

**AMERICAN RISK AND INSURANCE ASSOCIATION
1993 ANNUAL MEETING**

**SAN FRANCISCO, CA
AUGUST 22-25, 1993**

PROGRAM

SATURDAY, AUGUST 21

2:00-5:00 PM Strategic Planning Committee

SUNDAY, AUGUST 22

8:00 AM Board of Directors Meeting

1:00-6:00 PM Registration

3:00-4:00 PM Innovation in Instruction Award Winner Presentation
Moderator: Mark J. Browne, University of Wisconsin

4:00-4:15 PM Coffee Break

4:15-6:00 PM President's Seminar
Moderator: Jerry L. Jorgensen, University of Calgary
"Learning Styles and Teaching Tips"
Robert Schulz, University of Calgary

6:30-7:30 PM Reception

MONDAY, AUGUST 23

7:30-8:30 AM Breakfast

8:45-10:15 AM **PLENARY SESSION I**

Ethics and Underwriting Regulations

Moderator: Jack Nelson, College of Insurance

Speakers: John Golenski, Bioethics Consultation Group
Robert Carver, Actuary, Met Life

10:15-10:30 AM Coffee Break

10:30-Noon **CONCURRENT SESSIONS I**

Session A—Workers' Compensation Issues

Moderator: David Appel, Milliman and Robertson, Inc.

1. "The Wage Effects of Workers' Compensation Rate Regulation"

Anne Carroll and Robert Kaestner, Rider College

2. "An Empirical Study of the Residual Market Burden and Its Impact on Workers' Compensation Insurance Markets"

Wook Jean Kwon, Georgia State University

3. "Workers' Compensation for Occupational Disease: Prorating Liability vs. Last Employer Liability"

D. Han Chang, Pennsylvania State University

Session B—Issues Regarding Prediction

Moderator: Al Auxier, University of Tennessee

1. "Multivariate Models for Analysis and Prediction of Insolvency in the Property-Liability Insurance Industry"

Suk Hun Lee and Jorge Urrutia, Loyola University

2. "Predicting Claims of Personal Automobile Insureds"
Stanley R. Adamson and Kee S. Kim, Southwest Missouri State University
3. "A Ratemaking Principle in Insurance: Hedging Approach"
Kiseok Oh, University of Alabama
4. "Time Series Modelling of Family Expenditure on Life Insurance"
Tapen Sinha, Bond University

Session C—Economics of Information

Moderator: Gene C. Lai, The University of Rhode Island

1. "The Value of Information in Insurance Markets When Self-Selection Contracts Are Information Dependent"
James A. Ligon, University of Alabama and Paul D. Thistle, Western Michigan University
Discussant: Kim Staking
2. "The Informational Role of Reinsurance: A Signalling Equilibrium"
Raja Bouzouita, University of Pennsylvania
Discussant: Varun Agarwal, University of Alabama
3. "Agency Costs, Financial Structure and Exclusive Dealing"
James R. Garven, University of Texas, and Scott Harrington, University of South Carolina
Discussant: Mark Power, Iowa State University

Session D—Impact of Large Losses on Insurance Performance

Moderator: Jan Ambrose, LaSalle University

1. "Insurer Response to Surplus Shocks"
Anne Kleffner, University of Calgary, Neil Doherty, University of Pennsylvania, and Lisa Lipowski Posey, Penn State University
Discussant: Joan Lamm-Tennant, Villanova University
2. "Does the Market Discriminate Among Property & Casualty Insurance Companies Exposed to Losses During Hurricanes?"
Reinhold P. Lamb, The University of North Carolina, John Speltz, Denver College and Ronald Lemire, Federal Reserve Bank-Charlotte, North Carolina
Discussant: Martin Grace, Georgia State University
3. "The Solvency of an Insurance Company Under Random Disaster Impacts"
Jack M. Nelson, Vladimir Vaynshtok, and Srinivasa Ramanujam, The College of Insurance
Discussant: Jim Barrese, College of Insurance

Noon-1:30 PM Lunch "Hot Topics" Special program for General Members, available to Academic Members for a fee

Moderator: Dr. Richard Derrig, Vice President, Research, Insurance Fraud Bureau of Mass.

