DRAFTING NOTE

INSURANCE ACT 2026

1. Status and purpose of this note

This drafting note is explanatory and is not part of the proposed Assembly Act. It identifies the legislative need, the relationship with earlier Eritrean law, the principal matters retained, the modernization choices made and the place of the draft within the emerging constitutional statute book. The instrument remains a consultation draft and should be finalized only after legal, institutional, fiscal and public review.

2. Legislative need and prior law

Earlier financial-sector legislation did not provide a comprehensive modern framework for life, general, reinsurance and intermediary activity or policyholder protection.

3. What the draft retains

The draft retains licensing, solvency, reserves, claims obligations, intermediary responsibility and court-enforceable insurance contracts.

4. What the draft updates and modernizes

It adds risk-based capital and governance, group supervision, conduct and disclosure rules, digital distribution, inclusive and microinsurance, resolution and portfolio transfer, actuarial standards, complaint mechanisms and coordination with compulsory sector insurance.

5. Constitutional, code and treaty fit

The draft is framed under the Constitution of Eritrea 1997 and must be read with the Civil Code, Penal Code, Civil Procedure Code and Criminal Procedure Code of Eritrea 2015 where those Codes govern. It is also coordinated with the other institutional, financial, commercial, land, labour, administrative and sectoral drafts in this collection. References to international or regional standards guide compatibility and implementation; they do not bypass the Treaty-Making Act or convert an unincorporated instrument into domestic law.

6. Scope and organization

The principal divisions address preliminary provisions; insurance regulatory commission; licensing of insurers and reinsurers; governance, fitness and controls; solvency, valuation and investment; reinsurance and risk transfer; insurance contracts and policyholder rights; claims and complaints; intermediaries and distribution; life, health and long-term insurance; and the concluding enforcement, transitional and final provisions.

7. Transition, implementation and consultation

The draft preserves lawful accrued rights, completed transactions, pending proceedings and institutional continuity where appropriate, while preventing temporary savings from preserving unconstitutional coercion or indefinite executive discretion. Before enactment or issuance, authentic predecessor instruments and amendments should be verified, cross-references and fiscal capacity confirmed, implementing regulations and digital systems prepared, and affected institutions, professions, communities and the public given a practical opportunity to comment.

CONSULTATION DRAFT — NOT ENACTED LAW

ACT NO. ___/2026

INSURANCE ACT 2026

(ACT)

AN ACT TO REGULATE INSURANCE AND REINSURANCE BUSINESS, PROTECT POLICYHOLDERS AND CLAIMANTS, ESTABLISH AN INDEPENDENT INSURANCE REGULATORY COMMISSION, PROVIDE FOR LICENSING, SOLVENCY, GOVERNANCE, MARKET CONDUCT, INTERMEDIARIES, COMPULSORY INSURANCE, RESOLUTION, DIGITAL INSURANCE AND RELATED MATTERS.

PREAMBLE

WHEREAS Articles 8, 21, 23 and 56 of the Constitution of Eritrea support lawful economic development, protection of property and livelihood, sound financial institutions and accountable public administration;
WHEREAS insurance can protect households, workers, farmers, enterprises, investors and public assets against loss and can mobilize long-term savings when promises are solvent, contracts are fair and claims are paid;
WHEREAS a competitive insurance market requires an independent specialized regulator coordinated with the National Bank of Eritrea without duplicating banking supervision or compromising financial stability;
WHEREAS prior laws establishing and privatizing the National Insurance Corporation and providing compulsory motor-vehicle and passenger insurance should be verified and replaced by neutral rules applying equally to public and private insurers;
WHEREAS digital distribution, mobile payment, data analytics and artificial intelligence can broaden insurance access when governed by transparency, privacy, fairness, cybersecurity and accountable human judgment;
NOW, THEREFORE, the National Assembly of Eritrea enacts as follows:

CHAPTER I
PRELIMINARY PROVISIONS

Article 1 — Short title

This Act may be cited as the Insurance Act 2026.

Article 2 — Objects

1. protect policyholders, beneficiaries and third-party claimants;
2. maintain solvent, well-governed and competitive insurers;
3. provide clear, fair and enforceable insurance contracts;
4. support inclusive insurance, agriculture, trade, investment and long-term savings;

5. regulate intermediaries, reinsurance and digital distribution proportionately;
6. provide early intervention, resolution and orderly exit;
7. coordinate insurance with national financial stability; and
8. enable transparent supervision and responsible technology.

Article 3 — Application of Act

1. This Act applies to insurance, reinsurance, insurance intermediaries and related regulated activities carried on in or from Eritrea.
2. It binds public, cooperative, mutual and private persons equally.
3. Social insurance, public-service pensions, deposit insurance, employee benefit trusts and informal family assistance are excluded except where they conduct insurance business in substance.

Article 4 — Definitions

1. “Commission” means the Insurance Regulatory Commission established by this Act;
2. “insurance business” means assuming, for consideration, a risk contingent on an uncertain event and promising money or another benefit on occurrence;
3. “insurer” includes a company, mutual or cooperative licensed to carry on insurance;
4. “intermediary” includes an agent, broker, insurance salesperson, loss assessor and another prescribed insurance intermediary;
5. “policyholder” means the person who contracts with an insurer;
6. “reinsurance” means insurance of an insurer's risks;
7. “technical provisions” means liabilities established for insurance obligations; and
8. “ultimate beneficial owner” means a natural person ultimately owning, controlling or benefiting from a legal person.

