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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

Licensing and Supervision of
Insurance Business

Information Exchange Scheme on Outstanding Premium
Directives Number SIB/36/2013

Whereas, outstanding premium, on insurance policy sold on credit, before the coming into force of Insurance Business Proclamation No. 746/2012, accounts a larger portion of the assets of the insurer and its collection is among the essential elements in ensuring the financial soundness of an insurer;

Whereas, exchange of list of defaulters among insurers with the view to expedite collection of the outstanding premium is sought necessary;

Whereas, insurers should not provide services to clients who default payment of premium is critical to reinforce collection of the outstanding premium;

Now, therefore, in accordance with Articles 55 and 58(2) of Insurance Business Proclamation No. 746/2012, the National Bank of Ethiopia hereby issues these directives.

1. Short title

These directives may be cited as “Information Exchange Scheme on Outstanding Premium Directives No. SIB/36/2013”.

2. Definition

In these directives, unless the context provides otherwise:

- 2.1. “action plan” means a plan that clearly sets out specific action and schedule as to how the outstanding premium should be collected;
- 2.2. “defaulter” means a person who does not pay or agree to pay the outstanding premium in her/his/its name within a specified time;
- 2.3. “National Bank” means National Bank of Ethiopia;
- 2.4. “outstanding premium” means premium that has not yet been paid by the client to the insurer on the effective date of these directives;
- 2.5. “person” means natural or juridical person;
- 2.6. “phase out period” means a period that all outstanding premiums should be cleared out;



- 2.7. "progress report" means a report showing, among other things, the collocation of outstanding premium as per the action plan submitted to the National Bank;

3. Scope of application

The provisions of these directives shall be applicable to all insurers.

4. Modes of operation

- 4.1. All insurers shall:
- 4.1.1. compile list of defaulters with a balance exceeding Birr 10,000 as per the **Information Exchange Template** attached herewith, and deliver it to the Association of Ethiopian Insurers within two months from the effective date of these directives; and
 - 4.1.2. report immediately to the Association of Ethiopian Insurers all subsequent addition to and deletion from the defaulters list.
- 4.2. In accordance with sub-articles 4.1.1 and 4.1.2 of these directives, Association of Ethiopian Insurers should deliver the list of defaulters to all insurers, member and non-members of the association, and the National Bank in hard and soft copy of pdf format.
- 4.3. All insurers should use the information on defaulters solely for the purpose of checking a person's debt status on premium.
- 4.4. All insurers should take responsibility for the proper receipt, delivery and dissemination of information on defaulters.
- 4.5. The phase out period for collection of all outstanding premiums shall be December 31, 2014.
- 4.6. Notwithstanding article 4 of Directives No. SIB/26/2004 and for the purpose of executing these directives, 100% provision shall be maintained against all premiums not collected and outstanding as of December 31, 2014.
- 4.7. Within two month from the effective date of these directives, an insurer shall submit an action plan on collection of outstanding premiums to the National Bank.
- 4.8. An insurer should submit a quarterly progress report, together with quarterly returns, to the National Bank on the execution of the action plan.

5. Complaint handling

- 5.1. To handle complaints with respect to outstanding premiums, insurers shall:
- 5.1.1. set up complaint handing system or unit, which should be operational on the effective date of these directives; and



5.1.2. serve a written response with adequate explanation and evidence to the complainant in five working days and copy the same to the National Bank.

6. Prohibition

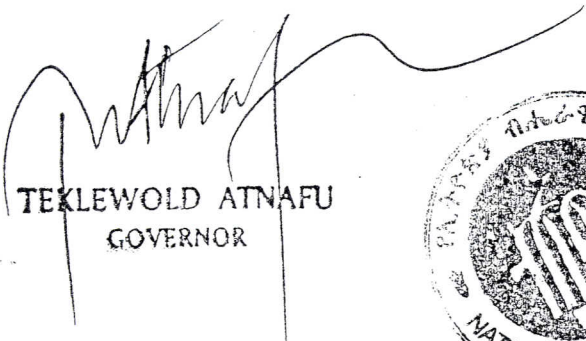
No one insurer shall provide insurance services of any kind, with the exception of compulsory third party motor insurance, to defaulters.

7. Penalty

A person who fails to comply with the provisions of these directives shall be penalized in accordance with article 57(7) of Insurance Business Proclamation number 746/2012.

8. Effective date

These directives shall enter into force as of the 12th day of April 2013.


TEKLEWOLD ATNAFU
GOVERNOR



Premium Defaulters
Information Exchange Template

Name of Insurer	
Defaulters list owing over Birr10,000 as at	

S.No.	Name of defaulter	Amount owed (in Birr)	Branch debt recorded	Address								Remark
				Region	Zone/ Sub-city	Woreda/ Kebele	H.No.	P.O.Box	Telephone	Fax	Mobile	
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
Etc.												

Note:

1. No title need to be included to the name of each defaulter
2. Name of defaulter should include grand father name

