Probability transforms with Stable generators

By

Weizhong Tian, Wararit Panichkitkosolkul, and Tonghui Wang

New Mexico State University and

King Mongkut's University of Technology North Bangkok, Thailand

Abstract: In this talk, we review the stable distribution and its properties and introduce the notion of stable transformations for possible applications in constructing insurance premium principle. Stable transformations are a way to distort density generator of a member of a risk. It is based on the relative ratio of a generator of Normal distribution which is well-known to belong to the class of stable distribution. Examples are given for illustration of our results.