
ED FURMAN, York University

Gini-Type Measures of Risk and Variability: Gini Shortfall, Capital Allocations, and Heavy-Tailed Risks

I will introduce a new tail-based risk measure - the Gini Shortfall (GS), and discuss its properties and links to the Solvency II Accord. The GS risk measure aims to catch the variability along the (right) tail of the risk's distribution, but unlike the Tail Standard Deviation risk measure ([Furman, E. and Landsman, Z. (2006). Tail variance premium with applications for Elliptical portfolios of risks. ASTIN Bulletin, 36(2), 433 - 462]), the GS risk measure is coherent and only requires the finiteness of the first moment. I will suggest an economic capital allocation rule induced by the GS risk measure and show explicit expressions in the context of risk portfolios with jointly elliptical risk components. This is a joint work with Ruodu Wang of the University of Waterloo and Ricardas Zitikis of Western University.