

# Willingness to pay for and trust in health insurance

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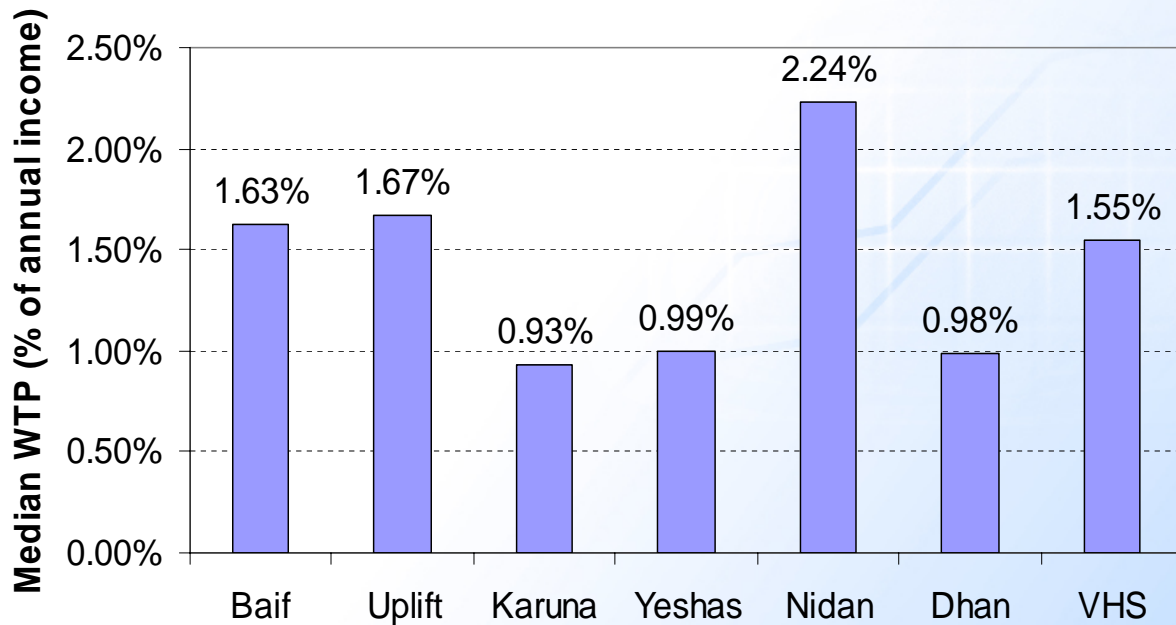


## Method for inquiring WTP & trust

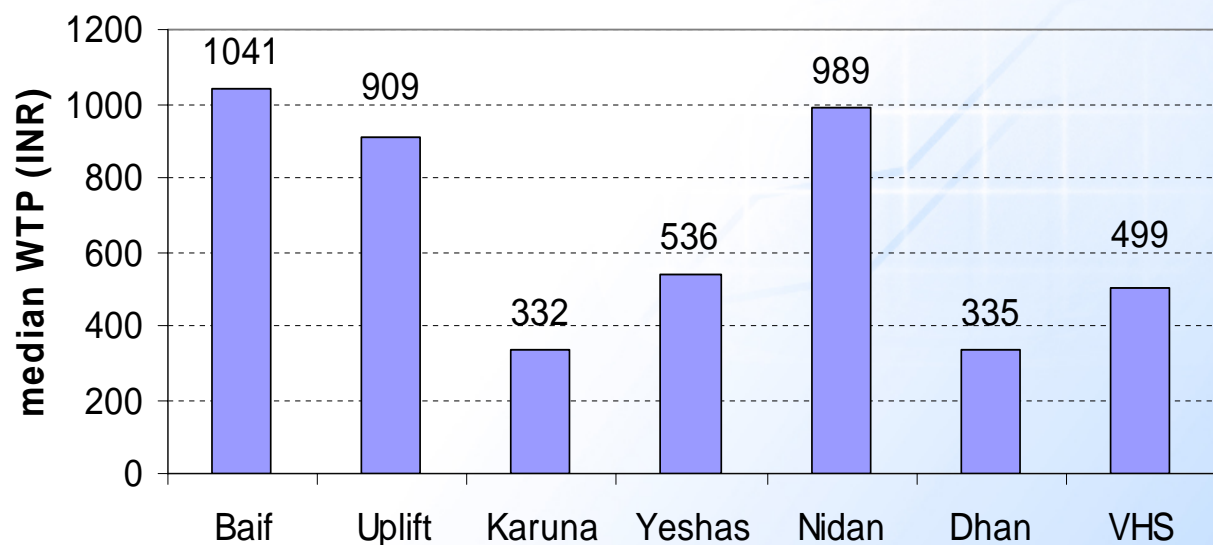
- Explained insurance first
- Hypothetical benefit package
- Inquired for price per household
- Descending auction in order to define maximum willingness to pay (“bidding game”)
- Trust was inquired with 15 questions



