



Distr.  
**LIMITED**

**CS/YCRCTG/TMC/XXXVII/9**  
September, 2014

Original: English

**COMMON MARKET FOR EASTERN  
AND SOUTHERN AFRICA**

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

Nairobi, Kenya  
4- 5 September, 2014

**REPORT OF THE THIRTY SEVENTH MEETING OF THE TECHNICAL  
MANAGEMENT COMMITTEE (TMC) ON THE YELLOW CARD REINSURANCE POOL**

## **A. INTRODUCTION**

1. The Thirty Seventh Meeting of the Technical Management Committee (TMC) of the Yellow Card Reinsurance Pool was held in Nairobi, Kenya from 4th to 5<sup>th</sup> September 2014, at the Hilton 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 Burundi, Djibouti, Kenya, Uganda and Zimbabwe attended the meeting, Ethiopia 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. DR Congo and Rwanda attended as observers. The list of participants is attached to this report as Annex II.

### **Opening of the Meeting** (*Agenda item 1*)

3. The Vice Chairperson of the Council of Bureaux on the Yellow Card Scheme, Mr. Patrick Kusikwenyu called the Meeting to order and welcomed the delegates to the 37<sup>th</sup> Meeting of the TMC and called upon Mr. Michael Mbeshi, the General Manager for Property and Administration of Kenya Reinsurance Corporation (Kenya-Re) to make a statement.

4. Mr. Michael Mbeshi welcomed participants to Nairobi, Kenya and wished them a pleasant stay. The General Manager noted with satisfaction the growth achieved by the Reinsurance Pool and underscored the need to harmonize the low limits of third party motor vehicles Insurance Liabilities in order for motorists and road accident victims to enjoy the same cover and benefits in all Member States party to the scheme.

5. In conclusion, the General Manager urged members to continue with the awareness Programmes and reiterated the commitment of Kenya-Re to the successful implementation of the scheme in Kenya.

6. Mr. Berhane Giday, Chief Programme Officer of the Yellow Card and RCTG Schemes at the Secretariat, joined Mr. Michael Mbeshi, the General Manager for Property and Administration of Kenya Reinsurance Corporation (Kenya-Re) in welcoming members of the Technical Management Committee to the 37<sup>th</sup> TMC on behalf of the Secretary General of COMESA.

7. In his statement, he thanked the General Manager and Kenya Reinsurance Corporation (Kenya-Re) for the continued support given to the Yellow Card Scheme and other COMESA Programmes and for Kenya-Re's commitment and participation in COMESA Institutions such as ZEP-RE and ATI.

8. He then drew the attention of the TMC on among others the Agenda Items on the Draft study report on the low limit of liabilities of Third Party Motor vehicle insurance in some Member States and the implementation of the Yellow Card Management Information System (YC-MIS) and urged them to thoroughly consider the reports and make recommendations with a view to enhance the operations of the Yellow Card scheme.

9. He thanked the TMC members and the Pool Managers for the success achieved in the management and operations of the Pool.

**Adoption of the Agenda and Organisation of Work (Agenda Item 2)**

10. 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. Study report on the low limits of liability and other issues affecting the operations of the Yellow Card Scheme
5. Pool Managers' progress report on the operations of the Yellow Card Reinsurance Pool
6. Reinsurance Pool Financial Highlights as at 31<sup>st</sup> July 2014
7. Pool Manager's Report and Financial Statement, year ended 31<sup>st</sup> December 2013
8. Progress report on the implementation of the YC-MIS
  - a) Implementation of the YC-MIS Country reports; and
  - b) Implementation and development of the YC-MIS
9. Draft financial statement of the Yellow Card Council of Bureaux for 2013/2014 fiscal year
10. Date and Venue of the next TMC Meeting
11. Any Other Business
12. Adoption of the Report and Closure of the Meeting

11. The Committee adopted the following working hours:

***Thursday, 4<sup>th</sup> September 2014***

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

***Friday, 5<sup>th</sup> September 2014***

Morning : Report preparation and free morning for the delegates  
Afternoon : 16:30-17:00 Adoption of the Report and Closure of the Meeting

## C. ACCOUNT OF PROCEEDINGS

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

12. The Secretariat presented document No. **CS/YCRCTG/TMC/XXXVII/2**: Progress Report on the Implementation of the Decisions of the Council of Bureaux and Recommendations of the Technical Management Committee (TMC). In doing so, the Secretariat provided details on the progress made since the last TMC meeting. The highlights of the report were as follows:

#### **a) Capacity Subscription**

13. The TMC was informed that the position regarding payment of Capacity Subscription to the Yellow Card Reinsurance Pool had not changed as the National Bureaux of Malawi and Sudan had not paid their share of capacity subscriptions.

14. The TMC was further informed that the Secretariat had mounted a mission to Malawi in November 2013 and engaged the National Bureau of Malawi on the issue of Yellow Card operations in the country. Following Stakeholders' Workshop on the issue, the TMC noted that the following was agreed upon:

- i) To establish a Task Force to review the issues and come up with recommendations to strengthen the operations of the scheme in Malawi and the Task Force should include among others:
  - a) A member of the Secretariat; and
  - b) A representative of the Government.
- ii) Task Force to come up with a Strategy on how to engage Mozambique to join the Scheme;
- iii) To adopt measures to take advantage of the available business opportunities;
- iv) To review the Institutional arrangement to make it effective;
- v) To share the experiences of member National Bureaux on meeting their obligations;
- vi) To spearhead the engagement on the implementation of the harmonization of the COMESA Yellow Card Scheme with SADC Fuel Levy system and Third Party systems; and
- vii) To work with the Secretariat to lift the sanction, get decision of the Council for the cancellation of arrears of budget contribution and make commitment to meet current obligations and capacity subscription to the Pool.

