
To the insured persons of the ILO–ITU Staff Health Insurance Fund

The SHIF Management Committee is pleased to present to you the report on the activities of the Fund in 2010.

As shown in this 2010 *Report on the operations of the Fund*, the SHIF's solvency has been further strengthened and the Guarantee Fund level has now almost reached the midpoint between its statutory minimum and maximum. So, for the third year running the SHIF is in good financial shape. However, at this time of general economic turbulence, both the SHIF secretariat and the Management Committee will be keeping a close eye on key factors entering into the Fund's financial equation.

During the period under review, the Management Committee continued to closely monitor the financial outcome of the amendments to the SHIF's contribution structure. As a reminder, contributions were restructured in two phases. From 1 January 2008, a contribution was introduced in respect of dependent spouses (30 per cent of the insured person's contribution). From 1 January 2010, a contribution was introduced in respect of dependent children (10 per cent of the insured person's contribution for one child, 20 per cent for two or more children).

The effect of these amendments is an increase in income estimated at US\$18.3 million over the 2008–11 period. Over the 2012–13 biennium, although the SHIF's operating result will almost certainly regress, it is currently the Management Committee's view that income from investment transactions will be sufficient to ensure that the Guarantee Fund will remain at a satisfactory level in the absence of a contribution rate increase before 2014.

The period under review was significantly marked by a study, commissioned by the ILO administration, of the potential efficiency gains to be achieved from transferring SHIF claims settlement from the Fund's secretariat to a private sector service provider. Because the claims settlement is unquestionably the SHIF secretariat's central function, the Management Committee carefully examined the report delivered by the consulting firm Dalberg Global Development Advisors and provided its comments to the ILO administration.

The Management Committee in particular noted that the report, issued in January 2011, reflected no major financial benefit to transferring claims settlement to a private sector service provider. In addition, the Management Committee felt that certain of the non-financial benefits associated by the consultants with the migration of claims settlement function were outweighed by a number of risks felt to be understated and likely to expose the Fund to financial and operational vulnerability over time. Nevertheless, the Management Committee acknowledged that the study provided food for thought regarding service standards and pinpoints areas in which it might be possible to improve the operations of the SHIF.

The Management Committee wishes to emphasize that findings of the study by no means call into question the performance of the SHIF claims adjusters. Against a backdrop of strain caused by the study, the SHIF claims adjusters settled some 52,000 claims in 2010 and did so with their usual empathy and competence. They are a credit to the Fund and, on your behalf, we wish to extend to them, as well as to the rest of the SHIF secretariat staff, our most sincere thanks.

The Management Committee

ILO–ITU Staff Health Insurance Fund

Report on the operations of the Fund in 2010

The present report is hereby submitted to the executive heads of ILO and ITU and to the insured persons, pursuant to article 4.7.1(i) of the Regulations.

Composition of the Management Committee in 2010

1. Pursuant to article 4.1 of the Regulations, the Management Committee was composed of the following titular (T) and substitute (S) members. An asterisk (*) next to the name indicates that this committee member also served on the Standing Subcommittee (established under article 4.7.2 of the Regulations).

Representing the insured persons

ILO

Ms Mireille Ecuillon * (T)
Mr Jean-François Santarelli * (T)
Mr Chris Baron (T)
Mr Philippe Marcadent (S)
Ms Chantal Amine * (S)
Ms Xenia Scheil-Adlung (S)

ITU

Mr Michel Rolland * (T) –
Chairperson
Mr David Broadhurst (S)

Representing the executive heads

ILO

Mr Charles Agbavwe (T)
Mr Tilmann Geckeler * (T)
Vacant *until 24 May 2010* (T)
Mr Juan Llobera *as of 25 May 2010* * (T)
Mr Fikri Gurzumar (S)
Ms Anne Drouin * (S)
Mr Giuseppe Zefola (S)

ITU

Ms Marianne Wilson * (T) –
Vice-Chairperson
Vacant (S)

Financial situation

Assets and liabilities

2. The Assets and Liabilities Statement is attached as Annex I. The statement provides year-end details on assets, liabilities and the

balance of the Guarantee Fund, together with prior year comparative figures. The Fund's investments are recorded at market value rather than at cost and unrealized gains and losses on forward currency contracts are reported as either a derivative asset or a derivative liability.

3. As at 31 December 2010, the Fund had assets valued at US\$66.5 million and liabilities of US\$16.9 million, of which 96.5 per cent accrued liability for claims incurred but not received (IBNR). The Guarantee Fund balance stood at US\$46.7 million and the reserve for derivatives at US\$2.9 million. More details on IBNR are provided in paragraphs 22 to 24 of this report.

Results of operating activities

4. The income and expenditure statement is attached as Annex II.

5. The first part of Annex II reflects the Fund's Operating Transactions. Total contributions received in 2010 amounted to US\$55.9 million, compared with US\$52 million in 2009. Total benefits paid in 2010 amounted to US\$51.5 million, compared with US\$46.9 million in 2009. The net operating surplus amounted to US\$1.3 million in 2010. This net operating surplus takes into account an IBNR increase of US\$3.1 million.

6. The second part of Annex II, under the heading "Investment Transactions", reflects the result of the Guarantee Fund investments. Following a net income from investment transactions of US\$3.2 million in 2009, the Fund again recorded an income of US\$4 million in 2010. Gains on currency trading of US\$2.7 million were recorded in 2010, compared with gains of US\$2.4 million in 2009. More details on investment performance are provided in paragraphs 13 to 19 of this report.

