

# COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA



## THE YELLOW CARD SCHEME

**Cards Workshop**  
**19<sup>th</sup> October 2022**

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# Establishment

- The Yellow Card Scheme was established by a - Protocol on the Establishment of the Third-Party Motor Vehicle Insurance Scheme, signed by the Heads of States and Governments on 4<sup>th</sup> December 1986, in Addis Ababa, Ethiopia.
- The Yellow Card Protocol was signed by the 14 Head of States and Governments and the Scheme started operations on 1st July 1987 in 9 Member States

# Establishment ...Cont.

- Pursuant to signing of the Protocol, the Government designated National Bureau in each member state who sign the Inter-Bureaux Agreement for the implementation of the Scheme and join the Council of Bureaux and comply with the decisions of the Council..
- The Scheme has grown its operations since establishment and Currently there are 13 COMESA and Non-COMESA Member States participating in the Eastern and Southern Africa Region.

# The Objective

- The objective of the Yellow Card Scheme is to provide a CTPMVI Scheme providing at least minimum guarantees as those required by the laws in force in the territories of each of the participating member states being visited or transiting through on compensation of for damage/injury they may have sustained as a result of the inter-state road traffic accidents).
  - The Yellow Card is basically
    - a) a Regional MVTPI Scheme that provides at least the minimum statutory requirement on TP motor vehicle insurance cover;
    - b) Offers compensation to TP road traffic accident victims on property damage, bodily injuries / death and medical expenses;
    - c) To the policyholder(s), the Yellow Card offers protection on third party legal liabilities in regard to property damage, bodily injuries / death and medical expenses incurred by the motorist and or passengers in the event of a road traffic accident in a foreign country that is a member to the scheme.

# Current Status

- The Scheme is operational in 13 countries, namely : Burundi, Democratic Republic of Congo (DRC), Djibouti, Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Sudan, Tanzania, Uganda, Zambia and Zimbabwe;
- There are over 250 insurance companies involved in the operations and issuance of Yellow Card covers;
- During the period 2021/22, 256,649 cards were issued with a premium income of over US\$14.7 millions, and over 720 claims were handled and processed and settled one of the biggest single claim in DR Congo amounting to US\$400,000; and
- Widely usage in the region, over 1000 trucks with Yellow Card cross daily in horn countries of Ethiopia and Djibouti

# Peculiarity of Yellow Card

- It include Emergency Medical Expenses Benefit,
- It include cover for third party property damage, in member countries where such cover is not compulsory,
- Central claim settlement mechanism- Has a Reinsurance Pool, which provide Reinsurance cover and Clearing House facility for member, the Pool currently has an asset based of over US\$15million
- Non-COMESA motorist can get Yellow Card cover through the B2B arrangement in their own country, for ex-Mozambique, South Africa
- Digital Yellow Card - since Dec. 2020, the Yellow Card is being issued through the DYC platform, the claims operation is being

