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The Governor

DIRECTIVE N° 2310 /2019 – 00044 [803.1.1] ON BANCASSURANCE BUSINESS

Pursuant to Law N° 48/2017 of 23/09/2017 governing the National Bank of Rwanda especially in its articles 6, 8, 9, 10 and 15;

Pursuant to Law N° 47/2017 of 23/9/2017 governing the organization of banking, especially in its article 4;

Pursuant Law N° 52/2008 of 10/09/2008 governing the organization of insurance business, especially in its articles 23, 40, 41, 54;

Pursuant to Law N°40/2008 of 26/08/2008 establishing the organization of micro finance activities, especially in its article 19;

In order to promote the financial inclusion through insurance coverage in the country and hence leading to the sound and stable financial sector, the National Bank of Rwanda herein referred to as "Central Bank", decrees:

CHAPTER I: GENERAL PROVISIONS

Article one: Purpose

This Directive aims at establishing a framework that allows banks and microfinance institutions to engage in the bancassurance business.

Article 2: Definitions

In this Directive, the following terms have the following meaning:

- 1° **bancassurance business:** the sale, marketing and distribution of insurance products by a bank or a microfinance institution as an agent to one insurer or multiple insurers ;
- 2° **bancassurance agent:** a bank, a microfinance institution authorized to carry out bancassurance business;
- 3° **bancassurance agreement:** an agreement duly concluded between an insurer and a bank or a microfinance institution to engage in the bancassurance business;

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- 4° **commission:** fee payable to the bank or microfinance institution by an insurer in line with the provisions of the bancassurance agreement;
- 5° **principal officer:** a person appointed by a bancassurance agent responsible for the operation of the bancassurance business and who is its representative in all matters regarding the bancassurance business;
- 6° **specified officer:** a person other than the principal officer appointed by bancassurance agent responsible for procuring and soliciting business on behalf of the bancassurance agent.

CHAPTER II : AUTHORIZATION REQUIREMENTS

Article 3: Application to conduct bancassurance business

A bank or microfinance institution that seeks to carry on bancassurance business shall:

- 1° make an application to conduct bancassurance business by filling an application form I as specified on **APPENDIX**;
- 2° be financially sound and stable in accordance with financial highlights required by the Central Bank;
- 3° submit a formal application for approval of the Principal Officer accompanied by relevant information.

Article 4: Other requirements

Application forms specified in article 3 of this Directive shall be accompanied by the following documents:

- 1° board resolutions approving the bank or microfinance institution to conduct the bancassurance;
- 2° the bancassurance business plan for three (3) years;
- 3° evidence of payment of application fees equivalent to two hundred thousand (FRW 200,000) and fifty thousand (50,000) Rwanda Francs for banks and microfinance Institutions respectively;
- 4° any other information that the Central Bank may require.

Article 5: The terms of bancassurance agreement

Insurer and banks or microfinance institution shall have the terms of bancassurance agreement governing their relationship that reflect a particular method under which they do business.

The terms of business agreement between the bank or microfinance institution and an insurer required under Paragraph One of this Article shall indicate at minimum:

- 1° mode to be used to remit premium to the insurer;
- 2° claims handling process to be used;
- 3° the conditions for the termination of the agreement;
- 4° the duration of the agreement and whether it is renewable;
- 5° dispute resolution mechanism;
- 6° disclaimer clause that the products shall be underwritten by the insurance company with no recourse to the bank or microfinance institution in terms of underwriting, management, claims or any legal proceedings between the insurance company and the bank's customer;
- 7° the safeguards to be made available to the customers protection;
- 8° the commission to be charged and the mode and process of payment;
- 9° a schedule of the services/products to be offered;
- 10° rights and obligations of both bancassurance agent and insurer.

For the purpose of the payment of commissions, no bancassurance agent shall automatically deduct insurance commissions from the premium received. The concerned insurer pays the commission after the reception of the premium, instead.

Article 6: Principal Officer

Every bank or microfinance institution transacting bancassurance business shall appoint a principal officer in charge of that particular business.

Article 7: Fit and proper requirement for the Principal officer

The principal officer shall comply with the fitness and propriety requirements provided for in the regulation on corporate governance for banks and other legal and regulatory instruments applicable in banking activities.

In addition, a person qualifies to act as principal officer of the bancassurance agent if he/she holds at least bachelor's degree in business Administration, finance, accounting, insurance, actuarial science or relevant field and three years working experience as an insurance underwriter, claims or sales officer.