15. In the ensuing discussion, the meeting expressed concern on the non-settlement of capacity subscriptions and budget contributions by the National Bureaux of Malawi and Sudan and thus the issue should be brought to the attention of their respective Governments for intervention and resolve the issues.

## **Recommendations**

16. The TMC recommended that the Secretariat should:
- i) Continue the engagement with National Bureaux of Sudan and Malawi and report the status of the progress to the next meeting of the Council of Bureaux, and
  - ii) Write to the Governments of Malawi and Sudan requesting them to intervene and resolve the issue of the National Bureaux failure to meet their obligations of the Yellow Card scheme.

### **b) Settlement of outstanding Inter-Bureaux Claim reimbursements**

17. The TMC was informed that the Secretariat liaised with concerned National Bureaux regarding settlement of long outstanding claims reimbursement on account of the National Bureau of DR Congo and that no progress had been made as no claims supporting documents were sent to the concerned Bureaux.

18. In the discussion that followed, the National Bureau of DR Congo informed the meeting that they had already provided all the documents required and would once again provide the same documents to the Secretariat during the RCTG Meeting which would be held at the end of September 2014 in Lusaka, Zambia.

19. The National Bureau of Kenya also expressed concern on the lack of response from the National Bureau of Tanzania on claims handled on their behalf and underlined that it would be difficult, under such circumstances to continue to handle and settle claims on behalf of the National Bureau of Tanzania.

## **Recommendations**

20. The Meeting recommended that:
- i) The National Bureau of DR Congo should provide the required claim supporting documentation to the National Bureaux of Tanzania, Zambia and Zimbabwe at the earliest possible time for them to be able to authorize the Reinsurance Pool to reimburse the National Bureau of DR Congo , and
  - ii) The National Bureau of Tanzania should respond promptly to the requests made by National Bureaux on claims and other matters.

### **c) National Stakeholders' Sensitization Workshops**

21. The TMC was informed that pursuant to the 36<sup>th</sup> TMC Meeting recommendation that the National Bureaux should organize Stakeholders' Workshops to sensitize their members on the Yellow Card Scheme, the National Bureau of Zambia informed the Secretariat that it would hold a series of National Workshops and requested the Secretariat to provide support. However due to resource limitations, the Secretariat was not able to participate at the National Workshops.

22. In the discussion that followed, the National Bureau of Kenya, Uganda and Zimbabwe informed the TMC that they had conducted Stakeholders workshops. The meeting also pointed

out that National Bureaux which requires Secretariat's support in conducting National Workshops should cover the Secretariats travel expenses.

### **Recommendation**

23. The TMC recommended that the Secretariat should prepare brochures and fliers in English and French and provide to National Bureaux for use during National Stakeholders Workshops.

#### **d) Harmonization of the Regional Third Party Insurance systems**

24. The TMC was informed that the drafted Memorandum of Understanding (MoU) on the Harmonization of the Regional Third Party Motor vehicle Insurance systems was presented to the 20<sup>th</sup> Meeting of the Infrastructure Sub-Committee of the COMESA/EAC/SADC Tripartite Task Team held in July 2013 in South Africa. The meeting was further informed that the Infrastructure Sub-Committee recommended that the Tripartite Task Force considers and adopts the Zero Draft MoU on the Harmonization of Compulsory Third Party Motor Vehicle Liability Insurance Scheme as a working draft.

#### **e) Retrieval of un-used old Yellow Card books from member Insurance Companies**

25. The TMC was informed that despite the Secretariat sending repeated reminders to the National Bureaux to implement the directive of the 27<sup>th</sup> Council Bureaux Meeting on withdrawing of unused phased out Yellow Card books and dispose them off, only the National Bureaux of Djibouti, DR Congo, Rwanda, Uganda and Zambia had reported having retrieved the books from their member Primary Insurance companies.

26. The TMC was further informed that other member Primary Insurance companies had resisted to handover the unused phased out Yellow Card books back to their National Bureaux as they had paid for them.

### **Recommendations**

27. The TMC recommended that:

- i) The National Bureaux of Burundi, Ethiopia, Sudan, Kenya, Malawi, Tanzania and Zimbabwe should in liaison with their member Insurance Companies agree on the best possible method of retrieving all unused old Yellow Card books from circulation and dispose them off; and
- ii) The National Bureaux should provide to the Secretariat and Pool Managers a list of all unused and disposed off Yellow Card books and also a status report to the 28<sup>th</sup> Meeting of the Council of Bureaux.

#### **f) Administrative Matters**

28. The TMC was informed that Mrs. Brenda Chizyuka had not fully recovered to resume her duties and had requested for another extension of her sick leave which was forwarded to the Division of Administration for guidance on the request. The Administration Division appreciated the generosity of the Secretary General for his decision to allow Mrs Chizyuka to be

on sick leave for over two years with full pay and advised that it was time that her case be considered in line with staff Rules and regulations.

29. Regarding the recruitment of the Short Term Administrative Assistant and YC-MIS IT Expert, the TMC was informed of the progress made as follows:

- i) YC-MIS IT Expert: Mr Musa Tondolo was recruited effective 1<sup>st</sup> July 2014 for a one year contract; and
- ii) The Administration Assistant, Mrs Edna Mulumo appointed for the post was not able to take up the position due to reasons beyond her control.

