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FOR EASTERN AND SOUTHERN AFRICA**

Forty Second Meeting of the Management Committee (MC)
on the Yellow Card Scheme

Zanzibar, Tanzania
27-28 April, 2017

**REPORT OF THE FORTY SECOND MEETING OF THE MANAGEMENT COMMITTEE
ON THE YELLOW CARD SCHEME**

A. INTRODUCTION

1. The Forty Second Meeting of the Management Committee (MC) of the Yellow Card Scheme was held in Zanzibar, Tanzania from 27th to 28th of April 2017, at Zanzibar Ocean View Hotel.

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

Attendance

2. Members of the Management Committee (MC) from the National Bureaux of DR Congo, Ethiopia, Rwanda, Zambia, and Tanzania as well as Malawi the Chairperson of the Council of Bureaux attended the meeting. COMESA Secretariat and the Yellow Card Scheme Reinsurance Pool Managers (ZEP-RE) also attended the meeting as ex-officio members. Zimbabwe attended the meeting as observer. The list of participants is attached to this report as Annex II.

Opening of the Meeting

3. The meeting was officially opened by Honorable Dr. Khalid Salum Mohaned, Minister of Finance and Planning of Zanzibar. In his opening remark, the Honorable Minister welcomed all delegates to Zanzibar, and wished them a pleasant stay.

4. Honorable Dr Khalid Salum Mohamed informed the meeting that Zanzibar, a semi autonomous, forms one part of the United Republic of Tanzania which came into being on the 26th April 1964. The other part is the former Tanganyika, now Mainland Tanzania. He informed the participants that the Yellow Card Management Committee meeting was taking place during the 53rd anniversary of this Union on the 25th April 2017 and that they were part of these celebrations.

5. Honorable Minister of Finance and Planning of Zanzibar stated that Regional integrations are some form of a union and a political union like between Zanzibar and Tanganyika was the high level of integration which has its own traits.

6. The Minister pointed out the importance of the Yellow Card scheme in facilitating the movements of goods and vehicles and the hosting of the Management Committee meeting in Zanzibar was a testimony of commitment to the Yellow Card and other COMESA Trade Facilitation Instruments and a demonstration that the Government was ready and willing to host other regional events.

7. Honorable Dr Khalid Salum Mohamed called upon the Management Committee to constantly assess the scheme to ensure that the instruments continue to realize the objectives of its establishment and remain relevant to traveling motorist, road accident victims, insurance companies and the public in general.

8. In concluding his statement, he invited the participants to take the opportunity to discover the values of Zanzibar – graced with abundance in white sandy beaches, green lush vegetation and blue azure and warm Indian ocean waters - all for the delegates to enjoy.

9. Mr. Berhane Giday, Chief Programme Officer of the Yellow Card and RCTG Programmes at the Secretariat, joined Honorable Dr Khalid Salum Mohamed, the Minister of Finance and

Planning of Zanzibar, Tanzania, in welcoming members of the Management Committee to the 42nd MC meeting on behalf of the Secretary General of COMESA.

10. In his statement, he thanked the Government of the United Republic of Tanzania for the continued support given to the Yellow Card Scheme and other COMESA Programmes.

11. He then draw the attention of the MC among others to the Agenda items on the strategic workshop of the Yellow Card scheme, and the presentation to be made on digitalization of the YC-MIS, among other and urged them to thoroughly consider the reports and make recommendations with a view to enhance the operations of the Yellow Card Scheme.

Vote of thanks

12. Mr. Bushiri Ramazani, Director of the Southern Region and the Coordinator of the Yellow Card Bureau of DR Congo, gave a vote of thanks on behalf of participants. He thanked the Minister and the Government of Zanzibar for the warm welcome and facilities made available to delegates from the time of their arrival.

Adoption of the Agenda and Organisation of Work (*Agenda Item 1*)

13. The meeting adopted the following agenda with amendments:

1. Opening of the Meeting
2. Adoption of the Agenda and Organisation of Work
3. Progress report on the implementation of the decisions of the Council of Bureaux and recommendations of the Management Committee meetings
4. Pool Managers' progress report on the operations of the Yellow Card Reinsurance Pool as at 31st March 2017
5. Pool Managers' report and financial statement, year ended 31st December 2016
6. Reinsurance Pool financial highlights as at 31st March 2017
7. Submission of legal interpretation of Article 2 of the Protocol on the Establishment of the Yellow Card Scheme by COMESA Secretariat
8. Report on the appointment of a new Printer for the COMESA Yellow Card books
9. Proposal on the digitalization of the Yellow Card operations
10. Progress report on the joint investment project between Zep-re and the Council of Bureaux of the Yellow Card scheme
11. Report on the Strategic Planning Workshop of the Yellow Card Scheme
12. Draft Terms of Reference for the study on the followings:

- a) Claims management of the Yellow Card Scheme;
- b) Utilisation, competitiveness and awareness of the Yellow Card Scheme; and
- c) Review on the Institutional arrangement and governance of the Yellow Card Scheme

- 13. Date and Venue of the next MC meeting
- 14. Any Other Business
- 15. Adoption of the report and closure of the meeting

14. The Committee adopted the following working hours:

Thursday, 27th April 2017

Morning : 09:00 – 13:00 hours
Afternoon : 14:00 – 19:30 hours

Friday, 28th April 2017

Morning : Report preparation and free morning for the delegates
Afternoon : 16:30-17:00 hours: 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 Management Committee (MC) (*Agenda Item 2*)

15. The Secretariat presented document No. CS/YC-RCTG/MC/XXXXII/2: Progress Report on the Implementation of the Decisions of the Council of Bureaux and Recommendations of the Management Committee (MC). In doing so, the Secretariat provided details on the progress made since the last MC meeting. The highlights of the report were as follows:

i) Capacity Subscription

16. The MC 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 shares of capacity subscriptions.

Recommendation

17. ***Taking into account the above, the MC recommended that:***

- a) ***The Secretariat should continue its engagement with the National Bureaux of Malawi and Sudan to pay their capacity subscription to the Pool; and***

- b) ***The COMESA Secretariat with the support of the National Bureaux of Malawi, Tanzania and Zimbabwe should engage Mozambique to join the Yellow Card scheme.***

ii) Claims Issues

18. On claims and operational issues, the MC was informed that no progress was made by the National Bureaux of Rwanda, Tanzania and Uganda with regard to the implementation of the outcome of the reconciliation exercises of their outstanding amounts owed to the Pool.

19. In the ensuing discussion that followed the Pool Managers underscored the importance of having a time frame for the National Bureaux to meet their obligations.

Recommendations

20. ***The MC recommended that:***

- a) ***National Bureaux of Rwanda, Tanzania and Uganda should settle their reconciled outstanding amounts owed to the Pool before the 43rd Meeting of the Management Committee in August 2017; and***
- b) ***National Bureaux of Tanzania, Kenya and Uganda should hold bilateral/trilateral meeting(s) before 30th June 2017 to discuss and resolve their claims issues.***

i) DR Congo vs. Zambia

21. On Inter-Bureaux claim between the National Bureaux of DR Congo and Zambia, the MC was informed that no progress was made by the National Bureau of Zambia in settling the remaining balance of US\$70,503 to DR Congo.

Recommendation

22. ***The MC recommended that the National Bureau of Zambia should reimburse DR Congo its outstanding claim payment as soon as possible before the end of May 2017.***

ii) DR Congo vs. Tanzania, Zimbabwe and Pool

23. With regards to claims reimbursement to DR Congo by the National Bureaux of Tanzania, Zimbabwe and the Pool, the MC was informed that no progress was made as no reconciliation exercise were carried out between Zimbabwe and DR Congo.

24. In the discussion that followed, the National Bureau of Zimbabwe informed the meeting of the challenge it faced in getting foreign exchange remittance to pay their financial obligations among others Inter-Bureaux claims and budget contribution to the Council of Bureaux and proposed that the funds owed to National Bureaux, the Pool and the Secretariat should be used to buy treasury bills and properties on behalf of the Yellow Cad scheme.

