



2019
Western Risk &
Insurance Association
53rd Annual Meeting

Portola Hotel & Spa
Monterey, CA

January 2-5, 2019

WRIA OFFICERS

(outgoing)

President	Jacqueline Volkman-Wise <i>Temple University</i>
President-Elect	Martin Halek <i>University of Calgary</i>
Secretary/Treasurer	Charles Nyce (Interim) <i>Florida State University</i>
Program Chair	David L. Eckles <i>University of Georgia</i>
Past President	Charles Nyce <i>Florida State University</i>

(incoming)

President	Martin Halek <i>University of Calgary</i>
President-Elect	David Eckles <i>University of Georgia</i>
Secretary/Treasurer	Charles Nyce (Interim) <i>Florida State University</i>
Program Chair	James Hilliard <i>Northern Arizona University</i>
Past President	Jacqueline Volkman-Wise <i>Temple University</i>

Editor: <i>The Journal of Insurance Issues</i>	Yu-Luen Ma, <i>University of North Texas</i> Nat Pope, <i>University of North Texas</i>
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53rd Annual Meeting
Portola Inn & Spa – Monterey, CA

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*The Donald W. Hardigree Memorial
JII Outstanding Paper Award*

- 2018** *What Factors Portend Changes in Household Relative Risk Aversion?* by James Carson, Randy Dumm, Martin Halek, Andre Liebenberg [41 (1): 1-21]
- 2017** *The Influence of Tort Reform on Auto Liability Losses and Premiums* by Patricia Born [40 (1): 61-89]
- 2016** *Advertising Effectiveness for Financial Service Firms: Evidence from the Life Insurance Industry* by Stephen G. Fier and David M. Pooser [39 (2): 137-168]
- 2015** *Is the Risk-based Mechanism Always Better? The Risk-Shifting Behavior of Insurers under Different Guarantee Schemes* by Ming Dong, Helmut Gründl, and Sebastian Schlütter [38 (1): 72-95]
- 2014** *An Examination of the Relative Efficiency of Fraternal Insurers* by Lih Ru Chen and Michael J. McNamara [37 (1): 1-31]
- 2013** *Market Reaction to Potential Federal Regulation of the Insurance Industry* by Stephen G. Fier and Andre P. Liebenberg [36 (1): 1-34]
- 2012** *Exploring the Role of Psuedodeductibles in Auto Insurance Claims Reporting* by Dana A Kerr [35 (1): 1-43]
- 2011** *Macroeconomic Influences on Social Security Disability Insurance Application Rates* by Dana A. Kerr and Bert J. Smoluk [34 (2): 112-150]
- 2010** *Influences of Organizational Structure and Diversification on Medical Malpractice Insurer Performance* by Yu Lei and Joan T. Schmit [33 (2): 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 [32 (1): 78-104]
- 2008** *The Impact of Cash Flow Volatility on Systematic Risk* by Nicos A. Scordis, James Barrese and Ping Wang [31 (1): 43-71]
- 2007** *A Behavioral Model of Insurance Pricing* by James A. Ligon and Paul D. Thistle [30 (1): 46-61]
- 2006** *The Distribution of Property/Liability Insurance in Canada: Costs and Market Structure* by Mary Kelly and Anne E. Kleffner [29 (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 [28 (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 [27 (2): 104-122]
- 2003** *Is Life Insurance a Human Capital Derivatives Business?* By Krzysztof Ostaszewski [26 (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 [25 (1): 63-84]
- 2001** *A Comparison of Large Firm Dominance in Property and Liability Insurance with Major Industries* by Edward Nissan and Regina Caveny [24 (1): 58-73]
- 2000** *Measuring the Value of an Exposure: A Capital Budgeting Approach* by Thomas A. Aiuppa and Lisa Graham [23 (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 [22 (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 [21 (1): 1-22]
- 1997** *Life Insurer Risk Characteristics and the Rating Process* by Steven W. Pottier [20 (2): 111-130]
- 1996** *Solvency Regulation Through Risk-Based Capital and Risk-Based Guaranty Fund Premiums: An Analysis of Incentive Effects* by David W. Sommer [19 (2): 94-106]
- 1991** *The Role of State Guaranty Funds in the Property Casualty Insurance Industry* by Fred B. Power, E. Warren Shows and Richard L. Meyer [14 (2): 51-72]
- 1990** *The Insurer Selection Process by Independent Insurance Agents* by Donald W. Hardigree and Vince Howe [13 (1): 27-46]
- 1989** *Hedging a Credited Rate for a Universal Life Policy* by Robert E. Hoyt [12 (2): 22-37]



