

Comment from the Secretariat on the comment submitted by The Netherlands on [C3-05.3A](#)

### **1. IHO Secretariat's Social Security Cover**

Based on IHO Staff Regulations, Edition 8.0.0. of January 2017, the IHO provides social security cover for illness, accident, injury, maternity, invalidity and death benefits for its active and retired Members of Staff which is based, in general, on the provisions applying to the permanent Civil Servants of the Principality of Monaco which is not substantially different from the provisions under the UN Common System.

### **2. Medical Benefits**

Concerning reimbursement of medical expenses, the following rules apply: Members of Staff in service will be reimbursed the cost of medical claims incurred by themselves and their dependent families on the basis of the CCSS scheme that applies to the Monaco Civil Service. This regime have been in use at the Secretariat since the CCSS (Caisse de Compensation des Services Sociaux Monaco) was introduced in Monaco in 1944.

### **3. Medical claim reimbursement after termination of service**

Internationally Recruited staff nominally return to their respective national arrangements after completion of their terms. But for locally recruited staff and their dependents and internationally recruited staff members who entered service before 1<sup>st</sup> January 2017 and decide to stay on in either France or Monaco, special arrangements for the purpose of medical claim cover are in place.

Once retired, these employees are entitled to receive reimbursement of 100% for themselves and 80% for their dependents under the following conditions:

1. Have reached retirement age of ICSC for international staff and Monaco CAR for locally recruited staff, and
2. Live in Monaco or France, and
3. Retire immediately following service, and
4. Have completed at least ten years of service at the Secretariat.

### **4. Management of the medical claim reimbursement scheme until the end of 2018**

From 1998 to 2018, medical expenses for active staff and retirees of the IHO were reimbursed by the Secretariat under the conditions of articles 7.1, 7.3 and 7.4 of the Staff Regulations on CCSS rates. To receive partial reimbursement (excluding cost such as for dentists and ophthalmologist which are covered according to the CCSS catalogue) of medical expenses for active staff and retirees, an insurance contract was in place with a major French insurance company: GAN Assurances belonging the GROUPAMA Holding.

	2013	2014	2015	2016	2017	2018
Medical expenses active staff (currently 20 + 12 dependents)	43 234	45 578	51 324	46 531	39 323	52 267
Medical expenses retirees (have been 13 + 2 dependents))	43 867	40 927	64 083	91 979	219 791	141 898
Premiums paid to GAN (included medical cover, death and invalidity)	90 499	84 880	103 277	108 267	111 422	112 942
Total expenditure	177 600	171 385	218 684	246 777	370 536	307 107
Reimbursements from GAN	-24 649	-22 951	-90 289	-96 902	-209 172	-144 905
Net expenditure for IHO	152 951	148 434	128 395	149 875	161 363	162 202
GANs Profit	65 850	61 929	12 988	11 365	-97 750	-31 963

The tabled figures indicate an unpredicted and unpredictable rise in medical claims of the retirees for the years 2017 and 2018 in sequence. It is obvious that this created a substantial shortfall for the insurance company in both calendar years. Because the reimbursements for the retirees were so high, and the contract was no longer profitable, the GAN insurance company canceled the contract unilaterally by end of October 2018 for the end of 2018 and denied renewal under new conditions.

## 5. Situation after 2018

Immediately after receipt of the cancellation and GAN's denial of a new contract, the Secretariat started to investigate on alternatives. For an interim period between April and May 2019 a contract was made with GENERALI Assurances to cover medical costs for active staff members. GENERALI offered another contract for retired employees but at enormous costs.

Based on the discussions at the Finance Committee Officers meeting at the 16<sup>th</sup> April 2019, the Secretariat undertook an extensive European wide survey for alternatives in medical insurance. The insurance market is dominated by a small group of insurance holdings: AXA, ALLIANCE, CIGNA, GENERALI and GROUPAMA. The Secretariat requested offers from companies belonging to all five holdings. The assessment of the tenders received turned out that the contract offer of the CIGNA group was the most cost effective and likewise the one which covers the conditions set out in the Staff Regulations for active and retired staff at best.

CIGNA is a globally operating company registered in US which provides health insurance for employees of numerous intergovernmental organizations including those belonging to the United Nations system. The CIGNA contract in combination with a separate insurance contract for death and invalidity, however, is more costly compared to the previous arrangement by 75% which means 121.000 € per year.

The coverage of this increase in costs is taken into account for the proposed budget 2020 as well as the proposed budget 2021 – 2023.

It should be mentioned that a division of the total costs of the CIGNA contract through the total number of beneficiaries ends up with reasonable monthly costs of around 503 Euro per person insured.