

BENEFITS

Today
Tomorrow



ANNUAL REPORT | 2018





November 25, 2019

Honorable Brensil Rolle, M.P.
Minister of The Public Service and National Insurance
Poinciana Hill
New Providence
Bahamas

Dear Minister Rolle:

RE: THE NATIONAL INSURANCE BOARD'S 2018 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 Members of the Board, 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,

Troy Smith, FLMI, HIA (Mr.)
Chairman

TABLE OF CONTENTS

3	Vision and Mission
4	About the Board
5	Minister and Board
6	Committees of the Board
7	Executive Management Team
9	Corporate Information
10	Forward
11	Report on Operations
17	Around the Board
22	Consolidated Financial Statements
78	Statistical Appendix

VISION AND MISSION



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.

ABOUT THE BOARD

The National Insurance programme was established on December 12, 1972 with the signing into law of the National Insurance Act, 1972. The National Insurance Board (NIB), the organization charged with administering the social security programme, opened its doors officially on October 7, 1974.

Its primary mission was and is to provide income-replacement. NIB covers employed and self-employed persons for three main types of social security benefits – short-term (sickness, maternity, unemployment), long-term (retirement, invalidity, survivors) and industrial (employment injury) benefits. The system is financed by contributions that are levied on employment earnings up to a wage ceiling and are paid by employers, employees and self-employed persons.

NIB's secondary mission in the administration of the country's social security programme, is to provide assistance for disadvantaged citizens and to assist with the social and infrastructural development of the country.

Surplus funds are invested in various types of securities and properties. The reserves of the National Insurance Fund (NIF) stands at approximately \$1.74 billion with an active insured persons base of approximately 148,000 and monthly pension payments for about 40,000 pensioners.

MINISTER AND BOARD



Honorable Brensil Rolle, M.P.
Minister of The Public Service
and National Insurance



Gene D. Albury
Member

Gina Sweeting-Moss
Member

Claretta Duncombe
Member

Michela Barnett-Ellis
Member

Charles Sealy
Member

Troy Smith
Chairman

Theresa Mortimer
Member

Geoffrey Stuart
Deputy Chairman

Marcus Grammatico
Member

Anthera Bowleg
Member

Keith Beneby*
Member

Members were appointed for the period July 1, 2018 – June 30, 2019. Outgoing Members were Mr. Anton Saunders, Chairman and Mr. Dave Smith, Deputy Chairman, whose term ended June 30, 2018. Further, Mr. Edison Sumner resigned on September 17, 2018. *Mr. Keith Beneby was appointed effective November 13, 2018.

COMMITTEES OF THE BOARD

OPERATIONS

Michela Barnett-Ellis, Chairman
Troy Smith
Gene Albury
Anethera Bowleg
Charles Sealy

CONTRACTS AND BUILDINGS

Troy Smith, Chairman
Geoffrey Stuart
Michela Barnett-Ellis
Claretta Duncombe
Marcus Grammatico
Gina Sweeting-Moss

FINANCE AND AUDIT

Geoffrey Stuart, Chairman
Gene Albury
Claretta Duncombe
Marcus Grammatico
Charles Sealy

HUMAN RESOURCES

Theresa Mortimer, Chairman
Geoffrey Stuart
Michela Barnett-Ellis
Gina Sweeting-Moss
Anethera Bowleg

INVESTMENTS

Troy Smith, Chairman
Marcus Grammatico
Claretta Duncombe
Theresa Mortimer
Gina Sweeting-Moss

INFORMATION TECHNOLOGY

Charles Sealy, Chairman
Troy Smith
Anethera Bowleg
Theresa Mortimer
Gene Albury

EXECUTIVE MANAGEMENT TEAM



Nicola Virgill-Rolle
Director



Sonia Gill
Financial Controller



Phaedra Mackey-Knowles
Deputy Director,
Corporate Risk & Investments



Cyprianna Bethel
Deputy Director,
Human Resources & Training



June Collie
Deputy Director,
Information Technology



Jeffrey Moncur
Assistant Director,
Core Services, Claims & Benefits



Rhonda Thurston-Ingraham
Assistant Director,
New Providence Operations

EXECUTIVE MANAGEMENT TEAM



Whitney Patton
Chief Internal Auditor



Heather Maynard
Legal Officer



Patrick Whitfield
Medical Officer



Tami Francis
Assistant Director,
Family Island Operations
& Actuarial Services



Yvette Sands
Assistant Director,
Business Development & Policy
Planning, Secretary to the Board



Stephen Thompson
Assistant Director, Compliance



Charles Farquharson
Consultant, NIB Services

CORPORATE INFORMATION

NEW PROVIDENCE

Head Office

Clifford Darling Complex
Jumbey Village
Baillou Hill Road
Tel (242) 502-1500
Hotline (242) 225-5642
Fax (242) 322-3048

Wulff Road

Local Office

Wulff Road
Tel (242) 356-2070
Fax (242) 356-2094

Fox Hill

Local Office

Bernard & Fox Hill Roads
Tel (242) 364-7240/1/2

Carmichael Road

Local Office

Tel (242) 502-1500
Fax (242) 322-3046

GRAND BAHAMA

Freeport

Local Office

Tel (242) 352-7222/4
Fax (242) 352-6143

Eight Mile Rock

Local Office

Tel (242) 348-1014
Fax (242) 348-1121

West End

Sub-Office

Tel (242) 346-6033
Fax (242) 346-6206

High Rock

Sub-Office

Tel (242) 397-8104

FAMILY ISLANDS

Abaco (Cooper's Town)

Local Office

Tel (242) 365-0055/365-0225
Fax (242) 365-0245

Abaco (Marsh Harbour)

Local Office

Tel (242) 367-2550

Acklins

Sub-Office

Tel (242) 344-3140
Fax (242) 344-3141

Andros (Fresh Creek)

Local Office

Tel (242) 368-2621
Fax (242) 368-2317

Andros (Nicholl's Town)

Local Office

Tel (242) 329-2080
Fax (242) 329-2046

Andros (Kemp's Bay)

Local Office

Tel (242) 369-4714
Fax (242) 369-4717

Andros (Mangrove Cay)

Sub-Office

Tel (242) 369-0029
Fax (242) 369-0028

Berry Islands

Local Office

Tel (242) 367-8811

Bimini

Local Office

Tel (242) 347-3092
Fax (242) 347-3091

Cat Island

Local Office

Tel (242) 342-3034
Fax (242) 342-3056

Crooked Island

Local Office

Tel (242) 344-2149
Fax (242) 344-2446

Eleuthera (Governor's Harbour)

Local Office

Tel (242) 332-2132
Fax (242) 332-2222

Eleuthera (Rock Sound)

Local Office

Tel (242) 334-2246
Fax (242) 334-2089

Eleuthera (Harbour Island)

Local Office

Tel (242) 333-2132

Eleuthera (Spanish Wells)

Local Office

Tel (242) 333-4074
Fax (242) 333-4617

Eleuthera (North Eleuthera)

Sub-Office

Tel (242) 335-1373

Exuma

Local Office

Tel (242) 336-2531
Fax (242) 336-2125

Inagua

Local Office

Tel (242) 339-1202
Fax (242) 339-1690

Long Island (Gray's)

Local Office

Tel (242) 337-0334
Fax (242) 337-1210

Long Island (Bunches)

Local Office

Tel (242) 338-8004
Fax (242) 338-8010

San Salvador

Local Office

Tel (242) 331-2271
Fax (242) 331-2273

The year 2018 could be characterized as a year towards the stabilization of the core operations of the National Insurance Board. The organization has undergone significant changes over the last twelve months and has made a number of notable achievements. Furthermore, key stabilization projects that the Board has embarked on are satisfactorily advancing which has impacted its core mandates of the service delivery to stakeholders, improvements to overall operations and achievements in positive year end financials.

The Bahamian economy expanded by approximately 1.6% in 2018. This growth was driven by the strengthening in the tourism and the construction sectors.

Consistent with the country's positive growth, the National Insurance Fund similarly realized a modest contribution income increase of 2.3% to stand at \$283.9 million in 2018 and investment income stood at \$66.6 million. Total comprehensive income was \$1.9 million for 2018. To date the National Insurance Fund stands at \$1.74 billion.

Some of the financial improvements of the Board resulted from the continuation of ongoing initiatives implemented in 2017, aimed at streamlining administrative and operational costs. Remarkable strides were made, for example, in the Occupational Health and Safety Unit because of stronger oversight of cases which exceeded the allowable provisions of the National Insurance Act. There was also a revision in the procedures for new case assessment. These initiatives achieved a steady reduction in medical care costs, while also achieving successful outcomes for those impacted by industrial accidents.

An arrears task force was implemented to improve compliance among businesses in The Bahamas. This initiative focused on employers that accumulated significant arrears over the years to boost the collection of outstanding contributions and to enhance the overall impact on the 2018 contribution income.

At the beginning of 2018, the Board continued to face challenges with the implementation of the new Insurance Administration System (V3) which was initially rolled out in phases commencing in 2014. Therefore, in the first quarter of 2018, the Board embarked upon a two-year V3 Stabilization Project to improve the quality of service to NIB customers in terms of both the speed and accuracy of claims processing. This V3 project aimed to minimize the number of system bugs and regression errors within the program to enable NIB to improve productivity and carry out its mandate more efficiently and effectively. The V3 Project yielded ample success especially with the reduction of contribution processing backlogs and more timely processing of short-term and long-term claims to improve customer service delivery.

NIB also experienced a change in leadership, as outgoing Director Patricia Hermanns demitted office and was succeeded by Nicola Virgill-Rolle, Ph.D. on July 1, 2018. Director Virgill-Rolle was charged with

leading the Executive Management team and NIB staff in the daily operations of the Board.

A major highlight of 2018 was the approval to develop a Five (5) Year Strategic Plan. During the latter half of 2018, the Board focused on the way forward, beyond stabilization and hence, developed the framework for the Strategic Plan under the theme, "Towards a Sustainable NIB 2019-2023: *Creating a World Class Organization*". The plan focuses on four main goals:

1. Maintaining Exceptional Customer Service;
2. Developing Talented and Motivated Staff;
3. Ensuring the Health of the Fund for Generations to Come; and,
4. Improving the Governance of NIB.

Director Virgill-Rolle undertook a series of stocktaking meetings with the Executive Team to discuss and examine the operations of the Board in order to formulate strategies to strengthen the organization. The plan lays out a path that will thrust the National Insurance Board into a world class organization that employs the required systems, structures and capabilities to achieve the objectives of NIB's vision and mission.

REPORT ON OPERATIONS

In 2018, the National Insurance Board continued its quest to modernize and reinforced its efforts to enhance the efficiency and effectiveness of its overall performance. The culmination of the implementation of the Insurance Administrative System (V3) in 2016 saw continued challenges into 2018 for data entry, contributions posting, benefit payments and claims processing.

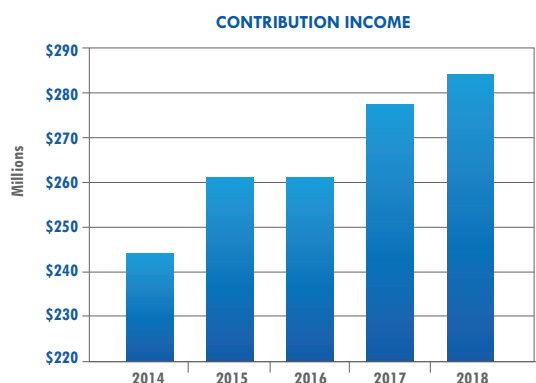
Despite various challenges being experienced during the year, the Board achieved significant accomplishments that improved productivity, service delivery and overall collection of contributions. Much of these improvements were realized through department-wide initiatives.

The following table provides results for key performance indicators for NIB's finances in 2018, with comparative figures for 2017:

PERFORMANCE INDICATORS	2018	2017	% CHANGE
Total Net Contribution Income	\$ 283.9m	\$ 277.5m	2.3%
Investment Income	\$ 66.6m	\$ 53.3m	25%
Benefits Expenditure	\$ 291.8m	\$ 286.5m	1.8%
Administrative Expenditure	\$ 49.8m	\$ 49.1m	1.4%
Excess of Income over Expenditure	\$ 6.4m	\$ -6.7m	195.5%
Total Comprehensive Income/Loss	\$ 1.9m	\$ -4.1m	146.33%
Year-end Reserves	\$ 1,738m	\$ 1,745m	-0.4%
Year-end Investments	\$ 1,444m	\$ 1,518m	-4.9%
Yield on Investments	3.7%	3.5%	5.7%
Administrative Expenditure as % of Contribution Income (Gross)	17.5%	17.5%	0%

CONTRIBUTIONS

According to the Central Bank of The Bahamas' estimates, the Bahamian domestic economy grew at a modest pace in 2018. Similarly, as in the previous year, the National Insurance Board realized positive growth in its 2018 contribution income in line with the slight upturn in the economy. With more intense contribution collection efforts, contribution income for this financial year increased by \$6.4 million or 2.3% from \$277.5 million in 2017 to \$283.9 million in 2018.



The Compliance Department, a critical functional area, through its Inspectorate Team, is responsible for the timely collection of contributions from both employers and self-employed persons.

During the year 2018, the overall effort of the Department (along with added contributions due to the July 2018 increase in the weekly ceiling of \$650 to \$670) resulted in revenue intake in excess of \$2.9 million over the budgeted amount for 2018. In an effort to improve the customer experience, the Department forged a mutually beneficial relationship with the Department of Inland Revenue and worked closely to support the implementation of the Government's 'Ease of Doing Business' initiative. As a result of the adjusted protocols, established businesses and individuals seeking to renew a Business License or obtain a Tax Compliance Certificate were required to meet all obligations to the National Insurance Board (NIB) and other relevant Government Agencies.

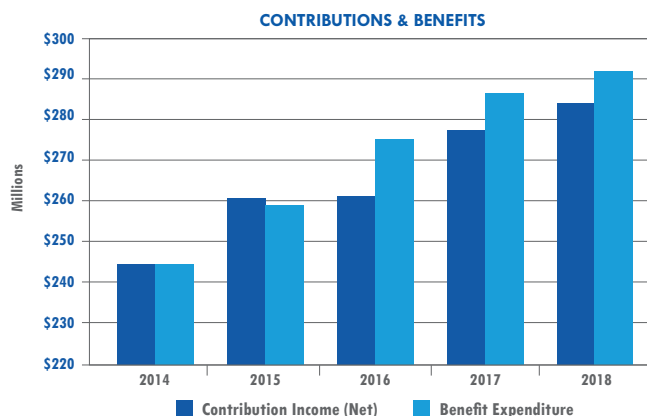
Through continued efforts to improve revenue, the implementation of an Internal Compliance Certificate (ICC) resulted in significant strides in improving the efficiency of the Board's existing compliance verification process; while enhancing the Board's efforts to collect outstanding arrears. This certificate required all vendors of NIB to update their accounts before obtaining payments for services rendered.

Up to date contributions posting is the backbone of the claims and benefits process at the National Insurance Board. Without this information, accurate calculations cannot be made to determine eligibility or entitlements for claimants. Faced with continuing challenges in its contributions posting process, by the beginning of 2018 the National Insurance Board was running sizable backlogs in this area. The V3 Stabilization Project was designed to directly address the reduction of the backlogged contribution postings through the addition of a team of dedicated data entry staff. Though still ongoing, this project has proven to significantly enhance the posting of contributions collected. By extension, this project has also resulted in a stronger and faster claims adjudication process because of access to the updated contribution information for claimants.

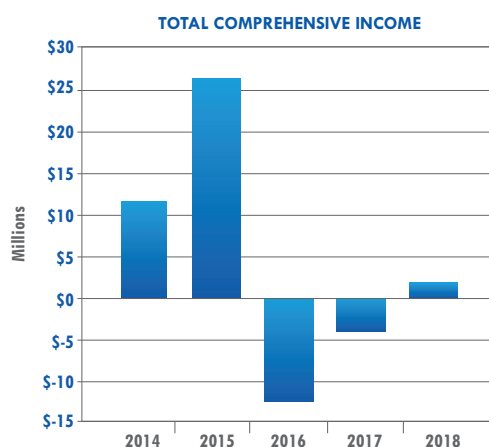
BENEFITS

In 2018, benefit expenditure continued on its expected upward trend reflecting the aging of the Bahamian population and effects of the legislated biennial cost of living adjustments. The year 2018 was the third consecutive year of benefits surpassing contributions.

Accounting for 84.2% of the Fund's expenditure, benefit payments totaled \$291.8 million, an increase of \$5.3 million or 1.8% over the amount paid in 2017. The 2018 benefit expenditure outpaced the 2018 contribution collection amount by \$7.9 million.



Total comprehensive income stood at \$1.9 million representing the excess of income over expenditure of \$6.4 million, less the other comprehensive income adjustments (mainly the remeasurement of the staff pension plan obligation) of \$4.5 million.



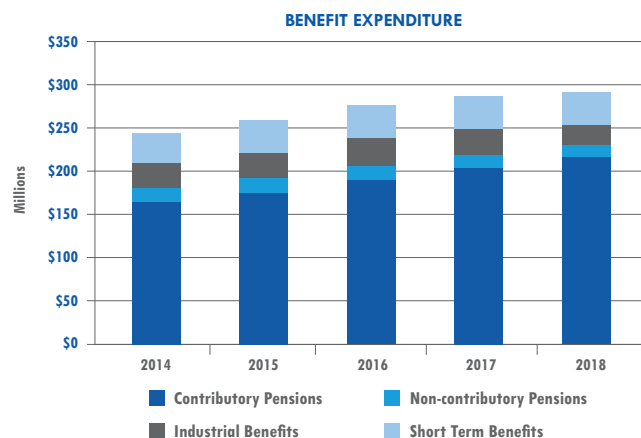
The Board is legislatively mandated to calculate pension payment increases biennially. As was expected, the 2018 long-term benefit payments continued on the trend of previous years aiding to the overall benefit expenditure being in excess of the contribution income. These increases in pension payments to long-term beneficiaries amounted up to 3.2% commencing in July 2018. With over 40,000 pensions payable each month, contributory and non-contributory pensions accounted for approximately 79% of the total benefit expenditure.

Contributory pension payments (Retirement, Invalidity and Survivors) increased by 6.3% from \$203.1 million to \$215.9 million and Assistance pensions (Old-Age, Invalidity and Survivors) decreased by 4.6% from \$15.3 million to \$14.6 million. In December 2018, a total of 40,534 persons were in receipt of monthly pensions.

BENEFIT TYPE	2018	2017
Long-term	\$ 230.5m	\$ 218.3m
Short-term	\$ 37.3m	\$ 36.4m
Industrial	\$ 23.9m	\$ 31.7m
Total	\$ 291.8m	\$ 286.5m

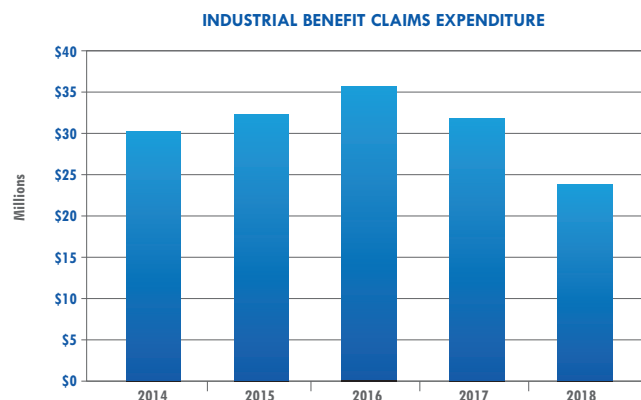
Note: Totals may not balance due to rounding.

Short-term benefits (Sickness, Maternity, Funeral and Unemployment) increased slightly by 2.4% totaling \$37.3 million up from \$36.4 million in 2017.



Industrial Benefits (Injury, Medical Care, Disablement & Death) payments, realized a drastic decline, with its overall payment having decreased by 24.5% from \$31.7 million to \$23.9 million.

Over the past few years the Board experienced significant increases in medical costs resulting from industrial accidents. Despite this, more stringent processes aimed at reducing these costs were introduced resulting in the gradual year-over-year reduction since 2017. Continuing with reduction efforts, in 2018, stricter measures were put in place to closely scrutinize claims queries within the accident review and approval process through the introduction of an Internal Accident Review Committee (IAC). This initiative has resulted in significant overall reductions well beyond that experienced in previous years.



The Occupational Health & Safety Unit (OHSU), through its IAC, has initiated the utilization of universally accepted quality care guidelines for the care of claimants who have had industrial accidents. These guidelines have brought stronger levels of oversight of cases that had exceeded the maximum two-year period afforded under the Regulations, and saw those cases to a reasonable conclusion. The guidelines also introduced new methods of assessing the validity of new cases presented as industrial injury. OHSU also implemented initiatives aimed at improving medical protocols for the care of patients who have suffered industrial accidents.

REPORT ON OPERATIONS

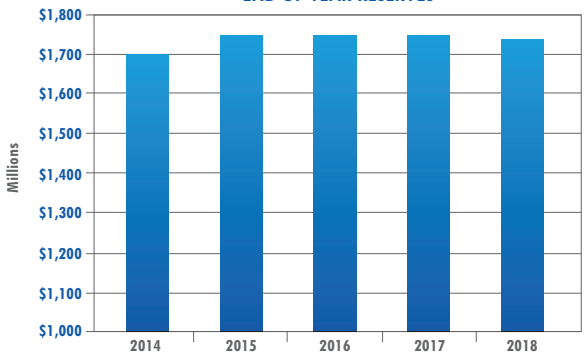
TOP CAUSES OF INDUSTRIAL ACCIDENTS

	2018	2017
Fall From Tripping/Stumbling	1,141	1,040
Accidents Caused By Cutting And Piercing	589	483
Striking Against Or Struck Accidentally By Objects	380	345
Struck Accidentally By Falling Object	365	340

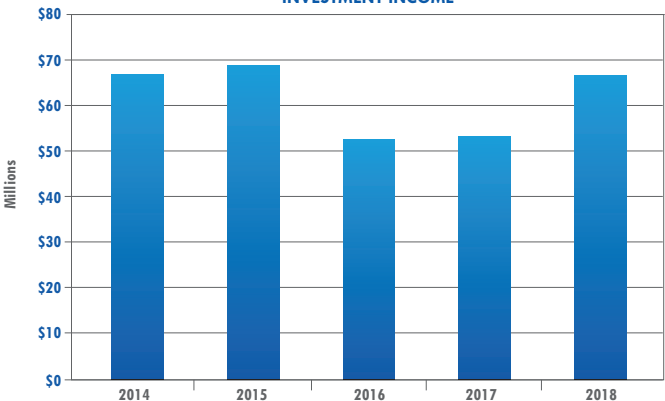
INVESTMENT INCOME & RESERVES

Surplus funds over the past 43 years have accumulated to \$1.74 billion at the end of 2018. Most of these reserves are held in various types of investments throughout The Bahamas with a small portion invested in long-term United States dollar denominated assets. Investment income also grew by 25.0% in 2018 to \$66.6 million from \$53.3 million in 2017.

