

Time Preference, Income Level and Enthusiasm of Social Endowment Insurance Participation: Analysis of Insurance Participating Behavior of Farmers from Two Counties in Central China

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Abstract: With full implementation of rural social endowment insurance system in China, the authors find an interesting phenomenon that almost all farmers select to be insured but most of insured farmers choose the minimum premium. An incremental discounted utility model with a hyperbolic discounting function is constructed to describe the decision-making process of insured farmers in this paper. The behaviors of insured farmers with different characteristics are simulated based on the investigation results of farmers' time preference. Our conclusions show that time preferences and income of farmers would affect their insurance decisions, which provided the basis for the development of differentiated subsidies policy of contribution of social insurance in rural areas.