

The poor in developing countries tend to suffer from economic loss caused by diseases and injuries. To cope with the economic shocks, micro health insurance programs have been introduced as informal risk-coping mechanisms. Although the authority took supportive action, take-up rates of the micro insurance have been low and declining in some countries. In spite of immediate needs to understand purchasing factors of the insurance to increase take-up rate, little literature exists on the consumer preference for micro health insurance. This study examines what the most acceptable insurance scheme is, considering heterogeneous consumer preferences in developing countries. We conducted a discrete choice experiment in a rural Cambodian area. Since risk and time preference is related to the willingness to pay for insurance, we also implemented an experiment to measure risk and time preference to control those effects. A latent class model estimates the poor Cambodian preferences for micro insurance categorizing them into three groups: 35% of non-consumers, 25% of risk-averse consumers and 40% of potential consumers. The risk-averse consumers show higher WTP while non-consumers show insignificant and irrelevant WTP. The potential consumers consist of those who experienced negative shocks and are unsatisfied with the present insurance services. We found that take-up rate would increase if we promote service management to the potential consumers.