2005 Annual Meeting: World Risk and Insurance Economics Congress

by James Carson, Florida State University

“Dream no small dreams for they have no power to move the hearts of men.” Goethe

The planning for the first World Risk and Insurance Economics Congress is in full swing, with the meeting to be held in Salt Lake City, Utah, from August 7th – 11th, 2005, at the Sheraton City Centre Hotel. As you know, ARIA is serving as the host of the Congress, and we have been working for over two years with leaders from APRIA, EGRIE, and the Geneva Association to create this global forum, which will serve as the annual meeting for each of the four organizations. This event will be the first of a series of future WRIECs, held about every five years.

The WRIEC aims to promote RMI research and education; provide a forum for networking among academicians, regulators, and professionals from around the world; and stimulate corporate interest in the various RMI academic organizations. The Congress will bring together many of the best attributes from each of the organization’s annual meetings, with the hope of creating an outstanding experience for attendees.

Over 250 proposals covering a broad range of topics were submitted for consideration. The Scientific Committees for ARIA, APRIA, and EGRIE have been reviewing the proposals to develop the program of paper presentations. The conference will begin Sunday afternoon, as usual, and a reception will be held Sunday evening. On Monday morning, the meeting will kickoff with a keynote address. You do not want to miss the plenary sessions planned for Monday, Tuesday, and Wednesday, as well as the wide array of intellectually stimulating and informative papers. In addition, discussants of paper presentations will be a significant part of the program. An arranged dinner will take place on Monday evening, and we will have a “Dine Around” (an organized event in which you have a choice of restaurants near the hotel) on Tuesday night. With the larger number of participants and presentations, the conference will last a day longer (ending on Thursday) to accommodate this year’s program consisting of about four plenary sessions and a series of concurrent sessions.

This first WRIEC is just a few months away, so be sure to make your plans soon to attend this summer’s meeting in beautiful Salt Lake City. We hope to see you at this inaugural event, as the second Congress, hosted by one of the other associations, will not be held until around 2010! For all the latest information, please see the Web site at http://www.wriec.org.
2005 ARIA Board Elections

Officer and Director Elections Are Taking Place

It’s election time again. Ballots were sent to all current ARIA members on April 9. The Nominations Committee proposed the following slate:

**President:**
Larry Cox (The University of Mississippi)

**President Elect:**
James Garven (Baylor University)

**Vice President:**
William Ferguson (University of Louisiana at Lafayette) vs. Mary Weiss (Temple University)

**Board Seat 1 (term to 2008):**
Gene Lai (Washington State University) vs. David Sommer (University of Georgia)

**Board Seat 2 (term to 2008):**
Deborah Babcock (Illinois State University, Katie School of Insurance) vs. Don Rebele (The Griffith Foundation for Insurance Education)

All returned ballots must be postmarked on or before May 10; send your ballots to ARIA, 716 Providence Road, Malvern, PA 19355-3402. Election results will be tallied by May 25.

ARIA Members in the News

**Etti Baranoff** and her husband, Steve, are very excited about the birth of their second grandchild. Samuel Isaac Baranoff Burns was born to their daughter, Liat, and her husband, Jeremy, on February 6 in Redwood City, Calif. at 8:26 am. He weighed 8.11 pounds and was 22 inches long.

L. Lee Colquitt has been named to the WRIA Board of Directors for 2005.

Congratulations to **Rob Hoyt**, who was recently appointed to the Dudley L. Moore, Jr. Chair of Insurance at the Terry College of Business at the University of Georgia. “Rob’s stature as an academic and his leadership as department head have both been key to maintaining and enhancing the world-class reputation that our program in risk management and insurance enjoys,” said Dean P. George Benson. Rob is the second professor to hold this chair, succeeding Jim Trieschmann, who recently retired from the faculty.

**Chuck Nyce** and his wife, Eileen, are thrilled that their second son, Cooper, arrived on November 5, 2004. At that time, he weighed 8 lbs. 4 oz, and was 21 inches in length. Big brother, Jackson, is very proud indeed!

Last fall, **Michael Powers** accepted the editorship of the *Journal of Risk Finance*, leaving his post as co-editor of *Risk Management & Insurance Review*.

At the end of 2004, **Bill Rabel** took early retirement from LOMA (Life Office Management Association), where he served as senior vice president in the education division and a member of LOMA’s management committee. He recently joined the Board of Trustees of the S. S. Huebner Foundation for Insurance Education.

Kailin Tuan has once again distinguished himself, this time by being included in *Who's Who in the World* (22nd Edition, 2005). Inclusion is limited to “those individuals who have demonstrated outstanding achievement in their own fields of endeavor and who have, thereby, contributed significantly to the betterment of contemporary society.” Kailin is recognized for his contributions in developing the RMI programs at Temple University (with the late Dr. Wayne Snider) and Georgia State University (with the late Dr. Ken Black and the late Dr. John Hall), and promoting RMI education in the Far East, from Japan and China to Singapore and Malaysia.

*Continued on page 5*
Kenneth Black, Jr.: The Industry Bids Farewell to a Leader in Insurance Education

by Harold D. Skipper and Janis R. Wilcox

Ken Black was a leader who kept his balance with one foot in the world of insurance education and one foot in the business of insurance. Ken arrived in Georgia in 1953 with his new Ph.D. from the University of Pennsylvania Wharton School. His task was to build an insurance program to serve the southeast. He had offers from more prestigious institutions, but in his view, none of them held the potential that existed at what was then the little known Atlanta Division of the University of Georgia, now Georgia State University. He reimagined the regional-to-the-entrepreneurial—approach that would be a hallmark of his professional career. Ken knew that the insurance industry needed well-educated employees, and he knew that the university needed financial and other support of the industry. With a nod from some key insurance executives in the south and a few financial promises, Ken set about the task of improving insurance education in the region.

