



The National Insurance Board
of the Commonwealth of The Bahamas

ANNUAL REPORT

2010

Enhancing the *Promise*



NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS
2010 ANNUAL REPORT



the **NATIONAL
INSURANCE BOARD**
OF THE COMMONWEALTH
OF THE BAHAMAS

June 15, 2011

Right Honourable Hubert A. Ingraham, M.P.
Prime Minister of the Commonwealth of The Bahamas
Minister of Finance and National Insurance
Cecil Wallace-Whitfield Centre
Cable Beach, New Providence
Bahamas

Dear Prime Minister Ingraham:

Re: The National Insurance Board's 2010 Annual Report

In accordance with Section 47(1) of the National Insurance Act, 1972, I have the privilege of submitting to you, on behalf of the Board of Directors, the Annual Report of the National Insurance Board for the year 2010.

Included with this report are the accounts of the National Insurance Fund as certified by the Auditor, pursuant to Section 41(1) of the National Insurance Act, 1972, together with the report of the Auditor. Included therein is the account of securities in which monies forming part of the National Insurance Fund are invested.

Sincerely yours,



Patrick Ward
Chairman



Vision

To be recognized as a reliable and sustainable financial support system that consistently delivers on its promises.

Mission

To demonstrate visionary and compassionate leadership in the advancement of the economic security of our people as we continuously shape and manage the National Insurance Program.

To ensure the efficient collection of contributions as well as the timely and accurate payment of the relevant benefits and assistance.

To create an environment where staff is well trained, motivated, committed to integrity and accountability, and is recognized and rewarded for service excellence.

To advance the prudent investments of the National Insurance Fund for the overall growth and development of The Bahamas.





NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS

Contents

2010 ANNUAL REPORT

- 4 Ministers and Board of Directors
- 5 Committees of the Board
- 6 Executive Management Team
- 7 Chairman's Report
- 10 Director's Report
- 16 Decade In Review
- 27 Consolidated Financial Statements
- 87 Statistical Appendix

Enhancing the *Promise*

2010 *Enhancing the Promise*



Rt. Hon. Hubert A. Ingraham, M.P.
*Prime Minister
Minister of Finance
With responsibility for National Insurance*



Hon. Zhivargo Laing M.P.
*Minister of State
Ministry of Finance*



Patrick Ward
Chairman



**THE NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS**

Ministers & Board of Directors

2010 *Enhancing the Promise*



**Reverend Father
E. Etienne Bowleg**
Deputy Chairman



Evan Dean
Member



Van Diah
Member



Debbie Ferguson
Member



Nicole Martin
Member



Brian Nutt
Member



John Pinder
Member



Dr. Robin Roberts
Member



Winston Rolle
Member



Dennis Williams
Member





NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS

2010 *Enhancing the Promise*

Committees Of The Board

2010 *Enhancing the Promise*

HUMAN RESOURCES COMMITTEE

Patrick Ward – *Chairman*

Reverend Father E. Etienne Bowleg

Debbie Ferguson

AUDIT COMMITTEE

Van Diah – *Chairman*

Denise Turnquest

Dennis Williams *(to September)*

TENDERS COMMITTEE

John Pinder – *Chairman*

Nicole Martin

Brian Nutt

FINANCE/INVESTMENT COMMITTEE

Peter Carey – *Chairman*

John Pinder

Dr. Robin Roberts

OPERATIONS COMMITTEE

Winston Rolle – **Chairman** *(to August)*

Evan Dean – *Interim Chairman (from September)*

Brian Nutt



2010 Enhancing the Promise



NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS

Executive Management Team

2010 Enhancing the Promise



Algernon Cargill
Director



Dr. Kevin Bowe
*Medical Officer/V.P.
Medical Services*



Sonia Gill
Financial Controller



Richenda King
*Deputy Director/V.P.
H.R. & Training*



Phaedra Knowles
*Deputy Director/V.P.
Investments*



Heather Maynard
*Legal Officer/V.P.
Legal Services*



Derek Osborne
Consultant Actuary



Whitney Patton
*Chief Internal Auditor/V.P.
Internal Audit*



Raymond Wells
*Deputy Director/V.P.
Information Technology*





Patrick Ward
Chairman

Chairman's Report

**NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS
2010 ANNUAL REPORT**



In 2010, the National Insurance Board (NIB) celebrated 36 years of administering social security for workers of The Bahamas; 36 years of meeting the mandate to provide workers and their families with a financial safety net during times of income loss. NIB has always been extraordinarily dynamic—in shaping benefits in response to the changing needs of the Bahamian people, in acquiring infrastructure, making internal human resources provisions and administrative changes, and by investing in the construction of essential national infrastructure, particularly in the realm of health care. However, no decade and no time since the organisation's inception in 1974, has been more defining than the decade that ended in 2010.

In 1999, two years before the start of the decade, reforms to the National Insurance Programme were made. However, it was recognised that those amendments were primarily aimed at maintaining relevance to contributors and not necessarily to ensuring the financial sustainability of the overall system. Not long afterwards, however, there evolved an urgent need for a re-assessment of the National Insurance provisions. This process was escalated at the start of the decade – in 2001 – with the mandated commissioning of the 7th Actuarial Review of the National Insurance Fund

(the Review). The Review examined the Fund's financial status and its projected future financial status and made recommendations for steps that might be taken to help ensure that the social security programme remained solvent for future generations, while providing meaningful benefits to workers and pensioners. The main findings of the review were sobering in many respects. Primarily, it reported that the then contributions rate and benefit provisions, if maintained, i.e., without any major reforms, would result in serious challenges to the Fund in about two decades.

In response to the Review's findings, the Pension Reform Commission (the Commission) was formed to determine and recommend the way forward. The Commission's report confirmed the findings of the Review and underscored the urgent need for action. While NIB needed Government intervention for legislative changes, there was much it could do at operational levels to effect improvements to the programme. A number of initiatives were undertaken to empower management with enhanced internal processes and equipment. Such initiatives have been reaping benefits, as NIB is being transformed into a flexible, responsive and effective organisation able to not only meet and withstand new opportunities and challenges, but to embrace them.





The year 2010, saw the culmination of all the planning and strategising activities of the decade. It was a year of great dynamism, with three vital developments taking place – developments that positioned NIB and the social security programme for growth and sustainability for the long term.

First of all, the Unemployment Benefit became a permanent fixture within the National Insurance benefits package. The interim phase had been introduced in April 2009, and with its successes and lessons learnt, the permanent phase began on June 1, 2010, with stringent guidelines and monitoring systems and an additional 1% contribution rate. As at December 2010, some 19,738 Bahamians had availed themselves of the temporary income-replacing benefits, and approximately \$30 million was paid out since the inception of the benefit.

Secondly, the much-anticipated National Prescription Drug Plan (NPDP) was launched in September 2010 to address a well-documented problem in our country. One in three Bahamians, or at least one person in every household suffers from one or more chronic diseases. Such illnesses impose a heavy emotional and financial toll on patients and their families. Among the challenges that threaten the financial equilibrium of chronic sufferers is paying for prescribed medications. As costs rise, many patients are forced to cut back on dosage or abandon medications altogether. Without the prescribed medications, the patient's ability to manage his or her condition is severely compromised. This can lead to a worsening of a treatable illness, possible hospitalisation, or disability requiring long-term care or worse and, in many cases, debilitating costs to families and the country.

The NPDP is the answer to this problem for Bahamians in four categories – NIB pensioners, NIB invalids, children, and Bahamians 65 years and over – who can now obtain prescription drugs and related medical supplies to treat 11 chronic ailments free of charge at participating private and all public pharmacies. At the end of 2010, an average of 6,000 prescriptions were filled monthly.

In addition to the permanent phase of the Unemployment Benefit and the introduction of the NPDP, 2010 will be remembered for another historic development. In July 2010, Parliament passed 22 amendments to the National Insurance Benefits and Contributions Regulations to strengthen the effectiveness of our social security programme. No major change of this magnitude had occurred since inception (see list of amendments overleaf).

Just as National Insurance has enjoyed many successes, there have been many challenges, the greatest of which is the issue of compliance. Many businesses and many more self-employed persons are not paying, and this creates a problem, not just for the social security fund, but for workers of this country.

When employers fail to protect their employees through the payment of contributions on their behalf, they are exposing them to unnecessary risks. In 2010, NIB continued its vigilance in prosecuting offending employers and self-employed persons for non-compliance. This vigilance, along with other collection and compliance improvements, is resulting in increased compliance by employers.

Though the Bahamian economy was in recovery in 2010, NIB was able to increase contribution income to a record \$167.5 million. This total was achieved even though the number of contributing employers and the average amount due from them was lower than the year before.



Amendments

2010 Enhancing the Promise



1. Pensions in payment increased by up to 6.6% (July 2010)
2. Ceiling on insurable wages increased:
 - From \$400 to \$500 per week in January 2011
 - From \$500 to \$600 per week in July 2012Automatic increases to occur every two years thereafter, (in July) by the change in the Bahamas Retail Price Index over the prior two calendar years plus 2%.
3. Contribution rate and wage ceiling for pensionable civil servants revised so that they will contribute at the same rate as other employed persons. (July 2013)
4. For workers in the hospitality sector, gratuities to be included in insurable wages. (July 2013)
5. Number of weekly contributions required for Retirement benefit increased from 150 to 500 and a Retirement Grant (lump sum payment) at age 65 for those who do not qualify for a pension was introduced.
6. The adjustment to average insurable wages for pension calculations of those earning more than \$250 per week was eliminated.
7. The reduction factors applied to Retirement benefits awarded prior to age 65 were changed to make the decision as to whether to claim early or to wait for age 65 years cost neutral.
8. From July 2012 and every 2 years thereafter, pensions and grants will be automatically increased by the cumulative change in the Bahamas Retail Price Index.
9. Maternity grant was increased from \$400 to \$430 and Funeral benefit from \$1,500 to \$1,600.
10. Widows and widowers are now allowed to receive their Retirement or Invalidity benefit together with 50% of their Survivors benefit instead of only the higher of the two.
11. A Survivors Grant, equivalent to 1 year's pension, payable to widowed spouses who do not qualify for a Survivors pension either because of their age, income or lack of dependants, was introduced.
12. To qualify for Sickness benefit, the claimant must be employed on the day of or day prior to onset of the illness.
13. The number of waiting days for Unemployment Benefit was reduced from 15 days to 3 days.
14. Claimants who fraudulently receive Unemployment Benefit are now disqualified from receiving further benefits should they become unemployed again within the next year.
15. Sickness, Maternity, Unemployment and Injury benefits are now payable for 5 days per week instead of 6.
16. Disablement and Invalidity benefits can now be paid together.
17. Coverage for all benefits, except Unemployment Benefit, was extended to all self-employed persons and their contribution rate set at 8.8%.
18. A stricter means test for Assurances which considers cash, investments and real estate. The total of these should not exceed 5 times the annual amount of NIB assistance.



Algernon Cargill
Director

Director's Report

**NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS
2010 ANNUAL REPORT**



Although tough economic times prevailed, 2010 was another successful financial year for the National Insurance Fund (the Fund). When compared with 2009, contributions increased by 4.9%, investment income by 23.1% and benefit expenditure decreased by 1.5%. This reduction in benefit payments was primarily due to high Unemployment Benefit payouts during the first few months of the programme's launch in April 2009. Administrative expenses increased by 8.5% over 2009, largely due to contractual increases in employee related expenses.

For the second consecutive year, benefit payments exceeded contribution income. In 2009, this was due primarily to the newly

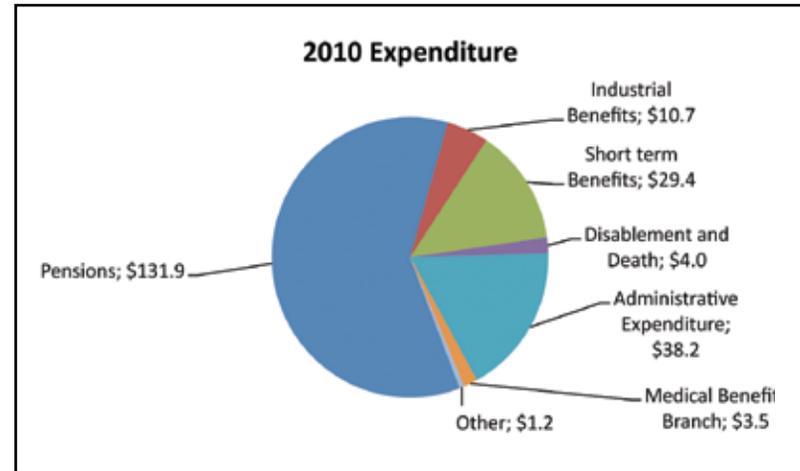
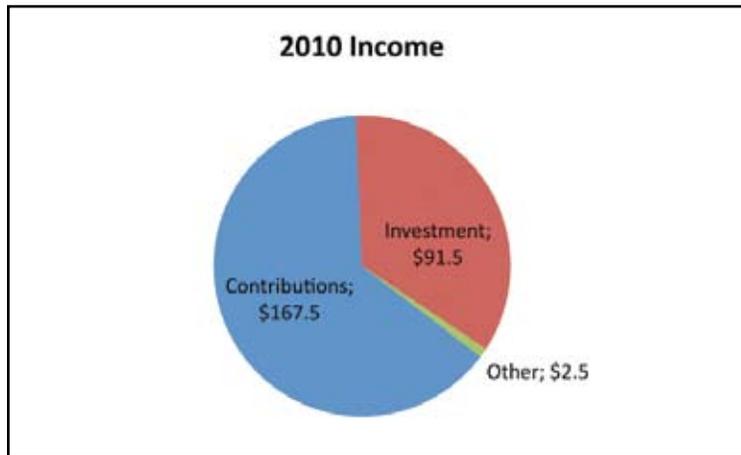
implemented Unemployment Benefit payments of \$20.8 million. But with the natural annual growth in pension expenditure, coupled with a 6.6% pension adjustment in July 2010 and continuing Unemployment benefits for all of 2010, benefit payouts exceeded contributions even though there was a 1% contribution rate increase for half of the year.

When investment and administrative costs are included in overall finances, total income continues to exceed expenditure. In 2010, this excess was \$42.6 million in 2010 (compared to \$21.1 million in 2009), bringing total reserves to more than \$1.6 billion for the first time.

PERFORMANCE INDICATORS	2010	2009	% CHANGE
Contribution Income (gross)	\$167.8 m	\$159.9 m	4.9%
Investment Income	91.5 m	74.3 m	23.1%
Benefits Expenditure	176.0 m	178.7 m	-1.5%
Administrative Expenditure	38.2 m	35.2 m	8.5%
Excess of Income over Expenditure	42.6 m	21.1 m	101.9%
Year-end Reserves	1,611 m	1,568 m	2.7%
Year-end Investments	1,508 m	1,497 m	0.7%
Yield on Investments	6.1%	4.9%	24.5%
Administrative Expenditure as % of Contribution Income (Gross)	22.8%	22.0%	3.6%

INCOME & EXPENDITURE

Contributions will always represent the largest share of Fund income but as the value of investments increases, the proportion of income realised from investment returns is also increasing. In 2010, the distribution of income from contributions and investments was 64%/35%. Other income, representing only 1% of Fund income, is primarily a former annual grant from the Government to offset part of the cost of non-contributory pensions.



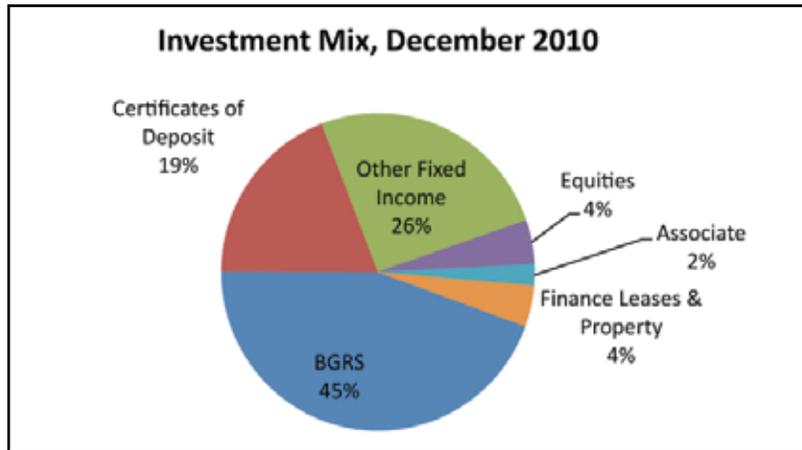
In 2010, benefit payments accounted for 80% of Fund expenditure with the remainder going to cover operating costs. With almost 30,000 pensions payable each month, contributory and non-contributory pensions account for almost two-thirds of Fund expenditure. With the recent addition of Unemployment benefit to the short-term benefit category, short-term benefit costs are now higher than they were prior to 2009.

INVESTMENTS

Contributions collected and investment income earned over the past thirty seven years that are not yet needed for the payment of benefits have accumulated to \$1.6 billion. Prudent management of these funds which comprise the largest single pool of assets in The Bahamas is therefore critical to the long-term sustainability of the Fund. In 2010, the \$1.6 billion of investments generated above average returns.

Although average rates on commercial bank deposits remained under 5% in 2010, the overall yield on investments was 6.1% in 2010, up from 4.9% in 2009. This additional return was achieved in 2010 due to a combination of unrealised gains on equities and additional investment income on certain fixed income securities, construction in progress - finance leases, sovereign debt, and certificates of deposit.

In an effort to gradually diversify the investments outside The Bahamas, the Fund invested a total of \$14.9 million in bonds issued by the Governments of Barbados, the Cayman Islands and the United States of America.



NEW CONTRIBUTION RATE

In June 2010, the contribution rate was increased for the first time in NIB's history. The increase of 1% was designed to cover the cost of the new Unemployment benefit and enhance the Fund's sustainability. Also in June, the qualifying conditions for Unemployment benefit were strengthened so only insured persons who were recently employed can now qualify. Unemployment benefit payments in 2010 were \$8.8 million, down significantly from \$20.8 million in 2009.

