
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 2008, submitted to the executive heads of the ILO and ITU.

Claim settlement is the Fund's core activity and the year again ended with no backlog. The commitment to efficiency and effectiveness that characterizes claim settlement is also reflected in the handling of the SHIF secretariat's wide range of other tasks: enrolment, help desk and phone assistance, data maintenance and processing, case management and general administration. The Management Committee wishes to thank the SHIF secretariat staff for its continued commitment.

The SHIF's financial outlook has been of particular concern to the Management Committee. The positive financial effects of amendments to the SHIF's contribution structure, introduced from 1 January 2008, have translated into a net operating surplus of US\$2.3 million and the much-needed strengthening of Guarantee Fund reserves. Although the Guarantee Fund balance remains significantly below the mid point between its statutory minimum and its statutory maximum, the 2008 upward trend is encouraging.

For the first time, the SHIF financial statements have been audited by the Office of the Auditor General of Canada, acting in conjunction with the Swiss "Contrôle fédéral des Finances". The Management Committee wishes to thank the external auditors for their efforts and is pleased to report that the audit outcome has been an unqualified opinion. The publication of this report has been impacted by certain delays associated with this first audit carried out by the Office of the Auditor General of Canada. The Management Committee is confident that these will not be repeated, as audit methodology is now established and necessary changes to accounting policy relative to the SHIF – and thus to the reporting of the Fund's financial results – have now been made.

The Management Committee wishes to call your attention to certain changes made to the reporting of the Fund's financial results. Investments are now recorded at market value rather than at cost. In addition, derivative assets or liability, previously unreported, are now being reported to reflect unrealized gains or losses. As a result, the Income and Expenditure Statement and the Assets and Liabilities Statement contained in this report provide a more accurate picture of the Fund's actual solvency.

As intended, the introduction of means testing into the supplementary benefits system has translated into a distribution of supplementary benefits that is more socially appropriate than in the past. Supplementary benefit expenditure rose by 8.2 per cent in 2008, but fewer insured persons were recipients, i.e. those insured persons most in need. The supplementary benefit amount paid in respect of retired insured persons increased by 22.6 per cent.

In December 2008, as a means of compensating for exchange rate fluctuation, the Management Committee approved the monthly revaluation of the US dollar maximum approved expense limits shown in the SHIF Administrative Rules. From 1 January 2009, those limits are automatically adjusted by dividing them by the United Nations operational rate of exchange and multiplying the result by an exchange rate of reference (no limit can be inferior to that stated in the Administrative Rules). Also from 1 January, the same methodology is applied to adjust the US dollar approved expense year-end balances in respect of dental care and optical appliances.

Elections were held in 2008 and the Management Committee welcomed in new members representing the insured persons: from the ILO, Ms Chantal Amine and

Mr Philippe Marcadent and, from the ITU, Mr Michel Rolland. We wish to take this opportunity to again thank retiring members, Mr Jacques Bacaly of the ITU, and Mr Arnaud Donati and Mr Jean-Victor Gruat of the ILO, for their contribution to the work of the Management Committee.

The Management Committee

ILO–ITU Staff Health Insurance Fund

**Report on the operations of the Fund
in 2008**

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

Composition of the Management Committee in 2008

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

Mr Jean-Victor Gruat (T)
Ms Mireille Ecuivillon * (T)
Mr Jean-François Santarelli * (T) –
Vice-Chairperson
Mr Chris Baron (S)
Ms Xenia Scheil-Adlung (S)
Mr Arnaud Donati (S)

ITU

Mr Jacques Bacaly * (T)
Mr David Broadhurst (S)

Representing the executive heads

ILO

Mr Charles Agbavwe (T)
Mr Tilmann Geckeler * (T)
Mr Satoru Tabusa * (T) – **Chairperson**
Mr Fikri Gurzumar (S)
Ms Anne Drouin (S)
Mr Giuseppe Zefola (S)

ITU

Ms Marianne Wilson * (T)
Mr Antoine Dore (S)

Financial situation

Assets and liabilities

2. As at 31 December 2008, the Fund had assets valued at US\$49.9 million and liabilities of US\$12.9 million, of which

95.9 per cent accrued liability for claims incurred but not received (IBNR). The Guarantee Fund balance stood at US\$32.7 million and the reserve for derivatives at US\$4.2 million. More details on IBNR are provided in paragraphs 20 to 22 of this report.

3. 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 the derivatives' 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.

4. 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 has adopted a new accounting policy relative to investments – now recorded at market value rather than at cost – and relative to unrealized gains and losses on forward currency contracts – now being reported as either a derivative asset or a derivative liability. This new accounting policy has been duly agreed with the Fund's external auditors.

