you own \$160k; Bernoulli utility $u = \sqrt{x}$

$150.7k

nature

probabilities

90% 6% 3% 1%

wealth $150.7k $150.7k $150.7k $150.7k full cover
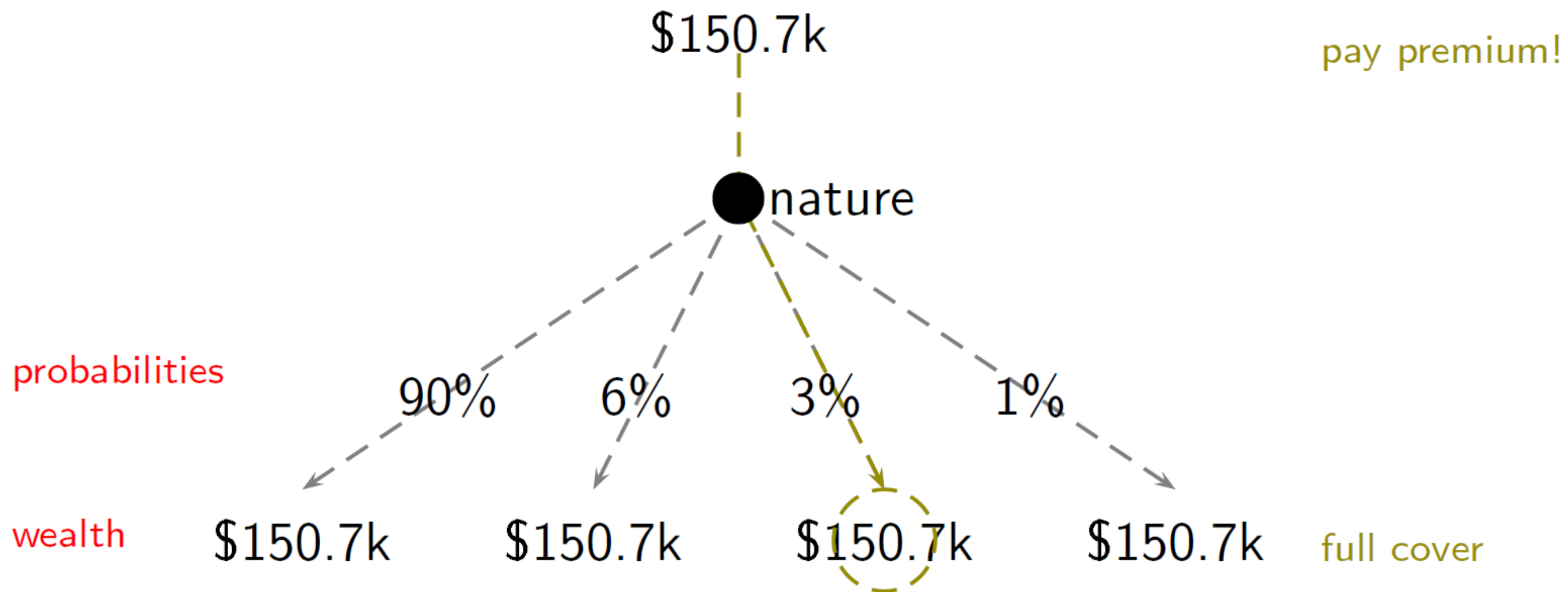
insurance premium of \$9.3k against full cover