ASSESSMENT OF BUILDERS' RISK INSURANCE IMPLEMENTATION IN THE NIGERIAN CONSTRUCTION INDUSTRY

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSIT IN PARTIAL FULFILLMENT FOR THE AWARD OF MASTER OF SCIENCE DEGREE (M. Sc.) CONSTRUCTION MANAGEMENT

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Declaration

I declare that the work in this dissertation entitled Assessment of Builders' Risk Insurance Implementation in the Nigerian Construction Industryhas been carried out by me in the Department of Building. The information derived from literature has been duly acknowledged in the text and a list of references provided. No part of this dissertation was previously presented for award of another degree or diploma at this or any other institution.

……	……..	……
Name of Student	Signature	Date

Certification

This dissertation entitled ASSESSMENT OF BUILDERS' RISK INSURANCE IMPLEMENTATION IN THE NIGERIAN CONSTRUCTION INDUSTRY by MOJIRADE FAWZIYYAH OYELEKEmeets the regulations governing the award of the degree of Master of Science in Construction Management of the Ahmadu Bello University, and is approved for its contribution to knowledge and literary presentation.

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Dedication

This dissertation is dedicated to Almighty Allah who in his infinite mercy guided me through. ALHAMDULILLAH. Also, to my parents, Prof. and Mrs M. J. Shu'aibu who against all odds persevered and stood their grounds to always be there for me. Thank you.

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Abstract

Generally, there have being low patronage of insurance by construction industry.Builders' Risk Insurance (BRI) is a policy that provides coverage for risks that occur during construction of buildings. The desired benefit of BRI to the stakeholders would only be attained if the policy is successfully implemented. BRI policy is relatively new and the level of implementation in the Nigeria construction industry is yet to be assessed. Therefore, the study was aimed to assess the implementation of BRI policy in theNigerian construction industry. The focus was on the level of awareness, compliance, enforcement and barriers to implementation of the policy. A mixed method research design was adopted which includes both quantitative and qualitative research methods. The quantitative method involved the use of questionnaires in which 118 questionnaires was designed and administered to construction companies and 26 questionnaires was administered to insurance companies. The construction companies were selected using convenience sampling and a census was taking for insurance companies. The qualitative method involved the use of interview which was conducted with National Insurance Commission and Federal Capital Development Authority. The Questionnaire data collected was analysed using percentile, mean score to rank and Kendall's Coefficient of Concordance (Kendall's W) to test level of agreement from both companies on compliance and barriers militating against implementation of the policy. The interview data was analysed using content analysis by stating the highlights of the interview conducted as only one person were interviewed in both organizations. The study found out that the level of awareness on BRI is moderate with 51.05%. The study also found out that the level of enforcement of BRI by NAICOM is low. BRI certificate is not yet a requirement checked by FCDA before approval of construction work. The level of compliance by construction and insurance companies is moderate

based on 0.55 agreement level. Inconsistent Government policy with Mean Score (MS = 4.27), ineffective implementation and enforcement strategy (MS = 4.18), unstable economic condition (MS = 4.12) and poor attitude towards insurance services (MS = 3.81) were ranked among the top barriers to the implementation of the policy. The study concluded that the level of awareness and enforcement is inadequate.The level of compliance is moderate. Therefore, a framework for enhancing implementation of BRI is been proposed.

Table of Contents

Title page i
Declaration ii
Certification iii
Dedication iv
Acknowledgments v
Abstract vi
Table of Contents viii
List of Tables xi
List of Figures xii
List of Appendices xiii

CHAPTER ONE 1
1.0 INTRODUCTION 1
1.1 Background of Study 1
1.2 Statement of Problem 3
1.3Justification of the Study 4
1.4Aim and Objectives 4
1.4.1 Aim 4
1.4.2 Objectives 4
1.5Scope and Limitations 5
1.5.1 Scope 5
1.5.2 Limitations 5

CHAPTER TWO 7
2.0LITERARTURE REVIEW 7
2.1 Risks Associated with Construction Projects 7
2.1.1 Project Risk 7
2.1.2 Project Risk Management 8
2.1.3 Project Risk Transfer 11
2.2 Relevance of Insurance to the Nigerian Construction Industry 12
2.3 Insurance Regulation in Nigeria 13
2.3.1 Overview of Insurance in Nigeria 13

2.3.2 General Compulsory Insurance in Nigeria 14
2.3.3 Building and Property Insurance in Nigeria 14
2.4Builder's Risk Insurance Policy 16
2.4.1 Concept and Definition of Builders Risk Insurance 16
2.4.2 Coverage of Builders Risk Insurance 17
2.4.3 Exclusion to Builders Risk Insurance 18
2.4.4 Extensions to Builders Risk Insurance 18
2.4.5 Situations when Builders' Risk Insurance Coverage End or Ceases 20
2.5Role of National Building Code in Ensuring Compliance with BRI 20
2.6 Awareness to the Implementation of BRI policy 22
2.7 Enforcement of Insurance Policy in Nigeria 23
2.8Barriers Militating Against Implementation of BRI Policy in Nigeria 23

CHAPTER THREE 28
3.0RESEARCH METHODOLOGY 28
3.1 Research Design 28
3.2Population, Sample Size and Sampling Technique 28
3.2.1 Construction Companies 28
3.2.1.1 Population and Sample Size 28
3.2.1.3 Sampling Technique 29
3.2.2 Insurance Companies 30
3.3 Data Collection 30
3.3.1 Questionnaire Survey 30
3.3.2 Interview 31
3.4 Data Analysis 32
3.4.1 Quantitative Data Analysis 32
3.4.2 Qualitative Data Analysis 33

CHAPTER FOUR 34
4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION 34
4.1 Questionnaire Response Rate 34
4.2Respondents Profile for Construction Companies 35
4.3 Respondents Profile for Insurance Companies 37

4.4 Awareness of BRI policy 37
4.4.1 Nature of Construction Covered by BRI 37
4.4.2 Type of building covered by BRI 38
4.4.3 Nature of Risk Covered by BRI 39
4.4.4 Legislation that covers BRI 40
4.5Level of Enforcement of Builders' Risk Insurance 41
4.5.1Enforcement of BRI by NAICOM 41
4.5.2 Enforcement of BRI by FCDA 43
4.6Level of Compliance with Builders' Risk Insurance 44
4.6.1 Frequency of taking BRI Policy 44
4.6.2 Level of Agreement on Frequency of taking BRI 45
4.6.2 Frequency and Nature of Sanctions 47
4.7 Barriers to implementation of BRI 48
4.7.1 Level of Agreement on barriers to implementation of BRI 52
4.8 Proposed framework for Enhancing Implementation of BRI 53
4.8.1 Regulations 54
4.8.2 Awareness 55
4.8.3 Enforcement 55
4.8.4 Compliance 56

CHAPTER FIVE 57
5.0SUMMARY, CONCLUSIONS AND RECCOMMENDATIONS 57
5.1 Summary of Findings 57
5.2 Conclusions 58
5.3 Recommendations 58
5.4 Contributions to Knowledge 59

REFERENCES 60
APPENDICES 65

List of Tables

Table 2.1 Summary of barriers militating against implementation of insurance …….24

Table 4.1 Questionnaire breakdown for construction companies ……34

Table 4.2 Questionnaire breakdown for insurance companies ……....34

Table 4.3 Respondents' profile for construction companies …….…..36

Table 4.4 Age of the insurance companies ……..……37

Table 4.5 Respondents perception on nature of construction covered by builders' risk insurance…….....38

Table 4.6 Types of buildings covered by builders' risk insurance…….....38

Table 4.7 Nature of risk covered by builders' risk insurance ……39

Table 4.8 Awareness level on nature of risk covered by builders' risk insurance …….40

Table 4.9 Legislations that cover builders' risk insurance ……40

Table 4.10 Summary of level of awareness……41

Table 4.11 Frequency of taking BRI by construction companies….....44

Table 4.12 Frequency of taking BRI according to insurance companies ……...45

Table 4.13 Level of agreement on frequency of taking up BRI…….45

Table 4.14 Frequency of sanctions according to the Act 2003 ……..47

Table 4.15 Nature of sanctions……...47

Table 4.16 Barriers to the implementation of BRI from construction companies …….48

Table 4.17 Barriers to the implementation of BRI from insurance companies……...49

Table 4.18 Combined mean and rank on barriers to implementation of BRI ……50

Table 4.19 Level of agreement of barriers to the implementation of BRI …….52

List of Figures

Fig.4.1Proposed Framework for enhancing implementation of BRI …….54

List of Appendices

Appendix I Research Questionnaire for Construction Companies 66
Appendix II Research Questionnaire for Insurance Companies……70
Appendix III Sample Interview Questions for NAICOM……..…….71
Appendix IV Sample Interview Questions for FCDA……... 72

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of Study

Construction industry is subjected to different types of risk such as project, financial, construction risks etc. Other risks include theft, vandalism, accidents and building collapse (which can lead to injury to workers and third parties). These can have adverse effect leading to stoppage of works, abandonment of project, financial difficulties to contractors and failure of clients to realise the project goals(Hansen, 1990). Performance of the industry is also affected by poor risk management when compared to other industries (Renuka, Umarani and Kamal, 2014).

One of the major risk management approaches in construction is the provision of insurance cover which is the exchange of a certain amount of fixed payment to protect the interest of the parties involved (Bunni, 2003). Insurance does not only help to transfer risk but also help to recognise potential risk and reduce the probability of its occurrence by taking coverage which reflects efforts at risk prevention (Perera, Rathnayake andRameezden,2008).

Insurance is also important to the construction industry and policy holder as it replaces insecurity with security and stability (Nwite, 2014). Most insurance policies are contracts of indemnity for a contractor which distinguishes them from performance bonds (Odeniyi, 2006). Bonds according to Robert and Andrew (2010) are ways of redistributing risks associated with construction projects. A performance /bank bond is used in construction as a means of insuring a client against the risk of a contractor's failure to fulfil its contractual obligation. Bonds can be issued either by a bank or an insurance company (Designing Buildings, 2017).

Builders' Risk Insurance also referred to as Construction All Risk is a specialized type of insurance that covers damages done to building while under construction or renovation (Adeleke, Tai, Esan andBuari, 2013). It does not cover any incidence when the building is completed and handed over. Hence it is just one part of an overall insurance coverage for the construction industry (Glen and Clark, 2005). Most countries have enacted laws and regulations on insurance of construction works, generally referred to as Builders' Risk Insurance (BRI).

However, the nature of hazards that Builders' Risk Insurance provides coverage for varies from one country to another. In countries like UK, Singapore and Australia, Builders' Risk Insurance covers for public liability, non-negligent liability, third party liability and delay in start-up (Ace andChubbs, 2016), and in Nigeria, the regulation is relatively new and covers for the earlier mentioned risks and workers liability as provided in the Insurance Act 2003. Rodriguez (2015) stated that Builders' Risk Insurance generally provides coverage for damages due to building collapse, fire, theft, vandalism, and lightning.

In the Nigerian construction industry, cases of building collapse, theft and vandalism have been recurring and has become a major concern in the development of the nation. Their occurrence involve loss of lives, properties and money which can affect productivity and morale of workers (Oseghale, Ikpo and Ajayi, 2015).It was established through a pilot survey that in the last 10 years, the casualties of building collapse have been very high which put the figure at 3,210 persons and other construction work related risks such as theft, accidents are also common occurrence (SON, 2019). It was also established that the buildings under construction were not insured according to the Insurance Act 2003.

