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**Item No. 6 on the Agenda: Review of the compensation and social security package offered to UNIDROIT staff**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Report on social security aspects – in particular the design of a pension plan for UNIDROIT and estimate of costs – prepared by the International Service for Remunerations and Pensions (ISRP), as well as proposals for health, disability, and life insurance</i>
<i>Action to be taken</i>	<i>Opinion of the members of the Finance Committee with regard to the ISRP Report and proposal to establish a pension plan for UNIDROIT, as well as the related proposals</i>
<i>Related documents</i>	<i>UNIDROIT 2017 – F.C. (81) 1; UNIDROIT 2017 – F.C. (81) 5; UNIDROIT 2015 – F.C. (78) 7; UNIDROIT 2014 – F.C. (75) 4</i>

**BACKGROUND**

1. Since the Finance Committee supported, at its 74<sup>th</sup> session (Rome, 26 September 2013), the Secretariat's request to authorise the Secretary-General, in accordance with Article 38(4)(a) of the UNIDROIT Regulations, to use part of the surplus carried over from the 2012 financial year for the purpose of covering the cost of expert review of the compensation and social security package offered to UNIDROIT staff, that package has been under review. At its 76<sup>th</sup> session (Rome, 25 September 2014), the Finance Committee established an informal working group to conduct that review,<sup>1</sup> and that group has since met four times.<sup>2</sup>

2. At the fourth meeting of the Finance Committee's informal working group on compensation and social security, which took place immediately after the General Assembly's 75<sup>th</sup> session (Rome, 1 December 2016), the Secretariat, *inter alia*, recalled that the UNIDROIT Regulations allowed for

<sup>1</sup> UNIDROIT 2014 – F.C. (76) 8, para. 36.

<sup>2</sup> Specifically, the informal working group has met in Rome on the following dates: 2 April 2015, 17 March 2016, 29 September 2016, and 1 December 2016.

flexibility with respect to pension, life and health insurance arrangements.<sup>3</sup> Despite this flexibility, the majority of staff members were currently enrolled in the INPS system, which provided pension, life and health insurance coverage.<sup>4</sup> As observed in the Management Report 2008-2013, the INPS system had a relatively high cost (37% of payroll, with 9.19% being deducted from the participating employee's salary and the remaining 27.81% being covered by UNIDROIT) and other features which made it less suitable for an international organisation:

Firstly, the age of retirement under the Italian social security system (currently 67 years) is set independently and therefore does not coincide with the maximum age of service authorised by Article 49(2) of the UNIDROIT Regulations (normally 60 years, 65 as an absolute maximum). Secondly, the Italian social security system is not portable, as it does not offer the possibility of a withdrawal benefit. Thirdly, save for transfer to another system with which the Italian social security system has a transfer agreement, or validation of prior service with any such system, a minimum of 20 years of continuous contribution is needed in order for a participant to accrue a right to a retirement benefit (for comparison, the pension scheme of the Co-ordinated organisations requires 10 years and the UN pension fund only five years of contributions). [...] The combined effect of those features is to severely limit the attractiveness of the benefits package offered by UNIDROIT and to hinder mobility.<sup>5</sup>

3. At that meeting, the informal working group considered the documentary materials provided, which set forth various compensation and social security options, and made the following four recommendations.

4. First, with respect to the compensation options, the informal working group recommended that the Secretary-General consider the compensation options presented; identify the one that he believed to be best suited for UNIDROIT going forward, taking into consideration the need for maintaining, or if possible lowering, costs and administrative burden; and submit a proposal, together with a forecasting of costs, in support of that option.

5. Second, with respect to pension options, the informal working group recommended that the Secretariat follow up with the International Service for Remunerations and Pensions (ISRP) to provide them with the comments received and to ask them to prepare a final report proposing a pension scheme aligned to the Third Pension Scheme (TPS), which appeared to be the most feasible alternative to current arrangements.

6. Third, with respect to health, disability and life insurance, the informal working group recommended that the Secretariat follow up with Allianz and Cigna to determine which proposal was most consistent with the UN health insurance plan and whether there could be any additional savings with respect to the proposed premiums.

7. Fourth, the informal working group recommended that, going forward, these issues be placed on the Finance Committee's Agenda and that, to the extent possible, the proposals above be sought and submitted to that Committee for consideration at its 81<sup>st</sup> session.

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<sup>3</sup> See UNIDROIT Regulations, art. 52. This flexibility is subject to certain limitations, including that "the premiums payable by the Institute in respect of such policies" shall not "exceed those which would have been payable had the official or employee in question opted for the insurance scheme [of the Istituto Nazionale per la Previdenza Sociale (INPS)]", and that the coverage must be substantially equivalent to that of the UN social security package. See *id.* art. 52(1); Headquarters Agreement with Italy, art. 9.

<sup>4</sup> Some staff members, however, have opted to continue to contribute, where possible, to the social security scheme in which they participated at the time of appointment.

<sup>5</sup> UNIDROIT 2013 – C.D. (92) 3, paras. 140-141.

## CURRENT PROPOSAL

8. Pursuant to the informal working group's recommendations, the Secretariat has followed up with ISRP regarding a final report proposing a TPS-aligned pension scheme and with Allianz and Cigna regarding their health, disability and life insurance proposals. The ISRP's Report, entitled "Design of a pension plan for UNIDROIT: Final recommendations", as well as proposals from Allianz and Cigna, are included with this document as Appendixes 1-3 respectively.

9. With respect to ISRP's Report in Appendix 1, the Secretariat would highlight that, in connection with the overview of the future pension scheme proposed for UNIDROIT, ISRP emphasises that the TPS-aligned scheme:

would clearly be a **competitive pension package**. Bearing in mind what the current staff members of UNIDROIT enjoy as a pension scheme leads to the consideration that a TPS based pension plan would match the target of improving the pension promise and the level of predictability: staff would have a clearer idea of their pension under the TPS than under any notional pension plan such as the Italian system. A TPS based pension plan would also secure benefits for all staff, irrespective of the rest of their career, with the absolute guarantee not to lose any month of contribution. This would clearly be an improvement when comparing with the Italian national old age system, under which minimum periods of contribution are required. Indeed, before the vesting period, a staff whose appointment is ended would cease to participate in the pension plan and would be paid a so-called "leaving allowance" which represents 90% of the overall employer and employee contribution to the pension plan. After the vesting period, the right to a pension is recognised and can be deferred if necessary. In case of cessation of appointment, it is up to the former staff member to inject the amount of "leaving allowance" he was paid into his following pension plan; but the portability can even be facilitated by pension transfer agreements to be concluded by UNIDROIT. The ISRP has a wide experience in that area and could assist UNIDROIT in concluding such agreements.<sup>6</sup>

The Report also provides the key parameters of the scheme;<sup>7</sup> costing of the proposed scheme, including possible staff and employee contribution rates and funding scenarios;<sup>8</sup> information about governance and pension fund monitoring;<sup>9</sup> and the rules and implementing instructions for the proposed scheme, as well as related pension documents.<sup>10</sup> With respect to the possible staff and employee contribution rates in particular, the Secretariat notes that the proposed cumulative rates of 26.5% to 32.6% - depending on the discount rate - are less than the cumulative 37% cost of the INPS system.<sup>11</sup> Thus, after adding in the costs of health, disability and life insurance, it remains possible that, depending on the discount rate and parameters used, the new pension and insurance arrangements could be cost-neutral.<sup>12</sup>

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<sup>6</sup> See Appendix 1, ISRP, Report on Design of a pension plan for UNIDROIT: Final recommendations (30 March 2017), para. 2.8 (emphasis in original).

<sup>7</sup> *Id.* Part III.

<sup>8</sup> *Id.* Part IV.

<sup>9</sup> *Id.* Part V.

<sup>10</sup> *Id.* Annex I (containing "Rules & Implementing Instructions for the UNIDROIT Pension Scheme") and Annex II (containing the "Draft Statute of the Pension Fund, Mandate of the CAF and Code of Conduct for the members of the CAF").

<sup>11</sup> *Id.* para. 4.11 and Table 1.

<sup>12</sup> *Id.* para. 2.9.

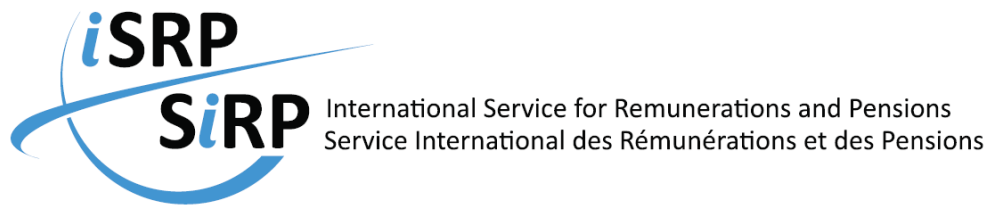
10. In addition, with respect to the health, disability and life insurance proposals, the Secretariat would highlight the following. First, for the Allianz proposal at Appendix 2, Allianz advised the Secretariat that the “Silver” option contained therein was most comparable to the UN health insurance plan.<sup>13</sup> Second, for the Cigna proposal at Appendix 3, Cigna advised the Secretariat that the “Level 2” option contained therein was most comparable to the UN health insurance plan.<sup>14</sup>

11. In light of these proposals, the Finance Committee may wish to have an initial discussion, with a view to further deliberation and conclusion of the compensation and social security review at the Finance Committee’s 82<sup>nd</sup> session in the fall.

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<sup>13</sup> See Appendix 2, Allianz, International Health Insurance Quotation for UNIDROIT, pages 16 et sq. (16 September 2016) (providing the Silver quotation and the table of benefits).

<sup>14</sup> See Appendix 3, Cigna, Proposal for UNIDROIT, pages 8 et sq. and 15 (16 March 2017) (providing the table of benefits and the level 2 quotation respectively).



# **Design of a pension plan for UNIDROIT**

## **Final recommendations**

Report by the International Service for Remunerations and Pensions  
March 2017

*MOA reference: SIRP/MOA/UNIDROIT(2016)11/ADD1*





## **1. Introduction**

1.1. In accordance with the Memorandum of Agreement SIRP/MOA/UNIDROIT(2016)11/ADD1 between the International Service for Remunerations and Pensions (hereinafter the “ISRP”) and the International Institute for the Unification of Private Law (hereinafter “UNIDROIT”), the ISRP committed to deliver to UNIDROIT a comprehensive report detailing the recommendation that UNIDROIT sets up its own pension scheme, on the basis of the so-called “Third Pension Scheme” (TPS), in force at the Council of Europe (COE) and tailored to UNIDROIT. The report also takes into account member State comments collected in the context of the discussion of ISRP Report SIRP/E(2016)21. It includes:

- ✓ the actuarial cost assessment, as well as detailed funding scenarios and estimates of administrative costs;
- ✓ detailed explanations and arguments as well as advantages and disadvantages; and
- ✓ a set of possible rules, consistent with the COE’s TPS scheme and identifying options for tailoring that scheme to UNIDROIT’s situation where necessary.

## **2. Overview of the future Pension Scheme proposed for UNIDROIT staff members and general comments**

2.1. UNIDROIT has made great progress over the past years towards the possible implementation of a pension scheme which would be specific to the Organisation.

2.2. The initial request made by UNIDROIT to the ISRP for the design of a pension scheme was part of a comprehensive review of the compensation package of the Organisation, in July 2013. The first report submitted by the ISRP (SIRP(2013)044) aimed at testing the relevance of implementing the so-called “New Pension Scheme”, currently in force at the OECD, ESA, EUMETSAT and at the Council of Europe (in this last organisation, for staff hired between 2003 and 2013). As a result of consultations within the Finance Committee and the “Informal Working Group on Compensation and Social Security” and of the questions raised by member States, it was found relevant to widen the scope of the initial report. The ISRP was thus tasked for testing several models of pension schemes; as regards the transition, a much smoother model was retained, where only new staff would be affiliated on a compulsory basis to the UNIDROIT pension scheme, while current staff would have the option to join the plan. This second report (SIRP(2016)21) was delivered to UNIDROIT on 26 September 2016.

2.3. After careful examination by UNIDROIT and its member States of the latter, the ISRP received fruitful feedback on the three different scenarios that were considered.

2.4. A first scenario included in the study was consistent with the first ISRP report of 2013, as it implied the implementation of a pension scheme based on the Rules and parameters of the so-called “**New Pension Scheme**” (NPS). The NPS could be considered as a standard when considering the number of international organisations sharing that set of pension rules: the four Co-ordinated Organisations listed in § 2.2 above, plus the Hague Conference on Private International Law, the EU SatCen and the EU Institute for Security Studies. The overall cost of the pension scheme is slightly lower than the oldest defined benefits plans, mainly through an annual indexation of pensions on inflation rather than on salaries. It is moreover less costly for member States, as the split of contribution (40% for staff and 60% for member States) has been changed in comparison with previous standards such as the Pension Scheme of European Union (EU) or the UNJSPF. One key parameter has nevertheless not been impacted through the NPS, which is the main driver for the cost of a pension plan, i.e. the accrual rate (at 2%). At least one delegation found this defined benefit plan to be too expensive. The ISRP is grateful for such a clear position, as it was the aim of section 10 of its last report (§10.6 to 10.9) to get qualitative feedback on the setting of the key parameters of the pension scheme.

2.5. Another scenario contemplated in our last report was the most innovative, as it was based on the implementation of a **hybrid pension plan**, with a first defined benefit pillar and a second defined contribution pillar. The risks associated with such a blended pension plan were perfectly well assessed by one delegation: it would obviously be a solution with a split of risks at the advantage of member States but with a significant administrative burden to manage the two pillars.

2.6. The other scenario assessed under our last report was the implementation of a pension scheme based on the Rules and parameters of the so-called “**Third Pension Scheme**”, as it is in force at the Council of Europe. It is rather an intermediate scenario between the two other models: it remains a defined benefit plan, but provides a lower level of benefits than the NPS. After its first implementation at the Council of Europe in April 2013, a similar plan was adopted for the Council of Europe Development



Bank. It is also on this precise standard that the first pension scheme of Interpol - ICPO was approved by member States at its last General Assembly in November 2016.

### **Justification for retaining a TPS-based pension plan**

2.7. As highlighted in our last report, the implementation of a pension plan specific to an international organisation needs to take into account several concerns; these concerns are even more relevant when considering the case of UNIDROIT, which has never implemented any such plan. In terms of **consistency, transparency and equal treatment of staff**, it is obvious that a pension plan based on the standard of the TPS would match these criteria at a rather high level. The TPS Rules derive from the NPS Rules, which were inherited from the Co-ordinated Pension Scheme, the Rules of which were based on those in force at the European Communities in the early 60s. The set of regulations has therefore been tested on thousands of cases for decades. As a result, the overall mechanics and principles are with no doubt robust and reliable.

2.8. Though the accrual rate of the retirement pension is currently the lowest in pension schemes of international organisations (with a value of 1.75%), a length of career of 40 years offers the perspective to reach a theoretical retirement pension of 70% of the pensionable salary. This would clearly be a **competitive pension package**. Bearing in mind what the current staff members of UNIDROIT enjoy as a pension scheme leads to the consideration that a TPS based pension plan would match the target of improving the pension promise and the level of predictability: staff would have a clearer idea of their pension under the TPS than under any notional pension plan such as the Italian system. A TPS based pension plan would also secure benefits for all staff, irrespective of the rest of their career, with the absolute guarantee not to lose any month of contribution. This would clearly be an improvement when comparing with the Italian national old age system, under which minimum periods of contribution are required. Indeed, before the vesting period, a staff whose appointment is ended would cease to participate in the pension plan and would be paid a so-called “leaving allowance” which represents 90% of the overall employer and employee contribution to the pension plan. After the vesting period, the right to a pension is recognised and can be deferred if necessary. In case of cessation of appointment, it is up to the former staff member to inject the amount of “leaving allowance” he was paid into his following pension plan; but the portability can even be facilitated by pension transfer agreements to be concluded by UNIDROIT. The ISRP has a wide experience in that area and could assist UNIDROIT in concluding such agreements.

2.9. Another major interest in contemplating the implementation of a TPS based pension plan at UNIDROIT which relates to the **objective of the affordability of the scheme**. It is our understanding that the level of contribution to the Italian old age system is 9.19% of salaries for staff and 23.81% of salaries for employers. As documented further in our report (see 4.16), the TPS could generate savings for the Organisation, at least for member States.

2.10. The ISRP has already drawn the attention on possible ways to address the **legitimate expectation** from both member States and staff members that the **pension plan** to be set up **remains affordable** in the future. It is indeed a major concern that needs to be tackled as from the early steps of implementation in order to avoid future misunderstandings.

### **Addressing the issue of long-term affordability**

2.11. As previously pointed out (paragraphs 10.19 and 10.20 of our report SIRP(2016)21), two major risks need to be neutralised. The first of them is the longevity risk; there would be a way to take account

of any future increases in longevity and to consider increasing automatically the normal retirement age set out in the Rules. The ISRP has been consistently using the life table it has developed in co-operation with Eurostat (see paragraphs 6.11 to 6.18 of our reports SIRP(2016)21 for more details) for the cost assessment of the pension plans and it is worth stressing that the ICSLT2013 table is a prospective mortality table; as a result, future increases in longevity are therefore already taken into account and it is only further additional increases that would have an impact. The ISRP, together with Eurostat, will continue to monitor the ICSLT life tables, which need to be updated every five years thus allowing for any increase in longevity to be tracked. If this idea is found relevant, it would need to be included in the Pension Rules (Article 9).

2.12. The second major risk is the financial risk associated with investment of the contributions through the pension fund to be set up (see also sections 4 and 5 of the present report). As regards this precise risk, it can be foreseen in the actuarial method used for reviewing the contribution rate that the value of the fund is taken into account (see 4.7 to 4.9). Any gap in funding would thus lead to an increase in the cost of the pension plan and to an automatic increase in the compulsory contribution to the plan. Using the so-called aggregate cost actuarial method to monitor the contribution rate would therefore lead to a share in the financial risk between the Organisation and its staff. This recommendation is possible only because the fund would be created at the scale of UNIDROIT (single organisation) and that the fund would moreover aim at covering the liabilities for one single pension plan; it is on the basis of this recommendation that the Annex to Article 41 has been drafted.

### ***Cost effectiveness and economies of scale***

2.13. As stated in previous ISRP reports (see in particular paragraph 10.13 to 10.15 of SIRP(2016)21) and echoed by delegations of member States, the **legal** and **administrative constraints** of the issue are made even more complex by the **small size** of UNIDROIT. The experience of the ISRP with other international organisation with a limited number of staff (EUISS and HCCH have respectively 21 and 31 staff members) nevertheless shows that the small size of the Organisation is not an issue, though some challenges could occur due to volatility in case of death of a serving member of staff.

2.14. Of course, relying on a possible solution which would be as close as possible to one of the systems already implemented by either of the Co-ordinated Organisations is almost a prerequisite. In that perspective, the **implementation of a set of Rules directly deriving from the TPS** (with possibly some parameters of the scheme adjusted) would undeniably offer a valuable way forward. It should be kept in mind, in that prospect, that the Co-ordinated Organisations have already set up the appropriate Pensions Committee, the mission of which is precisely to follow-up and monitor the implementation of the rules for the TPS. As already stressed, UNIDROIT could indirectly benefit from the work carried out by the Co-ordinated Organisations and would not need to specifically dedicate administrative resources to that. In terms of billing, we can confirm that there would be no specific cost for that assistance from the ISRP, knowing that UNIDROIT is already considered as an “Associate Organisation” within the meaning of the mandate of the ISRP and enjoys access to the periodical data issued by Co-ordination.

2.15. The **ISRP** has also already had the opportunity to inform the administration of UNIDROIT that it was ready to **assist** the Organisation in the **pay operations** of its pension scheme. In such perspective, one element needs to be underlined. The payroll system of the ISRP has been running for decades for the Co-ordinated Pension Scheme and is already operational for benefits paid by the Co-ordinated Organisations under various defined benefit pension schemes. There would therefore be **only marginal costs** for integrating new pensions for UNIDROIT if the pension scheme is identical to the TPS of the Council of Europe. Any deviation from the existing formulas in the benefit calculation process would, on the other hand, mean specific costs for coding.

2.16. The ISRP currently assists a wide range of international organisations for their payroll operations in the area of pensions, which are charged on the basis of an annual cost per file. In addition to the Coordinated Organisations, several international organisations which are not part of the Coordination system have entrusted the ISRP with the management of their pension files: the European Patent Office, the Council of Europe Development Bank, the Hague Conference on Private International Law, the EU Institute for Security Studies and the EU Satellite Centre. The associated costs are certainly a burden for the budget of the smallest organisations concerned, but their constrained budget and resources do not make it possible to dedicate internal resources to the daily management of pension files.

2.17. The ISRP is able to provide a complete range of services in the area of pension file management, covering the following tasks:

- (a) verification of pension rights (retirement, invalidity, survivor's, orphan's or dependant's pensions), including all allowances and tax adjustments;
- (b) calculation of pay operations;
- (c) control of the continued existence of pension rights;
- (d) keeping of the archives;
- (e) payment and accounting;
- (f) annual report on tax adjustments;
- (g) verification and control of the continued existence of education allowance;
- (h) closure of estates for pensioners;

including any administrative work and communications relating to pension files.

2.18. For such an assistance, the ISRP invoices an annual cost per pensioner currently ranging between EUR 520 and EUR 560 (depending on the range of tasks delegated to the ISRP). These amounts are of course invoiced only when the first pension starts being paid, which means that UNIDROIT would have basically no contribution to make for pension file management purposes before ten years have elapsed after implementation of the pension plan, considering a vesting period of ten years.

### ***Dealing with national pension systems***

2.19. Feedback received under this topic show that several points need to be made. First, a pension scheme specific to UNIDROIT would be applicable to staff who would, as a result, build no pension in the meantime in any national pension system. It is only after 40 years of service with the Organisation that they could reach the maximum level of pension. As such, this is very likely to be a theoretical maximum pension for the vast majority of staff. The level of benefits that staff would thus get can really be compared with pension packages in national contexts when state pensions are added to compulsory complementary schemes and top-up DC plans.

2.20. In addition, it should be stressed that periods of employment at UNIDROIT already lead to potential losses of pension rights in the national pension systems because of the absence in contribution during that time. Under EU law, the legal obligation to allow the aggregation of pension rights with those of an international organisation is not yet completely in force in all countries. It is anyway only partly relevant for UNIDROIT, as its membership is much wider than the EU countries and that losses in pension rights in the home country are very likely to have an impact on the income at retirement for many staff.

### 3. Key parameters of the scheme to be set

3.1. Based on the current TPS rules, the following set of key parameters of the scheme would be applicable:

Benefit	
<b>Old Age Pension</b>	Minimum 10 years of service required
- Normal Retirement Age	65
- Early retirement from	55
- Accrual rate	1.75% of the last basic salary
- ceiling	70% of last basic salary
- ... after	40 years
- Minimum accrual rate	3.5% of C1/1 per year – ceiling at 140% of C1/1 after 40 years
- Leaving allowance	2 x rate of contribution applied to salary / year
<b>Reversion pension</b>	60% of old age or invalidity pension
- Minimum	30% of last salary or 100% C1/1
<b>Invalidity pension</b>	Theoretical old age pension Invalidity pension is converted to old age pension at NRA
- Minimum	100% of C1/1
<b>Survivor's Pension</b>	60% of the accrued retirement pension at the date of death, without the 10 years of service requirement
- Minimum	30% of last basic salary or 100% C1/1
<b>Orphan's pension</b>	40% of survivor's/reversion pension (minimum of 50% of C1/1) or 80% of the theoretical survivor's/reversion pension if no surviving spouse (minimum of 100% of C1/1)
<b>Family Allowances</b>	Same as for the active members
Pension Increases	Inflation
<b>Tax adjustment</b>	Not applicable
<b>Cost sharing</b>	45% staff member 55% UNIDROIT

3.2. A specific feature of these parameters needs to be assessed which relates to the most appropriate reference to use for the calculation of minimum benefits. Indeed, this reference needs to be specifically tailored to UNIDROIT at the value of the lowest salary in effective use. By default, the ISRP has kept the existing reference to the salary corresponding to the Grade C1, step 1.

3.3. Within the mandate given to the ISRP to tailor the Rules for UNIDROIT, several changes were introduced in the original TPS set of regulations. This is in particular the case for Article 4.1 ii), under which periods of service as “temporary staff” could be validated upon appointment as an official; this was

found a useless level of additional complexity to the Rules, notably in light of the number of officials. The deletion of that provision resulted in some slight adjustments in other Articles and deletion of references.

3.4. Several provisions refer to an interest rate to be applied, for example in case of refund of previously paid amounts; in the context of the TPS of the Council of Europe, a flat rate equal to the one used in the other pension schemes in force in that organisation has been introduced (at 4%). The ISRP recommends to UNIDROIT to retain a value which is as close as possible to the recommended discount rate and target rate of return of the Fund.

3.5. The values of the coefficients for early retirement (Article 8) and for the transfer of pension rights (Article 12) included in the annexed Rules in italics are the values currently in force under the TPS of the Council of Europe. The ISRP will be available for calculating the updated values for these two sets of coefficients once the decision to implement the pension plan is made.

