

Profile of an Insurance Educator: Etti Baranoff

by Diana Lee, *ARIA News* Editor



Etti Baranoff

“A great professor”... “Not only very informative, but pleasant as well”... “Teaches what you need to learn.” These are students’ comments made about Etti Baranoff, our featured insurance educator in this issue of *ARIA NEWS*.

Teacher....researcher....author....expert witness....former regulator....Etti Baranoff has had a multi-faceted career. She received her B.A. degree in economics and statistics from the University of Tel-Aviv (Israel) nearly forty years ago, and 10 years later earned her FLMI (Fellow, Life Management Institute) designation. In 1993, she earned her Ph.D. at the University of Texas at Austin in finance with minors in statistics and insurance. Since 1995, Etti has been with the Virginia Commonwealth University (VCU) in Richmond, Virginia.

When Etti is not busy teaching undergraduate and graduate courses in finance, risk and insurance and employee benefits — all group coverages and pensions, she is actively involved in researching a variety of topics, including issues relating to the current 2008/2009 financial crisis including examination of the impact of mortgage

backed securities (MBS) on the capital structure of life insurers, and the demand for insurance. Other topics include the examination of the impact of variable annuities with guarantees on the capital of life insurers along with the MBS exposure; capital structure and risks; enterprise risk management (ERM) and enterprise risk and opportunity management (EROM); ERM maps and benchmarking analysis of insurers’ ERM activities; interrelations among capital/risk/organization/distribution structures; solvency detection models; insurance regulations; market discipline in insurance markets; insurers asset allocation and performance; industry segmentation; and more...

Etti has accumulated many honors and recognitions during her career. She has won numerous research awards given by the International Insurance Society (2008, 2006, 2004, 1996 and 1995) — this may in fact be a record high! Etti was recognized as the 2005 Distinguished Scholar of the VCU Business School and is a seven-time winner of research awards given by the business school. She is also the recipient of the 1990 Spencer Scholarship Award (RIMS) and the 1989 Vestal Lemmon Presidential Scholarship at the University of Texas.

Etti has more than 30 published articles in academic and non-academic journals and periodicals, and has presented countless times at various meetings and conferences. She has publications at our own *Journal of Risk and Insurance* and *Review of Risk Management and Insurance*, and *The Geneva Papers on Risk and Insurance Issues and Practice*, the *Journal of Banking and Finance*, *Contingencies*, *Journal of Insurance Regulation*, etal.

She is the author of the textbook, *Risk Management and Insurance* (2004), John Wiley & Sons, NJ, which is said to provide a clear introduction to the complexities of this field. In her book are chapters on subjects such as e-risks and enterprise

risk; because each chapter is linked to the overall insurance picture, students are able to see how the latest developments and traditional approaches meld together. Etti is currently working on a new version of a textbook with Patrick Brockett and Yehuda Kahane, *Risk Management for the Enterprise and Individuals*, to be published during 2009 by Flatworld Knowledge. The textbook includes applications to the current financial crisis.

Etti is often sought to provide her insights on a multitude of topics. She has been quoted in *Virginia Business*, *Best’s Review*, *Bloomberg News*, *Washington Post*, *Forbes*, *Chicago Tribune*, *Virginian-Pilot*, *New York Times*, *USA Today*, *United Press International*, *Dallas Morning News*, and other newspapers, and interviewed by radio stations NPR and WRVA and TV stations in the Richmond area. Etti has also had a column in the *Richmond Times Dispatch* discussing the health insurance options available to graduating students. She just recently appeared on Channel 12 in Richmond on the same topic to help workers who have been laid off.

Her list of service work is lengthy as well. In addition to participating on numerous ARIA working groups and committees, Etti has been an active member of committees at VCU, the Richmond JCC, various Austin Jewish organizations and the National Association of Insurance Commissioners.

ARIA NEWS recently chatted with Etti to learn more about her active life. We hope you will enjoy learning more about Etti:

ARIA NEWS: Tell us a little bit about your background. What prompted you to study insurance?

Etti: Like most of us, I came to insurance by sheer coincidence. When I completed my undergraduate studies at the University of Tel-Aviv in economics and statistics, I was not inclined to move into insurance and worked at the Israeli Labor

Union (like a government within the main government) and the Federal Reserves of Israel, and taught high school.

It was only upon my arrival to Austin, Tex. that I had an opportunity to work for American Founders Life Insurance. Beginning as a pension administrator and moving into market research, I obtained the FLMI (Fellow, Life Management Institute) designation and truly found the industry and products to be of great interest. As a result of this experience, I sought and found a regulatory position at the Texas State Board of Insurance (currently the Texas Department of Insurance, or TDI) as an actuarial rate analyst for all the promulgated property/casualty lines of insurance. Later on, I moved into a legislative research position for all lines of insurance under the Board.

It was in 1987 when my father passed away and I traveled quickly to Israel that I realized the need to actualize my old dream of obtaining a graduate degree. When I returned to the U.S. in January 1988, I applied to the Ph.D. program at the University of Texas (UT) at Austin for insurance studies in the finance department. Since all of my paperwork was in place from earlier years, I was accepted into the program.

