



# L A M U T U E L L E

Association Mutuelle des Fonctionnaires Internationaux  
de l'Office des Nations Unies et Agences Spécialisées

Geneva, 10 April 2018

Dear Members,

As already communicated in the past General Assemblies, the project on the integration of the Provident and Insurance Group of International Officials (hereinafter called "GPAFI") under the umbrella of the International Civil Servants Mutual Association (hereinafter called "ICSMA") is coming to completion. To finalize the project, members of both entities need to approve the integration and the revised Statutes of ICSMA. We invite you to do so at an Extraordinary General Assembly, which will be held on 2 May 2018, Palais des Nations, room XXI at 12:00am. This information note has been made available to provide answers to frequently asked questions and to summarize the issue at stake.

## **1. Why is the proposed integration with GPAFI happening?**

In an effort to improve administrative compliance with UN Rules and Regulations, the Director of the Division of Administration, UNOG, requested the creation of a working group to study all possible alternatives to ensure that GPAFI could continue providing its products and services in compliance with UN Administrative and Financial Rules and Regulations, so as to minimize the financial, operational and reputational risk to both GPAFI and the UN.

## **2. Who decided in favor of this integration?**

The Working Group, which included Staff Representatives, reviewed the various options available and concluded that the integration under the umbrella of ICSMA was not only the most cost effective solution, but also the most reasonable given the similar nature of GPAFI and ICSMA (both not for profit entities funded entirely by participating members and both promoting the concept of mutual assistance amongst International Civil Servants). Additionally, the Working Group identified the proposed integration as the least disruptive option to insured members.

## **3. Who will approve this proposed integration?**

The draft proposal of the Working Group was presented to and agreed by the Director of Administration, UNOG, and the Director-General of UNOG. The integration required a re-drafting of ICSMA's Statutes to take into account GPAFI.

The revised Statutes, once finalized, were presented to and agreed by the Director-General of UNOG and the Swiss Authorities. Affiliated UN Specialized Agencies have already pre-approved the revised Statutes and will formally accept them once they have been approved by the Extraordinary General Assembly on 2 May 2018.

The revised Statutes being presented for your approval are the result of extensive work and review by colleagues of both entities, GPAFI and ICSMA, as well as the Specialized Agencies' Representatives who sit on ICSMA's Board of Directors.

## **4. What are the main points to consider in the revised Statutes?**

The revised Statutes of ICSMA take into consideration the integration of GPAFI, as well as revisions and updates of the current Statutes which were needed any way.

The current Statutes of ICSMA, drafted in July 1980 with only few modifications added afterwards, have to be amended to take into account changes and requirements that have evolved during this period. The proposed new Statutes take into consideration the following important points:

- a. The evolution of the United Nations Regulations;
- b. The clarification of the role of the Director-General of the United Nations Office at Geneva as per the recommendations of the Office of Internal Oversight Services (OIOS);