END OF YEAR RESERVES

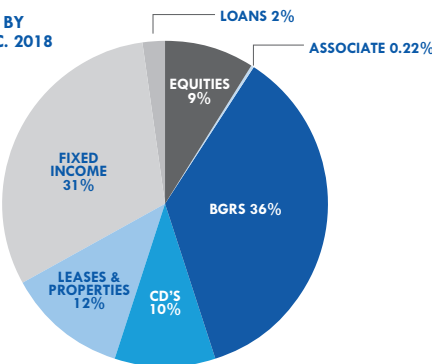


INVESTMENT INCOME



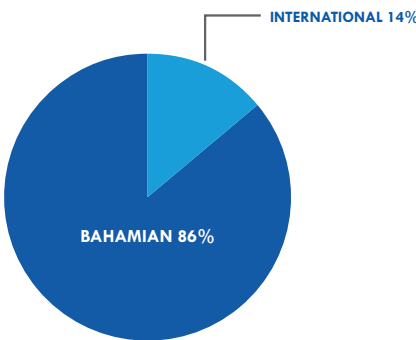
The National Insurance Fund investments continue to be heavily concentrated in the public sector, fixed income securities, namely bonds, certificates of deposits and loans. The majority of NIB investments continue to be held in Bahamas Government Registered Stock (BGRS) and several public corporations' debt instruments.

INVESTMENT MIX BY ASSET CLASS, DEC. 2018



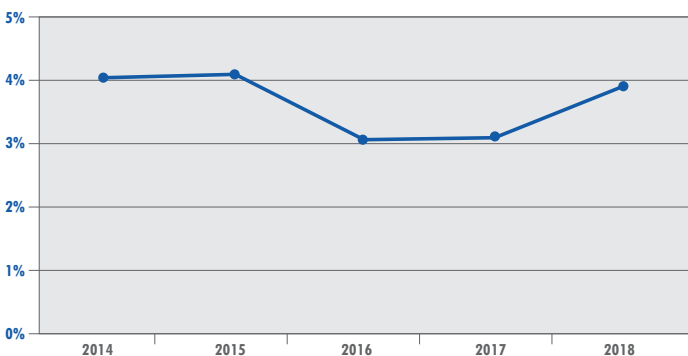
At the end of 2018, equities accounted for 9% of the portfolio and non-Bahamian investments for 14%.

INVESTMENT MIX BY LOCATION, DEC. 2018



Performance in the portfolio was largely driven by share price appreciation in local equities primarily Bank of the Bahamas from \$0.95 to \$1.46 and Commonwealth Brewery from \$9.00 to \$11.25 and the reduction in the proportionate share of losses for Investment in Associates. The U. S. equity portfolio was down 8.89% for the year 2018 and the local equity portfolio was up 1.58%. The average rate of return on investments in 2018 was 3.67% up from 3.51% in 2017.

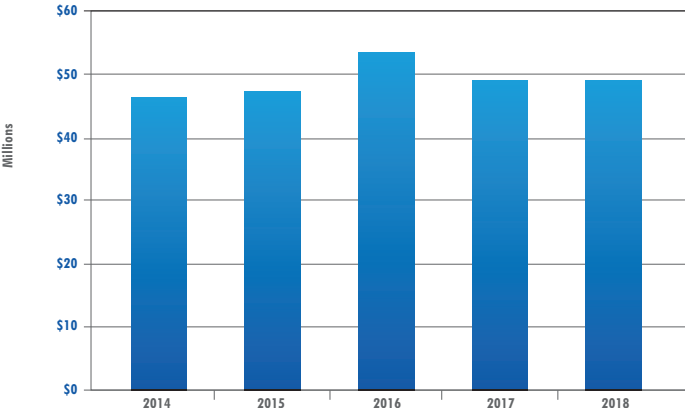
YIELD ON RESERVES



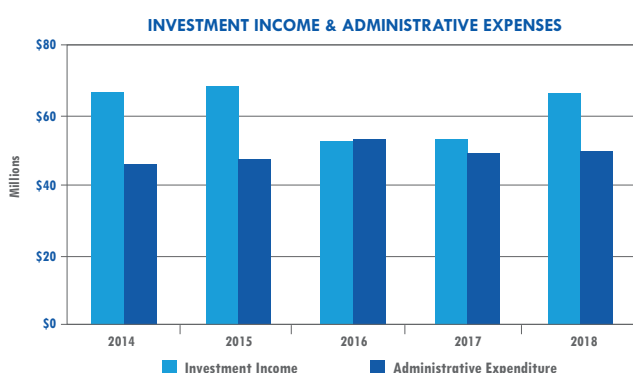
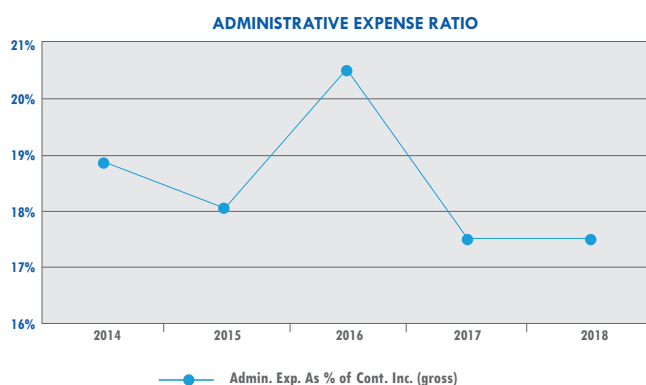
ADMINISTRATIVE EXPENSES

During 2018, administrative expenses increased by 1.4% from \$49.1 million in 2017 to \$49.8 million. This increase was principally attributed to expenditure related to stabilisation of the V3 Insurance Administration System, offset by a reduction in salaries, as the engagement of replacement staff was deferred.

ADMINISTRATIVE EXPENSES



The proportion of the contribution income spent on administrative expenses was the same for 2017 and 2018 at 17.5%.



OPERATIONAL PERFORMANCE

NIB's main operational functions include: the registration of employers and insured persons, pensioner verifications, customer service, collection of contributions, the adjudication of benefit claims and the payment of various types of benefits.

The following table highlights activities related to registration, claims awarded and pensions in payment in 2017 and 2018. Additional details by Local Office can be found in the Statistical Appendix of this Report.

PERFORMANCE INDICATORS	2018	2017	% CHANGE
# of Contributing Employers	13,801	13,092	5.4%
# of Contributing Self-Employed Persons	10,527	10,322	2.0%
# of Active Employees (Estimate)	148,000	144,000	2.8%
# of Short-term Benefit Claims Awarded	25,552	26,185	-2.4%
# of Long-term Benefit Claims Awarded	3,081	3,245	-5.1%
# of Contributory Pensioners (at year-end)	34,982	33,952	3.0%
# of Assistance Pensioners (at year-end)	4,329	4,476	-3.3%
# of Cases Approved For Prosecution	223	196	13.8%
# of Employees (December)	583	588	-0.9%

REGISTRATION

In 2018, the number of registrations for insured persons totaled 9,322. Among this number were 1,686 active insured registrants (i.e. those individuals registered as first time employees) and 7,636 inactive insured registrations (i.e. persons registering for purposes other than employment). The number of new active insured registrations increased by 610 registrants or 56.7% in 2018 compared to that of 2017. This increase positively impacted the overall contribution collection expectations. In contrast, however, the number of inactive registered persons declined by 1,122 registrants or 12.8% compared to 2017.

During 2018, several initiatives were undertaken that were geared toward improving the efficiency of registrations throughout the Board. Collaborations were formed with both the Department of Immigration and The Passport Office to improve the efficiency of information flow between the agencies. This resulted in improved processing times for registrants.

TYPE	2018	2017
Employers	7,318	4,993
Self-Employed Persons	2,328	3,201
Secondary Accounts	1,848	3,210
Active Insured Persons	1,686	1,076
Inactive Persons	7,636	8,758

In addition, the Registration Department also collaborated with the Compliance Department on the Government's 'Ease of Doing Business' initiative which resulted in an overall improvement of the processing time for Business Licences.

Employer registrations increased by 46.6% over 2017. The strengthening of the Government's procurement practices, where proof of a satisfactory compliance status is now mandatory, may have contributed to this improvement in business registration compliance.

There was also a drastic decline in the number of businesses that had been previously registered as secondary accounts. These businesses status were changed in NIB's system to private employer registrations as they had taken on employees hence increasing the numbers of private employers for 2018. This decline contributed to the number of secondary accounts leveling off in comparison to previous years.

Secondary accounts declined by 42.4%, from 3,210 in 2017 to 1,848 in 2018. Secondary accounts represent (a) employed persons who register self-employed businesses while their contributions are paid by their current employer, and have no employees for whom contribution payments are due; or (b) self-employed persons with up-to-date contributions who register a second self-employed business. Contribution payments are not mandated on secondary accounts as these accounts are solely for government regulatory purposes.

CLAIMS RECEIVED

Overall, in 2018, more claims were received for all claim types representing a 6.2% increase in comparison to 2017. For long-term claims, there was a 12.0% increase in the number of long term claims received in 2018 over the previous year. With regards to short-term claims, 29,467 claims were received in respect of Sickness, Maternity, Funeral and Unemployment representing a 3.6% increase over that received for 2017. Industrial claims received represented the largest increase of all the claim types at 13.7% over the previous year.

REPORT ON OPERATIONS

BENEFIT TYPE	2018	2017
Long-term (pensions)	4,325	3,863
Short-term	29,467	28,989
Industrial	7,609	6,332
Total	41,401	39,184

CLAIMS AWARDED

The overall number of claims awarded in 2018 experienced a decline of 1.4%. Both long-term and short-term claims awarded also experienced individual decreases over the previous year of 7.3% and 2.4%, respectively, while the number of industrial claims increased by 7.1% over 2017.

BENEFIT TYPE	2018	2017
Long-term (pensions)	3,081	3,325
Short-term	25,552	26,185
Industrial	5,908	5,518
Total	34,541	34,948

Despite this increase in the total industrial benefit claims awarded from 5,518 in 2017 to 5,908 in 2018, the industrial claims expenditure was significantly reduced by \$7.8 million or 24.5% when compared to that of 2017. The cost containment approaches have resulted in an \$11.4 million reduction over the last two years. A key focus of The National Insurance Board will continue to be centred on effective cost containment measures while improving the outcomes of claimants and ensuring their return to work within an acceptable time frame. There are plans to review industrial benefit data for improvement in processes to better identify cases of fraud and abuse of this vital benefit.

Notwithstanding some processing challenges with long-term benefits, the Central Benefits Department was successful in processing backlogged and current claims in respect of Retirement, Survivors, Invalidity and Disablement. This resulted in awarding in excess of 3,000 claims for 2018. In order to improve the timeliness of these payments, a 4-week Claims Officer Training Exercise was undertaken in June 2018 to increase the number of claims officers in the Department. Two additional exercises will be scheduled for 2019/2020.

PENSIONS IN PAYMENT AT YEAR END

At the end of 2018, about 40,500 persons were in receipt of monthly pension payments. As expected, the number of contributory pensions (Retirement, Invalidity, Survivors, Disablement and Death Benefits) continues to increase while non-contributory pensions (Old-Age, Invalidity and Survivors Assistances) decrease.

BENEFIT/ASSISTANCE	2018	2017
Retirement	26,538	25,599
Invalidity Benefit	2,794	2,834
Survivors Benefit	5,650	5,519
Old-age Non-contributory	1,542	1,584
Invalidity Assistance	2,571	2,628
Survivors Assistance	216	264
Disablement	1,173	1,020
Death	50	50
Total	40,534	39,498

PROSECUTIONS

NIB's Legal Department functions to provide legal advice and services, to protect the Board against any adverse claims and to defend the Board's position. Its functions range from reviewing late claims, managing the Appeals Tribunal, preparing and reviewing legal documents and contractual agreements, maintaining the real estate portfolio, and most notably, the initiation of prosecutions for cases involving outstanding Instalment Agreements.

In 2018, there were 946 prosecutions handled in the Magistrates' Courts. Of this number, 223 represented new cases and 206 accounted for settled cases and the remainder represented ongoing cases initiated in previous years. A total of \$380,082 has been collected by the Legal Department under Instalment Agreements during the year 2018.

	2018	2017
Number of New Prosecution Cases	223	196
Number of Settled Cases	206	347
Number of Ongoing Cases	517	785
Total	946	1,328

LATE CLAIMS

There were 1,470 late claims received by the Late Claims Committee during 2018.

APPEALS TRIBUNAL

The following table highlights activities related to the Appeals Tribunal during 2018.

APPEALS TRIBUNAL	2018	2017
Number of Sitzings	4	7
Number of Matters Disposed of	7	29
Number of Cases sent to the Supreme Court	NIL	NIL

MEDICAL APPEALS

The following table highlights activities as it relates to Medical Appeals in 2018.

MEDICAL APPEALS BOARD	2018	2017
Number of Sitzings	7	3
Number of Matters Disposed of	39	15
Number of Cases sent to the Supreme Court	2	1

During 2018, swifter turn around was achieved with respect to disablement assessments due to closer follow-up by the nurses and teams specifically assigned for this task. The goal was to bring about closer monitoring of the entire medical referee and medical care assessment/evaluation process. Medical referees will be required to utilize guidelines based on international best medical practices and return to work policies in their evaluations of claimants for long term benefits.

To tighten the review and scrutiny of the injury claim submission process, a team of internal managers from Occupational Health and Safety Unit was created to review queries arising from the claims for industrial accidents. In general, training is being conducted for all staff to improve their knowledge base, efficiency and customer service skills.

THE NATIONAL PRESCRIPTION DRUG PLAN

In September 2010, the National Prescription Drug Plan (NPDP) was implemented to mitigate the physical, social, and financial burden of managing chronic non-communicable diseases within The Bahamas. Its key goals are:

- To improve the access to medication and supplies in public and private pharmacies for patients with chronic diseases; and
- To provide funding for health promotion and wellness projects that are geared towards creating and maintaining healthy lifestyles for Bahamians affected by chronic non-communicable diseases.

The NPDP provides prescriptions free-of-charge to affected persons of specified groups.

In 2018, the Drug Plan increased its drug listing from 248 medications and supplies to 312 for 16 chronic conditions. These chronic diseases are the major causes of illness, hospitalization, surgery and early deaths in The Bahamas and include arthritis, asthma, benign prostate hypertrophy, breast cancer, cardiomyopathy, dementia, diabetes, epilepsy, glaucoma, hypercholesterolemia, hypertension, lupus, prostate cancer, sickle cell anemia, thrombotic disease and thyroid disease.

The overall number of beneficiaries for 2018 totaled 31,366 representing an increase of 3.7% compared to the 30,250 beneficiaries in 2017. A total of \$14.5 million has been paid to private pharmacies for medications and supplies and \$342,000 paid for the purchase of medications and supplies provided at the public pharmacies.

The Drug Plan continues its efforts to closely monitor the various groupings of beneficiaries, so as to ensure eligibility, equal access and proper utilization of the Plan.

Of the covered conditions, hypertension, high cholesterol, and diabetes continue to remain the top three non-communicable diseases in terms of the number of persons registered, prescription count and overall cost per condition.

For the year 2018, hypertension maintained its lead in the number of prescription claims, but ranked second in cost per condition. Diabetes ranked first in cost per condition and second in total number of prescription claims, while cardiomyopathy and glaucoma followed third and fourth, respectively in cost.

HUMAN RESOURCES

At the end of December 2018, the staff complement stood at 583 Employees which comprised 16 Executives/Consultants, 136 Middle Management, 405 Non-Management, and 26 Contractual.

AROUND THE BOARD

IMPROVING CUSTOMER SERVICE DELIVERY

In 2018, The National Insurance Board undertook a customer service training exercise for all staff members who interacted directly with customers. The purpose was to improve the level of customer satisfaction currently being experienced. Efforts were further extended to improve customer response through additions to the overall staff complement in the Customer Service Department. Further training exercises are scheduled to continue in 2019.

For the year 2018, The NIB Call Center received over 400,000 calls. To better manage the flow of these calls and enable NIB's customers and employees to have an improved communications network across the Commonwealth of The Bahamas, NIB embarked on a project to develop a modern and integrated Telephone Communications System. The upgraded telephone system includes a state-of-the-art Contact Center with the ability to use multi-channel communication networks which includes multimedia capabilities. The contract for the new telephone infrastructure was awarded and executed in 2018. The system is expected to be installed in a phased approach and projected to be completed in the fourth quarter of 2019.

There were major strides realized in the verification of pensioners for continued eligibility of pension payments. In previous years, the electronic verification process was limited to the confines of an NIB Office. However, 2018 has seen major accomplishments in this area in the ability to verify home-bound pensioners electronically during home-visits. NIB's home-bound customers not only benefited from the use of the electronic process for verifications, they also benefited from the use of the electronic process for on-the-spot registration for the NIB Smart Card. This allowed for photos and signatures to be captured with the delivery of the Smart Cards without ever having to come into an NIB office. Prior to this, home-bound customers' only option to obtain a card was to visit an NIB Local Office in person. The ability to verify and register homebound customers at the initial point of contact has proven to be more efficient and effective.

The Family Island offices, in the face of various challenges, were able to surpass compliance budget targets. Due to downsizing of the commercial banks some of the islands were without banking facilities. This directly impacted some aspects of NIB services, in particular, pension payment options for our pensioners. The Board, immediately moved to mitigate this impact through collaborations with alternate governmental and private agencies. As a result, pensioners promptly returned to receiving regular service levels once again.

INDUSTRIAL RELATIONS

The Board continued its efforts to build positive relations with the Union of Public Officers (UPO) and the Public Managers Union (PMU). The Union of Public Officers Industrial Agreement ended on December 31, 2018. Negotiations for a new agreement will commence in 2019. The newly elected executives of the PMU paid a courtesy call on former Director Patricia Hermanns and the Executive Team on March 22, 2018.



ADMINISTRATION & BUSINESS SUPPORT SERVICES

The National Insurance Board continued to provide services from 29 offices through its network across the Commonwealth of The Bahamas with its headquarters being located in the Jumbey Village Complex on Baillou Hill Road in New Providence.

Throughout 2018, Internal Audit (IA) continued to fulfill its mandate through the implementation of an audit plan which defines the program of regular audits in the areas of Operations, Finance, and Family Islands. IA activities also included special projects and investigations as directed by the Chief Internal Auditor and the Finance & Audit Committee. IA advised Management on existing internal controls and processes, and provided recommendations to improve efficiency and effectiveness. The Internal Audit's Fraud Unit continued with its policy of zero tolerance and met its objective to assist in the detection and prevention of both internal and external fraud. The Fraud Unit provides ongoing support to the Registration Department as well as Claims and Central Benefits Departments as it relates to suspicious claims.

In 2018, the Business Development and Policy Planning Team led an initiative to review all policies and procedures in force at the Board in order for all departments to effect requisite changes in line with the legislation and current best practice. The project progressed throughout the year and was at an advanced stage by December 2018.

ACTUARIAL & RESEARCH SERVICES

The Actuarial & Research Services Department provides actuarial services, statistical reporting, data collection and analysis to both internal and external customers. It supports the overall objectives of the organization through the provision of data, information and analysis for policy development and introduction of new operational initiatives. Assistance is also provided in the preparation of financial and actuarial estimates as requested, including annual contribution and benefit budgets. The Department plays a pivotal role in the review of the legislated biennial increases and drafting of the Board's Annual Reports.

Plans are already underway for the compilation of the 11th Actuarial Review of the National Insurance Fund, which is expected to be completed in 2020. Section 48. (1) of the National Insurance Act mandates that a review on the operation of the Act be conducted at least every five years and on such a review, a report be made to the Minister on the financial

condition of the Fund and the adequacy or otherwise of contributions to support benefits and assistances having regard to the other liabilities of the Fund under the Act.

BUILDINGS & FACILITIES

In 2018, there were two active construction projects underway, namely the Ministry of National Security Building and the Bimini Government Complex. The Ministry of National Security Building on JFK Drive was well advanced at the close of 2018, and is equipped with features such as deep well water thermal cooling for the air-conditioning system. This method of air-conditioning brings more energy efficiency than traditional methods, resulting in savings in electricity cost and a reduced carbon footprint. LED lighting is also being used throughout the building and is earmarked for use in all NIB buildings.

HUMAN RESOURCES & TRAINING

2018 Events

Christmas Decoration and Department Cleanup Initiative - A successful Christmas Decoration and Department Cleanup initiative was launched. The event exhibited exemplary team spirit at the New Providence and Family Island Offices.

Nurses Recognition - The Board had the opportunity to recognize Nurses and Administrative Staff during the National Professional Recognition Week of Activities.

Annual Long Service Awards Ceremony - This major event was held on November 15, 2018 at the British Colonial Hilton hotel. At the ceremony, 72 Employees and 16 Retirees who had contributed 10, 20, 25, 30 and 35 years of dedicated service to the Board, were recognized.

Newsletter - With a commitment to keep staff informed of Board Events, an internal newsletter called, "Chalk Talk" was disseminated to staff.

Capacity Building Initiatives - A series of in-house, local, online and international training and development opportunities were facilitated by the Human Resources and Training Department.

The Board also supported Staff Continuing Education pursuits at University of The Bahamas, Bahamas Technical and Vocational Institute and other tertiary and accredited Institutions.

In-House Training - Included training for Contribution Backlog Remediation Training, Claims Officer Training Course, National Insurance Board Act and Regulations Training, Staff Orientation, Customer Service Training and First Aid and CPR Training.

Local Training - Staff participated in The Bahamas Block chain Conference in Freeport, Grand Bahama, Synergy Bahamas Infrastructure Training, Office Procedure Theory and Certification, Introduction to Project Management, Second Nurses Association of The Commonwealth of The Bahamas Education Conference, The Bahamas Society of Human

Resources Management Conference (BSHRM), Cyber Security Forum and System Infrastructure Training.

Online Training - Staff participated in the, "E-Council of E-Commerce Consultants Training".

International Overseas Training - Staff participated in PMI's Seminars World Conference, Las Vegas, Nevada; Executive Briefing Program Dell EMC, Hopkinton, Massachusetts; V3 Connect 2018 Conference, Orlando, Florida; The Society of Human Resources Management Conference (SHRM), Chicago, Illinois; E-Governance Learning Exchange, Montevideo, Uruguay; Oracle Open World Conference, San Francisco, California; International Bar Association Conference, Rome, Italy; and Advances in Office Administration, Miami, Florida.

PUBLIC RELATIONS

Speakers Bureau

In 2018, a cohort of 27 employees from offices in New Providence, Grand Bahama, Abaco and Eleuthera participated in Phase I of the training programme, which comprised a four-day workshop held July 16-19, 2018 covering: The National Insurance Board's Act & Regulations; details on each benefit and assistance; all aspects of NIB operations; financial performance; case studies and FAQs; and topical practice presentations by participants. The newly trained presenters entered into the mentoring and coaching phase of the programme where field experience is obtained.



AROUND THE BOARD

Bahamas Business Outlook 2018

The Board participated in Bahamas Business Outlook sessions held in Abaco, Exuma and Long Island in 2018 to keep informed of topical issues facing the business community. Addressed were challenges facing the Board, planned initiatives to improve customer service, leadership and governance, financial sustainability, relevance of NIB, and modernisation for resilience to achieve the Board's vision and mission.

