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**COMMON MARKET FOR EASTERN**

**AND SOUTHERN AFRICA**

Twentieth Meeting of the Sub-Committee on

Audit and Budgetary Matters

28 October – 1 November 2019

Lusaka, Zambia

**Group Personal Accident**

**(AGENDA ITEM 2.5.2)**

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# **Context**

 *Contractual framework*

1. Staff Rule 11 (on Rights and Immunities),

***“stipulate that every staff member of COMESA shall be covered by one form of insurance or another arranged by COMESA for its staff members as may be determined by the Council from time to time.”***

1. In accordance with the above, employment contracts of regular staff of the COMESA Secretariat stipulate that: -

***“you will be covered by the Group Personal Accident (GPA) and any other medical insurance schemes that COMESA may institute for the benefits of her staff members.”***

*Significant limitations of existing Group Personal Accident*

1. The current arrangement does not indicate, whether the cover shall be equivalent to 1 x annual salary.
2. In the absence of a Staff Rule, the existing provider of the GPA extend the cover up to **1 x annual salary**. What this means is that upon death of the principal (i.e. employee), the nominee of the policy holder (employee) will be paid the sum assured of the term plan.
3. GPA, in its current format only covers death arising from accidents. Accidental death is defined as **a sudden, unforeseen and involuntary event** caused by an external, violent and visible force. The death from this accident occurs independently of any other cause within specific number of days mostly (90 to 180 days) of such an event or trauma, will be treated as accidental death. Examples of accidental death: -
* Death due to accident involving motor vehicles or by motor vehicles
* Death due to accident involving machinery at place or work like accidents in factories
* Death due to fire related injuries
* Death from accidentally falling from a building or rooftop
* Death due to slipping in the bathroom
* Death due to drowning in a river
* Death due to lightning strike or earthquake or any other natural calamity
* Death from electric shock at home or somewhere else
1. COMESA Secretariat currently does not have an insurance cover addressing death arising from medical condition/and or natural death. The death can be due to diseases or a medical condition which ultimately results in the death of the policy holder (i.e. employee). Under such circumstances, the nominee of the policy holder will be paid the sum assured of the term plan.
* For example – If the policy holder dies suddenly in his sleep it is considered as natural death.
* In another instance, if the policy holder contracts any disease or falls ill which eventually results in his/her death then again it will be treated as heath related death.

# **Decision of the Council made in November 2018**

1. In July 2018, the Council (para 193) approved the measure to align an insurance cover with comparable organisations within the existing budgetary provisions (i.e. annual salary cover).

# **Financial and budgetary implications**

1. The contractor recommended for the medical insurance scheme was invited to provide financial implications of addressing the above GPA cover gaps, (whilst within the employment contract), specifically: -
* Death arising from medical and or natural causes; and
* Disability cover
1. The premiums are as indicated below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Staff no. | Annual salary | Group life cover | Group personal accident |
| Quotation | Actual: 2018 |
| Secretariat; Competition Commission; FEMCOM; RIA] | 241  | 9,505,769  | 123,546  | n/a |
| Secretariat | 150  | 5,916,454  | 76,896  | 43,981 |

# **Recommendation**

1. **The Sub Committee on Audit and Budgetary matters is invited to recommend that: -**
2. **as decided by the Council in July 2018, COMESA’s insurance for staff extends beyond Group Personal Accident to cover life and that this be implemented from 1 January 2019; and**
3. **the insurance life cover be limited to an annual salary for each employment contract, as is the case under Group Personal Accident.**