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Sommario/riassunto	We develop a macroeconomic model with physical and human capital, human capital risk, and limited contract enforcement. We show analytically that young (high-return) households are the most exposed to human capital risk and are also the least insured. We document this risk-insurance pattern in data on life-insurance drawn from the Survey of Consumer Finance. A calibrated version of the model can quantitatively account for the life-cycle variation of insurance observed in the US data and implies welfare costs of under-insurance for young households that are equivalent to a 4 percent reduction in lifetime consumption. A policy reform that makes consumer bankruptcy more costly leads to a substantial increase in the volume of credit and insurance.