Election Time is Here!

Election time is here again. The Nominations Committee proposed the following slate:

President: Lauren Regan (Temple University)

President-Elect: Patricia Born (Florida State University)

Vice President and Program Chair: Jeffrey Brown (University of Illinois) or Andreas Richter (Ludwig Maximilians University)

Board Position 1: Martin Boyer (HEC Montréal) or Dwight Jaffee (University of California-Berkeley)

Board Position 2: Christian Gollier (Toulouse School of Economics) or Rachel Huang (National Taiwan University of Science & Technology)

Board Position 3: Morton Lane (Lane Financial and University of Illinois-Urbana/Champaign) or Stephen Mildenhall (Aon Benfield)

Ballots will be sent electronically to all members who paid their dues for the current year. If you prefer to receive a paper ballot, contact the ARIA Executive Office at aria@theinstitutes.org or call (610) 640-1997.

Please take the time to read each candidate's biography so you can make an informed choice. All ballots must be returned no later than 30 days after receipt of the electronic ballots. Paper ballots should be sent to ARIA, 716 Providence Road, Malvern, PA 19355-3402.

Don't forget to pay your 2013 membership dues in order to participate in this important election!
The program for the 2013 Annual Meeting in Washington, D.C., scheduled for August 4-7, is shaping up nicely. We received 191 proposals for presentations.

The program will kick off with a keynote address by Roger Ferguson, President and CEO of TIAA-CREF, the leading provider of retirement services in the academic, research, medical, and cultural fields and a Fortune 100 financial services organization. Mr. Ferguson served as Vice Chairman of the Board of Governors of the U.S. Federal Reserve System and has held leadership roles within the Federal Open Market Committee, the Financial Stability Forum, and Federal Reserve Board committees on banking supervision and regulation, payment system policy, and reserve bank oversight. He served as head of financial services for Swiss Re, Chairman of Swiss Re America Holding Corporation, and a member of the company’s executive committee. From 1984 to 1997, he was an Associate and Partner at McKinsey & Company. He began his career as an attorney at the New York City office of Davis Polk & Wardwell. Mr. Ferguson holds a B.A., J.D., and a Ph.D. in economics, all from Harvard University.

The annual meeting program will also include a plenary session on emerging markets organized by Joan Schmit (University of Wisconsin-Madison). The panelists will include Andrea Keenan (A.M. Best), Joan Lamm-Tennant (Guy Carpenter), and Paula Pagniez (Swiss Re). We also anticipate special concurrent sessions on behavioral insurance, alternative risk transfer mechanisms and health insurance.

This year’s Member/Guest reception will be held at the prestigious U.S. National Press Club on Monday, August 5. The National Press Club is a professional organization and private social club for journalists, government information officers, and those considered to be regular news sources. For additional information about the club, go to: http://press.org/about.

Come early to D.C. or stay after the meeting to visit world-famous museums, inspiring monuments and charming neighborhoods such as Dupont Circle, historic Georgetown or Adams Morgan, or the Eastern Market. Discover fascinating free attractions including the Smithsonian museums, National Archives and the Library of Congress. From our hotel, you can walk over to the U.S. Capitol building and National Mall; the Lincoln Memorial and Tidal Basin memorials are just beyond.

Our meeting will take place at the elegant Washington Court Hotel located on Capitol Hill (street address: 525 New Jersey Avenue, N.W.; (202) 628-2100; www.washingtoncourthotel.com). When placing hotel reservations, be sure to mention “The American Risk and Insurance Association Annual Meeting;” no special code is required. The guest room rate is $155 per night which includes complimentary Wi-Fi.

On behalf of the Board and this year’s Program Committee (see next page), I extend a warm invitation to all interested academics and practitioners to join in what is shaping up to be a truly exciting meeting. I look forward to seeing you all in Washington, D.C.!
Lee Gardner Retires

It is with sadness but warm wishes that ARIA NEWS announces Lee Gardner’s retirement, beginning in March 2013. Lee has been ARIA’s administrative assistant since 2001. She sends the following note to ARIA members:

“It’s time to move on! I have been on the job as the administrative assistant of ARIA for over 10 years and have come to realize how short life really is (for those of you who may not know, I am a two-time cancer and heart attack survivor). We must enjoy each and every day. With that said, I have decided to retire.

My children are thrilled that I will have more time to spend with our four grandchildren. Though my husband and I have no special plans at the present time, we hope to do some traveling and gardening, and enjoy summers at the beach.

To all current and former Officers/Boards of Directors, past presidents, committee chairs, journal editors, and other ARIA members whom I have come to know over the years, I will miss you. It was a pleasure serving and working for ARIA. Best wishes to you all.”

ARIA Executive Director Tony Biacchi says about Lee: “She has been the most recognizable person at ARIA since 2001. During that time, Lee played an important part in the lives of many members by announcing calls for paper or posting job announcements in her weekly listserv e-mails. Lee greeted each attendee to the annual meeting, and printed the certificates that were distributed to each year’s award winner.”

Tony then says: “Lee, enjoy retirement with your husband Elmer knowing you are no longer active in ARIA, but the results of your contributions sit on office walls and in endowed chairs. Best wishes and thanks for your many years of service.”

Indeed, Lee has been wonderful to work with and will be missed not only at ARIA meetings but in our day-to-day communications with her. We thank Lee for her dedicated service to ARIA and offer heartfelt congratulations and best wishes to Lee and her family as she begins the next chapter of her life.
Mark Richard Greene, former ARIA Past President (1968-69), passed away on December 16, 2012. Born in Imbler, Oregon, he graduated from high school in Washington State (1941) and served in the U.S. Army Intelligence during World War II. Dr. Greene earned his bachelor’s degree from the University of Oregon and MBA from Stanford University. After he received his Ph.D. from Ohio State University, he became a faculty member in the College of Business at the University of Georgia (UGA) in 1970; Dr. Greene was a Distinguished Professor of Risk Management when he retired from UGA in 1988. After retirement, he moved to Bradenton, Florida and continued to write and serve as a consultant.

Among Dr. Greene’s many honors and awards is UGA’s Distinguished Research Award which he received in 1986 for outstanding contributions to research. He also received a one-year fellowship to Harvard University and a Fulbright Commission travel award to Colombia (South America), and was a seminar leader for management in Venezuela, Trinidad, Mexico, Chile and The Netherlands. He was also recognized by Who’s Who in America, American Men and Women of Science and Outstanding Educators of America.

Dr. Greene authored seven college textbooks, ten monographs on economics and business subjects and more than 50 articles published in various journals. In addition to his service to ARIA, he was a member of the Board of Electors, Insurance Hall of Fame, and a member of the International Insurance Society, the Risk and Insurance Management Society (RIMS) and Southern Risk and Insurance Association. He also was affiliated with the Griffith Foundation for Insurance Education, the Geneva Association for Insurance Economics, and Gamma Iota Sigma, and served as a consultant for the American Chemical Society and other business organizations.

Rob Hoyt, Head of the Risk Management and Insurance Program at UGA said, “Mark was a highly regarded contributor to the academic discipline of risk management and insurance and added significantly to the reputation of the RMI Program at Georgia. The success of our program remained important to Mark even after his retirement. We are pleased that through a generous estate gift that he made to the Gamma Iota Sigma Fund in the UGA Foundation the learning and academic experience of our students will be enhanced for many years to come.”

James S. Trieschmann, ARIA past president (1982-83), who co-authored the textbook Risk and Insurance (South-Western Publishing Co., 1973) with Dr. Greene, remembers him well. “Mark loved international insurance. He was very active with the International Insurance Society and traveled around the world giving educational seminars.”

Dr. Greene was preceded in death by his wife of 62 years, Fanne Runolfsdottir Greene. He is survived by his three children and their spouses, 6 grandchildren, and 2 great grandchildren. Donations in memory of Dr. Greene may be made to St. Mary’s Hospice, P.O. Box 6588, Athens, GA 30604.

Dan Mays McGill, former ARIA Past President (1959), died on February 5, 2013 in Bala Cynwyd, Penn. at the age of 93. He was one of 9 students in the first Solomon Huebner Fellowship class in 1941. Born in Greenback, Tennessee, he received his B.A. from Maryville College and his M.A. from Vanderbilt University, both located in Tenn. He served in the U.S. Army Air Corps during WWII, leaving as a Major, and later served under the global Director of Finance of the U.S. Air Force during the Korean War.

After WWII, Dr. McGill obtained his Ph.D. and, in 1950, his CLU designation. He taught at the University of Tennessee-Knoxville and was awarded the Julian Price Associate Professorship of Insurance – the country’s first endowed insurance chair – at the University of North Carolina at Chapel Hill where he taught from 1948-1951. Dr. McGill was the first Frederick Eckert Professor of Life Insurance at the University of Pennsylvania – Wharton’s first endowed chair – in 1951.

He was an Emeritus Professor of Insurance at Penn and served as Chairman of the Insurance Department and Founding Research Director and Chairperson of the Pension Research Council (PRC), which he started upon entering the Wharton School. The PRC significantly influenced the development of corporate pension plans, publishing about 30 books under Dr. McGill’s tenure. Other distinguished positions held at Penn were Executive Director of the Huebner Foundation and Chairperson of the Governing Board of the Leonard Davis Institute of Health Economics, which he also helped to found.
ARIA Mourns the Loss of Two Past Presidents: Mark R. Greene and Dan M. McGill, continued

A prolific writer, Dr. McGill authored eight books himself and co-authored or edited 13 others (most are published by the PRC). His first book, *An Analysis of Government Life Insurance*, which was his doctoral dissertation, led to a complete overhaul of the program. In recognition of outstanding publication, he twice received ARIA’s Elizur Wright Award for *The Fundamentals of Private Pensions* (1955) and *Public Pension Plans* (1981). Other honors included the Huebner Gold Medal for outstanding contribution to insurance education (1977) and the Maryville College Medallion for exceptional service to the institution (1994).

