

ACADEMIC SEMINAR

How Does the Use of Credit Default Swaps Affect Firm Risk and Value? Evidence from U.S. Life and Property/Casualty Insurance Companies

This study uses a unique credit default swap (CDS) transaction dataset of insurers to examine the effects of CDS usage on the risk profile and firm value of the U.S. insurance companies for the period 2001 to 2009. Applying the Heckman two-stage model that adjusts for the potential endogeneity of CDS usage with respect to firm risk and firm value, we find consistent evidence for both Life and Property/Casualty (PC) insurers that the utilization of CDS for income generation purposes is associated with greater market risk, deterioration of financial performance, and lower firm value.



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Dr Min-Ming Wen is an Associate Professor of Finance at California State University, Los Angeles. Her research interests are risk management, insurance finance, corporate finance, executive compensation and corporate governance. As a Ph.D. in Finance who holds the professional designation Associate of the Society of Actuaries (ASA), she has been pursuing interdisciplinary research in finance, insurance, and actuarial science and have published journal articles on related areas of research. Her publications have appeared in *Financial Management*, *Journal of Banking and Finance*, *Journal of Risk and Insurance*, and *North American Actuarial Journal*.

Date: 14 October 2015 (Wednesday)

Time: 13:30 – 15:00

Venue: LKK101, 1/F, Leung Kau Kui Bldg.

Language: English