The NIB Compliance team also participated in workshop sessions at the Bahamas Business Outlook sessions in Abaco, Exuma and Long Island on the 'Ease of Doing Business' initiative, of which NIB has a part.



Connecting NIB offices through Live Streaming Services

The Public Relations Department spearheaded an initiative to connect NIB's Family Island offices to participate in meetings and events taking place at headquarters in New Providence through a live streaming service at the Board. Along with the Information Technology Department, Family Island offices are also able to connect to headquarters for interviews, and training sessions. NIB Management intends to continue efforts to offer ways for Family Island staff to connect with activities being held in New Providence.



Talk Show - Morning Blend with Dwight Strachan

In an effort to provide timely updates to the public on matters related to NIB, a team lead by Director Nicola Virgill-Rolle, including Rhonda Thurston-Ingraham, Sr. Manager, New Providence Operations; Stephen Thompson, Chief Manager, Compliance and Pandora Butler, Senior

Manager, Training, joined Dwight Strachan on the Morning Blend Talk Show on October 2, 2018. The guests were given an opportunity to provide information on NIB benefits and to respond to calls from the public.



NIB 44th Anniversary Events

Each year a number of activities are hosted in the month of October to celebrate NIB's anniversary. Some of these activities included a Customer Appreciation Day, staff from various departments within the Board assisted in serving lunch to the residents at Senior Citizen's Homes throughout New Providence, Abaco, Grand Bahama and Andros, a cake cutting ceremony hosted for staff throughout The Bahamas, with Family Island offices joining in the celebrations through live streaming to the New Providence headquarters and a special church service at St. Cecilia's Church, where Minister Rolle, Board Members, Executives and Staff of NIB gave thanks for the years of service NIB has provided to the Bahamian people.



Health Screenings - Partnership with the Ministry of Health

In partnership with the Ministry of Health, NIB hosted a team of professionals on November 13, 2018 to provide health screenings to

the public for World Diabetes Day. Both staff and the public visiting NIB headquarters participated in the screenings.

International Conferences

The InterAmerican Development Bank's VIII Regional Dialogue on Labor Markets and Social Security.

An NIB delegation, led by Chairman Troy Smith, attended the InterAmerican Development Bank's VIII Regional Dialogue on Labor Markets and Social Security in Washington D.C., October 15-16, 2018. Director Virgill-Rolle presented on The Bahamas' social security experience and challenges. The dialogue gave social security delegates from the Caribbean Region an opportunity to share common challenges, strengths and opportunities in the sector, and share experiences with innovation, technology and sustainability.



Inter-American Conference on Social Security (CEISS)

Director Hermanns attended the 75th Inter-American Conference on Social Security in Cancun, Mexico on April 19-20, 2018. The round table discussions were held under the theme, "Enhancing the CRISS Experience". The Inter-American Conference on Social Security (CISS) is a technical and specialized international organization which produces reports and publications dealing with development of social security in countries in America.

CARICOM Heads of Social Security

During the year, Director Hermanns along with other officials from across the Caribbean traveled to convene for the 29th CARICOM Heads of Social Security Meeting held at the St. Kitts Marriott Resort from June 6 – 8, 2018 to discuss matters relating to social security systems. The Heads focused on the importance of social security systems providing significant and critical roles in the socioeconomic development of countries within the Caribbean.

Family Island Visits

Director Virgill-Rolle visited the local offices on islands of Abaco, Bimini and Grand Bahama as a part of her initial assessment as Chief Executive Officer of the Board. She listened to the various staff challenges and stated the way forward to address those issues.

Ministry of National Security Building Site Visit

During the third quarter of 2018, Director Virgill-Rolle along with the Chairman, other Board Members and Inline Project Company Limited, conducted a site visit at the National Security Building (NSB) on John F. Kennedy Drive, New Providence. The project has faced various challenges, however, the team reaffirmed its commitment that importance and focus will be placed on quality and superior workmanship, a timely completion of the project and completion within budget.

Jumbey Village Enhancements

During 2018, the Board completed the parking lot expansion project to improve parking for both customers and staff to alleviate the frustration of finding a place to park. Additionally, there was the installation of signage for ease of reference within the property. Moreover, Director Hermanns completed the installation of new perimeter fencing and a new wall around the boundaries of the headquarters. The perimeter of the Jumbey Village office was damaged by the passing of Hurricane Matthew in 2016.

Later in the year, Director Rolle continued enhancements at Jumbey Village with the Beautification Project which commenced with the cleaning and ground refurbishment of the lower level and the installation of live plants on the ground floor.



CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITORS' REPORT



Independent Auditors' Report

To the Government of the Commonwealth of The Bahamas

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The National Insurance Fund and its subsidiary (together 'the Fund') as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2018;
- the consolidated statement of comprehensive income/(loss) for the year then ended;
- the consolidated statement of changes in reserves for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises the 2018 Annual Report (but does not include the consolidated financial statements and our auditors' report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2018 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 International Financial Reporting Standards, 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.

PricewaterhouseCoopers, 2 Bayside Executive Park, West Bay Street & Blake Road, P.O. Box N-3910, Nassau, Bahamas
T: +1 242 302 5300, F: +1 242 302 5350, www.pwc.com/bs, E-mail: pwcbs@bs.pwc.com



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 scepticism 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 auditors' 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 auditors' 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.

Other Matter***Restriction of use***

This report, including the opinion, has been prepared for and only for the Government of the Commonwealth of The Bahamas in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers
Chartered Accountants
Nassau, Bahamas

November 25, 2019

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

Consolidated Statement of Financial Position

As at December 31, 2018

(Expressed in Thousands of Bahamian dollars)

	Notes	December 31, 2018 \$	December 31, 2017 \$
ASSETS			
Cash on hand and at banks	4	49,988	21,177
Receivables and advances	5	147,489	103,771
Prepaid expenses and deposits		874	972
		198,351	125,920
Investments			
Equity securities	6	127,907	125,284
Sovereign			
Bahamas Government registered stocks	7(a)	526,329	551,176
Bahamas Government B\$ notes	7(b)	5,690	7,101
Bahamas Government treasury bills	7(c)	1,592	1,552
Bahamas Government US\$ notes	7(d)	30,246	30,244
United States of America US\$ treasury notes	7(e)	46,833	49,974
Government of Barbados US\$ bonds	7(f)	3,446	3,482
Government of the Cayman Islands US\$ bonds	7(g)	2,511	2,507
Government of Trinidad & Tobago US\$ bonds	7(h)	2,087	2,096
		618,734	648,132
Corporate			
Certificates of deposit	7(i)	143,078	136,702
Bahamas Mortgage Corporation bonds	7(j)	95,900	100,930
Nassau Airport Development Company Limited debt securities	7(k)	89,855	86,741
Education Loan Authority bonds	7(l)	46,486	46,845
Bahamas Development Bank bonds	7(m)	37,649	39,362
Bahamas Power and Light Company Limited bonds	7(n)	25,884	25,064
Preference shares	7(o)	17,714	17,714
Clifton Heritage Authority bonds	7(p)	7,993	7,993
Latin American Investment Bank (Bahamas) Ltd. bonds	7(q)	3,503	3,390
Loans to Bahamas Government entities	7(r)	28,844	29,625
Long-term deposits	7(s)	7,472	10,306
Bridge Authority bonds	7(t)	2,826	2,826
Fidelity Bank (Bahamas) Limited notes	7(u)	1,830	2,318
The College of The Bahamas redeemable term notes	7(v)	1,477	1,661
Public Hospital Authority bonds	7(w)	10,131	10,806
Be Aliv notes	7(x)	1,000	1,000
Citigroup Funding Inc notes	7(y)	3,092	3,047
Corporate US\$ bonds	7(z)	7,621	7,590
		532,355	533,920
		1,151,089	1,182,052
Allowance for expected credit losses	23	(11,999)	-
		1,139,090	1,182,052
Net investment in finance leases	8	170,325	194,397
Investment property	9	3,101	3,101
Investments in associates	10	3,186	12,974
		176,612	210,472
Total investments		1,443,609	1,517,808

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

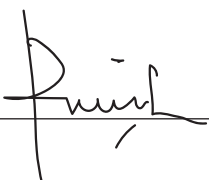
As at December 31, 2018

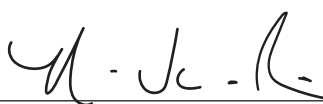
(Expressed in Thousands of Bahamian dollars)


(Continued)

	Notes	December 31, 2018 \$	December 31, 2017 \$
ASSETS (Continued)			
Computer software	11	11,544	11,349
Property, plant and equipment	12	100,160	103,716
Construction in progress – finance leases	13	69,804	63,603
		<u>181,508</u>	<u>178,668</u>
TOTAL ASSETS		<u>1,823,468</u>	<u>1,822,396</u>
LIABILITIES			
Accounts payable and accrued expenses	14	8,997	7,665
Staff pension fund	15	61,910	56,905
Accrued benefits payable		<u>15,043</u>	<u>12,964</u>
TOTAL LIABILITIES		<u>85,950</u>	<u>77,534</u>
RESERVES			
Short-term benefits	30	146,419	120,448
Pensions	30	1,426,967	1,456,448
Industrial benefits	30	64,646	75,729
Medical benefits	30	88,727	88,381
Disablement and death benefits	30	10,183	3,280
Fidelity bond	30	<u>576</u>	<u>576</u>
TOTAL RESERVES		<u>1,737,518</u>	<u>1,744,862</u>
TOTAL LIABILITIES AND RESERVES		<u>1,823,468</u>	<u>1,822,396</u>

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


Chairman


Director


Financial Controller

November 25, 2019
Date

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

The National Insurance Fund

Consolidated Statement of Comprehensive Income/(Loss)

For the Year Ended December 31, 2018

(Expressed in Thousands of Bahamian dollars)

	Notes	2018 \$	2017 \$
INCOME			
Contributions			
Employers		166,049	162,219
Insured persons		111,526	111,395
Self-employed persons		8,010	7,409
Voluntarily insured		5	-
		<u>285,590</u>	<u>281,023</u>
Refund of contributions		(779)	(945)
Allowance for expected credit losses - contributions	23	<u>(872)</u>	<u>(2,593)</u>
Total net contributions		283,939	277,485
Income from investments	17	72,799	64,264
Income from property	18	3,604	3,446
Share of losses of associates	10	(9,788)	(14,418)
Other income		<u>2,323</u>	<u>1,720</u>
TOTAL INCOME		352,877	332,497
EXPENDITURE			
Benefits expenditure			
Short-term		37,308	36,435
Pensions		230,512	218,349
Industrial		15,820	23,000
Disablement and death		<u>8,113</u>	<u>8,705</u>
Total benefits expenditure		291,753	286,489
Administrative expenditure			
Staff salaries, allowances and benefits	22	37,077	37,596
Expenses of the Board of Directors		170	145
Amortisation	11	1,211	1,102
Depreciation	12	1,630	1,994
Other administrative expenses	21	<u>9,735</u>	<u>8,297</u>
Total administrative expenditure		49,823	49,134
Provision for expected credit losses	23	<u>1,160</u>	<u>-</u>
Expenditure of the medical benefits branch			
Administrative expenditure		658	342
Depreciation	12	<u>3,120</u>	<u>3,245</u>
Total expenditure of the medical benefits branch		3,778	3,587
TOTAL EXPENDITURE		346,514	339,210
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE		6,363	(6,713)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to income			
Remeasurement of the defined benefit obligation		(4,576)	2,472
Unclaimed benefits		<u>85</u>	<u>150</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)		1,872	(4,091)

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, 2018

(Expressed in Thousands of Bahamian dollars)

	Notes	Short-term		Pensions		Industrial	
		2018	2017	2018	2017	2018	2017
		\$	\$	\$	\$	\$	\$
INCOME							
Total net contributions		70,984	69,371	190,239	185,915	21,296	20,811
Income from investments		1,075	1,269	69,915	60,846	1,693	2,072
Income from property		-	-	1,493	1,405	-	-
Share of losses of associates		-	-	(9,788)	(14,418)	-	-
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:							
Disablement	19	-	-	-	-	-	-
Death	19	-	-	-	-	-	-
Other income		581	430	580	430	581	430
TOTAL INCOME		72,640	71,070	252,439	234,178	23,570	23,313
EXPENDITURE							
Benefits expenditure							
Sickness benefit		13,183	12,974	-	-	-	-
Unemployment benefit		11,707	10,992	-	-	-	-
Maternity benefit		7,477	7,813	-	-	-	-
Funeral benefit		3,431	3,188	-	-	-	-
Maternity grant		1,510	1,467	-	-	-	-
Sickness assistance		-	1	-	-	-	-
Retirement benefit		-	-	179,357	165,655	-	-
Survivors' benefit		-	-	21,647	20,564	-	-
Invalidity benefit		-	-	14,910	16,880	-	-
Invalidity assistance		-	-	8,682	8,918	-	-
Old age non-contributory retirement benefit		-	-	5,183	5,552	-	-
Survivors' assistance		-	-	733	780	-	-
Medical care		-	-	-	-	11,845	18,703
Injury benefit		-	-	-	-	3,975	4,273
Disablement grant		-	-	-	-	-	24
Payment of current periodically payable benefits effected during the year:							
Disablement	19	-	-	-	-	-	-
Death	19	-	-	-	-	-	-
		37,308	36,435	230,512	218,349	15,820	23,000
Disablement benefit – capital value		-	-	-	-	14,912	3,117
Death benefit – capital value		-	-	-	-	-	-
Administrative expenditure		9,395	9,241	36,504	35,307	3,924	4,586
Provision for expected credit losses		-	-	1,160	-	-	-
TOTAL EXPENDITURE		46,703	45,676	268,176	253,656	34,656	30,703
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE							
		25,937	25,394	(15, 737)	(19,478)	(11,086)	(7,390)
Other Comprehensive Income							
Remeasurement of the defined benefit obligation		-	-	(4,576)	2,472	-	-
Unclaimed benefits		34	89	48	40	3	21
RESERVES, beginning of year		120,448	94,965	1,456,448	1,473,414	75,729	83,098
Effect of changes in accounting policies (Note 2e)		-	-	(9,216)	-	-	-
RESERVES, beginning of year (as restated)		120,448	94,965	1,447,232	1,473,414	75,729	83,098
RESERVES, end of year		146,419	120,448	1,426,967	1,456,448	64,646	75,729

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

Medical		Disablement and Death		Fidelity Bond		Total	
2018	2017	2018	2017	2018	2017	2018	2017
\$	\$	\$	\$	\$	\$	\$	\$
1,420	1,388	-	-	-	-	283,939	277,485
12	15	104	62	-	-	72,799	64,264
2,111	2,041	-	-	-	-	3,604	3,446
-	-	-	-	-	-	(9,788)	(14,418)
-	-	14,912	3,117	-	-	14,912	3,117
-	-	-	-	-	-	-	-
581	430	-	-	-	-	2,323	1,720
4,124	3,874	15,016	3,179	-	-	367,789	335,614
-	-	-	-	-	-	13,183	12,974
-	-	-	-	-	-	11,707	10,992
-	-	-	-	-	-	7,477	7,813
-	-	-	-	-	-	3,431	3,188
-	-	-	-	-	-	1,510	1,467
-	-	-	-	-	-	-	1
-	-	-	-	-	-	179,357	165,655
-	-	-	-	-	-	21,647	20,564
-	-	-	-	-	-	14,910	16,880
-	-	-	-	-	-	8,682	8,918
-	-	-	-	-	-	5,183	5,552
-	-	-	-	-	-	733	780
-	-	-	-	-	-	11,845	18,703
-	-	-	-	-	-	3,975	4,273
-	-	-	-	-	-	-	24
-	-	7,831	8,420	-	-	7,831	8,420
-	-	282	285	-	-	282	285
-	-	8,113	8,705	-	-	291,753	286,489
-	-	-	-	-	-	14,912	3,117
-	-	-	-	-	-	-	-
3,778	3,587	-	-	-	-	53,601	52,721
-	-	-	-	-	-	1,160	-
3,778	3,587	8,113	8,705	-	-	361,426	342,327
346	287	6,903	(5,526)	-	-	6,363	(6,713)
-	-	-	-	-	-	(4,576)	2,472
-	-	-	-	-	-	85	150
88,381	88,094	3,280	8,806	576	576	1,744,862	1,748,953
-	-	-	-	-	-	(9,216)	-
88,381	88,094	3,280	8,806	576	576	1,735,646	1,748,953
88,727	88,381	10,183	3,280	576	576	1,737,518	1,744,862

The National Insurance Fund

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2018

(Expressed in Thousands of Bahamian dollars)

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(Deficiency) of income over expenditure	6,363	(6,713)
Adjustments:		
Income from investments	(72,799)	(64,264)
Income from property	(3,604)	(3,446)
Share of losses of associates	9,788	14,418
Loss/(gain) on disposal/write-off of property, plant and equipment	2	(48)
Amortisation	1,211	1,102
Depreciation	4,750	5,239
Loss on sale of investment property	-	7
Allowance for doubtful accounts	-	2,593
Provisions for expected credit losses	2,008	-
Deficit before working capital changes	(52,282)	(51,112)
Increase in receivables and advances	(67,627)	(13,521)
Decrease/(increase) in prepaid expenses and deposits	98	(457)
Increase/(decrease) in accounts payable and accrued expenses	1,417	(1,215)
Increase/(decrease) in staff pension fund	429	(4,326)
Increase in accrued benefits payable	2,079	2,239
Net cash used in operating activities	(115,885)	(68,392)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	45,818	49,187
Dividends received	4,408	5,074
Proceeds from/(used for) finance leases	45,604	(1,900)
Proceeds from/(used for) income received from property	15,707	(1,005)
Proceeds from sale of equity securities	1,948	2,751
Proceeds from United States of America US\$ Treasury notes	11,570	6,249
Proceeds on maturity of certificates of deposit	134,450	164,970
Proceeds from sale of Bahamas Government notes	11,666	-
Proceeds on maturity of Bahamas Government registered stocks	49,770	41,572
Proceeds from Government of Barbados bonds	214	429
Proceeds from Bahamas Government Treasury bills	3,133	3,019
Proceeds on redemption of preference shares	-	1,286
Proceeds from Bahamas Mortgage Corporation	5,000	-
Proceeds from loan repayments from Bahamas Government entities	1,096	1,375
Proceeds from Nassau Airport Development Company Limited debt securities	3,373	4,229
Proceeds from College of the Bahamas notes	185	185
Proceeds from Public Hospital Authority bonds	665	665
Proceeds from Bahamas Development Bank bonds	2,000	3,000
Proceeds from sale of property, plant and equipment	21	48
Proceeds from long term deposits	3,000	-
Proceeds from sale of Bahamas Government notes	1,414	-
Proceeds from Fidelity Bank (Bahamas) Limited notes	500	500
Purchase of equity securities	(468)	(5,535)
Purchase of Bahamas Government notes	(11,666)	-
Purchase of Bahamas Government Registered stocks	(25,985)	(43,275)
Purchase of United States of America US\$ treasury notes	(8,111)	(22,988)
Placements of certificates of deposit	(139,450)	(137,450)
Additional loans to Bahamas Government entities	-	(300)
Purchase of Bahamas Government Treasury bills	(3,133)	(3,056)
Purchase of Be Aliv note	-	(1,000)
Additions to computer software	(1,406)	(859)
Additions of property, plant and equipment	(1,218)	(708)
Additions to construction in progress – finance leases	(5,409)	(6,165)
Net cash from investing activities	144,696	60,298
Net increase/(decrease) in cash and cash equivalents	28,811	(8,094)
Cash and cash equivalents, beginning of year	21,177	29,271
Cash and cash equivalents, end of year (Note 4)	49,988	21,177

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(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), which is the organization charged with administering the social security programme of the country. 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(l), 2(m), 2(n), 3, and 23.

The consolidated financial statements do not take account of liabilities to pay benefits in the future. An actuarial valuation is usually performed every five years, with the latest valuation presented to Parliament having been done as of December 31, 2011. Certain results of the actuarial valuation are described in Note 31.

i) New standards, amendments and interpretations adopted by the Fund

Standards and amendments and interpretations to published standards that became effective for the Fund's financial year beginning on January 1, 2018 had no material changes for the Fund's financial liabilities.

Effective 1 January 2018, the Fund adopted IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 15 *Revenue from Contracts with Customers* (IFRS 15).

In accordance with the relevant transitional provisions of IFRS 9, the Fund elected not to restate corresponding figures, with adjustments to the carrying amounts of financial assets and liabilities as of the date of adoption recognised in opening reserves of the current year. Accordingly, the revised requirements for IFRS 9 are only applicable to the current year, with corresponding year notes disclosures being presented consistent with the presentations made in the prior year. The adoption of IFRS 9 resulted in changes in the Fund's accounting policies for recognition, classification, measurement and impairment of financial assets, as disclosed in Note 2e. The adoption also significantly expanded the notes disclosures.

The adoption of IFRS 15 did not significantly impact the Fund's accounting policies, measurement of revenue or notes disclosures in the consolidated financial statements.

Other Standards, and amendments and interpretations to published standards that became effective for the Fund's financial year beginning on January 1, 2018 were either not relevant or not significant to the Fund's operations and accordingly did not have a material impact on the Fund's accounting policies or consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (continued)

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

IFRS 16 Leases

IFRS 16 Leases (IFRS 16) results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 Leases (IAS 17). Lessees will recognise a 'right of use' asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Fund does not expect the adoption of the IFRS 16, which is effective for financial periods beginning on or after January 1, 2019, to have a material impact on the Fund's consolidated financial statements.

(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 the 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 income/ (loss), and its share of post-acquisition movements in other comprehensive income 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.

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets that suffered an impairment loss are reviewed for possible reversal of the impairment at the end of each reporting period.

(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 at the reporting date are recognised in the consolidated statement of comprehensive income/ (loss).

(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.

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial assets

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: (i) amortised cost, (ii) fair value through profit or loss ("FVTPL"), or (iii) fair value through other comprehensive income ("FVOCI").

Amortised Cost

A financial asset is measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Fair Value Through Other Comprehensive Income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

Fair Value Through Profit or Loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

The classification and subsequent measurement of financial assets depend on the Fund's business model for managing the asset, and the cash flow characteristics of the asset. Factors considered by the Fund in determining the business model for a group of financial assets include: past experience regarding the manner in which the cash flows for the financial assets were collected; the manner in which the performance of financial assets is evaluated and reported to key management personnel; the approach to assessing and managing risks associated with the financial assets.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at fair value through profit or loss, are measured at amortised cost, adjusted by an allowance for expected credit losses (ECL), which is recognised and measured as disclosed in Note 2(g).

All purchases and sales of financial assets are recognised on the trade date – the date on which the Fund commits to originate, purchase or sell the asset.

The classification of financial assets under IFRS 9 is generally based on the business model under which the asset is held and its contractual cash flows characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The table below explains the original measurement categories under IAS 39 and the new measurements under IFRS 9 for the applicable classes of the Fund's financial assets at January 1, 2018.

