

ILO STAFF HEALTH INSURANCE FUND

**Record of Decisions**  
**of the 240<sup>th</sup> Meeting of the Management Committee**

**Friday, 7 April 2017**

at 9.30 a.m., ILO, room VII (R2 South)

Present:

Representing the insured persons of the ILO:

Mr. Jean-François Santarelli (Titular member)  
Ms. Mireille Ecuivillon (Titular member)  
Mr. Fabio Duran Valverde (Substitute member)  
Mr. Christopher Land-Kazlauskas (Substitute member)

Representing the Director-General:

Mr. Jean-Claude Villemonteix (Titular member)  
Mr. Tilmann Geckeler (Titular member)  
Mr. Fikri Gurzumar (Titular member)  
Ms. Anne Drouin (Substitute member)

Other attendees:

Mr. Florian Léger, SHIF Executive Secretary  
Ms. Heather Harris, SHIF Claims Supervisor  
Ms. Corinne Michoud, SHIF Secretary  
Mr. Baart Breemans, AON Hewitt

**Apologies for absence were received from:**  
*Representing the Director-General of the ILO:*  
Mr. Giuseppe Zefola, Mr. Sietse Buijze  
*Representing the insured persons of the ILO:*  
Mr. Pierre Sayour, Ms. Colleen McGarry

---

The meeting opens at 09.45 a.m.

---

**Item 1: Approval of meeting agenda**  
(SHIF/MC/2017/240/AG)

MC refers to document ref. SHIF/MC/2017/240/AG and approves the agenda.

**Item 2: Approval of the Record of Decisions of the 239<sup>th</sup> meeting of the Management Committee**  
(SHIF/MC/16/RD.239)

MC refers to document ref. SHIF/MC/16/RD.239 and **decides to approve the Record of Decisions of the 239<sup>th</sup> meeting of the Management Committee**, with one working priority of the MC for 2017 to be added under item 5 (“Working priorities for 2017”) of the Record of Decisions: **Working group on the SHIF governance: representatives of the participants are asked to share with the MC a position paper.**

**Item 3: Actuarial Study of the SHIF for the 2016-2026 period:**  
**Presentation made by Mr. Bart Breemans from Aon Hewitt GmbH**  
(SHIF/MC/2017/240/3)

The presentation made by Mr. Bart Breemans, the actuary from Aon Hewitt in charge of the study, follows a first presentation made to the MC at its 239<sup>th</sup> meeting where the methodology, the data, the assumptions and the draft results of the baseline scenario were presented and discussed with the MC. The objective of this second presentation is to present the final results of the baseline scenario as well as the results of different scenarios that were requested by the MC.

After a quick introduction during which Mr. Breemans repeats some of the presentation made at the 239<sup>th</sup> meeting of the MC regarding the methodology and data used and the assumptions made, he presents the final results of the demographic projection, as well as the projections of the contribution, the expenditure and the SHIF Guarantee Fund for the baseline scenario as well as for 3 additional scenarios. The scenarios take into account different assumptions regarding medical inflation, return rate on assets and growth in ILO staff.

Final results confirm those that were presented at the 239<sup>th</sup> meeting of the MC and indicate that SHIF technical results, even with the 2017 increase in contributions, shall become negative again around 2018-2019. The SHIF Guarantee Fund will increase until 2019-2020 and then will slowly decrease. Depending on the scenarios, projections indicate that the SHIF Guarantee Fund may become smaller than the statutory minimum threshold before the end of the projection period, but would remain positive until the end of the projection period, except for one scenario where it would be exhausted in 2025.

Projections are not very sensitive to the assumptions made on the rate of return on investment and on the population growth. The most important assumption, which does not come as a surprise, is medical inflation. With a lower medical inflation (-1 percentage point), the level of the Guarantee Fund would increase until 2022, and with a higher medical inflation (+1 percentage point) it would already start to decrease in 2019.

MC thanks Mr. Breemans for his presentation. Following the recent decision adopted by the ICSC to cut wages by 7.5% for the P staff and above category in Geneva, MC requests that the actuary add a scenario where salaries of the P staff and above category in Geneva would decrease by 7.5 per cent. MC is not sure if this additional scenario should be part of the main report or should be presented in an additional note to the MC.

Some MC members ask some questions to the actuary regarding some of the assumptions made, for instance on the validity to use UNJSPF assumptions for retirement and mortality rates. One MC member formally requests to receive a detailed list of data and assumptions, such as the number of insured persons identified by gender and age and the average claim cost by gender and age. Mr. Breemans answers that data and assumptions will be appended to the final report. Clarification is also sought on the difference between the ASHI valuation and this actuarial study.

MC members note with some worries that the SHIF insured population is expected to continue to age relatively quickly and that the ageing of the SHIF insured population drives the results of the projections. Some MC members request that the actuary add in the final report what would be the “pay-as-you-go” rates over the projection period. Mr. Breemans takes note of the request but mentions that, as there are some technical difficulties for this estimate, he cannot commit to include it.

The actuarial consultant is expected to prepare a draft report for the MC in the coming two to three weeks.

#### **Item 4: Any other business**

##### **4.1 Financial situation as of 31.12.2016 (draft) and technical results for the period 01.01.2016-31.12.2016.**

Mr. Gurzumar presents the financial status of the SHIF. For the first time since several years, the SHIF has experienced a negative technical result over the period, amounting to approximately USD 300,000.

##### **4.2 External Review of the SHIF**

MC requests again that the ILO administration share the report of the consultant.

---

The meeting ends at 12.15 p.m.

---