



Distr.
LIMITED

CS/YCRCTG/TMC/XXXV
August, 2013

Original: English

**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA**

Thirty Fifth Meeting of the Technical Management
Committee (TMC) on the Yellow Card
Reinsurance Pool

Siavonga, Zambia
29- 30 August 2013

**REPORT OF THE THIRTY FIFTH MEETING OF THE TECHNICAL
MANAGEMENT COMMITTEE ON THE YELLOW CARD
REINSURANCE POOL**

A. INTRODUCTION

1. The Thirty Fifth Meeting of the Technical Management Committee (TMC) of the Yellow Card Reinsurance Pool was held in Siavonga, Zambia from the 29th to 30th of August 2013, at Lake Kariba Inn Hotel.

B. ATTENDANCE, OPENING OF THE MEETING, ADOPTION OF THE AGENDA AND ORGANISATION OF WORK

Attendance

2. Members of the Technical Management Committee (TMC) from DR Congo, Ethiopia, Rwanda, Tanzania and Zambia attended the meeting, Zimbabwe as Chairperson of the Council of Bureaux, the Pool Manager: PTA Reinsurance Company (ZEP-Re) and the COMESA Secretariat also attended the meeting as ex-officio members. The list of participants is attached to this report as Annex III.

Opening of the Meeting (Agenda item 1)

3. The meeting was officially opened by Mr. Brave Mwetwa, the District Commissioner of Siavonga. In his opening remarks, he welcomed delegates to Zambia and specifically Siavonga and urged them to find time and visit the sceneries in Siavonga.

4. Mr. Mwetwa emphasised the importance that the Yellow Card plays in facilitating cross-border movement of vehicles, goods and people within the region. He pointed out the challenge of forged Yellow Cards in the region and called upon the meeting to deliberate on the issue and come up with recommendations to find lasting solutions.

5. Finally, the Guest of Honour applauded the efforts made by the Secretariat and Member States to ensure the success of the Yellow Card Scheme and wished the delegates fruitful deliberations.

6. Mr. Berhane Giday, Chief Programme Officer of the Yellow Card and RCTG Scheme at the COMESA Secretariat also made a statement. Mr. Giday joined the Chairperson in welcoming the Committee members to the Thirty Fifth Meeting of the Technical Management Committee (TMC) of the Yellow Card Reinsurance Pool. The Chief Programme Officer thanked the Guest of Honour for having found time in his busy schedule to come and open the meeting. He also thanked ZSIC, the National Bureau of Zambia, for hosting the TMC meeting.

7. The Chief Programme Officer highlighted the claim settlement and reimbursement challenges in the operations of the Yellow Card scheme and requested the TMC to thoroughly consider the agenda items tabled before the meeting and make recommendations to the Council of Bureaux with a view to consolidate the operations of the Scheme.

8. Earlier, the Chairperson of the Council of Bureaux on the Yellow Card Scheme, Mr. Charles Madziva, welcomed the members of the TMC to the Thirty Fifth Meeting of the Technical Management Committee (TMC) of the Reinsurance Pool of the Yellow Card Scheme.

Adoption of the Agenda and Organisation of Work (Agenda item 2)

9. The meeting adopted the following agenda with amendments:

1. Opening of the Meeting.
2. Adoption of the Agenda and Organization of Work.
3. Progress Report on the implementation of the Decisions of the Council of Bureaux and Recommendations of the Technical Management Committee.
4. Progress Report of the Pool Managers on the Operations of the Yellow Card Reinsurance Pool.
5. Reinsurance Pool Financial highlights as at 30th July 2013.
6. Pool Managers' Report and Financial Statement, year ended 31st December 2012.
7. Progress Report on the implementation of the measures to address the issue of the Yellow Card forgery in Tanzania.
8. Progress report on the implementation of the YC-MIS in the Northern and Horn Corridor countries.
9. Progress Report of the Study on the issues of low limits of liability and other issues affecting the operations of the Yellow Card Scheme.
10. Progress Report on the settlement of the long outstanding claims reimbursements.
11. Date and Venue of the next TMC Meeting.
12. Any other Business.
13. Adoption of the Report and Closure of the Meeting.

10. The Committee adopted the following working hours:

Thursday 29th August 2013

Morning : 09:00 – 13:00 hours
Afternoon : 14:00 – 18:00 hours

Friday 30th August 2013

Morning : Report preparation and free morning for the delegates
Afternoon : 16:00 to 17:00 hours Adoption of the report

ACCOUNT OF PROCEEDINGS

Progress Report on the implementation of the Decisions of the Council of Bureaux and Recommendations of the Technical Management Committee (*Agenda Item 3*)

11. The Secretariat presented document No. CS/CB/TMC/XXXV/3: Progress Report on the Implementation of the Decisions of the Council of Bureaux and Recommendations of the Technical Management Committee. In doing so, the Secretariat provided details on the progress made since the last TMC meeting. The highlights of the report were as follows:

Capacity Subscription

12. The TMC was informed that the position regarding Capacity Subscription to the Yellow Card Reinsurance Pool had not changed as the National Bureaux of Malawi and Sudan, who had outstanding amounts had not paid.

Recommendation

13. The TMC meeting reiterated its earlier recommendation and urged the National Bureaux of Malawi and Sudan to make urgent efforts and pay their capacity subscriptions to the Reinsurance Pool before the 27th Meeting of the Council of Bureaux.

Budget Contributions

14. The TMC was informed that the National Bureaux of Ethiopia and Rwanda had settled their share of the current budget contributions while the National Bureau of Kenya was still processing the payment. The meeting was also informed that the National Bureau of DR Congo had made a partial payment towards their accumulated budget contribution arrears.

