# Economics of Insurance Companies (module I)

## Prof. Alberto Floreani

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to introduce the student to the principles of running and managing insurance companies.

At the end of the course, students will be able to:

– to understand the concept of risk, pure risk and insurable risk;

– to be familiar with the fundamental elements and characteristics of the insurance contract;

– to understand the relationship between insurance premiums and the benefit promised;

– to understand the economic logic serving as the basis for the exercise of insurance activity and the reasons at the basis of the activity's regulation.

– be familiar with the structure of the insurance markets, the characteristics of the entities operating in insurance markets - in particular, the intermediaries (agents, brokers, banks), and the essential characteristics of the products that are marketed and sold in the insurance markets (life insurance, retirement plans and property-casualty insurance).

– be familiar with the fundamental principles for running insurance companies, the representation of the company through financial statements, and the regulation of insurance activity.

***COURSE CONTENT***

1. *Risk, insurance and insurance activity*

Pure risks and insurable risks. Insurance and the fundamentals of insurance activity. Insurance, information asymmetries and regulation.

1. *Introduction to insurance markets and products*

The insurance markets. Life insurance. Retirement plans. Property-casualty insurance. Co-insurance and re-insurance.

1. *The insurance company*

The management of insurance companies. The financial statements of insurance companies. The regulation of insurance companies and the introduction to Solvency 2.

***READING LIST***

A. Floreani, *Economia delle imprese di assicurazione,* Il Mulino, Bologna, 2011.

Additional teaching and updating material available on the Blackboard page of the course.

***TEACHING METHOD***

The course includes frontal lectures. During the course the following optional individual and group activities are also provided: Kahoot at the end of each of the topics covered (individual); Analysis of the pre-contractual explanatory notes for insurance products (individual); Insurance game aimed at stimulating the functioning of the insurance market, in which each group has to manage an insurance company in competition with the other groups.

***ASSESSMENT METHOD AND CRITERIA***

Written exam. The written test consists of open-ended questions (8 questions, worth 80%) and some numerical exercises (1 or 2, worth 20%) and is aimed at verifying the level of achievement of the learning outcomes.

Individual activities on insurance products and the Insurance Game contribute to the final evaluation in the form of additional score.

***NOTES AND PREREQUISITES***

A basic knowledge of business economics is required.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.