

The Impact of Corporate Governance on Risk Taking in European Insurance Industry

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Abstract : The aim of this paper is to develop an empirical research on the nature and consequences of corporate governance on Eurozone Insurance Industry risk taking attitude. More particularly, we analyzed the effect of public ownership on risk taking with respect to privately held Insurance Companies. We also analyzed the effects on risk taking attitude of different degrees of ownership concentration, directors compensation, and the dimension/diversity of the Board of Directors. Our results provide quite strong evidence that, coherently with the Agency Theory, publicly traded insurance companies with more concentrated ownership are less risky than the corresponding privately held.

Keywords : agency theory, corporate governance, insurance companies, risk taking

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