Financial Enterprise Risk Management – Paul Sweeting

ERRATA

3 October 2011

Page	Words/ref	Line	Comments
12	6+7	6	Delete “by”
29	3.2.10	3	“lie” should be “like”
34		7	Second “as” should be “of” (“…as a result of…”)
44		1	Insert “the” (“‘One of the main…”)
47	Para 2	3	Replace “cannot” with “might not”
52	3.6.2	7	“presence” should be “present”
55	4.3	14	Delete “is” (“however, it should…”)
57		5	“determine” should be “determines”
71		16	“lose” should be “lost”
73	Para 3	6	“where” should be “were”
80	Para 2	1	“is” should be “are”
86	Para 2	2	“The” should be “They” (“They also…”)
91	Para 6	2	“of” should be “as” (“as well as the question…”)
95	Para 8	2	Second “in” should be “is” (“…in that there is both incidence…”)
110	7.11	10	“in” should be “is” (“…is unable…”)
112	8.2	1	“are” should be “is” (“…is discussed…”)
114	8.2.3	5	“where” should be “are”
115	8.3	1	“Each have their…” should be “Each has its…”
118	8.3.5	7	Missing “on” after “based” (“…are based on the responses…”)
124	9.3	8	Capital N for “negative”

148		7	Superfluous “the” (“…to test whether…”)
149	Ex. 10.6	17	Superfluous “be” (“‘…than 0.05 is needed”)
166	10.2.18	2	“distributions” is mis-spelled
171	Para 3	1	Missing “be” (“…can also be defined)
177	Para 2	4	First “in” is superfluous “…shown for…”)
246	11.5.1	Last line	Delete “and” after “logit;”
256	11.5.5	4	Replace “networks” with “machines”
257	Para 3	4	Insert “it” between “if” and “is” (“…whilst if it is…”)
286	Para1(13.4.2)	9	Replace “as” with “a” (“Such a process is…”)
300	Para 2	Last line	Delete “a” (“vertical axis is defined…”)
307	Para 1	5	Replace “on” with “or” (“…undertaken or not…”)
312	Para 4	3	Replace “are” with “area” (“the first area of interest is…”)
338	14.5.1	1	Insert “a” between “in” and “large” (“…itself in a large…”)
341	Para2(14.5.3)	2	Delete “for” (“…profile is…”)
359	14.5.5	3	Replace “lost” with “loss” (“…proportion of loss…”)
361	Para 1	5	Replace “used” with “use” (…of little use…”)
385	Para 5	2	Replace “reflect” with “reflects” (“…that it reflects how…”)
		5	Delete “when developing strategies” (“…mental anchors so that…”)
401	Convex risk measures	4	Delete “the” (“…words, a convex…”)
421		Last line	Delete “a” before “differential rates”
428	16.2.5 Para 3	2	Replace “limits” with “limit” (“…be used to limit the…”)
430	16.3 Para 2	(16.17)	Replace theta with “v” in the equation (“v = dC_0/d sigma_X)

430	16.3 Para2	2	Insert “is” between “This” and “partly”
472	19.1	1	Replace “to” with “with” (“…be complied with…”)
477	Criticisms of Basel II. Para 3	2	Replace “or” with “of” (…the list of risks…”)
483	Comp of Basel II.Para 2	1	Replace “difference” with “differences” (“…major differences between…”)
485	COSO ERM	3rd from end	Replace “cover” with “covers” (“…framework covers eight…”)
493	Framework for Management etc	Final bullet	Replace “organizations” with “organisations”
499	19.3.1 Para 1	1,2	Replace “was” with “were” and “it” with “they”
507	Last Para	1	Replace “are” with “is” (“…of earnings is paid…”)
511	20.3.1Para 1	4	Replace “manger” with “manager”
515	Para 4	2	Insert “were” (“…interest rates were high.”)
	Para 5	1	Insert “were” (“…personal pensions were introduced…”)
	Para 6	4	Insert “the” (“…when the role existed…”)
525	20.10Para4	1	Replace “important” with “crucial” (…of incentives is crucial.”)

The legend for high and low variance in figure 9.1 is wrong (dotted should be high, continuous should be low).

