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**LICENSING AND SUPERVISION OF INSURANCE BUSINESS**  
**DIRECTIVE NO. SIB/63/2026**  
**REQUIREMENTS FOR PERSONS WITH SIGNIFICANT**  
**INFLUENCE IN AN INSURANCE COMPANY**

**Whereas**, ensuring sound practices, stability and long-term institutional success in financial system in general and the insurance sector in particular is crucial;

**Whereas**, public confidence in the financial system depends, among other things, on whether financial institutions including Insurance companies are owned and managed by persons who are fit and proper;

**Whereas**, it is necessary to enhance effectiveness of governance of insurance companies;

**Whereas**, there is a need to ensure that the National Bank of Ethiopia exercises its responsibilities to assess whether insurance companies are soundly and prudently managed and directed;

**Now, therefore**, in accordance with article 4(1g&h), 15(4a) and 64(2) of Insurance Business Proclamation No. 746/2012(as amended by Insurance Business (Amendment) Proclamation No.1163/2019), the National Bank of Ethiopia has issued this Directive.

**1. Short Title**

This Directive may be cited as “**Requirements for Persons with Significant Influence in an Insurance Company Directive No. SIB/63/2026**”.

**2. Definitions**

For the purpose of this Directive, unless the context provides otherwise:

- 2.1 “**bankrupt**” means a person who has been declared bankrupt by the court of law;
- 2.2 “**chief executive officer**” means a person by whatever title he may be referred to, who is primarily responsible for the day-to-day management of the affairs of an insurance company;
- 2.3 “**composite insurance company**” means an insurance company licensed to transact both long term and general insurance;
- 2.4 “**director**” means any member of the board of directors of an insurance company by whatever title he may be referred to;
- 2.5 “**financial institution**” means an insurance company, a bank, a microfinance institution, a capital goods finance company, a reinsurer, a micro insurance provider, postal savings, money transfer institution, digital financial service provider or such other institution as determined by the National Bank;
- 2.6 “**fit and proper criteria**” means criteria used to assess and determine whether persons with significant influence possess the integrity, financial soundness, competence and capacity to fulfill the responsibilities of their positions;



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- 2.7 “independent director”** means non-executive director that has no family of first degree consanguinity relationship or business, or professional or commercial relationship with an insurance company. An independent director is an experienced director that is not under any undue influence, internal or external or political or ownership that would impede his ability to exercise objective judgment. Candidates who would not normally be considered as independent director include natural persons who are:
- 2.7.1 a direct or indirect shareholders, chief executive officer, or senior executive officers of an insurance company and/or the spouses or relatives in the first degree of consanguinity or affinity of such shareholders, directors, chief executive officers or senior executive officers, or
  - 2.7.2 shareholders, directors, chief executive officers, senior executive officer of a company that has contractual obligation to an insurance company , or
  - 2.7.3 Involved directly or indirectly , in legal proceedings or out of court disputes, against the insurance company, or
  - 2.7.4 Having any business , professional or commercial relationship with the insurance company over the past two years, or
- 2.8 “influential shareholder”** means a person who holds directly or indirectly two percent or more of the total subscribed capital of an insurance company;
- 2.9 “managerial position”** means a position whose holder reports directly to a senior executive officer;
- 2.10 “National Bank”** means the National Bank of Ethiopia;
- 2.11 “person”** means any natural or juridical person;
- 2.12 “persons with significant influence”** are influential shareholders, directors, chief executive officer and senior executive officers of an insurance company;
- 2.13 “senior executive officer”** means any officer of an insurance company, by whatever title he/she may be referred to, who is deputy to the chief executive officer or is directly reporting to the board of directors;
- 2.14 “technically insolvent person”** means a person whose liabilities are greater than assets or whose significant part of the assets have been foreclosed by a financial institution or seized by a court order or a person who entered according to the relevant law in to pre-insolvency agreement/arrangement with his creditors due to imminent financial difficulties;
- 2.15 “expressions”** in the masculine gender also include feminine gender.

### **3. Scope of Application**

The provisions of this Directive shall be applicable to persons with significant influence in an insurance company and on an Ethiopian Insurance Company.

### **4. General**

- 4.1** Persons with significant influence shall meet all respective requirements and considerations set in this Directive.
- 4.2** Appointment of directors, chief executive officer and senior executive officers shall be subject to approval by the National Bank.
- 4.3** In appointing a chief executive officer and senior executive officers, the board of directors shall ensure that the designees fulfill the requirements set in this Directive.





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**4.4** Any shareholding that makes a person influential shareholder shall be approved by the National Bank.

