

# ARIA 2012 Annual Meeting Program



## American Risk and Insurance Association 2012 Annual Meeting

**The Depot Renaissance Minneapolis Hotel**  
**August 5-8, 2012**  
**Minneapolis, Minnesota**



**American Risk and Insurance Association**  
716 Providence Road, Malvern, PA 19355-3402  
P (610) 640-1997 | F (610) 725-1007  
aria@TheInstitutes.org | [www.aria.org](http://www.aria.org)



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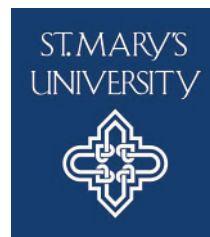
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Patrick Brockett & Arnold Shapiro Actuarial Journal Award  
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A special thanks to the generous contributions and commitment of the following sponsors of meals, refreshments, receptions, and services associated with ARIA's 2012 Annual Meeting. Much appreciated!

### **Sunday First Time Reception**

- Florida State University

### **Sunday Welcome Reception**

- Casualty Actuarial Society

### **Monday Breakfast**

- Insurance Information Institute
- Laval University

### **Monday JRI Editors' Breakfast**

- Washington State University

### **Monday AM Refreshment Break**

- University of Louisiana at Lafayette

### **Monday President's Luncheon**

- Griffith Insurance Education Foundation
- St. Mary's University

### **Monday PM Refreshment Break**

- Ball State University

### **Monday 80<sup>th</sup> Anniversary Celebration**

- CEPAR, University of New South Wales
- Illinois State University,  
Katie School of Insurance
- Insurance Institute of Canada

### **Tuesday Breakfast**

- University of Georgia,  
Terry College of Business
- Wharton School/  
Penn Risk & Insurance Program

### **Tuesday RMIR Editors' Breakfast**

- Indiana State University, Gongaware Center

### **Tuesday AM Refreshment Break**

- Virginia Commonwealth University

### **Tuesday Awards Luncheon**

- Georgia State University
- Temple University, Fox School of Business

### **Tuesday PM Refreshment Break**

- University of Alabama

### **Tuesday Poster Session Refreshments**

- ISO

### **Wednesday Breakfast**

- Baylor University
- Wilfrid Laurier University

### **Wednesday AM Refreshment Break**

- The University of Mississippi

### **Innovations in Risk Management and Insurance Education Concurrent Session**

- The Journal of Applied Risk Management  
at Saint Joseph's University

### **Anniversary Gift**

- University of Illinois, Urbana-Champaign

### **Annual Meeting Program Booklet and Signs**

- The Institutes

**2011–2012 ARIA Board Members**

**Officers**

**President** David Sommer, St. Mary's University  
**President-Elect** George Zanjani, Georgia State University  
**Vice President** Laureen Regan, Temple University  
**Immediate Past President** Gene Lai, Washington State University

**Directors**

Patricia Born (2012), Florida State University  
Bill Panning (2012), Independent Consultant  
Andreas Richter (2012), Ludwig-Maximilians-University  
Jeffrey Brown (2013), University of Illinois Urbana-Champaign  
Robert Hartwig (2013), Insurance Information Institute  
Jennifer Wang (2013), National Chengchi University  
Paul Thistle (2014), University of Nevada, Las Vegas  
Martin Ellingsworth (2014), ISO Innovative Analytics

**2012-2013 ARIA Board Members**

**Officers**

**President** George Zanjani, Georgia State University  
**President-Elect** Laureen Regan, Temple University  
**Vice President** Patricia Born, Florida State University  
**Immediate Past President** David Sommer, St. Mary's University

**Directors**

Jeffrey Brown (2013), University of Illinois Urbana-Champaign  
Robert Hartwig (2013), Insurance Information Institute  
Jennifer Wang (2013), National Chengchi University  
Martin Ellingsworth (2014), ISO Innovative Analytics  
Paul Thistle (2014), University of Nevada, Las Vegas  
Richard Phillips (2015), Georgia State University  
Mark Warshawsky (2015), Towers Watson  
Alex Muermann (2015), Vienna University of Economics & Business

**Executive Office**

**Executive Director** Anthony J. Biacchi, The Institutes  
**Administrative Assistant** Lee Gardner, The Institutes  
**Meeting Planner** Elizabeth Sheely, The Institutes

**CAS Research Award:**

Richard A. Derrig, OPAL Consulting LLC  
Sharon Tennyson, Cornell University

**Early Career Scholarly Achievement Award:**

Nadine Gatzert, Friedrich-Alexander-University of  
Erlangen-Nuremberg

**Excellence in Teaching Award:**

Rob Drennan, Temple University

**Hagan Family Foundation Travel Award:**

Tzuting Lin, National Taiwan University

**Hedges Undergraduate Student Award:**

Adam Hensen, University of North Texas

**Kulp-Wright Book Award:**

Francis Diebold, University of PA, Wharton School  
Neil Doherty, University of PA, Wharton School  
Richard Herring, University of PA, Wharton School

**Kulp-Wright Book Award:**

*Honorable Mention*  
Jeffrey Brown, University of Illinois Urbana-Champaign

**Mehr Award:**

Anders Grosen, Aarhus University  
Peter Lochte Jorgensen, Aarhus University

**Patrick Brockett and Arnold Shapiro**

**Actuarial Journal Award:**

Linda Golden, University of Texas at Austin  
Charles C. Yang, Florida Atlantic University  
Hong Zou, City University of Hong Kong

**President's Award:**

TBA

**RMIR Best Feature Award:**

Richard A. Derrig, OPAL Consulting LLC  
Sharon Tennyson, Cornell University

**RMIR Perspective Award:**

Cassandra Cole, Florida State University  
David Macpherson, Trinity University  
Patrick Maroney, Florida State University  
Kathleen McCullough, Florida State University  
James Newman, Jr., Sawgrass Mutual Insurance Co  
Charles Nyce, Florida State University

