insurance</i>, McGraw-Hill.</p> <p>Insua, D. R., Baylon, C., Vila, J. (ed.) (2021). <i>Security Risk Models for Cyber Insurance</i>, Chapman and Hall/CRC</p> <p>Marasović, B., Pivac, S. &amp; Kalinić, T. (2019). <i>Aktuarska matematika</i>, Split, REDAK.</p> <p>Nicoletti, B. (2016). <i>Digital insurance: Business innovation in the post-crisis era</i>, Springer.</p> <p>Outreville, J. F. (2013). <i>The Relationship Between Insurance and Economic Development: 85 Empirical Papers for a Review of the Literature</i>, Risk Management and Insurance Review, Vol. 16, No. 1, str. 71-122.</p> <p>Richter, A., Ruß, J., Schelling, S. (2019). <i>Insurance customer behavior: Lessons from behavioral economics</i>, Risk Management and Insurance Review, 22(2), 183-205.</p> <p>Zweifel, P., Eisen, R. (2021). <i>Insurance Economics</i>, Springer-Verlag Berlin Heidelberg.</p> <p>Other sources:</p> <p>Croatian Insurance Bureau, <a href="http://www.huo.hr/">http://www.huo.hr/</a></p> <p>Croatian Financial Services Supervisory Agency, <a href="http://www.hnb.hr/">http://www.hnb.hr/</a></p> <p>European Insurance and Occupational Pensions Authority, <a href="https://eiopa.europa.eu/">https://eiopa.europa.eu/</a></p> <p>Insurance, <a href="http://osiguranje.hr/">http://osiguranje.hr/</a></p> <p>Insurance Europe, <a href="https://www.insuranceeurope.eu/">https://www.insuranceeurope.eu/</a></p> <p>OECD, <a href="https://www.oecd.org/">https://www.oecd.org/</a></p> <p>Official Gazette, <a href="https://www.nn.hr/">https://www.nn.hr/</a></p> <p>SwissRe, <a href="http://www.swissre.com/">http://www.swissre.com/</a></p>
Quality assurance methods that	<ul style="list-style-type: none"> <li>Monitoring the class attendance and execution of other student's obligations (Teacher)</li> </ul>

ensure the acquisition of exit competences	<ul style="list-style-type: none"> <li>• Teaching Supervision (The Vice-Dean for academic and student affairs)</li> <li>• Analysis of the studying performance for all courses of the study program (The Vice-Dean for academic and student affairs)</li> <li>• Student survey on the quality of teachers and teaching for each course of the study program (UNIST, Centre for Quality Improvement)</li> <li>• All learning outcomes of the course are examined by the examination conducted by the course teacher. Periodic examination of the content of the exam is conducted in order to verify the appropriateness of the method of validating the learning outcomes (The Vice-Dean for academic and student affairs).</li> </ul>
Other (as the proposer wishes to add)	