INSTITUTE OF ACTUARIAL & QUANTITATIVE STUDIES

Subject: **Risk Management & Investment Management**

Chapter: **Unit 4**

Category: **Practice Questions**

1. Define Operational Risk and list some of the major factors responsible for it.
2. What are the pros and cons of using the Variance/Covariance approach to evaluate VaR?
3. Briefly describe unknowable risks.
4. Define Business Risk and list some of the major factors affecting it.
5. Discuss how communication is an integral part of ERM frameworks and how it is utilized.
6. What is 'Expected Shortfall'? Which deficiency of VaR does it intend to counter?
7. What are the pros and cons of using the Monte-Carlo approach to evaluate VaR?