



NEWSLETTER

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LEGAL UPDATES IN COLOMBIA

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LEGAL UPDATE

Labor Reform

Status:

The reform project has received partial approvals in Congressional sessions in June and October 2024. In the remaining debates, it may continue its approval process or even be rejected.

What has been approved by Congress so far mainly includes:

- Enhancements to various individual worker rights, such as paid leave for marriage, medical appointments, and family emergencies, an extension of paternity leave from 2 to 4 weeks, and an increase in holiday or Sunday pay from 75% to 100% of the regular salary, among other less significant aspects.
- Employment formalization for delivery platform workers, such as those on Rappi, DiDiFood, etc.
- Employment formalization for workers in the passenger and freight transportation sector.

Main Topics for Debate:

New debates on daily wages/agricultural contracts (which have not been approved).



Aligning with regulations from international organizations such as the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD), and international treaties like the Free Trade Agreements (FTAs) with Canada and Europe.

Timeline:

Pending 3rd and 4th debates in the 7th Commission and the Senate Plenary. It is expected to be finalized in this legislative session, which ends in July 2025.

LEGAL UPDATE

Health Reform


Status:

In the healthcare sector, since the government's proposed reform has not been approved, the healthcare system established by Law 100 of 1993 remains in effect. This system is characterized by a combined management approach between the public and private sectors. The reform aims to make it entirely public, meaning it would be fully managed by the state.

The reform was initially shelved in April 2024. However, the government revived it by calling for extraordinary congressional sessions in December 2024. It is currently midway through its second debate in the House Plenary. In the remaining discussions, it may continue its approval process or be rejected once again.

So far, the key aspects approved by Congress include:

- The formalization and identification of healthcare professionals and their incorporation into the labor regime, which is significant given the extensive workforce in this sector.
- The creation of a National Health Council as a governing and regulatory body for the National Health System, with decision-making autonomy.

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- The oversight, supervision, and regulatory powers of state entities, such as the Superintendency of Health, are expanded.
 - Governing bodies and infrastructure funds are created to equip public institutions.

Main Topics for Debate:

The debate will now move on to the most contentious articles, such as the definition of the methodology for updating the UPC (Per Capita Payment Unit), the management of resources by ADRES (the state entity), the transformation of EPSs, which would no longer collect contributions directly and would become Health and Life Managers, as well as the search for new funding sources for the system.

Timeline:

The project still must go through two more debates in the House Plenary before moving to the Senate. The timeline remains uncertain, but given the government's requests for extraordinary sessions, it is expected to be a short process lasting a few weeks or months within the current legislative session.

LEGAL UPDATE**Pension Reform****Status:**

In the pension system, the main changes were:

- From now on, all workers must retire through the public entity Colpensiones. However, those whose income exceeds the threshold of 2.3 minimum monthly wages (approximately USD 793) may supplement their pension with a private pension fund. Previously, workers had the freedom to choose between the public and private systems for their pensions. A four-pillar system was created to expand the number of workers and individuals eligible for a pension through a Contributory system, a Semi-contributory system, a Solidarity system, and a Voluntary system.

It was approved on June 14, 2024, and enacted as Law 2381 on July 16, 2024.

CONCLUSIONS

It is estimated that, compared to the initial projects presented by the government, the congressional debate has followed a moderate and consensus-driven approach. Throughout the various discussions, the legislature has made key adjustments and modifications to adapt the reforms to the current and short-to medium-term economic and social situation. This scenario has been influenced by the government's discouragement of strategic sectors such as oil, mining, and construction, as well as the high fiscal impact of the reforms and their effect on small and medium-sized enterprises.

The reforms do not directly affect the insurance sector in any of its lines, including Property, Liability, Surety, Employee Benefits, and Social Security. However, insurance consumption is closely linked to the country's economic performance, which by the end of 2024 showed favorable macroeconomic results, with inflation decreasing from 9.28% to 5.2% and GDP growing by 2.3% compared to the previous year.

These indicators suggest that, overall, consumers will have greater purchasing power. However, uncertainties remain regarding the final outcome of the reforms and the upcoming election year, with new presidential candidacies on the horizon.

On the other hand, the healthcare reform could represent an opportunity for the health insurance sector, allowing insurers to expand their reach to lower-income populations with solutions tailored to their needs, following a volume-based business approach. Although this perception is gaining traction in the market, it has not yet materialized as a reality.



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