

# ALLOCATION, EXCHANGE AND PRICING OF RISK

**Sjur Didrik Flåm**

*Institutt for Økonomi, Universitetet i Bergen*

The paper regards risk sharing and pricing via sup-convolution of transferable utilities. Connections are direct to cooperative games and core outcomes - as well as to the Capital Asset Pricing Model. For links to market equilibrium, it may suffice that convexity prevails merely in the aggregate. When moreover, all preferences are convex, efficient allocation can ultimately obtain via repeated bilateral exchanges.