Officer and Director Elections Are Taking Place

Election time is here again. The nominations committee proposed the following slate, which was accepted by the ARIA Board at its winter meeting:

**President:**
Terri Vaughan (Drake University)

**President Elect:**
Vickie Bajtelsmit (Colorado State University)

**Vice President and Program Chair:**
Lee Colquitt (Auburn University) and Gene Lai (Washington State University)

**Board Position 1:**
Bob Klein (Georgia State University) and Laureen Regan (Temple University)

**Board Position 2:**
David Appel (Milliman, Inc.) and David Durbin (Partner Re)

Election 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@cpcuiia.org or call (610) 640-1997.

Please take the time to read each of the candidate's biographies so you can make an informed choice. All ballots must be returned via e-mail or postmarked 30 days after receipt. Paper ballots should be sent to ARIA, 716 Providence Road, Malvern, PA 19355-3402.

Don't forget to pay your 2008 membership dues in order to participate in this important election!
Highlights of the ARIA Winter Board Meeting

by Tony Biacchi, Executive Director

The ARIA mid-year board meeting was generously hosted by Paul Thistle, University of Nevada, Las Vegas, on January 20, 2008.

Expenses for the annual meeting were a key discussion item. The 2008 budget was approved. The new executive office contract with the American Institute for CPCU/Insurance Institute of America began on January 1; ARIA will make quarterly payments of $10,000 over the term of the contract. As a result of increased expenditures, the registration fee for regular ARIA members will increase to $325, and students and retirees will pay $175. A sponsor contributing $1,500 in one calendar year will receive one complimentary registration; each additional contribution of $1,500 will provide an additional free registration.

In the future, association finances will come under closer review. The Board will look at the allocation of funds in ARIA’s investment portfolio, and the executive office will consult with ARIA’s accountant on separating the investment portfolio from the operating budget. Investments, both restricted and unrestricted, currently are included in the annual budget.

The investment portfolio supporting the Robert C. Witt Award still does not total $10,000, the level at which the recipient of this award will receive a $500 honorarium. The investment fund is still $2,500 short of reaching this financial goal. Donors interested in contributing to the Witt Award can direct their contribution to the executive office.

The concept of in-kind sponsorship will be eliminated in favor of organizational sponsorship. Meeting sponsorship will be the primary means of securing additional support for the organization. The association is extremely grateful to all of its meeting sponsors who help defray the cost of the annual meeting.

The backlog of quality articles accepted for The Journal of Risk and Insurance publication continues to remain high. Some articles accepted in 2006 still have not gone to press; these will be published sometime this year. Much of the backlog will be reduced in the next two years, thanks to the sponsorship of Baylor University, Georgia State University, St. John’s University, and HEC Montréal. Contributions from these universities will fund an additional 250 pages of print in the 2008 editions of The JRI and support the publication of a fifth edition of The JRI in 2009.

Program chair Vickie Bajtelsmit presented a preliminary agenda for the 2008 annual meeting. The format of holding plenary sessions and the option of five concurrent sessions will continue. This annual meeting will be a special occasion for our association, as we are celebrating The JRI’s 75th anniversary. One special event in Portland, Oregon will be a Monday night cruise on the Willamette River. Stay tuned for additional activities!

Mentoring first-time attendees and new members will continue at the annual meeting. Volunteer mentors will be solicited as part of the annual meeting registration process. In addition, the Board would like all members and interested insurance educators to participate in our annual meeting. Anyone requiring an invitation to attend should inform the Executive Office at (610) 640-1997 immediately. Please do not wait until late June or July; request an invitation now.

Continued on page 5
The Institute for Risk and Insurance Management at Ludwig-Maximilians-Universität Munich

by Andreas Richter

Founded in 1987, the Institute for Risk and Insurance Management is one of the 15 institutes of the Munich School of Management at the Ludwig-Maximilians-Universität (LMU) Munich, Germany.

LMU Munich, established in 1472, is one of the most internationally renowned research universities in Germany today. It was one of three winners of the German Initiative for Excellence in 2006. Its 18 faculties offer a broad and well-rounded range of learning opportunities that extend across the humanities and culture studies, law, economics and sociology, medicine and the sciences. Some 47,000 students, 16 percent of whom come to us from abroad, currently study at LMU.

The Institute for Risk and Insurance Management consists of the Chair in Risk & Insurance, supported by five research assistants and doctoral candidates, as well as administrative staff. The team is further supplemented by a number of highly qualified and motivated adjunct lecturers. We also closely cooperate with international academic partners and companies such as primary insurers, reinsurers, accounting and consulting firms.

Research and Seminars

Our research interests are as diverse as our team members’ backgrounds. Current projects include the economics of alternative risk transfer, public private partnerships, and insurance guarantee funds. Also, we are currently investigating the market function of reinsurance brokers, compensation of insurance intermediaries and compensation systems in health care. The valuation of guarantees in life insurance or the modeling and economic implications of longevity risk are examples of issues in the intersection of insurance economics and actuarial science.

In cooperation with two other institutes at the Munich School of Management, we have initiated a research seminar on “Management and Microeconomics” which offers young visiting scientists and local researchers a platform to present and discuss their ideas. In addition, our weekly Brown Bag seminar has a strong focus on insurance-related topics, bringing together researchers and insurance practitioners.

Through industry contacts we are able to present distinguished executives as guest speakers and offer a variety of internships and career contacts for our students. As host of the Swiss Re Visiting Scholar, each year the institute brings in an academic visitor to teach a seminar and thus expose our students to lectures in the field from an international perspective. Other visiting positions are available, which helps the institute to build and maintain international contacts.

The Marsh & McLennan Risk Management & Insurance Award recognizes outstanding pieces of research composed at LMU in the areas of insurance and risk management. It was awarded for the first time in 2007.

Teaching

Our academic program aims to provide a fundamentally solid education for students interested in a professional career in the area of corporate risk management, insurance or the financial sector as a whole. The program consists of the following main lectures which focus on key aspects of risk management and insurance.

Risk and Insurance provides an introduction to the structures and concepts underlying the insurance business. Students gain a preliminary overview of basics and the general framework of the insurance industry including the basis for product design and pricing of risks as well as some fundamental aspects of insurance management.

Insurance Economics deals with core concepts of the theory of insurance demand. For example, the class covers the specific principal agent problems in insurance markets and the optimal design of insurance products. Students learn to analyze economic relations in insurance markets, as well as market functionality, from a microeconomic point of view.

Fundamentals of Insurance Accounting allows students to gain an overview of accounting in insurance companies and learn about industry-specific national and international rules.

Fundamentals of Insurance Production offers a systematic insight into the production of insurance coverage. In particular, the links between the actuarial fundamentals and managerial issues are explored.

We offer further courses in the area of Risk Management and Insurance, focusing on the following issues:

1. Reinsurance
2. Case Studies in Insurance & Risk Management
3. Asset Management in Insurance Companies
4. Communication and Insurance
5. Current Problems in Insurance Distribution

About 100 students currently participate in this program.

