The course will focus on recent empirical research on insurance markets and credit markets. Both markets are plagued with various aspects of asymmetric information, including moral hazard and adverse selection. The industrial organization and competitive environment of such markets is not well understood, and the increased availability of excellent data from these markets makes them great candidates for dissertation research.

The narrow objective of the mini course is to bring students closer to the research frontier in the above areas. At a more general level, I hope to balance two objectives: learning how to identify and pose interesting questions, and learning how to formulate and execute empirical analysis that sheds light on these questions. I will also try to highlight the use of theory to guide hypothesis testing and the specification of empirical models.

It is recommended that students who wish to take the class come with adequate background, especially in graduate level economic theory and econometrics and ideally also in empirical industrial organization. Some parts of the curse may be less accessible to students that do not have this background.

**Course logistics and requirements**

The course will consist of four meetings, which will take place every day between March 25 and March 28. Lecture notes and other course material will be posted at [http://www.hecer.fi/FDPE/specialcourses/SIO13.htm](http://www.heced.fi/FDPE/specialcourses/SIO13.htm), where lecture times, locations, and additional details will be posted as well. Student requirements will include attendance (20%), class preparation and participation (30%), and a take-home final exam (50%).

**Meeting times and locations**

- **Class #1:** Lecture Hall
  Monday, March 25: 1:30-2:45, 3:00-4:15, 4:30-5:45
- **Class #2:** Seminar Room 1
  Tuesday, March 26: 11:00-12:15, 1:15-2:30, 2:45-4:00
- **Class #3:** Seminar Room 2
  Wednesday, March 27: 11:00-12:15, 1:15-2:30, 2:45-4:00
- **Class #4:** Lecture Hall
  Thursday, March 28: 9:00-10:15, 10:30-11:45, 12:45-2:00
- **Final exam:** posted on Wednesday, April 3, at 8:00am (due 48 hours later)
Reading List

(∗) = paper discussed in class

1. Theoretical background

   o Arrow, Essays in the Theory of Risk Bearing (Chicago: Markham, 1971).

2. Testing for Asymmetric Information in Insurance Markets


3. Estimating Demand for Insurance

4. Welfare in Insurance Markets

5. Additional topics in Insurance Markets

6. Credit Markets