



ZEP-RE
(PTA Reinsurance Company)

AGREEMENT ESTABLISHING
ZEP-RE (PTA REINSURANCE COMPANY)

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Company Secretary, ZEP-RE


23/08/2023

Date

**Consolidated version incorporating
Amendments and Additions introduced by**

Legal Notice Number 1 of 1996;
Legal Notice Number 2 of 1997;
Legal Notice Number 3 of 1999;
Legal Notice Number 4 of 1999;
Legal Notice Number 5 of 2002;
Legal Notice Number 6 of 2004;
Legal Notice Number 7 of 2008;
Legal Notice Number 8 of 2010;
Legal Notice Number 9 of 2014;
Legal Notice Number 10 of 2016;
Legal Notice Number 11 of 2017; and
Legal Notice Number 12 of 2021
Legal Notice Number 13 of 2022
Legal Notice Number 14 of 2023

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PREAMBLE

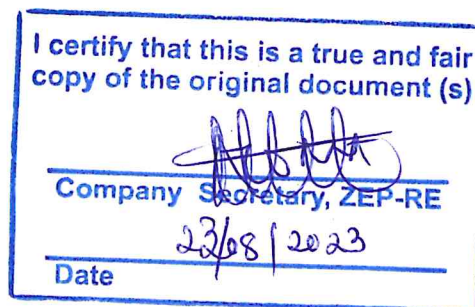
WHEREAS insurance organisations in the Eastern and Southern African Sub-Region depend mainly on international markets for the reinsurance of risks as they are not able to fully retain these risks individually;

WHEREAS these insurance organisations generate a lot of revenue, which if retained within the sub-Region, would enhance the economic development of individual countries and the sub-Region as a whole;

WHEREAS direct contact among Member States of the Common Market for Eastern and Southern Africa in the field of insurance can be achieved by establishing appropriate machinery for the sharing of ideas on how best insurance resources can effectively be utilized;

RECALLING the provisions of paragraph (e) of Article 28 of the Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States which made provision for the taking in common of such steps as are calculated to further the aims of the Preferential Trade Area for Eastern and Southern African States (now the Common Market for Eastern and Southern Africa);

NOW THEREFORE Member States of the Common Market for Eastern and Southern Africa hereby agree as follows: -



ARTICLE 1

Definition



Unless the context otherwise requires:

"Class 'A' Shares" has the meaning given to it by Articles 3.1 (a) and 6.2(a) of this Agreement and "Class 'A' Shareholder" means a holder of Class 'A' Shares;

"Class 'B' Shares" has the meaning given to it by Articles 3.1 (b) and 6.2(b) of this Agreement and "Class 'B' Shareholder" means a holder of Class 'B' Shares;

"Class 'C' Shares" has the meaning given to it by Articles 3.1 (c) and Article 6.2(c) of this Agreement and "Class 'C' Shareholder" means a holder of Class 'C' Shares;

"Common Market" means the Common Market for Eastern and Southern Africa established by Article 1 of the Treaty establishing the Common Market for Eastern and Southern Africa (COMESA);

"Company" means ZEP-RE (the PTA Reinsurance Company) as established by Article 2 of this Agreement and recognised as an institution of the Common Market by Article 174 of the Treaty;

"Conversion Date" means the date at which all unsubscribed callable shares revert to the Company and are converted into Ordinary shares.

"Council" means the Council of Ministers of the Common Market established by Article 7 of the Treaty;

"Dollar (\$)" shall mean the United States Dollar (US\$);

"Other Eligible Investor" means any private insurance or reinsurance company or other corporate body or institution so long as it shares the long-term focus and developmental objectives of ZEP-RE as recommended by the Board of Directors and approved by the General Assembly but does not include a private equity investor or private equity fund.;

"Insurance and Reinsurance institutions" means any insurance and reinsurance institutions of any kind, public or private, and includes national insurance and reinsurance institutions;

"General Assembly" means the General Assembly of the Company as established by Article 10 of this Agreement;

"Member" means every legal person who subscribes for shares and is therefore a Member of the General Assembly referred to in Article 11 paragraph 1 (a) of this Agreement;

"Member State" means a Member State of the Common Market;

"National Insurance and Reinsurance institutions" means insurance and reinsurance institutions with a majority state owned shareholding, incorporated in a Member State, and having its head office in that Member State;

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“**Par Value**” means the nominal value of the ZEP-RE share.

“**Issue Price**” means the value at which the ZEP-RE share is issued to a shareholder upon allotment. 23/08/2023

“**Region**” shall mean the African Region

“**Regulations**” shall mean such subsidiary rules and regulations adopted by the Company including but not limited to the Rules for Election of Directors and Alternate Directors to the Board of the Company, Rules of Procedure of the General Assembly of the Company, Rules of Procedure of the Board of Directors, the Hosting Agreements and the Rules of Procedure to amend the Agreement establishing the Company”.

“**Signatory State**” means a country that is a signatory to this Agreement but is not a Member State;

“**Secretary General**” means the Secretary General of the Common Market provided for by Article 17 of the Treaty;

“**Trading Value**” means the market value of the ZEP-RE share as determined in line with the provisions of this Agreement.