7. Revaluation gains and losses on assets and liabilities are the result of exchange rate fluctuations of all the currencies, other than the US dollar, in which assets and liabilities are held. A revaluation loss of US\$40,301 was recorded in 2010, compared with the US\$1.2 million revaluation gain in 2009.

8. The Fund recorded a net operating surplus of US\$1.3 million in 2010, compared with a US\$4.3 million net operating surplus in 2009. The operating surplus was compounded by net income from investment transactions of US\$4 million in 2010, versus US\$3.2 million in 2009. The Fund recorded an overall net gain of US\$5.3 million in 2010, versus a 2009 overall net gain of US\$8.7 million.

9. The average contribution per contributing member (insured person) in 2010 was US\$8,056, up 5.5 per cent from US\$7,634 in 2009. (Details relative to benefits are provided in paragraphs 31 to 39 of this report.)

10. The improvement in the Fund's financial results since the beginning of 2008 is primarily attributable to the effects of the amendments to the SHIF contribution.

11. As a reminder, the SHIF contribution system was modified in two phases. From 1 January 2008, a contribution was introduced in respect of dependent spouses (30 per cent of the insured person's own contribution). From 1 January 2010, a contribution was introduced in respect of dependent children (10 per cent of the insured person's own contribution for one child, 20 per cent for two or more children).

12. Contribution income for the 2006–07 biennium was US\$73.6 million. Without the amendments to the SHIF contribution system, as a result of normal growth (number of SHIF insured persons, salary/pension mass), this contribution income would have increased to an estimated US\$90.9 million. The projected contribution income for the 2010–11 biennium is US\$109.2 million. The effect of the amendments is therefore estimated at US\$18.3 million over the 2008–11 period.

Investments

13. In 2010, the ILO's Investment Committee continued to monitor the Fund's investments portfolio and to deliver guidelines and benchmarks on behalf of the Management Committee to the entity charged with the management of the Fund's investment portfolio. From 1 July 2009, Aberdeen Asset Management has had responsibility for management of the Fund's investment portfolio.

14. The portfolio is composed mainly of medium- and long-term fixed income securities and is hedged to the Swiss franc, although investments are held in a variety of currencies.

15. As at 31 December 2010, the market value of the portfolio was US\$52.6 million (including US\$492,019 of accrued interest), compared with a 2009 market value of US\$48.4 million (including US\$555,556 of accrued interest). Derivative assets totalled US\$2.9 million at 31 December 2010 versus US\$1.1 million in 2009.

16. Investments are held in various currencies and are translated into US dollars at the United Nations operational rate of exchange effective at 31 December.

17. Over the calendar year 2010, the return on the investment portfolio, based on market values and expressed in Swiss francs, was 2.85 per cent. Management fees charged were a fixed percentage of the market value of the portfolio, paid quarterly in arrears.

18. Derivatives provide the SHIF with protection against the exchange risk associated with bond investments. The value of derivatives depends on that of an underlying financial asset. The calculation of a derivative's market value for accounting purposes relies on pricing models that take into account a benchmark value such as an interest or exchange rate, a financial index or a commodity price.

19. Aberdeen Asset Management has commented as follows on the 2010 investment performance:

Manager's review

The year began with evidence that interest rate cuts, central bank liquidity injections and government-backed rescue packages of 2009 had started to filter through to the real economy, as business confidence surveys and forward-looking indicators began to turn upward. Reduced stress in the financial system and positive growth from developing economies helped to maintain strong risk appetite among investors, and spreads on corporate bonds tightened relative to government securities. However, focus shifted to the high level of debt taken onto government balance sheets. Greece came under the spotlight as it emerged that the fiscal deficit was much larger than had previously been reported. Consequently, peripheral European markets significantly

underperformed due to ongoing concerns over their fiscal deficits. An €85 billion bailout package for Ireland agreed in November failed to calm the markets as expected and fears about the fiscal situation in other peripheral countries kept yield spreads over Germany at wide levels. Global bond yields reached record lows when the recovery in the US was called into question at the end of the third quarter. In order to stimulate growth, the US Federal Reserve announced in November that it would undergo further quantitative easing (QE2) via the purchase US\$600 billion in Treasury securities. Labour and housing markets remained weak but stronger economic data in other sectors and a large US fiscal stimulus package announced in December resulted in a sharp rise in the global bond yields at the end of the period under review.

In the currency markets, currencies such as the Swiss franc and Japanese yen strengthened as they acted as safe havens from Eurozone stress. The US dollar underperformed most other major currencies, with the exception of the Euro and Sterling, mainly due to the negative impact of QE2. The Euro suffered from concerns over peripheral economies, while Sterling suffered from high public sector debt and disappointing economic growth.

Portfolio review

The portfolio was actively managed in respect of market, duration, curve and credit positioning. On the market side the gained relative value was achieved by having an overweight bias to the US market and an underweight allocation to troubled economies in the Eurozone. Initially a longer than benchmark duration in the US was also of benefit, however the bond market sell-off in the fourth quarter eroded those gains as bond yields rose sharply. In terms of curve positioning the portfolio benefited from curve flattening trends. On the credit side, non-government positions had mixed results with corporate spreads tending to tighten relative to the benchmark, while those issues related to peripheral European economies underperformed.

