Foreword

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The "Geneva Association" was founded in 1973 on the continent of Europe and is now sponsored by some forty leaders of major insurance companies in twelve European countries. The idea of the founder members was to promote study and research into the relationship between economics and insurance. The "Geneva Association" is therefore involved in a diversified research programme of risk and insurance economics.

Since its foundation the "Geneva Association" has in its short life-time undertaken research projects with a view to making a positive contribution to a better understanding, not only by insurers and reinsurers, but also by the political, commercial and academic worlds, of the interdependence of insurance and the economic framework within which it operates. As the Association develops its objectives and attains a certain maturity there comes an obvious need to broaden its horizons and to strive for wider understanding of its aims; this lecture, as well as those it is hoped will succeed it each year, has this object very much in mind.

We are constantly being aware in our business that the rapid evolution of modern society with its accompanying technological advances creates new dimensions in terms of the risks which we are called upon to cover. We are aware too that not only should insurers and reinsurers be called upon to take care of the financial consequences, but that they should be concerned also in the wider context of the control and reduction of risk, and even eventually of the uncertainty which risk brings, since these aspects represent issues of vital importance in every sector of economic life. As an industry, our ability to progress towards these ends determines our capacity and willingness to handle risks in a world of escalating values and growing complexity.

The "Geneva Association" being aware that the vulnerability is a factor affecting most aspects of economics simultaneously has felt it necessary to try and relate the fundamental and familiar problems of insurance to the over-all context of the modern economy. We believe, in fact, that our long term strategies can only be achieved by a better understanding both practical and theoretical of the challenges presented by risk and uncertainty. The work of Professor Arrow is a major contribution in this context.