Discussion of "Till debt do us part: strategic divorces and a test of moral hazard"

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- ▶ We also improve our understanding of what drives strategic default
- ▶ But the empirical design faces some limitations
- ▶ External validity? Private mortgage insurance in the US? Insurance using the Case-Shiller index?

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    ▶ Higher-income households could be less financially distressed when underwater and get divorced less

    ▶ Couples less worried about divorcing in the face of financial difficulties could not choose to stay below the threshold

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  - ▶ The authors show insignificant results for the specification restricting the house price from 70% to 95% versus 105% to 130% of the threshold: 2,853 couples, how many underwater and divorcing?

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  - ▶ Report p-values of mean differences (not only standard errors)
  - ▶ Run kitchen-sink regression of treatment status on characteristics and report Wald test and F-test results

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  ▶ Show trends of all variables in figures for the range of values around threshold used for estimation sample

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- ▶ Insurance causes divorce:
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    - ▶ What are the welfare implications if not?
- ▶ External validity? Private mortgage insurance in the US? Insurance using the Case-Shiller index? Any type of insurance that provides more financial independence for household members?

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* I do believe some individuals (but probably not many) default strategically, additional evidence is here