“**Treaty**” means the Treaty establishing the Common Market for Eastern and Southern Africa (COMESA).

ARTICLE 2

Establishment of the Company

There is hereby established a company to be known as ZEP-RE (PTA Reinsurance Company). The Company shall operate in accordance with this Agreement.

ARTICLE 3

Membership

1. Membership in the Company shall comprise: -
 - (a) Member States and Signatory States, institutions owned by Member States or Signatory States and COMESA institutions who elect to become members subject to ratification by the General Assembly (Class 'A' Shareholders);
 - (b) Private insurance and reinsurance institutions from the region and Other Eligible Investors from the within and outside the Region (Class 'B' Shareholders); and
 - (b) Development finance institutions (Class 'C' Shareholders);

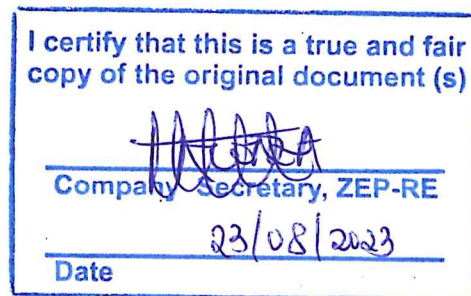
2. Nothing in this Article shall be deemed to restrict the right of Member States or Signatory States to hold joint membership with insurance and reinsurance organisations.

ARTICLE 4

Objectives of the Company

The objectives of the Company shall be: -

- (a) to foster the development of the insurance and reinsurance industry in the Common Market;
- (b) to promote the growth of national, sub-Regional and Regional underwriting and retention capacity; and
- (c) to support sub-Regional economic development.



ARTICLE 5

Functions of the Company

1. The Company shall have the following functions:
- (a) to transact reinsurance business through treaty and facultative cessions in respect of all or some classes of insurance inside as well as outside the sub-region;
 - (b) to create and administer pools for various risks for the account and to the interest of the sub-Region's insurance and reinsurance markets;
 - (c) to facilitate the training of insurance and reinsurance industry personnel in the sub-region;
 - (d) to provide technical assistance to the insurance and reinsurance institutions of the sub-region;
 - (e) To initiate, promote, or implement initiatives to drive and grow insurance inclusion, in a manner that supports sustainable economic development.
 - (f) to invest its funds in the sub-region in a manner that promotes economic development, provided the Company may invest outside the sub-Region to meet its operational and/or technical requirements;
 - (g) to promote contacts and business co-operation among national insurance and reinsurance institutions in the Sub-Region; and
 - (h) to undertake other activities incidental to its operations but excluding the underwriting of direct insurance business. Notwithstanding the

foregoing, the Company may underwrite microinsurance business and climate related risks, as it may deem fit, including the creation of the necessary legal structures.

2. In carrying out its functions, the Company shall co-operate with national, sub- and regional insurance, reinsurance and development institutions in Africa; it shall co-operate also with other international organisations pursuing similar purposes and with other institutions concerned with the development of insurance and reinsurance industry in Africa.

ARTICLE 6

Share Capital

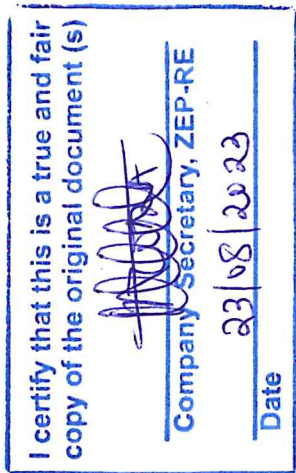
1. The authorised Share Capital of the Company shall be One Hundred Million Dollars (\$100,000,000) divided into One Hundred Million (100,000,000) shares of a par value one Dollar (\$ 1) each.
2. The authorised Share Capital of the Company shall be classified in such a manner and may have attached thereto rights and privileges as may be determined by the General Assembly shall be passed by a resolution of Members holding at least seventy five percent (75%) of the voting power present at a meeting of which due notice has been given to all Members of the General Assembly.

Unless and until so determined, all shares shall be classified as ordinary shares and divided into three classes as follows: -

- (a) Class 'A' Shares, which shall be offered, allotted and issued to and held by Class 'A' Shareholders as specified in Article 3.1(a);
- (b) Class 'B' Shares, which shall be offered, allotted and issued to and held by Class 'B' Shareholders as specified in Article 3.1(b);
- (c) Class 'C' Shares, which shall be offered, allotted and issued to and held by Class 'C' Shareholders as specified in Article 3.1(c);

The current rights and obligations attaching to the respective share classes are as shown in Schedule 1 of the Agreement.


