



The National Insurance Board
of the Commonwealth of The Bahamas



2013 ANNUAL REPORT



June 27, 2014

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

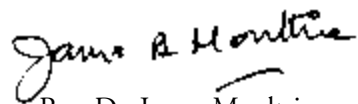
Dear Minister Gibson:

Re: The National Insurance Board's 2013 Annual Report

In accordance with Section 47(1) of the National Insurance Act, 1972, I have the privilege of submitting to you, on behalf of the Board, the Annual Report of the National Insurance Board for the year 2013.

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,


Rev. Dr. James Moultrie
Chairman





Vision

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

Mission

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

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

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



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Minister & Board - 2013



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



Rev. Dr. James Moultrie
Chairman



Bernard Evans
Deputy Chairman



Dr. Glen Beneby
Member



Philip Beneby
Member



Ernest Cambridge
Member



Bishop Harry Collie
Member



Ann Hunt
Member



Jayson Moxey
Member



Frederick Munnings, Jr.
Member



Merrit Storr
Member



Marquista Thompson
Member

Members were re-appointed/appointed with effect from July 2013. Outgoing members, serving to June 2013, were Dr. Josephine Bartlett, Patrick Davis, and Linda Evans.



Committees of the Board 2013

CONTRACTS & TENDERS COMMITTEE

Jayson Moxey - Chairman
Merrit Storr - Member
Bishop Harry Collie - Member
Dr. Glen Beneby - Member
Johnnie Taylor - Member
Renae McKay - Member

FINANCE/AUDIT COMMITTEE

Pedro Delaney - Chairman
Frederick Munnings Jr. - Member
Bishop Harry Collie - Member
Ernest Cambridge - Member

INVESTMENT COMMITTEE

Dr. James Moultrie - Chairman
Philip Beneby - Member
Marquista Thompson - Member
Ernest Cambridge - Member
Claudine Thompson - Member
Andrew Strachan - Member

HUMAN RESOURCES COMMITTEE

Bernard Evans - Chairman
Jayson Moxey - Member
Ann Hunt - Member
Franklyn Clarke - Member

BUSINESS TRANSFORMATION

(including Legislative and Legal Affairs)

Merrit Storr - Chairman
Jayson Moxey - Member
Frederick Munnings Jr. - Member
Marquista Thompson - Member
Dr. Glen Beneby - Member
Dr. Michael Cooper - Member
Mr. Leon Williams - Member



Executive Management Team - 2013



Rowena Bethel
Director



Cecile Williams-Bethel
*Sr. Deputy Director
Operations*



V. Theresa Burrows
*Sr. Deputy Director
Administration & Business Support Services*



Dr. Kevin Bowe
Medical Officer



Abraham Butler
*Deputy Director
Human Resources and
Training*



Anthony Curtis
*Assistant Director
Family Islands and
Operations - Training*



Gerard Elliott
*Assistant Director
New Providence Operations*



Sonia Gill
Financial Controller



Phaedra Knowles
*Deputy Director
Investments*



Heather Maynard
Legal Officer



Whitney Patton
Chief Internal Auditor



Yvette Sands
*Assistant Director
Business Development & Policy
Planning*



Dr. Raymond Wells
*Deputy Director
Information Technology*

Report

on Operations

Report on Operations

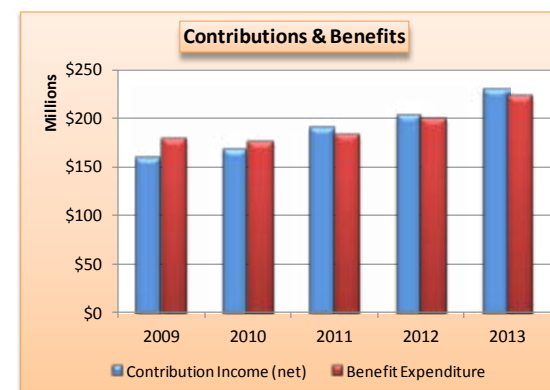
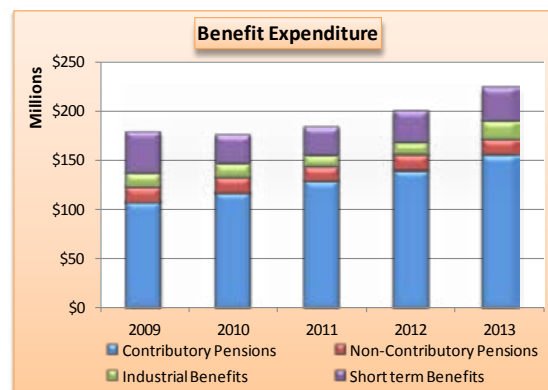
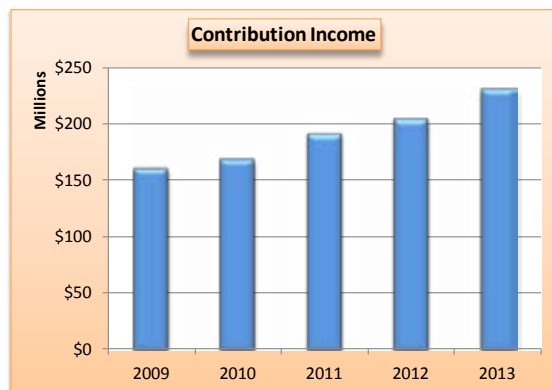
Despite the weak economic environment, contribution income grew by 13.0% and once again exceeded benefit expenditure for the third consecutive year. However, investment income for 2013 saw a slight decline over the previous year. The majority of the growth in contributions was due to contribution amendments that affected hospitality workers and Pensionable Civil Servants.

In 2013, total comprehensive income was \$33.7 million, bringing reserves from \$1.653 billion to \$1.687 billion.

The following table provides results for key performance indicators for NIB finances in 2013 with comparative figures for 2012.

PERFORMANCE INDICATORS	2013	2012	% CHANGE
Total Net Contribution Income	\$229.4 m	\$203.0 m	13.0%
Investment Income	86.3 m	88.6 m	-2.6%
Benefits Expenditure	222.7 m	199.8 m	11.5%
Expenditure of National Prescription Drug Plan	9.5 m	7.0 m	35.7%
Administrative Expenditure	45.1 m	57.8 m	-22.0%
Total Comprehensive Income	33.7 m	25.1 m	34.3%
Year-end Reserves	1,687 m	1,653 m	2.1%
Year-end Investments	1,580 m	1,545 m	2.3%
Yield on Investments	5.0%	5.0%	0.0%
Administrative Expenditure as % of Contribution Income (Gross)^	19.6%	28.4%	-31.0%
^ 2012 revised from 25.9%			



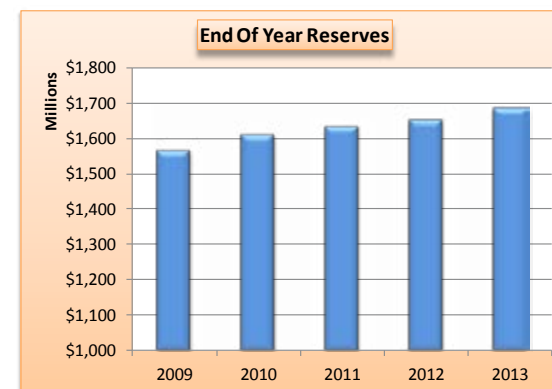
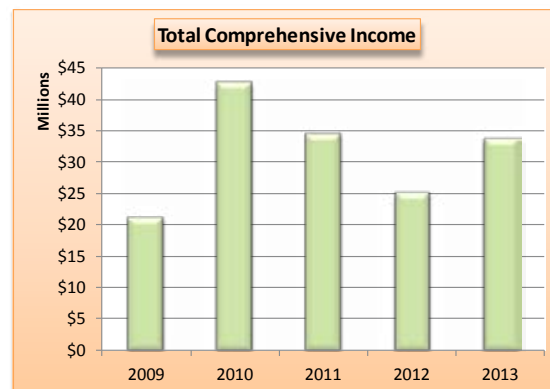
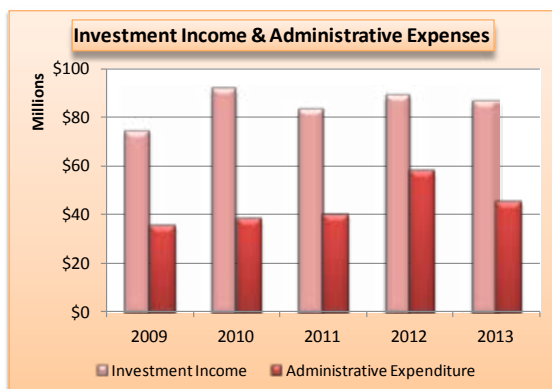


Contribution income moved to \$229.4 million for the year from \$203.0 million for 2012, a growth of 13.0 percent over 2012. This growth was mainly due to two contribution amendments that took effect July 1, 2013. Hospitality workers who receive formally paid gratuities now pay contributions on the gratuities. Pensionable civil servants now pay on same ceiling and rate as other workers. They previously paid contributions on \$110 per week for long-term benefits rather than on total earnings up to the ceiling. A portion of this growth is due to an increase in interest collected on arrears. Interest on late paid contributions collected in 2013 were \$414,500 compared to \$157,230 in 2012. This significant difference is mainly due to an Interest initiative organized in April 2013 by the Operations division that consistently applies interest on late paid contributions.

Benefit expenditure continues to grow across the benefit types - long-term, short-term and industrial. Benefit payments for the year totalled \$222.7 million compared to \$199.8 million paid in 2012, an increase of 11.5%.

Long-term expenditure grew as the pensions in payment continue to increase each year. The increase in industrial benefits is mainly due to increased Medical Care payments.

Benefit Type	2013	2012
Long-term	\$169.4 m	\$154.6 m
Short-term	\$33.9 m	\$31.9 m
Industrial	\$19.4 m	\$13.3 m
Total	\$222.7 m	\$199.8 m



Investment income was \$86.3 million for 2013 compared to \$88.6 million for 2012. Administrative expenditure for 2013 was \$45.1 million down from \$57.8 million in 2012.

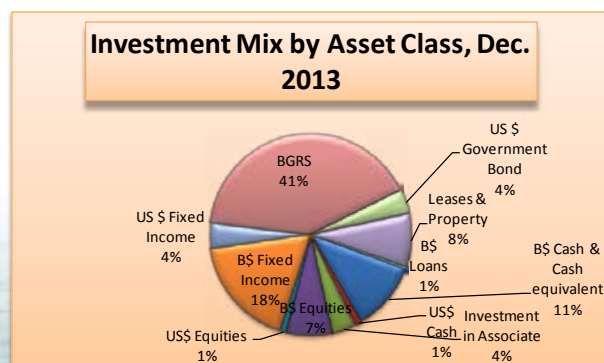
Investment income earned on reserves remains an important component of the Fund's finances. While this source of income can be volatile given changes in interest rates and equity prices, it consistently exceeds administrative expenses. As a result, total income continues to exceed total expenditure and thus reserves continue to increase.

At the end of 2013, National Insurance Fund Investments stood at \$1.580 billion up from \$1.545 billion at the end of 2012. Investment returns were good despite the economic environment. The average rate of return on investments during 2013 was 5.0%. The equity portfolio continued to outperform expectations, returning 10.1% on both the local and United States portfolios.

The Fund remains heavily invested in public sector investments – Government of The Bahamas debt, real estate finance leases, quasi-government debt. Real estate finance leases continued to grow with the addition of the Attorney General's office of \$41 million. Investments held internationally grew from 7% to 10% for 2013 as efforts continue to diversify the portfolio. The amount of US\$ Investments increase by 17% to a total of \$158 million.

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

The following tables highlight activities related to registration, claims awarded and pensions in payment in 2012 and 2013. Additional details, with numbers and values by Local office, can be found in the Statistical Appendix of this Report.



PERFORMANCE INDICATORS	2013	2012	% CHANGE
# Contributing Employers	12,612	12,598	0.1%
# Contributing Self-Employed Persons	8,872	7,644	18.6%
# Active Employees (estimate)^	141,000	144,000	-2.1%
# Short-term Benefit Claims Awarded	31,970	33,282	-3.9%
# Long-term Benefit Claims Awarded	3,578	3,171	12.8%
# Contributory Pensioners (at year-end)	29,185	26,903	8.5%
# Assistance Pensioners (at year-end)	5,064	5,077	-0.3%
# Cases Approved For Prosecution	474	598	-20.7%
# Employees (December)	548	526	4.2%
<i>^ figure for 2012 revised from 142,000</i>			

Registration

In 2013, employer registration increased by 917 over 2012. The Industrial grouping Wholesale, Retail, Hotel & Restaurant made up the largest proportion of the registrations with 37.7%. The next largest grouping was Public Administration & Other services with 26.9% followed by Construction with 10.6%. There were fewer new registrations of self-employed persons for the

year than in 2012. The majority were in the Wholesale, Retail, Hotel & Restaurant with 34.8%, Transport, Storage & Communications with 16.0%, Public Administration & Other services with 15.8% and Construction with 10.7%. The number of individuals applying for National Insurance Numbers (for the first time) was lower in 2013 than in 2012.

Type	2013	2012
Employers	3,114	2,197
Self-Employed Persons	3,408	3,748
Active Insured Persons	1,964	2,204
Inactive Persons	8,529	10,981



Claims Received

Benefit Type	2013	2012
Long-term (pensions)	3,626	3,746
Short-term	34,365	36,292
Industrial	6,339	6,158
Total	44,330	46,196

Overall, there were 1,866 fewer claims received in 2013 than in 2012. Fewer claims were received for long-term and short-term benefits while more were received for industrial benefits.

Claims Awarded

Benefit Type	2013	2012
Long-term (pensions)	3,578	3,171
Short-term	31,970	33,282
Industrial	5,171	4,775
Total	40,719	41,228

The number of long-term benefits awarded increased in 2013 by 407 claims compared to 2012 as the Central Benefits department aims to improve processing times.

Pensions In Payment At Year End

Benefit/Assistance	2013	2012
Retirement	20,915	19,288
Invalidity Benefit	2,537	2,401
Survivors Benefit	4,936	4,477
Old-age Non-contributory	1,975	2,024
Invalidity Assistance	2,695	2,648
Survivors Assistance	394	405
Disablement	734	676
Death	63	61
Total	34,249	31,980

At the end of 2013, over 34,000 persons were in receipt of monthly pension payments. The number of contributory pensions in payment continues to increase while the number of non-contributory pensions continues to gradually fall as expected.



Around

the Board

Leadership Changes

2013 can be summed up as a year of transition, change and new beginnings for the National Insurance Board (NIB). During the first half of 2013, Mr. Algernon Cargill separated from the organization as its Director. Following Mr. Cargill's departure, Mrs. Cecile Williams-Bethel assumed the role of Acting Director until July when Mrs. Rowena Bethel, former Senior Legal Advisor in the Ministry of Finance, was appointed as Director of the substantive post.

There were changes at the Board level with Reverend Doctor James Moultrie, former diplomat and veteran public administrator being appointed Chairman in January 2013. Eight board members were reappointed in July for the 2013-2014 period; they were joined by three new members namely, Dr. Glenn Beneby, Mr. Ernest Cambridge and Ms. Ann Hunt.



The excitement was palpable in July as NIB staffers at the Clifford Darling Complex in New Providence welcomed the new Director back "home."

At the executive management level, the NIB also saw noteworthy additions during the second half of the year. Not only did Mrs. Rowena Bethel, who previously served as the Board's senior in-house counsel and Legal Advisor from 1984-2000, return to NIB as its new Director, but also joining the organisation were Mr. Abraham Butler, Deputy Director for Human Resources (HR) and Training and Mrs. Yvette Sands, Assistant Director, Business Development and Policy Planning. Two notable subtractions from the leadership team came with the resignation in July of Mr. Derek Osbourne, who provided actuarial services for NIB over the course of 18 years, and Mrs. Richenda King, Deputy Director, H.R.

Immediately upon appointment, the new Director set a course for business transformation and modernisation, i.e. doing business smarter and better, as the overriding goals of her leadership at NIB, with the purpose of meeting the reasonable expectations of NIB's customers and stakeholders. She committed to ensuring that transformation at the Board will be customer-driven and based on a whole-of-organisation approach to management with greater emphasis on collaboration (internally and

with external partners), risk management and innovation.

Operating on the basis of first principles, one of the first orders of business implemented by the new Director was a Handbook and Guide which articulated the complementary statutory roles, responsibilities, powers and obligations, respectively, of the Minister, the Board and the Director based on National Insurance legislation.

In the final quarter of 2013, NIB engaged with the International Labour Office (ILO) for the conduct of a combined actuarial review of the operations of the National Insurance Act, the National Insurance Fund, and the National Insurance (Chronic Diseases) Prescription Drug Fund in 2014. This combined review is scheduled to take place in 2014.

