August 5–8, 2007 Annual Meeting: Experience Québec City’s Joie de Vivre!

by Terri Vaughan, Vice President and Program Chair

We are looking forward to an informative and entertaining 2007 ARIA annual meeting in beautiful Québec City in August. In addition to the typical schedule of plenary sessions, Strickler Award lecture, and concurrent sessions for presenting timely research, we are planning a special reception on Monday evening to take advantage of our meeting location.

The President’s Luncheon on Monday promises to be particularly interesting. Jim Garven, ARIA’s president, has arranged for Kenneth Froot to deliver the keynote address. Mr. Froot, the André R. Jakurski Professor of Business Administration at Harvard University’s Graduate School of Business Administration, has done research on a wide range of topics in finance, risk management, and international markets. He is a highly sought-after speaker, and his discussion on a current topic in risk management is sure to make the President’s Luncheon a memorable event.

Monday will be designated “Industry Day”, with some sessions of interest to both academic and nonacademic attendees. The opening session will feature a plenary address by Jay Fishman, CEO and chairman of the board of Travelers, with other experts commenting. We will also have a special concurrent session track presenting research topics that have particular relevance to the industry, with discussants including both academics and practitioners. A separate one-day registration will be available to allow more industry researchers to attend. Many thanks to Richard Derrig, the new chairman of ARIA’s institutional relations committee, for his suggesting Industry Day and for his efforts to ensure its success!

Monday night’s reception will be held at Musée de la Civilisation, a world-renowned museum based in Québec City. The museum has a wide variety of exhibits, including several on the history of Québec, from its roots as a fur-trading colony to the present. Don’t miss the opportunity to socialize, while seeing how the Québécois lived through their several-hundred-year history.

Other plenary sessions scheduled for Tuesday and Wednesday are:

1. Sustainability Risk Management, organized by Dan Anderson. This session will deal with risks arising from the environmental and corporate social responsibility areas of a business. Panelists will discuss the nature of these risks and their potential impact on the corporate world, particularly the risk management and insurance industry. Emphasis will be on the business opportunities for the risk and insurance industry in developing risk mitigation and financing methods for managing these risks.
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2007 Annual Meeting, continued

2. Developments in Reinsurance Markets, organized by Joan Lamm-Tenant and Neil Doherty. Significant developments have occurred in the reinsurance markets following the hurricanes of 2004 and 2005. Hedge funds are an active source of capital, new vehicles known as “side cars” have emerged, and the use of catastrophe bonds has increased. This session will explore recent developments and their implications for the global insurance and reinsurance industry.

3. Canadian Insurance Market Developments and a Perspective on Self-Regulation from the United States, a shorter plenary organized by Bill Rabel. This session will focus on life insurance regulation and market conduct, and will include members of the Canadian industry and Brian Atchinson, the CEO of the Insurance Marketplace Standards Association in the U.S.

4. The Strickler Award Presentation will also be structured as a shorter plenary this year and will be held on Wednesday morning.

Finally, we will be trying a different format for the concurrent sessions at this meeting. In response to requests for additional time to discuss the papers, there will be five breakout sessions during each time slot, with only three papers in each session. As with last year, each paper will feature a discussant. We will be interested in your feedback on this new format following the meeting; let me know (at terri.vaughan@drake.edu) if you would like to volunteer as a discussant!

In total, 149 proposals and papers were submitted by the deadline—a record for an ARIA meeting. These have been distributed to the program committee on an anonymous basis and will go through a rating process, with each proposal being evaluated by four reviewers. Acceptance will be based on the committee’s average ratings for each submission, and authors will be notified by e-mail of the program committee’s decision regarding their paper by April 27.

A successful meeting requires the efforts of numerous people – the program committee, the session organizers, and the staff of the American Institute for CPCU who support ARIA. I am indebted to everyone who has agreed to assist with the meeting.

See you in Quebec City in August!

P.S. To all Americans: do not forget to bring your passports!

Highlights of ARIA Winter Board Meeting
by Tony Biacchi, Executive Director

ARIA’s Board met for its mid-year meeting on January 20 at the Terry College of Business, University of Georgia, in Atlanta. The Board would like to thank Rob Hoyt for his continuing offer to use the university’s facilities.

In addition to a $250 donation, ARIA received $6,000 in contributions to the Robert C. Witt Award, thanks to Richard MacMinn’s efforts while on retreat in the Far East. These funds along with $2,000 that were donated previously will be deposited in a restricted investment fund. A financial award will become part of the Witt Award when the value of the fund totals $10,000.

Continued on page 3
Highlights of ARIA Winter Board Meeting, continued

A preliminary program for the 2007 annual meeting was presented by this year’s chairman, Terri Vaughan. See the preceding article for an overview of the annual meeting program. The general membership meeting will be moved to Tuesday night because of Monday’s industry focus. The program agenda will be shared with the membership once sessions and presentations are finalized; for additional information about this year’s event, go to www.aria.org.

Based on the results of 77 responses to the annual meeting survey, the Board agreed to hold ARIA’s 2008 annual meeting in Portland, Ore. This is scheduled for August 3 through August 7.

The contract to house the executive office at the American Institute for CPCU expires at the end of 2007. Both ARIA and the AICPCU are interested in continuing the relationship, but ARIA must pay more of its own way. The Board anticipates finalizing an agreement in time for signatures at the annual meeting.

The Board also agreed to provide financial support to its members who have difficulty receiving travel funds to attend the mid-year meeting. In addition, Blackwell Publishing reported on its upcoming merger with Wiley and was pleased to announce an increase in both ARIA’s membership (up to 559 individuals) and renewals for our two journals.

Richard Derrig agreed to head ARIA’s efforts to increase sponsorship for the association. He and Steve Weisbart will attend a dinner of the Spencer Foundation in an effort to receive financial support for the organization, or for some of Spencer’s students to join ARIA and to attend the annual meeting. Richard also will work with our Canadian members to solicit local industry support of the Quebec City annual meeting. In an effort to increase the association’s value to the industry, the Board agreed ARIA would post academically-oriented position openings.

At the request of Jim Garven, Martin Grace participated in the Board meeting to report on his efforts to renew ARIA’s involvement with the Allied Social Science Association. The Board motioned to pursue its affiliation with ASSA.

