

**American Risk and Insurance Association
1996 Annual Meeting
Philadelphia, August 11-14, 1996**

SUNDAY AUGUST 11

- 8:00 a.m. **Board of Directors Meeting**
- 1:00-6:00 p.m. **Registration**
- 3:00-3:45pm **Les Strickler Innovation in Instruction Award**
Moderator: Gary Stone, The American College
- 4:00-5:15 p.m. **President's Seminar**
"Avoiding Risk as a Matter of Public Policy"
Moderator: Norma Nielson, Oregon State University
Speaker: To Be Announced
- 6:00-7:00 p.m. **Reception**

MONDAY AUGUST 12

- 7:30-8:45 a.m. **Breakfast**
- 9:00-10:15 a.m. **PLENARY SESSION I**
Minorities in Insurance
Moderator: Sandra Gustavson, University of Georgia
1. Barry Smith, New Mexico State University
 2. Sylvester Green, Chubb and Son
 3. Neil Chambers and Rachel Cornelius, Sedgwick
- 10:15-10:30 a.m. **Break**
- 10:30-Noon **CONCURRENT SESSIONS I**
Session A—Regulation Issues
Moderator: Mary Weiss, Temple University
1. "Examining the Effectiveness of Insurance Industry Lobbying Efforts"
Anne Carroll, Rider College
Laureen Regan, Temple University
 2. "Issues in Multi-State Producer Regulation"
William L. Ferguson, University of Louisiana at Lafayette
Joseph E. Johnson, University of North Carolina at Greensboro

3. "A Logical Framework for the Regionalization of Insurance Regulation"

William R. Feldhaus, Georgia State University

Paul M. Kazenski, University of Hawaii-Manoa

4. "The Impact of Regulatory Threat on the Price of Automobile Insurance"

M. Martin Boyer, University of Pennsylvania

Session B—Reinsurance

Moderator: Claude Lilly, Florida State University

1. "The Demand for Reinsurance: Theory and Empirical Tests"

James R. Garven, Strategic Concepts Corporation

Joan Lamm-Tennant, Villanova University

2. "Growth and Concentration Patterns of the World's 100 Largest Reinsurance Companies"

J. François Outreville, United Nations

3. "Relative Efficiencies of Reinsurance Marketing Methods"

James Barrese, The College of Insurance

Jack Nelson, The College of Insurance

4. "Use of Risk Based Capital Method To Analyze Reinsurer Solvency"

Robert A. Hershberger, Mississippi State University

Mark Cross, Miami University

Session C—Corporate Decisions and Their Effects

Moderator: John Thornton, University of North Texas

1. "Corporate Insurance: Reducing Transaction Costs in Optimal Financial Contracting"

Georges Dionne, University of Montreal

B. Caillaud, CERAS-ENPC and CEPREMAP-Paris

B. Jullien, CREST-INSAE-Paris

2. "Corporate Insurance Demand: Evidence from Publicly Held Industrial Corporations"

Nicos A. Scordis, The College of Insurance

Andrew Saporoschenko, University of South Carolina

3. "The Captive Insurance Company Puzzle: An Empirical Investigation"

Nicos A. Scordis, The College of Insurance

M. Moshe Porat, Temple University

4. "Structural Changes in Time-Varying Volatility of Stock Returns Around FASB Pronouncement on Non-Pension Postretirement Benefits"

Mahmoud Wahab, University of Hartford

Ann Costello, University of Hartford

Session D—Mitigating Risks

Moderator: Christian Gollier, University of Toulouse

1. "The Production of Goods in Excess of Demand: A Generalization of Self Protection"

Carole Haritchabalet, University of Toulouse

2. "A Comparative Analysis of Technology in Risk Management Processes Among Risk Exposures and Its Impact Upon Cost"
Phyllis S. Myers, Virginia Commonwealth University
Etti G. Baranoff, Virginia Commonwealth University
E. G. Miller, Virginia Commonwealth University
3. "The Financial Implications of Mitigating Hurricane Risk"
Krishnan Dandapani, Florida International University and International Hurricane Center
Shahid S. Hamid, Florida International University and International Hurricane Center
4. "Schooling, Health Risk and the Decision to Quit Smoking"
Chee Ruey Hsieh, Academia Sinica

