



● *Reinforcing The Foundation Pillars* ●
Of The Modern Bahamas

The National Insurance Board of the Commonwealth of The Bahamas 2014 ANNUAL REPORT

June 29, 2015

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

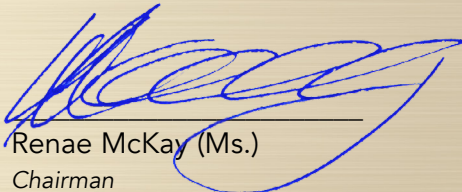
Dear Minister Gibson:

Re: The National Insurance Board's 2014 Annual Report

In accordance with Section 47(1) of the National Insurance Act, 1972, I have the privilege of submitting to you, on behalf of the Board of Directors, the Annual Report of the National Insurance Board for the year 2014.

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,


Renae McKay (Ms.)
Chairman





● *Reinforcing The Foundation Pillars Of The Modern Bahamas* ●

Vision

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

Mission

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

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



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



W. Renae McKay
Chairperson



Bernard Evans
Deputy Chairman



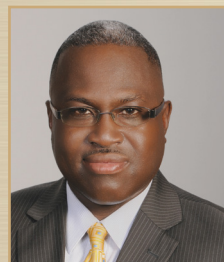
Dr. Frank Bartlett
Member



Philip Beneby
Member



Ernest Cambridge
Member



Bishop Harry Collie
Member



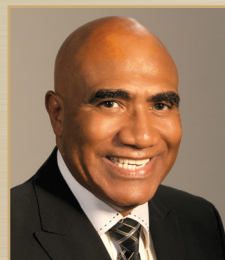
Ann Hunt
Member



Sean Longley
Member



Jayson Moxey
Member



Frederick Munnings, Jr.
Member



Marquista Thompson
Member

Members were appointed/re-appointed with effect from September 1, 2014.
Outgoing members, serving to August 31, 2014, were Fr. Dr. James Moultrie, Chairman, Dr. Glen Beneby, and Mr. Merrit Storr, members

Committees of the Board

2014

BUSINESS TRANSFORMATION

Ernest Cambridge, *Chairman*
Freddie Munnings
Jayson Moxey
Dr. Frank Bartlett
Marquista Thompson
Dr. Michael Cooper
Simon Wilson
Renae McKay (*ex officio*)
Bernard Evans (*ex officio*)

CONTRACT AND TENDERS

Jayson Moxey, *Chairman*
Bishop Harry Collie
Dr. Frank Bartlett
Johnnie Taylor
Renae McKay (*ex officio*)
Bernard Evans (*ex officio*)

FINANCE AND AUDIT

Sean Longley, *Chairman*
Ernest Cambridge
Freddie Munnings
Bishop Harry Collie
Renae McKay (*ex officio*)
Bernard Evans (*ex officio*)

HUMAN RESOURCES

Bernard Evans, *Chairman*
Jayson Moxey
Ann Hunt
Bishop Harry Collie
Colin Wright
Renae McKay (*ex officio*)

INVESTMENT

Renae McKay, *Chairman*
Philip Beneby
Marquista Thompson
Sean Longley
Claudine Thompson
Bernard Evans (*ex officio*)

Executive Management Team | 2014



Rowena Bethel
Director



Cecile Williams-Bethel
Sr. Deputy Director
Operations



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



Dr. Josephine Bartlett
Medical Officer



Dr. Kevin Bowe
Deputy Director, NHI



Abraham Butler
Deputy Director
Human Resources and Training



Sonia Gill
Financial Controller



Phaedra Knowles
Deputy Director
Investments



Heather Maynard
Legal Officer



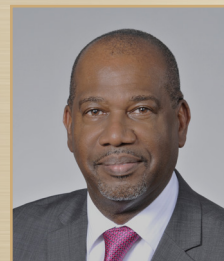
Whitney Patton
Chief Internal Auditor



Dr. Raymond Wells
Deputy Director
Information Technology



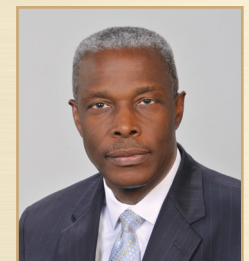
Gerard Elliott
Assistant Director
New Providence Operations



Winston Moss
Assistant Director
Family Island Operations



Yvette Sands
Assistant Director
Business Development & Policy
Planning



Anthony Curtis
Consultant
Special Project

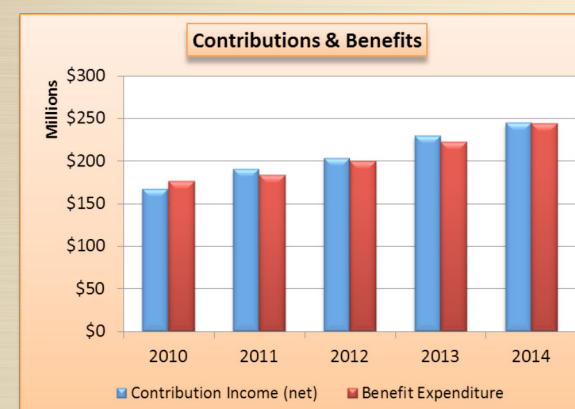
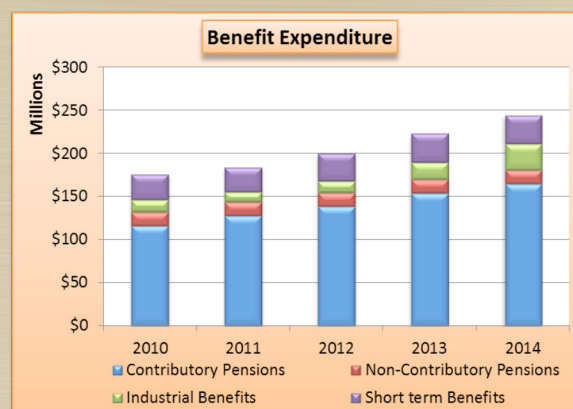
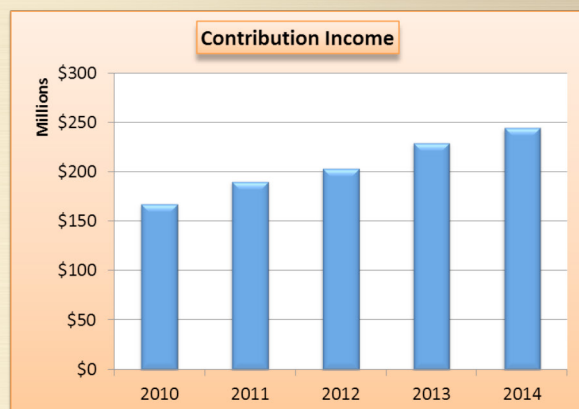
Report on Operations

Given the many economic challenges that prevailed during 2014, National Insurance finances were mixed. For the fourth consecutive year, contribution income exceeded benefit expenditure. Total comprehensive income declined from \$33.7 million for 2013 to \$11.5 million for the year. With this surplus, reserves at the end of 2014 were \$1.698 billion.

The following table provides results for key performance indicators for NIB finances in 2014 with comparative figures for 2013.

Contribution income continues to increase each year. Contribution income moved to \$244.5 million for the year from \$229.4 million in 2013, a growth of 6.6 percent over 2013. The latest increase in contribution income is attributable to the increase in the ceiling on insurable wages from \$600 to \$620 in July and increased efforts in the area of compliance. This was the first automatic adjustment to the ceiling on insurable wages since the 2010 contribution amendments took effect in January 2011. Wage ceiling adjustments will occur every second July.

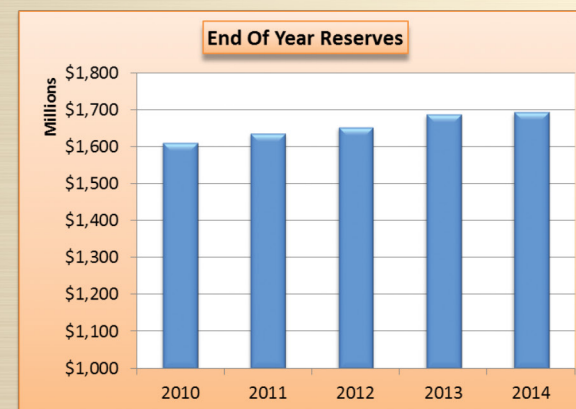
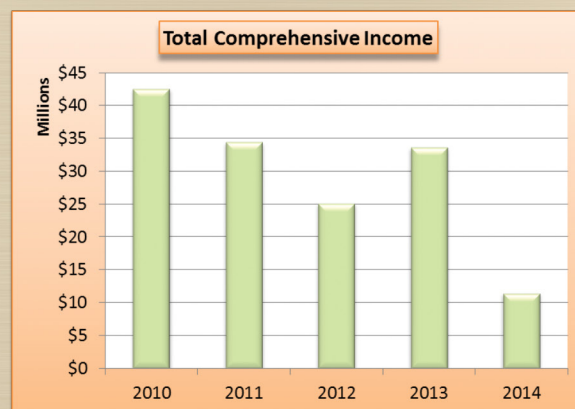
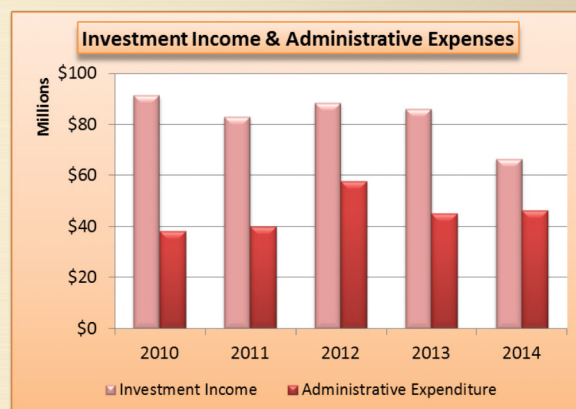
PERFORMANCE INDICATORS	2014	2013	% CHANGE
Total Net Contribution Income	\$244.5 m	\$229.4 m	6.6%
Investment Income	66.6 m	86.3 m	-22.8%
Benefits Expenditure	244.1 m	222.7 m	9.6%
Expenditure of National Prescription Drug Plan	11.2 m	9.5 m	17.9%
Administrative Expenditure	46.3 m	45.1 m	2.7%
Total Comprehensive Income	11.5 m	33.7 m	-65.9%
Year-end Reserves	1,698 m	1,687 m	0.7%
Year-end Investments	1,611 m	1,580 m	2.0%
Yield on Investments	3.7%	5.0%	-26.2%
Administrative Expenditure as % of Contribution Income (Gross)	18.9%	19.6%	-3.6%



Benefit payments also increased in 2014 as the number of pensioners increased and all pensions in payment were increased by up to 2.3% in July 2014. This was the second adjustment since automatic biennial cost-of-living adjustments were introduced. Benefit payments for the year totalled \$244.1 million compared to \$222.7 million paid in 2013, an increase of 9.6%. The four broad categories of benefits had different experiences in 2014; contrib-

utory pensions and industrial benefit payments increased over the previous year while short-term payments and non-contributory pensions decreased.

The gap between contribution income and benefit expenditure has further narrowed.



Investment income was \$66.6 million for 2014 compared to \$86.3 million for 2013. Administrative expenditure for 2014 was \$46.3 million slightly up from \$45.1 million in 2013.

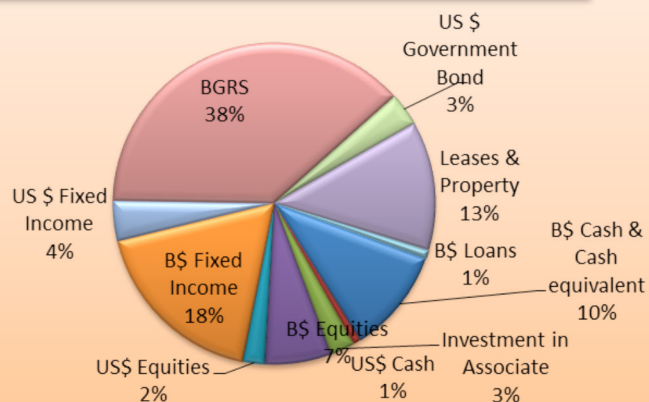
Investment income earned on reserves remains an important component

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.

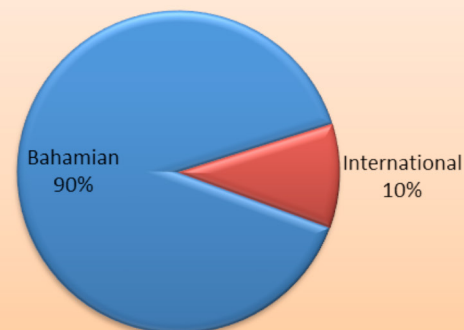
At the end of 2014, National Insurance Fund Investments stood at \$1.611 billion up from \$1.580 billion at the end of 2013. The average rate of return on investments during 2014 was 3.7%, down from 5.0% in 2013. The equity portfolio continued to outperform expectations, returning 10.1% on the combined local and United States portfolios. However, there was a decline in investment income as NIB recorded its portion of Bank of The Bahamas loss as an Investment in Associate under the Equity method of accounting.

The Fund remains heavily invested in public sector investments – Government of The Bahamas debt, real estate finance leases, quasi-government debt. During 2014, real estate finance leases continued to grow with the addition of the JL Centre of \$35.6 million. Holdings of certificate of deposits declined from \$193.6 million to \$168.7 million. Investments held internationally remained at 10% of the portfolio for 2014. The amount of US\$ Investments increased by 9% to a total of \$172 million.

Investment Mix by Asset Class, Dec. 2014



Investment Mix by Location, Dec. 2014



PERFORMANCE INDICATORS	2014	2013	% CHANGE
# Contributing Employers	13,001	12,612	3.1%
# Contributing Self-Employed Persons	9,581	8,872	5.7%
# Active Employees (estimate)^	146,000	142,000	2.1%
# Short-term Benefit Claims Awarded	31,102	31,970	-2.7%
# Long-term Benefit Claims Awarded	3,417	3,578	-4.5%
# Contributory Pensioners (at year-end)	30,006	29,185	2.8%
# Assistance Pensioners (at year-end)	4,939	5,064	-2.5%
# Cases Approved For Prosecution	685	474	44.5%
# Employees (December)	579	548	5.7%

^ figure for 2013 revised from 141,000

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 regis-

tration, claims awarded and pensions in payment in 2013 and 2014. Additional details, with numbers and values by Local office, can be found in the Statistical Appendix of this Report.

Registration

Employer registrations more than doubled over 2013, due to an influx of secondary employers registering with the Board. The number of individuals either registering simply to get a NIB number or because they were first time employees, fell in 2014.