5. In the Assets and Liabilities Statement attached as Annex I and the Income and Expenditure Statement attached as Annex II, for the sake of accuracy in comparison between current and prior year figures, those shown for 2007 have been restated to reflect the new accounting policy adopted for 2008. This restatement results in a variance of the 2007 figures shown in the report on the operations of the Fund in 2008 and those shown in the prior year report.

Results of operating activities

6. The Income and Expenditure Statement is attached as Annex II.

7. The first part of Annex II reflects the Fund's operating transactions. Total contributions received in 2008 amounted to US\$50.3 million, compared with US\$40.1 million in 2007. Total benefits paid in 2008 amounted to US\$45.9 million, compared with US\$42.6 million in 2007. The net operating surplus amounted to US\$2.3 million in 2008.

This net operating surplus takes into account an IBNR increase of US\$2.1 million.

8. 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\$1.1 million in 2007, the Fund again recorded an income, of US\$2.8 million, in 2008. Losses on currency trading of US\$330,122 were recorded in 2008, compared with losses of US\$455,907 in 2007. More details on investment performance are provided in paragraphs 12 to 17 of this report.

9. 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\$352,698 was recorded in 2008, compared with the US\$1.9 million revaluation gain in 2007.

10. The Fund recorded a net operating surplus of US\$2.3 million in 2008, compared with a US\$3.1 million net operating deficit in 2007. The operating surplus was mitigated by the aforementioned revaluation loss, but compounded by net income from investment transactions of US\$2.8 million in 2008, versus US\$1.1 million in 2007. The Fund thus recorded an overall net gain of US\$4.8 million in 2008, versus a 2007 overall net loss of US\$62,949.

11. The average contribution per contributing member (insured person) in 2008 was US\$7,152, up 24.1 per cent from US\$5,764 in 2007. The increase in average contribution reflects the positive financial effect of the amendments to the SHIF Regulations and Administrative Rules in respect of contributions, effective 1 January 2008. (Details relative to benefits are provided in paragraphs 29 to 37 of this report.)

Investments

12. In 2008, monitoring of the Fund’s investments portfolio was entrusted to the ILO’s Investment Committee, who delivered guidelines and benchmarks on behalf of the Management Committee. Throughout the period under review, management of the Fund’s investment portfolio remained the responsibility of Crédit Suisse Asset Management Ltd (CSAM) of London.

13. 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.

14. As at 31 December 2008, the market value of the portfolio was US\$43,975,483 (including US\$622,557 of accrued interest), compared with a 2007 market value of US\$41,387,112 (including US\$693,770 of accrued interest). Derivative assets totalled US\$4,220,129 at 31 December 2008 versus US\$170,059 in 2007.

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

16. The investment performance for 2008, based on market values and expressed in Swiss francs, was 6.91 per cent. Management fees charged were a fixed percentage of the market value of the portfolio, paid quarterly in arrears.

17. From 1 July 2009, Aberdeen Asset Management took over from Crédit Suisse responsibility for management of the Fund’s investment portfolio. Aberdeen Asset Management has commented as follows on the 2008 investment performance:

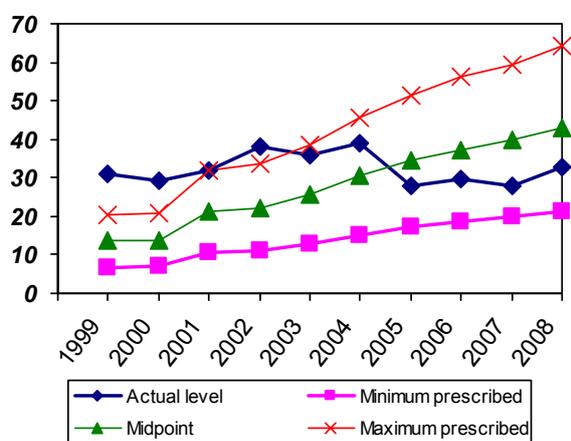
Financial markets in 2008 endured a miserable year with extraordinary levels of volatility as the US housing recession, global banking crisis and a sharp fall in commodity and equity prices dominated financial markets. The correction in credit markets came as financial markets were unable to divest the toxic debt of sub-prime mortgages and became virtually paralysed following the shock collapse of Lehman Brothers in September 2008. In a climate of risk aversion the major government bond markets to which this portfolio is mainly invested, together with cash, were the major beneficiaries of this extraordinary environment. All components of the index were positive with the best performance in CHF hedged terms coming from Australia at +14.37% followed by the US at +12.96%. Overall, the portfolio returned 6.91% versus a return of 7.88% for the index. The deficit in relative return came from non-government holdings which suffered spread widening.

