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**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA**

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

Kinshasa, Democratic Republic of Congo
23- 24 August 2012

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

A. INTRODUCTION

1. The Thirty Third Meeting of the Technical Management Committee (TMC) of the Yellow Card Reinsurance Pool was held in Kinshasa, Democratic Republic of Congo from the 23rd to 24th of August 2012, at Hotel Memling.

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, Kenya 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 while the National Bureaux of Zimbabwe attended as observers. The list of participants is attached to this report as Annex I.

Opening of the Meeting (*Agenda item 1*)

3. The Chairperson of the Council of Bureaux on the Yellow Card Scheme, Mr. Linus Kowiti, Assistant Manager, Local Business Unit at Kenya Reinsurance Corporation Ltd, welcomed the members of the TMC to the Thirty third Meeting of the Technical Management Committee (TMC) of the Reinsurance Pool of the Yellow Card scheme. He then called upon the Guest of Honour to make an opening statement.

4. Mr. Dismas Magbegu, the Vice Minister of International and Regional Cooperation of the Government of the Democratic Republic of Congo (DRC) officially open the meeting. In his opening remarks he welcomed all delegates to DR Congo and wished them a pleasant stay in Kinshasa. The Vice Minister expressed his gratitude for the honour given to DR Congo to host the Committee meeting at a time when the Yellow Card Scheme was developing further against all the challenges and thanked the Technical Committee members and the Secretariat for the trust they had shown in the Capacity of the National Bureau of DR Congo to host the Meeting.

5. Mr Dismas Magbegu pointed out some of challenges faced in the operations of the Yellow Card Scheme in the country and called upon the meeting to deliberate on the issues and come up with recommendations and solutions to address them.

6. Mr. Berhane Giday, Chief Programme Officer from the COMESA Secretariat, also welcomed the participants to the Thirty third Meeting of the TMC. The Chief Programme Officer pointed out that the Yellow Card Scheme had grown two-fold during the last four years and contributed significantly in reducing delays and minimizing costs in cross-border transport. He informed the meeting that the scheme had saved time and money for transporters and the business communities, who had passed on the benefits to producers and consumers in the region. He pointed out some of the challenges faced in the operations of the scheme and requested the TMC to deliberate on the agenda items before the meeting and make recommendations to resolve the issues.

7. Mr Nsiensi Mayala, the representative of the Madam Managing Director of SONAS also made a statement on her behalf and welcomed all delegates to DR Congo.

8. On behalf of the delegates, the representative from the National Bureau of Tanzania, Mrs. Immaculate Jerome Morro, of National Insurance Corporation of Tanzania (NIC) gave a vote of thanks on behalf of the participants. In doing so, she thanked the Guest of Honour, Mr Dismas Magbegu, the Vice Minister of International and Regional Cooperation of the Government of the Democratic Republic of Congo (DRC) and assured him that the meeting would deliberate on all the issues to be tabled to the meeting and come up with solutions to address them. Finally, she thanked SONAS for the warm welcome and for the excellent facilities made available to the delegates.

In Memoriam

9. Following the opening of the meeting, the TMC observed a minute of silence in remembrance of the later Mr. Abraham Nduna, who was the Senior Insurance Expert of the Yellow Card Scheme of the Council of Bureaux, who passed away on 25th May 2012 at a hospital in Harare, Zimbabwe. The meeting then expressed its condolences to the bereaved family as a whole.

10. On the same report, the TMC received the news on the successful operation of Mrs. Brenda Chizyuka, the Administrative Assistance, she had in April 2012 in India. The TMC wished her a speedy recovery.

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

11. 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 recommendations of the TMC AND decisions of the Council of Bureaux of the Yellow Card scheme
4. Progress Report of the Pool Managers on the Operations of the COMESA Yellow Card Reinsurance Pool
5. Reinsurance Pool Financial Highlights as at 30th July 2012
6. Pool Manager's Report and Financial Statement, year ended 31st December 2011
7. Report on the high exchange losses sustained in the operations of the Yellow Card Reinsurance Pool
8. Proposed advance of US\$1 million to the RCTG Pool
9. Proposal to add new Banks to the Pool 's Banks Panel
10. Progress report on the Congo DR, Uvira / Sange claim
11. Progress report on the measures put in place by the National Bureau of Tanzania in addressing the issues of Yellow Card forgery

12. Draft Terms of Reference on the study of the issue of the low third party personal injury on compulsory motor vehicle insurance policies of member state of the Yellow Card Scheme
13. Report on the proposed security feature improvement of the Yellow Card pads
14. Progress report on the review and implementation of the YC-MIS
15. Proposal on the engagement of an Insurance Agency, namely South Africa Automobile by the National Bureau of Zimbabwe to issue Yellow Cards in South Africa for motorists from Southern Africa
16. Date and Venue of the next TMC meeting
17. Any other Business
18. Adoption of the report and closure of the meeting