From his early years in Atlanta to the end of his life, Ken remained heavily involved with many professional organizations, both academic and professional. He became a member of the Society of CLU (now Society of Financial Service Professionals) in 1955. He served as editor of their journal for 41 years, beginning in 1959. In 1958, he served as president of the Georgia Chapter of the Society of Chartered Property and Casualty Underwriters, and in 1959 he served as regional vice president. He was president of the Atlanta Risk and Insurance Management Society (RIMS) chapter in 1960, ARIA president in 1964, and president of SRIA in 1969 and 1970. From 1969 to 1984, he was dean of the now Robinson College of Business at Georgia State University, all the while keeping one foot in his life’s work, insurance education. He served on a number of industry boards from the 1970s to the 1990s, including USLIFE, Swiss Re, Scudder, and Alexander and Alexander. He served as editor and advisor to numerous publications and publishing companies. Moreover, he received almost every major insurance industry award.

The 1980s brought a shift toward an international focus. Ken had long been a believer that the world was one market and that developments in one country would impact developments in others. In 1980, an International Visiting Fellows Program was established at Georgia State University in cooperation with Munich Reinsurance Company. In 1984, Ken was named to the first C.V. Starr Chair of International Insurance at Georgia State, a position he held until 1992. As a function of the chair, Ken strove to develop an international profile for both himself and the RMI department. As a part of this undertaking, he served as chairman and CEO of the International Insurance Society (IIS) from 1989-1992, a critical period in the evolution of this organization. In recognition of his accomplishments, the Kenneth Black, Jr. Distinguished Service Award was established by the IIS in 1992.

Whether in Tokyo, Paris or Atlanta, Ken was, as the Southern expression goes, a gentleman and a scholar. No kind comment or needed expression of thanks went unsaid; no act of thoughtfulness or courtesy was too great; his personal time was never so precious that he failed to heed a student’s, a colleague’s or a friend’s request for some of it. Ken was truly a gentle man. And, of course, Ken was a scholar. His strengths as a scholar lay in his ability to synthesize and simplify massive, complex, or poorly understood concepts or subjects. This strength was manifest in the clarity of hundreds of speeches and class lectures as well as in the dozens of insightful books and articles. In honor of his tremendous work and out of respect and gratitude, the Kenneth Black, Jr. Chair of Insurance, designed to perpetuate and further his efforts, was endowed at Georgia State in 1999.

The theory and practice of risk management and insurance have undergone monumental changes over the last few years. The RMI program that is Ken’s professional legacy has undergone equally profound changes, changes that he observed with enormous satisfaction and pleasure during the last years of his incredible life. Ken Black and his colleagues, such as John Hall, Stuart Schwarzschild, Bernard Webb, Eli Zubay and Robert W. Batten, have built a foundation on which a small regional insurance education program grew into an internationally recognized program in risk management and insurance education and research. He worked tirelessly to educate, professionalize, and internationalize risk management and insurance. Ken was a role model and a mentor to many of us and we are all the wiser for his having shared a long life with us.

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In Memoriam: John Douglas Long (1920-2004)  
by Joseph M. Belth

John Douglas Long, ARIA’s 1966-67 president, died on December 14, 2004, at age 84, after a ten-month struggle with pancreatic cancer. He was a prominent insurance scholar and student of Christianity. Before his retirement in 1990, he was the Arthur M. Weimer Professor of Business Administration and Professor of Insurance in the Kelley School of Business at Indiana University (Bloomington).

John was born in Earlington, Kentucky, on July 21, 1920. His parents were John Boyd Long and Effie Yates Long. He received a BS degree from the University of Kentucky in 1942, an MBA from the Harvard Business School in 1947, and a DBA from Indiana University’s Graduate School of Business in 1954. He also held the CPCU and CLU designations.

He served in the U.S. Army during World War II in the U.S., New Guinea, Australia, and the Philippines. He advanced through the ranks from private to captain, and received a Bronze Star for meritorious service. His academic interest in insurance began when he read an insurance textbook while stationed in New Guinea in 1944. He was recalled during the Korean War, and served as a strategic intelligence officer at the Pentagon and elsewhere. During that tour of duty, he met and married Hazel Elinor Schnyder in 1952 in Washington, DC.

John was an instructor at DePauw University for one semester in 1947, after which he became an instructor at IU. He was promoted to assistant professor in 1954, associate professor in 1956, and professor in 1959. He chaired the insurance department for many years. He served for a short time as editor of Business Horizons, the magazine of IU’s School of Business. In 1983-84 he served for about six months as the school’s acting dean. His final ARIA appearance was during the 2001 annual meeting, at the first John D. Long Symposium on Insurance Ethics, where he presented a paper concerning the potentially serious effects of postmodernism on the insurance industry.

He was the author of Ethics, Morality, and Insurance: A Long-Range Outlook, in recognition of which he received ARIA’s 1975 Elizur Wright Award for “outstanding original contribution to the literature of insurance.” He also received two NAII awards for outstanding articles in The Journal of Risk and Insurance. He was the editor of two editions of the two-volume Issues in Insurance used in the study program leading to the CPCU designation. He was the senior editor of the Property and Liability Insurance Handbook, a widely used textbook in the 1960s and 1970s. He was the author of about 75 articles published as monographs or in journals.