CHRONIC PRESCRIPTION DRUG PLAN

In September 2010, the National Prescription Drug Plan was launched. Initially, the cost of prescription drugs and supplies to covered groups will be met from the Medical benefits branch of the Fund. At the end of 2010, 11,214 chronic illness patients were able to access their required prescriptions at 29 private and 72 public pharmacies and clinics across The Bahamas. On average, participating patients each have 2.3 chronic illnesses with hypertension (9,489), high cholesterol (4,655) and diabetes (4,073) being the most prevalent diseases. A total of \$360,000 was paid to private pharmacies for prescription drugs and supplies as at December 2010.

GOVERNMENT SUBSIDY

During 2010, as part of its budgetary adjustments, the \$4.9 million annual subsidy from the Bahamas Government to cover a portion of old age non-contributory pension payments ceased; the Fund is therefore now responsible for 100% of the cost. In 2010, non-contributory pensions totaled \$16.1 million. Although these costs continue to decline each year, NIB has taken steps to improve its assessment of existing non-contributory pensioners and new applicants to ensure that payments are made only to those who satisfy the recently revised means test.



SUMMARY OF OPERATIONAL PERFORMANCE

Summary of Operational Performance

PERFORMANCE INDICATORS	2010	2009	% CHANGE
# Contributing Employers	12,564	13,282	-5.4%
# Contributing Self-Employed Persons	5,577	5,440	2.5%
# Active Employees (estimate)	144,000	145,000	-0.7%
# Short-term Benefit Claims Awarded	32,566	39,560	-17.7%
# Long-term Benefit Claims Awarded	2,707	2,972	-8.9%
# Contributory Pensioners (at year-end)	24,017	23,533	2.1%
# Assistance Pensioners (at year-end)	5,455	5,772	-5.5%
# Cases Approved For Prosecution	1,850	1,308	41.4%
# Employees (December)	481	479	0.4%

The National Insurance Board performs many operational functions, most notably registration of employers and insured persons, collection of contributions, the adjudication of benefit claims, and the payment of various types of benefits and pensions.

The following tables highlight activities related to registration, claims awarded and pensions in payment in 2009 and 2010. Additional details, with numbers and values by Local office, can be found in the Statistical Appendix of this Report.

REGISTRATION

With the National Insurance number now required for banking, passport and utility company applications, many people who register with NIB for the first time apply for the number with no intention of working. These are considered inactive registrations.

Type	2010	2009
Employers	1,640	1,864
Self-Employed persons	1,304	1,251
Active Insured Persons	3,531	3,467
Inactive Persons	17,195	21,057

CLAIMS PAID

The falloff in the number of Short-term benefits claims was due to higher than normal claims in 2009 following the introduction of the Unemployment benefit. Usual fluctuations in other benefits are to be expected. The reduction in Short-term benefit claims expenditure is also due to the reduction in the number of Unemployment benefit claims paid in 2010 compared with 2009.

CLAIMS AWARDED

Benefit Type	2010	2009
Long-term	2,707	2,972
Short-term	32,566	39,560
Industrial	4,242	3,769
Total	39,515	46,301

Claims Paid (in millions of \$'s)

Benefit Type	2010	2009
Long-term	\$131.9	\$123.0
Short-term	\$29.4	\$41.5
Industrial	\$14.7	\$14.2
Total	\$176.0	\$178.7

In 2010, over 30,000 persons received pension payment to their bank accounts each month. While this total only increased slightly during the year, the number of contributory pensions increased while the number of non-contributory pensions (assurances) decreased. This trend is expected to continue.

Pensions In Payment At Year-end

Benefit/Assistance	2010	2009
Retirement	17,378	16,796
Invalidity Benefit	2,162	2,171
Survivors Benefit	3,803	3,940
Old Age Non-Contributory Pension	2,275	2,477
Invalidity Assistance	2,676	2,747
Survivors Assistance	504	548
Disablement	607	580
Death	67	66
Total	29,472	29,325

HUMAN RESOURCES

The level of employee satisfaction at the National Insurance Board continues to trend positively with 2010 showing an increase of 18% over 2008 results in the annual Employee Satisfaction Survey. During the year, we focused on a number of internal priorities, including the Customer Service component. "Excellent Customer Care Starts with ME!" continued to be our service motto and guiding principle.

There were two major training initiatives in 2010. The Fraud Awareness training, held early in the year, educated all staff in the prevention and detection of fraud, using actual experiences and giving practical and procedural guidelines for reporting of suspected fraudulent activities. Later in the year, training was held to ensure organisation-wide familiarity with the provisions of the July 2010 Amendments to the Contribution and Benefits Regulations.

The on-going level of productivity for all employees became a new focus at NIB, with measurement criteria for each job function being established to provide standards for rating performance throughout the organisation. In addition, we acquired a new Performance Evaluation System called Halogen which will be fully implemented in 2011. The Halogen system promises to bring wider efficiency to the evaluation process and provide the opportunity to tie our training and development needs to performance.

With the implementation of the KRONOS system in 2009 and the acquisition of the Halagon system in 2010, our Human Resources Department is now positioned to be fully functional with administrative and performance measurements to embark on the new challenges of succession planning and career development.

In October, 2010, the Board signed an industrial agreement with the Union of Public Officers, the bargaining agent for its non-management

staff. Payments provided under this agreement were all made in 2010.

Also in October, NIB held its long-service awards ceremony at Government House, in recognition of some 32 staff members who were celebrating various long-service milestones. Two persons celebrated their 10th anniversary with the NIB; 12 celebrated 20 years; eight celebrated 25 years; three celebrated 30 years; and seven persons retired.

Overall, the staff complement increased slightly during the year. The count at December 31, 2010 was 481 – up by two from December 2009.

ANNUAL REPORT

The National Insurance Board continued its laudable on-time performance in the completion of its Annual Report. On June 22, 2010, the 2009 Annual Report was presented to the Minister ahead of the June 30 deadline. When laying the Report on the table of the House of Assembly, Prime Minister the Honourable Hubert Ingraham commended NIB for this accomplishment.



Decade In Review

2001 - 2010
Enhancing the *Promise*





2001 - 2002 MAJOR ACHIEVEMENTS

- Completion of the clinic at South Beach, New Providence.
- Completion of the 7th Actuarial Review (the Review) of the National Insurance Fund (the Fund). The Review examined the Fund's current and projected future financial status and recommended steps to be taken to help ensure that NIB remained solvent for future generations, while providing meaningful benefits to current workers and pensioners. The main findings of the Review were:
 - (a) If the current contribution rate and benefit provisions were maintained, the Fund would be exhausted in 2029.
 - (b) For NIB to continue to meet its benefit commitments, the contribution rate would have to be increased to 17% and then gradually thereafter to over 25%.
 - (c) The average cost of benefits payable over the next 60 years would be 15.5%, as compared with the prevailing average contribution rate of 8.4%.

Following is a summary of the key recommendations made:

- (a) Review the level of the insurable wage ceiling and thereafter increase it annually, with rules governing such adjustments placed in National Insurance Regulations.

- (b) Increase pensions annually in line with changes in the cost of living.
- (c) Gradually increase the contribution period required to qualify for a retirement pension from 3 to 10 years.
- (d) Gradually increase the number of years over which wages are averaged for calculating pensions, so that pension amounts more closely reflect earnings over one's career, and not just over the three years with greatest earnings only.
- (e) Consider paying more than just the greater of Retirement and Survivors benefits, where the widowed spouse has earned his/her own pension.
- (f) Ensure that the income test applied to non-contributory pensioners is strictly adhered to so that only those who are truly eligible receive assistance payments.
- (g) Review the terms under which pensionable civil servants participate in the National Insurance programme with an objective of enacting similar provisions for all insured persons.
- (h) Initiate a comprehensive review of NIB's Act & Regulations. This review should ensure that all provisions are relevant to prevailing socio-economic conditions and that legislation is consistent with current practice, intent, and other Bahamian laws.
- (i) Approve and adopt an Investment Policy Statement for the investment



of the Fund's assets and seek new investment avenues for surplus funds, both locally and abroad.

- (j) Reduce significantly the amount spent on administrative provisions from the 19.2% of contribution income spent in 2001 to 10% over the medium term.
- (k) Provide to all past and current contributors annual contribution statements that indicate past contributions, their benefit eligibility status and what, if any, additional contributions are required to qualify for certain benefits.
- (l) Initiate extensive public relations campaigns aimed at increasing general awareness of National Insurance, the benefits offered, the need to plan for retirement, and the future challenges and reforms that will be required.

While no immediate contribution rate increase was recommended, the need for future rate increases was stressed.

ADDITIONAL ACHIEVEMENTS :

- Commencement of a compensation review and manpower needs assessment exercise for staff members in the two bargaining units. Key objectives of the exercise:
- Provide NIB with accurate market information for future revisions to salary scales;
- Conduct an audit of the current ranking of NIB jobs;
- Ensure that all job descriptions and job charts reflect current structure and accountability, identifying the key factors that affect the level of

each position;

- Provide an analysis of NIB functional areas to determine the number of persons needed at the management/supervisory and non-management levels.
- Completion of the Headquarters building to house and facilitate various agencies and services of the Royal Bahamas Police Force in Grand Bahama.
- Completion of the multi-million dollar Poincianna Hill Office Complex, which houses the Ministry of Health; and the Thompson Boulevard Complex, where the Ministry of Education is headquartered.

NIB's Reserve Fund stood at \$1.1 billion at the end of 2001.

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MAJOR ACHIEVEMENTS**

- Completion of the compensation review and manpower needs assessment exercise by the Hay Group. Staffing issues, management training, management accountability, clear performance standards and employee empowerment, were among the key areas the reports touched upon in recommendations.
- Appointment of the Social Security Reform Commission to determine and recommend the way forward for social security and a number of other issues. The Commission was charged with addressing issues contained in the 7th Actuarial Review, and associated issues.
- Groundbreaking for new community clinic at Inagua.



2006 - 2008 MAJOR ACHIEVEMENTS

A period of considerable transition, July 2007 to April 2009 was a significant one in the life of the National Insurance Board (NIB). Responsibility for NIB initially fell within the portfolio of the Ministry of Housing and National Insurance, headed by the Honourable Kenneth Russell, M.P. Later, in 2008, Cabinet responsibility for NIB was vested in the Ministry of Finance, with the Honourable Hubert Ingraham, M.P. as Minister and the Honourable Zhivargo Laing as Minister of State. NIB also made significant investments in new leadership and paving the way to assure a sufficiency of talent for the future.

- Patrick Ward, a recognised leader in the insurance industry, was named Chairman of the National Insurance Board effective July 1, 2007, the first non-politician so appointed. He had served the Board previously as a Director between 1999 and 2002.
- Algernon Cargill was appointed Director, National Insurance Board October 2008.
- With Board approval, in January 2008 NIB made its first investment in a fund that is directly related to the performance of global economies.
- The 8th Actuarial Review of the National Insurance Fund, covering the five-year period from January 2002 to December 31, 2006, was completed and formally presented to Government in 2008.
- An External Risk Assessment report was completed in 2008 by Ernst & Young Consulting Accounting Firm and identification of key business risks as identified by the Consultants. These risks were successfully eliminated and/or mitigated by the current Executive Team.
- The Human Resources Department was restructured, focusing on

developing a strategically aligned Human Resources team, comprising two teams' H.R. Administration and HR Benefits and Compensation. This streamlined structure called for a sharper focus by Human Resources and also necessitated the recruitment of an additional Sr. Manager for Human Resources.

- With a view to serving our employer clients better and contributing to increased compliance, the evaluation tool for Inspectors was revised in June 2008 to allow management to evaluate Inspectors objectively on their performance and provide training and/or additional developmental opportunities for non-performing inspectors.
- A formal and complete Organisation Chart summarising the existing structure of NIB was completed in November 2008 and placed on NIB's website. This was a first for the Board.
- An electronic Employee Satisfaction Survey was completed in November 2008 and repeated in 2009 and 2010. The results showed significant improvement in employee morale and satisfaction.
- A Job Description Project was completed for all employees of the Board in April 2009. Job Descriptions were previously not standardised and many did not exist previously.

2009 - BEYOND MAJOR ACHIEVEMENTS

The period from 2009 has been one of great dynamism. The Board has concentrated on updating and expanding Benefits and processes, highlighted by Parliament's passage of 22 amendments to the National Insurance Act, expanding employee opportunities and voice, increasing compliance in contributions and promoting wellness in the population with a number of



innovative health-related programmes. Significant accomplishments are as follows:

- Patrick Ward re-appointed Chairman of the Board of Directors.
- On September 2, 2009, Prime Minister the Right Honourable Hubert Ingraham, tabled in the House of Assembly the report of the 8th Actuarial Review of the National Insurance Fund (as of December 31, 2006). The immediate focus was on implementing the recommendations made by the Actuary, some of which were included in the 2005 Social Security Reform Commission Report that was also tabled in the House of Assembly in 2009.

As in previous actuarial reports, the overriding message of the 8th Review was that the Fund is sound. It warned that the present contribution rate of 8.8% was not sufficient to sustain the current benefit promise indefinitely. It also advised that benefits paid by National Insurance would begin to lose relevance if insurable wages did not keep pace with actual incomes and if other changes were not made. Further, if these and other challenges were not addressed, it could mean a depletion of the Fund by the period 2029 to 2035.

As for changes in the provisions of the National Insurance Act, 22 specific amendments were recommended and approved by the Minister responsible for National Insurance as followings:

- Increase the ceiling on insurable wages to \$600 from the current \$400 per week.
- Increase the number of contributions required to qualify for Retirement Benefit from 150 to 500 weeks.
- Change the method used to calculate Retirement/Invalidity Benefit to

one that uses wages over the best 5 rather than 3 years, thus ensuring a better relationship between contributions made and pensions received.

- Change the wage ceiling for pensionable civil servants to that of all other contributors.
- Include in insurable wages gratuities and tips that are paid as part of regular wages for workers in the hospitality sector.
- Remove the limit on earnings for someone in receipt of Retirement Benefit.
- Introduce triennial automatic indexation of pensions and grants with adjustments linked to price increases.
- Provide for the payment of both Retirement/Invalidity Benefit and Survivors Benefit where an insured may be otherwise entitled to both.
- Introduce a Survivors Grant equivalent to 1 year's pension, payable to widowed spouses who do not qualify for a Survivors Benefit either because of their age or lack of dependents.
- For Sickness and Maternity benefit, require that the person must have been employed on the day of or prior to onset of illness and reduce the waiting days for Unemployment benefit to 3 days.
- Extend coverage for all benefits, except Unemployment Benefit, to all self-employed persons and adjust the contribution rate for all self-employed persons to 8.8%.
- Allow Invalidity Assistance to be payable from age 1.



- Establish stricter means test for Assurances.

It should be noted that even before the 8th Review was tabled, NIB had started on making specific changes aimed at increasing revenue and controlling the growth of expenditure. These administrative initiatives and measures, of which the Special Compliance Unit is one, are already addressing deficiencies, strategically positioning the Board for the future, and bringing about operational efficiency and value creation.

- The review by the Hay Group of the Job Evaluation and Compensation system, as implemented by the Board in 2004, was revisited for executives in May 2009, confirming that an executive strategic functional review would be required in the new term. It is important to note that the purpose of this exercise was to position NIB strategically for the future and ensure at the executive level initially, that NIB has the required talent and resources in order to guide business activities and successfully position NIB for the longer term.
- Objective based performance evaluations introduced to Executive Management Team and completed for calendar years 2009 and 2010.
- To advance the goal-setting efforts by Executives and Sr. Management, NIB also purchased a complete H.R. Management System (KRONOS).
- The revised evaluation tool for Inspectors was implemented in January 2009.
- The Board made a significant change in consolidating Compliance and the Inspectorate under one Compliance Unit. A determination was made that this would bring sharper focus on compliance and consistent management across the area.

- The Strategic Operating Model Review, conducted by Ernst & Young in April 2009, will, when implemented, position NIB strategically for the future.
- Med 4, a key deliverable in the area of claims was introduced. Short term claims reduced by an average of 20% and net savings (fraud) estimated at \$3 million.
- The Board successfully introduced Unemployment Benefit to its benefits package—the temporary phase in April 2009 and the permanent phase in June. NIB was recognised by the Office of the Prime Minister for its excellent performance in that regard. (\$20.8 million was paid out in 2009 to unemployed Bahamians.). The Unemployment Benefit was made a permanent benefit in June 2010.
- The National Prescription Drug Plan was launched in September 2010 to make available prescription drugs used in the treatment of 11 chronic diseases gratis in the first instance to those participating in the first phase and at reduced cost subsequently.
- NIB's signature "Healthy People" Programme, the second component of the National Prescription Drug Plan, was launched as "Get Well Bahamas" in December 2010 with two central components. "Healthy People" aims to develop a culture of wellness in our population by partnering with qualified organisations to implement wellness activities in the community.
- In connection with "Healthy People", NIB forged a partnership with Body Zone Fitness and Jemi Health and Wellness. This programme will benefit 40 Bahamians afflicted with one or more chronic disease in living a healthy lifestyle. Featuring a 3-month period of physical fitness and wellness counseling, the initiative is purposed to demonstrate that through lifestyle



and behaviour change, chronic diseases can be managed and dependence on prescription medication can be reduced or even eliminated.

- A refocus on collections yielded \$159.6 million in 2009 and \$167.5 million in 2010.
- The Board refocused on prosecuting delinquent employers – 1,200 cases in 2009 and 1,300 in 2010. For NIB, prosecution is a last resort when all attempts to negotiate have failed.
- NIB took in house aspects of its investments, which had previously been outsourced to investment firms.
- The contribution rate was increased from 8.8% to 9.8% - first increase in NIB's history – effective June 1, 2010.
- Construction started on several new Government Complexes - Freeport, Abaco, Sandilands Robert Smith Child and Adolescent Centre, Ministry of Tourism, Grand Cay Clinic, Inagua Clinic, and refurbishment of clinics in Nicholls Town, Kemps Bay, Mangrove Cay Andros.
- NIB's website was redesigned to become a dynamic source of information and variety of resources, especially those related to processing claims.
- Launch of External Customer Survey – a continuous effort to gauge customer's perception of our service delivery – this survey is completed monthly and feedback used to make further improvements in external customer service.

