

**Remarks by Mr. Algernon Cargill, Director
The National Insurance Board
At the 8th Abaco Business Outlook, Marsh Harbour, Abaco
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**“Supporting the Commonwealth and Common
Good through Innovation”**

Sam Walton, founder of the Wal-Mart chain believed that his stores should reflect the values of its customers and support the vision they hold for their community. I believe that the laws we make as a people and the provisions we make for the support and betterment of our community are reflective of the quality of our citizenship and of our characters as individuals. The way a community treats and provides for its most vulnerable members speaks volumes not only of our vision for the collective, but also of our values and of our consciences.

It is to our credit as a people that, in building the Commonwealth of The Bahamas, we conceived of National Insurance and established it in 1974, just a year after we gained independence from Britain. National Insurance is fundamentally about assisting in the development of The Bahamas by providing social security for the people of The Bahamas. At its core is the notion that no Bahamian should be abandoned without the basic necessities of life and a way to preserve personal dignity. That this was the intention of the founders is reflected by the inclusion of the word ‘Commonwealth’ in our country’s formal name.

It is the idea of ‘commonwealth’ upon which the National Insurance Programme was built. Consequently, the idea of *commonwealth* and the *common good* inform all the goals of the National Insurance Board. This is the reason that our planning, products and services encompass all island populations, not just those of the major urban centres Nassau, Freeport and Marsh Harbour.

Essentially, you Abaconians and your fellow Bahamians are the reason for the existence of NIB. Those of you who contribute regularly to the National Insurance Fund are its owners and we of NIB are your stewards, charged with growing and protecting your money. We must all accept our responsibilities to preserve an investment that is fundamental to the whole country. In the final analysis, it is an investment in our own protection as individuals.

As chief steward at NIB, I travel extensively through the islands each year to report on new developments, on the state of the National Insurance Fund, and on the challenges to its progress. It is equally important to hear your views as to how we can improve our service to you and how we might improve National Insurance generally. These are the sacred obligations of stewardship.

I much appreciate the *Business Outlook* series that provides five excellent forums each year that facilitate this valuable contact. I congratulate and thank *The Counsellors'* President Mrs Joan Albury and her team for a programme that has done much to promote networking and synergy in an island country where it is so important to promote unity.

As controversial British politician Enoch Powell once commented, we cannot, we dare not...fall below our own highest standards in the acceptance of responsibility. The National Insurance Board has chosen to be guided by the highest of standards and a full acceptance of responsibility for advancing the Fund. These values propelled NIB to partner in the Bahamas Government's "Healthy Lifestyles", which was designed to combat the high rate of costs associated with the treatment of chronic non-communicable diseases, or CNCDs, among Bahamians.

NIB launched the complementary National Prescription Drug Plan and its secondary component "Healthy People" in September 2010. Offered free of charge to eleven groups of beneficiaries in its first phase, the Drug Plan makes it easier for CNCD patients to access the prescription medications which are essential to the treatment of their ailments. As we all know, such drugs can place a financial burden on all too many Bahamian families and the Public Treasury. In some cases, it has occasioned hardship.

As we celebrate its first anniversary, I can report that the success of the National Prescription Drug Plan has thus far exceeded our greatest expectations and projections. Let me share a few numbers to give you an idea of the impact of the programme since its inception:

- Budget \$10 million
- Number of persons registered: 16,000
- Total number of active NPDP beneficiaries: 14,349
- Participating Pharmacies: 40 private, 70 public for a total of 110.
- Number of prescriptions filled: Private pharmacies (100,000+) Public pharmacies (21,772)
- Amount paid out to private pharmacies (as at Aug. 2011): \$2.1 million
- Average # of Claims Paid Weekly: 2,171 (private) 340 (public)
- Average Amount Paid Weekly: \$41,777 (private) \$5,399 (public).

Let's look now at how the National Prescription Drug Plan is performing in Abaco.

- There are two (2) private pharmacies participating and seven (7) public.
- 7,497 claims were made to private pharmacies (Sept 2010-Mar. 2011) for a payout of \$149,663.46
- 607 claims were processed by public pharmacies (Sept 2010-Feb. 2011) for a payout of \$8,893.33

NIB's analysis of the statistics drawn from the Drug Plan have yielded valuable data that will help us refine current programmes and inform new ones. When we examine the number of beneficiaries by chronic condition, it becomes clear that hypertension is by

far the most prevalent affliction with 12,753 or 89% out of the 14,349 of active Plan members registered and claiming under that rubric.