Type	2014	2013
Employers	6,672	3,114
Self-Employed Persons	2,956	3,408
Active Insured Persons	2,564	1,964
Inactive Persons	7,029	8,529

Claims Received

Overall, fewer claims were received for Long-term and Short-term benefits while more were received for Industrial benefits.

Benefit Type	2014	2013
Long-term (pensions)	3,584	3,626
Short-term	33,549	34,365
Industrial	6,750	6,339
Total	43,883	44,330

Claims Awarded

There was a decrease in the overall number of claims awarded for the three major benefit types. Most of the decrease was due to a decrease in the number of unemployment claims in 2014 over 2013.

Benefit Type	2014	2013
Long-term (pensions)	3,417	3,578
Short-term	31,102	31,970
Industrial	5,499	5,171
Total	40,018	40,719

Long-term and Industrial payments increased while Short-term remained relatively unchanged over 2013. Long-term payments grew as expected as the number of pensions in payment and average pension amount continue to increase each year coupled with the July increase of up to 2.3% in pensions. The increase in Industrial benefits is mainly due to an increased volume of Medical Care cases and payments and policy changes.

Benefit Type	2014	2013
Long-term	\$180.1 m	\$169.4 m
Short-term	\$33.9 m	\$33.9 m
Industrial	\$30.1 m	\$19.4 m
Total	\$244.1 m	\$222.7 m

Pensions In Payment At Year End

At the end of 2014, almost 36,000 persons were in receipt of monthly pension payments. The number of pensions in payment increased for all but two benefits – Old-Age Non-contributory and Survivors Assistance. This trend is expected to continue in the case of non-contributory pensions.

Benefit/Assistance	2014	2013
Retirement	22,156	20,915
Invalidity Benefit	2,664	2,537
Survivors Benefit	5,186	4,936
Old-age Non-contributory	1,847	1,975
Invalidity Assistance	2,745	2,695
Survivors Assistance	347	394
Disablement	790	734
Death	63	63
Total	35,798	34,249



● *Reinforcing The Foundation Pillars
Of The Modern Bahamas* ●

Around the Board

2014: A Year of Innovation

Reinforcing the Foundation Pillars of the Modern Bahamas

In October 2014, the National Insurance Board (NIB) observed its 40th anniversary as the primary social security institution in the country, under the theme "Reinforcing the Foundation Pillars of the Modern Bahamas." It was an opportunity to celebrate a proud legacy of resilience and sustainability unparalleled in the region. Demonstrably, NIB has, over the course of 40 years, secured its position of pre-eminence as one of the foundation pillars, if not the foremost pillar, of our modern Bahamas. The National Insurance Programme has delivered and continues to deliver a reliable economic safety net through the provision of vital benefits and assistance for workers and their dependents, during those times when the means of earning an income are interrupted. Additionally, as the largest pool of national savings in the country the National Insurance Fund is a principal artery of the country's economy (representing through its collective retirement savings approximately 20% of The Bahamas' GDP in 2014). Most notably it facilitates infrastructural and social benefits to the economy through its considerable investments in a network of healthcare facilities that span the breadth of this country, and in other government related projects.

The anniversary celebrations spanned the entire year and included attendance at church services around the islands; outreach to seniors and elderly shut-ins; and it culminated with a salute to NIB pioneers and unsung heroes at the Annual Staff Christmas Party.



Prime Minister the Rt. Honourable Perry G. Christie attended the morning service at Evangelistic Temple along with NIB's Minister, Board, Management and staff. He took the occasion to bring remarks on behalf of the Government of The Bahamas, congratulating NIB for its stellar performance over the course of four decades.



Anniversary cake cutting: Jacqueline Davis and Donavan Thompson were both born on October 7, 1974, the day NIB opened its doors as administrator of social security. Davis and Thompson were dubbed "NIB Babies," and officiated over the cutting of the anniversary cake at a ceremony at the Clifford Darling Complex on October 7.



Feeding of elderly shut-ins: Sharon Martin, President of the Union of Public Officers interacts with seniors at Pat's Senior Citizens Home as NIB served lunch to in-home residential seniors as part of its anniversary activities.



Seniors Luncheon: NIB Minister the Hon, D. Shane Gibson interacts with seniors attending NIB's 40th anniversary Seniors Luncheon during NIB Week.



Christmas Party: A good time was had by all.



Retired Pioneer Kenrad Wilchcombe



Retired Pioneer Livingstone Bostwick



Retired Pioneer Richard Gibbs



Unsung Hero, Lana Kelly, who heads a Local Office which has registered the highest compliance rate in the country for many years.

Pioneers and Heroes

40th Anniversary Pioneers and Unsung Heroes: Time was set aside during the Annual Staff Christmas Party in December to recognize "Pioneers" and "Unsung Heroes" of the National Insurance Board and the National Insurance Programme. Considered Pioneers were those persons who helped to lay the groundwork for the social security programme and contributed in a big way to its success; the unsung heroes were those who at some point over the course of 40 years, made lasting contributions to the mission of the organization and programme.



First Chairman Mr. Earl Thompson receives plaque of recognition.



Frances Ledee, original member of the N.I. Planning Committee

Leadership Changes

On September 1, W. Renae McKay was appointed Chairperson of the NIB, replacing outgoing chairman Fr. Dr. James Moultrie. Her appointment presented another historic milestone in the organisation's history: as the 10th Chairperson since the Board's inception, she is the first female to hold the position.

Ms. McKay is an attorney by profession, having been admitted to the Utter Bar of England and Wales as a Barrister of Law at the Middle Temple, and to The Bahamas Bar in 1989. She is a former Acting Circuit and Stipendiary Magistrate and is currently a Partner with the firm Knowles, McKay & Culmer. She has served as Chairperson of the Air Transport Advisory Board, the Mental Health Advisory Board; the Prices Commission; and the Co-Operative Appeals Tribunal

Her appointment as chair of NIB is not her first stint with the social security organization; she previously served as a member of the Operations Sub-Committee of the Board, and as a member of the Contracts and Tenders Sub-Committee.

Ms. McKay and the other 10 members of the National Insurance Board were appointed/reappointed with effect from September; outgoing members in addition to Chairman Moultrie, were Dr. Glen Beneby, and Mr. Merrit Storr. New members joining the Board were Mr. Ernest Cambridge, Mr. Sean Longley and Dr. Frank Bartlett.

Innovation and Modernization

Much effort and time was consumed in 2014 with the implementation of V3, a new insurance management information system. Implementation of this multi-million dollar IT platform began in 2012 and is expected to be fully rolled out by early 2016. With the installation of V3, NIB is updating and modernizing the administration of its insurance services. Milestones achieved in 2014 included the roll out of a new state-of-the-art Smart Card as the new NIB card which replaces the old yellow paper card; and the introduction of the Registrants Self-Service (RSS) portal. The RSS portal gives registrants online access to view and download their entire contribution history at their convenience.



His Excellency Sir Arthur Foulkes and Lady Joan Foulkes (2nd and 1st from left, respectively) were first to receive their new N.I. cards. They are pictured with NIB's Cecile Williams-Bethel, Sr. Deputy Director, and Dr. Raymond Wells, Deputy Director.



NIB Minister the Honourable D. Shane Gibson, M.P., presided over the official launch ceremony for the new card on May 20.



Merrit Storr, NIB Board member and Chairman of the Business Transformation Sub-Committee of the Board, presided over the launch of the new card at Governor's Harbor, Eleuthera. While in Governor's, he seized the opportunity to swap his old card for the new. Cassandra Knowles, Manager of NIB's Eleuthera offices, is pictured making the exchange.

It is expected that by the third quarter of 2015, the majority of short-term benefit payments, like Maternity, Sickness, Injury and Unemployment, will be deposited directly to claimants' bank accounts. And by the first quarter of 2016, employers will be able to request and receive letters of good standing via email or through the employer portal.

Full deployment of V3 will enable employers to submit their Med 4 forms online in support of short-term claims for their employees; permit employers and self-employed persons to make NIB payments online using credit cards and other forms of bank payments; and facilitate online submission of monthly contribution statements –form C-10 by employers and self-employed persons.

Innovating to improve Compliance

In 2014 NIB continued to face challenges in the area of compliance and enforcement. To address the issue, the organization enhanced its complement of inspectors by 28 persons during the year. In addition, sustained focus was placed on prosecutions as part of the compliance effort; 685 new cases were

filed in court and 621 cases were completed.



New Inspectors at the Graduation Ceremonies presided over by the Minister

Through the V3 information systems modernization, and cooperation with other Government agencies, the Board anticipates an appreciable improvement in its compliance efforts. NIB has pursued partnership opportunities with other Government agencies to address delinquent contributors and improve efficiencies. Partner relationships with the Customs Department and Business License have proven very effective in the compliance effort. With the renewed relationship with the Department of Labour, NIB has assigned a dedicated compliance officer whose functions are to investigate cases of non-compliance and fraud relating to Industrial Accidents; recommend the implementation of standards to improve workplace safety; and liaise with the Department of Labor to ensure compliance with contribution payments.

During the year, NIB received a policy mandate to propose appropriate measures, in consultation with relevant Government agencies, to ensure that its policies, procedures and practices conform to the Immigration policy of the country while at the same time preserving the rights that may have accrued by virtue of contributions payments submitted by or on behalf of illegal immigrants in the past.

As a first step, NIB has ceased the practice of processing Contribution Statements, i.e., the C.10 form, that contain names of employees who have not been registered with National Insurance and have not been assigned registration numbers. This change obligates employers to ensure, as required by the law, that all of their employees are registered with NIB and that all non-Bahamian employees have the necessary immigration approvals and are duly registered with NIB. Persons affected by the change are encouraged to regularize their immigration status as a means of preserving accrued rights under the National Insurance programme.

Actuarial Review

In 2014, NIB engaged consultants from the International Labour Organization to conduct the 10th actuarial review of the National Insurance Fund, and the first review of the National Prescription Drug Plan Fund.

Legislation

Increases to Insurable Wage Ceiling and Pensions in Payment

In July 2014, recipients of Long-Term Benefits and Assistance – i.e., Retirement Benefit, Survivors Benefit, Invalidity Benefit, Disablement Benefit assessed at 100%, Old Age Non-Contributory Pension, Survivors Assistance and Invalidity Assistance – received increases in their monthly payments of up to 2.3%. The actual rate of increase depended on how long the benefit/assistance was in payment. The Grants - Maternity and Funeral – were also increased. Maternity Grant went from \$450 to \$465 and Funeral Benefit from \$1,680 to \$1,720. In addition to increases in pensions and Grants, the wage ceiling on which contributions are paid into National Insurance was increased from \$600 to \$620 per week/\$2,600 to \$2,687 per month.

The adjustment to pensions, which is legislated to occur every two years, is to ensure that pensions retain their value year after year by compensating for losses, as quantified by the cumulative rate of inflation in the country over the two year period of review. The July 2014 adjustments were reflective of the combined rate of inflation in 2012 and 2013, pegged by the Department of Statistics at 2.3%. The last increase in pensions came in July 2012, when pensioners received up to 4.6% increases, reflective of the rates of inflation in 2010 and 2011.

The increase in the insurable wage ceiling was in keeping with the mandate

of the National Insurance programme to maintain relevance and provide better coverage for all workers of The Bahamas; it was linked to increases in The Bahamas Retail Price Index. This too is legislated to occur every two years.

Administration, Building & Business Support Services

Infrastructural projects:

Construction continued in 2014 on the mini hospitals at Abaco and Exuma, with the initiating of plans for a similar project at Eleuthera. Additionally, construction commenced on the new National Security building, next to the Paul L. Adderley Building. The project is scheduled to be completed by the end of 2015.

Human Resources:

The year 2014 closed with a staff headcount of 579 employees. During the year, the Executive team gained two additional members – Dr. Josephine Bartlett, who replaced Dr. Kevin Bowe as Medical Officer, and Winston Moss, who was promoted to Assistant Director. Dr. Bowe was assigned to the National Health Insurance team. The addition of Bartlett and Moss brought the total Executive team count at December 31, 2014 to 15.

The 2014 Annual Long Service Awards Ceremony and Reception was held



*40 Year
Wanqurees*

*30 Year
Wanqurees*



on Tuesday, October 28, 2014 at Government House. 53 persons, including 42 active employees and 11 Retirees, were honored for various long-service milestones and for dedicated service to the organization and nation at large.

The H.R. Policy Review Committee completed a review of the current Human Resources Policies and Procedures in 2014.

Training:

In order to prepare the Board to meet stakeholder expectations now and for the future, enhanced investment in training, particularly high-level training abroad for upper levels of management, featured prominently in 2014.

Many of the changes that typify successful public and private sector entities have been accomplished through a combination of systems modernization using information technologies and training opportunities that embrace newer methods of managing the delivery of service. During the year staff members were exposed to training opportunities on modern public administration, including training at the United Nations, the International Social Security Association, and the Inter American Conference on Social Security. Training areas covered investments of social security funds, occupational health and safety issues, employment policies, and IT training.



In April, Mrs. Rowena Bethel, Director of the National Insurance Board and Member of the United Nations Committee of Experts on Public Administration (UNCEPA) 2013-2017, led a delegation of representatives from The National Insurance Board, the Ministry of Public Service, the Cabinet Office of The Bahamas, and the Public Service Commission, to observe the 13th Session of UNCEPA in New York City, New York. Seated (left to right) Mrs. Rowena Bethel, Director, NIB, Mr. John-Mary Kauzya, Chief, Public Administration Capacity Branch (PACB), DPADM, UNDESAMs. Margret Saner, Chairperson, CEPA. Standing (left to right): Mrs. Cecile Williams-Bethel, Senior Deputy Director, NIB, Mrs. Prenell King-Rolle, Secretary and Deputy Permanent Secretary, Public Service Commission, Mrs. Yvette Sands, Asst. Director, NIB, Mrs. Anita Beneby, Undersecretary, the Cabinet Office (Bahamas), Mrs. Elizabeth Keju, Permanent Secretary - Ministry of Public Service.



In September, a team from NIB attended a High-level Meeting of the Inter American Conference on Social Security (CISS) in Baltimore, Maryland. The theme was "Emerging Challenges of Social Protection." A workshop followed the meeting, and its theme was "Social Protection Architecture." The workshop explored trends, challenges and policy responses in the field of social protection, with particular attention paid to the topic of pre-emptive economics, which was identified as a starting point on which to construct a multidisciplinary and comprehensive approach to public policy aimed at meeting the challenges that social protection faces. Pictured at the Meeting are, from left: Dr. Kevin Bowe, Deputy Director; Pandora Butler PR Manager; Sonia Gill, Financial Controller; and Cecile Williams-Bethel, Sr. Deputy Director.

