



International Association for the
Study of Insurance Economics

Geneva Association Information Newsletter

62
July 2010

Insurance Economics

Information for Risk and Insurance Economists

I. GUEST EDITORIAL	1
The Second World Risk and Insurance Economics Congress	
<i>W. Jean Kwon</i> offers a short introduction to the second WRIEC to be held in Singapore on 25-29 July 2010.	
II. INVITED ARTICLE	2
Summary of the 12th Meeting of The Geneva Association's Amsterdam Circle of Chief Economists	
<i>Kai-Uwe Schanz</i> presents a summary of the last ACCE seminar on the topic of insurance and the credit crisis.	
III. ERNST-MEYER PRIZE WINNER	5
IV. INSIGHTS ON THE 2009 GENEVA ASSOCIATION RESEARCH GRANT	7
<i>Experiments on Higher-Order Risks</i>	
V. GENEVA ASSOCIATION PRIZE AND RESEARCH GRANTS	9
Call for Submissions for the Ernst-Meyer Prize 2010 Geneva Association Research Grants	
VI. WINNERS OF THE GENEVA ASSOCIATION / IIS RESEARCH AWARDS	10
VII. CALLS FOR PAPERS	11
14 th Joint Seminar of the European Association of Law and Economics and The Geneva Association Insurance Issues in Regulation and Supervision of <i>The Geneva Papers</i> 38 th Seminar of the European Group of Risk and Insurance Economists	
VIII. CONVENTIONS SUPPORTED BY THE GENEVA ASSOCIATION	13
IX. OTHER CONVENTIONS AND SEMINARS	16
X. RECENT PUBLICATIONS RELATED TO INSURANCE ECONOMICS	21
XI. GENEVA ASSOCIATION PUBLICATIONS	23
XII. GENEVA ASSOCIATION NEWS	25
Report on <i>Systemic Risk in Insurance—An analysis of insurance and financial stability</i> Job opportunity—Research Director on Insurance and Finance	
XIII. SCHEDULE OF CONFERENCES ORGANISED BY THE GENEVA ASSOCIATION	26

The Geneva Association

The Geneva Association is the leading international insurance “think tank” for strategically important insurance and risk management issues.

The Geneva Association identifies fundamental trends and strategic issues where insurance plays a substantial role or which influence the insurance sector. Through the development of research programmes, regular publications and the organisation of international meetings, The Geneva Association serves as a catalyst for progress in the understanding of risk and insurance matters and acts as an information creator and disseminator. It is the leading voice of the largest insurance groups worldwide in the dialogue with international institutions. In parallel, it advances—in economic and cultural terms—the development and application of risk management and the understanding of uncertainty in the modern economy

The Geneva Association membership comprises a statutory maximum of 90 Chief Executive Officers (CEOs) from the world’s top (re)insurance companies. It organises international expert networks and manages discussion platforms for senior insurance executives and specialists as well as policy-makers, regulators and multilateral organisations. The Geneva Association’s annual General Assembly is the most prestigious gathering of leading insurance CEOs worldwide.

Established in 1973, The Geneva Association, officially the “International Association for the Study of Insurance Economics”, is based in Geneva, Switzerland and is a non-profit organisation funded by its members.

For more information please visit www.genevaassociation.org.

Secretary General and Managing Director: Mr Patrick M. LIEDTKE (Insurance and Finance)
Vice Secretaries General: Prof. Jan MONKIEWICZ (PROGRES, Liaison—Eastern Europe)
Mr Walter STAHEL (Risk Management)
Research Director: Dr Christophe COURBAGE (Health and Ageing, Insurance Economics)
Head of Communications: Mr Anthony KENNAWAY
Special Officers: Mr Katsuo MATSUSHITA (Liaison—Japan & East Asia)
Mr Hans Peter WUERMLI (Chairman of CRO Network)
Mr Gordon STEWART (Liaison—North America)

The Research Programme on Risk and Insurance Economics

The research programme on risk and insurance economics comprises the theoretical and academic activities of our organisation.

It is dedicated to making an original contribution to the progress of insurance by promoting studies of the interdependence between economics and insurance and to highlighting the importance of risk and insurance economics as part of the modern general economic theory. Its aim is also to detect and define special aims for research programmes in risk and insurance economics, to stimulate and support academic and professional research work in risk and insurance economics throughout the world, and to diffuse knowledge and the results of research in risk and insurance economics worldwide.

Anyone wishing to be included on the Newsletter mailing list should visit our webpage at www.genevaassociation.org or contact The Geneva Association secretariat at:

Tel. +41 22 707 6600, Fax +41 22 736 7536 or e-mail: secretariat@genevaassociation.org

The Geneva Association Newsletter—Insurance Economics, N° 62, July 2010 Newsletter for the European Group of Risk and Insurance Economists

This Newsletter for Risk and Insurance Economists is published biannually by The Geneva Association as an information and liaison bulletin to promote contacts between economists at universities and in insurance as well as financial services companies with an interest in risk and insurance economics. Any suggestions concerning the content or layout of the newsletter are welcome. Please notify us if you are interested in receiving this publication regularly.

Printed copies: 3,100 copies. Unrestricted circulation. Free of charge.

Editor: Christophe Courbage. Contact at The Geneva Association.

Production: Valéria Kozakova

Download the electronic version from: www.genevaassociation.org

© 2010, International Association for the Study of Insurance Economics, “The Geneva Association”

ISSN: 1605-8259

I. Guest Editorial

The Second World Risk and Insurance Economics Congress

By W. Jean Kwon

The second World Congress to be held in Singapore on 25-29 July 2010, is expected to be more meaningful than the first one. Given that it is organised by academic societies, the World Congress will have most of its events at the campus of Singapore Management University at the heart of the island country. Other societal functions will be held in several facilities (e.g., Chijmes) near the conference venue. Generous corporate sponsorship not only reduces the registration cost to be borne by participants but also lets us offer travel aids for young scholars. The Monetary Authority of Singapore, the *de facto* central bank and financial services supervisory authority, extends its Financial Sector Development Fund programme to eligible participants in Singapore. The Singapore College of Insurance offers the conference-organising service as the official secretariat. It also offers technical assistance for online proposal submission and conference registration. AXA will open its Singapore campus to the conference participants on Tuesday evening.

The conference opens with a keynote address by Mr Heng Swee Keat, Managing Director of the Monetary Authority of Singapore. The organising societies design the programme such that Monday and Tuesday are plenary and concurrent sessions with themes closely related to industry interest and other days have sessions with mainly academic topics. The themes for the plenary sessions are in line with the recent developments in the global economy. In the first session, key policy-makers, including the chairperson of the International Association of Insurance Supervisors, will discuss key issues in market supervision and regulation. Industry leaders will share their experience in the management of the recent global credit risk in one plenary session and of catastrophe risks in another session. A panel comprising academics and industry experts present their views regarding ageing, pensions and longevity risk. An equally important plenary session comes on Thursday during which all of us will discuss openly pedagogical issues in collegiate risk management and insurance education. The organising societies also offer several opportunities, such as "Dining around Singapore," for the participants to get to know each other and to exchange their views in a less formal setting.

Three Scientific Committees with 35 members in aggregate currently review 309 proposals. Given the confidential nature of the work, we do not provide any detailed data by author or institution. Nevertheless, here are some findings of interest. Asia-Pacific Risk and Insurance Association (APRIA) received 160 proposals, American Risk and Insurance Association (ARIA) 94 proposals, and European Group of Risk and Insurance Economists (EGRIE) 55 proposals. Proposals are from 160 institutions in 31 countries. The countries with more than 10 proposals are, in alphabetic order: China, France, Germany, India, Japan, Korea, Switzerland, Taiwan and the U.S. The most popular key words are: risk management (selected by authors of 58 proposals); regulation/public policy/international standards (40); economics/behavioural economics (37); organisational form/efficiency/performance (37); solvency (34); non-life risk modelling/pricing/theory (32); adverse selection/moral hazard/underwriting (31); life risk modelling/pricing/theory (30); non-life market/cultural/product analysis (26); catastrophe risk and its management (25); actuarial pricing/reserving (24); life market/cultural/product analysis (24); insurance firm valuation (23); pension/social insurance/employee benefits (20); reinsurance (20); finance (19); distribution channel analysis/marketing (16); and agency theory (14).

The committees will select about 215 research papers for presentation and discussion throughout 72 sessions of the World Congress. With the financial support of corporate sponsors, including but not limited to AXA Research Fund/Singapore Campus, Munich Re, Swiss Re, Allianz as well as The Geneva Association and its affiliated organisations, the World Congress can reduce the conference registration fee significantly.

In conclusion, the sheer number of proposals and institutions represented at the Singapore World Congress demonstrates that the meeting is a gathering of almost all risk and insurance researchers around the world. To make it better, however, the organising societies and participants would need a stronger participation of researchers in Africa, Central and Latin America, Eastern Europe and the Middle East. It is certain that the 2010 World Congress will be another stepping stone for the continued growth of all the participating individuals and organisations.

II. Invited Article

Summary of the 12th Meeting of The Geneva Association's Amsterdam Circle of Chief Economists, 11 February 2010

By Kai-Uwe Schanz*

Established in 1999, The Amsterdam Circle of Chief Economists (ACCE) is the longest-standing expert network of The Geneva Association. Once a year, chief economists and strategists from Geneva Association member companies gather on this platform which is globally unique. Since its inception, the meetings have been hosted by ING Group in Amsterdam.

The most recent meeting was attended by more than 20 participants, representing Allianz SE, Assicurazioni Generali, BNP Paribas Fortis, ERGO Grubu Holding A.S., the German Insurance Association, Hannover Re, ING Group, the Insurance Information Institute, Munich Re Group, SCOR SE, SegurCaixa Holding, Swiss Re, Tokio Marine Europe Insurance Ltd. and TrygVesta.

