

September 18th, 2018

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

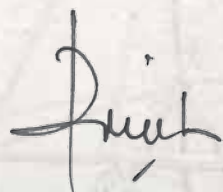
Dear Minister Rolle:

Re: The National Insurance Board's 2017 Annual Report

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

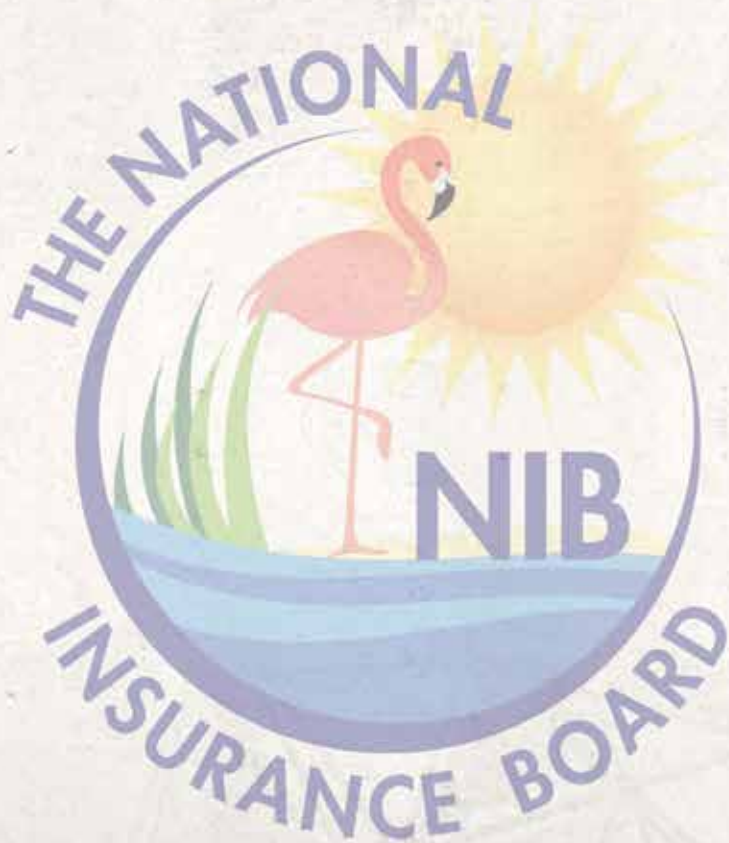
Included with this report are the accounts of the National Insurance Fund as certified by the Auditor, pursuant to section 47(1) of the National Insurance Act, 1972, together with the report of the Auditor. Included therein is the account of securities in which monies forming part of the National Insurance Fund are invested.

Sincerely yours,



Troy Smith (Mr.)
Chairman





Vision

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

Mission

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

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

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

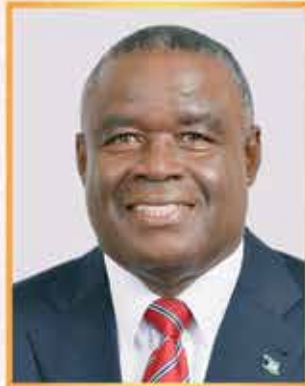
To advance the prudent investments of the National Insurance Fund for the overall growth and development of The Bahamas.

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Minister & Board



BRENSIL ROLLE, M.P.,
Minister of the Public Service
& National Insurance



ANTON SAUNDERS
Chairman



DAVE SMITH
Deputy Chairman



GENE D. ALBURY
Member



MICHELA BARNETT-ELLIS
Member



ANETHERA BOWLEG
Member



CLARETTA DUNCOMBE
Member



THERESA MORTIMER
Member



GINA SWEETING-MOSS
Member



CHARLES SEALY
Member



GEOFFREY STUART
Member



EDISON SUMNER
Member

Members were appointed for the period July 1, 2017 – June 30, 2018

Committees of the Board

2017

BUSINESS TRANSFORMATION

Anton Saunders, Chairman
Gene Albury
Michela Barnett-Ellis
Charles Sealy
Edison Sumner

CONTRACT AND BUILDINGS

Michela Barnett-Ellis, Chairman
Anton Saunders
Anethera Bowleg
Claretta Duncombe
Gina Sweeting-Moss
Geoffrey Stuart

FINANCE AND AUDIT

Dave Smith, Chairman
Anethera Bowleg
Claretta Duncombe
Charles Sealy
Geoffrey Stuart

HUMAN RESOURCES

Theresa Mortimer, Chairman
Dave Smith
Gene Albury
Michela Barnett-Ellis
Gina Sweeting-Moss
Edison Sumner

INFORMATION TECHNOLOGY

Charles Sealy, Chairman
Anton Saunders
Gene Albury
Anethera Bowleg
Theresa Mortimer
Geoffrey Stuart

INVESTMENTS

Edison Sumner, Chairman
Dave Smith
Claretta Duncombe
Theresa Mortimer
Gina Sweeting-Moss

Executive Management Team 2017



SONIA GILL
Deputy Director
Financial Controller



**PHAEDRA
MACKEY-KNOWLES**
Deputy Director
Investment & Compliance



HEATHER MAYNARD
Deputy Director
Legal Officer



PATRICIA HERMANN'S
Director



WHITNEY PATTON
Deputy Director
Chief Internal Auditor



DR. PATRICK WHITFIELD
Deputy Director
Medical Officer



ANTHONY CURTIS
Assistant Director
Training



TAMI FRANCIS
Assistant Director
Family Island Operations &
Actuarial Services



JEFFREY MONCUR
Assistant Director
New Providence Operations



JAYSON MOXEY
Assistant Director
Operations



YVETTE SANDS
Assistant Director
Business Development &
Policy Planning
Secretary to the Board



JUNE COLLIE*
Deputy Director
Information Technology

* On secondment from the
Department of Information
Technology, Bahamas Government

Report on Operations

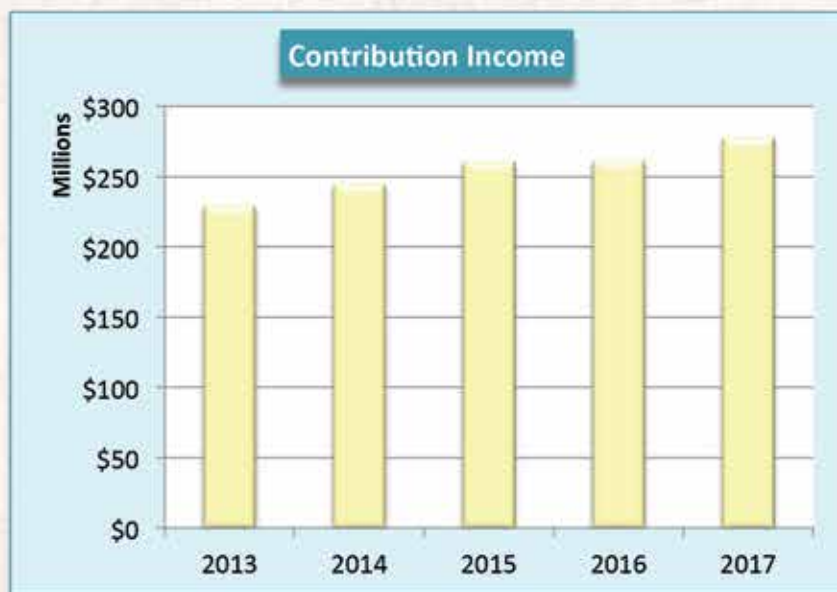
In 2017, The National Insurance Board continued its efforts to improve operational performance, despite the various challenges faced with the still fairly new insurance administrative system, V3 IAS. The main initiatives were reducing the processing times for benefit claims, customer service enhancement through more intense focus on training of staff and technical upgrade of the Call Center and enrichment of the Compliance Team with twenty-three new inspectors. The Board also embarked on a stringent process aimed at effectively reducing medical care costs and administrative expenses.

The following table provides results for key performance indicators for NIB finances in 2017 with comparative figures for 2016.

PERFORMANCE INDICATORS	2017	2016 (Restated)	% CHANGE
Total Net Contribution Income	\$277.5 m	\$261.2 m	6.2%
Investment Income	\$53.3 m	\$52.4 m	1.7%
Benefits Expenditure	\$286.5 m	\$275.2 m	4.1%
Administrative Expenditure	\$49.1 m	\$53.0 m	-7.4%
Total Comprehensive Income/Loss	-\$4.1 m	-\$12.4 m	-66.9%
Year-end Reserves	\$1,745 m	\$1,749 m	-0.2%
Year-end Investments	\$1,518 m	\$1,540 m	-1.4%
Yield on Investments	3.5%	3.4%	2.9%
Administrative Expenditure as % of Contribution Income (Gross)	17.6%	20.2%	-12.8%

CONTRIBUTIONS

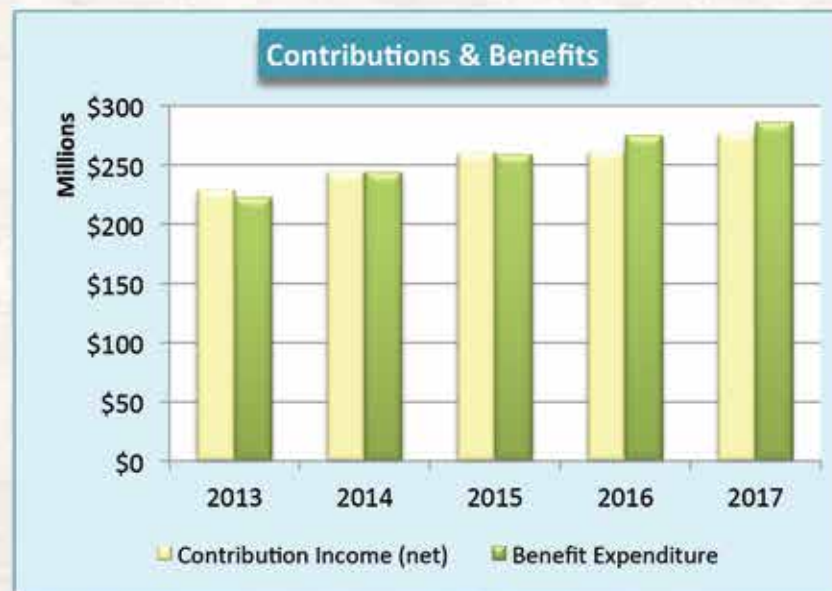
Notwithstanding the sluggish inflow of contribution income experienced in 2016, the National Insurance Board realized positive growth in its 2017 contribution income. Through more concentrated collection efforts, contributions increased by 6.2% from \$261.2 million in 2016 to \$277.5 million in 2017.



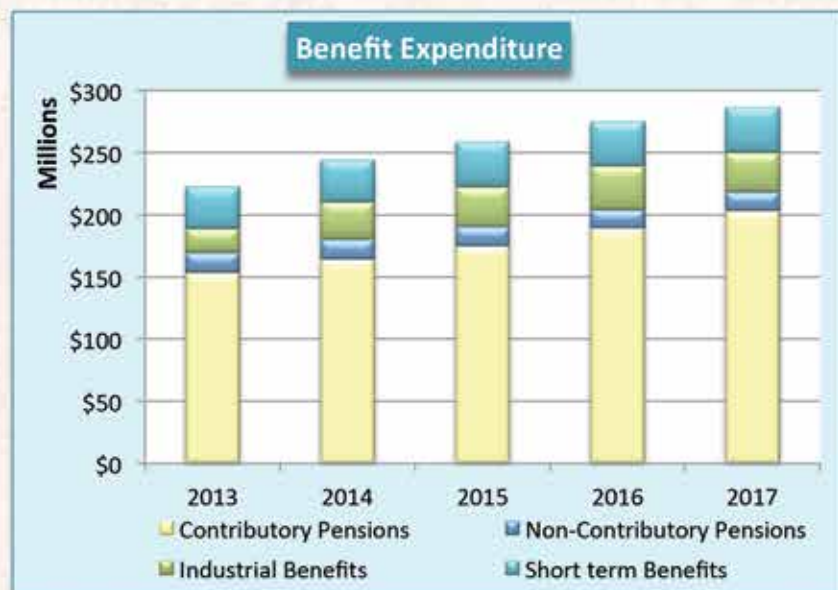
This growth in contributions is attributed to the July 2016 ceiling increase and to improvements in NIB's compliance efforts. In particular, NIB established a more robust instalment agreement regime while adding an additional 23 inspectors in mid-2017 to ensure stronger compliance with the timely payment of contributions by employers on behalf of their employees.

BENEFITS

Benefit payments accounted for 84.5% of the Fund's expenditure in 2017. As expected, the 2017 benefit expenditure exceeded contribution income as the amount paid to pensioners increased by up to 3.1% in July 2016. Benefit payments for the year totalled \$286.5 million compared to \$275.2 million in 2016, an increase of \$11.3 million or 4.1%.



Short-term benefits (Sickness, Maternity, Funeral and Unemployment) totalled \$36.4 million up from \$35.7 million in 2016, while Industrial Benefits (Injury, Medical Care, Disablement & Death) payments, decreased from \$35.3 million to \$31.7 million.



The number of contributory pensions increased in 2017 while the number of non-contributory pensions decreased. Contributory pension payments (Retirement, Invalidity and Survivors) increased from \$189.0 million to \$203.1 million and Assistance pensions (Old-Age, Invalidity and Survivors) increased from \$15.1 million to \$15.3 million. In December 2017, a total of 39,498 persons were in receipt of monthly pensions.

Benefit Type	2017	2016 (Restated)
Long-term	\$218.3 m	\$204.1 m
Short-term	\$36.4 m	\$35.7 m
Industrial	\$31.7 m	\$35.3 m
Total	\$286.5 m	\$275.2 m

Note: Totals may not balance due to rounding.

INVESTMENTS

The Investment Income was \$53.3 million when compared to \$52.4 million in 2016.

In 2017, Investment Income was significantly impacted by the Fund's proportionate share of losses of \$14.4 million from its Investment in Associates. Also, the price volatility in the local equities played a major factor as the decline in share prices of Commonwealth Brewery from \$13.23 to \$9.00 and Bank of The Bahamas from \$1.77 to \$0.95 resulted in losses of \$12.6 million and \$4.9 million, respectively. These losses were offset by gains of \$4.7 million and \$6.7 million from Commonwealth Bank and the US\$ Equity Portfolio share price increases.

In addition, the Prime Rate was reduced from 4.75% to 4.25% on January 3, 2017, which impacted the Investment Income as the Fund is heavily weighted in fixed income government and quasi-government debt that are attached to the Prime rate.

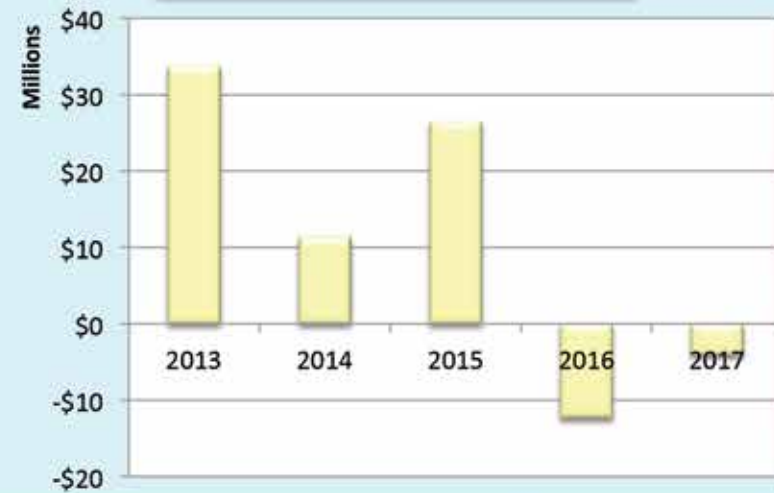
Investment assets at the year-end totaled \$1.52 billion compared to \$1.54 billion in 2016.

The Fund's return on investment was 3.51% compared to 3.40% in 2016.