- Launch of Annual Internal Customer Survey – a tool for employees to advise management of progress made in living our vision.
- Total benefits paid in 2010, including Unemployment Benefit, \$176.0 million.
- January 2011 will see the launch of "Journey to Wellness", a 7-episode reality TV series sponsored by NIB and produced by The Counsellors marketing firm. The series will follow the wellness journey of six persons participating in the 12-week Get Well Bahamas Health and Fitness Challenge. These six individuals (three men and three women) of varying age groups will represent the 11 chronic conditions supported by the National Prescription Drug Plan. It is planned that the series will run to April.

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HEALTH CARE FACILITIES CONSTRUCTED

Created in 1985 with an initial endowment of \$40.6 million, the Medical Benefits Branch was mandated to assist with the development and extension of health infrastructure in The Bahamas. The objective was to make available funding for this purpose and to construct community clinics and/or hospitals. To date, a total of 19 clinics/health centres have been constructed, equipped and formally turned over to the Ministry of Health. During the decade, three new health facilities were constructed (South Beach Clinic, New Providence; Miriam Green, South Andros; and Grand Cay Clinic, Abaco), and three were renovated and re-opened (Mangrove Cay Clinic, Nicholl's Town Clinic, and Miriam Green Clinic, Andros).



These modern, well-equipped community clinics are helping to make quality health-care more accessible and affordable for area residents. At December 31, 2010, there remained on the drawing board plans to construct clinics at Inagua; Rock Sound, Eleuthera; Sandy Point, Abaco; and Smith's Bay, Cat Island. Plans also include building mini hospitals at George Town, Exuma and Marsh Harbour, Abaco.

Minister of Finance, June 2008 to Present

CHAIRMEN

Mr. James M. Pinder, M.P., (1992) to 2002

Mr. Philip Davis, MP, 2002 to May 2007

Mr. Patrick Ward, (May) 2007 to present

ADMINISTRATION & FINANCE 2001 TO 2010

MINISTERS

The Honourable Theresa Moxey-Ingraham, M.P.
Minister of Public Service & Cultural Affairs, 2000 - 2002

The Honourable D. Shane Gibson, M.P.
Minister of Housing & National Insurance, 2002 to 2006

The Honourable Bernard J. Nottage, M.P.
Minister of Health & National Insurance, May 2006 to April 2007
(Ministry name changed to Health, National Insurance & Public Information in 2007)

The Honourable Kenneth Russell, M.P.
Minister of Housing & National Insurance May 2007 to June 2008

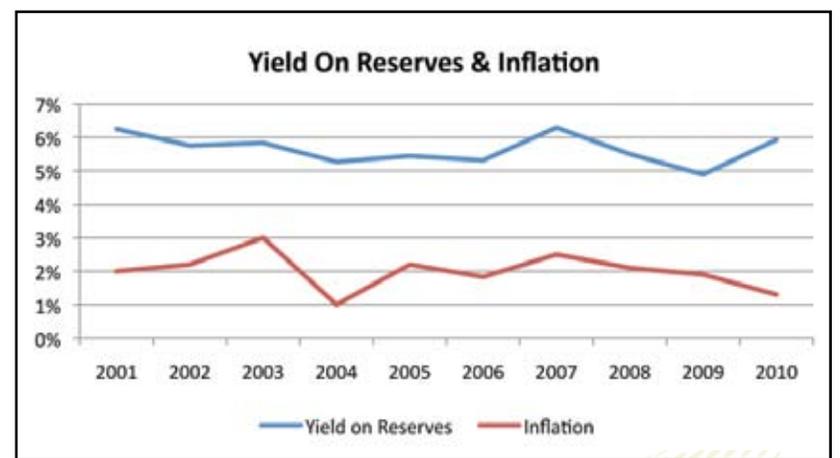
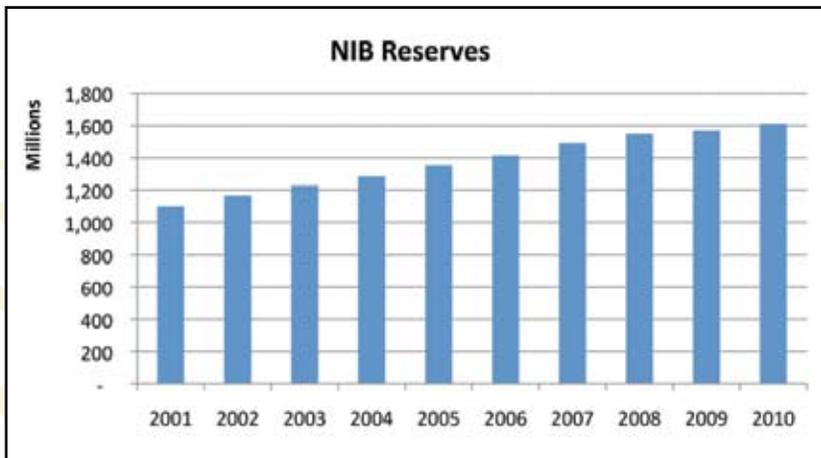
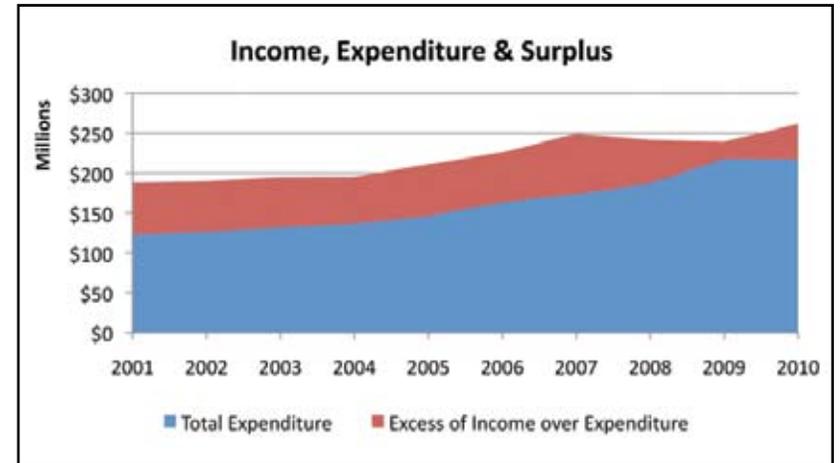
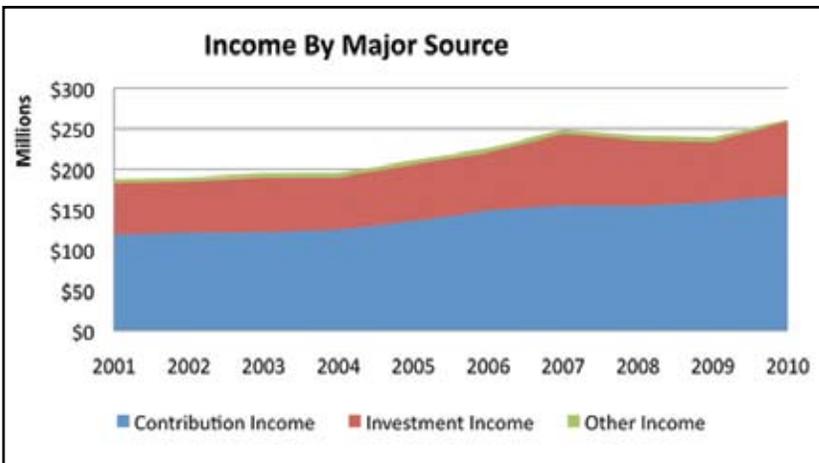
The Rt. Honourable Hubert Ingraham, M.P.

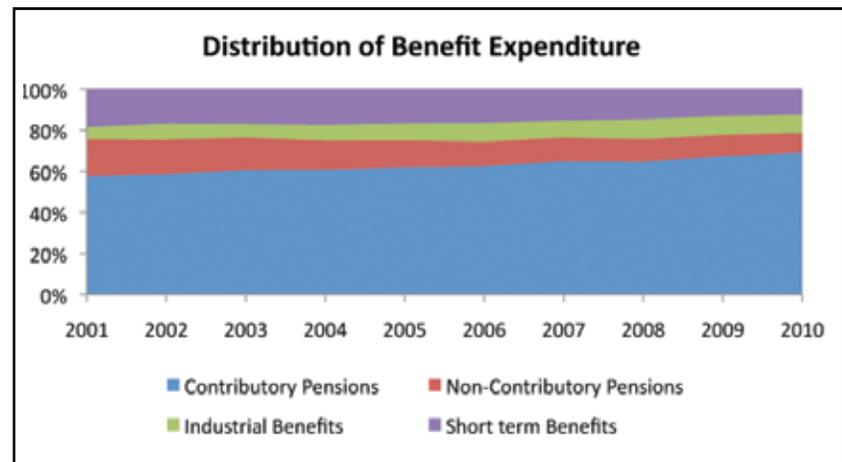
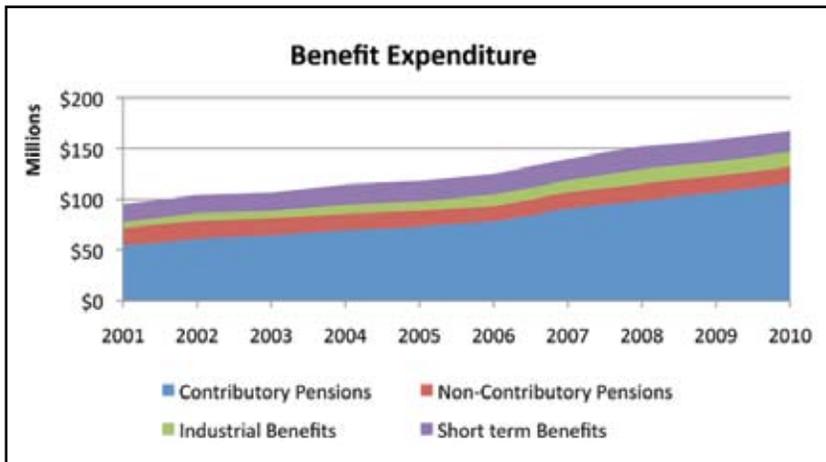
DIRECTORS

Mr. Lennox McCartney, (January 1995) to December 2007

Mr. Algernon Cargill, October 2008 to present

The following charts illustrate several financial and operational developments during the period 2001 to 2010





NUMBER OF PENSIONS IN PAYMENT 2001 - 2010											
Benefit Type	YEAR										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Long-term Benefits	Retirement Benefit	10,698	11,460	11,959	12,676	13,095	13,895	14,439	15,240	16,796	17,378
	Invalidity Benefit	1,720	1,852	1,909	1,991	2,018	2,090	2,071	2,092	2,171	2,162
	Survivors' Benefit	2,953	3,152	3,288	3,395	3,366	3,556	3,590	3,790	3,940	3,803
	Old Age Non-Contributory Pension	3,720	3,513	3,316	3,144	2,909	2,796	2,619	2,584	2,477	2,275
	Invalidity Assistance	2,782	2,816	2,790	2,819	2,753	2,769	2,708	2,695	2,747	2,676
	Survivors' Assistance	1,018	965	919	844	760	706	633	602	548	504
Total	22,891	23,758	24,181	24,869	24,901	25,812	26,060	27,003	28,679	28,798	
Industrial Benefits	Disablement Benefit & Grant	313	346	404	445	469	499	514	537	580	607
	Industrial Death	86	84	78	74	73	74	72	72	66	67
Total Industrial	399	430	482	519	542	573	586	609	646	674	

NUMBER OF CLAIMS AWARDED 2001 - 2010

Benefit Type	YEAR										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Long-term Benefits/ Assistance	Retirement Benefit	1,171	1,135	1,014	1,143	1,151	1,110	1,294	1,540	1,977	1,741
	Invalidity Benefit	217	261	211	181	167	190	176	175	201	189
	Survivors' Benefit	389	396	389	410	366	397	363	473	479	452
	Old Age Non-Contributory Pension	216	135	122	113	115	132	143	176	134	146
	Invalidity Assistance	179	172	131	145	100	139	94	113	137	138
	Survivors' Assistance	75	64	51	36	50	31	23	43	44	41
Total Long-term	2,247	2,163	1,918	2,028	1,949	1,999	2,093	2,520	2,972	2,707	
Short-term Benefits	Sickness Benefit	19,852	18,167	21,945	20,068	20,844	21,612	21,371	22,143	17,270	17,528
	Maternity Benefit	2,954	3,016	2,733	2,857	2,906	2,896	3,049	3,158	3,145	3,607
	Maternity Grant	3,193	3,242	3,070	3,178	3,286	3,096	3,546	3,658	3,580	4,293
	Funeral Benefit	1,121	1,170	1,170	1,213	1,294	1,220	1,225	1,317	1,476	1,472
	Unemployment Benefit	-	-	-	-	-	-	-	-	14,071	5,655
Sickness Assistance	81	87	64	59	49	66	32	11	18	11	
Total Short-term	27,201	25,682	28,982	27,375	28,379	28,890	29,223	30,287	39,560	32,566	
Industrial Benefits	Medical Care	667	N/A	1,122	927	1,526	2,165	2,165	1,868	2,263	2,481
	Injury Benefit	1,216	1,265	1,228	1,323	1,537	1,520	1,487	1,623	1,456	1,689
	Disablement Benefit & Grant	26	39	65	50	33	36	35	32	49	62
	Industrial Death	2	3	1	2	6	4	5	2	1	10
	Industrial Funeral	-	1	-	-	-	-	-	1	-	-
Total Industrial	1,911	1,308	2,416	2,302	3,102	3,725	3,692	3,526	3,769	4,242	



THE NATIONAL INSURANCE FUND

*Consolidated
Financial Statements*

December 31, 2010



THE NATIONAL INSURANCE FUND



INDEPENDENT AUDITORS' REPORT

To the Government of the Commonwealth of The Bahamas

We have audited the accompanying consolidated financial statements of the National Insurance Fund and its subsidiary, which comprise the consolidated balance sheet as of December 31, 2010, and the consolidated statements of comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and with the requirements of the National Insurance Act and the National Insurance (Financial and Accounting) Regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

*PricewaterhouseCoopers, Providence House, East Hill Street, P.O. Box N-3910, Nassau, Bahamas
T: +1 242 302 5300, F: +1 242 302 5350, www.pwc.com/bs, E-mail: pwcbs@bs.pwc.com*



Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the National Insurance Fund and its subsidiary as of December 31, 2010, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and with the requirements of the National Insurance Act and the National Insurance (Financial and Accounting) Regulations.

PricewaterhouseCoopers

**Chartered Accountants
Nassau, Bahamas**

June 15, 2011

The National Insurance Fund
(Established under the laws of the Commonwealth of The Bahamas)

Consolidated Balance Sheet
As of December 31, 2010
(Expressed in Thousands of Bahamian dollars)

	Notes	2010 \$	2009 \$
ASSETS			
Cash on hand and at banks	3	13,210	18,205
Receivables and advances	4	6,138	7,169
Prepaid expenses and deposits		957	924
		<u>20,305</u>	<u>26,298</u>
Investments			
At fair value through profit or loss:			
Equity securities	5	65,920	59,835
Held-to-maturity:			
Bahamas Government US\$ notes	6(a)	30,266	29,212
United States of America US\$ treasury notes	6(b)	9,447	-
Government of Barbados US\$ bonds	6(c)	5,912	3,094
Government of the Cayman Islands US\$ bonds	6(d)	2,485	-
Loans and receivables:			
Certificates of deposit	7(a)	287,887	299,950
Bahamas Government registered stocks	7(b)	671,924	668,273
Bahamas Mortgage Corporation bonds	7(c)	117,728	123,421
Education Loan Authority bonds	7(d)	48,564	48,381
Bahamas Development Bank bonds	7(e)	47,013	47,257
Nassau Airport Development Company Limited debt securities	7(f)	43,852	42,218
Bahamas Electricity Corporation bonds	7(g)	25,046	25,935
Bank of The Bahamas Limited bonds	7(h)	17,005	17,005
Preference shares	7(i)	11,500	8,500
Clifton Heritage Authority bonds	7(j)	8,005	8,005
Bahamas Government treasury bills	7(k)	6,991	4,945
Loans to Bahamas Government entities	7(l)	3,844	5,429
Latin American Investment Bank (Bahamas) Ltd. bonds	7(m)	3,200	3,374
Bridge Authority bonds	7(n)	2,835	2,835
Fidelity Bank (Bahamas) Limited notes	7(o)	2,830	2,830
Consolidated Water (Bahamas) Ltd. bonds	7(p)	1,701	2,038
Net investment in finance leases	8	51,478	52,221
Investment property	9	11,432	11,430
Investment in associate	10	31,465	31,042
		<u>1,508,330</u>	<u>1,497,230</u>
Total investments		1,508,330	1,497,230

The National Insurance Fund
 (Established under the laws of the Commonwealth of The Bahamas)

Consolidated Balance Sheet
As of December 31, 2010
 (Expressed in Thousands of Bahamian dollars)
 (Continued)

	Notes	2010	2009
		\$	\$
ASSETS (Continued)			
Computer software		495	450
Property, plant and equipment	11	47,613	40,766
Construction in progress – finance leases	12	92,548	53,524
		<u>1,669,291</u>	<u>1,618,268</u>
TOTAL ASSETS			
LIABILITIES			
Accounts payable and accrued expenses	13	7,238	4,994
Staff pension fund	14	48,020	42,710
Accrued benefits payable		3,523	2,795
		<u>58,781</u>	<u>50,499</u>
TOTAL LIABILITIES			
RESERVES			
Short-term benefits	30	11,579	6,603
Pensions	30	1,375,534	1,338,410
Industrial benefits	30	104,723	104,115
Medical benefits	30	95,085	95,110
Disablement and death benefits	30	23,013	22,955
Fidelity bond	15 & 30	576	576
		<u>1,610,510</u>	<u>1,567,769</u>
TOTAL RESERVES			
TOTAL LIABILITIES AND RESERVES			
		<u>1,669,291</u>	<u>1,618,268</u>

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF BY:



Chairman



Director



Financial Controller May 25, 2011

Date

The accompanying notes are an integral part of these consolidated financial statements.

