



THE NATIONAL INSURANCE BOARD
OF THE COMMONWEALTH OF THE BAHAMAS
2016 Annual Report



October 26, 2017

Honorable Brensil Rolle, M.P.
Minister for Public Service & National Insurance
Poinciana Hill
New Providence
Bahamas

Dear Minister Rolle:

Re: The National Insurance Board's 2016 Annual Report

In accordance with the 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.

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,

Anton Saunders (Mr.)
Chairman



vision

To be recognized as a
reliable and sustainable Social Protection System
that consistently meets its mandate.

mission

To demonstrate visionary and responsible leadership in
the administration of the National Insurance program, and to create
an environment where staff are well trained, motivated, committed to
integrity, and accountability.

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

To achieve customer service excellence in the delivery of the
National Insurance mandates.

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



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Minister and Board



Honourable D. Shane Gibson, M.P.
Minister of Labour & National Insurance



Felix Stubbs
Chairperson



Glen Archer
Deputy Chairman



Dr. Frank Bartlett
Member



Kaylisa Beneby
Member



Ann Hunt
Member



Marquista Thompson
Member



Paul Maynard
Member



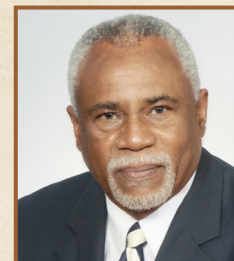
Philip Stubbs
Member



Hilton McIntosh
Member



Zane Lightbourne
Member



Arnold Bain
Member

The Board was appointed/reappointed to serve
July 1, 2016 – June 30, 2017
Outgoing members serving to June 30, 2016 were
Mr. Ernest Cambridge, Deputy Chairman, and Mr. Frederick Munnings.
Mr. Sean Longley resigned on September 2, 2016.
Mr. Philip Stubbs was appointed.
Ms. Renae McKay resigned as Chairman on October 31, 2016.
Mr. Felix Stubbs was appointed Chairman effective November 1, 2016

Committees of the Board 2016

BUSINESS TRANSFORMATION

Glen Archer, Chairman
Ann Hunt
Kaylisa Beneby
Dr. Frank Bartlett
Philip Stubbs
Simon Wilson*
Felix Stubbs (ex-officio)

BUILDINGS

Dr. Frank Bartlett, Chairman
Paul Maynard
Hilton McIntosh
Phillip Stubbs
Marquita Thompson
Kenneth Whyms*
Mr. Franklin Clarke*
Felix Stubbs (ex-officio)
Glen Archer (ex-officio)

CONTRACT AND TENDERS

Ann Hunt, Chairman
Dr. Frank Bartlett
Paul Maynard
Hilton McIntosh
Johnnie Taylor*
Dywan Rodgers*
Livingstone Forbes*
Felix Stubbs (ex-officio)
Glen Archer (ex-officio)

FINANCE AND AUDIT

Philip Stubbs, Chairman
Arnold Bain
Zane Lightbourne
Paul Maynard
Felix Stubbs (ex-officio)
Glen Archer (ex-officio)

HUMAN RESOURCES

Glen Archer, Chairman
Ann Hunt
Arnold Bain
Zane Lightbourne
Marisa Mason-Smith*
Colin Wright*
Felix Stubbs (ex-officio)

INVESTMENTS

Felix Stubbs, Chairman
Glen Archer
Philip Stubbs
Marquista Thompson
Claudine Thompson*

Board Committees as at December 31, 2016

** Co-opted Members appointed to Board Committees*



Executive Management Team 2016



Patricia Hermanns
Director



Cecile Williams-Bethel
Sr. Deputy Director-Operations



V. Theresa Burrows
Sr. Deputy Director - Buildings, Security
& Business Support Services



Dr. Raymond Wells
Sr. Deputy Director
Information Technology



Sonia Gill
Financial Controller



Phaedra Knowles
Deputy Director
Investments & Compliance



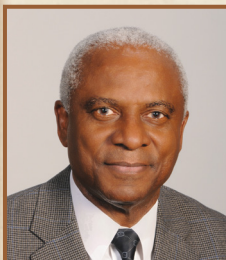
Dr. Josephine Bartlett
Medical Officer



Heather Maynard
Legal Officer



Whitney Patton
Chief Internal Auditor



Jayson Moxey
Assistant Director
Operations



Jeff Moncur
Assistant Director
New Providence Operations



Yvette Sands
Assistant Director
Business Development
& Policy Planning



Sharon Gardiner-Taylor
Assistant Director
Human Resources



Tami Francis
Assistant Director
Family Island Operations
& Actuarial Services



Anthony Curtis
Assistant Director
Training



Gerard Elliott**
Assistant Director
New Providence Operations



Dr. Kevin Bowe***
Deputy Director, NHI

*Mrs. Rowena Bethel ended her term in office as Director July 2016.

**Mr. Gerard Elliott began pre-retirement leave September 2016.

***Non-active - On secondment to the National Health Insurance Secretariat with effect from January 2015.



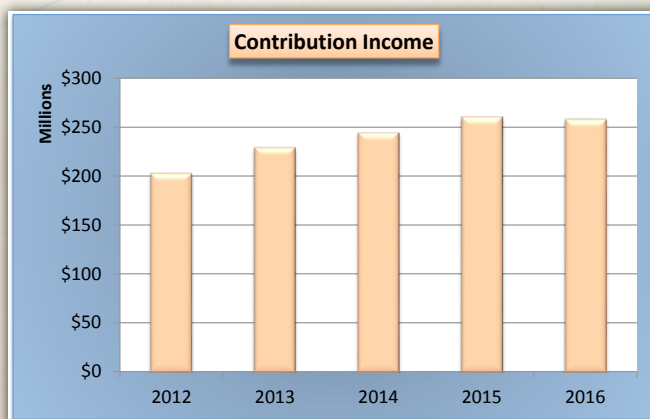
Report on Operations

The following table provides results for key performance indicators for NIB finances in 2016 with comparative figures for 2015.

PERFORMANCE INDICATORS	2016	2015	% CHANGE
Total Net Contribution Income	\$258.1 m	\$260.5 m	-0.9%
Investment Income	48.9 m	68.8 m	-28.9%
Benefits Expenditure	271.5 m	258.8 m	4.9%
Administrative Expenditure	53.0 m	47.1 m	12.5%
Total Comprehensive Income	-15.4 m	26.5 m	-158.1%
Year-end Reserves	1,709 m	1,725 m	-0.9%
Year-end Investments	1,518 m	1,586 m	-4.3%
Yield on Investments	3.1%	4.0%	-23.0%
Administrative Expenditure as % of Contribution Income (Gross)	20.5%	18.0%	13.5%

Contributions

Despite the legislated wage ceiling increase in mid-2016 and the enhanced efforts to increase compliance, Contribution Income decreased by \$2.4 million or 0.9% when compared to 2015. The reduction in contribution income is due to the combined effect of the continued weakness in the Bahamian economy, challenges related to the implementation of the Insurance Administration System (V3), and the devastating impact of hurricane Matthew in the fourth quarter of 2016. This represents the largest decrease in the contribution income since 2008 when the fund experienced a slight decline of 0.3% against prior year.



Benefits

In 2016, benefit expenditure continued on its expected upward trend in reflecting the aging of the Bahamian population. Benefit expenditure surpassed contribution income by \$13.4 million.

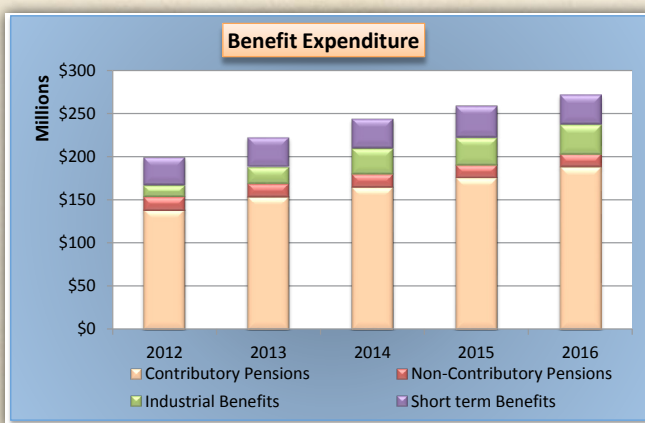
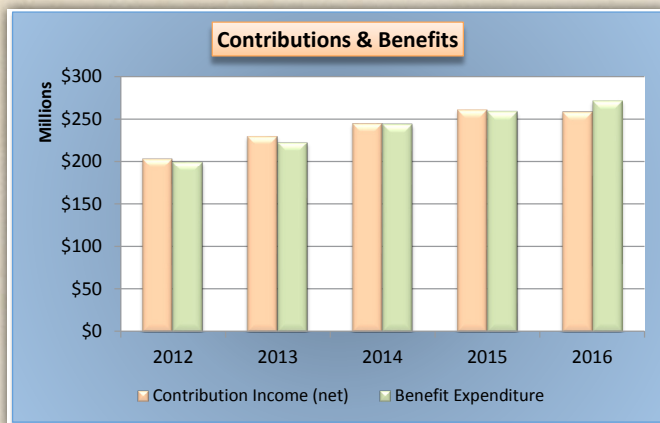
At the end of 2016 benefit payments totalled \$271.5 million, which represents an increase of \$12.7 million or 4.9% over prior year end.

The increase in expenditure is due to the expected upward trend in pension payments as a result of the aging of the Bahamian population and the legislated

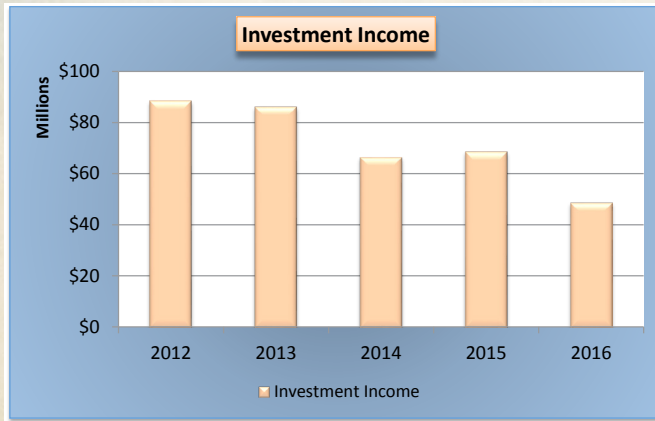
biennial cost of living adjustments, which increased payment to all pensioners up to 3.1% starting in July 2016.

During the year, contributory pension payments increased by \$12.5 million to \$187.6 million, while Assistance pensions decreased by \$0.4 million to \$14.9 million.

Benefit expenditure increased in all categories except Short-term benefits, which declined by \$2.3 million, or 6.2%, to \$34.2 million at the end of the year.



Investments



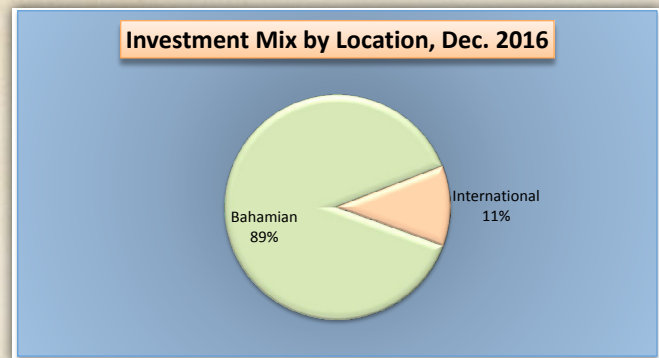
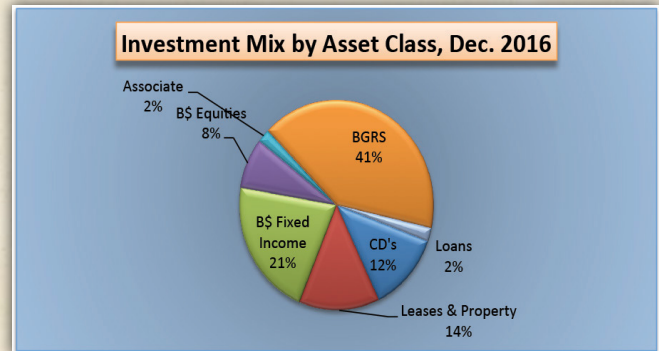
In 2016, Investment Income was negatively impacted by price volatility in local equities. At the end of the year Investment income stood at \$48.9 million compared to \$68.8 million in 2015.

The decrease of \$19.9 million resulted primarily from the decline in the share prices of Bank of the Bahamas from \$5.22 to \$1.77, Commonwealth Brewery from \$15.50 to \$13.23 and the Fund's proportionate share of losses from its Investment in Associates. During the year, the value of our local equity portfolio declined by 20.1% against prior year, and the value of our US dollar portfolio appreciated by 12.5% over the same period.

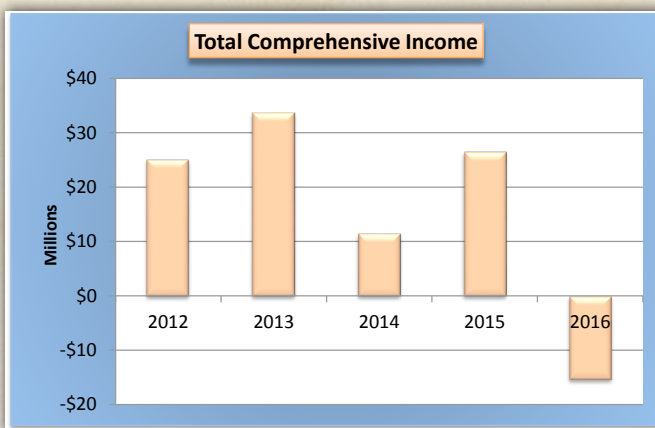
Investment assets at the year-end totaled \$1.52 billion compared to \$1.59 billion in 2015. The Fund remains heavily invested in public sector investments – Government of The Bahamas debt, real estate finance leases and quasi-government debt.

A net of \$47.2 million in the Government of The Bahamas debt matured with rates ranging from 4.75% to 5.94% during the year.

The Fund's return on Investment was 3.08% compared to 4.00% in the prior year.



As a result of the decline in investment income and the increase in expenditure the Fund experienced a deficit for the year. At the end of the year Reserves stood at \$1.709 billion compared to \$1.725 billion in 2015.

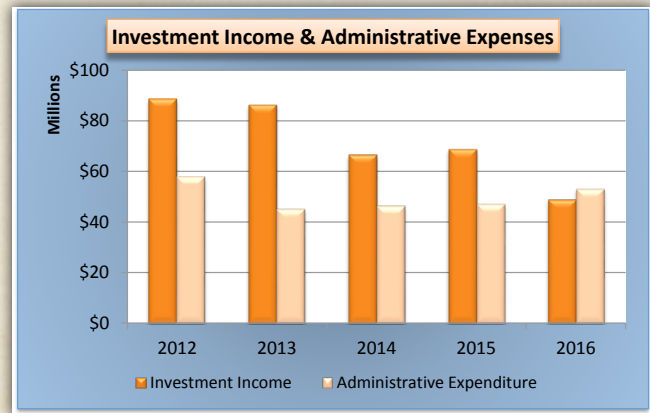
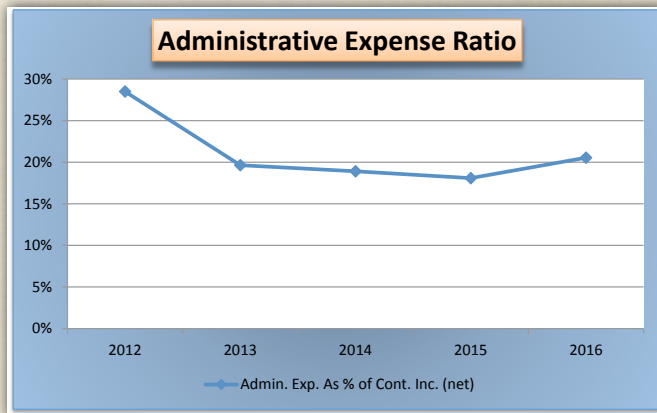


Administrative Expenses

In 2016 Administrative Expenses totaled \$53.0 million, which is 12.5% higher than the levels achieved in 2015. This increase in cost is due to expenses related to the implementation of a new Insurance Administration System and work related to the enhanced Registration Drive for the NIB smart card. Temporary hires and overtime costs were required to support these initiatives.

As a result of these initiatives and the retroactive payments under the new industrial agreement signed with the Union of Public Officers in 2016, allowances and benefits increased by 16.1% over prior year.

Administrative Expenses exceeded Investment Income by \$4.1 million, or 8.3%.



Operational Performance

The National Insurance Board performs a variety of 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 table provides highlights of specific performance indicators for the years ending 2015 and 2016. Additional details can be found in the Statistical Appendix of this Report.

