# 2024 Risk and Actuarial End-of-Year Seminar Day

Program (Monday, 16 December 2024), Venue: Colombo Building Theatre B

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9:00 – 9:30	Registration (Free coffee pick up from Plume Cafe using code: Risk & Actuarial)
9:30 – 9:35	Welcoming remarks
9:35 – 10:20	Seminar 1 Hansjörg Albrecher, University of Lausanne *Allocating capital to time: introducing credit migration for measuring time-related risks*

10:20 –11:05, Un0 0 16trelatre6trinar 1
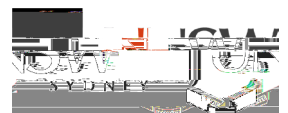
Abstracts of presentations

Speaker: Hansjörg Albrecher (University of Lausanne)

Title: Allocating capital to time: introducing credit migration for measuring time-related risks

Abstract: Assessing time-related risks in long-tailed insurance is challenging. Regulatory capital allocation rules may underestimate credit deterioration risk by not requiring insurers to hold solvency capital early, while actuarial practices often allocate capital sooner than mandated. We propose a framework to quantify these time-associated risks and evaluate capital allocation strategies based on time to ultimate, aiming to manage long-tail business effectively. By modeling the impact of exogenous credit migration risk, we evaluate six strategies, including costs associated with potential company bankruptcy until long-term claims are settled. We illustrate the approach in a concrete example where we estimate a Markov chain credit migration model with insurance market data and analyze liability values of a future risk from various capital management strategies. Our findings show that early capital raising is costly, even with penalties for avoided credit risk, unless the company's initial credit rating is poor. In such cases, purchasing protection through a credit derivative may be more efficient, if available.
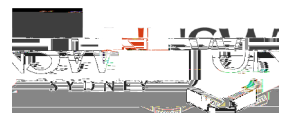
Speaker: Martino Grasselli (Università di Padova and Pole Universitaire Léonard de Vinci)

Title: Objective pricing of illiquid assets: a deep learning approach in the art market

Abstract: Illiquid assets, such as those in the art market, are difficult to price objectively, due to their lack of frequent transactions and market transparency. Traditional valuation methods often rely heavily on subjective judgment, leading to inconsistencies that complicate the situation in a market already characterized by a significant difference between price and value. However, the growing availability of large datasets in recent years has enabled the use of Deep Learning techniques to provide more objective and accurate price