



ALFRED P. SLOAN
FOUNDATION

MERCER OLIVER WYMAN
Institute

Financial Risk Management in Practice: *The Known, The Unknown and The Unknowable*

Wednesday, January 5, 2005
J.M. Huntsman Hall, Eighth Floor

6:00pm Cocktails
7:00pm Dinner Speaker:
Michael Mussa
Senior Fellow, Institute for International Economics
Former Economic Counselor and Director of Research, International Monetary Fund

Thursday, January 6, 2005
J.M. Huntsman Hall, Eighth Floor

7:45-8:30am Continental Breakfast

8:30-9:45am Roundtable 1
The Known, the Unknown and the Unknowable in Financial Policymaking

Chair: **Charles Goodhart**
Norman Sosnow Professor of Banking and Finance
Deputy Director, Financial Markets Group
London School of Economics

Panelists:
Sir Andrew Crockett, President, J.P. Morgan Chase International
Donald Kohn, Member, Board of Governors of the Federal Reserve System
Anthony Santomero, President, Federal Reserve Bank of Philadelphia

9:45-11:00am Roundtable 2
The Known, the Unknown and the Unknowable in Banking

Chair: **Richard Herring**
Jacob Safra Professor of International Banking
The Wharton School, University of Pennsylvania

Panelists:
Geoffrey T. Boisi, Vice Chairman (Ret.), JP Morgan Chase & Company
H. Rodgin Cohen, Esq., Managing Partner, Sullivan & Cromwell LLP
Charles S. Sanford, retired Chairman and CEO, Bankers Trust

11:00-11:30am Coffee Break



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11:30-12:45pm Roundtable 3

The Known, the Unknown and the Unknowable in Venture Capital

Chair: **Andrew Metrick**

Professor of Finance

The Wharton School, University of Pennsylvania

Panelists:

Mark Chandler, Vice President and Global Director, Business Development and New Ventures, BTG Ventures

Brenda Gavin, Managing Partner, Quaker BioVentures

Stan Raatz, Managing Director and General Partner, Warburg Pincus

12:45-2:00pm Lunch

2:00-3:15pm Roundtable 4

The Known, the Unknown and the Unknowable in Insurance and Reinsurance

Chair: **Neil Doherty**

Frederick H. Ecker Professor of Insurance and Risk Management

The Wharton School, University of Pennsylvania

Panelists:

Brian Duperreault, Chairman, ACE Limited

Hemant Shah, CEO, Risk Management Solutions

Ralph Verni, Former President and CEO, State Street Research and Management

3:15-3:45pm Coffee Break

3:45-5:00pm Roundtable 5

The Known, the Unknown and the Unknowable in Asset Management

Chair: **Francis X. Diebold**

W.P. Carey Professor of Economics, Finance and Statistics

The Wharton School, University of Pennsylvania

Panelists:

Sid Browne, Managing Director, Goldman Sachs

Andrew W. Lo, Harris & Harris Group Professor and Director, Laboratory for Financial Engineering; Sloan School, Massachusetts Institute of Technology

Myron Scholes, Frank E. Buck Professor of Finance, Emeritus; Stanford University, and Chairman, Oak Hill Platinum Partners, LLC

5:00 – 5:15pm Closing remarks

Paul Kleindorfer

Anheuser-Busch Professor of Management Science; Decision Sciences, Economics, and Business and Public Policy

The Wharton School, University of Pennsylvania

5:30 Adjourn

Financial Risk Management: *The Known, The Unknown and The Unknowable*

Thursday, January 6, 2005
Lacroix at the Rittenhouse

6:00pm Cocktails
7:00pm Dinner

Friday, January 7, 2005
J.M. Huntsman Hall, Eighth Floor

8:30 – 9am Breakfast

- 9 – 9:45am **A. Stochastic Knowledge: Quantitative Risk Measurement and its Limits**
1. *Statistical and Econometric Advances*
Sir Clive Granger
Research Professor of Economics
University of California, San Diego
 - 9:45-10:30am 2. *Limits of Statistical Risk Quantification*
Andrew Kuritzkes
Managing Director
Mercer Oliver Wyman
Til Schuermann
Senior Economist, Banking Studies Function
Federal Reserve Bank of New York
- 10:30 – 10:45am Break
- 10:45-11:30am **B. Unknown and the Unknowable Risks: Strategies for Management and Mitigation**
1. *Capital Budgeting Decisions and Financial Flexibility*
Stewart Myers
Gordon Y. Billard Professor of Finance
Sloan School, Massachusetts Institute of Technology
 - 11:30-12:15pm 2. *Insuring Against Catastrophes*
Howard Kunreuther
Cecilia Yen Koo Professor of Decision Sciences and Business and Public Policy
The Wharton School, University of Pennsylvania
Mark Pauly
Bendheim Professor of Health Care Systems, Business and Public Policy, Insurance and
Risk Management, and Economics
The Wharton School, University of Pennsylvania



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- 12:15 – 1:00pm Lunch
- 1:00 – 1:45pm 3. *Corporate Governance and Culture*
Ken Scott
Ralph M. Parsons Professor of Law and Business, Emeritus
Stanford Law School
- 1:45 – 2:30pm 4. *Crisis Management Capabilities*
Richard Zeckhauser
Frank Plumpton Ramsey Professor of Political Economy
Kennedy School, Harvard University
- 2:30 – 2:45pm Break
- 2:45 – 3:30pm 5. *Regulatory and Public Policy*
Charles Goodhart
Norman Sosnow Professor of Banking and Finance
London School of Economics
- 3:30 – 4:15pm 6. *Contracting and Strategy*
Neil Doherty
Frederick H. Ecker Professor of Insurance and Risk Management
The Wharton School, University of Pennsylvania
Alex Muermann
Assistant Professor of Insurance and Risk Management
The Wharton School, University of Pennsylvania
- 4:15 – 4:45pm **C. Synopsis and Next Steps**
J. Michael Steele
C.F. Koo Professor of Statistics and Operations and Information Management
The Wharton School, University of Pennsylvania
- 4:45 – 5:15pm **Lawrence R. Klein**
Benjamin Franklin Professor of Economics, Emeritus
The Wharton School, University of Pennsylvania