

**Statement of the Chairman
Advisory Committee on Administrative and Budgetary Questions (ACABQ)**

31 October 2013

Managing after-service health insurance liabilities

(ACABQ report: A/68/550; related Secretary-General's report: A/68/353)

Mr. Chairman,

I am pleased to introduce the Advisory Committee's report (A/68/550) on managing after-service health insurance liabilities. The Committee's report addresses the Secretary-General's proposals for the funding of after-service health insurance liabilities in response to General Assembly resolutions 64/241 and 65/259.

The Advisory Committee takes note of the latest actuarial valuation of the Organization's accrued liability for after-service health insurance benefits and expects that these valuations will henceforth be undertaken every year so that any changes in actuarial assumptions can be reflected in a timely manner.

As for the growing after-service health insurance liabilities, the Advisory Committee notes that the issue is of concern to the entire United Nations system and could therefore best be resolved using a system wide approach similar to that used by the United Nations Joint Staff Pension Fund for other after-service benefits. Given the Pension Fund's experience in managing after-service benefits and taking into account its relatively low asset management cost, the Committee recommends that the Secretary-General be requested to look into broadening its mandate to include after-service health insurance.

Coming to the funding of the after-service health insurance liabilities, the Advisory Committee takes note of the concerns expressed by the Board of Auditors and the Joint Inspection Unit regarding the absence of a long-term funding strategy. In that regard, the Committee takes note of the strategy proposed by the Secretary-General but expresses the view that the objective of ensuring the availability of resources to settle these liabilities can be achieved without necessarily creating a reserve. The Advisory Committee therefore recommends the continuation of the "pay-as-you-go" approach at the present time while alternative strategies are explored.

Regarding the rising costs of health insurance, the Advisory Committee commends the cost containment initiatives so far undertaken and recommends that the General Assembly request the Secretary-General to continue to explore innovative ways in which participants' access to quality health care can be maintained while at the same time containing costs.

Turning to the impending closure of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, the Advisory Committee recognizes the urgency to resolve the issue of their unfunded employee benefit liabilities and recommends the close monitoring of their after-service health insurance expenditure in the interim while efforts are made to establish a funding mechanism for this purpose.

I thank you, Mr. Chairman.