

WRIA
49th Annual Meeting

**DoubleTree Resort
Paradise Valley
Scottsdale, AZ**

[12 miles from Phoenix SkyHarbor International – PHX]

January 4-7, 2015



2014
***Western Risk &
Insurance Association***
48th Annual Meeting

**Napa River Inn
Napa, CA**

January 5-8, 2014

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

www.wria.org

WRIA OFFICERS

Notes

(outgoing)

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Appalachian State University
- President-Elect** Peggy Hedges
University of Calgary
- Secretary/Treasurer** Thomas Berry-Stölzle
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Appalachian State University

Editor: The *Journal of Insurance Issues* James Barrese
St. John's University

11:30AM - 11:45AM COFFEE BREAK

11:45 AM - 01:15 PM SESSION – II – HATT HALL

Moderator: William Ferguson (*University of Louisiana, Lafayette*)

Market Expectations Following Catastrophes: An Examination of Insurance Broker Returns

Martin Halek, *University of Wisconsin-Madison*
Marc A. Ragin, *University of Wisconsin-Madison*

Automobile Insurance and Driver Ability: Contract Choice as a Screening Device

Paul Thistle, *University of Nevada, Las Vegas*
Lisa Posey, *Penn State University*

Estimating Standing Timber Insurance Demands: A Sample Selection Model Based on Stated Preference Ratings Data

Yi Ling Deng, *Georgia State University*
Ian A. Munn, *Mississippi State University*

WRIA 48th Annual Meeting Concludes

2014 WRIA SPONSORS

48th Annual Meeting
Napa River Inn - Napa, CA

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

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East Carolina University

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Canada Life Fellowship in Personal Financial Planning

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- 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 Psuedeductibles 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]

Wednesday, January 8, 2014

7:00 AM - 8:15 AM **Breakfast (HATT HALL)**

8:15 AM - 9:45AM **SESSION – G1 – HATT HALL**

Moderator: James Barrese (*St. John's University*)

Live Together, Die Alone: An Examination of Catastrophes, Guaranty Funds and Contagion Risk

Anne Kleffner, *University of Calgary*
Mary Kelly, *Wilfrid Laurier University*
Grant Kelly, *Property & Casualty Insurance Compensation Corp.*
Peter Stodolak, *Property & Casualty Insurance Compensation Corp.*

Do Historical Loss Ratios Reveal State Specific Uncertainty to Insurers?

Kevin Ahlgrim, *Illinois State University*
James Jones, *Illinois State University*

What Drives Tort Reform Legislation on General Liability? Economics and Politics of the State Decisions to Restrict Liability Torts

Yi Ling Deng, *Georgia State University*
George Zanjani, *Georgia State University*

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

10:00 AM - 11:30 AM **SESSION – H1 – HATT HALL**

Moderator: Jacqueline Volkman Wise (*Temple University*)

Catastrophe Reinsurance and Bonds: Valuation and Optimum Mix

Carolyn Chang, *California State University, Fullerton*
Jack S.K. Chang, *California State University, Los Angeles*; and *South Western University of Finance and Economics, China*
Min-Teh Yu, *National Chiao Tung University/RIRC, NCCU, Taiwan*

Does One Size Fit All?: Determinants of Insurer Capital Structure Around the Globe

Thomas Berry-Stölzle, *University of Georgia*
Muhammed Altuntas, *Universität zu Köln*
Sabine Wende, *Universität zu Köln*

Product Diversification and Performance in the Financial Industry: FHCs' Expansion into Insurance Activities

Mu-Sheng Chang, *California State University, Northridge*
Elyas Elyasiani, *Temple University*

11:45 AM - 1:15PM CONCURRENT SESSION – F1 – **HATT HALL**

Moderator: Mu-Sheng Chang (California State University, Northridge)

Product Ratings as a Market Reaction to Deregulation: Evidence from the German Insurance Market

Stephanie Meyr, *Ludwig-Maximilians-Universität München*
Sharon Tennyson, *Cornell University*

Adverse Selection in Reinsurance Markets

James Hilliard, *University of Georgia*
James R. Garven, *Baylor University*
Martin F. Grace, *Georgia State University*

A New Approach to Identify the Economic Effects of Disclosure: Information Content of Business Risk Disclosures in Japanese Firms

Yukihiro Yasuda, *Tokyo Keizai University*
Hyonok Kim, *Tokyo Keizai University*

11:45 AM - 1:15 PM CONCURRENT SESSION – F2 – **SILO'S**

Moderator: William Ferguson (*University of Louisiana, Lafayette*)

Enterprise Risk Management and the Cost of Capital

Jianren Xu, *University of Georgia*
Thomas Berry-Stölzle, *University of Georgia*

High Reliability Organization and Enterprise Risk Management: A Journey Together in the Insurance World

Ruchi Agarwal, *University of Edinburgh*
Jake Ansell, *University of Edinburgh*

Does Enterprise Risk Management Effectively Manage Operational Risk?

