

# A Appendix

## A.1 Treatment I - Experiment Instructions

(Instructions Screen)

You are participating in an experiment on decision-making. If you follow the instructions and apply them carefully, you can earn some money in addition to the 3.00 pound show-up fee which we will give you in any case. From now on you are not allowed to talk to any other participants in the experiment. If you have a question, please raise your hand and one of the instructors will attend to you.

(Instructions Screen)

You will be assigned to a team with one other person. Each member of the team will be given an endowment of 30ECU and will play 5 rounds as part of the same team.

There is a climate change catastrophe that might occur with some unknown probability.

If the catastrophe occurs, both team members will lose ALL their money. You can protect your team against such a loss, if your team (the other member and yourself) decides to purchase a **Climate Change Insurance Policy**.

The experiment will consist of **5 rounds**. In each round, each member has the choice of contributing 0 ECU, 1 ECU, 2 ECU, 3 ECU or 4 ECU from his/her endowment to a team "pot".

The team insurance will only be purchased if the pot contains **at least 20 ECU** at the end of all 5 rounds.

If the Insurance is purchased at the end of the 5 rounds, then each member's payoff will simply be 30 ECU minus his/her total contributions to the pot.

If the Insurance is NOT purchased at the end of the 5 rounds, then each member's payoff will depend on the occurrence of the Climate Change Catastrophe.

(a) If the Catastrophe occurs: Each member's payoff will be 0 ECU.

(b) If the Catastrophe does not occur: Each member's payoff will be 30 ECU minus his/her total contributions to the pot.

At the end of the experiment your experimental money (ECU) will be converted into cash at the exchange rate of 5 ECU for 1 Pound.

Click the "Next" button to start a simple test that examines your understanding of the experimental design.

(Questionnaire Screen)

Here are some questions to ensure your understanding of the experimental design.

(Q1). Suppose the team contributes 22 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q2). Suppose the team contributes 18 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q3) Suppose you contributed 3 ECU at each round and the total amount in the pot is 25 ECU. The insurance is bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q4) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q5) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe did not occur. Your experiment Payoff is (ECU):

(Field to be filled by subject)

Click the "Submit" button only when you have decided on your answers. The experiment will start once everyone has completed the instructions.}

(Summary Screen)

You have been granted an endowment of 30 ECU, and are part of a team consisting of one other member.

You are warned that a climate change catastrophe may occur with some unknown probability, causing you to lose your endowment.

(Start button that begins the experiment)

## A.2 Treatment II - Experiment Instructions

(Instructions Screen)

You are participating in an experiment on decision-making. If you follow the instructions and apply them carefully, you can earn some money in addition to the 3.00 pound show-up fee which we will give you in any case. From now on you are not allowed to talk to any other participants in the experiment. If you have a question, please raise your hand and one of the instructors will attend to you.

(Instructions Screen)

You will be assigned to a team with one other person. Each member of the team will be given an endowment of 30ECU and will play 5 rounds as part of the same team.

There is a climate change catastrophe that might occur with some unknown probability.

If the catastrophe occurs, both team members will lose ALL their money. You can protect your team against such a loss, if your team (the other member and yourself) decides to purchase a **Climate Change Insurance Policy**.

In the past few periods, climate change catastrophes are known to have struck at least 80% of the time.

The experiment will consist of **5 rounds**. In each round, each member has the choice of contributing 0 ECU, 1 ECU, 2 ECU, 3 ECU or 4 ECU from his/her endowment to a team "pot".

The team insurance will only be purchased if the pot contains **at least 20 ECU** at the end of all 5 rounds.

If the Insurance is purchased at the end of the 5 rounds, then each member's payoff will simply be 30 ECU minus his/her total contributions to the pot.

If the Insurance is NOT purchased at the end of the 5 rounds, then each member's payoff will depend on the occurrence of the Climate Change Catastrophe.

(a) If the Catastrophe occurs: Each member's payoff will be 0 ECU.

(b) If the Catastrophe does not occur: Each member's payoff will be 30 ECU minus his/her total contributions to the pot.

At the end of the experiment your experimental money (ECU) will be converted into cash at the exchange rate of 5 ECU for 1 Pound.

Click the "Next" button to start a simple test that examines your understanding of the experimental design.

(Questionnaire Screen)

Here are some questions to ensure your understanding of the experimental design.

(Q1). Suppose the team contributes 22 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q2). Suppose the team contributes 18 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q3) Suppose you contributed 3 ECU at each round and the total amount in the pot is 25 ECU. The insurance is bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q4) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q5) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe did not occur. Your experiment Payoff is (ECU):

(Field to be filled by subject)

Click the "Submit" button only when you have decided on your answers. The experiment will start once everyone has completed the instructions.}

(Summary Screen)

You have been granted an endowment of 30 ECU, and are part of a team consisting of one other member.

You are warned that a climate change catastrophe may occur with some unknown probability, causing you to lose your endowment.

In the past few periods, climate change catastrophes are known to have struck at least 80% of the time.

(Start button that begins the experiment)

### A.3 Treatment III - Experiment Instructions

(Instructions Screen)

You are participating in an experiment on decision-making. If you follow the instructions and apply them carefully, you can earn some money in addition to the 3.00 pound show-up fee which we will give you in any case. From now on you are not allowed to talk to any other participants in the experiment. If you have a question, please raise your hand and one of the instructors will attend to you.

(Instructions Screen)

You will be assigned to a team with one other person. Each member of the team will be given an endowment of 30ECU and will play 5 rounds as part of the same team.