3. The Company may confer on any holder of Class 'C' Shares preferential rights to sell all or any part of their shares in any future offer for sale which may be made through private placement to a third party or to the public in general.
4. The authorised share capital may at any time be increased by a resolution of Members holding at least seventy five percent (75%) of the voting power present at a meeting of which due notice has been given to all Members of the General Assembly.
5. The share capital and any increases of share capital shall be allocated for subscription in such proportions that, if the shares were fully subscribed, the aggregate number of Class 'A' Shares would together represent not less than twenty-five per cent (25%) and the aggregate number of all other Classes of



Shares would together represent not more than seventy-five per cent (75%), respectively, of the issued capital of the Company, it being understood that the foregoing provision shall be applied without prejudice to the right and duty of the Board of Directors to allot and issue unsubscribed shares that have not been applied for by Shareholders, in the manner it deems beneficial to the Company.

6. Except as provided in this Agreement, the Class 'A' Shares, Class 'B' Shares and Class 'C' Shares shall rank pari passu in all respects.
7. Shares shall be indivisible and issued in any form as the Board of Directors may from time to time determine.
8. The liability of Shareholders shall be limited to the unpaid portion, if any, of their shares.
9. The Class 'A' Shares shall not be listed on any stock exchange unless otherwise resolved by a majority of votes of at least [three-quarters] of the holders of the Class 'A' Shares present or represented and voting at the General Assembly, or a resolution by correspondence passed by a majority of at least [three-quarters] of the holders of the Class 'A' Shares entitled to be present or represented and vote at a General Assembly.
10. Any unissued ordinary shares in the capital of the Company shall unless otherwise determined by the General Assembly be at the disposal of the General Assembly who may: -

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(a) Issue any such Ordinary shares as fully paid bonus shares through the capitalisation of any part of the amount for the time being standing to the credit of any of the Company's reserve amounts or of any share premium account or of the profit/loss account or otherwise available for distribution.

(b) Offer the same for subscription at not less than the par value of the shares PROVIDED THAT, unless otherwise determined by the General Assembly, each member shall have the opportunity to subscribe, under such conditions as the General Assembly shall decide, to a proportion of the increase of stock equivalent to the proportion which its stock bears to the total Share Capital of the Company but no Member shall be obliged to subscribe to any part of the increased capital.

In determining the price at which shares are to be offered for subscription, the General Assembly may have regard to the market value of the shares as may be determined and recommended by the Board in accordance with paragraph 12

11. Every member shall hold a minimum of sixty-eight thousand two hundred (68,200) shares. No member shall hold more than 15% of the issued and paid up capital of the Company unless a special dispensation has been granted by a resolution of members holding at least seventy five percent (75%) of the voting power at a meeting of which due notice has been given to all Members of the General Assembly PROVIDED THAT no member existing at the time of this provision coming into force and holding more than more than 15% of the issued and paid up capital shall be required to divest.

13. The Board shall, before the admission of a member into the Company, make a recommendation to the General Assembly on the value of shares to be allocated to such proposed Member subject to Article 6(10) (b). The above notwithstanding the Board may also make such recommendation of price at any time it deems fit ("Trading Value").

Any such determination shall be notified to the members. The Board shall however incur no liability to any member by reason of any such determination. The obligations of the Board under this paragraph shall cease upon any listing of shares.

14. Where Ordinary shares are issued at a price greater than their par value, the excess over the par value shall be credited to a share premium account in the books of account in the Company. The share premium account may be applied: -
- (a) To paying up for unissued shares of the Company to be distributed to members of the Company as fully paid bonus shares.
 - (c) In such other manner, as may be determined by the General Assembly.

ARTICLE 7

Subscriptions

1. Shares shall not be pledged or encumbered in any manner. Any Member shall be free to transfer its shares but only through the Company. Transfer of shares shall be made through the Company at a price fixed by the Board of Directors. In the event of such transfer the Company shall as soon as possible, make the shares so transferred available to Members, subject to paragraph 4 of Article 6.
2. In the event that the shares are listed upon any recognised stock exchange, the restrictions set out in paragraph 2 above shall cease to apply and the shares shall be freely transferable in accordance with any applicable trading rules of the said stock exchange.
3. No Member shall be liable, by reason of its membership in the Company, for the obligations of the Company.

ARTICLE 8

Payment of Subscriptions

The issue price for any Ordinary shares shall be paid at such times as may be prescribed in the terms of issue.

ARTICLE 9

Mode of Payment for Shares

Shares shall be subscribed for in dollars (\$).

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ARTICLE 10

Organisation Structure

The Company shall have a General Assembly, a Board of Directors, a Managing Director and such other organs, officers and staff as the General Assembly may consider necessary.

ARTICLE 11

Composition and Functions of the General Assembly


1. (a) Every legal person who subscribes for shares shall be a member of the General Assembly.
(b) The General Assembly shall, meet once a year in ordinary session. It may hold an extra-ordinary session as and when it is necessary.
2. All the powers of the Company shall, subject to this Agreement, be vested in the General Assembly.
3. The General Assembly may delegate to the Board of Directors authority to exercise any of its powers except the power:
 - (a) to increase the authorised Share Capital of the Company;
 - (b) to elect and remove Directors and their Alternates and determine their allowances;
 - (c) to appoint and dismiss the Managing Director;
 - (d) to adjust the percentage of reinsurance treaties to be ceded to the Company;
 - (e) to select external auditors of the Company and to certify the balance sheet and the statement of profit and loss of the Company;
 - (f) to allocate and distribute the net income of the Company;
 - (g) to terminate the operations of the Company and distribute its assets; and
 - (h) to admit new Members.
4. (a) The General Assembly shall elect from among the Board Members a Chairman and a Vice-Chairman of the General Assembly who shall also be the Chairman and Vice-Chairman of the Board of Directors of the Company.

