Officer and Director Election Time is Here

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

President: Gene Lai (Washington State University)
President-Elect: David Sommer (St. Mary's University)
Vice President and Program Chair: Terrie Troxel (Indiana State University) and George Zanjani (Georgia State University)
Board Position 1: Jeffrey Brown (University of Illinois Urbana-Champaign) and Martin Grace (Georgia State University)
Board Position 2: Martin Ellingsworth (President, ISO Innovative Analytics) and Robert Hartwig (President, Insurance Information Institute)

In addition, ARIA's membership recently approved an amendment to the by-laws that will increase the Board composition with the inclusion of two elected members. These two new Board positions will represent ARIA's diverse membership from across the globe. The nominees for each international board position are:

International Board Position 1: Andreas Richter (Ludwig-Maximilians-Universität, Germany); and
International Board Position 2: Jennifer Wang (National Cheng-chi University, Taiwan)

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

Please take the time to read each of the candidate's biography so you can make an informed choice. All ballots must be returned no later than May 24. Paper ballots should be sent to ARIA,
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by W. Jean Kwon, St. John’s University

Many global citizens expressed a New Year wish for a peaceful year in 2010. However, the global credit crunch affecting political and economic instability is still a critical issue in many nations, and natural catastrophes claimed too many lives in Haiti, Chile and several European countries.

Management of risks—traditional and new alike—is challenging. Risk and insurance experts share this view and have examined it at numerous conferences, meetings and fora in the recent past. One example was the inaugural conference of the World Risk and Insurance Economics Congress held in Salt Lake City in August 2005. The conference was unique as it was the first-ever joint conference of the four leading academic societies in risk and insurance—Asia-Pacific Risk and Insurance Association (APRIA), American Risk and Insurance Association (ARIA), European Group of Risk and Insurance Economists (EGRIE) and The Geneva Association.

Sponsored by more than 20 organizations, the first World Congress drew 323 participants from 35 countries. More than 140 papers were presented and discussed during 52 concurrent sessions. Insurance regulators and industry leaders shared their views with the audience in four plenary sessions covering: key issues in insurance regulation; corporate risk management by non-financial firms; portfolio risk measures; and the economics of insurance brokers.

The conference was well received and the organizing societies, reflecting the majority view of their members, agreed to make the World Congress a regular event—a once-in-every-five year joint conference for all persons with an interest in promoting education and research in the broad areas of risk and insurance. The second meeting will be held in Singapore on July 25-29, 2010, and the third meeting is expected to be held in a European city in 2015.

The second World Congress is expected to be just as meaningful as—if not more meaningful than—the first one. Given the academic organizers of this program, it makes sense that the conference will have most of its events at the campus of Singapore Management University, at the heart of the island country. Other societal functions will be held in several facilities (e.g., Chijmes) near the conference venue.

Generous corporate sponsorship not only reduces the registration cost borne by participants but it also lets us offer travel aids for young scholars. Monetary Authority of Singapore, the de facto central bank and financial services supervisory authority, is extending its Financial Sector Development Fund program to eligible participants in Singapore. As the official secretariat, Singapore College of Insurance is offering the conference its organizing services and technical assistance for online proposal submission and conference registration.

The conference will open with a keynote address by Mr. Heng Swee Keat, managing director of Monetary Authority of Singapore. The organizing societies designed the program so that Monday’s and Tuesday’s themes will have topics of interest to the industry and other days will have sessions with mainly academic topics.

The themes for the plenary sessions are in line with the recent developments in the global economy. In the first session, key policymakers including the chairperson of the International Association of Insurance Supervisors will discuss key issues in market supervision and regulation. Industry leaders will share their experience in the...
management of recent global credit risk during one plenary session and catastrophe risks during another. A panel comprising academicians and industry experts will present their views regarding aging, pensions and longevity risk. An equally important plenary session will be held on Thursday during which all of us will discuss openly pedagogical issues in collegiate risk management and insurance education.

On Tuesday evening, AXA is opening its Singapore campus to the conference participants. There will also be several other opportunities, such as “Dining around Singapore,” for participants to network and exchange their views in a less formal setting.

Three Scientific Committees with 35 members in total reviewed 309 proposals. Some findings of interest include the following:

- APRIA received 160 proposals, ARIA 94 proposals, and EGRIE 55 proposals.
- Proposals came from 160 institutions in 31 countries.
- The countries with more than 10 proposals are, in alphabetical order: China, France, Germany, India, Japan, Korea, Switzerland, Taiwan and the US.
- The most popular key words are: risk management (selected by authors of 58 proposals); regulation/public policy/international standards (40); economics/behavioral economics (37); organizational form/efficiency/ performance (37); solvency (34); non-life risk modeling/pricing/ theory (32); adverse selection/ moral hazard/underwriting (31); life risk modeling/pricing/theory (30); non-life market/cultural/product analysis (26); catastrophe risk and its management (25); actuarial pricing/reserving (24); life market/cultural/

money Management Tips for ARIA Members

- Conference Registration: You are encouraged to register online at www.wriec.org. The World Congress accepts Visa and Mastercard only or bank draft. Check with your credit company on whether it adds the typical 3 percent surcharge for foreign transactions. If it does, you may consider a Capital One card that currently does not add such charges. (FYI, we do not have any contractual relationship with Capital One!)

- Hotel Reservation: Since the World Congress is using the Singapore Management University campus for most of the events, you are free to choose the hotel of your preference. Go to the Registration Page of the World Congress (www.wriec.org) to check the hotels that are offering a special rate for event participants. The rates include all taxes and service charges as well as breakfast and free Internet.

- Air and Local Transportation: Continue monitoring possible changes in airfare for lower rates. Kayak.com and ITASoftware.com, for example, offer free, real time airfare tracking services. The former also allows its members to receive daily or weekly updates of fare changes. Once you are in Singapore, use a taxi (preferred) or subway to reach your hotel. Most drivers speak English, as it is one of the four official languages of the country.

The committees will select about 215 research papers for presentation and discussion throughout 72 sessions of the Second World Congress. Researchers are strongly encouraged to consider submitting their full papers for review and possible publication in one of the journals published by the organizing societies, namely: Asia-Pacific Journal of Risk and Insurance by APRIA; The Journal of Risk and Insurance and Risk Management and Insurance Review by ARIA; and Geneva Papers on Risk and Insurance—Issues and Practice and Geneva Risk and Insurance Review jointly by EGRIE and The Geneva Association.

Furthermore, the World Congress has gone online. The proposal submission form, for example, will be not only used for submission of full papers by successful authors but also available to all organizing societies if they wish to use the platform for their future meetings.

With the financial support of corporate sponsors, including but not limited to AXA Research Fund/Singapore Campus, Munich Re, Swiss Re, Allianz as well as The Geneva Association and its affiliated organizations, we are pleased to announce a significantly reduced conference fee of S$600 for participants who register by May 31, 2010. APRIA, ARIA and EGRIE members will enjoy a further reduction of the fee to S$450. Industry participants from Singapore should also check their eligibility for support from the Financial Sector Development Fund.

In conclusion, the sheer number of proposals and institutions represented at the Singapore World Congress demonstrates a significant gathering of a multitude of risk and insurance researchers from around the world. To make it a truly global conference, we urge researchers in Africa, Central and Latin Americas, Eastern Europe and the Middle East to also attend this event. Clearly, the 2010 World Congress will be another stepping stone for the continued growth of all participating individuals and organizations in risk and insurance.
Highlights from ARIA’s January 2010 Mid-Year Board Meeting
by Tony Biacchi, Executive Director

The ARIA Board of Directors convened its mid-term meeting on January 30, 2010 in Denver, Colorado. The meeting focused on finances, the Second World Congress, expanding Board membership, and contract matters related to the executive office, Wiley-Blackwell (W-B) and The JRI editor.

ARIA’s Financial Performance
Despite the volatility of the stock market, ARIA maintains a strong financial position thanks to annual meeting sponsorship that resulted in a positive bottom line and residual income from subscriptions to ARIA’s journals. The total amount of the investment portfolio is slightly less than $365,000, with approximately $95,000 earmarked for restricted (awards) use. The Board recognized the need for a long-term fiscal policy that would sustain the organization’s commitment to financing its various awards.

George Zanjani provided several investment-related suggestions to the group. The Board voted to move all award funds out of actively managed mutual funds and to consider the possibility of a single, lower cost investment, not limited to indexed funds, treasuries, and long term CDs. George also proposed an investment policy that outlined responsibilities of an investment committee that would become part of the finance committee. The proposal was moved to a vote and passed unanimously. The investment policy statement will be incorporated into the by-laws.

George and David Appel will work with the finance committee to investigate various portfolio options for the restricted funds. If necessary, the Board voted to infuse a maximum of $20,000 from ARIA’s unrestricted investments to ensure that the award portfolio generates the $4,000 per year currently needed to fund award obligations. In a review of year-end finances, the Board questioned placement of the annual meeting as a non-operating budget item. Placement will be changed to an operating line item.

Second WRIEC
The second World Risk and Insurance Economics Congress, of which ARIA’s 2010 annual meeting is a part, will be held in Singapore, July 25–29, 2010. The meeting will begin with registration starting at 1:00 p.m. on Sunday and conclude following a Thursday 1:00 p.m. farewell lunch. The response to the call for papers for the Congress appears to be very strong. Proposal submissions could be directed to only one of these three sponsoring organizations—APRIA, ARIA or EGRIE—for review. The Scientific Committees for the respective organizations will notify authors by April 1. Further information is available on the WRIEC website, www.wriec.org. Annual meeting sponsors from previous years will be asked to support the Congress.

Increasing the Board Membership
The Board voted unanimously to increase the size of its membership. The two additional members will represent ARIA’s diversity of membership, including increasing numbers from other countries. The selection of these representatives will be incorporated into the current election of officers. Two revisions to ARIA’s by-laws are required to enact such a change in the structure of ARIA’s Board. A vote on the amendment change was recently put to the entire membership via listserv e-mail, and passed.

