



**Executive Director's Report  
ARIA Board Meeting  
Boston, MA  
January 5, 2015**

## **Executive Summary**

- Membership totals 547 at the end of 2014, down from 564 in 2013. Student membership increased by 25 while regular members and retirees declined by 40 and two respectively.
- ARIA's investment returns enjoyed another positive year. Investments totaling \$641,501.24 (with \$6,156.55 belonging to the Risk Theory Society) were under ARIA management. The December 2013 amount was \$611,955.35 (\$6,394.56 belonging to Risk Theory).
- Withdrawals from unrestricted funds totaled \$40,000. Similar to previous years, this same amount was deposited into a money market account and then later withdrawn to cover year end operating expenses.
- An additional \$4,500 was withdrawn from restricted investments to fund awards recognized at the annual meeting. Hedges funds were not released since the recipient decided not to attend the annual meeting.
- RTS funds reside in a money market accounting rather than in checking. The society's expenses for the year totaled \$238.63.
- Based on subscription, download, and membership activities through October 2014 Wiley royalties payable to ARIA in April 2015 could be lower than those received in the last two years.
- The agreement with RMIR editor Mary Weiss expired on December 31. Mary was honored for her service to the association at the annual meeting award ceremony.
- The Board selected Patty Born and Gene Lai to serve as RMIR co-editors for a three year term beginning January 1, 2015.
- The 2015 management fee payable to The Institutes will increase by a factor consistent with the CPI-U, most likely 1.7 percent.
- The agreement with The Institutes to host ARIA's executive office expires at the end of 2015. An RFP will be prepared and distributed to interested parties.
- The JRI impact factor again was calculated at 1.00. The *Journal* retains a backlog of 59 accepted articles, similar to last year. Several special issues are anticipated.
- Lou Philippe Manila now serves as the production editor for both JRI and RMIR.
- JRI and RMIR downloads are on track to surpass last year's totals. RMIR will experience its best year by exceeding 15,000 downloads. JRI's download count will exceed 50,000, but it is unlikely to surpass the 53,910 downloads recorded in 2012.
- Seattle annual meeting attendance totaled 170, down from the 210 who participated in the Washington, DC meeting.

- Sponsorship for the 2014 meeting also was down, \$34,350 from 28 sponsors compared to \$36,700 from 30 organizations in 2013.
- Annual meeting financials resulted in a negative balance of \$61,146, due primarily to the cost for the Monday social and transportation to the Seattle aquarium. The DC meeting lost \$47,500.
- An additional expense during the August meeting was the video production of the plenary sessions which are now available on ARIA's website.
- Submission of papers for presentation at the annual meeting numbered 171. Acceptance rate again approximated 50 percent.
- The 2015 annual meeting will be held in conjunction with the World Congress. The dates are August 2-6, 2015.
- Sponsorship activities for the World Congress must be addressed.
- The 2016 meeting is scheduled for the Royal Sonesta Hotel in Cambridge, MA.
- Toronto, Ontario, Canada is actively pursuing ARIA's 2017 meeting. Two other locations still remain under consideration. Board action is required.
- The newsletter editor will give up the position following the spring 2015 issue. Diana Lee has held the editorship since 2001.
- The future of the newsletter must be considered, as well as a suggestion for an online only journal option for regular members.

## Finances

ARIA's investment portfolio was valued at \$611,955.35 on December 31, 2013. One year later, the amount has increased to \$641,501.24. A year over comparison follows:

Category	2014	2013	Difference
Unrestricted Funds	503,935.91	477,673.16	26,262.75
Restricted Funds	131,408.78	127,887.63	3,521.15
RTS Custodial Funds	6,156.55	6,394.56	-238.01
<b>Total</b>	<b>\$641,501.24</b>	<b>\$611,955.35</b>	<b>\$29,545.89</b>

The asset mix for ARIA's investment portfolio is:

34.5% stock, ~\$221,500

36.5 % bonds, ~\$235,000

28.9% short-term reserves, ~\$18,600

ARIA's executive office receives two payments per year from Wiley Publishing. One payment is made at the beginning of the year in anticipation of membership revenue. That prepayment amount has been established at \$42,000. A second Wiley check represents a deferred payment for the previous year's ARIA-related activities. The second payment is made in April of each year and is based on the previous year's publication and membership income and expenses. ARIA received a Wiley deferred royalty payment of \$112,164 in April 2014. That payment was derived from 2013 activities as follows.

<b>Gross revenue in 2013</b>	<b>\$397,168</b>
Gross royalty due to ARIA	112,373
ARIA share of membership revenue	46,102
Less: excess JRI page charge	-4,311
Amount due journal editors	49,993
Less: Semi-annual amount paid to journal editors	-49,993
Less: January membership royalty advancement	-42,000
<b>Amount payable to ARIA in April 2014</b>	<b>\$112,164</b>

Similar to previous years, \$40,000 of the April payment was deposited into a money market account and then later withdrawn to cover year end operating expenses.

