

# Ethiopian Reinsurance S.C

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## Ethiopian Re at a Glance

*Rising with Africa*

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## 1. Establishment

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Ethiopian Reinsurance S.C (Ethiopian Re) is the first reinsurance Company incorporated under the provisions of article 5(8) of the Insurance Business Proclamation No.746/2012. It commenced operation on 1<sup>st</sup> July 2016, transacting both life and non-life businesses. Ethiopian Re's head office is located in Addis Ababa, Ethiopia. The Company has also a plan to open branches in other countries as and when necessary.

Relying on its relatively strong capital base, plus sound retrocession protection provided by world renowned reinsurance companies, Ethiopian Re provides a comprehensive range of inward reinsurance cover to domestic insurers, in addition to accepting international business on selective basis. In doing so the Company strives to mobilize financial resources which would then be invested to generate income not to mention the role it plays in reducing hard earned foreign currency outflow through cross border reinsurance transactions.

Moreover, as the first reinsurance Company in the country, Ethiopian Re endeavors to enhance underwriting capacity and solvency of direct insurers through providing technical support and cover against individual and accumulated catastrophic losses. It also strives to simplify treaty negotiations, settlement of claims and payment of ceded premiums in domestic currency within the shortest time.

Ethiopian reinsurance Share Company (Ethio-Re) is an organization born out of a long desire of stakeholders to have a national Reinsurance Company. The concept paper for Ethio Re was written in 2012 initiated by a team of experts under the auspices of the Ethiopian Insurance Corporation (EIC). The establishment of Ethio Re finally was made possible through Directive No SRIB/1/2014 issued by the National Bank of Ethiopia.

The objectives of Ethio Re are, among others, to:

- Measure and retain domestic insured risks thereby increasing the capacity of national insurers to take on risks within comfortable margin.
- Assist the growth of primary insurance business in the country by way of providing technical and advisory back up both in general and long-term insurance.
- Enhance professionalism in the insurance industry.
- Mobilize investment funds by making use of collected reinsurance premium.
- Prevent undue outflow of hard currency.
- Generate foreign currency through inward reinsurance business.

## 2. Mission, Vision and Core values

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- ★ **Our Mission:** Provide dependable reinsurance protection locally and internationally by making available adequate risk capacity by means of highly trained professionals and modern ICT. The Company endeavors to foster market stability, high professionalism and advancing the business of insurance through engaging all players.
- ★ **Our Vision:** “to become one of the leading reinsurance companies in Africa by 2027”
- ★ **Our Core Values:** To apprehend our corporate mission and vision, Management and staff of Ethiopian Re stand for the mnemonic “**ETHIOPIAN**”:
  - ✦ Excellence in service
  - ✦ Technology reliant
  - ✦ Honesty
  - ✦ Innovation and learning
  - ✦ Openness and transparency
  - ✦ Professionalism
  - ✦ Industriousness
  - ✦ Ally and close partner with customers
  - ✦ National Icon

## 3. Rising with Africa

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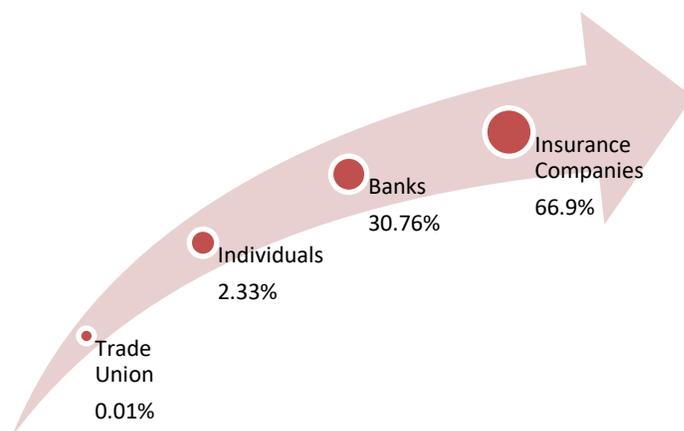
Life is finally looking up for many Africans, Africa Rising. Africa is the world's second-largest and second-most-populous continent. It hosts a large diversity of ethnicities, cultures and languages. Africa's economy – with expanding trade, improving literacy and education, abundant resources and cheaper labour force – is rising and expected to continue to perform better in the future.