Construction activities entail a lot of risks and these risks can lead to permanent or temporary stoppage of works, delay in completion and financial constraints on the contractors when not properly taken care of or addressed. The Builders' Risk Insurance is one of the recent legislations provided to address the negative consequence on the contractor and clients. Therefore, this research is intended to assess the implementation of Builders' Risk Insurance policy in the Nigerian construction industry with regards to compliance, enforcement and challenges of the policy.

1.2 Statement of Problem

The Nigerian Insurance Act 2003 provides guidelines for various types of insurance coverage required for any business including construction business. Studies have shown that generally most businesses are reluctant to take up insurance policies despite the benefits they offer (Elendu 2013). There is also low patronage of insurance by construction industry as construction insurance has not been given the attention it deserves (Odeniyi 2006; Liu, Bingguang andJiong 2015). Adeleke *et al.,* (2013) established that Builders' Risk Insurance is very relevant and adequate for the construction industry which became mandatory in recent years as a result of losses occurring during construction. The regulation governing BRI is relatively new in Nigeria and implementation is expected to grow over time. No studies have so far assessed the implementation of BRI policy and there is inadequate information about implementation of BRI policy in the Nigerian construction industry. Therefore, a study should be carried out to assess the implementation of BRI policy in the construction industry to reduce the aftermath suffering and loss construction risk comes with.

1.3 Justification of the Study

The need for this study cannot be overemphasised because it would help to identify areas of improvement to ensure full implementation of Builders' Risk Insurance policy as enforcement of regulations is important in ensuring efficiency and effectiveness in the rule of law (Ayantoye, 2015).

BRI can help to mitigate the consequences of unwanted hazards and accidents that result during construction. The successful implementation of the BRI policy will help to improve safety among construction workers, protect the environment by providing adequate measure that helps improve sustainability, generation of revenue for the nation through the companies, achieving public goals and protection of the general public in and around the areas of built environment. This is largely dependent on the level of awareness, compliance and enforcement of BRI by construction industry. This study therefore assessed the implementation of BRI in the Nigerian construction industry.

1.4 Aim and Objectives

1.4.1 Aim

The aim of this research is to assess the implementation of Builders' Risk Insurance policy in Nigerian construction industry with a view to enhancing implementation of Builders' Risk Insurance.

1.4.2 Objectives

The objectives of the study include;

i. To assess the level of awareness of Builders' Risk Insurance among stakeholders.
ii. To ascertain the level of enforcement of Builders' Risk Insurance by the development and regulatory authorities.

iii. To assess the level of compliance with Builders' Risk Insurance policy by construction companies.

iv. To identify the barriers militating against compliance and enforcement of the Builders' Risk Insurance.

1.5 Scope and Limitations

1.5.1 Scope

This study is focused on Builders' Risk Insurance policy as stipulated in the Insurance Act 2003. It does not cover other type of property insurance. It targeted construction companies, insurance companies, Federal Capital Development Authority (FCDA) and National Insurance Commission (NAICOM) within Abuja metropolis.

The study area is chosen for this research because of the high concentration of construction activities in the area. Also, Abuja being the capital of Nigeria there is more likelihood of adherence and enforcement of provisions of laws compared to other parts of the country.

Only building projects are considered for the study, and are 2 floors/ storeys and above constructed or under construction in the last six years because when a law is enacted, time is required for it to be implemented hence the six years. The level of awareness was assessed from construction companies on the provision of BRI. Assessing compliance involved both the insurance and construction companies while the enforcement level was assessed from the perspectives of NAICOM and FCDA which are the regulatory and development authorities respectively.

1.5.2 Limitations

Simple random sampling was initially planned. However, convenience sample was resorted to for two reasons; lack of cooperation of some selected companies that have

been drawn from the sampled population and unavailability of some selected companies at their indicated address. Only one person was interviewed from each organization (NAICOM and FCDA) so a detailed content analysis could not be done.

CHAPTER TWO

2.0 LITERARTURE REVIEW

2.1 Risks Associated with Construction Projects

2.1.1 Project Risk

Risk is defined by DBH Resources (2015), as a possibility of something negative occurring. However, Ibidapo (2014), states that risk can either be positive (opportunity) or negative (threat). Although In the perspective of Cheng and Hamzah (2013), risk refers to chances of positive event occurring instead of a negative event.

Risk is the likelihood of the occurrence of a definite event during the construction process which has a significant impact on the project. Risk is present in all projects irrespective of the size as it is an uncertain event that when it occurs it has both positive and negative effect on project objective (PMBOK, 2013). Project risk is a multi-facet concept and it varies in the likelihood of its occurrence and its impact from one project to another (Cheng and Hamzah, 2013).

Risk in construction project is categorised by Renuka *et al.*, (2014) into external and internal risks. External risks are those risks common outside the project which are non-controllable and they include inflation, client induced change, weather condition, technological change, politics and natural disaster. While internal risks are risks that can be controlled within the project which include labour, plants and equipment, subcontractor, materials and site condition.

The internal and external risks are classified into six (6) categories by Patel, Jayeshkumar and Bhavsar (2013) and Shannon (2017). They include;

i. Technical Risks.

They are risks that create restriction from completing a project and they occur due to changes in project scope and requirement, design errors and omission. Technical risk is also defined by Jayasudha and Vidivelli (2016) as the inability to build product that will satisfy requirements. Some of the risk include; inadequate site investigation, incomplete design, unavailability of materials and resources.

ii. Environmental Risks

These risks include natural disasters, weather condition, seasonal implication (Shannon, 2017).

iii. Management Risks

Uncertain productivity of resources and industrial relations problems are the risks prone to management and before the inception of any project, there is need to have adequately skilled staffs with clear and defined roles and responsibility in place so as to avoid loss (Jayasudha and Vidivelli, 2016; Shannon, 2017).

iv. Financial Risks

According to Shannon (2017), inflation, local taxes, fluctuation of foreign currency exchange rate and delay in payment are the financial risks mostly encountered by contractors and they need to be clearly looked into by the contractor before carrying out any project to avoid losses.

v. Socio-Political Risks

vi. Logistical Risks

Before the inception of a project, availability of transport, equipment and materials need to be properly addressed to avoid delay in completion and loss of time and resources.

2.1.2 Project Risk Management

Ogunbayo (2014) asserted that risk management is a recurring issue in the construction industry and it is one of the nine knowledge areas propagated by Project Management

Institute (PMI). It is a way of identifying, analysing and responding to risk so as achieving project objectives. Apart from identifying and analysing risk as benefit, another benefit includes effective use of resources (Banaitiene andBanaitis, 2012).

Risk management is one of the most difficult aspects of project management and it is defined by Cheng and Hamzah (2013) as a proactive decision-making process which involves accepting risks and taking appropriate steps to reduce the risk impact and likelihood of occurrence and increase opportunity. It consists of five processes which include; risk identification, qualitative and quantitative risk analysis, risk response planning and risk control (PMBOK, 2013).

2.1.2.1Risk Management Processes

i. Risk Identification

PMBOK (2008) described risk identification as the process of determining risk that affect projects and documenting their characteristics which helps the project team to anticipate future events (PMBOK, 2013). Risk identification involves different types of techniques which include; document review, information gathering, checklist analysis, assumption analysis diagram techniques, SWOT analysis and expert judgment (PMBOK, 2008; 2013). In addition, CDC (2006) identified Delphi technique, root cause analysis, influence diagram, cause and effect diagram, flow chart, brainstorming and interviewing as techniques for risk identification.

ii. Qualitative Risk Analysis

It is a process of prioritizing risks for further analysis or action by assessing their probability of occurrence and impact (PMBOK, 2008). The techniques used include; risk definition, risk data quality assessment, risk categorization and prioritization and risk recording. The benefit of this process is that it helps project managers to reduce uncertainty level of risk and focus on high priority risks. It is a cost effective means of

establishing priorities for plan risk response and it is also performed throughout the project life cycle (PMBOK, 2013).

iii. Quantitative Risk Analysis

It is numerically analysing the effect of identified risks on project objectives and it is performed on risks that have been prioritized (PMBOK, 2013). The benefit to support decision making in order to reduce project uncertainty and the techniques used include; data gathering and representation, quantitative risk analysis and modelling technique and expert judgement (PMBOK, 2013).

iv. Risk Response Planning

Risk response planning according to PMBOK (2008) is the process of developing options and action to enhance opportunities and reduce threats. Risk response addresses risk by prioritizing and putting resources into the budget as needed. Planned risk response must be appropriate to the risk, cost effective, realistic and timely within the project parties. Since risk can either be a threat or opportunity, the strategies of response is also classified as threat and opportunity. The responses for threat are; avoid (eliminating uncertainty), transfer (insurance) mitigate (reducing the size of the risk to an acceptable level) and accept (recognizing residual risks and providing responses to control and monitor them). While the responses for opportunity include; exploit (exploring all opportunities in the risk), enhance (identify and maximize key drivers of the risk by adding more resources to it), share (allocating some of the risk to third parties) and accept (Hillson, 1999; PMBOK, 2013; WSDOT, 2014).

v. Risk Monitoring and Control

After identifying, analysing new risk and planning appropriate risk response, monitoring the residual risk, tracking and evaluation is important and effective throughout the project (CDC, 2006). Risk monitoring improves the efficiency of risk

approach throughout the project cycle in order to continuously optimize risk response and it is carried out by keeping risk register to record the risk (PMBOK, 2013).

2.1.3 Project Risk Transfer

Risk transfer involves the process of shifting the responsibility of managing and bearing the liability of an uncertain event to another party. Risk transfer does not automatically eliminate the risk but it is being owned and managed by a third party (Patel *et al*., 2014).

Risk transfer can be done through insurance, bonds, warranties, fixed price contracts (it is a kind of contract where the amount to be paid is not dependent on resources used or time spent and it is mostly used by military or government contractors to put the risk on the seller and control cost) and guaranties with insurance been the most common amongst them while risk transfer in construction is usually carried out using these three methods: through insurance companies, through subcontractors and through modifying the contract terms and conditions with the client or other parties (Banaitiene andBanaitis, 2012).

DBH Resources (2015), categories contractor and other parties in the contract as either higher tier or lower tier in which the higher tier contractor hires a lower tier contractor to perform work thereby transferring the risks to them. A contractor may be a higher tier contractor in one relationship and a lower tier contractor in another. It went further to state that contractors can reduce their exposure to loss from both higher and lower tier contractors by using an appropriate risk transfer technique thereby protecting their own assets.

In addition, Nadeem *et al.* (2010), stated that risk transfer in a large scale construction is achieved through transferring the uncertainties to insurance policies for indemnification

against losses when they occur. Ayantoye (2015) also observed that risk transfer through insurance promotes economic development, financial stability and effective risk management. Builders Risk Insurance is a means of risk transfer during the construction stage or renovation of any project and it also protects the contractors and clients (Adeleke *et al.,* 2013).

2.2 Relevance of Insurance to the Nigerian Construction Industry

Construction industry is one of the fastest growing industries in Nigeria as a result of demands for real estate and housing and the provision of infrastructure to support the rising population size (Elendu, 2013). The industry recorded an average growth rate of 18.0% between 2010 and 2012 and it accounts for 3.05% of the country's Gross Domestic Profit (GDP) and it is the 8th largest contributing sector to the Gross Domestic Profit (GDP) (Adeagbo, 2014). Also, as a result of labour intensiveness of the construction industry and its services, jobs are been created in order to accommodate the rising need for the services in the sector (Nigerian Bureau of Statistic, 2015).

In a developed market, the insurance sector is an important part of the financial sector as it accounts for a significant portion of the total economy. Also, it can pull funds that can be invested for both short- and long-term periods by collecting small premium from individuals (Elendu, 2013).