Over the 12 months to 31 December 2010, the investment portfolio achieved a total return before fees of 2.85 per cent whereas the benchmark achieved a return of 2.96 per cent, an underperformance of -0.12 per cent.

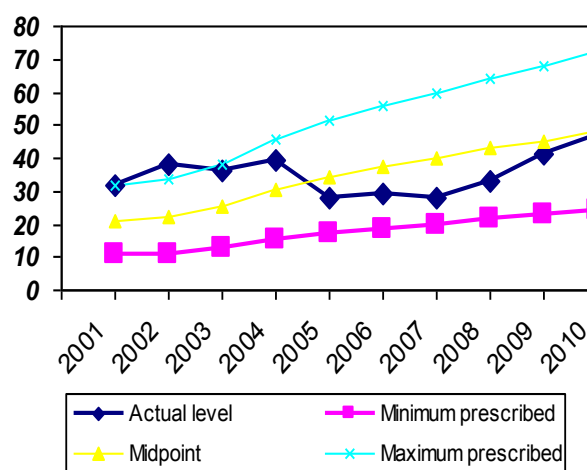
Guarantee Fund

20. Article 3.8 of the SHIF Regulations sets the level of the Guarantee Fund at between one-sixth (= six months) and one half (= 18

months) of Fund expenditure over the previous three financial years.

21. The Guarantee Fund balance amounted to US\$46.7 million at year-end 2010, compared with US\$41.4 million at year-end 2009 (see Annex I). The level of the Guarantee Fund at 31 December of the year under review remained well above the statutory minimum level of US\$24.1 million, but slightly (2.9 per cent) below the 2010 midpoint of US\$48.1 million.

Figure 1. SHIF Guarantee Fund (US\$ million)



Accrued liability for claims incurred but not received (IBNR)

22. The method used for calculating the IBNR provision is represented in paragraph 6(e) of the Notes to the Financial Statements for the year ending 31 December as follows: “At the end of each financial period, a provision is made representing amounts yet to be claimed in respect of the financial period under review. For the 2010 financial period, the provision has been calculated based on the comparison between actual claims Incurred But Not Received (IBNR) reported to end February of the year+1 financial period and actual end February experience recorded for prior years. The IBNR provision is the higher of: (i) the average percentage of IBNR reported in prior years, applied to actual IBNR reported to end February of the year+1 financial period and projected out to a year-end IBNR result; and (ii) the average percentage representing IBNR versus year-1 claims reported in prior years, applied to actual IBNR reported to end February of the year+1 financial period and projected out to a year-end IBNR result. As for the 2010 financial period, the IBNR provision

has been calculated earlier than in years preceding 2009, the IBNR results have been adjusted to reflect the difference between the actual number of claims received at the end of February 2010 and the average number of claims received at the end of February in prior years. Any difference between the provision calculated and actual claims paid is reflected in the financial statements of the period in which it becomes known.”

23. Accrued liability for claims incurred prior to or during the year under review, but not received by 31 December, appear under item 2 of “Liabilities” in the Assets and Liabilities Statement (Annex I) as “Accrued liability for unsettled claims”.

24. The table hereunder provides details concerning the accrued IBNR liability amount shown in Annex I as “Accrued liability for unsettled claims”. The method of IBNR calculation was audited by the SHIF’s External Auditors for the year 2006. This method has remained unchanged for following years.

Figure 2. Summary of benefits paid in 2010 for claims incurred in prior years

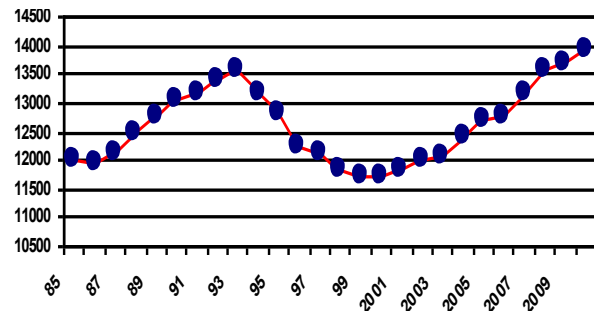
Insurance year	Benefits paid (US\$)
Years prior to 2008	5 393
2008	277 286
2009	12 407 300
IBNR at year-end 2010 (actual)	12 689 979
IBNR at year-end 2010 (forecast)	13 200 000
Variance actual IBNR vs forecast	-510 021
IBNR at year-end 2011 (forecast)	16 300 000
IBNR increase	3 100 000

Trends in membership

Overall trend

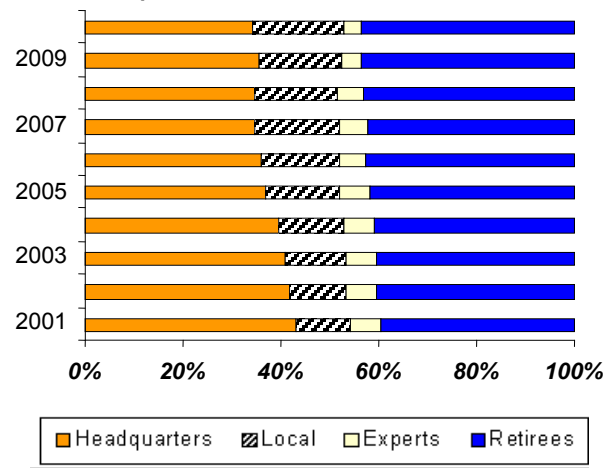
25. The total number of persons insured on 31 December of the year under review (excluding voluntarily covered dependants) was 13,899, compared with 13,669 on 31 December 2009.