The National Insurance Fund

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2010 (Expressed in Thousands of Bahamian dollars)

	Notes	2010 \$	2009 \$
INCOME			
Contributions			
Employers		104,441	99,462
Insured persons		60,004	56,968
Self-employed persons		3,346	3,447
Voluntarily insured		-	-
		<hr/>	<hr/>
		167,791	159,877
Refund of contributions		(311)	(229)
		<hr/>	<hr/>
Total net contributions		167,480	159,648
Grant from Consolidated Fund	16	2,450	4,900
Income from investments	17	87,975	70,857
Income from property	18	1,819	1,862
Share of profits of associate	10	1,682	1,595
Other income		74	276
		<hr/>	<hr/>
TOTAL INCOME		261,480	239,138

The accompanying notes are an integral part of these consolidated financial statements.

The National Insurance Fund

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2010 \$	2009 \$
EXPENDITURE			
Benefits expenditure			
Short-term		29,415	41,525
Pensions		131,894	122,992
Industrial		10,680	10,075
Disablement and death		3,965	4,129
		<u>175,954</u>	<u>178,721</u>
Total benefits expenditure			
Administrative expenditure			
Staff salaries, allowances and benefits	22	28,162	25,788
Expenses of the Board of Directors		116	121
Amortisation		328	323
Depreciation	11	1,318	1,156
Other expenses	21	8,314	7,849
		<u>38,238</u>	<u>35,237</u>
Total administrative expenditure			
Expenditure of the medical benefits branch			
Administrative expenditure		2,778	788
Depreciation	11	689	747
		<u>3,467</u>	<u>1,535</u>
Total expenditure of the medical benefits branch			
Other			
Net impairment provision on investments	7(l), 10	1,259	2,503
		<u>1,259</u>	<u>2,503</u>
TOTAL EXPENDITURE			
		<u>218,918</u>	<u>217,996</u>
EXCESS OF INCOME OVER EXPENDITURE			
Unclaimed benefits		179	367
		<u>42,741</u>	<u>21,509</u>
TOTAL COMPREHENSIVE INCOME			

The accompanying notes are an integral part of these consolidated financial statements.

The National Insurance Fund

Consolidated Statement of Changes in Reserves For the Year Ended December 31, 2010 (Expressed in Thousands of Bahamian dollars)

Notes	Short-term		Pensions		Industrial		Medical		Disablement and Death		Fidelity Bond		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME														
Total net contributions	41,870	26,342	112,212	117,980	12,561	13,570	837	1,756	-	-	-	-	167,480	159,648
Grant from Consolidated Fund	-	-	2,450	4,900	-	-	-	-	-	-	-	-	2,450	4,900
Income from investments	402	252	79,897	62,463	4,669	4,559	1,947	2,625	1,060	958	-	-	87,975	70,857
Income from property	-	-	1,179	1,307	-	-	640	555	-	-	-	-	1,819	1,862
Share of profits of associate	-	-	1,682	1,595	-	-	-	-	-	-	-	-	1,682	1,595
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:														
Disablement	19	-	-	-	-	-	-	-	2,963	6,309	-	-	2,963	6,309
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	19	69	19	69	18	69	18	69	-	-	-	-	74	276
TOTAL INCOME	42,291	26,663	197,439	188,314	17,248	18,198	3,442	5,005	4,023	7,267	-	-	264,443	245,447
EXPENDITURE														
Benefits expenditure														
Sickness benefit	10,073	10,056	-	-	-	-	-	-	-	-	-	-	10,073	10,056
Unemployment benefit	8,759	20,810	-	-	-	-	-	-	-	-	-	-	8,759	20,810
Maternity benefit	6,777	6,998	-	-	-	-	-	-	-	-	-	-	6,777	6,998
Funeral benefit	2,295	2,225	-	-	-	-	-	-	-	-	-	-	2,295	2,225
Maternity grant	1,502	1,430	-	-	-	-	-	-	-	-	-	-	1,502	1,430
Sickness assistance	9	6	-	-	-	-	-	-	-	-	-	-	9	6
Retirement benefit	-	-	90,292	82,048	-	-	-	-	-	-	-	-	90,292	82,048
Survivors' benefit	-	-	14,082	13,893	-	-	-	-	-	-	-	-	14,082	13,893
Invalidity benefit	-	-	11,424	10,644	-	-	-	-	-	-	-	-	11,424	10,644
Invalidity assistance	-	-	8,018	7,786	-	-	-	-	-	-	-	-	8,018	7,786
Old age non-contributory retirement benefit	-	-	6,779	7,023	-	-	-	-	-	-	-	-	6,779	7,023
Survivors' assistance	-	-	1,299	1,598	-	-	-	-	-	-	-	-	1,299	1,598
Medical care	-	-	-	-	8,708	8,566	-	-	-	-	-	-	8,708	8,566
Injury benefit	-	-	-	-	1,832	1,441	-	-	-	-	-	-	1,832	1,441
Disablement grant	-	-	-	-	140	68	-	-	-	-	-	-	140	68
Payment of current periodically payable benefits effected during the year:														
Disablement	-	-	-	-	-	-	-	-	3,623	3,804	-	-	3,623	3,804
Death	-	-	-	-	-	-	-	-	342	325	-	-	342	325
Disablement benefit – capital value	29,415	41,525	131,894	122,992	10,680	10,075	-	-	3,965	4,129	-	-	175,954	178,721
Death benefit – capital value	-	-	-	-	2,963	6,309	-	-	-	-	-	-	2,963	6,309
Administrative expenditure	7,956	7,104	27,245	25,226	3,037	2,907	3,467	1,535	-	-	-	-	41,705	36,772
Other expenditure	-	-	1,259	2,503	-	-	-	-	-	-	-	-	1,259	2,503
TOTAL EXPENDITURE	37,371	48,629	160,398	150,721	16,680	19,291	3,467	1,535	3,965	4,129	-	-	221,881	224,305
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE														
Unclaimed benefits	4,920	(21,966)	37,041	37,593	568	(1,093)	(25)	3,470	58	3,138	-	-	42,562	21,142
	56	151	83	55	40	161	-	-	-	-	-	-	179	367
TOTAL COMPREHENSIVE INCOME	4,976	(21,815)	37,124	37,648	608	(932)	(25)	3,470	58	3,138	-	-	42,741	21,509
RESERVES, beginning of year	6,603	8,418	1,338,410	1,300,762	104,115	105,047	95,110	111,640	22,955	19,817	576	576	1,567,769	1,546,260
Transfer from/(to) reserves	-	20,000	-	-	-	-	-	(20,000)	-	-	-	-	-	-
RESERVES, end of year	11,579	6,603	1,375,534	1,338,410	104,723	104,115	95,085	95,110	23,013	22,955	576	576	1,610,510	1,567,769

The accompanying notes are an integral part of these consolidated financial statements.

The National Insurance Fund

Consolidated Statement of Cash Flows For the Year Ended December 31, 2010 (Expressed in Thousands of Bahamian dollars)

	2010	2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditure	42,562	21,142
Adjustments:		
Grant from Consolidated Fund	(2,450)	(4,900)
Income from investments	(87,975)	(70,857)
Income from property	(1,819)	(1,862)
Share of profits of associate	(1,682)	(1,595)
Loss on write-off of computer software	85	-
Loss on disposal/write-off of property, plant and equipment	57	13
Amortisation	328	323
Depreciation	2,007	1,903
Net impairment provision on investments	1,259	2,503
Grant from Consolidated Fund received	4,900	2,450
Deficit before working capital changes	(42,728)	(50,880)
Decrease in receivables and advances	627	99
Increase in prepaid expenses and deposits	(33)	(507)
Increase/(Decrease) in accounts payable and accrued expenses	2,423	(381)
Increase in staff pension fund	5,310	4,907
Increase/(Decrease) in accrued benefits payable	728	(480)
Net cash used in operating activities	(33,673)	(47,242)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	74,508	70,502
Dividends received	3,571	2,564
Proceeds from finance leases	7,072	11,354
Income received from property	1,014	1,856
Dividends received from associate	-	1,127
Proceeds from sale of equity securities	-	2,000
Proceeds on maturity of Government of the Cayman Islands US\$ bonds	492	-
Proceeds on maturity of certificates of deposit	155,076	286,820
Proceeds on maturity of Bahamas Government registered stocks	28,352	27,270
Proceeds on maturity of Bahamas Mortgage Corporation bonds	17,000	2,400
Proceeds on maturity of Bank of The Bahamas Limited bonds	-	26

The accompanying notes are an integral part of these consolidated financial statements.

The National Insurance Fund

Consolidated Statement of Cash Flows For the Year Ended December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

	2010 \$	2009 \$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds on redemption of preference shares	2,500	1,000
Net movement in Bahamas Government treasury bills	2,966	14,837
Proceeds from loan repayments from Bahamas Government entities	1,549	6,053
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	-	115
Proceeds from Consolidated Water (Bahamas) Ltd. bonds	300	-
Proceeds from sale of property, plant and equipment	-	7
Purchase of equity securities	(5,012)	(4,696)
Purchase of Bahamas Government US\$ notes	(1,000)	(15,089)
Purchase of United States of America US\$ treasury notes	(9,400)	-
Purchase of Government of Barbados US\$ bonds	(2,500)	(3,000)
Purchase of Government of the Cayman Islands US\$ bonds	(2,962)	-
Placements of certificates of deposit	(220,578)	(250,437)
Purchase of Bahamas Government registered stocks	(31,814)	(43,573)
Purchase of Bahamas Mortgage Corporation bonds	(11,500)	-
Purchase of Education Loan Authority bonds	-	(4,000)
Purchase of Bahamas Development Bank bonds	-	(2,000)
Purchase of Nassau Airport Development Company Limited debt securities	-	(40,000)
Purchase of preference shares	(5,500)	(5,000)
Additional loans to Bahamas Government entities	-	(3,900)
Purchase of Fidelity Bank (Bahamas) Limited notes	-	(300)
Additions to investment property	(2)	-
Additions to computer software	(458)	(209)
Purchase of property, plant and equipment	(8,911)	(3,098)
Additions to construction in progress – finance leases	(39,073)	(7,701)
	<u>(44,310)</u>	<u>44,928</u>
Net cash from/(used in) investing activities		
	(77,983)	(2,314)
Net decrease in cash and cash equivalents		
Cash and cash equivalents, beginning of year	96,205	98,519
	<u>96,205</u>	<u>98,519</u>
Cash and cash equivalents, end of year (Note 3)	18,222	96,205
	<u>18,222</u>	<u>96,205</u>

The accompanying notes are an integral part of these consolidated financial statements.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

1. General Information

The National Insurance Fund (the Fund) was established under the National Insurance Act (the Act). The major objective of the Fund is to provide pecuniary payments in respect of:

- (a) sickness, invalidity, maternity, unemployment, retirement, death, industrial injury and disablement and death from industrial injury;
- (b) medical care;
- (c) social assistance for insured and other persons not qualifying for such payments as of right;
- (d) purposes connected with and incidental to the above matters.

Income is derived from contributions and return on investments. The daily operations of the Fund are governed by the Act and regulations pertaining thereto and are administered by the National Insurance Board (NIB). The Fund has one wholly-owned subsidiary, Cloughton House Limited.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and with the requirements of the Act and the National Insurance (Financial and Accounting) Regulations (the Regulations). Further, the consolidated financial statements are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Fund's accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Notes 2(e), 2(g), 2(h), 2(i) and 2(l).

The consolidated financial statements do not take account of liabilities to pay benefits in the future. An actuarial valuation is performed every five years, with the latest valuation having been done as of December 31, 2006. Certain results of the actuarial valuation are described in Note 31.

Amendments and interpretations to published standards that became effective for fiscal periods beginning on or after July 1, 2009 were not relevant to the Fund's operations and accordingly did not impact the Fund's accounting policies or consolidated financial statements.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

The application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Fund's accounting policies or consolidated financial statements in the period of initial application.

(b) Consolidation

Subsidiaries

Subsidiaries are all entities over which the Fund has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, except if they are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Fund.

Associates

Associates are all entities over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The investment in associates includes goodwill identified on acquisition, net of any accumulated impairment losses.

The Fund's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Fund's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Fund does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Fund and its associates are eliminated to the extent of the Fund's interest in the associates. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the Fund.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(c) Foreign currency translation

The consolidated financial statements are presented in Bahamian dollars, which is the functional and presentation currency of the Fund. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at exchange rates prevailing as of the reporting date are recognised in the consolidated statement of comprehensive income.

(d) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original contractual maturities of three months or less and, if applicable, bank overdrafts.

(e) Financial assets

The Fund classifies its financial assets into the following categories: financial assets at fair value through profit or loss; held-to-maturity; and loans and receivables. Management determines the classification of financial assets at initial recognition, based on the purpose for which they are acquired, and re-evaluates the classification on a regular basis.

Financial assets at fair value through profit or loss are those that are managed and their performance evaluated on a fair value basis. These financial assets are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices. Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund has the positive intention and ability to hold to maturity. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market.

Regular-way purchases and sales of financial assets are recognised on the trade date, which is the date that the Fund commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets at fair value through profit or loss where transaction costs are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows from them have expired or when they have been transferred and the Fund has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently carried at fair value based on quoted prices for investments traded in active markets; or valuation techniques, including recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants, for investments not traded in active markets. Gains and losses arising from sales and changes in fair value of these financial assets are recognised in the consolidated statement of comprehensive income in the period in which they arise.

Held-to-maturity investments and loans and receivables are carried at amortised cost using the effective interest method, less any provision for impairment.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(f) Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) are reclassified in the consolidated financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in loans payable when applicable.

Securities purchased under agreements to resell (reverse repos) are recorded as loans to the applicable counterparty. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent are retained in the consolidated financial statements.

(g) Impairment of financial assets

The Fund assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that an impairment loss on held-to-maturity investments or loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. When the asset is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income.

The amount of loss on financial assets at fair value through profit or loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of interest for a similar financial asset.

(h) Investment property

Property that is held for long-term rental yields, capital appreciation, or both, and is not principally occupied by the Fund, is classified as investment property. Investment property comprises freehold land and office buildings.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(h) Investment property (continued)

Investment property is measured initially at cost, including related transaction costs. Subsequently, investment property is carried at fair value. Fair value is based on valuation methods such as discounted cash flow projections and prices observed in recent transactions involving similar properties. Formal valuations are obtained, from independent appraisers who hold recognised and relevant professional qualifications and have recent experience in the category of investment property being valued, at least every three years. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the fair value of the property.

Changes in fair values are recorded in the consolidated statement of comprehensive income. Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

(i) Property, plant and equipment

Land and buildings principally comprise buildings that are significantly occupied by the Fund or occupied by medical clinics operated by the Government of the Commonwealth of The Bahamas (The Bahamas Government). Property, plant and equipment are stated at historical cost less depreciation, except land which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably.

Repairs and maintenance and costs of leasehold improvements are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (continued)

Depreciation is calculated using the straight-line basis to allocate costs (net of residual values) over estimated useful lives as follows:

Buildings	40 years
Office furniture and equipment	5-10 years
Computer hardware	3-5 years
Motor vehicles	4 years
Medical equipment	10 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in the consolidated statement of comprehensive income.

(j) Computer software

Computer software comprises software packages and other costs associated with implementing the software and ensuring that it is fully operational. The asset is stated at historical cost less amortisation, calculated using the straight-line basis over the estimated useful life of three years.

(k) Leases

The Fund is lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Leases (continued)

The Fund is lessor

Finance leases

For assets leased out under finance leases, the present value of the lease payments is recognised as net investment in finance leases in the consolidated balance sheet. The difference between the total gross lease payments and the present value of the lease payments is recognised as unearned finance income. Lease income is recognised over the term of the leases using the net investment method, which reflects a constant periodic rate of return.

Costs in relation to construction of assets intended to be leased out under finance leases are recognised as construction in progress – finance leases in the consolidated balance sheet. Costs include the expenditures that are directly attributable to the construction of the assets. In addition, the Fund recognises interest income, using the effective interest method, on the outstanding balance during the construction phase and includes this in the carrying amount. Upon completion of an asset, the amounts are transferred to net investment in finance leases.

Operating leases

Assets leased out under operating leases are included in investment property or property, plant and equipment in the consolidated balance sheet. Rental income is recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(l) Employee benefits

NIB provides a contributory defined benefit pension plan (the pension plan) for all of its non-contractual, full time employees. A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The Fund is obligated to fund the pension plan.

The liability recognised in the consolidated balance sheet is the present value of the defined benefit obligation as of the balance sheet date minus the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Bahamas Government securities that have terms to maturity approximating the terms of the related liability.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, in excess of the greater of 10% of the value of plan assets and 10% of the defined benefit obligation are charged or credited to the consolidated statement of comprehensive income over the average remaining service lives. Past service costs are recognised immediately in the consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortised on a straight-line basis over the vesting period.

(m) Revenue recognition

Contributions are accounted for on a cash basis. Management has determined that due to the significant uncertainty of timing and amounts of contributions by participants the revenue recognition criteria are not satisfied until payments have been received.

Grants from the Consolidated Fund received from The Bahamas Government to subsidise the assistance benefits provided to non-contributory pensioners, are recognised as income in the period in which any conditions attached to the grant are satisfied. These amounts are presented gross in the consolidated statement of comprehensive income.

Interest income for all instruments measured at amortised cost is recognised in the consolidated statement of comprehensive income using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised when the Fund's right to receive payment has been established. Rental income is recognised as disclosed in Note 2(k). Other income amounts are recognised using the accrual basis of accounting.

(n) Expense recognition

Benefits expenditure is recognised when the Fund's obligation to make payment has been established, generally upon approval of a claim submitted. Other expenses are recognised using the accrual basis of accounting.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(o) Unclaimed benefits

In accordance with section 15 of the National Insurance (Benefit and Assistance) Regulations, unclaimed benefits are legally extinguished after a period of eighteen months. Management has implemented a policy of reversing benefit liabilities, and crediting them directly to reserves, after a period of two years to provide for an extended period that may be granted to recipients of benefits based on the underlying circumstances.