Continued on page 5
Profile of an Insurance Educator: Weili Lu

by Diana Lee, ARIA News Editor

If you have ever had a chance to talk with or hear Weili Lu at ARIA meetings or other forums, you will see what a bundle of positive energy she is. Now an insurance and finance professor at California State University—Fullerton (CSF), her life journey began in her native home of Nanchang, China. Encouraged and inspired by her mother to get a higher education, she attended the University of Nankai in Tianjin where she earned her B.A. in economics and M.A. in international business. Weili also taught insurance at the school and recalls her struggles with teaching from an insurance textbook written in English, a language that was mostly foreign to her. Fortunately, she had mentors who were able to help her through.

Wanting to expand her horizons, Weili crossed the Pacific Ocean in 1985 and landed in the Midwest twin-towns of Urbana-Champaign to do her graduate studies at the University of Illinois. Despite knowing only the fundamentals of English and the challenges of adapting to a vastly different educational system and classroom dynamics, she worked as a teaching assistant by day and a student by night. Staying focused on her goal, she went on to earn a M.S. and a doctorate in finance and insurance (thank you, thesis advisor Steve D'Arcy!).

Weili has the great distinction of being the first female from mainland China to receive a Ph.D. in finance with a major in insurance. Weili's dissertation is dedicated to her mother who passed away while she was in the U.S.; when Weili returned to China in 1997, she paid homage by burning her dissertation on her mother's grave.

In 1996, Weili joined the faculty at CSF and three years later joined the school's department of finance; she now makes her home in nearby Chino Hills with her husband and two sons. Weili's research interests include pension, social securities, employee benefits, demutualization of insurers, the international insurance market and insurance stocks. She is currently a research fellow with the China Center for Insurance and Social Security Studies at Beijing University, where she is examining the Chinese social security system and pension plans. Weili also serves as a financial planning consultant for Great China Reinsurance Company's initial funding project in Tianjin.

In addition to her research and administrative duties, Weili teaches insurance courses such as principles of risk management and insurance, life and health insurance, and business property and liability insurance. A strong believer in ensuring a student's success and recalling the help that mentors provided during her youth in China, Weili makes sure that students come first among her school responsibilities.

At the beginning of each semester, Weili makes a presentation in different business classes on the professional rewards of a career in insurance and risk management. "I want to give students a bigger picture of the industry and persuade them to take a couple of insurance courses. They have the wrong image of insurance as somebody just selling life insurance. I want them to see how the subject of risk management and insurance is practical and touches every single person's life."

The insurance and financial services program is now one of six tracks in the insurance department at CSF; one new course is under consideration. Due in part to Weili's passion and energy, the annual course enrollment has grown by an average growth rate of more than 10 percent. Along with the offering of scholarships, internships, and job counseling services, the total enrollment exceeded a thousand students in 2006–2007. Weili has personally raised more than $500,000 to continue the program and increase the availability of student scholarships.

Not being content with simply teaching insurance, Weili was instrumental in establishing the Center for Insurance Studies at CSF. She has been its director since 1998 and has been the driving force behind its becoming one of the most successful centers of excellence within the school's college of business and economics. Today, the center is considered among the West Coast's most dynamic academic programs for up-and-coming risk managers.

In addition, Weili recently set up an actuarial science program in the school's department of mathematics and an international executive development program. She is also trying to start a new insurance marketing entrepreneur program to prepare students for a career as an agent or broker; this program would be a joint venture with CSF's marketing department.

Weili believes strongly in making sure that students find jobs within the insurance industry and become the next generation of business leaders. She works tirelessly to help young people find employment with insurance companies, agents and brokers and risk management firms by hosting job symposiums and inviting industry representatives to speak before classes. Thanks to Weili's many connections with the industry, the Center has received strong support from insurance companies such as Mercury, Auto Club of Southern California, Pacific Life, Aon and New York Life. Executives from large insurance companies give standing room-only lectures and serve on the Center's advisory board.

Since the first class graduated in 1999, more than 500 CSF alumni have joined the insurance industry work force. Weili says, "The industry needs bright and well-trained people. Students are like a piece of white paper—after graduation many of these young adults still don't know what they want to do, so we're passing..."
Executive Master in Insurance
Starting in September 2007, the “Executive Master of Insurance” program offers highly motivated young professionals the opportunity to deepen their knowledge and understanding of insurance-linked topics alongside their job in the insurance industry. Topics covered during the 24-month education include economic and mathematical aspects as well as institutional, financial and juridical considerations important for insurance practice.

The program was developed in close cooperation with some of the leading (re)insurance companies in Munich. To assure the scientific quality and the practice-orientation of the education, the teaching staff includes both renowned professors and other academic staff of the Munich School of Management and highly experience industry professionals. For further information please see www.EMInsurance.de.

Profile of an Insurance Educator: Weili Lu, continued
information onto them. What we’re doing is setting up a bridge between the students and the industry.”

One of the major goals of the Center is to create a master’s degree program specializing in corporate risk management and insurance. The curriculum would begin in the fall of 2008, with course offerings of a risk management and insurance seminar, financial risk management, and enterprise risk management. This program would be the first MBA in risk management at an academic institution on the West Coast.

It is said that those in Weili’s class are indeed privileged for they are exposed to her enthusiasm and broad knowledge of a somewhat unfamiliar and daunting subject. For this, Weili has received numerous teaching honors, including the Faculty Student Service Award, Outstanding Faculty Service to Community award, and the Outstanding Student Advisement and Assistance award. Not only does she champion the education of college-level students in the U.S., Weili also received two prestigious grants last year from: (1) the Insurance Education Institute and Insurance Education Foundation for instructing high school teachers in risk management and insurance; and (2) the 21st Century Business Herald for the Asia Insurance Competency Study Project.

When asked how the Center for Insurance Studies evolved into such a vital program in a relatively short amount of time, Weili says, “I came to the right place at the right time, met the right people and we are all doing the right thing. We make sure our students are well trained for a career in finance.” And always the humble one, she adds with a smile, “My students educate me—they inspire me to work hard.”

Industry Involvement
In addition to academic ambitions, the institute places great emphasis on industry contacts. Munich is one of the largest insurance centers worldwide. Home to global insurance players such as Munich Re, Allianz Group, Swiss Re Germany and many others, Munich offers a great many opportunities for active dialogue between practice and academia. Beyond the insurance companies, the institute also cooperates closely with accounting firms such as KPMG and several consulting firms.

Within the scope of individual research projects, practitioners provide welcome insight that comes from practical experience and market knowledge. Conversely, new research often provides inspiration to solve current issues in practice.

More details about ongoing and new programs can be found at our Web site: http://www.inriver.bwl.uni-muenchen.de/index.html.