The Chairman shall be a person of the highest competence, a national of either a Member State or a Signatory State and drawn from either Class A or Class B shareholders.

- (b) The term for the Chairman and Vice-Chairman shall be three years.
5. Except as otherwise provided in this Agreement, all matters before the General Assembly shall be decided by a majority of the voting power of the Members.
 6. Each Member shall have one vote per fully paid up share.
 7. One half of the voting power shall constitute the quorum for a meeting of the General Assembly.
 8. The General Assembly may adopt such rules and regulations as may be necessary or appropriate to conduct the business of the Company in line with the provisions of this Agreement.
 9. Notwithstanding the provisions of Article 11(5), the following matters may only be passed by a resolution of Members holding at least seventy five percent (75%) of the voting power present at a meeting of which due notice has been given to all Members of the General Assembly: -

- (a) any amendments or changes to this Agreement, the Regulations or any other constitutional documents of the Company, or any other action, that may alter or change the rights, privileges or preferences attached to any shares;
- (b) changing the nature of the business of the Company;
- (c) granting any options, warrants or any similar rights to shares;
- (d) any listing or public offering of shares in any duly recognized stock exchange in a Member State;
- (e) any increase and/or reduction of the capital of the Company;
- (f) any liquidation, winding up or bankruptcy, reorganization or other analogous insolvency proceeding of the Company or any subsidiary and the distribution of its assets.

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10. Notwithstanding the other provisions of this Article 11, the following matters may only be passed if approved by; (i) a resolution of Members holding at least seventy five percent (75%) of the voting power present at a meeting of which due notice has been given to all Members of the General Assembly and (ii) by at least three-quarters of the holders of the Class 'A' Shares present or represented and voting at the General Assembly, or a resolution by correspondence passed by a majority of at least three-quarters of the holders of the Class 'A' Shares entitled to be present or represented and vote at a General Assembly: -

- (a) any reorganization or change of control of the Company;
- (b) any change to the objectives and functions of ZEP-RE;
- (c) any permanent change of domicile or head office of the Company;
- (d) any reduction of share capital or reclassification of shares;

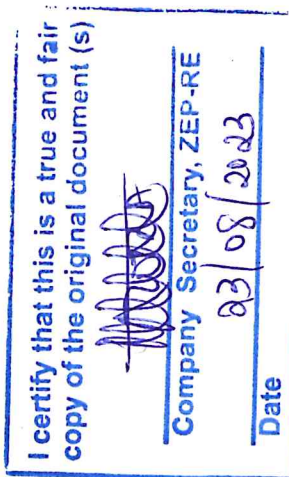
- (e) any voluntary bankruptcy, liquidation, dissolution or winding up of the Company or suspension of its operations;
- (f) any change to this Agreement affecting the rights or voting powers of the holders of Class 'A' Shares;
- (g) the appointment or removal of the chief executive officer;
- (h) any matter dealing with any change or variation to the privileges and immunities of the Company.

ARTICLE 12

Powers of the Board of Directors Composition and Tenure of its Members

1. The Board of Directors shall be responsible for the overall conduct of the business of the Company, and for this purpose shall exercise all the powers given to it by this Agreement or delegated to it by the General Assembly.

In particular, but without prejudice to the foregoing power, the Board of Directors shall have the power:-



- (a) to appoint such technical and other sub-committees as it may deem necessary;
- (b) to determine the terms of service of the Managing Director;
- (c) to appoint and dismiss the General Manager and determine his terms of service;
- (d) to administer the organisation structure and determine the responsibilities attaching to all posts within the Company;
- (e) to approve the budget of the Company;
- (f) to prepare the work of the General Assembly and disseminate its decisions;
- (g) to in conformity with the general directives of the General Assembly, take decisions on any transaction in which the Company is involved and ensure that the Company operates on sound reinsurance principles; and
- (h) to submit to the General Assembly for approval the accounts for each financial year and an annual report.

2. Effective 2021, the Board of Directors of the Company shall be composed of Twelve (12) Directors, including the Managing Director. PROVIDED that


- (a) AT LEAST one (1) position on the Board shall be reserved for minority shareholders as per criteria developed by the General Assembly, and

- (b) THE MAJORITY of Directors on the Board shall be nationals from Member States or Signatory States and drawn from either Class A or Class B shareholders.
 - (c) The Managing Director shall not be entitled to appoint an Alternate Director.
 - (d) The Managing Director shall not be entitled to remuneration as a member of the Board of Directors
- 3.
- (a) Directors shall hold office for a term of three (3) years or such lower term as the General Assembly may deem fit.
 - (b) A Director elected in place of one whose office falls vacant before the end of his term shall hold office only for the remainder of that term.
 - (c) Effective 2025,
 - i) a Director shall serve on the Board of ZEP- RE for a maximum period of nine (09) years
 - ii) at each Annual General Meeting at least one-third of the oldest serving directors shall retire by rotation in the manner prescribed in the board rotation plan.
 - iii) Directors who have served for a period of nine (09) years with effect from 2015 shall be the first to retire from the Board.
 - (d) The Managing Director shall at all times, during the subsistence of his or her contract, retain a seat on the Board.