National Prescription Drug Plan (NPDP)

The Drug Plan was introduced in 2010 with 6,500 beneficiaries. By 2014, that number had more than quadrupled to **26,631** beneficiaries. There are 55 private pharmacies, and 71 public pharmacies participating in the NPDP. Since the inception of the Plan, a total of \$27.2 million have been paid to private pharmacies for prescriptions filled, and \$2.87 million to the public pharmacies.

In July, the Strategic Planning Committee, which has statutory oversight of the NPDP, was appointed, filling an important vacuum in the management and administration of the programme.

National Health Insurance

In 2014, NIB continued its partnership of collaboration with the Ministry of Health and others stakeholders in accelerated efforts to commence implementation of universal health care coverage for all Bahamians from January 2016. NIB's role in the implementation of National Health Insurance is appropriately aligned with its social security mission of providing social protection floors for the people of The Bahamas, conforming to global trends in social security on the vital role a healthy population plays on the economic advancement of any nation and as the potential pool of contributors to National Insurance.

Annual Report

The Accounts Department coordinated the audit work and schedules to facilitate, together with Actuary and Public Relations, the completion of the 2013 Annual Report and submission of the same to the Minister ahead of the June 30, 2014 statutory deadline.





Brian F. Rolle, was the crowd pleaser and winner of the 40th Anniversary Speech Competition, with the topic "Celebrating 40 Years: Reinforcing the Foundations, Strengthening the Pillars, Building Our Future".



Anniversary Walk



Chairman and Director at UN General Meeting



Anniversary Exhibition in Rawson Square



NIB Church Service





Consolidated Financial Statements

December 31, 2014

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, 2014, 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, 2014, 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.

A handwritten signature in black ink, appearing to read "pkf", with a long horizontal stroke extending from the bottom right.

Nassau, Bahamas
June 19, 2015

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

Consolidated Statement of Financial Position
As of December 31, 2014
(Expressed in Thousands of Bahamian dollars)

	Notes	2014 \$	2013 \$
ASSETS			
Cash on hand and at banks	3	13,650	15,158
Receivables and advances	4	18,141	21,234
Prepaid expenses and deposits		695	596
		32,486	36,988
Investments			
At fair value through profit or loss:			
Equity securities	5	152,162	116,612
Held-to-maturity:			
Bahamas Government US\$ notes	6(a)	30,240	30,238
United States of America US\$ treasury notes	6(b)	16,004	23,078
Government of Barbados US\$ bonds	6(c)	4,863	5,321
Citigroup Funding Inc. notes	6(d)	3,004	3,006
Government of the Cayman Islands US\$ bonds	6(e)	2,496	2,493
US\$ Corporate bonds	6(f)	7,728	4,801
Government of Trinidad & Tobago US\$ bonds	6(g)	2,123	-
Loans and receivables:			
Bahamas Government registered stocks	7(a)	624,104	647,519
Certificates of deposit	7(b)	168,706	193,631
Bahamas Mortgage Corporation bonds	7(c)	101,106	102,637
Nassau Airport Development Company Limited debt securities	7(d)	72,858	73,941
Education Loan Authority bonds	7(e)	47,582	47,808
Bahamas Development Bank bonds	7(f)	46,864	46,492
Bahamas Electricity Corporation bonds	7(g)	26,909	26,089
Preference shares	7(h)	19,000	17,500
Clifton Heritage Authority bonds	7(i)	7,998	7,998
Latin American Investment Bank (Bahamas) Ltd. bonds	7(j)	3,283	3,157
Loans to Bahamas Government entities	7(k)	17,121	10,183
Long-term deposits	7(l)	9,825	6,559
Bridge Authority bonds	7(m)	2,829	2,829
Fidelity Bank (Bahamas) Limited notes	7(n)	2,843	2,828
The College of The Bahamas redeemable term notes	7(o)	2,215	2,399
Public Hospital Authority bonds	7(p)	10,153	10,077
Bahamas Government B\$ Notes	7(q)	7,165	-
Net investment in finance leases	8	177,996	127,722
Investment property	9	2,427	5,120
Investments in associates	10	41,375	60,202
Total investments		1,610,979	1,580,240

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

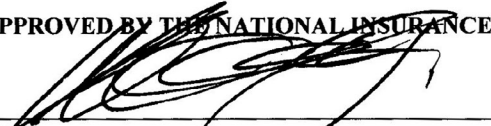
The National Insurance Fund
(Established under the laws of the Commonwealth of The Bahamas)

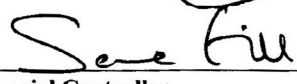
Consolidated Statement of Financial Position
As of December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	2014 \$	2013 \$
ASSETS (Continued)			
Computer software	11	7,150	6,489
Property, plant and equipment	12	101,852	93,710
Construction in progress – finance leases	13	32,773	53,610
TOTAL ASSETS		<u>1,785,240</u>	<u>1,771,037</u>
LIABILITIES			
Accounts payable and accrued expenses	14	7,786	7,143
Staff pension fund	15	72,532	73,605
Accrued benefits payable		6,819	3,669
TOTAL LIABILITIES		<u>87,137</u>	<u>84,417</u>
RESERVES			
Short-term benefits	30	46,758	46,805
Pensions	30	1,442,411	1,427,202
Industrial benefits	30	103,957	112,496
Medical benefits	30	86,651	78,227
Disablement and death benefits	30	17,750	21,314
Fidelity bond	16 & 30	576	576
TOTAL RESERVES		<u>1,698,103</u>	<u>1,686,620</u>
TOTAL LIABILITIES AND RESERVES		<u>1,785,240</u>	<u>1,771,037</u>

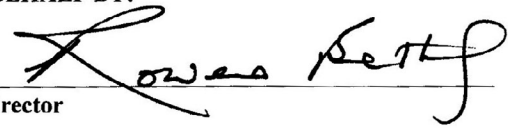
Assets and liabilities of the Medical Benefits Branch are separately disclosed in the notes accompanying these consolidated financial statements.

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


Chairman


Financial Controller

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


Director

June 19, 2015

Date

The National Insurance Fund

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2014 (Expressed in Thousands of Bahamian dollars)

	Notes	2014 \$	2013 \$
INCOME			
Contributions			
Employers		148,578	137,384
Insured persons		90,544	86,906
Self-employed persons		6,125	5,666
Voluntarily insured		5	8
		<u>245,252</u>	<u>229,964</u>
Refund of contributions		<u>(717)</u>	<u>(595)</u>
Total net contributions		<u>244,535</u>	<u>229,369</u>
Income from investments	17	82,224	84,779
Income from property	18	1,782	2,075
Share of losses of associates	10	(17,370)	(574)
Other income		<u>567</u>	<u>464</u>
TOTAL INCOME		<u>311,738</u>	<u>316,113</u>
EXPENDITURE			
Benefits expenditure			
Short-term		33,866	33,898
Pensions		180,130	169,350
Industrial		24,150	15,056
Disablement and death		<u>5,930</u>	<u>4,385</u>
Total benefits expenditure		<u>244,076</u>	<u>222,689</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, 2014 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2014 \$	2013 \$
Administrative expenditure			
Staff salaries, allowances and benefits	22	33,735	32,889
Expenses of the Members of the Board		210	221
Amortisation		571	544
Depreciation	12	1,865	2,062
Other expenses	21	9,880	9,351
Total administrative expenditure		46,261	45,067
Expenditure of the medical benefits branch			
Polyclinics			
Administrative expenditure		853	686
Depreciation	12	1,205	1,154
		2,058	1,840
National Prescription Drug Plan		11,183	9,476
National Health Insurance		549	-
Total expenditure of the medical benefits branch		13,790	11,316
Other			
Loss on sale of property		100	-
Recovery of Impairment Provision	7(b)	-	(285)
Total other		100	(285)
TOTAL EXPENDITURE		304,227	278,787
EXCESS OF INCOME OVER EXPENDITURE		7,511	37,326
Remeasurement of the defined benefit obligation		3,881	(3,767)
Unclaimed benefits		91	93
TOTAL COMPREHENSIVE INCOME		11,483	33,652

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, 2014
(Expressed in Thousands of Bahamian dollars)

	Notes	Short-term		Pensions		Industrial		Medical		Disablement/Death		Fidelity Bond		Total	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME															
Total net contributions		61,134	57,342	163,839	153,678	18,340	17,203	1,222	1,146	-	-	-	-	244,535	229,369
Income from investments		1,498	1,378	76,480	78,783	3,391	3,291	161	509	694	818	-	-	82,224	84,779
Income from property		-	-	1,093	1,280	-	-	689	795	-	-	-	-	1,782	2,075
Share of profits of associates		-	-	(17,370)	(574)	-	-	-	-	-	-	-	-	(17,370)	(574)
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:															
Disablement	19	-	-	-	-	-	-	-	-	1,672	1,939	-	-	1,672	1,939
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income		141	116	142	116	142	116	142	116	-	-	-	-	567	464
TOTAL INCOME		62,773	58,836	224,184	233,283	21,873	20,610	2,214	2,566	2,366	2,757	-	-	313,410	318,052
EXPENDITURE															
Benefits expenditure															
Sickness benefit		13,221	12,720	-	-	-	-	-	-	-	-	-	-	13,221	12,720
Unemployment benefit		9,347	10,432	-	-	-	-	-	-	-	-	-	-	9,347	10,432
Maternity benefit		7,050	6,708	-	-	-	-	-	-	-	-	-	-	7,050	6,708
Funeral benefit		2,800	2,613	-	-	-	-	-	-	-	-	-	-	2,800	2,613
Maternity grant		1,448	1,423	-	-	-	-	-	-	-	-	-	-	1,448	1,423
Sickness assistance		-	2	-	-	-	-	-	-	-	-	-	-	-	2
Retirement benefit		-	-	131,243	121,872	-	-	-	-	-	-	-	-	131,243	121,872
Survivors' benefit		-	-	18,216	17,596	-	-	-	-	-	-	-	-	18,216	17,596
Invalidity benefit		-	-	14,871	13,917	-	-	-	-	-	-	-	-	14,871	13,917
Invalidity assistance		-	-	8,783	8,557	-	-	-	-	-	-	-	-	8,783	8,557
Old age non-contributory retirement benefit		-	-	5,998	6,311	-	-	-	-	-	-	-	-	5,998	6,311
Survivors' assistance		-	-	1,019	1,097	-	-	-	-	-	-	-	-	1,019	1,097
Medical care		-	-	-	-	20,355	12,070	-	-	-	-	-	-	20,355	12,070
Injury benefit		-	-	-	-	3,757	2,911	-	-	-	-	-	-	3,757	2,911
Disablement grant		-	-	-	-	38	75	-	-	-	-	-	-	38	75
Payment of current periodically payable benefits effected during the year:															
Disablement	19	-	-	-	-	-	-	-	-	5,585	4,046	-	-	5,585	4,046
Death	19	-	-	-	-	-	-	-	-	345	339	-	-	345	339
		33,866	33,898	180,130	169,350	24,150	15,056	-	-	5,930	4,385	-	-	244,076	222,689
Disablement benefit – capital value		-	-	-	-	1,672	1,939	-	-	-	-	-	-	1,672	1,939
Death benefit – capital value		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenditure		9,017	9,119	32,648	32,286	4,596	3,662	13,790	11,316	-	-	-	-	60,051	56,383
Other expenditure/(Income)		-	-	100	(285)	-	-	-	-	-	-	-	-	100	(285)
TOTAL EXPENDITURE		42,883	43,017	212,878	201,351	30,418	20,657	13,790	11,316	5,930	4,385	-	-	305,899	280,726
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE		19,890	15,819	11,306	31,932	(8,545)	(47)	(11,576)	(8,750)	(3,564)	(1,628)	-	-	7,511	37,326
Remeasurement of the defined benefit obligation		-	-	3,881	(3,767)	-	-	-	-	-	-	-	-	3,881	(3,767)
Transfers	(20,000)	-	-	-	-	-	-	20,000	-	-	-	-	-	-	-
Unclaimed benefits	63	77	22	3	6	13	-	-	-	-	-	-	-	91	93
RESERVES, beginning 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
RESERVES, end of year		46,758	46,805	1,442,411	1,427,202	103,957	112,496	86,651	78,227	17,750	21,314	576	576	1,698,103	1,686,620

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, 2014 (Expressed in Thousands of Bahamian dollars)

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditure	7,511	37,326
Adjustments:		
Income from investments	(82,224)	(84,779)
Income from property	(1,782)	(2,075)
Share of losses of associates	17,370	574
Loss on disposal/write-off of property, plant and equipment	12	36
Amortisation	571	544
Depreciation	3,070	3,216
Loss on sale of investment property	100	-
Recovery of Impairment of Provision	-	(285)
Deficit before working capital changes	(55,372)	(45,443)
Decrease in receivables and advances	46	81
(Increase)/decrease in prepaid expenses and deposits	(99)	612
Increase in accounts payable and accrued expenses	734	102
Increase in staff pension fund	2,808	2,645
Increase/(decrease) in accrued benefits payable	3,150	(431)
Net cash used in operating activities	(48,733)	(42,434)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	56,594	59,571
Dividends received	4,598	4,778
Proceeds from finance leases	2,349	5,650
Income received from property	980	499
Dividends received from associates	1,457	1,213
Proceeds from sale of equity securities	1,492	3,345
Proceeds from United States of America US\$ Treasury notes	7,030	11,946
Proceeds on maturity of certificates of deposit	233,688	191,649
Proceeds on maturity of Bahamas Government registered stocks	22,997	41,232
Proceeds from Government of Barbados Bonds	429	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, 2014 (Expressed in Thousands of Bahamian dollars)

	2014 \$	2013 \$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds on maturity of Bahamas Mortgage Corporation bonds	1,500	4,500
Proceeds on redemption of preference shares	8,500	-
Proceeds on redemption of Bank of The Bahamas Limited bonds	-	13,500
Proceeds from loan repayments from Bahamas Government entities	161	102
Proceeds from Nassau Airport Development Company Limited debt securities	2,919	16,674
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	-	131
Proceeds of College of the Bahamas notes	185	185
Proceeds from sale of property, plant and equipment	32	24
Proceeds from the sale of investment property	1,900	-
Purchase of equity securities	(26,634)	(43,148)
Purchase of United States of America US\$ treasury notes	-	(14,072)
Purchase of US\$ Corporate Bonds	(2,875)	(4,749)
Placements of certificates of deposit	(209,362)	(191,081)
Placements of long-term deposits	(3,000)	(3,500)
Purchase of preference shares	(10,000)	(3,000)
Purchase of Bahamas Government notes	(7,070)	-
Additional loans to Bahamas Government entities	(7,000)	(7,200)
Purchase of Public Hospital Authority bonds	-	(10,000)
Purchase of Government Trinidad & Tobago bonds	(2,095)	-
Additions to computer software	(1,232)	(2,372)
Additions to property, plant and equipment	(11,246)	(16,406)
Additions to construction in progress – finance leases	(19,072)	(13,811)
Net cash from investing activities	47,225	46,088
Net (decrease)/increase in cash and cash equivalents	(1,508)	3,654
Cash and cash equivalents, beginning of year	15,158	11,504
Cash and cash equivalents, end of year (Note 3)	13,650	15,158

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (Expressed in Thousands of Bahamian dollars)

1. General Information

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

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

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

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Fund's accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 2(e), 2(g), 2(h), 2(i) 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, 2014

(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 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.