Figure 3. Number of insured persons 1985–2010 (excluding voluntarily covered dependants)



26. In 2010, the number of insured persons contributing to the Fund was 6,939 (see Annex V for details). The distribution of insured persons was 76.5 per cent ILO versus 23.5 per cent ITU. The proportion of retired insured persons grew from 43.6 per cent of all insured persons in 2009 to 43.7 per cent in 2010.

Figure 4. Composition of the body of insured persons



Automatically covered dependants

27. The number of dependants (excluding voluntarily covered dependants) stood at 6,960 in 2010, versus 6,858 in 2009. The number of automatically covered dependants per active insured person was 1.41 in 2010, level with 2009. The number of automatically covered dependants per retired insured person was 0.48 in 2010, just slightly under the 2009 number of 0.49.

Voluntarily covered dependants

28. The number of voluntarily covered dependants stood at 672 at year-end 2010, up from 647 at the end of 2009. At year-end 2010, the number of voluntarily covered children was 554 (82.4 per cent of the total), the number of voluntarily covered spouses was 105 (15.6 per cent of the total) and the number of voluntarily covered parents and parents-in-law was 12 (1.8 per cent of the total).

29. A summary of the annual and cumulative results of this group for the years 2001 through 2010 is set out in Annex IV. The 5-year cumulative result for the voluntarily covered dependants category is a gain of US\$132,026. The 5-year cumulative loss for the voluntarily covered parents and parents-in-law segment is US\$631,957, representing a 160.1 per cent 5-year loss ratio. Benefits paid in respect of voluntarily covered parents and parents-in-law over the past five years amount to US\$1,683,436, representing 14.3 per cent of total benefits paid in respect of voluntarily covered dependants.

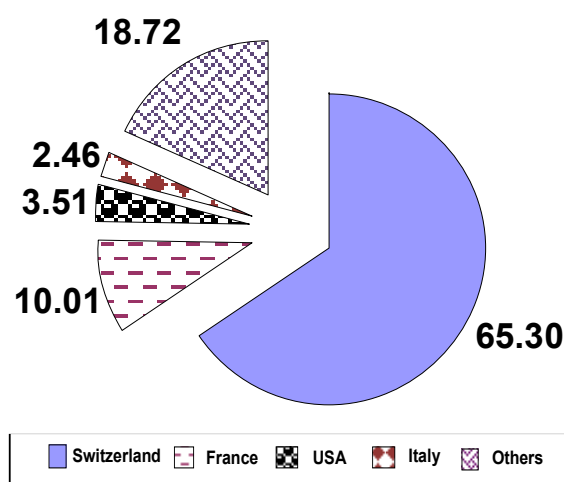
30. Under article 3.5 of the Fund's Regulations, contribution rates in respect of voluntarily covered dependants have to be set so as to make this group self-supporting, with no contribution being paid by the organizations for this category of protected persons. An increase in contribution rates in respect of voluntarily covered dependants became effective 1 October 2010 and the group was self-supporting during the period under review, producing a 89.1 per cent loss ratio.

Benefits statistics

Trends in expenditure

31. Total benefits paid increased from US\$46.9 million in 2009 to 51.5 million in 2010. Benefits in 2010 were thus up 9.8 per cent over prior year. Benefits paid in reimbursement of costs incurred in Switzerland represent just under two-thirds of the total, as reflected in figure 5 below.

Figure 5. Distribution (%) by providing country for reimbursements made in 2010



32. In 2010, the benefits paid per contributing member (insured person) amounted to US\$7,074, up from US\$6,559 in 2009. These figures do not include benefits paid in respect of persons covered under article 1.6 ("Voluntarily covered dependants") of the SHIF Regulations. Benefits paid per person protected by the Fund (excluding voluntarily covered dependants) in 2010 amounted to US\$3,532, compared with US\$3,268 in 2009. During the period under review, the yearly increase in benefits paid per insured person averaged 7.85 per cent.

33. The overall loss ratio for the period under review was 92.2 per cent, compared with 90.2 per cent in 2009. This loss ratio does not take into account contributions received and benefits paid in respect of persons covered under article 1.6 ("Voluntarily covered dependants") of the SHIF Regulations. The 2010 loss ratios per category of insured persons were 55.7 per cent (active staff category) and 138.3 per cent (retiree category). The 2009 loss ratios for the active staff and retiree categories were 58.4 per cent and 127.9 per cent respectively.

34. In the year under review, medical care provided in hospitals constituted the single largest item of expenditure, accounting for 37.5 per cent of the 2010 total. Doctor's services and medication constituted the second and third largest items of expenditure, respectively accounting for 11.9 and 10.9 per cent of the year total, while dental care and nursing care accounted respectively for 8.6 and 7.9 per cent of the total. There was no material variance in

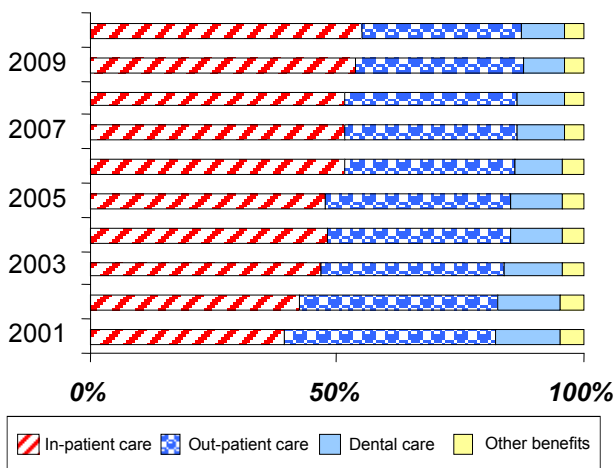
2010 expenditure percentages compared with prior year expenditure percentages.