**Strickler Innovation in Instruction Award:**

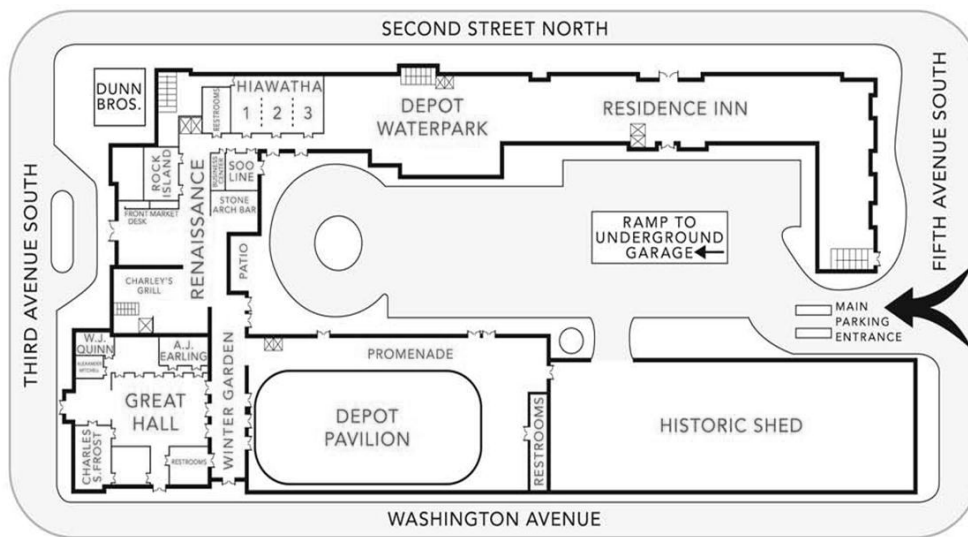
Joseph Haley, St. Cloud State University

**Witt Award:**

Casey Rothschild, Wellesley College



## General Information



### EVENT SPACE

#### The Depot Renaissance Minneapolis Hotel\*

225 S Third Avenue  
 Minneapolis, MN 55401  
**Phone:** (612) 375-1700  
**Toll-free:** (866) 211-4611

*\*The Depot is a non-smoking hotel*

**In the Event of Emergency at the hotel:**  
 Dial **911** for Any Medical or Other Emergency

**Hotel Emergency Contact:**  
**Nora Mclellan**  
 Phone: (612) 758-7811  
 Cell: (612) 590-5233

**Name Badges:**  
 Please wear your name badge to all meetings and social events.

**Exercise Room** includes treadmill, stair climber, stationary bikes, and free weights.

**Indoor Water Park** is attached to the hotel.  
 Open Friday, Saturday, Sunday until 3:00 PM;  
 a fee is charged.

#### Internet Access:

Complimentary wireless internet access available in the lobby. Wi-Fi access in all lobby areas, bar and restaurant.

#### Free Wi-Fi access in your room.

**Small Business Center** located in the lobby offers two computers with complimentary high-speed internet access, faxing, photocopying is available.

Printing of airline **boarding passes** by guests is complimentary.

#### Meal Locations:

- Breakfasts/Luncheons: *Pavilion*
- JRI Editors' Breakfast: *AJ Earling*
- RMIR Editors' Breakfast: *AJ Earling*
- WRIEC Organization Breakfast: *AJ Earling*

#### Private Meeting Room:

In the business center - Reserve at ARIA Registration Desk.

**USA Today & Wall Street Journal** complimentary at the front desk.

**CELL PHONE REMINDER**  
 Please turn off all cell phones during all presentations.  
 Thank you!

#### ARIA 2013 ANNUAL MEETING

**August 4-7, 2013**

Washington Court Hotel  
 525 New Jersey Avenue  
 Washington, DC 20001  
 Tel: (202) 628-2100

### Sunday, August 5th

8:00 AM – 3:00 PM	ARIA Board of Directors Meeting – <i>Charles Frost</i>
2:00 PM – 5:00 PM	Registration Desk Opens – <i>Winter Garden</i>
5:00 PM – 5:30 PM	First Time Participants Reception – <i>Winter Garden</i>
5:30 PM – 7:30 PM	Welcome Reception – <i>Great Hall</i>

### Monday, August 6th

7:15 AM – 8:00 AM	Breakfast – <i>Pavilion</i>
7:15 AM – 8:00 AM	JRI Editors' Breakfast – <i>AJ Earling</i>
8:15 AM – 9:45 AM	Plenary Session I – Sustainability in the Insurance Industry: A Discussion of the United Nations Environment Programme Finance Initiative – <i>Great Hall</i>
9:45 AM – 10:00 AM	Refreshment Break – <i>Winter Garden</i>
10:00 AM – 11:30 AM	Concurrent Sessions I Concurrent Session IA: Automobile & Homeowners Insurance – <i>Great Hall</i> Concurrent Session IB: Pensions & Retirement 1 – <i>Rock Island</i> Concurrent Session IC: Insurance Fraud – <i>Hiawatha 1</i> Concurrent Session ID: Behavioral Economics 1 – <i>Hiawatha 2</i> Concurrent Session IE: Underwriting Cycles – <i>Hiawatha 3</i> Concurrent Session IF: Systemic Risk – <i>Charles Frost</i>
12:00 PM – 1:30 PM	President's Seminar & Luncheon – "Engaging the Next Generation of RMI Professionals" – <i>Pavilion</i> Keynote Speaker: Peter Miller, President & CEO, The Institutes
1:45 PM – 3:15 PM	Plenary Session II – When Black Swans Aren't: Better Assessment of Large Scale Emerging Risk – <i>Great Hall</i>
3:15 PM – 3:30 PM	Refreshment Break – <i>Winter Garden</i>
3:30 PM – 5:00 PM	Concurrent Sessions II Concurrent Session IIA: Corporate Governance – <i>Great Hall</i> Concurrent Session IIB: Behavioral Economics & Retirement Income – <i>Rock Island</i> Concurrent Session IIC: Adverse Selection – <i>Hiawatha 1</i> Concurrent Session IID: Executive Compensation – <i>Hiawatha 2</i> Concurrent Session IIE: Life Insurance – <i>Hiawatha 3</i>
5:15 PM – 6:00 PM	ARIA General Business Meeting – <i>Great Hall</i>
6:30 PM – 10:00 PM	ARIA's 80th Anniversary Dinner Celebration – <i>Mill City Museum</i>



