Supporting material

**Figure S1.** Insurance poster



*Note*: At the time of the experiment, agricultural insurance – neither indemnity-based nor index-based – was implemented in the country.

**Figure S2.** Summarized game procedure



**Figure S3.** Translated game sheet exemplary for farmers cultivating one hectare of land



**Table S1.** Summary statistics

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Mean | SD | Min | Max |
| Lagged index insurance choice | 460 | 1.946 | 1.026 | 0 | 3 |
| Lagged Ø peer insurance choice  | 460 | 1.969 | 0.634 | 0 | 3 |
| Ø Peer insurance choice | 589 | 1.887 | 0.697 | 0 | 3 |
| Experienced payout | 331 | 0.864 | 0.343 | 0 | 1 |
| Ø Peer residency duration in village  | 129 | 33.72 | 10.77 | 15.17 | 58.75 |
| Ø Peer production sold | 129 | 47.96 | 17.10 | 0 | 100 |
| Ø Peer yield losses | 129 | 30.98 | 16.42 | 3.125 | 80 |
| Game group 1 | 129 | 0.0233 | 0.151 | 0 | 1 |
| Game group 2 | 129 | 0.0465 | 0.211 | 0 | 1 |
| Game group 3 | 129 | 0.0465 | 0.211 | 0 | 1 |
| Game group 4 | 129 | 0.0388 | 0.194 | 0 | 1 |
| Game group 5 | 129 | 0.0310 | 0.174 | 0 | 1 |
| Game group 6 | 129 | 0.0543 | 0.227 | 0 | 1 |
| Game group 7 | 129 | 0.0465 | 0.211 | 0 | 1 |
| Game group 8 | 129 | 0.0465 | 0.211 | 0 | 1 |
| Game group 9 | 129 | 0.0155 | 0.124 | 0 | 1 |
| Game group 10 | 129 | 0.0388 | 0.194 | 0 | 1 |
| Game group 11 | 129 | 0.0775 | 0.268 | 0 | 1 |
| Game group 12 | 129 | 0.0543 | 0.227 | 0 | 1 |
| Game group 13 | 129 | 0.0310 | 0.174 | 0 | 1 |
| Game group 14 | 129 | 0.0388 | 0.194 | 0 | 1 |
| Game group 15 | 129 | 0.0388 | 0.194 | 0 | 1 |
| Game group 16 | 129 | 0.0543 | 0.227 | 0 | 1 |
| Game group 17 | 129 | 0.0310 | 0.174 | 0 | 1 |
| Game group 18 | 129 | 0.0388 | 0.194 | 0 | 1 |
| Game group 19 | 129 | 0.0698 | 0.256 | 0 | 1 |
| Game group 20 | 129 | 0.0698 | 0.256 | 0 | 1 |
| Game group 21 | 129 | 0.0543 | 0.227 | 0 | 1 |
| Game group 22 | 129 | 0.0543 | 0.227 | 0 | 1 |
| Session 1 | 129 | 0.116 | 0.322 | 0 | 1 |
| Session 2 | 129 | 0.0698 | 0.256 | 0 | 1 |
| Session 3 | 129 | 0.101 | 0.302 | 0 | 1 |
| Session 4 | 129 | 0.0620 | 0.242 | 0 | 1 |
| Session 5 | 129 | 0.171 | 0.378 | 0 | 1 |
| Session 6 | 129 | 0.0698 | 0.256 | 0 | 1 |
| Session 7 | 129 | 0.0930 | 0.292 | 0 | 1 |
| Session 8 | 129 | 0.0698 | 0.256 | 0 | 1 |
| Session 9 | 129 | 0.140 | 0.348 | 0 | 1 |
| Session 10 | 129 | 0.109 | 0.312 | 0 | 1 |
| Game endowment/ha | 589 | 42,695 | 5,245 | 34,900 | 58,27 |
| Game round 1 | 589 | 0.219 | 0.414 | 0 | 1 |
| Game round 2 | 589 | 0.219 | 0.414 | 0 | 1 |
| Game round 3 | 589 | 0.217 | 0.413 | 0 | 1 |
| Game round 4 | 589 | 0.173 | 0.379 | 0 | 1 |
| Game round 5 | 589 | 0.171 | 0.377 | 0 | 1 |
| Female | 129 | 0.318 | 0.467 | 0 | 1 |
| Age | 129 | 44.98 | 13.63 | 18 | 79 |
| Education | 129 | 3.907 | 1.155 | 1 | 6 |
| Household size | 129 | 5.729 | 2.852 | 1 | 25 |
| Risk aversion | 129 | 0.674 | 0.470 | 0 | 1 |
| High subjective discount rate | 129 | 0.705 | 0.458 | 0 | 1 |
| General trust drought insurance concept  | 129 | 0.713 | 0.454 | 0 | 1 |
| Perfect index insurance understanding | 129 | 0.659 | 0.476 | 0 | 1 |
| Insurance experience | 129 | 0.690 | 0.464 | 0 | 1 |
| Mainly work as farmer | 129 | 0.837 | 0.371 | 0 | 1 |
| Only rainfed agriculture | 129 | 0.643 | 0.481 | 0 | 1 |
| Cultivated land size in ha | 129 | 15.34 | 32.48 | 0 | 225 |
| *Continued on next page* |
| *Table S1 – continued from previous page* |  |  |  |  |  |
| Ø % Stated yield losses | 129 | 30.98 | 28.57 | 0 | 100 |
| Ø Danger yield losses  | 129 | 2.837 | 0.950 | 1 | 4 |