Dr. McGill’s government service was impressive. He did consulting and expert testimony work for the U.S. Department of Justice and was a consultant for the Board of Governors of the Federal Reserve System on employee benefit programs (1962-80) and the National Commission on Judicial Discipline and Remove; a pension consultant for President Kennedy’s Advisory Committee on Labor Management Policy; and a public member of the U.S. Labor Department’s Advisory Council on Employee Welfare and Pension Benefit Plans. President Carter also appointed him the first Chairman of the Pension Benefit Guaranty Corporation Advisory Committee.

A decade ago, *ARIA NEWS* asked Dr. McGill what was his greatest contribution during his illustrious career. He said, “…my greatest contribution was recruiting, guiding, and placing upwards of a hundred Huebner Fellows, who went on to become leaders in insurance education. A close second was the research that I personally undertook and the research that I organized and directed that led to the reform and general strengthening of pension plans in the corporate sector.” Dr. McGill also offered this advice to younger insurance faculty: “…follow a balanced, sensible program of teaching, research, and public service, especially service, whether pro bono or compensated, at the federal level.”

Dr. McGill will indeed be missed by many. Scott Harrington, University of Pennsylvania, states: “I had the great fortune to serve as an assistant and later associate professor under Dr. McGill and to experience his professionalism and mentorship firsthand. He always made time for me and gave me much thoughtful and valuable counsel. He once explained to me how it was important for a young faculty member to always do his or her best, regardless of whether the project or task was large and important or small and mundane, and that doing so would lead to a successful career.”

Joseph M. Belth, Professor Emeritus of Insurance at Indiana University and Huebner Foundation Fellow, recalls: “Dr. McGill was my mentor, confidant, and dear friend for 55 years. We stayed in close touch by telephone. Our final visit was in December 2012, when I called to wish him a Happy New Year. He sounded good and, as usual, sharp as a tack.”

Dr. McGill’s survivors include his wife of 60 years, Elaine Kim McGill, one son Doug, and several grandchildren. Memorials may be made to Clover Hill Presbyterian Church, P. O. Box 4877, Maryville, TN 37802.

### The Importance of Sponsorship

Sponsorship is becoming an increasingly important source of income for ARIA. Institutional support of the annual meeting enables ARIA to maintain high standards for our program and speakers while keeping the registration fee as low as possible to enable wide participation.

All sponsors get very good value by directly supporting our meetings. They are recognized in the program booklet and in the video presentations between program sessions, as well as in ARIA’s journals, website and newsletters.

Sponsorship in amounts between US $1,500 and $2,999 receives one complimentary meeting registration, and amounts above $3,000 receive two complimentary meeting registrations.

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ARIA salutes its 2012 sponsors and expresses appreciation for their support of risk management and insurance education in universities around the world.

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*If your school or corporation is not a sponsor yet, please consider joining the above institutions this year!*
The insurance industry is undergoing a transformation. Two main drivers of this transformation are the aging of the workforce and the increasing use of technology for risk management and insurance decisions.

**Aging U.S. Population**

The insurance industry, like all others, is on the verge of a major demographic change in its workforce. The U.S. workforce (generally ages 25 to 64) is expected to get older, to continue growing at a slower rate and to become more diverse.

<table>
<thead>
<tr>
<th>Age</th>
<th>2000</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>16%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>25-34</td>
<td>18%</td>
<td>17%</td>
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<tr>
<td>35-44</td>
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<td>65 and older</td>
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<td>16%</td>
<td>20%</td>
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<tr>
<td>Age of baby boomers</td>
<td>36-54</td>
<td>46-64</td>
<td>56-74</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>2000</th>
<th>2010</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>White non-Hispanic</td>
<td>72%</td>
<td>67%</td>
<td>62%</td>
</tr>
<tr>
<td>Black</td>
<td>11%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Asian</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>12%</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Annual growth (16+ population group)</strong></td>
<td>1.3%</td>
<td>0.8%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>


Traditionally, organizations providing financial services – including insurance companies, insurance brokers, third-party administrators and risk managers – have developed talent from within their organizations. Today, more than 25% of the industry workforce is over age 50, and as much as 15% of the workforce is likely to retire within the next 10 years. In addition, the digital era has changed the talent needs in most industries, as companies require technologically savvy employees to help them compete in the digital age.

Therefore, those hiring insurance specialists and risk managers increasingly are looking to hire new talent coming out of schools. This talent may not be experienced, but they have basic knowledge of the technology the industry is using today.

These changing demographics will impact the workplace in many ways. This younger generation of workers (also called Millennials) has different needs and is not likely to stay in jobs that don’t meet their expectations. On the other hand, the insurance and risk management fields have become more appealing in recent years, as they are perceived to offer stable jobs and a good work/life balance. These fields are particularly attractive to women and minorities, which is great news for the industry.

Census statistics clearly show that our nation – and, by extension, our workforce – will continue to become increasingly diverse. Capitalizing in this diversity will be key for companies in the next five to 10 years.

Technology in Insurance and Risk Management

**Technology and Insurance Companies/Agencies**

In these companies, technology is now applied to many different areas, including product development, underwriting, claims, policy administration, policy holder life cycle, customer service, and marketing and communication. Technology has driven significant improvements in areas such as:

- **Actuarial Modeling**—Rather than looking at broad trends and claims history to establish rates, technology has enabled actuaries to create precise models, tracking a variety of trends that provide a granular understanding of the risks inherent in an account and the ability to charge an appropriate premium for that policy.

- **Remote Claims Adjusting**—Mobile computing combined with open databases allows insurers and claims adjusters to access policy information immediately. Adjusters are able to confirm coverage, view policy limits and print claims checks without ever visiting the company’s office. Remote claims adjusting provides better service for the customer and reduced expenses for the insurance company.

- **Policy Administration**—The use of digital imaging has revolutionized the industry. Customer data is maintained in large databases accessed by computer systems that automate the renewal of each policy. Today most policies are assembled using complex software packages and printed using advanced high-speed printers.

- **Database Standardization**—As databases become the norm, all client information – including policies and claims files – is now integrated, which improves policy management and client understanding. It also gives the ability to provide better service, personalized materials, multipolicy discounts and faster claims response.

Technology has allowed insurance companies to become innovators in their own right. In the process, they have improved...
their products, services and processes, and have facilitated insurance adoption and industry perceptions in general. Examples of insurance technology innovators include:

- **AIG - Chartis**: Using business analytics software to automate strategic risk analysis
- **CNA**: Using a real-time quoting portal that adapts to any agency's workflow
- **The Hartford**: Changing the business model of how life insurance is sold and bought
- **Nationwide Insurance**: Proactively monitoring online applications
- **Progressive Insurance**: Settling auto claims at the scene of the accident—including issuing payment—using mobile technology to access the information needed
- **Prudential Insurance**: Using business process management to create a single intuitive view of the customer
- **Tokio Marine & Nichido Fire Insurance Co. Ltd.**: Offering one-time insurance products that can be purchased anytime, anywhere
- **Zurich**: Using telematics to improve fleet operations and risk management

### Technology and Risk Managers / Insurance Buyers

Technology also has become an important risk management ally. Companies are using enterprise governance, risk and compliance platforms to automate risk assessment, better manage their risks, monitor compliance, develop a company-wide risk management culture, gain operational efficiency and access governance, risk and compliance information on demand. More than 15 of these platforms have been developed in the past five years, and the constant evolution of technology in this area has been a major driver in risk reduction and loss control.

What all these technology users have in common is a commitment to technology innovation and a commitment to securing a workforce that allows them to continue growing their technology execution capabilities.

Technology innovations will play a major role in determining success or failure in the insurance industry. Firms that effectively harness technologies and the opportunities they offer are likely to be among the industry winners, leading the way toward growth and prosperity. Companies that fail to keep up with the latest technologies will continue falling behind, and eventually they will be forced to exit.

### Conclusion

Technology is changing the way the insurance industry does business, and the new generation of workers has needs very different from prior generations. Companies operating in the insurance and risk management areas can benefit greatly from the talent being developed at schools focusing in these areas. This talent understands technology and will help companies compete in the digital era. However, managing this emerging workforce will be challenging, as their needs and expectations are different from those of the current workforce. Companies able to accommodate the needs of this new generation are likely to continue growing and become the leaders in the digital era of insurance and risk management.

**Editor’s Note**: Business Insurance is a publication of Crain’s Communications, Inc. This article was kindly prepared by Angelina Villarreal, BI Research Director, as a companion piece to the article “Insurance courses work to interest most students” that appeared in the special BI RMI Education Edition (Oct. 2012). Several ARIA members are quoted in this article which is being reprinted in this issue of ARIA NEWS, with permission from Business Insurance (see below).

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### Insurance courses work to interest more students

Educators stress job opportunities available in sector

**MARK A. HOFMANN**  
**Business Insurance**  
10/15/2012

Unlike classes for some other business disciplines, college risk management and insurance classes don’t fill up automatically in most cases.

Instead, risk management and insurance departments have to find ways to compete with other departments to recruit students, say risk management and insurance academics. And their success in doing so is critical for the industry’s future, say observers.

