

The Influence of Enterprise Risk Management on Insurers' Stock Market Performance: An Event Analysis

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Abstract

Enterprise risk management (ERM) increases shareholder value. In this study we test whether ERM influences insurers' stock market performance. The results indicate that insurers' stock market performance is linked to the characteristic of industry events and specific firm characteristics rather than to the success of ERM. In this study the 2007–2008 subprime mortgage and financial market crisis was found unique compared to other industry events. The study recommends further research on the methodology of determining the value of ERM from the joint perspective of finance theories and management theories.