Participants: John Benson, Director, Special Investigation Unit, Fireman's Fund.

Kevin McCarthy, Director, The Institute for Civil Justice, RAND.

David P. Flynn, President Casualty Actuarial Society.
Terrie E. Troxel, V.P. Research & Technical Services, National
Assoc. of Independent Insurers.

1:30-3:00 PM PLENARY SESSION II

Risk-Based Capital Regulations

Moderator: James Garven, University of Texas at Austin

3:00-3:15 PM Speakers: Alan Kaufman, Consulting Actuary, Milliman &
Robertson, Inc.

Vincent Laurenzano, Chief of Property-Casualty
Division, New York Insurance Department

J. David Cummins, Loman Professor of Insurance and
Risk Management, University of Pennsylvania

3:15-4:45 PM Coffee Break

4:45-5:15 PM CONCURRENT SESSIONS II

Session A—Health Insurance Reform Proposals

Moderator: Helen Doerpinghaus, University of South Carolina

1. "Variation in the Value of Employer-Provided Group Health Insurance: Implications for Standardizing a Minimum Benefit"
Deborah J. Chollet, Georgia State University

2. "Patient Self-Referral to Specialists: Incidence and Implications for Managed Care Plans"

Joan Krueger and Patricia Temple, Ohio State University

3. "An Empirical Analysis of Productivity Index Comparisons for HMOs"

4. "The Quest for Universal Access: The Oregon Experience"
Norma Nielson, Oregon State University

Session B—Liability Issues

Moderator: Stanley R. Adamson, Southwest Missouri State University

1. "Underwriting Cycles, Liability Insurance Crisis and Uncertainty"

Gene C. Lai, University of Rhode Island, Ronald K. Chung, Credit Research Foundation, Robert C. Witt, University of Texas at Austin and Hung-Gay Fung, University of Baltimore

2. "The Effect of Joint and Several Tort Reform on the Rate of Tort Filings: Evidence from the State Courts"

Mark J. Browne, Han Duck Lee, and Joan T. Schmit, University of Wisconsin-Madison

3. "The Effects of the 1980s Liability Reforms on Liability Insurance"

Patricia Born and W. Kip Viscusi, Duke University

4. "Lawsuits Against Public Accountants: A Put Option Approach"

Yoram Eden, Academic Studies - Tel-Aviv

Session C—Stock vs. Mutual Companies

Moderator: Anne Klefner, University of Calgary

1. "An Analysis of Cost Structure Differences Between Stock and Mutual Life Insurers"
Lisa A. Gardner, Old Dominion University, and Martin Grace, Georgia State University
Discussant: Julie Cagle, Xavier University
2. "A Comparison of Mutual and Stock Insurers' Capital Structures: Implications from Objective Functions"
Jan M. Ambrose, LaSalle University, and Ann E. Kleffner, University of Calgary
Discussant: Vickie Bajtelsmit, Colorado State University
3. "Risk Differences Between Stock and Mutual Insurers: A By-Line, By-State Analysis"
Joan Lamm-Tennant, Villanova University, and Laura Starks, University of Texas
Discussant: Al Auxier, University of Tennessee

Session D—Risk-Based Capital

Moderator: Tom Aiuppa, University of Wisconsin-La Crosse

1. "Risk-Based Capital Standards and Insurer Insolvency Risk: An Empirical Analysis"
Scott Harrington, University of South Carolina, Martin Grace, Georgia State University, and Robert Klein, National Association of Insurance Commissioners
Discussant: Neil Doherty, University of Pennsylvania
2. "Insurer Risk Based Capital: An Option Theoretic Approach"
Arthur M. B. Hogan, George Mason University, and Samuel H. Cox, Jr., Michigan State University
Discussant: Renbao Chen, University of Pennsylvania
3. "Ex-Post Efficiency Gains of Property and Liability Insurance Mergers"
Hunsoo Kim, Georgia State University
Discussant: Jorge Urrutia, Loyola University

