

FEDERAL MINISTRY OF POWER, WORKS AND HOUSING
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PRESS RELEASE

INSURANCE: FASHOLA VOWS TO LEAD COMPLIANCE CAMPAIGN FOR
2010 FEDERAL WORKMEN'S COMPENSATION ACT

...Pledges to ensure compliance to the Law and protection for Nigerian workers

...Urges insurers to be more innovative and embrace broader, more competitive policies

...There is need to be more innovative, entrepreneurial and embracing of the diverse needs of the country's "big and promising economy", Minister says.

The Minister of Power Works and Housing, Mr. Babatunde Fashola SAN, Tuesday vowed to lead the campaign for compliance with the 2010 Federal Workmens' Compensation Act by government contractors to ensure protection of their workers as this would encourage commitment and dedication among the workers.

The 2010 Federal Workmen's Compensation Act, which repealed and replaced the 2004 legislation, makes provision for insurance cover for workmen in respect of occupational disease(s) (arising out of exposure to risk factors), injuries from accidents at the workplace or in the course of employment.

Fashola, who was Guest Speaker at Session Four of this year's National Insurance Conference in Abuja, spoke on the "Expected Role of Insurance in Infrastructural development" as part of the overall theme of

“Expanding National Resources and Infrastructure in Challenging Times”, said he would use his position as Minister of Power, Works and Housing, to insist that all the state Controllers of Works in the country take steps to demand and ensure that all government contractors provide proof of compliance with the Law.

He told the distinguished audience at the Congress Hall of the Transcorp Hilton, “In my current role as minister, I can only offer now that I will be using this platform to insist that all our state Controllers should take steps from today to demand and ensure that all our contractors provide proof of compliance with this Law, by taking out insurance policy for their workers and I will do my best to ensure compliance and protection for Nigerian workers”.

The Minister, who wondered how many of the various government contractors or private companies have such policies, added, “It seems to me that insurance practitioners have a role to play here, by designing policies that are appropriately priced and by promptly responding to claims in order to boost confidence in the business of insurance”.

Speaking on the topic, “Expected Role of insurance in Infrastructural Development”, the Minister said there was need for the practitioners to be more innovative, entrepreneurial and embracing of the diverse needs of the country’s “big and promising economy”.

According to him, the role of insurance practitioners goes beyond providing performance bonds given to ensure that contractors discharged

their responsibility; to embracing health insurance that guaranteed access to the healthcare facility that was built as well as housing programs, which according to him, would provide “a potential market of opportunities by way of performance bonds and mortgage insurance policies as a start”.

Fashola said the time was ripe for insurance practitioners to lead the change they would wish to see in the industry, pointing out that healthcare infrastructure such as hospitals were only the beginning of the more important health insurance that guaranteed access to the already built healthcare facility.

Urging practitioners to see the possibilities in insuring schools, government buildings, roads and bridges as frontiers for deepening insurance practice, Fashola said there is also provision for compulsory insurance of existing buildings, which he pointed out, would help to curtail the incidence of building collapse if it cannot totally eliminate them.

On how the insurance industry could act as a change agent in the current efforts to rebuild the economy, Fashola reminded the practitioners that insurance was a component and important part of the finance subsector. He however, expressed regrets that the industry “has probably played a second role to banking, and without intending to be judgmental has not optimized the opportunities for growth, expansion and inclusion”.

He elaborated, “How many markets have burned down in Nigeria in the last 10 years? Infrastructure has been destroyed as a consequence. How

many of them were insured? How many were rebuilt from the proceeds of insurance payments?” , adding that many, if not all, of the small business owners in those markets who depended on small shops and stalls, were left without redress.

Noting that although those petty traders may have had an insurable interest, the insurance sector seldom has policies for that category of people, the Minister was prompted to ask, “How many homes have been ravaged by flood or fire leaving citizens without recourse except for Government intervention, because the houses were not insured, or belongings such as jewelry, furniture, electronics and so on were not insured?”

He also pointed at insurance policies that take care of personal effects such as laptops, phones, and cameras that belong to people who visit high risk areas; adding that such policies evolved from the responsiveness of insurance practitioners in those economies to the emerging needs of their young population in a way that spoke of the entrepreneurial spirit.

“Let me ask them how many individual personal telephones and laptops (except perhaps corporate policy) in Nigeria have any insurance policy here in a country that is reported to have over 100 million telephone subscribers and is perhaps the leading Internet penetrator on the continent by size. Is this not a missed opportunity?” , he asked.

Fashola noted that the insurance sector was currently not impacting on the majority of vulnerable people for various reasons, ranging from not designing policies that fit the needs of the market, to the exorbitant

cost of policies were out of reach, or as a result of cultural resistance to insurance and even a combination of all the issues.

Other reasons, he stated, could include prompt payment or lack of it, and the difficulty of claiming, as exemplified by the need for police reports and other related bureaucracy. He said people may be more amenable to taking insurance policies if these processes were simpler and more attractive.

Urging the practitioners to demonstrate resilience in the current efforts to rebuild the country's economy, Fashola declared, "We can and we must rebuild our nation around our resilience. If you permit me, I will say that this is the land of the resilient. Therefore, we must not be defined by the existence of challenges or even their magnitude. Rather it is the quality of our resilience in the face of adversity that must become our globalbrand".

"We must rebuild our nation on foundations of unflagging resilience; and this is the spirit with which I address the work that needs to be done, not only with the insurance business but with infrastructure renewal and development" he said, adding that although the nation's infrastructure was aging and the population has outgrown it, it was also true that this was the consequence of bad choices and budgeting, underfunding of infrastructure and poor utilization of resources.

"Can our resilience be oblivious to these challenges and the enormous opportunities that they provide to grow this economy, creating jobs for young people to market and sell these policies" Fashola asked, pointing out that every time Nigeria had faced these challenges since

independence, including political instability, a bloody Civil War, Ebola and others, “some men and women of character had stood up to pull us back from the brink, and worked tirelessly to pull us back to ourselves”.

Fashola, who cited several instances of how insurance was deployed innovatively to accomplish several initiatives and programmes during his tenure as Governor in Lagos, expressed joy that today a lot of changes were being introduced to address the anomalies that brought about infrastructural decay. He named one of such changes as budgeting which has changed from an average 15 per cent annual capital expenditure out of an average budget of N 4 Trillion over the last five years, to a 30 per cent annual capital expenditure out of a N 6 Trillion budget to start to address the deficit in capex spending.

“For contractors and workers who have not been paid for two to three years, something is changing. They are re-mobilizing back to their work sites on major highways like Sokoto-Kotangora-Makera, Kano-Maiduguri, Ilorin-Jebba, Lagos-Ibadan, Loko-Oweto, Ihiala to mention a few”, he said.

The keynote speech from the Minister was followed by discussions by a panel of discussants comprising the MD/CEO of Mortgage Re-Financing Company Limited, Professor Charles Inyangete; the MD/CEO of The Infrastructure Bank PLC and Group Managing Director, Custodian and Allied Insurance PLC, Mr Wole Oshin at a session moderated by the Group MD, Cornerstone Insurance PLC, Mr Ganiyu Musa. It also featured a robust interactive session with the top insurance and allied industry practitioners in attendance.

**HAKEEM BELLO
SPECIAL ADVISER,
COMMUNICATIONS
TO THE HON. MINISTER
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