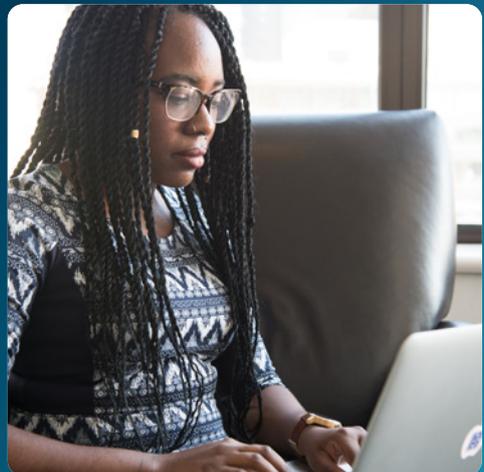




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APRIL 2021



CELEBRATING PROFESSIONALISM IN AFRICA

EDITION #N01



'The role of insurance in a developing society'

A perspective from the Eritrean insurance profession

By **Zeru Woldemichael Tesfazghi** Chartered insurer
Chief Executive Officer

National Insurance Corporation of Eritrea

'Celebrating professionalism in Africa' is a pioneering series of case studies, published by the Chartered Insurance Institute, to showcase professional practice and innovation in insurance

THE ROLE OF INSURANCE IN A DEVELOPING SOCIETY

A perspective from the Eritrean insurance profession



By **Zeru Woldemichael Tesfazghi** Chartered insurer
Chief Executive Officer
National Insurance Corporation of Eritrea

Insurance has been playing an increasing role in Eritrean society as the population and the economy have grown. Since independence in 1991, the number of people living in the country has nearly doubled, from 3.2 million to 5.8 million, and in recent years GDP has been growing at 5% annually, driven by expanded production in sectors such as copper, zinc, gold and the upcoming potash mining with an estimated investment of a \$1bn-plus.

A well-functioning insurance sector will be vital if these economic trends are to continue. For example, international trade is expanding (exports rose 29% to \$624m in the most recent years for which records are available), with major trading partners that include UAE, China, Saudi Arabia, Italy, Turkey, South Korea and India. Eritrean enterprises and individuals involved in such activities will require trusted insurance provision if they are to take full advantage of the opportunities, and to prosper.

The National Insurance Corporation of Eritrea (NICE) was established in 1992, shortly after independence, when it inherited the portfolio of operations that were previously part of the Ethiopian Insurance Corporation. I was appointed General Manager / Chief Executive Officer at the time, and have held that role throughout the expansion period. Early decisions included the fact that NICE would underwrite both life and non-life contracts, that it would be based in Asmara (Eritrea's capital, declared a UNESCO World heritage Site in 2017 for its well-preserved art deco architecture; also, curiously, the sixth-highest capital city on the planet), and that we would operate with a network of branches and general agents. We are a well-established professional insurer with a balanced reinsurance treaty facility led by Munich Re of South Africa followed by Africa Re, Zep Re and other highly reputable underwriters. We also have highly renowned brokers such as Marsh & McLennan, Arthur Gallagher, AON Plc, Willis Towers Watson, J B Boda, Afro-Asian, Jordans Global and many other trustworthy brokers.

A key event in the country's history arose in 2004 when the Eritrean Government, which has been the sole shareholder since the outset, decided to make the company's share capital available to the public. Today, 44% of the shares are held by more than 2,000 individuals and companies. In the recent year, 54% of our premium income was earned through motor business, 36% was fire and accident, 7% marine and aviation and 3% life. Life is an important growth area, and — while small — the result represents a 144% growth rate in the past year.

As Chief Executive, I recognise we will make the greatest impact if we are clear about our purpose and strategy. For this reason, we have developed two simple statements:

- **Our Mission:** To provide risk management, insurance security and quality services
- **Our Vision:** To enable people to overcome uncertainty by transferring risk.

These are fine words, but delivery requires an organisation that operates with strong values. We have listed four such values:

- Professionalism
- Integrity
- Transparency
- Quality service.

It is not by chance that 'professionalism' is at the top of this list. In my view, NICE is best able to support its wide group of stakeholders — our business partners, customers and shareholders — if we have a knowledgeable, technically competent workforce, who conduct business to a robust ethical code.

At NICE, I have been a powerful advocate of the value and benefits of professional qualifications and standards. Every year, many of our people in roles requiring expert knowledge are required to sit for CII examinations, and I have seen first-hand the advantages for them as individuals, as well as for the wider NICE organisation. As a Managing



We need to demonstrate the relevance of insurance to changing lives



Director/CEO of New Sudan Insurance Company in the Republic of South Sudan (established in early 2008), I set up a CII examination centre in Juba (the capital city) to emulate our vision in the development of young indigenous South Sudanese to have a knowledge in insurance. In the two (Eritrea and South Sudan) international exam centres, there are two CII exam-sitting dates every year. In addition, we need to demonstrate the relevance of insurance to changing lives — we have a plan and are beginning to penetrate into the grassroots of our society to develop medical insurance, microinsurance and takaful insurance.

As part of our broader commitment to professionalism, our chairman Ghirmal Ghebremeskel has always advocated that our business must operate to modern, internationally accepted standards of governance. As he has written: “NICE is committed to adhering to the highest standards of good corporate governance at all levels of its operations. This commitment is rooted in our core values and beliefs. We have put in place elaborate governance processes, which comply with best practice as set out in various codes on corporate governance.”

With a strict policy on conflict of interest, the risk, audit and compliance as well as the strategy and investment committees of the board thoroughly ensure that the board charter and work plan of the company are methodically adhered to. The board’s highest priority remains the implementation of the senior management succession plan in a realistic and sustainable way. In recent weeks, the board has been proactive in overseeing NICE’s response to the Covid-19 pandemic — reviewing the crisis management plans and taking steps to continue operations with minimal client disruption. Providing services and communicating with international reinsurers and brokers has been a particular priority.

Finally, we recognise that insurance has a powerful voice to advocate social change and a fairer society. The Bank of Eritrea regulates our company to ensure that we comply with the directives and regulations of the bank, with an ultimate objective of protecting the public as insurance consumers and policyholders. For this reason, we have been proud to sponsor the Gazelles female football team, making our contribution to the fight for gender equality, as part of our social responsibility. □



Overview: The National Insurance Corporation Of Eritrea underwrites all classes of life and non-life insurance risks

Date established
1992

Staff

93

Total

26

With an insurance qualification

Key financials
ERN236m GWP (non-life)

Vision: To provide leadership in developing the social and economic foundation of Eritrea through the provision of risk management products and services to individuals and companies operating within Eritrea and beyond

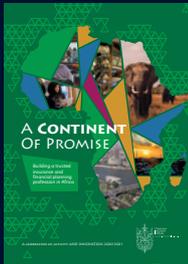
Key locations
Eritrea: Assab and Massawa ports with various agents across the country

Sector focus

| | | |
|-------------------|-------------------------------|--------------------|
| General insurance | Life and protection insurance | Financial planning |
| ● | ● | ○ |

For more information: www.niceritrea.com

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FOR INFORMATION:

www.cii.co.uk/africa

E: africa@cii.co.uk

PUBLISHED BY:

Chartered Insurance Institute

42-48 High Road | South Woodford | London | E18 2JP

Tel: +44 (0)20 8989 8464

Email: customer.serv@cii.co.uk

www.cii.co.uk



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