

FIN 450 ENTERPRISE RISK MANAGEMENT

Spring 2020

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Class: WF 10:30 – 11:45 AM BUSAD D204

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Office Hours: T 9:30 – 11:00AM or by appointment

Class References:

1. Baranoff, E., Brockett, P.L. and Kahane, Y., *Risk Management for Enterprises and Individuals*, Flat World Knowledge, 2009 **(required)**
2. Harrington, S. and Niehaus, G., *Risk Management and Insurance* (2nd Ed.), McGraw Hill, 2003 (optional)
3. Skipper, H. and Kwon, J., *Risk Management and Insurance: Perspectives in a Global Economy*, Blackwell Publishing, 2007 (optional)
4. Assigned readings (available on Lulima)

Course Description

Risk management is an integral part of a corporation's decision-making process. The awareness of corporate risks and the importance of risk management have reached an unprecedented level, giving rise to the emergence of enterprise risk management (ERM). The toolkit for risk management has also been broadened and enhanced significantly over time. Through a combination of lectures, case studies, and class discussions of assigned readings, this course introduces the concepts of risk and risk management, investigates various aspects of corporate risks, and develops important risk management techniques in the context of ERM. There is also a focus on emerging risks.

Learning Outcomes

The main learning outcomes of this course are the following:

1. Understand the basic concepts of risk and risk management
2. Know how to identify and measure primary risks of a corporation
3. Understand enterprise risk management and its implementation in a corporation
4. Develop analytical skills for corporate risk management in real business environments
5. Provide exposure to emerging risk categories, the challenges and potential solutions

Class Components

Chapter assignments and handouts:

Chapter reading assignments and occasional handouts provide a basic reference for fundamental concepts and techniques. They are usually discussed in the following class. It is important to read both the assigned chapters and handouts *before* each class.

Case studies and readings:

This class includes a series of ERM related case studies and reading materials from academic and industry sources. This is essential to more in-depth understanding of corporate risk management and its application in practice. Cases and/or readings will be distributed beforehand. Each group will lead the discussion of one case or one article. All students are expected to actively participate in the case discussions and to write up short summaries. Specific

guidelines will be given before the first case/reading is assigned. Peer-evaluations may be used to assess each member's contribution to the group presentations.

Research paper:

A group research paper should be written on a relevant topic of students' choice after discussing with the instructor. The research paper should reflect students' understanding of the class materials and critical thinking on an issue of current interest (i.e., the chosen topic). Specific guidelines will be given at the beginning of the semester.

Other assignments, attendance, and class participation:

Occasionally other short assignments may be given to supplement the lectures and class discussions. Attendance and active participation are critical for the success of this class. Attendance will be taken randomly. There is no make-up opportunity for missing attendance record. Please make *pre-arrangements* with me if you have a *legitimate* reason for absence.

Other resources:

Additional resource materials may be posted on "Laulima." These are provided in order to expand students' horizons and to supplement the class materials. They are mainly used as references for students; some of them may be the basis of in-class discussions.

Exams:

There are two exams for this class. They are based on lectures, handouts, case studies, readings, and in-class discussions. They will be closed-book and closed-notes. *No make-up exam* will be given. A short review will be given in the class prior to each exam to help you prepare.

Course Evaluation - Student grades will be determined on the basis of 100 points

1. Exams - 45 out of 100 points

- Exam one is worth 20 points. Closed-book, closed-notes.
- Exam two is worth 25 points. Closed-book, closed-notes.

2. Case study presentations and other assignments - 30 out of 100 points

- Group presentation of one assigned ERM case or article is worth 15 points.
- Short individual summaries of cases and readings (except the presented one) are worth 5 points.
- Other assignments are worth 10 points.

3. Research paper - 20 out of 100 points

- The group research paper is worth 20 points. It is graded on the quality of the paper, including the importance and relevance of the topic, the breadth and depth of the analyses/discussions, selected references, writing, etc.

4. Attendance and class participation - 5 out of 100 points

- Random attendance checks will be taken. Attendance is worth 3 points. 1/2 point will be deducted for each missing attendance record.
- Active class participations will be rewarded up to a maximum of 4 points, but not exceeding 5 points combined with the attendance points if *not* full attendance.