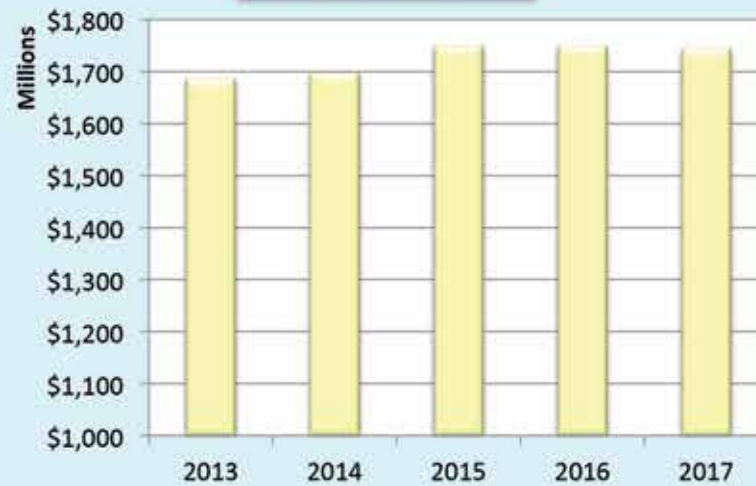
Investment Income & Administrative Expenses



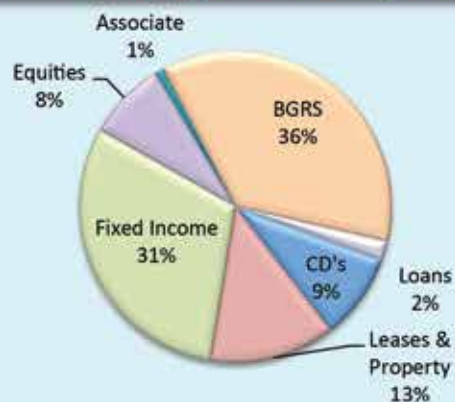
Total Comprehensive Income/Loss



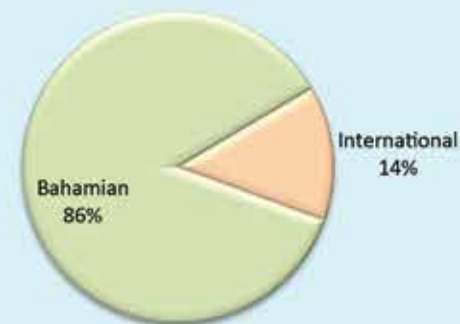
End Of Year Reserves



Investment Mix by Asset Class, Dec. 2017



Investment Mix by Location, Dec. 2017



ADMINISTRATIVE EXPENSES

In 2017, Administrative Expenses totaled \$49.1 million representing a reduction of 7.4% compared to the \$53.0 million spent in the previous year. In 2017, administrative costs were contained by a leveling off of non-recurrent expenses, such as lump sum staff payments arising from new industrial agreements, overtime, advertising and public relations, travel and training. There was also a 1.7% decrease in the overall staff count due to retirement, resignations and terminations.

OPERATIONAL PERFORMANCE

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 table highlights activities related to registration, claims awarded and pensions in payment in 2016 and 2017. Additional details, with numbers and values by Local Office, can be found in the Statistical Appendix of this Report.

PERFORMANCE INDICATORS	2017	2016	% CHANGE
# of Contributing Employers	13,092	12,521	4.6%
# of Contributing Self-Employed Persons	10,322	9,631	7.2%
# of Active Employees (Estimate)	144,000	143,000	0.7%
# of Short-term Benefit Claims Awarded	26,185	24,780	5.7%
# of Long-term Benefit Claims Awarded	3,245	3,385	-4.1%
# of Contributory Pensioners (at year-end)	33,952	32,311	5.1%
# of Assistance Pensioners (at year-end)	4,476	4,578	-2.2%
# of Cases Approved For Prosecution	196	533	-63.2%
# of Employees (December)	588	598	-1.7%

REGISTRATION

Registrations of insured persons in 2017 stood at 9,834. Among this number were 1,076 active insured registrants (i.e. those individuals registered as first time employees) and 8,758 inactive insured registrations (i.e. persons registering for purposes other than employment). As was experienced in 2016, the number of new active insured registrations continued to decline (a 13.5% decrease in 2017 compared to 2016) compared to the 11.7% increase in inactive insured persons in 2017. NIB attributes this significant increase in inactive insured persons to the new requirements of an NIB Smart Card for licensing of vehicles and requirements for educational purposes.

The number of secondary accounts is growing rapidly with a significant increase of 50.6%, from 2,131 in 2016 to 3,210 in 2017. Secondary accounts represent (a) employed persons that register self-employed businesses while their contributions are paid by their current employers; or (b) self-employed persons with up-to-date contributions that register a second self-employed business.

Contribution payments are not mandated on secondary accounts as these accounts are solely for government regulatory purposes.

Type	2017	2016
Employers	4,993	3,619
Self-Employed Persons	3,201	2,592
Secondary Accounts	3,210	2,131
Active Insured Persons	1,076	1,244
Inactive Persons	8,758	7,839

CLAIMS RECEIVED

Overall, in 2017, fewer claims were received for both long term and industrial while more claims were received for short term in comparison to 2016.

Benefit Type	2017	2016
Long-term (pensions)	3,863	3,983
Short-term	28,989	28,903
Industrial	6,332	6,737
Total	39,184	39,623

CLAIMS AWARDED

While the overall number of claims awarded increased in 2017, long-term claims decreased. A sizeable increase occurred in the number of short-term claims in 2017. This is as a result of the efforts made to reduce backlog claims and benefit processing times.

Benefit Type	2017	2016
Long-term (pensions)	3,245	3,385
Short-term	26,185	24,780
Industrial	5,425	5,520
Total	34,855	33,685

PENSIONS IN PAYMENT AT YEAR END

At the end of 2017, about 39,500 were in receipt of monthly pension payments. As expected the number of contributory pensions continues to increase while non-contributory pensions decrease.

Benefit/Assistance	2017	2016
Retirement	25,599	24,465
Invalidity Benefit	2,834	2,766
Survivors Benefit	5,519	5,080
Old-age Non-contributory	1,584	1,638
Invalidity Assistance	2,628	2,658
Survivors Assistance	264	282
Disablement	1,020	929
Death	50	47
Total	39,498	37,865

PROSECUTIONS

In 2017, there were 1,328 prosecutions handled in the Magistrates' Courts representing 21.9% less than those handled in 2016. Of this number, 196 represented new cases and 347 accounted for settled cases and the remainder represented ongoing cases initiated in previous years. A total of \$525,927 has been collected by the Legal Department under Instalment Agreements during the year 2017.

	2017	2016
Number of New Prosecution Cases	196	533
Number of Settled Cases	347	360
Number of Ongoing Cases	785	808
Total	1,328	1,701

APPEALS

The following table highlights activities related to appeals during 2017.

Appeals Tribunal	2017	2016
Number of Sittings	7	4
Number of Matters Disposed of	29	24
Number of Cases sent to the Supreme Court	nil	nil

Medical Appeals Board	2017	2016
Number of Sittings	3	5
Number of Matters Disposed of	15	25
Number of Cases sent to the Supreme Court	1	2

LATE CLAIMS

There were 1,365 late claims received by the Late Claims Committee during 2017.

Around the Board

INSURANCE ADMINISTRATION SYSTEM IMPLEMENTATION

Implementation of the core aspects of the new insurance administration (IAS) system, which commenced in April 2016, continued through 2017. During the year, efforts to adapt and refine internal processes required to achieve the timely processing of claims and benefits continued and incremental improvements in the performance of the system and the turn-around time for the settlement of claims were achieved. NIB will continue with the required systems enhancements to achieve customer service excellence in the delivery of benefits and assistances.

IMPROVING CUSTOMER SERVICE DELIVERY

In March 2017 in order to alleviate congestion and deliver more efficient and effective customer service, the Occupational Health and Safety Unit (OHSU) was relocated from NIB's Headquarters on Baillou Hill Road to the



new Carmichael Road complex. At this new location, all services related to job-related injuries, submission of claims, registration and pension verification are rendered.

NIB Carmichael Road Complex

LEADERSHIP CHANGES

During the year 2017 there were significant changes at the Board level. The new 11 members of the National Insurance Board were appointed for the 2017-2018 term under the leadership of the Honorable Brensil Rolle, M.P., Minister for the Public Service and National Insurance.

MINISTERS MEET THE STAFF

NIB welcomed the new Prime Minister, the Honorable Dr. Hubert A. Minnis, M.P., along with the Honorable Brensil Rolle, M.P., Minister for the Public Service and National Insurance, who toured the headquarters on Blue Hill Road on May 19, 2017. During the tour, the Prime Minister met the Director, Executives and staff in the various departments.



*The Prime Minister
and Minister Rolle meet the Executive Team*



*The Prime Minister and Minister Rolle
meet the staff*

Annual Report
2017



Upon assuming his role as Minister with responsibility for National Insurance, Minister Rolle met with the staff of NIB on Thursday, October 19, 2017, at the BCPOU Hall, Farrington Road. The goal of this meeting was to hear concerns of staff members and to layout plans to move the Board forward in respect of becoming more efficient and effective in carrying out its mandate.



Minister Rolle meets with NIB staff



Minister Rolle meets with NIB staff

ADMINISTRATION, BUILDING & BUSINESS SUPPORT SERVICES

The National Insurance Board continued to provide services from 30 offices through its network across the Commonwealth of the Bahamas, with its headquarters being located in the Jumbey Village Complex on Baillou Hill Road in New Providence.

HUMAN RESOURCES

The year 2017 closed with a staff headcount of 588 employees. At year end, the total complement of the executive team stood at 12.

The 2017 long serving active employees and retirees were recognised for their contribution to the Board over their careers. Some 140 employees and retirees were honored for various long-service milestones and for 10, 20, 25, 30 and 35 years dedicated service to the organisation and nation at large.

NEW INDUSTRIAL AGREEMENT

The Board successfully concluded negotiations with the Public Managers Union resulting in the signing of a new agreement on March 8, 2017. The new industrial agreement covers the period April 1, 2015 to December 31, 2019.



Signing of PMU industrial agreement.

NEW INSPECTORS' TRAINING COURSE

The new Inspectors' eight-week training course began on May 1, 2017, under the theme, "Policing the NI Act". The course included a variety of topics such as: Introduction to Social Security, Overview of the National Insurance Act & Regulations, The Role of the Inspector, Legal Matters Relative to Compliance, Fraud Awareness, Customer Service and Technical Training. The course also included practical training in the field. A total of 23 candidates successfully completed the course and became Inspectors.

RETIREMENT TRAINING – R.E.A.D.Y.

In an effort to ensure that employees nearing retirement age are prepared for this next phase of their lives, NIB held its R.E.A.D.Y Retirement Planning Workshop on October 24 and 25, 2017. The objective was to help employees prepare for the inevitability of retirement by being READY financially, mentally, and socially. During the seminar, attendees were encouraged to Reinvent themselves, Embrace new opportunities, Accept change, Defy odds, Yield the fruits of their labor. Among the list of presenters were a medical practitioner and psychiatrist; a nutritionist; an attorney; and a Certified Financial planner.



Retirement Readiness Seminar

OTHER STAFF ACTIVITIES

The National Insurance Board held a Health and Financial Wellness Fair on Friday, January 27, 2017. During the fair, employees received financial information and health screenings, including blood pressure, cholesterol, glucose testing and more. In attendance were vendors from various financial and medical institutions, as well as health and nutrition organisations.



Staff Financial Health and Wellness Fair



Staff Financial Health and Wellness Fair

Each year as part of NIB's anniversary activities, employees take time out to serve lunch and fellowship with seniors. Staff from various departments within the Board assisted in serving lunch to the residents of ten (10) Senior Citizens Homes throughout New Providence and in Kemp's Bay, Andros on Friday, October 27, 2017.



Seniors Luncheon, New Providence



Seniors Luncheon, Kemp's Bay

INFRASTRUCTURAL PROJECTS

Construction on the new Ministry of National Security Building located on John F. Kennedy Drive and the Government Complex in Bimini continued in 2017. There were no new capital projects that commenced during the year.

INTERNATIONAL CONFERENCES



Deputy Chairman Dave Smith and Director Patricia Hermanns at the ISSA Regional Social Security Forum of the Americas in Montevideo, Uruguay, during the period November 20 – 25, 2017.

NATIONAL PRESCRIPTION DRUG PLAN

The Drug Plan which was introduced in September 2010, saw an increase in the overall total in the number of beneficiaries to 30,250 by December 31, 2017. There are 132 participating pharmacies in the Drug Plan: 63 private pharmacies and 69 public pharmacies.

The Drug Plan provides over 248 medications and supplies for 16 chronic conditions. In 2017, a total of \$12.3 million has been paid to private pharmacies for medications and supplies, and \$420 thousand paid for the purchase of medications and supplies provided at public pharmacies.



Consolidated Financial Statements





Independent auditors' report

To the Government of The Commonwealth of The Bahamas

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The National Insurance Fund and its subsidiary (together 'the Fund') as at December 31, 2017, and their consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2017;
- the consolidated statement of comprehensive loss for the year then ended;
- the consolidated statement of changes in reserves for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

Other information

Management is responsible for the other information. The other information comprises the 2017 Annual Report and the Actuarial Review (Unaudited) included in Note 32 to the consolidated financial statements (but does not include the consolidated financial statements and our auditors' report thereon).

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



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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Fund audit. We remain solely responsible for our audit opinion.

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

Other Matters***Prior auditor***

The consolidated financial statements of the Fund for the year ended December 31, 2016 were audited by another firm of auditors whose report dated June 7, 2017, expressed an unmodified opinion on those statements.

As part of our audit of the December 31, 2017 consolidated financial statements, we also audited the adjustments described in Note 31 that were applied to amend the December 31, 2016 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the December 31, 2016 consolidated financial statements of the Fund other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the December 31, 2016 consolidated financial statements taken as a whole.

Restriction of use

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

**Chartered Accountants
Nassau, Bahamas**

September 14, 2018

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

Consolidated Statement of Financial Position
As at December 31, 2017
(Expressed in Thousands of Bahamian dollars)

	Notes	2017 \$	Restated December 31 2016 (Note 31) \$	Restated January 1, 2016 (Note 31) \$
ASSETS				
Cash on hand and at banks	3	21,177	29,271	16,162
Receivables and advances	4	103,771	85,509	64,773
Prepaid expenses and deposits		972	515	526
		125,920	115,295	81,461
Investments				
At fair value through profit or loss:	5	125,284	127,490	153,799
Equity securities				
Held-to-maturity:				
Bahamas Government US\$ notes	6(a)	30,244	30,243	30,241
United States of America US\$ treasury notes	6(b)	49,974	33,152	29,333
Government of Barbados US\$ bonds	6(c)	3,482	3,943	4,404
Citigroup Funding Inc. notes	6(d)	3,047	3,002	3,001
Government of the Cayman Islands US\$ bonds	6(e)	2,507	2,503	2,500
Corporate US\$ bonds	6(f)	7,590	7,560	7,531
Government of Trinidad & Tobago US\$ bonds	6(g)	2,096	2,105	2,114
		98,940	82,508	79,124
Loans and receivables:				
Bahamas Government registered stocks	7(a)	551,176	549,775	597,776
Certificates of deposit	7(b)	136,702	165,045	161,252
Bahamas Mortgage Corporation bonds	7(c)	100,930	101,106	101,106
Nassau Airport Development Company Limited debt securities	7(d)	86,741	84,756	83,654
Education Loan Authority bonds	7(e)	46,845	47,101	47,347
Bahamas Development Bank bonds	7(f)	39,362	43,052	46,749
Bahamas Electricity Corporation bonds	7(g)	25,064	25,878	26,095
Preference shares	7(h)	17,714	19,000	19,000
Clifton Heritage Authority bonds	7(i)	7,993	7,998	7,998
Latin American Investment Bank (Bahamas) Ltd. bonds	7(j)	3,390	3,277	3,409
Loans to Bahamas Government entities	7(k)	29,625	30,534	27,271
Long-term deposits	7(l)	10,306	10,100	10,075
Bridge Authority bonds	7(m)	2,826	2,829	2,829
Fidelity Bank (Bahamas) Limited notes	7(n)	2,318	2,827	2,842
The College of The Bahamas redeemable term notes	7(o)	1,661	1,846	2,030

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

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

Consolidated Statement of Financial Position
As at December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	2017	Restated December 31, 2016 (Note 31)	Restated January 1, 2016 (Note 31)
		\$	\$	\$
ASSETS (Continued)				
Loans and receivables: (continued)				
Public Hospital Authority bonds	7(p)	10,806	11,481	12,127
Bahamas Government B\$ notes	7(q)	7,101	7,146	7,153
Bahamas Government treasury bills	7(r)	1,552	1,514	-
Be Aliv Note	7(s)	1,000	-	-
		<u>1,083,112</u>	<u>1,115,265</u>	<u>1,158,713</u>
Net investment in finance leases	8	194,397	184,635	174,267
Investment property	9	3,101	2,427	2,427
Investments in associates	10	12,974	27,392	29,650
Total investments		<u>1,517,808</u>	<u>1,539,717</u>	<u>1,597,980</u>
Computer software	11	11,349	11,592	9,007
Property, plant and equipment	12	103,716	108,254	107,725
Construction in progress – finance leases	13	63,603	57,554	49,676
		<u>178,668</u>	<u>177,400</u>	<u>166,408</u>
TOTAL ASSETS		<u>1,822,396</u>	<u>1,832,412</u>	<u>1,845,849</u>
LIABILITIES				
Accounts payable and accrued expenses	14	7,665	9,030	7,975
Staff pension fund	15	56,905	63,704	70,681
Accrued benefits payable		<u>12,964</u>	<u>10,725</u>	<u>5,866</u>
TOTAL LIABILITIES		<u>77,534</u>	<u>83,459</u>	<u>84,522</u>


