<u>**INSTRUCTIONS ADVERSE SELECTION**</u>

Hi, my name is Isabelle, and these are my helpers.

[Introduce helpers]

Today, we are going to play a few games with you.

In those games, you will earn points that will be converted into money and placed in your virtual wallet. Each point is worth 2 cents. At the end of the session we will send to your LILA email address an Amazon gift card with the money you earned.

You will start with 300 points, so $6.00.

TREASURE GAME

Our first game is called the "Treasure'' game. In this game you will play against robots. Robots are computer programs that play in a predetermined way. We are going to tell you how.

Here is an example. This is the computer you are playing with [point] and this is you [point].

[SLIDE 1: screen with one robot]

The computer owns a treasure box. The box has two compartments, an upper compartment and a lower compartment. There are tokens in each compartment. However, the computer does not have the key of the lower compartment and cannot access the tokens placed there. So, even though the computer knows how many tokens there are in the lower compartment, the box for the computer is worth only the number of tokens in the top compartment.

Now, you do have the key of the lower compartment. So, if you buy the treasure box, you will be able to access it. This means that the box is worth to you the tokens in the upper and lower compartments.

To buy a box, you need to make an offer to the computer, and the offer has to be accepted. Remember that, for the computer, the box is worth only the number of tokens in the top compartment. If the offer it receives is equal or above that number, it will accept the DEAL. Otherwise, there will be NO DEAL. The computer is programmed, so this is an automatic rule.

Each time you make an offer, you will know if the trade occurs and how much money you win or lose.

Let's look at what can happen:

[SLIDE 2: screen with one robot and DEAL (point to deal, etc.)]

For example, if you offer 60, the computer will accept it and you will be notified that there is a DEAL. You will also learn how many points you earned. In this case, 70 – 60 = 10 points

[SLIDE 3: screen with one robot and NO DEAL (point to no deal, etc.)]

But, if you offer 40 for example, the computer will not accept it and you will be notified that the there is NO DEAL. In that case, you will earn 0.

To sum up, if your offer is not accepted, you get 0. If your offer is accepted, you accumulate points on your wallet.

Now, there are two types of trading games. At the beginning, you will play with one computer, as we have just described. After a few rounds, you will play with two computers. In that case, you will see a screen like this:

[SLIDE 4: screen with two robots]

This is you and these are the two computers you are playing with. What is important to realize is that you have to make THE SAME OFFER to both computers. Each computer sees the offer and decides whether to accept the deal or not. As before, each computer accepts your offer if it is equal or greater to the number of tokens in the upper compartment. Therefore, it may be that no computer accepts your offer, one computer accepts your offer and the other doesn't or both computers accept your offer. This also means that you may win points with both computers, or you may lose with some computer. If this happens, don't worry. The points we give you in advance will cover your losses. Finally, your offer can never exceed the total value of the most valuable box. In this example, you cannot offer more than 70.

Practically speaking, you need to enter your offer in one cell and the other will automatically be populated. You are going to play several rounds. Each time, the boxes will have different values. Is that clear?

Ok. Before playing, you will answer a short quiz. This is not a test. We are just trying to make sure you have understood the rules because it is important to understand the rules when you play a game.

All the questions in the quiz refer to this screen.

[SCREENSHOT FOR QUIZ]

[Launch quiz]

OK, now we will launch the game. You will be playing several times.

[Launch game]

The game is over, but we would like you to answer 2 questions about the game. Read carefully. In the first question, you will see a screenshot like the one in the game you have been playing. In the second question, you will see a screenshot slightly different. The rules are the same as before EXCEPT that you are playing against one of the two computers, but you do not know which one (each of them is equally likely).

[Launch questions]

Digit memory game

The second game is called "Digit Memory" game. In this game, you will see digits, one at a time, on your screen. Each digit will appear for half a second. Then, a new digit will appear after a little bit less than a second. You need to pay attention to the digits and the order in which they are shown because you will have to report them in the reverse order and press OK. Here is an example:

[Launch VIDEO 1]

What were the digits? 4 8 3. Good, so you need to enter them in reverse order: 3 8 4, and press OK.

[Launch VIDEO 2]

You will answer a few of these questions. You will start with 3 digits and keep increasing until you get to 8 digits. Each time you enter the correct answer, you will earn 20 points and each time you don't enter the correct answer, you will get 0 points, so pay attention! As in the video, the cursor will be automatically set in the left box. Once you input a digit, you will not be able to change it, and the cursor will automatically move to the next box. When you are done, press OK to move to the next set of numbers. Any questions? Please be very quiet during this game.

[Launch game]

Ok, we are done. You will now see the number of points you got in the Treasure game and in the Digit Memory game. You don't need to memorize it. Press OK and fill the questionnaire while we prepare your payment.

[Launch questionnaire]