Center for Risk Management and Insurance Research
Assessment of 2003 Goals and Objectives

In 2003, the Center for Risk Management and Insurance Research completed and submitted a University survey which discussed the Center’s goals and objectives at that time. This document assesses the progress of the Center in achieving these goals and objectives.

Three goals were identified in the 2003 survey:
1. Support faculty research.
2. Significantly enhance the public’s understanding of risk management and insurance.
3. Have a substantial positive impact on business and public policy.

Six objectives were also identified in the 2003 survey but were not divided and assigned specifically to the goals stated above. To some extent, certain objectives are associated with more than one goal. The six objectives were:
1. Continue to enhance our information technology infrastructure and databases.
2. Expand user-friendly electronic information resources for faculty and students.
3. Develop sources of discretionary research funding for faculty members.
4. Increase the academic value/publication of our research.
5. Continue to increase the value of our research and expertise for policymakers.
6. Further enhance our public information services in efficient ways.

Goal 1: Support faculty research
The Center has supported faculty research in several ways, including:
- Acquiring and providing data and technical resources related to risk management and insurance.
- Identifying opportunities for external grant funding.
- Linking faculty to organizations interested in funding specific projects.
- Securing external grants for funded research projects.
- Assisting faculty in applying for and managing the paperwork associated with external grants.
- Coordinating/managing research projects.

The Center maintains an extensive financial database on insurance companies that extends from 1985 to 2009. These data are purchased from the National Association of Insurance Commissioners (NAIC) annually and processed into SAS datasets with accompanying documentation. These data have proved useful to a number of faculty members (and students) who perform insurance-related research. However, use of these data requires knowledge of SAS which can be an impediment for some faculty members and students. Looking forward, we are taking steps to develop a more user-friendly interface for these data that will not require knowledge of SAS to access and use the data. We also are working on establishing a portal on our website so that researchers outside the University may also access these data (we have obtained the NAIC’s approval to do this).
The Center also has developed specialized databases for specific lines of research that have been utilized by several faculty and students. For example, the Center has acquired and processed data on homeowners insurance premiums, policy counts and exposures in Florida at a county level for the years 1997-2009.

Acquiring and maintaining various technical resources continues to be a challenge. Most of these resources must be purchased and the Center historically has relied on project residuals to fund these purchases. Whenever possible, we acquire or convert these resources into an electronic format to facilitate easier access by our faculty and students. However, some resources are in a hard-copy format only.

Historically, the Center and some faculty members have been relatively successful in securing grants for externally-funded projects. Since 2003, there have been 19 externally-funded projects representing approximately $2.3 million in funding and involving 15 faculty members/researchers as well as a number of student research assistants (see attached list).

However, within the last year it has been difficult to secure external grants for new projects (or to support continuing lines of research). The downturn in the economy has clearly had a chilling effect on the appetite and ability of our typical sponsors to fund new projects. Hopefully, this climate will change for the better as we continue to apply for new grants. We will also need to be more aggressive and innovative in applying for external grants in terms of the lines of research we pursue and the potential sponsors we contact.

Unfortunately, we have not been very successful in obtaining general grants (or endowments) to support the Center and provide a source of discretionary research funding for faculty members. We need to work with the Department to mount a significant capital raising campaign for the Center. This will be especially important in order to continue to fund the Center’s ongoing activities and support new initiatives.

Another objective stated in the Center’s 2003 report was to “Increase the academic value/publication of our research.” Whenever possible, we encourage faculty members to generate journal articles and other publications related to their research projects. A number of publications by our faculty are linked to the externally-funded projects listed in the attachment to this report as well as other research undertaken utilizing technical resources provided by the Center. Examples include articles, books and book chapters on catastrophe risk, insurance regulation, workers compensation and crop insurance. Additional articles have been submitted to journals and are currently in the “revise and resubmit” stage.

However, given the institutional focus of much of the Center’s research and the types of projects funded by external grants, some research projects have not been followed by associated journal articles or other publications (i.e., the final product of a project consists of a report or paper that is submitted to the sponsoring organization and often posted on
its website, the Center’s website and the Social Science Research Network (SSRN). We will continue to encourage faculty members to publish their research in appropriate venues but we also need to recognize that the nature of some of the research conducted under the auspices of the Center will not lend itself to the most desirable publication outlets. At the same time, even this research and the way it is disseminated may be widely read (and cited) by the Center’s various constituencies (e.g., policymakers, journalists, academic researchers, industry practitioners, and others).