There is a climate change catastrophe that might occur with some unknown probability.

If the catastrophe occurs, both team members will lose ALL their money. You can protect your team against such a loss, if your team (the other member and yourself) decides to purchase a **Climate Change Insurance Policy**.

The experiment will consist of **5 rounds**. In each round, each member has the choice of contributing 0 ECU, 1 ECU, 2 ECU, 3 ECU or 4 ECU from his/her endowment to a team "pot".

The team insurance will only be purchased if the pot contains **at least 20 ECU** at the end of all 5 rounds.

You have been assigned to a team, where a computer is the other member.

The computer you are teamed with, has been programmed to contribute 2 ECU at each round.

Do not expect it to deviate from this strategy.

If the Insurance is purchased at the end of the 5 rounds, then each member's payoff will simply be 30 ECU minus his/her total contributions to the pot.

If the Insurance is NOT purchased at the end of the 5 rounds, then each member's payoff will depend on the occurrence of the Climate Change Catastrophe.

(a) If the Catastrophe occurs: Each member's payoff will be 0 ECU.

(b) If the Catastrophe does not occur: Each member's payoff will be 30 ECU minus his/her total contributions to the pot.

At the end of the experiment your experimental money (ECU) will be converted into cash at the exchange rate of 5 ECU for 1 Pound.

Click the "Next" button to start a simple test that examines your understanding of the experimental design.

(Questionnaire Screen)

Here are some questions to ensure your understanding of the experimental design.

(Q1). Suppose the team contributes 22 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q2). Suppose the team contributes 18 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q3) Suppose you contributed 3 ECU at each round and the total amount in the pot is 25 ECU. The insurance is bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q4) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q5) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe did not occur. Your experiment Payoff is (ECU):

(Field to be filled by subject)

Click the "Submit" button only when you have decided on your answers. The experiment will start once everyone has completed the instructions.}

(Summary Screen)

You have been granted an endowment of 30 ECU, and are part of a team consisting of one other member (a Computer).

You are warned that a climate change catastrophe may occur with some unknown probability, causing you to lose your endowment.

(Start button that begins the experiment)

## A.4 Treatment IV - Experiment Instructions

(Instructions Screen)

You are participating in an experiment on decision-making. If you follow the instructions and apply them carefully, you can earn some money in addition to the 3.00 pound show-up fee which we will give you in any case. From now on you are not allowed to talk to any other participants in the experiment. If you have a question, please raise your hand and one of the instructors will attend to you.

(Instructions Screen)

You will be assigned to a team with one other person. Each member of the team will be given an endowment of 30ECU and will play 5 rounds as part of the same team.

There is a climate change catastrophe that might occur with some unknown probability.

If the catastrophe occurs, both team members will lose ALL their money. You can protect your team against such a loss, if your team (the other member and yourself) decides to purchase a **Climate Change Insurance Policy**.

The experiment will consist of **5 rounds**. In each round, each member has the choice of contributing 0 ECU, 1 ECU, 2 ECU, 3 ECU or 4 ECU from his/her endowment to a team "pot".

The government has taken into account the grave losses that might occur as a result of a climate change catastrophe. As such, with your best interests at heart, all players are pre-assigned to a 2ECU/round level of contribution towards the insurance. If you are unhappy with this pre-assigned contribution level, you can change your contribution, but will need to confirm this decision by answering a simple math question.

The team insurance will only be purchased if the pot contains **at least 20 ECU** at the end of all 5 rounds.

If the Insurance is purchased at the end of the 5 rounds, then each member's payoff will simply be 30 ECU minus his/her total contributions to the pot.

If the Insurance is NOT purchased at the end of the 5 rounds, then each member's payoff will depend on the occurrence of the Climate Change Catastrophe.

(a) If the Catastrophe occurs: Each member's payoff will be 0 ECU.

(b) If the Catastrophe does not occur: Each member's payoff will be 30 ECU minus his/her total contributions to the pot.

At the end of the experiment your experimental money (ECU) will be converted into cash at the exchange rate of 5 ECU for 1 Pound.

Click the "Next" button to start a simple test that examines your understanding of the experimental design.

(Questionnaire Screen)

Here are some questions to ensure your understanding of the experimental design.

(Q1). Suppose the team contributes 22 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q2). Suppose the team contributes 18 ECU to the Pot. The climate change insurance is:

(Radio Button) Bought

(Radio Button) Not Bought

(Q3) Suppose you contributed 3 ECU at each round and the total amount in the pot is 25 ECU. The insurance is bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q4) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe occurs. Your experiment Payoff is (ECU):

(Field to be filled by subject)

(Q5) Suppose you contributed 1 ECU at each round and the total amount in the pot is 15 ECU. The insurance is NOT bought. A climate change catastrophe did not occur. Your experiment Payoff is (ECU):

(Field to be filled by subject)

Click the "Submit" button only when you have decided on your answers. The experiment will start once everyone has completed the instructions.}

(Summary Screen)

You have been granted an endowment of 30 ECU, and are part of a team consisting of one other member.

You are warned that a climate change catastrophe may occur with some unknown probability, causing you to lose your endowment.

The government has taken into account the grave losses that might occur as a result of a climate change catastrophe. As such, with your best interests at heart, all players are pre-assigned to a 2ECU/round level of contribution towards the insurance. If you are unhappy with this pre-assigned contribution level, you can change your contribution, but will need to confirm this decision by answering a simple maths question.

(Start button that begins the experiment)