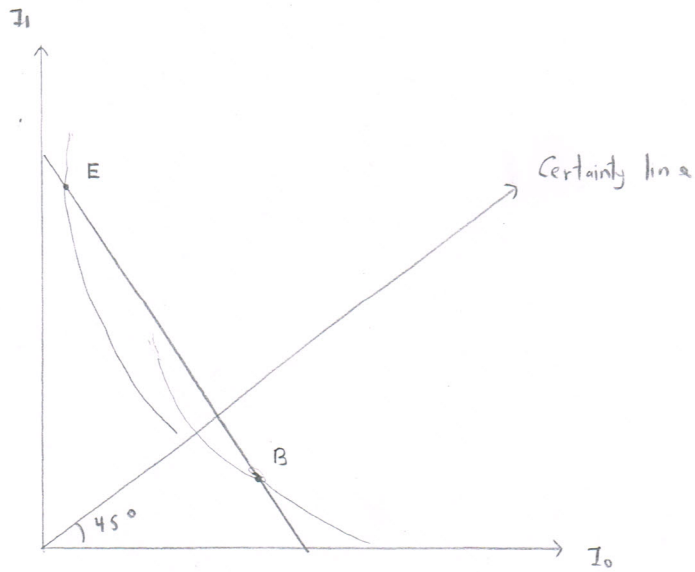


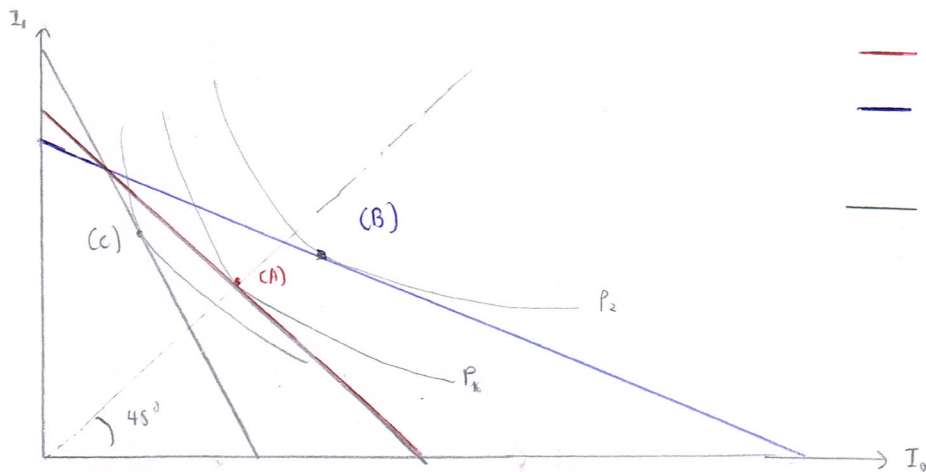
Complementary Graphs



E - Demands insurance

B - Demands gamble

If price of insurance not fair



— Fair price (A)

— $\pi < \frac{P_0}{P_1}$ (Overinsured) (B)

— $\pi > \frac{P_0}{P_1}$ (Underinsured) (C)