5:15-5:45 PM Annual Business Meeting

6:30-7:30 PM Reception

TUESDAY, AUGUST 24

7:30-8:30 AM Breakfast

8:45-10:15 AM **PLENARY SESSION III**

Government Involvement in Catastrophic Losses

Moderator: Ann Butler, Florida State University

Speakers: Eugene Lecomte, President and CEO, National Committee on Property Insurance
Dean Flesner, Vice President, State Farm Fire and Casualty Co. and Chair of NCPI National Disaster Loss Reduction Committee
Rep. George Brown, U.S. Congress member from California

10:15-10:30 AM Coffee Break

10:30-Noon **CONCURRENT SESSIONS III**

Session A—Life Insurance Regulation

Moderator: Lisa Gardner, Old Dominion University

1. "Measuring the Effects of Insurance Regulation with Stock Price Data"

Robert E. Hoyt, University of Georgia

2. "Free Cash Flow in the United States Life Insurance Industry"

Brenda F. Powell, University of North Texas, Larry Cox and Kenneth Gaver, University of Georgia

3. "Risk Exposure at Life Insurance Companies: Market Evidence and Policy Implications"

Elijah Brewer III and Thomas H. Mondschean, Federal Reserve Bank of Chicago

4. "An Examination of the Certification Impact of a Best's Rating"

Mark L. Power, Ajai Singh, and Arnold R. Cowan, Iowa State University

Session B—Workers' Compensation Issues

Moderator: Bruce Palmer, Georgia State University

1. "Fixed Effects Logit Model of Worker Productivity Failures and Disability Usage"

Richard J. Butler, Brigham Young University, and Harold Gardner, M.D., Options and Choices

Discussant: Patrick Brockett, University of Texas at Austin

2. "Value of Workers' Compensation Pricing Incentives in Reducing Occupational Injuries in the Presence of Single Moral Hazard"

Lorilee A. Medders, Georgia State University

Discussant: Anne Carroll, Rider College

Session C—Financial Theory

Moderator: Travis Pritchett, University of South Carolina

1. "A Financial Theory of the Insurance Firm"

Steven W. Potter, University of Texas at Austin

Discussant: Stephen D'Arcy, University of Illinois

2. "Habit Formation and the Demand for Insurance"

Harris Schlesinger, University of Alabama, and Mounira Ben-Arab and Eric Briys, Jouy-en-Josas, France

Discussant: Greg Niehaus, University of South Carolina

3. "Loss Reserve Adjustments, Security Prices, and Contagion Effects"

Julie A.B. Cagle, Xavier University, and Cynthia G.

McDonald, University of South Carolina

Discussant: James Ligon, University of Alabama

Session D—Retirement Issues

Moderator: Sandra Gustavson, University of Georgia

1. "Corporate Pension Funding and Investment Policy"

Maije Smink, University of Groningen

2. "Characteristics and Components of Accrual Accounting for Postretirement Health Benefits (SFAS 106) of Early Corporate Adopters"

Ann Costello, Harriet Farney, and Aurelle Locke,
University of Hartford

3. "The Defunding of Single-Employer Defined Benefit Pension Plans Prior to Termination"

Jack L. VanDerhei, Temple University

12:15-2:00 PM **PRESIDENT'S LUNCHEON**

Presiding: Jerry L. Jorgensen, University of Calgary

Incoming Presidential Address: Harold D. Skipper, Jr., Georgia State University

2:15-4:00 PM **CONCURRENT SESSIONS IV**

Session A—Life Insurance Solvency

Moderator: Brenda Powell, University of North Texas

1. "Junk Bonds, Life Insurer Insolvency and Stock Market Reactions: The Case of First Executive Corporation"

