

7TH AFIR INTERNATIONAL COLLOQUIUM

FOREWORD

The Call for Papers for the 7th AFIR Colloquium sought papers on topics of interest to members of AFIR including asset-liability modelling, stochastic investment models, asset allocation, portfolio management, options, interest rate derivatives, term structure models, risk management and assessment, balance sheet management, markets and instruments. A joint ASTIN/AFIR day is to be held with the AFIR Colloquium being held back to back with the ASTIN Colloquium. The Call for Papers also sought papers that would be suitable for the joint day. The 2nd AFIR Best Paper prize will be awarded to the best paper submitted to AFIR.

In the event 54 abstracts were originally submitted for AFIR including topics suited for the joint day. From these intentions to submit papers, 45 papers were accepted from 67 authors and 14 countries. All submitted papers were reviewed by members of the Scientific Committee to determine suitability for the Proceedings and to identify papers to be considered for the Best Paper Prize. This process identified 13 papers that were considered worthy of a more detailed review. These papers were then reviewed by the Scientific Organising Committee from which a short list of 5 papers were identified as potential candidates for the Best Paper or Runner-up Prizes. It was decided to ask for reviews of these final 5 papers from eminent and internationally recognised actuaries to assist in the final decision. We are grateful to Greg Taylor, Jim Tilley and David Wilkie for assistance. At the time of writing the final decision on the best paper had yet to be made.

Internationally recognised Keynote speakers were invited to give lectures on topics that were considered both topical and of interest to Colloquium participants. The joint day Keynote speakers were invited to address issues in the securitization of insurance risk. Jim Tilley, of Morgan Stanley, will speak on The Securitization of Catastrophic Property Risks and Professor Neil Doherty, of the Wharton School, University of Pennsylvania will address Financial Innovation in the Management of Catastrophe Risk.

For the AFIR Colloquium, Professor Phelim Boyle from the Centre for Advanced Studies in Finance, University of Waterloo, will speak on the topic of Quasi-Monte Carlo Methods and their applications to finance problems. This technique has only recently been applied to finance and has applications in many other actuarial problems including representative scenario generation. Professor J. David Cummins, from the Wharton School, University of Pennsylvania will address the Colloquium on recent results from a research project on the use of derivatives in the insurance industry in the paper titled The Use of Financial Derivatives in Corporate Risk Management: Participation and Volume Decisions in the Insurance Industry. Professor Stanley Pliska, University of Illinois, will address the Colloquium on Risk Sensitive Dynamic Asset Allocation. This is an area that the actuarial profession will find of increasing importance and use in practical asset-liability modelling.

A closing speaker, Dato' Abdul Khalid Bin Ibrahim, Group Chief Executive of Kumpulan Guthrie Berhad, Malaysia, has also been invited to provide a perspective on developments in investment and financial markets in the Asian region. It is expected that this contribution will be of great interest to AFIR participants since many are resident in Europe and North America and will not be aware of Asian markets and recent developments.

Apart from the Keynote invited papers, the contributed AFIR papers have been published in the Proceedings in alphabetical order by the surname of the first named author on the paper. The Keynote invited papers appear first in alphabetical order by first authors surname. This was done to make it easier to locate the papers during the Colloquium presentations. This also allows greater flexibility in the final program structure.

The contributed papers covered many subject areas including Asset-Liability Modeling, Option Pricing, Asset Allocation, Term Structure Models, Stochastic Investment Models, Finance Theory, Corporate Finance and Investment Strategy. The quality was generally good and it is anticipated that many will generate an interesting discussion. The program will be structured to provide sufficient time for the author's to present the key ideas in their papers and to allow time for active discussion of the issues raised.

I would like to thank the members of the Scientific Committee for their assistance with the program and particularly Les Balzer and Glen Harris who formed the Australian Scientific Organising Committee and provided useful guidance and input as the papers were submitted, reviews received and the final program came together. I would also like to thank Belinda Loveridge and Eleanor Loveridge of Conference Action who so ably managed the production of the Proceedings after the Scientific Committee had decided the papers to be included in the Colloquium.

I look forward to seeing Colloquium participants in Cairns in August.



Mike Sherris
Sydney Australia
May 1997

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