**Tuesday, August 7th**

7:15 AM – 8:00 AM	Breakfast – <i>Pavilion</i>
7:15 AM – 8:00 AM	RMIR Editors' Breakfast – <i>AJ Earling</i>
8:15 AM – 9:45 AM	Concurrent Session III Concurrent Session IIIA: Diversification Effects – <i>Great Hall</i> Concurrent Session IIIB: Issues in Healthcare 1 – <i>Rock Island</i> Concurrent Session IIIC: Reinsurance – <i>Hiawatha 1</i> Concurrent Session IIID: Behavioral Economics 2 – <i>Hiawatha 2</i> Concurrent Session IIIE: Doctoral Student Session 1 – <i>Hiawatha 3</i>
9:45 AM – 10:00 AM	Refreshment Break – <i>Winter Garden</i>
10:00 AM – 11:30 AM	Concurrent Sessions IV Concurrent Session IVA: Global Market Entry – <i>Great Hall</i> Concurrent Session IVB: Retirement & Pension Risk Management – <i>Rock Island</i> Concurrent Session IVC: Financial Strength Ratings – <i>Hiawatha 1</i> Concurrent Session IVD: Issues in Healthcare 2 – <i>Hiawatha 2</i> Concurrent Session IVE: Enterprise Risk Management – <i>Hiawatha 3</i>
12:00 PM – 1:30 PM	ARIA Awards Luncheon – <i>Pavilion</i>
1:45 PM – 3:15 PM	Plenary Session III – Healthcare Reform After the Supreme Court Challenge – <i>Great Hall</i>
3:15 PM – 3:30 PM	Refreshment Break – <i>Winter Garden</i>
3:30 PM – 5:00 PM	Concurrent Sessions V Concurrent Session VA: Macroeconomics and the Insurance Industry – <i>Great Hall</i> Concurrent Session VB: Insurance Economics – <i>Rock Island</i> Concurrent Session VC: Insurance Regulation 1 – <i>Hiawatha 1</i> Concurrent Session VD: Capital Allocation – <i>Hiawatha 2</i> Concurrent Session VE: Doctoral Student Session 2 – <i>Hiawatha 3</i>
5:00 PM – 6:00 PM	Poster Session – <i>Winter Garden</i>

**Wednesday, August 8th**

7:15 AM – 8:00 AM	Breakfast – <i>Pavilion</i>
7:15 AM – 8:00 AM	WRIEC Organization Breakfast – <i>AJ Earling</i>
8:15 AM – 9:45 AM	Les B. Strickler Innovation in Instruction Award Presentation – <i>Great Hall</i>
9:45 AM – 10:00 AM	Refreshment Break – <i>Winter Garden</i>
10:00 AM – 11:30 AM	Concurrent Sessions VI Concurrent Session VIA: Insurer Performance – <i>Great Hall</i> Concurrent Session VIB: Insurance Regulation 2 – <i>Rock Island</i> Concurrent Session VIC: Innovations in Risk Management & Insurance Education – <i>Hiawatha 1</i> Concurrent Session VID: Issues in Retirement Planning – <i>Hiawatha 2</i>
12:00 PM – 1:00 PM	ARIA Board of Directors Meeting – <i>Charles Frost</i>



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### Colleges & Universities:

- Auburn University—*Commercial Property and Liability Insurance*
- Georgia Southern—*Commercial Risk and Insurance*
- Georgia State University—*Advanced Property and Liability Insurance*
- Florida State University—*Alternative Risk Financing and Insurance Accounting and Finance*
- La Salle University—*Risk Management and Financial Management of the Insurance Firm*
- St. Joseph's University—*Risk Management, Agency Operations and Sales Management*
- Temple University—*Casualty Contingencies*
- University of Calgary—*Managing Commercial Property and Liability Risk*

### Other Organizations:

- American Insurance Association—*Catastrophe Claims Basics*
- Amica—*Foundations of Insurance*
- Casualty Actuarial Society—*Risk Management and Insurance Operations and Insurance Accounting, Coverage Analysis, Insurance Law, and Insurance Regulation*
- Insurance House—*Navigating Transportation Insurance*
- Patriot National Insurance Group—*Patriot Rotational Leadership Program: Workers Compensation Basic Principles* and *Patriot Rotational Leadership Program: Workers Compensation Claims Basic Principles*

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**Sunday, August 5th**

- 8:00 AM – 3:00 PM      **ARIA Board of Directors Meeting – Charles Frost**
- 2:00 PM – 5:00 PM      **Registration Desk Opens – Winter Garden**
- 5:00 PM – 5:30 PM      **First Time Participants Reception – Winter Garden**
- 5:30 PM – 7:30 PM      **Welcome Reception – Great Hall**

**Monday, August 6th**

- 7:15 AM – 8:00 AM      **Breakfast – Pavilion**
- 7:15 AM – 8:00 AM      **JRI Editors' Breakfast – AJ Earling**
- 8:15 AM – 9:45 AM      **Plenary Session I – Sustainability in the Insurance Industry: A Discussion of the United Nations Environment Programme Finance Initiative – Great Hall**  
Panelists: Matthew Shea, West Chester University, Willis Research Network Fellow  
Butch Bacani, Programme Leader, UNEP FI Principles for Sustainable Insurance Initiative  
Yehuda Kahane, Tel Aviv University
- 9:45 AM – 10:00 AM      **Refreshment Break – Winter Garden**
- 10:00 AM – 11:30 AM      **Concurrent Sessions I**
- Concurrent Session IA – Automobile and Homeowners Insurance – Great Hall**  
Moderator: Beibei Zou, University of Texas at Austin
- The Demand for Automobile Insurance: Evidence from Underserved Areas in California*  
Authors: Melvin T. Stith, Jr., University of Georgia  
Robert E. Hoyt, University of Georgia  
Discussant: Jan Ambrose, LaSalle University
- The Capitalization of Homeowners Insurance Premiums in House Prices*  
Authors: Randy E. Dumm, Florida State University  
Charles Nyce, Florida State University  
G. Stacy Sirmans, Florida State University  
Greg Smersh, University of South Florida  
Discussant: Daniel Bauer, Georgia State University
- Does National Flood Insurance Program Participation Induce Housing Development?*  
Authors: Mark J. Browne, University of Wisconsin-Madison  
Carolyn A. Dehring, University of Georgia  
David L. Eckles, University of Georgia  
William D. Lastrapes, University of Georgia  
Discussant: J. Tyler Leverty, University of Iowa

