

Course Unit Descriptor

Study Programme: Agricultural Economics			
Course Unit Title: Insurance			
Course Unit Code: 3OAE5143			
Name of Lecturer(s): Todor Marković, Ph.D., Associate Professor			
Type and Level of Studies: Undergraduate Academic Studies			
Course Status (compulsory/elective): Elective			
Semester (winter/summer): Winter			
Language of instruction: English/German (depending on participants)			
Mode of course unit delivery (face-to-face/distance learning): Face-to-face			
Number of ECTS Allocated: 6			
Prerequisites: None			
Course Aims: Many decisions in agriculture and food industry have to be made under uncertainty. Risk, however, adds a considerable degree of complexity to the decision making process. This course presents the theoretical concepts of rational choice under uncertainty and develops the building blocks for risk management in agribusiness. Once the necessary statistical tools are reviewed, various indicators of the firm's risk exposition are discussed, including quantitative methods for risk assessment. Moreover, the foundations of stochastic optimization are presented.			
Learning Outcomes: The theoretical part enables the students to understand the most important risk management tools, as insurance or weather derivatives (futures, options or swaps). Much emphasis is put on the numerical aspects of risk management. For example, students will be practically advised to use stochastic simulation or to price an option.			
Syllabus: <i>Theory</i> Introduction to risk management (meaning and measurement of risk, classification of risk sources, components of a risk management system, probability distributions and quantitative methods for risk assessment); Approach to risk management (phases of qualitative and quantitative risk management); Measures to risk reducing (risk avoiding, diversification, building of reserves, preliminary contracts and futures contracts, insurance); Basic features of insurance (the concept, basic functions and types of insurance); Basic elements of insurance (insurance premium, damage assessment and reimbursement in insurance, insurance sum); Insurance in Agriculture (livestock and crop insurance); Crop insurance (insured items, risk types, reimbursement); insurance systems in plant production (yield insurance, insurance of economic indicators, whole farm insurance, index insurance); Weather derivatives (concept and theoretical background, types of derivatives, weather contracts and market of weather derivatives, delineation of weather derivatives and traditional insurance, use of weather derivatives in agriculture). <i>Practice</i> Theoretical lectures are accompanied by tutorials. In tutorials, students apply the knowledge for resolving issues obtained in lectures.			
Required Reading: Dorfman, M. S.: Introduction to Risk Management and Insurance (9th Edition). Prentice Hall, New Jersey, 2007. Hirschauer, N., Mußhoff, O.: Risikomanagement in der Landwirtschaft. Agrimedia-Verlag, Clenze, 2012. Marković, T.: Weather Derivatives and Risk Management in Agriculture. University of Novi Sad, Faculty of Agriculture, Novi Sad, 2013. Marković, T., Ivanović, S., Radivojević, D.: Costs and Investments in Animal Feed Production. University of Novi Sad, Faculty of Agriculture, Novi Sad, 2014. Ivanović, S., Marković, T.: Management of Investment in Agribusiness. University of Belgrade, Faculty of Agriculture, Belgrade, 2018.			
Weekly Contact Hours:		Lectures: 2	Practical work: 2
Teaching Methods: Lectures, seminars, hands-on-exercises			
Knowledge Assessment (maximum of 100 points):			
Pre-exam obligations		points	Final exam
			points
Active class participation		20	written exam
Practical work			oral exam
Preliminary exam(s)		
Seminar(s)		30	
The methods of knowledge assessment may differ; the table presents only some of the options: written exam, oral exam, project presentation, seminars, etc.			