On the Esscher-Girsanov Transform*

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Abstract

We revisit the Esscher-Girsanov transform (Goovaerts and Laeven, 2008), introduce its version appropriate for semi-martingales, and study its stochastic ordering properties.

Keywords: Esscher transform, Esscher-Girsanov transform, Lenglart-Girsanov theorem, Poisson distribution, Jump-diffusion, Semi-martingale, Exponential utility, Relative entropy, Minimal entropy martingale measure, Distortion risk measure, Stochastic ordering, Fréchet space.

JEL-Classification: D81, G10, G20

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