

## NIGERIAN NATIONAL HEALTH INSURANCE SCHEME UNDER THE ISLAMIC PERSPECTIVE: A LITERATURE REVIEW

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### ABSTRACT

*The Nigerian National Health Insurance Scheme (NHIS) was launched with the main objective of providing good quality and cost-effective health-care services for insured persons and their dependants. The new scheme covers the formal public and private- organizations. However, some of Nigerian Muslims disagree and refused to join the scheme claiming that-insurance in any form, is unlawful (haram) as it is considered to be in total contradiction with the principles of Shariah. The study aims are to investigate from the literature available resources of NHIS using qualitative method, if there is any studies fall under the Islamic perspective on the scheme. Therefore, the main objective of the study is to find a research gap. The study analyses the development of the scheme based on the extensive literature on NHIS such as studies by (Agu, 2016; Garba&Ejembi 2015; Adewole 2015; Mohammed et al., 2011; Olakunde 2012; Hussain&Pasha 2011; and Aliyu, 2000 ;) with making discussion on Shariah compliance and Islamic perspective. The study found that all the available studies do not fall under the Islamic perspective on the Scheme they only focus on the cost, attitudes, contributions and way of financing the scheme to the social health insurance. This is the main finding of the research, and it can be considered as suggestion for future research.*

Keywords: Nigerian National Health Insurance Scheme, Shariah compliance, Islamic perspective, Literature review.

### Introduction

One of the challenges facing the whole Africa and Nigeria in particular, is in the area of healthcare. According to the World Health Organization (WHO, 2010), Nigeria is among the five countries that contribute 50% to the annual global mortality among infants and children below five years of age as a result of several epidemic diseases like malaria, pneumonia, measles, diarrhea, malnutrition and inadequate immunization. In order to tackle these epidemic diseases, the federal government of Nigeria established National Health Insurance Scheme (NHIS) under the Law of CRA 2005 Decree 35 of 1999 with the aim of imposing of out- of pocket payment for health care services.

In Nigeria, Muslims are the majority constituting about 53% of the total population and the Nigerian government has been constrained in its effort to provide free healthcare services to its teeming population largely as result of the global economic recession. The Structural Adjustment Programme(SAP) of the International Monetary Fund (IMF) and the World Bank imposed conditionalities of reduced public spending on social services (including health), and devaluation of Naira. These, coupled with a rapid population growth and political instability have resulted (over years) in a gradual decline in government expenditure on healthcare and an attendant deterioration of public healthcare services in terms of both quality and quantity. This has reflected visibly on the health indices for Nigeria as evidenced by the high Infant Mortality Rate (IMR), Maternal Mortality Rate (MMR) and the life expectancy at birth of 55yrs. In response to this, the Nigerian government was compelled to review its policy on healthcare financing and consequently introduced user charges in public health facilities in order to generate revenue for the health sector. Since the government could not fix high user charges to generate substantial revenue for health care sector, the NHIS was proposed (Aliyu, 2000).

### Nigerian National Health Insurance Scheme

The NHIS is an agency under the Nigerian Federal Ministry of Health that can sue and be sued and consists of three main programmes; one formal and two informal. The Formal Sector Social Health Insurance Scheme (FSSHIS) covers public employees and organized private sectors and it is implemented via a managed care model funded through percentage contributions from employees. Under this scheme, it is mandatory for organizations with ten or more employees to register. The two other schemes, the Urban Self- Employees Social Insurance Programme (USSHIP) and the Rural Community Social Health Insurance Programme are outside the formal sector and are non-profitable voluntary schemes based on the Community Based Health Insurance (CBHI) model (Odeyemi, 2014). The aim of this scheme is to improve access to medi-care for the poor and the informal sector is dependent on how quick it can build up a sizeable number of contributors. Recently, the NHIS has been given recognition and legal backing with regards to special funds from the federal allocation. The essence of this recognition is to improve the health needs of all Nigerians at affordable cost (Nigeria, 2014).

With the Introduction of a NHIS in 2005, the scheme provides a financial incentive to registered health care providers for capital investment in infrastructure and human resources for health through its fund reimbursement mechanisms and capitation fees. Through this, the scheme seeks to achieve most of its principal goals; strengthening the health system, attaining universal access, and raising maintaining standards in health care practices. These are to be achieved through, among other things, removing financial barriers to a good health care and ensuring the availability of funds to the health sector for the provisions of improved services. Since the introduction of the scheme however, there has been no documented study carried out to assess whether there

has been any improvement in human resource available for provision of health services and other basic infrastructure in the participating facilities (Garba & Ijembi, 2015).