12. The Committee adopted the following working hours:

Thursday **23rd August, 2012**
 Morning : 09:00 – 13:00 hours
 Afternoon : 14:30 – 17:00 hours

Friday **24th August, 2012**
 Morning : Report preparation and free morning for the delegates
 Afternoon : 18:00 to 18:30 hours Adoption

ACCOUNT OF PROCEEDINGS

Progress Report on the implementation of the Recommendations of the TMC and Decisions of the Council of Bureaux of the Yellow Card scheme (*Agenda item 3*)

13. The Secretariat presented document No. CS/CB/TMC/XXXIII/3: Report on the Implementation of the Recommendations of the Technical Management Committee and decisions of the Council of Bureaux on the Yellow Card Scheme. The report provided details on the progress made since the last TMC meeting. The highlights of the presentation were as follows:

Capacity Subscription

14. The meeting 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

15. The TMC meeting reiterated its earlier recommendation and urged the National Bureaux of Malawi and Sudan to pay their capacity subscriptions to the Reinsurance Pool without further delays.

Concerns raised by the National Bureau of DR Congo on the operation of the YC Scheme in DR Congo

16. The TMC was informed that several letters were received from the National Bureau of DR Congo, namely: SONAS raising concerns on the operations of the Yellow Card Scheme. The meeting was further informed that the Secretariat liaised with the concerned National Bureaux on the issues raised and some progress were made on the long outstanding claims reimbursement by the National Bureau of Zambia and the Pool:

17. During the discussion that followed on the issues, the TMC observed the following:

- a) The delegate from the National Bureau of Zambia informed the meeting that there were regular communications between the two national Bureaux and that a total of US\$24,000 in claims reimbursement was being processed for transfer to the COMESA Secretariat as requested by the National bureau of DR Congo as partial payment for their budget contributions. The delegate further informed the meeting that the indicated outstanding claim reimbursement of \$5000 on account of standard sales was settled and remitted to DRC in the last claims reimbursement payment of US\$16,400;
- b) The delegate from the National Bureau of Tanzania informed the Meeting that they had bi-laterally discussions with the National Bureau of DRC during the meeting and agreed that the National Bureau of DRC would send all the claim supporting documents to Tanzania;
- c) The representative of the Pool Managers informed the TMC that following the remittance of premium returns by the National Bureau of Congo DR, a sum of \$ 86,600 in claims reimbursement was recently paid to the National Bureau of DR Congo;
- d) The delegate from the National Bureau of DR Congo concurred with the statement made by the representatives from the National Bureau of Zambia and the Pool Managers and expressed appreciation for their action in effecting payments on the long outstanding claims reimbursements;
- e) The delegate from the National Bureau of Zimbabwe informed the meeting that the National Bureau office has been moved to a new location and has new email address and telephone numbers. He assured the meeting that the new contact details would be communicated to all National Bureaux, COMESA Secretariat and the Pool Managers in the shortest possible time by the National Bureau of Zimbabwe, and assured that communications with the Bureaux would be faster.

Recommendations

18. The TMC made the following recommendations:

- a) To ensure speedy and proper handling of claims, the TMC reiterated that National Bureaux should adhere to the Yellow Card instruments and standard claims handling practices and ensure that Yellow Cards presented to them by travelling motorist

during lodging of claims are genuine and valid before processing and effecting claim payment;

- b) With regards to the complaints by non- COMESA motorist on the non recognition/acceptance of Yellow Cards issued to them, the TMC recommended that the National Bureaux of Zimbabwe , Zambia and DR Congo should address the issue quickly by sensitizing law enforcement Agencies, such as, Customs and Police officers operating at the border posts to recognize valid and genuine Yellow cards issued to non COMESA motorist and report the action taken to the COMESA Secretariat; and

- c) Regarding the issuance of Yellow card cover to Congolese non –residence motorists traveling to DR Congo, the TMC urged the National Bureaux of Kenya, Rwanda and Uganda to adhere to the Yellow card operation manual and refrain from issuing Yellow Card covers to Congolese motorists who are not resident in their countries when they are traveling back to DR Congo.

Implementation of the Yellow Card Scheme in South Sudan

19. The meeting was informed that preparations had been made for the Secretary General of COMESA to discuss with the government authorities of South Sudan on the joining of the Yellow Card Scheme during his planned mission to that country in September 2012.

20. The meeting noted with appreciation the progress made and urged the Secretariat to give priority to the issue.

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

21. The TMC was informed that no progress was made by the National Bureaux of Eritrea, Uganda and Sudan in paying the long outstanding cost of printing and delivery of Yellow cards to the Secretariat.