ARTICLE 13

Conduct of Business of the Board of Directors

1. The Board of Directors shall meet as often as the business of the Company may require, but not less than four (4) times in any one year.
2. The Chairman of the Board of Directors shall have an ordinary vote and a casting vote in the case of an equal division.
3. The quorum for any meeting of the Board of Directors shall be seven (7) Directors, including the Managing Director.


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ARTICLE 14

Voting on the Board of Directors

1. Each Director shall have one vote.
2. Except as otherwise provided under this Agreement or the Company's Regulations, all matters before the Board of Directors shall be decided by simple majority.

ARTICLE 15

Managing Director

1. The Managing Director shall be the Chief Executive of the Company and shall conduct the day-to-day business of the Company and such other functions as shall be determined by the Board of Directors. He shall also be responsible for the appointment and dismissal of all staff in the Company, in accordance with regulations prescribed by the Board of Directors.
2. The Managing Director shall be a person of the highest competence in matters pertaining to the activities, management, and administration of the Company and shall be a national of a Member State.
3. In appointing the staff, regard shall be had, subject to the paramount importance of securing the highest standards of integrity, efficiency and technical competence, to the desirability of maintaining an equitable distribution of appointments to such offices among citizens of all Member States.

ARTICLE 16

Headquarters of the Company

1. The Headquarters of the Company shall be in such place as the Council may determine.
2. The Headquarters Agreement shall be concluded by the Company and the host country not later than thirty days from the inaugural meeting of the General Assembly and shall immediately on signature become binding.

ARTICLE 17

Depositories

Each Member State shall designate its central bank or other depository in which the Company may keep holding of such Member States' currency or other assets of the Company.

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ARTICLE 18

Channel of Communication

Each Member State shall designate an appropriate authority with which the Company may communicate in connection with any matter arising under this Agreement.

ARTICLE 19

Forms of Cession

1. Each Member State shall allow the Company to carry out its functions in its territory in accordance with the provisions of this Agreement.
2. Each Member State which is a signatory to this Agreement undertakes to guarantee, upon the entry into force of this Agreement, that all insurance and reinsurance institutions operating in its territory shall offer to place with the Company a minimum of 10 per cent of each of their reinsurance cessions, both present and future. Nothing in this Article shall be deemed to restrict the rights of the Company to accept reinsurance cessions in life or any other type of insurance business.
3. In cases where local insurance business is covered by global reinsurance arrangements established outside the sub-Region, each Member State which is signatory to this Agreement undertakes, upon the entry into force of this Agreement, to ensure that all national and foreign establishments engaged in direct insurance activities in its territory conclude separate reinsurance arrangements for the local risks.
4. Nothing in this Article shall prevent any insurance or reinsurance institution operating in the territory of a Member State from entering into direct reinsurance arrangements with the Company in respect of the whole or part of the risks undertaken by such institution or from making such other arrangements as are mutually acceptable to the Company.

ARTICLE 20

Acceptance

1. Where the Company deems it necessary or prudent, the Company shall exercise the right to accept or decline all or part of the business offered to be placed with it. However, the ceding company shall have the right to appeal to the Board of Directors.
2. The Company shall have the right to extend its contractual acceptance to such limits and types of risks as the Board of Directors may determine.

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ARTICLE 21

Retrocessions

The Company shall retain as much volume of the business placed with it as its technical capacity will permit. It shall give priority in retrocession to the sub-regional insurance and reinsurance institutions, who shall have the right of first refusal to retrocessions.

ARTICLE 22

Settlement of Claims

The Company shall settle claims directly to ceding companies in convertible currency.

ARTICLE 23

Technical Reserves

The Company shall follow conventional practice in respect of the administration of its technical reserves and shall, in particular, invest these reserves as much as possible in the countries of their origin.

ARTICLE 24

Investment Policy

1. The investment policy of the Company shall be formulated with due regard to the requirements of security, liquidity and profitability.
2. The Board of Directors shall determine the investment policy of the Company in accordance with para 1 hereof.
3. Subscription by the Company in the equity capital of other insurance and reinsurance companies shall not at any time exceed the total of its paid-up capital and statutory and general reserves.

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ARTICLE 25

Technical Assistance

In the furtherance of its purpose, the Company may provide technical assistance; but such assistance shall normally be on a reimbursable basis if it is not provided from special technical assistance grants or other means made available to the Company for the purpose.