15. The TMC was further informed that the National Bureaux of Malawi and Sudan were yet to make payments towards their budget contributions. The meeting further noted that a total of US\$375,886 was outstanding on the account of the National Bureaux of DR Congo, Malawi and Sudan as budget contribution arrears.

16. In the discussed that followed, the TMC expressed concern on the lack of progress made by the National Bureaux of Malawi and Sudan in fulfilling their commitments and underscored that the status que should not be allowed to continue indefinitely and that there was need to take measures.

Recommendations

17. In view of the above, the TMC recommended that:

- a) The Secretariat should once again engage the National Bureaux of Malawi and Sudan and if no progress is made on the issues, the Secretariat should propose measures to be adopted on the National Bureaux who fail to meet their obligations; and
- b) The National Bureaux of DR Congo should settle its budget contributions and the accumulated arrears at the earliest possible time and before the 27th meeting of the Council of Bureaux.

National Stakeholders' Sensitization Workshops

18. The TMC was informed that pursuant to the 26th meeting of Council of Bureaux directive, only the National Bureau of Zambia had reported having carried out Sensitization Workshops in Kitwe, Ndola, Chingola, Livingstone and Nakonde.

19. The TMC was further informed that the Secretariat would mount a consultative mission to Malawi in September/October 2013 and organize a Stakeholders' Workshop with a view of finding solutions to the administrative and operational issues and also raise awareness on the Yellow Card Scheme.

20. In the discussion that followed, the TMC expressed concern on the few number of National Bureaux implementing the Council of Bureaux decisions and emphasized the importance of conducting workshops for stakeholders and Primary Insurance companies with a view to popularize and familiarize members on the operations of the Yellow Card scheme. During the discussions, the delegate from Zimbabwe informed the TMC that the National Bureau of Zimbabwe had also conducted sensitization workshops and were planning to organize more.

Recommendations

21. In light of the above, the TMC Meeting recommended as follows:

- a) Retaliated the decision of the Council of Bureaux and urged National Bureaux to organize national stakeholders' workshops for Law Enforcement Agencies such as Traffic Police, Customs Officials, Transporters, Clearing Agents, Insurance Brokers and Primary Insurance companies on the operation of the Yellow Card Scheme before 31st October 2013; and
- b) Advised the Secretariat to write letters to the National Bureaux to implement the subject decision and report the implementation of the activity to the next meeting of the Council of Bureaux.

Harmonization of the Regional Third Party Insurance systems

22. The TMC was informed that a workshop for Legal and Technical Experts was convened in April 2013 in Johannesburg, South Africa on the harmonization of the Regional Third Party Motor Vehicle Insurance systems and an agreement was reached on the form and content of the proposed legal instrument for harmonization. The draft Memorandum of Understanding (MoU) on harmonization in the ESA region, Annex I, was presented to the TMC for consideration.

Recommendation

23. The TMC noted with appreciation the progress made on the harmonization of the Regional Third Party Motor Vehicle Insurance systems and agreed to recommend to the Council of Bureaux to adopt the drafted MoU.

Printing and circulation of security enhanced Yellow Card books

24. The TMC was informed that the National Bureaux were requested to carry out stock count of their Yellow Card books and provide orders for the printing of new security enhanced books in readiness for the phasing out of the current security compromised Yellow Cards.

25. The Meeting noted that ten (10) National Bureaux, namely; DR Congo, Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe had made orders for the printing of the new security enhanced Yellow Card books.

26. In the discussion that ensued, the TMC emphasized the importance of accelerating the implementation of Yellow Cards books with enhanced Security features and pointed out on the need to:

- a. give more time to National Bureaux with high stock of Yellow Cards;
- b. set a cutoff date for terminating the issuance of the current cards and introducing the new cards, in order to avoid confusion and abuse as a result of having in circulation both the old and the new cards at the same time; and
- c. clearly indicate the process of disposing of the old stock of Yellow Cards.

Recommendations

27. Taking into account the above observations, the TMC recommended as follows:

- a) The cut-off date for the introduction of the new Yellow Cards with enhanced Security features and the termination of use of the current cards shall be 1st November 2013; and
- b) National Bureaux should start sensitizing their member Primay Insurance companies by 15th September 2013 on the cut-off date for phasing out the current cards and the introduction of the new cards and ensure that necessary preparations are made.

Recommendations

28. With regard to disposing off of the phased out Yellow Card books, the TMC recommended that the National Bureaux should:

- a) In consultation with member Insurance companies prepare a list of all unused Yellow Card books;

- b) Collect the unused Yellow Card books from their member Insurance companies and dispose them off; and
- c) Provide to the Secretariat and the Pool Managers the list of disposed off Yellow Card books.

Recommendations

29. With regard to Yellow Card books printed incorrectly and delivered to National Bureaux, the TMC recommended as follows:

- a) National Bureaux should advise the printer and the Secretariat of the incorrectly printed Yellow Cards and request for replacement ; and
- b) National Bureaux should dispose off Yellow Card books incorrectly printed and advise the Secretariat and the Pool Managers accordingly.

Status on the reimbursement of printing & delivery cost incurred by Secretariat on behalf of National Bureaux

30. The TMC was informed that the status on the outstanding debt for printing and delivery cost reimbursement had not changed despite having sent several reminders to the National Bureaux of Eritrea and Sudan that had outstanding balances.

Recommendations

31 In view of the above, the TMC recommended as follows:

- a) The outstanding printing and delivery cost amounting to US\$1,073.70 on account of the National Bureau of Eritrea be written off due to lack of Yellow Card sales; and
- b) The National Bureau of Sudan should settle its outstanding balance of US\$3,200.77 as soon as possible and preferably before the 27th meeting of the Council of Bureaux.

