AMERICAN RISK AND INSURANCE ASSOCIATION
1990 ANNUAL MEETING

ORLANDO, FLORIDA
AUGUST 19–22, 1990

PRELIMINARY PROGRAM

SUNDAY, AUGUST 19

9:00 AM — Board of Directors Meeting

1:00–6:00 PM — Registration

3:00–6:00 PM — President's Seminar
Moderator: Jerry D. Todd, St. Mary's University
"Improving Teaching Effectiveness"
Harvey Brightman, Georgia State University

6:30–7:30 PM — Reception - Sponsored by the S. S. Huebner Foundation for Insurance Education, Wharton School, University of Pennsylvania

MONDAY, AUGUST 20

7:30–8:30 AM — Breakfast - Sposored by The American College, The American Institute For Property and Liability Underwriters, and the Life Office Management Association

8:45–10:15 AM — PLENARY SESSION I
"Developments in No-Fault Auto Insurance"
Moderator: Rodger S. Lawson, Alliance of American Insurers
Panel: Steve Carroll, Institute for Civil Justice, Rand Corporation
John Connors, Executive Vice President and Manager, Personal Market Department, Liberty Mutual
Michael Power, Pennsylvania Department of Insurance

10:15–10:30 AM — Coffee Break - Sponsored by USAA Group

10:30-Noon — CONCURRENT SESSIONS I
Session A - Pensions and ESOPs
Moderator: J. Allen Seward, Baylor University

1. "Time Horizons of Pension Benefit Funds and their Impact on Trading and Turnover Behavior of Investment Managers"
   Jack L. VanDerhei, Temple University
2. "The Defensive Role of ESOPs"
   Greg R. Niehaus, University of South Carolina
3. "The Effect of ESOP Implementation on the Value of Large Publicly-Held Firms"
   Stanley R. Adamson, Southwest Missouri State University

Session B - Economic Theory of Insurance
Moderator: James R. Garven, University of Texas at Austin
1. "The Optimal Level of Reinsurance"
   Pankaj Tandon, Boston University
2. "Limited Liability, Corporate Value, and the Demand for Liability Insurance"
   Richard D. MacMinn, University of Texas at Austin
3. "Insurance—An Alternative to Publicly Settled Liability"
   Goran Skogh, Lund University, Sweden

Session C - Survey Research on Risk Preferences and Public Opinion
Moderator: Kenneth W. Hollman, Middle Tennessee State University
1. "Decision Making under Risk by Professionals: A Study in Gender Difference"
   Tapen Sinha, Bond University, Australia
2. "The Risk Preferences of Retiring Workers"
   Norma L. Nielson, Oregon State University
   Terry A. Beehr, Central Michigan University
3. "Public Policy Issues Regarding AIDS Costs: Public Opinion Can Influence Insurers' Outcomes"
   Linda L. Golden, University of Texas at Austin

Session D - Doctoral Dissertations
Moderator: S. Travis Pritchett, University of South Carolina
1. "The Effect of Organizational Form on Insurance Company Capacity"
   Anne E. Kleffner, University of Pennsylvania
2. "The Economic Determinants of National Insurance Consumption"
   Kihong Kim, University of Georgia
3. "Premium Volatility in Liability Insurance Markets"
   Julie A. B. Cagle, University of South Carolina
4. "Workers' Compensation vs. First Party Insurance for Occupational Disability"
   Dong-Han Chang, Pennsylvania State University

Noon-1:30 PM Lunch - On Your Own

1:30–3:15 PM CONCURRENT SESSIONS II

Session A - Economic Analyses of the Life-Health Insurance Industry
Moderator: Saul W. Adelman, Miami University of Ohio

1. "Impact of Disability Insurance Options for Individuals"
   Larry A. Cox, University of Georgia
   Sandra G. Gustavson, University of Georgia
   Discussant: George Rejda, University of Nebraska
2. "Ownership Structure and Performance: The Demutualization of Life Insurance Companies"
   Michael J. McNamara, University of Rhode Island
   S. Ghon Rhee, University of Rhode Island
   Discussant: Michael Smith, Ohio State University
3. "An Examination of Cost Subadditivity in the U.S. Life Insurance Industry"
   Martin F. Grace, Georgia State University
   Stephen G. Timme, Georgia State University
   Discussant: Mary Weiss, Temple University