Article 5 — Constitutional interpretation

1. The Constitution prevails, and every power shall respect equality, property, privacy, due process, information and judicial review.
2. Supervision shall be risk-based, proportionate, independent and directed to policyholder protection and financial soundness.
3. This Act shall, so far as its text permits, be interpreted consistently with constitutionally valid financial and insurance obligations binding Eritrea.

Article 6 — Relationship with other legislation

1. The National Bank Act governs central banking and assigns financial-sector coordination without displacing the Commission's specialized mandate under this Act.
2. The Commercial and Civil Codes govern companies, contracts, agency, obligations and insolvency except where this Act provides special insurance rules.
3. The Social Insurance and Public Service Pensions Act governs statutory social schemes, and the Land Transport Act and Maritime Code govern sector safety.

4. Competition, consumer, data-protection, anti-money-laundering, tax and public-finance laws apply additionally within their scope.

Article 7 — Insurance principles

1. utmost honesty and fair dealing by all parties;
2. solvency and prudent risk management;
3. clear contracts and suitability;
4. prompt and fair claims;
5. segregation and protection of policyholder assets;
6. competition and equal regulatory treatment;
7. proportionality for microinsurance and mutual arrangements;
8. independent supervision and effective review; and
9. technology serving inclusion without unfair discrimination.

CHAPTER II
INSURANCE REGULATORY COMMISSION

Article 8 — Establishment

1. The Insurance Regulatory Commission is established as an independent statutory body with legal personality.
2. It shall not carry on insurance, invest in a regulated institution or promote one insurer commercially.

Article 9 — Functions

1. license and supervise insurers, reinsurers and intermediaries;
2. set prudential and conduct standards under delegated law;
3. protect policyholders and monitor claims practices;
4. conduct market and financial-stability analysis;
5. intervene in weak institutions and administer resolution;
6. maintain public registers and consumer information; and
7. cooperate with domestic and foreign authorities.

Article 10 — Independence

1. The Commission shall exercise licensing, supervision, enforcement and resolution independently and impartially.
2. No minister, official, party, insurer or private person may direct an individual decision.
3. Accountability to the National Assembly, courts, Auditor General and law does not permit political revision of supervisory judgment.

Article 11 — Governing Board

1. A Board shall oversee strategy, regulations, finance, major decisions and institutional performance.
2. Members shall be selected through a public merit process for expertise in insurance, actuarial science, accounting, law, economics, consumer protection, technology and public administration.
3. A majority shall not be serving executive officials, and appointment, tenure, recusal and removal shall be transparent.

Article 12 — Commissioner and staff

1. The Board shall appoint a Commissioner through open competition for a protected renewable term.
2. Staff shall be merit-based, professionally independent and subject to confidentiality, conflict and post-employment rules.
3. Remuneration shall support integrity without escaping public accountability.

Article 13 — Funding

1. The Commission shall be funded by appropriations and transparent supervisory fees prescribed under express authority.
2. Fees shall reflect reasonable cost, size and risk and shall not become general taxation.
3. Industry funding shall not create influence over individual supervision.

Article 14 — Accountability

1. The Commission shall submit an annual report and audited accounts to the National Assembly within six months after year end.
2. The report shall address market structure, solvency, claims, complaints, enforcement, inclusion, systemic risk and performance.
3. Confidential institution data may be aggregated, but final enforcement and systemic findings shall be published.

Article 15 — Coordination with National Bank

1. The Commission and National Bank shall exchange relevant information and coordinate financial-stability monitoring, conglomerate supervision and crisis response through a published framework.
2. The National Bank shall not direct an individual insurance license or claim, and the Commission shall not exercise central-bank or banking powers.
3. The head of the Commission shall participate in the Financial Stability Committee as provided by law.

CHAPTER III
LICENSING OF INSURERS AND REINSURERS

Article 16 — License requirement

1. A person shall not carry on or hold itself out as carrying on insurance or reinsurance business without a license.
2. A contract unlawfully issued remains enforceable by the innocent policyholder to the extent necessary for protection.
3. The Commission may order cessation and secure affected obligations.

Article 17 — Classes of insurance

1. Licenses shall identify life, general, health, reinsurance and prescribed subclasses according to risk and expertise.
2. Life and general business shall be conducted in separate legal entities unless the Commission authorizes a proven composite transition with ring-fencing.
3. A class shall not be invented or prohibited by unpublished practice.

Article 18 — Licence application

1. An applicant shall provide incorporation, beneficial ownership, governance, business plan, capital, reinsurance, actuarial, systems, controls and key-person information.
2. Foreign applicants shall identify home supervision, group structure and Eritrean service and asset arrangements.
3. The Commission shall publish a complete application and invite material public-interest submissions without disclosing protected business plans.

Article 19 — Licensing criteria

1. The Commission shall consider ownership transparency, fitness, capital, governance, expertise, viability, risk management, consumer systems and group supervisability.
2. Market need, nationality alone or protection of an incumbent is not a licensing criterion.
3. Refusal shall state reasons and appeal rights.

Article 20 — Capital

1. An insurer shall maintain minimum paid-up capital and risk-based capital prescribed within statutory principles.
2. Capital shall be real, unencumbered, traceable and not financed circularly by the insurer.
3. Requirements shall reflect class, scale and risk and be reviewed transparently.

Article 21 — Ownership and control

1. A person acquiring or increasing a prescribed significant interest requires prior approval.

2. The Commission shall identify ultimate beneficial owners, source of funds, fitness, group risk and ability to support the insurer.
3. Nominee, trust or layered ownership shall not conceal control.

Article 22 — Conditions and commencement

1. A license may contain class, geographic, reinsurance, systems, capital and commencement conditions connected to risk.
2. The insurer shall commence within the stated period or seek extension with reasons.
3. A condition may not grant market exclusivity or waive another Act.