Also, on page 212/213 – final paragraph onwards should read “From the formulae for Kendall’s tau in Table 10.2, it can be seen that the generalised Clayton copula is indeed a generalisation of the Clayton copula. In particular, it becomes the standard Clayton copula if $\beta = 1$. This formulation…” etc. In other words, there should be no reference to the Gumbel copula, and it should be $\beta = 1$ rather than $\beta = 0$.

Finally, in table 10.2, the first formula in that column is wrong – it should read:

$$\frac{(\alpha + 2)\beta - 2}{\alpha + 2}$$

rather than

$$\frac{(2 + \alpha)}{\alpha + 2}$$

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P127 – para 3 line 4 should be “…correlation coefficients do not…” (“do” rather than “to”)

P327 – the first formula both denominators should have 0.0525 and not 0.0520 in them; the last term in the second formula should be 105e^{-2s_2} rather than 105e^{-s_2}

P339 – para 2 first line should be”…credit risk is that it…” (“it” rather than second “is”)

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P227 (boxed example) – the 17/beta should be 16/beta on the first line; the 41 should be 40 on the second to last line

P230 (final bullet) – there should be a "have" between "should" and "a" ("the error terms should have a constant…")

P234 (2nd to last line, 2nd to last para) – superfluous "be" ("…the data is to produce…")

P302 (final expression in the para after Eq 13.48) – the limits of the second summation are incorrect (should be from j=1 to q, mirroring the Eq 13.4), i.e.

$$\sum_{i=1}^{p} \alpha_i + \sum_{j=1}^{q} \beta_j < 1$$

P304 The equation number for 13.62 is not shown. Also in Eq13.62 and twice in Eq13.63, there is a "1" after a beta that should be a subscript

P318 (first line after the title "Historical Risk Premiums") – "priced" should be "prices" ("…market prices for bonds…")

P328 (first line of Example 14.2) – should refer to Example 14.1 (not 14.3.1); and 2.05116 in the expression for f_3 should be 2 x 0.05116

P335 – Eq 14.22 is missing some parentheses and is perhaps best rewritten as:

$$BD_X = \frac{\sum_{t=1}^{T} \frac{tc_X}{(1+r_X)^t} + \frac{T}{(1+r_X)^T}}{(1+r_X)BP_X}$$

Similarly, Eq 14.24 could be rewritten as:

$$BC_X = \frac{\sum_{t=1}^{T} \frac{t(t+1)c_X}{(1+r_X)^{t+2}} + \frac{T(T+1)}{(1+r_X)^{T+2}}}{BP_X}$$

P340 (2nd to last line, 2nd paragraph) – missing apostrophe ("firms" should be "firm's")

P341 (2nd line in section 14.5.3) – "variable" should be "variables"

P346 (last line, 2nd to last paragraph) – "payment dues" should be "payments due"

P361 (line 6) – "involve" should be "involves"

P376 (line 1) – replace “result in” with “ultimately fund”; (line 2) – after “in a given” add “time interval” – so it should read “….risk in a given time interval. So, …”

P376 (Example 14.9) – first line, replace “claims” with “claim amounts” (“…the history of claim amounts occurring…”); first line after the first table, replace “claims” with “claim amounts” (“What are the total estimated claim amounts…”); second line of second paragraph after the first table, replace “claims” with “claim amounts” (“The total projected claim amounts for 2008 and 2009 are therefore…”)

P377 (lines 1,2) – replace “calculating the total projected number of claims” with “calculating total projected claims”

P377 (Example 14.10) – first line, replace “Example 14.9.2” with “Example 14.9”; first line after the first table, remove “number of” (“…contains the claims that occurred…”)

P378 (Example 14.11) – first line, replace “Example 14.9.2” with “Example 14.9”; 5th line after the table, replace “0.67 claims” with “0.67 of claims”; following line, replace “0.80 claims” with “0.80 of claims”

P379 (section 14.9.3, 2nd para, lines 1/2) – replace “asset classes” with “risks” (“…modelling of these risks, since…”)

P380 (4th para, lne 2) – insert “which is” before “discussed” (“…advance measurement approach, which is discussed later.”)

P381 (final para, line 4) – “Int 2008” should be “International Actuarial Association (2008)”, which is in the references.