Recommendation

25. ***The MC recommended that the National Bureaux of Tanzania and Zimbabwe should hold bilateral meetings with the National Bureau of DR Congo during the MC meeting and resolve their issues of outstanding Inter-Bureaux claims reimbursement.***

iii) DR Congo vs. Kenya (ARU Claim)

26. The MC was informed that in pursuant to the decisions of the 30th Meeting of the Council of Bureaux, the Pool Managers advanced a cash call of US\$90,000 to SONAS in November, 2016 for the settlement of the ARU claim. The national Bureau of DR Congo accordingly settled the claim and the salvage was yet to be disposed.

Recommendation

27. ***The MC noted with appreciation and commended the Pool Managers for the settlement of the claim and urged the National Bureau of DR Congo to dispose the salvage in an optimal possible way taking into account the assessed value of the salvage and remit the proceeds to the Pool without further delays and at the latest by 30th June, 2017.***

iv) DR Congo (Kasumbalesa Fire Accident)

28. The MC was informed that the Secretariat mounted a mission to Dar Es Salaam in November 2016, and assisted member truck owners of the Tanzania Truck Owners Association (TATOA) in processing their claim intimations with the support of the National Bureau of Tanzania. The MC was further informed that no claim file has been submitted by TATOA.

29. In the discussion that followed, the National Bureau of Tanzania informed the meeting that some of the claimants had submitted their claims intimations with supporting documents and that the claim forms received would be sent to the National Bureau of DR Congo at the latest by 15th May 2017.

Recommendations

30. ***Taking into account the slow progress made on the Kasumbalesa claim, the MC recommended as follows:***

- a) ***The National Bureau of Tanzania should without further delay send those claim intimations received to the national Bureau of DR Congo at the earliest possible time by 15th May 2017; and***
- b) ***The National Bureau of DR Congo should take immediate action upon receipt of the claim intimations from the National Bureau of Tanzania and proceed with the claim handling process.***

v) Burundi vs. Rwanda/Pool – WFP claim

31. Regarding the WFP claim, the MC was informed that the Yellow Card (YC) Pool Reinsurers had agreed that the material damage of the WFP claim was recoverable despite the late notification. The meeting was further informed that the Loss of Use was not recoverable as such risk was not covered under the Yellow Card.

Recommendation

32. ***The MC recommended that the Yellow Card Bureau of Burundi should provide supporting documents and process the material damage of the WFP claim, without further delays.***

vi) Burundi vs. Uganda - Abel Claim

33. The MC was also informed of an accident which occurred in April 9, 2016 in Burundi that was reported to the Pool in February, 2017. The MC was further informed that the victim of the accident sustained severe personal injury and hence evacuated to India for specialized treatment. The MC also noted that the assessed claim quantum for bodily injury was US\$19,400 and that the Pool's Reinsurers had accepted that the claim was recoverable.

34. The meeting commended the Pool Managers for the positive response obtained from the YC RI Treaty programme lead Reinsurers, namely Kenya-Re and for the efforts made to resolve major long outstanding claims related to the Yellow Card Bureau of DR Congo, Burundi, Rwanda and Uganda.

Recommendation

35. ***The MC recommended that the National Bureau of Burundi should fully document and process the Abel claim without further delays.***

vii) Burundi vs. Rwanda

36. The MC was informed that following the reconciliation exercises carried out on outstanding Inter-Bureaux claims between Burundi and Rwanda, it was established that the National Bureau of Rwanda owed Burundi a total of US\$22,062; and National Bureau of Burundi owed Rwanda a total of US\$260,330.

Recommendation

37. ***The MC having noted the progress made recommended that:***

- a) The National Bureau of Burundi should immediately remit the US\$55,678 recovered from its primary insurance companies to the National Bureau of Rwanda as soon as possible before the end of May 2017; and the remaining balance before the 31st Meeting of the Council of Bureaux; and***

b) The national Bureau of Rwanda should settle the US\$22,062 owed to Burundi at the earliest possible time preferably by 30th May 2017.

viii) Uganda vs. Rwanda

38. The MC was informed that no progress was made with regards to reimbursement of Inter-Bureaux claims by the National Bureau of Uganda to Rwanda.

Recommendation

39. **The MC reiterated its earlier recommendation that the National Bureau of Uganda should pay the reconciled off-set amount of US\$27,728 it owed to Rwanda as soon as possible before the end of May 2017.**

ix) Zambia vs. Zimbabwe

40. With regards to reimbursement of Inter-Bureaux outstanding claim by the National Bureau of Zimbabwe to Zambia, the MC was informed that no progress was made.

Recommendation

41. **The MC reiterated its earlier recommendation that the National Bureau of Zimbabwe should reimburse Zambia the outstanding claim payment amount of Zambian Kwacha 500,000 before the next Council of Bureaux meeting.**

x) Ethiopia vs. Pool

42. The MC was informed that out of the total outstanding Inter-Breiaux claims of US\$ 460,155.51 due from the National Bureau of Ethiopia to the Pool, the National Bureau had paid a total US\$421,316.45 to the Pool.

Recommendation

43. **The MC recommended that the National Bureau of Ethiopia should settle the outstanding Inter-Bureaux claims balance due to the Pool as soon as possible before the end of May 2017.**

Operational Issues:

i) Measures on Primary Insurance Companies(PIC) failing to meet their obligations

44. The MC was informed that no report was received from National Bureaux on measures taken on Primary Insurance Companies who had failed to meet their obligations of submission of returns, remittances of booked premiums, settling of cessions, claim reimbursement, payment of outstanding excess of loss premiums and their share of the budget contributions among others.

Recommendation

45. ***The MC reiterated its earliest recommendations that:***

- a) ***National Bureaux should cease supplying Yellow Card books to Primary Insurance Companies which failed to meet their obligations; and report the action taken to the Secretariat; and***
- b) ***The Secretariat should assist those National Bureaux that have capacity limitations and organize workshop/training to enhance their capacity and familiarize with the Yellow Card scheme.***

Establishing Management Committee –Sub Committees

46. With regard to claims issues, the Secretariat informed the Meeting that the number and amount of Yellow Card claims were increasing and becoming complicated from time to time and that they were consuming much of the MC discussion times. The MC was further informed that the claims handling process by some National Bureaux were becoming less transparent, hence the need to give enough attention to the claims management and other major Yellow Card operations issues, and proposed that the Management Committee should consider the following:

- a) Establish a claims sub-committee that would thoroughly look into claims issues and submit recommendation to the Management Committee;
- b) Establish other sub-committee on temporary or permanent basis to look into investment and related issues; and
- c) Expand the mandate of the Management Committee to make it an Executive Committee.

Recommendation

47. ***After some discussion, the MC recommended that:***

- i. ***The Secretariat should present a proposal on the establishment of different sub-committees indicating their terms of reference and budget, among others to the 43rd Meeting of the MC for consideration;, and***
- ii. ***The sub- Committee functions should be shared equally among all National Bureaux.***

ii) Primary Insurance Companies going out of business

48. The MC was informed that the number of Insurance companies going out of business in the region was increasing and as a result road accident victims were not able to get compensation on accidents caused by Yellow Cards issued by companies that have gone under. In addition National Bureaux were not able to recover claims paid on behalf of the Yellow Card issuing Primary Insurance Company that has gone under.

49. The MC noted the proposed measure to address the issues that of the Pool Managers to open a special fund account for the purpose of meeting such claims and that the special account be funded by deducting one percent from the five percent commission payable to PIC by the Pool for the 30% cession premium ceded to the Pool.

50. In the discussion that ensued the MC having recognized the importance of the issue indicated that it would be appropriate for the National Bureaux to open special fund accounts at National level or other arrangements to deal with the issue.

Recommendation

51. *In light of the above, the MC recommended that National Bureaux should open a special fund account which would be funded by deducting one percent from the five percent commission payable to PIC by the Pool for the 30% premium ceded to the Pool or make other alternative arrangements to address claims arising from Yellow Cards issued by PIC that have gone out business.*

National Stakeholders' Sensitization Workshops

52. The MC was informed that pursuant to the decisions of the Council of Bureaux on conducting of National stakeholders' workshop, the National Bureau of DR Congo in collaboration with the Secretariat organized a stakeholders' sensitization workshop in September 2016 in Goma DR Congo for Traffic Polices, Court Authorities, Transporters, SONAS Officers and Agents to familiarize them on the operations of the Yellow Card scheme.

