

Optimal dividend pay-out with risk sensitive preferences.

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We consider a discrete-time dividend payout problem with risk sensitive shareholders. After briefly recalling the classical risk-neutral case we discuss two different approaches: In the first model we maximize the expected utility of discounted dividends until ruin. In the second model we consider the non-expected recursive utility of the dividends. Within such frameworks not only the expected value of the dividends is taken into account but also their variability. Our approach is motivated by a remark in Gerber and Shiu (2004). We show that, even in these general settings, the optimal dividend policy is a band policy. Next, an explicit example is provided, in which the optimal policy is shown to be of a barrier type. Finally, we present some numerical studies and discuss the influence of the risk sensitive parameter on the optimal dividend policy.

The talk is based on joint papers with Anna Ja\skiewicz.