(p) Apportionment of income, and administrative and other expenditure

The Regulations provide the following:

- i. Income from contributions shall be distributed among the benefit branches in the following proportions:

	2010	2009
Short-term benefits reserve	25.0%	16.5%
Pensions reserve	67.0%	73.9%
Industrial benefits reserve	7.5%	8.5%
Medical benefits reserve	<u>0.5%</u>	<u>1.1%</u>
	<u>100.00%</u>	<u>100.00%</u>

- ii. Income by way of grant from the Consolidated Fund under Section 45 of the Act shall be fully credited to the pensions branch.
- iii. Income from investments shall be allocated to the benefits branch to which the investments relate.
- iv. All other income, which cannot be identified with any specific branch, shall be distributed among the four benefit branches in equal parts.
- v. Administrative expenditure of the medical benefits branch shall be ascribed to that branch and all other administrative expenditure shall be distributed among the other three branches so that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the income and expenditure account of that branch bears to the sum of the contribution income and benefits expenditure of the Fund as a whole.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(p) Apportionment of income, and administrative and other expenditure (continued)

For the years ended December 31, 2010 and 2009, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2010	2009
Short-term benefits reserve	20.81%	20.16%
Pensions reserve	71.25%	71.59%
Industrial benefits reserve	<u>7.94%</u>	<u>8.25%</u>
	<u>100.00%</u>	<u>100.00%</u>

vi. All other expenditure, which is not attributable to any specific branch, shall be distributed among the four benefit branches in equal parts.

(q) Taxation

The Fund is established under the laws of the Commonwealth of The Bahamas and is not subject to income, capital gains or other corporate taxes. The Fund's operations do not subject it to taxation in any other jurisdiction, except for withholding taxes imposed by certain countries on investment income and capital gains for investments domiciled in those countries.

(r) Corresponding figures

Where necessary, corresponding figures are adjusted to conform with changes in presentation in the current year.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

3. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise:

	2010	2009
	\$	\$
Cash on hand	29	87
Cash at banks – current account	5,587	5,148
Cash at brokers	952	1,585
Cash at the Central Bank of The Bahamas	<u>6,642</u>	<u>11,385</u>
Cash on hand and at banks	13,210	18,205
Short-term highly liquid investments with original contractual maturities of three months or less:		
Certificates of deposit (Note 7(a))	-	78,000
Bahamas Government treasury bills (Note 7(k))	<u>5,012</u>	<u>-</u>
	<u>18,222</u>	<u>96,205</u>

Cash at the Central Bank of The Bahamas does not earn interest. The effective interest rate earned on cash and cash equivalents during the year was 4.70% (2009: 4.83%).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

4. Receivables and Advances

	2010 \$	2009 \$
Finance lease receivables	3,410	1,631
Rent receivable	1,728	923
Education loans – staff	449	478
Advances to staff	240	171
Automobile loans – staff	223	306
Computer loans – staff	75	99
Miscellaneous receivables	21	607
Staff uniforms	2	19
Grant receivable – The Bahamas Government	-	2,450
Dividends receivable	-	538
	<u>6,148</u>	<u>7,222</u>
Provision for doubtful accounts	(10)	(53)
	<u>6,138</u>	<u>7,169</u>

5. Investments at Fair Value Through Profit or Loss

The Fund ranks its investments based on the hierarchy of valuation techniques required by IFRS, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Fund's market assumptions. These two types of inputs lead to the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity securities and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

5. Investments at Fair Value Through Profit or Loss (Continued)

Investments at fair value through profit or loss held by the Fund comprise:

Units			2010	2009
2010	2009		\$	\$
<i>Ordinary Shares / Mutual Funds</i>				
Level 1				
1,000	1,000	Bahamas Waste Limited	3	3
3,034,483	3,034,483	Cable Bahamas Limited	31,741	30,284
1,084,583	884,583	Commonwealth Bank Ltd.	7,592	6,192
474,796	474,796	Consolidated Water Co. Ltd.	869	1,353
23,320	23,320	FamGuard Corporation Limited	142	152
213,472	188,472	Finance Corporation of Bahamas Limited	1,543	1,749
298,491	273,491	FirstCaribbean International Bank (Bahamas) Limited	2,803	2,732
375,153	315,153	Freeport Oil Holdings Company Ltd.	2,048	1,503
158,769	158,769	ICD Utilities Limited	1,175	888
68,327	68,327	J.S. Johnson & Company Limited	671	680
			48,587	45,536
Level 3				
1,000	1,000	Royal Fidelity International Investment Fund Limited; Index Linked Sub Fund, Class N shares Series 1	985	958
3,000	-	Royal Fidelity International Investment Fund Limited; Index Linked Sub Fund, Class N shares Series 3	3,007	-
			3,992	958

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

5. Investments at Fair Value Through Profit or Loss (Continued)

Units			2010	2009
2010	2009		\$	\$
<i>Preference Shares</i>				
Level 2				
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,826	8,826
150	150	FamGuard Corporation Limited; Prime + 1.50%	150	150
4,365,000	4,365,000	Freeport Oil Holdings Company Ltd.; Prime + 1.75%	4,365	4,365
			<u>13,341</u>	<u>13,341</u>
			<u>65,920</u>	<u>59,835</u>

During the year, the movements in investments at fair value through profit or loss comprise:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Balance as of January 1, 2010	45,536	13,341	958	59,835
Purchases	2,012	-	3,000	5,012
Sales	-	-	-	-
Net realised gain	-	-	-	-
Net unrealised gain/(loss)	1,039	-	34	1,073
Balance as of December 31, 2010	<u>48,587</u>	<u>13,341</u>	<u>3,992</u>	<u>65,920</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

5. Investments at Fair Value Through Profit or Loss (Continued)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2009	53,301	15,308	1,000	69,609
Purchases	4,696	-	-	4,696
Sales	-	(2,000)	-	(2,000)
Net realised gain	-	33	-	33
Net unrealised gain/(loss)	(12,461)	-	(42)	(12,503)
Balance as of December 31, 2009	<u>45,536</u>	<u>13,341</u>	<u>958</u>	<u>59,835</u>

As of December 31, 2010, the cost of ordinary shares/mutual funds and preference shares totals \$43,309 (2009: \$38,297) and \$13,341 (2009: \$13,341), respectively. The cost of level 3 securities totals \$4,000 (2009: \$1,000).

6. Held-To-Maturity Investments

(a) Bahamas Government US\$ notes

Face Value		Description		
2010 \$	2009 \$		2010 \$	2009 \$
11,000	10,000	6.95%; 2029	10,986	9,971
4,800	4,800	6.63%; 2033	4,690	4,687
14,102	14,102	7.13%; 2038	<u>14,183</u>	<u>14,186</u>
		Accrued interest	29,859	28,844
			<u>407</u>	<u>368</u>
			<u>30,266</u>	<u>29,212</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

6. Held-To-Maturity Investments (Continued)

(b) United States of America US\$ treasury notes

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
2,680	-	1.38%; 2015	2,609	-
2,533	-	2.50%; 2017	2,533	-
4,336	-	2.63%; 2020	4,258	-
			<hr/>	<hr/>
		Accrued interest	9,400	-
			47	-
			<hr/>	<hr/>
			9,447	-
			<hr/>	<hr/>

As of December 31, 2010, United States of America debt was rated AAA by Standard and Poors.

(c) Government of Barbados US\$ bonds

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
3,000	3,000	Class B; 7.80%; 2019	3,000	3,000
2,500	-	7.25%; 2021	2,704	-
			<hr/>	<hr/>
		Accrued interest	5,704	3,000
			208	94
			<hr/>	<hr/>
			5,912	3,094
			<hr/>	<hr/>

As of December 31, 2010, Barbados foreign currency debt was rated as BBB by Standard and Poors.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

6. Held-To-Maturity Investments (Continued)

(d) Government of the Cayman Islands US\$ bonds

Face Value		Description	2010	2009
2010	2009		\$	\$
2,500	-	5.95%; 2019 Accrued interest	2,470 15	- -
			<u>2,485</u>	<u>-</u>

As of December 31, 2010, the Cayman Islands foreign currency debt was rated AAA by Standard and Poors.

7. Loans and Receivables

(a) Certificates of deposit

	2010	2009
	\$	\$
Certificates of deposit	282,738	295,236
Provision for doubtful accounts	<u>(2,001)</u>	<u>(2,001)</u>
	280,737	293,235
Accrued interest	<u>7,150</u>	<u>6,715</u>
	<u>287,887</u>	<u>299,950</u>

During the year, certificates of deposit earned interest at rates of 3.25% to 6.50% (2009: 4.50% to 7.00%) per annum. The effective interest earned on certificates of deposit was 5.00% (2009: 5.00%).

The vast majority of certificates of deposit mature within 12 months of the balance sheet date. Certificates of deposit with original contractual maturities of three months or less totalling \$Nil (2009: \$78,000) are included in cash and cash equivalents (See Note 3).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(a) Certificates of deposit (continued)

The Fund is permitted, under foreign exchange controls of the Central Bank of The Bahamas, to invest a maximum of \$12.5million annually (\$3.125 million quarterly) in specific foreign currency investments. This annual facility commenced in 2006 and annual maximums ranged from \$12.5million to \$25 million. As of December 31, 2010, certificates of deposit include United States dollar (US\$) deposits of \$299 (2009: \$2,485).

As of December 31, 2010, the Fund has \$2,001 (2009: \$2,001) in certificates of deposit with Gulf Union Bank (Bahamas) Ltd., which is in compulsory liquidation. Accordingly, the Fund has made full provision for amounts outstanding. No payments were received in 2010 or 2009.

(b) Bahamas Government registered stocks

Investments in Bahamas Government registered stocks have interest rates varying from 5.53% to 9.00% (2009: 5.53% to 9.00%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime).

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
-	28,352	Prime + 0.31% to 0.88%; 5.88%; 2010	-	28,352
19,237	19,237	Prime + 0.69% to 0.94%; 7:00%; 2011	19,237	19,237
170,599	170,599	Prime + 0.03% to 1.38%; 6.25% to 9.00%; 2012-2016	170,599	170,599
128,428	126,020	Prime + 0.03% to 1.25%; 2017-2021	128,428	126,020
159,597	159,597	Prime + 0.03% to 0.53%; 2022-2026	159,597	159,597
134,954	106,068	Prime + 0.13% to 0.38%; 2027-2031	134,954	106,068
48,545	48,025	Prime + 0.17% to 0.63%; 2032-2037	48,545	48,025
			661,360	657,898
		Accrued interest	10,564	10,375
			671,924	668,273

The effective interest rate earned on Bahamas Government registered stocks was 6.05% (2009: 6.04%), and registered stocks with face values totalling \$13,824 (2009: \$36,039) have fixed interest rates varying from 6.63% to 9.00% (2009: 6.63% to 9.00%) and maturities ranging from 2011 to 2014 (2009: 2010 to 2014).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(c) Bahamas Mortgage Corporation bonds

Series	Description	2010 \$	2009 \$
Q	15 year bonds; Prime*; 2024-2026	12,000	3,000
B,D,G,J,L, N,O,P,R	20 year bonds; Prime* less 2.00% to 3.50%; 2019-2031	95,000	92,500
A,C,H,M,S	25 year bonds; Prime* less 1.00% to 5.00%; 2010-2034	9,200	26,200
		<u>116,200</u>	<u>121,700</u>
	Accrued interest	<u>1,528</u>	<u>1,721</u>
		<u>117,728</u>	<u>123,421</u>

These bonds are guaranteed by The Bahamas Government. As of December 31, 2010 and 2009 the face values of the bonds equal the carrying values, excluding accrued interest. * – The terms of these bonds deem Prime to be no less than 7.00%.

(d) Education Loan Authority bonds

Face Value		Description	2010 \$	2009 \$
2010 \$	2009 \$			
15,000	15,000	Series A; Prime + 0.25%; 2018	16,080	16,062
9,750	9,750	Series B; Prime + 0.50%; 2023	10,258	10,263
19,250	19,250	Series C; Prime + 0.75%; 2028	21,217	21,047
			<u>47,555</u>	<u>47,372</u>
		Accrued interest	<u>1,009</u>	<u>1,009</u>
			<u>48,564</u>	<u>48,381</u>

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
 (Expressed in Thousands of Bahamian dollars)
 (Continued)

7. Loans and Receivables (Continued)

(e) Bahamas Development Bank bonds

These bonds are guaranteed by The Bahamas Government.

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
10,000	10,000	Series B; Prime less 1.00%; 2016-2020	10,000	10,000
15,000	15,000	Series A; Prime; 2020-2024	15,000	15,000
10,000	10,000	Series D; Prime less 1.00%; 2021-2024	10,000	10,000
11,000	11,000	Series C; Prime; 2026	11,000	11,000
			<u>46,000</u>	<u>46,000</u>
		Accrued interest	1,013	1,257
			<u>47,013</u>	<u>47,257</u>

(f) Nassau Airport Development Company Limited debt securities

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
10,000	10,000	B\$ Series A subordinated participating debt; 13.00%; 2024	10,000	10,000
10,000	10,000	US\$ Series A subordinated participating debt; 13.00%; 2024	10,000	10,000
10,000	10,000	B\$ senior debt notes; 8.50%; 2031	10,000	10,000
10,000	10,000	US\$ senior debt notes; 8.50%; 2031	10,000	10,000
			<u>40,000</u>	<u>40,000</u>
		Accrued interest	3,852	2,218
			<u>43,852</u>	<u>42,218</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(f) Nassau Airport Development Company Limited debt securities (continued)

The Fund acquired debt securities of Nassau Airport Development Company Limited (NAD). The proceeds of the debt offerings were used for the financing of phase II of the expansion of the Lynden Pindling International Airport.

The senior debt notes are supported by a first priority security interest in all assets of NAD. The subordinated participating debt bears interest of 13.00% per annum, with 2.00% to be settled in cash and the remaining 11% to be settled in kind. This debt is supported by a second priority security interest in the collateral supporting the senior debt notes.

(g) Bahamas Electricity Corporation bonds

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
6,495	6,495	Series B; 6.41%; 2021	6,486	6,485
18,557	18,557	Series C; 6.56%; 2026	18,519	18,516
			<u>25,005</u>	<u>25,001</u>
		Accrued interest	41	934
			<u>25,046</u>	<u>25,935</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(h) Bank of The Bahamas Limited bonds

Face Value		Description	2010	2009
2010	2009		\$	\$
3,500	3,500	Series A; Prime; 2012	3,500	3,500
4,800	4,800	Series B; Prime; 2013	4,800	4,800
2,600	2,600	Series C; Prime; 2014	2,600	2,600
6,100	6,100	Series D; Prime; 2015	6,100	6,100
			<u>17,000</u>	<u>17,000</u>
		Accrued interest	5	5
			<u>17,005</u>	<u>17,005</u>

The Series A, B, C and D bonds are supported by Bank of The Bahamas Limited's Government Guaranteed Advanced Education Loan Scheme portfolio.

(i) Preference shares

Units		Issuers	2010	2009
2010	2009		\$	\$
2,000,000	-	Colina Holdings Bahamas Limited; Prime + 1.50%	2,000	-
3,500	-	Cable Bahamas Limited; 7.00%; 2015	3,500	-
-	1,500	Cable Bahamas Limited; 7.00%; 2010	-	1,500
5,000	5,000	Cable Bahamas Limited; 8.00%; 2019	5,000	5,000
100,000	200,000	Caribbean Crossings Limited; 7.00%; 2016	1,000	2,000
			<u>11,500</u>	<u>8,500</u>

As of December 31, 2010, the cost of preference shares totals \$11,500 (2009: \$8,500).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(k) Bahamas Government treasury bills (continued)

As of December 31, 2010, Bahamas Government treasury bills with original contractual maturities of three months or less totalling \$5,012 (2009: \$Nil) are included in cash and cash equivalents (see Note 3).

(l) Loans to Bahamas Government entities

	01/01/10 \$	Additional Funds \$	Repayments/ Adjustments \$	12/31/10 \$
BEC (a)	1,448	-	(945)	503
BEC (b)	3,403	-	(107)	3,296
Chronic Disease Prescription Drug Plan	497	-	(497)	-
	5,348	-	(1,549)	3,799
Accrued interest	81			45
	<u>5,429</u>			<u>3,844</u>

BEC

- (a) On December 1, 1989, a loan facility for BEC in the amount of \$10,000 was approved for the purpose of expanding its power generating system in New Providence and Paradise Island. This loan has been fully drawn down. The principal, which was subject to a one (1) year moratorium, is repayable over twenty (20) years in equal semi-annual instalments of \$524, inclusive of interest. The loan bears interest at 0.50% below Prime but is not to be less than 8.50% per annum. The effective interest rate applicable in the current year was 8.50% (2009: 8.50%). The current portion of the loan is \$503 (2009: \$945).

The loan is guaranteed by The Bahamas Government.

- (b) During August 2009, the Fund participated in a medium term US\$ loan facility provided to BEC to refinance its existing US\$ debt obligations. The loan bears interest at US\$ 3-month LIBOR plus 3.25%, with interest payable quarterly, and principal due in August 2012.

The loan is guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(l) Loans to Bahamas Government entities (continued)

Chronic Diseases Prescription Drug Plan

During 2009, the Board of Directors approved a loan facility of \$1,400 to be provided to the Chronic Diseases Prescription Drug Plan (the Drug Plan) to finance the capital expenditures for the establishment of the Drug Plan pursuant to National Insurance (Chronic Diseases Prescription Drug Fund) Act, 2009. The Drug Plan was launched in September 2010 and is administered by NIB.

The original terms were for the loan to be interest free during the non-contributory phase of the Drug Plan and the loan to be repaid within five years of the introduction of the contributory phase. Interest during the contributory phase was to be at a rate of not less than Prime per annum.

During 2010, the Board of Directors and relevant Minister resolved that the Fund would bear the costs of the initial capital expenditure and costs of the Drug Plan during its non-contributory phase. Accordingly, the original loan has been expensed. Further, the additional costs incurred during 2010 and recorded as administrative expenditure in the medical benefits branch totalled \$2,600.