Noon-1:30 p.m. **"Hot Topics" Luncheon**

Moderator: Richard A. Derrig, Automobile Insurers Bureau of Massachusetts

1:45-3:15 p.m. **CONCURRENT SESSIONS II**

Session A—Life Insurance Companies

Moderator: Dave Babbel, University of Pennsylvania

1. "An Empirical Study on the Investment Behavior of Life Insurers Under the Insurance Price Regulation"
Keun-Ock Lew, Taegu University-Korea
2. "A Financial Distress Study of Taiwan's Life Insurers"
Shun-Lan Lin, National Institute of Technology at Kaohsiung
3. "An Agency Theory Perspective on the Growth of Surplus Note Utilization by Life Insurers: Empirical Evidence"
Robert E. Hoyt, University of Georgia
Randy E. Dumm, University of Georgia
4. "Free Cash Flow in the Canadian Life Insurance Industry"
Anne E. Kleffner, University of Calgary
Gilles Bernier, Laval University

Session B—Moral Hazard

Moderator: John D. Worrall, Rutgers University

1. "Workers' Compensation, Moral Hazard, and the Observability of Injury Status"
John W. Ruser, U.S. Bureau of Labor Statistics
2. "More Than Cost Shifting: The Productivity Effects of Moral Hazard"
Richard J. Butler, University of Minnesota
Harold H. Gardner, Options and Choices
B. Delworth Gardner, Brigham Young University
3. "Contracting with Costly State Falsification: Theory and Empirical Results from Automobile Insurance"
Keith J. Crocker, Pennsylvania State University
Sharon Tennyson, University of Pennsylvania
4. "The Moral Hazard Effects of the P&C Guarantee Fund System"
Brian J. Hall, Harvard University

Session C—International Insurance Trends

Moderator: Harold Skipper, Georgia State University

1. "Relating Family Income, Health Care and Insurance Expenditure—The Case of Taiwan"
Chwen-Chi Liu, Feng Chia University
2. "Regulation vs. Deregulation: A Case of the Chinese Insurance Industry"
Xiaohong Wu, University of London
Wen Dou, Clifford Chance, UK
3. "Market Orientation and Business Performance in the Spanish Insurance Sector"
Miguel Angel Martinez Martinez, Fundacion MAPFRE Estudios and Universidad de Alcala de Henares-Spain
Nora Lado Couste, Universidad Europea de Madrid-Spain
4. "An International Analysis of the Demand for Property-Liability Insurance"
Jaewook Chung, University of Wisconsin-Madison
Mark J. Browne, University of Wisconsin-Madison

Session D—Solvency: Factors and Consequences

Moderator: Allen Seward, Baylor University

1. "The Impact of Natural Catastrophes on the Net Wealth of Insurance Firms"
Krishnan Dandapani, Florida International University and International Hurricane Center
Shahid S. Hamid, Florida International University and International Hurricane Center
2. "Evidence and Significance of Underwriting Diversification in the Property-Liability Industry"
Ian Webb, Georgia State University
3. "Property-Casualty Insurance Guaranty Funds and Insurer Vulnerability to Misfortune"
Michael L. Smith, Ohio State University
Soon-Jae Lee, Samsung Fire & Marine Insurance Co. Ltd, Seoul
4. "The Coexistence of Stock and Mutual Insurers: The Roles of Default Risk, Consumer Heterogeneity, and Asymmetric Information"
James A. Ligon, University of Alabama
Paul D. Thistle, Western Michigan University

3:30 p.m.

Busses to the American College, Bryn Mawr

4:30–5:45 p.m.

