

## **Securitization, Insurance, and Reinsurance**

**J. David Cummins**, Ph. D. (*University of Pennsylvania*)

Harry J. Loman Professor Emeritus of Insurance and Risk Management, *Wharton*

## **Systemic Risk and the U.S. Insurance Sector**

**Mary A. Weiss**, Ph. D. (*Wharton*)

*Deaver Professor of Risk, Insurance and Healthcare Management, Temple University*

**Merci au Fonds Conrad Leblanc,  
aux Salles des marchés Carmand Normand et Jean Turmel et au  
Département de finance, assurance et immobilier**

**Van Son Lai, Ph.D., CFA**

**Gestionnaire du Fonds Conrad Leblanc**

**Codirecteur Laboratoire d'ingénierie financière U. Laval (LABIFUL)**

1 avril 2011

# Mission du Fonds Conrad Leblanc

- Le Fonds d'assurance Conrad-Leblanc est un fonds d'enseignement et de recherche rattaché au Département de finance assurance et immobilier de la Faculté des sciences de l'administration de l'Université Laval. Il a comme objectif de :
- Promouvoir l'excellence de la recherche et l'application des méthodes quantitatives et contribuer à l'avancement des connaissances en assurances de dommages, gestion des risques et en ingénierie financière;

## Horaire de la journée

- **8 h 45 - 9 h 15** : Accueil - Hall d'honneur
- **9 h 15 - 9 h 30** : Mots de bienvenue - Salle 1317
- **9 h 30 - 10 h 45** : Conférence M. Cummins – Salle 1317
- **10 h 45 - 11 h** : Pause café - Hall d'honneur
- **11 h - 12 h 15** : Conférence M. Weiss – Salle 1317
- **12 h 15** : Lunch –Terrasse FIÉSA

# Conférence du Fonds Conrad Leblanc

- Programme
- Mots du Directeur du département FAI, M. Gendron
- Intro du Gestionnaire du Fonds Conrad Leblanc V.S. Lai  
Bio du Professeur J. David Cummins  
Bio de la Professeure Mary A. Weiss
- Présentation du Professeur J. David Cummins  
**Securitization, Insurance, and Reinsurance**
- Présentation de la Professeure Mary A. Weiss  
**Systemic Risk and the U.S. Insurance Sector**
- Lunch

## Mission du Fonds Conrad Leblanc

- Être un acteur clé de vulgarisation de l'ingénierie financière, des instruments financiers de gestion et de transfert alternatif des risques auprès des acteurs de l'industrie des assurances;
- Établir et maintenir des collaborations étroites entre chercheurs, étudiants et professionnels.
- <http://www5.fsa.ulaval.ca/sgc/site/fsa/pid/10071>

## J. DAVID CUMMINS, Ph.D. (U. Penn.)

- Joseph E. Boettner Professor of Risk, Insurance, and Financial Institutions, Temple University, Fox School of Business, 2007-present.
- Director, Advanta Center for Financial Institutions, Temple University, 2007-present.
- Harry J. Loman Professor Emeritus, Wharton School, University of Pennsylvania, 2007-present.
- Dr. Cummins was recognized as the **Premier (#1)** researcher in the field of risk, insurance and financial institutions in the world (recent article in Journal of Risk and Insurance).

## J. DAVID CUMMINS, Ph.D. (U. Penn.)

- Research interests: insurance economics; financial risk management; productivity and efficiency; and securitization.
- 100 refereed journal articles, numerous articles in the premier Risk and Insurance journals, the Journal of Risk and Insurance, Geneva Papers, North American Actuarial Review, and Insurance, Mathematics and Economics. Many premier journals in Finance and Economics, such as: The Journal of Banking and Finance, The Journal of Money, Credit and Banking, The Journal of Monetary Economics, The Journal of Financial Economics, The Journal of Law and Economics, Management Science, The Journal of Business, The Journal of Economic Perspectives, Econometrica, Economic Letters, The Bell Journal, Federal Reserve Bank Reviews and the Brookings Papers.

## J. DAVID CUMMINS, Ph.D. (U. Penn.)

- Thirty-two book chapters and has written or edited sixteen books, recent books *Catastrophic Risk Financing in Developing Countries* (The World Bank), *Handbook of International Insurance: Between Global Dynamics and Local Contingencies* (Springer), and *The Bermuda Insurance Market: An Economic Analysis* (The Bermuda Insurance Market).
- Has received more than twenty prizes for his research.
- Consultant to numerous business and governmental organizations including the Association of Bermuda Insurers and Reinsurers, Allstate Insurance Group, and the Federal Reserve Bank of New York.
- Past-president of the American Risk and Insurance Association and is currently co-editor of the *Journal of Banking and Finance* and Associate Editor of eight other refereed journals.
- Doctoral and master's degrees in Managerial Science and Applied Economics, U. of Pennsylvania.
- B.A. Economics and Actuarial Science, U. of Nebraska.



