

Directive No. SIB/1/1994

LICENSING AND SUPERVISION OF INSURANCE BUSINESS

Issuing Authority

These Directives are issued by the National Bank of Ethiopia pursuant to the authority vested in it by Article 41 of the Monetary and Banking Proclamation No. 83/1994 and Article 42 of the Licensing and Supervision of Insurance business Proclamation No. 86/1994.

Definitions

In these Directives, unless the context provides otherwise:

"Related parties" shall mean directors, founders, principal officers, employees and other businesses in which they have direct interest.

"Residence" shall have the meaning assigned to it under Article 174 of the Commercial Code of Ethiopia.

"Proclamation" shall mean proclamation to provide for the Licensing and Supervision of Insurance Business No. 86/1994.

Information Required From Applicants For License

Along with those provided for under the Proclamation, the following Information shall be contained in any application for a license to be an insurer.

Evidence for paid up capital which includes certificate of deposit in a blocked subscription account and evidence for valuation of contribution in kind.
Names and occupation (including dates and addresses of previous employment), of the organizers of the company if these are other than the directors.
Feasibility study document.

Projection of Financial statements for the first three years of operation showing major categories of liabilities.

Disclosure of the identity of shareholders who have acquired more than ten percent of the capital stock indicating their names, nationality number and value of shares held.

Separate cost of vault, equipment, furniture and fixture purchased or leased.

Authenticated ownership certificate and/or lease agreement for items listed under Section 10.1 of the application form.

Description of any purchase or proposed purchase of goods and services, or lease of real estate by the insurer from related parties.

Proposal of insurance coverage and extent of such coverage.

Curriculum vitae of the proposed Chief Executive, founders and/or directors including their age, marital status, education, employment history for the past ten years, their experience in business and financial affairs, their involvement in civic social and charitable activities including any leadership position held.

Duly completed application form as prescribed by the Bank and submit enclosures specified therein.

Proposed organizational chart of the insurer, and brief description of the functions of the main organizational units.

Criteria For Selection Of Chief Executive

Education

A minimum of first degree or equivalent in relevant field acquired from a university or higher institution of learning.

Experience

A minimum of ten years of reputable managerial experience in insurance or related business.

Age

A minimum of thirty five years.

Marital Status

Preferably married or responsible to a family.

Criteria for Selection of Members of Board of Directors

Education

A minimum completion of high school education with ability to read and grasp contents of reports, especially financial statements.

Experience

Member of Board of directors shall have adequate managerial experience in business, and/or similar organizations.

Age

A minimum of 30 years of age

Fees

A company applying to undertake Insurance Business shall pay investigation fee of Birr1,750.- (Birr one thousand seven hundred fifty only), that is to be paid at the time of lodging an application.

A company licensed to undertake insurance business shall pay initial registration fee currently prescribed by the Ministry of trade for registration of Memorandum and Articles of Association.

A company licensed to undertake general or long term Insurance Business shall pay initial license and subsequent annual renewal fee of Birr 2,000.- (Birr two thousand only).

A company licensed to undertake both general and long term Insurance Business shall pay initial license and subsequent annual renewal fee of Birr 3,000.- (Birr three thousand only).

These Directives shall enter into force as of Fifteenth day of June 1994.94



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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

TELEGRAPHIC ADDRESS
N A T I O N B A N K
TELEX 21020

PLEASE ADDRESS ANY REPLY TO
P. O. Box 5550

Application Form to Undertake
Insurance Business

ADDIS ABABA

CODES USED
PETERSON 3rd & 4th ED.

Photo of
Representative
of Applicant

Name of applicant and Designation _____
_____.

Proposed Name of the company (under formation) _____
_____.

Name of the Spokesperson _____

Address: _____

Address of company, and proposed branches
Head office Address:

Location _____
P.O.Box _____
Tel. _____
Telex _____
Fax _____

Branch Address: (if any)
Location _____
Tel. _____
P.O.Box _____

Location _____
Tel. _____

P.O.Box _____
(If there are more than two proposed branches, annex a list in same form).

