

## **Uncertainty and the expected utility of travel**

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### **Abstract**

Recent disasters in air and road traffic have reminded us of the fact that travelling is uncertain. Individuals will reassess their perception of risks and - being risk averse - try to insure against this risk by choosing among diverse options. These will normally create additional generalised cost. The latter is an indicator for the risk premium. The purpose of this paper is to present a simple model of such insurance behaviour in travel and try to present first empirical evidence for the case of the Gotthard road tunnel.