

Quiz 4

Econ 155, Winter 2008

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Answer each question listed below. Partial credit will be rewarded, so *show all work*.

Question 1 Explain one potential source of ex-ante hidden action in each of the insurance contracts listed below:

- earthquake insurance;
- hurricane/wind insurance; and
- flood insurance.

Question 2 Explain one potential source of ex-post hidden action in each of the insurance contracts listed below:

- earthquake insurance; and,
- hurricane/wind insurance.