Recommendations

53. *The MC reiterated its earliest recommendation that National Bureaux should organize:*

- i) National workshops to raise awareness of the key stakeholders, such as, Customs and Police officers at border posts;***
- ii) Regular meetings for Primary Insurance companies and familiarize them with the operations of the scheme; and***
- iii) The Secretariat should circulate the Yellow Card presentations made during the YC strategic planning workshop in 29th March 2017 at Vic-Falls, Zimbabwe to the National Bureaux to be used as materials in national workshop***

The Issue of Yellow Card Forgery originating from Tanzania

54. The MC was informed that Secretariat conducted a mission to Nairobi, Kenya in April 2017, engaged the Punchlines Security Printer to enhance the security features of the computer printable Yellow Cards to include, among others, water mark (security paper), and barcode security features to make the Yellow Card very difficult for the fraudsters to forge it. The MC was further informed that the computer printable Yellow Cards can reduce the risk of forgery as the system would provide Yellow Card numbers and real-time information on the issuance of Yellow Cards.

Recommendations

55. The MC reiterated its earliest recommendations that:

- a) The National Bureaux Kenya and Zambia should work with the National Bureau of Tanzania to address the challenges of issuance of forged Yellow Cards; and**
- b) The Printer should provide proposal on the enhancement of Security features of the Yellow Card preferably to the next Council of Bureaux.**

Pool Manager' Annual Work Plan for 2016/17

56. The MC was informed that pursuant to the decision of the 30th Meeting of the Council of Bureaux, the Secretariat engaged the Pool Managers to review their annual work programme to indicate the specific objectives, activities, give time frame and measurable output and targets. The MC was further informed that the Pool managers were yet to submit their revised Annual Work Plan.

Recommendation

57. The MC reiterated its earliest recommendation and urged the Pool Managers to prepare a detailed annual work programme indicating specific activities, objectives, time frame, measurable output and targets and submit to the Secretariat

Implementation of the Yellow Card Scheme in COMESA and non –COMESA countries

58. The MC was informed that the Secretariat had continued its engagement on the implementation of Yellow Card scheme in Angola, Botswana, South Sudan and Swaziland.

Harmonization of the Regional Third Party Insurance systems

59. The MC was informed that regarding Harmonization of the Regional Third Party Insurance systems, no progress was made.

Administrative Matters

60. The MC was informed that in pursuant to the decision of the 30th Meeting of the Council of Bureaux Mr. Richard Ombati Mokua was recruited as an IT Expert (P3) for the Council of Bureaux of the Yellow Card Scheme and commenced his duties effective 7th February 2017 for an initial contract of three (3) years

61. The Management Committee welcomed Mr. Richard Mokua and assured him its support.

Budget Contribution

62. On the budget contribution the MC was informed as follows:

- a) The Pool Managers and the National Bureaux of Djibouti, Kenya, Tanzania, Zambia, and Malawi had fully paid their budget contributions, while the National

Bureaux of Burundi, DR Congo, Ethiopia, Rwanda, Sudan, Uganda, and Zimbabwe had not made any payment towards their budget contribution to the Council of Bureaux for the period 2016/2016;

- b) The non-payment of budget contribution arrears amounting to US\$540,435.00 by the National Bureaux of Sudan, Burundi and Rwanda was adversely affecting the financial position of Yellow Card Secretariat;

63. The MC was further informed that pursuant to the Council of Bureaux decision, the National Bureau of Malawi had paid its share of budget contribution to the Council of Bureaux for 2016/17, and according to the Council of Bureaux decision, the sanction imposed on Malawi from participating in the MC meeting was lifted.

64. During the discussion on the issue, the National Bureau of Malawi thanked the Council of Bureaux for the support given in waving their accumulated budget contribution arrears and for lifting the sanction.

65. The Management Committee commended the National Bureau of Malawi on its payment of its contribution to the budget of the Council of Bureaux of the Yellow Card scheme for the period 2016/17 and welcomed the Bureau to the Management Committee meeting.

Recommendations

66. ***The MC recommended that:***

- a) ***The National Bureau of Burundi, DR Congo, Ethiopia, Rwanda, Uganda, Sudan and Zimbabwe should settle their outstanding budget contribution for the year 2016/17 at the earliest possible time before the end of May 2017; and***
- b) ***The Secretariat should continue to engage the National Bureau of Sudan to meet its obligations and pay the outstanding budget contribution to the Council of Bureaux.***

Progress report of the Pool Managers on the operations of the Yellow Card Reinsurance Pool (Agenda Item 3)

67. A representative of the Pool Managers presented document number CS/YC-RCTG/MC/XXXXII/3: Progress Report on the operations of the Yellow Card Reinsurance Pool as at 31st March 2017 and the highlights of the presentation were as follows:

a) Premium returns

68. On the premium returns, the MC was informed that the premium booked by the Pool for the period under review on the Pool Manager's 30% share was US\$ 644,156.77 representing a decrease of 15.8% compared to US\$ 764,680 recorded during the same period in 2016. The MC was further informed that the figure was not fully representative as many returns from members were still outstanding despite follow ups made by the Pool. The summary of premiums written and returns submitted by each National Bureau were as shown in table I below:

Table I: Returns & Premiums Booked as at 31st March 2017

Bureau	100%	30% Share	5%	Net	%	No. of Cards20,700	U/W Period
Tanzania	1,366,439.73	409,931.92	20,496.60	389,435.32	63.64%		Mar 16 - Feb. 17
Ethiopia	399,850.00	119,955.00	5,997.75	113,957.25	18.62%	12,938	Oct 16 - Jan 17
Kenya	221,293.33	66,388.00	3,319.40	63,068.60	10.31%	320	Jan & Feb 17
Zimbabwe	100,489.50	30,146.85	1,507.34	28,639.51	4.68%	899	Jan & Feb 17
Burundi	59,116.67	17,735.00	886.75	16,848.25	2.75%	851	July - Dec 2016
Djibouti	-	-	-	-	0%		
D R Congo	-	-	-	-	0%		
Rwanda	-	-	-	-	0%		
Uganda	-	-	-	-	0%		
Zambia	-	-	-	-	0%		
Eritrea	-	-	-	-	0%		
Malawi	-	-	-	-	0%		
Sudan	-	-	-	-	0%		
Total	2,147,189.23	644,156.77	32,207.84	611,948.93	100%	35,708	

69. The MC was further informed that decrease in the premium booked for the period was attributed to the non-submission of returns by the National Bureaux of Djibouti, DR Congo, Rwanda, Uganda, Zambia, Eritrea, Malawi and Sudan.

b) Premium remittances

70. The MC was informed that the status of premium remittances for the period under review was as shown in table II below:

Table II: Premium remittances as at 31st March, 2017

National Bureau	Mar-17	Mar-16
	Amount (US\$)	Amount (US\$)
D. R Congo	-	40,800.00

Djibouti	-	50,421.46
Ethiopia	-	146,749.60
Kenya	-	209,879.29
Rwanda	55,270.25	19,363.00
Tanzania	29,047.85	14,711.79
Zambia	-	86,607.08
Zimbabwe	-	44,871.91
Total	84,318.20	613,404.13

71. The MC noted with concern the challenges faced by the YC Reinsurance Pool Managers which include the following:

- a) Delayed Pool return submission and remittances denying the Pool funds and/or income for investment and negatively affecting the Pool fund performance; and
- b) Risk exposure on the Pool funds due to foreign currency exchange fluctuations against the dollar.

Recommendations

72. *In view of the above, the MC recommended that:*

- a) *The Secretariat and National Bureaux should continue engagement with Insurance Supervisory Authorities of member states to solicit their support to ensure compliance by primary insurance companies and ensure the smooth operations of the Yellow Card Scheme;*
- b) *The Management Committee urged National Bureaux to implement the decision of the Council of Bureaux and cease supplying Yellow Card books to Primary Insurance Companies that fail to meet their obligations on the following: submission of returns, settlement of cessions, reimbursement of claims paid on their behalf and payment of outstanding XL premiums with immediate effect and provide a report on the progress made to the Secretariat;*
- c) *National Bureaux should compile and enforce the implementation and utilization of the YC-MIS and this should be done by carrying out an audit to compare the number of cards issued through the system against the cards dispatched to the PICs before executing any request for supply of books to PIC; and*
- d) *National Bureaux should issue 30days Notice of suspension to primary Insurance companies to fulfill their commitment on the above issues in line with the provisions of the Yellow Card instrument and suspend Primary Insurance companies who fail to comply with the notice of suspension.*

c) Claims

i) Inter-Bureaux Claim

73. The MC was informed that the Pool conducted reconciliations of Inter- Bureaux claims and the statement as at 31st March 2017 was as shown in the table III below.