“Education is the only way to steepen the learning curve and attract talented young people” to the industry, said Marty Ellingsworth, president of ISO Innovative Analytics in San Francisco and a member of the board of directors of the Malvern, Pa.-based American Risk & Insurance Association, a professional association of insurance scholars and risk management and insurance professionals.

Mr. Ellingsworth said the industry has “a lot of 20-year and 30-year people and not enough 10-year people,” and that it “can only fill the pipeline of talent through education.”

Students must be told “you can have a career, not just a job,” he said. “It’s not always evident that without risk transfer, there’d be no economy, period.”

“My view is that the property/casualty industry is the best-kept secret in the business world,” said Hank Watkins, president of Lloyd’s America Inc. in New York, and a member of the board of overseers at St. John’s University’s School of Risk Management, Insurance and Actuarial Science in New York. “I never believed that until about 10 years ago. It’s an industry where you can define yourself in so many ways.”

Continued on next page
“It is one of the few industries everybody needs,” said Mr. Watkins. “You’ll write your own ticket. I don’t know of many other industries where you can do that.”

Recruiting students is a “consistent challenge because, unlike most majors in business, almost nobody goes to college to major in risk management and insurance,” said David Sommer, professor of risk management at St. Mary’s University in San Antonio and president of ARIA. “The rare exception is people whose family is in the business. We have to convert them from other majors.”

The first step is to deal with the usually negative preconceived notions of insurance and then to persuade students to take an introductory course, he said.

The risk management program at St. Mary’s is more active than other majors in providing services to students, said Mr. Sommer. For example, it has its own risk management and insurance career fair.

“We have to provide those extra services to get students to check us out,” he said.

The department shows students that there are internships, jobs, scholarships and conference opportunities available, said Mr. Sommer. “All those activities in most schools is where we make a name for the risk management and insurance area,” he said. “We can’t sit back.”

“We decided to build really solid programs and classes that would get people interested in risk management and insurance,” said Martin Grace, chairman of the department of risk management and insurance at Georgia State University in Atlanta. “It has helped us dramatically because no one in our college has to take any of our courses, and we have innovated to keep our courses up to date and doing what we think the market will need two or three years from now.”

“At Temple, and we’re very fortunate, in the business school core curriculum introduction to risk management is a required course,” said Rob Drennan, chairman of the risk, insurance and health care management department at Temple University, which has the largest risk management program in the country. The university has about 5,000 undergraduates in the business school, so every semester the course is taught to 800 students, with an additional 400 in the summer, Mr. Drennan said.

“We have strategically leveraged that course for years,” he said. “We’re very careful about who teaches that class. We put our best faculty in front of them. We aggressively recruit students out of that program to join that major.”

“Our introductory course is very challenging and we try to make it very robust,” said Mr. Drennan. “All you have to do is open your eyes and you can see risk management issues every day.”

One of the challenges facing collegiate risk management and insurance programs is staying current, say observers.

“There is a struggle to understand what exactly a 21st-century risk management and insurance program should contain,” said Robert P. Hartwig, president of the New York-based Insurance Information Institute Inc. and an ARIA board member, in an email interview.

“What sorts of things do students interested in the RMI field need to be taught to satisfy the needs of employers who would hire them?” he said, adding, “I believe maximizing the employability of students is mission No. 1.”

“An education that is strictly insurance-focused is insufficient,” he said. “Employers are looking to populate their ranks with young, college-educated people who understand RMI but would be capable of quickly moving into management positions where RMI experience and education will no doubt be valuable, but perhaps secondary at some point, to skills related to financial accounting, marketing, IT, engineering, government affairs or some other discipline. Basically, my view is the RMI programs should be designed to penetrate and to be integrated into as many university majors/programs as possible.”

“I think where the discipline is moving slowly is toward a broader definition of what risk management is and the broader set of skills both academics and practitioners will need to have,” said Jeff Brown, professor of finance at the University of Illinois in Urbana-Champaign, Ill.

“Students must have a broader knowledge, but therein lies the opportunity: Corporate America has learned to recognize the role of risk management as part of their organization. There’s a lot of discussion of risk management at every company.”

“It’s not enough to train students to be narrowly focused on any particular industry,” he said.

“We have to work hard to keep students interested,” said Georgia State’s Mr. Grace. “We have to change our courses to keep up — we’ve been doing that for the last 20 years.”

He said keeping the curriculum up to date includes enterprise risk management. “Our courses are a lot more analytical than they were 20 years ago,” he said, noting that the curriculum is starting a new program in risk analytics.

“More programs are injecting more enterprise risk management — it’s getting away from just reading insurance contracts,” said Temple’s Mr. Drennan. “Our curriculum changes every semester, although part of it stays the same because we’re training students for entry-level positions,” he said.

“We don’t outsource our placement of our students in full-time jobs, we do it all ourselves,” he said. “In the summer of 2012, we had about 150 students doing internships all over the United States.”

Georgia State has relationships that can help place students in internships and jobs, said Mr. Grace. He said that the Georgia State program has about 400 students in total at the undergraduate level, “but we can learn their names — we have the ability to know them.”

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The Institute of Insurance Economics at the University of St. Gallen/Switzerland

by Hato Schmeiser

The Institute of Insurance Economics at the University of St. Gallen, Switzerland (http://www.ivw.unisg.ch) was founded in 1949 as a competence center for research, education and consulting in the field of insurance economics and risk management. The institute was built on the symbiotic relationship between practice and science by delivering results in fundamental as well as applied research while ensuring future generations of qualified employees and scientists. As the Managing Director of the Institute of Insurance Economics and Chair of Risk Management and Insurance (http://www.ivw.unisg.ch/hs), it is a special pleasure and honor to be given the opportunity to present our institute to ARIA members and take them on a quick tour behind the scenes.

The Institute of Insurance Economics houses two chairs. Besides the publicly financed Chair of Risk Management and Insurance, the new Chair of Insurance Management presided by Professor Martin Eling receives financial endorsement from leading Swiss insurance companies AXA Winterthur, Baloise, Mobiliar Versicherung & Vorsorge, Helvetia Versicherungen, Suva, Swiss Life, Swiss Re and Zurich Insurance Group, as well as the Swiss Insurance Association SVV. It is thanks to their generous support that we were able to celebrate its foundation in November 2011. In view of the institute’s finances, we are proud to say that the major part of the institute’s turnover (almost 90%) is generated from projects payments and external sponsoring. Our activities in this area range from market research and expert opinions to executive education.

The team at the Institute of Insurance Economics comprises about 25 employees and is regularly expanded by visits from dear colleagues, e.g., Louis Eeckhoudt (Université Catholique de Lille, retired), Nadine Gatzer (Universität Erlangen-Nürnberg), Peter Jørgensen (Aarhus University), Harris Schlesinger (University of Alabama) and Joan Schmit (University of Wisconsin-Madison). The management of our institute is shared by Martin Eling (Director), Walter Ackermann (Director and Associate Professor), Peter Maas (Vice Director and Associate Professor) and me (Managing Director).

Our aim is to be counted among the leading institutions in Europe for research, teaching and consulting in the field of insurance economics and risk management. It is therefore a matter of special importance to us to keep up with other nationally and internationally renowned facilities with regard to research. Our aim also is to uphold the right balance between basic and applied research. In view of the former, we continuously work on the latest topics in the context of insurance economics and risk management. Current working papers evolve, among others, around aspects of regulation mechanisms and efficiencies, model risk, the development of distribution channels and consumer behavior, the handling of insurance fraud, risk and performance of the life insurance industry, the valuation of investment guarantees in life insurance contracts, and challenges in emerging markets (working papers can be downloaded via http://www.ivw.unisg.ch/Forschung/Grundlagenforschung/Working+Papers.aspx). One of our goals, hereby, is to successfully present our results in internationally renowned ARIA journals such as The Journal of Risk and Insurance and the Risk Management and Insurance Review. A complete list of research papers accepted for publication from our team can be found under http://www.ivw.unisg.ch/Forschung/Grundlagenforschung/Top-Publikationen.aspx.

In addition, we make the link between research and practice by providing our clients with case studies, market analyses and expert opinions on various topics related to the financial services industry. Among others, during the last year we conducted a study on factors impacting insurers’ demand for Cat Bond investments in collaboration with Swiss Re (“What Drives Insurers’ Demand for Cat Bond Investments: Evidence from a Pan-European Survey”), and analyzed potential new characteristics for profiling policyholders in the aftermath of European Court of Justice’s ruling on unallowable gender discrimination. We also conducted an analysis of the Swiss old-age provision system and focused on another study on the impact of different asset classes on an insurer’s capital charges under the Solvency II risk-based capital framework. For further information and a list of all of our publications in the context of applied research, please visit http://www.ivw.unisg.ch/Forschung/Anwendungsorientierte+Forschung.aspx.

As part of the University of St. Gallen, we engage in teaching activities at Bachelor, Master and Ph.D. levels guaranteeing a broad representation of insurance-related courses and seminars at an international business school. It gives us great pleasure to keep up the long tradition of introducing students to the insurance and risk management environment and deepening their skills and knowledge to hopefully generate new generations of practitioners and scientists in this field. Besides imparting the fundamentals, we are involved in the master programs, “Banking and Finance,” “Marketing, Services and Communication Management” and “Master in Accounting and Finance,” as well as the Ph.D. programs, reaching out to more than 250 students each semester.

The transfer of management knowledge within executive education is a key function of the Institute of Insurance
Economics. Apart from various teaching and research assignments at the University of St. Gallen, the institute serves its clients as an internationally recognized educational platform for executives in the European insurance industry. Our services are bundled under the term “CIM: Competence in Insurance Management.” With our intra- and extra-company projects as well as custom-made workshops, we accompany more than 200 executives from the financial services industry around the world on their career paths each year. Our open programs include an executive diploma as well as an executive MBA in Financial Services & Insurance (together with Vlerick Management School and HEC Montréal). For detailed information, please visit http://www.ivw.unisg.ch/Weiterbildung.