3.6. For the sake of simplicity and clarity, the provisions of Article 33 have been simplified so that benefits can only be paid according to the Italian salary scale; in other organisations, an option can be granted to staff members under which their benefits can be calculated according to a different salary scale. Given the nature of international organisations and the objective to appoint officials from different countries, it seems nevertheless preferable to keep the provisions of Article 36 unchanged. Under these Rules, benefits are adjusted according to the consumer price index of the country of residence of the pensioner. A clear methodology will need to be defined in this prospect in order to avoid legal challenges and a provision has been suggested to that effect.

3.7. It is worth stressing that, as for the original TPS set of Rules in force at the Council of Europe, the suggested Pension Scheme Regulations for UNIDROIT do not include the provisions on the tax adjustment. The ISRP has already had the opportunity to explain that the tax adjustment is a benefit attached to the pension which serves various objectives, one of them being to have net pensions paid in different countries to be as comparable as possible.

3.8. Last but not least, the minimum retirement pension benefit has been reset as the double value of the normal accrual rate applied to the minimum salary in the salary scale. That logic prevailed in the Co-ordinated Pension Scheme as well as in the NPS and should be maintained, in order to avoid having derived benefits calculated on the minimum formulae. This change has no significant impact on the actuarial cost assessment of the plan while it reinstates a higher level of consistency in the calculation of benefits.

### ***Remaining questions***

3.9. Under the present suggested set of Rules, the pensionable age is set at 65 and can be combined with a later age to be defined in the Staff Regulations as the so-called “statutory age limit” (for example 67). In case it is not desirable to set the statutory age limit beyond the pensionable age, the provisions relating to the invalidity pension shall be amended accordingly and the Pension Scheme Rules would refer to only one upper limit of 65 (Articles 15, 16 and 18).

- Will there be a statutory age limit in the Staff Regulations higher than the pensionable age?

3.10. The provisions relating to the pension for other dependants have been kept at this stage given the fact that the Staff Regulations provide for the possibility that an allowance be granted in respect of a blood relative being dependent on an official. These provisions could however be deleted without creating an issue.

- Does the pension for other dependants need to be included?

3.11. The Pension Rules in the annex do not include provisions on family allowances. The ISRP is ready to do so when it is confirmed that the same conditions of entitlement than for active staff would be applicable as regards: the dependent child allowance (Article 44, §1 of the Staff Regulations) and the “other dependent” allowance (Article 44, §3 of the Staff Regulations). Taking into account the most recent trends in the rules governing the family allowances within the Co-ordinated Organisations, it does not seem advisable to introduce an allowance such as the “spousal” allowance provided for under Article 44, §2 of the Staff Regulations. The ISRP would expect guidance on this item.

- Will pensioners be entitled to family allowances under the same conditions as active staff? If yes, the confirmation of entitlement to the dependent child allowance (Article 44, §1 of the Staff Regulations), to the “other dependent” allowance (Article 44, §3 of the Staff Regulations) and to the “spousal” allowance (Article 44, §2 of the Staff Regulations) would be required.

## **4. Costing the Pension Scheme of UNIDROIT**

4.1. The ISRP has already had the opportunity to stress a few issues and questions to be tackled when dealing with the cost assessment of the pension plan.

### **Actuarial assumptions**

4.2. Those who had the opportunity to read the two previous ISRP reports (chapter 3 of SIRP(2013)044 and chapters 3, and 7 to 9 of SIRP(2016)21) have noticed that the cost assessment made in the context of these two respective studies were carried out with different methodologies. The first study aimed at determining whether the overall contribution to the NPS, as calculated at the level of all the Co-ordinated Organisations applying this scheme, could make sense; the calculations were made on the basis of an average profile and, of course, with a given set of actuarial assumptions. The second study aimed at taking the exact picture of current staff members and assessed the cost of implementing a pension scheme for new comers, based on “real” expectations. Both approaches are relevant and accurate, and it is more with the help of other concerns that the most appropriate way to assess the cost of the plan can be identified (see below).

4.3. As stressed in our past reports, the very small size of the population leads to minor changes in any of the assumptions with an impact on the population resulting in a difference in cost of the pension plan. The ISRP illustrated it through various sensitivity tests showing that the cost of the TPS could drop from an overall contribution of 27.1% to an overall contribution of 23.2% according to the respective career laws.

4.4. Another major remark relates to the values retained for the discount rate and this issues has again been flagged by member States delegations. It is a fact that the current market conditions need to be taken into account in a way or another under a conservative and prudent prospect. As previously underlined, the current drop in values automatically leads to raise the cost assessment of long term liabilities. It is however our strong recommendation that the cost of the plan be assessed and updated every five years. As a result, any future increase in market values would mechanically translate into lower contribution rate estimates for both member States and staff.

### ***Setting the contribution rate by reference to existing plans***

4.5. It could be considered that the limited number of staff in UNIDROIT would lead to an extremely high level of volatility in calculating a dedicated contribution rate. In such a perspective, it could be advised to rely on the value of the contribution rate calculated on the basis of a much wider population. This was indeed the approach retained by the ISRP for its first report. Typically, in case of implementation of the TPS, it could be by reference to the value of the plan at the Council of Europe that contribution rates for staff and the organisation are set. According to the last actuarial studies for the TPS of the Council of Europe, staff are required to pay 9.4% of their salary into the pension fund. When applying the split in the cost of the plan reflected in the pension plan rules, the Organisation should be paying 11.5% of basic salaries.



4.6. If such a possibility can eventually be contemplated at inception, it should nevertheless be stressed that a close follow-up and monitoring of the plan needs to be foreseen, with a corresponding adjustment in contributions as soon as enough time has elapsed.

### **Calculation Method**

4.7. Based on our wide experience with several other international organisations over the last decades, including international organisations considering implementing a dedicated pension scheme, it is one of our **strongest recommendation to UNIDROIT** to go for a **funded method**, where the cost of benefit provision is met while the staff member is active and the aim in respect of each individual is to have accrued an amount equal to the present value of all future benefit payments at the point in time that he/she leaves the services of the employer. This is, in our view, the best standard to ensure the long-term sustainability of the pension scheme. Indeed, if pay-as-you-go systems are definitely attractive for member States as long as there is no pension to be paid, the cost of benefit provision is met when the actual payments themselves are made. This could represent a significant burden to the Organisation's budget when pensions are due.

4.8. In terms of actuarial funding methods, we also detailed that the “Attained Age Method” and the “Aggregate Cost Method” could be considered. Because the Aggregate Cost Method takes into account both past and future accrued benefits, as well as the assets of the corresponding fund at valuation date, in order to calculate the contribution rate, we have been recommending that such a method be retained by UNIDROIT.

4.9. In the absence neither of any pension fund nor past pension rights at inception of the scheme, both the Attained Age Method and the Aggregate Cost Method do result in strictly identical assessments of the cost of the scheme. We would however recommend UNIDROIT to apply and keep applying in the future the Aggregate Cost Method. Indeed, the Aggregate Cost Method will allow sharing the financial risk (coming from the pension fund investments) between the staff members and the Organisation.

### **TPS contribution rate estimate**

4.10. The following section reflects our last report on the cost assessment.

*The TPS is in force and applied to all new staff at the Council of Europe (since 2013) and those of the Council of Europe Development Bank. The General Assembly of ICPO-Interpol approved in November 2016 a pension plan mainly based on the TPS.*

*Basic features:*

- accrual rate of 1.75% per year,*
- adjustment according to inflation,*
- split of contributions of 45% (staff) and 55% (organisation),*
- normal retirement age of 65.*



4.11. Based on benefits set according to the TPS Rules, the ISRP showed that the actuarially calculated contribution rate could be summarised as follows, depending on the discount rate assumption.

<b>Contribution rate calculation</b>	<b>Discount rate of 3.55%</b>	<b>Discount rate of 2.55%</b>
<b>Staff Contribution Rate</b>	<b>11.9%</b>	<b>14.7%</b>
<b>Employer's Contribution Rate</b>	<b>14.6%</b>	<b>17.9%</b>
<b>Actuarial cost of the Pension Scheme in percentage of futures salaries</b>	<b>26.5%</b>	<b>32.6%</b>

Table 1: TPS' Contribution rate calculation

4.12. As a reminder, the contribution rates shown above are made over of a period of 80 years, the difference between these two values being explained only by the difference in the discount rates.

4.13. Based on a split of the contribution rate between the employee and the employer of 45%/55%, the staff members' contribution rate would be 11.9% or 14.7% - depending on the discount rate assumption - which is substantially higher than the current contribution rate of 9.4% applied in the TPS of the Council of Europe.

4.14. The ISRP already stressed that the career progression assumption had a great importance in explaining the contribution rate: future staff hired on fixed-term contracts, representing 52% of the population, would be entitled to a retirement pension in the long term, as the total duration of those contracts is greater than the vesting period of 10 years. Staff entitled to a pension would thus be those who receive higher salaries than staff with open ended contracts (who hold salaries under B or C grades).

4.15. As regards the value of the contribution rate to be applied at inception of the pension plan, the ISRP recommends a pragmatic initial approach, following the same cautious and conservative approach as the one retained by the OECD in the early years of implementation of its medical and social plan: at that time, it was decided to maintain for a while the contributions for both staff and the organisation at the level it was when staff were affiliated to the French social security.

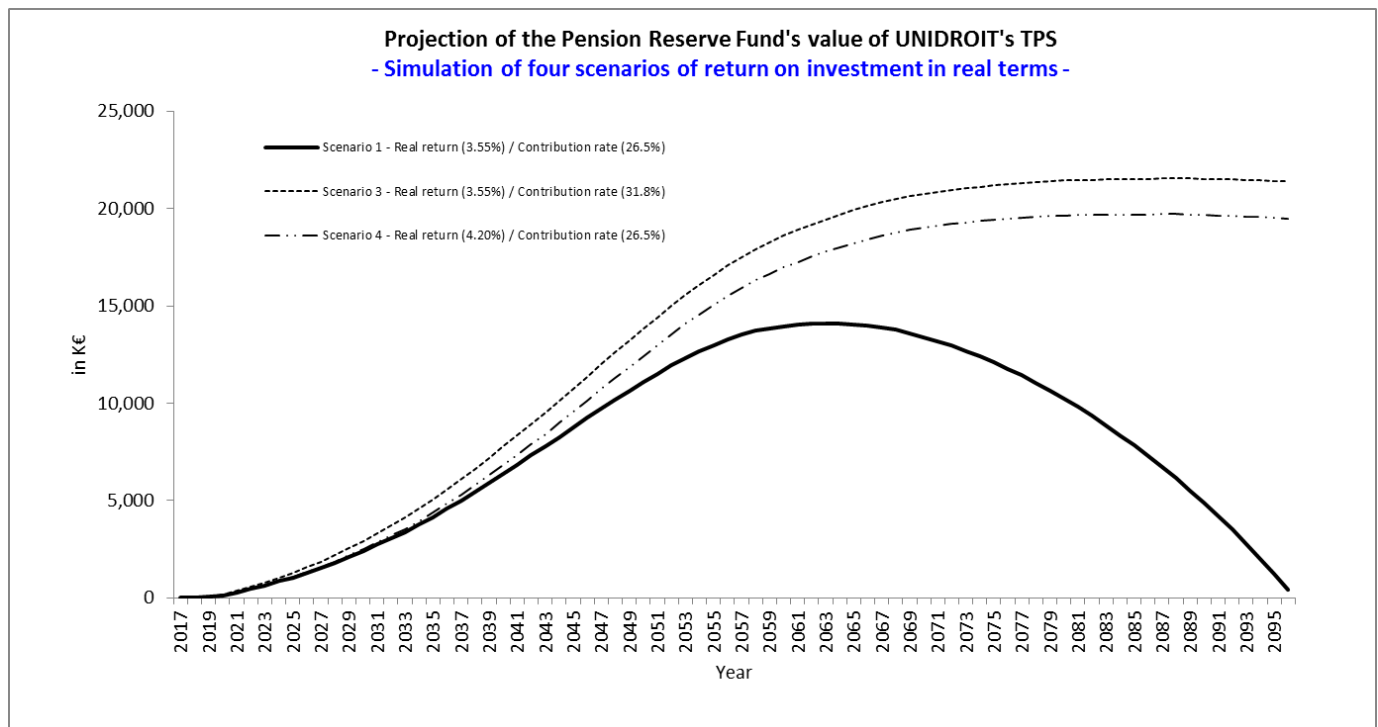
4.16. In such a perspective, it could be contemplated to keep the overall contribution rate unchanged at 33%, but with a split in contributions in line with the TPS Rules; as a result, staff would be required to pay 14.85% of their salary into the fund while the Organisation would set aside an employer contribution of 18.15%. It would only be after a sufficient initial period of time that an update in the costing of the pension plan would be carried out and the level of contribution adjusted accordingly.

### ***Funding scenarios***

4.17. The ISRP already described several funding scenarios in its previous reports (see in particular chapters 7 to 9 of SIRP(2016)21). It was nevertheless found useful to expand the explanations supporting these scenarios. As a reminder, the ISRP has already recommended creating a pension fund – hereinafter the Pension Reserve Fund (PRF) – at inception of the Scheme in order to optimise the funding of future benefits. Setting up a Fund would nevertheless be the first step. A subsequent step for UNIDROIT will

have to assign to the PRF a level of long term target return aiming at matching the level of sustainability that is found sound and appropriate for the underlying pension risks. This objective can evolve over time but it is highly preferable that it is clearly defined in the early years of the PRF. There can indeed be two levels of sustainability for a pension fund.

4.18. In the first approach, the objective is that the amounts of contribution combined with the long term target return on investment cover exactly the amount of payable benefits over a period of 80 years; this period is found long enough and relevant to assess the long term. In Graph 1 below, this is how the curve of the projected value of the fund assuming a contribution rate of 26.5% and a return on investment of 3.55% needs to be understood. At the end of the period of 80 years, there is no deficit to be covered, as benefits (or cash flow expenses) have been paid out of the Fund. Such an approach of estimating the contribution rate (or risk premium) can perfectly make sense as soon as a close follow up is made through updates in the cost assessment of the pension plan; it would simply result in moving the curve at each review of the contribution rate. However, it is crucial to highlight that this approach does not lead to a fully funded status of the fund, as it would still have to face some pension liabilities beyond the period of 80 years.



**Graph 1:** Projection of the lifecycle of the TPS Pension Reserve Fund under different scenarios of returns (in real terms)

4.19. Under another approach, the funding objective is precisely not limited to avoid deficits but rather to set as from now and for ever that the Fund is able to cover all liabilities. This is usually referred to as “full funding” and goes beyond the objective of covering the cash flow expenses.

4.20. As a reminder, in terms of long term target return and in the prospect of the funding of the pension plan, a value at least identical to the discount rate should be retained. The ISRP has shared with UNIDROIT a benchmark of current target returns and basic facts about the strategic asset allocations of various international organisations. This benchmark showed that a target return of 3.55% (i.e. a value comparable with the value of the discount rate recommended by the ISRP) would perfectly fit with what

can be considered as common practice. The current market conditions should not prevent member States from the necessary long-term view that needs to prevail. Interestingly, the OECD has finalised the second five-year review of its pension fund a few weeks after our last report was delivered to UNIDROIT. The OECD, taking into account the most recent developments in the financial markets, has decided to lower its long term target return from 4.6% to 3.5%.

4.21. As previously explained (see paragraphs 2.14 and 2.15 of SIRP(2016)21), an expected return on assets of 3.55% with contributions at 26.5% would only allow to cover the expenses over 80 years but not to reach the full funding of the liabilities. To do so, several possibilities could be contemplated:

- Keeping the contribution rate of 26.5% would require an increased real return on assets of 4.20%, the PRF would be fully funded in the long term without the need for an injection of cash at inception of the Pension Scheme;
- Another possibility to reach the full funding while maintaining the contribution rate at 26.5% and an expected real return on assets of 3.55% would require, on the contrary, an initial amount of EUR 1.4 million to be paid into the Fund;
- The last possibility would be, according to our calculations, to set the contribution rate so that, combined with a real return on assets of 3.55%, the full funding target is achieved. As shown with the third curve of the graph, an overall contribution rate of 31.8% would be required for that. Based on the split in contributions in line with the TPS Rules, the Organisation would be asked to set aside an employer contribution of 17.5% while staff would be required to pay 14.3% of their salary into the fund.

4.22. This **section of our study** should only be considered as an **indicative illustration** of how the funding could be looked according to a given set of assumptions.

4.23. The ISRP considers absolutely necessary to set up an appropriate mechanism or body to address the funding issues and to monitor them in the long run. This is clearly and tightly related to the governance of the pension fund (see section 5 below).

## **5. Governance and pension fund monitoring**

5.1. The ISRP has already included a rather detailed explanation on the governance of the pension fund as well as on the various tasks it could perform on behalf and for the benefit of UNIDROIT. Given the impact of these issues on the governance of the pension fund, the ISRP found relevant to include a more detailed section on these aspects.

5.2. This section thus describes the ISRP Fund administration services and how they could apply to the UNIDROIT Pension Fund, by outlining the possible externalisation of its administration.

5.3. The ISRP draws upon a multidisciplinary team of specialists including lawyers, statisticians, actuaries, financial experts, remuneration specialists and high-level administrators to conduct individual studies and provide advice to its beneficiary organisations. At present, the ISRP is made up of four Units whose functions revolve around four key activities:

- Pension administration (including payroll);
- Studies and analysis (including actuarial studies);
- Secretariat oversight for the statutory consultation bodies of the Co-ordinated Organisations;
- Pension fund administration (FAU).

5.4. The FAU was created in 2006 in response to the demand of the Organisation for Economic Co-operation and Development (OECD) and the Council of Europe (CoE) which were in search of an independent establishment to administer their Pension Funds and act as Secretariat of their Funds' Management Boards.

5.5. Currently, the FAU is the administrator of seven Funds:

- Provident Fund - OECD;
- Pension Budget and Reserve Fund - OECD;
- Post-Employment Healthcare Liabilities Reserve - OECD;
- Pension Reserve Fund - CoE;
- Pension Reserve Fund - European Union Satellite Centre (EU SatCen);
- Pension Reserve Fund - European Union Institute for Security Studies (EUISS);
- Pension Reserve Fund - The Hague Conference on Private International Law (HCCH).

5.6. The FAU serves as Secretariat of the following Management Boards:

- Advisory Committee of the Provident Fund of the OECD;
- Management Board of the Pension Budget and Reserve Fund and Post-Employment Healthcare Liabilities Reserve of the OECD;
- Management Board of the Pension Reserve Fund of the CoE;
- Committee for the Administration of Funds – a joint committee managing the Pension Reserve Funds of EU SatCen, EUISS and HCCH.

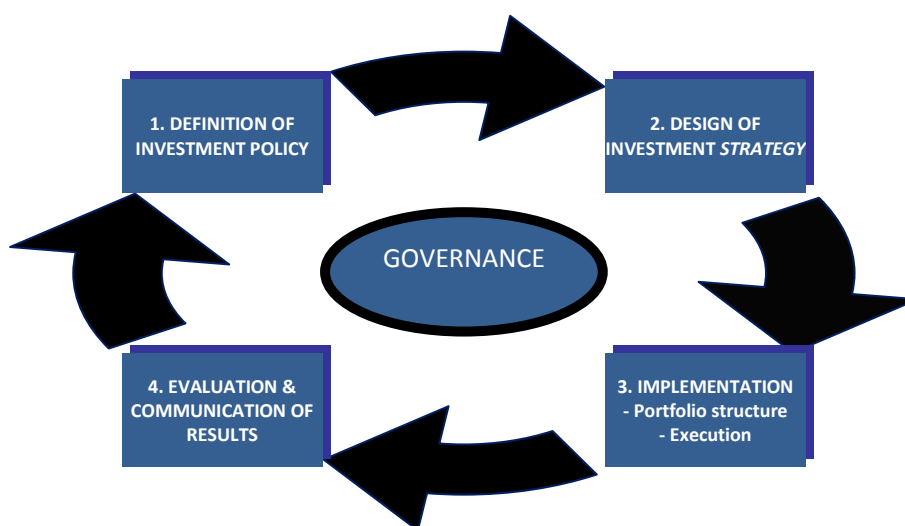
5.7. The philosophy behind the FAU's development is to share the knowledge and experience in Fund governance and administration among different Organisations, and to generate economies of scale in asset management.

5.8. At present, the Unit is composed of seven professionals with extensive experience in financial analysis, portfolio management, accounting and the international organisation environment. In addition, the ISRP actuarial team, with a strong background on pension issues, supports the Unit when needed.

### **Fund Investment Process**

5.9. The diagram below presents the different components of the investment process necessary for an investment to be successful, i.e. it should result in a portfolio delivering a return aligned with the investor's (the Fund owner) objectives.

**FIGURE 1 – INVESTMENT PROCESS**



8. The definition of the **Governance** structure is a preliminary step of the investment process and is placed at the centre, as the system that establishes the roles and responsibilities within the process.

5.10. The investment process begins with the **definition of the investment policy**, which involves stating the objective of the Fund (why it is created) and calculating the return and level of risk necessary to attain this objective. Any other objective held by the Organisation (for example, investment following socially responsible criteria) shall be included in the investment policy.

5.11. The next step is the **design of the investment strategy**, i.e. the design of a portfolio of investments that will meet the return and risk defined in the investment policy. The **implementation** of the investment strategy follows. This entails deciding on the structure of the portfolio – asset management style (active/passive), investment vehicle, internal/external management<sup>1</sup>, asset manager selection – as well as its execution, i.e. the composition of the investment portfolio through market

<sup>1</sup> The FAU-ISRP only uses external portfolio managers.

operations. Finally, the results of the portfolio (of all decisions taken so far in the process) are **evaluated and communicated**. If the results are unsatisfactory or if the investor's objectives have changed, the investment process shall be modified.

### **Governance Scheme applying to DB Funds with a Single Management Board**

5.12. That scenario was described in Appendix 5 of our last report. Given the size of the Organisation, the likelihood that it dedicates additional resources to the secretariat of an in-house Management Board is very low. As a result, the ISRP rather recommends a more cost effective model of governance.

### **Governance Scheme applying to DB Funds when Funds from different Organisations are jointly managed by the Committee for the Administration of Funds (CAF)<sup>2</sup>.**

5.13. Under the shared governance model, the supervision and monitoring of the funds are performed by a joint committee gathering several Organisations which have the need or the means to have their own management board.

5.14. This model has been elaborated by the ISRP at the request of various international organisations, which have all approved it (the Hague Conference on Private International Law, the EU Institute for Security Studies and the EU SatCen). It has been designed with the aim of being as close as possible to the OECD guidelines on the governance of pension funds.

5.15. In such framework, it is possible to amend the suggested draft Statute of the Fund (see annex II) if this is deemed necessary. It is however not possible for UNIDROIT to amend unilaterally the two other documents, which need to be approved, i.e. the Mandate of the CAF and the Code of Conduct of its members. This is because these documents have been approved in strictly identical versions by all organisations participating in the CAF. It may, nevertheless, be useful and necessary to make some slight adjustments in some of the provisions of the Mandate of the CAF, in order to maintain a proper functioning of the Committee after it is enlarged to a fourth international organisation. In such a case, close co-operation would be required between the ISRP and UNIDROIT, as identical changes would need to be approved in all member organisations of the CAF.

5.16. The CAF is composed of a representative from each Organisation – a staff member with experience in finance and pension issues – and one or two external qualified persons with ample investment experience. They meet twice a year. In this Scheme, the **Governing Body** of each Organisation defines the objectives of their own Fund, approves the investment policy and strategy needed to attain such objectives as per the recommendation of the CAF, and evaluates the results. The **CAF** gives recommendations to the Governing Body of each Organisation on the definition of the investment policy and strategy, decides on all issues related to the implementation of the strategy, follows it up and communicates to the Organisation once a year on the investment results.

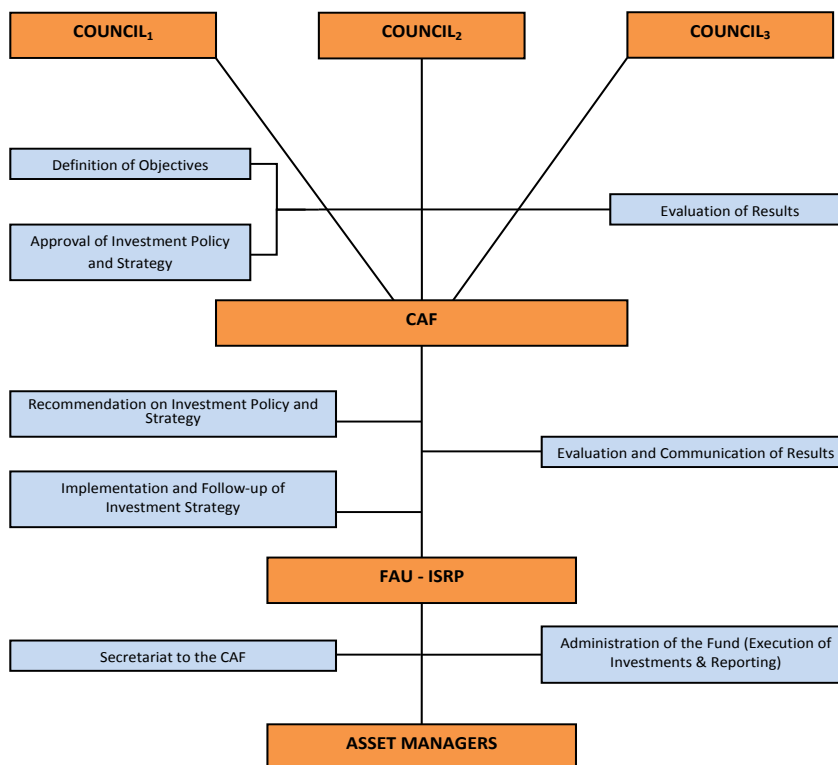
5.17. The **FAU-ISRP** serves as the Secretariat of the CAF, preparing their meetings, presenting sound opinion on investment issues, preparing the selection processes for financial services providers, and providing all reports related to the Funds. In its role of Fund Administrator, the FAU-ISRP executes and follows up the investments.

