## INSURANCE PURCHASING DECISIONS

***Insurance as a Product of National Values***, by Geert Hofstede (University of Maastricht and Tilburg, The Netherlands)

Insurance is an immaterial product that is valued subjectively by its recipients. The way this is done depends on the values that dominate in a certain society, values that have come into being through the years. In this article the dominant values of the Netherlands and of a number of other relevant countries are compared and linked with national insurance systems. Three important values are solidarity, independence, and predictability. Because of the influence national values exert, there are limits to the extent to which insurance systems can be imported and exported. This obviously has consequences for the role of the European Union. *The Geneva Papers on Risk and Insurance: Issues and Practices*, October 1995, 20(77): 423–429. (Reprinted with permission of *The Geneva Papers on Risk and Insurance*.)

## UTILITY THEORY

***Tests of Hypotheses about Certainty Equivalents and Joint Receipt of Gambles***, by Younghee Cho and R. Duncan Luce (University of California, Irvine)

The present experiment was designed to test whether choice-induced certainty equivalents (CEs) and joint receipt (JR) of gambles exhibit certain properties such as the equality of JR and convolution, monotonicity of JR over gambles, additivity of JR over gambles and money, segregation of a common consequence, additive segregation when JR is replaced by +, and several other derivative properties. Subjects were partitioned into "gamblers" and "nongamblers" by their performance on screening gambles. Assuming that CE is order preserving, monotonicity of JR and additivity of JR over gambles were both rejected, whereas additivity of JR over money, segregation, and additive segregation were all sustained for gamblers and nongamblers. For gamblers, convolution is not monotonic but is equivalent to JR, and segregation and additive segregation are not equivalent. For nongamblers, convolution is monotonic but is not equivalent to JR, and segregation and additive segregation are probably equivalent.

***Risk Attitudes and Decision Weights***, by Amos Tversky (Stanford University) and Peter Wakker (University of Leiden, The Netherlands)

To accommodate the observed pattern of risk aversion and risk seeking, as well as common violations of expected utility (e.g., the certainty effect), we introduce and characterize a weighting function according to which event has greater impact when it turns impossibility into possibility, or possibility into certainty, than when it merely makes a possibility more or less likely. We show how to compare such weighting functions (of different individuals) with respect to the degree of departure from expected utility, and we present a method for comparing an individual's