Article 23 — Foreign insurers

1. A foreign insurer may operate through an Eritrean subsidiary or another form expressly authorized on equivalent protection.
2. The Commission shall consider home supervision, asset location, service, resolution, information access and policyholder priority.
3. A branch shall maintain adequate assets and responsible management in Eritrea.

Article 24 — Mutual and cooperative insurers

1. Members may establish a mutual or cooperative insurer under democratic governance and this Act.
2. Capital and governance requirements may be adapted proportionately while preserving solvency and claims protection.
3. Member assessments, surplus, voting and exit shall be clear.

Article 25 — Microinsurance license

1. A simplified license may permit low-value, simple and inclusive insurance with proportionate capital, distribution and reporting.
2. Products shall have clear benefits, short exclusions, simple claims and capped exposure.
3. Microinsurance status shall not be used to sell complex investment or long-term products without full safeguards.

Article 26 — National Insurance Corporation of Eritrea Share Company

1. The National Insurance Corporation of Eritrea Share Company, commonly known as NICE, may continue under that familiar name as the share company contemplated by Proclamation 144/2004, subject to verification of its lawful corporate records and present ownership.
2. NICE is an insurer and not the insurance regulator, and it shall be subject to the same licensing, solvency, tax, conduct and competition rules as every other insurer.
3. Its historic name, goodwill, policies, assets, liabilities, employee rights and contractual continuity may be preserved, but no former monopoly, exclusive privilege or implied State guarantee is preserved.

4. Any continuing State shareholding, guarantee, subsidy or special obligation shall be disclosed, valued and governed by company, public-finance and competition law.

Article 27 — Variation and surrender

1. An insurer may apply to vary or surrender a license with a plan protecting policyholders, claims, records and assets.
2. Surrender takes effect only after Commission approval and does not extinguish obligations.
3. A run-off insurer remains supervised until liabilities are discharged or transferred lawfully.

CHAPTER IV
GOVERNANCE, FITNESS AND CONTROLS

Article 28 — Board responsibility

1. The insurer's board is responsible for strategy, solvency, risk, conduct, controls, culture and truthful reporting.
2. Directors owe duties to the insurer while giving due weight to policyholders' long-term interests.
3. Responsibility cannot be delegated to management, actuary, auditor or group parent.

Article 29 — Board composition

1. A board shall have sufficient independent, financial, insurance, actuarial, legal, technology and consumer competence.
2. A prescribed proportion shall be independent nonexecutive directors.
3. Diversity and local knowledge shall be considered without compromising merit.

Article 30 — Fit and proper persons

1. Directors, senior management, key control holders and significant owners shall remain fit and proper in competence, integrity and financial soundness.
2. The Commission may object, restrict or remove after fair process, with urgent interim action for serious risk.
3. Political connection is neither qualification nor automatic disqualification absent a conflict incompatible with independence.

Article 31 — Risk management

1. An insurer shall maintain an enterprise risk framework covering underwriting, reserving, market, credit, liquidity, operational, cyber, conduct, climate and group risk.
2. Risk appetite, limits, stress tests and escalation shall be approved by the board.
3. Material breaches shall be reported promptly.

Article 32 — Control functions

1. An insurer shall maintain independent actuarial, risk, compliance and internal-audit functions proportionate to scale.
2. Control leaders shall have direct board access, adequate resources and protection from retaliation.
3. Outsourcing does not remove responsibility.

Article 33 — Conflicts and related parties

1. The insurer shall identify and manage director, owner, intermediary, supplier and group conflicts.
2. Related-party transactions shall be arm's-length, documented, limited and approved independently.
3. Policyholder assets shall not finance connected persons on preferential terms.

Article 34 — Remuneration

1. Remuneration shall not reward excessive risk, mis-selling, delayed claims or short-term accounting gain.
2. Material variable pay shall reflect long-term risk and permit reduction or recovery for misconduct or misstated results.
3. Board and senior remuneration policy shall be reported to the Commission.

Article 35 — Outsourcing

1. A material function may be outsourced only under due diligence, written service, audit access, security, continuity, location and exit arrangements.
2. The insurer and board remain responsible.
3. The Commission may restrict outsourcing that impairs supervision, policyholder service or operational resilience.

Article 36 — Records and systems

1. An insurer shall maintain accurate policy, premium, claim, asset, reinsurance, accounting and communication records.
2. Records shall be retrievable, secure, interoperable and retained for lawful periods.
3. Alteration and deletion shall preserve audit history.

CHAPTER V
SOLVENCY, VALUATION AND INVESTMENT

Article 37 — Solvency duty

1. An insurer shall maintain assets exceeding liabilities and capital sufficient for its risks at all times.

2. The board shall notify the Commission immediately of actual or likely breach.
3. Distribution, growth and new business shall be constrained where solvency is threatened.

Article 38 — Technical provisions

1. Technical provisions shall be prudent, unbiased and based on current information, obligations, expenses, options, guarantees and uncertainty.
2. Methods and assumptions shall be documented and reviewed by a qualified actuary.
3. Deliberate under-reserving is prohibited.

Article 39 — Valuation standards

1. Assets and liabilities shall be valued consistently with regulations and recognized insurance accounting and actuarial principles.
2. Valuation shall reflect liquidity, credit, market and concentration risk rather than nominal book value alone.
3. Material uncertainty shall be disclosed.

