

# Shinichi Kamiya

Wisconsin School of Business  
University of Wisconsin-Madison  
975 University Ave., 5191 Grainger Hall  
Madison, WI 53706, USA

Phone: +1-608-265-4189  
E-mail: [skamiya@bus.wisc.edu](mailto:skamiya@bus.wisc.edu)  
Personal Website:  
<http://research3.bus.wisc.edu/course/view.php?id=41>

## EDUCATION

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- 2010 Ph.D in Risk Management and Insurance (expected), University of Wisconsin-Madison  
*Thesis Title:* "Essays in the Risks Caused by Financial Institution's Moral Hazard"  
*Dissertation Committee:* Joan T. Schmit (Chair), Mark J. Browne, Jean-Paul Chavas,  
Elizabeth R. Odders-White and Marjorie A. Rosenberg
- 2003 M.S. in Actuarial Science, University of Illinois at Urbana-Champaign
- 1994 B.A. in Environmental Information, Keio University

## EXPERIENCE - ACADEMIC

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- 2007, 2009 Teaching Assistant: Principles-Risk Management, Wisconsin School of Business, UW-Madison
- 2006 Teaching Assistant: Business Statistics, Wisconsin School of Business, UW-Madison
- 2006 Research Assistant: Risk Management Terms Project, Wisconsin School of Business, UW-Madison
- 2004-2005 Lecturer: Loss Model/SOA Course P Preparation, Keio University (Part-time)
- 2004 Lecturer: Financial Asset Pricing, Faculty of Economics, Tohoku University (Part-time)
- 2003-2005 Visiting Researcher, Keio Research Institute at SFC

## EXPERIENCE - BUSINESS

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- 2004 Editorial Board for CFP Official Textbook: Risk & Insurance and Finance, Japanese Association for Financial Planners
- 1994-2001 Assistant Manager, Production & Marketing Dept., The Yasuda Fire & Marine Insurance Co., Ltd.

## RESEARCH

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### Recent Research Topics

Reputation, moral hazard, adverse selection, asset pricing, household portfolio choice

### Working Papers (All papers are Available at my personal website)

- **"Determinants of Insurers' Reputational Risk" (Job market paper)**

*Abstract:* Reputation is crucial to insurers' ability to sell insurance policies because customers cannot observe insurer's performance prior to purchase. Once a good reputation is established, customers will pay more than the marginal cost of an insurance policy in expectation of insurer performance, and thereby reputation itself can be a valuable asset for insurers. Due to the unobserved performance, insurers have two potential strategies for earning future profits: maintaining its reputation by fulfilling customer expectation or performing lower than customers expect. The latter is a form of moral hazard and can result in loss of reputation. The optimal choice of strategy depends on factors such as prospect of future profitability, discount rate, the efficiency of information sharing, and irrational beliefs. In this paper, we empirically found that a large franchise value and a large capital-to-asset ratio increase conflicts of interest and potentially damage customer confidence in an insurer's operation. Further, focusing on exogenous factors, we identified that a high interest rate and its decline, an increase of systematic risk, inefficient information flow, and non-life insurer are positively associated with the risk-taking.

- **“A Theory of the Demand for Underwriting,”** with Mark Browne, July 2009. (submitted)

*Abstract:* When a party seeks to pass a risk to another in a market transaction it typically must first provide information about the risk to the potential risk bearer, who determines whether to accept the risk and if so at what price. In the current paper, we examine the demand for (not perfectly accurate) underwriting and its effect on equilibrium in an insurance market. Assuming that risk type is known to insurance applicants but not to the insurer, we find sufficient conditions under which low risk buyers are willing to pay for underwriting to obtain full coverage rather than choose self-selection partial coverage. Thus, underwriting tests serve as a device to increase low risk buyers' insurance coverage. The results of our analysis indicate that underwriting equilibria would widely exist even under the condition where the Rothschild-Stiglitz separating equilibrium does not hold in the absence of underwriting. Our findings provide an explanation for why empirical studies on adverse selection in some insurance markets have reported evidence of adverse selection, while others have not. We also provide an explanation for why some insurance products are sold with limited or no underwriting.