Session I: The credit crisis and insurance

The first discussion session was devoted to "The credit crisis and the insurance industry: A global picture of impacts, consequences and lessons (to be) learned". Kicking off a series of regional analyses **Steven Weissbart, Chief Economist at the Insurance Information Institute (III)** presented a North American perspective. Weissbart maintained that the current challenges to industry profitability will continue, given soft underwriting conditions and low interest rates which are not expected to change anytime soon. He presented evidence showing that, for the past two decades, U.S. property & casualty insurers' return on equity (ROE) performance fell short of other industries. Weissbart also came to the sobering conclusion that, over this period of time, insurers consistently failed to earn their cost of capital, except for 2004-2007, resulting in major difficulties in attracting capital. The current low interest rate environment is expected to exert further pressure on investment income and overall profitability. Therefore, the industry can no longer run on its historical combined ratio level of about 100 per cent as such an underwriting performance would translate into an unacceptable ROE of just 4-5 per cent. Insurers' technical results must improve to combined ratios of the low 1990s to earn their cost of capital, Weissbart concluded. Against the backdrop of softening markets and the general recession in 2009, insurance demand in 2007-2009 saw its first three-year decline since 1930-33. At the same time, industry surplus has strongly recovered to almost half a trillion dollars and is expected to set a new record in 2010, further widening the gap between ample capacity and subdued demand. According to Weissbart a major development in the regulatory area is the proposed labelling of certain insurers as "systemically important". Those entities would have to face higher capital and liquidity requirements, more onerous restrictions on the scope of their business activities and additional taxes. However, such a designation could provide them with a distorting competitive advantage due to a bail-out guarantee.

Weissbart's views were complemented by a European perspective from **Freddy van den Spiegel, Chief Economist, BNP Paribas Fortis**. Van den Spiegel first raised the question whether the bancassurance model was dealt a fatal blow by the crisis. In his view, the jury is still out from a fundamental business perspective, whereas a lack of transparency and the scope for regulatory arbitrage as revealed by the financial crisis would suggest the end of the European bancassurance model. Echoing Weissbart, van den Spiegel highlighted the prospect of investment income eroding as a result of the typical asset allocation shifting to government and corporate bonds, largely eschewing equities and raising questions as to the adequacy of this approach from a diversification and return perspective. He finally addressed the regulatory implications of the crisis. The major concern is the future development of the Solvency II project whose original core is increasingly diluted, e.g. through proposed, massively increased capital requirements (driven by banking regulations and the new "Basel III" framework), the withdrawal of previous draft regulations governing group support and supervision, and a general loss of faith in financial models.

A view from Japan and Asia was offered by **Chisato Kojima, CFO, Tokio Marine Europe**. Kojima stressed that the ramifications of the crisis for Japan were largely confined to the "flow economy" level.

* Special Advisor, The Geneva Association.

The crisis did not lead to a surge in corporate defaults and a significant increase in unemployment. The financial system continued to operate as normal, helping to keep the negative consequences for the “stock economy” at very low levels. Japanese financial institutions have learned their lessons from the 1990s, Japan’s “lost decade” and the Asian crisis (1997-98) by enhancing their risk management practices. In line with their conservative business profiles they largely steered clear of (toxic) securitisation products. Turning to the Japanese insurance sector, Kojima emphasised the particularly limited impact of the crisis on the industry. Obviously, as a major institutional investor, insurers were affected by declining asset values. In addition, the crisis-induced deflationary trend is expected to put pressure on top line growth and encourage further industry consolidation. But, all in all, the impact of the crisis was manageable and Japanese insurers weathered the turmoil successfully.

The series of regional perspectives was concluded by **Akin Kozanoglu, CEO, ERGO Grubu Holding**, who provided a specific view from Turkey and the Middle East. First of all, he distinguished between two major effects of the crisis on the region’s insurance companies: significant investment losses in line with overall market development on the one hand and the consequences of the recession which resulted from the financial market turmoil on the other. According to Kozanoglu, investment losses were painful but manageable as Turkish insurers’ exposure to toxic assets was minimal. Kozanoglu further pointed out that Turkey’s insurance industry fared better than the economy as a whole. Growth rates dropped significantly in 2008 and 2009 but remained in positive territory. Even though the industry felt the impact of sharply contracting real estate and automotive markets, the total number of policies kept rising throughout the crisis—a strong indication of the structural and robust growth dynamics of insurance in Turkey. Kozanoglu concluded with some remarks on the Middle East economies. Even though the region suffered a steep decline in GDP growth in 2009, it managed to avoid recession. Having said this, a clear distinction needs to be made between the oil-exporting countries which benefited from recovering oil prices in 2009 and the more diversified economies which displayed a more heterogeneous growth performance.

The **subsequent Q&A session** started off with a discussion about the prospects of the U.S. life insurance industry. It was mentioned that life business is currently rather stagnant, particularly as group business is heavily affected by rising unemployment. However, there are bright spots, too. Guaranteed annuity products, for example, are becoming more popular as uncertainty around 401k schemes grows. Participants also discussed the future of regulation in Europe and mostly agreed that, as a consequence of the crisis, nationalistic approaches by regulators seem to be on the rise, with the protection of domestic policy-holders taking utmost priority. This is in stark contrast to a major lesson from the crisis—the need for an enhanced international cooperation and coordination among regulators. Furthermore, there was a broad consensus that the original core of Solvency II threatens to erode, as group supervision has been withdrawn from the agenda, diversification benefits have been scaled back and capital requirements might be hiked beyond adequate levels.

Session II: Inflation risk—a long-term pressure scenario for insurance companies?

Session II was conducted by **Philippe Trainar, Chief Economist, SCOR SE**. He started by reminding his fellow economists that inflation was a key concern for insurers and reinsurers until the early 1990s, before the world entered a phase of price stability and limited inflationary pressure. Following the financial crisis, however, Trainar believes that inflation is more likely to reemerge as a threat scenario, as monetary and fiscal policies have turned extremely expansionary. Trainar went on by presenting extensive empirical evidence demonstrating that, historically, claims costs tend to rise faster than the Consumer Price Index. In health insurance, for example, this pattern is, among other contributing factors, attributable to the relatively strong market power of suppliers and lower productivity gains in the medical sector. Trainar showed that this picture is consistent for all major insurance markets, including the U.S., France and Great Britain and also holds true for other lines of business such as home and motor insurance. He finally addressed the particularly prominent example of claims inflation in U.S. liability insurance. U.S. tort costs saw dramatic increases during the 1980s and in the early years of this decade, primarily driven by a sharp increase in multi-million dollar jury awards. In general, Trainar believes that the excess inflation observed in the area of claims costs is primarily an institutional problem, as it is specifically prevalent in more or less compulsory lines of business or those exposed to legal changes. The second part of Trainar’s presentation was devoted to the potential consequences of a revival of inflation for the insurance industry. Given the structural reasons for the excess inflation in claims costs, Trainar called for specific improvements in inflation risk management such as the creation of global databases on claims costs in order to enhance transparency, reduce uncertainty and—*ceteris*

paribus—lower capital requirements. Additional areas of inflation risk management include the integration of inflationary “shocks” into extreme risk scenario planning and mapping, investments in inflation-protected assets, more flexible underwriting practices with inflation-conscious clauses for prices and conditions as well as capital requirements which give credit to inflation-mitigating strategies.

During the **subsequent Q&A round**, one participant raised the potentially positive consequences of inflation for life insurance business based on nominal guarantees, such as in Germany, for example. However, there was a general consensus that from a non-life perspective, a surge in inflation is an extremely serious threat scenario. In addition, the competitive effects of inflation were discussed: a shock-like increase in price levels creates significant incentives for new players to enter the insurance business—at the expense of existing players disadvantaged by earlier decisions on pricing and coverage.

Session III: Capitalising insurance companies: New regulatory regimes and changed capital markets

Session III was led by **Dr Michael Menhart, Chief Economist, Munich Re Group**. Based on a sample of 25 companies he demonstrated that shareholders’ funds of reinsurers have recovered from the financial crisis much faster than expected. In US\$, capital levels in Q3 2009 even exceed 2007 year-end levels by 2 per cent. For primary insurers, the situation looks less favourable, with a decline of 13 per cent over the same period of time, primarily due to the heavy impact of the crisis on life insurers and their investment portfolios. As far as the outlook on capitalisation is concerned, Menhart distinguished between cyclical effects (such as the macro-economic environment, the occurrence of large loss events and the underwriting cycle) and structural effects (such as Solvency II, potential systemic risk regulation and the impact of Alternative Risk Transfer (ART) solutions). In his view, the main consideration from an asset management point of view is the expectation of a continuing low interest environment. In terms of large loss events, Munich Re expects the overall upwards trends to continue, despite 2009 being one of the most benign catastrophe years in recent history. Another major determinant of future capital requirements will be Solvency II. There is much uncertainty surrounding the current Quantitative Impact Study (QIS) 5. However, the final outcome of the consultation process is set to lead to solvency levels of European insurers of below 150 per cent, the level resulting from QIS4 in 2009.

During the **Q&A session**, a general consensus emerged that the ART markets are set to remain volatile and held back by structural weaknesses in terms of cost-effectiveness. Some participants also voiced their concern that the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS) could develop from a technical, objective and independent body into a more politicised vehicle.

Session IV: Market distortions—The impact of government action and the consequences in the insurance marketplace

The final session was devoted to the impact of crisis-related government action on competition in insurance markets. According to **Thomas Hess, Chief Economist, Swiss Re**, the bail-out of AIG was the most material competitive distortion triggered by the financial crisis. In Europe, on a much smaller scale, bancassurers ING and Aegon received a government lifeline in order to prevent a wholesale erosion of trust in life insurance. In addition to direct financial support, insurers were helped by regulatory and accounting relief measures. For example, the move from “mark-to-market” to “mark-to-model” accounting was a major boon to companies saddled with illiquid assets. Compared to outright bail-out measures, regulatory and accounting relief resulted in relatively limited distortions of competition. In Hess’ view, the overall positive impact on the industry and capital markets outweighed the negative consequences, e.g. the support of poorly managed companies and the creation of moral hazard. Hess presented a third relevant area of government intervention: the bail-out of banks and direct intervention in capital markets. The rescue of Hypo Real Estate in Germany helped stabilise the huge German market for “Pfandbriefe” (Covered Bonds). The demise of Hypo Real Estate would have battered an entire asset class and severely impacted one of its major investors—the German insurers. In addition, the quantitative easing policies pursued by a number of central banks exerted very positive effects on many asset classes, benefiting insurers as major institutional investors.

