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UNCTAD/SIDA Round-table meeting on the establishment
of a multinational scheme of third party motor insurance
in Africa

Yaoundé, 22-26 November 1976

REPORT

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Introduction

1. The Round-table meeting on the establishment of a multinational scheme of third party motor insurance in Africa, held in Yaoundé from 22 to 26 November 1976, was organized by the United Nations Conference on Trade and Development (UNCTAD) in collaboration with the Government of the United Republic of the Cameroon and financed by the Swedish International Development Authority (SIDA).
2. The Governments of the following African countries were represented at the Round-table meeting: Benin, Burundi, Cameroon, Central African Republic, Chad, Congo, Gabon, Ghana, Ivory Coast, Kenya, Lesotho, Liberia, Mali, Niger, Nigeria, Rwanda, Senegal, Sudan, Tanzania, Togo, Uganda, Upper Volta, Zaire, Zambia. Although the Governments of Ethiopia and Guinea-Bissau accepted to participate, their delegates were unable to attend the meeting.
3. The following participated in the Round-table meeting as Observers: representatives of the International Conference of Insurance Controls of African States (CICA) - of the African Insurance Organization and of the International Institute of Insurance. The Economic Commission for Africa delegated to the meeting the Chief of its Trans-African Highways Programme.

The opening ceremony and election of Chairman

4. The Round-table meeting was declared open by H.E. Mr. Marcel Yondo, Minister of Finance of the United Republic of the Cameroon, who in his speech stressed the importance of the subject which the meeting was to consider. He wished the meeting every success and positive results which would benefit the economies of the African countries.
5. Mr. Beke Bihege, Director of Economic Controls and Foreign Finances at the Ministry of Finance of the United Republic of the Cameroon, was elected Chairman of the meeting by acclaim. The preparation of the report on the meeting was entrusted to the Representative of UNCTAD.

Objectives of the Round-table meeting

6. When introducing the working paper of the Round-table meeting, the Representative of UNCTAD indicated that the organizers of the meeting had in mind three specific objectives:
 - (i) to decide on whether the African countries had a real need of a regional multinational third party motor insurance scheme;
 - (ii) if so, to define an "African Card" scheme adapted to the specific needs of Africa and to conditions which prevail there;
 - (iii) 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.
7. Upon the suggestion of the Chairman, the Round-table meeting decided to consider each of the three subjects separately.

Advisability of creating an "African Card" scheme

8. The Representatives of African Governments who took the floor were unanimous in acknowledging the fact that, in view of the rapid growth of the international road traffic in African countries south of the Sahara and the problems created by this traffic in the field of third party motor insurance, there was a genuine and urgent need for the establishment of a regional "African Card" scheme.
9. Several delegates underlined the advantages of such a scheme which would facilitate the trans-African road traffic of both passengers and goods, improve the protection of the public and speed up the settling of claims made by victims of drivers journeying from one country to another.
10. The very positive results of similar schemes in Europe and the Arab countries of North Africa were referred to and it was recognized that the establishment of an "African Card" scheme and its co-ordination with the two schemes discussed above would create a multilateral security network applicable to road traffic over a vast territory comprising Africa, the Middle East and Europe.
11. The Secretary-General of the African Insurance Organization, as well as other delegates who spoke on behalf of sub-regional organizations, in particular the delegates from CICA and WAICA (West African Insurance Consultative Association) referred to previous efforts made by these organizations to create multinational third party motor insurance schemes, thus testifying to the interest already shown in the subject.
12. Finally, the principle of the establishment of an "African Card" was accepted unanimously. In view of the geographical structure of Africa, where neighbouring countries often belong to different sub-regional organizations, it was agreed that a single insurance scheme applicable to the whole of Africa south of the Sahara would be best suited to the economic and technical requirements of the trans-African road traffic and in the interests of the countries of the region.

What form the "African Card" scheme should take

13. After brief resumés, read by the delegates, on the structure of various African insurance markets and on the problems created by motor insurance in those countries, the Round-table meeting turned to the problem of the choice of an "African Card" scheme appropriate for the region. In this respect, the Chairman proposed a list of questions, the answers to which would define the general principles which would be used as the basis for the "African Card".
14. The list of questions was discussed and modified to comprise the following six points:
 - (a) Which law should be applicable to indemnify the victims of accidents caused by foreign drivers travelling with an "African Card"?
 - (b) Is harmonization of national legislations necessary, or even indispensable, to the implementation of the "African Card" scheme?
 - (c) Should a Central Bureau be set up in each country, which would be responsible for the administration of the "African Card" scheme?
 - (d) What should be the scope of protection offered by the "African Card" scheme?

- (e) Should African Governments sign a Convention establishing the "African Card" scheme?
- (f) In addition to a Pan-African Co-ordinating Bureau, would it also be necessary to set up sub-regional Bureaux?

It was decided to study each question separately and in the above order.