Article 40 — Actuarial function

1. A prescribed insurer shall appoint an independent qualified actuary approved by the Commission.
2. The actuary shall report on provisions, pricing, capital, reinsurance, profit distribution and financial condition.
3. A serious concern shall be reported to the board and Commission without retaliation.

Article 41 — Own risk and solvency assessment

1. An insurer shall assess current and future capital under business plans, severe scenarios and plausible shocks.
2. The assessment shall include climate, catastrophe, epidemic, currency, cyber and concentration risks relevant to Eritrea.
3. It shall inform strategy and be submitted periodically.

Article 42 — Investment principles

1. Insurance assets shall be invested for security, quality, liquidity, profitability, diversification and matching of liabilities.
2. The board shall approve investment policy, limits, custody and conflicts.
3. Political direction, connected lending and speculative concentration are prohibited.

Article 43 — Admissible assets

1. Regulations may prescribe admissibility, concentration, currency, valuation and custody rules within this Act.

2. Investment in land, infrastructure, government securities, equities and foreign assets shall reflect risk, liquidity and liability matching.
3. A rule shall not compel financing of government or a favored enterprise at an uneconomic return.

Article 44 — Foreign assets and currency matching

1. An insurer may hold foreign assets to match foreign-currency liabilities, diversify and protect policyholders under transparent exchange law.
2. Restrictions shall be prudent, proportionate and coordinated with the National Bank.
3. Forced conversion at an artificial rate shall not be used to confiscate policyholder value.

Article 45 — Dividends and distributions

1. An insurer shall not distribute capital or profit if it is insolvent, would breach capital, lacks adequate provisions or would prejudice policyholders.
2. A distribution requires board certification and may require actuarial or Commission approval.
3. Unlawful distributions are recoverable from persons who knew or should have known.

Article 46 — Financial reporting and audit

1. An insurer shall prepare annual and interim statements under prescribed accounting standards.
2. Annual statements shall be audited by an independent qualified auditor with insurance competence.
3. The auditor shall report material misstatement, control failure and solvency concern to the Commission.

CHAPTER VI
REINSURANCE AND RISK TRANSFER

Article 47 — Reinsurance program

1. An insurer shall maintain reinsurance suitable to its exposure, capital, concentration and catastrophe risk.
2. The board shall approve retention, counterparties, security, recoverability and contingency.
3. Reinsurance shall not disguise undercapitalization or transfer profit improperly to a related party.

Article 48 — Credit for reinsurance

1. Capital and provision credit shall reflect counterparty quality, collateral, legal enforceability, currency, concentration and actual risk transfer.
2. A contract lacking significant risk transfer shall be accounted for according to substance.
3. The Commission may require additional security or no credit.

Article 49 — Domestic retention

1. No mandatory domestic reinsurance cession shall apply unless established by an Assembly Act on evidence of capacity, price, competition and policyholder interest.
2. An insurer shall use sound commercial judgment and disclose material outward placements.
3. A State-linked reinsurer receives no automatic preference.

Article 50 — Alternative risk transfer

1. A catastrophe bond, insurance-linked security, captive or other alternative transfer requires authorization proportionate to risk.
2. The structure shall disclose investors, triggers, basis risk, collateral, insolvency remoteness and policyholder effect.
3. Retail investors shall not bear complex insurance risk without securities-law protection.

CHAPTER VII
INSURANCE CONTRACTS AND POLICYHOLDER RIGHTS

Article 51 — Precontract disclosure

1. Before contract the insurer or intermediary shall disclose identity, cover, exclusions, duration, premium, fees, cancellation, claims, complaints and material risks.
2. Information shall be clear, comparable and provided in durable form.
3. Complex or long-term products require a concise key-information document.

Article 52 — Duty of fair presentation

1. An applicant shall answer clear material questions honestly and take reasonable care not to misrepresent.
2. The insurer shall ask what it considers material and may not rely on vague general questions to avoid claims.
3. A remedy for misrepresentation shall be proportionate to fraud, carelessness, materiality and what the insurer would have done.

Article 53 — Policy wording

1. A policy shall state parties, risk, benefit, premium, exclusions, conditions, duration, beneficiaries, claims and governing law clearly.
2. Ambiguity not resolved by context is interpreted against the drafter, especially in consumer insurance.
3. An unusual or severe exclusion shall be prominent before contract.

Article 54 — Unfair terms

1. A term creating a significant unjustified imbalance against a consumer or defeating the main represented cover is ineffective.
2. A term shall not exclude fraud, unlawful discrimination, complaint, court access or liability that law makes mandatory.
3. The Commission may publish prohibited and presumptively unfair terms after consultation.

Article 55 — Premium payment

1. The contract shall state amount, currency, due date, grace period and consequence of nonpayment.
2. Cancellation for nonpayment requires notice and shall not operate retroactively against a valid prior claim.
3. A premium collector holds money in trust and shall remit promptly.

Article 56 — Renewal and cancellation

1. Renewal terms and material changes shall be notified in advance.
2. A consumer may cancel within a cooling-off period for prescribed products and receive refund less reasonable cost and used cover.
3. Insurer cancellation requires a contractual lawful ground, notice and protection of accrued claims.

Article 57 — Beneficiaries

1. A policyholder may designate and change a beneficiary according to contract and law.
2. Payment to a valid beneficiary discharges the insurer to that extent absent notice of dispute.
3. A person who intentionally and unlawfully causes the insured death or event shall not benefit from that wrongdoing.

Article 58 — Group insurance

1. A group policy shall identify policyholder, members, eligibility, benefits, premium, termination and individual information rights.
2. The group organizer owes duties regarding enrollment, premium and communication.
3. A member shall not lose vested claim because the organizer failed to remit a deducted premium.

