CODY HYNDMAN, Concordia University, Montreal
Evaluation of insurance participating policies

In this talk, we consider the pricing of participating contracts using financial and actuarial approaches. Since these products involve mortality as well as financial risks, we compare both approaches using a mixed fund that reproduces typical investment instruments used in these policies. The financial framework of Vellekoop, Kamp and Post (2006) that is based on the duration of the bond portfolio is generalized to a non-gaussian interest rate model. Particularly, the financial framework is obtained under the physical and the risk-neutral probability measures. A detailed numerical analysis is performed using fixed premium and fully variable life insurance policies.

This is joint work with Patrice Gaillardetz.