**Table S2.** Average marginal effects of individual insurance choice (peer imitation vs. observational learning)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| Ø Lagged peer insurance choice (*observational*  | -0.0012 | -0.0005 | -0.0001 | 0.0018 |
| *learning*) | (0.0235) | (0.0099) | (0.0016) | (0.0350) |
| Ø Peer insurance choice (*peer imitation*) | -0.0675\*\*\* | -0.0283\*\*\* | -0.0044 | 0.1003\*\*\* |
|  | (0.0249) | (0.0096) | (0.0052) | (0.0353) |
| General trust drought insurance concept | -0.0684\* | -0.0249\*\* | 0.0001 | 0.0933\* |
| (0.0401) | (0.0120) | (0.0054) | (0.0479) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | 0.1152\* | 0.0370 | -0.0039 | -0.1483 |
|  **0**.insurance experience | (0.0678) | (0.0234) | (0.0135) | (0.0904) |
|  **1**.perfect index insurance understanding## | -0.0158 | -0.0067 | (-0.0021) | 0.0247 |
|  **1**.insurance experience | (0.0315) | (0.0136) | (0.0041) | (0.0490) |
| Peer characteristics | YES |
| Peer fixed effects | YES |
| (Other) game, personal & farm characteristics | YES |
| Observations | 460 (129 farmers) |
| Pseudo R2 | 0.1756 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Elements of the interaction terms are estimated but omitted.

**Table S3.** Determinants of individual insurance choice (stated vs. observed trust)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| Ø Peer insurance choice | -0.1546\*\*\* | -0.0658\*\*\* | -0.0153 | 0.2358\*\*\* |
|  | (0.0205) | (0.0107) | (0.0120) | (0.0300) |
| Presence insurer (*observed trust*) (0/1) | 0.0559\* | 0.0238\* | 0.0055 | -0.0852\*\* |
|  | (0.0291) | (0.0121) | (0.0049) | (0.0433) |
| *Stated* trust drought insurance (0/1) | -0.0519 | -0.0207\* | -0.0021 | 0.0747\* |
| (0.0329) | (0.0121) | (0.0038) | (0.0433) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | -0.0081 | -0.0036 | -0.0011 | 0.0128 |
|  **0**.insurance experience | (0.0449) | (0.0197) | (0.0058) | (0.0703) |
|  **1**.perfect index insurance understanding## | -0.0243 | -0.0100 | -0.0015 | 0.0357 |
|  **1**.insurance experience | (0.0325) | (0.0132) | (0.0023) | (0.0466) |
| Peer characteristics | YES |
| Peer fixed effects | NO |
| (Other) game, personal & farm characteristics | YES |
| Observations | 589 (129 farmers) |
| Pseudo R2 | 0.1137 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Elements of the interaction terms are estimated but omitted. Peer fixed effects are omitted because of collinearity.