Hess concluded that the most recent financial crisis was a systemic event calling for unorthodox answers by governments. Given the dimensions of the crisis, most interventions were probably justified and the cost of inaction would have been incalculable.

During the **subsequent Q&A session**, some participants felt that the quality of regulations was not the root cause of the fate suffered by AIG, but rather the way these regulations were executed. This should be kept in mind by policy-makers in their current efforts to revamp regulatory frameworks. It should also be taken into account by politicians that the core function of insurance—the provision of cover—was never jeopardised during the hard test of the financial crisis. It was also discussed to which extent increased capital charges for market risk and embedded options under Solvency II could constitute a structural competitive disadvantage for life insurers compared with asset managers. Some participants were concerned that life insurers may have to change their products and investment strategies in a way which is not necessarily in the best interest of neither policy-holders nor the economy at large.

During the **closing session, moderated by Patrick M. Liedtke, Managing Director and Secretary General of The Geneva Association**, participants were asked about their key research topics for the future. Four questions of particular interest emerged: How do insurers compete with non-insurers who provide similar services (e.g. asset managers)? How can the industry maintain and improve its access to capital (in light of its poor profitability record)? What can the industry actually insure (e.g. in health care)? What will be the broader role of insurance going forward (in light of changing public expectations)?

III. Ernst-Meyer Prize Winner

The Geneva Association awards the prestigious Ernst-Meyer-Prize for university research work annually, usually in the form of a doctoral thesis, which makes a significant and original contribution to the study of risk and insurance economics. This time, the Ernst-Meyer-Prize 2009 went to Mr Renaud Bourlès for his Aix-Marseille University Economics PhD Dissertation, "Essays on the Stability of Mutual Insurance Agreements". We wish to congratulate him and give our readers the opportunity to learn more about his work.

Essays on the Stability of Mutual Insurance Agreements, by Renaud Bourlès

This PhD dissertation analyses mutual insurance and its stability in three different contexts.

Historically, mutual agreements have been the first instrument used to cope with risk. Starting from benevolent societies in the ancient Greece or guilds in the Middle-Age, reciprocal help and mutual assistance have been first used by people to insure against various risks as fire, robbery or floods. The emergence of private insurance companies is very posterior and definitively arises in Great Britain with fire insurance in the 17th century and the use of external capital. Since then, both organisational forms experienced various successes and none of them really dominates insurance markets. This raises the issue of what drives the preference for one form or the other. Similarly, as mutual forms control health insurance in most European countries and as risk is largely insured with mutual agreements in developing countries it seems worthwhile to study why insurance companies have very low market shares in some countries or sectors. After the description of the main differences between mutual agreements and private insurance and a review of the existing literature, I develop three original contributions on the stability of mutual agreements.

The first chapter of the thesis, "On the Emergence of Private Insurance in Presence of Mutual Agreements", aims at identifying the possible causes of the impossibility for an insurance company to enter a market controlled by mutual agreements. Our approach differs from existing literature as we integrate the investment choices of the company. In this way we integrate a key difference between the two organisational forms in the insurance industry: whereas mutual agreements only rely on internal capital (i.e. policy-holders' capital), private insurers can resort to external capital. Contrarily to the policy-holders of a private company, the members of a mutual insurer therefore bear aggregate risk. However, as a private company commits to a fix coverage, its capital may become insufficient. This risk of insolvency leads to an explicit relationship between capital stock and insurance contracts through the probability of default. Given this interdependence, we are able to characterise the unique optimal choices (in terms of coverage and capital investment) of an entrant company and the conditions favouring or preventing its appearance. Confirming previous empirical studies, this theoretical analysis states that the possibility for a stock firm to rule out a mutual risk-sharing agreement is higher as the size of the insured population and the capital cost are low, and as risk and individual risk aversion are high.

The second chapter “Mutual Insurance with Asymmetric Information: The Case of Adverse Selection” reviews a joint work with Dominique Henriët. It contributes to the existing literature in studying how mutual agreements can deal with anti-selection in the presence of risk heterogeneity. Using mechanism design and contract theory it characterises the optimal agreements that give agents an incentive to reveal their private information on damage probability. To do so, we work in a simplifying framework of two agents with two levels of risk (“low risk” and “high risk”). The first result of this chapter is that, even under asymmetric information, equal sharing of resources may be achievable if heterogeneity is large and/or if risk aversion is low. In this sense, mutual insurance better copes with asymmetric information than private insurance. Whereas asymmetric information always leads to efficiency loss in the case of private insurance (see Rothschild and Stiglitz, 1976 and Stiglitz, 1977), we show that it does not necessarily distort mutual agreements. Our analysis moreover allows to present asymmetric information as a possible explanation of the failure of full risk pooling observed in informal agreements (see Townsend, 1994). Under symmetric information, complete risk pooling (that is the mutuality principle) is sustainable in spite of risk heterogeneity: the allocation only depends on aggregate wealth. We show that this is no longer the case if information about risk is private: under asymmetric information, when equal sharing is not sustainable, the optimal mutual agreements do not prevent agents from bearing residual individual risk. To give high risk agents the incentive to truthfully reveal their type it appears necessary to make ex-post wealth depend on individual realisation.

Finally, the third chapter: “Moral Hazard in Dynamic Insurance, Classification Risk and Prepayment” extends the study of heterogeneous risk exposure through long-term insurance. The use of dynamic contracts allows assessing the impact of moral hazard on the stability of long-term mutual agreements (relative to short-term insurance). We highlight the role of agents' preferences, in terms of prudence and risk aversion, on the stability of mutual dynamic insurance. To do so we define the notion of “foresight” (or “protectiveness”) as the difference between the index of absolute prudence and twice the index of absolute risk aversion. Adding to usual models an effort of primary prevention (that decreases the probability of becoming high risk when old), we show that this notion plays a central role in defining the optimal level of prepayment of premia (i.e. intergenerational insurance) and the optimal incentive compatible classification risk. Our analysis indeed states that moral hazard always increases classification risk (relative to the complete information benchmark) and increases first period premium if agents are “farsighted” (or “protective”). This reveals the tradeoff between primary prevention and (intergenerational) insurance that arises from future uncertainty. As a scope for public action, we also prove that the classification risk can be reduced by a decrease in the cost of prevention (whatever the degree of foresight) or by increasing the effectiveness of prevention when agents are farsighted. With CRRA (Constant Relative Risk Aversion) preferences, it moreover appears that an increase in agents' degree of foresight decreases the premium offered to low risk agents in second period, if the cost of preventive effort is low enough. Then, the more farsighted its policy-holders, the more stable the mutual insurer when confronted to competing companies that offer short-term contracts. To go further in the analysis of comparative foresight, we also specify a utility function that exhibits the suitable property of having a linear reciprocal derivative. With such preferences, we show that an increase in agents' degree of foresight optimally increases first period premium and decreases second period premia. Heterogeneity in behaviour toward risk therefore appears as an alternative explanation of the properties of dynamic insurance contracts observed by Hendel and Lizzeri (2003). We indeed find that such a heterogeneity can explain the different level of prepayment and the fact that contracts with higher levels of prepayment are associated with lower lapsation.

The three contributions presented in this dissertation complete the literature on the stability of mutual insurance agreements. This work allows to identify the parameters favoring the stability of mutual agreements in the case of homogeneous agents and to analyse the consequences of heterogeneous risk exposure. It notably highlights the comparative advantage of mutual organisation in dealing with issues of asymmetric information.

References

- Hendel, I. and Lizzeri, A. (2003) “The Role of Commitment in Dynamic Contracts: Evidence from Life Insurance”, *Quarterly Journal of Economics*, February, pp. 299-327.
- Rothschild, M. and Stiglitz, J. (1976) “Equilibrium in competitive insurance markets: An essay on the economics of imperfect information”, *Quarterly Journal of Economics*, 90, pp. 629-650.
- Stiglitz, J. (1977) “Monopoly, Non-linear Pricing and Imperfect Information: The Insurance Market”, *Review of Economic Studies*, 44, p. 407-430.
- Townsend, R.M. (1994) “Risk and insurance in village India”, *Econometrica* 62 (3), pp. 539-591.

IV. Insights on the 2009 Geneva Association Research Grant

The Geneva Association offers one or two grants for research into risk and insurance economics each year. In 2009, Daniel Wiesen was awarded one of these research grants. We wish to congratulate him and give the opportunity to our readers to learn more about his work.

Experiments on Higher-Order Risks

By Daniel Wiesen¹ in collaboration with Sebastian Ebert

Risk and uncertainty play an important role in many economic decision situations. As a result, understanding individual attitudes towards risk is closely linked to the goal of predicting economic behaviour. It is well known that risk aversion only partially captures individual risk attitudes and numerous behavioural traits (e.g., precautionary and preventive behaviour) are driven by higher-order risk preferences such as prudence or temperance. The two papers presented in the following address this issue by investigating individual attitudes towards risks of higher-order in controlled laboratory experiments.

Risk aversion can be defined as $u'' < 0$ within the expected utility (EU) framework or as a preference for decreases in risk (Rothschild and Stiglitz, 1970). Prudence means $u''' > 0$ within EU or preference for downside risk decreases (Menezes *et al.*, 1980). For example, preferences for positively over negatively skewed risks are related to prudence rather than to risk aversion. Such risks occur frequently in real life. Most insurance contracts, for example, address negatively skewed risks. Positively skewed risks correspond to the risk of a typical lottery ticket.

Prudence exhibits a broad range of important implications on economic behaviour shown within the EU setting. Kimball (1990) coined the term prudence and showed that it is necessary and sufficient for a precautionary savings motive. Recently, prudence has been shown to play an important role for optimal prevention (Eeckhoudt and Gollier, 2005), preventive care decisions (Courbage and Rey, 2006) and insurance demand (Fei and Schlesinger, 2008). Only very few papers have looked at empirical support for prudence, mostly via the precautionary demand for saving (e.g. Dynan, 1993). In a first attempt to use the experimental economics method, Tarazona-Gomez (2004) found weak evidence for prudence relying on an EU setting. The only other, experimental study to test for prudence is put forward by Deck and Schlesinger (forthcoming) who find some evidence for prudence.