	Measurement Category		IAS 39 Carrying Amount Dec 31, 2017 \$	Remeasurement ECL Effect \$	IFRS 9 Carrying Amount Jan 1, 2018 \$
	IAS 39	IFRS 9			
Cash on hand and at banks	Loans and receivables	Amortised cost	21,177	(22)	21,155
Receivables and advances	Loans and receivables	Amortised cost	103,771	(60)	103,711
Equity Securities	Fair value through profit or loss	Fair value through profit or loss	125,284	-	125,284
Corporate Investments	Loans and receivables	Amortised cost	523,283	(7,644)	515,639
Corporate Investments	Held to maturity	Amortised cost	10,637	(16)	10,621
Sovereign Investments	Held to maturity	Amortised cost	88,303	(422)	87,881
Sovereign Investments	Loans and receivables	Amortised cost	559,829	(1,052)	558,777
Net investment in finance leases	Loans and receivables	Amortised cost	194,397	-	194,397
Total			1,626,681	(9,216)	1,617,465

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial assets (continued)

The table below reconciles the allowance for credit losses from IAS 39 to IFRS 9 at January 1, 2018.

	IAS 39 provision	Remeasurement	IFRS 9 ECL
	\$	\$	\$
Cash on hand and at banks	-	22	22
Receivables and advances	19,039	60	19,099
Corporate Investments	1,715	7,660	9,375
Sovereign Investments	-	1,474	1,474
Total	20,754	9,216	29,970

(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.

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, on a forward looking basis, the expected credit losses (ECL) for financial assets at amortised cost and fair value through other comprehensive income. The Fund measures the ECL and recognises an allowance for ECL at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial assets measured at amortised cost are presented in the consolidated statement of financial position, along with the allowance for ECL. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Fund applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next twelve months or until contractual maturity, if shorter (12-month ECL). If the Fund identifies a significant increase in credit risk (SICR) since initial recognition, the financial asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis (lifetime ECL), that is, up until contractual maturity but considering expected prepayments. If the Fund determines that a financial asset is credit-impaired, the financial asset is transferred to Stage 3 and its ECL is measured on a lifetime basis. The Fund's definition of credit-impaired financial assets and definition of default are explained in Note 3. For financial assets that are purchased or originated credit-impaired (POCI Assets), the ECL is always measured as a lifetime ECL.

For contributions receivable, the Fund applies a simplified approach in calculating ECLs. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The carrying amount of the asset is reduced through the use of an allowance account.

Financial assets are written-off, in whole or in part when the Fund has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Recoveries of accounts previously written off are recognised directly in the consolidated statement of comprehensive income/(loss) as a part of the ECL expense included in excess of income over expenditure.

(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.

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investment property (Continued)

Investment property is measured initially at cost, including related transaction costs. Subsequently, investment property is carried at fair value. Fair value is based on valuation methods such as discounted cash flow projections and prices observed in recent transactions involving similar properties. Formal valuations are obtained 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 income/(loss) during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

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

Changes in fair values are recognised in the consolidated statement of comprehensive income/(loss). 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 occupied by the Fund or medical clinics within the Medical Benefits Branch which are operated by the Government of the Commonwealth of The Bahamas (The Bahamas Government). Property, plant and equipment are stated at historical cost less depreciation, except land which is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

Buildings	40 years
Building renovations	20 years
Office furniture and equipment	5 – 10 years
Computer hardware	3 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 income/(loss).

(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. The insurance administration system is amortised over fifteen years. The estimated useful life and amortisation 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 derecognised 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 recognised in the consolidated statement of comprehensive income/(loss).

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases

The Fund is lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of comprehensive income/(loss) 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 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 income/(loss) 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 long term 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 liability or asset recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation at the fair value of plan assets. This cost is included in staff salaries, allowances and benefits in the consolidated statement of comprehensive income/(loss).

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive income/(loss), as past service costs.

(m) Revenue recognition

Contributions are accounted for on an accrual basis. Contribution income is recognised in the period for which the contribution relates. It is estimated based on the expected outstanding contributions for participants to the Fund considering the amount of contributions which are due but not yet paid by employers or individuals registered with the Fund, based on the Fund's historical contribution statements.

Interest income for all instruments measured at amortised cost is recognised in the consolidated statement of comprehensive income/(loss) 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, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Expense recognition

The Fund recognises benefit expenditure when the Fund's obligation to make payment has been established. The Fund recognises an estimate of expenditure for claims submitted but not processed. The estimate is accrued considering the following assumptions based on historical experience: expected claims approval rates, the estimated claim period and an estimate of the claim entitlement.

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:

	2018	2017
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.

For the years ended December 31, 2018 and 2017, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2018	2017
Short-term benefits reserve	18.86%	18.81%
Pensions reserve	73.27%	71.86%
Industrial benefits reserve	7.87%	9.33%
	<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 Value Added Tax rate changed to 12% as at July 1, 2018. 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.

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 and is included in Note 5.

(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 authorised for issue. Any subsequent events that provide additional information about the Fund's 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) Accounting Policies Applied until December 31, 2017

Financial assets

The Fund classified its financial assets into the following categories: financial assets at fair value through profit or loss; held-to-maturity; and loans and receivables. Management determined the classification of financial assets at initial recognition, based on the purpose for which they were 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 were managed and their performance evaluated on a fair value basis. These financial assets were 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 were non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund had the positive intention and ability to hold to maturity. Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not traded in an active market and included receivables and advances and loans and receivables.

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

Financial assets at fair value through profit or loss were 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 were recognised in the consolidated statement of comprehensive loss in the period in which they arose.

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

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. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Accounting Policies Applied until December 31, 2017 (Continued)

Impairment of financial assets (continued)

the allowance account. The amount of the reversal is recognised in the consolidated statement of comprehensive loss. 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.

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 amount of the loss of contributions receivable due to non-payment is measured as the difference between the amount of the receivable and the estimated recoverable amount based on historical data. The carrying amount of the asset is reduced through the use of an allowance account.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Effective January 1, 2018, the Fund performed detailed analyses of its business models for managing financial assets and financial liabilities, and analyses of the respective cash flow characteristics. The analyses performed resulted in debt investment securities being classified as financial assets at amortised cost, as the cash flow characteristics meet the requirements for SPPI, and the Fund's business model is to hold debt investments without an intention to sell.

The Fund invests in debt investments principally for the exclusive purpose of providing long-term security and growth of the Fund with minimal risk through financial assets that yield investment income, while securing liquidity in the event of significant events requiring cash and cash equivalents. The maturity profile of investment securities is managed to provide cash flows over short, medium and long term for the purposes of managing liquidity and accordingly, sales are expected to be infrequent. Previously, debt investments were classified as financial assets held-to-maturity and loans and receivables. The measurement basis of financial assets were not amended as a result of the adoption of IFRS 9, except that impairment losses are now calculated using ECL as opposed to incurred losses.

The remaining financial assets were previously classified as loans and receivables (cash at banks, loans advances and receivables included in other assets), and are now classified as financial assets at amortised cost. The change in classification has not resulted in a change in the measurement basis of such financial assets, except that impairment losses are now calculated using ECL as opposed to incurred losses.

Inputs, assumptions and estimation techniques factored into measuring ECL

As a primary approach for the calculation of expected credit losses (ECL) of cash and cash equivalents, debt investment securities and promissory notes, management estimates parameters for the Probability of Default (PD), Loss Given Default (LGD) and the exposure at the time of default (EAD) for each individual financial asset.

At any point in time where a cash flow is expected there are two outcomes possible – either the issuer is solvent and the cash flow comes in the contractual amount, or the issuer is in default and the cash flow does not arrive and is collected later on, with some possible losses (e.g. the cash flow may arrive later than scheduled, in a lesser amount than is due or not at all). The probability of the first outcome is usually referred to as the probability of no default (or survival), while the probability of default (PD) for the issuer is the probability of the second outcome. These two probabilities add up to one, constituting all the possible outcomes (this includes transition from one non-default state into another for the issuer).

The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next twelve (12) months (12-month PD) or over the remaining lifetime (lifetime PD) of the obligation.

The Fund utilises the rating transition matrices from an external rating agency (Moody's report) for calculation of the lifetime probability of default. The model assumes the external rating (or reliable internal rating) is available for issuers in scope together with sufficient history of observed rating transitions (covering at least one credit cycle). The same model can be used in particular to estimate lifetime PD for rated sovereign and corporate financial instruments. For unrated issuers, the Fund benchmarks the issuers probability of default to corporate ratings with similar default experiences derived from external rating agency transition matrices.

The Fund defines a financial asset as in default, which is consistent with the regulatory definition of credit-impaired, when one (1) or more of the following criteria are met:

- An obligor is highly vulnerable to non-payment, e.g. a bankruptcy petition has been filed.
- An obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet payment obligations on other issues or classes of obligation in a timely manner.

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

Inputs, assumptions and estimation techniques factored into measuring ECL (continued)

- An obligor has failed to pay one or more of its financial obligations (rated or unrated) and the exposure is more or equal to 90 days past due.
- Financial asset has a “Defaulted” external rating.

The default definition has been applied consistently to model the PD, Exposure at Default (EAD) and LGD in all expected loss calculations.

Based on management’s decision, assets will not move directly from Stage 3 to Stage 1. When an asset ceases to be defaulted it will move to Stage 2 and then subsequently if it no longer is classed as “deteriorated” it will move to Stage 1. In general it is expected that financial assets will always move to Stage 2 prior to moving to Stage 3, but in some instances an asset may move directly from Stage 1 to Stage 3 (an example would be a counterparty declaring financial hardship where there had been no evidence of financial difficulties in rating behaviors).

The exposure in the context of calculating the ECL is determined based on the expected cash flows on the financial instrument from the measurement date (i.e. the balance sheet date) to the last cash flow date (i.e. end of lifetime – estimated and/or contractual). One of the biggest differences between IAS 39 and IFRS 9 is that Exposure at Default (EAD) is not calculated based on the current outstanding balance of a financial instrument. As cash flows now need to be estimated over the lifetime of a financial instrument, the Fund estimates what it expects the balance of a financial instrument to be in the future (based on the amortization schedule). Any modeling of future cash flows is done at an appropriately granular level and considers the unique aspects of each financial asset.

LGD is the estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including discounted cash flows from any collateral. LGD is expressed as a percentage of EAD. LGD should be estimated over future periods to include the term of exposures and incorporate expectations about future. As explained in IFRS 9.B5.5.43, even when calculating 12 month ECLs, LGD is assessed over a life of the exposure rather than a 12 month LGD.

Management utilises external data provider reports provided by Moody’s for default and recovery rates.

The ECL is determined by projecting the PD, LGD and EAD for future periods and for each individual exposure. These three (3) components are multiplied together and adjusted for the likelihood of survival, which is that the exposure has not prepaid or defaulted in an earlier period. This effectively calculates an ECL for each future period, which is then discounted back to the financial reporting date and summed. The discount rate used in the ECL calculation is the approximation of the original effective interest rate.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by financial assets.

Significant increase in credit risk (SICR)

The determination of SICR is not defined in the standard. Therefore, qualitative and quantitative indicators are factored into the determination of SICR, considering all reasonable and supportable information available without undue cost and effort, on past events, current conditions and future behavioural aspects of particular portfolios of financial assets. The Fund makes best efforts to identify indicators of SICR of individual financial assets prior to delinquency and accordingly incorporates significant assumptions in its model.

The Fund continuously monitors all financial assets subject to ECLs, and assesses whether there has been a SICR since initial recognition, which is performed on an individual basis and on a portfolio basis. Cash at banks, loans and receivables and investment securities classified at amortised cost are assessed for SICR on an individual basis by monitoring the triggers stated below. For other financial assets, SICR is also assessed on an individual basis.

Some of the Fund’s financial assets are investment grade corporate and sovereign securities with limited or no history of default. Management has applied the “low credit risk expedient” identified and defined in IFRS 9 which is considered a simplified approach to assessing whether or not there is a SICR from the date of initial recognition. In order for this operational simplification to apply, the financial asset has to meet the following requirements:

- It has a low risk of default.
- The borrower is considered, in the short term, to have strong capacity to meet its obligations.
- The lender expects, in the longer term, the adverse changes in economic and business conditions might, but will not necessarily; reduce the ability of the borrower to fulfil its obligations.

As the Fund considers the credit risk of these financial assets low and no SICR has arisen, impairment is measured using 12-month ECL and is classified as Stage 1.

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Continued)

Significant increase in credit risk (SICR) (continued)

Significant increase in credit risk of all other financial assets of the Fund is assessed individually at the counterparty level by applying the following methodology:

- If a financial asset drops out of investment grade, it automatically migrates to Stage 2 as such drop indicates significant increase in credit risk from the origination.
- For the assets purchased/originated outside of investment grade, a movement of 2 notches in reference to an externally published credit rating is considered as a significant increase in credit risk.
- In addition, financial assets move to Stage 2 in the case of significant adverse changes in business, financial and/or economic conditions in which the counterparty operates.
- Contractual payments from the borrower are past due in excess of thirty (30) days.

The criteria used to identify SICR are monitored and reviewed periodically for appropriateness. The exposure will move back to Stage 1 once it no longer meet the criteria for a SICR.

Forward-looking information factored into ECL models

Forward looking information is factored into both the assessment of SICR (significant increase in credit risk) and the calculations of ECL. Historical analyses have been performed, which identified the key economic variables impacting credit risk and ECL for each type of financial asset. These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument. Management judgement has been applied in this process. Forecasts of these economic variables (the base economic scenario) are determined periodically based on benchmark information available in The Bahamas and the countries which the Fund places its investments, this information provides the best estimate view of the economy over the medium term. To project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables trend towards a long run average growth rate (i.e. GDP) over a period of two to five years. The impact of the economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD.

In addition to the base economic scenario, other possible scenarios along with scenario weightings are determined. The number of other scenarios used is set based on the analyses of each major type of financial asset to ensure non-linear relationships are appropriately factored in. The number of scenarios and their attributes are reassessed at each financial reporting date. As at January 1, 2018 and December 31, 2018, three scenarios were deemed to appropriately capture non-linear relationships. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

The Fund used supportable forward-looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model with three (3) macro-economic scenarios to calculate unbiased and probability weighted ECL: most likely outcome (Baseline); and two (2) less likely scenarios being better than Baseline (Upside) and worse than Baseline (Downside).

Sensitivity analyses

The most significant assumption impacting the ECL is as follows:

- GDP: The gross domestic product growth rates as these have an impact on the counterparty's financial condition and their probability of default.

The table below sets out the changes to the ECL at December 31, 2018 that would result from reasonably possible changes in the parameters from the actual assumptions used in the Fund's economic variable assumption:

	Gross Domestic Product		
	-25 bps	No change	25 bps
	\$	\$	\$
Change in ECL	411	-	(207)

4. CASH AND CASH EQUIVALENTS

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

	2018	2017
	\$	\$
Cash on hand	52	64
Cash at banks – current account	22,120	8,141
Cash at brokers	1,224	2,298
Cash at the Central Bank of The Bahamas	26,616	10,674
	50,012	21,177
Allowance for expected credit losses (Note 23)	(24)	-
	<u>49,988</u>	<u>21,177</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

4. CASH AND CASH EQUIVALENTS (Continued)

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2018 and 2017.

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 at December 31, 2018, United States dollar (US\$) deposits total \$12,109 (2017: \$886).

5. RECEIVABLES AND ADVANCES

Receivables and advances comprise:

	2018 \$	2017 \$
Finance lease receivables	7,528	18,394
Rent receivable	1,037	13,140
Value Added Tax Receivable/Payable (net)	(21)	(132)
Other receivable – The Bahamas Government	105,212	39,067
Contribution Receivables (Note 23)	53,128	51,572
Advances to staff	584	769
	<u>167,468</u>	<u>122,810</u>
Provision for expected credit losses	<u>(19,979)</u>	<u>(19,039)</u>
	<u><u>147,489</u></u>	<u><u>103,771</u></u>

Movements in provision for expected credit losses are as follows:

	2018 \$	2017 \$
At January 1 (IAS 39)	(19,039)	(16,446)
IFRS 9 transition adjustment	(60)	-
Balance, as restated (IFRS 9)	<u>(19,099)</u>	<u>(16,446)</u>
Increase in loss allowance	(880)	(2,593)
At December 31	<u><u>(19,979)</u></u>	<u><u>(19,039)</u></u>

The other receivables include \$43,189 (2017: \$37,133) which relates to the Medical Benefit and is in part supported by two Promissory Notes issued by The Bahamas Government dated May 5, 2016 and March 20, 2018 in the amounts of \$25,304 and \$38,000, respectively. The three year Promissory Notes bear interest at the rate of 3.75% per annum. The balance of these Promissory Notes is \$42,637 (2017: \$14,804). A promissory note in the amount of \$61,762 dated December 1, 2018 was issued by The Bahamas Government to cover all outstanding lease balances at June 30, 2018. The promissory note shall be repaid within four years of issue date and bears interest at a rate of Prime + ¼% per annum (currently 4.5%) See Note 23.

6. 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.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

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

Number of shares			2018	2017
2018	2017			
		<i>Ordinary Shares / Mutual Funds</i>	2018	2017
		Level 1 US\$	\$	\$
1,200	1,200	Air Products & Chemical Inc.	192	197
149	149	Alphabet Incorporated	155	156
6,958	6,958	American Electric Power Company	520	512
4,000	4,000	American International Group Inc	158	238
5,300	5,300	Anadaeko Petroleum Corporation	232	284
2,050	2,050	Apache	54	87
1,200	1,200	Apple Incorporated	189	203
6,600	6,600	Bank of America Corporation	163	195
613	613	Brighthouse Financial Inc.	19	36
900	900	Boeing Co4	290	265
1,900	1,900	Broadcom Ltd.	483	488
2,474	2,474	Chevron Corporation	269	310
6,200	6,200	Citigroup Inc.	323	461
7,417	7,417	Coca Cola Co.	351	340
6,640	6,640	Comcast Corporation	226	266
2,700	2,700	Conoco Philips	168	148
2,600	2,600	DowDuPont	139	185
4,460	4,460	Duke Energy Corporation	385	375
2,500	2,500	Eli Lilly & Co	289	211
3,100	3,100	EOG Resources Inc.	270	335
1,200	1,200	Facebook Inc	157	212
1,700	1,700	First Republican Bank	148	147
200	-	Garret Motion Inc	3	-
900	900	General Dynamics Corporation	142	183
17,932	17,932	General Electric Co.	136	313
2,030	2,030	Gilead Sciences Incorporated	127	145
500	500	Goldman Sachs Group Inc	84	127
3,600	3,600	Halliburton Company	96	176
1,200	1,200	Home Depot Inc	206	227
2,000	2,000	Honeywell International Inc	264	307
13,464	13,464	Intel Corp.	632	622
3,000	3,000	Jacobs Engineering Group Inc.	175	198
4,190	4,190	JP Morgan Chase Co.	409	448
7,800	7,800	Kinder Morgan Inc/DE	120	141
1,900	1,900	Lyondellbasell Industries NV	158	210
6,750	6,750	MetLife Inc	277	341
5,200	5,200	Microsoft Corporation	528	445
3,000	3,000	Nike Incorporated	222	188
11,000	11,000	Pfizer Inc	480	398
900	900	Pioneer Natural Resources	118	156
3,366	3,366	Philip Morris International Inc	225	356
3,650	3,650	Proctor & Gamble Company	335	335
2,610	2,610	Qualcomm Incorporated	149	167
333	-	Resideo Technologies Inc	7	-
5,200	5,200	Roche Holding Limited	161	164
2,200	2,200	Ryder Systems Incorporated	106	185
1,800	1,800	Royal Caribbean Cruises Limited	176	215
3,000	3,000	Royal Dutch Shell PLC	180	205
5,306	5,306	The Kraft Heinz Company	228	413
2,500	2,500	Valero Energy Corporation	187	230
1,400	1,400	Visa Incorporated	185	160
7,845	7,845	Ishares II PC-Property Yield Fund	147	153
			<u>11,443</u>	<u>12,859</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Number of shares

2018	2017		2018 \$	2017 \$
		<i>Ordinary Shares / Mutual Funds</i>		
		Level 2 B\$		
1,000	1,000	Bahamas Waste Limited	5	3
6,022,945	6,022,945	Bank of Bahamas Limited	8,794	5,722
3,343,749	3,343,749	Commonwealth Bank Ltd.	15,047	16,384
967,500	2,967,500	Commonwealth Brewery Limited	33,384	26,707
474,797	474,797	Consolidated Water Co. Ltd.	1,106	1,197
23,320	23,320	FamGuard Corporation Limited	146	140
213,472	213,472	Finance Corporation of Bahamas Limited	1,490	1,281
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	3,045	2,597
1,125,459	1,125,459	Freeport Oil Holdings Company Ltd.	4,074	5,042
-	158,769	ICD Utilities Limited	-	1,113
68,327	68,327	J.S. Johnson & Company Limited	889	855
			<u>67,980</u>	<u>61,041</u>
			2018 \$	2017 \$
		Level 2 US\$		
60,864	60,864	Axiom Balanced Fund	8,355	9,050
23,033	23,033	Axiom Conservative Fund	2,851	2,974
21,320	21,320	Axiom Growth Fund	3,364	3,717
24,428	24,428	CFAL Global Bond Fund	4,507	4,307
5,603	5,603	CFAL Global	828	838
86,615	86,615	Brown Advisory Funds PLC	1,287	1,060
14,890	14,890	Findlay Park Funds PLC	1,602	1,608
79,113	79,113	Franklin Templeton Frontier	1,320	1,651
203,873	203,873	Investec Global Natural Resources	1,545	1,884
13,079	13,079	Legg Mason Royce US Small CAP Fund	1,980	2,518
12,261	12,261	Morgan Stanley Investment Funds	1,440	1,363
63,597	63,597	Polar Capital Funds PLC North American Fund	1,346	1,540
969,292	969,292	Scotia Global Growth Fund	2,568	3,292
4,298	4,298	Wells Fargo & Company	1,225	1,241
			<u>34,218</u>	<u>37,043</u>
			2018 \$	2017 \$
		<i>Preference Shares</i>		
		Level 2		
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,826	8,826
150	150	FamGuard Corporation Limited.; Prime + 1.50%	75	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>14,266</u>	<u>14,341</u>
			<u>116,464</u>	<u>112,425</u>
			<u>127,907</u>	<u>125,284</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Trading securities	11,443	-	-	11,443
Other financial instruments	-	116,464	-	116,464
Balance as at December 31, 2018	<u>11,443</u>	<u>116,464</u>	<u>-</u>	<u>127,907</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. 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	12,859	-	-	12,859
Other financial instruments	-	112,425	-	112,425
Balance as at December 31, 2017	12,859	112,425	-	125,284

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as at January 1, 2018	12,859	112,425	-	125,284
Purchases	468	-	-	468
Sales	(468)	(1,480)	-	(1,948)
Net realised gain (Note 17)	-	292	-	292
Net unrealised gain/(loss) (Note 17)	(1,373)	5,184	-	3,811
Balance as at December 31, 2018	11,486	116,421	-	127,907
Balance as at January 1, 2017	8,802	118,688	-	127,490
Purchases	5,535	-	-	5,535
Sales	(2,751)	-	-	(2,751)
Net realised gain (Note 17)	54	-	-	54
Net unrealised gain/(loss) (Note 17)	1,219	(6,263)	-	(5,044)
Balance as at December 31, 2017	12,859	112,425	-	125,284

The Fund did not have any financial instruments classified as Level 3 as at December 31, 2018. There were no transfers between levels during the year.