Yevgeniy Davydov, *Temple University*
Khalid Al Amri, *Sultan Qaboos University, Muscat, Oman*

Editors of the *Journal of Insurance Issues*

(by initial masthead appearance)

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. Hershberger, <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*

Tuesday, January 7, 2014

1:15 – 2:15 PM

**WRIA Sponsored Luncheon
and Annual Business Meeting**

HATT HALL

Western Risk & Insurance Association

A Look Back

Year President - University Affiliation in Office

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. Hershbarger - *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)

Las Vegas, NV (Caesar's 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

10:00 AM - 11:30AM CONCURRENT SESSION – E1 – HATT HALL

Moderator: James Hilliard (*University of Georgia*)

Solvency II's Market Risk Standard Formula: How Credible is the Proclaimed Ruin Probability?

Florian Schreiber, *Universität St. Gallen*
 Alexander Braun, *Universität St. Gallen*
 Hato Schmeiser, *Universität St. Gallen*

Systemic Risk Measures in the Insurance Industry: A Copula Approach

Krupa Viswanathan, *Temple University*
 Hua Chen, *Temple University*
 J. David Cummins, *Temple University*
 Mary A. Weiss, *Temple University*

Insurance and Economic Growth Relationship: Evidence of Non-Linearity

Yen Nguyen, *Monash University, Australia*
 Michael Skully, *Monash University, Australia*
 Katherine Avram, *Monash University, Australia*

10:00 AM - 11:30 AM CONCURRENT SESSION – E2 – SILO'S

Moderator: Paul Thistle (*University of Nevada, Las Vegas*)

U.S. Public Pension Plans: Information and Reforms

Dashle Kelley, *West Virginia University*

Buy and Hold Life Insurance Contract Decisions: Pension Maximization Revisited and the Fair Market Value of Life Insurance Contracts

Randy Dumm, *Florida State University*
 David Eckles, *University of Georgia*

Benchmarking Pension Funds: The Case of Israel

Yorem Eden, *College of Management-Academic Studies (COMAS), Israel*
 Ido Kallir, *Tel Aviv - Yaffo Academic College*

11:30AM - 11:45AM COFFEE BREAK

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 III); 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.

Tuesday, January 7, 2014

7:00 AM - 8:15 AM **Breakfast (HATT HALL)**

8:15 AM - 9:45AM **CONCURRENT SESSION – D1 – HATT HALL**

Moderator: Thomas Berry-Stölzle (*University of Georgia*)

On Individuals' Willingness to Pay for Term Life Insurance

Alexander Braun, *Universität St. Gallen*
Hato Schmeiser, *Universität St. Gallen*
Florian Schreiber, *Universität St. Gallen*

Multi-Population Mortality Model: A Factor Copula Approach

Hua Chen, *Temple University*
Richard MacMinn, *Illinois State University*
Tao Sun, *Temple University*

Life Insurance Settlement and the Monopolistic Insurance Market

Jimin Hong, *Seoul National University*
S. Hun Seog, *Seoul National University*

8:15 AM - 9:45 AM **CONCURRENT SESSION – D2 – SILO'S**

Moderator: Karen Epermanis (*Appalachian State University*)

Undergraduate Risk Management & Insurance Programs: A Blueprint

Brenda Wells, *East Carolina University*

Reinsurance: 30 years after Pritchard & Baird

Bruce Evans, *University of Dallas*

Ethics as Risk Management

David Dick, *University of Calgary*
Norma Neilson, *University of Calgary*
Ryan Lee, *University of Calgary*
Anne Kleffner, *University of Calgary*

9:45AM - 10:00AM COFFEE BREAK

Sunday, January 5, 2014

3:00 PM – 5:00 PM

WRIA Board Meeting

KEIG BOARDROOM (near Hatt Hall)