- ii. 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.

- iii. 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

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. IAS 19 Defined Benefit Plans: Employee Contributions

Additional guidance added to IAS 19 Employee Benefits on accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. Amendments will be effective for annual periods beginning July 1, 2014.

ii. IFRS 1: Meaning of 'effective IFRSs'

Amendments to the Basis of Conclusion clarify the meaning of "effective IFRSs". Amendments will be effective for annual periods beginning July 1, 2014.

iii. IFRS 13: Short-term receivables and payables

Amendments clarify the measurement requirements for short-term receivables and payables with no stated interest rate at invoice amounts without discounting when the effect of discounting is immaterial. Amendments will be effective for annual periods beginning July 1, 2014.

iv. IAS 16: Revaluation method – proportionate restatement of accumulated depreciation

Amendments to the Revaluation method – proportionate restatement of accumulated depreciation. Amendments will be effective for annual periods beginning July 1, 2014.

v. IAS 24: Key management personnel services

Amendments to the definitions and disclosure requirements for key management personnel. Amendments will be effective for annual periods beginning July 1, 2014.

vi. IAS 38: Revaluation method – proportionate restatement of accumulated amortization

Amendments to the Revaluation method – proportionate restatement of accumulated amortisation. Amendments will be effective for annual periods beginning July 1, 2014.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

vii. *IAS 40: Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property*

Amendments clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. Amendments will be effective for annual periods beginning July 1, 2014.

viii. *IFRS 10 & 12 and IAS 28: Investment Entities*

Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. Amendments will be effective for annual periods beginning January 1, 2016.

ix. *IAS 1: Disclosure Initiative*

Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. Amendments will be effective for annual periods beginning January 1, 2016.

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

Amendment to both IAS 16 and IAS 38 clarifying that when applying the principle of “the basis of depreciation and amortisation is the expected pattern of consumption of the future economic benefits of an asset”, revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. Amendments will be effective for annual periods beginning January 1, 2016.

xi. *IAS 19: Discount rate ~ regional market issue*

Clarification given that when looking at a deep market in terms of the standard the deep market requirement applies to the currency as a whole and not to a specific country. Amendments will be effective for annual periods beginning January 1, 2016.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

xii. IFRS 15 Revenue from Contracts from Customers

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

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

xiii. IFRS 9 Financial Instruments

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

(b) Consolidation

Subsidiary

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)

Associates

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

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

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

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

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

(c) Foreign currency translation

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(d) Cash and cash equivalents

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

(e) Financial assets

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

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

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(f) Sale and repurchase agreements

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

(g) Impairment of financial assets

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014

**(Expressed in Thousands of Bahamian dollars)
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

(h) Investment property

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

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

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

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

Changes in fair values are 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (continued)

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Leases

The Fund is lessee

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

The Fund is lessor

Finance leases

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

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

Operating leases

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

(l) Employee benefits

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

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 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.

(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.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(o) Unclaimed benefits

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

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

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:

	2014	2013
Short-term benefits reserve	25.0%	25.0%
Pensions reserve	67.0%	67.0%
Industrial benefits reserve	7.5%	7.5%
Medical benefits reserve	0.5%	0.5%
	<u>100.0%</u>	<u>100.0%</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

For the years ended December 31, 2014 and 2013, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2014	2013
Short-term benefits reserve	19.49%	20.23%
Pensions reserve	70.57%	71.64%
Industrial benefits reserve	9.94%	8.13%
	<u>100.00%</u>	<u>100.00%</u>

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

(q) Related parties

Related parties include its subsidiary; associates; ministries and corporations of The Bahamas Government; agencies and entities controlled by The Bahamas Government or in which The Bahamas Government has a significant ownership interest; key management personnel; close family members of key management personnel; and entities owned or controlled by key management personnel. Key management personnel include those having the authority and responsibility for planning, directing and controlling the activities of the Fund.

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

(r) Taxation

The Fund is established under the laws of the Commonwealth of The Bahamas and is not subject to income, 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(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, 2014

(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:

	2014	2013
	\$	\$
Cash on hand	30	30
Cash at banks – current account	2,103	6,077
Cash at brokers	910	750
Cash at the Central Bank of The Bahamas	10,607	8,301
	<u>13,650</u>	<u>15,158</u>

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2014 (2013: effective interest of Nil %).

4. Receivables and Advances

Receivables and advances comprise:

	2014	2013
	\$	\$
Finance lease receivables	10,607	14,960
Rent receivable	4,565	3,763
Other receivable – The Bahamas Government	2,165	1,668
Advances to staff	814	853
	18,151	21,244
Provision for doubtful accounts	(10)	(10)
	<u>18,141</u>	<u>21,234</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(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			2014	2013
2014	2013		\$	\$
<i>Ordinary Shares / Mutual Funds</i>				
Level 1 B\$				
1,000	1,000	Bahamas Waste Limited	3	4
6,022,945	6,022,945	Bank of Bahamas Limited	31,440	31,440
1,114,583	1,114,583	Commonwealth Bank Ltd.	8,359	7,702
2,967,500	2,967,500	Commonwealth Brewery Limited	40,061	31,515
474,796	474,796	Consolidated Water Co. Ltd.	1,011	1,339
23,320	23,320	FamGuard Corporation Limited	128	122
213,472	213,472	Finance Corporation of Bahamas Limited	2,408	2,241
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	2,403	2,161
375,153	375,153	Freeport Oil Holdings Company Ltd.	2,247	2,251
158,769	158,769	ICD Utilities Limited	826	784
68,327	68,327	J.S. Johnson & Company Limited	793	769
			<u>89,679</u>	<u>80,328</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2014	2013		2014	2013
			\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$				
6,958	4,616	American Electric Power Company	422	216
2,200	-	Anadaeko Petroleum Corporation	181	-
2,050	2,050	Apache	128	176
2,100	2,100	Caterpillar Inc.	192	191
2,474	1,669	Chevron Corporation	278	208
-	3,630	Citigroup Inc.	-	189
7,417	5,158	Coca Cola Co.	313	213
1,570	3,890	Comcast Corporation	91	202
1,200	-	Conoco Philips	83	-
2,390	3,090	CVS Caremark Corporation	230	221
4,460	2,996	Duke Energy Corporation	373	207
6,870	6,870	EMC Corp -Mass	204	173
-	2,410	Fluor Corp.	-	193
-	5,270	Freeport-McMoran Copper & Gold Inc.	-	199
19,492	15,712	General Electric Co.	493	440
2,030	-	Gilead Sciences Incorporated	191	-
200	-	Google Incorporated	105	-
3,600	3,600	Halliburton Company	142	183
21,184	16,802	Intel Corp.	769	436
3,960	3,960	International Paper Company	212	194
6,790	3,390	JP Morgan Chase & Co.	425	198
5,306	3,649	Kraft Foods Group Incorporated	333	197
-	1,860	McDonald's Corp.	-	180
940	1,360	McKesson Corp.	195	219
3,750	3,750	MetLife Inc.	203	202
-	1,860	Occidental Petroleum Corp.	-	177

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units 2014	2013		2014 \$	2013 \$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$ (continued)				
4,420	7,500	Oracle Corp.	199	287
3,000	6,090	Pfizer Inc.	93	187
3,366	2,315	Philip Morris International Inc	274	202
3,650	2,504	Proctor & Gamble Company	333	204
5,200	-	Roche Holding Limited	177	-
2,290	-	Ryder Systems Incorporated	213	-
2,610	2,610	Qualcomm Incorporated	194	194
2,390	2,390	Ross Stores	225	179
3,300	-	Royal Caribbean Cruises Limited	272	-
1,680	-	United Technologies Corp.	193	-
75	-	Veritiv Corporation	4	-
3,700	3,700	Verizon Communications Inc.	173	182
950	-	Walt Disney Company	89	-
60,864	22,255	Axon Balanced Fund	8,036	2,887
23,033	23,033	Axon Conservative Fund	2,806	2,746
21,320	-	Axiom Growth Fund	3,108	-
7,845	9,988	Ishares II PC - Property Yield Fund	198	213
			<u>22,150</u>	<u>12,095</u>
			<u>111,829</u>	<u>92,423</u>
Level 2 B\$				
3,000	3,000	Royal Fidelity International Investment Fund Limited; Index Linked Sub Fund, Class N shares Series 3	2,984	2,868
Level 2 US\$				
24,428	24,428	CFAL Global Bond Fund	3,691	3,477
5,603	5,603	CFAL Global Equity Fund	782	740
69,667	69,667	Brown Advisory Funds PLC	1,251	837
11,671	11,671	Findlay Park Funds PLC	1,341	833
79,113	-	Franklin Templeton Frontier Markets Fund	1,464	-
203,873	-	Investec Global Natural Resources	1,786	-
13,079	-	Legg Mason Royce US Small CAP Fund	1,876	-
4,967	4,967	Morgan Stanley Investment Funds	870	329
18,210	18,210	Polar Capital Funds PLC - North American Fund	693	282
969,292	-	Scotiabank Global Growth Fund	2,337	-
62,000	-	Scotiabank Managed Fund	6,018	-
2,413	2,413	Wells Fargo & Company	899	482
			<u>25,992</u>	<u>9,848</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2014	2013		2014	2013
			\$	\$
<i>Preference Shares</i>				
Level 2				
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,826	8,826
150	150	FamGuard Corporation Limited; Prime + 1.50%	150	150
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>152,162</u>	<u>116,612</u>
		Level 1	Level 2	Level 3
		\$	\$	\$
Financial assets at fair value through profit or loss				
Trading securities		111,829	-	-
Available for sale investments		-	40,333	-
Balance As of December 31, 2014		<u>111,829</u>	<u>40,333</u>	<u>152,162</u>
		Level 1	Level 2	Level 3
		\$	\$	\$
Financial assets at fair value through profit or loss				
Trading securities		92,423	-	-
Available for sale investments		-	24,189	-
Balance As of December 31, 2013		<u>92,423</u>	<u>24,189</u>	<u>116,612</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Level 1

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

Level 2

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

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2014	92,423	24,189	-	116,612
Purchases	10,470	16,164	-	26,634
Sales	(1,492)	-	-	(1,492)
Net realised gain	1	-	-	1
Net unrealised gain/(loss)	10,427	(20)	-	10,407
Balance As of December 31, 2014	111,829	40,333	-	152,162
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2013	51,284	17,254	-	68,538
Purchases	36,446	6,702	-	43,148
Sales	(3,345)	-	-	(3,345)
Net realised gain	391	-	-	391
Net unrealised gain	7,647	233	-	7,880
Balance As of December 31, 2013	92,423	24,189	-	116,612

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments

(a) Bahamas Government US\$ notes

Face Value		Description	2014 \$	2013 \$
2014 \$	2013 \$			
11,000	11,000	6.95%; 2029	10,988	10,987
4,800	4,800	6.63%; 2033	4,698	4,696
14,102	14,102	7.13%; 2038	14,178	14,179
			<u>29,864</u>	<u>29,862</u>
		Accrued interest	<u>376</u>	<u>376</u>
			<u>30,240</u>	<u>30,238</u>

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

Face Value		Description	2014 \$	2013 \$
2014 \$	2013 \$			
-	2,605	0.25%; 2015	-	2,606
6,820	9,520	0.625% to 1.50%; 2016	6,821	9,526
6,250	6,250	0.75%; 2017	6,257	6,260
2,903	2,903	1.125% to 1.25%; 2019	2,906	2,907
-	1,755	2.00%; 2021	-	1,761
			<u>15,984</u>	<u>23,060</u>
		Accrued interest	<u>20</u>	<u>18</u>
			<u>16,004</u>	<u>23,078</u>

As of December 31, 2014, United States of America debt was rated AA+ (2013: AA+) by Standard and Poors.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments (Continued)

(c) Government of Barbados US\$ bonds

Face Value		Description	2014 \$	2013 \$
2014	2013			
2,143	2,571	Class B; 7.80%; 2019	2,143	2,571
2,500	2,500	7.25%; 2021	2,645	2,661
			4,788	5,232
		Accrued interest	75	89
			<u>4,863</u>	<u>5,321</u>

As of December 31, 2014, Barbados foreign currency debt was rated B- (2013: BB-) by Standard and Poors.

(d) Citigroup Funding Inc. notes

Face Value		Description	2014 \$	2013 \$
2014	2013			
3,000	3,000	US\$ 3-Month LIBOR + 3.25%; 2015	3,000	3,000
		Accrued interest	4	6
			<u>3,004</u>	<u>3,006</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments (Continued)

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

Face Value		Description	2014	2013
2014	2013		2014	2013
\$	\$		\$	\$
2,500	2,500	5.95%; 2019	2,481	2,478
		Accrued interest	15	15
			<u>2,496</u>	<u>2,493</u>

As of December 31, 2014, the Cayman Islands foreign currency debt was rated Aa3 (2013: Aa3) by Moody's.

(f) Corporate bonds US\$

Face Value		Description	2014	2013
2014	2013		2014	2013
\$	\$		\$	\$
397	250	Freeport McMoran Copper & Gold 3.50%; 2022	370	226
397	250	Anheuser Busch Incorporated 2.50%; 2022	370	231
397	250	Amazon Incorporated 2.50%; 2022	367	227
397	250	American International Group 4.88%; 2022	426	269
397	250	Goldman Sachs Group 3.63%; 2023	381	235
397	250	Morgan Stanley Medium Term 4.88%; 2022	404	249
397	250	Simon Property Group 2.75%; 2023	370	230
397	250	Quest Diagnostics Incorporated 4.70%; 2021	420	266
397	250	Teva Pharmaceutical Finance 2.95%; 2022	372	232
397	250	Thermo Fisher Scientific Incorporated 3.60%; 2021	394	245

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

6. Held-To-Maturity Investments (Continued)

(f) Corporate bonds US\$ Continued)

Face Value		Description		
2014	2013		2014	2013
\$	\$		\$	\$
397	250	United Health Group 2.75%; 2023	372	231
397	250	WellPoint Incorporated 3.30%; 2023	379	236
397	250	Deer & Company 2.60%; 2022	379	236
397	250	General Dynamics Corporation 2.25%; 2022	365	226
397	250	General Electric Capital Group 3.10%; 2023	377	231
397	250	AT & T Incorporated 2.63%; 2022	365	225
397	250	Telefonica Emisiones 5.13%; 2020	414	257
397	250	Verizon Communications Incorporated 2.45%; 2022	361	223
397	250	Ebay Incorporated 2.60%; 2022	374	232
397	250	Oracle Corporation 2.38	399	250
			7,659	4,757
Accrued Interest			69	44
			7,728	4,801

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

Face Value		Description		
2014	2013		2014	2013
\$	\$		\$	\$
2,000	-	3.79%; 2024	2,088	-
Accrued interest			35	-
			2,123	-

As of December 31, 2014, Trinidad & Tobago foreign currency debt was rated Baa1 by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables

(a) Bahamas Government registered stocks

Investments in Bahamas Government registered stocks have interest rates varying from 4.10% to 6.00% (2013: 4.10% to 6.63%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime).