Highlights of the ARIA Winter Board Meeting, continued
By now, all ARIA members should have received a survey prepared jointly by ARIA and the AICPCU. The purpose of this survey is to determine your skill level and interest in assisting the Institutes in developing learning objects, which are education materials that can be used to produce print chapters, presentations, and on-line learning. If you have not responded yet, please don’t delay; your assistance and expertise are greatly appreciated.

Don Rebele reported that the Griffith Foundation for Continuing Education is updating some of its curriculum. The Foundation is planning another enterprise risk management symposium and will likely look to ARIA for assistance. Proceedings from the first ERM symposium will be published in the near future. In view of its partnership with the Foundation, ARIA will consider co-sponsoring the next event.

Plans are also underway to give the ARIA Board Manual a new look, with an abbreviated version for new board members. This effort will be spearheaded by current board members Terri Vaughan, Dave Sommer, and George Zanjani.

And last but not least, the Board approved holding the 2009 annual meeting in Providence, Rhode Island on August 2–5. Mark your calendars!

Serve on an ARIA Committee
If you are interested in becoming active on one of ARIA’s committees, check the Web site at http://www.aria.org/ for further information or e-mail ARIA president Mary Weiss at mweiss@temple.edu.

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 2008 issue by September 15, 2008.
It has been a year of solid growth and achievement for the School of Risk Management (SRM) at St. John’s University (SJU in New York City). According to Ellen Thrower, SRM executive director, enrollments are increasing in all programs and majors; student quality and diversity are among the highest of any program at SJU; innovative programs are being developed; and industry support is at an all-time high. Several highlights of the past year included the following:

**Parkinson Distinguished Lecture Series Attracts Renowned Speakers**

The school’s newly launched Parkinson Distinguished Lecture Series attracted two world-renowned experts to the campus during 2007. Former U.S. Secretary of State Dr. Madeline K. Albright delivered the spring 2007 lecture, entitled “The New Reality of Risk: A Global Perspective.” Among Secretary Albright’s comments, she said “Risk is indeed an inescapable part of life today. The challenge for our leaders, whether in government or business, is to respond to risk positively and with the right mix of daring, so that essential purposes are achieved and inevitable dangers contained.” The lecture was followed by a reception and book-signing with Dr. Albright in the school’s Davis insurance library.

The winter 2007 Parkinson lecture was delivered by Dr. Stephen Flynn, senior fellow at the Council on Foreign Relations, and one of world’s most widely cited experts on security issues. Dr. Flynn is the author of two critically acclaimed, best-selling books, *America the Vulnerable* and *The Edge of Disaster: Rebuilding a Resilient Nation*, which served as the basis for his talk.

**Strong Growth in Internship/Apprenticeship Programs**

SRM’s extensive internship program is attracting a growing number of corporate supporters, including some of the leading insurance and financial services firms. The program, which is based on the apprenticeship concept, combines meaningful work experience with on-the-job-training and mentor support. Currently, more than 25 companies are sponsoring interns, including ACE, AIG, Aon, Arthur J. Gallagher, Marsh, PricewaterhouseCoopers, Towers Perrin, Travelers, Willis, XL Capital, Zurich Insurance, and others.

Students can also gain a rich global perspective through SRM’s London Internship Program, established in partnership with the U.K. Insurance Market Charitable Trust. The summer program provides two or more high-potential SRM students with a fully-funded, one-month program of study and work with major European insurers and brokers.

**$2 Million AXA Grant Attracts Top Students**

The AXA 9/11 Memorial Scholarship was established with a $2 million endowment contribution from The AXA Foundation, in recognition and memory of the tragic events of September 11, 2001. Ellen stated, “The awards are an investment in outstanding students and in the future of the industry. We are deeply grateful for AXA’s generosity and the trust they have placed in us and our students.” In 2007, 60 students applied for AXA scholarships, which are awarded based on a combination of merit, need, and the quality of essays submitted by applicants.

**Revitalization of The Kathryn and Shelby Cullom Davis Library**

The SRM’s Davis Library is undergoing extensive revitalization, with the goal of building the library into the leading academic specialty library in the field of risk management and insurance. Facilities have been substantially modernized and upgraded to make the library an attractive and appealing location and forum for research and study.

In January 2008, the library was awarded a $100,000 grant from The Risk Foundation to support substantial expansion of the risk management collection. The grant is expected to be part of a multi-year program to build and maintain a comprehensive archive and clearinghouse of risk management and insurance-related literature at the library.

**Insurance Leader of the Year Award Dinner Raises $2.4 Million**

The SRM’s 13th annual Insurance Leader of the Year Award Dinner, honoring James Schiro, chairman of Zurich Insurance, broke all past records for attendance and
Expert Witness Consulting and its Relationship to Research, Service, and Teaching

by William J. Warfel, Ph.D., CPCU, CLU, Indiana State University

Oftentimes, insurance and risk management (IRM) professors are asked to serve as either a consulting or testifying expert witness in insurance litigation. Since 1997, I have been retained in about forty cases primarily by insurance carriers, policyholders, and insurance agents/brokers. These cases typically involve determining the existence of a breach of contract, evaluating the handling of an insurance claim (i.e., whether the insurance carrier acted in bad faith); and evaluating whether an insurance agent/broker breached his or her professional responsibility to a client. Like any competent expert witness, I have testified on behalf of both the plaintiff and defendant. Insurance contracts at issue include commercial general and umbrella liability, commercial property, commercial automobile, homeowners, personal auto, surety bond, financial institution bond, builder’s risk, and individual health and life insurance.

Naturally, university administrators and faculty may question whether expert witness work contributes to the mission of the IRM program, college of business, and/or the entire institution. Such particularly is the case in view of the fact that expert witness work is lucrative. What then is the relationship between expert witness consulting and research, service, and teaching? In short, serving as an expert witness furthers the university’s goal of creating and sharing knowledge with society.

Research

First, a research article that you publish may “catch the eyes” of an attorney. After seeing my article on “redlining,” published in the CPCU Journal, an attorney contacted me to inquire about doing some expert witness work. The attorney represented an insurance carrier in a legal case in which the plaintiff alleged racial discrimination regarding the carrier’s underwriting practices. Although I was not retained in this particular case, this example illustrates how research is intertwined with expert witness consulting. Had I been retained, my research would have been relied upon to address a legal dispute. Agreeing to serve as an expert witness would have furthered the university’s goal that its faculty’s research be applied for the benefit of society.

Second, articles that have been published by the expert witness are sometimes referenced in a deposition. One instance was a legal case involving the interpretation of a public official bond; opposing counsel requested that I produce all articles published during the course of my professional career. In defending the plaintiff’s position, I referenced the custom and practice of inserting provisions in insurance contracts and surety bonds that serve the purpose of controlling morale hazard. Several of my articles in which this custom and practice were referenced were cited for illustrative purposes.