7. INVESTMENTS AT AMORTISED COST

Financial assets disclosed in Note 7 are at amortised cost. Refer to Note 23 for the credit quality, staging and expected credit losses applicable.

(a) Bahamas Government Registered Stocks

Investments in Bahamas Government Registered Stocks have interest rates varying from 2.60% to 5.40% (2017: 2.60% to 5.40%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime) which at December 31, 2018 was 4.25% (2017: 4.25%).

Face Value		Description		
2018 \$	2017 \$		2018 \$	2017 \$
-	49,770	Prime + 0.03% to 0.59%; 2.60% to 2.62% 2018	-	49,770
16,813	16,813	Prime +0.04% to 0.47%; 2019	16,813	16,813
135,556	135,556	Prime + 0.02% to 0.56%; 4.08% to 4.56%; 2020-2024	135,589	135,594
209,476	200,242	Prime + 0.04% to 0.85%; 4.25% to 4.82%; 2025-2029	209,501	200,247
107,997	107,997	Prime +0.06% to 0.44%; 2030-2034	107,997	107,997
50,574	33,844	Prime + 0.18% to 0.62%; 5.40%; 2035-2038	50,574	33,845
			520,474	544,266
		Accrued interest	5,855	6,910
			526,329	551,176

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(a) Bahamas Government Registered Stocks (continued)

The effective interest rate earned on Bahamas Government registered stocks was 4.50% (2017: 4.51%), and registered stocks with face values totalling \$60,531 (2017: \$57,185) have fixed interest rates varying from 2.60% to 5.40% (2017: 2.60% to 5.40%) and maturities ranging from 2019 to 2038 (2017: 2018 to 2036).

(b) Bahamas Government B\$ notes

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
-	7,070	3.50%; 2018	-	7,070
5,656	-	3.50%; 2019	5,656	-
		Accrued interest	34	31
			<u>5,690</u>	<u>7,101</u>

(c) Bahamas Government treasury bills

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
-	1,557	2.50%; 2018	-	1,552
1,596	-	2.50%; 2019	1,592	-
			<u>1,592</u>	<u>1,552</u>

The effective interest rate earned on treasury bills is 2.54% (2017: 1.25%)

(d) Bahamas Government US\$ notes

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
11,000	11,000	6.95%; 2029	10,990	10,989
4,800	4,800	6.63%; 2033	4,709	4,706
14,102	14,102	7.13%; 2038	14,171	14,173
			29,870	29,868
		Accrued interest	376	376
			<u>30,246</u>	<u>30,244</u>

As at December 31, 2018, The Bahamas debt was rated Baa3 (2017: Baa3) by Moody's.

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

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
-	11,570	0.75% to 1.66%; 2018	-	11,499
20,203	12,003	0.75% to 1.50%; 2019	20,162	11,974
10,344	10,344	1.625%; 2020	10,316	10,301
16,250	16,250	1.625 to 1.875%; 2022	16,104	16,065
			46,582	49,839
		Accrued interest	251	135
			<u>46,833</u>	<u>49,974</u>

As at December 31, 2018, United States of America debt was rated Aaa (2017: Aaa) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(f) Government of Barbados US\$ bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
643	857	Class B; 7.80%; 2019	643	857
2,500	2,500	7.25%; 2021	<u>2,569</u>	<u>2,590</u>
			3,212	3,447
		Accrued interest	234	35
			<u>3,446</u>	<u>3,482</u>

As at December 31, 2018, Barbados foreign currency debt was rated Caa3 (2017: Caa3) by Moody's. Principal repayments of \$214 (2017: \$429) were made on the bonds due in 2019. These bonds are in default.

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

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
2,500	2,500	5.95%; 2019	2,496	2,492
		Accrued interest	15	15
			<u>2,511</u>	<u>2,507</u>

As at December 31, 2018, the Cayman Islands foreign currency debt was rated Aa3 (2017: Aa3) by Moody's.

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

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
2,000	2,000	3.79%; 2024	2,052	2,061
		Accrued interest	35	35
			<u>2,087</u>	<u>2,096</u>

As at December 31, 2018, Trinidad & Tobago foreign currency debt was rated Ba1 (2017: Ba1) by Moody's.

(i) Certificates of deposit

	2018	2017
	\$	\$
Certificates of deposit	141,165	134,450
Accrued interest	<u>1,913</u>	<u>2,252</u>
	<u>143,078</u>	<u>136,702</u>

During the year, certificates of deposit earned interest at rates of 2.00% to 3.75% (2017: 2.25% to 4.25%) per annum. The effective interest earned on certificates of deposit was 2.85% (2017: 3.21%). Certificates of deposit mature within 12 months of the statement of financial position date.

As at December 31, 2018, the Fund has \$1,715 (2017: \$1,715) in certificates of deposit with Gulf Union Bank (Bahamas) Ltd., which is in compulsory liquidation. Accordingly, the Fund has made a specific provision for this amount, see Note 23. No payment was received during the year (2017: Nil).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(j) Bahamas Mortgage Corporation bonds

Series	Description	2018 \$	2017 \$
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%; 2023-2032	75,600	75,600
M,S	25 year bonds; Prime* less 2.00% to 5.25%; 2034-2037	4,100	9,100
		94,700	99,700
	Accrued interest	1,200	1,230
		<u>95,900</u>	<u>100,930</u>

These bonds are guaranteed by The Bahamas Government*. The terms of these bonds deem Prime to be no less than 7.00%.

(k) Nassau Airport Development Company Limited debt securities

Face Value		Description	2018 \$	2017 \$
2018 \$	2017 \$			
-	14,441	B\$ Series A subordinated participating debt; 13.00%; 2034	-	14,441
15,665	-	B\$ Subordinated participating debt; 7.50%; 2034	15,665	-
-	14,441	US\$ Series A subordinated participating debt; 13.00%; 2034	-	14,441
8,000	8,600	B\$ senior debt notes; 8.50%; 2031	8,000	8,600
8,000	8,600	US\$ senior debt notes; 8.50%; 2031	8,000	8,600
-	25,830	US\$ Series B subordinated participating debt; 13.00%; 2034	-	25,830
44,097	-	US\$ Subordinated participating debt; 7.50%; 2034	44,097	-
4,675	4,813	B\$ senior debt notes; Series B; 6.34%; 2035	4,675	4,813
4,675	4,787	US\$ senior debt notes; Series A; 6.34%; 2035	4,675	4,787
4,650	4,787	US\$ senior debt notes; Series C; 6.44%; 2035	4,650	4,787
			89,762	86,299
		Accrued interest	93	442
			<u>89,855</u>	<u>86,741</u>

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 is supported by a second priority security interest in the collateral supporting the senior debt notes. Effective December 31, 2018, NAD refinanced its Participating Debt Series A and B which bear interest of 7.50% per annum paid quarterly. Any interest not paid is capitalized and is accrued. In 2017 and up to the date of its refinancing this debt earned interest of 13.00% per annum, with 2.00% to be settled in cash and the remaining 11.00% to be settled in kind.

The previous debt agreements with NAD on the senior participating debt specify that the interest which is to be paid in kind should be capitalized to the principal balance with interest compounding on a quarterly basis.

(l) Education Loan Authority bonds

Face Value		Description	2018 \$	2017 \$
2018 \$	2017 \$			
15,000	15,000	Series A; Prime + 0.25%; 2020	15,210	15,335
9,750	9,750	Series B; Prime + 0.50%; 2023	9,968	10,010
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	20,508	20,616
			45,686	45,961
		Accrued interest	800	884
			<u>46,486</u>	<u>46,845</u>

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(m) Bahamas Development Bank bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
1,000	3,000	Series B; Prime less 1.00%; 2018-2020	1,000	3,000
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
			<u>37,000</u>	<u>39,000</u>
		Accrued interest	649	362
			<u>37,649</u>	<u>39,362</u>

These bonds are guaranteed by The Bahamas Government.

(n) Bahamas Power and Light Company Limited bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
6,495	6,495	B\$ Series B; 6.41%; 2021	6,492	6,491
18,557	18,557	B\$ Series C; 6.56%; 2026	18,534	18,532
			<u>25,026</u>	<u>25,023</u>
		Accrued interest	858	41
			<u>25,884</u>	<u>25,064</u>

These bonds are guaranteed by The Bahamas Government.

(o) Preference Shares

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
2,000,000	2,000,000	Colina Holdings Bahamas Limited; Prime + 1.50% redeemable	2,000	2,000
1,714	1,714	Grand Bahama Power Company Limited; 7.25 – 10%-redeemable	1,714	1,714
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>17,714</u>	<u>17,714</u>

(p) Clifton Heritage Authority bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
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
			<u>7,949</u>	<u>7,949</u>
		Accrued interest	44	44
			<u>7,993</u>	<u>7,993</u>

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(q) 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 at December 31, 2018, the carrying amount of the bonds includes the principal of \$2,282 (2017:\$ 2,282) plus accrued interest of \$1,221 (2017: \$1,108).

During the year, no principal payments were received (2017: \$Nil), with cumulative principal payments totalling \$2,718 (2017:\$ 2,718). This loan is in default.

(r) Loans to Bahamas Government entities

	1-Jan-18	Additional Funds	Repayments	31-Dec-18
	\$	\$	\$	\$
BPL	2,310	-	-	2,310
MOEH	9,880	-	-	9,880
WSC	13,249	-	(940)	12,309
BCB	3,768	-	(156)	3,612
	<u>29,207</u>	<u>-</u>	<u>(1,096)</u>	<u>28,111</u>
Accrued interest	418	315	-	733
	<u>29,625</u>	<u>315</u>	<u>(1,096)</u>	<u>28,844</u>
	1-Jan-17	Additional Funds	Repayments	31-Dec-17
	\$	\$	\$	\$
BPL	2,590	-	(280)	2,310
MOEH	9,580	300	-	9,880
WSC	14,218	-	(969)	13,249
BCB	3,894	-	(126)	3,768
	<u>30,282</u>	<u>300</u>	<u>(1,375)</u>	<u>29,207</u>
Accrued interest	252	166	-	418
	<u>30,534</u>	<u>466</u>	<u>(1,375)</u>	<u>29,625</u>

BPL

During August 2009, the Fund participated in a medium term US\$ loan facility provided to the then Bahamas Electricity Corporation (BEC), now Bahamas Power and Light Company Limited (BPL) to refinance its existing US\$ debt obligations. The loan bears interest at US\$ 3-month LIBOR plus 4.25%, 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. No repayments were made in 2018 (2017: \$280) and the loan is in default.

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 were disbursed in quarterly instalments of \$2,500 from December 2013. During October 2014 the second drawdown of \$2,500 was disbursed. Disbursements of \$300 were made in 2017. The loan will be repaid from mortgages issued through lending institutions other than the Bahamas Mortgage Corporation (BMC). No repayments were made during 2018 (2017:\$Nil) and the loan is in default.

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 interest only payments being made during the first two years of the agreement. Principal repayments made in 2018 amounted to \$940 (2016: \$969).

BCB

During July 2015, the Fund agreed to lend \$4,100 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 2018 amounted to \$156 (2017: \$126).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(s) Long-term deposits

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
-	3,000	Bahamas Development Bank 3.75 %; 2018	-	3,000
6,500	6,500	Family Guardian Insurance 3.00 %; 2023	6,500	6,500
			6,500	9,500
		Accrued interest	972	806
			<u>7,472</u>	<u>10,306</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, 2017; however, this facility maturity was extended for a period of six months and was paid in full during 2018. The interest rate on the Family Guardian Single Premium Deferred Annuity will be reviewed every 5 years on the annuity anniversary date.

(t) Bridge Authority bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
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
			2,783	2,783
		Accrued interest	43	43
			<u>2,826</u>	<u>2,826</u>

(u) Fidelity Bank (Bahamas) Limited notes

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
-	500	Series E Notes; Notes; 6.00%; 2018	-	500
800	800	Series F Notes; Prime + 1.25%; 2022	800	800
1,000	1,000	Series B Notes; Prime + 1.75%; 2022	1,000	1,000
			1,800	2,300
		Accrued interest	30	18
			<u>1,830</u>	<u>2,318</u>

(v) The College of The Bahamas redeemable term notes

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
1,476	1,660	7.00%; 2026	1,476	1,660
		Accrued interest	1	1
			<u>1,477</u>	<u>1,661</u>

(w) Public Hospital Authority bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
9,978	10,643	6.00%; 2033	9,978	10,643
		Accrued interest	153	163
			<u>10,131</u>	<u>10,806</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. INVESTMENTS AT AMORTISED COST (Continued)

(x) Be Aliv Notes

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
500	500	Series A 8.00%; 2026	500	500
500	500	Series B 8.50%; 2031	500	500
			<u>1,000</u>	<u>1,000</u>

(y) Citigroup Funding Inc. notes

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
3,000	3,000	US\$ 3-Month LIBOR + 3.25%; 2020	3,000	3,000
		Accrued interest	92	47
			<u>3,092</u>	<u>3,047</u>

(z) Corporate US\$ bonds

Face Value		Description		
2018	2017		2018	2017
\$	\$		\$	\$
397	397	Freeport McMoran Copper & Gold 3.50%; 2022	384	380
397	397	Anheuser Busch Incorporated 2.50%; 2022	385	381
397	397	Amazon Incorporated 2.50%; 2022	381	377
397	397	American International Group 4.88%; 2022	412	416
397	397	Goldman Sachs Group 3.63%; 2023	388	386
397	397	Morgan Stanley Medium Term 4.88%; 2022	400	401
397	397	Simon Property Group 2.75%; 2023	382	379
397	397	Quest Diagnostics Incorporated 4.70%; 2021	406	410
157	157	Teva Pharmaceutical Finance 2.95%; 2022	151	150
397	397	Thermo Fisher Scientific Incorporated 3.60%; 2021	396	396
397	397	United Health Group 2.75%; 2023	384	381
397	397	WellPoint Incorporated 3.30%; 2023	387	385
397	397	Deer & Company 2.60%; 2023	388	386
397	397	General Dynamics Corporation 2.25%; 2022	380	376
397	397	General Electric Capital Group 3.10%; 2022	386	384
397	397	AT & T Incorporated 2.63%; 2022	380	376
397	397	Telefonos Emisiones 5.13%; 2020	402	405
397	397	Verizon Communications Incorporated 2.45%; 2022	378	373
397	397	Ebay Incorporated 2.60%; 2022	385	382
397	397	Oracle Corporation 2.38%; 2019	397	397
			<u>7,552</u>	<u>7,521</u>
		Accrued Interest	69	69
			<u>7,621</u>	<u>7,590</u>

8. NET INVESTMENT IN FINANCE LEASES

Net investment in finance leases comprise:

	2018	2017
	\$	\$
<i>Gross receivables</i>		
Not later than one year	12,747	31,903
Later than one year and not later than five years	50,988	50,988
Later than five years	199,694	212,441
	<u>263,429</u>	<u>295,332</u>
Unearned finance income	(93,104)	(100,935)
	<u>170,325</u>	<u>194,397</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. NET INVESTMENT IN FINANCE LEASES (Continued)

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

	2018	2017
	\$	\$
Not later than one year	5,140	24,072
Later than one year and not later than five years	23,006	22,005
Later than five years	142,179	148,320
	<u>170,325</u>	<u>194,397</u>

At December 31, 2018, net finance leases were \$170,325 (2017: \$194,397). They were considered past due but not impaired at December 31, 2017 due to delayed payments by the Government of outstanding principal and interest totalling \$19,156. No impairment was recognised on the balance as the credit risk associated with the Government was not considered high due to the Government's investment grade credit rating and that the leases are collateralised by the office buildings. As at January 1, 2018, the Fund reassessed the provision for expected credit losses under the requirements of IFRS 9, the Fund classified the leases at stage 3, however, during December 2018 The Bahamas Government negotiated a Promissory Note to cover all the past due balances under the finance and operating leases in the amount of \$61,672. Set payments are to be made monthly and full repayment is not to exceed four years. The existing finance lease agreement remains in force for the duration of the Promissory note and as a result the applicable interest of Prime rate+ 1/4% (presently 4.50%) will apply to delinquent payments. At December 31, 2018, the finance leases were all current and as such are classified as stage 1.

The Fund presently has thirteen (2017: thirteen) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2018	2017
	\$	\$
Poinciana Hill, New Providence	10,468	11,773
Thompson Boulevard, New Providence	16,655	19,050
Claughton House, New Providence	5,773	6,553
Police Headquarters, Grand Bahama	4,829	5,524
Police Dormitories, Grand Bahama	2,065	2,362
Robinson Road, New Providence	3,444	3,939
Police Residences, Grand Bahama	2,244	2,567
Police Gymnasium, Grand Bahama	627	717
Police Guard House, Grand Bahama	31	35
Freeport Government Complex	25,584	29,182
Marsh Harbour Government Complex	28,073	32,110
Office of the Attorney General	38,187	43,678
JL Centre	32,345	36,907
	<u>170,325</u>	<u>194,397</u>

Claughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above the Prime of 4.25% (2017: 4.25%) (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 was 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 4.50% (2017: 4.50%). 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. NET INVESTMENT IN FINANCE LEASES (Continued)

Location	Date Construction/ Renovation Commenced
Poinciana Hill, New Providence	1998
Thompson Boulevard, New Providence	2000
Cloughton 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	2009
JL Centre, Blake Road	2012

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

9. INVESTMENT PROPERTY

	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2018	2,600	501	3,101
As of December 31, 2018	2,600	501	3,101
As of January 31, 2017	2,000	427	2,427
Gain on valuation of Investment property (Note 17)	600	74	674
As of December 31, 2017	2,600	501	3,101

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 the weighted average of the Cost Approach and the Income Approach with reference to discounted cash flows that consider assumptions such as rental rates and market discount rates. These properties were appraised as at December 31, 2017.

The Fund ranks its non-financial assets carried at fair value based on the hierarchy of valuation techniques required by IFRS as described in Note 6. The Fund classifies all investment property as Level 3 assets. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The table below illustrates the impact of changes in estimates and assumptions in the determination of the fair value of investment property.

Estimate/Assumption	Change	Impact on Reserves
Construction costs	+5.00%/-5.00%	\$297/(\$297)
Depreciation rate	+5.00%/-5.00%	(\$195)/\$195

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

	2018 \$	2017 \$
Rental income	448	426
Direct operating expenses		
On property that generated rental income	142	98
On property that did not generate rental income	8	8
	150	106

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

9. INVESTMENT PROPERTY (Continued)

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

Location	Lease Term	Lease Date
Bahamas Government, Farrington Road, New Providence	21 years	Renewal Pending

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 expected commitments on leases for investment properties are analysed as follows:

	Farrington Road Building	
	2018	2017
	\$	\$
No later than 1 year	374	374
Later than 1 year and no later than 5 years	1,496	1,496
Later than 5 years	3,740	4,114
	<u>5,610</u>	<u>5,984</u>

10. INVESTMENT IN ASSOCIATES

As at December 31, 2018, the Fund owned 4,334,453 (2017: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited (BOB), representing 11.74% (2017: 11.74%) of the total outstanding ordinary voting shares and 6,022,945 (2017: 6,022,945) non-voting ordinary shares. The Fund has determined it still has significant influence as it holds a seat on the Board and participates in all significant financial and operating decisions. The cumulative unrecognised losses on BOB at December 31, 2018 are \$10,985 (2017: \$11,484) which includes 2018 unrecognised profits of \$499 and losses for 2017 of \$4,643.

The number of shares owned by the Fund in Cable Bahamas total 9,482,759 (2017: 9,482,759), representing 21.61% (2017: 21.61%) of the total outstanding voting shares.

	Opening	Purchase	Share of Profit / (Losses)	Dividends	Closing
	\$	\$	\$	\$	\$
As at December 31, 2018					
Bank of The Bahamas Limited	-	-	-	-	-
Cable Bahamas Limited	12,974	-	(9,788)	-	3,186
	<u>12,974</u>	<u>-</u>	<u>(9,788)</u>	<u>-</u>	<u>3,186</u>
As at December 31, 2017					
Bank of The Bahamas Limited	-	-	-	-	-
Cable Bahamas	27,392	-	(14,418)	-	12,974
	<u>27,392</u>	<u>-</u>	<u>(14,418)</u>	<u>-</u>	<u>12,974</u>

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2018 and 2017:

	Assets	Liabilities	Total Income	Net Income/ (Loss)
	\$	\$	\$	\$
2018				
Bank of The Bahamas Limited	803,168	643,222	38,765	4,256
Cable Bahamas Limited	622,621	581,176	44,085	(45,304)
2017				
Bank of The Bahamas Limited	843,945	667,116	39,113	(39,554)
Cable Bahamas Limited	649,466	562,965	20,224	(65,884)

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

11. COMPUTER SOFTWARE

Computer software comprises:

	Total \$
Cost	
Balance as at January 1, 2018	16,365
Additions	1,406
Balance as at December 31, 2018	17,771
Accumulated amortisation	
Balance as at January 1, 2018	5,016
Amortisation expense	1,211
Balance as at December 31, 2018	6,227
Net book value as at December 31, 2018	11,544
Cost	
Balance as at January 1, 2017	16,617
Additions	859
Disposals	(1,111)
Balances as at December 31, 2017	16,365
Accumulated amortisation	
Balance as at January 1, 2017	5,025
Amortisation expense	1,102
Disposals	(1,111)
Balance as at December 31, 2017	5,016
Net book value as at December 31, 2017	11,349

12. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise:

	Land & Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment & Vehicles \$	Total \$
Cost							
Balance as at January 1, 2018	122,286	4,539	7,613	2,124	533	13,215	150,310
Additions	449	149	257	157	206	-	1,218
Disposals	-	(70)	(1,460)	(26)	-	(23)	(1,579)
Balance as at December 31, 2018	122,735	4,618	6,410	2,255	739	13,192	149,949
Accumulated depreciation							
Balance as at January 1, 2018	27,351	3,462	7,237	1,425	-	7,119	46,594
Depreciation expense	3,008	341	270	330	-	801	4,750
Disposals	-	(70)	(1,459)	(3)	-	(23)	(1,555)
Balance as at December 31, 2018	30,359	3,733	6,048	1,752	-	7,897	49,789
Net book value as at December 31, 2018	92,376	885	362	503	739	5,295	100,160

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land & Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment & Vehicles \$	Total \$
Cost							
Balance as at January 1, 2017	122,094	4,630	7,931	2,083	533	13,251	150,522
Additions	192	84	124	307	-	1	708
Disposals	-	(175)	(442)	(266)	-	(37)	(920)
Balance as at December 31, 2017	122,286	4,539	7,613	2,124	533	13,215	150,310
Accumulated depreciation							
Balance as at January 1, 2017	24,349	3,200	7,118	1,374	-	6,227	42,268
Depreciation expense	3,002	430	561	317	-	929	5,239
Disposals	-	(168)	(442)	(266)	-	(37)	(913)
Balance as at December 31, 2017	27,351	3,462	7,237	1,425	-	7,119	46,594
Net book value as at December 31, 2017	94,935	1,077	376	699	533	6,096	103,716

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	
	2018 \$	2017 \$	2018 \$	2017 \$
Cost	94,259	94,198	13,193	13,215
Accumulated depreciation	(16,949)	(14,630)	(7,884)	(7,119)
Net book value	77,310	79,568	5,309	6,096

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.