PERFORMANCE INDICATORS	2016	2015	% CHANGE
# of Contributing Employers	12,521	13,472	-7.1%
# of Contributing Self-Employed Persons	9,631	10,339	-6.8%
# of Active Employees (Estimate)	143,000	145,000	-1.4%
# of Short-term Benefit Claims Awarded	24,780	29,994	-17.4%
# of Long-term Benefit Claims Awarded	3,385	2,913	16.2%
# of Contributory Pensioners (at year-end)	32,311	30,792	4.9%
# of Assistance Pensioners (at year-end)	4,578	4,713	-2.9%
# of Cases Approved For Prosecution	533	1083	-50.8%
# of Employees (December)	598	579	3.3%

Registration

The number of employer registrations appears to have decreased by 33.8% over the previous year from 5,464 to 3,619. However, this reduction is due to a change in the way a category of employers, i.e. secondary accounts, was reported in 2016. Secondary accounts are classified in two categories:

- Employed persons whose contributions are paid by their current employer and registers a self-employed business; or
- Self-employed persons whose contributions are up-to-date and registers a second self-employed business.

Contribution payments are not due on secondary accounts as these accounts are for the sole purpose for government regulatory requirements.

The number of active insured persons, i.e. those individuals registered as first time employees, declined by 29.0% over the previous year. While inactive persons, those registering simply to get a number for banking requirements, educational purposes or for attainment of official documents, increased in 2016 by 22.0%. This significant increase is likely due to the new requirements of an NIB Smart Card for licensing of vehicles, the Parliamentary Registrar for voter registration and for the National Health Insurance program.

Type	2016	2015
Employers	3,619	5,464
Self-Employed Persons	2,592	2,751
Secondary Accounts	2,131	n/a
Active Insured Persons	1,244	1,751
Inactive Persons	7,839	6,425

Claims Received

In previous years, fewer claims were received for short-term and more for industrial benefits. However, industrial claims saw a reduction in claims for the first time in many years.

Benefit Type	2016	2015
Long-term (pensions)	3,983	3,639
Short-term	28,903	32,749
Industrial	6,737	6,972
Total	39,623	43,360

Claims Awarded

Both long-term and industrial claim payments increased, while short-term payments saw a reduction in the 2016 amount due to a 20% decrease in the number of sickness claims.

Benefit Type	2016	2015
Long-term	\$202.6 m	\$190.4 m
Short-term	\$34.2 m	\$36.5 m
Industrial	\$34.7 m	\$31.9 m
Total	\$271.5 m	\$258.8 m

Pensions in Payment at Year End

In 2016 versus 2015, there was an increasing trend in all categories of long term benefits in keeping with demographic trends, with the exception in Survivors Benefit and Old Age Non-contributory Pension.

Benefit/Assistance	2016	2015
Retirement	24,465	22,851
Invalidity Benefit	2,766	2,709
Survivors Benefit	5,080	5,232
Old-age Non-contributory	1,638	1,705
Invalidity Assistance	2,658	2,680
Survivors Assistance	282	328
Disablement	929	856
Death	47	59
Total	37,865	36,420

Prosecutions

In 2016, there were 1,701 prosecutions handled in the Magistrates' Courts. Of this number, 533 represented new cases, 360 accounted for settled cases and the remainder represented ongoing cases initiated in previous years. A total of \$427,132 has been collected by the Legal Department under Installment Agreements during the year 2016.

	2016
Number of New Prosecution Cases	533
Number of Settled Cases	360
Number of Ongoing Cases	808

Appeals

The following table highlights activities related to appeals during 2016.

	Appeals Tribunal	Medical Appeals Board
Number of Sittings	4	5
Number of Matters Disposed of	24	25
Number of Cases sent to the Supreme Court	nil	2

A detailed map of the Cayman Islands is the background of the page. It shows the three main islands: Great Exuma, Long Island, and Cayman Brac, along with numerous smaller islands and cays. Key locations like George Town, Cayman Town, and West End are marked. The map also shows the surrounding waters, including the Caribbean Sea and the Gulf of Mexico, and the Tropic of Cancer line.

Around the Board

— 2016: A New Era —

The year 2016 marked the implementation of the second and third phases of the new Insurance Administration System (IAS), which rolled out the core aspects of the system following a short cut-over period. The new IAS, once fully implemented, will modernize NIB's operations, and over time enhance the efficiency and effectiveness of our customer service delivery. These final two phases will also allow insured persons and employers to make contribution payments and submit claims electronically.

TRAIN THE TRAINER

It was compulsory that members of staff learned to effectively operate this new system. A core group of 25 NIB's staff was selected to become trainers and underwent five weeks of training to prepare them to train the users of the system. These trainers were responsible for equipping their contemporaries with the knowledge to fully operate the V3 system and all of its functions.



V3 IAS Training Session

END USER TRAINING

Following the Train the Trainer sessions, all staff underwent training on how to use the new V3 insurance administration system. Staff members were brought to New Providence for hands-on training on the new system based on their responsibilities and that of their departments.



V3 IAS Training Session



V3 IAS Training Session



V3 IAS Training Session

Our Service Network Around The Bahamas



IMPROVING CUSTOMER SERVICE DELIVERY

The new V3 IAS now allows both insured persons and employers to interact with NIB online through the two self-service portals (registrant self-service and the employers' self-service). Insured persons can check their personal information (name, date of birth etc.), view and download their contribution statements, receive email notifications, submit claims and benefit-related forms online and follow the progress of claims being processed. Another feature of the RSS for Bahamian residents who are in receipt of retirement benefit can, for one of the two required each year, now carry out the process to confirm their continuing eligibility to receive the benefit online.

Employers will now be able to conduct a large majority of their routine business with NIB through the ESS portal. This includes online submission of contribution payments, automated update to contribution submissions to add new and delete old employees, and payment of contributions by credit card. Employers may also request Letters of Good Standing, check their payment status and review their payment history.

In June 2016, in order to better respond to customer inquiries, NIB established a centralized Call Center (CALLNIB – 225.5642), aimed at ensuring that calls and customer complaints are answered and addressed in a timely fashion.

REGISTRATION DRIVE

In January 2016, NIB launched an enhanced registration drive utilizing all of its offices throughout the islands. The effort was intensified in New Providence by opening 6 strategically located satellite centres in New Providence, and with 10 mobile teams in an effort to register and issue NIB smart cards to all persons eligible for the NHI programme. The registration drive was a remarkable success, and by the end of September 2016 more than 75% of the entitled population was issued smart cards.



Registration Centres



Registration Mobile Teams

2016 AMENDMENTS - RATES AND WAGE CEILING INCREASES

In keeping with the 2010 amendments to the National Insurance legislation requiring a biennial increase in the wage ceiling and benefit rates, in July 2016 the new rates and ceiling came into force. The contribution wage ceiling increased from \$620 to \$650 per week / \$2,687 to \$2,817 per month. Pension benefits in payment increased up to 3.1%; the maternity grant increased from \$465 to \$480; and the funeral grant increased from \$1720 to \$1780. The next biennial increase is expected to take place in 2018.

BOARD CHANGES

During the year 2016 there were some changes that affected the Board at NIB. Nine of the 11 members of the National Insurance Board were reappointed for the 2016-2017 term; outgoing members on June 30, 2016 were Mr. Ernest Cambridge, Deputy Chairman and Mr. Freddie Munnings. Mr. Sean Longley resigned on September 2, 2016 and Cabinet appointed Mr. Philip Stubbs to the Board. On October 31, 2016, Mrs. Renae McKay resigned as Chairman after having served for more than two years. Mr. Felix Stubbs was appointed Chairman with effect from November 1, 2016.

ADMINISTRATION, BUILDING & BUSINESS SUPPORT SERVICES

Infrastructural projects:

In 2016 a number of Capital Projects were handed over to the relevant Government Agencies, namely the Abaco Healthcare Facility located in Marsh Harbour Abaco, and the Exuma Healthcare Facility in Georgetown Exuma. The Sandilands Rehabilitation Centre Robert Smith Child Adolescent and Special Education Unit located in Fox Hill was officially opened in June 2016.



Opening of SRC

Construction of the C.A. Smith Storage Building was completed in Freeport, Grand Bahama.

Construction continued on the Ministry of National Security Building located on John F. Kennedy Drive, and the Government Complex Located in North Bimini during 2016.

Human Resources:

The year 2016 closed with a staff headcount of 598 employees. During the year, Mrs. Rowena Bethel, Director ended her term in office on July 3, and Mrs. V. Theresa Burrows was appointed Acting Director until August 31, 2016. Ms. Patricia Hermanns was appointed Director on September 1, 2016. The Executive Management Committee welcomed Mr. Jayson Moxey as Assistant Director, Operations in August 2016. Mr. Abraham Butler, Deputy Director, Human Resources & Training ended his executive appointment in July 2016 and was engaged as a consultant in Human Resources with specific emphasis on the implementation of the Performance Management System (PMS). Mrs. Sharon Gardiner-Taylor was also appointed on September 1, 2016 as the Assistant Director, Human Resources. The team said goodbye to Mr. Gerard Elliott, Assistant Director with responsibility of New Providence Operations, as he began his pre-retirement leave after 28 years of service. Mr. Jeff Moncur joined the Board in September 2016 as Assistant Director in Operations as the successor to Mr. Elliott. The total complement of the executive team stands at 15.

New Industrial Agreement:

The Board successfully concluded negotiations with the Union of Public Officers resulting in the signing of the new agreement on July 12, 2016. The new industrial agreement covers the period June 1, 2014 to December 31, 2018.



Signing of UPO agreement

Refresher Training for NIB Staff:

The Training Department undertook an extensive refresher training for all staff in an effort to ensure that new and veteran employees were re-familiarized with the National Insurance Act and Benefits & Assurances Regulations. The chief objectives of which were to ensure that all staff members, regardless of job functions or areas of work, have a common and consistent understanding of the National Insurance Act & Regulations; have a common and consistent understanding of the policies and procedures that govern the administration of the Act & Regulations; and that staff are equipped with the knowledge necessary for consistent application of the provisions of the Act & Regulations across the service network. The overarching goals are to have a more productive and fully engaged staff complement in the short and long term, and to improve both internal and external customer service.

As at December 31, approximately half of the Board's staff in New Providence and the Family Islands participated in the re-training exercise and it is anticipated that the re-orientation programme will be completed early 2017.



Refresher Training

The 2016 Annual Long Service Awards Ceremony and Reception was held on Thursday, October 27, 2016 at the British Colonial Hilton hotel. Some fifty-five persons, including 35 active employees and 20 retirees, were honored for various long-service milestones and for dedicated service to the organisation and nation at large.



Minister Gibson, Board Members and Director Hermanns with Long Service awards honourees

International Conferences:

CAOSA / CARICOM MEETINGS 2016

In April 2016, The Bahamas had the privilege of serving as the host country for two high level meetings held at the Atlantis Resort, Paradise Island from 24th to 27th April, 2016. The meetings were organised by a local organizing committee led by NIB executives and staff.

They were the Inter-American Conference on Social Security's (CISS) American Commission on Organisation and Administrative Systems (CAOSA), and the 27th meeting of the CARICOM Heads of Social Security.

CAOSA is one of several Technical Commissions established by CISS, and Senior Deputy Director of NIB Operations, Mrs. Cecile Williams-Bethel currently holds the distinguished position of First Vice-Chair of CAOSA. The CISS conference, under the theme "Risk and Resiliency" was intended to promote continuing dialogue between heads of Social Security within this hemisphere on key topics such as: *Unemployment Disability Security, Management of Risk for Innovation and Change, Protection of Pension Security Systems in the Economic Recession and Efforts to Educate Students on Social Security Programs*. Approximately 100 overseas delegates attended the meeting, comprising officials from countries in this hemisphere.

The two-day meeting of the CARICOM Heads of Social Security focused on Advancing Social Security in The Caribbean, and delegates from some fifteen countries in the region were in attendance.



Delegates attending the CAOSA Meeting

NATIONAL PRESCRIPTION DRUG PLAN

The Drug Plan which was introduced in 2010, saw an increase in the number of beneficiaries to 29,017 by December 2016. There are 59 private pharmacies and 71 public pharmacies participating in the Drug Plan. Since inception, a total of \$49.41 million has been paid to private pharmacies for prescriptions and supplies, and \$3.80 million to the public pharmacies.



Delegates attending the 27th CARICOM Heads of Social Security Meeting

Staff Activities



Nibbers participate in volleyball tournament



Executives and senior management feeding seniors in November 2016



Staff at Christmas Party

A detailed map of the Bahamas archipelago, showing the main islands of Grand Bahama, New Providence, and Andros, along with numerous smaller islands and cays. The map is color-coded with green for land and blue for water. Key locations are marked with red dots and labeled, including Freeport, Nassau, and various towns and harbors. The map also shows the surrounding Atlantic Ocean and the Florida peninsula to the west.

Consolidated Financial Statements

December 31, 2016

INDEPENDENT AUDITORS' REPORT

To The National Insurance Board

Opinion

We have audited the consolidated financial statements of the **National Insurance Fund and its subsidiary**, which comprise the consolidated statement of financial position as at **December 31, 2016**, and the consolidated statements of comprehensive loss, changes in reserves and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the **National Insurance Fund and its subsidiary** as at **December 31, 2016**, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (**IFRSs**) and with the requirements of the National Insurance Act and the National Insurance (Financial and Accounting) Regulations .

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Fund and its subsidiary in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Commonwealth of The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matters (Continued)

We have determined the matters described below to be the key audit matters to be communicated in our report:

Key Audit Matter	How our audit addressed the key audit matter
<p>Information Technology (IT) systems and controls over financial reporting</p> <p>A significant part of The National Insurance Fund's financial reporting process is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A new IT System was introduced in the current reporting year. A fundamental component of these processes and controls is ensuring appropriate user access, change management protocols exist and are adhered to and the migration of data from the legacy system to the new system was accurate and complete.</p>	<p>Our focus was placed on those IT systems and controls that are significant to the financial reporting process. Audit procedures over IT systems and controls require specific expertise, therefore, we engaged our IT specialist to assist in the audit. The IT specialist assessed and tested the design and operating effectiveness of the IT controls including user access, change management, data migration and data reliability. We made adjustments to our audit procedures to test to see if any unauthorised access or changes were made, we increased our sample selection on areas where identified deficiencies existed and we performed a greater level of testing to validate the integrity and reliability of the data and reporting.</p>

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and with the requirements of the National Insurance Act and the National Insurance (Financial and Reporting) 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.

In preparing the consolidated financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

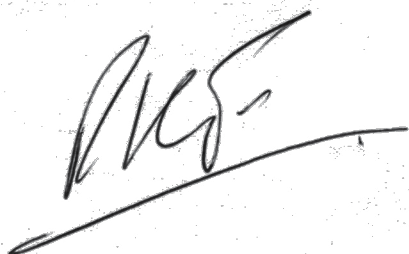
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink, appearing to be 'P. K. S.', with a long horizontal line extending from the end of the signature.

June 7, 2017
Nassau, Bahamas

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

Consolidated Statement of Financial Position
As of December 31, 2016
(Expressed in Thousands of Bahamian dollars)

	Notes	2016 \$	2015 \$
ASSETS			
Cash on hand and at banks	3	29,271	16,162
Receivables and advances	4	63,694	39,539
Prepaid expenses and deposits		515	526
		93,480	56,227
Investments			
At fair value through profit or loss:			
Equity securities	5	127,490	153,799
Held-to-maturity:			
Bahamas Government US\$ notes	6(a)	30,243	30,241
United States of America US\$ treasury notes	6(b)	33,152	29,333
Government of Barbados US\$ bonds	6(c)	3,943	4,404
Citigroup Funding Inc. notes	6(d)	3,002	3,001
Government of the Cayman Islands US\$ bonds	6(e)	2,503	2,500
Corporate US\$ bonds	6(f)	7,560	7,531
Government of Trinidad & Tobago US\$ bonds	6(g)	2,105	2,114
		82,508	79,124
Loans and receivables:			
Bahamas Government registered stocks	7(a)	549,775	597,776
Certificates of deposit	7(b)	165,045	161,252
Bahamas Mortgage Corporation bonds	7(c)	101,106	101,106
Nassau Airport Development Company Limited debt securities	7(d)	69,759	72,158
Education Loan Authority bonds	7(e)	47,101	47,347
Bahamas Development Bank bonds	7(f)	43,052	46,749
Bahamas Electricity Corporation bonds	7(g)	25,878	26,095
Preference shares	7(h)	19,000	19,000
Clifton Heritage Authority bonds	7(i)	7,998	7,998
Latin American Investment Bank (Bahamas) Ltd. bonds	7(j)	3,277	3,409
Loans to Bahamas Government entities	7(k)	30,534	27,271
Long-term deposits	7(l)	10,100	10,075
Bridge Authority bonds	7(m)	2,829	2,829
Fidelity Bank (Bahamas) Limited notes	7(n)	2,827	2,842
The College of The Bahamas redeemable term notes	7(o)	1,846	2,030
Public Hospital Authority bonds	7(p)	11,481	12,127
Bahamas Government B\$ notes	7(q)	7,146	7,153
Bahamas Government Treasury bills	7(r)	1,514	-
		1,100,268	1,147,217
Net investment in finance leases	8	178,094	174,267
Investment property	9	2,427	2,427
Investments in associates	10	27,392	29,650
Total investments		1,518,179	1,586,484

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 Statement of Financial Position
As of December 31, 2016
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	2016 \$	2015 \$
ASSETS (Continued)			
Computer software	11	11,592	9,007
Property, plant and equipment	12	108,254	107,725
Construction in progress – finance leases	13	57,554	49,676
		<u>177,400</u>	<u>166,408</u>
TOTAL ASSETS		<u>1,789,059</u>	<u>1,809,119</u>
LIABILITIES			
Accounts payable and accrued expenses	14	9,030	7,975
Staff pension fund	15	63,704	70,681
Accrued benefits payable		7,079	5,866
TOTAL LIABILITIES		<u>79,813</u>	<u>84,522</u>
RESERVES			
Short-term benefits	30	89,593	67,461
Pensions	30	1,440,762	1,461,488
Industrial benefits	30	81,134	94,622
Medical benefits	30	87,957	87,083
Disablement and death benefits	30	9,224	13,367
Fidelity bond	16 & 30	576	576
TOTAL RESERVES		<u>1,709,246</u>	<u>1,724,597</u>
TOTAL LIABILITIES AND RESERVES		<u>1,789,059</u>	<u>1,809,119</u>

Assets and liabilities of the Medical Benefits Branch are separately disclosed in the notes accompanying these consolidated financial statements.