Guarantee Fund

18. 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.

19. The Guarantee Fund balance amounted to US\$32.7 million at year-end 2008, compared with US\$28 million at year-end 2007 (see Annex I). The level of the Guarantee Fund at 31 December of the year under review remained above the statutory minimum level of US\$21.4 million. However, that balance remained 23.8 per cent below the 2008 midpoint of US\$42.9 million.

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



Accrued liability for claims incurred but not received (IBNR)

20. The method used for calculating the IBNR provision is represented in paragraph 21 of the notes to the financial statements for the year ending 31 December 2008 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. The provision is calculated based on the comparison between actual IBNR reported to end March of the year +1 financial period and actual end March 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 March 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 March of

the year +1 financial period and projected out to a year-end IBNR result.”

21. 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.

22. 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 2008 for claims incurred in prior years

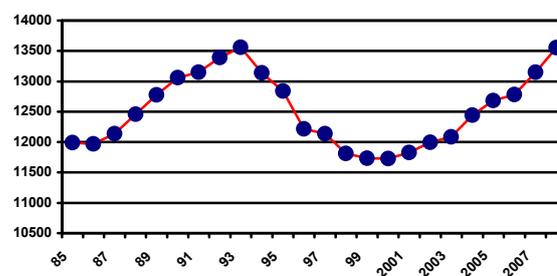
Insurance year	Benefits paid (US\$)
Years prior to 2006	10 333
2006	222 594
2007	10 667 863
IBNR at year-end 2008 (actual)	10 900 790
IBNR at year-end 2008 (forecast)	10 300 000
Variance actual IBNR vs forecast	-600 790
IBNR at year-end 2009 (forecast)	12 400 000
IBNR increase	2 100 000

Trends in membership

Overall trend

23. The total number of persons insured on 31 December of the year under review (excluding voluntarily covered dependants) was 13,554, compared with 13,152 on 31 December 2007.

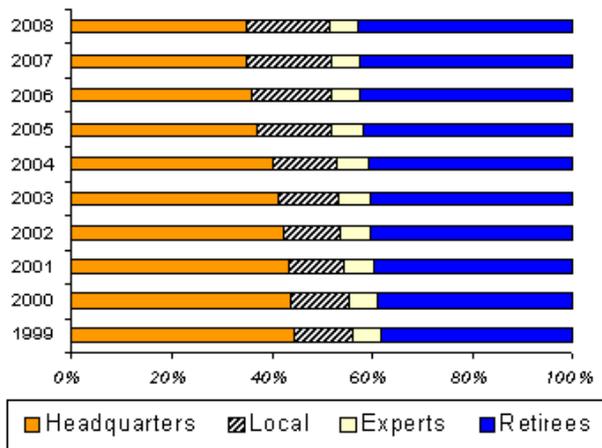
Figure 3. Number of insured persons 1985–2008 (excluding voluntarily covered dependants)



24. In 2008, membership was composed of 6,722 contributing members (insured persons) and 6,832 automatically covered dependants (see Annex V for details). The distribution of insured persons was

76.6 per cent ILO versus 23.4 per cent ITU. The proportion of retired insured persons grew from 42.4 per cent of all contributing members in 2007 to 43.0 per cent in 2008.

Figure 4. Composition of contributing members (relative shares)



Automatically covered dependants

25. The number of dependants (excluding voluntarily covered dependants) stood at 6,832 in 2008, versus 6,560 in 2007. The number of automatically covered dependants per active insured person was 1.41 in 2008, versus 1.36 in 2007. The number of automatically covered dependants per retired insured person was 0.49 in 2008, versus 0.50 in 2007.

Voluntarily covered dependants

26. The number of voluntarily covered dependants stood at 654 at year-end 2008, down from 660 at the end of 2007. At year-end 2008, the number of voluntarily covered children was 525 (80.3 per cent of the total), the number of voluntarily covered spouses was 110 (16.8 per cent of the total) and the number of voluntarily covered parents and parents-in-law was 19 (2.9 per cent of the total).

27. A summary of the annual and cumulative results of this group for the years 1997 through 2008 is set out in Annex IV. The five-year cumulative loss for the voluntarily covered dependants category stands at US\$477,455. The five-year cumulative loss for the voluntarily covered parents and parents-in-law segment is US\$507,550, representing a 142.2 per cent five-year loss ratio. Benefits paid in respect of voluntarily covered parents and

parents-in-law over the past five years amount to US\$1,711,690, representing 16.2 per cent of total benefits paid in respect of voluntarily covered dependants.

