

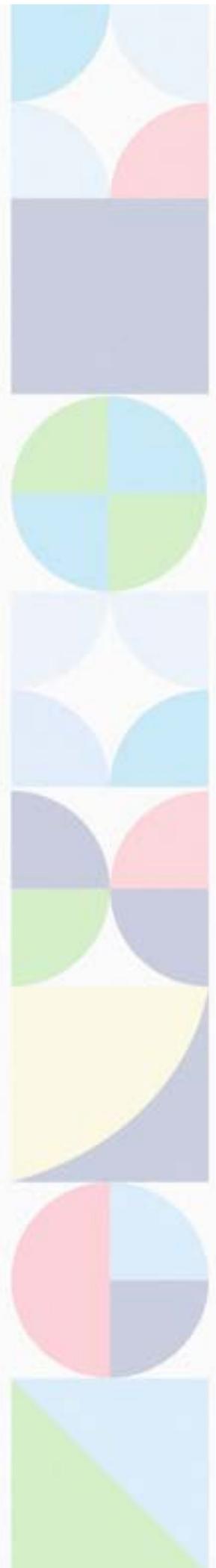


ANNUAL REPORT 2020

TENACITY & ENDURANCE IN THE TIME OF COVID-19

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CERTIFICATE OF MERIT

ISSA GOOD PRACTICE AWARDS
AMERICAS COMPETITION 2020

THE CERTIFICATE OF MERIT IS AWARDED TO:

THE NATIONAL INSURANCE BOARD
BAHAMAS

For Shocks and extreme events: COVID-19 crisis

Geneva, Switzerland, 3 December 2020

Marcelo Abi-Ramio Coetani
Secretary General

Prof. Dr. Joachim Breuer
President



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INTERNATIONAL SOCIAL SECURITY ASSOCIATION



Letter to the Minister

September 3, 2021

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

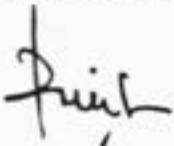
Dear Minister Rolle:

RE: THE NATIONAL INSURANCE BOARD'S 2020 ANNUAL REPORT

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

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

Sincerely yours,



Troy Smith, FLMI, HIA (Mr.)
Chairman



Vision and Mission



VISION STATEMENT

To be recognised as a reliable and sustainable financial support system that consistently delivers on its promises.

MISSION STATEMENT

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

To ensure the efficient collection of contributions, as well as the timely and accurate payments 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.



About The National Insurance Board

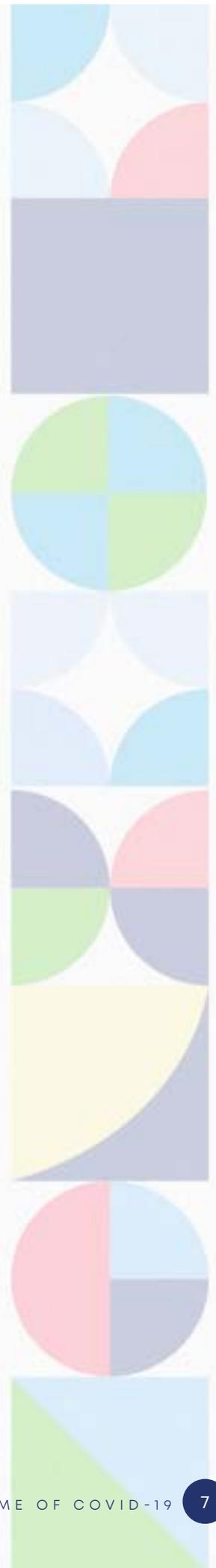
The National Insurance programme was established on December 12, 1972 with the signing into law of the National Insurance Act, 1972. The National Insurance Board (NIB), the organisation charged with administering the social security programme, opened its doors officially on October 7, 1974.

Its primary mission was and is to provide income replacement. NIB covers employed and self-employed persons for three main types of social security benefits – short-term (sickness, maternity, unemployment), long-term (retirement, invalidity, survivors) and industrial (employment injury) benefits.

The system is financed by contributions that are levied on employment earnings up to a wage ceiling and are paid by employers, employees and self-employed persons.

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

Surplus funds are invested in various types of securities and properties. The reserves of the National Insurance Fund (NIF) stand at approximately \$1.5 billion with an active insured persons base of approximately 145,000 and monthly pension payments for over 43,000 pensioners.



Minister & Board



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



TROY SMITH
Chairman



GEOFFREY STUART
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



KEITH BENEBY
Member



MARCUS GRAMMATICO
Member

Committees of the Board

OPERATIONS COMMITTEE

Geoffrey Stuart - Chairman
Troy Smith - Member
Anethera Bowleg - Member
Gene Albury - Member
Charles Sealy - Member
Gina Sweeting-Moss - Member

BUILDINGS COMMITTEE

Michela Barnett-Ellis - Chairman
Geoffrey Stuart - Member
Claretta Duncombe - Member
Marcus Grammatico - Member
Gina Sweeting-Moss - Member
Anethera Bowleg - Member
Theresa Mortimer - Member

FINANCE & AUDIT COMMITTEE

Marcus Grammatico - Chairman
Troy Smith - Member
Geoffrey Stuart - Member
Charles Sealy - Member
Gene Albury - Member
Keith Beneby - Member

HUMAN RESOURCES COMMITTEE

Theresa Mortimer - Co-Chairman
Gina Sweeting-Moss - Co-Chairman
Geoffrey Stuart - Member
Charles Sealy - Member
Claretta Duncombe - Member
Gene Albury - Member

INVESTMENTS COMMITTEE

Keith Beneby - Chairman
Geoffrey Stuart - Member
Marcus Grammatico - Member
Claretta Duncombe - Member
Gina Sweeting-Moss - Member
Theresa Mortimer - Member

INFORMATION TECHNOLOGY COMMITTEE

Charles Sealy - Chairman
Troy Smith - Member
Geoffrey Stuart - Member
Theresa Mortimer - Member
Michela Barnett-Ellis - Member
Keith Beneby - Member
Gene Albury - Member
Anethera Bowleg - Member

TENDERS AND CONTRACT COMMITTEE

Troy Smith - Chairman
Geoffrey Stuart - Member
Michela Barnett-Ellis - Member
Claretta Duncombe - Member
Theresa Mortimer - Member

Executive Management Team



DR. NICOLA VIRGILL-ROLLE
Director



SONIA GILL
Financial Controller



WHITNEY PATTON
Chief Internal Auditor



HEATHER MAYNARD
Legal Officer



CYPRIANNA BETHEL
Deputy Director,
Talent Management &
Capacity Development



JUNE COLLIE
Deputy Director,
Information Technology



DR. PATRICK WHITFIELD
Medical Officer



TAMI FRANCIS
Assistant Director,
Analytics, Research &
Actuarial Services



YVETTE SANDS
Assistant Director,
Board Relations,
Delivery Unit,
NIB Services



RHONDA INGRAHAM
Assistant Director,
Core Services,
Claims and Benefits



JEFFREY MONCUR
Assistant Director,
Core Services,
Claims and Benefits



KEVIN KNOWLES
Assistant Director,
Information Technology
(Effective May 1, 2020)



STEPHEN THOMPSON
Assistant Director,
Compliance
(to June 19, 2020)



Fulfilling the Promise in Times of Crises

In 2020, massive lay-offs, reduced working hours and the temporary and permanent closure of many businesses resulting from the COVID-19 pandemic placed uncommon demands on the National Insurance Board's (NIB) ability to provide the reliable delivery of its services. The new and urgent reality prompted NIB to revisit its vision: to be recognised as a reliable and sustainable financial support system that consistently delivers on its promises. The foremost promise is to provide valuable social insurance protection to workers and their eligible dependents when they need it.