In Nigeria, the health system has been in a deplorable state, a consequence of which is adverse effects on the health status of the citizens. The system is characterized by inadequate and obsolete infrastructure, shortage of all categories of health professionals, poor funding, weak institutional arrangement, brain drain, inadequate investments in capacity development to mention but few. This challenges has affected the full implementation of some programmes and policies in the sector such as the Roll Back malaria programme, the Global fund to fight HIV/AIDS, tuberculosis and malaria, Health Sector Reform Programme (HSRP), and polio Eradication Campaign (PEC). This has indeed threatening the quest to achieve improvement in health related matters or issues (Aduda, 2015).

### Shariah Compliance

In this world, everyone is exposed to the possibility of risk and disasters such as death, losses and damages through fire, accident, and business. Despite this, all the Muslims believe in Qadha-wa-Qadr, but Islam requires that one must find ways and means to keep away from such troubles and adversities whenever such things occur, and one should try to minimize his/her or his/her family financial losses. One possible way out is to buy an insurance cover. Islam is a religion characterized by genuine spirit of humanitarian assistance aiming at promoting social justice, economic equality and social welfare. This is achieved through its unique system of resources mobilization called *Takaful* and *Taawun*. Allah said:

*"Help ye one another in righteousness and piety, but help ye not one another in sin and rancour: fear Allah: for Allah is strict in punishment". al-Qur'an, 5:2.*

From the *Shariah* point of view, conventional insurance is not consistent with the religion of Islam. The reasons are twofold. Firstly, the contract between the insurer (e.g. insurance company) and the insured (e.g. policyholder) contains some degree of avoidable uncertainty. This is termed as *Gharar*. Secondly, the insurance contract per se is *Riba* since the investment made by the insurance companies involves the element of *Riba*. Thirdly, the excessive element of *Gharar* can lead to the issue of *Maysir* or gambling. Consequently, majority of the juristic scholars came to an agreement that the practice of the conventional insurance is not in line with Islamic business philosophies and thus it is not allowed by the religion of Islam (Hamid & Othman, 2009). Avoidance of these elements is essential in an insurance system acceptable by the *Shariah*, and this is where *Takaful* differs when compared with conventional insurance (Redzuan, et al., 2009). The presence of *Tabarru* makes the business of *Takaful* devoid of *Gharar* and gambling tendencies. At the outset, *Takaful* is a type of co-operative insurance based on profit sharing and interest-free investment (Yassin, 1995).

### Islamic Perspective

*Takaful* is the Islamic alternative to conventional insurance which is based on the idea of social solidarity, cooperation and joint indemnification of losses of the members. It is an agreement among a group of persons who agree to jointly indemnify the loss or damage that may inflict upon any of them out of the fund they donate collectively (Maysami et al., 1997). The main purpose of *Takaful* under the Islamic system is to bring equity to all parties involved, and the objective of the contract is to help the policy holder through bad times. Profit earnings is not the main goal, while sharing any profits generated incidentally is acceptable (Maysami & Kwon, 1999).

Allah said to the effect:

*"O you who believe! Obey Allah (s.w.t.) and obey the Prophet (s.a.w.) and those charged with authority among you. If you differ in anything among yourselves, refer it to Allah and His Messenger, If you do believe in Allah and the Last Day: That is best, and most suitable for final determination." al-Qur'an, 4:59.*

For instance an insurance policy embodies the concept of *Tawakkul* whereby one should strive hard in overcoming one's unexpected future risk or Peril before leaving one's fate and destiny in the hands of Allah (s.w.t.). Such a concept has been justified in one of the traditions of the Holy Prophet (s.a.w.), which reads:

*"... Narrated by Anas bin Malik ®, the Holy Prophet (s.a.w.) told a Bedwin Arab who left his camel untied trusting to the will of Allah (s.w.t.): Tie the camel first and then leave it to Allah (s.w.t.)..." Sunan At Tarmizi, Vol. 4, in Kitab-ul Sifatul Qiyamah wa ar-Rakaik al-Wara, No. 2517.*

Moreover, an insurance policy aims at protecting the insured from future material constraints upon the occurrence of a particular unexpected future risk. Such idea of protection for those who are in need is justified by the following Tradition of the Holy Prophet (s.a.w.):

