

The Working Group on Risk, with the support of the group BFA (SFdS) and Institut des Actuaire (IA), has the pleasure to invite you to the Seminar by:

Dr. Michel DACOROGNA
SCOR Scientific Advisor

Thursday, December 5, 2013 at 12:30 pm
EEE - ESSEC La Défense – room 103
The Risk Free Rate, An Inescapable Concept

The notion of risk-free rate is essential for pricing risk in insurance, but it has been put under critics particularly when it comes to choosing a benchmark for the discounting yield curve. Discounting is needed to compute the Net Present Value of future cash flows, which is the quantity analyzed by actuaries.

The sovereign debt crisis has put in doubt the choice of government yield and the debate is open if choosing other benchmark would be more appropriate. One point of the debate is the liquidity premium that has been introduced in the Solvency 2 Standard Formula.

In this paper, we review the concept definition, its use in actuarial modeling, and explore various alternative benchmarks including the Arrow-Debreu model. We conclude that the swap rates could be a good alternative given its less volatile behavior during the crises.



ESSEC
BUSINESS SCHOOL

YOU HAVE THE ANSWER

*For any information, please contact
Frédérique JEAN-LOUIS
(01 34 43 32 49 / jeanlouis@essec.fr)*

<http://crear.essec.edu/working-group-on-risk/meeting-schedule-2013-2014>

Dr. Michel DACOROGNA
SCOR Scientific Advisor

Dr. Michel DACOROGNA is the SCOR Scientific Advisor. He conducts research in the field of insurance mathematics, capital management and risks. He is also involved in presenting to management and to customers SCOR models and capital management techniques.

Coauthor of: “An Introduction to High Frequency Finance”, he has also published numerous articles in scientific journals. He is an associate editor of Quantitative Finance. He received his Habilitation, Ph. D. and M. Sc. in Theoretical Physics from the University of Geneva in Switzerland and did a post-doc at the University of California in Berkeley.

