An Interview with President Mary Weiss:
Progressing Onward and Upward

ARIA News: Congratulations on becoming this year’s ARIA president. What are your plans as you begin your term?

Weiss: First of all, I’m pleased to say that ARIA has benefited greatly in recent years from the outstanding administrative services provided by the American Institute for CPCU (especially from Tony Biacchi and Lee Gardner) and from journal-related revenues generated by Blackwell Publishers.

Both The JRI and RMIR have experienced very high download rates through Blackwell’s Synergy and from consortia deals that Blackwell has. Online access to The JRI and RMIR has expanded at a great pace over the last several years, thanks to Blackwell. Wiley Publishing and Blackwell will merge in the upcoming months, leading to potentially wider distribution of both journals and hopefully even higher revenue.

Secondly, ARIA recently received some good news on the membership front – since last year, our association count increased about 9 percent; we are once more over 500 members strong.

ARIA News: What are some of the challenges that our organization faces?

Weiss: An ongoing challenge for ARIA is to break even financially on the annual meeting. In exchange for providing its conference facilities, ARIA must guarantee the hotel a minimum number of room nights. Although the Board has continually revised downwards the minimum number of room nights that we guarantee, we have not met our requirements in recent years. Part of the problem appears to be that some meeting participants opt not to stay at the conference hotel. ARIA loses thousands of dollars each year as a result.

But challenges, as strategic planners are quick to point out, can translate into opportunities.

ARIA News: Please elaborate.

Weiss: Fortunately, ARIA’s finances and administration have stabilized sufficiently that the Board is now taking a proactive approach to our future, rather than merely reacting to bad news whenever it arrives. Under the guidance of then president Larry Cox, the Board participated in a strategic planning workshop led by a

Continued on next page
professional consultant. The result of this session was formulation of a mission statement: “ARIA is dedicated to creating and advancing knowledge in risk management and insurance.” A vision statement, strategies, and potential projects to support the strategies also arose from this session. This information is now posted on ARIA’s website for all those interested.

**ARIA News:** What is the single most important element of our strategic plan that you will be focusing on?

**Weiss:** An area of the strategic plan that has been mostly neglected so far is enhancing and helping to develop RMI programs at colleges and universities and serving as a resource for curriculum ideas and innovations. For example, there are universities and colleges in the U.S. that have RMI programs but do not have any faculty as ARIA members. Other colleges and universities may be interested in starting an RMI program, and ARIA currently does not have any widely available information devoted to this endeavor.

ARIA must strive to become better known among RMI programs and be recognized as an organization that can provide value to its members. Therefore, this year, my plan is to begin some initiatives to raise the profile of ARIA among RMI programs, especially if faculty members in these programs do not belong to ARIA.

For example, ARIA can further support its members and help in establishing new RMI programs through various initiatives such as sponsoring a chat room for these purposes.

**ARIA News:** Collaborations between different organizations are increasing. Do you see ARIA having a partnership with other groups and, if so, which ones?

**Weiss:** Other main thrusts of the strategies and projects arising from our strategic plan are to strengthen our relationship with related scholarly organizations, such as the Casualty Actuarial Society (CAS) and Society of Actuaries (SOA), and with the insurance industry. Strengthening relationships among ARIA members themselves (e.g., through mentoring programs) is an important goal, too. I am happy to say that ARIA is progressing on all of these fronts. For example, the “Industry Day” at the annual meeting in Québec City, featuring Jay Fishman from Travelers Companies, Inc. was a great success, and industry sponsorship of the conference was outstanding. ARIA is pursuing exchanging sessions with the CAS and SOA at their annual meetings. Plans are in the works for ARIA to hold sessions at the Allied Social Sciences Association meetings. Potential opportunities for increased collaboration between ARIA members and the American Institute for CPCU/Insurance Institute of America are being investigated in which the Institutes would be able to call on ARIA members to deliver lectures and modules on specialized topics of interest for their clients.

**ARIA News:** Mary, it sounds like you have things under control.

**Weiss:** Although ARIA currently has positive momentum going forward, I am sure that we can continue its upward trajectory. ARIA is not merely the Board of Directors, though. All members should consider devoting some of their time to the work that ARIA does, especially as it relates to promoting risk management and insurance education. I encourage members to contact me (mweiss@temple.edu) to learn how they can become more involved with our association.
Save the Date: August 3-6, 2008 – ARIA Annual Meeting: Portland, Oregon

by Diana Lee, Property Casualty Insurers Association of America

Crashing waterfalls, soaring mountains and some of the U.S.’s most breathtaking vistas surround Portland, Oregon (the “Rose City”), making it an ideal place to hold our next meeting. Set amid beautiful environs including majestic Mount Hood and lush forests of the Pacific Northwest, the city’s safe, vibrant and friendly downtown is bursting with fine restaurants, museums, public art displays and shops. Portland usually rates as one of the nation’s top travel destinations, with a wonderful summer climate. The city owes much to its rich diversity of cultures, including Native American, Chinese, Japanese, Hispanic and African American groups.

Two of the most enjoyable attractions that Portland’s city center has to offer are its Saturday outdoor market, under the Burnside Bridge, and Pioneer Courthouse Square, a thriving urban park with a waterfall fountain and entertainment. Among its other charms are the Chinese and Japanese gardens, Portland Art Museum, and the Rose Test Garden which studies the coloring and physical condition of roses; its various themed gardens are open to the public.

Portland has something for everyone: retrace the final steps of the Lewis and Clark expedition, which ended in Oregon, or take a cruise on the Willamette River. More off-beat draws include the Talking Sidewalk, engraved with whimsical quotes, proverbs and wisecracks; the Weather Machine, a 25-foot-tall kinetic sculpture that predicts rain, sun or storms for the day; and the “Fish Garage.” There’s even a Vacuum Cleaner Museum, with machines dating back to the 19th century!

The Marriott Downtown Waterfront Hotel will be our host site for this meeting. Situated in the heart of downtown, it is just steps away from Waterfront Park, a bustling center of activity with small eating places, street performers, fountains and other public art, and the riverfront promenade where you can stroll along the Willamette River. Hotel guestrooms have step-out balconies and panoramic views of the river or Mount Hood.

We invite your participation to present research on any topic related to risk or insurance. Specific subject areas include, but are not limited to, finance, economics, risk management, insurance law or regulation, public policy, health care, international issues, retirement, or employee benefits. Executive summaries that focus on the purpose, expected results and importance of the research or complete papers may be submitted, along with co-author names and contact information. Proposals from doctoral students are encouraged. Submit your proposal to ARIA’s vice president and program chair, Vickie Bajtelsmit, at aria08@business.colostate.edu by February 15, 2008. Individuals wishing to participate on the program committee or as a session organizer, moderator, or paper discussant are also welcome to contact Vickie. More details on the August 3-6, 2008 annual meeting will be provided on the ARIA website, www.aria.org, and in the next issue of ARIA News.
News from the Executive Office

by Anthony J. Biacchi, ARIA Executive Director

Following are some of the items discussed at the Board of Directors meeting, held on August 5, 2007, in conjunction with the annual conference in Quebec City.

