

M2: Emerging Risks & Insurance

- I) Introduction
 - 1) vNM-Theorem
 - 2) Measures of risk and of risk aversion
- II) The Demand for Insurance
 - 1) The q Model
 - 2) The y Model
 - 3) Emerging (“Background”) Risks
- III) The Offer for Insurance
 - 1) Risk Pooling
 - 2) Risk Spreading
- IV) Asymmetric Information
 - 1) The Rothschild-Stiglitz Model (1976)
 - 2) Non-Existence of Equilibrium & Remedies/ Alternative Equilibrium Concepts
 - ~~3) Categorical Discrimination~~
 - 4) Endogenous Information Acquisition

Textbook (non-mandatory): Ray Rees & Achim Wambach, *The Microeconomics of Insurance*, Now Publishers Inc. (2008).