Outside the EU setting Eeckhoudt and Schlesinger (2006) showed equivalence of prudence to a preference over a simple lottery pair that is appropriate for experimental testing. Given two equally likely states of the future, a prudent individual prefers to have an unavoidable zero-mean risk in the state where his/her wealth is higher. Equivalently, s/he prefers to have the unavoidable harms of a sure loss and a zero-mean risk in different future states rather than in the same state. In short, prudence shows a type of preference for disaggregation of a sure loss and a zero-mean random variable.

Ebert, S., Wiesen D., 2009. An experimental methodology testing for prudence and third-order preferences. Bonn Economic Discussion Papers No. 21/2009, University of Bonn.

In this paper we introduce a novel experimental method to test individuals for prudence and compare prudence with a preference for a high third moment, referred to as skewness-seeking. The experiment is not based on an EU setting, so the results can be applied within any decision theoretic framework. The methodology allows for a rather general implementation of Eeckhoudt and Schlesinger's prudence lotteries.

In the theoretical part of the paper we show that the skewness of the zero-mean risks drives the statistical properties of the prudence lotteries. This makes them different from simpler lotteries only considering skewness-seeking. A left-skewed zero-mean risk, for example, translates into a higher kurtosis of the lottery aggregating the harms of the zero-mean risk and the sure loss (the imprudent lottery choice). For more on the proper risk apportionment theory and skewness see also Ebert (2010). The theory part also presents a convenient method for lottery calibration in terms of statistical moments that could find application in a broad class of lottery experiments.

¹ Laboratory of Experimental Economics, University of Bonn.

In our experiment, subjects are asked to make choices on Eeckhoudt and Schlesinger's prudence lottery pairs. The new ballot box representation of (the compound) prudence lotteries employed in our study could find application in other experiments on decision-making under risk. As lottery experiments in general are highly sensitive with respect to framing, we conduct robustness tests for our method. We test whether different types of framing affect subjects' decision behaviour concerning the intuition of proper risk apportionment. In particular, a gain-loss framing factor that induces a focal point is rather insignificant. To contrast prudence with skewness seeking, subjects are also asked to make choices on lottery pairs testing for skewness preference.

From the experimental data we observe prudence on the aggregate as well as on the individual level. 65 per cent of subjects' choices are prudent. 47 per cent of individuals are classified as prudent whereas only 8 per cent are imprudent. Although our experimental presentation and the lotteries employed are different from Deck and Schlesinger (forthcoming) the proportion of prudent choices in our experiment is similar to their finding of 61 per cent. The first significant extension to their result is that behavioural data indicate more prudent decisions when the zero-mean risks are left-skewed, indicating also that kurtosis is influential on subjects' choices. The other major finding is that prudence is not sufficiently well captured by skewness-seeking (preference for a high third moment).

Ebert, S., Wiesen D., 2010. Joint measurement of risk aversion, prudence and temperance. Working Paper, University of Bonn.

The purpose of this paper is to *measure* risk aversion, prudence and temperance ($u^{(4)} > 0$ within EU), and to compare their relative importance. Notice that similar to prudence, Eeckhoudt and Schlesinger (2006) define temperance as a preference for the disaggregation of two independent zero-mean risks. Whereas the first paper and that of Deck and Schlesinger test for risk attitudes in a yes-or-no fashion, this paper extends our methodology by investigating the intensity of risk preferences. To the best of our knowledge no empirical comparison of the strength of the different risk attitudes exists and, thus, this paper marks the first step in this direction.

The experimental approach used is a combination of our method with its graphical lottery representation and the multiple price list format which is popular to measure risk aversion (e.g. Holt and Laury, 2002). With our experimental method, outside the EU framework, we elicit premia that make individuals indifferent between the risk-averse (prudent, temperate) and risk-loving (imprudent, intemperate) choice. The lotteries used in the experiment were calibrated such that premia are comparable. Overall 128 subjects, mostly students of the University of Bonn from various fields of study, participated in our computerised laboratory experiment.

The main result is somewhat surprising. Namely, the premium for prudence is significantly higher than that for risk aversion, which in turn is significantly higher than that for temperance. This may suggest that prudence has received not enough attention compared to risk aversion, which itself and its implications are investigated both theoretically and empirically in numerous papers. Moreover, we observe that the well-known gender effect that women are more risk-averse (for an overview see Croson and Gneezy, 2009) extends to risks of higher order.

References

- Courbage, C., Rey, B. (2006) "Prudence and optimal prevention for health risks", *Health Economics*, 15, 1323–1327.
- Croson, R., Gneezy, U. (2009) "Gender Differences in Preferences", *Journal of Economic Literature*, 47, 448–474.
- Deck, C., Schlesinger, H. (forthcoming) "Exploring higher-order risk effects", *Review of Economic Studies*.
- Dynan, K. (1993) "How prudent are consumers?", *Journal of Political Economy*, 101, 1104–1013.
- Ebert, S. (2010) "On higher-order risk preferences, skewness and diversification", *Working Paper*, University of Bonn.
- Eeckhoudt, L., Gollier, C. (2005) "The impact of prudence on optimal prevention", *Economic Theory*, 26, 989–994.
- Eeckhoudt, L., Schlesinger, H. (2006) "Putting risk in its proper place", *American Economic Review*, 96, 280–289.
- Fei, W., Schlesinger, H. (2008) "Precautionary insurance demand with state-dependent background risk", *Journal of Risk and Insurance*, 75, 1–16.
- Holt, C. A., Laury, S. K. (2002) "Risk aversion and incentive effects", *American Economic Review*, 92, 1644–1655.
- Kimball, M. S. (1990) "Precautionary savings in the small and in the large", *Econometrica*, 58, 53–73.
- Menezes, C., Geiss, C., Tressler, J. (1980) "Increasing downside risk", *American Economic Review*, 70, 921–932.
- Rothschild, M., Stiglitz, J. (1970) "Increasing risk: I. A definition", *Journal of Economic Theory*, 2, 225–243.
- Tarazona-Gomez, M. (2004) "Are individuals prudent? An experimental approach using lottery choices", Working Paper, Copenhagen Business School.

V. Geneva Association Prize and Research Grants

Call for Submissions for the Ernst-Meyer Prize 2010

The Geneva Association awards the prestigious Ernst-Meyer Prize for university research work annually, usually in the form of a doctoral thesis, which makes a significant and original contribution to the study of risk and insurance economics. The prize awards **5,000 Swiss Francs**.

The application should include all of the following:

- three hardcopies of the thesis;
- an electronic version (pdf) of the thesis;
- an English language abstract of 1000–1200 words;
- two recommendations (written in English language), each providing a review of the submitted work;
- a curriculum vitae.

Further requirements:

- The thesis should have been accepted by the PhD committee during the 15 months preceding the submission deadline.
- Submissions are possible in one of the following languages: English, French, German, Spanish.
- The deadline for the Ernst-Meyer Prize 2010 is **31 January 2011**.
- Applications should be addressed to: The Geneva Association, “Ernst-Meyer Prize”, General Secretariat, Route de Malagnou 53, CH-1208 Geneva.

The composition of the Judging Committee for the Ernst-Meyer Prize is as follows:

Chairman: Prof. Andreas Richter
Members: Prof. Sandrine Spaeter
Prof. Richard Watt

Geneva Association Research Grants

Every year, the Association offers two grants for research into risk and insurance economics. Each grant is worth 10,000 Swiss Francs and covers a period of 10 months. Suggested themes and subjects are:

Economic theory:

- *Uncertainty: Imperfect information in deterministic versus indeterministic models;*
- *Insurance and risk management in the service economy;*
- *Insurability and economic fundamentals;*
- *Insurability: Privatisation processes and public intervention;*
- *The problem of the reinsurer of last resort;*
- *Credibility theory (in actuarial sciences) and economics of scale;*
- *Comprehensive theories of risk: Defining, comparing and integrating pure risks, financial and entrepreneurial risks;*
- *Fiscal policy, solidarity and private insurance;*
- *Monetary stability and its impact on pure risk management;*
- *Systemic risks, the liability portfolio of insurance and pure risk management;*
- *The changing role of capital in the contemporary service economy with respect to financial institutions;*
- *The economic value of human life.*

Economic practice:

- *Moral hazard and fraud in the management of pure risks and insurance;*
- *Derivatives and their role for insurance on the assets and on the liability side;*
- *Economics of health and medical care;*
- *The development of technology in specific sectors and their impact on the insurability of risks;*
- *Reinsurance markets;*
- *The role of government, risk management and insurance institutions with reference to catastrophic and environmental risks;*
- *Financing the life-cycle, in particular with regard to the increasing life expectancy of those over sixty: The role of insurance and public institutions;*
- *Productive activities, employment and health;*
- *National and international institutions, their impact on regulation and solvency rules in the insurance market (European Union, World Trade Organisation, etc.);*
- *Fiscal policy and reserving for large low frequency risks;*
- *Distribution strategies in insurance;*
- *Emerging markets: Problems and opportunities.*

VI. Winners of The Geneva Association / IIS Research Awards

The organisers, The Geneva Association and the International Insurance Society (IIS) are pleased to announce the winners of The Geneva Association/IIS Research Awards Partnership. Authors of each best-qualified papers win US\$10,000 and have been invited to present their work during the International Insurance Society's 46th Annual Seminar at the Hotel Meliá Castilla, Madrid, Spain, 6-9 June 2010. The two papers along with their abstracts are:

Management Strategies in Multi-Year Enterprise Risk Management, by Dorothea Diers (Provinzial NordWest Holding AG)

In value and risk-based management, strategies should be selected in such a way as to fulfill the requirements on risk-capital coverage with economic capital (e.g. risk limitation) while achieving the highest possible return. One goal is to ensure effective risk diversification, which is hardly possible without the help of internal models. So for example management has to decide which strategy might improve the risk and return situation of a company if not enough risk capital is available—changing the asset allocation by lowering the part of high-risk investments, lowering risk via introduction of deductibles for the policy-holders in storm insurance policies, extending reinsurance cover, or any suitable combination of these or further strategies. We apply a sample model based on empirical data to examine the effectiveness of different management strategies on a non-life insurer's performance indicators such as EVA and return on risk-adjusted capital. With the simulation study we want to encourage the use of multi-year internal models in strategic enterprise risk management and in the ORSA process, which will be required in the new regulatory framework of Solvency II.

