



### **Press Release: Insurance Studies Institute Announces Wharton Symposium on Financial Reform**

Keystone, Colorado (January 27, 2011) – In 2010, the Insurance Studies Institute (ISI) partnered with Professor Kent Smetters of The Wharton School to develop an optimal design for a *Systemic Risk Regulator* system. The ongoing project examines how the recent economic turmoil exposed gaps in the regulatory system and studies options for constructing an improved regulatory model that: 1) can be reliably utilized by those responsible for catastrophic risk management; and 2) can promote financial stability among financially interdependent institutions.

Professor Smetters recently hosted a symposium at The Wharton School, entitled, “**Financial Reform: What is it? Will it work? Why should you care?**” The ISI-sponsored project was showcased as one of the core readings and formed the basis for several student-led research projects.

This intensive, five day “mini” course was held January 3 – 7, 2011 and featured content rich in analysis of the Dodd-Frank Act, which virtually rewrites the regulatory landscape of financial services in the United States. An outstanding array of speakers tackled all angles of this complex subject matter, and presented the issues in an accessible, practical way:

- “How did the economic, global and regulatory backdrop during the past decade contribute to the financial crisis of 2008?” (Subprime mortgages, derivatives, the repo market, TARP)
- “What were the actual market-failures that were responsible for the financial crisis?” (Adverse Selection, Samaritan’s Dilemma, Principal-Agent Problem)
- “What are the possible steps to *Make It Right?*” (Contingent capital requirements, clearing houses, executive compensation limits, credit rating agency reform, capital stress tests)
- “Did the Dodd-Frank Act *do the job?* And if not, how can we fix the Act?”

Speakers included several high-ranking government officials as well as prominent litigators and the CEO of one of the world’s largest banks. In order to encourage an open discussion, the course content was “off the record.” Feedback was extremely positive, and the course might be repeated in future years. Dr. Smetters anticipates final publication of the *Systemic Risk Regulator* project during the summer of 2011.

#### **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 ISI**

Operating from Keystone, CO and Minneapolis, MN, ISI is a 501(C) organization dedicated to facilitating and promoting innovative research for the purpose of creating knowledge, sharing information, and enhancing understandings of insurance based risk management affecting socio-economics in a free market economy.

For further information please call 1-970-262-1047, or visit <http://www.insurancestudies.org/>