

anticipation of the termination by shareholders. These innovations enable us to (1) evaluate the use of the reversion amount (plan assets minus termination liabilities) as a measure of wealth transfer from plan participants to shareholders, and (2) resolve inconsistencies across prior studies regarding the existence of a significantly positive market reaction at the termination announcement.

The results suggest that stock returns at the time of termination are affected by the form of the replacement plan and, to a lesser degree, market anticipation. The results are consistent with investors' using future salaries to value pension liabilities prior to termination. Analysis of the replacement plan and comparison of the reversion amount to the theoretically derived wealth transfer suggest that inconsistencies across prior studies principally result from including firms that continue defined-benefit coverage after termination. In addition, the results help explain why previous studies documented small changes in market value relative to the reversion amount. *The Accounting Review*, January 1993, 68(1): 1-27. (Reprinted with permission of *The Accounting Review*.)

LIFE INSURANCE AND ANNUITIES

Interest Randomness in Annuities Certain, by A. De Schepper (University of Antwerp) and F. De Vylder (Université Catholique de Louvain, Belgium)

In the present contribution, a model is presented which can be used when interest rates are random for annuities certain. Expressions for the probability generating function, as well as for the corresponding density functions are obtained for the present value of future payment streams. The paper presents the first application of a series of applications of some ideas explained in a former paper entitled 'A stochastic approach to insurance cycles' by Goovaerts, et al. (1992). *Insurance: Mathematics and Economics*, December 1992, 11(4): 271-281. (Reprinted with permission of North-Holland Publishing Company.)

Some Further Results on Annuities Certain with Random Interest, by A. De Schepper (University of Antwerp) and M. Goovaerts (Katholieke Universiteit Leuven, Belgium, and University of Amsterdam)

In a former contribution, the authors indicated how interest randomness in annuities can be modelled by means of Wiener processes or path-integrals. In particular, an expression was given for the Laplace transform when time is exponentially distributed. In this contribution we will derive the moment generating function and the moments as well as the distribution function for annuities certain. *Insurance: Mathematics and Economics*, December 1992, 11(4): 283-290. (Reprinted with permission of North-Holland Publishing Company.)

The Laplace Transform of Annuities Certain with Exponential Time Distribution, by A. De Schepper (University of Antwerp), M. Goovaerts

(Katholieke Universiteit Leuven, Belgium, and University of Amsterdam), and F. Delbaen (Vrije Universiteit Brussel)

By means of Wiener processes, randomness in interest rates for annuities can be modelled. This paper wants to give an expression for the Laplace transform of annuities certain, when time is exponentially distributed. *Insurance: Mathematics and Economics*, December 1992, 11(4): 291-294. (Reprinted with permission of North-Holland Publishing Company.)

The Impact of Government Social Security Payments on the Annuity Market, by Simon Power (Carleton University, Ottawa, Canada) and Peter G. C. Townley (Acadia University, Wolfville, Canada)

This paper analyzes the impact of government social security payments to retirees on the overall average expenditure on annuities per retiree. More specifically, we examine how increasing levels of social security payments 'crowd-out' the private sector annuity market. We also investigate the implications of outlawing gender discrimination in this market. The particular model we utilize is motivated in large part by the Canadian experience, but the results hold more generally. *Insurance: Mathematics and Economics*, February 1993, 12(1): 47-56. (Reprinted with permission of North-Holland Publishing Company.)

INSURER MANAGEMENT

Whose Interests Do Hired Top Managers Pursue? An Examination of Select Mutual and Stock Life Insurers, by Mark Kroll (University of Texas at Tyler), Peter Wright (Memphis State University), and Pochera Theerathorn (Memphis State University)

In this article theoretical and empirical explorations that have addressed the question, Whose interests do top managers pursue? are synthesized and grouped under two categories. Based on the review of the literature, three propositions are tested on two groups of organizations—mutual insurers and stock insurers. The results of the study lend support to the premise that top executives do not necessarily act in the best interests of owners. *Journal of Business Research*, February 1993, 26(2): 133-148. (Reprinted with permission of Elsevier Science Publishing Co., Inc.)

LIABILITY RULES

Ambiguity and Liability Negotiations: The Effects of the Negotiators' Role and the Sensitivity Zone, by Cynthia S. Fobian (University of Iowa and Starr and Associates) and Jay J. J. Christensen-Szalanski (University of Iowa)

Copyright of Journal of Risk & Insurance is the property of Blackwell Publishing Limited. The copyright in an individual article may be maintained by the author in certain cases. Content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.