

Satellite owner design the launch contract and prepay αp to vehicle manufacture.

Underwriters offer SO the launch insurance contract with premium rate r after in-depth technical analyses .

Vehicle processing the vehicle in order to put the satellite in the orbit

with
prob. e

Successful launch. Satellite owner pay the last $(1-\alpha)p$ to VM

with
prob. $1-e$

Launch fail. Satellite owner pay nothing and obtain $F + \alpha p + Cs$ as the compensate from insurance company.