ARIA Contracts
Georges Dionne’s three-year contract to serve as editor of The JRI ended on December 31, 2009. A positive evaluation from JRI associate and co-editors resulted in a unanimous vote at the August Board meeting to renew Georges’ contract. Tony reported that Georges agreed to continue as JRI editor until December 31, 2012. ARIA’s 10-year contract with Wiley-Blackwell runs through August 2011. ARIA’s publishing contract was solicited by one other vendor, Palgrave-Macmillan. Palgrave-Macmillan was informed that ARIA will take no action until Wiley-Blackwell makes an April 2010 preliminary offer that addresses suggestions and areas for improvement provided by the journal editors and the Board. One troubleshooting issue that is currently being addressed is the inability to
access the membership database following Blackwell's merger with Wiley. The problem stems from W-B's failure to recognize user impact caused by a migration to a Wiley data structure instead of continuing with the Blackwell data format.

The contract to house ARIA’s executive office at the American Institute for CPCU runs through December 31, 2010. ARIA is discussing contract renewal with the Institutes. Should the need arise, the Board authorized preparing an RFP to house the executive office.

ARIA’s Collaboration with Others

Collaboration efforts continue. For example, the Society of Insurance Research and ARIA are continuing their efforts toward joining researchers with data and visa versa [see the article on this project, known as PALS (Practitioner Academic Linking Site), in this issue of the newsletter]. In addition, Vickie Bajelsmit participates in monthly conference calls with RIMS’ Student Advisory Council (SAC). The SAC’s goal is to increase student awareness of RM employment opportunities and the pursuit of employment in risk management. The Board noted that job announcements on ARIA’s website should be expanded to include positions of interest to undergraduates.

Bill Panning agreed to continue Richard Derrig’s efforts to establish a closer relationship with the industry, particularly as it relates to planning for the 2011 annual meeting. A written report from Martin Grace noted a positive response to ARIA’s session at the Allied Social Science Association (ASSA) meeting. Marty would appreciate suggestions for a 2011 meeting theme. He also suggested that ARIA conduct its 2011 mid-year Board meeting in conjunction with ASSA; however, the January 7–9, 2011 date might conflict with the annual meeting of the Western Risk and Insurance Association.

Maintaining a relationship with the industry will continue as a strategic initiative and the Board continues to ponder ways to increase ARIA’s value to the industry. One possible channel is through initiatives in fiscal and enterprise risk management.

ARIA’s Board participated in a formal strategic planning session in January 2006. An upcoming Board meeting likely will consider the value of organizing another facilitator-led strategic planning session. Incorporated into the discussion about the organization’s strategic direction was the suggestion to prepare a letter to business school deans that emphasized the need for RMI within the core curriculum. No further action was taken.

ARIA Journal Editors’ Reports

The JRI editor reported 142 submissions in 2009. International submissions numbered 84. Forty-two percent of the submissions in 2009 received a response within three months, an improvement over the 2008 rate of 33 percent. Three special issues of The JRI are planned in order to increase the quality of submissions. The first is related to health insurance; the second will focus on micro-insurance and the third, to be published in 2011, will address insurance and governance. All accepted manuscripts are now posted on Wiley-Blackwell’s early view website.

RMIR reported 16 new submissions and 21 resubmissions in calendar year 2009. Currently the RMIR backlog is 15 articles, 9 feature articles, and 1 perspectives and 5 educational insights articles. The upcoming spring 2010 issue will contain six articles.

Wiley-Blackwell’s preliminary 2009 report to ARIA noted six percent attrition in library subscriptions (571 vs. 610). Given the economy, the loss was not unexpected. As part of a journal branding project, the sale of any single copy of an article will display the journal’s logo on the first page. The impact factor for The JRI, released in mid-2009, tripled from 0.305 in 2007 to 0.904 in 2008. The JRI’s ranking increased in the Business/Finance category from 39/45 to 21/48 and in Economics from 151/191 to 83/209.

In acknowledging the efforts of The JRI’s editor, Georges Dionne, the editorial board, and staff, Wiley-Blackwell wrote, “We applaud this fine work.” W-B will work with the manager of ARIA’s membership database to reconcile access difficulties resulting in a change in the W-B data file format.

Committee Reports

Various committees reported on their progress. Information about various awards and the application forms are available on ARIA’s website (www.aria.org) by clicking on Researchers, and then Awards. The Membership Committee again sponsored a first-time attendee reception at the 2009 annual meeting in Providence and will survey individuals who have not renewed their ARIA membership. Membership data continues to be collected for a longitudinal report to the Board in 2013.

The Web Strategy Committee is planning a utilization/performance survey. The questionnaire is intended to assess the level and quality of service, as well as shelf life, accuracy and completeness of content. The Webmaster reported on continuing maintenance and archiving activities. Suggestions and questions about the website can be addressed to aria.webmaster@gmail.com.

Job postings continue to be maintained on ARIA’s website. Announcements should be in the area of RMI-related academic and research positions. Students are encouraged to submit their resumes. All submissions should be made in Adobe Acrobat (PDF) format and submitted to Nat Pope (npope@ilstu.edu). Nat also should be informed if a position announcement has been filled or removed.

Materials are beginning to populate ARIA’s Teaching Resources webpage following its announcement in August 2009. The goal of the Teaching Resources Committee is to promote teaching and sharing of resources among ARIA members. The committee plans to contact professional groups and textbook companies as a next step. Current ARIA members should e-mail the executive office (aria@pcpuiia.org) for a user ID and password necessary to access the webpage.

Other Business

The executive office reported that 2009 membership fell slightly below 2008 numbers, 486 vs. 511. The largest concentration of members is now represented in five countries, United States, Canada,
The University of Ulm

The University of Ulm is a public university located in the southern part of Germany just an hour away from Munich, Stuttgart, and the Alps. It was founded as a university of medicine and natural sciences in 1967, making it one of the newer and still growing universities in the state of “Baden-Wuerttemberg.” Its campus sits on a hill on the outskirts of the city of Ulm. The campus area—also referred to as Science City—contains three major hospitals and is home to a wide variety of industrial research and development centers. The proximity of these entities enhances interaction between industrial research and development on one side and academic teaching and research on the other.

The University of Ulm is comprised of four faculties, one of which is the Faculty of Mathematics and Economics. Currently, about 7,200 students are enrolled in the university. Its design as a university “under one roof” means that the departments of every discipline (medicine, natural sciences, mathematics and economics, engineering and computer science) are accommodated in only two major buildings, which are just a few hundred feet apart from each other, a feature that greatly facilitates interaction between different scientific disciplines.

The Faculty of Mathematics and Economics

Two features make Ulm University particularly interesting and unique: (1) mathematics and economics are bundled in one faculty; and (2) the faculty’s main focus is on financial services. Thus, the university provides an excellent environment for people interested in quantitative topics such as risk management and insurance. The Faculty is proud to be the first in Germany to offer a program on Mathematics and Economics (economathematics). Today, the Faculty offers various bachelor and master degrees in economathematics, economics, mathematics, and finance. One primary focus of the teaching program is on risk management, insurance, and actuarial science.

The Institute of Insurance Science

The Institute of Insurance Science, founded in 1983, is a part of the Faculty of Mathematics and Economics. It currently employs two professors (Martin Eling and Hans-Joachim Zwiesler), supported by research assistants and doctoral candidates as well as by administrative staff. The team is further supplemented by a number of lecturers, some of whom are well known in the risk management and insurance community (for example, Jochen Russ). Furthermore, the Institute is collaborating very closely with the Institute for Finance and Actuarial Sciences (ifa), a well-renowned actuarial consulting firm located on the university campus, and with the Research Training Group 1100, founded by the German Science Foundation (DFG) and also located at the University of Ulm.

Our department’s combination of mathematics and economics is unique for both research and teaching in risk management, insurance, and actuarial science, and we emphasize both research and practical applications within the industry. Our program in actuarial science is the largest of its kind in Germany.

Research

The Institute of Insurance Science is an internationally-oriented center for theoretical and empirical research in the fields of risk management, insurance economics, and actuarial science. Current research topics include asset liability management, dynamic financial analysis, the design of innovative life insurance products, longevity risks, frontier efficiency, microinsurance, performance measurement, Solvency II, and value-based management. Our team members interact with scholars in many countries, including the United States, the United Kingdom, Switzerland, and Italy, among others.

Continued on page 15
A Conversation with Harris Schlesinger

by Diana Lee, ARIA NEWS Editor

We haven't seen past ARIA president Harris Schlesinger in a while, especially since his health scare last year. ARIA NEWS contacted him recently to learn about his status, which led to a longer, enjoyable dialogue. Thankfully, Harris is on the mend (to see a short summary of his illness, go to: http://cba.ua.edu/~hschlesi/illness-summary).

Harris is professor of finance and the Frank Park Samford Chair of Insurance at the University of Alabama. He is also an adjunct professor of finance at the University of Konstanz and a research fellow at the Center of Finance and Econometrics and at CESifo, a European-based economic policy organization.

After growing up in New York City, Harris spent considerable time living in upstate New York (Potsdam); Champaign, Illinois; Berlin, Germany; and Nashville, Tennessee. For the past 23 years, he has resided in Cottondale, Alabama, where he teaches finance theory, microeconomics and risk & insurance at the University of Alabama.

A past president of the European Group of Risk and Insurance Economists (EGRIE), Harris has had a long-term connection with Europe, averaging more than 1.5 days per week there over the past 25 years. He has held visiting appointments in Belgium, France, Germany and Switzerland; and in 2008, he spent 7 months on sabbatical in Germany.

ARIA NEWS would like to share our conversation with you.

ARIA NEWS: We all know that you had some serious health issues last year. Are you better now?

Schlesinger: Much better than I was. I went through some pretty serious stuff. I have learned to adjust my expectations. Recovery is much slower than I imagined; and I doubt I will get back to 100 percent of where I was before being ill. But I am much healthier than I was six months ago. I gained back much of the weight that I lost and I also have regained much of my strength. I am very grateful to be here and be able to answer your questions.

ARIA NEWS: Harris, what prompted you to obtain degrees in mathematics and economics?

Schlesinger: I guess I always liked math. I was not a very serious student in high school, but I did like math. My undergraduate college had a very good math department that encouraged me to do more. Economics was just by chance. I took an economics course as an undergraduate elective and I liked it. My professor was great. So I took another, and then another, and before I knew it, I had a second major in economics.