In addition, the insurance sector plays an important role for a sustained economic growth and the development of a nation by transferring risks from business and individuals. As a result of the insurance sector being plagued with numerous challenges, its contribution to the Nation's Gross Domestic Profit (GDP) is as low as 1% in the last decade (Pan African Capital, 2013). Government legislation supports the prospect of

growth for the industry as the compulsory insurance for public building as well as those under construction, health and workers liability is being propagated.

2.3 Insurance Regulation in Nigeria

2.3.1 Overview of Insurance in Nigeria

Insurance is seen as a service rendering business that has a social character that distinguishes it from other businesses and it is defined by Muhammed (1998) as a method of sharing losses with people and as an agreement between insurer and insured where the insurer pays premium to the insured to be reinstated in case of any happenings of negative event. It is also defined by Judy and Robert (2005) as an agreement where one party makes a certain amount of payment to the other party upon occurrence of a specific loss.

Insurance is very important as it covers for risks encountered and it represents the backbone of Nigerian risk management system. The insurance companies are described as a means of survival and mitigation of risks both natural and man-made for other businesses to thrive-on as they promote confidence and eliminate fear thereby giving security and peace of mind (Mansard Insurance, 2015).

Insurance companies and sector also contribute to the development of capital and money market as they constitute one of the major investors in the capital market by providing means of sourcing funds for both public and private sector (Muhammed, 1998). Their contributions to the economy as seen by Ayantoye, (2015) is said to be measured based on the performance of their investment, premium mobilization and claims payment.

2.3.2 General Compulsory Insurance in Nigeria

Compulsory insurance is a type of insurance that every developer either individual or organisation must purchase or face penalties for default (Mansard Insurance, 2015). In Nigeria, there are sixteen type of insurance made compulsory by Nigeria Insurance Act 2003 to protect lives and properties of its populace. They were also made compulsory in order to enhance economic growth and national development. The following five fall under the enforcement of the National Insurance Commission (NAICOM); statutory group life insurance, health care professional liability insurance, builders' liability insurance, occupier liability insurance and motor vehicle third party insurance.

Moreover, Izuora (2016) and Insurance Consumers Association of Nigeria INSCAN (2015) opined that the following types of insurance should be carried out and included under the compulsory insurance; construction all risk and employee liability.

2.3.3 Building and Property Insurance in Nigeria

The Nigerian Insurance Act 2003 was enacted by the National Assembly of Federal Republic of Nigeria on 27th May, 2003. It consists of fourteen (14) parts and one hundred and three (103) sections and subsections. The Act applies to all insurance businesses. Part XI of the Insurance Act deals with the insurance of properties, movable and non – movable in order to protect lives and properties and it consists of seven (7) sections and subsections.

The Insurance Act 2003 Part XI section 64 (1) made provision for Builders' Risk Insurance policy by stating that any building constructed of 2 floors and above should be insured with the appropriate insurer to protect lives and properties. In section 64 (2), its states that the law shall cover for building under construction and builders' risk insurance is an insurance coverage for buildings under construction to provide adequate

indemnity against damages done to the building while under construction. While section 65, emphasised on the insurance of public building against hazards of collapse, fire, earthquake, storm and flood. The section defined public buildings as tenement house, hostels and buildings for educational or medical services, recreation purposes or transaction of business. It also consists of 8 subsections which state the provision and responsibilities of insured and also penalty for noncompliance to this section.

Some compulsory insurance to be carried out on construction project according to PLC Construction (2012) include;

i. All Risk insurance: This insurance details the types of risks to be insured and the amount required for the insurance. It covers physical damage to works and site materials and it is usually obtained by contractors, employers and clients. The contract requires joint names of the contractor and employee.
ii. Professional indemnity insurance: It is an insurance against errors and omission arising from professional negligence which includes contractual liability like breach of contract obligation, care when carrying out design etc. Professionals that are involved in design are advice to take up such insurance. It also covers litigation expenses in case of law suit if a contractor or professional failed to carry out its duties (Rodriguez, 2016).
iii. Product liability insurance: Suppliers of construction materials and equipment are expected to maintain such insurance as it covers for injuries to people or third party or property as a result of the suppliers' negligence.
iv. Public liability insurance: It covers for damage to property of a third party and any liability arising from injury or death to a third party that is not an employee or contractor.

v. Latent defect insurance: It is also referred to as decennial insurance and it protects the owners of buildings against the cost of remedying the structure due to defects arising from poor workmanship, materials and design. It usually lasts for 10 years from the construction of the building (PLC Construction, 2012).

In addition, Bricker and Eckler (2012); Lloyd (2014) also added the following as compulsory insurance for construction of properties;

i. Commercial General Liability Insurance: it is an insurance that covers for legal liabilities, defence costs, advertising injury, medical payment and property damage during the performance of the work. It is usually taken by the contractors.
ii. Workers Compensation Insurance: it provides protection for claim from injured worker on a project and it also pays damages to employees injured on a job by paying medical bills and other disabilities.
iii. Automobile Insurance: It is required for contractors to cover for motor vehicles driven and operated by their employees during the course of the project or construction.
iv. Builders Risk Insurance: This is insurance for buildings under construction.
v. Delay in start – up insurance: It is an insurance that covers risks of delay in starting a project. It also covers loss of anticipated profit resulting from delay in completion and commissioning of a project (Lloyd, 2014).

2.4 Builder's Risk Insurance Policy

2.4.1 Concept and Definition of Builders Risk Insurance

Builders risk insurance is a risk management tool for a contractor and or an owner who wants to renovate an existing structure or build new ones (Schneider and Louridas, 2015). It can also cover the addition of new rooms, deck construction and kitchen remodelling (Adeleke *et al*., 2013).

Builders risk insurance according to Hansen (1990) is a policy that protects a building from physical damage or loss from external causes during construction and the protection depends on the terms of the written policy but includes materials and supplies to be used on the project. It is also defined by Glen and Clark (2005) as a special form of insurance designed to insure buildings or projects against repairs or replacements while under construction for a specified period of time and it usually cover building materials, fixtures and appliances which will be used in the project during the course of construction.

Builders risk insurance is divided into two major types by Hansen (1990); all-Risk builders' risk and perils builders' risk. All-risk builders risk provides a broad coverage but does not cover all risks or properties connected to the construction project and it also has specific exclusions in the policy, while Perils builders risk policy provides coverage for one or more particular risk that can cause damage during the project. This policy does not protect any peril other than the specified perils.

There is a third builders risk called Installation Floater. Installation floater is a specialized type of builders' risk insurance policy that covers projects with no real construction taking place i.e. a contractor installing equipment on site hence the name installation floater (IRIC, 2016).

2.4.2 Coverage of Builders Risk Insurance

Glen and Clark (2005) state that builders risk insurance provides broad coverage but by extension does not cover all risks and the coverage is limited by specification of property type, location, extensions and exclusions. Builders risk insurance coverage according to Enhanced Insurance (2015), can be obtained by any company or individual organisation with financial interest in construction projects and it is also often obtained

by property owners for renovation of existing building, real estate developers and general contractors. Builders Risk Insurance provides coverage to the following types of risk (Glen and Clark, 2005).Fire, lightning, explosions, riot, vandalism and malicious act, vehicle and aircraft impact, burglary and theft, windstorm and hail, collapse, workers liability, third party liability and body injury.

2.4.3 Exclusion to Builders Risk Insurance

Glen and Clark(2005) defined exclusions as a clause that eliminates coverage that may exist and any loss falling outside the exclusion clauses is usually covered by the policy. The exclusions are usually divided into those dealing with the type of property and those dealing with the type of risks. Hansen (1990) and Rodriguez (2015) classified risks that are excluded under the builders' risk policy into; Faulty planning, designs, materials and workmanship, latent defect, wear and tear, mechanical breakdown or derangement, inherent vice, contract penalty, employee theft, water damage/ flood, government action, nuclear hazards, terrorism, Insect attack and accidents on job sites etc.

2.4.4 Extensions to Builders Risk Insurance

Builders' Risk policy is frequently bought with specific extensions coverage. Extensions are coverage above or beyond the default level of protection to cover property and risks that otherwise would not have been covered. Extensions are also coverage provided for certain situations, though extension coverages are limited according to Rodriquez (2015).

Builders risk insurance extensions coverage according to Enhanced Insurance (2015) and Rodriguez (2015) include;

i. A coverage extension to protect property from loss while on transit to job sites: Usually, builders risk insurance covers properties both loaded and unloaded at project sites but when a property is on transit, the owner or contractor can decide to add protection for important materials and supplies during the period of transportation to the site.

ii. Coverage extension for scaffolding, construction forms and temporary structures: These structures are out in the open on construction site and are exposed to theft and vandalism and since the policy doesn't cover them, they can be added as extension.

iii. Debris removal extension coverage: If a partially completed building is knocked down as a result of collapse, wind storm or rain, there are debris to be removed before work can continue. With a debris removal extension, the cost is covered for the insurer. However, the debris must result from a loss that is covered by the policy (Enhanced Insurance, 2015).

iv. Soft cost extension: Soft cost are extra expenses incurred as a result of a delay caused by a covered loss like interest charges, workers overtime, advertising and promotion, legal fees, architectural and engineering fees. According to Rodriguez (2015), if there is a delay as a result of the covered loss, soft cost extension can cover the financial impact caused by the covered losses.

v. Sewer and drain backup extension: It is an extension that covers property damaged by water that backed up or overflowed from the sewers and drains.

vi. Fire department service charge extension: Fire outbreak is a loss covered by builders'risk insurance policy (Glen and Clark, 2005). If there is damage caused by fire and the fire department is needed to put out such fire, the service charge by the department can be included as an extension since the damage is from a covered loss (Enhanced Insurance, 2015).

vii. Property in temporary storage extension.

viii. Valuable paper (site plans, blueprints etc.): If valuable papers required for the project is damaged by fire or as a result of theft and vandalism, the cost of replacing them can be an extension since the damage was caused by a covered loss.

ix. Property that would be used or installed in a secured location.

2.4.5 Situations when Builders' Risk Insurance Coverage End or Ceases

Builders' Risk Insurance policy is temporary in nature. It has a specified start date (i.e. when the construction on site starts) but no specified end date because it is dependent on the date the building is handed over to the owner or occupied. Sometimes the coverage is written for three months, six months or one year and if the project is not completed by the end of these periods, the coverage/policy can be extended but only once (Enhanced Insurance, 2015).

However, Schneider and Louridas, (2015) stated that if any of the following occurs, the policy or coverage can cease or end.

i. If the financial interest in the building or project ceases or ends or finishes.

ii. If the building is accepted by the owner as completed.

iii. If the building or project is abandoned with no intention to complete it.

iv. If the insurance expires or is cancelled.

v. If building is put to its intended use.

vi. 90 days after the building or property is completed unless specified otherwise in writing.

2.5 Role of National Building Code in Ensuring Compliance with BRI

Building code according to Olofinji (2015) is a set of rules that specify the minimum standards for construction of buildings and non-building structure. Dacosta (2014) sees

building code as a first line of defence against damage from natural hazards and defined building code as provisions which must be observed in design, construction and maintenance of building to protect life, reduce physical damage and keep structures like hospitals, shelters etc., operational in times of disaster. Building code is generally used by professionals in the construction industry, real estate developers, manufacturers of building materials, subcontractors, insurance companies, facility managers etc.to produce structures that are fit for their purposes (Olofinji, 2015).