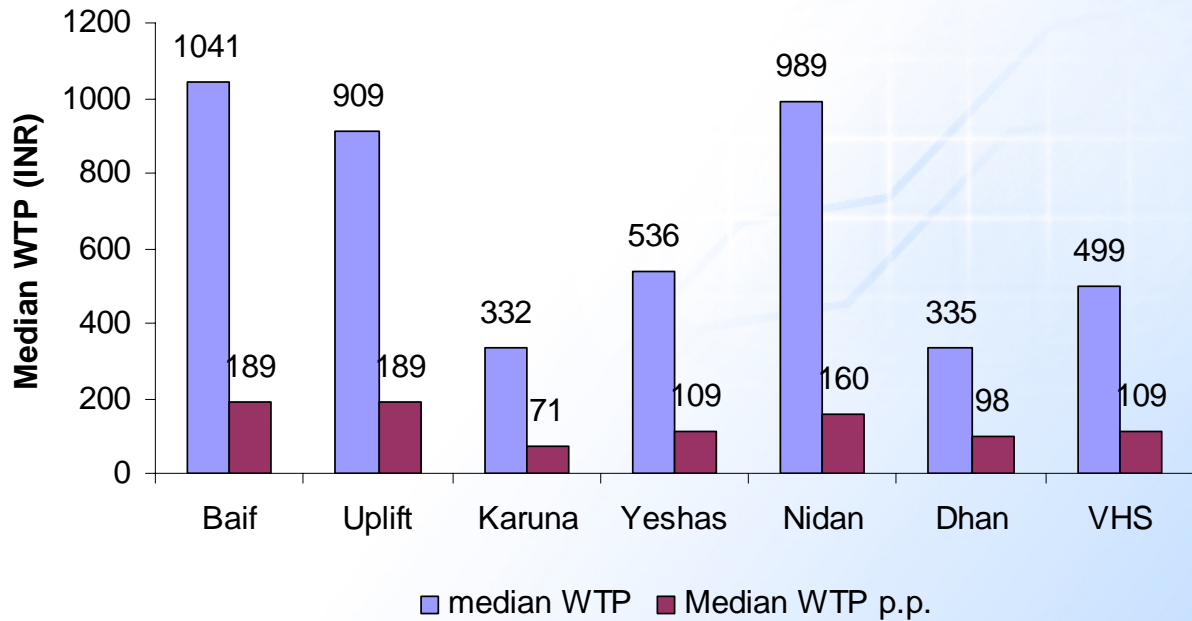
## Median willingness to pay for health insurance (as % of annual HH income)



