

FIRST STANDARD TITLE LIMITED (FSTL) WHITE PAPER ON THE CREATION
OF
THE NATIONAL TITLE INSURANCE COMPANY OF NIGERIA (NATICON)

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Technical Advisory: Organisation & Methods Nigeria Ltd (est. 1969) – Institutional and methodology consultants for systemic design, risk assessment, and operational implementation of NATICON.

EXECUTIVE INTRODUCTION (NIGERIA CONTEXT) Nigeria's land and landed property system represents the largest unstructured store of wealth in the country. Despite this reality, land remains:

- Legally insecure
- Economically under-leveraged
- Institutionally fragmented
- Politically exposed

Consequences:

- Mortgage finance remains underdeveloped
- Housing supply cannot meet demand
- Infrastructure financing is restricted
- Capital market participation is low
- Foreign and domestic investment confidence is undermined

This White Paper proposes the creation of the National Title Insurance Company of Nigeria (NATICON) as a systemic, institutional, and market-based solution to Nigeria's title insecurity crisis.

FSTL is the pioneer, originator, and technical driver of this initiative, based on over 20 years of continuous research, advocacy, structuring, and engagement with public and private stakeholders.

The initiative benefits from the expertise of Organisation & Methods Nigeria Ltd (est. 1969), which provides technical consulting on methodology, institutional design, and risk structuring.

SECTION 1: DEFINITIONS & ACRONYMS

- NATICON – National Title Insurance Company of Nigeria

- FSTL – First Standard Title Limited (pioneer of title & mortgage insurance in Nigeria)
- MDA – Ministries, Departments and Agencies of Government
- FMHUD – Federal Ministry of Housing and Urban Development
- C of O – Certificate of Occupancy
- LUA – Land Use Act, 1978
- Title Insurance – Insurance that indemnifies owners and lenders against loss arising from defects in title
- Mortgage Insurance – Insurance protecting lenders against borrower default
- Organisation & Methods Nigeria Ltd – Consulting firm (since 1969) advising on institutional design, methodology, and risk assessment

SECTION 2: WHY THE EXISTING LAND & TITLE SYSTEM UNDERPERFORMS Structural Weaknesses (Observed Nationwide):

- Manual, fragmented, and non-standardised land registries
- Inconsistent title documentation across States of the Federation
- Political discretion embedded in land allocation and revocation processes
- Absence of actuarial risk underwriting in land transactions
- No indemnity or compensation mechanism for innocent purchasers or lenders

Economic Consequences:

- Over 90% of land in Nigeria remains economically dead capital (De Soto framework)
- Mortgage penetration < 1% of GDP, compared with 30–70% in structured economies
- Banks avoid land-backed lending due to uncontrollable title risk
- Pension and institutional funds cannot deploy long-term capital into housing
- Courts are congested with land disputes, often lasting decades (World Bank 2023; Supreme Court Annual Report 2023)

Reasons for Persistent Underperformance:

- Registries register documents, not validate title
- Legal opinions do not transfer or absorb risk
- MDAs lack mandates to underwrite or pool title risk
- Litigation resolves disputes after loss, not before

SECTION 3: FAILED EXPECTATIONS OF MDAs MDAs were never designed to:

- Underwrite title risk
- Indemnify citizens against title defects
- Correct historical title failures
- Absorb systemic legal uncertainty

Constraints MDAs face:

- Budgetary limitations

- Political exposure
- Jurisdictional fragmentation
- Absence of actuarial and insurance competence

Implication: Title risk must be transferred to a specialised national institution — NATICON.

SECTION 4: INDUSTRY FAILURE & THE UNLICENSED REAL ESTATE ECOSYSTEM

Nigeria's real estate market is dominated by:

- Unlicensed agents
- Informal intermediaries
- Non-standard documentation
- Lack of professional indemnity cover

Consequences:

- Rampant fraud
- Multiple sales of same property
- Endless litigation
- Investor distrust

NATICON introduces:

- Transaction discipline
- Risk pricing
- Professional accountability
- Market confidence

Statistics & References:

- 40% of civil litigation in Nigeria relates to land disputes (Supreme Court Annual Report 2023)
- Less than 5% of households qualify for structured mortgages (NMRC 2023)

SECTION 5: FAILURE OF CORRECTIVE MECHANISMS Despite constitutional safeguards, land disputes persist due to:

- Blurred roles between barristers and solicitors
- Poor conveyancing standards
- Lack of title verification culture
- Reactive litigation instead of preventive structuring

Illustrative reality:

- Courts adjudicate after damage occurs
- No mechanism compensates innocent purchasers

NATICON fills this gap by preventing loss before litigation.