## **5. Fit and Proper Criteria**

To determine whether a person with significant influence is fit and proper, the National Bank shall exercise judgment and discretion in all relevant matters including:

### **5.1 Knowledge, Experience and Age**

A director, chief executive officer, and senior executive officer shall fulfill at a minimum the following educational qualification, work experience and age requirements.

#### **5.1.1 Directors**

- I. A director shall hold a minimum of first degree or equivalent from recognized higher learning institution and shall have a minimum of five (5) years' experience in relevant field as specified under sub-articles (iii) and (vi) of this sub-article.
- II. A board shall comprise of directors, who as a group, provide a mixture of core competencies such as insurance, risk management, finance, accounting, management, economics, legal, business administration, auditing, information technology, investment management and sustainability.
- III. A director shall have adequate experience in business management, preferably in insurance business, and/or shall take adequate training in insurance business management, corporate governance, financial analysis, risk management, applicable laws, regulations and directives, after holding a seat on the board.
- IV. A director shall be at least 30 years old.
- V. There shall be no single gender board in an insurance company.
- VI. A board shall have at least two female directors.
- VII. Directors shall remain qualified through training and continuous professional development by dedicating sufficient time, budget, and other resources.

#### **5.1.2 Independent Director**

- 5.1.2.1 An insurance company shall have three independent directors. Non Ethiopian nationals can be elected as independent directors.
- 5.1.2.2 An independent director shall have a master's degree of higher learning institution in a field of study related to insurance, accounting, auditing, finance, business management, economics, law, technology, and related fields or equivalent professional qualification from a recognized institution.
- 5.1.2.3 An independent director shall have a minimum of ten (10) years of experience in the financial sector or academia/ teaching/consulting in relation with the financial sector, or auditing or risk management or any other relevant fields.

#### **5.1.3 Chief Executive Officer**

A chief executive officer shall





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- I. hold at least a first degree from a recognized higher learning institution or advanced diploma in insurance from the Chartered Insurance Institute (CII) or from any equivalent institute acceptable to the National Bank. Possessing a diploma or Life Office Management Association (LOMA) in insurance is an added advantage for a person holding a first degree;
- II. have a minimum of 12 years' experience in insurance, of which, at least 5 years shall be, in a senior executive officer position where by in case of,
  - a. a composite insurance company must be in any one or more of general insurance operations: underwriting and/or claims, reinsurance and preferably additional experience in long term /life insurance operations such as underwriting and claims;
  - b. general insurance business, must be in any one or more of general insurance operations ; and
  - c. life insurance business, must be in any one or more of life insurance operations.

#### 5.1.4 Senior Executive Officer

**A) A senior Executive Officer (Operation) who is deputy to or directly reporting to the CEO, shall:**

- I. hold a minimum of first degree from recognized higher learning institution or advanced diploma in insurance from the Chartered Insurance Institute (CII) and preferably have Life Office Management Association (LOMA);
- II. have a minimum of 10 years' experience in insurance, of which, at a minimum 4 years' experience in a managerial position, whereby in case of:
  - a. general insurance business, must be in any one or more of underwriting, claims, marketing and business development, internal audit; and
  - b. life insurance business, must be in any one or more of life insurance operations.
- III. notwithstanding the above, senior executive officers for: Human Resources Management, Information Technology(IT), Finance , Strategy, Marketing and Facility Management shall be appointed without the National Bank's prior approval.

**B) A Senior Executive Officer directly reporting to the board of directors shall:**

- I. hold a minimum of first degree from recognized higher learning institution or advanced diploma in insurance from the Chartered Insurance Institute (CII) ; and
- II. have a minimum of 8 years' experience in insurance, of which at a minimum 4 years shall be in a managerial position of underwriting, claims , finance, internal audit, risk management and compliance.





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## 6. Integrity

Persons with significant influence shall be honest, reputable and diligent. In determining integrity of persons with significant influence, all relevant factors shall be considered, including but not limited to:

- 6.1 whether the person has a record or evidence of previous conduct and activities where he/she/it has been convicted for a criminal offense under any law publicized to protect members of the public from dishonesty or fraud whether in Ethiopia or elsewhere;
- 6.2 whether he or the legal person in which he has a controlling interest or exercises significant influence, has withheld information from public authorities, submitted incorrect financial or other statements, prior refusal by regulatory/supervisory approval and failure to comply with requirements of a regulatory/supervisory body, other corrective actions or interventions by public authority; and
- 6.3 In case of chief executive officer and senior executive officers, whether the person has a record of active disciplinary measures, or non-compliance with a code of conduct which has led to the imposition of a penalty under employment law, or any other active/in force/disciplinary measure imposed by trade or professional associations, or has been notified of any impending proceedings or of any investigation, which might lead to such proceedings;
- 6.4 Whether the person, or any business in which he has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, on cases related to breach of trust, fraud and other related financial crime, whether publicly or privately; and
- 6.5 In case of a chief executive officer and a senior executive officer whether the person has a record of fraud, embezzlement, or associated misappropriation of funds.

