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Private Placement Asset Risk and Returns Research Seminar

Track: SOA Research

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Summary: At this mini seminar, highlights of the Society of Actuaries' sponsored research on private placement asset risk and returns, and specifically the results of the 1986-94 Experience Study, are presented. An overview of the current and changing private placement marketplace is provided. Attention is given to analyses done for the current report over what was done in the prior report in this series. In addition, the two private placement investment professionals and two actuaries leading the seminar share Study findings related to:

- *Credit risk measures such as incidence rates, loss severities, and economic loss rates*
 - by various private placement asset characteristics
 - over favorable and adverse market conditions
- *Comparison of public and private bond credit risk*
- *Asset characteristics cross-tabulation analyses*
 - is there a credit risk coupon effect and is it subsumed by quality ratings?
 - is there a crisis-at-maturity credit risk effect?
 - is there a seasoning credit risk effect?
- *Monte Carlo estimates of portfolio loss rate distributions*

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Editor's Note: Due to technical difficulties, this is only a one-page summary of the actual session. The most recent Report is called the 1986-94 Credit Risk Loss Experience Study: Private Placement Bonds Report. The Public Orders Department is selling it for \$35 and most of it can also be found in the Research Library of our Web site. A free copy of the Executive Summary can be obtained through Korrel Crawford at 847/706-3567.