SECTION 6: WHY TITLE INSURANCE IS THE MISSING INSTITUTION

- Converts legal uncertainty into insurable risk
- Replaces political discretion with actuarial discipline
- Protects citizens, lenders, and the state

Global Precedents:

- USA, Canada, UK, Australia — trillions in property value protected
- Nigeria remains unstructured, creating a massive business and policy gap

SECTION 7: LEGAL FOUNDATIONS, JUDICIAL REALITIES & MARKET CERTAINTY Nigerian Land Title Is Juridically Fragile:

- Possession, registration, or government allocation do not guarantee ownership
- Fragility undermines collateral and long-term capital deployment

Supreme Court Doctrine on Root of Title:

- Idundun v. Okumagba (1976) 9–10 SC 227 – Root of title is paramount; documentary evidence alone insufficient
- Historical defects create systemic credit risk
- NATICON insures against defects recognised by courts

Registration Is Not Conclusive:

- Awojugbagbe Light Industries Ltd v. Chinukwe (1995) 4 NWLR (Pt. 390) 379 – Registration does not validate defective title
- Registered titles can fail judicial scrutiny
- Modern mortgage finance requires insured certainty

Certificate of Occupancy (C of O) Limitations:

- Savannah Bank v. Ajilo (1989) 1 NWLR (Pt. 97) 305 – C of O does not extinguish prior equitable interests
- Governor's consent is mandatory; non-compliance invalidates transactions
- Abioye v. Yakubu (1991) 5 NWLR (Pt. 190) 130 – Land Use Act does not cure private defects

Competing Equitable Interests:

- Ogunleye v. Oni (1990) 2 NWLR (Pt. 135) 745 – Prior equitable interests prevail over documentation
- Title insurance prices and absorbs these risks

Systemic Litigation Risk:

- Land disputes dominate civil litigation
- Courts adjudicate but do not prevent loss
- NATICON functions as a preventive, market-based institution

Institutional Limitations:

- Courts: reactive, slow, adversarial
- Registries: register documents only; no indemnity
- Legal Practitioners: opinion-based due diligence without balance-sheet backing
- MDAs: fragmented mandates; no integrated risk framework
- NATICON fills the vacuum without usurping authority

Why Insurance, Not Regulation:

- Global precedent: insurance, not bureaucracy, ensures title certainty
- Converts legal uncertainty into priced, pooled risk

Constitutional and Policy Safety:

- NATICON operates within existing law
- Prices judicial risk; stabilises transactions
- Does not alter ownership rights

Inevitable Business and Policy Gap:

- Titles fragile; registries do not cure defects; lawyers cannot underwrite risk
- National Title Insurance Company is inevitable
- FSTL as pioneer; Organisation & Methods Nigeria Ltd as methodology consultant
- NATICON as national risk aggregator

Section 7 Policy Conclusion:

- Nigeria lacks insured certainty, not land or law
- NATICON is the logical legal and economic response to settled jurisprudence

SECTION 8: WHY NATICON MUST BE FEDERALLY ANCHORED State-Level Fragmentation Will Fail:

- Land risk is national but fragmented
- Mortgage, pension, and capital markets operate nationally
- Investors require uniform risk standards

Federal Anchoring Benefits:

- National uniformity in title risk standards

- Policy insulation from local political pressures
- Investor and lender confidence
- Seamless inter-state operability

FMHUD as Natural Anchor:

- Constitutional responsibility for housing and urban development
- Oversight of national housing programmes
- Interface with infrastructure and capital market policy
- Coordinate States without usurping their powers

SECTION 9: ECONOMIC & FISCAL TRANSFORMATIONAL IMPACT Direct Economic Outcomes:

- Expansion of mortgage market
- Increase in housing supply
- Unlocking infrastructure finance
- Deepening capital market participation

Statistics & Sources:

- 20–23 million housing unit deficit (FMBN/World Bank 2023)
- Urban population growth >4% annually (UN-Habitat 2023)
- Mortgage loans <1% of GDP (CBN 2024)

Fiscal and Institutional Benefits:

- Reduced litigation burden on courts
- Lower enforcement and compensation pressure on government
- Improved Ease of Doing Business rankings
- Increased internally generated revenue

Employment and Social Impact:

- Job creation across construction, finance, insurance, legal services
- Increased home ownership
- Reduced land-related social conflict

Strategic Policy Outcome:

- Land transitions from political liability to economic asset
- Risk shifts from the State to the market
- Aligns Nigeria with global best practice

SECTION 10: GOVERNANCE, SAFETY & NO-OBJECTION COMFORT

- Professionally governed

- Transparently regulated
- Avoids political capture
- Complements MDAs, does not replace

Technical Advisory:

- Organisation & Methods Nigeria Ltd ensures methodology, operational, and risk structures are credible and replicable

Ministerial Assurance:

- Provides low-risk, high-impact recommendation for approval

FINAL SECTION: FORMAL REQUEST & POLICY RECOMMENDATION The White Paper respectfully urges the Honourable Minister to:

- Endorse the creation of NATICON
- Grant FSTL a Certificate of No Objection
- Facilitate pilot implementation

Benefits:

- Government cost: none upfront
- Transfers title risk from state to market
- Strengthens public trust
- Leaves lasting institutional legacy
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