5:30 PM – 7:30 PM

WRIA Registration and Welcome Reception

SILO'S FOYER

Monday, January 6, 2014

Sessions Begin and Registration Continues

ALL PROGRAMS IN: HATT HALL or SILO'S

7:00 AM - 8:15 AM **Breakfast (HATT HALL)**

8:15 AM - 9:45 AM **CONCURRENT SESSION – A1 – HATT HALL**

Moderator: Peggy Hedges (*University of Calgary*)

An Analysis of State Level Medical Malpractice Insurance Markets

Charles Nyce, *Florida State University*
J. Bradley Karl, *East Carolina University*

The Net Effects of Health and Medical Malpractice Reform

Patricia Born, *Florida State University*
J. Bradley Karl, *East Carolina University*
W. Kip Viscusi, *Vanderbilt University*

**Information Required for Effective Risk Management in Healthcare --
Financial, Administrative, and Clinical**

Philip Caillouet, *University of Louisiana at Lafayette*
William Ferguson, *University of Louisiana at Lafayette*

8:15 AM - 9:45 AM CONCURRENT SESSION – A2 – **SILO'S**

Moderator: David Eckles (*University of Georgia*)

Managing Supply Chain Risks via Insurance Solutions – Current Practices and Challenges

Linda Eggert, *Universität Hamburg*
Annette Hofmann, *Universität Hamburg*
Martin Nell, *Universität Hamburg*

Market Recovery from Catastrophic Events in the Property-Casualty Insurance Market

Ning Wang, *Valdosta State University*
Yiling Deng, *Georgia State University*

Supply-Related Catastrophe Risks: Insurance and Risk Mitigation Strategies

Pamela Hurley, *University of Houston – Downtown*

9:45AM - 10:00AM COFFEE BREAK

10:00 AM - 11:30 AM CONCURRENT SESSION – B1 – **HATT HALL**

Moderator: Randy Dumm (*Florida State University*)

The Association between Earnings Quality and AM Best's Financial Strength Ratings

Daniel Ames, *Illinois State University*
Chris S. Hines, *Missouri State University*
Jomo Sankara, *Illinois State University*

The Affordability of Automobile Insurance

Patrick Schmid, *Insurance Research Council*

What do your Pension and Florida Hurricanes have in common? More than you think!

Peggy Hedges, *University of Calgary*
Ryan B. Lee, *University of Calgary*
David K. Chan, *University of Calgary*

10:00 AM - 11:30 AM CONCURRENT SESSION – B2 – **SILO'S**

Moderator: Brenda Wells (*East Carolina University*)

Performance, Risk, and Governance: Family and Alliance Control

David Pooser, *St. John's University*
James Barrese, *St. John's University*
Nicos Scordis, *St. John's University*
Ping Wang, *St. John's University*

Crisis Sentiment and Insurer Performance

Gregor Weiß, *Technische Universität Dortmund*
Felix Irresberger, *Technische Universität Dortmund*
Fee Elisabeth König, *Technische Universität Dortmund*

Any lessons learned? Using Liability Insurers' Performance in 1980s to Explain Their Performance during the Recent Liability Crisis

Yi Ling Deng, *Georgia State University*
Ning Wang, *Valdosta State University*
Haibo Yao, *Mississippi State University*

11:30AM - 11:45AM COFFEE BREAK

11:45 AM - 1:15PM CONCURRENT SESSION – C1 – **HATT HALL**

Moderator: Ryan B. Lee (*University of Calgary*)

CEO Overconfidence and the Demand for Directors and Officers Insurance

Jacqueline Volkman Wise, *Temple University*
Jeffrey Boles, *Temple University*
Yevgeniy Davydov, *Temple University*

Liquidity Risk and the Demand for Cash: Insurers and Financial Crises

James Hilliard, *University of Georgia*
J. François Outreville, *HEC Montréal*

Organization Structure and Demand for Reinsurance: The Case of Japanese Keiretsu

Noriyoshi Yanase, *Tokyo Keizai University*
Piman Limpaphayom, *Portland State University*

11:45 AM - 1:15 PM CONCURRENT SESSION – C2 – **SILO'S**

Moderator: Charles Nyce (*Florida State University*)

Modeling the Fuzziness in the Analytic Hierarchy Process-- A Risk Assessment Context

Arnold Shapiro, *Penn State University*

Optimal Portfolio Selection when Constrained by Investment in a Mandatory Social Security Asset

Kim Staking, *California State University, Sacramento*

Optimal Capital Allocation: Mean-Variance Models

Krzysztof Ostaszewski, *Illinois State University*
Maochao Xu, *Illinois State University*

1:15PM MONDAY MORNING SESSIONS END