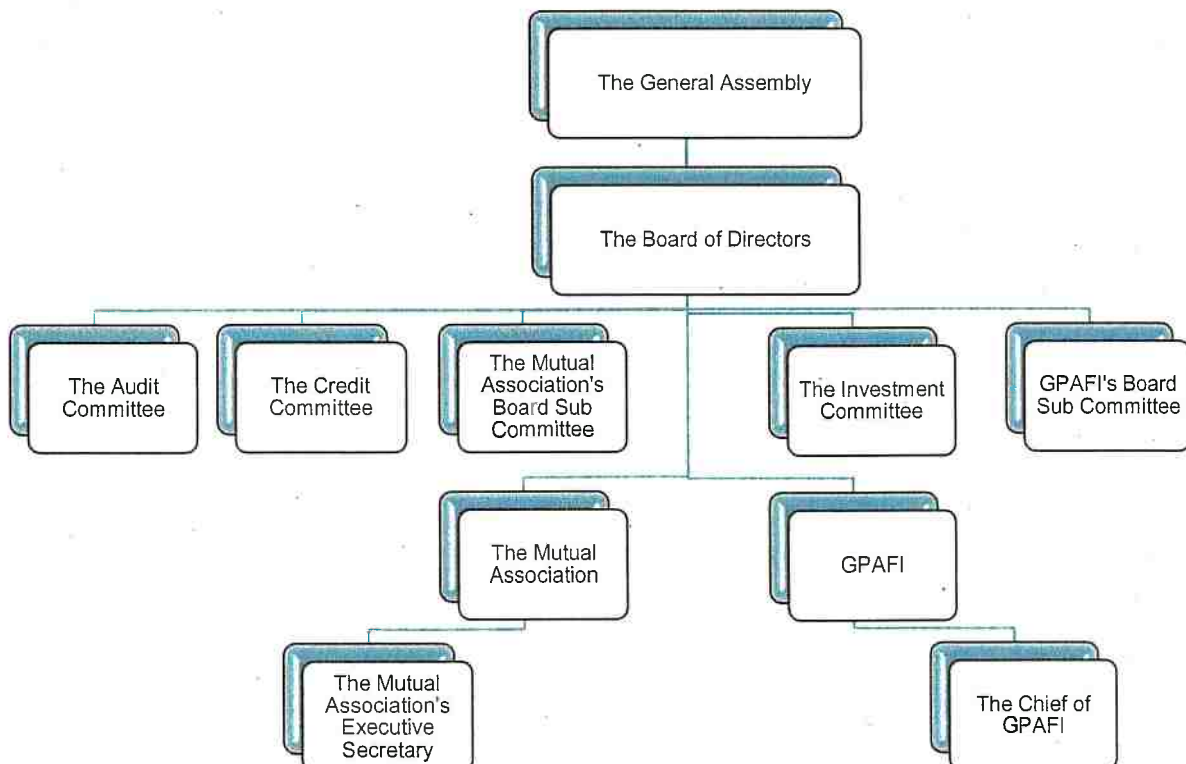
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- c. The ICSMA Trust Fund established by the Secretary-General in 1988 and approved by the Advisory Committee on Administrative and Budgetary Questions (ACABQ);
- d. The recommendations made by OIOS in 2012 related notably to Governance and Supervision;
- e. The existing Committees (Investment Committee, Credit Committee, Board Sub Committees) and the one to be set up as per OIOS' recommendations (Audit Committee);
- f. The evolution of the legislation in force in Member States in terms especially of tax compliance and verification of the source of funds.

## 5. What would the new structure be?

What is being proposed is an integration of GPAFI under ICSMA's umbrella. GPAFI and ICSMA will retain their own operating budget and reserve funds after the integration. The services currently provided by ICSMA (loans, deposits, reduced fares for public transportation) will continue to be provided but by an entity officially named "the Mutual Association" (the name already commonly used by members). The GPAFI and the Mutual Association will both be a part of ICSMA, each with separate reporting lines as well as separate and year-end consolidated financial statements. Both GPAFI and the Mutual Association's members will be members of a unique entity, ICSMA, holding one single membership number for all services provided by the two entities. ICSMA's structure will have to be modified as follows:



## 6. What are the advantages of this proposed integration for the current ICSMA members?



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For ICSMA and its members, the integration of GPAFI will provide additional services such as complementary health insurance, loss of salary insurance, accident insurance and other types of insurances, which will be expanded in the future in order to meet the members' needs.

Having both entities under the same umbrella also means a simplification in the application and administrative processes for the benefit of all members. It will generate synergies for both entities at several levels, including managerial, operational, IT infrastructure and call for tenders which will eventually result in a better quality of service for all members and cost efficiencies.

## **7. What are the advantages of this proposed integration for GPAFI members?**

GPAFI members will benefit from the same advantages mentioned above for the members of ICSMA. In addition, the proposed integration cements GPAFI as an integral part of a UN recognized entity. This creates certainty and allows for long term planning, thus guaranteeing the long term viability of GPAFI and the products it can offer to its members. The Working group has concluded that the GPAFI would not be viable outside a recognized UN entity, as the compliance cost would be too high to sustain current operations.

## **8. What would the integration change for GPAFI members?**

The proposed integration would not hinder in any way the current access to services enjoyed by members of each entity. If anything, it enhances a one stop solution for easier access to tailored services.

- a. The integration under ICSMA's umbrella and the revised Statutes allows GPAFI members to continue to benefit from the current services. The integration implies no action whatsoever by insured individuals. Their insurances remain valid and the underlying insurance contracts are not affected by the integration;
- b. A new membership number will be provided and the access to the services of the Mutual Association, if GPAFI members are eligible, will be possible only once the IT integration is finished (earliest 2020);
- c. Family members of active and retired staff members will not be members of ICSMA because, as a Fund of the United Nations Office at Geneva, ICSMA is open only to active and retired staff members. Again this will have no impact on their insurance policies and their coverage which remain in force. Family members can be insured, they merely cannot be a member of ICSMA;  
Staff members who wish to become members of ICSMA will have to do so prior to retirement. When an ICSMA member retires he/she can remain a member and continue to benefit from the services no matter where he/she lives once retired.
- d. An ICSMA's Board Sub Committee is created to handle all of GPAFI's current and forthcoming affairs. Given that ICSMA is a Fund of the United Nations Office at Geneva, its Board of Directors must be composed only of active staff members since they are subject to the Staff Regulations and Rules, the Charter of the United Nations or of affiliated organizations, as well as the Standards of Conduct for the International Civil Service while performing their duties at ICSMA. However, given the practice of retired members being actively represented on the current GPAFI Executive Committee, the GPAFI Board Sub Committee shall include a representative of retired members with observer status.