Third, once a legal case has been brought to resolution, depending on its nature, an article may be published based on the case especially if a court makes a ruling on the various pertinent issues. As an example, I was retained by an insurance carrier in a legal case in which the key issue was whether the applicable builder’s risk policy constituted inland marine insurance or property insurance. The Arizona Appellate Court ruled in favor of the carrier based on its conclusion that the policy constituted inland marine insurance as opposed to property insurance. As a result, I was able to publish articles related to this case in The John Liner Review and Risk Management Magazine, further contributing to the university’s goal.

Expert witness work also provides opportunities to develop relationships with various attorneys who in turn may be helpful to you. The attorney who contacted me about the aforementioned “redlining” legal case introduced me to his colleague who represented the National Manufacturers Association on a proposed federal legislation pertaining to asbestos litigation reform. Using largely data obtained from this attorney, I was able to publish articles addressing asbestos litigation reform in the CPCU e-Journal and Risk Management Magazine.

Fourth, an expert witness is often asked to review numerous documents and prepare a report or affidavit that addresses the issues in a legal case. Judges and/or attorneys rely on these reports or affidavits so that the case can be appropriately resolved. The research skills utilized in drafting the report or affidavit are essentially the same skills utilized in preparing an article for publication. An IRM professor can take advantage of highly developed research skills and apply them not only for the purpose of publishing articles, but also to assist others who are involved in a legal dispute.

Service

Service at virtually all universities is defined broadly to include not only service to the school itself, but also service to the general public. It extends well beyond the preparation of students to become productive members of society. Indeed, a university—especially one that relies on government funds—has an obligation to serve taxpayers in general, specifically, to individual members of society, members of the business community, and local units of government. This obligation includes “loaning” a faculty member for the purpose of helping address a problem, and given the global nature of society, it should have broad application not just in one’s home state but throughout the country and possibly farther.

Continued on page 8
Expert Witness Consulting and its Relationship to Research, Service, and Teaching, continued

Clients in various legal cases in which I was retained include: (1) an insurance agency that historically has hired graduates of the university’s IRM program and which has provided support to the program in other tangible ways; (2) a prominent member of the local business community who has paid substantial state and local taxes over the years; (3) a small town that had a coverage dispute with a surety with respect to a claim that had been filed under a public official bond; and (4) a middle-class homeowner who had the unpleasant experience of interacting with a rogue claims adjuster concerning a fire insurance claim.

Teaching

Courses in an IRM curriculum address, among other topics, risk management concepts, requisites of an insurable exposure, and the custom and practice concerning: (1) interpretation of insurance contracts and surety bonds; (2) handling of insurance and surety claims; and (3) an agent’s or broker’s responsibility to a client.

First, reference to legal cases is an important tool in teaching the above items to students. For example, in one case in which I was retained by an attorney who represented an insurance agent, I testified that the agent was justified in not recommending that a client purchase professional liability insurance. A warehouse legal liability policy that had been secured by a broker was designed to address the loss in question. The purchase of professional liability insurance, therefore, would have resulted in unnecessary duplication of coverage. Avoidance of unnecessary duplication of coverage through the proper design of an insurance program is an important risk management concept that is taught to all IRM students.

Second, many IRM graduates pursue professional careers in sales and claims. Legal cases in which a claims representative acted in bad faith in the handling of an insurance claim or an insurance agent/broker breached his or her professional responsibility to a client remind students about the consequences of failing to meet the applicable legal standard. I recall being contacted by an attorney who represented an insurance agent who happened to be a former classmate and close friend. Due to a conflict of interest, I was not retained but did learn from my friend of his regret in failing to document several communications with the client. Of course, this lesson was relayed to students in my courses, some of whom undoubtedly will become insurance agents/brokers.

Third, serving as an expert witness helps one refine teaching skills and think in a more precise way about important insurance and risk management concepts. For example, in depositions conducted by opposing counsel, an expert witness is expected to explain clearly the application of IRM concepts to the legal case in question. Unfortunately, particularly at the undergraduate level, students often fail to challenge their IRM professors. The tragic result is that an IRM professor may become deluded into thinking that he or she has all the “right answers.” These professors may fail to study carefully the application of important IRM concepts and one day may become ineffectual.

Fourth, similar to those with CPCU designations, all professors of IRM should seek continually to maintain and improve their professional knowledge, skills and competence (Canon 2, Code of Professional Ethics of the American Institute for CPCU). While keeping informed on technical matters relating to course content in an IRM program does not ensure success at teaching, at a bare minimum, technical proficiency is absolutely essential if one is to be an effective educator. Serving as an expert witness is one way for an IRM professor to meet the aspirational goal, expressed under the canon, of improving his or her professional knowledge, skills and competence.

In summary, expert witness work is fully consistent with and supports a university’s mission with respect to research, service, and teaching. While most universities do not actively discourage this kind of activity, they fail to understand and recognize the linkage between expert witness work and the university’s mission. Clearly, in failing to actively encourage IRM faculty to engage in expert witness work, a university detracts in a tacit way from its mission.

About the Author: William J. Warfel, Ph.D., CPCU, CLU, is a professor of insurance and risk management at Indiana State University in Terre Haute. He received his doctorate in insurance and risk management from Indiana University in Bloomington. In addition to being active as both a testifying and consulting expert witness in insurance litigation, he regularly publishes in applied, professional journals and trade publications. His articles have appeared in the CPCU e-Journal, Risk Management Magazine, and The John Liner Review, as well as other publications. This article originally appeared in the April 2008 CPCU e-Journal. Bill is an assistant editor of the CPCU e-Journal and is a past president of the Western Risk and Insurance Association (1998).

St. John’s University, continued

funds raised. Approximately 1,450 guests attended the dinner, and proceeds were $2,450,000, which included a generous gift of $300,000 from Zurich Insurance to establish “the Zurich Chinese Scholars Fund” at the SRM. Honorary co-chairs for the dinner were Dr. Josef Ackermann, chairman of Deutsche Bank, and Kenneth Feinberg, who served as the special master for the September 11 Federal Fund.

Ellen is especially grateful for leadership and financial support provided by the school’s Board of Overseers, a 45-member board comprised of CEOs and executives from leading insurance and financial firms. She says the board has been the guiding force in the ongoing growth and transformation of the SRM. “They have inspired us to become a prestigious, top-tiered school, and are committed to providing the financial investments necessary to make that a reality.” “Working with them is one of the greatest joys of my job,” she added.

Ellen Thrower, who is executive director of The School of Risk Management, Insurance and Actuarial Science at The Tobin College of Business, St. John’s University, oversees the administration and operations of the new school. She also holds the rank of professor of risk management and insurance. In recognition of her long and meritorious service to The College of Insurance, its Board of Trustees awarded Ellen the title, President Emerita of The College of Insurance, in June 2001.
I am pleased to have the opportunity to write about insurance education at Laval University in ARIA NEWS.