Finally, because The JRI has a backlog of nearly 50 accepted articles awaiting publication, its page count will be increased by 200 to reduce the excess. Blackwell will assume production cost for the first 100 pages and ARIA will be billed for additional pages.

Officer and Director Elections Are Taking Place

The slate of nominees for director positions is in the process of being finalized. Instead of using paper ballots this year, voting will be done electronically. ARIA members will be receiving the final slate of nominees, their bio and information on the voting deadline via e-mail soon. If you prefer to vote using a hard-copy ballot, please contact the Executive Office at aria@cpcuiia.org for a paper form. The individuals who will serve in the following officer positions in 2007-2008 are:

President
Mary Weiss
Temple University

President-Elect
Terri Vaughan
Drake University

Vice President and Program Chair
Vickie Bajtelsmit
Colorado State University

or

Steven Weisbart
Insurance Information Institute

Don’t forget to pay your 2007 membership dues in order to participate in this important election!
Mark S. Dorfman Remembered

by Saul Adelman and Marcia Dorfman

Born April 14, 1945, Chicago, Illinois
Died December 22, 2006, Charlotte, North Carolina

Mark S. Dorfman was greatly admired by friends and colleagues as a wonderful teacher, a thoughtful scholar and researcher, and a careful textbook author. His excitement about the study of insurance was awakened by Professor Robert I. Mehr at the University of Illinois in 1966, and his enthusiasm never waned. Over the more than three decades of his teaching career spanning three universities, he influenced countless numbers of students by clarifying and demystifying risk management and insurance as well as introducing the industry to them as a potential career.

He received his B.A. in accountancy from Northwestern University in 1966, which he followed by attending graduate school at the University of Illinois at Urbana-Champaign. He wrote his Master’s thesis in finance under Professor Paul M. VanArsdell and his Ph.D. under Professor Mehr, receiving the degree in 1970.

While doing library research for his Master’s thesis, he received assistance from a helpful library school graduate student, Marcia Tuckey. They married in 1968 and she remained his library assistant throughout their nearly 39 years of marriage.

In addition to providing rigorous guidance over the dissertation writing, Professor Mehr gave his graduate assistant, Mark Dorfman, total charge of his Introduction to Insurance class. Thus Mark was already an experienced teacher when he began his teaching career at Miami University, Oxford, Ohio in 1970.

During his 16 years at Miami, Mark strengthened and expanded the teaching of insurance there, and was involved with the insurance community of southeastern Ohio. He single-handedly confronted insurance agents who were trying to sell “college special” policies to seniors by encouraging them to borrow the money to pay the premiums. Although Mark as a rule disliked controversy this circumstance was only one example of his standing up for what was right in the face of angry opposition.

After being mentored by two textbook authors, Professors VanArsdell and Mehr, it was not long before Mark joined them. The first edition of Mark’s textbook, *Introduction to Risk Management and Insurance* was published by Prentice-Hall in 1978. (The 9th edition, which Mark conscientiously finished several months before his death, will appear in Spring 2007.)

In 1986, Mark moved his family, which by then included two sons, Matthew (1977) and Michael (1982), to accept the Whitbeck-Beyer Chair of Insurance and Financial Services at the University of Arkansas at Little Rock. Mark found it particularly satisfying to teach many wonderful students in Arkansas, several of whom were the first in their families to receive higher education. He continued to be actively involved in the insurance community at all levels, serving on boards and integrating the insurance community into the classroom.

In 1994 Mark connected with Professor Heinrich Stremitzer of the Wirtschaftsuniversität-Wien, who invited him to teach at the WU. The experience of teaching in Vienna (in English with a famous smattering of greatly beloved but fractured German) lead over the next 12 years to numerous opportunities for courses, seminars, and research trips in Austria, Hungary, the Czech Republic, Slovenia, Poland, Germany and France.

Mark finished his U.S. teaching career at the University of North Carolina at Charlotte (UNCC), where he was the endowed professor of risk management and insurance from 1998 until his retirement in the spring of 2005. During his years at UNCC he built the insurance program from just three insurance majors when he arrived to a high of 44 the year before he retired. Mark especially enjoyed working with the many older non-traditional students who attend UNCC.

Each semester at registration time Mark would go into the classrooms of his College of Business Administration colleagues with his “dog and pony show,” to solicit students for the insurance concentration. His classes were filled by his knowledge of the subject plus his personal charm and humor. Mark often self-deprecatingly stated that his classes were 30 percent content and 70 percent Barnum and Bailey. The scholarly and professional achievements of Mark’s students belie that comment.

Mark wrote prolifically throughout his career. Beyond writing the nine editions of *Introduction to Risk Management and Insurance*, two hardbound editions and one Internet-based edition of *Life Insurance:..."
Mark S. Dorfman Remembered, continued

A Financial Planning Approach (with Saul Adelman) and the Dow-Jones/Irwin Guide to Life Insurance, Mark’s research interests varied over his career. His first papers focused on life insurance product performance and competition, and agent compensation in the industry. A second research thread included saving for retirement through the use of tax-deferred plans, Medicaid spend-down and long-term care issues.

Later topics of Mark’s research included the development of insurance market places in former communist economies in Eastern Europe as well as looking at ethical issues and the modernization of U.S. insurance regulation. Mark, ever concerned over the condition of insurance education and the type of research that faculty pursue, also focused on curriculum issues and the impact of the alternative approaches to risk management and insurance research.

He was part of three different groups of researchers working on articles for publication at the time of his death [Helmut Gruendl, Humbolt University, Berlin; the Institut für Finanz- und Aktuarwissenschaften, Ulm; and Martin Halek (University of Georgia) and Bertrand Venard (Audencia, Nantes, France)]. He was a fellow at the Scripps Foundation for Gerontology at Miami University and a faculty associate of the UNCC Center for Professional and Applied Ethics.

Mark was continuously involved in the insurance profession on a local and national level. On a national level, he was on the board of directors for ARIA from 1982-1986 and was president of ARIA in 1984. He was on the Western Risk and Insurance Association Board from 1995-2000 and was WRIA president in 1999. He also was active on journal editorial boards, reviewing articles for publication.