Bahamas Mortgage Corporation (BMC)

During 2009, the Fund agreed to acquire land and a building owned by BMC. As part of the acquisition, amounts owing to the Fund by BMC were applied against the purchase price, and the provision of \$514 established in prior years was reversed.

(m) Latin American Investment Bank (Bahamas) Ltd. bonds

In prior years, the Fund acquired \$5,000 of the bonds that are supported by the Government Guaranteed Advanced Education Loan Scheme held in trust by SG Hambros Bank and Trust (Bahamas) Limited. Interest is earned at 0.70% above Prime. As of December 31, 2010, the carrying amount of the bonds includes accrued interest of \$621 (2009: \$795).

During the year, principal payments totalling \$Nil (2009: \$115) were received, with cumulative principal payments totalling \$2,421 (2009: \$2,421). The bonds fully mature in 2015.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(n) Bridge Authority bonds

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
956	956	Prime + 1.25%; 2019	956	956
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			<u>2,783</u>	<u>2,783</u>
		Accrued interest	52	52
			<u>2,835</u>	<u>2,835</u>

(o) Fidelity Bank (Bahamas) Limited notes

Face Value		Description		
2010	2009		2010	2009
\$	\$		\$	\$
500	500	Series C Notes; 7.00%; 2013	500	500
800	800	Series D Notes; Prime 1.75%; 2015	800	800
500	500	Series A Notes; 7.00%; 2017	500	500
1,000	1,000	Series B Notes; Prime 1.75%; 2022	1,000	1,000
			<u>2,800</u>	<u>2,800</u>
		Accrued interest	30	30
			<u>2,830</u>	<u>2,830</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(p) Consolidated Water (Bahamas) Ltd. bonds

In prior years, the Fund acquired \$2,000 of Consolidated Water (Bahamas) Ltd. Series A bonds to assist in the financing of the design and construction of the Blue Hills water plant to meet the supply of water to the Water & Sewerage Corporation. Interest is earned at 2.00% above Prime and is paid quarterly. As of December 31, 2010 the carrying amount of the bonds includes accrued interest of \$1 (2009: \$38). The bonds mature in 2015. During 2010, \$300 (2009: \$Nil) of these bonds were redeemed.

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	2010	2009
	\$	\$
<i>Gross receivables</i>		
Not later than one year	8,853	8,582
Later than one year and not later than five years	34,408	32,066
Later than five years	<u>25,142</u>	<u>30,663</u>
	68,403	71,311
Unearned finance income	<u>(16,925)</u>	<u>(19,090)</u>
	<u>51,478</u>	<u>52,221</u>

The net investment in finance leases can be further analysed as follows:

	2010	2009
	\$	\$
Not later than one year	5,267	4,918
Later than one year and not later than five years	24,119	21,103
Later than five years	<u>22,092</u>	<u>26,200</u>
	<u>51,478</u>	<u>52,221</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

8. Net Investment in Finance Leases (Continued)

The Fund presently has nine (2009: six) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2010	2009
	\$	\$
Claughton House, New Providence	245	820
Poinciana Hill, New Providence	13,381	14,800
Thompson Boulevard, New Providence	19,228	21,017
Police Headquarters, Grand Bahama	7,140	4,562
Police Dormitories, Grand Bahama	2,955	7,833
Robinson Road, New Providence	4,354	3,189
Police Residences, Grand Bahama	3,226	-
Police Gymnasium, Grand Bahama	902	-
Police Guard House, Grand Bahama	47	-
	<u>51,478</u>	<u>52,221</u>

Claughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above Prime (an effective rate of 7.25% per annum in 2010 and 2009). At the end of the lease, ownership of the building will be transferred to The Bahamas Government, which is responsible for the maintenance, insurance and taxes on the office building.

Bahamas Government buildings

In prior years, the Ministry of Finance negotiated appropriate funding packages with the Fund for the construction or renovation of certain buildings, namely Thompson Boulevard, Poinciana Hill, Police Headquarters, Police Dormitories, Robinson Road, Police Residences, Police Gymnasium and Police Guard House.

The Fund has executed lease agreements with The Bahamas Government for these buildings, on the same terms as the finance lease involving Claughton House.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

8. Net Investment in Finance Leases (Continued)

Location	Date Construction/ Renovation Commenced	Agreed Date of Lease
Poinciana Hill, New Providence	1998	12/31/02
Thompson Boulevard, New Providence	2000	10/31/03
Police Headquarters, Grand Bahama	2000	07/31/03
Police Dormitories, Grand Bahama	2001	09/30/04
Robinson Road, New Providence	2004	07/01/08
Police Residences, Grand Bahama	2001	10/01/10
Police Gymnasium, Grand Bahama	2001	10/01/10
Police Guard House, Grand Bahama	2001	10/01/10

The Fund financed the construction or renovation and furnishing of these buildings.

9. Investment Property

	Freeport Building \$	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2010	8,000	2,850	580	11,430
Additions	-	2	-	2
Fair value adjustments	-	-	-	-
As of December 31, 2010	<u>8,000</u>	<u>2,852</u>	<u>580</u>	<u>11,432</u>
Cost:				
As of December 31, 2010	<u>5,825</u>	<u>768</u>	<u>614</u>	<u>7,207</u>
As of December 31, 2009	<u>5,825</u>	<u>766</u>	<u>614</u>	<u>7,205</u>

The fair values of the properties were last determined by an independent professionally qualified appraiser as of December 31, 2008.

Operating lease agreements have been entered into or drafted for all investment properties.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

10. Investment in Associate

As of December 31, 2010, the Fund owned 4,334,453 (2009: 4,334,453) of the ordinary shares of Bank of The Bahamas Limited, representing 27.80% (2009: 27.80%) of the total outstanding ordinary shares.

	2010 \$	2009 \$
As of January 1	31,042	33,591
Share of profits	1,682	1,595
Dividends received	-	(1,127)
Write down of goodwill	<u>(1,259)</u>	<u>(3,017)</u>
As of December 31	<u>31,465</u>	<u>31,042</u>

Included in investment in associate is goodwill of \$2,464 (2009: \$3,723), representing the cumulative premium for shares acquired on the securities market. During 2010, goodwill was written down by \$1,259 (2009: \$3,017) following an assessment of the fair value of the cumulative premium.

The fair value of the shares held by the Fund based on the quoted price as of December 31, 2010 is \$21,239 (2009: \$25,573).

Bank of The Bahamas Limited reported the following balances and transactions as of, and for the twelve months ended, December 31, 2010 and 2009:

	Assets \$	Liabilities \$	Total Income \$	Net Income \$
2010	816,709	696,788	33,694	6,052
2009	774,185	659,087	31,812	5,682

The National Insurance Fund

Notes to the Consolidated Financial Statements
 December 31, 2010
 (Expressed in Thousands of Bahamian dollars)
 (Continued)

11. Property, Plant and Equipment

Property, plant and equipment comprise:

	Land & Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment \$	Total \$
Cost							
Balance as of January 1, 2010	51,142	3,209	4,015	1,554	355	4,747	65,022
Additions	6,931	629	1,164	93	94	-	8,911
Disposals	-	(334)	(673)	(167)	-	-	(1,174)
Balance as of December 31, 2010	<u>58,073</u>	<u>3,504</u>	<u>4,506</u>	<u>1,480</u>	<u>449</u>	<u>4,747</u>	<u>72,759</u>
Accumulated depreciation							
Balance as of January 1, 2010	14,643	1,660	3,079	1,276	-	3,598	24,256
Depreciation expense	963	222	477	150	-	195	2,007
Disposals	-	(308)	(659)	(150)	-	-	(1,117)
Balance as of December 31, 2010	<u>15,606</u>	<u>1,574</u>	<u>2,897</u>	<u>1,276</u>	<u>-</u>	<u>3,793</u>	<u>25,146</u>
Net book value as of December 31, 2010	<u>42,467</u>	<u>1,930</u>	<u>1,609</u>	<u>204</u>	<u>449</u>	<u>954</u>	<u>47,613</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

11. Property, Plant and Equipment (Continued)

	Land & Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment \$	Total \$
Cost							
Balance as of January 1, 2009	49,529	3,049	3,575	1,657	355	4,610	62,775
Additions	1,613	614	734	-	-	137	3,098
Disposals	-	(454)	(294)	(103)	-	-	(851)
Balance as of December 31, 2009	51,142	3,209	4,015	1,554	355	4,747	65,022
Accumulated depreciation							
Balance as of January 1, 2009	13,655	1,888	3,099	1,163	-	3,379	23,184
Depreciation expense	988	206	274	216	-	219	1,903
Disposals	-	(434)	(294)	(103)	-	-	(831)
Balance as of December 31, 2009	14,643	1,660	3,079	1,276	-	3,598	24,256
Net book value as of December 31, 2009	36,499	1,549	936	278	355	1,149	40,766

Leased assets included in property, plant and equipment, where the Fund is the lessor, comprise land and buildings and medical equipment leased to polyclinics operated by The Bahamas Government under operating leases.

	Land and Buildings		Medical Equipment	
	2010 \$	2009 \$	2010 \$	2009 \$
Cost	38,818	31,890	4,747	4,747
Accumulated depreciation	(7,283)	(6,789)	(3,793)	(3,598)
Net book value	31,535	25,101	954	1,149

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

(Continued)

12. Construction in Progress – Finance Leases

The Fund finances the construction and furnishing of buildings, with the intention of entering into finance leases with The Bahamas Government, and transferring ownership of the buildings to The Bahamas Government at the end of the leases. The table below discloses the movements during the respective years.

	2010 \$	2009 \$
Balance as of January 1	53,524	35,354
Additions	43,284	18,170
Transfer to net investment in finance leases	(4,260)	-
Balance as of December 31	<u>92,548</u>	<u>53,524</u>

13. Accounts Payable and Accrued Expenses

	2010 \$	2009 \$
Accounts payable and accrued expenses	4,309	1,901
Accrued vacation pay	2,352	2,292
Unclaimed benefits	425	637
Accrued staff retirement benefits	144	161
Unearned finance income	8	3
	<u>7,238</u>	<u>4,994</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

(Continued)

14. Staff Pension Fund

The amounts recognised in the consolidated balance sheet are determined as follows:

	2010	2009
	\$	\$
Present value of defined benefit obligations	65,100	62,640
Unrecognised past service cost	(860)	(1,289)
Unrecognised actuarial losses	(16,220)	(18,641)
	<u>48,020</u>	<u>42,710</u>
Liability in consolidated balance sheet	48,020	42,710

The movements in the defined benefit obligations are as follows:

	2010	2009
	\$	\$
As of January 1	62,640	56,020
Interest cost	3,612	3,370
Current service cost	1,821	1,992
Employee contributions	475	443
Benefits paid	(1,993)	(2,135)
Actuarial losses	(1,455)	2,950
	<u>65,100</u>	<u>62,640</u>
As of December 31	65,100	62,640

The present value of the defined benefit obligation as of December 31, 2007, 2006 and 2005 was \$51,703, \$40,905 and \$37,047, respectively.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

14. Staff Pension Fund (Continued)

The amount recognised in the consolidated statement of comprehensive income comprises:

	2010	2009
	\$	\$
Interest cost	3,612	3,370
Current service cost	1,821	1,992
Past service costs recognised	429	429
Actuarial loss recognised	966	808
	<u>6,828</u>	<u>6,599</u>
Total pension expense (See Note 22)	<u>6,828</u>	<u>6,599</u>

Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$496.

The movements in the liability in the consolidated balance sheet are as follows:

	2010	2009
	\$	\$
As of January 1	42,710	37,803
Interest cost	3,612	3,370
Current service cost	1,821	1,992
Employee contributions	475	443
Contributions - benefits paid	(1,993)	(2,135)
Past service costs recognised	429	429
Actuarial loss recognised	966	808
	<u>48,020</u>	<u>42,710</u>
As of December 31	<u>48,020</u>	<u>42,710</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

14. Staff Pension Fund (Continued)

The principal actuarial assumptions used were:

	2010	2009
Discount rate	5.75%	5.75%
Future salary increase (vary by age)	5.00%	5.00%

Mortality rates have been taken from the 1994 Group Annuity Mortality Static Table (2009: 1994 Group Annuity Mortality Static Table).

15. Fidelity Bond Reserve

Pursuant to Section 12 of the Regulations, NIB has established a fidelity bond reserve to insure the Fund against the risk of defalcation by cashiers, storekeepers or other custodians of the property of the Fund.

There was no income or expenditure in respect of this reserve for the years ended December 31, 2010 and 2009.

16. Grant from Consolidated Fund

The grant represents an allocation from The Bahamas Government, which is to be appropriated towards old-age non-contributory pension payments. Effective July 1, 2010, as part of the 2011 Budget Communication, The Bahamas Government announced the cessation of the grant.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments

	2010 \$	2009 \$
Income from trustee securities:		
Bahamas Government registered stocks	39,724	39,620
Bahamas Government treasury bills	249	730
	<u>39,973</u>	<u>40,350</u>
Income from other securities:		
Certificates of deposit	14,567	14,875
Bahamas Mortgage Corporation bonds	5,138	5,552
Nassau Airport Development Company Limited debt securities	4,318	3,276
Dividends from ordinary and preference shares	3,033	2,474
Education Loan Authority bonds	2,833	2,284
Bahamas Development Bank bonds	2,330	2,306
Bahamas Government US\$ notes	2,093	1,278
Bahamas Electricity Corporation bonds	1,677	1,592
Bank of The Bahamas Limited bonds	935	922
Clifton Heritage Authority bonds	488	488
Government of Barbados US\$ bonds	469	80
Fidelity Bank (Bahamas) Limited notes	200	172
Bridge Authority bonds	193	193
Latin American Investment Bank (Bahamas) Ltd. bonds	160	164
Consolidated Water (Bahamas) Ltd. bonds	144	150
Government of the Cayman Islands US\$ bonds	121	-
Loans to Bahamas Government entities	117	432
United States of America US\$ treasury notes	54	-
	<u>38,870</u>	<u>36,238</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

17. Income from Investments (Continued)

	2010	2009
	\$	\$
Income from other investments:		
Interest income on net investment in finance leases	3,848	4,070
Interest income on construction in progress – finance leases	4,211	2,669
Net gain/(loss) on investments at fair value through profit or loss (Note 5)	1,073	(12,470)
	<u>9,132</u>	<u>(5,731)</u>
	<u>87,975</u>	<u>70,857</u>

18. Income from Property

	2010	2009
	\$	\$
Rental income:		
Freeport office complex	741	704
New Providence buildings	438	603
Polyclinics	640	555
	<u>1,819</u>	<u>1,862</u>

19. Capital Values of Awards of Periodically Payable Disablement and Death Benefits

Section 20(3) of the Regulations provides that the capital value of periodically payable disablement and death benefits awarded in a year is charged against the year's income in the income and expenditure account of the industrial benefits branch. It is also credited to a current account, which is further credited with the income from the investment of the said reserve and debited with the actual payments of periodical disablement and death benefits effected during the year. The balance is then transferred at the end of the year to the reserve account. The expenditure of the industrial benefit branch and the income of the disablement and death benefits reserve are eliminated in the consolidated statement of comprehensive income.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

20. Amount Invested in Other Assets (See Note 30)

	2010 \$	2009 \$
Cash on hand	29	87
Cash at banks – current accounts	5,587	5,148
Cash at brokers	952	1,585
Receivables and advances	6,138	7,169
Prepaid expenses and deposits	957	924
Computer software	495	450
Property, plant and equipment	15,124	14,516
Construction in progress – finance leases	92,548	53,524
Accounts payable and accrued expenses	(7,238)	(4,994)
Accrued benefits payable	(3,523)	(2,795)
	<u>111,069</u>	<u>75,614</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

21. Other Expenses

	2010	2009
	\$	\$
Repairs and maintenance	1,711	1,610
Utilities	1,602	1,278
Printing, stationery and computer supplies	696	761
Consultancy fees	569	903
Training and scholarships	562	458
Transportation and travel	559	451
Rent	558	500
External security	324	209
Janitorial	316	294
Motor vehicles	275	251
Legal expenses	242	148
Insurance	241	250
Advertising and publicity	235	302
Audit fees	182	169
Real property tax	91	92
Other miscellaneous expenses	151	173
	<u>8,314</u>	<u>7,849</u>

22. Employee Benefits

	2010	2009
	\$	\$
Pension expense	6,828	6,599
Group health plan	1,613	1,009
National insurance contributions	544	498
Accrued vacation pay	59	(57)
Other benefits	320	274
	<u>9,364</u>	<u>8,323</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

23. Financial Risk Management

The Fund's activities expose it to credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk is the risk that a counterparty may be unable to perform according to the terms of a contract. As of December 31, 2010, the Fund's total exposure to credit risk was \$1,518,244 (2009: \$1,513,681), principally concentrated with The Bahamas Government, which as of December 31, 2010 had foreign and local currency debt ratings of BBB+ and a country transfer and convertibility rating of A – issued by Standard and Poors. As of that date, the Fund had investments, loans and accruals with The Bahamas Government and its entities totalling \$1,160,357 (2009: \$1,177,254). Certificates of deposit are placed with banks in good standing with the Central Bank of The Bahamas or equivalent regulators (see Note 30).

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The fund has no significant short term obligations, and sufficient liquid assets are available to meet its obligations for normal operating purposes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The majority of the Fund's financial instruments are directly linked to Prime or have short terms to maturity and therefore fair value interest rate risk is considered to be minimal. The resulting cash flow interest rate risk is not hedged and considered a profit opportunity.