Contributions and Compliance Overview

The 2013 contribution income budget of \$224.2 million was exceeded by 2.5%. Contributions collected for the year totalled \$229.4 million, with the months of February and December being the only months that the budget was not achieved.

In 2013, 454 cases submitted for prosecution were completed and a total of 474 new cases were approved by the Board for Prosecution during the year.

Implementation of adjustments to contributions for civil servants and workers receiving gratuities

On July 1, 2013, Pensionable Civil Servants (PCS) began contributing to National Insurance in the same manner as other employed persons. Previously, PCS contributed less to NIB than other employed persons. Instead of paying 9.8% on all wages up to the wage ceiling, they contributed 9.8% on the first \$110 per week (shared 3.9% employee/5.9% employer) and only 5.25% on insurable wages above \$110 per week to the wage ceiling (shared (2.2% employee/3.05% employer)).

The 9.8% paid on \$110 per week, secured coverage for pensions and Short-Term Benefits up to the limit of \$110 per week; the additional 5.25% provided further coverage for Short-Term Benefits up to the same ceiling as other employed persons. Because PCSs paid on a reduced ceiling for pensions – i.e., Retirement and Invalidity Benefits – they receive a percentage of \$110 when they retired or become invalids. In addition, their dependent surviving spouses or parents were also limited to the \$110 ceiling in the case of Survivors Benefit.

This arrangement by which PCS paid reduced contributions came about in 1985 following the 1984 Amendment to National Insurance Regulations which increased the wage ceiling from \$110 per week to \$250 per week. The disparity in wage ceilings resulted from a computation that took account of an integrated National Insurance pension with those of an employer's occupational pension plan as provided in the National Insurance Act.



The business transformation and modernization thrust necessitated new iPads for NIB Execs as they prepared to do business better and smarter in the 21st Century.

As wages in the Public Service increased over the years it became necessary to ensure relevant income replacement levels for pensioners. To this end, the National Insurance Act was amended in 2010 so that, with effect from 1st July 2013, PCSs pay contributions on the same ceiling for both long-term (pensions) and short-term benefits.

The July 2010 amendment to the National Insurance Act, affecting workers in the Hospitality Sector, also took effect in July 2013. Hospitality workers whose take-home pay consists of both base wages and formally paid gratuities (i.e. gratuities that are formally paid through the employer's payroll system) are now able to pay on a combination of both. This change resulted in higher contributions but more importantly, higher benefits.

Workers in hotels and restaurants who are paid a base wage by the employer and who receive gratuities that are assessed on meals and hotel stays, previously paid National Insurance contributions on base wages only; as a result, when they became sick, had a baby or retired, for example, their National Insurance benefits were relatively small compared to their usual take home pay. With the change, workers now contribute on their full earnings (base wage plus gratuities that are formally paid through the employer's payroll system) up to the wage ceiling.

The amendment provided for employers to continue to pay 5.9% on the base wage only, while employees continue to pay 3.9% on the base wage and 9.8% on the gratuities portion of their take-home pay - but only the portion that will take insurable wages up to the wage ceiling.

Claims and Payments overview

A significant milestone was reached in the Board's modernization efforts when in June 2013 the work for the implementation of a new individual (member) registration system was completed as the first phase of an improved

computerized system designed to enhance data capture, pivotal for all other systems. The new registration system is the precursor to the introduction of the new plastic registration photo identification card as well as the feature that will allow insured persons to view their registration and contribution information on-line. The new system is scheduled to "go live" for contributors in early 2014.

Occupational Health & Safety Unit (OHSU) and Prescription Drug Plan

During the year, OHSU expanded local MRI services through a new partnership with Open MRI of Nassau and Integra MRI Services.

Additionally, the Board realised:

- the addition of a series of new physicians and health-care facilities to its network of providers, who offer very specialized medical care.
- an increase in the complement of nurse case managers by two with one of these new nurses specifically assigned to the Freeport Local Office.
- improved turn-around times for provider payments, through the hiring of two claims adjudicators.
- the engagement of two new pharmacists for the National Prescription Drug Plan.

Appeals

The Appeals Tribunal met six times during the year and heard a total of 25 cases. In addition, 925 late claim cases were reviewed and considered by the Late Claims Committee.

Administration & Business Support Services

Human Resources - No incidences of industrial unrest occurred in 2013, due largely to good faith engagements by management with both the Union of Public Officers and the Public Managers Union.

A Job Evaluation Workshop was successfully conducted for union representatives and line managers of the Board which outlined the procedure for determining the relative worth of a job.

In addition, a Job Description Project commenced to update and to ensure that all role specifications consist of role definition, core functions, minimum training and experience, necessary special requirement and suggested measurements; a Performance Management System with the objective of introducing a Ten (10) Point Performance Plan for every employee of The Board; an HR policy review exercise with union representatives to ensure policies and procedures are current and in line with best practices; and a major recruiting and selection exercise to engage twenty-five(25) new Inspectors to improve the rate of compliance and collection of contributions.

A Human Resources Policy Review Committee was formed in October, 2013 to review and amend the Staff Handbook which includes Personnel Policies, Guidelines and Practices of the Board.

Buildings Division - The Buildings Department was successful in obtaining all relevant permits, approvals and certificates in full conformance with governmental and regulatory protocols for the premises which currently houses the Office of the Attorney General.

Additional works undertaken/completed during the year, included:

- Electrical upgrade in the Information Technology Department;
- Repairs to the roof at Wulff Road Local Office and at Cloughton House;
- Renovations and repairs to several Family Island facilities

Corporate Finance, Audit & Investments

The 2012 year-end financial statements were completed and approved by the Board of Directors in June 2013. The completion of the annual report and submission of the same to the Minister was also accomplished before the June 30, 2013 statutory deadline.



The development of an Internal Audit Policies and Procedures Manual was completed in September 2013. The Audit Department was also strengthened with the hiring of an experienced Senior Fraud Officer to assist with the investigation of all suspected fraud matters.

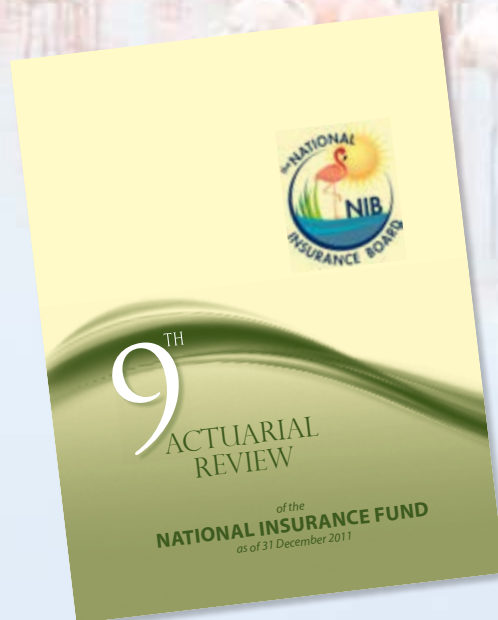
During 2013, in keeping with corporate objectives, the National Insurance Fund expanded by US\$ 22.5 million

through US dollar and international investments. Further, diversification of the National Insurance Fund was also realized in the amount of \$6.5 million through an acquisition of Grand Bahama Power Company Preference Shares for \$3 million; and a Family Guardian Limited Long Term Deposit of \$3.5 million.

It is noted that the Fund's overall performance improved from 5.00% in 2012 to 5.02% in 2013 due to the performance of its US investments.

Actuarial Review

The 9th Actuarial Review of the National Insurance Fund, which reported on the period 2007 to 2011, was completed in July 2013 and tabled in the House of Assembly on October 2 by Minister the Honourable D. Shane Gibson. In accordance with section 48 (1) of the National Insurance Act, the Review gave an assessment of existing contribution and benefit rules and parameters, and the Fund's investments; provided 60-year projections of the Fund's income, expenditure and reserves; and made



recommendations for design and administrative changes that could improve long-term financial sustainability while maintaining benefit adequacy.

The Report was prepared by Consultant Actuary Derek Osborne.

Business Development & Policy Planning

A new department was created in October 2013, with the engagement of the new Assistant Director for Business Development and Policy Planning, Mrs. Yvette Sands. Activities in this area centred on the following key foci:

1) Strategic Planning

The development of a strategic plan for the triennium 2014 – 2016 predicated on setting targeted objectives which address the core mandate of NIB articulated in the three key statutory pillars of contribution maximization, benefits and assistance payments and efficient and effective administration and operations.

2) Process Mapping

An initiative was begun to formulate process flow charts for the various departments at the Board with the aim of charting the entire system in effect at the Board and to ultimately identify points of improvement to yield efficiencies at every level. Initial steps were also made to standardize the format of all existing policies and procedures in force at the Board. This exercise is being supplemented further, through a process of documenting and introducing written policies/procedures where none currently exist or where those in existence require updating.

3) Monitoring and Feedback tools

Monitoring tools and feedback mechanisms for both internal and external customers are planned for development and implementation in 2014.

Public Relations

In 2014, NIB will reach its 40th year milestone. To commemorate this event preparations commenced in 2013 for an enhanced public awareness/education campaign that will not only involve a series of media features covering the history and development of National Insurance in The Bahamas, but will also introduce, in a more transparent way the operations of the National Insurance Board, its Board members and staff.

Customer Relations

Plans began in 2013 to eventually introduce a full-fledged, autonomous, customer service center and one-stop shop for NIB which will operate from one single integrated location, covering all customer facing functions provided by the Board, via multi-channel delivery modes. It is proposed that an enhanced IT infrastructure and a separate location will enable NIB to more efficiently serve the needs and demands of its external clientele, through an effective separation of front and back-office functions.

International Affiliations

In July, at the 27th Meeting of the Inter-American Conference on Social Security (CISS), held in San Salvador, El Salvador, the NIB, represented by Senior Deputy Director Cecile Williams-Bethel, was elected to fill the post of First Vice President of the American Commission on Organization and Administrative Systems (CAOSA).

In November, at the Doha World Social Security Forum, in Qatar, Director Rowena Bethel was appointed a Vice Chairman of the International Social Security Association's Technical Commission on Employment Policies and Unemployment Insurance.



Leaders Conference 2013



Cecile Williams-Bethel at CAOSA



Consolidated Financial Statements

December 31, 2013

INDEPENDENT AUDITORS' REPORT

To the National Insurance Board

We have audited the accompanying consolidated financial statements of the National Insurance Fund and its subsidiary, which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statements of comprehensive income, changes in reserves and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

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PKF Bahamas



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the National Insurance Fund and its subsidiary as of December 31, 2013, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and with the requirements of the National Insurance Act and the National Insurance (Financial and Accounting) Regulations.

**Chartered Accountants
Nassau, Bahamas**

June 11, 2014

A handwritten signature in dark ink, appearing to be 'PKF', with a long horizontal line extending from the end of the signature.



The National Insurance Fund

(Established under the laws of the Commonwealth of The Bahamas)

Consolidated Statement of Financial Position

As of December 31, 2013

(Expressed in Thousands of Bahamian dollars)

	Notes	2013 \$	2012 \$
ASSETS			
Cash on hand and at banks	3	15,158	11,504
Receivables and advances	4	21,234	10,207
Prepaid expenses and deposits		596	1,208
		<u>36,988</u>	<u>22,919</u>
Investments			
At fair value through profit or loss:			
Equity securities	5	116,612	68,538
Held-to-maturity:			
Bahamas Government US\$ notes	6(a)	30,238	30,407
United States of America US\$ treasury notes	6(b)	23,078	20,964
Government of Barbados US\$ bonds	6(c)	5,321	5,779
Citigroup Funding Inc. notes	6(d)	3,006	3,006
Government of the Cayman Islands US\$ bonds	6(e)	2,493	2,490
US\$ Corporate Bonds	6(f)	4,801	-
Loans and receivables:			
Bahamas Government registered stocks	7(a)	647,519	689,663
Certificates of deposit	7(b)	193,631	194,182
Bahamas Mortgage Corporation bonds	7(c)	102,637	107,183
Nassau Airport Development Company Limited debt securities	7(d)	73,941	86,045
Education Loan Authority bonds	7(e)	47,808	48,024
Bahamas Development Bank bonds	7(f)	46,492	46,492
Bahamas Electricity Corporation bonds	7(g)	26,089	26,087
Preference shares	7(h)	17,500	14,500
Bank of The Bahamas Limited bonds	7(i)	-	13,508
Clifton Heritage Authority bonds	7(j)	7,998	7,998
Latin American Investment Bank (Bahamas) Ltd. bonds	7(k)	3,157	3,209
Loans to Bahamas Government entities	7(l)	10,183	3,088
Long-term deposit	7(m)	6,559	3,004
Bridge Authority bonds	7(n)	2,829	2,829
Fidelity Bank (Bahamas) Limited notes	7(o)	2,828	2,828
The College of The Bahamas redeemable term notes	7(p)	2,399	2,584
Public Hospital Authority Bonds	7(q)	10,077	-
Net investment in finance leases	8	127,722	95,108
Investment property	9	5,120	5,120
Investments in associates	10	60,202	61,989
Total investments		<u>1,580,240</u>	<u>1,544,625</u>

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


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


Consolidated Statement of Financial Position
As of December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	2013 \$	2012 \$
ASSETS (Continued)			
Computer software	11	6,489	4,617
Property, plant and equipment	12	93,710	80,546
Construction in progress – finance leases	13	53,610	78,688
TOTAL ASSETS		1,771,037	1,731,395
LIABILITIES			
Accounts payable and accrued expenses	14	7,143	7,134
Staff pension fund	15	73,605	67,193
Accrued benefits payable		3,669	4,100
TOTAL LIABILITIES		84,417	78,427
RESERVES			
Short-term benefits	30	46,805	30,909
Pensions	30	1,427,202	1,399,034
Industrial benefits	30	112,496	112,530
Medical benefits	30	78,227	86,977
Disablement and death benefits	30	21,314	22,942
Fidelity bond	16 & 30	576	576
TOTAL RESERVES		1,686,620	1,652,968
TOTAL LIABILITIES AND RESERVES		1,771,037	1,731,395

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

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


Chairman


Financial Controller


Director

June 11, 2014
Date

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



The National Insurance Fund

Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2013
(Expressed in Thousands of Bahamian dollars)

	Notes	2013 \$	2012 \$
INCOME			
Contributions			
Employers		137,384	123,891
Insured persons		86,906	74,438
Self-employed persons		5,666	5,183
Voluntarily insured		8	1
		<u>229,964</u>	<u>203,513</u>
Refund of contributions		<u>(595)</u>	<u>(469)</u>
Total net contributions		<u>229,369</u>	<u>203,044</u>
Income from investments	17	84,779	81,524
Income from property	18	2,075	1,999
Share of profits/(losses) of associates	10	(574)	5,081
Other income		<u>464</u>	<u>255</u>
TOTAL INCOME		<u>316,113</u>	<u>291,903</u>
EXPENDITURE			
Benefits expenditure			
Short-term		33,898	31,901
Pensions		169,350	154,561
Industrial		15,056	8,929
Disablement and death		<u>4,385</u>	<u>4,414</u>
Total benefits expenditure		<u>222,689</u>	<u>199,805</u>

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

The National Insurance Fund

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2013 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2013 \$	2012 \$
Administrative expenditure			
Staff salaries, allowances and benefits	22	32,889	45,694
Expenses of the Board of Directors		221	196
Amortisation		544	356
Depreciation	12	2,062	2,493
Other expenses	21	9,351	9,109
Total administrative expenditure		45,067	57,848
Expenditure of the medical benefits branch			
Polyclinics			
Administrative expenditure		686	403
Depreciation	12	1,154	1,079
		1,840	1,482
National Prescription Drug Plan		9,476	6,964
Total expenditure of the medical benefits branch		11,316	8,446
Other			
Net impairment of goodwill	10	-	2,463
Recovery of Impairment Provision	7(b)	(285)	-
Total other		(285)	2,463
TOTAL EXPENDITURE		278,787	268,562
EXCESS OF INCOME OVER EXPENDITURE		37,326	23,341
Remeasurement of the defined benefit obligation		(3,767)	1,593
Unclaimed benefits		93	176
TOTAL COMPREHENSIVE INCOME		33,652	25,110

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, 2013
(Expressed in Thousands of Bahamian dollars)