Based on recent communications from friends, colleagues and former students, everyone knew how very important his family was to Mark, but most do not know why. Mark spent his early years, from three to twelve, in a children’s home, first in southern Wisconsin and later in northern Illinois. His father was ill at home, and rather than someone in the family caring for Mark, he was placed in an orphanage where he could see his mother only one Sunday afternoon each month at most. He returned to Chicago at age twelve when his mother remarried after his father’s death. The feelings of abandonment which he experienced in those early years resulted in his intense love of family and affected the way he reared his own children.

It is difficult to summarize a man’s achievements and relationships created over a lifetime in a few paragraphs. Mark’s profound impact on his family, friends, colleagues, and students is immeasurable. He will be greatly missed.

Editor’s Note: A few ARIA members recently wrote to me describing Mark as a good, honest and hard-working man. When Mark and I met about eight years ago, we learned that we both graduated from the same high school in Chicago. Since then, we customarily greeted each other with a round of the school loyalty song. Mark always made a contribution to the newsletter whenever asked, and wanted to remain in touch with his ARIA friends after retirement. I will remember him as a happy, helpful and caring person.

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James C. Hickman Remembered

by Dan Anderson

James (Jim) Charles Hickman passed away on September 10, 2006 following a bout with cancer. Jim was born on August 27, 1927 in Indianola, a rural town in Iowa. Because he was too young to serve in the military during World War II, during the summers of 1944 and 1945 he worked for the U.S. Forest Service in Idaho as a lookout and a smoke chaser. Jim had a great love for the outdoors, and would return to this position during his college summers. After graduating from high school in 1945, he spent 16 months in the U.S. Air Force. Part of this assignment was spent as a historical writer in post-WWII Tokyo. Following his stint with the Air Force, Jim attended Simpson College in Iowa, where he received a bachelor’s degree in mathematics in 1950.

Jim’s life as an actuary began at the University of Iowa, where he spent 1950-1952 earning a masters degree in mathematics with an actuarial science emphasis. He was then employed for five years at Banker’s Life (now Principal Financial) in Des Moines, Iowa, working as a life actuary. He became a Fellow of the Society of Actuaries in 1958 and an Associate in the Casualty Actuarial Society in 1959. Jim returned to graduate school at the University of Iowa in 1957 and received his Ph.D. in 1961. He joined the Statistics faculty at Iowa after graduation.

Jim joined the faculty at the University of Wisconsin-Madison in 1972 and retired in 1993. He served as business school dean from 1985-1990 when he helped engineer some far-reaching changes that are still being felt today. Jim excelled in teaching, administration and in serving the profession and the public.

Teaching is concerned with knowledge dissemination and Jim viewed his role as an educator in a much broader context than most university faculty. An examination of his resumé shows over one hundred published discussions, reviews, research reports, and essays published by Jim. This amazing record spanning forty-eight years of activity demonstrates that Jim believed in the synergy between knowledge dissemination and knowledge creation. His discussions of other scientists’ research served to deepen the profession’s understanding of new ideas as well as foster broader acceptance.

Jim was an academic who believed in teaching practicing actuaries and other academics through his ability to see connections among related fields of inquiry. For those who attended academic conferences with Jim, many recall that he was frequently called upon to give a synopsis of the conference contributions that often spanned many fields. He was an actuary who could see the “big picture.”

Given his ability to communicate and to see the big picture, it is not surprising that Jim was asked to take on a major leadership role at the institution he had been serving for many years. As dean, Jim developed a public and private partnership between the State of Wisconsin, alumni of the School and corporations to provide funding for a new building for the School of Business. A pioneer in public-private partnership, his innovative approach to development as dean of the School of Business is now the model that nearly all of the construction on campus has followed since 1985.

The actuarial profession has benefited from Jim’s scientific contributions, teaching efforts, and his work on the professional infrastructure. His book with Bowers, Gerber, Jones and
James C. Hickman Remembered, continued

Nesbitt entitled Actuarial Mathematics has influenced thousands of actuarial students worldwide. This book was the culminating effort to move life contingencies from a deterministic to stochastic basis. Jim received the American Academy of Actuaries' 1997 Farley Award and the Society of Actuaries' 2000 John O'Conner Award, which honor actuaries who have made exceptional contributions to the profession as volunteers.

Jim believed deeply in the importance of service to the public. He was one of the founding trustees of the Actuarial Foundation, a non-profit organization that serves the public by harnessing the talents of actuaries. Jim played a critical role as a board member of the American Players’ Theatre, helping to rescue this Wisconsin-based outdoor Shakespearean theatre group from bankruptcy in the 1990s. As a board member of Blue Cross/Blue Shield of Wisconsin, he spearheaded the concept of providing state universities with $250 million dollars for medical care research when the organization went private in the early 2000s.

These are just a few examples of his many service activities.

Jim had a deep interest in history (he would have made a great history professor) that manifested itself not only in his personal but also his professional life. As part of the 50th anniversary of the Society of Actuaries, Jim wrote a series of historical essays with Linda Heacox that described highlights of the evolution of actuarial science in North America. In the same vein, he wrote an article in 1999 entitled “Actuaries who have made a difference.” Here, Jim chronicled the lives of three actuaries: Richard Price (1723-1791), Elizur Wright (1804-1885) and M. Albert Linton (1887-1966). Of them, he wrote that we will “look backward at actuaries who have made a difference. This remarkable group did more than contribute actuarial ideas or successfully manage an insurance enterprise. They were active participants in the movements of their time. They were noticed. They may not have changed the direction of history, but things haven’t been the same since their times.”

On a personal note, every time I went hiking in the mountains, I went to see Jim to get suggestions. He was a great outdoors person. It was a little scary to hear him recite the details of his hikes, names of trails, distances, elevations, and nearby mountains and lakes, often taken many years ago. Without a doubt, Jim was the smartest person I have ever known. 

Our actuarial science, risk and insurance programs at Wisconsin were particularly fortunate as he was always there to provide counsel and reflections on virtually any subject we might wish to explore. Even though he retired, he was still around on a frequent basis. We all miss him very much.

Editor’s Note: James C. Hickman, professor emeritus of business and statistics and former dean of the University of Wisconsin, was a retired member of ARIA. Dan Anderson is grateful to Edward (Jed) W. Frees, Assurant Health Professor of Actuarial Science at the University of Wisconsin, who kindly provided substantial input to this obituary.