35. Benefit expenditure is detailed in Annex VI. Figure 6 shows the relative benefit volumes in each of the three major categories of expenditure (in-patient care, out-patient care and dental care). In-patient care accounted for 55 per cent of the 2010 total claim volume and out-patient care for 32.5 per cent of the total claim volume. There continues to be a slow increase in the benefit volume associated with in-patient care as a percentage of the total benefit volume. Over a 5-year period, this percentage has increased by 6.5 per cent (from 51.63 to 54.98 per cent).

36. The **inpatient category** comprises the benefits for all types of institutional care. This relates in particular to hospitalization for treatment, examination or diagnosis, nursing care, post-operative convalescence and cures, including accommodation and medical care.

37. The **outpatient category** comprises doctors' fees, psychiatry and psychoanalysis, medical imagery, laboratory tests, prescribed medications, physiotherapy.

Figure 6. Relative benefit volumes per major category of expenditure (% of total)



Supplementary benefits

38. Pursuant to Art. 2.5 of the SHIF Regulations, the Fund pays supplementary benefits where approved expenses in respect of an insured person and his/her dependants exceed a yearly US dollar threshold proportional to the income of each insured person, in accordance with paragraph 1 of article 2.5.3 ("Supplementary benefits") of the

Fund's Administrative Rules, amended by Management Committee decision communicated in October 2007. The amount of supplementary benefits paid over the period under review was US\$3,545,405 versus US\$3,005,372 in 2009. Supplementary benefit expenditure represented 6.9 per cent of total benefits paid in 2010, compared with 6.4 per cent in 2009.

39. Supplementary benefits were received by 699 insured persons in 2010 versus 631 insured persons in 2009. In 2010, 86.6 per cent of supplementary benefits were paid to insured persons who are retirees versus 86.5 per cent in 2009.

Maximum annual liability and large claims

40. At year-end 2010, 1,483 families had submitted claims with approved medical expenses totalling US\$10,000 or over, compared with 1,392 families at year-end 2009. Of these, 59 families had submitted claims with approved medical expenses equal to or in excess of US\$100,000, compared with 54 in 2009.

41. In 2010, the Fund's maximum annual liability per family remained set at US\$150,000. With the approval of the Management Committee, this maximum annual liability was exceeded in 26 cases.

Administration

42. **External audit** – The Auditor General of Canada and the Swiss Federal Audit Office jointly carried out an audit of the Fund's 2010 financial year accounts, as part of the overall audits of the ILO and ITU financial statements. The objective of this audit work was for the External Auditors "to verify that the contributions were accurate and complete, that the claims paid were accurate and valid, that the estimate relating to the claims incurred but not received was properly estimated and that the SHIF Guarantee Fund was in compliance with the respective authority". Pursuant to article 4.14 of the SHIF Regulations, a report of their findings has been presented by the joint External Auditors to the SHIF Management Committee.

43. Claims settlement – The period under review ended with an unsettled (regardless of cause) claim balance of 6 per cent of the total number of claims submitted for reimbursement. The Fund’s claims adjusters processed 51,965 claims (ILO, ITU and ILO/ITC Turin combined) versus 51,911 claims in 2009. A total of 155,743 invoices was examined in 2010 versus 161,723 in 2009. Claims settled at the ILO represented 77.1 per cent of the total. Claims settled at the ITU represented 22.9 per cent of the total.

The SHIF secretariat has been increasingly challenged by growing claims volumes. In addition, the complexity of claims inherent to an insurance entity with international scope has been compounded by the increasing number of retired insureds undergoing extensive medical treatment. As a result, the year-end number of unsettled claims has gradually risen. Although overtime work has until now served to avoid unmanageable backlogs, ad hoc arrangements will no longer prove adequate in the short- to medium term. The SHIF secretariat is exploring other means for managing claims accumulations, including accumulations resulting from a claims adjuster’s prolonged absence.

44. Main activities of the Management Committee – The Management Committee met seven times in 2010. It monitored the functioning of the SHIF secretariat and the Fund’s financial situation. The following issues are highlighted in view of their importance:

- **Voluntarily covered dependants:** While at the same time continuing its review of the provisions governing articles 1.6 and 3.5 of the Fund’s Regulations and Administrative Rules, to improve financial results in respect of persons insured under article 1.6 of the SHIF Regulations, the Management Committee decided to increase monthly contributions as follows from 1 October 2010:
 - Voluntarily covered child: from US\$240 to US\$260
 - Voluntarily covered spouse: from US\$510 to US\$650
 - Voluntarily covered parent or parent-in-law: from US\$1,310 to US\$1,400

- **Schedule of benefits:** During the period under review, the Management Committee continued to consider whether Codes 2.5 and 2.6 (“Long-term nursing services in an institution” and “Long-term nursing services at home”) of the SHIF Schedule of Benefits should be revised. During the period under review, expenditure in respect of long term nursing services was US\$4,046,140, up 32.9 per cent over 2009 expenditure (US\$3,043,941) and 394.8 per cent over 2001 expenditure (US\$1,024,818). The 2010 expenditure was in respect of some 126 cases. Discussions regarding possible revisions took into account significant technical and financial constraints associated with the extension of long-term care benefits within the framework of the SHIF.