*"Narrated by Abu Huraira ® the Holy Prophet (s.a.w.) said: whosoever removes a worldly hardship from a believer, Allah (s.w.t.) will remove from him one of the hardships of the Day of Judgment. Whosoever alleviates from one, Allah (s.w.t.) will alleviate his lot in this world and the next..." Sahih Muslim, Kitab al-Birr, No. Hadith 59.*

The preceding discussions give rise to the question of stark differentiation between the Islamic *Takaful* and the conventional insurance. Many authors have already explained such difference, e.g., see Bt. Esman (2008) and Shahzad (2009) but the study aims to review and examine the NHIS and its compliance with Islamic principles. It seeks to identify areas, differences and similarities with the Malaysian practice and *Takaful* products.

### Literature Review

There are many Islamic scholars who uphold the validity of insurance, as well as the essential procedures and solutions to its practices. For example, in 1982, Abdullah bin Jaid al-Mahmoud wrote a book on insurance entitled *Ahkam 'Uqudut Tamin wa Makaniha Min Shariat al-Deen*; in 1989, Saad Abu Zaid wrote *al-Tamin binal Khatar wal Ibahat*, while in 1984, Mustafa Ahmad Zarqa wrote *Nizam al-Tamin*. In 1969, Dr. Muhammad Muslehuiddin wrote *Insurance and Islamic Law* while Dr. Nejatullah Siddiqi wrote *Insurance in an Islamic Economy* in 1985.

Also there are many of research literatures available on Nigerian Health Insurance Scheme, such as studies by Agu, 2016; Garba & Ejembi 2015; Adewoleet al., 2015; Mohammed et al., 2011; Olakunde 2012; Hussain & Pasha 2011; and Aliyu, 2000.

Garba & Ejembi (2015) assesses and compare the funding patterns and infrastructural and manpower development in health facilities in Zaria, Kaduna State, following the introduction of the Nigerian Health Insurance Scheme. This study was comparative cross-sectional in design. The study demonstrates that the relationship between financial resource availability and facilities' staffing, laboratory diagnostic capability, and physical infrastructure is not always linear. It can be noticed that this study was on the role of National Health Insurance Scheme NHIS on structural development of health facilities in Zaria, Kaduna state, north western Nigeria. It was on the assessing the facilities based on the role of NHIS in just one local government area in one State out of the 36 states and the researchers did not talk about Islamic aspects of the scheme.

Adewoleet al. (2015), explains the methods of payment for health care and awareness about the National Health Insurance Scheme (NHIS) among members of selected households in a rural area in the southwest of Nigeria. Using a multistage sampling technique, a semi-structured, pretested interviewer-administered questionnaire was used to collect data from 345 households. The research found that the majority of the people still pay for health care by out-of-pocket (OOP) method. Awareness about the NHIS in Nigeria was poor, but attitude to it was encouraging; and from the responses obtained, the people implied that they were willing to enroll in the scheme if the opportunity is offered. However, lack of trust in government social policies, religious belief, and poverty were some of the factors that might impede the implementation and expansion of the NHIS in the informal sector. The study suggested that Stakeholders should promote sociocultural appropriate awareness program about the NHIS and its benefits. Factors that might present challenges to the scheme should be adequately addressed by the government and other stakeholders associated with prepayment schemes in Nigeria.

Mohammed et al. (2011) examines the Client satisfaction with health service provision the researchers stated that during the implementation of health insurance schemes has often been neglected since numerous activities take place concurrently. The satisfaction of enrollees and its influencing factors have been providing evidence which have assisted in policy and decision making. The researchers have determined the enrollee's satisfaction with health service provision under health insurance scheme and the factors which influence the satisfaction. By several factors especially the poor knowledge of health insurance and lack of awareness of contribution by the insured persons. Periodic identification of related influencing factors on client satisfaction could assist in guiding policy and decision making to detect promising pathways to improve any nascent program like health insurance schemes. It can be seeing that this study focused on improving knowledge and better awareness of the scheme's activities by the enrollees through the provision of requisite available information to the insured persons. So the research doesn't have any relationship with Islamic perspective.

Olakunde (2012) examines the methods of payment in NHIS the researcher stated that the way a country finances its health care system is a key determinant of the health of its citizenry. Selection of an adequate and efficient method(s) of financing in addition to organizational delivery structure for health services is essential if a country is set to achieve its national health objectives of providing health for all. The study found that Health care in Nigeria is financed by tax revenue, out-of-pocket payments, donor funding, and health insurance (social and community). However, achieving successful health care financing system continues to be a challenge in Nigeria.

