Højgaard, Bjarne; Taksar, Michael

Controlling risk exposure and dividends payout schemes: Insurance company example. (English) Zbl 0999.91052

Math. Finance 9, No. 2, 153-182 (1999).

The paper represents a model for financial valuation of a firm which has control of the dividend payment stream and its risk as well as potential profit by choosing different business activities among those available to it. An example the authors consider a large corporation, such as an insurance company, whose liquid assets in the absence of control fluctuate as a Brownian motion with a constant positive drift and a constant diffusion coefficient.

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MSC:

91B38	Production theory, theory of the firm
91B28	Finance etc. (MSC2000)
91B30	Risk theory, insurance (MSC2010)

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