30. The TMC was further informed that the Secretariat would finalize the recruitment of a Short Term Administrative Assistant before the 28<sup>th</sup> Meeting of the Council of Bureaux.

#### **g) Budget Contributions**

31. The TMC was informed that the National Bureaux of Djibouti and Rwanda had settled their contributions to the Yellow Card Council budget while the National Bureaux of DR Congo had promised to settle their arrears of budget contributions.

32. The TMC was further informed that the National Bureaux of Malawi and Sudan were yet to make payments towards their budget contributions. The meeting was also informed that a total of US\$565,444.33 was outstanding from the National Bureaux of DR Congo, Malawi and Sudan which had strained the Secretariat in meeting its recurrent expenses and mission activities.

33. In the ensuing discussion, the National Bureau of DR Congo assured the TMC that it would settle its budget contribution arrears before the next meeting of the Council of Bureaux which would be held at the end of October 2014.

#### **Recommendations**

34. The TMC recommended that:

- i) The Secretariat to continue engaging the National Bureaux of Sudan and Malawi to meeting their financial obligations to the Yellow Card Scheme;
- ii) The National Bureau of DR Congo should settle their budget contribution arrears at the earliest possible time preferably before the 28<sup>th</sup> Meeting of the Council of Bureaux;
- iii) The Council of Bureaux should consider further measures or sanction on National Bureaux who failed to meet their obligation for three consecutive years; and
- iv) The Council of Bureaux should consider the issue of deficit in the Council of Bureaux budget caused by non-payment of budget contributions by the National Bureaux of Sudan and Malawi, as the deficit affects the Secretariat in fulfilling its contractual obligations and carrying out its annual activities.

**Study Report on low limits of third party liability and other issues affecting the operation of the Yellow Card Scheme (Agenda Item 4)**

35. The Consultant presented document No. **CS/YCRCTG/TMC/XXXVII/5**: Study Report on low limits of third party liability and other issues affecting the operation of the Yellow Card Scheme. In doing so, the Consultant informed the TMC that in pursuant to the decision of the 26<sup>th</sup> Meeting of the Council of Bureaux, the study was conducted and seven (7) Member States selected randomly were visited for data collection, soliciting of views and comments from the stakeholders, namely: Djibouti, Ethiopia, Kenya, Rwanda, Sudan, Uganda and Zambia.

36. The Meeting was also informed that the draft report was submitted to the 36<sup>th</sup> Meeting of the TMC for views and comments and accordingly the report was reviewed taking into account the comments and views provided by the member Bureaux and the Secretariat.

37. The TMC was further informed that the methodology used in the data collection included among others, literature and report reviews, stakeholders interviews and questionnaires and after analyzing the data and the findings of the study, the following conclusions were made:

- i) Variances in the YC limits of liability among different participating member states create a situation where Member States do not have equal opportunity to claim the same amounts from the Pool.
- ii) The Yellow Card is not seen as a fair tool for compensation because of low limits of liability, variances and weaknesses in the laws of different countries.
- iii) Where the limits of liability are low, (such as in Uganda- US\$.200.00 for injury and as little as US \$ 2,000 for death in the Ethiopian Law governing third party limits of liability), people feel that litigation gives them a chance of more equitable compensation than insurance.
- iv) Third party accident victims prefer to impound vehicles as lien against higher and more equitable compensation amounts which they are entitled to claim from vehicle owners through courts of law.
- v) Disparities in the Volume of vehicular traffic, geographical positions, size of the national economies of the COMESA member countries also affect the performance of the Yellow Card.
- vi) The Insurance Regulatory Authorities do not apply the mandate granted to them in the Operations Manual under Section IV to monitor and supervise the activities of the National Bureaux as they view their jurisdictions to be national rather than regional.
- vii) Delayed Yellow Card verifications and claim settlement cause frustration and as such many stakeholders have lost confidence in the Yellow Card.

- viii) The cost of handling claims by the NBs sometimes exceeds 5% of the cost of the claim amount.
  - ix) There is no ceiling on how much a Bureau can claim from the Reinsurance Pool.
  - x) Insurance companies with low volumes of business on the Yellow Card fail to remit their annual budget contributions to the Council of Bureaux because the budget contributions are a uniform figure across the region and not dependent on the volume of business.
  - xi) Yellow Card Issuing companies are not usually invited to the Yellow Card meetings where only National Bureaux are invited, hence there are knowledge gaps in the Yellow Cards operations.
  - xii) Card processes as staff that are deployed to handle the Yellow Card often get moved.
  - xiii) There is low awareness by the public on the existence of the Yellow Card.
  - xiv) The transporter is faced with a myriad of paper requirements in order to execute an international trip, which can be burdensome to a transporter who may have a very large fleet of vehicles, all going in different directions every time.
38. In the discussion that followed:
- i) The meeting made general and specific remarks and observed that the recommendations made in the study on the low limits of liability should consider among others, the implications of the recommendations on the different stakeholders, namely: the insurance company, the victims and the insured.
  - ii) The report contains fundamental issues which need sufficient time to thoroughly consider and make recommendations.