- The 2007 balance sheet shows assets of $329,844, an increase of $53,000 over 2006; ARIA’s investment portfolio, both unrestricted and restricted funds, accounts for some of this growth.
- Blackwell has merged with Wiley Publishing; Wiley's presence in the Far East could increase ARIAs exposure in Asia.
- The electronic voting process of officers and new board members is found to save ARIA both time and money. To eliminate multiple voting electronically, a unique ID code was assigned to each ballot. There were 149 ballots cast in this year's election, a slight increase over last year.
- The contract to house ARIAs executive office at the American Institute for CPCU / Insurance Institute of America expires at the end of 2007. The board accepted an Institutes offer of a three-year contract at $40,000 per year.
- ARIA has requested a student support grant from Spencer Foundation. ARIAs request for proposal (RFP) for financial assistance to support student attendance at ARIAs meetings was rejected because of its similarity to a program that currently is funded and a shortfall in Spencer’s financial resources. It was suggested that ARIA consider an RFP to support graduate or Ph.D. students. In addition to funding proposals, Spencer provides resources for internship and risk manager-in-residence programs. ARIA should make sure that members know about resources available from the Spencer Foundation, as well as the Griffith Foundation for Insurance Education.
- ARIA is also talking with the Institutes about educational endeavors of mutual interest. The two groups could collaborate on:
  (i) customer college (or company) programs, blending “learning objects” to develop custom courses; ARIA members could assist in the formation of these courses;
  (ii) using Institutes materials in university courses that can be used for credit toward professional designations;
  (iii) specialized subject matter expertise provided by ARIA members; members could assist the Institutes in developing content for learning objects;
  (iv) partnering to provide seminars and workshops – ARIA members could train the Institutes’ corporate clients;
  (v) promotional opportunities – the Institutes could assist ARIA members in forming linkages with companies;
  (vi) lesson plans for public class instructors – ARIA members could assemble learning objects that could address the needs of companies’ training departments; and
  (vii) international partnerships, taking advantage of both groups’ global contacts.

Several immediate opportunities include reviewing “learning objects;” waiving a CPCU exam for students taking a course that uses Institutes text; developing scholarship programs under joint ARIA / Institutes sponsorship; and assisting ARIA in planning company- or agency-oriented content or programming.

- The ARIA board will continue to work toward establishing a presence at the Allied Social Sciences Association’s annual meetings.

Journal Facts and Figures

Georges Dionne, current editor of The Journal of Risk and Insurance (JRI), is assisted by five co-editors and a group of associate editors. Claire Boisvert (HEC Montréal) serves as assistant editor. Thirty percent of the editorial board members live outside the U.S.

- The number of article submissions continues to increase and the acceptance rate continues to decrease.
- Of the 78 articles received in 2007, slightly more than half (40 articles) were submitted by international authors; this share has been fairly consistent since 2002.
- As of July 2007, 42 papers were awaiting publication, 14 of which had been accepted in 2005. Nine articles from 2005 and 2006 were published in the September JRI issue that focused on life insurance. It is hopeful that all acceptances from 2005 and most from 2006 will be published by the end of 2008.
- Processing time, averaging 64 days, continues to be lengthy. One solution to reducing this timeframe is to have a more rigid first review of papers, thus reducing the number of articles rejected in a third or fourth iteration.
- A special issue of the March 2008 edition of The JRI will likely contain papers from the September 20-21, 2007 conference, “New Forms of Risk Sharing and Risk Engineering,” jointly sponsored by French reinsurer SCOR and The JRI. Publishing both the special issue and a regular JRI in March will be considered if special funding is available.1
- The JRI is in the process of implementing an Internet manuscript management system that should be operational by January 2008. Internet access to The JRI increased 42 percent in 2006. There were 138,878 downloads registered by Blackwell and other on-line hosts.
- The page count for The JRI was increased to 1,000 pages for 2007 and 2008.

Mary Weiss is editor of the Risk Management and Insurance Review (RMIR). Joseph Qui (Temple University) is the new assistant editor.

- Between July 1, 2006 and June 30, 2007, there were 31 new article submissions and 28 resubmissions. Only two out of 24 articles that completed a first round

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1 In October, Georgia State University and St. John’s University contributed funds for an expanded publication of The JRI in 2008 to eliminate the backlog of accepted articles. HEC Montréal contributed money for a special issue of the 2008 JRI to publish articles from the SCOR conference.
Congratulations to the ARIA Award Winners of 2007
compiled by Anthony J. Biacchi, American Institute for CPCU

Casualty Actuarial Society Award for 2006
A paper published by ARIA (in either The JRI or RMIR) in the prior year that is most valuable to casualty actuarial science:
Michael Sherris (University of New South Wales) for "Solvency, Capital Allocation and Fair Rate of Return in Insurance," The JRI, 2006, 73(1): 71-96

Early Career Scholarly Achievement Award
Distinguished achievement of a risk management and insurance scholar who received his or her Ph.D. less than 10 years ago:
Martin Boyer (HEC Montréal)

Excellence in Teaching Award
In recognition of excellence in teaching in the risk management and insurance field:
Robert Hoyt (University of Georgia)

Bob Hedges Undergraduate Scholarship Award
A stipend of a maximum of $1,000 enabling an undergraduate student in risk management and insurance to attend the ARIA annual meeting:
Grace Chi (Florida State University)

Grace says: “I was blown away by the content and the professionalism of the ARIA meeting. The level of research and commitment professors put into their work really inspires a young student to follow in their footsteps. Overall, I was most amazed at the genuineness and willingness of these accomplished individuals to help up-and-coming students. I have great respect for the ARIA sponsors and participants after I witnessed their expertise and knowledge first-hand. I hope to stay connected, or even be a part of this group of elite scholars in the future.”

Kulp-Wright Book Award
An outstanding original contribution to the literature of risk management and insurance:
Louis Eeckhoudt (Catholic Faculties of Mons), Christian Gollier (University of Toulouse) and Harris Schlesinger (University of Alabama) for “Economic and Financial Decisions Under Risk,” Princeton University Press, 2005

Robert I. Mehr Award
A literature contribution having a ten-year influence in the field of risk management and insurance:
Dwight Jaffee (University of California, Berkeley) and Thomas Russell (Santa Clara University) for “Catastrophe Insurance, Capital Markets, and Uninsurable Risks,” The JRI, 1997, 64(2): 205-230

Outstanding Achievement Award
For furthering the science of risk and insurance through the promotion of education, research and communication:
Patrick Brockett (University of Texas – Austin) and Richard MacMinn (Illinois State University), for their tenure and contributions as editors of The JRI

RMIR Award for the Best Feature Article
Best feature article in the Risk Management and Insurance Review:
Steven Pottier (University of Georgia) and David Sommer (University of Georgia, St. Mary’s University) for “Opaqueness in the Insurance Industry: Why Are Some Insurers Harder to Evaluate than Others?” RMIR, 2006, 9(2): 149-163

RMIR Award for the Best Perspectives Article
Best perspectives article in the Risk Management and Insurance Review:
The late Mark Dorfman (University of North Carolina, Charlotte) and Steve Tippins (Roosevelt University) for “An Examination of Alternative Approaches to Risk Management and Insurance Research,” RMIR, 2006, 9(1): 63-74

Les B. Strickler Innovation in Instruction Award
James Jones, James Garven and Nat Pope
James Jones and Nat Pope (both with Illinois State University) for “The Risk Management Challenge”

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Opening Session in Québec Kicks Off with Travelers’ Fishman

by Richard A. Derrig, OPAL Consulting, LLC

The annual meeting of ARIA opened on August 8, 2007 with a presentation by Jay S. Fishman, chairman and CEO, Travelers Companies, Inc., of a framework for handling the $7 trillion hurricane exposure from Maine to Texas. His talk initiated the meeting’s first “industry day,” a one-day track of plenary and concurrent sessions, sponsored this year by the Insurance Bureau of Canada (IBC), that mixed eight industry and academic professionals discussing problems of mutual concern.

Fishman’s theme that “something’s got to give” in the pursuit of a financial solution to the heightened wind damage risk pointed toward the fundamental conflict between public-dominated entities, such as Citizens Property Insurance Corporation in Florida, and traditional private market insurers spreading similar wind risk over geographic areas and over time with meaningful coverage and at actuarially fair rates. He claimed that insurers and reinsurers would be more than willing to provide insurance products and commit capital that would finance rebuilding after hurricanes, even those “Big Ones” of the destructive nature of the 2005 triplets: Katrina, Rita, and Wilma.

