



The National Insurance Board  
of the Commonwealth of The Bahamas  
**ANNUAL REPORT 2011**





THE NATIONAL INSURANCE BOARD  
of the Commonwealth of The Bahamas



June 11, 2012

Honourable D. Shane Gibson, M.P.  
Minister of Labour & National Insurance  
Poinciana Hill  
New Providence  
Bahamas

Dear Minister Gibson:

**Re: The National Insurance Board's 2011 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 2011.

Included with this report are the accounts of the National Insurance Fund as certified by the Auditor, pursuant to Section 47(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 are 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.





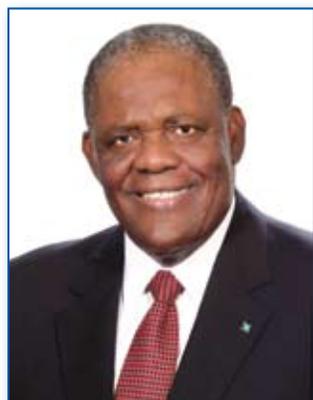
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# MINISTERS & BOARD OF DIRECTORS



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



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



Robert Sands  
Member



Belinda Wilson  
Member





## COMMITTEES OF THE BOARD

### HUMAN RESOURCES COMMITTEE

Patrick Ward – Chairman  
Reverend Father E. Etienne Bowleg  
Deborah Ferguson

### AUDIT COMMITTEE

Van Diah – Chairman  
Robert Sands  
Denise Turnquest

### TENDERS COMMITTEE

John Pinder – Chairman  
Brian Nutt  
Nicole Martin

### FINANCE/INVESTMENT COMMITTEE

Peter Carey – Chairman  
John Pinder  
Dr. Robin Roberts

### OPERATIONS COMMITTEE

Evan Dean – Chairman  
Brian Nutt  
Belinda Wilson





# EXECUTIVE MANAGEMENT TEAM



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





## Chairman's Report



Patrick Ward  
Chairman



The National Insurance Programme began in 1974 with the mission to ensure and provide a measure of income-replacement for members of the country's working population when they are unable to adequately provide for themselves and their families. It was also established to assist in providing a means of financial support for the elderly and the invalid who find themselves with neither the means nor family support to provide for their own basic needs.

The programme is provided at minimal cost to all insured persons, as the expense for providing benefits is spread over the country's entire labour force. Both employers and employees share the cost of providing social security benefits and assistance through their combined contribution payments.

NIB, through the collection of contributions from insured persons, and a prudent, sound investment policy, has in 37 years grown the Reserve Fund to some \$1.65 billion as at December 31, 2011. These funds, through investments which also impact on national infrastructure development, will meet future long-term benefit obligations. Unarguably, the National Insurance Programme has been, and I have no

doubt that it will continue to be a beacon of hope to many in the Commonwealth and elsewhere as it continues to grow from strength to strength.

In order for our social security programme to continue to grow and be effective, it needs to be dynamic and sensitive to the demands of a developing and rapidly changing society. Since inception, successive amendments of the Act & Regulations have strengthened and liberalised the provision of adequate and appropriate income-replacement. In July 2010, the National Insurance Programme enjoyed the most far-reaching, progressive and comprehensive amendments to date, as a result of recommendations made in the 8th Actuarial Review.

There were 22 Amendments to the National Insurance Benefits and Contributions Regulations, passed in 2010, which have positioned our social security programme to be relevant, responsive and sustainable well into the future. Of these amendments, most took effect in January 2011. Many of the changes impacted positively on the payment of benefits; others were targeted at maintaining relevance and better coverage to workers; while yet others were aimed at enhancing the future sustainability of the National Insurance Fund.



The amendments also brought about two landmark achievements - automatic increases to pensions in payment, and automatic increases in the wage ceiling on which workers pay contributions.

In the case of the increases to pensions, going forward, they will be subject to automatic adjustments that are directly linked to increases in the cost of living. This will allow pensioners to maintain the same standard of living year after year. The first increase will be made in July 2012.

As for the insurable wage ceiling, the Amendments ensured that the ceiling will keep pace with wage increases, with automatic adjustments occurring every second year, starting in 2014. Changes to the ceiling will be aligned with changes in The Bahamas Retail Price Index over the prior two calendar years plus 2%.

In 2011, NIB achieved much success in upgrading the organisation's efficiency and overall service so as to bring greater satisfaction to internal and external customers. Among the successes was the empowering of management and staff to increase effectiveness through the compilation and analysis of accurate and timely data.

In 2011, as in the two previous years, NIB collected three kinds of real-time feedback: employee opinions and perception, feedback from customers, and

feedback from NIB leaders through various means of input. Because customer service is the organisation's primary product, the competency model focused heavily on the customer experience. NIB's plan for 21st century readiness targeted measurable improvement in the delivery of customer service, starting with the appointment of a manager to deal specifically with customer service issues. In addition, other enabling strategies included on-line complaint logging and tracking, and ongoing Customer Surveys that permit participants to record good service and compliment staff members who were particularly helpful and efficient.

In September, NIB celebrated the first anniversary of the National Prescription Drug Plan. Launched in 2010 with 6,500 beneficiaries in four benefit categories, the Plan now has a membership of more than 17,000 and is providing prescription drugs free-of-charge to active beneficiaries in eleven benefit categories. Some 42 private pharmacies and all public pharmacies participate for a total of some 100 distribution points.

With the initiatives and strategies employed by Management, and with the strengthening of the legislative framework, I continue to be optimistic that the National Insurance Board, the National Insurance Programme and the National Prescription Drug Plan will continue to meet the mandates for which they were created. I have no doubt that the financial and social safety net represented by NIB will continue to grow stronger into the future.





## Director's Report



Algernon Cargill  
Director



Given the many economic challenges that prevailed during 2011, National Insurance finances were mixed. With the implementation of several contribution and benefit amendments, contribution income once again exceeded benefits paid while investment returns were negatively affected by the low interest rate environment. Overall the net surplus for the year was almost unchanged compared with 2010.

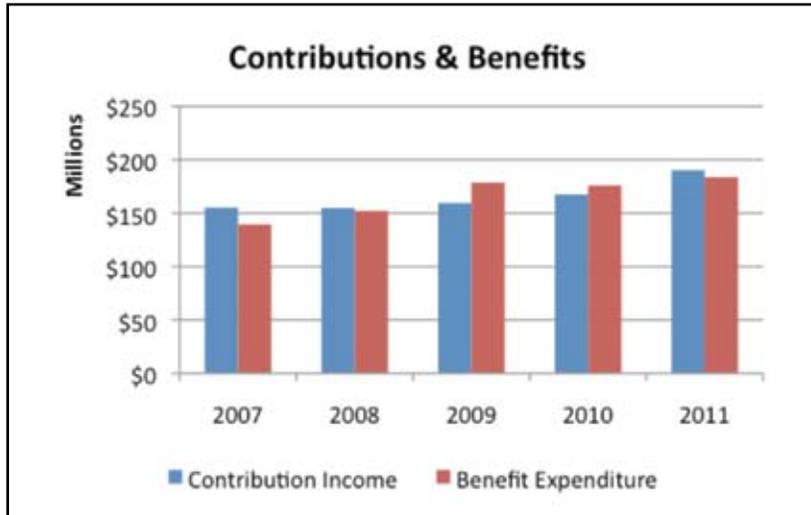
The following table provides results for key financial factors in 2011 with comparative figures for 2010.

NIB's core business is the collection of contributions from employers, employees and self-employed persons and the payment of benefits to those who qualify for one or more of the sixteen benefits. During 2011, approximately 145,000 employed and self-employed persons made contributions, only slightly fewer than in 2010. However, due to the January 2011 increase in the wage ceiling from \$400 to \$500 per week and the 1% increase in the contribution rate in June 2010, contribution income increased from \$168 million in 2010 to \$191 million in 2011.

PERFORMANCE INDICATORS	2011	2010	% CHANGE
Total Net Contributions Income	\$190.5 m	\$167.5 m	13.7%
Investment Income	83.2 m	91.5 m	-9.1%
Benefits Expenditure	183.8 m	176.0 m	4.4%
Administrative Expenditure	41.1 m	38.2 m	7.6%
Total Comprehensive Income	42.6 m	42.7 m	-0.2%
Year-end Reserves	1,653 m	1,611 m	2.6%
Year-end Investments	1,519 m	1,508 m	0.7%
Yield on Investments	5.3%	6.1%	-13.1%
Administrative Expenditure as % of Contribution Income (Gross)	21.6%	22.8%	-5.3%

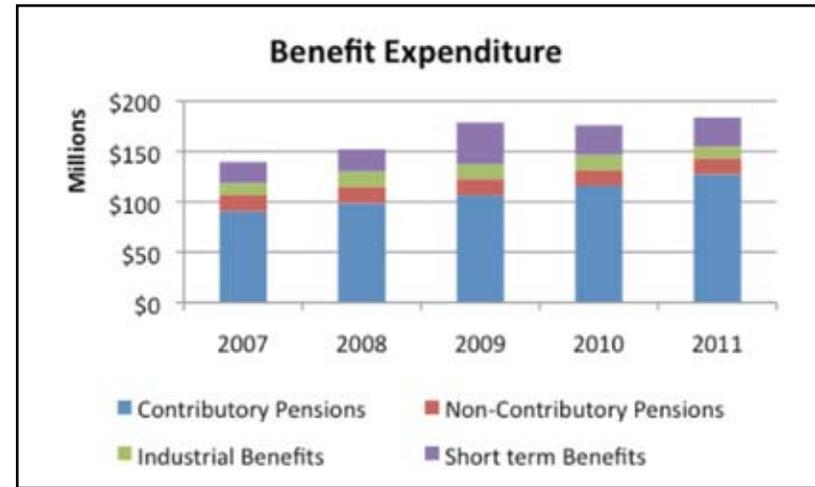


The number of monthly pensions in payment and the number of other benefits awarded during 2011 increased over 2010. But after two years of benefits exceeding contributions, contribution income was slightly greater than benefits paid out in 2011.

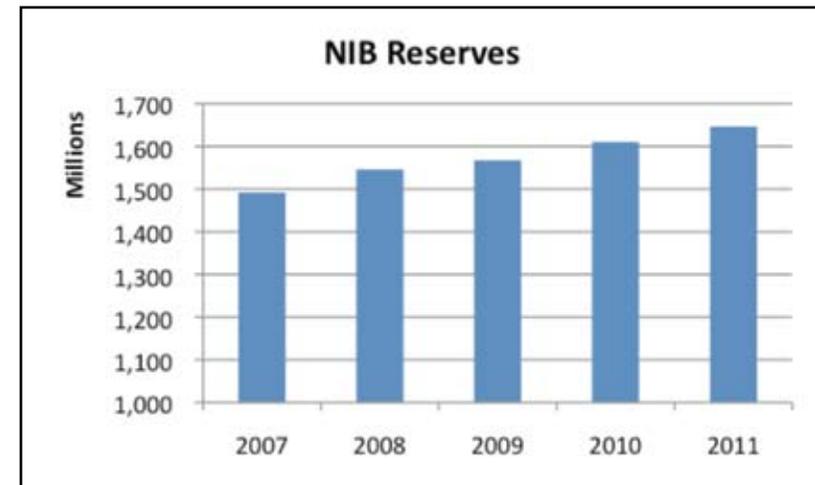


The four broad categories of benefits had different experiences in 2011; contributory and non-contributory pensions increased over the previous year while short-term and industrial benefit payments decreased. While pensions are expected to increase each year other benefits are more closely linked to economic activity. In 2011, even though average weekly benefits increased due to the increase in the wage ceiling, there was a reduction in unemployment benefit payments and a significant reduction in medical care payments. The \$2.8 million reduction in medical care payments was due to new initiatives designed to ensure that care was provided strictly in accordance with NIB regulations.

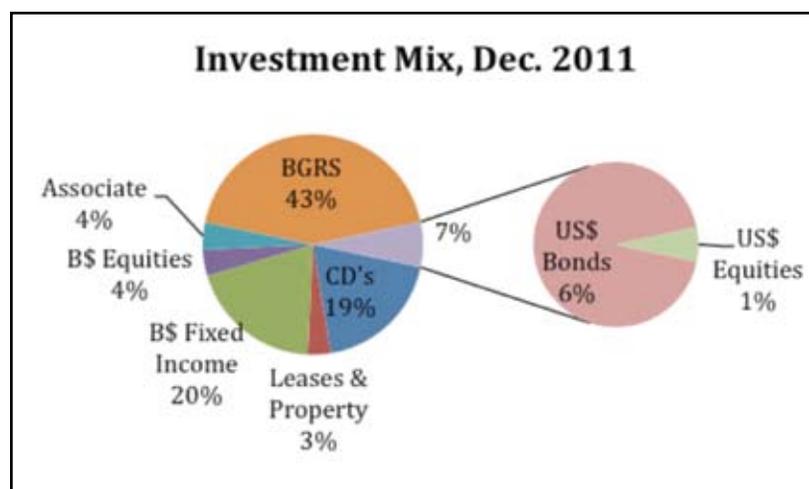
The largest share of NIB benefit payments continues to be contributory pensions to nearly 25,600 persons, a number that increases each year, with non-contributory pensions to 5,300 persons, a number that decreases slightly each year. Expenditure for NIB's newest benefit, Unemployment, decreased from \$8.8 million to \$7.1 million in 2011.



Even though benefit payments closely match contribution income, NIB continues to generate annual surpluses as investment income remains well in excess of administrative expenses. The surplus of \$42.6 million was just slightly less than the \$42.7 million in 2010. With this surplus, reserves at the end of 2011 were \$1.653 billion.



With the majority of NIB's investments having rates of return linked to the Bahamas Prime rate, investment returns declined during 2011 following the ¾% reduction in the Prime rate. This decline was partly offset by an increase in income from NIB's holdings that are not linked to the Bahamas Prime rate. Notwithstanding the economic climate, reduction in Prime Rate and high liquidity, NIB's investment portfolio grew slightly in 2011 from \$1.508 billion to \$1.519 billion. The average rate of return on investments during the year was 5.3%.