## **Recommendations**

39. The TMC recommended that:
- i) The Secretariat should circulate the draft study report to all National Bureaux to review the findings, recommendations and give their comments at the earliest possible time by September 30<sup>th</sup> 2014;
  - ii) The Consultant should review the draft study report taking into account the comments submitted by the National Bureaux; and
  - iii) The revised draft study report should be submitted to the 28<sup>th</sup> Meeting of the Council of Bureaux for considerations. One additional day of meeting should be dedicated for the purpose of consideration of the draft study report.

**Progress report of the Pool Managers on the operations of the Yellow Card Reinsurance Pool (Agenda Item 5)**

40. A representative of the Pool Managers presented document number **CS/YCRCTG/TMC/XXXVII/5**: Progress Report on the operations of the Yellow Card Reinsurance Pool as at 31<sup>st</sup> July 2014 and the highlights of the presentation were as follows:

**a) Premium returns**

41. 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\$ 1,805,505 representing an increase of 51.1% compared to US\$ 1,194,933 recorded during the same period in 2013. The TMC was also informed that the significant growth was attributed to the positive response from National Bureaux on submission of premium returns. The summary of written premiums and returns submitted by each National Bureau is shown in table I and II in Annex 1.

42. The TMC was further informed that despite the increase in premiums booked, returns were not received from the National Bureaux of Eritrea, Malawi and Sudan.

**b) Premium collection**

43. The TMC noted the status of premium collection as shown in table II of Annex 1.

44. In the discussion that followed, the meeting was informed that the decrease shown in some National Bureaux were due to non submission of returns or returns submitted were not reflected in the table.

45. The meeting commended the National Bureau of Kenya for the record breaking of US\$2 million premium income generated during the period under consideration.

**c) Settlement of Inter-Bureaux & Pool Claims**

46. The TMC noted the status of claims as follows :

**i) Inter-Bureau Claims**

47. The TMC was informed that the amount owed to the Pool as at 31<sup>st</sup> July 2014 amounted to US\$ 622,047 compared to the outstanding of US\$535,028 as at 31<sup>st</sup> December 2013 as shown in the schedule below.

Issuing Bureau	Handling Bureau	Jul-14	Dec-13
		US\$	US\$
N.B.Ethiopia	N.B.Djibouti	388,037	276,301
N.B.Djibouti	N.B.Ethiopia	6,814	6,814
N.B.Kenya	N.B.Rwanda	7,872	7,872
N.B.Kenya	N.B.Uganda	107,204	107,204
N.B.Rwanda	N.B.Burundi	7,513	7,513
N.B.Rwanda	N.B.Tanzania	40	40
N.B.Rwanda	N.B.Uganda	39,798	64,515
N.B.Uganda	N.B.Burundi	15,707	15,707
N.B.Uganda	N.B.Kenya	6,534	6,534
N.B.Zambia	N.B.Kenya	7,292	7,292
N.B.Tanzania	N.B.Burundi	16,168	16,168
N.B.Tanzania	N.B.Uganda	2,677	2,677
N.B.Burundi	N.B.Uganda	16,391	16,391
<b>Sub-Total</b>		<b>622,047</b>	<b>535,028</b>
Provision for bad and doubtful debts		(331,204)	(331,204)
<b>TOTAL</b>		<b>290,843</b>	<b>203,824</b>

**ii) Pool Claims**

48. The TMC was informed that the Pool had handled Inter-Bureaux claims since inception amounting to over US\$11,970,333.97 on behalf of issuing Bureaux out of which US\$3,750,245.33 was Pool's share and US\$ 8,220,088.64 was recoverable from the Reinsurers as in schedule below:

STATUS	TOTAL	RETAINED	RETRO
Outstanding	6,862,467.70	1,787,339.70	5,075,128.00
Settled	5,107,866.27	1,969,934.71	3,137,931.56
<b>TOTAL</b>	<b>11,970,333.97</b>	<b>3,750,245.33</b>	<b>8,220,088.64</b>

**d) Collection of Excess of Loss premium**

49. The TMC noted that the Excess of Loss Premiums due from members since inception of the Pool amounted to US\$ 1,146,851 out of which only US\$ 128,768 had been settled by the National Bureaux of Ethiopia, Kenya and Uganda.

50. In the discussions that followed, the meeting was informed as follows :

- i) The National Bureau of Kenya assured the meeting that it would settle claim owed to the Pool before end of September 2014; and

- ii) Following the bilateral meeting held between the Pool Manager and the National Bureau of Rwanda, the Pool Manager agreed to effect claim reimbursement of US\$62,000 by mid-September 2014 and effect the second payment of US\$150,000 by end of September 2014 to the National Bureau of Rwanda.

### Recommendations

51. The TMC recommended that the Pool Managers should close claim files that had been outstanding for over ten years without any movement after confirming the status with the concerned handling Bureaux.

### Reinsurance Pool Financial Highlights as at 31<sup>st</sup> July 2014 (Agenda Item 6)

52. The Pool Managers presented document number **CS/YCRCTG/TMC/XXXVII/7**: Reinsurance Pool Financial Highlights as at 31<sup>st</sup> July 2014. In their presentation, the Managers informed the meeting that for the period under review the Pool had recorded a Gross Premium Income of US\$1,805,505 representing an increase of 51.1% over the figure reported for 31<sup>st</sup> July 2013, which was US\$1,194,933. 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 were presented as follows:

53. The financial highlights as at 31<sup>st</sup> July 2014

	July 2014 US\$	Growth %	July 2013 US\$	Growth %	June 2012 US\$
Gross premium income	1,805,505	51.1	1,194,933	4.6	1,142,704
Reserve fund	5,540,237	8.8	5,092,413	5.9	4,810,466
Total assets	9,590,902	14.6	8,368,407	3.4	8,093,626
Capacity subscription	275,000	-	275,000	(21.4)	350,000
Short-term investments	8,243,540	43.3	5,752,483	5.6	5,445,562

