

MAKERERE




UNIVERSITY

BRIEF ON THE CASE BETWEEN MAKERERE UNIVERSITY AND NATIONAL INSURANCE CORPORATION (NIC)

1. In June 2005, the Government divested 60 percent of its shares in NIC. These shares were acquired by Industrial and General Insurance Company Limited of Nigeria.
2. Following the divestiture, Makerere University staff through MUASA demanded to withdraw their savings from NIC, which was managing Makerere's pension scheme.
3. Neither Makerere nor NIC knew the amount held by NIC on behalf of the University staff.
4. Government requested the Auditor General to conduct an independent assessment to ascertain the amount held by NIC on behalf of Makerere University staff.
5. Meanwhile, NIC paid to Makerere the sum of UGX10 billion which was agreed on in the interim at a meeting of the parties chaired by H.E. President Museveni.
6. Acting on behalf of the Auditor General, PWC submitted a report which advised that as at August 31, 2010, the fair value of the Fund was estimated at UGX 26.88 billion. The report was based on an actuarial valuation of the Fund.
7. NIC insisted that they owed only UGX 10 billion and paid that amount to the Makerere University Retirement Benefits Scheme (MURBS).
8. Government paid the balance of UGX 16.8 billion to MURBS and directed MURBS and Makerere to sue NIC to recover the money.
9. MURBS jointly with Makerere University sued NIC for recovery of the balance of UGX 16.9 billion, which Government had paid to MURBS.
10. NIC vehemently opposed liability for Ugx 26.88 billion based on the PWC report. NIC contended that the value of the Fund was in terms of the Deed, solely to be determined by actuaries appointed by NIC; and that NIC could not be bound by the PWC report because it never appointed PWC to conduct an actuarial valuation of the Fund. NIC presented to court another actuarial report showing that the estimated value of the Fund was Ugx 16.88 billion.
11. NIC contested the figure of Ugx 26.88 billion and only acknowledged liability to the extent of Ugx 16.88 billion of which NIC had already paid UGX 10 billion, leaving a balance of UGX 6.88 billion and Makerere University did not even have evidence to the contrary. A judgment on admission in respect of the amount (UGX 6.88) was entered against NIC.
12. When MURBS AND Mak sued NIC, there was no guarantee that court would award the full amount claimed by MURBS and the University in the suit. The University's claim was not watertight since the University was also in breach of the terms of the Deed by inter alia failing to remit the sums due to NIC on time. NIC relied on the said breach and filed a counter claim against the University and MURBS seeking relief on the said ground. The University was also unable to trace the Master Statement and Schedule upon which inter alia, the claim was founded.
13. In 2018 NIC proposed an out-of-court settlement and offered a property on Kampala Road valued at UGX 8.9 billion.

14. MURBS, represented by their lawyers and Mak, represented by our external lawyers, (Kateera and Kagumire Advocates), the University Secretary and the Directorate of Legal Affairs negotiated with NIC and, a consent judgment in that sum of UGX 8.9 billion was made. Needless to say, the VC and other members of Management provided support during the negotiations.
15. The compromise arrived at under the Consent Judgment was the most prudent outcome in the circumstances since the value of the acquired property (UGX 8.9 billion) was higher than the judgement on admission (UGX 6.88 billion).
16. It should be noted that the recipient of the money from Government and hence the primary party in the suit was MURBS, an independent body corporate supervised by the Uganda Retirement Benefits Regulatory Authority (URBRA) and not Makerere University and any claim of the University Management causing a financial loss to Government does not arise.
17. The allegations being peddled in some blogs and tabloids that some members of Management caused a financial loss to the Government by signing the consent judgment is unfounded as the amount recovered is as a result of a court ruling. Moreover, Mak was not the primary party in the suit against NIC.
18. Claims that some members of Management were forced to sign the consent judgment are baseless. In any case the judgment would still be valid even if Makerere had not signed, since we were not the primary party in the suit.
19. Any aggrieved party on this matter is free to apply for a judicial review.
20. It is worth noting that, recently it has become a habit by some scrupulous elements within our community, to sustain ferocious campaigns conducted through the social media and tabloids aimed at damaging the image and reputation of the University.



Signed: _____
PROF. BARNABAS NAWANGWE,
VICE CHANCELLOR

Date: 7th August 2020