Also during the period under review, the Management Committee decided that the payment of benefits in respect of cures would be subject to prior confirmation from the Fund’s Medical Adviser that the cure is part of treatment of an already present pathology. This change is aimed at ensuring that treatment received is consistent with a stated medical condition, in order that payment of SHIF benefits be fully focussed on effective healthcare.

- **Cost containment:** During the period under review, the Management Committee was kept informed of the results of the SHIF secretariat’s cost containment efforts, in particular in respect of inpatient treatment. The SHIF secretariat continued to work with the secretariats of the health insurance funds of other international organizations to foster relationships with hospitals and clinics in and around Geneva aimed at ensuring that favourable terms can again be negotiated for SHIF insureds at the time of renewal of cost agreements for the 2012–13 period. The secretariat also pursued its efforts to control costs incurred in the United States.

- **SHIF claims settlement:** Early in 2010, following a competitive bidding process, the ILO administration commissioned from the consulting firm Dalberg Global Development Advisors (Dalberg) a feasibility study regarding the potential efficiency gains to be achieved from decentralizing the SHIF claims settlement function to either Bangkok or

Lima. Dalberg was also requested to explore potential efficiencies to be achieved from transferring the function to an external service provider.

From the results of the feasibility study, it was concluded that the decentralization option should not be pursued. However, a more detailed follow-up study was commissioned to compare the costs and benefits of transferring SHIF claims settlement to a private sector third-party administrator with the costs and benefits of “in-house” claims settlement. Dalberg was again commissioned for the follow-up study.

Over the year under review, the SHIF Management Committee closely followed developments associated with the initial feasibility study and the subsequent costs and benefits study.

Michel Rolland
Chairperson

Clifford Kunstler
Executive Secretary

Geneva, 25 October 2011

45. Activities of the Standing Subcommittee

- **Special cases:** Special cases correspond to situations which require interpretation of the Regulations and Administrative Rules, or which call for exceptions thereto, in accordance with articles 1.7 or 2.2(3) of the SHIF Regulations. They are examined by the Standing Subcommittee, which reports to the Management Committee. The Standing Subcommittee met once in 2010 and examined 11 special cases.
- **Fraud:** No fraudulent insurance claims were found to have been submitted during the period under review.

ANNEX I

ILO-ITU Staff Health Insurance Fund
Assets and Liabilities Statement as at 31 December 2010

(in US Dollars)

ASSETS		ILO	ITU	Total 2010	Total 2009
1. Cash	Term deposits	-	-	-	-
2. Debtors	Advances and other accounts receivable	243 442	2 487	245 929	326 369
	Other debtors	10 528 481	264 758	10 793 239	6 473 901
3. Investments	Held with Aberdeen Asset Management	41 439 151	10 624 829	52 063 980	47 881 445
	Derivative assets	2 451 432	481 254	2 932 686	1 076 140
4. Other	Accrued investment income	384 809	107 210	492 019	555 556
TOTAL		55 047 315	11 480 538	66 527 853	56 313 411
LIABILITIES					
1. Creditors	Prepaid contributions	550 714	-	550 714	547 476
	Other creditors	34 103	6 338	40 441	70 528
2. Accrued liability for unsettled claims		11 573 000	4 727 000	16 300 000	13 200 000
TOTAL		12 157 817	4 733 338	16 891 155	13 818 004
EXCESS OF ASSETS OVER LIABILITIES		42 889 498	6 747 200	49 636 698	42 495 407
SHIF Guarantee Fund					
	Balance brought forward from previous year	34 620 900	6 798 367	41 419 267	32 721 349
	Total surplus/(deficit) for the year	5 817 166	(532 421)	5 284 745	8 697 918
Guarantee Fund Balance		40 438 066	6 265 946	46 704 012	41 419 267
Reserve for Derivatives					
	Balance brought forward from previous year	882 435	193 705	1 076 140	4 220 129
	Adjustment for derivative assets for the year	1 568 997	287 549	1 856 546	(3 143 989)
Reserve for Derivatives Balance		2 451 432	481 254	2 932 686	1 076 140
RESERVE AND FUND BALANCE at 31 December		42 889 498	6 747 200	49 636 698	42 495 407

ANNEXE II

ILO-ITU Staff Health Insurance Fund
Income and Expenditure Statement for the year ended 31 December 2010

(in US Dollars)