Nigerian National Building Code (NBC 2006) is described by Ogunbiyi (2014) as a body of laws, regulations, symbols and statutes introduced for construction professionals in Nigeria. The journey of the National Building Code started in 1987 as a result of the following reasons (NBC, 2006);

i. The absence of town and city planning.
ii. Incessant building collapse, fire outbreak, built environment abuse and other disasters.
iii. Use of untested building materials and products.
iv. Lack of adequate regulations and sanctions against offenders.
v. Inadequate referenced design standards for professionals.

The National Building Code 2006 was later signed into law in 2007 by the National Council of State and the National Executive Council of the Federation which was an important development in Nigeria as it helps to sanitize the building industry, protect the environment, a step to improving the quality of buildings and achieving sustainable built environment (Dahiru*et al.,* 2010). Part 3 Section 13 of the code deals with enforcement of codes like health and safety, violations and sanctions, building services and equipment, inspection, orders and notification, utilities connection, certificate of use

and habitation, workmanship and supervision, test, records and demolition. The NBC has not been specific about Builders' Risk Insurance which should be included.

2.6 Awareness to the Implementation of BRI policy

Insurance is important in modern day economies as it is vital to individuals' and public security. The need for awareness to insurance cannot be overemphasized as it helps secured individuals, families and organizations to make informed financial decisions, improving community development by contributing to the communities. Awareness on insurance also stem from both social and economic evolutions as the need to cover severe risk by individuals is increasing and insurance market is becoming more complex, therefore, increasing awareness can have positive impact on both market and global economy and society at large (OECD, 2017).

In India, Insurance Regulatory and Development Authorities IRDA, (2011) has launched an awareness campaign to develop and promote efficiency of the insurance sector in order to improve policy holder's protection and regulating intermediaries upon the realization of the importance of insurance.

Awareness to BRI and other insurance policy is still at infancy stage in Nigeria with little or no interest in insurance as a result of lack of knowledge of the benefits of the insurance Popoola, (2018). A study by Adeleke *et al.,* (2013) highlighted the adequacy of BRI in the Nigerian construction industry and the study also pointed out that professionals in the building industry are very much aware of BRI policy but more effort is needed by the relevant stakeholders to ensure and create proper awareness to the policy so as to improve the level of enforcement and compliance of the BRI policy thereby creating an enabling and sustainable working environment for the stakeholders involved in construction.

2.7 Enforcement of Insurance Policy in Nigeria

Enforcement of policy is important in ensuring effective regulation in which the strategies are challenging for government to develop and apply without compromising cost and reducing the effect of risks when they occur (Ayantoye, 2015).

Nigerian insurance industry has grown over the past decades which is a positive sign of development in the industry. Although, it is still faced with challenges of low implementation and enforcement of compulsory insurance PWC, (2015). However, Lead way assurance, (2017) states that NAICOM in collaboration with Federal Fire Service and Nigeria Insurers Association (NIA) plans to enforce the compulsory public building insurance which protects an owner and contractor against collapse, fire, earthquake, storm and flood. The policy also covers legal liabilities of occupiers liability insurance which is a cover for loss of properties, bodily injury or death suffered by users and third parties.

2.8 Barriers Militating Against Implementation of BRI Policy in Nigeria

The barriers that have been described apply to insurance generally. Since the interest of this study is on Builders' Risk Insurance, it is important to identify the ones that are peculiar to the implementation of BRI. This has so far not been articulated in literature.

A number of factors have been identified by various authors as hindering the implementation of insurance generally. These factors have been described in various literatures as summarized in Table 2.1.

Table 2.1 Summary of Barriers Militating against Implementation of Insurance

S/N	Factors	Authors				
		Odeniyi (2006)	Bologi (2008)	Osinuga (2016)	Elendu (2013)	Ayantoye (2015)
1.	Excessive protocol and bureaucracy				✓	
2.	Low level of confidence on insurance companies				✓	
3.	High premium rate			✓		
4.	Low level of understanding of the policy					✓
5.	Inadequate access to information technology			✓		
6.	Lack of skilled personnel			✓		
7.	Improper documentation	✓				
8.	Ineffective implementation and enforcement strategy		✓	✓		✓
9.	Low indemnity rate after loss or damage				✓	
10.	Ineffective contractual arrangement					✓
11.	Delay in claim settlement by insurance companies	✓				
12.	Unstable economic condition					✓
13.	Inconsistent Government policy				✓	
14.	Religious beliefs					✓

Source: Author's compilation (2018)

i. Excessive Protocol and Bureaucracy

Most business owners believe there are a lot of protocols to be established and bureaucracy to be followed before buying an insurance service. This makes it difficult for the purchase of any policy because of the mind-set of the people. Also lack of internet-based self-service in which a prospective buyer can access the policy coverage available (Elendu, 2013).

ii. Low Level of Confidence in Insurance Companies

The negative attitude of Nigerians towards insurance is as a result of some insurance companies defaulting in payment of claims, weak regulation and consumer protection, excessive breakdown of the insurance market and lack of awareness and professional advice which affects the confidence and trust in the insurance companies and their agents by business owners **(**Elendu 2013; Arup 2015**)**.

iii. High Premium Rate

Transferring risk comes with a price which makes insurance expensive and allowing insurers seek other alternatives like financial institutions, utility companies and retail chains to reduce cost of risk by leveraging their existing infrastructure and customer relationship (Osinuga 2016; Arup, 2015).

iv. Low Level of Understanding of Insurance Service

Many Nigerian populaces do not see any reason to subscribe to any insurance package because they do not understand the policy so the insurance industries need to create awareness on the benefits of insurance to its consumers which will help sensitize the consumers and improve their understanding of Insurance (Ayantoye, 2015).

v. Inadequate Access to Information Technology

The operational and reporting purposes of insurers and reinsurers have no regulatory guideline in terms of IT infrastructure and manual services are still being used in the industry which can cause delay in settlement of claims, increase fraudulent practices and cause a lot of mistakes and errors in the business operation (Osinuga, 2016).

vi. Lack of Skilled Personnel

Generally, there is shortage of skilled personnel (underwriters, brokers etc.) in the insurance industry because the insurance industries do not train or retrain their staffs as a result of inadequate remuneration package and lack of adequate budget for continuous development of staffs on professional standards and practices (Osinuga, 2016).

vii. Poor Attitude toward Insurance Service

In Nigeria, the level of development, standard of living and per capital income is low therefore the penetration of insurance into the economy would also be low. Also individual political orientation or culture also increases the reasons for the poor attitude

towards the service. The insurance companies need to new approach to introducing insurance in Nigeria (Osinuga, 2016).

viii. Ineffective Implementation and Enforcement Strategy

According to Bologi (2008), the implementation and enforcement strategy of insurance policy is poor due to lack of laws to ensure the effectiveness of the Act. Although Nigeria has several laws and regulations but enforcement of such laws are ineffective as a result of the weak regulatory framework and that is why enforcement of compulsory insurance regulation is quite difficult to achieve by NAICOM and other insurance regulatory bodies (Ayantoye 2015; Osinuga 2016).

ix. Delay in Claim Settlement by Insurance Companies

Some insurance companies default in payment of claims which affects the public view of the industry thereby making a prospective buyer loose confident in purchasing any cover.

x. Unstable Economic Condition

The Nigerian economy in recent years has being suffering as a result misappropriation and indiscipline which would make any business not to invest in any instrument like pay premium to insurance companies because they want to be able to make profit and carter for themselves (Ayantoye 2015).

xi. Inconsistent Government Policy

Almost every day new government policies are approved and established and most of them do not get implemented in the long run as a result of lack of continuity in the government and its policies which is usually caused individual corruption and incompetence, inadequate resources both human and material in the implementation of policies (Ayantoye, 2015).

xii. Religious beliefs

Nigerian is a nation with diversities in culture, language and religion where some people belief their religion forbids then from taking any insurance policy.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Research Design

Research design according to Walliman (2011) helps to provide a framework for the collection and analysis of data and subsequently indicates which research methods are appropriate. To achieve the set objectives of this study, a mixed method research approach was adopted. Mixed method research is defined by Alzheimr Europe (2015), as using the method which is best to address the research problem and it involves using different techniques at the same time or one after the other. Quantitative and qualitative method were adopted because of the nature of the data required in which objectives one, three and four required responses from a large number of stakeholders thereby making questionnaire survey more appropriate and objective two required interactions with people in NAICOM and FCDA and an interview was appropriate. The quantitative method was questionnaire survey while the qualitative method was interview. The methods used were both carried out concurrently to achieve the objectives because the outcome of each method was independent of the other. The questionnaires were analysed using descriptive statistics while the interview was analysed using content analysis by stating the highlights of the interview.

3.2 Population, Sample Size and Sampling Technique

3.2.1Construction Companies

3.2.1.1 Population and Sample Size

The populations for this study were the total number of construction and insurance companies all within Abuja metropolis. According to Federal Inland Revenue Service (FIRS) (2016) there is a total number of 965 tax paying and operational construction

companies in Abuja. There are 26 insurance companies operating within Abuja metropolis according to Finelib(2016).

3.2.1.2 Sample Size

i. Construction Companies

Sampling means to take part of the population to represent the whole population. The sample size was determined for construction companies using equation 3.1 according to Glenn (1992) at a confidence level of 90% and level of precision of 10%. Ten percent (10%) precision level of corresponding to a confidence level of 90% was adopted for this research because other similar research like Adeleke *et al.,* (2013) adopted 10%. Hussey and Hussey (1997) stated that a confidence interval of 10% is acceptable for social science researches.

$$\mathbf{n = \frac{N}{1 + N(e)^2}} \text{..... 3.1}$$

Where nis the sample size from finite population, N is the number of population and e is level of precision.

$$\mathbf{n = \frac{965}{1+965(0.1)^2} = 90.6 \approx 91}$$

According to Glenn (1992), either 10% or 30% can be added to account for non-response. Therefore, 30% was added to account for non-response which is equal to 118.3. Approximately 118 numbers of questionnaires were administered to construction companies.

3.2.1.3 Sampling Technique

Basically, there are two types of sampling techniques used in scientific research which is probability and non-probability sampling (Chartuvedi, 2013). This research originally planned to adopt the simple random probability sampling technique for the 118 construction companies considered to represent the entire population and the

respondents have equal opportunity of been selected at random. It also helps to avoid bias. However, difficulties were encountered such as rejection by the randomly selected firms and non-presence of firms at their indicated addresses. As a result, convenience sampling was resorted to.

3.2.2 Insurance Companies

Since the population for insurance companies was not large, census was adopted. This implies that the whole population was considered for the study. Therefore, a total number of 26 questionnaires were administered to the insurance companies.

3.3 Data Collection

Questionnaire survey and interview were the two methods used to collect primary data. The details of the two methods are discussed in subsection 3.3.1 and 3.3.2.

3.3.1 Questionnaire Survey

The use of questionnaire as a survey instrument has a lot of advantages as they are flexible, easy to organise and convenient for respondents**.** It is also cheap and quick to administer to a large number of cases covering large geographical areas (Walliman, 2011). The questionnaire was used to address objectives one, three and four.

3.3.1.1 Questionnaire Design and Administration

There were two different sets of questionnaires administered in this research to satisfy objectives one, three and four. One set for the construction companies and the other set for the insurance companies. The questionnaire for the construction companies comprised of four sections which included; respondents' profile for section one. The respondents profile consists of age of company, size of company which was categorized based on a research by Abdulazeez (2012) and annual turnover of the company. Section

twoassessed their level of awareness with Builders' Risk Insurance policy, section three addressed compliance and section four addressed barriers militating against implementation. The factors were rated on a 5-point likert scale (Key: 1- Strongly Disagree, 2- Disagree, 3-indifferent, 4- Agree, 5- Strongly Agree). The questionnaire was distributed to management staff that handled insurance policy for the companies.

