

June 30, 2008

## Check out new material on the SIR Research Page! – 2008 Volume 4

Welcome to the June edition of research selected for your review by the SIR Research Committee. We apologize for our absence during May but we think you will find these articles / reports worth the wait. As always, we have tried to provide you with a broad mix of information on varying products and markets to reflect the diversity of interests among the Society's Members.

As always, we would like to get your feedback on the value of these emails and of other resources we should monitor for upcoming monthly distributions. Please forward any feedback or questions you have to Marcy Updike, SIR Board Member at [mupdike@jhaweb.com](mailto:mupdike@jhaweb.com).

*Go directly to these new reports and articles by clicking on their individual links below. To see the entire Research Page, [click here](#). To access the linked materials you will have to enter your user name and password because the material is in the Members Only section of the SIR site. Your user name is your first and last name, all lower case, no space (firstlast). Your password, unless you have changed it, is your SIR Member number. If you have misplaced your Member number, [click here](#).*

### **A Predictive Model to Identify Potentially Volatile Workers Compensation Insurance Claims**

Authors: Upendra Belhe, PhD & Natalie Mohanty, PhD

Abstract from Report: The workers' compensation line of business has seen a steady increase in total incurred losses driven by increased claim severity. Severity is generally driven by volatile claims, typically defined as those with potentially unanticipated and long term medical outcomes. The ability to characterize and identify claim volatility can facilitate early intervention and targeted medical management. The end result is a better medical outcome for the injured worker, better claim management for the insured employer, and enhanced Claims Management for the carrier. In this paper, we present an innovative approach to mathematically capture the 'element of surprise' as a characteristic of volatility.

■ Download the [full report](#).

### **2008 Liability Trends Emergent Liabilities: Catastrophe Hidden in the Everyday Risk**

Authors:

Robert Hartwig, PhD., CPCU, Insurance Information Institute

Steven E. Lessick, Vice President, Issue Management, AIG Domestic Claims, Inc.

Bruce D. Margolin, Vice President, Issue Management, AIG Domestic Claims, Inc.

Alan M. Maxwell, Esq., Weinberg, Wheeler, Hudgins, Gunn & Dial, LLC

Timothy J. McAuliffe, President, AIG Excess Casualty

Richard Woollams, Senior Vice President and Chief Claims Officer, AIG Commercial Insurance

Paper Introduction: It is no surprise that the world is a dangerous place and that businesses are routinely faced with various dangers and perils. It is surprising, however, how frequently wholly unanticipated liability risks continue to crop up, despite the scientific and technological sophistication of our modern world.

This paper explores three areas where risk has unexpectedly snowballed, creating substantial liabilities where once there were none. These examples underscore the significant financial exposure that can erupt in unforeseen places, putting consumers and the public at risk and wreaking financial havoc on businesses and industries around the globe. It also spotlights the growing complexity of liability exposures. Today, it is not uncommon for risks to involve political and social considerations as well as an international cast of potentially responsible parties.

● See the [full paper](#).

### **New Opportunities and Old Challenges Converge Fourth Annual Specialty Insurance Program Issuing Carrier Survey**

Source: Guy Carpenter & Company, LLC

In this report, Guy Carpenter reviews the results of their most recent survey on the PA/MGA (Program Administrators and Managing General Agents) market. This 12 page report reviews opinions regarding the market size and dynamics, program appetite, operating platforms and more.

● See the [report](#).

### **RESIDUAL MARKET PROPERTY PLANS From Markets of Last Resort to Markets of First Choice**

Authors:

Robert Hartwig, PhD., CPCU, Insurance Information Institute  
Claire Wilkinson, Vice President - Global Issues

Paper Overview:

A myriad of different programs in place across the United States provide insurance to high risk policyholders who may have difficulty obtaining coverage from the standard market. So called residual, shared or involuntary market programs make basic insurance coverage more readily available.

Today, property insurance from the residual market is provided by Fair Access to Insurance Requirements (FAIR) Plans, Beach and Windstorm Plans, and two state-run insurance companies in Florida and Louisiana: Florida Citizens Property Insurance Company (CPIC) and Louisiana Citizens Property Insurance Corporation (Louisiana Citizens).

In this 39 page paper, the authors explore the FAIR plans from their market size in the past to today and what is driving the growth.

This report has been made available to only III members but SIR has received special permission to share with our Members as well.

● See the [paper](#).

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