	Note	Short-term		Pensions		Industrial		Medical		Disablement/Death		Fidelity		Total	
		2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME															
Total net contributions		57,442	50,764	153,678	136,040	17,203	15,228	1,146	1,015	-	-	-	-	229,469	203,044
Income from investments		1,378	1,000	78,783	74,747	3,291	3,472	509	1,394	818	911	-	-	84,779	81,524
Income from property		-	-	4,280	1,328	-	-	795	674	-	-	-	-	2,075	1,999
Share of profits of associates		-	-	(574)	5,081	-	-	-	-	-	-	-	-	(574)	5,081
Periodically payable disability and death benefits transferred from income and expenditure account of industrial benefits branch:															
Disablement	19	-	-	-	-	-	-	-	-	1,919	2,434	-	-	1,919	2,434
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income		116	64	116	64	116	63	116	64	-	-	-	-	464	255
TOTAL INCOME		58,836	51,828	233,283	217,257	20,610	18,763	2,566	3,147	2,757	3,345	-	-	318,052	294,337
EXPENDITURE															
Benefits expenditure															
Sickness benefit		12,720	11,873	-	-	-	-	-	-	-	-	-	-	12,720	11,873
Unemployment benefit		10,432	9,238	-	-	-	-	-	-	-	-	-	-	10,432	9,238
Maternity benefit		6,708	6,831	-	-	-	-	-	-	-	-	-	-	6,708	6,831
Funeral benefit		2,613	2,487	-	-	-	-	-	-	-	-	-	-	2,613	2,487
Maternity grant		1,423	1,481	-	-	-	-	-	-	-	-	-	-	1,423	1,481
Sickness assistance		2	(9)	-	-	-	-	-	-	-	-	-	-	2	(9)
Retirement benefit		-	-	121,872	108,488	-	-	-	-	-	-	-	-	121,872	108,488
Survivors' benefit		-	-	17,596	16,888	-	-	-	-	-	-	-	-	17,596	16,888
Involuntary benefit		-	-	13,917	13,129	-	-	-	-	-	-	-	-	13,917	13,129
Involuntary assistance		-	-	8,557	8,512	-	-	-	-	-	-	-	-	8,557	8,512
Old age non-contributory retirement benefit		-	-	6,311	6,516	-	-	-	-	-	-	-	-	6,311	6,516
Survivors' assistance		-	-	1,097	1,028	-	-	-	-	-	-	-	-	1,097	1,028
Medical care		-	-	-	-	12,070	6,343	-	-	-	-	-	-	12,070	6,343
Injury benefit		-	-	-	-	2,911	1,961	-	-	-	-	-	-	2,911	1,961
Disablement grant		-	-	-	-	75	125	-	-	-	-	-	-	75	125
Payment of current periodically payable benefits effected during the year:															
Disablement	19	-	-	-	-	-	-	-	-	4,046	4,062	-	-	4,046	4,062
Death	19	-	-	-	-	-	-	-	-	339	352	-	-	339	352
Disablement benefit – capital value		33,898	31,901	169,350	154,561	15,056	8,929	-	-	4,385	4,414	-	-	222,689	199,805
Death benefit – capital value		-	-	-	-	1,939	2,434	-	-	-	-	-	-	1,939	2,434
Administrative expenditure		9,119	11,900	32,286	41,835	3,662	4,113	11,316	8,446	-	-	-	-	56,383	66,294
Other expenditure/(income)		-	-	(285)	2,463	-	-	-	-	-	-	-	-	(285)	2,463
TOTAL EXPENDITURE		43,017	43,801	201,351	198,859	20,657	15,476	11,316	8,446	4,385	4,414	-	-	280,726	270,996
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE		15,819	8,024	31,932	18,398	(47)	3,287	(8,750)	(5,299)	(1,628)	(1,069)	-	-	37,326	23,341
Reassessment of the defined benefit obligation		-	-	(3,767)	1,593	-	-	-	-	-	-	-	-	(3,767)	1,593
Unclaimed benefits	77	-	137	3	24	13	15	-	-	-	-	-	-	93	176
RESERVES, beginning of year (Restated)		30,909	22,748	1,399,034	1,379,019	112,530	109,228	86,977	92,276	22,942	24,011	576	576	1,652,968	1,627,858
RESERVES, end of year		46,805	30,909	1,427,202	1,399,034	112,496	112,530	78,227	86,977	21,314	22,942	576	576	1,686,620	1,652,968

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

The National Insurance Fund

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2013
(Expressed in Thousands of Bahamian dollars)

	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditure	37,326	23,341
Adjustments:		
Income from investments	(84,779)	(81,524)
Income from property	(2,075)	(1,999)
Share of losses/(profits) of associates	574	(5,081)
Loss on disposal/write-off of property, plant and equipment	36	46
Amortisation	544	356
Depreciation	3,216	3,572
Net Impairment of Goodwill	-	2,463
Recovery of Impairment of Provision	(285)	-
Deficit before working capital changes	(45,443)	(58,826)
(Increase)/decrease in receivables and advances	81	(12)
(Increase)/decrease in prepaid expenses and deposits	612	(302)
Increase in accounts payable and accrued expenses	102	732
(Decrease)/increase in staff pension fund	2,645	(10,436)
Increase/(decrease) in accrued benefits payable	(431)	1,363
Net cash used in operating activities	(42,434)	(67,481)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	59,571	64,740
Dividends received	4,778	4,254
Proceeds from finance leases	5,650	8,592
Income received from property	499	1,445
Dividends received from associates	1,213	1,583
Proceeds from sale of equity securities	3,345	110
Proceeds from United States of America US\$ Treasury notes	11,946	441
Proceeds on maturity of certificates of deposit	191,649	372,500
Proceeds on maturity of Bahamas Government registered stocks	41,232	16,456
Proceeds from Government of Barbados Bonds	428	-

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

The National Insurance Fund

Consolidated Statement of Cash Flows For the Year Ended December 31, 2013 (Expressed in Thousands of Bahamian dollars)

	2013 \$	2012 \$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds on maturity of Bahamas Mortgage Corporation bonds	4,500	5,100
Proceeds on redemption of Bank of The Bahamas Limited bonds	13,500	3,500
Proceeds from loan repayments from Bahamas Government entities	102	136
Proceeds from Nassau Airport Development Company Limited debt securities	16,674	200
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	131	-
Proceeds of College of the Bahamas notes	185	-
Proceeds from Consolidated Water (Bahamas) Ltd. bonds	-	1,700
Proceeds from sale of property, plant and equipment	24	35
Purchase of equity securities	(43,148)	(1,909)
Purchase of United States of America US\$ treasury notes	(14,072)	(16,924)
Purchase of USS Corporate Bonds	(4,749)	-
Placements of certificates of deposit	(191,081)	(278,000)
Placements of long-term deposits	(3,500)	(3,000)
Purchase of Bahamas Government registered stocks	-	(46,057)
Purchase of Bahamas Mortgage Corporation bonds	-	(10,700)
Purchase of Nassau Airport Development Company Limited debt securities	-	(15,000)
Purchase of preference shares	(3,000)	-
Additional loans to Bahamas Government entities	(7,200)	-
Purchase of Public Hospital Authority Bonds	(10,000)	-
Additions to computer software	(2,372)	(4,397)
Additions to property, plant and equipment	(16,406)	(19,726)
Additions to construction in progress – finance leases	(13,811)	(15,255)
Net cash from investing activities	46,088	69,824
Net increase in cash and cash equivalents	3,654	2,343
Cash and cash equivalents, beginning of year	11,504	9,161
Cash and cash equivalents, end of year (Note 3)	15,158	11,504

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



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

1. General Information

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

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

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

2. Summary of Significant Accounting Policies

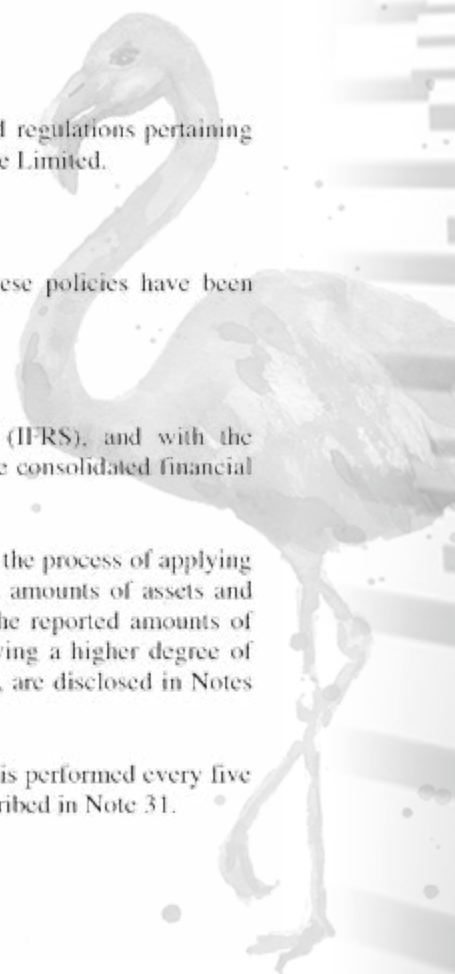
The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

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

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

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





The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

New and amended standards adopted by the Fund

These new and revised IFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Fund. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors". The adoption of these new and revised Standards and Interpretations, as listed below has no material impact on the consolidated financial statements of the Fund or its accounting policies. Enhanced and additional disclosures have been made.

i. IFRS 7 Financial Instruments Disclosures

The amended standard requires disclosures to include information that will enable users of the financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and financial liabilities. The amendment is effective for periods commencing on or after January 1, 2013.

ii. IFRS 10 Consolidated Financial Statements

IFRS 10 *Consolidated Financial Statements* establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. This IFRS will supersede IAS 27 *Consolidated Financial Statements and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

iii. IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of Interests in Other Entities* applies to entities that have an interest in a subsidiary, a joint arrangement, and an associate or an unconsolidated structured entity. It benefits the users by identifying the profit or loss and cash flows available to the reporting entity and determining the value of current or future investment in the reporting entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

iv. Amendments to IFRS 10, IFRS 12, and IAS 27

These amendments apply to a particular class of business that qualifies as investment entities. The IASB uses the term “investment entity” to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organizations, venture capital organizations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 *Consolidated Financial Statements*, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities. The amendments to IFRS 10, IFRS 12, and IAS 27 are effective for annual periods beginning on or after January 1, 2013.

v. IFRS 13 Fair Value Measurement

IFRS 13 explains how to measure fair value for financial reporting. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It emphasizes that fair value is market-based, not an entity-specific measurement; hence an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value. It was developed to eliminate inconsistencies of fair value measurements dispersed in various existing IFRSs. It also clarifies the definition of fair value, provides a single framework for measuring fair value and enhances fair value disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

vi. IAS 1 Presentation of Financial Statements

Amendments clarifying the requirements for comparative information including minimum and additional comparative information required. Annual improvement 2009-2011 cycle is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The revised standard required entities to group items in other comprehensive income as items which may be subsequently recycled to profit or loss, or those that will not. The disclosure of the tax effect of these items should follow accordingly. The revised IAS 1 is effective for annual periods beginning on after July 1, 2012.

vii. IAS 16 Property, Plant and Equipment

Amendments to the recognition and classification of servicing equipment. Annual improvement 2009-2011 cycle is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.



The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

viii. Amendments to IAS 27 *Consolidated and Separate Financial Statements*

The amendments to IAS 27 are a result of the completion and issuance of a new standard on consolidation, IFRS 10 *Consolidated Financial Statements*. Therefore, IAS 27 will now be titled "Separate Financial Statements" and contain requirements relating only to separate financial statements. The amended standard is applicable to annual periods beginning on or after January 1, 2013, with earlier application permitted.

ix. Amendments to IAS 28 *Investment in Associates*

The amendments to IAS 28 are a result of the completion and issuance of a new standard on joint arrangements, IFRS 11 *Joint Arrangements*. As a result, IAS 28 will now be titled "Investment in Associates and Joint Ventures" and incorporate requirements for joint ventures. The amended standard is applicable to annual periods beginning on or after January 1, 2013, with earlier application permitted.

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

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

i. IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* issued in November 2009 and amended in October 2010 addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement*, to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted. The Fund has not yet assessed the full impact of adopting IFRS 9, but intends to adopt IFRS 9 no later than the fiscal period beginning on or after January 1, 2015.



The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

- ii. IFRS 10 (Amended) *Consolidated Financial Statements*, IFRS 12 (Amended), *Disclosure of Interest in Other Entities*, IAS 27 (Amended), *Separate Financial Statements*

The amendments require a parent company that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating them. The new disclosure requirements pertaining to investment entities were added to IFRS 12 and IAS 27. The amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

- iii. IAS 19 *Employee Benefits*

With respect to the defined benefits plans employee contributions the amendments clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. The amendments are effective for annual periods beginning on or after January 1, 2014. Earlier application is permitted.

- iv. IAS 32 *Financial Instruments: Presentation*

The application guidance to IAS 32 has been amended to clarify some of the requirements for offsetting Financial Assets and Financial liabilities. The Revised standard is effective for annual periods beginning on or after January 1, 2014.

- v. IAS 36 *Impairment of Assets*

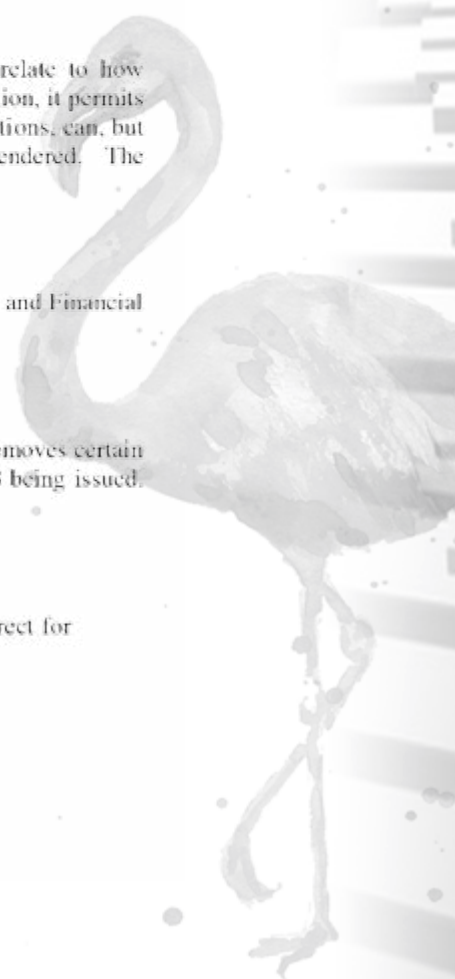
There has been amendment to IAS 36 on the recoverable amount disclosures for non-financial assets. The amendment removes certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 as a result of IFRS 13 being issued. The amendment is effective for annual periods beginning on or after January 1, 2014.

- vi. *Annual Improvements Process*

The process is to enhance the quality of Standards, by amending existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended oversights, conflicts and consequences. Issues included in the cycles are as follows:

Cycle: 2010 - 2012

- * IFRS 13 - Short-term receivables and payables.
- * IAS 10/38 - Revaluation method, proportionate restatement of accumulated depreciation.
- * IAS 24 - Key management personnel.





The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

vi. Annual Improvements Process (Continued)

Cycle: 2011 - 2013

- * IFRS 1 - Meaning of effective IFRSs
- * IFRS 13 - Scope of paragraph 52 (portfolio exception)

The amendments for both cycles are effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.

(b) Consolidation

Subsidiaries

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

Intercompany transactions, balances, income and expenses and unrealised gains on transactions between the Fund and its subsidiary are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Fund.

Associates

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

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



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

Associates (Continued)

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

(c) Foreign currency translation

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

(d) Cash and cash equivalents

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

(e) Financial assets

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

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



The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(c) Financial assets (Continued)

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

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

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

(f) Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) are reclassified in the consolidated financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included in loans payable when applicable. Securities purchased under agreements to resell (reverse repos) are recorded as loans to the applicable counterparty. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent are retained in the consolidated financial statements.

g) Impairment of financial assets

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

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



The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(g) Impairment of financial assets (Continued)

If there is objective evidence that an impairment loss on held-to-maturity investments or loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statement of comprehensive income. When a financial asset is uncollectible, it is written off against the allowance account. Recoveries of amounts previously written off are recognised directly to the consolidated statement of comprehensive income.

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

(h) Investment property

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

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

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



The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(h) Investment property (continued)

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

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

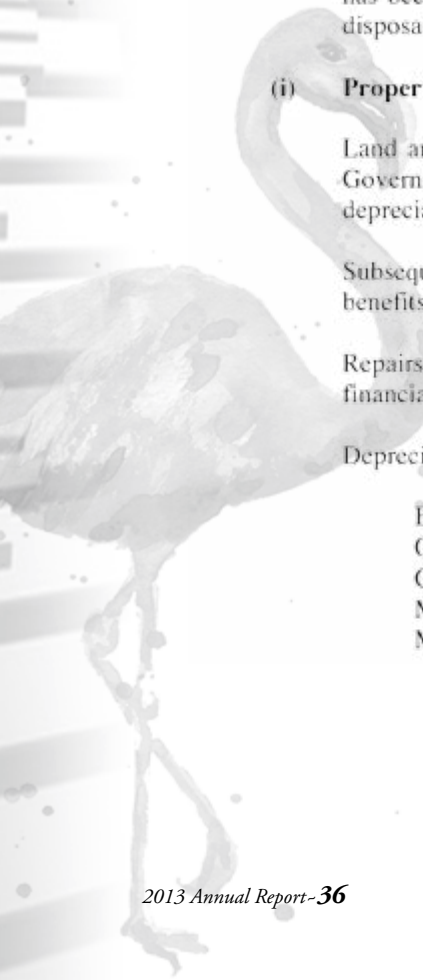
(i) Property, plant and equipment

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

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

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

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



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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (continued)

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each 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.

