

## LEAD DEBATE ON INSURANCE ACT (AMENDMENT) BILL, 2017

*Clerk: CRFB*  
*to handle*  
*18/3/17*

### Protocol

Mr. President, Distinguished colleagues, I am glad for the opportunity given to me to lead a debate on the general principles of "A Bill for an Act to Amend the Insurance Act, 2004 to provide for limit of liability in respect of third party liability in compulsory insurance of public buildings and buildings under construction and for related matters".

### Background

The idea behind the proposed Amendment bill is informed by prevalence of collapse buildings in many Nigerian cities. The incidence is more noticeable in Lagos and Abuja despite the existence of various societies and leagues for quantity surveyors, Architects, Building Engineers and Town Planners with their corporate headquarters in Lagos or the nation's capital.

There has been a spike in the number of building collapses in the country with over 20 cases recorded over the last 10 years. A low down on some of the worst building collapses in the country in recent years which prompted the need to amend the Insurance Act are enumerated as follows:

i) Synagogue Church Building Collapse: The worst building collapse in the country occurred in the Ikotun area of Lagos on September 12, 2014: On that day, a crowded six story guest house belonging to the Synagogue Church of All Nation collapsed, trapping about 300 people out of which 116 people were killed, inclusive of 85 South Africans with over 100 others injured.

The Lagos State Government filed 11 count charges against the Registered Trustee of the Synagogue Church, Hardrock Construction and Engineering Company; Jandy Trust Limited; and Engineer Oladele Ogundeji and Akinbela Fatiregun who built the collapse building.

ii) Lekki building collapse (March, 2016): On Tuesday, March 8, 2016, around 3am, shortly after a windstorm, a five-story building under construction at Lekki Gardens Horizon 1, in the Lekki phase 1, area of Lagos collapsed, killing no fewer than 34 persons and injuring several others.

iii) The collapse of "Titanic" building at Ebute Meta: On July 18, 2006, the Titanic building with a block of 36 flats which housed 180 people collapsed leading to the death of about 20 people.

iv) The uncompleted building in Abuja (August, 2010): A four story uncompleted building at No. 2 Ikoli Street, Off Gimbiya Street in Garki collapsed leading to the death of 21 out of the 30 people inside the building.

v) Jos School building collapse (September, 2013): The Abu Naima Primary and Secondary School, Bukuru, Jos South Local Government Area of Plateau State collapsed resulting to the killing of 10 out of 30 pupils mostly below 10 years old in the building.

vi) Another building collapsed in Ebute Meta in July, 2013 which was a building that was said to have been marked for demolition a year earlier killing seven people.

vii) Umuahia building collapse in May, 2013: This building was under construction in the Agbama area of Umuahia, Abia State. It collapsed and killed seven people.

viii) The collapse of abandoned Church building at Anguwan Dosa, Kaduna leaving five people dead.

ix) Bank of Industry 21-story building collapsed in March, 2016 in Broad Street, Lagos leaving two people dead and 23 others injured.

x) Collapse of House No. 12, Hadeja Road, kaduna on July 11, 2013 leading to killing of three people aged between 9 and 14.

The bill is proposed to ensure compliance with the compulsory insurance of public buildings and buildings under construction by relevant stakeholders in Nigeria. Most importantly, it is found necessary in view of the paucity in the existing law characterized with inadequate penalty provisions against any person, group of persons or entity liable for building collapse and a non existing provision on minimum sum to be insured for building under construction.

### **Objectives of the bill**

The bill seeks to:

- i) Provide security as remedy for victims of collapsed buildings.
- ii) Fill the gap in the failure to provide for limit of liability in respect of third party liability in compulsory insurance of public buildings and buildings under construction.
- iii) Provide adequate penalty provisions in the context of current socio-economic realities for contravention of the law.
- iv) restore the glory of the insurance industry which is characterized with gaps in addressing the multiple risks in the construction industry.

## Gaps and Inadequacies in the Existing Law

- i) Technical construction phrases which make understanding of the law difficult
- ii) Inadequate penalty provisions for contravention of the law
- iii) Non-existing provision on minimum sum insured for collapse of building under construction.

## Specific Amendments

### Existing law and Amendments

	Existing law	Amendment
1.	. Section 64 (1)- The phrase "Any building of more than two floors" need to be simplified.	The phrase should be specified to read "Building of more than one story."
2.	Section 64 (3)- In adequate penalty in contravention of the law which attracts a mere fine of N250,000.00 or 3 months imprisonment or both.	The penalty should be made stiffer i.e fine of N500,000.00 or 3 years imprisonment or both.
3.	There is no provision on minimum sum insured.	Minimum sum insured should be fixed at N2,000,000.00

## Significance of the Amendment

- i) It makes our law dynamic and realistic
- ii) It protects the rights and interest of victims of collapsed buildings.
- iii) It makes law to be in conformity with international best practices.
- iv) It restores public trust and confidence in the insurance industry which is considered by many Nigerians as non-performer in claims settlement.
- v) It will instill a sense of discipline in the construction industry.
- vi) It gives effect to constitutional provisions that guarantee right to life.

## Conclusion

Mr. President, Distinguished colleagues, I wish to rest my case to allow for contributions which I strongly believe will both enhance the quality of the proposal and facilitate its speedy passage into law. I remain grateful for the honour.