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<sup>2</sup> The current member Organisations of the CAF are EU SatCen, EUISS and HCCH.

5.18. Finally, according to the investment strategy of (each of) the Funds and under the supervision of the FAU-ISRP, external **asset managers** are delegated to carry out all market operations.

**FIGURE 3 – FUND GOVERNANCE WITH THE CAF**



5.19. The investment strategy of the Funds is always the result of an individual study of the objectives of each Organisation, and the Funds are managed and administered separately.

5.20. Given the size of the Organisation, the ISRP recommends that only the CAF model be contemplated for UNIDROIT.

### FAU Services

5.21. The FAU, in its role of Fund Administrator, offers Secretariat services to Funds' Management Boards / CAF. This task primarily involves the preparation of meetings, provision of sound advice on all aspects of the investment process (including the definition of the investment policy, design of the investment strategy, selection of the optimal investment vehicle, research on asset classes, etc.), selection of financial service providers and drafting (and presentation, if needed) of all reports related to the Funds. In addition, the FAU implements and follows-up on the investments. This entails the execution and monitoring of all decisions related to the implementation of the investments, the accounting and reporting of the associated results, and Fund treasury management. The details of these tasks are presented below:

- Implementation of the investment strategy:

- Launch of calls for tender for the selection of financial service providers: custodian bank, asset managers, consultants, accounting audit firm, other financial experts;
- Negotiation and drafting of contracts with providers;
- Preparation and management of the Fund operating budget;
- Payment of invoices;
- Cost control;
- Execution of investments<sup>3</sup>: creation of portfolio or transition management, investment of incoming contributions, portfolio rebalancing;
- Monitoring of the external asset managers, custodian bank and advisors.
- Treasury management: management of cash-flows into the custodian bank accounts; transfers to the investment portfolio; management of monthly cash-flows out of the custodian bank accounts for authorised pension benefit expenditures and administration costs; management of the treasury reserve.
- Accounting / Reporting:
  - Monthly accounting of Fund operations related to the pension scheme, investment accounting, integration in the Organisation's accounting;
  - Preparation of financial statements;
  - Liaison with the Organisation's auditors;
  - Performance report directly to the Organisation.

## **Costs structure**

5.22. The global costs borne by the Pension Funds under the FAU's responsibility fall into two categories: management fees of mutual funds and operating costs (Secretariat of the Management Board or of the CAF and Fund administration).

5.23. Management fees of the funds composing the portfolio are approved by the Management Board / CAF during the funds selection process and are usually withdrawn directly from the funds by the fund manager<sup>4</sup>. They depend mostly on the investment strategy and management style<sup>5</sup>. It is important to note that management fees usually depend also on the size of the fund. Nonetheless, in the

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<sup>3</sup> At present, all Defined Benefit Funds are managed through mutual funds. The execution of investments by the FAU therefore involves the subscription/redemption of mutual funds.

<sup>4</sup> These management fees also include the costs incurred by the fund managers (custody, administration, taxes, etc.).

<sup>5</sup> For example, annual management fees for a Fund of 10 MEUR and a strategy with five asset classes combining active and index-linked management can be up to 0.30% of the assets.



framework of the Funds administered by the FAU, Fund size is not relevant as the FAU has **negotiated management fees** with a pricing system under which the total investments of all Funds under the administration of the FAU are aggregated to arrive at the fee level paid by each Organisation. The table below shows clear evidence of the lower level of fees applicable to FAU Funds.

Asset class (management style) <sup>1</sup>	Standard fee retail clients in 2016 <sup>2</sup>	Standard fee institutional client in 2016	Minimum amount to enter the institutional part	FAU Funds fees
Euro area equity I (index-linked)	0.65%	0.25%	EUR 3 Million	0.11%
Euro area equity II (active, socially responsible investments)	1.32%	0.92%	1 share (at 31/10/2016 6 542 513.23 EUR)	0.40%
Euro area equity III (active, socially responsible investments)	1.79%	0.70%	EUR 150 000	0.40%
Emerging market equity (index-linked)	0.40%	0.27%	EUR 5 Million	0.22%
Global equity (index-linked)		0.15%	EUR 1 Million	0.06%
Euro area real estate (active)	1.67%	0.87%	EUR 1 Million	0.45%
Euro area government bonds (index-linked)	0.35%	0.25%	EUR 3 Million	0.11%
Euro corporate bonds (active, socially responsible investments)	1.12%	0.48%	EUR 3 Million	0.36%

Note 1: For confidentiality reasons the name of the funds concerned cannot be displayed.

Note 2: Sometimes the FAU Funds have access to the institutional part thanks to the negotiation of fees for joint assets.

5.24. Operating costs generally include two types of expenditures:

Operating costs linked to FAU activities and cover the following items:

- FAU staff salaries
- Costs related to FAU activity within the OECD (rent, IT services, overhead)
- Missions

Operating costs linked to external providers:

- Custodian bank (custody fees and performance reporting)

- Consultants

5.25. In Funds managed by a Management Board, an annual budget for all operating costs is presented to the Board/CAF and the Organisation for approval. The Organisation transfers the total amount to the FAU-ISRP which then covers costs as they arrive, reverting any surplus to the Organisation.

5.26. In the case of the CAF, the Organisations pay an annual amount to the FAU-ISRP to cover the staff, activity costs and the Secretariat operations (0.5% of the assets of the Fund at the end of the year with a minimum of EUR 12 000), plus EUR 6 000 to contribute to the Secretariat of the CAF. The custodian bank and consultants are paid by the Organisations as invoices arrive.

5.27. The total costs in both governance schemes depend, on the one hand, on the size of the Fund and the investment strategy as custodian bank fees are a proportion of the assets and the asset management fees, performance reports and consultant costs increase with the complexity of the portfolio. On the other hand, staff, activity costs and Secretariat operations depend on the governance scheme and they are higher when serving a single Management Board.

### **Benefits for UNIDROIT**

5.28. For organisations with limited resources and a small pension fund, joining the CAF and entrusting the ISRP for the administration of the fund therefore means gaining access not only to a wide experience of pension funds of international organisations (investment research, selection of asset managers or banks, accounting, back office and reporting activities), but also to a level of fees charged by asset managers and custodian bank that they would never be able to find on their own, while enjoying a robust and reliable governance. Joining the CAF means preserving the the full independence of each of the Funds for each Organisation as well as the design and the evolution of the individual strategic asset allocation and investment strategy attached to them.

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## **CHAPTER I**

### **GENERAL PROVISIONS**

#### **Article 1 – SCOPE**

1. The Pension Scheme established by these Rules applies to officials appointed by the Organisation, within the meaning of the Staff Regulations and who took up duty after 1 January 2018.
2. Officials serving on 1 January 2018 may also be affiliated to the Pension Scheme established by these Rules provided they state so in writing, within a period of one year after final approval of these Rules has been given by the General Assembly. Their affiliation shall become effective on the first day of the month following that in which their written statement has been registered, no account being taken of periods of employment by the Organisation prior to the date of joining the Pension Scheme for the purpose of entitlement or calculation of benefits under the present Rules. Officials failing to notify their choice within that period shall be deemed to have renounced to be affiliated to the Pension Scheme established by these Rules. This choice shall be irrevocable both for the official and for persons entitled under him.
3. The Pension Scheme shall not apply to other categories of personnel of the Organisation.
4. In these Rules, the term “Organisation” refers to UNIDROIT and the term “official” means the persons referred to in paragraphs 1 above.

#### **Instructions**

##### **1/1 – Definition of “official”**

*References to “officials” apply equally to men and women except when it is clear from the context that they are intended to apply only to men or only to women.*

#### **Article 2 – DEFERRED ENTITLEMENT**

1. Where the medical examination which every official has to undergo as part of the appointment process (and the consequences of which will have duly been expounded to him before his appointment) shows him to be suffering from an illness or disablement, the Organisation may decide that, as regards risks arising from an illness or disablement existing before he took up his duties, the said official shall not be entitled to the invalidity or death benefits provided for in these Rules until the expiry of a period not exceeding five years from the date of his appointment.

#### **Instructions**

##### **2.1/1 – Medical examination**

*The Organisation shall inform the official in writing of the application of a period of deferred entitlement and of its duration, which may be from one to sixty months. The Medical Consultant of the Organisation shall inform him in writing of the nature of the illness or disablement which justified the application of the deferment period.*

**2.1/2 – Definition of entitlements during the deferment period**

*i) If the official concerned leaves the Organisation during the deferment period, the leaving allowance shall be paid to him and the years of service completed during the deferment period shall be taken into account.*

*ii) In the event of either permanent total invalidity or death resulting from a cause which justified the deferment period in course:*

*a) should such an event occur before the official has fulfilled the condition provided for in Article 8, the official or the beneficiaries shall be entitled to a lump sum, calculated in accordance with the provisions of Article 12;*

*b) should such an event occur after the official has fulfilled the condition provided for in Article 8*

*– and if this condition was fulfilled during the deferment period, the official or the beneficiaries shall be entitled to a lump sum calculated in accordance with the provisions of Article 12, in respect of the reckonable years of service credited within the meaning of Article 7;*

*– and if this condition was fulfilled prior to the deferment period, the official or the beneficiaries shall be entitled to both a lump sum calculated in accordance with the provisions of Article 12, in respect of the reckonable years of service completed during the deferment period, and the benefits to which they would have been entitled before the official's appointment.*

*iii) In the event of either permanent total invalidity or death resulting from either an accident at work, or an illness or disablement other than that which justified the deferment period, and which occurred after commencement of duties, the official or the beneficiaries shall be entitled to the benefits provided by the Pension Scheme for such events.*

**Article 3 – DEFINITION OF SALARY**

1. Unless otherwise specified, for the purposes of these Rules, salary shall mean the monthly basic salary of the official, according to the salary scales in force in the Organisation at the time when the pension is assessed, and updated in accordance with the provisions of Article 36.

**Article 4 – DEFINITION OF SERVICE CONFERRING ENTITLEMENT TO BENEFITS**

1. Subject to the provisions of Articles 5 and 41, paragraph 1, entitlement to benefits under these Rules shall be determined by the total of the periods actually served in the Organisation as an official.

2. In addition to the total reckonable years of service thus calculated, an official may request, on cessation of service, that those years corresponding to certain statutory allowances are taken into account, in particular payment in lieu of notice, for termination of appointment, and for leave not taken, under the provisions laid down by the Instructions.

3. Periods of part-time service shall be taken into consideration in calculating entitlement to benefits under these Rules provided they correspond to at least half-time work as defined by the provisions laid down by the Instructions.

4. The periods referred to in Article 17, paragraph 3 shall also be taken into consideration.

**Instructions****4.1 – Service counting for entitlement**

*Reckonable service shall consist of the following:*

- i) any periods of service completed as an official in the Organisation;*
- ii) any periods of sick leave or temporary incapacity in respect of which benefits have been paid; the official concerned shall be required to pay his personal contribution to the Scheme as calculated on the amounts so received; such periods shall be counted without any reduction;*
- iii) any periods of unpaid leave, if such periods are not taken into account by a new employer for the purposes of a pension scheme; the crediting of periods of unpaid leave equal to or less than one month shall be dependent on payment, for these periods, of the official's personal contribution to the Scheme; the crediting of periods of unpaid leave beyond one month shall be dependent on payment by the official, for these periods, of a contribution equal to 2.22 times his personal contribution to the Scheme; such crediting shall only be possible for uninterrupted periods.*

**4.2 – Crediting of reckonable years of service corresponding to indemnities**

*An official may request, on cessation of work, the crediting of reckonable years of service corresponding to:*

- i) compensatory payments in respect of leave not taken;*
- ii) compensatory payments in lieu of notice;*
- iii) indemnity for termination of appointment.*

*Such reckonable years of service shall be credited subject to payment by the official of the personal contribution to the Scheme in respect of all these amounts*

*Only reckonable years of service corresponding to periods below the statutory age-limit may however be taken into account for the calculation of benefits provided for in these Rules.*

**4.3 – Definition of half-time service**

*An official shall be considered as working half-time, within the meaning of Article 4, paragraph 3, when the number of his working hours, calculated on a monthly basis, is equal to half the number of full-time working hours.*

**Article 5 – CALCULATION OF SERVICE CONFERRING ENTITLEMENT TO BENEFITS**

1. Where an official appointed by the Organisation has previously served with the Organisation, his entitlement to benefits under the terms of Article 4 shall be conditional upon his paying to the Organisation the amounts paid to him on leaving his previous service pursuant to Article 12 plus compound interest on such amounts at 3.55% per annum from the date when the official received them until the date they are paid over in accordance with this paragraph. Should the official fail to pay over the amounts in question, reckonable service shall count only as from the new appointment.

2. Where an official appointed by the Organisation was previously drawing an early retirement pension in respect of service with the Organisation, payment of that pension shall cease.

If the official refunds to the Organisation the pension payments he has received, the provisions of Article 4 shall apply on cessation of his new appointment.

If he does not make this refund, the years of service for which credit was acquired in the employment that originally entitled him to payment of the discontinued retirement pension shall be taken into account in the calculation of the retirement pension due on cessation of his new employment



by reference to the salary for his last grading in such previous employment; moreover, that part of the final pension figure shall be abated under the provisions laid down by Implementing Instructions.

3. Where an official ceases his functions at a grade and step lower than that which he had previously held in the Organisation, his entitlement to benefits under these Rules shall be determined by taking into account the total of his reckonable years of service and the benefits shall be calculated on the basis of the salary for the highest grading held by him. However, a reduction shall be made in the number of years of service to be credited to him in respect of time served at a lower grade and step after having held the grade by reference to which benefits are calculated; this reduction shall be proportionate to the difference between the said gradings.

4. For the implementation of paragraphs 2 and 3 above, salaries shall be taken into account in accordance with the scales in force when the final pension assessment is made.

## **Instructions**

### **5.1 – Service completed as an official**

*i) Application for any service referred to in Article 5, paragraph 1, to be taken into account must be made not later than 12 months after the new appointment.*

*ii) Where, pursuant to Article 12, the official received a leaving allowance at the end of his previous appointment, then pursuant to Article 5, paragraph 1, no partial crediting of such service shall be allowed; accordingly, the official concerned shall be required either to refund such leaving allowance in full or to forgo the right to have the corresponding service credited.*

*iii) Should the official fail to make a full refund immediately, he may be authorised to make such refund, at the latest, as from the expiry of the period referred to in sub-paragraph i) above, by monthly deductions of not less than 20% of the basic monthly salary received at the time of beginning such refunds; compound interest at the rate of 3.55% per annum shall be applied to the amount outstanding, until the refund has been made in full.*

*iv) If at the date on which any benefit under the Pension Scheme is payable, such refunds have not been completed, the balance still due shall be repaid in its entirety through deduction from the benefits to be paid, including those payable to persons entitled under the official. The Organisation may authorize payment by instalments, in which case compound interest at the rate of 3.55% per annum shall be applied to the amount outstanding, until the refund has been made in full.*

*v) In the event of incapacity, death or cessation of service of the official concerned, any amount still remaining unpaid shall be set off against the capital sums due to him or to the persons entitled under him, in accordance with the provisions of Instruction 38.1, and the balance still due shall be deducted in accordance with the provisions of sub-paragraph iv) above.*

*vi) In the event of the termination of his service without any payment of leaving allowance or pension, the official concerned may request time not exceeding twenty-four months in which to make up all or part of any refund then still outstanding, subject to the provisions of sub-paragraph iv).*

### **5.2 – Reduction when the official does not refund the pension payments he had received**

*The reduction rate shall be equal to the early retirement coefficient, as provided under Instruction 9.4, corresponding to the number of whole years during which the official drew the initial pension before the pensionable age.*

### **5.3 – Termination of service at a lower grade**

*For the implementation of Article 5, paragraph 3 of the Rules, the calculation shall be made as illustrated below:*

- i) *On previous termination of service (or at highest point in career before downgrading):  
10 years' service, grading on departure: grade 5, step 5 = theoretical final salary:  $100 = T'$   
i.e. 10 years' reckonable service.*
- ii) *On final termination of service:  
10 years served in second period,  
grading on departure: grade 6, step 5 = theoretical final salary:  $75 = T''$   
the reckonable service in respect of the second period will thus be reduced in the ratio:  
i.e. 7.5 reckonable years.*
- iii) *Total:  $10 + 7.5 = 17.5$  years' reckonable service.*
- iv) *Total pension will be calculated on the basis of:  
 $T' = 100 \times 17.5$  reckonable years of service.*

## **Article 6 – RECKONABLE YEARS OF SERVICE**

1. The benefits provided for under these Rules shall be calculated by reference to reckonable years of service consisting of:

- i) service calculated in accordance with the provisions of Articles 4 and 5;
- ii) service credited in accordance with Article 13, paragraph 1.

2. Incomplete years of reckonable service shall be taken into account on the basis of 1/12 of a year for each whole month of service. For benefit calculation purposes the period remaining shall be treated as a whole month if it is equal to or more than 15 days.

However, the period remaining shall not be taken into account for the purpose of calculating the ten years' service required for entitlement to the retirement pension provided for in Article 8.

3. In the case of part-time work:

- i) reckonable years of service shall be calculated in accordance with the ratio between the working hours corresponding to part-time service and the official number of hours for full-time work in the Organisation;
- ii) however, reckonable years of service shall not be reduced when the official authorised to work part-time has contributed to the Pension Scheme on the basis of full-time work, by paying, in addition to his personal contribution to the Pension Scheme for the part corresponding to his part-time work, a contribution equal to 2.22 times the rate of contribution mentioned in Article 41, paragraph 3, on the difference in salary between his part-time work and the corresponding full-time work, under the provisions laid down by the Instructions.

### **Instructions**

#### **6.2 – Fractions of a month**

*Any fraction of less than thirty days remaining after aggregating periods of service shall be treated as a whole month if it is equal to or more than fifteen days and disregarded if it is less than fifteen days.*

### **6.3 – Non reduction of reckonable years of service**

*An official authorised to work part-time may request to contribute to the Pension Scheme on the basis of full-time work, provided that these periods are not taken into account by another employer for the purposes of a pension scheme and the amount of the supplementary contribution referred to in Article 6, paragraph 3 ii) is paid in accordance with the provisions of Article 40, paragraph 2. The official should make his request not later than the eighth day following the beginning of the period for which he is authorised to work part-time. This request shall be final, unless an exceptional derogation is granted by the Secretary General upon receipt of a duly justified request from the official.*

## **Article 7 – PART-TIME SERVICE – EFFECTS ON THE CALCULATION OF ENTITLEMENT**

1. If, when an official's service ends, he is working part-time, the amount of the benefit due shall be calculated with reference to the full salary for the grade and step to be used as a basis under the provisions of these Rules.

2. However, when an official ceasing his service in the circumstances described in paragraph 1 above had been recruited to serve on a part-time basis, or authorised to work part-time for an indefinite period or for a fixed-term renewable by tacit agreement and if the provisions of Article 6, paragraph 3 ii) are not applied, the rate of the invalidity pension provided for in Article 15, paragraph 2, and the minimum and maximum amounts that apply, shall be set in accordance with the provisions laid down by the Instructions.

### **Instructions**

#### **7.2/1 – Benefit payable to an official who has only worked part time**

*i) For the purpose of calculating the benefit payable under Article 7, paragraph 2, to an official who has only worked part-time, the following shall be reduced by an amount corresponding to the ratio between the number of hours actually worked and the official number of hours for full-time work:*

*(a) the maximum rate of retirement pension provided for under Article 11, paragraph 2 and the maximum amount of retirement pension provided for under Article 11, paragraph 3;*

*(b) the rate of invalidity pension under Article 15, paragraph 2, and the minimum amount of invalidity pension provided for under Article 15, paragraph 4;*

*(c) the maximum amount of invalidity pension provided for under Article 15, paragraph 4, and the salary referred to in Article 16;*

*(d) the minimum amounts of survivor's pension provided for under Article 20, paragraph 3;*

*(e) the amount of the reversion pension provided for under Article 20, paragraphs 4 and 5;*

*(f) the minimum amounts of orphan's pension provided for the first beneficiary under Article 25, paragraphs 3 and 4, as well as the increases provided for under Article 25, paragraphs 3 and 4, for orphans in respect of the second and every further beneficiary;*

*(g) the amount of the dependant's pension provided for under Article 26,*

*paragraph 2;*

*(h) the ceiling for benefits payable to survivors and orphans as defined in Article 29.*

*ii) However, when an official was recruited by the Organisation for part-time service, after having worked full-time for the Organisation, he shall be subject to the provisions of Instruction 7.2/2 provided he pays to the Organisation, if appropriate, the sums specified in Article 5, paragraph 1, or Article 5, paragraph 2, as the case may be.*

**7.2/2 – Benefit payable to an official who, at the time of termination of his service, is working part-time for an indefinite period or for a fixed period renewable by tacit agreement, having previously worked full-time**

*i) For the purposes of calculating the benefit payable under Article 7, paragraph 2 to an official authorised to work part-time for an indefinite period or for a fixed period renewable by tacit agreement, the following shall be reduced in accordance with the ratio between the number of hours actually worked and the official number of hours for full-time work:*

*(a) the rate of invalidity pension under Article 15, paragraph 2, and the minimum amount of invalidity pension provided for under Article 15, paragraph 4;*

*(b) the minimum amounts of survivor's pension provided for under Article 20, paragraph 3;*

*(c) the amount of the reversion pension provided for under Article 20, paragraphs 4 and 5;*

*(d) the minimum amounts of orphan's pension provided for the first beneficiary under Article 25, paragraphs 3 and 4, as well as the increases provided for under Article 25, paragraphs 3 and 4 for the second and every further beneficiary of an orphan's pension;*

*(e) the amount of the dependant's pension provided for under Article 26, paragraph 2.*

*ii) However, when an official fulfils the conditions laid down in Article 8 at the date from which he is authorised to work part-time for an indefinite period or for a fixed period renewable by tacit agreement, the benefit resulting from application of the provisions of sub-paragraph i) above, may not be less than that to which he or persons entitled under him would have been entitled had he ceased working for the Organisation at that date for a reason other than invalidity or death.*

## CHAPTER II

### RETIREMENT PENSION AND LEAVING ALLOWANCE

#### Section 1: RETIREMENT PENSION

##### Article 8 – CONDITIONS OF ENTITLEMENT

1. An official who has completed at least ten years of service, within the meaning of Article 4, in the Organisation shall be entitled to a retirement pension.

#### Instructions

##### 8.1/1 – Service for the purposes of Article 4

*For the purposes of Article 4, service as an official in the Organisation shall be:*

- *periods served in respect of which the official's contributions to the Pension Scheme have been paid in accordance with Article 5, paragraphs 1 and 5;*
- *periods referred to in Article 17, paragraph 3, in accordance with Article 4, paragraph 4.*

##### 8.1/2 – Part-time service

*Without prejudice to Article 6, paragraph 3 i), periods of part-time service shall be considered periods of full-time service within the meaning of Article 8.*

##### Article 9 – AGE OF ENTITLEMENT – DEFERRED PENSION AND EARLY PENSION

1. An official shall become eligible for a retirement pension at the age of 65.
2. Pension rights shall continue to accrue to an official continuing to be employed after pensionable age, but his pension shall not exceed the maximum amount laid down in Article 11, paragraph 2.
3. If an official ceases his functions before pensionable age, payment of his retirement pension shall be deferred until he reaches that age.
4. However, an official who retires before pensionable age may request early payment of his pension. In such a case, the Organisation makes an actuarial determination, by reference to the provisions laid down by the Instructions, of the ratio between the early retirement pension and the amount of pension due at pensionable age.
5. Where the Organisation terminates the appointment of an official, the reduction coefficient applicable to early payment of his pension shall be 3% a year. However, this provision does not apply when the Organisation terminated the appointment as a result of disciplinary action or for unsatisfactory service.

## Instruction

### 9.4 – Method of reducing pension – Early pension

*The amount of the retirement pension shall be reduced by reference to the age of the official when his pension is assessed, as shown in the table below:*

Age when pension is assessed	Ratio of pension on early retirement to pension at pensionable age
55	0.57
56	0.60
57	0.63
58	0.67
59	0.70
60	0.74
61	0.79
62	0.84
63	0.89
64	0.94

*An actuarial study of the reduction coefficients used in this table, based in particular on the relevant data from the study provided for in Article 41 on the contribution rate of officials, shall be carried out at the same intervals as this latter study.*

i) *Early retirement pension shall be calculated as follows:*

- *if the pension that would be due with no reduction at pensionable age is lower than the minimum rate prescribed in Article 11, paragraph 3, it shall be brought up to that minimum rate and the reduction provided for in Article 9, paragraphs 4 and 5, shall then be applied to it;*
- *if the pension that would be due with no reduction at pensionable age is higher than the aforesaid minimum rate, the reduction shall be applied to it even if the result is lower than that minimum.*

ii) *The reductions provided for in Article 9, paragraphs 4 and 5, shall be applied by reference to whole years, no account being taken of months.*

iii) *Under the conditions laid down in Article 9, paragraphs 4 and 5, and in this Instruction, an early pension may be requested at any time during the ten years preceding pensionable age, once the official's service has ceased. Such requests must be in writing, and dated.*

iv) *Subject to the provisions of Article 5, paragraph 2, payments shall begin, irrevocably, on the first of the month following the date on which the request was made.*

**Article 10 – COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. Entitlement to payment of a retirement pension shall commence on the first day of the month following that in which the person concerned became eligible for payment of the pension.
2. Entitlement shall cease at the end of the month in which the pensioner dies.