John served for about ten years on the board of trustees of the American Institute for CPCU and chaired the institute’s ethics policy committee for several years. He served at one time as a member of the board of directors of the American Finance Association, and as a member of the administrative board of the S. S. Huebner Foundation for Insurance Education at the University of Pennsylvania.

He was a consultant to several insurance companies. He served for about 15 years on the board of directors of the Meridian Insurance Companies, where he chaired the investment committee and several ad hoc committees, and was on the executive and audit committees. He prepared studies for State Farm Insurance, and for the U.S. Nuclear Regulatory Commission. He was engaged on about 50 occasions as an advisor and/or expert witness to offer opinions on the meaning of disputed insurance policy provisions.

John was a charter member of the Evangelical Community Church in Bloomington, where he served as an elder and teacher. During his retirement, he wrote four books on Christianity.

Continued on page 5
In Memoriam: John Douglas Long, continued

He is survived by his wife, Hazel, three children--Douglas Paul Long, Martha Susan Caughley, and Elinor Jane Badanes--and their spouses, and seven grandchildren.

Personal Observations

John was my highly valued colleague for 42 years. He was a great teacher and a source of inspiration to his students and fellow faculty members.

He and I were on opposite sides of many insurance and political issues, but our disagreements were always friendly and involved mutual respect. The excerpts from The Insurance Forum in the box below are an example. I had asked him to express his opinion on whether personal credit histories should be used in the underwriting and pricing of automobile and homeowners insurance. Knowing his views, I reserved--and exercised--the option to respond.

John had a wry sense of humor that made it fun to be with him. His wit is illustrated by the following three-way exchange--one of his personal favorites--that occurred during his expert testimony at a trial in San Francisco in 1986 (Mr. Ready was the attorney who conducted the cross-examination):

Mr. Ready: Now, professor, do you think that the Hartford, the Travelers, AIG Group, and the Home know something about the construction of the CGL policy in asbestos-related bodily injury cases that you don't know?

Dr. Long: Well, I'm sure that each one knows--well, I guess I don't know how to answer that. I don't know if you know something I don't know, because if I knew you knew it, then I would know it.

Mr. Ready: Right.

The Judge: Mr. Ready, I want to caution you, you want to be careful of a question you ask a Hoosier.

Mr. Ready: Yes, sir. I recognize the problem.

The Judge: Although, I'm not one.

John was a gentleman, scholar, and friend, in the finest sense of those words. I will treasure his memory.

An Exchange Between John D. Long and Joseph M. Belth

(Excerpts from the December 2002 Issue of The Insurance Forum)

John D. Long:

My position can be succinctly stated. I think--as do many other insurance purists--that insurers should not be prohibited from using insurance credit scores to underwrite and price their insurance. I will go further. I think insurers in underwriting and pricing coverage should be free to use any and all information that bears on an applicant's propensity to experience insured losses and to file insurance claims. I think such information should be usable in underwriting and pricing not only at original issuance but also at renewal of insurance coverage. I would even go so far as to assert that age, race, religion, sexual orientation, disability status, and other conventionally tabooed criteria should be open to insurers, especially to insurers within the private sector.

To take a far-fetched example, suppose that my automobile insurer acquired statistically significant data to indicate that its highest price should apply to credit-free, thin, bald, white, male, politically conservative, Christian, retired insurance professors who wear glasses and are octogenarians and poor golfers. Although I would not be pleased, I would, I hope, continue to hold my conviction that an insurer should be free to use its credible pricing data as it sees fit. (At the last renewal, I suspected that my insurer may already have adopted this pricing pattern.)

Joseph M. Belth:

In theory, I agree with Dr. Long that any discrimination factor should be used in the pricing of insurance, provided there are reliable data to justify the use of the factor. Furthermore, I would prefer to have insurers decide which factors to use, rather than to have the decisions made by regulators, legislators, or courts. I also agree with Dr. Long that the failure to use justifiable factors causes insurers to redistribute wealth—a function that should be performed by governments.

In practice, however, I disagree with Dr. Long. I think that the only discrimination factors that should be used in the pricing of insurance are those that can be justified on the basis of sociopolitical considerations as well as the availability of reliable data. For example, discrimination by race perhaps can be justified on the basis of reliable data. However, it cannot be justified on the basis of sociopolitical considerations, and any attempt to use race as a factor in insurance pricing is an open invitation for regulators, legislators, and courts to intervene.

I think the use of credit scores as a factor in the pricing of insurance is a proxy for discrimination by race. For that reason, I think credit scores should not be used as a factor in the pricing of insurance.

Risk Management and Insurance Positions

Below is a list of organizations offering academic, government, and industry jobs that ARIA has received since the fall of 2004, presented in chronological order of final posting on ARIA’s Web site. Please visit the ARIA Web site (www.aria.org) or contact these organizations for additional information.