## J. DAVID CUMMINS, Ph.D. (U. Penn.)

- “CAT Bonds and Other Risk-Linked Securities: State of the Market and Recent Developments,” 2008, *Risk Management and Insurance Review* 11 (Spring): 23-47.
- “The Market Value Impact of Operational Loss Events for U.S. Banks and Insurers,” 2006, *Journal of Banking and Finance* 30: 2605-2634. With Christopher M. Lewis and Ran Wei.
- “Estimating the Cost of Capital for Property-Liability Insurers,” 2005, *Journal of Risk and Insurance* 72: 441-478. With Richard D. Phillips.
- “Financial Pricing of Insurance in the Multiple Line Insurance Company,” 1998, *Journal of Risk and Insurance* 65: 597-636. With Richard D. Phillips and Franklin Allen.
- “Pricing Insurance Catastrophe Futures and Call Spreads: An Arbitrage Approach,” 1995, *Journal of Fixed Income* 4: 46-57. With Hélyette Geman.
- “Risk Based Premiums for Insurance Guaranty Funds,” 1988, *Journal of Finance* 43 (September): 823-839.

## MARY A. WEISS, Ph.D. (Wharton)

- Deaver Professor of Risk, Insurance, and Healthcare Management, Temple University, 2001 - present.
- Past President of the premier insurance academic organization in the U.S., the American Risk and Insurance Association (ARIA)
- Editor of Risk Management and Insurance Review
- Co-Editor for the Journal of Risk and Insurance
- Distinguished Scholar, National Association of Insurance Commissioners (NAIC), July 1, 2009 – June 30, 2010.

## MARY A. WEISS, Ph.D. (Wharton)

- Research interests: financial services conglomeration, efficiency measurement of insurers, no-fault automobile insurance, reinsurance, regulation, and underwriting cycles.
- Nearly 40 refereed journal articles such as the Journal of Law and Economics, Journal of Business, Management Science, The Journal of Financial Intermediation, The Journal of Risk and Insurance, Journal of Banking and Finance, Geneva Papers on Risk and Insurance Theory and Contingencies.  
Articles have received awards from The Journal of Risk and Insurance, the Casualty Actuarial Society (CAS) and The Journal of Financial Intermediation.

## MARY A. WEISS, Ph.D. (Wharton)

- Numerous research presentations at the Annual Meeting of the American Risk and Insurance Association, the National Bureau of Economic Research, the Brookings Institution, the Casualty Actuarial Society, Risk Theory Society, the Financial Management Association, the Western Economic Association, the Competitive Enterprise Institute, the Atlantic Economic Society, the Allied Social Sciences Association, and at conferences sponsored by the Federal Reserve Banks of Atlanta and New York.
- Visiting Scholar at the Wharton School (2004-2006) and was selected as 2004 Distinguished Huebner Alumnus, Huebner Foundation, Wharton School.  
Her biography also appears in Who's Who in America 2007.
- Doctoral and master's degrees in Managerial Science and Applied Economics from Wharton School, U. of Pennsylvania.
- B.S., Quincy College, Quincy, IL. Accounting and Business Administration.

## MARY A. WEISS, Ph.D. (Wharton)

- “The Effects of Regulated Premium Subsidies on Insurance Costs: An Empirical Analysis of Automobile Insurance,” *The Journal of Risk and Insurance*, Vol. 77, No. 3, September 2010. With Laureen Regan and Sharon Tennyson.
- “Underwriting Cycles: A Synthesis and Further Directions,” *Journal of Insurance Issues* 30, No. 1, Spring 2007, 31-45.
- “The Coexistence of Stock and Mutual Property-Liability Insurance,” *Management Science* 45, September 1999, 1254-1269. With J.D. Cummins and Hongmin Zi.
- “International Insurance Cycles: Rational Expectations/ Institutional Intervention,” *The Journal of Risk and Insurance* 64 No. 3, September 1997, 415-439. With Joan Lamm-Tennant.
- “International P/L Insurance Output, Input, and Productivity Comparisons,” *The Geneva Papers on Risk and Insurance Theory* 16, 1991, 179-200.
- “A Multivariate Analysis of Loss Reserving Estimates in Property-Liability Insurers,” *The Journal of Risk and Insurance* 52 No. 2, June 1985, 199-221.

# Gestion et Contrôle du risque

- (Finance, Bodie & Merton, Prentice Hall, 1998)
  - **Diversification**
  - **Assurance**
  - **Couverture**
- (Alternative Risk Transfer, E. Banks, Wiley 2004)
  - **Identification**
  - **Analyse**
  - **Gestion (éviter, réduire, transférer, garder)**

# Themes

- Convergence of insurance (reinsurance) and finance
  - Alternative Risk Transfer (ART)
  - Catastrophic risk
  - Insurance-linked securities (ILS)
  - Basis, moral hazard, background risk
  - Structured finance
  - Risk capital
- 
- Economics of size
  - Too-Big-to-Fail (TBTF)
  - Too-Connected-to-Fail (TCTF)
  - Systematically Important Financial Institutions (SIFI)