## Summary of Operational Performance

PERFORMANCE INDICATORS	2011	2010	% CHANGE
# Contributing Employers	12,393	12,564	-1.4%
# Contributing Self-Employed Persons	6,553	5,577	17.5%
# Active Employees (estimate)^	145,000	146,000	-0.7%
# Short-term Benefit Claims Awarded	32,641	31,836	2.5%
# Long-term Benefit Claims Awarded	3,207	2,707	18.5%
# Contributory Pensioners (at year-end)	25,578	24,017	6.5%
# Assistance Pensioners (at year-end)	5,304	5,455	-2.8%
# Cases Approved For Prosecution	990	1,850	-46.5%
# Employees (December)	484	481	0.6%

^ figure for 2010 revised from 144,000

Several years ago the Board identified the need to diversify the NIB Fund and made application to the Central Bank of The Bahamas for permission to invest overseas. With the ability to invest overseas up to \$25 million per annum over the past few years, NIB's foreign currency holdings have gradually increased to \$102 million or 7% of the total portfolio. These investments are primarily in corporate bonds with almost \$7 million in equities and mutual funds.

During 2011, NIB-related administrative expenses increased from \$38.2 million to \$41.1 million.

## New Wage Ceiling

In January 2010 the ceiling on insurable wages was increased from \$400 per week to \$500 per week. This was the first increase since January 1999. The next ceiling increase will take effect in July 2012. Starting July 2014, wage ceiling adjustments will occur every second July with the rate of increase determined by the change in The Bahamas Retail Price Index in the preceding two years, plus 2%.

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. The following tables highlight activities related to registration, claims awarded and pensions in payment in 2010 and 2011. Additional details, with numbers and values by Local office, can be found in the Statistical Appendix of this Report.

## Registration

Registration of employers and self-employed persons increased significantly in 2011, possibly due to NIB compliance now being a requirement for the renewal of business licences. Many straw vendors who were not previously NIB contributors, registered for the first time in 2011. The number of individuals either registering simply to get a NIB number or because they were first time employees, fell in 2011.

Type	2011	2010
Employers	2,188	1,640
Self-Employed persons	2,776	1,304
Active Insured Persons	2,374	3,531
Inactive Persons	13,892	17,195

## Claims Awarded

For all three major benefit types, the number of claims awarded in 2011 increased over 2010 but there were reductions in the amount paid in benefits for Short-term and Industrial benefits.

Benefit Type	2011	2010
Long-term	3,207	2,707
Short-term	32,641	31,836
Industrial	4,698	4,242
<b>Total</b>	<b>40,546</b>	<b>38,785</b>

The increase in pensions/long-term benefit awards was due primarily to new conditions that allowed widows and widowers to also qualify for both Re-

irement and Survivors' benefits. The reduction in short-term benefit claims expenditure was mainly due to the reduction in Unemployment benefit payments while for Industrial benefits, there were considerable savings in Medical Care payments.

## Claims Paid (in millions of \$'s)

Benefit Type	2011	2010
Long-term	\$143.4	\$131.9
Short-term	\$28.9	\$29.4
Industrial	\$11.5	\$14.7
<b>Total</b>	<b>\$183.8</b>	<b>\$176.0</b>

At the end of 2011, almost 31,000 persons were in receipt of monthly pension payments. The number of pensions in payment increased for all but two benefits – Old-Age Non-contributory and Survivors Assistance.

## Pensions In Payment At Year-end

Benefit/Assistance	2011	2010
Retirement	18,375	17,378
Invalidity Benefit	2,288	2,162
Survivors Benefit	4,209	3,803
OANCP	2,175	2,275
Invalidity Assistance	2,685	2,676
Survivors Assistance	444	504
Disablement	637	607
Death	69	67
<b>Total</b>	<b>30,882</b>	<b>29,472</b>





## Around The Board



### Human Resources & Training

The year 2011 was a banner year for training and development at the National Insurance Board.

NIB employees continue to adjust well to the changing work environment where high standards are set for performance and conduct. Since 2008, there have been remarkable rises in employee satisfaction ratings over five categories—Communication, Customer Service, Management, Supervision and Training – a 26% rise in Customer Service in 2011, 24% in Communication and 20% in Management.

The employee satisfaction level for Training and Development enjoyed an increase of 21% in the Employee Satisfaction Survey over the 2008 results with the overall employee satisfaction level continuing to trend positively. This increase was directly impacted by our ongoing focus on employee development and our 2011 initiatives which included the launch of the major training initiative, “Festival in The Workplace.”

The programme Festival in the Workplace (FITW) was launched in April 2011 and was a comprehensive programme for the entire organisation. It focused on the process of creating a culture of Service Excellence. The programme has as a key component, the Junkanoo “Shack” Experience. This cultural expression allowed each employee of the National Insurance Board to become actively involved in understanding our mission

using a unique cultural experiential learning model.

Additionally in October 2011, the Inspectors Training Programme was re-launched. The programme reset the standards for the position of Inspector in a (six)

6-month intensive training programme. The programme was developed in collaboration with the College of The Bahamas and had four major components: 1) The NIB Act and Regulations; 2) The Case Study; 3) The Field Experience and 4) Effective Business Communication. As a result, we have increased our Inspectorate field force by 30% as we begin to plan for succession in this key functional area at the Board.

In 2011, there were numerous opportunities for employees to upgrade themselves in academics and through participation in international meetings. For example, in December 2011, two managers participated in the Inter-Development Bank Study Tour for Social Security Net Reform Program meeting. Along



with members from other governmental agencies, they got to see first-hand how Jamaica's Programme of Advancement Through Health and Education (PATHE) works.



The National Insurance Board continues to value performance excellence as demonstrated by the 2011 Director's Awards given in two categories; Customer Service Excellence and Operational Efficiency. We have also seen participation grow in our Inspectors Incentive Programme. As usual, our 2011 Long Service Award recipients were honoured at Government House and a total of 48 staff members received milestone awards.



Our staff complement was 484 as at December 31, 2011, up by 3 from 2010.

Sadly and suddenly, the NIB family suffered the loss of Benjamin Forbes, Internal Auditor, on January 25, 2011. Forbes commenced employment with the Board on March 1, 1984 as an Audit Clerk. During his tenure at the Board, he was promoted to Senior Audit Clerk, Deputy Internal Auditor and Internal Auditor. He spent his entire career as a member and team player in the Internal Audit Department. He was also, at the time of his passing, President of the Public Managers Union, the bargaining agent for the Board's management staff.



## Information Technology

In early 2011, a team of persons with significant knowledge about the processes and procedures in one or more crucial areas of the Board's operations was selected to explore the viability of implementing a new insurance administration system for the organisation. This Vendor Selection Committee was charged with streamlining the vendor selection process and subsequently testing and recommending a new system. The process entailed several site visits to organisations where similar systems are utilised.

By year-end, the Committee had identified a system and secured Board of Directors approval for its purchase. The browser-based solution recommended by the Committee is expected to better facilitate the work of NIB's internal customers and enable levels of access to contributors, their employers, and the Board's field staff to facilitate ease of processing work, performing inspections, compliance activities as well as streamlining application system deployment and maintenance. Among the new system's extensive business support capabilities within NIB will be the efficient adjudication of claims; processing of contributions; enrollment of employers and employees; and employer self-help via NIB's website.



It is expected that the selection process will be completed in early 2012 with the signing of the contract, whereupon deployment of the system will commence. It is anticipated that it will take some 36 months for full deployment around the Board and the additional efficiency gains will be noticeable.

## A Healthier Us

The introduction of the National Prescription Drug Plan and its complementary Healthy People Programme in 2010, caused the organisation, as an employer of hundreds, to start thinking in a more targeted way about the health and wellness of its own employees. In July 2011, in recognition of the fact that good health is a vital factor in employee comfort and efficiency, the organisation funded “A Healthier Us” — a 12-week programme that encouraged employees to make lifestyle changes and adopt healthy behaviours that accrued to measurable improvements in two specific risk areas, specifically obesity and physical inactivity. The programme consisted of two major modules –

1. The Get Active Challenge, which aimed to increase the proportion of staffers who engage in regular, preferably daily, moderate physical activity for at least 30 minutes per day; and
2. The Weight off Challenge, which aimed to increase the number of NIB staffers who are at a healthy weight.

At the end of the 12 weeks, the results were very encouraging: more than 75% of the 150 persons who took part in the two Challenges continued to completion. In the Weight Off category, in particular, participants registered very impressive weight loss results.

## Annual Report

NIB continues its remarkable and laudable accomplishment with regards to the Annual Report. The 2010 Report was presented to the Minister on June 21, 2011, ahead of the June 30 statutory deadline.







*Consolidated  
Financial  
Statements*







## 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, 2011, 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.

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*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](http://www.pwc.com/bs), E-mail: [pwcbs@bs.pwc.com](mailto: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, 2011, 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 8, 2012**



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

**Consolidated Balance Sheet**  
**As of December 31, 2011**  
(Expressed in Thousands of Bahamian dollars)

	Notes	2011 \$	2010 \$
<b>ASSETS</b>			
Cash on hand and at banks	3	9,161	13,210
Receivables and advances	4	6,207	6,138
Prepaid expenses and deposits		906	957
		<u>16,274</u>	<u>20,305</u>
<b>Investments</b>			
At fair value through profit or loss:			
Equity securities	5	65,030	65,920
Held-to-maturity:			
Bahamas Government US\$ notes	6(a)	30,337	30,266
Government of Barbados US\$ bonds	6(b)	6,080	5,912
United States of America US\$ treasury notes	6(c)	4,469	9,447
Citigroup Funding Inc. notes	6(d)	3,006	-
Government of the Cayman Islands US\$ bonds	6(e)	2,487	2,485
Loans and receivables:			
Certificates of deposit	7(a)	289,759	287,887
Bahamas Government registered stocks	7(b)	659,781	671,924
Bahamas Mortgage Corporation bonds	7(c)	101,454	117,728
Nassau Airport Development Company Limited debt securities	7(d)	66,883	43,852
Education Loan Authority bonds	7(e)	48,231	48,564
Bahamas Development Bank bonds	7(f)	46,492	47,013
Bahamas Electricity Corporation bonds	7(g)	26,902	25,046
Bank of The Bahamas Limited bonds	7(h)	17,004	17,005
Preference shares	7(i)	14,500	11,500
Clifton Heritage Authority bonds	7(j)	7,998	8,005
Loans to Bahamas Government entities	7(k)	3,226	3,844
Latin American Investment Bank (Bahamas) Ltd. bonds	7(l)	3,076	3,200
Bridge Authority bonds	7(m)	2,829	2,835
Fidelity Bank (Bahamas) Limited notes	7(n)	2,828	2,830
The College of The Bahamas redeemable term notes	7(o)	2,677	-
Consolidated Water (Bahamas) Ltd. bonds	7(p)	1,729	1,701
Bahamas Government treasury bills	7(q)	-	6,991
Net investment in finance leases	8	46,117	51,478
Investment property	9	5,120	11,432
Investments in associates	10	60,954	31,465
		<u>1,518,969</u>	<u>1,508,330</u>
<b>Total investments</b>			

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



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

**Consolidated Balance Sheet**  
**As of December 31, 2011**  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

	Notes	2011 \$	2010 \$
<b>ASSETS (Continued)</b>			
Computer software		576	495
Property, plant and equipment	11	64,395	47,613
Construction in progress – finance leases	12	<u>114,588</u>	<u>92,548</u>
<b>TOTAL ASSETS</b>		<b><u>1,714,802</u></b>	<b><u>1,669,291</u></b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	13	6,578	7,238
Staff pension fund	14	52,401	48,020
Accrued benefits payable		<u>2,737</u>	<u>3,523</u>
<b>TOTAL LIABILITIES</b>		<b><u>61,716</u></b>	<b><u>58,781</u></b>
<b>RESERVES</b>			
Short-term benefits	30	22,748	11,579
Pensions	30	1,404,247	1,375,534
Industrial benefits	30	109,228	104,723
Medical benefits	30	92,276	95,085
Disablement and death benefits	30	24,011	23,013
Fidelity bond	15 & 30	<u>576</u>	<u>576</u>
<b>TOTAL RESERVES</b>		<b><u>1,653,086</u></b>	<b><u>1,610,510</u></b>
<b>TOTAL LIABILITIES AND RESERVES</b>		<b><u>1,714,802</u></b>	<b><u>1,669,291</u></b>

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

  
\_\_\_\_\_

Chairman

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Financial Controller May 1, 2012

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, 2011 (Expressed in Thousands of Bahamian dollars)

	Notes	2011 \$	2010 \$
<b>INCOME</b>			
<b>Contributions</b>			
Employers		119,612	104,441
Insured persons		66,940	60,004
Self-employed persons		4,364	3,346
Voluntarily insured		<u>1</u>	<u>-</u>
		190,917	167,791
Refund of contributions		<u>(429)</u>	<u>(311)</u>
<b>Total net contributions</b>		<b><u>190,488</u></b>	<b><u>167,480</u></b>
Grant from Consolidated Fund	16	-	2,450
Income from investments	17	76,710	87,975
Income from property	18	1,851	1,819
Share of profits of associates	10	4,649	1,682
Other income		<u>307</u>	<u>74</u>
<b>TOTAL INCOME</b>		<b><u>274,005</u></b>	<b><u>261,480</u></b>

