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NATIONAL BANK OF ETHIOPIA
ADDIS ABABA

LICENSING AND SUPERVISION OF REINSURANCE BUSINESS
Reinsurance Company Establishment
Directives No. SRB/1/2014

WHEREAS, establishment of national reinsurance companies promotes financial resource mobilization and reduces costs related to cross boarder reinsurance transactions;

WHEREAS, national reinsurance companies enhance underwriting capacity and solvency of direct insurers by providing technical support and cover against accumulated and catastrophic losses;

WHEREAS, existence of national reinsurance companies simplifies treaty negotiations, settlement of claims and payment of ceded premium in domestic currency within the shortest possible time;

WHEREAS, there is a need to put in place a comprehensive licensing framework for the establishment of national reinsurance companies;

Now, therefore, the National Bank of Ethiopia has issued these directives pursuant to the authority vested in it by Articles 5(8) and 58(2) of the Insurance Business Proclamation No. 746/2012.

1. Short Title

These directives may be cited as “Reinsurance Company Establishment Directive No. SRB/1/2014”.

2. Definitions

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

- 2.1. “chief executive officer” means a person by whatever title he/she may be referred to, who is primarily responsible for the day-to-day management of the affairs of a reinsurer;
- 2.2. “core area” means an insurance or reinsurance operation, life and/or general, related to underwriting, claims, reinsurance, internal control or risk management;
- 2.3. “company” means a share company as defined under the Commercial Code of Ethiopia, the capital of which is wholly owned by Ethiopian nationals or organizations wholly owned by Ethiopian nationals and registered under the laws of, and having its head office in, Ethiopia;
- 2.4. “director” means any member of the board of directors of a reinsurer by whatever title the person may be referred to;



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- 2.5. “fit and proper criteria” means criteria used to assess and determine whether persons with significant influence possess the integrity, financial soundness and competence and capacity to fulfill the responsibilities of their positions;
- 2.6. “influential shareholder” means a person who holds directly or indirectly two percent or more of the total subscribed capital of the reinsurer;
- 2.7. “managerial position” means a position whose holder reports directly to a senior executive officer or higher;
- 2.8. “National Bank” means the National Bank of Ethiopia;
- 2.9. “organizers” means persons who have initiated plans or facilitated the formation of the reinsurer and who shall jointly and severally be liable to third parties in respect of commitments entered into during the formation process of the reinsurer;
- 2.10. “person” means any natural or juridical person;
- 2.11. “persons with significant influence” means influential shareholders, directors, chief executive officer and senior executive officers of the reinsurer;
- 2.12. “project manager” means a person who shall be in charge of the whole process of obtaining business license of a reinsurer;
- 2.13. “reinsurance” means an agreement whereby a reinsurer provides insurance to a risk assumed by an insurance company;
- 2.14. “reinsurer” means a person that provides protection through the sale of reinsurance contract; and
- 2.15. “senior executive officer” means any officer of the reinsurer, 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.

3. Scope of Application

The provisions of these directives shall be applicable to those who desire to obtain or renew reinsurance business license.

4. General

- 4.1. Persons with significant influence shall meet all respective requirements and considerations set in these directives.
- 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 such persons fulfill the requirements stipulated in these directives.

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

5. Form of Establishment

5.1. A reinsurance company shall be established as a share company stipulated in the commercial code of Ethiopia.

5.2. The reinsurance company shall be run as non-life and life reinsurer.

6. Ownership

6.1. The reinsurance company should be wholly owned by Ethiopian nationals and/or organizations wholly owned by Ethiopian nationals.

6.2. Share holdings of any one person, except the Federal Government of Ethiopia or public enterprises fully owned by the Federal Government of Ethiopia, in a reinsurer shall not exceed 5% of the total subscribed capital either on his/her own or jointly with spouse or persons who are below the age of 18 and related to him/her by consanguinity to the first degree.

7. Capital

The minimum paid up capital required to obtain license for a reinsurance company shall be Birr 500million (five hundred million Birr), which ought to be fully paid up in cash and deposited in blocked bank account(s) in the name of the reinsurer under formation.

8. Organizers and Project Manager

8.1. Organizers shall appoint a project manager.

8.2. The project manager shall have:

8.2.1. first degree from recognized higher learning institution, and

8.2.2. business experience preferably in designing insurance and/or reinsurance project.