November

Drake University (Des Moines, Ia.)
Tenure-track position in actuarial science

Georgia State University (Atlanta, Ga.)
Tenure-track positions in risk management and health care economics/finance

St. Cloud State University (St. Cloud, Minn.)
Tenure-track assistant/associate professor position in insurance/finance (beginning fall semester 2005)

University of Wisconsin–Madison
Assistant or associate professor of actuarial science or risk management and insurance

December

International Risk Management Institute
(Dallas, Tex.), Research analyst

San Diego State University (San Diego, Calif.)
Tenure-track position in insurance/finance

February

Insurance Information Institute (New York City, N.Y.), Economist

March

University of Georgia (Athens, Ga.)
Assistant professor of risk management and insurance

ARIA Members in the News, continued

Terri Vaughan has rejoined the Drake University faculty as the Robb B. Kelley distinguished professor of insurance and actuarial science, where she served as director of the insurance center and chair of the insurance department from 1988 to 1994. She left her position as Iowa insurance commissioner at the end of 2004, having served the longest in the state's history. Terri is also the youngest person inducted into the Iowa Insurance Hall of Fame.
Hitting the Mark at Ole Miss
by Larry A. Cox

The University of Mississippi, perhaps better known as Ole Miss, is located in the bucolic college town of Oxford, Mississippi, which is nestled in William Faulkner’s famous “hill country” 75 miles southeast of Memphis, Tennessee. Approximately 14,500 students currently are enrolled on the Oxford campus, which gives Ole Miss more of a large private-school ambience than one of a major state university. The School of Business Administration currently boasts an enrollment of nearly 3,000, an increasing number of whom are deciding to major in insurance and risk management.

The Ole Miss insurance major first appeared in the 1947-48 annual catalog while the first insurance courses date back to the 1933-34 academic year. Survey data published by Business Insurance magazine indicate that Ole Miss has the third oldest continuously offered insurance major in the United States, which surprises a lot of us. To be sure, the insurance curriculum in 1947 was modest indeed. The four true insurance courses were titled General Insurance; Life Insurance and Income Protection; Fire, Marine and Inland Marine Insurance; and Casualty Insurance and Surety Bonding. The remaining courses represented a mixture of economics, finance, and business law.

The first full-time insurance professor at Ole Miss was Ralph William Yuill, a retired military officer who reportedly had some life insurance sales experience. Records show that he taught all four of the insurance courses. Upon Yuill’s retirement in 1965, Francis Swan “Frank” Scott began teaching the insurance courses. In the mid-1970s, leaders in the Ole Miss development office began working with industry professionals to privately fund a Center for Insurance Excellence. The primary development officer working to raise funds was Professor Robert Khayat, who now serves as the Chancellor of Ole Miss. When Professor Scott retired in 1979, Dr. Joe Murrey, a professor at Arkansas State University, was hired as the first, and ultimately the only, director of the newly funded center. He made special efforts to encourage students to actively support the Ole Miss chapter of Gamma Iota Sigma. In the late 1980s, Dr. Mary Ann Boose joined the faculty as an assistant professor who taught both insurance courses and business statistics. Boose also became the faculty advisor to Gamma Iota Sigma and many insurance alumni who graduated in the late 1980s and early 1990s remember her efforts on their behalf.

In retrospect, 1995 proved to be a make-or-break year for the Ole Miss insurance program. Murrey retired and Boose left Ole Miss to head the risk management and insurance (RMI) department at Indiana State University. The Ole Miss business school dean, Randy Boxx, raised additional funds from alumni, which were combined with the previously established endowment for the center to create an endowed professorship. I accepted the professorship, which ultimately became the Robertson Chair of Insurance after a generous donation by Jack and Gwenette Robertson. As many ARIA members know so well, being the one and only RMI professor is no picnic. If the program is to survive, you must be a jack of all trades. One plus is that you may have terrific freedom to revise the curriculum and reform the program, however. I suddenly realized that I could convene a meeting of the insurance faculty while sitting alone at my desk. New records revealed that we only had 19 undergraduate students majoring in RMI back in 1995. On a visit to the university’s career center, I learned that all of two insurers were scheduled to make recruiting visits to campus during the upcoming academic year. Some changes in the curriculum and in our relations with the RMI industry were in order.

At Ole Miss the insurance program is housed in the finance department and my colleagues supported my suggested revisions of the curriculum from a life-health orientation to one that strongly emphasized commercial property-casualty insurance and risk management. Meanwhile, I hit the road to persuade employers, both directly and via influential alumni and friends, to visit our campus and recruit our students. The students and I worked together to create and facilitate the first annual Insurance Careers Day at Ole Miss. If memory serves, 12 employers attended the very first one, which was an embarrassment of riches considering the size of our student body at the time. Slowly but surely the program grew and by the beginning of the millennium we had over 50 undergraduate majors.

A primary reason for our growth has been a wonderful working relationship between the RMI faculty and the Ole Miss Insurance Advisory Board, which was formed immediately upon my arrival in 1995. The Board consists of 25 professionals. Originally dominated by local agents, the membership has diversified over time to include corporate risk managers and top executives of insurers, brokers, and third-party administrators. While none of us really knew what we were doing at first, the Board has proven to be very effective in helping to place graduates, support special events, plan strategy, and raise funds. Perhaps the most visible activity of the Board has been the annual Ole Miss Insurance Symposium, an industry conference that attracts prominent national and regional speakers and hundreds of professionals to our semi-rural campus. The symposium has raised the visibility of our program nationally and it actually generates some undesignated funds for the program, too.