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

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

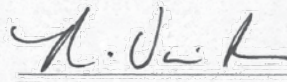
Consolidated Statement of Financial Position
As at December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	2017 \$	Restated December 31, 2016 (Note 31) \$	Restated January 1, 2016 (Note 31) \$
RESERVES				
Short-term benefits	30	120,448	94,965	73,646
Pensions	30	1,456,448	1,473,414	1,489,971
Industrial benefits	30	75,729	83,098	96,560
Medical benefits	30	88,381	88,094	87,208
Disablement and death benefits	30	3,280	8,806	13,366
Fidelity bond	16 & 30	576	576	576
TOTAL RESERVES		1,744,862	1,748,953	1,761,327
TOTAL LIABILITIES AND RESERVES		1,822,396	1,832,412	1,845,849


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



Deputy Chairman



Director



Financial Controller

August 30, 2018

Date

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

The National Insurance Fund

Consolidated Statement of Comprehensive Loss For the Year Ended December 31, 2017 (Expressed in Thousands of Bahamian dollars)

	Notes	2017 \$	Restated 2016 (Note 31) \$
INCOME			
Contributions			
Employers		160,663	153,627
Insured persons		110,358	101,866
Self-employed persons		7,409	6,505
Voluntarily insured		<u>-</u>	<u>1</u>
		278,430	261,999
Refund of contributions		<u>(945)</u>	<u>(808)</u>
Total net contributions		<u>277,485</u>	<u>261,191</u>
Income from investments	17	64,264	52,932
Income from property	18	3,446	3,146
Share of losses of associates	10	(14,418)	(3,651)
Other income		<u>1,720</u>	<u>1,309</u>
TOTAL INCOME		<u>332,497</u>	<u>314,927</u>

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

The National Insurance Fund

Consolidated Statement of Comprehensive Loss For the Year Ended December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2017 \$	Restated 2016 (Note 31) \$
EXPENDITURE			
Benefits expenditure			
Short-term		36,435	35,739
Pensions		218,349	204,096
Industrial		23,000	27,849
Disablement and death		8,705	7,471
Total benefits expenditure		286,489	275,155
Administrative expenditure			
Staff salaries, allowances and benefits	22	37,596	40,034
Expenses of the Board of Directors		145	279
Amortisation		1,102	778
Depreciation		1,994	1,723
Other expenses	21	8,297	10,186
Total administrative expenditure		49,134	53,000
Expenditure of the medical benefits branch			
Administrative expenditure		342	414
Depreciation		3,245	2,228
Total expenditure of the medical benefits branch		3,587	2,642
TOTAL EXPENDITURE		339,210	330,797
DEFICIENCY OF INCOME OVER EXPENDITURE		(6,713)	(15,870)
<i>Items that will not be reclassified subsequently to income</i>			
Remeasurement of the defined benefit obligation		2,472	3,230
Unclaimed benefits		150	266
TOTAL COMPREHENSIVE LOSS		(4,091)	(12,374)

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, 2017 (Expressed in Thousands of Bahamian dollars)

Notes	Short-term		Pensions		Industrial		Medical		Disablement and Death		Fidelity Bond		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME														
Total net contributions	69,371	65,298	185,915	174,998	20,811	19,589	1,388	1,306	-	-	-	-	277,485	261,191
Income from investments	1,269	1,307	60,846	48,791	2,072	2,576	15	29	62	229	-	-	64,264	52,932
Income from property	-	-	1,405	1,280	-	-	2,041	1,866	-	-	-	-	3,446	3,146
Share of losses of associates	-	-	(14,418)	(3,651)	-	-	-	-	-	-	-	-	(14,418)	(3,651)
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:														
Disablement	-	-	-	-	-	-	-	-	3,117	2,682	-	-	3,117	2,682
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	19	430	327	430	430	328	430	327	-	-	-	-	1,720	1,309
TOTAL INCOME	71,070	66,932	234,178	221,745	23,313	22,493	3,874	3,528	3,179	2,911	-	-	335,614	317,609
EXPENDITURE														
Benefits expenditure														
Sickness benefit	12,974	11,025	-	-	-	-	-	-	-	-	-	-	12,974	11,025
Unemployment benefit	10,992	13,201	-	-	-	-	-	-	-	-	-	-	10,992	13,201
Maternity benefit	7,813	7,016	-	-	-	-	-	-	-	-	-	-	7,813	7,016
Funeral benefit	3,188	2,945	-	-	-	-	-	-	-	-	-	-	3,188	2,945
Maternity grant	1,467	1,552	-	-	-	-	-	-	-	-	-	-	1,467	1,552
Sickness assistance	1	-	-	-	-	-	-	-	-	-	-	-	1	-
Retirement benefit	-	-	165,655	152,993	-	-	-	-	-	-	-	-	165,655	152,993
Survivors' benefit	-	-	20,564	19,641	-	-	-	-	-	-	-	-	20,564	19,641
Invalidity benefit	-	-	16,880	16,410	-	-	-	-	-	-	-	-	16,880	16,410
Invalidity assistance	-	-	8,918	8,746	-	-	-	-	-	-	-	-	8,918	8,746
Old age non-contributory retirement benefit	-	-	5,552	5,464	-	-	-	-	-	-	-	-	5,552	5,464
Survivors' assistance	-	-	780	842	-	-	-	-	-	-	-	-	780	842
Medical care	-	-	-	-	18,703	23,712	-	-	-	-	-	-	18,703	23,712
Injury benefit	-	-	-	-	4,273	4,087	-	-	-	-	-	-	4,273	4,087
Disablement grant	-	-	-	-	24	50	-	-	-	-	-	-	24	50
Payment of current periodically payable benefits effected during the year:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disablement	19	-	-	-	-	-	-	-	8,420	7,161	-	-	8,420	7,161
Death	19	-	-	-	-	-	-	-	285	310	-	-	285	310
Disablement benefit – capital value	-	-	-	-	3,117	2,682	-	-	8,705	7,471	-	-	286,489	275,155
Death benefit – capital value	-	-	-	-	-	-	-	-	-	-	-	-	3,117	2,682
Administrative expenditure	9,241	10,008	35,307	37,552	4,586	5,440	3,587	2,642	-	-	-	-	52,721	55,642
TOTAL EXPENDITURE	45,676	45,747	253,656	241,648	30,703	35,971	3,587	2,642	8,705	7,471	-	-	342,327	333,479
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE	25,394	21,185	(19,478)	(19,903)	(7,390)	(13,478)	287	886	(5,526)	(4,560)	-	-	(6,713)	(15,870)
Remeasurement of the defined benefit obligation	-	-	2,472	3,230	-	-	-	-	-	-	-	-	2,472	3,230
Unclaimed benefits	89	134	40	116	21	16	-	-	-	-	-	-	150	266
RESERVES, beginning of year (as previously reported)	89,593	67,461	1,440,762	1,461,488	81,134	94,622	87,957	87,083	9,224	13,367	576	576	1,709,246	1,724,597
Effect of prior period adjustments (Note 31)	5,375	6,185	32,652	28,483	1,964	1,938	137	125	(418)	(1)	-	-	39,707	36,730
RESERVES, beginning of year (as restated)	94,965	73,646	1,473,414	1,489,971	83,098	96,560	88,094	87,208	8,806	13,366	576	576	1,748,953	1,761,327
RESERVES, end of year	120,448	94,965	1,456,448	1,473,414	75,729	83,098	88,381	88,094	3,280	8,806	576	576	1,744,862	1,748,953

The National Insurance Fund

Consolidated Statement of Cash Flows For the Year Ended December 31, 2017 (Expressed in Thousands of Bahamian dollars)

	2017	2016 Restated (Note 31)
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of income over expenditure	(6,713)	(15,870)
Adjustments:		
Income from investments	(64,264)	(52,932)
Income from property	(3,446)	(3,146)
Share of losses of associates	14,418	3,651
Gain on disposal/write-off of property, plant and equipment	(48)	(38)
Amortisation	1,102	778
Depreciation	5,239	3,951
Loss on sale of investment property	7	-
Provisions for impaired contributions	2,593	16,446
Deficit before working capital changes	(51,112)	(47,160)
Increase in receivables and advances	(13,521)	(33,011)
(Increase)/decrease in prepaid expenses and deposits	(457)	11
(Decrease)/increase in accounts payable and accrued expenses	(1,215)	1,321
Decrease in staff pension fund	(4,326)	(3,747)
Increase in accrued benefits payable	2,239	4,859
Net cash used in operating activities	(68,392)	(77,727)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	49,187	55,973
Dividends received	5,074	4,317
Proceeds (used for)/from finance leases	(1,900)	4,982
Proceeds (used for)/income received from property	(1,005)	1,385
Dividends received from associates	-	883
Proceeds from sale of equity securities	2,751	5,985
Proceeds from United States of America US\$ Treasury notes	6,249	10,220
Proceeds on maturity of certificates of deposit	164,970	155,304
Proceeds on maturity of Bahamas Government registered stocks	41,572	79,125
Proceeds from Government of Barbados bonds	429	429
Proceeds from Bahamas Government Treasury bills	3,019	1,500

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

The National Insurance Fund

Consolidated Statement of Cash Flows For the Year Ended December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

	2017	2016 Restated (Note 31)
	\$	\$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds on redemption of preference shares	1,286	-
Proceeds from loan repayments from Bahamas Government entities	1,375	2,083
Proceeds from Nassau Airport Development Company Limited debt securities	4,229	3,750
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	-	226
Proceeds from College of the Bahamas notes	185	185
Proceeds from Public Hospital Authority bonds	665	665
Proceeds from Bahamas Electricity Corporation bonds	-	1,000
Proceeds from Bahamas Development Bank bonds	3,000	4,000
Proceeds from sale of property, plant and equipment	48	74
Proceeds from maturity of Bahamas Government notes	-	14,140
Proceeds from Fidelity Bank (Bahamas) Limited notes	500	-
Purchase of equity securities	(5,535)	(674)
Purchase of Bahamas Government Registered stocks	(43,275)	(31,720)
Purchase of United States of America US\$ treasury notes	(22,988)	(13,964)
Placements of certificates of deposit	(137,450)	(161,970)
Purchase of Bahamas Government notes	-	(14,140)
Additional loans to Bahamas Government entities	(300)	(5,500)
Purchase of Bahamas Government Treasury bills	(3,056)	(2,982)
Purchase of Be Aliv note	(1,000)	-
Additions to investment in associate	-	(2,276)
Additions to computer software	(859)	(3,363)
Additions of property, plant and equipment	(708)	(4,537)
Additions to construction in progress – finance leases	(6,165)	(14,264)
Net cash from investing activities	60,298	90,836
Net (decrease)/increase in cash and cash equivalents	(8,094)	13,109
Cash and cash equivalents, beginning of year	29,271	16,162
Cash and cash equivalents, end of year (Note 3)	21,177	29,271

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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(l), 2(m) and 2(n).

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 presented to Parliament having been done as of December 31, 2011. Certain results of the actuarial valuation are described in Note 32.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Standards, and amendments and interpretations to published standards that became effective for the Fund's financial year beginning on January 1, 2017 were either not relevant or not significant to the Fund's operations and accordingly did not have a material impact on the Fund's accounting policies or consolidated financial statements.

ii) *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. With the exception of IFRS 9 *Financial Instruments*, IFRS 15 *Revenue from Customers* and IFRS 16 *Leases*, the Fund does not expect the adoption of these new and amended IFRSs to have a material impact on the Fund's consolidated financial statements.

i. **IFRS 9 Financial Instruments**

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39) that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three (3) primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The determination is made at initial recognition, and the basis of classification depends on the Group's business model for managing its financial assets and the contractual cash flow characteristics of the financial asset. In addition, IFRS 9 will require the impairment of financial assets to be calculated using an expected credit loss model that replaces the incurred loss impairment model required by IAS 39. At initial recognition of relevant financial assets, a provision for impairment of financial assets is required to be recognised based on expected losses due to credit default events that are possible within one (1) year. Financial assets are categorised into three (3) stages based on credit default factors and experiences, and provisions for impairment are recognised based on total expected losses in the event of an actual credit default. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for financial liabilities designated at fair value through profit or loss. While the Fund has begun its assessment of the impact of adopting IFRS 9, the full impact of the change has not been determined. IFRS 9 is effective for financial periods beginning on or after January 1, 2018.

ii. **IFRS 15 Revenue Recognition**

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

ii. IFRS 15 Revenue Recognition (continued)

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018, and replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations. The Fund is currently assessing the full impact of adopting IFRS 15.

iii. IFRS 16 Leases

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

(b) Consolidation

Subsidiary

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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 loss, 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.

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 goodwill that forms part of the carrying amount of the investment in the associate. Accordingly, any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

(c) Foreign currency translation

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(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 and includes receivables and advances and loans and receivables.

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 loss in the period in which they arise.

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

(f) Sale and repurchase agreements

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(f) Sale and repurchase agreements (continued)

Securities purchased under agreements to resell (reverse repos) are recorded as loans to the applicable counterparty. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent are retained in the consolidated financial statements.

(g) Impairment of financial assets

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

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

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(h) Investment property

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

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

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

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

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

(i) Property, plant and equipment

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (continued)

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

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

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts and are recognised in the consolidated statement of comprehensive loss.

(j) Computer software

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

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

(k) Leases

The Fund is lessee

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Leases (continued)

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

(l) Employee benefits

The Fund provides a contributory defined benefit pension plan (the pension plan) for all of its long term contractual, full time employees. A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually as a function of one or more factors such as age, years of service and compensation. The liability or asset recognised in the consolidated statement of financial position is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method.

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(m) Revenue recognition

In the current year the Fund changed its Accounting Policy for the recognition of contributions from the cash basis to the accrual basis in accordance with IAS 1. This change has been applied retrospectively and in accordance IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The opening and closing consolidated statements of financial position of the earliest comparative period presented (2016) have been restated. Contribution income is recognised in the period for which the contribution relates. It is estimated based on the expected outstanding contributions for participants to the Fund considering historical experience.

The impact of the new accounting policy is presented in Note 31.

Interest income for all instruments measured at amortised cost is recognised in the consolidated statement of comprehensive loss using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised when the Fund's right to receive payment has been established.

Rental income is recognised as disclosed in Note 2(k).

Other income amounts are recognised using the accrual basis of accounting.

(n) Expense recognition

In the current year the Fund changed its Accounting Policy for the recognition of benefits expenditure from recognising the expenditure when the Fund's obligation to make payment has been established to also recognising an estimate of expenditure for claims submitted but not processed. The estimate is accrued considering the following assumptions based on historical experience: expected claims approval rates, the estimated claim period and an estimate of the claim entitlement. The change in accounting policy has been applied retrospectively and in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Other expenses are recognised using the accrual basis of accounting.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(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:

	2017	2016
Short-term benefits reserve	25.0%	25.0%
Pensions reserve	67.0%	67.0%
Industrial benefits reserve	7.5%	7.5%
Medical benefits reserve	0.5%	0.5%
	<u>100.0%</u>	<u>100.0%</u>

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

For the years ended December 31, 2017 and 2016, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2017	2016
Short-term benefits reserve	18.81%	18.89%
Pensions reserve	71.86%	70.85%
Industrial benefits reserve	9.33%	10.26%
	<u>100.00%</u>	<u>100.00%</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(q) Related parties

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

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

(r) Taxation

The Fund is established under the laws of the Commonwealth of The Bahamas and is not subject to income and capital gains taxes. As of January 1, 2015 the Fund is subject to Value Added Tax at a rate of 7.5% imposed by the Bahamas Government. The Fund's operations do not subject it to taxation in any other jurisdiction, except for withholding taxes imposed by certain countries on investment income and capital gains for investments domiciled in those countries.

(s) Chronic Diseases Prescription Drug Fund

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

(t) Events After The Reporting Period

The Fund identifies subsequent events as events that occurred after the reporting period but before the date when the financial statements were authorised for issue. Any subsequent events that provide additional information about the Fund's position at the reporting period, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

(u) Corresponding figures

Corresponding figures have been adjusted to conform with the current year as follows:

B\$ financial assets at fair value through profit or loss, certain US\$ mutual funds and US denominated government bonds have been reclassified from Level 1 to Level 2 in the fair value hierarchy due to insufficient trading activity to justify an active market.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(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:

	2017	2016
	\$	\$
Cash on hand	64	63
Cash at banks – current account	8,141	24,476
Cash at brokers	2,298	1,648
Cash at the Central Bank of The Bahamas	10,674	3,084
	<u>21,177</u>	<u>29,271</u>

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2017 and 2016.

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, 2017, United States dollar (US\$) deposits total \$886 (2016: \$12,256).