## 7. Financial Soundness

Persons with significant influence shall be financially sound. In determining financial soundness of persons with significant influence, all relevant factors shall be considered, including but not limited to:

- 7.1 whether he/she or the legal person in which he/she is a director or chief executive officer or senior executive officer or owner has instituted bankruptcy proceedings or declared bankrupt, whether in Ethiopia or elsewhere, or his/her or the company's assets have been sequestered because of bankruptcy or been foreclosed by a bank because of failure to repay a loan( the fact that an insurance company was placed under liquidation, will not in itself result in adverse inference being drawn, due regard will be given on the role of the appointee in commission or omission);
- 7.2 whether he/she or the legal person in which he/she is a director or chief executive officer or senior executive officer or owner has been declared as a judgment debtor in relation with the repayments of bank or other credits or tax payments;
- 7.3 Whether he/she or the legal person in which he/she is a director or chief executive officer or senior executive officer or owner carries non-performing loans at the time of assessment by the National Bank, as defined by directives of the National Bank, from any financial institution. Such person/s shall not be regarded as financially sound until a lapse of one year from the date of the non-performing loan is identified/assessed.



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- 7.4 whether the person's purchase of shares in a financial institution has been funded or known to be funded by another person who is actually bankrupted or technically insolvent because of irresponsible or reckless management, fraud or illegal business practice;
- 7.5 In the case of a shareholder, whether the person's minimum net worth at the time of acquisition of shares is at least greater than shares acquired or to be acquired from a financial institution; and
- 7.6 Whether a person's account has been closed and not reinstated by any bank, in line with relevant directives of the National Bank, because of drawing checks without sufficient funds.

## **8. Ongoing Fitness and Propriety Test, and Action by the National Bank**

The National Bank may conduct fitness and propriety test on persons with significant influence of an insurance company on an ongoing basis. Where such a test indicates that a person with significant influence has failed to fulfill the fitness and propriety test as set out in this Directive, the National Bank may:

- 8.1 suspend voting rights of an influential shareholder; and
- 8.2 suspend and/or remove a director, chief executive officer or senior executive officer.

## **9. Fit and Proper Policy and Procedure**

- 9.1 An insurance company as part of its risk management framework shall have a fit and proper policy and procedure.
- 9.2 The fit and proper policy of an insurance company shall, at a minimum, cover:
  - 9.2.1 the requirements/criteria of this Directive;
  - 9.2.2 procedures and processes for conducting fit and proper assessments, including but not limited to:
    - 9.2.2.1 the processes to be undertaken in assessing whether a person is fit and proper, and reasons to be employed for any decisions made;
    - 9.2.2.2 the information to be obtained and how it will be obtained; and
    - 9.2.2.3 who will conduct fit and proper assessments on behalf of the insurance company
  - 9.2.3 list of persons with significant influence in the insurance company;
  - 9.2.4 requirement that sufficient documentation for each fit and proper assessment is retained to demonstrate the fitness and propriety of the insurance company's current, and former persons with significant influence;
  - 9.2.5 Adequate provisions to encourage and enable disclosure of relevant information, as well as giving or obtaining any consents required for the collection and use of any information; and
  - 9.2.6 actions, including internal governance process requirements, to be taken where a person is assessed to be no longer fit and proper for a specific position.
- 9.3 The insurance company shall take all reasonable steps to ensure that the chief executive officer or senior executive officers, are aware of , and understand, the provisions of its fit and proper policy.





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## 10. Subsequent Notification Requirements

- 10.1 Persons with significant influence are required to immediately notify the National Bank any events that might change their assessment as fit and proper;
- 10.2 If board of directors, chief executive officer or senior executive officers of an insurance company, during the course of performing their duties, has reasonable doubt that a person with significant influence has failed to fulfill the criteria in this Directive, they shall immediately report the matter to the National Bank.
- 10.3 An insurance company shall notify the National Bank, in writing by clearly stating the reason, any transfer or removal of a senior executive officer directly reporting to the board of directors from his current position before such decision is implemented.