As an effort to move the discussion away from conflicting interests of the several states involved, from Florida, Louisiana, and Texas on the gulf coast to Florida, the Carolinas, New York and Rhode Island on the eastern seaboard, Travelers proposes the creation of a “coastal hurricane zone” (CHZ). The essence of the CHZ would be a federation of hurricane-exposed states under the auspices of the federal government that would: (1) establish uniform standards for policy forms and interpretations of the wind peril; and (2) supervise the filing and approval of fair rates by insurers. Under the Travelers proposal, the federal government’s involvement would exclude the financial risk as traditional insurers would be able to spread the risk under fair rates. One novel part of the proposal is the possibility of ex-post adjustments to policyholders in the event of an unusual cessation or acceleration of the wind peril. Neither insurers nor policyholders would be “winners” or ”losers” under the actual sequence of hurricanes experienced.

That the Travelers plan would face opposition based on parochial states’ interests or the poor record of the flood insurance program is an understatement. But, as Fishman insisted, insurers are obligated to be at the discussion table and propose solutions. Affordability issues would be addressed by a variety of serious risk mitigation techniques that would be expected to reduce damage from the storms and, therefore, the cost of insurance.

The 2007 opening plenary offered a different format: a single industry speaker followed by two academic discussants. ARIA past president Joan T. Schmit (University of Wisconsin) and Martin Grace (Georgia State University) ably filled these roles, each bringing a different perspective to the discussion. Joan began by recalling the industry/academic collaborations of the 1964 JRI when there were many industry and academic members considering the issues of the day. She provided encouragement for the Travelers’ proposal by recognizing current collaborations such as that between Guy Carpenter, Inc. and researchers, including Harvard’s Ken Froot, on the issue of catastrophe bond pricing and the role of reinsurance. She concluded with a call for more data availability so that objective empirical research can be solidly grounded in fact.

Marty, who is also a member of the Wharton Catastrophe Project that studied the financial and risk characteristics of U.S. hurricane risk, noted that in an opposite proposal principally supported by Allstate Insurance Company, the government assumes all responsibility for catastrophe risk with an extensive wind/flood risk pool. He also focused on another aspect of the proposal: affordability. While the Travelers proposal calls for tax credits for low-income consumers caught in the housing cost run-up, he questions the ability of Congress to leave the program alone given the history of distortions in the crop and flood programs.

All in all, the session was summarized by Jane Voll, vice president and chief economist of the sponsoring IBC: “Jay Fishman sets an important example for all insurers and the industry at large concerning the need for active and open dialogue about possible societal solutions to the pressing environmental problems we collectively face today. The ARIA forum provides a unique opportunity for engagement among those concerned with risk and insurance issues.” As a postscript, the Fishman ARIA speech was followed on August 27 by a summarized version that appeared as an op-ed piece in the Wall Street Journal, giving the attendees a 21-day head start on the public debate!

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1 The full text of Fishman’s talk can be found at http://www.aria.org/Fishman.pdf.
It’s said that you learn from experiences, sometimes more from bad ones than good ones. Fortunately most all of my experiences during my service on various boards of directors have been good. The learning was very worthwhile – not necessarily easy, but challenging and even fun at times! I’d like to share with you my list of 10 “Do’s and Don’ts;” perhaps some of you can relate to these as well.

1. Whatever time you think it will take to be a director, it will take at least twice as long. That “one quarterly or monthly meeting” is misleading. Being on the board of the State Teachers Retirement System (S.T.R.S. – Ohio), I was surprised to find out how much time the unpaid job took; what was thought to be one or two days per quarter rapidly escalated to include one to two days a week. There were many reports and related articles to read, numerous phone calls from board and other members, extra committee assignments and travel and time for out-of-town educational meetings.

2. You will be on the job as director a lot longer than you think. “A couple of years” often becomes “many years;” it is not easy to stop. My S.T.R.S. board position lasted eight years. My 11-year term on the board of different companies in the State Automobile Insurance Group ended only because of the mandatory age retirement of 65 years. The longest example of this phenomenon is my term on the board of trustees of the Griffith Foundation for Insurance Education – 47 years (some of these as an emeritus trustee)! So don’t let the “trustee” title fool you, because it involves equal or more responsibility than the title of “director.”

3. Don’t be surprised if politics enters into your job as director. Often, a board may consist of groups of individuals with differing viewpoints, and there is one person whose position represents the “swing vote.” If you are that lone person, use your position wisely. On any board, politics should help rather than prevent the best decisions affecting everyone involved. Too much politics is not good, but it is naïve to expect that there will be none!

4. Don’t be surprised if the job is more responsibility than the title. What was thought to be a director, it will take at least twice as long. That “one quarterly or monthly meeting” is misleading. Being on the board of the State Teachers Retirement System (S.T.R.S. – Ohio), I was surprised to find out how much time the unpaid job took; what was thought to be one or two days per quarter rapidly escalated to include one to two days a week. There were many reports and related articles to read, numerous phone calls from board and other members, extra committee assignments and travel and time for out-of-town educational meetings.

There has been an increase among institutional subscription renewals for both The JRI and RMIR. On-line readership of both journals increased significantly in 2006. Cost savings of on-line subscriptions are only about five percent. The project with JSTOR to archive JRI articles was delayed because the ARIA executive office also wants to archive RMIR articles. Old RMIR articles were written using JAZ software.

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Serving on a Board of Directors: Ten Things Learned
by David Bickelhaupt, Professor Emeritus, Ohio State University

ARIA 2007 Annual Meeting
Industry Day Featured Speaker

Jay S. Fishman
Chairman and Chief Executive Officer

TRAVELERS

Thank you, Jay.
Residential Earthquake Insurance in Taiwan

by Larry Y. Tzeng, National Taiwan University

Larry Tzeng, National Taiwan University, was appointed by his country’s government to be a director of the board of the Taiwan Residential Earthquake Insurance Fund (TREIF). This article represents his opinions alone and not those of TREIF.

On September 21, 1999, a 7.3 magnitude earthquake shook Taiwan. The homes of 51,712 families were totally destroyed, and another 53,768 houses suffered partial damage. At the time, only 0.2 percent of families in Taiwan had purchased residential earthquake insurance. Because the private residential earthquake insurance market functioned so poorly, on January 7, 2002, the Taiwanese government established TREIF (Taiwan Residential Earthquake Insurance Fund) to provide individual earthquake insurance coverage not offered by private insurance companies in some cases. Under the new structure, private companies create an insurance pool to cover aggregate earthquake claims less than NT$2.4 billion; above that amount, TREIF starts to pay. In addition, TREIF is responsible for investing the fund and arranging for reinsurance or other financial risk transfers.

1 As Huang and Tzeng (2007) show, government intervention can improve social welfare if the government’s default rate is lower than that of the private insurer. I believe earthquake insurance falls into this category. The only question remains is whether I believe my own research. Should I?
2 US$1 is equal to about NT$33.

According to current Taiwan insurance law, residential earthquake risk must automatically be covered in residential fire insurance policies. In other words, anyone who purchases a residential fire insurance policy automatically receives earthquake insurance coverage. However, this ruling also means that the insured can be covered by residential earthquake insurance only if they have purchased residential fire insurance. The design of this system attempts to take advantage of the existing marketing channel for residential fire insurance, with the assumption that this new design will cover more individuals in terms of earthquake insurance and thus save many administrative costs. Note, however, that earthquake insurance in Taiwan cannot be treated as compulsory social insurance, because residential fire insurance policies still are purchased voluntarily.

Residential earthquake insurance provides NT$1.2 million fixed reimbursement.

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Serving on a Board of Directors, continued

4. There will always be an element of “management” versus the board of directors. The board’s job is to oversee the decisions of management. For some institutions, there is little conflict because the board merely “rubber stamps” the decisions of management; in other companies, there is so much conflict that it is difficult to get anything accomplished. The ideal board sets “policy” as the basis for many management decisions, but leaves the day-to-day decisions for management to make without interference, and with freedom to do their job.

5. Good communication is absolutely essential between the board and management. Management must understand the policy framework within which they are expected to operate. Directors typically don’t intercede on unimportant decisions that belong to management. However, every board member has an obligation to participate in discussions—enough but not too much. Finding the middle ground on participation is a continuous challenge. Questions are important to good communication, and asking relevant questions that get others to think about the best answers is most effective.