54. The meeting noted the progress made with appreciation.

### Pool Managers' Report and Financial Statement, Year ended 31<sup>st</sup> December 2013 (Agenda Item 7)

55. The representative of the Pool Managers presented to the TMC document number **CS/YCRCTG/TMC/XXXVII/8**: COMESA Yellow Card Reinsurance Pool Managers' Report and Financial Statement as 31<sup>st</sup> December 2013. In presenting the report, he pointed out that:

- i) The Pool recorded a Gross Premium Income of US\$ 2,181,034 during the period ended 31<sup>st</sup> December 2013, which shows an increase of 7.7% over the corresponding figure of US\$ 2,024,920 generated in 2012;
- ii) The National Bureaux of Uganda, Kenya and Ethiopia generated the highest premium income, 19%, 17% and 15% respectively;

- iii) Provision for outstanding claims including IBNR was \$ 396,898 in 2013 compared to \$ 54,393 in 2012;
- iv) The volume of investment increased to \$6,916,090 in 2013 from \$5,760,569 in 2012; and the income realized from Investment during 2013 was \$271,337;
- v) The cost of the excess of loss cover for the year 2013 is US\$ 245,700 compared to US\$ 234,149 incurred in 2012. The cost of 1<sup>st</sup>, 2<sup>nd</sup> & 3<sup>rd</sup> layers was incurred by the Pool in conformity with the 25<sup>th</sup> Council of Bureaux decision;
- vi) There was no change in the recovery of outstanding Excess of loss premium owing from member Bureaux as the amount stands at \$1,068,491 as at December 2013; and
- vii) The Pool Management fee incurred for the fiscal period was \$218,103.

56. The TMC noted the financial highlights as shown below:

**Table 7: Financial Highlights as at 31<sup>st</sup> December 2013**

	<b>2013 US\$</b>	<b>Growth %</b>	<b>2012 US\$</b>	<b>Growth %</b>	<b>2011 US\$</b>
Gross premium income	2,181,034	7.7	2,024,920	10.5	1,832,992
Reserve fund	5,177,442	9.2	4,742,844	6.2	4,467,452
Total assets	8,552,614	8.2	7,904,791	4.0	7,604,318
Capacity subscription	275,000	(21.4)	350,000	-	350,000
Short-term investments	6,916,090	20.1	5,760,569	30.6	4,412,076

### Management letter

57. The Pool Managers further presented the Management letter of the External Auditors: Deloitte and Touche, addressed to the Technical Management Committee. The Committee considered the issues raised by the external Auditors which included underwriting income completeness, unallocated receipts of receivables, long outstanding balance and bad debts provisional policy.

58. The TMC expressed concern that despite increase in investment amount from US\$5.7m to US\$6.9m, the investment income had declined from US\$0.391 to US\$0.271, thus the TMC urged the Pool Managers to come up with other investment options.

### Recommendations

59. The TMC recommended that:

- i) National Bureaux which had rolled out the YC-MIS should ensure that all issued Yellow Cards are posted and uploaded in the online system;
- ii) The Pool Managers should intensify recovery of Inter-Bureaux claims and Claims recovery from Reinsurers;
- iii) The Pool Managers in consultation with the Secretariat should develop the Bad Debts Provision Policy; and
- iv) The Pool Managers should submit an investment proposal on various instrument options including real property and equity aimed at improving investment incomes.

60. The TMC recommended that the Pool Manager should finalize and submit the dividend Policy to the 38<sup>th</sup> Meeting of the TMC.

### **Recommendations**

61. The Committee received the External Auditors' Report and agreed to recommend to the Council of Bureaux the following:

- a) The Current Reinsurance Pool Auditors, Delloite & Touche, be appointed as External Auditors for the year 2014(refer Article 6.4(i) of the Pool Constitution);and
- b) The audited accounts 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.

### **Progress report on the implementation of the YC-MIS (Agenda Item 8)**

62. The Secretariat presented documents number **CS/YCRCTG/TMC/XXXVII/10(a) and (b)** namely; Implementation of the YC-MIS- Country reports and Implementation and Development of the YC-MIS respectively and the highlights of the presentation were as follows:

#### **a) Implementation of the YC-MIS - Country Reports**

63. In its presentation, the Secretariat recalled the recommendation of the 36<sup>th</sup> Meeting of the TMC that National Bureaux who had implemented the YC-MIS should conduct evaluation assessment on the utilization of the YC-MIS by their member Insurance Companies and take those members not using the system in their Yellow Card operations to task.

64. The TMC was informed that only five member Bureaux provided their country reports on the status of implementation of the YC-MIS, namely; Kenya, Rwanda, Uganda, Zambia and Zimbabwe. According to the reports submitted, out of the 99 Primary Insurance companies, 67 companies were utilizing the YC-MIS and had issued 26,912 Yellow Cards.

65. The TMC was also informed that a number of challenges/issues were raised by the users among others the following:

- i) Printing misalignment;
- ii) Non restriction of numbers of orders PIC can make for supply of books;
- iii) Lack of reports and claims modules;
- iv) Lack of suggested solutions when encounter with a system error message;
- v) Lack of automatic email alerts to National Coordinators' official emails when PICs make orders Yellow Card supplies;
- vi) Lack of user manuals;
- vii) Slow in the processing speed of the YC-MIS; and
- viii) Lack of page headings in the MIS making it difficult to tell where one is.

