

Press Release: Insurance Studies Institute partners with The Wharton School

Keystone, Colorado (October 12, 2009) - The Insurance Studies Institute (ISI) forges a partnership with Professor Kent Smetters of The Wharton School to study the need and optimal design of a Systemic Risk Regulator in light of the recent financial crisis.

The Project

Title: *Designing a Systemic Risk Regulator*. This groundbreaking research project will be conducted by Professor Kent Smetters of The Wharton School and funded by Insurance Studies Institute; David Torregrosa at the Congressional Budget Office will collaborate, but will receive no outside funding. The project will examine how the recent financial crisis reveals gaps in the current regulatory system and then will examine options for constructing an improved regulatory system through a Systemic Risk Regulator. The goal is to promote financial stability among financially interdependent institutions by lessening the likelihood of a crisis while creating ex-ante mechanisms to deal with a major financial crisis that does materialize.

ISI President and CEO, Paul Siegert announced the collaboration on October 12, 2009, and conveyed the importance of this project: "The purpose of this research is to create a model that can be tested in reality and reliably utilized by those responsible for catastrophic risk management. Benefits may include more realistic funding of reserves for such risks, and less dependence on government and taxpayers to absorb costs after such events."

About Professor Kent Smetters

Kent Smetters is the Boettner Chair Associate Professor at the University of Pennsylvania's Wharton School and a Faculty Research Fellow at the National Bureau of Economic Research. Previous positions include the Congressional Budget Office, the Kaiser Visiting Professor of Economics at Stanford Economics Department, and Economics Policy Coordinator for the United States Treasury. He has published academic articles in numerous leading journals, and is often cited in major media outlets.

About David Torregrosa

David Torregrosa is an analyst in the Financial Markets Unit of the Macroeconomic Analysis Division of the Congressional Budget Office. His responsibilities include federal disaster and terrorism insurance, and government sponsored enterprises. He has published numerous papers addressing issues within these areas of work, including "Financing Losses from Catastrophic Risks," for Hamilton Project at the Brookings Institution, which was jointly prepared with Kent Smetters. Prior work included teaching economics at the College of William & Mary and the University of Virginia.

About ISI

Keystone, Colorado is home to the Insurance Studies Institute -- a non-profit "think tank," incorporated in 2007. By facilitating and promoting innovative research, ISI seeks to create knowledge, share information and enhance understandings of insurance paradigms affecting socio-economics in a free market economy.

For further information please call 1-970-262-1047, or visit www.insurancestudies.org