6. Don’t accept too many positions as a board member at the same time. Experience on several boards, especially if it is a blend of profit and non-profit institutions, is beneficial. However, trying to serve on too many boards simultaneously will lead you to become mediocre, or worse, on all of them. When you have the opportunity to be on multiple boards, choose carefully in order to be on the ones for which you can do the best job. Being on too many boards also can become a detriment to your regular job.

7. Try to look at everything impartially. A completely unbiased director is hard to find, but a good one tries to achieve this position as often as possible. That’s why most boards want more than just directors who are present or past managers of their company. They purposefully elect “outside” directors to achieve a balance of ideas and viewpoints. Some bias is natural, based on position, experience, attitude and many other factors. Staying impartial and avoiding unwise bias is the desired objective for all directors.

8. Flexibility in your voting decisions is important. Recognizing that politics is often involved in many proposals is only the first step to the best voting decisions. Adjusting your actions to achieve maximum value is the secret of success in making your vote count. Express
An International Perspective on ARIA

by Michael Sherris, Australian School of Business,
University of New South Wales (UNSW)

The first World Risk Insurance Economics Congress (WRIEC) was held in Salt Lake City, Utah in 2005, bringing together the leading risk management and insurance research-focused associations from around the world. The organizations were the American Risk and Insurance Association (ARIA), the Asia-Pacific Risk and Insurance Association (APRIA), the European Group of Risk and Insurance Economists (EGRIE) and the Geneva Association. Although many European and Asian academics attend annual meetings of ARIA and APRIA, WRIEC was an extremely valuable opportunity to share research and build an important international network with a broad group of academics from different countries with similar research interests.

There are many opportunities for increased international collaboration. ARIA is the leading risk management and insurance association focused on academics, with excellent international researchers as members, very high quality meetings and the leading journal in the field – The Journal of Risk and Insurance. As an Australian academic with research interests in insurance economics and actuarial science, the ARIA annual meetings have been important in allowing me to make connections with leading researchers in the U.S. and also keep up to date with current research in risk management and insurance. Although these meetings are held in the Australian winter, when teaching is underway and

absence from the university is often difficult, it has always been worthwhile when I have been able to attend. Europe is a much farther journey from Australia than to the U.S., so attending meetings in Europe is even more difficult. Asia is in some sense equally close to Europe and North America.

U.S. universities have also been instrumental in providing the Ph.D. training to many risk management and insurance academics in Asia-Pacific universities, creating strong links between U.S. academic and many Asia-Pacific university programs. At the Australian School of Business at UNSW in Sydney, Australia, we have an excellent actuarial science program including undergraduate, Masters coursework and research programs. In addition, we have strong connections with academics in banking and finance and mathematical finance. International involvement in associations such as ARIA and APRIA, as well as the international actuarial professional associations, is indeed a very important aspect of our program.

Recent developments in risk management and the focus on enterprise risk management have brought together financial risk and insurance risk. The emergence of new products and markets, along with risk-based capital, Basel II, Solvency II in Europe and equivalent risk-based insurance regulatory changes in other countries, all call for a broader role for risk management beyond the traditional insurance and hazard risk management. These developments are at an international level driven by international regulatory changes in banking and insurance as well as changes in corporate governance arising from the recent spate of spectacular corporate scandals.

The recent establishment of ERMII (Enterprise Risk Management Institute International), bringing together industry, actuarial science and financial engineering university postgraduate curricula, is another development that has implications for research and university programs in risk management and insurance.

Comments on the Québec Annual Meeting

Most attendees who turned in their evaluation forms said the meeting in Québec City was either “excellent” or “very good.” Some of the comments made were:

• “I can’t remember a better meeting.”
• “This was a wonderful conference! The attention paid to details was excellent! The Monday night reception was unforgettable.”
• “The presentations by speakers were meaty and thought provoking.”
• “I am so glad I attended. The presentations were very good as well as the facilities.”
• Concurrent sessions were “as good as any year I can recall. I liked the mix.”
• “Well planned; subjects germane.”
• “The fact that so many people attended from so far away is an indication of the growing prominence of ARIAs’s annual meetings, as well as the importance of the venue.”
• “Having laptops in each session was terrific. Thanks to the Insurance Information Institute!”
• “Our Canadian hosts were great.”
• “I really enjoyed the meeting overall. Thank you, Tony, Lee and everyone else who put this meeting together for making it a success.”

Send Us Your News

ARIA members can send notice of events of professional or personal significance that they would like published in ARIA News to the editor, Diana Lee, at diana.lee@pciaa.net. Please send announcements for the Spring 2008 issue by February 15, 2008.

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Notre 2007 ARIA Conférence au Québec – Je me souviens!
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Notre 2007 ARIA Conférence au Québec – Je me souviens!
Since the establishment of TREIF, are more people purchasing earthquake insurance in Taiwan? Quite simply, yes. Approximately 23.49 percent of households in Taiwan currently are covered with an earthquake provision in their fire insurance policies, and this number is expected to increase gradually each year. However, it also is important to note that 92 percent of Taiwanese earthquake insurance purchasers also apply for a mortgage loan from a bank. Therefore, it seems reasonable to argue that they purchase fire insurance because of the banks’ mortgage requirements. Thus, though residential earthquake risks in Taiwan clearly are better covered from the perspective of the banks, such risk still confronts individual homeowners. From homeowners’ perspectives, TREIF still has a long way to go before it provides a “better” product. How might TREIF incentivize people to purchase earthquake insurance voluntarily? Can TREIF design new earthquake insurance products that transfer earthquake risk away from individual homeowners? Should TREIF adopt compulsory earthquake insurance? These are critical questions TREIF must address in the near future.

Are earthquake risks in Taiwan evaluated more prudently? Absolutely! TREIF reviews the aggregate losses of earthquake risks carefully every year. Initially, TREIF primarily counted on the services of international brokers and reinsurers to evaluate, price, and transfer earthquake risks. Now, it estimates earthquake losses not only on the basis of international brokers’ findings, but also by using local research institutions. In cooperation with TREIF, these institutions have studied many modern financial products related to earthquake risks. Whereas 10 years ago, virtually no one in either industry or academia focused on earthquake insurance in Taiwan, in the past decade, greater commitments to the earthquake insurance market have been made. Those professionals active in TREIF, in the market, and in academia will be essential assets for future success in this area.

Are earthquake risks in Taiwan better funded? Again, the answer is yes; TREIF’s total assets have reached NT$5,317,270,527 and are expected to increase approximately NT$1 billion per year. However, TREIF still has difficulty handling aggregate losses greater than NT$10 billion. The critical issue for TREIF appears to be whether it can borrow enough money from banks when facing a deficit to recover from a catastrophe. In addition, TREIF has recently been considering investment issues more closely. Thus far, it has invested only in relatively safe assets, such as government bonds, whose rate of return is rather low (i.e., just over 2%). Therefore, I would argue that it is time for TREIF to think about asset allocation or even asset liability management.

Does TREIF employ more modern financial products, in addition to reinsurance, to transfer earthquake risks? In 2004, TREIF launched a three-year catastrophe (CAT) bond, making Taiwan the second Asian country to undertake issuing such bonds. However, in 2007, TREIF reevaluated the effectiveness of this CAT bond and decided not to renew it because of costs. Thus, TREIF continuously studies various applications of CAT bonds and other financial products, such as CAT swaps, for their potential to be employed in the near future.

In summary, eight years ago, a catastrophe earthquake wreaked havoc, devastating many lives in Taiwan. At that time, earthquake risk had not been identified, evaluated, or managed. Learning from this disaster, the government of Taiwan established TREIF, which has led to the growth of the residential earthquake insurance market, improved technologies in both engineering and insurance, and a vast accumulation of human capital related to earthquake risks. In the beginning, we were forced to learn through trial and error, and will probably continue down this road to gain additional understanding. However, we are confident of fewer errors with the assistance of many outstanding research partners.
An International Perspective on ARIA, continued

The implications for ARIA and the other groups involved in the first WRIEC are that international risk management developments and research programs incorporating financial risk management and insurance are going to be critical to the future of the discipline and organization. All have an important role to play in these developments. First of all, they are ideally placed with a perspective on risk management that includes both financial and insurable risks. Secondly, they have an appeal to a wide audience including academics and practitioners in law, actuarial science and insurance. Thirdly, they have the potential to involve academics from financial risk management and financial economists, particularly at an international level.

