

**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
(Department of Business Administration)

**Course: Risk Management and Insurance (8546)      Semester: Spring, 2014**

**CHECKLIST**

This packet comprises the following material:

1. Text Book
2. Course Outlines
3. Assignment No.1, 2
4. Assignment Forms (02 sets)

In this packet, if you find anything missing out of the above-mentioned material, please contact at the address given below:

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**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**  
(Department of Business Administration)

**WARNING**

1. PLAGIARISM OR HIRING OF OTHER WRITER(S) FOR SOLVING THE ASSIGNMENT WILL DEBAR THE STUDENT FROM AWARD OF DEGREE/CERTIFICATE, IF FOUND AT ANY STAGE.
2. SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE'S OWN WILL BE PENALIZED AS DEFINED IN 'AIOU PLAGIARISM POLICY'.

**Course: Risk Management and Insurance (8546)**  
**Level: MBA (3½ Years)/MBA (2½ Years)/ M.Com**

**Semester: Spring, 2014**  
**Total Marks: 100**  
**Pass Marks: 50**

**ASSIGNMENT No. 1**  
(Unit: 1–4)

- Q. 1 “Enterprise risk encompasses all major risks faced by a business firm”. Discuss the statement in detail with the help of an illustration of Pakistani Corporation. (20)
- Q. 2 (a) Discuss the types of insurance policies available in Pakistan. (10)  
(b) Give detail of why insurance is important for the society. (10)
- Q. 3 Select an organization of your choice that recently has faced a crisis. Discuss in detail the type(s) of risk the organization faced and how they managed it. (20)
- Q. 4 Discuss the fundamental legal principles that are reflected in insurance contracts available in Pakistan. (20)
- Q. 5 Describe the major types of private insurers that are operating in Pakistan. (20)

**GUIDELINES FOR ASSIGNMENT No. 1**

You should look upon the assignments as a test of knowledge, management skills, and communication skills. When you write an assignment answer, you are indicating your knowledge to the teacher:

- our level of understanding of the subject; Y
- how clearly you think; H
- how well you can reflect on your knowledge & experience; H

- How well you can use your knowledge in solving problems, explaining situations, and describing organization and management; H

- How professional you are, and how much care and attention you give to what you do. H  
To answer a question effectively, address the question directly, bring important related issues into the discussion, refer to sources, and indicate how principles from the course materials apply. The student must also be able to identify important problems and implications arising from the answer.

The references should be given at the end of the assignment. For citing references, writing bibliographies, and formatting the assignment, APA format should be followed.

## **ASSIGNMENT No. 2**

**Total Marks: 100**

**Pass Marks: 50**

This assignment is a research-oriented activity. You are required to obtain information from a business/commercial organization and prepare a report of about 1000 words on the issue allotted to you to be submitted to your teacher for evaluation.

You are required to select one of the following issues according to the last digit of your roll number. For example, if your roll number is P-3427180 then you will select issue # 0 (the last digit):-

### **ISSUES:**

0. Process of Risk Management
1. Private Insurance in Financial Institution
2. Financial Operations of an Insurance Industry
3. Commercial Auto Insurance
4. Types of Life Insurance in Pakistan
5. Annuities Types and Its Calculation
6. Medical Insurance
7. Individual Health Insurance Coverages in Pakistan
8. Social Insurance Programs in Pakistan
9. Retirements Benefits

### **GUIDELINES FOR THE PREPARATION OF ASSIGNMENT No. 2**

**The report should follow the following format:**

1. Title page
2. Acknowledgements
3. An abstract (one page summary of the paper)
4. Table of contents
5. Introduction to the issue (brief history & significance of issue assigned)

6. Data collection methods
7. Conclusion (one page brief covering important aspects of your report)
8. Recommendations (specific recommendations relevant to issue assigned)
9. References (as per APA format)
10. Annexes (if any)

**Other Guidelines:**

- 1.5 line spacing
- Use headers and subheads throughout all sections
- Writing skills (spelling, grammar, punctuation)
- Professionalism (readability and general appearance)
- Do more than repeat the text
- Express a point of view and defend it

You should use transparencies and any other material for effective presentation. The transparencies are not the presentation, but only a tool; the presentation is the combination of the transparencies and your speech. Workshop presentation transparencies should only be in typed format.

You are required to prepare two copies of 2<sup>nd</sup> assignment. Submit one copy to your tutor/teacher for evaluation and the second copy for presentations in the workshop in the presence of the resource person and classmates, which will be held at the end of the semester prior to the final examination.

**GUIDELINES FOR WORKSHOP PRESENTATION:**

- Make eye contact and react to the audience. Don't read from the transparencies or from report, and don't look too much at the transparencies (occasional glances are acceptable to help in recalling the topic to cover).
- A 15-minute presentation can be practiced several times in advance, so do that until you are confident enough. Some people also use a mirror when rehearsing as a substitute for an audience.