Face Value					
2014	2013	Description	2014	2013	
\$	\$		\$	\$	
-	22,997	Prime + 0.03% to 1.13%; 6.63%; 2014	-	22,997	
35,899	-	Prime + 0.03% to 1.19%; 2015	35,899	-	
176,263	176,263	Prime + 0.03% to 1.25%; 2016-2020	163,670	176,263	
139,679	139,679	Prime + 0.03% to 0.57%; 4.10%; 2021-2025	176,260	139,679	
178,290	178,290	Prime + 0.06% to 0.86%; 4.25% to 4.30%; 2026-2030	144,603	178,290	
93,775	93,775	Prime + 0.06% to 0.56%; 2031-2035	74,506	93,775	
27,859	27,859	Prime + 0.18% to 0.63%; 2036-2037	20,929	27,859	
			615,867	638,863	
		Accrued interest	8,237	8,656	
			624,104	647,519	

The effective interest rate earned on Bahamas Government registered stocks was 5.15% (2013: 5.15%), and registered stocks with face values totalling \$9,000 (2013: \$15,560) have fixed interest rates varying from 4.10% to 4.75% (2013: 4.10% to 6.63%) and maturities ranging from 2020 to 2029 (2013: 2014 to 2029).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(b) Certificates of deposit

	2014 \$	2013 \$
Certificates of deposit	167,190	191,516
Provision for doubtful accounts	<u>(1,715)</u>	<u>(1,715)</u>
	165,475	189,801
Accrued interest	<u>3,231</u>	<u>3,830</u>
	<u>168,706</u>	<u>193,631</u>

During the year, certificates of deposit earned interest at rates of 1.50% to 4.75% (2013: 1.50% to 5.00%) per annum. The effective interest earned on certificates of deposit was 2.21% (2013: 3.83%). 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, 2014, certificates of deposit include United States dollar (US\$) deposits of \$6,770 (2013: \$17,047).

As of December 31, 2014, the Fund has \$1,715 (2013: \$1,715) in certificates of deposit with Gulf Union Bank (Bahamas) Ltd., which is in compulsory liquidation. Accordingly, the Fund has made full provision for amounts outstanding. A payment of \$285 was received in 2013 and no payment was received in 2014.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(c) Bahamas Mortgage Corporation bonds

Series	Description	2014 \$	2013 \$
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%; 2014-2032	75,600	75,600
M,S	25 year bonds; Prime* less 2.00% to 5.25%; 2014-2037	9,100	10,600
		99,700	101,200
	Accrued interest	1,406	1,437
		101,106	102,637

These bonds are guaranteed by The Bahamas Government. As of December 31, 2014 and 2013 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	2014 \$	2013 \$
2014 \$	2013 \$			
4,456	5,286	B\$ Series A subordinated participating debt; 13.00%; 2034	4,456	5,286
4,456	5,286	US\$ Series A subordinated participating debt; 13.00%; 2034	4,456	5,286
9,500	9,700	B\$ senior debt notes; 8.50%; 2031	9,500	9,700
9,500	9,700	US\$ senior debt notes; 8.50%; 2031	9,500	9,700
12,295	13,154	US\$ Series B subordinated participating debt; 13.00%; 2034	12,295	13,154
5,000	5,000	B\$ 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
			55,207	58,126
		Accrued interest	17,651	15,815
			72,858	73,941

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(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 and III of the Lynden Pindling International Airport.

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

(e) Education Loan Authority bonds

Face Value		Description	2014	2013
2014	2013			
\$	\$		\$	\$
15,000	15,000	Series A; Prime + 0.25%; 2020	15,678	15,783
9,750	9,750	Series B; Prime + 0.50%; 2023	10,125	10,161
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	<u>20,895</u>	<u>20,980</u>
			46,698	46,924
		Accrued interest	<u>884</u>	<u>884</u>
			<u>47,582</u>	<u>47,808</u>

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(f) Bahamas Development Bank bonds

Face Value		Description	2014 \$	2013 \$
2014 \$	2013 \$			
10,000	10,000	Series B; Prime less 1.00%; 2016-2020	10,000	10,000
15,000	15,000	Series A; Prime; 2020-2024	15,000	15,000
10,000	10,000	Series D; Prime less 1.00%; 2021-2024	10,000	10,000
11,000	11,000	Series C; Prime; 2026-2029	11,000	11,000
			<hr/>	<hr/>
			46,000	46,000
		Accrued interest	864	492
			<hr/>	<hr/>
			46,864	46,492
			<hr/>	<hr/>

These bonds are guaranteed by The Bahamas Government.

(g) Bahamas Electricity Corporation bonds

Face Value		Description	2014 \$	2013 \$
2014 \$	2013 \$			
1,003	1,003	US\$ Series A; 6.43%; 2016	1,003	1,003
6,495	6,495	B\$ Series B; 6.41%; 2021	6,489	6,488
18,557	18,557	B\$ Series C; 6.56%; 2026	18,525	18,523
			<hr/>	<hr/>
			26,017	26,014
		Accrued interest	892	75
			<hr/>	<hr/>
			26,909	26,089
			<hr/>	<hr/>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(h) Preference Shares

Face Value		Description	2014	2013
2014	2013		\$	\$
2,000,000	2,000,000	Colina Holdings Bahamas Limited; Prime + 1.50%	2,000	2,000
3,000	3,000	Grand Bahama Power Company Limited; 7.25% - 10%	3,000	3,000
-	3,500	Cable Bahamas Limited; 7.00%; 2015	-	3,500
-	5,000	Cable Bahamas Limited; 8.00%; 2019	-	5,000
400,000	400,000	Fidelity Bank (Bahamas) Limited; 5.75%; 2021	4,000	4,000
8,500	-	Cable Bahamas Limited; 5.75%; 2024	8,500	-
1,500	-	Cable Bahamas Limited (US\$); 6.25%; 2025	1,500	-
			19,000	17,500

As of December 31, 2014, the cost of preference shares totals \$19,000 (2013: \$17,500).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(i) Clifton Heritage Authority bonds

Face Value		Description		
2014	2013		2014	2013
\$	\$		\$	\$
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.

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

In prior years, the Fund acquired \$5,000 of the bonds that are supported by the Government Guaranteed Advanced Education Loan Scheme held in trust by Societe General Private Banking. Interest is earned at 0.70% above Prime. As of December 31, 2014, the carrying amount of the bonds includes the principal of \$2,312 (2013: \$2,312) plus accrued interest of \$971 (2013: \$845).

During the year, no principal were received (2013: \$131), with cumulative principal payments totalling \$2,688 (2013: \$2,688). The bonds fully mature in 2015.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(k) Loans to Bahamas Government entities

	01-Jan-14	Additional	Repayments/	31-Dec-14
	\$	Funds	Adjustments	\$
BEC	2,961	-	(161)	2,800
BMC	2,500	2,500	-	5,000
WSC	<u>4,700</u>	<u>4,500</u>	<u>-</u>	<u>9,200</u>
	10,161	7,000	(161)	17,000
Accrued interest	<u>22</u>	<u>99</u>	<u>-</u>	<u>121</u>
	<u>10,183</u>	<u>7,099</u>	<u>(161)</u>	<u>17,121</u>

	1-Jan-13	Additional	Repayments/	31-Dec-13
	\$	Funds	Adjustments	\$
BEC	3,063	-	(102)	2,961
BMC	-	2,500	-	2,500
WSC	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>4,700</u>
	3,063	7,200	(102)	10,161
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>

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 loan after a series of extensions from 2012 will mature December 2019. The loan is guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(k) Loans to Bahamas Government entities (continued)

BMC

During 2013 the Fund through a Memorandum of Understanding with the Ministry of Environment & Housing agreed to lend up to \$10,000 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 \$2,500 with the first drawdown disbursed during December 2013. During October 2014 the second drawdown of \$2,500 was disbursed. 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 up to \$10,000 to the Water & Sewerage Corporation (WSC) to finance the design and construction of a Wastewater Treatment Plant at Gladstone Road to service the Baha Mar Resort and surrounding areas. 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.

(l) Long-term deposits

Face Value		Description	2014	2013
2014	2013		\$	\$
\$	\$			
3000	3000	Bahamas Development Bank 3.75%; 2016	3,000	3,000
6500	3500	Family Guardian Insurance 3.50%; 2023	6,500	3,500
			9,500	6,500
		Accrued interest	325	59
			<u>9,825</u>	<u>6,559</u>

During 2013, a \$3,000 deposit was placed with Bahamas Development Bank for four years at 3.75% interest per annum. The funds were used to establish a roadwork compensation loan facility to assist small businesses impacted by the New Providence Road Improvement Project. The Family Guardian Single Premium Deferred Annuity earns interest at a rate of 3.5% and matures in 2023. The interest rate 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. The annuity balance is \$6,500 (2013: \$3,500).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(m) Bridge Authority bonds

Face Value

2014	2013	Description	2014	2013
\$	\$		\$	\$
956	956	Prime + 1.25%; 2019	956	956
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			<u>2,783</u>	<u>2,783</u>
		Accrued interest	46	46
			<u>2,829</u>	<u>2,829</u>

(n) Fidelity Bank (Bahamas) Limited notes

Face Value

2014	2013	Description	2014	2013
\$	\$		\$	\$
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
			<u>2,800</u>	<u>2,800</u>
		Accrued interest	43	28
			<u>2,843</u>	<u>2,828</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(o) The College of The Bahamas redeemable term notes

Face Value

2014	2013	Description	2014	2013
\$	\$		\$	\$
2,214	2,583	7.00%; 2026	2,214	2,398
		Accrued interest	<u>1</u>	<u>1</u>
			<u>2,215</u>	<u>2,399</u>

(p) Public Hospital Authority bonds

Face Value

2014	2013	Description	2014	2013
\$	\$		\$	\$
10,000	10,000	6.00%; 2033	10,000	10,000
		Accrued interest	<u>153</u>	<u>77</u>
			<u>10,153</u>	<u>10,077</u>

(q) Bahamas Government B\$ notes

Face Value

2014	2013	Description	2014	2013
\$	\$		\$	\$
7,070	-	3.15%; 2015	7,070	-
		Accrued interest	<u>95</u>	<u>-</u>
			<u>7,165</u>	<u>-</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	2014	2013
	\$	\$
<i>Gross receivables</i>		
Not later than one year	12,656	18,760
Later than one year and not later than five years	50,623	70,129
Later than five years	<u>248,040</u>	<u>95,624</u>
	311,319	184,513
Unearned finance income	<u>(133,323)</u>	<u>(56,791)</u>
	<u>177,996</u>	<u>127,722</u>

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

	2014	2013
	\$	\$
Not later than one year	3,803	10,590
Later than one year and not later than five years	17,236	45,162
Later than five years	<u>156,957</u>	<u>71,970</u>
	<u>177,996</u>	<u>127,722</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. Net Investment in Finance Leases (Continued)

The Fund presently has twelve (2013: eleven) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2014	2013
	\$	\$
Poinciana Hill, New Providence	9,644	8,643
Thompson Boulevard, New Providence	18,420	12,726
Police Headquarters, Grand Bahama	5,341	4,626
Police Dormitories, Grand Bahama	2,283	2,141
Robinson Road, New Providence	3,809	3,632
Police Residences, Grand Bahama	2,482	2,338
Police Gymnasium, Grand Bahama	693	653
Police Guard House, Grand Bahama	34	34
Freeport Government Complex	26,447	24,170
Marsh Harbour Government Complex	31,047	27,805
Office of the Attorney General	42,232	40,954
JL Centre	35,564	-
	<u>177,996</u>	<u>127,722</u>

Claughton House Limited

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. Net Investment in Finance Leases (Continued)

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 2014 JL Centre Blake Road 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
JL Centre, Blake Road	2012	12/31/2014

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

9. Investment Property

	Buena Vista \$	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2014	2,000	2,600	520	5,120
Loss of sale Investment Property	(100)	-	-	(100)
Loss on valuation of Investment Property (Note 17)	-	(600)	(93)	(693)
Sale of Investment Property	(1,900)	-	-	(1,900)
As of December 31, 2014	-	2,000	427	2,427
As of January 1, 2013	2,000	2,600	520	5,120
As of December 31, 2013	2,000	2,600	520	5,120
Fair Value Hierarchy	Level 1	Level 2	Level 3	Fair Value
Farrington Road Building	-	2,000	-	2,000
Modernistic Building	-	427	-	427

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

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

During 2014 the purchase option on Buena Vista property was exercised and sold at the carrying value of \$2,000 less \$100 which represented the Fund's portion of the stamp tax.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (Expressed in Thousands of Bahamian dollars) (Continued)

9. Investment Property (Continued)

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:

	2014	2013
	\$	\$
Rental income	437	592
Direct operating expenses		
On property that generated rental income	98	97
On property that did not generate rental income	10	10
	<u>108</u>	<u>107</u>

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

Location	Lease Term	Lease Date
Bahamas Government, Farrington Road, New Providence	21 years	02/20/1992
National Insurance Board, Wulff Road, New Providence	21 years	01/20/1997

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

	Farrington Road Building	Wulff Road Building	Total
	\$	\$	\$
No later than 1 year	374	63	437
Later than 1 year and no later than 5 years	1,496	198	1,694
Later than 5 years	5,548	-	5,548
	<u>7,418</u>	<u>261</u>	<u>7,679</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

10. Investments in Associates

As of December 31, 2014, the Fund owned 4,334,453 (2013: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited, representing 28.21% (2013: 28.07%) 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 (2013: 3,034,483) of the ordinary shares of Cable Bahamas Limited, representing 22.32% (2013: 22.30%) of the total outstanding ordinary shares.