Table III: Outstanding Inter-Bureaux Claims

ISSUING BUREAU	HANDLING BUREAU	Mar-17	Mar-16
		US\$	US\$
N.B. Burundi	N.B. Rwanda	20,347	85,680
Sub-total		20,347	85,680
N.B. Djibouti	N.B. Ethiopia	6,814	6,814
Sub-total		6,814	6,814
N.B. DR Congo	N.B. Burundi	13,981	13,981
N.B. DR Congo	N.B. Rwanda	19,872	19,872
Sub-total		33,853	33,853
N.B. Ethiopia	N.B. Djibouti	72,127	461,807
Sub-total		72,127	461,807
N.B. Kenya	N.B. Rwanda	4,975	4,975
N.B. Kenya	N.B. Uganda	61,948	50,097
Sub-total		66,923	55,072
N.B. Rwanda	N.B. Burundi	-	7,513
N.B. Rwanda	N.B. Uganda	-	30,850
Sub-total		-	38,363

ii) Large Claims

74. The MC was informed that the total accumulated claims reported to date amounts to US\$15,332,980 out of which US\$4,522,768.68 was Pool's share and US\$10,810,212.31 was recoverable from the Reinsurers as shown in the table IV below:

Table IV: Cumulative incurred claims since inception to date

STATUS	TOTAL	RETAINED	RETRO
Outstanding	9,541,127.19	2,342,339.93	7,198,787.26
Settled	5,791,853.80	2,180,428.75	3,611,425.05
TOTAL	15,332,980.99	4,522,768.68	10,810,212.31

75. In the discussion that ensued, the Meeting observed as follows:
- a) The National Bureau of Zambia, Malawi and DR Congo assured the meeting that the premium returns to the Pool would be submitted soon and by May 2017; and
 - b) The Pool had not been retaining any risk on its account on the YC-RI Pool Reinsurance Programmes

Recommendations

76. ***The MC reiterated its earliest recommendations that:***
- i) The Issuing Bureaux should refund all outstanding Inter-Bureaux claims without further delays;***
 - ii) Pool Managers should present to the MC meetings detailed reports on all outstanding Inter-Bureaux claims categorizing them in age of claim, activeness of the Bureau account etc. to assist the MC to make informed decision;***
 - iii) The Pool Managers should re-submit all the claims documents to Rwanda to enable them effect the reimbursement;***
 - iv) The National Bureau of Zambia should settle their long outstanding Inter-Bureaux claim reimbursement at the earliest possible time and by 31st May 2016;***
 - v) The Pool Managers and the National Bureau of DR Congo conduct a reconciliation exercise at the earliest possible time and report the progress to the 43rd Meeting of the Management Committee; and***
 - vi) Very long outstanding claims should be closed in accordance with the decision of the Council of Bureaux.***

Reinsurance Pool Financial Highlights as at 31st March 2017 (Agenda Item 4)

77. The Pool Managers presented document number CS/YC-RCTG/MC/XXXXII/4: Reinsurance Pool Financial Highlights as at 31st March 2017. In their presentation, the Managers informed the meeting that for the period under review, the Pool had recorded a Gross Premium Income of US\$644,157 representing a decrease of 15.7% over the figure reported for 31st March 2016, which was US\$764,680. The highlights of the developments, specifically on the Gross Premium Income, Reserve Fund, Total Assets, Capacity Subscription and Short Term Investments for the three (3) months period were as follows:

Table V: The financial highlights as at 31st March 2017

	March 2017 (US\$)	March 2016 (US\$)
Gross Premium Income	644,157	764,680
Reserve Fund	8,070,761	7,327,907
Total Assets	12,840,225	12,150,945
Capacity Subscription	50,000	150,000

78. The MC was further informed that:
- a) The decrease in the gross premium booked for the period was due to delayed submission of returns by some National Bureaux, namely: Djibouti, DR Congo, Rwanda, Uganda, Malawi, Sudan and Zambia; and
 - b) The positive progress in the movement of Inter-Bureaux claims owed to the Pool resulting in the decrease in the amount owed to the Pool by National Bureaux to \$326,254 from \$826,888 as at 31st March 2016.
79. In the discussion that followed the meeting observed as follows:
- a) Noted with concern the decline in the gross premium income recorded during the period under review;
 - b) Underscored that most of the issues would have been resolved if the Yellow Card scheme operations was computerized and emphasized the need to urgently implement the YC-MIS; and
 - c) The Secretariat and the National Bureau should involve the Insurance Regulatory Authority (IRA) to assist in taking measure on PIC who were failing to meet their obligation. In this regard that the IRA should introduce a requirement that PIC should submit a clearance letter from the National Bureau to the IRA during renewal of licenses confirming that the PICs have met their obligations to the Yellow Card scheme.

Loan of US\$1million advance to CVTFS

80. The Pool Managers introduce a short paper stating that due to the delays by Member States in implementation of the COMESA Virtual Trade Facilitation System (CVTFS) and in meeting their financial commitments the loan repayment to the Pool could not take place as anticipated. The meeting was informed that the CVTFS had indicated that they were expecting some fund in the near future which it shall apply to redeem the loan and interest accrued.

81. Given the above situation, the Pool Managers recommended the following:

1. That the interest rate on the CVTFS loan be reduced from 4% to 3% ;
2. That the reduced interest rate shall take effect from 1st May 2017; and
3. The CVTFS be granted permission to repay the loan together with the accrued Interest (at the initial interest rate and revised interest rate) by 31st December 2017

82. In the discussion that followed, the MC expressed concern on setting a wrong precedence by reducing the interest rate and extending the loan repayment period.

Recommendations

83. ***The MC recommended that the Pool Managers should provide details as to when and how the loan would be paid back, to enable the MC consider the recommendation submitted.***

84. The MC having noted the financial highlights as at 31st March, 2017 recommended as follows:

- a) Reiterated its earlier recommendation that the National Bureau of Sudan whose capacity subscriptions are due for refund should consider utilizing the refundable amounts for settlement of premium balances due to the Pool;**
- b) The Secretariat and the National Bureau should involve the Insurance Regulatory Authority (IRA) to introduce a requirement that PICs should submit a clearance letter from the National Bureaux to the IRA during renewal of licenses confirming that the PICs have met their obligations to the Yellow Card scheme;**
- c) The Pool Managers should continue with mounting reconciliation exercises with those National Bureaux with outstanding Inter-Bureaux claims reimbursements and Pool remittances; and**
- d) National Bureaux with outstanding Pool return submission and remittances should submit and remit the corresponding premiums at the earliest possible time preferably by May 2017.**

Pool Managers' Report and Financial Statement, Year ended 31st December 2016 (Agenda Item 5)

85. A representative of the Pool Managers presented document number CS/YC-RCTG/MC/XXXXII/5: COMESA Yellow Card Reinsurance Pool Manager's Report and Financial Statement for the period ended 31st December 2016. He informed the Committee that the annual report was a draft and submitted for members' comment and that the Annual Report and Account for the period would be submitted to the External Auditors. In presenting the report, he pointed out that:

- a) The Pool recorded a gross premium income of US\$ 2,559,731 during the period ended 31st December 2016, which shows a decrease of 11% against premium income of US\$ 2,880,607 generated in 2015;
- b) Kenya and Ethiopia generated the highest premium income of \$788,604 and \$403,013 respectively;
- c) The volume of investment increased to \$12,316,886 in 2016 from \$11,455,696 in 2015; and the income realized from Investment during 2016 was \$433,632;
- d) The cost of the excess of loss cover for the year 2016 was US\$690,010 compared to US\$810,601 incurred in 2015; and
- e) The Pool Management fee incurred for the fiscal under review was \$255,973.

