

Maturity Guarantee with Dynamic Living Benefit

Elias S. W. Shiu

Department of Statistics and Actuarial Science

The University of Iowa

USA

Abstract

Two of the seminal contributions made by Hans Gerber in the area of finance are the method of Esscher transforms and dynamic fund protection. This talk will discuss an equity-linked insurance product that provides dynamic living benefit during the contract period and a minimum guarantee at contract maturity. Dynamic living benefit and dynamic fund protection are dual concepts. The method of Esscher transforms is an efficient tool for pricing the contract. This research was jointly done with Bangwon Ko of Soongsil University and Li Wei of Renmin University of China.