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, 2011 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2011 \$	2010 \$
<b>EXPENDITURE</b>			
<b>Benefits expenditure</b>			
Short-term		28,895	29,415
Pensions		143,401	131,894
Industrial		7,752	10,680
Disablement and death		3,791	3,965
		<u>183,839</u>	<u>175,954</u>
<b>Total benefits expenditure</b>			
<b>Administrative expenditure</b>			
Staff salaries, allowances and benefits	22	29,032	28,162
Expenses of the Board of Directors		124	116
Amortisation		301	328
Depreciation	11	1,752	1,318
Other expenses	21	9,925	8,314
		<u>41,134</u>	<u>38,238</u>
<b>Total administrative expenditure</b>			
<b>Expenditure of the medical benefits branch</b>			
Administrative expenditure		5,603	2,778
Depreciation	11	743	689
		<u>6,346</u>	<u>3,467</u>
<b>Total expenditure of the medical benefits branch</b>			
<b>Other</b>			
Net impairment provision on investments	10	-	1,259
Net fair value loss on investment property	9	312	-
		<u>312</u>	<u>1,259</u>
<b>Total other</b>			
		<u>231,631</u>	<u>218,918</u>
<b>TOTAL EXPENDITURE</b>			
		<u>42,374</u>	<u>42,562</u>
<b>EXCESS OF INCOME OVER EXPENDITURE</b>			
Unclaimed benefits		202	179
		<u>42,576</u>	<u>42,741</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			

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, 2011 (Expressed in Thousands of Bahamian dollars)

	Notes	Short-term		Pensions		Industrial		Medical		Disablement and Death		Fidelity Bond		Total	
		2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
<b>INCOME</b>															
Total net contributions		47,622	41,870	127,627	112,212	14,287	12,561	952	837	-	-	-	-	190,488	167,480
Grant from Consolidated Fund		-	-	-	2,450	-	-	-	-	-	-	-	-	-	2,450
Income from investments		681	402	68,629	79,897	4,495	4,669	1,891	1,947	1,014	1,060	-	-	76,710	87,975
Income from property		-	-	1,234	1,179	-	-	617	640	-	-	-	-	1,851	1,819
Share of profits of associates		-	-	4,649	1,682	-	-	-	-	-	-	-	-	4,649	1,682
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disablement	19	-	-	-	-	-	-	-	-	3,775	2,963	-	-	3,775	2,963
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income		77	19	77	19	77	18	76	18	-	-	-	-	307	74
<b>TOTAL INCOME</b>		<b>48,380</b>	<b>42,291</b>	<b>202,216</b>	<b>197,439</b>	<b>18,859</b>	<b>17,248</b>	<b>3,536</b>	<b>3,442</b>	<b>4,789</b>	<b>4,023</b>	-	-	<b>277,780</b>	<b>264,443</b>
<b>EXPENDITURE</b>															
<b>Benefits expenditure</b>															
Sickness benefit		11,204	10,073	-	-	-	-	-	-	-	-	-	-	11,204	10,073
Unemployment benefit		7,080	8,759	-	-	-	-	-	-	-	-	-	-	7,080	8,759
Maternity benefit		6,664	6,777	-	-	-	-	-	-	-	-	-	-	6,664	6,777
Funeral benefit		2,459	2,295	-	-	-	-	-	-	-	-	-	-	2,459	2,295
Maternity grant		1,487	1,502	-	-	-	-	-	-	-	-	-	-	1,487	1,502
Sickness assistance		1	9	-	-	-	-	-	-	-	-	-	-	1	9
Retirement benefit		-	-	99,735	90,292	-	-	-	-	-	-	-	-	99,735	90,292
Survivors' benefit		-	-	15,287	14,082	-	-	-	-	-	-	-	-	15,287	14,082
Invalidity benefit		-	-	12,248	11,424	-	-	-	-	-	-	-	-	12,248	11,424
Invalidity assistance		-	-	8,060	8,018	-	-	-	-	-	-	-	-	8,060	8,018
Old age non-contributory retirement benefit		-	-	6,683	6,779	-	-	-	-	-	-	-	-	6,683	6,779
Survivors' assistance		-	-	1,388	1,299	-	-	-	-	-	-	-	-	1,388	1,299
Medical care		-	-	-	-	5,886	8,708	-	-	-	-	-	-	5,886	8,708
Injury benefit		-	-	-	-	1,694	1,832	-	-	-	-	-	-	1,694	1,832
Disablement grant		-	-	-	-	172	140	-	-	-	-	-	-	172	140
Payment of current periodically payable benefits effected during the year:		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disablement	19	-	-	-	-	-	-	-	-	3,405	3,623	-	-	3,405	3,623
Death	19	-	-	-	-	-	-	-	-	386	342	-	-	386	342
Disablement benefit – capital value		28,895	29,415	143,401	131,894	7,752	10,680	-	-	3,791	3,965	-	-	183,839	175,954
Death benefit – capital value		-	-	-	-	3,775	2,963	-	-	-	-	-	-	3,775	2,963
Administrative expenditure		8,429	7,956	29,860	27,245	2,846	3,037	6,345	3,467	-	-	-	-	47,480	41,705
Other expenditure		-	-	312	1,259	-	-	-	-	-	-	-	-	312	1,259
<b>TOTAL EXPENDITURE</b>		<b>37,324</b>	<b>37,371</b>	<b>173,573</b>	<b>160,398</b>	<b>14,373</b>	<b>16,680</b>	<b>6,345</b>	<b>3,467</b>	<b>3,791</b>	<b>3,965</b>	-	-	<b>235,406</b>	<b>221,881</b>
<b>EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE</b>															
Unclaimed benefits		11,056	4,920	28,643	37,041	4,486	568	(2,809)	(25)	998	58	-	-	42,374	42,562
		113	56	70	83	19	40	-	-	-	-	-	-	202	179
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>11,169</b>	<b>4,976</b>	<b>28,713</b>	<b>37,124</b>	<b>4,505</b>	<b>608</b>	<b>(2,809)</b>	<b>(25)</b>	<b>998</b>	<b>58</b>	-	-	<b>42,576</b>	<b>42,741</b>
RESERVES, beginning 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
<b>RESERVES, end of year</b>		<b>22,748</b>	<b>11,579</b>	<b>1,404,247</b>	<b>1,375,534</b>	<b>109,228</b>	<b>104,723</b>	<b>92,276</b>	<b>95,085</b>	<b>24,011</b>	<b>23,013</b>	<b>576</b>	<b>576</b>	<b>1,653,086</b>	<b>1,610,510</b>

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, 2011 (Expressed in Thousands of Bahamian dollars)

	2011	2010
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of income over expenditure	42,374	42,562
Adjustments:		
Grant from Consolidated Fund	-	(2,450)
Income from investments	(76,710)	(87,975)
Income from property	(1,851)	(1,819)
Share of profits of associates	(4,649)	(1,682)
Loss on write-off of computer software	-	85
(Gain)/Loss on disposal/write-off of property, plant and equipment	(86)	57
Amortisation	301	328
Depreciation	2,495	2,007
Net fair value loss on investment property	312	1,259
Grant from Consolidated Fund received	-	4,900
<b>Deficit before working capital changes</b>	<b>(37,814)</b>	<b>(42,728)</b>
Decrease in receivables and advances	81	627
(Increase)/Decrease in prepaid expenses and deposits	51	(33)
Increase/(Decrease) in accounts payable and accrued expenses	(458)	2,423
Increase in staff pension fund	4,381	5,310
Increase/(Decrease) in accrued benefits payable	(786)	728
<b>Net cash used in operating activities</b>	<b>(34,545)</b>	<b>(33,673)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received – trustee and other securities	69,486	74,508
Dividends received	3,271	3,571
Proceeds from finance leases	10,112	7,072
Income received from property	1,946	1,014
Dividends received from associates	892	-
Proceeds from sale of equity securities	1,053	-
Proceeds from United States of America US\$ Treasury notes	10,569	-
Proceeds on maturity of Government of the Cayman Islands US\$ bonds	-	492
Proceeds on maturity of certificates of deposit	333,505	155,076
Proceeds on maturity of Bahamas Government registered stocks	19,237	28,352

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, 2011 (Expressed in Thousands of Bahamian dollars) (Continued)

	2011 \$	2010 \$
<b>CASH FLOWS FROM INVESTING ACTIVITIES (Continued)</b>		
Proceeds on maturity of Bahamas Mortgage Corporation bonds	20,500	17,000
Proceeds on redemption of preference shares	1,000	2,500
Proceeds from loan repayments from Bahamas Government entities	605	1,549
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	135	-
Proceeds from Consolidated Water (Bahamas) Ltd. bonds	-	300
Net movement in Bahamas Government treasury bills	1,979	2,966
Proceeds from sale of property, plant and equipment	93	-
Purchase of equity securities	(32,891)	(5,012)
Purchase of Bahamas Government US\$ notes	-	(1,000)
Purchase of Government of Barbados US\$ bonds	-	(2,500)
Purchase of United States of America US\$ treasury notes	(4,447)	(9,400)
Purchase of Citigroup Funding Inc. notes	(3,000)	-
Purchase of Government of the Cayman Islands US\$ bonds	-	(2,962)
Placements of certificates of deposit	(336,113)	(220,578)
Purchase of Bahamas Government registered stocks	(8,371)	(31,814)
Purchase of Bahamas Mortgage Corporation bonds	(4,400)	(11,500)
Purchase of Nassau Airport Development Company Limited debt securities	(20,000)	-
Purchase of Bahamas Electricity Corporation bonds	(1,003)	-
Purchase of preference shares	(4,000)	(5,500)
Additional loans to Bahamas Government entities	(5)	-
Purchase of The College of The Bahamas redeemable term notes	(2,583)	-
Additions to investment property	-	(2)
Additions to computer software	(382)	(458)
Purchase of property, plant and equipment	(11,284)	(8,911)
Additions to construction in progress – finance leases	(20,420)	(39,073)
<b>Net cash from/(used in) investing activities</b>	<b>25,484</b>	<b>(44,310)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,061)</b>	<b>(77,983)</b>
Cash and cash equivalents, beginning of year	18,222	96,205
<b>Cash and cash equivalents, end of year (Note 3)</b>	<b>9,161</b>	<b>18,222</b>

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



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011 (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, Claughton 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.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 2. Summary of Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

##### *New and amended standards adopted by the Fund*

During the current year, the Fund adopted the amendments to IAS 24 *Related Party Disclosures* that became effective for the financial year beginning January 1, 2011. The revision to IAS 24 amended the definition of a related party and modified the disclosure requirements for certain related party transactions involving government related entities. The adoption of this revision did not have any significant impact on the Fund's accounting policies or consolidated financial statements.

The remaining amendments and interpretations to published standards that became effective for the financial year beginning January 1, 2011 were either not relevant or not significant to the Fund's operations and accordingly did not have a material impact on the Fund's accounting policies or consolidated financial statements.

##### *New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2011 and not early adopted by the Fund*

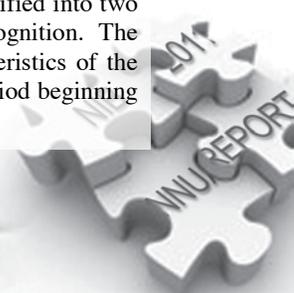
With the exception of the following standards and amendment, the application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Fund's accounting policies or consolidated financial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

##### *IAS 19 Employee Benefits*

Upon adoption, the amendments to IAS 19 will require: the elimination of the corridor approach and recognition of all actuarial gains and losses in other comprehensive income as they occur; immediate recognition of all past service costs; and the replacement of interest cost and expected return on plan assets with the net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Fund has not yet assessed the full impact of these amendments, but intends to adopt the amendments no later than the fiscal period beginning on or after January 1, 2013.

##### *IFRS 9 Financial Instruments*

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. Upon adoption, IFRS 9 will require financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the Fund's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The Fund has not yet assessed the full impact of adopting IFRS 9, but intends to adopt IFRS 9 no later than the fiscal period beginning on or after January 1, 2015.



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

##### (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, income and expenses and unrealised gains on transactions between the Fund and its subsidiaries are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment 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 legal or constructive 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.

##### (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.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 2. Summary of Significant Accounting Policies (Continued)

#### (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 at each balance sheet date.

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.

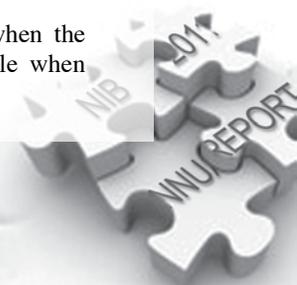
Regular-way purchases and sales of financial assets are recognised on the trade date, which is the date that the Fund commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except for financial assets at fair value through profit or loss 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.

#### (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.



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

##### (f) Sale and repurchase agreements (continued)

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. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statement of comprehensive income. When a financial asset is uncollectible, it is written off against the allowance account. Recoveries of amounts previously written off are recognised directly 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.

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.

## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

##### (h) Investment property (continued)

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 recognised 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.

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



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011 (Expressed in Thousands of Bahamian dollars) (Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

##### (i) Property, plant and equipment (continued)

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 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.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 2. Summary of Significant Accounting Policies (Continued)

#### (k) Leases (continued)

*The Fund is lessor (continued)*

##### 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.

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.



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

##### (m) Revenue recognition (continued)

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.

##### (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

Sections 18 and 19 of the Regulations provide the following:

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



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

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

	2011	2010
Short-term benefits reserve	25.0%	25.0%
Pensions reserve	67.0%	67.0%
Industrial benefits reserve	7.5%	7.5%
Medical benefits reserve	<u>0.5%</u>	<u>0.5%</u>
	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

- 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.

For the years ended December 31, 2011 and 2010, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2011	2010
Short-term benefits reserve	20.49%	20.81%
Pensions reserve	72.59%	71.25%
Industrial benefits reserve	<u>6.92%</u>	<u>7.94%</u>
	<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

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



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 2. Summary of Significant Accounting Policies (Continued)

##### (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.

#### 3. Cash and Cash Equivalents

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Cash on hand	30	29
Cash at banks – current account	5,625	5,587
Cash at brokers	940	952
Cash at the Central Bank of The Bahamas	<u>2,566</u>	<u>6,642</u>
Cash on hand and at banks	9,161	13,210
Short-term highly liquid investments with original contractual maturities of three months or less:		
Bahamas Government treasury bills (Note 7(q))	<u>-</u>	<u>5,012</u>
	<u><b>9,161</b></u>	<u><b>18,222</b></u>

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2011 (2010: effective interest rate of 4.70%).