Continued on page 7
In 1999, the Insurance Advisory Board, with the blessing and support of the university administration, decided to raise dollars for a new endowment to support another full-time faculty member. In 2001, Dr. Karen Epermanis joined the faculty. Karen is an active researcher and superb teacher, as evidenced by the 2004 Outstanding Teacher Award she received from the business school. She has put her energy and 13 years of corporate risk management experience into a complete revision of our capstone risk management course. ARIA colleagues at the University of Georgia and Florida State University have allowed Karen to contribute and participate in their innovative case analysis project. These cases are so comprehensive and rigorous that they literally have helped students get jobs. Karen also is the faculty advisor for our Insurance and Risk Management Society, which has become our primary student organization. Under her guidance, the Annual Insurance Careers Day now attracts 25-30 employers and well over 100 students each year. The newly developed, online resume book also has proven to be a huge success with employers.

From the initial 19 undergraduate majors in 1995, we now have grown to over 125, which ranks us among the ten largest undergraduate programs as listed by Business Insurance magazine. During the same period total funds in and contractual pledges to endowments that support faculty have grown from $225,000 to over $1.5 million. Our scholarship endowments now exceed $300,000.

Within the undergraduate major, we offer six courses that include RMI principles, commercial property insurance, commercial liability insurance, life-health insurance, corporate risk management, and a structured internship. During the fall of 2004, we offered for the first time a Ph.D. seminar in RMI to our finance students. The first finance Ph.D. graduate to focus her dissertation on RMI topics graduated in 2002. Currently, three finance Ph.D. students are working on dissertations that directly address RMI issues.

The Ole Miss faculty is firmly committed to producing quality research and training graduate students to do the same. Recent articles by faculty have been published in The Journal of Risk and Insurance and Risk Management & Insurance Review. Papers co-authored with graduate students were presented at the ARIA, Risk Theory Society, and SRIA meetings over the past few years. Because we do not have one of the relatively large RMI faculties, we place a special value on our interaction with colleagues at other universities through ARIA and other professional associations. Our faculty has served on or chaired numerous committees within ARIA and the regional associations, Karen serves on the board of SRIA, and yours truly is president-elect of ARIA. We cannot underestimate the contributions of ARIA and its members to the recent success of our program.

As the Ole Miss Insurance and Risk Management program rapidly approaches age 60, we expect to improve effectiveness and productivity as we hone in on goals targeted in our strategic plan. More information about our program is available at www.insurance.bus.olemiss.edu. Of course, Karen and I stand ready to answer any specific questions you might have about the Ole Miss program.
Remembering Charles P. Hall, Jr. (1932-2005)

by Diana Lee, ARIA News Editor

Charles P. Hall, Jr.

It is with great sadness that we inform you of the loss of another ARIA member and past president (1980-81), Charles P. Hall, Jr., at the age of 72. Chuck, professor emeritus and former associate dean at Temple University, passed away on January 21, 2005 due to complications from back surgery.

A native of Wauwatosa, Wis., Chuck possessed qualities often said to be connected to those growing up in the Midwest – hard working, responsible, well grounded, modest, straightforward, and trustworthy. After Chuck received his BBA in insurance at the University of Wisconsin (Madison) in 1954, he became a navigator in the United States Air Force (1954-1957); while stationed in Germany, he taught navigation classes to groups of international service men. During this period, Chuck also found time to marry Constance Nuzum (1956). After he was discharged, Chuck served as a special agent for Northwestern Mutual Life Insurance Company (1957-1958) while continuing his studies as an S.S. Huebner Fellow at the Wharton School of the University of Pennsylvania. Within three years, he received his doctorate in economics and insurance in 1961.

Chuck's love of helping others paved his way to becoming an educator and a researcher in the healthcare field. He spent three years at the University of Washington in Seattle as an assistant professor in insurance and risk, followed by another three years at the American Medical Association as an assistant director of economic research. In 1966, he then joined the faculty of the School of Business and Management at Temple University as an associate professor of risk management and insurance.

Two years later, at the request of Dean Seymour Wolfbein, Chuck developed the school's graduate program in health administration, which he chaired during 1968 to 1975 and again during 1987 to 1995, helping to make this a widely recognized program at the college's Fox School of Business and Management (FSBM). From 1970 to 1993, he also served as a full professor of both health administration and risk management & insurance, as well as adjunct professor of community & family medicine at Temple’s Medical School. When the departments merged into the department of risk, insurance & healthcare management in 1999, Chuck remained on as senior full professor. In 1976, Chuck also served as a visiting professor at the University of Birmingham (England).

In 1995, this time at Dean William Dunkelberg's request, Chuck was the principal architect behind Temple University’s International MBA program. This was a joint venture with IGS University in Paris, where he was a visiting professor from 1995 to 1996. Chuck retired as director of the program in 2001 but continued to serve as a consultant.

Chuck's research was used as part of a 1993 White House briefing on healthcare reform. In addition, he is published widely in both healthcare and insurance professional journals, and he received numerous research awards in both fields as well as for his teaching. In 1999, Chuck received the prestigious Musser Service Award from the FSBM, and in 2000, he was presented the Philadelphia Regent’s award for outstanding service as a senior fellow of the American College of Healthcare Executives. The following year, he was honored for outstanding service to the Healthcare Management program at a reception during which the launching of the Center for Healthcare Management was announced and the first Charles P. Hall Outstanding Alumni Award was bestowed. Chuck also received Temple's prestigious Stauffer Award for Outstanding Faculty Service that year.

Chuck's professional accomplishments include both CLU and CPCU designations in insurance as well as Fellowship in the American College of Healthcare Executives. His other major affiliations include: American Economic Association, American Hospital Association, American Public Health Association, American Society of Healthcare Risk Management, the International Health Economics Association (where he was former secretary), and the National Academy of Social Insurance. Chuck was a board member of the International Insurance Society (where he also served as vice president), Insurance Hall of Fame, and the Penjerdel Employee Benefits Association. He also served as a board member or trustee of the local chapter of the American Cancer Society, ETHIX Mid-Atlantic (a PPO), Delaware Valley Health Education & Research Foundation, and Visiting Nurse Association of Eastern Montgomery County (in Penn.). In addition, Chuck was on the National Advisory Panel for the American Association of Partial Hospitalization.