The Board acted swiftly to address the increases in demand for benefits and assistance while navigating the new complexities and precautions brought on by the pandemic. Despite the challenges, NIB rose to the occasion, tackling head-on the particular strain of delivering the Unemployment Benefit (UEB) to thousands who would need it in the shortest period of time.

For the year 2020, UEB claim payments amounted to \$108 million, paid to 44,182 unemployed persons.

Unemployment Claims		
Year End	Number of Persons Paid	Total Dollar Value Paid
2020	44,182	\$ 107.7 m
2019	7,117	\$ 16.3 m
2018	5,974	\$ 11.7 m

To accommodate the high influx of unemployment claims and accelerate processing, an Expedited Claims Process was implemented. 25,000 of the total UEB claims paid were facilitated through this process, representing about 70% of UEB claims. Through the innovation of this approach, 6,000 claims could be processed in under three hours.

The UEB crises created as a result of Hurricane Dorian in 2019 and the pandemic in 2020 underlined that access to National Insurance (NI) benefits and assistance is not an automatic privilege but an entitlement for those who pay monthly contributions

into the National Insurance scheme. Both crises highlighted the need for timely, accurate, and up-to-date posting of Contributions Statements (C10s) and monthly contribution payments, underscoring that strict compliance, as prescribed in the National Insurance Act, would be required by employers in the future. NIB would be equally as responsible to ensure that employer and employee accounts accurately reflect contributions which would make access to benefits and assistances readily available to every entitled contributor in any crisis.

Working Beyond Our Mandate

For those affected by COVID-19 who exhausted their NI UEB or were ineligible to receive the NI UEB, funding through the Government-Funded Unemployment Assistance (GovUEA) programme and the Government-Funded Unemployment Extension (GovUEBex) programme would be the only relief. For those who remained unemployed as a result of Hurricane Dorian, the Government-Funded Hurricane Dorian Extension programme added an additional 13 weeks of benefits as of January 2020.

Start of Programme to 31 December 2020		
Programme	Number of Persons Paid	Total Dollar Value Paid
Government-Funded UEA	7,243	\$15.6 m
Government-Funded UEB Extension (estimate)	33,129	\$91.5 m
Government-Funded Hurricane Dorian Extension	2,448	\$ 4.7 m

In 2020, both COVID-19 government funded programmes, which were administrated by NIB's department responsible for long-term benefits, spent \$107.1 million to support the unemployed. To service such a large number of beneficiaries outside of NIB's administrative system, an online portal for the submission and tracking of claims for these programmes was necessary. The portal became a game changer and assisted NIB tremendously with the programmes' administrative processes.

In total, the Government of the Bahamas injected some \$111.8 million to support persons unemployed as a result of COVID-19 and those who remained unemployed as a result of Hurricane Dorian.

Placing funds in the hands of those who were entitled to NI UEB and government-funded assistance, and in the shortest period of time, was just one of the hurdles to be overcome by NIB in 2020.

NIB's over-dependence on manually driven processes quickly became yet another challenge to address. The Board needed to speedily transition to technologically driven processes that would meet the new operational needs of the rapidly evolving social security industry impacted by the COVID-19 pandemic.

Safety First: Protecting Staff and Customers

With the emergence of the global health crisis, service delivery needed to follow protocols sensitive to the health and safety needs of both customers and staff. To facilitate the transition to providing the fastest, safest delivery of services, NIB quickly developed and implemented its Business Continuity Plan (BCP) to curtail any potential business disruptions resulting from COVID-19. Some of the more notable implementations would address how customers interacted with NIB.

Increased Customer Service Touchpoints

As safety protocols called for social distancing and minimised contact between people, NIB's usual practice of in-person paper submissions and queries needed to be reworked. Drop boxes, online submissions, WhatsApp customer assistance and additional phone lines were all implemented as NIB found new ways to do business with customers.

Employer Self Service Portal

The Employer Self Service (ESS) portal was another tool that proved useful. The portal made it convenient for employers to submit contribution statements and make contribution payments online during the height of the pandemic when customer lines were long and curfews limited movement. Though launched in 2019, just prior to the start of the pandemic, only some 100 employers were enrolled. Marketing efforts were beefed up to ensure employers understood that this easy way of doing business at any time from anywhere would help them to remain compliant during the pandemic. Employer and employee accounts were immediately credited once contribution statements were uploaded and payments are entered directly

into NIB Insurance Management System. By the end of 2020, the number of employers on-boarded increased significantly.

Claims Digitisation

Electronic submission of claims is a priority action item in NIB's Strategic Plan 2019 – 2023. Claims digitisation was fast-tracked in 2020 to reduce the wait time for claims and benefits in the administration of the government-funded unemployment programmes.

The software applications developed needed features that supported:

1. online submission and tracking of claims;
2. automated facilities to assist with the expedited payment of Unemployment Assistance and reconciliation processes;
3. mass verification and approval of Unemployment claims;
4. claims data analysis, analytics dashboards and reports;
5. required software and hardware upgrades.

Third-Party Payment Provider Partnerships

The administration of the government-funded unemployment programmes posed new challenges and risks for NIB. Not only would NIB have to make payment to the increased number of persons claiming the NI UEB and the government-funded unemployment programmes each month but also payments for other NI short-term and long-term benefits and assistance continued.

To accommodate payments for the government-funded unemployment programmes, NIB partnered with SunCash and Island Pay, two regulated and supervised non-bank money transmission service provider financial institutions, to provide innovative, safe and timely payment options. For customers using these payment options, there was no need to visit NIB offices, which helped to reduce foot traffic. This partnership marks an important move by NIB to deliver digital payment options, as cheques have become increasingly difficult as a reliable payment method.

Customer Service Satellite Stations

While partnerships with SunCash and Island Pay provided convenient payment options for the government-funded programmes, NIB still had to make adjustments for the increased number of persons who would visit NIB to collect their benefits and assistance cheques.

The Thomas A. Robinson National Stadium was identified as a suitable venue from which to issue all short-term benefits and assistance cheques as it had adequate parking, provided covering from the elements and allowed for proper physical distancing. More windows were available for agents to provide service to thousands of customers. Service was later expanded to distribute Employer Registration Certificates, NIB Smart Cards and Smart Cards verification letters. A separate drive-thru location for the collection of pension cheques was set up at the Betty Kelly-Kenning Aquatic Centre in New Providence.



The drive-thru at the Betty Kelly-Kenning Aquatic Centre provided additional social distancing for higher-risk elderly customers at the onset of the pandemic.