86. The MC noted the financial highlights as shown below:

Table VI: Financial Highlights as at 31st December 2016

	December 201 (UD\$)	December 2015 (UD\$)
Gross Premium Income	2,559,731	2,880,607
Reserve Fund	7,579,319	6,709,061
Total Assets	12,316,886	11,452,066
Capacity Subscription	50,000	150,000
Short-Term Investments	9,710,464	9,696,532

Recommendation

87. ***In the ensuing discussion, the Committee recommended that the provision of writing off bad debts should be removed from the account.***

Submission of the Legal interpretation of Article 2 of the Protocol on the establishment of the Yellow Card Scheme (Agenda item 6)

88. The Secretariat circulated the legal interpretation of Article 2 of the Protocol on the establishment of the Yellow Card Scheme, provided by the COMESA Legal and Corporate Affairs, as the representative of the Division was not in attendance to present the document.

Recommendation

89. ***The meeting recommended that:***

- a) ***National Bureaux who have comments on the legal interpretation should write through the Yellow Card Secretariat to the COMESA Legal and Corporate Affairs; and***
- b) ***Discussion on the Legal interpretation and low limit of liability would be made when the representative of the Legal Division presents the document to the Management Committee meeting.***

Report on the appointment of the new printer for COMESA Yellow Card books (Agenda item 7)

90. The Secretariat presented document CS/YC-RCTG/MC/XXXXII/7: Report on the appointment of the new printer for COMESA Yellow Card books. In doing so, the Secretariat recalled the decisions of the 30th Meeting of the Council of Bureaux pertaining to the printing of Yellow Card books and informed the meeting that during its engagement with new owners of the printing business, Prints Arts Ltd, it was established that they were not registered to print security documents by the Kenyan Bankers Association and that the Secretariat has carried out several activities, jointly with the National Bureau of Kenya identified three Security printers, evaluated the quotations submitted and signed a printing agreement on 2nd March 2017 with the selected printer, namely: Punchlines Printers. Punchlines submitted the best offer to print COMESA Yellow Card books at a printing cost of \$4.95 per book with a minimum order limit of 100 books per any one order.

91. The meeting was also informed of the challenges faced by few Primary Insurance Company in Zambia who were not able to issues Yellow Card for three or four weeks as the National Bureau had run out of stock. The new stock printed by the new printer was delivered to Yellow Card (National) Bureaux Zambia and Burundi in April 2017.

Recommendations

92. *The MC recommended as follows:*

- a) *The National Bureau of Rwanda should reimburse Secretariat the outstanding \$4,900 being cost of printing and delivery of their additional order of Yellow Card books paid on their behalf to Taws Security Printers;*
- b) *National Bureaux should evaluate their usage of Yellow Card books and determine a stock re-order levels which would be used to aide them when to make orders for replenishment; and*
- c) *National Bureaux should make direct orders for printing of COMESA Yellow Card books to the new Printers, in line with the Council of Bureaux directives, whose details are as below and copy in Secretariat:*

Punchlines Limited – SECURITY PRINTERS

Punch Towers,

East Gate National Park

Off Mombasa Road

P.O. Box 42897 - 00100

Nairobi - Kenya

Mobile: +254 733 615 483

Tel: (+254 20) 2102710-19

Fax: (+254) 2102708

Email: psales@munshiram.com;

ifas@munshiram.com,

Proposal on the digitalization of the Yellow Card operations (Agenda item 8)

93. A representative of the COMESA Secretariat presented document CS/YC-RCTG/MC/XXXXII/8: Proposal on the Digitalization of the Yellow Card Scheme operations. He recalled the decisions of the 30th Meeting of the Council of Bureaux on the Yellow Card Scheme held in Blantyre, Malawi in October, 2016 and then highlighted the activities and progress made in the implementation of the Council of Bureaux decisions, among others; review and analysis of the current YC-MIS to gradually digitize the YC-MIS, which includes: incorporate functional requirements, engagement of Punchlines Printers to design and test the new size A4 Yellow Card prototype format; testing of the computer printable Yellow Card with few selected PICs in Kenya and Zambia.

94. He informed the meeting that the outcome of the test was successful and the introduction of the computer printable Yellow Card was accepted with enthusiasm. The printable

Yellow Card was demonstrated to the Management Committee. The meeting was further informed that on the finalization of digitalization process, Yellow Cards issued would be available on mobile phone and computers of customers and simple operational functions and services such as premiums payment would be available on mobile.

Discussions

95. In the ensuing discussion, the MC made the following observations:
- a) The implementation of the digitalized Yellow Card system should be backed by actionable and time bound plan and performance contract;
 - b) The process of implementation of a digitalized system should be gradual;
 - c) A sub-committee should be establish to assist and guide in the requirement analysis, design, development, testing, prototyping, deployment and rollout of the Yellow Card digital platform
 - d) The need to ensure that the YC is secure and not easily forgeable;
 - e) The engine number in the Yellow Card form should be replaced with VIN (vehicle identification number)
 - f) Include the colour of the vehicle in the Yellow Card for ease identification of the vehicle by law enforcement agencies;
 - g) The YC Number should be randomly assigned by the system and unique for each card generated;
 - h) The System should be designed to accommodate future enhancement such as use of mobile applications; QR code scanning for verification, online access to Yellow Card operations and services including mobile payments, e-Yellow Card; and
 - i) The data base should be distributed for each country and integrated via data exchange services between countries.

Recommendations

96. ***The MC commended the Secretariat for the initiative taken in making the issuance of Yellow Card computer printable and the proposed digitalization of the Yellow Card operations and recommended as follows:***

- a) ***The use of size A4 paper with (only) security features and logo pre-printed should be adopted and to be revised from time to time to make the system gradually and fully digital;***
- b) ***The Secretariat to complete the development, testing and deployment of the computer printable YC and the process of digitalization the Yellow Card operations;***
- c) ***The Secretariat should prepare work plan to carry out requirement analysis, design, development, testing, prototyping, deployment and rollout of the Yellow Card digital platform;***
- d) ***Implementation of the computer printable Yellow Cards should commence as soon as possible and preferable by 1st July 2017 and on corridor by***

- corridor basis starting with the North –South Corridor involving Zambia, Zimbabwe, Malawi and DR Congo, followed by Central and Northern Corridor and “Djibouti Corridor”;**
- e) **An IT Sub-Committee composed of the National Bureaux of Zimbabwe, Tanzania and Djibouti be established to assist and guide the process of development and implementation of the Yellow Card digital platform;**
 - f) **The Sub-Committee shall**
 - i) **Meet twice in a year, the first meeting being schedule for end of May 2017 to be held at the COMESA Secretariat Headquarters.**
 - ii) **The Total budget of the two Sub -Committee meetings shall be US\$10,000, and**
 - iii) **The budget for the IT –Sub-Committee meetings shall be covered from the YC-Reinsurance Pool funds and the Pool Managers should transfer the fund to the COMESA Secretariat Yellow Card (CBI) by 15th May 2017.**
 - g) **The Secretariat should proceed with the implementation of the digitalization of the Yellow Card Scheme taking into account the observations and recommendation made above.**

Progress report on the joint investment between the Yellow Card Council of Bureaux and Zep-Re in the building project in Lusaka, Zambia (Agenda item 9)

97. A representative of the Secretariat presented document CS/YCRCTG/MC/9: Progress report on the joint investment between the Yellow Card Council of Bureaux and Zep-RE in the building project in Lusaka, Zambia. In doing so, he recalled the decisions of the 30th Meeting of the Council of Bureaux and informed the meeting that the Secretariat had been engaging Zep-re with a view to finalize the investment agreement.

98. The MC was further informed that recently Zep-re has submitted to the Secretary General of COMESA a new proposal varying from the initial understanding that had been reached on the joint investment and offering the Yellow Card Council of Bureaux an off plan purchase of third floor and part of fourth floor of the building consisting of a total rentable area of 1,100 square metres and 600 square metres respectively at the price of \$4,656,300 of the complete constructed building.

99. The meeting was further informed that during the 4th Extra Ordinary General Assembly of ZEP-RE held in Nairobi, Kenya on Tuesday 25th April 2017, the Secretariat took the opportunity to discuss the issue with Board Members of Zep-Re who are also members of the Yellow Card Scheme and the Chief Executive Officer of Zep-RE expressing concerns on the new position adopted and requesting them to reconsider their proposal.

