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Draft legislation on micro health insurance schemes in West African Economic and Monetary Union

15th November 2007

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Introduction

- Draft legislation covers 8 countries: Benin, Burkina Faso, Ivory Coast, Guinea Bissao, Mali, Niger, Senegal, Togo.
- Chief characteristic: grant special status to micro health insurance schemes by subjecting them to a set of insurance rules differing from those that apply to commercial insurance.

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The role of micro health insurance schemes



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- Free access to health care services came to an end in the 1990s;
- Most population has to pay out of pocket for their health expenses;
- 95 % of the population does not benefit from any kind of health insurance.

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The importance of social protection



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- A basic human right:
 - ✓ Recognized by several international instruments (e.g.: Universal Declaration of Human Rights, Art. 22);
 - ✓ Access to health is a major theme in the MDG's
- Social security is a **poverty** prevention tool and a mechanism for strengthening capabilities to get out of poverty:
 - ✓ According to WHO, every year 100 million people fall into poverty because of illness;
- Social security has a positive impact on **economic performance and productivity**.

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The role of micro health insurances



- Micro health insurance schemes developed as an alternative for health care financing;
- Micro health insurance schemes play an important role as a tool for extending social protection;
- But no legal framework.

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Drafting a specific legislation



The aim was to :

- ✓ set rule protecting members of micro health insurance schemes;
- ✓ avoid jeopardizing the development of micro health organizations and their role in extending social protection.

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Obstacle

The main obstacle to be avoided:

- making prudential rules so restrictive that they would be impossible to follow by the micro health insurance schemes. That would have been the case if the rules of the CIMA legislation on commercial insurance were applied.

Key elements

- Various elements were taken into account while drafting the rules:
 - ✓ Micro health insurance schemes operate as insurance businesses and should therefore adhere to clear rules on insurance businesses;
 - ✓ Micro health insurance schemes are organizations based on certain principles that differ from those of commercial insurance schemes i.e. member-owned; non for profit and solidarity-focused (no risk selection);

Key elements



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- ✓ Micro health insurance schemes operate in the public interest in order to ensure the implementation of a fundamental right, the right to health and to social security;
- ✓ Micro health insurance schemes cover a population that has a very low ability to pay (contributions are around 1 USD per month);
- ✓ Micro health insurance schemes have very limited operating budgets and are often very small organizations (less than 1000 subscribers).

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Draft legislation



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The actual proposals are made up of 3 texts:

- One community act: general rules and principles of micro health insurance schemes;
- Two implementation acts:
 - ✓ Conditions and procedures for the establishment, licensing and registration of micro health insurance schemes;
 - ✓ Prudential rules and specific chart of accounts for micro health insurance schemes.

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Implementation regulation on prudential rules



It deals with the main topics relating to insurance regulation:

- ✓ technical provisions;
- ✓ reserves;
- ✓ a specific chart of accounts for micro health insurance schemes;
- ✓ the creation of a guarantee fund;
- ✓ the modalities of control of such organizations
- ✓ Supervisors are: Ministry of Health, Social protection, Labour...

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Implementation regulation



- These rules are drafted in keeping with the nature of micro health insurance schemes and their particularities;
- The aim was to strike a balance between a will to protect micro health insurance members and that of supporting the development of micro health insurance schemes by not subjecting them to an excessive burden.

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Conclusion



- The community act is under debate. Once adopted, it will allow for harmonized legislation in the eight WAEMU Member States within a short time. Only experience will say if the right choices have been made;
- In the current context of international debate on microinsurance, WAEMU's regulation is an example of a sub-regional regulation that defines specific rules for microinsurance entities;
- www.itcilo.org/step/mutuelles

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Thank you for your attention!

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