



**SUMMARY OF THE
NATIONAL PENSION
COMMISSION NOTICE ON
COMPLIANCE WITH THE
GUIDELINE ON GROUP
LIFE INSURANCE POLICY
FOR EMPLOYEES**

- The National Pension Commission on 24th May 2021 released a notice to all employers and employees on compliance with the Pension Reform Act on Group Life Insurance Policy for Employees. According to the Notice, all employers must now display a copy of the GLIP Certificate in a conspicuous place within its premises and must do so on or before July 31st, 2021.
- By Section 9 of the Pension Reform Act 2014 (PRA), every employer to which the PRA applies is to maintain a Group Life Insurance Policy (GLIP) in favour of its employees for **a minimum of three times the annual emolument of the employees.**
- In furtherance of the provision of the PRA on the requirement for GLIP, the National Pension Commission released the Guideline on GLIP for employees.

Provisions of the Guideline on GLIP:

- The employer is to bear all cost in relation to the GLIP which shall be in addition to and separate from the contributions made by the employer to the employee's Retirement Savings Account.
- The Life Insurance Policy is to be effected by purchasing Life Policy issued by a Nigerian Registered Insurance Company licensed to conduct Life Insurance Business by the National Insurance Commission.
- Employers in the private sector shall be at liberty to engage the service of any insurance company or group of insurance companies that are listed by NAICOM as licensed and eligible to conduct business of provision of life insurance and have met minimum acceptable standards fixed by NAICOM.
- Employers are not allowed to self-insure.
- A board of inquiry will be set up by NAICOM to treat missing person cases for insurance claim purposes.

Coverage of the GLIP

- The GLIP is to cover the insured against death and shall be for 12 months from January to December, renewable at the end of each coverage year.
- Insurance cover is mandatory for all employees as long as they are employed.
- Premium payable shall be pro-rated as applicable when an employee joins the scheme in the course of the year.
- Where employee leaves the service of the employer before expiration of 12 months, premium paid relating to the unexpired period shall be set aside to the credit of the employer.
- Employers who already have better existing insurance policies for their employees in terms of benefits shall maintain such policies.

Obligations on Compliance with the Guideline on GLIP

- Employers are to place a copy of the insurance certificate in a conspicuous place within the office premises
- Employers shall send a copy of the insurance certificate with schedule of benefits to NAICOM and the PFA where the employees maintain retirement savings account.

By the provisions of the Guideline on GLIP, total sums due to the employee shall not be encumbered or subject to any deductions by the employer and shall be paid directly into the credit of the deceased's Retirement Savings Account by the insurer.

Kindly reach us for more information

TONBOFA Law Practice

E | lawyers2021@tonbofa.com

W | www.tonbofa.com

