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NATIONAL BANK OF ETHIOPIA
አዲስ አበባ / ADDIS ABABA

LICENSING AND SUPERVISION OF INSURANCE
BUSINESS

**Minimum Paid-Up Capital for an Insurance Company
Directives Number SIB/57/2022**

Whereas, adequate minimum capital is the principal element to kick off business and ensure continued operation, sustainability and growth of the business, and serves as cushion in case adverse operational result occurs;

Whereas, increase in capital plays an essential role in enhancing the retention capacity of insurance companies;

Whereas, adequate minimum capital enhances the competitive edge of an insurance company;

Now, therefore, in accordance with articles 19(1) 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 hereby issued this Directive.

1. Short Title

This Directive may be cited as “**Minimum Paid-Up Capital for an Insurance Company Directive No. SIB/57/2022**”.

2. Definitions

In this Directive, unless the context provides otherwise:

- 2.1. “**action plan**” means a plan that clearly sets out specific action and timetable as to how the minimum required capital be fulfilled;



- 2.2. **“an insurance company in the process of share subscription”** means an insurance company that is in the process of selling shares after obtaining approval from the National Bank and has not conducted its subscribers meeting as of the effective date of this Directive;
- 2.3. **“existing insurance companies”** means insurance companies licensed by the National Bank before the effective date of this Directive;
- 2.4. **“general insurance business”** means all classes of insurance business other than long term insurance business;
- 2.5. **“insurance company”** means a company licensed by the National Bank to undertake insurance business or an insurance company owned by the Government;
- 2.6. **“long term insurance business”** means life insurance, annuity, pension, permanent health insurance and personal accident or sickness insurance underwritten by an insurance company as incidental to any of the former classes of businesses and any other class of insurance business as may be determined by the National Bank directive; and
- 2.7. **“National Bank”** means the National Bank of Ethiopia.

3. Scope of Application

The provisions of this Directive shall be applicable to:

- 3.1. existing insurance companies;
- 3.2. insurance companies in the process of share subscription; and
- 3.3. new applicants for insurance business license.

4. Minimum Paid-Up Capital Requirements

- 4.1. The minimum paid-up capital required to obtain a general insurance business license shall be Birr 400 million (four hundred million Birr), which ought to be fully paid-up in cash and deposited in blocked bank account(s) in the name of the insurance company to be established.
- 4.2. The minimum paid-up capital required to obtain a long-term insurance business license shall be Birr 100 million (one hundred million Birr),

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