Administrative Matters

32. The TMC was informed that progress had been made in the process of recruiting a Short-Term Administrative Assistant to ease the manpower shortage being faced by the Yellow Card Unit at the Secretariat following the illness of the Administrative Assistant of the Yellow Card Office.

33. Regarding the recruitment of the Senior Insurance Expert (P4), the TMC was informed that applications were received from the National Bureaux of Ethiopia, Rwanda, Tanzania, Uganda, Zambia and Zimbabwe and evaluated by a selection committee that consisted of the following members:

- i. The Assistant Secretary General, Programmes- Chair Person;
- ii. Director of Legal and Institutional Affairs – Member;
- iii. Director of Budget and Finance – Member;
- iv. Senior Human Resource Specialist – Member;
- v. Zep-Re, Zambia Country Manager – Member; and
- vi. Chief Programme Officer, YC-RCTG – Member

34. The TMC was further informed that four (4) applications were short listed for interviews scheduled to be conducted before the end of September 2013.

Recommendation

35. The TMC recommended that the recruitment of the Senior Insurance Expert (P4) and Short Term Administrative Assistant be finalized before the next meeting of the Council of Bureaux.

Progress report of the Pool Managers on the operations of the Yellow Card Reinsurance Pool (Agenda Item 4)

36. The Pool Managers presented document number CS/CB/TMC/XXXV/4, progress report on the operations of the Yellow Card Reinsurance Pool as at 31st July, 2013. The highlights of their presentation were as follows:

a) Premium returns

37. On the premium returns, the TMC was informed that the premium booked by the Pool for the period under review on the Pool Manager's 30% share was US\$ 1,194,933 as compared to US\$ 1, 142,704 recorded during the same period in the previous year showing an increase of 4.6%. The TMC was further informed that despite the increase in premium booked, returns were not received from the National Bureaux of Eritrea, Malawi and Sudan. The summary of returns submitted by each National Bureau is as shown in table 1 below:

Returns & Premium Income booked

Table 1

BUREAU	100% (USD)	30% SHARE	0.5 COMM.	NET TO POOL	NO OF CARDS	DATE OF SUBMISSION OF RETURNS
Uganda	915,327	274,598	13,730	260,868	12,223	Oct. 12 - Jul 13
Kenya	639,653	191,896	9,595	182,080	9,746	Oct. 12 - Jun 13
Ethiopia	575,797	172,739	8,637	164,102	14,604	Nov 12 – Jun 13
Zambia	532,710	159,813	7,991	151,822	12,438	Jan. - Jun 13
Zimbabwe	449,573	134,872	6,744	128,128	6,634	Oct. 12 - Mar 13
Tanzania	398,790	119,637	5,982	113,655	5,613	Jan. - Mar. 13
DRC	188,270	56,481	2,824	53,657	3,278	June - Dec. 12
Burundi	126,633	37,990	1,900	36,091	7,043	Oct. 12 - April 13

Rwanda	81,620	24,486	1,224	23,262	3,111	Jan. - Jun 13
Djibouti	74,737	22,421	1,121	21,300	254	Jan. - Mar. 13
Total	3,983,110	1,194,933	59,747	1,134,965	74,944	

b) Claims

i) Claims intimations below US\$10,000

38. The TMC was informed that the sum owed to the Pool as at 31st July 2013 amounted to US\$338,828.

ii) Claims intimations above US\$10,000

39. The TMC was further informed that the total claims reported to date amounted to US\$7,941,193.12 out of which US\$2,888,812.73 would be retained for the Pool's net account and US\$5,042,380.39 was recoverable from the Reinsurers. The details of large claims reported to the Pool since inception to date is summarized in table 2 below:

Table 2

STATUS	TOTAL (US\$)	RETAINED (US\$)	RETRO (US\$)
Outstanding	3,539,841.74	1,278,977.73	2,255,903.93
Settled	4,401,351.24	1,609,835.00	2,791,968.53
TOTAL	7,941,193.12	2,898,812.73	5,042,380.39

40. The TMC was further informed that the National Bureau of Ethiopia generated 37.1% of the total claims, followed by Kenya with 31.32% and Rwanda with 10.38%. The three National Bureaux being responsible for 78.8% of the total claims for the COMESA Region.

c) Collection of Excess of Loss Premium

41. The TMC was informed that US\$128,768 was collected on account of Excess of loss Premium from the National Bureaux of Kenya, Uganda and Ethiopia.

42. The TMC was further informed, that following the decision of the Council of Bureaux, with effect from January 2012 the Pool had absorbed the total Excess of Loss Premium and hence members shall not bear any portion of this cost.

Recommendations

43. In the discussions that ensued, the TMC recommended as follows:

- a) The Secretariat and the Pool Managers should come up with standard reporting template for the reports of the Pool Managers;

- b) The Pool Manager should mount missions to concerned National Bureaux to reconcile their Inter –Bureaux claim figures and report the progress made to the next meeting of the Council of Bureaux;
- c) The Pool Managers should submit a proposal on the diversification and enhancement of investment of Pool funds on high yield investment areas to the next meeting of the Council of Bureaux; and
- d) The Pool Managers in consultation with Secretariat should come up with measures to recover Excess of loss Premium owed to the Pool by National Bureaux.