**Concurrent Session IB – Pensions and Retirement 1 – Rock Island**

Moderator: Ning Wang, Georgia State University

*Optimal Corporate Pension Policy: A Unified Framework*

Author: Katarzyna Romaniuk, Universidad de Santiago de Chile

Discussant: Elizabeth Brown, Georgia State University

*401(k) Plan Sponsors' Selection of Target-Date Funds and Plan Participant Retirement Income Security*

Author: Youngkyun Park, University of Idaho

Discussant: Tzuting Lin, National Taiwan University

*The Impact of Longevity Risk on the Term Structure of the Risk-Return Tradeoff*

Authors: Emilio Bisetti, Università Bocconi

Giacomo Nocera, Università Bocconi

Claudio Tebaldi, Università Bocconi

**Concurrent Session IC – Insurance Fraud – Hiawatha 1**

Moderator: Katja Schilling, University of Ulm

*Can the Individual's Maintenance Behavior Predict Opportunistic Fraud?*

Authors: Rachel J. Huang, National Taiwan University of Science and Technology

Larry Y. Tzeng, National Taiwan University, Taiwan

Kili C. Wang, Tamkang University, Taiwan

*Higher Monday Work Injury Claims are More Ergonomic than Economic*

Authors: Nathan Kleinman, HCMS Group

Richard J. Butler, Brigham Young University

Harold H. Gardner, HCMS Group

*Self-Insurance for Workers' Compensation Losses Among Manufacturers in Pennsylvania*

Author: Mu-Sheng Chang, California State University, Northridge

**Concurrent Session ID – Behavioral Economics 1 – Hiawatha 2**

Moderator: James Garven, Baylor University

*Higher-Order Risk Attitude*

Authors: Louis Eeckhoudt, IESEG School of Management

Harris Schlesinger, University of Alabama

Discussant: Georges Dionne, HEC Montreal

*Affect, Heuristics and the Demand for Insurance*

Authors: Johannes Jaspersen, Ludwig-Maximilians-Universität

Vijay Aseervatham, Ludwig-Maximilians-Universität

Discussant: James Carson, University of Georgia

*Framing and Mutual Fund Investor Redemption Behavior*

Authors: Greg Niehaus, University of South Carolina

David Shrider, Miami University of Ohio

Discussant: Jacqueline Volkman-Wise, Temple University

## Monday, August 6th

### **Concurrent Session IE – Underwriting Cycles – *Hiawatha 3***

Moderator: Cuncun Luan, University of Wisconsin-Madison

*Multifactor Explanations of Insurer Stock Returns and Cost of Equity Capital*

Authors: Steven Pottier, University of Georgia

Jianren Xu, University of Georgia

Discussant: Martin Halek, University of Wisconsin-Madison

*Underwriting Cycles and the Winner's Curse*

Authors: Hua Chen, Temple University

Zhiqiang Yan, Western Illinois University

Discussant: Gene C. Lai, Washington State University

*Market Expectations and the Insurance Cycle: An Examination of Broker Returns Surrounding Capacity Shocks*

Authors: Marc Ragin, University of Wisconsin-Madison

Martin Halek, University of Wisconsin-Madison

Discussant: Thomas Berry-Stoelzle, University of Georgia

### **Concurrent Session IF – Systemic Risk – *Charles Frost***

Moderator: Andre Liebenberg, The University of Mississippi

*Reinsurance and Systemic Risk: The Impact of Reinsurer Downgrading on Property-Casualty Insurers*

Authors: Sojung Carol Park, California State University, Fullerton

Xiaoying Xie, California State University, Fullerton

Discussant: Andre Liebenberg, The University of Mississippi

*Insurance and Interconnectedness in the Financial Services Industry*

Authors: Faith Roberts Neale, University of North Carolina at Charlotte

Pamela Peterson Drake, James Madison University

Patrick Schorno, University of North Carolina at Charlotte

Elias Semann, James Madison University

Discussant: Etti Baranoff, Virginia Commonwealth University

*External Financing in the Life Insurance Industry: Evidence from the Financial Crisis*

Authors: Thomas R. Berry-Stoelzle, University of Georgia

Greg Nini, University of Pennsylvania

Discussant: J. Bradley Karl, Florida State University

12:00 PM – 1:30 PM

### **President's Seminar & Luncheon – "Engaging the Next Generation of RMI Professionals" – *Pavilion***

Keynote Speaker: Peter Miller, President & CEO, The Institutes

1:45 PM – 3:15 PM

### **Plenary Session II – When Black Swans Aren't: Better Assessment of Large Scale Emerging Risk – *Great Hall***

Guntram Werther, Temple University and Thunderbird University

3:15 PM – 3:30 PM

### **Refreshment Break – *Winter Garden***



**Monday, August 6th**

3:30 PM – 5:00 PM

**Concurrent Sessions II**

**Concurrent Session IIA – Corporate Governance – Great Hall**

**Moderator:** Mu-Sheng Chang, California State University, Northridge

*The Impact of Sarbanes-Oxley on Property-Casualty Insurer Loss Reserve Estimates*

**Authors:** Erich Brandt, Pinnacle Consulting  
Yu Luen Ma, Illinois State University  
Nat Pope, Illinois State University

**Discussant:** Mary Weiss, Temple University

*Organizational Structure, Corporate Governance and Selection of Actuarial Firm in the U.S. Property Casualty Insurance Industry*

**Authors:** Chia-Ling Ho, Tamkang University  
Gene C. Lai, Washington University

**Discussant:** Mary Kelly, Wilfrid Laurier University

*Earnings Management Surrounding Insurer Demutualization: An examination of Insiders' Incentives*

**Authors:** David Eckles, University of Georgia  
Martin Halek, University of Wisconsin-Madison  
Krupa Viswanathan, Temple University  
Rongrong Zhang, Georgia Southern University

**Discussant:** Faith Neale, University of North Carolina at Charlotte

*Board Structure and Firm Performance: Evidence from the US Property-Liability Insurance Industry*

**Authors:** Enya He, University of North Texas  
Steve M. Miller, Saint Joseph's University  
Tina Yang, Villanova University

**Discussant:** Joan Schmit, University of Wisconsin-Madison

**Concurrent Session IIB – Behavioral Economics and Retirement Income – Rock Island**

**Moderator:** Jeffrey Brown, University of Illinois Urbana-Champaign  
Alessandro Previtero, University of Western Ontario

*Do Consumers Know How to Value Annuities? Complexity as a Barrier to Annuitization*