Discussion

100. In the discussion that followed, the MC noted with disappointment the position recently taken by Zep-RE in varying its initial understanding reached on partnering on the investment project.

Recommendation

101. Taking into account, the sentiments expressed, the MC recommended that the Secretariat should continue engaging Zep-re to reconsider their proposal and adhere to the earlier understanding of partnering in a joint investment.

Consideration of the report of the strategic planning workshop of the Yellow Card Scheme (Agenda item 10)

102. The Secretariat provided highlights of the Yellow Card strategy formulation process and informed the meeting that a consultative meeting hosted by the National Bureau of Zimbabwe was held in Victoria Falls from 29 - 31 March 2017. The consultative meeting was comprised of participants from Yellow Card Scheme National Bureaux, Primary Insurance Companies (PICs), Pool Managers, Regulatory Authorities and Consultants. The Secretariat provided technical backstopping and facilitated the process.

103. The MC was further informed that the workshop came up with a proposed Vision and Mission statements, guiding principles, SWOT, PESTLE and Stakeholder analysis.

104. The MC noted with appreciation the formulated 9 (nine) strategic objectives on the following focus area:

- a) Consolidate Reinsurance Pool
- b) Diversify investments
- c) Enhance customer satisfaction and strengthen public awareness
- d) Review legislation, harmonization and standardization
- e) Streamline claims management
- f) Improve production
- g) Develop Yellow Card products
- h) Embrace ICTs, and,
- i) Review Institutional and Governance arrangements

105. The MC was further informed that the formulation process was still work in progress and that the remaining parts included formulation of the Log Frame, Risk Profile and implementation framework.

106. The Meeting noted the proposal made to subject the draft strategic document to quality control by experts from the sector and that a task team should be constituted to complete the formulation of the strategic plan, and submit the document to management committee for further deliberations.

Discussions

107. Management Committee commended the work done by the Secretariat and reiterated the need for further consultations with members of the Insurance sector. Management Committee also mentioned that Yellow Card was an important tool of Trade Facilitation and so it

played an important role in Regional Integration. Further, Management Committee stated the need for a SMART Strategic Plan to guide the value creation process of Yellow Card in the Medium to Long term.

Recommendations;

108. ***The MC recommended that:***

- a) ***The Secretariat should constitute a task team in collaboration with the National Bureau of Zambia to complete the drafting of the strategic plan, the Log Frame, Risk Profile and Implementation Framework;***
- b) ***The draft should also have a foreword from the Chair of the Management Committee and Acknowledgement from Secretary General of COMESA;***
- c) ***The Draft Strategic Plan should be submitted to Members of Management Committee for comments; and***
- d) ***The comments and inputs from members should be incorporated in draft Strategic Plan and presented to the 43rd Management committee for consideration.***

Draft Terms of Reference on the studies (Agenda item 11)

109. A representative of the Secretariat presented document CS/YCRCTG/MC/XXXXII/11: Draft Terms of Reference proposing to carry out the following studies:

- a) Claims management of the Yellow Card Scheme;
- b) Utilisation, competitiveness and awareness of the Yellow Card Scheme; and
- c) Review on the Institutional arrangement and governance of the Yellow Card Scheme

110. The meeting was informed that the studies proposed are based on the approved annual work plans for the period 2015/16 and 2016/17, and taking into account the decisions of Council of Bureaux Meetings. The studies were realigned to take into account the outcome of the first Yellow Card Mid-Term strategic plan for the period from 1st July 2017/18 to June 2021/22.

111. In presenting the proposed studies the meeting was informed of the background to the studies, issues, rationale for the studies and the Terms of Reference and the budget required to carry out the studies among others

Recommendations

112. ***The MC considered the proposed drafted Terms of References for the studies and recommended as follows***

- a) ***Approved the drafted Terms of References, attached as Annex I subject to further refinement of the ToR;***
- b) ***Approved the budgets for the studies as follows:***
 - i. ***Study on the claims Management process, \$40,000;***

- ii. **Study on the review of the institutional and governance arrangement of the Yellow Card Scheme, \$40,000; and**
- iii. **Study on the utilization, competitiveness and awareness of the Yellow Card Scheme, \$40,000**
- c) **The Reinsurance Pool should transfer a total sum of US\$120,000 to Secretariat for the above studies;**
- d) **The National Bureaux should assist the Secretariat in identifying qualified Consultants to carry out the studies at the earliest possible time and at the latest by 30th May 2017; and**
- e) **The Secretariat should present the progress reports on the studies that would be carried out to the 43^d Meeting of the Management Committee for consideration.**

Date and Venue of the next meeting (Agenda Item 12)

113. The National Bureau of Ethiopia offered to host the 43rd meeting of the Management Committee which would tentatively be held in August 2017. The meeting accepted the offer with appreciation and advised the Secretariat to communicate the exact dates and venue of the Meeting to the National Bureaux members of the Management Committee

Any Other Business (Agenda item 13)

114. Under this Agenda Item, the National Bureaux of Zambia and Zimbabwe jointly offered to cohost the 31st Meeting of the Council of Bureaux of the Yellow Card scheme. The meeting accepted the offer with appreciation.

Adoption of the report and closure of the meeting (Agenda Item 14)

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

116. At the closure of the meeting, the delegate from the National Bureau of Zambia, Mrs. Catherine Mpandamwike, thanked the Government and people of the Republic of Tanzania and the National Insurance Corporation of Tanzania for the warm hospitality extended to the delegates during their stay in Zanzibar. Mrs. Mpandamwike commended the chairperson in the manner he guided the meeting deliberations. She 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.

117. In closing the Meeting, the chairperson thanked all the delegates for their valuable contributions and wished them a safe journey back to their respective Countries.

ANNEX I

TERMS OF REFERENCE FOR THE STUDY ON THE CLAIMS MANAGEMENT OF THE YELLOW CARD SCHEME

I. BACKGROUND

1. COMESA Yellow Card is a Regional Motor Vehicle Third Party Insurance scheme that provides at least the minimum statutory requirement on third party motor vehicle insurance cover which offers compensation to third party road traffic accident victims on property damage, bodily injuries / death and medical expenses.
2. The Protocol on the Establishment of Yellow Card Scheme, under Article 3(4) states that: Each National Bureau shall settle, on behalf of its member insurers, claims arising from accidents caused abroad by holders of the cards it has issued and shall also handle claims arising from accidents caused in its country by holders of cards issued by the National Bureaux of other parties to this Protocol. The Inter-bureaux Agreement and Operations manual, also provide guidelines and procedures National Bureaux should follow in handling and settlement of Yellow Card claims and seeking a clearing house and reimbursement services from the Pool.
3. The Strategic Planning Workshop for the Yellow Card scheme held in Victoria Falls, Zimbabwe from 29th to 31st March 2017, identified Claims Management as one of the Strategic Objectives and guided to review the overall claims operation from reporting of the accident to retrocession reinsurance.

II. THE ISSUES

4. The Yellow Card claims operation involves receipt of accident report, underwriting confirmation and validity of cards, investigation and establishing liability, assessment of the loss/damage, valuation of the claim, settlement and recovery from the issuing bureau or reinsurance arrangement based on the amounts of the claim; i.e. below or above US\$15,000. As the Yellow Card is issued in the home country of a motorist and the claim handled in a member country where the accident occurs, the Yellow Card claim handling inherently require inter-bureaux communication among 13 member countries and 200 insurance companies participating in the Yellow Card operation in the region.
5. The Yellow Card claim operation is characterized by delay in handling and settlement of compensation to road accident victims. Delay in confirmation of validity of cards, inadequate supporting documents, long outstanding claims, lack of reimbursement by National Bureaux and Primary insurance companies to the Pool, among others, are the current claim management problems of the Yellow Card scheme. Lack of performance standard, monitoring and evaluation mechanism is also the weakness of current claims operation.
6. According to the draft medium term strategic plan of the Yellow Card scheme, claims management has been identified one of the pillar key strategic objectives to meet the vision and mission statement of the scheme. Therefore, reviewing the overall claims management operations of the Yellow Card scheme with a view to address current challenges and meet customer expectations is of paramount importance at this juncture.