Africa Rising is a term coined to describe the rapid economic growth in Sub-Saharan Africa since 2000 and the belief in the inevitability of further, rapid development of the continent. The continent is almost predestined to enjoy a long period of mid-to-high single-digit economic growth, rising incomes and an emerging middle class. In March 2013, Africa was the world's fastest-growing continent at a rate of 5.6% a year, and GDP is expected to rise by an average of over 6% a year between 2013 and 2023. Growth has been present throughout the continent, with over one-third of Sub-Saharan African countries posting 6% or higher growth rates, and another 40% growing between 4% and 6% per year. Several international business observers have also named Africa as the future economic growth engine of the world.

There are positive longer-term trends across Africa all buoyed by what appeared to be high economic growth rates sweeping the continent. Ethiopian Re, as the youngest reinsurance company stands to benefit immensely from the unprecedented business opportunities brought about by burgeoning economic performance of Africa, and hence the motto “Rising with Africa”. Basing itself in East Africa, the Company is absolutely committed to provide apposite reinsurance cover for the ever rising and dynamic demand for protection.

#### 4. Shareholdings and ownership structure

Ethiopian Re's shareholding structure is a concoction of partnerships drawn from public and private sectors. The Company has diverse shareholders, which currently comprise of seven Banks, seventeen insurance companies, eighty individual coming from different walks of life and one trade union.



The subscribed share capital of the Company is Birr 997.3 Million. The Company's Board comprises of nine members representing individual and institutional shareholders and who possess invaluable experience amassed through working in insurance, reinsurance and other financial institutions. The Board is responsible to manage the affairs of the Company by laying down strategic directions and implementation of same to the expectations of the shareholders and other stakeholders.

#### 5. Capital structure

The legal minimum paid up capital to establish a reinsurance company in Ethiopia is Birr 500,000,000 (Birr Five Hundred Million) equivalent to USD\$ 19 million. The subscribed capital of Ethiopian Re is Birr 997.3 Million equivalent to USD 38 million which by any standard is huge for a company just started operation.

#### 6. Underwriting Capacity

Class of Business	Ethiopian Re's Retention/ Deductible	XL Retro Treaty Capacity	Proportional Retro Treaty Capacity	Facultative Obligatory Retro Treaty	Total capacity	Total capacity ≈
Fire	ETB 25,000,000	ETB 375,000,000		USD 40,000,000	ETB 1,540,000,000	USD 54,000,000
Engineering	ETB 25,000,000	ETB 375,000,000		USD 40,000,000	ETB 1,540,000,000	USD 54,000,000
Marine Cargo and Hull	ETB 15,000,000	ETB 75,000,000		USD 15,000,000	ETB 517,500,000	USD 18,000,000
Motor, Miscellaneous Accident and Liabilities	ETB 5,000,000	ETB 30,000,000			ETB 35,000,000	USD 18,000,000
Bond	ETB 80,000,000		ETB 120,000,000		ETB 200,000,000	USD 1,000,000

Political Violence	ETB 45,000,000		ETB 105,000,000		ETB 150,000,000	USD 5,000,000
Aviation	USD 450,000.00		USD 1,050,000.00		ETB 42,750,000.00	USD 1,500,000.00

## 7. Products and reinsurance solution

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Ethiopian Re provides all life and non-life reinsurance covers except energy, oil and gas.

- \* Fire and engineering;
- \* Accident and motor;
- \* Marine and aviation;
- \* Life and health;
- \* Non demand bonds;
- \* Liability;
- \* Agriculture and Political Violence and Terrorism (PVT); and
- \* Others

## 8. Geographical scope

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Ethiopian Re would strive to secure business from domestic and international markets. In the short term however it primarily focuses on building strong market base in Ethiopia. Ethiopia will remain the major source of the Company's business in the foreseeable future. However, the Company has a well thought plan to expand its reach to international markets with special focus on accepting business from African, Middle East and Asian markets on selective basis.

