



The Governor

DIRECTIVE N° 3160 /2021 – 00026 [613] OF 25/10/2021 ON CLARIFICATION OF DEFINITION OF MICRO-INSURANCE

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

Pursuant to Law N° 030/2021 du 30/06/2021 governing the organization of insurance business, articles 3 and 4;

Pursuant to Regulation N° 2100 /2018 – 00012 [614] of 12/12/2018 of the National Bank of Rwanda governing the organization of micro-insurance business, article 3, 6, 8;

With a view to have an orderly inclusive insurance market, the National Bank of Rwanda issues this Directive:

Article One: Purpose

This Directive aims at providing clarification to the definition of micro-insurance to enhance access to insurance especially to unserved and underserved low-income segment.

It also serves at establishing a clear demarcation between the micro-insurance and conventional insurance to minimize any ambiguity or regulatory arbitrage.

Article 2: Definitions

For the purpose of this directive, the following terminologies mean:

- 1° **Low-income segment:** individuals with low earnings; or micro and small enterprises as defined from time to time in relevant government policy.
- 2° **conventional insurance:** insurance covering risks other than those covered by micro-insurance;
- 3° **Unserved/Underserved People:** a group of people who may otherwise not having access to or not targeted by conventional insurance.

Article 3: Conformity with micro-insurance Regulation

Every micro-insurer shall ensure that the micro-insurance products and contracts comply with the principles, standards and features set in the micro-insurance regulation.

Article 4: Limitation and duration of micro-insurance policy

The duration for micro-insurance policy is limited as follows:

- 1° Life micro-insurance policy is limited to 60 months.
- 2° General micro-insurance policy is limited to 12 months.

Without prejudice to the provisions of previous Paragraph, life micro-insurance products exclude any product whose nature is mainly long-term savings and any other form of insurance excluded in the micro insurance regulation.

Article 5: Sum insured for micro-insurance policy and product design

The sum insured for micro insurance policy sold to individuals shall not exceed Frw 5 million.

For business enterprises, the sum insured shall not exceed the annual turnover of micro and small enterprises of Frw 20 million.

The amounts specified in paragraph one (1) and two (2) are subject to regular updates in accordance with socio-economic development.

Any micro-insurer shall design and price micro-insurance products in the ambit of previous paragraphs of this article.

Article 6: Enforcement and corrective measures

A micro insurer which sells micro-insurance policies without observing the requirements of this directive shall be punished in accordance with the regulation on administrative and pecuniary sanctions applicable to insurers.

Article 7: Transitional period

Insurance policies entered into prior to the signature of this Directive shall be executed until their expiration period unless contracting parties otherwise agreed. However, any new policy or policy renewal shall comply with this directive.

Article 8: Repealing provisions

All prior provisions contrary to this Directive are hereby repealed.

Article 9: Commencement

This Directive shall come into force from the date of its signature.

Done at Kigali, on 2/11/2021.



**RWANGOMBWA John
Governor**