ARTICLE 26

Borrowing and Investment Powers of the Company

The Company shall be empowered to borrow funds in a manner that General Assembly guided by sound commercial principles may deem appropriate to achieve the objectives of the Company, inter-alia:

- (a) in its borrowing, the Company shall observe the debt equity ratio of 2 to 1;
- (b) to invest funds not needed in financing its operations in such undertakings as it may determine, and invest funds held by it for pension or similar purposes in marketable securities, without being subject to the restrictions imposed by other sections of this Agreement;
- (c) to buy and sell securities which it has issued or guaranteed or in which it has invested; and
- (d) to exercise such other powers incidental to its business as shall be necessary or desirable for the furtherance of its business.

ARTICLE 27

Political Activity Prohibited

Neither the Company nor any official or other persons acting on its behalf shall interfere with the political affairs of any Member State, nor shall they be influenced in their decisions by the political character of the Member State concerned. Only considerations connected to the economic development of Member States shall be relevant to such decisions, and these considerations shall be weighed impartially to achieve the purposes stated in this Agreement.

ARTICLE 28

Publication of Reports and Provision of Information

The Company shall publish an annual report containing an audited statement of accounts and shall circulate to the Members such other reports and information as it thinks necessary or expedient for the carrying out of its functions.

ARTICLE 29

Financial Year

1. The financial year of the Company shall begin on January 1 and end on December 31 of each year.
2. Notwithstanding the provisions of the foregoing paragraph, the first financial year of the Company shall include the period falling between the date on which the Company commences operations and the June 30 of the following year.

ARTICLE 30

Financial Regulations

The Board of Directors shall prescribe, in conformity with the financial principles set forth in this Agreement, financial regulations for the conduct of the business of the Company.

ARTICLE 31


Financial Statements

The Board of Directors shall prepare, in respect of each financial year and not later than six months from the end of the financial year, a balance sheet, a profit and loss account, a revenue account and an annual report. The balance sheet and the profit and loss account shall be drawn up in accordance with sound accounting principles.

ARTICLE 32

External Auditors

The General Assembly shall appoint a firm of auditors of high repute from a Member State.

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ARTICLE 33

Allocation of Net Profit

1. The annual net profit of the Company shall be allocated by the General Assembly on the recommendation of the Board of Directors.
2. Notwithstanding the provisions of this Article, no dividend shall be paid during the first five years of operations of the Company. Any profit realised during the said five years shall be transferred to the various reserves in such manner as the General Assembly may direct.
3. The annual dividend shall be paid in the subscribed currency or unit of account.

ARTICLE 34

Withdrawal by Members

Any member may withdraw from the Company at any time by transmitting a notice in writing to the Company at its Headquarters. Withdrawal shall become effective on the expiry of one year from the date of the notice.

ARTICLE 35

Termination of Membership and Transfer of Shares

1. Members desiring to terminate their Membership shall first offer for sale their shares to existing members and each member shall be given the opportunity to exercise their pre-emptive rights. In the event none of the existing members exercise these pre-emptive rights then the ceasing Member shall be granted the right to transfer the shares to an eligible buyer in accordance with Article 3 subject to approval by the General Assembly".
2. The transfer of shares surrendered under this Article shall be governed by the provisions of Article 7 paragraph 1 of this Agreement.

ARTICLE 36

Termination of Operations

1. The Company may terminate its operations in respect of new business by a decision of the General Assembly exercising a majority of the total voting power of the members.
2. After such termination, the Company shall forthwith cease all activities except those incidental to the orderly realisation, conservation and preservation of its assets and settlement of its obligations.

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Date

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ARTICLE 37

Liability of Members and Payment of Claims

All creditors holding direct claims shall be paid out of the assets of the Company. Before making any payments to creditors holding direct claims, the Board of Directors shall make such arrangements as are necessary in its judgement to ensure a pro-rata distribution among holders of direct and contingent claims.

ARTICLE 38

Distribution of Assets

1. In the event of the termination of operations of the Company no distribution shall be made to Members on account of their subscriptions to the Share Capital of the Company until all liabilities to creditors have been discharged or provided for, and the General Assembly has taken a decision to make a distribution. This decision shall be taken by the General Assembly exercising a majority of the total voting power of the Members.
2. After a decision to make a distribution has been taken in accordance with the paragraph 1 of this Article, the General Assembly may by a two-thirds' majority of all its Members, make successive distributions of the assets of the Company to Members until all assets have been distributed. This distribution shall be subject to the prior settlement of all outstanding claims of the Company against each Member.
3. Before any distribution of assets is made, the Board of Directors shall fix the proportionate share of each Member according to the ratio of its shareholding to the total outstanding shares of the Company.
4. The Board of Directors shall value the assets to be distributed at the date of distribution and then proceed to distribute in the following manner:
 - (a) there shall be paid to each Member in its own obligations or those of its insurance and reinsurance institutions or legal entities within its territories to the extent that they are available for distribution, an amount equivalent in value of its proportionate share of the total amount to be distributed;
 - (b) any balance due to a member after payment has been made in accordance with the preceding sub-paragraph shall be paid, up to an amount equivalent in value to such balance; and
 - (c) any remaining assets held by the Company after payments have been made to Members in accordance with sub-paragraphs (a) and (b) of this paragraph shall be distributed pro-rata among the Members.


5. Any Member receiving assets distributed by the Company in accordance with the preceding paragraph shall enjoy the same rights with respect to such assets as the Company enjoyed before their distribution.

