

## REPORT ON THE INTERNATIONAL AFIR COLLOQUIUM, 2000

The 10th AFIR Colloquium was held in Tromsø, Norway, on 20 to 23 June 2000. The dates had been carefully chosen by our Norwegian hosts to take advantage of Tromsø's location north of the Arctic Circle. Participants were not disappointed when the sky cleared completely on the evening of the 21st allowing those of us late to bed to experience the full glory of the midnight sun.

A variety of events had been organised, which allowed participants the opportunity to meet on a social basis. The first day of the conference concluded with a wonderful concert given by members of the Tromsø Symphonic Orchestra. This was held in the "Ishavskatedralen": an outstanding modern church dominating many of the views in the city. The second day concluded with one of the most unusual conference dinners ever held in the history of AFIR. Delegates first enjoyed a bus trip through some spectacular coastal scenery before being dropped off for the conference barbeque. This was no ordinary barbeque but turned out to be quite a surreal event, the view from the road giving no hints as to what awaited us. Walking over the first bit of quite wild landscape we were greeted by the catering staff in fully starched, white uniforms. Over the next hill we found the hillside taken over by perfectly laid out dinner tables besides the barbeque itself which had to be large enough to cater for 300 guests. Everyone had a truly memorable evening because of the excellent food, great company and spectacular scenery surrounding the event.

The formal conference proceedings themselves were better still thanks to the efforts of the general organising committee under the chairmanship of Thorleif Borge and the scientific committee under the chairmanship of Ragnar Norberg. Two very successful innovations were added to the programme. First, members of the scientific committee supplemented the invited speakers by giving talks themselves. Second, a "speakers corner" was organised for the final day which gave participants the opportunity to talk about their latest ideas or challenge old ones.

Four excellent invited talks were given. The meeting opened with Knut Kjaer talking about the Norwegian Petroleum Fund. This was described as a buffer fund available to the government with flows of money either way depending on surplus or deficit. At the same time a significant proportion of the fund value was attributable to oil reserves: a proportion which is planned to decline over the next few decades. The speaker described the interesting problem of asset allocation associated with this fund.

Professor Hans Föllmer gave an excellent talk on recent developments on optimal hedging strategies in incomplete markets. The objectives being considered and optimised were strongly linked to the actuarial concepts of probability of ruin and shortfall risk. Research in this field offers the greatest

opportunities for cross fertilisation of ideas between actuarial science and financial mathematics and also provide a chance for convergence of the two fields.

Morton Lane gave a very elegant and lucid talk on the securitization of insurance risks. A key element of his talk was discussion of an empirical formula connecting the probability of loss on a bond to the credit spread identified in the market place. The speaker was able to transmit much of the excitement surrounding this new and rapidly developing field of business.

Professor Knut Aase closed the scientific proceedings with a clear and comprehensive talk on risk sharing in reinsurance. This included an excellent review of past work using utility and equilibrium theory to calculate optimal reinsurance prices and levels and risk sharing.

The scientific proceedings also included thirty-three contributed papers. Most of these were presented by their authors at the colloquium and were of a uniformly high standard. As much as anything this indicates that the colloquium is as strong as ever and has an excellent future.

The next colloquium will be held in Toronto from 6 to 7 September 2001.

ANDREW CAIRNS