	2014 \$	2013 \$
As of January 1	60,202	61,989
Share of losses	(17,370)	(574)
Dividends received	(1,457)	(1,213)
As of December 31	41,375	60,202

Fair Value Hierarchy	Level 1	Level 2	Level 3	Fair Value
Ordinary Shares As of December 31, 2014	65,109	-	-	65,109
Ordinary Shares As of December 31, 2013	57,886	-	-	57,886

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2014 and 2013:

	Assets \$	Liabilities \$	Total Income \$	Net Income/(Loss) \$
2014				
Bank of The Bahamas Limited	832,326	721,059	32,923	(70,063)
Cable Bahamas Limited	402,776	294,936	55,644	10,731
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

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

11. Computer Software

Computer software comprises:

	Total
	\$
Cost	
Balance as of January 1, 2014	9,658
Additions	<u>1,232</u>
Balance as of December 31, 2014	<u>10,890</u>
Accumulated amortization	
Balance as of January 1, 2014	3,169
Amortization expense	<u>571</u>
Balance as of December 31, 2014	<u>3,740</u>
Net book value as of December 31, 2014	<u>7,150</u>
Cost	
Balance as of January 1, 2013	7,434
Additions	2,372
Disposals	<u>(148)</u>
Balance as of December 31, 2013	<u>9,658</u>
Accumulated amortization	
Balance as of January 1, 2013	2,817
Amortization expense	500
Disposals	<u>(148)</u>
Balance as of December 31, 2013	<u>3,169</u>
Net book value as of December 31, 2013	<u>6,489</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(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, 2014	106,169	4,138	6,640	1,600	533	7,691	126,771
Additions	7,433	223	413	359	-	2,818	11,246
Disposals	-	(20)		(47)	-	-	(67)
Balance as of December 31, 2014	113,602	4,341	7,053	1,912	533	10,509	137,950
Accumulated depreciation							
Balance as of January 1, 2014	19,427	2,146	5,561	1,262	-	4,665	33,061
Charge for the year	1,371	361	635	252	-	451	3,070
Disposals	-	(8)		(25)	-		(33)
Balance as of December 31, 2014	20,798	2,499	6,196	1,489	-	5,116	36,098
Net book value as of December 31, 2014	92,804	1,842	857	423	533	5,393	101,852

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(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, 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	1,155	-	4,310	30,372
Charge for the year	1,371	336	871	225	-	413	3,216
Disposals	(2)	(147)	(202)	(118)	-	(58)	(527)
Balance as of December 31, 2013	19,427	2,146	5,561	1,262	-	4,665	33,061
Net book value as of December 31, 2013	86,742	1,992	1,079	338	533	3,026	93,710

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cost	85,846	78,422	10,508	7,691
Accumulated depreciation	(10,043)	(9,301)	(5,116)	(4,657)
Net book value	75,803	69,121	5,392	3,034

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(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.

	2014	2013
	\$	\$
Balance as of January 1	53,610	78,688
Additions	19,072	13,811
Interest income (Note 17)	245	2,138
Transfer to net investment in finance leases	(40,154)	(41,027)
Balance as of December 31	<u>32,773</u>	<u>53,610</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, 2014, projects with balances totalling \$6,778 (2013: \$38,157) are subject to this resolution.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2014	2013
	\$	\$
Accounts payable and accrued expenses	4,757	4,307
Accrued vacation pay	2,759	2,544
Unclaimed benefits	175	180
Employee pension contributions	22	22
Accrued staff retirement benefits	73	90
	<u>7,786</u>	<u>7,143</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (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:

	2014	2013
	\$	\$
Present value of defined benefit obligations	113,729	109,059
Fair value of plan assets	(41,197)	(35,454)
Funded status - Deficit	72,532	73,605
Net liability arising from defined benefit obligation in consolidated statement of financial position	72,532	73,605

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

	2014	2013
	\$	\$
As of January 1	109,059	98,278
Interest cost	5,624	5,093
Current service cost	3,895	3,355
Employee contributions	979	929
Past service cost	-	731
Benefits paid	(2,894)	(2,885)
Actuarial (gains)/losses	(2,934)	3,558
As of December 31	113,729	109,059

The present value of the defined benefit obligation as of December 31, 2012, 2011, and 2010 was \$98,278, \$78,629 and \$65,100 respectively.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(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:

	2014		2013	
	\$	%	\$	%
Active members	86,017	75.6	82,698	75.8
Inactive members	<u>27,712</u>	<u>24.4</u>	<u>26,361</u>	<u>24.2</u>
	<u>113,729</u>	<u>100.0</u>	<u>109,059</u>	<u>100.0</u>

As at December 31, 2014 the duration of the liability is 16.67 years.

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

	2014	2013
	\$	\$
As of January 1	35,454	31,085
Expected return on plan assets	1,846	1,628
Contributions	5,979	5,929
Benefits paid	(2,894)	(2,885)
Actuarial gains/(losses)	937	(220)
Administration and Other non Plan Investment Management Expenses	<u>(125)</u>	<u>(83)</u>
As of December 31	<u>41,197</u>	<u>35,454</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund (Continued)

The allocation of plan assets as at December 31, 2014 is as follows:

	2014	2013
	\$	\$
Asset Allocation		
Cash on hand and at banks	516	472
Certificates of deposit	3,358	1,982
Equity securities at fair value through profit or loss	5,979	9,219
Loans and receivables	30,639	23,387
Net current assets	<u>705</u>	<u>394</u>
Fair value of plan assets at end of year	<u>41,197</u>	<u>35,454</u>

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

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

	2014	2013
	\$	\$
Current service cost	3,895	3,355
Past service costs recognised	-	731
Interest expense/(income)	3,778	3,464
Administration and Other non Plan Investment Management Expenses	<u>125</u>	<u>83</u>
Total pension expense (See Note 22)	<u>7,798</u>	<u>7,633</u>

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$8,000. Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$1,077.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. Staff Pension Fund (Continued)

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

	2014	2013
	\$	\$
As of January 1	73,605	67,193
Pension expense recognized	7,798	7,633
Contributions - employer	(4,990)	(4,988)
Actuarial (gains) for year- from experience	(2,944)	(1,456)
Actuarial (gains)/losses for year -plan assets	(937)	220
Actuarial losses from changes in demographic assumptions	-	4,176
Actuarial losses from changes in economic assumptions	-	827
As of December 31	72,532	73,605

The principal actuarial assumptions used were:

	2014	2013
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 2015 with Projection Scale AA (2013: 1994 Uninsured Pensioner Mortality Generational Table at 2014 with Projection Scale AA). The mortality rates used for December 31, 2014 allow for improvements in life expectancy as illustrated below:

Age	Gender	
	Male	Female
Age 60 in 2014	24.43	26.73
Age 60 in 20 years	26.07	27.57

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

15. Staff Pension Fund (Continued)

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, 2014 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%	113,729	134,973	97,045
4.50%	110,927	131,387	94,825
5.50%	116,689	138,769	99,386

The defined benefit obligation would be \$115,929 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, 2014 and 2013.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments

	2014 \$	2013 \$
Income from trustee securities:		
Bahamas Government registered stocks	32,055	33,652
	32,055	33,652
 Income from other securities:		
Certificate of deposit	6,226	6,788
Long term deposits	320	152
Nassau Airport Development Company Limited debt securities	5,647	7,820
Bahamas Mortgage Corporation bonds	4,005	4,176
Dividends from ordinary and preference shares	4,595	4,778
Education Loan Authority bonds	2,095	2,102
Bahamas Government US\$ notes	2,089	1,918
Bahamas Government B\$ notes	95	-
Bahamas Development Bank bonds	1,985	1,984
Bahamas Electricity Corporation bonds	1,701	1,701
Bank of The Bahamas Limited bonds	-	327
Government of Barbados US\$ bonds	344	380
Clifton Heritage Authority bonds	428	428
United States of America US\$ treasury notes	175	158
Fidelity Bank (Bahamas) Limited notes	197	184
The College of The Bahamas redeemable term notes	161	174
Bridge Authority bonds	173	172
Government of the Cayman Islands US\$ bonds	152	152
Government of Trinidad & Tobago US\$ bonds	58	-
Loans to Bahamas Government entities	614	137
Latin American Investment Bank (Bahamas) Ltd. bonds	126	126
Public Hospital Authority bonds	602	77
Corporate Bonds US\$	258	100
Citigroup Funding Inc. notes	88	126
	32,134	33,960

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments (Continued)

	2014	2013
	\$	\$
Income from other investments:		
Interest income on net investment in finance leases	8,116	6,769
Interest income on construction in progress – finance leases (Note 13)	245	2,138
Net realised gain on investments at fair value through profit or loss (Note 5)	1	391
Net unrealised gain on investments at fair value through profit or loss (Note 5)	10,407	7,880
Net realised loss on other investments	(41)	(11)
Net loss on valuation of Investment Property (Note 9)	(693)	-
	<u>18,035</u>	<u>17,167</u>
	<u>82,224</u>	<u>84,779</u>

18. Income from Property

	2014	2013
	\$	\$
Rental income:		
Freeport office complex	656	688
New Providence buildings	437	592
Polyclinics	689	795
	<u>1,782</u>	<u>2,075</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, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Amount invested in other assets comprises:

	2014	2013
	\$	\$
Cash on hand	30	30
Cash at banks – current accounts	2,103	6,077
Cash at brokers	910	750
Receivables and advances	18,141	21,234
Prepaid expenses and deposits	695	596
Computer software	7,150	6,489
Property, plant and equipment	20,657	21,555
Construction in progress – finance leases	32,773	53,610
Accounts payable and accrued expenses	(7,786)	(7,143)
Accrued benefits payable	(6,819)	(3,669)
	<u>67,854</u>	<u>99,529</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
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(Expressed in Thousands of Bahamian dollars)
(Continued)

21. Other Expenses

Other expenses comprise:

	2014 \$	2013 \$
Repairs and maintenance	2,211	2,343
Utilities	1,881	1,622
Consultancy fees	631	1,502
Printing, stationery and computer supplies	1,452	720
Transportation and travel	464	409
Training and scholarships	514	273
Janitorial	348	381
Advertising and publicity	318	219
External security	353	357
Rent	371	324
Motor vehicles	313	277
Insurance	292	244
Legal expenses	241	229
Audit fees	175	168
Real property tax	126	96
Bank charges	44	29
Tribunal membership	43	32
Computer Services	35	57
Other miscellaneous expenses	68	69
	<u>9,880</u>	<u>9,351</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
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(Expressed in Thousands of Bahamian dollars)
(Continued)

22. Employee Benefits

	2014 \$	2013 \$
Pension expense (Note 15)	7,798	7,633
Pension expense allocated to Medical Benefits Branch	(136)	(144)
	<u>7,662</u>	<u>7,489</u>
Staff salaries and allowances	22,177	21,528
Group health plan	2,525	2,518
National insurance contributions	971	842
Other benefits	400	512
	<u><u>33,735</u></u>	<u><u>32,889</u></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, 2014, the Fund's total exposure to credit risk was \$1,641,037 (2013: \$1,612,108), principally concentrated with The Bahamas Government, which as of December 31, 2014 had foreign and local currency debt ratings of BBB (2013: BBB) and a country transfer and convertibility rating of BBB+ (2013: 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 \$1,297,038 (2013: \$1,266,331). 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
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(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:

	2014	2013
	\$	\$
Capital commitments	<u>20,093</u>	<u>6,551</u>

Operating lease commitments

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

	2014	2013
	\$	\$
No later than 1 year	12	42
Later than 1 year and no later than 5 years	<u>270</u>	<u>313</u>
	<u>282</u>	<u>355</u>

The National Insurance Fund
Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

26. Employees

The average number of persons employed by NIB during the year was 572 (2013: 537).

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Certificates of deposit	168,706	193,631	170,219	194,113
Long term deposits	9,825	6,559	8,791	5,997
Bahamas Government registered stocks	624,104	647,519	687,797	680,673
Bahamas Mortgage Corporation bonds	101,106	102,637	91,547	92,472
Nassau Airport Development Company Limited debt securities	72,858	73,941	76,743	72,873
Education Loan Authority bonds	47,582	47,808	48,834	49,361
Bahamas Development Bank bonds	46,863	46,492	44,765	44,505
Bahamas Government US\$ notes	30,240	30,238	37,613	37,835
Bahamas Electricity Corporation bonds	26,909	26,089	26,603	26,627
Clifton Heritage Authority bonds	7,988	7,998	8,441	8,454
Government of Barbados US\$ bonds	4,863	5,321	5,098	5,688
United States of America US\$ treasury notes	16,004	23,078	13,675	19,955
Loans to Bahamas Government entities	17,121	10,183	14,461	9,064
Latin American Investment Bank (Bahamas) Ltd. bonds	3,283	3,157	2,373	2,257
Citigroup notes	3,004	3,006	3,047	2,868
Bridge Authority bonds	2,829	2,829	3,052	3,091
Fidelity Bank (Bahamas) Limited notes	2,843	2,828	2,845	2,830
The College of The Bahamas redeemable term notes	2,215	2,399	2,349	2,554
Government of the Cayman Islands US\$ bonds	2,496	2,493	2,415	2,454
Government of Trinidad & Tobago	2,123	-	1,774	-
US Corporate bonds	7,728	4,801	5,796	3,550
Bahamas Government B\$ Notes	7,165	-	7,282	-
Public Hospital Authority bonds	10,153	10,077	9,879	9,871
	1,218,008	1,253,084	1,275,399	1,277,092

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(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	-	170,219	-	170,219
Long term deposits	-	8,791	-	8,791
Bahamas Government registered stocks	-	687,797	-	687,797
Bahamas Mortgage Corporation bonds	-	91,547	-	91,547
Nassau Airport Development Company Limited debt securities	-	76,743	-	76,743
Education Loan Authority bonds	-	48,834	-	48,834
Bahamas Development Bank bonds	-	44,765	-	44,765
Bahamas Government US\$ notes	37,613	-	-	37,613
Bahamas Electricity Corporation bonds	-	26,603	-	26,603
Clifton Heritage Authority bonds	-	8,441	-	8,441
Government of Barbados US\$ bonds	5,098	-	-	5,098
United States of America US\$ treasury notes	13,675	-	-	13,675
Loans to Bahamas Government entities	-	14,461	-	14,461
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,373	-	2,373
Citigroup notes	-	3,047	-	3,047
Bridge Authority bonds	-	3,052	-	3,052
Fidelity Bank (Bahamas) Limited notes	2,845	-	-	2,845
The College of The Bahamas redeemable term notes	-	2,349	-	2,349
Government of the Cayman Islands US\$ bonds	2,415	-	-	2,415
Government of Trinidad & Tobago	1,774	-	-	1,774
United States Corporate bonds	5,796	-	-	5,796
Bahamas Government B\$ Notes	-	7,282	-	7,282
Public Hospital Authority bonds	-	9,879	-	9,879
	69,216	1,206,183	-	1,275,399

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

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(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	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	2,082	2,131	-	-	-	-	-	-	10,607	8,301	12,689	10,432
Receivables and advances	-	-	107	135	-	-	16,767	20,117	-	-	16,874	20,252
Accounts payable and accrued expenses	11	15	293	241	-	-	203	12	397	383	904	651
Contributions	1,253	1,333	5	19	3	2	24,111	25,711	11,504	10,776	36,876	37,841
Administrative expenses	243	100	59	32	-	-	-	-	1,668	1,522	1,970	1,654
Benefits	-	-	-	-	271	240	-	-	-	-	271	240

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, 2013 and December 31, 2014, 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.