PLENARY SESSION II***The Future of Life-Insurance Distribution***

Moderator: Samuel H. Weese, The American College

1. Glenn A. Britt, State Farm Life Insurance Company
2. Samuel J. Foti, Mutual Life Insurance Company of New York
3. Walter H. Zultowski, LIMRA

- 5:45–6:15 p.m. **Annual Business Meeting**
 6:30–9:15 p.m. **Reception and Dinner at the American College**
 9:30 p.m. **Return Busses to Hotel**

TUESDAY AUGUST 13

- 7:30–8:45 a.m. **Breakfast**

9:00–10:15 a.m. **PLENARY SESSION III**

Managing Tobacco Risks

Moderator: Joan T. Schmit, University of Wisconsin

1. Mary Aronson, Tobacco Industry Investment Analyst
2. Nancy Rigotti, Tobacco Research and Treatment Center,
Massachusetts General Hospital
3. Renie Schapiro, Former Speechwriter for David Kessler, FDA

- 10:15–10:30 a.m. **Break**

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

Session A—Long-Term Liability

Moderator: Neil Doherty, University of Pennsylvania

1. "Mass Torts: Tobacco as an Example"
Joan T. Schmit, University of Wisconsin–Madison
2. "Long-Tail Product Liability and Environmental Liability Claims—
Should Insurers Be Required to Pay?"
William J. Warfel, Indiana State University
Alex Hamwi, University of Southern Mississippi
3. "The Effect of Environmental Liability Reserves Increases by Insurers:
Evidence from Securities Prices"
Robert E. Hoyt, University of Georgia
Lee Colquitt, Auburn University
4. "Innovative Attempts by the State of Minnesota to Efficiently Recover
Environmental Clean-up Costs from Liability Insurers"
Andrew F. Whitman, University of Minnesota

Session B—Life Insurance Production

Moderator: Bill Rabel, LOMA

1. "Term Versus Cash Value Life Insurance: An Option Pricing
Approach"
James R. Garven, Strategic Concepts Corporation
Glenn S. Daily, Private Consultant
2. "Universal Life Insurance Cash Values: An Empirical Examination"
James M. Carson, Illinois State University
Mark D. Forster, MDF Insurance Services

3. "Uncertainty of Investment Returns and Life Insurance Sales Illustrations"
S. Travis Pritchett, University of South Carolina
4. "An Analysis of the Efficiency of Universal Banking System: In the Case of *Bankinsurance* (Bankcassurance) in Korea"
Hunsoo Kim, Korea Insurance Development Institute

Session C—Insurer Performance

Moderator: Elizabeth Sprinkle, Insurance Research Council

1. "The Effect of the Passage of the Tax Reform Act of 1986 on Property/Liability Insurance Company Stocks"
Alan Eastman, Florida State University
David Marlett, Florida State University
2. "Identification and Investigation of Suspicious Automobile Injury Claims"
Richard A. Derrig, Automobile Insurers Bureau of Massachusetts
Herbert I. Weisberg, Correlations Research Inc.
3. "Attorney Involvement and Costs in High-Cost Workers' Compensation Claims"
Mike Helvacian, NCCI
David L. Durbin, NCCI
4. "Exceptions to Workers' Compensation as Sole Remedy: Success of Third-Party-Over, Dual Capacity, Loss of Consortium, and Consequential Bodily Injury Actions"
John C. Bratton, Old Dominion University
Stephen M. Avila, Ball State University

Session D—Pricing Issues

Moderator: Michael Murray, Drake University

1. "A Comparison of Property-Liability Insurance Financial Pricing Models"
Stephen P. D'Arcy, University of Illinois
Richard W. Gorvett, University of Illinois
2. "Financial Pricing of Insurance in the Multiple Line Insurance Company"
Richard D. Phillips, Georgia State University
J. David Cummins, University of Pennsylvania
Franklin Allen, University of Pennsylvania
3. "Fitting to Loss Distributions: A Regression Based Approach"
Farrokh Guiahi, Hofstra University
4. "A Comparative Analysis of Fire Insurance Risk Classification: Linear Additive Models and Neural Network Approach"
Hunsoo Kim, Korea Insurance Development Institute
Gwang Ki Son, Korea Insurance Supervisory Board
Gwangyoung Gim, Soong Sil University