Royalty payments in 2013 and 2014 have been \$112,352 and \$112,164 respectively. Based on Wiley's preliminary report of 2014 activities through October, ARIA's April 2015 royalty payment could be lower than the amounts received in the last two years. Financials for the first 10 months of 2013 compared with the same time period this year are presented below. These preliminary figures below do not bode well for maintaining the current revenue stream.

<b>Income Source</b>	<b>2012 Final</b>	<b>2013 Final</b>	<b>As of Oct 2013</b>	<b>As of Oct 2014</b>
Subscriptions	268,240	267,215	206,079	208,394
Non- Subscription	61,540	53,851	39,187	32,457
Membership	73,287	76,102	56,378	54,424
<b>Total</b>	<b>\$403,067</b>	<b>\$397,168</b>	<b>\$301,644</b>	<b>\$295,275</b>

In anticipation of a lower royalty in future years, ARIA's 2015 proposed budget reduced Wiley's deferred royalty payment to \$107,000. Also, the 2015 budget does not propose any financial transactions for line items associated with the annual meeting or meeting sponsorship. Rather, expenses will be allocated to the collaboration line item since the 2015 meeting will be held in conjunction with the World Congress.

### **Membership**

Year end membership totaled 547, down from 564 in 2013. Student membership increased by 25 while regular membership declined by 40, and retirees by two. The loss of 40 members at the regular rate and a lower membership count will have a negative impact on ARIA's Wiley royalties. While an increase of 25 student members is a positive outcome, their discounted membership rate does not make a significant contribution to membership royalty.

A year over membership comparison follows.

<b>Membership Type</b>	<b>December 2013 Count</b>	<b>December 2014 Count</b>	<b>Difference</b>
Regular	486	446	-40
Retired	33	31	-2
Student	45	70	+25
<b>Total</b>	<b>564</b>	<b>547</b>	<b>-17</b>

ARIA membership continues to be inconsistent from year to year, ranging from last year's high of 564 to lows just below 500 in 2008 and 2010.

Year	2007	2008	2009	2010	2011	2012	2013	2014
<b>Membership</b>	547	495	530	496	560	544	564	547

The trend of diminishing US membership in ARIA continues and is shown in the table below.

As a means of comparison between U.S and international members, the membership count in both 2007 and 2014 totaled 547. Even with this year's loss of international members, over the last seven years the number of international members has increased by 63 while US membership has decreased by the same 63 members.

Year	2007	2008	2009	2010	2011	2012	2013	2014
<b>US Members</b>	361	329	436	303	333	306	304	298
<b>Non-US Members</b>	186	166	194	193	237	238	260	249

US Member Category	U.S. 2013 Year End Membership	U.S. 2014 Year End Membership	Difference
Member	263	246	-17
Retiree	27	16	-11
Student	14	36	+22
<b>Total</b>	<b>304</b>	<b>298</b>	<b>-6</b>

The growth in international members could be the result of greater exposure for the *Journal of Risk and Insurance* globally and suggests a potential opportunity to increase membership. The JRI editor reported nearly 70 percent of the new manuscript submissions in 2013 and the first six months of 2014 were received from a principal author living outside the United States.

As we know, a journal submission fee of \$140 is charged if at least one author is not an ARIA member. A closer look at the current list of 2015 non-renewals reveals that a number of names reside outside the United States, and they were an ARIA member for only one year. Given the high number of international journal submissions, many of the non-renewals likely joined ARIA as part of the journal submission requirement. The executive office will work with the JRI editor to verify this theory if the Board desires such an investigation.

Also revealed in the table above, the number of international members decreased (-11, -4%) for the first time since 2008. However, international membership increased substantially between 2012 and 2013 (+22, +9%). The Board will recall that the 2013 APRIA meeting was held in New York City which likely prompted some APRIA members to join ARIA and then attend ARIA's annual meeting a week later in Washington, DC.

Countries with the largest number of ARIA members at year end 2014 compared with year end 2013 are shown below.

Country	December 2014	December 2013	Difference
Canada	31	27	+4
England	12	22	-10
Germany	49	57	-8
Switzerland	21	21	0
South Korea	12	11	+1
Taiwan	21	17	+4
United States	298	304	-6

Based on ARIA's year end membership count:

- Twenty-nine percent (163) of the 2013 members have not renewed their 2014 membership. This scenario is not new. 156 of the 2012 members did not renew their 2013 membership.
- Seventy-three of the 163 non-renewals reside in the United States. Others countries with a notable number of non-renewing members are: Taiwan -13, Canada -11, and Germany -8. Most likely some of these individuals will renew their membership particularly as time gets closer to the World Congress.