The aim of this paper is not only grounded in academic research, but also of high importance for insurance practice. The study wants to give a realistic and helpful idea of multi-year enterprise risk management processes for strategic management of different business segments, such as different lines of business, reinsurance, investments, where capital allocation plays an important role. Moreover the simulation study should give an idea of the ORSA process, which will be required in the new regulatory framework of Solvency II. In addition to practitioners, regulators will also benefit from this paper's results. Since the "use test" will play an important role for the approval of internal models, regulators will check if the internal model is used as a base for management decisions in enterprise risk management and in the ORSA process, whereby both should be based on a time horizon of several years.

Insurance, Systemic Risk and the Financial Crisis, by Faisal Baluch (Commerzbank), Stanley Mutenga (Cass Business School), and Chris Parsons (Cass Business School)

In this paper we aim to provide a comprehensive assessment of the impact of the recent financial crisis on insurance markets and the role of the insurance industry in the crisis itself. We begin by examining some previous "insurance crises", noting that there has never been an "insurance crunch" which parallels the credit crunch that led to the financial crisis and subsequent world recession. We then go on to consider the effect of the crisis on insurance risk—the liabilities arising from contracts which insurers underwrite. We discuss the effects of the crisis on the demand for insurance and on claimant behaviour, identify the lines of insurance which have been most affected by the crisis and attempt to quantify the effect on insurers that write these lines. We then move on to analyse the effects of the crisis on the performance of insurers in different markets sectors (e.g. life and non-life) and in different world markets. We also compare the performance of insurers with that of banks in the same period. We then turn to the question of systemic risk in insurance, which we define in two ways. We aim to assess the extent of systemic risk in insurance and examine the channels through which systemic risk can be transmitted to insurance markets, including the development by insurers of capital markets products, bancassurance activity, participation in structured finance and the trading of risk through reinsurance and retrocession. We conclude that, while systemic risk remains lower in insurance than in the banking sector, it is not negligible and has grown significantly in recent years, partly as consequence of insurers' increasing links with banks and their recent focus on non-(traditional) insurance activities, including structured finance. We conclude by considering the structural changes in the insurance industry which are likely to result from the crisis, including possible effects on "bancassurance" activity, and offer some thoughts on changes in the regulation of insurance markets which might benefit insurance markets and limit the effects of any future crisis on them.

VII. Calls for papers

CALL FOR PAPERS

14th Joint Seminar of the European Association of Law and Economics and The Geneva Association

“Law and Economics of Natural Hazard Management in a Changing Climate”

Innsbruck, 24-25 February 2011

The 14th Joint Seminar of the International Association for the Study of Insurance Economics (The Geneva Association) and the European Association of Law and Economics (EALE) will take place at the Leopold-Franzens-University in Innsbruck on 24-25 February 2011.

The main topic of this seminar will be “Law and Economics of Natural Hazard Management in a Changing Climate”. Any papers dealing with the integrated legal and economic issues of catastrophe risks and climate change are invited. Special consideration will be given to papers that address the issues of:

- Strategies of adaptation to climate change, *including economic and legal rationales for precautionary adaptation policies, efficacy and enforceability of adaptation programmes at different levels of governance.*
- Insurance of natural hazards and climate change, *including issues of insurability, standardisation and quality control of climate modelling, risk management solutions, markets and the role of the State, etc.*
- International institutional comparison of risk management systems for extreme events, *encompassing all elements of the disaster management cycle, including private prevention, resilience infrastructures and institutions of risk transfer such as catastrophe funds.*
- Comparison of different instruments of natural hazard management and insurance, *including efficacy and enforceability of the different elements of the disaster management cycle, e.g., public risk information, re-location of existing settlements, purpose and limits of risk classification, experience rating, etc.*
- Liability for natural hazards and climate change, *including issues of attribution, standards of care owed by private entities and the State, as well as remedies (in particular damage assessment).*

Abstracts should be submitted by **15 September 2010** for review by a scientific board at the University of Innsbruck. Full papers are due by 31 January 2011. A selection of papers from the seminar will be invited for publication in *The Geneva Papers on Risk and Insurance—Issues and Practice*.

The seminar is jointly organised by Bernhard A. Koch (University of Innsbruck), Reimund Schwarze (University of Innsbruck/Climate Services Center, Hamburg) and Hannelore Weck-Hannemann (University of Innsbruck).

Contact: Hannelore Weck-Hannemann, University of Innsbruck, Universitaetsstr. 15, A-6020 Innsbruck, Austria. Tel: (+43-512) 507-7153. E-mail: hannelore.weck@uibk.ac.at

CALL FOR PAPERS

The Geneva Association is pleased to announce a special volume on
Insurance Issues in Regulation and Supervision of
The Geneva Papers on Risk and Insurance – Issues and Practice

April 2011

We encourage you to submit contributions related to insurance issues in regulation and supervision on subjects including, but not limited to:

- New developments in the regulation and supervision of financial services;
- Risk governance and solvency requirements for insurers;
- International standard settings;
- Insurance guarantee funds, capital and collateral requirements;
- Legal aspects in insurance;
- Financial services liberalisation;
- International trade issues in insurance.

Suggestions for other topics may be considered by the editors.
 All contributions will go through a refereeing process.

Papers should be submitted electronically via the website of *The Geneva Papers*
 (<http://gpp.msubmit.net/cgi-bin/main.plex>) by **16 August 2010** at the latest.

For further information on this special issue, please contact Samantha Solida at samantha_solida@genevaassociation.org.

CALL FOR PAPERS

38th Seminar of the European Group of Risk and Insurance Economists

(<http://www.egrie.org>)

Vienna (Austria), 19-21 September 2011

The 38th Seminar of the European Group of Risk and Insurance Economists (EGRIE) will take place in Vienna, Austria, on 19-21 September 2011. **Alexander Muermann** (Alexander.Muermann@wu.ac.at) is the local organiser.

Papers can be on any topic in Economics, Finance or Management Science as related to risk and insurance.

On the occasion of the seminar, the 2011 Geneva Risk Economics Lecture will be delivered by **Louis Eeckhoudt**.

The scientific programme committee for this meeting is composed of **Ray Rees (chairman)**, **Johana Etner** and **Joerg Schiller**. Completed papers or detailed abstracts should be submitted by **15 April 2011** in WinWord or PDF format to Ray Rees by e-mail (ray.rees@lrz.uni-muenchen.de) or by standard mail at the following address:

Ray Rees, Department of Economics, University of Munich, Ludwigstrasse 28/III VG, DE-80539 Munich

Acceptance or refusal of papers will be communicated by the end of May 2011.

The seminar is sponsored by The Geneva Association.

VIII. Conventions Supported by The Geneva Association

2nd Climate Change and Insurance Seminar

Climate Change—Opportunities for Latin American Insurers? Mitigation and adaptation solutions and health issues

27-28 September 2010
São Paulo, Brazil

hosted by Allianz Seguros do Brazil

Climate Change brings new risks but also new opportunities for the insurance sector. Most of the present research and publications are Euro-centric, but the impact of Climate Change on the Latin American and Caribbean (LAC) region could be severe and disproportionate with regard to its per capita GHG emissions.

The Seminar will focus on the impact of extreme weather events and will be structured into four workshops over two days. It will address the following topics:

- Climate change (politics) after COP15 Copenhagen with a focus on adaptation and mitigation;
- Potential impacts of climate change and extreme weather on the LAC economy, and the role of insurance in mitigation and adaptation;
- Potential impacts of climate change on the health of LAC populations (new diseases, water supply, agriculture and food, etc...);
- Potential contributions by the insurance industry and micro-insurance to improve the health situation of the LAC populations in both urban and rural areas.

If you would like to participate, please contact the secretariat of The Geneva Association at secretariat@genevaassociation.org.

7th International Liability Regimes Conference

19-20 October 2010, London

“Exploring Environmental Liability: An Open Flank for Insurers and Their Clients”

hosted by RSA

This annual series of conferences is dedicated to the challenges insurers and reinsurers face in coping with emerging conditions in the world's liability regimes.

Strategic scope of the conference:

- Look at environmental litigation case studies and climate litigation case studies to identify causation, characteristics and parties involved in order to assess the impacts on insurance business.
- Examine various environmental liability trends and scenarios proposed by governments, NGOs and regulatory organisations to identify the opportunities and implications of the various outlooks.
- Discuss underwriting and evolution of environmental liability to reach an informed overall group assessment of the likelihood of various approaches.
- Shed light on new developments and special challenges concerning directors and officers liability insurance.

For further information, please contact The Geneva Association Secretariat at:
Tel. +41 22 707 66 00, Fax. +41 22 736 75 36, Email secretariat@genevaassociation.org.

7th Geneva Association Health & Ageing Conference**U.S. and French Long-term Care
Insurance Markets Development****18-19 November 2010
Paris***co-organised with Willis Re*

The U.S. and France are the two most developed long-term care insurance markets. Whilst these two markets differ in various respects, both will be impacted by new reform proposals.

The aim of the conference is to better understand the differences and similarities of these two major long-term care funding approaches.

The conference will address the respective market situations, public reforms to be implemented and product innovation perspectives, from both the U.S. and French views, through the following sessions:

Session 1. Individual LTC risk profiles and supply of LTC services

- Individual LTC needs and LTC risk factors;
- Care environment and LTC providers.

Session 2. Markets and products for LTC

- Market trends, type of products, underwriting;
- Marketing, distribution;
- Market successes and challenges.

Session 3. Actuarial and technical issues in LTC insurance

- Insurance pricing, valuation, capital requirements;
- Risk monitoring, ALM management, reinsurance.

Session 4. National perspectives in financing LTC

- Regulation and legal framework;
- Public reforms, articulation public benefits/private insurance.

Session 5. Future perspectives: products, services and models

- Product evolutions, distribution perspectives;
- Services and technology, innovations;
- Medium/long-term perspective in risk monitoring;
- Model/approaches evolutions; Convergences? Divergences?