## **9. What would the integration change for ICSMA members?**



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For ICSMA members there would be no changes other than enhanced access to insurance products. The proposed changes to the Statutes, that do not pertain to the integration, are merely an update and the formal recognition of procedures already in force (i.e. verification of the source of funds, tax compliance) and reflect the need to adapt to a changing landscape (more controls) and evolving UN Regulations. ICSMA members have already been informed of these changes.

## **10. What are the financial implications of the proposed integration?**

Operationally the integration will not increase the annual costs for GPAFI and ICSMA. However, a review of IT systems and a subsequent integration of the two systems and databases will need to be carried out. Many of these costs would have been incurred irrespective of the proposed integration as both entities need to review their current IT systems. Any additional costs, that would not have been otherwise encountered, will be borne by GPAFI as the integration should not be an additional financial burden on ICSMA. The new IT system will indeed improve the services proposed to GPAFI and ICSMA members, but it must be noted that, due to technological progress, costs linked to IT would have in any case increased in order to maintain security at the utmost level.

## **11. What happens if the integration under ICSMA's umbrella and ICSMA's new Statutes are not approved?**

This is a scenario which will hopefully be avoided in the interest of all concerned parties. Failure to agree to the proposed integration of GPAFI under ICSMA's umbrella and ICSMA's Statutes would signify:

For GPAFI members:

- a. Finding an alternative solution to allow for the continued existence of GPAFI. This would most likely mean having to find a solution outside of UNOG, as an entity subject to Swiss jurisdiction. The financial and regulatory compliance as well as the costs that this would entail would essentially mean GPAFI would not be able to offer the financially competitive products it offers its members currently. Under such a scenario the long term viability of GPAFI would be strongly challenged.

For ICSMA members:

- b. A further redrafting of the revised ICSMA Statutes not taking into consideration the proposed integration;
- c. The existing agreements between ICSMA and the affiliated organizations will still have to be updated.

## **12. Vote on the proposed integration and revised ICSMA's Statutes**

In order to finalize the integration of GPAFI under the umbrella of ICSMA, the members of each entity must vote in favor of the proposed integration and revised Statutes at the extraordinary general assembly, to be held on 2 May 2018.

## **13. In case of approval of the integration and the revised Statutes what would happen next?**

If ICSMA and GPAFI members approve the integration and revised Statutes, it must be stressed that the integration will be a long process as numerous steps will need to be taken:

- a. The existing agreements between ICSMA and the affiliated organizations will be updated. This process should be finalized in a short period of time since the affiliated organizations have already informally agreed on the revised Statutes;



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- b. The consolidation of the financial statements will be effective retroactively at 1 January 2018;
- c. ICSMA's Board of Directors will make all decisions concerning GPAFI from the day of approval. However, the members of the GPAFI Executive Committee remain in place until 31 December 2018 to manage current and operational affairs (and in consultation with the newly created GPAFI Sub Committee) but without decision-making powers;
- d. The integration under ICSMA's IT system (account, processes, members, etc) will be done once the modification of ICSMA's IT system will be finished, at the earliest in 2020;
- e. The physical integration of office space and staff members will depend on the roll-out of the Strategic Heritage Plan (completion is expected in 2023).

The Board of Directors thanks the members for their participation in this process.

Patrick Goergen  
President of the Board of Directors

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<sup>1</sup> GPAFI is a non-profit-making association, formed in 1958 by the Coordinating Council of the United Nations Office at Geneva (formerly Staff Council). Initially, its objective was, and remains, to provide health insurance coverage for active and retired international civil servants. Throughout time other collective insurance products of social nature have been offered by GPAFI.

ICSMA, founded in 1959, is a non-profit Fund exclusive to the United Nations and Specialized Agencies, administrated by international civil servants within the United Nations Office at Geneva, whose objectives are to promote mutual assistance among staff members of the United Nations Office and other Organizations within the United Nations family at Geneva, and the facilitation of the settlement of the said staff members and their family. Within the framework of its statutory activities, ICSMA is covered by article II of the Agreement on the Privileges and Immunities of the United Nations Organization concluded between the Swiss Federal Council and the Secretary General of the United Nations Organizations of 11 June and 1 July 1946.