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 4. Receivables and Advances

	2011 \$	2010 \$
Finance lease receivables	2,157	3,410
Rent receivable	1,633	1,728
Other receivable – The Bahamas Government	1,498	-
Education loans – staff	289	449
Automobile loans – staff	278	223
Advances to staff	277	240
Computer loans – staff	68	75
Miscellaneous receivables	14	21
Staff uniforms	3	2
	<u>6,217</u>	<u>6,148</u>
Provision for doubtful accounts	(10)	(10)
	<u><b>6,207</b></u>	<u><b>6,138</b></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, 2011

(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			2011	2010
2011	2010		\$	\$
<i>Ordinary Shares / Mutual Funds</i>				
<b>Level 1 B\$</b>				
1,000	1,000	Bahamas Waste Limited	3	3
-	3,034,483	Cable Bahamas Limited	-	31,741
1,114,583	1,084,583	Commonwealth Bank Ltd.	7,802	7,592
2,967,500	-	Commonwealth Brewery Limited	25,224	-
474,796	474,796	Consolidated Water Co. Ltd.	812	869
23,320	23,320	FamGuard Corporation Limited	127	142
213,472	213,472	Finance Corporation of Bahamas Limited	960	1,543
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	2,430	2,803
375,153	375,153	Freeport Oil Holdings Company Ltd.	1,876	2,048
158,769	158,769	ICD Utilities Limited	1,159	1,175
68,327	68,327	J.S. Johnson & Company Limited	671	671
			41,064	48,587
<b>Level 1 US\$</b>				
300	-	Apple Inc.	121	-
1,200	-	Exxon Mobil Corp.	102	-
1,550	-	Fluor Corp.	78	-
1,850	-	Freeport-McMoran Copper & Gold Inc.	68	-
4,650	-	Intel Corp.	113	-
2,300	-	JP Morgan Chase & Co.	76	-
2,000	-	Marathon Oil Corp.	59	-
1,000	-	Marathon Petroleum Corp.	33	-
1,350	-	McDonald's Corp.	135	-
1,250	-	McKesson Corp.	97	-
2,350	-	MetLife Inc.	73	-
3,950	-	Microsoft Corp.	103	-
1,300	-	Nike Inc.	125	-
1,050	-	Occidental Petroleum Corp.	98	-

## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units			2011	2010
2011	2010		\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
<b>Level 1 US\$ (continued)</b>				
3,000	-	Oracle Corp.	77	-
5,200	-	Pfizer Inc.	113	-
2,500	-	Southern Co./The	116	-
2,200	-	State Street Corp.	89	-
1,200	-	United Technologies Corp.	88	-
22,255	-	Axion Bal. Fund	2,444	-
23,033	-	Axion Cons. Fund	2,481	-
			6,689	-
			47,753	48,587
<b>Level 3 B\$</b>				
-	1,000	Royal Fidelity International Investment Fund Limited; Index Linked Sub Fund, Class N shares Series 1	-	985
3,000	3,000	Royal Fidelity International Investment Fund Limited; Index Linked Sub Fund, Class N shares Series 3	2,936	3,007
			2,936	3,992



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units			2011	2010
2011	2010		\$	\$
<i>Preference Shares</i>				
<b>Level 2</b>				
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,826	8,826
150	150	FamGuard Corporation Limited; Prime + 1.50%	150	150
100,000	-	Fidelity Bank Limited; Prime + 2.25%	1,000	-
4,365,000	4,365,000	Freeport Oil Holdings Company Ltd.; Prime + 1.75%	4,365	4,365
			14,341	13,341
			<b>65,030</b>	<b>65,920</b>

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, 2011	48,587	13,341	3,992	65,920
Purchases	31,891	1,000	-	32,891
Sales	(53)	-	(1,000)	(1,053)
Transfers to investments in associates (Note 9)	(25,732)	-	-	(25,732)
Net realised gain/(loss)	2,240	-	-	2,240
Net unrealised gain/(loss)	(9,180)	-	(56)	(9,236)
<b>Balance as of December 31, 2011</b>	<b>47,753</b>	<b>14,341</b>	<b>2,936</b>	<b>65,030</b>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(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, 2010	45,536	13,341	958	59,835
Purchases	2,012	-	3,000	5,012
Sales	-	-	-	-
Net realised gain/(loss)	-	-	-	-
Net unrealised gain/(loss)	1,039	-	34	1,073
<b>Balance as of December 31, 2010</b>	<b><u>48,587</u></b>	<b><u>13,341</u></b>	<b><u>3,992</u></b>	<b><u>65,920</u></b>

As of December 31, 2011, the cost of ordinary shares/mutual funds and preference shares totals \$50,655 (2010: \$43,309) and \$14,341 (2010: \$13,341), respectively, which include the cost of Level 3 securities of \$3,000 (2010: \$4,000).

### 6. Held-To-Maturity Investments

#### (a) Bahamas Government US\$ notes

Face Value		Description		
2011 \$	2010 \$		2011 \$	2010 \$
11,000	11,000	6.95%; 2029	10,986	10,986
4,800	4,800	6.63%; 2033	4,692	4,690
14,102	14,102	7.13%; 2038	<u>14,183</u>	<u>14,183</u>
		Accrued interest	29,861	29,859
			<u>476</u>	<u>407</u>
			<b><u>30,337</u></b>	<b><u>30,266</u></b>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 6. Held-To-Maturity Investments (Continued)

#### (b) Government of Barbados US\$ bonds

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
3,000	3,000	Class B; 7.80%; 2019	3,000	3,000
2,500	2,500	7.25%; 2021	<u>2,691</u>	<u>2,704</u>
		Accrued interest	5,691	5,704
			<u>389</u>	<u>208</u>
			<b><u>6,080</u></b>	<b><u>5,912</u></b>

As of December 31, 2011, Barbados foreign currency debt was rated as BBB- by Standard and Poors.

#### (c) United States of America US\$ treasury notes

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
2,270	-	1.50%; 2016	2,257	-
2,180	-	2.00%; 2021	2,190	-
-	2,680	1.38%; 2015	-	2,609
-	2,533	2.50%; 2017	-	2,533
-	4,336	2.63%; 2020	<u>-</u>	<u>4,258</u>
		Accrued interest	4,447	9,400
			<u>22</u>	<u>47</u>
			<b><u>4,469</u></b>	<b><u>9,447</u></b>

As of December 31, 2011, United States of America debt was rated AAA by Standard and Poors.

**The National Insurance Fund**

**Notes to the Consolidated Financial Statements**  
**December 31, 2011**  
 (Expressed in Thousands of Bahamian dollars)  
 (Continued)

**6. Held-To-Maturity Investments (Continued)**

**(d) Citigroup Funding Inc. notes**

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
3,000	-	US\$ 3-Month LIBOR + 3.25%; 2015 Accrued interest	3,006	-
			<u>6</u>	<u>-</u>
			<b><u>3,006</u></b>	<b><u>-</u></b>

**(e) Government of the Cayman Islands US\$ bonds**

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
2,500	2,500	5.95%; 2019 Accrued interest	2,487	2,470
			<u>15</u>	<u>15</u>
			<b><u>2,487</u></b>	<b><u>2,485</u></b>

As of December 31, 2011, the Cayman Islands foreign currency debt was rated AAA by Standard and Poors.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 7. Loans and Receivables

#### (a) Certificates of deposit

	2011 \$	2010 \$
Certificates of deposit	285,346	282,738
Provision for doubtful accounts	<u>(2,001)</u>	<u>(2,001)</u>
	283,345	280,737
Accrued interest	<u>6,414</u>	<u>7,150</u>
	<b><u>289,759</u></b>	<b><u>287,887</u></b>

During the year, certificates of deposit earned interest at rates of 2.25% to 6.00% (2010: 3.25% to 6.50%) per annum. The effective interest earned on certificates of deposit was 4.68% (2010: 5.00%).

The vast majority of certificates of deposit mature within 12 months of the balance sheet date.

The Fund is permitted, under foreign exchange controls of the Central Bank of The Bahamas, to invest a maximum of \$25 million annually (\$6.25 million quarterly) in specific foreign currency investments. This annual facility commenced in 2006 and annual maximums ranged from \$12.5 million to \$25 million. As of December 31, 2011, certificates of deposit include United States dollar (US\$) deposits of \$1,345 (2010: \$299).

As of December 31, 2011, the Fund has \$2,001 (2010: \$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 2011 or 2010.



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 7. Loans and Receivables (Continued)

##### (b) Bahamas Government registered stocks

Investments in Bahamas Government registered stocks have interest rates varying from 4.75% to 8.75% (2010: 5.53% to 9.00%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime).

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
-	19,237	Prime + 0.69% to 0.94%; 7.00%; 2011	-	19,237
16,456	16,456	Prime + 0.69% to 0.94%; 8.75%; 2012	16,456	16,456
186,909	185,714	Prime + 0.03% to 1.38%; 6.25% to 9.00%; 2013-2017	186,909	185,714
137,237	137,237	Prime + 0.03% to 1.25%; 2018-2022	137,237	137,237
160,397	160,397	Prime + 0.03% to 0.53%; 2023-2027	160,397	160,397
114,040	109,040	Prime + 0.13% to 0.38%; 2028-2032	114,040	109,040
35,455	33,279	Prime + 0.17% to 0.63%; 2033-2037	35,455	33,279
			<u>650,494</u>	<u>661,360</u>
		Accrued interest	<u>9,287</u>	<u>10,564</u>
			<u><b>659,781</b></u>	<u><b>671,924</b></u>

The effective interest rate earned on Bahamas Government registered stocks was 5.63% (2010: 6.05%), and registered stocks with face values totalling \$28,349 (2010: \$28,853) have fixed interest rates varying from 6.63% to 8.75% (2010: 6.63% to 9.00%) and maturities ranging from 2012 to 2014 (2010: 2011 to 2014).



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 7. Loans and Receivables (Continued)

#### (c) Bahamas Mortgage Corporation bonds

Series	Description	2011 \$	2010 \$
Q	15 year bonds; Prime*; 2024-2026	12,000	12,000
J,L,N,O,P,R	20 year bonds; Prime* less 2.00% to 5.00%; 2012-2031	74,500	95,000
A,C,H,M,S	25 year bonds; Prime* less 2.00% to 5.25%; 2012-2034	13,600	9,200
		<u>100,100</u>	<u>116,200</u>
	Accrued interest	1,354	1,528
		<u><b>101,454</b></u>	<u><b>117,728</b></u>

These bonds are guaranteed by The Bahamas Government. As of December 31, 2011 and 2010 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) Nassau Airport Development Company Limited debt securities

Face Value		Description	2011 \$	2010 \$
2011 \$	2010 \$			
10,000	10,000	B\$ Series A subordinated participating debt; 13.00%; 2034	10,000	10,000
10,000	10,000	US\$ Series A subordinated participating debt; 13.00%; 2034	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
20,000	-	US\$ Series B subordinated participating debt; 13.00%; 2034	20,000	-
			<u>60,000</u>	<u>40,000</u>
		Accrued interest	6,883	3,852
			<u><b>66,883</b></u>	<u><b>43,852</b></u>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 7. Loans and Receivables (Continued)

#### (d) 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 11.00% to be settled in kind. This debt is supported by a second priority security interest in the collateral supporting the senior debt notes.

#### (e) Education Loan Authority bonds

Face Value		Description	2011	2010
2011	2010		\$	\$
15,000	15,000	Series A; Prime + 0.25%; 2018	15,982	16,080
9,750	9,750	Series B; Prime + 0.50%; 2023	10,226	10,258
19,250	19,250	Series C; Prime + 0.75%; 2028	21,139	21,217
			<u>47,347</u>	<u>47,555</u>
		Accrued interest	884	1,009
			<u><b>48,231</b></u>	<u><b>48,564</b></u>

These bonds are guaranteed by The Bahamas Government.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 7. Loans and Receivables (Continued)

#### (f) Bahamas Development Bank bonds

Face Value		Description	2011	2010
2011	2010		\$	\$
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; 2026-2029	11,000	11,000
			<hr/>	<hr/>
		Accrued interest	46,000	46,000
			492	1,013
			<hr/>	<hr/>
			<b>46,492</b>	<b>47,013</b>
			<hr/>	<hr/>

These bonds are guaranteed by The Bahamas Government.

#### (g) Bahamas Electricity Corporation bonds

Face Value		Description	2011	2010
2011	2010		\$	\$
1,003	-	US\$ Series A; 6.43%; 2016	1,003	-
6,495	6,495	B\$ Series B; 6.41%; 2021	6,487	6,486
18,557	18,557	B\$ Series C; 6.56%; 2026	18,520	18,519
			<hr/>	<hr/>
		Accrued interest	26,010	25,005
			892	41
			<hr/>	<hr/>
			<b>26,902</b>	<b>25,046</b>
			<hr/>	<hr/>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 7. Loans and Receivables (Continued)

#### (h) Bank of The Bahamas Limited bonds

Face Value		Description	2011	2010
2011	2010		\$	\$
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
			<hr/>	<hr/>
			17,000	17,000
		Accrued interest	4	5
			<hr/>	<hr/>
			<b>17,004</b>	<b>17,005</b>

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	2011	2010
2011	2010		\$	\$
2,000,000	2,000,000	Colina Holdings Bahamas Limited; Prime + 1.50%	2,000	2,000
3,500	3,500	Cable Bahamas Limited; 7.00%; 2015	3,500	3,500
5,000	5,000	Cable Bahamas Limited; 8.00%; 2019	5,000	5,000
-	100,000	Caribbean Crossings Limited; 7.00%; 2016	-	1,000
400,000	-	Fidelity Bank (Bahamas) Limited; 5.75%; 2021	4,000	-
			<hr/>	<hr/>
			<b>14,500</b>	<b>11,500</b>

As of December 31, 2011, the cost of preference shares totals \$14,500 (2010: \$11,500).