Reinsurance Pool Financial highlights as at 31st July 2013 (Agenda item 5)

44. The Pool Managers presented document number CS/CB/TMC/XXXV/5: Reinsurance Pool Financial highlights as at 31st July 2013. In their presentation, the Managers informed the meeting that for the period under review the Pool had recorded a Gross Premium Income of US\$1,194,933 representing an increase of 4.6% over the figure reported for the 31st July 2012, which was US\$1,142,704. The highlights of the developments, specifically on the Gross Premium Income, Reserve Fund, Total Assets, Capacity Subscription and Short Term Investments for the seven (7) months period presented were as follows:

The financial highlights as at 31st July 2013

	July 2013 US\$	Growth %	July 2012 US\$	Growth %	June 2011 US\$
Gross premium income	1,194,933	4.6	1,142,704	19.4	957,146
Reserve fund	5,092,413	5.9	4,810,466	8.3	4,441,463
Total assets	8,368,407	3.4	8,093,626	23.0	6,581,065
Capacity subscription	275,000	(21.4)	350,000	40.0	250,000
Short-term investments	5,752,483	5.6	5,445,562	39.4	3,907,704

Recommendation

45 The TMC underscored that the premium increase of 4.6% was low for such type of Pool arrangements and urged the Pool Managers to engage National Bureaux who were not submitting their returns and making remittances of premium cession to the Pool on time as provided in the operations manual.

Pool Managers' Report and Financial Statement, Year ended 31st December 2012 (Agenda item 6)

46. The Pool Managers presented the Auditors' Report and Accounts for the year 2012, as required under Article 6 of the Constitution of the Yellow Card Reinsurance Pool. In their

presentation, the Pool Managers provided highlights of the Management Report and Financial Statement as at 31st December 2012 as follows:

Management Letter

47. The Pool Managers further presented the Management Letter of the External Auditors: Deloitte & Touche addressed to the Technical Management Committee.

Recommendation

48 Following the discussions on the Annual report and accounts as at 31st December 2012 and the Management Letter, the TMC agreed to recommend to the Council of Bureaux the following:

- a) The Audited Financial Statement be submitted for consideration and approval, as provided in Article 6 item 4(d) and (f) of the Constitution of the COMESA Yellow Card Reinsurance Pool; and
- b) The retiring Auditors, Deloitte & Touche who expressed interest to continue in office for the next financial year at the fee of US\$5,500 be appointed as External Auditors for the year 2013.

Progress report on the implementation of the measures to address the issue of Yellow Card forgery in Tanzania (Agenda item 7)

49. The delegate of the National Bureaux of Tanzania presented document number CS/YCRCTG/TMC/XXXV/7: Progress report on the implementation of the measures to address the issue of Yellow Card forgery in Tanzania. In doing so, she recalled the recommendation of the 34th TMC and informed the TMC that following the request made by the Secretariat, the Tanzania Insurance Regulatory Authority (TIRA) implemented some of the measures to address the issue of Yellow Card forgery in Tanzania.

50. The TMC was further informed that the TIRA attended a workshop organized by the Transporters Authority (SUMATRA) and the Traffic Police Officials and presented a paper on the operations of the COMESA Yellow Card Scheme.

Recommendations

51. The TMC noted with appreciation the effort made by Tanzania Insurance Regulatory Authority (TIRA) together with the stakeholders and recommended that the National Bureaux should:

- a) Implement the decisions of the Council of Bureaux to curb the issues of the Yellow Card forgery in Tanzania; and
- b) Provide their premium rates to the National Bureau of Tanzania in order to enable the Bureau to review its premium rates with a view to make them competitive.

Progress report on the rollout and implementation of the revised YC-MIS in the Northern and Horn Corridor countries (Agenda item 8)

53. The Secretariat presented document no. CS/YCRCTG/TMC/XXXV/8: Progress report on the rollout and implementation of the revised YC-MIS in the Northern and Horn Corridor countries.

54. In the discussion that followed, the TMC expressed concern that despite the significant financial resources and efforts spent on the development and training of the YC-MIS, the level of implementation was low.

Recommendation

55. The TMC recognized the importance of the implementation of the YC-MIS in curbing forgery of Yellow Cards, speeding up the submission of returns, verifying and validating Yellow Cards and the overall enhancement of efficiency of the Yellow Card Scheme operations; recommended that the National Bureaux of Kenya, Uganda, Rwanda, Burundi, Ethiopia and Djibouti should:

- a) Engage their members and resolve any issues on the implementation of the YC-MIS in September/ October 2013;
- b) Liaise with the Secretariat for any technical support required in the implementation of the system;
- c) Ensure that all their member Insurance Companies implement the YC-MIS with effect from 1st November 2013; and
- d) Cease supplying of Yellow Card books to Primary Insurance companies who would not have implemented the YC-MIS by 1st November 2013.

56. Regarding the rolling out of the YC-MIS in the North- South Corridor countries, the TMC was informed that the implementation of the YC-MIS in the North – South Corridor Countries (DR Congo, Zambia, Zimbabwe, Malawi & Tanzania) was deferred to the 4th quarter of 2013 as the focus of activities was on implementation of the system in the Northern and Horn Corridors. The TMC noted the activities work plan for the roll out of the YC-MIS in the North- South Corridor.

Recommendation

57. The TMC noted with concern the delays in the rolling out of the YC-MIS and urged the Secretariat to carry out the preparations for the implementation of the system in the North – South Corridor countries by 1st January 2014.

Progress report of the Study on low limits of liability and other issues affecting the operations of the Yellow Card Scheme (Agenda 9)

58. The Secretariat presented document number CS/YCRCTG/TMC/XXXV/9: Progress Report of the Study on low limits of liability and other issues affecting the operations of the Yellow Card Scheme. In doing so, the Secretariat recalled the recommendation of the 34th TMC meeting held in Kigali, Rwanda in April 2013, that the Terms of Reference be re-circulated to all National Bureaux to help in the identification of qualified Consultants and National Bureaux to

submit profiles of identified Candidates to the Secretariat for selection of a suitable Consultant to carry out the study.