12:15-2:00 p.m. **PAST PRESIDENTS' LUNCHEON AND AWARDS**

Presiding: Norma L. Nielson, Oregon State University

Incoming Address: Bruce A. Palmer, Georgia State University

2:15-3:45 p.m. **CONCURRENT SESSIONS IV**

Session A—Health Care Alternatives

Moderator: Patricia Danzon, University of Pennsylvania

1. "The Design and Pricing of Long Term Care Insurance Contracts"
Helen I. Doerpinghaus, University of South Carolina
Sandra G. Gustavson, University of Georgia
2. "A Theoretical Analysis of Design Issues in Medical Savings
Accounts: The Policy Implications"
Jan M. Ambrose, LaSalle University
Ann Butler, Florida State University
3. "Organizational Form and the Operating Performance of Health
Maintenance Organizations"
Patricia Born, American Medical Association
Rosalie Pacula, University of San Diego
4. "A Comparison of the HMO Efficiency as a Function of Provider
Autonomy"
Patrick L. Brockett, University of Texas at Austin
R. E. Chang, National Taiwan University-Taipei
John J. Rousseau, University of Texas at Austin
John H. Semple, University of Texas at Arlington

Session B—Insurance Buying Theory

Moderator: Paul Thistle, Western Michigan University

1. "Price Search in the Independent Agency and Direct Insurance
Marketing Systems"
Sharon Tennyson, University of Pennsylvania
Lisa Posey, Pennsylvania State University
2. "Correlations of Insurable Losses and Their Long-Run Consequences
for Insurers"
Harris Schlesinger, University of Alabama
Roland Eisen, University of Frankfurt
Peter Zweifel, University of Zurich
3. "The Optimal Trading Partner for Reciprocal Insurance Treaties"
Richard Watt, Universidad Autonoma de Madrid
4. "The Insurance of Low Probability Events"
Louis Eeckhoudt, Catholic University of Mons-Belgium
Christian Gollier, University of Toulouse

Session C—Ownership Structure

Moderator: Larry Cox, University of Mississippi

1. "Managerial Discretion and the Determinants of Ownership Structure in the Life-Health and Property-Casualty Insurance Industries"
Chenghsien Tsai, Georgia State University
Richard D. Phillips, Georgia State University
2. "Agency Theory and Life Insurer Ownership Structure"
David W. Sommer, University of Georgia
Steven W. Pottier, University of Georgia
3. "A Retrospective Analysis of the Ownership Interest in a Home-Made Mutual Life Insurance Company"
Richard Corbett, Florida State University
David Marlett, Florida State University
4. "Ownership Structure and Japanese Insurance Industry"
Gene C. Lai, University of Rhode Island
Piman Limpaphayom, University of Rhode Island

Session D—Auto Insurance Industry

Moderator: Terrie Troxel, Insurance Research Council

1. "Modelling Market Shares of the Leading Personal Auto Liability Underwriters"
Jason Hecht, Insurance Services Office
2. "Joint Underwriting Associations v. Assigned Risk Pools: A Comparison of Automobile Residual Market Facilities"
Mark Browne, University of Wisconsin—Madison
Brenda Wells, University of North Texas
3. "The Impact of Rate Regulation on the Residual Market for Automobile Insurance"
Raja Bouzouita, Central Missouri State University
Vickie L. Bajtelsmit, Colorado State University
4. "Race, Redlining, Automobile Insurance Prices"
Scott Harrington, University of South Carolina
Greg Niehaus, University of South Carolina

4:00–5:15 p.m.