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011

(Expressed in Thousands of Bahamian dollars)  
(Continued)

#### 7. Loans and Receivables (Continued)

##### (j) Clifton Heritage Authority bonds

Face Value		Description	2011	2010
2011	2010		\$	\$
1,126	1,126	Prime + 0.75%; 2020	1,126	1,126
1,455	1,455	Prime + 0.50%; 2025	1,455	1,455
4,219	4,219	Prime + 0.63%; 2030	4,219	4,219
1,149	1,149	Prime + 0.75%; 2035	1,149	1,149
			<u>7,949</u>	<u>7,949</u>
		Accrued interest	49	56
			<u><b>7,998</b></u>	<u><b>8,005</b></u>

These bonds are guaranteed by The Bahamas Government.

##### (k) Loans to Bahamas Government entities

	01/01/11	Additional Funds	Repayments/ Adjustments	12/31/11
	\$	\$	\$	\$
BEC (a)	503	-	(503)	-
BEC (b)	<u>3,296</u>	<u>5</u>	<u>(102)</u>	<u>3,199</u>
	3,799	5	(605)	3,199
Accrued interest	<u>45</u>			<u>27</u>
	<u><b>3,844</b></u>			<u><b>3,226</b></u>



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011 (Expressed in Thousands of Bahamian dollars) (Continued)

#### 7. Loans and Receivables (Continued)

##### (k) Loans to Bahamas Government entities (continued)

###### *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% (2010: 8.50%).

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 principal and interest payable quarterly. This loan is scheduled to mature August 2012.

The loan is guaranteed by The Bahamas Government.

###### *Chronic Diseases Prescription Drug Plan*

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 of \$497 was expensed. Further, the additional costs incurred during 2011 and recorded as administrative expenditure in the medical benefits branch totalled \$5,078 (2010: \$2,600).

##### (l) 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, 2011, the carrying amount of the bonds includes accrued interest of \$632 (2010: \$621).

During the year, principal payments totalling \$135 (2010: \$Nil) were received, with cumulative principal payments totalling \$2,556 (2010: \$2,421). The bonds fully mature in 2015.





## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 7. Loans and Receivables (Continued)

#### (o) The College of The Bahamas redeemable term notes

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
2,583	-	7.00%; 2026	2,583	-
		Accrued interest	94	-
			<u>2,677</u>	<u>-</u>

#### (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, 2011 the carrying amount of the bonds includes accrued interest of \$29 (2010: \$1). During 2011, \$Nil (2010: \$300) of these bonds were redeemed, with cumulative redemptions totalling \$300 (2010: \$300). The bonds mature in 2015.

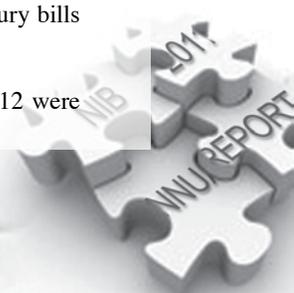
#### (q) Bahamas Government treasury bills

Bahamas Government treasury bills yielded 2.32% per annum in 2011 and matured within 183 days.

Face Value		Description		
2011	2010		2011	2010
\$	\$		\$	\$
-	3,965	2.00% -2.76%; 01/04/11	-	3,965
-	1,051	2.00%; 03/13/11	-	1,047
-	2,000	3.10%; 05/05/11	-	1,979
			<u>-</u>	<u>6,991</u>

As of December 31, 2010, the cost of Bahamas Government treasury bills totalled \$6,960. The effective interest rate earned on the treasury bills was 0.39% (2010: 2.55%).

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



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	<b>2011</b>	<b>2010</b>
	\$	\$
<i>Gross receivables</i>		
Not later than one year	8,601	8,853
Later than one year and not later than five years	34,408	34,408
Later than five years	<u>15,140</u>	<u>25,142</u>
	58,149	68,403
Unearned finance income	<u>(12,032)</u>	<u>(16,925)</u>
	<b><u>46,117</u></b>	<b><u>51,478</u></b>

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Not later than one year	5,663	5,267
Later than one year and not later than five years	26,765	24,119
Later than five years	<u>13,689</u>	<u>22,092</u>
	<b><u>46,117</u></b>	<b><u>51,478</u></b>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 8. Net Investment in Finance Leases (Continued)

The Fund presently has eight (2010: nine) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2011 \$	2010 \$
Cloughton House, New Providence	-	245
Poinciana Hill, New Providence	11,826	13,381
Thompson Boulevard, New Providence	17,263	19,228
Police Headquarters, Grand Bahama	6,379	7,140
Police Dormitories, Grand Bahama	2,702	2,955
Robinson Road, New Providence	4,129	4,354
Police Residences, Grand Bahama	2,950	3,226
Police Gymnasium, Grand Bahama	825	902
Police Guard House, Grand Bahama	43	47
	<u>46,117</u>	<u>51,478</u>

### Cloughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Cloughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Cloughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Cloughton 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 6.50% per annum in 2011 and 7.25% in 2010). This lease expired June 13, 2011 and title is in the process of being 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 Poinciana Hill, Thompson Boulevard, 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 Cloughton House.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(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

As of January 1, 2011	Buena Vista \$	Freeport Building \$	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2011	-	8,000	2,852	580	11,432
Transfer to property, plant and equipment (Note 11)	-	(8,000)	-	-	(8,000)
Transferred from construction in progress – finance lease (Note 12)	2,000	-	-	-	2,000
Net fair value loss	-	-	(252)	(60)	(312)
<b>As of December 31, 2011</b>	<b>2,000</b>	<b>-</b>	<b>2,600</b>	<b>520</b>	<b>5,120</b>
<b>Cost:</b>					
As of December 31, 2011	<u>2,000</u>	<u>-</u>	<u>768</u>	<u>614</u>	<u>3,382</u>
As of December 31, 2010	<u>-</u>	<u>5,825</u>	<u>768</u>	<u>614</u>	<u>7,207</u>

The fair values of the properties were last determined by an independent professionally qualified appraiser as of December 31, 2011.

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

## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 10. Investment in Associate

As of December 31, 2011, the Fund owned 4,334,453 (2010: 4,334,453) of the ordinary shares of Bank of The Bahamas Limited, representing 27.80% (2010: 27.80%) of the total outstanding ordinary shares. The Fund also owned 3,034,483 (3,034,453) of the ordinary shares of Cable Bahamas Limited, representing 22.00% (2010: 22.00%) of the total outstanding ordinary shares. During 2011, the Fund was given a seat on the Board of Directors, which upon reassessment led to the conclusion that the Fund has the ability to exercise significant influence. Accordingly, the investment was reclassified from an investment in equity securities to an investment in associate.

	2011 \$	2010 \$
As of January 1	31,465	31,042
Transfer from investments at fair value through profit or loss (Note 5)	25,732	-
Share of profits	4,649	1,682
Dividends received	(892)	-
Write down of goodwill	-	(1,259)
<b>As of December 31</b>	<b><u>60,954</u></b>	<b><u>31,465</u></b>

Included in investment in associate is goodwill of \$2,464 (2010: \$2,464), representing the cumulative premium for Bank of The Bahamas shares acquired on the securities market. During 2011, goodwill was written down by \$Nil (2010: \$1,259) following an assessment of the fair value of the cumulative premium.

The fair value of the ordinary shares held by the Fund based on the quoted prices as of December 31, 2011 is \$52,476 (2010: \$21,239).

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2011 and 2010:

	Assets \$	Liabilities \$	Total Income \$	Net Income \$
<b>2011</b>				
Bank of The Bahamas Limited	838,903	720,892	39,114	4,823
Cable Bahamas Limited	213,613	135,978	44,200	20,843
<b>2010</b>				
Bank of The Bahamas Limited	816,709	696,788	37,967	6,052



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011

(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 \$
<b>Cost</b>							
Balance as of January 1, 2011	58,073	3,504	4,506	1,480	449	4,747	72,759
Transfer from investment property (Note 9)	8,000	-	-	-	-	-	8,000
Additions	9,106	446	842	703	-	187	11,284
Disposals	-	-	-	(461)	-	(40)	(501)
<b>Balance as of December 31, 2011</b>	<b><u>75,179</u></b>	<b><u>3,950</u></b>	<b><u>5,348</u></b>	<b><u>1,722</u></b>	<b><u>449</u></b>	<b><u>4,894</u></b>	<b><u>91,542</u></b>
<b>Accumulated depreciation</b>							
Balance as of January 1, 2011	15,606	1,574	2,897	1,276	-	3,793	25,146
Depreciation expense	1,147	279	754	169	-	146	2,495
Disposals	-	-	-	(461)	-	(33)	(494)
<b>Balance as of December 31, 2011</b>	<b><u>16,753</u></b>	<b><u>1,853</u></b>	<b><u>3,651</u></b>	<b><u>984</u></b>	<b><u>-</u></b>	<b><u>3,906</u></b>	<b><u>27,147</u></b>
<b>Net book value as of December 31, 2011</b>	<b><u>58,426</u></b>	<b><u>2,097</u></b>	<b><u>1,697</u></b>	<b><u>738</u></b>	<b><u>449</u></b>	<b><u>988</u></b>	<b><u>64,395</u></b>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(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 \$
<b>Cost</b>							
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)
<b>Balance as of December 31, 2010</b>	<b>58,073</b>	<b>3,504</b>	<b>4,506</b>	<b>1,480</b>	<b>449</b>	<b>4,747</b>	<b>72,759</b>
<b>Accumulated depreciation</b>							
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)
<b>Balance as of December 31, 2010</b>	<b>15,606</b>	<b>1,574</b>	<b>2,897</b>	<b>1,276</b>	<b>-</b>	<b>3,793</b>	<b>25,146</b>
<b>Net book value as of December 31, 2010</b>	<b>42,467</b>	<b>1,930</b>	<b>1,609</b>	<b>204</b>	<b>449</b>	<b>954</b>	<b>47,613</b>

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 & Buildings		Medical Equipment & Vehicles	
	2011 \$	2010 \$	2011 \$	2010 \$
Cost	47,926	38,818	4,894	4,747
Accumulated depreciation	(7,879)	(7,283)	(3,906)	(3,793)
<b>Net book value</b>	<b>40,047</b>	<b>31,535</b>	<b>988</b>	<b>954</b>



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(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.

	2011 \$	2010 \$
Balance as of January 1	92,548	53,524
Additions	20,420	39,073
Interest income (Note 17)	5,118	4,211
Transfer to net investment in finance leases	-	(4,260)
Transfer to receivables and advances	(1,498)	-
Transfer to investment property (Note 9)	(2,000)	-
<b>Balance as of December 31</b>	<b><u>114,588</u></b>	<b><u>92,548</u></b>

During 2011, the Board of Directors resolved to reduce interest charged on outstanding balances related to projects currently inactive to 0.00%. As of December 31, 2011, projects with balances totalling \$25,781 (2010: \$Nil) are subject to this resolution. Further, during 2011 the funding arrangement for one of the projects was terminated and the property was transferred to investment property at its appraised value as of the date of the transfer; the property is now under an operating lease with a third party. The difference between the carrying value of the property transferred and the appraised value was recorded as a receivable from The Bahamas Government.

#### 13. Accounts Payable and Accrued Expenses

	2011 \$	2010 \$
Accounts payable and accrued expenses	3,806	4,309
Accrued vacation pay	2,312	2,352
Unclaimed benefits	334	425
Accrued staff retirement benefits	123	144
Unearned finance income	3	8
	<b><u>6,578</u></b>	<b><u>7,238</u></b>



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011 (Expressed in Thousands of Bahamian dollars) (Continued)

#### 14. Staff Pension Fund

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

	2011 \$	2010 \$
Present value of defined benefit obligations	81,888	65,100
Plan assets at fair value	<u>(1,000)</u>	<u>-</u>
Deficit of funded plan	80,888	65,100
Unrecognised past service cost	(431)	(860)
Unrecognised actuarial losses	<u>(28,056)</u>	<u>(16,220)</u>
<b>Liability in consolidated balance sheet</b>	<b><u>52,401</u></b>	<b><u>48,020</u></b>

The movements in the defined benefit obligations are as follows:

	2011 \$	2010 \$
As of January 1	65,100	62,640
Interest cost	3,728	3,612
Current service cost	1,939	1,821
Employee contributions	489	475
Benefits paid	(1,963)	(1,993)
Actuarial gains/(losses)	<u>12,595</u>	<u>(1,455)</u>
<b>As of December 31</b>	<b><u>81,888</u></b>	<b><u>65,100</u></b>

The present value of the defined benefit obligation as of December 31, 2009, 2008 and 2007 was \$62,640, \$56,020 and \$51,703, respectively.



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 14. Staff Pension Fund (Continued)

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Interest cost	3,728	3,612
Current service cost	1,939	1,821
Past service costs recognised	429	429
Actuarial loss recognised	759	966
	<hr/>	<hr/>
<b>Total pension expense (See Note 22)</b>	<b><u>6,855</u></b>	<b><u>6,828</u></b>

Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$590.

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

	<b>2011</b>	<b>2010</b>
	\$	\$
As of January 1	48,020	42,710
Interest cost	3,728	3,612
Current service cost	1,939	1,821
Employee contributions	489	475
Contributions – benefits paid	(1,963)	(1,993)
Contributions – other	(1,000)	-
Past service costs recognised	429	429
Actuarial loss recognised	759	966
	<hr/>	<hr/>
<b>As of December 31</b>	<b><u>52,401</u></b>	<b><u>48,020</u></b>



## The National Insurance Fund

### Notes to the Consolidated Financial Statements December 31, 2011

(Expressed in Thousands of Bahamian dollars)  
(Continued)

#### 14. Staff Pension Fund (Continued)

The principal actuarial assumptions used were:

	2011	2010
Discount rate	5.00%	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 (2010: 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, 2011 and 2010.