Chuck’s research interests focused primarily on the areas of healthcare cost containment, alternative delivery systems and managed care, comparative health systems, health economics and insurance, the impact of new technology in health care, and professional liability. Most recently, he participated in cost-benefit studies for alcohol and drug detoxification and rehabilitation programs in cooperation with the University of Pennsylvania Medical School, the Philadelphia Veteran’s Administration Medical Center and the Carrier Foundation.

Chuck served as an elder, trustee and Sunday school teacher at Carmel Presbyterian Church in Glenside, Penn. and sang with the Breath of Dawn Music Ministry. In addition to his wife (Connie), Chuck is survived by his daughter (Kristin), three sons (Peter Charles, Michael John and David Eric), and three grandchildren.

One of Chuck’s colleagues, Mary Weiss, describes him as “a forthright, visionary leader in the Fox School of Business and Management at Temple University. He fought hard for what he believed in and was respected by all. We will miss him.” Memorial donations may be made to the Charles P. Hall Scholarship Fund, c/o Temple University, 1810 N. 13th St., Philadelphia, PA 19122.
Celebrating the Life of Emmett J. Vaughan (1934-2004)

by Diana Lee, ARIA News Editor

Emmett J. Vaughan

“Life should NOT be a journey to the grave with the intention of arriving safely in an attractive and well preserved body, but rather to skid in sideways, cigarette in one hand, poker chips in the other, body thoroughly used up, totally worn out and screaming, 'Woo Hoo–what a ride!’” From these words, it can be inferred that former ARIA member, Dr. Emmett J. Vaughan, CPCU, CLU, and father of current ARIA member and director, Therese Vaughan, lived a very full and rich life. Sadly, he passed away on October 24, 2004.

After earning an MA in economics in 1962 and a Ph.D. in economics and insurance in 1963, both from the University of Nebraska, Dr. Vaughan became a beloved educator and nationally and internationally recognized insurance scholar. His teaching career began when he joined the University of Iowa in September 1963, where he later became the Partington Professor of Insurance. During the 1970s and 1980s, he was instrumental in helping the university earn a distinguished reputation in the field of insurance education. Dr. Vaughan also served as associate dean for external programs for the college of business administration (1979 – 1985), interim dean for the college (1981 – 1983), and dean of the division of continuing education (1986 – 2001).

After being exposed to his enthusiasm for studying insurance, many of his students went on to careers in the industry. An inspiration to many, Dr. Vaughan is remembered as an outstanding teacher, one who set high standards, was entertaining, and took a personal interest in them. He also promoted professionalism in the insurance industry by offering numerous seminars, in every state in the nation, to those working in the insurance industry. Gary Fethke, Dean of the Henry B. Tippie College of Business at the University of Iowa, says, “Emmett was committed to his students and to the insurance industry and its representatives. His lasting legacy will be the countless number of successful insurance executives whom he guided to the industry and then supported and encouraged as their careers developed.”

Dr. Vaughan was a preeminent scholar with an international reputation, writing 15 books – many which have been translated into Chinese, German, Italian, Japanese, Korean, and Serbo-Croatian – and monographs and over 200 scholarly articles. One book, Fundamentals of Risk and Insurance, is a leading college textbook, now in its 9th edition.

In 1992, Dr. Vaughan was retained to assist in the determination of the war damages resulting from the Iraqi invasion of Kuwait, payable under a United Nations Resolution. He was frequently called upon to testify on insurance matters at legislative and judicial hearings, including numerous occasions before the United States Congress. He served as a special consultant to the U.S. Department of Labor on workers compensation and health insurance issues since 1992.

In September 1987, Dr. Vaughan was inducted into the Japanese Risk Management Society, only the second American ever so honored. He was inducted as a charter member of the Iowa Insurance Hall of Fame in 1997. In 2003, Allied Insurance Company dedicated its new Des Moines, IA training center, naming it the Emmett J. Vaughan Training Center.

Larry Hershberger, director of the Emmett J. Vaughan Institute of Risk Management and Insurance (formerly the Insurance Institute at the University of Iowa), remembers Dr. Vaughan with these words: “Through his teaching, mentoring and friendship, Emmett inspired so many of us to enter the risk management and insurance profession. We at the Vaughan Institute are committed to continuing Emmett’s widely respected and renowned work in risk management and insurance, and to realizing his vision through the institute he was so instrumental in creating.”

To his family, “Papa” is remembered most for his dedication toward them, his generosity to those in need and his enthusiasm for life. Husband to Lonne K. “Connie” for nearly 50 years and a tireless cheerleader for his children and grandchildren, he enjoyed spending time with them at his summer lakeside cabin in Minnesota. His hobbies were many, including euchre and bridge games, golfing, hunting, gambling, watching old movies, “fixing up” the cabin, visiting his children and grandchildren, and cheering on his grandsons at wrestling tournaments and other sporting events (after many years of cheering for his sons). His family fondly remembers Papa’s annual Easter Egg dying party, his attention to Christmas traditions, and the care he put into planning the Vaughan Brothers Deer Hunt, an annual event since 1988.

