SCOR "Risk Markets and Value Creation" Chair

2020-2022

1. Overview of the collaboration between TSE and SCOR since 2020

Since its creation in 2008, the SCOR Chair has supported theoretical and applied research on the regulation of risk sharing markets. It has operated as an active laboratory of ideas with a multidisciplinary approach to better understand the issues related to market imperfections.

In addition to their work in the historical fields of the Chair (Regulation, Long-term care, Risk attitude), the 15 researchers involved have focused on the following topics over the past three years.

Pole A: Behavioral Economics

This research project consists in two parts. The first part concerns ethics and addresses the question: Do markets encourage unethical behaviors? Of particular interest will be « the replacement excuse », the fact that if a supplier refuses to engage in unethical trades, someone else will.

The second part attempts to take the best from two disciplines, namely the rigor and normative approach from economics combined with more realism about individual choices from psychology (and other social sciences such as sociology). Three behavioral "deviations" from the classical homo-economicus paradigm have been typically explored in behavioral economics: bounded rationality, imperfect self-control and other-regarding preferences. The general objective of the research project would be to explore both theoretically and empirically the application of behavioral economics to insurance demand.

Pole B: Green challenges for long-term investments

The energy transition will be costly. A myriad of investments will have to be done in a very uncertain environment. In particular, there is much uncertainty about when and which technologies will emerge in the future to cope with climate change for instance. This pole aims to revisit the standard question of corporate finance when facing the big challenges of transition.

Pole C: Health economics and Aging

The goal of this project is to study individual choices of informal care and private insurance as well as the design of an optimal tax transfer policy in a world in which individuals differ in their risks of both mortality and dependence and in which the government cannot distinguish between the bequests motives but observes their timing.

2. Research team

The SCOR Chair has gathered a team of 15 researchers:

- Andrea Attar, CNRS Researcher, TSE
- Helmut Cremer, Professor of Economics, TSE
- Jean-Paul Décamps, Professor of Mathematics, TSE
- Philippe De Donder, CNRS Research Director, TSE
- Christian Gollier, Professor of Economics and Director, TSE
- Catarina Goulao, INRA Researcher, TSE
- Jean-Marie Lozachmeur, CNRS Researcher, TSE
- Thomas Mariotti, CNRS Research Director, TSE
- Pierre Pestieau, Professor of Economy, Liege University
- Jean-Charles Rochet, Professor of Banking, University of Zurich and TSE
- Francois Salanié, INRA Research Director, TSE
- Emmanuel Thibault, Professor of Economics, Perpignan University
- Jean Tirole, Honorary Chairman, TSE & IAST
- Nicolas Treich, INRA Research Director, TSE
- Stéphane Villeneuve, Professor of Mathematics, TSE

3. Scientific publications: a productive partnership

Over the past three years, TSE researchers have published more than 40 articles in peer-reviewed journals.

Pulications	2020	2021	2022	Total
Behavioral Economics	5	4	2	11
Green challenges for long-term investments		1	2	3
Health economics and Aging	12	2	13	27
Total	**17**	**7**	**17**	**41**

References

Green challenges for long-term investments

2021

1. **Christian Gollier**, "A general theory of risk apportionment", Journal of Economic Theory, vol. 192, n° 105189, mars 2021.

2022

1. **Nicolas Treich**, "The Dasgupta Review and the problem of anthropocentrism", Environmental and Resource Economics, March 2022
2. **Jean-Paul Décamps,** and **Stéphane Villeneuve**, "Learning about profitability and dynamic cash management", Journal of Economic Theory, vol. 205, n. 105522, October 2022

Behavioral Economics

2020

1. Attanasi, G., D'Albis, H. and **E. Thibault,** "An experimental test of the under-annuitization puzzle with smooth ambiguity and charitable giving", Journal of Economic Behavior \& Organization, 180, 694-717, 2020.
2. Barigozzi, F., **Cremer, H.** and K. Roeder, "Having it all, for all: child-care subsidies and income distribution reconciled", Journal of Economic Behavior \& Organization, 176, 188-211, 2020.
3. **Gollier C.** (2020), "Aversion to risk of regret and preference for positively skewed risks", Economic Theory 70, 913–941.
4. **Salanié F. and Treich N.**, "Public and private incentives for self-protection", 2020, Geneva Risk and Insurance Review.
5. Matthew Adler, Maddalena Ferranna, James K. Hammitt, and **Nicolas Treich**, "Fair Innings? The Utilitarian and Prioritarian Value of Risk Reduction over a Whole Lifetime", Journal of Health Economics, vol. 75, n. 102412, January 2021.