Excelling Against the Odds

The well-thought-out and quickly implemented measures taken by NIB were instrumental in navigating the challenges presented throughout the year. For this, NIB was among countries awarded the Certificate of Merit in the International Social Security Association (ISSA) Good Practice Awards for the Americas for its response to shocks and extreme events, in this case the COVID-19 crisis. NIB's Good Practice submission highlighted the important work that had been done by the Bahamas' Social Security Organisation during the pandemic to provide partial income support to those impacted by the loss of employment. The Report highlighted innovations in NIB's UEB programme, the Government's response in extending assistance to self-employed persons, NIB's strategic plan and the use of technology to address customer service challenges.

The legacy of NIB during the time of COVID-19 is one of tenacity and endurance. In a time when the world faced the unknown, fears about a health crisis were rampant, certainty about the future was low and emotional fatigue was high, NIB was able to pull through using creativity, innovation and determination to ensure every customer received professional service and was treated with dignity. None of this would have been possible without our dedicated staff, the unsung heroes who endured the extreme conditions of working throughout the pandemic under the constant threat of an unseen foe, worries about their elderly family members and the struggle to make adequate childcare adjustments while bearing the burden of serving hundreds of Bahamians each day.

Report on Operations



The economy contracted sharply at the end of the first quarter of 2020 due to the COVID-19 pandemic. As a result, contributions income and benefit expenditure were significantly impacted.

- Benefit expenditure exceeded contributions income.
- Contributions declined due to the global lockdowns which greatly impacted almost all sectors, particularly the tourism sector due to travel restrictions.
- Benefit expenditure increased as a result of the increase in the unemployment benefit due to mass lay-offs resulting from COVID-19 imposed lockdowns. This widened the gap between contributions and benefits.
- This is the largest gap between contributions and benefits since inception.
- The deficit for the year grew significantly compared with 2019.

The following table provides results for key financial factors in 2020 with comparative figures for 2019.

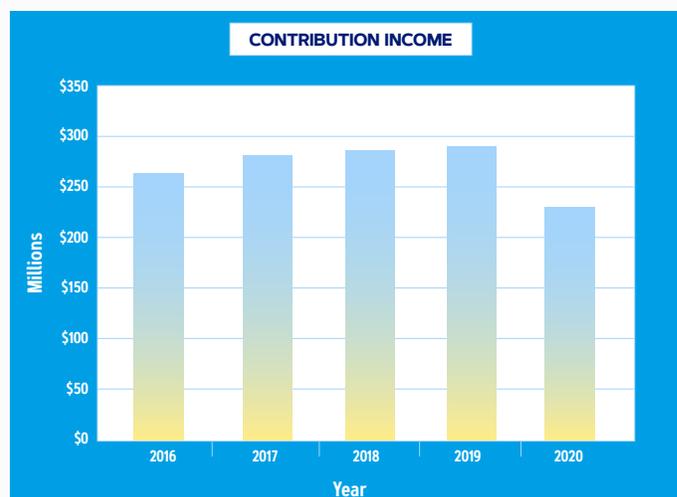
PERFORMANCE INDICATORS	2020	2019	% CHANGE
Total Net Contribution Income	\$226.0 m	\$ 287.1 m	-21.3%
Investment Income	\$ 45.2 m	\$ 68.5 m	-34.0%
Benefit Expenditure	\$405.9 m	\$ 311.6 m	30.3%
Administrative Expenditure	\$ 52.8 m	\$ 51.7 m	2.1%
Deficiency of Income over Expenditure	-\$ 189.5 m	-\$ 8.5 m	2129.5%
Total Comprehensive Loss	-\$ 188.6 m	-\$ 4.6 m	4000.2%
Year-end Reserves	\$ 1,544 m	\$ 1,733 m	-10.9%
Year-end Investments	\$ 1,230 m	\$ 1,455 m	-15.4%
Yield on Investments	2.7%	4.0%	-32.5%
Administrative Expenditure as % of Contribution Income	22.9%	17.8%	28.6%

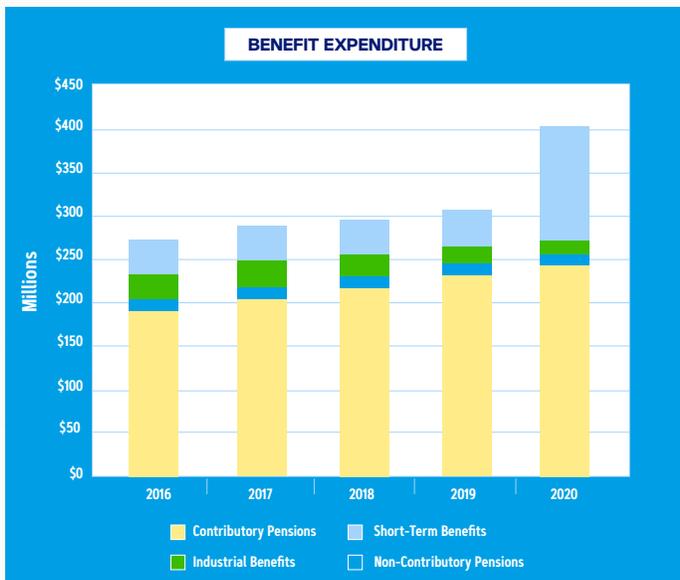
Contributions

Contributions income declined by \$61.1 million, or 21.3%, from \$287.1 million to \$226.0 million. This reduction is mostly explained by the COVID-19 imposed lockdowns. After March 2020, contributions income reduced to on average 68% of the pre-COVID levels on average for the remainder of the year. Some recovery to pre-COVID levels was realised in November 2020.

The slight uptick in contributions income in November 2020 could have resulted from a number of factors:

1. The economy partially opening up and persons returning to work, requiring employers to submit contributions.
2. Efforts were increased to have employers sign up and use the Employer Self Service portal for easy, convenient submission of contributions statements and payments.
3. The Compliance department embarked on the GOAL (Go After Listing) initiative where a large number of employers / self-employed persons in arrears were advised to bring their accounts up to date via either cash payments, instalment agreements or closing the accounts for businesses no longer active.





Benefits and Assistance

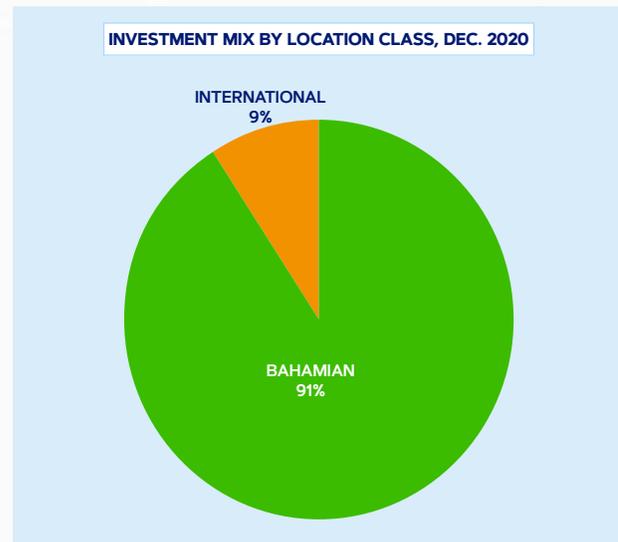
Benefits and assistance expenditure increased by \$94.3 million, or 30.3%, from \$311.6 million in 2019 to \$405.9 million in 2020. This is mostly due to the increase in unemployment benefit expenditure by \$91.4 million, or 560% (5.6 times), from \$16.3 million to \$107.7 million. Sickness benefit costs decreased by \$3.7 million, or 29.6%, from \$12.5 million to \$8.8 million. Expenditure declined for short-term benefits and assistance, with the exception of unemployment and funeral benefits. An increase in retirement benefits explained the increase observed in long-term benefits and assistance. Retirement benefit costs increased by \$13.6 million, or 7.0%, from \$195.3 million to \$208.9 million in 2020. Medical care and injury benefits declined compared to 2019 by \$4.3 million, or 40.5%, and \$1.6 million, or 36.2%, respectively.