APPROVED BY THE NATIONAL INSURANCE BOARD AND SIGNED ON ITS BEHALF BY:

Chairman

Financial Controller

Director

September 14, 2017

Date

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

The National Insurance Fund

Consolidated Statement of Comprehensive (Loss)/Income For the Year Ended December 31, 2016 (Expressed in Thousands of Bahamian dollars)

	Notes	2016 \$	2015 \$
INCOME			
Contributions			
Employers		151,796	157,190
Insured persons		100,652	98,133
Self-employed persons		6,428	5,917
Voluntarily insured		<u>1</u>	<u>2</u>
		258,877	261,242
Refund of contributions		<u>(808)</u>	<u>(782)</u>
Total net contributions		258,069	260,460
Income from investments	17	49,431	76,778
Income from property	18	3,146	2,070
Share of losses of associates	10	(3,651)	(10,026)
Other income		<u>1,309</u>	<u>626</u>
TOTAL INCOME		308,304	329,908
EXPENDITURE			
Benefits expenditure			
Short-term		34,246	36,516
Pensions		202,550	190,378
Industrial		27,659	25,206
Disablement and death		<u>7,054</u>	<u>6,744</u>
Total benefits expenditure		271,509	258,844

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

The National Insurance Fund

Consolidated Statement of Comprehensive (Loss)/Income For the Year Ended December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2016 \$	2015 \$
Administrative expenditure			
Staff salaries, allowances and benefits	22	40,034	34,914
Expenses of the Members of the Board		279	258
Amortisation		778	507
Depreciation	12	1,723	1,731
Other expenses	21	10,186	9,704
Total administrative expenditure		53,000	47,114
Expenditure of the Medical Benefits Branch			
Polyclinics			
Administrative expenditure		414	649
Depreciation	12	2,228	1,153
Total expenditure of the Medical Benefits Branch		2,642	1,802
TOTAL EXPENDITURE		327,151	307,760
(DEFICIENCY)/EXCESS OF INCOME OVER EXPENDITURE		(18,847)	22,148
Remeasurement of the defined benefit obligation		3,230	4,249
Unclaimed benefits		266	97
TOTAL COMPREHENSIVE (LOSS)/ INCOME		(15,351)	26,494

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, 2016 (Expressed in Thousands of Bahamian dollars)

	Notes	Short-term		Pensions		Industrial	
		2016	2015	2016	2015	2016	2015
		\$	\$	\$	\$	\$	\$
INCOME							
Total net contributions		64,517	65,115	172,906	174,508	19,355	19,535
Income from investments		1,308	1,133	45,284	72,352	2,578	2,743
Income from property		-	-	1,280	1,381	-	-
Share of profits of associates		-	-	(3,651)	(10,026)	-	-
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:							
Disablement	19	-	-	-	-	-	-
Death	19	-	-	-	-	-	-
Other income		327	157	327	156	328	156
TOTAL INCOME		66,152	66,405	216,146	238,371	22,261	22,434
EXPENDITURE							
Benefits expenditure							
Sickness benefit		10,392	11,738	-	-	-	-
Unemployment benefit		12,592	13,222	-	-	-	-
Maternity benefit		6,860	7,117	-	-	-	-
Funeral benefit		2,917	2,951	-	-	-	-
Maternity grant		1,485	1,488	-	-	-	-
Sickness assistance		-	-	-	-	-	-
Retirement benefit		-	-	152,520	140,590	-	-
Survivors' benefit		-	-	18,912	18,973	-	-
Invalidity benefit		-	-	16,187	15,534	-	-
Invalidity assistance		-	-	8,682	8,708	-	-
Old age non-contributory retirement benefit		-	-	5,426	5,647	-	-
Survivors' assistance		-	-	823	926	-	-
Medical care		-	-	-	-	23,712	20,912
Injury benefit		-	-	-	-	3,916	4,169
Disablement grant		-	-	-	-	31	125
Payment of current periodically payable benefits effected during the year:							
Disablement	19	-	-	-	-	-	-
Death	19	-	-	-	-	-	-
		34,246	36,516	202,550	190,378	27,659	25,206
Disablement benefit – capital value		-	-	-	-	2,682	1,897
Death benefit – capital value		-	-	-	-	-	-
Administrative expenditure		9,908	9,244	37,668	33,188	5,424	4,682
TOTAL EXPENDITURE		44,154	45,760	240,218	223,566	35,765	31,785
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE		21,998	20,645	(24,072)	14,805	(13,504)	(9,351)
Remeasurement of the defined benefit obligation		-	-	3,230	4,249	-	-
Unclaimed benefits		134	58	116	23	16	16
RESERVES, beginning of year		67,461	46,758	1,461,488	1,442,411	94,622	103,957
RESERVES, end of year		89,593	67,461	1,440,762	1,461,488	81,134	94,622

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

Medical		Disablement/Death		Fidelity Bond		Total	
2016	2015	2016	2015	2016	2015	2016	2015
\$	\$	\$	\$	\$	\$	\$	\$
1,291	1,302	-	-	-	-	258,069	260,460
32	86	229	464	-	-	49,431	76,778
1,866	689	-	-	-	-	3,146	2,070
-	-	-	-	-	-	(3,651)	(10,026)
-	-	2,682	1,897	-	-	2,682	1,897
-	-	-	-	-	-	-	-
327	157	-	-	-	-	1,309	626
3,516	2,234	2,911	2,361	-	-	310,986	331,805
-	-	-	-	-	-	10,392	11,738
-	-	-	-	-	-	12,592	13,222
-	-	-	-	-	-	6,860	7,117
-	-	-	-	-	-	2,917	2,951
-	-	-	-	-	-	1,485	1,488
-	-	-	-	-	-	-	-
-	-	-	-	-	-	152,520	140,590
-	-	-	-	-	-	18,912	18,973
-	-	-	-	-	-	16,187	15,534
-	-	-	-	-	-	8,682	8,708
-	-	-	-	-	-	5,426	5,647
-	-	-	-	-	-	823	926
-	-	-	-	-	-	23,712	20,912
-	-	-	-	-	-	3,916	4,169
-	-	-	-	-	-	31	125
-	-	6,744	6,377	-	-	6,744	6,377
-	-	310	367	-	-	310	367
-	-	7,054	6,744	-	-	271,509	258,844
-	-	-	-	-	-	2,682	1,897
-	-	-	-	-	-	-	-
2,642	1,802	-	-	-	-	55,642	48,916
2,642	1,802	7,054	6,744	-	-	329,833	309,657
874	432	(4,143)	(4,383)	-	-	(18,847)	22,148
-	-	-	-	-	-	3,230	4,249
-	-	-	-	-	-	266	97
87,083	86,651	13,367	17,750	576	576	1,724,597	1,698,103
87,957	87,083	9,224	13,367	576	576	1,709,246	1,724,597

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, 2016 (Expressed in Thousands of Bahamian dollars)

	2016	2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(deficiency) of income over expenditure	(18,847)	22,148
Adjustments:		
Income from investments	(49,431)	(76,778)
Income from property	(3,146)	(2,070)
Share of losses of associates	3,651	10,026
(Gain)/loss on disposal/write-off of property, plant and equipment	(38)	30
Amortisation	778	507
Depreciation	3,951	2,884
Deficit before working capital changes	(63,082)	(43,253)
Increase in receivables and advances	(13,442)	(16,541)
Decrease/(increase) in prepaid expenses and deposits	11	(169)
Increase in accounts payable and accrued expenses	1,321	286
(Decrease)/increase in staff pension fund	(3,747)	2,398
Increase/(decrease) in accrued benefits payable	1,213	(953)
Net cash used in operating activities	(77,726)	(58,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	55,972	56,482
Dividends received	4,317	4,946
Proceeds from finance leases	4,982	10,202
Income received from property	1,385	87
Dividends received from associates	883	1,699
Proceeds from sale of equity securities	5,985	3,349
Proceeds from United States of America US\$ Treasury notes	10,220	-
Proceeds on maturity of certificates of deposit	155,304	164,629
Proceeds from US Corporate bonds	-	235
Proceeds on maturity of Bahamas Government registered stocks	79,125	35,899
Proceeds from Government of Barbados bonds	429	459
Proceeds from Bahamas Government Treasury bills	1,500	-

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, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

	2016	2015
	\$	\$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds from loan repayments from Bahamas Government entities	2,083	35
Proceeds from Nassau Airport Development Company Limited debt securities	3,750	2,705
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	226	-
Proceeds of College of the Bahamas notes	185	185
Proceeds from Public Hospital Authority bonds	665	-
Proceeds from Bahamas Electricity Corporation bonds	1,000	-
Proceeds from Bahamas Development Bank bonds	4,000	-
Proceeds from sale of property, plant and equipment	74	55
Proceeds from sale of Bahamas Government notes	14,140	-
Purchase of equity securities	(674)	(554)
Purchase of the Bahamas Government Registered stocks	(31,720)	(10,000)
Purchase of United States of America US\$ treasury notes	(13,964)	(13,329)
Placements of certificates of deposit	(161,970)	(157,437)
Purchase of Bahamas Government notes	(14,140)	-
Additional loans to Bahamas Government entities	(5,500)	(9,900)
Purchase of Public Hospital Authority bonds	-	(1,974)
Purchase of Bahamas Government Treasury bills	(2,982)	-
Additions to investment in associate	(2,276)	-
Additions to computer software	(3,363)	(2,364)
Additions to property, plant and equipment	(4,537)	(8,767)
Additions to construction in progress – finance leases	(14,264)	(15,898)
Net cash from investing activities	90,835	60,744
Net increase in cash and cash equivalents	13,109	2,512
Cash and cash equivalents, beginning of year	16,162	13,650
Cash and cash equivalents, end of year (Note 3)	29,271	16,162

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars)

1. General Information

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

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

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

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), 2(j) 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, 2011. Certain results of the actuarial valuation are described in Note 31.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New and amended are standards adopted by the Fund, unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements Amendment :

i. IFRS 10 & 12 and IAS 28: Investment Entities

Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities.

ii. IAS 1: Disclosure Initiative

Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements.

iii. IAS 16 & 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendment to both IAS 16 and IAS 38 clarifying that when applying the principle of “the basis of depreciation and amortisation is the expected pattern of consumption of the future economic benefits of an asset”, revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets.

iv. IAS 19: Discount rate ~ regional market issue

Clarification given that when looking at a deep market in terms of the standard the deep market requirement applies to the currency as a whole and not to a specific country.

New standards, amendments and interpretations issued but not yet effective and not early adopted by the Fund

The Fund will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Fund does not expect the adoption of these new and amended IFRSs to have a material impact on the Fund's consolidated financial statements.

i. IFRS 15 Revenue from Contracts from Customers

The objective of the new standard is to establish principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The standard introduces a revenue model in which the core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will be effective for annual periods beginning January 1, 2017.

Notes to the Consolidated Financial Statements
December 31, 2016
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New standards, amendments and interpretations issued but not yet effective and not early adopted by the Fund (continued)

ii. IFRS 9 Financial Instruments

The final version of IFRS 9 has been released and replaces in its entirety IAS 39. The new standard includes (not exhaustive) a new model for hedge accounting aimed at aligning the accounting treatment with the risk management activities of the entity, a new single impairment model applied to all financial instruments, and an “expected credit loss” model for measurement of financial assets. This release supersedes previous versions of IFRS 9 but these previous versions remain available for application if the date of application is before February 1, 2015. Entities can also choose to apply the “Own Credit” changes in isolation at any time without needing to adopt the other provisions of IFRS 9. The new standard will be fully effective for annual periods beginning January 1, 2018.

(b) Consolidation

Subsidiary

A Subsidiary is an entity over which the Fund has control. Control is achieved when the investor has power over the investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. If facts and circumstances indicate that there are changes to one or more of the three elements of control listed above, the investor shall reassess whether it controls the investee. The subsidiary is fully consolidated from the date on which control is transferred to the Fund. It is deconsolidated from the date that control ceases.

Intercompany transactions, balances, income and expenses and unrealised gains on transactions between the Fund and its subsidiary are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary 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 (loss)/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.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

The Fund applies the requirements of IAS 39, as disclosed in Note 2(g) to determine whether it is necessary to recognise any additional impairment loss with respect to its investment in associates.

The entire carrying amount of the investment is tested for impairment in accordance with IAS 36 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, whenever application of the requirements in IAS 39 indicates that the investment may be impaired. An impairment loss recognised in those circumstances is not allocated to any asset, including good will that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(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 (loss)/income.

(d) Cash and cash equivalents

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

(e) Financial assets

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

Notes to the Consolidated Financial Statements
December 31, 2016
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(e) Financial Assets (Continued)

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 (loss)/ 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 re-pledge the collateral; the counterparty liability is included in loans payable when applicable. Securities purchased under agreements to resell (reverse repos) are recorded as loans to the applicable counterparty. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent are retained in the consolidated financial statements.

(g) Impairment of financial assets

The Fund assesses at each statement of financial position 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. The criteria that the Fund uses to determine that there is objective evidence of an impairment loss include:

- i. Financial difficulty indicators;
- ii. Breach of contract, such as default or delinquency in interest or principal payments;
- iii. Fraud;
- iv. Bankruptcy or other financial reorganization; and
- v. Observable data indicating that there is a measurable decrease in the estimated future cash flows

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 (loss)/ 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 (loss)/ 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 (loss)/ 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(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 at least every three years, from independent appraisers who hold recognised and relevant professional qualifications and have recent experience in the category of investment property being valued. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (Continued)

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

Buildings	40 years
Building renovations	20 years
Office furniture and equipment	5 – 10 years
Computer hardware	3 – 5 years
Motor vehicles	4 years
Medical equipment and Vehicles	10 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position 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 (loss)/ 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, except for the newly implemented insurance administration system which is amortised over fifteen years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive (loss)/ income.

(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 (loss)/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 statement of financial position. The difference between the total gross lease payments and the

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Leases (continued)

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 statement of financial position. Costs include the expenditures that are directly attributable to the construction of the assets. In addition, the Fund recognises interest income, using the effective interest method, on the outstanding balance during the construction phase and includes this in the carrying amount. Upon completion of an asset, the amounts are transferred to net investment in finance leases.

Operating leases

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

(l) Employee benefits

The Fund 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.

(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.

Interest income for all instruments measured at amortised cost is recognised in the consolidated statement of comprehensive (loss)/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.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(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:

	2016	2015
Short-term benefits reserve	25.0%	25.0%
Pensions reserve	67.0%	67.0%
Industrial benefits reserve	7.5%	7.5%
Medical benefits reserve	0.5%	0.5%
	<u>100.0%</u>	<u>100.0%</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

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

For the years ended December 31, 2016 and 2015, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2016	2015
Short-term benefits reserve	18.69%	19.62%
Pensions reserve	71.07%	70.44%
Industrial benefits reserve	10.24%	9.94%
	<u>100.00%</u>	<u>100.00%</u>

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

(q) Related parties

Related parties include its subsidiary; associates; 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; key management personnel; close family members of key management personnel; and entities owned or controlled by key management personnel. Key management personnel include those having the authority and responsibility for planning, directing and controlling the activities of the Fund.

Balances and transactions with related parties are disclosed in Note 28 to these consolidated financial statements.

