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Autore	Plantin Guillaume
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Nota di contenuto	Four recent cases of financially distressed insurers -- The state of the art in prudential regulation -- Inversion of the production cycle and capital structure of insurance companies -- Absence of a tough claimholder in the financial structure of insurance companies and incomplete contracts -- How to organize the regulation of insurance companies -- The role of reinsurance -- How does insurance regulation fit within other financial regulations? -- Conclusion : Prudential regulation as a substitute for corporate governance.
Sommario/riassunto	In the 1990's, large insurance companies failed in virtually every major market, prompting a fierce and ongoing debate about how to better protect policyholders. Drawing lessons from the failures of four insurance companies, When Insurers Go Bust dramatically advances this debate by arguing that the current approach to insurance regulation should be replaced with mechanisms that replicate the governance of non-financial firms. Rather than immediately addressing the minutiae of supervision, Guillaume Plantin and Jean-Charles Rochet first identify a fundamental economic rationale for supervising the solvency of insurance companies: policyholders are the "bankers" of insurance

companies. But because policyholders are too dispersed to effectively monitor insurers, it might be efficient to delegate monitoring to an institution--a prudential authority. Applying recent developments in corporate finance theory and the economic theory of organizations, the authors describe in practical terms how such authorities could be created and given the incentives to behave exactly like bankers behave toward borrowers, as "tough" claimholders.