Many members of ARIA had a chance to visit Quebec City last summer for the annual meeting. The feedback from participants has been quite positive overall. If some of you ever feel like coming back, 2008 could be the right year to do so, as Quebec City is celebrating its 400th anniversary. There will be plenty of activities throughout the whole year but most will occur over the course of the summer.

Laval University is the oldest French-speaking university in North America. It holds its name after Francois de Laval who was the first Bishop of the Catholic Church to settle in Nouvelle-France. Its origin goes back to 1663 when Mgr. de Laval founded the first Seminary. In 1852, Queen Victoria granted Laval University with a Royal Charter. In 1878, Laval University opened a subsidiary in Montreal, which eventually became the University of Montreal by 1920.

Today, Laval is a comprehensive university. It offers more than 350 different programs of study. Its enrollment is about 38,000 students. It is also part of the so-called “Group of 10,” composed of the top 10 schools across Canada in terms of research grants.

Laval has a long history of insurance education. Indeed, Laval is known for the excellence of its actuarial programs offered through the School of Actuarial studies which has a strong international reputation for producing very talented actuaries who pursue their careers domestically or abroad.

But Laval is also known for its teaching and research activities in the area of risk management and insurance carried out through its Faculty of Administrative Sciences. It is here where the first Canadian Insurance Chair was established back in 1975, receiving its inspiration from the S.S. Huebner Foundation for Insurance Education of the Wharton School. In 1996, Laval’s Insurance Chair was named after the Industrial-Alliance Insurance and Financial Services Group headquartered in Quebec City, following a major donation on behalf of the Chair. As of May 2007, the Chair’s endowment fund was $2,138,000,000 CDN. Scholarships and a variety of research projects are funded every year based on the investment income generated by this endowment.

The Chair’s mission is: “to promote and support research, training and transfer activities on emerging topics related to the financial services industry, in particular the insurance sector.” Its main topics of interest are: (1) the financial and risk management of insurance companies (life and non-life); (2) the many aspects related to the industrial organization of the insurance sector, including the economic efficiency and productivity of insurers operating in Canada using frontier methodologies; (3) the distribution of financial products and services; and (4) the aging of the Canadian population and its impact on financial security.

As an example of a recent research project funded by the Chair, I can mention the one entitled “Retention of the sales force in life insurance: A survey of agents and managers.” It deals with the root causes of the problem associated with the high turnover of career agents, based on the point of view of those agents and their sales managers among Canadian life insurance companies who still rely on such a distribution system. It is not a new topic per se, but the project does bring a more local flavor on the key issues since we surveyed four life insurance firms with a very significant presence in the Province of Quebec. The results of our analysis were well received by the industry.

Within the Faculty of Administrative Sciences, the Chair supports the department of finance and insurance which is responsible for offering good quality risk and insurance (R&I) courses in the various undergraduate and graduate programs.

We currently offer an undergraduate minor in risk management and insurance (BBA) which includes, among other things, four required insurance courses (Introduction to R&I, Life and Health, Risk Control & Financing, and R&I Seminar). The focus of this minor track is to help students better appreciate how insurance can be used as a risk-financing tool by individuals and small business owners.

At the graduate level (MBA and M.Sc. in finance), we now offer two courses (financial risk management and management of insurable risks). Doctoral students (mostly in finance) are also encouraged to choose insurance as a field of research for their dissertation, once they have completed their course work and other requirements. Currently, I have one Ph.D. student who is working on the economic efficiency and productivity of insurers operating in Canada using frontier methodologies.

The Chair also plays a leadership role in helping the University’s placement & career office in promoting, to the student body, the exciting career opportunities available in insurance right here in town. Indeed, Quebec City is an insurance town. It is sometimes called the “Hartford of the North” because there are 11 headquarters of insurance companies (4 groups in both life and non-life, 2 other non-life insurers and 1 smaller life insurer) in the vicinity of Greater Quebec City.

Continued on page 11.

Gilles Bernier
ARIA Members in the News

In August 2007, the college of business at Colorado State University named Vickie Bajtelsmit as the new chair of its department of finance and real estate.

Congratulations to Maresi and Thomas Berry-Stoelzle, as they welcomed the latest addition to their family. Along with children Julianne and Max, Philip Eduard joined them on February 21, 2008. They are all looking forward to a hot Georgia summer.

Baby Philip and proud big sister Julianne Berry-Stoelzle

Congratulations and best wishes to Mary Ann Boose on the following three items: (1) her recent marriage to Dr. Patrick Kent, a retired mathematics teacher; (2) her retirement from Indiana State University, effective May 5, 2008; and (3) receiving the 2008 ISU President’s Medal, which is the school’s highest award for faculty who are recognized for distinguished service and outstanding contributions to the university.

Patricia Born is pleased to report on the Finance College of Shanghai Normal University’s first international conference. Held on November 2–3, 2007, Patty organized the “Seminar on Future Developments in the Global Insurance Market” while on a sabbatical visit to China. It was attended by over 50 Chinese academics and financial services industry executives. Other ARIA participants included Anne Kleffner (University of Calgary), Lars Powell (University of Arkansas-Little Rock) and Andreas Richter (Ludwig-Maximilians-Universität, Munich). The conference program and additional photos may be viewed at http://www.csun.edu/~pb2789.

Earlier this year, Jess Boronico left the University of New Haven to join the New York Institute of Technology as dean of the school of management. He will oversee 53 full-time and 40 adjunct professors and create new programs within the school, develop relations with the business community, and work collaboratively with other NYIT deans on interdisciplinary programs.

Martin Boyer is now the chair of the finance department at HEC Montréal (Université de Montréal).

In a recent study of the Hirsch “H-index” that ranks the scholarly impact of research conducted by management science/production and operations management professors at 225 American business schools, Patrick Brockett was ranked #12 out of 1,376 professors in the U.S. This index provides an estimate of the importance, significance, and broad impact of a scholar’s cumulative research contributions, and serves as a benchmark to compare academic achievements. To see the precise formulation of the Hirsch index, go to the Proceedings of the National Academy of Sciences of the USA, http://www.pubmedcentral.nih.gov/picrender.fcgi?artid=1283832&blobtype=pdf.

President Bush has nominated Jeffrey Brown, the Karnes Professor of Finance at the University of Illinois, to serve on the board of trustees for the nation’s Social Security and Medicare programs. If approved by the Senate, Jeff will serve a four-year term as one of two public trustees, first added in 1984 to increase public confidence in the programs. The six-member oversight board also includes the secretaries of treasury, labor, and health and human services and the commissioner of Social Security. The board monitors the financial status of the two major entitlement programs to ensure that their trust funds are properly managed; it presents annual reports to Congress that forecast spending and revenue for more than 75 years.

Effective July 2007, Helen Doerpinghaus became the associate provost and dean of undergraduate studies for the University of South Carolina.

Randy Dumm was named the Peoples First Insurance Fellow in the college of business at Florida State University last year. This fellowship is awarded to recognize faculty for work in furthering student programs in risk management/insurance.