Assignment Late Policies

Different assignments are designed to reinforce your learning. They are due at specific dates/times and in proper formats. Any assignment handed in after the due date/time but during the next 24 hours will receive HALF credit. Assignments handed in more than 24 hours after the due time will receive NO credit.

Normative Class Communications

Interactions are very important for effective learning and are highly encouraged.

1. Attendance is expected, and students are strongly encouraged to participate in class discussions and raise questions. You are responsible for material covered in class and any assignments missed due to absence. It is recommended that you make pre-arrangements with me in this case.
2. Besides office hours, email is the best way to reach me outside class. **When sending e-mails regarding the class, please include "FIN 450" in the subject line** and please remember to leave your name at the end of the email.
3. Class information will be communicated mainly through "Laulima" and group emails. You are responsible for checking "Laulima" and emails regularly. All scores are posted on "Laulima→Gradebook."
4. In order to be considered, all grading questions should be raised **within two weeks** of the score posting date.
5. Please refrain from using laptops for any purpose not directly related to the current class since it affects/distracts other students.

Use of Laulima

This class uses Laulima (<http://laulima.hawaii.edu>). It may be used to distribute course materials, to communicate and collaborate online, to post grades, to submit assignments, and to take online quizzes and surveys.

You will be responsible for checking Laulima course site regularly for class work and announcements. Scheduled Laulima downtimes are posted on the Laulima login page, and thus are not an excuse for late work. Laulima technical support can be reached at itech-l@hawaii.edu, so plan accordingly.

Special Accommodations

Students with disabilities are encouraged to contact the KOKUA Program for information and services. Services are confidential and free of charge. In case of need, contact KOKUA at 956-7511, or kokua@hawaii.edu, or Student Services Center Room 13. Early contact is strongly recommended.

Drop Policy

If the University policies permit, a student may withdraw or drop this class with approval by the withdraw/drop deadlines set by the University. For deadlines for dropping/withdrawing from business classes, please check www.hawaii.edu/myuh/manoa.

Scholastic Dishonesty Policy

Acts of academic dishonesty are not tolerated in this class. Acts of academic dishonesty as defined by university policies may lead to redoing the assignment, receiving a failing or reduced grade for the course or being referred to the UH Dean of Students for University disciplinary action.

Students should refer to the UH Student Conduct Code (www.hawaii.edu/student/conduct) for detailed definitions and explanations of academic dishonesty.

Calendar (*subject to change*)

Date	Topic	Reading Assignment	What Due in Class
01/15-01/17	Syllabus overview; Risk identification and measurement	BBK Ch 1, 2	
01/22-01/24	Risk identification and measurement; Risk pooling and diversification	BBK Ch 1, 2; H&N Ch 4	
01/29-01/31	Risk attitudes; Corporate liability risk management	BBK Ch 3; BBK Ch 12, H&N Ch 28, 29	
02/05-02/07	Value of corporate risk management; Legal case presentations	H&N Ch 20, 21	Legal case presentations
02/12	Exam 1 Review		
02/14	Exam 1		
02/19	Guest Lecture		
02/21	Special Topic 1 – Societal Risks	S&K Ch 4, 7, 11	
02/26-02/28	Special Topic 2 – International risk Management	S&K Ch 17; Handouts	Group research paper topic
03/04-03/06	ERM Topic 1; ERM Case 1	BBK Ch 5, Handouts	1. Individual summaries 2. Group presentation
03/11-03/13	ERM Topic 2	Handouts; S&K Ch 13, 14	
03/18-03/20	Spring Break!		
03/25	Group Research Day		
03/27	ERM Case 2		1. Individual summaries 2. Group presentation
04/01-04/03	ERM Topic 3; ERM Case 3	Handouts; S&K Ch 13, 14	1. Group research progress report 2. Individual summaries 3. Group presentation
04/08	Special Topic 3 – Catastrophe risks		
04/10	Good Friday!		
04/15	Exam 2 Review		
04/17	Exam 2		
04/22	Guest Lecture		
04/24	ERM Case 4		1. Individual summaries 2. Group presentation
04/29-05/01	Special Topic 4 – Cyber risks; Concluding remarks		
05/06	Buffer Time		

05/15			Group research paper due in Dropbox
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Updated: 1/14/2020