OPERATING TRANSACTIONS		ILO	ITU	Total 2010	Total 2009
1. Contributions received	Active staff including experts	11 062 820	3 802 370	14 865 190	13 490 389
	Active staff - Organizations	11 003 589	3 747 398	14 750 987	13 350 249
	Retired/survivors	5 737 934	2 116 791	7 854 725	7 571 479
	Retired/survivors - Organizations	11 475 868	4 229 891	15 705 759	15 142 140
	Voluntary	1 926 558	794 025	2 720 583	2 439 505
	TOTAL CONTRIBUTIONS	41 206 769	14 690 475	55 897 244	51 993 762
2. Benefits paid	Active staff including experts	11 483 253	5 021 884	16 505 137	15 684 129
	Retired/survivors	23 551 116	9 032 470	32 583 586	29 050 037
	Voluntary	1 649 893	774 541	2 424 434	2 244 602
	Less: Recoveries from third parties	-	-	-	(59 690)
	TOTAL BENEFITS	36 684 262	14 828 895	51 513 157	46 919 078
3. Net surplus/(deficit) in contributions income over benefits paid		4 522 507	(138 420)	4 384 087	5 074 684
4. Increase/(decrease) in accrued liability for unsettled claims		2 069 000	1 031 000	3 100 000	800 000
5. Exchange gains/(losses)		5 302	(1 802)	3 500	(3 485)
6. Sundry expenses		344	916	1 260	1 209
7. Net operating surplus/(deficit)		2 458 465	(1 172 138)	1 286 327	4 269 990
INVESTMENT TRANSACTIONS					
8. Interest & other income received		1 241 971	238 664	1 480 635	1 543 115
9. Capital gains/(losses) on investment sold		315 281	61 895	377 176	611 471
10. Unrealized gains/(losses) on investment		(293 796)	(57 677)	(351 473)	(1 256 665)
	Sub-total	1 263 456	242 882	1 506 338	897 921
11. Gains/(losses) on currency trading:					
	On purchase and sales	2 228 515	440 653	2 669 168	2 423 013
	Sub-total	2 228 515	440 653	2 669 168	2 423 013
	Total investment income	3 491 971	683 535	4 175 506	3 320 934
12. Expenditure:					
	Investment management fees	114 424	22 363	136 787	139 618
	Total investment expenditure	114 424	22 363	136 787	139 618
13. Net income/(loss) on investments		3 377 547	661 172	4 038 719	3 181 316
14. Net surplus/(deficit)		5 836 012	(510 966)	5 325 046	7 451 306
15. Revaluation gain/(loss) on assets & liabilities		(18 846)	(21 455)	(40 301)	1 246 612
NET RESULT FOR THE YEAR		5 817 166	(532 421)	5 284 745	8 697 918

Annex III

Guarantee Fund 2001-2010
(in US dollars)

Accounts year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Guarantee Fund	32 050 022	37 824 157	36 157 195	39 148 470	28 096 763	29 539 253	27'961'919	32 721 349	41 419 267	46 704 012
Benefit expenditure	21 816 590	24 084 102	31 040 332	35 907 731	36 260 292	40 111 730	42 560 551	45 885 414	49 919 078	51 513 157
Minimum level	10 593 764	11 161 769	12 823 504	15 172 027	17 201 393	18 713 292	19 822 095	21 426 283	22 560 841	24 552 942
Maximum level	31 781 293	33 485 308	38 470 522	45 516 082	51 604 178	56 139 876	59 466 286	64 278 848	67 682 523	73 658 825
Ratio: actual level/maximum level	1.01	1.13	0.93	0.86	0.54	0.53	0.47	0.51	0.61	0.63
Swiss franc to US dollar exchange rate at year-end	1.65	1.49	1.30	1.14	1.31	1.21	1.12	1.19	1.00	0.97

Annex IV

Voluntarily covered dependants (VCD): Summary of annual and cumulative results 2001-2010

Year	Number of dependants covered	Contributions received (US dollars)	Benefits paid (US dollars)	Operational balance	Cumulative result	Benefit paid per US dollar contributed
2001	723	1 249 596	1 320 989	-71 393	-71 393	1.05
2002	706	1 315 628	1 391 197	-75 569	-146 962	1.05
2003	736	1 415 079	1 702 492	-287 413	-434 375	1.20
2004	740	1 704 414	1 856 579	-152 165	-586 540	1.08
2005	704	2 034 409	2 000 673	33 736	-552 804	0.98
2006	666	2 061 438	2 035 428	26 010	-526 794	0.99
2007	660	2 072 721	2 143 277	-70 556	-597 350	1.03
2008	654	2 195 825	2 510 305	-314 480	-911 830	1.14
2009	647	2 439 505	2 244 602	194 903	-716 927	0.92
2010	672	2 720 583	2 424 434	296 149	-420 778	0.89
TOTAL		19 209 198	19 629 976			

ANNEX V

Membership of the Fund 2001-2010
(voluntarily covered dependants excluded)

