

A Newsletter on the 2nd NSITF/DCSL Roundtable on “Practical Challenges to the Implementation of the Employees Compensation Act”

The 2nd Edition of the NSITF/DCSL Stakeholders’ Roundtable took place on Wednesday, the 29th of June, 2016 at the Intercontinental Hotel, Plot 52A, Kofo Abayomi Street, Victoria Island, Lagos. The Roundtable was organized by DCSL Corporate Services Limited (DCSL) in collaboration with the Nigeria Social Insurance Trust Fund (NSITF) to sensitize stakeholders on the compliance requirements under the Employees Compensation Act (ECA) 2010, the practical challenges to implementation of the Act and to address issues raised by participants at the 1st edition of the Roundtable.



The event was well attended by Directors, Chief Executive Officers, Compliance Officers, Human Resource Practitioners, Company Secretaries, In-House and External Counsel, Senior HR Practitioners and other Executives from organizations within the Private and Public Sectors. Key discussants at the Roundtable were Mr. Ismail Mohammed Agaka, Acting CEO/MD Nigeria Insurance Trust Fund, (NSITF), Mrs. Bisi Adeyemi, MD DCSL Corporate Services Limited, Mr. Thompson Akpabio Senior Executive, Social Economic & Labour Affairs who

represented Dr. Olusegun Oshinowo, the DG of Nigeria Employers’ Consultative Association (NECA) and Mr. Stephen Bathanna, General Manager Claims & Compensation of the NSITF.



As with the previous edition of the Roundtable, participants were afforded a platform to share their experiences and practical challenges in the implementation of the Employee Compensation Scheme (ECS) within the context of the various industries in which they operate.

Mr. Agaka led a discussion on **“The Employees Compensation Scheme as a Social Security Intervention”**. Adopting the definition by the International Labour Organization (ILO), he defined Social Security as “the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner”. Regardless of the definition adopted, he emphasized that the common denominator of social security was, “social inclusion”. He explained that Social security has two broad arms namely; social assistance and social

insurance and that when extended beyond the formal sector, Social Security is known as “social protection”.

He explained that the Employees Compensation Scheme derives from the Employees Compensation Act, 2010 which replaced the Workmen’s Compensation Act. The ECA was signed into law on 17th December, 2010 but took effect from the 1st of July, 2011. Mr. Agaka noted that the ECA provides comprehensive compensation to employees who suffer from occupational diseases or sustain injuries or disabilities arising from accident at the workplace or in the course of employment and provides succour to the dependants of employees who die at work or in the course of work.

Except members of the Armed Forces, the Act is applicable to all employers and employees in the public and private sectors in Nigeria (regardless of the number of staff). Mr. Agaka explained that the main objective of the Act is to provide for an open and fair system of guaranteed and adequate compensation for all employees or their dependants for any death, injury, disease or disability arising out of or in the course of work.



Highlighting the importance of Social Security, Mr. Agaka said it is needful to provide workers and their families with access to health care and protection against loss of income, whether it is for short periods of unemployment or sickness or maternity or for a longer period due to invalidity or employment injury; provide older people with income security in their retirement years; help maintain stable labour

relations and a productive workforce.



He added that Social Security can contribute to social cohesion and to a country’s overall growth and development by bolstering living standards, cushioning the effects of structural and technological change on people and thereby providing the basis for a more positive approach towards globalization.

Speaking on “**Compliance with the Employee Compensation Scheme-Meeting Stakeholders Expectations**”, Mr. Thompson Akpabio noted that the intention of the ECA is to provide safer working conditions for employees by ensuring that all relevant stakeholders contribute towards the prevention of workplace disabilities and other occupational hazards.

Mr. Akpabio noted that the many challenges of the implementation of the Act, particularly for employees and employers had significantly hindered the achievement of the set objectives of the Act. He explained that the main challenges that employees/employers regularly encounter in processing claims is the cumbersome and repetitive nature of the documentation required to be provided and the settlement of claims by the NSITF for reasons that were sometimes not cogent or which could not be substantiated under the Act. He therefore advised that the NSITF should make concerted efforts to reduce the lengthy procedure for processing claims to ensure a seamless and less tedious process for stakeholders.

In concluding, Mr. Akpabio was of the view that there was need to continuously engage stakeholders and

to collaborate with key organisations on an ongoing basis to increase awareness of the Scheme.

The GM Claims & Compensation of the NSITF Mr. Stephen Bathanna spoke extensively on **“Dealing with Challenges in Claims Settlement and Success Stories”**. He explained that one of the primary responsibilities of the Fund under the ECS is to process and determine claim applications, a task coordinated by the Claims and Compensation Department at the Head Office. The branch and regional offices act as liaison offices and interface between the Fund and employers, particularly for the purpose of receiving claim applications for determination.



Mr. Bathanna highlighted the various obligations placed on the Employee in processing claims, stressing that an employee is obliged to report to the employer any accident, injury or disease that occurs in the workplace or in the course of work. He however added that in the event of fatal injury, the dependent(s) of the employee should report to the employer. Regardless of who makes the report, he emphasized that all reports must be made within 14 days of the occurrence of the event except in exceptional cases which would be treated on a case by case basis. The obligations of the Employer in respect of claims were also highlighted to include reporting any accident, alleged occupational disease, or death in the work place within 7 days of receiving the notification while the obligations of the NSITF with respect to claims included, the review of application forms, visitation, audit of claims for computational accuracy and approval of claims.