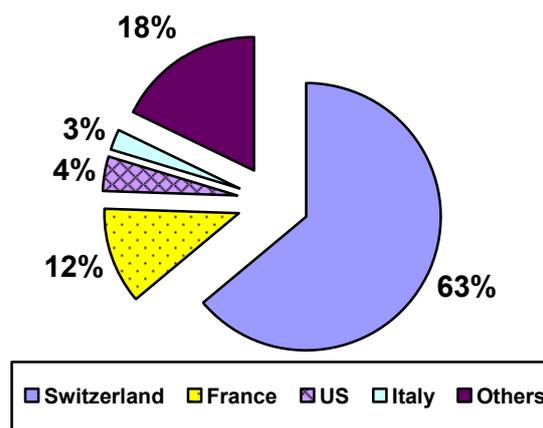
28. Under article 3.5 of the Fund’s Regulations, contribution rates in respect of voluntarily covered dependants have to be set so as to make this group self-supporting, with no contribution being paid by the organizations for this category of protected persons. Although an increase in contribution rates in respect of voluntarily covered dependants became effective on 1 April 2008, the group was not self-supporting during the period under review, as a 114.3 per cent loss ratio – representing a US\$314,480 loss – was recorded.

Benefits statistics

Trends in expenditure

29. Total benefits paid increased from US\$42.6 million in 2007 to 45.9 million in 2008. Benefits in 2008 were thus up 7.8 per cent over prior year. Benefits paid in reimbursement of costs incurred in Switzerland continue to represent almost two-thirds of the total, as reflected in figure 5 below.

Figure 5. Distribution by providing country for reimbursements made in 2008



30. In 2008, the benefits paid per contributing member (insured person) amounted to US\$6,453, up from US\$6,131 in 2007. 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 2008 amounted to US\$3,200, compared with US\$3,073 in 2007. During the period under review, the yearly increase in benefits paid per insured person averaged 5.25 per cent.

31. The overall loss ratio for the period under review was 90.2 per cent versus 106.4 per cent in 2007. These loss ratios do 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 significant improvement of the 2008 loss ratio reflects the increased contribution income resulting from the amendments to the SHIF Regulations and Administrative Rules in respect of contributions, effective 1 January 2008. The 2008 loss ratios per category of insured persons were 62.0 per cent (active staff category) and 123.1 per cent (retiree category). The 2007 loss ratios for the active staff and retiree categories were 71.8 per cent and 147.1 per cent respectively.

32. In the year under review, medical care provided in hospitals constituted the single largest item of expenditure, accounting for 36.4 per cent of the 2008 total. Doctors’ services and medication constituted the second and third largest items of expenditure, respectively accounting for 12.6 and 12.3 per cent of the year total, while dental care and nursing care accounted respectively for 9.6 and 7.1 per cent of the total. With the exception of the expenditure percentage in respect of medical care provided in hospitals, which increased by 3.7 per cent, the 2008 expenditure percentages are consistent with prior years.

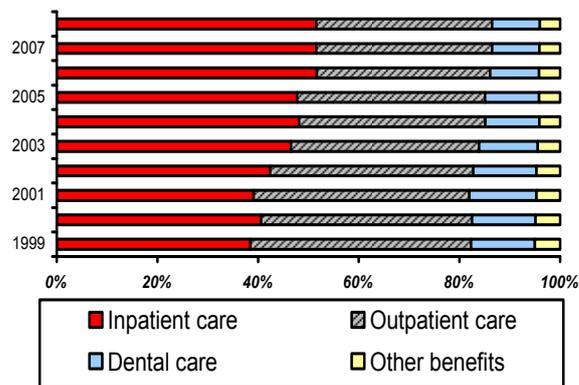
33. Benefit expenditure is detailed in Annex VI. Figure 6 shows the relative benefit volumes in each of the three major categories of expenditure (inpatient care, outpatient care and dental care) and reflects the gradual stabilization of the relative volumes in each of these categories since 2006. Inpatient care accounted for 51.6 per cent of the 2008 total claim volume, outpatient care for 34.9 per cent and dental care for 9.6 per cent. There are no material variances of these percentages versus those recorded in 2006 or 2007.

34. 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.

35. 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

36. Pursuant to article 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. The amount of supplementary benefits paid over the period under review was US\$2,954,994 versus US\$2,730,661 in 2007. Supplementary benefit expenditure represented 6.5 per cent of total benefits paid in 2008 versus 6.4 per cent of the 2007 total.