(r) Taxation

The Fund is established under the laws of the Commonwealth of The Bahamas and is not subject to income and capital gains taxes. As of January 1, 2015 the Fund is subject to Value Added Tax at a rate of 7.5% imposed by the Bahamas Government.

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.

(s) Chronic Diseases Prescription Drug Fund

The Financial and Accounting Regulations provide for funding under the Medical Benefits Branch (MBB) of expenditure of the Prescription Drug Fund established under the National Insurance (Chronic Diseases Prescription Drug Fund) Act. With effect from January 1, 2015, because of the insufficiency of the MBB, The Bahamas Government has agreed to reimburse the Fund for all expenditure relative to the Chronic Diseases Prescription Drug Fund. Accordingly, a receivable was recorded for 2015 and is included in Note 4.

(t) Events After The Reporting Period

The Fund identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Fund's

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(t) Events After The Reporting Period (Continued)

position at the reporting period, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

(u) Corresponding figures

Where necessary, corresponding figures are adjusted to conform to 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:

	2016	2015
	\$	\$
Cash on hand	63	37
Cash at banks – current account	24,476	8,328
Cash at brokers	1,648	1,960
Cash at the Central Bank of The Bahamas	3,084	5,837
	<u>29,271</u>	<u>16,162</u>

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2016 (2015: effective interest of Nil %).

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, 2016, United States dollar (US\$) deposits total \$12,256 (2015: \$843).

4. Receivables and Advances

Receivables and advances comprise:

	2016	2015
	\$	\$
Finance lease receivables	22,053	13,326
Rent receivable	8,689	6,703
Value Added Tax Receivable/Payable (net)	192	1,436
Other receivable – The Bahamas Government (Note 2s)	31,540	17,300
Advances to staff	1,220	774
	<u>63,694</u>	<u>39,539</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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.

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

Units			2016	2015
2016	2015		\$	\$
<i>Ordinary Shares / Mutual Funds</i>				
Level 1 BS				
1,000	1,000	Bahamas Waste Limited	4	4
6,022,945	6,022,945	Bank of Bahamas Limited	10,661	31,440
1,114,583	1,114,583	Commonwealth Bank Ltd.	11,703	8,738
2,967,500	2,967,500	Commonwealth Brewery Limited	39,260	45,996
474,796	474,796	Consolidated Water Co. Ltd.	1,030	1,158
23,320	23,320	FamGuard Corporation Limited	136	131
213,472	213,472	Finance Corporation of Bahamas Limited	2,337	2,348
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	2,537	2,403
375,153	375,153	Freeport Oil Holdings Company Ltd.	3,279	2,457
158,769	158,769	ICD Utilities Limited	1,072	1,032
68,327	68,327	J.S. Johnson & Company Limited	815	807
			<u>72,834</u>	<u>96,514</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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

Units			2016	2015
2016	2015		\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$				
6,958	6,958	American Electric Power Company	438	405
2,200	2,200	Anadaeko Petroleum Corporation	153	100
2,050	2,050	Apache	130	91
2,100	2,100	Caterpillar Inc.	195	143
2,474	2,474	Chevron Corporation	291	223
7,417	7,417	Coca Cola Co.	308	319
1,570	1,570	Comcast Corporation	108	89
1,200	1,200	Conoco Philips	60	56
2,390	2,390	CVS Caremark Corporation	189	234
4,460	4,460	Duke Energy Corporation	346	318
6,870	6,870	EMC Corp -Mass	42	176
19,038	19,038	General Electric Co.	602	593
2,030	2,030	Gilead Sciences Incorporated	145	205
199	199	Alphabet Incorporated	154	151
3,600	3,600	Halliburton Company	195	123
21,184	21,184	Intel Corp.	768	730
3,960	3,960	International Paper Company	210	149
6,790	6,790	JP Morgan Chase & Co.	586	448
5,306	5,306	Kraft Foods Group Incorporated	673	386
940	940	McKesson Corp.	132	185
3,750	3,750	MetLife Inc.	202	181
3,400	-	Microsoft Corporation	211	-
4,000	-	Mondelez International Incorporated	177	-
1,200	1,200	Nextra Energy Incorporated	143	125
4,420	4,420	Oracle Corp.	-	161
476	476	Synchrony Financial	17	15
3,000	3,000	Pfizer Inc.	97	97
3,366	3,366	Philip Morris International Inc	308	296
3,650	3,650	Proctor & Gamble Company	307	290
5,200	5,200	Roche Holding Limited	149	180
2,290	2,290	Ryder Systems Incorporated	171	130
2,610	2,610	Qualcomm Incorporated	170	131
4,780	4,780	Ross Stores	314	257

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2016

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units			2016	2015
2016	2015		\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$ (continued)				
3,300	3,300	Royal Caribbean Cruises Limited	271	334
1,680	1,680	United Technologies Corp.	184	161
75	75	Veritiv Corporation	4	3
-	3,700	Verizon Communications Inc.	-	171
1,250	-	Visa Incorporated	98	-
950	950	Walt Disney Company	99	100
60,864	60,864	Axion Balanced Fund	7,900	7,717
23,033	23,033	Axion Conservative Fund	2,776	2,740
21,320	21,320	Axiom Growth Fund	3,059	2,950
7,845	7,845	Ishares II PC - Property Yield Fund	155	126
			<u>22,537</u>	<u>21,289</u>
			<u>95,371</u>	<u>117,803</u>
Level 2 US\$				
24,428	24,428	CFAL Global Bond Fund	4,145	3,924
5,603	5,603	CFAL Global Equity Fund	786	730
86,615	86,615	Brown Advisory Funds PLC	864	990
14,890	14,890	Findlay Park Funds PLC	1,304	1,203
79,113	79,113	Franklin Templeton Frontier Markets Fund	1,350	1,247
203,873	203,873	Investec Global Natural Resources	1,656	1,229
13,079	13,079	Legg Mason Royce US Small CAP Fund	2,099	1,618
12,261	12,261	Morgan Stanley Investment Funds	941	969
63,597	63,597	Polar Capital Funds PLC - North American Fund	1,229	1,134
969,292	969,292	Scotiabank Global Growth Fund	2,480	2,306
-	62,000	Scotiabank Managed Fund	-	5,365
4,298	4,298	Wells Fargo & Company	924	940
			<u>17,778</u>	<u>21,655</u>
Preference Shares				
Level 2				
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,826	8,826
150	150	FamGuard Corporation Limited; Prime + 1.50%	150	150
100,000	100,000	Fidelity Bank Limited; Prime + 2.25%	1,000	1,000
4,365,000	4,365,000	Freeport Oil Holdings Company Ltd.; Prime + 1.75%	4,365	4,365
			<u>14,341</u>	<u>14,341</u>
			<u>127,490</u>	<u>153,799</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Trading securities	95,371	-	-	95,371
Available for sale investments	-	32,119	-	32,119
Balance As of December 31, 2016	95,371	32,119	-	127,490

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Trading securities	117,803	-	-	117,803
Available for sale investments	-	35,996	-	35,996
Balance As of December 31, 2015	117,803	35,996	-	153,799

Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the reporting date.

Level 2

The fair value of financial instruments not traded in an active market whose valuation is determined by quoted market price.

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, 2016	117,803	35,996	-	153,799
Purchases	674	-	-	674
Sales	(559)	(5,426)	-	(5,985)
Net realised gain/(loss) (Note 17)	50	61	-	111
Net unrealised gain/(loss) (Note 17)	(22,597)	1,488	-	(21,109)
Balance As of December 31, 2016	95,371	32,119	-	127,490

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (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, 2015	111,829	40,333	-	152,162
Purchases	139	415	-	554
Sales	(14)	(3,335)	-	(3,349)
Net realised gain/(loss) (Note 17)	-	40	-	40
Net unrealised gain/(loss) (Note 17)	5,849	(1,457)	-	4,392
Balance As of December 31, 2015	117,803	35,996	-	153,799

6. Held-To-Maturity Investments

(a) Bahamas Government US\$ notes

Face Value 2016 \$	2015 \$	Description	2016 \$	2015 \$
11,000	11,000	6.95%; 2029	10,989	10,988
4,800	4,800	6.63%; 2033	4,703	4,701
14,102	14,102	7.13%; 2038	14,175	14,176
			29,867	29,865
		Accrued interest	376	376
			30,243	30,241

As of December 31, 2016, The Bahamas debt was rated BB+ (2015: BBB-) by Standard and Poors.

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

Face Value 2016 \$	2015 \$	Description	2016 \$	2015 \$
-	10,220	0.625% to 1.50%; 2016	-	10,221
13,250	6,250	0.75%; 2017; 2018	13,248	6,255
9,903	2,903	0.75% to 1.25%; 2019	9,879	2,906
10,000	10,000	1.625% ; 2020	9,945	9,930
			33,072	29,312
		Accrued interest	80	21
			33,152	29,333

As of December 31, 2016, United States of America debt was rated AA+ (2015: AA+) by Standard and Poors.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

6. Held-To-Maturity Investments (Continued)

(c) Government of Barbados US\$ bonds

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
1,286	1,714	Class B; 7.80%; 2019	1,286	1,714
2,500	2,500	7.25%; 2021	2,609	2,628
			3,895	4,342
		Accrued interest	48	62
			3,943	4,404

As of December 31, 2016, Barbados foreign currency debt was rated CCC+ (2015: BB+) by Standard and Poors.

(d) Citigroup Funding Inc. notes

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
3,000	3,000	US\$ 3-Month LIBOR + 3.25%; 2020	3,000	3,000
		Accrued interest	2	1
			3,002	3,001

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

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
2,500	2,500	5.95%; 2019	2,488	2,485
		Accrued interest	15	15
			2,503	2,500

As of December 31, 2016, the Cayman Islands foreign currency debt was rated Aa3 (2015: Aa3) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

6. Held-To-Maturity Investments (Continued)

(f) Corporate US\$ bonds

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
397	397	Freeport McMoran Copper & Gold 3.50%; 2022	376	373
397	397	Anheuser Busch Incorporated 2.50%; 2022	378	375
397	397	Amazon Incorporated 2.50%; 2022	374	370
397	397	American International Group 4.88%; 2022	419	423
397	397	Goldman Sachs Group 3.63%; 2023	385	383
397	397	Morgan Stanley Medium Term 4.88%; 2022	402	402
397	397	Simon Property Group 2.75%; 2023	376	373
397	397	Quest Diagnostics Incorporated 4.70%; 2021	413	417
157	157	Teva Pharmaceutical Finance 2.95%; 2022	149	148
397	397	Thermo Fisher Scientific Incorporated 3.60%; 2021	395	395
397	397	United Health Group 2.75%; 2023	378	375
397	397	WellPoint Incorporated 3.30%; 2023	383	381
397	397	Deer & Company 2.60%; 2022	383	381
397	397	General Dynamics Corporation 2.25%; 2022	373	369
397	397	General Electric Capital Group 3.10%; 2023	381	379
397	397	AT & T Incorporated 2.63%; 2022	372	368
397	397	Telefonica Emisiones 5.13%; 2020	408	411
397	397	Verizon Communications Incorporated 2.45%; 2022	369	365
397	397	Ebay Incorporated 2.60%; 2022	379	376
397	397	Oracle Corporation 2.38	398	398
			<hr/>	<hr/>
			7,491	7,462
		Accrued Interest	69	69
			<hr/>	<hr/>
			7,560	7,531

(g) Government of Trinidad & Tobago US\$ bonds

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
2,000	2,000	3.79%; 2024	2,070	2,079
		Accrued interest	35	35
			<hr/>	<hr/>
			2,105	2,114

As of December 31, 2016, Trinidad & Tobago foreign currency debt was rated A- (2015:Baa2) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables

(a) Bahamas Government registered stocks

Investments in Bahamas Government registered stocks have interest rates varying from 4.25 % to 6.00% (2015: 4.10% to 6.00%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime).

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
-	55,209	Prime + 1.25%; 2016	-	55,209
31,571	31,571	Prime + 0.94% to 1.25%; 2017	31,571	31,571
134,669	156,794	Prime + 0.2% to 0.59%; 4.25%; 2018-2022	134,669	156,794
173,348	169,348	Prime + 0.06% to 0.85%; 4.25% to 4.40%; 2023-2027	173,348	169,348
150,935	141,591	Prime + 0.06% to 0.41%; 4.30%; 2028-2032	150,935	141,591
52,040	34,455	Prime + 0.06% to 0.63%; 5.4%; 2033-2037	52,040	35,455
			<u>542,563</u>	<u>589,968</u>
		Accrued interest	<u>7,212</u>	<u>7,808</u>
			<u>549,775</u>	<u>597,776</u>

The effective interest rate earned on Bahamas Government registered stocks was 5.31% (2015: 5.10%), and registered stocks with face values totalling \$23,911 (2015: \$19,000) have fixed interest rates varying from 4.25% to 5.40% (2015: 4.10% to 4.75%) and maturities ranging from 2020 to 2036 (2015: 2020 to 2029).

(b) Certificates of deposit

	2016	2015
	\$	\$
Certificates of deposit	163,685	159,996
Provision for doubtful accounts	<u>(1,715)</u>	<u>(1,715)</u>
	161,970	158,281
Accrued interest	<u>3,075</u>	<u>2,971</u>
	<u>165,045</u>	<u>161,252</u>

During the year, certificates of deposit earned interest at rates of 2.00% to 4.75% (2015: 2.00% to 4.75%) per annum. The effective interest earned on certificates of deposit was 3.42% (2015: 3.37%). Certificates of deposit mature within 12 months of the statement of financial position date.

As of December 31, 2016, the Fund has \$1,715 (2015: \$1,715) 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 payment was received during the year (2015: Nil).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables

(c) Bahamas Mortgage Corporation bonds

Series	Description	2016 \$	2015 \$
Q	15 year bonds; Prime; 2024-2027	15,000	15,000
N,O,P,R	20 year bonds; Prime* less 2.00% to 5.00%; 2018-2032	75,600	75,600
M,S	25 year bonds; Prime* less 2.00% to 5.25%; 2018-2037	9,100	9,100
		99,700	99,700
	Accrued interest	1,406	1,406
		101,106	101,106

These bonds are guaranteed by The Bahamas Government. As of December 31, 2016 and 2015 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	2016 \$	2015 \$
2016 \$	2015 \$			
3,026	3,871	B\$ Series A subordinated participating debt; 13.00%; 2034	3,026	3,871
2,506	3,871	US\$ Series A subordinated participating debt; 13.00%; 2034	2,506	3,871
8,975	9,200	B\$ senior debt notes; 8.50%; 2031	8,975	9,200
8,900	9,200	US\$ senior debt notes; 8.50%; 2031	8,900	9,200
10,683	11,436	US\$ Series B subordinated participating debt; 13.00%; 2034	10,683	11,436
4,888	4,987	B\$ senior debt notes; Series B; 6.34%; 2035	4,888	4,987
4,887	4,962	US\$ senior debt notes; Series A; 6.34%; 2035	4,887	4,962
4,887	4,975	US\$ senior debt notes; Series C; 6.44%; 2035	4,887	4,975
			48,752	52,502
		Accrued interest	21,007	19,656
			69,759	72,158

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 and III 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(e) Education Loan Authority bonds

Face Value		Description	2016 \$	2015 \$
2016	2015			
\$	\$			
15,000	15,000	Series A; Prime + 0.25%; 2020	15,454	15,568
9,750	9,750	Series B; Prime + 0.50%; 2023	10,050	10,089
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	20,713	20,806
			<hr/>	<hr/>
			46,217	46,463
		Accrued interest	884	884
			<hr/>	<hr/>
			47,101	47,347

These bonds are guaranteed by The Bahamas Government.

(f) Bahamas Development Bank bonds

Face Value		Description	2016 \$	2015 \$
2016	2015			
\$	\$			
6,000	10,000	Series B; Prime less 1.00%; 2016-2020	6,000	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/>
			42,000	46,000
		Accrued interest	1,052	749
			<hr/>	<hr/>
			43,052	46,749

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(g) Bahamas Electricity Corporation bonds

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
-	1,003	US\$ Series A: 6.43%; 2016	-	1,003
6,495	6,495	B\$ Series B; 6.41%; 2021	6,491	6,489
18,557	18,557	B\$ Series C; 6.56%; 2026	18,529	18,528
			25,020	26,020
		Accrued interest	858	75
			<u>25,878</u>	<u>26,095</u>

(h) Preference Shares

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
2,000,000	2,000,000	Colina Holdings Bahamas Limited; Prime + 1.50%	2,000	2,000
3,000	3,000	Grand Bahama Power Company Limited; 7.25% - 10%	3,000	3,000
400,000	400,000	Fidelity Bank (Bahamas) Limited; 5.75%; 2021	4,000	4,000
8,500	8,500	Cable Bahamas Limited; 5.75%; 2024	8,500	8,500
1,500	1,500	Cable Bahamas Limited (US\$); 6.25%; 2025	1,500	1,500
			<u>19,000</u>	<u>19,000</u>

As of December 31, 2016, the cost of preference shares totals \$19,000 (2015: \$19,000).