4. Receivables and Advances

Receivables and advances comprise:

	2017	2016
	\$	Restated (Note 31) \$
Finance lease receivables	18,394	15,512
Rent receivable	13,140	8,689
Value Added Tax Receivable/Payable (net)	(132)	192
Other receivable – The Bahamas Government	39,067	31,540
Contribution Receivable	51,572	44,802
Advances to staff	769	1,220
	<u>122,810</u>	<u>101,955</u>
Allowance for doubtful accounts	<u>(19,039)</u>	<u>(16,446)</u>
	<u>103,771</u>	<u>85,509</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

4. Receivables and Advances (continued)

Movements in provision for impairment of contribution receivables are as follows:

	2017	2016 Restated (Note 31)
	\$	\$
At January 1	(16,446)	-
Provision for impairment recognised during the year	(2,593)	(16,446)
At December 31	<u>(19,039)</u>	<u>(16,446)</u>

The other receivables include \$37,133 (2016: \$29,185) which relates to the Medical Benefit Branch and is in part supported by a Promissory Note issued by The Bahamas Government dated May 5, 2016 in the amount of \$25,304. The three year Promissory Note bears interest at the rate of 3.75% per annum. The balance of the Promissory Note is \$14,804 (2016: \$23,554). See also note 29 (b).

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.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

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

Units				
2017	2016		2017	2016
			\$	\$
		<i>Ordinary Shares / Mutual Funds</i>		
		Level 1 US\$		
1,200	-	Air Products & Chemical Inc.	197	-
149	199	Alphabet Incorporated	156	154
6,958	6,958	American Electric Power Company	512	438
4,000	-	American International Group Inc	238	-
5,300	2,200	Anadaeko Petroleum Corporation	284	153
2,050	2,050	Apache	87	130
1,200	-	Apple Incorporated	203	-
6,600	-	Bank of America Corporation	195	-
613	-	Brighthouse Financial Inc.	36	-
900	-	Boeing Co4	265	-
1,900	-	Broadcom Ltd.	488	-
-	2,100	Caterpillar Inc.	-	195
2,474	2,474	Chevron Corporation	310	291
6,200	-	Citigroup Inc.	461	-
7,417	7,417	Coca Cola Co.	340	308
6,640	1,570	Comcast Corporation	266	108
2,700	1,200	Conoco Philips	148	60
-	2,390	CVS Caremark Corporation	-	189
2,600	-	DowDuPont	185	-
4,460	4,460	Duke Energy Corporation	375	346
2,500	-	Eli Lilly & Co	211	-
-	6,870	EMC Corp-Mass	-	42
3,100	-	EOG Resources Inc.	335	-
1,200	-	Facebook Inc	212	-
1,700	-	First Republican Bank	147	-
900	-	General Dynamics Corporation	183	-
17,932	19,038	General Electric Co.	313	602
2,030	2,030	Gilead Sciences Incorporated	145	145
500	-	Goldman Sachs Group Inc	127	-
3,600	3,600	Halliburton Company	176	195
1,200	-	Home Depot Inc	227	-
2,000	-	Honeywell International Inc	307	-
13,464	21,184	Intel Corp.	622	768
-	3,960	International Paper Company	-	210

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2017	2016		2017	2016
			\$	\$
<i>Ordinary Shares/Mutual Funds (continued)</i>				
Level 1 US\$ (Continued)				
3,000	-	Jacobs Engineering Group Inc.	198	-
4,190	6,790	JP Morgan Chase Co.	448	586
7,800	-	Kinder Morgan Inc/DE	141	-
1,900	-	Lyondellbasell Industries NV	210	-
-	940	McKesson Corp	-	132
6,750	3,750	MetLife Inc	341	202
5,200	3,400	Microsoft Corporation	445	211
-	4,000	Mondelez International Incorporated	-	177
-	1,200	Nextra Energy Incorporated	-	143
3,000	-	Nike Incorporated	188	-
11,000	3,000	Pfizer Inc	398	97
900	-	Pioneer Natural Resources	156	-
3,366	3,366	Philip Morris International Inc	356	308
3,650	3,650	Proctor & Gamble Company	335	307
2,610	2,610	Qualcommn Incorporated	167	170
5,200	5,200	Roche Holding Limited	164	149
2,200	2,290	Ryder Systems Incorporated	185	171
-	4,780	Ross Stores	-	314
1,800	3,300	Royal Caribbean Cruises Limited	215	271
3,000	-	Royal Dutch Shell PLC	205	-
-	476	Synchrony Financial	-	17
5,306	7,706	The Kraft Heinz Company	413	673
-	1,680	United Technologies Corp.	-	184
2,500	-	Valero Energy Corporation	230	-
-	75	Veritiv Corporation	-	4
1,400	1,250	Visa Incorporated	160	98
-	950	Walt Disney Company	-	99
7,845	7,845	Ishares II PC-Property Yield Fund	153	155
			<u>12,859</u>	<u>8,802</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units				
2017	2016		2017	2016
			\$	\$
<i>Ordinary Shares / Mutual Funds</i>				
Level 2 B\$				
1,000	1,000	Bahamas Waste Limited	3	4
6,022,945	6,022,945	Bank of Bahamas Limited	5,722	10,661
3,343,749	1,114,583	Commonwealth Bank Ltd.	16,384	11,703
2,967,500	2,967,500	Commonwealth Brewery Limited	26,707	39,260
474,797	474,797	Consolidated Water Co. Ltd.	1,197	1,030
23,320	23,320	FamGuard Corporation Limited	140	136
213,472	213,472	Finance Corporation of Bahamas Limited	1,281	2,337
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	2,597	2,537
1,125,459	375,153	Freeport Oil Holdings Company Ltd.	5,042	3,279
158,769	158,769	ICD Utilities Limited	1,113	1,072
68,327	68,327	J.S. Johnson & Company Limited	855	815
			61,041	72,834
Level 2 US\$				
60,864	60,864	Axiom Balanced Fund	9,050	7,900
23,033	23,033	Axiom Conservative Fund	2,974	2,776
21,320	21,320	Axiom Growth Fund	3,717	3,059
24,428	24,428	CFAL Global Bond Fund	4,307	4,145
5,603	5,603	CFAL Global	838	786
86,615	86,615	Brown Advisory Funds PLC	1,060	864
14,890	14,890	Findlay Park Funds PLC	1,608	1,304
79,113	79,113	Franklin Templeton Frontier	1,651	1,350
203,873	203,873	Investec Global Natural Resources	1,884	1,656
13,079	13,079	Legg Mason Royce US Small CAP Fund	2,518	2,099
12,261	12,261	Morgan Stanley Investment Funds	1,363	941
63,597	63,597	Polar Capital Funds PLC North American Fund	1,540	1,229
969,292	969,292	Scotia Global Growth Fund	3,292	2,480
4,298	4,298	Wells Fargo & Company	1,241	924
			37,043	31,513

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

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

Units				
2017	2016		2017	2016
			\$	\$
		<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>96,684</u>	<u>104,953</u>
			<u>125,284</u>	<u>127,490</u>
		Level 1	Level 2	Level 3
		\$	\$	\$
				Total
				\$
Financial assets at fair value through profit or loss				
Trading securities		12,859	-	-
Other financial instruments		-	112,425	-
		<u>-</u>	<u>112,425</u>	<u>-</u>
Balance as of December 31, 2017		<u>12,859</u>	<u>112,425</u>	<u>-</u>
				<u>125,284</u>
		Level 1	Level 2	Level 3
		\$	\$	\$
				Total
				\$
Financial assets at fair value through profit or loss				
Trading securities		8,802	-	-
Other financial instruments		-	118,688	-
		<u>-</u>	<u>118,688</u>	<u>-</u>
Balance as of December 31, 2016		<u>8,802</u>	<u>118,688</u>	<u>-</u>
				<u>127,490</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

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

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2017	8,802	118,688	-	127,490
Purchases	5,535	-	-	5,535
Sales	(2,751)	-	-	(2,751)
Net realised gain (Note 17)	54	-	-	54
Net unrealised gain/(loss) (Note 17)	<u>1,219</u>	<u>(6,263)</u>	<u>-</u>	<u>(5,044)</u>
Balance as of December 31, 2017	<u>12,859</u>	<u>112,425</u>	<u>-</u>	<u>125,284</u>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as of January 1, 2016	7,882	145,917	-	153,799
Purchases	674	-	-	674
Sales	(559)	(5,426)	-	(5,985)
Net realised gain (Note 17)	50	61	-	111
Net unrealised gain/(loss)(Note 17)	<u>755</u>	<u>(21,864)</u>	<u>-</u>	<u>(21,109)</u>
Balance as of December 31, 2016	<u>8,802</u>	<u>118,688</u>	<u>-</u>	<u>127,490</u>

The Fund did not have any financial instruments classified as Level 3 as of December 31, 2017. There were no transfers between levels during the year.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

6. Held-To-Maturity Investments

(a) Bahamas Government US\$ notes

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
11,000	11,000	6.95%; 2029	10,989	10,989
4,800	4,800	6.63%; 2033	4,706	4,703
14,102	14,102	7.13%; 2038	14,173	14,175
			<u>29,868</u>	<u>29,867</u>
		Accrued interest	<u>376</u>	<u>376</u>
			<u>30,244</u>	<u>30,243</u>

As of December 31, 2017, The Bahamas debt was rated BB+ (2016: BB+) by Standard and Poors.

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

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
-	6,250	0.75%; 2017	-	6,252
11,570	7,000	0.75% to 1.66%; 2018	11,499	6,996
12,003	9,903	0.75% to 1.50%; 2019	11,974	9,879
10,344	10,000	1.625%; 2020	10,301	9,945
16,250	-	1.625 to 1.875%; 2022	16,065	-
			<u>49,839</u>	<u>33,072</u>
		Accrued interest	<u>135</u>	<u>80</u>
			<u>49,974</u>	<u>33,152</u>

As of December 31, 2017, United States of America debt was rated AA+ (2016: AA+) by Standard and Poors.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments (Continued)

(c) Government of Barbados US\$ bonds

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
857	1,286	Class B; 7.80%; 2019	857	1,286
2,500	2,500	7.25%; 2021	<u>2,590</u>	<u>2,609</u>
			3,447	3,895
		Accrued interest	<u>35</u>	<u>48</u>
			<u>3,482</u>	<u>3,943</u>

As of December 31, 2017, Barbados foreign currency debt was rated CCC+ (2016: CCC+) by Standard and Poors. Principal repayments are made on the bonds due in 2019 on a semi-annual basis commencing February 6, 2013.

(d) Citigroup Funding Inc. notes

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
3,000	3,000	US\$ 3-Month LIBOR + 3.25%; 2020	3,000	3,000
		Accrued interest	<u>47</u>	<u>2</u>
			<u>3,047</u>	<u>3,002</u>

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

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
2,500	2,500	5.95%; 2019	2,492	2,488
		Accrued interest	<u>15</u>	<u>15</u>
			<u>2,507</u>	<u>2,503</u>

As of December 31, 2017, the Cayman Islands foreign currency debt was rated Aa3 (2016: Aa3) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

6. Held-To-Maturity Investments (Continued)

(f) Corporate US\$ bonds

Face Value		Description	2017 \$	2016 \$
2017	2016			
397	397	Freeport McMoran Copper & Gold 3.50%; 2022	380	376
397	397	Anheuser Busch Incorporated 2.50%; 2022	381	378
397	397	Amazon Incorporated 2.50%; 2022	377	374
397	397	American International Group 4.88%; 2022	416	419
397	397	Goldman Sachs Group 3.63%; 2023	386	385
397	397	Morgan Stanley Medium Term 4.88%; 2022	401	402
397	397	Simon Property Group 2.75%; 2023	379	376
397	397	Quest Diagnostics Incorporated 4.70%; 2021	410	413
157	157	Teva Pharmaceutical Finance 2.95%; 2022	150	149
397	397	Thermo Fisher Scientific Incorporated 3.60%; 2021	396	395
397	397	United Health Group 2.75%; 2023	381	378
397	397	WellPoint Incorporated 3.30%; 2023	385	383
397	397	Deer & Company 2.60%; 2023	386	383
397	397	General Dynamics Corporation 2.25%; 2022	376	373
397	397	General Electric Capital Group 3.10%; 2022	384	381
397	397	AT & T Incorporated 2.63%; 2022	376	372
397	397	Telefonía Emisiones 5.13%; 2020	405	408
397	397	Verizon Communications Incorporated 2.45%; 2022	373	369
397	397	Ebay Incorporated 2.60%; 2022	382	379
397	397	Oracle Corporation 2.38%; 2019	397	398
			7,521	7,491
		Accrued Interest	69	69
			<u>7,590</u>	<u>7,560</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments (Continued)

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

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
2,000	2,000	3.79%; 2024	2,061	2,070
		Accrued interest	35	35
			<u>2,096</u>	<u>2,105</u>

As of December 31, 2017, Trinidad & Tobago foreign currency debt was rated Ba1 (2016: A-) by Moody's.

7. Loans and Receivables

(a) Bahamas Government Registered Stocks

Investments in Bahamas Government Registered Stocks have interest rates varying from 2.60% to 5.40% (2016: 4.25% to 6.00%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime) which at December 31, 2017 was 4.25% (2016: 4.75%).

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
-	31,571	Prime + 0.94% to 1.25%; 2017	-	31,571
49,770	36,770	Prime + 0.03% to 0.59%; 2.60% to 2.62%	49,770	36,770
123,262	123,262	2018	123,262	123,262
		Prime + 0.09% to 0.59%; 4.75%; 2019-2023		
193,400	175,307	Prime + 0.06% to 0.85%; 4.25% to 4.82%	193,400	175,307
143,989	143,989	2024-2028	143,989	143,989
33,844	31,664	Prime + 0.06% to 0.44%; 4.30%; 2029-2033	33,845	31,664
		Prime + 0.18% to 0.62%; 5.40%; 2034-2038	<u>544,266</u>	<u>542,563</u>
		Accrued interest	6,910	7,212
			<u>551,176</u>	<u>549,775</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(a) Bahamas Government registered stocks (continued)

The effective interest rate earned on Bahamas Government registered stocks was 4.51% (2016: 5.31%), and registered stocks with face values totalling \$57,185 (2016: \$23,911) have fixed interest rates varying from 2.60% to 5.40% (2016: 4.25% to 5.40%) and maturities ranging from 2018 to 2036 (2016: 2020 to 2036).

(b) Certificates of deposit

	2017 \$	2016 \$
Certificates of deposit	136,165	163,685
Provision for doubtful accounts	<u>(1,715)</u>	<u>(1,715)</u>
	134,450	161,970
Accrued interest	<u>2,252</u>	<u>3,075</u>
	<u>136,702</u>	<u>165,045</u>

During the year, certificates of deposit earned interest at rates of 2.25% to 4.25% (2016: 2.00% to 4.75%) per annum. The effective interest earned on certificates of deposit was 3.21% (2016: 3.42%). Certificates of deposit mature within 12 months of the statement of financial position date.

As of December 31, 2017, the Fund has \$1,715 (2016: \$1,715) in certificates of deposit with Gulf Union Bank (Bahamas) Ltd., which is in compulsory liquidation. Accordingly, the Fund has made full provision for amounts outstanding. No payment was received during the year (2016: Nil).

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(c) Bahamas Mortgage Corporation bonds

Series	Description	2017 \$	2016 \$
Q	15 year bonds; Prime; 2024 - 2027	15,000	15,000
N,O,P,R	20 year bonds; Prime* less 2.00% to 5.00%; 2018-2032	75,600	75,600
M,S	25 year bonds; Prime* less 2.00% to 5.25%; 2018-2037	9,100	9,100
		<hr/>	<hr/>
		99,700	99,700
	Accrued interest	1,230	1,406
		<hr/>	<hr/>
		100,930	101,106

These bonds are guaranteed by The Bahamas Government. As of December 31, 2017 and 2016 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	2017 \$	2016 Restated (Note 31) \$
2017	2016			
\$	\$		\$	\$
14,441	13,384	B\$ Series A subordinated participating debt; 13.00%; 2034	14,441	13,384
14,441	13,384	US\$ Series A subordinated participating debt; 13.00%; 2034	14,441	13,384
8,600	8,975	B\$ senior debt notes; 8.50%; 2031	8,600	8,975
8,600	8,900	US\$ senior debt notes; 8.50%; 2031	8,600	8,900
25,830	25,340	US\$ Series B subordinated participating debt; 13.00%; 2034	25,830	25,340
4,813	4,888	B\$ senior debt notes; Series B; 6.34%; 2035	4,813	4,888
4,787	4,887	US\$ senior debt notes; Series A; 6.34%; 2035	4,787	4,887
4,787	4,887	US\$ senior debt notes; Series C; 6.44%; 2035	4,787	4,887
			<hr/>	<hr/>
			86,299	84,645
		Accrued interest	442	111
			<hr/>	<hr/>
			86,741	84,756

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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.

