ance. *Insurance: Mathematics & Economics,* December 1994, 15(2/3): 187-201. (Reprinted with permission of North-Holland Publishing Company.)

Insurer Markets

Evidence of Capacity Constraints in Insurance Markets, by Anne Gron

Empirical support is found for the primary predictions of capacity constraint theories of property-casualty insurance cycles. The primary implications concern industry capacity and the difference between the price of insurance and noncapital costs, referred to as the price-payment margin (PPM.) Capacity constraint theories predict that low capacity will lead to higher PPMs and that capacity growth will follow PPM increases as insurers rebuild capacity. Price-payment margin and capacity series are constructed using industry time series for 1949-1990. The estimation finds that PPM growth varies inversely with capacity at the beginning of the period and also inversely with changes in capacity. *Journal of Law and Economics,* October 1994, 37(2): 349-377. (Reprinted with permission of ABI/Inform, Copyright UMI.)

Ruin Theory

A Note on the Solution of Practical Ruin Problems, by F. De Vylder (UCL, Louvain-la-Neuve, Belgium) and M. J. Goovaerts (K. U. Leuven, Belgium)

An algorithm is presented in order to solve numerically all practical ruin problems mentioned by Howard Waters in his Monte Verita lecture of 1993. Severity of ruin, interest, dividends, varying severity loadings,...can be taken into account. *Insurance: Mathematics & Economics*, December 1994, 15(2/3): 181-186. (Reprinted with permission of North-Holland Publishing Company.)

Cramér-Lundberg Approximations for Ruin Probabilities of Risk Processes Perturbed by Diffusion, by H. Schmidli (Heriot-Watt University, Riccarton, Edinburgh, Scotland)

In the present paper risk processes perturbed by diffusion are considered. By exponential tilting the processes are imbedded in an exponential family of stochastic processes, such that the type of process is preserved. By change of measure techniques asymptotic expressions for the ruin probability are obtained. This proves that the coefficients obtained by Furrer and Schmidli (1994) are the adjustment coefficients. *Insurance: Mathematics and Economics,* May 1995, 16(2): 135-140. (Reprinted with permission of North-Holland Publishing Company.)

Safety and Loss Control

Safety at What Price? by Walter Y. Oi (University of Rochester)

Overall exposure to risk can be controlled through choices in the market which reveal the implicit personal prices for safety. Externalties and imperfect