The Chairman of the Board at the time, Lyndon Olson, suggested that I continue to work full time while pursuing the graduate degree. The distance between the Board and UT was about 8 blocks and I managed to study, work and have a regular life with my family and my community. I discovered that the more one squeezes into a day, the more efficient one becomes. I graduated from UT in the same year that my second daughter graduated from high school; she noted in her valedictorian speech how special it was for her to graduate together with her mother.

My mentor and professor, Robert C. Witt, and I worked on special projects that were of great interest to me. To avoid any conflict of interest, I moved to the Texas Association of School Boards — a large governmental risk pool for the Texas 1000 school districts. When Bob passed away suddenly in 1995 while playing basketball, I had to “spread my wings” and accepted the visiting position at Virginia Commonwealth University. My husband,

Steve, and I made a decision to not leave Austin and I began commuting between Richmond and Austin.

ARIA NEWS: How did you end up in Texas in the first place?

Etti: I met my husband, Steve, in Israel; he is originally from Austin, so it was natural that we relocated there in 1977. His father, an art professor at UT was ill and passed away about six months after we arrived. His mother made her mark in Austin’s public education field; currently, there is a school in Austin — the Dr. Timy Baranoff Elementary School — named after her. We have very strong roots and community life in Austin, and now also in Richmond as we maintain two homes since Steve’s retirement from his engineering career.

ARIA NEWS: Who was the most influential person in your career?

Etti: My father and Bob Witt; also, Lyndon Olson at TDI. Currently, I admire a lot of our colleagues and feel very fortunate to work with Tom Sager, Pat Brockett and Linda Golden, all at UT–Austin.

ARIA NEWS: What do you consider to be your top professional and personal accomplishments?

Etti: When a student of mine achieves success, I regard it as a personal success. In the area of writing and research, I am constantly working to add to the bank of knowledge that exists in our field.

During the current financial crisis, I believe that our field is not only the most relevant and most important, it also needs to be elevated to be a required field of study in all business schools in order to ensure sustainability. It is imperative that graduating students have the mindset of recognizing risks and have the knowledge of how to manage them (see: “Prevent the Next Crisis: Demand Risk Management Education,” *The Regulator*/JAN 2009 7). My current textbook writing along with my research, interviews and public exposure is to advance the understanding about the importance of our field.

It is also important to me to write op-eds and promote public education in the area of health insurance coverage and the need for individuals to be included in the managed care system. With the availability of individual coverage and HSA (health

savings accounts), the public should realize that catastrophic health coverage is attainable and there is no need to remain uninsured, especially when one is young and healthy.

My greatest personal accomplishments are my family (my husband, two daughters, their husbands and four grandchildren) and my community life. All provide me with great satisfaction and enrichment.

ARIA NEWS: What do you see as major challenges facing schools with risk management and insurance programs?

Etti: The challenges for schools are to make themselves the most viable and relevant area of study. I see ARIA as *the group* to help show the educational world that if opportunity risks had the same tools and techniques, including sophisticated catastrophe modeling that actuaries have been using, then we may have had a different outcome related to the ongoing financial crisis. We should emphasize to our risk management classes that risks can take the “house” down unless they are managed prudently with a clear understanding of their measure and consequences. While much of our teaching is multi-disciplinary, our field is the only one that gives the tools to mitigate risks and not allow sloppy underwriting as was the real estate mortgages case that brought about this economic crisis.

ARIA NEWS: What have you learned in your career that you wish you knew when you were starting out?

Etti: I love my academic career, which I started later in life. I probably would have started earlier if I had known how terrific this career is, mentoring young adults while doing research and writing about topics of such great interest.

ARIA NEWS: What hobbies or activities do you enjoy outside of teaching and research?

Etti: I am a swimmer, a kayaker, a walker and a lover of nature. I am addicted to swimming; for me, it is like eating and sleeping. I love nature and joining my husband on his bird photographic trips. Some of these experiences such as the snow geese blasting off at dawn at Bosque Del Apache in New Mexico are magical. My husband’s photo art shows greatly enrich our lives (see www.birdsbybaranoff.com).

I also love listening to books on tapes and music, and Steve's hobby as a fiddler of old Texas fiddle tunes at places such as Artz in Austin is just pure fun. With Steve's retirement and staying longer periods in Richmond, we recently re-joined the National Audubon Society and traveled with members of the group to our favorite place in Maryland's Eastern Shores — Chincoteague.

ARIA NEWS: What do you think is the most important value of ARIA?

Etti: Today, ARIA should undertake a major campaign to add RM as required core curriculum in all business schools. I would even volunteer to head such a campaign. How can any business school major go out to the market without the tools to identify, evaluate, measure and mitigate risks? How can anyone not understand underwriting? Currently, we are not educating the students to create sustainability, but it is our duty to do so because who else understands this field better than we do?

ARIA NEWS: Do you have any advice for ARIA members, especially newer ones?

Etti: Teach EROM (enterprise risk and opportunity management)!!!