Session B - Liability Insurance: Contract Interpretation and Market Problems
Moderator: Fred W. McKenna, University of South Alabama
1. "The Role of Insurance in Environmental Impairment Risk"
   Stephen P. D'Arcy, University of Illinois
   Edwin Herricks, University of Illinois
   Robert S. Larson, Illinois State Water Survey
2. "Applying the Pollution Exclusion: Giving the Words Their Plain Meaning"
   John D. Long, Indiana University
3. "Limits on the Insurer's Duty to Defend"
   Irving Pfeffer, San Francisco, California
4. "Availability, Affordability, and Competition in Virginia's General Liability Insurance Market"
   E. G. Miller, Virginia Commonwealth University

Session C - Property-Liability Insurance: Issues in Industrial Organization
Moderator: Robert C. Witt, University of Texas at Austin
1. "Contestability in the Property-Casualty Insurance Market"
   Paul R. Aird, University of Texas at Austin
2. "Price Variability in Automobile Insurance Markets"
   Joseph A. Fields, University of Connecticut
   David Jou, University of Connecticut
   Emilio C. Venezian, Rutgers University—Newark
3. "Pricing Conduct in the Medical Malpractice Insurance Industry"
   Drucilla K. Barker, Hollins College
4. "An Analysis of the Cost of Alternative Marketing Systems in Property and Liability Insurance"
   Jack M. Nelson, College of Insurance
   Jim Barrese, College of Insurance

Session D - Economic Theory of Insurance
Moderator: Thomas A. Aiuppa, University of Wisconsin—La Crosse
1. "Adverse Selection when Policyholder Information Is Endogenous"
   Neil Doherty, University of Pennsylvania
   Discussant: Mark J. Browne, University of Georgia

2. "Controlling Moral Hazard with Insurance Discounts"
   Helen Doerpinghaus, University of South Carolina
   Ted Moore, University of South Carolina
   Discussant: Harris Schlesinger, University of Alabama
3. "The Role of Insurance as a Tool to Encourage Earthquake Loss Mitigation: An Investigation"
   Ann Butler, University of Pennsylvania
   Anne Kleffner, University of Pennsylvania
   Howard Kunreuther, University of Pennsylvania
   Discussant: Robert Puelz, Memphis State University

3:15–3:30 PM Coffee Break - Sponsored by the National Association of Independent Insurers

3:30–5:00 PM CONCURRENT SESSIONS III

Session A - Economic Theory of Insurance
Moderator: Neil Doherty, University of Pennsylvania
1. "Willingness to Pay in an Insurance Market"
   Harris Schlesinger, University of Alabama
2. "Costly and Costless Separating Equilibria with Asymmetric Information on Loss Severities"
   Hong-Joo Jung, University of Pennsylvania
3. "Insurance Purchases when the Level of Investment is Selected by the Decision Maker"
   Emilio C. Venezian, Rutgers University—Newark
   Louis Eeckhoudt, FUCAM, Belgium

Session B - Forecasting Claim Costs and Accident Rates
Moderator: To be arranged
1. "Estimating Expense Factors Using Incomplete Time Series Data"
   Narendra K. Rustagi, Howard University
2. "Forecasting Workers' Compensation Dollar Losses for Large Corporations: A Comparison of Predictive Models"
   Carol A. B. Jordan, Eastern Kentucky University
3. "Accidents are not Accidental"
   Soga Ewedemi, Clarion University of Pennsylvania
   Marguerite Vanlandingham, Clarion University of Pennsylvania

Session C - Mathematical and Statistical Modeling
Moderator: Kim B. Staking, INSEAD, France
1. "Bounds on Expected Values of Insurance Payments and Option Prices"
   Samuel H. Cox, University of Nebraska—Lincoln
2. "Risk, Return, Skewness, and Preference"
   Patrick L. Brockett, University of Texas at Austin
   Yehuda Kahane, Tel Aviv University, Israel
3. "Capital Gains Tax: An Application of Option Pricing Theory"
   Michael Sherris, MacQuarie University, Australia

Session D - Empirical Analyses of the Demand for Life and Health Insurance
Moderator: Albert L. Auxier, University of Tennessee
1. "Market Segmentation Analysis of the Motives for Purchasing Life Insurance"
   Ivan T. Call, Brigham Young University
   Milton E. Smith, Brigham Young University
   Jerry Jorgensen, University of Utah
2. "The Demand for Credit Insurance"
   James F. Cash, Huntington Life Insurance Co.
   Michael L. Smith, Ohio State University
3. "Choosing between Term and Permanent Life Insurance: Empirical Evidence"
   James W. Jenkins, Sterling Wentworth Corporation and Brigham Young University
   Milton E. Smith, Brigham Young University

5:15–5:45 PM Annual Business Meeting

6:00–7:30 PM Reception

TUESDAY, AUGUST 21

7:30–8:30 AM Breakfast - Sponsored by the American Council of Life Insurance and the Health Insurance Association of America