8.3. The project manager and the organizers shall be honest, reputable and diligent. In determining integrity of the organizers and the project manager, all relevant factors shall be considered, including but not limited to:

8.3.1. whether the person has a record or evidence of previous conduct and activities where he/she has been convicted for a criminal offence under any law designed to protect members of the public from dishonesty or fraud whether in Ethiopia or elsewhere;



- 8.3.2. whether the person has a record of withholding information from public authorities, submission of incorrect financial or other statements, prior refusal of regulatory/supervisory approval and failure to comply with requirements of regulatory/supervisory body, other corrective actions or interventions by public authorities; and
- 8.3.3. whether the person has a record of disciplinary measures or any dispute with previous employers, or compliance with a code of conduct which has led to the imposition of a penalty under employment law or any other disciplinary measures imposed by trade or professional associations.

9. Requirements for License

Requirements to obtain reinsurance business license include the following.

9.1. Pre-application Phase

An applicant shall submit the following documents to initiate the licensing process:

- 9.1.1. evidence of registration of trade name from Ministry of Trade;
- 9.1.2. signed minutes of first meeting of organizers along with attendance sheet;
- 9.1.3. submission of prospectus, which is a printed statement that describes and forecasts the course or nature of the company along with expected risks, to be distributed to prospective investors;
- 9.1.4. written application requesting to open blocked subscription account indicating the name of the bank(s)/branch(es);
- 9.1.5. duly completed application form and propriety test questionnaire, as specified under **Attachments I, II and III** of these Directives, for organizers and the project manager; and
- 9.1.6. evidence of payment of investigation fee.

9.2. Application Phase

The applicant who passed through pre-application phase shall submit the following documents to proceed with the licensing process:

- 9.2.1. duly completed application form, as specified under **Attachment IV** of these Directives, shall be submitted to the Insurance Supervision Directorate together with all enclosures as stated herein;
- 9.2.2. evidence of paid-up capital which includes certificate of deposits in a blocked account and evidence for valuation of contribution in kind, if any;
- 9.2.3. signed minutes of subscribers meeting together with attendance sheet;



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- 9.2.4. list of names, nationality, address, number and value of subscribed and paid up shares of founders to be published in newspaper;
- 9.2.5. articles and memorandum of associations written in Amharic and English;
- 9.2.6. authenticated ownership certificate and/or lease agreement for building, land, vault, equipment, fixtures and professional services;
- 9.2.7. evidence for insurance coverage for premises acquired or leased;
- 9.2.8. description of actual purchases made or proposed purchase of goods and services or lease of real estate by the insurer from related parties, organizers and project manager who are not shareholders;
- 9.2.9. duly completed general information and propriety test questionnaires for directors, chief executive officer and senior executive officers as per **Annexes I and II** of these Directives;
- 9.2.10. scheme of operation(business plan) stating at least the following:
- a) executive summary,
 - b) introduction,
 - c) macroeconomic analysis,
 - d) financial sector analysis,
 - e) National, regional and international insurance and reinsurance sector analysis,
 - f) business environment,
 - g) organization charts of the reinsurer with brief description of the functions of the main organizational units,
 - h) strategic and operational plans,
 - i) source of capital and finances,
 - j) products and services,
 - k) technological competency,
 - l) accounting policies,
 - m) assumptions for financial projections,
 - n) financial projections for the first three years including revenue account, balance sheet, income statement, cash flow projections and sensitivity analysis, and
 - o) conclusion /recommendations;
- 9.2.11. specimen retrocession treaty wording, cover notes, slips together with endorsement and proposal forms for each class of reinsurance business to be undertaken by the reinsurer;
- 9.2.12. commission rate for reinsurance (premium, profit etc) and reinsurance brokers;
- 9.2.13. retention and retrocession policy and program;



9.2.14. confirmation for retrocession arrangement;

9.2.15. name and credential of the auditors appointed by the subscribers meeting; and

9.2.16. evidence for payment of licensing fee.

10. Fit and Proper Criteria

10.1. Knowledge, Experience and Age

With respect to knowledge, experience and age, directors, a chief executive officer and a senior executive officer shall fulfill at a minimum the following.

