Introduction to the Sixth Annual Lecture *

by Fabio Padoa **

The International Association for the study of Insurance Economics, called in short Geneva Association, was formed in 1973, almost ten years ago, as an association of persons, not of companies, these persons being generally the chief executives of the leading insurance companies in a number of European countries. Since 1980 a limited number of associated members from the United States have also been admitted. The founders of the Geneva Association shared the belief that the insurance world had devoted much attention to the legal aspects of its activities and to their actuarial aspects, but so far too little attention to its economic features. They felt that insurance can be heavily affected by macro-economic developments. They also felt that in dealing with risk and uncertainty, insurers have accumulated a specific experience which can be of paramount importance to other members of the economic community in a time when progress of technology brings about an increased vulnerability of our society from a technical, political and social point of view. So they decided to create a limited but rather sophisticated mechanism to try and organise both the supply and the demand for more economic research in risk and insurance. The headquarters of the new outfit was located in Geneva, Switzerland, where a number of international organisations provide an ideal background for information and intercommunication.

At the headquarters of the Geneva Association, very little research is done ; most of the activities are devoted to commit research to Universities and to professional research institutions on subjects selected by a Board of twelve. The results of the research are published in a widely distributed quarterly publication, the "Geneva Papers", which has become a classic in the economic literature on risk and insurance problems. Every year the Geneva Association organises an Annual Lecture on a high scientific level in order to contribute to the progress of the general economic theory. Nobel prize-winner Kenneth Arrow, Jacques Drèze, Martin Feldstein, Karl Borch and Joseph Stiglitz have been the speakers of the first five annual lectures which are held in high places of the economic science like the London School of Economics, the Polytechnikum of Zurich and this year the Warthon School of Economics. The Association also promotes a number of seminars ; among them are the regular meetings of

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** President of the Geneva Association.

the European Group of Risk and Insurance Economists formed by the Association itself among University professors and scholars in this field.

Since the Geneva Association started operating ten years ago the number of chairs where risk and insurance subjects are taught in European Universities has increased by 50 %. I dare to think that part of this growth is due to the increased interest the Association stimulates in its field of research. The day might not be so far away when every scholar of Economics in European Universities will have had a chance during his curriculum to become familiar with the main features of the insurance problems.

Significant contributions have been made by the Geneva Association towards the progress of economic research in a number of areas.

I already quoted the common ground for information and discussions the Association provides for progressive economists interested in risk and uncertainty problems. Besides, a number of in depth studies have been produced concerning interface areas between insurance and industry, insurance and financial institutions, private insurance and social security.

Applied research has equally been promoted on several new frontiers of the insurance industry and its expected developments in the use of computers, of containers, of LNG and on similar subjects.

As a result, vital problems of our industry will be better understood by decision making circles in the future and insurers will be put in a position to provide more appropriated and perceptive services to the whole community.