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Item No. 14 on the Agenda: Update on the social security package applicable to UNIDROIT staff

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Update regarding the social security package applicable to UNIDROIT staff</i>
<i>Action to be taken</i>	<i>To take note of the update</i>
<i>Related documents</i>	UNIDROIT 2017 – A.G. (76) 10 ; UNIDROIT 2020 – A.G. (79) 8 ; UNIDROIT 2022 – A.G. (81) 8 ; UNIDROIT 2022 – A.G. (81) 9 ; UNIDROIT 2023 – A.G. (82) 10 ; UNIDROIT 2024 – A.G. (84) 9 ; UNIDROIT 2024 – A.G. (84) 10 ; UNIDROIT 2024 – A.G. (84) 12 ; UNIDROIT 2025 – F.C. (99) 5 ; UNIDROIT 2025 – F.C. (100) 7

I. INTRODUCTION

1. Following the adoption of important social security reforms in 2017 ([UNIDROIT 2017 – A.G. \(76\) 10](#)), the Secretariat has regularly updated the Finance Committee and the General Assembly on the social security package applicable to UNIDROIT staff.

2. The pension system that was activated in 2019 is being administered by the International Service for Remunerations and Pensions (ISRP). Initially, the Committee for the Administration of Funds (CAF)¹ had proposed to keep the incoming contributions to UNIDROIT's Pension Reserve Fund (PRF) in treasury until it reached the threshold amount of € 500,000, following which the assets would be transferred to a portfolio invested in financial markets ([UNIDROIT 2020 – A.G. \(79\) 8](#)). The minimum threshold for investment was increased to € 900,000 in 2022 ([UNIDROIT 2022 – A.G. \(81\) 8](#)). At its 81st session (Rome, 15 December 2022), the General Assembly endorsed the recommendation of the Finance Committee to transfer a substantial amount of UNIDROIT's PRF assets from a savings bank account to a longer term account to obtain a higher interest rate ([UNIDROIT 2022 – A.G. \(81\) 9](#)) and, since June 2023, UNIDROIT has benefited from higher interest rates with term deposits ([UNIDROIT 2023 – A.G. \(82\) 10](#)).

3. At its 84th session (Rome, 12 December 2024), the General Assembly was informed that the indicative threshold for investment had been reached in the first quarter of 2024 ([UNIDROIT 2024 –](#)

¹ The CAF is composed of representatives of five organisations that externalised the administration of their pension reserve fund assets to the ISRP (see the Annexe).

[A.G. \(84\) 9](#)). On that occasion, the General Assembly approved the proposed strategy for investing the PRF assets in the financial markets (A.G. (84) 10; [A.G. \(84\) 12](#)).

4. Regarding health insurance, the Secretariat obtained insurance with Cigna on 1 October 2023. At its 84th session (12 December 2024), the General Assembly was informed that the health insurance policies had been renewed for another 12-month period (until 30 September 2025), without an increase in premiums ([UNIDROIT 2024 – A.G. \(84\) 9](#)).

II. UPDATE

Pension Fund:

5. The pension fund's total assets increased to € 1,538,499 by end-September 2025. Details regarding the management of the Institute's PRF assets held in treasury are available in the CAF's Second Bi-Annual Report for 2025 (see the Annexe).

6. During its meeting in May 2025, the CAF approved the necessary documents concerning the envisaged investment of UNIDROIT's PRF assets in the financial markets (the selection of mutual funds, the investment procedures, and a treasury management plan – please see the Annexe for details).

7. At the time of writing, UNIDROIT has finalised the contractual process with the custodian, Northern Trust, which is completing the necessary administrative steps to start investments. In addition, UNIDROIT will enter into contracts with individual asset managers. The investment of the PRF assets in the financial markets is expected to commence before the end of 2025. After an initial investment of the assets, the monthly pension contributions will be invested on a quarterly basis, subject to a minimum investment amount of € 100,000 and considering future cash requirements (e.g., any expected leaving allowance payments).

Health Insurance:

8. At its 99th session (March 2025), the Finance Committee was informed that the Secretariat intended to renew the Cigna policies for another 12-month period given the satisfaction of staff members. The Secretariat anticipated that this second renewal of the health insurance policies was expected to result in higher premiums, although it would make every effort to contain costs ([UNIDROIT 2025 – F.C. \(99\) 5](#)). At its 100th session (October 2025), the Finance Committee was informed that the health insurance premiums had indeed increased for the year 2025-2026. Initially, Cigna proposed an indexation of 40% on top of the premiums for the year 2024-2025. The increase was based on medical inflation, the performance of UNIDROIT's health insurance plan (which had allegedly led to a loss for Cigna), and the overall evolution of insurance costs in Cigna's pool of intergovernmental organisations to which UNIDROIT belongs.

9. Given that the proposed increase was much higher than expected, the UNIDROIT Secretariat immediately and simultaneously (i) entered into negotiations with Cigna, and (ii) explored other options. The Secretariat engaged a specialised insurance broker to assist it in these efforts (free of charge).

10. Regarding point (i) above, the Secretariat informed Cigna that a 40% increase was unacceptable and requested further clarification enquiring whether changes could be made to the policies to mitigate the costs. These negotiations led to a final offer by Cigna of a 35% increase in medical premiums, while the rates for non-medical benefits (accidental death & disability coverage and temporary incapacity protection) would remain unchanged. At the Secretariat's request, Cigna confirmed that the plans for non-medical benefits could be cancelled independently from the medical insurance policies in order to reduce costs.

11. Regarding point (ii) above, the Secretariat obtained quotes from two other health insurance providers - Allianz and AXA – prior to the retention of the insurance broker to negotiate further. The AXA quote remained higher than Cigna’s offer and was therefore disregarded. Negotiations continued for some time with Allianz, but its offer was ultimately rejected by the Secretariat due to uncertainty on whether the coverage under the proposed medical plan would be the same as - or sufficiently similar to - the baseline current UNIDROIT staff coverage under Cigna.

12. Ultimately, the Secretariat therefore accepted Cigna’s final offer and cancelled the temporary incapacity benefit.² Due to the cancellation of the latter and changes in plan membership, the increase in costs for health insurance in 2025-2026 compared to 2024-2025 is negligible in absolute terms ([UNIDROIT 2025 – F.C. \(100\) 7](#)).³

III. ACTION TO BE TAKEN

13. *The General Assembly is invited to take note of this update regarding the social security package applicable to UNIDROIT staff and the Report of the CAF (see the Annexe). Please note that the Annexe is confidential.*

² The temporary incapacity benefit consisted of a monthly allowance payable in the event that a staff member was incapable of working, following 90 days of uninterrupted sick leave. While the Secretariat continues to believe that such protection is useful, it gave priority to the benefits under the medical plan, also because such temporary incapacity benefit was not part of UNIDROIT’s previous insurance plan with AXA.

³ Total costs amounted to € 60,516.26 for the period 2024-2025 (€ 44,621.80 for the medical plan, € 9,633.32 for the temporary incapacity benefit, and € 6,261.14 for the accidental death & disability coverage) versus € 61,204.73 for the period 2025-2026 (€ 54,804.06 for the medical plan and € 6,400.67 for the accidental death & disability coverage).

ANNEXE**CAF
UNIDROIT – SECOND BI-ANNUAL REPORT 2025**