(j) Computer software

Computer software comprises software packages and other costs associated with implementing the software and ensuring that it is fully operational. The asset is stated at historical cost less amortisation, calculated using the straight-line basis over the estimated useful life of three years, except for the newly implemented Rollout 1 of the new insurance administration system which is amortised over fifteen years. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

(k) Leases

The Fund is lessee

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

The Fund is lessor

Finance leases

For assets leased out under finance leases, the present value of the lease payments is recognised as net investment in finance leases in the consolidated statement of financial position. The difference between the total gross lease payments and the 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.



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Leases (continued)

The Fund is lessor (continued)

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 on a straight-line basis over the period of the lease.

(l) Employee benefits

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

In the year 2012, the Fund early adopted the amendments to IAS 19 *Employee Benefits* as revised in June 2011. The Fund has applied IAS 19 as revised retrospectively and in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These transitional provisions do not have an impact on future periods.

The most significant change relates to the accounting for changes in the defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of unvested past service costs. All actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets are replaced with the net interest amount which is calculated by applying the discount rate to the net defined benefit liability or asset.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(m) Revenue recognition

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

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

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

(n) Expense recognition

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

(o) Unclaimed benefits

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(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:

	2013	2012
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, 2013 and 2012, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2013	2012
Short-term benefits reserve	20.23%	20.57%
Pensions reserve	71.64%	72.32%
Industrial benefits reserve	8.13%	7.11%
	<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.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

(s) Events After The Reporting Period

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

(t) Corresponding figures

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. Cash and Cash Equivalents

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

	2013 \$	2012 \$
Cash on hand	30	29
Cash at banks – current account	6,077	3,159
Cash at brokers	750	1,040
Cash at the Central Bank of The Bahamas	8,301	7,276
	<u>15,158</u>	<u>11,504</u>

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2013 (2012: effective interest of Nil %).

4. Receivables and Advances

Receivables and advances comprise:

	2013 \$	2012 \$
Finance lease receivables	14,960	5,428
Rent receivable	3,763	2,187
Other receivable – The Bahamas Government	1,661	1,661
Advances to staff	860	941
	<u>21,244</u>	<u>10,217</u>
Provision for doubtful accounts	(10)	(10)
	<u>21,234</u>	<u>10,207</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

5. Investments at Fair Value Through Profit or Loss

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

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

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

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity securities and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

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

Units			2013	2012
2013	2012		\$	\$
<i>Ordinary Shares / Mutual Funds</i>				
Level 1 B\$				
1,000	1,000	Bahamas Waste Limited	4	2
31,500	-	Bank of Bahamas Limited	31,440	-
1,114,583	1,114,583	Commonwealth Bank Ltd.	7,702	7,334
2,967,500	2,967,500	Commonwealth Brewery Limited	31,515	26,767
474,796	474,796	Consolidated Water Co. Ltd.	1,339	703
23,320	23,320	FamGuard Corporation Limited	122	120
213,472	213,472	Finance Corporation of Bahamas Limited	2,241	1,227
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	2,161	2,179
375,153	375,153	Freeport Oil Holdings Company Ltd.	2,251	2,153
158,769	158,769	ICD Utilities Limited	784	1,030
68,327	68,327	J.S. Johnson & Company Limited	769	683
			<u>80,328</u>	<u>42,198</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2013	2012		2013	2012
			\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$				
4,616	-	American Electric Power Company	216	-
2,050	-	Apache	176	-
-	460	Apple Inc.	-	245
-	3,260	AT&T Inc.	-	110
2,100	-	Caterpillar Inc.	191	-
1,669	-	Chevron Corporation	208	-
3,630	-	Citigroup Inc.	189	-
5,158	2,740	Coca Cola Co.	213	99
3,890	-	Comcast Corporation	202	-
3,090	-	CVS Caremark Corporation	221	-
-	1,260	Deer & Co.	-	109
2,996	-	Duke Energy Corporation	207	-
6,870	-	EMC Corp -Mass	173	-
-	2,390	Exxon Mobil Corp.	-	207
2,410	3,250	Fluor Corp.	193	191
5,270	4,520	Freeport-McMoran Copper & Gold Inc.	199	155
15,712	5,210	General Electric Co.	440	110
3,600	-	Halliburton Company	183	-
16,802	4,650	Intel Corp.	436	96
3,960	-	International Paper Company	194	-
3,390	2,300	JP Morgan Chase & Co.	198	101
3,649	-	Kraft Foods Group Incorporated	197	-
-	2,000	Marathon Oil Corp.	-	61
-	3,350	Marathon Petroleum Corp.	-	211
1,860	2,360	McDonald's Corp.	180	208
1,360	1,250	McKesson Corp.	219	121
3,750	5,150	MetLife Inc.	202	170
-	7,170	Microsoft Corp.	-	192
-	4,420	Nike Inc.	-	228
1,860	2,150	Occidental Petroleum Corp.	177	165



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2013	2012		2013	2012
			\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$ (continued)				
7,500	6,450	Oracle Corp.	287	215
6,090	9,740	Pfizer Inc.	187	244
2,315	-	Philip Morris International Inc	202	-
2,504	-	Proctor & Gamble Company	204	-
2,610	-	Qualcomm Incorporated	194	-
2,390	-	Ross Stores	179	-
-	4,480	State Street Corp.	-	211
-	1,200	United Technologies Corp.	-	98
3,700	-	Verizon Communications Inc.	182	-
-	6,190	Wells Fargo & Company	-	212
22,255	22,255	Axion Balanced Fund	2,887	2,686
23,033	23,033	Axion Conservative Fund	2,746	2,641
9,988	-	Ishares II PC - Property Yield Fund	213	-
			<u>12,095</u>	<u>9,086</u>
			<u>92,423</u>	<u>51,284</u>
Level 3 B\$				
3,000	3,000	Royal Fidelity International Investment Fund Limited; Index Linked Sub		
		Fund, Class N shares Series 3	2,868	2,913
24,428	-	CFAL Global Bond Fund	3,477	-
5,603	-	CFAL Global Equity Fund	740	-
69,667	-	Brown Advisory Funds PLC	837	-
11,671	-	Findlay Park Funds PLC	833	-
4,967	-	Morgan Stanley Investment Funds	329	-
18,210	-	Polar Capital Funds PLC - North American Fund	282	-
2,413	-	Wells Fargo & Company	482	-
			<u>9,848</u>	<u>2,913</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2013	2012		2013	2012
			\$	\$
		<i>Preference Shares</i>		
		Level 2		
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,826	8,826
150	150	FanGuard Corporation Limited; Prime + 1.50%	150	150
100,000	100,000	Fidelity Bank Limited; Prime + 2.25%	1,000	1,000
4,365,000	4,365,000	Freeport Oil Holdings Company Ltd.; Prime + 1.75%	4,365	4,365
			<u>14,341</u>	<u>14,341</u>
			<u>116,612</u>	<u>68,538</u>
		Level 1	Level 2	Level 3
		\$	\$	\$
Financial assets at fair value through profit or loss				Total
Trading securities		92,423	-	-
Available for sale investments		-	14,341	9,848
				<u>24,189</u>
Balance As of December 31, 2013		<u>92,423</u>	<u>14,341</u>	<u>9,848</u>
				<u>116,612</u>

Level 1

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

Level 2

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

Level 3

The fair value of financial instruments not traded in an active market whose valuation is determined by the net asset value.



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2013	51,284	14,341	2,913	68,538
Purchases	36,446	-	6,702	43,148
Sales	(3,345)	-	-	(3,345)
Net realised gain/(loss)	391	-	-	391
Net unrealised gain/(loss)	7,647	-	233	7,880
Balance As of December 31, 2013	92,423	14,341	9,848	116,612
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2012	47,753	14,341	2,936	65,030
Purchases	1,909	-	-	1,909
Sales	(110)	-	-	(110)
Net realised gain/(loss)	4	-	-	4
Net unrealised gain/(loss)	1,728	-	(23)	1,705
Balance As of December 31, 2012	51,284	14,341	2,913	68,538

As of December 31, 2013, the cost of ordinary shares/mutual funds and preference shares totals \$84,385 (2012: \$52,458) and \$14,341(2012: \$14,341), respectively, which include the cost of Level 3 securities of \$9,702(2012: \$3,000).

The net realized and unrealized gains/losses are presented in the consolidated statement of comprehensive income within "Income from Investments" line item, and disclosed in Note 17.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments

(a) Bahamas Government US\$ notes

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
11,000	11,000	6.95%; 2029	10,987	10,987
4,800	4,800	6.63%; 2033	4,696	4,693
14,102	14,102	7.13%; 2038	14,179	14,181
			<u>29,862</u>	<u>29,861</u>
		Accrued interest	376	546
			<u>30,238</u>	<u>30,407</u>

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

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
2,605	7,770	0.25%; 2015	2,606	7,755
9,520	2,270	0.625% to 1.50%; 2016	9,526	2,260
6,250	6,250	0.75%; 2017	6,260	6,262
2,903	2,903	1.13% to 1.25%; 2019	2,907	2,907
1,755	1,755	2.00%; 2021	1,761	1,762
			<u>23,060</u>	<u>20,946</u>
		Accrued interest	18	18
			<u>23,078</u>	<u>20,964</u>

As of December 31, 2013, United States of America debt was rated AA+ (2012: AA+) by Standard and Poors.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

Held-To-Maturity Investments (Continued)

(c) Government of Barbados US\$ bonds

Face Value		Description	2013	2012
2013	2012		\$	\$
2,571	3,000	Class B; 7.80%; 2019	2,571	3,000
2,500	2,500	7.25%; 2021	2,661	2,677
			5,232	5,677
		Accrued interest	89	102
			5,321	5,779

As of December 31, 2013, Barbados foreign currency debt was rated BB- (2012: BB+) by Standard and Poors.

(d) Citigroup Funding Inc. notes

Face Value		Description	2013	2012
2013	2012		\$	\$
3,000	3,000	US\$ 3-Month LIBOR + 3.25%; 2015	3,000	3,000
		Accrued interest	6	6
			3,006	3,006

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments (Continued)

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

Face Value		Description	2013	2012
2013	2012		\$	\$
\$	\$			
2,500	2,500	5.95%; 2019 Accrued interest	2,478 15	2,475 15
			<u>2,493</u>	<u>2,490</u>

As of December 31, 2013, the Cayman Islands foreign currency debt was rated Aa3 (2012: Aa3) by Moody's.

(f) Corporate Bonds US\$

Face Value		Description	2013	2012
2013	2012		\$	\$
\$	\$			
250	-	Freeport McMoran Copper & Gold 3.50%; 2022	226	-
250	-	Anheuser Busch Incorporated 2.50%; 2022	231	-
250	-	Amazon Incorporated 2.50%; 2022	227	-
250	-	American International Group 4.88%; 2022	269	-
250	-	Goldman Sachs Group 3.63%; 2023	235	-
250	-	Morgan Stanley Medium Term 4.88%; 2022	249	-
250	-	Simon Property Group 2.75%; 2023	230	-
250	-	Quest Diagnostics Incorporated 4.70%; 2021	266	-
250	-	Teva Pharmaceutical Finance 2.95%; 2022	232	-
250	-	Thermo Fisher Scientific Incorporated 3.60%; 2021	245	-



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments (Continued)

(f) Corporate Bonds US\$ Continued)

Face Value				
2013	2012	Description	2013	2012
\$	\$		\$	\$
250	-	United Health Group 2.75%; 2023	231	-
250	-	WellPoint Incorporated 3.30%; 2023	236	-
250	-	Deer & Company 2.60%; 2022	236	-
250	-	General Dynamics Corporation 2.25%; 2022	226	-
250	-	General Electric Capital Group 3.10%; 2023	231	-
250	-	AT & T Incorporated 2.63%; 2022	225	-
250	-	Telefonica Emisiones 5.13%; 2020	257	-
250	-	Verizon Communications Incorporated 2.45%; 2022	223	-
250	-	Ebay Incorporated 2.60%; 2022	232	-
250	-	Oracle Corporation 2.38	250	-
			4,757	-
		Accrued Interest	44	-
			4,801	-

7. Loans and Receivables

(a) Bahamas Government registered stocks

Investments in Bahamas Government registered stocks have interest rates varying from 4.10% to 6.63% (2012: 4.77% to 9.00%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime).

Face Value				
2013	2012	Description	2013	2012
\$	\$		\$	\$
-	41,231	Prime + 0.03% to 1.06%; 9.00%; 2013	-	41,232
22,997	22,997	Prime + 0.03% to 1.13%; 6.63%; 2014	22,997	22,997
176,263	176,263	Prime + 0.03% to 1.25%; 2015-2019	176,263	176,263
139,679	139,679	Prime + 0.03% to 0.57%; 4.10% to 4.75%; 2020-2024	139,679	139,679
178,290	178,290	Prime + 0.06% to 0.86%; 4.25% to 4.30%; 2025-2029	178,290	178,290
93,775	93,775	Prime + 0.06% to 0.44%; 2030-2034	93,775	93,775
27,859	27,859	Prime + 0.18% to 0.63%; 2035-2037	27,859	27,859
			638,863	680,095
		Accrued interest	8,656	9,568
			647,519	689,663

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2013 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(a) Bahamas Government registered stocks (Continued)

The effective interest rate earned on Bahamas Government registered stocks was 5.15% (2012: 5.30%), and registered stocks with face values totalling \$15,560 (2012: \$30,420) have fixed interest rates varying from 4.10% to 6.63% (2012: 4.10% to 9.00%) and maturities ranging from 2014 to 2029 (2012: 2013 to 2029).

(b) Certificates of deposit

	2013 \$	2012 \$
Certificates of deposit	191,516	192,181
Provision for doubtful accounts	(1,715)	(2,001)
	189,801	190,180
Accrued interest	3,830	4,002
	<u>193,631</u>	<u>194,182</u>

During the year, certificates of deposit earned interest at rates of 1.50% to 5.00% (2012: 2.75% to 5.25%) per annum. The effective interest earned on certificates of deposit was 3.83% (2012: 3.97%). The vast majority of certificates of deposit mature within 12 months of the statement of financial position date.

The Fund is permitted, under foreign exchange controls of the Central Bank of The Bahamas, to invest a maximum of \$25 million annually (\$6.25 million quarterly) in specific foreign currency investments. This annual facility commenced in 2006 and annual maximums ranged from \$12.5 million to \$25 million. As of December 31, 2013, certificates of deposit include United States dollar (US\$) deposits of \$17,047 (2012: \$2,680).

As of December 31, 2013, the Fund has \$1,715 (2012: \$2,001) in certificates of deposit with Gulf Union Bank (Bahamas) Ltd., which is in compulsory liquidation. Accordingly, the Fund has made full provision for amounts outstanding. A payment of \$285 was received in 2013 and no payment was received in 2012.



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(c) Bahamas Mortgage Corporation bonds

Series	Description	2013 \$	2012 \$
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%; 2013-2032	75,600	75,600
H.M.S	25 year bonds; Prime* less 2.00% to 5.25%; 2013-2037	10,600	15,100
		<u>101,200</u>	<u>105,700</u>
	Accrued interest	1,437	1,483
		<u>102,637</u>	<u>107,183</u>

These bonds are guaranteed by The Bahamas Government. As of December 31, 2013 and 2012 the face values of the bonds equal the carrying values, excluding accrued interest. * – The terms of these bonds deem Prime to be no less than 7.00%.

(d) Nassau Airport Development Company Limited debt securities

Face Value		Description	2013 \$	2012 \$
2013 \$	2012 \$			
5,286	10,000	BS Series A subordinated participating debt; 13.00%; 203	5,286	10,000
5,286	10,000	US\$ Series A subordinated participating debt; 13.00%; 20	5,286	10,000
9,700	9,900	BS senior debt notes; 8.50%; 2031	9,700	9,900
9,700	9,900	US\$ senior debt notes; 8.50%; 2031	9,700	9,900
13,154	20,000	US\$ Series B subordinated participating debt; 13.00%; 20	13,154	20,000
5,000	5,000	BS senior debt notes; Series B; 6.34%; 2035	5,000	5,000
5,000	5,000	US\$ senior debt notes; Series A; 6.34%; 2035	5,000	5,000
5,000	5,000	US\$ senior debt notes; Series C; 6.44%; 2035	5,000	5,000
			<u>58,126</u>	<u>74,800</u>
		Accrued interest	15,815	11,245
			<u>73,941</u>	<u>86,045</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

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

The Fund acquired debt securities of Nassau Airport Development Company Limited (NAD). The proceeds of the debt offerings were used for the financing of phase II of the expansion of the Lynden Pindling International Airport. During 2012, an additional \$15 million in secured notes was acquired toward the financing of phase III.