New Wage Ceiling

In July 2020 the ceiling on insurable wages was increased from \$670 per week to \$710 per week. This was the fourth automatic increase. The first occurred in July 2014. Wage ceiling adjustments occur every 2 years, in the month of July, with the rate of increase determined by the change in the Bahamas Retail Price Index in the preceding two years, plus 2%.

The objective of the adjustments is to ensure that pensions in particular retain their value year after year by compensating for losses, as quantified by the cumulative rate of inflation (linked to the Bahamas Retail Price Index) in the country over the previous two years. The adjusted ceiling will allow workers to insure more of their income and, in return, receive better benefits.

Investment Income

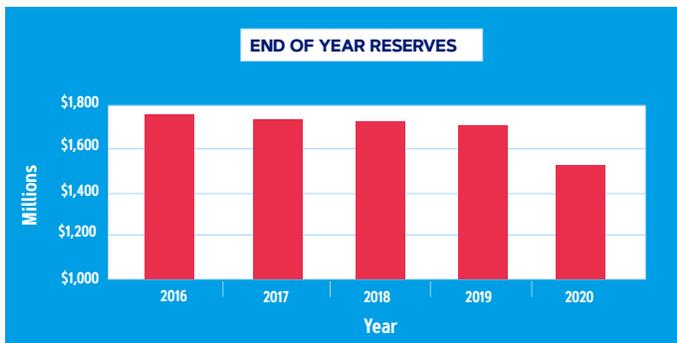
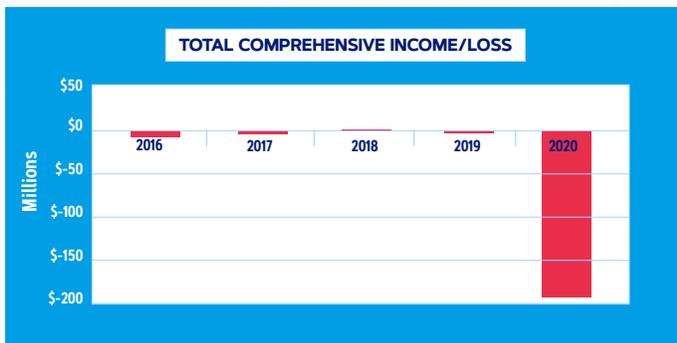


Fund asset management was particularly important with the unexpected decline in contributions and the increase in benefits and assistance expenditure caused by the impact of the COVID-19 pandemic. The investment strategy during this challenging economic year focused on liquidity management that strengthened the Fund's ability to meet obligations while contribution levels remained below historic average. United States dollar equity holdings along with liquid securities such as certificates of deposit and United States Treasury securities were utilised to assist with liquidity needs and short-term obligations, thus reducing the dividend and interest income for the year.

Specifically, compared to 2019, holdings of certificates of deposit declined from \$141.2 million

to \$48.8 million and investment income declined by \$23.3 million from \$68.5 million to \$45.2 million. Investment returns dropped from 4.0% in 2019 to 2.7% in 2020. At the end of 2020, the National Insurance Fund remains largely invested in public sector debt, real estate finance leases, and quasi-government debt; total investments stood at \$1.2 billion, down from \$1.5 billion, at the end of 2019.

Income and Reserves



The deficit widened immensely by \$181.0 million from \$8.5 million in 2019 to \$189.5 million in 2020. This further depleted the reserves from \$1.7 billion in 2019 to \$1.5 billion in 2020.

Core Operations

The National Insurance Board performs many operational functions. Most notably, these include registration of employers and insured persons, contributions collection, the adjudication of benefits and assistance claims and the payment of various types of benefits and assistance. The following tables highlight activities related to registration, claims awarded and pensions in payment in 2019 and 2020. Additional details, with numbers and values by local offices, can be found in the Statistical Appendix of this Report.

PERFORMANCE INDICATORS	2020	2019	% CHANGE
# of Contributing Employers	12,083	13,569	-11.0%
# of Contributing Self-Employed Persons	7,479	9,175	-18.5%
# of Active Employees (Estimate)	137,000	153,000	-10.5%
# of Short-term Benefit Claims Awarded	58,582	27,654	111.8%
# of Long-term Benefit Claims Awarded	3,734	3,464	7.8%
# of Contributory Pensioners (at year end)	37,762	36,332	3.9%
# of Assistance Pensioners (at year end)	4,020	4,165	-3.5%
# of Cases Approved For Prosecution	364	241	51.0%
# of Employees (December)	582	575	1.2%

Registration

While the number of registrations by new employers was up, both new self-employed and secondary accounts were down from 2019 to 2020. The number of individuals applying for a NIB number for the first time was down significantly from 2019 to 2020.

TYPE	2020	2019
Employers	10,315	9,861
Self-Employed Persons	1,944	2,095
Secondary Accounts	803	1,159
Active Insured Persons	602	1,982
Inactive Persons	3,818	6,927

Claims

With such an extraordinary number of claims coming in all at once at the end of the first quarter of the year, management amended its processes to pay as many people as possible in the shortest timeframe. To facilitate an efficient process, five adjustments were made:

1. To reduce the risk of contracting and spreading COVID-19 between staff and customers, claims were submitted via email or by drop box; requiring a mandatory 5-day quarantine period before processing.

- To reduce the number of steps to complete the application process, the requirement for the NIB Unemployment Card was waived until July 2020.
- Additional team members were identified, recruited, trained and reassigned to adjudicate UEB claims in the second quarter of 2020.
- Transitioning from the standard cheque payments for unemployment claims to wire transfers reduced the number of persons waiting in line to collect cheques.
- The Expedited Process was used as an alternative method of processing the increased volume of unemployment benefits in a shorter period of time.

Claims Received

Benefit/Assistance Type	2020	2019
Long-term (pensions)	3,841	4,176
Short-term	65,977	30,578
Industrial	3,419	6,939
Total	73,237	41,693

For short-term benefits and assistance there was an increase in the number of claims received. The rise in short-term benefits was due mostly to the increase in unemployment claims. Over 49,000 unemployment claims were received in 2020. This was over six times the average number of claims received over the past five years.

During the year 2020, there was a significant decrease in the registration of new industrial accident claims compared to previous years. However, new industrial accident claim registrations gradually increased in the final quarter of the year. This can be attributed to the fact that employees returned to the work environment over the last two to three months in 2020.