Following in the footsteps of ARIA’s JRI, APRIA recently launched its new journal, the Asia-Pacific Journal of Risk and Insurance. It attracts relatively small numbers of submission, albeit some very high quality papers, and has published articles in its early editions that are of the highest international quality. It is an important research medium for academics from around the world and an additional high quality journal in a research area that includes relatively few journals. This research discipline will experience growth particularly as the Asian insurance and financial markets develop further. I encourage ARIA members to also consider publication of current research in the APRIA journal.

It comes as a rare opportunity for Australia to host an international meeting. In 2008, the Australian School of Business will host the Asia-Pacific Risk and Insurance Association annual meeting from 6-9 July. We are anticipating a very good attendance including many colleagues from Europe, North America as well as from the APRIA members at Asia-Pacific universities. We also expect a good attendance of industry representatives from Australian companies. Australia is a long journey for many, but we hope that we will see many of our international colleagues including ARIA members at this important 2008 APRIA meeting in Sydney.

Continued on next page
In addition to non-renewals, these reduced figures are due to deaths, retirements, relocations, etc.

Although four countries (Brazil, Ireland, Jamaica and Norway) no longer have ARIA members, our association is now represented by eight new countries: Indonesia, Luxembourg, Nigeria, Pakistan, Poland, Portugal, Saudi Arabia, and Singapore. Since 2002, Taiwan and Germany have seen the greatest increase in new and/or relocated members, respectively 16 and 8 individuals.

The table sets forth the number of ARIA members by country as of April 2007. Following the U.S. and Canada, Taiwan, Germany, South Korea, the United Kingdom, and Switzerland have the highest number of members with double-digit counts. To provide greater insight into the changing demographics of our organization, the 2002 membership numbers are included as well.

Over the last five years, the U.S. membership has not changed significantly with respect to its regional distribution. The shares among the regions are: Midwest (23.4%); Northeast (30.4%); South (34.9%); and West (11.3%). Compared to 2002 figures, the Midwest region dropped by more than one percentage point, while the Northeast gained by more than one point. Both the South and the West remained essentially the same.

A finer membership breakdown shows that the largest contingent (22.7% of all U.S. members) is still located in the South Atlantic region (the Carolinas, Delaware, D.C., Florida, Georgia, Maryland, Virginia and West Virginia). A close second (21.8%) is still found in the Middle Atlantic States (New Jersey, New York and Pennsylvania). These proportions are about the same as in 2002.

Although the East North Central region (Illinois, Indiana, Michigan, Ohio and Wisconsin) remains the third largest group, its share dropped 1.2 points and now represents 17.3 percent of U.S. members. Other ARIA members currently reside in the following regions: New England (8.6% - increase since 2002); Pacific (7.8% - decrease); West South Central (7.0% - same); West North Central (5.9% - decrease); East South Central (5.4% - increase); and Mountain (3.5% - same).

Among the approximate 455 academic members in April 2007, there were 128 distinct academic department names given to Blackwell (after eliminating duplicates of multiple members from the same school and department). The department names vary widely; a general breakdown is illustrated in the final pie chart. The most common name mentioned is the "department of finance" (22.7% of all departments), followed by the "department of economics" (13.3%). The word “finance” is the most prevalent term found within department names; extensions such as “finance, insurance, and real estate” (3.1%) and “finance and another subject (e.g., accounting, banking, business law),

1 Some members may have just written "department of finance" as an abbreviation for its more complete name.
Updating the ARIA Membership: A Changing Face, continued

general business, insurance, or quantitative analysis or management)” (10.9%) are common among ARIA members.

“Economics and finance” or a variation thereof, with “economics” as the predominant name, (9.4%) is also typical.

The term “insurance and risk management” or more commonly, “risk management and insurance,” appears in 7.8 percent of the 128 departments under which ARIA members teach. In addition to having its name as part of a finance or risk management department, the term “insurance” may be a department by itself or is in conjunction with another area such as actuarial science, real estate, legal studies and real estate, and statistics (6.2%).

Academic members also hail from departments that are predominantly “actuarial science,” “mathematics,” or “statistics,” while one member is part of a department of logistics (11.7%).

Departments included in the “miscellaneous” category (9.4%) are quite diverse in title, with “health” (e.g., health policy or health research) and “management” (e.g., aviation and maritime management, management and strategy, and policy analysis and management) being two of the more commonly seen terms. In this category, ARIA members also belong to departments of “accounting,” “decision and information sciences,” “earth sciences,” “law,” and “marketing.”

ARIA Award Winners, continued

Robert C. Witt Award
Outstanding feature article in The Journal of Risk and Insurance:
Ignacio Moreno, Francisco Vazquez, and Richard Watt (all with University of Madrid) for “Can Bonus-Malus Alleviate Insurance Fraud?” The JRI, 2006, 73(1): 123-151

President’s Award
In recognition and appreciation for commitment and dedicated service to the association:
Richard Derrig (OPAL Consulting, LLC)

ARIA is grateful to the following sponsors of monetary awards:
Casualty Actuarial Society
Robert Hedges Undergraduate Scholarship Fund
Les B. Strickler Education Fund
The Emergence of Risk Management and Corporate Governance in Portugal

by Marcus Martins, Economist, VICTORIA Seguros SA

It is an exciting time for the insurance market in Portugal, as risk management and Solvency II are at the top of the agenda for life and non-life insurers. As a result of the International Association of Insurance Supervisors’ 2004 papers on international standards and the Organization of Economic Cooperation and Development’s 2005 guidelines for insurer governance, the significance of corporate governance here is mounting.

The topic of the new regulation promulgated by the country’s supervisory authority (ISP - Instituto de Seguros de Portugal) and its impact can be found in many news articles and in insurer boardrooms as companies facing this challenge have begun developing strategies. Steps leading up to the reforms associated with Solvency II requirements can be summarized in three primary measures set by the ISP: (1) a questionnaire on insurance governance in Portugal; (2) participation in the Quantitative Impact Study (QIS) project; and (3) the enforcement of the new regulation on risk management and governance.

First, it began with a consultation with the companies operating in the market to evaluate their status and comprehension of the subject of governance. The overall scenario on how company policies were implemented to (re)structure their organizations was appraised via a questionnaire. This step (i.e., company research) laid the foundation for a market analysis of the status of corporate governance.

Conclusions of the questionnaire helped the ISP develop the principles for the regulatory framework. It might look strange for a foreigner to see measures taken such as the formation of an internal, independent audit department and making the actuary to the board directly accountable, since these practices are already typically in place in other markets.

According to the ISP, the main objective of the consultation was to examine the overall profile of market governance in the country. The ISP report supplied a benchmark against which the authority and companies can perform their own practice appraisals. (The full analysis of the report is not within the scope of this article.)

Second, the ISP encouraged insurers to join efforts to become involved in the European study supported by the European Insurance and Reinsurance Federation (CEA), i.e., the QIS project. This study involved large and small European companies evaluating the solvency capital requirements using a standardized method to quantify various types of insurer risks (from market and operational risks to insurance risks) and their impact on both internal procedures and the market.

The QIS exercise allowed insurers to not only check their internal capabilities to perform the quantitative analysis, but also to look deeper into the qualitative side of their internal organizations to handle such complex tasks in the future. As large international insurers can easily find expertise within their own groups, local Portuguese insurers1 can be “a little lost in the desert” since risk management expertise is an expensive resource to their cost structure (remember, the market here is small and fragmented). Thankfully, the increase in cost due to these new legal obligations came during years of healthy profitability (the Portuguese industry made about €780 million in profit in 2007).

