

*Utility indifference pricing of derivatives written on industrial loss indices.*

**G. Leobacher & P. Ngare (2013).** Submitted to journal of Stochastics.

## **Abstract**

We consider the problem of pricing derivatives written on some industrial loss index via utility indifference pricing. The industrial loss index is modeled by a compound Poisson process and the insurer can adjust her portfolio by choosing the risk loading, which in turn determines the demand. We compute the price of a CAT (spread) option written on that index using utility indifference pricing.