Contents

Introduction / vii

Part I: The Products / 1

1. Financial Innovation: Achievements and Prospects / 5
   Merton H. Miller

2. The Evolution of Risk Management Products / 18
   S. Waite Rawls III and Charles W. Smithson

3. The Revolution in Corporate Risk Management: A Decade of Innovations in Process and Products / 32
   Christopher L. Culp

   Lisa K. Meulbroek

Part II: Corporate Uses of the Products / 87

5. Rethinking Risk Management / 93
   René M. Stulz

   Albéric Braas and Charles N. Bralver

7. Theory of Risk Capital in Financial Firms / 131
   Robert C. Merton and André F. Perold

8. Value At Risk: Uses and Abuses / 162
   Christopher L. Culp, Merton H. Miller, and Andrea M. P. Neves
9. Allocating Shareholder Capital to Pension Plans / 184
   Robert C. Merton

10. The Uses and Abuses of Finite Risk Reinsurance / 205
    Christopher L. Culp and J. B. Heaton

    Charles W. Smithson and Betty J. Simkins

Part III: Practitioner Perspectives: Case Studies and Roundtables / 257

12. Identifying, Measuring, and Hedging Currency Risk at Merck / 263
    Judy C. Lewent and A. John Kearney

13. Corporate Insurance Strategy: The Case of British Petroleum / 279
    Neil A. Doherty and Clifford W. Smith, Jr.

14. Hedging and Value in the U.S. Airline Industry / 299
    David A. Carter, Daniel A. Rogers, and Betty J. Simkins

15. Enterprise Risk Management: Theory and Practice / 323
    Brian W. Nocco and René M. Stulz

16. The Rise and Evolution of the Chief Risk Officer: Enterprise Risk Management at Hydro One / 348
    Tom Aabo, John R. S. Fraser, and Betty J. Simkins

17. University of Georgia Roundtable on Enterprise-Wide Risk Management, Atlanta, Georgia, November 18, 2002 / 379


Index / 459