**Article 11 – RATE OF PENSION**

1. The amount of the retirement pension shall be, per reckonable year of service within the meaning of Article 6, 1.75% of the salary corresponding to the last grade held by the official for not less than two years before cessation of his appointment and the last step held in that grade.
2. The maximum rate of the pension shall be 70% of this salary, subject to the provisions of paragraph 3 below.
3. The amount of the retirement pension shall not be less than 3.5% of the salary for grade C1, step 1, per reckonable year of service credited pursuant to Article 6 with a maximum rate of 140% of the salary for grade C1, step 1. The amount of the retirement pension may in no case exceed the official's last salary as defined in Article 3.

**Instructions****11.1 – Cessation of service at a grade higher than that occupied 24 months previously**

*Where an official ceases his or her duties at a grade held for fewer than 24 months, his or her pension shall be paid in accordance with the salary scale of the grade held 24 months prior to the cessation of service. The salary step to be taken into account shall be the step to which the official would have been entitled had he or she not been promoted.*

**11.3/1 – Part-time Service**

*The minimum rate of the retirement pension shall be calculated on reckonable years' service, to be taken into account where applicable in fractions corresponding to any part-time service in accordance with Article 6, paragraph 3 i); this minimum shall therefore be equal to 1.75% of the salary for grade 6, step 1, per year of service thus credited.*

**11.3/2 – Cessation of service at a lower grade**

*In cases where Article 5, paragraph 3 is applied, the minimum rate of the retirement pension shall be equal to 1.75% of the salary for grade 6, step 1, per reckonable year of service, without any reduction.*

**Section 2: LEAVING ALLOWANCE****Article 12 – LEAVING ALLOWANCE**

1. An official whose service ceases otherwise than by reason of death or invalidity and who is not entitled to a retirement pension nor to the benefit of the provisions of Article 13, paragraph 2, shall be entitled on leaving to payment of an amount equal to 2 times his rate of contribution as applied to his last annual salary, multiplied by the number of reckonable years of service credited within the meaning of Article 6, paragraph 1, i).
2. The reckonable years of service credited in accordance with Article 13, paragraph 1 shall not be taken into account for the calculation provided in paragraph 1 above, but shall give rise to the payment of an actuarial equivalent calculated in accordance with Article 13, paragraph 2, unless the amounts initially transferred are refunded to the previous employer.
3. An official who is re-appointed by the Organisation after having received a leaving allowance must pay it back if the period during which he was not employed by the Organisation, in whatever capacity, is less than 12 months.

**Instructions****12.1/1 – Last annual salary**

*"Last annual salary" shall be construed to mean the salary, as defined in Article 3, corresponding to the official's last grade and step, according to the scales in force at the time his service terminates, multiplied by 12.*

**12.1/2 – Rate of contribution**

*In the case the rate of contribution is reviewed over the periods of service for which contributions to the Pensions Scheme were paid pursuant to Article 4, the coefficient of 2 mentioned in Article 12, paragraph 1, is applied to the successive contribution rates, prorata temporis.*

**12.1/3 – Official whose service ceases at the end of a period of unpaid leave**

*When final cessation of service occurs at the end of a period of unpaid leave during which no contributions were made to the Pension Scheme, the amounts stipulated in Article 12 shall, notwithstanding Instruction 12.1/1, be calculated on the basis of rights acquired and salary at the date of commencement of that period, without any subsequent adjustment or interest.*

**12.3/1 – Compulsory repayment of the leaving allowance**

*An official who has received a leaving allowance as provided in Article 12, paragraph 1, but whose service has not ceased according to Article 12, paragraph 2, shall repay the whole leaving allowance received upon his previous appointment, in accordance with the provisions laid down in Instruction 5.1 sub-paragraphs iv) to vi). The time limit for application set out in Instruction 5.1 i) shall not apply.*



### Section 3: INWARD AND OUTWARD TRANSFER OF PENSION RIGHTS

#### Article 13 – INWARD AND OUTWARD TRANSFER OF PENSION RIGHTS

1. An official who enters the service of the Organisation after leaving the service of a government administration or national Organisation, or international Organisation or a firm, may arrange for payment to the Organisation in accordance with the provisions laid down by Instruction, of any amounts corresponding to the retirement pension rights accrued under a pension scheme to which he was previously affiliated in so far as that scheme allows such a transfer.

In such cases, the Organisation shall determine, by reference to the provisions laid down by Instruction, the number of years of reckonable service with which he shall be credited under the present scheme.

2. An official who leaves the service of the Organisation to enter the service of a government administration or national Organisation, or international Organisation which has entered into an agreement with the Organisation, shall be entitled to transfer to the pension fund of that administration or Organisation:

- either the actuarial equivalent of his retirement pension rights accrued under these Rules, such equivalent being calculated in accordance with the provisions laid down by Instruction;
- or, in the absence of such rights, the amounts provided under Article 12.

#### Instructions

##### 13.1 – Inward transfer of previously accrued rights

###### *i) Previous periods of affiliation to a pension scheme*

*a) Reckonable years of service shall be credited pursuant to Article 13, paragraph 1, subject to the conditions set out in this Instruction, with respect to a period of affiliation to a pension scheme to which the amounts paid correspond to those paid to the Organisation.*

*b) An amount shall be taken into account under this Instruction only if it has been certified by the pension scheme of origin as being the amount of the actuarial equivalent of retirement pension rights or a capital payment in respect of rights to a pension or rights under a provident scheme (excluding compensation for dismissal or a leaving allowance), and it must represent the total amounts paid to the official by the previous pension scheme in question. The "total amounts paid" shall be taken to mean the amounts representing the total rights transferable to the Organisation in respect of the aforementioned pension scheme. Officials shall not be entitled to transfer only part of their accrued rights where that part is not equal to the transferable maximum.*

###### *ii) Amounts taken into account*

*For the purpose of calculating the reckonable years of service credited under Article 13, paragraph 1, the amounts indicated in sub-paragraph i) b) above shall be taken into account, as calculated by the previous pension scheme – as a capital sum, and with interest where applicable – as at the date on which they are paid to*

the Organisation<sup>1</sup>; any conversion into the currency of the salary paid by the Organisation shall be made at the rate of exchange in force on that date.

*iii) Calculation of reckonable years of service*

*The number of reckonable years of service to be credited under Article 13, paragraph 1, shall be calculated on the basis of the table annexed to this Instruction, by dividing the amounts taken into account under sub-paragraph ii) above by the coefficient corresponding to the age of the official as at the date of payment of the amounts, and then by dividing the resultant amount by the theoretical value of a reckonable year of service (1.75% of the annual basic salary), established on the basis of the salary corresponding to the official's grade and step as at the date of payment of the amounts.*

*iv) Maximum number of reckonable years of service*

*Taking such reckonable years of service into account shall not have the effect of bringing the total pension up to more than the maximum rates prescribed in Article 11.*

*v) Time limits for application and revocation*

*Failing any special provisions in a reciprocal transfer agreement entered into by the Organisation, application for the amounts referred to in sub-paragraph ii) above to be taken into account by the Organisation shall be made in writing:*

- a) either within six months from the date of notification of confirmation of appointment after the probationary period;*
- b) or within 12 months from the date on which the previous pension scheme allowed such transfers;*
- c) or as a transitional measure by 01.01.2019 in the case of officials in post before 01.01.2018.*

*The application to transfer pension rights may be revoked by the official at any time before the payments provided for in sub-paragraph ii) above have been made in accordance with sub-paragraph vi) below.*

*The application to transfer pension rights shall be null and void if the payments provided for in sub-paragraph ii) above have not been made at the time of the official's cessation of service.*

*vi) Time limit for payment*

*Payment of the amounts referred to in sub-paragraph ii) above shall be made:*

- within three months after the expiry of the time limit prescribed in sub-paragraph v) above, if the person concerned has actually received such amounts from his previous employer;*
- on receipt of such amounts from the previous employer in other cases.*

*Payment to the Organisation shall be made in the currency – or its equivalent value at the rate of exchange in force on the date of actual payment to the Organisation – in which the amounts referred to in sub-paragraph ii) above have been or will effectively be paid by the previous pension scheme.*

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<sup>1</sup>The accrued rights are invariably rights which are “not yet due” or the actuarial equivalent thereof.

## **13.2 – Transfer of pension rights to an outside scheme**

### *i) Time limit for application*

*a) Application for transfer of pension rights under Article 13, paragraph 2 must be made by the official to the Organisation within six months after his definitive appointment by the new administration or Organisation referred to in Article 13, paragraph 2.*

*b) If the Organisation is unable to conclude with the new administration or Organisation referred to in Article 13, paragraph 2, an agreement for such transfer on terms which it considers satisfactory, it shall confine itself to making immediate payment of the amounts referred to in Article 12, paragraph 1, or to immediate or deferred payment of a retirement pension.*

### *ii) Conditions as to transfer*

*The amounts referred to in Article 13, paragraph 2 may be transferred only to the pension fund of the administration or Organisation referred to in Article 13, paragraph 2, that is to say, to the statutory or contractual pension scheme in force in that administration or Organisation.*

### *iii) Calculation of amounts to be transferred*

*The actuarial equivalent of the retirement pension rights referred to in Article 13, paragraph 2 shall be calculated on the basis of the table annexed to this Instruction, the annual pension acquired in the Organisation (1.75% of the annual basic salary per reckonable year of service) – established on the basis of the salary scale in force at the date on which the official ceases his functions – being multiplied by the coefficient corresponding to the age of the official at that date.*

**ANNEX TO INSTRUCTIONS 13.1 iii) AND 13.2 iii)**

<i>Age</i>	<i>Coefficient</i>	<i>Age</i>	<i>Coefficient</i>
20	3,0280	45	7,2525
21	3,1361	46	7,5108
22	3,2480	47	7,7748
23	3,3641	48	8,0478
24	3,4843	49	8,3336
25	3,6069	50	8,6219
26	3,7420	51	8,9342
27	3,8757	52	9,2459
28	4,0118	53	9,5768
29	4,1556	54	9,9156
30	4,3004	55	10,2678
31	4,4564	56	10,6438
32	4,6156	57	11,0143
33	4,7784	58	11,4307
34	4,9511	59	11,8446
35	5,1282	60	12,2878
36	5,3074	61	12,7596
37	5,4960	62	13,2581
38	5,6893	63	13,7168
39	5,8933	64	14,2930
40	6,0984	65	14,9248
41	6,3122		
42	6,5377		
43	6,7703		
44	7,0084		

*Table established on the basis of the assumptions used to determine  
the cost of the scheme*

**CHAPTER III****INVALIDITY PENSION****Article 14 – CONDITIONS OF ENTITLEMENT – INVALIDITY BOARD**

1. An invalidity pension shall be payable to an official who is under the age limit laid down in the Staff Regulations and who, at any time during the period in which he is accruing pension rights, is recognised by the Invalidity Board defined below to be suffering from permanent invalidity which totally prevents him from performing his job or any duties corresponding to his experience and qualifications which may have been proposed to him by the Organisation.

2. The Invalidity Board shall consist of three medical practitioners, the first two being appointed by the Organisation and the official, respectively, and the third one selected jointly by the first two. Cases shall be submitted to it by the Organisation either on its own initiative or at the request of the official concerned.

**Instructions****14/1 – Period of non-activity**

*i) The invalidity pension shall not be payable if it results from an illness or accident occurring during unpaid leave or a period of non-active status which did not give rise to contributions to the Pension Scheme (leave for personal reasons, military service).*

*ii) On the other hand, it shall be payable if the events mentioned above occur during a period of non-active status which follows a period of sick leave, and during which the official is in receipt of an allowance for temporary incapacity; in such event, he shall continue to pay contributions to the Pension Scheme in accordance with Instruction 4.1 ii). The same shall apply to any periods of unpaid leave provided for under Instruction 4.1 iii).*

**14/2 – Invalidity Board****Tasks of the Invalidity Board**

*i) The tasks of the Invalidity Board are:*

- a) to ascertain whether an official is suffering from invalidity within the meaning of Article 14, paragraph 1.*
- b) when an incident is recognised by the Organisation as falling within the scope of Article 15, paragraph 2 (work accident, occupational disease or public-spirited act), to decide to what extent the official's invalidity is the result thereof ;*
- c) to decide whether, following an examination under Article 17, the former official no longer fulfils the conditions for entitlement to an invalidity pension.*

**Secretariat of the Invalidity Board**

*ii) The Organisation shall appoint an official as Secretary of the Invalidity Board. Secretariat services may also be provided by the Organisation's medical adviser, who shall be given any administrative assistance he requires.*

**Convocation and composition of the Invalidity Board**

*iii) When the Invalidity Board is to be convened at the official's request, the request shall be addressed to the Head of Personnel: it must include his formal application to be declared a*

*permanent total invalid, and give the name of the medical practitioner who is to represent the official on the Invalidity Board. The request may be accompanied by a medical file, under separate confidential cover, for the attention of the Organisation's medical adviser.*

*Upon receipt of this request, the Head of Personnel shall forward it to the Organisation's medical officer with a request to contact the medical practitioner nominated by the official. The official must ask his medical practitioner to forward to the Organisation's medical adviser all medical evidence in support of his application.*

*Within 30 calendar days following receipt of the official's request, the Head of Personnel shall inform the medical practitioner nominated by the official of the name of the medical practitioner who will represent the Organisation on the Invalidity Board.*

*iv) When the Invalidity Board is to be convened at the request of the Organisation, the Head of Personnel shall notify the official accordingly and ask him to make his observations, if any, and to nominate a medical practitioner to represent him on the Board, within 30 calendar days following receipt of the said notification.*

*This notification shall also state the name of the medical practitioner who will represent the Organisation on the Invalidity Board.*

*The Head of Personnel shall ask the official to forward all medical documents concerning him to the medical practitioner representing the Organisation.*

*v) If one of the parties has not nominated a medical practitioner to represent it on the Invalidity Board within the prescribed time – limit, the other party shall ask the Chairman of the Joint Appeals Committee to appoint such a medical practitioner as soon as possible. He may, for this purpose, consult a list drawn up by:*

- a national judicial body, or*
- the National Doctor's Association (or equivalent), or*
- failing this, another national body of the official's duty station or home country.*

*vi) The third medical practitioner shall be selected by the other two within 30 calendar days at the most following notification of their names to the parties; failing agreement on this nomination within the prescribed time, the Chairman of the Joint Appeals Committee shall nominate, at the request of either party, this third medical practitioner in accordance with the procedure set out in the above sub-paragraph.*

### **Meeting of the Invalidity Board**

*vii) The Invalidity Board shall meet at the latest within 60 calendar days following the appointment of the third medical practitioner.*

*viii) The Invalidity Board shall have at its disposal:*

- a) an administrative file submitted by the Head of Personnel containing, in particular, an indication of the post occupied by the official in the Organisation together with a description of his duties and of any duties proposed to him by the Organisation corresponding to his experience and qualifications, so that the Board can give its opinion as to whether the official is incapable of carrying out those duties. This file shall also specify whether the application to be declared an invalid is likely to fall within the scope of Article 15, paragraph 2.*

*Before being forwarded to the Invalidity Board, the foregoing particulars shall be communicated to the official by the Head of Personnel for his written comments, if any, to be sent by him to the Personnel Division within 15 calendar days following their receipt.*

- b) a medical file containing the report presented by the medical representative of the party – the Organisation or the official – that has*

*asked for the Board to be convened, and, if appropriate, the medical report presented by the other party, as well as any reports or certificates from the official's medical practitioner or from practitioners whom the parties have consulted. This medical file shall also contain details of the length of absences of the official concerned which have provided grounds for the Board to be convened, as well as the nature of the disability on which the Board is asked to give a ruling.*

*All these reports, documents and certificates must be communicated to the three medical practitioners.*

*ix) The proceedings of the Invalidity Board shall be secret. The Board may ask to hear the official concerned. It may also ask him to undergo an additional medical examination by a medical practitioner appointed by the Board.*

*x) The cost of the meeting of the Invalidity Board shall be met by the Organisation.*

*The Organisation shall bear the fees and the travel expenses – the latter calculated according to the rules applicable to persons travelling at the charge of the Organisation's budget – of the medical practitioner representing the official only when this practitioner lives in the country of the official's last duty station, his home country if he is living there at the time of the establishment of the lasting nature of his disability, or in the country of residence of the former official concerned.*

*xi) The findings of the Invalidity Board shall be determined by a majority vote. They shall be final except in the case of obvious factual errors.*

**Findings under Article 14, paragraph 1 or Article 15, paragraph 2**

*xii) The findings of the Invalidity Board shall state:*

- *whether or not the official suffers from permanent invalidity which totally prevents him from performing his duties or any duties proposed to him by the Organisation corresponding to his experience and qualifications.*
- *whether the invalidity results from an incident recognised by the Organisation as falling within the scope of Article 15, paragraph 2 (work accident, occupational disease or public-spirited act) ;*
- *the date on which the disability became lasting; this date may be prior to the date of the meeting of the Invalidity Board.*

**Findings under Article 17**

*xiii) Where the Board meets under Article 17, the findings of the Board shall state:*

- *whether the former official is incapable of performing the duties attached to his former post or any duties proposed to him by the Organisation corresponding to his experience and qualifications; or,*
- *whether it has been found that the former official is no longer an invalid.*

**14/3 – Decision of the Secretary General**

**Decision under Article 14, paragraph 1, or Article 15, paragraph 2**

*i) In accordance with the findings of the Invalidity Board and without prejudice to the competence of the Joint Appeals Committee, the Secretary General of the Organisation shall decide either:*

- a) *to grant to the official concerned an invalidity pension under Article 14, paragraph 1, or Article 15, paragraph 2; this decision shall specify the date on which the pension takes effect; or,*



- b) *to not recognize the official as an invalid within the meaning of the Rules.*

**Decision under Article 17**

*ii) In accordance with the findings of the Invalidity Board and without prejudice to the competence of the Joint Appeals Committee, the Secretary General of the Organisation shall decide either:*

- a) *to continue payment of the invalidity pension to the former official; or*  
b) *to no longer recognize the official as an invalid within the meaning of the Rules and to terminate such payment, at a date which may not be prior to the meeting of the Board, in accordance with the conditions provided for in Instruction 17/3.*

**Obvious factual error**

*iii) In the event of an obvious factual error, the Secretary General shall again refer the case to the Invalidity Board.*

**Notification of the decision of the Secretary General**

*iv) Within 30 calendar days of receipt of the findings of the Invalidity Board, the Secretary General shall notify the official or former official of his decision in writing, together with the findings of the Invalidity Board.*

**Article 15 – RATE OF PENSION**

1. Subject to the provisions of Article 5, paragraph 3, the invalidity pension shall be equal to the retirement pension to which the official would have been entitled at the age-limit if he had continued to serve until that age, the requirement for a minimum of ten years' service under Article 8 not being applicable.

2. However, where the invalidity arises from an accident in the course of the performance of his duties, from an occupational disease, from a public-spirited act or from risking his life to save another human being, the invalidity pension shall be 70% of salary. In the event of invalidity resulting from a cause other than these, the invalidity pension provided for in this paragraph may not be less than the invalidity pension which would be payable under paragraph 1 of this Article.

3. The salary used as a basis for the calculation of the invalidity pension referred to in paragraphs 1 and 2 above shall be the salary for the grade and step held by the official in accordance with the salary scales in force at the date laid down in Article 18, paragraph 1.

4. The invalidity pension shall not be less than 100% of the salary for grade C1, step 1. The invalidity pension may not be more than the last salary. Salaries are those which appear in the salary scales in force at the date laid down in Article 18, paragraph 1, subject to any adjustments provided for under Article 36.

5. In the case of invalidity deliberately brought about by the official, the Organisation shall decide whether he should receive an invalidity pension or only a retirement pension or a leaving allowance, depending on his length of effective service.



**Instructions****15.1 – Part-time service**

*Where an official working part-time is found to be suffering from invalidity and the provisions of Article 6, paragraph 3 ii), are not applied, the period subsequent to the date on which he is recognised as unfit for service shall, for the purposes of calculating the invalidity pension provided for under Article 15, paragraph 1, be counted as a period of part-time work in the cases referred to in Article 7, paragraph 2.*

**15.2 – Work accident and occupational disease**

*For the purposes of Article 15, paragraph 2, reference shall be made to the Rules applicable in the Organisation for the definition of the risks of work accident and occupational disease.*

**Article 16 – CONCURRENT EARNINGS**

1. Where a person in receipt of an invalidity pension is nevertheless gainfully employed, this pension shall be reduced by the amount by which his pension together with the remuneration he receives for the said employment exceeds the salary for the highest step in the grade he held at the time of his being recognised as invalid.
2. This reduction shall apply only up to the age-limit.

**Instruction****16.1 – Double entitlement to an invalidity pension and other income**

- a) *Gainful employment under Article 16 shall mean any employment outside the Organisation, as well as employment pursued therein in whatever capacity.*
- b) *A person in receipt of an invalidity pension shall immediately notify the Organisation of any gainful, non-occasional employment; in addition, he shall inform the Organisation of the total amount of remuneration he received during the preceding calendar year, the reduction referred to in Article 16 thus being calculated on a monthly basis.*

*Express mention of this obligation shall be made in the decision notifying the award of an invalidity pension.*

**Article 17 – MEDICAL EXAMINATION – TERMINATION OF PENSION**

1. While a person receiving an invalidity pension is still under the age-limit laid down, the Organisation may have him medically examined periodically to ascertain that he still satisfies the conditions for entitlement to such pension, in particular having regard to any new duties corresponding to his experience and qualifications which may have been proposed to him by the Organisation.
2. When a person receiving an invalidity pension who has not reached the said age-limit ceases to satisfy the conditions for entitlement to the invalidity pension, the Organisation shall terminate that pension.

3. The time during which the person concerned has received his invalidity pension shall then be reckoned, without payment of back contributions, for the calculation of the leaving allowance or retirement pension, as the case may be.

## **Instructions**

### **17/1 – Suspension of Invalidity Pension**

*If the recipient of an invalidity pension fails to submit to a medical examination as prescribed by the Organisation, payment of the invalidity pension may be suspended.*

### **17/2 – Medical Examination and new Invalidity Board**

*The periodical medical examinations required under Article 17 shall normally take place at the residence of the person concerned, unless the Organisation requires otherwise or it is impracticable to have the person concerned examined at his place of residence.*

*Such examinations shall be carried out by a medical practitioner chosen by the Organisation; the latter shall bear the cost thereof, including travelling expenses of the person concerned if exceeding 50 km from his home. Should the medical practitioner chosen by the Organisation report that the official no longer satisfies the conditions of entitlement to an invalidity pension, notably having regard to any new duties proposed to him by the Organisation corresponding to his experience and qualifications, an Invalidity Board shall be convened in accordance with the provisions of Article 14 and its implementing Instructions.*

### **17/3 – Cessation of Entitlement to an Invalidity Pension**

*Where the Invalidity Board, in application of Article 17, paragraph 2, declares that the person concerned who is still under the age-limit has ceased to satisfy the conditions of entitlement to an invalidity pension, the payment of that pension shall be terminated; if the person concerned does not resume work in the Organisation, he shall receive either a leaving allowance based on his years of service and years of invalidity where the total is less than ten years, or a deferred or early retirement pension.*

### **17/4 – Re entitlement to an Invalidity Pension**

*Where the person concerned is entitled to a deferred or early pension and subsequently suffers a relapse, while still under the age-limit, resulting from the same condition as that which had entitled him to the previous invalidity pension, the Invalidity Board, convened at the official's request in accordance with instruction 14/2, shall declare that he once again effectively fulfils the conditions required under Article 14, paragraph 1, insofar as he is not receiving for that same condition an invalidity benefit or pension borne by another scheme.*

## **Article 18 – COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. Entitlement to an invalidity pension shall commence on the first day of the month following the date of the beginning of the invalidity as recognised by the Invalidity Board.
2. Subject to application of Article 17, paragraph 2:
  - i) the invalidity pension payable under Article 15, paragraph 2 shall be paid for life;
  - ii) in other cases, entitlement to an invalidity pension shall terminate:
    - either at the age-limit,
    - or at the end of the month in which the recipient of such a pension dies.

Where the invalidity pension terminates because the person concerned has reached the age-limit, he shall, notwithstanding the ten-year minimum requirement provided for in Article 8, be entitled to a retirement pension calculated as follows:

- reckonable years of service shall be calculated as if he had remained in service until the age-limit;
- the reference salary shall be that of his grade and step at the time of his being recognised an invalid, updated in accordance with Article 36.