**b) Implementation and development of the YC-MIS**

66. The TMC was further informed that the developed YC-MIS which is a web based IT tool meant to enhance the day to day operations of the Yellow Card Scheme was pilot tested in the Northern Corridor countries between 2011-12 and had been implemented in all the Member States except DR Congo and Eritrea.

67. The Secretariat informed the TMC that the developed YC-MIS can be accessed through the link <http://ycmis.comesa.int> and that it has six modules, namely: Information dissemination; Stock Management, Issuance of YC; Claim & Reimbursements, Reports and Settings Modules.

68. The TMC was also informed on the progress made in addressing operational issues raised by the stakeholders and developing outstanding modules and enhancement works.

**Recommendations**

69. The TMC having considered the report, made the following recommendations:

- i) National Bureaux IT Focal points and Coordinators should monitor the utilization of the YC-MIS and sanction any member company that was not using the system;
- ii) National Bureaux to provide system utilization reports to Secretariat on a quarterly basis showing the challenges faced and measures put in place to address them; and
- iii) The Secretariat should finalize all YC-MIS outstanding operational issues and system enhancement by 31<sup>st</sup> October 2014.

**Draft Financial Statement of the Yellow Card Council of Bureaux for 2013/2014 financial year (Agenda Item 9)**

70. The Secretariat presented the Draft Financial Statement of the Yellow Card Council of Bureaux for 2013/2014 financial year. In the presentation of the report, highlights on the income statement, Cash flow statement and the Balance Sheet among other items were provided.

71. The Council of Bureaux noted that the External Auditors, Messrs Grand Thornton had provided a draft Financial Statement of the Yellow Card Council of Bureaux.

## **Recommendation**

72. The Meeting noted the draft report and recommended that the Secretariat should provide an explanation note where there is significant variance between budgeted and actual figures and submit the final Financial Statement of the Yellow Card Council of Bureaux for 2013/2014, to the next meeting of the Council of Bureaux.

### **Date and Venue of the next meeting (*Agenda Item 10*)**

73. The meeting recalled its earlier proposal that the hosting of the TMC meeting be held on rotational basis among the TMC members and recommended that the National Bureau of Burundi should host the 38<sup>th</sup> Meeting of the TMC.

74. The National Bureau of Burundi informed the meeting that general elections in the country would be held in Burundi in April 2014; however, he would consult with Management and advise the Secretariat.

### **Any Other Business (*Agenda item 11*)**

75. The National Bureau of Uganda informed the Meeting that on 4<sup>th</sup> April 2013 the Bureau received a letter from the Insurance Regulatory Authority of Uganda indicating that they had received a complaint from a claimant and urging them to give the matter an urgent attention. The National Bureau further informed the meeting that the case brought to their attention was regarding a death claim by Nancy Shelby, of over US\$1.9 Million which occurred in 2009 on a card issued in Rwanda. The Meeting was informed that the claim quantum was way above the limit of liability provided by the statute and because of the magnitude of the claim amount and the pressure that the National bureau was receiving, the issue required guidance and direction from all concerned parties including the Pool, the Secretariat and the TMC.

76. In the discussion that ensued, the Secretariat informed the Meeting that they had provided guidance on the subject claim issue. In this regard the Secretariat pointed out that in line with the provision of the Protocol on the Establishment of a Third Party Motor Vehicle Insurance (Yellow Card) Scheme, under Article 2, the claims amount payable under the Yellow Card cover for death or bodily injury should be as prescribed in the compulsory third party motor vehicle insurance law of Uganda and the National Bureau was advised to handle the case accordingly.

77. The National Bureau of Rwanda informed the Meeting that they were only notified about the claim in 2013 and that they were willing to render any support that the handling Bureau would require.

78. The National Bureau of DR Congo expressed concern that DR Congo motorists with Yellow Cards involved in accidents in neighboring countries were being apprehended and their vehicles detained until the claims were settled and requested that such action should be stopped as it was out of the Yellow Card practices.

79. The Chairperson urged National Bureaux to resolve claims issues through bilateral discussions and consultations with the Secretariat and claims issues should only be referred to the TMC Meetings when National Bureaux failed to resolve them accordingly. The Chairperson further suggested that a dialogue box should be introduced on the YC-MIS to enable National Bureaux share information on issues of claims.

## **Recommendation**

80. The TMC advised the National Bureau of Uganda to handle the subject claims according to the Yellow Card instruments and report the development on the claim case to the next TMC Meeting.

## **Adoption of the report and closure of the meeting** (*Agenda item 12*)

81. The Meeting considered the draft report paragraph by paragraph and adopted the report after making some amendments.

82. At the close of the meeting, the delegate from the National Bureau of DR Congo, Mr. Bushiri Ramanzani, Directeur de Region Sud/Est, Société Nationale d'Assurances (SONAS) thanked the Government and people of Kenya and Insurance Industry of Kenya for the warm hospitality extended to the delegates during their stay in Nairobi. He also thanked the National Bureau of Kenya, Kenya-Re for hosting the meeting and for the excellent facilities offered to the delegates. Mr. Ramanzani commended the Chairperson for the manner he guided the meeting deliberations, and also thanked the COMESA Secretariat for the good organization of the meeting and the delegates for having found time to attend the meeting and for their valuable contributions made during the deliberations.