I hope you have enjoyed our tour around the Institute of Insurance Economics at the University of St. Gallen, and were able to get a good overview of our activities. In case you have any questions or suggestions, please do not hesitate to contact me at hato.schmeiser@unisg.ch.

Institute of Insurance Economics, University of St. Gallen

Journal of Applied Risk Management and Insurance

The Journal of Applied Risk Management and Insurance (JARMI) is pleased to announce a call for papers and the publication of its first issue in late summer 2013. Jean L. Heck, Brian Duperreault ’69 Chair for Risk Management and Insurance at Saint Joseph’s University (SJU), is the editor. Published by the Risk Management and Insurance program at the Haub School of Business at SJU, the journal is sponsored by risk management and insurance companies that serve on the school’s Academy of Risk Management and Insurance Board. Board members serve as advisors to the RMI program and provide financial support through scholarships for RMI majors at SJU. Through the sponsors’ support, the journal will be sent, free of charge, to all RMI faculty in the US and leading executives of the RMI industry.

JARMI focuses on bridging academic research with RMI industry practices and improving the quality of RMI education. There are three main areas of the journal:

1) RMI Practice—articles that bridge the gap between academic research and the RMI industry
   • Present research on RMI industry practices
   • Explain the relevance of academic research to the industry
   • Review articles that bring readers up to date on narrowly defined RMI topics
   • Case summaries of industry or company practices and experiences

2) RMI Education—articles that promote advances in RMI education
   • Provide statistical testing of methods and approaches to the educational process
   • Describe successful course or curricular development
   • Support learning through RMI cases that apply finance principles to real world-like situations
   • RMI book or software reviews

3) RMI Literature
   Summaries—summaries of recent research articles published in academic journals
   • Summaries that bring to RMI industry executives a clear and concise assessment of the relevant research findings
   • Detailed abstracts of recent research on topical areas within RMI to help readers stay abreast of current research in topical areas of interest

Information on manuscript submissions, journal objectives, and the current editorial board is available at the journal website, www.jarmiweb.org. There is no submission fee for JARMI. Submissions are made electronically to the editor through the email link at the journal website. Also available at the website is a searchable database of the table of contents of all leading RMI and Actuarial Science journals that allows you to search for articles of interest by key word in the titles or by authors, plus links to the web sites of the journals to help obtain a copy of a paper of interest or get information on submission guidelines.
A group of Italian researchers that includes medical doctors, academics and biologists who belong to a spin-off of the University of Pisa, together with colleagues, statisticians and economists from the University of Siena, has obtained what seems to be a most relevant result for the life insurance sector.

The basis of this idea is the “factorization” (or decomposition) of GGT, Gamma-Glutamyl-Transferase. In simple terms, GGT is an enzyme having a notable significance in medicine for early detection of a number of diseases. Elevated GGT levels in the blood can indicate, e.g., liver and biliary disease, including cancer, cardiovascular disease and myocardial infarction, diabetes, hypertension, alcoholism, and so on.

GGT has great implications for the life insurance sector in the sphere of mortality and morbidity policies. Although standard GGT levels have no definite capability of discriminating between insured customers, the ‘fractions’ of plasma Gamma-Glutamyl-Transferase could instead represent a significant improvement in insurance pricing strategies, allowing actuaries to more accurately differentiate and assess individuals according to their hidden mortality/morbidity risk.

Through interactions between revealed factors of GGT, the Italian researchers show that they are able to perfectly distinguish between sound and sick individuals, highly reducing or nullifying false positives and false negatives rates. In other words, the life insurance sector is now in a position to use an early and accurate diagnostic tool to identify individuals at risk for liver and cardiovascular diseases in a population of seemingly healthy subjects.

The graph illustrates, for instance, a method of discrimination based on the PCM technique, as the researchers call it, which identifies at a 99% confidence level individuals who have been heavy drinkers and stopped their alcohol abuse (light blue dots); that is, these individuals are no longer suffering from dependence (in contrast, the dark blue dots identify persons who have never been heavy drinkers).

Serum GGT fractions are by now a well-established biomarker, recently validated by the authoritative Framingham Heart Study (Franzini et al., Analytical Biochemistry, 2008; Franzini et al. Clinical Chemistry, 2013). Further results concerning the insurance GGT applications will be published soon.

For more information, contact Maurizio Pompella at pompella@unisi.it
The Power of SITE
by Mark B. Fine, SITE President

The Society of Insurance Trainers and Educators (SITE) is a volunteer membership association made up of insurance trainers and educators including solution providers who service the insurance industry. Our members come from a variety of companies and agencies. SITE is not just for P & C companies, nor are we focused just on one type of insurance education. The diverse backgrounds and experiences of our members create broad learning opportunities through sharing and collaboration.

Our members represent 150+ companies and roles from classroom trainers to project managers, eLearning specialists to instructional designers and learning leaders.

SITE will be celebrating its 60th annual conference in Portland, Oregon, from June 23-26, 2013 at the downtown Hilton hotel. We will have some fabulous presenters from across the country along with some wonderful networking opportunities from the beginning to the end of the conference.

The SITE organization offers its members the following benefits:

- Annual conference
- Free Webinars
- Workshops and socials
- LinkedIn, Facebook, and Twitter
- InSITE – bi-monthly publication and NYCU (News You Can Use), our primary email communication every two weeks
- ITP designation – recognizes individual excellence and professionalism in training and education in the insurance industry
- Train-the-Trainer program with an online course developed by The Institutes followed by an in-person workshop
- Insurance Designations Resource on the SITE website
- Job Bank
- Solution Provider’s Guide

SITE has opportunities for members to get involved in their respective region or on various committees including the annual conference committee. There are opportunities to submit articles for the various publications throughout the year.

The true Power of SITE is in our organization’s ability to connect Insurance Training professionals better than any other Training organization.

For more details about the SITE organization or the annual conference, go to www.insurancetrainers.org.

Mark Fine is the current President of the Society of Insurance Trainers and Educators, a national Training organization for Insurance Training professionals. Mark joined Columbia Insurance Group, a property casualty carrier in 2002 as their first Training Director. Since 2002, he has worked towards establishing a total Learning environment and is responsible for coordinating all training companywide. Mark focuses on personal skills and management/leadership development training, virtual training, along with Train-the-Trainer programs for CIG’s subject matter experts.

Announcing the 14th Edition of Life Insurance (Black, Skipper and Black)

The 14th edition of Life Insurance, by Kenneth Black, Jr., Harold D. Skipper, and Kenneth Black, III, is now available. The first edition, published in 1915, was authored by Solomon S. Huebner, considered the “father of insurance education.” The present authors hope and believe that this edition remains consistent with the text’s legacy. It is the most significant and sweeping revision of this classic book in 60 years.

The book’s simple title, Life Insurance, should be understood to embrace mortality, longevity, and morbidity risks. The coverage of the applied elements of the topic stems from and is built on presentations of the economic and finance theory underpinning these elements. This approach will be noticeable throughout but especially within the chapters on life insurance company operations.

This edition is intended to be directly relevant to students (and practitioners) through its inclusion of the latest innovations in insurance products, their pricing, and their applications to individual,
The Institutes’ Collegiate Studies for CPCU
by Connor M. Harrison, CPCU, AU, ARe, The Institutes

The need to attract millennials to the insurance industry has been a hot topic in the past few years. At the close of The Griffith Insurance Education Foundation’s Insurance Education and Career Summit in September 2011, The Griffith Foundation and The Institutes were selected to lead an industry-wide effort to engage the next generation to actively pursue a career in risk management and insurance (RMI).

As part of the Engaging the Next Generation initiative, The Institutes developed the Collegiate Studies for CPCU program and certificate. Peter L. Miller, CPCU, president and chief executive officer of The Institutes, announced this new program at the August 2012 ARIA Annual Meeting. The program recognizes course work completed in college as part of an RMI degree program by providing qualifying students at approved colleges and universities with credit toward up to two parts of the Chartered Property Casualty Underwriter (CPCU*) designation.

The goals of the Collegiate Studies for CPCU program are three-fold:
1. Help students connect their university educational experience with the competencies that will be demanded of them by future employers
2. Recognize college academic work that aligns with The Institutes’ credentialing
3. Make students more attractive to employers and make colleges and universities with RMI programs more attractive to students

“I cannot tell you how excited my students are and how much this program helps to attract new RMI majors and new CPCUs,” said Debra Richardson, CPCU, CIC, CRM, professor at the University of North Texas. “The Institutes’ forward-thinking approach is timely for the next generation of risk management and insurance professionals.”

As of February 20, 2013, fifteen universities with thirty-five qualifying courses are participating in the Collegiate Studies for CPCU program:

1. Appalachian State University
2. Ball State University
3. Eastern Kentucky University
4. Florida State University
5. Howard University
6. Illinois State University
7. Indiana State University
8. St. John’s University
9. St. Joseph’s University
10. Temple University
11. University of Georgia
12. University of Houston–Downtown
13. University of Louisiana–Lafayette
14. University of Mississippi
15. University of North Texas

To qualify for the program, a college or university must offer an RMI major, be accredited by the Association to Advance Collegiate Schools of Business, and use at least 75 percent of The Institutes’ course material in their course content as outlined in the syllabus. To qualify, students must complete their course work at an approved college or university, by an RMI major, and earn a “B” or better as the final grade in the class. Students who earn two CPCU course waivers and complete Ethics 312—Ethics and the CPCU Code of Professional Conduct will earn The Institutes’ Collegiate Studies for CPCU Certificate.