III. TERMS OF REFERENCE

7. The study will be guided by the following Terms of Reference:
- a) Review the Yellow Card claims handling operations from notification of accidents up to the final settlement and recovery from retrocession reinsurance;
 - b) identify Yellow Card claim management challenges/problems and the root causes at followings:
 - i) Handling Bureaus,
 - ii) Primary Insurance Companies, and
 - iii) Pool Managers;
 - c) Review the claims data (reported, paid and outstanding) for 3 years (from 2014 – 2016) for the selected countries:
 - i) To analyse what percentage of the total claims paid during the last 3 years fall within
 - Inter-bureau claims (equal or below US\$15,000); and
 - Pool claims (above US\$15,000)
 - ii) To compare premiums collected with claims paid during the last 3 years
 - 70% premium retained by the National Bureaus to claims paid by the National Bureaus (claims equal or below US\$15,000), and
 - 30% premium cession to the Pool to claims paid by the Pool (above US\$15,000);
 - iii) To establish the Yellow Card claims ratios for the last three years;
 - For Inter-bureau claims, and
 - For Pool claims
 - d) Review at least 50 claim files (including contentious claims) from the selected countries, to establish whether handling of claims were in line with the operations manual; and complaints were raised;
 - e) Recommend specific measures to enhance efficiency of the overall claims management of the Yellow Card scheme for:
 - i) Inter-bureau claims; and
 - ii) Pools claims.
 - f) Come-up with specific proposals to enhance the standards of claims management:
 - i) Improving the claims handling rules and procedures;
 - ii) Required structure and manpower at the National Bureau, Primary Insurance Companies and Pool; and
 - iii) Implementation of compliance Audit and monitoring mechanism.

IV. DELIVERABLE OF THE STUDY

8. The study will be carried out based on the TOR and will have a deliverable Study Report

V. METHODOLOGY OF THE STUDY

9. The study will be based on a review of Yellow Card instruments, reports and collection of data and analysis. The consultant will travel to Djibouti, Ethiopia, Rwanda, Uganda, Tanzania, DR Congo, Kenya, Zambia and Pool Mangers and review actual claim files and gets hands-on information and data on the issues of claim management of the Yellow Card scheme. The consultant will also work closely and be supported by the YC-RCTG Unit of the COMESA Secretariat.

VI. EXPERTISE REQUIRED

10. The consultant should have a first degree in relevant field with 5 – 10 years of experience in insurance operations and claims management.

VII. DURATION

11. The study will have 3 months duration.

VIII. PROCUREMENT OF THE CONSULTANT

12. Procurement of the Consultant will be by single sourcing.

IX. STUDY COSTS

13. The study is estimated to cost US\$40,000 in professional fee, in-country travel and report writing. The consultant shall be paid a lump sum consultancy fee of \$18,000, with a monthly fee of US\$6,000. Payment of fees will be in accordance with the delivery of reports to be set out in the service contract. The breakdown of the study costs is as follows:

i)	Direct Labour	Cost
	Consultant (monthly lump sum fee)	
	- US\$6,000x 3Months:	US \$18,000
ii)	Other Direct Costs	
	Travel Costs:	
	Visit to eight YC member countries, Pool mangers and the Secretariat	
	- Airticket	US\$ 9,000
	- DSA: 32days X\$250	US\$ 8,000
iii)	Miscellaneous / incidental	US\$ 5,000
iv)	Total study budget	US\$ 40,000

**TERMS OF REFERENCE
FOR THE REVIEW OF THE INSTITUTIONAL ARRANGEMENT AND GOVERNANCE OF
THE YELLOW CARD SCHEME**

I. BACKGROUND

1. The Protocol on the Establishing of a Third-Party Motor Vehicle Insurance scheme, Article 17 item 6 states that the COMESA Secretariat shall provide secretarial services to the Council of Bureaux until such time as the Council of Bureaux shall have decided to have its own Secretariat. According to this item of the Protocol, the Head of Governments and States, when they establish the scheme, agreed that the Yellow Card should have, like any other International Third party Motor Insurance Card systems, its own independent Institution.

2. The Yellow Card has been in operations since July 1987, that is about thirty years now, and the COMESA Secretariat has been providing Secretariat service. During this period the scheme has grown from strengthen to strengthen: The number of countries participating in the scheme increased from 7 to 13; the number of inter-state vehicles using the Yellow Cards has reach hundreds of thousands, for example between Ethiopia and Djibouti at Galafi border between Kenya and Uganda at Malaba; between DR Congo and Zambia at Kasumbalesa, and between Tanzania and Kenya at Namanga, over six hundreds vehicles cross the borders each day. The number of Yellow Cards issued annually has reached about 200,000 with an annual premium income of \$10 and claims recorded for road traffic accident victims caused by visiting motorist about 600. The establishment of the YC Reinsurance Pool in 1998 , has profoundly transformed and simplified the Yellow Card claims management , and created an asset , which stands now at UD\$13million ,for the Council of Bureaux . In the experience of the International card system, this is unique for the Yellow Card scheme

II. THE ISSUE

3. The growth in the Yellow Card Scheme has, nevertheless produced its own challenges. These include delays in claims handling, payment and reimbursements, delays in communications, limitation in statistics The Scheme has also not been spared of external factors such as foreign exchange limitations, disparities in third party motor vehicle insurance laws leading to variations and in balances in compensation payments to road accident victims among others issues .

4. Despite the significant developments in the Yellow Card Scheme over the years the institutions arrangement and capacity has not changed. There is limitation incompetence and capacity at all levels: Council of Bureaux, the Management Committee, the Secretariat, National Bureaux and Primary Insurance companies. Lack of accountability and transparency and others issue. In order therefore to address the challenges, there is a need to review the existing arrangement and come up with an institution and governance that is compatible to the current status of the scheme, an Institution that would transform the scheme into a par excellent trade facilitation instrument in the region and ensure delivery of efficient service to stakeholders.

III. TERMS OF REFERENCE

5. The study will be guided by the following terms of reference

- a) Review the existing arrangement and establish strength and weakness of the following

- i) The Council of Bureau;
 - ii) The Management Committee;
 - iii) The Secretariat;
 - iv) The National Bureaux; and
 - v) The Primary Insurance companies
- b) Study the experience and best practices of International Third party Motor Vehicle Insurance system;
- c) Recommend alternative institutional arrangement including the establishment of an independent COMESA Yellow Card Institution that takes into account
 - i. The objective realities of the region, and
 - ii. The achievements and unique features of the Yellow Cards scheme and future prospective;
- d) Recommend an institutional structure and governance that is
 - i. Line and focus on core operation, and
 - ii. Effective, efficient and economical
- e) Define the duties and responsible of the different organs /bodies of the structure and that ensure transparency and accountability.

IV. DELIVERABLE OF THE STUDY

6. On the basis of information/data collected and compiled the Consultant will prepare and submit the study report

V. METHODOLOGY OF THE STUDY

7. The study shall be based on a comprehensive review of relevant reports, literatures and research materials in addition to field missions to some selected countries that are member of the Yellow Card scheme and ECOWAS Brown card. The consultant will work closely and be supported by the Yellow Card and RCTG Unit of the COMESA Secretariat

VI. EXPERTISE REQUIRED

8. The consultant should be a Master's Degree in the relevant field with relevant experiences and expertise on public

VII. DURATION

9. The duration of the exercise should be three months

VIII. PROCUREMENT OF CONSULTANT

10. The Consultant will be procured by single sourcing.

XI. STUDY COSTS

11. The consultant shall be paid a lump sum consultancy fee of \$21,000 in monthly fees of \$7,000. Payment of fees will be in accordance with the delivery of reports to be set out in the service contract and the study is estimated to cost \$40,000 in professional fees including cost of travel and report writing. The breakdown of the study costs are as follows:

i.	Direct Labour	Cost
	Consultant (monthly lump sum fee)	
	- \$7,000x 3Months:	\$21,000
ii.	Other Direct Costs	
	Travel Costs:	
	Visit to five YC member countries, the Secretariat and Brown Card Secretariat	
	- Air ticket	\$8,000
	- DSA : 32days X\$250 :	\$8,000
iii.	Miscellaneous / incidental	\$3,000
iv.	Total study budget	US\$40,000

TERMS OF REFERENCE FOR THE STUDY ON THE UTILIZATION, COMPETITIVENESS AND AWARENESS OF THE YELLOW CARD SCHEME

I. BACKGROUND

1. The COMESA Yellow Card Scheme is a Regional Third Party Motor Vehicle Insurance Scheme that provides compulsory third party legal liability cover for compensation for any injuries/death and or property damage sustained resulting from road traffic accidents caused by visiting motorists in compliance with the National legal requirements for third party liability protection. The third party liability cover offered under this scheme is limited to the provisions of the statute governing road traffic third party liabilities of that country being visited or of the country where the accident occurs from.