ARIA's current membership fees are presented below. They are provided as a reference for future membership rates and in consideration of a new membership category, Regular Member Online Subscription Only.

Combined Subscription with Risk Management and Insurance Review	The Americas	UK	Europe (non Euro zone)	Europe (Euro zone)	ROW
American Risk & Insurance Association Member: Print + Online	\$140	£ 103	£ 103	€ 129	£ 103
American Risk & Insurance Association Retired Member: Print + Online	\$58	£ 38	£ 38	€ 48	£ 38
American Risk & Insurance Association Student Member: Print + Online	\$58	£ 38	£ 38	€ 48	£ 38
American Risk & Insurance Association Retired Member: Online Only	\$30	£ 20	£ 20	€ 30	£ 20
American Risk & Insurance Association Student Member: Online Only	\$30	£ 20	£ 20	€ 30	£ 20

## Wiley Publishing

Lou Philippe Manila serves as the production editor for both JRI and RMIR. He replaces Sonia Wilson who is now the primary contact for questions concerning Scholar One manuscript management.

Brian Giblin who is based in Oxford, England continues as publishing manager for ARIA's journals.

Brian reported as of October 2014, the *JRI/RMIR* bundle had 434 full-rate subscriptions, down from 449 for 2013. The shift away from print subscriptions continues. Hopefully online licensed subscriptions would not increase, but remain stable. A full report on circulation will be included in the 2014 Publisher's Report in the spring

Subscription Type	2013 Total Quantity	2014 (as of October)
Online	18	13
On Licensed	312	312
Print	90	86
Print & Online	29	23
<b>Grand Total</b>	<b>449</b>	<b>434</b>

As reported at the August Board meeting the 2013 Impact Factor for the *JRI* is 1.000, and the 5-year Impact Factor is 1.408. The journal is now ranked 38 out of 91 journals in the Business, Finance category, and 134 of 333 journals in Economics.

Payment to journal editors in 2014 amounted to \$50,950. The JRI editor received \$38,193 and \$12,757 was paid to the JRI editor. In addition, the executive office provides a \$12,000 stipend to JRI and \$6,000 to RMIR.

Royalty income for 2014 which is payable in the spring 2015 likely will amount to less than last year's \$112,164 and the \$112,352 which was received in 2013.

Full text downloads of JRI articles numbered 46,468 at the end of November. Given December downloads typically exceed 3,000, total downloads for 2014 will surpass two of the last three years, and will contribute to royalty income lost through other revenue sources.

	December	Total
2011	4,007	45,570
2012	4,523	53,910
2013	3,599	47,154
2014	-	46,468 as of November

## *Journal of Risk and Insurance*

Keith Crocker reported the *Journal received* 161 new submissions during the first eleven months of 2014, which compares favorably to the 190 new submissions received during calendar year 2013.

The current backlog is 59 articles that have been accepted for Publication

Submissions since January 1, 2013 are processed through the ScholarOne web portal. Since then, ScholarOne has processed 350 new submissions.

The editor noted in previous reports that a server failure in August 2012 resulted in the manuscripts submitted prior to January 1, 2013 are handled as paper files with correspondence conducted via e-mail. The outcome for the paper manuscripts handled by the Editorial Office during 2014 is:

	Accepted	Rejected	Active Review	Withdrawn
2012	14	6	24	4
2011	4	1	0	0

Three special issues of the JRI are scheduled. The first is *Behavioral Insurance and Behavioral Risk Management*, which is scheduled to appear in the June 2015 issue.

The second will feature papers drawn from the *Tenth International Longevity Risk and Capital Markets Solutions Conference* that was held in Santiago, Chile in September 2014. The issue will appear either as a regular issue, or as an extra (fifth) issue, during 2016 depending on the backlog of accepted papers at that time. Some Board members will recall that the guest editors David Blake and Richard MacMinn agreed to sponsor \$5,000 of the estimated \$8,182 to publish a special issue, should that be necessary. The executive director placed this item on the agenda for the January meeting.

The third special issue will be *Risk in Emerging Markets* and will draw from papers presented at the June 2015 *Insurance Risk & Finance Research Conference (IRFRC)* to be held at the Nanyang Business School in Singapore. The guest editors will be David Cummins (Temple University) and Michael Powers (Tsinghua University), and the special issue is expected to appear in 2017.

Keith recently resolved an issue involving the copyright line at the top of the first page of each article. The problem appeared in the June and September issues of the JRI and resulted from Wiley's attempt to reconcile their format with that previously used by Blackwell.

### ***Risk Management and Insurance Review***

Mary Weiss reported the fall 2014 issue (Vol. 17, No. 2) published eight articles.

