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Last updated: November 1, 2021

## RESEARCH FIELDS

Financial economics, with a focus on financial intermediation, insurance, corporate finance, and financial stability

## REFERENCES

**Prof. Farzad Saidi**  
 Department of Economics  
 University of Bonn  
[saidi@uni-bonn.de](mailto:saidi@uni-bonn.de)

**Prof. Martin Oehmke**  
 Department of Finance  
 London School of Economics  
 and Political Science  
[m.oehmke@lse.ac.uk](mailto:m.oehmke@lse.ac.uk)

**Prof. Lorian Pelizzon**  
 Department of Finance  
 Goethe University Frankfurt and SAFE  
 Department of Economics  
 Ca' Foscari University of Venice  
[pelizzon@safe-frankfurt.de](mailto:pelizzon@safe-frankfurt.de)

## EDUCATION

2018 – present	Postdoctoral researcher in Financial Economics <b>University of Bonn</b> (Prof. Farzad Saidi, Institute of Finance and Statistics)
2015 – 2018	Dr. rer. pol. (Ph.D.) in Finance and Economics, <i>summa cum laude</i> <b>Goethe University Frankfurt</b> (Chair Prof. Helmut Gründl, Department of Finance)
2013 – 2015	Master of Science in Mathematics, <i>with honors</i> <b>Goethe University Frankfurt</b> Heriot-Watt University Edinburgh, <i>Exchange Student</i> , Spring 2015
2010 – 2013	Bachelor of Science in Mathematics with Economics <b>Friedrich Schiller University Jena</b>

## RESEARCH VISITS AND FELLOWSHIPS

2020 – present	ECONtribute Reinhard Selten Institute <i>Associated Member</i>
2019 – present	European Central Bank & European Systemic Risk Board ( <i>paused due to Covid-19</i> ) <i>External Researcher, Alberto Giovannini Programme for Data Science</i>
2018 – present	International Center for Insurance Regulation, Goethe University Frankfurt <i>Research Fellow</i>
2018	St. John's University New York <i>Visiting Ph.D. Student and W. R. Berkley Fellow</i>
2017	Isenberg School of Management, UMass Amherst <i>Visiting Ph.D. Student</i>

## EMPLOYMENT

2018 – present	University of Bonn, Department of Economics, Institute of Finance and Statistics, <i>Postdoctoral Researcher</i>
2015 – 2018	Goethe University Frankfurt, Department of Finance, International Center for Insurance Regulation, <i>Research and Teaching Assistant</i>

## JOB MARKET PAPER

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### [Investor-Driven Corporate Finance: Evidence from Insurance Markets](#), *single-authored*

*Policy impact:* Presentation at EIOPA's Financial Stability Seminar (2021)

This paper documents that the bond investments of insurance companies transmit shocks from insurance markets to the real economy. Liquidity windfalls from household insurance purchases increase insurers' demand for corporate bonds. Exploiting the fact that insurers persistently invest in a small subset of firms for identification, I show that these increases in bond demand raise bond prices and lower firms' funding costs. In response, firms issue more bonds, especially when their bond underwriters are well connected with investors. Firms use the proceeds to raise investment rather than equity payouts. The results emphasize the significant impact of investor demand on firms' financing and investment activities.

## PUBLICATION

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### [Constrained efficient equilibria in selection markets with continuous types](#), *with Irina Gemmo and Casey Rothschild*

Journal of Public Economics (2020)

We prove the existence of the constrained efficient Miyazaki (1977)–Wilson (1977)–Spence (1978) equilibrium in competitive markets with adverse selection when the distribution of unobservable types is continuous. Our existence proof applies under extremely general assumptions about individual preferences. When we restrict preferences to have the widely-used-in-the-selection-markets-literature quasilinear form, we characterize the properties of this equilibrium by developing a simple and computationally efficient numerical method for constructing it. Applying this method, we show in a natural setting how one would compute the equilibrium allocation, potentially facilitating empirical work using the MWS equilibrium. We illustrate this empirical application in the context of policy interventions and show that the welfare implications of a coverage mandate critically hinge on whether the market implements a constrained efficient allocation like the MWS equilibrium or a constrained inefficient allocation like in Azevedo and Gottlieb (2017).