The questionnaires for insurance companies were distributed to staff in general insurance department of the companies. The questionnaire comprised of three sections which included; respondent's profile for section one, section two addressed compliance to Builders' Risk Insurance policy and section three addressed barriers militating against implementation of the policy. Details of the questionnaire for construction companies is presented in appendix I while that for insurance companies in appendix II.

3.3.2 Interview

Interview is a flexible tool for collecting data as questions that require probing to obtain adequate information can be asked (Walliman, 2011). An interview was conducted with FCDA Department of Public Building and NAICOM Department of General Insurance to address objective two of the research to know the level of enforcement of Builder's Risk Insurance. It also sought to know how proper compliance could be enforced within the construction companies. In addition, the total number of projects approved by FCDA for construction was obtained through the interview and the interview obtained a brief about NAICOM with relation to the Builders' Risk Insurance policy.

The interview was a well-structured type which encouraged respondents to provide more information and collect more data. The use of recorder was adopted during the conduction of the interview. Details of interview guide for NAICOM is presented in appendix III while that of FCDA in appendix IV.

3.4 Data Analysis

3.4.1 Quantitative Data Analysis

It is very important that data once collected should be analysed to get results. The quantitative data collected through the use of questionnaire was analysed as follows:

The questionnaires were analysed using descriptive statistics to get the mean and also to determine the severity of the factors identified and percentages to know the frequency of occurrence. The ranking was analysed using means score to determine the severity and importance of each factor identified. The formula is given below (Legendre. 2010).

Mean Score Calculation.

$$\mathbf{MS} = \frac{\sum(\boldsymbol{F}\times\boldsymbol{S})}{\boldsymbol{N}} \quad \ldots\ldots\ldots\ldots \quad \mathbf{3.2}$$

Where,

MS – Mean Score

F – Frequency of responses for each score

S – Scores given to each factor (from 1 to 5)

N – Total number of responses concerning each factor

To test the level of agreement on compliance of the policy between the two raters (construction and insurance companies) and barriers militating against implementation of the Builders' Risk Insurance policy, Kendall's coefficient of concordance (W) test was used. The formula used for all the analysis is given below (Legendre, 2010).

Kendall's Coefficient of Concordance (W)

$$\mathbf{W} = \frac{\mathbf{12s}}{\mathbf{m^2\,(n^3 - n)}} \quad \ldots\ldots\ldots\ldots \quad \mathbf{3.3}$$

Where,

s = sum of squared deviation.

m = number of judges (Raters).

n = total number of objects been ranked.

Where sum of squared deviation is given as

$$\mathbf{s} = \sum \left[\mathbf{Rj} - \left(\frac{\sum \mathbf{Rj}}{\mathbf{N}}\right)\right]^2 \quad \textbf{3.4}$$

Where Rj = Rank given for each item

N = total number of items being ranked.

The interpretation of the level of agreement is measured using the kappa interpretation which is given below;

Poor agreement – less than 0.20

Fair agreement – 0.21 to 0.40

Moderate agreement – 0.41 to 0.60

Good agreement – 0.61 to 0.80

Very good agreement – 0.81 to 1.00

3.4.2 Qualitative Data Analysis

The qualitative data was collected through the use of interview. Content analysis was used to analyse the interview conducted in both NAICOM and FCDA.Content analysis is carried out by transcribing and coding the data and testing for reliability and validity. Once coded, the textual data are interpreted and the results provided. For this study, the recorded data was transcribed, read through and the highlights of the interview was stated. The data transcribed wasn't coded because only one person was interviewed in both NAICOM and FCDA.

CHAPTER FOUR

4.0 DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Questionnaire Response Rate

Two sets of questionnaires were administered to both construction and insurance companies based on sample size calculated. Tables 4.1 and 4.2 show the breakdown of the questionnaires administered to construction companies and insurance companies that are operating within Abuja metropolis.

Table 4.1: Questionnaire Breakdown for Construction Companies

Respondents	No Administered	No Returned	No used for Analysis	Response Rate %
Construction Companies	118	102	97	86.4

Source: Field Survey(2018).

Table 4.1 shows the questionnaire breakdown for construction companies. 118 were administered and 102 werefilled and returned but 97 were used for analysis because 5 were not properly filled representing 86.4% response or return rate. According to Fincham (2008) a desirable and accepted survey response rate conducted in person or face to face should be at least 60% and this study has a response rate of 86.4% which means it is within the acceptable range and it is adequate for analysis. Also, the minimum sample size calculated for construction companies was 90 and the numbers adequately filled and returned is 97 which is more than the minimum sample size required.

Table 4.2: Questionnaire Breakdown for Insurance Companies

Respondents	No Administered	No Returned	No used for Analysis	Response Rate %
Insurance companies	26	22	16	84.6

Source: Field Survey(2018).

Table 4.2 presents the questionnaire breakdown for insurance companies. 26 were administered and 22 were filled and returned but only 16 were used for analysis as six were discarded because theydo not engage in the policy as two out of the six engage in health insurance scheme only, another two engage in life insurance only and the remaining two do not engage in BRI as a comprehensive policy but rather take up the risks covered by BRI individually. Thus, representing 84.6% response rate.

4.2 Respondents Profile for Construction Companies

This provides the age of the company, size of the company based on the number of employees and annual turnover of the company. Table 4.3 presents the respondent's profile of the construction companies.

From Table 4.3, 33% of the companies were between the age of 6 – 10 years, 29.9% companies have been operational between the age of 10 – 15 years while 25.8% companies have been operational within the age of 0 – 5 years and 11.3% companies have been operational above the age of 16 years. From these figures, there is a good spread in terms of those that have been operating over a long period and those recently established.

Table 4.3: Respondents Profile for Construction Companies

Age of the Company (Years)	Frequency (No)	Percentage (%)
0-5	25	25.8
6-10	32	33.0
10-15	29	29.9
16 and above	11	11.3
Total	97	100.0
Sizeof the Company (Employees)		
10-99	61	62.9
100-999	34	35.1
1000 and above	1	1.0
Missing	1	1.0
Total	97	100
Company's Annual Turnover (Naira)		
less than 1.7B	60	61.9
1.7-6.7B	29	29.9
above 6.7B	4	4.1
Missing	4	4.1
Total	97	100

Source: Field survey(2018)

Table 4.3 presents the size of the companies based on the numbers of employees, 62.9% are small sized companies, 35.1% are medium sized companies while only 1.0% was large. 1% did not indicate its number of employees. This means majority of the respondents are small size companies.

Table 4.3 also shows the annual turnover of the companies based on this, 61.9% are less than 1.7B Naira, 29.9% are between 1.7 and 6.7B Naira while 4.1% are above 6.7B Naira. 4.1% did not indicate their turnover rate.

4.3Respondents Profile for Insurance Companies

This section presents the age of the insurance companies which will help to know how long they have been in business and how long they have engaged in BRI policy since the enactment of the Act in 2003.

Table 4.4: Age of the Insurance Companies

Age (Years)	Frequency (No)	Percentage (%)
0 - 5	2	12.5
6 - 10	3	18.8
10 - 15	4	25.0
16 and above	7	43.8
Total	16	100.0

Source: Field Survey(2018).

From Table 4.4, most of the companies are within the age of 10 – 15 years and 16 years and above respectively with 68.8%. This means they have been in business longer than the rest and have adequately been engaged with BRI policy.

4.4 Awareness of BRI policy

Part of what this study sort to achieve was the level of awareness of BRI policy. The respondents were the construction companies because they are mandated to comply. In order to determine the level of awareness, four relevant questions were posed to be able to assess their knowledge on the topic.

4.4.1 Nature of Construction Covered by BRI

The nature of construction covered by BRI according to the Insurance Act 2003 is building construction. Other type of construction such as civil/mechanical works, high way construction is not covered. In other to determine the respondent's knowledge of construction covered, options which captured building and other forms of construction

were provided. Table 4.5 shows what the respondents indicate as the nature of building covered.

Table 4.5: Respondents Perception on Nature of construction covered by Builders' Risk Insurance

Nature of construction	Frequency (No)	Percentage (%)
High way	1	1.0
Building	57	58.8
Civil/Mechanical works	3	3.1
All	34	35.1
None	2	2.1
Total	97	100.0

Source: Field Survey (2018)

From Table 4.5, 58.8% companies actually know that BRI policy is a coverage taken for building construction works. While the remaining 40 companies (41.3%) got it wrong. With 34 firms (35.1%) indicating that it is taken for all type of construction works. This signifies that the level of understanding to the nature of construction covered by BRI is moderate based on the response.

4.4.2 Type of building covered by BRI

According to the Insurance Act 2003, BRI is coverage for two storeys and above. Table 4.6 shows the response indicated by the respondents.

Table 4.6: Type of Buildings covered by Builders' Risk Insurance

Types of building	Frequency (No)	Percentage (%)
Bungalows	3	3.1
1 storey	2	2.1
2 storey and above	47	48.5
All	43	44.3
None	2	2.1
Total	97	100.0

Source: Field Survey(2018)

From Table 4.6, 47 companies (48.5%) actually know that BRI coverage is for buildings of 2 storeys and above while the remaining 50 companies (51.3%) did not

respond correctly to the question. The result indicates a lower level of awareness on the type of buildings covered by BRI when compared to nature of construction covered which means the level of understanding to the type of building covered by BRI is low.

4.4.3 Nature of Risk Covered by BRI

The risks covered by BRI include; building collapse, fire, theft and workers liability. In order to determine the knowledge on the nature of risks covered, the respondents were asked to indicate which among the six listed risks are covered by BRI. The question was a multiple response questions and each respondent can indicate more than one option. The result is presented in table 4.7 and 4.8.

Table 4.7: Nature of Risk Covered by Builders' Risk Insurance

Risks	Responses	
	Frequency (No)	Percentage (%)
building collapse	85	89.5
Fire	71	74.7
Theft	39	41.1
Motor Vehicle	33	34.7
Workers liability	62	65.3
Design Specification	2	2.1

Source; Field Survey(2018)

From Table 4.7, 89.5% ticked on building collapse, 74.7% ticked fire, 41.1% ticked theft and 65.3% on workers liability. It can be seen that different responses were obtained on the risks that are actually covered by BRI.

In order to evaluate the awareness on this multiple options question, the responses are consolidated into four categories as presented in Table 4.8. Highly aware represents respondents that got all the 4 correct items. Aware represents those that got 3 correct items. Unaware indicates those that got only 1 or 2 correct items while highly unaware are those that did not get any correct items.

Table 4.8: Awareness level on nature of Risk Covered by Builders' Risk Insurance

Awareness level	Frequency (No)	Percentage (%)
Highly aware	16	16.5
Aware	48	49.5
Unaware	31	31.9
Highly unaware	2	2.1
Total	97	100.0

Source; Field Survey(2018)

From Table 4.5, 66% are aware of the risk covered. On the other hand 34% are unaware of the risks covered.

4.4.4 Legislation that covers BRI

The legislation that covers Builders' Risk Insurance policy is the Nigerian Insurance Act 2003. Table 4.9 presents the responses.

Table 4.9 Legislations that cover Builders' Risk Insurance

Legislation	Frequency (No)	Percentage (%)
Insurance Act 2003	30	30.9
Insurance Act 2006	8	8.2
National Building Code 2006	27	27.8
All	20	20.6
None	4	4.1
Missing	8	8.2
Total	97	100.0

Source: Field Survey(2018)

From Table 4.9, only 30 companies with 30.9% know that the policy is covered in the Insurance Act 2003 while the remaining 67 companies with 68.9% indicated other options given which means awareness to the legislation that covers BRI is low.