## CHAPTER IV

### SURVIVOR'S AND REVERSION PENSIONS

#### Article 19 – CONDITIONS OF ENTITLEMENT

1. The surviving spouse of an official who died in service shall be entitled to a survivor's pension, provided they had been married to each other for at least one year at the time of the official's death, unless the death resulted either from disablement or illness contracted in the performance of his duties, or from an accident.
2. A reversion pension shall be payable to the surviving spouse:
  - i) of a former official drawing an invalidity pension, if they were married to each other for at least one year at the time of his being recognised an invalid; this condition of anteriority shall not apply if the marriage had existed for at least five years at the time of the former official's death, or if the death resulted either from disablement or illness contracted in the performance of his duties, or from an accident;
  - ii) of a former official drawing a retirement pension, if they had been married to each other for at least one year at the time when the former official's appointment ceased; this condition of anteriority shall not apply if the marriage had existed for at least five years at the time of the former official's death; or
  - iii) of a former official entitled to a deferred pension, if they had been married to each other for at least one year at the time when the former official's service ceased; this condition of anteriority shall not apply if the marriage had existed for at least five years at the time of his death.
3. The above-prescribed conditions of anteriority or minimum duration of marriage shall not apply where there are one or more children of the marriage or of a marriage of the official contracted prior to the cessation of his service, inasmuch as the non-remarried surviving spouse is providing for their needs; in such case, the survivor's or reversion pension shall be payable, under the present paragraph, for so long as the children are actually being so provided for.

When they are no longer being so provided for, the survivor's or reversion pension shall nonetheless continue to be payable for so long as the surviving spouse does not have an income of his own from the exercise of any occupation, or from any retirement pension or other survivor's or reversion pension, equal to at least the amount of the survivor's or reversion pension from the Organisation.

#### Instruction

##### 19.1 – Official dying during unpaid leave for personal reasons

*i) When an official who has completed at least ten years' service within the meaning of Article 4 dies during a period of leave in which no contributions were made to the Pension Scheme, the surviving spouse shall be entitled to the survivor's pension under Article 20, paragraph 1, the minimum and maximum amounts of such pension being in accordance with paragraphs 3 and 4 of the same Article.*

*In addition, any orphans and/or dependants shall be entitled to the benefits specified in Articles 25 and 26.*

*ii) Where the deceased official had not completed ten years of service conferring entitlement, as defined in Article 4, the amounts provided for in Article 12 shall be paid to his estate; such*

*amounts shall be calculated on the basis of rights acquired and salary at the date of termination of the period in respect of which contributions to the Pension Scheme were payable, without any subsequent adjustment or interest.*

#### **Article 20 – RATE OF PENSION**

1. The survivor's pension shall be 60% of the retirement pension that would have been payable to the official, had he not died in service, on the basis of his reckonable years of service credited up to the time of his death, the requirement for a minimum of ten years of service under the provisions of Article 8 not being applicable.
2. Where an official has died as the result of an accident in the course of the performance of his duties, from an occupational disease, from a public-spirited act or from risking his life to save another human being, the survivor's pension shall be 60% of the invalidity pension to which the official would have been entitled, had he survived, under Article 15, paragraph 2.
3. The survivor's pension shall not be less than 30% of the official's last salary; nor shall it be less than 100% of the salary for Grade C1, step 1.
4. When the former official was receiving a pension at the time of his death, the amount of the reversion pension shall correspond to the highest of the following amounts:
  - 60% of the retirement or invalidity pension to which the former official was entitled at the time of the assessment of his pension, no account being taken of any reductions resulting from the application of Article 9, paragraph 4, or Article 16;
  - 30% of the former official's last salary at the time of the assessment of his pension; or
  - 100% of the salary for grade C1, step 1, under the salary scale in force at the time of the assessment of his pension.

These amounts shall be updated in accordance with the provisions of Article 36.
5. When the former official was not receiving a pension at the time of his death, the amount of the reversion pension shall correspond to the highest of the following amounts:
  - 60% of the retirement pension to which the former official would have been entitled had he reached the pensionable age at the time of his death;
  - 30% of the former official's last salary corresponding to his last grade and step, under the salary scale in force at the time of his death; or
  - 100% of the salary for grade C1, step 1, under the scale in force at the time of the former official's death.
6. The amount of the reversion pension shall not exceed that of the pension received by the former official or, in cases provided for under paragraphs 4 and 5 above, the amount of the pension to which the former official would have been entitled had he reached, respectively, the age-limit or the pensionable age at the time of his death.

#### **Article 21 – REDUCTION FOR DIFFERENCE IN AGE**

1. Where the difference in age between the deceased official or former official and his younger surviving spouse and/or former spouse, minus the length of time they have been married, is more than

ten years, the survivor's or reversion pension, calculated in accordance with the preceding provisions, shall be subject to a reduction, per year of difference, amounting to:

- 1% for the years between 10 and 20;
- 2% for the years 20 up to but not including 25;
- 3% for the years 25 up to but not including 30;
- 4% for the years 30 up to but not including 35;
- 5% for the years from 35 upwards.

## **Article 22 – REMARRIAGE**

1. Entitlement to a survivor's or reversion pension shall cease on remarriage.

## **Article 23 – RIGHTS OF A FORMER SPOUSE**

1. The non-remarried former spouse of an official or former official shall, on the latter's death, be entitled to a survivor's or reversion pension, provided that and for as long as the official or former official was, at the time of his death and by virtue of a court decision which has become final and binding, under an obligation to pay maintenance or compensation to the former spouse, in a personal capacity, but the survivor's or reversion pension shall not exceed the amount of such payment.

2. Where an official or former official dies leaving both a spouse entitled to a survivor's or reversion pension and a non-remarried former spouse fulfilling the conditions laid down in paragraph 1 above, the whole of the survivor's or reversion pension shall be divided between the before-mentioned persons in proportion to the duration of their marriages.

The amount to which a non-remarried former spouse is entitled shall however not be more than the amount of the maintenance or compensation payable at the time of the death of the official or former official.

3. Where one of the persons entitled to a survivor's or reversion pension renounces his share, ceases to satisfy the conditions for entitlement or forfeits his rights under Article 35, or where the amount of his pension has been restricted under the terms of the second sub-paragraph of paragraph 2 above, his share shall accrue to the share of the other person, except where pension rights revert to orphans, as provided under the last sub-paragraph of Article 25, paragraph 3, last sub-paragraph. In such a case, the restriction laid down in the second sub-paragraph of paragraph 2 above shall apply.

4. Reductions in respect of difference in age as provided for in Article 21 shall be applied separately to survivors' and reversion pensions calculated in accordance with the present Article.

### **Instruction**

#### **23.1 – Rights of a non-remarried former spouse**

*i) The maintenance or compensation payments referred to in Article 23, paragraph 1 shall, where appropriate, be converted into the currency of the scale applicable to the country of the official's or former official's last posting;*

*ii) the maintenance or compensation payments referred to in the preceding sub-paragraph shall be subject to the same adjustments as those actually applied to calculate the survivor's or reversion pension provided for under Article 20.*

#### **Article 24 – COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. Entitlement to a survivor's or reversion pension shall commence from the first day of the month following that in which the official or former official died. If the salary of an official who died in service continues to be paid to a surviving spouse or former spouse, directly and in full, under the Staff Regulations and Rules of the Organisation, payment of the pension of the person concerned shall be deferred accordingly.
2. Entitlement to a survivor's or reversion pension shall cease at the end of the month in which the recipient of the pension dies or ceases to satisfy the conditions for entitlement to that pension.

## **CHAPTER V**

### **ORPHAN'S OR DEPENDANT'S PENSION**

#### **Article 25 – RATE OF ORPHAN'S PENSION**

1. Where an official or former official receiving a retirement or invalidity pension or entitled to a deferred pension dies, his children shall be entitled to an orphan's pension if they fulfil the conditions laid down in paragraph 2.

2. The legitimate, natural or adopted children of an official or former official who has died shall be entitled to an orphan's pension when the deceased or his household provided their main and continuing support at the time of death; and when they satisfy the conditions required for being recognised as dependent children under the provisions of the Staff Regulations.

The legitimate or natural children of a deceased official or former official who were born not more than 300 days after his death shall also be entitled to an orphan's pension.

3. Where there are one or more persons entitled to a survivor's or reversion pension, the amount of the orphan's pension shall correspond to the higher of the following amounts:

- i) 40 % of the survivor's or reversion pension, no account being taken of reductions pursuant to Article 21; or
- ii) 50 % of the salary for grade C1, step 1, according to the salary scale in force when the former official's pension was assessed, this amount being updated in accordance with the provisions of Article 36, or, if he was not receiving a retirement or invalidity pension, according to the salary scale in force at the time of death.

The orphan's pension shall be increased, in respect of the second and every further beneficiary, by an amount equal to 10% of the salary for grade C1, step 1, according to the salary scale in force in his country of last posting when the former official's pension was assessed, this amount being updated in accordance with the provisions of Article 36.

The orphan's pension shall be brought up to the level provided for in paragraph 4 in the event of the beneficiaries of a survivor's or reversion pension dying or remarrying or losing their right to that pension.

4. Where there are no beneficiaries of a survivor's or reversion pension, the orphan's pension shall correspond to the higher of the following amounts:

- i) 80 % of the survivor's or reversion pension, no account being taken of reductions pursuant to Article 21; or
- ii) 100 % of the salary for grade C1, step 1, according to the salary scale in force when the former official's pension was assessed, this amount being updated in accordance with the provisions of Article 36, or, if he was not receiving a retirement or invalidity pension, according to the salary scale in force at the time of death.

The orphan's pension shall be increased, in respect of the second and every further beneficiary, by an amount equal 20% of the salary for grade C1, step 1, according to the salary scale in force in his country of last posting when the former official's pension was assessed, this amount being updated in accordance with the provisions of Article 36.

5. The total amount of the orphan's pension shall be divided equally among all the orphans.



**Instructions****25.3 – Rate of pension for orphans dependent on a non-remarried former spouse**

*Subject, where appropriate, to the provisions of Instructions 28.1/1 and 28.1/2, the provisions of Article 25, paragraph 3 shall apply where an official or former official dies leaving a non-remarried former spouse entitled to a survivor's or reversion pension under Article 23. In such a case, the orphan's pension shall be fixed without having regard to the reductions provided for in Articles 21 and 23.*

**25.4 – Rate of pension for orphans belonging to another family group**

*Subject to the provisions of Instructions 28/1.1 and 28/2.1, the provisions of Article 25, paragraph 4 shall also apply where an official or former official dies leaving a surviving spouse or former spouse on one side and orphans belonging to another family group on the other side.*

**Article 26 – RATE OF PENSION FOR OTHER DEPENDANTS**

1. Where an official or former official receiving a retirement or invalidity pension or entitled to a deferred pension dies, the persons recognised as other dependants under the Staff Regulations shall be entitled to a dependant's pension.
2. The pension paid to each dependant shall be equal to the lowest of the following amounts:
  - i) the amount, as recognised by the Organisation, of the support provided to that person by the official or former official at the time of his death;
  - ii) 20% of the salary for grade C1, step 1, according to the salary scale in force in his country of last posting when the former official's pension was assessed, this amount being updated in accordance with the provisions of Article 36; or
  - iii) where an orphan's pension is paid, the amount of each orphan's share pursuant to Article 25, paragraph 5.

**Instruction****26.2 – Pension adjustment**

*The amount of the dependant's pension referred to in this Article shall be subject to the same adjustments as those effectively applied to calculate the orphan's pension provided for under Article 25.*

**Article 27 – COMMENCEMENT AND CESSATION OF ENTITLEMENT**

1. The pensions provided for under Articles 25 and 26 shall be payable from the first day of the month following that in which the official or former official died. If the salary of an official who died in service continues to be paid to a surviving spouse or former spouse, directly and in full, under the Staff Regulations, payment of the pensions shall be deferred accordingly.
2. The pensions under Articles 25 and 26 shall cease to be payable at the end of the month in which the child or other dependant ceases to satisfy the conditions for recognition of such status under the Staff Regulations.

## Article 28 – BENEFICIARIES OF MORE THAN ONE CATEGORY

1. Where an official or former official leaves a spouse or former spouse, on the one hand, and children or dependent persons, on the other, with entitlement to a pension, the total pension, calculated as if for a surviving spouse having all these persons dependent on him, shall be apportioned among the various categories of persons concerned in proportion to the pensions which would have been payable to each category if treated separately.
2. Where there are children or dependent persons from different family groups, with entitlement to a pension, the total pension, calculated as though all were from the same family group, shall be apportioned among the various categories of beneficiaries in proportion to the pensions which would have been payable to each category if treated separately.

### Instructions

#### **28.0 – Beneficiaries of more than one category – General provisions**

*In cases of coexistent pension entitlements of a spouse, former spouse(s), children and/or dependants, the “total pension” referred to in Article 28, paragraphs 1 and 2 is defined in Instructions 28.1/1 i) and 28.2/1 i) respectively. It shall be apportioned as follows:*

*i) If the beneficiaries are:*

- the spouse, and
- former spouse(s)

*with no dependent children and/or dependants, the pension shall be apportioned in accordance with the provisions of Article 23.*

*ii) If the beneficiaries are:*

- the spouse or former spouse(s), on the one hand, and
- children and/or dependants, on the other,

*belonging to different family groups, the pension shall be apportioned in accordance with the provisions of Instruction 28.1/1.*

*iii) If the beneficiaries are:*

- the spouse or former spouse(s) with children and/or dependants, on the one hand,
- and orphans and/or dependent persons, on the other

*belonging to different family groups, the pension shall be apportioned in accordance with the provisions of Instruction 28.1/2.*

*iv) If the beneficiaries are:*

- the spouse, and
- former spouse(s)

*one of whom at least has children and/or dependants, the pension shall be apportioned in accordance with the provisions of Article 23 for survivors’ and reversion pensions, and of Instruction 28.2/1 for orphans’ and/or dependants’ pensions.*

*v) If the beneficiaries are:*

- persons entitled to orphans’ and/or dependants’ pensions belonging to different family groups,

*the pension shall be apportioned in accordance with the provisions of Instruction 28.2/1.*

*Where, when Instructions 28.1/1, 28.1/2, 28.2/1 are applicable, one of the family groups is affected by a change in situation, the individual entitlement within the other family group shall remain calculated in accordance with the initial apportionment of benefits.*

**28.1/1 – Coexistence of beneficiaries, without children or dependants, entitled to a survivor's or reversion pension on the one hand, and of orphans and/or dependants on the other, belonging to different family groups**

*i) In this case, the total pension referred to in Article 28, paragraph 1 shall be calculated as if all beneficiaries of the deceased official or former official formed part of a single family group. This total pension shall comprise:*

- a survivor's or reversion pension as would be payable to a surviving spouse of the deceased official or former official in accordance with Article 20 only;*
- orphans' pensions calculated as if all orphans of the deceased official or former official belonged to the family group entitled to the survivor's or reversion pension mentioned above;*
- dependants' pensions calculated theoretically as orphans' pensions before application of the provisions of Article 26, paragraph 2.*

*In accordance with Article 25, paragraph 3 ii), only one minimum orphan's pension (50% of the salary for grade C1, step 1) shall be taken into account in this calculation.*

*ii) The total pension shall be apportioned among:*

- the surviving spouse or non-remarried former spouse(s) and*
- orphans and/or dependants,*

*in proportion to the amounts which would have been payable directly to each of these family groups considered separately, after application of Articles 21 and 23 for the survivor's or reversion pension, Article 25 for orphans' pensions, and Article 26 for dependants' pensions.*

*iii) If the amounts so apportioned exceed the pensions to which the beneficiaries would have been entitled if they had been considered separately, including, for dependants' pensions, after application of Article 26, any such excess amounts shall not be payable.*

*iv) The minimum amounts laid down for survivors' and reversion pensions and for orphans' and/or dependants' pensions shall no longer apply to the shares actually attributed.*

**28.1/2 – Coexistence of beneficiaries entitled to a survivor's or reversion pension with children and/or dependants on the one hand, and of orphans and/or dependants belonging to another family group on the other**

*i) In this case, the total pension, calculated in accordance with Instruction 28.1/1 i), shall be apportioned among:*

- the surviving spouse or former spouse(s) and the children and/or dependants thereof and*
- the children and/or dependants belonging to another family group,*

*in proportion to the amounts which would have been payable directly to each of these family groups considered separately, after application of Articles 21 and 23 for the survivor's or reversion pension, Article 25 for orphans' pensions, and Article 26 for dependants' pensions.*

*ii) Within the group consisting of a surviving spouse or former spouse(s) and orphans and/or dependants, the share going to that group shall be apportioned, for the purpose of calculating the individual entitlement of each member as mentioned above, in proportion to the survivor's or reversion pension on the one hand, and the orphans' and/or dependants' pensions on the other.*

*iii) If the amounts so apportioned exceed the pensions to which the beneficiaries would have been entitled if they had been considered separately, including after application of Article 26, any such excess amounts shall not be payable.*

*iv) The minimum amounts laid down for survivors' and reversion pensions and for orphans' and/or dependants' pensions shall no longer apply to the shares actually attributed.*

**28.2/1 – Coexistence of beneficiaries entitled to orphans' and/or dependants' pensions belonging to different family groups**

*i) In this case, the total pension referred to in Article 28, paragraph 2 shall be calculated as if all the persons entitled to an orphan's pension and/or dependant's pension formed part of a single family group. Before apportionment, dependants shall be treated in theory as orphans. This total pension shall comprise:*

- a single orphan's pension calculated, as the case may be, in accordance with the provisions of Article 25, paragraph 3 i) if there are one or more persons entitled to a survivor's or reversion pension, or of Article 25, paragraph 4 i) where there are no such persons;*
- orphans' pensions equal to the dependent child allowance where there are one or more persons entitled to a survivor's or reversion pension, or to double that allowance where there are no such persons.*

*ii) This total pension shall be apportioned among the different family groups in proportion to the pensions which would have been payable directly to each of these family groups considered separately.*

*iii) Within each family group, the share going to that group shall be divided equally among the beneficiaries before application of Article 26, where applicable.*

*iv) The minimum amounts laid down shall no longer apply to the shares actually attributed.*

## CHAPTER VI

## CEILING ON BENEFITS

## Article 29 – CEILING ON BENEFITS

1. Where an official dies, the total amount payable in respect of survivor's, orphan's and dependant's pensions shall not exceed the maximum of the retirement pension referred to in Article 11, paragraphs 2 and 3. In any event, this total shall not exceed the last salary received by the official.
2. Where a former official receiving a retirement pension dies, the total amount payable in respect of reversion, orphan's and dependant's pensions shall not exceed the amount of the pension received by the former official.
3. Where a former official entitled to a deferred or invalidity pension dies, the total amount payable in respect of reversion, orphan's and dependant's pension shall not exceed the amount of the retirement pension he would have received if he had reached the age-limit at the time of his death.
4. The amounts payable in respect of survivor's, reversion, orphan's and dependant's pensions shall, where applicable, be reduced in proportion to the share of each beneficiary.

## Instructions

**29/1 – Ceiling on benefits payable to a surviving spouse, former spouse, orphans and/or dependants**

*i) Save where Article 11, paragraph 3 applies, the maximum of the retirement pension referred to in Article 29, paragraph 1 shall be 70% of the salary defined in Article 11, paragraph 1, as adjusted from time to time in accordance with the provisions of Article 36; the same adjustments shall be applied to retirement pensions, deferred or not, and to the invalidity pensions referred to in Article 29, paragraphs 2 and 3.*

*ii) The ceilings stipulated in Article 29 shall be reviewed whenever changes are made to the basis for calculating the benefits due.*

**29.3 – Ceiling in the event of the death of a person drawing an invalidity pension under Article 15, paragraph 2**

*In the event of the death of a former official drawing an invalidity pension under Article 15, paragraph 2, the ceiling to be applied shall be the amount of the pension he was receiving at the time of his death.*

**29.4/1 – Amount of the reduction applicable to survivors', reversion, orphans' and/or dependants' pensions**

*The reduction shall be applied to survivors', reversion, orphans' and/or dependants' pensions. The reduction shall be apportioned among the beneficiaries in proportion to the benefits payable in application of the provisions of Chapter IV (Survivor's and Reversion Pensions) and Chapter V (Orphan's Pension and Dependant's Pension).*

**29.4/2 – Statutory minimum amounts**

*The minimum amounts laid down shall not apply to survivors', reversion, orphans' and/or dependants' pensions reduced in accordance with the provisions of Article 29.*

## **CHAPTER VII**

### **PROVISIONAL PENSIONS**

#### **Article 30 – CONDITIONS OF ENTITLEMENT**

1. Where an official or former official entitled to a retirement or invalidity pension has been missing for more than one year in circumstances justifying a presumption of death, the persons entitled under him may provisionally be awarded a survivor's, reversion, orphan's or dependant's pension, as appropriate.
2. The provisions of paragraph 1 above shall apply *mutatis mutandis* to persons recognised as dependants of a person in receipt of a survivor's or reversion pension, who has been missing for more than one year.
3. Provisional pensions under paragraphs 1 and 2 above shall be converted into definitive pensions when the death of the official, former official, spouse or former spouse has been established officially or when that person has been declared missing by a final Court decision.

#### **Instruction**

##### **30.3 – Forfeiture of rights**

*The time limits laid down by Article 35, paragraphs 2 and 3 shall run from the date of the Court decision declaring him to be missing, referred to in Article 30, paragraph 3.*

## CHAPTER VIII

## DETERMINATION OF THE AMOUNTS OF BENEFITS

## Section 1: ASSESSMENT OF ENTITLEMENT

**Article 31 – ORGANISATION RESPONSIBLE FOR THE ASSESSMENT**

1. The assessment of the benefits payable under these Rules shall be made by the Organisation with the assistance of the International Service for Remunerations and Pensions.
2. A detailed statement of the assessment shall be communicated to the official or the persons entitled under him after approval by the Organisation.
3. Until this approval has been given, pensions shall be paid on a provisional basis.

**Instruction****31.2 – Pension Statement**

*On the termination of service of an official, the Organisation shall draw up a statement of his pension rights on the form provided for this purpose, taking into account all reckonable years of service which have been credited.*

**Article 32 – NO DOUBLE ENTITLEMENT**

1. Without prejudice to the application of Articles 4 and 5, the following may not be paid concurrently out of the budget of the Organisation:
  - i) a retirement and an invalidity pension as provided for in these Rules;
  - ii) a retirement or invalidity pension and an indemnity on termination of appointment not paid as a lump sum;
  - iii) two retirement pensions.
2. Recipients of a retirement or invalidity pension under the present Rules may not be granted the status of official in the meaning of Article 1. The modalities for double entitlement to a retirement pension and any other remuneration paid by the Organisation shall be defined by the Organisation.

**Instructions****32.1 – Double entitlement as regards retirement or invalidity pensions**

- i) In view in particular of the rules contained in Article 5, paragraph 2, two retirement pensions under these Rules may not be paid by the Organisation.*
- ii) Double entitlement to a retirement and invalidity pension granted under the present Rules shall be forbidden; in calculating an invalidity pension granted under Article 15, paragraph 1, the abatements prescribed in Article 5, paragraph 2 shall be applied in cases where retirement pension payments previously received have not been refunded.*

*iii) Double entitlement to a retirement or invalidity pension and to an indemnity on termination of employment paid month by month on the basis of the salary being received by the official at the time of leaving shall be prohibited.*

### **Article 33 – BASIS OF CALCULATION**

1. Pensions shall be calculated at the time of their assessment by reference to the salary defined in Article 3 and to the salary scales applicable to the country of the last posting of the official or former official.

### **Article 34 – RE-ASSESSMENT – CANCELLATION**

1. The benefits provided for under the Pension Scheme may be re-assessed at any time in the event of error or omission of any kind. Any undue payments must be reimbursed. They may be deducted from the benefits payable to the person concerned or to the persons entitled under him or from the amounts due to his estate. The reimbursement may be spread over a period.

2. Benefits shall be subject to modification or cancellation if their award was contrary to the provisions of these Rules.

### **Article 35 – REQUIREMENT OF EVIDENCE – FORFEITURE OF RIGHTS**

1. Persons who are eligible for benefits under these Rules shall notify the Organisation or the International Service for Remunerations and Pensions of any facts which may affect their entitlement to benefits and to furnish such supporting evidence as may be required of them.

Should they fail to comply with these obligations, they may be deprived of the right to benefits under this Scheme; save in exceptional circumstances, they shall refund any sums received to which they were not entitled.

2. Where the surviving spouse, orphans or other dependants of a deceased official or former official fail to apply for their pension within 12 months from the date of his death, payment of the benefits under these Rules may, at the discretion of the Organisation, be postponed until the first day of the month following that in which they make their application.

3. Where an official's or former official's former spouse referred to in Article 23 fails to apply for her pension within 12 months from the date of his death, his rights may, at the discretion of the Organisation, be wholly forfeited.

### **Instructions**

#### **35.1/1 – Statement by the official or persons entitled under him**

*The recipient of any benefit under the Pension Scheme shall be required to fill out and sign the form to verify continuing entitlement which is sent to him every year.*



**35.1/2 – Refund of amounts incorrectly received**

*All amounts incorrectly received shall be refunded pursuant to Articles 34 and 35, in the manner prescribed in the Staff Regulations.*

**35.1/3 – Obligation on claimants to make themselves known**

*In the absence of a statement provided for under Instruction 35.1/1, it is the responsibility of persons entitled under a deceased official or former official to notify their existence to the Organisation which they consider to be liable for the payment to them of benefits under the Pension Scheme.*

**35.1/4 – Notification of beneficiaries**

*The Organisation shall then inform the beneficiaries concerned of the benefits which they may claim under the Pension Scheme.*

## Section 2: ADJUSTMENT OF PENSIONS

### Article 36 – ADJUSTMENT OF PENSIONS

1. The Organisation shall adjust pensions, every year, in accordance with the revaluation coefficients based on the consumer price index for member countries of the Organisation.

