



University of Kerala

Discipline	ECONOMICS				
Course Code	UK3DSEECO201				
Course Title	Economics of Insurance				
Type of Course	DSE				
Semester	III				
Academic Level	200 - 299				
Course Details	Credit	Lecture per week	Tutorial per week	Practical per week	Total Hours/Week
	4	4 hours	-	-	4
Pre-requisites	Basic understanding of Economics.				
Course Summary	The course examines the economic theories and behavioral models underlying the demand for and supply of insurance products.				



Detailed Syllabus:

Module	Unit	Content	Hrs.
I	Introduction		10
	1	Insurance -definition and role in risk management.	
	2	Risk and Uncertainty- Pure risk and speculative risk	
	3	Economic functions of Insurance at the individual and national level	
	4	Life, health and general insurance	
II	Demand for Insurance		15
	5	Major determinants for demand for insurance	
	6	The expected utility maximization hypothesis	
	7	State-Preference Theory of Insurance Demand	
	8	Insurance demand in the presence of irreplaceable assets- Demand for insurance without fair premiums- Design a comparative framework to evaluate insurance choices under the above scenarios and with multiple risks	
III	Supply of Insurance and Risk Management		12
	9	Supply of insurance-premium calculation-economies of scope and scale	
	10	Fundamentals of risk management -Risk management process	
	11	Risk management strategies- Risk Assessment, risk control, and risk financing	
IV	Asymmetric Information and Insurance Regulation		15
	18	Asymmetric information and impacts- Moral Hazard and adverse selection- Design a market regulation policy or create a microeconomic game that minimizes asymmetric information	
	19	Types and effects of insurance regulation	
	20	IRDA and insurance regulation	
V	Case Studies		8
	23	A survey to analyze the factors influencing the purchase of insurance products.	

Reading list



1. Zweifel, Peter and Eisen, Rolland (2012). Insurance Economics, Springer.
2. Dionne G and Harrington S.E (Ed), (1997), Foundations of Insurance Economics, Kluwer Academic Publications.
3. Beard R. E, Pentikainen T and Pesonen E (1984), Risk Theory: The stochastic Basis of Insurance, London, Chapman and Hall.

Course Outcomes

No.	Upon completion of the course, the graduate will be able to	Cognitive Level	PSO addressed
CO-1	Understand the fundamental principles of insurance and develop expertise in various types of insurance	R, U, Ap, An, E	PSO-1
CO-2	Design model to show how insurance demand changes under different scenarios, using relevant theories of insurance demand	R, U, Ap, An, E, C	PSO-2,3
CO-3	Analyze behavioral economics perspectives on insurance demand	R, U, Ap, An	PSO-3,6
CO-4	Analyze and evaluate policy implications and market dynamics related to insurance demand	R, U, Ap, An, E, C	PSO-3,6

R-Remember, U-Understand, Ap-Apply, An-Analyze, E-Evaluate, C-Create

Note: 1 or 2 COs/module

Name of the Course: Credits: 4:0:0 (Lecture: Tutorial: Practical)

CO No.	CO	PO/PSO	Cognitive Level	Knowledge Category	Lecture (L)/Tutorial (T)	Practical (P)
CO-1	Understand the fundamental principles of insurance and develop expertise in various types of insurance	PO-1,2, PSO-1	R, U, Ap, An, E	F, C	L	
CO-2	Design model to show how insurance demand changes under different scenarios, using relevant theories of insurance demand	PO-2,3, PSO-2, PSO-3	R, U, Ap, An, E, C	P, M	L	
CO-3	Analyze behavioral economics perspectives on insurance demand	PO-3,4, PSO-3,4	R, U, Ap, An	C, P	L	
CO-4	Analyze and evaluate policy implications and market dynamics related to insurance demand	PO-3,4, PSO-3,6	R, U, Ap, An, E, C	F, P, M	L	



F-Factual, C- Conceptual, P-Procedural, M-Metacognitive

Mapping of COs with PSOs and POs :

CO No.	PSO 1	PSO 2	PSO 3	PSO 4	PSO 5	PSO 6	PO 1	PO 2	PO 3	PO 4	PO 5	PO 6	PO 7	PO 8	Average
CO-1	3	1	1	-	-	-	3	3	1	-	-	2	-	-	2
CO-2	1	3	3	-	-	-	2	3	3	2	-	2	-	1	2.22
CO-3	-	1	3	3	-	1	2	2	3	3	1	2	1	1	1.92
CO-4	-	1	3	2	1	3	2	3	3	3	2	3	1	1	2.15
Average	1	1.67	3	2.5	1	2	2	2.67	3	2.67	1.5	2.33	1	1	

Correlation Levels:

Level	Correlation
-	Nil
1	Slightly / Low
2	Moderate / Medium
3	Substantial / High

Assessment Rubrics:

- Quiz / Assignment/ Quiz/ Discussion / Seminar
- Midterm Exam
- Programming Assignments
- Final Exam

Mapping of COs to Assessment Rubrics:

CO No.	Internal Exam	Assignment	Project Evaluation	End Semester Exam
CO-1	✓	✓	-	✓
CO-2	✓	✓	✓	✓
CO-3	✓	✓	✓	✓
CO-4	✓	✓	✓	✓