37. Supplementary benefits were received by 684 insured persons in 2008 versus 1,074 insured persons in 2007. The amendments to the SHIF Administrative Rules governing supplementary benefits translated into a significant shift in the amounts paid in each category of recipients. In 2008, 86.9 per cent of supplementary benefits were paid to insured persons who are retirees versus 76.8 per cent in 2007.

Maximum annual liability and large claims

38. At year-end 2008, 1,420 families had submitted claims with approved medical expenses totalling over US\$10,000, compared with 1,277 families at year-end 2007. Of these, 54 families had submitted claims with approved

medical expenses exceeding US\$100,000, compared with 40 in 2007.

39. In 2008, 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 17 cases.

Administration

40. External audit – Pursuant to article 4.14 of the SHIF Regulations, the Office of the Auditor General of Canada and the Swiss Federal Audit Office, jointly appointed the SHIF's external auditors, carried out an audit of the Fund's financial statements for the financial year ended 31 December 2008. The financial statements and the independent auditor's report have been posted on the SHIF web site and can be accessed using the following link:
<http://www.ilo.org/public/english/bureau/pers/s/hif/fs08.pdf>.

41. Claims settlement – During the period under review, the Fund's claims processing units continued to operate on a no-backlog basis. The Fund's Claims Adjusters processed 51,565 claims (ILO, ITU and ILO–ITC combined) versus 50,622 claims in 2007. A total of 164,019 invoices was examined in 2008 versus 160,260 in 2007. The ILO (incl. ILO–ITC) invoice volume increased by 1.9 per cent between year-end 2007 and year-end 2008, whereas the ITU claim volume increased by 3.7 per cent.

42. Main activities of the Management Committee – The Management Committee met seven times in 2008. It monitored the functioning of the secretariat and the Fund's financial situation. The following issues are worth highlighting in view of their importance:

Election of Management Committee members representing the insured persons for the period 2009–11: Elections were held during the period under review, with the following results:

Elected members representing the insured persons of the ILO:

- Mireille ECUVILLON (retiree) titular
- Jean-François SANTARELLI (retiree) titular

- Christopher BARON (retiree) titular
- Philippe MARCADENT (SEC/SOC) substitute
- Chantal AMINE (PROGRAM) substitute
- Xenia SCHEIL-ADLUNG (SEC/SOC) substitute

Elected members representing the insured persons of the ITU:

- Michel ROLLAND (retiree) titular
- David BROADHURST (retiree) substitute

The Management Committee elected as its Chairperson and Vice-Chairperson for 2009:

- Michel ROLLAND Chairperson
- Marianne WILSON (ITU HRD) Vice-Chairperson

Revaluation of capped benefits: The Management Committee decided to implement new Administrative Rules governing article 2.13 (“Exchange rates”) of the SHIF Regulations from 1 January 2009. The new Administrative Rules are as follows:

The United States dollar (US\$) maximum approved expense limits stated in Chapter VI (“Schedule of Benefits”) of the Administrative Rules shall be automatically adjusted by dividing those limits by the United Nations operational rate of exchange for the relevant month and multiplying the result by an exchange rate of reference for the US dollar versus the Swiss franc (CHF) set by the Management Committee. However, the US dollar maximum approved expense limit shall never be inferior to that stated in Chapter VI of the Administrative Rules.

The exchange rate of reference from 1 January 2009 is 1.30 Swiss francs to 1.00 US dollar.

The Management Committee may decide, in respect of Code 4 (“Dental care”) or of Code 5.1 (“Optical appliances”) of the Schedule of Benefits, to adjust the US dollar approved expense year-end balances, using the same methodology as that applied for the adjustment of US dollar approved expense limits.

Voluntarily covered dependants: 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:

-
- Voluntarily covered child: from US\$190 to US\$240.
 - Voluntarily covered spouse: from US\$400 to US\$510.
 - Voluntarily covered parent or parent-in-law: from US\$1,000 to US\$1,310.

In June 2007, in accordance with article 4.17, paragraph 2, of the SHIF Regulations, the insured persons were notified of the Management Committee's proposal to suppress subparagraph (c) of article 1.6, which entitles to be insured as voluntarily covered dependants "the insured person's parents and parents-in-law, upon adequate evidence of continuous support in accordance with the criteria applied under the provisions of the respective Staff Regulations relating to family allowances for secondary dependants". The Management Committee received written requests from 200 insured persons within three weeks of the notification, that the proposed amendment be submitted to the insured persons for vote. No further action was taken in this regard during the period under review, pending further consideration by the Management Committee.