ARTICLE 39

Status, Immunities, Exemptions and Privileges

1. To enable the Company to effectively fulfil its objectives and carry out the functions entrusted to it, the status, immunities, exemptions and privileges set forth in this Agreement shall be accorded to the Company in the territory of each Member State; and each Member State shall inform the Company of the specific action which it has taken for that purpose.
2. Member States shall accord the Company, the following immunities:
 - a. The subscriptions of members in the capital stock of the company, its property, assets, operations, income, funds, securities issued by whomsoever held and transactions, shall be exempt from all forms of taxation, provided that nothing herein shall extend such exemption to the owner or lessor of any property rented by the Company or exempt the Company from charges which represent payment for public utility services.
 - b. The Company shall be exempt from restrictions on importation or exportation of goods and services directly imported or exported by it for its official use and from any applicable taxes thereof.
 - c. The Company shall be exempt from taxes normally incorporated in the price of goods and services, and payment of stamp duty and other documentary taxes in transactions in which the Company is a party.
 - d. The Company shall be immune from the liability for the collection of any tax or duty; for avoidance of doubt, in the event that the Company acquiesces to a tax levy, the Company shall receive a refund notwithstanding existing statutory prescriptive periods.
3. All Directors, Alternates, Managing Directors, Officers and staff of the Company shall be exempt from taxation in respect of :
 - (a) the salaries, emoluments, indemnities and pensions paid to them for services past and present or in connection with their service to the Company;
 - (b) on income derived by them from sources outside a Member State;
4. The representatives of Members to a meeting of or convened by the Company , technical experts or advisors (other than officials of the Company) performing missions authorized by or serving on committees or other subsidiary organs of, or consulting at its request in any way with the Company, shall, while exercising their functions within a Member State, shall be exempt from taxes and customs duties, including exemption from income tax in respect of emoluments received by them for services rendered in performing services past and present for or on

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behalf of the Company, as are accorded to representatives of foreign Governments on temporary official missions, save that the relief allowed from customs and excise duties shall be limited to goods imported as part of their personal baggage.

ARTICLE 40

Status in Member Countries

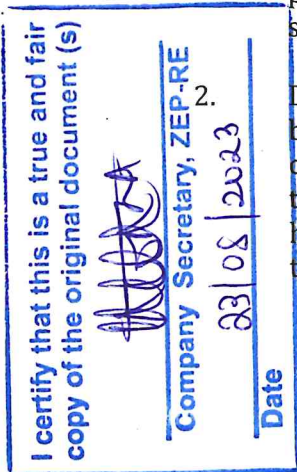
The Company shall possess full juridical personality and, in particular, full capacity:

- (a) to contract;
- (b) to acquire and dispose of immovable and movable property; and
- (c) to sue or be sued.

ARTICLE 41

Legal Process

1. Legal action may be brought against the Company in a court of competent jurisdiction in the territory of the Member State in which the Company has its Headquarters, or in such other jurisdiction it has appointed an agent for the purpose of accepting service or notice of process, or has otherwise agreed to be sued.



2. Disputes arising from reinsurance contracts entered into by the Company shall be subject to conventional practices or to ordinary legal processes applicable to comparable business as shall be agreed in the respective contracts. In all cases, the Company and its property and assets wherever located and by whomsoever held shall be immune from all forms of seizure, attachment or execution before the delivery of final judgement against the Company.

ARTICLE 42

Immunity of Assets

Property and assets of the Company wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by the authorities of any Member without due legal process.

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ARTICLE 43

Immunity of Archives

The archives of the Company and in general, all documents belonging to it or held by it shall be immune from seizure wherever located in Member States except in cases of disputes arising from reinsurance contracts.

ARTICLE 44

Freedom of Assets from Restriction

To the extent necessary to carry out the objectives and functions of the Company and subject to the provisions of this Agreement, each Member State shall undertake to waive and to refrain from imposing any administrative, practical and financial restrictions that would hinder in any manner the smooth functioning of the Company.

ARTICLE 45

Privilege for Communications

Official communications of the Company shall be accorded by each Member State the same treatment as it accords to the official communications of other international financial institutions of which it is a member.

ARTICLE 46

Waiver of Immunities, Exemptions and Privileges of the Company

The immunities, exemptions and privileges in this Agreement are granted in the interests of the Company. The Board of Directors may waive, to such extent and upon such conditions as it may determine, the immunities, exemptions and privileges in cases where such waiver would in its opinion further the interests of the Company.

ARTICLE 47

Amendments

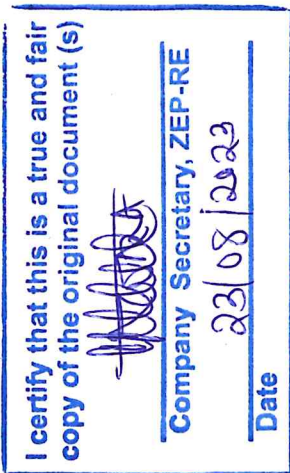
Amendments to the provisions of this Agreement shall be passed by a resolution of Members holding at least seventy five percent (75%) of the voting power present at a meeting of which due notice has been given to all Members of the

General Assembly. The procedure for the introduction of such amendments shall be determined by the General Assembly.