#### 16. Grant from Consolidated Fund

The grant represented an allocation from The Bahamas Government, which was 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, 2011

(Expressed in Thousands of Bahamian dollars)

(Continued)

#### 17. Income from Investments

	2011 \$	2010 \$
<b>Income from trustee securities:</b>		
Bahamas Government registered stocks	36,989	39,724
Bahamas Government treasury bills	24	249
	<u>37,013</u>	<u>39,973</u>
<b>Income from other securities:</b>		
Certificates of deposit	12,619	14,567
Nassau Airport Development Company Limited debt securities	4,914	4,318
Bahamas Mortgage Corporation bonds	4,742	5,138
Dividends from ordinary and preference shares	3,271	3,033
Education Loan Authority bonds	2,254	2,833
Bahamas Government US\$ notes	2,157	2,093
Bahamas Development Bank bonds	2,132	2,330
Bahamas Electricity Corporation bonds	1,640	1,677
Bank of The Bahamas Limited bonds	862	935
Government of Barbados US\$ bonds	582	469
Clifton Heritage Authority bonds	454	488
United States of America US\$ treasury notes	216	54
Fidelity Bank (Bahamas) Limited notes	193	200
The College of The Bahamas redeemable term notes	189	-
Bridge Authority bonds	181	193
Consolidated Water (Bahamas) Ltd. bonds	156	144
Government of the Cayman Islands US\$ bonds	151	121
Loans to Bahamas Government entities	124	117
Latin American Investment Bank (Bahamas) Ltd. bonds	65	160
Citigroup Funding Inc. notes	6	-
	<u>36,908</u>	<u>38,870</u>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

### 17. Income from Investments (Continued)

	2011 \$	2010 \$
<b>Income from other investments:</b>		
Interest income on net investment in finance leases	3,498	3,848
Interest income on construction in progress – finance leases (Note 12)	5,118	4,211
Net gain/(loss) on investments at fair value through profit or loss (Note 5)	(6,996)	1,073
Net realised gain on other investments	1,169	-
	<u>2,789</u>	<u>9,132</u>
	<u>76,710</u>	<u>87,975</u>

### 18. Income from Property

	2011 \$	2010 \$
Rental income:		
Freeport office complex	797	741
New Providence buildings	437	438
Polyclinics	617	640
	<u>1,851</u>	<u>1,819</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, 2011  
(Expressed in Thousands of Bahamian dollars)  
(Continued)

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

	2011 \$	2010 \$
Cash on hand	30	29
Cash at banks – current accounts	5,625	5,587
Cash at brokers	940	952
Receivables and advances	6,207	6,138
Prepaid expenses and deposits	906	957
Computer software	576	495
Property, plant and equipment	23,360	15,124
Construction in progress – finance leases	114,588	92,548
Accounts payable and accrued expenses	(6,578)	(7,238)
Accrued benefits payable	(2,737)	(3,523)
	<u>142,917</u>	<u>111,069</u>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
 December 31, 2011  
 (Expressed in Thousands of Bahamian dollars)  
 (Continued)

### 21. Other Expenses

	2011 \$	2010 \$
Repairs and maintenance	2,292	1,711
Utilities	1,440	1,602
Legal expenses	907	242
Consultancy fees	836	569
Training and scholarships	781	562
Printing, stationery and computer supplies	766	696
Rent	558	558
Transportation and travel	505	559
External security	324	324
Janitorial	292	316
Motor vehicles	267	275
Insurance	262	241
Advertising and publicity	244	235
Audit fees	195	182
Real property tax	112	91
Other miscellaneous expenses	144	151
	<u>9,925</u>	<u>8,314</u>

### 22. Employee Benefits

	2011 \$	2010 \$
Pension expense (Note 14)	6,855	6,828
Group health plan	1,807	1,613
National insurance contributions	693	544
Accrued vacation pay	98	59
Other benefits	520	320
	<u>9,973</u>	<u>9,364</u>



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(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, 2011, the Fund's total exposure to credit risk was \$1,524,862 (2010: \$1,518,244), principally concentrated with The Bahamas Government, which as of December 31, 2011 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 \$1,138,222 (2010: \$1,160,357). 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, 2011

(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:

2011	2010
\$	\$
<u>3,810</u>	<u>24,691</u>

##### *Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases, where the Fund is the lessee, total \$288 (2010: \$384).

#### 26. Employees

The average number of persons employed by NIB during the year was 493 (2010: 478).



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(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	
	2011	2010	2011	2010
	\$	\$	\$	\$
Certificates of deposit	289,759	287,887	291,427	288,834
Bahamas Government registered stocks	659,781	671,924	671,656	683,828
Bahamas Mortgage Corporation bonds	101,454	117,728	92,481	108,854
Nassau Airport Development Company Limited debt securities	66,883	43,852	69,031	45,932
Education Loan Authority bonds	48,231	48,564	49,918	49,551
Bahamas Development Bank bonds	46,492	47,013	44,119	43,600
Bahamas Government US\$ notes	30,337	30,266	31,925	34,195
Bahamas Electricity Corporation bonds	26,902	25,046	25,090	25,036
Bank of The Bahamas Limited bonds	17,004	17,005	16,210	16,624
Clifton Heritage Authority bonds	7,998	8,005	8,476	8,170
Government of Barbados US\$ bonds	6,080	5,912	5,582	5,637
United States of America US\$ treasury notes	4,469	9,447	4,544	9,216
Loans to Bahamas Government entities	3,226	3,844	4,221	3,730
Latin American Investment Bank (Bahamas) Ltd. bonds	3,076	3,200	2,441	2,579
Citigroup Funding Inc. notes	3,006	-	2,720	-
Bridge Authority bonds	2,829	2,835	3,129	3,061
Fidelity Bank (Bahamas) Limited notes	2,828	2,830	2,826	2,946
The College of The Bahamas redeemable term notes	2,677	-	2,703	-
Government of the Cayman Islands US\$ bonds	2,487	2,485	2,688	2,575
Consolidated Water (Bahamas) Ltd. Bonds	1,729	1,701	1,746	1,841
	<u>1,327,248</u>	<u>1,329,544</u>	<u>1,332,933</u>	<u>1,336,209</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, 2011 (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:

	2011 \$	2010 \$
Cash at bank	2,261	3,028
Receivables and advances	5,363	4,655
Accounts payable and accrued expenses	165	1,010
Contributions	29,993	24,899
Administrative expenses	1,604	1,755
Key management personnel compensation	1,536	1,739

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

#### 29. Subsequent Events

- (a) Effective February 1, 2012 the constitutive documents governing the staff pension plan were amended to: remove the clause reducing the pension benefit by amounts received from the Fund as a retirement benefit; and to increase employee contributions by 1% of eligible salary, with a further 1% increase effective February 1, 2013. The estimated impact of the changes is an increase in staff plan fund liability of \$9,700.
- (b) During March 2012, the Fund contributed \$20,000 to the staff pension plan.
- (c) In April 2012, the Fund executed contracts in the sum of \$34,900 for the construction of two health care facilities in the Family Islands and the renovation of a construction in progress – finance lease property. Further, the Fund executed contracts in the sum of \$15,900 for the development of a new insurance administration system, with the project expected to span three years.
- (d) Amendments to the laws and regulations governing the Fund made during 2010 will require an increase in the insurable wage ceiling during 2012, with automatic adjustments going forward; and increase pension benefits periodically based on the change in the Retail Price Index.



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

December 31, 2011

(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 \$
<b>As of December 31, 2011</b>									
Cash at the Central Bank of The Bahamas		Demand	-	-	-	2,000	-	566	2,566
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	50,689	-	-	-	-	50,689
Preference shares			-	14,341	-	-	-	-	14,341
			-	65,030	-	-	-	-	67,596
Certificates of deposit									
Commonwealth Bank Ltd.	3.00%-5.25%	01/30/12-10/30/12	-	80,655	-	11,000	-	-	91,655
Finance Corporation of Bahamas Limited	4.00%-5.25%	01/15/12-12/30/12	-	-	44,500	35,345	-	-	79,845
Bank of The Bahamas Limited	4.00%-5.25%	01/15/12-12/15/12	7,000	33,000	11,500	-	-	-	51,500
FirstCaribbean International Bank (Bahamas) Limited B\$	2.75%-4.25%	03/30/12-06/30/12	-	-	25,500	-	15,000	-	40,500
Fidelity Bank (Bahamas) Limited	4.50%-5.00%	01/30/12-10/15/12	-	-	13,500	-	-	-	13,500
Royal Bank of Canada	2.25%	03/30/12	-	5,000	-	-	-	-	5,000
FirstCaribbean International Bank (Bahamas) Limited US\$	0.00%		-	1,333	-	-	-	-	1,333
Scotiabank (Bahamas) Limited	0.00%		-	12	-	-	-	-	12
Gulf Union Bank (Bahamas) Ltd.	0.00%		-	2,001	-	-	-	-	2,001
Accrued interest			-	6,414	-	-	-	-	6,414
Provision for doubtful accounts			-	(2,001)	-	-	-	-	(2,001)
			7,000	126,414	95,000	46,345	15,000	-	289,759
Bahamas Government registered stocks	4.78%-9.00%	2012-2037	-	659,781	-	-	-	-	659,781
Bahamas Mortgage Corporation bonds	2.75%-5.75%	2012-2034	12,500	66,354	12,500	2,500	7,600	-	101,454
Nassau Airport Development Company Limited debt securities	8.50%-13.00%	2031-2034	-	66,883	-	-	-	-	66,883
Education Loan Authority bonds	5.00%-5.50%	2018-2028	-	48,231	-	-	-	-	48,231



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

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(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 \$
<b>As of December 31, 2011 (Continued)</b>									
Bahamas Development Bank bonds	3.75%-4.75%	2016-2029	-	46,492	-	-	-	-	46,492
Bahamas Government US\$ notes	6.63%-7.13%	2029-2038	-	30,337	-	-	-	-	30,337
Bahamas Electricity Corporation bonds	6.41%-6.56%	2016-2026	-	26,902	-	-	-	-	26,902
Bank of The Bahamas Limited bonds	4.75%	2012-2015	-	17,004	-	-	-	-	17,004
Preference shares		2015-2021	-	14,500	-	-	-	-	14,500
Clifton Heritage Authority bonds	5.25%-5.50%	2020-2035	-	7,998	-	-	-	-	7,998
Government of Barbados US\$ bonds	7.25%-7.80%	2019-2021	-	6,080	-	-	-	-	6,080
United States of America US\$ treasury notes	1.50%-2.63%	2015-2021	-	4,469	-	-	-	-	4,469
Loans to Bahamas Government entities	3.83%	2012	-	3,226	-	-	-	-	3,226
Latin American Investment Bank (Bahamas) Ltd. bonds	5.45%	12/31/15	-	3,076	-	-	-	-	3,076
Citigroup Funding Inc. Notes	4.20%	2015	-	3,006	-	-	-	-	3,006
Bridge Authority bonds	6.00%-6.38%	2019-2029	-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes	6.50%-7.00%	2013-2022	-	2,828	-	-	-	-	2,828
The College of The Bahamas redeemable term notes	7.00%	2026	-	2,677	-	-	-	-	2,677
Government of the Cayman Islands US\$ bonds	5.95%	2019	-	2,487	-	-	-	-	2,487
Consolidated (Water) Bahamas Limited bonds	6.75%	07/01/15	-	1,729	-	-	-	-	1,729
Net investment in finance leases	6.50%	2017-2023	-	46,117	-	-	-	-	46,117
Investment property			-	5,120	-	-	-	-	5,120
Investments in associates			-	60,954	-	-	-	-	60,954
Property, plant and equipment			-	-	-	41,035	-	-	41,035
Amounts invested in other assets (Note 20)			3,248	136,124	1,728	396	1,411	10	142,917
Staff pension fund			-	(52,401)	-	-	-	-	(52,401)
<b>Total</b>			<b>22,748</b>	<b>1,404,247</b>	<b>109,228</b>	<b>92,276</b>	<b>24,011</b>	<b>576</b>	<b>1,653,086</b>



## The National Insurance Fund

### Notes to the Consolidated Financial Statements

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(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 \$
<b>As of December 31, 2010</b>									
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

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(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 \$
<b>As of December 31, 2010 (Continued)</b>									
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)
<b>Total</b>			<b>11,579</b>	<b>1,375,534</b>	<b>104,723</b>	<b>95,085</b>	<b>23,013</b>	<b>576</b>	<b>1,610,510</b>



## The National Insurance Fund

Notes to the Consolidated Financial Statements  
December 31, 2011  
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(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, certain of which have been implemented or initiated. 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>
<b>Present value of shortfall</b>	<b><u>(7,868)</u></b>





*Statistical  
Appendix*





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

Island/Local Office	2011			2010		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
<b>Abaco</b>						
Marsh Harbour	73	93	166	76	94	170
Coopers Town	13	21	34	16	16	32
<b>All Abaco</b>	86	114	200	92	110	202
<b>Andros</b>						
Fresh Creek	8	19	27	10	13	23
Kemps Bay	6	20	26	6	8	14
Nicholls Town	28	19	47	26	9	35
<b>All Andros</b>	42	58	100	42	30	72
<b>Bimini &amp; Berry Islands</b>	12	3	15	12	8	20
<b>Cat Island</b>	5	6	11	5	8	13
<b>Crooked Island &amp; Acklins</b>	6	14	20	9	15	24
<b>Eleuthera</b>						
Governors Harbour	38	67	105	43	40	83
Harbour Island	26	28	54	22	20	42
North Eleuthera	-	1	1	1	1	2
Rock Sound	18	64	82	17	39	56
Spanish Wells	21	24	45	8	19	27
<b>All Eleuthera</b>	103	184	287	91	119	210
<b>Exuma &amp; Ragged Island</b>	40	64	104	48	47	95
<b>Grand Bahama</b>	211	179	390	191	195	386
<b>Inagua &amp; Mayaguana</b>	3	3	6	2	5	7
<b>Long Island</b>						
Deadmans Cay	15	38	53	12	19	31
Simms	7	31	38	13	15	28
<b>All Long Island</b>	22	69	91	25	34	59
<b>New Providence</b>	1,654	2,072	3,726	1,114	728	1,842
<b>San Salvador</b>	4	10	14	9	5	14
<b>Total</b>	<b>2,188</b>	<b>2,776</b>	<b>4,964</b>	<b>1,640</b>	<b>1,304</b>	<b>2,944</b>