(i) Clifton Heritage Authority bonds

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
1,455	1,455	Prime + 0.50%; 2025	1,455	1,455
4,219	4,219	Prime + 0.63%; 2030	4,219	4,219
2,275	2,275	Prime + 0.75%; 2035	2,275	2,275
			7,949	7,949
		Accrued interest	49	49
			<u>7,998</u>	<u>7,998</u>

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(j) 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 Deltec Bank & Trust. Interest is earned at 0.70% above Prime. As of December 31, 2016, the carrying amount of the bonds includes the principal of \$2,282 (2015:\$2,312) plus accrued interest of \$995 (2015: \$1,097).

During the year, principal received of \$226 (2015:Nil), with cumulative principal payments totalling \$2,914 (2015:\$2,688).

(k) Loans to Bahamas Government entities

	1-Jan-16	Additional Funds	Repayments/ Adjustments	31-Dec-16
	\$	\$	\$	\$
BEC	2,765	-	(175)	2,590
MOEH	5,000	5,500	(920)	9,580
WSC	15,000	-	(782)	14,218
BCB	4,100	-	(206)	3,894
	26,865	5,500	(2,083)	30,282
Accrued interest	406	-	(154)	252
	<u>27,271</u>	<u>5,500</u>	<u>(2,237)</u>	<u>30,534</u>

	1-Jan-15	Additional Funds	Repayments/ Adjustments	31-Dec-15
	\$	\$	\$	\$
BEC	2,800	-	(35)	2,765
MOEH	5,000	-	-	5,000
WSC	9,200	5,800	-	15,000
BCB	-	4,100	-	4,100
	17,000	9,900	(35)	26,865
Accrued interest	121	285	-	406
	<u>17,121</u>	<u>10,185</u>	<u>(35)</u>	<u>27,271</u>

BEC

During August 2009, the Fund participated in a medium term US\$ loan facility provided to the Bahamas Electricity Corporation (BEC) to refinance its existing US\$ debt obligations. The loan bears interest at US\$ 3-month LIBOR plus 0.50%, with principal and interest payable quarterly. The loan after a series of extensions from 2012 will mature in December 2019. The loan is guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(k) Loans to Bahamas Government entities (Continued)

MOEH

During 2013 the Fund through a Memorandum of Understanding with the Ministry of the Environment and Housing (MOEH) agreed to lend up to \$10,000 for the Bahamas National Housing Construction Project. The interest rate on this loan is 2.00% plus the 91 day Treasury Bill rate at the issue date. The funds are to be disbursed in quarterly instalments of \$2,500 with the first drawdown disbursed during December 2013. During October 2014 the second drawdown of \$2,500 was disbursed. Disbursements were made in 2016 (2015: Nil). The loan will be repaid from mortgages issued through lending institutions other than the Bahamas Mortgage Corporation (BMC). Repayments in 2016 \$920 (2015: Nil)

WSC

During 2013 the Fund agreed to lend up to \$10,000 to the Water & Sewerage Corporation (WSC) to finance the design and construction of a Wastewater Treatment Plant at Gladstone Road to service the Baha Mar Resort and surrounding areas. In 2015 an additional \$5,000 loan was approved. This loan bears interest at 4.75% and is repayable over 10 years with only interest payments being made during the first two years of the agreement. Principal repayments made in 2016 \$782 (2015: Nil).

BCB

During July 2015, the Fund agreed to lend \$4.1 million to the Broadcasting Corporation of The Bahamas (BCB) to fund its infrastructural repairs and upgrades. The loan bears interest of 3.5% and principal and interest is repayable monthly over 20 years. Principal repayments made in 2016 \$206 (2015: Nil).

(l) Long-term deposits

Face Value		Description	2016	2015
2016	2015		\$	\$
\$	\$			
3,000	3,000	Bahamas Development Bank 3.75%; 2016	3,000	3,000
6,500	6,500	Family Guardian Insurance 3.50%; 2023	6,500	6,500
			9,500	9,500
		Accrued interest	600	575
			<u>10,100</u>	<u>10,075</u>

During 2012, a \$3,000 deposit was placed with Bahamas Development Bank for four years at 3.75% interest per annum. The funds were used to establish a roadwork compensation loan facility to assist small businesses impacted by the New Providence Road Improvement Project. This facility matured on December 18, 2016 the principal repayment and interest payment remained outstanding at the year-end. The Family Guardian Single Premium Deferred Annuity currently earns interest at a rate of 3.5% and matures in 2023.

The interest rate will be reviewed every 5 years on the annuity anniversary date. The annuity balance is \$6,500 (2015: \$6,500).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(m) Bridge Authority bonds

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
956	956	Prime + 1.25%; 2019	956	956
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			<hr/>	<hr/>
			2,783	2,783
		Accrued interest	46	46
			<hr/>	<hr/>
			2,829	2,829

(n) Fidelity Bank (Bahamas) Limited notes

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
500	500	Series A Notes; 7.00%; 2017	500	500
500	500	Series E Notes; 6.00%; 2018	500	500
800	800	Series D Notes; Prime + 1.25% 2022	800	800
1,000	1,000	Series B Notes; Prime + 1.75%; 2022	1,000	1,000
			<hr/>	<hr/>
			2,800	2,800
		Accrued interest	27	42
			<hr/>	<hr/>
			2,827	2,842

(o) The College of The Bahamas redeemable term notes

Face Value		Description		
2016	2015		2016	2015
\$	\$		\$	\$
1,845	2,029	7.00%; 2026	1,845	2,029
		Accrued interest	1	1
			<hr/>	<hr/>
			1,846	2,030

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(p) Public Hospital Authority bonds

Face Value				
2016	2015	Description	2016	2015
\$	\$		\$	\$
11,308	11,974	6.00%; 2033	11,308	11,974
		Accrued interest	173	153
			<u>11,481</u>	<u>12,127</u>

(q) Bahamas Government B\$ notes

Face Value				
2016	2015	Description	2016	2015
\$	\$		\$	\$
-	7,070	3.15%; 2016	-	7,070
7,070	-	2.50%; 2017	7,070	-
		Accrued interest	76	83
			<u>7,146</u>	<u>7,153</u>

(r) Bahamas Government Treasury bills

Face Value				
2016	2015	Description	2016	2015
\$	\$		\$	\$
1,519	-	2.50%; 2017	1,514	-
			<u>1,514</u>	<u>-</u>

The effective interest rate earned on the treasury bills is 2.16%.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	2016	2015
	\$	\$
<i>Gross receivables</i>		
Not later than one year	12,615	12,656
Later than one year and not later than five years	50,996	50,623
Later than five years	222,354	235,624
	<u>285,965</u>	<u>298,903</u>
Unearned finance income	(107,871)	(124,636)
	<u>178,094</u>	<u>174,267</u>

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

	2016	2015
	\$	\$
Not later than one year	4,653	3,992
Later than one year and not later than five years	21,057	18,092
Later than five years	152,384	152,183
	<u>178,094</u>	<u>174,267</u>

The Fund presently has thirteen (2015: twelve) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2016	2015
	\$	\$
Poinciana Hill, New Providence	9,218	9,436
Thompson Boulevard, New Providence	17,607	18,023
Claughton House, New Providence	6,069	-
Police Headquarters, Grand Bahama	5,105	5,226
Police Dormitories, Grand Bahama	2,183	2,234
Robinson Road, New Providence	3,641	3,727
Police Residences, Grand Bahama	2,372	2,428
Police Gymnasium, Grand Bahama	663	679
Police Guard House, Grand Bahama	32	33
Freeport Government Complex	27,031	25,879
Marsh Harbour Government Complex	29,677	30,379
Office of the Attorney General	40,369	41,324
JL Centre	34,127	34,899
	<u>178,094</u>	<u>174,267</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

8. Net Investment in Finance Leases (Continued)

Claughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above Prime (an effective rate of 6.50% per annum in 2013). This lease expired June 13, 2011, however, during 2014 construction began for the renovation of Claughton House on behalf of the Bahamas Government and upon completion a new lease agreement will be executed. Also during 2014 the Fund was advised of the Government's mandate to restructure its debt thereby reducing the amounts allocated to repayments of leasing arrangements. As a result, effective July 1, 2014 all existing and future Finance Leases will be restructured over 25 years at 0.25% above prime rate (5.00% 2014). The Bahamas Government is responsible for the maintenance, insurance and taxes on all buildings under Finance Lease arrangements.

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 Claughton House.

Location	Date Construction/ Renovation Commenced
Poinciana Hill, New Providence	1998
Thompson Boulevard, New Providence	2000
Claughton House, New Providence	2014
Police Headquarters, Grand Bahama	2000
Police Dormitories, Grand Bahama	2001
Robinson Road, New Providence	2004
Police Residences, Grand Bahama	2001
Police Gymnasium, Grand Bahama	2001
Police Guard House, Grand Bahama	2001
Freeport Government Complex	2009
Marsh Harbour Government Complex	2009
Office of the Attorney General	2009
JL Centre, Blake Road	2012

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

9. Investment Property

	Farrington Road Building	Modernistic Building	Total
	\$	\$	\$
As of January 1, 2016	2,000	427	2,427
As of December 31, 2016	<u>2,000</u>	<u>427</u>	<u>2,427</u>

	Farrington Road Building	Modernistic Building	Total
	\$	\$	\$
As of January 1, 2015	2,000	427	2,427
As of December 31, 2015	<u>2,000</u>	<u>427</u>	<u>2,427</u>

Fair Value Hierarchy	Level 1	Level 2	Level 3	Fair Value
Farrington Road Building	-	2,000	-	2,000
Modernistic Building	-	427	-	427

The fair values of investment properties are determined every three years by an independent professionally qualified appraiser. In determining the valuations the appraiser refers to weighted average of the Cost Approach and the income Approach. These properties were appraised as of December 31, 2014.

There were no change between Level 1 and Level 2 during the year.

Amounts recognised in the consolidated statement of comprehensive (loss)/income as it relates to rental income and direct operating expenses for investment properties are as follows:

	2016 \$	2015 \$
Rental income	<u>496</u>	<u>487</u>
Direct operating expenses		
On property that generated rental income	127	102
On property that did not generate rental income	<u>16</u>	<u>12</u>
	<u>143</u>	<u>114</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

9. Investment Property (Continued)

Location	Lease Term	Lease Date
Bahamas Government, Farrington Road, New Providence	21 years	Renewal Pending
National Insurance Board, Wulff Road, New Providence	21 years	01/20/1997

The lease agreements may have revisions to the rent every three years to reflect the cost of living increase based on the retail price index of the preceding three years. The commitments on leases for investment properties are analysed as follows:

	Farrington Road Building \$
No later than 1 year	374
Later than 1 year and no later than 5 years	1,496
Later than 5 years	5,174
	<u>7,044</u>

10. Investments in Associates

As of December 31, 2016, the Fund owned 4,334,453 (2015: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited, representing 28.21% (2015: 28.21%) of the total outstanding ordinary voting shares and 6,022,945 (2015: 6,022,945) non-voting ordinary shares.

Cable Bahamas Limited issued rights offering during March which increased the number of shares owned to 9,482,759 (2015: 9,103,449), representing 20.51% (2015: 22.16%) of the total outstanding ordinary shares.

	1-Jan-16 \$	Purchases \$	Share of Losses \$	Dividends \$	31-Dec-16 \$
Bank of The Bahamas	253	-	(253)	-	-
Cable Bahamas	29,397	2,276	(3,398)	(883)	27,392
	<u>29,650</u>	<u>2,276</u>	<u>(3,651)</u>	<u>(883)</u>	<u>27,392</u>

	1-Jan-15 \$	Purchases \$	Share of Losses \$	Dividends \$	31-Dec-15 \$
Bank of The Bahamas	7,094	-	(6,841)	-	253
Cable Bahamas	34,281	-	(3,185)	(1,699)	29,397
	<u>41,375</u>	<u>-</u>	<u>(10,026)</u>	<u>(1,699)</u>	<u>29,650</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

10. Investments in Associates (Continued)

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2016 and 2015:

	Assets \$	Liabilities \$	Total Income \$	Net Loss \$
2016				
Bank of The Bahamas Limited	775,960	681,181	32,429	(25,145)
Cable Bahamas Limited	626,857	474,717	43,631	(16,568)
2015				
Bank of The Bahamas Limited	792,601	708,802	35,584	(24,252)
Cable Bahamas Limited	483,267	397,361	51,748	(14,371)

11. Computer Software

Computer software comprises:

	Total \$
Cost	
Balance as of January 1, 2016	13,254
Additions	3,363
Balance as of December 31, 2016	16,617
Accumulated amortization	
Balance as of January 1, 2016	4,247
Amortization expense	778
Balance as of December 31, 2016	5,025
Net book value as of December 31, 2016	11,592
Cost	
Balance as of January 1, 2015	10,890
Additions	2,364
Balance as of December 31, 2015	13,254
Accumulated amortization	
Balance as of January 1, 2015	3,740
Amortization expense	507
Balance as of December 31, 2015	4,247
Net book value as of December 31, 2015	9,007

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

12. Property, Plant and Equipment

Property, plant and equipment comprise:

	Land and Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment & Vehicles \$	Total \$
Cost							
Balance as of January 1, 2016	118,905	4,441	7,566	2,028	533	12,863	146,336
Additions	3,189	211	365	384	-	388	4,537
Disposals	-	(22)	-	(329)	-	-	(351)
Balance as of December 31, 2016	122,094	4,630	7,931	2,083	533	13,251	150,522
Accumulated depreciation							
Balance as of January 1, 2016	22,166	2,813	6,676	1,429	-	5,527	38,611
Charge for the year	2,183	387	442	239	-	700	3,951
Disposals	-	-	-	(294)	-	-	(294)
Balance as of December 31, 2016	24,349	3,200	7,118	1,374	-	6,227	42,268
Net book value as of December 31, 2016	97,745	1,430	813	709	533	7,024	108,254

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

12. Property, Plant and Equipment (Continued)

	Land and Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment & Vehicles \$	Total \$
Cost							
Balance as of January 1, 2015	113,602	4,341	7,053	1,912	533	10,509	137,950
Additions	5,303	177	513	420	-	2,354	8,767
Disposals	-	(77)	-	(304)	-	-	(381)
Balance as of December 31, 2015	118,905	4,441	7,566	2,028	533	12,863	146,336
Accumulated depreciation							
Balance as of January 1, 2015	20,798	2,499	6,196	1,489	-	5,116	36,098
Charge for the year	1,368	381	480	244	-	411	2,884
Disposals	-	(67)	-	(304)	-	-	(371)
Balance as of December 31, 2015	22,166	2,813	6,676	1,429	-	5,527	38,611
Net book value as of December 31, 2015	96,739	1,628	890	599	533	7,336	107,725

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	
	2016 \$	2015 \$	2016 \$	2015 \$
Cost	94,033	91,072	13,251	12,863
Accumulated depreciation	(12,314)	(10,785)	(6,227)	(5,527)
Net book value	81,719	80,287	7,024	7,336

13. 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

13. Construction in Progress – Finance Leases (Continued)

	2016 \$	2015 \$
Balance as of January 1	49,676	32,773
Additions	14,264	15,898
Interest income (Note 17)	1,558	1,005
Transfer to net investment in finance leases	(7,944)	-
Balance as of December 31	57,554	49,676

During 2011, the National Insurance Board resolved to reduce interest charged on outstanding balances related to projects currently inactive to 0.00%. As of December 31, 2016, projects with balances totalling \$14,520 (2015: \$14,364) are subject to this resolution.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2016 \$	2015 \$
Accounts payable and accrued expenses	4,932	4,439
Accrued vacation pay	3,307	3,109
Unclaimed benefits	662	287
Employee pension contributions	91	85
Accrued staff retirement benefits	38	55
	9,030	7,975

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund

The Fund has a defined benefit pension plan for eligible employees, whereby the Fund makes contributions that entitles a retired employee (normal retirement age is 60) to receive an annual pension based on years of service and the average earnings of the 3 consecutive years prior to retirement. The Fund's contributions to the defined benefit pension plan are recognized in the consolidated statement of comprehensive (loss)/income in the year to which they relate. The pension plan is separately administered by a corporate trustee. The Fund is exposed to actuarial risks, such as longevity, currency, interest rate and market risk.

The amounts recognised in the consolidated statement of financial position are determined as follows:

	2016 \$	2015 \$
Present value of defined benefit obligations	120,954	117,925
Fair value of plan assets	<u>(57,250)</u>	<u>(47,244)</u>
Funded status - Deficit	<u>63,704</u>	<u>70,681</u>
Net liability arising from defined benefit obligation in consolidated statement of financial position	<u>63,704</u>	<u>70,681</u>

The movements in the present value of the defined benefit obligations are as follows:

	2016 \$	2015 \$
As of January 1	117,925	113,729
Interest cost	6,049	5,856
Current service cost	4,042	4,046
Employee contributions	1,051	1,009
Past service cost	74	-
Benefits paid	(4,065)	(3,335)
Actuarial gains	<u>(4,122)</u>	<u>(3,380)</u>
As of December 31	<u>120,954</u>	<u>117,925</u>

The present value of the defined benefit obligation as of December 31, 2014, 2013, and 2012, was \$113,729, \$109,059, and \$98,278 respectively.

