Swiss Friends of Oxford Scholarship Report - Olivia Flett

The experimental research project was conducted for the purposes of my MPhil thesis entitled "**The Role of Religious Beliefs on Health Insurance Demand: An Experimental Study of Decision-Making Under Risk**". The experiment was conducted online via the participant recruitment platform, *Prolific*. Participants were redirected to the survey developed in *Qualtrics* via an anonymous link. Participants were recruited on a first-come first-serve basis, provided they met the study's primary participation requirements: (i) to be 18 years or older; and (ii) to be currently residing in the USA. After an initial screen with a consent form, the experiment consists of four separate stages (defined as tasks) as outlined in Figure 1. The total sample consists of 346 participants (with 173 participants each in the control group and the primed group, respectively). The average time spent on the experimental survey by participants was 8 minutes. How do religious beliefs affect decision-making under risk? Religious identity and the set of prescribed beliefs which may accompany it, can play a central role in shaping preferences and behaviour, subsequently affecting economic outcomes. The thesis experimentally investigates whether there exists a *causal relationship* between religious beliefs and health insurance decisions, an environment in which risk inherently exists. A priming mechanism is used to create exogenous variation in the salience of religious concepts depicting God as a source of protection against risk. The particular channels through which religious beliefs can affect decision-making under risk are identified, by measuring the prime's causal effect on the willingness to pay for health insurance and on risk preferences under Cumulative Prospect Theory. Experimental results suggest that there may be heterogeneity in the prime's effects across individuals: the effect of the religious prime may depend on the religious beliefs (or lack, thereof) of participants. But, no statistically significant effects of the prime on the willingness to pay (WTP) for insurance nor on the risk preference parameters were found.[1] It is unclear whether these null effects are necessarily due to a true absence of effects or instead to a lack of statistical power.

Task 1: Read-and-Recall

Participants are randomly assigned to either a control group or to a religiously primed group.

[1] I find that among the subgroup of individuals who are religious, the prime has a positive effect on the risk aversion parameter. This is the only statistically significant result ($p = 0.032$).

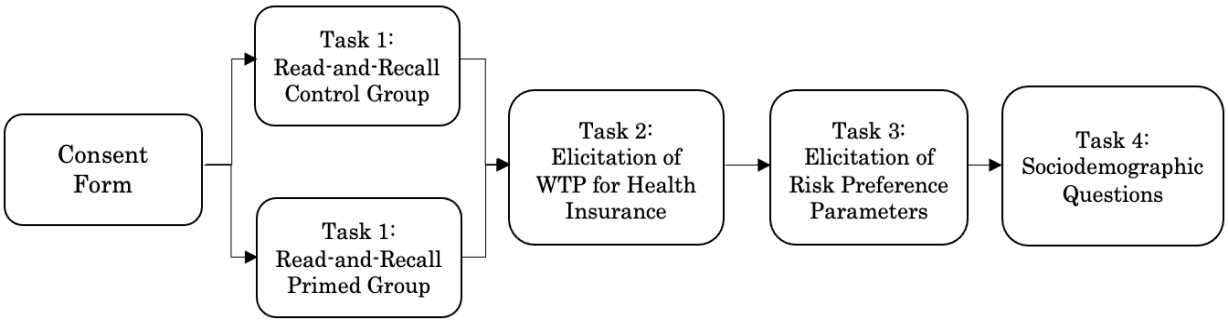

Figure 1: Structural Outline of the Experimental Design

Both groups complete a read-and-recall type of task which involves reading a paragraph on a specific topic, subsequently answering questions about the paragraph. The remainder of the experimental survey after Task 1 is identical for all participants.

Task 2: Elicitation of Willingness to Pay for Health Insurance

Participants' health insurance demand is determined by eliciting their willingness to pay (WTP) for insurance. Participants are presented with a health insurance scenario in which a proposed insurance plan would cover all of their medically-related expenses should they incur any. Participants are asked how much they would pay, per month, for such an insurance plan and respond by reporting which value, on a sliding-scale from \$0 to \$1000, they would be willing to pay.

Task 3: Elicitation of Risk Preference Parameters

Risk preference parameters are determined using an elicitation technique known as the TCN method (Tanaka et al. [2010]). This approach exploits the Cumulative Prospect Theory (CPT) framework of Tversky and Kahneman (1992) and using a sequential Multiple Price List design.[2] Three ordered series of binary lotteries are presented to participants. For each series, a participant's preferred switching point from Option A to Option B is elicited.

Task 4: Sociodemographic Questions

The final part of the survey consists of questions concerning sociodemographic characteristics. Each participant's age, sex, and current state of residence in the USA are obtained. Participants are also asked whether they currently have any formal health insurance coverage and how religious they consider themselves to be (presented as a sliding scale question ranging from 0 to 10).

[2]This a variant of the Holt and Laury (2002) risk elicitation method.