(a) Law applicable in indemnification of victims

15. The delegates had a choice of three possibilities, i.e. application of the law of the country in which the accident took place; or that of the country from which the vehicle came; or another law, common to all the countries participating in the "African Card" scheme. They were all inclined to choose the first option. In fact, all were of the opinion, for both formal (legal) and practical reasons, that victims of accidents caused by foreign drivers should be afforded the same protection as that extended to them by the laws of their own country. Therefore, the "African Card" scheme should offer a guarantee at least equivalent to the minimum guarantee required in each country where the card will be valid.

(b) Harmonization of legislation

16. Having opted for the application in each country of the law in force in that country, the delegates decided that harmonization of national laws was not essential. Nevertheless, some delegates expressed a wish that the "African Card" scheme should contribute to a progressive approximation of legislations and a collective improvement of protection of the public. In summarizing the debate, the Chairman proposed that the Pan-African Co-ordination Bureau offers its services to Governments to help achieve such improvement.

(c) The setting up of a Central Bureau in each country

17. Some representatives, in particular those of countries where insurance is in the hands of a single company, strongly defended the necessity that in each country a Central Bureau should be established, which would be responsible to the Central Bureau of the other members of the scheme for issuing the "African Card", as well as for the settling of claims resulting from its use. The other representatives accepted that theory, but argued that each Central Bureau could authorize - at its own responsibility insurance companies subscribing to the scheme, to issue the "African Cards" and to settle direct - on its behalf and through the foreign Central Bureau concerned - the claims which occurred abroad.

(d) The scope of protection offered by the "African Card" scheme

18. Since the "African Card" scheme offers in principle the minimum protection prescribed by the national legislation of the country in which the accident occurred, its scope is defined by the national laws and regulations. From the practical point of view this means that an insurer having issued an "African Card" valid in countries where the level of guarantees is higher than that in his own country, would have the right to request a supplement of premium which would correspond to the extension of cover thus offered.

19. When accepting the above principles, several delegates specified that the "African Card" scheme would concentrate exclusively on the third party motor insurance of the drivers of foreign vehicles and not on the insurance of the vehicles themselves,

nor on that of their drivers and occupants. However, once the collaboration between the markets was established within the framework of the scheme, there would be nothing to stop it from being extended facultatively into other fields of motor insurance, especially to those of vehicles and their drivers and occupants.

(e) Intergovernmental Convention establishing the scheme

20. All the representatives recognized that the African requirements made them favour an "African Card" scheme which, even though administered by the insurance markets of the participating countries through their Central Bureaux, would be based on a formal commitment of the Governments. This commitment would be entered into by the signing of an intergovernmental Convention aimed at regulating the political and economic relations of the participating States.

21. The Convention would allow, among other things, for the establishment in each country of an official Central Bureau entrusted with the practical implementation of the scheme, as well as of national Council of Bureaux which would play the role of the Pan-African Co-ordination Bureau. Two other tasks would have to be attended to by the governmental authorities signing the Convention: one, the inclusion of the "African Card" scheme in the national legislation and regulations of each participating country; two, availability of foreign exchange which is essential to the running of the multinational scheme.

22. Bearing in mind the danger emanating from the possible insolvency of some insurance companies issuing the "African Card", several delegates suggested the establishment, either at each country level, or at regional level, of collective solvency funds, which would be administered by the Central Bureaux and would secure the continuous honouring of the liabilities resulting from the "African Card" scheme, without the need to involve the direct liability of the Governments.

(f) Establishment of sub-regional Central Bureaux

23. The majority of the delegates opted for a single "African Card" and a single Pan-African Co-ordination Bureau (in the form of a Council of National Central Bureaux) which would be entrusted with the implementation and good operation of the scheme at a regional level. It was therefore agreed that the intergovernmental Convention would be oriented towards that solution, while leaving the sub-regions free to form sub-regional groups aimed at dealing with their specific sub-regional problems.

Plan of action aimed at the establishment of the "African Card" scheme

24. The practical problems related to the implementation of an "African Card" scheme were debated at length. The debates centred mainly on the procedure to follow so as to establish, as soon as possible and at minimum cost, such a scheme providing all the necessary guarantees. Finally, the Round-table meeting adopted 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, Cameroon, 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. RECOMMEND that steps be taken with a view to establishing as soon as possible a viable African inter-country third party motor insurance scheme.
 2. ENTRUST 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 Cameroon, Gabon, Ghana, Ivory Coast, Kenya, Sudan, Tanzania 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."
25. When the preliminary work is sufficiently advanced, members of the ad hoc Committee will meet, at their own cost, at the invitation of the UNCTAD secretariat. Several delegates requested the Committee to pay special attention to the problem of solvency of the scheme. In that respect, the Convention should contain clear cut clauses which would guarantee efficient carrying out of contractual obligations.
26. As regards the financing of the preparatory work and of the expenses involved in the organization of the Conference of Plenipotentiaries, the UNCTAD secretariat will offer to the project its own services and will also endeavour to secure the funds necessary for its completion either from SIDA, or from other donors.