

**Statement of the Chairman**

**Advisory Committee on Administrative and Budgetary Questions**

**15 March 2019**

**Managing after-service health insurance**

*(ACABQ report A/73/792, related report A/73/662)*

Madam Chair,

I am pleased to introduce the Advisory Committee's report on managing after-service health insurance (ASHI) (A/73/792).

The Advisory Committee has considered the seven recommendations of the Secretary-General, which are listed as recommendations (a) to (g) in the summary of his report (A/73/662). While the Committee recommends that the General Assembly take note of recommendations (a) to (d) of system-wide relevance, it recommends against approval of recommendations (e) to (g) relating to the proposed funding of the ASHI liability from year 2022 onward.

The Advisory Committee notes that the report of the Secretary-General before the General Assembly is the third report following the adoption of Assembly resolution 68/244. The report reflects the work of the inter-agency Working Group on ASHI, which was established by the Secretary-General to implement that resolution.

Madam Chair,

The Advisory Committee has made comments and observations regarding recommendations (a) to (d) of system-wide relevance. The Committee welcomes the development of the United Nations system-wide standard template agreement for third-party administrators that reflects industry best practice. The Committee expects that this will lead

to optimal terms and conditions of service as indicated in the report of the Secretary-General. The Committee trusts that the United Nations system entities will continue to align their requirements for third-party administrators to best practice. Furthermore, the Committee recalls that in its resolution [68/244](#), the Assembly requested the Secretary-General to explore all options to increase efficiency and contain costs. The Committee is of the view that more options in this regard should have been explored and reported on by the Secretary-General.

Madam Chair,

Now, let me turn to the funding proposal for the ASHI liability.

One new element proposed by the Secretary-General in relation to the funding proposal is the application of an entitlement accrual mechanism in respect of new staff members recruited from 1 January 2022. The Advisory Committee notes that under such a mechanism, while no change is proposed with respect to the current 10-year eligibility requirements for ASHI, it would require participants to accrue the entitlement to the Organization's full contributions over a period of 20 to 25 years, rather than the current 10 years. The Secretary-General also proposes that under the mechanism, a payroll charge of 5.35 per cent of salary mass (excluding post adjustment) would be applied, which represents the employer's share of ASHI benefit payments to staff recruited from 1 January 2022. The Committee is not convinced of such a mechanism proposed.

Furthermore, the staff and retirees of the peacekeeping operations were again not included in the projections for the determination of the pay-as-you-accrue rate of the funding proposal. The Advisory Committee notes that they represented approximately 40 per cent of the combined number of those of the Secretariat and peacekeeping operations as at 31 December 2017. The Committee considers that the absence of such a significant number from the projections may raise concerns regarding the accuracy and scope of the projections.

The Advisory Committee recalls that the General Assembly has recognized that ASHI benefit liabilities have been accrued from all sources of funding. The Committee continues to believe that the objective of ensuring the availability of adequate resources to settle the recognized employee benefit liabilities can be achieved without necessarily and/or immediately creating a reserve. The Committee therefore reiterates its recommendation to

continue with the pay-as-you-go approach at the present time, as endorsed by the Assembly including its resolutions 68/244, 70/248 B and 71/272 B.

Thank you, Madam Chair.