Table 2. New Registration Of Insured Persons

Island/Local Office	2011			2010		
	Active	Inactive	Total	Active	Inactive	Total
<b>Abaco</b>						
Marsh Harbour	88	418	506	352	406	758
Coopers Town	34	126	160	26	205	231
<b>All Abaco</b>	122	544	666	378	611	989
<b>Andros</b>						
Fresh Creek	13	96	109	3	12	15
Kemps Bay	7	80	87	2	93	95
Nicholls Town	29	211	240	32	276	308
<b>All Andros</b>	49	387	436	37	381	418
<b>Bimini &amp; Berry Islands</b>	30	95	125	128	84	212
Cat Island	2	14	16	7	16	23
Crooked Island & Acklins	9	30	39	9	30	39
<b>Eleuthera</b>						
Governors Harbour	9	79	88	25	109	134
Harbour Island	31	154	185	21	124	145
North Eleuthera	-	3	3	-	4	4
Rock Sound	37	111	148	40	146	186
Spanish Wells	19	141	160	16	214	230
<b>All Eleuthera</b>	96	488	584	102	597	699
<b>Exuma &amp; Ragged Island</b>	102	171	273	205	178	383
<b>Grand Bahama</b>	481	2,010	2,491	708	2,557	3,265
<b>Inagua &amp; Mayaguana</b>	2	25	27	20	29	49
<b>Long Island</b>						
Deadmans Cay	-	1	1	1	3	4
Simms	7	77	84	3	105	108
<b>All Long Island</b>	7	78	85	4	108	112
<b>New Providence</b>	1,462	10,024	11,486	1,914	12,550	14,464
<b>San Salvador</b>	12	26	38	19	54	73
<b>Total</b>	2,374	13,892	16,266	3,531	17,195	20,726



**Table 3. Total Net Contributions Income, 2011**

<b>Island/Local Office</b>	<b>Employers</b>	<b>Employees</b>	<b>Self-Employed</b>	<b>Voluntary Insured</b>	<b>Installment Agreements</b>	<b>Total 2011</b>	<b>Total 2010</b>
<b>Abaco</b>							
Marsh Harbour	2,555,148	1,672,136	367,608	-	287,647	<b>4,882,539</b>	<b>4,231,879</b>
Coopers Town	424,563	279,270	119,556	-	55,115	<b>878,504</b>	<b>843,490</b>
<b>All Abaco</b>	<b>2,979,711</b>	<b>1,951,406</b>	<b>487,164</b>	<b>-</b>	<b>342,762</b>	<b>5,761,043</b>	<b>5,075,369</b>
<b>Andros</b>							
Fresh Creek	269,698	174,765	41,758	-	57,459	<b>543,680</b>	<b>556,845</b>
Kemps Bay	91,954	59,329	22,184	-	21,840	<b>195,307</b>	<b>175,215</b>
Nicholls Town	126,877	96,358	28,581	-	62,810	<b>314,626</b>	<b>375,874</b>
<b>All Andros</b>	<b>488,529</b>	<b>330,452</b>	<b>92,523</b>	<b>-</b>	<b>142,109</b>	<b>1,053,613</b>	<b>1,107,934</b>
<b>Bimini &amp; Berry Islands</b>							
Bimini & Berry Islands	488,477	318,618	23,484	-	31,026	<b>861,605</b>	<b>657,499</b>
<b>Cat Island</b>	<b>84,367</b>	<b>54,096</b>	<b>24,807</b>	<b>-</b>	<b>-</b>	<b>163,270</b>	<b>165,114</b>
<b>Crooked Island &amp; Acklins</b>	<b>19,440</b>	<b>12,415</b>	<b>56,827</b>	<b>-</b>	<b>16,688</b>	<b>105,370</b>	<b>103,110</b>
<b>Eleuthera</b>							
Governors Harbour	332,459	217,609	118,726	-	154,509	<b>823,303</b>	<b>752,953</b>
Harbour Island	555,275	337,933	63,465	-	72,543	<b>1,029,216</b>	<b>980,112</b>
North Eleuthera	102,867	66,553	32,819	-	21,385	<b>223,624</b>	<b>141,409</b>
Rock Sound	330,826	213,972	40,698	-	27,498	<b>612,994</b>	<b>600,960</b>
Spanish Wells	651,349	421,060	105,286	-	-	<b>1,177,695</b>	<b>1,039,165</b>
<b>All Eleuthera</b>	<b>1,972,776</b>	<b>1,257,127</b>	<b>360,994</b>	<b>-</b>	<b>275,935</b>	<b>3,866,832</b>	<b>3,514,599</b>
<b>Exuma &amp; Ragged Island</b>							
Exuma & Ragged Island	1,255,440	819,514	206,083	-	161,902	<b>2,442,939</b>	<b>2,082,148</b>
<b>Grand Bahama</b>							
Grand Bahama	11,029,906	7,151,172	428,858	-	540,821	<b>19,150,757</b>	<b>18,108,390</b>
<b>Inagua &amp; Mayaguana</b>							
Inagua & Mayaguana	239,819	152,765	20,505	-	-	<b>413,089</b>	<b>469,998</b>
<b>Long Island</b>							
Deadmans Cay	187,164	119,736	139,618	-	25,320	<b>471,838</b>	<b>523,697</b>
Simms	190,258	115,545	59,724	-	6,831	<b>372,358</b>	<b>270,810</b>
<b>All Long Island</b>	<b>377,422</b>	<b>235,281</b>	<b>199,342</b>	<b>-</b>	<b>32,151</b>	<b>844,196</b>	<b>794,507</b>
<b>New Providence</b>							
New Providence	94,399,583	54,318,211	2,448,947	1,044	4,216,416	<b>155,384,201</b>	<b>135,021,319</b>
<b>San Salvador</b>							
San Salvador	256,057	165,335	14,092	-	6,062	<b>441,546</b>	<b>379,744</b>
<b>Total</b>	<b>113,591,527</b>	<b>66,766,392</b>	<b>4,363,626</b>	<b>1,044</b>	<b>5,765,872</b>	<b>190,488,461</b>	<b>167,479,731</b>



**Table 4. Benefit & Assistance Claims Received and Awarded**

Benefit Type	Received		Awarded		
	2011	2010	2011	2010	
<b>Long-term Benefits/ Assistance</b>	Retirement Benefit & Grant	1,853	2,056	1,802	1,741
	Invalidity Benefit	338	306	277	189
	Survivors' Benefit & Grant	1,270	585	842	452
	Old Age Non-Contributory Pension	190	243	108	146
	Invalidity Assistance	165	195	138	138
	Survivors' Assistance	78	89	40	41
<b>Total Long-term</b>	<b>3,894</b>	<b>3,474</b>	<b>3,207</b>	<b>2,707</b>	
<b>Short-term Benefits</b>	Sickness Benefit	20,229	18,429	19,311	17,528
	Maternity Benefit	3,625	3,797	3,446	3,607
	Maternity Grant	3,625	3,797	3,435	3,563
	Funeral Benefit	1,609	1,539	1,557	1,472
	Unemployment Benefit	6,076	6,816	4,884	5,655
	Sickness Assistance	7	17	8	11
<b>Total Short-term</b>	<b>35,171</b>	<b>34,395</b>	<b>32,641</b>	<b>31,836</b>	
<b>Industrial Benefits</b>	Medical Care	3,623	3,145	2,919	2,481
	Injury Benefit	1,855	1,858	1,688	1,689
	Disablement Benefit & Grant	237	204	87	62
	Industrial Death	6	9	4	10
	Industrial Funeral	-	-	-	-
<b>Total Industrial</b>	<b>5,721</b>	<b>5,216</b>	<b>4,698</b>	<b>4,242</b>	
<b>All Benefits</b>	<b>44,786</b>	<b>43,085</b>	<b>40,546</b>	<b>38,785</b>	



**Table 5. Short-Term Benefit & Assistance Claims Awarded, 2011**

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
<b>Abaco</b>							
Marsh Harbour	437	94	94	21	157	6	<b>809</b>
Coopers Town	69	17	16	3	35	-	<b>140</b>
<b>All Abaco</b>	<b>506</b>	<b>111</b>	<b>110</b>	<b>24</b>	<b>192</b>	<b>6</b>	<b>949</b>
<b>Andros</b>							
Fresh Creek	158	18	17	4	19	-	<b>216</b>
Kemps Bay	53	13	14	-	51	-	<b>131</b>
Nicholls Town	72	14	13	4	10	-	<b>113</b>
<b>All Andros</b>	<b>283</b>	<b>45</b>	<b>44</b>	<b>8</b>	<b>80</b>	<b>-</b>	<b>460</b>
<b>Bimini &amp; Berry Islands</b>							
Bimini & Berry Islands	70	14	14	2	13	-	<b>113</b>
Cat Island	55	6	7	-	4	-	<b>72</b>
Crooked Island & Acklins	50	1	1	-	1	-	<b>53</b>
<b>Eleuthera</b>							
Governors Harbour	181	33	31	17	141	-	<b>403</b>
Harbour Island	67	22	22	-	101	-	<b>212</b>
North Eleuthera	-	-	-	-	-	-	<b>-</b>
Rock Sound	207	36	35	9	-	-	<b>287</b>
Spanish Wells	126	12	13	23	9	-	<b>183</b>
<b>All Eleuthera</b>	<b>581</b>	<b>103</b>	<b>101</b>	<b>49</b>	<b>251</b>	<b>-</b>	<b>1,085</b>
<b>Exuma &amp; Ragged Island</b>							
Exuma & Ragged Island	296	35	38	18	93	-	<b>480</b>
<b>Grand Bahama</b>							
Grand Bahama	1,667	557	549	233	1,042	-	<b>4,048</b>
<b>Inagua &amp; Mayaguana</b>							
Inagua & Mayaguana	74	2	2	5	6	-	<b>89</b>
<b>Long Island</b>							
Deadmans Cay	55	3	3	4	72	-	<b>137</b>
Simms	29	14	14	3	-	-	<b>60</b>
<b>All Long Island</b>	<b>84</b>	<b>17</b>	<b>17</b>	<b>7</b>	<b>72</b>	<b>-</b>	<b>197</b>
<b>New Providence</b>							
New Providence	15,585	2,545	2,541	1,206	3,128	2	<b>25,007</b>
<b>San Salvador</b>							
San Salvador	60	10	11	5	2	-	<b>88</b>
<b>Total</b>	<b>19,311</b>	<b>3,446</b>	<b>3,435</b>	<b>1,557</b>	<b>4,884</b>	<b>8</b>	<b>32,641</b>



**Table 6. Short-Term Benefit & Assistance Payments, 2011**

<b>Island/Local Office</b>	<b>Sickness Benefit</b>	<b>Maternity Benefit</b>	<b>Maternity Grant</b>	<b>Funeral Benefit</b>	<b>Unemployment Benefit</b>	<b>Sickness Assistance</b>	<b>Total</b>
<b>Abaco</b>							
Marsh Harbour	215,456	195,403	40,420	33,600	279,783	521	<b>765,183</b>
Coopers Town	29,297	26,845	6,880	4,800	36,819	-	<b>104,641</b>
<b>All Abaco</b>	<b>244,753</b>	<b>222,248</b>	<b>47,300</b>	<b>38,400</b>	<b>316,602</b>	<b>521</b>	<b>869,824</b>
<b>Andros</b>							
Fresh Creek	60,669	32,785	7,310	6,400	19,178	-	<b>126,342</b>
Kemps Bay	20,105	21,032	6,020	-	79,663	-	<b>126,820</b>
Nicholls Town	36,650	14,729	5,560	7,900	14,063	-	<b>78,902</b>
<b>All Andros</b>	<b>117,424</b>	<b>68,546</b>	<b>18,890</b>	<b>14,300</b>	<b>112,904</b>	<b>-</b>	<b>332,064</b>
<b>Bimini &amp; Berry Islands</b>							
Bimini & Berry Islands	27,214	25,238	6,880	3,200	22,328	-	<b>84,860</b>
<b>Cat Island</b>							
Cat Island	18,708	11,970	3,010	-	9,144	-	<b>42,832</b>
<b>Crooked Island &amp; Acklins</b>							
Crooked Island & Acklins	12,356	863	430	-	2,794	-	<b>16,443</b>
<b>Eleuthera</b>							
Governors Harbour	93,333	56,136	13,330	28,800	179,558	-	<b>371,157</b>
Harbour Island	33,514	39,201	9,030	-	109,718	-	<b>191,463</b>
North Eleuthera	-	-	-	-	-	-	<b>-</b>
Rock Sound	99,278	69,876	16,770	14,400	-	-	<b>200,324</b>
Spanish Wells	144,532	22,442	5,590	36,800	14,315	-	<b>223,679</b>
<b>All Eleuthera</b>	<b>370,657</b>	<b>187,655</b>	<b>44,720</b>	<b>80,000</b>	<b>303,591</b>	<b>-</b>	<b>986,623</b>
<b>Exuma &amp; Ragged Island</b>							
Exuma & Ragged Island	130,247	74,626	15,050	30,163	109,537	-	<b>359,623</b>
<b>Grand Bahama</b>							
Grand Bahama	1,295,530	956,902	239,050	374,300	1,601,243	-	<b>4,467,025</b>
<b>Inagua &amp; Mayaguana</b>							
Inagua & Mayaguana	53,836	4,169	860	8,000	36,416	-	<b>103,281</b>
<b>Long Island</b>							
Deadmans Cay	40,444	6,765	2,150	6,400	80,226	-	<b>135,985</b>
Simms	9,648	15,599	6,020	4,800	-	-	<b>36,067</b>
<b>All Long Island</b>	<b>50,092</b>	<b>22,364</b>	<b>8,170</b>	<b>11,200</b>	<b>80,226</b>	<b>-</b>	<b>172,052</b>
<b>New Providence</b>							
New Providence	8,852,758	5,058,542	1,098,217	1,891,536	4,484,384	699	<b>21,386,136</b>
<b>San Salvador</b>							
San Salvador	30,631	29,921	4,730	8,000	466	-	<b>73,748</b>
<b>Total</b>	<b>11,204,206</b>	<b>6,663,044</b>	<b>1,487,307</b>	<b>2,459,099</b>	<b>7,079,635</b>	<b>1,220</b>	<b>28,894,511</b>



