



2012
**Western Risk &
Insurance Association**
46th Annual Meeting

Keauhou Bay Resort
and Spa
January 4-7, 2012

WRIA OFFICERS

(outgoing)

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Past President	Paul Thistle University of Nevada, Las Vegas

Editor: <i>Journal of Insurance Issues</i>	James Barrese St. John's University
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46th Annual Meeting
Keauhou Bay Resort and Spa

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- 2010** *Influences of Organizational Structure and Diversification on Medical Malpractice Insurer Performance* by Yu Lei and Joan T. Schmit (v 33, No. : 152-177)
- 2009** *Capital Market Risk Implications of Governance and Disclosure for the Insurance Industry: The Case of Sarbanes-Oxley* by Aigbe Akhigbe, Anna D. Martin, and Ann Marie Whyte (v.32, No. 1: 78-104)
- 2008** *The Impact of Cash Flow Volatility on Systematic Risk* by Nicos A. Scordis, James Barrese, and Ping Wang (v.31, No. 1: 43-71)
- 2007** *A Behavioral Model of Insurance Pricing* by James A. Ligon and Paul D. Thistle (v.30, No. 1: 46-61)
- 2006** *The Distribution of Property/Liability Insurance in Canada: Costs and Market Structure* by Mary Kelly and Anne E. Kleffner (v.29, No. 1: 51-70)
- 2005** *Firm-Level Data Analysis of the Effects of Net Investment Income on Underwriting Cycles: An Application of Simultaneous Equations* by Min-Ming Wen and Patricia Born (v.28, No. 1: 14-32)
- 2004** *Capacity Constraints and IPO Underpricing in the Property and Liability Insurance Industry* by Tong Yu, Bingxuan Lin, Mulong Wang, and William R. Feldhaus (v.27, No. 2: 104-122)
- 2003** *Is Life Insurance a Human Capital Derivatives Business?* By Krzysztof Ostaszewski (v.26, No.1: 1-14)
- 2002** *Large Losses and Firm Value: Investor Response and Managerial Decisions* by Gene C. Lai, Michael J. McNamara, and Henry R. Oppenheimer (v.25, No.1: 63-84)
- 2001** *A Comparison of Large Firm Dominance in Property and Liability Insurance with Major Industries* by Edward Nissan and Regina Caveny (v.24 No. 1: 58-73)
- 2000** *Measuring the Value of an Exposure: A Capital Budgeting Approach* by Thomas A. Aiuppa and Lisa Graham (v.23, No. 1: 1-29)
- 1999** *Using Catastrophe-Linked Securities to Diversify Insurance Risk: A Financial Analysis of Cat Bonds* by Henri Loubergé, Evis Kellezi and Manfred Gilli (v.22, No. 2: 125-146)
- 1998** *Changes in Ownership Structure: Theory and Evidence from Life Insurer Demutualizations* by James M. Carson, Mark D. Forster and Michael J. McNamara (v.21, No. 1: 1-22)

- 1997** *Life Insurer Risk Characteristics and the Rating Process* by Steven W. Pot-
tier (v.20, No. 2: 111-130)
- 1996** *Solvency Regulation Through Risk-Based Capital and Risk-Based Guar-
anty Fund Premiums: An Analysis of Incentive Effects* by David W. Som-
mer (v.19, No. 2: 94-106)
- 1991** *The Role of State Guaranty Funds in the Property Casualty Insurance In-
dustry* by Fred B. Power, E. Warren Shows, and Richard L. Meyer (v.14 No. 2:
51-72)
- 1990** *The Insurer Selection Process by Independent Insurance Agents* by Donald
W. Hardigree and Vince Howe (v.13, No. 1: 27-46)
- 1989** *Hedging a Credited Rate for a Universal Life Policy* by Robert E. Hoyt
(v.12, No. 2: 22-37)