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Article 8: Responsibilities of the principal officer

A principal officer shall:

- 1° be responsible for soliciting and procuring insurance business on behalf of the bancassurance agent;
- 2° explain the terms of the service/product of the bancassurance business to a prospective policyholder without any misleading information or misrepresentation on the benefits or costs of the insurance policy;
- 3° take into account the needs of the prospective policyholder while recommending a specific insurance plan and disseminating the information in respect of insurance services/products on offer by the insurer;
- 4° inform the prospective policyholder of the premium to be charged by the insurer for the insurance services/product on offer;
- 5° explain to the prospective policyholder the nature of information required in the proposal form by the insurer, and also the importance and effects of disclosure of material facts in the purchase of an insurance contract;
- 6° obtain the requisite documents at the time of filing the proposal form with the insurer and any other documents that may be requested for by the insurer to complete the proposal and promptly inform the prospective policyholder about the acceptance or rejection of the proposal by the insurer, as the case may be;
- 7° render the necessary assistance to the policyholders or claimants or beneficiaries in complying with the requirements for settlement of claims by the insurer;
- 8° notify the insurer of any adverse habits or inconsistent income of the policyholder or beneficiary, along with every proposal submitted to the insurer, and any material fact that may adversely affect the underwriting decision of the insurer as regards to acceptance of the proposal, by making reasonable enquiries about the prospective policyholder or policyholder, as the case may be;
- 9° as may be requested or as may be necessary, identify himself or herself to the prospective policyholder, insured persons and insurers.

Article 9: Training requirement of bancassurance principal officer and other staff

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An insurer together with an bancassurance agent shall ensure that the principal officer and other bancassurance staff have adequate bancassurance training. A Certificate issued by the Association of Insurers of Rwanda shall be sufficient evidence for this purpose.

Article 10: Approval of authorization

The Central Bank may authorize a bank to act as a bancassurance agent only if:

- 1° the application is in accordance with the requirements of Articles 3, 4, 6 of this Directive;
- 2° the Central Bank is satisfied that the applicant has the ability to conduct bancassurance business in a prudent manner, in accordance with sound insurance practices and in compliance with requirements of this Directive;
- 3° the Central Bank is satisfied that the authorization shall not prejudice public interest.

Article 11: Validity of authorization

The authorization granted to a bancassurance agent is perpetual unless revoked by Central Bank.

CHAPTER III: REGULATING BANCASSURANCE BUSINESS

Article 12: Permissible business

A bancassurance agent shall only engage in the selling, marketing and distribution of insurance products as provided for in bancassurance agreement.

A bancassurance agent may provide bancassurance business to multiple insurers if it is provided in the bancassurance business plan and does not compromise the confidentiality or professional and market conduct requirements.

Article 13: Prohibited business

A bancassurance agent shall not:

- 1° undertake or engage in the actual business of underwriting of risks or engaging in any other insurance business not authorized by the Central Bank;
- 2° give the impression of being the underwriter of the insurance products to its customers;

A bank cannot be an agent for its own insurances.

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A bank or microfinance institution authorized to do bancassurance business shall ensure that the product is in the name of the underwriter and shall disclose to the customers that the insurer shall wholly be liable for payment of claims that may arise from the risk covered.

Article 14: Products

A bancassurance agent are authorized to distribute life Insurance products and/ or General insurance personal lines . The bancassurance agent can also distribute credit insurance subject to the consent by the insurance company.

For the purpose of this Article, general insurance personal lines is defined as all general insurance personal lines policies sold to or purchased by individuals and small and medium sized enterprises (SME) for their own benefit as opposed to corporate entities.

Article 15: Obligations of bancassurance agent

A bancassurance agent shall:

- 1° continuously train people engaged in bancassurance on insurance matters and customer service;
- 2° not make to a prospective policyholder any misrepresentation on the benefits or costs available under the policy;
- 3° not disclose any information or data of a policyholder or prospective policyholder, as the case may be, which is obtained in the course of conducting the bancassurance business except as may be authorised under any law;
- 4° provide pre-sales and post sales advice to a prospective policyholder for the insurance services/products offered by the bancassurance agent;
- 5° provide the assistance required by a policyholder to complete a claim and
- 6° remit the premiums collected from policyholders to the insurer's account not later than 24 hours after its collection.

Article 16: Liability of the bancassurance agent

The bancassurance agent shall be liable for the acts or omissions of the principal officer and for specified persons in any matters related to bancassurance business.

CHAPTER IV: REPORTS TO THE CENTRAL BANK *11 Jan*

Article 17: Quarterly reports

A bancassurance agent shall submit a quarterly report to the Central Bank on the performance of the bancassurance business.

The Insurer shall create, as a line item, the total premium generated from Bancassurance business and the associated commission paid.

The report required under Paragraph One of this article shall be submitted within fifteen days after the period referred to in Paragraph one, taking into account information provided for on **Appendix II** of this Directive and in accordance with the regulation and Directive on reporting requirements.

CHAPTER V: CONSUMER PROTECTION AND CLAIMS SETTLEMENT

Article 18: Settlement of complaints

A bancassurance agent shall establish procedures for settlement of any complaint that may arise from cross-selling transactions, including after-sale service and claims.

An insurer shall solely or where required, jointly with the bancassurance agent be responsible for the settlement of any complaint that may arise from a fault in the performance committed by an insurer, bancassurance agent, principal person or specified staff, in the provision of the bancassurance business.

Where a complaint is filed, a decision on the complaint shall be made within seven days from the date of its filing.

A person who is not satisfied with the decision made under paragraph three (3) of this Article may file a claim to the Competent organs.