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

**Premium Returns and Collections****Table I 2014 Premiums booked & Returns**

Table I Bureau	2014		Figs in US\$.		NO OF CARDS	U/W PERIOD
	100% (USD)	30% SHARE	5% COMM.	NET TO POOL		
Kenya	2,071,477	621,443	32,841	588,592	14,374	July 13-Jun 14
Uganda	984,843	295,453	14,773	280,680	11,103	Aug 13-Jun 14
Zimbabwe	590,717	177,215	8,861	168,354	6,952	Sep 13-Mar 14
Ethiopia	557,333	167,200	8,360	158,840	15,287	Nov 13-May 14
Tanzania	529,697	158,909	7,945	150,964	7,221	Sep 13-Mar 14
Burundi	348,697	104,609	5,230	99,379	19,124	May13-June14
Djibouti	347,317	104,195	5,210	98,985	1,446	Jul 13-Jun 14
Zambia	336,030	100,809	5,040	95,769	13,281	Dec 13-Jun 14
DRC	179,507	53,852	2,693	51,159	2,923	Sep 13-Feb14
Rwanda	72,737	21,821	1,091	20,730	3,224	Oct 13-Mar 14
Total	6,018,355	1,805,505	92,044	1,713,461	94,935	

**Table II Premium Collections 2014 & 2013**

Description	July 2014	July 2013
	USD	USD
National Bureau of Kenya	528,694.78	258,921.57
National Bureau of Uganda	230,372.00	44,838.00
National Bureau of Zimbabwe	220,046.28	70,897.90
National Bureau of Ethiopia	187,641.73	256,793.79
National Bureau of Tanzania	144,795.19	57,238.12
National Bureau of Zambia	111,641.93	-
National Bureau of Djibouti	108,893.58	2,024.13
National Bureau of Burundi	93,773.16	25,875.52
National Bureau of D R Congo	77,000.00	168,186.19
National Bureau of Rwanda	38,348.02	72,041.11
National Bureau of Malawi	21,805.98	-
<b>Totals</b>	<b>1,763,012.65</b>	<b>956,816.33</b>

**LIST OF PARTICIPANTS  
LISTE DES PARTICIPANTS**

**BURUNDI**

Mr Bimenyimana Oswald, Chef Regional Sud, SOCABU, BP 2440, Bujumbura, Tél : +257 78110296, Fax: +257 22226803, E-mail: [libreoswald@yahoo.fr](mailto:libreoswald@yahoo.fr), [socabu@socabu-assurances.com](mailto:socabu@socabu-assurances.com)

**REPUBLIQUE OF DJIBOUTI/REPUBLIQUE DE DJIBOUTI**

Mr David Boucher, Sales Manager, GXA Insurances, BP 200, Djibouti, Tél: +253 77860636, Fax: +253 21353056, E-mail: [boucherd@intnet.dj](mailto:boucherd@intnet.dj)

**ETHIOPIA/ETHIOPIE**

Mr Abdulaziz Fikry Abdulmejjid, Director MICBRBOD and Coordinator of National Bureau of Ethiopia, P O Box 2545, Tel : +251 911217152, E-mail : [comesaycard@ethionet.et](mailto:comesaycard@ethionet.et)

**KENYA**

Mr Robert Simiyu Namunane, Underwriter Reinsurance Department, Kenya Reinsurance Corporation Ltd, P O Box 30271 00100 Nairobi, Kenya, 15<sup>th</sup> Floor, Reinsurance Plaza, Taifa Road, Aga Khan Walk, Nairobi, Tel : +254 20 2202283, +254 702800098, Fax: (254 2) 2252106, 340486, 2251887, 2223944, 340967, Email: [namunane@kenyare.co.ke](mailto:namunane@kenyare.co.ke);

Ms Alice Mbutu, Manager – Local Business, Kenya Reinsurance Corporation, P O Box 30271-00100, Mobile : +254 703083281, E-mail : [mbutu@kenyare.co.ke](mailto:mbutu@kenyare.co.ke)

Mr Linus Onditi Kowiti, Assistant Manager (Local Business Unit) Kenya Reinsurance Corporation, P O Box 30271 – 00100 Nairobi, Tel : +254 2 2240188, E-mail : [kowiti@kenyare.co.ke](mailto:kowiti@kenyare.co.ke)

**UGANDA/UGANDA**

Mr Bayo Folayan, Managing Director, National Insurance Corporation Ltd, P O Box 7134 Kampala, Tel: +256 772 728555, Fax: +256 414 259925, E-mail: [bfolayan@nic.co.ug](mailto:bfolayan@nic.co.ug); [mdnic@nic.co.ug](mailto:mdnic@nic.co.ug)

Ms Stella Ajilong, Underwriting Manager, National Insurance Corporation Ltd, P O Box 7134 Kampala, Tel: +256 702 848278, Fax: +256 414 259925, E-mail: [sajilong@nic.co.ug](mailto:sajilong@nic.co.ug); [nic@nic.co.ug](mailto:nic@nic.co.ug)

**ZIMBABWE**

Mr Patrick Munyaradzi Kusikwenyu, Managing Director Sanctuary Insurance, NBZ, 4 Josiah Tongogara, Tel: +263 712 435 710, E-mail: [Patrick@sanctuary.co.zw](mailto:Patrick@sanctuary.co.zw)

Mr Stephen Henry Michael Bonney, 4 Josiah Tongogara Ave, Harare, Tel: +263 2933655/6, E-mail: [icz@icz.co.zw](mailto:icz@icz.co.zw)

