

School of Economics and Finance

**FINA 413      RISK MANAGEMENT AND INSURANCE**

Trimester One 2010

**COURSE OUTLINE**

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**Coordinator/Lecturer**      Leigh Roberts, RH 323, phone 463-5937  
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**Administrator**              Anna Potts, RH 307, phone 463-6148  
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**Lecture times**                Tuesday 8.30 - 10.20 am, GBLT 3

**Trimester Dates**

Teaching Period: Monday 1 March to Friday 4 June 2010

Study Period: Monday 7 June to Thursday 10 June 2010

Examination Period: Friday 11 June to Wednesday 30 June 2010 (inclusive)

Note: Students who enrol in courses with examinations should be able to attend an examination at the University at any time during the formal examination period.

**Withdrawal from the course:**

Information is available via

**Withdrawal dates: Late withdrawals with Associate Dean (Students) permission  
(See Section 8: Withdrawals - from the Personal Courses of Study Statute)**

<http://policy.vuw.ac.nz/Amphora!~policy.vuw.ac.nz~POLICY~000000001743.pdf>

**Withdrawal dates: refunds:**

<http://www.victoria.ac.nz/home/admisenrol/payments/withdrawlsrefunds.aspx>

## **Course delivery**

The course will be delivered by two lectures per week. There are to be two assignments, as notified to the class by the third week. There are to be two essays.

Assignments and essays are to be submitted via blackboard.

There is a final two hour examination.

## **Course Content**

The course is divided into 3 parts, viz.:

- Generic risk management (2-3 weeks);
- Financial risk management (6-8 weeks); and
- Insurance (3-4 weeks)

There is substantial overlap between the three parts. The teaching sequence does not necessarily follow this order; and the timing shown is only approximate.

## **Course Learning Objectives**

To explain the extent and scope of risk management, and its manifold interpretations.

To establish a clear framework and methodology for dealing with risk; and to apply the principles of risk management to problems arising in the real world.

To investigate insurance theory and practice; and in particular to explore the use of insurance, both as a means of transferring risk, and more generally as providing a framework for the consideration of risk.

To interpret recent developments in risk management, in particular the use of the capital markets, and the blurring of boundaries in the financial sector.

To summarise elementary aspects of theories of risk and uncertainty, with special emphasis on risk management in the finance sector.

To recognise the potential of, as well as the limitations of, quantitative models and methodologies in dealing with risk.

## **Expected Workload**

It is expected that the course will require approximately 150 hours of work, including class time.

## Readings

Notes and readings will be made available, generally on Blackboard although sometimes in class.

It is *not* recommended that you purchase any text books for this course. Books which may be useful for parts of the course, however, include:

- C. L. Culp (2002), *The ART of Risk Management*. Wiley.
- J. C. Hull (2007), *Risk Management and Financial Institutions*. Pearson.
- J. Lam (2003), *Enterprise Risk Management*. Wiley.
- P. J. Schönbucher (2003), *Credit derivatives pricing models*. Wiley.

You can find Blackboard at <http://www.blackboard.vuw.ac.nz/>

The VUW library has a web page that contains detailed information about available library resources and has links to several other sites. Its URL is <http://www.vuw.ac.nz/library>

## Assessment Requirements

- 30% Two hour final examination
- 60% Two essays, each worth 30%
- 10% Average mark for two assignments

The topics for the essays may be chosen freely, provided that they are broadly consonant with the course objectives, and are subject to the prior approval of the course coordinator *before* work is started on the essay. Topics must be approved by email no later than the end of week 6 (Friday 23 April 2010) for the first essay, and no later than the end of week 9 (Friday 14 May 2010) for the second essay. These requirements notwithstanding, it is strongly recommended that students think about possible essay topics in the first week or two of the course. Due dates for the essays are the end of week 8 (Friday 7 May 2010) and the end of week 11 (Friday 28 May 2010) of the 12 week course. Essays are to be typed, and submitted via blackboard.

The length of each essay should normally be between 3,500 and 4,500 words. It is a good idea to discuss the matter with the course coordinator as soon as possible if the length of your essay seems likely to differ significantly from that suggested.

Further information about the requirements for essays is given on blackboard.

Provided the student has good reason (for instance a medical certificate), and obtains permission *before* the due date from the course coordinator, there will be no penalty for handing in an essay late. In other cases the essay may first be graded on a basis comparable with those essays handed in on time, and then have 5% of that grade subtracted for each day or part-day for which the essay is late.

The essay is expected to be written *entirely* by the student. In cases where there is any doubt in the marker's mind as to whether the essay is entirely the student's own work, the coordinator reserves the right to withhold the mark until the situation has been clarified. In particular the coordinator reserves the right to submit an essay to software designed to detect copying from sources such as the internet: see the note on Turnitin below.

Two assignments will be set early in the course, within the first 3 weeks, on topics specified by the lecturer. These provide an opportunity to practise English writing skills, with detailed comments by the coordinator. Due dates for assignments are normally two weeks after being set. Assignments are to be typed, and submitted via blackboard.

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

### **Penalties**

Late assignments are not accepted. For essays, see the section above headed Assessment Requirements.

### **Examinations**

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

The final examination for this course will be scheduled at some time during the period from Friday 11 June to Wednesday 30 June 2010 (inclusive).

## **Written Report**

Towards the end of a lecture early in the course (usually the first lecture), students will be requested to write a short report on a topic to be announced at that time, to be written individually and submitted to the lecturer before leaving the class room. The length of the report is expected to be between 100 and 200 words.

Those students not in the class room when the report is asked for will be asked to submit such a report on a later occasion, with a different topic being announced just prior to the report being written. Such a report must be written in the coordinator's presence.

This report is to indicate to the coordinator which students need help with their English expression, and will not be used for assessment; nor will the reports be shown to anyone other than the coordinator. Should the standard of English in this report differ markedly from that in work handed in for assessment, the coordinator will discuss the matter with the student before a mark is given.

A student who has not submitted such a report may not be allowed to hand in assessable course work.

## **Mandatory course requirements**

In order to pass the course, it is compulsory to submit both essays and obtain at least 40% in the two hour final examination.

## **Class representative**

A class representative will be elected in the first class, whose name and contact details will be made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

## **Communication of additional information**

Additional information will be conveyed to students via Blackboard and/or email.

Emails may be sent to the address that you supplied with your enrolment; but they may also be sent to your SCS email address, which is your official university email address. You should keep an eye on both email addresses.

## **Use of Turnitin**

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and subject to checking by Turnitin. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

**For the following important information follow the links provided:**

### **Academic Integrity and Plagiarism**

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

### **General University Policies and Statutes**

<http://www.victoria.ac.nz/home/about/policy>

### **AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

### **Faculty of Commerce and Administration Offices**

<http://www.victoria.ac.nz/fca/studenthelp/>

### **Manaaki Pihipihinga Programme**

[http://www.victoria.ac.nz/st\\_services/mentoring/](http://www.victoria.ac.nz/st_services/mentoring/)