W offers insurance at p Insurer: J decides:  $\Pr_{\mathsf{p}_{\mathsf{S}}\left(\overline{\Delta}-\Delta^{\mathsf{J}}\right)}$ Reject Pay 0 Good Bad Chance: Bad Good W:  $y_z^W - p_s(\overline{\Delta} - \Delta^J) - \frac{\Delta^W}{2}$   $y_z^W - p_s(\overline{\Delta} - \Delta^J) + \frac{\Delta^W}{2}$ J:  $y_z^J - p_s(\overline{\Delta} - \Delta^J) - \frac{\Delta^J}{2}$   $y_z^J - p_s(\overline{\Delta} - \Delta^J) + \frac{\Delta^J}{2}$   $y_z^J - \frac{\overline{\Delta}}{2}$