## WORKING PAPERS

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### [Life Insurance Convexity](#), *with Nicolaus Grochola and Helmut Gründl*

*Policy impact:*

- Featured in EIOPA's Financial Stability Report (2020), ESRB's "Enhancing the macroprudential dimension of Solvency II" (2020), Deutsche Bundesbank's Financial Stability Review (2018)
- Presentations at ECB (2020), EIOPA's Financial Stability Seminar (2018), Deutsche Bundesbank (2018)

Life insurers massively sell savings contracts with surrender options which allow policyholders to withdraw a guaranteed amount before maturity. These options move toward the money when interest rates rise. Using data on German life insurers, we estimate that a 1 percentage point increase in interest rates raises surrender rates by 17 basis points. We quantify the resulting liquidity risk in a calibrated model of surrender decisions and insurance cash flows. Simulations predict that surrender options can force insurers to sell up to 3% of their assets, depressing asset prices by 90 basis points. The effect is amplified by the duration of insurer's investments, and its impact on the term structure of interest rates depends on life insurers' investment strategy.

### [Tackling the Volatility Paradox: Spillover Persistence and Systemic Risk](#), *single-authored*

This paper introduces Spillover Persistence as a novel characteristic of systemic risk, which reflects the dynamics of losses in the financial system. Declines in Spillover Persistence capture buildups of fragility before systemic risk materializes, both during the run-up phase of banking crises and asset price bubbles. Consistent with the volatility paradox in macro-finance models, loose financial constraints connect declines in Spillover Persistence to fragility. When systemic risk materializes and amplification effects arise, Spillover Persistence increases. Thus, it disentangles fragility from amplification effects, which is useful to implement countercyclical regulation and extends existing systemic risk measures.

### [Loss Sharing in Central Clearinghouses: Winners and Losers](#), *with Lorian Pelizzon and Mila Getmansky Sherman*

Central clearing counterparties (CCPs) were created to reduce default losses in derivatives markets. We show that not all market participants benefit, and some are worse off. Loss sharing rules and their interaction with market network structure affect who wins or loses. We develop a simple model which shows that currently implemented rules largely benefit market participants with flat portfolios but not participants with directional portfolios or those located in the periphery of the network, consistent with their reluctance to voluntarily clear in practice. We then investigate how alternative loss sharing rules can offset cross-sectional differences in clearing benefits.

## Financial Literacy and Precautionary Insurance, with Annette Hofmann and Petra Steinorth

We study insurance markets with individuals that have limited financial literacy. In our model, complexity of insurance contracts causes individuals to be uncertain about insurance payouts. As a result, a trade-off between second-order (risk aversion) and third-order (prudence) risk preferences drives insurance demand. Very prudent individuals desire more insurance coverage when contract complexity increases, while the effect is reversed for less prudent individuals. We characterize the competitive market equilibrium with complex contracts when firms can exert costly effort to reduce complexity. Based on the equilibrium analysis, we propose a monetary measure for the welfare cost of financial illiteracy and show that it is mainly driven by risk aversion. We conclude with a discussion about implications for policy interventions and consumer protection.

## WORK IN PROGRESS

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A Theory of Margins and Central Clearing, with Martin Oehmke

The Impact of Post-Crisis Regulatory Reform on Derivatives Markets, with Piotr Kusmierczyk, Loriana Pelizzon, Mila Getmansky Sherman, Haoxiang Zhu

Climate Change and Financial Stability, with Dominik Damast and Simon Rother

## HONORS AND GRANTS

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2021	ECONtribute Selten Seeding Grant (EUR 1 500)
2020 – 2022	University of Bonn Argelander Grant (EUR 25 000)
2019, 2020	ECONtribute Travel Grants
2019	Frankfurt Prize for Insurance Economics
2019	Ernst Meyer Prize of the Geneva Association
2019	German Academic Exchange Service (DAAD) Travel Grant
2017, 2018, 2019	German Insurance Science Association (DVfWV) Travel Grants
2017	AFA Ph.D. Student Travel Grant
2017	Final round for SCOR/EGRIE Young Economist Best Paper Award
2016	S.S. Huebner Foundation Doctoral Fellow
2011 – 2015	German National Academic Foundation (Studienstiftung des deutschen Volkes) Scholarship