ARIA Members in the News

David Cummins now serves in a research capacity as the Joseph E. Boettmer Professor of Risk Management, Insurance, and Financial Institutions at Temple University in Philadelphia. Dave is currently Professor Emeritus at the Wharton School of the University of Pennsylvania.

Last fall, Lisa Gardner joined Drake University (Des Moines, Ia.), having previously been at Bradley University (Peoria, Ill.). At Drake, Lisa teaches statistics courses and an occasional insurance course.

Congratulations to Chuck Nyce, who passed his last CPCU examination. Chuck will be conferred at the CPCU Society meeting in Honolulu, Hi. this September.

Beginning in the Fall 2007, David Sommer will replace retiring Jerry Todd as the Charles E. Cheever Chair in Risk Management at St. Mary’s University (San Antonio, Tex.).

Along with Kai Lin Tuan’s many other acknowledgements and awards, he was recently honored by the research and advisory board of the International Biographical Centre (Cambridge, England) as International Professional of the Year for 2007. The Centre honors those who are well regarded in local, national and international spheres; only a few individuals out of thousands are selected for this title.
Activities of Related Associations and Affiliates

International Insurance Society
2007 Seminar (43rd annual)
July 8-11
Intercontinental Hotel Berlin
Berlin, Germany
http://www.iisonline.org

China Center for Financial Research, co-organized by Tsinghua University and Sloan School of Management (MIT)
China International Conference in Finance (5th annual)
July 9-12
Chengdu, China
Contact: Eileen Rong, Tsinghua University
E-mail: ccfre@em.tsinghua.edu.cn or ccf@vip.163.com

Asia-Pacific Risk and Insurance Association
2007 Conference (11th annual)
July 22-25
National Chengchi University
Taipei, Taiwan
http://www.apria.org or http://www.sccollege.org/apria.asp
E-mail: apria@scidomain.org.sg

European Group of Risk and Insurance Economists
2007 Seminar (34th annual), sponsored by The Geneva Association
September 17-19
Cologne, Germany
Geneva Risk Economics Lecturer: Edi Karni (Johns Hopkins University)
Local organizer: Achim Wambach
E-mail: wambach@wiso.uni-koeln.de
http://www.egrie.org/Meetings.htm

Southern Risk and Insurance Association
2007 Annual Meeting (39th annual)
November 18-20
Hilton Palacio del Rio
San Antonio, Texas
Executive summaries (up to three pages) should be submitted by July 1, with contact information on co-authors on a separate cover page. Submit via regular mail, fax or e-mail to:
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Department of Finance, Banking and Insurance
3054 Raley Hall
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Boone, North Carolina 28608
Phone: (828) 262-6187
E-mail: epermanisk@appstate.edu
http://www.southernrisk.org

Risk Management and Insurance at the University of Calgary

by Ryan Lee and Norma Nielson

The risk management and insurance program in the Haskayne School of Business at the University of Calgary was established in 1992 with the funding of the Chair in Insurance and Risk Management by the insurance and risk management communities in Canada and generous matching funds from the Government of Alberta. The effort was spearheaded by Anthony Thibaudieu, an Alberta insurance broker with a passion for education, and the school’s former dean, P. Michael Maher. In all, over 300 individuals and companies associated with the insurance industry contributed to this effort. The first program of its kind in English-speaking Canada, it remains the only Bachelor’s level risk management and insurance education in Western Canada.

The development and growth of the program has always been strongly supported by the industry. Critical support continues today with the most visible form of support being the Advisory Board. This board has over the years included top executives of insurance companies (including Munich Re, Canada Life, SunLife, and ING) and Canada’s risk management community. As well, leaders from such organizations as the Insurance Institute of Canada and Advocis, important providers of professional education across Canada, have served on it.

Faculty

The chair was first held by former ARIA president Jerry Jorgensen. In the early years, it was a two-person show with Jerry and current ARIA board member, Anne Kleffner. In 1997, upon Jerry’s retirement from academia, another former ARIA president, Norma Nielson, assumed the responsibilities of the chair. In 2000, Ryan Lee joined the faculty to complete the current three-person roster.

Program

As of Fall 2007, three concentrations related to risk management and insurance are offered in the Haskayne School of Business.

- The Risk Management and Insurance concentration (RMIN) provides students with an introduction to personal and commercial aspects of both the property and casualty and life/health/benefits sides of the industry.

- The Risk Management: Insurance & Finance concentration (RMIF) is directed at students working toward a commercial insurance or corporate risk management career.

- The Personal Financial Planning concentration (PFPL) is directed at students interested in a career in financial planning. This program is currently in the application process to become an approved provider of the educational component required of certified financial planner (CFP) candidates in Canada.

We offer seven undergraduate courses in the risk management and insurance area that support these concentrations.

- introduction to risk management and insurance
- life and health insurance
- employee benefits and social insurance
- managing commercial property and liability risks
- advanced topics in risk management and insurance

Continued on page 9
Risk Management and Insurance at the University of Calgary, continued

- corporate risk management
- international insurance markets (which is the only credit travel study course in the Haskayne School and won ARIA’s Strickler Innovation in Instruction Award in 2004).

Approximately $30,000 in scholarships and bursaries are available to students in the three concentrations annually. In addition our students regularly receive credit toward various industry designations including the Chartered Insurance Professional (CIP) and Canadian Risk Manager (CRM) designations. As well, our students have been recipients of multiple Spencer Educational Foundation and McGannon Foundation scholarships. The latter is a newer initiative of the RIMS Canada Council as a Canadian equivalent to Spencer scholarships.

Haskayne risk management students are selected regularly to participate in the Anita Benedetti Student Involvement Program which includes attendance to the RIMS annual conference. We have also been regular participants in the Risk Manager in Residence Program with sponsorship from the Spencer Educational Foundation. These opportunities greatly enhance the quality of our student’s education by allowing them to hear from risk management professionals that we would otherwise be unable to bring to our classes.

Our students have historically had one of the highest placement percentages of any concentration in the Haskayne School of Business. Placement success is especially high with students who select to be included in the annual Resumé Book sent out to over 100 industry representatives each fall. We also hold an annual Career Fair event on campus just for our students that allows for a less formal introduction for both students and employers. Students are also afforded the opportunity to attend regular meetings of the Southern Alberta RIMS chapter.

