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Optimal dividends with absolutely continuous strategies

We consider the optimal dividends problem in a Lévy risk model in which we require the admissible dividend strategies to be absolutely continuous with a density bounded from above by a fixed ceiling rate. In particular, we will look at the question of optimality of the so-called threshold or refraction strategy, which is the strategy where dividends are paid out at the maximum rate when the surplus is above some threshold value and at rate zero otherwise. We also highlight the differences between this dividends problem and the classical one for which the dividend strategies are allowed to be singular as well.

This is joint work with A. Kyprianou and J.-L. Perez.