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

v.40, No. 2	Yu-Luen Ma, <i>University of North Texas (Co-Editor)</i> Nat Pope, <i>University of North Texas (Co-Editor)</i>
v.34, No. 2	James Barrese, <i>St. John's University</i>
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*

www.insuranceissues.org

Western Risk & Insurance Association A Look Back

Year President - University Affiliation in Office

2019 Martin Halek – *University of Calgary*
 2018 Jacqueline Volkman-Wise – *Temple University*
 2017 Charles Nyce – *Florida State University*
 2016 William L. Ferguson – *University of Louisiana, Lafayette*
 2015 Thomas Berry-Stölzle – *University of Iowa*
 2014 Peggy Hedges – *University of Calgary*
 2013 Karen Epermanis - *Appalachian State University*
 2012 Brenda Wells - *East Carolina University*
 2011 Paul Thistle - *University of Nevada, Las Vegas*
 2010 Ryan B. Lee - *University of Calgary*
 2009 L. Lee Colquitt - *Auburn University*
 2008 David T. Russell - *California State University, Northridge*
 2007 Patricia Born - *California State University, Northridge*
 2006 Randy Dumm - *Florida State University*
 2005 William Feldhaus - *Georgia State University*
 2004 Anne Kleffner - *University of Calgary*
 2003 Gene Lai - *Washington State University*
 2002 William L. Ferguson – *University of Louisiana, Lafayette*
 2001 Beverly J. Frickel – *University of Nebraska, Kearney*
 2000 James M Carson – *Illinois State University*
 1999 Mark S. Dorfman – *Univ. of North Carolina, Charlotte*
 1998 William J. Warfel – *Indiana State University*
 1997 Michael J. McNamara – *University of Memphis*
 1996 Donald W. Hardigree – *University of Nevada, Las Vegas*
 1995 Hamdi Bilici – *California State University, Long Beach*
 1994 Barry B. Schweig – *Creighton University*
 1993 Robert A. Hershberger – *Mississippi State University*
 1992 Milton E. Smith – *Brigham Young University*
 1991 Sandra G. Gustavson – *University of Georgia*
 1990 Jerry L. Jorgensen – *University of Utah*
 1989 Iskandar S. Hamwi – *University of Southern Mississippi*
 1988 Patricia A. Strong – *California State Univ., Sacramento*
 1987 Mark L. Cross – *University of North Texas*
 1986 Kenneth L. Pacholke – *Calif. State Univ., Sacramento*
 1985 August Ralston – *Iowa State University*
 1984 John H. Thornton – *University of North Texas*
 1983 Norma L. Nielson – *University of Southern California*
 1982 Jerry D. Todd – *St. Mary's University, San Antonio*
 1981 Frank W. Taylor – *California State University, Fullerton*
 1980 Fikry S. Gahin - *University of Utah*
 1979 Thomas W. Spear – *University of Nevada, Las Vegas*
 1977-78 Thomas L. Heflin – *California State U, Sacramento*
 1976-77 Lester I. Tenney – *Arizona State University*
 1975-76 Oscar N. Serbein – *Stanford University*
 1974-75 Lester B. Strickler – *Oregon State University*
 1973-74 J. Howard Widdowson – *Portland State University*
 1972-73 J. Howard Widdowson – *Portland State University*
 1971-72 Jonas E. Mittleman – *San Francisco State University*
 1970-71 Joseph J. Launie – *California State U, Northridge*
 1969-70 Alfred E. Hofflander – *Univ. California, Los Angeles*
 1968-69 Nester R. Roos – *University of Arizona*
 1967-68 Oscar N. Serbein – *Stanford University*
 1966-67 Robert C. Goshay – *University of California, Berkeley*
 1965-66 Irving Pfeffer – *University of California, Los Angeles*

Annual Meeting (Site)