The participation of the Portuguese market in the QIS study was an opportunity to test insurers’ capabilities to perform the required analyses for the implementation of the Solvency II standards. One goal of this study was to make company staff more familiar with the task involved in new minimum capital requirement analysis. The quantitative impact on small companies was also observed as well as the study’s relevancy to markets like the Portuguese where these types of procedures are not part of the regulatory environment (compared to other European markets).

Third, a new requirement on risk management and corporate governance was set by the ISP, whereby the first report must be delivered to the authority by the end of 2007. Herein lies the most relevant section of the ISP regulation, which is the rule that set the principles which an insurer must follow in complying with governance standards. Companies will need to start developing the ongoing status on governance and risk management and include it in their annual reports. The report must detail the insurer governance structure, measures to assess the risks supported by each individual company, risk management procedures adopted, and personnel qualifications.

Insurers have started to adjust to this new reality and are now recruiting actuaries and restructuring their operations. The full market financial evaluation will only be possible at the end of 2008 when insurers begin publishing their annual reports with this new information.

In closing, Portugal has started a process whereby risk management will become a relevant tool for managers and financial analysts to check for best governance practices on top of profits. Although the general public is not aware of this gradual change, the implications on the financial health of insurers can be observed more closely within the industry itself.

A prudent supervision model has been set up which forces players to adjust to

1 Direct premium volume for the 1st quarter 2007 in Portugal is €3,354 million (source: Boletín Diario de Seguros, June 2007). In 2005, the top 5 insurer groups represented 74.4 percent of the market. The life and non-life industry employs about 12,000 persons out of a total population of 11 million (2006) in the country (source: Portuguese Insurance Association).

Continued on next page
Robert Gibbons on the International Insurance Foundation (IIF)

ARIA member Robert J. Gibbons is executive director and president of the International Insurance Foundation. Since joining the Foundation in 1996, he has guided its evolution into the leading provider of technical assistance for emerging insurance markets. ARIA News was fortunate to catch up with Bob to learn more about his work with the IIF, before he hopped on another plane.

ARIA News: Bob, what is the International Insurance Foundation, and what is its mission? When was the IIF established?

Gibbons: The International Insurance Foundation is a non-profit, independent center of education and research furthering global standards for insurance markets worldwide. Ed Jobe started the Foundation on his retirement as CEO of American Re in 1996 because he wanted to spread the highest standards of professionalism and business ethics to the newly emerging insurance markets. He recognized that the transition to market-based economies would place a large burden on regulatory authorities to prevent abuses that would tarnish the global reputation of the insurance industry. The Foundation focuses on improving the quality of supervision and the performance of the industry, thus promoting economic development through more efficient transfers of risk.

ARIA News: Is IIF a membership organization? If so, who constitutes the members? What services are offered to members?

Gibbons: IIF is not really a membership organization like ARIA. Foundation members and sponsors support the mission and want to be informed about the progress of emerging insurance markets, but our services are offered for the public good.

ARIA News: I understand that IIF works with other organizations around the world. Please tell us about your partnership with them.

Gibbons: We have been the educational arm of the International Association of Insurance Supervisors, helping it to organize regional seminars and to create a core curriculum based on the Core Principles of Insurance Supervision. To address the enormous educational needs of the developing world, we have partnered with the World Bank, the Inter-American Development Bank, USAID, and the Financial Services Volunteer Corps. We also work with organizations like the Geneva Association and the International Insurance Society to organize programs about these issues.

ARIA News: Who comprises the IIF staff?

Gibbons: Ian Webb, also affiliated with ARIA, and I share the full-time coordination duties, and we have had other employees on and off, but we rely on a strong network of volunteers. Industry experts often speak at our seminars. Many current and retired regulators help us, as well as many ARIA members. Harold Skipper, Mike Murray, and Norm Baglini started our board of academic advisors, which now includes Mike Barth, Jean Kwon, Bill Rabel, Kim Staking, and Terri Vaughan. All of them, as well as Dan Anderson and Michael Powers, have contributed to our seminars. Our dear departed friend Mark Dorfman gleefully traipsed all over Eastern Europe studying insurance markets in transition economies and explaining how to make them work better. With this kind of help, the staff is not so important.

ARIA News: Does the Foundation have a journal? If so, tell us a little bit about the types of articles or papers; can anyone submit something for publication?

Gibbons: We publish research studies related to our mission when we have something to say, and we welcome contributions. Our main research themes are transparency, regulatory standards, solvency and capital adequacy, risk transfer techniques, and case studies of emerging insurance markets.

ARIA News: The IIF has an annual meeting each fall. Is it always held in Washington, D.C.? Who attends and what topics are usually on the program?

Gibbons: Although it is not always in Washington, that is the best location for us. It is convenient for the government and the conditions observed in other markets. This will bring more transparency to our companies and hopefully a more stable market. Allowing sufficient time to put into effect the level of protection required by the public gives more assurance to all stakeholders on the financial safety of the insurers. Quantitative measures were established and the ISP will be able to monitor insurers’ internal operations and structures. Risk management will bring a new era to Portuguese insurers and hopefully a healthier, competitive position for each company operating in this market.

About the Author: ARIA member Marcus Martins works as an economist and technical specialist at Lisbon-based VICTORIA Seguros SA, a leading insurer that is part of the ERGO Insurance Group. Marcus has an undergraduate degree in economics and has done postgraduate work in marketing, non-life actuarial studies and statistics (data mining). His main responsibilities at VICTORIA include product development, profit analysis and performance studies on tariffs with particular focus in the motor business.

The Emergence of Risk Management and Corporate Governance in Portugal, continued

ARIA Salutes Its 2007 Organizational Sponsors

ARIA salutes its 2007 organizational sponsors and expresses appreciation for their support of risk and insurance education in universities around the world.

AICPCU/IIA
Georgia State University
The Griffith Foundation for Insurance Education
HEC Montréal
St. John’s University
Temple University, Fox School of Business

ARIA Member Database is Now Operational

The member database is now available for your use. ARIA will maintain all member information residing at this site. You may use the database to update your profile and supply information on your specialization, search on other members, and access The JRI archives at JSTOR. Go to http://journalofriskandinsurance.org/members.
International Insurance Markets

The handbook "International Insurance Markets, Between Global Dynamics and Local Contingencies" provides a comprehensive overview of the global insurance market. It covers insurance markets in Europe, the Americas, and Asia, with a focus on specific countries and regions. The book includes chapters on Lloyd's of London and the London market in Europe and Southeast Asia, as well as overview chapters on insurance markets in Southeast Asia. It offers insights into the evolution of insurance markets and the impact of globalization on the industry.

The book is written by 42 international academic experts and provides a unique perspective on the insurance market, highlighting both the challenges and opportunities presented by globalization. It is an important resource for those involved in the insurance industry, including regulators, politicians, and business leaders.

Handbook of International Insurance Markets

Thanks to the research efforts of a group of 42 international academic experts, the first comprehensive book on the world's insurance markets has now been published: "Handbook of International Insurance Markets, Between Global Dynamics and Local Contingencies." This book provides a comprehensive overview of the global insurance market, covering insurance markets in Europe, the Americas, and Asia. Each country chapter covers key aspects of insurance: life insurance, non-life insurance, and public and private social insurance programs. It also features overview chapters on insurance markets in Europe and Southeast Asia as well as chapters on Lloyd's of London and the London market in Europe.

Setting the stage for this handbook is an overview chapter by the editors focusing on the supervisory authorities of emerging insurance markets. For example, in June, the District of Columbia chief examiner Sean O'Donnell, Jean Kwon, and I presented a financial analysis and examination training program to Azerbaijan's Ministry of Finance.

We went to the republic's capital and largest city, Baku, for two weeks to conduct the program in their office, amidst the computers and telephones, so that the entire insurance staff could participate. As a stop on the Silk Road, Baku is a crossroads of ancient civilizations. While there, we explored the remains of churches, mosques, and synagogues in the Old City. To help this part of the former Soviet Union assimilate international best practices for regulating a private insurance market is just the latest example that knowledge transcends borders.

