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NATIONAL BANK OF ETHIOPIA
 ADDIS ABABA

**LICENSING AND SUPERVISION OF
 INSURANCE BUSINESS**
**Monitoring the Nationality of Shareholders of
 an Insurer or a Reinsurer**
Directive No. SIB/41/2015

Whereas, the law provides that an insurer or a reinsurer shall only be owned by Ethiopian nationals and organizations wholly owned by Ethiopian nationals;

Whereas, putting in place a reviewing and monitoring mechanism to track and ensure on an ongoing basis that an insurer or a reinsurer is owned by Ethiopian nationals or organizations wholly owned by Ethiopian nationals is essential;

Now, therefore, the National Bank of Ethiopia has issued this directive pursuant to the authority vested in it by Article 58(2) of Insurance Business Proclamation No. 746/2012.

1. Short Title

This Directive may be cited as “Monitoring the Nationality of Shareholders in an Insurer or a Reinsurer Directive No. SIB/41/2015”.

2. Definition

Unless the context provides otherwise:

- 2.1. “dividend” means whole or part of the profit to be distributed to shareholders as per the decision of the general assembly and the relevant law of the country;
- 2.2. “insurer” means a company licensed by the National Bank to undertake insurance business ;
- 2.3. “reinsurer” means a company licensed by the National Bank to undertake reinsurance business;
- 2.4. “National Bank” means The National Bank of Ethiopia;
- 2.5. “person” means a natural or a juridical person;
- 2.6. any expression in the masculine gender includes the feminine.

3. Scope of Application

This directive shall apply to all insurers or reinsurers partially or fully owned by persons other than the Federal Government of Ethiopia.

4. General Requirement

The board of directors of an insurer or a reinsurer shall:

- 4.1. put in place and notify to the National Bank a mechanism to ensure that all shareholders of the insurer or the reinsurer at all times are Ethiopian nationals or organizations fully owned by Ethiopian nationals; and
- 4.2. monitor implementation of the mechanism set under Sub-Article 4.1 hereinabove and ensure that the insurer or the reinsurer is fully owned by Ethiopian nationals and organizations fully owned by Ethiopian nationals.



5. Verifications to be Made in Selling/Transferring Shares

- 5.1. In transferring or selling shares to any other person, a shareholder of an insurer or reinsurer shall present to the insurer or reinsurer valid documents evidencing that he is an Ethiopian national. Where such transfers of shares are going to be made by an agent, the agent shall present copies of valid documents evidencing that the principal shareholder is an Ethiopian national. Under such circumstance, the agent shall sign a separate declaration statement to certify that the documents presented are genuine, authentic, and reliable copies.
- 5.2. An insurer or a reinsurer shall verify, before selling or transferring shares to a new person, that such person is an Ethiopian National or an entity fully owned by Ethiopian Nationals.

6. Verifications to be Made in Paying Dividends

- 6.1. An insurer or a reinsurer shall pay or capitalize dividend to its shareholder directly in person against presentation of a valid kebele identity card, passport, driving license or any other official document that certify his Ethiopian nationality.
- 6.2. An insurer or a reinsurer shall pay or capitalize dividend to its shareholder through an agent against presentation of a copy of valid kebele identity card, passport, driving license or any other official document that certify Ethiopian nationality of the shareholder. Under such circumstance, the agent shall sign a separate declaration statement to certify that the documents presented are genuine, authentic, and reliable copies.
- 6.3. An insurer or a reinsurer shall pay dividend to a usufructuary against presentation of a copy of valid kebele identity card, passport, driving license or any other official document that certify Ethiopian nationality of the shareholder. Under such circumstance, the usufructuary shall sign a separate declaration statement to certify that the documents presented are genuine, authentic, and reliable copies.
- 6.4. If a shareholder is a juridical person, an insurer or a reinsurer shall check whether or not the legal entity is wholly owned, at the time of dividend payment or capitalization, by Ethiopian nationals before paying or capitalizing the dividend.

7. Reporting

- 7.1. If an insurer or a reinsurer identifies a shareholder who does not possess an Ethiopian nationality, it shall:
 - 7.1.1. suspend the payment of dividend and transfer of any part or whole of the shareholdings of such a person in whatever way, and
 - 7.1.2. notify the case in writing, together with supporting evidence, to the National Bank and the Police within five working days of identifying the incident.
- 7.2. An insurer or a reinsurer shall file in the prescribed format, which is attached with this directive, to the National Bank items suspended as per Article 7.1.1 of this directive at the latest, nine months after the end of its financial year.

8. Penalty

An insurer and reinsurer who fail to comply with the provisions of this directive shall be penalized in accordance with Article 57(7) of Insurance Business Proclamation No. 746/2012.

9. Effective Date

These Directives shall enter into force as of the 1st day of October 2015.


TEKLEWOLD ATNAFU
GOVERNOR



Suspended Dividend Payment, and/or Share Transfer or Selling Reporting Format

Name of Insurer: _____

Date: _____

No	Name of Shareholder	Date shares prescribed	Number of shares held		Total value of paid up shares	Value of dividend payment suspended	Value of Share transfer /sale suspended	Date of		Nationality	Remark
			Subscribed	Paid up				Detection	Suspension		
1											
2											
3											
.											
.											
.											

Prepared by: (name) _____

Signature: _____

Date: _____

Approved by (name) _____

Signature: _____

Date: _____

