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5 **Q. If a methodology for determining the risk premium produces illogical results**
6 **such as negative risk premiums, is this an indication that the methodology is**
7 **flawed?**
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10 A. No. Dr. Booth observes that the question is mis-phrased. It should read, "Is it
11 illogical for an estimation technique to have measurement error?" To which the
12 answer is "yes." The follow-up is then, "Is it logical for an expert to blindly accept
13 estimates even if they violate good judgement?" To which the answer is "no."
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