



FEDERATION OF ASSOCIATIONS OF FORMER INTERNATIONAL CIVIL SERVANTS  
FÉDÉRATION DES ASSOCIATIONS DES ANCIENS FONCTIONNAIRES INTERNATIONAUX  
FEDERACION DE ASOCIACIONES DE EX-FUNCIONARIOS INTERNACIONALES

Palais des Nations CH-1211 Geneva 10 Switzerland

[www.fafics.org](http://www.fafics.org)

General Assembly  
Seventy-first session  
Agenda item 134

Programme budget for the biennium 2016-2017 (document A/71/696 and Corr.1)

---

**Statement by Linda Saputelli, President of FAFICS,  
on the  
Report of the Secretary-General, Managing after-service health insurance  
9 March 2017  
New York**

Madam Chair, members of the Fifth Committee,

It is my honour as President of the Federation of Associations of Former International Civil Servants (FAFICS) to address you today on the report concerning the management of After-Service Health Insurance (ASHI). First let me thank you, Madam Chair, as well your colleagues on the Bureau, for facilitating my address to you today. I am pleased to recall that FAFICS represents the interests of tens of thousands of retirees from the UN common system, in particular with respect to pensions and after-service health insurance matters. The Federation, established in 1975, acts on behalf of 59 component associations of former international civil servants. The report before you in document A/71/698 is the product of a collaborative process by the Working Group on ASHI convened under the auspices of the Finance & Budget Network (FBN) of the High Level Committee on Management (HLMC) of the Chief Executives Board for Coordination (CEB). FAFICS is an integral member of the Working Group which drafted and adopted the Secretary-General's proposals on a consensus basis. Indeed, as ASHI benefits are co-financed by contributions from participating retirees, it is only fair that retirees participate in the review of ASHI arrangements and have the opportunity to present their views to this distinguished Committee.

Detailed health insurance arrangements differ across the common system organizations. Nevertheless, all are based on the common principle that retired staff should have continuing access to health insurance if they have been enrolled in staff health insurance schemes for a significant period. Such insurance coverage is of crucial importance for the organizations when hiring staff in a competitive market and is an important element in the overall conditions of service. After-service health insurance should not be sent only as a liability, but rather also as a significant benefit for staff in the United Nations common system organizations. While the Committee considers this issue under the budget agenda item, it should not lose sight of the fact that its substance has a significant human resources dimension.

The Working Group puts forward seven specific recommendations in paragraph 4 of the Secretary-General's report, all of which FAFICS supports. FAFICS is pleased to note that the Advisory Committee for Administrative and Budgetary Questions (ACABQ) in its related report (A/71/815) recommends

endorsement of five of the seven recommendations. FAFICS is, however, disappointed that the Advisory Committee does not presently support two of the seven, those (a) continuing to limit Pension Fund investment responsibilities to pension assets alone and not handle ASHI assets, and (b) the funding of some future ASHI liabilities on a "pay-as-you-accrue" basis as opposed to the existing "pay-as-you-go" basis. FAFICS particularly regrets this latter position as it exposes the organizations to the distinct risk that funds to meet unfunded ASHI liabilities will not be available at the time when future insurance premiums become due. FAFICS notes that the ACABQ position on "pay-as-you-go" is "for the present time" and trusts that the Advisory Committee's reservations to "pay-as-you-go" might be overcome with the passage of time. FAFICS reiterates its position taken last year that organizations still on a "pay-as-you-go" basis should move to a "pay-as-you-accrue" basis. This would be fully consistent with IPSAS principles and would enhance the ability of organizations to meet fully their obligations to ensure health benefits to serving and former staff. In light of this we would request the Fifth Committee to consider positively the "pay-as-you-accrue" option.

On the second point of difference between the Working Group and the Advisory Committee recommendations, it is recalled that while the Advisory Committee saw advantage in using the Pension Fund machinery to invest ASHI assets, the Working Group did not, bearing in mind also that the UN Joint Staff Pension Board opposed it. FAFICS fully shares the position of the Working Group and notes that the Advisory Committee's recommendation is directed not to the Working Group as such, but rather to system organizations whose governing bodies have approved setting aside assets to fund after-service health insurance benefits.

The Advisory Committee in its consideration of possible funding arrangements to meet ASHI liabilities has expressed the view that "scenarios with a reduced share of the premiums apportioned to the organizations could be explored". This suggestion was made despite the fact that the General Assembly approved the ICSC recommendation to maintain at their existing ratios the current apportionment of health insurance premiums between the Organization and both active and retired staff.

FAFICS takes strong exception to the suggestion for reducing the contribution share by the organizations as it would require an increased share from retirees for a benefit that was clearly intended to be deferred compensation already earned. To impose a higher share of contributions on retirees after the fact would be inherently unfair. Further, it would undermine solidarity principles of social insurance which share burdens between young and old. Indeed, the intergenerational equity issue was addressed last year in Paragraphs 29 to 31 (and of the ASHI report (A/70/590)). We also reiterate that significant acquired rights exist. In this regard, we call your attention to section VII of A/68/353 entitled *Financial and legal implications of changing the scope and coverage of the after-service health insurance plans and the contribution levels*. At the time FAFICS stated that it anticipated that these legal and financial rights would be fully respected when reviewing schemes in the future. FAFICS requests that no action be taken on the suggestion to consider changing sharing ratios.

FAFICS observes that the current report of the Secretary-General makes no recommendations regarding national health schemes as work is still in progress. FAFICS membership, nevertheless, has concerns that any recourse to national schemes should be undertaken only with the fullest agreement of the beneficiaries concerned and on the clear understanding that organizations would carefully evaluate plans on a case-by-case basis to ensure that the current quality of health care would be fully maintained.

Madame Chair, thank you for the opportunity to present these views on behalf of FAFICS. We look forward to participating in future Working Group activity on ASHI should the General Assembly approve proposals for such work.