10.1.1. Board of Directors

- i. At least seventy five percent of the reinsurer's board members shall hold a minimum of first degree or equivalent from recognized higher learning institutions; and the remaining board members, at a minimum, shall complete general secondary school or its equivalent.
- ii. Members of the board of directors shall have adequate experience in business management, preferably in insurance or reinsurance business, and/or should take adequate training in insurance and reinsurance business management after holding a sit on the board.
- iii. A director shall be at least 30 years old.

10.1.2. Chief Executive Officer

A chief executive officer shall:

- i. at a minimum hold first degree from recognized higher learning institution and preferably have diploma or advanced diploma in insurance from the Chartered Insurance Institute(CII) and/or life Office Management Association(LOMA); and
- ii. have a minimum of :
 - a) 10 years experience in insurance of which 5 years shall be in a chief executive offer position or 7 years shall be in a senior executive officer position; or
 - b) 7 years experience in a reinsurance company of which 4 years shall be in a managerial position of core areas;

10.1.3. Senior Executive Officer

A senior executive officer shall:

- i. at a minimum hold first degree from recognized higher learning institution and preferably have diploma or advanced diploma in insurance from the Chartered Insurance Institute(CII) and/or life Office Management Association(LOMA); and



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- ii. have a minimum of :
 - a. 8 years experience in insurance of which 4 years shall be in a senior executive offer position; or
 - b) 5 years experience in a reinsurance company of which 3 years shall be in a managerial position of core areas;

10.2. 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:

- 10.2.1. 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 promulgated to protect members of the public from dishonesty or fraud whether in Ethiopia or elsewhere;
- 10.2.2. whether the person has a record of withholding information from public authorities, submission of incorrect financial or other statements, prior refusal of regulatory/supervisory approval and failure to comply with requirements of regulatory/supervisory body, other corrective actions or interventions by public authority; and
- 10.2.3. in case of chief executive officer and senior executive officers, whether the person has a record of disciplinary measures or any dispute with previous employers or compliance with a code of conduct which has led to the imposition of a penalty under employment law or any other disciplinary measures imposed by trade or professional associations.

10.3. 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:

- 10.3.1. 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;
- 10.3.2. 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 convicted of default on repayments of bank or other credits or tax payment;
- 10.3.3. 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



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non-performing loans, as defined by directives of the National Bank, from any financial institution;

- 10.3.4. whether the person's purchase of shares in a financial institution has been funded or to be funded by another person who is actually bankrupted or technically insolvent because of irresponsible or reckless management, fraud or illegal business practice;
- 10.3.5. 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
- 10.3.6. 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.

10.4. 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 on the reinsurer on 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 these directives, the National Bank may:

- 10.4.1. suspend voting rights of influential shareholders;
- 10.4.2. suspend and/or remove a director, chief executive officer or senior executive officer.

10.5. Subsequent Notification Requirements

- 10.5.1. Persons with significant influence are required to immediately notify the National Bank any events that might change their assessment as fit and proper.
- 10.5.2. If board of directors, chief executive officer, senior executive officers or external auditors of the reinsurer, during the course of performing their duties, have reasonable doubt that a person with significant influence has failed to fulfill the criteria in these directives, they shall immediately report the matter to the National Bank.

10.6. Assessment of Fitness and Propriety

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

- 10.6.1. For directors, chief executive officer and senior executive officers:
 - i) an updated and signed curriculum vitae (including name, sex, nationality, birth date, 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



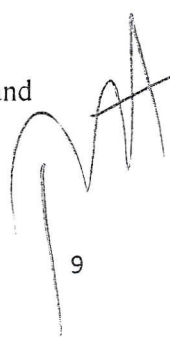
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- signifying educational qualification and work experience;
and
- ii) copies of identification card and /or passport.
- 10.6.2. For all persons with significant influence:
- i) completed and signed fitness and propriety test questionnaires which form part hereof;
- ii) copy of tax identification number card; and
- iii) any other document that the National Bank deems necessary.
- 10.6.3. In case a director is representing a corporate body who is an influential shareholder, the following documents shall be submitted:
- i) copy of the company's memorandum and articles of association;
- ii) copies of audited statements of the legal entity concerned, for the last immediate three consecutive years or for each year it has been in operation, if less than three years; and
- iii) any other documents the National Bank deems necessary.