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*:

	2014	2013
	\$	\$
Short-term employee benefits	1,774	1,680
Post-employment benefits	356	289
	<u>2,130</u>	<u>1,969</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, 2014

(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), and 10 of these consolidated financial statements.

As of December 31, 2014, other related party investment balances are disclosed below and the associated investment income is disclosed in Note 17 of these consolidated financial statements.

	Notes	2014 \$	2013 \$
Bahamas Government registered stocks	7(a)	624,104	647,519
Bahamas Mortgage Corporation bonds	7(c)	101,106	102,637
Net investment in finance leases	8	177,996	127,722
Nassau Airport Development Company Limited debt securities	7(d)	72,858	73,941
Bank of the Bahamas certificates of deposit	7(b)	75,700	64,000
Education Loan Authority bonds	7(e)	47,582	47,808
Bahamas Development Bank bonds	7(f)	46,864	46,492
Bahamas Government US\$ notes	6(a)	30,240	30,238
Bahamas Electricity Corporation bonds	7(g)	26,909	26,089
Cable Bahamas preference shares	7(h)	10,000	8,500
Clifton Heritage Authority bonds	7(i)	7,998	7,998
Investment property	9	2,427	5,120
Latin American Investment Bank (Bahamas) Ltd. bonds	7(j)	3,283	3,157
Loans to Bahamas Government entities	7(k)	17,121	10,183
Bahamas Development Bank long-term deposit	7(l)	9,825	6,559
Bridge Authority bonds	7(m)	2,829	2,829
The College of The Bahamas redeemable term notes	7(o)	2,215	2,399
Public Hospital Authority bonds	7(p)	10,153	10,077
Bahamas Government B\$ Notes	7(q)	7,165	-
		1,276,375	1,223,268

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2014

(Expressed in Thousands of Bahamian dollars)

(Continued)

29. Events After The Reporting Period

- (a) An actuarial review of the Fund as of December 2013 was commissioned in September 2014 and the report is expected to be finalized within the subsequent fiscal period.
- (b) The Fund is developing new software to manage its core business functions and expects to convert to the new system during the upcoming fiscal period.
- (c) NIB has been charged, in conjunction with the Ministry of Health, with designing the programme for implementation of a National Health Insurance plan for the Bahamas.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (Expressed in Thousands of Bahamian dollars) (Continued)

30. Investments of the Fund Allocated to the Reserves

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2014									
Cash at the Central Bank of The Bahamas			-	7,006	2,711	-	324	566	10,607
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	134,821	-	-	-	-	134,821
Preference shares			-	17,341	-	-	-	-	17,341
			-	159,168	2,711	-	324	566	152,162
Certificates of deposit									
Finance Corporation of Bahamas Limited	3.00% - 4.00%	01/15/15 - 09/15/15	10,000	33,710	11,290				55,000
Bank of The Bahamas Limited	3.25% - 4.75%	01/15/15 - 12/15/15	15,500	16,205	43,395	600			75,700
Fidelity Bank (Bahamas) Limited	2.00% - 4.00%	01/30/15 - 12/15/15	3,950		9,802		14,253		28,005
First Caribbean International Bank (Bahamas) Limited US\$				-	2,786	2,000			4,786
Credit Suisse AG				211		150			361
Scotiabank (Bahamas) Limited				123	-	1,500			1,623
Gulf Union Bank (Bahamas) Ltd.			-	1,715	-	-	-	-	1,715
Accrued interest			-	3,231	-	-	-	-	3,231
Provision for doubtful accounts			-	(1,715)	-	-	-	-	(1,715)
			29,450	53,480	67,273	4,250	14,253	-	168,706
Bahamas Government registered stocks			-	624,104	-	-	-	-	624,104
Bahamas Mortgage Corporation bonds			7,000	82,156	10,700	250	1,000	-	101,106
Nassau Airport Development Company Limited debt securities			-	72,858	-	-	-	-	72,858
Education Loan Authority bonds			-	47,582	-	-	-	-	47,582

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2014
(Expressed in Thousands of Bahamian dollars)
(Continued)

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

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2014 (Continued)									
Bahamas Development Bank bonds			-	46,864	-	-	-	-	46,864
Bahamas Government US\$ notes			-	30,240	-	-	-	-	30,240
Bahamas Electricity Corporation bonds			-	26,909	-	-	-	-	26,909
Bahamas Government B\$ Notes			-	7,165	-	-	-	-	7,165
Preference shares			-	19,000	-	-	-	-	19,000
Clifton Heritage Authority bonds			-	7,998	-	-	-	-	7,998
Government of Barbados US\$ bonds			-	4,863	-	-	-	-	4,863
United States of America US\$ treasury notes			-	16,004	-	-	-	-	16,004
Loans to Bahamas Government entities			-	17,121	-	-	-	-	17,121
Latin American Investment Bank (Bahamas) Ltd. Bonds			-	3,283	-	-	-	-	3,283
Citigroup Funding Inc. notes			-	3,004	-	-	-	-	3,004
Bridge Authority bonds			-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes			-	2,843	-	-	-	-	2,843
The College of The Bahamas redeemable term notes			-	2,215	-	-	-	-	2,215
Government of the Cayman Islands US\$ bonds			-	2,496	-	-	-	-	2,496
Long Term Deposits			-	9,825	-	-	-	-	9,825
US\$ Corporate Bonds			-	7,728	-	-	-	-	7,728
Public Hospital Authority Bonds			-	10,153	-	-	-	-	10,153
Trinidad & Tobago Bonds			-	2,123	-	-	-	-	2,123
Net investment in finance leases			-	177,996	-	-	-	-	177,996
Investment property			-	2,427	-	-	-	-	2,427
Investments in associates			-	41,375	-	-	-	-	41,375
Property, plant and equipment			-	-	-	81,195	-	-	81,195
Amounts invested in other assets (Note 20)			10,308	31,134	23,273	956	2,173	10	67,854
Staff pension fund			-	(72,532)	-	-	-	-	(72,532)
			46,758	1,442,411	103,957	86,651	17,750	576	1,698,103

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2014 (Expressed in Thousands of Bahamian dollars) (Continued)

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

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 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	116,612
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%	03/15/14				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

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December 31, 2014

(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 US\$ 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 US\$ bonds			-	5,321	-	-	-	-	5,321
United States of America US\$ 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 US\$ bonds			-	2,493	-	-	-	-	2,493
Long Term Deposits			-	6,559	-	-	-	-	6,559
US\$ 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
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(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	(23,787)
Present value of shortfall	(10,546)



Statistical Appendix

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

Island/Local Office	2014			2013		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	218	164	382	107	139	246
Coopers Town	19	39	58	11	26	37
All Abaco	237	203	440	118	165	283
Andros						
Fresh Creek	45	30	75	21	14	35
Kemps Bay	15	16	31	11	12	23
Mangrove Cay	11	28	39	7	5	12
Nicholls Town	63	40	103	36	52	88
All Andros	134	114	248	75	83	158
Bimini & Berry Islands	36	24	60	43	48	91
Cat Island	59	62	121	12	30	42
Crooked Island & Acklins	9	15	24	5	20	25
Eleuthera						
Governors Harbour	85	28	113	36	54	90
Harbour Island	78	25	103	37	25	62
Rock Sound	33	62	95	24	55	79
Spanish Wells & North Eleuthera	109	43	152	56	58	114
All Eleuthera	305	158	463	153	192	345
Exuma & Ragged Island	80	65	145	41	60	101
Grand Bahama	671	340	1,011	271	380	651
Inagua & Mayaguana	31	10	41	14	14	28
Long Island						
Grays	75	31	106	32	30	62
Simms	25	11	36	10	20	30
All Long Island	100	42	142	42	50	92
New Providence	4,968	1,911	6,879	2,329	2,359	4,688
San Salvador	42	12	54	11	7	18
Total	6,672	2,956	9,628	3,114	3,408	6,522

Table 2. New Registration Of Insured Persons

Island/Local Office	2014			2013		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	82	369	451	83	281	364
Coopers Town	6	40	46	11	74	85
All Abaco	88	409	497	94	355	449
Andros						
Fresh Creek	5	52	57	5	37	42
Kemps Bay	4	23	27	5	4	9
Mangrove Cay	1	17	18	2	22	24
Nicholls Town	6	25	31	10	52	62
All Andros	16	117	133	22	115	137
Bimini & Berry Islands	122	66	188	43	93	136
Cat Island	5	20	25	5	18	23
Crooked Island & Acklins	2	23	25	-	12	12
Eleuthera						
Governors Harbour	36	113	149	19	35	54
Harbour Island	27	66	93	19	82	101
Rock Sound	38	39	77	49	55	104
Spanish Wells & North Eleuthera	31	78	109	32	63	95
All Eleuthera	132	296	428	119	235	354
Exuma & Ragged Island	27	58	85	23	33	56
Grand Bahama	364	1,072	1,436	400	1,262	1,662
Inagua & Mayaguana	4	19	23	2	11	13
Long Island						
Grays	5	20	25	6	22	28
Simms	2	2	4	-	16	16
All Long Island	7	22	29	6	38	44
New Providence	1,763	4,898	6,661	1,232	6,402	7,634
San Salvador	34	29	63	36	22	58
Total	2,564	7,029	9,593	1,982	8,596	10,578

Table 3. Total Net Contribution Income, 2014

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2014	Total 2013
Abaco							
Marsh Harbour	3,443,329	2,314,610	499,696	-	301,752	6,559,387	5,972,046
Coopers Town	452,080	343,279	174,028	-	48,390	1,017,777	986,858
All Abaco	3,895,408	2,657,889	673,724	-	350,142	7,577,164	6,958,904
Andros							
Fresh Creek	291,257	193,402	48,282	-	33,758	566,699	520,700
Kemps Bay	88,668	64,574	17,988	-	9,026	180,256	147,951
Mangrove Cay	32,013	24,667	14,157	-	2,884	73,721	55,462
Nicholls Town	255,847	92,478	48,416	-	11,371	408,112	410,217
All Andros	667,786	375,121	128,844	-	57,039	1,228,788	1,134,330
Bimini & Berry Islands	1,545,352	901,851	92,816	-	67,730	2,607,749	1,675,149
Cat Island	111,046	63,689	39,904	-	14,865	229,504	198,784
Crooked Island & Acklins	20,442	13,740	69,912	-	15,457	119,551	119,265
Eleuthera							
Governors Harbour	499,522	365,951	147,101	-	54,771	1,067,345	990,628
Harbour Island	674,996	637,646	121,612	-	84,884	1,519,138	1,208,553
Rock Sound	375,263	245,350	57,550	-	31,475	709,638	720,146
Spanish Wells & North Eleuthera	932,744	601,856	209,480	-	34,821	1,778,901	1,683,405
All Eleuthera	2,482,525	1,850,803	535,743	-	205,951	5,075,022	4,602,732
Exuma & Ragged Island	1,492,342	1,216,277	248,395	-	142,562	3,099,577	2,616,489
Grand Bahama	12,708,175	7,881,158	465,301	-	662,395	21,717,029	21,846,013
Inagua & Mayaguana	320,509	211,483	23,332	-	7,191	562,515	575,676
Long Island							
Grays	170,124	102,775	196,461	-	33,998	503,358	488,425
Simms	132,211	109,918	62,054	-	4,366	308,549	264,431
All Long Island	302,336	212,693	258,515	-	38,364	811,907	752,856
New Providence	118,773,829	74,569,600	3,570,655	5,525	4,051,716	200,971,326	188,373,686
San Salvador	204,777	298,779	18,237	-	13,739	535,532	514,744
Total	142,524,527	90,253,083	6,125,377	5,525	5,627,152	244,535,664	229,368,628

Table 4. Total Contribution Income, 2010 - 2014

Contribution Income ('000s)					
	2014	2013	2012	2011	2010
Employers	\$142,951	\$132,429	\$118,754	\$113,846	\$98,723
Employees	\$90,544	\$86,906	\$74,438	\$66,940	\$60,003
Self-employed	\$6,125	\$5,666	\$5,183	\$4,364	\$3,346
Voluntarily Insured	\$5	\$8	\$1	\$1	0
Installment Agreements	\$5,627	\$4,955	\$5,137	\$5,766	\$5,719
Refund of Contributions	(\$717)	(\$595)	(\$469)	(\$429)	(\$311)
Total ('000s)	\$245,535	\$229,369	\$203,044	\$190,488	\$167,479
Number of Contributors					
Employers	13,001	12,612	12,598	12,393	12,564
Employees	146,000	142,000	144,000	141,000	140,933
Self-employed	9,581	8,872	7,644	6,559	5,492
Voluntarily Insured	3	3	1	1	1
Installment Agreements	8,593	7,911	7,946	7,317	6,230
Total Contributors	177,178	171,398	172,189	167,270	165,220

Table 5. Benefit & Assistance Claims Received and Awarded

Benefit Type		Received		Awarded	
		2014	2013	2014	2013
Long-term Benefits/ Assistance	Retirement Benefit	2,049	2,014	1,983	2,100
	Retirement Grant	n/a	n/a	111	119
	Invalidity Benefit	326	356	334	253
	Survivors' Benefit	821	841	666	753
	Survivors' Grant	n/a	n/a	68	85
	Old Age Non-Contributory Pension	178	173	80	119
	Invalidity Assistance	150	170	147	119
	Survivors' Assistance	60	72	28	30
Total Long-term		3,584	3,626	3,417	3,578
Short-term Benefits	Sickness Benefit	18,609	18,814	17,743	17,976
	Maternity Benefit	3,332	3,301	3,184	3,135
	Maternity Grant	3,332	3,301	3,123	3,120
	Funeral Benefit	1,714	1,622	1,627	1,556
	Unemployment Benefit	6,556	7,323	5,418	6,180
	Sickness Assistance	6	4	7	3
Total Short-term		33,549	34,365	31,102	31,970
Industrial Benefits	Medical Care	3,957	3,812	3,291	3,144
	Injury Benefit	2,466	2,199	2,129	1,943
	Disablement Benefit & Grant	326	327	78	82
	Industrial Death	1	1	1	2
	Industrial Funeral	0	0	0	0
Total Industrial		6,750	6,339	5,499	5,171
All Benefits		43,883	44,330	40,018	40,719

