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**Correlated Risks: A Conflict of Interest Between Insurers  
and Consumers and Its Resolution**

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proves to be possible with very few exceptions.

In sum, this research suggests that consumers both in the United States and Switzerland fail to reach their efficient frontiers in  $(\mu, \sigma)$ -space as far as their assets 'insurance policies' are concerned. It also finds scope for additional hedging by private insurers, domestically as well as globally. However, some open questions need to be addressed in future research. First, similar investigations should be carried out for additional countries to check whether truly global hedging opportunities exist in the underwriting of personal insurance. Second, analysis of individual data would be extremely valuable. As already discussed in Zweifel [2000], aggregation creates the danger of finding positive correlations in the aggregate that do not exist at the individual level. Likewise, the results of the cointegration tests reported here need not carry over to individual insurance companies. However, the results presented in this paper do seem to raise issues of considerable importance worthy of additional research effort.