Editors of the *Journal of Insurance Issues*

(by initial masthead appearance)

v.34, No. 2	James Barrese, St. John's University
v.28, No. 2	William L. Ferguson, <i>University of Louisiana, Lafayette</i>
v.24, No. 1	James M. Carson, <i>Illinois State University</i>
v.18, No. 2	Joseph J. Launie, <i>California State University, Northridge</i>
v.17, No. 1	Donald W. Hardigree, <i>University of Nevada, Las Vegas*</i>
v.14, No. 1**	Robert A. Hershbarger, <i>Mississippi State University</i>
v.3, No. 3	Fikry S. Gahin, <i>University of Utah</i>
v.2, No. 2	John J. O'Connell, <i>Arizona State University</i>
v.1, No. 1	Lester I. Tenney, <i>Arizona State University</i>

Notes: * Interim; ** Name changed from *Journal of Insurance Issues and Practices*

Western Risk & Insurance Association

A Look Back

Year	President - University Affiliation in Office	Annual Meeting (Site)
2011	Paul Thistle - <i>University of Nevada, Las Vegas</i>	Santa Barbara, CA (Fess Parker's Doubletree)
2010	Ryan B. Lee - <i>University of Calgary</i>	Napa, CA (Napa Valley Inn)
2009	L. Lee Colquitt - <i>Auburn University</i>	Las Vegas, NV (Flamingo Las Vegas)
2008	David T. Russell - <i>California State University, Northridge</i>	Kauai, Hawaii (Sheraton Kauai Resort)
2007	Patricia Born - <i>California State University, Northridge</i>	San Diego, CA (Westin Horton Plaza)
2006	Randy Dumm - <i>Florida State University</i>	Santa Barbara, CA (Fess Parker's Doubletree)
2005	William Feldhaus - <i>Georgia State University</i>	Monterey, CA (Monterey Plaza Hotel)
2004	Anne Kleffner - <i>University of Calgary</i>	Las Vegas, NV (Flamingo Las Vegas)
2003	Gene Lai - <i>Washington State University</i>	Maui, HI (Maui Prince)
2002	William L. Ferguson - <i>University of Louisiana, Lafayette</i>	San Diego, CA (Hilton San Diego Resort)
2001	Beverly J. Frickel - <i>University of Nebraska, Kearney</i>	Santa Barbara, CA (Fess Parker's Doubletree)
2000	James M Carson - <i>Illinois State University</i>	Monterey, CA (Monterey Plaza Hotel & Spa)
1999	Mark S. Dorfman - <i>Univ. of North Carolina, Charlotte</i>	Las Vegas, NV (Monte Carlo Hotel)
1998	William J. Warfel - <i>Indiana State University</i>	Kaanapali Beach, Maui, HI (Westin Maui)
1997	Michael J. McNamara - <i>University of Memphis</i>	Santa Barbara, CA (Fess Parker's Red Lion)
1996	Donald W. Hardigree - <i>University of Nevada, Las Vegas</i>	Monterey, CA (Monterey Plaza Hotel)
1995	Hamdi Bilici - <i>California State University, Long Beach</i>	Las Vegas, NV (Treasure Island Resort)
1994	Barry B. Schweig - <i>Creighton University</i>	Honolulu, HI (Ilikai Hotel)
1993	Robert A. Hershbarger - <i>Mississippi State University</i>	Newport Beach, CA (Sheraton-Newport)
1992	Milton E. Smith - <i>Brigham Young University</i>	Phoenix, AZ (Hilton Suites Hotel)
1991	Sandra G. Gustavson - <i>University of Georgia</i>	Las Vegas, NV (Alexis Park Resort)
1990	Jerry L. Jorgensen - <i>University of Utah</i>	Honolulu, HI (Ilikai Hotel)
1989	Iskandar S. Hamwi - <i>University of Southern Mississippi</i>	San Diego, CA (Omni Hotel)
1988	Patricia A. Strong - <i>California State Univ., Sacramento</i>	San Francisco, CA (Sheraton Fisherman's Wharf)
1987	Mark L. Cross - <i>University of North Texas</i>	San Antonio, TX (Hilton Palacio del Rio)
1986	Kenneth L. Pacholke - <i>Calif. State Univ., Sacramento</i>	Las Vegas, NV (Holiday Inn Casino)