Many students are active with the student organization for risk management and insurance majors. The Association for Risk Management and Insurance (ARMI) is involved with hosting events such as on-campus speaker nights and company information sessions, an alumni pub night, participation with the Corporate Street Hockey event, and assisting the faculty with the Career Fair and Alumni Luncheon events.

In 2003, when the top applicant for Haskayne’s Ph.D. program requested a major in risk management, we admitted Li Zhang as our first doctoral student. With a program customized to complement the actuarial background she brought with her, Li is expected to complete her degree during the 2007-2008 academic year. We hope to leverage that experience by admitting a small cohort of strong doctoral students during the next admission cycle.

Once the core undergraduate program was up and running, efforts turned to developing a stronger research infrastructure. The Risk Studies Centre was established to provide a home to interdisciplinary and multi-campus work. Some success at receiving grant funding has allowed us to build a strong base of Canadian property and casualty industry data, and the addition of colleagues Gilles Bernier (Laval University) and Mary Kelly (Wilfred Laurier University) to our roster of research associates has substantially strengthened both the quality and quantity of insurance and risk management research with ties to the University of Calgary.

Industry Involvement
We are committed to ongoing active involvement with the industry that has done so much to support our program. Faculty members have served on committees for industry organizations such as the Insurance Institute of Southern Alberta and the Southern Alberta Risk and Insurance Management Society chapter.

Faculty members are often asked to be guest speakers at various industry events hosted by groups such as Advocis, the Insurance Institute of Canada, the Insurance Bureau of Canada, and the Canadian chapters of the Risk and Insurance Management Society. As well, faculty are involved with giving expert testimony to various government entities.

Continued on page 10
ARIA Salutes Its 2006 Institutional Sponsors

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Risk Management and Insurance at the University of Calgary, continued

Alumni Activities
As alluded to earlier, we have numerous activities designed to keep close ties with our alumni. We are lucky to have a large core of alumni still based in Calgary. Our major event is an annual Alumni Luncheon which allows our newer graduates (and frequently current students) the opportunity to meet fellow alum who have a bit more experience under their belts. The value of networking is immeasurable in our industry and more than a few hirings have had their genesis from informal conversations at this event. We also host an Alumni Pub Night. This event, while working more toward the social aspects of our industry, allows another opportunity for networking. By having these events in different terms, we are never too far out of contact with our alumni!

We realize that our graduates are also excellent marketers of the program to our current students. When possible, alumni are brought in as guest speakers for our classes. Their ability to relate to the current students, sitting in the very same classrooms they once sat in, is often what finalizes a student’s decision to select one of our concentrations.

The Future
We feel we’ve come a long way in the first 15 years of the program, but as the saying goes, the future looks bright. Our provincial government has recently made new investments in education that have served to increase our annual enrollment numbers in the Haskayne School of Business by nearly 50 percent. We will continue our efforts to introduce students to our discipline, including visits to the Introduction to Business class to try and reach students in their first years of study. We have already increased our offerings of the Introduction to Risk Management and Insurance course to reach up to 240 students each academic year. Many of our other concentrations are encouraging their students to take one of our courses to fill out their requirements. We are hoping that this will lead to adding a fourth colleague to our RMIN cohort in the next few years.

Only time will tell how fast we are able to reach these goals; however, with the dedicated faculty, alumni, and industry behind our efforts, we know that reaching our goals is only a matter of time.

About the CAS The purposes of the Casualty Actuarial Society are to advance the body of knowledge of actuarial science applied to property, casualty and similar risk exposures, to establish and maintain standards of qualification for membership, to promote and maintain high standards of conduct and competence for the members, and to increase the awareness of actuarial science. To learn more, visit us on the Web at www.casact.org.
Profile of Insurance Scholars: Jerry D. Todd Retires

by Diana Lee, ARIA News Editor

“Everyone is much more than just his work-life person.” Jerry D. Todd

Staying true to his words, Jerry Todd – ARIA past president (1989-1990) and a member since 1965 – will be retiring from The Charles E. Cheever Chair of Risk Management at St. Mary’s University (San Antonio, Tex.) in May 2007 to enjoy life outside of work. While some people retire with only a few general activities in mind, Jerry’s plans are very full and well laid out; most of his time will be spent enjoying his many interests and passions: travel, golf, church, music, and family (not necessarily in that order).

This fall, Jerry and his wife, Kay, who are approaching their 44th anniversary, will explore the Galapagos Islands and Amazon River. They also plan to get an RV or trailer to travel as far as possible by land, including Alaska. Add these trips to their previous ones (e.g., visiting all seven continents, including Antarctica and Australia, plus New Zealand and Norway’s Spitzbergen, near the North Pole, and taking 15 cruises, including the Nile and Yangtze rivers), and the Todds have enough photos, memories and first-hand knowledge to start their own TV travel program!

Jerry will continue to be an elder with the Presbyterian Church, and serve on the General Council for the South Texas Presbytery of about 150 churches. He will keep teaching occasionally and singing in the choir and praise team for Sunday worship services as well. Jerry previously sang in barbershop quartets and choruses, appearing long ago with a professional chorus and orchestra at Carnegie Hall (he still has the vinyl record that was cut in RCA studios celebrating the event).

Following in his wife’s footsteps, Jerry recently became a docent at the San Antonio Zoo. He also does volunteer work for Habitat for Humanity, the San Antonio Metro Ministries Homeless Shelter, and is a member of the Society of American Magicians. Retirement will afford him more time to practice his entertainment skills in order to put on a few magic shows!

Other items that Jerry can proudly add to his impressive résumé are being a member of a Cloggin’ exhibition group performing in and around San Antonio during the 1990s (boy, we bet that was exercise!), a square dance caller and a golf aficionado.

The Todds have three children and six grandchildren; all are either in San Antonio or Austin, so Jerry and Kay will remain living in San Antonio, and keeping in touch with St. Mary’s as well as industry friends. They also share a house with their daughter on nearby Canyon Lake, so family boating and water sports activities will continue.