Schedule of benefits: During the period under review, the Management Committee adopted amendments to Code 6 ("Transport costs") of the SHIF Schedule of Benefits.

These amendments are in particular aimed at broadening the general scope of "transport costs" benefits, while at the same time limiting

the Fund's liability when transportation costs are incurred as a result of an injury or illness sustained while practising a high risk sport or during a trip to a location remote from an adequate place of treatment. Winter sports are specifically identified as high-risk sports. Thus, transportation costs associated with skiing and snowboarding accidents are no longer covered. Also, when electing to reside far from an adequate place of treatment, persons retiring after 31 December 2011 will be affected by amendments to Code 6 only if the place of residence is not located in the insured person's or his/her spouse's country of origin, or a country to which the insured person was assigned during while an ILO or ITU staff member.

43. 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 three times in 2008 and examined 26 special cases.
- **Fraud:** No fraudulent insurance claims were found to have been submitted during the period under review.

Michel Rolland
Chairperson

Clifford Kunstler
Executive Secretary

Geneva, 26 October 2009

ANNEX I

**ILO-ITU Staff Health Insurance Fund
Assets and Liabilities Statement as at 31 December 2008**

(in US dollars)

ASSETS	ILO	ITU	Total 2008	Total 2007 * (Restated)
1. Cash Term deposits	-	-	-	-
2. Debtors Advances and other accounts receivable	249,454	3,648	253,102	307,766
Other debtors	1,317,565	100,090	1,417,655	-
3. Investments Held with CSAM	34,248,811	9,104,114	43,352,925	40,693,343
Derivative assets	3,333,902	886,227	4,220,129	170,059
4. Other Accrued investment income	491,820	130,737	622,557	693,770
TOTAL	39,641,552	10,224,816	49,866,368	41,864,938
LIABILITIES				
1. Creditors Prepaid contributions	470,524	-	470,524	422,202
Other creditors	42,435	11,931	54,366	3,010,758
2. Accrued liability for unsettled claims	8,804,000	3,596,000	12,400,000	10,300,000
TOTAL	9,316,959	3,607,931	12,924,890	13,732,960
EXCESS OF ASSETS OVER LIABILITIES	30,324,593	6,616,885	36,941,478	28,131,978
SHIF Guarantee Fund				
Balance brought forward from previous year	22,043,815	5,918,104	27,961,919	28,024,868
Total surplus/(deficit) for the year	4,946,876	(187,446)	4,759,430	(62,949)
Guarantee Fund balance	26,990,691	5,730,658	32,721,349	27,961,919
Reserve for derivatives	3,333,902	886,227	4,220,129	170,059
RESERVE AND FUND BALANCE at 31 December	30,324,593	6,616,885	36,941,478	28,131,978

* Please refer to paragraph 5 of this report.

ANNEX II

ILO-ITU Staff Health Insurance Fund Income and Expenditure Statement for the year ended 31 December 2008

(in US dollars)

OPERATING TRANSACTIONS		ILO	ITU	Total 2008	Total 2007 * (Restated)
1. Contributions received	Active staff including experts	9,632,374	3,369,266	13,001,640	10,337,817
	Organizations	9,515,156	3,274,939	12,790,095	10,218,934
	Retired/survivors	5,473,244	1,954,346	7,427,590	5,814,042
	Organizations	10,946,489	3,908,693	14,855,182	11,628,085
	Voluntary	1,522,645	673,180	2,195,825	2,072,721
TOTAL CONTRIBUTIONS		37,089,908	13,180,424	50,270,332	40,071,599
2. Benefits paid	Active staff including experts	10,965,227	5,015,413	15,980,640	14,766,911
	Retired/survivors	19,853,207	7,566,798	27,420,005	25,651,682
	Voluntary	1,761,097	749,208	2,510,305	2,143,277
	Less: Recoveries from third parties	-	(25,536)	(25,536)	(1,319)
TOTAL BENEFITS		32,579,531	13,305,883	45,885,414	42,560,551
3. Net surplus/(deficit) in contributions income over benefits paid		4,510,377	(125,459)	4,384,918	(2,488,952)
4. Increase/(decrease) in accrued liability for unsettled claims		1,491,000	609,000	2,100,000	800,000
5. Exchange gains/(losses)		(6,030)	16,793	10,763	235,338
6. Sundry expenses		793	-	793	2,414
7. Net operating surplus/(deficit)		3,012,554	(717,666)	2,294,888	(3,056,028)
INVESTMENT TRANSACTIONS					
8. Interest & other income received		1,183,232	329,079	1,512,311	1,310,303
9. Capital gains/(losses) on investment sold		326,523	86,797	413,320	(270,090)
10. Unrealized gains/(losses) on investment		1,082,152	287,661	1,369,813	652,408
Subtotal		2,591,907	703,537	3,295,444	1,692,621
11. Gains/(losses) on currency trading:					
On purchase and sales		(260,954)	(69,168)	(330,122)	(455,907)
Subtotal		(260,954)	(69,168)	(330,122)	(455,907)
Total investment income		2,330,953	634,369	2,965,322	1,236,714
12. Expenditure:					
Investment management fees		116,985	31,097	148,082	115,238
Total investment expenditure		116,985	31,097	148,082	115,238
13. Net income/(loss) on investments		2,213,968	603,272	2,817,240	1,121,476
14. Net surplus/(deficit)		5,226,522	(114,394)	5,112,128	(1,934,552)
15. Revaluation gain/(loss) on assets & liabilities		(279,646)	(73,052)	(352,698)	1,871,603
NET RESULT FOR THE YEAR		4,946,876	(187,446)	4,759,430	(62,949)