8:45–10:15 AM PLENARY SESSION II
"Life-Health Insurer Solvency Issues"
Moderator: Harold D. Skipper, Jr., Georgia State University
Panel: Earl Pomeroy, President, National Association of Insurance Commissioners and North Dakota Insurance Commissioner
Mark Puccia, Senior Vice President, Standard & Poor's Corporation
Joseph M. Belth, Indiana University

10:15–10:30 AM Coffee Break - Sponsored by Longman Publishing

10:30-Noon CONCURRENT SESSIONS IV
Session A - Captive Insurance Companies
Moderator: Kenneth J. Crepas, Illinois State University
1. "Captive Formation, Taxes, and Firm Value: A Reexamination"
   Nelson J. Lacey, University of Massachusetts
2. "Insurance vs. Self Insurance—Premium Tax Deductibility in a Public Policy Perspective"
   M. Moshe Porat, Temple University
   Uri Ben-Zion, Israel Institute of Technology and Temple University

3. "Captives and Taxes: From Three Flowers to Allstate"
   Alfred E. Hofflander, University of California–Los Angeles
   Blaine F. Nye, Stanford Consulting Group, Inc.
   Jane Nettesheim, Stanford Consulting Group, Inc.
   Rose Kelly, Stanford Consulting Group, Inc.

Session B - Economic Theory of Insurance
Moderator: Helen Doerpinghaus, University of South Carolina
1. "Risk Bearing in Commercial Space Launches: An Economic Analysis"
   Ann Butler, Florida State University
2. "Monotonicity and Automobile Collision Insurance Market Equilibrium"
   Robert Puelz, Memphis State University
   Arthur Snow, University of Georgia
3. "An Economic Analysis of the Claims-Made and Occurence Liability Insurance Policies"
   Robert C. Witt, University of Texas at Austin
   Yaron Brook, University of Texas at Austin

Session C - Insolvency Risk and Prediction
Moderator: Barry Schweig, Creighton University
1. "A Two-Stage Approach to Life Insurer Insolvency Prediction"
   Inbum Cheong, Central Missouri State University
2. "An Analysis of Various Predictors of Life Insurer Insolvency"
   Jan M. Ambrose, LaSalle University
3. "Causes of Insolvencies of Texas Domestic Insurers During the 1980s"
   Etti Baranoff, Texas State Board of Insurance
4. "The Probable Effect of an Extreme Hurricane on Texas Catastrophe Plan Insurers: An Update"
   John H. Thornton, University of North Texas
   Mark L. Cross, Louisiana Tech University

Session D - Doctoral Dissertations
Moderator: Phyllis S. Myers, Virginia Commonwealth University
1. "State Taxation of Insurance Companies: Testing the Impact of a Tax on Net Income on the Statutory Results of Property/Liability Insurance Companies"
   Karen Hamilton, Florida State University
2. "Implicit Taxes, Effective Tax Rates, and Bond Yield Spreads: The Case of the Property/Casualty Insurance Industry"
   Robert A. Walker, University of Texas at Austin
3. "The Optimal Design of Management Compensation Contracts in the Life Insurance Industry"
   Kyoung Joo Lee, University of Pennsylvania
4. "Using the Financial Markets to Hedge the Risk of Unemployment in the Offering of a Private Unemployment Insurance Product"
   Joseph D. Haley, University of Nebraska–Lincoln

12:15-2:00 PM **PAST PRESIDENTS' LUNCHEON**
Presiding: Jerry D. Todd, St. Mary's University
Presentation of Awards
Incoming Presidential Address: Sandra G. Gustavson, University of Georgia

2:15-4:00 PM CONCURRENT SESSIONS V

Session A - Economic and Financial Models of Insurance Companies
Moderator: David Nye, University of Florida
1. "The Demand for Reinsurance: Theory and Empirical Tests"
   James R. Garven, University of Texas at Austin
   Discussant: Goran Skogh, Lund University, Sweden
2. "Interest Rate Sensitivity and the Value of Surplus: Duration Mismatch in the Property-Liability Insurance Industry"
   Kim B. Staking, INSEAD, France
   David F. Babbel, University of Pennsylvania
   Discussant: Greg R. Niehaus, University of South Carolina
3. "Guarantee Funds and Insurance Industry Agency Problems"
   Arthur M. B. Hogan, George Mason University
   Discussant: David A. Cather, University of Pennsylvania

