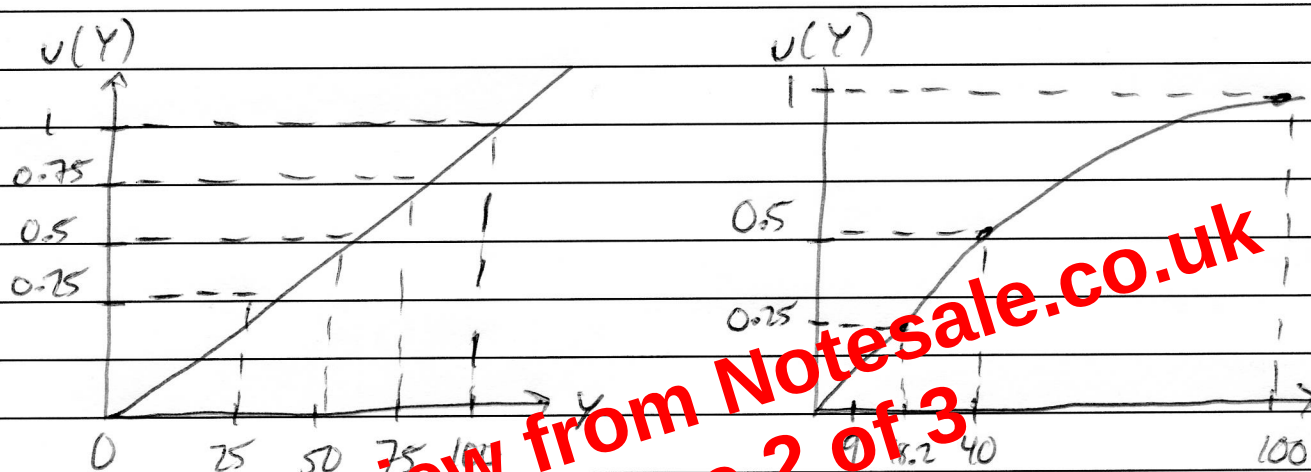


$f(L)_v(Y_2)$	$f(L)_v(Y_0)$
0.70162	0.71812
1.21688	1.19687
1.48675	1.43625
0.50369	0.50106
1.01503	1.02716
$E_v(Y_2) = 4.92397$	$E_v(Y_0) = 4.87946$



• Reductible vs Coinsurance

- wealth can vary between $W_0 - P - L_m$ and $W_0 - P$
- Under the deductible contract, wealth is guaranteed to be at least $\hat{W}_0 = W_0 - P - D$
 - * For all wealth levels $Y' \in [W_0 - P - L_m, \hat{W}_0]$, the probability of Y' is 0 (and so the cdf will be 0)
 - * For all wealth levels $Y' \in (\hat{W}_0, W_0 - P]$, the probability that $Y \leq Y'$ is equal to the probability that $L \geq L'$ where $L' = W_0 - P - Y'$
- $H(Y)$ = the cdf for wealth under the deductible contract.