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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

LICENSING AND SUPERVISION OF INSURANCE BUSINESS

**Limits on Board Remuneration and
Number of Employees who sit on the Board of an Insurer (as Amended)
DIRECTIVES No. SIB/46/2018**

Whereas, sound corporate governance is vital for the health of individual insurer and the insurance sector as a whole;

Whereas, there is a need to revise the remuneration payable to directors in consideration of the evolving circumstances;

Whereas, there is a need to separate board and executive functions, so as to ensure proper check and balance, in an insurer;

Now, therefore, in accordance with sub-article 4(e) and 4(f) of Article 15 of Insurance Business Proclamation No.746/2012, the National Bank of Ethiopia hereby issued these directives.

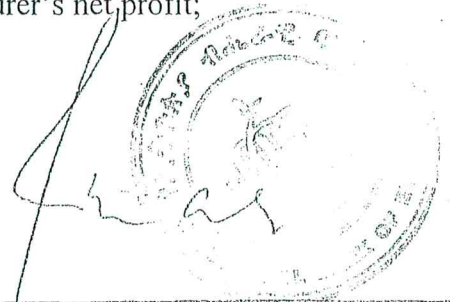
1. Short Title

These Directives may be cited as “Limits on Board Remuneration and Number of Employees who sit on the Board of an Insurer Directives No. SIB/46/2018”

2. Definitions

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

- 2.1. “allowance” refers to an amount of money that is paid, in kind or in cash from any account of the insurer, to directors to cover incidental costs related to the board membership;
- 2.2 “compensation” refers to any money other than allowance that is paid in cash or otherwise, to a director from the insurer’s net profit;





- 2.3. “**director**” means any member of the board of directors of an insurer, by whatsoever title he/she may be referred to;
- 2.4. “**employee**” means a chief executive officer, a senior executive officer or any other person who is appointed or hired by an insurer to carry out its day-to-day operational activities;
- 2.5. “**insurer**” means a company licensed by the National Bank of Ethiopia to undertake insurance business or an insurer owned by the Government;
- 2.6. “**remuneration**” includes board compensation and allowance paid to each director.

3. **Scope of the Directives**

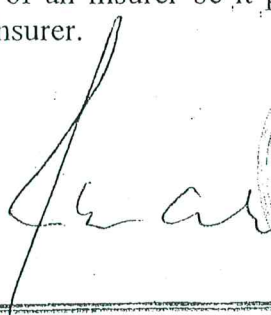
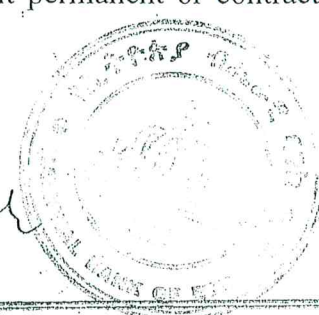
These directives shall apply to all insurers operating in Ethiopia.

4. **Remuneration of Directors**

- 4.1. Annual compensation to be paid upon the decision of ordinary general shareholders meeting to a director shall not exceed Birr 150,000 (Birr one hundred fifty thousand).
- 4.2. Monthly allowance to be paid upon the decision of ordinary general meeting of shareholders to a director shall not exceed Birr 10,000 (Birr ten thousand).
- 4.3. No insurer shall pay any financial or otherwise remuneration or benefits other than those stated under sub-articles 4.1 and 4.2 of this Article, in whatsoever from, to its directors any time.

5. **Number of Employees who sit on Insurer’s Board**

No employee of an insurer be it permanent or contractual, shall have a sit on the board of any insurer.



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6. Repealed Directive

Directive No. SIB/43/2016 is hereby repealed and replaced by these directives.

7. Effective date

These Directives shall enter into force as 29th day of August, 2018.


Yinager Dessie (PhD)
Governor

