

Aiace Accident Insurance

(Cigna - policy number 719.757.143)

BACKGROUND

Under Article 73 of the Staff Regulations, serving officials and other staff of the European Institutions are covered against the risk of accidents or disability (invalidity).

This statutory provision covers:

1. The proportion of medical, pharmaceutical and hospitalization expenses etc., and any other similar expenditure incurred as a result of the accident which have not been reimbursed under the normal Joint Sickness Insurance Scheme (JSIS/RCAM).
2. In the event of death resulting from the accident, payment to the duly entitled person of a lump sum equal to a multiple of the deceased official's annual basic salary.
3. In the event of total or partial permanent disability, compensation in the form of a lump sum based on a multiple of the final annual salary and the degree of disability.

Note that accident cover under these rules does not extend to the spouse or children of serving officials or staff; they will be reimbursed under the relevant JSIS *sickness* insurance rules, ceilings etc., provided they are duly recognized as dependants for these purposes.

The accident cover lapses completely on retirement; a retired official or staff member will be eligible for reimbursement only under the relevant JSIS rules and ceilings for sickness insurance, so there will be no lump sum payment and no 100% reimbursement.

To supplement the JSIS and provide that additional cover, AIACE has taken out a group personal accident insurance policy (*Police Collective Individuelle Accidents*) with Cigna, an insurance broker. .

MAIN FEATURES OF OUR AIACE GROUP ACCIDENT INSURANCE POLICY

IMPORTANT: for the purposes of this cover an **accident** must be caused by an **external factor**. A fall caused by tripping over a loose cobblestone is classed as an accident, but a fall caused by fainting or a dizzy turn is not, because in that case the cause is **internal** (physiological).

1. Depending on the premium paid, cover can be extended to the retired official's spouse, whether the spouse is covered by the JSIS or another national or international health insurance scheme, and can also be carried over to the surviving spouse after the retired official's death. For cover to be extended to the spouse, the retired official must either already be insured or must request the spouse's cover at the same time as his or her own, and the spouse must opt for the same insurance formula as the retired official.
2. Depending on the premium paid, there are several options, offering different levels of assured amounts payable in the event of death or disability. However, once the insured person has turned 75, cover reverts automatically to Option A regardless of the option initially chosen.

But all the options cover reimbursement to the insured person (or duly entitled parties) of medical expenses incurred following the accident which are not reimbursed by the JSIS. This includes medical, pharmaceutical, hospital, surgical, prosthesis, radiography, massage/physiotherapy, orthopaedic, clinical and transport expenses and any other similar expenditure incurred as a result of the accident.

However, if Cigna's medical advisor considers that an item of expenditure is abnormally high, or unnecessary, he may reduce the sum to a level deemed reasonable, or refuse reimbursement. To prevent unpleasant surprises, we advise you to seek Cigna's prior authorization for certain major expenses.

3. It is particularly helpful for retired staff that the Commission agreed at the outset to allow the PMO itself to deduct the monthly premiums (which are calculated as a percentage of the basic pension) directly from each pension payment; the PMO then transfers the amount to Cigna.

This makes life much easier for policy holders; once they have joined the accident insurance scheme, their regular payments are taken care of and the premium recalculated if their basic pension is adjusted.

4. Retired staff can take out this insurance at any time from retirement onwards, until the day of their 80th birthday. They are then covered for life. Since this is specifically *accident* insurance, there is no need to fill out a medical questionnaire when joining the scheme.

5. Total or partial disability resulting from an accident is assessed in terms of the degree of physical or psychological impairment on the European physical and mental disability rating scale.

6. The policy offers worldwide accident insurance cover.

7. Article 2 of the policy excludes accidents resulting from war or similar acts. However, Cigna has given us written assurances that this exclusion clause does *not* apply to terrorist attacks, which are covered under the policy.

8. The contract allows you to opt for cover with an excess (*franchise*) of 5% of the assured capital disability amount. In practical terms, this means that there will be no lump sum payment in the event of partial permanent disability of 5% or less, and the premiums for this type of cover *with excess* are correspondingly lower.

9. The group policy offers a range of assured capital options; you can choose the amount of cover that best matches your financial and family situation. Obviously, everyone hopes never to have to claim under this type of insurance policy; but in the event of a serious accident resulting in total or partial permanent major disability, the related costs can be enormous – including, for instance, necessary adaptations your home to cope with a major handicap.

10. As a member of this AIACE group scheme, if you would also like supplementary cover for medical expenses incurred through hospitalization due to illness, you can take out AIACE's « hospitalization – sickness only » insurance.

11. If you claim under this supplementary accident insurance policy for a minor accident, the claim will generally be handled without further administrative formalities. Only if it becomes clear that the accident is more serious than was originally thought will additional supporting evidence be required.

WHAT ARE THE VARIOUS OPTIONS?

In the event of an accident, the benefits covered, in addition to the reimbursement of medical expenses, are:

Payment of a lump sum in the event of death or disability, depending on the option chosen:

A. Option A

- death benefit: 2.3 times the allowance or basic pension received during the twelve months before the accident;
- disability benefit: 4 times the allowance or basic pension received during the 12 months preceding the accident.

B. Option B

- death benefit: 3.5 times the allowance or basic pension received during the 12 months preceding the accident;
- disability benefit: 6 times the allowance or basic pension received during the 12 months preceding the accident.

C. Option C

- death benefit: 5 times the allowance or basic pension received during the 12 months preceding the accident;
- disability benefit: 8 times the allowance or basic pension received during the 12 months preceding the accident.

In the event of permanent partial disability, the assured capital sum is multiplied by the percentage of permanent disability assessed in accordance with the disability rating as laid down in the insurance policy.

Whichever option is selected, once the insured person reaches their 75th birthday, cover is limited to that provided for under Option A. Obviously, the premium is reduced accordingly.

HOW MUCH DOES THIS INSURANCE COST?

As we have already seen, premiums are expressed as a percentage of the allowance or pension paid, and are deducted each month from your pension or allowance by the PMO.

Former staff member or spouse

	WITHOUT excess	WITH excess
Option A	0.55%	0.47%
Option B	0.80%	0.68%
Option C	1.06%	0.91%

Surviving spouse

	WITHOUT excess	WITH excess
Option A	0.61%	0.52%
Option B	0.87%	0.75%

Option C	1.17%	1.01%
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9.25% is added to the premiums to cover tax and charges.

Here is an example based on Option A without excess:

For a basic pension of €3 000 a month:

- Monthly premium: $€3\,000 \times 0.55\% = €16.50$ (+ €1.53) = €18.03
- Death benefit: $€3\,000 \times 12 \times 2.3 = €82\,800$
- Total disability benefit: $€3\,000 \times 12 \times 4 = €144\,000$
- Partial disability benefit (e.g. 10%): $€3\,000 \times 12 \times 4 \times 10\% = €14\,400$

+ Unlimited reimbursement of expenses.

A FINAL REMARK

AIACE's policy charges pensioners the same premium for its cover whether they are 65 or 100. As the premiums are expressed in fixed percentages the actual sums will vary depending on changes in the pension. The contract itself does not provide for increases to these fixed percentages, but the insurer could ask, outside the terms of the contract, for premiums to be reviewed ensure that the scheme can continue in the event of a steep rise in medical costs. Any such percentage increases would, however, be subject to AIACE's approval.