1985 August Ralston - <i>Iowa State University</i>	Reno, NV (MGM Grand Hotel)
1984 John H. Thornton - <i>University of North Texas</i>	Newport Beach, CA (Sheraton-Newport)
1983 Norma L. Nielson - <i>University of Southern California</i>	Newport Beach, CA (Sheraton-Newport)
1982 Jerry D. Todd - <i>St. Mary's University, San Antonio</i>	Scottsdale, AZ (Inn Suites Hotel)
1981 Frank W. Taylor - <i>California State University, Fullerton</i>	San Diego, CA (Hotel del Coronado)
1980 Fikry S. Gahin - <i>University of Utah</i>	San Diego, CA (Hotel del Coronado)
1979 Thomas W. Spear - <i>University of Nevada, Las Vegas</i>	Lake Tahoe, NV (Sahara -Tahoe Hotel)1
1978 Thomas L. Heflin - <i>California State Univ., Sacramento</i>	Las Vegas, NV (Frontier Hotel)
1977 Lester I. Tenney - <i>Arizona State University</i>	Las Vegas, NV (Frontier Hotel)2
1976 Oscar N. Serbein - <i>Stanford University</i>	San Francisco, CA (Mark Hopkins Hotel)
1975 Lester B. Strickler - <i>Oregon State University</i>	Las Vegas, NV (Frontier Hotel)3
1974 -----no annual meeting held-----	
1973 J. Howard Widdowson - <i>Portland State University</i>	Santa Clara, CA (University of Santa Clara)
1972 Jonas E. Mittleman - <i>San Francisco State University</i>	San Francisco, CA (Hilton Hotel)3
1971 Joseph J. Launie - <i>California State Univ., Northridge</i>	Las Vegas, NV (Frontier Hotel)
1970 Alfred E. Hofflander - <i>University of Calif., Los Angeles</i>	Long Beach, CA (California State College)
1969 Nester R. Roos - <i>University of Arizona</i>	Corvallis, OR (Oregon State University)
1968 Oscar N. Serbein - <i>Stanford University</i>	Boulder, CO (Colorado University)
1966 Robert C. Goshay - <i>University of California, Berkeley</i>	Berkeley, CA (UC, Berkeley)
1964 Irving Pfeffer - <i>University of California, Los Angeles</i>	San Francisco, CA (Jack Tar Hotel)4

NOTES:

- 1 = annual meeting moved from December to current practice of being held in January of each calendar year.
- 2 = first independent meeting: December 28-30, 1976; *JJIP* authorized by unanimous vote (v. 1 #1: March, 1977 - renamed *JII*, v. 14 #1: Spring, 1991); prior meetings had been on academic year basis in August in conjunction with another group (e.g., WEA, WFA, ARIA).
- 3 = annual meeting held in June (joint meeting with III).
- 4 = Western Association of Insurance Professors (WAIP), originally the Western Association of University Professors of Insurance, organizational meeting: August 24, 1965; WRIA name adopted: June 10, 1974.

Wednesday, January 4, 2012

3:00 PM – 5:00 PM

WRIA Board Meeting

Mauna Kea Room

6:00 PM – 8:00 PM

WRIA Registration and Welcome Reception

Crystal Blue Point

Thursday, January 5, 2012

Sessions Begin and Registration Continues

Session Room Mauna Kea

7:30 – 8:00 AM Breakfast Buffet (Mauna Loa) Breakfast Sponsor

8:00 – 9:40 AM Session A



Pricing and Risk Based Capital

Moderator: Sharon Yang (National Central University)

The Impact of Private Equity on a Life Insurer's Capital Charges under Solvency II and the Swiss Solvency Test

Alexander Braun (University of St. Gallen), Hato Schmeiser (University of St. Gallen) and Caroline Siegel (University of St. Gallen)

Impact of Deregulation on Property and Casualty Insurers' Pricing and Risk-taking: Empirical Evidence from Japan

Yukihiro Yashuda (Tokyo Keizai University)