You didn’t ask about insurance, but I kind of “backed into” that area. My dissertation was on the economics of uncertainty applied to insurance. Plus, I worked on a couple of other insurance-related microeconomic topics early in my career. Before I knew what was happening, folks starting pointing at me as some new insurance guy.

ARIA NEWS: You’ve spent a great deal of time in Europe over the past 25 years. What attracted you to Europe in the first place, and what takes you back there so often?

Schlesinger: That’s easy. I met my now good friend Henri Louberge at my very first ARIA meeting in 1981. He told me about the Geneva Association and EGRIE (the European Group of Risk and Insurance Economists). So in 1982 I managed to get onto their program for a conference in Geneva and just fell in love with Europe. I have been back every year since.

ARIA NEWS: How would you compare European university students and the academic system there to American students and the academic system in the States?

Schlesinger: Until recently it was quite a bit different. The degrees didn’t match up. They often go to high school a year longer than here in the USA. A first degree in Europe was often a notch up from a bachelor’s degree over here. But thanks to more European integration, that’s no longer true. They now have a bachelor’s degree similar to ours. I don’t like making generalizations, but basically Europeans are focused more on facts and methodology. European students who visit U.S. universities seem to like the higher density of discussions and class projects that we have over here.

ARIA NEWS: Do you have any favorite places in Europe?

Schlesinger: Tough question. I have lots of good European friends and like to visit them. I know Germany best but have spent much time in southwest France and in southern Belgium, too. But having to choose one place, I would pick the Jungfrau region in the Swiss Alps. My family vacations there often in a little village called Wengen, right up against the biggest mountains in the Swiss Alps. To me, it is the most beautiful place on the planet.

ARIA NEWS: What have you enjoyed the most in your academic career? Do you have any regrets?

Schlesinger: I think that the occasional really smart student, who appreciates what you show them in the classroom, makes it all worthwhile. I know that a handful of my own professors had a profound impact on me. To know that I might have the same impact on some of my own students is a joy to me. Of course I love the research part of my job. It’s kind of like an artist getting paid to paint, or an athlete getting paid to play sports. It’s fun to me—not really work at all—although it is not usually easy. If I have any regret, it might be that I was not a more serious student back in high school.

Continued on next page
ARIA NEWS: Harris, you’ve received numerous honors including The JRI Best Article Award (5 times), the Decision Analysis Best Paper Award from INFORMS, the Kulp-Wright Book Award, and the 2007 Burnum Distinguished Faculty Award at UA. Is there any one honor that is the most meaningful to you?

Schlesinger: Such honors always make me a little uncomfortable. I was raised to be—or at least to try to be—somewhat humble. I know very well that there are many people much smarter than I am. On the other hand, it is always wonderful to see that people appreciate your efforts. All of the awards that you mentioned were a big honor for me in different ways. I do not think that any one of them dominates the others. My biggest honor is still when someone I am with tells me something like, “Oh, I read your paper and I really liked it.”

Forced to choose one award, I would probably pick the Decision Analysis Publication Award. It was for a paper that I wrote with Louis Eeckhoudt, “Putting Risk in its Proper Place,” that I believe will be the most influential of all my papers. That paper has generated several new streams of research by many people. The DAP Award was also a total shock; neither Louis nor I had any clue that our paper was even nominated.

ARIA NEWS: You have been quite active in both ARIA and EGRIE. What is it that you particularly like about ARIA?

Schlesinger: ARIA is just a great group of people and they all have lots of integrity. They are very serious about RMI education. Especially during my early years, folks would look at me as more of a microeconomic theorist and wonder what I saw in ARIA. But I was not attending ARIA to learn more theory. I enjoyed the institutional stuff and the empirical stuff and I learned an awful lot by attending. Over the years, more theoretical insurance economics became another topic area within ARIA.

I think that I had a reputation in earlier days as being very critical of research at ARIA meetings. But I can guarantee you that I told people many more things that I liked about their papers than things that I did not like. I did, however, also say what I did not like. One of my European friends said it best, when one day he wrote that “Harris spent much time trying to stamp out bad research, wherever he saw it.” That made me laugh, but I admit that there is much truth in his statement.

ARIA NEWS: Please tell us a little bit about EGRIE.

Schlesinger: The group has changed some over the years. It has an excellent entrenched group of insurance economists, who are all very good. A substantial number of my co-authors were met through EGRIE, and I have enjoyed working with all of them. They are all exceptionally smart and I have learned a great deal from our joint research projects. EGRIE is a much more narrowly focused group than ARIA. I think it is more accurate to describe it as a bigger version of the Risk Theory Society, than to describe it as a smaller version of ARIA.

ARIA NEWS: When you’re not busy teaching or doing research, what do you enjoy doing? What other activities are you involved in?

Schlesinger: I am an older dad and have a 12-year old son, who is quite active in sports. He takes up most of my spare time, between helping to coach some of his sports teams or shooting baskets with him. My illness has slowed me down a bunch there. As I mentioned earlier, we also like to vacation every couple of years in the Swiss Alps, and seem to spend most of our time there hiking and eating fondue. I also enjoy listening to classical music as well as attending the ballet and opera.

ARIA NEWS: Do you have any advice for younger ARIA members, with respect to their academic careers or becoming more involved with this association?

Schlesinger: ARIA has a lot to offer. I am always impressed with the “new people” I meet at the annual meeting every year. Of course, I am also impressed that there are always more international members, which I think is important and I believe I helped to encourage, in my own small part. I also like to tell younger colleagues to aim higher with the own goals, especially research goals.

ARIA NEWS: Are you working on anything special now? Where will your research take you next?

Schlesinger: Luckily for me, I have a couple of ongoing projects that were started during a sabbatical that I had in 2008. My ability to focus on something completely new has been a bit limited since my illness, but I am always improving. I am also working on a survey paper with Louis Eeckhoudt, based on our joint work on higher-order risk effects.

ARIA NEWS: Is there anything you’d like to say to your ARIA friends and colleagues?

Schlesinger: I had planned to attend the 2009 ARIA meeting in Providence. It was terribly disheartening to me to realize that my health was not improving quickly enough to be able to attend. I remember sending an e-mail to Gene Lai regretting that I had to withdraw from the program. Having been program chair several times myself, I know what a pain it is when someone withdraws at the last minute. But Gene was very encouraging and he was quite sincere in wishing me well.

As my ARIA friends all slowly learned of my illness, I received very many e-mails with well-wishes. Every one of them was a blessing to me. I am sure that any of your readers who have been with ARIA for a few years—for me it’s 29 years—will agree with my next statement. ARIA is like “family” in many ways. And I love being a part of the family.

ARIA NEWS: Thanks for chatting, Harris. Best wishes and may you continue to recover.
Identification and study of specific trends
To survive in today’s market, insurers, of course, need to respond to current trends and forecast future loss potential; but comprehensive risk measurement is more than a reliance on catastrophe models and financial trend analysis. Companies may have the ability to analyze data in the context of loss costs and specific company trends, but they may not be able to efficiently analyze results in the context of historical or projected socioeconomic trends or other real world data.

For example, insurers must also be able to identify and measure the potential future impact of environmental, societal, financial, and regulatory influences on insurance markets (e.g., “green” buildings, use of educational factors in risk prediction, and trends in rating restrictions).

Insurers and academics might develop partnerships for the purpose of identifying, analyzing, and measuring such future trends. Academic programs could benefit from the ability to use real world data for study purposes, while insurers would benefit from a wider perspective than might be possible by in-house research staff.

Identification of key problems or areas of concern
The insurance industry might partner with insurance scholars to identify potential problems or areas of concern that could then be compared to the market as a whole or to individual books of business. A classic illustration is the identification of the increased burden of some state property residual markets upon the private market.

Until very recently, the true exposure of some state plans was not fully known to the private market, leaving companies with incomplete information regarding the potential for assessment following a catastrophic loss. For example, in Mississippi, in the wake of Hurricane Katrina, many companies that had prudently managed their own catastrophe risk found themselves with enormous unanticipated assessments from the state’s wind pool.

Development of solutions based on expertise and fresh perspectives
One of the most effective uses of insurer and academic collaboration is in the commission of studies to propose solutions to problems facing the industry. Again, risk management students and insurance scholars can benefit by the use of real world data to study current or anticipated problems.

Unlike company employees and, to some extent, industry consultants, insurance scholars may be free to propose approaches to issues unfettered by company tradition or business norms. This fresh perspective, or “think outside the box” approach to a problem, may lead to innovative approaches to a problem. An example of this is the Wharton School’s work on catastrophe financing.

Educate and influence policymakers
Even where funding support comes from the industry, academic entities, including university risk management programs, enjoy a deserved reputation of providing unbiased information. Thus, educational efforts undertaken by insurance scholars are typically better received than the same information provided directly by insurers. Entities such as the Griffith Insurance Education Foundation have long done an outstanding job of providing educational programs to key policymakers.

However, separate from the structured training offered by such organizations, insurance scholars can also play a key role in educating policymakers on an individual or small group basis and on specific state issues. For example, a number of risk management schools sponsor educational workshops on key insurance issues. While often attended primarily by industry representatives, these programs may offer excellent educational opportunities for policymakers, too. Insurers should be encouraged to sponsor attendance for regulators or state legislators, as well as their staffs.

Scholars and insurers should also work together to promote appointment of academic experts to legislative interim study committees or similar bodies created to examine or study an issue. An example

Continued on page 16
Introducing PALS: Practitioner Academic Linking Site
by Howard Goldstein, Principal, The Glen Ellyn Consulting Group, LLC

The Society of Insurance Research (S.I.R.) and ARIA are always looking for ways to provide additional benefits for their members. In 2006, S.I.R. met with the ARIA board to discuss ways in which the two organizations could work together to offer benefits that met each respective organization's needs. Based upon the results of this meeting, in 2007, S.I.R. created a board position called vice president – education and educational outreach responsible for the development of such benefits.