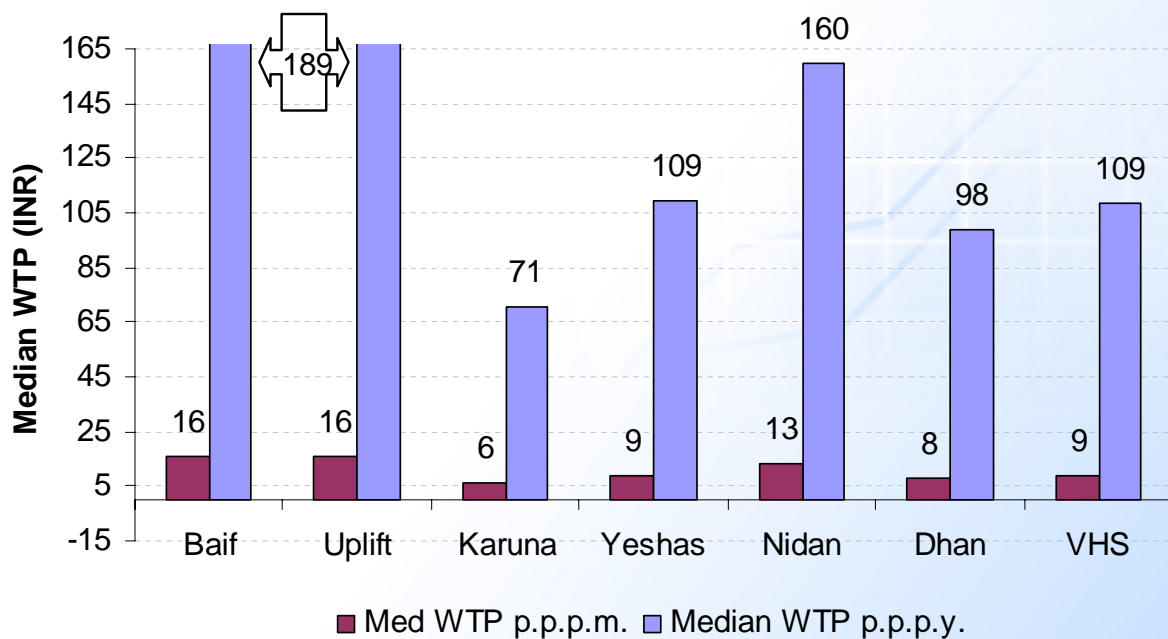
## Willingness to pay (per HH per year)



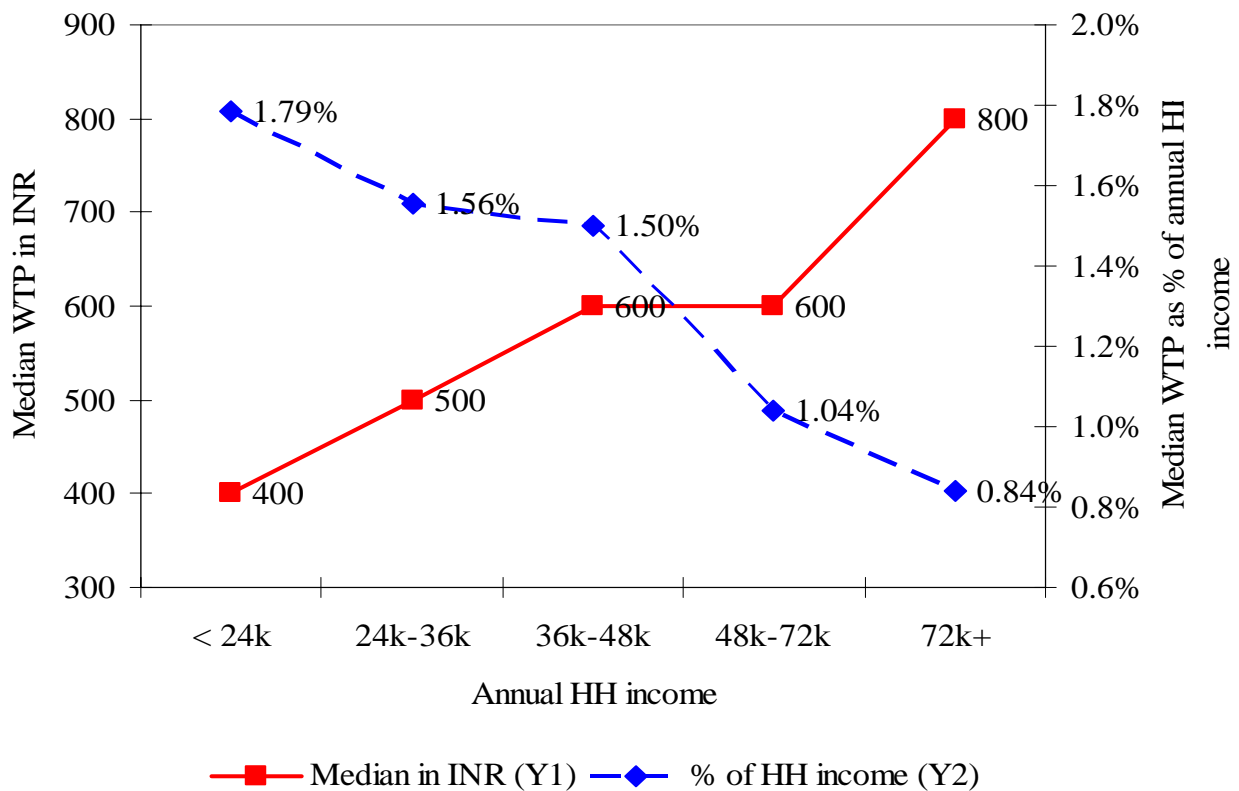
## Willingness to pay (per person per year)