The debt agreements with NAD for the senior participating debt specify that the interest which is to be paid in kind should be capitalized to the principal balance with interest compounding on a quarterly basis. The Fund was not correctly accounting for the interest since the inception of the debt agreement in 2009, as such the Fund in the current year has corrected the calculation of the compounded interest and adjusted the financial statement as appropriate Note 31 outlines the adjustments made.

(e) Education Loan Authority bonds

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
15,000	15,000	Series A; Prime + 0.25%; 2020	15,335	15,454
9,750	9,750	Series B; Prime + 0.50%; 2023	10,010	10,050
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	20,616	20,713
			45,961	46,217
		Accrued interest	884	884
			46,845	47,101

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(f) Bahamas Development Bank bonds

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
3,000	6,000	Series B; Prime less 1.00; 2016-2020	3,000	6,000
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
			39,000	42,000
		Accrued interest	362	1,052
			<u>39,362</u>	<u>43,052</u>

These bonds are guaranteed by The Bahamas Government.

(g) Bahamas Electricity Corporation bonds

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
6,495	6,495	B\$ Series B; 6.41%; 2021	6,491	6,491
18,557	18,557	B\$ Series C; 6.56%; 2026	18,532	18,529
			25,023	25,020
		Accrued interest	41	858
			<u>25,064</u>	<u>25,878</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(h) Preference Shares

Face Value		Description	2017	2016
2017	2016			
\$	\$		\$	\$
2,000,000	2,000,000	Colina Holdings Bahamas Limited; Prime + 1.50%	2,000	2,000
1,714	3,000	Grand Bahama Power Company Limited; 7.25 – 10%	1,714	3,000
400,000	400,000	Fidelity Bank (Bahamas) Limited; 5.75%; 2021	4,000	4,000
8,500	8,500	Cable Bahamas Limited; 5.75%; 2024	8,500	8,500
1,500	1,500	Cable Bahamas Limited (US\$); 6.25%; 2025	1,500	1,500
			<u>17,714</u>	<u>19,000</u>

(i) Clifton Heritage Authority bonds

Face Value		Description	2017	2016
2017	2016			
\$	\$		\$	\$
1,455	1,455	Prime + 0.50%; 2025	1,455	1,455
4,219	4,219	Prime + 0.63%; 2030	4,219	4,219
2,275	2,275	Prime + 0.75%; 2035	2,275	2,275
			<u>7,949</u>	<u>7,949</u>
		Accrued interest	<u>44</u>	<u>49</u>
			<u>7,993</u>	<u>7,998</u>

These bonds are guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

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

In prior years, the Fund acquired \$5,000 of the bonds that are supported by the Government Guaranteed Advanced Education Loan Scheme held in trust by Deltec Bank & Trust. Interest is earned at 0.70% above Prime. As of December 31, 2017, the carrying amount of the bonds includes the principal of \$2,282 (2016:\$ 2,282) plus accrued interest of \$1,108 (2015: \$995).

During the year, no principal payments were received (2016: \$30), with cumulative principal payments totalling \$ 2,718 (2016:\$ 2,718).

(k) Loans to Bahamas Government entities

	1-Jan-17	Additional Funds	Repayments/ Adjustments	31-Dec-17
	\$	\$	\$	\$
BEC	2,590	-	(280)	2,310
MOEH	9,580	300	-	9,880
WSC	14,218	-	(969)	13,249
BCB	3,894	-	(126)	3,768
	<u>30,282</u>	<u>300</u>	<u>(1,375)</u>	<u>29,207</u>
Accrued interest	<u>252</u>	<u>166</u>	<u>-</u>	<u>418</u>
	<u>30,534</u>	<u>466</u>	<u>(1,375)</u>	<u>29,625</u>
	1-Jan-16	Additional Funds	Repayments/ Adjustments	31-Dec-16
	\$	\$	\$	\$
BEC	2,765	-	(175)	2,590
MOEH	5,000	5,500	(920)	9,580
WSC	15,000	-	(782)	14,218
BCB	4,100	-	(206)	3,894
	<u>26,865</u>	<u>5,500</u>	<u>(2,083)</u>	<u>30,282</u>
Accrued interest	<u>406</u>	<u>-</u>	<u>(154)</u>	<u>252</u>
	<u>27,271</u>	<u>5,500</u>	<u>(2,237)</u>	<u>30,534</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(k) Loans to Bahamas Government entities (continued)

BEC

During August 2009, the Fund participated in a medium term US\$ loan facility provided to the Bahamas Electricity Corporation (BEC) to refinance its existing US\$ debt obligations. The loan bears interest at US\$ 3-month LIBOR plus 4.25%, with principal and interest payable quarterly. The loan after a series of extensions from 2012 will mature in December 2019. Repayments in the amount of \$280 were made in 2017 (2016: \$175). The loan is guaranteed by The Bahamas Government.

MOEH

During 2013 the Fund through a Memorandum of Understanding with the Ministry of the Environment and Housing (MOEH) agreed to lend up to \$10,000 for the Bahamas National Housing Construction Project. The interest rate on this loan is 2.00% plus the 91 day Treasury Bill rate at the issue date. The funds were disbursed in quarterly instalments of \$2,500 from December 2013. During October 2014 the second drawdown of \$2,500 was disbursed. Disbursements of \$300 were made in 2017 (2016: Nil). The loan will be repaid from mortgages issued through lending institutions other than the Bahamas Mortgage Corporation (BMC). No repayments were made during 2017 (2016:\$920).

WSC

During 2013 the Fund agreed to lend up to \$10,000 to the Water & Sewerage Corporation (WSC) to finance the design and construction of a Wastewater Treatment Plant at Gladstone Road to service the Baha Mar Resort and surrounding areas. In 2015 an additional \$5,000 loan was approved. This loan bears interest at 4.75% and is repayable over 10 years with interest only payments being made during the first two years of the agreement. Principal repayments made in 2017 amounted to \$969 (2016: \$782).

BCB

During July 2015, the Fund agreed to lend \$4.1 million to the Broadcasting Corporation of The Bahamas (BCB) to fund its infrastructural repairs and upgrades. The loan bears interest of 3.5% and principal and interest is repayable monthly over 20 years. Principal repayments made in 2017 amounted to \$126 (2016: \$206).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Loans and Receivables (Continued)

(l) Long-term deposits

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
3,000	3,000	Bahamas Development Bank 3.75 %; 2018	3,000	3,000
6,500	6,500	Family Guardian Insurance 3.00 %; 2023	6,500	6,500
			9,500	9,500
		Accrued interest	806	600
			10,306	10,100

During 2012, a \$3,000 deposit was placed with Bahamas Development Bank for four years at 3.75% interest per annum. The funds were used to establish a roadwork compensation loan facility to assist small businesses impacted by the New Providence Road Improvement Project. This facility matured on December 18, 2017; however, this facility maturity was extended for an additional 6 months. The principal repayment and interest payment remained outstanding at the year-end. The Family Guardian Single Premium Deferred Annuity currently earns interest at a rate of 3.5% and matures in 2023. The interest rate will be reviewed every 5 years on the annuity anniversary date. The annuity balance is \$6,500 (2016: \$6,500).

(m) Bridge Authority bonds

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
956	956	Prime + 1.25%; 2019	956	956
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			2,783	2,783
		Accrued interest	43	46
			2,826	2,829

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(n) Fidelity Bank (Bahamas) Limited notes

Face Value 2017	Face Value 2016	Description	2017	2016
\$	\$		\$	\$
-	500	Series A Notes; 7.00%; 2017	-	500
500	500	Series E Notes; Notes; 6.00%; 2018	500	500
800	800	Series F Notes; Prime + 1.25%; 2022	800	800
1,000	1,000	Series B Notes; Prime + 1.75%; 2022	1,000	1,000
			<u>2,300</u>	<u>2,800</u>
		Accrued interest	<u>18</u>	<u>27</u>
			<u>2,318</u>	<u>2,827</u>

(o) The College of The Bahamas redeemable term notes

Face Value 2017	Face Value 2016	Description	2017	2016
\$	\$		\$	\$
1,660	1,845	7.00%; 2026	1,660	1,845
		Accrued interest	<u>1</u>	<u>1</u>
			<u>1,661</u>	<u>1,846</u>

(p) Public Hospital Authority bonds

Face Value 2017	Face Value 2016	Description	2017	2016
\$	\$		\$	\$
10,643	11,308	6.00%; 2033	10,643	11,308
		Accrued interest	<u>163</u>	<u>173</u>
			<u>10,806</u>	<u>11,481</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(q) Bahamas Government BS notes

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
7,070	7,070	3.50%; 2018	7,070	7,070
		Accrued interest	31	76
			<u>7,101</u>	<u>7,146</u>

(r) Bahamas Government treasury bills

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
1,557	1,519	2.50%; 2018	1,552	1,514
			<u>1,552</u>	<u>1,514</u>

The effective interest rate earned on the treasury bills is 1.25%.

(s) Be Aliv Notes

Face Value		Description		
2017	2016		2017	2016
\$	\$		\$	\$
500	-	- Series A 8.00%; 2026	500	-
500	-	- Series B 8.50%; 2031	500	-
			<u>1,000</u>	<u>-</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	2017	2016 Restated (Note 31)
	\$	\$
<i>Gross receivables</i>		
Not later than one year	31,903	19,156
Later than one year and not later than five years	50,988	50,996
Later than five years	<u>212,441</u>	<u>222,354</u>
	295,332	292,506
Unearned finance income	<u>(100,935)</u>	<u>(107,871)</u>
	<u>194,397</u>	<u>184,635</u>

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

	2017	2016 Restated (Note 31)
	\$	\$
Not later than one year	24,072	11,194
Later than one year and not later than five years	22,005	21,057
Later than five years	<u>148,320</u>	<u>152,384</u>
	<u>194,397</u>	<u>184,635</u>

At December 31, 2017, net finance leases of \$194,397 (2016: 184,635) were considered past due but not impaired due to non-payment by the Government of outstanding principal and interest totalling \$19,156 (2016: \$6,541). No impairment has been recognised on this balance as the credit risk associated with the Government is not considered material. Subsequent to the year-end, the Fund received payments on the past due balances from the Government totalling \$2,284.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

8. Net Investment in Finance Leases (Continued)

The Fund presently has thirteen (2016: thirteen) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2017	2016 Restated (Note 31)
	\$	\$
Poinciana Hill, New Providence	11,773	9,562
Thompson Boulevard, New Providence	19,050	18,263
Claughton House, New Providence	6,553	6,282
Police Headquarters, Grand Bahama	5,524	5,296
Police Dormitories, Grand Bahama	2,362	2,264
Robinson Road, New Providence	3,939	3,776
Police Residences, Grand Bahama	2,567	2,461
Police Gymnasium, Grand Bahama	717	688
Police Guard House, Grand Bahama	35	33
Freeport Government Complex	29,182	27,973
Marsh Harbour Government Complex	32,110	30,783
Office of the Attorney General	43,678	41,873
JL Centre	36,907	35,381
	<u>194,397</u>	<u>184,635</u>

Claughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above the Bahamas Prime Rate (Prime) of 4.25% (2016: 4.75%) (an effective rate of 6.50% per annum in 2013). This lease expired June 13, 2011, however, during 2014 construction began for the renovation of Claughton House on behalf of the Bahamas Government and upon completion a new lease agreement was executed. Also during 2014 the Fund was advised of the Government's mandate to restructure its debt thereby reducing the amounts allocated to repayments of leasing arrangements. As a result, effective July 1, 2014, all existing and future Finance Leases will be restructured over 25 years at 0.25% above prime rate 4.50% (2016: 5.00%). 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, 2017
(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. The Fund has executed lease agreements with The Bahamas Government for these buildings, on the same terms as the finance lease involving Cloughton House.

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

9. Investment Property

	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2017	2,000	427	2,427
Gain on valuation of Investment property (Note 17)	600	74	674
As of December 31, 2017	2,600	501	3,101
As of January 31, 2016	2,000	427	2,427
As of December 31, 2016	2,000	427	2,427

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

The Fund ranks its non-financial assets carried at fair value based on the hierarchy of valuation techniques required by IFRS as described in Note 5. The Fund classifies all investment property as Level 3 assets. There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The table below illustrates the impact of changes in estimates and assumptions in the determination of the fair value of investment property.

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

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

	2017 \$	2016 \$
Rental income	426	410
Direct operating expenses		
On property that generated rental income	98	127
On property that did not generate rental income	8	16
	106	143

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

9. Investment Property (Continued)

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

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

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

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

10. Investment in Associates

As of December 31, 2017, the Fund owned 4,334,453 (2016: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited, representing 11.74% (2016: 28.21%) of the total outstanding ordinary voting shares, and 6,022,945 (2016: 6,022,945) non-voting ordinary shares. The Fund has determined that it still has significant influence as it holds a seat on the board and participates in all significant financial and operating decisions. The cumulative unrecognised losses on BOB at December 31, 2017 is \$11,484 (2016: \$6,840) of which \$4,643 related to 2017 (2016: 6,840).

As of December 31, 2017, the Fund owned 9,482,759 (2016: 9,482,759) of the ordinary voting shares of Cable Bahamas Limited, representing 21.61% (2016: 20.51%) of the total outstanding ordinary voting shares.

	Opening \$	Purchase \$	Share of Losses \$	Dividends \$	Closing \$
As of December 31, 2017					
Bank of The Bahamas Limited	-	-	-	-	-
Cable Bahamas Limited	27,392	-	(14,418)	-	12,974
	<u>27,392</u>	<u>-</u>	<u>(14,418)</u>	<u>-</u>	<u>12,974</u>
As of December 31, 2016					
Bank of The Bahamas Limited	253	-	(253)	-	-
Cable Bahamas	29,397	2,276	(3,398)	(883)	27,392
	<u>29,650</u>	<u>2,276</u>	<u>(3,651)</u>	<u>(883)</u>	<u>27,392</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

10. Investment in Associates (Continued)

The associates reported the following balances and transactions as of, and for the twelve months ended, December 31, 2017 and 2016:

	Assets \$	Liabilities \$	Total Income \$	Net Loss \$
2017				
Bank of The Bahamas Limited	843,945	667,116	39,113	(39,554)
Cable Bahamas Limited	649,466	562,965	20,224	(65,884)
2016				
Bank of The Bahamas Limited	775,960	681,181	32,429	(25,145)
Cable Bahamas Limited	626,857	474,717	43,631	(16,568)

11. Computer Software

Computer software comprises:

	Total \$
Cost	
Balance as of January 1, 2017	16,617
Additions	859
Disposals	(1,111)
Balance as of December 31, 2017	<u>16,365</u>
Accumulated amortization	
Balance as of January 1, 2017	5,025
Amortization expense	1,102
Disposals	(1,111)
Balance as of December 31, 2017	<u>5,016</u>
Net book value as of December 31, 2017	<u>11,349</u>
Cost	
Balance as of January 1, 2016	13,254
Additions	3,363
Balances as of December 31, 2016	<u>16,617</u>
Accumulated amortization	
Balance as of January 1, 2016	4,247
Amortization expense	778
Balance as of December 31, 2016	<u>5,025</u>
Net book value as of December 31, 2016	<u>11,592</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017

(Expressed in Thousands of Bahamian dollars)
(Continued)

12. Property, Plant and Equipment

Property, plant and equipment comprise:

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

12. Property, Plant and Equipment (Continued)

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

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	
	2017 \$	2016 \$	2017 \$	2016 \$
Cost	94,198	94,033	13,215	13,251
Accumulated depreciation	(14,630)	(12,314)	(7,119)	(6,227)
Net book value	79,568	81,719	6,096	7,024

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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.

	2017 \$	2016 \$
Balance as of January 1	57,554	49,676
Additions	6,165	14,264
Interest income (Note 17)	1,718	1,558
Transfer to net investment in finance leases	<u>(1,834)</u>	<u>(7,944)</u>
Balance as of December 31	<u>63,603</u>	<u>57,554</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, 2017, projects with balances totalling \$14,592 (2016: \$14,520) are subject to this resolution.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2017 \$	2016 \$
Accounts payable and accrued expenses	3,781	4,932
Accrued vacation pay	3,376	3,307
Unclaimed benefits	399	662
Employee pension contributions	91	91
Accrued staff retirement benefits	<u>18</u>	<u>38</u>
	<u>7,665</u>	<u>9,030</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund

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

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

	2017 \$	2016 \$
Present value of defined benefit obligations	124,653	120,954
Fair value of plan assets	(67,748)	(57,250)
Funded status- Deficit	<u>56,905</u>	<u>63,704</u>
Net liability arising from defined benefit obligation in consolidated statement of financial position	<u>56,905</u>	<u>63,704</u>

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

	2017 \$	2016 \$
As of January 1	120,954	117,925
Interest cost	6,501	6,049
Current service cost	4,102	4,042
Employee contributions	1,095	1,051
Past service cost	141	74
Benefits paid	(4,636)	(4,065)
Actuarial losses	<u>(3,504)</u>	<u>(4,122)</u>
As of December 31	<u>124,653</u>	<u>120,954</u>

The present value of the defined benefit obligation as of December 31, 2015, 2014, and 2013, was \$120,954, \$113,729, and \$109,059, respectively.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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:

	2017		2016	
	\$	%	\$	%
Active members	88,207	70.8	87,646	72.5
Inactive members	<u>36,446</u>	<u>29.2</u>	<u>33,308</u>	<u>27.5</u>
As of December 31	<u>124,653</u>	<u>100.0</u>	<u>120,954</u>	<u>100.0</u>

As at December 31, 2017 the duration of the liability is 15.46 years.