**WEIGHTAGE OF THEORY & PRACTICAL ASPECTS IN ASSIGNMENT # 2 & WORKSHOP PRESENTATIONS:**

Assignment # 2 & workshop presentations are evaluated on the basis of theory & its applicability. The weightage of each aspect would be:

Theory:	60%
Applicability (practical study of the organization)	40%

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**Credit Hours: 03**

## **Unit No. 1 Risk and Insurance**

- 1.1 Risk
  - 1.1.1 Concept and Categories of Risk
  - 1.1.2 Burden of Risk on Society
  - 1.1.3 Methods of Handling Risk
- 1.2 Insurance
  - 1.2.1 Concept and Characteristics of Insurance
  - 1.2.2 Comparing Insurance with Gambling and Speculation
  - 1.2.3 Types of Insurance
  - 1.2.4 Costs of Insurance to Society

## **Unit No. 2 Risk Management**

- 2.1 Risk Management Concept and Objectives
- 2.2 Risk Management Process
- 2.3 Risk Management and Insurance Management
- 2.4 Implementation of Risk Management Program
- 2.5 Benefits of Risk Management

## **Unit No. 3 Legal Principles in Risk and Insurance**

- 3.1 Fundamental Legal Principles
  - 3.1.1 Principle of Indemnity
  - 3.1.2 Principle of Insurable Interest
  - 3.1.3 Principle of Subrogation
  - 3.1.4 Principle of Utmost Good Faith
  - 3.1.5 Requirements of an Insurance Contract
  - 3.1.6 Distinct Legal Characteristics of Insurance Contracts
  - 3.1.7 Law and Insurance Agent
- 3.2 Analysis of Insurance Contracts
  - 3.2.1 Basics Parts of an Insurance Contract
  - 3.2.2 Endorsements and Riders
  - 3.2.3 Coinsurance

## **Unit No. 4 Private Insurance Industry**

- 4.1 Private Insurance in the Financial Services Industry
- 4.2 Types of Private Insurers
- 4.3 Agents and Brokers

- 4.4 Operations of Insurance Company
- 4.5 Financial Operations of Insurance Industry
  - 4.3.1 Property and Casualty Insurance Company
  - 4.3.2 Life Insurance Companies
  - 4.3.3 Rate Making in Property and Casualty Insurance
  - 4.3.4 Rate Making in Life Insurance

**Unit No. 5 Commercial Property and Liability Risk**

- 5.1 Commercial Property Insurance
  - 5.1.1 Commercial Package Policy
  - 5.1.2 Building and Personal Property Coverage Form
  - 5.1.3 Causes-of-Loss Forms
  - 5.1.4 Reporting Forms
  - 5.1.5 Business Income Insurance
  - 5.1.6 Additional Commercial Property Coverage
  - 5.1.7 Transportation Insurance
  - 5.1.8 Business Owners Policy (BOP)
- 5.2 Commercial Liability Insurance
  - 5.2.1 General Liability Loss Exposures
  - 5.2.2 Commercial General Liability Policy
  - 5.2.3 Employment Related Practices Liability Insurance
  - 5.2.4 Workers Compensation Insurance and Employee Liability Insurance
  - 5.2.5 Commercial Auto Insurance

**Unit No. 6 Fundamentals of Life Insurance**

- 6.1 Meaning and costs of Premature Death
- 6.2 Economic Justification of Life Insurance
- 6.3 Financial Impact of Premature Death on Different Types of Families
- 6.4 Amount of Life Insurance to Own
- 6.5 Methods for Providing Life Insurance Protection
- 6.6 Types of Life Insurance
- 6.7 Variations of Whole Life Insurance
- 6.8 Additional Types of Whole Life Policies
- 6.9 Special Purpose Life Insurance Policies
- 6.10 Concept and Types of Annuities

**Unit No. 7 Individual Health Insurance Coverages**

- 7.1 Health-Care Problems in the World
- 7.2 Individual Health Insurance Coverages
- 7.3 Hospital-Surgical Insurance
- 7.4 Major Medical Insurance
- 7.5 Health Savings Accounts

- 7.6 Long-Term-Care Insurance
- 7.7 Disability-Income Insurance
- 7.8 Individual Medical Expense Contractual Provisions
- 7.9 Shopping for Individual Health Insurance

**Unit No. 8 Employee Benefits**

- 8.1 Employee Benefits: Group Life and Health Insurance
  - 8.1.1 Group Insurance
  - 8.1.2 Group Life Insurance Plans
  - 8.1.3 Group Health Insurance Plans
  - 8.1.4 Managed Care Plans
- 8.2 Employee Benefits: Retirement Plans
  - 8.2.1 Fundamentals of Private Retirement Plans
  - 8.2.2 Types of Qualified Retirement Plans
  - 8.2.3 Retirement Plans for the Self-Employed
  - 8.2.4 Simplified Employee Pension (SEP)

**Unit No. 9 Social Insurance**

- 9.1 Background of Social Insurance
- 9.2 Social Insurance and its characteristics
- 9.3 Old-Age, Survivors, and Disability Insurance (OASDHI)
- 9.4 OASDHI Benefits
- 9.5 Retirement Benefits
- 9.6 Survivor Benefits
- 9.7 Disability Benefits
- 9.8 Medicare Benefits
- 9.9 OASDHI Issues and Problems
- 9.10 Unemployment Insurance
- 9.11 Workers Compensation

**Recommended Books:**

- Rejda, G. E. (2005). *Principles of Risk Management and Insurance* (9<sup>th</sup> ed.). New Delhi, India: Dorling Kindersley Ltd.
- Vaughan, E. J. & Vaughan, T. (2003). *Fundamentals of Risk and Insurance* (9<sup>th</sup> ed.). New York, U.S.A.: Wiley, John & Sons
- Skipper, H. D. & Kwon, W. J. (2007). *Risk Management and Insurance: Perspectives in a Global Economy*. Oxford, U.K.: Blackwell Publishing