Jerry certainly has earned a well-deserved rest from his forty years in academia. Prior to his professorial career, he received his Bachelor of Science in Business Administration and M.B.A. from The Ohio State University in 1963 and 1964, respectively, both degrees with a major or concentration in insurance. Jerry went on to obtain his Ph.D. from the University of Wisconsin in 1968, with a major in insurance and minor fields in finance, economics, and law, followed by both the CPCU and CLU designations the next year. His academic life was spent teaching at the University of Wisconsin (1965-1967), the University of North Carolina at Chapel Hill (1967-1968), the University of Texas at Austin (1968-1981), and finally St. Mary’s University in San Antonio (1981-present).

During his time at St. Mary’s, Jerry was chair of the department of finance and quantitative management and served as an advisor to financial services/risk management majors. In fact, he feels his main accomplishments are mentoring and furthering the careers of many students over the years. Many of Jerry’s students have won awards from the Risk and Insurance Management Society to attend its annual meetings. Others have won summer internships with risk management departments, surplus lines insurers and brokers, and financial planners. Today, these individuals whom Jerry has influenced are risk managers, risk management consultants, insurance brokers, financial planners, surplus lines brokers or insurers, underwriters, insurance agents, and even risk management information systems managers.

Jerry’s service record is a lengthy one. He was a member of the Texas State Insurance Board advisory committee to simplify the Texas homeowners policy and the committee to study the title insurance rate structure; executive board of the Texas Association of College Teachers; advisory panel for CEBS (Certified Employee Benefits Specialist) and advisory panel of the International Board of Certified Financial Planners. In addition to being department chair, Jerry was elected to St. Mary’s faculty senate, tenure review committee and faculty grievance committee, and was appointed to the Bill Greehey School of Business dean’s council and other groups to help develop the school’s staff and mission.

Moreover, Jerry has coordinated numerous workshops on risk management, insurance, regulation, employee benefits, and financial planning, and presented before state legislators, risk managers, CPCUs, financial planners, insurance agents, CPAs, and corporate managers and employees.

He has acted as a consultant on issues relating to economics and statistics for the title insurance industries in both Texas and New Mexico for over 30 years. Other clients requiring his expertise on insurance and employee benefits include the U.S. Federal Trade Commission, Texas Trial Lawyers Association, Luby’s Cafeterias, North

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Profile of Insurance Scholars: Jerry D. Todd Retires, continued

East School District of San Antonio, and several cities in South Texas. Jerry also has done expert witness work on different insurance-related matters for many different law firms.

It is no wonder that Jerry has received honors and awards for his service and research. He is the recipient of the distinguished faculty award for excellence in teaching award, voted by the alumni of St. Mary's, and his article on pension planning for small businesses was selected as the best feature in The JRI. He was also recognized as a CPCU Society national standard setter in 1999.

In addition to his membership with ARIA, Jerry has been affiliated with numerous organizations, including the American Association of Collegiate Schools of Business; International Insurance Society, Inc. (board of directors and chair); WRIA and SRIA (president of both groups); Insurance Hall of Fame, Electoral College; Allied Southern Business Association (executive board member); Academy of Financial Services; Society of CPCU (board of directors, Alamo Chapter); and Risk and Insurance Management Society.


Jerry is the author of various monographs and reports on insurance, risk management, employee benefits, and financial and retirement planning. Some of these titles are: Effective Risk and Insurance Management in Municipal Government; Foundations of Life and Health Insurance; Risk Management and Insurance: A Study Guide; Personal Lines Training Manual; Feasibility of No Fault Automobile Insurance for Texas; An Evaluation of Retirement Alternatives; and Profitability, Risk, and Rate-making in the Title Insurance Business in Texas.

He has more than 50 published articles in many of the aforementioned journals, along with others, e.g., Business Insurance, Municipal Finance, Texas Bar Journal, Texas Business Review, American Society of CLU Journal, Entrepreneurial Commentary, Research Dialogues, Texas Land Title Association News, and Case Studies in Risk Management.

Jerry says that his years at St. Mary's University have been wonderful, and that he is very thankful for his experiences there and the great relationships he has with so many of the faculty, staff, and administration. He also is delighted that one of his former students, David Sommer, will be coming in Fall 2007 to replace him in the Charles E. Cheever Chair in Risk Management; Jerry is confident that the program will continue to thrive under David's leadership.

Summing it all up, Jerry says, “Life is good!” We hope that Jerry will keep us posted on his latest adventures during retirement. ARIA wishes the Todds the best of luck!
The Insurance Information Institute is changing in a number of ways that may be of interest and of use to ARIA members. The I.I.I. is pursuing new directions, with new staff, and creating new studies and materials that ARIA members may use. Following are examples of some of these changes.

**Life Insurance and Related Lines**

The I.I.I., known primarily for its work in property/casualty insurance, is expanding its capabilities in life/longevity/disability/long-term care insurance. Steve Weisbart, a long-time ARIA member (and current ARIA Board member), joined I.I.I. in May 2005 to head up this initiative. The Institute’s Web site (www.iii.org) contains a great deal of content on various topics used by both ARIA members for classroom and textbook purposes and industry representatives for their advocacy efforts. Steve plans to develop more Web content in the future.

Steve also produces original research on issues affecting the life insurance industry. In January 2006, the I.I.I. published his report “Pandemic: Can the Life Insurance Industry Survive the Avian Flu?” which was updated in June. Another I.I.I. publication is “Equity Indexed Annuities: Fundamental Concepts and Issues” by Bruce A. Palmer. Both works are available at http://www.iii.org/media/hottopics/.

Steve is also responsible for describing and reporting on trends in the life insurance industry. This work is usually in the form of a PowerPoint presentation, which is on the I.I.I. Web site and available to ARIA members and others at http://www.ii.org/media/hottopics/.

Other recent I.I.I. research articles, reports, and presentations include:


**I.I.I.-Organized Conferences**

- Northeast Hurricane Conference—held in New York City on July 19, 2006 to assess the extent of the risk of a Northeast Hurricane, lessons learned from prior hurricanes, economic ramifications, coordination of resources, and media’s role. The agenda, attendees, presentations, and resources are at www.iii.org/media/met/nehurricane/.
- “Moving Toward a ‘Next Deal’”—symposium held on February 1-3, 2006 on the Wye River campus of the Aspen Institute to discuss the American “social contract” in light of some elements of the “New Deal” eroding and to speculate on what will replace it. Excerpts from conference participants are on a DVD available free from the I.I.I.
- Joint Industry Forum—held in New York City every January, the JIF is typically attended by property and casualty executives from insurance and reinsurance companies for the purpose of exchanging information and discussing topics of general interest.

