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An Economic Analysis of Coopetitive Training Investments for Insurance Agents

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Abstract:

The main purpose of this research is to investigate the effects of market demand uncertainty in the coopetitive insurance market. To that end, we build a game-theory model including training investments of insurance agents in an insurance market with demand uncertainty.

We derive the following results from our analysis. First, insurance firms undertake less training investment if it is determined competitively by insurance firms. From this result, we show how some associations in the insurance market coordinate the amount of training investment and produce a higher amount of training investment. Second, we show how the effectiveness of coopetition becomes larger when demand uncertainty is larger. We confirm from that finding that realizing the coopetitive situation is more important if the demand uncertainty in the insurance market is large and that demand uncertainty is an important element in coopetition studies.

Keywords: Coopetition, Insurance agent, Game theory