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CASE DIGEST

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COURT OF APPEAL (LAGOS DIVISION)

(EKANEM; OBIORAH; BASSI, JJ.CA)

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Background Facts

TXTLight Power Solutions Limited (the Appellant) and AIICO Insurance PLC (the Respondent) entered into an Industrial All-Risk Insurance Policy under which the Respondent agreed to insure the Appellant's stock of solar power systems and panels situated in various locations across Nigeria. The policy provided insurance cover in the sum of ₦7,370,531,840.49 against risks including fire, explosion, burglary, and theft.

Pursuant to the insurance arrangement, the Appellant agreed to pay a prorated premium of ₦2,552,626.32. One of the conditions of the insurance policy was contained in Memo 13, which required that documents relating to the contract be maintained in physical form. Notwithstanding this provision, the parties did not strictly comply with the requirement, as the Appellant continued to maintain some of the documents electronically while the Respondent continued to receive premiums and transact with the Appellant without objection.

On 5 January 2019, a fire outbreak occurred in eight warehouses belonging to the Appellant in Abuja, resulting in the destruction of goods stored. Following the incident, the Appellant notified the Respondent of the loss and submitted a claim in the sum of ₦1,599,504,650.65, representing the assessed value of the damaged goods. Upon receipt of the claim, the Respondent appointed a Loss Adjuster to evaluate the extent of the loss. After conducting its assessment, the Loss Adjuster, by a letter dated 9 January 2020,

proposed the sum of ₦183,764,821.93, as settlement in respect of the fire incident and the Appellant's claim. Dissatisfied with the assessment and settlement offer, the Appellant invoked the dispute resolution clause contained in the insurance policy and commenced arbitral proceedings. Consequently, a Sole Arbitrator was appointed to determine the dispute between the parties.

In the final arbitral award delivered on 14 March 2022, the Sole Arbitrator held that the Appellant had breached Memo 13 of the insurance contract relating to the maintenance of documents in physical form. On that basis, the Arbitrator discharged the Respondent from liability under the policy, notwithstanding the earlier assessment and admission contained in the report of the Respondent's Loss Adjuster. The Arbitrator accordingly dismissed the Appellant's claims in their entirety. Aggrieved by the award, the Appellant approached the High Court of Lagos State seeking an order setting aside part of the arbitral award. The High Court, however, held that the Appellant failed to establish that the arbitral award had been procured by fraud or any improper means and further held that the award was valid on the face of it. Dissatisfied with that decision, the Appellant appealed to the Court of Appeal.

One of the issues for determination was: *Whether the Learned trial Judge was right in dismissing the application of the Appellant for finding no error on the face of the award?*

Arguments

Learned Senior Counsel argued that under the laws governing the arbitration agreement, the grounds for setting aside an arbitral award are disjunctive and not conjunctive. He submitted that an applicant is only required to establish any one recognised ground to justify the setting aside of an award, whether in whole or in part. According to him, an arbitral award may be set aside on the basis of manifest errors of law apparent on the face of the award, misconduct by the arbitrator, or where the arbitrator exceeded the scope of the matters submitted for determination, without any requirement to prove fraud, dishonesty, or criminal conduct.

Senior Counsel further submitted that although parties who voluntarily submit disputes to arbitration are generally bound by the resulting award, such award is not immune from judicial intervention where it discloses manifest errors of law, patent inconsistencies, or instances where the arbitrator acted outside the scope of his mandate. He contended that the Appellant’s complaint before the lower Court was founded solely on manifest errors apparent on the face of the final arbitral award and not on allegations of fraud or improper procurement. He therefore

argued that the High Court misdirected itself in law when it dismissed the application on the basis that the Appellant failed to establish fraud or improper procurement of the award.

Learned Senior Counsel also submitted that one of the Appellant’s principal complaints was the Arbitrator’s failure to apply the doctrine of estoppel despite acknowledging facts capable of grounding its application. He argued that instead of correcting the apparent legal error in the award, the High Court compounded the error by introducing the issue of fraud and improper procurement, which was never the basis of the Appellant’s application, and consequently dismissed the application to set aside the defective portion of the arbitral award.

In response, Learned Senior Counsel for the Respondent argued that the Appellant’s Notice of Appeal is fundamentally misconceived and devoid of legal foundation, as neither the lower Court nor this Honourable Court possesses jurisdiction under Nigerian law to set aside an arbitral award merely on the basis of errors of law or fact appearing on the face of the award. He submitted that the applicable arbitration laws clearly prescribe the grounds upon which an arbitral award may be set aside, including

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Comprehensive Business Protection

Property Coverage
Buildings, Equipment, Inventory

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Financial Security **Risk Management** **Business Continuity**

circumstances where the proceedings or award were improperly procured, such as where the arbitrator was misled, deceived, or where material evidence was fraudulently concealed. Counsel therefore maintained that the Appellant failed to establish any legally recognised ground warranting judicial interference with the award.

Senior Counsel further contended that the alleged failure of the Sole Arbitrator to apply the doctrine of estoppel did not constitute such an error on the face of the award as would justify setting it aside. While conceding that the Court retains a limited jurisdiction to interfere where there is a manifest error of law apparent on the face of an arbitral award, Counsel argued that such error must be substantial and material to the decision reached. He submitted that parties who voluntarily submit their disputes to arbitration and fully participate in the proceedings cannot subsequently challenge the award merely because the outcome is unfavourable to them or seek to relitigate the dispute through appellate proceedings.

Learned Senior Counsel also argued that where parties specifically submit a question of law to an arbitrator for determination, the Court will generally refrain from interfering with the decision except where there exists a clear and material error of law apparent on the face of the award. Counsel maintained that the facts and circumstances of the present case do not disclose any such material error capable of meeting the high threshold required for judicial intervention and urged the Court to dismiss the appeal for lacking merit.

DECISION OF THE COURT

In resolving the issue, the Court of Appeal held that:

Parties who voluntarily agree to submit their dispute to arbitration are bound by the final arbitral award and will be stopped from objecting to the award where it is valid on its face, either in law or facts, notwithstanding that the decision may not favour one of the parties.

The Court further held that once an issue has been submitted to and determined by an arbitrator, the parties cannot subsequently reopen the same issue before the Court as the jurisdiction of the Court is limited to granting leave to enforce the award as a judgment unless there exists a substantial ground for questioning the validity of the award.

The Court of Appeal further held that it will not entertain an application to set aside an arbitral award where the complaint relates merely to trifling or immaterial matters rather than the substance of the issues adjudicated upon. The Court stated that where a specific question of law is submitted to an arbitrator for determination, the resulting award will not ordinarily be set aside merely because the arbitrator failed to decide the issue correctly or because the decision may be erroneous in law.

In the instant case, the Court held that the Appellant's appeal offended the settled principles governing challenges to arbitral awards.

Issue resolved in favour of the Respondent.

Etigwe Uwa Etigwe SAN FCIArb, Omoro Blessing Omaghome Esq, Charles Anoronda and H.O. Salau Esq for the Appellant.

O. Shasore SAN, A.O. Taiwo-Nsirim Esq with M. Anse Esq and A. Ayitayo Esq for the Respondent

This summary is fully reported at (2026) 4 CLRN in association with ALP NG & Co.

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