

## ACADEMIC SEMINAR

# Financial Intermediaries and Consumer Complaints

We investigate the role of intermediary ownership form in providing reliable financial services to consumers. Exploiting a novel dataset of the universe of consumer complaints to state regulators, we find significant differences between stock and mutual insurers in the number of complaints made about them. Consumer complaints stem from concerns over reduced claim settlements, delayed payments, customer care, and misconduct (e.g. redlining and fraud). Following natural disasters, consumer complaints about insurers, especially stock insurers, exhibit a significant upward spike in both the state affected by the disaster and the unaffected states. Contrary to our expectations, competition among insurers appears to intensify the relatively high number of consumer complaints about stock intermediaries. We also discover evidence to suggest that consumers in states with strong regulatory oversight of intermediary solvency experience less reliable service from stock insurers. Finally, we observe that within-state increases in the stock-mutual complaint wedge are followed by substantial increases in personal bankruptcies. Overall, our analysis indicates that intermediary organizational structure is an important component of consumer financial protection.



## Dr. Jiang Cheng

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Jiang Cheng, is an associate professor at the School of Finance, Shanghai University of Finance and Economics. He also serves as the research fellow at the Networks Financial Institute, Indiana State University and the Risk and Insurance Research Center, National Chengchi University.

He earned his Ph.D. degree in Risk Management and Insurance from Temple University. Cheng's research has received funding from a variety of sources including the National Natural Science Foundation, and has been published in

high quality insurance journals such as the *Journal of Risk and Insurance*. Cheng's research interests range from insurance regulation to accounting and corporate governance, spanning earnings management to CEO turnover. His current research projects include investigating the impact of ownership on insurers' behavior, service quality by insurance companies, earnings management and tax avoidance in insurance, CEO turnover and compensation, and demand of insurance in China.

**Date: 30 September 2016 (Friday)**

**Time: 1:30 - 3:00 pm**

**Venue: SEK210, 2/F, Simon & Eleanor Kwok Bldg.**

**Language: English**

\*\*\* All are Welcome \*\*\*