Survived by wife, Connie, six children (one son passed away in 1976), 23 grandchildren and 17 brothers and sisters, Emmett Vaughan, who touched the lives of so many, will be sorely missed. Gifts to the Tippie College Institute of Risk Management and Insurance may be directed to the Emmett J. Vaughan Memorial Fund in care of the University of Iowa Foundation, PO Box 4550, Iowa City, IA 52244-4550. Gifts to one of Dr. Vaughan’s favorite charities, the Jesuit Partnership, may be sent to Wisconsin Province Jesuits, 3400 West Wisconsin Ave, Milwaukee, WI 53208.

ARIA Sponsorship Brochure Available

A new brochure has been developed to use when you contact potential ARIA sponsors, such as companies, individuals in the industry, and universities. For copies of this brochure, please contact ARIA’s Executive Director at (610) 640-1997 or aria@cpcuia.org.
Since its inception more than 25 years ago, the Certified Employee Benefit Specialist (CEBS) program has provided a unique educational curriculum to those professionals and educators who work in varied capacities throughout the employee benefits industry. It is unique among professional designation programs with co-sponsorship by a major association, the International Foundation of Employee Benefit Plans (IFEBP), and a university, the Wharton School of the University of Pennsylvania. The IFEBP is the largest educational association serving the employee benefits and compensation industry as a source of education, research and information for over 50 years. Established as the nation’s first business school in 1881, the Wharton School has been driving change in business education and research ever since. This joint sponsorship with the Foundation is a natural extension of Wharton’s long interest in adult education.

The program was developed to provide expertise using a multidisciplinary approach and combines coursework from such varied disciplines as risk management, actuarial science, tax law, health economics, legal studies and investment management. The need for this kind of approach arises since today’s challenges in managing employee benefit plans require expertise in a wide variety of disparate disciplines. Modern benefits management involves creating innovative plan designs, managing risks, containing escalating costs, communicating with employees and applying cutting edge technology.

While marketplace change is continually in flux, retirement plans and health and welfare plans are subject to extensive regulation at both the state and federal level. State insurance laws generally govern many of the insured products offered through employee benefit plans. Some of the state rules and regulations are preempted by the Employee Retirement Income Security Act (ERISA) which is the federal law prescribing standards for the operation of employee benefit plans. For a plan to receive preferential tax treatment, it must be tax qualified. Tax qualification requires conformity with various Internal Revenue Code requirements both at inception and on an ongoing basis as the plan is operated. Because it is essential to understand the nuances of these state and federal regulatory requirements, there is considerable coursework in these areas within the CEBS program.

Although the CEBS program originally focused almost entirely on the management of employee benefit plans, the curriculum always involved coursework in other subject areas to provide a broad educational experience. In recent years, CEBS studies have undergone dramatic transformation and growth. In addition to the CEBS credential, the program now offers the Compensation Management Specialist (CMS) designation, the industry’s only one in total compensation management. Expansion of these studies was a very natural progression. Movement in this direction occurred because many CEBS designees were ascending within their organizations and attaining broader responsibilities for total compensation systems—direct salary management, stock option plans and other employee benefits.

At the same time that some CEBS designees were aspiring to senior level positions within human resource management, others were specializing their professional pursuits in distinctive benefit areas. This is especially true for those practitioners who have developed prominent careers within employee benefits consulting. For such a career, deep expertise is needed within the various benefit areas. In recognition of these career paths, specialty tracks were created. For those individuals who focus their work in health and welfare plans, one can earn the Group Benefits Associate (GBA). For those concentrating in retirement planning, there is a specialty track leading to a Retirement Plans Associate (RPA).

There is much variety in the nature of the occupations and job functions represented among professionals who attain the CEBS designation, which is reflective of the broad career specialties that operate through and interact with employee benefit plans. Although these individuals are predominantly in benefits consulting firms and insurance companies, and are involved in the direct administration of employee benefit plans, there are many other professionals, such as actuaries, lawyers, financial planners, medical doctors and nurses, who have attained this credential. Many of them are combining the knowledge acquired through the CEBS program with their specialized training to make significant contributions to their organizations and clients.

While the educational design of the CEBS program has been reconfigured to recognize the varied and fulfilling career paths within the employee benefits industry, there also is awareness of the unique opportunities to build alliances and offer bridges to other professionals, particularly within the financial services sector. As regulatory change has allowed greater flexibility in the financial services sector, there are more organizations offering an array of products relevant to employee benefit plans. The professionals working for these firms have opportunities for career growth by gaining a strong knowledge base in employee benefits. Many of them have already gained certain types of expertise pertinent to compensation and employee benefit plans. Therefore, the CEBS program instituted a policy to allow cross credit for individuals holding certain professional credentials. Currently those who possess the CCP, CFP™, CFA, CLU, ChFC, REBC, and RHU qualify for such credit. Another innovation allows individuals pursuing the CEBS designation to have their CEBS coursework count towards a masters degree given in cooperation with Boston University.

As the landscape for financial products and services has changed, consumers are increasingly empowered to control their own financial destinies by making individualized selections within defined

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Certified Employee Benefits Specialist (CEBS) Program, continued

By Warren Weiner, CLU, ChFC, FLMI, Mass Mutual

Any opinions expressed here represent those of the author and do not necessarily reflect those of MassMutual.

One of my responsibilities at MassMutual is to keep an eye out for developing trends in financial services. I often find that it pays to monitor a wide range of sources covering a broad scope of topics. While it is not always clear what constitutes a trend, interesting tidbits frequently surface. I would like to share with you a few items that recently piqued my interest.