ARIA News: I know you travel all over the world. What is the purpose of your trips?

Gibbons: Mostly we conduct seminars and provide technical assistance to the supervisory authorities of emerging insurance markets. For example, in June, the District of Columbia chief examiner Sean O'Donnell, Jean Kwon, and I presented a financial analysis and examination training program to Azerbaijan's Ministry of Finance.

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ARIA News: Do you have any favorite countries or cities you’ve visited?

Gibbons: I have enjoyed them all. Disregarding the hassles of airports and airplanes, the opportunity to visit many different parts of the world has been great fun, as well as an enriching and rewarding experience. It has given me a new perspective on insurance and risk management, and a greater appreciation of the many small things we take for granted. At the same time I have witnessed many positive changes as global standards take root, promising to make the world safer, more stable, and more prosperous in the years to come.

ARIA News: Thanks for your time, Bob. Your remarks, I’m sure, provide most ARIA members with a better understanding of the International Insurance Foundation. Our best to you and Mary on your future travels and endeavors.

Insurance Research Council

The IRC is an independent, nonprofit research organization supported by leading property and casualty insurance organizations. It provides timely and reliable information based on extensive data collection and analyses, examining important public policy matters that affect insurers, customers, and the general public. IRC is devoted solely to research and the communication of its research findings. To learn more about IRC's research and data products, visit us on the Web at www.ircweb.org.

The IRC is a division of the American Institute for CPCU/Insurance Institute of America.
In Memoriam: Sanford B. Halperin

We regret to inform readers that former ARIA member Sanford B. “Sandy” Halperin passed away last year (January 14, 2006) at the age of 82.¹ Born and reared in Newark, N.J., he had lived in Monroe, La. since 1974. He retired in 1994 as professor emeritus of insurance from the University of Louisiana at Monroe, where he taught for 20 years.

Dr. Halperin’s undergraduate college years were interrupted by World War II; in 1943, he was recalled from the enlisted reserve corps as a private in the army. On active duty in Europe, he served in the infantry in three campaigns: Ardennes (known also as the “Battle of the Bulge”), Rhineland, and central Europe. Retiring as a colonel, his military awards included the Combat Infantry Badge, Bronze Star, Purple Heart, and Meritorious Service Medal. Before leaving military duty, his final assignment was that of an operations and training officer at Fifth Army Headquarters, Fort Sam Houston, Tex., where he wrote the training course for reserve officers.

Remaining with the U.S. Army Reserve, he returned to civilian life to study at New York University, where he obtained his bachelors degree in 1947, and at the Wharton School of the University of Pennsylvania, where he was a Huebner fellow and obtained his M.A. degree in 1948. Some years later, he received his Ph.D. degree from Michigan State University.

In addition to teaching insurance and related business subjects for 30 years, he was employed in the insurance industry for 16 years. Dr. Halperin was a very popular professor, and had been elected to Outstanding Educators of America and as an outstanding faculty member in the college of business administration at the University of Louisiana. During the academic year 1994-1995, he was granted a Fulbright Scholarship and served for five months at the University of Ghana, West Africa.

He held five professional designations: Chartered Life Underwriter (CLU), Chartered Property and Casualty Underwriter (CPCU), Chartered Financial Consultant (ChFC), Life Underwriter Training Council Fellow (LUTCF) and Registered Health Underwriter (RHU).

Dr. Halperin was a leader of many military organizations, including the Military Order of the Purple Heart, which Northeast Louisiana Chapter he helped to establish. Additional activities included serving as liaison officer to the Defense Civil Preparedness Agency and to other civilian organizations, and volunteer work at the Senior Friends at North Monroe Medical Center.

One of Dr. Halperin’s great interests was live theater. A life patron of Strauss Playhouse in Monroe, he was active on stage for many years. He received best actor awards twice for his portrayals of Tevye in Fiddler of the Roof in 1975 and 1991. Other theater awards were best supporting actor in a drama or comedy for Teahouse of the August Moon and best actor in a musical for Tintypes.

¹ ARIA News, Fall 2000, reported that Professor Halperin suffered from lymphoma of the liver.

The JRI Impact Factor Soars

According to the 2006 journal rankings created by the Institute for Scientific Information, the impact factor of The Journal of Risk and Insurance is now at its highest level. This year’s factor that measures the frequency with which articles are cited in other journals is based on citations made throughout 2004 and 2005. Our premier journal’s impact factor more than doubled, jumping from 0.328 in 2005 to 0.722 in 2006. The JRI’s ranking is now 26/42 in the business and finance category (it was 34/40 in 2005) and 81/175 in economics (it was 139/175 in 2005).

Congratulations to ARIA and particularly the immediate past editors, Patrick Brockett and Richard MacMinn, and assistant editor, Kumi Smedley, for increasing The JRI’s influence and significance in the field of risk management and insurance.
Variance: Advancing the Science of Risk
The Casualty Actuarial Society (CAS) has released the first issue of its new research journal, Variance: Advancing the Science of Risk. Variance disseminates work of interest to casualty actuaries and other risk professionals in general insurance worldwide. Its peer-reviewed articles focus on original practical and theoretical research in non-life actuarial science and related areas in the science of risk. The inaugural issue includes articles on diverse topics such as risk transfer testing of reinsurance products, extended service contracts, mortgage insurance, financial modeling, and loss reserve estimates. Authors of papers hail from Australia, the United Kingdom and the United States, giving the journal an international appeal.

The Variance website, www.VarianceJournal.org, provides online access to the journal and other pertinent details, including guidelines for submitting papers and subscription information. Audio recordings of presentations of the journal’s research papers are among the value-added features of the Variance website. Complimentary one-year subscriptions are available and can be requested through the website.

To be accepted for consideration in the journal, papers should fit into one or more of the following categories:
- Research – contains original ideas and new material.
- Educational – instructs actuaries and others involved in analyzing, modeling, and managing risk.
- Practical Application – provides synthesis of existing distinct processes, solutions to substantive problems, expositions of actuarial practices, or compilation of current techniques.

Members in the News: Did You Know....?

Congratulations to Dan Anderson (University of Wisconsin – Madison), whose paper on “Sustainability Risk Management as a Critical Component of Enterprise Risk Management: Global Warming – Climate Change Risks” was chosen by the Geneva Association and the International Insurance Society as one of three award-winning papers. The paper received a $10,000 stipend and the research on which this paper was based was presented at the 2007 IIS meeting in Berlin, Germany.

Mazel Tov to Etti and Steve Baranoff, who became grandparents for the fourth time to Mia Dora Baranoff Burns. Mia was born in Palo Alto, Calif., on August 25, 2007 at 12:54 p.m.; she weighed in at 8 lbs. 6 ounces and was 22 inches long. Etti was fortunate to be present for this blessed birth of “a big, wonderful baby.”

Gilles Bernier was recently invited to join the newly created “Actuarial Standards Oversight Council” of the Institute of Canadian Actuaries. He also taught a three-day course to a group of master students at École Supérieure des assurances de Paris in May and then hosted the same group of students on campus at Laval University in Québec City from July 29 to August 11, 2007. While in Québec, the group participated at the ARIA annual meeting. In addition, Gilles participated as outside examiner at a doctoral dissertation defence at Nyenrode University in the Netherlands on July 6. While in Holland, he gave a three-hour lecture to a group of students enrolled in Nyenrode’s M.Sc. in finance.

Congratulations to Thomas Berry-Stölzle, who received his Ph.D. from the University of Cologne (Germany) on June 27, 2007. This fall, he will be joining the faculty of the Terry College of Business at the University of Georgia to teach insurance.

On May 12, 2007, Bernard J. Daenzer hosted “David L. Bickelhaupt Day” in recognition of David’s more than 50-year status as a CPCU. (Bernie, who is 91 years old, also carries this distinction!) This special occasion, which took place in Key Largo, Fla., was a memorable treat for David and his wife, Lee, who were feted by the South Florida CPCU chapter and past national presidents of the CPCU Society. The event included fishing, shopping, fine dining, an installation of this year’s CPCU chapter officers, and David’s reminiscences of “Risk Management – the First 50 Years.”