2021

1. Linqun Liu, and **Nicolas Treich**, "Optimality of Winner-Take-All Contests: The Role of Attitudes toward Risk", Journal of Risk and Uncertainty, October 2021.
2. **Andrea Attar, Thomas Mariotti, and François Salanié**, "Entry-Proofness and Discriminatory Pricing under Adverse Selection", American Economic Review, vol. 111, n. 8, pp. 2623–2659, August 2021, .
3. **Helmuth Cremer,** Justina Klimaviciute, and **Pierre Pestieau**, "A political economy of loose means-testing in targeted social programs", Economics Letters, vol. 202, n. 109810, May 2021.
4. **Helmuth Cremer, Jean-Marie Lozachmeur,** and Kerstin Roeder, "Household bargaining, spouses'consumption patterns and the design of commodity taxes", Oxford Economic Papers, vol. 73, n. 1, pp. 225-247, January 2021.

2022

1. **Stéphane Villeneuve**, and Jessica Martin**,** "Risk-Sharing and optimal contracts with large exogenous risks", Decisions in Economics and Finance, 2023, forthcoming
2. **Andrea Attar, Thomas Mariotti,** and **François Salanié**, "Regulating Insurance Markets: Multiple Contracting and Adverse Selection", International Economic Review, vol. 63, n. 3, August 2022, pp. 981–1020

Health economics and Aging

2020

1. Adler, M, Ferranna M., Hammit J. and **N. Treich,** "Fair innings? The utilitarian and prioritarian value of risk reduction over a whole lifetime" forthcoming, Journal of Health Economics.
2. Barigozzi, F., **Cremer, H.** and K. Roeder, "Caregivers in the family: daughters, sons and social norms", European Economic Review, 130, Article 103589, 2020.
3. Canta, C. and **Cremer H.,** "Opting out and topping up reconsidered: informal care under uncertain altruismn", Canadian Journal of Economics, forthcoming.

4. Canta C., **Cremer H.**, and Gahvari F., "Honor thy father and thy mother'' or not: uncertain family aid and the design of social long-term care insurance, Social Choice and Welfare", 55, 687-734, 2020.

5. **Gollier C.,** and Gossner O., (2020), "Group testing against Covid-19", Covid Economics 1 (2), 32-42 (April 2020).

6. **Gollier C.** (2020), "If the objective is herd immunity, on whom should it be built?", Environmental and Resource Economics 76, 671-683. Prepublished in Covid Economics 16, 98-114.

7. **Gollier C**. (2020), "Cost-benefit analysis of age-specific deconfinement strategies", Journal of Public Economic Theory 22 (6), 1746-1771. Prepublished in Covid Economics 24, 1-31.

8. **Gollier C.** (2020), "Pandemic economics: Optimal dynamic confinement under uncertainty and learning", Geneva Risk and Insurance Review 45, 80-93. Prepublished in Covid Economics 34, 1-14.

9. Klimaviciute J., Onder H. and **Pestieau P.**, "The inherited inequality: How demographic aging and pension reforms can change the intergenerational transmission of wealth", German Economic Review, forthcoming.

10. Klimaviciute J. and **Pestieau P.,** "Insurance with a deductible. A way out of the long-term care insurance puzzle", Journal of Economics, 130, 297-307, 2020.

11. Leroux M.L., **Pestieau P.** and Ponthière G., "Fair Long-Term Care Insurance, Social Choice and Welfare", forthcoming. "Altruism and long-term care insurance", forthcoming.

12. **Pestieau P.** and Ponthière G., "An age differentiated tax on bequests, in Age Policies - Normative Theory and Proposals", ed. by Greg Bognar and Axel Gosseries, forthcoming.