Recommendation

22. The meeting recommended that National Bureaux of Eritrea, Uganda and Sudan to reimburse the Secretariat the cost of printing and delivery of Yellow Card books paid on their behalf.

BUDGET AND ADMINISTRATIVE MATTERS

a. Payment of 2011 / 2012 Budget Contributions

23. Regarding the budget contribution, the TMC was informed that the National Bureaux of Kenya and Zambia had paid their budget contribution since the last TMC meeting.

Recommendation

24. The TMC urged the National Bureaux of Djibouti, DR Congo, Rwanda, Malawi and Sudan to promptly settle their budget contributions including arrears at the earliest possible time preferably before the 26th Council of Bureaux meeting.

b. Administrative matters

25. The TMC was informed that following the passing away of the Senior Insurance expert and the absence of the Administrative Assistant from Office due to illness, the office of the Yellow Card Scheme at the COMESA Secretariat was faced with severe man power shortage and thus its capacity to carry out its normal activities was limited.

Recommendations

26. With a view to ease the man power shortage of the Yellow Card office at the Secretariat, the TMC recommended the following:

- a) The Secretariat should employ a short term Senior Insurance expert from Member states that are party to the scheme at a monthly fees of US\$5000 using funds saved from the Council of Bureaux Account;
- b) The Secretariat should employ a short term Administrative Assistant from the local market at a monthly fee of US\$1,500 using funds saved from the Council of Bureaux Account; and
- c) The post of the Senior Insurance Expert (P4) be filled by early 2013 and the post be advertised as soon as possible and before the end 2012 in all member states that are party to the scheme.

(i) Recruitment of short term Insurance Expert

27. The TMC was informed that the contract of the short term insurance expert, namely : Mr. Kelvin Chisongo was renewed for one year with effect from 15th June 2012 with the funding from the Regional Integration Support Programme Phase II (RISP II) provided by the COMESA Secretariat to the Yellow Card scheme . The TMC was further informed that Mr. Chisongo has since resigned from ZSIC to work with COMESA Yellow Card Secretariat.

(ii) Recruitment of an Insurance Expert (P3) under the regularly budget

28. Regarding the recruitment of an Insurance Expert (P3), the TMC was informed that the member states and National Bureaux had been officially requested by COMESA Secretariat Administration Division to advertise the post and send applications received to COMESA Secretariat within the deadline date of the advertisement of 2nd August, 2012. The TMC was further informed that only five (5) applications from three National Bureaux, namely: Sudan, Zambia and Zimbabwe were received to date.

Recommendation

29. Taking into account the acute man power shortage faced by the office of the Yellow Card Scheme and the adequate time given to member states, The TMC recommended that the evaluation of applications received, short listing and interviewing be carried out and recruitment be concluded.

Progress Report of the Pool Managers on the Operations of the COMESA Yellow Card Reinsurance Pool as at 31st July 2012 (Agenda item 4)

30. The Pool Managers presented document number CS/CB/TMC/XXXIII/5, a progress report on the operations of the Yellow Card Reinsurance Pool as at 31st July, 2012 and the highlights of their presentation were as follows:

a) Premium returns

31. 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\$1,142,704 as compared to US\$.957, 146 as at July 2012. The marked increase of 19.4% was mainly attributed to the submission of returns by the National Bureaux of Kenya, Uganda and Zambia. The TMC was informed that despite the increase in premium booked returns were not received from the National Bureaux of Eritrea, Sudan, Djibouti and Malawi. The summary of returns submitted by each National Bureau compared to the same period last year is show below:

PREMIUMS & STATEMENTS COLLECTION 2012 & 2011 COMPARED

Country	2012		2011		premiums
	Returns	Premiums	Country	Returns	
DRC	May, 2012	141,813	DRC	June, 2011	267,030
Ethiopia	May, 201	91,774	Ethiopia	June, 2011	148,854
Zimbabwe	March, 2011	127,177	Zimbabwe	March, 2011	142,817
Kenya	May, 2012	341,310	Kenya	May, 2011	137,907
Tanzania	May, 2012	84,572	Tanzania	March, 2011	101,342
Uganda	June, 2012	232,366	Uganda	May, 2011	58,050
Zambia	May, 2012	83,499	Zambia	March, 2011	42,467
Rwanda	March, 2012	21,809	Rwanda	Feb. 2011	23,398
Burundi	March, 2012	18,384	Burundi	None	17,925
Djibouti	None	0.00	Djibouti	May, 2011	17,356
Malawi	None	0.00	Malawi	None	0.00
Sudan	None	0.00	Sudan	None	0.00
Eritrea	None	0.00	Eritrea	August, 2010	0.00
Total		1,142,704	Total		957,146

b) Premium Remittances

32. The TMC meeting noted with appreciation the increase in premium remittance by National Bureaux of US\$1,142,704 when compared to the same period of last and urged the National Bureaux of Eritrea, Sudan, Djibouti and Malawi to submit their monthly returns to the Pool as soon as is possible.