The defined benefit obligation is allocated between the plan's members as follows:

	2016 \$	%	2015 \$	%
Active members	87,646	72.5	87,647	74.3
Inactive members	<u>33,308</u>	<u>27.5</u>	<u>30,278</u>	<u>25.7</u>
	<u>120,954</u>	<u>100.0</u>	<u>117,925</u>	<u>100.0</u>

As at December 31, 2016 the duration of the liability is 15.80 years.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund (Continued)

The movements in the fair value of plan assets are as follows:

	2016 \$	2015 \$
As of January 1	47,244	41,197
Expected return on plan assets	2,570	2,136
Contributions	12,551	6,509
Benefits paid	(4,065)	(3,335)
Actuarial (losses)/gains	(899)	861
Administration and Other non Plan Investment Management Expenses	(151)	(124)
As of December 31	57,250	47,244

The allocation of plan assets as at December 31, 2016 is as follows:

	2016 \$	2015 \$
Asset Allocation		
Cash on hand and at banks	8,624	2,049
Certificates of deposit	4,341	2,841
Equity securities at fair value through profit or loss	7,654	7,402
Loans and receivables	36,084	34,533
Net current assets	547	419
Fair value of plan assets at end of year	57,250	47,244

All of the plan assets are domiciled in the Commonwealth of The Bahamas and are held in separate Trust under direction of the Trustee.

The expense recognised in the consolidated statement of comprehensive (loss)/ income comprises:

	2016 \$	2015 \$
Current service cost	4,042	4,046
Past service costs	74	-
Interest expense	3,479	3,720
Administration and Other non Plan Investment Management Expenses	151	124
Total pension expense (See Note 22)	7,746	7,890

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$11,500. Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$1,108.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund (Continued)

The movements in the liability in the consolidated statement of financial position are as follows:

	2016 \$	2015 \$
As of January 1	70,681	72,532
Pension expense recognized	7,746	7,890
Contributions - employer	(11,493)	(5,492)
Actuarial losses/(gains) for year- from experience	737	(3,388)
Actuarial losses/(gains) for year -plan assets	899	(861)
Actuarial gains from changes in financial assumptions	(4,866)	-
As of December 31	63,704	70,681

The principal actuarial assumptions used at December 31 were:

	2016	2015
Rates per annum		
Discount rate	5.25%	5.00%
Expected return on plan assets	5.25%	5.00%
Future salary increase:		
at age 18	5.00%	5.00%
at age 59	5.00%	5.00%

Early retirement rates used were 0% before completing 30 years of pensionable service and 10% after completing 30 years of pensionable service. Mortality rates have been taken from the 1994 Uninsured Pensioner Mortality Generational Table at 2017 with Projection Scale AA (2015: 1994 Uninsured Pensioner Mortality Generational Table at 2016 with Projection Scale AA). The mortality rates used for December 31, 2016 allow for improvements in life expectancy as illustrated below:

Age	Gender	
	Male	Female
Age 60 in 2016	24.60	26.81
Age 60 in 20 years	26.22	27.66

Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumptions used. The following table summarizes how the defined benefit obligation as at December 31, 2016 would have changed as a result of a change in the assumptions used.

Future salary increase	Discount Rate		
	5.25%	4.25%	6.25%
	\$	\$	\$
5.00%	120,954	142,308	104,074
4.50%	118,294	138,905	101,964
5.50%	123,768	145,916	106,300

The defined benefit obligation would be \$123,263 if the average life expectancy is increased by one year. These sensitivities were calculated by re-calculating the defined benefit obligations using the revised assumptions.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

16. 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, 2016 and 2015.

17. Income from Investments

	2016 \$	2015 \$
Income from trustee securities:		
Bahamas Government registered stocks	28,825	30,734
Bahamas Government Treasury Bills	32	-
	<u>28,857</u>	<u>30,734</u>
Income from other securities:		
Certificate of deposit	5,117	5,213
Long term deposits	175	340
Nassau Airport Development Company Limited debt securities	4,905	5,170
Bahamas Mortgage Corporation bonds	4,003	3,999
Dividends from ordinary and preference shares	4,317	4,946
Education Loan Authority bonds	2,077	2,085
Bahamas Government US\$ notes	2,089	2,089
Bahamas Government B\$ notes	90	397
Bahamas Development Bank bonds	1,911	1,985
Bahamas Electricity Corporation bonds	1,671	1,701
Government of Barbados US\$ bonds	275	309
Clifton Heritage Authority bonds	428	428
United States of America US\$ treasury notes	351	105
Fidelity Bank (Bahamas) Limited notes	179	165
The College of The Bahamas redeemable term notes	135	148
Bridge Authority bonds	173	173
Government of the Cayman Islands US\$ bonds	152	152
Government of Trinidad & Tobago US\$ bonds	79	79
Loans to Bahamas Government entities	1,061	844
Latin American Investment Bank (Bahamas) Ltd. bonds	197	126
Public Hospital Authority bonds	710	601
Corporate US\$ bonds	288	293
Citigroup Funding Inc. notes	36	54
	<u>30,419</u>	<u>31,402</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

17. Income from Investments (Continued)

	2016	2015
	\$	\$
Income from other investments:		
Interest income on net investment in finance leases	9,592	9,192
Interest income on construction in progress – finance leases (Note 13)	1,558	1,005
Net realised gain on investments at fair value through profit or loss (Note 5)	111	40
Net unrealised (loss)/gain on investments at fair value through profit or loss (Note 5)	(21,109)	4,392
Net realised gain on other investments	3	13
	<u>(9,845)</u>	<u>14,642</u>
	<u>49,431</u>	<u>76,778</u>

18. Income from Property

	2016	2015
	\$	\$
Rental income:		
Freeport office complex	784	894
New Providence buildings	496	487
Polyclinics	1,866	689
	<u>3,146</u>	<u>2,070</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 affected 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 (loss)/ income.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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

Amount invested in other assets comprises:

	2016	2015
	\$	\$
Cash on hand	63	37
Cash at banks – current accounts	24,476	8,328
Cash at brokers	1,648	1,960
Receivables and advances	63,694	39,539
Prepaid expenses and deposits	515	526
Computer software	11,592	9,007
Property, plant and equipment	19,511	20,104
Construction in progress – finance leases	57,554	49,676
Accounts payable and accrued expenses	(9,030)	(7,975)
Accrued benefits payable	(7,079)	(5,866)
	<u>162,944</u>	<u>115,336</u>

21. Other Expenses

Other expenses comprise:

	2016	2015
	\$	\$
Repairs and maintenance	2,166	2,266
Utilities	1,499	1,527
Consultancy fees	438	580
Printing, stationery and computer supplies	1,513	1,276
Transportation and travel	439	437
Training and scholarships	366	484
Janitorial	405	374
Advertising and publicity	348	237
External security	601	422
Rent	550	347
Motor vehicles	335	364
Insurance	278	276
Legal expenses	95	75
Audit fees	180	177
Real property tax	96	93
Bank charges	122	46
Tribunal membership	14	33
Value Added Tax Expense	660	624
Other miscellaneous expenses	81	66
	<u>10,186</u>	<u>9,704</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

22. Employee Benefits

	2016	2015
	\$	\$
Pension expense (Note 15)	7,746	7,890
Pension expense allocated to Medical Benefits Branch	(103)	(135)
	<u>7,643</u>	<u>7,755</u>
Staff salaries and allowances	27,695	23,015
Group health plan	3,167	2,780
National insurance contributions	1,043	937
Other benefits	<u>486</u>	<u>427</u>
	<u>40,034</u>	<u>34,914</u>

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, 2016, the Fund's total exposure to credit risk was \$1,609,233 (2015: \$1,640,285), principally concentrated with The Bahamas Government, which as of December 31, 2016 had foreign and local currency debt ratings of BB+ (2015: BBB-) and a country transfer and convertibility rating of BBB+ (2015: BBB) issued by Standard and Poors. As of that date, the Fund had investments, loans and accruals with The Bahamas Government and its entities totalling \$1,201,439 (2015: \$1,263,009). 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 (see Note 29).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

24. Contingent Liabilities

- (a) The Fund has provided commitment letters to various medical institutions and other providers of medical care in relation 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 neither 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. These legal actions primarily involve construction contracts, requirements to pay contributions under the National Insurance Act and Regulations, and an action for defamation, wrongful/unfair dismissal and negligence/breach of the Data Protection Act. Management is of the opinion that the resolution of these matters will not have a material impact on the Fund's consolidated financial statements.

25. Commitments

Capital commitments

Capital commitments contracted as of the statement of financial position date but not yet incurred are as follows:

	2016	2015
	\$	\$
Capital commitments	<u>14,856</u>	<u>25,824</u>

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases, where the Fund is the lessee, are as follows:

	2016	2015
	\$	\$
No later than 1 year	6	57
Later than 1 year and no later than 5 years	<u>447</u>	<u>47</u>
	<u>453</u>	<u>104</u>

26. Employees

The average number of persons employed by NIB during the year was 596 (2015: 579).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (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 statement of financial position at fair value.

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Certificates of deposit	165,045	161,252	167,078	163,570
Long term deposits	10,100	10,075	8,869	8,993
Bahamas Government registered stocks	549,775	597,776	549,910	588,864
Bahamas Mortgage Corporation bonds	101,106	101,106	92,911	92,225
Nassau Airport Development Company Limited debt securities	69,758	72,158	65,008	71,650
Education Loan Authority bonds	47,101	47,347	48,040	48,574
Bahamas Development Bank bonds	43,052	46,749	41,197	44,963
Bahamas Government US\$ notes	30,243	30,241	37,134	37,373
Bahamas Electricity Corporation bonds	25,878	26,095	25,433	26,608
Clifton Heritage Authority bonds	7,998	7,998	8,311	8,377
Government of Barbados US\$ bonds	3,943	4,404	4,057	4,600
United States of America US\$ treasury notes	33,152	29,333	29,391	25,935
Loans to Bahamas Government entities	30,534	27,271	25,903	14,739
Latin American Investment Bank (Bahamas) Ltd. bonds	3,278	3,409	2,342	2,312
Citigroup notes	3,002	3,001	2,808	2,755
Bridge Authority bonds	2,829	2,829	3,020	3,040
Fidelity Bank (Bahamas) Limited notes	2,827	2,842	2,831	2,825
The College of The Bahamas redeemable term notes	1,846	2,030	1,943	2,341
Government of the Cayman Islands US\$ bonds	2,503	2,500	2,465	2,449
Government of Trinidad & Tobago	2,105	2,114	1,820	1,796
Corporate US\$ bonds	7,560	7,531	5,900	5,758
Bahamas Government B\$ Notes	7,145	7,153	7,169	7,169
Public Hospital Authority bonds	11,481	12,127	11,190	11,836
	1,162,261	1,207,341	1,144,730	1,178,752

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, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

27. Fair Value of Financial Instruments (Continued)

Fair Value Hierarchy As of December 31, 2016

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value \$
Certificates of deposit	-	167,078	-	167,078
Long term deposits	-	8,869	-	8,869
Bahamas Government registered stocks	-	549,910	-	549,910
Bahamas Mortgage Corporation bonds	-	92,911	-	92,911
Nassau Airport Development Company Limited debt securities	-	65,008	-	65,008
Education Loan Authority bonds	-	48,040	-	48,040
Bahamas Development Bank bonds	-	41,197	-	41,197
Bahamas Government US\$ notes	37,134	-	-	37,134
Bahamas Electricity Corporation bonds	-	25,433	-	25,433
Clifton Heritage Authority bonds	-	8,311	-	8,311
Government of Barbados US\$ bonds	4,057	-	-	4,057
United States of America US\$ treasury notes	29,391	-	-	29,391
Loans to Bahamas Government entities	-	25,903	-	25,903
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,342	-	2,342
Citigroup notes	-	2,808	-	2,808
Bridge Authority bonds	-	3,020	-	3,020
Fidelity Bank (Bahamas) Limited notes	2,831	-	-	2,831
The College of The Bahamas redeemable term notes	-	1,943	-	1,943
Government of the Cayman Islands US\$ bonds	2,465	-	-	2,465
Government of Trinidad & Tobago	1,820	-	-	1,820
United States Corporate bonds	5,900	-	-	5,900
Bahamas Government B\$ Notes	-	7,169	-	7,169
Public Hospital Authority bonds	-	11,190	-	11,190
	83,598	1,061,132	-	1,144,730

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

27. Fair Value of Financial Instruments (Continued)

Fair Value Hierarchy As of December 31, 2015

	Level 1	Level 2	Level 3	Fair value
	\$	\$	\$	\$
Certificates of deposit	-	163,570	-	163,570
Long term deposits	-	8,993	-	8,993
Bahamas Government registered stocks	-	588,864	-	588,864
Bahamas Mortgage Corporation bonds	-	92,225	-	92,225
Nassau Airport Development Company Limited debt securities	-	71,650	-	71,650
Education Loan Authority bonds	-	48,574	-	48,574
Bahamas Development Bank bonds	-	44,963	-	44,963
Bahamas Government US\$ notes	37,373	-	-	37,373
Bahamas Electricity Corporation bonds	-	26,608	-	26,608
Clifton Heritage Authority bonds	-	8,377	-	8,377
Government of Barbados US\$ bonds	4,600	-	-	4,600
United States of America US\$ treasury notes	25,935	-	-	25,935
Loans to Bahamas Government entities	-	14,739	-	14,739
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,312	-	2,312
Citigroup notes	-	2,755	-	2,755
Bridge Authority bonds	-	3,040	-	3,040
Fidelity Bank (Bahamas) Limited notes	2,825	-	-	2,825
The College of The Bahamas redeemable term notes	-	2,341	-	2,341
Government of the Cayman Islands US\$ bonds	2,449	-	-	2,449
Government of Trinidad & Tobago	1,796	-	-	1,796
United States Corporate bonds	5,758	-	-	5,758
Bahamas Government B\$ Notes	-	7,169	-	7,169
Public Hospital Authority bonds	-	11,836	-	11,836
	80,736	1,098,016	-	1,178,752

Level 1

The fair value of financial instruments traded in an active market based quoted market prices at the reporting date.

Level 2

The fair value of financial instruments not traded in an active market whose valuation is determined by using the discounted cash flow method. The cash flows are discounted at a rate representing the market rates of similar instruments.

There were no transfers between Level 1 and Level 2 during the year.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2016

(Expressed in Thousands of Bahamian dollars)

(Continued)

28. Related Party Balances and Transactions and balances

Related parties include its subsidiary; associates; 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; key management personnel; close family members of key management personnel; and entities owned or controlled by key management personnel. Key management personnel include those having the authority and responsibility for planning, directing and controlling the activities of the Fund. Balances and transactions between the Fund and its related parties are disclosed below:

	Associates		Key Management Personnel		Close Family Members of Key Management Personnel		The Bahamas Government		Other Governmental Entities and Agencies		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	824	2,196	-	-	-	-	3,084	-	-	5,837	3,908	8,033
Receivables and advances	-	-	135	82	-	-	61,552	37,166	-	-	61,687	37,248
Accounts payable and accrued expenses	17	9	279	293	-	-	5	10	288	259	589	571
Contributions	1,410	1,257	7	18	4	3	30,228	30,139	12,163	11,953	43,812	43,370
Administrative expenses	127	162	64	66	-	-	-	-	1,372	1,366	1,563	1,594
Benefits	-	-	-	-	207	372	-	-	-	-	207	372

Receivable amounts and advances outstanding from related parties are interest-bearing and will be settled in cash. No guarantees have been received and no provision for doubtful accounts has been made in respect of the amounts owed by related parties.

The remuneration of the directors and other members of key management personnel of the Fund are set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*:

	2016	2015
	\$	\$
Short-term employee benefits	2,010	1,828
Post-employment benefits	369	380
	<u>2,379</u>	<u>2,208</u>

These balances are included in administrative expenditure in the consolidated statement of comprehensive (loss)/income.

Transactions entered into by the Fund with its associates include investments and related income which are disclosed in Notes 7(h), and 10 of these consolidated financial statements.