One of the first tasks of the newly appointed VP was to put together a committee comprised of S.I.R. members from both the practitioner and academic worlds. Initial and current members of the committee are:

- Ernie Hamilton, Met Life Auto and Home
- Jim Jones, Illinois State University
- Weili Lu, California State University – Fullerton
- Peter Nevsimal, Allstate Insurance Company
- Don Rebele, Griffith Foundation
- Howard Goldstein (chairperson), The Glen Ellyn Consulting Group, LLC

The committee spent the first year discussing how S.I.R. might best provide value-added services to its members in the area of Education and Educational Outreach. Next, we focused attention on creating a means to link those people needing data with those who had the data. PALS (Practitioner Academic Linking Site), introduced in November 2009, is the culmination of the committee's work begun in 2007.

PALS will:
- Link insurance professionals and academic researchers—in a confidential environment
- Enable the academic world to conduct industry level analysis—by providing the potential to gain access to multiple carriers' data
- Provide the insurance professional with additional statistical, modeling and analysis support
- Access to companies which may implement the results of a study
- A broader audience for papers

Benefits to S.I.R. and S.I.R. members:
- Access to researchers
- Access to industry issues they might not otherwise consider
- Access to new ideas on how to approach a problem
- Ability to work with multiple carriers on industry wide studies

How it might work for Academics:
- S.I.R. built and will maintain the system
- ARIA will send e-mail alerts to their members when a practitioner uploads a project
- S.I.R. will send e-mail alerts to their members when an academic uploads a request for data
- ARIA members and S.I.R. members will have the ability to work together at a level with which each is comfortable
- Neither ARIA nor S.I.R. will provide:
  - Data aggregation
  - Proposal review
  - Progress review
  - Publishing of papers on this site

Benefits to ARIA and ARIA members are:
- Access to vital data
- Access to people who can help frame questions or the issues

How it works—For academics:
Academics in search of data will click on a link called Post a request for data and/or sponsors. They will complete and submit the form which comes up. Additional details can be uploaded as part of the form. Once the form and any accompanying data are uploaded, information will be accessible only to non-academic members of S.I.R.

Academics will also have the ability to review a complete list of practitioners who are seeking research by clicking a link called View a list of practitioners seeking research.
Introducing PALS, continued

How it might work for Practitioners

How it works—For practitioners:
Practitioners who are in search of academic research support, either as an individual company or as organizations such as S.I.R., will click on a link called Post a request for research. They will complete and submit the form which comes up. Additional details can be uploaded as part of the form. Once the form and any accompanying data are uploaded, information will be accessible only to academic members of ARIA.

Practitioners will also have the ability to review a complete list of academics who are seeking data by clicking a link called View a list of academics seeking data and/or sponsors.

After the system has been up for three months, the Education and Educational Outreach committee, in conjunction with ARIA, will analyze usage results to determine whether any changes to the system and process are needed.

If you have any questions or comments on the PALS concept, website or processes, please contact Howard Goldstein, S.I.R. VP – Education and Educational Outreach, at (630) 790-4304 or Weili Lu, S.I.R. Committee member and ARIA liaison, at (714) 278-3679.

Building a Talent Magnet: How the Property and Casualty Industry Can Solve Its People Needs

by Ellen Thrower, St. John’s University


This study was co-sponsored by The Risk Foundation (in the inside cover of the study, there is an introduction by Robert Clements, chairman of the board of the Foundation). The Risk Foundation is located at the School of Risk Management/St. John’s University, and operates as an independent 501(c) (3) foundation, devoted to the support of study in the field of risk management and insurance.

The study involved input from industry experts, as well as colleges and universities with RMI programs including Appalachian State University, Florida State University, George State University, Illinois State University, Mississippi State University, Olivet University, St. John’s University, Temple University, University of South Carolina, and University of Wisconsin – Madison. McKinsey talked with program administrators, and submitted questionnaires to students and alumni in most of these programs.

I am especially excited that one of the key conclusions of McKinsey’s study is that RMI programs represent a “hidden strength” for the industry. McKinsey also concludes that companies should strengthen or solidify relationships with RMI programs in order to expand the number of graduates in the field, as well as improving the education and training that risk professionals receive. A pretty positive endorsement…and it's about time!

I believe the report and findings by McKinsey present a strong case for the value of RMI programs—in both academia and the industry. The link to the home page of McKinsey’s Financial Services site, which features the Talent paper prominently, is http://www.mckinsey.com/clientservice/Financial_Services/.

And the direct link to the report, in pdf is: http://www.mckinsey.com/clientservice/Financial_Services/~media/Reports/Financial_Services/Talent_in_PandC.ashx.
ARIA Members and Friends in the News

Best wishes to the Berry-Stoezle family, as Louisa Charlotte entered the world on November 14, 2009. Maresi and Thomas are enjoying another round of sleepless nights.

Effective July 2009, Jeffrey Brown became a Trustee for TIAA. He is still with the University of Illinois, where he is the Karnes Chair and Director of the Center for Business and Public Policy.

Congratulations to Randy Dumm, who was recently named chairman of the Research Academy Board for The National Alliance for Insurance Education & Research, located in Austin, Tex.

This June, Anne Kleffner will be teaching at Pontificia Universidad Católica del Perú in Lima as part of the Executive MBA program in Global Energy Management and Sustainable Development at the University of Calgary.

J. François Outreville retired at the end of 2008 from UNCTAD in Geneva after more than 20 years with the organization. He is now back in the academic world as a part-time adjunct professor of finance and insurance at HEC Montreal.

Terrie Troxel has been appointed interim director of the Networks Financial Institute (NFI) at Indiana State University (ISU). The NFI is a national leader in the development of public policy and research in insurance and other financial services sectors, financial literacy, and professional development for top financial services students in ISU’s Scott College of Business. Terrie is currently director of the Gongaware Center at ISU.

Remembering Irving M. Field
by Michael McNamara, Washington State University

Irving M. Field, former ARIA member and long-time professor of insurance at Washington State University, passed away after a short illness on February 23, 2010. Irv was born in Green Bay, Wisconsin, in 1934. His father was a minister, and his family moved between several churches while Irv was young. He graduated from high school in Cheney, Washington, and earned his undergraduate degree from the University of Missouri.

Irv worked in the insurance industry for The Equitable and Farmers Insurance Group before returning to school. He earned a Master of Business Administration from Washington State University and his Ph.D. from the University of Oregon.

Irv taught insurance and real estate courses at Washington State University from 1960 through 1998, and he started the risk management and insurance program at Washington State. He was a beloved professor. He cared about his students and inspired many young people to consider careers in risk management and insurance. Irv was a member of the Board of Directors of Oregon Mutual Insurance Company for twenty years and served as an educational consultant to the Independent Insurance Agents and Brokers of Washington and the Professional Insurance Agents of Washington. He was active in many civic groups, including the Whitman County Humane Society and the local Rotary Club. Irv enjoyed reading, playing chess, cross country skiing, traveling, and spending time at his cabin on Christina Lake in British Columbia.

Prior to his retirement, Irv joined with industry supporters from Washington and Oregon to create the “Mutual of Enumclaw/Field Professorship” at Washington State University.

Irv is survived by his long-time companion, Claudia Craven; his son, Paul, from Seattle; his daughter, Christina Kinkaid, of Pullman, Washington; his son-in-law; and four grandchildren. Irv never met a stranger, and he gave generously of his time and resources to support the causes that were important to him. A memorial scholarship fund in Irv’s honor is being created at Washington State University.

From l. to r., Julianne, Philip, and Max welcome their little sister, Louisa Charlotte.
ARIA Membership Update

The following information is based on membership lists provided by Wiley-Blackwell Publishers.

As of October 2009, there were 477 individual members of ARIA hailing from 32 different countries; the total member count has declined 5.2 percent since October 2008 (493 members). Twenty-eight (28) members currently have a retired status, while 42 members have a student status. Both figures have remained fairly constant over the last year.

ARIA’s international members continue to grow, from 165 to 177 individuals. At the end of 2008, 33.5 percent of all members came from a country outside the U.S. At the end of last year, this proportion has grown to 37.1 percent.

Three countries (Costa Rica, Finland and South Africa) dropped their affiliation with ARIA during the past year. New countries (2009) with one member apiece are Chile, Cyprus, Norway, Serbia, Singapore, and Slovenia (some of these countries had members during earlier years).

Over the last year, Germany has had the largest membership growth, with a net increase of seven additional members. France increased with four additional members, while Austria, Japan and the United Kingdom each added on two more members.

Some international representatives recently shared their thoughts on attending ARIA meetings with the editor of ARIA NEWS. See p. 21 for their comments.

As of October 2009, the member count from the U.S. stood at 300. This number represents a net decrease of 28 individuals from the previous 12 months. ARIA members come from 43 different states. The latest distribution of members by U.S. region is shown in the map on the following page. The proportions by region are: South (37.3%); Northeast (28.4%); Midwest (23.0%); and West (11.3%).

ARIA NEWS recently chatted with Cassandra Cole, chairperson of the 2009–2010 ARIA Membership Committee, to learn more about this group’s activities.

ARIA NEWS: Cassandra, as chair of the membership committee, what are your goals this year?

ARIA’s International Membership Proportion Continues to Grow

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<td>United Kingdom</td>
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<tr>
<td>TOTAL</td>
<td>165</td>
<td>177</td>
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Although 35 non-U.S. countries are shown above, three no longer have ARIA members.

Cassandra: The primary goal of the membership committee is continued assistance to ARIA in creating value-enhancing initiatives in an effort to maintain its current members and attract new members to the organization.

ARIA NEWS: Would you describe some of the committee’s accomplishments so far?

Cassandra: The committee has continued to track membership trends. This includes
participation in ARIA’s annual conferences, memberships in other organizations such as SRIA and WRIA, as well as publications in several of the insurance journals. With this information, we can determine how many ARIA members belong to affiliated groups and in which journals ARIA members actively publish.

We can also learn more about participants in other organizations and authors actively publishing in insurance journals who are not ARIA members. Finally, this information helps in determining the extent to which ARIA retains graduate students within the organization once they have completed their studies. We hope to use this information to create better marketing and value-enhancing activities in an effort to attract new members and retain existing members.

ARIA NEWS: The ARIA membership has been declining recently. Why do you think that’s the case and can something be done to reverse the trend?