It shall also adjust pensions in the course of the year, for any given country, when prices in that country show an increase of at least 6 %.

2. Each pension shall be adjusted in accordance with the revaluation coefficients for the country in which the pensioner has settled his principal and effective residence.

Where a pensioner settles his principal and effective residence in a country which is not a member of the Organisation, the pension is adjusted in accordance with the revaluation coefficients for the official's or former official's country of last posting. Should the country in which the pensioner has settled his principal and effective residence become a member of the Organisation, the adjustments following the date of membership shall be based on the revaluation coefficients for this country.

3. Where a person receiving a pension dies, and reversion, orphan's or dependant's pensions are due, the following calculation shall be made:

- pensions shall be calculated with reference to the scale in force at the date of assessment of the entitlement of the deceased pensioner;
- the amounts thus determined shall be updated, as from that date until the date of assessment, by application of the pensions revaluation coefficients for the country of residence at the date of assessment or, where the country of residence is not a member of the Organisation, by application of the pensions revaluation coefficients for the former official's country of last posting.

4. Where a person receiving an invalidity pension not awarded under Article 15, paragraph 2 reaches the age limit laid down in the Staff Regulations, his invalidity pension shall be converted, in accordance with Article 18, paragraph 2, to a retirement pension calculated using the method referred to in paragraph 3 above.

5. At regular intervals, the Secretary General shall establish a comparison of the difference between increases in salary and increases in pensions, and may, where appropriate, propose measures to reduce it.

#### Instructions

##### 36.1/1 – Notifying beneficiaries

*Adjustments to pensions currently being paid shall be notified in writing to the persons entitled to such pensions, either by the Organisation or, as instructed by it, by the International Service for Remunerations and Pensions.*

##### 36.1/2 – Consumer price indices

*Consumer price trends will be monitored with reference to the consumer price indices used in the remuneration adjustment procedure in force in the Co-ordinated Organisations; for countries not covered by the remuneration adjustment procedure in force in the Co-ordinated Organisations, reference shall be made to the indices used by the United Nations.*

### **36.2/1 – Adjustment in the absence of proof of settlement of the principal and effective residence**

*The settlement of a pensioner refers to his principal and effective residence, with the transfer of the permanent and usual center of his interests and the will to confer stability to such a residence. As the case may be, the change of country of residence is taken into account as from the month following the date on which the pensioner proves, to the satisfaction of the Organisation, that he has his principal and effective residence in the country in question.*

*In order to prove, to the satisfaction of the Organisation, the principal and effective residence in the country in question, the Organisation may in particular request that the pensioner provide:*

- a recent certificate of residence,*
- a certificate of removal from the population registry of the former place of residence,*
- a copy of a recent invoice (water, gas, electricity, fixed telephone) established after the date of the removal and for the name and address of the person concerned,*
- a copy of the rent contract or of the purchasing deed of the residence,*
- a copy of the removal invoice,*
- evidence of being subject to property or residence tax,*

*or any other evidence it deems relevant.*

*Where a pensioner does not prove that he has settled his principal and effective residence in a country, the pension shall be adjusted in accordance with the revaluation coefficients for the official's or former official's country of last posting.*

### **36.2/2 – Calculation following a new country becoming a member of the Organisation**

*In cases where Article 36, paragraph 2, second indent, is applied, benefits shall be adjusted in accordance with the revaluation coefficients for the country of residence as from the date in which the country becomes a member of the Organisation, with no retroactive effect.*

### Section 3: PAYMENT OF BENEFITS

#### Article 37 – MODE OF PAYMENT

1. Subject to the provisions of Article 12 and unless otherwise provided under these Rules, pensions shall be paid monthly in arrears.
2. These amounts shall be paid by the Organisation, or by the International Service for Remunerations and Pensions if it has been empowered to do so.
3. Benefits shall be paid in the currency used in their calculation in accordance with Article 33.
4. Benefits shall be paid to the recipient by bank transfer to an account in the country of one of the salary scale that was used for calculating these benefits, or in the country in which he resides.

#### Instruction

##### 37.1 – Date of payment

*Pensions shall be paid in arrears on the last working day but two of the month to which they relate.*

#### Article 38 – SUMS OWED TO THE ORGANISATION

1. Any sum owed by an official, former official or pensioner to the Organisation at the date when the benefits are payable under these Rules shall be deducted from the amount of these benefits or from the benefits payable to those entitled under him. The deduction may be spread over a period.

#### Instruction

##### 38.1 – Buying back rights – Credit for past service

*Any amounts remaining due on the death, recognition of invalidity or termination of service of an official, in respect of pension rights bought back under Article 5, shall constitute a debt owed to the Organisation by the official or the persons entitled under him or the estate.*

*Payment to the Organisation of any amounts thus owing shall be made pursuant to the special condition agreed to by the official at the time of his application to buy back or to be credited with pension rights; this condition shall give the Organisation a preferential right to deduct such amounts from the capital sums due at the time of death or recognition of invalidity, or of termination of service, where appropriate, under the conditions provided for in Instructions 5.1.*

#### Article 39 – RIGHT OF SUBROGATION

1. Where an official's invalidity or death is attributable to a third party, the award of the benefits provided for in these Rules shall in principle be made subject to the beneficiary assigning to the Organisation his claims against such third party, up to the amount of such benefits.
2. However, the Organisation may waive its right to take action pursuant to such subrogation against the third party concerned where special circumstances justify such a waiver.

## CHAPTER IX

## FINANCING THE PENSION SCHEME

**Article 40 – CHARGE ON BUDGETS**

1. Benefits paid under this Pension Scheme shall be charged to the budget of the Organisation responsible for the assessment of these benefits pursuant to Article 32.
2. The member countries of the Organisation jointly guarantee the payment of the benefits.
3. In the event of a merger, reconstitution or other transformation or in the event of dissolution of the Organisation, the General Assembly or any ad hoc body set up, where required in one of the aforementioned cases, shall take the necessary measures to ensure uninterrupted payment of the Pension Scheme benefits until the cessation of entitlement of the last beneficiary.
4. Should a country, being a member or ex-member of the Organisation, fail to comply with its obligations under this Article, the other countries shall meet the cost thereof in proportion to their contribution to the budget of the Organisation as fixed annually from and after the said country's default.

**Article 41 – OFFICIAL'S CONTRIBUTION – COSTING THE SCHEME**

1. Officials shall contribute to the Pension Scheme.
2. The official's contribution shall be calculated as a percentage of their salaries and shall be deducted monthly.
3. The rate of the official's contribution shall be set so as to represent the cost, in the long term, of 45% of the benefits provided under these Rules. The rate shall be 14.85%. This rate shall be reviewed on 1<sup>st</sup> January 2023 and thereafter every five years or whenever necessary, on the basis of an actuarial study, the procedures for which are appended hereto. After that date, the staff contribution rate shall be adjusted, with effect from the fifth anniversary of the preceding adjustment, the rate being rounded to the nearest first decimal.

However, in the event of exceptional circumstances, the General Assembly could recommend that the date of that study, and of any adjustment of the contribution rate resulting therefrom, be advanced.

In such a case, the normal 5-year interval between two studies and any adjustment of contributions resulting therefrom shall begin as from the date of that supplementary study except for a new application of the provisions of the preceding sub-paragraph.
4. Contributions properly deducted shall not be recoverable. Contributions improperly deducted shall confer no rights to pension benefits; they shall be refunded at the request of the official concerned or those entitled under him without interest.

**Instructions****41.1/1 – Illness**

*The officials' contribution to the Pension Scheme shall be paid during sick leave and during periods of temporary incapacity following such leave if the official concerned continues to receive an allowance equal to the whole or part of his emoluments. This contribution shall be calculated in relation to the portion of the allowances corresponding to salary, but reckonable years of service shall be counted at the full rate, subject to the provisions applicable in the event of temporary incapacity during a period of part-time service.*

## **CHAPTER X**

### **FINAL PROVISIONS**

#### **Article 42 – DETAILED IMPLEMENTATION**

1. Instructions for the implementation of these Rules shall be drawn up by the Secretary General of the Organisation.

#### **Article 43 – ENTRY INTO FORCE**

1. These Rules shall enter into force on 1 January 2018.

#### **Instruction**

##### **43.1 – Date of entry into force of the Implementing Instructions**

*The implementing Instructions shall enter into force on the date as laid down by the Secretary General of the Organisation.*

## **ANNEX TO ARTICLE 41 – ACTUARIAL STUDIES**

### **Method**

1. Calculation, as at the effective date of the study, of the rate of contribution payable by officials in order to finance 45% of benefits provided under the Scheme, establishing the present value of the fund, as well as past and future entitlements and salaries.
2. Past entitlements and projections of annual amounts of future entitlements will be calculated, on the one hand, for officials affiliated to the Pension Scheme at the date of the study and, on the other hand, for the population of officials who will be recruited and affiliated to this scheme in the years to come. Projections of salaries for these populations will also be established year by year. Each of these amounts will be projected over a period of 80 years and discounted to present worth. The value of the fund will also be taken into account, recognising the assets already collected with regard to accrued past benefits.
3. Combining these results will make it possible to determine the rate of contribution needed to finance 45% of benefits provided under the Scheme.

### **Demographic and salary-related assumptions**

4. The demographic assumptions are derived from detailed demographic studies for the Organisation. These studies examine past experience, where the information is available, and also take account of available forecasts regarding future staff numbers.
5. The assumptions relating to salaries are based on detailed observation of the past, where the information is available, and also take account of practices and forecasts available in this field.

### **Economic assumptions**

6. The discounting process is based on observed rates of return on long-term government bonds issued in the Organisation's headquarter country.
7. A discount rate net of inflation shall be used. It shall be equal to the arithmetical average of average real rates observed over the thirty years preceding the date when the actuarial study is conducted.
8. The average real rate for a given past year is obtained from the real rate, calculated as the difference between the rate of gross return on bonds and the corresponding rate of inflation, as shown by the national consumer price index.



## **Annex II – Draft Statute of the Pension Fund, Mandate of the CAF and Code of Conduct for the members of the CAF**

### **Draft Statute of the Pension Fund**

#### **Article 1 – General Principles**

1. All assets of the UNIDROIT Pension Reserve Fund (PRF) are the property of the Organisation. They are held and accounted for separately from all the other assets of the Organisation.
2. The Fund's assets may be used only to pay benefits under the pension schemes and to finance the expenses related to the management of the PRF.

#### **Article 2 – Budget**

1. The income of the PRF shall be constituted by:
  - a) all Pension Scheme contributions, including staff contributions and employer's share;
  - b) all income earned on the assets of the PRF;
  - c) such other amounts as the General Assembly may decide.
2. The expenses of the PRF shall include:
  - a) The payment of pensions and other benefits under the UNIDROIT Pension Scheme.
  - b) All the costs related to the management of the PRF and its assets.
3. The General Assembly shall take the appropriate decisions in order to ensure the long-term viability of the PRF. It shall issue to the Secretary General guidelines and goals in respect of the investment of PRF assets.

#### **Article 3 – Management of the PRF**

1. The Secretary General shall ensure the proper management of the PRF. Pursuant to the Organisation's Financial Regulations, the General Assembly may authorise the Secretary general to delegate the management of the PRF to an external specialised authority, Organisation or financial institution. The concrete modalities and conditions of such a delegation shall be defined by the General Assembly on proposal of the Secretary General.
2. The PRF shall be administered and audited in accordance with the Organisation's Financial Regulations.
3. The operating budget of the PRF shall be approved annually by the General Assembly.
4. The Secretary General of the Organisation shall report annually to the General Assembly on the status of the PRF.

## **Mandate of the Committee for the Administration of Funds**

### **Article 1 – Definition**

The CAF is a joint committee of the international organisations that have delegated the management of their reserve and / or pension funds to the International Service for Remunerations and Pensions. It oversees selected management guidelines and policies.

### **Article 2 – Competences**

1. The CAF provides recommendations to the Boards of member organisations relating to funds management, notably the definition of general guidelines and goals related to the investment of funds assets. The CAF may provide advice on any question submitted by the Board of an organisation.
2. The CAF advises the Directors / Secretaries general of member organisations on the modalities for implementing the general guidelines and goals related to the investment of their Fund's assets. It may provide advice on any question submitted by the Directors / Secretaries general.
3. The CAF oversees the Funds performance reports.

### **Article 3 – Composition**

1. Each organisation shall appoint one representative to sit on the CAF. The CAF, upon proposal of the secretariat, shall also select one or two qualified personalities.
2. The members of the CAF shall be submitted to the code of conduct approved by the Boards.
3. The members of the CAF shall elect among themselves a President and a Vice-president. The Vice-president shall replace the President in case of need.
4. The CAF shall seek any advice or expertise necessary to fulfil its obligations.

### **Article 4 – Withdrawal**

Any member organisation may withdraw from the CAF upon not less than one civil year's prior notice.

### **Article 5 – Internal Rules**

The CAF shall issue and approve its Internal Rules.

### **Article 6 – Meetings**

The CAF shall meet as often as necessary and at least once a year, upon the convening of the President. The decisions of the CAF shall be made by consensus.

### **Article 7 – Secretariat**

The International Service for Remunerations and Pensions shall act as secretariat of the CAF.

## **Code of Conduct for members of the Committee for the Administration of Funds**

### **1. Preamble**

1.1 The members of the Committee for the Administration of Funds (CAF) shall observe the highest standard of ethical conduct. They are expected to act honestly, independently, impartially, and without regard to self-interest and to avoid any situation liable to give rise to a conflict of interests or appearance of conflict of interests.

### **2. Independence and integrity**

2.1 The members of the CAF shall not seek or take instructions from any member State or from any other body, including any decision-making body that they belong to except as provided for under their statute.

2.2 The members of the CAF shall act independently from any commercial interference in the exercise of their functions and powers. They shall neither seek nor accept any gratuity, benefit, or remuneration in connection with their functions.

2.3 The members of the CAF shall report any fraud, corruption or misuse of any fund's assets.

### **3. Professional secrecy**

3.1 The members of the CAF shall be subject to an obligation of strict confidentiality in performing their duties.

### **4. Knowledge and skills**

4.1 The members of the CAF and their advisors should together possess and apply the knowledge and skills to fulfil governance responsibilities. They should act in order to constantly meet with the highest level of knowledge required for their mission.

### **5. Conflict of interests**

5.1 The members of the CAF shall avoid any situation liable to give rise to a conflict of interests or appearance of conflict of interests. A conflict of interests arises where the members of the CAF have interests, which may influence or appear to influence the impartial and objective performance of their duty. Interests of the members of the CAF mean any potential advantage for themselves, their families, and their other acquaintances.

5.2 Any member of the CAF that should consider himself/herself to be in a situation liable to give rise to a conflict of interests or appearance of conflict of interests shall immediately inform the CAF, which shall take the appropriate measures.

### **6. Status of officials**

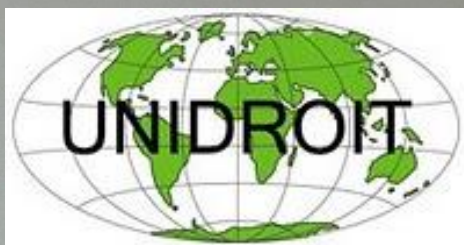
6.1 Officials who have been appointed members of the CAF will exercise such functions in an official capacity. In this respect, they will remain fully subject to the Staff Regulations and Rules of their organisation and will be covered by the relevant privileges and immunities.

### **7. Application of the code of conduct**

7.1 In case of any difficulties encountered in the application of the present code of conduct, the CAF shall report to the Council / General Assembly of the member organisations, which shall take the appropriate measures.

[dated and signed]

# INTERNATIONAL HEALTH INSURANCE QUOTATION FOR



Prepared by : Antonio Gonzalez  
Email: antonio.gonzalez@allianz.com  
Phone: +33.1.58.85.85.25  
Mobile :+33.7.61.83.30.81

Date of quote : 16/09/2016

**Allianz Worldwide Partners**  
**More value together**

Allianz Worldwide Care SA is a limited company with a capital of €65,190,446, governed by the French Insurance Code with its registered office at 20, place de Seine, Tour Neptune, La Défense 1, 92086 Paris La Défense Cedex, France. Registered in France: RCS Paris 401 154 679.

**Allianz**   
Worldwide Care

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## 1. INTRODUCTION – WHO WE ARE

### 1.1. Allianz Worldwide Partners

#### Part of the Allianz Group

As a wholly owned subsidiary of the Allianz Group, we are able to draw on the resources and expertise of one of the world's leading insurers and financial services providers.

Founded in Munich in February 1890	Over 148,000 staff employed	Over 85 million clients in over 100 countries	Total group revenues in 2014 of €122.3 billion	#1 insurance brand in the world in 2015*
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*\* According to the annual Brand Finance Global 500 ranking, Allianz are in 41st place among the world's top 500 brands. Brand Finance is a UK based leading brand valuation and strategy consultancy. The ranking is based on a benchmark study of the strength, risk and future potential of a brand relative to its competitive set.*

**Allianz Worldwide Partners** is the world's leading B2B2C specialist for the global automotive business, expat health and life cover, and assistance services. It delivers integrated solutions that combine **insurance**, **assistance** and **technology** and provide **worldwide protection and care**.

Clients around the globe benefit from this expertise to enhance their brand and offer more services to their customers and employees.





## 1.2. Allianz Worldwide Care – leader in health & life service excellence

Allianz Worldwide Care is the international health insurance division of Allianz Worldwide Partners and part of the Allianz Group. We provide insurance solutions for **health, life and disability** on a global scale.

Allianz Worldwide Care is the leader in providing cross-border employee benefit insurance plans to **Intergovernmental Organizations (IGOs)** for **over 50 years**.

With revenues of **€1.318bn** (2015), we insure and administer a range of global insurance risks including **Medical, Dental, Optic, Life, Accidental Death, Long-term Care and Disability** and **Corporate Assistance**.

Clients can select their preferred combination of products. We can also tailor solutions for large groups, dependent on size.


This single supplier solution is not only convenient but also supported by our global team comprising 1200 members of staff, with extensive knowledge of international expatriate products and high quality service standards that Allianz Worldwide Care is renowned for.

With a client base that includes many of **Intergovernmental and Non-governmental Organisations, Embassies and Fortune Global 500 companies**, Allianz Worldwide Care continues to build a reputation for service excellence in international healthcare. Recognised as a leading provider of international health insurance, Allianz Worldwide Care currently handles claims for members based in over **180 countries and territories**.

### Your Global Partner

Allianz Worldwide Care is a **truly international health insurance provider** with a global footprint. Headquartered in **Paris, France**, we have a **network of regional branches and operational support centres** located **worldwide**.

In addition, and to support the geographic profile of our clients and insured members, we also have Regional Sales Managers, Medical Managers and Provider Network Managers to further enhance service delivery.

	<b>France:</b> Head office located in Paris.
	<b>Ireland:</b> Registered branch and main operational support centre for corporate clients worldwide.  From here, we provide account management, toll free Helpline, claims processing, Medical Services and Provider Network support, all provided by dedicated professionals with extensive experience of Non-governmental organisations worldwide.



**Worldwide Presence:** We also have a Team of Medical Doctors and Nurses and Operations teams located in Belgium and Ireland. Regional Sales Managers are present in Switzerland, The Netherlands, Belgium, France, Germany, Italy and the UK. We have further offices and staff (Sales, Network coordinators, Medical doctors, Claims officers) located in the Middle East (UAE, Kingdom of Saudi Arabia, Qatar) in Africa (Libya, Mozambique). In addition to our presence in Africa and Middle East, we have further offices and staff in Asia (China) in North America (USA: agreements with United Healthcare and Aetna to ensure efficient administration solutions) and in Latin America (Panama).

### Financial strength and stability

In the present economic climate, we recognise the stability and financial security we can offer is an extremely important consideration for our clients.



Allianz Worldwide Care has an A.M. Best's financial strength rating of A+ (Superior) and an issuer credit rating of "aa-". The outlook assigned to both ratings is stable. A.M. Best is one of the oldest and most authoritative insurance rating and information sources.

The ratings are based on a number of key deciding factors, including Allianz Worldwide Care's excellent operating performance, strong risk-adjusted capitalisation and sound risk management framework. A.M. Best's rating also reflects Allianz Worldwide Care's strategic importance to its ultimate parent company, Allianz SE.

### Awards



Allianz Worldwide Care, has Best International Private Health Insurance Provider at the Professional Adviser International Fund & Product Awards 2015. The Awards were established to honour cutting-edge financial services groups that offer products and services across international borders.

Our service excellence standards were highlighted when we became one of only 19 organisations in Ireland to receive the highest national standard for human resource management, the *Excellence Through People* Platinum award, which recognises the role of people and their impact on the quality of the service we offer. Attaining the award gives us independently assessed feedback on how well we manage, train and develop the potential of our staff. This is a clear statement that best practice is at the core of our business.





## 2. UNDERSTANDING YOUR REQUIREMENTS

Because we specialise in providing insurance solutions, especially for IGO staff, you can be confident of getting an insurance policy and level of service that you can count on. We are proud to offer you access to international insurance you can trust, giving you total peace of mind.

We believe that our continued commitment to the delivery of client satisfaction makes us an ideal long term partner for your Organisation.

<b>TAILORED TABLE OF BENEFITS</b>		<p>We will provide your staff and their dependents with a table of benefits tailored to your requirements and your employees needs.</p>
<b>TANGIBLE COST SAVINGS</b>		<p>We have a range of proven processes to monitor and proactively contain medical costs, delivering long term budget stability to our clients</p>
<b>MULTILINGUAL SUPPORT</b>		<p>Our staff comprises over 60 nationalities which gives us in house access to 28 different languages, enabling us to support our members in <i>their</i> preferred language.</p>
<b>MANAGEMENT REPORTING</b>		<p>We believe “you cannot manage what you cannot measure” so we have invested heavily in systems and in skilled reporting specialists to give our clients access to regular reports and detailed analysis of their healthcare spend.</p>

DEDICATED RELATIONSHIP MANAGER		We provide an experienced Relationship Manager as well as support from our regional specialists, who provide local knowledge on a global scale.
24/7 HELPLINE		There are toll-free numbers to access the Helpline from 17 different countries.
DIGITAL INNOVATION		Allianz Worldwide Care provides Online Services for Members and HR. In addition members can download our industry leading Mobile App for free
REGIONALLY BASED DOCTORS		We have a team of regionally based doctors who establish close relationships with local medical providers, facilitate in-patient and out-patient direct settlement and ensure that treatment and costs are appropriate.
CLAIM PROCESSING		We offer the option for claims submission via post, fax, email and mobile app.

**FREEDOM OF  
CHOICE**

We are not restricted to any medical provider network, so we can select the correct combination of networks and the most appropriate means of access. Insured members are free to select their preferred medical providers.

**SIMPLE  
PROCEDURES**

Our simple Treatment Guarantee process is managed by our team of in-house Medical Services staff and allows hassle free, cashless access to high quality medical facilities for members requiring in-patient treatment.

### 3. OUR SERVICES

#### 3.1. Multilingual customer service

Your staff and dependents will benefit from our multilingual customer service. The multinational team at Allianz Worldwide Care mirrors the cultural diversity of our clients, combining a wide range of language skills with an extensive knowledge of regional cultures.

We fully support six different languages: English, French, German, Spanish, Italian, and Portuguese. Our Helpline, website, Online Services and key membership documentation are fully available in all six languages, plus the 63 different nationalities from within our staff provide us with in-house access to 28 different languages. This means we are in a unique position to assist our members across many languages and international borders, whilst giving them the confidence to choose their preferred language.



#### 3.2. 24/7 Helpline services

Our multilingual Helpline team are available 24-hours a day, 365 days a year and can help members with a wide range of queries from confirming benefits and claims procedures to providing immediate support in the case of a medical emergency.

The Helpline service is available in our six core languages (English, French, Spanish, Italian, German and Portuguese).

Toll-free numbers to the Helpline are currently available from: Argentina, Belgium, Brazil, Canada, China, Colombia, France, Hong Kong, Italy, Latvia, Luxembourg, Mexico, Peru, Russia, Singapore, Switzerland, The Netherlands, Ukraine and USA.

#### 3.3. 48 hour turnaround claims processing

Allianz Worldwide Care offers to your Organisation a claims processing time of 48 hours for fully completed Claim Forms received.

We can reimburse members either by bank transfer or by cheque depending on the member's preference. Allianz Worldwide Care uses the Citibank's Worldlink system to issue claim payments in 130 currencies to almost any country in the world.

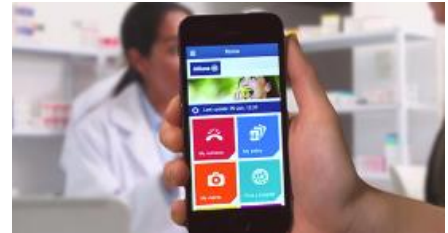
This global capability gives our members the total freedom to choose. An International Assignee for example can select to either have his claim reimbursed in Euro to his French bank account or reimbursed in GBP to his UK bank account. Worldlink cheque payments hold further advantages for our clients.