**Free Downloadable Software**

- In late 2004 the I.I.I. published “Know Your Stuff!”—software designed to make it easy for anyone to take a complete home inventory, including storing photos of rooms and individual items, receipts, and other proofs of value. Inventory can be e-mailed, saved to a disk and stored for safe keeping. The software is available at www.knowyourstuff.org.
- In late 2006 the I.I.I. published “My Financial House™”—software designed to make it easy for anyone to take a complete financial inventory and track progress toward their financial goals. Once completed, the inventory can be shared with an accountant, insurance agent, financial advisor and/or attorney. Inventory can be e-mailed, saved to a disk and stored for safe keeping. This software can also help survivors and caretakers identify a person’s insurance and financial assets so his or her affairs can be more easily managed if need be.

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I.I.I.-Academia Collaborations
The I.I.I. hosts student groups from schools of risk management across the U.S.; for example, it has annually hosted a group from Mississippi State University as well as several insurance executive-development programs coordinated by the School of Risk Management at St. John’s University. The Institute has also hosted insurance-focused executive MBA programs in Europe, and has a formal project partnership with the Wharton School’s Disaster Risk Center. Among its many other activities is co-hosting an annual insurance conference with the National Bureau of Economic Research.

Editor’s Note: At the beginning of this year, the I.I.I. transitioned to new leadership. After 15 years as president, Gordon Stewart retired. The Institute’s Board selected Bob Hartwig, Ph.D., CPCU, who joined the organization in 1998 and was its chief economist for seven years, to be its new leader. Before joining the I.I.I., Bob worked for the Swiss Reinsurance Group in New York and the National Council on Compensation Insurance. Bob has been an ARIA member since 1996.

Reflections of a Rehabbed Schoolteacher
by William H. Rabel

Few people are as lucky in life as I am. I left the professorate in 1971 to spend a “year or two” in professional education. Thirty-five years later, after stints at The American College as dean of the Huebner School, at the United Nations Conference on Trade and Development, and at National Bureau of Economic Research, I have made my way back home.

Several friends have asked what it is like to again be in front of a classroom now that I have had the honor of occupying the John & Marie Louise Loftis Bickley Endowed Teaching Chair in Insurance & Financial Services at the University of Alabama (in Tuscaloosa) since August 2006. In all candor I must say that it’s terrific. Let me share some of my early impressions with you.

First, I don’t see how “regular” faculty members can do their research as well as teach, provide institutional service, and build their programs. It is an impossible job. I am amazed at the quality of work and dedication that I see from colleagues at ‘Bama’s Culverhouse College of Commerce and Business Administration. And, I am aware that there never is enough time for them to do all they would like. I’ll bet it is the same at most other schools.

Second, the impossibility of a “regular” faculty positions supports the value of teaching positions like the Bickley chair. Following the principle of specialization of labor, teaching positions make it possible for a university to achieve full strength in dimensions that otherwise may remain undeveloped. And, it should be as fairly easy to develop metrics for evaluating teaching positions, so incumbents should be held to high standards like all other faculty.

Third, I am really enjoying the change of focus. After a career of managing long-term projects, I get tremendous pleasure out of developing and delivering a lesson plan. The timeline is short and the feedback is instantaneous. Like my colleagues, I am sometimes frustrated because I don’t have time to complete a plan as fully as I would like. However, I feel great pleasure and an enormous sense of accomplishment when the lesson is well received despite my knowledge of its flaws.

I have also enjoyed introducing business leaders to the academic community. They get an enormous kick out of informal interaction with the kids, and the more senior the executive the greater their pleasure. A large part of my time is spent in facilitating interaction between students and business people.

When I arrived the Alabama Insurance Society (‘Bama’s student insurance club, AIS) had been dormant for a while and a group of dedicated students reestablished it with a bang. The inaugural meeting showed great flair, complete with a string quartet, business and academic supporters, and a kickoff speaker who himself had been president of the society back in the 1970s. He brought the house down when he said, “I have had a career of being well paid to do a job where I had an enormous amount of fun. And I owe it all to the fact that I was president of the AIS.” And, when he explained his career, he was right.

Our subsequent meetings have been less formal but no less energizing. Normally we meet for pizza and cokes and then have a program. Contributions from the industry pay for the pizza, so we invite industry people to come free to mingle with the students and hear the featured presentation. All our speakers so far have been a hit. Last meeting we had a world-famous speaker on underwriting come in from Toronto. In order to give a bit of extra benefit to the industry, prior to the AIS meeting he conducted a free, high-level two-hour seminar for Alabama home office underwriters. Although we might have charged for the event, in the

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In the long run we hope these kinds of gestures will pay off in good will. So far, fund raising has not been a big problem and at least for now I don’t see a reason to squirrel away resources for a rainy day. It is more important to let the industry know we have great students for them to hire.

We have also had quite a few guest speakers for classes. In January, we were honored to have Qixiang Sun, C. V. Starr Professor and Associate Dean, Beijing University, speak to the students. We also took advantage of the opportunity by having her address a group of senior executives from the region. Most of them were not from the insurance business, but all are strong supporters of the university and it is important for them to know that 'Bama has a thriving program in risk and insurance.

On the curriculum side, I have been working with colleagues in Finance, the Statistics/IS Department and the Math Department to develop a curriculum in actuarial science. The staff at the Society of Actuaries has helped us get oriented and best of all has put us into contact with Warren Luckner from the University of Nebraska who is giving us great counsel. The first step is to package those courses now being offered that will prepare students for actuarial exams. Then, as interest in the program grows we can fill in the holes with new courses. I have been very pleased at the response from students, faculty, and administration alike. Dean Barry Mason of the College of Business Administration (CBA) is an excellent executive who understands the value of positive feedback. Furthermore, I am extremely lucky to have John Bickley, for whom the chair is named, to assist me with ideas, contacts, and motivation. The support and enthusiasm are infectious.