The senior debt notes are supported by a first priority security interest in all assets of NAD. The subordinated participating debt bears interest of 13.00% per annum, with 2.00% to be settled in cash and the remaining 11.00% to be settled in kind. This debt is supported by a second priority security interest in the collateral supporting the senior debt notes. Principal repayment of \$16,274 of the subordinated participating debt was made during 2013.

(e) Education Loan Authority bonds

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
15,000	15,000	Series A; Prime + 0.25%; 2020	15,783	15,884
9,750	9,750	Series B; Prime + 0.50%; 2023	10,161	10,194
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	20,980	21,062
			<hr/>	<hr/>
			46,924	47,140
		Accrued interest	884	884
			<hr/>	<hr/>
			47,808	48,024

These bonds are guaranteed by The Bahamas Government.



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(f) Bahamas Development Bank bonds

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
10,000	10,000	Series B; Prime less 1.00%; 2016-2020	10,000	10,000
15,000	15,000	Series A; Prime, 2020-2024	15,000	15,000
10,000	10,000	Series D; Prime less 1.00%; 2021-2024	10,000	10,000
11,000	11,000	Series C; Prime, 2026-2029	11,000	11,000
		Accrued interest	46,000	46,000
			492	492
			46,492	46,492

These bonds are guaranteed by The Bahamas Government.

(g) Bahamas Electricity Corporation bonds

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
1,003	1,003	US\$ Series A; 6.43%; 2016	1,003	1,003
6,495	6,495	BS Series B; 6.41%; 2021	6,488	6,487
18,557	18,557	BS Series C; 6.56%; 2026	18,523	18,522
		Accrued interest	26,014	26,012
			75	75
			26,089	26,087

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(h) Preference Shares

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
2,000,000	2,000,000	Colina Holdings Bahamas Limited; Prime + 1.50%	2,000	2,000
3,000	-	Grand Bahama Power Company Limited; 7.25% - 10%	3,000	-
3,500	3,500	Cable Bahamas Limited; 7.00%; 2015	3,500	3,500
5,000	5,000	Cable Bahamas Limited; 8.00%; 2019	5,000	5,000
-	-	Caribbean Crossings Limited; 7.00%; 2016	-	-
400,000	400,000	Fidelity Bank (Bahamas) Limited; 5.75%; 2021	4,000	4,000
			<u>17,500</u>	<u>14,500</u>

As of December 31, 2013, the cost of preference shares totals \$17,500 (2012: \$14,500).

(i) Bank of The Bahamas Limited bonds

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
-	4,800	Series B; Prime; 2013	-	4,800
-	2,600	Series C; Prime; 2014	-	2,600
-	6,100	Series D; Prime; 2015	-	6,100
			-	13,500
		Accrued interest	-	8
			<u>-</u>	<u>13,508</u>

The Series B, C and D bonds were supported by Bank of The Bahamas Limited's Government Guaranteed Advanced Education Loan Scheme portfolio. Bank of The Bahamas bonds totalling \$13.5 million were redeemed during the year to assist with the purchase of Bank of The Bahamas Non-Voting Shares

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(j) Clifton Heritage Authority bonds

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
1,126	1,126	Prime + 0.75%; 2020	1,126	1,126
1,455	1,455	Prime + 0.50%; 2025	1,455	1,455
4,219	4,219	Prime + 0.63%; 2030	4,219	4,219
1,149	1,149	Prime + 0.75%; 2035	1,149	1,149
			<hr/>	<hr/>
			7,949	7,949
		Accrued interest	49	49
			<hr/>	<hr/>
			7,998	7,998
			<hr/>	<hr/>

These bonds are guaranteed by The Bahamas Government.

(k) 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 Societe General Private Banking. Interest is earned at 0.70% above Prime. As of December 31, 2013, the carrying amount of the bonds includes the principal of \$2,312 (2012:\$2,443) plus accrued interest of \$845 (2012: \$766).

During the year, principal payments totalling \$131 (2012: \$Nil) were received, with cumulative principal payments totalling \$2,687(2012: \$2,556). The bonds fully mature in 2015.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2013

(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(i) Loans to Bahamas Government entities

	01-Jan-13	Additional Funds	Repayments/ Adjustments	31-Dec-13
	\$	\$	\$	\$
BEC	3,063	-	(102)	2,961
BMC	-	2,500	-	2,500
WSC	-	4,700	-	4,700
	<u>3,063</u>	<u>7,200</u>	<u>(102)</u>	<u>10,161</u>
Accrued interest	<u>25</u>	<u>-</u>	<u>(3)</u>	<u>22</u>
	<u>3,088</u>	<u>7,200</u>	<u>(105)</u>	<u>10,183</u>

	01-Jan-12	Additional Funds	Repayments/ Adjustments	31-Dec-12
	\$	\$	\$	\$
BEC	<u>3,199</u>	<u>-</u>	<u>(136)</u>	<u>3,063</u>
	<u>3,199</u>	<u>-</u>	<u>(136)</u>	<u>3,063</u>
Accrued interest	<u>27</u>	<u>-</u>	<u>(2)</u>	<u>25</u>
	<u>3,226</u>	<u>-</u>	<u>(138)</u>	<u>3,088</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(i) Loans to Bahamas Government entities (continued)

BEC

During August 2009, the Fund participated in a medium term US\$ loan facility provided to the Bahamas Electricity Corporation (BEC) to refinance its existing US\$ debt obligations. The loan bears interest at US\$ 3 month LIBOR plus 3.25%, with principal and interest payable quarterly. The terms of this loan was extended during 2012 to mature April 2013. In 2013 the loan was further extended and is scheduled to mature November 2014. The loan is guaranteed by The Bahamas Government.

BMC

During 2013 the Fund through a Memorandum of Understanding with the Ministry of Environment & Housing agreed to lend up \$10 million for the Bahamas National Housing Construction programme. The interest rate on this loan is 2.00% plus the 91 day Treasury Bill rate at the issue date. The funds are to be disbursed in quarterly instalments of \$2.5 million with the first drawdown disbursed during December 2013. The loan will be repaid from mortgages issued through lending institutions other than Bahamas Mortgage Corporation (BMC).

WSC

During 2013 the Fund agreed to lend to \$10 million 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. This loan bears interest at 4.75% and is repayable over 10 years with only interest payments being made during the first two years of the agreement. A total of \$4,700 drawdown was received by WSC at December 31, 2013.

(m) Long-term deposit

Face Value		Description	2013		2012	
2013	2012		\$		\$	
\$	\$					
3,000	3,000	Bahamas Development Bank 3.75% - 2016	3,000		3,000	
3,500		Family Guardian Insurance 3.50% - 2023	3,500			
			6,500		3,000	
		Accrued interest	59		4	
			<u>6,559</u>		<u>3,004</u>	

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

Loans and Receivables (Continued)

(m) Long-term deposit (Continued)

During the year, a \$3 million deposit was placed with Bahamas Development Bank for four years at 3.75% interest per annum. The funds are to be used to establish a roadwork compensation loan facility to assist small businesses impacted by the New Providence Road Improvement Project. NIB purchased \$3.5 million of Family Guardian Single Premium Deferred Annuity. The annuity earns an interest rate of 3.5% and matures in 2023. The interest rate is guaranteed not to fall below 2.5% for the first 5 years. Thereafter future guarantees will be reviewed every 5 years on the annuity anniversary date.

(n) Bridge Authority bonds

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
956	956	Prime + 1.25%; 2019	956	956
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			<hr/>	<hr/>
			2,783	2,783
		Accrued interest	46	46
			<hr/>	<hr/>
			2,829	2,829

(o) Fidelity Bank (Bahamas) Limited notes

Face Value		Description		
2013	2012		2013	2012
\$	\$		\$	\$
800	800	Series D Notes; Prime + 1.75%; 2015	800	800
500	500	Series A Notes; 7.00%; 2017	500	500
500	500	Series E Notes; 6.00%; 2018	500	500
1,000	1,000	Series B Notes; Prime + 1.75%; 2022	1,000	1,000
			<hr/>	<hr/>
			2,800	2,800
		Accrued interest	28	28
			<hr/>	<hr/>
			2,828	2,828

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(p) The College of The Bahamas redeemable term notes

Face Value		Description	2013	2012
2013	2012		\$	\$
2,583	2,583	7.00%; 2026	2,398	2,583
		Accrued interest	1	1
			<u>2,399</u>	<u>2,584</u>

(q) Public Hospital Authority Bonds

Face Value		Description	2013	2012
2013	2012		\$	\$
10,000	-	6.00%; 2033	10,000	-
		Accrued interest	77	-
			<u>10,077</u>	<u>-</u>

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

Gross receivables

Not later than one year

Later than one year and not later than five years

Later than five years

Unearned finance income:

2013	2012
\$	\$
18,760	14,465
70,129	57,861
<u>95,624</u>	<u>62,232</u>
184,513	134,558
<u>(56,791)</u>	<u>(39,450)</u>
<u>127,722</u>	<u>95,108</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(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:

	2013 \$	2012 \$
Not later than one year	10,590	8,340
Later than one year and not later than five years	45,162	39,547
Later than five years	71,970	47,221
	<u>127,722</u>	<u>95,108</u>

The Fund presently has eleven (2012: ten) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2013 \$	2012 \$
Poinciana Hill, New Providence	8,643	10,443
Thompson Boulevard, New Providence	12,726	15,067
Police Headquarters, Grand Bahama	4,626	5,531
Police Dormitories, Grand Bahama	2,141	2,432
Robinson Road, New Providence	3,632	3,889
Police Residences, Grand Bahama	2,338	2,655
Police Gymnasium, Grand Bahama	653	742
Police Guard House, Grand Bahama	34	39
Freeport Government Complex	24,170	25,288
Marsh Harbour Government Complex	27,805	29,022
Office of the Attorney General	40,954	-
	<u>127,722</u>	<u>95,108</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

8. Net Investment in Finance Leases (Continued)

Claughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above Prime (an effective rate of 6.50% per annum in 2013 and 6.50% in 2012). This lease expired June 13, 2011 and as of December 31, 2013 the title is pending transfer to The Bahamas Government, which is responsible for the maintenance, insurance and taxes on the office building.

Bahamas Government buildings

In prior years, the Ministry of Finance negotiated appropriate funding packages with the Fund for the construction or renovation of certain buildings, namely Poinciana Hill, Thompson Boulevard, Police Headquarters, Police Dormitories, Robinson Road, Police Residences, Police Gymnasium and Police Guard House. In 2012 the Freeport Government Complex and the Marsh Harbour Government Complex were transferred from Work in Progress to Net Investment in Finance Leases. In 2013 the Office of the Attorney General Building was transferred from Work in Progress to Net Investment in Finance Leases. The Fund has executed lease agreements with The Bahamas Government for these buildings, on the same terms as the finance lease involving Claughton House.

Location	Date Construction/ Renovation Commenced	Agreed Date of Lease
Poinciana Hill, New Providence	1998	12/31/2002
Thompson Boulevard, New Providence	2000	10/31/2003
Police Headquarters, Grand Bahama	2000	07/31/2003
Police Dormitories, Grand Bahama	2001	09/30/2004
Robinson Road, New Providence	2004	07/01/2008
Police Residences, Grand Bahama	2001	10/01/2010
Police Gymnasium, Grand Bahama	2001	10/01/2010
Police Guard House, Grand Bahama	2001	10/01/2010
Freeport Government Complex	2009	04/01/2012
Marsh Harbour Government Complex	2009	08/09/2012
Office of the Attorney General	2009	12/15/2013

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2013

(Expressed in Thousands of Bahamian dollars)
(Continued)

9. Investment Property

	Buena Vista \$	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2013	2,000	2,600	520	5,120
As of December 31, 2013	<u>2,000</u>	<u>2,600</u>	<u>520</u>	<u>5,120</u>
As of January 1, 2012	2,000	2,600	520	5,120
As of December 31, 2012	<u>2,000</u>	<u>2,600</u>	<u>520</u>	<u>5,120</u>

Fair Value Hierarchy	Level 1	Level 2	Level 3	Fair Value
Buena Vista Building	-	2,000	-	2,000
Farrington Road Building	-	2,600	-	2,600
Modernistic Building	-	520	-	520

The fair values of investment properties are determined every three years by an independent professionally qualified appraiser. In determining the valuations the appraiser refers to weighted average of the Cost Approach and the income Approach. There was no change in the valuation technique used at the last appraisal as of December 31, 2011.

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

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

	2013 \$	2012 \$
Rental income	637	669
Direct operating expenses		
On property that generated rental income	97	246
On property that did not generate rental income	10	63
	<u>107</u>	<u>309</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(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
Buena Vista/John Watling's Distillery, Meeting Street, New Providence	10 years	11/03/2011
Bahamas Government, Farrington Road, New Providence	21 years	02/20/1992
National Insurance Board, Wulff Road, New Providence	21 years	01/20/1997
National Insurance Board, Freeport, Grand Bahama	21 years	01/01/2011

The Buena Vista lease agreement includes a purchase option that must be exercised within the first three years of the agreement. The lease agreements for Farrington Road, Wulff Road and Freeport may have revisions to the rent every three years to reflect the cost of living increase based on the retail price index of the preceding three years. The commitments on leases for investment properties are analysed as follows:

	Buena Vista \$	Farrington Road Building \$	Wulff Road Building \$	Freeport, GB Building \$	Total \$
No later than 1 year	200	374	63	656	1,293
Later than 1 year and no later than 5 years	800	1,496	198	2,626	5,120
Later than 5 years	767	5,548	-	8,534	14,849
	<u>1,767</u>	<u>7,418</u>	<u>261</u>	<u>11,816</u>	<u>21,262</u>

10. Investments in Associates

As of December 31, 2013, the Fund owned 4,334,453 (2012: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited, representing 28.07% (2012: 27.80%) of the total outstanding ordinary voting shares. During 2013 6,022,945 non-voting ordinary shares were purchased from the proceeds of Bank of Bahamas bonds and Certificates of deposits held by the Fund. The Fund also owned 3,034,483 (2012: 3,034,483) of the ordinary shares of Cable Bahamas Limited, representing 22.30% (2012: 22.32%) of the total outstanding ordinary shares. During 2011, the Fund was given a seat on the Board of Directors, which upon reassessment led to the conclusion that the Fund has the ability to exercise significant influence. Accordingly, the investment was reclassified from an investment in equity securities to an investment in associate.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2013 (Expressed in Thousands of Bahamian dollars) (Continued)

10. Investments in Associates (Continued)

	2013 \$	2012 \$
As of January 1	61,989	60,954
Share of profits/(loss)	(574)	5,081
Dividends received	(1,213)	(1,583)
Write down of goodwill	-	(2,463)
As of December 31	60,202	61,989

The fair value of the ordinary shares held by the Fund based on the quoted prices as of December 31, 2013 is \$57,886 (2012: \$57,719).

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2013 and 2012:

	Assets \$	Liabilities \$	Total Income \$	Net Income/(Loss) \$
2013				
Bank of The Bahamas Limited	893,675	762,486	45,457	(12,602)
Cable Bahamas Limited	343,620	240,618	41,287	13,290
2012				
Bank of The Bahamas Limited	895,992	777,495	45,467	3,313
Cable Bahamas Limited	221,898	127,732	47,196	21,561

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

11. Computer Software

Computer software comprises:

	Total \$
Cost	
Balance as of January 1, 2013	7,434
Additions	2,372
Disposals	(148)
Balance as of December 31, 2013	9,658
Accumulated amortization	
Balance as of January 1, 2013	2,817
Amortization expense	500
Disposals	(148)
Balance as of December 31, 2013	3,169
Net book value as of December 31, 2013	6,489
Cost	
Balance as of January 1, 2012	3,037
Additions	4,397
Disposals	-
Balance as of December 31, 2012	7,434
Accumulated amortization	
Balance as of January 1, 2012	2,461
Amortization expense	356
Disposals	-
Balance as of December 31, 2012	2,817
Net book value as of December 31, 2012	4,617



The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

12. Property, Plant and Equipment

Property, plant and equipment comprise:

	Land and Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment & Vehicles \$	Total \$
Cost							
Balance as of January 1, 2013	90,962	3,999	6,317	1,718	533	7,389	110,918
Transfer			(2)				(2)
Additions	15,207	312	527			360	16,406
Disposals		(173)	(202)	(118)		(58)	(551)
Balance as of December 31, 2013	106,169	4,138	6,640	1,600	533	7,691	126,771
Accumulated depreciation							
Balance as of January 1, 2013	18,058	1,957	4,892	1,160	-	4,305	30,372
Charge for the year	1,371	336	871	228		410	3,216
Disposals	(2)	(147)	(202)	(118)		(58)	(527)
Balance as of December 31, 2013	19,427	2,146	5,561	1,270	-	4,657	33,061
Net book value as of December 31, 2013	86,742	1,992	1,079	330	533	3,034	93,710



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

12. Property, Plant and Equipment (Continued)

	Land and Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment & Vehicles \$	Total \$
Cost							
Balance as of January 1, 2012	75,179	3,950	5,348	1,722	449	4,894	91,542
Transfer	(3)	-	-	-	-	-	(3)
Additions	15,786	291	969	101	84	2,495	19,726
Disposals	-	(242)	-	(105)	-	-	(347)
Balance as of December 31, 2012	90,962	3,999	6,317	1,718	533	7,389	110,918
Accumulated depreciation							
Balance as of January 1, 2012	16,753	1,853	3,651	984	-	3,906	27,147
Charge for the year	1,305	346	1,241	281	-	399	3,572
Disposals	-	(242)	-	(105)	-	-	(347)
Balance as of December 31, 2012	18,058	1,957	4,892	1,160	-	4,305	30,372
Net book value as of December 31, 2012	72,904	2,042	1,425	558	533	3,084	80,546

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	
	2013 \$	2012 \$	2013 \$	2012 \$
Cost	78,422	63,293	7,691	7,389
Accumulated depreciation	(9,301)	(8,524)	(4,657)	(4,305)
Net book value	69,121	54,769	3,034	3,084

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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.