Highlighting the success stories of the Fund since its inception, Mr. Bathanna reported that a total of 6,500 claims had been settled. A majority of the settled claims fall within the Medical Expense Refunds (MER), Death and Disability Benefits categories.

The creation of a Claims and Compensation Department as well as a Claims and Compensation Manual were noted to be some of the other successes of the Fund.



With respect to the claims application process, some of the major challenges were identified to include inadequate knowledge of the intricacies of the claims and compensation process at the branch offices of the NSITF and internal administrative bureaucracies. On the part of the Employers, the delay in reporting employee accidents and failure to provide inadequate information at the application stage were sighted as the two major challenges. Time barred claims, inconsistency in claim applications, non-availability of employees for visitation exercises and lack of awareness of the benefits of the Scheme were listed as additional challenges.

Mr. Bathanna stated that more stakeholder engagement forums and advocacy visits to employers, availability of the ECA 2010 on the NSITF website and the commencement of the oracle/siebel platform to ease processing of claims were some of the major initiatives that the NSITF was putting in place to address the challenges that had been identified.



In rounding up discussions at the Roundtable, Mrs. Adeyemi spoke on - **“Enthroning Good Corporate Governance at the NSITF”**. She explained that the choice of the topic was borne out of feedback received from first edition of that Roundtable on the need to enthrone good corporate governance in a manner that would assure transparency and accountability in the administration of the Fund and engender greater confidence in its Management.

Establishing that corporate governance is simply the set of processes, customs, polices and laws affecting the way a corporation is directed, administered or controlled, Mrs. Adeyemi spoke to the existing governance structure at the NSITF, with the Board as the apex governance body headed by a Chairman and made of up the Managing Director/Chief Executive, 3 Executive Directors, 1 member each from from the Federal Ministry of Employment, Labour and Productivity and the Central Bank of Nigeria, 2 members each from the Nigerian Labour Congress and the Nigeria Employers’ Consultative Association. The Board is empowered to establish Board Committees which assist it in the discharge of its oversight responsibilities. The Chairman, MD/CE and the Executive Directors are appointed by the President of the Federal Republic of Nigeria.

The key responsibilities of the NSITF Board are as follows:

- Administer and make policies for the administration of the Employee Compensation Fund;
- Invest and approve investment of the Fund on the advice of the Investment Committee;

- Formulate Policy and strategy for the assessment of compensation, rehabilitation and welfare of employees who sustain injuries or contact occupational disease;
- Conduct an assessment of the sum to be paid into the Fund by employers;
- Pay compensation or benefits to any employee entitled to such compensation or benefit; and
- Undertake regular actuarial valuation of industries, sectors and workplaces, and determine the rate of contribution by employers.

With Employees, Employers and Government as the major stakeholders of the NSITF, Mrs. Adeyemi stated that it is important for the Board to ensure that the governance framework meets the expectations of these stakeholders particularly in the area of leadership – defining the strategy and direction of the fund, defining the corporate culture through ethical leadership, ensuring compliance, risk management, effective stakeholder engagement and transparency and accountability.

On the issue of transparency and accountability, she explained that the Board had a responsibility to ensure that proper books of accounts and records in relation to the Fund are kept, cause the Accounts to be audited, prepare and submit Annual Reports to the President. She recommended that in addition to submitting the Annual Reports to the President, the Board should be required to make available a copy of the Report to relevant stakeholders via the website of the NSITF. In her view, the Board should act in the legitimate interest of all stakeholders and account to them fully.

Mrs. Adeyemi touched on the salient provisions of the FRC Public Sector Corporate Governance Code which if passed into law will become applicable to the NSITF. She stated that the performance of a Public Sector Entity (PSE) was largely dependent on the capabilities and performance of its Board and that it is therefore imperative for PSE Boards to be properly constituted. The Board should, at all times, comprise of individuals with ability, integrity, credibility, accountability, competence, relevant and complementary skills, expertise and experience. At the minimum, every PSE should have at least an Audit

and Risk Management Committee, a Finance and General Purpose Committee and a Governance Committee.



Mrs. Adeyemi ended her presentation on the note that good corporate governance is fundamental to any effective organization and is therefore the acceptable index of well-governed and managed entities. She added that good governance should be entrenched in PSEs by the development of governance systems with emphasis on internal independent oversight which will serve to enhance the discharge of responsibilities by the relevant PSEs and create public value and trust.



The NSITF was commended on its laudable efforts in sensitizing stakeholders on the implementation of the ECA and advised to continue to collaborate with stakeholders to create more awareness on the provisions of the Act and its effective implementation. Better awareness and understanding of the provisions of the Act by

stakeholders will assure and improve the level of compliance.

The general feedback from discussions at the Roundtable was that there was need to urgently re-constitute the Board – which had been dissolved along with the Boards of all Parastatals - to manage and direct the affairs of the Fund; put in place sound corporate governance systems and practices and ensure a higher level of transparency and accountability.



Who We Are

DCSL Corporate Services Limited (DCSL) provides corporate, company secretarial, immigration, training and governance services to corporate bodies, individuals, government agencies and business organizations. We operate from our Head Office in Lagos, with operational branches in Abuja and Port-Harcourt.

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