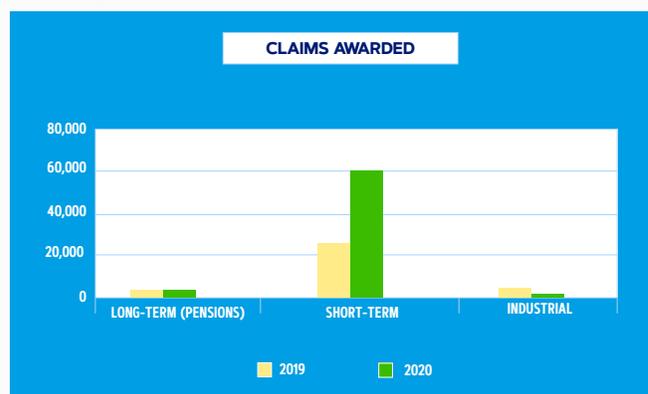
Claims Awarded

For short-term and long-term benefits and assistance, there was a significant increase in the overall number of claims awarded. Most of the increase for short-term benefits and assistance was due to the significant increase in the number

of unemployment benefit claims in 2020 over 2019. The reduction in the number of actively insured for the last three quarters of 2020 also accounted for decreases in other short-term benefits and assistance (an exception being funeral benefit).

There was a decline in the number of claims awarded for industrial benefits which can be attributed to several factors:

- Changes in workplace policies as a result of COVID-19 prevented many persons from going to work, thus less workplace accidents.
- Significant reductions in the number of payments for subsistence, accommodations and travel advances to claimants travelling from Family Islands to New Providence and overseas for medical care services.
- Additionally, COVID-19 travelling restrictions attributed to the overall increased scrutiny and focus on medical management, and ongoing reviews and updates to our policies and procedures relating to medical necessity and best-medical practices.



Claims Paid

Benefits and assistance expenditure increased in 2020 for short-term and long-term benefits and assistances but decreased for industrial benefits as observed for claims awarded. For long-term benefits and assistance (pensions) increases are expected given that the number of new pensioners increases over the number of pensioners removed from the programme each year. In 2020, effective July 1, pensions were increased by up to 4.8%. Despite decreases in the other short-term benefits and assistance (exception being funeral benefit), the magnitude of the increase in unemployment far exceeded the decreases.

Benefit/Assistance Type	2020	2019
Long-term	\$ 258.8 m	\$246.5 m
Short-term	\$ 129.8 m	\$41.9 m
Industrial	\$ 17.2 m	\$23.3 m
Total	\$ 405.9 m	\$311.6 m

(may not add up, due to rounding)

Pensions in Payment at Year End

At the end of 2020, over 43,000 persons were in receipt of monthly pension payments. The number of pensions in payment increased for three of the five benefit types (the exceptions being invalidity benefit and death benefit) but decreased for all three assistance types.

Benefit/Assistance Type	2020	2019
Retirement Benefit	29,068	27,747
Invalidity Benefit	2,738	2,797
Survivors Benefit	5,956	5,788
Old-age Non-contributory Pension	1,354	1,438
Invalidity Assistance	2,474	2,523
Survivors Assistance	192	204
Disablement Benefit	1,291	1,264
Death Benefit	41	41
Total	43,114	41,802

Pensions payments were minimally impacted as a result of the pandemic. The majority of pensioners received their payments by bank transfer and a pension drive-thru location was added at the Betty Kelly-Kenning Aquatic Centre in August 2020 to provide our senior and disabled citizens with added safety measures. Pension verification by drop box and email was also added to eliminate the need to verify in person.

National Prescription Drug Plan

In September, the National Prescription Drug Plan (Drug Plan) celebrated its 10th anniversary. The Drug Plan is an initiative by the Government of the Bahamas, administered by NIB, to improve access to drugs and supplies.

As of December 2020, the Drug Plan has expanded to accommodate over 35,000 active members – a 12.9% increase from the 31,000 active members from 2019. The programme has also expanded to increase the overall number of participating pharmacies in 2020. This change is due to an increase in the number of participating private pharmacies. The number of participating public pharmacies did not change from the previous year. 2020 did not see a change in the total Conditions or items on the Formulary from 2019.

Around The Board



The pandemic brought on by SARS-CoV-2 (COVID-19) is one of the most threatening pandemics in recent history. Governments, societies and businesses alike were equally burdened as a result of the challenges caused by the virus. The National Insurance Board was no exception. NIB is an important stakeholder in the Bahamian economy, injecting over \$22 million per month through the payment of monthly pensions and an additional \$4-5 million each month in short-term payments for sickness, maternity and unemployment. As such, NIB's services are critical throughout a crisis.

NIB assured internal and external stakeholders that preparation for COVID-19 was of utmost priority for its management. The outbreak of the COVID-19 virus provoked a wide range of operational and anti-contagion policy changes to prevent the spread of the virus around the Board, whilst implementing policy for smooth continuance of services to our stakeholders. These policies formed NIB's Business Continuity Plan (BCP).

NIB was in contact with the National Coordinating Committee to ensure that these necessary actions were consistent with the national response. Additionally, NIB participated in various regional and international social security forums (held by the International Social Security Association (ISSA), the Inter-American Conference on Social Security (CISS), the RedPLAC Network, CARICOM Heads of Social Security and the International Labour Organisation (ILO)) where opportunities to collaborate on change-management strategies and innovative responses to the COVID-19 crisis were a priority.

The Internal Audit department provided much needed advisory support and post-audit reviews to ensure that changes made were compliant with NIB's Act and Regulations. Key business operation risks were assessed and guidance was provided on the new and modified procedures implemented as a result of the changing work environment. Post-audit reviews were essential due to the increased demand for NIB's UEB and the decision to expedite the processing and payment of a significant number of UEB claims outside of NIB's Insurance Administrative System.

Relevant data was provided by the Actuarial and Research department to make contributions and benefits projections. This data was used to make informed decisions regarding payments to workers affected by pandemic lay-offs.

Communication

During a pandemic that limits movement and interaction between businesses and customers, communication became a lifeline for the smooth continuation of services. The newly implemented call centre system served as a vital channel answering more than 30,000 calls per month during the height of the pandemic. The Public Relations department facilitated much needed communication between stakeholders and NIB. A dedicated COVID-19 information page was prioritised on NIB's website to distribute accurate, frequent and relevant information.

Speakers Bureau

The traditional in-person Speakers Bureau forum transitioned to a virtual format. Over the course of the year several Bahama host sessions for self-employed persons were held. One forum was conducted with the Bahamas Chamber of Commerce and Employers' Confederation to update employers on compliance and contributions changes during the pandemic. The Director of NIB also embarked on a speaking tour to provide frequent and relevant information to the public regarding changes in NIB's operations as a result of the COVID-19 pandemic. Some of these engagements included appearances on the Citizen's Exchange and You and Your Money programmes.

INTERNAL PREPARATION FOR COVID-19

Staff Preparation

The first and most important step was to draft the Workplace Procedure on Prevention of COVID-19 document. This framework consists of internal policies, procedures and guidelines to help mitigate the spread of COVID-19 in the workplace and to help keep staff and customers safe.



Early 2020, Director Virgill-Rolle and members of NIB's medical team met with the custodial staff to provide information about the COVID-19 and to strategise regarding workplace safety.

Workplace Digitisation

Workforce digitisation entailed the transition from an in-person work environment to a distributed experience, dependent on the ability to connect and collaborate remotely. While the Information Technology department prioritised this transition, over 500 plus staff members needed to be readied for the "new normal" of remote working, in-office work schedules and virtual environments. The team also needed guidelines and tools to remain safe while successfully providing quality customer service.

