

Dynamics in conjunction with death statistics from the U.S. National Traumatic Occupational Fatality Survey. Evidence regarding workers' intertemporal choices with respect to risks with long-term implications is broadly consistent with rational behavior. Workers' implicit real rate of time preference with respect to future life years equals approximately 11 percent. This rate of time preference decreases with education. *Journal of Public Economics*, Vol. 38, No. 3 (April 1989), pp. 297-317. (Reprinted with permission of North-Holland Publishing Company).

UTILITY THEORY

Comparative Statics and Non-expected Utility Preferences, by Mark J. Machina (University of California, San Diego).

Researchers have shown that many, though not all, of the basic results of expected utility analysis can be more or less directly generalized to non-expected utility preferences. This paper describes the essential difference between results which can be extended in this manner and those which cannot and shows that an important family of comparative statics theorems falls into the former class. *Journal of Economic Theory*, Vol. 47 (April 1989), pp. 393-405. (Reprinted with permission of the *Journal of Economic Theory*).

Generalized Expected Utility Analysis, by Edi Karni (Johns Hopkins University).

This paper extends M. J. Machina's generalized expected utility analysis to preferences over multivariate distributions. Within the extended framework, the relation "more risk averse than" is defined, characterized, and applied to the analysis of consumption-saving decisions under risk. The notion of decreasing risk aversion is also characterized. The paper shows that standard results obtained within the framework of expected utility theory can be extended if the restrictions imposed on the utility function in expected utility theory are imposed on the local utility functions in Machina's theory. *International Economic Review*, Vol. 30, No. 2 (May 1989), pp. 297-305. (Reprinted with permission of the *Journal of Economic Literature*).

RUIN THEORY

Estimation of Ruin Probabilities by Means of Hazard Rates, by Claudia Klüppelberg (University of Mannheim).

We show that the asymptotic behavior of the hazard rate of the claim-size distribution determines not only the singular point of the moment generating function but can also be used to estimate the asymptotic ruin probability. We shall use these results to classify the relevant claim-size distributions and calculate the respective ruin probabilities. Hereby we shall concentrate on the case where Cramer's method does not work. *Insurance: Mathematics and*

Economics, Vol. 8, No. 4 (December 1989), pp. 279-85. (Reprinted with permission of North-Holland Publishing Company).

HEALTH CARE AND INSURANCE

Publicly Provided Disaster Insurance For Health and the Control of Moral Hazard, by Timothy Besley (Princeton University).

This paper looks at the moral hazard due to health insurance offering a subsidy to the consumption of health care at the margin. We show how the institution of publicly provided disaster insurance yields a welfare improvement. This result is obtained since public insurance encourages insured individuals to reduce the amount of private insurance that they buy and hence diminishes the moral hazard problem. *Journal of Public Economics*, Vol. 39, No. 2 (July 1989), pp. 141-56. (Reprinted with permission of North-Holland Publishing Company).

Insurance and Medical List Prices, by Robert H. Lee (University of North Carolina).

Although there is general agreement that insurance has played a central role in medical price inflation, this consensus is not based on convincing empirical evidence. Indeed, the best available estimates assign insurance a minor role. This paper begins by proposing a simple pricing model in which providers' profit maximizing prices depend on the market shares and cost control strategies of different insurers. Data from a recent national survey of physicians are then used to estimate fee elasticities for this model and to compare its implications with those of an alternative proposed by Sloan (1982). Respecification plus more recent data dramatically increase the estimated impact of insurance on prices. *The Journal of Human Resources*, Vol. 24, No. 4 (Fall 1989), pp. 689-708. (Reprinted with permission of The University of Wisconsin Press).

GOVERNMENT INSURANCE PROGRAMS

Optimal Bank Reorganization Policies and the Pricing of Federal Deposit Insurance, by Sankarshan Acharya and Jean-Francois Dreyfus (New York University).

Optimal dynamic regulatory policies for closing ailing banks and for deposit insurance premia are derived as functions of the rate of flow of bank deposits, and interest rate of deposits, the economy's risk-free interest rate, and the regulators' bank audit/administration costs. Under competitive conditions, the threshold assets-to-deposits ratio below which a bank should be optimally closed is shown to be greater than or equal to one. Optimal deposit insurance premia and probabilities of bank closure are shown to be nondecreasing in the bank's risk on investment and nonincreasing in the bank's current

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