	2018 \$	2017 \$
Balance as at January 1	63,603	57,554
Additions	5,409	6,165
Interest income (Note 17)	1,946	1,718
Transfer to net investment in finance leases	(1,154)	(1,834)
Balance as at December 31	69,804	63,603

During 2011, the National Insurance Board resolved to reduce interest charged on outstanding balances related to projects currently inactive to 0.00%. As at December 31, 2018, projects with balances totalling \$14,661 (2017: \$14,592) are subject to this resolution.

14. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses comprise:

	2018 \$	2017 \$
Accounts payable and accrued expenses	4,990	3,781
Accrued vacation pay	3,362	3,376
Unclaimed benefits	463	399
Employee pension contributions	181	91
Accrued staff retirement benefits	1	18
	8,997	7,665

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

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

	2018 \$	2017 \$
Present value of defined benefit obligations	135,166	124,653
Fair value of plan assets	(73,256)	(67,748)
Funded status- Deficit	<u>61,910</u>	<u>56,905</u>
Net liability arising from defined benefit obligation in consolidated statement of financial position	<u>61,910</u>	<u>56,905</u>

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

	2018 \$	2017 \$
As at January 1	124,653	120,954
Interest cost	6,710	6,501
Current service cost	4,139	4,102
Employee contributions	1,084	1,095
Past service cost	27	141
Benefits paid	(4,147)	(4,636)
Actuarial losses/(gains)	<u>2,700</u>	<u>(3,504)</u>
As at December 31	<u>135,166</u>	<u>124,653</u>

The present value of the defined benefit obligation as at December 31, 2016, 2015, and 2014, was \$120,954, \$117,725 and \$113,729, respectively.

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

	2018 \$	%	2017 \$	%
Active members	95,972	71.0	88,207	70.8
Inactive members	<u>39,194</u>	<u>29.0</u>	<u>36,446</u>	<u>29.2</u>
As at December 31	<u>135,166</u>	<u>100.0</u>	<u>124,653</u>	<u>100.0</u>

As at December 31, 2018 the duration of the liability is 15.43 years.

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

	2018 \$	2017 \$
As at January 1	67,748	57,250
Expected return on plan assets	3,655	3,224
Contributions	8,084	13,095
Benefits paid	(4,147)	(4,636)
Actuarial losses	(1,886)	(1,040)
Administration and Other non Plan Investment Management Expenses	<u>(198)</u>	<u>(145)</u>
As at December 31	<u>73,256</u>	<u>67,748</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. STAFF PENSION FUND (Continued)

The allocation of plan assets as at December 31, 2018 is as follows:

	2018 \$	2017 \$
Asset Allocation		
Cash on hand and at banks	3,569	8,833
Certificates of deposit	6,547	6,999
Equity securities at fair value through profit or loss	9,300	8,742
Loans and receivables	53,560	42,997
Net current assets	280	177
Fair value of plan assets at end of year	73,256	67,748

All of the plan assets are domiciled in the Commonwealth of The Bahamas and are held in a separate Trust under the direction of the Trustee. Equity securities which are at fair value through profit or loss are quoted on the Bahamas International Securities Exchange.

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

	2018 \$	2017 \$
Current service cost	4,139	4,102
Past service costs	27	141
Interest expense	3,055	3,277
Administration and Other non Plan Investment Management Expenses	198	145
Total pension expense (See Note 22)	7,419	7,665

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$10,791 (2017: \$12,000). Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$1,137 (2017: \$1,117).

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

	2018 \$	2017 \$
As at January 1	56,905	63,704
Pension expense recognised	7,419	7,665
Contributions - employer	(6,990)	(11,992)
Actuarial gains for year –from experience	(2,316)	(3,512)
Actuarial losses for year-plan assets	1,886	1,040
Actuarial losses from changes in economic assumptions	5,006	-
As at December 31	61,910	56,905

The principal actuarial assumptions used at December 31 were:

	2018	2017
Rates per annum		
Discount rate	5.00%	5.25%
Expected return on plan assets	5.00%	5.25%
Future salary increase		
at age 18	5.00%	5.00%
at age 59	5.00%	5.00%

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. STAFF PENSION FUND (Continued)

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 2019 with Projection Scale AA (2017: 1994 Uninsured Pensioner Mortality Generational Table at 2018 with Projection Scale AA). The mortality rates used for December 31, 2018 allow for improvements in life expectancy as illustrated below:

Age	Gender	
	Male	Female
Age 60 in 2018	24.77	26.90
Age 60 in 20 years	26.38	27.74

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, 2018 would have changed as a result of a change in the assumptions used.

Future salary increase	Discount Rate		
	5.00%	4.00%	6.00%
	\$	\$	\$
5.00%	135,166	158,459	116,751
4.50%	132,491	155,005	114,646
5.50%	138,004	162,132	118,977

The defined benefit obligation would be \$137,690 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.

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, 2018 and 2017.

17. INCOME FROM INVESTMENTS

	2018	2017
	\$	\$
Income from trustee securities:		
Bahamas Government registered stocks	24,045	24,618
Bahamas Government treasury bills	40	19
	<u>24,085</u>	<u>24,637</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

17. INCOME FROM INVESTMENTS (Continued)

	2018 \$	2017 \$
Income from other securities:		
Certificates of deposit	3,365	4,152
Long term deposits	240	304
Nassau Airport Development Company Limited debt securities	9,846	8,723
Bahamas Mortgage Corporation bonds	3,470	3,499
Dividends from ordinary and preference shares	4,408	5,074
Education Loan Authority bonds	1,742	1,927
Bahamas Government US\$ notes	2,089	2,177
Bahamas Government B\$ notes	231	90
Bahamas Development Bank bonds	1,522	1,571
Bahamas Electricity Corporation bonds	1,637	1,636
Government of Barbados US\$ bonds	213	240
Clifton Heritage Authority bonds	386	389
United States of America US\$ treasury notes	946	511
Fidelity Bank (Bahamas) Limited notes	116	162
The College of The Bahamas redeemable term notes	110	123
Bridge Authority bonds	159	158
Government of the Cayman Islands US\$ bonds	153	153
Government of Trinidad & Tobago US\$ bonds	78	78
Loans to Bahamas Government entities	1,211	1,131
Latin American Investment Bank (Bahamas) Ltd. bonds	113	113
Public Hospital Authority bonds	629	668
Corporate US\$ bonds	303	281
Citigroup Funding Inc. notes	102	95
Be Aliv notes	83	54
	33,152	33,309
Income from other investments:		
Interest income on net investment in finance leases	9,513	8,910
Interest income on construction in progress – finance leases (Note 13)	1,946	1,718
Net realised gain on investments at fair value through profit or loss (Note 6)	292	54
Net unrealised gain/(loss) on investments at fair value through profit or loss (Note 6)	3,811	(5,044)
Net realised gain on other investments	-	6
Net realised gain on valuation of investment properties	-	674
	15,562	6,318
	72,799	64,264

18. INCOME FROM PROPERTY

	2018 \$	2017 \$
Rental income:		
Freeport office complex	951	892
New Providence buildings	542	513
Polyclinics	2,111	2,041
	3,604	3,446

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 income/(loss).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

20. AMOUNT INVESTED IN OTHER ASSETS (See Note 30)

Amount invested in other assets comprises:

	2018	2017
	\$	\$
Cash on hand	52	64
Cash at banks – current accounts	22,119	8,141
Cash at brokers	1,216	2,298
Receivables and advances	147,489	103,771
Prepaid expenses and deposits	874	972
Computer software	11,544	11,349
Property, plant and equipment	17,555	18,052
Construction in progress – finance leases	69,804	63,603
Accounts payable and accrued expenses	(8,997)	(7,665)
Accrued benefits payable	(15,043)	(12,964)
	<u>246,613</u>	<u>187,621</u>

21. OTHER EXPENSES

Other expenses comprise:

	2018	2017
	\$	\$
Repairs and maintenance	3,055	2,453
Utilities	1,672	1,484
Consultancy fees	433	155
Printing, stationery and computer supplies	524	554
Transportation and travel	262	346
Training and scholarships	194	196
Janitorial	336	321
Advertising and publicity	99	65
External security	470	538
Rent	510	547
Motor vehicles	230	259
Insurance	241	233
Legal expenses	136	(106)
Audit fees	309	213
Real property tax	83	94
Bank charges	255	172
Tribunal membership	16	11
Value Added Tax Expense	846	692
Other miscellaneous expenses	64	70
	<u>9,735</u>	<u>8,297</u>

22. EMPLOYEE BENEFITS

	2018	2017
	\$	\$
Pension expense (Note 15)	7,419	7,665
Pension expense allocated to Medical Benefits Branch	(132)	(128)
	<u>7,287</u>	<u>7,537</u>
Staff salaries and allowance	25,148	25,531
Group health plan	3,251	3,158
National insurance contributions	997	1,048
Other benefits	394	322
	<u>37,077</u>	<u>37,596</u>

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (comprising price and interest rate risk), credit risk, liquidity risk and currency risk. The Fund's overall Risk Management program seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's Performance.

Management of these risks is carried out by the Investment and Finance & Audit Committees under policies approved by the Board. There have been no changes to the Fund's process during the year. The methods used are described below.

Market Risk

Price Risk

Price risk is the risk that the value of the financial instruments held at fair value will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security, its issuer or factors affecting all securities traded in the market. The Fund manages its risks by monitoring the price movement of securities on the local and foreign stock exchanges.

The Fund is exposed to securities price risk because of investments held by the Fund designated as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio in accordance with the limits set by the Investment Committee. The Fund's exposure to price risk is detailed in Note 6. All of the Fund's investments at fair value are publicly traded and included in the S&P 500 index or are listed on the Bahamas International Securities Exchange (BISX). If the BISX and S&P 500 indices increased/decreased 6% (2017: 6%) with all other variables held constant, this would have increased/decreased reserves \$5,885 (2017: \$6,657).

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 (which has not experienced frequent significant changes in prior years) or have short terms to maturities 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.

Credit risk

Risk management

Credit risk is the risk that a counterparty may be unable to perform according to the terms of a contract. Credit risk arises mainly from investments in debt securities, cash at banks, receivables and advances and receivables from finance leases. Credit risk is managed by the Fund on a group basis. The Fund places its investments with custodians in good standing with the Securities Commission of The Bahamas or equivalent regulators. Certificates of deposit and cash at banks are placed with financial institutions in good standing with the Central Bank of The Bahamas or equivalent regulators. The Fund uses external rating agency credit ratings to assess the creditworthiness of its financial assets. The PD's associated with each grade are determined based on realised default rates as published by the external rating agency. For those financial assets which have no externally published credit ratings, the Fund assess on an individual basis the credit quality of the counterparty taking into account their financial performance, past experience and other relevant factors.

Maximum exposure

As at December 31, 2018, the Fund's maximum exposure to credit risk before considering any collateral held is the carrying amount of financial assets in the amount \$1,638,859 (2017: \$1,607,258), principally concentrated with The Bahamas Government, which as at December 31, 2018 had foreign and local currency debt ratings of Baa3 (2017: Baa3) issued by Moody's. As at that date, the Fund had investments, loans and receivables with The Bahamas Government and its entities totalling \$1,169,773 (2017: \$1,198,686).

Impairment of financial assets

The Fund has three types of financial assets that are subject to the expected credit loss model:

- Debt investments classified at amortised cost;
- Contributions receivable; and
- Net investment in finance leases (see Note 8).

Debt investments at amortised cost

The Fund has assessed its cash balances held with financial institutions to be investment grade based on the external credit rating of the counterparties. As such all balances have been classified at Stage 1 at January 1, 2018 and December 31, 2018. The table below reconciles the loss allowance recognised at December 31, 2018:

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

	\$
Closing allowance at December 31, 2017 (IAS 39)	-
IFRS 9 transition adjustment	22
Opening allowance at January 1, 2018 as restated	22
Increase in expected credit loss	2
Closing allowance at December 31, 2018	24

The following table shows the analysis of the credit risk exposure for debt instruments classified at amortised cost for which an ECL allowance is recognised. The gross carrying amount of the debt instruments represents the Fund's maximum exposure to the credit risk of these assets.

	Credit Grade	Amortised Cost	Stage 1	Stage 2	Stage 3	ECL	Carrying Value
		\$	\$	\$	\$	\$	\$
Sovereign							
Bahamas Government registered stocks	Non-investment	526,329	526,329	-	-	(1,016)	525,313
Bahamas Government B\$ notes	Non-investment	5,690	5,690	-	-	(9)	5,681
Bahamas Government treasury bills	Non-investment	1,592	1,592	-	-	(1)	1,591
Bahamas Government US\$ notes	Non-investment	30,246	30,246	-	-	(59)	30,187
United States of America US\$ treasury notes	Investment	46,833	46,833	-	-	(1)	46,832
Government of Barbados US\$ bonds	Non-investment	3,446	-	-	3,446	(1,550)	1,896
Government of the Cayman Islands US\$ bonds	Investment	2,511	2,511	-	-	-	2,511
Government of Trinidad & Tobago US\$ bonds	Non-investment	2,087	-	2,087	-	(22)	2,065
		618,734	613,201	2,087	3,446	(2,658)	616,076
Corporate							
Certificates of deposit	Non-investment	143,078	141,363	-	1,715	(2,216)	140,862
Bahamas Mortgage Corporation bonds	Non-investment	95,900	95,900	-	-	(309)	95,591
Nassau Airport Development Company							
Limited debt securities	Investment	89,855	89,855	-	-	(90)	89,765
Education Loan Authority bonds	Non-investment	46,486	46,486	-	-	(129)	46,357
Bahamas Development Bank bonds	Non-investment	37,649	37,649	-	-	(123)	37,526
Bahamas Electricity Corporation bonds	Non-investment	25,884	-	25,884	-	(473)	25,411
Preference shares	Non-investment	17,714	7,714	10,000	-	(536)	17,178
Clifton Heritage Authority bonds	Non-investment	7,993	7,993	-	-	(22)	7,971
Latin American Investment Bank (Bahamas) Ltd. bonds	Non-investment	3,503	-	-	3,503	(1,965)	1,538
Loans to Bahamas Government entities	Non-investment	28,844	16,000	-	12,844	(3,360)	25,484
Long-term deposits	Non-investment	7,472	7,472	-	-	(49)	7,423
Bridge Authority bonds	Non-investment	2,826	2,826	-	-	(6)	2,820
Fidelity Bank (Bahamas) Limited notes	Non-investment	1,830	1,830	-	-	(12)	1,818
The College of The Bahamas redeemable term notes	Non-investment	1,477	1,477	-	-	(4)	1,473
Public Hospital Authority bonds	Non-investment	10,131	10,131	-	-	(28)	10,103
Be Aliv Note	Non-investment	1,000	1,000	-	-	(6)	994
Citigroup Funding Inc. notes	Investment	3,092	3,092	-	-	-	3,092
Corporate US\$ bonds	& Non-investment	7,621	7,464	157	-	(13)	7,608
		532,355	478,252	36,041	18,062	(9,341)	523,014
		1,151,089	1,091,453	38,128	21,508	(11,999)	1,139,090

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

The following table contains an analysis of debt instruments of the Fund by credit quality at December 31, 2018 based on credit risk grades and discloses the balances by three stages for the purpose of ECL measurement.

	Stage 1	Stage 2	Stage 3	2018	January 1, 2018
	\$	\$	\$	\$	\$
Sovereign Investment Securities					
Credit grade:					
Investment	49,344	-	-	49,344	52,480
Non-investment	563,857	2,087	3,446	569,390	595,652
Gross carrying amount	613,201	2,087	3,446	618,734	648,132
Loss allowance	(1,086)	(22)	(1,550)	(2,658)	(1,474)
Carrying amount	<u>612,115</u>	<u>2,065</u>	<u>1,896</u>	<u>616,076</u>	<u>646,658</u>
Corporate Investment Securities					
Credit grade:					
Investment	99,619	-	-	99,619	96,969
Non-investment	378,633	36,041	18,062	432,736	438,666
Gross carrying amount	478,252	36,041	18,062	532,355	535,635
Loss allowance	(1,417)	(965)	(6,959)	(9,341)	(9,375)
Carrying amount	<u>476,835</u>	<u>35,076</u>	<u>11,103</u>	<u>523,014</u>	<u>526,260</u>
Total Investment Securities					
Credit grade:					
Investment	148,963	-	-	148,963	149,449
Non-investment	942,490	38,128	21,508	1,002,126	1,034,318
Gross carrying amount	1,091,453	38,128	21,508	1,151,089	1,183,767
Loss allowance	(2,503)	(987)	(8,509)	(11,999)	(10,849)
Carrying amount	<u>1,088,950</u>	<u>37,141</u>	<u>12,999</u>	<u>1,139,090</u>	<u>1,172,918</u>

The expected credit loss for financial assets which are measured at amortised cost is impacted by several factors, including:

- Transfers between Stage 1 and Stages 2 or 3 due to financial assets experiencing significant increases (or decreases) of credit risk or becoming credit-impaired during a financial period, and the consequent change between 12-month ECL and lifetime ECL.
- Increases for provision and/or allowances for new financial assets recognised during a financial period, and decreases for financial assets derecognised in a financial period.
- Impacts on the measurement of ECL due to changes made to model methodologies and assumptions.
- Decreases in provision and/or allowances related to financial assets written off during a financial period.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

The following tables explain the stage changes in the gross carrying amount and the loss allowance for debt securities between the beginning and the end of the annual period. Included in the table are the gross carrying amounts for the debt securities purchased within the year.

Sovereign Investment Securities

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Gross carrying amount as at January 1, 2018	642,554	5,578	-	648,132
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,482)	3,482	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	41,559	-	-	41,559
Changes to exposure other than full derecognition	250	(9)	(36)	205
Financial assets derecognised during the period	(71,162)	-	-	(71,162)
Gross carrying amount as at December 31, 2018	613,201	2,087	3,446	618,734

Sovereign Investment Securities

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Loss allowance as at January 1, 2018	1,110	364	-	1,474
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(337)	337	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	61	-	-	61
Changes to model assumptions and methodologies	(5)	(5)	1,213	1,203
Financial assets derecognised during the period	(80)	-	-	(80)
Loss allowance as at December 31, 2018	1,086	22	1,550	2,658

	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Corporate Investment Securities				
Gross carrying amount as at January 1, 2018	482,921	35,064	17,650	535,635
Transfers:				
Transfer from Stage 1 to Stage 2	(156)	156	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	203,085	-	-	203,085
Changes to exposure other than full derecognition	(5,531)	821	412	(4,298)
Financial assets derecognised during the period	(202,067)	-	-	(202,067)
Gross carrying amount as at December 31, 2018	478,252	36,041	18,062	532,355

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Corporate Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2018	1,437	1,021	6,917	9,375
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	567	-	-	567
Changes to model assumptions and methodologies	(27)	(56)	42	(41)
Financial assets derecognised during the period	(560)	-	-	(560)
Loss allowance as at December 31, 2018	1,417	965	6,959	9,341
Total Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2018	1,125,475	40,642	17,650	1,183,767
Transfers:				
Transfer from Stage 1 to Stage 2	(156)	156	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(3,482)	3,482	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	244,644	-	-	244,644
Changes to exposure other than full derecognition	(5,281)	812	376	(4,093)
Financial assets derecognised during the period	(273,229)	-	-	(273,229)
Gross carrying amount as at December 31, 2018	1,091,453	38,128	21,508	1,151,089
Total Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2018	2,547	1,385	6,917	10,849
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	(337)	337	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	628	-	-	628
Changes to model assumptions and methodologies	(32)	(61)	1,255	1,162
Financial assets derecognised during the period	(640)	-	-	(640)
Loss allowance as at December 31, 2018	2,503	987	8,509	11,999

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

The following tables explain the stage changes in the gross carrying amount for receivables and advances excluding contributions receivables and the loss allowance for the balances between the beginning and the end of the annual period.

Receivables and Advances	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Gross carrying amount as at January 1, 2018	37,904	-	33,334	71,238
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	33,334	-	(33,334)	-
New financial assets originated or purchased	58,412	-	-	58,412
Changes to exposure other than full derecognition	-	-	-	-
Financial assets derecognised during the period	(15,242)	-	-	(15,242)
Gross carrying amount as at December 31, 2018	114,408	-	-	114,408

Receivables and Advances	Stage 1 \$	Stage 2 \$	Stage 3 \$	Total \$
Loss allowance as at January 1, 2018	60	-	-	60
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	8	-	-	8
Changes to model assumptions and methodologies	-	-	-	-
Financial assets derecognised during the period	-	-	-	-
Loss allowance as at December 31, 2018	68	-	-	68

Contribution receivables

The Fund applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contribution receivables.

To measure the expected credit losses, contribution receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates for the contributions receivable are based on the payment profiles of contribution income over a period of 12 months before December 31, 2018 or January 1, 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the employers to settle the receivable balances.

The Fund has identified GDP growth rate of The Bahamas (which is the country in which its registrants are domiciled) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

The table below outlines the loss allowance for contributions receivable as at December 31, 2018 and January 1, 2018 (on adoption of IFRS 9):

December 31, 2018	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Loss rate	-%	-%	-%	100%	
Contribution receivable	25,364	1,628	6,225	19,911	53,128
Loss allowance	-	-	-	19,911	19,911
January 1, 2018	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Loss rate	-%	-%	-%	100%	
Contribution receivable	25,200	1,691	5,642	19,039	51,572
Loss allowance	-	-	-	19,039	19,039

The closing loss allowance for contributions receivables as at December 31, 2018 reconciled to the opening loss allowance is disclosed in Note 5.

The following table reconciles the movement in the expected credit loss allowance recognised in the statement of comprehensive income:

	2018
	\$
Impairment losses on cash at banks	2
Impairment losses on receivables and advances	8
Impairment losses on contributions receivable	872
Impairment losses on investment securities	1,150
	<u>2,032</u>

Credit risk based on the IAS39 classifications is as follows:

	2017
	\$
Receivables and advances	
Existing debtors with no defaults in the past	66,664
Existing debtors with defaults in the past	7,723
	<u>74,387</u>
Held to Maturity Investments	
Investment grade per an external credit rating agency	87,868
Non-investment grade per an external credit rating agency	11,072
	<u>98,940</u>
Loans and receivables	
Existing debtors with no defaults in the past	1,066,843
Existing debtors with defaults in the past	3,000
	<u>1,069,843</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. FINANCIAL RISK MANAGEMENT (Continued)

CREDIT RISK (continued)

The table below shows the ageing of financial assets before provisions for doubtful accounts under IAS 39. Balances which are past due but not impaired are with the Government for which the Fund has no recent history of default.

	2017 \$
Current	
Cash on hand and at banks	21,177
Receivables and advances	74,387
Investments at fair value	125,284
Held to maturity investments	98,940
Loans and receivables	1,069,843
	<u>1,389,631</u>
	2017 \$
Past due but not impaired (6 months or more past due)	
Receivables and advances	28,272
Loans and receivable	13,269
Net finance leases	194,397
	<u>235,938</u>
Past due and impaired	
Receivables and advances	20,150
	<u>1,645,719</u>

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. The maturities of the Fund's financial assets are disclosed in their respective notes. Financial liabilities are all due within one year.