* Please refer to paragraph 5 of this report.

Annex III

Guarantee Fund 1999-2008
(in US dollars)

Accounts year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Guarantee Fund	30,963,757	29,184,544	32,050,022	37,824,157	36,157,195	39,148,470	28,096,763	29,539,253	27'961'919 *	32,721,349
Benefit expenditure	20,676,071	21,069,924	21,816,590	24,084,102	31,040,332	35,907,731	36,260,292	40,111,730	42,560,551	45,885,414
Minimum level	6,806,864	6,928,843	10,593,764	11,161,769	12,823,504	15,172,027	17,201,393	18,713,292	19,822,095	21,426,283
Maximum level	20,420,593	20,786,530	31,781,293	33,485,308	38,470,522	45,516,082	51,604,178	56,139,876	59,466,286	64,278,848
Ratio: actual level/maximum level	1.52	1.40	1.01	1.13	0.93	0.86	0.54	0.53	0.47	0.51
Swiss franc to US dollar exchange rate at year end	1.59	1.76	1.65	1.49	1.30	1.14	1.31	1.21	1.12	1.19

* Restated: see paragraph 4 of the report on the operations of the Fund

Annex IV

Voluntarily covered dependants (VCD): Summary of annual and cumulative results 1997-2008

Year	Number of VCD	Contributions (US\$)	Benefits (US\$)	Operational balance (US\$)	Cumulative result	Benefit paid per dollar contributed
1997	551	980,454	818,123	162,331	162,331	0.83
1998	583	1,072,319	865,139	207,180	369,511	0.81
1999	637	1,086,552	957,017	129,535	499,046	0.88
2000	661	1,145,744	1,301,601	-155,857	343,189	1.13
2001	723	1,249,596	1,320,989	-71,393	271,796	1.05
2002	706	1,315,628	1,391,197	-75,569	196,227	1.05
2003	736	1,415,079	1,702,492	-287,413	-91,186	1.20
2004	740	1,704,414	1,856,579	-152,165	-243,351	1.08
2005	704	2,034,409	2,000,673	33,736	-209,615	0.98
2006	666	2,061,438	2,035,428	26,010	-183,605	0.99
2007	660	2,072,721	2,143,277	-70,556	-254,161	1.03
2008	654	2,195,825	2,510,305	-314,480	-568,641	1.14

ANNEX V

Membership of the Fund 2000-2008
(voluntarily covered dependants excluded)