c) Claims

33. The TMC noted the status of claims returns submitted to the Pool and details of large claims are follows :

d) Claims intimations below US\$10,000

34. The Pool received several claims intimations and the sum owing to the Pool as at 31 July 2012 amounted to US\$ 206,497 as compared to US\$ 359,681 in July 2011.

e) Inter-Bureaux claims processed through the Clearing house

35. The TMC was informed that details of inter-Bureaux claims were forwarded to the Pool, who in return had reimbursed the handling National Bureaux. The TMC also noted that the Pool Managers had paid 427 Inter-Bureau Claims since inception as shown in the table below:

Overall Inter-Bureaux Claims Paid from inception to date

Issuing Bureau	Handling bureau	No of claims	Amount in US\$	%
Ethiopia	Djibouti	328	510,317.82	56.41%
Kenya	Uganda	17	85,047.11	9.40%
Uganda	Rwanda	17	76,615.00	8.47%
Rwanda	Uganda	14	62,277.77	6.88%
Rwanda	Burundi	24	56,527.47	6.25%
Uganda	Burundi	9	35,499.71	3.92%
Kenya	Rwanda	4	17,904.22	1.98%
Uganda	Kenya	4	16,672.71	1.84%
Tanzania	Kenya	3	9,790.93	1.08%
Ethiopia	Sudan	1	9,500.00	1.05%
Tanzania	Burundi	2	8,744.36	0.97%
Zambia	Kenya	1	7,292.25	0.81%
Rwanda	Kenya	1	4,994.46	0.55%
Kenya	Malawi	1	2,209.52	0.24%
Burundi	Uganda	1	1,295.26	0.14%
Total		427	904,688.59	100%

f) Claims intimations above US\$10,000-Large claims

36. The TMC was informed that the total claims reported to date accrued to US\$.8, 388,400.65 out of which US\$.2, 543,831.30 would be retained for the Pool's net account. The TMC also noted that the amount recoverable from the Reinsurers was US\$.5,794,701.33 The details of large claims reported to the Pool since inception to date is shown in table below:

Figs in US\$

STATUS	TOTAL	RETAINED	RETRO
Outstanding	5,213,617.91	1,258,222.73	3,955,395.18
Settled	3,174,782.74	1,285,608.57	1,889,174.17
TOTAL	8,388,400.65	2,543,831.30	5,794,701.33

37. The TMC was further informed that the National Bureau of Kenya generated 38% of the total claims, followed by Ethiopia with 35% and Rwanda with 10%. The three National Bureau being responsible for 83%.

Collection of Excess of Loss premium

38. 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.

39. The TMC meeting was informed that with effect from January 2012 the Pool had absorbed the total Excess of Loss Premium in line with the decision of the Council of Bureaux.

Legal fees paid for SANGE-UVIRA Claims

40. The TMC was informed that following the decision of the 25th Meeting of the Council of Bureaux that an appeal be lodged against the ruling of the court in DR Congo and that the expenses arising thereon be funded by the Pool pending the recovery from Reinsurers, a sum of US\$66,742 had been disbursed to date.

Recommendation

41. The TMC recommended that:

- a. A breakdown of the legal fees disbursed be presented to the next meeting of the TMC ; and
- b. In order to properly review the status of progress on the operations of the Reinsurance Pool and provide guidance, the Pool Managers should prepare and present up to date, complete and comprehensive progress report with financial highlights showing all the activities as of the present moment.

Pool Managers Report and Financial Statement as at 31st of July 2012 (Agenda item 5)

42. The TMC was informed that for the period under review the Pool had recorded a gross premium income of US\$1,142,704 representing an increase of 19.4% over the figure reported for the 31st July 2011, which was US\$957,147. The highlights of the developments,

specifically the Gross premium Income, Reserve Fund, Total Assets, Capacity Subscription and Short term Investments as at July 2012, is shown in the table below

The financial highlights

	July 2012 US\$	Growth %	July 2011 US\$	Growth %	June 2010 US\$
Gross premium income	1,142,704	19.4	957,146	111.1	453,470
Reserve fund	4,810,466	8.3	4,441,463	0.1	4,436,652
Total assets	8,194,115	23.0	6,581,065	6.8	6,165,549
Capacity subscription	350,000	40.0	250,000	(16.7)	300,000.00
Short-term investments	5,445,562	39.4	3,907,704	2.9	3,797,112

Investments

43. The TMC was informed that the volume of investments during the period ended 31st July 2012 rose to US\$5,445,562 from US\$ 3,907,704 as at 31st July 2011. This was mainly due to increased remittances from member National Bureaux. The investment portfolio spread was as follows:

INSTITUTION	INVESTMENT	July 2012 US\$	July 2011 US\$
Kenya Commercial Bank	Fixed deposit	2,979,725	-
KCB Rwanda	Fixed deposits	102,137	98,453
Government of Kenya	Treasury Bills	-	681,795
Commercial Bank of Africa	Fixed deposit	2,363,700	2,020,576
Stanbic Investment Bank	Fixed deposit	-	1,106,881
Total		5,445,562	3,907,704

Income from Investments

44. The TMC was informed that the Pool had realized an income of US\$223,710 as at 31st July 2012, from the investments they had made compared to US\$94,879 recorded in the same period last year.