Currency risk

The Fund is exposed to foreign exchange risk arising from currency exposure primarily with respect to financial assets denominated in the US dollar. The Bahamian dollar is pegged to the US dollar, therefore the Fund will not be affected by changes in movements in the exchange rate. The Fund manages its currency risk through limits set by the Investment Committee which are in line with the foreign exchange controls of the Central Bank of The Bahamas. The Fund's exposure to currency risk is noted in the currency for which investments and cash are held all other financial assets are denominated in The Bahamian dollar.

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 practicable 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, and employment related actions brought against the Fund by former employees. 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 at the consolidated statement of financial position date but not yet incurred are as follows:

	2018 \$	2017 \$
Capital commitments	<u>8,669</u>	<u>11,048</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

25. COMMITMENTS (Continued)

Operating lease commitments

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

	2018	2017
	\$	\$
No later than 1 year	49	-
Later than 1 year and no later than 5 years	-	275
	<u>49</u>	<u>275</u>

26. EMPLOYEES

The average number of persons employed by NIB during the year was 585 (2017: 599).

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	
	2018	2017	2018	2017
	\$	\$	\$	\$
Certificates of deposit	141,363	136,702	141,516	136,915
Long term deposit	7,472	10,306	6,641	9,133
Bahamas Government registered stocks	526,329	551,176	573,291	598,808
Bahamas Mortgage Corporation bonds	95,900	100,930	90,089	96,706
Nassau Airport Development Company Limited debt securities	89,855	86,741	106,078	135,345
Education Loan Authority bonds	46,486	46,845	49,527	49,917
Bahamas Development Bank bonds	37,649	39,362	38,283	40,452
Bahamas Government US\$ notes	30,246	30,244	38,352	38,830
Bahamas Power and Light Company Limited bonds	25,884	25,064	26,343	26,574
Clifton Heritage Authority bonds	7,993	7,993	8,646	8,686
Government of Barbados US\$ bonds	3,446	3,482	3,496	3,843
United States of America US\$ treasury notes	46,833	49,974	45,082	47,363
Loans to Bahamas Government entities	28,844	29,625	27,143	26,131
Latin American Investment Bank (Bahamas) Ltd. bonds	3,503	3,390	2,354	2,354
Citigroup Funding Inc. notes	3,092	3,047	3,049	3,056
Bridge Authority bonds	2,826	2,826	3,043	3,095
Fidelity Bank (Bahamas) Limited notes	1,830	2,318	1,947	2,493
The College of The Bahamas redeemable term notes	1,477	1,661	1,588	1,799
Government of the Cayman Islands US\$ bonds	2,511	2,507	2,593	2,598
Government of Trinidad & Tobago	2,087	2,096	1,914	1,894
Corporate US\$ bonds	7,621	7,590	6,416	6,272
Bahamas Government B\$ Notes	5,690	7,101	5,759	7,184
Public Hospital Authority bonds	10,131	10,806	10,376	11,079
Be Aliv Note	1,000	1,000	1,196	1,209
	<u>1,130,068</u>	<u>1,162,786</u>	<u>1,194,722</u>	<u>1,261,736</u>

The carrying amounts of current financial assets, preference shares, Bahamas Government treasury bills and financial liabilities represent their estimated fair values. Fair values for all financial assets listed above are determined using the discounted cash flow method. The cash flows are discounted at a rate representing the market rates of similar instruments.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Hierarchy As at December 31, 2018

The table below disclosed the fair value hierarchy of investments classified at amortised cost at December 31.

	Level 1	Level 2	Level 3	Fair value
	\$	\$	\$	\$
Certificates of deposit	-	141,516	-	141,516
Long term deposit	-	6,641	-	6,641
Bahamas Government registered stocks	-	573,291	-	573,291
Bahamas Mortgage Corporation bonds	-	90,089	-	90,089
Nassau Airport Development Company Limited debt securities	-	106,078	-	106,078
Education Loan Authority bonds	-	49,527	-	49,257
Bahamas Development Bank bonds	-	38,283	-	38,283
Bahamas Government US\$ notes	-	38,352	-	38,352
Bahamas Power and Light Company Limited bonds	-	26,343	-	26,343
Clifton Heritage Authority bonds	-	8,646	-	8,646
Government of Barbados US\$ bonds	-	3,496	-	3,496
United States of America US\$ treasury notes	45,082	-	-	45,082
Loans to Bahamas Government entities	-	27,143	-	-
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,354	-	2,354
Citigroup Funding Inc. notes	-	3,049	-	3,049
Bridge Authority bonds	-	3,043	-	3,043
Fidelity Bank (Bahamas) Limited notes	-	1,947	-	1,947
The College of The Bahamas redeemable term notes	-	1,588	-	1,588
Government of the Cayman Islands US\$ bonds	-	2,593	-	2,593
Government of Trinidad & Tobago	-	1,914	-	1,914
Corporate US\$ bonds	6,416	-	-	6,416
Bahamas Government B\$ Notes	-	5,759	-	5,759
Public Hospital Authority bonds	-	10,376	-	10,376
Be Aliv Note	-	1,196	-	1,196
	<u>51,498</u>	<u>1,143,224</u>	<u>-</u>	<u>1,194,722</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Fair Value Hierarchy As at December 31, 2017

	Level 1	Level 2	Level 3	Fair value
	\$	\$	\$	\$
Certificates of deposit	-	136,915	-	136,915
Long term deposit	-	9,133	-	9,133
Bahamas Government registered stocks	-	598,808	-	598,808
Bahamas Mortgage Corporation bonds	-	96,706	-	96,706
Nassau Airport Development Company Limited debt securities	-	135,345	-	135,345
Education Loan Authority bonds	-	49,917	-	49,917
Bahamas Development Bank bonds	-	40,452	-	40,452
Bahamas Government US\$ notes	-	38,830	-	38,830
Bahamas Power and Light Company Limited bonds	-	26,574	-	26,574
Clifton Heritage Authority bonds	-	8,686	-	8,686
Government of Barbados US\$ bonds	-	3,843	-	3,843
United States of America US\$ treasury notes	47,363	-	-	47,363
Loans to Bahamas Government entities	-	26,131	-	26,131
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,354	-	2,354
Citigroup Funding Inc. notes	-	3,056	-	3,056
Bridge Authority bonds	-	3,095	-	3,095
Fidelity Bank (Bahamas) Limited notes	-	2,493	-	2,493
The College of The Bahamas redeemable term notes	-	1,799	-	1,799
Government of the Cayman Islands US\$ bonds	-	2,598	-	2,598
Government of Trinidad & Tobago	-	1,894	-	1,894
Corporate US\$ bonds	6,272	-	-	6,272
Bahamas Government B\$ Notes	-	7,184	-	7,184
Public Hospital Authority bonds	-	11,079	-	11,079
Be Aliv Note	-	1,209	-	1,209
	53,635	1,208,101	-	1,261,736

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

28. RELATED PARTY BALANCES AND TRANSACTIONS

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	1,210	583	-	-	-	-	26,616	10,674	-	-	27,826	11,257
Receivables and advances	-	-	42	54	-	-	113,613	70,398	4,871	4,460	118,526	74,912
Accounts payable and accrued expenses	9	20	182	230	-	-	2	18	672	243	865	511
Contributions	1,311	1,219	768	776	2	-	31,935	31,920	12,396	12,026	46,412	45,948
Administrative expenses	140	141	64	64	-	-	-	-	1,232	1,332	1,436	1,537
Benefits	-	-	3,095	3,550	38	459	-	-	-	-	3,133	4,009

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 National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

28. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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*:

	2018	2017
	\$	\$
Short-term employee benefits	2,442	2,414
Post-employment benefits	490	446
	<u>2,932</u>	<u>2,860</u>

These balances are included in administrative expenditure in the consolidated statement of comprehensive income/(loss). Transactions entered into by the Fund with its associates include investments and related income which are disclosed in Notes 7(o), and 10 of these consolidated financial statements.

As at December 31, 2018, other related party investment balances are disclosed below and the associated investment income is disclosed in Note 17 of these consolidated financial statements.

	Notes	2018	2017
		\$	\$
Bahamas Government registered stocks	7 (a)	526,329	551,176
Bahamas Mortgage Corporation bonds	7 (i)	95,900	100,930
Net investment in finance leases	8	170,325	194,397
Nassau Airport Development Company Limited debt securities	7 (k)	89,855	86,741
Bank of the Bahamas certificates of deposit		56,900	59,900
Education Loan Authority bonds	7 (l)	46,486	46,845
Bahamas Development Bank bonds	7 (m)	37,649	39,362
Bahamas Government US\$	7 (d)	30,246	30,244
Bahamas Power and Light Company Limited bonds	7 (n)	25,884	25,064
Cable Bahamas preference shares	7 (o)	10,000	10,000
Clifton Heritage Authority bonds	7 (p)	7,993	7,993
Investment property	9	3,101	3,101
Latin American Investment Bank (Bahamas) Ltd. bonds	7 (q)	3,503	3,390
Loans to Bahamas Government entities	7 (r)	28,844	29,625
Bahamas Development Bank long-term deposit	7 (s)	7,472	10,306
Bridge Authority bonds	7 (t)	2,826	2,826
The College of The Bahamas redeemable term notes	7 (v)	1,477	1,661
Public Hospital Authority bonds	7 (w)	10,131	10,806
Bahamas Government B\$ notes	7 (b)	5,690	7,101
Bahamas Government Treasury bills	7 (c)	1,592	1,552
		<u>1,162,203</u>	<u>1,223,020</u>

29. EVENTS AFTER THE REPORTING PERIOD

There were no events subsequent to December 31, 2018 that would have a material effect on the consolidated financial statements.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

30. INVESTMENTS OF THE FUND ALLOCATED TO THE RESERVES

	Short-Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As at December 31, 2018							
Cash at the Central Bank of The Bahamas	-	25,985	50	-	-	566	26,601
Investments at fair value through profit or loss	-	-	-	-	-	-	-
Ordinary shares / Mutual funds	-	112,907	-	-	-	-	112,907
Preference shares	-	15,000	-	-	-	-	15,000
	-	127,907	-	-	-	-	127,907
Certificates of deposit							
Finance Corporation of Bahamas Limited	10,572	20,428	5,500	-	-	-	36,500
Bank of The Bahamas Limited	13,000	20,900	23,000	-	-	-	56,900
Fidelity Bank (Bahamas) Limited	3,976	28,995	-	2,125	2,954	-	38,050
First Caribbean International Bank (Bahamas)	1,000	2,000	2,000	-	3,000	-	8,000
Gulf Union Bank (Bahamas) Ltd.	-	1,715	-	-	-	-	1,715
Accrued interest	-	1,913	-	-	-	-	1,913
Provision for doubtful accounts	-	(1,715)	-	-	-	-	(1,715)
	28,548	74,236	30,500	2,125	5,954	-	141,363
Bahamas Government registered stocks	-	526,329	-	-	-	-	526,329
Bahamas Mortgage Corporation bonds	19,569	42,107	34,024	-	200	-	95,900
Nassau Airport Development Company Limited debt securities	-	89,855	-	-	-	-	89,855
Education Loan Authority bonds	-	46,486	-	-	-	-	46,486
Bahamas Development Bank bonds	-	37,649	-	-	-	-	37,649
Bahamas Government US\$ notes	-	30,246	-	-	-	-	30,246
Bahamas Power and Light Company Limited bonds	-	25,884	-	-	-	-	25,884
Bahamas Government B\$ notes	-	5,690	-	-	-	-	5,690
Bahamas Treasury notes	-	1,592	-	-	-	-	1,592
Preference shares	-	17,714	-	-	-	-	17,714
Clifton Heritage Authority bonds	-	7,993	-	-	-	-	7,993
Government of Barbados US\$ bonds	-	3,446	-	-	-	-	3,446
United States of America US\$ treasury notes	-	46,833	-	-	-	-	46,833
Loans to Bahamas Government entities	-	28,844	-	-	-	-	28,844
Latin American Investment Bank (Bahamas) Ltd. bonds	-	3,503	-	-	-	-	3,503
Citigroup Funding Inc. Notes	-	3,092	-	-	-	-	3,092
Bridge Authority bonds	-	2,826	-	-	-	-	2,826
Fidelity Bank (Bahamas) Limited notes	-	1,830	-	-	-	-	1,830
The College of The Bahamas redeemable term notes	-	1,477	-	-	-	-	1,477
Government of the Cayman Islands US\$ bonds	-	2,511	-	-	-	-	2,511
Long Term Deposits	-	7,472	-	-	-	-	7,472
Corporate US\$ bonds	-	7,621	-	-	-	-	7,621
Public Hospital Authority bonds	-	10,131	-	-	-	-	10,131
Trinidad & Tobago bonds	-	2,087	-	-	-	-	2,087
Be Aliv notes	-	1,000	-	-	-	-	1,000
Net investment in finance leases	-	170,325	-	-	-	-	170,325
Investment property	-	3,101	-	-	-	-	3,101
Investments in associates	-	3,186	-	-	-	-	3,186
Property, plant and equipment	-	-	-	82,605	-	-	82,605
Amounts invested in other assets (Note 20)	98,302	140,203	72	3,997	4,029	10	246,613
Staff pension fund	-	(61,910)	-	-	-	-	(61,910)
Allowance for expected credit losses (Note 3)	-	(10,284)	-	-	-	-	(10,284)
Total	146,419	1,426,967	64,646	88,727	10,183	576	1,737,518

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018

(Expressed in Thousands of Bahamian dollars)

(Continued)

30. INVESTMENTS OF THE FUND ALLOCATED TO THE RESERVES (Continued)

	Short-Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As at December 31, 2017							
Cash at the Central Bank of The Bahamas	-	10,008	100	-	-	566	10,674
Investments at fair value through profit or loss							
Ordinary shares / Mutual funds	-	110,284	-	-	-	-	110,284
Preference shares	-	15,000	-	-	-	-	15,000
	-	125,284	-	-	-	-	125,284
Certificates of deposit							
Finance Corporation of Bahamas Limited	11,203	21,797	3,500	-	-	-	36,500
Bank of The Bahamas Limited	15,000	20,900	24,000	-	-	-	59,900
Fidelity Bank (Bahamas) Limited	3,901	20,784	11,364	1	2,000	-	38,050
Gulf Union Bank (Bahamas) Ltd.	-	1,715	-	-	-	-	1,715
Accrued interest	-	2,252	-	-	-	-	2,252
Provision for doubtful accounts	-	(1,715)	-	-	-	-	(1,715)
	30,104	65,733	38,864	1	2,000	-	136,702
Bahamas Government registered stocks	-	551,176	-	-	-	-	551,176
Bahamas Mortgage Corporation bonds	11,899	56,107	32,024	-	900	-	100,930
Nassau Airport Development Company Limited debt securities	-	86,741	-	-	-	-	86,741
Education Loan Authority bonds	-	46,845	-	-	-	-	46,845
Bahamas Development Bank bonds	-	39,362	-	-	-	-	39,362
Bahamas Government US\$ notes	-	30,244	-	-	-	-	30,244
Bahamas Power and Light Company Limited bonds	-	25,064	-	-	-	-	25,064
Bahamas Government B\$ notes	-	7,101	-	-	-	-	7,101
Bahamas Treasury notes	-	1,552	-	-	-	-	1,552
Preference shares	-	17,714	-	-	-	-	17,714
Clifton Heritage Authority bonds	-	7,993	-	-	-	-	7,993
Government of Barbados US\$ bonds	-	3,482	-	-	-	-	3,482
United States of America US\$ treasury notes	-	49,974	-	-	-	-	49,974
Loans to Bahamas Government entities	-	29,625	-	-	-	-	29,625
Latin American Investment Bank (Bahamas) Ltd. bonds	-	3,390	-	-	-	-	3,390
Citigroup Funding Inc. Notes	-	3,047	-	-	-	-	3,047
Bridge Authority bonds	-	2,826	-	-	-	-	2,826
Fidelity Bank (Bahamas) Limited notes	-	2,318	-	-	-	-	2,318
The College of The Bahamas redeemable term notes	-	1,661	-	-	-	-	1,661
Government of the Cayman Islands US\$ bonds	-	2,507	-	-	-	-	2,507
Long Term Deposits	-	10,306	-	-	-	-	10,306
Corporate US\$ bonds	-	7,590	-	-	-	-	7,590
Public Hospital Authority bonds	-	10,806	-	-	-	-	10,806
Trinidad & Tobago bonds	-	2,096	-	-	-	-	2,096
Be Aliv notes	-	1,000	-	-	-	-	1,000
Net investment in finance leases	-	194,397	-	-	-	-	194,397
Investment property	-	3,101	-	-	-	-	3,101
Investments in associates	-	12,974	-	-	-	-	12,974
Property, plant and equipment	-	-	-	85,664	-	-	85,664
Amounts invested in other assets (Note 20)	78,445	101,329	4,741	2,716	380	10	187,621
Staff pension fund	-	(56,905)	-	-	-	-	(56,905)
Total	120,448	1,456,448	75,729	88,381	3,280	576	1,744,862

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2018
(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 as they fall due.

	\$ (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>

NOTES



STATISTICAL APPENDIX

Table

1. New Registration of Employers & Self-Employed Persons
2. New Registration of Insured Persons
3. Total Net Contribution Income, 2018
4. Total Contribution Income, 2014 – 2018
5. Benefits & Assistances Claims Received and Awarded
6. Short-Term Benefits & Assistances Claims Awarded, 2018
7. Short-Term Benefits & Assistances Payments, 2018
8. Long-Term Benefits & Assistances Claims Awarded, 2018
9. Long-Term Benefits & Assistances Payments, 2018
10. Industrial Benefit Claims Awarded, 2018
11. Industrial Benefit Payments, 2018
12. Pensions in Payment at Year-End, 2014 – 2018
13. Short-Term Benefits & Assistances, 2014 – 2018
14. Long-Term Benefits & Assistances, 2014 – 2018
15. Industrial Benefits, 2014 – 2018

TABLE 1. NEW REGISTRATION OF EMPLOYERS & SELF-EMPLOYED PERSONS

Island/Local Office	2018			2017		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	173	330	503	136	372	508
Coopers Town	22	34	56	7	27	34
All Abaco	195	364	559	143	399	542
Andros						
Fresh Creek	19	26	45	5	47	52
Kemps Bay	27	40	67	14	57	71
Mangrove Cay	-	-	-	-	-	-
Nicholls Town	44	61	105	78	124	202
All Andros	90	127	217	97	228	325
Bimini & Berry Islands	45	68	113	26	56	82
Cat Island	16	49	65	14	40	54
Crooked Island & Acklins	22	21	43	3	17	20
Eleuthera						
Governors Harbour	-	-	-	-	-	-
Harbour Island	47	76	123	56	71	127
Rock Sound	23	60	83	24	46	70
Spanish Wells & North Eleuthera	63	100	163	50	85	135
All Eleuthera	133	236	369	130	202	332
Exuma & Ragged Island	112	218	330	105	203	308
Grand Bahama	513	508	1,021	326	614	940
Inagua & Mayaguana	5	43	48	8	58	66
Long Island						
Deadmans Cay	13	29	42	21	33	54
Simms	7	12	19	3	27	30
All Long Island	20	41	61	24	60	84
New Providence	6,158	2,473	8,631	4,109	4,501	8,610
San Salvador	9	28	37	8	33	41
Total	7,318	4,176	11,494	4,993	6,411	11,404

TABLE 2. NEW REGISTRATION OF INSURED PERSONS

Island/Local Office	Active	2018 Inactive	Total	2017 Active	Inactive	Total
Abaco						
Marsh Harbour	75	376	451	75	465	540
Coopers Town	9	12	21	-	1	1
All Abaco	84	388	472	75	466	541
Andros						
Fresh Creek	3	33	36	-	47	47
Kemps Bay	5	32	37	1	24	25
Mangrove Cay	-	-	-	-	-	-
Nicholls Town	8	58	66	6	69	75
All Andros	16	123	139	7	140	147
Bimini & Berry Islands	30	96	126	27	149	176
Cat Island	1	16	17	2	23	25
Crooked Island & Acklins	2	7	9	3	13	16
Eleuthera						
Governors Harbour	-	-	-	-	-	-
Harbour Island	42	39	81	40	54	94
Rock Sound	26	44	70	32	49	81
Spanish Wells & North Eleuthera	47	45	92	31	67	98
All Eleuthera	115	128	243	103	170	273
Exuma & Ragged Island	80	135	215	66	152	218
Grand Bahama	214	1,068	1,282	178	1,097	1,275
Inagua & Mayaguana	-	7	7	5	14	19
Long Island						
Deadmans Cay	-	11	11	-	14	14
Simms	1	13	14	4	14	18
All Long Island	1	24	25	4	28	32
New Providence	1,130	5,631	6,761	597	6,477	7,074
San Salvador	13	11	24	9	29	38
Total	1,686	7,634	9,320	1,076	8,758	9,834

TABLE 3. TOTAL NET CONTRIBUTION INCOME, 2018

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2018	Total 2017
Abaco							
Marsh Harbour	4,979,109	3,346,917	589,733	-	72,467	8,988,227	8,315,338
Coopers Town	557,614	442,952	159,259	-	15,599	1,175,424	1,103,369
All Abaco	5,536,723	3,789,869	748,992	-	88,066	10,163,651	9,418,707
Andros							
Fresh Creek	292,673	204,676	35,970	-	-	533,319	557,679
Kemps Bay	127,787	91,437	49,889	-	1,508	270,620	270,477
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	273,596	181,523	51,184	-	125	506,428	486,006
All Andros	694,056	477,635	137,043	-	1,633	1,310,367	1,314,162
Bimini & Berry Islands	918,422	621,956	113,081	-	27,364	1,680,823	1,349,530
Cat Island	84,720	53,189	41,021	-	3,704	182,634	171,600
Crooked Island & Acklins	24,505	15,538	47,145	-	5,139	92,327	99,830
Eleuthera							
Governors Harbour	699,771	544,324	195,241	-	21,375	1,460,710	1,329,461
Harbour Island	899,647	885,400	160,438	-	25,375	1,970,860	1,792,805
Rock Sound	540,461	354,677	77,751	-	893	973,782	891,900
Spanish Wells & North Eleuthera	1,046,585	671,649	294,668	-	900	2,013,801	2,073,296
All Eleuthera	3,186,463	2,456,049	728,098	-	48,543	6,419,154	6,087,462
Exuma & Ragged Island	2,684,114	941,262	386,382	-	86,490	4,098,249	3,979,821
Grand Bahama	13,270,652	8,837,212	545,247	-	161,977	22,815,088	22,510,326
Inagua & Mayaguana	309,932	203,672	27,830	-	1,010	542,443	506,219
Long Island							
Deadmans Cay	145,492	100,486	175,388	-	4,676	426,042	465,806
Simms	128,254	111,231	64,224	-	-	303,709	327,674
All Long Island	273,746	211,717	239,612	-	4,676	729,751	793,480
New Providence	136,667,697	93,022,320	4,970,516	4,822	631,219	235,296,574	230,659,289
San Salvador	349,351	226,256	24,719	-	7,303	607,629	594,559
Total	164,000,382	110,856,675	8,009,685	4,822	1,067,125	283,938,689	277,484,986

Note: Totals may not balance due to rounding.

