

SANGMIN SIMON OH

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RESEARCH INTERESTS

Asset Pricing, Insurance, Household Finance, Macroeconomics

EDUCATION

University of Chicago

Expected June 2024

Ph.D. Joint Program in Financial Economics

Booth School of Business & Kenneth C. Griffin Department of Economics

University of Pennsylvania (GPA: 3.97/4.00)

May 2018

Jerome Fisher Program in Management and Technology (M&T)

M.S. & B.S. in Electrical Engineering, School of Engineering and Applied Science

B.S. in Economics, Wharton School

REFERENCES

Ralph Koijen (Chair)

AQR Capital Management Distinguished Service

Professor of Finance and Fama Faculty Fellow

University of Chicago, Booth School of Business

ralph.koijen@chicagobooth.edu

Lars Peter Hansen

David Rockefeller Distinguished Service Professor

University of Chicago, Dept. of Economics, &

Statistics, and Booth School of Business

lhansen@uchicago.edu

Stefan Nagel

Fama Family Distinguished Service Professor of Finance

University of Chicago, Booth School of Business

stefan.nagel@chicagobooth.edu

Niels Gormsen

Neubauer Family Associate Professor of Finance

and Fama Faculty Fellow

University of Chicago, Booth School of Business

niels.gormsen@chicagobooth.edu

JOB MARKET PAPER

Social Inflation (solo-authored)

- **Abstract:** I study the pricing of a novel source of aggregate risk for the insurance sector: shifts in insurers' loss distribution due to extreme jury verdicts and settlements, widely referred to as social inflation by insurers and regulators. A hedonic model shows that jury verdicts for accidents with identical characteristics have increased persistently since 2015, which insurers attribute to evolving social norms and legal tactics. Insurers face not only higher average losses but also heightened uncertainty, due to both higher loss variability and Bayesian uncertainty about loss distribution parameters. To estimate the insurers' price response, I leverage within insurer-year variation across product lines and across geography. I estimate a multiplier of 6 – an additional \$1 million in verdicts leads to a \$6 million increase in insurance premiums – and find that social inflation accounts for nearly 70% of the total price increases since 2018. A model shows that this large price response includes a risk premium, stemming from the interaction of financial frictions with uncertainty in their statutory capital. Consistent with risk premium as the main driver of prices, I find (i) higher insurer profitability, (ii) bigger hikes for more constrained insurers, and (iii) increased risk margin in loss reserves. Overall, my findings highlight how changing social norms and legal developments translate into a source of aggregate risk for the insurance sector. Uncertainty induced by the shifting loss distribution is priced by insurers, a finding that is relevant to emerging risks such as climate and cyber.
- **Awards:** WFA PhD Candidate Award For Outstanding Research, Stigler Center PhD Dissertation Award
- **Select Presentations:** NBER Insurance 2022, SGF 2022, WFA 2021, EFA 2021

PUBLICATIONS

1. Cross-sectional Skewness [↗](#) (with Jessica Wachter)

Review of Asset Pricing Studies, 12(1), March 2022, p.155–198

Summary: We evaluate the skewness in the cross-section of returns in light of predictions from a well-known class of models.

WORKING PAPERS

2. Pricing of Climate Risk Insurance: Regulatory Frictions and Cross-Subsidies [↗](#)

(with Ishita Sen, Ana-Maria Tenekedjieva) Revise & Resubmit, Journal of Finance

Summary: Insurers overcome regulatory frictions by cross-subsidizing insurance across states, leading to a decoupling of rates from the underlying risk.

3. Asset Demand of U.S. Households [↗](#)

(with Xavier Gabaix, Ralph Koijen, Federico Mainardi, Motohiro Yogo)

Summary: We study the asset demand of U.S. households, including ultra-high-net-worth (UHNW) households, across a wide range of asset classes.

4. Climate Capitalists [↗](#)

(with Niels Gormsen, Kilian Huber)

Summary: Green firms report lower perceived cost of capital and discount rates in recent years, concurrent with the rise of "green investing."

5. Unpacking the Demand for Sustainable Equity Investing [↗](#)

(with Don Noh, Jihong Song)

Summary: We investigate the heterogeneity in investor demand for sustainable equity investing and study its implications.

6. High-Frequency Expectations from Asset Prices: A Machine Learning Approach [↗](#)

(with Aditya Chaudhry)

Summary: We construct a daily measure of GDP expectations that can be used to test many empirical anomalies observed in the asset market.

WORKS IN PROGRESS

1. The Hidden Costs of Medicaid Mortality Gap

(with Ralph Koijen and Stijn Van Nieuwerburgh)

2. Private Asset Demand of U.S. Households

(with Steven Kaplan and Federico Mainardi)

3. Quantifying Social Sustainability: Hard vs. Soft

(with Fulin Li and Blair Vorsatz)

4. Inside the Minds of Modern-Day Central Banks: The Role of Financial Markets

(Solo-authored)

AWARDS, SCHOLARSHIPS, AND GRANTS

Best Paper Prize in Responsible Finance: European Finance Association (EFA)	2022
— for "Pricing of Climate Risk Insurance: Regulatory Frictions and Cross-Subsidies"	
Becker Friedman Institute Bradley Fellowship Award	2022
Stigler PhD Dissertation Award	2022
Liew Fama-Miller Fellowship (Top 3rd Year Finance Paper)	2021
— for "Inside the Minds of Modern-Day Central Banks: The Role of Financial Markets"	
WFA PhD Candidate Award for Outstanding Research	2021
— for "Social Inflation"	
Yiran Fan Memorial Prize (Inaugural Recipient)	2021
Fama-Miller Research Professional Development Fellowship	2021
2nd Place in PhD Category: UChicago Three-Minute Thesis Competition	2021
Arnold Zellner Doctoral Prize (Best Student Paper on Bayesian Methods)	2020
— for "High-Frequency Expectations from Asset Prices: A Machine Learning Approach"	
Best PhD Paper Award: Conference on Asia-Pacific Financial Markets	2020
— for "Unpacking the Demand for Sustainable Equity Investing"	
Drumheller Family Foundation PhD Fellowship	2020
Drumheller Family Foundation PhD Fellowship	2019
John and Serena Liew Fama-Miller PhD Fellowship	2018