45. The TMC noted, with appreciation, the marked increase in income from investment and commended the Pool Manager for their effort.

Pool Managers Report and Financial Statements for the Year Ended 31st December 2011
(Agenda item 6)

46. The Pool Managers presented the audited report and accounts for the Year ended 31st December 2011, as required under Article 6, of the Constitution of the Yellow Card Reinsurance Pool. In their presentation of the report, the Pool Managers provided highlights of the Pool Income Statement, Cash flow Statement and the Pool Balance Sheet among other items.

Management letter

47. The Pool Managers further presented the Management letter from the External Auditors: Deloitte & Touche addressed to the Technical Management Committee on certain matters which they identified during their audit of the financial statements.

48. The TMC considered the issues identified by the External Auditors which included performance rating on areas reviewed, underwriting income completeness, Unallocated receipts in receivables, Unpaid receivable balance, Provisions for bad debts and Review of Journal entries, and made the following observations were made in the discussions that ensued :

- a) On the underwriting income completeness, the Secretariat informed the meeting that the YC-MIS would be rolled out in the Northern Corridor countries during the period from October to December 2012 and the system would among others, enable to track Yellow Card printed and issued; and
- b) the visual indicator of the significance of item 3, namely: Unallocated receipts in receivables should be rated high and not as theretofore.

Recommendations

49. On the issues identified, the TMC recommended as follows:

- a) The Pool Managers should mount missions to the National Bureaux of Burundi, Ethiopia ,Tanzania and Zambia and resolve the issue of matching of receipts (unallocated receipts in receivables) received from the National Bureaux;
- b) On the Inter-Bureaux debts which stood at US\$366,952, the Pool Manager should deduct outstanding claims reimbursement owed to the Pool from claim payment that would be effected to the concerned National Bureaux after conducting a reconciliation exercise with the concerned Bureaux; and
- c) With regard to provisions made above on the receivables balance, the TMC endorsed the recommendation of the External Auditors that Provision listing be reviewed and be made per cedant and not as lump sum amount.

Recommendations:

50. The Committee received the External Auditors Report, namely the Annual Report and Accounts as at 31st December, 2011 and agreed to recommend to the Council of Bureaux as follows:

- a) The Auditors: Deloitte & Touche, whose contract would expire in 2012, be extended for a further period of one year and at a fee US\$ 5,500;

- b) The Pool Managers should assist the Secretariat in the process of selection and appointment of the Pool's External Auditors for the period 2012; and
- c) the audited accounts be submitted for consideration and approval by the Council of Bureaux, as provided in Articles 6 item 4(d) and (f) of the Constitution of the COMESA Yellow Card Reinsurance Pool.

51. The TMC further recommended as follows:

- a) the TMC recalled the decision of the 25th Meeting Council of Bureaux meeting that the remuneration of the Pool Managers be revised taking into account the following factors:
 - the gross premium written;
 - the profitability of the Pool; and
 - the returns achieved on investment being managed by the Pool
- b) the National Bureau of Zimbabwe in consultation with Secretariat should
 - prepare and present a report on the modalities of application of
 - recommendation indicated in paragraph 50 item a) above, with specific
 - recommendations to the next meeting of the TMC; and
- c) the Secretariats and the Pool Managers should provide to the National
 - Bureau of Zimbabwe information and statistical data required for the
 - preparation of the above report as and when requested.

Report on the high exchange losses sustained in the operation of the Yellow Card Reinsurance Pool (Agenda item 7)

52. A representative from the Pool Managers, ZEP-RE presented document NO. CS/CB/TMC/XXXIII/7 on the reported causes of sustained losses. In doing so the Pool Managers explained that the Pool received business from members in various local currencies which had to be converted into the Pool's reporting currency which was the US Dollar and because of currency fluctuations against the dollar, this caused exchange losses / gains. It was further pointed out that settlement of the booked incomes from members were always delayed and that at the time of remittance the currencies would have either appreciated / depreciated against the US Dollar and resulting in consequential exchange gains / losses through the income statement.