24. Contingent Liabilities

- (a) NIB has provided commitment letters to various medical institutions and other providers of medical care to its industrial benefit claimants. Due to the nature of these commitments, it is not practical to determine the possible financial effect.
- (b) The Fund is a party to several legal actions involving its activities. The Fund is contingently liable for costs and damages in the event of an adverse finding by the courts; however it is not possible to predict the decision of the courts nor estimate the amount of such awards. Accordingly, no provisions have been made in these consolidated financial statements relative to the legal proceedings. Management is of the opinion that the resolution of these matters will not have a material impact on the Fund's consolidated financial statements.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

(Continued)

25. Commitments

Capital commitments

Capital commitments contracted, which consist principally of amounts relating to construction of medical facilities and buildings for The Bahamas Government, as of the balance sheet date but not yet incurred are as follows:

2010	2009
\$	\$
<u>24,691</u>	<u>6,199</u>

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases, where the Fund is the lessee, total \$384 (2009: \$162).

26. Employees

The average number of persons employed by NIB during the year was 478 (2009: 474).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2010

(Expressed in Thousands of Bahamian dollars)

(Continued)

27. Fair Value of Financial Instruments

The following table summarises the carrying amounts and fair values of those financial instruments not recognised in the Fund's consolidated balance sheet at fair value.

	Carrying value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Certificates of deposit	287,887	299,950	288,834	302,438
Bahamas Government registered stocks	671,924	668,273	683,828	682,269
Bahamas Mortgage Corporation bonds	117,728	123,421	108,854	113,559
Education Loan Authority bonds	48,564	48,381	49,551	46,198
Bahamas Development Bank bonds	47,013	47,257	43,600	43,648
Nassau Airport Development Company Limited debt securities	43,852	42,218	45,932	46,022
Bahamas Government US\$ notes	30,266	29,212	34,195	33,175
Bahamas Electricity Corporation bonds	25,046	25,935	25,036	25,083
Bank of The Bahamas Limited bonds	17,005	17,005	16,624	16,387
United States of America US\$ treasury notes	9,447	-	9,216	-
Clifton Heritage Authority bonds	8,005	8,005	8,170	8,173
Government of Barbados US\$ bonds	5,912	3,094	5,637	3,324
Loans to Bahamas Government entities	3,844	5,429	3,730	4,756
Latin American Investment Bank (Bahamas) Ltd. bonds	3,200	3,374	2,579	2,516
Bridge Authority bonds	2,835	2,835	3,061	3,073
Fidelity Bank (Bahamas) Limited notes	2,830	2,830	2,946	2,942
Government of the Cayman Islands US\$ bonds	2,485	-	2,575	-
Consolidated Water (Bahamas) Ltd. bonds	1,701	2,038	1,841	2,142
	<u>1,329,544</u>	<u>1,329,257</u>	<u>1,336,209</u>	<u>1,335,705</u>

The carrying amounts of current financial assets, preference shares, Bahamas Government treasury bills and financial liabilities represent their estimated fair values.

Fair values for all financial assets listed above are determined using the discounted cash flow method. The cash flows are discounted at a rate representing the market rates of similar instruments.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

28. Related Party Balances and Transactions

Related parties comprise ministries and corporations of The Bahamas Government; agencies and entities controlled by The Bahamas Government or in which The Bahamas Government has a significant ownership interest; and key management personnel. Balances and transactions with related parties, not otherwise disclosed in the financial statements include:

	2010	2009
	\$	\$
Cash at bank	3,028	3,048
Receivables and advances	4,655	2,626
Accounts payable and accrued expenses	1,010	1,031
Contributions	24,899	21,571
Administrative expenses	1,755	1,444
Key management personnel compensation	1,739	2,182

Several Government corporations have significant arrears in relation to their contributions.

29. Subsequent Events

During 2010, several amendments to laws and regulations governing the Fund were passed by the Houses of Parliament, with most effective January 2011. The amendments are designed to enhance benefits for several groups of insured persons, allow retirement benefits to remain relevant over time and to enhance the long-term sustainability of the Fund. The changes with greatest impact on the Fund's performance are:

- Increases in wage ceilings, including automatic adjustments periodically going forward;
- Amendments to qualifying conditions for retirement benefits, and unemployment benefit;
- Industrial benefits coverage for all self-employed persons, with corresponding increases in contribution rates.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

30. Investments of the Fund Allocated to the Reserves

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2010									
Cash at the Central Bank of The Bahamas	0.00%	Demand	-	31	920	5,391	-	300	6,642
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	52,579	-	-	-	-	52,579
Preference shares			-	13,341	-	-	-	-	13,341
			-	65,920	-	-	-	-	65,920
Certificates of deposit									
Commonwealth Bank Ltd.	4.00%-5.75%	01/15/11-12/30/11	-	42,750	24,500	12,750	1,000	-	81,000
Finance Corporation of Bahamas Limited	4.00%-5.25%	01/08/11-12/30/11	-	69,688	10,250	-	-	-	79,938
FirstCaribbean International Bank (Bahamas) Limited B\$	4.25%-5.00%	03/15/11-12/30/11	-	-	35,500	-	20,000	-	55,500
Bank of The Bahamas Limited	5.00%-6.00%	01/15/11-12/15/11	10,500	28,500	12,500	-	-	-	51,500
Fidelity Bank (Bahamas) Limited	4.50%-4.75%	02/15/11	-	-	7,500	-	-	-	7,500
Royal Bank of Canada	3.50%	03/30/11	-	5,000	-	-	-	-	5,000
FirstCaribbean International Bank (Bahamas) Limited US\$	0.00%		-	290	-	-	-	-	290
Scotiabank (Bahamas) Limited	0.00%		-	9	-	-	-	-	9
Gulf Union Bank (Bahamas) Ltd.	0.00%		-	2,001	-	-	-	-	2,001
Accrued interest			-	7,150	-	-	-	-	7,150
Provision for doubtful accounts			-	(2,001)	-	-	-	-	(2,001)
			10,500	153,387	90,250	12,750	21,000	-	287,887
Bahamas Government registered stocks	5.53%-9.00%	2011-2037	-	671,924	-	-	-	-	671,924
Bahamas Mortgage Corporation bonds	2.00%-6.00%	2011-2034	-	97,728	-	20,000	-	-	117,728
Education Loan Authority bonds	5.75%-6.25%	2020-2028	-	48,564	-	-	-	-	48,564

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

30. Investments of the Fund Allocated to the Reserves (Continued)

	Interest Rate	Maturity Date	Short-Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2010 (Continued)									
Bahamas Development Bank bonds	4.50%-5.50%	2016-2026	-	47,013	-	-	-	-	47,013
Nassau Airport Development Company Limited debt securities	8.50%-13.00%	2024-2031	-	43,852	-	-	-	-	43,852
Bahamas Government US\$ notes	6.63%-7.13%	2029-2038	-	30,266	-	-	-	-	30,266
Bahamas Electricity Corporation bonds	6.41%-6.56%	2021-2026	-	25,046	-	-	-	-	25,046
Bank of The Bahamas Limited bonds	5.50%	2012-2015	-	17,005	-	-	-	-	17,005
Preference shares	7.00%-8.00%	2015-2019	-	11,500	-	-	-	-	11,500
United States of America US\$ treasury notes	1.38%-2.63%	2015-2020	-	9,447	-	-	-	-	9,447
Clifton Heritage Authority bonds	6.13%-6.25%	2020-2035	-	8,005	-	-	-	-	8,005
Bahamas Government treasury bills	2.00%-3.10%	01/04/11-05/05/11	-	-	-	6,991	-	-	6,991
Government of Barbados US\$ bonds	7.25%-7.80%	2019-2021	-	5,912	-	-	-	-	5,912
Loans to Bahamas Government entities	4.50%-8.50%	2011-2012	-	3,844	-	-	-	-	3,844
Latin American Investment Bank (Bahamas) Ltd. bonds	6.20%	12/31/15	-	3,200	-	-	-	-	3,200
Bridge Authority bonds	6.75%-7.13%	2019-2029	-	2,835	-	-	-	-	2,835
Fidelity Bank (Bahamas) Limited notes	7.00%-7.25%	2013-2022	-	2,830	-	-	-	-	2,830
Government of the Cayman Islands US\$ bonds	5.95%	2019	-	2,485	-	-	-	-	2,485
Consolidated Water (Bahamas) Ltd. bonds	7.50%	07/01/15	-	1,701	-	-	-	-	1,701
Net investment in finance leases	7.25%	2011-2025	-	51,478	-	-	-	-	51,478
Investment property			-	11,432	-	-	-	-	11,432
Investment in associate			-	31,465	-	-	-	-	31,465
Property, plant and equipment			-	-	-	32,489	-	-	32,489
Amounts invested in other assets (Note 20)			1,079	76,684	13,553	17,464	2,013	276	111,069
Staff pension fund			-	(48,020)	-	-	-	-	(48,020)
Total			11,579	1,375,534	104,723	95,085	23,013	576	1,610,510

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

30. Investments of the Fund Allocated to the Reserves (Continued)

	Interest Rate	Maturity Date	Short-Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2009									
Cash at the Central Bank of The Bahamas	0.00%	Demand	-	32	920	10,133	-	300	11,385
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	46,494	-	-	-	-	46,494
Preference shares			-	13,341	-	-	-	-	13,341
			-	59,835	-	-	-	-	59,835
Certificates of deposit									
Commonwealth Bank Ltd.	4.00%-6.50%	01/11/10-12/30/10	-	-	58,250	15,000	-	-	73,250
Finance Corporation of The Bahamas Limited	4.75%-5.50%	01/07/10-12/31/10	-	69,500	-	-	-	-	69,500
First Caribbean International Bank (Bahamas) Limited B\$	4.25%-5.75%	03/12/10-12/30/10	-	63,000	-	-	-	-	63,000
Bank of The Bahamas Limited	5.00%-6.00%	01/08/10-12/15/10	-	13,500	32,000	-	-	-	45,500
Scotiabank (Bahamas) Limited	3.25%-5.25%	01/25/10-05/19/10	5,000	2,000	-	-	20,000	-	27,000
Fidelity Bank (Bahamas) Limited	5.00%-5.75%	05/03/10-08/20/10	-	-	-	7,500	-	-	7,500
Royal Bank of Canada	4.00%-5.00%	03/30/10	-	-	-	5,000	-	-	5,000
FirstCaribbean International Bank (Bahamas) Limited US\$	0.00%		-	2,485	-	-	-	-	2,485
Gulf Union Bank (Bahamas) Ltd.	0.00%		-	2,001	-	-	-	-	2,001
Accrued interest			-	6,715	-	-	-	-	6,715
Provision for doubtful accounts			-	(2,001)	-	-	-	-	(2,001)
			5,000	157,200	90,250	27,500	20,000	-	299,950
Bahamas Government registered stocks	5.53%-9.00%	2010-2037	-	668,273	-	-	-	-	668,273
Bahamas Mortgage Corporation bonds	2.00%-6.00%	2010-2034	-	108,421	-	15,000	-	-	123,421
Education Loan Authority bonds	5.75%-6.25%	2018-2028	-	48,381	-	-	-	-	48,381

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2010
(Expressed in Thousands of Bahamian dollars)
(Continued)

30. Investments of the Fund Allocated to the Reserves (Continued)

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2009 (Continued)									
Bahamas Development Bank bonds	4.50%-5.50%	2020-2026	-	47,257	-	-	-	-	47,257
Nassau Airport Development Company Limited debt securities	8.50%-13.00%	2024-2031	-	42,218	-	-	-	-	42,218
Bahamas Government US\$ notes	6.63%-7.13%	2029-2038	-	29,212	-	-	-	-	29,212
Bahamas Electricity Corporation bonds	6.41%-6.56%	2021-2026	-	25,935	-	-	-	-	25,935
Bank of The Bahamas Limited bonds	5.50%	2012-2015	-	17,005	-	-	-	-	17,005
Preference shares	7.00%-8.00%	2010-2019	-	8,500	-	-	-	-	8,500
Clifton Heritage Authority bonds	6.00%-6.25%	2020-2035	-	8,005	-	-	-	-	8,005
Loans to Bahamas Government entities	4.00%-8.50%	2011-2012	-	5,429	-	-	-	-	5,429
Bahamas Government treasury bills	3.20%	05/06/2010	-	-	-	4,945	-	-	4,945
Latin American Investment Bank (Bahamas) Ltd. bonds	6.20%	2015	-	3,374	-	-	-	-	3,374
Government of Barbados US\$ bonds	7.80%	2019	-	3,094	-	-	-	-	3,094
Bridge Authority bonds	6.75%-7.13%	2019-2029	-	2,835	-	-	-	-	2,835
Fidelity Bank (Bahamas) Limited notes	7.00%-7.25%	2013-2022	-	2,830	-	-	-	-	2,830
Consolidated Water (Bahamas) Ltd. bonds	7.50%	2015	-	2,038	-	-	-	-	2,038
Net investment in finance leases	7.25%	2011-2023	-	52,221	-	-	-	-	52,221
Investment property			-	11,430	-	-	-	-	11,430
Investment in associate			-	31,042	-	-	-	-	31,042
Property, plant and equipment			-	-	-	26,250	-	-	26,250
Amounts invested in other assets (Note 20)			1,603	46,553	12,945	11,282	2,955	276	75,614
Staff pension fund			-	(42,710)	-	-	-	-	(42,710)
Total			6,603	1,338,410	104,115	95,110	22,955	576	1,567,769

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2010 (Expressed in Thousands of Bahamian dollars) (Continued)

31. Actuarial Review (Unaudited)

The 8th Actuarial Review of the Fund was conducted as of December 31, 2006. The projections were extended for a sixty year period and indicate that the present value of future expenditure will exceed the opening reserves and the present value of future contributions by \$7.868 billion as depicted below; the report and reserves and shortfall calculations are unaudited.

The report further indicates that the current contribution rate would be insufficient to pay benefits in the long-term.

The report includes a number of recommendations for changes in the administration of the Fund. These recommendations, if implemented, should result in the Fund being able to meet its challenges in the long term. Presently, the Fund is meeting all of its obligations.

	\$ (Millions)
Reserves as of December 31, 2006	1,415
Present value of future contributions	9,140
Present value of future expenditure	<u>(18,423)</u>
Present value of shortfall	<u>(7,868)</u>

Statistical Appendix



STATISTICAL APPENDIX

Table 1. New Registration Of Employers & Self-Employed Persons

Island/Local Office	2010			2009		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	76	94	170	104	77	181
Coopers Town	16	16	32	26	15	41
All Abaco	92	110	202	130	92	222
Andros						
Fresh Creek	10	13	23	11	15	26
Kemps Bay	6	8	14	17	23	40
Nicholls Town	26	9	35	19	23	42
All Andros	42	30	72	47	61	108
Bimini & Berry Islands	12	8	20	21	11	32
Cat Island	5	8	13	9	8	17
Crooked Island & Acklins	9	15	24	4	19	23
Eleuthera						
Governors Harbour	43	40	83	51	15	66
Harbour Island	22	20	42	43	31	74
North Eleuthera	1	1	2	2	2	4
Rock Sound	17	39	56	19	6	25
Spanish Wells	8	19	27	19	25	44
All Eleuthera	91	119	210	134	79	213
Exuma & Ragged Island	48	47	95	37	40	77
Grand Bahama	191	195	386	209	185	394
Inagua & Mayaguana	2	5	7	21	15	36
Long Island						
Deadmans Cay	12	19	31	12	20	32
Simms	13	15	28	7	20	27
All Long Island	25	34	59	19	40	59
New Providence	1,114	728	1,842	1,216	691	1,907
San Salvador	9	5	14	17	10	27
Total	1,640	1,304	2,944	1,864	1,251	3,115

Table 2. New Registration Of Insured Persons

Island/Local Office	2010			2009		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	352	406	758	301	744	1,045
Coopers Town	26	205	231	18	207	225
All Abaco	378	611	989	319	951	1,270
Andros						
Fresh Creek	3	12	15	8	35	43
Kemps Bay	2	93	95	12	88	100
Nicholls Town	32	276	308	15	211	226
All Andros	37	381	418	35	334	369
Bimini & Berry Islands	128	84	212	91	73	164
Cat Island	7	16	23	3	19	22
Crooked Island & Acklins	9	30	39	6	33	39
Eleuthera						
Governors Harbour	25	109	134	30	71	101
Harbour Island	21	124	145	109	76	185
North Eleuthera	-	4	4	-	-	-
Rock Sound	40	146	186	26	101	127
Spanish Wells	16	214	230	19	130	149
All Eleuthera	102	597	699	184	378	562
Exuma & Ragged Island	205	178	383	60	216	276
Grand Bahama	708	2,557	3,265	679	3,031	3,710
Inagua & Mayaguana	20	29	49	4	27	31
Long Island						
Deadmans Cay	1	3	4	1	4	5
Simms	3	105	108	13	97	110
All Long Island	4	108	112	14	101	115
New Providence	1,914	12,550	14,464	2,060	15,848	17,908
San Salvador	19	54	73	12	46	58
Total	3,531	17,195	20,726	3,467	21,057	24,524

Table 3. Contribution Income (Gross), 2010

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total	2010	Total 2009
Abaco								
Marsh Harbour	2,320,664	1,448,316	308,745	-	154,154		4,231,879	4,149,764
Coopers Town	407,209	257,735	118,603	-	59,943		843,490	856,455
All Abaco	2,727,873	1,706,051	427,348	-	214,097		5,075,369	5,006,219
Andros								
Fresh Creek	289,218	168,101	34,431	-	65,095		556,845	433,407
Kemps Bay	94,846	59,586	18,946	-	1,837		175,215	191,963
Nicholls Town	197,646	130,543	44,859	-	2,826		375,874	327,257
All Andros	581,710	358,230	98,236	-	69,758		1,107,934	952,627
Bimini & Berry Islands								
Cat Island	375,909	236,265	25,753	-	19,572		657,499	801,698
Crooked Island & Acklins	87,062	53,280	24,674	-	98		165,114	174,888
	23,877	14,848	54,607	-	9,778		103,110	100,156
Eleuthera								
Governors Harbour	345,101	208,757	72,367	-	126,728		752,953	794,003
Harbour Island	535,794	337,878	62,555	-	43,885		980,112	923,013
North Eleuthera	68,754	39,020	12,721	-	20,914		141,409	136,033
Rock Sound	331,745	208,356	29,482	-	31,377		600,960	574,624
Spanish Wells	572,162	356,616	110,387	-	-		1,039,165	985,815
All Eleuthera	1,853,556	1,150,627	287,512	-	222,904		3,514,599	3,413,488
Exuma & Ragged Island								
Grand Bahama	1,104,010	706,607	144,624	-	126,907		2,082,148	1,957,492
Inagua & Mayaguana	10,511,124	6,700,925	339,042	-	557,299		18,108,390	17,722,743
	272,146	174,101	23,751	-	-		469,998	404,903
Long Island								
Deadmans Cay	221,087	136,882	140,003	-	25,725		523,697	500,238
Simms	135,032	69,292	53,460	-	13,026		270,810	254,122
All Long Island	356,119	206,174	193,463	-	38,751		794,507	754,360
New Providence								
San Salvador	80,606,698	48,553,028	1,717,473	87	4,454,667		135,331,953	128,250,421
	222,909	142,927	9,034	-	4,874		379,744	338,056
Total	98,722,993	60,003,063	3,345,517	87	5,718,705		167,790,365	159,877,051

