

# Economics Research Seminar

## “Personalized information and willingness to pay for non-financial risk prevention: an experiment ”

Yves Arrighi – Université de Lille

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### Abstract

Personalized information on the probability of experiencing adverse events may modify the willingness to pay (WTP) for two kinds of prevention actions, namely self-protection and self-insurance. In this paper, we investigate: 1) whether WTP for prevention increases or decreases with the baseline probability of experiencing a non-financial damage; and 2) whether WTP for prevention changes at a constant, decreasing or increasing rate with this baseline probability. We conducted a laboratory experiment wherein the adverse event took the form of transcutaneous electrical shocks. We find no effect of the baseline probability on the WTP for self-protection. However, we establish an increasing relationship between the WTP for self-insurance and the baseline probability. We also find evidence that WTP for self-insurance increases at a decreasing rate when only the more effective reduction in the number of electrical shocks are considered.

Authors: *Yves Arrighi, David Crainich, Véronique Flambard, Sophie Massin*

- Lille: Room A320, 3 rue de la Digue