Hussain & Pasha (2011) conducted a research on conceptual and operational differences between general *Takaful* and conventional insurance. The research highlighted Insurance in Islam is essentially a concept of mutual help. Insurance business under conventional system is based on uncertainty, which is prohibited in Islamic society under Islamic principles. The present research addresses the differences based on conceptual and operational framework. The operational framework of conventional insurance is based on "risk assumption" but *Takaful* operate under mutual co-operation basis. The insurance system is based on following elements: *Gharar, Maisir, Riba*. The Investment of Funds, nature of Contract in conventional insurance is based on the principles of exchange of interest. The relationship is designed in such a way that the insured buys protection by payment of premium, and insurer provides protection against the insured risk. Under Islamic law insurance transaction cannot be concluded on this basis of buy and sale contract. Under *Takaful* contract every policyholder has the right to know how their money is used, but in conventional insurance policyholder have no right to know about this. The discussions on whether conventional insurance is in line with the *Shariah* have manifold but the widely accepted view is that conventional insurance is contrasting to *Takaful*. The major conceptual and operational paradigms are enough to define such contrasts.

Aliyu (2000) examines the central theme of healthcare financing with focus on the Social Health Insurance system (National Health Insurance Scheme - NHIS) for Nigeria. The NHIS preparatory to take off, has embarked on public mobilization and enlightenment in order to create awareness on the scheme. The NHIS is voluntary by design and has as major stakeholders, employers and employees of the organized formal sector whose level of awareness, opinion and attitude towards it are major determinants of success. The Nigerian civil servants are probably the most important stakeholders, so also is their opinion and attitude towards the scheme. It is in view of this that this study set out to assess the knowledge, opinion and attitude of civil servants in Sokoto State towards the scheme. It took the form of a descriptive, cross-sectional intervention study employing

focused group discussions and the Intensive Market Research Technique. This research is the same with above mentioned, because there is no any discussion in relation to Nigerian Health Insurance scheme with the Islamic Perspective.

Agu (2016) investigates the knowledge, attitude and practice of NHIS by Federal Civil Servants in Abuja Municipal Area Council of Federal Capital Territory of Nigeria. A cross-sectional survey design was employed. The population consisted of 2015 Federal Civil Servants, whereas 400 were drawn as sample using stratified random sampling techniques. A 5 item, four sections questionnaire developed by the researcher was used for data collection. Twelve research questions were formulated to guide the study and were answered using mean percentage. The result of the study shows that federal civil servants had higher level of knowledge of NHIS, positive attitude towards NHIS and moderate practice of NHIS. All the discussion on this research was under investigation of knowledge and attitude towards NHIS no statement about the scheme with Islamic point of view in the research.

### Conclusion

It can be observed that all the researchers mentioned above do not discuss any aspect related to the Scheme with Islamic perspective they only focus on the cost, attitudes, contributions and way of financing the scheme to the social health insurance. Meanwhile, in case of the future study will be on analyzing the Nigerian health insurance scheme under the Islamic perspective with making suggestion for Adoption of *Takaful* insurance. So the discussion on *Takaful* will be part of the study to illustrate its and successes significance.

Nigerian Health Insurance Scheme willing to succeed in providing a good health care to Nigerians but this cannot to be achieve unless if the majority of Nigerian Muslims accepted it because they are the majority (53% of the total population of the nation with more than 170 million people) and this can be done only by assessing the scheme with the Islamic *Shariah*. It must aim at promoting *Shariah*, Islamic values as well as protecting the needs of Islamic society as whole, called balanced objective, therefore there is need to learn from the experiences operator that has recorded significant success in the field of Islamic Insurance/ *Takaful* like Malaysia for instance. The study should propose several ways forward which include the adoption of the Malaysian styles in respect of the health insurance - like opening a window for Muslims to do a *Takaful* insurance within the Scheme. So that the findings of the research will be a source of reference for Nigeria and other countries in formulating the health insurance system. It can also go a long way to educate Muslims and non- Muslim in Nigeria and world in general to gain deep knowledge about Islamic *Shariah* principles and its guidance especially in *Takaful* aspect. It is expected that findings from such research would constitute vital input for insurers in designing marketing strategies that would further stimulate and boost patronage and perception of insurance services.

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