Cheques are drawn on the clients' local Citibank branch and this enables our clients to cash these without incurring major bank charges or delays in clearing. Allianz Worldwide Care is responsible for the bank charges associated with the Worldlink system.

### 3.4. MyHealth Mobile App

Allianz Worldwide Care has launched a Mobile App to support our globally mobile members wherever they are in the world.

Our free app, created specifically for members covered by Allianz Worldwide Care's health insurance policies, has been developed following detailed input from a wide range of existing clients. The app brings a whole new level of convenience when it comes to submitting claims, accessing key policy documents and getting the most out of our services.



Find out more on our Mobile App: <https://www.allianzworldwidecare.com/en/support/view/member-resources/my-health-app/>

#### *Added Value*

*In just one year the MyHealth app has been downloaded over 60,000 times and has been used to submit over 100,000 claims. This is more than the total number of postal submissions for the same period.*

### 3.5. Our provider network

Allianz Worldwide Care has direct billing arrangements in place in over 170 countries. Our global network provides members with direct billing access to over 715,000 physicians and 25,000 hospitals. Additionally, Allianz Worldwide Care has identified over 9,300 individual practitioners worldwide in order to improve network access for its insured membership.

Our Provider Services Team are located strategically around the world and supported from our main operational office in Dublin. Each of our Provider Network Managers are located in key locations in order to best achieve cost containment to benefit our members and ensure high quality service.



At present, we have Provider Services staff located in Algeria, Austria, Belgium, Brazil, China, Italy, Libya, Mozambique, Peru, Tunisia, UAE and UK. In addition to our local presence, our Provider Services team are travelling throughout the year to ensure quality standards of service and cost containment are achieved.

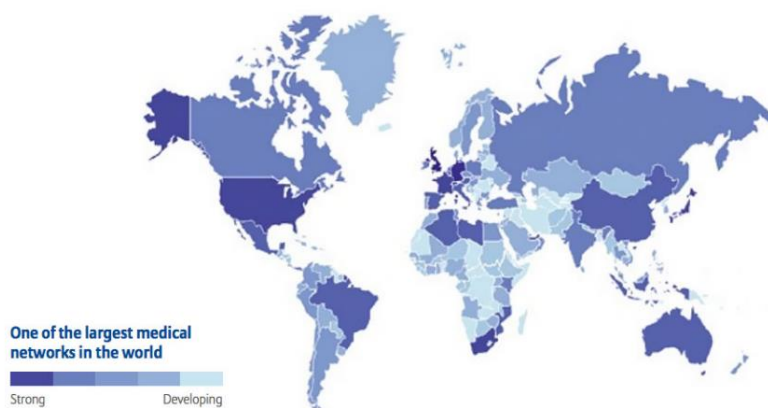
The main strategies of the Provider Services Team are:

- Network Development for our new and existing clients to ensure their needs are met
- Provider Management to ensure our clients are supported by the most appropriate level of care and service from our medical providers and;
- Provider Engagement to ensure Allianz Worldwide Care are achieving the best prices on behalf of our clients.

These strategies lead to our three fundamental goals:

- Tailored Network Solutions to meet the specific needs of our clients,
- Delivery of tangible cost savings and budget stability and;
- Service Excellence which Allianz Worldwide Care is renowned for.

As part of the implementation process, we will seek information from you as to the hospitals/clinics used regularly by your scheme members to ensure that direct settlement arrangements for in-patient and out-patient treatment are currently in place. If such direct settlement arrangements are not already in place, our Provider Services Team will liaise with the providers in question in order to set-up new agreements. These efforts are supported by our regionally based doctors, who will establish close relationships with local hospitals and medical providers and facilitate in-patient and out-patient direct settlement where needed.



We ensure that in-patient episodes of care are directly billed by the medical provider and such arrangements may necessitate even physical cash payments to the medical provider in remote areas or countries where international private health insurance is not the norm. We do not expect insured members to have to endure a significant out-lay of cash to meet medical expenses covered by their healthcare plan.

Members can search and locate registered medical providers via our public website:  
[www.allianzworldwidecare.com/hospital-doctor-and-health-practitioner-finder](http://www.allianzworldwidecare.com/hospital-doctor-and-health-practitioner-finder)



#### ***Added Value – freedom of choice***

*It is important to note that with Allianz Worldwide Care, members have the comfort of having the complete freedom to choose their preferred medical provider and are not restricted to using providers from within our network.*

### 3.6. Allianz Worldwide Care website

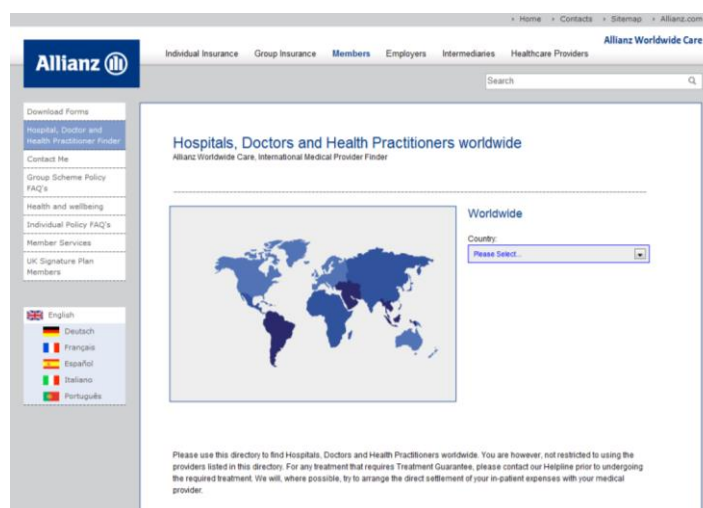
The Allianz Worldwide Care website ([www.allianzworldwidecare.com](http://www.allianzworldwidecare.com)) offers a range of informative resources including an Embassy Finder, Safe Travel Advice and Vaccination Advice which can be very valuable for a globally mobile employee. In addition to these, the following tools are also available:



#### Medical Provider Directory

A medical provider directory is available on the Allianz Worldwide Care website. This online directory allows members to search for hospitals, clinics, doctors and specialists on a country by country basis, with the ability to narrow down the search to specific regions and cities. Members can also search under Medical Practitioner categories e.g. Internal Medicine, as well as on Specialism e.g. General Surgery, Neurosurgery or Traumatology.

However it is important to note that members are not restricted to using the providers listed in this directory. Members have complete freedom to choose their preferred medical providers, subject to the wishes of the Organisation.





### 3.7. MediLine – Chat with a medical professional

In addition to our Helpline, we are also pleased to offer access to a medical advice service called MediLine as part of our proposal. This independent service is provided by qualified medical personnel and offers immediate telephone access to an experienced, English speaking medical team that provides information and advice on a wide range of topics including:



- Lifestyle issues (e.g. nutrition, sports injuries, smoking cessation)
- Patient drug information (e.g. advice on medication usage and reaction)
- Travel health information (pre and post travel e.g. vaccinations)
- Comprehensive medical information
- Pre and post-operative treatment advice

MediLine offers 24 hour telephone access, 365 days per year **at no extra cost**. Our members find MediLine to be a convenient and valuable service to discuss medical problems which do not necessarily require a GP, or to obtain a second opinion:

#### CASE STUDY



A member who had just been expatriated to Germany rang to enquire when her son, who had caught chickenpox, could return to school and mix with other people.

*"Although my son was obviously feeling better, I was unsure when he was able to mix with other children and did not want to risk sending him back to school if he was still infectious. I rang MediLine and was so impressed with the service. The nurses were so thorough and helpful and advised me that once the scabs had dried up my son was no longer infectious. They also reminded me that he should not mix with pregnant women as well as people who have not had chickenpox before. I would definitely recommend this service to other expatriates looking for medical advice and tips that they would not necessarily need to go to their doctor for. The fact that the service is available in English was invaluable and speaking to a registered experienced nurse gave me peace of mind."*

By encouraging members to use this free service, we have found this reduces the volume of unnecessary visits to the member's doctor or even the emergency room, which in turn helps protect the claims fund.



## 4. COVERED PERSONS

### INSURED PERSON

All Staff Members of the Policyholder to whom the Staff Regulations apply, engaged in the service of the Policyholder and defined as eligible to coverage under the Policyholder's Administrative Directives.

### FAMILY MEMBERS

Provided they are eligible to join in accordance with the Policyholder's Personnel Rules and Regulations, the Eligible Person's spouse and own legitimate child or children, either by birth or by adoption, up to the end of the calendar month in which the child's twenty fifth birthday occurs, or his marriage whichever occurs first, and if declared by the Policyholder, any other child or children including a step child or children who has with the Eligible Person a normal child-parent relationship and who is dependent upon the Eligible Person for not less than 50% of his support on a permanent basis up to the end of the calendar month in which the child's twenty fifth birthday occurs, or his marriage whichever occurs first.

### COUNTRY OF RESIDENCE

Provided they are eligible to join in accordance with the Policyholder's Personnel Rules and Regulations :

For a staff member and his family :

The country in which the staff member resides while working abroad for the Policyholder and which is covered by this contract.

## 5. YOUR QUOTATION – Medical Plan

### 5.1. Gold Quotation

#### QUOTE DETAILS

Quote reference	2016_4
Start date	01/10/2016
Region Cover	Worldwide

#### COVER DETAILS

In-patient Plan	Gold
Out-patient Plan	Gold
Optical Plan	Gold
Dental Plan	Gold
Alternative Medicine Plan	Gold

#### INSURED PERSONS DETAILS

Number of staff members	19
Average age of staff members	50
Number of spouses	8
Number of children	13
Number of retired employees	0

#### LOCALISATION OF STAFF MEMBERS DETAILS

Area 1	19
Area 2	0
Area 3	0
Area 4	0

Area 1 : all countries except area 2, 3 and 4

Area 2 : Africa except South Africa , Asian countries except area 3, Latin America except area 3

Area 3 : Hong-Kong, China, Israel, Singapore, Switzerland, United Kingdom, Brazil

Area 4 : USA

#### ANNUAL PREMIUM DETAILS

Currency	EUR
Per Adult	4,269
Per Child	2,237
Per Retired staff	Not quoted

## 5.2. Silver Quotation

## QUOTE DETAILS

Quote reference	2016_5
Start date	01/10/2016
Region Cover	Worldwide

## COVER DETAILS

In-patient Plan	Silver
Out-patient Plan	Silver
Optical Plan	Silver
Dental Plan	Silver
Alternative Medicine Plan	Silver

## INSURED PERSONS DETAILS

Number of staff members	19
Average age of staff members	50
Number of spouses	8
Number of children	13
Number of retired employees	0

## LOCALISATION OF STAFF MEMBERS DETAILS

Area 1	19
Area 2	0
Area 3	0
Area 4	0

Area 1 : all countries except area 2, 3 and 4

Area 2 : Africa except South Africa , Asian countries except area 3, Latin America except area 3

Area 3 : Hong-Kong, China, Israel, Singapore, Switzerland, United Kingdom, Brazil

Area 4 : USA

## ANNUAL PREMIUM DETAILS

Currency	EUR
Per Adult	3,230
Per Child	1,722
Per Retired staff	Not quoted

## 6. TABLE OF BENEFITS

Treatment guarantee (pre-authorization) may be required for some benefits as indicated by a '1' or a '2' in the table(s) below. Please refer to Notes section for further details. All benefit and deductible amounts are per person per year, unless otherwise indicated.

Core Plan	Gold	Silver	Bronze
Maximum plan benefit Euro €	€1M / \$1,3M / £790K / CHF 1,25M	€500K / \$650K / £395K / CHF 625K	€250K / \$325K / £198K / CHF 313K
<b>In-patient benefits<sup>1</sup> - please refer to notes for Treatment Guarantee</b>			
Hospital accommodation <sup>1</sup>	Private room	Semi-private room	Semi-private room
Intensive care	Full refund	80% refund	50% refund
Prescription drugs and materials <sup>1</sup> (in-patient and day-care treatment only)	Full refund	80% refund	50% refund
Surgical fees, including anaesthesia and theatre charges <sup>1</sup>	Full refund	80% refund	50% refund
Physician and therapist fees <sup>1</sup> (in-patient and day-care treatment only)	Full refund	80% refund	50% refund
Surgical appliances and prostheses <sup>1</sup>	Full refund	80% refund	50% refund
Diagnostic tests <sup>1</sup> (in-patient and day-care treatment only)	Full refund	80% refund	50% refund
Organ transplant <sup>1</sup>	Full refund	80% refund	€10,000 / \$13,000 / £7,900 / CHF 12,500
Psychiatry and psychotherapy <sup>1</sup> (in-patient and day-care treatment only)	Full refund	80% refund	50% refund
Accommodation costs for one parent staying in hospital with an insured child under 18 <sup>1</sup>	Full refund	80% refund	50% refund
Emergency in-patient dental treatment	Full refund	80% refund	50% refund
<b>Other benefits - please refer to notes for Treatment Guarantee</b>			
Day-care treatment <sup>2</sup>	Full refund	80% refund	50% refund
Kidney dialysis <sup>2</sup>	Full refund	80% refund	50% refund
Dental Surgery	Full refund	80% refund	50% refund
Out-patient surgery <sup>2</sup>	Full refund	80% refund	50% refund
Nursing at home or in a convalescent home <sup>2</sup> (immediately after or instead of hospitalisation)	€3,550 / \$4,615 / £2,805 / CHF 4438	€2,830 / \$3,679 / £2,236 / CHF 3,538	€2,500 / \$3,250 / £1,975 / CHF 3,125
Rehabilitation treatment <sup>2</sup> (immediately after acute medical treatment ceases)	€3,500 / \$4,550 / £2,765 / CHF 4,375	€3,000 / \$3,900 / £2,370 / CHF 3,750	€2,000 / \$2,600 / £1,580 / CHF 2,500

Local ambulance	Full refund	80% refund	50% refund
CT scans (in-patient and out-patient treatment)	Full refund	80% refund	50% refund
MRI, PET and CT-PET scans <sup>2</sup> (in-patient and out-patient treatment)	Full refund	80% refund	50% refund
Oncology <sup>2</sup> (in-patient and out-patient treatment)	Full refund	80% refund	50% refund
Routine maternity <sup>2</sup> (in-patient and out-patient treatment)	Full refund	€8,000 / \$10,400 / £6,320	€6,000 / \$7,800 / £4,740
Complications of pregnancy and childbirth <sup>2</sup>	Full refund	80% refund	50% refund
Emergency out-patient treatment  ( where these benefit amounts are reached, any additional costs may be reimbursed within the terms of any separate Out-patient plan)	€750 / \$975 / £592 / CHF 938	€750 / \$975 / £592 / CHF 938	N/A
Emergency out-patient dental treatment  ( where these benefit amounts are reached, any additional costs may be reimbursed within the terms of any separate Dental plan)	€750 / \$975 / £592 / CHF 938	N/A	N/A
Palliative care <sup>2</sup>	Full refund	80% refund	50% refund
Long term care	Full refund, max. 90 days per lifetime	Full refund, max. 90 days per lifetime	Full refund, max. 90 days per lifetime

Out-patient Plan	Gold	Silver	Bronze
Maximum plan benefit	€20,000 / \$26,000 / £15,800 / CHF 25,000	€12,000 / \$15,600 / £9,480 / CHF 15,000	€8,000 / \$10,400 / £6,320 / CHF 10,000
<b>Out-patient benefits</b>			
Medical practitioner fees and prescribed drugs	Full refund	€1,000 / \$1,300 / £790 / CHF 1,250	€1,000 / \$1,300 / £790 / CHF 1,250
Specialist fees	Full refund	80% refund	50% refund
Diagnostic tests	Full refund	80% refund	50% refund
Vaccinations	Full refund	80% refund	50% refund
Prescribed physiotherapy  (Max. 12 sessions per condition)	Full refund	€1,125 / \$1,462 / £889 / CHF 1,406	€500 / \$650 / £395 / CHF 625

Prescribed speech therapy, oculomotor therapy and occupational therapy <sup>2</sup>	Full refund	80% refund	50% refund
Psychiatry and psychotherapy	30 visits	N/A	N/A
Infertility treatment (18 month waiting period applies)	€4,000 / \$5,200 / £3,160 / CHF 5,000	€3,000 / \$3,900 / £2,370 / CHF 3,750	N/A
<b>Optical Plan</b>	<b>Gold</b>	<b>Silver</b>	<b>Bronze</b>
Prescribed glasses and contact lenses including eye examination	Full refund up to €600 / \$780 / £474 / CHF 750	80% refund up to €400 / \$520 / £316 / CHF 500	50% refund up to €200 / \$260 / £158 / CHF 250

<b>Dental Plan</b>	<b>Gold</b>	<b>Silver</b>	<b>Bronze</b>
Maximum plan benefit (routine + prostheses)	€4,000 / \$5,200 / £3,160 / CHF 5,000	€3,000 / \$3,900 / £2,370 / CHF 3,750	€2,000 / \$2,600 / £1,580 / CHF 2,500
<b>Dental benefits</b>			
Dental treatment	Full refund	80% refund	50% refund
Dental prostheses	Full refund	80% refund	50% refund
Orthodontic treatment	65% refund up to €3,000 / \$3,900 / £2,370 / CHF 3,750	50% refund up to €2,000 / \$2,600 / £1,580 / CHF 2,500	50% refund up to €1,000 / \$1,300 / £790 / CHF 1,250

<b>Alternative Medicine Plan</b>	<b>Gold</b>	<b>Silver</b>	<b>Bronze</b>
Chiropractic treatment, osteopathy, homeopathy, Chinese herbal medicine and acupuncture.  (Max. 12 sessions per condition for chiropractic treatment and max. 12 sessions per condition for osteopathic treatment, subject to the benefit limit)	Full refund max €80 / \$104 / £63 / CHF 100 per visit	80% refund max €50 / \$65 / £39 / CHF 63 per visit	50% refund max €30 / \$39 / £23 / CHF 38 per visit
Non-prescribed physiotherapy (max 5 sessions)	Full refund max €80 / \$104 / £63 / CHF 100 per visit	80% refund max €50 / \$65 / £39 / CHF 63 per visit	50% refund max €30 / \$39 / £23 / CHF 38 per visit
Health and wellbeing checks including screening for the early detection of illness or disease. Checks are limited to: <ul style="list-style-type: none"> <li>Physical examination</li> <li>Blood tests (full blood count, biochemistry, lipid profile, thyroid function test, liver function test, kidney function test)</li> <li>Cardiovascular examination (physical examination, electrocardiogram, blood pressure)</li> <li>Neurological examination (physical examination)</li> <li>Cancer screening <ul style="list-style-type: none"> <li>- Annual pap smear</li> <li>- Mammogram (every two years for women aged 45+, or earlier where a family history exists)</li> </ul> </li> </ul>	Full refund up to €600 / \$780 / £474 / CHF 750	80% refund up to €400 / \$520 / £316 / CHF 500	50% refund up to €200 / \$260 / £158 / CHF 250

<ul style="list-style-type: none"> <li>- Prostate screening (yearly for men aged 50+, or earlier where a family history exists)</li> <li>- Colonoscopy (every five years for members aged 50+, or 40+ where a family history exists)</li> <li>- Annual faecal occult blood test</li> <li>• Bone densitometry (every five years for women aged 50+)</li> <li>• Well child test (for children up to the age of six years, up to a maximum of 15 visits per lifetime)</li> <li>• BRCA1 and BRCA2 genetic test (where a direct family history exists)</li> </ul>			
Dietician Fees (max 4 sessions)	Full refund max €80 / \$104 / £63 / CHF 100 per visit	80% refund max €50 / \$65 / £39 / CHF 63 per visit	50% refund max €30 / \$39 / £23 / CHF 38 per visit

## 7. YOUR QUOTATION – Life Insurance

### 7.1. Option 1

#### *Life*

Benefit : 1 x salary – max € 500 000

Yearly rate : 0.55% of the yearly benefit (without com)

#### *Short Term*

Benefit : 80% salary - max € 12 000 per month – payment during 12 months max

Waiting period : 7 days

Monthly rate : 3.72% of the monthly benefit (without com)

#### *Long term*

Benefit : Lump sum equal to 1 x salary – max € 500 000

Waiting period : 365 days

Yearly rate : 0.13% of the sum insured (without com)



## 7.2. Option 2

### *Life*

Benefit : 2 x salary – max € 1 000 000

Yearly rate : 0.55% of the yearly benefit (without com)

### *Short Term*

Benefit : 80% salary - max € 12 000 per month – payment during 12 months max

Waiting period : 7 days

Monthly rate : 3.72% of the monthly benefit (without com)

### *Long term*

Benefit : Lump sum equal to 2 x salary – max € 1 000 000

Waiting period : 365 days

Yearly rate : 0.13% of the sum insured (without com)

### 7.3. Option 3

#### *Life*

Benefit : 2 x salary – max € 1 000 000

Yearly rate : 0.55% of the yearly benefit (without com)

#### *Short Term*

Benefit : 80% salary - max € 12 000 per month – payment during 24 months max

Waiting period : 30 days

Monthly rate : 1.65% of the monthly benefit (without com)

#### *Long term*

Benefit : 80% salary – max € 12 000 per month

Waiting period : 730 days

Monthly rate : 1.39% of the monthly benefit (without com)

## 8. NOTES

### Area of cover

Worldwide

### Treatment Guarantee

Certain treatments and costs require submission of a Treatment Guarantee Form in advance. Following approval by Allianz Worldwide Care, cover for these required treatments or costs can then be guaranteed. In the Table of Benefits, benefits which require pre-approval through submission of a Treatment Guarantee Form are indicated by either a **1** or a **2**. These benefits are listed below, along with further important details:

- All in-patient benefits<sup>1</sup> listed.
- Day-care treatment<sup>2</sup>.
- Kidney dialysis<sup>2</sup>.
- Out-patient surgery<sup>2</sup>.
- MRI (Magnetic Resonance Imaging) scan. Treatment Guarantee may be required for this test if you would like us to settle the bill directly with the medical provider.
- PET<sup>2</sup> (Positron Emission Tomography) and CT-PET<sup>2</sup> scans.
- Nursing at home or in a convalescent home<sup>2</sup>.
- Routine maternity<sup>2</sup> and complications of pregnancy and childbirth<sup>2</sup> (in-patient treatment only).
- Oncology<sup>2</sup> (in-patient and day-care treatment only).
- Occupational therapy<sup>2</sup> (out-patient treatment only).
- Rehabilitation treatment<sup>2</sup>.
- Medical evacuation<sup>2</sup> (or repatriation where covered).
- Travel costs of insured family members in the event of an evacuation/repatriation<sup>2</sup>.
- Repatriation of mortal remains<sup>2</sup>.
- Travel costs of insured family members in the event of the repatriation of mortal remains<sup>2</sup>.
- Expenses for one person accompanying an evacuated/repatriated person<sup>2</sup>.
- Palliative care<sup>2</sup>.
- Long term care<sup>2</sup>.

<sup>1</sup>If Treatment Guarantee is not obtained for the benefits listed with a **1**, we reserve the right to decline a claim. If the respective treatment is subsequently proven to be medically necessary, we will pay only **80%** of the eligible benefits.

<sup>2</sup>If Treatment Guarantee is not obtained for the benefits listed with a **2**, we reserve the right to decline a claim. If the respective treatment is subsequently proven to be medically necessary, we will pay only **50%** of the eligible benefits.

We should be contacted at least five working days before receiving treatment, so that we can ensure that there will be no delays at the time of admission. This will ensure that members benefit from cashless access to hospitals for in-patient treatment, where possible, and have their treatment overseen by our team of medical professionals.

In the case of an emergency, we should be informed within 48 hours of the event to ensure that no Treatment Guarantee penalty will apply to the claim.

### Reasonable and Customary Charges

If the Insurer believes the charges for medical treatment actually incurred do not correspond to reasonable and customary charges for such treatment in the country concerned then, at its option, the level of reimbursement may be limited to the medical rates and associated costs, as well as to the length of hospitalisation generally prevailing and of normal standard in the country where the patient is treated.

A "Reasonable and Customary Charge" is a charge for a service or supply that is:

- the charge made for it by the supplier, or
- the prevailing charge in the same area made by those of similar professional standing

whichever is the lesser.

If a customary charge cannot be established for an unusual service or supply, the Insurer will determine whether the charge is reasonable, considering the complexity involved, the degree of professional skill required, and other pertinent factors.

Medical expenses are refunded only against presentation of properly documented bills.

Evidence must be given that pharmaceutical medicines were prescribed by a doctor.

### Limitation to actual costs

The reimbursements or compensations of the costs incurred by an illness, a maternity or an accident shall not exceed the amount of the costs remaining payable by the Covered Person after the payment of the benefits of any type he/she is entitled to.

Benefits of the same type taken out with several insuring bodies shall be enforceable up to the limit of each benefit, whatever the date it has been taken out. Within this limit, the policy beneficiary may obtain an additional compensation by submitting the summary of benefit(s) paid by the other insuring body(ies).

For the purpose of the aforementioned provisions, the limitation to the costs remaining payable by the Covered Person is determined by the Insurer for each medical procedure or cost item.

