DEPARTMENT OF STATISTICS AND ACTUARIAL SCIENCE
THE UNIVERSITY OF HONG KONG

Departmental Seminar

Dr. Wing Fung CHONG

Department of Mathematics and Department of Statistics
University of Illinois at Urbana-Champaign
USA

will give a talk
entitled

HOLISTIC AGGREGATION AND ALLOCATION PRINCIPLE

Abstract

Risk aggregation and capital allocation are of paramount importance in the business world, as they play critical roles in product pricing, risk assessment, risk management, project financing, performance management, financial reporting, regulatory supervision, and so on. The conventional approach, which is rooted in nearly all existing business practices involving risk assessment, is to sequentially perform the two components. More precisely, there is a "natural" sequence of actions: (i) identifying all risks involved; (ii) aggregating individual risks to determine required capital at a group level; and (iii) allocating the total capital back to the granular levels. In this talk, we challenge this conventional thinking underlying the current business practices and propose an alternative approach, which takes into account both aggregation and allocation simultaneously at both individual and aggregate levels. This talk is based on a joint work with Runhuan Feng and Longhao Jin.

on

Thursday, August 8, 2019

(Refreshments will be served from 2:15 p.m. <u>outside Room 301 Run Run Shaw Building</u>)

2:30 p.m. – 3:30 p.m.

at

Room 301, Run Run Shaw Building

<u>Visitors Please Note</u> that the University has limited parking space. If you are driving please call the Department at 3917 2466 for parking arrangement.

All interested are welcome