Session B - International Insurance
Moderator: Alex Hamwi, University of Southern Mississippi
1. "International Multilateral Comparisons of Insurance Output, Input, and Productivity"
   Mary A. Weiss, Temple University
2. "International Diversification in Insurance Markets"
   Frederick W. Schroath, Kent State University
   Dorothy Fisher, Kent State University
   S. Gahan Rhee, Kent State University
3. "The Implications of a GATT Services Agreement for U.S. Insurance Regulation"
   Harold D. Skipper, Jr., Georgia State University
   Lisa Gardner, Georgia State University
4. "The Insurance Business in Hungary: A Study of Market and Regulatory Issues"
   Agnes Matits, Budapest, Hungary
   August Ralston, Iowa State University

Session C - Health Care and Benefit Plans
Moderator: Craig E. Daniels, Eastern Connecticut State University
1. "The Reimbursement Contract Decisions of Hospitals and Their Effects on Costs and Profitability"
   Joan Krueger, University of Southern California
2. "Report on the Impact of Florida's Child Health Assurance Act"
   Nancy Sutton-Bell, Florida State University
   Jack E. Nicholson, Florida Department of Insurance
3. "Prescription Drug Use by the Elderly"
   Arnold F. Shapiro, Pennsylvania State University

4. "Salary and Benefit Compensation at American Research Universities"
   Mark J. Browne, University of Georgia
   James S. Trieschmann, University of Georgia

Session D - Forecasting Claim Costs and Loss Ratios
Moderator: Donald W. Hardigree, University of Nevada—Las Vegas
1. "An Empirical Bayes Approach to Forecasting Loss Ratios"
   Joan Lamm-Tennant, Villanova University
   Laura Starks, University of Texas at Austin
   Lynne Stokes, University of Texas at Austin
   Discussant: Emelio C. Venezian, Rutgers University—Newark
2. "Fuzzy Trends in Property-Liability Insurance"
   J. David Cummins, University of Pennsylvania
   Richard Derrig, Automobile Insurers Bureau of Massachusetts
   Discussant: Patrick L. Brockett, University of Texas at Austin
3. "Evaluating the Sensitivity of a Prediction Model for Large Losses: An Empirical Study"
   John Cozzolino, Pace University
   Peter Mikolaj, Indiana State University
   Discussant: Samuel H. Cox, University of Nebraska—Lincoln

4:15–5:45 RESEARCH ROUNDTABLES - Sponsored by the Risk and Insurance Management Society

Table A - Environmental Liability and Long-tailed Product Hazards
Moderator: E. G. Miller, Virginia Commonwealth University
Panel: 1. "An Economic Evaluation of Superfund Liability," Joan T. Schmit and Dan R. Anderson, University of Wisconsin
2. "The Boston Harbor Clean-up Project," Maureen McDonough, Massachusetts Water Resources Authority
3. "Current Major Issues Involving Environmental Risks and the Demands on Insurance Companies," Kailin Tuan, Temple University
4. "Interpretation of the CGL Policy in Long-tail Product Hazard Cases—Price/Availability Implications," William J. Warfel, Indiana State University

Table B - Topics in Risk Management
Moderator: August Ralston, Iowa State University
Panel: 1. "Risk Management Simulation Game: A Classroom Application," Elizabeth Grace, San Jose State University
2. "Medical Cost Containment: Workers Compensation," John C. Morrison, CIGNA Property & Casualty Group
3. "The Law of Large Numbers: Expand It to Shrink Your Insurance Expenses," John C. Myre, Southwestern Bell Corporation

4. "Protecting Personal Assets from Legal Judgements," Bill Scroggins and Bill Fielding, Jacksonville State University

Table C - Health Care and Insurance
Moderator: Norma L. Nielson, Oregon State University
Panel: 1. "Small Business and Health Insurance: Implications for Policy," Charles P. Hall, Jr., and John M. Kuder, Temple University
2. "ERISA Exemptions and State Mandated Health Coverages," Thomas L. Heflin, California State–Sacramento, and Mark Power, Iowa State University
3. "State Mandated Health Insurance Coverages: The California Experience," Thomas L. Heflin and Patricia Strong, California State–Sacramento
4. "A Retrospective Analysis of the Minnesota Catastrophic Health Expense Protection Plan: Politics and an Experiment in State Health Insurance," Peter C. Young, Minneapolis, Minnesota