53. The difference between the US Dollar equivalent so derived and the US Dollar amount booked at the transaction date was recognized as gain or loss as the case would be through the income statement. In this regard it was demonstrated that the member Bureaux whose balances as at close of 2011 financial year contributed in excess of US\$ 10,000 to the differences in exchange amount resulting to exchange losses of US\$118,763 and among others were the following:

Bureaux	Un-Realized D.I.E
Zambia	35,666
Uganda	32,749
Ethiopia	26,315
Kenya	24,893

Tanzania	22,318
Burundi	12,820
Others	4,044
Total	158,805

Recommendation:

54. The TMC reiterated the Council of Bureaux decision that :
- a) National Bureaux should submit premium returns accompanied by settlement cheques and settlement details;
 - b) National Bureaux should maintain US Dollar account for their Yellow card operations to avoid exchange losses and meet their commitment to the operations of the Yellow Card scheme; and
 - c) The Secretariat should write letters on the opening of US Dollar account to National Bureaux who requires such supporting document to facilitate the opening of the account.

Proposed advance of US Dollar 1 Million to the RCTG Scheme (Agenda Item 8)

55. The representative from the Pool Managers presented a document titled: proposed advance of US\$1 Million to the RCTG Scheme. In his presentation, he recalled the decision of the 21st Meeting of the Council of Bureaux, as follows:

- i. That interest be paid on the loan at an interest rate of 1.5%
- ii. That investment funds be reimbursed after a grace period of three years of the commencement of operations of the Reinsurance Pool.
- iii. That reimbursement be made on annual installment basis as follows:
 1. 1st year - US\$ 100,000
 2. 2nd year - US\$ 100,000
 3. 3rd year - US\$ 200,000
 4. 4th year - US\$ 200,000
 5. 5th year - US\$ 400,000

56. The Pool Managers pointed out that the decision was made about five years ago and since then there have been various changes on interest rates. It was for this reason that the Pool Managers proposed that the TMC relooks at the above decision.

57. On the implication of the decision , he informed the meeting that Pool's net assets as at 31st December 2011 was US\$ 4.5 Million and disbursement of the proposed amount would reduce the same to US\$ 3.5 Million (a 22% reduction). The outstanding claims liabilities as at end of 2011 was US\$ 1.4 Million coupled with the unknown amount to be incurred by the Pool on the Uvira Sange claim. The TMC meeting was reminded that the Pool has in the past settled claims then pursues reimbursement from Reinsurers thereafter.

58. The Pool Manager point out that its US Dollar investments earned a rate of 3% as at close of 2011 and currently earning an average rate of 3.5% with prospects of rising to 4% by close of 2012. It was further pointed out that the grace period of 3 years and repayment period of 5 years was very long and hence likely to strain the operations of the Pool.

59. In light of the above, the Pool Managers proposed the following:

- I. That COMESA Yellow Card Reinsurance Pool disburse US\$ 0.5 Million immediately and thereafter on need basis.
- II. That the RCTG be given a one year grace period prior to commencement of repayment;
- III. That RCTG repay the amount in 3 installments after the grace period;
- IV. That the amount advanced attract an interest rate of 3% per annum; and
- V. That The COMESA Yellow Card Reinsurance Pool and RCTG enter into a formal agreement in respect of the amount advanced.

60. In the discussion that followed, the Secretariat expressed concern on the proposal made and pointed out the following:

- a) The decision of the 21st Meeting of the Council of Bureaux was made after a thorough deliberation on the subject issue and consultation with the Council of Surety;
- b) The current financial position of the Reinsurance Pool was very much stronger than in 2007;
- c) ZEP-Re was the Pool Managers for both the Yellow Card Reinsurance Pool and the RCTG Pool;
- d) The RCTG CARNET has been rolled out in the Northern Corridor in December 2011 and the proposal made by the Pool Managers would send a wrong message to Customs, Clearing and Forwarding Agents and Transporters and other stakeholder; and
- e) The proposal made undermines the effort, time and resources expended by National Bureaux, who are also the National Surety of the RCTG, and the achievement made in rolling out the RCTG CARNET.

61. In light of the above, the Secretariat proposed that the submission made by the Pool Managers to review the terms and conditions of the US\$1 million advance to the RCTG scheme be deferred until the full implementation of the RCTG CARNET is achieved.

Recommendation

62. The TMC recommended as follows:

- a) the proposal submitted by the Pool Managers be presented to the next meeting of the Council of Bureaux for consideration; and
- b) the Council of RCTG be consulted on the proposals made by the Pool Managers.

Proposal to add new banks to the Pool's banks' panel (Agenda item 9)

63. A representative from the Pool Managers, ZEP-RE presented document NO. CS/CB/TMC/XXXIII/9 ;Proposal to add new banks to the Pool's Bank Panels .The TMC noted the presented profile and Financial highlights of five new banks proposed to be added, namely: Diamond Trust Banks, Investment & Mortgage Limited (I& M Bank) Bank of India Bank of Baroda, NIC Bank all incorporated in Kenya .

