#1 How will each of the following affect the supply for insurance:

a. a larger pool of insured persons
b. lower administration costs for insurance companies
c. higher premiums (with no change in risk experience)
d. a greater degree of risk aversion on the part of insurers

#2 The following is a labor supply function:

Wage per hour	*Quantity of Nurse Supplied*
$2	1
4	2
6	3
8	4
10	5
12	6

Nurses are used by the clinic to provide clinic visits. Each visit brings in $2 in revenue for the clinic. The relationship between nursing units and clinic visits is as follows:

Quantity of Nurses	*Total Clinic Visits*
1	5
2	9
3	12
4	14
5	15

The provider is assumed to maximize profits. Determine the provider's equilibrium wage and how many nursing units it will hire. The provider is a monopsonist, which means it is the sole purchaser of labor in the market.

#3 Given the following MV information, what is the optimal allocation of care according to the Paretean criteria, when the marginal cost of care is constant at $100.

Person A		*Person B*	
Quantity of care consumed	*MV*	*Quantity of care consumed*	*MV*
1	$200	1	$150
2	180	2	120
3	162	3	92
4	146	4	66
5	134	5	42
6	122	6	20
7	112	7	0
8	104	8	0
9	98	9	0