

## 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 Spreading
  - 2) Risk Sharing
- IV) Asymmetric Information
  - 1) The Rothschild-Stiglitz Model (1976)
  - 2) Non-Existence of Equilibrium & Remedies/ Alternative Equilibrium Concepts
  - 3) Categorial Discrimination
  - 4) Endogenous Information Acquisition

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