ARTICLE 48

Interpretation

1. Any question of interpretation or application of the provisions of this Agreement arising between any Member and the Company or between any Members shall be submitted to the Board of Directors for decision. A Member State affected in a material particular by the question under consideration shall be entitled to have representation on the Board for the purpose only of that question, whether or not that Member was a member of the Board. Such right of representation on the Board shall be regulated by the General Assembly.
2. In any case where the Board of Directors has given a decision under paragraph 1 of this Article, any Member may require that the question be referred to the General Assembly. Pending the decision of the General Assembly, the Company may, so far as it thinks necessary, act on the basis of the decision of the Board of Directors.



ARTICLE 49

Arbitration

Subject to the provisions of Article 48, any dispute between Members or between the Company and a Member or Members with respect to the interpretation or implementation of this Agreement shall, if possible, be settled by negotiation. Failing settlement by negotiation, and unless the parties agree to another method of settlement, any such dispute shall be submitted to arbitration by a tribunal of three arbitrators, under the rules contained in this Article. One of the arbitrators shall be appointed by the Company, another by the member concerned, and the two parties shall appoint the third arbitrator, who shall be the Chairman of the tribunal. If within forty-five days of receipt of the request for arbitration either party has not appointed an arbitrator, or if within thirty days of the appointment of two arbitrators the third arbitrator has not been appointed, either party may request the Secretary General of COMESA to appoint an arbitrator. The procedure of the arbitration shall be fixed by the arbitrators, but the third arbitrator shall have full power to settle all questions of procedure in any case of disagreement with respect thereto. A majority vote of the arbitrators shall be sufficient to reach a decision which shall be final and binding upon the parties.

ARTICLE 50

Commencement of Operations

1. The Secretary General shall call the first meeting of the General Assembly.

2. The meeting referred to in paragraph (1) of this Article shall:
 - (a) elect the Chairman and Vice Chairman of the General Assembly, who shall also be the Chairman and Vice Chairman of the Board of Directors;
 - (b) appoint the Managing Director and General Manager of the Company;
 - (c) elect members of the Board of Directors of the Company and give necessary directions for the expeditious and effective implementation of this Agreement.

3. The Board of Directors shall within one month of its being constituted hold its first meeting and:
 - (a) give all necessary directions to the Managing Director on the implementation of this Agreement; and
 - (b) do all such other things as may be necessary for the expeditious and effective implementation of this Agreement.

ARTICLE 51

Entry into Force and Accession


1. This Agreement shall be deposited with the Secretary General.

2. This Agreement shall enter into force when it is signed by seven Member States as at the date of adoption.

3. Any of the Member States which are desirous of becoming Members of the Company after the coming into force of this Agreement shall submit their instruments of accession to the Company and membership shall take effect upon receipt of the instruments by the Company.

4. The Managing Director shall transmit certified copies of this Agreement and advise on accession and amendments to this Agreement to the members of the Company, the Secretariat of the Common Market and to such other international organisations as the General Assembly shall determine.

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ARTICLE 52


Official Languages

The official languages of the Company shall be English and French.

SCHEDULE 1

SHARE CLASS	QUALIFYING SHAREHOLDERS	RIGHTS/OBLIGATIONS ATTACHING
Class A	Reserved for: - <ul style="list-style-type: none"> • Member States/Signatory States • Institutions owned by Member States/Signatory States • COMESA Institutions 	<ul style="list-style-type: none"> • Must hold at least 25% of issued capital at any time. • Transfer of shares require approval of the General Assembly • Key fundamental decisions listed under Article 11.10 shall require at least 75% of Class 'A' votes to take effect • Entitled to at least Five (5) Board seats.
Class B	Reserved for: - <ul style="list-style-type: none"> • Private insurance and reinsurance institutions from the region • Other Eligible Investors from the within and outside the region. 	<ul style="list-style-type: none"> • Right to transfer shares to third parties without the approval of the Annual General Meeting so long as the proposed transferee is eligible to be a shareholder • New shareholder seeking admission should meet the long term developmental objectives of the Company and possess the following characteristics. <ul style="list-style-type: none"> - "A" rated entity. - Bring value addition (technical knowhow and capacity) - Not a private equity fund <p>Authority of the General Assembly will be required if the new shareholder/transferee does not meet one or more aspects of the criteria set above.</p>
Class C	Reserved for Development Finance Institutions (DFIs)	<ul style="list-style-type: none"> • Investors in this class will be required to put up a minimum initial investment of 5% of issued capital on entry unless dispensation is granted by the General Assembly. • Right to transfer shares to third parties without the approval of the Annual General Meeting so long as

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		<p>the proposed transferee is eligible to be a shareholder.</p> <ul style="list-style-type: none">• The Company has conferred vide Resolution 5/17 preferential rights to Class C shareholders to sell all or any part of their shares in any future offer for purchase either through third party private placement or limited IPO.
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