



Sixth African Insurance Conference

ESTABLISHMENT OF AN AFRICAN THIRD PARTY MOTOR INSURANCE CARD

Paper by the Representative of UNCTAD

UNCTAD/INS/14
GE.78-65092

Mr. Chairman,

I am very happy to take part, once again, in the African Conference. I should like to take this opportunity first to wish the meeting on behalf of UNCTAD every success and second to inform those present of a regional project of considerable importance for Africa. No doubt many of you know or have heard of the very useful institution which exists in Europe since 1953 and which is of great service to the people who take their cars abroad. I am of course referring to the European Multinational Card which covers third party liability of motorists who drive in countries where insurance against such risks is obligatory. This card, also called "the Green Card", was introduced under the auspices of the United Nations Economic Commission for Europe which is based in Geneva, and it constitutes a proof of a third party liability insurance covering damages sustained by others, caused by the motorists who, according to the laws of the given country, are responsible for the damages. The use of the Green Card proved very satisfactory; countries even outside Europe, such as Morocco and Tunisia, recognised its merits and advantages and joined the system.

In Africa, international road traffic is bound to increase in the near future, due to the increase in commercial transactions between the countries of the continent and to tourism. Several projects of interafrican motorways construction are near completion. In view of the fact that third party motor insurance is used in most of the African insurance markets on a strictly national basis, a policy issued in one country is not valid in another. This state of affairs obliges the motorist to take out a new insurance cover each time he crosses a border. This expensive and impractical procedure is not likely to stimulate an increase in road traffic between the African countries. To improve the situation UNCTAD has drawn up a proposal for the creation of an African insurance card which would be valid and accepted

in all countries South of the Sahara, bearing in mind that the Arab countries of North Africa have evolved and introduced their own system. The guarantees offered by this card will be in conformity with the laws of each country party to the Agreement.

In order to implement the project, UNCTAD had convened a Round-Table meeting in November 1976, which was held in Yaoundé, and in which participated government representatives and insurers from the following countries : Benin, Burundi, Cameroun, Congo, Ivory Coast, Gabon, Ghana, Upper Volta, Kenya, Lesotho, Liberia, Mali, Niger, Nigeria, Uganda, Central-African Empire, Rwanda, Senegal, Sudan, Tanzania, Chad, Togo, Zaire and Zambia.

At that meeting the following problems were discussed in detail :

- to decide on whether the African countries had a real need of a regional multinational third party motor insurance scheme;
- if so, to define an "African Card" scheme adapted to the specific needs of Africa and to conditions which prevail there;
- if need be, to adopt a plan of action which would lead, with the least possible delay, to the establishment of an "African Card" scheme.

The representatives of countries participating in the meeting were unanimous in recognising that, in view of the rapid increase in the international road traffic in countries South of the Sahara, and of the problems in the field of third party motor insurance created by this traffic, the establishment of a regional system of an African Card would meet the urgent need in that domain. As to the form the system should assume, it was decided that :

- guarantees offered by the African card should be at least equivalent to those required in the countries which the motorist intends to visit ;

- the motorist's third party liability will be determined according to the laws prevailing in the country where the accident took place;
- a National Bureau, consisting of insurers licensed locally to provide the third party liability motor insurance cover, will be set up in each country belonging to this system, and it will be responsible for issuing the African Cards to the natives, as well as for handling of claims covered by the cards issued by the National Bureaux in other countries;
- the African Governments will pledge themselves to give formal recognition and accept as valid African Cards issued by the National Bureaux in other countries belonging to the system, if necessary modifying their national laws applicable to the third party motor insurance cover.

The Round-Table Meeting ended with the adoption of the following resolution :

"The participants in the Round-Table meeting on the establishment of a multinational third party motor insurance in Africa, representing the Governments of : Benin, Burundi, Cameroun, Central African Republic, Chad, Congo, Gabon, Ghana, Ivory Coast, Kenya, Lesotho, Liberia, Mali, Niger, Nigeria, Rwanda, Senegal, Sudan, Tanzania, Togo, Uganda, Upper Volta, Zaire and Zambia;

Having considered the international road traffic problems in Africa and the consequences emanating from them in the field of third party motor insurance;

1. RECOMMENDED that steps be taken with a view to establishing as soon as possible a viable African inter-country third party motor insurance scheme.
2. ENTRUSTED the UNCTAD secretariat with the preparation - possibly with the help of a consultant - of a draft to be circulated for comments to all Governments concerned.

3. APPOINT an ad hoc Committee comprising the representatives and the Cameroun, Gabon, Ghana, Ivory Coast, Kenya, Sudan, Tanzani and Zambia, to review, on the basis of the comments received, and to finalize the text of the draft Convention.

4. REQUEST the UNCTAD secretariat to convene, in due course and in collaboration with the Economic Commission for Africa, an African Conference of Plenipotentiaries who will sign the Convention establishing a regional inter-country third party motor insurance scheme."

