

Programme Name	Master of Commerce
Semester	Third
Paper No	3.54
Course Code	
Course Name	RISK MANAGEMENT
Course Type	Soft Skill Course
Effective from	JUNE 2012
Objective	To understand the risk, its evaluation, human factor in risk control, economics of risk financing and risk management in banks and financial markets.

Unit No.	Topic No.	Content	Hrs.	Marks W + %	Credit
1	01	Introduction to Risk, Risk and Uncertainty, Classification of risks, Risk, peril and hazard, Cost of Risk, Methods of Handling Risk. Risk Management, Nature, Development, Scope, Definition, Objectives. Personal v/s Corporate Risk Management, Corporate Risk Objectives, Attitude and Philosophy. Risk Management Organization and Role of Risk Manager. Risk Management Process.	15	25	01
2	02	Risk Identification, of Internal and External Risk Exposures and Operative Causes. Risk Evaluation. Statistical concepts involved. Probability Theory and Probability distribution. Measures of Central tendency and dispersion. Law of large Numbers, Statistical Inference. Graphical presentation of Data. Risk Evaluation. Assessing probability and severity factors. Application of statistical concepts. Probable Maximum Loss; VaR. Risk Control. Loss Prevention, Loss Prevention, Loss Minimization, Diversification, Optimal Loss control, Contingency Planning; Statutory provisions on Risk control, Human factor in Risk Control, Training, Fire Protection and Extinguishing systems, Surveyor's role in loss prevention, Mutual Aid Schemes.	15	25	01
3	03	Risk Financing. Economics of Risk Financing. Techniques, Financial Position of the organization. External factors affecting Risk Financing. Risk Transfer. Transfer of activity and transfer of Risk. Insurance as a Risk Transfer tool. Benefits and limitations of insurance. Pooling arrangements. Alternative Risk Transfer. Why ART? Characteristics of ART techniques. ART Tools. Loss Sensitive Contracts, Captive Insurers, Multi-line and Multi-trigger policies, Contingent financing arrangements, Structured debt instruments, CAT Bonds, Weather Derivatives and Venture capital arrangements.	15	25	01

4	04	Risk Retention. Benefits of Retention. Determinants of Retention Policy. Guidelines for Optimal Retention. Aggregated or Disaggregated Risk Management. Risk Management and shareholder value. Risk Management in Banks and Financial Markets.	15	25	01
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**References:**

- 1) Williams, Arthur; "Risk Management and Insurance; McGraw Hill.
  - 2) Vaubhan J, Emmet; "Fundamentals of Risk and Insurance Wiley Publications.
- Harrington; "Risk Management and Insurance; McGraw Hill.