**Authors:** Jeffrey Brown, University of Illinois at Urbana Champaign, NBER  
Arie Kapteyn, RAND Corp, NBER  
Erzo F.P. Luttmer, Dartmouth College, NBER  
Olivia S. Mitchell, University of Pennsylvania, NBER

**Discussant:** Colleen Flaherty Manchester, University of Minnesota

*Life Expectancy as a Constructed Belief: Evidence of a Live-to or Die-by Framing Effect*

**Author:** Kirstin Appelt, Columbia University  
Eric Johnson, Columbia Business School  
John Payne, Duke University  
Namika Sagara, Duke University  
Suzanne Shu, UCLA

**Discussant:** Justin Sydnor, University of Wisconsin-Madison

*Driving by Looking in the Rearview Mirror: Stock Market Returns and Annuitization at Older Ages*

**Author:** Alessandro Previtero, University of Western Ontario

**Discussant:** Motohito Yogo, Federal Reserve Bank of Minneapolis

**Concurrent Session IIC – Adverse Selection – Hiawatha 1**

**Moderator:** Robert Kremsehner, Vienna University of Economics and Business

*Ambiguity and Asymmetric Information*

**Authors:** Rachel J. Huang, National Taiwan University

Larry Y. Tzeng, National Taiwan University

**Discussant:** Andreas Richter, Ludwig-Maximilians-Universitaet

*Strategic Adverse Selection: Raising Competitor Costs in the Insurance Industry*

**Author:** Kevin Shaver, Duquesne University

**Discussant:** Vijay Aseervatham, Ludwig-Maximilians-Universitaet

*Endogenous Information and Adverse Selection Under Loss Prevention*

**Authors:** Richard Peter, Ludwig-Maximilians-Universitaet

Andreas Richter, Ludwig-Maximilians-Universitaet

Paul Thistle, University of Nevada, Las Vegas

**Discussant:** Shinichi Kamiya, Nanyang Technical University

**Concurrent Session IID – Executive Compensation – Hiawatha 2**

**Moderator:** Christoph Lex, Ludwig-Maximilians Universitaet

*Executive Compensation and Risk Taking in the Property and Liability Insurance Industry*

**Authors:** Yu-Luen Ma, Illinois State University

Ping Wang, St. John's University

**Discussant:** Tianyang Wang, Colorado State University

*Noise Hedging and Executive Compensation*

**Authors:** Neil A. Doherty, University of Pennsylvania

James R. Garven, Baylor University

Sven H. Sinclair, Social Security Administration

**Discussant:** David Sommer, St. Mary's University

*Organizational Form, Ownership Structure and Top Executive Turnover: Evidence in the Property-Liability Insurance Industry*

**Author:** Tzuting Lin, National Taiwan University

**Discussant:** Steven Pottier, University of Georgia

**Concurrent Session IIE – Life Insurance – Hiawatha 3**

**Moderator:** Richard Peter, Ludwig-Maximilians Universitaet

*The Economics of Life Insurance Settlement*

**Author:** S. Hun Seog, Seoul National University

**Discussant:** Nadine Gatzert, University of Erlangen-Nuremberg

## Monday, August 6th

*Using Life Settlements to Hedge the Mortality Risk of Life Insurers:  
An Asset-Liability Management Approach*

**Authors:** Jennifer L. Wang, National Chengchi University  
Ming-Hua Hsieh, National Chengchi University  
Chenghsien Tsai, National Chengchi University

**Discussant:** Hua Chen, Temple University

*Life Insurance Lapse Behavior*

**Authors:** Stephen G. Fier, The University of Mississippi  
Andre P. Liebenberg, The University of Mississippi

**Discussant:** Jing Ai, University of Hawaii at Manoa

5:15 PM – 6:00 PM

**General Business Meeting – Great Hall**

6:30 PM – 10:00 PM

**ARIA's 80th Anniversary Dinner Celebration – Cocktails and Dinner**

*Mill City Museum*  
704 South 2nd Street  
Minneapolis, MN 55401

## Tuesday, August 7th

7:15 AM – 8:00 AM

**Breakfast – Pavilion**

7:15 AM – 8:00 AM

**RMIR Editors' Breakfast – AJ Earling**

8:15 AM – 9:45 AM

**Concurrent Sessions III**

**Concurrent Sessions IIIA – Diversification Effects – Great Hall**

**Moderator:** Steve Avila, Ball State University

*Enterprise Risk Management and Diversification Effects*

**Authors:** Jing Ai, University of Hawaii at Manoa  
Vickie L. Bajtelsmit, Colorado State University  
Tianyang Wang, Colorado State University

**Discussant:** Anne Kleffner, University of Calgary

*Does Diversification Drive Down the Risk-adjusted Returns? A Quantile  
Regression Approach*

**Author:** Jeungbo Shim, Illinois Wesleyan University  
**Discussant:** Richard Butler, Brigham Young University

*Effects of Diversification Strategy on Firm Performance*

**Authors:** Brandon C. L. Morris, The University of Mississippi  
Andre P. Liebenberg, The University of Mississippi  
Stephen G. Fier, The University of Mississippi

**Discussant:** Laureen Regan, Temple University

**Concurrent Session IIIB – Issues in Healthcare 1 – Rock Island**

**Moderator:** Rob Drennan, Temple University

*Financing Guaranteed Renewable Health Insurance*

**Author:** Robert D. Lieberthal, Thomas Jefferson University

*Underwriting Strategy and Insurer Performance in the Medical Malpractice Industry*

**Authors:** Yu Lei, University of Hartford

Mark J. Browne, University of Wisconsin-Madison

**Discussant:** Patricia Born, Florida State University

*Consumption, Savings and Medical Prevention in the Long-Run: Impact of Health Savings Accounts*

**Authors:** Alexander Ellert, University of Hamburg

Martin Nell, University of Hamburg

Petra Steinorth, St. John's University

**Discussant:** Steve Miller, St. Joseph's University

*Implications for U.S. Health Insurers of Future Growth in the Age 65+ Population*