Table D - Property-Liability Insurance Regulation and Profitability
Moderator: Etti Baranoff, Texas State Board of Insurance
Panel: 1. "Price, Profit, and Power: Is the Auto Insurance Industry Overcharging Consumers?" Vickie L. Bajtelsmit, Raja Bouzouita, Linda Lee, and Lisa Lipowski, University of Pennsylvania
2. "Political Economy of Auto Insurance Regulation," J. Allen Seward and Tracy Miller, Baylor University
3. "A Comparison of the Profitability of Title Insurance Companies to Other Types of Insurance Companies and Non-insurance Firms," Robert A. Hershbarger and Edwin Duett, Mississippi State University
4. "The Proper Underwriting Profit Margin for a Mutual Insurance Company," Don Cho, University of Minnesota

Table E - Risk Classification, Territorial Rating, and State Regulation
Moderator: To be arranged
Panel: 1. "The Economic Impact and the Public Policy Implications of the New Jersey Automobile Insurance Rate Capping Law," Leonard R. Freifelder, New Jersey Department of Insurance
2. "The Political Economy of Insurance Rate Classification," Helen Doerpinghaus and Scott Harrington, University of South Carolina
3. "An Analysis of Opposition to Gender Neutral Rating," Michael L. Murray, Drake University
4. "An Examination of the Organizational Structure of State Insurance Regulators," Jack E. Nicholson, Florida Insurance Department, and Donald W. Hardigree, University of Nevada–Las Vegas

WEDNESDAY, AUGUST 22

7:30–8:30 AM	Breakfast - Sponsored by the American Insurance Association and ARIA
8:45–10:15 AM	PLENARY SESSION III "NAIC Sponsored Research on the Property-Liability Insurance Underwriting Cycle" Moderator: Robert Klein, Director of Research, National Association of Insurance Commissioners Panel: John Washburn, Deputy Governor, State of Illinois J. David Cummins, University of Pennsylvania Neil Doherty, University of Pennsylvania Scott Harrington, University of South Carolina
10:15–10:30 AM	Coffee Break
10:30-Noon	CONCURRENT SESSIONS VI

Session A - Empirical Research on Underwriting Cycles
Moderator: Larry A. Cox, University of Georgia

1. "Market Predictors and Leading Economic Indicators of the Underwriting Cycle in the Property-Liability Insurance Industry"
   Mark J. Browne, University of Georgia
   Robert E. Hoyt, University of Georgia
2. "Market-to-Market Analysis of Cycles in Health Insurance Experience"
   Roger A. Formisano, University of Wisconsin—Madison
3. "Common Factors in the Underwriting Ratios of Property-Liability Insurers"
   Richard R. PonArul, California State University—Chico

Session B - Economic and Financial Analyses of the Life Insurance Industry
Moderator: Fikry S. Gahin, University of Utah

1. "A Financial Theory of Securitization of Policyholder Loans and Premiums in the Insurance Industry"
   Li-Ming Han, Washington State University
   Chin-Jen Lie, University of Rhode Island
2. "Relationships Between Economic Performance Measures and Lapse Rates of Life Insurance Policies"
   Richard B. Corbett, Florida State University
   Reinhold Lamb, Florida State University
3. "Agency Theory and Alternative Predictions Concerning the Investment Returns of Life Insurance Companies"
   Mary Ann Boose, University of Mississippi

Session C - Economic Theory of Risk and Insurance
Moderator: To be arranged

1. "The Purchase of Insurance by a Risk-Neutral Firm for a Risk-Averse Agent"
   Mark E. Parry, University of Virginia
   Arthur E. Parry, The Wyatt Company

2. "Anticipation Utility, Intertemporal Consumption, and the Demand for Insurance"
   David A. Cather, University of Pennsylvania
   James A. Ligon, University of Pennsylvania
3. "Second Degree Dominance Decision Rules and Initial Wealth"
   Ronny Aboudi, University of Miami
   Dominique Thon, Bodo Graduate School of Business, Norway

Session D - Insurance Company Stock Returns
Moderator: To be arranged
1. "Effects of 1989 San Francisco Earthquake on Insurance Company Stock Returns"
   Thomas A. Aiuppa, University of Wisconsin – La Crosse
   Robert J. Carney, University of Wisconsin – La Crosse
   Thomas M. Krueger, University of Wisconsin – La Crosse
2. "The Use of Stock Price Data to Measure Effects of Insurance Regulation: Passage of Proposition 103 in California"
   Elizabeth Grace, San Jose State University
   Lawrence Rose, San Jose State University
3. "Stock Insurance Companies: Securities Offerings and Valuation Effects"
   Mark Power, Iowa State University
   Ajai Singh, Iowa State University
4. "The Effect of Debt Offerings on the Common Stock Prices of Insurance Companies"
   Joseph D. Vu, DePaul University
   Paul Gronewoller, DePaul University