### Benefit limits

There are two kinds of benefit limits shown in the Table of Benefits. The **maximum plan benefit**, which applies to certain plans, is the maximum we will pay for all benefits in total, per member, per Insurance Year, under that particular plan. Some benefits also have a **specific benefit limit**, for example "Nursing at home or in a convalescent home". Specific benefit limits may be provided on a "per Insurance Year" basis, a "per lifetime" basis or on a "per event" basis, such as per trip, per visit or per pregnancy. In some instances we will pay a percentage of the costs for the specific benefit e.g. "65% refund, up to €5,000". Where a specific benefit limit applies or where the term "Full refund" appears next to certain benefits, the refund is subject to the maximum plan benefit, if one applies to your plan(s). All limits are per member, per Insurance Year, unless otherwise stated in your Table of Benefits.

### Excluded risks

Any costs resulting from the following events are not covered by the Insurer:

- A claim arising directly or indirectly from the decay of an atomic nucleus,
- the consequences of a civil or non-civil war, an insurrection, a riot, an attack, a commotion or acts of terrorism, whatever the place of these events and their protagonists, except if the covered person does not take an active part in such event or if he/she is called upon to perform a maintenance or monitoring mission in order to ensure the security of people and goods for the Policyholder.

The Insurer reserves the possibility of modifying the coverage for one or several specific territories, subject to a fifteen days prior notice sent to the Policyholder. This one may refuse this modification and terminate the policy by sending the Insurer a registered letter with acknowledgement of receipt within 30 days from the date of receipt of the endorsement submitted by the Insurer. The termination shall take effect on the first day of the calendar quarter following the refusal notification.

### Excluded benefits

It is specified that the following benefits are not covered by this policy, unless otherwise stipulated in the Special Conditions and to the exclusion of benefits specified as covered in the table of benefits of the policy:

- Treatments provided outside the geographical area of the coverage as set out in this policy.
- Any form of experimental or uncontrolled treatment which does not follow customary or traditional, commonly accepted medical practices, unless the Insurer has given its specific consent,
- Any preventive treatment, health check-up, as well as screenings,
- Ancillary or "comfort" costs in case of hospitalisation (telephone, television, hotel, Internet)
- Treatments relating to drug addiction,
- Disintoxication treatments,
- Costs incurred by the acquisition of an organ,
- Any surgery or treatment relating to a gender reassignment,
- Medical checks, studies, treatments, consultations and complications relating to sterility, sterilization, sexual dysfunctions, contraception including insertion or removal of contraceptive devices, induced termination of pregnancy, except in the case of an interruption of pregnancy medically necessary and performed in compliance with local legislation.
- Any elective/voluntary surgery and/or plastic/aesthetic surgery,
- Aesthetic treatments and consultations, rejuvenation cures, slimming cures,
- Thermal cures, transportation and accommodation costs relating to thermal cures,
- Medical costs relating to a stay in thalassotherapy centre or fitness centre, even if this stay is medically prescribed,
- Medical costs relating to a stay in a rest home or a convalescent home, except if this stay results from an hospitalisation or a severe surgery assessed by the Insurer's doctor,
- Outpatient consultations of psychotherapy, psychoanalysis and the relevant treatments,
- Consultations, treatments and complications relating to hair loss or hair transplantation, unless this treatment results from a hair loss caused by a serious illness,
- Treatments to modify the refraction of an eye or both eyes (laser eye correction), including refractive keratotomy (RK) and photorefractive keratotomy (PRK),
- Non-prescription medicines and non-medicinal products commonly used, such as medical alcohol, cotton wool, sunscreens, dental hygiene products, adhesive bandages, shampoos.

### Policy terms and conditions

Cover is conditional upon acceptance of your application, which is only confirmed when an Insurance Certificate is provided. This Table of Benefits provides an outline of the cover we provide under each plan. Cover is subject to our policy terms and conditions, as detailed in our Benefit Guide, which is issued to members upon policy inception.

## 9. CONDITION OF QUOTATION

### Terms and conditions

Standard terms and conditions apply, and these are contained in the Benefit Guide which we attached to this quotation.

This is a quotation only and does not guarantee acceptance of cover by Allianz Worldwide Care. We are free to accept or reject any request for insurance cover. If we accept such application, we will only be bound upon receipt of the agreed premium in full. The quotation is provided on an execution basis only. The quotation is based on the Table of Benefits detailed in this document. Benefits selected may be reviewed annually at renewal only.

For new business, the terms within are valid for 6 months from the date of issue. Only quotations issued directly by (or approved by) Allianz Worldwide Care head office are binding. You should be aware of your legal duty of disclosure. You must ensure that all information which may influence a prudent insurer to judge the risk and offer terms is even if that information is not favourable to the risk. You are also obliged to notify us of any membership changes or substantial claims arising at any time prior to us being bound to provide cover. Failure to disclose any relevant information may result in any contract between you and us being voided from inception and claims not being reimbursed.

### Total Amount Payable

This quotation and/or total amount payable is subject to change at our discretion, for reasons including:

- Changes in the membership profile (including age, country of residence and region of cover) or in the number of persons to be insured.
- Substantial claims that become apparent (including any claims or possible claims arising between the date of the quotation and the first date of us being bound to provide cover).
- Premiums surcharges depending on payment frequency selected: half-yearly (3%), quarterly (4%), or monthly (5%). No surcharge applies for annual payment.
- Any locally imposed premium taxes or government levies which will be applied at invoicing stage.
- Changes to the benefits, plans, deductible amounts, region of cover or amount of commission payable.

# Contact details

Mr. Antonio Gonzalez  
Senior Sales Manager International Organisations

Allianz Worldwide Care  
Tour Neptune Case postale 2511  
20, Place de Seine  
92086 Paris La Défense Cedex  
France

Tel: +33 1 58 85 85 25  
Mob: +33 6 86 16 65 51  
Email: [antonio.gonzalez@allianz.com](mailto:antonio.gonzalez@allianz.com)

[www.allianzworldwidecare.com](http://www.allianzworldwidecare.com)



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AWARDS 2015  
WINNER**  
Best International  
Private Health  
Insurance Provider

**GLOBAL  
FUND-  
Awards 2015**  
CORPORATE *LiveWire*  
- WINNER -

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# PROPOSAL FOR UNIDROIT

Submitted by: Katja Habets  
Tel: +39 340 07 65 321  
Email: [katja.habets@cigna.com](mailto:katja.habets@cigna.com)  
Date: 16 March 2017

**All information included in this document is proprietary and confidential.  
This information can only be used by Unidroit for the purpose of evaluating the  
response of Cigna to Unidroit's request.**

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## 1. CIGNA IGO HEALTH BENEFITS

We're delighted to present Cigna's proposal for Unidroit. The proposal follows our information note of 13<sup>th</sup> May 2015, and is based on our understanding of UNIDROIT's needs. We look forward to a positive evaluation and remain at UNIDROIT's service for any further information that may be required.

Cigna (NYSE: CI) is a global health service company dedicated to helping people improve their health, well-being and sense of security. Cigna has 35,000 employees who service over 80 million customer relationships throughout the world.

Within its international division, a dedicated unit focuses on the needs of International Organisations. This unit, headquartered in Belgium, has over 50 years of experience in designing, implementing and managing international group health insurance and employee benefits programmes for international and locally recruited staff from Intergovernmental (IGO) and Nongovernmental (NGO) organisations. These programmes cover medical as well as incapacity, disability and life benefits, with a specific focus on keeping employees healthy and productive through a range of health and well-being services.

The International Organisations unit is specialised in servicing customers in remote areas as well as central hubs with five service centres in each time zone (Miami, Antwerp, Madrid, Nairobi and Kuala Lumpur) and local representations on every continent.

## 2. OUR SERVICE PROPOSITION



### **3. MEDICAL PLAN DESIGN**

#### **3.1. Group cover – Unidroit is policy holder**

##### **3.1.1. Three levels of cover**

IGO Health Benefits proposes 3 levels of cover to choose from. Each plan option includes comprehensive cover for medical, evacuation and repatriation, health risk assessment, employee assistance programme (telephone counselling), dental and optical care, guaranteeing peace of mind and security, leaving you and your employees safe in the knowledge that the medical needs and well-being of their family will be taken care of while working for your company.

See appendix 1 for the details of the plan design.

##### **3.1.2. Area of cover**

Worldwide excluding

- USA
- Canada
- Caribbean (Anguilla, Antigua, Aruba, Bahamas, Belize, Bermuda, Bonaire, Cayman Islands, Costa Rica, Cuba, Curacao, Dominica, Dominican Republic, El Salvador, Grenada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Nicaragua, Panama, Puerto Rico, St.Kitts, St. Lucia, St. Vincent, Trinidad and Tobago, and the Virgin Islands).

Please note if the employee or their insured family members travel outside the area of cover i.e. the plan will provide cover for emergency treatment for a period of 30 days whether travelling for business or pleasure.

##### **3.1.3. Pricing**

See appendix 2 for the details of pricing of the 3 levels of cover.

#### **3.2. Individual cover – each employee subscribes individually**

Cigna also offers an Individual Private Medical Insurance. All information can be found on the website [www.cignaglobal.com](http://www.cignaglobal.com) and this is where employees can request a quote, as well as the enclosed CustomerGuide.

Some remarks about the Individual Private Medical Insurance:

- The organisation is not involved: no administration, no liability
- Each employee subscribes individually and determines the level of coverage and region of coverage
- Voluntary basis
- Downsides:
  - Only accessible by expats, not for Italians in Italy
  - Subject to local legislation, the IGO cannot enjoy immunities
  - No global protection
  - No uniformity: different levels of coverage between employees
  - Medical underwriting (i.e. the insurer can refuse)

## **4. PERMANENT DISABILITY**

Age band	% of salary
20-24	0,03%
25-29	0,03%
30-34	0,04%
35-39	0,04%
40-44	0,07%
45-49	0,08%
50-54	0,13%
55-59	0,16%
60-64	0,39%
65-69	0,87%

- Rates are expressed as a % of the salary for 1x annual salary
- Lump sum indemnity
- Maximum benefit is 2 million USD per person
- All causes (accident & illness)
- Permanent disability due to accident:
  - The lump sum indemnity is equal to the full insured capital (1x annual salary) in case of total permanent disability due to accident
  - The lump sum indemnity is equal to a percentage of the insured capital in case of partial permanent disability due to accident (based on a non-complex scale)
- Permanent disability due to illness:

- Gainful activity: the degree of permanent disability will be determined based on a scale indicating the degree (%) of incapacity for gainful activity and the degree (%) of functional incapacity
- No gainful activity: the degree of permanent disability will be determined based on the degree of functional incapacity. However, the indemnity will only be due if the degree of permanent disability is 30% or more.

## **5. LIFE INSURANCE**

Age band	% of salary
20-24	0,12%
25-29	0,10%
30-34	0,11%
35-39	0,12%
40-44	0,14%
45-49	0,18%
50-54	0,23%
55-59	0,32%
60-64	0,47%
65-69	0,79%

- Rates expressed as a % of the salary for 1x annual salary for death all causes
- All causes (accident & illness)
- Maximum benefit is 2 million USD per person

## **6. PENSION BENEFIT**

For the pension benefit Cigna partners with Zurich. We understand you have already received a proposal directly from our partner.

## 7. APPENDIXES

### 7.1. Appendix 1 – Medical plan design

	Level 1	Level 2	Level 3
Annual Benefit – Maximum per insured person (employee or dependant).	Up to €1,500,000 per year of insurance	Up to €7,500,000 per year of insurance	Up to €7,500,000 per year of insurance
<b>Inpatient/Day Case Health Care Benefits</b>	<b>Benefit Limit</b>	<b>Benefit Limit</b>	<b>Benefit Limit</b>
<b>Hospital Charges</b> for: <ul style="list-style-type: none"> <li>nursing and accommodation for <i>inpatient treatment</i>;</li> <li><i>day case treatment</i>;</li> <li>operating theatre and recovery room;</li> <li>prescribed medicines, drugs and dressings for <i>inpatient</i> and <i>day case treatment</i>.</li> </ul>	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Parental Accommodation</b> This applies to <i>dependent</i> children under the age of 18. <i>Cigna</i> will pay reasonable costs for a parent staying in the same <i>hospital</i> with the child.	<b>Paid in Full Up to 30 days per year of insurance</b>	<b>Paid in Full Up to 30 days per year of insurance</b>	<b>Paid in Full Up to 30 days per year of insurance</b>
<b>Surgeon's and Anaesthetist's Fees</b>	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Specialist Physician's Fees</b> This <i>benefit</i> is paid in full for regular visits by a <i>specialist</i> physician during stays in <i>hospital</i> including intensive care by a <i>specialist</i> physician for as long as is required by <i>medical necessity</i> .	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Surgical Procedures</b>	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Cancer Treatment</b> Includes consultations, surgery, drugs, diagnostic tests, oncology, radiotherapy and chemotherapy.	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Rehabilitation and Physiotherapy</b> <i>Treatment</i> in the form of a combination of therapies such as physical, occupational and speech therapy aimed at restoring full function after an acute event such as a stroke.	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>



<b>Diagnostic Tests</b> Includes pathology, X-rays, radiology, CAT scan (Computed Tomography), MRI scan (Magnetic Resonance Imaging) and PET scan (Positron Emission Tomography).	Paid in Full	Paid in Full	Paid in Full
<b>Inpatient Cash Benefit</b> <ul style="list-style-type: none"> <li>Payable for <i>treatment</i> and accommodation for each overnight stay spent in a hospital for <i>treatment</i> received on an <i>inpatient</i> basis free of charge. An overnight stay must commence before midnight.</li> </ul> <p>This <i>benefit</i> requires prior approval.</p>	€150 each night up to 10 nights per year of insurance	€150 each night up to 20 nights per year of insurance	€150 each night up to 30 nights per year of insurance
<b>Home Nursing Charges</b> This <i>benefit</i> will be paid: <ul style="list-style-type: none"> <li>if recommended by a <i>specialist</i> immediately after <i>hospital treatment</i> for as long as is required by <i>medical necessity</i>;</li> <li>on a full time basis for as long as is required by <i>medical necessity</i> for <i>treatment</i> which would normally be provided in a <i>hospital</i>.</li> </ul>	Paid in Full	Paid in Full	Paid in Full
<b>Surgical Appliance and/or Medical Appliance</b> This <i>benefit</i> will be paid in respect of: <ul style="list-style-type: none"> <li>an artificial limb, prosthesis or device which is inserted during <i>surgery</i>;</li> <li>an artificial prosthesis or device which is a necessary part of the <i>treatment</i> immediately following <i>surgery</i> for as long as is required by <i>medical necessity</i>;</li> <li>a prosthesis or appliance which is medically necessary and is part of the recuperation process on a short-term basis.</li> </ul>	Paid in Full	Paid in Full	Paid in Full
<b>Hospice and Palliative Care</b> <ul style="list-style-type: none"> <li><i>Palliative</i> care for <i>inpatient</i>, <i>day case</i> or <i>outpatient treatment</i> following the diagnosis that the condition is terminal with a life expectancy of less than six (6) months, and <i>treatment</i> can no longer be expected to cure the condition.</li> <li><i>Cigna</i> will pay for the <i>patient's</i> physical care, psychological care as well as <i>hospital</i> or <i>hospice</i> accommodation, nursing care and prescription drugs.</li> </ul> <p>This <i>benefit</i> requires prior approval.</p>	€60,000 per year of insurance	€60,000 per year of insurance	€60,000 per year of insurance

<b>Organ Transplant</b> <i>Cigna</i> will consider charges made for or in connection with approved organ transplant services, including immunosuppressive medications, organ procurement costs, and donor's medical costs. The amount payable for donor's medical costs is reduced by the amount payable for those costs from any other plan or source. Certain transplants will not be covered based on general limitations. (i.e. experimental procedures). the <i>employee/dependant</i> must contact <i>Cigna</i> before incurring any costs relating to organ donation.	Paid in Full	Paid in Full	Paid in Full
<b>Psychiatric Care</b> This <i>benefit</i> will be paid in respect of psychiatric conditions, other mental disorders or addictive conditions.	Paid in Full Up to 20 days per <i>year of insurance</i>	Paid in Full Up to 30 days per <i>year of insurance</i>	Paid in Full Up to 45 days per <i>year of insurance</i>
<b>Private ambulance</b> This <i>benefit</i> is payable for transport to or from a <i>hospital</i> when ordered for medical reasons.	Paid in Full	Paid in Full	Paid in Full

Outpatient Health Care Benefits	Benefit Limit	Benefit Limit	Benefit Limit
<b>Outpatient Annual Benefit</b> – Maximum per <i>employee</i> or <i>dependant</i> .	Up to €4,000 on all <i>outpatient treatment</i> . Please note that cancer related <i>treatment</i> is paid in full and not subject to an <i>outpatient</i> annual limit	Not applicable	Not applicable
<b>Non-surgical and Minor Surgical Procedures and Treatment</b>	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Consultations with Medical Practitioners and Specialists</b>	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Diagnostic Tests</b> Includes pathology, X-rays, radiology, CAT scan (Computed Tomography), MRI scan (Magnetic Resonance Imaging) and PET scan (Positron Emission Tomography).	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full

### Appendix 3

<b>Cancer Treatment</b> Includes consultations, surgery, drugs, diagnostic tests, oncology, radiotherapy and chemotherapy.	Paid in Full	Paid in Full	Paid in Full
<b>Prescribed Medicines/Drugs and Dressings</b>	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Physiotherapy, Chiropractic, Osteopathy and Chiropody Treatment</b>	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Alternative Therapies</b> Includes acupuncture and homeopathy.	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Annual Routine Tests</b> One eye test and hearing test for children under the age of 15.	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Well Child Tests</b> This <i>benefit</i> will be payable for <i>dependant</i> children aged 6 and under, with immunisation covered for all <i>dependants</i> .	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Travel Vaccinations</b> This <i>benefit</i> will be payable for vaccinations related to travel.	Up to <i>outpatient</i> annual limit	Paid in Full	Paid in Full
<b>Emergency Dental Treatment</b> This <i>benefit</i> will be payable for <i>treatment</i> received during the emergency visit immediately after accidental damage to natural teeth.	Up to <i>outpatient</i> annual limit	Up to €1,500 per year of <i>insurance</i>	Up to €1,500 per year of <i>insurance</i>
<b>Psychiatric Care</b> Cigna will pay 50% of valid expenses per <i>treatment</i> .	Up to €1,500 per year of <i>insurance</i>	Up to €1,500 per year of <i>insurance</i>	Up to €1,500 per year of <i>insurance</i>

<b>Dental Treatment</b>	<b>Benefit Limit</b>	<b>Benefit Limit</b>	<b>Benefit Limit</b>
<b>Annual list of benefits maximum per employee or dependant</b>	Up to €1,875 per year of <i>insurance</i>	Up to €1,875 per year of <i>insurance</i>	Up to €1,875 per year of <i>insurance</i>
<b>Class One</b> Investigative and Preventative <i>Treatment</i> <i>Benefits</i> include: <ul style="list-style-type: none"> <li>X-rays, scale &amp; polish.</li> </ul>	Paid in Full	Paid in Full	Paid in Full

<b>Class Two</b> Basic Restorative <i>Treatment</i> , Periodontal <i>Treatment</i> and <i>Treatment of Dental Injury</i> . <i>Benefits</i> include: <ul style="list-style-type: none"> <li>Root canal <i>treatment</i>, extractions, surgical procedures, occasional <i>treatment</i>, anaesthetics, periodontal <i>treatment</i>.</li> </ul>	80% Refund	80% Refund	80% Refund
<b>Class Three</b> Major Restorative and Orthodontic <i>Treatment</i> . <i>Benefits</i> include: <ul style="list-style-type: none"> <li>Dentures –acrylic/synthetic, metal and metal/acrylic;</li> <li>Crowns, inlays, mouthguard or occlusal splint.</li> </ul>	50% Refund	50% Refund	50% Refund
<b>Orthodontic <i>Treatment</i> for <i>dependant</i> children under the age of 18</b>	50% Refund Up to €1,125 per year of <i>insurance</i>	50% Refund Up to €1,125 per year of <i>insurance</i>	50% Refund Up to €1,125 per year of <i>insurance</i>

Maternity Benefits	Benefit Limit	Benefit Limit	Benefit Limit
<b>Routine Maternity Cover</b> This <i>benefit</i> is available to <i>eligible females</i> covered under the <i>plan</i> , defined as a female <i>employee</i> or a female <i>spouse</i> or partner of an <i>employee</i> , and will be payable for <i>inpatient</i> , <i>day case</i> or <i>outpatient</i> routine maternity expenses. Includes elective caesarean sections.	Up to €5,000 per <i>year of insurance</i>	Paid in Full	Paid in Full
<b>Complicated Maternity Cover</b> This <i>benefit</i> is available to <i>eligible females</i> covered under the <i>plan</i> , defined as a female <i>employee</i> or a female <i>spouse</i> or partner of an <i>employee</i> , and will be payable for <i>inpatient</i> , <i>day case</i> or <i>outpatient</i> complicated maternity expenses.	Paid in Full	Paid in Full	Paid in Full

<b>Infertility Treatment</b> For an <i>employee</i> or their <i>spouse</i> , who are under the age of 40 (forty) years old. Includes <i>inpatient, day case or outpatient infertility treatment</i> up to a maximum of 4 cycles per lifetime. Charges made by a physician for infertility services, including services related to the <i>treatment</i> of infertility once a condition of infertility has been diagnosed. Also included are services for further diagnosis to determine the cause of infertility. Infertility services include, but are not limited to, infertility drugs which are administered or provided by the physician, surgeries and other therapeutic procedures, laboratory tests, sperm washing or preparation, diagnostic evaluations, gamete intrafallopian transfer (GIFT), in vitro fertilization (IVF), zygote intrafallopian transfer (ZIFT), and the services of an embryologist. This <i>benefit</i> requires prior approval.	Not included	Not included	50% coinsurance up to €10,000 per year of insurance
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Vision Care	Benefit Limit	Benefit Limit	Benefit Limit
One eye examination per year of insurance by an Optometrist or an Ophthalmologist	Paid in Full	Paid in Full	Paid in Full
Expenses for: <ul style="list-style-type: none"> <li>Lenses to correct vision;</li> <li>Eyeglass frames;</li> <li>Prescription sunglasses.</li> </ul>	Up to €200 Per year of insurance	Up to €200 Per year of insurance	Up to €200 Per year of insurance

Other Benefits	Benefit Limit	Benefit Limit	Benefit Limit
<b>International Emergency Services</b> Evacuation and repatriation.	Paid in Full	Paid in Full	Paid in Full

Wellness Benefits	Benefit Limit	Benefit Limit	Benefit Limit
<b>Routine Adult Physical Exams</b> This <i>benefit</i> will be paid for, or in connection with, routine physical examinations for <i>members/dependants</i> over the age of 18 years old.	Not included	Not included	Up to €2,000 per year of insurance

<b>Pap Smear</b> <i>Cigna</i> will pay charges for an annual Papanicolaou screening.	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Prostate Cancer Screening</b> <i>Cigna</i> will pay charges for an annual prostate cancer screening for eligible males over 50 years old.	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>
<b>Mammograms for Breast Cancer Screening or Diagnostic Purposes</b> This <i>benefit</i> will be paid in respect of: <ul style="list-style-type: none"> <li>▪ one baseline mammogram for asymptomatic women aged 35-39;</li> <li>▪ a mammogram for asymptomatic women aged 40-49 every two years or more if medically necessary;</li> <li>▪ a mammogram every year for women aged 50 and over.</li> </ul>	<b>Paid in Full</b>	<b>Paid in Full</b>	<b>Paid in Full</b>

## Additional Assistance Services

### Local Provider Assistance

*Cigna* will provide access, through our secure customer website, to find the nearest medical provider.

### Country Guides

*Cigna* will provide access, through our secure customer website, to country guides providing useful information for your assignment.

### E-Cleveland 2<sup>nd</sup> Opinion Programme

*Cigna* will provide access to the E-Cleveland secure customer website where you can obtain a second opinion from the e-Cleveland Clinic.

### Health Risk Assessments

*Cigna* will provide access to online Health Education, Health Risk Assessments and web-based coaching programmes.

### Employee Assistance Programme: Telephone Counselling

*Cigna* will provide access to telephone counselling which is available 24/7 in more than 170 countries through a toll-free line. The multilingual team of qualified counsellors answers *plan members'* questions, assesses the problem, whether big or small, discusses and develops an action plan together with them. *Plan members* have unlimited access to telephonic support.

## 7.2. Appendix 2 – Pricing and assumptions Medical plan

### OPTION 1: mandatory for all

- Quote currency: EUR
- Subscribers: 40 (census received 11/08/2016)
- Area of cover: Worldwide excluding USA, Canada and Carribean (see als point 3.1.2)
- Proposed inception date: 1 July 2017
- Mandatory for all

<b>Annual premium</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Adult	3.342	4.089	4.285
Child	1.514	1.825	1.906
<b>TOTAL</b>	<b>109.906</b>	<b>134.110</b>	<b>140.434</b>

### OPTION 2: mandatory for newcomers with annual option to opt in for current staff

- Quote currency: EUR
- Subscribers: 40 (census received 11/08/2016)
- Area of cover: Worldwide excluding USA, Canada and Carribean (see als point 3.1.2)
- Proposed inception date: 1 July 2017
- Optional to current staff and mandatory to newcomers. Current staff has the option to opt in the medical plan on 1 July 2017 or during an annual enrollment period (to be agreed upon) in the following years
- Non-medical remains mandatory for all (life and permanent disability)

<b>Annual premium</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Adult	4.011	4.907	5.141
Child	1.817	2.190	2.287
<b>TOTAL</b>	<b>131.887</b>	<b>160.932</b>	<b>168.520</b>

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