RESEARCH DISCUSSION TABLES

Current and Future Research Topics in Various Areas

Table A: Property-Liability Insurance

Moderator: Stephen P. D'Arcy, University of Illinois

Table B: Life Insurance

Moderator: David Babbel, University of Pennsylvania

Table C: Insurance Education

Moderator: Arnold Shapiro, Penn State University

Table D: Insurance Economics

Moderator: Christian Gollier, University of Toulouse

Table E: Consulting and Applied Research

Moderator: David Appel, Milliman & Robertson

Table F: Health Care Finance and Economics

Moderator: Patricia Danzon, University of Pennsylvania

WEDNESDAY AUGUST 14

7:30–8:45 a.m. **Breakfast**

9:00–10:15 a.m. **PLENARY SESSION IV**

Securitization of Catastrophe Insurance

Moderator: Joan Lamm-Tennant, Villanova University

1. James E. Bachman, AEGIS
2. Michael Cady, Guy Carpenter & Company
3. To Be Announced, General Reinsurance

10:15–10:30 a.m. **Break**

10:30–Noon **CONCURRENT SESSIONS V**

Session A—Insurance Company Decisions

Moderator: Don Hardigree, University of Nevada–Las Vegas

1. "An Analysis of Merger Activity in the Property-Liability Insurance Industry"
Sandra L. Chamberlain, Santa Clara University
Sharon Tennyson, University of Pennsylvania
2. "The Efficiency-Profitability Relationship and Predictions of Life Insurance Company Consolidations"
Martin F. Grace, Georgia State University
Lisa Gardner, Bradley University
3. "Management Turnover and Succession in the Insurance Industry"
James B. Bohn, Board of Governors
4. "The Macro Economic Environment and Its Impact on the Insurance Industry's Labor Demand"
Boaz Yam, Georgia State University
Martin F. Grace, Georgia State University

Session B—Insurance Market Theory

Moderator: Emilio Venezian, Rutgers University

1. "A Dynamic Model of the Property-Liability Underwriting Cycle"
Joseph D. Haley, Texas Southern University
2. "The Value of Rating Information: A Factor in the Underwriting Cycle"
Arthur M. B. Hogan, Office of Thrift Supervision
3. "Fraud, Fraud Detection and Fraud Bureaus...Or How Big Brother May Become 'Fat Tony'"
M. Martin Boyer, University of Pennsylvania
4. "Competitive Equilibrium in the Insurance Market"
Larry Y. Tzeng, Temple University
Michael R. Powers, Temple University

Session C—Information, Attitudes and Decisions

Moderator: Anita Benedetti, RIMS

1. "An Evaluation of Offering Risk/Insurance Courses via Interactive Technology"
Tom Aiuppa, University of Wisconsin-La Crosse
2. "Changing Attitudes Through Education: Evidence from a Risk and Insurance Program"
Lisa Gardner, Bradley University
James Barrese, College of Insurance
Ellen Thrower, College of Insurance
3. "Retirement Decisions of Men and Women: A Preliminary Analysis"
Tapen Sinha, Bond University
4. "The Singaporeans' Attitudes Toward the Central Provident Fund and the U.S. Social Security System"
Renbao Chen, National University of Singapore
Kie Ann Wong, National University of Singapore
Mei Yee Chiang, National University of Singapore

Session D—Pensions

Moderator: Bruce Palmer, Georgia State University

1. "Pension Plan Property Rights: Evidence from Debt and Equity Markets"
Greg Niehaus, University of South Carolina
Tom Carroll, University of Iowa
2. "The Economic Determinants of Defined Benefit Pension Funding Strategy"
Vickie L. Bajtelsmit, Colorado State University
Sanjai Bhagat, University of Colorado-Boulder
Robert Lipe, University of Colorado-Boulder
Stephen Henning, University of Colorado-Boulder
3. "Pension Integration with Social Security: Who Wins and Who Loses"
Mark Beilke, Georgia State University
4. "Pension Plan for China: Application of Dynamic Modeling"
Weili Lu, University of Illinois

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