2007

Western Risk &
Insurance Association

41st Annual Meeting

The Westin
Horton Plaza
San Diego, CA
January 3-6, 2007
## WRIA Officers

### (outgoing)

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Randy Dumm</td>
<td>Florida State University</td>
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<tr>
<td>President-Elect</td>
<td>Patty Born</td>
<td>California State University, Northridge</td>
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<tr>
<td>Secretary / Treasurer</td>
<td>L. Lee Colquitt</td>
<td>Auburn University</td>
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<tr>
<td>Vice-President/Program Chair</td>
<td>David T. Russell</td>
<td>California State University, Northridge</td>
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<tr>
<td>Past President</td>
<td>William Feldhaus</td>
<td>Georgia State University</td>
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2007 WRIA SPONSORS

41st Annual Meeting
San Diego, California

The Board of Directors, Officers and Members of WRIA express their deepest gratitude to the following sponsors:

- California State University, Northridge
- Florida State University
- Georgia State University
- Griffith Foundation for Insurance Education
- Illinois State University, Katie School
- Temple University
- University of Calgary
- University of Louisiana at Lafayette
- Washington State University
The Donald W. Hardigree Memorial
JII Outstanding Paper Award

Year | Winner
--- | ---
2001 | *A Comparison of Large Firm Dominance in Property and Liability Insurance with Major Industries* by Edward Nissan and Regina Caveny (v. XXIV #1&2, Spring 2001, pp. 58-73)
1997 | *Life Insurer Risk Characteristics and the Rating Process* by Steven W. Pottier (v. XX #2, Fall 1997, pp. 111-130)
1996 | *Solvency Regulation Through Risk-Based Capital and Risk-Based Guaranty Fund Premiums: An Analysis of Incentive Effects* by David W. Sommer (v. XIX #2, Fall 1996, pp. 94-106)
1990 | *The Insurer Selection Process by Independent Insurance Agents* by Donald W. Hardigree and Vince Howe (v. XIII #1, January 1990, pp. 27-46)
1989 | *Hedging a Credited Rate for a Universal Life Policy* by Robert E. Hoyt (v. XII # 2, June 1989, pp. 22-37)

Editors of the Journal of Insurance Issues
(by initial masthead appearance)

v.28 #2 (Fall, 2005) | William L. Ferguson, *University of Louisiana at Lafayette*
--- | ---
v.24 #1 (Spring/Fall, 2001) | James M. Carson, *Illinois State University*
v.18 #2 (Fall, 1995) | Joseph J. Launie, *California State University, Northridge*
v.17 #1 (March, 1994) | Donald W. Hardigree*, *University of Nevada, Las Vegas*
v.3 #3 (Summer, 1980) | Fikry S. Gahin, *University of Utah*
v.1 #1 (March, 1977) | Lester I. Tenney, *Arizona State University*

Notes: * Interim; ** Name changed from *Journal of Insurance Issues and Practices*
Western Risk & Insurance Association
A Look Back