Mortality Stress Margins for Insurer Risk-Based Capital Requirements for Pensions and Life Annuities

Carolyn Ndigwako Njenga (University of New South Wales) and Michael Sherris (University of New South Wales)

The determination of the necessary economic capital of insurance companies

Hong Mao (Shanghai Second Polytechnic University), Krzysztof Ostaszewski (Illinois State University), and Wei Hao (State Farm Insurance and Illinois State University)

Corporate Insurance with Safety Loadings: A Note

Lutz Arnold (University of Regensburg) and Johannes Hartl (University of Regensburg)

9:40 – 9:55 AM

Coffee Break

9:55 – 11:15 AM

Session B

Risk taking and incentives I

Moderator: William Ferguson (University of Louisiana at Lafayette)

Extended Service Plans vs. Extended Warranties: A Comparison of Consumer Perception and Purchasing Behavior

Chiharu Ishida-Lambert (Illinois State University), Peter Kaufman (Illinois State University), Frederick Langrehr (Valparaiso University), and Nat Pope (Illinois State University)

Executive Compensation, Board Structure and Reinsurance Demand in the U.S. Property Casualty Insurance Industry

Chia-Ling Ho (Feng Chia University), Gene C. Lai (Washington State University), Piman Limpaphayom (Chulalongkorn University) and Ravi Lonkani (Chiang Mai University)

Prospect Theory and the Demand for Insurance

David L. Eckles (University of Georgia) and Jacqueline Volkman Wise (Temple University)

Micro-econometric Modeling of Personal Lines Insurance

Winnie Sun (Ludwig Maximilians-Universität München) and Edward Frees (University of Wisconsin-Madison)

11:15 – 11:30AM Coffee Break

11:30 – 12:50 AM Session C

Valuation I

Moderator: Millie Workman (International Risk Management Institute)

Changes in Risk and Insurance Kinked Payoffs: The Case of Initial Public Offerings With Bankruptcy Risk

Paul Thistle (University of Nevada Las Vegas)

Modigliani, Miller and Microinsurance

James Jones (Illinois State University) and Krzysztof Ostaszewski (Illinois State University)

The Effectiveness of Gap Insurance With Respect to Basis Risk in a Shareholder Value Maximization Setting

Nadine Gatzert (University of Erlangen-Nürnberg) and Ralf Kellner (University of Erlangen-Nürnberg)

Is the U.S. Life Insurance Industry in Danger of Systemic Risk by Using Derivative Hedging?

Etti G. Baranoff (Virginia Commonwealth University), Patrick Brockett (University of Texas at Austin), Thomas W. Sager (University of Texas at Austin) and Bo Shi (University of Texas at Austin)

Thursday Presentation Sessions End

Friday, January 6, 2012

7:30 – 8:00 AM Breakfast Buffet (Mauna Loa)

8:00 – 9:40 AM

Concurrent D—Mauna Kea	Concurrent E—Hualalai
Pensions and social insurance	Actuarial and modeling applications
Moderator: Thomas Berry-Stolze (University of Georgia)	Moderator: Ryan B. Lee (University of Calgary)
Long-Term Care Insurance Demand and Risk Perception Sebastian Reddemann (Leibniz Universität Hannover), Andy Zuchandke (Leibniz Universität Hannover)	On mixing, compounding, and tail properties of a class of claim number distributions Gordon Willmot (University of Waterloo)
Future Lifetime as a Fuzzy Random Variable Arnold Shapiro (Penn State University)	Modeling insurance losses with composite Weibull-Pareto models David Scollnik (University of Calgary)
A General Approach of Natural Hedging for the Whole Portfolio of Life and Annuity Policies in Insurance Companies Hong-Chih Huang (National Chengchi University) and Chou-Wen Wang (National Kaohsiung First University of Science and Technology)	Probabilistic Graphical Modeling with Applications to Insurance Farrokh Guiahi (Hofstra University)
Lifecycle Portfolio Choice with Stochastic Longevity and Variable Investment-Linked Deferred Annuities Vasily Kartashov (Goeth University), Raimond Maurer (Goeth University) and Olivia S. Mitchell (University of Pennsylvania) and Ralph Rogalla (Goeth University)	Capital assessment in a risk management context Hélène Cossette (Université Laval), David Landriaulty (University of Waterloo), Etienne Marceau (Université Laval) and Khouzeima Moutanabbir (Université Laval)
Legal and Tax Issues in Life Settlement Contracts Bruce Evans (University of Dallas), Tom Sager (University of Texas at Austin) and David Russell (California State University, Northridge)	A common shock model for a two-dimensional risk process Lan Gong (University of Toronto), Andrei Badescu (University of Toronto), and Eric C.K. Cheung (University of Hong Kong)