**Authors:** Etti G. Baranoff, Virginia Commonwealth University

Thomas W. Sager, University of Texas at Austin

Bo Shi, Morehead State University

**Discussant:** Petra Steinorth, St. John's University

**Concurrent Session IIIC – Reinsurance – Hiawatha 1**

**Moderator:** Andrew Whitman, University of Minnesota

*Risk Shifting in Reinsurance Markets*

**Authors:** J. Bradley Karl, Florida State University

Kathleen McCullough, Florida State University

**Discussant:** Chip Wade, Mississippi State University

*What Motivates Insurers to Use Risk and Financial Reinsurance and the Relation Between Reinsurance Use and Insurer Solvency*

**Author:** Yung-Min Shiu, National Chenchi University

**Discussant:** Susan Thorp, University of Technology, Sydney

*An Analysis of Reinsurance Optimization in Life Insurance*

**Authors:** Elena Veprauskaite, University of Bath

Michael Sherris, University of New South Wales

**Discussant:** Paul Thistle, University of Nevada, Las Vegas

**Concurrent Session IIID – Behavioral Economics 2 – Hiawatha 2**

**Moderator:** Marc Ragin, University of Wisconsin-Madison

*Consumer Financial Decisions and Risk Aversion*

**Authors:** James M. Carson, University of Georgia

Randy E. Dumm, Florida State University

Martin Halek, University of Wisconsin-Madison

Andre P. Liebenberg, The University of Mississippi

**Discussant:** Nat Pope, Illinois State University

*Optimal Insurance Policies for Regret Averse Policyholders*

**Author:** Robert Kremslehner, Vienna University of Economics and Business

**Discussant:** Greg Niehaus, University of South Carolina

## Tuesday, August 7th

### *Prospect Theory and the Demand for Insurance*

**Authors:** David L. Eckles, University of Georgia  
Jacqueline Volkman-Wise, Temple University  
**Discussant:** Charles Nyce, Florida State University

### **Concurrent Session III E – Doctoral Student Session 1 – *Hiawatha 3***

**Moderator:** Yoram Eden, College of Management Academic Studies, Israel

### *A Model of Simultaneous Borrowing and Saving Under Catastrophic Risk*

**Author:** Ben Woodruff, University of Alabama

### *Who Should Regulate Insurance: An Evaluation of Title Insurance in the United States*

**Authors:** David Eaton, University of Texas at Austin  
Sudip Singh, University of Texas at Austin  
Beibei Zou, University of Texas at Austin

### *Dynamic Models of Catastrophic Risk Intermediation*

**Author:** Ning Wang, Georgia State University

### *Risk Analysis of Annuity Conversion Options in a Stochastic Mortality Environment*

**Authors:** Alexander Kling, University of Ulm  
Jochen Ruß, University of Ulm  
Katja Schilling, University of Ulm

9:45 AM – 10:00 AM

### **Refreshment Break – *Winter Garden***

10:00 AM – 11:30 AM

### **Concurrent Sessions IV**

### **Concurrent Sessions IVA – Global Market Entry – *Great Hall***

**Moderator:** Rachel Huang, National Taiwan University of Science and Technology

### *The Complementary Effects of Insurance Industry Activity on Marketplace Development*

**Authors:** Yoshihiko Suzawa, Kyoto Sangyo University  
Masahiro Inoguchi, Kyoto Sangyo University  
Nat Pope, Illinois State University

**Discussant:** Rachel Huang, National Taiwan University of Science and Technology

### *Home-market Performance and Internationalization: Evidence from Property Liability Insurers*

**Authors:** Muhammed Altuntas, University of Cologne  
Gerrit Konrad Gößmann, Solution Providers Suisse AG Management Consulting  
**Discussant:** Zhijian Feng, Temple University

### *Cost of Equity Capital and Foreign Insurers in Emerging Market: Evidence from China's Property-Liability Insurance Industry*

**Authors:** J. David Cummins, Temple University  
Zhijian Feng, Temple University  
Dongmin Kong, Huazhong University of Science and Technology  
Mary Weiss, Temple University

**Discussant:** Tsu-Wei Yu, Chaoyang University of Technology

**Concurrent Session IVB – Retirement and Pension Risk Management – Rock Island**

Moderator: Michael Sherris, University of New South Wales

*Public Sector Pension Funds in Australia: Longevity Selection and Impact on Pension Liabilities*

Authors: Joelle Fong University of New South Wales  
Michael Sherris , University of New South Wales  
John Piggott, University of New South Wales

Discussant: Tim Boonen, University of Tilburg

*Engagement, Rationality and Retirement Benefit Choices*

Authors: Hazel Bateman University of New South Wales  
Christine Eckert, University of Technology Sydney  
John Geweke, University of Technology Sydney  
Fedor Iskhakov, University of Technology Sydney  
Jordan Louviere, University of Technology Sydney  
Stephen Satchell, University of Cambridge

Discussant: Vickie Bajtelsmit, Colorado State University

*Analysis of Risk Presentations in Retirement Investment Choices Under Prospect Theory*

Authors: Hazel Bateman, University of New South Wales  
Andy Lai, University of New South Wales  
Ralph Stevens, University of New South Wales

Discussant: Jennifer Wang, National Chengchi University

**Concurrent Session IVC – Financial Strength Ratings – Hiawatha 1**

Moderator: James Hilliard, University of Georgia

*Information and Financial Strength Ratings: Do Short Sellers Anticipate Ratings Changes?*

Authors: Chip Wade, Mississippi State University  
Benjamin M. Blau, Utah State University  
Andre P. Liebenberg, The University of Mississippi

Discussant: James Hilliard, University of Georgia

*Daily and Monthly Insurer Stock Returns Surrounding Rating Changes*

Authors: Leon Chen, Minnesota State University at Mankato  
Steven W. Pottier, University of Georgia

Discussant: Martin Eling, University of St. Gallen

*The Influence of Ratings and Regulation on Insurance Company CEO Incentives*

Authors: Jan M. Ambrose, LaSalle University  
Elizabeth Cooper, LaSalle University

Discussant: David Eckles, University of Georgia



**Tuesday, August 7th**

**Concurrent Session IVD – Issues in Healthcare 2 – Hiawatha 2**

Moderator: Norma Nielson, University of Calgary

*On the Relationship Between the Markets for Health Insurance and Medical Malpractice Insurance*

Authors: Patricia Born, Florida State University  
J. Bradley Karl, Florida State University  
W. Kip Viscusi, Vanderbilt University

Discussant: Yu Lei, University of Hartford

*Competition, Concentration, and Performance—An Empirical Study of the Health Insurance Industry*