Additionally, a mass notification system which utilises mobile phones, landlines, email and text channels, for transmission of emergency communication between NIB personnel, was introduced.

Staff Engagement

Of equal importance, the Talent Management and Capacity Development (TMCD) department sought to keep staff engaged, motivated and grounded throughout the pandemic through its in-house training, local training and continuing education programmes. Its goals included:

- Providing psychosocial support to NIB staff who were thrust onto the frontline under unprecedented pressure for an extended period of time, putting themselves and, by extension, their family members at risk.
- Enrolling staff, who lacked equipment necessary to work from home, in virtual

academic and professional training courses to ensure that they remained fully occupied.

- Ensuring that ongoing professional development would not be interrupted due to in-person educational restrictions.

Preparation of NIB Buildings

The Buildings and Facilities department outfitted NIB occupied buildings throughout The Bahamas with safety features such as plexiglass and hand sanitizing stations.



NIB buildings throughout The Bahamas were regularly deep cleaned and sanitized to avoid the spread of COVID-19.

AROUND THE BOARD BEFORE COVID-19

Open House

NIB was fortunate to host two Saturday Open House events, on February 1 and February 22, 2020. Customers were able to visit the NIB headquarters on Baillou Hill Road for assistance with registration and compliance services. On these two days, NIB was able to assist hundreds of customers.



Public Relations manager, Tonique Williams, presents a lucky customer with a goodie bag filled with prizes during NIB's Open House customer service initiative.

Open House Speaking Circuit

To promote the Open House, a team of executives and managers from the Registration and Compliance departments embarked on a radio and television interview circuit. The interviews also helped to educate the public on NIB's registration and compliance services.

Donations of Computers

In 2020, NIB made two computer donations. Six computers were donated to the Nassau Village Community Center and 30 computers were donated to The Bahamas National Council for Disability.



Computer donation to the Nassau Village Community Center

Civic Involvement

Several National Junior Achievement initiatives were undertaken, including:

- Work Experience and Job Shadow Work Experience programmes
- National Toastmasters Competition
- Annual Open House Exhibition
- National Church Service
- Health and Wellness Programme



NIB's Junior Achievement Board of Directors 2019 - 2020



Computer donation to The Bahamas National Council for Disability



NIB's Junior Achievement Board of Directors conduct mock Board meeting in NIB's Boardroom.



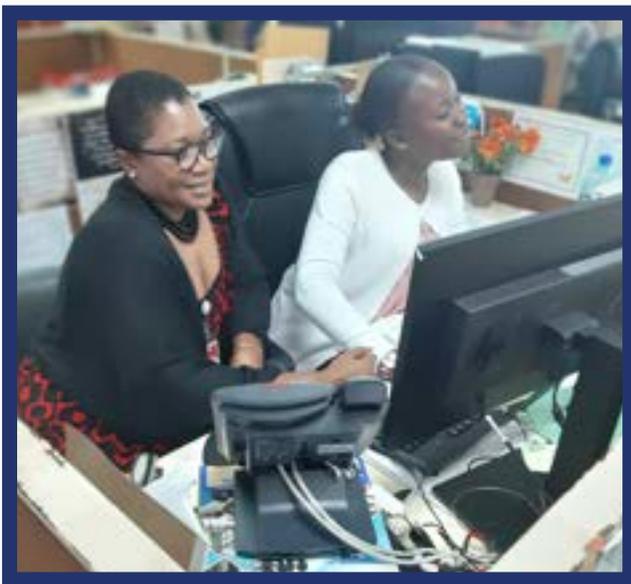
Junior Achievement Souse Out Fundraiser

11th Actuarial Review

The International Labour Organisation (ILO) was contracted to conduct the 11th Actuarial Review of the National Insurance Fund (NIF) for the period ending December 31, 2018. Section 48. (1) of the National Insurance Act mandates that a review on the operations of the Act be conducted at least every five years on the Fund’s financial condition and the adequacy of contributions to support benefits and assistance regarding its other liabilities under the Act.

Public Managers’ Union Industrial Agreement

The Public Managers’ Union and TMCD department commenced discussion on the new Industrial Agreement.



Junior Achievement Job Shadow Day

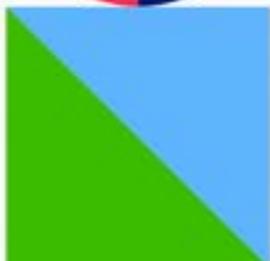
Building and Facilities

Planned upgrades to our infrastructure was completed in 2020. These included:

- Renovations to the Registration department at NIB’s headquarters in New Providence.
- Renovations to the Crooked Island local office.
- The Modernistic Building was decontaminated and demolished to add additional parking for the Don Smith Building and Wulff Road local office.
- Post Hurricane Dorian repairs were completed at the Freeport local office.



2020 Bahamas Junior Achievement Conference



The National Insurance Fund

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020



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, 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Fund's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2020;
- 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 significant accounting policies and other explanatory information.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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.

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



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 group audit. We remain solely responsible for our audit opinion.

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



Other matter

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

PricewaterhouseCoopers
Chartered Accountants
Nassau, Bahamas

September 3, 2021

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

Consolidated Statement of Financial Position
As at December 31, 2020
(Expressed in Thousands of Bahamian dollars)