- **“Coalition-Proof Incentives and the Use of Contingent Commissions: Evidence from the Insurance Underwriting Cycle,”** with Lan Ju and Mark Browne, July 2009.
- **“Insurance as a Giffen Good: Another Aspect,”** May 2009.

### **Work in Progress**

- **“Is Private information Priced?: Evidence from Private Information about Operational Risk Events”**
- **“High-Integrity Reputation Equilibrium”**

### **Refereed Publications**

- “Empirical Estimation of Relative Risk Aversion: Using Cross-Sectional Life Insurance Purchase Data,” (with Soichiro Moridaira), *JARIP Journal*, March 2006
- “How Bonus-Malus System Effectively Works against Adverse Selection? - Empirical Analysis of Japanese BMS Transition,” (with Kazuhito Tojo), *JARIP Journal*, March 2006

### **Other Publications**

- “Risk Management Terms” (with Joan Schmit, Margorie Rosenberg, and Peng Shi). *The Actuary Magazine*, Society of Actuaries, May 2007.
- CFP Official Textbook: Risk & Insurance and Finance (with several authors), Japanese Association for Financial Planners, 2005.
- “How Japanese Households Determine Life Insurance Demand?” (with Soichiro Moridaira) in *Risuku-no-kagaku*, Atsuyuki Kogure, ed., 2005, pp. 151-171. (in Japanese)

### **Presentations**

- “Determinants of Insurers’ Reputational Risk,” American Risk and Insurance Association (ARIA) Annual Meeting, Providence, RI, August 3, 2009
- “A Theory of the Demand for Underwriting,” The 35th Seminar of the European Group of Risk and Insurance Economists, Toulouse, France, September 15, 2008
- “Adverse Selection with Underwriting Costs,” ARIA Annual Meeting, Portland, OR, August 5, 2008
- “Coalition-Proof Incentives and the Use of Contingent Commissions: Evidence from the Insurance Underwriting Cycle,” ARIA Annual Meeting, Portland, OR August 5, 2008
- “Risk Management Terms,” 9th Annual Bowles Symposium, March 30, 2007, Chicago, IL
- “Insurance As a Giffen Good under Bonus-Malus System and Its Effect on Adverse Selection,” ARIA Annual Meeting, Washington D.C., August 8, 2006.

## **GRANT, FELLOWSHIP, SCHOLARSHIP**

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2009, 2007 Scholarship, Wisconsin School of Business, University of Wisconsin-Madison  
2008 Research Grant: Reputational Risk Project, The Society of Actuaries/The Casualty Actuarial Society  
2008 Fellowship, Graduate School, University of Wisconsin-Madison  
2005-present Prudential Financial, Kiyo Sakaguchi Scholarship

## **PROFESSIONAL SKILL AND EXAMS**

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- Language: native Japanese speaker, fluent in English
- US Actuary Exam Course 1-3
- Computer Languages: FORTRAN, C, C++, Pascal, R, SAS, SPSS, Matlab

## **REFERENCES**

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### **Prof. Joan T. Schmit (Chair)**

Department of Actuarial Science, Risk Management and Insurance  
Wisconsin School of Business, University of Wisconsin-Madison  
Phone: 608-262-4240  
Email: [jschmit@bus.wisc.edu](mailto:jschmit@bus.wisc.edu)

### **Prof. Mark J. Browne**

Department of Actuarial Science, Risk Management and Insurance  
Wisconsin School of Business, University of Wisconsin-Madison  
Phone: 608-263-3030  
Email: [mbrowne@bus.wisc.edu](mailto:mbrowne@bus.wisc.edu)

### **Dr. Martin Halek**

Department of Actuarial Science, Risk Management and Insurance  
Wisconsin School of Business, University of Wisconsin-Madison  
Phone: 608-262-1848  
Email: [mhalek@bus.wisc.edu](mailto:mhalek@bus.wisc.edu)

### **Prof. Marjorie Rosenberg**

Department of Actuarial Science, Risk Management and Insurance  
Wisconsin School of Business, University of Wisconsin-Madison  
Phone: 608-262-1683  
Email: [mrosenberg@bus.wisc.edu](mailto:mrosenberg@bus.wisc.edu)