Outline

Till Stowasser

University of Stirling

Insurance Economics (LMU, 2022)

Outline of the course

Applied Microeconomics

1. Introduction *(Economic Decisionmaking Under Risk)*

History – Characteristics of an insurance market – Insurance markets in practice and in theory – Risk preferences – Measures of risk

2. The Demand for Insurance *(Consumer Theory + Mathematical Methods)*

The expected utility model – Full coverage with a fair premium – Partial coverage: Main comparative statics results – Deductible and coinsurance – Insurance demand and background risk – State-contingent utility

3. The Supply of Insurance *(Industrial Organization)*

Risk-pooling and risk-spreading – The Arrow-Lind Theorem – The insurance firm – transaction costs and the Raviv–model

4. Behavioural Insurance *(Behavioural Economics)*

Relaxing the assumption of homo oeconomicus