During January 2008 to June 2008, Martin Eling is a visiting assistant professor at the University of Wisconsin-Madison.

Conrad Eling is a visiting assistant professor at the University of Wisconsin-Madison.

Congratulations to Kevin Gatzlaff, who received the Waters Endowed Scholarship sponsored by the college of business at Florida State University in December 2007.

Attendees at Seminar on Future Developments in the Global Insurance Market in Shanghai

Continued on next page 11
ARIA Members in the News, continued

Congratulations to James Hilliard who received his Ph.D. in finance from the University of Connecticut (December 2007). He has joined the University of Georgia faculty, where he will be teaching insurance and corporate risk management.

Last fall, Joan Lamm-Tennant was named to Business Insurance magazine’s 2007 “Women to Watch” list, which highlights an elite group of women leaders in commercial lines insurance, reinsurance, risk management and employee benefits who are doing outstanding work that is drawing industry notice. Business Insurance readers and editorial staff nominate candidates, and winners are selected by the magazine’s editors on the basis of leadership, achievements and impact on the buyers of insurance, reinsurance or benefits.

Beginning last summer, Claude Lilly became dean of the college of business and behavioral science at Clemson University in South Carolina. Under Claude’s administration, the college is moving forward to internationalize educational and networking opportunities. Prior to this, Claude served as the dean of the Belk College of Business at the University of North Carolina—Charlotte.

Weili Lu was honored with the 2007 Economic Association Recognition award at California State University—Fullerton.

Patrick Maroney has been named the director of the new Florida Catastrophic Storm Risk Management Center, established during the regular 2007 state legislative session. The Center, housed at Florida State University’s department of risk management/insurance, real estate and business law, was created to promote and disseminate research on issues related to catastrophic storm loss and to assist in identifying and developing education and research grant funding opportunities among higher education institutions in Florida and the private sector.

Best wishes to Bruce and Barbara Palmer, who became grandparents for the fifth time on November 5, 2007. Daughter Anne Johnson had a baby girl, Emma Claire, who is little sister to brother, Connor, and sister, Mackenzie. Emma weighed in at 7 lbs. 10 oz. and was 21.5 inches long.

W. Kip Viscusi (Vanderbilt University in Nashville, Tenn.) was featured in the spring 2007 issue of Region Focus, a quarterly magazine of the Federal Reserve Bank of Richmond, Va., discussing people’s perspectives on risk exposure and public policy aimed at improving worker and consumer safety.

Welcome

ARIA Salutes Its Organizational Sponsors

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

AICPCU/IIA
Baylor University
Compliance 360°
Georgia State University
The Griffith Foundation for Insurance Education
HEC Montréal
St. John’s University
Temple University, Fox School of Business

ARIA Members in the News, continued

It is worth mentioning that these insurers have recently joined efforts in creating a new entity called the “Center for the development of insurance and financial services of Québec City.” The mission of the Center is to find solutions to the common problems faced by all insurers located in Québec City, namely: (1) the shortage of qualified personnel in the years to come; (2) the lack of bilingual (French-English) resources; and (3) the poor image of the industry, not only in society in general, but also among the youth.

The Chair is a partner of this new Center. Through this connection with the local insurance companies, an internship program for undergraduate business students was set up early this year. This means that approximately 20 students will get a chance to work and be paid by an insurer based in Québec City while pursuing their BBA.

Also, in line of the objective of graduating more bilingual students, the Faculty of Administrative Sciences now offers sixteen of its courses in English. This number is likely to continue to go up. Last fall, I had the opportunity to teach, for the first time ever, our intro R&I class in English to a group of 32 students.

As one can see, Québec City’s insurance industry is very dynamic as most insurers are seeking new growth opportunities throughout the rest of Canada. It is also a very exciting time for me to hold the Industrial-Alliance Insurance and Financial Services Chair at Laval University.
Predictive Analytics and Risk Management

by Marty Ellingsworth

I first met many of you when I was invited to speak at the ARIA annual meeting in August 2000. Back then, Richard Derrig was a long way from retirement, and I was just beginning a series of presentations on the use of data mining and predictive analytics in the insurance industry. Our Monday afternoon plenary session was entitled “Data Mining: King’s Ransom or Fool’s Gold.” A series of successful ransoms since then brings me to these pages today.

The dramatic convergence of academic theory with modern computing and digital data has changed the face of business competition. And the pace of that change is only going to accelerate.

As an agent for disruptive change in organizations dealing with risk, predictive analytics is an operational necessity for efficiency and growth. Forward-looking implementation by insurance companies can deliver sharper decision making, quantifiable business value, and meaningful competitive advantage. Predictive analytics and modeling offer limitless opportunities for better strategic and tactical decisions across the enterprise and in distribution channels. In a complex and evolving market, insurers are using more and better data to make smarter, timelier decisions in pricing, underwriting, marketing, and operations.

The art and science of predictive analytics combine two essential elements: the discipline of data analysis to arrive at practical conclusions from rigorous parsing of disparate data sources and the skill to construct and manage intricate algorithms and models to consistently establish the likelihood that specific outcomes will occur.

In turn, sound and constructive predictive models depend on quality data. No amount of analytic skill and technical infrastructure can compensate for poor and disorganized primary information. The quality and availability of detailed data are major determinants of the effectiveness and reliability of predictive models, especially at highly granular levels of variables, where the analysis can have the most direct and fundamental business value.

One of the biggest impediments to change is the reliance on the traditional stalwart—structured data—easy-to-access information from simple financial reporting systems. The new way of getting things done exploits all sorts of electronic information with more than a few new twists. One obvious adaptation is cross-verification of identity information among multiple databases during underwriting, service calls, and claims. This technology protects the application process against fraud at various cash-flow points throughout the enterprise by fact-checking many items previously accepted at face value.

Using text information in downstream operational systems like claims adjusting shows that databases are being “rolled back up” to reveal the actual cause of accidents and point out any exceptional situations accounting for the severity of individual claims. Furthermore, value-added transformations, such as geographic location calculated from address information, permit not only better visualization of customer- and agent-centric profiling, but also include geospatial information that shows risks near to where customers live, drive, work, and access service providers and third parties.

Despite challenges and complexities associated with managing large amounts of both structured and unstructured data, predictive analytics affords a fundamental platform to transform seemingly scattered information into actionable enterprise assessment knowledge. From a technology perspective, the proliferation of data requires significantly more computing, storage, database, and distribution power—all relatively cost-effective investments today, especially when compared against the resultant management insight and clarity.

Historically, insurers and agents increased market share by accelerating advertising and distribution tactics in specific states or geographies. Today, each line of insurance can leverage decision engines that measure sales costs and balance those costs with other metrics for expense, risk, and profit. Insurers can use lifetime value, price elasticity, and channel-preference models for new business. And they can take advantage of analytic models to boost renewal performance retention programs and portfolio management.