Article 59 — Assignment and security

1. A policy may be assigned or pledged according to its terms and the Civil Code, subject to notice and insurable-interest rules.

2. A lender requiring insurance shall disclose choice, commission and the borrower's right to use equivalent cover.
3. Credit insurance shall not conceal excessive loan cost.

CHAPTER VIII
CLAIMS AND COMPLAINTS

Article 60 — Claims notification

1. A policy shall provide reasonable methods and time for notification, including digital and assisted channels.
2. Late notice defeats a claim only to the extent the insurer proves material prejudice, except for fraud.
3. A claimant shall receive acknowledgment and a list of reasonably necessary information promptly.

Article 61 — Claims handling

1. An insurer shall investigate competently, impartially and without unreasonable delay.
2. It shall communicate progress, request information proportionately and make undisputed payment promptly.
3. Targets that reward unjustified denial or delay are prohibited.

Article 62 — Decision and reasons

1. A claim decision shall state facts, policy provisions, calculation, evidence and review rights in understandable form.
2. A partial acceptance shall pay the undisputed amount without requiring release of the remainder.
3. A denial shall not rely on an undisclosed internal rule.

Article 63 — Fraud investigation

1. An insurer may investigate credible fraud using lawful and proportionate methods.
2. Surveillance, data matching and interview shall respect privacy, dignity and evidence law.
3. Suspicion generated automatically or by group characteristics is not sufficient by itself to deny a claim.

Article 64 — Settlement and release

1. A settlement shall be informed, voluntary and clear about claims released.
2. A person in medical, financial or linguistic vulnerability shall receive reasonable opportunity for advice.
3. A release obtained through deception, undue pressure or serious unfairness is reviewable under the Civil Code.

Article 65 — Interest on delayed payment

1. An insurer shall pay prescribed interest on an amount unreasonably delayed after it became due.
2. Interest does not exclude additional proven loss or regulatory remedy.
3. Delay attributable reasonably to the claimant or a genuine complex dispute shall be considered.

Article 66 — Internal complaints

1. An insurer and intermediary shall maintain accessible, free and time-bound complaint procedures independent of the original decision where practicable.
2. Complaint shall suspend an avoidable limitation period as prescribed.
3. Final response shall identify the Ombud and Tribunal or court routes.

Article 67 — Insurance Ombud

1. An independent Insurance Ombud is established to resolve consumer and small-enterprise disputes informally, fairly and promptly.
2. The Ombud may obtain records, recommend systemic correction and issue binding decisions within monetary and subject limits prescribed by Act.
3. Use shall not prevent later court access except to the extent a claimant knowingly accepts a final settlement.

CHAPTER IX
INTERMEDIARIES AND DISTRIBUTION

Article 68 — Intermediary licensing

1. A prescribed broker, agent, salesperson, loss assessor and claims administrator requires licensing or registration according to risk.
2. Requirements shall address competence, integrity, insurance, client money, conflicts and continuing education.
3. A simple referral without advice or money handling may be exempted with disclosure.

Article 69 — Broker duties

1. A broker acts for the client unless clearly agreed otherwise and shall assess needs, search a reasonable market and disclose limitations.
2. It shall disclose commission, fee, ownership tie and conflict material to choice.
3. Client money shall be segregated and accounted for.

Article 70 — Agent duties

1. An agent shall identify the insurer represented and the scope of authority.

2. Knowledge and premium received within actual or apparent lawful authority bind the insurer according to agency law.
3. An insurer is responsible for training, monitoring and misconduct within the agency relationship.

Article 71 — Suitability and advice

1. A recommendation shall be suitable to the customer's needs, means, knowledge, risk and intended duration.
2. The adviser shall document material information, recommendation and reasons.
3. Execution-only sale shall be identified and is inappropriate where the product cannot reasonably be understood without advice.

Article 72 — Commission and incentives

1. Remuneration shall not create an unreasonable incentive to mis-sell, replace, churn or delay claims.
2. Material commission and noncash benefit shall be disclosed.
3. The Commission may prohibit a remuneration practice causing persistent consumer harm.

Article 73 — Bancassurance and affinity sales

1. A bank, employer, cooperative, retailer, platform or association distributing insurance shall disclose its role, remuneration and whether purchase is optional.
2. Tying insurance to another product is permitted only where lawful, reasonably related and open to equivalent cover.
3. Member or customer data shall not be used without lawful basis.

Article 74 — Loss assessors and adjusters

1. A loss assessor or adjuster shall be competent, independent in factual assessment and disclose the appointing party.
2. Reports shall distinguish evidence, assumptions and policy interpretation.
3. A claimant may obtain a copy subject to privilege and fraud safeguards.

CHAPTER X
LIFE, HEALTH AND LONG-TERM INSURANCE

Article 75 — Life-insurance principles

1. Life and long-term products shall be priced prudently, explained clearly and supported by adequate reserves and assets.
2. Mortality, expense, lapse, guarantee and investment assumptions shall be actuarially reviewed.
3. A product shall not promise an unsustainable return.

Article 76 — Insurable interest and consent

1. Insurance on another person's life requires lawful insurable interest or that person's informed consent, subject to family and group arrangements prescribed by law.
2. A child or vulnerable person shall not be insured for speculative benefit.
3. Absence of insurable interest does not defeat a legitimate funeral or dependency cover within lawful limits.

Article 77 — Suicide and contestability

1. A suicide exclusion and contestability period shall be reasonable, prominent and prescribed for consumer protection.
2. After the contestability period an insurer may avoid for intentional fraud but not an innocent immaterial error.
3. Mental-health history shall not justify a broader exclusion than evidence supports.