	Notes	December 31, 2020	December 31, 2019
		\$	\$
ASSETS			
Cash on hand and at banks	4	44,711	35,062
Receivables and advances	5	158,590	134,212
Prepaid expenses and deposits		630	1,163
		<u>203,931</u>	<u>170,437</u>
Investments			
Equity securities	6	59,542	136,038
Sovereign			
Bahamas Government registered stocks	7(a)	532,885	544,942
Bahamas Government B\$ notes	7(b)	3,559	4,268
Bahamas Government treasury bills	7(c)	1,675	1,633
Bahamas Government US\$ notes	7(d)	30,250	30,248
Bahamas Government US\$ loan	7(e)	13,506	-
United States of America US\$ treasury notes	7(f)	-	51,421
Government of Barbados US\$ bonds	7(g)	2,466	2,921
Government of Trinidad & Tobago US\$ bonds	7(h)	2,067	2,077
		<u>586,408</u>	<u>637,510</u>
Corporate			
Certificates of deposit	7(i)	49,523	142,908
Bahamas Mortgage Corporation bonds	7(j)	95,894	95,893
Nassau Airport Development Company Limited debt securities	7(k)	88,893	88,293
Education Loan Authority bonds	7(l)	45,965	46,205
Bahamas Development Bank bonds	7(m)	269	37,761
Bahamas Power and Light Company Limited bonds	7(n)	25,075	25,888
Preference shares	7(o)	14,500	16,000
Clifton Heritage Authority bonds	7(p)	7,993	7,993
Latin American Investment Bank (Bahamas) Ltd. bonds	7(q)	3,503	3,503
Loans to Bahamas Government entities	7(r)	58,936	27,239
Long-term deposits	7(s)	7,990	7,758
Bridge Authority bonds	7(t)	1,856	1,856
Fidelity Bank (Bahamas) Limited notes	7(u)	804	818
The College of The Bahamas redeemable term notes	7(v)	1,107	1,292
Public Hospital Authority bonds	7(w)	8,780	9,455
Be Aliv notes	7(x)	1,000	1,000
Citigroup Funding Inc notes	7(y)	-	3,003
Corporate US\$ bonds	7(z)	5,687	6,561
		<u>417,775</u>	<u>523,426</u>
		1,004,183	1,160,936
Allowance for expected credit losses	23	(9,199)	(10,248)
		<u>994,984</u>	<u>1,150,688</u>
Net investment in finance leases	8	172,398	165,185
Investment property	9	3,307	3,101
Investments in associates	10	-	-
		<u>175,705</u>	<u>168,286</u>
Total investments		<u>1,230,231</u>	<u>1,455,012</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, 2020
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	December 31, 2020	December 31, 2019
		\$	\$
ASSETS (Continued)			
Computer software	11	10,829	11,152
Property, plant and equipment	12	91,705	98,513
Construction in progress – finance leases	13	86,543	80,651
		<u>189,077</u>	<u>190,316</u>
TOTAL ASSETS		<u>1,623,239</u>	<u>1,815,765</u>
LIABILITIES			
Accounts payable and accrued expenses	14	10,616	10,952
Staff pension fund	15	50,217	54,805
Accrued benefits payable		<u>18,132</u>	<u>17,125</u>
TOTAL LIABILITIES		<u>78,965</u>	<u>82,882</u>
RESERVES			
Short-term benefits	31	81,349	168,481
Pensions	31	1,303,649	1,403,473
Industrial benefits	31	59,109	60,207
Medical benefits	31	89,067	89,003
Disablement and death benefits	31	10,524	11,143
Fidelity bond	31	<u>576</u>	<u>576</u>
TOTAL RESERVES		<u>1,544,274</u>	<u>1,732,883</u>
TOTAL LIABILITIES AND RESERVES		<u>1,623,239</u>	<u>1,815,765</u>

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

Chairman

Director

Financial Controller

August 26, 2021

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, 2020 (Expressed in Thousands of Bahamian dollars)

	Notes	2020 \$	2019 \$
INCOME			
Contributions			
Employers		134,075	166,986
Insured persons		90,994	116,110
Self-employed persons		5,196	6,870
Voluntarily insured		<u>1</u>	<u>5</u>
		230,266	289,971
Refund of contributions		(437)	(729)
Allowance for expected credit losses - contributions	23	<u>(3,845)</u>	<u>(2,111)</u>
Total net contributions		225,984	287,131
Income from investments	17	41,949	68,484
Income from property	18	3,242	3,223
Share of losses of associates	10	-	(3,186)
Other income		<u>2,465</u>	<u>2,273</u>
TOTAL INCOME		<u>273,640</u>	<u>357,925</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, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2020 \$	2019 \$
EXPENDITURE			
Benefits expenditure			
Short-term		129,840	41,868
Pensions		258,841	246,470
Industrial		9,212	15,166
Disablement and death		<u>7,983</u>	<u>8,136</u>
Total benefits expenditure		<u>405,876</u>	<u>311,640</u>
Administrative expenditure			
Staff salaries, allowances and benefits	22	38,934	38,224
Expenses of the Board of Directors		160	183
Amortisation	11	1,323	979
Depreciation	12	2,189	1,866
Other administrative expenses	21	<u>10,181</u>	<u>10,427</u>
Total administrative expenditure		<u>52,787</u>	<u>51,679</u>
Provision/(recovery) for expected credit losses	23	<u>621</u>	<u>(800)</u>
Expenditure of the medical benefits branch			
Administrative expenditure		722	697
Depreciation	12	<u>3,144</u>	<u>3,191</u>
Total expenditure of the medical benefits branch		<u>3,866</u>	<u>3,888</u>
TOTAL EXPENDITURE		<u>463,150</u>	<u>366,407</u>
DEFICIENCY OF INCOME OVER EXPENDITURE		<u>(189,510)</u>	<u>(8,482)</u>
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to income</i>			
Remeasurement of the defined benefit obligation		820	3,684
Unclaimed benefits		<u>81</u>	<u>163</u>
TOTAL COMPREHENSIVE LOSS		<u>(188,609)</u>	<u>(4,635)</u>

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, 2020 (Expressed in Thousands of Bahamian dollars)

	Notes	Short-term		Pensions		Industrial		Medical		Disablement and Death		Fidelity Bond		Total	
		2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
INCOME															
Total net contributions		56,496	71,783	151,409	192,378	16,949	21,535	1,130	1,435	-	-	-	-	225,984	287,131
Income from investments		1,148	1,353	39,971	65,542	666	1,401	72	49	92	139	-	-	41,949	68,484
Income from property		-	-	1,130	1,111	-	-	2,112	2,112	-	-	-	-	3,242	3,223
Share of losses of associates		-	-	-	(3,186)	-	-	-	-	-	-	-	-	-	(3,186)
Periodically payable disablement and death benefits transferred from income and expenditure account of industrial benefits branch:		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disablement	19	-	-	-	-	-	-	-	-	7,272	8,957	-	-	7,272	8,957
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income		616	569	616	568	617	568	616	568	-	-	-	-	2,465	2,273
TOTAL INCOME		58,260	73,705	193,126	256,413	18,232	23,504	3,930	4,164	7,364	9,096	-	-	280,912	366,882
EXPENDITURE															
Benefits expenditure															
Sickness benefit		8,773	12,504	-	-	-	-	-	-	-	-	-	-	8,773	12,504
Unemployment benefit		107,647	16,301	-	-	-	-	-	-	-	-	-	-	107,647	16,301
Maternity benefit		7,751	8,107	-	-	-	-	-	-	-	-	-	-	7,751	8,107
Funeral benefit		4,268	3,412	-	-	-	-	-	-	-	-	-	-	4,268	3,412
Maternity grant		1,401	1,544	-	-	-	-	-	-	-	-	-	-	1,401	1,544
Sickness assistance		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retirement benefit		-	-	208,899	195,261	-	-	-	-	-	-	-	-	208,899	195,261
Survivors' benefit		-	-	22,493	22,326	-	-	-	-	-	-	-	-	22,493	22,326
Invalidity benefit		-	-	13,569	14,513	-	-	-	-	-	-	-	-	13,569	14,513
Invalidity assistance		-	-	8,514	8,704	-	-	-	-	-	-	-	-	8,514	8,704
Old age non-contributory retirement benefit		-	-	4,809	5,063	-	-	-	-	-	-	-	-	4,809	5,063
Survivors' assistance		-	-	557	603	-	-	-	-	-	-	-	-	557	603
Medical care		-	-	-	-	6,360	10,694	-	-	-	-	-	-	6,360	10,694
Injury benefit		-	-	-	-	2,852	4,472	-	-	-	-	-	-	2,852	4,472
Disablement grant		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment of current periodically payable benefits effected during the year:		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disablement	19	-	-	-	-	-	-	-	-	7,767	7,906	-	-	7,767	7,906
Death	19	-	-	-	-	-	-	-	-	216	230	-	-	216	230
Disablement benefit – capital value		129,840	41,868	258,841	246,470	9,212	15,166	-	-	7,983	8,136	-	-	405,876	311,640
Death benefit – capital value		-	-	-	-	7,272	8,957	-	-	-	-	-	-	7,272	8,957
Administrative expenditure		15,595	9,833	34,334	37,967	2,858	3,879	3,866	3,888	-	-	-	-	56,653	55,567
Provision/(recovery) for expected credit losses		-	-	621	(800)	-	-	-	-	-	-	-	-	621	(800)
TOTAL EXPENDITURE		145,435	51,701	293,796	283,637	19,342	28,002	3,866	3,888	7,983	8,136	-	-	470,422	375,364
(DEFICIENCY)/EXCESS OF INCOME OVER EXPENDITURE		(87,175)	22,004	(100,670)	(27,224)	(1,110)	(4,498)	64	276	(619)	960	-	-	(189,510)	(8,482)
Other Comprehensive Income															
Remeasurement of the defined benefit obligation		-	-	820	3,684	-	-	-	-	-	-	-	-	820	3,684
Unclaimed benefits		43	58	26	46	12	59	-	-	-	-	-	-	81	163
RESERVES, beginning of year		168,481	146,419	1,403,473	1,426,967	60,207	64,646	89,003	88,727	11,143	10,183	576	576	1,732,883	1,737,518
RESERVES, end of year		81,349	168,481	1,303,649	1,403,473	59,109	60,207	89,067	89,003	10,524	11,143	576	576	1,544,274	1,732,883

