

Seminar (6 ECTS)

Value-based Management of Financial Institutions

General Information

<u>Chair or Institute:</u>	Institute for Risk Management and Insurance (INRIVER)
<u>Lecturer:</u>	Thomas C. Wilson, Ph.D (CEO, President and Country Manager at Allianz Ayudhya)
<u>Contact:</u>	Julia Holzapfel (holzapfel@lmu.de)
<u>Time & Location:</u>	Please refer to the schedule.
<u>Period:</u>	April 18 until July 10, 2024
<u>Format:</u>	Online via Zoom, except for two hybrid sessions (see schedule)
<u>Language:</u>	English
<u>Credits:</u>	6 ECTS, MSc PStO 2018 (Business Administration)

Course Format

The course takes place online via Zoom. The login information for the Zoom sessions will be sent to the registered participants before the course starts.

Registration

The number of participants is restricted. To apply for this course, please register via the [registration form](#) **no later than April 11, 2024**. We will inform you about your participation no later than April 14, 2024.

Course Description & Main Objectives

Although the benefits of insurance may be obvious to the policyholder when the earth shakes, or the wind blows, how insurance companies and banks create value for shareholders is oftentimes less transparent. Similar to an industrial corporation, banks and insurers need to focus on securing profitable growth opportunities and achieving cost efficiency. However, financial institutions are different from industrial corporations in three important ways: the products we sell involve risk, implying that our “cost of goods sold” only becomes clear over time; we create value for shareholders and our customers by underwriting and managing that risk; and, finally, the risk, as well as regulatory and rating agency considerations, play a key role in defining our capital structure. These differences make financial institutions inherently more complex, a situation which is not helped by traditional accounting rules.

This course focuses on how to manage financial institutions for value with a deeper focus on insurance. During the seminar, a valuation framework, including key value drivers, will be developed for insurance and banking businesses. In addition, generic management actions or “rules of the game” will be developed to create value through profitable growth, cost efficiency, underwriting excellence, and capital efficiency. In this context, the role of balance sheet management, risk management, and strategic planning will be discussed.

In the middle of the Semester, seminar participants will be asked to present an outside-in valuation of an actual insurance company based on public information. At the end of the Semester, seminar participants will be asked to present a strategic plan to “management” on how the company can increase its value. Both presentations will be made to industry executives, who will evaluate the conclusions and provide feedback.

Exam

The grade for the seminar is based on two parts: Group presentations and a written assignment consisting of the slides, the outside-in valuation (.xlsx), and a written guide to the valuation file. Presentations will be evaluated based on the content, structure, appearance, and quality of the group presentation delivery, as well as the group’s ability to answer questions following the presentation.

***** Please register for the exam via LSF. *****

Timeline

Subject to possible changes, the following lectures are planned:

Dates	Day	Time			Topics	Format
April 18, 2024	Thu	8:30 AM	-	10:00 AM	Introduction	online
April 25, 2024	Thu	8:30 AM	-	10:00 AM	PC Business	online
May 7, 2024	Tue	8:30 AM	-	10:00 AM	LH Business	online
May 16, 2024	Thu	8:30 AM	-	10:00 AM	Valuation 1	online
May 23, 2024	Thu	8:30 AM	-	10:00 AM	Valuation 2	online
May 24, 2024	Fri	8:30 AM	-	11:00 AM	RAPM (+ Q&A)	online
May 31, 2024	Fri	11:00 AM	-	12:00 AM	Office Hour	online
June 4, 2024	Tue	8:30 AM	-	10:00 AM	Capital Management	online
June 7, 2024	Fri	8:30 AM	-	12:00 AM	Case Study 1 Presentations	hybrid
June 12, 2024	Wed	8:30 AM	-	10:00 AM	Other Value Drivers	online
June 14, 2024	Fri	8:30 AM	-	10:00 AM	Risk Management 1	online
June 17, 2024	Mon	8:30 AM	-	10:00 AM	Risk Management 2	online
June 24, 2024	Mon	8:30 AM	-	10:00 AM	ALM 1	online
June 26, 2024	Wed	8:30 AM	-	11:00 AM	ALM 2 (+ Q&A)	online
July 4, 2024	Thu	10:30 AM	-	11:30 AM	Office Hour	online
July 10, 2024	Wed	8:30 AM	-	12:00 AM	Case Study 2 Presentations	hybrid