### **ZEP-RE (PTA Reinsurance Company)**

Mr David Kiritu Njege, Pool Managers, ZEP-RE (PTA Reinsurance Company), Longonot Road, Upper Hill, P O BOX 42769-00100, Nairobi, KENYA, Tel: +254 722839486/4973000, Fax: +254 20-2738444, E-mail: [dnjege@zep-re.com](mailto:dnjege@zep-re.com), [mail@zep-re.com](mailto:mail@zep-re.com)

Mr Charles Obae Matoke Monda, Underwriter, ZEP-RE (PTA Reinsurance Company), Longonot Road, Upper Hill, P O BOX 42769-00100, Nairobi, KENYA, Tel: +254 20 273 8000, Fax: +254 20-2738444, E-mail: [cobae@zep-re.com](mailto:cobae@zep-re.com), [mail@zep-re.com](mailto:mail@zep-re.com)

Mr Sammy Rutto Silamoi, Chief Accountant, ZEP-RE (PTA Reinsurance Company), Longonot Road, Upper Hill, P O BOX 42769-00100, Nairobi, KENYA, Tel: +254 20 2738000, Fax: +254 20-2738444, E-mail: [silamoi@zep-re.com](mailto:silamoi@zep-re.com); [mail@zep-re.com](mailto:mail@zep-re.com)

### **OBSERVERS/OBSERVATEURS**

#### **DEMOCRATIC REPUBLIC OF CONGO/REPUBLIQUE DEMOCRATIQUE DU CONGO**

Mr Bushiri Ramazani, directeur de Region Sud/Est, Société Nationale d'Assurances (SONAS), Mobile : +243 999932272, E-mail : [bushirir@yahoo.fr](mailto:bushirir@yahoo.fr), [bushiriramazani@gmail.com](mailto:bushiriramazani@gmail.com)

Mr André Musumbila Zima Kambi, Chef d'Agence de Goma, Société Nationale d'Assurances (SONAS), Tél : +243 997556917, E-mail : [amusul\\_zima@yahoo.fr](mailto:amusul_zima@yahoo.fr)

Mr Nyongolo Mukambilwa Emmanuel, Fondé de Pouvoir, Responsable Adjoint de la Direction des Réassurances, Société Nationale d'Assurances (SONAS), Sarl, BP 3443, Kinshasa, Tél: +243816566585, +243 7823697, E-mail: [emmukambilwa@yahoo.com](mailto:emmukambilwa@yahoo.com)

### **RWANDA**

Mr Soji Emiola, Managing Director, Société Nouvelle d' Assurances du Rwanda (SONARWA), P.O. Box 1035, Kigali, Rwanda, Tel: +250573550, +250 788383691, Fax: +250572052, Email: [sonarwa@rwanda1.com](mailto:sonarwa@rwanda1.com), [soji.emiola@sonarwa.co.rw](mailto:soji.emiola@sonarwa.co.rw)

Mr Herbert Bamiika, Technical Director, SONARWA, P O Box 1035 Kigali, Tel :+250 788533686, E-mail : [sonarwa@rwanda1.com](mailto:sonarwa@rwanda1.com), [bamiikahr@yahoo.fr](mailto:bamiikahr@yahoo.fr); [Herbert.bamiika@sonarwa.co.rw](mailto:Herbert.bamiika@sonarwa.co.rw)

### **COMESA SECRETARIAT/SECRETARIAT DU COMESA**

**COMESA CENTRE, Ben Bella Road, Lusaka, Zambia, P O Box 30051, Tel: +260 211 229726-32, Fax: +260 211 225107**

Mr Berhane Giday, Chief Programme Officer (YC-RCTG), E-mail : [bgiday@comesa.int](mailto:bgiday@comesa.int)

Mr Debebe Tamene, Senior Insurance Expert, E-mail: [dtamene@comesa.int](mailto:dtamene@comesa.int)

Mr Chris Hakiza, Senior Customs Expert, E-mail: [chakiza@comesa.int](mailto:chakiza@comesa.int)

Mr Kelvin Chisongo, Insurance Expert, E-mail: [kchisongo@comesa.int](mailto:kchisongo@comesa.int)

Mrs Rose Kabangu Kapembwa, Senior Bilingual Administrative Secretary, E-mail: [rkabangu@comesa.int](mailto:rkabangu@comesa.int)

Mr Yamba Chotela, Accountant, E-mail : [yshotela@comesa.int](mailto:yshotela@comesa.int)

## **CONSULTANT**

Mrs Phidelia S. Mwaba, Chief Consulting Officer, Hokma Managment Consultants, Post Net Box 465, P/Bag E891, 20 Mpelembe Walk, Show Grounds, Lusaka, Zambia, Tel : +260 977 762797, +260 955 133100, E-mail : [phideliamwaba@mail.zamtel.zm](mailto:phideliamwaba@mail.zamtel.zm)

## **INTERPRETERS**

Mr Clement Komi Sokpor Dufe, Conference Mangement Consultant, Lingua Verbus Consultant, P O Box 2581-00200, Nairobi, Tel : +254 722 707165, E-mail : [ksokpordufe@yahoo.com](mailto:ksokpordufe@yahoo.com)

Mr Charlemagne Assogba, Interpreter, ACM Ltd, P O Box 66441-00800, Nairobi, Kenya, Mobile : +257 726818900, E-mail : [cassogba@gmail.com](mailto:cassogba@gmail.com)