- 4 Feature Articles,
- 3 Perspectives,
- 1 Educational Insight.

The spring 2015 issue (Vol. 18, No. 1) which is in production will contain nine articles.

- 4 Feature Articles
- 4 Perspectives
- 1 Educational Insight

For calendar year 2014, the RMIR received 21 new subscriptions and 34 resubmissions.

The current backlog of accepted articles includes:

- 2 Feature Articles
- 1 Perspectives
- 1 Educational Insights

### **ARIA Newsletter**

The fall 2014 issue of *ARIA NEWS*, comprising 28 pages, was printed and distributed to members at the beginning of December; it is also posted on the association's website. Highlighted in this issue were an interview with ARIA President Patty Born, the 2014 award winners, and a description of the inaugural Huebner Foundation Ph.D. Colloquium that preceded the Seattle annual meeting.

Diana Lee has held the post of newsletter editor since 2001. In light of her recent retirement, Diana plans to resign from the position of newsletter editor as well.

In addition Diana requested the Board discuss whether the newsletter should continue in its current format given that many, and timelier, announcements are made in the weekly listserv e-mail. Is there a need or desire for a newsletter with a different format, and, of course, a new editor? Diana probably is willing to publish one more edition of the newsletter, but she would like a timely response to the Board's action.

### **Webmaster**

With the exception of posting annual meeting materials, major changes have not been made to ARIA's website. Since her last report Kyneta has focused on two areas.

- Annual meeting pages – presentations were placed on the website, including the videos of the plenary sessions
- GoDaddy hosting package phase out – Kyneta successfully transferred ARIA's website from an old Linux based hosting package to a C-Panel hosting package.

Between June 1 and December 13, there were 10,746 visits to the ARIA site by 7,274 individuals. Of those, 6,991 were new visitors and 3,755 were returning users. Approximately 40 percent of the visitors access the website through ARIA's URL or a bookmark. Social media traffic accounted for only 2 percent of the visitors. This small percentage is a telling factor given ARIA's desire to increase its exposure.

Visitors accessed ARIA's website through:

<b>Direct Traffic</b>	Visitors that came to the ARIA.org site by typing in a URL or using a bookmark.	4,029
<b>Organic Search</b>	Visitors that came to the ARIA.org site through a search engine such as Google or Yahoo.	4,576
<b>Referral Traffic</b>	Visitors that came to the ARIA.org site by clicking on a link from a different website.	2,119
<b>Social Media</b>	Visitors that came to the site through a social media site.	22

Looking to the future, Kyneta noted that the ARIA.org domain name expires in August 2015. Currently registered through Network Solutions, Kyneta suggested the registration be transferred to GoDaddy in order to deal with only one contractor. The executive office will collaborate with Kyneta to make the change.

Also, and more of a strategic concern, Kyneta reported a bounce rate of 53 percent. Visitors leave almost immediately after entering ARIA's website. Other than annual meeting information, visitors are not finding information of interest. The website committee could be charged with investigating this matter further. The executive office will provide a copy of Kyneta's report to the committee chair along with any directives following the Board meeting.

### **World Congress and Annual Meetings**

The next annual meeting will be held in conjunction with the World Congress. The dates are August 2-6, 2015. Mark Browne will come before the January Board meeting as a representative of EGRIE to request ARIA's financial contribution for the meeting.

The 2016 meeting is scheduled for the Royal Sonesta Hotel in Cambridge, MA. The location for the Monday night social and its cost is still being addressed.

The executive office is looking into holding the 2017 meeting in Toronto, Ontario, Canada. Board action is required. The Marriott hotel has reduced its room rate to US\$176.38 and has asked ARIA for a decision following the January Board meeting. Two other locations that are actively pursuing ARIA are Las Vegas - \$129.00 room rate at the Renaissance Hotel, and Vancouver- US\$178.00 at the Renaissance Hotel.

### **Executive Office**

ARIA's contract for The Institutes to house the executive office expires at the end of 2015. An executive office RFP will be developed. Tony provided Laureen Regan, search chairperson, with information from the previous RFP.

The executive office and The Institutes agreed to invoice each other for services provided. The Institutes now charge ARIA for both print and mail services. In turn, ARIA invoices The Institutes for ads placed in journals and for table space at the annual meeting.

The Institutes' risk manager approached the executive director concerning ARIA's insurance coverages that come due in January 2015. His concerns were:

- Is \$2 million D&O coverage adequate?
- Is event cancellation coverage needed for ARIA's exposure to the World Congress?
- Is ARIA's liability exposure adequate considering its participation in the Congress?

These questions will be brought up during the Board's discussion of the World Congress.

Liz Sheely, and The Institutes' print products and mail operations departments assisted the executive office in planning and preparing for the 2014 annual meeting.