



PREPARATORY COMMISSION
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Note by the Executive Secretary on compensation payable to members of the Secretariat in the event of death, injury or illness attributable to the performance of official duties for the Preparatory Commission

At the seventh meeting of the Preparatory Commission, the Executive Secretary stated that common staff costs in Section 4 of the Budget Estimates did not include any amount to provide for death and accident insurance. He also noted that Draft Staff Regulation 6.02 provided that, in the event of death, injury or illness attributable to the performance of official duties for the Commission, members of the Secretariat would only be entitled to compensation benefits in accordance with the scale provided by Appendix D of the United Nations Staff Rules for personnel engaged for conference or other short-term service. The Executive Secretary stated that he desired to consider this problem further and that he would present a note to the Commission dealing with it.

In the view of the Executive Secretary, there are two ways in which the members of the Secretariat could be more adequately covered with respect to death, injury or illness attributable to service with the Commission. They could be covered either by adopting Annex D of the United Nations Staff Rules in its entirety, i.e. by eliminating the restriction now contained in Draft Regulation 6.02 of the Staff Regulations limiting the coverage of Appendix D to that coverage afforded to short-term conference personnel, or by the use of commercial insurance.

A. Appendix D of the United Nations Staff Rules

Appendix D provides that, in the event of death, the staff member's widow shall be entitled to an annual pension equal to one-third of the staff member's final annual net base pay, provided that the compensation shall not be less than \$1,500 per annum. In addition, there are provisions for the payment of support for surviving children and the expenses directly related to the death of the employee.

Appendix D also provides that in the event of injury or illness involving total incapacity, the staff member shall be entitled to his full salary and allowances for one year and thereafter to a pension equal to two-thirds of his salary plus an allowance for each dependent child. Where the injury or illness involves only partial incapacity, the staff member is entitled to a lump-sum payment in the case of certain specific injuries and, in addition, an annual pension, to be determined by the Secretary-General, if there is a loss of earning capacity. In all cases involving any type of incapacity, the United Nations is also responsible for medical, hospital, and other directly related expenses.

It should be noted that the adoption of Appendix D would not necessarily involve the Commission in any expense. However, in case of death or serious accident, the Commission would incur a long-term obligation which would be a charge during the Commission's life against the annual budget and, thereafter, against the annual budget of the International Atomic Energy Agency. Moreover, in the event of a serious disaster, such as an airplane crash, in which a number of members of the Secretariat were involved, the total annual payments which the Commission in the first instance, and thereafter the Agency, would be obligated to make pursuant to Appendix D would be quite large.

If the Commission decides to adopt Appendix D, which looked at from the point of view of the governments involved and considering the Commission as merely a part of the international family, may be a desirable solution, the Commission may wish to cover part of its potential liability through reinsurance with commercial firms. Such reinsurance might provide for lump-sum payments to the Commission in the event of the death or total incapacity of any staff member of \$15,000 or twice the annual net salary of the staff member, whichever is the greater. It is the understanding of the Executive Secretary that such reinsurance could be obtained for a modest amount, not more than \$1,000 per year, for the Secretariat as a whole.

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B. Commercial Insurance

A possible alternative to Appendix D is the use of commercial insurance. The Executive Secretary understands that commercial death and accident insurance covering the members of the Secretariat in the amount of \$50,000 in the case of death or total disability, could be obtained for less than \$100 to \$150 per year per staff member.

C. Recommendation of the Executive Secretary

The Executive Secretary recommends that the second alternative, i.e. commercial insurance, be adopted. He takes this position because, in view of the low cost of such insurance as opposed to the large potential liability which might result from the use of Appendix D, it seems to him that commercial insurance is more desirable given the smallness of the Commission's staff and the short term of the Commission's expected life. Moreover, the provisions of Appendix D applying to short-term staff, as indicated above, seem to be inadequate and the provisions of Appendix D applying to career staff, which embody a pension concept, seem to be unrealistic in terms of the nature of the Preparatory Commission.

If the recommendation of the Executive Secretary is adopted, Regulation 6.02 of the Draft Staff Regulations will have to be modified and an additional budgetary provision of approximately \$2,000 will have to be made to cover the insurance premium for the first year, which will have to be paid in advance.