Today, proficient modelers use advanced tools and data that validate risk-assessment decisions. Because of vast improvements in modeling and analytics, many personal lines insurers can underwrite virtually any automobile risk. Advanced tools are leading to similar flexible strategies being adopted by homeowners, business, and commercial lines carriers. Predictive analytics spans countless multidimensional possibilities with concurrent interacting variables. Constructed with cutting-edge data-assimilation and variable-selection methods, modern analytic techniques are huge improvements over the one-dimensional rating algorithms of years past.

Predictive analytics now impacts the ability of agents to offer diversified products. Their underwriting authority is more proficient and expansive, driven by multifaceted analytic information about potential catastrophes, population growth, demographics, econometrics, and business mixes in their markets. The ability to effectively identify...
those prospective clients most likely to purchase specific insurance products from particular distribution channels is another area where predictive analytics can positively impact insurer and agent operations.

By applying modern predictive analytics, companies are measurably increasing and maintaining productivity. And implementation trends show predictive modeling is becoming more pervasive. With more resources available than ever before, insurers are increasingly leveraging computing power, data access, business rules engines, talented analysts, and advanced mathematics to build sophisticated models. The result is insightful decision making in core business, distribution, and operation areas.

The challenge to educators is to prepare graduates for the tidal wave of information making its way through today’s business environment and to develop new theories and methodologies by blending risk theory, actuarial science, statistical analysis, information management, and other techniques.

I invite you to join in accelerating our understanding of risk and adopting best practices in managing our enterprises. And I look forward to seeing you again this year in Portland.

About the Author: Marty Ellingsworth is president of ISO Innovative Analytics (IIA), a unit of the Insurance Services Office, Inc. (New York City), focused on delivering advanced predictive analytic tools to the property/casualty insurance industry.

Portland skyline, courtesy of www.travelportland.com

Originally established as the American Association of University Teachers of Insurance in 1932, ARIA has completed more than 75 years as the premier academic organization devoted to the study and knowledge of risk management and insurance.

Let’s look back at some of the events that took place in 1932:
- The Dow Jones Industrial Average bottomed out at 41.22
- Over 1,600 U.S. banks fail; some 20,000 business firms go bankrupt
- The average U.S. weekly wage falls to $17
- Brookings Institution founder Robert S. Brookings dies at age 82
- Britain imposes a 10 percent tariff on most imported goods
- Ford publicly unveils its V8 engine

How much things cost, on average, in 1932:
- New house – $6,510
- Pound of hamburger – 10 cents; Loaf of bread – 7 cents
- New car – $610; Gallon of gasoline – 10 cents
- U.S. first-class stamp – $0.02 ($0.03 as of 7/6/32)
- U.S. Federal spending: $4.66 billion
- U.S. Consumer Price Index: 13.7
- U.S. Unemployment: 24.1%
Auto Injury Claim Trends and Conditions

by David Corum

The Insurance Research Council (IRC), located in Malvern, Penn., released a pair of new studies recently describing an unsettled auto injury claim environment across the United States. The studies, Trends in Auto Injury Claims, and Auto Injury Insurance Claims: Countrywide Patterns in Treatment, Cost, and Compensation, are the latest in the IRC's series of research reports on issues related to compensation for auto crash injuries in the United States. The IRC's first report on auto injury compensation was released in 1977.

According to the IRC, drivers, policyholders and insurers have benefited from significant improvements in vehicle and highway safety, evidenced by steady declines in accident rates, claim frequencies, and the seriousness of injuries. On the other hand, and despite objective evidence of a decline in injury seriousness, the severity of injury-related insurance claims, measured by average claim costs, has been rising rapidly, driven primarily by the rising cost and utilization of medical care, as well as changes in the mix of services used to treat auto injuries.

According to the National Highway Traffic Safety Administration, accident-related injuries and fatalities reached new lows in 2006. Property damage (PD) liability claim frequency, a commonly used measure of the overall accident rate, also reached a new low, at 3.69 claims per 100 insured vehicles. The frequency of injury related claims also continued to fall. Bodily injury (BI) liability claim frequency fell to 0.9 claims per 100 insured vehicles in 2006, its lowest level since 1982. The frequency rate for no-fault personal injury protection (PIP) claims fell to its lowest level, 1.45 claims per 100 insured vehicles, since the IRC began tracking the measure in 1980. In contrast to declining claim frequency, claim severity has been increasing steadily in recent years. From 2000 through 2006, BI claim severity increased at an annualized rate of 3.3 percent, exceeding the general inflation rate every year but one.

The combination of declining claim frequency and increasing claim severity has been good for insurance consumers, who have seen mostly stable auto liability insurance costs in recent years. Loss cost values have changed little during the last decade, as beneficial frequency trends have largely offset the adverse effects of rising average claim costs. In 2007, the average expenditure for auto insurance coverage actually dropped for the first time since 1999.

Notwithstanding stable loss costs and declining claim frequency, steadily increasing claim severity is cause for concern. Identifying the factors driving claim severity growth is essential if insurers are to avoid the escalation in loss costs that is likely to occur if, or when, frequency stabilizes or starts to increase. Identifying key cost drivers will suggest opportunities and potential strategies for bringing adverse severity trends under control.

An overwhelming majority of the economic losses associated with BI and PIP auto injury claims involve medical costs. The IRC found that medical care represented 93 percent of claimed PIP losses and 84 percent of claimed BI losses in 2007—up from 71 percent and 68 percent respectively in 1987. The significance of other types of economic loss, such as lost wages, has declined in recent years.

Much medical cost growth can be traced to higher utilization rates for key diagnostic services and treatments, as well as price increases across all provider categories and service types. For example, BI and PIP claimants were approximately 50 percent more likely to receive a magnetic resonance imaging (MRI) in 2007 than in 1997. Similarly, computerized axial tomography (CT or cat) scans were 50 percent more likely to be provided to PIP claimants in 2007 than 10 years earlier. The CT utilization rate grew even more for BI claimants. By 2007, approximately one out of every five auto injury claimant received an MRI. CT utilization rates were somewhat lower—16 percent for PIP claimants and 10 percent for BI claimants.

Growing utilization of MRIs and CTs has a direct and sizeable impact on claim costs. A single MRI averaged $1,592 for BI claimants in 2002—almost five times the average cost of an X-ray. A CT scan cost $1,503, on average. By 2007, MRIs and CTs together accounted for 62 percent of all diagnostic costs for auto injury claimants. Ten years earlier, these

Continued on page 15
Chiropractic Utilization Rates in Selected No-Fault States

<table>
<thead>
<tr>
<th>State</th>
<th>Utilization Rate</th>
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<tbody>
<tr>
<td>Minnesota</td>
<td>40%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>33%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>31%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>22%</td>
</tr>
<tr>
<td>Kansas</td>
<td>19%</td>
</tr>
<tr>
<td>Michigan</td>
<td>13%</td>
</tr>
</tbody>
</table>

Utilization of chiropractic services also has grown rapidly in recent years. One-third or more of all auto injury claimants in 2007 were treated by chiropractors. Chiropractic utilization has increased steadily, from 16 percent and 20 percent of PIP and BI claimants in 1987, to 27 percent (PIP) and 32 percent (BI) ten years later, and 33 percent (PIP) and 37 percent (BI) in 2007.