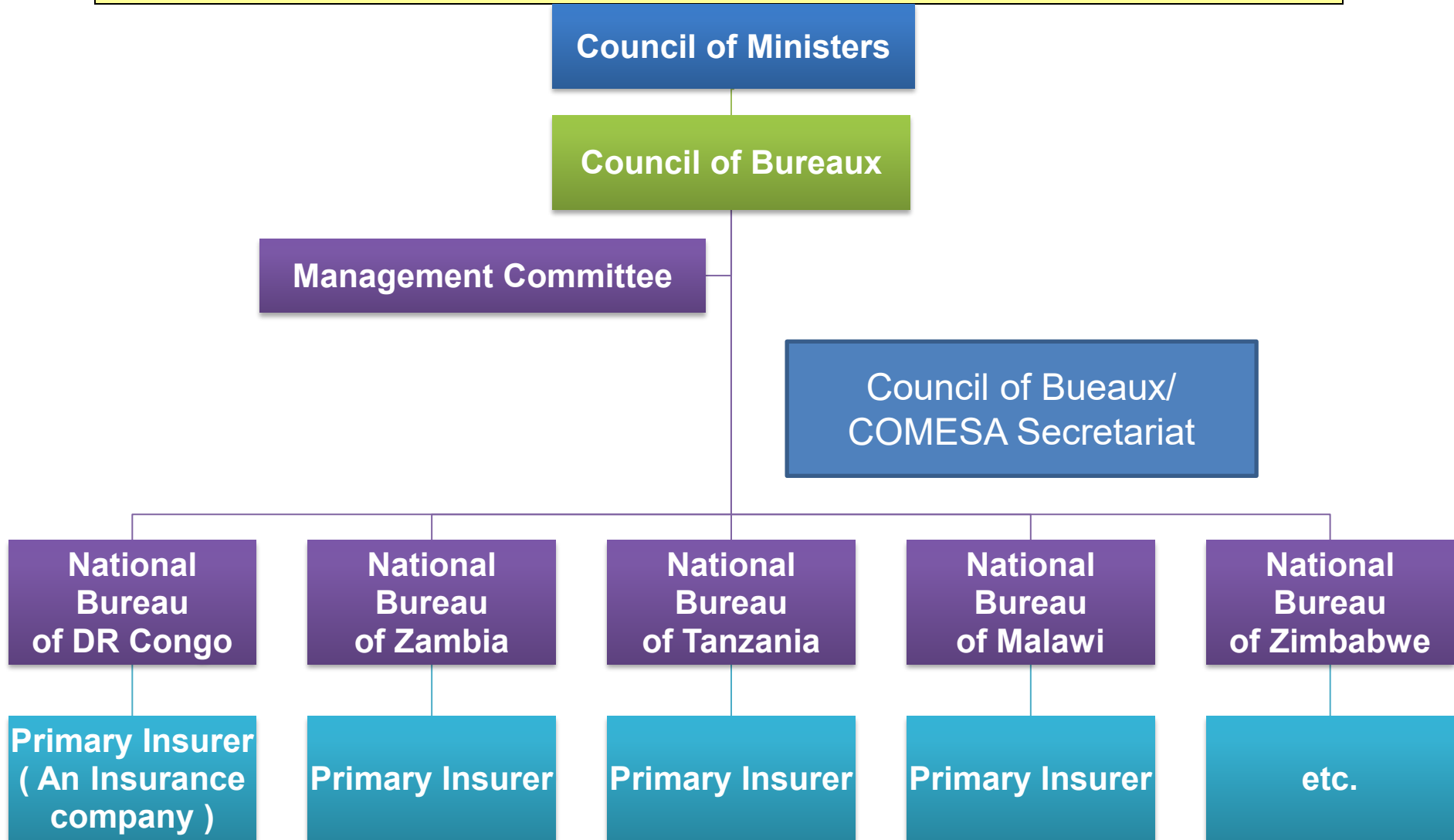
# YC RI Pool

A financial arrangement established to enhance the efficiency of claims services and the overall operations of the Scheme.;

- The RI Pool was established in July 1998 and its members are National Bureaux which share equally the total capacity (the working capital) of the Pool; cede an agreed percentage of their Premium to the Pool, currently 30% of each Card Issued and share profits (losses) and expenses in the same manner;
- The primary services provided by Reinsurance Pool to member insurance companies issuing Yellow Cards are:
  - a) Settlement of claims in full for claim amounts exceeding US\$15,000 up to unlimited amount; and
  - b) Clearing of claims settlement transactions for Inter-Bureaux Claims.



# Institutional Frameworks



# Challenges

- Despite high demand for Yellow Card by motorists from non-COMESA /SADC Countries, the scheme has not been able to expand its operations as required; due to the different third-party insurance system in the Region – namely fuel levy, vs third party insurance system
- Delays in Yellow claims handling due to non-completion of the of full automation of the overall claim operations of the Yellow Card scheme;
- Forgery of Yellow Cards arising from some member countries;
- Low limits of liability in some member countries-inconveniencing of vehicles involved in accident in some Member States despite holding valid Yellow Cards;
- Late remittance of premium returns and reimbursement of Inter-bureau claims;
- Lack of adequate sensitization, non-liaising with the key stakeholders like Traffic Polices and Border authorities

***End of presentation***

***Thank you for your attention!!!***