59. The TMC was informed that despite several reminders requesting National Bureaux to identify and submit profiles of consultants, only two National Bureaux, namely Zambia and Zimbabwe responded and submitted two profiles.

60. The TMC noted the scope of study to be conducted requires an Insurance Expert and Transport Expert with legal background to ensure a comprehensive undertaking of the study.

61. During the discussion that followed, the delegate from the National Bureau of Rwanda informed the meeting that it had provided the Secretariat with a profile of a Consultant.

Recommendation

62. The TMC urged the Secretariat to conclude the recruitment of a Consultant at the earliest possible time and by the 27th Meeting of the Council of Bureaux at the latest.

Progress report on the settlement of the long outstanding Claim reimbursement (Agenda Item 10)

63. The Pool Managers made a presentation on their mission to Uganda from 18- 20 August 2013 to carry out a reconciliation exercise. The Pool Managers informed the TMC that they had evaluated various available documents, however had faced challenges in retrieving documents pertaining to the earlier years. The Pool Managers' reconciliation report for the National Bureau of Uganda is attached as Annex II.

64. The TMC noted with appreciation the efforts made by the Pool on the reconciliation of long outstanding claim reimbursements with the National Bureaux of Uganda and Rwanda and urged them to continue with the exercise with other National Bureaux who have similar issues.

65. In the discussion that ensued, the following were observed:

- a. The National Bureau of Rwanda informed the TMC that they had held a bilateral discussion with the Pool Managers on the issues of claim payment and reimbursement and resolved the issues and agreed to exchange payments;
- b. The National Bureau of DR Congo expressed concerns on the lack of progress by the National Bureaux of Zambia, Zimbabwe and Tanzania in making reimbursement on claims settled on their behalf;
- c. The National Bureau of Zambia, Zimbabwe and Tanzania informed the meeting that the issue of claims with DR Congo was outstanding due to lack of documentation;
- d. The National of Zambia informed the meeting that they would mount a mission to DR Congo, Lubumbashi to discuss and resolve the outstanding claim issues; and
- e. The National Bureau of Zambia requested the National Bureau of Tanzania to respond to communications on Yellow Card verification.

Recommendations

66. Taking into account the above observations made, the TMC recommended as follows:
- a. National Bureaux should adhere to the operation manual on claims handling, processing, making payments and reimbursement;
 - b. The Secretariat to urgently write a letter to the National Bureau of Uganda highlighting the concerns raised in the reconciliation exercise conducted by the Pool Managers and request for measures being put in place to address the issues;
 - c. National Bureaux should emulate the experience of the National Bureaux of Djibouti and Ethiopia in resolving their claim issues through bilateral meetings; and
 - d. The Pool Managers should organize a training on the operations of the Yellow Card scheme for National Bureaux officers involved in the day to day activities of the Yellow Card Scheme.

Date and Venue of the next meeting (Agenda Item 11)

67. Regarding the venue of the next meeting of the Technical Management Committee, the Pool Managers informed the TMC that they would consult and advise the Secretariat on hosting the 36th TMC.

Any Other Business (Agenda item 12)

68. Issues raised under this agenda item were as follows:
- a) Regarding the progress made in the engagement of South Sudan to join COMESA, raised by the delegate from the National Bureau of Ethiopia, the Secretariat informed the TMC that no progress was made on the issues.
 - b) The National Bureau of Tanzania urged some member Bureaux to be constructive in their communications.
 - c) The National Bureau of Zimbabwe emphasized on the need to resolve / finalize pending issues before the next Council of Bureaux meeting.

Adoption of the report and closure of the meeting (Agenda item 13)

69. The meeting considered the draft report paragraph by paragraph and adopted the report after making some amendments.

70. At the close of the meeting, the delegate from the National Bureau of Rwanda, Mr. Jacob Erhabor, The Managing Director for Société Nouvelle d 'Assurances du Rwanda (SONARWA) thanked the Government and the people of Zambia for the warm hospitality extended to the delegates during their stay in Zambia . He also thanked the National Bureau of Zambia, ZSIC G.I for hosting the meeting and for the excellent facilities offered to the meeting. Mr. Erhabor commended the Chairperson in the manner he guided the meeting deliberations and further thanked the COMESA Secretariat for the good organization of the meeting. Finally he thanked the delegates for their valuable contributions made during the deliberations of the meeting.

29. In closing the meeting, the Chairperson thanked all the delegates for their valuable contributions and wished them a safe journey to their respective Countries.

Annex I



**(THE INTERFACE MECHANISM)
DRAFT MEMORANDUM OF UNDERSTANDING
ON THE HARMONIZATION OF COMPULSORY THIRD
PARTY
MOTOR VEHICLE LIABILITY INSURANCE SCHEME**

Preamble

The Heads of State and Government or duly authorized Representatives of Member/Partner States of **the Common Market for Eastern and Southern Africa (hereinafter referred to as “COMESA”, the East African Community (hereinafter referred to as “EAC” and the Southern Africa Development Community (hereinafter referred to as “SADC” and alternatively all referred to as “the parties”)**

CONSIDERING the Memorandum of Understanding on Inter Regional Cooperation and Integration amongst COMESA, EAC and SADC hereinafter referred to as the “Memorandum of Understanding” signed on 19th January, 2011;

RECALLING provisions of Articles 1 and 2 of the Memorandum of Understanding through which they agreed to enhance integration among themselves for their mutual benefit and the benefit of their Member States/Partner States and to pursue the development of common programmes which will enable all parties to effectively and efficiently utilize the available resources for concrete actions to achieve the objectives of their respective mandates;

RECOGNISING provisions of Article 1(3) (b) as read with Article 4 of the Memorandum of Understanding through which they agreed to develop programmes to enhance movement of business persons, labour and services across the region;

REITERATING provisions of Article 1(3) (c) as read with Article 3 of the Memorandum of Understanding on harmonizing programmes on transport and communications.