## 11. Whistle Blowing

An insurance company shall use whistle blowing as an important source of intelligence and information for fitness and propriety assessment purpose. In particular and without limiting the generality of the above:

- 11.1 an insurance company shall have a policy , which encourages persons who have serious concerns about any aspect of the insurance company’s work or employee to come forward and report
- 11.2 the policy shall clearly outline the structure and the process to be followed when reporting to the insurance company or the National Bank, as well as a mechanism to raise awareness of the whistle blowing process
- 11.3 the policy shall require that all reasonable steps be taken to ensure that no person, including employees, making such disclosures in faith, is subject to or threatened with detriment because of any such reporting.

## 12. Documents to be submitted with Application

- 12.1 Written request shall be submitted to the National Bank along with the following documents in order to conduct fitness and propriety test:

12.1.1 For directors, chief executive officer and senior executive officers:

- I. an updated and signed curriculum vitae (including name, nationality, birth date, marital status, education, recent photograph, employment history, experience in business and financial affairs, involvement in civic, social and charitable activities including any leadership position held) accompanied with original and copies of documents signifying educational qualification and work experience;
- II. copy of organizational structure approved by the board in respect of CEOs and SEO’s;
- III. copy of signed appointment minutes of the board;
- IV. copies of identification card and /or passport; and
- V. certificate of good conduct or an Ethiopian Police Clearance.

12.1.2 For all persons with significant influence:

- I. completed and signed fitness and propriety test questionnaire which is part hereof;



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- II. copy of tax identification number card; and
  - III. any other document that the National Bank deems necessary;
- 12.2** Where the director is a judicial person, both the company and the person representing the company shall be fit and proper.
- 12.3** In case of a director representing a legal entity which is an influential shareholder, the following documents shall be submitted:
- 12.3.1 Copy of the company's establishing or constitutive legal documents;
  - 12.3.2 Copies of audited statements of the legal entity concerned, for three consecutive years (immediately preceding its application) or for each year it has been in operation, if less than three years; and
  - 12.3.3 Any other documents the National Bank deems necessary.

### **13. Period of Limitation of Acting Officers**

- 13.1** A person shall not assume a chief executive officer or senior executive officer position on acting basis for more than six months.
- 13.2** A chief executive officer's position shall not be held on acting basis for more than 9 months.
- 13.3** Appointment of a chief executive officer or a senior executive officer on acting basis to a vacant post shall be reported to the National Bank within three working days of such appointment.
- 13.4** Any experience gained under sub article 13.1 herein above exceeding six months shall not be counted as relevant managerial experience.

### **14. Exemptions**

Provisions of article 5.1.1(i) of this Directive shall not apply to the incumbent board members until their present office term expires.

### **15. Transitional Provisions**

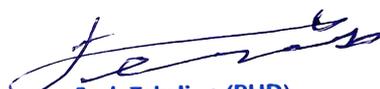
- 15.1** Senior executive officer positions held in insurance companies and that fall within the categories stated under sub-article 5.1.4 of Article 5 and were not to date approved by the National Bank shall obtain approval within six months after the effective date of this Directive.
- 15.2** Approval requests submitted later than the time frame stated under sub-article 15.1 herein above shall be penalized Birr 10,000 for each position so requested.

### **16. Repeal**

Directive No SIB/32/2012 is hereby repealed and replaced by this Directive.

### **17. Effective Date**

This Directive shall enter into force as of **26<sup>th</sup> day of March 2026**.

  
Eyob Tekalign (PHD)  
Governor

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**ANNEX 1: GENERAL INFORMATION** (Influential shareholder, director, chief executive officer or senior executive officer - Underline)

NB: In case the space provided is inadequate, use additional paper.

1. Name of insurance company: \_\_\_\_\_

2. Personal Information

- a. Full Name: \_\_\_\_\_
- b. Date of Birth: \_\_\_\_\_
- c. Place of Birth: \_\_\_\_\_
- d. Nationality: \_\_\_\_\_
- e. Identification Card Number and Date of Issue: \_\_\_\_\_
- f. Passport Number and Date of Issue: \_\_\_\_\_
- g. Tax Payer Identification Number: \_\_\_\_\_
- h. Address: City:\_\_\_\_\_ Sub-City:\_\_\_\_\_ Woreda: \_\_\_\_\_ House No: \_\_\_\_\_  
Postal Address: \_\_\_\_\_ Telephone No: \_\_\_\_\_
- i. Educational \_\_\_\_\_ Qualification: \_\_\_\_\_
- j. Summary of Work Experience:

No.	Organization	Position	Duration	Number of years

k. Name(s) of your bankers for the last 5 years  
\_\_\_\_\_  
\_\_\_\_\_

3. Please list financial institutions in which you currently (as of completing this form) own shares in the following table.