**Table 7. Long-Term Benefit & Assistance Claims Awarded, 2011**

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
<b>Abaco</b>									
Marsh Harbour	62	2	7	21	-	6	8	3	109
Coopers Town	15	-	1	6	-	5	2	-	29
<b>All Abaco</b>	<b>77</b>	<b>2</b>	<b>8</b>	<b>27</b>	<b>-</b>	<b>11</b>	<b>10</b>	<b>3</b>	<b>138</b>
<b>Andros</b>									
Fresh Creek	9	2	1	2	-	-	2	-	16
Kemps Bay	3	-	-	5	-	-	-	-	8
Nicholls Town	20	3	3	10	-	9	6	3	54
<b>All Andros</b>	<b>32</b>	<b>5</b>	<b>4</b>	<b>17</b>	<b>-</b>	<b>9</b>	<b>8</b>	<b>3</b>	<b>78</b>
<b>Bimini &amp; Berry Islands</b>									
Cat Island	9	-	1	1	-	2	-	-	13
Crooked Island & Acklins	4	-	-	-	-	1	-	-	5
<b>Eleuthera</b>									
Governors Harbour	26	-	3	7	-	-	1	-	37
Harbour Island	13	-	-	-	-	-	-	1	14
North Eleuthera	-	-	-	-	-	-	-	-	-
Rock Sound	16	1	1	4	-	1	4	-	27
Spanish Wells	19	-	2	5	-	-	-	-	26
<b>All Eleuthera</b>	<b>74</b>	<b>1</b>	<b>6</b>	<b>16</b>	<b>-</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>104</b>
<b>Exuma &amp; Ragged Island</b>	<b>42</b>	<b>-</b>	<b>3</b>	<b>15</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>62</b>
<b>Grand Bahama</b>	<b>353</b>	<b>10</b>	<b>58</b>	<b>157</b>	<b>-</b>	<b>21</b>	<b>30</b>	<b>7</b>	<b>636</b>
<b>Inagua &amp; Mayaguana</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>
<b>Long Island</b>									
Deadmans Cay	16	-	1	15	-	-	1	1	34
Simms	5	-	1	8	-	-	2	-	16
<b>All Long Island</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>1</b>	<b>50</b>
<b>New Providence</b>	<b>1,127</b>	<b>33</b>	<b>191</b>	<b>558</b>	<b>21</b>	<b>61</b>	<b>80</b>	<b>25</b>	<b>2,096</b>
<b>San Salvador</b>	<b>3</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>
<b>Total</b>	<b>1,751</b>	<b>51</b>	<b>277</b>	<b>821</b>	<b>21</b>	<b>108</b>	<b>138</b>	<b>40</b>	<b>3,207</b>



**Table 8. Industrial Benefit Claims Awarded, 2011**

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
<b>Abaco</b>						
Marsh Harbour	47	33	1	-	-	81
Coopers Town	1	-	-	-	-	1
<b>All Abaco</b>	48	33	1	-	-	82
<b>Andros</b>						
Fresh Creek	5	6	1	-	-	12
Kemps Bay	6	3	-	-	-	9
Nicholls Town	6	10	-	-	-	16
<b>All Andros</b>	17	19	1	-	-	37
<b>Bimini &amp; Berry Islands</b>						
Bimini & Berry Islands	10	9	-	-	-	19
<b>Cat Island</b>						
Cat Island	2	1	-	-	-	3
<b>Crooked Island &amp; Acklins</b>						
Crooked Island & Acklins	3	3	-	-	-	6
<b>Eleuthera</b>						
Governors Harbour	6	9	-	-	-	15
Harbour Island	8	7	-	-	-	15
North Eleuthera	-	-	-	-	-	-
Rock Sound	8	12	-	-	-	20
Spanish Wells	38	44	-	-	-	82
<b>All Eleuthera</b>	60	72	-	-	-	132
<b>Exuma &amp; Ragged Island</b>						
Exuma & Ragged Island	38	49	-	-	-	87
<b>Grand Bahama</b>						
Grand Bahama	151	191	15	-	-	357
<b>Inagua &amp; Mayaguana</b>						
Inagua & Mayaguana	4	3	-	-	-	7
<b>Long Island</b>						
Deadmans Cay	3	5	-	-	-	8
Simms	11	5	-	-	-	16
<b>All Long Island</b>	14	10	-	-	-	24
<b>New Providence</b>						
New Providence	2,565	1,293	70	4	-	3,932
<b>San Salvador</b>						
San Salvador	7	5	-	-	-	12
<b>Total</b>	<b>2,919</b>	<b>1,688</b>	<b>87</b>	<b>4</b>	<b>-</b>	<b>4,698</b>



**Table 9. Industrial Benefit Payments, 2011**

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
<b>Abaco</b>						
Marsh Harbour	15,370	31,581	3,740	5,843	-	<b>56,534</b>
Coopers Town	-	-	943	-	-	<b>943</b>
<b>All Abaco</b>	<b>15,370</b>	<b>31,581</b>	<b>4,683</b>	<b>5,843</b>	<b>-</b>	<b>57,477</b>
<b>Andros</b>						
Fresh Creek	-	8,716	-	-	-	<b>8,716</b>
Kemps Bay	-	1,211	964	-	-	<b>2,175</b>
Nicholls Town	-	10,202	-	-	-	<b>10,202</b>
<b>All Andros</b>	<b>-</b>	<b>20,129</b>	<b>964</b>	<b>-</b>	<b>-</b>	<b>21,093</b>
<b>Bimini &amp; Berry Islands</b>						
Bimini & Berry Islands	-	5,011	5,592	-	-	<b>10,603</b>
Cat Island	976	1,675	1,716	2,922	-	<b>7,289</b>
Crooked Island & Acklins	-	3,202	-	-	-	<b>3,202</b>
<b>Eleuthera</b>						
Governors Harbour	2,452	10,216	-	-	-	<b>12,668</b>
Harbour Island	-	1,726	901	-	-	<b>2,627</b>
North Eleuthera	130	-	-	-	-	<b>130</b>
Rock Sound	7,788	11,665	245	-	-	<b>19,698</b>
Spanish Wells	1,070	57,630	-	-	-	<b>58,700</b>
<b>All Eleuthera</b>	<b>11,440</b>	<b>81,237</b>	<b>1,146</b>	<b>-</b>	<b>-</b>	<b>93,823</b>
<b>Exuma &amp; Ragged Island</b>						
Exuma & Ragged Island	9,809	47,823	981	-	-	<b>58,613</b>
<b>Grand Bahama</b>						
Grand Bahama	91,672	223,343	23,404	8,379	-	<b>346,798</b>
<b>Inagua &amp; Mayaguana</b>						
Inagua & Mayaguana	-	1,435	-	-	-	<b>1,435</b>
<b>Long Island</b>						
Deadmans Cay	-	7,080	-	-	-	<b>7,080</b>
Simms	840	5,988	-	-	-	<b>6,828</b>
<b>All Long Island</b>	<b>840</b>	<b>13,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,908</b>
<b>New Providence</b>						
New Providence	5,756,353	1,262,051	3,538,757	368,479	-	<b>10,925,640</b>
<b>San Salvador</b>						
San Salvador	-	3,027	576	-	-	<b>3,603</b>
<b>Total</b>	<b>5,886,460</b>	<b>1,693,582</b>	<b>3,577,819</b>	<b>385,623</b>	<b>-</b>	<b>11,543,484</b>



**Table 10. Pensions in Payment at Year-End, 2007 - 2011**

<b>Long-term Benefits</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Retirement Benefit</b>	18,375	17,378	16,796	15,240	14,439
<b>Invalidity Benefit</b>	2,288	2,162	2,171	2,092	2,071
<b>Survivor's Benefit</b>	4,209	3,803	3,940	3,790	3,590
<b>Old-Age Non-Cont. Pension</b>	2,175	2,275	2,477	2,584	2,619
<b>Invalidity Assistance</b>	2,685	2,676	2,747	2,695	2,708
<b>Survivor's Assistance</b>	444	504	548	602	633
<b>Total</b>	<b>30,176</b>	<b>28,798</b>	<b>28,679</b>	<b>27,003</b>	<b>26,060</b>
<b>Industrial Benefits</b>					
<b>Disablement</b>	637	607	580	537	514
<b>Industrial Death</b>	69	67	66	72	72
<b>Total</b>	<b>706</b>	<b>674</b>	<b>646</b>	<b>609</b>	<b>586</b>
<b>All Benefits</b>	<b>30,882</b>	<b>29,472</b>	<b>29,325</b>	<b>27,612</b>	<b>26,646</b>



**Table 11. Short-Term Benefits & Assistance, 2007 - 2011**

<b>Amount Paid ('000s)</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Sickness Benefit</b>	\$11,204	\$10,073	\$10,056	\$11,468	\$10,921
<b>Maternity Benefit</b>	\$6,664	\$6,777	\$6,998	\$7,244	\$6,903
<b>Maternity Grant</b>	\$1,487	\$1,502	\$1,430	\$1,440	\$1,448
<b>Funeral Benefit</b>	\$2,459	\$2,295	\$2,225	\$1,983	\$1,846
<b>Unemployment Benefit</b>	\$7,080	\$8,759	\$20,810	-	-
<b>Sickness Assistance</b>	\$1	\$9	\$6	\$4	\$21
<b>Total Paid ('000s)</b>	<b>\$28,895</b>	<b>\$29,415</b>	<b>\$41,525</b>	<b>\$22,139</b>	<b>\$21,139</b>
<b>Number of Claims Awarded</b>					
<b>Sickness Benefit</b>	19,311	17,528	17,270	22,143	21,371
<b>Maternity Benefit</b>	3,446	3,607	3,145	3,158	3,049
<b>Maternity Grant</b>	3,435	3,563	3,580	3,658	3,546
<b>Funeral Benefit</b>	1,557	1,472	1,476	1,317	1,225
<b>Unemployment Benefit</b>	4,884	5,655	14,071	-	-
<b>Sickness Assistance</b>	8	11	18	11	32
<b>Total Awarded</b>	<b>32,641</b>	<b>31,836</b>	<b>39,560</b>	<b>30,287</b>	<b>29,223</b>



**Table 12. Long-Term Benefits & Assistance, 2007 - 2011**

<b>Amount Paid ('000s)</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Retirement Benefit &amp; Grant</b>	\$99,735	\$90,292	\$82,048	\$74,922	\$68,398
<b>Invalidity Benefit</b>	\$12,248	\$11,424	\$10,644	\$10,281	\$9,831
<b>Survivor's Benefit &amp; Grant</b>	\$15,287	\$14,082	\$13,893	\$13,280	\$12,269
<b>Old-Age Non-Cont. Pension</b>	\$6,683	\$6,779	\$7,023	\$7,353	\$7,285
<b>Invalidity Assistance</b>	\$8,060	\$8,018	\$7,786	\$7,662	\$7,449
<b>Survivor's Assistance</b>	\$1,388	\$1,299	\$1,598	\$1,641	\$1,473
<b>Total Paid ('000s)</b>	<b>\$143,401</b>	<b>\$131,894</b>	<b>\$122,992</b>	<b>\$115,139</b>	<b>\$106,705</b>
<b>Number of Claims Awarded</b>					
<b>Retirement Benefit &amp; Grant</b>	1,802	1,741	1,977	1,540	1,294
<b>Invalidity Benefit</b>	277	189	201	175	176
<b>Survivor's Benefit &amp; Grant</b>	842	452	479	473	363
<b>Old-Age Non-Cont. Pension</b>	108	146	134	176	143
<b>Invalidity Assistance</b>	138	138	137	113	94
<b>Survivor's Assistance</b>	40	41	44	43	23
<b>Total</b>	<b>3,207</b>	<b>2,707</b>	<b>2,972</b>	<b>2,520</b>	<b>2,093</b>



**Table 13. Industrial Benefits, 2007 - 2011**

<b>Amount Paid ('000s)</b>					
	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Medical Care</b>	\$5,886	\$8,708	\$8,566	\$9,473	\$6,909
<b>Injury Benefit</b>	\$1,694	\$1,832	\$1,441	\$1,617	\$1,367
<b>Disablement Benefit &amp; Grant</b>	\$3,577	\$3,763	\$3,871	\$3,415	\$3,044
<b>Industrial Death</b>	\$386	\$342	\$325	\$337	\$317
<b>Total Paid ('000s)</b>	<b>\$11,543</b>	<b>\$14,645</b>	<b>\$14,203</b>	<b>\$14,842</b>	<b>\$11,637</b>
<b>Number of Claims Awarded</b>					
<b>Medical Care</b>	2,919	2,481	2,263	1,868	2,165
<b>Injury Benefit</b>	1,688	1,689	1,456	1,623	1,487
<b>Disablement Benefit &amp; Grant</b>	87	62	49	32	35
<b>Industrial Death</b>	4	10	1	2	5
<b>Industrial Funeral*</b>	-	-	-	1	-
<b>Total</b>	<b>4,698</b>	<b>4,242</b>	<b>3,769</b>	<b>3,526</b>	<b>3,692</b>





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