Article 78 — Savings and investment-linked policies

1. A savings or investment-linked policy shall disclose allocation, fees, surrender, guarantees, investment risk and projections.
2. Projections shall use prescribed realistic assumptions and are not promises unless guaranteed.
3. Assets backing linked benefits shall be identified and safeguarded.

Article 79 — Surrender and paid-up values

1. A long-term policy shall state surrender, paid-up, loan and reinstatement rights and calculations.
2. Charges shall be reasonable and not trap a consumer unfairly.
3. Values and notices shall be provided periodically.

Article 80 — Health insurance

1. Health insurance shall disclose benefits, networks, authorization, cost sharing, exclusions, waiting periods and renewal.
2. Emergency care and continuity for an active serious treatment shall receive prescribed safeguards.
3. Medical-necessity decisions shall use qualified review and permit prompt independent appeal.

Article 81 — Health-status fairness

1. Use of health information shall be relevant, evidence-based, secure and no broader than necessary.
2. Genetic information, disability, sex and pregnancy may be used only as expressly permitted by law and justified actuarially without prohibited discrimination.

3. A group or mandatory scheme shall comply with applicable community-rating and nondiscrimination rules.

CHAPTER XI
GENERAL, AGRICULTURAL AND SPECIAL INSURANCE

Article 82 — Property insurance

1. Property cover shall state insured value, basis of settlement, underinsurance, deductible, exclusions and reinstatement.
2. Valuation and average clauses shall be explained prominently.
3. Indemnity shall not exceed lawful loss except for agreed-value or replacement products.

Article 83 — Liability insurance

1. Liability insurance shall state defense, settlement, limits, occurrence or claims-made basis and reporting.
2. The insurer shall act in good faith where interests of insurer and insured differ.
3. A third party may enforce direct rights where this Act or another Act provides.

Article 84 — Agricultural and index insurance

1. Crop, livestock, weather and index insurance shall disclose trigger, data source, geographic unit, basis risk, exclusions and payment timing.
2. Index data and calculation shall be independently verifiable and corrected transparently.
3. Public premium support requires appropriation, objective eligibility and published results.

Article 85 — Marine and aviation insurance

1. Marine and aviation insurance shall coordinate with the Maritime Code, Civil Aviation Act and internationally recognized market practice consistent with Eritrean law.
2. Foreign placement may be permitted where domestic capacity or expertise is inadequate.
3. Compulsory liability requirements remain governed by applicable sector law and this Act.

Article 86 — Construction and engineering insurance

1. Policies shall state project, parties, works, delay, testing, defects, liability, machinery and claims cooperation clearly.
2. A public project insurance placement shall comply with procurement and conflict rules.
3. Lenders and employers shall not require a connected insurer without competitive justification.

Article 87 — Political-risk and credit insurance

1. Credit, export and political-risk insurance shall use transparent underwriting, exposure, recovery and government-guarantee rules.

2. A public insurer shall not conceal subsidy or commit the State beyond appropriation and borrowing law.
3. Insurance shall not validate an unlawful investment or treaty.

CHAPTER XII
COMPULSORY MOTOR AND PASSENGER INSURANCE

Article 88 — Compulsory motor third-party insurance

1. A motor vehicle used on a public road shall maintain insurance for prescribed liability for death, bodily injury and property damage to third parties.
2. Minimum limits, permitted exclusions and proof shall be established by Assembly Act or Schedule and reviewed periodically.
3. The requirement applies equally to public, military, diplomatic and private vehicles subject to valid immunity law.

Article 89 — Passenger liability insurance

1. A fare-paying public-transport operator shall maintain insurance for death and bodily injury of passengers and prescribed luggage loss.
2. Cover shall extend from lawful boarding through alighting and include authorized substitutes.
3. A passenger's ticket status shall not defeat an innocent injury claim where carriage was accepted.

Article 90 — Direct claim

1. An injured third party may claim directly against the compulsory insurer.
2. The insurer may not rely against an innocent third party on a policyholder breach unrelated to the accident, subject to recovery rights against the policyholder.
3. Claims shall use simplified evidence and payment procedures.

Article 91 — Proof and electronic verification

1. Proof of compulsory insurance shall be carried or electronically verifiable through a secure interoperable register.
2. Police and transport authorities shall access only necessary status data.
3. System failure or clerical error shall not justify vehicle seizure where other reliable proof is provided.

Article 92 — Uninsured and unidentified vehicles

1. A Motor Insurance Compensation Fund is established to compensate eligible victims of uninsured, unidentified and insolvent compulsory risks.
2. The Fund shall be financed by enacted levies, recoveries and appropriations and be independently governed and audited.

3. It shall pursue responsible persons without delaying eligible victim payment.

Article 93 — Premiums and claims data

1. Compulsory insurance rates shall be actuarially supportable, competitively offered and monitored for affordability and claims adequacy.
2. Insurers shall submit standardized exposure, premium, claim, injury and fraud data.
3. The Commission shall publish aggregate market results and recommend statutory limit changes.

CHAPTER XIII
MARKET CONDUCT, INCLUSION AND COMPETITION

Article 94 — Fair treatment

1. An insurer and intermediary shall act honestly, fairly and professionally from product design through claims and exit.
2. Products and distribution shall identify a target market and foreseeable harm.
3. Vulnerable customers shall receive reasonable support without paternalistic exclusion.

Article 95 — Product oversight

1. An insurer shall approve, test, monitor and review each material product and distribution strategy.
2. Complexity, exclusions, value, claims ratio, complaints and cancellation shall be considered.
3. A harmful or poor-value product shall be changed, withdrawn and remediated where appropriate.