Table 4. Benefit & Assistance Claims Received and Awarded

Benefit Type	Received		Awarded		
	2010	2009	2010	2009	
Long-term Benefits/ Assistance	Retirement Benefit	2,056	1,928	1,741	1,977
	Invalidity Benefit	306	248	189	201
	Survivors' Benefit	585	548	452	479
	Old Age Non-Contributory Pension	243	209	146	134
	Invalidity Assistance	195	165	138	137
	Survivors' Assistance	89	84	41	44
Total Long-term	3,474	3,182	2,707	2,972	
Short-term Benefits	Sickness Benefit	18,429	18,100	17,528	17,270
	Maternity Benefit	3,797	3,827	3,607	3,145
	Maternity Grant	3,797	3,827	3,563	3,580
	Funeral Benefit	1,539	1,540	1,472	1,476
	Unemployment Benefit	6,816	15,478	5,655	14,071
	Sickness Assistance	17	19	11	18
Total Short-term	34,395	42,791	31,836	39,560	
Industrial Benefits	Medical Care	3,145	2,638	2,481	2,263
	Injury Benefit	1,858	1,646	1,689	1,456
	Disablement Benefit & Grant	204	163	62	49
	Industrial Death	9	2	10	1
	Industrial Funeral	-	-	-	-
Total Industrial	5,216	4,449	4,242	3,769	
All Benefits	43,085	50,422	38,785	46,301	

Table 5. Short-Term Benefit & Assistance Claims Awarded, 2010

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	387	126	121	39	177	1	851
Coopers Town	78	23	25	4	31	-	161
All Abaco	465	149	146	43	208	1	1,012
Andros							
Fresh Creek	166	12	14	1	23	-	216
Kemps Bay	50	10	9	2	27	-	98
Nicholls Town	74	14	14	5	27	-	134
All Andros	290	36	37	8	77	-	448
Bimini & Berry Islands	67	21	21	4	18	-	131
Cat Island	98	14	14	1	15	-	142
Crooked Island & Acklins	36	2	2	-	3	-	43
Eleuthera							
Governors Harbour	186	30	31	11	121	-	379
Harbour Island	82	24	22	2	14	-	144
North Eleuthera	-	-	-	-	-	-	-
Rock Sound	204	29	27	9	-	-	269
Spanish Wells	108	10	9	12	26	-	165
All Eleuthera	580	93	89	34	161	-	957
Exuma & Ragged Island	211	33	35	6	95	-	380
Grand Bahama	1,750	608	613	224	1,110	-	4,305
Inagua & Mayaguana	125	8	8	1	16	-	158
Long Island							
Deadmans Cay	44	9	8	6	46	-	113
Simms	39	10	9	4	-	-	62
All Long Island	83	19	17	10	46	-	175
New Providence	13,763	2,616	2,573	1,140	3,903	10	24,005
San Salvador	60	8	8	1	3	-	80
Total	17,528	3,607	3,563	1,472	5,655	11	31,836

Table 6. Short-Term Benefit & Assistance Payments, 2010

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	248,084	223,161	50,660	61,400	361,328	150	944,783
Coopers Town	31,432	42,266	10,390	9,000	64,631	2,548	160,267
All Abaco	279,516	265,427	61,050	70,400	425,959	2,698	1,105,050
Andros							
Fresh Creek	42,878	11,810	5,840	1,500	36,973	-	99,001
Kemps Bay	23,255	14,932	3,720	3,100	48,228	-	93,235
Nicholls Town	29,453	20,342	7,010	7,700	47,326	-	111,831
All Andros	95,586	47,084	16,570	12,300	132,527	-	304,067
Bimini & Berry Islands							
Cat Island	33,283	38,249	8,760	7,700	23,661	-	111,653
Crooked Island & Acklins	30,801	29,289	5,750	656	19,409	-	85,905
	10,551	1,625	800	-	2,061	-	15,037
Eleuthera							
Governors Harbour	81,491	43,221	12,820	13,900	193,395	-	344,827
Harbour Island	36,328	34,652	9,010	3,200	19,387	-	102,577
North Eleuthera	-	-	-	-	-	-	-
Rock Sound	93,701	52,924	11,190	13,900	-	-	171,715
Spanish Wells	106,816	17,211	3,690	19,100	33,582	-	180,399
All Eleuthera	318,336	148,008	36,710	50,100	246,364	-	799,518
Exuma & Ragged Island	127,499	71,406	15,620	9,300	173,447	-	397,272
Grand Bahama	1,336,289	1,015,985	258,570	350,900	1,978,391	-	4,940,135
Inagua & Mayaguana	45,350	13,069	3,320	3,100	3,430	-	68,269
Long Island							
Deadmans Cay	26,092	15,104	3,260	9,600	57,549	-	111,605
Simms	15,539	16,959	3,720	6,200	(100)	-	42,318
All Long Island	41,631	32,063	6,980	15,800	57,449	-	153,923
New Providence	7,729,607	5,095,967	1,084,273	1,773,279	5,686,208	6,334	21,375,668
San Salvador	24,403	18,963	3,260	1,500	10,037	-	58,163
Total	10,072,852	6,777,135	1,501,663	2,295,035	8,758,943	9,032	29,414,660

Table 7. Long-Term Benefit & Assistance Claims Awarded, 2010

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	71	9	20	6	4	3	113
Coopers Town	11	1	3	3	-	1	19
All Abaco	82	10	23	9	4	4	132
Andros							
Fresh Creek	15	1	6	-	2	-	24
Kemps Bay	6	-	2	2	2	2	14
Nicholls Town	12	-	2	2	1	2	19
All Andros	33	1	10	4	5	4	57
Bimini & Berry Islands	6	-	3	2	1	-	12
Cat Island	12	-	1	3	-	-	16
Crooked Island & Acklins	6	1	-	-	-	-	7
Eleuthera							
Governors Harbour	46	3	11	4	3	-	67
Harbour Island	17	1	2	-	-	-	20
North Eleuthera	-	-	-	-	-	-	-
Rock Sound	17	5	3	4	8	-	37
Spanish Wells	22	1	2	-	1	-	26
All Eleuthera	102	10	18	8	12	-	150
Exuma & Ragged Island	33	1	8	4	1	-	47
Grand Bahama	347	36	67	35	19	10	514
Inagua & Mayaguana	5	1	-	-	-	-	6
Long Island							
Deadmans Cay	11	-	3	1	1	-	16
Simms	10	-	2	1	-	-	13
All Long Island	21	-	5	2	1	-	29
New Providence	1,092	129	316	78	95	23	1,733
San Salvador	2	-	1	1	-	-	4
Total	1,741	189	452	146	138	41	2,707

Table 8. Long-Term Benefit & Assistance Payments, 2010

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	559,939	88,230	169,620	128,804	97,397	31,963	1,075,953
Coopers Town	120,268	21,308	20,761	8,553	17,475	3,171	191,536
All Abaco	680,207	109,538	190,381	137,357	114,872	35,134	1,267,489
Andros							
Fresh Creek	2,388	272	5,960	5,733	2,391	-	16,744
Kemps Bay	226,432	31,319	40,601	93,708	71,616	22,014	485,690
Nicholls Town	37,163	2,026	1,823	25,907	16,864	6,645	90,428
All Andros	265,983	33,617	48,384	125,348	90,871	28,659	592,862
Bimini & Berry Islands							
Cat Island	139,782	18,049	44,281	37,971	31,742	2,851	274,676
Crooked Island & Acklins	73,587	3,347	9,958	83,393	28,238	3,220	201,743
Eleuthera							
Governors Harbour	-	-	-	230	-	-	230
Governors Harbour	131,895	22,529	20,474	30,538	8,354	3,141	216,931
Harbour Island	14,232	5,614	11,277	-	-	1,294	32,417
North Eleuthera	24,335	3,383	14,420	6,301	8,263	3,403	60,105
Rock Sound	27,899	8,156	4,433	9,382	7,608	2,393	59,871
Spanish Wells	21,295	3,311	8,289	3,311	8,323	3,531	48,060
All Eleuthera	219,656	42,993	58,893	49,532	32,548	13,762	417,384
Exuma & Ragged Island							
Grand Bahama	150,206	11,566	18,901	20,357	15,496	11,404	227,930
Inagua & Mayaguana	63,079	329,069	353,458	236,339	369,843	31,986	1,383,774
Long Island							
Deadmans Cay	20,638	329	3,133	230	460	-	24,790
Deadmans Cay	13,549	-	-	11,634	15,635	-	40,818
Simms	10,958	-	1,540	4,921	2,851	552	20,822
All Long Island	24,507	-	1,540	16,555	18,486	552	61,640
New Providence							
San Salvador	88,602,121	10,871,042	13,345,977	6,054,185	7,296,198	1,169,632	127,339,155
San Salvador	51,938	4,967	6,711	17,536	19,103	1,715	101,970
Total	90,291,704	11,424,517	14,081,617	6,779,033	8,017,857	1,298,915	131,893,643

Table 9. Industrial Benefit Claims Awarded, 2010

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	50	51	-	-	-	101
Coopers Town	3	5	1	-	-	9
All Abaco	53	56	1	-	-	110
Andros						
Fresh Creek	2	6	-	-	-	8
Kemps Bay	5	3	-	-	-	8
Nicholls Town	3	4	-	-	-	7
All Andros	10	13	-	-	-	23
Bimini & Berry Islands	7	9	-	-	-	16
Cat Island	2	-	-	-	-	2
Crooked Island & Acklins	1	1	-	-	-	2
Eleuthera						
Governors Harbour	8	7	-	-	-	15
Harbour Island	6	6	-	-	-	12
North Eleuthera	-	-	-	-	-	-
Rock Sound	4	9	-	-	-	13
Spanish Wells	28	25	1	-	-	54
All Eleuthera	46	47	1	-	-	94
Exuma & Ragged Island	31	43	-	-	-	74
Grand Bahama	181	228	3	7	-	419
Inagua & Mayaguana	5	4	-	-	-	9
Long Island						
Deadmans Cay	1	5	-	-	-	6
Simms	10	13	-	-	-	23
All Long Island	11	18	-	-	-	29
New Providence	2,127	1,261	57	3	-	3,448
San Salvador	7	9	-	-	-	16
Total	2,481	1,689	62	10	-	4,242

Table 10. Industrial Benefit Payments, 2010

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	1,740	61,857	3,624	5,662	-	72,883
Coopers Town	-	7,656	1,054	-	-	8,710
All Abaco	1,740	69,513	4,678	5,662	-	81,593
Andros						
Fresh Creek	-	1,756	-	-	-	1,756
Kemps Bay	-	595	3,190	-	-	3,785
Nicholls Town	-	5,601	133	-	-	5,734
All Andros	-	7,952	3,323	-	-	11,275
Bimini & Berry Islands	-	2,078	15,033	2,796	-	19,907
Cat Island	-	-	3,338	4,719	-	8,057
Crooked Island & Acklins	-	933	-	230	-	1,163
Eleuthera						
Governors Harbour	1,589	1,857	-	-	-	3,446
Harbour Island	-	1,374	-	-	-	1,374
North Eleuthera	290	-	-	-	-	290
Rock Sound	755	16,273	-	-	-	17,028
Spanish Wells	-	22,740	1,343	-	-	24,083
All Eleuthera	2,634	42,244	1,343	-	-	46,221
Exuma & Ragged Island	1,345	18,227	-	-	-	19,572
Grand Bahama	36,090	275,219	30,226	7,194	-	348,729
Inagua & Mayaguana	-	635	-	-	-	635
Long Island						
Deadmans Cay	-	5,943	-	-	-	5,943
Simms	420	11,908	-	-	-	12,328
All Long Island	420	17,851	-	-	-	18,271
New Providence	8,665,742	1,386,196	3,705,925	320,774	-	14,078,637
San Salvador	-	11,197	-	540	-	11,737
Total	8,707,971	1,832,045	3,763,866	341,915	-	14,645,797

Table 11. Pensions In Payment, December 2010

Island	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Disablement Benefit	Industrial Death	Total
Abaco	172	27	53	49	39	15	2	1	358
Andros	55	6	11	29	26	9	1	-	137
Bimini & Berry Islands	29	4	13	9	9	1	1	-	66
Cat Island	12	1	4	21	7	-	1	1	47
Crooked Island & Acklins	65	2	6	17	8	4	2	-	104
Eleuthera	38	7	13	9	13	2	1	-	83
Exuma & Ragged Island	69	4	9	14	14	8	-	-	118
Grand Bahama	372	101	92	95	194	15	11	4	884
Inagua & Mayaguana	43	5	3	7	6	-	-	-	64
Long Island	2	-	-	5	6	-	-	-	13
New Providence	16,512	2,004	3,598	2,015	2,352	449	588	61	27,579
San Salvador & Rum Cay	9	1	1	5	2	1	-	-	19
Total	17,378	2,162	3,803	2,275	2,676	504	607	67	29,472

Table 12. Pensions in Payment at Year-End, 2006 - 2010

Long-Term Benefits					
	2010	2009	2008	2007	2006
Retirement Benefit	17,378	16,796	15,240	14,439	13,895
Invalidity Benefit	2,162	2,171	2,092	2,071	2,090
Survivors Benefit	3,803	3,940	3,790	3,590	3,556
Old-Age Non-Cont. Pension	2,275	2,477	2,584	2,619	2,796
Invalidity Assistance	2,676	2,747	2,695	2,708	2,769
Survivors Assistance	504	548	602	633	706
Total	28,798	28,679	27,003	26,060	25,812
Industrial Benefits					
	2010	2009	2008	2007	2006
Disablement	607	580	537	514	499
Industrial Death	67	66	72	72	74
Total	674	646	609	586	573
All Benefits	29,472	29,325	27,612	26,646	26,385

Table 13. Short-Term Benefits & Assistance, 2006 - 2010

Amount Paid ('000s)					
	2010	2009	2008	2007	2006
Sickness Benefit	\$10,073	\$10,056	\$11,468	\$10,921	\$10,788
Maternity Benefit	\$6,777	\$6,998	\$7,244	\$6,903	\$6,441
Maternity Grant	\$1,502	\$1,430	\$1,440	\$1,448	\$1,397
Funeral Benefit	\$2,295	\$2,225	\$1,983	\$1,846	\$1,804
Unemployment Benefit	\$8,759	\$20,810	-	-	-
Sickness Assistance	\$9	\$6	\$4	\$21	\$31
Total Paid ('000s)	\$29,415	\$41,525	\$22,139	\$21,139	\$20,461
Number of Claims Awarded					
	2010	2009	2008	2007	2006
Sickness Benefit	17,528	17,270	22,143	21,371	21,612
Maternity Benefit	3,607	3,145	3,158	3,049	2,896
Maternity Grant	3,563	3,580	3,658	3,546	3,096
Funeral Benefit	1,472	1,476	1,317	1,225	1,220
Unemployment Benefit	5,655	14,071	-	-	-
Sickness Assistance	11	18	11	32	66
Total Awarded	31,836	39,560	30,287	29,223	28,890

Table 14. Long-Term Benefits & Assistance, 2006 - 2010

Amount Paid ('000s)					
	2010	2009	2008	2007	2006
Retirement Benefit	\$90,292	\$82,048	\$74,922	\$68,398	\$57,906
Invalidity Benefit	\$11,425	\$10,644	\$10,281	\$9,831	\$9,183
Survivors Benefit	\$14,082	\$13,893	\$13,280	\$12,269	\$10,804
Old-Age Non-Cont. Pension	\$6,779	\$7,023	\$7,353	\$7,285	\$6,787
Invalidity Assistance	\$8,018	\$7,786	\$7,662	\$7,449	\$6,767
Survivor's Assistance	\$1,299	\$1,598	\$1,641	\$1,473	\$1,469
Total Paid ('000s)	\$131,895	\$122,992	\$115,139	\$106,705	\$92,916
Number of Claims Awarded					
	2010	2009	2008	2007	2006
Retirement Benefit	1,741	1,977	1,540	1,294	1,110
Invalidity Benefit	189	201	175	176	190
Survivors Benefit	452	479	473	363	397
Old-Age Non-Cont. Pension	146	134	176	143	132
Invalidity Assistance	138	137	113	94	139
Survivor's Assistance	41	44	43	23	31
Total	2,707	2,972	2,520	2,093	1,999

Table 15. Industrial Benefits, 2006 - 2010

Amount Paid ('000s)					
	2010	2009	2008	2007	2006
Medical Care	\$8,708	\$8,566	\$9,473	\$6,909	\$6,886
Injury Benefit	\$1,832	\$1,441	\$1,617	\$1,367	\$1,366
Disablement Benefit & Grant	\$3,764	\$3,871	\$3,415	\$3,044	\$2,900
Industrial Death	\$342	\$325	\$337	\$317	\$287
Total Paid ('000s)	\$14,646	\$14,203	\$14,842	\$11,637	\$11,439
Number of Claims Awarded					
	2010	2009	2008	2007	2006
Medical Care	2,481	2,263	1,868	2,165	2,165
Injury Benefit	1,689	1,456	1,623	1,487	1,520
Disablement Benefit & Grant	62	49	32	35	36
Industrial Death	10	1	2	5	4
Industrial Funeral*	-	-	1	-	-
Total	4,242	3,769	3,526	3,692	3,725

