

Assessing Uncertainty and Risk: Selected Academic Work

2011 CARE / CEASA Conference

Accounting for Uncertainty and Risk

Guy J. Weyns, Morgan Stanley



Risk and Financial Reporting in the Insurance Industry

Doron Nissim, Columbia Business School

BIG PICTURE: How does the market price insurers' equity risk?

- Equity risk measured as ICEC and IERP
- Relate IERP to macro and firm-specific risk factors
- Relate subsequent excess stock returns to IERP

ALSO:

- Reporting, analysis and valuation aspects of AOCI

Opacity, Crash Risk and Option Smirk Curves

Mark Bradshaw, Boston College

BIG PICTURE: Can financial reporting characteristics help users predict stock price crash risk?

- Relationship between "opacity" of financial statements and risk of stock price crash?
- Relationship between opacity and slope of the option "smirk" curve?
- Can accounting-based predictors of crash risk have *incremental* predictive power?

Does Financial Reporting Quality Affect Firm-Level Investments?

Rodrigo Verdi, MIT

BIG PICTURE: Do firms with higher financial reporting quality "suffer less" in tough times, in terms of their capacity to finance investments?

- Real estate as an important source of collateral for financing
- Relationship between sensitivity of investments to shocks to collateral value, and FRQ?
- Do firms make improvements to FRQ in response to negative shocks in collateral value?

From Counting Risk to Making Risk Count

Anette Mikes, HBS

BIG PICTURE: Insights from field work on corporate risk management practices

- Counting Risk:
 - Alternative "calculative cultures"
 - Quantitative enthusiasm: focus on risk *measurement*
 - Quantitative scepticism: focus on risk *envisionment*
- Making Risk Count:
 - Organizational influence of the risk management function
 - Dynamics of alternative calculative cultures
 - "Boundary work"