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

	2017	2016
	\$	\$
As of January 1	57,250	47,244
Expected return on plan assets	3,224	2,570
Contributions	13,095	12,551
Benefits paid	(4,636)	(4,065)
Actuarial losses	(1,040)	(899)
Administration and Other non Plan Investment Management Expenses	<u>(145)</u>	<u>(151)</u>
As of December 31	<u>67,748</u>	<u>57,250</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund (Continued)

The allocation of plan assets as at December 31, 2017 is as follows:

	2017	2016
	\$	\$
Asset Allocation		
Cash on hand and at banks	8,833	8,624
Certificates of deposit	6,999	4,341
Equity securities at fair value through profit or loss	8,742	7,654
Loans and receivables	42,997	36,084
Net current assets	177	547
	<u>67,748</u>	<u>57,250</u>
Fair value of plan assets at end of year	67,748	57,250

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

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

	2017	2016
	\$	\$
Current service cost	4,102	4,042
Past service costs	141	74
Interest expense	3,277	3,479
Administration and Other non Plan Investment Management Expenses	145	151
	<u>7,665</u>	<u>7,746</u>
Total pension expense (See Note 22)	7,665	7,746

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$12,000. Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$1,117.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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:

	2017	2016
	\$	\$
As of January 1	63,704	70,681
Pension expense recognized	7,665	7,746
Contributions - employer	(11,992)	(11,493)
Actuarial (gains)/losses for year –from experience	(3,512)	737
Actuarial losses for year-plan assets	1,040	899
Actuarial gains from changes in financial assumptions	-	(4,866)
As of December 31	56,905	63,704

The principal actuarial assumptions used at December 31 were:

	2017	2016
Rates per annum		
Discount rate	5.25%	5.25%
Expected return on plan assets	5.25%	5.25%
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 2018 with Projection Scale AA (2016: 1994 Uninsured Pensioner Mortality Generational Table at 2017 with Projection Scale AA). The mortality rates used for December 31, 2017 allow for improvements in life expectancy as illustrated below:

Age	Gender	
	Male	Female
Age 60 in 2017	24.69	26.86
Age 60 in 20 years	26.30	27.70

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (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, 2017 would have changed as a result of a change in the assumptions used.

Future salary increase	Discount Rate		
	5.25%	4.25%	6.25%
	\$	\$	\$
5.00%	124,653	146,164	107,616
4.50%	122,086	142,871	105,584
5.50%	127,371	149,659	109,761

The defined benefit obligation would be \$127,158 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, 2017 and 2016.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017

(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments

	2017	2016 Restated (Note 31)
	\$	\$
Income from trustee securities:		
Bahamas Government registered stocks	24,618	28,825
Bahamas Government treasury bills	19	32
	<u>24,637</u>	<u>28,857</u>
Income from other securities:		
Certificates of deposit	4,152	5,117
Long term deposits	304	175
Nassau Airport Development Company Limited debt securities	8,723	8,406
Bahamas Mortgage Corporation bonds	3,499	4,003
Dividends from ordinary and preference shares	5,074	4,317
Education Loan Authority bonds	1,927	2,077
Bahamas Government US\$ notes	2,177	2,089
Bahamas Government B\$ notes	90	90
Bahamas Development Bank bonds	1,571	1,911
Bahamas Electricity Corporation bonds	1,636	1,671
Government of Barbados US\$ bonds	240	275
Clifton Heritage Authority bonds	389	428
United States of America US\$ treasury notes	511	351
Fidelity Bank (Bahamas) Limited notes	162	179
The College of The Bahamas redeemable term notes	123	135
Bridge Authority bonds	158	173
Government of the Cayman Islands US\$ bonds	153	152
Government of Trinidad & Tobago US\$ bonds	78	79
Loans to Bahamas Government entities	1,131	1,061
Latin American Investment Bank (Bahamas) Ltd. bonds	113	197
Public Hospital Authority bonds	668	710
Corporate US\$ bonds	281	288
Citigroup Funding Inc. notes	95	36
Be Aliv notes	54	-
	<u>33,309</u>	<u>33,920</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

17. Income from Investments (Continued)

	2017 \$	2016 \$
Income from other investments:		
Interest income on net investment in finance leases	8,910	9,592
Interest income on construction in progress – finance leases (Note 13)	1,718	1,558
Net realised gain on investments at fair value through profit or loss (Note 5)	54	111
Net unrealised loss on investments at fair value through profit or loss (Note 5)	(5,044)	(21,109)
Net realised gain on other investments	6	3
Net realised gain on valuation of investment properties	674	-
	<u>6,318</u>	<u>(9,845)</u>
	<u>64,264</u>	<u>52,932</u>

18. Income from Property

	2017 \$	2016 \$
Rental income:		
Freeport office complex	892	784
New Providence buildings	513	496
Polyclinics	2,041	1,866
	<u>3,446</u>	<u>3,146</u>

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

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

Amount invested in other assets comprises:

	2017	2016
	\$	\$
Cash on hand	64	63
Cash at banks – current accounts	8,141	24,476
Cash at brokers	2,298	1,648
Receivables and advances	103,771	85,509
Prepaid expenses and deposits	972	515
Computer software	11,349	11,592
Property, plant and equipment	18,052	19,511
Construction in progress – finance leases	63,603	57,554
Accounts payable and accrued expenses	(7,665)	(9,030)
Accrued benefits payable	(12,964)	(10,725)
	<u>187,621</u>	<u>181,113</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

21. Other Expenses

Other expenses comprise:

	2017	2016
	\$	\$
Repairs and maintenance	2,453	2,166
Utilities	1,484	1,499
Consultancy fees	155	438
Printing, stationery and computer supplies	554	1,513
Transportation and travel	346	439
Training and scholarships	196	366
Janitorial	321	405
Advertising and publicity	65	348
External security	538	601
Rent	547	550
Motor vehicles	259	335
Insurance	233	278
Legal expenses	(106)	95
Audit fees	213	180
Real property tax	94	96
Bank charges	172	122
Tribunal membership	11	14
Value Added Tax Expense	692	660
Other miscellaneous expenses	70	81
	<u>8,297</u>	<u>10,186</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

22. Employee Benefits

	2017	2016
	\$	\$
Pension expense (Note 15)	7,665	7,746
Pension expense allocated to Medical Benefits Branch	(128)	(103)
	<u>7,537</u>	<u>7,643</u>
Staff salaries and allowance	25,531	27,695
Group health plan	3,158	3,167
National insurance contributions	1,048	1,043
Other benefits	<u>322</u>	<u>486</u>
	<u><u>37,596</u></u>	<u><u>40,034</u></u>

23. Financial Risk Management

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

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

Market Risk

Price Risk

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

The Fund is exposed to securities price risk because of investments held by the Fund designated as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio in accordance with the limits set by the Investment Committee. The Fund's exposure to price risk is detailed in Note 5. All of the Fund's investments at fair value are publicly traded and included in the S&P 500 index or are listed on the Bahamas International Securities Exchange (BISX). If the BISX and S&P 500 indices increased/decreased 6% (2016: 6%) with all other variables held constant, this would have increased/decreased reserves \$6,657 (2016: \$6,789).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Market Risk (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The majority of the Fund's financial instruments are directly linked to Prime (which has not experienced frequent significant changes in prior years) or have short terms to maturities and therefore fair value interest rate risk is considered to be minimal. The resulting cash flow interest rate risk is not hedged and considered a profit opportunity (see Note 29).

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, 2017, the Fund's maximum exposure to credit risk before considering any collateral held is the carrying amount of financial assets in the amount \$1,607,258 (2016: \$1,609,681), principally concentrated with The Bahamas Government, which as of December 31, 2017 had foreign and local currency debt ratings of BB+ (2016: BB+) and a country transfer and convertibility rating of BBB- (2016: 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 \$1,198,686 (2016: \$1,201,439). The Fund places its investments in custodians in good standing with the Securities Commission of The Bahamas or equivalent regulators. Certificates of deposit and cash at banks are placed with financial institutions in good standing with the Central Bank of The Bahamas or equivalent regulators (see Note 30). The credit quality of all other financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2017	2016 Restated (Note 31)
	\$	\$
Receivables and advances		
Existing debtors with no defaults in the past	66,664	57,455
Existing debtors with defaults in the past	7,723	7,553
	<u>74,387</u>	<u>65,008</u>
Held to Maturity Investments		
Investment grade per an external credit rating agency	87,868	78,565
Non-investment grade per an external credit rating agency	11,071	3,943
	<u>98,940</u>	<u>82,508</u>
Loans and receivables		
Existing debtors with no defaults in the past	1,066,843	1,115,265
Existing debtors with defaults in the past	3,000	-
	<u>1,069,843</u>	<u>1,115,265</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

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

	2017	2016 Restated (Note 31)
	\$	\$
Current		
Cash on hand and at banks	21,177	29,271
Receivables and advances	74,387	65,008
Investments at fair value	125,284	127,490
Held to maturity investments	98,940	82,508
Loans and receivables	1,069,843	1,115,265
	1,389,631	1,419,542
Past due but not impaired (6 months or more past due)		
Receivables and advances	28,272	20,501
Loans and receivable	13,269	-
Net finance leases	194,397	184,635
	235,938	205,136
Past due and impaired		
Receivables and advances	20,150	16,446
	1,645,719	1,641,124

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The fund has no significant short term obligations, and sufficient liquid assets are available to meet its obligations for normal operating purposes. The maturities of the Fund's financial assets are disclosed in their respective notes. Financial liabilities are all due within one year.

Currency risk

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

24. Contingent Liabilities

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

25. Commitments

Capital commitments

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

	2017	2016
	\$	\$
Capital commitments	<u>11,048</u>	<u>14,856</u>

Operating lease commitments

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

	2017	2016
	\$	\$
No later than 1 year	-	6
Later than 1 year and no later than 5 years	<u>275</u>	<u>447</u>
	<u>275</u>	<u>453</u>

26. Employees

The average number of persons employed by NIB during the year was 599 (2016: 596).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

27. Fair Value of Financial Instruments

The following table summarises the carrying amounts and fair values of those financial instruments not recognised in the Fund's consolidated statement of financial position at fair value.

	Carrying value		Fair Value	
	2017	2016	2017	2016
		Restated		Restated
	\$	(Note 31)	\$	(Note 31)
		\$		\$
Certificates of deposit	136,702	165,045	136,915	167,078
Long term deposit	10,306	10,100	9,133	8,869
Bahamas Government registered stocks	551,176	549,775	598,808	549,910
Bahamas Mortgage Corporation bonds	100,930	101,106	96,706	92,911
Nassau Airport Development Company Limited debt securities	86,741	84,756	135,345	127,488
Education Loan Authority bonds	46,845	47,101	49,917	48,040
Bahamas Development Bank bonds	39,362	43,052	40,452	41,197
Bahamas Government US\$ notes	30,244	30,243	38,830	37,134
Bahamas Electricity Corporation bonds	25,064	25,878	26,574	25,433
Clifton Heritage Authority bonds	7,993	7,998	8,686	8,311
Government of Barbados US\$ bonds	3,482	3,943	3,843	4,057
United States of America US\$ treasury notes	49,974	33,152	47,363	29,391
Loans to Bahamas Government entities	29,625	30,534	26,131	25,903
Latin American Investment Bank (Bahamas) Ltd. bonds	3,390	3,277	2,354	2,342
Citigroup Funding Inc. notes	3,047	3,002	3,056	2,808
Bridge Authority bonds	2,826	2,829	3,095	3,020
Fidelity Bank (Bahamas) Limited notes	2,318	2,827	2,493	2,831
The College of The Bahamas redeemable term notes	1,661	1,846	1,799	1,943
Government of the Cayman Islands US\$ bonds	2,507	2,503	2,598	2,465
Government of Trinidad & Tobago	2,096	2,105	1,894	1,820
Corporate US\$ bonds	7,590	7,560	6,272	5,900
Bahamas Government B\$ Notes	7,101	7,146	7,184	7,169
Public Hospital Authority bonds	10,806	11,481	11,079	11,190
Be Aliv Note	1,000	-	1,209	-
	<u>1,162,786</u>	<u>1,177,259</u>	<u>1,261,736</u>	<u>1,207,210</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

27. Fair Value of Financial Instruments (Continued)

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.

Fair Value Hierarchy As of December 31, 2017

The table below disclosed the fair value hierarchy of loans and receivable and held to maturity investments at December 31.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

27. Fair Value of Financial Instruments (Continued)

Fair Value Hierarchy As of December 31, 2016

	Level 1	Level 2	Level 3	Fair value
	\$	\$	\$	\$
Certificates of deposit	-	167,078	-	167,078
Long term deposit	-	8,869	-	8,869
Bahamas Government registered stocks	-	549,910	-	549,910
Bahamas Mortgage Corporation bonds	-	92,911	-	92,911
Nassau Airport Development Company Limited debt securities	-	127,488	-	127,488
Education Loan Authority bonds	-	48,040	-	48,040
Bahamas Development Bank bonds	-	41,197	-	41,197
Bahamas Government US\$ notes	-	37,134	-	37,134
Bahamas Electricity Corporation bonds	-	25,433	-	25,433
Clifton Heritage Authority bonds	-	8,311	-	8,311
Government of Barbados US\$ bonds	-	4,057	-	4,057
United States of America US\$ treasury notes	29,391	-	-	29,391
Loans to Bahamas Government entities	-	25,903	-	25,903
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,342	-	2,342
Citigroup Funding Inc. notes	-	2,808	-	2,808
Bridge Authority bonds	-	3,020	-	3,020
Fidelity Bank (Bahamas) Limited notes	-	2,831	-	2,831
The College of The Bahamas redeemable term notes	-	1,943	-	1,943
Government of the Cayman Islands US\$ bonds	-	2,465	-	2,465
Government of Trinidad & Tobago	-	1,820	-	1,820
Corporate US\$ bonds	5,900	-	-	5,900
Bahamas Government B\$ Notes	-	7,169	-	7,169
Public Hospital Authority bonds	-	11,190	-	11,190
	<u>35,291</u>	<u>1,171,919</u>	<u>-</u>	<u>1,207,210</u>

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, 2017 (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 Personnel		The Bahamas Government		Other Governmental Entities and Agencies		Total	
	2017	2016 Restated (Note 31)	2017	2016 Restated (Note 31)	2017	2016 Restated (Note 31)	2017	2016 Restated (Note 31)	2017	2016 Restated (Note 31)	2017	2016 Restated (Note 31)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	583	824	-	-	-	-	10,674	3,084	-	-	11,257	3,908
Receivables and advances	-	-	54	135	-	-	70,398	54,981	4,460	3,853	74,912	58,969
Accounts payable and accrued expenses	20	17	230	279	-	-	18	5	243	288	511	589
Contributions	1,219	1,410	776	7	-	4	31,920	30,228	12,026	12,163	45,948	43,812
Administrative expenses	141	127	64	64	-	-	-	-	1,332	1,372	1,537	1,563
Benefits	-	-	3,550	-	459	207	-	-	-	-	4,009	207

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

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

	2017	2016
	\$	\$
Short-term employee benefits	2,414	2,010
Post-employment benefits	446	369
	<u>2,860</u>	<u>2,379</u>

These balances are included in administrative expenditure in the consolidated statement of comprehensive loss. 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, 2017, other related party investment balances are disclosed below and the associated investment income is disclosed in Note 17 of these consolidated financial statements.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

28. Related Party Balances and Transactions (Continued)

	Notes	2017	2016 Restated (Note 31)
		\$	\$
Bahamas Government registered stocks	7(a)	551,176	549,775
Bahamas Mortgage Corporation bonds	7(c)	100,930	101,106
Net investment in finance leases	8	194,397	184,635
Nassau Airport Development Company Limited debt securities	7(d)	86,741	84,756
Bank of the Bahamas certificates of deposit	7(b)	59,900	73,400
Education Loan Authority bonds	7(e)	46,845	47,101
Bahamas Development Bank bonds	7(f)	39,362	43,052
Bahamas Government US\$	6(a)	30,244	30,243
Bahamas Electricity Corporation bonds	7(g)	25,064	25,878
Cable Bahamas preference shares	7(h)	10,000	10,000
Clifton Heritage Authority bonds	7(i)	7,993	7,998
Investment property	9	3,101	2,427
Latin American Investment Bank (Bahamas) Ltd. bonds	7(j)	3,390	3,277
Loans to Bahamas Government entities	7(k)	29,625	30,534
Bahamas Development Bank long-term deposit	7(l)	10,306	10,100
Bridge Authority bonds	7(m)	2,826	2,829
The College of The Bahamas redeemable term notes	7(o)	1,661	1,846
Public Hospital Authority bonds	7(p)	10,806	11,481
Bahamas Government B\$ notes	7(q)	7,101	7,146
Bahamas Government Treasury bills	7(r)	1,552	1,514
		<u>1,223,020</u>	<u>1,229,098</u>