Name of the financial institution	Subscribed Shares owned		Remarks
	Number	Amount	

4. Description of your past and current business activities in Ethiopia and abroad (if applicable)

a. Current shareholding or ownership in non-financial companies

Company name	Date of incorporation	Amount of shareholding	% of shareholding (in total shares of the company)	Remark





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- b. Past shareholding or ownership in a company (shares you owned in the past but had been relinquished)

Company name	Date of incorporation	Amount of Shareholding	% of shareholding (in total shares of the company)	Reason for termination of shareholding	Remark

- c. Borrowings (directly or indirectly)

Name of borrower*	Name of lending institution	Type of loan/facility	Amount borrowed	Date of Approval	Security offered (type)	Value of security	Current outstanding Balance	Status of the loan (pass, s. mention, doubtful ...)	Remark

\*Including all companies 10% or more owned by the applicant, the applicant's spouse and children less than 18 years.

5. If legal person (for influential shareholders), please complete the following table for the recent three financial years (Please also attach audited financial statements)

Year	Assets	liabilities	Net worth	Remarks





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6. If you are new shareholder to the insurance company or existing shareholder planning to increase your shareholding above what you currently own, please provide details of the actual source(s) of funds that you, as a shareholder, would like to invest or use in the acquisition of shares in a an insurance company.

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**ANNEX 2: PROPRIETY TEST QUESTIONNAIRE**

Please give yes or no answers for the following questions and if your answer is "yes" please give particulars.

Full Name: \_\_\_\_\_

(Influential shareholder, director, chief executive officer or senior executive officer - Underline)

Name of insurance company: \_\_\_\_\_

	Yes	No
1. Have you or the legal person in which you were a director, chief executive officer or senior executive officer or owner been charged or convicted of any criminal offence, particularly an offence relating to dishonesty or fraud, under any law whether in Ethiopia or elsewhere? If yes, give particulars_____		
2. Have you or the legal person in which you were a director, chief executive officer or senior executive officer or owner ever been imposed with corrective actions or interventions by public authority due to withholding information or submission of incorrect financial or other statements? If yes, give particulars_____		
3. Have you or the legal person in which you were a director, chief executive officer or senior executive officer or owner been refused approval by any regulatory/supervisory body or failed to comply with requirements of regulatory/supervisory body? If yes, give particulars_____		
4. Have you ever been in dispute with previous employers or a record of any disciplinary measure Or failure to comply with a code of conduct which has led to the imposition of a penalty under employment law or ever been dismissed or requested to resign from any office of employment or disciplinary measures imposed by trade or professional associations? If yes, give particulars_____		
5. Have you been refused, whether in Ethiopia or elsewhere, the right to carry on any trade, Business or profession for which a specific license, registration or other authority is required; If yes, give particulars_____		
6. Have you or the legal person in which you were a director, chief executive officer or senior executive officer or owner been declared bankrupt whether in Ethiopia or elsewhere or have its assets been sequestrated because of bankruptcy or foreclosed by a bank/MFI due to failure to repay a loan? If yes, give particulars_____		
7. Have you or the legal person in which you were a director, chief executive officer or senior executive officer or owner has been declared as a judgment debtor in relation with repayments of bank or other credits or tax payment ? If yes, give particulars_____		

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8. Have you or the legal person in which you were a director or chief executive officer or senior executive officer or owner been carrying non-performing loans or account been closed and not reinstated by any bank in line with relevant directive of the National Bank? If yes, give particulars_____		
9. Has your purchase of shares in a financial institution been funded or to be funded by another person or legal entity who is actually bankrupted or technically insolvent because of irresponsible or reckless management, fraud or illegal business practice? If yes, give particulars_____		
10. Has your minimum net worth at the time of acquisition of shares at least greater than the shares acquired or to be acquired from a financial institution? If yes, give particulars_____		
11. Are you currently member of board of directors or chief executive officer in any of the financial institutions? If yes, give particulars_____		

**Declaration**

I am aware that under sub-article 6(b) of Article 63 of Insurance Business Proclamation No 746/2012 as amended by Insurance Business (Amendment) Proclamation No. 1163/2019, it is an offense to provide false or misleading statement.

I certify that the information and/or statements given above are complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the National Bank should be aware. I also undertake to inform the National Bank of any changes material to the application.

Name \_\_\_\_\_

Signature\_\_\_\_\_

Date \_\_\_\_\_

