

# **Course Title**

## **Life Insurance Cooperation Financial Risk Management**

Instructor: David G.Jou,

Textbook: Handouts

Grade: Term paper plus presentation 50%

Class participation: 30%

Effective duration study: 20%

Office Hours: by appointment

Tel:27168688

- 2/26 Course introduction and the brief review of corporate finance and life insurance theory: issues of ALM  
Reading materials: Black and Skipper, Ch 28, 29, 30, 32, 33, 34
- 3/5 review 9/17 assignment
- 3/12 The fundamental models: the law of larger number, ICAPM, and the option model, Part I  
JRI 1991, David Cummins  
Empirical papers: ICAPM, The Geneva Paper, 1986, Urrutia
- 3/19 The fundamental models: the law of larger number, ICAPM, and the option model, Part II  
JRI 1991, David Cummins  
Empirical papers: ICAPM, The Geneva Paper, 1986, Urrutia
- 3/26 Empirical Papers: Duration and interest rate risk  
JRI 1995, Staking and Babbel
- 4/2 Financial Early Warning System: Simulation approach
- 4/9 IRIS, FAST, and the Risk-based Capital: Empirical studies of IRIS, Fast and RBC.  
JRI, 1999, p417-458, JRI1998, p213-243, Option and RBC
- 4/16 ALM: surplus risk management, risk budgeting, and the managing of assets and liabilities cash flows matching.
- 4/23 Assets management issues: Currency hedging
- 4/30 Assets management issues: Fixed income issue
- 5/7 Assets management issues: Equity issue
- 5/14 Liabilities risk management issue: product portfolio risk study.
- 5/21 Term paper presentation 1
- 5/28 Term paper presentation 2
- 6/4 ending and a review of the course