SEMINARS, CONFERENCES, AND WORKSHOPS

Presentations (* Indicates presentation by co-author)

- **2024:** AFA Annual Meeting (scheduled)
- **2023:** SFS Cavalcade*, WFA Annual Meeting, SoFiE Annual Conference, Yiran Fan Memorial Conference, FHFA*, Booth Finance Brownbag
- **2022:** NBER Insurance Fall Meeting, NBER Asset Pricing Fall Meeting*, NBER SI Corporate Finance*, NBER Innovative Data in Household Finance*, Swiss Society for Financial Market Research Conference, UC Boulder Leeds*, UW-Madison Business School*, NY Fed*, Tilburg*, U of Amsterdam*, U of Illinois Chicago*, Columbia GSB*, Stanford GSB*, Booth Finance Brownbag
- **2021:** AFA Meeting PhD Poster Session (x2), SoFiE Machine Learning Conference*, EFA Annual Meeting, SoFiE Annual Conference*, WFA Annual Meeting, NBER Insurance*, SITE 2021*, NY Fed/ NYU Financial Inter- mediation Conference*, ABFER 2021*, FRB Philadelphia Consumer Finance Round Robin 2021*, World Risk and Insurance Economics Congress 2021*, European Economic Association 2021*, Booth Finance Brownbag
- **2020:** Chicago Booth, SFS Cavalcade, MFA Annual Meeting, International Risk Management Conference, Bergen Fintech Conference, Bank of England Modelling with Big Data & Machine Learning Conference
- **2019:** Johns Hopkins University Carey Conference*, Wharton*, Booth Finance Brownbag

Invited Workshops

- **2021:** Mitsui Center Summer School on Structural Estimation in Corporate Finance, Machine Learning and Eco- nomics Summer Institute
- **2020:** SoFiE Summer School, BFI MFR Summer Session, Stanford Big Data Initiative in International Macro- Finance, NBER Economics of AI

- **2019:** Princeton Insurance Workshop

Discussions

- **2021:** E(astern) FA Annual Meeting
- **2020:** Bank of England Modelling with Big Data & Machine Learning

TEACHING EXPERIENCE

The University of Chicago, Booth School of Business

Quantitative Portfolio Management (MBA)	TA for Ralph Koijen	2023
Blockchain, Cryptocurrencies, and Web3 (MBA)	TA for Anup Malani & Anthony Zhang	2023
Portfolio Choice & Asset Pricing (PhD)	TA for Stefan Nagel	2022
Quantitative Portfolio Management(MBA)	TA for Ralph Koijen	2022
Portfolio Choice & Asset Pricing (PhD)	TA for Stefan Nagel	2021
Quantitative Portfolio Management(MBA)	TA for Ralph Koijen	2021
Corporate Finance Theory (PhD)	TA for Douglas Diamond & Zhiguo He	2021
International Macro Policy (EMBA)	TA for Brent Neiman	2021
International Macro Policy (MBA)	TA for Brent Neiman	2020
Big Data (MBA)	TA for Veronika Rockova	2020

University of Pennsylvania, The Wharton School

Wharton Investment Trading Group, Quant Team	Student Instructor	2018
Investment Management (MBA, UG)	TA for Robert Stambaugh	2017
International Financial Markets (MBA, UG)	TA for Amir Yaron	2017
Behavioral Finance (MBA, UG)	TA for Nikolai Roussanov	2017
Investment Management (MBA, UG)	TA for Robert Stambaugh	2016

WORK AND INDUSTRY EXPERIENCE

AQR Capital Management , Greenwich, CT	2016
Research Analyst, Global Stock Selection	
Forefront Capital Management , Mumbai, India	2015
Research Analyst, Special Situations Group	
Republic of Korea Army , Seoul, South Korea	2012–2014
Discharged a Platoon Sergeant, 5th Armor Brigade	

PROFESSIONAL EXPERIENCE

Organizer

- Organizer for Econ Dynamics Working Group (with Lars Hansen) 2021–22, 2022–23
- Co-Organizer for Chicago Booth Asset Pricing Working Group 2021–22, 2022–23
- Founder of Chicago Booth ML in Finance Reading Group 2020–21, 2021–22, 2022–23
- Co-Organizer for Chicago Booth Finance Brownbag 2020–21

Leadership

- Certified Mental Health First Aider 2021
- Graduate Student Liaison (GSL), Economics Department 2021
- Co-President of Political Economy Club (PEC), Economics Department 2020–21
- Chicago Booth Standing Committee on PhD Climate 2020–21

Referee

- Review of Finance, American Economic Review: Insights

Program Review

- Empirics and Methods in Economics Conference (2020)

ADDITIONAL INFORMATION

Citizenship

South Korea. Born 1992.

Computer Skills

Python (advanced), Stata (intermediate), Matlab (intermediate), R (intermediate)

Interests

Classical piano, Wildlife photography (mostly [squirrels](#)), Competitive soccer (positions: LB, DM), Soccer refereeing (Certified Level 5, Korea Football Association)

I run a daily listserv called [Plausibly Exogenous](#), which has 600+ subscribers.

Languages

English (fluent), Korean (native), Japanese (intermediate), Spanish (intermediate)