Monterey, CA (Portola Inn & Spa)
 Las Vegas, NV (Caesars Palace)
 Santa Barbara, CA (Fess Parker's Doubletree)
 Maui, HI (Wailea Beach Marriott Resort & Spa)
 Scottsdale, AZ (DoubleTree Paradise Valley)
 Napa, CA (Napa River Inn)
 Las Vegas, NV (Caesars Palace)
 Kona, HI (Sheraton Keauhou Bay Resort)
 Santa Barbara, CA (Fess Parker's Doubletree)
 Napa, CA (Napa River Inn)
 Las Vegas, NV (Flamingo Las Vegas)
 Kauai, HI (Sheraton Kauai Resort)
 San Diego, CA (Westin Horton Plaza)
 Santa Barbara, CA (Fess Parker's Doubletree)
 Monterey, CA (Monterey Plaza Hotel)
 Las Vegas, NV (Flamingo Las Vegas)
 Maui, HI (Maui Prince)
 San Diego, CA (Hilton San Diego Resort)
 Santa Barbara, CA (Fess Parker's Doubletree)
 Monterey, CA (Monterey Plaza Hotel & Spa)
 Las Vegas, NV (Monte Carlo Hotel)
 Kaanapali Beach, Maui, HI (Westin Maui)
 Santa Barbara, CA (Fess Parker's Red Lion)
 Monterey, CA (Monterey Plaza Hotel)
 Las Vegas, NV (Treasure Island Resort)
 Honolulu, HI (Ilikai Hotel)
 Newport Beach, CA (Sheraton-Newport)
 Phoenix, AZ (Hilton Suites Hotel)
 Las Vegas, NV (Alexis Park Resort)
 Honolulu, HI (Ilikai Hotel)
 San Diego, CA (Omni Hotel)
 San Francisco, CA (Sheraton Fisherman's Wharf)
 San Antonio, TX (Hilton Palacio del Rio)
 Las Vegas, NV (Holiday Inn Casino)
 Reno, NV (MGM Grand Hotel)
 Newport Beach, CA (Sheraton-Newport)
 Newport Beach, CA (Sheraton-Newport)
 Scottsdale, AZ (Inn Suites Hotel)
 San Diego, CA (Hotel del Coronado)
 San Diego, CA (Hotel del Coronado)
 Lake Tahoe, NV (Sahara -Tahoe Hotel)¹
 Las Vegas, NV (Frontier Hotel)
 Las Vegas, NV (Frontier Hotel)²
 San Francisco, CA (Mark Hopkins Hotel)
 Las Vegas, NV (Frontier Hotel)³
 ----- no annual meeting held in 1973 -----
 Santa Clara, CA (University of Santa Clara)
 San Francisco, CA (Hilton Hotel)³
 Las Vegas, NV (Frontier Hotel)
 Long Beach, CA (California State U, Long Beach)
 Corvallis, OR (Oregon State University)
 Boulder, CO (University of Colorado)
 Berkeley, CA (UC, Berkeley)⁴
 San Francisco, CA (Jack Tar Hotel)⁵

NOTES 1 = annual meeting moved from December to current practice of being held in January; with associated calendar year officer/board terms.
 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 each August in conjunction with another group (e.g., WEA, WFA, ARIA), academic year officers/boards.
 3 = annual meeting actually held in June (joint meetings with *JII*); current WRIA name adopted: June 10, 1974.
 4 = first official annual meeting: August 26, 1966; name had been simplified to the Western Association of Insurance Professors (WAIP).
 5 = Western Association of University Professors of Insurance (WAUPI), organizational meeting and officer election: August 24, 1965.

Wednesday, January 2, 2019

2:30 PM – 4:30 PM
WRIA Board Meeting
Executive Boardroom

5:30 PM – 7:30 PM
WRIA Registration and Welcome Reception
Club Room

Thursday, January 3, 2019

Sessions Begin and Registration Continues
Session Room: *Cottonwood*

7:00 AM - 8:15 AM **Breakfast (*Ironwood*)**

8:15 AM - 9:45 AM **SESSION A**

Risk Management

Moderator: Jacqueline Volkman Wise
(Temple University)

Pre- v. Post-Loss Funding of Natural Disasters: A Multi-Generational Approach

M. Martin Boyer, *HEC Montréal*
Charles Nyce, *Florida State University*

The Role of Insurance in Reducing the Frequency and Severity of Fire Losses

Martin Halek, *University of Calgary*
Mary Kelly, *Wilfrid Laurier University*
Anne Kleffner, *University of Calgary*
David Nickerson, *Ryerson University*

Risk Perception, Risk Aversion, and Risk Management for Nonindustrial Private Forest Landowners: A Field Experiment

Yiling Deng, *University of Central Arkansas*
Ian A. Munn, *Mississippi State University*
Haibo Yao, *University of Central Arkansas*

9:45 AM - 10:00 AM **COFFEE BREAK**

Thursday, January 3, 2019 (cont'd)

Session Room: Cottonwood

10:00 AM - 11:30 AM SESSION B

Taxes and Hedging

Moderator: Charles Nyce (Florida State University)