11. Condition for commencement of operation

To commence operation, a licensed reinsurer shall:

- 11.1. put in place at a minimum comprehensive policies, procedure manuals, programs and guidelines for:
- 11.1.1. human resource management,
- 11.1.2. investment,
- 11.1.3. liquidity management,
- 11.1.4. internal audit/control,
- 11.1.5. management information system/MIS,
- 11.1.6. planning and budgeting,
- 11.1.7. finance,
- 11.1.8. risk management,
- 11.1.9. fixed assets,
- 11.1.10. corporate governance,
- 11.1.11. detection and prevention of criminal activities,
- 11.1.12. outsourcing,
- 11.1.13. marketing,
- 11.1.14. underwriting,
- 11.1.15. claims,
- 11.1.16. retrocession, and
- 11.1.17. procurement;



- 11.2. hire, train and place adequate and appropriate staff;
- 11.3. ensure that operating area and the hall include:
 - 11.3.1. proper ventilation and circulation of fresh air,
 - 11.3.2. suitable and clean sanitary services,
 - 11.3.3. sufficient and suitable lighting,
 - 11.3.4. displays of working hours,
 - 11.3.5. fire extinguishers at appropriate places,
- 11.4. have insurance policy for the following at a minimum:
 - 11.4.1. fire and other perils,
 - 11.4.2. burglary and theft,
 - 11.4.3. fidelity, and
 - 11.4.4. cash and valuables in premise and in transit.

12. Period of Limitation for Acting Officers

A person shall not assume chief executive officer or senior executive officer position on acting basis for more than six months.

13. Applicability of Insurance Business Proclamation

Insurance Business Proclamation No.746/2012 shall, mutatis mutandis, be applicable to re-insurance companies regarding licensing requirements not covered by these Directives.

14. Display of License

A licensed reinsurer shall at all times display in a conspicuous place its valid original business license in its head office and copy of the business license in its branches, if any.

15. Renewal of License

15.1. A reinsurer shall renew its business license every year.

15.2. A reinsurer applying for renewal of business license shall present the following:

15.2.1. application requesting renewal of business license and any changes in the particulars of the existing license;

15.2.2. original business license; and

15.2.3. evidence of payment of renewal fee and/or penalty, if any.

16. Fees

16.1. Persons applying to obtain reinsurance business license shall pay:

16.1.1. investigation fee of Birr 5,000; and

16.1.2. licensing fee of Birr 3,000.

16.2. A reinsurer applying for the renewal of its business license shall pay renewal fee of Birr 3,000.

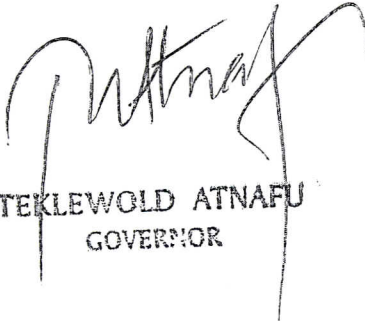


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16.3. A reinsurer that fails to renew its business license within one month from the expiry of the license shall pay penalty fee of Birr 500.

17. **Effective Date**

These Directives shall enter into force as of the 1st day of May 2014.


TEKLEWOLD ATNAFU
GOVERNOR



*Photo of the
 chairperson of the
 organizing
 committee*

Attachment I

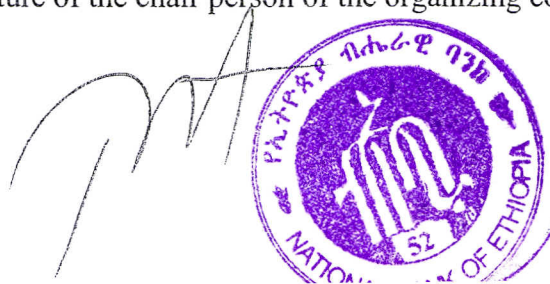
Application Form for Organizers

No.	Full ¹ name	Nationality	Address				
			City	Sub-city	Wereda	House No.	Tel.
1							
2							
3							
etc...							

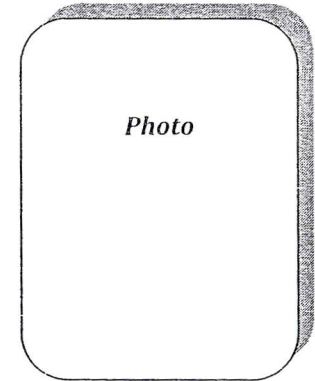
1. Proposed name of the Reinsurer (under formation): _____
2. Name of the chair person of the organizing committee: _____
 - 2.1 Address:
 - City and sub city: _____
 - Woreda: _____
 - House No. _____
 - Telephone: _____
3. I hereby confirm that the above particulars and the information provided in the attached enclosure are true and correct.