Patricia Born is spending the fall in Shanghai, China on sabbatical. As part of the department of finance at Shanghai Normal University, she is teaching two sections of risk management to undergraduate juniors and seniors. In addition, Patty is helping the school/faculty organize a small invitational conference on insurance issues. The theme is on recent developments in the global insurance industry and how to prepare students for successful careers in this global industry.

Congratulations to Jeff Brown, who was recently appointed as the William G. Karnes Professor of Finance at the University of Illinois.

Best wishes to Cassandra Cole, who was promoted to an associate professor this fall and is now a tenured faculty member at Florida State University.

James Garven was one of three professors recently invited by Financial Integrity Research Network, a consortium of finance departments at Australia’s leading research universities, to teach a “master class” under the auspices of the FIRN as part of its Younger Researcher Programme (see http://www.finance.baylor.edu/firn for the course website). During the week of July 16-20, 2007, Jim presented a set of lectures on the topic “Current issues in risk management and insurance” to a select group of 30-35 finance Ph.D. students at the University of Queensland Business School in Brisbane.
Members in the News, continued

Dan Konzen, who currently serves as the chief financial and risk officer of Prestige Administration, Inc., a national warranty administration company, was recently promoted to Lead Faculty, financial planning and control, UBAM (Undergraduate Business and Management) – University of Phoenix (Phoenix, Ariz. campus). Kudos to Dan on his achievement!

Joan Lamm-Tennant is now global chief economist and risk strategist with Guy Carpenter & Co., a leading global risk and reinsurance intermediary. Prior to this, she served as senior vice president of general reinsurance and president of General Reinsurance Capital Consultants, a unit of General Re Corp., a subsidiary of Berkshire Hathaway, Inc.

Congratulations to David Marlett, who was appointed chairman of the department of finance, banking and insurance at Appalachian State University (Boone, North Carolina).

Kathleen McCullough is pleased to announce that she received promotion to associate professor and tenure this fall at Florida State University. She was also appointed the “State Farm insurance professor in risk management/insurance.”

Alex Muermann has left the Wharton School (University of Pennsylvania) to be an “ordentlicher universitäts-professor” (professor of risk management and insurance) at Wirtschaftsuniversität Wien (University of Economics and Business Administration) in Vienna, Austria.

Travis Pritchard now serves on the Investment Commission of the South Carolina Retirement System. In addition, the “Travis Pritchett Investments Scholarship” in the Moore School of Business at the University of South Carolina was recently endowed by John Harloe, Jr., one of Travis’ former undergraduate students in risk and insurance and personal finance. Mr. Harloe, who currently is a small cap value equity fund manager and principal with Barrow Hanley (Dallas, Tex.), credits Travis with encouraging him to prepare for a career in investments and helping him gain admission to the school’s MBA program and in his post-MBA job search. Darla Moore, the Moore School’s namesake and major benefactor, matched Mr. Harloe’s gift of $120,000. Her funds named the “Travis Pritchett Finance Conference Room” in the Moore School.

In May, Bill Rabel received the University of Alabama’s outstanding faculty award established by the Alabama Finance Association. This honor was created to recognize professors who have made a significant positive impact through their service to the school or on students. Nominations are accepted through students, teaching assistants and other professors.

At the beginning of 2007, Andreas Richter relocated to the Institut für Risikoforschung und Versicherungswirtschaft (INRIVER)/Institute for Risk and Insurance Management, Munich School of Management, where he is the chair in risk and insurance. Prior to this, he was at Illinois State University in Normal, Ill.

In recognition of their high quality practical research on “Enterprise Risk Management, Insurance Pricing, and Capital Allocation,” the Geneva Association and the International Insurance Society awarded Michael Sherriss (University of New South Wales – Sydney, Australia) and Shaun Yow (Boston Consulting Group) with a $10,000 stipend. Their work was presented at the 2007 IIS annual meeting in Berlin, Germany.

Risk Management and Insurance Positions

Below is a list of organizations offering academic, government, and industry jobs that ARIA has received since May 2007, presented in chronological order of final posting on ARIA’s website. Please visit www.aria.org or contact these organizations for additional information (note that some of these positions may already be filled).

May

Missouri State University (Springfield)
Department of Finance and General Business
Associate or full professor of risk management and insurance

June

American Institute for CPCU/Insurance Institute of America (Malvern PA)
Senior director of knowledge resources

Bradley University (Peoria IL)
Department of Finance and Quantitative Methods
Faculty position in finance with emphasis in risk and actuarial studies (tenure track)

Moody’s Investors Service (New York NY)
Assistant vice president – risk management specialist

University of Southern Maine (Portland)
School of Business
Assistant, associate, or full professor of risk management and insurance

July

CRA International (Boston MA and New York NY)
Financial or insurance economist – senior associate position

Florida State University (Tallahassee)
College of Business
Assistant or associate professor of risk management and insurance

August

American Association of Managing General Agents (King of Prussia PA)
Education director

Drake University (Des Moines IA)
Assistant or associate professor in finance

Insurance Services Office Innovative Analytics (San Francisco CA or Jersey City NJ)
Senior statisticians

St. Joseph’s University (Philadelphia PA)
Assistant professor of finance

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Serving on a Board of Directors, continued

you yourself when it is needed, raise questions, compromise if it is the best and most expedient way to get things done, and even trade your vote for someone else's proposal in order to obtain support for your own. All of these may help develop the "team spirit" so essential to success.

9. Expect and support change. Many boards become too fixed in their decisions. Change is always more difficult than just accepting the status quo. Today's environment is moving too fast in too many ways for you to remain in a fixed position very long. A good director must be willing to accept and encourage change, rather than being an obstacle to progress. Although change may appear to be an unusual action, it could prove to be the basis for much success during the following years.

And finally….

10. Don't stop learning when you become a director. It's too easy to be complacent, especially if the organization is receiving recognition and praise for doing well. Being a director gives you an opportunity, at every meeting and activity in which you participate, to learn something that will make your decisions better. The need for studying reports and issues is obvious, and extra research is often advisable. Learn about your fellow directors, too; you'll know and understand their positions on various subjects better. Sharing ideas with others is very important to working together.

About the Author: David Bickelhaupt, CPCU, CLU, ARM, and ChFC, is a past president of ARIA and professor emeritus of insurance at the Ohio State University. He served on the board of six insurance companies within the State Automobile Insurance Group and is still on the boards of both the Insurance Hall of Fame and the Griffith Foundation for Insurance Education. David is a charter member of the Society of Insurance Research, the Firemark Circle of Americas, and the Gamma Iota Sigma fraternity.

Risk Management and Insurance Positions, continued

| University of New South Wales (Sydney, Australia) | Faculty positions in actuarial science and/or mathematical finance |
| Department of Risk Management and Insurance | |
| University of North Carolina (Charlotte) | Temple University (Philadelphia PA) |
| Belk College of Business | Fox School of Business and Management |
| Endowed professorship of risk management and insurance | Department of Risk, Insurance, and Healthcare Management |
| University of South Carolina (Columbia) | Assistant professor in risk and insurance |
| Moore School of Business | University of Illinois at Urbana-Champaign |
| Insurance position in Finance Department | Department of Mathematics |
| September | Assistant professor in actuarial science |
| Georgia State University (Atlanta) | University of New South Wales (Sydney Australia) |
| Robinson College of Business | Australian School of Business |
| Department of Risk Management and Insurance | Lecturer or senior lecturer in actuarial studies |

Activities of Sister Associations and Affiliates

Southern Risk and Insurance Association

The Geneva Association

Western Risk and Insurance Association

Midwest Finance Association

Risk Theory Society
2008 Annual Seminar (46th annual) April 25-27 Colorado State University Fort Collins, Colorado Send five-page abstract or rough draft, by December 17, 2007, to John M. Marshall, University of California, Santa Barbara, marshall@econ.ucsb.edu.