## TEACHING EXPERIENCE

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### University of Bonn

2020 – 2021	<i>Banking and Securitization</i> (graduate)
2019 – 2021	Seminar on <i>Financial Economics of Insurance</i> (undergraduate)
2019	Seminar on <i>Derivatives Markets and Central Clearing</i> (graduate)
2018	<i>Corporate Finance</i> (graduate)
2018 – 2021	Co-supervision of Bachelor's and Master's theses

### Goethe-University Frankfurt

2018	TA and Lecturer for <i>The Micro- and Macroeconomic Role of Insurance Companies</i> (graduate)
2017	TA for <i>Insurance Economics</i> (undergraduate)
2016	TA for <i>Risk Management and Insurance</i> (undergraduate)
2016	TA for <i>Insurance and Regulation</i> (graduate)
2015	TA for <i>Insurance Technologies</i> (graduate)
2015 – 2018	Co-supervision of Bachelor's and Master's theses
2014 – 2015	Tutor for <i>Statistics I and II</i> (Department of Mathematics)

## PRESENTATIONS (including invited, \* by co-author)

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2022	AEA (poster)
2021	AEA (ARIA session), SGF, Eastern Finance Association, American Risk and Insurance Association, European Group of Risk and Insurance Economists*, German Insurance Science Association, EIOPA, Goethe University Frankfurt, Hebrew University of Jerusalem
2020	AFA, IWH-FIN-FIRE Workshop on <i>Challenges to Financial Stability</i> , CEBRA, Paris December Finance Meeting, ECB, University of Oxford*
2019	Risk Theory Society, EEA, Finance Theory Group Summer School, EARIE, German Insurance Science Association, SIAM Financial Mathematics and Engineering*, Conference on the Regulation and Operation of Modern Financial Markets*, Wellesley College
2018	AEA (poster), American Risk and Insurance Association, European Group of Risk and Insurance Economists, German Insurance Science Association*, University of Bonn Workshop in Financial Economics, ECB Money Market Workshop, Bundesbank-CFS-ECB Workshop on Macro and Finance, SAFE Annual Conference, Deutsche Bundesbank, St. John's University New York, Goethe University Frankfurt, Isenberg School of Management UMASS Amherst
2017	AFA (poster), American Risk and Insurance Association*, European Group of Risk and Insurance Economists, International Actuarial Association Colloquium, German Insurance Science Association*, MIT Sloan, Deutsche Bundesbank, Isenberg School of Management UMASS Amherst, University of Leeds, University of Guelph, St. John's University New York, Goethe University Frankfurt
2016	SGF, German Finance Association, American Risk and Insurance Association, European Group of Risk and Insurance Economists, S.S. Huebner Foundation Doctoral Colloquium, German Insurance Science Association, University of Jena, Goethe University Frankfurt
2015	World Risk and Insurance Economics Congress

## WORKSHOPS

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2019	Finance Theory Group Summer School <i>Frictions in Firms and Markets</i> , Wharton
2017	EFA Doctoral Workshop <i>Insurance Markets</i> , Mannheim

## PROFESSIONAL ACTIVITIES

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Refereeing	Journal of Risk and Insurance, Journal of Banking and Finance (3x), Games and Economic Behavior (2x), Geneva Risk and Insurance Review, Insurance: Mathematics and Economics, Deutsche Bundesbank discussion paper series, Journal of Credit Risk, Journal of Insurance Issues
Discussions	Northern Finance Association (2021), Eastern Finance Association (2021), German Insurance Science Association (2021, 2019), European Group of Risk and Insurance Economists (2018, 2017, 2016), American Risk and Insurance Association (2018, 2016), SGF (2016)
Program committee	Eastern Finance Association (2022), German Economic Association (VfS; 2022, 2020)
Conference organization	Frankfurt Insurance Research Workshop (2018, 2017), ICIR Workshop on Systemic Risk in the Insurance Industry (2016)

## DEPARTMENTAL SERVICE

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2020	Member of the recruiting committee, University of Bonn
2019 – 2021	Co-Organizer of Finance seminar series, University of Bonn
2019 – 2021	Co-Organizer of Law&Econ seminar series, University of Bonn

## MISCELLANEOUS

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Citizenship	German
Languages	German (native), English (fluent), Spanish (rusty)
Interests	Classical Piano, Jazz Saxophone, Running