Cassandra: While the membership has declined some since we began tracking this information in 2000, we do find that more than 46 percent of the membership are long-standing members. We suspect that much of the turnover is due to the electronic availability of The Journal of Risk and Insurance and to a lesser extent natural attrition due to retirement/deaths; individuals leaving academia; and doctoral students who are placed outside of the RMI area.

In addition, for those members who do not consistently attend the annual conference, they may just neglect to pay their dues in a particular year. We hope that creating value-enhancing initiatives will slow and possibly reverse this trend.

To date, the membership committee has created the first-time attendees reception to enhance the conference experience, and made conference mentors available if requested. We hope that the reception and use of mentors will make new members/conference attendees feel welcome and foster relationships with colleagues at other institutions. In addition, ARIA has taken steps to expand the information available to members through its website, including the addition of teaching resources.

ARIA NEWS: What is ARIA doing to enhance the career development of its members?

Cassandra: One of ARIA’s most recent initiatives to enhance career development has been the collection of teaching resources, available only to ARIA members. A webpage was created and designed by the Teaching Resources Committee, chaired by Kathleen McCullough.

Using information provided by members, the webpage provides links to a wealth of information on a variety of topics including articles, syllabi and lecture notes, organized by topics. This is a great resource for members looking to redesign or update a class as well as for graduate students who may be teaching a class for the first time.

ARIA NEWS: Are there any new membership services that ARIA is considering?

Cassandra: We hope to improve existing efforts to attract and retain members through programs like the first-time attendees’ reception and mentor program based on feedback from the membership. In addition, we would like to expand our efforts to work with other committees, such as the Teaching Resource and Placement Committees, to further the goals of the organization in terms of “enlightenment, growth and education.”

ARIA NEWS: Is there anything else you’d like to tell the readers about the membership committee?

Cassandra: I would just like to thank the membership for their support of our efforts. Current members have graciously participated as mentors for the past few conferences, and those belonging to other organizations have supplied the necessary information for us to track memberships in these organizations. I would also invite readers to submit any suggestions for improvements in the services provided by the Membership Committee so that we can continue our efforts.

ARIA NEWS: Thanks for your time, Cassandra. Good luck with the efforts of your committee!

In Memoriam: Constance Hall

ARIA NEWS regrets to inform you that Constance (Connie) N. Hall, wife of past ARIA president and late Charles P. Hall, Jr., died on October 22, 2009. She is survived by four children, six grandchildren and one brother. Memorials may be made to the Charles P. Hall Scholarship Fund, Attn: Mollie Repetto, Fox School of Business, Temple University, 374 Alter Hall, 1801 Liacouras Walk, Philadelphia, PA 19122.
The results of research conducted by our team members have been published in leading international journals such as The Journal of Risk and Insurance, Insurance: Mathematics and Economics, and the Journal of Banking and Finance. Many national and international research awards were received by the team members in the last years. Among these are awards from the American Risk and Insurance Association, the International Actuarial Association, and the Casualty Actuarial Society.

Academic Program

The University of Ulm offers the largest program in actuarial science available in Germany. Both undergraduate and graduate students have the opportunity to major in actuarial science, with courses in finance, insurance, economics, statistics, and mathematics, to name just a few. The defining characteristic of the program is its integration of research, teaching, and practical application. Ulm University’s integration of insurance, finance, mathematics, and economics ensures a high-quality and extensive academic program in actuarial science.

Our cooperation with the Institute for Finance and Actuarial Sciences (ifa) provides our students with the opportunity to engage in practically relevant projects while they are still at the university. Additionally, majoring in actuarial science at Ulm University results in a number of other unique advantages:

- Becoming an actuary: Students at Ulm University have the unique opportunity to take almost all of the preliminary exams required for membership in the German Actuarial Society (DAV). These exams are fully integrated into the Bachelor and Master programs.
- Obtaining a double degree in the United States: Since 1979, our students have had the option of participating in a student exchange program with well-known U.S. universities where they are able to earn a Master of Science degree from the partner university.
- Landing a good job: All of our graduates have an outstanding employment outlook due to the well-known and recognized quality of education at Ulm University.
- Creating a network: An extensive network of graduates gives all of our students the opportunity to create useful contacts during their studies, which can be very helpful for career entry.
- Working interdisciplinarily: Ulm University’s unique interdisciplinarity in terms of mathematics, economics, and other related fields ensures that all of our insurance classes are optimally coordinated.

Our academic program offers a wide variety of lectures in the fields of risk management, insurance, and actuarial science. Some of our major lectures are:
- Insurance Economics
- Life Insurance Mathematics
- Asset Liability Management
- Health Insurance Mathematics
- Pension Mathematics
- Value- and Risk-Based Management
- Accounting for Actuaries
- Processes in Risk Management of Insurance Companies

All students studying actuarial science are provided fully developed study plans with lectures that are perfectly coordinated. Both bachelor and master students can choose from a wide variety of elective modules and small-group courses on special topics. Several practitioners are integrated into each class so that our students are taught not only theory, but are also educated on current challenges in practice.

Where Innovation is a Tradition

The University of Ulm is one of the newest and still growing institutions of advanced education in Germany. It has a proud history of introducing innovation in education, from offering the first program in Mathematics and Economics (economathematics) to a School of Engineering Sciences, always with a special emphasis on the cooperation between academia and industry. At Ulm University, you will find a unique, and personal, relationship between professors and students. International students in particular will discover a challenging but very supportive environment, one that makes Ulm University a recognized leader among German universities.

More details about ongoing and new programs in risk management and actuarial science can be found at our website: http://www.uni-ulm.de/ivw. Information on our English Master program can be found on www.uni-ulm.de/msc_finance.

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 Fall 2010 issue by September 1, 2010.
ARIA 2009-2010 Sponsors

ARIA salutes its 2009-2010 sponsors and expresses appreciation for their support of risk management and insurance education in universities around the world.

American Institute for CPCU
Amica Mutual Insurance Company
Ball State University
Baylor University
Casualty Actuarial Society
Center for Insurance Studies, California State University – Fullerton
Florida State University
Gamma Iota Sigma
General Reinsurance Corporation
Georgia State University
Griffith Insurance Education Foundation
Haskayne School of Business, University of Calgary
Indiana State University, Gongaware Center
Insurance Information Institute
Insurance Institute of Canada
Insurance Services Office, Innovative Analytics
Katie School of Insurance, Illinois State University
Laval University
MetLife Auto & Home
Mississippi State University
National Association of Insurance Commissioners
National Association of Mutual Insurance Companies
OPAL Consulting LLC
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St. Mary’s University
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Terry College, University of Georgia
University of Alabama
University of Illinois at Urbana-Champaign
University of Louisiana at Lafayette
The University of Mississippi
University of Rhode Island
University of Wisconsin-Madison
Virginia Commonwealth University
Washington State University

Industry and Academic Collaboration, continued

is Dr. David Marlett’s (Appalachian State University) appointment to the North Carolina legislative committee to study the hurricane risk of the state’s insurance market. In addition to providing positive exposure for the participant, inclusion of an insurance scholar in discussions related to issues such as bad faith, no-fault auto, tort reform, or catastrophe risk would assure unbiased representation with a clear understanding of the insurance mechanism.

Academics can also play a valuable role in offering expert testimony on key issues. This will help to avoid the tendency of some critics to look at issues, particularly those that may be unpopular, as specific to only one or a few private companies.

Conclusions drawn through academic research may also be used in advocacy efforts or to satisfy regulatory inquiry into an issue. In the latter case, reliance on an academic study may also help to avoid requirements to provide data directly to a state regulatory agency for study, thereby reducing concerns over the potential use or release of proprietary company data.

Of course, there are some very basic practical reasons for the industry and academics to collaborate on more issues. First, an academic study may sometimes be the most economical way for the private market to approach an issue. While insurers employ experts in a variety of disciplines, few insurers have the luxury of a large research staff with time to devote to targeted study—especially of issues that may not be relevant to the immediate future.

Insurers should also recognize industry workforce demographics: approximately 50 percent of those in insurance industry management positions will be eligible for retirement over the next ten years. Increased collaboration and industry support of risk management education programs will go far toward grooming future company executives.

Lynn Knauf, CPCU, is an analyst with Lobert Legislative & Regulatory Consulting, a full service Chicago-area firm specializing in legislative, regulatory, litigation, and communications consulting.

With over 30 years’ experience representing the insurance and public utility industries, John Lobert, J.D., CPCU, ARe, is the firm’s principal. For more information, visit www.lobert.com.

Highlights from ARIA’s January 2010 Mid-Year Board Meeting, continued

Germany, Taiwan, and Great Britain (see the article on ARIA’s membership update in this issue of the newsletter).

A review of ARIA’s strategic goals revealed that many of the association’s objectives have either been accomplished or continue as ongoing efforts. For example, the desire for student involvement and international participation in the organization continues. What can be done to increase student involvement, particularly those students from outside the United States? While the Hagen Foundation grant is able to ease the finances of one program presenter, some international presenters from public universities have difficulty honoring their commitment to present a paper accepted for the annual meeting.

ARIA’s 2011 annual meeting will be held at the San Diego Marriott Hotel and Marina, on August 7-10, 2011.

Questions about the mid-year meeting can be directed to the executive office, aria@cpcuiia.org.
America's universities are a hacker's dream. Every month brings news of yet another massive data breach at a university. At some state universities, students and alumni have endured numerous breaches. This article, prepared by Identity Theft 911, LCC and Credit.com, and the following editorial by chairman and co-founder of Identity Theft 911, Adam Levin, address the widespread problem of flawed data security at American universities. Both were published in the Identity Theft 911 Newsletter (Vol. 6, Issue 8, September 2009) and are being re-printed in ARIA NEWS with permission from Identity Theft 911.

Protecting over 12 million households, Identity Theft 911 is a leader in identity theft resolution, providing innovative, enterprise-level fraud solutions and consumer education to Fortune 500 companies, many of America's largest insurance companies, corporate benefit providers and a wide spectrum of financial institutions.