<table>
<thead>
<tr>
<th>Year</th>
<th>President - University Affiliation in Office</th>
<th>Annual Meeting (Site)</th>
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<tbody>
<tr>
<td>2006</td>
<td>Randy Dumm, Florida State University</td>
<td>Santa Barbara, CA (Fess Parker’s Doubletree)</td>
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<tr>
<td>2005</td>
<td>William Feldhaus, Georgia State University</td>
<td>Monterey, CA (Monterey Plaza Hotel)</td>
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<tr>
<td>2004</td>
<td>Anne Kleffner, University of Calgary</td>
<td>Las Vegas, NV (Flamingo Las Vegas)</td>
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<tr>
<td>2003</td>
<td>Gene Lai, Washington State University</td>
<td>Maui, HI (Maui Prince)</td>
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<tr>
<td>2002</td>
<td>William L. Ferguson – University of Louisiana at Lafayette</td>
<td>San Diego, CA (Hilton San Diego Resort)</td>
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<tr>
<td>2001</td>
<td>Beverly J. Frickel – University of Nebraska, Kearney</td>
<td>Santa Barbara, CA (Fess Parker’s Doubletree)</td>
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<tr>
<td>2000</td>
<td>James M Carson – Illinois State University</td>
<td>Monterey, CA (Monterey Plaza Hotel &amp; Spa)</td>
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<tr>
<td>1999</td>
<td>Mark S. Dorfman – University of North Carolina, Charlotte</td>
<td>Las Vegas, NV (Monte Carlo Hotel)</td>
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<tr>
<td>1998</td>
<td>William J. Warfel – Indiana State University</td>
<td>Kaaanapali Beach, Maui, HI (Westin Maui Hotel)</td>
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<td>1997</td>
<td>Michael J. McNamara – University of Memphis</td>
<td>Santa Barbara, CA (Fess Parker’s Red Lion)</td>
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<tr>
<td>1996</td>
<td>Donald W. Hardt – University of Nevada, Las Vegas</td>
<td>Monterey, CA (Monterey Plaza Hotel)</td>
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<td>1995</td>
<td>Hamdi Bilici – California State University, Long Beach</td>
<td>Las Vegas, NV (Treasure Island Resort)</td>
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<td>1994</td>
<td>Barry B. Schweig – Creighton University</td>
<td>Honolulu, HI (Ilikai Hotel)</td>
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<td>1993</td>
<td>Robert A. Hershberger – Mississippi State University</td>
<td>Newport Beach, CA (Sheraton-Newport)</td>
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<td>1992</td>
<td>Milton E. Smith – Brigham Young University</td>
<td>Phoenix, AZ (Hilton Suites Hotel)</td>
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<tr>
<td>1991</td>
<td>Sandra G. Gustavson – University of Georgia</td>
<td>Las Vegas, NV (Alexis Park Resort)</td>
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<td>1990</td>
<td>Jerry L. Jorgensen – University of Utah</td>
<td>Honolulu, HI (Ilikai Hotel)</td>
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<tr>
<td>1989</td>
<td>Iskandar S. Hamwi – University of Southern Mississippi</td>
<td>San Diego, CA (Omni Hotel)</td>
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<td>1988</td>
<td>Patricia A. Strong – California State University, Sacramento</td>
<td>San Francisco, CA (Sheraton Fisherman’s Wharf)</td>
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<td>1987</td>
<td>Mark L. Cross – University of North Texas</td>
<td>San Antonio, TX (Hotel Palacio del Rio)</td>
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<tr>
<td>1986</td>
<td>Kenneth L. Pacholke – California State Univ., Sacramento</td>
<td>Las Vegas, NV (Holiday Inn Casino)</td>
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<td>1985</td>
<td>August Ralston – Iowa State University</td>
<td>Reno, NV (MGM Grand Hotel)</td>
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<td>1984</td>
<td>John H. Thornton – University of North Texas</td>
<td>Newport Beach, CA (Sheraton-Newport)</td>
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<td>1983</td>
<td>Norma L. Nielson – University of Southern California</td>
<td>Newport Beach, CA (Sheraton-Newport)</td>
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<td>1982</td>
<td>Jerry D. Todd – St. Mary’s University, San Antonio</td>
<td>Scottsdale, AZ (Inn Suit Hotel)</td>
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<td>1981</td>
<td>Frank W. Taylor – California State University, Fullerton</td>
<td>San Diego, CA (Hotel del Coronado)</td>
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<td>1980</td>
<td>Fikry S. Gahin - University of Utah</td>
<td>San Diego, CA (Hotel del Coronado)</td>
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<td>1979</td>
<td>Thomas W. Spear – University of Nevada, Las Vegas</td>
<td>Lake Tahoe, NV (Sahara-Tahoe Hotel)</td>
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<td>1978</td>
<td>Thomas L. Herlin – California State University, Sacramento</td>
<td>Las Vegas, NV (Frontier Hotel)</td>
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<td>1977</td>
<td>Lester I. Tenney – Arizona State University</td>
<td>Las Vegas, NV (Frontier Hotel)</td>
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<td>1976</td>
<td>Oscar N. Serbein – Stanford University</td>
<td>San Francisco, CA (Sheraton at the University)</td>
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<tr>
<td>1975</td>
<td>Lester B. Strickler – Oregon State University</td>
<td>Las Vegas, NV (Frontier Hotel)</td>
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<tr>
<td>1974</td>
<td>--annual meeting held--</td>
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<tr>
<td>1973</td>
<td>J. Howard Widdowson – Portland State University</td>
<td>Santa Clara, CA (University of Santa Clara)</td>
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<td>1972</td>
<td>Jonas E. Mittelman – San Francisco State University</td>
<td>San Francisco, CA (Hilton Hotel)</td>
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<td>1971</td>
<td>Joseph J. Launie – California State University, Northridge</td>
<td>Las Vegas, NV (Frontier Hotel)</td>
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<td>1970</td>
<td>Alfred E. Hofflander – University of California, Los Angeles</td>
<td>Long Beach, CA (California State College)</td>
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<tr>
<td>1969</td>
<td>Nester R. Roos – University of Arizona</td>
<td>Corvallis, OR (Oregon State University)</td>
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<tr>
<td>1968</td>
<td>Oscar N. Serbein – Stanford University</td>
<td>Boulder, CO (Colorado University)</td>
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<tr>
<td>1966</td>
<td>Robert C. Goshay – University of California, Berkeley</td>
<td>Berkeley, CA (UC, Berkeley)</td>
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<tr>
<td>1965</td>
<td>Irving Pfeffer – University of California, Los Angeles</td>
<td>San Francisco, CA (Jack Tar Hotel)</td>
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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; JIP 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 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 3, 2007