Some have asked me to compare my students with those I taught at Syracuse University. I have to say that the top two-thirds of each class are as good as my students from the 1960s. Among the lower third, however, I find some students that won’t work and a few that don’t seem to care if they fail. There are several hypotheses as to this indifference, but I am not trying to analyze any of them. Rather, I am trying to improve my motivational speech about the importance of succeeding in college and I hope to move at least some of the unmotivated into the motivated column.

Finally, I am really impressed by the University of Alabama and Tuscaloosa. The location and campus are absolutely beautiful and the quality of university programs is high. The Princeton Review placed 'Bama’s CBA in the top 10 of MBA programs in three categories: faculty, administration, and facilities. The accounting program is among the top 20 by another measure. And so on. Most schools can cherry pick statistics and present a favorable case, and in most instances the case probably is very realistic. I suspect there are a lot more good schools than the average person outside academe realizes.

Because I have been away from academe for quite a while, most of my views on quality come from rankings in the popular press. While the rankings may have some ordinal validity, I am convinced that they are deceptive in terms of their ability to differentiate quality. In other words, they see distinctions where in truth there are no differences. I suspect that the differences in quality among most institutions have shrunk substantially in the last quarter century, and I believe that they will shrink even more in the years ahead. Trying to help make that happen by building the program and developing support is a big part of the fun in my job. And, I love it. It’s good to be back!
Emerging Issues with Potential Liability Implications

by Diana Lee, Property Casualty Insurers Association of America

According to Towers Perrin Tillinghast, the cost of the U.S. civil liability system grew to $260 billion in 2004, or nearly $900 per person. Over the last half century, the average annual increase in the cost of tort has outpaced the gross domestic product by 2.5 percentage points. Today, the tort cost relative to the U.S. GDP is more than three times what it was in 1950 (2.22% vs. 0.62%).

As new risks evolve, new loss scenarios typically arise. This article briefly highlights several emerging risks that can potentially create or have created civil actions against businesses. It attempts to offer researchers ideas about studying alternative methods for managing risks and controlling costs. (Other risks are avian flu, contaminants, cyber slander, and controlling costs. (Other risks are 2.5 percentage points. Today, the tort issue alleging that companies did not communicate the health risk to consumers.

**Fear of Disease / Mental Anguish**

A whole body of insurance claims stems from fear of disease and illness from medical devices. Although there is no actual bodily injury, there is mental anguish of becoming sick. A leading example of “fear claims” is the flood of asbestos lawsuits in recent years. The landmark case is *Norfolk & Western Railway Co. v. Ayers* (2003), in which the U.S. Supreme Court decided on $4.9 million for pain and suffering damages to six retired railroad workers who feared getting cancer.

**Genetically Modified Organisms**

A more recent way of modifying organisms to produce desired traits is to alter the genetic makeup of animals, plants or bacteria through the use of recombinant DNA technology (i.e., using DNA molecules from different sources and splicing them together to form one molecule). Products derived from this science include medicines and vaccines, foods, and fibers. While genetically modified organisms (GMOs) may potentially prevent certain illnesses, they also could interact with other genes to produce new toxic substances or allergens, causing new or different types of food allergies; create more resistant disease-creating bacteria and pests or wild plants more tolerant to herbicides; and contaminate organic farming.

The liability implications of GMOs are staggering. Because of their unrecognized dangers, many related businesses including farmers, engineers, food processors / distributors, and restaurants may be subject to huge product recalls or liabilities. Genetically engineered foods and crops may weaken people’s immune systems, creating adverse health problems, and result in negative environmental effects from additional pollution and contamination.

**Manganese Poisoning (Welders’ Disease)**

About 400,000 people working in the U.S. welding industry are subject to long-term breathing of manganese fumes emitted from welding rods. Fume inhalation is believed to result in manganese poisoning, adversely affecting the central nervous system (e.g., tremors, neuropathy, Parkinson’s disease, or a similar illness known as manganism). Although hard science has not found a direct link between toxic welding fumes and neurological disorders, product liability or negligence lawsuits have begun to emerge against manufacturers and distributors of welding equipment, claiming they have long known about but did not reveal the dangers of breathing toxic manganese fumes.

**Radio Frequency Identification (RFID)**

Today, portable wireless radio frequency identification (RFID) tags use radio waves to identify and track moving products, e.g., from distribution warehouses to stores. With a market projection reaching $10 billion annually in the next decade, RFID is widely used in ID badges and credit and debit cards, for electronic toll collection and as electronic cash, and are being considered for “intelligent roads.” Tags can be put into drivers’ licenses for faster lookups. Some countries have proposed embedding RFID devices in new passports to facilitate efficient machine reading of biometric and other personal data. A chip’s “under-the-skin format” could be a solution to identity fraud, anti-kidnapping efforts and other law enforcement applications; secure access to buildings, computers and medical records; and monitor hospital patients.

Clearly, privacy issues arise as tags are susceptible to hacking and unauthorized access to consumer data. There also may be potential health risks to those in constant contact with wireless readers, e.g., supermarket employees. If tags are implanted under the skin, could the chip damage the skin tissue or pose as an electrical hazard? Would it interfere with certain medical procedures such as magnetic resonance imaging? There currently are no conclusions regarding long-term health concerns from exposure to RFID.

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**Diacetyl (“Popcorn Workers’ Lungs”)**

In 2003, the Environmental Protection Agency found a link between prolonged exposure to diacetyl, a chemical used in the butter flavoring of microwave popcorn, and respiratory problems. Lawsuits already have been filed by factory workers against popcorn or flavoring manufacturers, claiming that breathing fumes with diacetyl causes a rare, potentially fatal, illness known as bronchiolitis obliterans or “popcorn workers’ lungs.” Consumers of microwave popcorn are in no danger of this exposure; inhalation—not ingestion—is the concern.

**Electromagnetic Fields**

“Electrosmog” is a type of environmental pollution related to sources such as electrical equipment, high voltage transmission power lines, and electrical substations. While the level of danger from electromagnetic fields cannot be measured accurately, a sociopolitical risk is believed to exist, creating anxiety on the public and hence legal action. For example, cell phone usage has long been considered a potential threat to human health. Rather than focusing on equipment standards, recent lawsuits focus on the defendants’ failure to disclose safety issues alleging that companies did not communicate the health risk to consumers.