29. Events After The Reporting Period

- (a) Amendments to the law and regulations governing the Fund made in 2010 will require an increase in the insurable wage ceiling effective July 1, 2018 and an increase in pension benefits based on the change in the Retail Price Index. This is also effective July 1, 2018.
- (b) The Bahamas Government issued another promissory note to the National Insurance Board in March 2018 in the amount of \$38,000 to provide reimbursement for expenditure of the Medical Benefits Branch.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

30. Investments of the Fund Allocated to the Reserves

	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2017							
Cash at the Central Bank of The Bahamas	-	10,008	100	-	-	566	10,674
Investments at fair value through profit or loss							
Ordinary shares / Mutual funds	-	110,284	-	-	-	-	110,284
Preference shares	-	15,000	-	-	-	-	15,000
	-	125,284	-	-	-	-	125,284
Certificates of deposit							
Finance Corporation of Bahamas Limited	11,203	21,797	3,500	-	-	-	36,500
Bank of The Bahamas Limited	15,000	20,900	24,000	-	-	-	59,900
Fidelity Bank (Bahamas) Limited	3,901	20,784	11,364	1	2,000	-	38,050
Gulf Union Bank (Bahamas) Ltd.	-	1,715	-	-	-	-	1,715
Accrued interest	-	2,252	-	-	-	-	2,252
Provision for doubtful accounts	-	(1,715)	-	-	-	-	(1,715)
	30,104	65,733	38,864	1	2,000	-	136,702
Bahamas Government registered stocks	-	551,176	-	-	-	-	551,176
Bahamas Mortgage Corporation bonds	11,899	56,107	32,024	-	900	-	100,930
Nassau Airport Development Company Limited debt securities	-	86,741	-	-	-	-	86,741
Education Loan Authority bonds	-	46,845	-	-	-	-	46,845

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

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

	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2017 (Continued)							
Bahamas Development Bank bonds	-	39,362	-	-	-	-	39,362
Bahamas Government US\$ notes	-	30,244	-	-	-	-	30,244
Bahamas Electricity Corporation bonds	-	25,064	-	-	-	-	25,064
Bahamas Government B\$ notes	-	7,101	-	-	-	-	7,101
Bahamas Treasury notes	-	1,552	-	-	-	-	1,552
Preference shares	-	17,714	-	-	-	-	17,714
Clifton Heritage Authority bonds	-	7,993	-	-	-	-	7,993
Government of Barbados US\$ bonds	-	3,482	-	-	-	-	3,482
United States of America US\$ treasury notes	-	49,974	-	-	-	-	49,974
Loans to Bahamas Government entities	-	29,625	-	-	-	-	29,625
Latin American Investment Bank (Bahamas) Ltd. bonds	-	3,390	-	-	-	-	3,390
Citigroup Funding Inc. Notes	-	3,047	-	-	-	-	3,047
Bridge Authority bonds	-	2,826	-	-	-	-	2,826
Fidelity Bank (Bahamas) Limited notes	-	2,318	-	-	-	-	2,318
The College of The Bahamas redeemable term notes	-	1,661	-	-	-	-	1,661
Government of the Cayman Islands US\$ bonds	-	2,507	-	-	-	-	2,507
Long Term Deposits	-	10,306	-	-	-	-	10,306
Corporate US\$ bonds	-	7,590	-	-	-	-	7,590
Public Hospital Authority bonds	-	10,806	-	-	-	-	10,806
Trinidad & Tobago bonds	-	2,096	-	-	-	-	2,096
Be Aliv notes	-	1,000	-	-	-	-	1,000
Net investment in finance leases	-	194,397	-	-	-	-	194,397
Investment property	-	3,101	-	-	-	-	3,101
Investments in associates	-	12,974	-	-	-	-	12,974
Property, plant and equipment	-	-	-	85,664	-	-	85,664
Amounts invested in other assets (Note 20)	78,455	101,329	4,741	2,716	380	10	187,621
Staff pension fund	-	(56,905)	-	-	-	-	(56,905)
Total	120,448	1,456,448	75,729	88,381	3,280	576	1,744,862

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Notes to the Consolidated Financial Statements December 31, 2017 (Expressed in Thousands of Bahamian dollars) (Continued)

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

	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2016							
Cash at the Central Bank of The Bahamas	-	2,318	200	-	-	566	3,084
Investments at fair value through profit or loss							
Ordinary shares / Mutual funds	-	110,149	-	-	-	-	110,149
Preference shares	-	17,341	-	-	-	-	17,341
	-	127,490	-	-	-	-	127,490
Certificates of deposit							
Finance Corporation of Bahamas Limited	12,000	31,632	8,868	-	-	-	52,500
Bank of The Bahamas Limited	16,715	15,290	41,395	-	-	-	73,400
Fidelity Bank (Bahamas) Limited	5,949	15,745	14,376	-	-	-	36,070
Gulf Union Bank (Bahamas) Ltd.	-	1,715	-	-	-	-	1,715
Accrued interest	-	3,075	-	-	-	-	3,075
Provision for doubtful accounts	-	(1,715)	-	-	-	-	(1,715)
	34,664	65,742	64,639	-	-	-	165,045
Bahamas Government registered stocks	-	549,775	-	-	-	-	549,775
Bahamas Mortgage Corporation bonds	10,000	80,406	9,700	-	1,000	-	101,106
Nassau Airport Development Company Limited debt securities	-	84,756	-	-	-	-	84,756
Education Loan Authority bonds	-	47,101	-	-	-	-	47,101

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

	Short- Term \$	Pension \$	Industrial \$	Medical \$	Disablemen and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2016 (Continued)							
Bahamas Development Bank bonds	-	43,052	-	-	-	-	43,052
Bahamas Government US\$ notes	-	30,243	-	-	-	-	30,243
Bahamas Electricity Corporation bonds	-	25,878	-	-	-	-	25,878
Bahamas Government B\$ notes	-	7,146	-	-	-	-	7,146
Bahamas Treasury bills	-	1,514	-	-	-	-	1,514
Preference shares	-	19,000	-	-	-	-	19,000
Clifton Heritage Authority bonds	-	7,998	-	-	-	-	7,998
Government of Barbados US\$ bonds	-	3,943	-	-	-	-	3,943
United States of America US\$ treasury notes	-	33,152	-	-	-	-	33,152
Loans to Bahamas Government entities	-	30,534	-	-	-	-	30,534
Latin American Investment Bank (Bahamas) Ltd. bonds	-	3,277	-	-	-	-	3,277
Citigroup Funding Inc. notes	-	3,002	-	-	-	-	3,002
Bridge Authority bonds	-	2,829	-	-	-	-	2,829
Fidelity Bank (Bahamas) Limited notes	-	2,827	-	-	-	-	2,827
The College of The Bahamas redeemable term notes	-	1,846	-	-	-	-	1,846
Government of the Cayman Islands US\$ bonds	-	2,503	-	-	-	-	2,503
Long Term Deposits	-	10,100	-	-	-	-	10,100
Corporate US\$ bonds	-	7,560	-	-	-	-	7,560
Public Hospital Authority Bonds	-	11,481	-	-	-	-	11,481
Trinidad & Tobago Bonds	-	2,105	-	-	-	-	2,105
Net investment in finance leases	-	184,635	-	-	-	-	184,635
Investment property	-	2,427	-	-	-	-	2,427
Investment in associate	-	27,392	-	-	-	-	27,392
Property, plant and equipment	-	-	-	88,743	-	-	88,743
Amounts invested in other assets (Note 20)	50,301	115,086	8,559	(649)	7,806	10	181,113
Staff pension fund	-	(63,704)	-	-	-	-	(63,704)
Total	94,965	1,473,414	83,098	88,094	8,806	576	1,748,953

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2017

(Expressed in Thousands of Bahamian dollars)

(Continued)

31. Prior Period Adjustments

The prior year's consolidated financial statements were adjusted as follows:

- (i) A change in accounting policy relating to (a) the recognition of contributions from a cash basis to an accrual basis of accounting and (b) the recognition of benefits expenditure for un-processed claims which previously were not recorded;
- (ii) The reclassification of arrears payments relating to finance leases from accounts receivable to net finance lease receivable; and
- (iii) The correction of an error in the recognition of overdue interest associated with the Fund's investment in the subordinated participating debt securities issued by NAD.

The overall impact at December 31 is detailed below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)

	2016 As Previously Reported \$	Correction of Error \$	2016 Restated \$	2015 As Previously Reported \$	Correction of Error \$	2015 Restated \$
Receivables and advances (i)(a) and (ii)	63,694	21,815	85,509	39,539	25,234	64,773
Nassau Airport Development Company Limited Limited debt securities (iii)	69,759	14,997	84,756	72,158	11,496	83,654
Net Investment in finance leases (ii)	178,094	6,541	184,635	174,267	-	174,267
Accrued benefits payable (i)(b)	(7,079)	(3,646)	(10,725)	5,866	-	5,866
Reserves	1,709,246	39,707	1,748,953	1,724,597	36,730	1,761,327

STATEMENT OF COMPREHENSIVE LOSS (EXTRACT)

	2016 As Previously Reported \$	Correction of Error \$	2016 Restated \$	STATEMENT OF CASH FLOWS (EXTRACT)	2016 As Previously Reported \$	Correction of Error \$	2016 Restated \$
Contributions (i)(a)	258,069	3,122	261,191	Deficit	(18,847)	2,977	(15,870)
Income from investments (ii)	49,431	3,501	52,932	Deficit before working			
Benefits (i)(b)	(271,509)	(3,646)	(275,155)	capital changes	(63,082)	15,922	(47,160)
Deficiency of income over expenditure	(18,847)	(2,977)	(15,870)	Increase in Receivables and advances	(13,442)	(3,123)	(16,565)
Total comprehensive loss	(15,351)	(2,977)	(12,374)	Increase in Accrued benefits payable	(1,213)	3,646	4,859
				Provisions for impaired contributions	-	16,446	16,446

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2017
(Expressed in Thousands of Bahamian dollars)
(Continued)

32. Actuarial Review (Unaudited)

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

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

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

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





Statistical Appendix

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

Island/Local Office	2017			2016		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	136	372	508	173	152	325
Coopers Town	7	27	34	5	15	20
All Abaco	143	399	542	178	167	345
Andros						
Fresh Creek	5	47	52	16	17	33
Kemps Bay	14	57	71	5	10	15
Mangrove Cay	-	-	-	5	3	8
Nicholls Town	78	124	202	25	28	53
All Andros	97	228	325	51	58	109
Bimini & Berry Islands	26	56	82	13	13	26
Cat Island	14	40	54	12	14	26
Crooked Island & Acklins	3	17	20	3	12	15
Eleuthera						
Governors Harbour	-	-	-	31	18	49
Harbour Island	56	71	127	14	25	39
Rock Sound	24	46	70	8	8	16
Spanish Wells & North Eleuthera	50	85	135	33	38	71
All Eleuthera	130	202	332	86	89	175
Exuma & Ragged Island	105	203	308	92	142	234
Grand Bahama	326	614	940	163	200	363
Inagua & Mayaguana	8	58	66	45	23	68
Long Island						
Deadmans Cay	21	33	54	9	25	34
Simms	3	27	30	5	7	12
All Long Island	24	60	84	14	32	46
New Providence	4,109	4,501	8,610	2,952	3,962	6,914
San Salvador	8	33	41	10	11	21
Total	4,993	6,411	11,404	3,619	4,723	8,342

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

Table 2: New Registration Of Insured Persons

Island/Local Office	2017			2016		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	75	465	540	73	307	380
Coopers Town	-	1	1	3	7	10
All Abaco	75	466	541	76	314	390
Andros						
Fresh Creek	-	47	47	2	40	42
Kemps Bay	1	24	25	-	17	17
Mangrove Cay	-	-	-	-	7	7
Nicholls Town	6	69	75	8	68	76
All Andros	7	140	147	10	132	142
Bimini & Berry Islands	27	149	176	33	54	87
Cat Island	2	23	25	1	22	23
Crooked Island & Acklins	3	13	16	2	15	17
Eleuthera						
Governors Harbour	-	-	-	-	-	-
Harbour Island	40	54	94	14	34	48
Rock Sound	32	49	81	1	56	57
Spanish Wells & North Eleuthera	31	67	98	18	45	63
All Eleuthera	103	170	273	33	135	168
Exuma & Ragged Island	66	152	218	20	190	210
Grand Bahama	178	1,097	1,275	54	584	638
Inagua & Mayaguana	5	14	19	8	21	29
Long Island						
Deadmans Cay	-	14	14	1	19	20
Simms	4	14	18	-	12	12
All Long Island	4	28	32	1	31	32
New Providence	597	6,477	7,074	972	6,323	7,295
San Salvador	9	29	38	34	18	52
Total	1,076	8,758	9,834	1,244	7,839	9,083

Table 3: Total Net Contribution Income, 2017

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2017	Total 2016 (Restated)
Abaco							
Marsh Harbour	4,611,944	3,039,023	536,389	-	127,982	8,315,338	8,060,810
Coopers Town	514,856	410,025	127,089	-	51,398	1,103,369	1,092,363
All Abaco	5,126,800	3,449,048	663,478	-	179,380	9,418,707	9,153,173
Andros							
Fresh Creek	297,683	204,722	43,988	-	11,286	557,679	531,759
Kemps Bay	125,113	93,849	37,532	-	13,983	270,477	214,533
Mangrove Cay	-	-	-	-	-	-	20,160
Nicholls Town	255,424	173,916	50,646	-	6,020	486,006	501,456
All Andros	678,220	472,487	132,165	-	31,290	1,314,162	1,267,908
Bimini & Berry Islands	741,883	505,073	87,286	-	15,287	1,349,530	1,478,434
Cat Island	83,130	52,063	32,696	-	3,711	171,600	180,962
Crooked Island & Acklins	24,231	16,090	50,361	-	9,148	99,830	97,806
Eleuthera							
Governors Harbour	630,614	512,465	159,650	-	26,731	1,329,461	1,158,088
Harbour Island	835,033	791,604	150,083	-	16,085	1,792,805	1,625,584
Rock Sound	496,890	324,412	67,461	-	3,138	891,900	796,208
Spanish Wells & North Eleuthera	1,089,781	698,890	281,086	-	3,538	2,073,296	1,968,642
All Eleuthera	3,052,318	2,327,371	658,280	-	49,493	6,087,462	5,548,522
Exuma & Ragged Island	2,137,409	1,406,933	342,244	-	93,235	3,979,821	3,714,735
Grand Bahama	12,983,108	8,702,216	498,204	-	326,798	22,510,326	22,712,806
Inagua & Mayaguana	287,009	189,835	28,382	-	992	506,219	512,893
Long Island							
Deadmans Cay	153,826	105,271	198,914	-	7,795	465,806	408,859
Simms	134,851	110,188	77,301	-	5,335	327,674	272,035
All Long Island	288,677	215,459	276,215	-	13,129	793,480	680,894
New Providence	132,150,554	92,422,701	4,615,431	16	1,470,586	230,659,289	215,348,315
San Salvador	346,554	222,684	24,368	-	953	594,559	494,552
Total	157,899,894	109,981,961	7,409,111	16	2,194,003	277,484,986	261,191,000

Note: Totals may not balance due to rounding.

Table 4: Total Contribution Income, 2013 – 2017

Contribution Income ('000s)					
	2017	2016 (Restated)	2015	2014	2013
Employers	\$158,469	\$148,836	\$147,097	\$142,951	\$132,429
Employees	\$110,358	\$101,866	\$98,133	\$90,544	\$86,906
Self-employed	\$7,409	\$6,505	\$5,917	\$6,125	\$5,666
Voluntarily Insured	\$0	\$1	\$2	5	\$8
Installment Agreements	\$2,194	\$4,791	\$10,093	\$5,627	\$4,955
Refund of Contributions	(\$945)	(\$808)	(\$782)	(\$717)	(\$595)
Total ('000s)	\$277,485	\$261,191	\$260,460	\$244,535	\$229,369
Number of Contributors					
Employers	13,092	12,521	13,472	13,001	12,612
Employees	144,000	143,000	145,000	146,000	142,000
Self-employed	10,322	9,631	10,339	9,581	8,872
Voluntarily Insured	-	1	2	3	3
Installment Agreements	n/a	n/a	9,557	8,593	7,911
Total Contributors	167,414	165,153	178,370	177,178	171,398

Note: Totals may not balance due to rounding.

