

LAW & ECONOMICS CENTER, GEORGE MASON UNIVERSITY SCHOOL OF LAW  
LEC Workshop for Law Professors on Risk, Injury, Liability & Insurance  
Thursday, January 30 through Sunday, February 2, 2014

## Agenda

### Thursday, January 30

*Classes held in the Sea Turtle Room at the Hawks Cay Florida Keys Resort, 61 Hawks Cay Boulevard, Duck Key, FL 33050*

- 3:30 – 4:30 pm**                      **Registration, Sea Turtle Foyer**
- 4:30 – 4:40 pm**                      **Welcome and Introductions**  
**Henry N. Butler**, George Mason University Foundation Professor of Law, George Mason University School of Law, and Executive Director, Law & Economics Center
- 4:40 – 6:00 pm**                      **CLASS 1 – Introduction to Insurance | Butler**  
Topics:  
Demand, Supply, Adverse Selection, Market for Lemons, Moral Hazard
- Reading Assignments:  
Butler, Drahozal & Shepherd, *Economic Analysis for Lawyers*, 3<sup>rd</sup> edition, 2014, Chapter VI: Risk.
- 6:00 – 8:30 pm**                      **Reception and Dinner, Landings and Osprey Room**
- Henry N. Butler**, George Mason University Foundation Professor of Law, George Mason University School of Law, and Executive Director, Law & Economics Center
- Societal Risk Bearing**  
**Robert Cusumano**, Founder and CEO, Legal Horizons Foundation

### Friday, January 31

*Classes held in the Sea Turtle Room*

- 7:30 – 8:00 am**                      **Breakfast, Dolphin Deck**
- 8:00 – 9:30 am**                      **CLASS 2 – The Economics of Risk**  
**Eric A. Helland**, Robert J. Lowe Professor of Economics, Claremont McKenna College  
**Jonathan Klick**, Maurice R. Greenberg Visiting Professor of Law, Yale Law School, and Professor of Law, University of Pennsylvania Law School
- Topics:  
Risk, Uncertainty, Risk Aversion, Certainty Equivalents, Overview of Mechanisms for Dealing with Risk, Hedging, Reinsurance, Securitization
- Reading Assignments:  
Butler, Drahozal & Shepherd, *Economic Analysis for Lawyers*, 3<sup>rd</sup> edition, 2014, Chapter VI: Risk;  
Lewis, "[The Man Who Crashed The World](#)", *Vanity Fair*, August 2009;  
Friedman, *Hidden Order: The Economics of Everyday Life*, HarperBusiness (1997), [Chapter 13: Chance](#).
- 10:00 – 11:30 am**                      **CLASS 3 – Moral Hazard and Adverse Selection | Helland and Klick**
- Topics:  
Moral Hazard and Adverse Selection, Insurance Market Design, Market Solutions, Regulatory Solutions

Reading Assignments:  
Friedman, *Law's Order: What Economics Has to do With Law and Why It Matters*, Princeton University Press (2001), [Chapter 6: Of Burning Houses and Exploding Coke Bottles](#).

11:30 am – 12:15 pm

Lunch, *Dolphin Deck*

12:30 – 2:00 pm

**CLASS 4 – Empirical Studies on Risk, Injury, Liability and Insurance | Helland and Klick**

Topics:

Reading Assignments:

Klick and Stratmann, "[The Effect of Abortion Legalization on Sexual Behavior: Evidence from Sexually Transmitted Diseases](#)," 32 J. Legal Stud. 407 (2003);

Klick and Stratmann, "[Diabetes Treatments and Moral Hazard](#)," 50 Journal of Law and Economics 519-538 (No. 3, 2007);

Klick and Stratmann, "[Subsidizing Addiction: Do State Health Insurance Mandates Increase Alcohol Consumption?](#)," 55 J. Legal Stud. 175 (2006);

Helland and Tabarrok, "[Product Liability and Moral Hazard: Evidence from General Aviation](#)," 55 Journal of Law and Economics, 593 – 630 (No. 3, 2012).

2:00 pm

**Adjourn for Day**

## Saturday, February 1

*Classes held in the Sea Turtle Room*

7:30 – 8:00 am

Breakfast, *Dolphin Deck*

8:00 – 9:30 am

**CLASS 5 – Tort Law | Helland and Klick**

Topics:

The Costs of Accidents, Injury, Precaution, Alternative Liability Rules, Products Liability

Reading Assignments:

Miceli, *The Economic Approach to Law*, 2<sup>nd</sup> Edition, Stanford (2008), [Chapter 2: An Economic Model of Tort Law](#), and [Chapter 3: Applying the Economic Model of Tort Law](#).

10:00 am – 11:30 pm

**CLASS 6 – Risk Regulation | Helland and Klick**

Topics:

Compensating Differentials, Least Cost Risk Bearers, Contracting, Environmental Risk, Pharmaceuticals, Medical Malpractice.

Reading Assignments:

Rubin, "[Fundamental Reform of Tort Law](#)," Regulation (No. 4, 1995);

Viscusi, Vernon and Harrington, *Economics of Regulation and Antitrust*, 3<sup>rd</sup> Edition, MIT Press (2001), [Chapter 20: Valuing Life and Other Nonmonetary Benefits](#) and [Chapter 22: Product Safety](#).

11:30 – 4:30 pm

**Study Break** (Lunch on your own)

4:30 – 6:00 pm

**CLASS 7 – Research Roundtable | Butler, Helland and Klick**

Topics:  
Participants Present Potential Research Projects

6:00 – 8:30 pm

**Reception, Dinner and Closing Remarks, *Beach Grill***

8:30 pm

**Adjourn**

**Sunday, February 2**

**Departure**