CONSIDERING the COMESA Protocol on Third Party Motor Vehicle Insurance Scheme.

CONSIDERING Article IX(6) of the EAC Tripartite Agreement on Road Transport in which EAC Partner States agreed to recognize and accept the COMESA Yellow Card as the acceptable Insurance scheme on compulsory Third Party in the EAC Region.

CONSIDERING provisions of Article 6.8 of the SADC Protocol on Transport, Communication and Meteorology through which SADC Member States agreed to investigate mechanisms for the creation of a harmonized system of third party insurance in the region including taking cognizance of existing systems to provide third party insurance in the SADC region on the basis of adequacy of cover, affordability, efficient procedures to collect premiums, recognition of insurance issued in a Member State throughout the region and administrative flexibility.

RECOGNISING that the COMESA Yellow Card Scheme as a Trade Facilitation measure which is currently operational among most Member/partner States of COMESA - EAC - SADC Tripartite and is available for use by Non COMESA Member States in the spirit of enhancing integration of the region;

PURSUANT to the provisions of Article 11 of the Memorandum of Understanding which provides that the parties may enter into supplementary Memoranda of Understanding to provide for specific activities relating to the COMESA, EAC SADC Tripartite;

DESIROUS to adopt a common Regional Third Party Insurance Scheme as a trade and transport facilitation tool;

NOW THEREFORE, the Parties hereby agree as follows:

Article I Objective

The Parties agree that the COMESA Yellow Card Scheme is the recognized regional third party compulsory insurance scheme in relation to cross border traffic in the COMESA, EAC, SADC region which provides for a framework for participation by Member/Partner States that are not yet party to the Scheme.

Article II Obligations

The responsibilities of a Member/ Partner State shall, *inter alia*, be to:

- (a) Recognize the validity of the Yellow Card in its territory and to enact laws and regulations for the establishment of the card scheme, and particularly for the designation of its national bureau;
- (b) Ensure that its national bureau is established and functions in accordance with the provisions of the scheme and that it joins the Council of Bureaux and complies with its Decisions;
- (c) Guarantee the solvency of its National Bureau;
- (d) Facilitate the transfer to other Member/Partner States of the funds necessary for the payment of premiums, claims or other administrative charges under the Yellow Card Scheme; and
- (e) Ensure that either its Government or the National Bureau deposits with its Central Bank or a designated commercial bank the required minimum amount to join the scheme in the form of either a letter of credit or security to guarantee its performance.

Article III
Coexistence of the Regional Scheme
with National Schemes

The Regional Yellow Card Scheme shall coexist with National Compulsory Third Party Liability Insurance Systems provided that there shall be no duplication in terms of cover and premium payments.

Article IV
Implementation

Each REC Secretariat shall work in conjunction with the Yellow Card Secretariat in assisting its Member/ Partner States to participate in and implement the Yellow Card Scheme.

Article V
Policy Making Structure

The Council of Bureaux shall report on the operations of the Scheme to the Policy Organs of the Tripartite through the Tripartite Sectoral Ministerial Committee on Infrastructure.

Article VI
Administrative Matters

Any administrative matters concerning the scheme in terms of its improvement or enhancement shall be carried out through the Council of Bureaux.

Article VII
Amendments

This amendment may be amended at any time upon the parties' mutual agreement provided that the party proposing any amendment shall have given the other parties three months' prior notice in writing of the proposal to amend.

Article VIII
Dispute Resolution

Any dispute between or among the parties as a result of the operation of this Memorandum of Understanding shall be resolved amicably between the parties through a process of negotiation. In the event of failure to reach an agreement, the parties shall appoint an independent arbitrator.

**Article IX
Duration**

This Memorandum of Understanding shall remain in force until the parties agree through mutual consent to terminate it.

**Article X
Entry into Force**

This Memorandum of Understanding shall enter into force on the date of signature by the duly authorized representatives of the parties.

IN WITNESS WHEREFORE, the parties, each acting through its duly authorized representatives, have signed this Memorandum of Understanding ***on the.....day of2013.***

.....

.....

.....

FOR: the Common Market for Eastern and Southern Africa (COMESA)

FOR: the East African Community (EAC)

FOR: the Southern African Development Community (SADC)

Annex II

COMESA YELLOW CARD REINSURANCE POOL

POOL MANAGER'S RECONCILIATION WITH THE NATIONAL BUREAU OF
UGANDA

18TH TO 24 SEPTEMBER, 2013

**RECONCILIATION EXERCISE BETWEEN POOL MANAGER & NATIONAL BUREAU
OF UGANDA**

A representative of the Pool Manager (ZEP-Re) held a pre-reconciliation meeting with officials of the National Bureau (NIC) led by Mrs. Florence Obore (Chief Manager, Technical) where matters affecting the performance of Comesa Yellow Card were discussed at length leading to the commencement of a comprehensible reconciliation exercise.