Table 6. Short-Term Benefit & Assistance Claims Awarded, 2014

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	492	99	103	22	275	1	992
Coopers Town	63	17	14	11	44	-	149
All Abaco	555	116	117	33	319	1	1,141
Andros							
Fresh Creek	115	10	9	4	26	-	164
Kemps Bay	37	9	9	2	42	-	99
Nicholls Town	97	11	11	2	34	-	155
All Andros	249	30	29	8	102	-	418
Bimini & Berry Islands	73	15	14	9	22	-	133
Cat Island	41	5	5	1	11	-	63
Crooked Island & Acklins	31	2	2	-	-	-	35
Eleuthera							
Governors Harbour	119	28	27	7	70	-	251
Harbour Island	56	18	20	2	5	-	101
Rock Sound	151	17	14	14	-	-	196
Spanish Wells & North Eleuthera	141	24	24	7	177	-	373
All Eleuthera	467	87	85	30	252	-	921
Exuma & Ragged Island	167	37	35	14	119	-	372
Grand Bahama	1,292	483	477	255	873	1	3,381
Inagua & Mayaguana	80	6	7	1	3	5	102
Long Island							
Grays	58	9	10	10	61	-	148
Simms	8	3	3	2	-	-	16
All Long Island	66	12	13	12	61	-	164
New Providence	14,668	2,388	2,336	1,264	3,654	-	24,310
San Salvador	54	3	3	-	2	-	62
Total	17,743	3,184	3,123	1,627	5,418	7	31,102

Table 7. Short-Term Benefit & Assistance Payments, 2014

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	358,984	261,234	48,810	39,040	478,249	225	1,186,542
Coopers Town	46,483	30,080	6,375	18,680	63,745	-	165,362
All Abaco	405,467	291,314	55,185	57,720	541,994	225	1,351,904
Andros							
Fresh Creek	45,739	13,993	4,125	6,840	30,261	-	100,958
Kemps Bay	26,625	9,439	4,095	3,400	86,785	-	130,343
Nicholls Town	55,548	17,842	4,980	3,360	66,444	-	148,174
All Andros	127,912	41,274	13,200	13,600	183,490	-	379,476
Bimini & Berry Islands	47,739	18,791	6,345	15,320	37,123	-	125,318
Cat Island	19,110	4,248	2,280	1,680	19,162	-	46,479
Crooked Island & Acklins	10,525	5,804	915	-	7,697	-	24,941
Eleuthera							
Governors Harbour	80,435	46,545	12,315	11,880	109,999	-	261,174
Harbour Island	53,035	42,877	9,165	3,440	7,349	-	115,866
Rock Sound	85,317	30,348	6,360	23,800	-	-	145,824
Spanish Wells & North Eleuthera	159,174	56,777	10,995	11,800	335,543	-	574,289
All Eleuthera	377,961	176,547	38,835	50,920	452,891	-	1,097,154
Exuma & Ragged Island	128,974	87,122	15,510	23,880	178,510	-	433,995
Grand Bahama	1,395,392	895,466	220,380	441,640	1,466,146	308	4,419,332
Inagua & Mayaguana	57,453	16,856	2,730	1,680	3,626	165	82,510
Long Island							
Grays	36,635	19,980	4,545	17,000	60,618	-	138,778
Simms	5,285	1,531	1,350	3,360	-	-	11,526
All Long Island	41,920	21,511	5,895	20,360	60,618	-	150,304
New Providence	10,572,642	5,477,461	1,085,446	2,173,379	6,391,986	(283)	25,700,631
San Salvador	36,298	13,067	1,365	-	3,684	-	54,414
Total	13,221,393	7,049,461	1,448,086	2,800,179	9,346,926	415	33,866,460

Table 8. Long-Term Benefit & Assistance Claims Awarded, 2014

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco									
Marsh Harbour	73	6	16	24	-	3	9	-	131
Coopers Town	18	-	-	5	-	1	-	1	25
All Abaco	91	6	16	29	-	4	9	1	156
Andros									
Fresh Creek	6	1	1	5	-	-	2	-	15
Kemps Bay	7	1	-	8	-	2	2	-	20
Nicholls Town	18	1	3	5	-	-	9	3	39
All Abaco	31		4	18		2	13	3	74
Bimini & Berry Islands	10	1	-	4	-	1	-	-	16
Cat Island	11	-	1	1	-	-	1	-	14
Crooked Island & Acklins	5	-	-	1	-	1	1	-	8
Eleuthera									
Governors Harbour	16	-	4	2	-	-	-	-	22
Harbour Island	10	-	-	3	-	-	1	-	14
Rock Sound	32	1	8	4	-	2	3	-	50
Spanish Wells & North Eleuthera	25	-	4	6	-	1	2	-	38
All Eleuthera	83		16	15		3	6	-	124
Exuma & Ragged Island	31	3	4	9	1	-	1	-	49
Grand Bahama	327	22	60	99	12	15	32	2	569
Inagua & Mayaguana	2	-	-	3	-	1	-	-	6
Long Island									
Grays	15	-	2	6	-	-	1	-	24
Simms	8	-	1	7	-	-	-	-	16
All Long Island	23		3	13		-	1	-	40
New Providence	1,363	75	229	473	55	53	82	22	2,352
San Salvador	6	-	1	1	-	-	1	-	9
Total	1,983	111	334	666	68	80	147	28	3,417

Table 9. Long-term Benefit & Assistance Payments, 2014

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	5,062,763	562,484	812,743	325,100	384,368	84,801	7,232,259
Coopers Town	15,351	4,164	-	-	-	-	19,515
All Abaco	5,078,114	566,648	812,743	325,100	384,368	84,801	7,251,774
Andros							
Fresh Creek	799,749	93,427	150,497	72,351	78,240	6,446	1,200,709
Kemps Bay	752,728	60,968	140,652	130,797	138,095	30,847	1,254,087
Nicholls Town	723,588	86,082	166,528	254,440	242,210	42,871	1,515,719
All Andros	2,276,065	240,477	457,677	457,587	458,545	80,164	3,970,516
Bimini & Berry Islands	849,899	42,662	115,642	67,169	73,919	7,610	1,156,900
Cat Island	486,522	37,915	57,218	134,337	83,257	10,316	809,565
Crooked Island & Acklins	281,646	11,123	44,725	35,784	24,150	17,695	415,123
Eleuthera							
Governors Harbour	1,603,947	161,410	215,705	43,355	85,076	4,081	2,113,573
Harbour Island	890,644	62,045	77,296	9,338	27,182	720	1,067,226
Rock Sound	1,298,836	188,718	159,460	111,010	214,701	26,135	1,998,860
Spanish Wells & North Eleuthera	2,236,544	116,230	283,785	112,325	76,400	12,851	2,838,134
All Eleuthera	571,205	78,140	87,455	28,372	25,164	-	8,017,793
Exuma & Ragged Island	2,071,683	179,116	265,579	85,011	127,980	27,626	2,756,995
Grand Bahama	21,326,105	2,963,162	2,979,489	895,802	1,401,762	130,764	29,697,085
Inagua & Mayaguana	571,205	78,140	87,455	28,372	25,164	-	790,337
Long Island							
Grays	1,435,772	128,496	167,144	70,510	117,564	24,377	1,943,863
Simms	557,475	26,063	88,021	25,288	69,250	18,264	784,361
All Long Island	1,993,247	154,559	255,165	95,798	186,814	42,642	2,728,225
New Providence	89,983,798	10,045,654	12,360,318	3,558,898	5,559,741	574,007	122,082,416
San Salvador	294,751	22,670	43,862	38,385	53,426	-	453,094
Total	131,243,006	14,870,528	18,216,118	5,998,273	8,782,485	1,019,411	180,129,821

Table 10. Industrial Benefit Claims Awarded, 2014

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	57	64	4	-	-	125
Coopers Town	2	2	-	-	-	4
All Abaco	59	66	4	-	-	129
Andros						
Fresh Creek	2	8	-	-	-	10
Kemps Bay	-	5	-	-	-	5
Nicholls Town	1	5	-	-	-	6
All Andros	3	18	-	-	-	21
Bimini & Berry Islands	17	11	1	-	-	29
Cat Island	2	2	-	-	-	4
Crooked Island & Acklins	3	3	-	-	-	6
Eleuthera						
Governors Harbour	1	9	-	-	-	10
Harbour Island	5	5	-	-	-	10
Rock Sound	9	20	-	-	-	29
Spanish Wells & North Eleuthera	25	28	1	1	-	55
All Eleuthera	40	62	1	1	-	104
Exuma & Ragged Island	25	30	1	-	-	56
Grand Bahama	349	160	7	-	-	516
Inagua & Mayaguana	-	8	-	-	-	8
Long Island						
Grays	3	7	1	-	-	11
Simms	2	7	-	-	-	9
All Long Island	5	14	1	-	-	20
New Providence	2,782	1,744	63	-	-	4,589
San Salvador	6	11	-	-	-	17
Total	3,291	2,129	78	1	-	5,499

Table 11. Industrial Benefit Payments, 2014

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	15,944	116,321	113,026	14,966	-	260,257
Coopers Town	-	5,940	-	-	-	5,940
All Abaco	15,944	122,262	113,026	14,966	-	266,197
Andros						
Fresh Creek	-	8,622	21,469	-	-	30,091
Kemps Bay	-	15,590	25,322	-	-	40,912
Nicholls Town	-	8,561	26,857	-	-	35,418
All Andros	-	32,774	73,648	-	-	106,421
Bimini & Berry Islands	-	21,793	30,500	7,873	-	60,166
Cat Island	-	8,838	3,113	-	-	11,951
Crooked Island & Acklins	-	12,106	3,113	-	-	15,219
Eleuthera						
Governors Harbour	815	7,893	29,760	10,873	-	49,341
Harbour Island	-	1,668	8,718	-	-	10,386
Rock Sound	2,874	27,854	18,816	3,654	-	53,198
Spanish Wells & North Eleuthera	452	41,227	63,815	23,256	-	128,750
All Eleuthera	4,141	78,643	121,109	-	-	
Exuma & Ragged Island	5,527	27,455	35,487	-	-	68,469
Grand Bahama	90,786	311,695	645,614	71,941	-	1,120,036
Inagua & Mayaguana	-	8,556	6,226	-	-	14,782
Long Island						
Grays	-	15,870	25,836	3,655	-	45,361
Simms	385	5,352	15,644	-	-	21,381
All Long Island	385	21,222	41,480	3,655	-	66,742
New Providence	20,238,175	3,100,674	4,536,033	208,841	-	28,083,723
San Salvador	-	11,221	13,593	-	-	24,814
Total	20,354,958	3,757,236	5,622,942	345,059	-	30,080,195

Table 12. Pensions in Payment at Year-End, 2010 - 2014

Long-term Benefits					
	2014	2013	2012	2011	2010
Retirement Benefit	22,156	20,915	19,288	18,375	17,378
Invalidity Benefit	2,664	2,537	2,401	2,288	2,162
Survivor's Benefit	5,186	4,936	4,477	4,209	3,803
Old-Age Non-Cont. Pension	1,847	1,975	2,024	2,175	2,275
Invalidity Assistance	2,745	2,695	2,648	2,685	2,676
Survivor's Assistance	347	394	405	444	504
Total	34,945	33,452	31,243	30,176	28,798
Industrial Benefits					
Disablement	790	734	676	637	607
Industrial Death	63	63	61	69	67
Total	853	797	737	706	674
All Benefits	35,798	34,249	31,980	30,882	29,472

Table 13. Short-Term Benefits & Assistance, 2010 - 2014

Amount Paid ('000s)					
	2014	2013	2012	2011	2010
Sickness Benefit	\$13,221	\$12,720	\$11,873	\$11,204	\$10,073
Maternity Benefit	\$7,049	\$6,708	\$6,831	\$6,664	\$6,777
Maternity Grant	\$1,448	\$1,423	\$1,481	\$1,487	\$1,502
Funeral Benefit	\$2,800	\$2,613	\$2,487	\$2,459	\$2,295
Unemployment Benefit	\$9,347	\$10,432	\$9,238	\$7,080	8,759
Sickness Assistance	\$0	\$2	(\$9)	\$1	\$9
Total Paid ('000s)	\$33,866	\$33,898	\$31,901	\$28,895	\$29,415
Number of Claims Awarded					
Sickness Benefit	17,743	17,976	18,233	19,311	17,528
Maternity Benefit	3,184	3,135	3,331	3,446	3,607
Maternity Grant	3,123	3,120	3,270	3,435	3,563
Funeral Benefit	1,627	1,556	1,517	1,557	1,472
Unemployment Benefit	5,418	6,180	6,920	4,884	5,655
Sickness Assistance	7	3	11	8	11
Total Awarded	31,102	31,970	33,282	32,641	31,836

Table 14. Long-Term Benefits & Assistance, 2010 - 2014

Amount Paid ('000s)					
	2014	2013	2012	2011	2010
Retirement Benefit & Grant	\$131,243	\$121,872	\$108,488	\$99,735	\$90,292
Invalidity Benefit	\$14,871	\$13,917	\$13,129	\$12,248	\$11,424
Survivor's Benefit & Grant	\$18,216	\$17,596	\$16,888	\$15,287	\$14,082
Old-Age Non-Cont. Pension	\$5,998	\$6,311	\$6,516	\$6,683	\$6,779
Invalidity Assistance	\$8,782	\$8,557	\$8,512	\$8,060	\$8,018
Survivor's Assistance	\$1,019	\$1,097	\$1,028	\$1,388	\$1,299
Total Paid ('000s)	\$180,130	\$169,350	\$154,561	\$143,401	\$131,893
Number of Claims Awarded					
Retirement Benefit & Grant	2,094	2,219	1,805	1,802	1,741
Invalidity Benefit	334	253	270	277	189
Survivor's Benefit & Grant	734	838	842	842	452
Old-Age Non-Cont. Pension	80	119	94	108	146
Invalidity Assistance	147	119	112	138	138
Survivor's Assistance	28	30	48	40	41
Total Awarded	3,417	3,578	3,171	3,207	2,707

Table 15. Industrial Benefits, 2010 - 2014

Amount Paid ('000s)					
	2014	2013	2012	2011	2010
Medical Care	\$20,355	\$12,070	\$6,843	\$5,886	\$8,708
Injury Benefit	\$3,757	\$2,911	\$1,961	\$1,694	\$1,832
Disablement Benefit & Grant	\$5,623	\$4,121	\$4,187	\$3,577	\$3,763
Industrial Death	\$345	\$339	\$352	\$386	\$342
Total Paid ('000s)	\$30,080	\$19,441	\$13,343	\$11,543	\$14,645
Number of Claims Awarded					
Medical Care	3,291	3,144	2,945	2,919	2,481
Injury Benefit	2,129	1,943	1,741	1,688	1,689
Disablement Benefit & Grant	78	82	88	87	62
Industrial Death	1	2	1	4	10
Industrial Funeral	-	-	-	-	-
Total Awarded	5,499	5,171	4,775	4,698	4,242