**Table S4.** Average marginal effects of individual insurance choice (extension 1 – lagged insurance choice)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| *Lag* |  |  |  |  |
| Lagged own index insurance choice (0-3) | -0.0213 | -0.0090 | -0.0013 | 0.0316 |
|  | (0.0147) | (0.0065) | (0.0015) | (0.0216) |
| *Peer behavior* |  |  |  |  |
| Ø Peer insurance choice  | -0.0690\*\*\* | -0.0291\*\*\* | -0.0044 | 0.1025\*\*\* |
|  | (0.0246) | (0.0096) | (0.0050) | (0.0350) |
| *Peer characteristics* |  |  |  |  |
| Ø Peer residency duration in village  | 0.0093\* | 0.0039\* | 0.0006 | -0.0138\* |
|  | (0.0052) | (0.0022) | (0.0007) | (0.0076) |
| Ø Peer production sold | -0.0005 | -0.0002 | -3.22e-05 | 0.0008 |
|  | (0.0014) | (0.0006) | (0.0001) | (0.0021) |
| Ø Peer yield losses | -0.0013 | -0.0005 | -0.0001 | 0.0019 |
|  | (0.0039) | (0.0016) | (0.0003) | (0.0057) |
| *Peer fixed effects* | YES |
| *(Other) game characteristics* |  |  |  |  |
| Game endowment/ha (log) | -0.3603\*\* | -0.1516\*\* | -0.0229 | 0.5348\*\* |
|  | (0.1582) | (0.0667) | (0.0275) | (0.2343) |
| Game round 3 (0/1) | -0.0616 | -0.0259 | -0.0028 | 0.0903 |
|  | (0.0461) | (0.0177) | (0.0049) | (0.0636) |
| Game round 4 (0/1) | -0.0566 | -0.0233 | -0.0017 | 0.0816 |
|  | (0.0421) | (0.0162) | (0.0054) | (0.0575) |
| Game round 5 (0/1) | -0.0065 | -0.0022 | 0.0006 | 0.0080 |
|  | (0.0545) | (0.0183) | (0.0050) | (0.0678) |
| *Personal & farm characteristics* |  |  |  |  |
| Female (0/1) | -0.0107 | -0.0045 | -0.0008 | 0.0160 |
|  | (0.0337) | (0.0142) | (0.0029) | (0.0506) |
| Age2 | 1.64e-05 | 6.92e-06 | 1.04e-06 | -2.44e-05 |
|  | (1.51e-05) | (6.47e-06) | (1.46e-06) | (2.24e-05) |
| Education2  | -0.0001 | -4.3e-05 | -6.49e-06 | 0.0002 |
|  | (0.0012) | (0.0005) | (0.0001) | (0.0018) |
| Household size2 | -0.0008\*\* | -0.0004\*\* | -0.0001 | 0.0013\*\* |
|  | (0.0003) | (0.0002) | (0.0001) | (0.0005) |
| Risk attitudes  |  |  |  |  |
| **1.**Risk aversion ## **0.**High subjective discount rate | -0.0028(0.0627) | -0.0011 (0.0239) | 1.38e-05(0.0006) | -0.0039(0.0871) |
| **1.**Risk aversion ## **1.**High subjective discount rate | -0.0157(0.0395) | -0.0066(0.0162) | -0.0012(0.0029) | 0.0235 (0.0583) |
| General trust drought insurance concept  | -0.0627\* | -0.0232\*\* | -0.0002 | 0.0861\* |
|  | (0.0366) | (0.0113) | (0.0045) | (0.0445) |
| Sophisticated index insurance understanding |  |  |  |
|  **1**.perfect index insurance understanding## | 0.1135\* | 0.0362 | -0.0044 | -0.1453\* |
|  **0**.insurance experience | (0.0636) | (0.0221) | (0.0124) | (0.0844) |
|  **1**.perfect index insurance understanding## | -0.0141 | -0.0060 | -0.0019 | 0.0220 |
|  **1**.insurance experience | (0.0291) | (0.0127) | (0.0039) | (0.0455) |
| Only rainfed agriculture (0/1) | -0.0363 | -0.0140 | 0.0001 | 0.0502 |
|  | (0.0392) | (0.0146) | (0.0033) | (0.0511) |
| Cultivated land in ha (log) | -0.0369 | -0.0150 | -0.0019 | 0.0538 |
|  | (0.0336) | (0.0126) | (0.0028) | (0.0474) |
| Ø % Stated yield losses (0-100) | 0.0006 | 0.0003 | 3.79e-05 | -0.0009 |
|  | (0.0011) | (0.0004) | (0.0001) | (0.0016) |
| Ø Danger yield losses (1-4) | -0.0229 | -0.0097 | -0.0015 | 0.0340 |
|  | (0.0142) | (0.0064) | (0.0017) | (0.0211) |
| Observations | 460 (129 farmers) |
| Pseudo R2 | 0.1783 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Elements of the interaction terms are estimated but omitted. Data capture 129 farmers over 4 rounds.

