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To Read or Not to Read: That is the Question

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INTRODUCTION

In June 2008, the International Network of Actuarial Risk Managers (INARM) decided to compile a list of books that might interest risk managers. INARM has about 300 members from 30 countries who share information via e-mails and blogs. This article summarizes the results of an INARM member survey conducted to identify and rank books with ERM-related content.

Survey Facts

- Response rate: 11 percent.
- Response by region: 64 percent from North America; 15 percent from European Union; 9 percent from South America; rest from South Asia, Far East Asia and Oceania. Response by employer: 53 percent from insurance companies; 22 percent from consulting firms; the rest from banks, software and other types of companies.

“Must Read” Books

Two books by Nassim Taleb topped the “must read” list (see Table 1A).

Rank	Book	Author
1	Black Swan	Nassim Taleb
2	Fooled by Randomness	Nassim Taleb
3	Enterprise Risk Management	James Lam
4	When Genius Failed	Roger Lowenstein
5	Against the Gods	Peter Bernstein

The same two books by Nassim Taleb also topped the “most read” books (see Table 1B).

Table 1B: “MOST READ” LIST

Rank	Book	Author	Readership %
1	Black Swan	Nassim Taleb	76%
2	Fooled by Randomness	Nassim Taleb	70%
2	Freakonomics	Steven Levitt and Stephen Dubner	70%
3	Against the Gods	Peter Bernstein	58%
4	Enterprise Risk Management	James Lam	52%
5	When Genius Failed	Roger Lowenstein	48%

“Should Read” Books

There were 14 books that were rated as “should read” (see Table 2 on page 13).

“Nice to Read” Books

The remaining books fell under the category “nice to read” (see Table 3 on page 13).



Table 2: “SHOULD READ” LIST

Rank	Book	Author
6	Liar’s Poker	Michael Lewis
7	Irrational Exuberance	Robert Schiller
8	The (Mis)Behaviour of Markets: A Fractal View of Risk, Ruin and Reward	Benoit Mandelbrot and Richard Hudson
9	Managing Credit Risk: The Next Great Financial Challenge	Ed Altman
10	Plight of the Fortune Tellers	Riccardo Rebonato
11	The Art of the Long View	Peter Schwartz
12	A Demon of our Own Design	Richard Bookstaber
13	Freakonomics	Steven Levitt and Stephen Dubner
14	Risk Management	Michel Crouhy, Robert Mark and Dan Galai
15	The Great Crash	J.K. Galbraith
16	The Risk Management Process: Business Strategy and Tactics	Christopher Culp
17	9-11 Commission Report	
18	Infectious Greed: How Deceit and Greed Corrupted the Financial Market	Frank Partnoy

Table 3: “NICE TO READ” LIST

Rank	Book	Author
19	Enterprise Risk Analysis for Property-Liability Insurers	Guy Carpenter
20	My Life as a Quant: Reflections on Physics and Finance	Emanuel Derman
21	Origins of the Crash	Roger Lowenstein
22	Making Enterprise Risk Management Pay Off	Thomas L. Barton, William G. Shenkir and Paul L. Walker
23	Enron	Loren Fox
24	Fortune’s Formula: The Untold Story of the Scientific Betting System That Beat the Casinos and Wall Street	William Poundstone
24	Inevitable Surprises: Thinking Ahead in a Time of Turbulence	Peter Schwartz
26	Predictable Surprises	Max Bazerman and Michael Watkins
27	Simple Tools and Techniques for Enterprise Risk Management	Robert J. Chapman
28	Seeing Tomorrow	Ron Dembo and Andrew Freeman
28	Final Report of the Select Bipartisan Committee to Investigate the Preparation for and Response to Hurricane Katrina	
30	The New Financial Order	Robert Schiller
31	Wisdom of Crowds	James Surowiecki
32	Fischer Black and the Revolutionary Idea of Finance	Perry Mehrling
33	Trading Risk: Enhanced Profitability through Risk Control	Ken Grant
33	Risk Management and Insurance: Perspectives in a Global Economy	Barbara Andaya and Harold D. Skipper
35	Capital Ideas Evolving	Peter Bernstein
36	The HHH Royal Commission	Hon Justice Owen
37	Risk	David Ropeik and George Gray
38	Risk Intelligence	David Appgar
39	A History of the Theory of Investments	Mark Rubenstein
40	Bull! A History of the Boom 1982-1999	Maggie Mahar
41	Business Fairy Tales	Cecil W. Jackson
41	The Great Risk Shift	Jacob S. Hacker

Reading Groups

Once survey results were compiled, INARM formed four reading groups on the INARM weblog. The books selected for reading were: *Black Swan*, *Making Enterprise Risk Management Pay Off*, *Enterprise Risk Management* and *Against the Gods*. *Black Swan* generated the most active discussion. ♦