Recommendations

64. The TMC noted the proposal and recommended as follows:

- a) Deposit investment account be open with the five new banks; and
- b) The maximum limit of investment per bank should be 20% of the total investment of the Pool.

Progress report on the DR Congo, Uvira / Sange Claim (*Agenda item 10*)

65. The representative from the National Bureau of Kenya, Kenya Reinsurance Corporation being the issuing bureau presented the progress made on the Uvira / Sange claim. In doing so he narrated the historical background of the issue and action taken in line with the decision of the 25th Meeting of the Council Bureaux. He however stated the outcome of the tribunal of 18th August 2012 was being awaited.

66. In the discussion that ensued, the delegates from National Bureau of DRC gave a detailed account of the measures taken by the National Bureau since the happening of the incident on 2nd July 2010. The National Bureau representative expressed concerns and dissatisfaction on the delays in settling the claim despite that the National Bureau had provided all the requested documentation to the Pool.

67. The TMC having noted that there was no progress made particularly on the recommendation that the National Bureau of Kenya and the Pool Managers to make all efforts to resolve the case at the earliest possible time through an out of court negotiations with a view to minimize claim costs, made the following recommendation:

Recommendation

68. The National Bureau of Kenya jointly with the Pool managers, in line with the mandate given and sentiment expressed by the 25th Meeting of the Council of Bureaux and without prejudicing the le^{9a} case in court, should start the out of court negotiations and report the progress made to the next meeting of the Council of Bureaux.

Progress report on the measures put in place by the National Bureau of Tanzania to address the issues of Yellow Card forgery (*Agenda item 11*)

69. The representative from the National Bureau of Tanzania presented document NO. CS/CB/TMC/XXXIII/9: Progress report on the measures put in place by the National Bureau of Tanzania to address the issues of Yellow Card forgery. The representative informed the TMC meeting that it had put in place the following measures to address the issues of Yellow Card forgery in Tanzania:

- a) Through the Association of Tanzania Insurers (ATI), the National Bureau of Tanzania formed a committee chaired by Mr. Manfred Sibande, the CEO of NIKO Insurance (T) Ltd;
- b) The Committee has prepared an advert that would be placed in the print media starting second week of August, 2012 and would avail the same advert to the Secretariat for comments; and

- c) Conducted surprise checks at the following busy border posts;
 - i. Namanga border; and
 - ii. Tunduma border.

70. The TMC meeting was further informed that upon embarking on the above mentioned measures, the teams managed to apprehend four suspects and the suspect would be appearing in court for mention on 23rd August, 2012. The TMC was further informed that the National Bureau of Tanzania has planned to carry out some measures which include among others the following:

- a) Intensify on surprise checks in all the border posts namely Sirari, Tunduma , Kasumula , Horohoro , Mtukula , Rusumo and Ngara ;
- b) Run advertisements on TV and Radios warning perpetrators of stain action; and
- c) Continue engaging the Transporters Association, Traffic Police and the ATI in the fight against Yellow Card forgery.

Recommendations

71. The meeting noted with appreciation the progress made and encouraged the National Bureau to continue its efforts and implement the planned activities and address the issue of printing and circulation of forged Yellow cards from Tanzania.

Draft Terms of Reference on the study on the issue of low third party personal injury on compulsory motor vehicle insurance policies of member states of the Yellow Card Scheme (Agenda item 12)

72. The Secretariat presented document NO.CS/CB/TMC/XXXIII/10:Draft Terms of Reference on the study on the issue of low third party personal injury on compulsory motor vehicle insurance policies of member states of the Yellow Card Scheme. In doing so the Secretariat highlighted the background, objectives, Terms of Reference, the scope of the study, expertise required and time frame for submitting the study report.

73. The TMC was informed of the request made by the National Bureau of Djibouti on the need to take temporary measures to address the issue of low limit of liability in Ethiopia in order to address the challenge being faced by the National Bureau.

Recommendations

74. The TMC recommended that the Terms of Reference should;
- a) take into account issues raised during the 33rd Meeting of the TMC
 - b) be circulated to all National Bureaux to give their input; and
 - c) be reviewed taking into account the views and comments of the National

Bureaux and submit the final version to the 26th Meeting of the Council of Bureaux for consideration and adoption.

75. The TMC recommended that the National Bureaux of Djibouti and Ethiopia should submit their proposed temporal measures to address the issue of low limit of liability pending the finalization of the study report for consideration by the 26th meeting of the Council of Bureaux.