The team spent considerable time looking at and evaluating various available documentation including the Pool Managers' files and debit notes for purpose of the reconciliation exercise. It was apparent the National Bureau had challenges in retrieving documents pertaining to earlier years. This information was critical granted some transactions for years 2006, 2007 and 2008.

a) RECONCILIATION EXERCISE

The following are comments

- National Insurance Company had submitted to the Reinsurance Pool, the Pool returns covering the months 1st January 2007 to 31st December 2010 totaling UGX. 127,053,340.02. However, there was only payment of UGX. 5,550,053 of cheque number 498191 dated 21/10/2008.
- First Insurance Company had submitted to the Reinsurance Pool, the Pool returns covering the months of 1st January 2007 to 31st December 2010 totaling UGX. 75,584,201.22. However, receipts provided confirm that First Insurance had remitted a total of UGX. 152,077,284.
- Excel Insurance Company had submitted to the Reinsurance Pool, the Pool returns covering the months 1st January 2007 to

31st December 2010 totaling UGX. 174,087,520.11. However, Excel Insurance had remitted a total of UGX. 226,340,857.

- AIG Insurance Company had submitted to the Reinsurance Pool, the Pool returns covering the months 1st January 2007 to 31st December 2010 totaling UGX. 105,797,426.67. However, AIG Insurance had remitted a total of UGX. 161,018,061.
- UAP (United) Insurance Company had submitted to the Reinsurance Pool, the Pool returns covering the months 1st January 2007 to 31st December 2010 totaling UGX. 157,445,712.63 However, UAP Insurance had remitted a total of UGX. 249,370,034.
- Leads Insurance Company had submitted to the Reinsurance Pool, the Pool returns covering the months 1st January 2007 to 31st December 2010 totaling UGX. 58,547,645.37 However, Leads Insurance had remitted a total of UGX. 163,401,886.
- The National Bureau has not remitted the Pool premiums for the Pool Returns in respect of underwriting year 2012 though, indications were that the primary insurance companies had remitted their shares to the National Bureau.

Note: The National Co-ordinator indicated that National Insurance Corporation pays for the primary insurance companies who delay in remitting their share, though, there are no receipts confirming the position.

The National Co-ordinator requested the Pool Manager to help the National Bureau with information which can enable the Bureau construct their records, e.g. provision of copies of the Pool returns regarding past period.

The Pool Manager recommended to them that the National Bureau may also explore a possibility of approaching the Insurance Regulatory Authority to assist in the event that member primary insurance companies were to be involved.

About a third of the work was achieved and the Pool Manager trusts continuation of the reconciliation exercise continues till all pending matters are adequately addressed and the shortest time possible strategy would be necessary in order to reconcile the records fully.

b) COMESA YELLOW CARD BANK ACCOUNTS

The National Bureau informed the Pool Manager that they operate two Comesa Accounts. One account is in Uganda Shillings and the other is in United States Dollar. We came across cases where some of the primary

insurance companies declare returns in US Dollars and make the payment in Uganda Shillings.

The National Bureau was requested to discourage the trend and consider maintaining the US Dollar Account as per the past Technical Management Committee (TMC) and Council of Bureaux decisions.

c) REMITTANCES WITHOUT PAYMENT DETAILS (UNALLOCATED)

This is one area where the Pool Manager have had enormous challenges because wherever the National Bureau remitted funds to the Reinsurance Pool, payment details are not provided and in some cases scanty information given.

We focused on unallocated items and managed about 70% mainly in years 2008, 2009, 2010 and some entries in respect of year 2011.

d) CLAIMS RECONCILIATION

A review was made on both the Reinsurance Pool and inter-bureau claims affecting both organizations and the following is our report:

i. Claims which exceed USD 10,000

The National Bureau of Uganda had presented a schedule of outstanding Pool claims amounting to US\$. 228,103 as at 31st December, 2012. The following were issues raised by the Pool Managers:-

- a) Some of the claims required indices tables for indexing bodily injury claims
- b) One claim involving a motor vehicle which was write-off and the Pool Manager had asked for clarification of salvage. This was addressed during the meeting in Kampala
- c) One other claim had an issue with the quantum amount and the Pool Manager had requested for amendment of the debit note to read US\$. 11,000 instead of USD 33,000. The National Bureau has since advised that this was actioned and a copy of the debit note will be provided.
- d) A claim by the name A O Bayusuf of an amount of US\$. 41,573.57 in the Bureau's list is not yet documented by the Bureau to the Pool and this forms part of

US\$.228,103. The National Bureau withdrew it from the list until the claim supporting documents are provided to the Pool.

- e) A claim by the name of Hesron was being claimed at UGX 45.7mio instead of UGX 43mio. The National Bureau will amend their recovery debit note and submit to the Pool.

The Pool Manager requested the National Bureau to clear outstanding balances and thereafter, the Pool Manager will reimburse the claims. It's the Pool Manager's view that off-setting of Pool claims against outstanding premiums as suggested by the National Bureau is not good for a smooth running of the Pool.

ii. **Claims which are below USD 10,000 (inter-bureau claims)**

Prior to the reconciliation exercise, the Reinsurance Pool had received and analyzed some of the claims and the following were observations:-

- The National Bureau had submitted a list of inter-bureau claims totaling US\$ 201,042.83 out of which the National Bureau has so far been able to provide supporting documentation of claims amounting about US\$.78,000
- Fourteen inter-bureau claims had been addressed directly to Issuing National Bureaux requesting for reimbursement and the Reinsurance Pool was only copied in. These should have been handled by the respective bureaus.
- The Reinsurance Pool had received copies of four letters from the Issuing National Bureau of Kenya indicating that some of the claims had already been reimbursed directly to the National Bureau of Uganda and the Pool had requested for a list of claims under this category.
- The National Bureau agreed to counter-check from their records and ascertain the amount of US\$. 201,042.83. The Pool Manager had processed and paid the National Bureau US\$. 145,056.62 in the month of January 2011. Copies will be provided to the Bureau to update the records.