The Institutes’ Collegiate Studies for CPCU program has been well received by students. To date, The Institutes have granted fifty-two waivers. This program is a great start to placing students on a professional designation path that will reward them throughout their careers.

For more information on the Collegiate Studies for CPCU program, visit www.TheInstitutes.org.

Connor M. Harrison, CPCU, AU, ARe, is director of custom products for The Institutes in Malvern, Pennsylvania. The Institutes are the leader in delivering proven knowledge solutions that drive powerful business results for the risk management and property casualty insurance industry. Connor can be reached at harrison@TheInstitutes.org.

Announcing the 14th Edition of Life Insurance (Black, Skipper and Black), continued

family, and business problem solving. Toward this end, individual chapters explore both life insurance products and their application to personal financial planning, estate planning, retirement planning, and business planning situations. Each of these chapters reflects the latest applications, law, and tax treatment, while essential theoretical and practical background information provides a stable and lasting learning platform.

The volume has been reduced by one-third relative to its predecessors, thanks to a more judicious selection of topics and crisper writing, thus allowing it to be covered in a single semester, perhaps for the first time since Dr. Huebner was the sole author! The addition of a new co-author, Kenneth Black III, with many years of experience in both the academic and applied worlds of life insurance, has resulted in an immensely broader and a deeper coverage of the subject. ARIA members may request an examination copy at www.Lucretian.com.
The Dynamic Dialogue – The Ongoing Trans-Atlantic Discussions on Insurance Regulation

by David F. Snyder, Property Casualty Insurers Association of America (PCI)

Trans-Atlantic discussions on insurance regulatory issues have intensified, driven originally by the Solvency II equivalence process, but more recently by activities in international forums including the revised standards issued by the International Association of Insurance Supervisors (IAIS), the U.S.-EU Insurance Dialogue and the decision to move forward on a comprehensive U.S.-EU free trade negotiation. The stakes in this multi-faceted dialogue could not be higher, due to: the fact that the U.S. and EU are two of the world’s largest insurance markets, the high degree to which these markets are intertwined, the relatively smooth way by which they interact today, and the significant extent to which commercial and personal lines policyholders and the public generally, rely on the coverage provided by these markets. Even stakeholders outside of either region should be interested because these discussions involve home country regulation for a significant portion of the world’s insurance capacity.

Solvency II Equivalence

Solvency II adopted shortly following the financial crisis to create an EU-wide insurance solvency system. Under it, for a non-EU company to be treated equally with an EU company in the EU market, that company must have come from a “third country” where regulations governing group supervision, group capital requirements and reinsurance regulation have been determined to be equivalent. Understandably any U.S. company would want the U.S. to be deemed equivalent, so its capital in the U.S. would be recognized in Europe and it would not have to restructure. The process for this determination, with regard to the U.S. especially, has not been finalized, in part because the enforcement of Solvency II has been delayed.

Global Insurance Regulatory Standards

While Solvency II was working its way through the European policymaking institutions, European regulators and industry successfully advocated for the inclusion of key Solvency II principles such as group supervision, in the revised global insurance regulatory standards, Insurance Core Principles (ICPs). And, while the ICPs have no legally binding effect, they are used as the basis for rating compliance with global industry standards under the Financial Sector Assessment Program managed by the International Monetary Fund and World Bank. The U.S. is set for its next assessment in 2014, the results of which will be made public.

U.S.-EU Dialogue Project

Once an informal occasional gathering of regulators on both sides of the Atlantic, this dialogue process was formalized last year with the creation of a steering committee made up of high level EU and U.S. officials and regulators overseeing the work of seven drafting groups. They produced an extensive draft report, held two hearings on it, and issued the final report along with a “way forward” document. The report compared EU insurance regulation, assuming Solvency II was implemented, with the U.S. system assuming the Own Risk and Solvency Assessment (ORSA) tool and Model Holding Company Act amendments were in effect in all states.

The final report shows significant congruence, not only on general objectives but on key elements of regulation. It does serve, however, to illustrate that there are differences in how the systems function, with the U.S. being generally a “bottom up” approach and the European system being generally “top down.” The “way forward” document provides a long list of issues to receive further study, some of which include highly controversial matters such as reinsurance collateral.

U.S.-EU Free Trade Agreement Negotiations

Responding to high level European interest, President Obama in his State of the Union message directed the U.S. government to pursue a free trade agreement with Europe. It may include insurance and if so, the regulatory issues discussed in this article in connection with other forums, will likely be considered here as well.

International Services Agreement

Although the World Trade Organization has done very little recently to open markets over the past decade, there is a new effort to move forward on a multilateral basis, including both the U.S. and European countries. Called the International Services Agreement, the effort is to create a group of countries willing to commit themselves to market opening and level playing fields in the services sector, presumably including insurance. We would expect that these discussions would also consider insurance regulatory issues, as most barriers to insurance trade are the result of regulation.

Analysis and Thoughts on Going Forward

The current trans-Atlantic insurance system functions very well from the standpoint of consumers, the public at large and insurers, according to all of the evidence. Both markets are highly competitive and financially sound, despite the financial crisis, years of recession and unprecedented natural catastrophes. Consumers generally have a wide array of coverage options from financially strong companies and the public benefits from the markets’ focus on identifying and preventing risk, from mitigating losses due to extreme weather events, to advocacy for safer cars, safer buildings and safer work places.

Continued on next page
The Dynamic Dialogue – The Ongoing Trans-Atlantic Discussions, continued

But, the regulatory systems have very different traditions and go about regulating in different ways. One is state-based, the other regional. One regulates the companies primarily at the operating unit level and another from the top of the group down. Still, there is a great deal of (re)insurance commerce that flows relatively freely in both directions across the Atlantic. So it seems the first objective of all of these discussions should be to protect what works well and “do no harm.” This means refusing to give in to the temptation to try to use these negotiations, and issues such as equivalence, to gain an artificial competitive advantage at the expense of the other, which will simply result in retaliation and thereby lead to a downward spiral of protectionism.

A second, positive, objective should be to use these negotiations to build understanding and confidence in the other’s regulatory system and to increase coordination and cooperation among regulators so as to improve effectiveness and efficiency, by filling gaps and preventing duplication.

Pursuing this positive agenda could create a very different kind of spiral – one where affordability and availability are actually increased and the regulatory system functions better for all concerned.

Finally, regardless of where you are, the outcomes of these discussions will be important to you and are worth following. That’s because these two markets are home to a significant portion of global insurance capacity and because the lessons learned here will likely be applied in other forums and in other markets.

David F. Snyder is PCI’s Vice President, International Policy specializing in international trade and regulatory issues and is a lawyer and CPCU. He represents PCI before the International Association of Insurance Supervisors, National Association of Insurance Commissioners, National Conference of Insurance Legislators and the Organization for Economic Cooperation and Development. He has testified frequently before each of these organizations and before the U.S. Congress and federal, state and international agencies.

ARIA Membership Trends in the Last Decade

This article presents ARIA membership trends based on year-end 2012, 2007 and 2002 lists provided by Wiley-Blackwell Publishers.

As of December 2012, there were 545 individual members of ARIA hailing from 34 different countries, compared to 571 members in 2007 and 586 members in 2002. Twenty-nine (29) members currently have a retired status, while 46 members have a student status.

ARIA’s international members continue to grow, with 204 individuals from 32 countries located outside of North America. At the end of 2012, 37.4 percent of the total membership has an international standing. Relative to total members, this proportion has risen significantly over the last decade (29.8 percent in 2007 and 20.3 percent in 2002).

ARIA Members and Friends in the News

Congratulations to Thomas Berry-Stoelzle, who was appointed Director of the new Actuarial Science Certificate Program at the University of Georgia. The program is a joint venture between the Franklin College of Arts and Sciences and Terry College of Business. It is administered in the Department of Insurance, Legal Studies, and Real Estate of the Terry College of Business.

The Geneva Association and the International Insurance Society recently announced the winners of their collaborative insurance research program, the Shin Research Award for Excellence, endowed by Kyobo Life Insurance Company. Congratulations to Nadine Gatzert (Friedrich-Alexander-University of Erlangen-Nuremberg) who authored the paper, Fair Valuation and Risk Assessment of Dynamic Hybrid Products in Life Insurance: A Portfolio Consideration, with Alexander Bohnert, Ph.D. candidate; and to W. Jean Kwon (St. John’s University) for his paper, Human Capital and Talent Management Issues in the Insurance Market: Public Policy, Industry and Collegiate Education Perspectives. The winners will be honored at the IIS Seminar in Seoul, Korea in June, during which their research will be presented.

Charles C. Yang (Associate Professor, Department of Finance, Florida Atlantic University) has won the Excellence and Innovation in Undergraduate Teaching Award at the university level (8 awards university-wide). Charles teaches risk management and insurance courses in personal risk management, corporate risk management, life insurance, health insurance, and financial planning. His courses are among the most popular classes in his department. Charles received his doctoral degree in risk management and insurance from the University of Texas at Austin and has been working with FAU since 2007.
Shown in the table below are the individual membership counts from the different countries represented in ARIA during these three years. After the U.S. (308 members), Germany now has the second highest number of members (38), followed by Canada (33), Taiwan (23), England (16), Australia (14), Italy (14), Switzerland (14), and France (10). Since 2007, new countries that have become part of the ARIA family are Cyprus, Malaysia, Poland, Scotland, Serbia, Singapore, Sweden, and the United Arab Emirates; special mention is also given to our new member from the Canary Islands!