4:00 PM – 5:00 PM  
WRJA Board Meeting

5:00 PM – 6:00 PM  
Registration  
(Room: Coronado)

6:00 PM – 8:00 PM  
Opening Reception  
(Room: Coronado)

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Thursday, January 4, 2007

7:45 AM – 12:00 PM  
Sessions Begin and Registration Continues  
ALL PRESENTATIONS IN LIBRARY ROOM

7:45 - 8:30 A.M.  Buffet Breakfast (Imperial/2nd Floor)

8:30 - 10:00 A.M.  SESSION A

   Topic:  Special Session on Insurance Cycles  
   Moderator:  Gene Lai (Washington State University)

   “A Behavioral Model of Insurance Pricing”  
   James Ligon (University of Alabama)  
   Paul Thistle (University of Nevada, Las Vegas)

   “The Effect of Regulation on Underwriting Cycles: The Case of Germany”  
   Thomas Berry-Stoelzle (University of Cologne)  
   Patricia Born (California State University, Northridge)
10:15 A. M. - 12:00 P. M.  
**SESSION B**

**Topic:** Insurer Insolvency and Regulation  
**Moderator:** Arnold F. Shapiro (Pennsylvania State University)

“Alternatives to Cash in Ensuring the Solvency of Defined Benefit Pension Funds”  
Peggy Hedges (University of Calgary)  
Ryan Lee (University of Calgary)  
Norma Nielson (University of Calgary)

“In Search of Greener Pastures:  An Examination of Insurance Company Redomestications”
Michael J. McNamara (Washington State University)  
Stephen W. Pruitt (University of Missouri, Kansas City)  
David R. Kuipers (University of Missouri, Kansas City)

“An Examination of P&C Insurer Solvency in Canada”
Anne E. Kleffner (University of Calgary)  
Ryan B. Lee (University of Calgary)

“The Accuracy of the Estimates of Loss in Profit and Liability Insurance of Israel Insurance Companies - Accounting and Regulation Aspects”
Yoram Eden (College of Management, Israel)

Thursday Presentation Sessions End
8:00 - 9:30 A.M.  SESSION C

**Topic:** Insurance and Reinsurance Contracts  
**Moderator:** Lee Colquitt (Auburn University)

"The Reinstatement Clause within a Reinsurance Contract"  
Bruce Evans (University of Dallas)

"Brownfield Transactions: Identification of Environmental Liability Exposures"  
William J. Warfel (Indiana State University)

"An Examination of Adverse Selection Behavior in the Residual Market"  
Randy E. Dumm (Florida State University)

9:30 – 9:45 A.M.  Coffee Break

9:45 - 10:45 A.M.  SESSION D

**Topic:** Risk Management Education Programs  
**Moderator:** Anne E. Kleffner (University of Calgary)

"A Conversation About Updating the Collegiate RMI Programs Study"  
Lisa Gardner (Drake University)

