National Bank of Ethiopia Calls for Comments on New Minimum Premium Rates for Motor Insurance

The National Bank of Ethiopia has issued a public notice to gather public opinion on the draft Motor Insurance Own Damage Minimum Premium Rate Directive (Draft Directive) which is expected to become effective within few months. The Draft Directive sets the minimum rate for the amount of insurance premium that companies charge customers with the objective of aligning insurance premium proposed for the insurance with the risk to be insured. The Directive also envisages culminating unwarranted premium, undercutting, and protecting the interest of policyholders.

Accordingly, the Draft Directive has set minimum motor insurance premium rates as follows:

No.	Category of Motors			Proposed Minimum Insurance Premium Rate
1	**Private**		Private vehicles	1.02%
			Motorcycles	1.14%
2	**Commercial**	**Goods carrying**	Own goods	-
			Pick-ups	1.10%
			Trucks and truck trailers and water tanker	1.12%
			Tipper	1.25%
			Tankers	1.39%
		General cartage	Pickups	1.36%
			Truck and truck trailer and water tanker	1.29%
			Tipper	1.44%
			Tankers	1.60%
		Passengers	Own service	1.30%
		Public service (fair paying)	Seat up to 16	2.86%
			Eat between 17 – 30	1.80%
			Seat above 30	1.74%
			Taxi	1.77%
			Car hire	1.58%
			Three wheelers and tri cycles	1.70%
			Agricultural vehicles	0.58%

The Draft Directive clearly provides that the proposed minimum premium rates described in the table will be applied on new businesses and renewals.