ABSTRACT

Insurance is a contract protection that is insured against an insurance company that has been agreed and presented in written form, called the policy. Policy contains a large premium, great compensation, and term insurance. Large premium depends on the opportunity passed, great benefits, a discount factor, and the interest rate that represents the dynamics of financial markets. The dynamics of interest rates in the insurance, it is assumed as a model of stochastic interest rates. To search for an insurance premium rate stochastic Ito formula can be used with the mean and its variants based on the Ornstein Uhlenbeck, who then solved by using Monte Carlo Simulation.

Keywords: insurance premiums, stochastic interest rate model, Montecarlo simulation