You can tell an organization has security problems when its security guard sees an embarrassing robbery as a “big opportunity.” Guards aren’t supposed to like robberies, after all. But when hackers attacked servers belonging to Notre Dame University in January 2006 and stole the names, credit card information, check images and Social Security numbers (SSNs) of alumni and donors, David Seidl saw a rare chance to make big changes.

“Before the breach, there was not much support” for significant computer security changes, Seidl, Notre Dame’s director of information security, told an online audience of information technology specialists recently. “The breach showed everyone just how little security there really was.”

Culture + architecture = big problems

A breach like this one can cause severe, long-term damage. If alumni and other donors don’t trust a university to keep their information private, they might simply stop giving. Few institutions can survive such a loss of support for very long.

Nevertheless, most American colleges and universities are vulnerable to just such a catastrophe. There were 27 security breaches at American universities in the first seven months of 2009, exposing at least 600,000 records belonging to faculty, staff, students and alumni, according to a tally kept by the Privacy Rights Clearinghouse. The lost data ranged from SSNs and credit card numbers to other financial and personal data.

This is just a fraction of the massive data breach epidemic sweeping American college campuses. More than 6.6 million personal records have been compromised by 435 security breaches at educational institutions since 2005, according to the Identity Theft Resource Center, putting millions of students, parents, staff, faculty, alumni and donors at risk of identity theft.

Some of these breaches have resulted in serious fallout for the people found to be responsible. After five separate breaches endangered hundreds of thousands of students at Ohio University, the school’s chief information officer fired two of his employees in 2006 before resigning himself. A journalism professor at Western Oregon University was terminated in 2007 for failing to secure a computer file containing the names, grade point averages and SSNs of 50 to 100 students.

In 2009, a student at Binghamton University in New York discovered SSNs and tax documents belonging to thousands of students and their parents sitting in an unlocked storage room just down the hall from one of the school’s most popular lecture rooms. Incredibly, the university referred the student to the local prosecuting attorney for possible identity theft charges (even though the student referred the problem to administrators immediately). In response, thousands of students signed a petition demanding that the university fire its information security director.

Passions can run high any time people feel their identities may be threatened. But experts in IT security blame this epidemic on two root causes: Culture and Architecture. Culturally, people who run universities value collaboration and open dialogue. They also tend to jealously guard their turf, which makes them wary of outside controls that might make their computing safer.

“There’s a cultural barrier at universities to getting security done,” says Bruce Schneier, a computer security expert. “They are hugely decentralized, and they tend to care more about collaboration than they do about privacy.”

This culture—at once open and cloistered—causes a security nightmare for IT specialists. It results in a sprawling profusion of computers, networks and servers, many of which are made available for use by any student, staff or faculty member. Each department, and sometimes each machine, has its own security protocols, many of them inadequate. And because each school or department acts as its own fiefdom of sorts, top security experts in the university’s central IT office are powerless to enforce any standards.

“We have responsibility for them,” Seidl said of departmental computers during his online chat, “but very little authority over them.” This leads some experts to call for a total overhaul. This includes securing all sensitive information behind a unified, high-security firewall, no matter which department ultimately uses it. Professors and other university stakeholders can choose to either participate, or be locked out.

“You give top protection to things inside your core,” Seidl says. “Networks that aren’t under the IT department’s direct control should be treated as un-trusted.”

A tangled network

In Notre Dame’s case, recovering from the university’s biggest data breach meant figuring out what it had to protect. “We knew that we had a lot of networks, but we didn’t know everything that was out there,” says Seidl. “Like a lot of institutions, we had a very organic network, and we had a very large network.”

Even programs at the far edges of a university’s educational or administrative functions can pose a threat to the core. “We kept finding more and more sensitive IT uses,” Seidl says. “Toward the end, we found a program we didn’t know about in
the athletic department that was collecting credit card numbers to sell T-shirts.”

The same is true across the country. The University of California at Davis owns more than 30,000 computers, says Robert Ono, the school’s director of technology security. Another 30,000 machines regularly access the university’s wireless networks.

“On any given day, we may have 35,000 machines connected to our campus net- work,” Ono says. “Many of those we don’t own, we don’t have any management responsibility for them, and yet they do introduce problems that we have to deal with.”

Even university-owned machines can be a security jumble. A laptop in the physics department, for example, may be guarded by strong anti-virus software. But it might contain sensitive data, such as students’ SSNs, along with non-sensitive files like syllabi. It might be available for anyone to use, including the top researcher, students and the janitor. It may function part-time as a server, connecting other machines to the network. In other words, any given machine might have:

• Sensitive and non-sensitive information stored side-by-side.
• Few access controls regarding who can use it.
• Many different functions (word processing, data analysis, server, etc.), making it vulnerable to intrusion from many different access points.

Ready for exploitation

All this co-mingling of different types of users and data is emblematic of systems that evolved over time without any unified plan. “Because these institutions were established long before the advent of computers, when networking did begin to infuse universities, it developed within existing administrative divisions,” says Schneier. “Central policies tend to be weak, by design, with maximum autonomy for the edges.”

Which adds to the isolation of central IT staffs. “Most security departments find that they’re ignored more than they’d like to be,” Seidl says. The average American university, therefore, is a hacker’s dream.

The people with the computers and the power to guard them are generally not focused on security, and they chafe at external control. Meanwhile, the people with knowledge and concern for data security have limited money and authority. “The structure of most universities gives the bad guys lots of room to maneuver,” says Jonathan Penn, a senior analyst of computer security for universities and private corporations at Forrester Research of computer security in Cambridge, Mass.

Either way, this is going to hurt

Security professionals in the university setting have found two ways of fixing these systemic problems. One is painfully slow. The other is painfully fast. Either way, the goals are the same:

• Bringing critical data under the control of a central IT department, which can place it behind a secure firewall.
• Creating zoned access. This means separating data into risk categories—from high to low—based on its sensitivity and value. It also means instituting a system of security clearance levels. (No one outside the financial aid department really needs to know students’ SSNs, for example.)

The slow route involves centralizing control over the most critical data systems. These usually start with financial data, including the university budget and the private information of donors, employees and students. This is a politically tricky process, which means that many concessions must be made.

“Leave information important to departments and research groups to them,” Schneier says, “and centrally store information that’s important to the university as a whole.” The fast route usually starts with a serious breach, creating the political will necessary to get serious about security. In Notre Dame’s case, this resulted in spending $4.6 million in up-front costs to hire outside consultants, improve security programs and improve hardware. It also meant a recurring commitment, which Seidl notes is often the most difficult to get, of $630,000 a year.

While no one wanted such a serious breach, it did give security experts authority to make changes the university needed anyway.

“We had full support from the highest levels to throw a lot of money at the problem and make it go away,” Seidl said during his online chat on July 8, 2009. “The fact that we were responding to a crisis proved to be enormously helpful in getting support.”

Data centralization is key

Bringing sensitive data under the firewall protection of a robust IT department can be a slow, piecemeal process. Or it can happen quickly, after a major shock. Either way, IT leaders say that the culture and architecture of university computers must change if the epidemic of massive security breaches is ever going to end.

“We have departments still running Windows 98, for crying out loud,” says Ono. “That’s fine if what you want is open communication. But from a security standpoint, it’s just got to change.”

Largest Breaches

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Serve on an ARIA Committee

If you are interested in becoming active on one of ARIA’s committees, check the website at http://www.aria.org/ for further information, or e-mail ARIA president Vickie Bajtelsmit at vickie.bajtelsmit@colostate.edu, or president-elect Gene Lai, genelai@wsu.edu.
The Internet and computing were fostered on American college campuses. So it’s a bit ironic that our universities are harboring such the monstrosity they call a network. Every week we hear of another security breach at another university. The health records of 37,000 patients stolen from the University of Alabama. A hundred thousand Social Security numbers stolen by a foreign hacker from students, faculty and staff at the University of Florida. Identity thieves hacking into the University of California Berkeley’s restricted databases and stealing SSNs for seven months before their antics were finally discovered by the university’s IT staff.

As students return to campus this fall, some in the media will press the “Easy Button” and blame them for these breaches. And it’s true—many university security problems are caused by students clicking links and downloading programs that turn out to be mainframe-attacking malware. But in all fairness, students get a bad rap. The bigger problem at universities isn’t the young people who cycle through every four to seven years. Nor is it not the hardware and software that comprise those systems’ bones and muscles.

The heart of the problem

Here’s the 800-pound gorilla in the room: the problem lies within the university itself. The department chair who still uses Windows 98 but fails to protect his data behind a strong central firewall; the administrator who decides to build a state-of-the-art computer lab but refuses to spend the money to safeguard it with up-to-date malware protection.

It’s a culture where the laudable goal of open discourse too often becomes an excuse for completely predictable security breaches. Why are these events so predictable? Simple, the average American university is the ideal target for hackers and identity thieves. Throughout this land, university computers contain the personal information of millions of students, donors and employees. They also host the institution’s financial data, and databases filled with potentially valuable research information.

Central information technology departments all too often lack the staff, resources and political power to centralize important data systems and secure them properly. This leaves a mass of data floating around a sprawling infrastructure where lower-priority systems run with weak security. Talk about low-hanging fruit.

Can you say “lawsuit”?

At some point, hackers won’t be the only ones to notice how easy and predictable it is to steal data from universities. It’s only a matter of time before the ultimate regulators of the American economic system, class-action attorneys, discover that a large number of universities are taking calculated risks with their stakeholders’ private information.

University leaders can no longer claim ignorance. They have been warned by their own IT staffs that they are vulnerable to attack. Advocacy groups such as EDUCAUSE have published research reports and sponsored conferences warning universities about the danger. Some university systems, including Ohio’s public universities and the University of California, have been hit again and again by enormous breaches that put hundreds of thousands of people at risk.

So why haven’t any universities been sued into the Stone Age yet? Beats me. Maybe it’s because proving the link between a specific case of identity fraud and a specific security breach is only a tad less complicated than proving a direct link between one person’s cancer and a 30-year habit of smoking two packs a day. Not that this has stopped class action suits from being launched against (and subsequently settled by) organizations such as Choicepoint, T.J.X and the U.S. Department of Veterans Affairs.