As of December 31, 2016, other related party investment balances are disclosed below and the associated investment income is disclosed in Note 17 of these consolidated financial statements.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

28. Related Party Balances and Transactions (Continued)

	Notes	2016 \$	2015 \$
Bahamas Government registered stocks	7(a)	549,775	597,776
Bahamas Mortgage Corporation bonds	7(c)	101,106	101,106
Net investment in finance leases	8	178,094	174,267
Nassau Airport Development Company Limited debt securities	7(d)	69,759	72,158
Bank of the Bahamas certificates of deposit	7(b)	73,400	73,400
Education Loan Authority bonds	7(e)	47,101	47,347
Bahamas Development Bank bonds	7(f)	43,052	46,749
Bahamas Government US\$ notes	6(a)	30,243	30,241
Bahamas Electricity Corporation bonds	7(g)	25,878	26,095
Cable Bahamas preference shares	7(h)	10,000	10,000
Clifton Heritage Authority bonds	7(i)	7,998	7,998
Investment property	9	2,427	2,427
Latin American Investment Bank (Bahamas) Ltd. bonds	7(j)	3,277	3,409
Loans to Bahamas Government entities	7(k)	30,534	27,271
Bahamas Development Bank long-term deposit	7(l)	10,100	10,075
Bridge Authority bonds	7(m)	2,829	2,829
The College of The Bahamas redeemable term notes	7(o)	1,846	2,030
Public Hospital Authority bonds	7(p)	11,481	12,127
Bahamas Government B\$ notes	7(q)	7,146	7,153
Bahamas Government Treasury bills	7(r)	1,514	-
		<u>1,207,560</u>	<u>1,254,458</u>

29. Events After The Reporting Period

- (a) The Nassau Prime rate was reduced by 0.50% effective January 3, 2017. A significant portion of the Fund's B\$ fixed income investments are attached to the prime rate.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

30. Investments of the Fund Allocated to the Reserves

As of December 31, 2016

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
Cash at the Central Bank of The Bahamas			-	2,318	200	-	-	566	3,084
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	110,149	-	-	-	-	110,149
Preference shares			-	17,341	-	-	-	-	17,341
			-	127,490	-	-	-	-	127,490
Certificates of deposit									
Finance Corporation of Bahamas Limited	3.00%	01/15/17 - 09/15/17	12,000	31,632	8,868	-	-	-	52,500
Bank of The Bahamas Limited	3.00% - 4.75%	01/15/17 - 12/30/17	16,715	15,290	41,395	-	-	-	73,400
Fidelity Bank (Bahamas) Limited	2.00% - 3.50%	01/30/17 - 12/30/17	5,949	15,745	14,376	-	-	-	36,070
Gulf Union Bank (Bahamas) Ltd.			-	1,715	-	-	-	-	1,715
Accrued interest			-	3,075	-	-	-	-	3,075
Provision for doubtful accounts			-	(1,715)	-	-	-	-	(1,715)
			34,664	65,742	64,639	-	-	-	165,045
Bahamas Government registered stocks			-	549,775	-	-	-	-	549,775
Bahamas Mortgage Corporation bonds		10,000	-	80,406	9,700	-	1,000	-	101,106
Nassau Airport Development Company Limited debt securities		-	-	69,759	-	-	-	-	69,759
Education Loan Authority bonds		-	-	47,101	-	-	-	-	47,101

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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

As of December 31, 2016 (Continued)

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
Bahamas Development Bank bonds	-	-	-	43,052	-	-	-	-	43,052
Bahamas Government US\$ notes	-	-	-	30,243	-	-	-	-	30,243
Bahamas Electricity Corporation bonds	-	-	-	25,878	-	-	-	-	25,878
Bahamas Government BS Notes	-	-	-	7,146	-	-	-	-	7,146
Bahamas Treasury bills	-	-	-	1,514	-	-	-	-	1,514
Preference shares	-	-	-	19,000	-	-	-	-	19,000
Clifton Heritage Authority bonds	-	-	-	7,998	-	-	-	-	7,998
Government of Barbados US\$ bonds	-	-	-	3,943	-	-	-	-	3,943
United States of America US\$ treasury notes	-	-	-	33,152	-	-	-	-	33,152
Loans to Bahamas Government entities	-	-	-	30,534	-	-	-	-	30,534
Latin American Investment Bank (Bahamas) Ltd. Bonds	-	-	-	3,277	-	-	-	-	3,277
Citigroup Funding Inc. notes	-	-	-	3,002	-	-	-	-	3,002
Bridge Authority bonds	-	-	-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes	-	-	-	2,827	-	-	-	-	2,827
The College of The Bahamas redeemable term notes	-	-	-	1,846	-	-	-	-	1,846
Government of the Cayman Islands US\$ bonds	-	-	-	2,503	-	-	-	-	2,503
Long Term Deposits	-	-	-	10,100	-	-	-	-	10,100
Corporate US\$ bonds	-	-	-	7,560	-	-	-	-	7,560
Public Hospital Authority Bonds	-	-	-	11,481	-	-	-	-	11,481
Trinidad & Tobago Bonds	-	-	-	2,105	-	-	-	-	2,105
Net investment in finance leases	-	-	-	178,094	-	-	-	-	178,094
Investment property	-	-	-	2,427	-	-	-	-	2,427
Investments in associates	-	-	-	27,392	-	-	-	-	27,392
Property, plant and equipment	-	-	-	-	-	88,743	-	-	88,743
Amounts invested in other assets (Note 20)	-	-	44,929	103,972	6,595	(786)	8,224	10	162,944
Staff pension fund	-	-	-	(63,704)	-	-	-	-	(63,704)
			<u>89,593</u>	<u>1,440,762</u>	<u>81,134</u>	<u>87,957</u>	<u>9,224</u>	<u>576</u>	<u>1,709,246</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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

As of December 31, 2015

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
Cash at the Central Bank of The Bahamas			-	3,236	1,711	-	324	566	5,837
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	139,458	-	-	-	-	139,458
Preference shares			-	14,341	-	-	-	-	14,341
			-	153,799	-	-	-	-	153,799
Certificates of deposit									
Finance Corporation of Bahamas Limited	3.00%	01/15/16- 09/15/16	9,501	33,632	11,867	-	-	-	55,000
Bank of The Bahamas Limited	3.25% - 4.75%	01/15/16 - 12/30/16	12,000	15,882	45,518	-	-	-	73,400
Fidelity Bank (Bahamas) Limited	2.00% - 3.50%	01/30/16 - 12/30/16	2,950	-	14,662	-	11,425	-	29,037
First Caribbean International Bank (Bahamas) Limited US\$			-	-	610	-	-	-	610
Scotiabank (Bahamas) Limited			-	234	-	-	-	-	234
Gulf Union Bank (Bahamas) Ltd.			-	1,715	-	-	-	-	1,715
Accrued interest			-	2,971	-	-	-	-	2,971
Provision for doubtful accounts			-	(1,715)	-	-	-	-	(1,715)
			24,451	52,719	72,657	-	11,425	-	161,252
Bahamas Government registered stocks			-	597,776	-	-	-	-	597,776
Bahamas Mortgage Corporation bonds			6,000	80,406	13,700	-	1,000	-	101,106
Nassau Airport Development Company Limited debt securities			-	72,158	-	-	-	-	72,158
Education Loan Authority bonds			-	47,347	-	-	-	-	47,347

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2016 (Expressed in Thousands of Bahamian dollars) (Continued)

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

As of December 31, 2015 (Continued)

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
Bahamas Development Bank bonds			-	46,749	-	-	-	-	46,749
Bahamas Government US\$ notes			-	30,241	-	-	-	-	30,241
Bahamas Electricity Corporation bonds			-	26,095	-	-	-	-	26,095
Bahamas Government BS Notes			-	7,153	-	-	-	-	7,153
Preference shares			-	19,000	-	-	-	-	19,000
Clifton Heritage Authority bonds			-	7,998	-	-	-	-	7,998
Government of Barbados US\$ bonds			-	4,404	-	-	-	-	4,404
United States of America US\$ treasury notes			-	29,333	-	-	-	-	29,333
Loans to Bahamas Government entities			-	27,271	-	-	-	-	27,271
Latin American Investment Bank (Bahamas) Ltd. Bonds			-	3,409	-	-	-	-	3,409
Citigroup Funding Inc. notes			-	3,001	-	-	-	-	3,001
Bridge Authority bonds			-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes			-	2,842	-	-	-	-	2,842
The College of The Bahamas redeemable term notes			-	2,030	-	-	-	-	2,030
Government of the Cayman Islands US\$ bonds			-	2,500	-	-	-	-	2,500
Long Term Deposits			-	10,075	-	-	-	-	10,075
Corporate US\$ bonds			-	7,531	-	-	-	-	7,531
Public Hospital Authority Bonds			-	12,127	-	-	-	-	12,127
Trinidad & Tobago Bonds			-	2,114	-	-	-	-	2,114
Net investment in finance leases			-	174,267	-	-	-	-	174,267
Investment property			-	2,427	-	-	-	-	2,427
Investments in associates			-	29,650	-	-	-	-	29,650
Property, plant and equipment			-	-	-	87,621	-	-	87,621
Amounts invested in other assets (Note 20)			37,010	71,682	6,554	(538)	618	10	115,336
Staff pension fund			-	(70,681)	-	-	-	-	(70,681)
			<u>67,461</u>	<u>1,461,488</u>	<u>94,622</u>	<u>87,083</u>	<u>13,367</u>	<u>576</u>	<u>1,724,597</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2016

(Expressed in Thousands of Bahamian dollars)

(Continued)

31. Actuarial Review (Unaudited)

The 9th Actuarial Review of the Fund was conducted as of December 31, 2011. 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 \$10.546 billion as depicted below; the report and reserves and shortfall calculations are unaudited.

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

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

	\$ (Millions)
Reserves as of December 31, 2011	1,653
Present value of future contributions	11,588
Present value of future expenditure	<u>(23,787)</u>
Present value of shortfall	<u>(10,546)</u>



Statistical Appendix

Table 1.
New Registration of Employers & Self-Employed Person

Island/Local Office	2016			2015		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	173	152	325	318	117	435
Coopers Town	5	15	20	23	35	58
All Abaco	178	167	345	341	152	493
Andros						
Fresh Creek	16	17	33	19	29	48
Kemps Bay	5	10	15	20	17	37
Mangrove Cay	5	3	8	15	6	21
Nicholls Town	25	28	53	75	61	136
All Andros	51	58	109	129	113	242
Bimini & Berry Islands						
Bimini	13	13	26	28	36	64
Cat Island	12	14	26	27	30	57
Crooked Island & Acklins						
Crooked Island	3	12	15	3	28	31
Eleuthera						
Governors Harbour	31	18	49	103	42	145
Harbour Island	14	25	39	66	26	92
Rock Sound	8	8	16	26	55	81
Spanish Wells & North Eleuthera	33	38	71	66	46	112
All Eleuthera	86	89	175	261	169	430
Exuma & Ragged Island						
Exuma	92	142	234	109	61	170
Grand Bahama						
Grand Bahama	163	200	363	461	320	781
Inagua & Mayaguana						
Inagua	45	23	68	28	2	30
Long Island						
Deadmans Cay	9	25	34	23	21	44
Simms	5	7	12	7	10	17
All Long Island	14	32	46	30	31	61
New Providence						
New Providence	2,952	3,962	6,914	4,019	1,762	5,781
San Salvador						
San Salvador	10	11	21	28	47	75
Total	3,619	4,723	8,342	5,464	2,751	8,215

Note: In 2016, secondary accounts were introduced as a new category on the new IAS. Numbers accounted for in self-employed figures.

Table 2.
New Registration of Insured Persons

Island/Local Office	2016			2015		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	73	307	380	64	317	381
Coopers Town	3	7	10	2	28	30
All Abaco	76	314	390	66	345	411
Andros						
Fresh Creek	2	40	42	8	47	55
Kemps Bay	-	17	17	-	7	7
Mangrove Cay	-	7	7	4	9	13
Nicholls Town	8	68	76	8	44	52
All Andros	10	132	142	20	107	127
Bimini & Berry Islands	33	54	87	34	128	162
Cat Island	1	22	23	2	10	12
Crooked Island & Acklins	2	15	17	-	6	6
Eleuthera						
Governors Harbour	-	-	-	52	138	190
Harbour Island	14	34	48	19	27	46
Rock Sound	1	56	57	2	4	6
Spanish Wells & North Eleuthera	18	45	63	13	67	80
All Eleuthera	33	135	168	86	236	322
Exuma & Ragged Island	20	190	210	20	75	95
Grand Bahama	54	584	638	341	1,054	1,395
Inagua & Mayaguana	8	21	29	-	11	11
Long Island						
Deadmans Cay	1	19	20	6	10	16
Simms	-	12	12	-	6	6
All Long Island	1	31	32	6	16	22
New Providence	972	6,323	7,295	1,151	4,421	5,572
San Salvador	34	18	52	25	16	41
Total	1,244	7,839	9,083	1,751	6,425	8,176

Table 3.
Total Net Contribution Income, 2016

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2016	Total 2015
Abaco							
Marsh Harbour	4,335,037	2,877,778	514,407	-	237,241	7,964,464	7,016,608
Coopers Town	514,215	386,067	142,520	-	36,504	1,079,306	1,021,676
All Abaco	4,849,253	3,263,845	656,927	-	273,745	9,043,770	8,038,284
Andros							
Fresh Creek	275,999	185,590	37,583	-	26,231	525,403	584,591
Kemps Bay	108,488	79,650	21,897	-	1,934	211,970	139,778
Mangrove Cay	7,490	6,667	5,562	-	200	19,919	122,255
Nicholls Town	269,005	177,442	42,321	-	6,694	495,463	419,392
All Andros	660,983	449,348	107,364	-	35,059	1,252,755	1,266,016
Bimini & Berry Islands	822,682	533,833	71,166	-	33,082	1,460,762	1,642,864
Cat Island	83,538	52,045	37,047	-	6,169	178,799	199,152
Crooked Island & Acklins	23,759	13,710	49,440	-	9,728	96,637	112,885
Eleuthera							
Governors Harbour	534,672	425,912	146,184	-	37,478	1,144,247	1,109,675
Harbour Island	744,349	697,143	138,001	-	26,661	1,606,154	1,683,193
Rock Sound	437,964	286,342	53,108	-	9,277	786,691	760,502
Spanish Wells & North Eleuthera	1,017,902	655,783	264,825	-	6,602	1,945,112	1,853,422
All Eleuthera	2,734,887	2,065,180	602,118	-	80,018	5,482,204	5,406,792
Exuma & Ragged Island	1,999,588	1,203,750	313,532	-	153,464	3,670,334	3,467,217
Grand Bahama	12,979,032	8,517,518	431,724	-	513,056	22,441,330	23,295,588
Inagua & Mayaguana	289,103	190,848	23,903	-	2,909	506,763	595,383
Long Island							
Deadmans Cay	149,537	103,508	144,513	-	6,414	403,972	428,778
Simms	116,523	93,262	48,248	-	10,750	268,783	289,253
All Long Island	266,059	196,771	192,761	-	17,164	672,755	718,031
New Providence	121,574,303	83,660,126	3,887,019	649	3,652,252	212,774,349	215,197,876
San Salvador	256,576	163,443	54,693	-	13,929	488,641	519,619
Total	146,539,764	100,310,417	6,427,694	649	4,790,576	258,069,099	260,459,707

Note: Totals may not balance due to rounding.

Table 4.
Total Contribution Income, 2012 - 2016

Contribution Income ('000s)					
	2016	2015	2014	2013	2012
Employers	\$147,006	\$147,097	\$142,951	\$132,429	\$118,754
Employees	\$100,652	\$98,133	\$90,544	\$86,906	\$74,438
Self-employed	\$6,428	\$5,917	\$6,125	\$5,666	\$5,183
Voluntarily Insured	\$1	\$2	\$5	8	\$1
Installment Agreements	\$4,791	\$10,093	\$5,627	\$4,955	\$5,137
Refund of Contributions	(\$808)	(\$782)	(\$717)	(\$595)	(\$469)
Total ('000s)	\$258,069	\$260,460	\$244,535	\$229,369	\$203,044
Number of Contributors					
Employers	12,521	13,472	13,001	12,612	12,598
Employees	143,000	145,000	146,000	142,000	144,000
Self-employed	9,631	10,339	9,581	8,872	7,644
Voluntarily Insured	1	2	3	3	1
Installment Agreements	n/a	9,557	8,593	7,911	7,946
Total Contributors	165,153	178,370	177,178	171,398	172,189

Note: Totals may not balance due to rounding.