**Table S5.** Average marginal effects of individual insurance choice (extension 2 – positive insurance experience)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| *Positive experience* |  |  |  |  |
| Experienced payout (0/1) | -0.0785 | -0.0315 | 0.0025 | 0.1075 |
|  | (0.0525) | (0.0227) | (0.0060) | (0.0726) |
| *Peer behavior* |  |  |  |  |
| Ø Peer insurance choice  | -0.0519 | -0.0208\* | 0.0017 | 0.0710\* |
|  | (0.0318) | (0.0120) | (0.0039) | (0.0423) |
| *Peer characteristics* |  |  |  |  |
| Ø Peer residency duration in village  | 0.0116\*\* | 0.0046\*\* | -0.0004 | -0.0159\*\* |
|  | (0.0055) | (0.0022) | (0.0009) | (0.0071) |
| Ø Peer production sold | -0.0024\* | -0.0010\* | 0.0001 | 0.0033\* |
|  | (0.0013) | (0.0006) | (0.0002) | (0.0018) |
| Ø Peer yield losses | 0.0002 | 0.0001 | -0.0001 | -0.0003 |
|  | (0.0026) | (0.0011) | (0.0001) | (0.0036) |
| *Peer fixed effects* | YES |
| *(Other) game characteristics* |  |  |  |  |
| Game endowment/ha (log) | -0.6508\*\*\* | -0.2610\*\*\* | 0.0210 | 0.8908\*\*\* |
|  | (0.1864) | (0.0807) | (0.0466) | (0.2522) |
| Game round 4 (0/1) | 0.0144 | 0.0068 | 0.0007 | -0.0219 |
|  | (0.0306) | (0.0143) | (0.0018) | (0.0460) |
| Game round 5 (0/1) | 0.0728\* | 0.0281\* | -0.0073 | -0.0936\*\* |
|  | (0.0397) | (0.0157) | (0.0090) | (0.0477) |
| *Personal & farm characteristics* |  |  |  |  |
| Female (0/1) | -0.0396 | -0.0163 | -0.0010 | 0.0569 |
|  | (0.0446) | (0.0183) | (0.0040) | (0.0654) |
| Age2 | 9.52e-06 | 3.74e-06 | -5.58e-07 | -1.27e-05 |
|  | (1.86e-05) | (7.42e-06) | (1.52e-06) | (2.49e-05) |
| Education2  | 0.0021 | 0.0008 | -0.0001 | -0.0029 |
|  | (0.0014) | (0.0006) | (0.0002) | (0.0019) |
| Household size2 | -0.0008\*\* | -0.0003\*\* | 5.21e-06 | 0.0012\*\* |
|  | -0.0396 | -0.0163 | -0.0010 | 0.0569 |
| Risk attitudes  |  |  |  |  |
| **1.**Risk aversion ## **0.**High subjective discount rate | -0.0421(0.0606) | -0.0147(0.0197) | 0.0043(0.0099) | 0.0526 (0.0710) |
| **1.**Risk aversion ## **1.**High subjective discount rate | -0.156(0.0413) | -0.0060(0.0158) | 0.0006(0.0023) | 0.0210 (0.0552) |
| General trust drought insurance concept  | -0.0673\* | -0.0232\*\* | 0.0058 | 0.0848\* |
|  | (0.0402) | (0.0111) | (0.0077) | (0.0439) |
| Sophisticated index insurance understanding |  |  |  |
|  **1**.perfect index insurance understanding## | 0.1809\*\* | 0.0514\*\* | -0.0091 | -0.2232\*\*\* |
|  **0**.insurance experience | (0.0744) | (0.0229) | (0.0203) | (0.0956) |
|  **1**.perfect index insurance understanding## | -0.0550 | -0.0190 | 0.0010 | 0.0750 |
|  **1**.insurance experience | (0.0365) | (0.0133) | (0.0042) | (0.0492) |
| Mainly work in agriculture (0/1) | -0.0609 | -0.0203 | 0.0083 | 0.0729 |
|  | (0.0521) | (0.0159) | (0.0123) | (0.0558) |
| Only rainfed agriculture (0/1) | -0.0449 | -0.0173 | 0.0018 | 0.0603 |
|  | (0.0417) | (0.0156) | (0.0038) | (0.0550) |
| Cultivated land in ha (log) | -2.81e-07 | -1.11e-07 | 1.65e-08 | 3.75e-07 |
|  | (1.94e-06) | (7.59e-07) | (1.19e-07) | (2.58e-06) |
| Ø % Stated yield losses (0-100) | 0.0012 | 0.0005 | -0.0001 | -0.0016 |
|  | (0.0010) | (0.0004) | (0.0001) | (0.0013) |
| Ø Danger yield losses (1-4) | -0.0527\*\*\* | -0.0211\*\*\* | 0.0017 | 0.0721\*\*\* |
|  | (0.0157) | (0.0071) | (0.0040) | (0.0200) |
| Observations | 331 (128 farmers) |
| Pseudo R2 | 0.2076 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Elements of the interaction terms are estimated but omitted. As rain deficit first occurred in round two, this model specification only considers round three to five. One participant left after round 2, leaving us with 128 farmers over 3 rounds.

