



Faculty of Economic Sciences, Communication and IT
Economics

Syllabus

Course Approval

The syllabus was approved by the Faculty Board of Economic Sciences, Communication and IT on 22 August 2012, and is valid from the Spring semester of 2013 at Karlstad University.

Course Code: NEGB19

Financial Markets, Risk and Insurance, 7.5 ECTS Credits

(Finansiella marknader, risk och försäkring, 7.5 Swedish credit points)

Degree Level: Bachelor

Progressive Specialisation: G1F (First cycle, has less than 60 credits in first-cycle course/s as entry requirements)

Language of Instruction

The language of instruction is English if non-Swedish speaking students or teachers participate in the course. If not, instruction is in Swedish.

Prerequisites

Economics 30 ECTS Credits.

Major Field of Study

NAA (Economics)

Learning Outcomes

Upon completion of the course, students should

- understand the principles affecting the demand for insurance against real and financial risks and the benefits of having an insurance contract,
- understand the similarity between real risk pooling and the diversification of financial risks,
- understand the reasons behind market failures in parts of the insurance market, and be able to assess various strategies to correct these failures,
- understand the role and structure of financial markets,
- understand what factors affect the pricing of basic financial instruments, such as bonds and shares, and be able to carry out an assessment of such instruments,
- understand what factors affect the assessment of a corporation listed on the stock market, and be able to carry out such an assessment,
- understand the motivation behind social insurance as well as the interaction of social and private insurance solutions,
- understand the principles behind fund-based pension systems and non-fund-based pension systems, including the problem of long-term financing which affects the latter,
- be able to assess the consequences of various solutions to the problem of financing pension systems and
- be able to apply their theoretical knowledge in practice as they work together in groups to analyse a selected problem in the field, and present their results in written form.

Content and Form of Instruction

The course begins with a series of lectures on the supply and demand of loan and insurance contracts and how insurance companies which are exposed to competition price their insurance products and set a premium rate. The second part of the lecture series covers the role, function, and structure of financial markets, as well as the pricing of financial contracts on secondhand markets for bonds and shares. This part of the course also addresses corporation assessment and corporate decisions on capital structure and payout policy, as well as how the discount rates are set. The third part of the lecture series covers social insurance. This includes a general discussion of the motivation behind social insurance systems and an in-depth discussion of the financial sustainability of state sponsored pension systems in different countries.

The course concludes with a group project, in which students write a report on a current issue relevant to the course and present their results orally.

Reading List

See separate document.

Examination

Assessment is based on a written exam, a written and orally presented hand-in assignment and computer lab exercises performed in groups.

Grades

One of the grades Distinction (VG), Pass (G), or Fail (U) is awarded in the examination of the course.

Quality Assurance

Follow-up relating to learning conditions and goal-fulfilment takes place both during and upon completion of the course in order to ensure continuous improvement. Course assessment is based on student views and experiences as reported in written course evaluations and/or group discussions. Students will be informed of the result of the evaluation and of the measures to be taken.

Course Certificate

A course certificate will be provided upon request.

Additional Information

Students who enrolled before 1 July 2007 will complete their studies in accordance with the requirements of the earlier admission. Upon completion students may request degree and course certificates to be issued under the current ordinance if they meet its requirements.

The local regulations for studies at the Bachelor's and Master's levels at Karlstad University stipulate the obligations and rights of students and staff.

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