

# Financial Enterprise Risk Management – Paul Sweeting

## ERRATA

21 November 2012

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 (2<sup>nd</sup> to last line, 2<sup>nd</sup> 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 (2<sup>nd</sup> to last line, 2<sup>nd</sup> paragraph) – missing apostrophe (“firms” should be “firm’s”)

P341 (2<sup>nd</sup> line in section 14.5.3) – “variable” should be “variables”

P346 (last line, 2<sup>nd</sup> 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”; 5<sup>th</sup> 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, 2<sup>nd</sup> para, lines 1/2) – replace “asset classes” with “risks” (“...modelling of these risks, since...”)

P380 (4<sup>th</sup> para, line 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.