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ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS
IMPLEMENTATION OF SOCIAL SECURITY SCHEME
(Note by the Secretary-General)

1. This report has been prepared in accordance with the request of the Advisory Committee for additional information on the implementation of the social security scheme.
2. The social security scheme was intended to establish the basis for compensation of staff members and their dependents, as well as auxiliary personnel, in cases of illness, injury or death attributable to service with the United Nations. Prior to the adoption of the social security scheme, compensatory payments for service-incurred injury or death were made on three different bases (which sometimes, in practice, overlapped and caused double compensation):
 - (a) Commercial insurance policies covering death or dismemberment;
 - (b) Provisions of the New York State Workmen's Compensation law; and
 - (c) Ex gratia or compensatory payments determined by the Secretary-General.
3. Following the decision of the Secretary-General to adopt provisionally as a guide the social security scheme recommended by the Committee of Experts on Salary, Allowance and Leave Systems, personal accident insurance of staff members was discontinued. Air travel insurance was maintained, however, in view of the risk of a catastrophe involving a number of staff members. Any amounts received under such travel insurance, however, would be paid to the United Nations, which, in turn, would compensate staff members and their dependents in accordance with the provisions of the social security scheme.
4. As to military observers and auxiliary personnel seconded by Member Governments, United Nations commitments were of a diverse nature. Upon

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requesting Governments to second personnel, the Secretary-General informed such Governments of the responsibility the United Nations would assume in case of death or injury to the personnel seconded. Insurance was then purchased against death or dismemberment in the amount agreed upon (in the case of Palestine the amount was \$25,000, or four times annual salary. In the case of other missions the amount was \$15,000, or twice annual salary). In cases of death or dismemberment, the payments made by the insurance company were passed on to the observer or his estate. In cases of disability not involving dismemberment, a percentage of the sum fixed for total disability was to be paid by the United Nations to the observer, since no payment would be obtained under the insurance policy.

5. The adoption of the social security scheme has been effective so far solely in regard to staff members, because of the necessity of reaching agreement with the various Governments furnishing military observers concerning the substitution of the scheme for previous commitments. It is expected that the scheme will be applicable, however, for all auxiliary personnel as of 1 December 1950.
6. Personal accident insurance policies in respect of auxiliary personnel were cancelled early in 1950, air travel coverage being retained because of the risk of an accident involving a number of such personnel.
7. From a financial point of view, the adoption of the measures outlined above resulted in savings due to the cancellation of commercial insurance policies in the amount of \$29,012 for the remainder of 1950. On an annual basis, savings would amount to about \$55,000. In addition to such savings, which represent actual savings in cash disbursement, the adoption of the social security scheme for staff members on a self-insurance basis has avoided the necessity for the purchase of additional insurance coverage for accident and illnesses which were not covered under the policies in force prior to the adoption of the scheme.
8. It has not been possible to obtain an estimate of the cost of underwriting commercially the social security scheme; it seems certain, however, that it would come to a very substantial figure since its coverage is wider than that of the commercial policies entered into during 1948 and 1949.

9. Only three cases of importance have so far been covered under the social security provisions: the death of Mr. Sanford Major and Brigadier Angle in an airplane accident in India on 17 July 1950, and the injury to Mr. A. Bas in Greece. All were staff members. Annual payments to Mrs. Major and Mrs. Angle have been approved by the Secretary-General, following the provisions of the social security scheme, at \$1,388.18 and \$3,596.66, respectively. Mr. Bas' case has not yet been settled.
10. It should be noted in this connexion that \$15,000 in the case of Mr. Major and \$16,600 in the case of Brigadier Angle are to be received by the United Nations from the insurance company, under the policy adopted whereby the United Nations purchases insurance against air travel accidents and retains the proceeds from it. These amounts will be credited to miscellaneous income.
11. Before the social security scheme was made applicable to staff members and military observers, a number of service-connected accidents occurred for which no compensation could be obtained from the insurance company but for which the United Nations was morally and legally obliged to effect compensatory payments. Due to the necessity of carefully investigating the claims, some of them are still outstanding and will have to be paid this year. The list of such outstanding claims follows:

<u>Capt. Robert Dons</u> , Belgian Military Observer, injured in Palestine on 4 July 1948 (awarded)	\$15,000
<u>Lt. Col. Maury</u> , French Military Observer, injured in Greece on 5 January 1949 (estimate)	10,500
<u>Major de Canchy</u> , French Military Observer, injured in Palestine in 1948 (estimate)	3,750
<u>Lt. Col. Chaplin</u> , British Military Observer, injured in Indonesia on 18 March 1949 (estimate)	3,750
<u>Lt. Col. Fleck</u> , French Military Observer, injured in Palestine on 19 November 1948 (estimate)	6,250

Final medical reports have recently been received on the balance of these cases and settlement can be made in 1950 if funds are made available.

12. The financial situation in respect of payments to be made for injury or death attributable to service may thus be briefly summarized as follows:

/A. Savings

<u>A. Savings arising from the adoption of the social security scheme on a self-insurance basis</u>	
(i) Savings on cancellation of insurance policies	\$29,012.00
(ii) Savings due to non-purchase of additional commercial insurance that would be required to cover fully United Nations liability	--
<u>B. Income from air travel insurance</u>	31,600.00
<u>C. Estimated charges against the United Nations as result of the adoption of the social security scheme on a self-insurance basis</u>	
(i) Case of Mr. S. Major, approved annual payment of \$1,388.18 Expenditure during 1950	695.00
(ii) Case of Mr. Angle - approved annual payment of \$3,596.66 Expenditure during 1950	1,800.00
(iii) Case of Mr. Bas - (estimate)	5,000.00
<u>D. Compensatory payments to be made by the United Nations in respect of accidents which occurred prior to the adoption of the social security scheme</u>	
List of individual cases under paragraph 11 above.	\$39,250.00

13. The amount made available by the Advisory Committee by transfer thus far in 1950 is \$39,000. An additional amount of \$7,745.00 may be required in this account if full settlement of the outstanding claims is to be made in 1950. The expenditure can be absorbed within the appropriation for Section 17 in the 1950 budget.