Names and Addresses of the Founders

5.1	Name	Nationality	Occupation	Residence	Address	Number of Shares Held
5.1.1	_____					
5.1.2	_____	_____	_____	_____	_____	_____
5.1.3	_____	_____	_____	_____	_____	_____
5.1.4	_____	_____	_____	_____	_____	_____
5.1.5	_____	_____	_____	_____	_____	_____
5.1.6	_____	_____	_____	_____	_____	_____
5.1.7	_____	_____	_____	_____	_____	_____
5.1.8	_____					
5.1.9	_____	_____	_____	_____	_____	_____
5.1.10	_____	_____	_____	_____	_____	_____
		_____	_____	_____	_____	_____

* (Where the founders are more than ten, annex a list in same form)

Names and Addresses of Members of Board of Directors

6.1	Name	Occupation	Residence	Nationality	Address	Number of Shares Held
6.1.1	_____				_____	_____
6.1.2	_____	_____	_____	_____	_____	_____
6.1.3	_____	_____	_____	_____	_____	_____
6.1.4	_____	_____	_____	_____	_____	_____
6.1.5	_____	_____	_____	_____	_____	_____
6.1.6	_____	_____	_____	_____	_____	_____
6.1.7	_____	_____	_____	_____	_____	_____
6.1.8	_____					
5.1.9	_____	_____	_____	_____	_____	_____
6.1.10	_____	_____	_____	_____	_____	_____
6.1.11	_____	_____	_____	_____	_____	_____
6.1.12	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____

(Attach curriculum vitae of each director)

Contributions:

In cash Birr _____

In kind (specify the type of property and value)

Initial capital of the Company (in Birr)

Authorized capital _____

Subscribed capital _____

Paid up capital _____

Shares

Number of shares issued _____

Number of shares held by founders _____

Number of shares held by subscribers _____

9.2 Par value of each share in Birr _____

Provide the following information with respect to:

Cost of premises' equipment and others where purchased or leased by the applicant.

Item	Manner of Acquisition	Cost
Building		
Land		
Vault		
Equipment		
Fixture		
Professional Services		
Total		

10.2 Indicate if any of these items are leased or to be leased or purchased or to be purchased from related parties.

* Lease, purchase, rent etc.

10.3 Lease agreement

Description of Premises	Leased or to be Leased	Terms of Lease	Expiry Date

Types and extent of the company's proposed insurance coverage

12. Name and Address of Insurer's actuary; if any

13, Name and addresses of reinsures

Identify the main class or classes of Insurance to be undertaken

Long term	General
{ }	{ }

If general insurance business is to be undertaken, identify the class or classes.

- | | | |
|------|-------------------------------|-------|
| 15.1 | Accident and Health | <hr/> |
| 15.2 | Motor Vehicles | <hr/> |
| 15.3 | Aircraft damage and liability | <hr/> |
| 15.4 | Ship damage and liability | <hr/> |
| 15.5 | Goods in transit | <hr/> |
| 15.6 | Property damage | <hr/> |
| 15.7 | Pecuniary loss | <hr/> |
| 15.8 | General liability | <hr/> |
| | Others (Specify) | <hr/> |
| | | <hr/> |

Give statements that Board of Directors and the Chief Executive are vetted to fulfill requirements stated under Article 33 of Proclamation 86/1994.

Any other statement

Under pain of penalty provided under Article 41 of the Proclamation, I hereby declare that the above particulars and the information provided in the enclosure attached are true and correct and undertake to notify the Bank of any material alteration in the information and particulars in accordance with Article 35 of the Proclamation.

Date_____ Signature _____

Name and Official Designation of the Applicant

The following particulars are attached here to:
ENCLOSURES

Four authenticated copies of the Memorandum and Articles of Association by which the Company is constituted.

Four copies of bank certificates of deposit for contributions in cash held in subscription blocked account.

Four copies of valuation evidence for capital contribution in kind.

Two copies of feasibility study documents.

Two copies of projected Financial statements for the first three years of operation.

Two copies of authenticated ownership certificate for items listed under Section 10.1 of the application form.

Two copies of evidence of insurance coverage for premises already acquired or leased.

Four copies of curriculum vitae of Chief Executive officer, founders and/or members of Board of Directors.

One copy of evidence of payment of investigation fee.

Two copies of organizational chart of the proposed insurance company and description of functions of main organizational units.

Four passport size photographs of the official designate who applies for the license on behalf of the Company.

Two copies of disclosure of the identity of share holders who have acquired more than ten percent of the Capital stock, indicating their names, nationality, number and value of shares held.

Two copies of each form of insurance policy together with endorsements and proposal forms which the company proposes to issue.

Four copies of schedules of latest premium rates and commissions payable for all classes of business transacted.

Four copies of list of all agents and brokers to whom commission is payable.