Joseph A. Fields, Chinmoy Ghosh, and Keith B. Johnson,
University of Connecticut and James B. Ross, Radford University

Discussant: Etti Baranoff, Texas Department of Insurance

2. "Solvency Surveillance Models for the Life and Health Insurance Industry: A Cascaded Logit and Disaggregated Approach"

Etti Baranoff, Texas Department of Insurance and Rhomas W. Sager and Robert C. Witt, University of Texas at Austin

Discussant: Paul L. Gronewoller, University of Wyoming

3. "Regulation of Life Insurer Solvency: A Comparison of Stock and Flow Financial Stress Tests"

Paul L. Gronewoller and Ronald W. Spahr, University of Wyoming

Discussant: Joseph A. Fields, University of Connecticut

Session B—Insurance Futures

Moderator: Ann Butler, Florida State University

1. "Valuation of an American Put Insurance Futures Option"

Rudy Yaksick, Clark University

Discussant: Samuel Cox, Michigan State University

2. "On the Viability of the New Insurance Future Contracts"

Greg Niehaus, Scott Harrington, and Steven V. Mann,
University of South Carolina

Discussant: Jame Nettesheim, Stanford Consulting Group

Session C—Health Insurance

Moderator: Joan Krueger, Ohio State University

1. "An Evaluation of the Operating Characteristics of State High-Risk Health Care Pools"

2. "Underwriting Cycles in Health Insurance"
Steven M. Cassidy, Howard University, Donald Hardigree,
University of Nevada, Las Vegas, and Arthur M. B. Hogan,
U.S. General Accounting Office
3. "Health Insurance Reform in South Carolina"
Helen I. Doerpinghaus and S. Travis Pritchett, University
of South Carolina
4. "The Market Pricing of Disability Income Insurance"
Larry A. Cox and Sandra G. Gustavson, University of
Georgia

Session D—Incentive Effects

Moderator: Michael Powers, Temple University

1. "Self Insurance and Self Protection: A Non-Expected Utility
Analysis"
Kai A. Konrad, University of Munich, and Stergios
Skaperdas, University of California-Irvine
2. "Liability Rules, Industrial Structure and Corporate Risk
Management"
Richard D. MacMinn and Robert C. Witt, University of
Texas at Austin
3. "Moral Hazard, Risk Seeking, and Free Riding"
Lawrence A. Berger and John C. Hershey, University of
Pennsylvania

4:15-5:45 PM ROUNDTABLE DISCUSSIONS

Table A—Insurance Fraud Issues

Moderator: Richard Derrig, Automobile Insurers Bureau of
Massachusetts

Panel Members: John Benson, Director, Special Investigation
Unit, Fireman's Fund; Stephen P. D'Arcy, Associate Prof. of
Finance, University of Illinois; Gary R. Rosenberger,
Supervising Criminal Investigator II State of California
Insurance Fraud Bureau.

Table B—Integrating Computers into Insurance Education

Moderator: Robert Hoyt, University of Georgia

Table C—Ethics in Insurance

Moderator: Lawrence A. Berger, University of Pennsylvania

Panel Members: Patrick L. Brockett, University of Texas at
Austin, and Lawrence A. Berger, University of Pennsylvania

Table D—Issues in RMI Education

Moderator: Jerry Todd, St. Mary's University

Panel Members: Steven Cassidy, Howard University, Robert A.
Marshall and J. Christine Taylor, Florida State University,
James Barrese and Ellen Thrower, The College of Insurance,
Arnold Shapiro, Pennsylvania State University, Jerry Todd, St.
Mary's University, Joe H. Murrey, Jr., The University of
Mississippi, and Tom Aiuppa, University of Wisconsin-
LaCrosse

Table E—What Do The Editors Want?