	2013	2012
	\$	\$
Balance as of January 1	78,688	114,588
Additions	13,811	15,255
Interest income (Note 17)	2,138	4,503
Transfer to net investment in finance leases	(41,027)	(55,658)
Balance as of December 31	<u>53,610</u>	<u>78,688</u>

During 2011, the National Insurance Board resolved to reduce interest charged on outstanding balances related to projects currently inactive to 0.00%. As of December 31, 2013, projects with balances totalling \$38,157 (2012: \$30,803) are subject to this resolution.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2013	2012
	\$	\$
Accounts payable and accrued expenses	4,307	4,120
Accrued vacation pay	2,544	2,540
Unclaimed benefits	180	224
Employee pension contributions	22	143
Accrued staff retirement benefits	90	107
	<u>7,143</u>	<u>7,134</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. Staff Pension Fund

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

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

	2013 \$	2012 \$
Present value of defined benefit obligations	109,059	98,278
Fair value of plan assets	(35,454)	(31,085)
Funded status - Deficit	73,605	67,193
Net liability arising from defined benefit obligation in consolidated statement of financial position	73,605	67,193

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

	2013 \$	2012 \$
As of January 1	98,278	78,629
Interest cost	5,092	4,744
Current service cost	3,355	3,265
Employee contributions	929	723
Past service cost	731	14,498
Benefits paid	(2,885)	(2,035)
Actuarial (gains)/losses from experience	(1,444)	(1,546)
Actuarial (gains)/losses from changes in demographic assumptions	4,176	-
Actuarial (gains)/losses from changes in economic assumptions	827	-
As of December 31	109,059	98,278

The present value of the defined benefit obligation as of December 31, 2011, 2010, and 2009 was \$78,629 \$65,100, and \$62,640 respectively.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. Staff Pension Fund (Continued)

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

	2013		2012	
	\$	%	\$	%
Active members	82,698	75.8	74,294	75.6
Inactive members	26,361	24.2	23,984	24.4
	<u>109,059</u>	<u>100.0</u>	<u>98,278</u>	<u>100.0</u>

As at December 31, 2013 the duration of the liability is 17 years.

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

	2013	2012
	\$	\$
As of January 1	31,085	1,000
Expected return on plan assets	1,628	781
Contributions	5,929	31,292
Benefits paid	(2,885)	(2,035)
Actuarial gains/(losses)	(220)	47
Administration and Other non Plan Investment Management Expenses	(83)	-
As of December 31	<u>35,454</u>	<u>31,085</u>

The allocation of plan assets as at December 31, 2013 is as follows:

	2013	2012
	\$	\$
Asset Allocation		
Cash on hand and at banks	472	1,005
Certificates of deposit	1,982	4,648
Equity securities at fair value through profit or loss	9,219	5,069
Loans and receivables	23,387	19,236
Net current assets	<u>394</u>	<u>1,127</u>
Fair value of plan assets at end of year	<u>35,454</u>	<u>31,085</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. Staff Pension Fund (Continued)

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

	2013 \$	2012 \$
Current service cost	3,355	3,265
Past service costs recognised	731	14,498
Interest expense/(income)	3,464	3,963
Administration and Other non Plan Investment Management Expenses	83	-
Total pension expense (See Note 22)	7,633	21,726

In 2012 the Fund early adopted the amendments to IAS 19 *Employee Benefits*, the impact of which is disclosed in Note 2(l). The effect of the early adoption of this change in accounting policy along with the February 1, 2012 amendment to the Fund's pension plan to remove the integration clause required the immediate recognition of associated past service costs resulting in a significant increase in the pension expense in that year.

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$2,232. Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$782.

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

	2013 \$	2012 \$
As of January 1	67,193	77,629
Pension expense recognized	7,633	21,726
Contributions - employer	(4,988)	(30,569)
Actuarial (gains)/losses from experience (with Government subsidy)	(1,456)	(1,546)
Actuarial (gains)/losses on plan assets	220	(47)
Actuarial (gains)/losses from changes in demographic assumptions	4,176	-
Actuarial (gains)/losses from changes in economic assumptions	827	-
As of December 31	73,605	67,193

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. Staff Pension Fund (Continued)

The principal actuarial assumptions used were:

	2013	2012
Rates per annum		
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	5.00%
Future salary increase:		
at age 18	5.00%	5.00%
at age 59	5.00%	5.00%

Early retirement rates used were 0% before completing 30 years of pensionable service and 10% after completing 30 years of pensionable service. Mortality rates have been taken from the 1994 Uninsured Pensioner Mortality Generational Table at 2014 with Projection Scale AA (2012: 1994 Group Annuity Mortality Static Table). The mortality rates used for December 31, 2013 allow for improvements in life expectancy as illustrated below:

Age	Gender	
	Male	Female
Age 60 in 2013	24.35	26.68
Age 60 in 20 years	25.99	27.53

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, 2013 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%	109,059	128,896	92,733
4.50%	106,206	126,249	90,472
5.50%	112,071	133,754	95,117

The defined benefit obligation would be \$111,357 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, 2013 and 2012.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments

	2013 \$	2012 \$
Income from trustee securities:		
Bahamas Government registered stocks	33,652	34,955
	<u>33,652</u>	<u>34,955</u>
Income from other securities:		
Certificate of deposit	6,788	8,869
Long Term Deposit	152	4
Nassau Airport Development Company Limited debt securities	7,820	7,373
Bahamas Mortgage Corporation bonds	4,176	4,239
Dividends from ordinary and preference shares	4,778	4,254
Education Loan Authority bonds	2,102	2,116
Bahamas Government US\$ notes	1,918	2,158
Bahamas Development Bank bonds	1,984	1,986
Bahamas Electricity Corporation bonds	1,701	1,700
Bank of The Bahamas Limited bonds	327	807
Government of Barbados US\$ bonds	380	113
Clifton Heritage Authority bonds	428	428
United States of America US\$ treasury notes	158	100
Fidelity Bank (Bahamas) Limited notes	184	187
The College of The Bahamas redeemable term notes	174	88
Bridge Authority bonds	172	173
Consolidated Water (Bahamas) Ltd. bonds	-	3
Government of the Cayman Islands US\$ bonds	152	152
Loans to Bahamas Government entities	137	138
Latin American Investment Bank (Bahamas) Ltd. bonds	126	133
Public Hospital Authority Bonds	77	-
Corporate Bonds US\$	100	-
Citigroup Funding Inc. notes	126	126
	<u>33,960</u>	<u>35,147</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments (Continued)

	2013 \$	2012 \$
Income from other investments:		
Interest income on net investment in finance leases	6,769	5,196
Interest income on construction in progress – finance leases (Note 13)	2,138	4,503
Net gain on investments at fair value through profit or loss (Note 5)	391	4
Net unrealized gain on investments at fair value through profit or loss (Note 5)	7,880	1,705
Net realised gain/(loss) on other investments	(11)	14
	<u>17,167</u>	<u>11,422</u>
	<u>84,779</u>	<u>81,524</u>

18. Income from Property

	2013 \$	2012 \$
Rental income:		
Freeport office complex	688	656
New Providence buildings	592	669
Polyclines	795	674
	<u>2,075</u>	<u>1,999</u>

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Amount invested in other assets comprises:

	2013	2012
	\$	\$
Cash on hand	30	29
Cash at banks – current accounts	6,077	3,159
Cash at brokers	750	1,040
Receivables and advances	21,234	10,207
Prepaid expenses and deposits	596	1,208
Computer software	6,489	4,617
Property, plant and equipment	21,555	22,692
Construction in progress – finance leases	53,610	78,688
Accounts payable and accrued expenses	(7,143)	(7,134)
Accrued benefits payable	(3,669)	(4,100)
	<u>99,529</u>	<u>110,406</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

21. Other Expenses

Other expenses comprise:

	2013 \$	2012 \$
Repairs and maintenance	2,343	2,416
Utilities	1,622	1,633
Consultancy fees	1,502	867
Printing, stationery and computer supplies	720	705
Transportation and travel	409	553
Training and scholarships	273	385
Janitorial	381	361
Advertising and publicity	219	334
External security	357	322
Rent	324	316
Motor vehicles	277	273
Insurance	244	246
Legal expenses	229	229
Audit fees	168	169
Real property tax	96	138
Bank charges	29	36
Tribunal membership	32	31
Computer Services	57	23
Other miscellaneous expenses	69	72
	<u>9,351</u>	<u>9,109</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

22. Employee Benefits

	2013 \$	2012 \$
Pension expense (Note 15)	7,633	21,726
Pension expense allocated to Medical Benefits Branch	(144)	(136)
	<u>7,489</u>	<u>21,590</u>
Staff salaries and allowances	21,528	20,480
Group health plan	2,518	2,303
National insurance contributions	842	755
Other benefits	512	566
	<u>32,889</u>	<u>45,694</u>

23. Financial Risk Management

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

Credit risk

Credit risk is the risk that a counterparty may be unable to perform according to the terms of a contract. As of December 31, 2013, the Fund's total exposure to credit risk was \$1,612,108 (2012: \$1,564,612), principally concentrated with The Bahamas Government, which as of December 31, 2013 had foreign and local currency debt ratings of BBB (2012: BBB) and a country transfer and convertibility rating of BBB+ (2012: BBB+) issued by Standard and Poors. As of that date, the Fund had investments, loans and accruals with The Bahamas Government and its entities totalling \$1,266 (2012: \$1,299). Certificates of deposit are placed with banks in good standing with the Central Bank of The Bahamas or equivalent regulators (see Note 30).

Liquidity risk

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

Interest rate risk

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

24. Contingent Liabilities

- (a) NIB has provided commitment letters to various medical institutions and other providers of medical care to its industrial benefit claimants. Due to the nature of these commitments, it is not practical to determine the possible financial effect.
- (b) The Fund is a party to several legal actions involving its activities. The Fund is contingently liable for costs and damages in the event of an adverse finding by the courts; however, it is neither possible to predict the decision of the courts nor estimate the amount of such awards. Accordingly, no provisions have been made in these consolidated financial statements relative to the legal proceedings. These legal actions primarily involve construction contracts, requirements to pay contributions under the National Insurance Act and Regulations, and an action for defamation, wrongful/unfair dismissal and negligence/breach of the Data Protection Act. Management is of the opinion that the resolution of these matters will not have a material impact on the Fund's consolidated financial statements.

25. Commitments

Capital commitments

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

	2013 \$	2012 \$
Capital commitments	<u>6,551</u>	<u>18,505</u>

Operating lease commitments

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

	2013 \$	2012 \$
No later than 1 year	42	107
Later than 1 year and no later than 5 years	<u>313</u>	<u>16</u>
	<u>355</u>	<u>123</u>

The National Insurance Fund
Notes to the Consolidated Financial Statements
December 31, 2013
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(Continued)

26. Employees

The average number of persons employed by NIB during the year was 537 (2012: 521).

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	
	2013 \$	2012 \$	2013 \$	2012 \$
Certificates of deposit	193,631	194,182	194,113	194,151
Long Term Deposit	6,559	3,004	5,997	2,819
Bahamas Government registered stocks	647,519	689,663	680,673	697,577
Bahamas Mortgage Corporation bonds	102,637	107,183	92,472	96,642
Nassau Airport Development Company Limited debt securities	73,941	86,045	72,873	96,622
Education Loan Authority bonds	47,808	48,024	49,361	49,424
Bahamas Development Bank bonds	46,492	46,492	44,505	44,299
Bahamas Government US\$ notes	30,238	30,407	37,835	33,931
Bahamas Electricity Corporation bonds	26,089	26,087	26,627	26,654
Bank of The Bahamas Limited bonds	-	13,508	-	13,128
Clifton Heritage Authority bonds	7,998	7,998	8,454	8,466
Government of Barbados US\$ bonds	5,321	5,779	5,688	5,755
United States of America US\$ treasury notes	23,078	20,964	19,955	21,045
Loans to Bahamas Government entities	10,183	3,088	9,064	3,088
Latin American Investment Bank (Bahamas) Ltd. bonds	3,157	3,209	2,257	2,358
Citigroup notes	3,006	3,006	2,868	2,804
Bridge Authority bonds	2,829	2,829	3,091	3,110
Fidelity Bank (Bahamas) Limited notes	2,828	2,828	2,830	2,852
The College of The Bahamas redeemable term notes	2,399	2,584	2,554	2,759
Government of the Cayman Islands US\$ bonds	2,493	2,490	2,454	2,937
US Corporate Bonds	4,801	-	3,550	-
Public Hospital Authority Bonds	10,077	-	9,871	-
	1,253,084	1,299,370	1,277,092	1,310,421

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
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(Expressed in Thousands of Bahamian dollars)
(Continued)

27. Fair Value of Financial Instruments (Continued)
Fair Value Hierarchy

	Level 1	Level 2	Level 3	Fair value
	\$	\$	\$	\$
Certificates of deposit	-	194,113	-	194,113
Long Term Deposit	-	5,997	-	5,997
Bahamas Government registered stocks	-	680,673	-	680,673
Bahamas Mortgage Corporation bonds	-	92,472	-	92,472
Nassau Airport Development Company Limited	-	72,873	-	72,873
Education Loan Authority bonds	-	49,361	-	49,361
Bahamas Development Bank bonds	-	44,505	-	44,505
Bahamas Government US\$ notes	37,835	-	-	37,835
Bahamas Electricity Corporation bonds	-	26,627	-	26,627
Bank of The Bahamas Limited bonds	-	-	-	-
Clifton Heritage Authority bonds	-	8,454	-	8,454
Government of Barbados US\$ bonds	5,688	-	-	5,688
United States of America US\$ treasury notes	19,955	-	-	19,955
Loans to Bahamas Government entities	-	9,064	-	9,064
Latin American Investment Bank (Bahamas) Ltd	-	2,257	-	2,257
Citigroup notes	-	2,868	-	2,868
Bridge Authority bonds	-	3,091	-	3,091
Fidelity Bank (Bahamas) Limited notes	2,830	-	-	2,830
The College of The Bahamas redeemable term n	-	2,554	-	2,554
Government of the Cayman Islands US\$ bonds	2,454	-	-	2,454
United States Corporate Bonds	3,550	-	-	3,550
Public Hospital Authority Bonds	-	9,871	-	9,871
	<u>72,312</u>	<u>1,204,780</u>	<u>-</u>	<u>1,277,092</u>

Level 1

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

Level 2

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

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

The National Insurance Fund
Notes to the Consolidated Financial Statements
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(Continued)

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		The Bahamas Government		Other Governmental Entities and Agencies		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	2,131	1,171	-	-	-	-	-	-	8,301	7,276	10,432	8,447
Receivables and advances	-	-	135	160	-	-	20,117	9,208	-	-	20,252	9,368
Accounts payable and accrued expenses	15	1	241	197	-	-	12	69	383	383	651	650
Contributions	1,333	1,296	19	105	-	-	25,711	21,048	10,776	9,217	37,839	31,666
Administrative expenses	100	104	-	126	-	-	-	-	1,522	1,529	1,622	1,759
Benefits	-	-	-	-	240	118	-	-	-	-	240	118

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.

As at December 31, 2012 and December 31, 2013, an amount of \$10,418 is included in the Property, plant and equipment of the Medical Benefits Branch related to construction costs paid to a company whose President is a close family member of a former Director of NIB.

During the first six months of 2012, the agency that provided general insurance coverage for the Fund was a wholly-owned subsidiary of a company in which the then Chairman of NIB was the company's President and Chief Executive Officer.

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*:

	2013	2012
	\$	\$
Short-term employee benefits	1,680	1,453
Post-employment benefits	289	235
	<u>1,969</u>	<u>1,688</u>

These balances are included in administrative expenditure in the consolidated statement of comprehensive income.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

28. Related Party Balances and Transactions (Continued)

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

As of December 31, 2013, other related party investment balances are disclosed below and the associated investment income is disclosed in Note 17 of these consolidated financial statements.

