

Indifference pricing of the exponential Levy models

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Abstract

We consider the exponential Levy models and we study the utility indifference pricing approach. For the so-called HARA utilities we established the formulas for the buyers indifference prices in the situation of the independent Levy processes. For this aim we solve two utility maximisation problem using the dual approach, in the situation when an investor is willing to pay now the indifference price to get a claim at time $T > 0$ and in the situation of non having a claim. We carried out the analysis considering three levels of the investors awareness about the spot price of a given claim, which are weak, progressive and strong insider information, and we show that the values of the indifference prices are independent on the awareness of the investor.