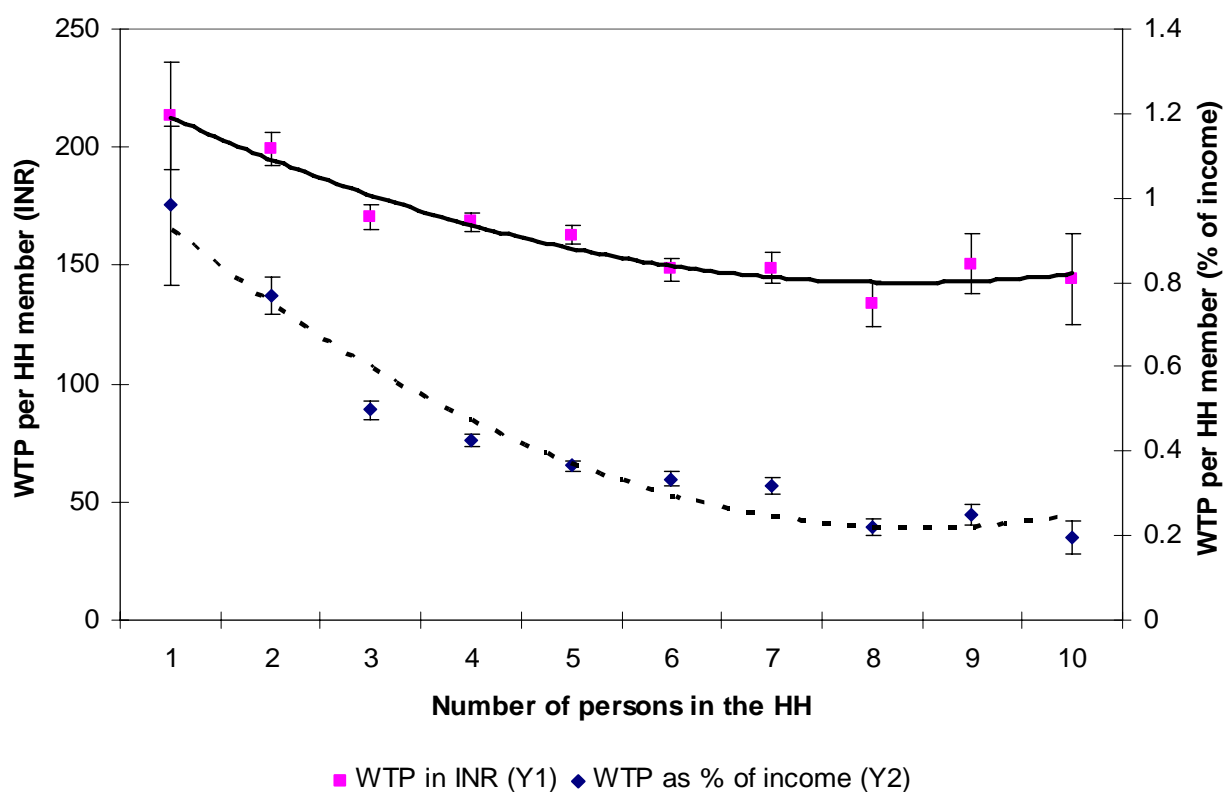
## WTP for health insurance (per person per month)



# WTP as percent of household income



# The relationship between WTP per HH member and HH size



# Can the poor afford paying INR 600 a year?

- Pan Masala: INR 1;  
3 packages a day  
-> INR 1,100 annually
- Alcohol: INR 25-50/day;  
INR 500 per month;  
INR 6,000 per year
- Bidi: 1 bundle per day: INR 4.5  
INR 1,600 per year



## Conclusion

- The poor are willing to pay for health insurance a sufficient amount for a meaningful benefit package
- Payment in small installments, when money is available, needs to be enabled
  - > premium payment needs to be integrated into existing community structures
- Trust increases willingness to pay
- Community participation in the scheme increases trust
  - > community participation thus can increase the willingness to pay

**Vital micro health insurance needs community participation...**  
... and more



Thank you very much for your attention!



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Insurance Units for the Poor in India

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