"Student Perceptions of the Insurance Profession"  
Suzanne Cory (St. Mary’s University)  
Dana Kerr (Ball State University)  
Jerry Todd (St. Mary’s University)

"Literature Review: What Does The Research Say About Teaching RMI in Colleges and Universities?"  
Patricia Cheshier (California State University, Sacramento)

10:45 – 11:00 A.M.  Break
11:00 - 12:30 P.M.  SESSION E

**Topic:**  Insurance Mathematics and Economics  
**Moderator:**  Patty Born (California State Univ, Northridge)

“Application of Game Theory to Pricing of Participating Deferred Annuity”  
Hong Mao (Shanghai Second Polytechnic University)  
Krzysztof M. Ostaszewski (Illinois State University)

“Fuzzy Random Variables based on Probability Distributions with Fuzzy Parameters”  
Arnold F. Shapiro (Pennsylvania State University)

“Assessing the Market Value of Safety Loadings”  
Carole Bernard (University of Waterloo)  
Olivier Le Courtois (EM Lyon Business School)  
François Quittard-Pinon (University of Lyon 1)

“The Optimal Pricing Strategy for an Insurer when Risk Preferences are Stochastically Distributed”  
Martin Nell (University of Hamburg)  
Annette Hofmann (University of Hamburg)  
Philipp Pohl (University of Hamburg)

**Friday Presentation Sessions End**

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**Friday, January 5, 2007**

12:30 – 1:30 P.M.  
WRIA Sponsored Luncheon (Coronado)

1:30 – 2:00 P.M.  
WRIA Annual Business Meeting (Coronado)
7:30 - 8:00 A.M.  Breakfast (Library Room)

8:00 - 9:30 A.M.  SESSION F

Topic:  Property and Liability Insurance
Moderator:  Randy Dumm (Florida State University)

“Driver Negligence vs. Odometer Miles:  Rival Theories to Explain Credit-Score and Like Predictors of Automobile Insurance Claims”
Patrick Butler (National Organization for Women)

“An Exploratory Analysis of Contingent Commission Use by Property/Liability Insurers”
L. Lee Colquitt (Auburn University)  
Kathleen McCullough (Florida State University)  
David W. Sommer (University of Georgia)

“Operating Efficiency and Profitability in the U.S. Property-Casualty Insurance Industry”
Peter M. Ellis (Utah State University)

“Negligence, Ignorance and the Demand for Liability Insurance”
Vickie Bajtelsmit (Colorado State University)  
Paul Thistle (University of Nevada, Las Vegas)

9:30 – 9:45 A.M.  Coffee Break

9:45 - 11:00 A.M.  SESSION G

Topic:  Risk Management
Moderator:  Ryan Lee (University of Calgary)

“Who Self-insures in the Workers’ Compensation Market?”
Mu-Sheng Chang (Temple University)  
Mary A. Weiss (Temple University)

“Market Concentration, Vertical Integration and Bancassurance: Consolidation and the ‘Insurance Middleman’”
Xiaoying Xie (California State University, Fullerton)

“The Fair Premium and Implied Reserves of the Deposit Insurance Fund in Taiwan”
Chia-Ling Ho (Feng Chia University)  
Gene C. Lai (Washington State University)  
Jin-Ping Lee (Feng Chia University)
11:00 – 11:15 A.M. Break

11:15 A.M. - 12:15 P.M. SESSION H

Topic: Insurance Markets
Moderator: David T. Russell (Cal. State Univ, Northridge)

"Consulting Governance - Value Creation in the Insurance Industry"
Ilse Ennsfellner (Ennsfellner Consulting)
Karl Ennsfellner (University of Applied Sciences, Krems)

"Workable Alternatives to Heaped Commissions in the Life Insurance Policy Replacement Transaction"
David T. Russell (California State University, Northridge)

WRIA 41st Annual Meeting Concludes
WRIA

42nd Annual Meeting

January 2008

Hawaii

See You Next Year!

Please visit WRIA or search the Journal of Insurance Issues on the web at:

http://www.wria.org