Table 4.10 Summary of Level of Awareness

S/N		Aware	Not Aware
1.	Nature of construction covered by BRI	58.8%	41.2%
2.	Type of building covered by BRI	48.5%	51.5%
3.	Nature of risks covered by BRI	66.0%	34.0%
4.	The ACT that covers BRI	30.9%	69.1%
	Average Total	51.05%	48.95%

Source: Field Survey(2018)

From Table 4.10, it can be concluded that the level of awareness is 51.05% out of 100%. According to Adeleke *et al.,* (2013), professionals in the construction industry are very aware of BRI policy with an average percentage of 50% out of 100%. This implies that the level of awareness to builders' risk insurance is on the average and not high which means more work needs to be done to improve awareness to the policy by the relevant stakeholders.

4.5 Level of Enforcement of Builders' Risk Insurance

This relates to the second objective. In order to achieve this, an interview was conducted with representatives from the regulatory authority (NAICOM) and planning authority (FCDA). The results are presented in sub-sections 4.5.1 and 4.5.2 respectively.

4.5.1 Enforcement of BRI by NAICOM

i. Role of NAICOM in enforcement

Based on the interview, NAICOM is a commission that ensures the insurance of buildings under construction (BRI policy) are made compulsory for either owners of projects or contractors with an objective to provide security against the risk of bodily injury and building collapse damage during construction. The policy is also to protect workers and members of the public.

ii. Collaboration Efforts on BRI and how to Enhance Implementation

NAICOM collaborates with professional bodies like COREN to ensure that contractors provide coverage for buildings under construction but the rate of enforcement is still low as implementation problem still lingers and buildings that are supposed to be covered are not covered. Therefore, the commission is planning to collaborate and partner with the State governments as they believe this would bring about better enforcement and implementation of the policy as contractors would have no choice but to comply because a percentage of every purchased cover goes to the States which is also a way for the States to generate revenue.

iii. Monitoring practices

All enforced laws need to be monitored to ensure proper implementation. NAICOM has a department/unit called inspectorate unit that monitors and checks for building insurance coverage through the insurance companies. But once the collaboration with state governments becomes a reality, NAICOM plans to put everything online such that when a building insurance cover is purchased, the certificate can be checked and monitored by NAICOM from anywhere and with this development the states can be monitored to make sure they are enforcing the law.

iv. Claims related Problems, Settlement and Sanctions

When claim related issues arise it is usually handled and settled by the insurance companies but once a consumer is not satisfied with the settlement the consumer forwards his/her case to the Insurance Association Complaint Bureau which then make sure the claim is settled appropriately. If a consumer is still not satisfied, he/she writes to the commission's Consumer Complaint Bureau and if the claim is genuine, it is handled and settled by their in-house lawyers within 30 days. However, if a consumer is a defaulter, it is identified by the inspectorate officer and punished accordingly as stated

by the Act which is either monetary fine of 250,000 Naira or 3 years imprisonment or both.

v. Perceptions about Barriers to Implementation

There are several barriers that are responsible for low implementation of the BRI policy. Some stated by the commission include;

i. Insurance not paying claims on time
ii. Lack of political will from government to enforce the policy
iii. Low believe in insurance
iv. Unstable government policies

The research tried to find out the number of companies that have been sanctioned for default and non-compliance in the last 6 years but the information was not made available for reasons best known to by the Commission. In conclusion, NAICOM believes that once the collaboration with the State governments kicks off, Federal government would have no choice but to key into it to ensure proper enforcement and implementation.

4.5.2 Enforcement of BRI by FCDA

Role of FCDA

FCDA is a planning authority that checks and approves building drawings and plan before the contractors or owners go to site to commence actual construction. During construction, a construction team is sent to the site to make sure that the actual plan is strictly adhered to.

i. Role of FCDA in Enforcement of BRI

Over the years, BRI policy certificate has not been part of the document(s) being checked and approved by FCDA because the law has not been enforced yet and that they do not have the jurisdiction to enforce it on construction companies.

In conclusion, once the partnership or collaboration that NAICOM wants to have with the state governments on enforcement and implementation begins, Federal Capital Territory Abuja (FCTA) would also be part and FCDA which is the planning authority of FCTA would now begin to enforce and check BRI policy certificate as a compulsory document to be approved before construction begins.

4.6 Level of Compliance with Builders' Risk Insurance

The third objective was assessing the level of compliance with BRI and was determined from construction and insurance companies because the two respondents were relevant.

4.6.1 Frequency of taking BRI Policy

The frequency of taking builders' risk insurance policy was determined from both construction and insurance companies. The results are presented in tables 4.11 and 4.12.

Table 4.11: Frequency of taking BRI by Construction Companies

Scale	Frequency (No)	Percentage (%)
Never	19	19.6
Rarely	13	13.4
Sometimes	21	21.6
Most often	28	28.9
Always	15	15.5
Missing	1	1.0
Total	97	100.0

Source: Field Survey(2018)

From Table 4.11, 64 companies with 66% take up the policy which consists of sometimes 21.6%, most often 28.9% and always 15.5%. While the remaining 34 companies with 36% do not take up the policy.

Table 4.12: Frequency of Construction Companies taking BRI from Insurance Companies

Scale	Frequency (No)	Percentage (%)
Never	0	0.0
Rarely	4	25.0
Sometimes	8	50.0
Most often	3	18.8
Always	1	6.2
Total	16	100.0

Source: Field Survey(2018)

From table 4.12, 12 companies with 75% claim the construction companies take up the policy with sometimes 50.0%, most often 18.8% and always 6.2%. The remaining 4 companies 25% claim construction companies do not take up the policy.

4.6.2 Level of Agreement on Frequency of taking BRI

The level of agreement on frequency of taking BRI was determined using Kendall's W or Kendall's coefficient of concordance from the ranking of the frequency on taking BRI on tables 4.11 and 4.12. The result on the ranking and sum of squared deviation(s) is presented in table 4.13.

Table 4.13: Level of agreement on frequency of taking up BRI

Scale	Construction Company Rank	Insurance Company Rank	S
Never	3	5	4
Rarely	5	2	1
Sometimes	2	1	9
Most often	1	3	4
Always	4	4	4
Total			22

Source, Field Survey(2018)

Using SPSS, Kendall's W = 0.56 and from kappa interpretation 0.56 is within the 0.41 – 0.60 which is moderate agreement. The level of agreement on frequency of taking BRI

policy is moderate. This result implies that both construction companies and insurance companies have some level of agreement on compliance to the BRI policy.

In addition, the level of compliance to builders' risk insurance policy can be said moderate which corresponds to the result from tables 4.11 and 4.12 which agrees and states that above 60% of construction companies frequently take up builders' risk insurance policy.

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distributions of How often does the firm take up BRI and How often do construction companies take up this cover are the same.	Related-Samples Kendall's Coefficient of Concordance	.564	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The research tried to find out the numbers of construction projects that is covered by BRI policy in the last 6 years from 2012 to 2017 and most of the companies where uncooperative about releasing such information because they considered it too sensitive. Only 6 responded and 1 out of the 6 stated that all Government project that were carried out within the 6 years that was covered, the rest 5 gave figures that were within the range of 1 – 17 projects that were covered by BRI.

To establish proper compliance, the research tried to find out the number of claims made and settled but the companies were also uncooperative to give out the information but the insurance companies were able to give reasons that disqualifies claim as the following.

i. Expired policy.
ii. Improper claim documentation.
iii. Loss not covered or no premium.
iv. Late notification of loss.
v. Breach of insurance contract.

vi. Fictitious claim.

4.6.2 Frequency and Nature of Sanctions

The frequency and nature of sanctions according to the Insurance Act 2003 was established in other to collaborate the frequency of taking up BRI so as to ensure proper compliance. The results obtained are presented in tables 4.14 and 4.15.

Table 4.14: Frequency of sanction according to the Insurance Act 2003

Scale	Frequency (No)	Percentage (%)
Never	60	61.9
Rarely	25	25.8
Sometimes	9	9.3
Most often	1	1.0
Missing	2	2.1
Total	97	100.0

Source: Field Survey(2018)

From Table 4.14, 60 companies with 61.9% said they have never been sanctioned for defaulting, 25 companies with 25.8% said they were rarely sanctioned which means once in a very long time. 9 companies with 9.3% said they have been sanctioned sometimes in the past and 1 company with 2.1% agreed that they are most often sanctioned. The missing 2 with a percentage of 2.1 didn't respond to that particular question.

Table 4.15: Nature of sanctions

Sanctions	Frequency (No)	Percentage (%)
Monetary fine	31	32.0
Imprisonment	0	0.0
Both	3	3.1
Missing	63	64.9
Total	97	100.0

Source: Field Survey(2018)

From Table 4.15, 31 companies with 32.0% said they have been sanctioned with monetary fine while 3 companies with 3.1% said their sanction was both 3 years

imprisonment and monetary fine as stated in the Insurance Act 2003 as punishment for defaulters. The missing which summed to 63 companies with 64.9% represents the numbers of companies that have never been sanctioned before.

4.7 Barriers to implementation ofBRI

This addressed objective four of the study. The respondents for the objective were both construction and insurance companies. The Tables 4.16 and 4.17 presents the result obtained. While table 4.18 presents the result of the combined mean and ranks of the barriers to implementation.

Table 4.16: Barriers to the implementation of BRI by construction companies

S/N	Barriers	Mean Score	SD	Rank
1.	Unstable economic condition	4.11	0.827	1
2.	Inconsistent Government policy	4.09	0.818	2
3.	Ineffective implementation and enforcement strategy	3.85	0.905	3
4.	High premium rate	3.63	0.858	4
5.	Poor attitude towards insurance services	3.61	1.132	5
6.	Low indemnity rate after loss or damage	3.56	1.020	6
7.	Delay in claim settlement by insurance companies	3.55	1.089	7
8.	Low level of confidence on insurance companies	3.48	1.061	8
9.	Low level of understanding	3.23	1.170	9
10.	Excessive protocol and bureaucracy	3.06	1.125	10
11.	Ineffective contractual arrangement	3.04	0.988	11
12.	Lack of skilled personnel	2.51	0.969	12
13.	Inadequate access to information technology	2.31	0.928	13
14.	Religious beliefs	2.15	1.064	14

Source: Field Survey(2018)

Key: 1- Strongly Disagree, 2- Disagree, 3-indifferent, 4- Agree, 5- Strongly Agree

From Table 4.16, unstable economic condition (Mean Score (MS) = 4.11), inconsistent government policy (MS = 4.09), ineffective implementation and enforcement strategy (MS = 3.85), high premium (MS = 3.63), poor attitude towards insurance service (MS =

3.61), low indemnity rate after loss or damage (MS = 3.56) and delay in claim settlement by insurance companies (MS = 3.55) ranked top factors because they have mean score of above 3.5. This means the respondents both agreed and strongly agreed that these factors are majorly responsible for low implementation of the policy. While the rest factors were ranked bottom because they had a mean score of below 3.5 i.e. excessive protocol and bureaucracy (MS = 3.06), ineffective contractual arrangement (MS = 3.04), lack of skilled personnel (MS = 2.51), inadequate access to information technology (MS = 2.31) and religious beliefs which means they are not constraints in the implementation of BRI policy.