2. The main objective of the COMESA Yellow Card Scheme is to facilitate trade within the region through provision of minimum guarantee of compensation to third party road accident victims, as required by the laws in force in the territories being visited or transiting through. The COMESA Yellow Card Scheme seek to achieve enhanced trade facilitation through smooth flow and movement of vehicles amongst member states by eliminating costs associated with the requirement to have visiting motorists buy local third party insurance covers at each and every entry points.

3. In the quest to achieve the above objectivities, the Scheme is designed to work through a network of institutions with fiduciary responsibilities created through the signing of the Inter-Bureaux agreement. The legal relationship that is created amongst National Bureaux through the Inter-Bureaux agreement also stipulates the duties and responsibilities of the parties for the successful implementation and operation of the Yellow Card Scheme. Some of the duties and responsibilities of the parties include among others the following:

- i. Supervise and coordinate the operation of the Scheme in each member country;
- ii. Handle claims arising in their territories on cards issued by other Bureaux
- iii. Jointly with member insurance companies determine the premium rates for the Yellow Card covers in each member states; and
- iv. As mandated by the Council of Bureaux, conduct regular promotional activities at National level to popularize the operations of the Scheme.

II. CURRENT STATUS OF OPERATION AND CHALLENGES

4. Currently, the Scheme is operational in twelve COMESA Member States, namely; Burundi, DR Congo, Djibouti, Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Sudan, Uganda, Zambia, Zimbabwe and one non COMESA member state, namely Tanzania.

5. Since the commencement of operation of the Scheme in 1987, the Scheme has been recording stead growth in the number of Yellow Cards issued, premiums income generated and the claims reported. The increase in the number of Cards issued, premiums generated and claims reported is a direct indication that there has been increase in the Inter-State traffic flow amongst COMESA member states. As at the last 30th Meeting of the Council of Bureaux, the Scheme recorded over 160,000 cards issued, with a premium income of over \$9.5 million compared to an average traffic flow of over 2,000,000 vehicles crossing borders amongst member countries in the Region accordingly to the study conducted. The study conducted also

indicated that huge volume of Inter-State motorists crossing borders are not covered under the Yellow Card Insurance cover.

6. Accordingly to the earlier study conducted in comparison to the annual growth rate of Yellow Card issued on annually basis, it is evident that the growth rate of Yellow Card productivity is not commensurate with the rate of increase in the Inter-State traffic flows amongst participating member states. The huge variation in the growth rate of the Yellow Card productivity to the volumes of Inter-State traffic flows requires evaluation of what could have been the cause in the low rate of growth of Yellow Cards issued. The competition from the Act local cover and low level of public awareness are also believed to have contributed to the limited rate of growth and hence there is need to analyse the levels of awareness of the operation of the Yellow Card Scheme.

7. The potential to grow the usage of the Scheme by Inter- State traveling motorists cannot be over emphasized more with the recently launch of the tripartite FTA by EAC/SADC/COMESA recs. The FTA launch has provided large markets for the regional blocs and hence boost trade and economic activities which is supposed to be supported by efficient trade and transportation instruments like the Yellow Card Scheme if well marketed.

III. THE ISSUES

8. The study should address, inter alia,
- a. Specific issues, including the low levels of utilization of the Scheme by Inter-State motorists taking into account the increased volumes of traffic flows amongst member states. Therefore, the study should conduct a survey on the number of motor vehicles crossing and coming in with or without Yellow Card covers to determine the usage level of the Scheme; accessibility and availability of Yellow Card issuing offices at border points etc.;
 - b. Review and analyse the Yellow Card premiums rates charged by National Bureaux in comparison to their income, compensation limits offered in relation to those charged for local Acts and third party covers of member states and possibilities of harmonizing the premium rates;
 - c. Identify the variances in the pricing of the Yellow Card cover and Local third party covers and its implication on the usage of the Yellow Card covers by Inter-State motorists (competitiveness) and make proposal to address such issues; and
 - d. Assess the awareness of the operation of the Yellow Card Scheme through interviewing the transporters, customs and traffic police; and availability of public and promotion materials such as posters at the borders, high ways and inland of member States.

IV. OBJECTIVE

9. The overall objective of the study is to make recommendations on how to address issues of Yellow Card productivity by ensuring that the increasing Inter-State traveling motorists utilize the Yellow Card covers in their Inter-State travel engagements, comparatively ensure competitive pricing of the Yellow Cards to the local third party covers and ensure that the Scheme adopts good marketing strategies to popularize the operation of the Scheme.

V. TERMS OF REFERENCE

10. The Terms of reference are as follows:

- a. To review specific issues related to the utilization of the Scheme amongst Inter-State traveling motorists such as:
 - i. Levels of usage of the Yellow Card cover;
 - ii. Accessibility and availability of Yellow Card covers by Inter-State traveling motorists; and
 - iii. Adequacy of cover provided by the Yellow Card Scheme in relation to the compensation limits provided under local Acts and /or local third party policies.
- b. To review and evaluate the possible competition that would exist between the Yellow Card covers and local third party policies in terms of:
 - i. the price of Yellow Card policies in relations to the price of local Acts and third party policies;
 - ii. Comparison of the pricing mechanism amongst National Bureaux in relations to income and compensation limits Provided; and
 - iii. The rating mechanism vis a vis the risk assumed
- c. To assess the levels of awareness of the Yellow Card Scheme amongst key stakeholders by:
 - i. conducting interviews with transporters, traffic police, customs authorities on their awareness and opinion of the Yellow Card Scheme; and
 - ii. Evaluate the promotion exercise of National Bureaux to popularize the operations of the Yellow Card Scheme and make recommendations to address them.
- d. To assess the effectiveness of the promotion programs put in place by National Bureaux to market the Scheme and make specific recommendation to improve the awareness programs on the operations of the scheme.

VI. SCOPE

11. The consultant will be responsible for the preparation and submission of the study report that addresses each of the issues outline above. The consultant will have to review and evaluate the Yellow Card pricing mechanisms, conduct surveys and obtain statistical data on the traffic flows at busy border posts, evaluate the accessibility, means of promotion and knowledge of the travelling motorists on the operation of the Scheme. In carry out the study the consultant shall consult all key stakeholders including National Bureaux and Primary Insurance companies, transporters and law enforcement agencies at the borders.

12. The study will have to make recommendations as to what measures should be taken by the Secretariat, National Bureaux and primary insurance companies to address the issues outlined in the Terms of Reference.

VII. EXPERTISE REQUIRED

13. The consultant should be a holder of a first degree from a reputable University with Insurance background of at least ten (10) years practical experience and Knowledge of the Scheme and experience in trade and transport facilitation in the COMESA region will be an added advantage.

VIII. TIME FRAME

14. The study must be submitted within three months of the award of the contract.

IX. STUDY COSTS

15. The consultant to be engaged will need to complete the assignment within a period of four months and will be paid a lump sum consultancy fee of \$18,000 to be paid in monthly fees of \$6,000. Payment of fees will be in accordance with the delivery of reports to be set out in the service contract and the study is estimated to cost \$40,000 in professional fees, in travel and report writing. The breakdown of the study costs are as follows:

I.	Direct Labour	Cost
	Consultant (monthly lump sum fee)	
	- \$6000x 3Months:	\$18,000
II.	Other Direct Costs	
	Travel Costs:	
	Visit to eight countries, the Secretariat and MC meeting	
	- Airt ticket	\$9,000
	- DSA : 32days X\$250 :	\$8,000
III.	Miscellaneous / incidental	\$5,000
IV.	Total study budget	US\$40,000

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