	Notes	2013 \$	2012 \$
Bahamas Government registered stocks	7(a)	647,519	689,663
Bahamas Mortgage Corporation bonds	7(c)	102,637	107,183
Net investment in finance leases	8	127,722	95,108
Nassau Airport Development Company Limited debt securities	7(d)	73,941	86,045
Bank of the Bahamas certificates of deposit	7(b)	64,000	65,000
Education Loan Authority bonds	7(e)	47,808	48,024
Bahamas Development Bank bonds	7(f)	46,492	46,492
Bahamas Government USS notes	6(a)	30,238	30,407
Bahamas Electricity Corporation bonds	7(g)	26,089	26,087
Bank of The Bahamas Limited bonds	7(i)	-	13,508
Cable Bahamas preference shares	7(h)	8,500	8,500
Clifton Heritage Authority bonds	7(j)	7,998	7,998
Investment property	9	5,120	5,120
Latin American Investment Bank (Bahamas) Ltd. bonds	7(k)	3,157	3,209
Loans to Bahamas Government entities	7(l)	10,183	3,088
Bahamas Development Bank long-term deposit	7(m)	6,559	3,004
Bridge Authority bonds	7(n)	2,829	2,829
The College of The Bahamas redeemable term notes	7(p)	2,399	2,584
Public Hospital Authority Bonds	7(q)	10,077	-
		<u>1,223,268</u>	<u>1,243,849</u>



The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

29. Events After The Reporting Period

- (a) In October 2012, John Watlings Distillery Limited exercised its option to purchase the property of Buena Vista at the appraised value of \$2,000,000 as per the operating lease agreement dated November 3, 2011. The sale agreement was executed and a deposit of \$200 was received in March 2013. This sale agreement was finalised in February 2014.
- (b) During the first quarter 2014 NIB signed an agreement for \$16,967 for the construction of an Office Complex to replicate the Attorney General Office located on John F. Kennedy Drive.
- (c) During the first quarter 2014 NIB engaged the architectural services for \$1,485 for the design of the Office Complex to be used by the Bahamas Government on the old St. John's Playing Field.
- (d) During the first quarter 2014 NIB executed a contract to engage consultants to make recommendations to the Board regarding the implementation of a National Health Insurance Plan.
- (e) In April 2014 the NIB agreed with the Bahamas Government to restructure the finance leases to extend the repayment period of all outstanding balances for 25 years and adjust the interest rate to Prime plus 0.25% effective July 1 2014.
- (f) Amendments to the laws and regulations governing the Fund made in 2010 will require an increase in the insurable wage ceiling during 2014 and an increase in pension benefits, based on the change in the Retail Price Index.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

30. Investments of the Fund Allocated to the Reserves

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2013									
Cash at the Central Bank of The Bahamas			-	5,000	2,711	-	24	566	8,301
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	99,271	-	-	-	-	99,271
Preference shares			-	17,341	-	-	-	-	17,341
			-	121,612	2,711	-	24	566	124,913
Certificates of deposit									
Commonwealth Bank Ltd.	0.0275	03/15/14 - 06/30/14	13,000	-	-	-	-	-	13,000
Finance Corporation of Bahamas Limited	4.000% - 4.250%	01/15/14 - 11/15/14	15,650	53,350	-	-	-	-	69,000
Bank of The Bahamas Limited	3.50% - 4.75%	01/15/14 - 12/30/14	-	-	64,000	-	-	-	64,000
Fidelity Bank (Bahamas) Limited	3.25% - 4.00%	01/30/14 - 12/30/14	1,150	-	10,155	-	15,250	-	26,555
First Caribbean International Bank (Bahamas) Limited US\$			-	-	9,075	-	-	-	9,075
Credit Suisse AG			-	-	-	798	-	-	798
Scotiabank (Bahamas) Limited			-	28	6,793	354	-	-	7,175
Public Hospital Authority	1.50%	41,713	-	-	-	198	-	-	198
Gulf Union Bank (Bahamas) Ltd.			-	2,001	-	-	-	-	2,001
Accrued interest			-	3,830	-	-	-	-	3,830
Provision for doubtful accounts			-	(2,001)	-	-	-	-	(2,001)
			29,800	57,208	90,023	1,350	15,250	-	193,631
Bahamas Government registered stocks			-	647,519	-	-	-	-	647,519
Bahamas Mortgage Corporation bonds			17,000	57,437	19,700	2,500	6,000	-	102,637
Nassau Airport Development Company Limited debt securities			-	73,941	-	-	-	-	73,941
Education Loan Authority bonds			-	47,808	-	-	-	-	47,808

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

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

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2013 (Continued)									
Bahamas Development Bank bonds	-	-	-	46,492	-	-	-	-	46,492
Bahamas Government USS notes	-	-	-	30,238	-	-	-	-	30,238
Bahamas Electricity Corporation bonds	-	-	-	26,089	-	-	-	-	26,089
Bank of The Bahamas Limited bonds	-	-	-	-	-	-	-	-	-
Preference shares	-	-	-	17,500	-	-	-	-	17,500
Clifton Heritage Authority bonds	-	-	-	7,998	-	-	-	-	7,998
Government of Barbados USS bonds	-	-	-	5,321	-	-	-	-	5,321
United States of America USS treasury notes	-	-	-	23,078	-	-	-	-	23,078
Loans to Bahamas Government entities	-	-	-	10,183	-	-	-	-	10,183
Latin American Investment Bank (Bahamas) Ltd. Bonds	-	-	-	3,157	-	-	-	-	3,157
Citigroup Funding Inc. notes	-	-	-	3,006	-	-	-	-	3,006
Bridge Authority bonds	-	-	-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes	-	-	-	2,828	-	-	-	-	2,828
The College of The Bahamas redeemable term notes	-	-	-	2,399	-	-	-	-	2,399
Government of the Cayman Islands USS bonds	-	-	-	2,493	-	-	-	-	2,493
Long Term Deposits	-	-	-	6,559	-	-	-	-	6,559
USS Corporate Bonds	-	-	-	4,801	-	-	-	-	4,801
Public Hospital Authority Bonds	-	-	-	10,077	-	-	-	-	10,077
Net investment in finance leases	-	-	-	127,722	-	-	-	-	127,722
Investment property	-	-	-	5,120	-	-	-	-	5,120
Investments in associates	-	-	-	60,202	-	-	-	-	60,202
Property, plant and equipment	-	-	-	-	-	72,155	-	-	72,155
Amounts invested in other assets (Note 20)	-	-	5	97,190	62	2,222	40	10	99,529
Staff pension fund	-	-	-	(73,605)	-	-	-	-	(73,605)
			46,805	1,427,202	112,496	78,227	21,314	576	1,686,620

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2012									
Cash at the Central Bank of The Bahamas			-	-	1,711	5,000	-	565	7,276
Investments at fair value through profit or loss:									
Ordinary shares / Mutual funds			-	54,197	-	-	-	-	54,197
Preference shares			-	14,341	-	-	-	-	14,341
			-	68,538	1,711	5,000	-	565	75,814
Certificates of deposit:									
Commonwealth Bank Ltd.	2.750% - 3.000%	02/15/13 - 11/15/13	-	27,500	-	-	-	-	27,500
Futance Corporation of Bahamas Limited	4.000% - 4.500%	01/15/13 - 12/30/13	-	38,820	16,180	2,000	15,000	-	72,000
Bank of The Bahamas Limited	3.000% - 5.000%	01/15/13 - 12/30/13	27,500	900	37,000	-	-	-	65,000
FirstCaribbean International Bank (Bahamas) Limited BS			-	-	-	-	-	-	-
Fidelity Bank (Bahamas) Limited			-	23,000	-	-	-	-	23,000
Royal Bank of Canada			-	-	-	-	-	-	-
FirstCaribbean International Bank (Bahamas) Limited US\$			-	2,263	-	-	-	-	2,263
Gulf Union Bank (Bahamas) Ltd.			-	2,001	-	-	-	-	2,001
			-	-	-	-	-	-	-
Accrued interest			-	4,002	-	-	-	-	4,002
Provision for doubtful accounts			-	(2,001)	-	-	-	-	(2,001)
			27,500	96,502	53,180	2,000	15,000	-	194,182
Bahamas Government registered stocks			-	689,663	-	-	-	-	689,663
Bahamas Mortgage Corporation bonds			2,000	56,483	20,200	21,500	7,000	-	107,183
Nassau Airport Development Company Limited debt securities			-	86,046	-	-	-	-	86,046
Education Loan Authority bonds			-	48,024	-	-	-	-	48,024

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2013
(Expressed in Thousands of Bahamian dollars)
(Continued)

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

	Interest Rate	Maturity Date	Short- Term	Pensions	Industrial	Medical	Disability and Death	Fidelity Bond	Total
			\$	\$	\$	\$	\$	\$	\$
As of December 31, 2012 (Continued)									
Bahamas Development Bank bonds			-	46,494	-	-	-	-	46,494
Bahamas Government US\$ notes			-	30,407	-	-	-	-	30,407
Bahamas Electricity Corporation bonds			-	26,087	-	-	-	-	26,087
Bank of The Bahamas Limited bonds			-	13,508	-	-	-	-	13,508
Preference shares			-	14,500	-	-	-	-	14,500
Clifton Heritage Authority bonds			-	7,998	-	-	-	-	7,998
Government of Barbados US\$ bonds			-	5,779	-	-	-	-	5,779
United States of America US\$ treasury notes			-	20,964	-	-	-	-	20,964
Loans to Bahamas Government entities			-	3,088	-	-	-	-	3,088
Latin American Investment Bank (Bahamas) Ltd. Bonds			-	3,209	-	-	-	-	3,209
Citigroup Funding Inc. notes			-	3,006	-	-	-	-	3,006
Bridge Authority bonds			-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes			-	2,828	-	-	-	-	2,828
The College of The Bahamas redeemable term notes			-	2,584	-	-	-	-	2,584
Government of the Cayman Islands US\$ bonds			-	2,491	-	-	-	-	2,491
Long Term Deposits			-	3,000	-	-	-	-	3,000
Consolidated (Water) Bahamas Limited bonds			-	-	-	-	-	-	-
Net investment in finance leases			-	95,108	-	-	-	-	95,108
Investment property			-	5,120	-	-	-	-	5,120
Investments in associates			-	61,989	-	-	-	-	61,989
Property, plant and equipment			-	-	-	57,854	-	-	57,854
Amounts invested in other assets (Note 20)			1,409	69,982	37,439	623	942	11	110,406
Staff pension fund			-	(67,193)	-	-	-	-	(67,193)
			30,909	1,399,034	112,530	86,977	22,942	576	1,652,968

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2013

(Expressed in Thousands of Bahamian dollars)

(Continued)

31. Actuarial Review (Unaudited)

The 9th Actuarial Review of the Fund was conducted as of December 31, 2011. The projections were extended for a sixty-year period and indicate that the present value of future expenditure will exceed the opening reserves and the present value of future contributions by \$10.546 billion as depicted below; the report and reserves and shortfall calculations are unaudited.

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

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

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



Statistical Appendix





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

Island/Local Office	2013			2012		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	107	139	246	96	130	226
Coopers Town	11	26	37	11	17	28
All Abaco	118	165	283	107	147	254
Andros						
Fresh Creek	21	14	35	8	11	19
Kemps Bay	11	12	23	8	14	22
Mangrove Cay	7	5	12	n/a	n/a	n/a
Nicholls Town	36	52	88	58	47	105
All Andros	75	83	158	74	72	146
Bimini & Berry Islands	43	48	91	17	10	27
Cat Island	12	30	42	3	16	19
Crooked Island & Acklins	5	20	25	6	12	18
Eleuthera						
Governors Harbour	36	54	90	33	40	73
Harbour Island	37	25	62	32	30	62
Rock Sound	24	55	79	10	29	39
Spanish Wells & North Eleuthera	56	58	114	15	28	43
All Eleuthera	153	192	345	90	127	217
Exuma & Ragged Island	41	60	101	43	51	94
Grand Bahama	271	380	651	194	206	400
Inagua & Mayaguana	14	14	28	5	12	17
Long Island						
Deadmans Cay	32	30	62	14	26	40
Simms	10	20	30	7	20	27
All Long Island	42	50	92	21	46	67
New Providence	2,329	2,359	4,688	1,633	3,041	4,674
San Salvador	11	7	18	4	8	12
Total	3,114	3,408	6,522	2,197	3,748	5,945

Table 2. New Registration Of Insured Persons

Island/Local Office	2013			2012		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	83	281	364	88	384	472
Coopers Town	11	74	85	31	118	149
All Abaco	94	355	449	119	502	621
Andros						
Fresh Creek	5	37	42	6	70	76
Kemps Bay	5	4	9	2	39	41
Mangrove Cay	2	22	24	n/a	n/a	n/a
Nicholls Town	10	52	62	9	155	164
All Andros	22	115	137	17	264	281
Bimini & Berry Islands	43	93	136	36	81	117
Cat Island	5	18	23	4	21	25
Crooked Island & Acklins	-	12	12	3	9	12
Eleuthera						
Governors Harbour	19	35	54	13	73	86
Harbour Island	19	82	101	26	96	122
Rock Sound	49	55	104	39	71	110
Spanish Wells & North Eleuthera	32	63	95	14	90	104
All Eleuthera	119	235	354	92	330	422
Exuma & Ragged Island	23	33	56	71	79	150
Grand Bahama	400	1,262	1,662	412	1,533	1,945
Inagua & Mayaguana	2	11	13	2	18	20
Long Island						
Deadmans Cay	6	22	28	2	7	9
Simms	-	16	16	6	35	41
All Long Island	6	38	44	8	42	50
New Providence	1,232	6,402	7,634	1,412	8,073	9,485
San Salvador	36	22	58	28	29	57
Total	1,982	8,596	10,578	2,204	10,981	13,185





Table 3. Total Net Contribution Income, 2013

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2013	Total 2012 (Revised)
Abaco							
Marsh Harbour	3,217,823	2,064,818	467,342	-	222,063	5,972,046	5,871,624
Coopers Town	451,078	305,772	187,788	-	42,220	986,858	905,769
All Abaco	3,668,901	2,370,590	655,130	-	264,284	6,958,904	6,777,393
Andros							
Fresh Creek	272,253	177,381	49,868	-	21,198	520,700	622,027
Kemps Bay	77,387	50,817	12,481	-	7,266	147,951	248,218
Mangrove Cay	26,110	17,244	10,202	-	1,906	55,462	-
Nicholls Town	217,001	122,737	46,311	-	24,168	410,217	429,254
All Andros	592,751	368,179	118,863	-	54,537	1,134,330	1,299,499
Bimini & Berry Islands	918,004	625,731	95,310	-	36,104	1,675,149	1,221,462
Cat Island	98,393	62,911	36,123	-	1,357	198,784	213,136
Crooked Island & Acklins	27,677	17,278	61,865	-	12,445	119,265	156,023
Eleuthera							
Governors Harbour	468,281	292,132	159,085	-	71,130	990,628	1,088,005
Harbour Island	627,928	437,942	109,038	-	33,645	1,208,553	1,208,181
Rock Sound	391,299	254,975	51,460	-	22,412	720,146	721,035
Spanish Wells & North Eleuthera	910,403	585,069	164,876	-	23,057	1,683,405	1,516,327
All Eleuthera	2,397,911	1,570,117	484,458	-	150,244	4,602,732	4,533,548
Exuma & Ragged Island	1,328,917	928,979	213,305	-	145,288	2,616,489	2,577,375
Grand Bahama	12,768,373	7,997,033	474,098	-	606,509	21,846,013	20,689,635
Inagua & Mayaguana	331,722	216,480	24,325	-	3,149	575,676	546,234
Long Island							
Deadmans Cay	181,670	106,423	187,123	-	13,209	488,425	457,694
Simms	116,260	76,875	67,368	-	3,928	264,431	267,514
All Long Island	297,929	183,298	254,491	-	17,137	752,856	725,208
New Providence	109,337,077	72,137,267	3,233,239	8,087	3,658,016	188,373,686	163,803,110
San Salvador	309,282	184,819	14,484	-	6,159	514,744	501,694
Total	132,076,938	86,662,681	5,665,690	8,087	4,955,229	229,368,628	203,044,317



Table 4. Total Contributions Income, 2009 - 2013

Contribution Income ('000s)					
	2013	2012 (Revised)	2011	2010	2009
Employers	\$132,429	\$118,754	\$113,846	\$98,723	\$93,801
Employees	\$86,906	\$74,438	\$66,940	\$60,003	\$56,968
Self-employed	\$5,666	\$5,183	\$4,364	\$3,346	\$3,447
Voluntarily Insured	\$8	\$1	\$1	0	\$0
Installment Agreements	\$4,955	\$5,137	\$5,766	\$5,719	\$5,662
Refund of Contributions	(\$595)	(\$469)	(\$429)	(\$311)	(\$229)
Total ('000s)	\$229,369	\$203,044	\$190,488	\$167,479	\$159,648
Number of Contributors					
Employers	12,612	12,598	12,393	12,564	13,119
Employees	141,000	144,000	141,000	140,933	140,238
Self-employed	8,872	7,644	6,559	5,492	5,392
Voluntarily Insured	3	1	1	1	-
Installment Agreements	7,911	7,946	7,317	6,230	5,196
Total Contributors	170,398	172,189	167,270	165,220	163,945