2021

1. **Helmuth Cremer,** and Chiara Canta, "Opting out and topping up reconsidered: Informal care under uncertain altruism", Canadian Journal of Economics, Toronto, vol. 54, n. 1, pp. 259–283, February 2021, .

2. Marie-Louise Leroux, **Pierre Pestieau,** and Grégory Ponthière, "Fare Long-Term Care Insurance", Social Choice and Welfare, vol. 57, n. 1, pp. 503-533, 2021.

2022

1. X. Flawinne, M. Lefebvre, S. Perelman, **P. Pestieau** and J. Schoenmaeckers, "Nursing Homes and Mortality in Europe: Uncertain Causality", Health Economics, 32, 1-21, 2023.

2. **Philippe De Donder**, Bertrand Achou, Franca Glenzer, and Minjoon Lee, "Nursing home aversion post-pandemic: Implications for savings and long-term care policy", Journal of Economic Behavior and Organization, vol. 201, September 2022, pp. 1–21

3. **Chiara Canta** and **Helmuth Cremer**, "Asymmetric information, strategic transfers and the design of long-term care policies", Oxford Economic Papers, 2022

4. **Pierre Pestieau**, "Optimal lockdown and social welfare", (with Gregory Ponthière), Journal of Population Economics, 35, 241-268, 2022

5. M.L Leroux and **P. Pestieau**, "Age-related taxation of bequests in the presence of dependency risk", Journal of Public Economic Theory, 24, 92-119, 2022.

6. S. Fan, Y. Pang and **P. Pestieau**, "Investment in Children, Social Security, and Intragenerational Risk Sharing", International Tax and Public Finance, 29, pp. 237-255, 2022.

7. M. Fleurbaey, M.L. Leroux, **P. Pestieau**, G. Ponthiere and S. Zuber, "Premature Deaths, Involuntary Bequests and Fairness", Scandinavian Journal of Economics, 124, pp.709-743, 2022.

8. Y. Nishimure and **P. Pestieau**, "Old age or dependence. Which social insurance?", Journal of Public Economic Theory, Volume 24, 635-854, 2022.

9. **Helmuth Cremer and Jean-Marie Lozachmeur**, "Coinsurance vs. copayments: reimbursement rules for a monopolistic medical product with competitive health insurers", Journal of Heath Economics, 84, 2022

10. **Pierre Pestieau**, "Age-related taxation of bequests in the presence of dependency risk", (with M-L Leroux), Journal of Public Economic Theory, 24, 92-119, 2022

11. **Pierre Pestieau**, "Investment in Children, Social Security, and Intragenerational Risk Sharing", (with Simon Fan and Yu Pang), International Tax and Public Finance, 29, pp. 237-255, 2022

12. **Pierre Pestieau**, "Premature Deaths, Involuntary Bequests and Fairness", (with Marc Fleurbaey, Marie-Louise Leroux, Gregory Ponthiere and Stephane Zuber), Scandinavian Journal of Economics, 124, pp.709-743, 2022

13. **Pierre Pestieau**, "Old age or dependence. Which social insurance?" (with Y. Nishimura), Journal of Public Economic Theory, Volume 24, 635-854, 2022

4. Events

Following our commitment, internal technical seminars, scientific conferences and workshops are also an integral part of the research collaboration.

Events	2020	2021	2022
Conference			1
Workshop		1	1

- January 28, 2022: SCOR-TSE Workshop on Long-term Care and Aging
- October 20-21, 2022: Annual conference on Risk Market and Value Creation
- April 15, 2021: Online Workshop on Behavioral Insurance Economics

5. Prizes

The Risk Markets and Value Creation Chair supports two prizes (SCOR-Geneva Risk and Insurance Review Best Paper Award and SCOR-EGRIE Young Economist Award) organized within the framework of the annual seminar of the EGRIE (European Group of Risk and Insurance Economists).

	2020	2021	2022
Prize	2	2	2

6. Newsletters

One of the 2021 outputs of the Chair is a new Journal. It highlights articles from TSE researchers or, in some cases, researchers from other prestigious universities who have been involved in the activities of the Chair, as well as prizes, past or upcoming events, or any other news related to the collaboration between TSE and the SCOR Foundation for Science.

	2020	2021	2022
Newsletter		2	2