Articles Accepted


   The conglomerate organizational structure of health insurers suggests two distinct methods of product diversification – the first is firm-level diversification, or diversification within individual affiliates, and the second is conglomerate-level diversification, or diversification across affiliates of the conglomerate. We hypothesize that using both firm- and conglomerate-level diversification may magnify the costs or benefits of diversification on the financial performance of the conglomerate. Our results confirm this hypothesis and suggest a positive relation between health insurer financial performance and the use of both product line diversification methods. Our results not only contribute to the body of literature related to corporate diversification but are also important to policymakers and all health insurance market participants as portions of the Affordable Care Act continue to be implemented.


   Health insurance premiums have more than doubled over the last ten years, which has been suggested to be the result of high market concentration in the health insurance industry. In this paper, we conduct a state-level analysis in which we examine the health insurance marketplace across states and more importantly investigate the relation between market concentration and profitability. We find that there has been an increase in the number of insurers operating in most states over the sample period; accordingly, the extent of market concentration has declined in recent years. We also find evidence of a positive relation between market concentration and insurer profits but are unable to definitively determine if this result is due to anticompetitive behavior or greater efficiency of larger health insurers. To the extent that the provisions of the Patient Protection and Affordable Care Act (PPACA) will impact the number of insurers in the marketplace and/or the operational efficiency of health insurers, the PPACA will likely affect the profitability of the health insurance industry.


   Prior research on corporate name changes has largely focused on publicly traded firms and generally does not identify the source of any market or performance effect. In contrast, we consider whether name changes impact firm wealth by increasing revenue and if this revenue is driven by increased policies sold. We examine the impact of name changes using a large sample of life insurers for which detailed financial and operational data are available, including the number of policies in force. The results suggest that corporate name changes have positive wealth effects for insurers and that this effect is driven to some degree by increased policy counts for those insurers that primarily sell to individual consumers.


   While unsolicited financial strength ratings have been studied in the banking literature, these sometimes controversial ratings have not been studied in insurance. Utilizing data from multiple sources, including a proprietary dataset, we provide the most comprehensive examination of insurer financial strength ratings to date and the first analysis of unsolicited ratings for U.S. property-liability insurers. Similar to bank ratings, we find that insurers’ unsolicited ratings tend to be lower than solicited ratings. We also find some consistency in the importance of organizational and key financial characteristics when comparing the results for unsolicited and solicited ratings across the agencies.

The Patient Protection and Affordable Care Act (ACA) mandates the creation of health insurance exchanges and 2014 marks the first year that coverage obtained through the exchanges takes effect. Largely due to data limitations, there currently exists little empirical evidence regarding the operational characteristics and financial performance of the insurers that have elected to participate on health insurance exchanges in their inaugural year of existence. This study addresses the data limitations by examining the 2014 quarterly financial statement data reported to the National Association of Insurance Commissioners (NAIC) by the health insurers that HealthCare.gov indicates are currently participating on health insurance exchanges. In aggregate, the evidence presented in this paper suggests that insurers currently participating on exchanges are larger, well-established companies whose profits (expenses) are lower (higher) relative to previous time periods and other insurers not participating on exchanges. While data constraints preclude definitive conclusions regarding the effects of participation in insurance exchanges on insurer performance, the paper provides an important preliminary analysis that can be extended by future researchers when data constraints become less binding.

Articles Under Review

Working Papers