Report on the proposed security feature improvement of the Yellow Card Pads (Agenda item 13)

76. The Secretariat presented document NO. CS/CB/TMC/XXXIII/9: Report on the proposed improvement of security features on the Yellow Card Pads. The TMC was informed that following the recommendations of the 32nd Meeting of the TMC, follow ups were made with the Printers on the suspected forged Yellow Cards submitted and proposals on improvement of security feature of the Yellow Card pads.

77. The TMC was informed that the Yellow Card pads submitted for examination to ascertain their authenticity had been found to have been forged. The TMC was further informed that the printer, Taws Security Printers submitted a proposal on the enhancement of the security features of the Yellow Card pads.

Recommendations

78. The TMC recommended as follows:

- a) The Secretariat should further discuss with the printer on the proposed technical features and negotiate to reduce the cost of printing per book; and
- b) The Secretariat should submit a report on the outcome of the discussion and negotiation on the cost of printing to the next meeting

Progress report on the review and implementation of the YC-MIS (Agenda Item 14)

79. The Secretariat presented document NO. CS/CB/TMC/XXXIII/12: Progress report on the review and implementation of the YC-MIS. The Secretariat informed the TMC that all the issues and concerns raised by the stakeholders in the Northern Corridor countries had been incorporated in the system.

80. The TMC noted the planned activities for the rollout of the revised YC-MIS as below:

- a) Northern Corridor Countries (Kenya, Uganda, Rwanda & Burundi): September - December, 2012
- b) Horn Corridor Countries (Ethiopia, Djibouti and Sudan): February – March 2013; and
- c) North - South Corridor Countries (DRC, Zambia, Zimbabwe, Malawi & Tanzania): April – June 2013

Recommendations

81. The TMC noted the progress made and adopted the rollout work programme and

82. The TMC further recommend that the maintenance contract for Walgate Company Limited be renewed for a further one year on the same terms and conditions.

Proposal on the engagement of an Insurance Agency, namely South Africa Automobile Association by the National Bureau of Zimbabwe to issue Yellow Cards in South Africa for motorists from Southern Africa (Agenda item 15)

83. A representative from the National Bureau of Zimbabwe presented document NO. CS/CB/TMC/XXXIII/13: Proposal on the engagement of an Insurance Agency, namely South Africa Automobile Association by the National Bureau of Zimbabwe to issue Yellow Cards in South Africa for motorists from Southern Africa. The National Bureau informed the TMC meeting that the issuance of local third party insurance covers for foreign motorist coming into Zimbabwe was done by an associated Pool (MIP) who has in turn engaged South Africa Automobile Association to issue the Zimbabwe local third party insurance cover in South Africa to motorists coming into Zimbabwe and hence posing as a business opportunity considering that frontier COMESA member states were allowed to issue Yellow card to non COMESA member motorists provided they are firstly issued with a local third party minimum insurance.

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

- a) The Yellow card cover to be issued by the Agent (SAA), would not apply in Zimbabwe but in all other member states that are party to the scheme;
- b) The Yellow card cover would not be issued to cover non –COMESA member states;
- c) The commission payable to the National Bureau by the Pool shall not exceed 5% the total premium for the risk;
- d) The National Bureau of Zimbabwe shall be responsible for all claims handling and administrative matters on the Yellow card issued by the Agent, namely : South Africa Automobile Association (SAA); and
- e) The National Bureau of Zimbabwe shall ensure that the Agent (SAA) adheres to the Yellow Card instruments and operations manual.

Recommendation

85. The Secretariats should in consultation with the National Bureau of Zimbabwe present a report on the proposed arrangement to the 26th Meeting of the Council of Bureaux for consideration and approval.

Date and Venue of the next meeting (Agenda Item 16)

83. The Secretariat shall advise the date and venue of the next meeting after consulting member National Bureaux.

Any Other Business (Agenda item 17)

84. The TMC was informed that the National Bureau of Zimbabwe offered to host the 26th Meeting of the Council of Bureaux in October 2012 in Zimbabwe, Harare. The exact date and venue of the meeting will be communicated to the National Bureaux in due course.

85. The TMC accepted the offer with appreciation and thanked the National Bureau for its commitment to the Yellow Card scheme.

Adoption of the report and closure of the meeting (*Agenda item 18*)

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

87. At the close of the meeting, the delegate from the National Bureau of Zimbabwe, Mr. Patrick Munyaradzi Kusikwenya, Chief Executive Officer for Sanctuary Insurance Company thanked the Government of Democratic Republic of Congo and the people of Congo for the warm hospitality extended to the delegates during their stay in Congo and also thanked the National Bureau of Congo, SONAS for hosting the meeting and for the excellent facilities offered to the meeting. Mr. Musikwenya commended the Chairperson in the manner he guided the meeting deliberations, he further thanked the COMESA Secretariat for the good organization of the meeting, the delegates for having found time to attend the meeting and for their valuable contributions made during the deliberations of the meeting.

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

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