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</table>

Note: Other countries may have had members during other years.

In the United States, ARIA members come from 42 different states (including the District of Columbia) and Puerto Rico. The latest distribution of members by U.S. region is shown in the table below. The proportions by region are: South (33.3%); Northeast (30.1%); Midwest (22.9%); and West (13.7%).

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>30.1%</td>
</tr>
<tr>
<td>Middle Atlantic</td>
<td>27.1%</td>
</tr>
<tr>
<td>South</td>
<td>33.3%</td>
</tr>
<tr>
<td>West</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

More women make up the ARIA membership today. The gender breakdown among ARIA members is now about 23.2 percent female and 76.8 percent male. Ten years ago, the distribution was approximately 16 percent female and 84 percent male.
A Salute to ARIA’s Committee Chairmen and Members

At the heart of ARIA’s operations are the many volunteers who serve or have served as committee members and chairs. These hardworking and dedicated individuals give generously of their time and energy to provide important support to ARIA each year. Special thanks go to the Chairmen who take on leadership roles for the different committees. This issue of ARIA NEWS is pleased to recognize the chairs and committee members of 2012-2013. They are mentioned below:

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Committee Members</th>
<th>Committee Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSA Exploratory Committee</td>
<td>Martin Grace, Georgia State Univ. (Chair)</td>
<td></td>
</tr>
<tr>
<td>CAS Research Award Committee</td>
<td>Robert Finger (Chair); Members: Joseph Cofield, MetLife Auto &amp; Home; Kevin Madigan, Pricewaterhouse Coopers; Edward Peck, Sentry Insurance; Doug Ryan, Key Risk Insurance Co.; Paul Silberbush, Guy Carpenter</td>
<td></td>
</tr>
<tr>
<td>Early Career Scholarly Achievement Award</td>
<td>Martin Bayer, HEC Montreal (Chair); Members: Jeffrey Brown, U of Illinois; James Garven, Baylor Univ.; Nadine Gatzert, Univ. Erlangen-Nurnberg; J. Francois Outreville, HEC Montreal; Sharon Tennyson, Cornell Univ.</td>
<td></td>
</tr>
<tr>
<td>Excellence in Teaching Award</td>
<td>Rob Hoyt, U of Georgia (Chair); Members: Mark Browne, U of Wisconsin-Madison; Helen Doeringhaus, U of South Carolina; Rob Drennan, Temple Univ.; James Garven, Baylor Univ.</td>
<td>This is a nonmonetary award, and will be awarded only in years when an exceptional candidate is identified. The submission deadline was April 1, 2013.</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>George Zanjani, Georgia State Univ. (Chair)</td>
<td></td>
</tr>
<tr>
<td>Finance Committee</td>
<td>Laureen Regan, Temple Univ. (Chair)</td>
<td></td>
</tr>
<tr>
<td>Griffith Foundation Liaison</td>
<td>Jason Terrell, The Griffith Insurance Education Foundation (Chair)</td>
<td></td>
</tr>
<tr>
<td>Hagen Foundation Scholarship Committee</td>
<td>Krupa Viswanathan, Temple Univ. (Chair); Members: Stephen Fier, U of Mississippi; Yijia Lin, U of Nebraska-Lincoln; Andreas Milidoni, U of Cyprus; Petra Steinorth, St. John’s Univ.; Chip Wade, Mississippi State Univ.; Xiaoying Xie, California State Univ.-Fullerton</td>
<td></td>
</tr>
<tr>
<td>Hedges Award Committee</td>
<td>Martin Halek, U of Wisconsin-Madison (Chair); Members: Jan Ambrose, LaSalle Univ.; Shinichi Kamiya, Nanyang Technological Univ.; Mary Kelly, Wilfrid Laurier Univ.; Dana Kerr, U of Southern Maine; Chuck Nyce, Florida State Univ.</td>
<td>Deadline for proposal submission has been set for May 1, 2013. Committee members are soliciting submissions by encouraging colleagues and professional acquaintances.</td>
</tr>
<tr>
<td>Kulp-Wright Book Award</td>
<td>Rachel Huang, National Taiwan U of Science and Technology (Chair); Members: Richard Butler, Brigham Young Univ.; David Eckles, U of Georgia; Nadine Gatzert, Univ. Erlangen-Nurnberg; Casey Rothschild, Wellesley College; Sun-Hun Seog, Seoul National Univ.; Tianyang Wang, Colorado State Univ.</td>
<td>Committee members and one graduate research assistant from National Taiwan University have been busy identifying various titles with a 2011 publication date for consideration.</td>
</tr>
<tr>
<td>Mehr Award Committee</td>
<td>Keith Crocker, Penn State Univ. (Chair) Members: JRI Associate Editors (see JRI for names)</td>
<td></td>
</tr>
<tr>
<td>Membership</td>
<td>Cassandra Cole, Florida State Univ. (Chair); Members: David Eckles, U of Georgia; Ryan Lee, U of Calgary; Andre Liebenberg, U of Mississippi; Kathleen McCullough, Florida State Univ.</td>
<td>Activities: collect membership data from ARIA, SRIA WRIA and Risk Theory Society; organize First-Time Attendees Program; monitor non-renewals to identify changes and remind people to renew; assist in instituting potential value-enhancement ideas.</td>
</tr>
<tr>
<td>Nominations Committee</td>
<td>James Garven, Baylor Univ. (Chair); Members: Vickie Bajelmsmit, Colorado State Univ.; Alexander Muermann, Vienna U of Economics &amp; Business; Richard Phillips, Georgia State Univ.; Andreas Richter, Ludwig Maximilians Univ.; David Sommer, St. Mary’s Univ.</td>
<td>The Committee was able to secure the candidates for this year’s slate, shown on p. 1 of this issue.</td>
</tr>
<tr>
<td>Patrick Brockett &amp; Arnold Shapiro Actuarial Journal Award Committee</td>
<td>Patrick Brockett, U of Texas-Austin, and Arnold Shapiro, Penn State Univ. (Co-Chairs)</td>
<td></td>
</tr>
<tr>
<td>Placement Committee</td>
<td>Ping Wang, St. John’s Univ. (Chair); Contributors: Lee Gardner, ARIA (retired); Chad Garven, webmaster (former)</td>
<td>Timely notification of job announcements is very important. Thanks to Lee Gardner, they appear on the weekly listserv as received. The Chair has negotiated with new webmaster, Kyneta Lee, to also post announcements when received.</td>
</tr>
</tbody>
</table>
Executive Director Report at the ARIA Winter Board Meeting

by Anthony Biacchi, ARIA Executive Director

The following article offers highlights from ARIA Executive Director Tony Biacchi’s report in early January 2013 not mentioned elsewhere in this newsletter. During the remainder of the winter Board meeting, the Board continued the strategic planning process to make ARIA the premier organization for risk management and risk-related research and teaching, and to increase the strength and breadth of our membership.

Executive Office

The JRI website and the editorial/referee database went down at the time of last year’s August annual meeting. Initial calls to Nexpoint Technologies, Inc. suggested the provider was having problems with system upgrades; however, the continued service blackout and lack of response from Nexpoint prompted our contacting a lawyer to proceed with legal action. There is still no access to the JRI editorial database. Kyneta Lee, the consultant working on the new ARIA website, did reconstruct the JRI website which is now hosted by another provider, and soon will be hosted through Penn State University.

Keith also received a $6,000 advance on the additional compensation ARIA provides the JRI editor each January.

The ARIA website continues to undergo modification. The executive office maintains communication with the consultant and has solicited input from both the chairs of the teaching resources committee and the web strategy committee. The website will go online following Board review and approval.

Arrangements have been made to hold the 2014 annual meeting at the Renaissance Hotel in Seattle, Washington (August 3-6, 2014).

Continued on next page
Membership approved a vote on the By-laws that permitted at least five members to serve on the Committee on Nominations. The By-laws were reviewed, updated, and submitted to the webmaster for posting.

Finances

ARIA received $113,626 in April 2012 as payment for royalties and subscription income earned in 2011. The entire amount was deposited in a PNC Bank money market account. Subsequent funds were withdrawn to cover operating expenses. As of December 27, 2012, the account holds $40,759.04 with little need to withdraw any additional funds.

Direct and support expenses for the annual meeting totaled approximately $100,500. A substantial reduction of $10,000 in sponsorship support exacerbated the annual meeting experiencing a loss of approximately $23,500. ARIA also was over budget for expenses associated with *The JRI*, legal fees related to Nexpoint, and additional payments for manual support services in preparation for the *JRI* editor transition.

Still, after paying end-of-the-year bills, the checking account balance should approximate $10,000, and as noted above almost $41,000 remains in the PNC Bank money market account. In January 2013, ARIA received its yearly $42,000 advanced payment from Wiley-Blackwell (W-B).

ARIA and ARIA-managed funds are deposited with Vanguard, Fidelity, and PNC Bank. The funds are allocated in three categories: (1) restricted (for the purposes of awards); (2) custodial (a money market account managed on behalf of the Risk Theory Society); and (3) non-restricted (unobligated). The value of ARIA's total investment portfolio at the end of 2012 was $544,642.36 compared with $465,853.60 at the end of 2011. The value of the ARIA's restricted funds increased from $113,723.49 to $118,307.73. Expense payments reduced the RTS account balance to $6,811.88. As a result, the value of ARIA's unrestricted portfolio at the end of 2012 increased by $72,322.67.