Borrowing to Fund 401(k) Contributions: A Simple Rule with Examples

David T. Russell, *California State University, Northridge*

Monica Hussein, *California State University, Northridge*

James T. Chong, *California State University, Northridge*

G. Michael Phillips, *California State University, Northridge*

Incorporating Taxation in the Valuation of Variable Annuity Contracts: The Case of the Guaranteed Minimum Accumulation Benefit Rider

Jennifer Alonso-García, *University of Groningen and CEPAR, UNSW Sydney*

Michael Sherris, *CEPAR, UNSW Sydney*

Samuel Thirurajah, *CEPAR, UNSW Sydney*

Andres Villegas, *CEPAR, UNSW Sydney*

Jonathan Ziveyi, *CEPAR, UNSW Sydney*

Portfolio Choice: Familiarity, Hedging, and Industry Bias

Xin Che, *California State University, Fullerton*

Andre P. Liebenberg, *University of Mississippi*

Andrew A. Lynch, *University of Mississippi*

11:30 AM - 11:45 AM COFFEE BREAK

11:45 AM - 1:45 PM SESSION C

Insurer Assets, Capital Structure, and Catastrophe Bonds

Moderator: Xiaoying Xie (California State University, Fullerton)

Insurance Companies and Corporate Bond Holding

John Polonchek, *Oklahoma State University*

Isarin Durongkadej, *Oklahoma State University*

Ali Nejadmalayeri, *University of Wyoming*

Insurance Company Capital Structure Swaps and Shareholder Wealth

James Hilliard, *Northern Arizona University*

James R. Garven, *Baylor University*

Linda Schmid Klein, *University of Connecticut*

Seasonality in Catastrophe Bonds

Markus Hermann, *University of Duisburg-Essen*

Martin Hibbeln, *University of Duisburg-Essen*

Pricing Hurricane Bonds with a Parametric Trigger using a Physically-based Option Pricing Approach

Carolyn W. Chang, *California State University, Fullerton*

Jack S.K. Chang, *California State Polytechnic University*

Yalan Feng, *California State University, Los Angeles*

Friday, January 4, 2019

7:00 AM - 8:15 AM Breakfast (*Ironwood*)

8:15 AM - 9:45 AM CONCURRENT SESSION D

SESSION D-1 (<i>Cottonwood</i>)	SESSION D-2 (<i>Redwood</i>)
<p>Governance and Earnings Management Moderator: James Hilliard (Northern Arizona University)</p>	<p>Technology and Cyber Moderator: Kevin Ahlgrim (Illinois State University)</p>
<p>Who's in the Room? The Boardroom Determinants of CEO Turnover Carol Troy, <i>Tunghai University International College</i> Ellen Rouyer, <i>Tunghai University College of Management</i></p> <p>Women in the Insurance Industry: Does Board Gender Diversity Matter to Insurers? Xin Che, <i>California State University, Fullerton</i> Andre P. Liebenberg, <i>University of Mississippi</i></p> <p>Accounting Discretion and Loss Reserve Discounting: Evidence from Canada Evan M. Eastman, <i>Florida State University</i> David L. Eckles, <i>University of Georgia</i> Mary Kelly, <i>Wilfrid Laurier University</i></p> <p>Product Market Competition and Corporate Earnings Management: Empirical Evidence from the U.S. Property-Liability Insurance Industry Xin Che, <i>California State University, Fullerton</i></p>	<p>The Impact of Telematics on the Insurability of Risks - Effects of Tracking Smartphone Use while Driving as Example Martin Eling, <i>University of St. Gallen</i> Julia Heling, <i>Coburg University of Applied Sciences and Arts</i> Mirko Kraft, <i>Coburg University of Applied Sciences and Arts</i></p> <p>Effects of Smart Home Technologies on Homeowners Insurance- Market, Product Design, and Willingness-to-pay Christian Barb, <i>Coburg University of Applied Sciences and Arts</i> Katharina Klein, <i>Coburg University of Applied Sciences and Arts</i> Mirko Kraft, <i>Coburg University of Applied Sciences and Arts</i></p> <p>Identity Theft in the Internet Age: Evidence from the United States Rajeev K. Goel, <i>Illinois State University</i></p> <p>Cyber Insurance Supply and Performance: An Analysis of the US Cyber Insurance Market Xiaoying Xie, <i>California State University, Fullerton</i> Charles Lee, <i>Columbia University</i> Martin Eling, <i>University of St. Gallen</i> Weili Lu, <i>California State University, Fullerton</i></p>

Friday, January 4, 2019 (cont'd)