**Figure S4.** Peer imitation conditional on age in insurance purchase (average marginal effects)



**Figure S5.** Peer imitation conditional on education level in insurance purchase (average marginal effects)



NOTE: Education level denotation: 1 = primary school, 2 = middle school, 3 = high school, 4 = vocational education, 5 = bachelor’s, 6 = master’s degree.

**Figure S6.** Peer imitation conditional on gender in insurance purchase (average marginal effects)



**Table S6.** Average marginal effects of individual insurance choice (peer behavior = none adopters)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| Peer insurance choice  | 0.3010\*\*\* | 0.1287\*\*\* | 0.0193 | -0.4490\*\*\* |
| (*% none adopters*) | (0.0643) | (0.0315) | (0.0212) | (0.0994) |
| General trust drought insurance concept | -0.0664\*\* | -0.0257\*\* | -0.0003 | 0.0924\*\* |
| (0.0313) | (0.0110) | (0.0044) | (0.0394) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | 0.0719 | 0.0277 | 0.0001 | -0.0997 |
|  **0**.insurance experience | (0.0540) | (0.0214) | 0.0089 | (0.0762) |
|  **1**.perfect index insurance understanding## | -0.0174 | -0.0075 | -0.0017 | 0.0266 |
|  **1**.insurance experience | (0.0314) | (0.0135) | (0.0030) | (0.0475) |
| Peer characteristics | YES |
| Peer fixed effects | YES |
| (Other) game, personal & farm characteristics | YES |
| Observations | 589 (129 farmers) |
| Pseudo R2 | 0.1283 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

**Table S7.** Average marginal effects of individual insurance choice (peer behavior = share insurance A adopters)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| Peer insurance choice  | -0.2615\*\*\* | -0.1072\*\*\* | 0.0014 | 0.3672\*\*\* |
| (*% insurance A adopters*) | (0.0558) | (0.0236) | (0.0145) | (0.0729) |
| General trust drought insurance concept | -0.0739\*\* | -0.0268\*\* | 0.0048 | 0.0960\*\* |
| (0.0342) | (0.0111) | (0.0058) | (0.0399) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | 0.0860 | 0.0320 | -0.0029 | -0.1151 |
|  **0**.insurance experience | (0.0550) | (0.0208) | (0.0100) | (0.0739) |
|  **1**.perfect index insurance understanding## | -0.0120 | -0.0049 | -0.0002 | 0.0171 |
|  **1**.insurance experience | (0.0322) | (0.0131) | (0.0009) | (0.0459) |
| Peer characteristics | YES |
| Peer fixed effects | YES |
| (Other) game, personal & farm characteristics | YES |
| Observations | 589 (129 farmers) |
| Pseudo R2 | 0.1307 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

