The Swiss Finance Institute (SFI) is a private foundation created in 2006 by Switzerland’s banking and finance community in cooperation with leading Swiss universities. The Institute supports and advances research, doctoral training, knowledge transfer and education in banking and finance. SFI also fosters interaction between researchers and practitioners with the goal of ensuring an integrated approach to its research. It is supported by the Swiss banks, the Swiss Stock Exchange, Swiss universities and the Swiss federal government.

Outstanding Paper Award Lecture Invitation

Shadow Insurance

Ralph Koijen, Professor of Finance at London Business School

Thursday, March 26, 2015, 18:00 - 19:30

Banque Pictet & Cie SA
Route des Acacias 60
1227 Carouge
Shadow Insurance

Liabilities ceded by life insurers to shadow reinsurers (i.e., affiliated and less regulated off-balance-sheet entities) grew from $11 billion in 2002 to $364 billion in 2012. Life insurers using shadow insurance, which capture half of the market share, ceded 25 cents of every dollar insured to shadow reinsurers in 2012, up from 2 cents in 2002. Our adjustment for shadow insurance reduces ratings by 3 notches and raises default probabilities by a factor of 3.5. We develop a structural model of the life insurance industry and estimate the impact of current policy proposals to contain or eliminate shadow insurance. In the counterfactual without shadow insurance, the average company currently using shadow insurance would raise its price by 12 percent, and annual life insurance underwritten would fall by 11 percent for the industry.

Speaker

Ralph Koijen’s areas of expertise include investments, insurance markets, and financial econometrics. In addition to being Professor of Finance at London Business School (LBS), he is a Research Fellow of Netspar and the CEPR. Before joining LBS, Ralph was a visiting assistant professor of finance at New York University’s Stern and an assistant and associate professor of finance at the University of Chicago’s Booth School of Business.

Ralph’s research has been published in leading journals, such as The Journal of Finance, the Review of Financial Studies, the Journal of Financial Economics, and the American Economic Review. It has also been widely covered in the media, such as the New York Times, the Economist, and the Wall Street Journal. He has also given numerous seminars worldwide and is an Associate Editor of the Journal of Finance, the Review of Financial Studies, and the Review of Finance.

Outstanding Paper Awarding Ceremony and Lecture

The Swiss Finance Institute is pleased to invite you to a lecture by Prof. Ralph Koijen of the London Business School. Prof. Koijen will present the results of the 2014 Swiss Finance Institute Outstanding Paper “Shadow Insurance” co-authored with Dr. Motohiro Yogo of the Federal Reserve Bank of Minneapolis. This award distinguishes an unpublished research paper making an outstanding contribution to the field of finance while the lecture aims at providing industry members insight into their findings.

Program

18:00 Welcome and Prize Awarding
18:10 Lecture
19:00 Cocktail

The event is free of charge.
Due to limited space, we kindly ask you to register before March 11, 2015 on our website: www.SwissFinanceInstitute.ch.