9:40 – 9:55 AM Coffee Break

9:55 – 11:15 AM

Concurrent F—Mauna Kea	Concurrent G—Hualalai
Health, Life and Retirement	Insurance Efficiency
Moderator: Larry Wood (University of Calgary)	Moderator: James Barrese (St. John’s University)
<p>An Empirical Analysis of Life Insurance Surrender Activity David Russell (California State University, Northridge), Stephen Fier (University of Mississippi), James Carson (University of Georgia) and Randy Dumm (Florida State University)</p>	<p>A Flexible Tree for Evaluating Guaranteed Minimum Withdrawal Benefits Contract with a Surrender Option Sharon S. Yang (National Central University) and Tian-Shyr Dai (National Chiao-Tung University)</p>
<p>The Impact of Time-Structure on Optimal Prevention Annette Hofmann (University of Hamburg) and Richard Peter (Ludwig-Maximilians-Universitaet Munich)</p>	<p>The Effects of Bancassurance on Scale Economies: an Analysis of Life Insurance Market in Italy Stefano Miani (University of Udine) and Maria Claudia Schneider (University of Udine)</p>
<p>On the Risk Situation of Surplus Appropriation Schemes in Participating Life Insurance – The Impact of Surrender and Management’s Discretion Alexander Bohnert (University of Erlangen-Nürnberg), and Nadine Gatzert (University of Erlangen-Nürnberg)</p>	<p>Market Structure, Efficiency, and Performance in the European Property-Liability Insurance Industry Thomas R. Berry-Stölzle (University of Georgia), Mary A. Weiss (Temple University) and Sabine Wende (University of Cologne)</p>
<p>The impact of insurance on markets for vertically differentiated repair goods Oliver Urmann (University of Hamburg)</p>	<p>Determinants of the success of insurance intermediaries in Germany Christoph Schwarzbach (Leibniz University Hannover), Ute Lohse (Lebniz University Hannover) and J.-Matthias Graf von der Schulenburg (Leibniz University Hannover)</p>

11:15 – 11:30 AM Coffee Break

11:30 – 12:50 PM

Concurrent H—Mauna Kea	Concurrent I—Hualalai
Catastrophes and Natural Disasters	Regulation and risk management
Moderator: Bruce Evans (University of Dallas)	Moderator: Annette Hofman (University of Hamburg)
Coping with Environmental Risks: Development of Mitigation Incentives and a Market for Environmental Liability Insurance in China Patricia Born (Florida State University) and Dongmei Chen (Fudan University)	The Impact of Additional Health Insurance on Fraudulent Behavior in Hospitals Alexander Ellert (University of Hamburg)
Windstorm Mitigation Financing Options Patrick Maroney (Florida State University), Chuck Nyce (Florida State University) and Lori Medders (Florida State University)	Insurance Claims Fraud: Optimal Auditing Strategies in Insurance Companies Katja Muller (University of St. Gallen), Hato Schmeiser (University of St. Gallen), and Joel Wagner (University of St. Gallen)
An empirical analysis of the cat bond market Alexander Braun (University of St. Gallen)	Value, Risk and Sustainability: A Perspective on Publicly Traded Insurers Nicos A Scordis (St. John's University), James Barrese (St. John's University), and Astrid Zwick (Munich Reinsurance Company)
Statistical Models for Postcode-Level House Price Risk for Applications in Banking and Insurance Katja Hanewald (University of New South Wales) and Michael Sherris (University of New South Wales)	Supply Chain Risk Management and Disaster Recovery Mary Kelly (Wilfrid Laurier University), Anne Kleffner (University of Calgary) and Sapna Isotupa (Wilfrid Laurier University)

