

God Insures Those Who Pay. Formal insurance and religious offerings in Ghana

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Abstract

This paper provides experimental support for the hypothesis that insurance can be a motive for religious donations by members of a Pentecostal church in Ghana. We randomize enrollment into a commercial funeral insurance policy, then church members allocate money between themselves and a set of religious goods in a series of dictator games with significant stakes. Members enrolled in insurance give significantly less money to their own church compared to members that only receive information about the insurance. Enrollment also reduces giving towards other spiritual goods. We set up a model exploring different channels of religiously based insurance. The implications of the model and the results from the dictator games suggest that adherents perceive the church as a source of insurance and that this insurance is derived from beliefs in an interventionist God. Survey results suggest that material insurance from the church community is also important and we hypothesize that these two insurance channels exist in parallel.