Corporate Governance


Disability

According to a report prepared by America’s Health Insurance Plans (AHIP), 58 percent of U.S. working adults believe they are covered by disability insurance, but in actuality, only one-third are covered.

http://www.ahip.org/content/pressrelease.aspx?docid=4906

Demographics

The number of households with $1 million or more in net worth (excluding primary residence) reached a record 8.2 million as of mid-2004, a 33 percent increase over last year. According to research released by TNS Financial Services, the addition of two million households to the high net worth market represents the largest yearly increase in the history of the study, which was first conducted in 1981.

http://home.businesswire.com/portal/site/google/index.jsp?ndmViewId=news_view&newsId=20041115005382&newsLang=en

Pensions & Retirement

The concept of phased retirement is now on the radar screen of the Internal Revenue Service. The IRS has issued proposed regulations that would permit distributions to be made from a pension plan under a phased retirement program. Under the proposal, an employee could maintain a dual status: partially retired and partially employed. A portion of the employee’s pension benefits would be paid out while the employee is still partially employed. The IRS is seeking comments on the proposal through February 2005.

http://www.irs.gov/taxpros/article/0,,id=130687,00.html

In October 2004, the Pension Benefit Guaranty Corporation took over and terminated Kemper Insurance Companies’ under-funded pension plan --- the largest insurer-sponsored pension plan ever assumed by the PBGC. The PBGC will be liable for $529 million of Kemper’s shortfall. The previous record for an insurer-sponsored shortfall occurred in 2002, when the PBGC became responsible for the $124 million pension shortfall of failed insurer Reliance Insurance Company.

http://www.businessinsurance.com/cgi-bin/news.pl?newsId=20041115005382&newsLang=en

Total under-funding at U.S. companies whose single-employer pension plans are insured by the PBGC jumped to $450 billion in fiscal year 2004, up from $350 billion in the prior year. The total deficit at the PBGC, the federal agency that rescues failed corporate pension plans in the U.S., reached a record $23.3 billion in fiscal year 2004, more than double relative to the prior year. Analysts placed the blame largely on bankrupt airlines.


A study by Watson Wyatt Worldwide reveals that traditional pension plans earned an average annual return of 10.84 percent over the 1990 – 2002 time frame. The comparable return for 401(k) plans was slightly less, at 10.77 percent.


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In the U.K., current law mandates that at least three-quarters of assets held in an individual’s pension plan be annuitized by age 75. A proposal to increase the age at which retirees are required to purchase a lifetime annuity was recently handily defeated. http://www.annuitymarketnews.com/protected/article.cfm?articleId=21599

In the U.S., where annuities are not mandatory, an increasing percentage of people are voluntarily rolling their 401(k) plans into annuities to guarantee lifetime income. According to a survey from the Spectrum Group, the percentage of 401(k) rollover assets placed in annuities during the twelve months ending May 2004 quadrupled to 16 percent, up from 4 percent in 2000. As might be expected, annuity rollovers were most popular with retirees and individuals nearing retirement age. http://www.ioma.com/pub/DCPI/2004_17/1589359-1.html

Product Innovation
The leader in the Polish car insurance market, PZU SA, is attempting to increase market share through a lottery that offers new automobiles and televisions to customers who purchase auto insurance by the end of February 2005. https://www.kiplinger.com/news/XmlStoryResult.php?storyid=20041115670:4_13e900036ddf564e

Author’s note: While the concept of a combination lottery/insurance product may seem unusual to those of us in the U.S., Brazilian financial services providers have, for a number of years, offered capitalização, annuity-like products that combine a savings element with a lottery program.

Media reports indicated that ING had released a credit card that would allow 401(k) participants to borrow from their retirement savings. A spokesperson for ING, however, denied that the card had already been introduced, but confirmed that the product was under consideration. http://www.plansponsor.com/pi_type10_print/0,1482,,00.html?RECORD_ID=27279

In the U.K., insurance companies that sell annuities are concerned with the increasing life expectancy of annuitants. To fund annuity payments, U.K. life insurers typically invest in fixed-income government bonds. The maturities of the bonds they purchase are based on the expected lifetime of the annuitants. With the life expectancy of annuitants increasing more than originally forecast, there is concern that coupons received on fixed-income government bonds may not be adequate to meet the annuity payment requirements. Some analysts are suggesting a solution that would have the government issue “survivor bonds.” Survivor bond coupons would not be fixed, but would vary based on a mortality index. An insurer purchasing a survivor bond would receive a coupon amount tied to actual mortality rates, with the government assuming longevity risk. http://www.sctech.com/e-news/astmg/2004/09.24/camra.html

BNP Paribas says it is seeing trustee interest in the longevity bond it plans with the European Investment Bank (EIB). The EIB said in November 2004 that it would issue a 25-year £540m (775m) bond as part of a product designed by BNP Paribas aimed at protecting U.K. pension schemes against longevity risk. http://www.ipe.com/article_default.asp?article=18261

Note: Access to Web sites may require registration and/or subscription.

About the Author
Warren Weiner, CLU, ChFC, FLMI, is director, corporate development of MassMutual. MassMutual Financial Group – comprised of member companies with nearly $300 billion of assets under management as of June 30, 2004 – is a global, growth-oriented, diversified financial services organization providing life insurance, annuities, disability income insurance, long-term care insurance, retirement planning products, structured settlement annuities, trust services, money management, and other financial products and services.