Date _____ Signature of the chair person of the organizing committee _____

¹ Including grand father



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Attachment II

Application Form for Project Manager

Full ¹ name	Nationality	Address				
		City	Sub-city	Wereda	House No.	Tel.

1. Proposed name of the reinsurer (under formation) _____
2. Present position of the project manager _____
3. I hereby confirm that the above particulars and the information provided in the attached enclosure are true and correct.

Date _____

Signature _____

[Handwritten Signature]

¹ Including grand father

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Attachment III: PROPRIETY TEST QUESTIONNAIRE:

- Organizer

- Project Manager

Full Name: _____

Name of reinsurer: _____

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

- | | <u>Yes</u> | <u>No</u> |
|---|--------------------------|--------------------------|
| 1. Have you 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, please give particulars _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Have you 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, please give particulars _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Have you ever been refused approval by any regulatory/supervisory body or failed to comply with requirements of regulatory/supervisory body?

If yes, please give particulars _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Have you ever been in dispute with previous employers' concerning fulfillment of position or compliance 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, please give particulars _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Have you ever been refused, whether in Ethiopia or elsewhere, the right to carry on any trade, business or profession for which a special license, registration or other authority is required?

If yes, please give particulars _____
_____ | <input type="checkbox"/> | <input type="checkbox"/> |

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6. Have you ever been declared bankrupt whether in Ethiopia or elsewhere or have your assets been sequestrated because of bankruptcy or foreclosed by a bank due to failure to repay a loan?

If yes, please give particulars _____

7. Have you ever been convicted of default on repayment of bank or other credits or tax payment?

If yes, please give particulars _____

8. Have you ever been carrying non-performing loans or your account been closed and not reinstated by any bank in line with relevant directives of the National Bank?

If yes, please give particulars _____

Declaration

I am aware that under sub-article 6(b) of Article 57 of Insurance Business Proclamation No. 746/2012, 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 would be aware. I also undertake to inform the National Bank of any changes material to the application.

Name _____

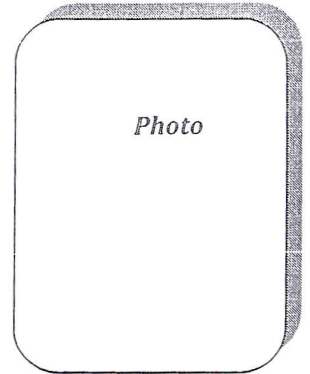
Signature _____

Date _____




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Attachment IV



APPLICATION FORM TO UNDERTAKE REINSURANCE BUSINESS

No.	Particulars	
1.	Name of the applicant	
	Designation of the applicant	
2.	Name of the reinsurer (under formation)	
	Address of the reinsurer (under formation)	
	◦ Street (location)	
	◦ Building	
	◦ Postal address	
	◦ Telephone	
	◦ Fax	
3.	Name of the project manager	
	Address of the project manager	
	◦ Woreda	
	◦ Kebele	
	◦ House No.	
	◦ Telephone	
	◦ E-mail	




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4. List of shareholders

No.	Full name ¹	Nationality	City	Sub-city	Wereda	House No.	Tel.	Subscribed capital			Paid up capital	
								Number of shares	Amount in birr	% of Subscribed Shares	Number of shares	Amount in birr
1												
2												
.												
.												
.												
Grand Total												

Note: List of subscribers to be annexed to the Memorandum and Articles of Association should follow the same format

¹ Including grandfather

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5. Names, Address and Shareholdings of Board Members

No.	Full name ²	Nationality	City	Sub-city	Wereda	House No.	Tel.	Subscribed capital		Paid up Capital	
								Number of shares	Amount in birr	Number of shares	Amount in birr
1											
2											
.											
.											
.											
Grand Total											

² Including grandfather

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6. Products and services of the reinsurer:

No.	Type of products or services
6.1	
6.2	
6.3	
6.4	
6.5	
Etc.	