**Table S8**. Peer imitation comparison: Full sample vs. subsample of no dropouts (average marginal effects)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| **A. Baseline model** |  |  |  |  |
| Ø Peer insurance choice (full sample) | -0.1549\*\*\* | -0.0672\*\*\* | -0.0175 | 0.2396\*\*\* |
|  | (0.0205) | (0.0108) | (0.0124) | (0.0300) |
| Ø Peer insurance choice (no dropouts, subsss) | -0.1472\*\*\* | -0.0754\*\*\* | -0.0273\* | 0.2498\*\*\* |
| subsample) | (0.0238) | (0.0127) | (0.0151) | (0.0334) |
|  |  |  |  |  |
| p-value (full)=(subsample) | 0.7532 |
|  |  |  |  |  |
| **B. Extension model 1** |  |  |  |  |
| Ø Peer insurance choice (full sample) | -0.1592\*\*\* | -0.0619\*\*\* | -0.0209\* | 0.2420\*\*\* |
|  | (0.0215) | (0.0105) | (0.0122) | (0.0302) |
| Ø Peer insurance choice (no dropouts, | -0.1572\*\*\* | -0.0701\*\*\* | -0.0304\*\* | 0.2577\*\*\* |
| subsample) | (0.0248) | (0.0119) | (0.0144) | (0.0332) |
|  |  |  |  |  |
| p-value (full)=(subsample) | 0.5457 |
|  |  |  |  |  |
| **C. Extension model 2** |  |  |  |  |
| Ø Peer insurance choice (full sample) | -0.1661\*\*\* | -0.0617\*\*\* | -0.0198 | 0.2477\*\*\* |
|  | (0.0254) | (0.0121) | (0.0158) | (0.0364) |
| Ø Peer insurance choice (no dropouts, subsam) | -0.1651\*\*\* | -0.0661\*\*\* | -0.0239 | 0.2550\*\*\* |
| subsample) | (0.0292) | (0.0134) | (0.0172) | (0.0408) |
|  |  |  |  |  |
| p-value (full)=(subsample) | 0.6247 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. All models control for peer characteristics and (other) game, personal and farm characteristics (see earlier models). Session-dependent peer fixed effects have different base levels in the two comparison models. To overcome factor variable base category conflict, we ignore them in this specification.