Table 5. Benefit & Assistance Claims Received and Awarded

Benefit Type		Received		Awarded	
		2013	2012	2013	2012
Long-term Benefits/ Assistance	Retirement Benefit	2,014	2,046	2,100	1,701
	Retirement Grant	n/a	n/a	119	104
	Invalidity Benefit	356	310	253	270
	Survivors' Benefit	841	964	753	749
	Survivors' Grant	n/a	n/a	85	93
	Old Age Non-Contributory Pension	173	180	119	94
	Invalidity Assistance	170	165	119	112
	Survivors' Assistance	72	81	30	48
Total Long-term		3,626	3,746	3,578	3,171
Short-term Benefits	Sickness Benefit	18,814	19,332	17,976	18,233
	Maternity Benefit	3,301	3,590	3,135	3,331
	Maternity Grant	3,301	3,590	3,120	3,270
	Funeral Benefit	1,622	1,599	1,556	1,517
	Unemployment Benefit	7,323	8,167	6,180	6,920
	Sickness Assistance	4	14	3	11
Total Short-term		34,365	36,292	31,970	33,282
Industrial Benefits	Medical Care	3,812	3,809	3,144	2,945
	Injury Benefit	2,199	2,052	1,943	1,741
	Disablement Benefit & Grant	327	295	82	88
	Industrial Death	1	2	2	1
	Industrial Funeral	0	0	0	0
Total Industrial		6,339	6,158	5,171	4,775
All Benefits		44,330	46,196	40,719	41,228

Table 6. Short-Term Benefit & Assistance Claims Awarded, 2013



Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	523	118	117	29	339	1	1,127
Coopers Town	76	16	18	7	24	-	141
All Abaco	599	134	135	36	363	1	1,268
Andros							
Fresh Creek	112	10	10	2	33	-	167
Kemps Bay	59	5	5	2	45	-	116
Nicholls Town	109	11	11	3	61	-	195
All Andros	280	26	26	7	139	-	478
Bimini & Berry Islands	64	14	15	4	40	-	137
Cat Island	43	4	4	-	30	-	81
Crooked Island & Acklins	21	-	-	-	28	-	49
Eleuthera							
Governors Harbour	160	21	21	6	81	-	289
Harbour Island	64	17	14	5	6	-	106
Rock Sound	187	20	21	4	-	-	232
Spanish Wells & North Eleuthera	146	17	17	4	142	-	326
All Eleuthera	557	75	73	19	229	-	953
Exuma & Ragged Island	172	40	43	9	112	-	376
Grand Bahama	1,345	487	485	231	1,181	-	3,729
Inagua & Mayaguana	78	2	2	1	24	-	107
Long Island							
Deadmans Cay	63	4	4	6	71	-	148
Simms	27	1	3	1	-	-	32
All Long Island	90	5	7	7	71	-	180
New Providence	14,680	2,339	2,321	1,240	3,939	2	24,521
San Salvador	47	9	9	2	24	-	91
Total	17,976	3,135	3,120	1,556	6,180	3	31,970



Table 7. Short-Term Benefit & Assistance Payments, 2013

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	344,896	263,564	53,100	49,748	546,663	1,539	1,259,509
Coopers Town	42,742	31,140	8,100	12,513	44,981	-	139,477
All Abaco	387,638	294,704	61,200	62,261	591,643	1,539	1,398,986
Andros							
Fresh Creek	44,351	15,924	4,500	3,360	85,477	-	153,613
Kemps Bay	34,676	17,008	2,230	3,360	113,762	-	171,037
Nicholls Town	39,816	15,864	4,950	5,040	143,055	-	208,725
All Andros	118,844	48,796	11,680	11,760	342,296	-	533,375
Bimini & Berry Islands	30,634	38,548	6,300	6,720	55,674	-	137,877
Cat Island	23,604	9,112	1,800	-	34,754	-	69,269
Crooked Island & Acklins	9,769	-	-	-	23,140	-	32,909
Eleuthera							
Governors Harbour	102,126	39,244	9,450	10,080	194,364	-	355,264
Harbour Island	42,020	24,154	6,300	10,080	8,047	-	90,601
Rock Sound	91,572	42,583	9,450	6,640	(361)	-	149,884
Spanish Wells & North Eleuthera	121,183	25,030	7,650	6,720	187,707	-	348,290
All Eleuthera	356,901	131,011	32,850	33,520	389,759	-	944,039
Exuma & Ragged Island	113,243	96,953	20,250	14,880	173,836	-	419,162
Grand Bahama	1,344,040	885,748	224,460	389,600	2,368,521	-	5,212,369
Inagua & Mayaguana	33,006	2,245	900	1,680	26,931	-	64,762
Long Island							
Grays	37,484	3,798	1,800	10,080	61,007	-	114,168
Simms	15,461	6,742	1,350	1,680	-	-	25,233
All Long Island	52,945	10,540	3,150	11,760	61,007	-	139,401
New Providence	10,213,265	5,163,842	1,056,338	2,077,152	6,330,879	745	24,842,221
San Salvador	36,629	26,196	4,050	3,360	33,254	-	103,489
Total	12,720,517	6,707,695	1,422,978	2,612,693	10,431,691	2,284	33,897,858



Table 8. Long-Term Benefit & Assistance Claims Awarded, 2013

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco									
Marsh Harbour	74	3	3	41	1	7	4	1	134
Coopers Town	19	-	3	4	-	2	-	1	29
All Abaco	93	3	6	45	1	9	4	2	163
Andros									
Fresh Creek	18	-	3	4	1	-	-	-	26
Kemps Bay	7	-	-	3	2	1	2	-	15
Nicholls Town	15	-	2	3	1	4	8	6	39
All Abaco	40		5	10		5	10	6	80
Bimini & Berry Islands	11	1	-	3	-	1	1	-	17
Cat Island	7	-	1	1	-	-	-	-	9
Crooked Island & Acklins	1	-	-	1	-	1	-	-	3
Eleuthera									
Governors Harbour	33	-	1	6	-	1	1	-	42
Harbour Island	17	-	1	4	-	-	-	-	22
Rock Sound	21	2	4	3	1	2	7	-	40
Spanish Wells & North Eleuthera	20	-	-	7	-	-	2	-	29
All Eleuthera	91		6	20		3	10	-	133
Exuma & Ragged Island	42	6	1	10	2	1	1	-	63
Grand Bahama	403	40	51	145	10	34	22	2	707
Inagua & Mayaguana	13	-	-	1	-	-	-	-	14
Long Island									
Deadmans Cay	19	-	-	2	1	1	-	-	23
Simms	11	-	-	7	1	-	-	-	19
All Long Island	30		-	9		1	-	-	42
New Providence	1,367	66	183	507	64	64	70	20	2,341
San Salvador	2	1	-	1	1	-	1	-	6
Total	2,100	119	253	753	85	119	119	30	3,578



Table 9. Long-term Benefit & Assistance Payments, 2013

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	4,734,144	480,521	861,369	342,713	359,839	90,191	6,868,776
Coopers Town	11,216	4,902	-	-	-	-	16,118
All Abaco	4,745,360	485,423	861,369	342,713	359,839	90,191	6,884,894
Andros							
Fresh Creek	727,708	84,751	164,416	72,319	72,575	9,329	1,131,098
Kemps Bay	737,262	64,594	136,547	131,046	137,667	34,684	1,241,799
Nicholls Town	671,283	84,100	193,297	263,893	228,173	47,961	1,488,707
All Andros	2,136,253	233,445	494,260	467,258	438,415	91,975	3,861,604
Bimini & Berry Islands	811,435	43,273	117,608	71,992	82,616	6,616	1,133,541
Cat Island	438,633	42,296	61,297	145,920	76,422	8,862	773,430
Crooked Island & Acklins	656,987	29,633	68,358	39,400	21,542	8,439	824,358
Eleuthera							
Governors Harbour	1,569,320	147,995	235,809	56,563	86,694	4,955	2,101,336
Harbour Island	860,590	77,810	74,097	9,232	31,431	1,231	1,054,390
Rock Sound	1,204,337	175,482	159,719	108,560	223,142	28,917	1,900,158
Spanish Wells & North Eleuthera	2,159,758	92,699	268,653	119,762	80,800	14,823	2,736,494
All Eleuthera	584,720	77,248	76,670	29,235	25,132	-	7,792,379
Exuma & Ragged Island	2,014,928	161,466	256,582	93,756	128,104	31,982	2,686,818
Grand Bahama	19,986,893	2,803,003	2,954,560	942,415	1,349,532	123,189	28,159,591
Inagua & Mayaguana	584,720	77,248	76,670	29,235	25,132	-	793,006
Long Island							
Grays	1,410,817	112,530	177,364	78,107	121,591	22,311	1,922,721
Simms	533,060	32,093	80,333	29,492	80,213	19,324	774,515
All Long Island	1,943,876	144,624	257,697	107,599	201,805	41,636	2,697,236
New Providence	82,471,952	9,385,435	11,670,377	3,736,083	5,402,402	644,510	113,310,758
San Salvador	286,603	17,230	39,151	40,519	49,089	-	432,592
Total	121,871,646	13,917,061	17,596,207	6,311,007	8,556,964	1,097,323	169,350,208



Table 10. Industrial Benefit Claims Awarded, 2013

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	35	56	-	-	-	91
Coopers Town	5	4	-	-	-	9
All Abaco	40	60	-	-	-	100
Andros						
Fresh Creek	2	7	-	-	-	9
Kemps Bay	5	4	-	-	-	9
Nicholls Town	2	1	-	-	-	3
All Andros	9	12	-	-	-	21
Bimini & Berry Islands	9	4	-	-	-	13
Cat Island	-	1	-	-	-	1
Crooked Island & Acklins	2	2	-	-	-	4
Eleuthera						
Governors Harbour	1	8	-	-	-	9
Harbour Island	7	7	-	-	-	14
Rock Sound	3	11	-	-	-	14
Spanish Wells & North Eleuthera	37	41	-	1	-	79
All Eleuthera	48	67	-	1	-	116
Exuma & Ragged Island	28	37	1	-	-	66
Grand Bahama	364	150	12	1	-	527
Inagua & Mayaguana	2	2	-	-	-	4
Long Island						
Deadmans Cay	3	4	-	-	-	7
Simms	7	3	-	-	-	10
All Long Island	10	7	-	-	-	17
New Providence	2,626	1,592	69	-	-	4,287
San Salvador	6	9	-	-	-	15
Total	3,144	1,943	82	2	-	5,171



Table 11. Industrial Benefit Payments, 2013

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	18,528	71,350	78,334	15,532	-	183,744
Coopers Town	-	2,622	-	-	-	2,622
All Abaco	18,528	73,972	78,334	15,532	-	186,366
Andros						
Fresh Creek	-	6,779	20,878	-	-	27,657
Kemps Bay	-	863	25,034	-	-	25,897
Nicholls Town	-	4,810	16,730	-	-	21,540
All Andros	-	12,452	62,642	-	-	75,094
Bimini & Berry Islands	-	1,234	23,359	1,646	-	26,239
Cat Island	244	907	3,077	-	-	4,228
Crooked Island & Acklins	-	5,338	3,077	-	-	8,415
Eleuthera						
Governors Harbour	593	4,450	13,500	11,895	-	30,438
Harbour Island	-	7,654	8,619	-	-	16,273
Rock Sound	3,020	9,140	33,921	3,613	-	49,694
Spanish Wells & North Eleuthera	5,332	66,222	38,569	7,730	-	117,853
All Eleuthera						
Exuma & Ragged Island	7,905	49,293	27,201	-	-	84,399
Grand Bahama	127,556	262,118	517,454	66,969	-	974,097
Inagua & Mayaguana	536	1,783	6,155	-	-	8,474
Long Island						
Grays	-	3,415	25,542	3,613	-	32,570
Simms	-	7,919	6,155	-	-	14,074
All Long Island	-	11,335	31,697	3,613	-	46,645
New Providence	11,905,963	2,398,188	3,259,987	227,988	-	17,792,126
San Salvador	-	6,986	13,439	-	-	20,425
Total	12,069,677	2,911,071	4,121,031	338,986	-	19,440,765

Table 12. Pensions in Payment at Year-End, 2009 - 2013



Long-term Benefits					
	2013	2012	2011	2010	2009
Retirement Benefit	20,915	19,288	18,375	17,378	16,796
Invalidity Benefit	2,537	2,401	2,288	2,162	2,171
Survivor's Benefit	4,936	4,477	4,209	3,803	3,940
Old-Age Non-Cont. Pension	1,975	2,024	2,175	2,275	2,477
Invalidity Assistance	2,695	2,648	2,685	2,676	2,747
Survivor's Assistance	394	405	444	504	548
Total	33,452	31,243	30,176	28,798	28,679
Industrial Benefits					
Disablement	734	676	637	607	580
Industrial Death	63	61	69	67	66
Total	797	737	706	674	646
All Benefits	34,249	31,980	30,882	29,472	29,325



Table 13. Short-Term Benefits & Assistance, 2009 - 2013

Amount Paid ('000s)					
	2013	2012	2011	2010	2009
Sickness Benefit	\$12,720	\$11,873	\$11,204	\$10,073	\$10,056
Maternity Benefit	\$6,708	\$6,831	\$6,664	\$6,777	\$6,998
Maternity Grant	\$1,423	\$1,481	\$1,487	\$1,502	\$1,430
Funeral Benefit	\$2,613	\$2,487	\$2,459	\$2,295	\$2,225
Unemployment Benefit	\$10,432	\$9,238	\$7,080	\$8,759	20,810
Sickness Assistance	\$2	(\$9)	\$1	\$9	\$6
Total Paid ('000s)	\$33,898	\$31,901	\$28,895	\$29,415	\$41,525

Number of Claims Awarded					
Sickness Benefit	17,976	18,233	19,311	17,528	17,270
Maternity Benefit	3,135	3,331	3,446	3,607	3,145
Maternity Grant	3,120	3,270	3,435	3,563	3,580
Funeral Benefit	1,556	1,517	1,557	1,472	1,476
Unemployment Benefit	6,180	6,920	4,884	5,655	14,071
Sickness Assistance	3	11	8	11	18
Total Awarded	31,970	33,282	32,641	31,836	39,560

Table 14. Long-Term Benefits & Assistance, 2009 - 2013



Amount Paid ('000s)					
	2013	2012	2011	2010	2009
Retirement Benefit & Grant	\$121,872	\$108,488	\$99,735	\$90,292	\$82,048
Invalidity Benefit	\$13,917	\$13,129	\$12,248	\$11,424	\$10,644
Survivor's Benefit & Grant	\$17,596	\$16,888	\$15,287	\$14,082	\$13,893
Old-Age Non-Cont. Pension	\$6,311	\$6,516	\$6,683	\$6,779	\$7,023
Invalidity Assistance	\$8,557	\$8,512	\$8,060	\$8,018	\$7,786
Survivor's Assistance	\$1,097	\$1,028	\$1,388	\$1,299	\$1,598
Total Paid ('000s)	\$169,350	\$154,561	\$143,401	\$131,893	\$122,992

Number of Claims Awarded					
Retirement Benefit & Grant	2,219	1,805	1,802	1,741	1,977
Invalidity Benefit	253	270	277	189	201
Survivor's Benefit & Grant	838	842	842	452	479
Old-Age Non-Cont. Pension	119	94	108	146	134
Invalidity Assistance	119	112	138	138	137
Survivor's Assistance	30	48	40	41	44
Total Awarded	3,578	3,171	3,207	2,707	2,972



Table 15. Industrial Benefits, 2009 - 2013

Amount Paid ('000s)					
	2013	2012 (Revised)	2011	2010	2009
Medical Care	\$12,070	\$6,843	\$5,886	\$8,708	\$8,566
Injury Benefit	\$2,911	\$1,961	\$1,694	\$1,832	\$1,441
Disablement Benefit & Grant	\$4,121	\$4,187	\$3,577	\$3,763	\$3,871
Industrial Death	\$339	\$352	\$386	\$342	\$325
Total Paid ('000s)	\$19,441	\$13,343	\$11,543	\$14,645	\$14,203
Number of Claims Awarded					
Medical Care	3,144	2,945	2,919	2,481	2,263
Injury Benefit	1,943	1,741	1,688	1,689	1,456
Disablement Benefit & Grant	82	88	87	62	49
Industrial Death	2	1	4	10	1
Industrial Funeral	-	-	-	-	-
Total Awarded	5,171	4,775	4,698	4,242	3,769