The 2011 royalty and subscription income from W-B payable in April 2012 totaled $113,626. These funds are considered 2011 income. W-B funds for 2012 activities will be paid in April 2013. Payment likely will equal or surpass 2011; conservative projections indicate ARIA will receive no less than $105,000. W-B financial data follows:

<table>
<thead>
<tr>
<th>Income Source</th>
<th>2012 (to Nov. 30)</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yearly Total Income</td>
<td>$386,186</td>
<td>$395,574</td>
<td>$394,856</td>
</tr>
<tr>
<td>Subscription Revenue</td>
<td>$268,040</td>
<td>$270,144</td>
<td>$278,727</td>
</tr>
<tr>
<td>Non Subscription Revenue</td>
<td>$45,139</td>
<td>$52,853</td>
<td>$49,770</td>
</tr>
<tr>
<td>Membership</td>
<td>$73,007</td>
<td>$72,577</td>
<td>$66,359</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to Editors in 2012</td>
<td>$50,000 (est.)</td>
<td>$47,725</td>
<td>$46,478</td>
</tr>
<tr>
<td>Payment to ARIA in April of</td>
<td>$105,000 (est. April 2013)</td>
<td>$113,626</td>
<td>$76,483</td>
</tr>
</tbody>
</table>

The *JRI*

The journal received 180 new submissions, a major increase over the 151 received in 2011. The appeal of publishing in a high quality journal and articles for three special issues contributed to the increase submissions. The three special issues in preparation for publication in 2013-2014 are: (1) Longevity and the Capital Markets; (2) Convergence Interconnectedness, and Crises: Insurance and Banking Conference; and (3) Behavior Insurance and Behavior Risk Management.

W-B advertises new *JRI* issues on SSRN and IDEAS (RePEc). All accepted manuscripts are posted on W-B's Early View. Former *JRI* editor, Georges Dionne (HEC Montreal), noted W-B's cooperation has been excellent.

After two very successful terms heading up *The JRI*, the tenure of Georges Dionne as its editor came to an end on December 31, 2012. Keith Crocker and Georges Dionne have worked closely in preparation for the editorial changeover. Keith’s editorial assistant, Lisa Ford, has been working on the transition since November 1. The transition is not as seamless as hoped given the circumstances surrounding the loss of the editorial database hosted by Nexpoint. Manual backup of some materials was available from George's son, J.F. Dionne.

As stated above, the new *JRI* web pages will be hosted on a server at Penn State. On January 3, the journalofriskandinsurance.org link will be redirected to the new web pages. The site can be previewed at http://journalofriskandinsurance.smeal.psu.edu/.
Papers currently in the system are being handled manually, as Georges and his editorial assistant, Claire Boisvert, have done since August. The ScholarOne submission website will be available for manuscripts submitted after January 1. The ScholarOne portal will be accessible either through the JRI web pages or directly through http://mc.manuscriptcentral.com/jri.

Georges has kindly set up the March 2013 issue, which is ready to go, so the June issue will be the first issue under Keith’s editorship.

The editorial board has changed. Scott Harrington (University of Pennsylvania), Rich Phillips (Georgia State University), and Mary Weiss (Temple University) have agreed to continue as co-editors. Dick Butler (Brigham Young University), Harris Schlesinger (University of Alabama) and Art Snow (University of Georgia) have been added to the group. All have agreed to handle 12-14 papers per year.

**RMIR**

The fall issue contained 7 articles: three feature articles, three perspectives, and one educational insight. The spring 2013 issue will publish nine articles: two invited articles, four features, two perspectives, and one educational insight.

Calendar year data show 23 new submissions and 26 resubmissions. For 2011, the numbers were 25 and 11, respectively. The article backlog contains five ERM case studies, one feature article and one educational insight.

The executive office requested W-B work with the RMIR editor to provide access to the ScholarOne editorial database as soon as the JRI website is operational.

The third term of the RMIR editor comes to an end on December 31, 2013. At the earliest possible date, the Board should approve an RMIR editor search committee.

**ASSA**

In his June Board report Martin Grace (Georgia State University) suggested that ARIA should look more closely at its relationship with ASSA. Among those suggestions were the development of an ASSA mission statement and better marketing of ARIA’s best research.

**Wiley-Blackwell**

Replacing Margot Morse, Brian Giblin has been serving as W-B’s liaison to ARIA. W-B does not provide a calendar-year report until the end of the first quarter of the following year. W-B’s November 2012 interim report noted figures provided for ARIA’s January Board meeting that were not vetted by W-B’s accounting department. In addition, some revenue sources were not available and could not be reported to the Board. With November revenues just $9,000 short of 2011, W-B’s representative was fairly confident 2012 revenues payable to ARIA would be comparable to 2011 ($113,626). Still, the executive office took a conservative approach by projecting a $105,000 accrual when estimating the final 2012 budget.

Between 2009 and 2011, the JRI/RMIR bundle of full time subscribers has dwindled by approximately 75 subscriptions. The November interim report continues to show a retreat. The JRI/RMIR bundle had 472 full-rate subscriptions, down from 501 in 2011, primarily due to the loss of print subscriptions.

Computer downloads of RMIR articles continue to increase. As of October 2012, W-B recorded 12,043 full-text downloads compared to 11,606 in October 2011. Downloads for JRI articles also increased. A comparison between the two time periods showed an increase from 36,616 to 44,144 (or +7,528).

The JRI is now ranked 19 out of 86 journals in the Business, Finance category and 76 of 320 journals in Economics. As reported in June 2012, The JRI impact figure is a journal high of 1.408 and the five-year factor is 1.433.

The Board agreed with W-B’s suggested increase for 2013 journal subscriptions, but saw no reason to increase membership fees. Comparison fees for journal subscriptions follow:

<table>
<thead>
<tr>
<th>2012 and 2013 Wiley-Blackwell Subscription Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUBSCRIPTION FEES</strong></td>
</tr>
<tr>
<td>2013 Prices</td>
</tr>
<tr>
<td>JRI &amp; RMIR</td>
</tr>
<tr>
<td>Print Only or Online Only</td>
</tr>
<tr>
<td>JRI &amp; RMIR</td>
</tr>
<tr>
<td>Print + online</td>
</tr>
<tr>
<td>2013 Prices</td>
</tr>
<tr>
<td>RMIR</td>
</tr>
<tr>
<td>Print only or Online only</td>
</tr>
<tr>
<td>RMIR</td>
</tr>
<tr>
<td>Print + online</td>
</tr>
</tbody>
</table>

For additional information on ARIA Board activities, please contact Tony Biacchi at biacchi@theInstitutes.org.
A Personal Encounter with Risk Perception and Leadership: Lessons from a Glacier

by Anne Kleffner, University of Calgary

Last August I experienced one of the greatest trips of my life. A four-day backpacking/glacier travel adventure that was filled with extraordinary beauty, challenging physical demands, and an opportunity to be way out of my comfort zone. The experience invited me to reflect on a number of issues around risk perception, risk taking, and what my own personal motivations are for engaging in potentially dangerous activities. It has also led me to ponder a number of issues around risk and leadership—based on the very positive experience of being led by an alpine guide with over 30 years of experience.

The Lyell Glacier traverse is located on the east slopes of the Canadian Rockies and is about a 30-mile loop that took us to a backcountry lodge the first night, and two different alpine huts on the second and third nights. We averaged over 1000 metres of elevation gain on days 1-3, crossed massive glaciers on days 2 and 3, and also climbed an “easy” peak, Mount Christian, on our third morning.

My first true backpacking experience was in 1997 with Ann Butler-Finnegan, former ARIA member. We joined four friends from Calgary in Whitehorse, Yukon Territories (Canada), to make our way down to Skagway, Alaska to begin a five-day trek. I will never forget showing up at an ARIA meeting a couple weeks later in San Diego and running into Kevin Eastman (another ARIA member) as we were checking into the hotel. Kevin and his wife had just spent a week in Las Vegas lying by the pool while “the Cabana boy sprayed them with a fine mist.” He could not understand what could possibly be fun or enjoyable about carrying everything you need on your back for 5 days and sleeping in a tent.

The answer can be found in the research around risk perception, which identifies a number of factors that attenuate or amplify risk perception. One of those factors is the benefit. Obviously, what is rewarding for me in terms of spending time in the backcountry and seeing scenery that few others see, and challenging my physical abilities, amounted to sufficient benefit to endure the difficulty. Granted, Ann and I were backpacking novices and were lucky that the weather was so cooperative, and that we didn’t run into other potential hazards. Sometimes ignorance is bliss! But the reward/risk ratio helps to explain why I gladly spent five days hiking the Chilkoot trail, and yet would never consider an attempt to summit Mt. Everest. The reward to risk ratio seems way too low (or the pain to reward ratio seems way too high!)

Similarly, for the Lyell Glacier traverse, the scenery, the camaraderie, and the exhilaration I experienced by pushing my physical abilities and stepping outside my comfort zone made the trip extremely rewarding. But this is when I became all too aware of how risks that are exotic, or unfamiliar, seems so much scarier than risks that we understand or are familiar with. On day 2, after a long sustained climb, we roped up for the first glacier traverse. This felt more like just a pleasant walk across a big snowfield and I was almost giddy with the excitement of it (and loving how cool I looked in my climbing harness!). However, we didn’t travel much farther and then came to a rock ledge that required us to rope up again and gingerly lower ourselves down onto the glacier and down a steep snow pitch. This was the beginning of being out of my comfort zone, which was soon exacerbated by a 2.5-hour trek across a glacier with deep crevasses (both visible and not visible) all around.