Hypertension is also number one as regards cost of medications and overall number of claims made. High cholesterol ranks second in number of beneficiaries with 6,319 persons registered or 18%, but third in prescription cost and number of claims. Although diabetes ranks third with 5,473 or 15.6% of beneficiaries, it places second in cost and claims. So, predictably, the *Big 3* for the Drug Plan are hypertension, high cholesterol and diabetes.

These three diseases that bedevil so many Bahamian lives can often be prevented or improved by wise lifestyle choices, especially as regards nutrition and fitness. It is this knowledge that led NIB to formulate its “Healthy People” Programme (HPP). “Get Well Bahamas Health & Fitness Challenge” became its flagship initiative.

To be selected for the Challenge, participants must have been diagnosed with one or more of the covered CNCs and have a body mass index over 30. The 12-week programme is free of charge to the Challengers and encompasses personal fitness training, health education and behavior modification regarding nutrition. NIB contracted *Jemi Health & Wellness* and *Body Zone Fitness* to implement Phase I. These two partners have been an integral part of the success the programme has enjoyed.

To our great satisfaction, “Get Well Bahamas” Phase 1 recorded remarkable successes in two important ways.

- 1) Get Well participants lost an aggregate of more than 1000 pounds and achieved significant reductions in blood pressure, cholesterol and glucose levels, as well as reductions in need for medication.
- 2) The initiative has reinforced what medical professionals have been saying all along—Smarter lifestyle choices are keys to ameliorating the chronic disease picture in our community and beyond.

I am pleased to report also that the majority of the 22 amendments to the National Insurance Regulations, which Parliament passed last year, are now in force. These include increases in pensions encompassing Retirement, Invalidity and Survivors Benefits, as well as Assistance Pensions such OANCP and various Grants. I would remind you that the Maternity Grant and the Funeral Benefit will be adjusted every other July by the cumulative change in the Bahamas Retail Price Index plus 2 percent.

I can confirm that NIB pensions are now subject to automatic adjustments that are directly linked to increases in the cost of living. This will allow pensioners to maintain the same standard of living year after year. So, for example, if cumulative inflation over two years is 5%, then a \$500 pension will be increased to \$525 and then to \$551.25 two years later.

The wage ceiling increase from 400 to 500 dollars is now in effect, which reflects the Board's commitment to ensuring equality of opportunity and benefit to all its subscribers. An additional increase from \$500 to \$600 is planned for July 2012. I would remind you also that, to keep the National Insurance Fund viable to serve needs well into the present century, automatic adjustments to the wage ceiling will occur every second year starting in 2014. **Here again, the change will ensure that benefit payments you receive remain relevant, as benefit payments have a direct positive correlation with the wage ceiling that contributions are based on.**

Again in fairness, the contribution requirement for Retirement Benefit has been raised from a mere 3 years to about 10 years or 500 weeks of contributions. The new plan is not a barrier to getting a retirement benefit. An individual who does not meet the 500-contribution baseline at retirement, will be entitled to a grant representing six times the average insured wage for each set of 50 contributions paid, once all other requirements for the claim are met.

Furthermore, Industrial coverage has been extended to all self-employed persons, who are now required to pay contributions at a rate of 8.8 percent. This will afford them coverage for injuries or diseases arising out of their employment. It should be noted that, to qualify for industrial benefits, self-employed persons must be no more than 59 days behind on their contributions at the time of the injury.

We are proudest of the fact that the new benefits incorporate increased assistance for those who are widowed. Now, instead of paying only the higher of the two pensions, NIB will pay 100% of the widow/widower's Retirement or Invalidity pension, plus at least 25% of the deceased spouse's pension.

Starting in 2013, NIB's commitment to equal opportunity will be further demonstrated when workers in the hospitality industry and pensionable civil servants, representing the majority of the workforce this country, will be able to pay contributions that same as everyone else and so will be eligible to receive commensurate retirement benefits.

In the case of hospitality workers, formally paid gratuities will become a part of insurable wages, thus ensuring that hospitality workers in this category will have a larger share of their regular take home pay covered for National Insurance benefits.