Table 4.17: Barriers to the implementation of BRI by insurance companies

S/N	Barriers	Mean Score	SD	R
1.	Ineffective implementation and enforcement strategy	4.50	0.730	1
2.	Inconsistent Government policy	4.44	0.629	2
3.	Unstable economic condition	4.13	0.806	3
4.	Poor attitude towards insurance services	4.00	1.032	4
5.	Low level of understanding	3.63	1.024	5
6.	Excessive protocol and bureaucracy	3.31	1.352	6
7.	Low level of confidence on insurance companies	3.19	1.167	7
8.	Ineffective contractual arrangement	3.00	0.816	8
9.	Inadequate access to information technology	2.94	1.236	9
10.	High premium rate	2.75	1.390	10
11.	Religious beliefs	2.50	0.966	11
12.	Lack of skilled personnel	2.31	1.078	12
13.	Low indemnity rate after loss or damage	2.19	1.108	13
14.	Delay in claim settlement by insurance companies	2.06	0.680	14

Source: Field Survey(2018)

Key: 1- Strongly Disagree, 2- Disagree, 3-indifferent, 4- Agree, 5- Strongly Agree

From Table 4.17, inconsistent Government policy (Mean Score (MS) = 4.44), ineffective implementation and enforcement strategy (MS = 4.50), unstable economic condition (MS = 4.13), poor attitude towards insurance services (MS = 4.00) and low level of understanding (MS = 3.63) where ranked among the top barriers to the implementation of the policy because they all have a mean score of above 3.5. Which means these five factors significantly affect implementation of the policy as the respondents agreed and strongly agreed on the factors which conforms with the result of the interview conducted with NAICOM. While religious beliefs (MS = 2.50), lack of skilled personnel (MS = 2.31), low indemnity rate after loss or damage (MS = 2.19) and delay in settlement by insurance companies (MS = 2.06) where among the bottom ranked because they had a mean score of below 3.5 which means they do not affect or have any significance to the barriers to the implementation of the policy as the respondents mostly disagreed.

Table 4.18: Combined Mean and Rank on Barriers to the implementation of BRI

S/N	Barriers	Mean	Rank
1.	Inconsistent Government policy	4.27	1
2.	Ineffective implementation and enforcement strategy	4.18	2
3.	Unstable economic condition	4.12	3
4.	Poor attitude towards insurance services	3.81	4
5.	Low level of understanding	3.43	5
6.	Low level of confidence on insurance companies	3.34	6
7.	High premium rate	3.19	7
8.	Excessive protocol and bureaucracy	3.19	8
9.	Ineffective contractual arrangement	3.02	9
10.	Low indemnity rate after loss or damage	2.88	10
11.	Delay in claim settlement by insurance companies	2.80	11
12.	Inadequate access to information technology	2.63	12
13.	Lack of skilled personnel	2.41	13
14.	Religious beliefs	2.33	14

Source: Field Survey(2018)

From Table 4.18, inconsistent Government policy (MS = 4.27), ineffective implementation and enforcement strategy (MS = 4.18), unstable economic condition (MS = 4.12) and poor attitude towards insurance services (MS = 3.81) where ranked among the top barriers to the implementation of the policy with mean score of above 3.5. While the remaining were ranked bottom with mean score of below 3.5.

It can be observed that there is high similarity in the ranking of the barriers by both construction and insurance companies. All the top 5 rated barriers for the combined respondents are among the 5 top rated barriers by the insurance companies. 4 of the top 5 barrier from the combined respondents are also top rated by the construction companies. 'High premium' is the only barrier among the top 5 rated by construction companies that is not among the overall top 5. This is not surprising because of cost implication it poses on the insurer while the insurance companies do not believe high premium is a barrier because they have to pay compensation where there is loss or damage and they would lose money in the process. Similarly, 'low indemnity rate after loss or damage' is considered to be a barrier by the construction companies but not by the insurance companies. This is because once a claim is made the insurance company would try as much as possible to minimise the amount to be paid. It tries to establish whether the loss is genuine or the loss was avoidable. On the other hand, the construction companies would like to be compensated as high as they could get. Often, the final settlement may not be as they desire.

A similar situation can also be observed in relation to the barriers that are ranked low by both the construction and insurance companies. Out of the bottom 5 overall ranked barriers, 3 and 4 were respectively ranked among the bottom 5 by construction and insurance companies. The only few exceptions are 'low indemnity rate after loss or damage' and 'delay in claim settlement by insurance companies'. These are considered

as barriers by the construction companies. The former has been discussed earlier. In the case of the latter, it is obvious that construction companies would like to be compensated within the shortest possible time. On the part of insurance companies, all the necessary investigative processes need to be followed before genuine claims are settled. The difference in perception should therefore be understood in this context.

4.7.1 Level of Agreement on barriers to implementation of BRI

The level of agreement was calculated using Kendall'sW. The ranking on the barriers to implementation of BRI from construction and insurance companies, sum of square deviation is presented in Table 4.19.

Table 4.19 Level of agreement on Barriers to the implementation of BRI

S/N	Barriers	Rank		
		Construction Companies	Insurance Companies	s
1.	Inconsistent Government policy	2	2	121
2.	Ineffective implementation and enforcement strategy	3	1	121
3.	Unstable economic condition	1	3	121
4.	Poor attitude towards insurance services	5	4	36
5.	Low level of understanding	9	5	1
6.	Low level of confidence on insurance companies	8	7	0
7.	High premium rate	4	10	1
8.	Excessive protocol and bureaucracy	10	6	1
9.	Ineffective contractual arrangement	11	8	16
10.	Low indemnity rate after loss or damage	6	13	16
11.	Delay in claim settlement by insurance companies	7	14	36
12.	Inadequate access to information technology	13	9	49
13.	Lack of skilled personnel	12	12	81
14.	Religious beliefs	14	11	100
	Total			700

Source: Field Survey (2018)

Using SPSS, Kendall's W = 0.769 approximately 0.77. From kappa interpretation of Kendall's W, 0.75 is within the range of 0.61 – 0.80 which is good agreement. It can

therefore be stated that, there is good agreement between the construction and insurance companies on the perception of the barriers militating against the implementation of BRI policy. This further supports the results in Table 4.18 which indicates high degree of similarity in the highly ranked barriers by both groups of respondents. The same also applies to the barriers that are ranked low.

4.8 Proposed framework for Enhancing Implementation of BRI

Based on the findings of the study, a framework for enhancing implementation is been proposed. An implementation framework is a set of concepts that guide the execution of a project. The framework has two elements, components and strategies. The components represent key areas of inadequacies of BRI implementation as identified from the findings of the study. The Strategies represent the ways that could assist in overcoming the shortcomings of each component identified and specific actions required to enhance implementation. Detail of the framework is presented in Figure 4.1

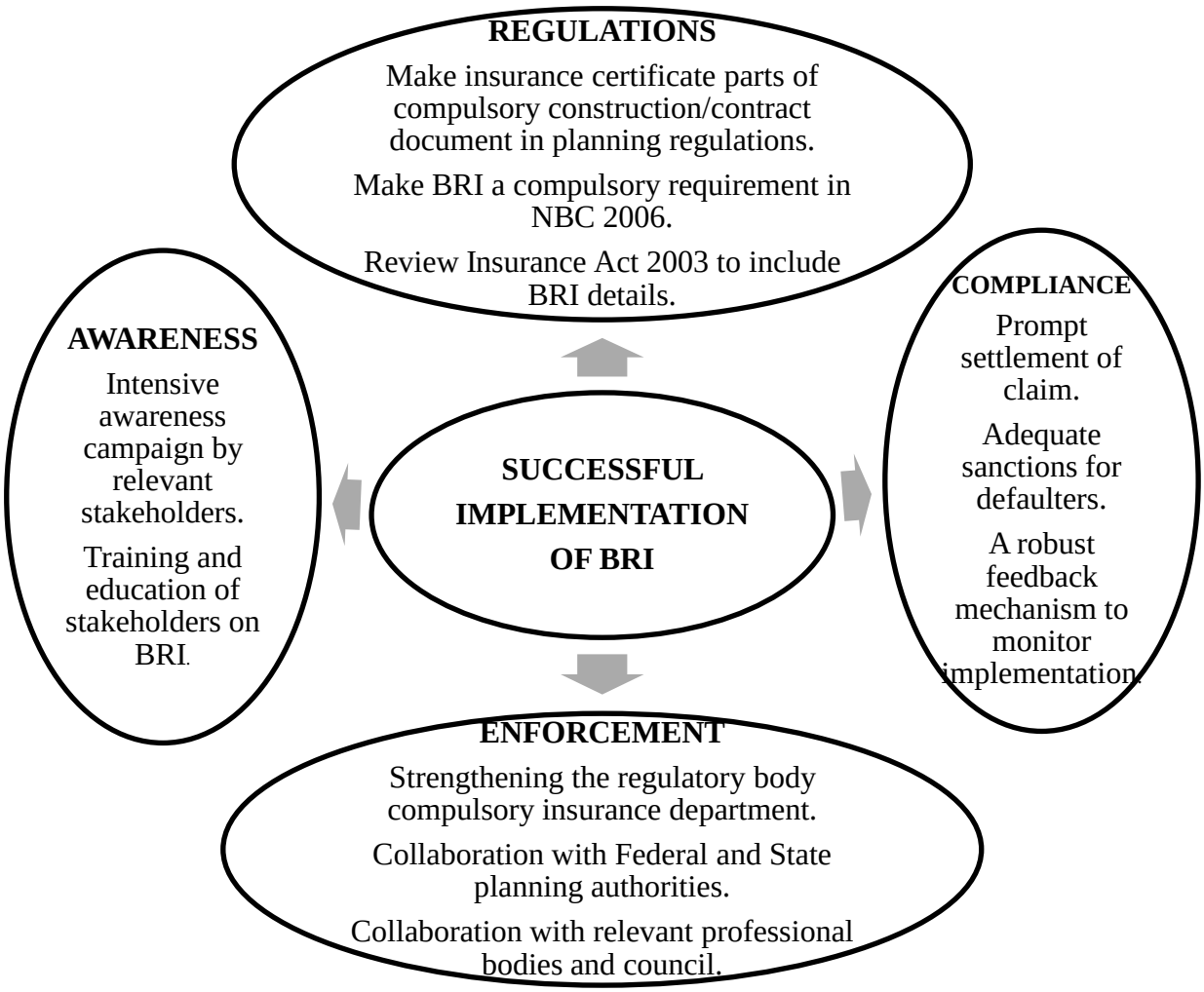


Fig 4.1: Proposed Framework for Enhancing Implementation of BRI

4.8.1 Regulations

This refers to laws, regulations and codes of practice in relation to construction work. Three strategies were identified under this component, which is explained below.

i. Currently planning and development regulations in the states and FCT do not include evidence of BRI or any insurance before approval of construction work. Making certificate of insurance as part of the documents to be submitted for building approval would improve the level of implementation

ii. The NBC 2006 stipulates responsibilities to various stakeholders in construction projects. The role relevant stakeholders with regards to BRI should be provided in the code.

iii. The insurance Act 2003 does not include all aspect of BRI such as specific risks covered by BRI, the extension, exclusions and when the policy ends. Therefore, it should be reviewed comprehensively.

4.8.2 Awareness

There are two major strategies identified to help improve awareness of BRI which are discussed below.

i. The current level of awareness is inadequate. Intensive awareness campaignwould assist in creating more awareness among relevant stakeholders.
ii. Training and education of relevant stakeholders through conferences, seminar, and workshops could help to improve awareness. Similarly, curriculum of relevant construction programs should include an aspect on BRI.

4.8.3 Enforcement

Three strategies were identified to improve implementation of BRI which is discussed below.

i. The regulatory body (NAICOM) is overwhelmed with different activities. More financial and human resources are required for NAICOM to be able to effectively enforce compliance with BRI.
ii. Federal and State planning authorities should be involved in enforcement of BRI law. This would assist NAICOM in enforcing the regulation in view of their resource inadequacies.
iii. Collaboration with relevant professional bodies and councils in the built environment will improve implementation of BRI. The professional bodies and councils could assist in monitoring the conduct of their members with regards appropriate practices.