Everything seemed frightening and risky to me. I was trying to figure out how Albi, our guide, knew which route to take to safely get us to our next hut. I pondered what would happen if, hours into our day, we had to turn around because the path forward was simply not passable. I recognized that the unfamiliarity of all of it made me feel very unsafe, yet I took great comfort in knowing that my six companions all had extensive mountain-eering experience. The relief I started to feel as we approached the hut, which was only a few hundred metres away, quickly dissolved as I realized that to get there we had to cross an ice bridge about 15 feet wide. I immediately asked myself: How could this possibly be a good idea? To my left about 3 feet was a crevasse and to my right sloping down was an even bigger crevasse that seemed to fall into nothingness.

Continued on next page
As I walked along, being thankful for each step that got me closer to solid rock, my feet slid out from under me and I found myself sliding down on my stomach, my feet very close to the edge. In that second I was terrified and also amazed at the scenarios that played through my mind. Just then I could feel the rope become taut and catch me before I fell any further, and then heard the guy in front of me yell “person down.” At first I seemed to be unable to get my feet under me, and kept slipping. I was trembling and unsettled, and soon realized that everyone else was very calm. To my amazement, it seemed to be a complete non-incident.

Long after our trip I talked to Albi about managing risk in outdoor pursuits, and particularly on a trip like ours. He noted that many of the tragedies that occur in climbing, mountaineering, etc. are not due to a lack of technical skill. In fact, it is often people who are very skilled, technically, but they become blind to what is going on or what may be developing around them. Water, after all, is extremely dynamic and is constantly changing. Yet due to his experience, he is able to read a glacier like a map. He is able to identify where crevasses are likely to be, assess whether ice bridges are stable, and in the event of a miscalculation, the risk is managed by the ropes. They are there to catch people. “No big deal. We just have to pull someone out of a crevasse.” [Note: It was difficult for me to embrace this rather laissez-faire attitude, but in hindsight I recognize the wisdom.]

In contrast, risks that we can’t control, such as the lightning storm that was bearing down on us on the third day when we were up on a high ridge, clearly elicted a different response. He admitted that past experiences have made him possibly oversensitive to the danger of lightning, as the risk perception research points out, but it was clear that getting down and getting down fast was critical. We roped up for the last time and rather than traversing across, we were traversing down and it felt like Albi was flying. My feet barely touched the ground. It was a lot of fun but it also seemed clear to me that if someone in the back lost their footing the others below would be like bowling pins just waiting to be knocked down. Forty-five minutes later when we reached the hut I was simply elated to step inside the tiny space that provided everything we could possibly need. Albi went to get fresh water from the glacier to make us tea (another quality of a great leader!). I took off my wet gear, had a seat on the wooden bench, and enjoyed the most blissful cup of tea of my life.

Recognizing the difference in risk perception between the others and me was enlightening. I’m not sure whether I would have gone on the trip if I had a better understanding of what it entailed. Fortunately, after finding out the answer to my one question about whether a crevasse rescue course was required in order to participate (No), I decided to go. And the reward to risk ratio was definitely worth it.
Learning from Experience: Risk Management at Schools and Campuses

by Stephen G. Pelletier

This article appeared in Reason & Risk (Vol. 20, No. 1, Spring 2012), a publication of United Educators Insurance, a Reciprocal Risk Retention Group, and is being reprinted with permission.

Mitigating risks to United Educators (UE) means not only preventing losses and ensuring the financial health of your educational institution and insurer, it also means keeping students safe, maintaining a healthy workplace, and enabling our members to focus on their mission of education.

As we celebrate UE’s milestone 25th anniversary, Reason & Risk talked with a few notable members about the evolving role of risk management at their schools and campuses. Some of the individuals we spoke with have been in the risk management field for the 25-year lifespan of UE. Their observations summarize how the field has developed during this time, capture lessons learned from recent challenges, and speak to some of today’s top risk-related issues.

The Profession Evolves

Perhaps the most important development in risk management has been the overall rise in the field’s professionalism. Risk management has moved from a sideline responsibility of human resources or the business office to the core mission of a defined function with direct-line reporting relationships that extend to top administrators and trustees. As a result:

- Educational institutions have become much more attuned to the challenges that risk presents and are better informed about the breadth of risk.
- Institutional approach to risk has evolved from reactive to proactive. More institutions are taking a longer view of risk, focusing on prevention and preparedness. Proactive strategies such as threat assessment planning and preparing for business community have become the norm.
- Awareness of risk and the need to mitigate it has filtered into the mindsets, vocabulary, and action plans of departments and positions across institutions. Staff training in risk management is standard practice.

“One of the trends in risk for us has been the evolution in understanding what risk is,” says Glenn Klinksiek, who had been serving as assistant vice president for risk management, audit, and safety at the University of Chicago before his retirement earlier this year. Klinksiek reports that, like many universities and schools, Chicago has intentionally cultivated a more formal approach to risk in recent years. That process has helped the university begin to instill attention to risk across all its units and departments.

As the field of risk management has become more polished and professional, a body of knowledge about effective practices built on experience has begun to emerge. In that spirit, the members we talked with said recent trends reveal important lessons that could and should be applied at all institutions that are serious about addressing risk.

1. Develop active ownership. From his perspective as a former campus risk manager at Pepperdine University and current executive director of the higher education practice at Arthur J. Gallagher Risk Management Services, John E. Watson thinks the most significant trend in risk management has been “the move from a passive attitude toward risk management to one where there’s active involvement in retaining some of the risk.” As institutions have accepted some degree of financial obligation for risk, they have become more active in seeking ways to mitigate it, he says. Savvy institutions have inculcated the principle that they must take active ownership of risk and manage it proactively.

2. Distribute responsibility for risk. A corollary to active ownership is the imperative to distribute responsibilities for risk beyond the risk management office or officer. Administrators, units, and departments across institutions must engage and be accountable for their risks.

For Ann Wiswell, risk manager for the Nevada Public Insurance Agency Insurance Pool, engaging some of her smaller school districts in risk management means providing risk management grants to install surveillance cameras on school buses. “While this is a fairly typical type of installation in major metropolitan areas, many of our smaller rural school districts are a bit behind the times in getting that technology in place,” she says. “So much bully behavior occurs on school buses, and schools find that they install those cameras, the bullying oftentimes is significantly reduced.”

3. Spread education across campus. Ensuring that responsibility for risk is dispersed across campus typically involves changing cultural and individual assumptions. That requires considerable attention to staff education. Frequent, ongoing education and training, from top leaders on down, must be the risk manager’s constant focus.

4. Anticipate and prepare. As part of a growing sophistication about risk as a whole, many colleges and universities are engaged in “taking the institution’s crisis response plan and ratcheting it up to a continuity of operations plan,” Watson says. In addition, more institutions are appointing staff to address business continuity, enterprise risk management, and compliance. Thus, another lesson learned is that the next generation of risk managers will need to be much more proactive than were their more reactive predecessors.

5. Expand the risk management portfolio. The overall scope of risk management work has grown significantly. For example, Allen J. Bova, who recently retired as director of risk management and insurance at Cornell University, says his job began to take on a 24/7 reality as the university placed more students, faculty, and operations worldwide. “More than anything else, I think the international exposure has changed the profession,” he says. “You never knew when you were going to get a call late at night to sort out a particular situation that was halfway across the world.” International education is merely emblematic of the many challenges that

Continued on next page
have become part of the risk management portfolio. For example, Bova says he witnessed “the development of comprehensive risk management programs that cover not just property and liability risks, but all kinds of risks that the education market is subject to, including financial risks, human resource risks, reputational risks, data risks, and a whole variety of things that we hadn’t focused on as much in the past.”

6. Monitor the expanding scope of claims. Bova says, “there was a period of time when we never got claims for wrongful termination, discrimination, or those types of things.” But today there is significant activity in this area.

Similarly, Steven Moore, the chief financial and operating officer and general counsel at Milton Academy, has experienced a vastly new environment in which claims are incurred: The world has become more litigious and more complex, “with more opportunities for things to go wrong.”

7. Use data as a tool. As the risk management field has become more sophisticated, institutions and organizations such as UE have compiled richer collections of data about trends in claims, litigation, and the risk field in general. Practitioners in the field increasingly rely on this information as a key strategic tool for analyzing, anticipating, and addressing risk challenges. Even small steps in collecting and using data to manage risks can make a difference.

8. Increase risk management staff. As practitioners in risk management struggle to meet the fast-evolving and rapidly expanding demands of their work portfolios, their work loads are increasing. Institutions that are serious about meeting the challenges of risk may need to invest more capital in this area.

9. People skills are important. Through years of experience, Bova learned that he needed to be judicious in deciding which issues to press on campus, and with which colleagues. He urges new risk managers to do the same. “You might not be able to reach what I would call an optimal risk management solution immediately on a particular issue, but what you have to do is get the ball rolling, make improvements, and then, as time goes on, make additional improvements, until you get to where you need to be,” he says. “I think the biggest mistake sometimes is that we try to do too much all at once. And resource-wise and culture-wise, it’s just not possible. Then you basically fail to get anything done, because you tried to bite off more than the institution can handle.”

10. Develop strong partnerships. Brokers, organizations, and consultant in the field can help risk management practitioners gain knowledge and improve their skills. Recently, for example, the University of Chicago hired PricewaterhouseCoopers as its internal audit service provider, a relationship that proved fortuitous because the firm helped the university develop a more comprehensive and sophisticated version of its risk management practices, Klinksieck says.

Also, as risk management becomes even more complex, having good partners with the specialized expertise needed to help navigate challenges – both in heading them off before they appear and in dealing with them when they do – will be even more important, Moore says.

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