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NATIONAL BANK OF ETHIOPIA
አዲስ አበባ / ADDIS ABABA

LICENSING AND SUPERVISION OF REINSURANCE BUSINESS

Prudential Requirements for Reinsurance Companies
Directive No. SRB/2/2022

Whereas, maintaining solvency of reinsurance companies is critically important for the maintenance of primary insurance companies' solvency and consequently it becomes necessary to require reinsurance companies to comply with financial reporting and regulation;

Whereas, it is necessary to ensure that licensed reinsurance companies are financially and operationally sound;

Whereas, inappropriate and inadequate retrocession arrangements could expose reinsurance companies to risks including insecurity, operational, legal, liquidity, and the combination of these and other risks which may affect the reinsurance company's financial soundness and reputation, and ultimately contribute to their failure;

Whereas, setting standards to reinsurance companies with regard to operation and documentation of underwriting, claims management, selection of retrocessionaires, designing of retrocession programs and implementation; review, monitoring and control of the entire operations; and transparent reporting-of risk transfer programs is essential;

Now, therefore, the National Bank of Ethiopia has issued this Directive pursuant to the authority vested in it by Articles 5(8), 55 and 64(2) of the Insurance Business Proclamation No. 746/2012 as amended by the Insurance Business (Amendment) Proclamation No.1163/2019.

1. Short Title

This Directive may be cited as "**Prudential Requirements for Reinsurance Companies Directive No. SRB/2/2022**".

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