## 9. State of the art technology

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Ethiopian Re is in the final process of deploying state of the art technology suitable for reinsurance companies. Hence, Ethio-Re signed a license and implementation agreement with SAP East Africa Limited and msg Global Solutions to fully automate its core reinsurance operations and financial management system on Tuesday, 13 November 2018. The procurement and implementation of both systems will be finalized over 9 months period. Ethio-Re is automating its core processes to enable it deliver superior services to its customers using state of the art technology concurrent with the expressed ambition of its founders to have a highly competitive Company capable of providing adequate and reliable reinsurance protection both at home and abroad. Successful implementation of the project means that the Company will be able to automate its main business processes whereby all technical and financial transactions are captured and processed more efficiently and accurately, not to mention the enhanced capacity that the system brings to conduct complex risk analysis and pricing capability.

## 10. Corporate Governance

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Corporate governance stands for a form of responsible company management and control geared to long-term creation of value. Ethio-Re strictly complies the corporate governance Directive set by National bank of Ethiopia (NBE) , Insurance Corporate Governance Directive No. SIB/42/2015 and Company Corporate Governance Guideline prepared and approved by Board of Directors of Ethiopian Re.

The Company has the following governance structure:

- General Meeting of Shareholders;
- Board of Directors;
- Chief Executive Officer;
- Senior Management ;and
- External Auditors

## 11. Code of Conduct - Ethio- Re

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How Ethio- Re is perceived by the public depends on each and every member of our staff. By aligning our actions to high ethical and legal standards, we create a spirit of trust and protect the reputation of all Ethio- Re companies.

Together with the Company's Core Principles, the Code of Conduct reflects our values. The Code of Conduct is a set of binding rules for all our staff members, including senior executives and the members of the boards of management of Ethio-Re. It makes the standards of ethical conduct in our daily work transparent.

## 12. Employees: Working at Ethio Re

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At Ethio-Re we believe that highly qualified and motivated staff is key to the success of our business. And for an emerging reinsurance company like Ethio-Re the strategy of the Company can be properly executed with its manpower and accordingly, the compny is in the process of developing human resources strategy that could transform the human resources development aspects. Our corporate and leadership culture strongly geared to performance and business requirements has a major positive impact on the way our staff approach change, performance and training. There are currently 20 people working at Ethio-Re of which 50% are female (figures from 30 June 2018). All of them contribute to our success through their skill, performance and dedication. That is why we are committed to investing in their development and provide all staff with equal opportunities and top-quality working conditions. We strive to recruit the best staff we can and equip them to deal with the global business of opportunities and risks.

### 13. Our retrocessionairs

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Munich Reinsurance Company of Africa Limited (MRoA) Munich Re is the leader of retro- treaties of Ethio-Re. Munich Reinsurance Company of Africa Limited offers reinsurance products for life, health, and property insurance companies. Munich Reinsurance Company of Africa Limited operates as a subsidiary of Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft. The Company is based in based in Johannesburg, South Africa.

### 14. Memberships and associations

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Currently, Ethio- Re is a member of the various continental and local institutions. Hence it has become an institutional member of African Insurance Organization (AIO), Federation of Afro-Asian Insurers and Reinsurers (FAIR) and Association of Ethiopian Insurers (AEI).

### 15. Financial highlights

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ETHIO-RE IN FIGURES (FINANCIAL HIGHLIGHTS)		
Particulars	30-Jun-18	30-Jun-17
Gross Written premium	661,492,035.50	519,787,502.00
Net Earned premium	553,215,504.00	275,603,117.57
Gross Claims paid	222,443,033.41	85,838,205.00
Net Claims Incurred	334,861,527.37	184,370,954.00
Cedant Acquisition Cost	189,304,169.82	120,151,885.00
Operating and other expenses	22,064,914.81	14,952,230.00
Net investment income	66,855,861.98	51,254,935.00
Profit	78,641,206.84	7,861,004.46
<u>Ratios</u>		
Net Claims ratio	60.53%	66.90%
Net Commission ratio	34.22%	43.60%
Operating and Other Expenses ratio	3.99%	5.43%
Combined ratio	98.74%	115.92%
Earnings per share (EPS)	1,514.88	151.93
NB: Currency: Ethiopian Birr.		

## 16. Contact us

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