Authors: Cassandra R. Cole, Florida State University  
Enya He, University of North Texas  
J. Bradley Karl, Florida State University

Discussant: Ping Wang, St. John's University

*The Optimal Use of Health Savings Accounts: A Consumer's Perspective*

Authors: Richard Peter, Ludwig-Maximilians Universitaet  
Petra Steinorth, St. John's University

Discussant: Kili C. Wang, Tamkang University

**Concurrent Session IVE – Enterprise Risk Management – Hiawatha 3**

Moderator: David Pooser, Florida State University

*Does Corporate Social Responsibility Provide Insurance-like Effects?*

Authors: Yung-Ming Shiu, National Chengchi University  
Shou-Lin Yang, National Cheng Kung University

Discussant: Andreas Kolb, University of Erlangen-Nuremberg

*Measuring and Managing Operational Risk in Insurance Companies from an Enterprise Perspective*

Authors: Nadine Gatzert, University of Erlangen-Nuremberg  
Andreas Kolb, University of Erlangen-Nuremberg

Discussant: Rob Hoyt, University of Georgia

*Building Resilient Supply Chains using Supply Chain and Traditional Risk Management and Insurance Techniques*

Authors: K.P. Sapna Isotupa, Wilfrid Laurier University  
Mary Kelly, Wilfrid Laurier University  
Anne Kleffner, University of Calgary

Discussant: Ben Woodruff, University of Alabama

12:00 PM – 1:30 PM

**ARIA Awards Luncheon – Pavilion**

1:45 PM – 3:15 PM

**Plenary Session III – Healthcare Reform After the Supreme Court Challenge – Great Hall**

Moderator: Daniel Schwarcz, University of Minnesota Law School

Panelists: Amy Monahan, Associate Professor, University of Minnesota Law School

Mike Rothman, Director of Minnesota Department of Commerce

Elizabeth Weeks Leonard, Associate Professor of Law, University of Georgia

## Tuesday, August 7th

3:15 PM – 3:30 PM

### Refreshment Break – *Winter Garden*

3:30 PM – 5:00 PM

### Concurrent Sessions V

#### Concurrent Session VA – Macroeconomics and the Insurance Industry – *Great Hall*

Moderator: Brandon C.L. Morris, The University of Mississippi

*The Impact of the Shift Away from Defined Benefit Plans to Defined Contribution Plans in Australia, The United Kingdom, and The United States*

Author: Elizabeth F. Brown, Georgia State University

*The Effect of Deflation or High Inflation on the Insurance Industry*

Authors: Kevin Ahlgrim, Illinois State University  
Stephen D’Arcy, Illinois State University

*The Economic Importance of Insurers as Investors*

Authors: Kim Staking, Colorado State University  
Etti Baranoff, Virginia Commonwealth University

#### Concurrent Session VB – Insurance Economics – *Rock Island*

Moderator: Leon Chen, Minnesota State University at Mankato

*Active Screening in Insurance Markets*

Authors: Shinichi Kamiya, Nanyang Technological University  
Mark J. Browne, University of Wisconsin-Madison  
Discussant: M. Martin Boyer, HEC Montreal

*The Comparative Statics of Changes in Ambiguity*

Authors: Rachel J. Huang, National Taiwan University of Science and Technology  
Larry Y. Tzeng, National Taiwan University  
Discussant: S. Hun Seog, Seoul National University

*When Can Expected Utility Handle First-order Risk Aversion?*

Authors: Georges Dionne, HEC Montreal  
Jingyuan Li, Lingnan University  
Discussant: Michael Sherris, University of New South Wales

#### Concurrent Session VC – Insurance Regulation 1 – *Hiawatha 1*

Moderator: J. David Cummins, Temple University

*Implementation of EU Intermediary Regulation: Intentions and Unintended Side Effects*

Authors: Christoph Lex, Ludwig-Maximilians Universitaet  
Andreas Richter, Ludwig-Maximilians Universitaet  
Sharon Tennyson, Cornell University  
Discussant: J. David Cummins, Temple University

*Regulation in Microinsurance Markets: Principals, Practice, and Directions for Future Research*

Authors: Christian Biener, University of St. Gallen  
Martin Eling, University of St. Gallen  
Joan T. Schmit, University of Wisconsin-Madison  
Discussant: Richard Phillips, Georgia State University

Tuesday, August 7th

*Risk Classification Regulation in Theory and Practice*

**Authors:** Ronen Avraham, University of Texas School of Law  
Kyle Logue, University of Michigan School of Law  
Daniel Schwarcz, University of Minnesota School of Law  
**Discussant:** Martin Grace, Georgia State University

**Concurrent Session VD – Capital Allocation – Hiawatha 2**

**Moderator:** Krupa Viswanathan, Temple University

*The Marginal Cost of Risk, Risk Measures, and Capital Allocation*

**Authors:** Daniel Bauer, Georgia State University  
George Zanjani, Georgia State University  
**Discussant:** Giacomo Nocera, Università Bocconi

*The Influence of Interest Rate Guarantees and Solvency Requirements on the Asset Allocation of Life Insurance Companies*

**Authors:** Hato Schmeiser, University of St. Gallen  
Joel Wagner, University of St. Gallen  
**Discussant:** Katarzyna Romaniuk, Universidad de Santiago de Chile

*A Note On Capital Allocation By Percentile Layer*

**Authors:** Liang Hong, Bradley University  
**Discussant:** Hazel Bateman, University of New South Wales

**Concurrent Session VE – Doctoral Student Session 2 – Hiawatha 3**

**Moderator:** Enya He, University of North Texas

*Market-Consistent Valuation of Long-Term Insurance Portfolios: Valuation Framework and Application to German Private Health Insurance*

**Author:** Jan-Philipp Schmidt, University of Ulm

*The Impact of Reinsurance on Derivative Hedging in the U.S. Property and Casualty Insurance Industry*

**Author:** Cuncun Luan, University of Wisconsin-Madison

*Determining the Usage of Enterprise Risk Management for Insurers Through the Interrelatedness of Risk Management Techniques*

**Author:** David Poeser, Florida State University

5:00 PM – 6:00 PM

**Poster Session – Winter Garden**

*Group Long Term Care Insurance: Solutions to The Death Spiral*

Andrew F. Whitman, University of Minnesota

*Case Versus Bulk Reserves: An Issue of Manipulation*

Jill Bisco, Florida State University  
Kathleen McCullough, Florida State University

