



Highlights of Recent RAND Research on Banking and Financial Services Issues

For more information, contact Shirley Ruhe, Director of Congressional Relations, at 703-413-1100, x5632 or Shirley_Ruhe@rand.org, or Kristy Anderson, Banking and Financial Services Legislative Analyst, at 703-413-1100 x5196 or Kristy_Anderson@rand.org.

The RAND Institute for Civil Justice (ICJ) conducts research in a variety of areas, including civil justice, insurance regulations, trends in litigation and jury verdicts, compensation systems, terrorism risk management, and small business and entrepreneurship. ICJ's work has been used widely by decisionmakers and featured prominently in policy debates. In the areas of banking and financial services, ICJ has analyzed policies affecting areas such as class action suits and financial institutions, as well as programs such as the Terrorism Risk Insurance Act (TRIA) and the National Flood Insurance Program (NFIP).



The U.S. Experience with No-Fault Automobile Insurance A Retrospective

James M. Anderson et al., 2010

No-fault automobile-insurance regimes were the culmination of decades of dissatisfaction with the use of the traditional tort system for compensating victims of automobile accidents. They promised quicker, fairer, less-contentious, and, it was hoped, less-expensive resolution of automobile-accident injuries. This monograph considers how these plans have fared. After reviewing the intellectual and political history of no-fault auto insurance, the monograph concludes that no-fault lost political popularity because of the perception that it did not deliver the promised consumer premium cost reductions. Analysis of data from a variety of sources confirms this view, demonstrating that premiums and claim costs have become substantially larger in no-fault states than in other states over time. These cost increases can be traced to a variety of factors, including growth in excess claiming in no-fault states and convergence between no-fault and tort states in litigation patterns and noneconomic-damage payments. However, the primary driver of no-fault's cost growth has been high medical costs. The extent to which these additional costs represent augmented utilization of medical services rather than cost shifting from the medical insurance system to the automobile insurance system remains unclear.



Perspectives of Chief Ethics and Compliance Officers on the Detection and Prevention of Corporate Misdeeds

What the Policy Community Should Know

Michael D. Greenberg, 2009

Improvements in corporate compliance, ethics, and oversight have been a significant policy goal for the U.S. government at least since the enactment of the U.S. Federal Sentencing Guidelines in 1991 and the Sarbanes-Oxley Act in 2002. Notwithstanding these earlier government initiatives, the collapse of financial markets in late 2008 has invited renewed questions about the governance, compliance, and ethics practices of firms throughout the U.S. economy. On March 5, 2009, RAND convened a conference in Washington, D.C., on the role and perspectives of corporate chief ethics and compliance officers (CECOs) in supporting organizations in the detection and prevention of corporate misdeeds. The conference brought together leaders from among ethics and compliance officers in the corporate community, as well as stakeholders in the nonprofit sector, academia, and government. Discussions focused on the challenges facing corporate ethics and compliance programs as a first line of defense against malfeasance and misbehavior; on the role of CECOs as champions for implementation in their companies; and on potential steps that might be taken by government to empower CECOs and, by extension, the corporate ethics and compliance programs that they oversee.



Investor and Industry Perspectives on Investment Advisers and Broker-Dealers

Angela A. Hung et al., 2008

In theory, financial professionals are relatively distinct: A broker conducts transactions in securities on behalf of others; a dealer buys and sells securities for his or her own accounts; and an investment adviser provides advice to others regarding securities. Broker-dealers and investment advisers are subject to different regulatory structures. But trends in the financial services market since the early 1990s have blurred the boundaries between them. Regulatory reform requires a clearer understanding of the industry's complexities. The U.S. Securities and Exchange Commission asked RAND to conduct this study to examine the professionals' current business practices and whether investors understand differences between and relationships among them. The report describes a heterogeneous industry, with firms taking many different forms and offering a multitude of services and products and with investors failing to distinguish broker-dealers and investment advisers along regulatory lines. Despite this, investors express high levels of satisfaction with the services they receive from their own financial service providers. This satisfaction was much more frequently reported to arise from the personal attention the investor receives than from the actual financial returns arising from this relationship.

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