**Table S9.** Average marginal effects of individual insurance choice (control for village heterogeneity)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (0) | (1) | (2) | (3) |
|  | No insurance | Insurance C | Insurance B | Insurance A |
| **A. Baseline model** |  |  |  |  |
| Ø Peer insurance choice | -0.1467\*\*\* | -0.0630\*\*\* | -0.0141 | 0.2238\*\*\* |
|  | (0.0213) | (0.0112) | (0.0115) | (0.0316) |
| General trust drought insurance (0/1) | -0.0597\* | -0.0237\* | -0.0018 | 0.0852\* |
| (0.0350) | (0.0129) | (0.0044) | (0.0456) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | 0.0004 | 0.0002 | 3.55e-05 | -0.0005 |
|  **0**.insurance experience | (0.0474) | (0.0206) | (0.0048) | (0.0729) |
|  **1**.perfect index insurance understanding## | -0.0190 | -0.0081 | -0.0015 | 0.0286 |
|  **1**.insurance experience | (0.0335) | (0.0140) | (0.0025) | (0.0494) |
| Observations | 589 (129 farmers) |
| Pseudo R2 | 0.1174 |
| **B. Extension model 1** |  |  |  |  |
| Lagged index insurance choice (0-3) | -0.0343\*\* | -0.0135\*\* | -0.0042 | 0.0520\*\* |
|  | (0.0139) | (0.0062) | (0.0031) | (0.0214) |
| Ø Peer insurance choice  | -0.1384\*\*\* | -0.0544\*\*\* | -0.0169 | 0.2096\*\*\* |
|  | (0.0225) | (0.0106) | (0.0113) | (0.0332) |
| General trust drought insurance (0/1) | -0.0432 | -0.0160 | -0.0033 | 0.0625 |
|  | (0.0345) | (0.0118) | (0.0032) | (0.0468) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | 0.0157 | 0.0058 | 0.0010 | -0.0225 |
|  **0**.insurance experience | (0.0596) | (0.0222) | (0.0050) | (0.0864) |
|  **1**.perfect index insurance understanding## | -0.0168 | -0.0067 | -0.0024 | 0.0258 |
|  **1**.insurance experience | (0.0325) | (0.0130) | (0.0044) | (0.0495) |
| Observations | 460 (129 farmers) |
| Pseudo R2 | 0.1424 |
|  |  |  |  |  |
| **C. Extension model 2** |  |  |  |  |
| Experienced payout (0/1) | -0.1133\*\* | -0.0420\*\* | -0.0114 | 0.1667\*\* |
|  | (0.0458) | (0.0190) | (0.0116) | (0.0676) |
| Ø Peer insurance choice  | -0.1517\*\*\* | -0.0562\*\*\* | -0.0152 | 0.2231\*\*\* |
|  | (0.0286) | (0.0128) | (0.0153) | (0.0430) |
| General trust drought insurance (0/1) | -0.0445 | -0.0154 | -0.0025 | 0.0624 |
|  | (0.0410) | (0.0132) | (0.0039) | (0.0537) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect index insurance understanding## | 0.0285 | 0.0098 | 0.0016 | -0.0398 |
|  **0**.insurance experience | (0.0643) | (0.0222) | (0.0063) | (0.0906) |
|  **1**.perfect index insurance understanding## | -0.0589 | -0.0211 | -0.0060 | 0.0859 |
|  **1**.insurance experience | (0.0441) | (0.0155) | (0.0058) | (0.0608) |
| Observations | 331 (129 farmers) |
| Pseudo R2 | 0.1492 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. All models control for village fixed effects, peer characteristics as well as (other) game, personal and farm characteristics (see earlier models). As game groups fixed effects are nested in session fixed effects, there is collinearity and we drop game group (peer) fixed effects in this model specification.

**Table S10.** Average marginal effects of individual insurance choice (IV estimation)

|  |  |  |
| --- | --- | --- |
|  | **Stage 1** | **Stage 2** |
|  | Peer | (0) | (1) | (2) | (3) |
|  | insurance choice | No insurance | Insurance C | Insurance B | Insurance A |
| *Peer behavior* |  |  |  |  |  |
| Ø Peer insurance choice  | - | -0.2459\*\*\* | -0.0732\*\*\* | -0.0273\* | 0.3464\*\*\* |
|  |  | (0.0438) | (0.0103) | (0.0140) | (0.0516) |
| *Peer characteristics* |  |  |  |  |  |
| Ø Peer residency duration in village  | -0.0288\*\*\* | - | - | - | - |
|  | (0.0044) |  |  |  |  |
| Ø Peer production sold | -0.0058\*\* | - | - | - | - |
|  | (0.0028) |  |  |  |  |
|  |  |  |  |  |  |
| General trust drought insurance  | -0.0062 | -0.0566\* | -0.0156\* | -0.0037 | 0.0759\* |
| (0/1) | (0.0652) | (0.0316) | (0.0087) | (0.0027) | (0.0399) |
| Sophisticated index insurance understanding |  |  |  |  |
|  **1**.perfect understanding## | 0.1395 | 0.0274 | 0.0082 | 0.0031 | -0.0386 |
|  **0**.insurance experience | (0.1364) | (0.0485) | (0.0146) | (0.0067) | (0.0693) |
|  **1**.perfect understanding## | 0.1282\* | -0.0085 | -0.0025 | -0.0009 | 0.0120 |
|  **1**.insurance experience | (0.0717) | (0.0327) | (0.0098) | (0.0034) | (0.0459) |
| Game characteristics | YES | YES |
| Session fixed effects | YES | YES |
| Individual & farm characteristics | YES | YES |
| Observations | 589  | 589 |
| (Pseudo) R2 | 0.2793 | 0.1137 |

*NOTE*: Standard errors in parentheses: \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Game characteristics capture game endowment and round fixed effects. Individual and farm characteristics are gender, age2, education2, household size2, risk attitudes (risk aversion##high subjective discount rate), main farmer, rainfed agriculture, land size, stated yield losses and danger of yield losses.