

Vous êtes invité à la prochaine réunion du

SEMINAIRE ECONOMIQUE DE LOUVAIN



Johannes Spinnewyn (MIT Cambridge, USA)

fera un exposé sur

**Unemployed but Optimistic : Optimal Insurance Design
with Biased Beliefs**

Abstract

Biased perceptions of risks change the perceived value of insurance and the perceived returns to avoiding these risks. I show empirically that unemployed workers overestimate how quickly they

will find work, but underestimate the return to their search efforts. I analyze the consequences for the optimal design of unemployment insurance.

With biased beliefs, contracts equalizing the marginal smoothing benefit and the moral hazard cost of insurance are suboptimal. Social and private insurance diverge; a paternalistic social planner corrects the moral hazard cost for the distortion in the insured's effort choice, while private insurers focus on the perceived rather than the true smoothing benefits. When unemployed

workers are optimistic, privatizing unemployment insurance may result in inefficiently low or rapidly decreasing unemployment benefits.

Le séminaire aura lieu le jeudi 5 février 2009 à 16h30,
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