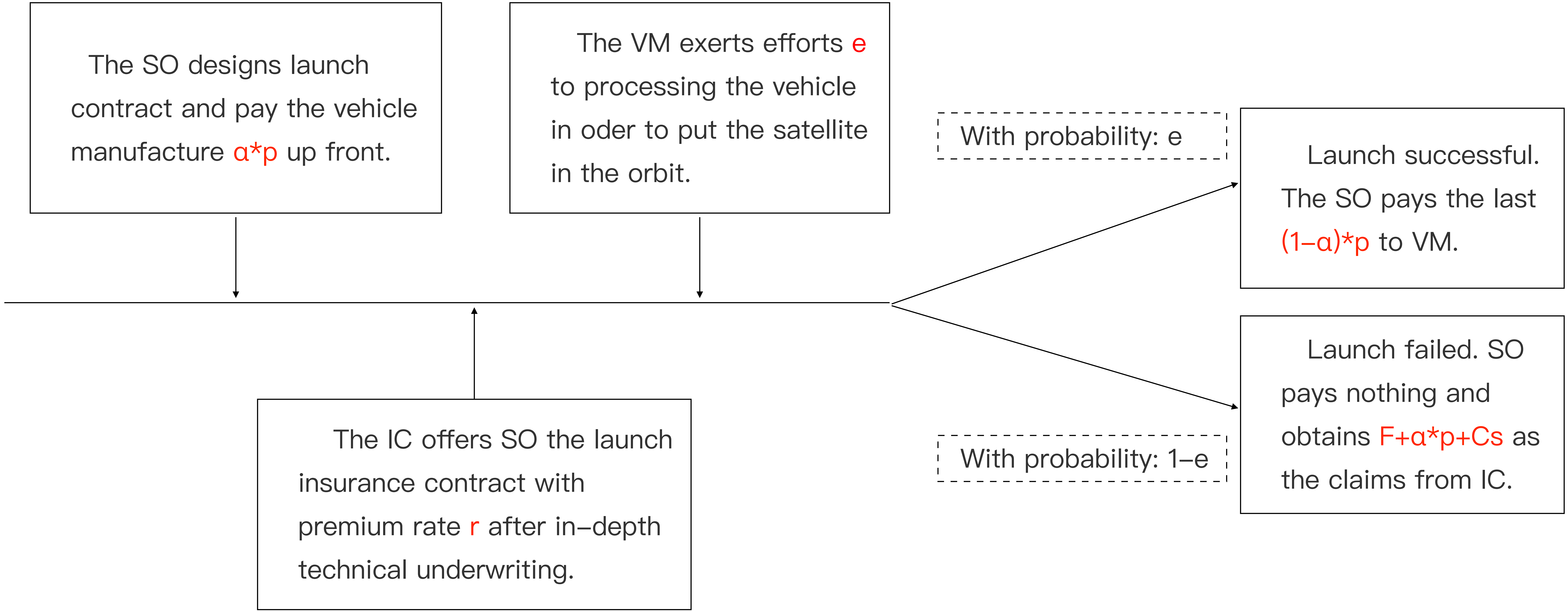

The SO designs launch contract and pay the vehicle manufacture α*p up front.
The VM exerts efforts e to processing the vehicle in oder to put the satellite in the orbit.
With probability: e
Launch successful. The SO pays the last (1–α)*p to VM.
With probability: 1–e
Launch failed. SO pays nothing and obtains F+α*p+Cs as the claims from IC.
The IC offers SO the launch insurance contract with premium rate r after in–depth technical underwriting.