4.8.4 Compliance

Three strategies for improving compliance to BRI have been identified, which are discussed below.

i. Claim settlement is usually a problem and a reason why some construction companies do not take BRI or any insurance coverage. Insurance companies and NAICOM should ensure that genuine claims after any loss are settled promptly so as to encourage taking of the policy which can greatly improve the level of compliance to BRI and other related policies.
ii. Failure to penalise defaulters of laws and regulations result to non-compliance. When sanctions stated in the insurance Act 2003 are adequately imposed on defaulters, this would serve as example to others and the level of compliance would be improved.
iii. A very good feedback mechanism should be in place to track and monitor enforcement of BRI policy. This would improve implementation of BRI among the relevant stakeholders.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECCOMMENDATIONS

5.1Summary of Findings

The research assessed the implementation of builders' risk insurance policy in the Nigerian construction industry as stated in the Insurance Act 2003. The study was carried out on construction companies, insurance companies, Federal Capital Development Authority (FCDA) and National Insurance Commission (NAICOM). Below is the highlight of major findings:

i. The level of awareness on BRI by construction companies is moderate(51.05%).
ii. Builders' Risk Insurance certificate is not yet a requirement before approval for construction works by FCDA.
iii. The level of collaboration is low and current collaboration with COREN did not yield any result.
iv. There is moderate level of agreement between the construction and insurance companies on compliance as it is 0.56 based on Kendall's W.
v. The major barriers to the implementation of BRI based on the mean score include; inconsistent Government policy (MS = 4.27), ineffective implementation and enforcement strategy (MS = 4.18), unstable economic condition (MS = 4.12) and poor attitude towards insurance services (MS = 3.81) where ranked among the top barriers to the implementation of the policy.
vi. There is good level of agreement on the barriers to implementation between construction and insurance companies which was 0.77 based on Kendall's W.

5.2 Conclusions

Based on the result obtained, the following are the conclusions of the research:

i. There is inadequate awareness on BRI from construction companies.
ii. There is low level of enforcement by NAICOM as a result of manpower inadequacies.
iii. The level of compliance from both construction and insurance companies is moderate.
iv. The key barriers militating against the implementation of builders' risk insurance can be related to government, construction companies and insurance companies.
v. In-view of the shortcomings identified, a framework is developed to enhance implementation of BRI by stating 4 key components and several strategies.

5.3 Recommendations

From the result of the findings, the following recommendations with the aim of enhancing implementation are proffered:

i. There should be more sensitization on BRI to the relevant stakeholders on awareness to the policy so as to improve the level of compliance and reduce project risk.
ii. The intended collaboration with state government should be fast tracked so as to improve enforcement and compliance with the policy.
iii. Evidence of BRI policy should be made as part of construction document in the National Building Code.
iv. NAICOM should develop a proper mechanism for monitoring and compliance.

v. There should be incentives by insurance companies to complying and patronizing construction companies.

vi. There should be adequate sanctions by NAICOM against defaulters according to the Insurance Act 2003.

vii. NAICOM should ensure that insurance companies are settling claims promptly.

5.4 Contributions to Knowledge

i. The study established that the current Insurance Act 2003 and National Building Code 2006 and regulations are deficient in provisions relating to Builders' Risk Insurance.

ii. The study has established the key barriers to implementation of BRI to be; inconsistent Government policy (MS = 4.27), ineffective implementation and enforcement strategy (MS = 4.18), unstable economic condition (MS = 4.12) and poor attitude towards insurance services (MS = 3.81).

iii. The study proposed a framework for enhancing implementation of builders' risk insurance policy.

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APPENDICES

Appendix 1

RESEARCH QUESTIONNAIRE FOR CONSTRUCTION FIRMS

Department of Building,

Ahmadu Bello University, Zaria.

Dear Sir/Madam,

I am Mojirade, FawziyyahOyeleke an M.Sc. student in the Department of Building, Ahmadu Bello University, Zaria. I am currently carrying out a research work on "ASSESSMENT OF BUILDER'S RISK INSURANCE IMPLEMENTATION IN NIGERIAN CONSTRUCTION COMPANIES". Your assistance in completing the questionnaire will be very helpful. It would take approximately 15 minutes to complete. Please note that all information provided will be used for academic purposes only and would be treated with utmost confidentiality.

Thank you
Oyeleke, MojiradeFawziyyah
08067959960

Please Tick as Appropriate

SECTION A (Respondent/ Company Profile)

1. What is your designation in the firm……..
2. How long have the firm been in business? (a) 0 – 5 years (b) 6 – 10 years (c) 10- 15 years (d) 16 years and above.
3. What is the size of the firm based on the number of employees? (a) 10 – 99 employees (b) 100 – 999 employees (c) 1000 and above employees.
4. What is the firm's annual turnover? (a) Less than 1.7 billion Naira (b)1.7 – 6.7 billion Naira (c) above 6.7 billion Naira

SECTION B

5. What is the nature of construction covered by Builder's Risk Insurance? (a)High Way Construction (b) Building Construction (c) Civil/Mechanical Works (d) All (e) None.
6. What type of building is covered by Builder's Risk Insurance? (a) Bungalows (b) 1 Storey (c) 2 Storey and Above (d) All (e) None
7. What is the nature of risks covered by Builder's Risk Insurance?

S/N	**Risks**	
1.	Building collapse	
2.	Fire	
3.	Theft	
4.	Motor vehicle	
5.	Workers liability	
6.	Others(specify)	

8. Which of the Acts covers Builder's Risk Insurance? (a) Insurance Act 2003 (b) Insurance Act 2006 (c) National Building Code 2006 (d) All (e) None.

SECTION C

9. How often does the firm take up Builder's Risk Insurance cover?

Never (1)	**Rarely (2)**	**Sometimes (3)**	**Most Often (4)**	**Always (5)**

10. Indicate the project of 2 floors and above the firm has handled in the last 6 years in Abuja?

2012	2013	2014	2015	2016	2017

11. How many of the projects from Q10 were covered by Builder's Risk Insurance policy in Abuja?

2012	2013	2014	2015	2016	2017

12. Indicate number of claims made and number of claims settled over the last 6 years for Builder's Risk Insurance policy in Abuja?

Year	**No of claims made**	**No of claims settled**
2012		
2013		
2014		
2015		
2016		
2017		

13. Has the firm ever been sanctioned for default before according to the Insurance Act 2003?

Never (1)	**Rarely (2)**	**Sometimes (3)**	**Most Often (4)**	**Always (5)**

15. If the firm has been sanctioned, what is the nature of the penalty? (a) Imprisonment (b) monetary fine (c) both (d) others (please indicate).

SECTION D

16. To what extent do the following factors constitute a barrier toward the implementation of Builder's Risk Insurance policy?

S/N	**Factors**	**Rating**				
		1 Strongly Disagree	**2 Disagree**	**3 Indifferent**	**4 Agree**	**5 Strongly Agree**

1.	Excessive protocol and bureaucracy					
2.	Low level of confidence on insurance companies					
3.	High premium rate					
4.	Low level of understanding					
5.	Inadequate access to information technology					
6.	Lack of skilled personnel					
7.	Poor attitude towards insurance services					
8.	Ineffective implementation and enforcement strategy					
9.	Low indemnity rate after loss or damage					
10.	Ineffective contractual arrangement					
11.	Delay in claim settlement by insurance companies					
12.	Unstable economic condition					
13.	Inconsistent Government policy					
14.	Religious beliefs					

17. General Comments. …….....

Appendix II

RESEARCH QUESTIONNAIRE FOR INSURANCE COMPANIES

Department of Building,

Ahmadu Bello University, Zaria.

Dear Sir/Madam,

I am Mojirade, FawziyyahOyeleke an M.Sc. student in the Department of Building, Ahmadu Bello University, Zaria. I am currently carrying out a research work on "ASSESSMENT OF BUILDER'S RISK INSURANCE IMPLEMENTATION IN NIGERIAN CONSTRUCTION COMPANIES". Your assistance in completing the questionnaire will be very helpful. It would take approximately 15 minutes to complete. Please note that all information provided will be used for academic purposes only and would be treated with utmost confidentiality.

Thank you
Oyeleke, MojiradeFawziyyah
08067959960

Please Tick as Appropriate

SECTION A (Respondents/Company Profile)

1. Company Name……
2. Position occupied in the company.....
3. How long have the company been in business? (a) 0 – 5 years (b) 6 – 10 years (c) 10 – 15 years (d) 16 years and above.

SECTION B

4. Does the company engage in Builders Risk Insurance policy as a class of insurance? YES [ ] NO [ ]
5. How often do construction companies take up this coverage?

Never (1)	Rarely (2)	Sometimes (3)	Most Often (4)	Always (5)

6. How many construction projects have been covered by Builder's Risk Insurance in the last 6 years in Abuja?

2012	2013	2014	2015	2016	2017

7. Please provide information in the last 6 years in relation to the under-listed incidences in Abuja.

S/N	Risks	No of claims received	No of claims settled	No of claims being processed	No of claims disqualified
1.	Building collapse				
2.	Fire				
3.	Theft				

8. What are the basic reasons that disqualify claims? (List as many).
   1……
   2…….
   3…….
   4……..
   5……

SECTION C

9. To what extent do the following factors constitute a barrier towards the implementation of Builder's Risk Insurance policy?

S/N	Factors	Rating				
		1 Strongly Disagree	2 Disagree	3 Indifferent	4 Agree	5 Strongly Agree
1.	Excessive protocol and bureaucracy					
2.	Low level of confidence on insurance companies					
3.	High premium rate					
4.	Low level of understanding					
5.	Inadequate access to information technology					
6.	Lack of skilled personnel					
7.	Poor attitude towards insurance services					
8.	Ineffective implementation and enforcement strategy					
9.	Low indemnity rate after loss or damage					
10.	Ineffective contractual arrangement					
11.	Delay in claim settlement by insurance companies					
12.	Unstable economic condition					
13.	Inconsistent Government policy					
14.	Religious beliefs					

10. General comment. ……

Appendix III

SAMPLE INTERVIEW QUESTIONS FOR NAICOM

1. Kindly explain the role of NAICOM with regards to Builder's Risk Insurance policy.

2. How does the commission collaborate with professional bodies for proper implementation and enforcement of Builder's Risk Insurance?

3. Which unit/department or personnel is responsible for the monitoring of builder's risk insurance policy?

4. How does the department or personnel ensure that all buildings that should be covered are actually covered?

5. What are the provisions for ensuring that genuine claims made by contractors are settled appropriately?

6. In the Insurance Act 2003, there are provisions for defaulters and their punishment. How does the commission identify defaulters and punish them accordingly?

7. How many companies have been sanctioned for non-compliance in the last 6 years?

8. What is the nature of the sanction if any?

9. What are the factors you think is responsible for the low implementation of builders' risk insurance policy?

10. General comment……

Appendix IV

SAMPLE INTERVIEW QUESTIONS FOR FCDA

1. Professional Background?

2. Designation?

3. How many projects above 2 floors have been approved in the last 6 years for construction firms?

2012	2013	2014	2015	2016	2017

4. What is the level of awareness of FCDA to Builder's Risk Insurance policy?

5. Is Builder's Risk Insurance policy part of the documents checked by FCDA before approval?

6. What are the factors you think is responsible for the low implementation of builders risk insurance policy?

7. General Comment.