Should you be interested in contributing to or participating in this conference, please contact christophe_courbage@genevaassociation.org and pierre.yves.le.corre@wgsre.com

**Italian AXA Forum 2010
The Paradigms of Value**

**Future, Finance, Trust, Facts. Challenges for financial and insurance industry
between reality and perception**

12 October 2010, Rome

organised by Montepaschi Vita in partnership with The Geneva Association and ANIA

The Italian AXA Forum originates from a joint initiative of 2002 between Montepaschi insurance group and The Geneva Association. In 2005, the National Association of Insurance Companies (ANIA) joined as an organisation partner. From 2010 the AXA MPS Forum turns into the Italian AXA Forum.

The idea is to contribute with greater commitment to further delve into “frontier” issues and open debate upon the key role of insurance and financial institutions in protecting society, dealing and managing medium/long-term risks, an approach which is even more important in the current crisis context.

This year edition wants to focus the possible and future insurance scenarios in the new finance era. During the crisis, the insurance sector, thanks to the long-term view underlying most of its activities and to the integrity of its risk management, has displayed with a very few exceptions strong resilience confronting the systemic risks which have deeply impacted the financial and real economy. Despite this, the insurance sector has not managed, if it has not been able, to make itself widely known as a mainstay of financial stability nor has it emerged in the public opinion as one of the healthy pieces in a system partially ill.

For further information, contact the conference secretariat, Antonella Sergenti, Montepaschi Vita, Tel. +39.06.50870553, E-mail: a.sergenti@mpv.it.

6th Chief Risk Officers Assembly

24-25 November 2010, Munich

jointly organised with MunichRe

CRO Assemblies are open to a larger audience of Chief Risk Officers (CROs) from insurance, banking and industry as well as insurance associations. Their objectives are to disseminate the knowledge gained and to discuss the issues identified by the CRO Forum and the ART of CROs workshops with a larger audience of risk management professionals.

The CRO Assemblies are organised by The Geneva Association in association with major insurance and re-insurance companies. Registration is on a first-come-first-served basis.

For further details, please contact Walter Stahel, Head of The Geneva Association Risk Management Research, walter_stahel@genevaassociation.org.

7th International Insurance and Finance Seminar of The Geneva Association

6-7 December 2010, London

hosted and co-organised by Prudential Plc

The seminar is the seventh in a series of annual meetings that are linked to The Geneva Association's Financial Directors' Network. The seminar brings together selected financial executives from the international insurance sector and executives from the wider financial community and government with a close interest in insurance. The style of the seminar is to facilitate an exchange of views and experiences on a number of financial policy issues of current importance.

The seminar will comprise a limited number of participants to guarantee an active exchange of opinions and animated discussions. Should you want to contribute to or simply participate in this conference, please contact The Geneva Association at secretariat@genevaassociation.org.

IX. Other Conventions and Seminars

6th International Longevity Risk and Capital Markets Solutions Conference

9-19 September 2010

Sydney, Australia

Swiss-Grand Resort & Spa, Bondi Beach

*hosted by the Australian Institute of Population Ageing Research
in the Australian School of Business, UNSW*

The 6th International Longevity Risk and Capital Markets Solutions Conference is the major international conference bringing together leading international industry and academic minds as well as policy-makers to meet and discuss not only the assessment of longevity risk, but also the market and government developments and responses needed by pension funds and insurance companies to manage this risk. The upcoming conference in Sydney, Australia on 9 and 10 September is the sixth following the highly successful events over the last five years in London, Chicago, Taipei, Amsterdam, New York and now Sydney. Given the attractive location, attendance at the Sydney conference is expected to be strong, including participants from Asia, U.K., Europe and the Americas. The key themes of Longevity 6 are “Reinsurance and Financial Markets Solutions” and “Government Role, Public and Private Market Solutions”. There will be plenary sessions on these themes along with a panel discussion.

There will be a number of international plenary speakers including John Fitzpatrick (Director of the Life and Longevity Markets Association (LLMA), Director of Pension Corp), Guy Coughlan (JP Morgan London Life Metrics), Morton Lane (LaneFinancial Chicago), Ross Jones (Member and Deputy Chairman of APRA, President of the International Organisation of Pension Supervisors, Deputy Chairman of the OECD Working Party on Private Pensions), Martin Clarke (Executive Director of Financial Risk, Pension Protection Fund, U.K.), Trevor Thomas (Personal and Retirement Income Division, Australian Treasury), Eytan Sheshinski (The Hebrew University, Jerusalem and Princeton University, Department of Economics and Woodrow Wilson School), John Piggott (Professor of Economics, Australian School of Business and Director AIPAR) and David Blake (Professor of Pensions Economics and Director of the Pensions Institute, Cass Business School). There are 40 papers expected to be presented by leading researchers and practitioners from around the world including the U.S., Europe (Germany, Netherlands, U.K., Switzerland) and Asia (Australia, Taiwan, Hong Kong)

Special Issue of *The Geneva Papers on Risk and Insurance—Issues and Practice*

The Geneva Papers on Risk and Insurance—Issues and Practice will publish a **dedicated Issue** of selected papers presented at the conference in October 2011. All papers will be subject to the journal review process. The editors for this issue will be:

Christophe Courbage (The Geneva Association), John Piggott (UNSW), Richard MacMinn (Illinois State University), David Blake (Cass Business School and Pensions Institute), Michael Sherris (UNSW).

Details of the conference are at the web site: <http://www.longevity-risk.org>

Registration for the conference is online (early-bird rate until 30 July 2010) at: <http://www.longevity-risk.org/registration.html>.

Society of Risk Analysis 2010 Annual Meeting

5-8 December 2010, Salt Lake City, Utah

For further information, please visit http://www.sra.org/events_2010_meeting.php.

2010 Western Risk and Insurance Association's Annual Meeting

January 2011, Santa Barbara, California

For further details visit: www.wria.org/index.html.

3rd round of Microinsurance Research Grants and Fellowships

[The Microinsurance Innovation Facility](#) and the European Development Research Network ([EUDN](#)) invite academics and other researchers to submit proposals for research that will contribute new knowledge to support microinsurance development in developing countries. The **proposals for research grants** should follow the guidelines at:

(<http://www.ilo.org/public/english/employment/mifacility/activities/research/grants.htm>) and be sent to microinsurance@fundp.ac.be by **30 September 2010 at 12 p.m.** (noon) Central European Time.

Besides the research grants, the Microinsurance Innovation Facility is opening a window of **research fellowships** for academics and researchers from both developed and developing countries. The fellows will be placed with Facility innovation partners to help evaluate projects, to fulfill their own research interests and to gain practical field experience. Expressions of interest following [the guidelines](#) are to be sent to microinsuranceresearch@ilo.org by **13 August 2010**.

2010 Southern Risk and Insurance Association's Annual Meeting

**21-23 November 2010
Embassy Suites Hotels
Charleston, South Carolina, U.S.**

You are encouraged to submit a proposal to present research findings at the 2010 meeting of the Southern Risk & Insurance Association (SRIA). Papers on any risk or insurance-related topic are welcome. Specific subject areas include, but are not limited to, insurance law or regulation, public policy, economics, finance, healthcare, international issues, employee benefits, or risk management.

Please submit an executive summary (not exceeding three pages) that describes the purpose, expected results, and importance of the research. The names and affiliations of all co-authors, with telephone and fax numbers and e-mail address (if available) of the designated contact person, should be provided on a separate cover page attached to the proposal. Proposals from doctoral students are encouraged.

The deadline for submission is **2 August 2010**. This deadline will not be extended.

Proposals may be submitted via regular mail, fax, or e-mail. However, electronic proposals are preferred and should be submitted as a Word attachment. Submission should be sent to:

Cassandra R. Cole, SRIA Program Chair Associate Professor and Waters Fellow in Risk Management and Insurance Department of Risk Management/Insurance, Real Estate, & Business Law College of Business:

Florida State University
821 Academic Way
PO Box 3061110 Tallahassee, FL 32306-1110 Phone: 850-644-9283
Fax: 850-644-4077 Email: ccole@cob.fsu.edu
For more information about SRIA, please visit: www.southernrisk.org

ANNOUNCEMENT

Microinsurance Conference

9-11 November 2010, Manila

The Center for The Economic Analysis of Risk (CEAR) at Georgia State University, the Munich Re Foundation and the Microinsurance Network invite academic scholars to present research in the scientific track of the 6th Annual International Microinsurance Conference. This is the second year the International Microinsurance Conference will have a scientific track, and the organisers hope to build on last year's success. The objective is to bring academic researchers together with practitioners and policy-makers to consider the manner in which theory and empirical evidence can inform the debate over the structure and evaluation of microinsurance schemes in developing countries. Although we welcome submissions in any area of microinsurance, in this call for proposals we have two specific themes:

- The failure of insurers to increase take-up rates in some microinsurance schemes, and what can be done to improve the design and performance of other schemes.
- The design of controlled experiments to evaluate alternative microinsurance schemes.

Other topics that are of interest include (but are certainly not limited to):

- effective control of adverse selection and moral hazard in microinsurance schemes;
- impact of microinsurance on health, economic and social outcomes;
- relationship between microinsurance and investment incentives;
- effectiveness and sustainability of microinsurance schemes;
- distribution mechanisms;
- informal risk-sharing mechanisms and the interplay with and transition to formal markets for coping with risk;
- consumer literacy and understanding with respect to concepts on insurance;
- consumer protection in microinsurance markets;
- relationship to microfinance programmes;
- regulatory policy that leads to improvement in outcomes.

Further Details

The conference is hosted by the Munich Re Foundation and the Microinsurance Network, supported by GTZ/BMZ, the Department of Finance of the Philippines, and the Center for the Economic Analysis of Risk at Georgia State University.

Additional information is online at www.microinsuranceconference.org/2010.

32rd U.K. Insurance Economists' Conference **Nottingham University Business School**

13 – 14 April 2011, Jubilee Campus, Nottingham

The U.K. Insurance Economists' Conference provides a relaxed forum where insurance practitioners and academics can discuss, with vigour, those issues of interest to economists and/or strategists working in the areas of insurance, risk, or personal financial services. Papers are welcome from both academics and practitioners, and the programme tries to maintain a balance between the two.

For further information, please visit www.nottingham.ac.uk/business/Seminars.html.