Category	Paying members										Dependants										Total insured persons									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
ILO																														
Headquarters and Field project personnel	1944	1887	1959	2047	1882	1828	1827	1877	1857	1821	2390	2316	2378	2531	2344	2289	2285	2363	2368	2314	4334	4203	4337	4578	4226	4117	4112	4240	4225	4135
External offices	622	669	733	804	957	1027	1143	1128	1159	1258	1118	1221	1217	1305	1595	1635	1833	1964	1955	2108	1740	1890	1950	2109	2552	2662	2976	3092	3114	3366
Former officials and survivors	1747	1793	1835	1886	1963	2025	2060	2143	2180	2232	986	999	994	993	989	1031	1048	1083	1098	1096	2733	2792	2829	2879	2952	3056	3108	3226	3278	3328
TOTAL	4313	4349	4527	4737	4802	4880	5030	5148	5196	5311	4494	4536	4589	4829	4928	4955	5166	5410	5421	5518	8807	8885	9116	9566	9730	9835	10196	10558	10617	10829
ITU																														
Headquarters and Field project personnel	946	966	897	827	842	811	799	796	800	799	1138	1157	1092	1005	1027	1000	994	1030	1046	1048	2084	2123	1989	1832	1869	1811	1793	1826	1846	1847
External offices	18	24	19	20	18	25	27	29	28	27	19	29	26	24	25	41	43	45	38	37	37	53	45	44	43	66	70	74	66	64
Former officials and survivors	582	601	613	654	689	714	736	749	787	802	320	336	322	346	350	356	357	347	353	357	902	937	935	1000	1039	1070	1093	1096	1140	1159
TOTAL	1546	1591	1529	1501	1549	1550	1562	1574	1615	1628	1477	1522	1440	1375	1402	1397	1394	1422	1437	1442	3023	3113	2969	2876	2951	2947	2956	2996	3052	3070
ILO/ITU																														
Headquarters and Field project personnel	2890	2853	2856	2874	2724	2639	2626	2673	2657	2620	3528	3473	3470	3536	3371	3289	3279	3393	3414	3362	6418	6326	6326	6410	6095	5928	5905	6066	6071	5982
External offices	640	693	752	824	975	1052	1170	1157	1187	1285	1137	1250	1243	1329	1620	1676	1876	2009	1993	2145	1777	1943	1995	2153	2595	2728	3046	3166	3180	3430
Former officials and survivors	2329	2394	2448	2540	2652	2739	2796	2892	2967	3034	1306	1335	1316	1339	1339	1387	1405	1430	1451	1453	3635	3729	3764	3879	3991	4126	4201	4322	4418	4487
TOTAL	5859	5940	6056	6238	6351	6430	6592	6722	6811	6939	5971	6058	6029	6204	6330	6352	6560	6832	6858	6960	11830	11998	12085	12442	12681	12782	13152	13554	13669	13899

Annex VI

Benefit statistics, 2001-2010

Types of benefit											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
TOTAL	21 108 044	24 243 752	31 002 992	36 118 293	36 417 562	40 160 176	42 445 067	45 755 980	47 323 439	51 448 117	¹
Doctors' services	3 943 835	3 750 392	4 175 410	4 657 760	4 546 510	4 706 051	4 934 826	5 507 767	5 618 588	5 892 889	
X-rays, laboratory and other tests	995 143	1 307 756	1 599 173	1 925 623	1 950 418	2 114 074	2 325 218	2 532 843	2 513 701	2 630 816	
Special treatments	702 820	666 608	869 572	990 472	1 021 657	1 107 237	1 178 502	1 241 947	1 301 071	1 366 907	
Psychoanalysis and psychotherapy	370 597	371 690	505 170	629 182	627 164	580 006	647 744	658 671	732 805	786 991	
Public ward at global fee	602 565	691 560	1 403 843	1 763 104	1 402 211	1 541 791	1 689 576	1 355 114	2 316 348	2 231 664	
Hospital accommodation/clinic accommodation	980 218	1 105 797	1 386 931	1 593 381	1 572 012	1 987 564	1 931 532	1 916 948	2 086 926	2 250 411	
Medical care	5 164 506	6 576 266	9 195 989	10 785 557	10 972 970	12 604 913	13 493 504	15 123 399	15 403 815	17 337 209	
Post-operative convalescence	82 642	74 401	130 982	176 121	163 172	190 553	149 022	192 066	170 769	189 295	
Other convalescences and cures	39 462	34 189	34 022	24 244	27 423	24 798	28 043	23 988	26 532	14 539	
Nursing care	1 024 818	1 266 197	1 425 547	1 920 132	2 087 284	2 548 293	2 637 165	2 804 398	3 043 941	3 490 370	
Prescribed medicaments	2 626 361	3 186 033	3 748 133	4 286 466	4 551 562	4 729 683	5 115 203	5 385 996	5 390 404	5 387 545	
Dental care	2 676 269	2 881 310	3 416 005	3 607 317	3 646 054	3 801 188	3 888 595	4 288 229	3 897 874	4 329 477	
Optical appliances: lenses	527 939	612 866	709 707	784 284	766 237	823 272	876 216	885 925	907 495	914 593	
Optical appliances: frames	174 964	191 979	190 582	197 642	187 200	198 886	197 586	189 906	214 706	236 490	
Hearing aids	70 428	106 480	121 787	124 109	156 732	155 114	176 353	187 158	203 525	259 495	
Other appliances	119 060	126 045	169 825	195 665	212 534	235 490	274 442	308 575	259 261	348 174	
Medical travel	35 811	56 698	75 743	76 557	75 402	178 767	139 242	168 681	189 483	195 166	
Funeral costs	27 331	28 033	33 410	23 172	31 589	37 193	31 637	29 375	40 823	40 681	
Supplementary benefits	943 275	1 209 452	1 811 161	2 357 505	2 419 431	2 595 303	2 730 661	2 954 994	3 005 372	3 545 405	
Exchange rate average US dollar to Swis franc	1.69	1.68	1.35	1.25	1.24	1.25	1.20	1.19	1.00	1.05	

¹ The difference with the total shown in the income and expenditure statement (Annex II) is due to the recovery of benefits paid in advance for medical expenses related to service incurred sickness/third party liability.