Article 19: Prohibitions

The bancassurance agent shall not debit the client's bank accounts for premiums without written consent from the client.

A bancassurance agent is prohibited from engaging in tied selling by imposing mandatory requirement to a consumer.

Subject to Paragraph One and Two of this Article, a bank customer shall be given the free will to choose between using the bank's bancassurance agent or any other agent of his/her choice to purchase the insurance.

Article 20: Compliance with the Key Facts Statements requirements

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A bancassurance agent shall comply with the regulation determining key facts statement and information disclosure for insurance products.

CHAPTER VI: ENFORCEMENT MEASURES

Article 21: Suspension of authorisation to conduct business as bancassurance agent

Without prejudice to other penalties provided for by other relevant Laws, Regulations and Directive into force, the Central Bank may suspend the authorisation of a bancassurance agent for a period of not more than six months, in case there is any violation of the insurance law and other relevant regulatory instruments applicable to bancassurance business,

Article 22: Cancellation or revocation of authorization of bancassurance agent

The Central Bank may or revoke the authorization given to bancassurance agent to conduct bancassurance business where:

- 1° the bancassurance agent applies in writing for the cancellation of the authorization or;
- 2° bancassurance agent ceases to hold an authorization to operate as a deposits taking institution or;
- 3° the bancassurance agent violates the provisions of the insurance laws and its implementing regulatory instruments.

The Central Bank may publish on its website a notice of suspension, cancellation or revocation of an authorization granted to a bancassurance agents in accordance to this Directive.

In case of cancellation or revocation of the authorization, the insurer shall continue to service the existing policies and to settle any outstanding claims.

Article 23: Revocation notice to bancassurance agent

The Central Bank shall, before revoking or cancel an authorization given to bancassurance agent to conduct bancassurance business, notify the bancassurance agent. The notice shall state the grounds for revocation or cancellation and conditions thereto.

Article 24: Revoking the approval of principal officer

Central Bank may revoke the approval of the Principal officer of a bancassurance agent in case he/she is in violation of the provisions of the insurance laws, its implementing regulatory instruments.

Where the authorization of a bancassurance agent has been revoked by the Central Bank, the approval of the principal officer shall be automatically revoked as well.

CHAPTER VII: MISCELLANEOUS AND FINAL PROVISIONS

Article 25: Compliance with “Know Your Customer” Rules and Procedures and Enhanced Due Diligence.

The Bancassurance Agent shall carry out due diligence and comply with Know Your Customer (KYC) rules and Procedures as prescribed in relevant Anti - Money Laundering and Financing of Terrorism law and its implementing regulations or Directives.

An insurer may rely upon the due diligence carried out by the Bancassurance Agent.

Article 26: Compliance with other specific regulation

For any provision that is not provided for in this Directive, a bancassurance agent shall comply with requirements provided for in the insurance law and Regulation on licensing requirements for insurance intermediaries.

Article 27: Abrogation of previous provisions

All prior provisions contrary to this Directive are hereby repealed.

Article 28: Entry into force

This Directive comes into force from the date of its signature.

Done in Kigali on 18/04/2019

Dr. NSANZABAGANWA Monique
Deputy Governor and Acting Governor



APPENDIX

I. APPLICATION FOR AUTHORISATION TO CONDUCT BUSINESS AS A BANCASSURANCE AGENT

1. Name of applicant
2. Institution name:
3. Postal address: Location
4. Tel: E-mail
5. Name of principal MD/CEO:
6. Attach the following:
 - (a) The bancassurance agency agreement, with the insurer to be represented,
 - (b) A resolution of the board of the bank conduct bancassurance business
 - (c) A copy of a valid licence to operate as a financial institution issued by the Regulator of Bank or of microfinance.
 - (d) A list of the specified persons indicating the branches at which they are to be stationed and the location of those branches and the curriculum vitae of the specified persons.
 - (e) A three year business plan on bancassurance activities
 - (f) Notarized academic and professional qualifications certificates of the Principal officer or specified officers for bancassurance activities.
 - (g) Other documents required to the Principal Officer and specific officer include but not limited to, Police Clearance, tax clearance, Credit information registry certificate, three professional reference letters.
 - (h) Evidence of payment of the application fee to the Central Bank.
 - (i) Any other requirements specified by this Directive of applicable Laws. ndm

Signature :

Applicant Name.

Date:

This application shall be stamped with the official stamp of the bank or microfinance that seeks to transact bancassurance business and shall be signed, on behalf of the financial institution, by MD/CEO

II: QUARTERLY REPORTING

A bancassurance agent, at the end of every calendar quarter and not later than 15th day of the next month, submit to the Central Bank the following information:

- (a) Gross premium Collected (either life or non-life) for every class of insurance business;
- (b) Commission received or receivable for every class of insurance business;
- (c) Number of policies in force, cancelled or lapsed and terminated;
- (d) Claims reported and complaints received;
- (e) Incidents of frauds encountered;
- (f) Remedial measures taken to address customer complaints.

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