CALL FOR PAPERS

Risk Theory Society Seminar

15-17 April 2011

University of Arkansas-Little Rock, Little Rock, Arkansas, U.S.

The Risk Theory Society is a group of theoretical and applied researchers in the areas of risk management, insurance economics, financial economics related to insurance markets, actuarial science, and more generally in the economic analysis of risk and uncertainty. Membership in the Society is earned by presenting a paper at the annual seminar and forfeited by missing two consecutive meetings.

The Risk Theory Society invites submissions for its annual seminar. Five-page abstracts, or more completed drafts, on topics in the economics of risk and insurance, are due on **15 December 2010**.

The programme committee will notify authors of accepted papers by 18 January 2011, or soon thereafter. Accepted papers must be completed and sent for posting on the Risk Theory Society web page by 16 March 2011. Each paper accepted for the meeting is given one hour and fifteen minutes for presentation and defense by the authors. The first twenty minutes of that time are reserved to be free of interruption other than for questions of clarification. After the grace period, discussion is typically vigorous.

Submissions should be e-mailed as attachments in pdf by 15 December 2010, to Professor George Zanjani, at gzanjani@gsu.edu.

More information about the society, including past programmes, is available at <http://aria.org/rts>

NEW INSURANCE JOURNAL

Insurance Markets and Companies: Analysis and Actuarial Computations

Insurance Markets and Companies: Analysis and Actuarial Computations (ISSN: 2078-2454) is issued quarterly in English and published by Business Perspectives.

The main purpose of the journal is to develop the theoretical and methodical provisions with regard to insurance statistics and insurance mathematics, to illustrate the practice use of statistical and mathematical tools in the insurance companies' activity.

The journal invites ARIA members to submit a paper for publication. The journal applies double-blind review. Papers are referred by at least two experts. A decision is rendered in about one month. Please note there is a submission fee if the paper is accepted.

For additional information about the journal and its Editorial Board, refer to <http://www.businessperspectives.org/content/view/125>.

CALL FOR ABSTRACTS

The Dutch International Congress on Insurance Medicine

In 2010 the Dutch Society for Insurance Medicine (NVVG) and the Dutch Association of Medical Officers in Private Insurances (GAV) again will organise a two day congress, with one international day in English. The congress is intended for medical officers, insurance medical officers in public insurances, occupation health physicians and others interested in this particular field.

The organising committee invites you to submit abstracts for a podium or poster presentation at our congress, to be held in the Netherlands, on 11 November 2010 (international day).

Abstracts for podium and poster presentations should focus on the topic of insurance medicine. Clinical topics with insurance medicine aspects are also welcome.

Abstracts should be no longer than 400 words and will be juried. Submissions will be accepted up to the deadline of 1 July 2010.

Authors will be notified of the status of their acceptance on or before 1 August 2010. Podium presentations will be 30 minutes in length. Selected authors will be offered free congress attendance and accommodation.

Abstracts for the DICIM 2010 will only be accepted online. Please email your abstract to abstracts@vgdagen.nl. If you have any questions, look on www.vgdagen.nl or please email: info@vgdagen.nl.

The Association of Insurance Compliance Professionals (AICP) college scholarships

The AICP scholarship programme presents three US\$1,000 scholarships annually for tuition and fees (made directly to an accredited educational institution) to selected recipients in an effort to further insurance education, and encourage, support, and reward college students who have an interest in insurance as a career or a business-related field. Scholarships are not renewable; however, a recipient may reapply.

At a minimum:

An undergraduate applicant must be a full-time student, as defined by the accredited educational institution the applicant is attending, and must have completed the first year and one semester of the second year in that educational institution.

A graduate applicant must be taking at least two courses at an accredited educational institution and must have completed four graduate credit courses in his/her chosen programme.

The applicant's status must meet the above requirements for the term subsequent to when the scholarship is awarded. Applicants must have declared his/her major course work to be in the field of Insurance, Actuarial Science, Economics, Finance, Management, Mathematics, Risk Management, Statistics, or a business-related field.

For an application and information, please visit the website below or call 703-234-4047.

<http://www.aicp.net/careercenter/scholarship.cfm>.

X. Recent Publications Related to Insurance Economics

Journals

The Journal of Risk and Insurance

June 2010—Vol. 77 Issue 2

FEATURES ARTICLES

- Separation of Ownership and Control: Implications for Board Composition, *by Enya He, David W. Sommer*
- Compensation and Board Structure: Evidence From the Insurance Industry, *by David Mayers, Clifford W. Smith*
- Insurer Reserve Error and Executive Compensation, *by David L. Eckles, Martin Halek*
- Market Reaction to Regulatory Action in the Insurance Industry: The Case of Contingent Commission, *by Jiang Cheng, Elyas Elyasiani, Tzu-Ting Lin*
- Come Rain or Shine: Evidence on Flood Insurance Purchases in Florida, *by Erwann O. Michel-Kerjan, Carolyn Kousky*
- Estimation of Housing Price Jump Risks and Their Impact on the Valuation of Mortgage Insurance Contracts, *by Ming-Chi Chen, Chia-Chien Chang, Shih-Kuei Lin, So-De Shyu*
- Individual Annuity Demand Under Aggregate Mortality Risk, *by Roman N. Schulze, Thomas Post*
- Optimal Multiperiod Asset Allocation: Matching Assets to Liabilities in a Discrete Model, *by Hong-Chih Huang*
- An Optimal Product Mix for Hedging Longevity Risk in Life Insurance Companies: The Immunization Theory Approach, *by Jennifer L. Wang, H.C. Huang, Sharon S. Yang, Jeffrey T. Tsai*
- On Pricing and Hedging the No-Negative-Equity Guarantee in Equity Release Mechanisms, *by Johnny Siu-Hang Li, Mary R. Hardy, Ken Seng Tan*

March 2010—Vol. 77 Issue 1

SPECIAL ISSUE ON HEALTH INSURANCE

- Introduction to the Special Issue on Long-Term Care Insurance and Health Insurance, *by Georges Dionne*

FEATURE ARTICLES

- The Health Insurance Reform Debate, *by Scott E. Harrington*
- Testing for Adverse Selection in Insurance Markets, *by Alma Cohen, Peter Siegelman*
- The Effects of Consumer-Directed Health Plans on Health Care Spending, *by Anthony T. Lo Sasso, Lorens A. Helmchen, Robert Kaestner*
- The Effects of Offering Health Plan Choice Within Employment-Based Purchasing Groups, *by M. Kate Bundorf*
- Implications of the Interaction Between Insurance Choice and Medical Care Demand, *by Richard Dusansky, Çağatay Koç*
- Flexible Spending Accounts and Adverse Selection, *by James H. Cardon*
- Multifactorial Genetic Disorders and Adverse Selection: Epidemiology Meets Economics, *by Angus Macdonald, Pradip Tapadar*
- Incentives for Voluntary Disclosure of Quality Information in HMO Markets, *by Kyoungrae Jung*
- Medical Insurance Coverage and Health Production Efficiency, *by Laurie J. Bates, Kankana Mukherjee, Rexford E. Santerre*
- Evaluating Permanent Disability Ratings Using Empirical Data on Earnings Losses, *by Jayanta Bhattacharya, Frank Neuhauser, Robert T. Reville, Seth A. Seabury*

Risk Management & Insurance Review

Spring 2010—Vol. 13, Issue 1

FEATURED ARTICLES

- How Insurance Brokers Create Value—A Functional Approach, *by Peter Maas*
- First-Party Versus Third-Party Compensation for Automobile Accidents: Evidence From Canada, *by Mary Kelly, Anne Kleffner, Maureen Tomlinson*
- A Growth Theory for the Insurance Industry, *by Milton Nektarios*
- The Effect of Data Breaches on Shareholder Wealth, *by Kevin M. Gatzlaff, Kathleen A. McCullough*

PERSPECTIVES ARTICLES

- Technology's Effect on Property–Casualty Insurance Operations, *by Robert Puelz*
- Insurance Company Employees' Financial Expertise and Practices: Implications on Benefit Participation and Satisfaction, *by Mark L. Power, Tahira K. Hira*

EDUCATIONAL INSIGHTS

- A Gentle Introduction to Risk Aversion and Utility Theory, *by David A. Cather*
- Risk Management Case Project, *by Robert E. Hoyt, Randy E. Dumm, Kathleen A. McCullough*
- Relative Risk Aversion as an Arc Elasticity, *by Joseph G. Eisenhauer*

Asia-Pacific Journal of Risk and Insurance

Vol. 4, Issue 2, Spring 2010

- A Reexamination of the Relationship between Organizational Forms and Distribution Channels in the U.S. Property-Liability Insurance Industry, *by Vincent Y. Chang, Jennifer L. Wang, and Larry Y. Tzeng*
- An Equilibrium Analysis of the Insurance Market with Horizontal Differentiation, *by Mahito Okura*
- On Modeling Diversification Benefits in Insurance Portfolios—An Australian Perspective, *by Jackie Li*
- Asymptotic Tail Probability of Randomly Weighted Sum of Dependent Heavy-Tailed Random Variables, *by Yu Chen, Weiping Zhang, and Jie Liu*
- Survival Mixture Model for Credit-Risk Analysis, *by Leo S. F. Mo and Kelvin K. W. Yau*
- A Simple Metric for Gauging Risk Aversion, *by Joseph G. Eisenhauer*

Books

The Irrational Economist: Making Decisions in a Dangerous World, edited by Erwann Michel-Kerjan and Paul Slovic, 2010, Public Affairs publication, ISBN 978-1-58648-780-5. Of the twenty most costly catastrophes since 1970, more than half have occurred since 2001. Is this an omen for the twenty-first century? Most likely. How should we behave in this new, uncertain, and more dangerous environment? Will our actions be rational or irrational? And, what does irrationality actually mean? This book tackles head-on the issues affecting us when we need to make decisions both in our day-to-day lives and in the face of catastrophic threats such as natural disasters, climate change, technological accidents, financial crises, and human malevolence, which have occurred at an accelerating pace recently.