I am happy to inform you that after a little over one year's work, in which were involved : an expert in international traffic law financed by SIDA (Swedish International Development Agency), members of the ad hoc Committee set up at the Yaoundé meeting, the legal service of UNCTAD and staff in my Division, the final text of the proposed convention establishing the African Card was sent to the interested Governments for their final decision as regards the signature of the Convention and its implementation as soon as feasible. No doubt you will be interested to know the basic provisions of this Convention, which you - as insurers operating in the region where the system of the African Card will be applied - will be called upon to adhere to in the near future. Here is what the Convention stipulates :

Structure of the system :

The third party liability insurance scheme instituted by the Agreement shall have, as its legal, technical and financial basis, the guarantees which are afforded to motorists proceeding abroad by taking out an insurance policy on the usual terms with an insurer authorized to operate this type of business in the country which is the point of departure for the journey.

The inter-African insurance card shall be issued by a National Bureau established in each country party to the Agreement. The card shall be issued to motorists through the insurers with whom they have

taken out a third party liability insurance policy valid when driving both in their own country and in other countries parties to the scheme.

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 Bureau of other countries parties to the scheme. It may also take over the settlement of claims under cover of a joint deposit, the inter-African card constituting proof of this deposit.

The legal, administrative and financial operation of the scheme established by this Agreement shall be co-ordinated and supervised by a Council of Bureaux of which all the National Bureau of the signatory countries must be members.

Organization :

The card shall be of a strictly uniform type. It shall include the name and address of the National Bureau which has issued it; particulars of the insurer insuring the motor vehicle; identification of the vehicle and of the policyholder; its individual serial number and period of validity; a list of countries in which it is valid; and the name and address, in each of those countries, of the National Bureau which the policyholder must notify in the event of an accident.

The guarantee provided by the inter-African insurance card shall cover the third party liability incurred by the holder of the card in accordance with the laws of each member country which he visits. During the period of its validity, the inter-African card shall constitute proof of insurance, independently of the insurance policy on the basis of which it is issued. It shall automatically, whenever the third party liability of its holder is involved, entail the settlement of the claim by the National Bureau which has issued it.

The National Bureau established in each of the countries signatories to the Agreement shall be an establishment which has legal personality and financial autonomy. Its status shall be defined by the legal provisions in force in the country for this category of establishment. It shall play a dual role, in as much as it shall be issuing the inter-African insurance cards and handling claims emanating from inter-African cards issued by National Bureaux in other countries.

The Council of the Bureaux shall be an international institution. It shall consist of one representative and one alternate representative of each National Bureau. The Council shall choose its Chairman and Vice-Chairman from among its members, and shall create its secretariat. The Council of Bureaux shall have a general function of orientation, co-ordination and supervision over the whole of the inter-African insurance card scheme established by the Agreement. The Council of Bureaux shall be competent to receive and consider applications by countries wishing to become parties to this Agreement. It shall propose the acceptance or refusal of the applications, on which the final decision shall rest solely with the Governments of the countries signatories to the Agreement. The same procedure shall be followed in regard to the exclusion of a country party to the Agreement.

The Council of Bureaux shall on its own initiative, or on the initiative of any Government signatory to the Agreement, consider and, if it deems it advisable, propose changes in the laws or regulations of countries which signed the Agreement with a view to improving the functioning of the inter-African insurance card scheme, or to harmonizing the systems of compensation for damages occasioned by road traffic accidents, or to improving accident prevention.

Accession :

The Governments of African countries are the principal participants in the system. In that capacity they may sign this Agreement. During an initial period to be specified, other Governments of African countries may, if they so wish, join the system through a notice addressed to the Depositary, who will immediately inform the other signatories. The accession will take place after the signature of the Agreement and deposit with the Depositary an instrument of acceptance or ratification, as well as of a letter of credit. The letter of credit, representing a sum of 1US \$ 200,000 shall be a guarantee of the solvency of the National Bureau concerned and an easy transfer of payment resulting from the use of the African Card.

Denunciation :

Any Government signatory to the Agreement may denounce it by giving notice to the Depositary who will inform immediately the Council of Bureaux. The latter may invite the Government to furnish it with a deposit or a bank guarantee, security which is considered by the Council to be sufficient to cover the complete discharge of all the obligations of its National Bureau.

The Council of Bureaux shall notify of the denunciation all the National Bureau signatories to the Agreement. A Government which denounces the Agreement may be readmitted according to the procedure of admission of new members.

As you have heard, the Convention has all the necessary ingredients to render it functional and efficient. Whilst it safeguards the sovereignty of each country as far as compensation for damages resulting out of motor accidents is concerned, it introduces pan-African road safety, which meets an urgent need on that continent.

We rely on your support and your co-operation for the successful implementation of this project.