Table 5.
Benefit & Assistance Claims Received and Awarded

Benefit Type		Received		Awarded	
		2016	2015	2016	2015
Long-term Benefits/ Assistance	Retirement Benefit	2,293	2,170	2,181	1,736
	Retirement Grant	n/a	n/a	193	108
	Invalidity Benefit	475	357	201	206
	Survivors' Benefit	839	797	615	605
	Survivors' Grant	n/a	n/a	66	64
	Old Age Non-Contributory Pension	175	143	67	86
	Invalidity Assistance	164	116	50	77
	Survivors' Assistance	37	56	12	31
Total Long-term		3,983	3,639	3,385	2,913
Short-term Benefits	Sickness Benefit	13,231	15,510	11,827	14,730
	Maternity Benefit	3,078	3,336	2,539	3,181
	Maternity Grant	3,078	3,336	2,415	3,099
	Funeral Benefit	1,741	1,828	1,699	1,737
	Unemployment Benefit	7,775	8,737	6,300	7,246
	Sickness Assistance	0	2	0	1
	Total Short-term	28,903	32,749	24,780	29,994
Industrial Benefits	Medical Care	4,116	4,111	3,340	3,335
	Injury Benefit	2,262	2,455	2,096	2,198
	Disablement Benefit & Grant	353	405	83	81
	Industrial Death	6	1	1	1
	Industrial Funeral	0	0	0	0
Total Industrial		6,737	6,972	5,520	5,615
All Benefits		39,623	43,360	33,685	38,522

Table 6.
Short-Term Benefit & Assistance Claims Awarded, 2016

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	439	119	80	38	246	-	922
Coopers Town	36	6	10	4	31	-	87
All Abaco	475	125	90	42	277	-	1,009
Andros							
Fresh Creek	66	11	13	1	30	-	121
Kemps Bay	17	5	6	-	40	-	68
Mangrove Cay	9	1	1	-	1	-	12
Nicholls Town	46	15	8	6	23	-	98
All Andros	138	32	28	7	94	-	231
Bimini & Berry Islands	97	25	16	4	113	-	255
Cat Island	24	-	-	-	45	-	69
Crooked Island & Acklins	12	1	-	1	2	-	16
Eleuthera							
Governors Harbour	79	15	9	4	39	-	146
Harbour Island	47	20	17	3	108	-	195
Rock Sound	85	16	14	4	14	-	133
Spanish Wells & North Eleuthera	129	35	36	27	48	-	275
All Eleuthera	340	86	76	38	209	-	749
Exuma & Ragged Island	186	38	32	10	158	-	424
Grand Bahama	929	361	360	269	1,923	-	3,842
Inagua & Mayaguana	48	7	7	2	7	-	71
Long Island							
Deadmans Cay	52	7	7	8	42	-	116
Simms	6	1	2	2	2	-	13
All Long Island	58	8	9	10	44	-	129
New Providence	9,452	1,850	1,794	1,315	3,421	-	17,832
San Salvador	68	6	3	1	7	-	85
Total	11,827	2,539	2,415	1,699	6,300	-	24,780

Table 7.
Short-Term Benefit & Assistance Payments, 2016

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	346,566	321,066	56,340	66,200	465,046	-	1,255,218
Coopers Town	25,592	14,689	6,060	6,880	45,285	-	98,506
All Abaco	372,158	335,755	62,400	73,080	510,330	-	1,353,724
Andros							
Fresh Creek	56,391	17,089	8,025	1,780	42,051	-	125,337
Kemps Bay	13,760	9,617	2,820	-	75,822	-	102,019
Mangrove Cay	7,634	1,619	465	-	-	-	9,718
Nicholls Town	34,295	16,452	5,640	12,280	36,738	-	105,404
All Andros	112,079	44,778	16,950	14,060	154,611	-	342,478
Bimini & Berry Islands							
Bimini	57,555	50,171	10,845	6,940	204,767	-	330,278
Cat Island	12,363	-	465	-	44,809	-	57,637
Crooked Island & Acklins							
Eleuthera	8,329	867	465	1,720	8,845	-	20,226
Governors Harbour	49,384	30,940	7,020	10,440	93,542	-	191,326
Harbour Island	50,179	51,032	9,870	5,160	184,137	-	300,378
Rock Sound	56,096	41,362	9,840	6,091	13,787	(142)	127,034
Spanish Wells & North Eleuthera	219,987	42,381	8,475	44,961	87,009	-	402,813
All Eleuthera	375,647	165,715	35,205	66,652	378,475	(142)	1,021,551
Exuma & Ragged Island							
Exuma	147,219	108,758	20,745	17,380	198,198	-	492,300
Grand Bahama							
Grand Bahama	1,145,735	885,682	221,370	480,760	3,117,112	-	5,850,659
Inagua & Mayaguana							
Inagua	32,135	16,690	4,230	3,500	15,502	-	72,056
Long Island							
Grays	33,917	17,977	4,215	13,820	58,098	-	128,027
Simms	2,278	-	480	3,460	2,155	-	8,373
All Long Island	36,195	17,977	4,695	17,280	60,253	-	136,400
New Providence							
New Providence	8,040,406	5,216,178	1,104,926	2,233,440	7,837,583	719	24,433,251
San Salvador							
San Salvador	51,974	17,220	2,370	1,720	61,759	-	135,043
Total	10,391,795	6,859,791	1,484,666	2,916,532	12,592,244	576	34,245,604

Note: Totals may not balance due to rounding.

Table 8.
Long-Term Benefit & Assistance Claims Awarded, 2016

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco									
Marsh Harbour	86	5	3	28	2	5	1	-	130
Coopers Town	11	-	2	1	2	-	-	-	16
All Abaco	97	5	5	29	4	5	1	-	146
Andros									
Fresh Creek	7	-	1	3	-	3	1	-	15
Kemps Bay	5	-	-	3	-	-	-	-	8
Mangrove Cay	2	-	-	1	-	-	-	-	3
Nicholls Town	10	1	2	2	-	2	-	1	18
All Andros	24	1	3	9	-	5	1	1	44
Bimini & Berry Islands									
Bimini	14	4	1	1	-	5	-	-	25
Cat Island	13	-	-	1	-	-	-	-	14
Crooked Island & Acklins									
Crooked Island	-	-	-	-	-	-	-	-	-
Eleuthera									
Governors Harbour	15	-	-	2	-	-	-	-	17
Harbour Island	6	-	1	1	-	1	-	-	9
Rock Sound	25	3	4	7	-	-	-	-	39
Spanish Wells & North Eleuthera	33	-	1	12	1	-	-	-	47
All Eleuthera	79	-	6	22	1	1	-	-	112
Exuma & Ragged Island									
Exuma	33	3	4	6	2	-	-	-	48
Grand Bahama	387	39	15	88	10	9	5	3	556
Inagua & Mayaguana									
Inagua	9	-	-	1	-	-	-	-	10
Long Island									
Deadmans Cay	32	1	1	3	-	-	-	-	37
Simms	2	1	-	-	-	-	-	-	3
All Long Island	34	2	1	3	-	-	-	-	40
New Providence	1,485	134	166	454	49	41	43	8	2,380
San Salvador	6	2	-	1	-	1	-	-	10
Total	2,181	193	201	615	66	67	50	12	3,385

Table 9.
Long-Term Benefit & Assistance Payments, 2016

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	5,763,276	585,756	982,460	298,628	327,820	67,458	8,025,398
Coopers Town	63,000	3,753	16,127	-	1,836	-	84,716
All Abaco	5,826,275	589,509	998,587	298,628	329,657	67,458	8,110,114
Andros							
Fresh Creek	871,341	99,493	160,852	71,954	87,267	9,239	1,300,145
Kemps Bay	759,852	73,206	171,060	109,698	128,084	25,357	1,267,258
Mangrove Cay	11,888	-	-	-	-	-	11,888
Nicholls Town	760,678	83,542	168,275	244,248	215,985	32,482	1,505,209
All Andros	2,403,759	256,242	500,187	425,899	431,336	67,077	4,084,501
Bimini & Berry Islands							
Bimini	976,233	58,610	128,452	74,341	75,580	4,511	1,317,726
Cat Island	573,556	31,981	53,905	107,861	80,187	6,394	853,884
Crooked Island & Acklins							
Crooked Island	182,634	3,147	109,576	10,756	9,182	4,240	319,535
Eleuthera							
Governors Harbour	2,090,041	199,511	193,537	44,726	103,090	9,091	2,639,996
Harbour Island	1,073,091	83,830	99,053	14,921	36,216	1,278	1,308,390
Rock Sound	1,039,213	201,321	130,864	81,187	170,383	13,732	1,636,701
Spanish Wells & North Eleuthera	2,317,936	95,674	276,580	89,467	64,202	2,623	2,846,482
All Eleuthera	599,430	69,446	147,613	18,608	14,264	-	8,431,568
Exuma & Ragged Island							
Exuma	2,223,717	225,911	364,707	60,784	126,732	29,419	3,031,272
Grand Bahama							
Grand Bahama	24,562,170	2,903,486	3,680,745	837,597	1,372,868	106,472	33,463,338
Inagua & Mayaguana							
Inagua	599,430	69,446	147,613	18,608	14,264	-	849,362
Long Island							
Grays	1,786,122	124,038	219,113	72,121	149,111	28,773	2,379,277
Simms	246,196	15,011	27,896	6,394	21,067	5,754	322,319
All Long Island	2,032,318	139,048	247,009	78,515	170,178	34,527	2,701,595
New Providence							
New Providence	106,290,277	11,323,279	11,941,450	3,252,363	5,652,171	476,501	138,936,041
San Salvador							
San Salvador	328,790	5,909	40,124	30,170	46,332	-	451,325
Total	152,519,441	16,186,903	18,912,389	5,425,825	8,682,379	823,324	202,550,261

Note: Totals may not balance due to rounding.

Table 10.
Industrial Benefit Claims Awarded, 2016

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	120	93	-	-	-	213
Coopers Town	1	4	-	-	-	5
All Abaco	121	97	-	-	-	218
Andros						
Fresh Creek	2	10	-	-	-	12
Kemps Bay	-	-	-	-	-	-
Nicholls Town	2	3	-	-	-	5
All Andros	4	13	-	-	-	17
Bimini & Berry Islands						
Bimini	12	18	-	-	-	30
Cat Island	1	-	-	-	-	1
Crooked Island & Acklins						
Crooked Island	2	1	-	-	-	3
Eleuthera						
Governors Harbour	5	6	-	-	-	11
Harbour Island	-	1	-	-	-	1
Rock Sound	-	10	-	-	-	10
Spanish Wells & North Eleuthera	22	38	-	-	-	60
All Eleuthera	27	55	-	-	-	82
Exuma & Ragged Island						
Exuma	19	61	1	-	-	81
Grand Bahama						
Grand Bahama	307	133	1	-	-	441
Inagua & Mayaguana						
Inagua	1	5	-	-	-	6
Long Island						
Deadmans Cay	1	4	-	-	-	5
Simms	-	-	-	-	-	-
All Long Island	1	4	-	-	-	5
New Providence						
New Providence	2,840	1,699	81	1	-	4,621
San Salvador						
San Salvador	5	10	-	-	-	15
Total	3,340	2,096	83	1	-	5,520

Table 11.
Industrial Benefits Payments, 2016

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	38,713	89,616	110,084	6,349	-	244,762
Coopers Town	-	2,267	-	-	-	2,267
All Abaco	38,713	91,883	110,084	6,349	-	247,029
Andros						
Fresh Creek	260	1,711	22,050	-	-	24,021
Kemps Bay	(80)	-	26,007	-	-	25,927
Mangrove Cay	-	-	12,062	-	-	12,062
Nicholls Town	555	5,200	11,321	-	-	17,076
All Andros	735	6,911	71,439	-	-	79,086
Bimini & Berry Islands						
Bimini	262	27,633	27,781	5,129	-	60,805
Cat Island	565	-	3,197	-	-	3,762
Crooked Island & Acklins						
Crooked Island	-	-	13,454	-	-	13,454
Eleuthera						
Governors Harbour	1,647	5,123	42,063	11,167	-	59,999
Harbour Island	691	213	30,994	-	-	31,898
Rock Sound	8,011	9,983	23,911	3,753	-	45,658
Spanish Wells & North Eleuthera	1,321	77,517	48,764	12,177	-	139,779
All Eleuthera	11,670	92,836	145,731	27,097	-	277,334
Exuma & Ragged Island						
Exuma	15,696	66,464	57,762	-	-	139,922
Grand Bahama						
Grand Bahama	359,620	259,795	889,461	65,999	-	1,574,875
Inagua & Mayaguana						
Inagua	-	16,119	6,394	-	-	22,513
Long Island						
Grays	-	2,840	26,534	3,753	-	33,128
Simms	-	-	3,984	-	-	3,984
All Long Island	-	2,840	30,518	3,753	-	37,111
New Providence						
New Providence	23,284,818	3,328,723	5,407,603	201,225	-	32,222,369
San Salvador						
San Salvador	-	22,901	11,720	-	-	34,620
Total	23,712,079	3,916,104	6,775,144	309,552	-	34,712,879

Note: Totals may not balance due to rounding.

Table 12.
Pensions in Payment at Year-End, 2012-2016

Long-term Benefits						
	2016	2015	2014	2013	2012	
Retirement Benefit	24,465	22,851	22,156	20,915	19,288	
Invalidity Benefit	2,766	2,709	2,664	2,537	2,401	
Survivor's Benefit	5,080	5,232	5,186	4,936	4,477	
Old-Age Non-Cont. Pension	1,638	1,705	1,847	1,975	2,024	
Invalidity Assistance	2,658	2,680	2,745	2,695	2,648	
Survivor's Assistance	282	328	347	394	405	
Total	36,889	35,505	34,945	33,452	31,243	
Industrial Benefits						
Disablement	929	856	790	734	676	
Industrial Death	47	59	63	63	61	
Total	976	915	853	797	737	
All Benefits	37,865	36,420	35,798	34,249	31,980	

Table 13.
Short-Term Benefits & Assistance, 2012 - 2016

Amount Paid ('000s)		2016	2015	2014	2013	2012
Sickness Benefit		\$10,392	\$11,738	\$13,221	\$12,720	\$11,873
Maternity Benefit		\$6,860	\$7,117	\$7,049	\$6,708	\$6,831
Maternity Grant		\$1,485	\$1,487	\$1,448	\$1,423	\$1,481
Funeral Benefit		\$2,917	\$2,951	\$2,800	\$2,613	\$2,487
Unemployment Benefit		\$12,592	\$13,222	\$9,347	\$10,432	9,238
Sickness Assistance		\$1	\$0	\$0	\$2	(\$9)
Total Paid ('000s)		\$34,246	\$36,516	\$33,866	\$33,898	\$31,901
Number of Claims Awarded						
Sickness Benefit		11,827	14,730	17,743	17,976	18,233
Maternity Benefit		2,539	3,181	3,184	3,135	3,331
Maternity Grant		2,415	3,099	3,123	3,120	3,270
Funeral Benefit		1,699	1,737	1,627	1,556	1,517
Unemployment Benefit		6,300	7,246	5,418	6,180	6,920
Sickness Assistance		-	1	7	3	11
Total Awarded		24,780	29,994	31,102	31,970	33,282

Note: Totals may not balance due to rounding.

Table 14.
Long-Term Benefits & Assistance, 2012 - 2016

Amount Paid ('000s)		2016	2015	2014	2013	2012
Retirement Benefit & Grant		\$152,519	\$140,590	\$131,243	\$121,872	\$108,488
Invalidity Benefit		\$16,187	\$15,534	\$14,871	\$13,917	\$13,129
Survivor's Benefit & Grant		\$18,912	\$18,973	\$18,216	\$17,596	\$16,888
Old-Age Non-Cont. Pension		\$5,426	\$5,647	\$5,998	\$6,311	\$6,516
Invalidity Assistance		\$8,682	\$8,708	\$8,782	\$8,557	\$8,512
Survivor's Assistance		\$823	\$926	\$1,019	\$1,097	\$1,028
Total Paid ('000s)		\$202,550	\$190,378	\$180,130	\$169,350	\$154,561
Number of Claims Awarded						
Retirement Benefit & Grant		2,374	1,844	2,094	2,219	1,805
Invalidity Benefit		201	206	334	253	270
Survivor's Benefit & Grant		681	669	734	838	842
Old-Age Non-Cont. Pension		67	86	80	119	94
Invalidity Assistance		50	77	147	119	112
Survivor's Assistance		12	31	28	30	48
Total Awarded		3,385	2,913	3,417	3,578	3,171

Note: Totals may not balance due to rounding.

Table 15.
Industrial Benefits, 2012 - 2016

Amount Paid ('000s)					
	2016	2015	2014	2013	2012
Medical Care	\$23,712	\$20,912	\$20,355	\$12,070	\$6,843
Injury Benefit	\$3,916	\$4,169	\$3,757	\$2,911	\$1,961
Disablement Benefit & Grant	\$6,775	\$6,502	\$5,623	\$4,121	\$4,187
Industrial Death	\$310	\$367	\$345	\$339	\$352
Total Paid ('000s)	\$34,713	\$31,950	\$30,080	\$19,441	\$13,343
Number of Claims Awarded					
Medical Care	3,340	3,335	3,291	3,144	2,945
Injury Benefit	2,096	2,198	2,129	1,943	1,741
Disablement Benefit & Grant	83	81	78	82	88
Industrial Death	1	1	1	2	1
Industrial Funeral	-	-	-	-	-
Total Awarded	5,520	5,615	5,499	5,171	4,775

Note: Totals may not balance due to rounding.