Article 96 — Financial inclusion

1. The Commission shall support proportionate microinsurance, cooperative, agricultural, diaspora and digital models without lowering core honesty and claims protection.
2. Documents and service shall be available in relevant languages and accessible formats.
3. Cash, mobile and assisted channels shall coexist where necessary.

Article 97 — Competition neutrality

1. The Commission shall not allocate market share, set a protective quota or favor a public or connected insurer.
2. Cooperation on data, pools and standards shall comply with competition law.
3. Exclusive arrangements require objective efficiency and consumer benefit.

Article 98 — Cross-border and diaspora insurance

1. A diaspora or cross-border customer may purchase lawful Eritrean cover and pay or receive in agreed currency under exchange law.
2. A foreign insurer may not target Eritrean risks without authorization or a permitted cross-border class.
3. Regulation shall facilitate legitimate international reinsurance and specialist cover.

CHAPTER XIV
DIGITAL INSURANCE, DATA AND ARTIFICIAL INTELLIGENCE

Article 99 — Electronic contracts

1. Insurance may be offered, accepted, signed, delivered and renewed electronically under electronic-transactions law.
2. The customer shall receive durable policy documents and a means to correct input error.
3. A non-digital assisted channel shall remain for essential and compulsory products where exclusion would be unreasonable.

Article 100 — Digital claims and identity

1. Digital claims may use electronic notice, images, remote inspection and payment with proportionate fraud and identity controls.
2. A claimant shall have an alternative where technology is unavailable or unsuitable.
3. Biometric data shall be used only where necessary, secure and lawfully authorized.

Article 101 — Insurance data

1. Personal and risk data shall be collected for clear lawful purposes, accurate, minimal, secure and retained appropriately.
2. A customer may access and correct material underwriting and claims data.
3. Data shall not be sold or used for political profiling or unrelated surveillance.

Article 102 — Artificial intelligence

1. Artificial intelligence may assist pricing, underwriting, fraud detection, service and claims under accountable insurer responsibility.
2. No automated system may finally deny a claim, cancel compulsory cover, impose fraud liability, determine disability or decide an appeal without meaningful human review.
3. Material models shall be explainable, validated, secure, monitored for proxy discrimination and documented to the Commission.
4. A customer shall receive understandable reasons and may challenge data and automated contribution.

Article 103 — Cybersecurity and operational resilience

1. Insurers and critical intermediaries shall maintain access control, backup, incident response, recovery, testing and third-party risk management.
2. A material incident affecting service, solvency or personal data shall be reported promptly.
3. Manual continuity shall protect premium records, claims and compulsory proof.

Article 104 — Regulatory sandbox

1. The Commission may establish a transparent time-limited sandbox for genuinely innovative insurance services.
2. Participation shall include consumer, capital, data, cyber, reporting and exit safeguards and shall not waive this Act's core duties.
3. Results and lessons shall be published without protected information.

CHAPTER XV
SUPERVISION AND ENFORCEMENT

Article 105 — Supervisory reporting

1. A regulated person shall provide accurate, complete and timely financial, actuarial, conduct, ownership and risk information.
2. The Commission shall use standardized digital reporting proportionate to size and complexity.
3. Intentional concealment and reckless false reporting are prohibited.

Article 106 — Inspection

1. Authorized examiners may enter business premises at reasonable times, inspect systems and records and interview responsible persons.
2. Entry into a dwelling, forcible entry or intrusive search requires judicial warrant except for immediate serious danger.
3. Supervisory confidentiality and legal privilege shall be respected.

Article 107 — Group supervision

1. The Commission may supervise an insurance group on a consolidated basis, including holding companies, affiliates and intra-group transactions.
2. It may require group capital, governance, risk, reporting and recovery planning within statutory authority.
3. Cooperation with the National Bank and foreign regulators shall use written confidentiality arrangements.

Article 108 — Supervisory measures

1. The Commission may require remediation, capital, provisioning, risk reduction, governance change, business restriction, dividend suspension and improved claims handling.
2. A measure shall be proportionate, reasoned and subject to review, with urgent interim action where necessary.
3. Supervision shall address weakness early rather than wait for insolvency.

Article 109 — Administrative penalties

1. A Schedule enacted by the National Assembly may establish proportionate administrative penalties for specified contraventions.
2. Assessment shall consider harm, solvency, fault, benefit, cooperation, recurrence and institution size.
3. Liability requires notice, response, reasons and independent appeal.

Article 110 — Criminal referral

1. Evidence reasonably indicating knowing conduct of unlicensed insurance, theft of client money, falsification of solvency or claims records, obstruction of examination, concealment of beneficial ownership or breach of a judicial order shall be referred for investigation where the conduct may constitute an offence under the Penal Code or another Assembly Act.
2. Criminal liability arises only under a law that defines and classifies the offence; this Act does not by itself create an unclassified offence or penalty.
3. A minor technical breach without material risk should ordinarily be corrected administratively, and criminal referral does not displace prudential, civil, administrative or protective remedies under this Act.

CHAPTER XVI
RECOVERY, RESOLUTION AND POLICYHOLDER PROTECTION

Article 111 — Recovery plan

1. A prescribed insurer shall maintain a board-approved recovery plan identifying severe scenarios, capital, liquidity, reinsurance, sale, expense and communication options.
2. Actions shall be credible and not rely on uncommitted public support.
3. The Commission may require remediation and simulation.