Here’s something that mystifies me: Universities are by nature risk averse. They build their reputations and their endowments over decades, and in every other arena they jealously protect them both. Yet when it comes to data security, most universities seem comfortable betting the farm, hoping against hope that they’ll never lose. Meanwhile, each passing week brings yet another major data breach, reminding us that universities are in the midst of a data breach pandemic.

If it does, however, I believe that angry students, faculty, alumni and/or donors will at some point file suit. Maybe then university leaders will finally start paying attention.

It doesn’t have to end this way…

Just as officials at Notre Dame always wake up and make serious adjustments to its football program when the season doesn’t go according to plan, the 2006 hacker attack on its donor database finally proved to be the catalyst for significant changes to the way it approached technology security.

For years, Notre Dame’s leaders ignored their own experts’ calls to take security seriously. That ended on January 23, 2006, when administrators started receiving phone calls from some very angry fundraisers. Magically, the university’s beleaguered IT department received the money, power and authority it needed to do its job.

“They funded our entire funding request,” David Seidl, the university’s information security manager, recently told other IT experts. “That never happens.” But it must happen. Unfortunately, it is too often the case that such directives are handed down from on high with no practical means (that is, funding) to actually fix the sinking ship. As they say: Beware the unfunded mandate. Making a university secure is by no means easy, and it is surely not cheap. Then again, neither is trying to do damage control after a breach, nor it is easy, cheap or pleasant to deal with a class-action lawsuit.

Notre Dame’s embarrassment turned into a best-case scenario: With a few million bucks and the support of top university leaders, Seidl spent three years hunting down every single machine in the sprawling network, figuring out what it does, and securing it from attack. This sort of undertaking is monumental…and crucial. But it can be done. And, it was done.

Continued on next page
Data Security, continued

Do what you do best

Obviously, in the face of an increasingly sophisticated breed of super-hackers, even with all of the major changes instituted at Notre Dame, its students, faculty, staff, alumni and donors aren’t completely safe from identity theft. However, the university did pluck its low-hanging fruit and made it much more inviting for hackers to go after easier targets. Can Notre Dame now walk into any court in the land, prove that it did its best to prevent identity theft, and increase the odds of beating a class action lawsuit? Perhaps.

It’s time for leaders of American universities to take decisive steps and do what they do best: Study the problem, create a solution, and implement a smart plan to protect their institutions—and the sensitive data belonging to people who are their lifeblood. Years ago, our universities embarked on a great adventure to create this wondrous thing called the Internet. Now, they need to harness the same determination, resources, technological muscle and creative spirit to fix what’s been broken for way too long.

Activities of Related Associations and Affiliates

Risk and Insurance Management Society, Inc.
2010 Annual Conference & Exhibition
April 25–29
Boston Convention & Exhibition Center
Boston, Massachusetts
http://www.rims.org/rims2010

International Insurance Society
2010 Seminar (46th annual)
June 7–10
Madrid, Spain
http://www.iissonline.org

2010 China International Conference on Insurance and Risk Management
1st conference, sponsored by Tsinghua University's China Center for Ins. and Risk Management (CCIRM) and Qinghai University's School of Finance and Economics
July 19-22
Keynote speakers: Howard Kunreuther, University of Pennsylvania, and Sharon Tennyson, Cornell University
Qinghai Hotel
Xining, China
E-mail: ccirm@sem.tsinghua.edu.cn
http://www.ccirm.org.cn/ccirm2010

World Risk and Insurance Economic Congress
2nd Congress, co-sponsored by APRIA, ARIA, EGRIE and the Geneva Association
Hosted by APRIA with Singapore College of Insurance as Conference Secretariat
July 25–29

The Geneva Papers on Risk and Insurance—Issues and Practice

A Special Issue on the Credit Crisis and Insurance

The special issue of The Geneva Papers on Risk and Insurance—Issues and Practice (“The Geneva Papers”) on the credit crisis was spurred by the recent evolution of the crisis and its first conclusions. This issue includes the lead article on the impact and consequences for risk management and insurance regulation, by Professor Martin Eling and Professor Hato Schmeiser.

Further papers address:
• Insurance regulation and low probability events, written by the Director of the Centre for Risk and Insurance Studies at Nottingham University;
• The financial crisis and insurance dividend policy, written by European experts, who report on whether insurance companies should be concerned about the negative consequences of dividend cuts; and
• Lessons learned from the financial crisis – detailing contrasting developments in insurance and banking.

Selected papers from this issue are now available to view for free at the website of The Geneva Papers – visit www.palgrave-journals.com/gpp/.

Patrick M. Liedtke, Editor-in-Chief of The Geneva Papers and Secretary General of The Geneva Association, explains in his editorial, “As the international banking system and with it large parts of the financial sector fell into a severe crisis that required unprecedented rescue operations on the highest levels, we enticed and sponsored both internal and external research and analysis on the subject from an insurance perspective. We put demanding and often also awkward questions in front of expert partners and audiences involving not only insurance professionals but also regulators, supervisors, academics, researchers, politicians, shareholders, analysts, rating agencies and other financial specialists ... yet another reaction to the widespread demand for reliable information on an intellectual appreciation of the insurance sector's involvement in the credit crisis.” (Patrick M. Liedtke, Editorial – Parallax: Striving for a More Resilient International Financial Architecture).

Access the Table of Contents: www.palgrave-journals.com/gpp/journal/v35/n1/index.html.

Publication details

The Geneva Papers on Risk and Insurance—Issues and Practice, Special Issue on the Credit Crisis and Insurance


ISSN: 1018-5895 www.palgrave-journals.com/gpp/
Kick-off Event for the Center for Insurance Research at Florida State University

by Patricia Born, Florida State University

Over 100 insurance company executives, agents, regulators, lawyers, faculty and students attended the event. The presentations and follow-up questions and answers were videotaped and can be viewed at http://mailer.fsu.edu/~jsouther/centerforinsurance/.

The Center for Insurance Research was established to support and enhance the research mission of the FSU Risk Management and Insurance Program in the College of Business. In response to the increasing importance of insurance and risk management in the U.S. and global markets, the Center is embarking on an ambitious redesign with a strong emphasis on research which will help shape business decisions and public policy in the insurance industry.

The FSU RMI faculty has established several objectives for the Center. First, the Center will be used as a vehicle to advance the quality and integrity of our nationally-ranked Risk Management and Insurance Program by bringing industry professionals, students and scholars together. The primary focus will be on facilitating conferences, symposia and workshops to encourage interaction between academics, practitioners and regulators on timely risk management topics.

Dr. Patricia Born has taken on the role as Director of the Center. Current initiatives are to increase awareness of the Center and establish relationships with the insurance community and the FSU RMI alumni. Thus, Dr. Born is planning several different types of events to reach out to the diverse constituency including:

• An annual luncheon/panel discussion with a timely and important risk management and insurance theme.
• Symposium events on topics that target smaller segments of constituents and include academic researchers and industry leaders with expertise on focused issues in risk management and insurance, e.g., health insurance.
• “Visiting speaker” presentations by academic researchers or industry professionals from around the world on a risk management/insurance topic which is of special interest to our students and/or the local insurance community.

For more information, please contact Dr. Born at pborn@cob.fsu.edu.

Why Some International Members “Fly Across the Pond” to Attend ARIA Meetings

ARIA’s international membership continues to grow. ARIA NEWS recently asked some of the association’s international members what benefit they get from being a member and attending the meetings. Here is what some of our colleagues had to say about “flying across the pond” to come to ARIA events.

Helmut Gründl, Humboldt-Universität zu Berlin: The first ARIA meeting I attended was in Baltimore in August 2000, a decade ago. Since then I have been attending the annual meetings on a regular basis.

Martin Eling, University of Ulm: I see the ARIA meeting as the best conference that I attend every year, both professionally as well as personally. I got to know many excellent academics in my field and always enjoy the productive as well as friendly atmosphere. Since my first meeting in 2006, I feel very much at home in the ARIA family and very much look forward to future meetings.

ARIA meetings are a great place to meet interesting people in the field of risk management and insurance and to catch up with recent developments in our field. I enjoy discussing the various topics with my research fellows and try to spend the rest of the time catching up with

Continued on page 23
Visiting Singapore—Travel Tips

The center of Singapore, known as CBD (Central Business District), comprises Orchard Road (shopping malls), the Riverside (museums, theaters and restaurants), and a section of Chinatown. Changi Airport is on the eastern part of the island.

Most nationalities can enter Singapore without a visa. Refer to the Immigration and Checkpoints Authority before bringing any medicines you may have with you, in your system. Bring prescriptions for offenses —

Weather —
Singapore has very strict drug laws, including any drug metabolites in your system. Bring prescriptions for any medicines you may have with you, and obtain prior permission from the Health Sciences Authority before bringing in any sedatives (e.g., Valium/diazepam) or strong painkillers (e.g., codeine).

There is no duty free allowance for cigarettes: all cigarettes legally sold in Singapore are stamped “SDPC,” and smokers caught with unmarked cigarettes may be fined $500 per pack (bringing in one opened pack is usually tolerated, though). Do not carry explosives and firearms without a permit.

Getting around — From the airport, metered taxis are the best mode of transportation, with reasonable prices. A trip to the city during the day will be between $20 and $30 including an airport surcharge. A six-seater MaxiCab shuttle service is also available to designated areas/hotels, and there are subways and buses.

Singaporeans drive on the left (UK style). If you plan to be in Singapore for a while, it may be more economical to purchase an ez-link farecard or Singapore Tourist Pass. It may be more economical to purchase an ez-link farecard or Singapore Tourist Pass. It may be more economical to purchase an ez-link farecard or Singapore Tourist Pass. It may be more economical to purchase an ez-link farecard or Singapore Tourist Pass. It may be more economical to purchase an ez-link farecard or Singapore Tourist Pass.

Walking tours — Classic walks in Singapore include strolls down the river from the Merlion through the Quays, along the Southern Ridges Walk or around Chinatown, Little India or Bugis.

History and museums — The Bras Basah area east of Orchard and north of the Singapore River is Singapore’s colonial core, with historical buildings and museums.

Nature and wildlife — Popular attractions include the Singapore Zoo, Night Safari, Jurong Bird Park and Botanical Gardens, all in the North and West. Also in this area is the vast Bukit Timah Nature Reserve. Pulau Ubin, an island off the old, rural Changi Village, is in the east.