During the reconciliation period, copies of inter-bureaux claims supporting documentation totaling US\$ 17,000 were handed over to the representative of the Pool. The Pool had also received other documentation adding up to US\$. 61,703.18 earlier which the Pool

Manager will process for reimbursement to the Handling Bureau once the account is fully reconciled.

iii. Common Account Excess of Loss Premiums

Extensive deliberation had been made on this provision before the reconciliation meeting and the plain fact is that most of the market players had not understood the concept which has now been clearly explained to the National Bureau and reference made to supporting documentation availed to the Bureau.

The Reinsurance Pool had already issued the Pool's debit notes to the National Bureau of Uganda to enable the Bureau effect recovery from its members.

Submitted

Main Points of Discussion : -

1. To confirm position of outstanding balances as at 31/12/2012
2. Unallocated receipts

2. To confirm position of outstanding pool returns as at 31/12/2012

3. To confirm position of remittances

4. Excess of Loss

5. Large Claims

6. A proposal of the way forward (pool claims)

7. Status of inter-bureau claims

Annex III

**LIST OF PARTICIPANTS
LISTE DES PARTICIPANTS**

D R CONGO

M. Bushiri Ramazani, Directeur Principal, Société Nationale d'Assurances (SONAS)/Katanga, Lubumbashi, Tel : 00 243 9999932272, Email : bushirir@yahoo.fr.

Mr. Bonyeme-Ekofo Lucien, Director, Société Nationale d'Assurances (SONAS)/Kasumbalesa, Tel : 00 243 999928090, Email : lucbonyeme@yahoo.fr.

Mr. Ngwangu Mosolino Jean, OUS-Director, Société Nationale d'Assurances (SONAS), BP 3443, Kinshasa/Gombe, Tel: 243 814680964/243 998 401686, Email: jeanmosolino@yahoo.fr.

Mr. Emmanuel Nyongolo Mukambilwa, Fonde de pouvoir en charge de la Carte Jaune COMESA, Société Nationale d'Assurances Tel : 00 243 816566585 / 2113 897823697, Email : emmukkambilwa@yahoo.fr.

ETHIOPIA

Mr. Debebe Tamene, Director, Motor Insurance & Cross border Relations, Ethiopian Insurance Corporation, P O Box 2545, Addis Ababa, Ethiopia, Tel : 251 11 5153396, Fax : 251 11 5517555, Email : comesaycard@ethionet.et, debetamene@yahoo.com

RWANDA

Mr. Jacob Erhabor, Chief Executive Officer, Société SONARWA Limited, BP 1035, Kigali, Tel : 250 788 304 358, Email : sonarwa@rwanda1.com

TANZANIA

Mrs Immaculate J Morro, Principal Insurance Officer-Yellow Card Coordinator, National Insurance Corporation of Tanzania Ltd, P O Box 9264, Dar es Salaam, Tel: 255 222113823/9, Cell: 0784 405511, Fax: 255 022 2113403, Email: comesa.ycard@nictanzania.com

ZAMBIA

Mr. Bernard Kasanda, Manager, Motor Marine & Evaluation, Zambia State Insurance Corporation-General Insurance Company Limited, P O Box 30894, Lusaka, Tel: 260 967 984303/260 974 353323, E-mail: bkasanda@zisc.co.zm

Ms. Mavis M. Ndumba, Superintendent – Underwriting, Zambia State Insurance Corporation-General Insurance Company Limited, P O Box 30894, Lusaka, Mobile: 260 97 7849283 E-mail: mndumba@zsicgi.co.zm

Mr. Allion Veluka, Superintendent – Claims, Zambia State Insurance Corporation- General Insurance Company Limited, P O Box 30894, Lusaka, Mobile: 260 977 782953, Fax 0211 - 222263 E-mail: aveluka@zsicgi.co.zm

ZIMBABWE

Mr. Chance Madziva, Chief Executive Officer, SFG Insurance Co. PVT Ltd of Zimbabwe, P O Box 49597, Harare, Tel: +263 738835816, E-mail: h4652t@gmail.com

Mr. Patrick Munyaradzi Kusikwenyu, Managing Director, Insurance Council of Zimbabwe, Tel: 263 772 695 366, E-mail: patrick@sanctuary.co.zw

COMESA INSTITUTIONS

ZEP-RE (PTA Reinsurance Company)

Mr. Charles Monda Matoke, Underwriter, ZEP-RE (PTA Reinsurance Company) P O Box 42769 -00100, Nairobi, Kenya, Tel: 254 20 273 8444, E-mail: cobae@zep-re.com

Mr. Sammy Rutto Silamoi – Chief Accountant, ZEP-RE (PTA Reinsurance Company) P O Box 4276 -00100, Nairobi, Kenya, Tel: 254 20 273 8221, E-mail: mail@zep-re.com

COMESA SECRETARIAT

Mr. Berhane Giday, Chief Programme Officer, Common Market for Eastern and Southern Africa (COMESA), P O Box 30051, Lusaka, Tel: 260 21 122 9725-32, Fax: 260 21 122 5107, Email: bgiday@comesa.int.

Mr. Kelvin Chisongo, Insurance Expert, Common Market for Eastern and Southern Africa (COMESA), P O Box 30051, Lusaka, Tel: 260 21 122 9725-32, Fax: 260 21 122 5107, Email: kchisongo@comesa.int.

Mr. Chris Hakiza, Common Market for Eastern and Southern Africa (COMESA), P O Box 30051, Lusaka, Tel: 260 21 122 9725-32, Fax: 260 21 122 5107, Email: chakiza@comesa.int.

Ms Loliwe Jere, Secretary, Common Market for Eastern and Southern Africa (COMESA), P O Box 30051, Lusaka, Tel: 260 21 122 9725-32, Fax: 260 21 122 5107, Email: ljere@comesa.int.