World Economic Forum's Global Risks Report, 2010. This report identifies a number of underlying risks that contributed to and were exacerbated by the financial crisis and global economic downturn. Fiscal crises and unemployment, underinvestment in infrastructure—especially in energy and agriculture—and chronic disease are identified as the pivotal areas of risk over the next years. Other risks identified as equally systemic in nature, and requiring better global governance, are transnational crime and corruption, biodiversity loss and cyber-vulnerability. The Wharton Risk Center has been the academic partner of the World Economic Forum since 2005. The report is available at http://opim.wharton.upenn.edu/risk/downloads/WEF_Global-Risks_2010.pdf.

Learning from catastrophes—Strategies for Reaction and Response, edited by Howard Kunreuther and Michael Chael Useem, 2009, Wharton School Publishing, ISBN-10: 0-13-704485-2. In this book, 22 of the world's leading experts in risk management and disaster recovery identify the factors that can trigger low-probability, high-consequence events, and specify the operating principles that can reduce severe risk and enhance readiness and resilience in the face of catastrophes.

XI. Geneva Association Publications

The Geneva Risk and Insurance Review (formerly *The Geneva Papers on Risk and Insurance Theory* until March 2005)

Vol. 35, No. 1 / June 2010

2009 EGRIE KEYNOTE ADDRESS

- Uncertainty in the Theory of Public Finance, *by Agnar Sandmo*

ARTICLES

- Incentive Effects of Community Rating in Automobile Insurance: Evidence from Massachusetts Automobile Insurance, *by Sharon Tennyson*
- Insurance Market Effects of Risk Management Metrics, *by Carole Bernard, Weidong Tian*
- A note on risk aversion, prudence and portfolio insurance, *by Philippe Bertrand; Jean-Luc Prigent*

Vol. 34, No. 2 / December 2009

2008 EGRIE KEYNOTE ADDRESS

- The Changing Role of Nominal Government Bonds in Asset Allocation, *by John Y Campbell*

ARTICLES

- Negligence, Ignorance and the Demand for Liability Insurance, *by Vickie Bajtelsmit and Paul Thistle*
- Effects of Health and Longevity on Financial Risk Tolerance, *by James K Hammitt, Kevin Haninger and Nicolas Treich*
- Optimal Insurance Under the Insurer's VaR Constraint, *by Chunyang Zhou and Chongfeng Wu*

The Geneva Papers on Risk and Insurance – Issues and Practice

Vol. 35, No. 3 / July 2010

ECONOMIC ISSUES IN LAW AND INSURANCE

- Editorial—Introduction, *by Alberto Monti*
- Guest Editorial – Lessons Learned from the History of Corporate Liability Insurance in the United States, *by Kenneth S. Abraham*
- The Government as Reinsurer of Catastrophe Risks?, *by Véronique Bruggeman, Michael G. Faure and Karine Fiore*
- Governing Ignorance: Emerging Catastrophic Risks—Industry Responses and Policy Frictions, *by Giuliano Castellano*
- The Winding Road to Industrial Safety. Evidence on the Effects of Environmental Liability on Accident Prevention in Germany, *by Reimund Schwarze and Onno Hoffmeister*

DEVELOPMENT OF INSURANCE MARKETS AND REGULATION

- Analyzing Insurer Rating Transitions, *by Yuling Wang*
- Deregulation, Insurance Supervision and Guaranty Funds, *by Milton Nektarios*
- Derivative Hedging and Insurer Solvency: Evidence from Taiwan, *by Yung-Ming Shiu*

SPECIAL CONTRIBUTION

- The Geneva Risk and Insurance Review 2009: In Quest of Behavioural Insurance, *by J. François Outreville*

Vol. 35, No. 2 / April 2010

- Insurance Development and Economic Growth, *by Liyan Han, Donghui Li, Fariborz Moshirian and Yanhui Tian*
- Reinsurance Intermediaries: A Comparison of the EU and US Regulatory Approach, *by Pierpaolo Marano*
- Frontier Efficiency Methodologies to Measure Performance in the Insurance Industry: Overview, Systematization, and Recent Developments, *by Martin Eling and Michael Luhn*
- An Empirical Analysis of Non-Life Insurance Consumption Stationarity, *by Chien-Chiang Lee, Yi-Chung Hsu and Chi-Chuan Lee*

- Modelling Different Types of Bundled Automobile Insurance Choice Behaviour: The Case of Taiwan, by *Ming-Jyh Wang, Chieh-Hua Wen and Lawrence W. Lan*
- A Malmquist Index for the Greek Insurance Industry, by *Milton Nektarios and Carlos Pestana Barros*

INSURANCE COMPANY VIEWS ON CLIMATE CHANGE

- Sustainable Business, Sustainable Planet—A Japanese Insurance Perspective, by *Masatoshi Sato and Masao Seki*
- The Need for a Multi-Level Approach to Climate Change—An Australian Insurance Perspective, by *Michael Wilkins*

ERRATUM

- Erratum to “Successful Business Strategies for Insurers Entering and Growing in Emerging Markets” (GP 35(1): 110-129)

ANNOUNCEMENT

Past issues of *The Geneva Papers on Risk and Insurance – Issues and Practice* are now available on The Geneva Association’s website.

www.genevaassociation.org/Publications/Geneva_Papers_on_Risk_and_Insurance.aspx

Past issues from 2000 to April 2006 are now available on The Geneva Association’s website. Former issues up to N° 1 (January 1976) will be added in the coming months.

Note also that past issues of *The Geneva Risk and Insurance Review* will also be available for free on the same website soon.

List of Recent Working Papers Series “Etudes et Dossiers”

Copies of the working paper series “Etudes et Dossiers” of The Geneva Association can be ordered from the General Secretariat. Some issues have restricted circulation only.

No. 361 / June 2010

The 8th ART of CROs, Annual Round Table of Chief Risk Officers

Lisbon, Portugal, 29-30 April 2010

No. 360 / May 2010

26th PROGRES International Seminar

“Global Regulatory and Supervisory Repair: Aligning National Interests and International Necessities”

Glion sur Montreux, Switzerland, 15-16 April 2010

No. 359 / April 2010

13th Joint Seminar of the European Association of Law and Economics (EALE) and The Geneva Association

“Insuring Corporate Liability Risks”

Milan, 11-12 May 2009

No. 358 / February 2010

Sessions organised by The Geneva Association and Silver Workers Institute at

XIXth IAGG World Congress of Gerontology and Geriatrics

Paris, 5-9 July 2009

&

World Ageing & Generations Congress

St Gallen, 3-5 September 2009

XII. Geneva Association News

Systemic Risk in Insurance—An analysis of insurance and financial stability

Special Report of The Geneva Association Systemic Risk Working Group, March 2010

The Geneva Association has published a special report analysing the role of insurance in financial stability and its systemic relevance. The report has been provided to inform and support supervisors and policy-makers in their discussions on the development of measures to address the complex problem of systemic risk underlined during the financial crisis. In the report, the differing roles of insurers and banks in the global financial system and their impact on the crisis are examined. A key conclusion of the analysis is that the core activities of insurers and reinsurers do not pose systemic risks due to the specific features of the industry.

The report can be downloaded for free at

http://www.genevaassociation.org/PDF/BookandMonographs/Geneva_Association_Systemic_Risk_in_Insurance_Report_March2010.pdf

The Geneva Association is looking for a

Research Director – Head of Insurance and Finance

The Head of Insurance and Finance (Research Director) will direct the Insurance and Finance Research Programme, a key pillar of The Geneva Association's activities. The successful candidate will manage the programme and its key activities and organise and oversee the research and the publications in this area. S/he reports directly to the Secretary General and Managing Director. The working language is English.

Key tasks of this position include:

- ◆ Keeping with current new developments and leading research in insurance and finance
- ◆ Managing The Geneva Association's high-level networks in the insurance and finance arena (esp. CFO and CIO industry networks as well as those of leading researchers)
- ◆ Representing The Geneva Association in the insurance and finance area
- ◆ Oversight of insurance and finance event and content elaboration
- ◆ Responsibility for the *Insurance and Finance Newsletter* and other finance publications
- ◆ Any flanking activities that would strengthen the programme and guarantee its success
- ◆ Readiness to travel: attend conferences and meetings and visit experts in the field

Qualifications of the candidate:

- ◆ At least 10 years of experience in insurance/finance research and/or having occupied a senior finance-related position in the insurance or wider financial services industry (banking, securities, or related associations) with strategic responsibilities
- ◆ Excellent academic credentials including a Masters or PhD in insurance, finance, or a related economics discipline
- ◆ Outstanding publication record in insurance and finance journals and international publications
- ◆ Very good organisational, writing, interpersonal and communication skills
- ◆ Strong commitment to the insurance industry's role in the economy and society

Please send your submissions to Patricia Linstaedt at The Geneva Association via normal mail, or email to: Applications@genevaassociation.org.



International Association for the Study of Insurance Economics

"The Geneva Association"

53, Route de Malagnou
CH-1208 Geneva
<http://www.genevaassociation.org>

Tel. +41-22-707 66 00
Fax +41-22-736 75 36
E-mail: secretariat@genevaassociation.org

XIII. Schedule of Conferences Organised by The Geneva Association

2010

July

25-29 Singapore **World Risk and Insurance Economics Congress (WRIEC)**, jointly organised by Asia Pacific Risk and Insurance Association (APRIA), American Risk and Insurance Association (ARIA), European Group of Risk and Insurance Economists (EGRIE) and The Geneva Association

September

27-28 São Paulo **2nd CC+I Seminar on Climate Change and Health Impacts**, hosted by Allianz Brasil

October

4-5 Madrid **8th Meeting of The Geneva Association's Chief Communications Officers**, (Chief Communication Officers only) hosted by Caser Group and Sistema MAPFRE

12 Rome **The Italian AXA Forum**, organised by AXA/MPS, The Geneva Association and ANIA

19-20 London **7th Liability Regimes Conference**, hosted by RSA Insurance

November

18-19 Paris **7th Health & Ageing Conference** of The Geneva Association on "U.S. and French Long-term Care Insurance Markets Development", co-organised with Willis Re

24-25 Munich **6th CRO Assembly**, jointly organised by The Geneva Association, Munich Re and CRO Forum

tba London **5th Meeting of the Climate Change and Insurance Project of The Geneva Association** (CC+I Working Group members only)

December

6-7 London **7th International Insurance and Finance Seminar of The Geneva Association**, hosted by Prudential plc