Places of worship — Buddhism, Taoism, Hinduism, Christianity and Islam are all popular religions in Singapore. Sites worth visiting:
- the vast Kong Meng San Phor Kark See Monastery near Ang Mo Kio;
- the colorful Sri Mariamman Hindu temple in Chinatown;
- the psychedelic Burmese Buddhist Temple in Balestier; and
- the stately Masjid Sultan in Arab Street.

Dining — Restaurants often display prices like $19.99++, which means that service charge (10 percent) and sales tax (7 percent) are not included and will be added to your bill. Tipping is generally not practiced in Singapore, and is officially frowned upon by the government, although bellhops still expect $2 or so per bag.

Although it is safe to drink the water in Singapore, check about drinking tap water in other places.

On the Menu
In addition to more commonly understood local foods such as chilli crab, fish head curry, and Hainanese chicken rice, the names of the following dishes may be less familiar:

Aka kopi: Singapore breakfast — toast with kaya (marmalade or cream cheese made of coconut milk, sugar and eggs), runny eggs and strong, sweet coffee (kopi), found in Kopitiam (coffeeshop).

Appom: fermented rice pancake (Indian)

Ayam goreng or bakar: fried or grilled chicken (Malay/Indonesian)

Bak kut teh: pork-rib soup with herbs and spices (Chinese)

Baksa: meatballs served with noodles (Malay/Indonesian)

Chok: Cantonese rice porridge (Chinese)

Gado-Gado: salad with spicy peanut dressing (Malay/Indonesian)

Hokkien mee: noodles cooked with prawn stock, bean sprouts, prawns, squids, eggs and spring onions

Kari debal or Kari lemak ayan: curry dish with Portuguese influence or chicken curry with coconut milk base

Laksa: rice noodles in a coconut gravy with shrimp, egg and chicken

Mee goreng: egg noodles stir-fried with ghee, tomato sauce, chili, egg, vegetables and meat

Rendang: beef slow-cooked in coconut milk and spices (Malay/Indonesian)

Rojak: local infused salad with fruits, fried dough fritters, turnips, bean sprouts,
Visiting Singapore—Travel Tips, continued

cucumbers topped off with prawn paste and crushed peanuts

Roti prata: flour pancake with fillings including egg, cheese, banana, onions, meat or even topped off with a scoop of ice cream (Indian)

Soto ayam: spicy chicken soup with hard-boiled eggs and sometimes fried potato balls

Spicy kangkung: leafy green vegetables fried in sambal (chili base)

Tea tarik: tea mixed with evaporated milk

Thosai: rice and lentil pancake (Indian)

Tutu kueh: rice flour pastry with coconut filling

Emergency numbers
Ambulance (995); Fire (995); Police (999); Singapore General Hospital (6222 3322); Drug & Poison Information Centre (6423 9119)

Health issues
Dengue fever is endemic to the region. Singapore maintains strict mosquito control throughout (people and businesses are fined for leaving standing water around), except in the island’s nature reserves. Bring mosquito repellant if you plan to visit the reserves.

Possible day / weekend trips from Singapore:
• Batam — the nearest Indonesian island to Singapore, just a short ferry trip away. Mainly industrial and infamous for its vice trade; has some resorts.
• Bintan — Indonesian island just 90 minutes by ferry, offers high-end resorts and the “real Indonesia” experience.
• Johor Bahru — Malaysian city just across the Causeway, popular for cheap eats and shopping.
• Kuala Lumpur — Malaysia’s vibrant capital, 35 minutes by plane, 4 to 5 hours by bus or overnight by train.
• Malacca — once one of the three Straits Settlements, now a sleepy colonial town; 3 to 4 hours by bus.
• Tioman — the nearest of Malaysia’s East Coast paradise islands; take a bus, ferry or plane.

“Fly Across the Pond,” continued

friends and colleagues whom I often only get to see at these meetings. ARIA meetings are also a great opportunity for my doctoral students to get in touch with our research community, to gain insights in the various dimensions of our research field, and to see the people who wrote “all these important articles.”

Joerg Schiller, University of Hohenheim: For me the ARIA meeting is one of my core conferences where I try to go every year. It has a good balance between applied and theoretical presentations. At the meetings I received very good feedback for my research and I can meet many people from the insurance community. I can talk about research and many other things that are not necessarily insurance related. Apart from The JRI and other information you get as a member, my membership should also demonstrate that I want to support ARIA and feel myself as a part of the group.

Hato Schmeiser, University of St. Gallen: I enjoy going to the ARIA meetings very much. Since coming here the first time—in 2001—I have not missed even one meeting. What do I like most? It’s hard to say...everything is fine: I like to see what my colleagues are doing in research and hopefully get some new ideas; the discussions in and around the meetings are very helpful (and fun too!), and it is also more and more about meeting friends again. Of course, as I am coming from Europe, it is also nice to spend some days in different cities in the USA/North America. In many cases, the different cities are new for me (hence, it is also a little bit of a vacation).

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Remembering Herbert S. Denenberg, Ph.D., J.D., LL.M., CPCU, CLU
by Diana Lee, ARIA NEWS Editor

On March 18, 2010, past ARIA president (1969–1970) Herbert S. Denenberg died of an apparent heart attack. This article is based on information from a Google search resulting in pages and pages of links to stories of a man whose life was devoted to improving the safety and welfare of others.

Herb’s very impressive CV includes: university professor; Pennsylvania insurance commissioner (1971–1974); public utility commissioner (1974–1975); author of seven books, myriad articles on insurance law and shopper’s guides; consultant to various government agencies; television investigative consumer reporter (1975–1998); and newspaper columnist (1998–2010). Described as “a maverick,” “feisty,” “hell raising,” “acidic” and “tenacious,” he spent his entire adulthood fighting to protect the “little guy” and was active until his death.

Born in Omaha, Nebraska (Nov. 1929), Herb helped raise his seven siblings beginning at the age of 12 when his father had a fatal heart attack. He went on to receive his B.S. (biology) from Johns Hopkins University, two law degrees from Creighton and Harvard Universities (respectively, J.D. and LL.M.) and his Ph.D. (economics) from the University of Pennsylvania.

Herb served in the Army in the Judge Advocate General Corps as a First Lieutenant and later as a Captain in the Reserves for three years. He taught at the University of Iowa, Temple University School of Law and Cabrini College, and was the Harry J. Loman Professor of Insurance at the Wharton School (University of Pennsylvania, 1962–1970).

Working in a filthy meatpacking house during his earlier days set Herb on his lifelong journey in the 1960s defending the rights of the common man. His primary goal as Pennsylvania’s chief insurance regulator was to protect insureds against practices which he believed were unfair or deceptive. One of his most controversial and hard-fought battles against the industry was his attempt to end sex discrimination in auto insurance ratemaking. (Although this did not occur during his term, the state ultimately banned gender as a rating factor in 1989.)

Herb was elected to The Institute of Medicine of the National Academy of Sciences for implementing significant health care reforms while he was commissioner. His motto, “Populus Iamdudum Defutatus Est,” loosely means “The Consumer Has Been Screwed Long Enough.” Friend and renowned activist Ralph Nader said Herb was “clearly the most consumer-oriented insurance commissioner in American history” with a “steel-trapped academic mind.”

Over the years, Herb co-authored or helped re-codify insurance laws in different states, including Wisconsin (under the leadership of the late Spencer Kimball). He testified at state and federal hearings and appeared as an expert witness in many bad-faith lawsuits against insurers, saying it “was a lot of fun.” He wrote regularly for the Philadelphia Daily News and the Philadelphia Bulletin, and served on the Board of Consumers Union.

Viewers who watched his local television show, “Denenberg’s Dump,” in Philadelphia saw him throw unsafe products along with broken promises into a large garbage can. Time Magazine (Sept. 13, 1976) described Herb as “one of the funniest, roughest consumer-affairs reporters ever to read fine print on a label.”

Some of Herb’s antics received nationwide attention. In 1976, he incited angry citizens to call the President directly with their complaints, jamming up the White House switchboard. This incident appeared in Time (“The Horrible Herb Show”), in which Herb said, “My greatest satisfaction is keeping some kid from drinking poison or making some Government agency do what it’s supposed to do. For relaxation I go out and read food labels.”

Herb’s 1983 investigation of asbestos in Philadelphia public schools resulted in massive cleanup. His 1985–1986 probing of deceptive sales within the jewelry industry led to prosecutions and amended legislation. He went after street vendors selling “unsanitary” hot dogs and pretzels and drug companies, auto dealers and any other business to remedy a wrong.

For his work, Herb received hundreds of awards, including 40 Emmys, the American Board of Trial Advocates’ Award of Achievement, a National Press Club award for “best in consumer journalism,” and a Lambert Award for contributions to the health care delivery system. He is named in at least five “Who’s Who” and was considered even more trustworthy than newsmen Walter Cronkite in a 1973 Pennsylvania poll.

Among Herb’s academic colleagues, Joseph Belth (professor emeritus of insurance at Indiana University) said, “Herb and I were graduate school classmates at Penn fifty years ago, and we remained in contact afterward. He was elected ARIAs vice president as the only successful rump candidate in the association's history. Some members were shocked, but I felt his candidacy was justified by the actions of the nominating committee. Herb was later elected ARIAs president. He was bright, brash, and abrasive, but always interesting and provocative. I was an admirer, and was privileged to be among his friends.”

I had the pleasure of corresponding with Herb last year when preparing the Retiree section of the Fall ARIA NEWS. He wrote about his “raving and ranting” at a July 4th Tea Party opposing federalized health care, which he considered “one of the greatest consumer frauds of history (along with Obama).” His appearance can be seen on YouTube.

Known as “Horrible Herb” to his foes, yet a “sincere champion” to others, he was a true public servant and consumerist. As the title of his 1974 biography (by Howard Shapiro, Rodale Press) so aptly describes, he just tried “…To Keep Them Honest.” Herb Denenberg, survived by Naomi, his wife of 52 years (whom he met at Johns Hopkins), two brothers and a sister, will surely be missed.