Article 112 — Early intervention

1. Where capital, liquidity, governance, claims or viability deteriorates, the Commission may intensify supervision and require a time-bound recovery program.
2. Management and owners bear first responsibility for correction and loss.
3. Policyholder interests and continuity shall guide action.

Article 113 — Resolution objectives

1. Resolution shall protect policyholders, continue critical cover, preserve value, allocate loss to owners and creditors according to law and minimize public cost.
2. The Commission shall coordinate with courts, National Bank, Treasury and foreign regulators.
3. No creditor shall receive less than under the applicable insolvency counterfactual without compensation required by law.

Article 114 — Resolution powers

1. Under express statutory conditions the resolution authority may transfer policies, assets and liabilities, establish a bridge insurer, restructure claims, place business in run-off or seek liquidation.
2. Use shall require necessity, independent valuation, reasons and court or Tribunal review appropriate to urgency.
3. Public funds require appropriation and transparent recovery arrangements.

Article 115 — Policyholder priority

1. In insurer insolvency, policyholder and eligible third-party insurance claims have statutory priority as established by this Act and insolvency law.
2. Assets lawfully held in a segregated policyholder fund shall be applied to that fund's obligations.
3. Administrative and resolution costs shall be reasonable and supervised.

Article 116 — Policyholder Protection Fund

1. A Policyholder Protection Fund is established to protect prescribed eligible claims where an insurer fails.
2. Coverage, limits, exclusions, levies, governance, borrowing and recovery shall be established by Schedule or separate Assembly Act.
3. The Fund shall be independent, prefunded where feasible, audited and prohibited from rescuing owners or management.

Article 117 — Liquidation

1. Only the Commission or another person authorized by law may petition for liquidation of an insurer on insurance grounds.
2. A court shall appoint a qualified independent liquidator and protect records, assets, claims and reinsurance recovery.
3. Policies may be transferred or continued where better for policyholders than immediate termination.

CHAPTER XVII
APPEALS AND FINAL PROVISIONS

Article 118 — Insurance Tribunal

1. An independent Insurance Tribunal is established to hear appeals under this Act.
2. Members shall be appointed through a transparent merit process and include legal, actuarial, accounting, insurance and consumer competence with protected tenure.
3. The Tribunal shall be separate from ministries, the Commission, National Bank and regulated institutions.

Article 119 — Standing and powers

1. An applicant, regulated person, policyholder, claimant, intermediary or materially affected person has standing according to the matter.
2. The Tribunal may confirm, vary, suspend or set aside a decision, remit it with directions and grant interim protection consistent with financial stability.
3. Procedure shall be timely, proportionate and confidential only to the necessary extent, and decisions shall be reasoned and published.

Article 120 — Court review

1. A party may appeal to the competent court on law as prescribed by court legislation.
2. Constitutional and supervisory judicial review remains available and shall not be excluded by regulation or policy term.
3. A court may protect confidential information without closing proceedings more than necessary.

Article 121 — Regulation-making authority

1. The Commission may make regulations necessary for matters expressly delegated by this Act after public consultation.
2. Draft regulations shall identify authority, evidence, impact and allow at least sixty days for comment except for a temporary urgent prudential measure.
3. Regulations may prescribe capital, valuation, governance, products, conduct, reporting, intermediaries, resolution preparation and transition consistent with this Act.

Article 122 — Limits on delegated power

1. A regulation may not create a tax, compulsory acquisition, imprisonment, unlegislated offence or penalty, final automated decision or exclusion of courts.
2. It may not compel financing of government, grant a named monopoly, authorize confiscatory currency conversion, create a State guarantee or reduce policyholder priority enacted by law.
3. An incorporated technical standard shall be identifiable and reasonably accessible.

Article 123 — Legacy-law audit

1. Within eighteen months the Commission and Legislative Revision Unit shall compare authentic texts of Proclamations 20/1992, 50/1994, 119/2002 and 144/2004 and related instruments against this Act.
2. The audit shall preserve the valid corporate conversion and continuity accomplished by Proclamation 144/2004 while distinguishing NICE's lawful corporate identity from repealed public-enterprise powers and privileges.
3. Useful compulsory-insurance and technical provisions may continue temporarily if published, consistent with this Act and lawfully remade within eighteen months.
4. Obsolete public-corporation privileges, monopolies and inconsistent provisions shall be identified in a verified repeal and savings schedule for the National Assembly.

Article 124 — Existing insurers and policies

1. A lawful insurer or intermediary existing at commencement, including NICE, continues temporarily subject to diagnostic review and relicensing under a published transition.
2. Existing policies, claims, beneficiaries, assets, liabilities, employee interests and contractual rights remain enforceable.
3. The transition shall not permit withdrawal of assets, discriminatory transfer or cancellation designed to evade obligations.

Article 125 — Implementation plan

1. Within six months the Commission shall publish a three-year plan for institution building, market diagnostic, licensing, solvency, compulsory insurance, data, consumer protection, resolution and digital systems.
2. The plan shall identify appropriations, supervisory fees, milestones, sequencing and capacity risk.
3. Limited capacity shall not justify monopoly, concealment of insolvency, misappropriation of premiums or denial of claims review.

Article 126 — Commencement

1. Articles 1 to 15, 51 to 74, 88 to 110 and 118 to 126 commence thirty days after publication in the Gazette.
2. Remaining Articles commence on dates appointed by published regulation within eighteen months, and any Article not appointed by then commences automatically.
3. A commencement instrument may arrange transition but may not postpone compulsory-cover continuity, client-money protection, claims duties, complaints or court review.

Made at Asmara, this ___ day of __________ 2026.

THE NATIONAL ASSEMBLY OF ERITREA