TABLE 4. TOTAL CONTRIBUTION INCOME, 2014 – 2018

Contribution Income ('000s)	2018	2017	2016 (Restated)	2015	2014
Employers	\$ 164,459	\$ 158,469	\$ 148,836	\$ 147,097	\$ 142,951
Employees	\$ 111,177	\$ 110,358	\$ 101,866	\$ 98,133	\$ 90,544
Self-employed	\$ 8,010	\$ 7,409	\$ 6,505	\$ 5,917	\$ 6,125
Voluntarily Insured	\$ 5	\$ 0	\$ 1	\$ 2	\$ 5
Installment Agreements	\$ 1,067	\$ 2,194	\$ 4,791	\$ 10,093	\$ 5,627
Refund of Contributions	\$ (779)	\$ (945)	\$ (808)	\$ (782)	\$ (717)
Total ('000s)	\$ 283,939	\$ 277,485	\$ 261,191	\$ 260,460	\$ 244,535
Number of Contributors					
Employers	13,801	12,521	13,472	13,001	12,612
Employees	148,000	143,000	145,000	146,000	142,000
Self-employed	10,527	9,631	10,339	9,581	8,872
Voluntarily Insured	1	1	2	3	3
Installment Agreements	n/a	n/a	9,557	8,593	7,911
Total Contributors	172,329	165,153	178,370	177,178	171,398

Note: Totals may not balance due to rounding.

TABLE 5. BENEFITS & ASSISTANCES CLAIMS RECEIVED AND AWARDED

Benefit Type		Received		Awarded	
		2018	2017	2018	2017
Long-term Benefits/Assistances	Retirement Benefit	2,699	2,471	1,841	1,998
	Retirement Grant	n/a	n/a	186	225
	Invalidity Benefit	304	288	150	224
	Survivors' Benefit	991	786	649	556
	Survivors' Grant	n/a	n/a	85	70
	Old Age Non-Contributory Pension	191	152	97	87
	Invalidity Assistance	108	111	59	79
	Survivors' Assistance	32	55	14	6
Total Long-term		4,325	3,863	3,081	3,245
Short-term Benefits	Sickness Benefit	13,999	14,429	12,279	13,304
	Maternity Benefit	3,420	3,223	2,452	2,501
	Maternity Grant	3,420	3,223	2,956	2,946
	Funeral Benefit	1,970	1,818	1,891	1,697
	Unemployment Benefit	7,060	6,295	5,974	5,737
	Sickness Assistance	0	1	0	0
Total Short-term		29,869	28,989	25,552	26,185
Industrial Benefits	Medical Care	4,526	3,974	3,851	3,297
	Injury Benefit	2,816	2,029	2,016	2,062
	Disablement Benefit & Grant	263	324	41	66
	Industrial Death	4	5	0	0
	Industrial Funeral	0	0	0	0
Total Industrial		7,609	6,332	5,908	5,425
All Benefits		41,803	39,184	34,541	34,855

TABLE 6. SHORT-TERM BENEFITS & ASSISTANCES CLAIMS AWARDED, 2018

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	416	113	132	39	371	-	1,071
Coopers Town	28	8	8	2	9	-	55
All Abaco	444	121	140	41	380	-	1,126
Andros							
Fresh Creek	90	11	11	-	40	-	152
Kemps Bay	26	5	6	-	67	-	104
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	51	9	10	8	74	-	152
All Andros	167	25	27	8	181	-	408
Bimini & Berry Islands	64	22	32	8	70	-	196
Cat Island	23	6	6	-	35	-	70
Crooked Island & Acklins	9	1	1	1	11	-	23
Eleuthera							
Governors Harbour	79	15	17	5	49	-	165
Harbour Island	32	19	16	4	56	-	127
Rock Sound	69	16	16	17	47	-	165
Spanish Wells & North Eleuthera	94	23	23	25	58	-	223
All Eleuthera	274	73	72	51	210	-	680
Exuma & Ragged Island	206	26	23	5	194	-	454
Grand Bahama	1,010	345	457	342	1,064	-	3,218
Inagua & Mayaguana	57	1	1	5	27	-	91
Long Island							
Deadmans Cay	36	3	4	7	15	-	65
Simms	15	-	2	3	48	-	68
All Long Island	51	3	6	10	63	-	133
New Providence	9,904	1,824	2,188	1,420	3,719	-	19,055
San Salvador	70	5	3	-	20	-	98
Total	12,279	2,452	2,956	1,891	5,974	-	25,552

TABLE 7. SHORT-TERM BENEFITS & ASSISTANCES PAYMENTS, 2018

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	410,976	349,540	61,840	72,763	648,805	-	1,543,924
Coopers Town	25,970	17,546	3,870	3,560	14,215	-	65,161
All Abaco	436,947	367,086	65,710	76,323	663,020	-	1,609,085
Andros							
Fresh Creek	56,668	25,532	5,310	-	60,813	-	148,322
Kemps Bay	31,942	9,662	2,900	-	142,300	-	186,804
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	37,380	19,996	5,800	14,300	120,089	-	197,565
All Andros	125,990	55,190	14,010	14,300	323,202	-	532,692
Bimini & Berry Islands	56,617	59,566	16,870	10,740	140,604	-	284,398
Cat Island	12,350	14,095	2,890	-	32,791	-	62,126
Crooked Island & Acklins	4,475	1,811	490	-	12,385	-	19,160
Eleuthera							
Governors Harbour	72,895	40,450	7,690	8,960	83,767	-	213,762
Harbour Island	23,411	41,445	8,220	7,120	123,530	-	203,727
Rock Sound	49,643	36,710	8,180	28,600	75,447	-	198,580
Spanish Wells & North Eleuthera	118,053	67,943	11,100	44,770	138,716	-	380,582
All Eleuthera	264,002	186,548	35,190	89,450	421,460	-	996,650
Exuma & Ragged Island	187,851	72,533	12,580	9,414	247,692	-	530,069
Grand Bahama	1,460,937	982,675	235,090	616,219	1,942,951	-	5,237,873
Inagua & Mayaguana	36,399	3,394	480	8,960	46,644	-	95,877
Long Island							
Grays	33,100	4,365	1,920	12,520	20,326	-	72,230
Simms	7,695	-	980	5,430	49,650	-	63,755
All Long Island	40,795	4,365	2,900	17,950	69,976	-	135,986
New Providence	10,497,093	5,713,840	1,122,845	2,587,358	7,768,312	(250)	27,689,197
San Salvador	59,816	15,572	1,450	-	38,357	-	115,195
Total	13,183,271	7,476,676	1,510,505	3,430,713	11,707,394	(250)	37,308,308

Note: Totals may not balance due to rounding.

TABLE 8. LONG-TERM BENEFITS & ASSISTANCES CLAIMS AWARDED, 2018

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco									
Marsh Harbour	68	3	3	19	4	4	5	1	107
Coopers Town	3	-	-	-	-	1	-	-	4
All Abaco	71	3	3	19	4	5	5	1	111
Andros									
Fresh Creek	5	-	3	5	-	-	-	-	13
Kemps Bay	8	1	-	-	1	2	-	-	12
Mangrove Cay	-	-	-	-	-	-	-	-	-
Nicholls Town	17	3	5	4	-	6	1	1	37
All Andros	30	4	8	9	1	8	1	1	62
Bimini & Berry Islands	22	1	2	(1)	1	1	-	-	26
Cat Island	3	3	-	2	-	-	-	-	8
Crooked Island & Acklins	3	-	-	1	-	-	-	-	4
Eleuthera									
Governors Harbour	22	-	1	11	-	-	1	-	35
Harbour Island	15	3	-	(1)	1	1	-	-	19
Rock Sound	16	2	6	4	-	2	2	-	32
Spanish Wells & North Eleuthera	37	3	1	18	-	-	-	-	59
All Eleuthera	90	8	8	32	1	3	3	-	145
Exuma & Ragged Island	20	2	-	4	1	1	1	-	29
Grand Bahama	287	54	29	102	11	16	7	6	512
Inagua & Mayaguana	9	-	-	1	-	-	-	-	10
Long Island									
Deadmans Cay	21	2	1	11	-	-	1	-	36
Simms	7	1	-	-	-	1	-	-	9
All Long Island	28	3	1	11	-	1	1	-	45
New Providence	1,236	147	99	483	51	61	40	6	2,123
San Salvador	3	-	-	1	-	1	1	-	6
Total	1,802	225	150	664	70	97	59	14	3,081

TABLE 9. LONG-TERM BENEFITS & ASSISTANCES PAYMENTS, 2018
(Due to V3 IAS complications throughout the year, payments were not recorded by Local Office.)

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	6,640,015	501,551	926,974	318,903	345,151	50,538	8,783,133
Coopers Town	148,516	2,223	12,826	2,724	1,352	-	167,642
All Abaco	6,788,531	503,774	939,800	321,628	346,504	50,538	8,950,775
Andros							
Fresh Creek	908,498	95,105	129,438	51,125	67,987	6,722	1,258,875
Kemps Bay	796,298	64,255	149,466	93,799	124,052	20,536	1,248,406
Mangrove Cay	29,864	-	3,961	3,265	1,101	39	38,231
Nicholls Town	905,059	104,126	166,220	237,879	219,334	32,825	1,665,445
All Andros	2,639,720	263,486	449,085	386,069	412,474	60,122	4,210,956
Bimini & Berry Islands	1,208,549	58,086	125,778	69,903	70,446	7,788	1,540,550
Cat Island	607,522	40,690	56,813	101,478	79,451	6,531	892,485
Crooked Island & Acklins	260,966	7,834	33,362	13,062	22,858	4,002	342,084
Eleuthera							
Governors Harbour	2,307,965	134,345	254,998	35,262	93,324	9,796	2,835,690
Harbour Island	1,193,970	59,404	111,711	20,187	34,818	1,306	1,421,394
Rock Sound	1,145,703	200,719	127,489	81,058	154,715	10,878	1,720,561
Spanish Wells & North Eleuthera	2,569,306	94,456	322,272	80,243	74,833	-	3,141,110
All Eleuthera	7,216,943	488,925	816,469	216,750	357,690	21,980	9,118,756
Exuma & Ragged Island	2,459,481	195,237	270,950	53,994	128,669	10,067	3,118,397
Grand Bahama	29,249,806	2,844,977	3,484,075	805,931	1,399,463	94,047	37,878,299
Inagua & Mayaguana	718,199	57,916	91,720	15,496	13,062	-	896,393
Long Island							
Grays	1,680,166	91,617	190,731	48,384	113,464	22,027	2,146,389
Simms	286,184	9,572	20,181	6,419	23,058	3,514	348,928
All Long Island	1,966,350	101,189	210,912	54,804	136,522	25,540	2,495,317
New Providence	125,885,520	10,343,969	15,121,856	3,125,720	5,659,001	452,743	160,588,809
San Salvador	355,337	3,833	46,486	18,218	55,272	-	479,147
Total	179,356,926	14,909,917	21,647,305	5,183,050	8,681,411	733,358	230,511,968

Note: Totals may not balance due to rounding.

TABLE 10. INDUSTRIAL BENEFIT CLAIMS AWARDED, 2018

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	93	51	-	-	-	144
Coopers Town	1	-	-	-	-	1
All Abaco	94	51	-	-	-	145
Andros						
Fresh Creek	2	5	-	-	-	7
Kemps Bay	-	68	-	-	-	68
Nicholls Town	-	68	-	-	-	68
All Andros	2	141	-	-	-	143
Bimini & Berry Islands	4	5	-	-	-	9
Cat Island	-	2	-	-	-	2
Crooked Island & Acklins	-	-	-	-	-	-
Eleuthera						
Governors Harbour	1	10	-	-	-	11
Harbour Island	1	8	-	-	-	9
Rock Sound	-	4	-	-	-	4
Spanish Wells & North Eleuthera	9	17	-	-	-	26
All Eleuthera	11	39	-	-	-	50
Exuma & Ragged Island	2	31	-	-	-	33
Grand Bahama	261	96	3	-	-	360
Inagua & Mayaguana	3	1	-	-	-	4
Long Island						
Deadmans Cay	2	2	-	-	-	4
Simms	-	3	-	-	-	3
All Long Island	2	5	-	-	-	7
New Providence	3,468	1,629	38	-	-	5,135
San Salvador	4	16	-	-	-	20
Total	3,851	2,016	41	-	-	5,908

TABLE 11. INDUSTRIAL BENEFIT PAYMENTS, 2018

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	20,467	61,877	148,691	1,562	-	232,596
Coopers Town	-	-	-	-	-	-
All Abaco	20,467	61,877	148,691	1,562	-	232,596
Andros						
Fresh Creek	1,415	1,662	23,521	-	-	26,598
Kemps Bay	175	150	26,562	-	-	26,888
Mangrove Cay	-	-	-	-	-	-
Nicholls Town	654	4,953	19,767	-	-	25,374
All Andros	2,245	6,765	69,850	-	-	69,850
Bimini & Berry Islands	421	3,990	38,567	-	-	42,979
Cat Island	222	21,965	1,665	-	-	23,852
Crooked Island & Acklins	-	-	3,265	-	-	3,265
Eleuthera						
Governors Harbour	2,550	14,778	38,666	11,406	-	67,400
Harbour Island	314	3,366	30,618	-	-	34,298
Rock Sound	4,223	10,876	21,378	-	-	36,477
Spanish Wells & North Eleuthera	691	59,249	73,072	6,742	-	139,754
All Eleuthera	7,779	88,270	163,734	18,148	-	181,881
Exuma & Ragged Island	2,800	21,955	101,036	-	-	125,790
Grand Bahama	135,451	248,191	871,853	77,681	-	1,333,176
Inagua & Mayaguana	362	130	10,731	-	-	11,222
Long Island						
Grays	-	1,696	35,919	3,416	-	41,030
Simms	-	1,219	3,265	-	-	4,484
All Long Island	-	2,915	39,184	3,416	-	42,600
New Providence	11,675,215	3,485,541	6,374,486	181,366	-	21,716,607
San Salvador	-	33,741	7,729	-	-	41,470
Total	11,844,960	3,975,340	7,830,790	282,173	-	23,933,263

Note: Totals may not balance due to rounding.

TABLE 12. PENSIONS IN PAYMENT AT YEAR-END, 2014 – 2018

Long-term Benefits					
	2018	2017	2016	2015	2014
Retirement Benefit	26,538	25,599	24,465	22,851	22,156
Invalidity Benefit	2,794	2,834	2,766	2,709	2,664
Survivor's Benefit	5,650	5,519	5,080	5,232	5,186
Old-Age Non-Cont. Pension	1,542	1,584	1,638	1,705	1,847
Invalidity Assistance	2,571	2,628	2,658	2,680	2,745
Survivor's Assistance	216	264	282	328	347
Total	39,311	38,428	36,889	35,505	34,945
Industrial Benefits					
Disablement	1,173	1,020	929	856	790
Industrial Death	50	50	47	59	63
Total	1,223	1,070	976	915	853
All Benefits	40,534	39,498	37,865	36,420	35,798

TABLE 13. SHORT-TERM BENEFITS & ASSISTANCES, 2014 – 2018

Amount Paid ('000s)					
	2018	2017	2016	2015	2014
Sickness Benefit	\$ 13,183	\$ 12,974	\$ 11,025	\$ 11,738	\$ 13,221
Maternity Benefit	\$ 7,477	\$ 7,814	\$ 7,016	\$ 7,117	\$ 7,049
Maternity Grant	\$ 1,511	\$ 1,467	\$ 1,552	\$ 1,487	\$ 1,448
Funeral Benefit	\$ 3,431	\$ 3,188	\$ 2,945	\$ 2,951	\$ 2,800
Unemployment Benefit	\$ 11,707	\$ 10,992	\$ 13,201	\$ 13,222	9,347
Sickness Assistance	\$ (0)	1	\$ 0	\$ 0	\$ 0
Total Paid ('000s)	\$ 37,308	\$ 36,435	\$ 35,739	\$ 36,516	\$ 33,866

Number of Claims Awarded					
Sickness Benefit	12,279	13,304	11,827	14,730	17,743
Maternity Benefit	2,452	2,501	2,539	3,181	3,184
Maternity Grant	2,956	2,946	2,415	3,099	3,123
Funeral Benefit	1,891	1,697	1,699	1,737	1,627
Unemployment Benefit	5,974	5,737	6,300	7,246	5,418
Sickness Assistance	-	-	-	1	7
Total Awarded	25,552	26,185	24,780	29,994	31,102

Note: Totals may not balance due to rounding.

TABLE 14. LONG-TERM BENEFITS & ASSISTANCES, 2014 – 2018

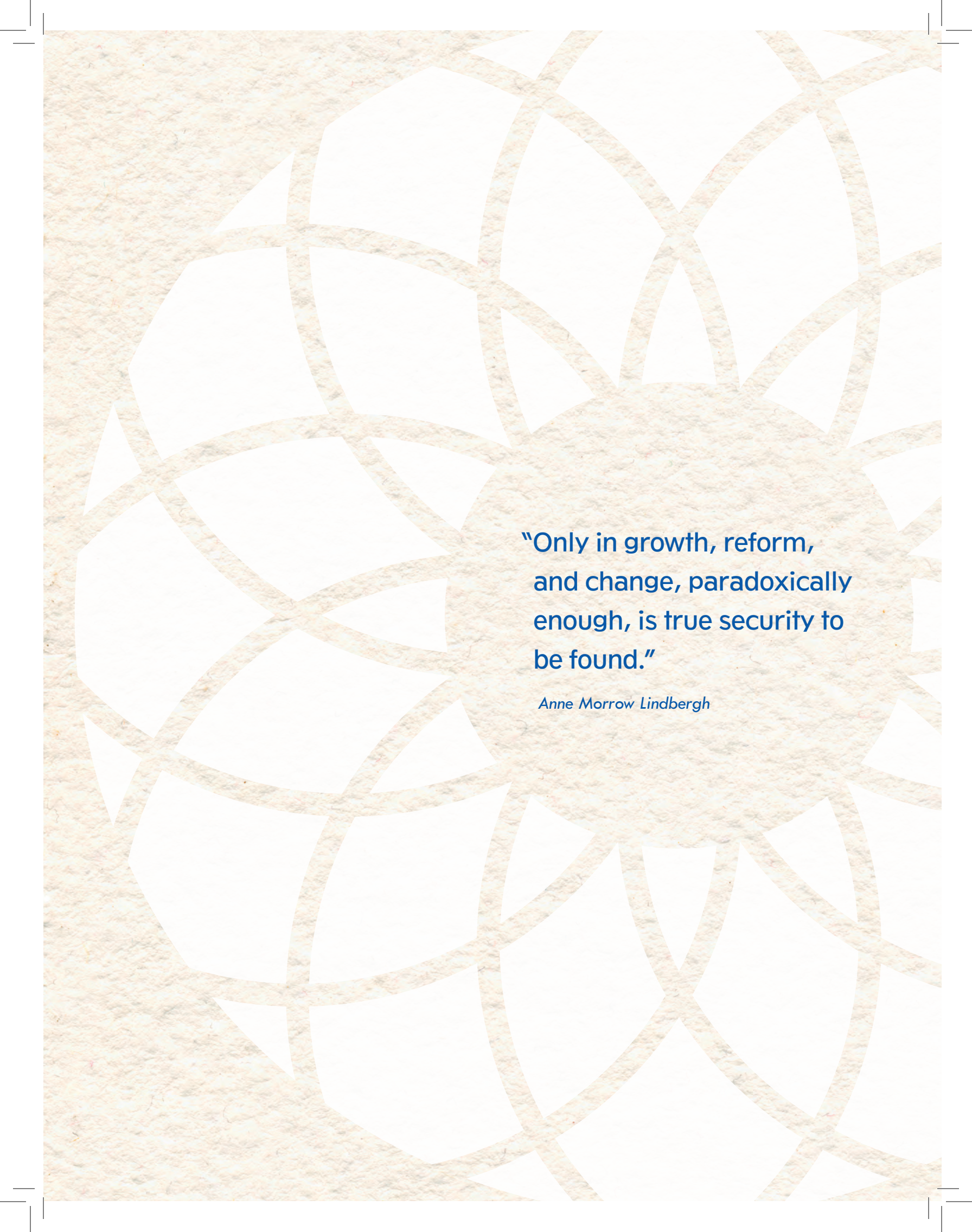
Amount Paid ('000s)					
	2018	2017	2016	2015	2014
Retirement Benefit & Grant	\$ 179,357	\$ 165,655	\$ 152,993	\$ 140,590	\$ 131,243
Invalidity Benefit	\$ 14,910	\$ 16,880	\$ 16,410	\$ 15,534	\$ 14,871
Survivor's Benefit & Grant	\$ 21,647	\$ 20,564	\$ 19,641	\$ 18,973	\$ 18,216
Old-Age Non-Cont. Pension	\$ 5,183	\$ 5,552	\$ 5,464	\$ 5,647	\$ 5,998
Invalidity Assistance	\$ 8,681	\$ 8,918	\$ 8,746	\$ 8,708	\$ 8,782
Survivor's Assistance	\$ 733	\$ 779	\$ 842	\$ 926	\$ 1,019
Total Paid ('000s)	\$ 230,512	\$ 218,349	\$ 204,096	\$ 190,378	\$ 180,130
Number of Claims Awarded					
Retirement Benefit & Grant	2,027	2,223	2,374	1,844	2,094
Invalidity Benefit	150	224	201	206	334
Survivor's Benefit & Grant	734	626	681	669	734
Old-Age Non-Cont. Pension	97	87	67	86	80
Invalidity Assistance	59	79	50	77	147
Survivor's Assistance	14	6	12	31	28
Total Awarded	3,081	3,245	3,385	2,913	3,417

Note: Totals may not balance due to rounding.

TABLE 15. INDUSTRIAL BENEFITS, 2014 – 2018

Amount Paid ('000s)					
	2018	2017	2016	2015	2014
Medical Care	\$ 11,845	\$ 18,703	\$ 23,712	\$ 20,912	\$ 20,355
Injury Benefit	\$ 3,976	\$ 4,273	\$ 4,087	\$ 4,169	\$ 3,757
Disablement Benefit & Grant	\$ 7,831	\$ 8,444	\$ 7,211	\$ 6,502	\$ 5,623
Industrial Death	\$ 282	\$ 285	\$ 310	\$ 367	\$ 345
Total Paid ('000s)	\$ 23,934	\$ 31,705	\$ 35,320	\$ 31,950	\$ 30,080
Number of Claims Awarded					
Medical Care	3,851	3,297	3,340	3,335	3,291
Injury Benefit	2,016	2,062	2,096	2,198	2,129
Disablement Benefit & Grant	41	66	83	81	78
Industrial Death	-	-	1	1	1
Industrial Funeral	-	-	-	-	-
Total Awarded	5,908	5,425	5,520	5,615	5,499

Note: Totals may not balance due to rounding.



"Only in growth, reform,
and change, paradoxically
enough, is true security to
be found."

Anne Morrow Lindbergh