Friday, January 6, 2012

1:00—2:00 PM

WRIA Sponsored Luncheon and Annual Business Meeting

Location: Crystal Blue Point

Friday Presentation Sessions End

Saturday, January 7, 2012

7:30 – 8:00 AM

Breakfast Buffet (Mauna Loa)

8:00 – 9:40 AM Session J

Risk taking and incentives 2/ratings management

Moderator: Millie Workman (International Risk Management Institute)

Predicting Individuals' Insured Losses: Psychology, Responsibility, and Quantitative Correlates

Jing Ai (University of Hawaii at Manoa), Patrick Brockett (University of Texas at Austin), Linda Golden (University of Texas at Austin) and Bruce Kellison (University of Texas at Austin)

Dynamic Policyholder Behavior in Life Insurance – An Analysis of Adverse Effects With Respect to Probability and Timing of Exercise

Nadine Gatzert (University of Erlangen-Nürnberg) and Hannah Wesker (University of Erlangen-Nürnberg)

An Event Study of Insurer Rating Changes

Leon Chen (Minnesota State University at Mankato) and Steven W. Pottier (University of Georgia)

U.S. Government Bonds after the Downgrade: Still a Secure Investment for Insurers?

Meik Freidrich (Hochschule Weserbergland University of Applied Sciences) and Tobias Basse (NORD/LB)

Determinants of Abnormal Reactions to Rating Downgrades: An Investigation of Insurer Ratings

David L. Eckles (University of Georgia) and Martin Halek (University of Wisconsin-Madison)

9:40 – 9:55 AM Coffee Break

9:55 – 11:15 AM Session K

Moderator: Arnold Shapiro (Penn State University)

Insurance Economics

Portfolio Choice and Life Insurance with CARA Preferences

Xudong Zeng (Shanghai University of Finance and Economics) and Yuling Wang (Shanghai University of Finance and Economics)

The Enabling Role of Information Technology in the Development and Deployment of National Health Insurance Policy – Past, Present, and Future

L. Philip Caillouet (University of Louisiana at Lafayette) and William L. Ferguson (University of Louisiana at Lafayette)

An Optimization Model Using Combinatorics with a Genetic Algorithm to Combine Pooling and Reinsurance for an Insurance Portfolio

Lysa Porth (University of Waterloo), Jeffrey Pai (University of Manitoba) and Milton Boyd (University of Manitoba)

Living with Ambiguity: Pricing Mortality-linked Securities with Smooth Ambiguity Preferences

Hua Chen (Temple University), Michael Sherris (University of New South Wales), Tao Sun (Temple University) and Wenge Zhu (Shanghai University of Economics and Finance)

11:15 – 11:30 AM Coffee Break

11:30 – 12:50 AM Session L

Moderator: William Ferguson (University of Louisiana at Lafayette)

Solvency analysis and prediction in the Property-Casualty Insurance: Incorporating the Economic and Market Predictors

Li Zhang (St. Cloud State University) and Norma Nielson (University of Calgary)

The impact of market entry regulation on insurance intermediary quality

Christoph Lex (Ludwig-Maximilians Universitaet), Andreas Richter (Ludwig-Maximilians Universitaet), Sharon Tennyson (Cornell University)

The Effect of Insurance Education on Consumer Attitudes: A Study of the Property/Casualty Industry

Brenda Wells (East Carolina University), Karen Epermanis (Appalachian State University) and Jack P. Gibson (International Risk Management Institute)

Shift of Focus: From Product to Comprehensive Financial Planning

Larry Wood (University of Calgary) and Peggy Hedges (University of Calgary)

WRIA 46th Annual Meeting Concludes



WRIA 47th Annual Meeting

Las Vegas

January 2-5, 2013

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