9:45 AM - 10:00 AM COFFEE BREAK

10:00 AM - 11:30 AM CONCURRENT SESSION E

SESSION E-1 (<i>Cottonwood</i>)	SESSION E-2 (<i>Redwood</i>)
<p>Health and Adverse Selection Moderator: James Jones (Illinois State University)</p>	<p>Insurance Operations Moderator: Beverly Frickel (University of Central Oklahoma)</p>
<p>The Analysis of the Impact of Cost-Related Factors on Medicare Advantage Health Outcomes Patrick Brocket, <i>University of Texas at Austin</i> Linda Golden, <i>University of Texas at Austin</i> Charles C. Yang, <i>Florida Atlantic University</i> David Young, <i>Florida Atlantic University</i></p>	<p>The Cost of Insurance Intermediaries: Empirical Evidence of Property-Liability Insurance Wen-Yen Hsu, <i>Feng Chia University</i> Gene Lai, <i>University of North Carolina—Charlotte</i> Carol Troy, <i>Tunghai University International College</i></p>
<p>Adverse Selection in Health Insurance: A State-Level Analysis Patricia H. Born, <i>Florida State University</i> E. Tice Sirmans, <i>Illinois State University</i></p>	<p>Determinants of Property Insurance Demand in Slovak Republic: Challenges and Obstacles Tomáš Ondruška, <i>University of Economics in Bratislava</i> Zuzana Brokešová, <i>University of Economics in Bratislava</i> Erika Pastoráková, <i>University of Economics in Bratislava</i></p>
<p>Large Losses and Equilibrium in Insurance Markets Lisa L. Posey, <i>Pennsylvania State University</i> Paul D. Thistle, <i>University of Nevada, Las Vegas</i></p>	<p>Measuring Group Solvency Risks: A Consolidated Economic View Compared with the Regulatory Views Mirko Kraft, <i>Coburg University of Applied Sciences and Arts</i></p>

11:30 AM - 11:45 AM COFFEE BREAK

Friday, January 4, 2019 (cont'd)

11:45 AM - 1:15 PM SESSION F (*Cottonwood*)

Enterprise Risk Management

Moderator: Evan Eastman

(Florida State University)

Enterprise Risk Management and Transparency: Evidence from Insider Trading

James M. Carson, *University of Georgia*

Pei-Han Chen, *University of Georgia*

David L. Eckles, *University of Georgia*

Robert E. Hoyt, *University of Georgia*

Enterprise Risk Management: A Difference in Difference Investigation of Firm Value

James I. Hilliard, *Northern Arizona University*

Anne E. Kleffner, *University of Calgary*

Leo Lu, *University of Calgary*

Does Enterprise Risk Management Spur Corporate Innovation?

Jianren Xu, *University of North Texas*

Xiaoying Xie, *California State University, Fullerton*

**1:15 PM *FRIDAY SESSIONS END*
and *BUSINESS LUNCHEON BEGINS ...***

Friday, January 4, 2019

1:15 – 2:15 PM

**WRIA Sponsored Luncheon
and Annual Business Meeting**

Ironwood

Saturday, January 5, 2019

Session Room: *Cottonwood*

7:00 AM - 8:15 AM *Breakfast (Ironwood)*

8:15 AM - 9:45 AM **SESSION G**

Case Studies and Simulations

Moderator: William Ferguson

(University of Louisiana at Lafayette)

The Risk Management Process and the Failure to Implement the Risk Management Plan: An Illustrative Case

William J. Warfel, *Indiana State University*

Melony Sacopulos, *Indiana State University*

Why Insurers Fail--Lessons Learned from the Failure of HIH Insurance Limited

Ian Campbell, *Property and Casualty Insurance Compensation Corporation*

A Classroom Simulation in Flood Risk and Resilience

Kevin C. Ahlgrim, *Illinois State University*

James Jones, *Illinois State University*

9:45 AM - 10:00 AM **COFFEE BREAK**

10:00 AM - 11:30 AM **SESSION H**

Emerging Issues

Moderator: Martin Halek

(University of Calgary)

Enabling the Transferability of Aging Reserves in the German Private Health Insurance with Blockchain Technology

Christoph Schwarzbach, *Leibniz Universitaet Hannover*

Blockchain Applications in Insurance

Arnold F. Shapiro, *Pennsylvania State University*

Competitive Equilibrium in the Access Economy: The Role of Information Asymmetries in On-Demand Insurance Markets

Alexander Braun, *University of St. Gallen*

Markus Haas, *University of St. Gallen*

WRIA 53rd Annual Meeting Concludes

WRIA
54th Annual Meeting
January 5-8, 2020
Puerto Vallarta, Mexico

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