



School of Economics and Management

BUSP62, Structured Finance and Insurance, 7.5 credits

Structured Finance and Insurance, 7,5 högskolepoäng

Second Cycle / Avancerad nivå

Details of approval

The syllabus was approved by The Board of the Department of Business Administration on 2011-05-20 to be valid from 2011-05-20, autumn semester 2011.

General Information

Language of instruction: English

Main field of studies

Business Administration

Depth of study relative to the degree requirements

A1F, Second cycle, has second-cycle course/s as entry requirements

Learning outcomes

A passing grade on the course will be awarded to students who:

Knowledge and understanding

Have demonstrated thorough understanding of corporate financing and risk management, with particular emphasis on:

- Strategies and tactics of value-enhancing and integrated capital and risk management.
- Holistic, integrated, and enterprise-wide risk-management solutions.
- Utilization of structured financial and insurance products.

Skills and abilities

- Have demonstrated ability to integrate theories learnt when solving complex financing and risk-management problems.

- Have demonstrated ability to structure strategies and tactics of value-enhancing and integrated capital and risk management.
- Have demonstrated ability to structure financial and insurance products efficiently to achieve specified financing and risk-management objectives.
- Can present their analyses of corporate financial problems, clearly and unambiguously.

Course content

This is an advanced course in corporate financing and risk management for master's students. The main objective is to provide students with a thorough understanding of structured financing and risk-management solutions provided by the global capital and insurance markets.

The overarching idea of the course is the optimization of the corporate capital and risk structures through active capital and risk management. The course deals with corporate financing using, in particular, fixed-income securities and insurance products, with a particular emphasis on structured financial and insurance products. It also deals with strategies and tactics of value-enhancing risk management, with particular emphasis on holistic, integrated, and enterprise-wide risk-management solutions.

Structured financial products refer to various structured bonds, such as securitized bonds, hybrid securities, and credit-linked securities that are tailored to the risk, return, and maturity needs of the issuer or investor in ways that cannot be attained using conventional financial instruments. The course focuses on securitized and structured credit products. Securitization pools and transforms illiquid assets and risks into tradable securities and enables companies to finance a wide range of assets and risks in the capital markets. Structured credit products combine securitization techniques with credit derivative instruments.

Structured insurance products refer to insurance products that for the most part function more like capital market instruments than classical insurance structures and that firms integrate into their traditional financing. They are primarily intended to help firms finance retained risks and include structures such as captives, finite risk products, committed capital, and alternative risk securitizations. In many cases the line between bond- and insurance-based products, and between insurance and investment banking, is a fuzzy one.

A firm's internal risk management process is the process by which the firm tries to ensure that the risks to which it is exposed are the risks to which it thinks it is exposed and needs to be exposed. Enterprise risk management strives to consolidate and integrate both the process by which a firm manages risk and the risks which are targeted in that process. The course deals with both the risk-management process and the identification and measurement of various sources of risk, as well as with the monitoring of deviations between risk tolerances and actual risk exposures.

Once deviations between risk tolerances and actual risk exposures have been identified, the firm must develop mechanisms by which those deviations are managed and reduced. Among the general set of strategic and tactical risk-control mechanisms dealt with are capital allocation, post-loss financing, contingent financing, performance measurement, compensation, and other internal controls, asset divestitures, structured liabilities, insurance, and alternative risk transfer.

Course design

The course is conducted in the form of lectures and case discussions. Assigned readings and cases are integral parts of the teaching methods. The examination consists of assignments, cases, and a written examination covering the reading materials and lectures.

Assessment

Subcourses that are part of this course can be found in an appendix at the end of this document.

Grades

Marking scale: Fail, E, D, C, B, A.

Grading scale

At the School of Economics and Management grades are awarded in accordance with a criterion-based grading scale A-U (A-F). Students have to receive a grade of E or higher in order to pass a course.

Grade, characteristic	Points/percentage of total score, criteria
A-Excellent	100-85, A distinguished result that is excellent with regard to the following aspects – theoretical depth, practical relevance, analytical ability and independent thought.
B-Very good	84-75, A very good result with regard to the above mentioned aspects.
C-Good	74-65, The result is of a good standard with regard to the above mentioned aspects and lives up to expectations.
D-Satisfactory	64-55, The result is of a satisfactory standard with regard to the above mentioned aspects and lives up to expectations.

E-Sufficient	54-50, The result satisfies the minimum requirements with regard to the above mentioned aspects, but not more.
U/F-Fail	49-0, The result does not meet the minimum requirements with regard to the above mentioned aspects.

Plagiarism is considered to be a very serious academic offence. The University will take disciplinary actions against any kind of attempted malpractice in examinations and assessments. The penalty that may be imposed for this, and other improper practices in examinations or assessments, includes suspension from the University for a specific period of time.

Entry requirements

Students admitted to a Master Programme where this course is either a compulsory or elective part, are qualified for the course.

Further information

The course BUSP62 Structured Finance and Insurance cannot be combined with BUSM30 or BUSM34 in a degree.

Subcourses in BUSP62, Structured Finance and Insurance

Applies from H11

1101 Structured Finance and Insurance, 7,5 hp
Grading scale: Fail, E, D, C, B, A