

Directive No. SIB/30/2007

LICENSING AND SUPERVISION OF INSURANCE BUSINESS

LICENSING OF INSURANCE AGENT

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 25 and Article 42(j) of the Licensing and Supervision of Insurance Business Proclamation No. 86/1994.

DEFINITION

"Insurance Agent" or "Agent" shall mean a person licensed by the Bank as an insurance agent who, acting for and on behalf of one or more insurers, engages in: (a) soliciting or procuring insurance business; (b) work preparatory to the conclusion of, or in concluding of insurance; and (c) activities relating to the continuance, renewal or revival of contracts of insurance or in assisting in the administration and performance of such contracts.

"The Bank" shall mean the National Bank of Ethiopia.

GENERAL REQUIREMENTS

Where the applicant is a natural person, the person:

shall be an Ethiopian national;

shall at least have completed general secondary school level of education or equivalent;

shall attend compulsory insurance sales agency training as stated under article 5 of these directives; or must have, at least, five years experience obtained through working in the underwriting and/or claims department of an insurance company;

d) has not been convicted by court of law in any country, for an offense involving dishonesty.

Where the applicant is a juridical person:

It shall be formed in accordance with the requirements of the provisions of the Commercial Code of Ethiopia and that of Proclamation No. 86/1994;

It shall be fully owned by Ethiopian nationals;

It shall have its head office in Ethiopia;

The chief executive officer of the agency should at least meet the education, training and/or experience and other requirements provided for under article 3 sub-article 1 (b) & (c) of these directives;

The owners and the chief executive officer have not been convicted by court of law in any country, for an offense involving dishonesty.

Where an application is made to carry on business:

as a general insurance agent or as a long-term insurance agent, the applicant shall deposit Birr20,000 (Birr twenty thousand) with the Bank, or shall maintain a professional indemnity insurance cover of Birr20,000 (Birr twenty thousand); or

as both general and long-term insurance agent, the applicant shall deposit with the Bank Birr40,000 (Birr forty thousand), or a professional indemnity insurance cover of Birr20,000 (Birr twenty thousand), in respect of each main line of insurance agency business he/she is applying for.

4. INFORMATION REQUIRED FROM AN INSURANCE AGENT

A duly completed application form shall be accompanied by:

The name and occupation (including date and address of previous employment) of the applicant.

Two passport size recent photographs of the applicant or the chief executive officer, as the case may be.

Curriculum Vitae of the applicant or the chief executive officer, as the case may be.

5. TRAINING

An applicant intending to carry on business as an insurance sales agent must have attended a mandatory pre-licensing insurance sales agency training, offered by institutes acceptable to the Bank, in the main line of business that he/she is applying for license.

A licensed insurance agent shall attend at least 30 hours of refreshment course every five years, focusing on insurance products covering, but not limited to, subjects such as motor, property, workmen's compensation, life and permanent health assurance; sufficient to deliver technical information essential for maintaining a level of expertise that will continue to benefit insurance consumers.

The insurer, on behalf of whom the insurance agent solicits business, shall ensure that its agents attended the refreshment course mentioned under sub-article 2 hereinabove.

6. FEES

A person applying for a license to carry on business as an insurance agent shall pay an initial investigation fee of Birr300 (Birr three hundred).

A person applying for a license to carry on business as an insurance agent shall pay an initial license and subsequent renewal fee of Birr250 (Birr two hundred fifty).

An insurance agent licensed to carry on business either as general or long-term insurance agent and who subsequently applies for a license to carry on business both as a general and long-term insurance agent shall pay an Investigation and license fee of Birr300 (Birr three hundred).

RENEWAL

An insurance agency license shall be renewed annually.

The insurance agent shall apply for the renewal of his/her license in person or, in the case of insurance agents residing outside Addis Ababa, an application duly signed by the agent shall be mailed or faxed to the principal insurer, or to the Bank, whichever is convenient to the applicant.

The duly signed renewal application shall be accompanied by evidence of payment of renewal fee, valid indemnity policy, evidence of payment of applicable federal or regional tax and certificate of attendance of refreshment course, where applicable.

The insurance agent shall submit his/her renewal application together with the documents mentioned under sub-article 3 hereinabove within one month of the expiry date of the license.

Renewal applications submitted later than one month of the date of expiry of the license shall be subject to a penalty of Birr200 (Birr two hundred).

Where an insurance agent fails to apply for renewal within 12 calendar months after the date of expiry of the license, his/her license shall be automatically cancelled, and such an agent shall only be eligible to apply for a new license after fully satisfying the conditions required of a new agent.

8. MAINTAINING A VALID PROFESSIONAL INDEMNITY POLICY

The Bank shall automatically cancel the license of any insurance agent who fails to maintain a valid professional indemnity insurance policy at all times.

For the purpose of ensuring compliance with the requirement of sub-article 1 hereinabove an insurance agent shall promptly file with the Bank a copy of valid professional indemnity insurance policy upon renewal.

9. REPEAL

Directive No. SIB/18/1998 is hereby repealed and replaced by these Directives.

10. EFFECTIVE DATE

These Directives shall enter into force as of 1st day of January 2008.

Teklewold Atnafu

Governor

NATIONAL BANK OF ETHIOPIA

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