*Performance Measures, CEO Compensation, and Mean-Variance Optimization: Evidence from the Property-Liability Insurance Industry*

Yevgeniy Davydov, Temple University

## Tuesday, August 7th

### *Safe Today or Sorry Tomorrow? The Impact of Time-Structure on Optimal Prevention*

Annette Hofmann, University of Hamburg  
Richard Peter, Ludwig-Maximilians-Universitaet

### *Insurer Opacity and Ownership Structure*

Stanley Adamson, Missouri State University  
David L. Eckles, University of Georgia  
K. Stephen Haggard, Missouri State University

### *The Impacts of Insurance Market Development and Country Risk on Efficiency of Insurance Company: International Study*

Sheng-Hung Chen, Nanhua University  
Yi-Chang Chen, National Sun Yat-Sen University  
Hung-An Lee, Overseas Chinese University

### *Mergers and Acquisitions and Underwriting Cycle: Evidence from Property and Liability Insurance Market*

J. David Cummins, Temple University  
Zhen Liu, Temple University

### *Investigating Effects of Customer Service in Life Insurers: Evidence from Taiwan*

Tsu-Wei Yu, Chaoyang University of Technology  
Wen-Pin Su, Chaoyang University of Technology

## Wednesday, August 8th

7:15 AM – 8:00 AM

### **Breakfast – Pavilion**

7:15 AM – 8:00 AM

### **WRIEC Organization Breakfast – AJ Earling**

8:15 AM – 9:45 AM

### **Les B. Strickler Innovation in Instruction Award Presentation**

*An Insurance Pricing Game*  
Joseph Haley, St. Cloud State University

9:45 AM – 10:00 AM

### **Refreshment Break – Winter Garden**

9:45 AM – 11:30 AM

### **Concurrent Sessions VI**

#### **Concurrent Session VIA – Insurer Performance – Great Hall**

Moderator: Kathleen McCullough, Florida State University

#### *Insurer Information, Insiders and Initial Public Offering*

Author: M. Martin Boyer, HEC Montreal  
Discussant: Kathleen McCullough, Florida State University

#### *Firm Value and the Corporate Purchase of Insurance: Evidence from Korean Non-Financial Services Firms*

Authors: Laureen Regan, Temple University  
Yeon Hur, Chung-Ang University  
Discussant: Randy E. Dumm, Florida State University

## Wednesday, August 8th

*Reinsurance Counterparty Relationships and Firm Performance in the U.S. Property-Liability Insurance Industry*

**Authors:** J. David Cummins, Temple University  
Zhijian Feng, Temple University  
Mary Weiss, Temple University

**Discussant:** Yu Luen Ma, Illinois State University

*Catastrophe Securitization and the Corporate Demand for Risk Management*

**Authors:** Bobby E. Bierley, Lockton, Inc,  
James I. Hilliard, University of Georgia  
Robert E. Hoyt, University of Georgia

**Discussant:** Andreas Hubener, Goethe University Frankfurt

### **Concurrent Session VIB – Insurance Regulation 2 – Rock Island**

**Moderator:** Stephen G. Fier, The University of Mississippi

*Does Politics Delay Regulatory Action?*

**Authors:** Martin F. Grace, Georgia State University  
J. Tyler Leverty, University of Iowa

**Discussant:** Jan Ambrose, LaSalle University

*Implicit Federal Backstop and Market Power in the Insurance Industry: Effects of Government Intervention*

**Authors:** David L. Eckles, University of Georgia  
James I. Hilliard, University of Georgia

**Discussant:** Stephen G. Fier, The University of Mississippi

*Basis Risk, Procyclicality, and Systemic Risk in the Solvency II Equity Risk Module*

**Authors:** David Pankoke, University of St. Gallen  
Martin Eling, University of St. Gallen

### **Concurrent Session VIC – Innovations in Risk Management and Insurance Education – Hiawatha 1**

**Sponsored by:** The Journal of Applied Risk Management and Insurance  
at Saint Joseph's University

**Moderator:** Jean Heck, Saint Joseph's University

*Managing the Insurance Enterprise: A Simulated Strategic Decision-Making Game*

**Authors:** Stephen Avila, Ball State University  
Dana Kerr, University of Southern Maine  
Kevin Gatzlaff, Ball State University

*Three Practical Assignments for the Introductory Risk Management and Insurance Student*

**Authors:** Kevin Gatzlaff, Ball State University

*Teaching RMI: An Innovative Approach*

**Authors:** Pamela Hurley, Utica College  
Tejashree Sayanak, Utica College

## Wednesday, August 8th

### **Concurrent Session VID – Issues in Retirement Planning – *Hiawatha 2***

**Moderator:** Elizabeth Brown, Georgia State University

*Optimal Portfolio Choice with Annuities and Life Insurance for Retired Couples*

**Authors:** Andreas Hubener, Goethe University Frankfurt  
Raimond Maurer, Goethe University Frankfurt  
Ralph Rogalla, Goethe University Frankfurt

**Discussant:** Joelle Fong, University of New South Wales

*Risk Management in Retirement - What is the Optimal Home Equity Release Product?*

**Authors:** Katja Hanewald, University of New South Wales  
Thomas Post, Maastricht University  
Michael Sherris, University of New South Wales

**Discussant:** Kevin Ahlgrim, Illinois State University

*Intergenerational Solidarity within a Pension Fund; a Game-theoretic Approach*

**Authors:** Tim Boonen, Tilburg University  
Anja De Waegenaere, Tilburg University  
Henk Norde, Tilburg University

**Discussant:** Muhammed Altuntas, University of Cologne

*The Pension Option in Labor Insurance and Precautionary Savings:  
Evidence from Taiwan*

**Authors:** Hua Chen, Temple University  
Wenyen Hsu, Feng Chia University  
Mary Weiss, Temple University

**Discussant:** Elena Veprauskaite, University of Bath

12:00 PM – 1:00 PM

**ARIA Board of Directors Meeting – *Charles Frost***



Annual Meeting Program Chairperson Laureen Regan gratefully acknowledges the commitment of ARIA's 2012 Annual Meeting Program Committee.

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*NAIC/Drake University*

**2009-2010**

Vickie Bajtelsmit  
*Colorado State University*

**2010-2011**

Gene Lai  
*Washington State University*

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