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pet peeves in options and derivatives..

1) Skew exists for a reason. Realized skew is the covariance between spot prices and implied volatility. Downside put vol trading above at the money vol reflects fact that implied vol rises when markets fall and isn't "irrational".

As the market falls, a downside put's vega (volatility exposure) rises, just as implied volatility is rising. That is a source of convexity which generates returns for the option owner over time and which is compensated by the market in terms of a higher implied volatility.

There might be too much skew risk premium at some point in the curve at some specific time, but actually historically some tenors of skew have had almost no risk premium on average. Need to do your homework on this.

2) Don't compare long term option implied volatility to short term realized volatility. Long term options have little time decay and most of their risk is vega risk (from changes in implied volatility). Instead look at volatility term premium (slope relative to level).

3) Don't quote implied volatility moves (eg VIX) in percentages and think that's meaningful. Implied volatility changes have a much more stationary distribution in vol points than in percent. It doesn't take much to double implied vol from an initial level of 8.

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Replying to @bennpeifert
1) does any practitioner really think skew is irrational? 2) ..and chronic supply / demand imbalances (autocallables) that can distort term premia 3) what happens when you introduce a 'zero vanna' product to tourists. 4) sell-side just doesn't unlearn this. 5) well said.

1) tons of non-specialists and even a surprising number of people in big dollar seats who should know better. People can always amaze you :)