

School of Economics and Finance

FINA 413 RISK MANAGEMENT AND INSURANCE

Trimester One 2012

COURSE OUTLINE

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 Monday 1540 - 1730, GB LT3

Trimester Dates

Teaching Period: Monday 5 March - Friday 8 June

Study Period: Monday 11 June - Thursday 14 June

Examination Period: Friday 15 June - Wednesday 4 July (inclusive)

Withdrawal from Course

Your fees will be refunded if you withdraw from this course on or before Friday 16 March 2012.

The standard last date for withdrawal from this course is Friday 18 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' form, including supporting documentation.

The application form is available from either of the Faculty's Student Customer Service Desks.

Course delivery

The course will be delivered by one two-hour lecture per week. There are to be two assignments and two essays, submitted via blackboard.

There is a two hour final examination.

Course Content

The course is divided into 3 parts, viz.:

- Generic risk management (2-3 weeks);
- Financial risk management (7-8 weeks); and
- Insurance (2-3 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 on Blackboard.

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. Diebold et al (2010), *The Known, the Unknown and the Unknowable*. Princeton.
- 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.
- J. Teale (2008), *Insurance and Risk Management*. 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 first assignment will be set in week 2, to be handed in by the end of week 4 (Friday 30 March 2012); and the second assignment will be set in week 4, to be handed in by the end of week 6 (Friday 27 April 2012). Topics for assignments are laid down, and assignments are normally not to exceed 1000 words.

Topics for essays are chosen by the student, but need to be consonant with the course objectives. Typically essays are written in finance related areas, often involving derivative securities, hedging and other aspects of financial risk management. Essay topics, along with a brief indication of the scope and nature of the essay, must be submitted by email to the coordinator no later than the end of week 5 (Thursday 5 April 2012) for the first essay, and no later than the end of week 9 (Friday 18 May 2012) for the second essay. The topic and the general approach taken are to be approved by email by the course coordinator *before* work is started on the essay.

Due dates for the essays are the end of week 8 (Friday 11 May 2012) and the end of week 11 (Friday 1 June 2012) of the 12 week course.

The length of each essay should normally be between 3,000 and 4,000 words. The number of words used should be indicated at the beginning of an essay (and an assignment), and page numbers should be given. 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 (a medical certificate is generally required), 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.

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 15 June to Wednesday 4 July 2012 (inclusive).

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

Find key dates, explanations of grades and other useful information at <http://www.victoria.ac.nz/home/study>

Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress>

The University's statutes and policies are available at:

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

except qualification statutes, which are available via the Calendar webpage at

<http://www.victoria.ac.nz/home/study/calendar> (see Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at

http://www.victoria.ac.nz/home/about_victoria/avcadademic/default.aspx

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

http://www.victoria.ac.nz/home/about_victoria/avcadademic/Publications.aspx

Faculty of Commerce and Administration Offices

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

Te Putahi Atawhai

Maori and Pacific Mentoring Programme

<http://www.victoria.ac.nz/tpa/>