The per-visit cost of chiropractic treatment is approximately 25 percent less than the per-visit cost of treatment by a physician general practitioner. However, chiropractic treatment involves significantly more episodes of treatment than treatment by a physician general practitioner. BI claimants in 2007 receiving chiropractic treatment averaged 21.7 visits. PIP claimants averaged 25.3 visits. In contrast, BI and PIP claimants receiving treatment from a physician general practitioner averaged 3.4 and 4.8 doctor visits, respectively. As a result, chiropractor charges accounted for 41 percent and 32 percent of total provider charges for BI and PIP claims, in 2007. Ten years earlier, in 1997, chiropractor charges as a percentage of total provider charges stood at 31 percent and 25 percent, respectively, for BI and PIP claims.

Chiropractic treatment presents another characteristic with potential cost-control implications. The types of injuries involved in auto injury claims do not vary much across states. Within state differences are more pronounced, with fractures and lacerations more frequent in rural areas and sprains and stains more frequent in urban areas. Interstate differences, however, are less substantial. Despite the similarity of injury types across states, there is considerable variation in the utilization of chiropractic treatment. Among 27 tort system states in 2002, the percentage of BI claimants receiving chiropractic treatment ranged from 13 percent and 15 percent in Mississippi and Indiana, respectively, to 49 percent and 50 percent in Nevada and California. Among 17 no-fault states, chiropractic utilization rates ranged from 13 percent in Michigan to 40 percent in Minnesota.

Where the types of injuries are similar, one might reasonably expect to find similar patterns of treatment. Substantial variation in treatment for similar types of injuries, as in the case of auto crash injuries, is often indicative of inappropriate treatment, which can result in poorer medical outcomes for the injured and higher costs for insurance companies and consumers. Chiropractic utilization in auto injury compensation systems has been debated in several state legislatures in recent years. These findings suggest that such discussions may be well advised and have the potential to improve the quality of care provided to insurance claimants, reduce costs, or both.

A contradictory finding from recent IRC research is an apparent decline in the seriousness of the injuries involved in auto injury claims despite a steady increase in claim severity. Injury seriousness is difficult to document using the information typically found in insurer claim files. Several measures taken together, however, present a strong case that the actual seriousness of the injuries associated with auto injury claims has declined steadily in recent years.

Information contained in insurer claim files indicates that claimants are increasingly unlikely to experience any disability from their injuries. From 1987 to 2007, the percentage of BI claimants experiencing no disability grew from 48 to 76 percent. Claimants also are less likely to report any days of restricted activity or lost work time following an accident. The percentage of BI claimants reporting no days of restricted activity increased from 41 percent in 1987 to 53 percent in 2007. From 1992 to 2007, the percentage of BI claimants reporting no lost time from work grew from 37 percent to 47 percent. (1992 was the first year that IRC collected data about lost work time.) PIP claimants exhibited similar patterns, indicating that the seriousness of injuries associated with PIP claims has also declined.

Reducing the seriousness of auto crash injuries is a major accomplishment for the driving public. However, the growing severity of claims is a significant concern, particularly for those facing the prospect that claim frequency may stabilize or begin to increase in the future. The findings presented here document some of the factors driving increasing claim severity and suggest opportunities for gaining control over those factors.

For more information about the latest research from the IRC, contact David Corum at (610) 644-2212, or by e-mail at irc@cpcuia.org.

About the Author: David Corum is vice president of the Insurance Research Council, a division of the AICPCU/IIA.
Risk Management and Insurance Positions

Below is a list of organizations offering academic, government, and industry jobs that ARIA has received since October 2007, presented in chronological order of final posting on ARIA's Web site and whose application deadlines have not passed. Please visit the ARIA Web site (www.aria.org) or contact these organizations for additional information.

October
University of Wisconsin—Madison
Department of Mathematical Science
Assistant / associate professor in actuarial science

November
University of Pennsylvania (Philadelphia)
The Wharton School, Insurance and Risk Management Department
One faculty member, open in rank

University of Wisconsin—Madison
Department of Actuarial Science, Risk Management and Insurance
Assistant, associate or full professor

December
Chinese University of Hong Kong
Department of Finance
Associate professor/assistant professor/professional consultant

University of Illinois—Urbana-Champaign
Department of Finance
Various positions (all areas of finance, including insurance)

January
East Carolina University (Greenville, NC)
College of Arts and Sciences
Assistant or associate professor in microeconomics

Independent Insurance Agents & Brokers of America, Inc. (Alexandria, VA)
Assistant editor

University of Tulsa (Oklahoma)
Visiting professor of finance

University of Waterloo (Ontario, Canada)
Department of Statistics and Actuarial Science
Assistant professor in actuarial science
Lecturer in actuarial science

February
American Institute for CPCU (Malvern, PA)
Director—Assessments
Executive vice president—Academics

Missouri State University (Springfield, MO)
Department of Finance and General Business
Assistant or associate professor in risk management and insurance

Activities of Related Associations and Affiliates

Singapore Insurance Brokers’ Association
2008 International Insurance Conference
(co-organized by Singapore College of Insurance)
May 14–16
Raffles City Convention Center, Singapore
E-mail: iic@scidomain.org.sg
Contact: Belinda Goh at (65) 6334 5227

Asia-Pacific Risk and Insurance Association
2008 Conference (12th annual)
July 6–9
Sydney, Australia
http://www.apria.org
E-mail: apria@scidomain.org.sg

International Insurance Society
2008 Seminar (44th annual)
July 13–16
Taipei, Taiwan
http://www.iisonline.org
E-mail: je@iisonline.org

European Group of Risk and Insurance Economists
2008 Seminar (35th annual), sponsored by The Geneva Association
September 15–17
Toulouse, France
Geneva Risk Economics Lecturer: John Campbell (Harvard University)
http://www.egrie.org/Meetings.htm

Society of Insurance Research
Annual Conference
October 19–22
Hilton Savannah DeSoto Hotel
Savannah, Georgia
http://www.sirnet.org
E-mail: sir.mail@comcast.net

Southern Risk and Insurance Association
2008 Annual Meeting (40th annual)
November 23–25
Hollywood Casino
Bay St. Louis, Mississippi
(ﬂy into New Orleans, LA or Gulfport, MS airport)
Executive summaries (up to three pages) should be submitted by: July 1, 2008, with contact information on co-authors on a separate cover page. Submit to: Kathleen McCullough (Florida State University)
Phone: (850) 644-8358
E-mail: sriaproposals@gmail.com
http://www.southernrisk.org