Category	Paying members										Dependants										Total insured persons									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000	2001	2002	2003	2004	2005	2006	2007	2008			
Year's average	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000	2001	2002	2003	2004	2005	2006	2007	2008			
ILO																														
Headquarters and Field project personnel	1916	1944	1887	1959	2047	1882	1828	1827	1877	2348	2390	2316	2378	2531	2344	2289	2285	2363	4264	4334	4203	4337	4578	4226	4117	4112	4240			
External offices	667	622	669	733	804	957	1027	1143	1128	1214	1118	1221	1217	1305	1595	1635	1833	1964	1881	1740	1890	1950	2109	2552	2662	2976	3092			
Former officials and survivors	1680	1747	1793	1835	1886	1963	2025	2060	2143	948	986	999	994	993	989	1031	1048	1083	2628	2733	2792	2829	2879	2952	3056	3108	3226			
TOTAL	4263	4313	4349	4527	4737	4802	4880	5030	5148	4510	4494	4536	4589	4829	4928	4955	5166	5410	8773	8807	8885	9116	9566	9730	9835	10196	10558			
ITU																														
Headquarters and Field project personnel	925	946	966	897	827	842	811	799	796	1101	1138	1157	1092	1005	1027	1000	994	1030	2026	2084	2123	1989	1832	1869	1811	1793	1826			
External offices	19	18	24	19	20	18	25	27	29	23	19	29	26	24	25	41	43	45	42	37	53	45	44	43	66	70	74			
Former officials and survivors	571	582	601	613	654	689	714	736	749	318	320	336	322	346	350	356	357	347	889	902	937	935	1000	1039	1070	1093	1096			
TOTAL	1515	1546	1591	1529	1501	1549	1550	1562	1574	1442	1477	1522	1440	1375	1402	1397	1394	1422	2957	3023	3113	2969	2876	2951	2947	2956	2996			
ILO/ITU																														
Headquarters and Field project personnel	2841	2890	2853	2856	2874	2724	2639	2626	2673	3449	3528	3473	3470	3536	3371	3289	3279	3393	6290	6418	6326	6326	6410	6095	5928	5905	6066			
External offices	686	640	693	752	824	975	1052	1170	1157	1237	1137	1250	1243	1329	1620	1676	1876	2009	1923	1777	1943	1995	2153	2595	2728	3046	3166			
Former officials and survivors	2251	2329	2394	2448	2540	2652	2739	2796	2892	1266	1306	1335	1316	1339	1339	1387	1405	1430	3517	3635	3729	3764	3879	3991	4126	4201	4322			
TOTAL	5778	5859	5940	6056	6238	6351	6430	6592	6722	5952	5971	6058	6029	6204	6330	6352	6560	6832	11730	11830	11998	12085	12442	12681	12782	13152	13554			

Annex VI

Benefit statistics, 2000-2008

Types of benefit	Benefits paid (US dollars)								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL	22,666,418	21,108,044	24,243,752	31,002,992	36,118,293	36,417,562	40,160,176	42,445,067	45'755'980 ¹
Doctors' services	4,254,923	3,943,835	3,750,392	4,175,410	4,657,760	4,546,510	4,706,051	4,934,826	5,507,767
X-rays, laboratory and other tests	912,015	995,143	1,307,756	1,599,173	1,925,623	1,950,418	2,114,074	2,325,218	2,532,843
Special treatments	850,929	702,820	666,608	869,572	990,472	1,021,657	1,107,237	1,178,502	1,241,947
Psychoanalysis and psychotherapy	376,746	370,597	371,690	505,170	629,182	627,164	580,006	647,744	658,671
Public ward at global fee	925,993	602,565	691,560	1,403,843	1,763,104	1,402,211	1,541,791	1,689,576	1,355,114
Hospital accommodation/clinic accommodation	1,198,397	980,218	1,105,797	1,386,931	1,593,381	1,572,012	1,987,564	1,931,532	1,916,948
Medical care	5,545,609	5,164,506	6,576,266	9,195,989	10,785,557	10,972,970	12,604,913	13,493,504	15,123,399
Post-operative convalescence	149,881	82,642	74,401	130,982	176,121	163,172	190,553	149,022	192,066
Other convalescences and cures	24,501	39,462	34,189	34,022	24,244	27,423	24,798	28,043	23,988
Nursing care	991,139	1,024,818	1,266,197	1,425,547	1,920,132	2,087,284	2,548,293	2,637,165	2,804,398
Prescribed medicaments	2,721,165	2,626,361	3,186,033	3,748,133	4,286,466	4,551,562	4,729,683	5,115,203	5,385,996
Dental care	2,757,574	2,676,269	2,881,310	3,416,005	3,607,317	3,646,054	3,801,188	3,888,595	4,288,229
Optical appliances: lenses	557,873	527,939	612,866	709,707	784,284	766,237	823,272	876,216	885,925
Optical appliances: frames	185,637	174,964	191,979	190,582	197,642	187,200	198,886	197,586	189,906
Hearing aids	101,551	70,428	106,480	121,787	124,109	156,732	155,114	176,353	187,158
Other appliances	147,439	119,060	126,045	169,825	195,665	212,534	235,490	274,442	308,575
Medical travel	50,858	35,811	56,698	75,743	76,557	75,402	178,767	139,242	168,681
Funeral costs	25,972	27,331	28,033	33,410	23,172	31,589	37,193	31,637	29,375
Supplementary benefits	888,216	943,275	1,209,452	1,811,161	2,357,505	2,419,431	2,595,303	2,730,661	2,954,994
Exchange rate average US dollar to Swiss franc	1.50	1.69	1.68	1.35	1.25	1.24	1.25	1.20	1.19

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.