George Mason University
School of Public Policy
Doctoral Qualifying Examination, Part II (take-home exam paper)

May 30-June 1, 2009

This part of the exam must be delivered in single hard copy to Beth Eck or Joanna DeLaune in Arlington no later than 5:00 p.m. June 1, 2009. You must also email a copy to Beth at eeck@gmu.edu no later than 5:00 p.m. on June 1, 2009.

You have been assigned a tracking number by the Doctoral Office. Put the tracking number on every page of the paper you submit as your response to this examination. Do not put your name on the paper or on any envelope in which it is submitted.

It is recommended that you re-read the General Instructions for the Qualifying Examination before you begin work on Part II.

The subject of this examination is Insurance Regulation.

Background

In the midst of the ongoing financial crisis, policymakers are revisiting the regulation of financial services and complex financial instruments. The regulation of the insurance industry is under particular scrutiny following the spectacular losses of insurance companies in the credit derivatives markets. The analysis of insurance regulation reform will appropriately consider the economics of insurance regulation; if policymakers are diligent, their examination will consider political, institutional and cultural dimensions as well.

The papers in this exam offer various research findings and arguments regarding the determinants of insurance regulation and outcomes, focusing on “non-market” factors. Using a variety of theoretical and methodological approaches, the studies consider the variables that determine the structure of state insurance regulation, and the conditions required for regulatory reform.

For this assignment, you are to take on the role of an analyst for a Congressional committee that is considering insurance regulation reform. The committee is considering making insurance regulation more uniform across states, and they are looking for guidance on the non-economic aspects of such a reform. You have been asked to prepare a background briefing paper on this subject to get the committee “up to speed” on the political economy and institutions of state insurance regulation – what is known about the factors that create an efficient insurance market, and what factors influence the ability to change existing regulations.

TURN OVER→→→
The committee is particularly interested in getting guidance on where to expect resistance to uniform standards. Are there certain state characteristics that favor easy/light insurance regulation, which could predict push back against more stringent standards? In considering uniform standards for insurance regulation, what factors should they consider about state governance and the nature of insurance regulation reform?

As often happens on Capitol Hill, you have been given only a couple of days to prepare this paper. You have done a quick bit of background research, and you have found the five references listed in the background readings for this examination. You may have an opportunity in preparing the paper to consult with other sources, but the quality of your work will be judged based on how well you make use of the material in these five references. It is recognized that these five documents, by themselves, are not likely to contain everything you would like to know about the subject of insurance regulation before advising your boss. Such is life as a congressional staff member.

The report should consider the research approach of the five essays, and the most important reliable findings from the collection of papers. You should also suggest future research to refine our understanding of this topic.

**Report Guidance**

Prepare your report in a form that facilitates effective communication with the committee. Organization and clarity are important. Make references to the source documents where necessary to strengthen your arguments. You should include reference to data and analyses, but do not be overly technical. **Do not simply recite or quote the conclusions of the authors of the readings; provide your own critical analysis.**

REPORT SHOULD BE 4000-5000 WORDS, APPROXIMATELY 16-20 TYPED PAGES, DOUBLE SPACED, NORMAL MARGINS & FONTS.

**VERY IMPORTANT:** At the beginning of your “report,” include a short executive summary (2-3 paragraphs, one page or less) that presents your findings and conclusions in simple, declarative statements with a minimum of technical terms. Write this section as if it might be the only section read by other Members of Congress whom the committee may wish to influence.

Your report will be evaluated on its overall quality as a policy analysis document. Among factors that will be considered are the cogency and completeness of your arguments, the organization and clarity of your presentation, and the quality of your writing.

YOUR “REPORT” IS DUE TO JOANNA DELAUNE OR BETH ECK IN ARLINGTON BY 5 P.M. MONDAY, JUNE 1, 2009. DO NOT BE LATE!