7. Paid-up capital contribution:

7.1 In cash _____

7.2 In kind (specify the type of property and value in birr and the manner of valuation, if any) _____

8. Initial capital of the reinsurer (under formation) in birr _____

8.1 Subscribed capital birr _____ (_____ birr)

8.2 Paid-up capital birr _____ (_____ birr)

9. Shares:

9.1 Number of shares subscribed _____

9.2 Par value of the share in birr _____

10. Indicate the manner of acquisition³ of the following items:

10.1 In cash _____

Item	Manner of acquisition	Cost	Source ⁵
10.1.1 Building			
10.1.2 Land lease			
10.1.3 Vault			
10.1.4 Equipment			
10.1.5 Fixture			
10.1.6 Professional services			
Total			

11. Types and extent of proposed insurance coverage: _____

³ Lease, purchase, rent . . . etc, and attach agreements as per the manner of acquisition

⁵ Indicate if it is from related party



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12. Name and address of reinsurer (retrocessioner) _____

13. Name and address of actuary and loss adjuster _____

14. Please give statement that members of board of directors, chief executive officer and senior executive officers are vetted to fulfill the requirements stated in Article 4 (1h), Article 15(1) and Article 16 of Insurance Business Proclamation No. 746/2012.

15. Any additional comments:

16. I hereby confirm that the foregoing statements, particulars, enclosures, and information are true and correct to the best of my knowledge.

Date: _____

Signature: _____

Name of the Applicant: _____

Official designation of the applicant: _____



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NATIONAL BANK OF ETHIOPIA
Directives No. SRB/1/2014

CONFIDENTIAL

ANNEX I: GENERAL INFORMATION:

- Influential shareholder
- Chief executive officer
- Director
- Senior executive officer

1. Name of reinsurer: _____

2. Personal information:

i.	Full name			
ii.	Date of birth			
iii.	Place of birth			
iv.	Nationality			
v.	Identity card/ Passport number and date of issue:			
vi.	Tax payer identification number			
vii.	Address: <ul style="list-style-type: none"> - City and Sub-city - Kebele - House No. - Postal address - Telephone No.: - Fax number - e-mail 			
viii.	Educational qualification – The highest achieved:			
Organization		Position	Duration	Number of years
a				
b				
c				
Etc.				

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

Name of financial institution	Subscribed shares owned		Remarks
	In number	Share in the financial institutions' as % of the total subscribed capital	

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



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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

b) Past shareholding or ownership in a company (shares you owned in the past but had been relinquished) including financial institutions

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 facility /loan	Amount borrowed	Date of approval	Security offered (type)	Value of security	Current outstanding	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 you are new shareholder to the reinsurer 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 the shares in the reinsurer.



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ANNEX II: PROPRIETY TEST QUESTIONNAIRE:

- | | | | |
|---------------------------|--------------------------|----------------------------|--------------------------|
| - Influential shareholder | <input type="checkbox"/> | - Director | <input type="checkbox"/> |
| - Chief executive officer | <input type="checkbox"/> | - Senior executive officer | <input type="checkbox"/> |

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

Full Name: _____
 Name of reinsurer: _____

- | | <u>Yes</u> | <u>No</u> |
|--|--------------------------|--------------------------|
| 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, fraud, under any law whether in Ethiopia or elsewhere? | <input type="checkbox"/> | <input type="checkbox"/> |

If yes, please 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? | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|

If yes, please 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? | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|

If yes, please give particulars _____

- | | | |
|---|--------------------------|--------------------------|
| 4. Have you ever been in dispute with previous employers' concerning fulfillment of position or compliance 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? | <input type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|

If yes, please give particulars _____

- | | | |
|--|--------------------------|--------------------------|
| 5. Have you ever been refused, whether in Ethiopia or elsewhere, the right to carry on any trade, business or profession for which a special license, registration or other authority is required? | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|

If yes, please give particulars _____



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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 your assets been sequestrated because of bankruptcy or foreclosed by a bank and/or micro financing institutions due to failure to repay a loan?
- If yes, please give particulars _____
7. Have you or the legal person in which you were a director, chief executive officer or senior executive officer or owner been convicted of default on repayment of bank or other credits or tax payment?
- If yes, please give particulars _____
8. Have you or the legal person in which you were a director, 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 directives of the National Bank?
- If yes, please 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, please 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, please give particulars _____
11. Are you currently member of board of directors or chief executive officer in any of the financial institutions?
- If yes, please give particulars _____

Declaration

I am aware that under sub-article 6(b) of Article 57 of Insurance Business Proclamation No. 746/2012, 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 _____

