

የኢትዮጵያ ባንክ ኃ/የ.ቁ. 5550/2048
NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

**Licensing and Supervision of Insurance Business
Insurance and Reinsurance Business Fraud Monitoring
Directives No. SIB/39/2014**

Whereas, the form, causes and impact of fraud inflict actual and potential risk on insurers and reinsurers;

Whereas, detection and prevention of fraud contributes for the soundness of financial system in general and the insurance and reinsurance sector in particular;

Whereas, the National Bank of Ethiopia has found it necessary to require insurers and reinsurers to take the necessary measures to detect, prevent and take remedial actions on fraud;

Now, therefore, in accordance with 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 **"Insurance and Reinsurance Business Fraud Monitoring Directives No. SIB/39/2014"**.

2. Definitions

For the purpose of these directives, unless the context provides otherwise:

- 2.1 **"cases closed"** means settlement of fraud cases with police or court, recovering or writing off the amount of the fraud;
- 2.2 **"detection of fraud"** means discovering that actual or attempted fraud has been taken place;
- 2.3 **"director"** means any member of the board of directors of an insurer or a reinsurer by whatever title the person may be referred to;
- 2.4 **"employee"** means a chief executive officer, a senior executive officer, or any other employee who is appointed or hired by an insurer or reinsurer to carry out its day to day operational activities;
- 2.5 **"fraud"** means an act or omission by shareholders, directors, employees, customers, policyholders or insurance auxiliaries committed with the intention of gaining dishonest or unlawful advantage for the party committing fraud or for other parties;
- 2.6 **"National Bank"** means the National Bank of Ethiopia.

አድራሻ: ሱዳን ስትሪት ፖ.ሣ.ቁ. 5550/2048 ፋክስ ቁጥር 0115 51 45 88 ስልክ ቁጥር 0115 51 74 00

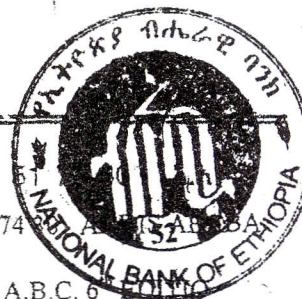
ADDRESS: SUDAN STRCET P.O.BOX 5550/2048 FAX No. 0115 51 45 88 TEL. No. 0115 51 74 00

TELEGRAPHIC ADDRESS: NATION BANK

CODES-USED PETERSON 3rd & 4th ED BENTLEY'S 2nd PHRASE A.B.C. 6

E-mail: nbe.excd@ethionet.et

Website: www.http:// www.nbe.gov.et



የኢትዮጵያ ብሔራዊ ባንክ
NATIONAL BANK OF ETHIOPIA
Directives No. SIB/39/2014

3. Scope of Application

The provisions of these directives shall be applicable to insurers and reinsurers.

4. Requirements

- 4.1 Insurers and reinsurers shall have a well-defined fraud monitoring and control policies, approved by the Board, and procedures for fraud detection, mitigation and reporting.
- 4.2 Policies and procedures indicated under sub-article 4.1 of this article shall be submitted to the National Bank and appropriately communicated to employees.
- 4.3 Insurers and reinsurers shall ensure that the organizational structures and systems are designed to facilitate communication on actual or attempted fraud to the board of directors, management members and other concerned staffs.
- 4.4 Insurers and reinsurers shall provide anti-fraud training to all employees and members of the board of directors whenever necessary.
- 4.5 Insurers and reinsurers shall maintain fraud register that shall at a minimum contain detailed records of the fraud including:
 - a) Name and complete address of the suspected or allegedly proved fraudster;
 - b) description or type of fraud (embezzlement, cheating, forgery using fake instruments or others);
 - c) causes of the fraud;
 - d) status or profession of the allegedly proved or suspected fraudster (director, employee, customer, policyholder, insurance auxiliary or other party);
 - e) amount of actual or estimated fraud;
 - f) date of occurrence of fraud;
 - g) date of detection of fraud and reason for the delay (if any);
 - h) place and area of operation where the fraud has occurred;
 - i) technique and/or technology used to commit the fraud;
 - j) action taken or proposed to be taken to avoid such incidents;
 - k) amount recovered, if any;
 - l) in case of attempted fraud, state reason for the failure of the fraud action; and
 - m) any other relevant information.
- 4.6 Insurers and reinsurers shall report any attempted or actual fraud to the National Bank within 15 working days from the date of detection of the fraud in the form prescribed under Annex I.