Contributions on base wages will continue to be shared by the employer and worker, while the worker will pay the full contribution on gratuities that take total wages up to the wage ceiling.

Looking now at the general picture of contributions and benefits for Abaco, I offer the following numbers:

- Abaco's contribution to the National Insurance fund over the past three years has been as follows, year by year: \$5,034,852 in 2008, \$5,006,219 in 2009, and \$5,075,369 in 2010. Year-to-date, the Abacos have contributed \$3,347,003 to the National Insurance Fund.

- For the same period, over 16 benefit categories, the Fund has returned \$ 1,278,659.
- Among the largest payouts this year have been Retirement Benefit in the amount of \$443,289 and in the Unemployment Benefit since it came into force in 2009.

I would like to make special mention of what has happened as regards the Unemployment and Injury Benefits. Figures tell a powerful story of the impact of the recession and the effectiveness of the NIB benefits.

If we judge by the claims made, the recession hit us hardest in 2009, the first year of the Unemployment Benefit. In that year, the total number of claims received, All-Bahamas, was 15,690 of which 14,208 were approved for payment, representing a 91 percent payout.

In 2010, in contrast, claims amounted to 6,826 and awards totaled 5,692 or 85 percent approval. All told, Unemployment Benefit inception-to-date figures show awards numbering 22,900, with average weekly awards of \$137. In total, NIB has issued cheques amounting to \$34,649,466, and there has been a significant decrease in the number of new claims every week.

The Abaco unemployment picture during this period was similar. NIB paid out \$561,586 for unemployment claims in 2009, \$425,959 in 2010 and \$93,791 year to date. We see a decline in claims over the three-year period suggesting amelioration of employment conditions. The figures seem to suggest two things. Either the effects of the recession are lessening in the Abacos or Abaconians have found compensatory, informal employment. Further, we consider that, given that new claims are also decreasing, one of these two scenarios is probably true.

What is certain, NIB came up to bat strongly when the times were roughest. This is further illustrated by the 148,802 paid out for injury claims in the same period. In all, NIB has paid out \$8,365,893 in benefits to Abaconians from 2008 to present.

All of this underscores how important it is to have a social security system to provide a safety net in times of change or distress, such as Hurricane Irene rained upon us. This is why it is so important for us all to pay contributions to the National Insurance Fund. It all comes back to us in one way or another. Yet, compliance rates are still far too low.

I want to reach out to self-employed persons to discuss with them their responsibility to pay contributions on time. This is particularly important as the self-employed are now covered for Industrial Benefits. If they are injured while working and contributions are current, their eligibility for the Industrial benefit will help them and their families to get through a difficult time.

Throughout the process to initiate much-needed changes in the NIB regime, change has not been for the sake of change. It has been important to distribute contribution

obligations more fairly and to preserve a programme that is so essential to the well-being of Bahamians and, consequently, to orderly social development.

And while we're on the subject of "social development" and benefits, let me share with you an exciting development that will accrue to the benefit of all Abaconians – from Crown Haven in the North, to Sandy Point in the South. In 1985, Government approved the creation by NIB of the Medical Benefits Branch with an initial endowment of \$40.6 million to assist with the development and extension of healthcare infrastructure in the country. To date, we have funded the construction and equipping of 19 health facilities throughout the country. The very first of these, built in 1988, was the Marsh Harbour Clinic. And now 23 years later, NIB is preparing to build health centre number 20 and it will be situated not far from here – on the SC Bootle Highway. Yesterday, I had the privilege of inspecting the site along with a team from NIB and the architect, and I can say that we expect to break ground on the site by the end of this year. You will hear much more about this facility in the weeks ahead.

In closing, you have my assurance that the National Insurance Fund is stronger than ever today. The viability of the fund is based, in part, on the various initiatives for collection of contribution and other forms of income, funds derived from long-term lease arrangements. As director of the National Insurance Board and chief steward of the Fund, I am privileged to oversee the prudent and efficient operation of the Fund. I am committed to protecting it, growing it and keeping it strong.

I appeal to each of you today, as individuals, to join us at NIB in protecting the massive national investment that the National Insurance programme represents. You can do so by encouraging all colleagues, employees, family and friends to make their contributions regularly and by ensuring the same for yourself. As former United States Senator Everett Dirksen once said, "When all is said and done, the real citadel of strength of any community is in the hearts and minds and desires of those who dwell there.