Table 5: Benefit & Assistance Claims Received and Awarded

Benefit Type		Received		Awarded	
		2017	2016	2017	2016
Long-term Benefits/ Assistance	Retirement Benefit	2,471	2,293	1,998	2,181
	Retirement Grant	n/a	n/a	225	193
	Invalidity Benefit	288	475	224	201
	Survivors' Benefit	786	839	556	615
	Survivors' Grant	n/a	n/a	70	66
	Old Age Non-Contributory Pension	152	175	87	67
	Invalidity Assistance	111	164	79	50
	Survivors' Assistance	55	37	6	12
Total Long-term		3,863	3,983	3,245	3,385
Short-term Benefits	Sickness Benefit	14,429	13,231	13,304	11,827
	Maternity Benefit	3,223	3,078	2,501	2,539
	Maternity Grant	3,223	3,078	2,946	2,415
	Funeral Benefit	1,818	1,741	1,697	1,699
	Unemployment Benefit	6,295	7,775	5,737	6,300
	Sickness Assistance	1	0	0	0
Total Short-term		28,989	28,903	26,185	24,780
Industrial Benefits	Medical Care	3,974	4,116	3,297	3,340
	Injury Benefit	2,029	2,262	2,062	2,096
	Disablement Benefit & Grant	324	353	66	83
	Industrial Death	5	6	0	1
	Industrial Funeral	0	0	0	0
Total Industrial		6,332	6,737	5,425	5,520
All Benefits		39,184	39,623	34,855	33,685

Table 6: Short-Term Benefit & Assistance Claims Awarded, 2017

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	474	99	108	36	269	-	986
Coopers Town	29	3	5	-	9	-	46
All Abaco	503	102	113	36	278	-	1,032
Andros							
Fresh Creek	55	4	8	1	33	-	101
Kemps Bay	46	4	3	-	36	-	89
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	53	13	15	2	38	-	121
All Andros	154	21	26	3	107	-	311
Bimini & Berry Islands	115	30	23	4	80	-	252
Cat Island	26	4	6	-	40	-	76
Crooked Island & Acklins	12	1	2	-	-	-	15
Eleuthera							
Governors Harbour	93	18	20	9	34	-	174
Harbour Island	38	13	13	2	45	-	111
Rock Sound	72	25	31	17	29	-	174
Spanish Wells & North Eleuthera	84	18	21	14	71	-	208
All Eleuthera	287	74	85	42	179	-	667
Exuma & Ragged Island	281	38	46	3	133	-	501
Grand Bahama	1,057	382	489	300	1,470	-	3,698
Inagua & Mayaguana	55	4	8	3	20	-	90
Long Island							
Deadmans Cay	55	2	4	11	30	-	102
Simms	12	1	1	-	25	-	39
All Long Island	67	3	5	11	55	-	141
New Providence	10,676	1,838	2,137	1,293	3,371	-	19,315
San Salvador	71	4	6	2	4	-	87
Total	13,304	2,501	2,946	1,697	5,737	-	26,185

Table 7: Short-Term Benefit & Assistance Payments, 2017

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	425,905	298,765	51,360	63,091	534,750	-	1,373,870
Coopers Town	35,413	9,143	2,400	-	21,524	-	68,480
All Abaco	461,318	307,908	53,760	63,091	556,274	-	1,442,350
Andros							
Fresh Creek	43,203	8,122	4,320	1,780	43,244	-	100,669
Kemps Bay	44,561	10,492	1,440	-	80,210	-	136,704
Mangrove Cay	-	-	-	-	-	-	-
Nicholls Town	53,344	33,245	7,200	5,340	60,311	-	159,440
All Andros	141,108	51,860	12,960	7,120	183,765	-	396,813
Bimini & Berry Islands	85,543	78,990	14,880	7,120	163,231	-	349,764
Cat Island	10,718	9,342	2,865	-	38,396	-	61,321
Crooked Island & Acklins	10,560	1,681	960	-	-	-	13,201
Eleuthera							
Governors Harbour	64,193	50,006	9,105	16,020	56,372	-	195,695
Harbour Island	29,865	40,170	6,720	3,560	132,112	-	212,426
Rock Sound	76,470	62,314	14,880	31,980	47,502	-	233,145
Spanish Wells & North Eleuthera	95,577	44,758	10,560	24,680	146,897	-	322,472
All Eleuthera	266,105	197,247	41,265	76,240	382,882	-	963,739
Exuma & Ragged Island	273,657	113,038	22,080	1,780	161,247	-	571,802
Grand Bahama	1,296,785	1,046,238	232,675	531,118	2,435,907	-	5,542,723
Inagua & Mayaguana	35,423	9,282	3,840	3,560	50,359	-	102,464
Long Island							
Grays	48,856	5,230	1,920	19,580	38,866	-	114,452
Simms	9,158	5,634	480	-	29,880	-	45,151
All Long Island	58,013	10,864	2,400	19,580	68,746	-	159,603
New Providence	10,282,404	5,974,700	1,076,023	2,475,173	6,938,923	969	26,748,192
San Salvador	52,055	12,380	3,360	3,560	12,420	-	83,775
Total	12,973,688	7,813,530	1,467,068	3,188,342	10,992,152	969	36,435,748

Note: Totals may not balance due to rounding.

Table 8: Long-Term Benefit & Assistance Claims Awarded, 2017

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco									
Marsh Harbour	56	3	7	24	4	7	3	-	104
Coopers Town	9	-	-	1	-	-	-	-	10
All Abaco	65	3	7	25	4	7	3	-	114
Andros									
Fresh Creek	11	-	1	-	-	-	-	-	12
Kemps Bay	11	1	1	2	1	1	-	-	17
Mangrove Cay	-	-	-	-	-	1	-	-	1
Nicholls Town	17	3	1	6	-	-	3	1	31
All Andros	39	4	3	8	1	2	3	1	61
Bimini & Berry Islands	24	1	2	-	1	1	-	-	29
Cat Island	9	3	3	1	-	-	-	-	16
Crooked Island & Acklins	5	-	-	2	-	-	-	-	7
Eleuthera									
Governors Harbour	21	-	-	3	-	-	-	-	24
Harbour Island	10	3	1	-	1	1	-	-	16
Rock Sound	23	2	4	10	-	5	1	-	45
Spanish Wells & North Eleuthera	37	3	1	9	-	3	-	-	53
All Eleuthera	91	8	6	22	1	9	1	-	138
Exuma & Ragged Island	15	2	6	6	1	-	1	-	31
Grand Bahama	389	54	50	116	11	18	15	1	654
Inagua & Mayaguana	9	-	-	4	-	-	-	-	13
Long Island									
Deadmans Cay	24	2	3	9	-	3	1	-	42
Simms	2	1	-	2	-	-	-	-	5
All Long Island	26	3	3	11	-	3	1	-	47
New Providence	1,321	147	144	359	51	47	55	4	2,128
San Salvador	5	-	-	2	-	-	-	-	7
Total	1,998	225	224	556	70	87	79	6	3,245

Table 9: Long-term Benefit & Assistance Payments, 2017

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	1,495,055	154,387	276,745	77,475	86,776	13,608	2,104,045
Coopers Town	5,797	953	2,026	(184)	5,498	-	14,090
All Abaco	1,500,852	155,339	278,771	77,291	92,274	13,608	2,118,136
Andros							
Fresh Creek	227,814	24,558	40,564	16,500	24,349	1,877	335,661
Kemps Bay	200,107	17,499	40,998	25,156	34,021	5,980	323,761
Mangrove Cay	4,703	-	3,324	-	-	-	8,026
Nicholls Town	194,924	12,970	35,660	67,185	52,520	6,643	369,902
All Andros	627,547	55,028	120,546	108,840	110,890	14,501	1,037,351
Bimini & Berry Islands	238,591	19,912	44,582	17,041	16,994	5,071	342,190
Cat Island	141,688	8,117	19,566	26,508	20,287	1,623	217,788
Crooked Island & Acklins	41,769	-	43,926	-	-	-	85,695
Eleuthera							
Governors Harbour	543,260	46,439	59,833	10,549	25,697	2,434	688,212
Harbour Island	277,918	20,190	32,408	3,246	10,259	324	344,345
Rock Sound	258,249	46,702	27,185	13,512	40,303	3,246	389,197
Spanish Wells & North Eleuthera	585,524	19,860	67,426	21,639	22,653	-	717,102
All Eleuthera	1,664,951	133,191	186,851	48,947	98,911	6,005	2,138,856
Exuma & Ragged Island	545,535	39,118	107,783	13,560	30,357	8,193	744,547
Grand Bahama	6,266,865	720,560	1,062,613	197,620	323,815	22,666	8,594,139
Inagua & Mayaguana	147,819	16,845	54,705	4,057	1,623	-	225,049
Long Island							
Grays	443,821	32,484	54,008	16,330	37,904	6,492	591,040
Simms	65,331	3,820	6,521	2,280	5,139	1,460	84,551
All Long Island	509,152	36,304	60,529	18,610	43,044	7,952	675,591
New Providence	153,881,800	15,694,552	18,568,886	5,032,429	8,168,489	699,797	202,045,953
San Salvador	88,335	953	15,277	7,303	11,361	-	123,229
Total	165,654,905	16,879,919	20,564,036	5,552,206	8,918,045	779,414	218,348,525

Note: Totals may not balance due to rounding.

Table 10: Industrial Benefit Claims Awarded, 2017

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	144	68	1	-	-	213
Coopers Town	-	-	-	-	-	-
All Abaco	144	68	1	-	-	213
Andros						
Fresh Creek	-	2	-	-	-	2
Kemps Bay	-	68	-	-	-	68
Nicholls Town	1	68	-	-	-	69
All Andros	1	138	-	-	-	139
Bimini & Berry Islands	8	11	-	-	-	19
Cat Island	1	5	-	-	-	6
Crooked Island & Acklins	-	-	-	-	-	-
Eleuthera						
Governors Harbour	1	8	-	-	-	9
Harbour Island	3	10	-	-	-	13
Rock Sound	3	11	-	-	-	14
Spanish Wells & North Eleuthera	16	27	-	-	-	43
All Eleuthera	23	56	-	-	-	79
Exuma & Ragged Island	12	51	-	-	-	63
Grand Bahama	305	130	4	-	-	439
Inagua & Mayaguana	1	5	-	-	-	6
Long Island						
Deadmans Cay	-	9	-	-	-	9
Simms	1	2	-	-	-	3
All Long Island	1	11	-	-	-	12
New Providence	2,798	1,573	61	-	-	4,432
San Salvador	3	14	-	-	-	17
Total	3,297	2,062	66	-	-	5,425

Table 11: Industrial Benefit Payments, 2017

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	37,270	69,451	43,847	1,611	-	152,179
Coopers Town	-	-	4,697	-	-	4,697
All Abaco	37,270	69,451	48,545	1,611	-	156,876
Andros						
Fresh Creek	130	281	5,597	-	-	6,008
Kemps Bay	-	1,217	6,601	-	-	7,818
Mangrove Cay	-	-	-	-	-	-
Nicholls Town	172	3,075	12,466	-	-	15,713
All Andros	302	4,574	24,664	-	-	29,539
Bimini & Berry Islands	-	10,598	6,107	-	-	16,705
Cat Island	500	9,253	811	-	-	10,564
Crooked Island & Acklins	-	-	5,312	-	-	5,312
Eleuthera						
Governors Harbour	2,666	12,328	9,609	2,834	-	27,437
Harbour Island	236	9,003	17,886	-	-	27,125
Rock Sound	10,982	19,640	6,531	-	-	37,153
Spanish Wells & North Eleuthera	2,747	55,324	12,434	-	-	70,506
All Eleuthera	16,631	96,295	46,461	2,834	-	162,221
Exuma & Ragged Island	11,711	61,532	24,944	-	-	98,187
Grand Bahama	220,086	255,700	193,658	15,275	-	684,719
Inagua & Mayaguana	-	1,959	4,371	-	-	6,330
Long Island						
Grays	-	4,789	14,169	953	-	19,911
Simms	-	1,076	811	-	-	1,887
All Long Island	-	5,864	14,981	953	-	21,798
New Providence	18,416,709	3,736,212	8,070,977	264,367	-	30,488,265
San Salvador	-	21,765	2,848	-	-	24,613
Total	18,703,210	4,273,201	8,443,679	285,040	-	31,705,130

Note: Totals may not balance due to rounding.

Table 12: Pensions in Payment at Year-End, 2013 – 2017

Long-term Benefits					
	2017	2016	2015	2014	2013
Retirement Benefit	25,599	24,465	22,851	22,156	20,915
Invalidity Benefit	2,834	2,766	2,709	2,664	2,537
Survivor's Benefit	5,519	5,080	5,232	5,186	4,936
Old-Age Non-Cont. Pension	1,584	1,638	1,705	1,847	1,975
Invalidity Assistance	2,628	2,658	2,680	2,745	2,695
Survivor's Assistance	264	282	328	347	394
Total	38,428	36,889	35,505	34,945	33,452
Industrial Benefits					
Disablement	1,020	929	856	790	734
Industrial Death	50	47	59	63	63
Total	1,070	976	915	853	797
All Benefits	39,498	37,865	36,420	35,798	34,249

Note: Totals may not balance due to rounding.

Table 13: Short-Term Benefits & Assistance, 2013 – 2017

Amount Paid ('000s)					
	2017	2016	2015	2014	2013
Sickness Benefit	\$12,974	\$11,025	\$11,738	\$13,221	\$12,720
Maternity Benefit	\$7,814	\$7,016	\$7,117	\$7,049	\$6,708
Maternity Grant	\$1,467	\$1,552	\$1,487	\$1,448	\$1,423
Funeral Benefit	\$3,188	\$2,945	\$2,951	\$2,800	\$2,613
Unemployment Benefit	\$10,992	\$13,201	\$13,222	\$9,347	10,432
Sickness Assistance	\$1	\$0	\$0	\$0	\$2
Total Paid ('000s)	\$36,435	\$35,739	\$36,516	\$33,866	\$33,898
Number of Claims Awarded					
Sickness Benefit	13,304	11,827	14,730	17,743	17,976
Maternity Benefit	2,501	2,539	3,181	3,184	3,135
Maternity Grant	2,946	2,415	3,099	3,123	3,120
Funeral Benefit	1,697	1,699	1,737	1,627	1,556
Unemployment Benefit	5,737	6,300	7,246	5,418	6,180
Sickness Assistance	-	-	1	7	3
Total Awarded	26,185	24,780	29,994	31,102	31,970

Note: Totals may not balance due to rounding.

Table 14: Long-Term Benefits & Assistance, 2013 – 2017

Amount Paid ('000s)					
	2017	2016	2015	2014	2013
Retirement Benefit & Grant	\$165,655	\$152,993	\$140,590	\$131,243	\$121,872
Invalidity Benefit	\$16,880	\$16,410	\$15,534	\$14,871	\$13,917
Survivor's Benefit & Grant	\$20,564	\$19,641	\$18,973	\$18,216	\$17,596
Old-Age Non-Cont. Pension	\$5,552	\$5,464	\$5,647	\$5,998	\$6,311
Invalidity Assistance	\$8,918	\$8,746	\$8,708	\$8,782	\$8,557
Survivor's Assistance	\$779	\$842	\$926	\$1,019	\$1,097
Total Paid ('000s)	\$218,349	\$204,096	\$190,378	\$180,130	\$169,350
Number of Claims Awarded					
Retirement Benefit & Grant	2,223	2,374	1,844	2,094	2,219
Invalidity Benefit	224	201	206	334	253
Survivor's Benefit & Grant	626	681	669	734	838
Old-Age Non-Cont. Pension	87	67	86	80	119
Invalidity Assistance	79	50	77	147	119
Survivor's Assistance	6	12	31	28	30
Total Awarded	3,245	3,385	2,913	3,417	3,578

Table 15: Industrial Benefits, 2013 – 2017

Amount Paid ('000s)					
	2017	2016	2015	2014	2013
Medical Care	\$18,703	\$23,712	\$20,912	\$20,355	\$12,070
Injury Benefit	\$4,273	\$4,087	\$4,169	\$3,757	\$2,911
Disablement Benefit & Grant	\$8,444	\$7,211	\$6,502	\$5,623	\$4,121
Industrial Death	\$285	\$310	\$367	\$345	\$339
Total Paid ('000s)	\$31,705	\$35,320	\$31,950	\$30,080	\$19,441
Number of Claims Awarded					
Medical Care	3,297	3,340	3,335	3,291	3,144
Injury Benefit	2,062	2,096	2,198	2,129	1,943
Disablement Benefit & Grant	66	83	81	78	82
Industrial Death	-	1	1	1	2
Industrial Funeral	-	-	-	-	-
Total Awarded	5,425	5,520	5,615	5,499	5,171

Note: Totals may not balance due to rounding.