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Capital Allocation Problem for a New Ruin-Based Coherent Risk Measure

This paper deals with one application of a ruin-based coherent risk measures to a basic problem of finance so called capital allocation problem. In this paper, we introduce a ruin-based coherent risk measure on the space of stochastic processes. As an application, we apply this risk measure to find the allocated capital for an insurer's surplus. In fact, we find that the capital allocation problem for this risk measure has a unique solution determined by Euler allocation method.