Moderator: Greg Niehaus, University of South Carolina

Panel Members: J. David Cummins, University of Pennsylvania,
Harris Schlesinger, University of Alabama, and Robert
Hershberger, Mississippi State University

Table F—International Risk Management and Insurance

Moderator: Iskandar S. Hamwi, University of Southern
Mississippi

Panel Members: Robert J. Gibbons and Karen L. Hamilton,
American Institute for Chartered Property Casualty
Underwriters/Insurance Institute of America, Iskandar S.
Hamwi, University of Southern Mississippi, and Kailin Tuan,
Temple University

WEDNESDAY, AUGUST 25

7:30-8:30 AM Breakfast

8:45-10:15 AM CONCURRENT SESSIONS V**Session A—Captive Issues**

Moderator: Beverly Frickel, University of Central Oklahoma

1. "Moral Hazard in Group Captive Insurance Companies"
Wondon Lee, University of Alabama
Discussant: Gilles Bernier, Universite Laval
2. "Analysis of Risk Distribution in Captive Insurers"
Christopher Thomas May, The College of Insurance
Discussant: George Rejda, University of Nebraska
3. "Fronting Regulation and Captive Reinsurance"
Robert M. Hunt, R. M. Hunt & Associates, Inc., and
Rogert Borgen, Atty.
Discussant: Robert Hershberger, Mississippi State
University

Session B—Property-Liability Solvency

Moderator: Robert Hershberger, Mississippi State University

1. "Solvency Risk and the Tax Sheltering Behavior of Property-Liability Insurers"
Richard PonArul, California State University, Chico, and
P. V. Viswanath, Rutgers University
2. "The Effect of State Regulation on Price in U.S. Property-Liability Markets: A Segmented Market Approach"
Kenneth N. Scholes Jr. and William R. Feldhaus, Georgia
State University
3. "A Neural Network Method for Obtaining an Early Warning
of Insurer Insolvency"
Linda L. Golden and Utai Pitaktong, University of Texas
at Austin

4. "A Cash Flow Model Using Neural Networking to Predict Property/Casualty Insurance Company Insolvency"
Robert A. Hershberger and Edwin H. Duett, Mississippi State University

Session C—Pension Issues

Moderator: Deborah Chollet, Georgia State University

1. "Pension Choice as a Signal of Productivity: Evidence of Self-Selection"
Vickie L. Bajtelsmit, Colorado State University
2. "The IRS Small Plan Audit Program"
Arnold F. Shapiro, Penn State University
3. "Establishing Retirement Income Objectives: A RETIRE Project Update"
Bruce A. Palmer, Georgia State University

Session D—Distribution Systems

Moderator: Roosevelt Stewart, Alabama A&M University

1. "The Choice Between Independent Agency and Exclusive Dealing: An Empirical Analysis"
Laureen Regan, Temple University
2. "A Search Model of Marketing Systems in Property-Liability Insurance"
Lisa Lipowski Posey and Abdullah Yavas, Penn State University
3. "Insurance Marketing and Demographic Change"
James Barrese and Jack M. Nelson, The College of Insurance
4. "Agent-Insurer Contracting and Insurer Capital Structure"
David A. Cather, University of Pennsylvania

Session E—Characteristics of Insurance Decisions

Moderator: Carol Jordan, Eastern Kentucky University

1. "Life Insurance Rates of Return"
Al Auxier, University of Tennessee
2. "Adverse Selection with Multiple Risks in Insurance Markets"
Varun Agarwal, University of Alabama
3. "Life Insurance Purchases and Ownerships in the U.S.—Trends and Determinants"
Renbao Chen, University of Pennsylvania

10:15-10:30 AM Coffee Break

10:30-Noon **PLENARY SESSION IV**

Regulation Through the Tort System

Moderator: Elizabeth Grace, Sacramento State University

Speakers: Deborah Hensler, RAND Institute

Barry Keane, President, Association for California Tort Reform

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