**Goal 2: Significantly enhance the public’s understanding of risk management and insurance.**

This is a laudable goal but it is difficult to assess its achievement. We can discuss the ways in which we seek to disseminate Center research and provide information to the public and some indicators of the breadth of this dissemination. The ways in which the Center and faculty members seek to enhance the public’s understanding of risk management and insurance include:

- Posting of workings papers and other manuscripts on the Center’s website and other venues.
- Publication of articles, books and book chapters.
- Presentations at various seminars and conferences.
- Testimony before governmental bodies.
- Editorial articles in major newspapers
- Interviews with journalists
- Risk and insurance FAQs posted on the Center’s website

Consumption of Center working papers/reports and publications appears to be fairly widespread. The Center receives a number of inquiries from its various constituents related to research that has been produced. We also see evidence of a number of citations of Center research and publications. Dissemination of research results and other information is a process that can be analogized to ripples in a pond. As the Center’s research and information products are initially consumed and cited by various people, this leads to more consumption and citations as others learn about the products.

Another indicator of the Center’s contribution to the public’s understanding of risk and insurance is the large number of general and specific inquiries we receive from journalists, policymakers and others. Some of these inquiries relate to a specific research project and products. Others can be more general, i.e., inquiries about topics in risk management and insurance that are not addressed in specific research projects and products.

A Google search on the words “insurance research” brings up a link to the Center as the sixth link listed. This is indicative of the national and international reputation established by the Center and helps to draw a number of inquiries. What we do not know is how many “hits” the Center’s website receives and how often its research and information products are used without our knowledge of that use.
Journalists are a significant conduit for disseminating the research and expertise of the Center and faculty members. Interviews with journalists often (but not always) result in quotations of comments and opinions of faculty on various topics in risk and insurance. This is likely the way that the general public is informed by or work and knowledge. Most of this occurs through the print media (which is typically accessible over the Internet) but some faculty presentations have been televised on C-Span and some interviews are conducted on television and radio programs as well as webcasts.

Looking forward, we will be developing and posting a number of information and policy briefs on the Center’s website. These briefs will be more accessible to non-experts and will help to expand the consumption of what the Center has to offer. Also, the Center’s website is undergoing a redesign which will make it more accessible to the general public and our other constituents.

**Goal 3: Have a substantial positive impact on business and public policy.**

It is also difficult to assess our achievement of this goal. As with Goal 2, we can discuss the ways we seek to have a positive impact on business and public policy and some indicators of the consumption of Center research/information products and expertise by policymakers and industry practitioners.

Almost all of ways cited above by which we seek to inform the public also apply to policymakers and industry practitioners. The difference is that policymakers and industry practitioners often have more knowledge of the topics we address and their interests and inquiries may be more specific to a particular issue. An additional way we seek to inform policymakers and their support staff is through consultations that occur in person, over the telephone and by e-mail.

Policymakers and industry practitioners with specific informational needs are more likely to read our publications and reports (or at least their summaries). Their appetite for these products depends on their motivation and expertise. More knowledgeable people will be able to understand “high-level” publications such as journal articles. Some of our reports and working papers are designed to be understandable to an audience that may not have expertise on the topic discussed. Also, we often interpret the results of our research for policymakers to help them understand its implications. Further, it should be noted that some of the Center’s projects have been funded by government agencies and resulted in reports that they have used in developing policy reforms.

One important publication that should be mentioned is the book *The Future of Insurance Regulation* published by the Brookings Institution. This book was the product of a conference coordinated by the Center in partnership with the American Enterprise Institute and the Brookings Institution that was held in Washington, DC in July 2008. Various scholars presented papers at the conference which were refined and formed the content for the book. We have received many positive comments on conference and the book.
Another example of an important publication is *A Regulator’s Introduction to the Insurance Industry* written by Robert Klein (Center Director). The NAIC uses this book as a baseline resource in its training programs for insurance regulators. The book also has proved to be a useful reference for others, such as Congressional staff.

Presentations at seminars/conferences and testimony before federal and state governmental bodies is another way in which we seek to positively affect public and industry policy. Many of the seminars and conferences are sponsored by governmental organizations/associations and industry associations. Government hearings may or may not have a large audience in attendance but the testimony presented is widely disseminated, as can be case for presentations at conferences and seminars. Testifying at a government hearing provides an opportunity for faculty members to answer questions of particular interest to legislators, administrators and regulators.

The Center and faculty members receive a number of inquiries from policymakers and industry practitioners on specific issues they are dealing with. We answer their questions as best we can and will typically send or refer them to publications and reports that are relevant to their interests. We often receive positive feedback from these inquirers on how helpful these resources are to them.

Some consultations with policymakers and their staffs can be more formal. For example, on a number of occasions faculty members have participated in staff briefings or meetings in person or over the telephone. This enables our faculty to discuss issues of particular interest and help staff to develop reports for their superiors utilizing our comments and opinions.
Center Research Projects (2004-2010)


“Personal Social Security Accounts,” University of Michigan, $17,196, 2006, project director - Schinichi Nishhiyama.