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, 2020 (Expressed in Thousands of Bahamian dollars)

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of income over expenditure	(189,510)	(8,482)
Adjustments:		
Income from investments	(41,949)	(68,484)
Income from property	(3,242)	(3,223)
Share of losses of associates	-	3,186
Gain on disposal/write-off of property, plant and equipment	(583)	(57)
Amortisation	1,323	979
Depreciation	5,333	5,057
Net gain from fair value adjustment on investment property	(392)	-
Provisions for expected credit losses	4,468	450
Finance cost on leases	64	76
Deficit before working capital changes	(224,488)	(70,498)
(Increase)/decrease in receivables and advances	(25,934)	15,398
Decrease/(increase) in prepaid expenses and deposits	533	(289)
(Decrease)/increase in accounts payable and accrued expenses	(7)	842
Decrease in staff pension fund	(3,768)	(3,421)
Increase in accrued benefits payable	1,007	2,082
Net cash used in operating activities	(252,657)	(55,886)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	46,802	49,057
Dividends received	2,218	2,706
Proceeds from finance leases	845	10,055
Proceeds from income received from property	960	1,789
Proceeds from sale of equity securities	72,490	24,032
Proceeds from United States of America US\$ Treasury notes	52,023	28,203
Proceeds on maturity of certificates of deposit	141,450	139,450
Proceeds from sale of Bahamas Government notes	7,777	5,656
Proceeds on maturity of Bahamas Government registered stocks	30,306	16,813
Proceeds from Government of Barbados bonds	138	23
Proceeds from Bahamas Government Treasury bills	3,293	3,212
Proceeds from redemption of preference shares	1,500	1,714

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, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

	2020 \$	2019 \$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds from loan repayments from Bahamas Government entities	5,248	3,456
Proceeds from Nassau Airport Development Company Limited debt securities	1,663	1,487
Proceeds from College of the Bahamas notes	184	185
Proceeds from Public Hospital Authority bonds	665	665
Proceeds from Bridge Authority bonds	-	956
Proceeds from Citigroup Funding Inc. notes	3,000	-
Proceeds from Cayman Island bonds	-	2,500
Proceeds from sale of property, plant and equipment	4,322	61
Proceeds from US Corporate bonds	902	1,106
Proceeds from Fidelity Bank (Bahamas) Limited notes	-	1,000
Purchase of equity securities	(13,966)	(25,868)
Purchase of Bahamas Government notes	(7,070)	(4,242)
Purchase of Bahamas Government Registered stocks	(18,068)	(35,178)
Purchase of United States of America US\$ treasury notes	-	(32,450)
Placements of certificates of deposit	(50,800)	(139,450)
Issuance of loans to Bahamas Government entities	-	(1,300)
Purchase of Bahamas Power and Light bond	(13,315)	-
Purchase of Bahamas Government Treasury bills	(3,293)	(3,212)
Additions to computer software	(1,000)	(587)
Additions of property, plant and equipment	(2,242)	(1,903)
Additions to construction in progress – finance leases	(3,415)	(8,665)
Net cash from investing activities	<u>262,617</u>	<u>41,271</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest on lease liabilities	(64)	(76)
Principal payments on lease liabilities	(247)	(235)
Net cash used in financing activities	<u>(311)</u>	<u>(311)</u>
Net increase/(decrease) in cash and cash equivalents	9,649	(14,926)
Cash and cash equivalents, beginning of year	<u>35,062</u>	<u>49,988</u>
Cash and cash equivalents, end of year (Note 4)	<u>44,711</u>	<u>35,062</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars)

1. General Information

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

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

The preparation of consolidated financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Fund's accounting policies. It also requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Notes 2(e), 2(g), 2(h), 2(l), 2(m), 2(n), 3, and 23.

The consolidated financial statements do not take account of liabilities to pay benefits in the future. An actuarial valuation is usually performed every five years, with the latest valuation presented to Parliament having been done as of December 31, 2011. Certain results of the actuarial valuation are described in Note 32.

Notes to the Consolidated Financial Statements
December 31, 2020
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Amendments and interpretations to published standards that became effective for the Fund's fiscal year beginning on January 1, 2020 were either not relevant or not significant to the Fund's operations and accordingly did not impact the Fund's accounting policies or financial statements.

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

The application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Fund's accounting policies or consolidated financial statements in the period of initial application.

(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. Unrealized losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the subsidiary are changed where necessary to ensure consistency with the policies adopted by the Fund.

Associates

Associates are all entities over which the Fund has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized 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 other comprehensive income is recognized 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 National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Significant Accounting Policies (Continued)

(b) Consolidation (continued)

Associates (continued)

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

(c) Foreign currency translation

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

(d) Cash and cash equivalents

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

(e) Financial assets

Classification and measurement

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

Amortised Cost

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Significant Accounting Policies (Continued)

(e) Financial assets (continued)

Classification and measurement (continued)

Fair Value Through Other Comprehensive Income

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

Fair Value Through Profit or Loss

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

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

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

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

The classification of financial assets under IFRS 9 is generally based on the business model under which the asset is held and its contractual cash flows characteristics.

(f) Sale and repurchase agreements

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Significant Accounting Policies (Continued)

(g) Impairment of financial assets

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

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

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. 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.

If an investment property becomes occupied by the Fund, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

(i) Property, plant and equipment

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. 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 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. The insurance administration system is amortised over fifteen years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

(k) Leases

The Fund is lessee

The Fund leases various properties for office and storage spaces. Agreements are typically made for fixed periods, (usually three years) and may have renewal options exercisable by the Fund. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants with the exception of subleasing and alterations of the premises without the lessor's permission.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

The Fund is lessee (continued)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Fund. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease Liability

Liabilities include the net present value of fixed payments. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Fund's incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Fund uses a build-up approach that starts with a risk-free discount rate in the economic environment where the lease is located, adjusted for credit risk of the leases held by the Fund which does not have recent third-party financing.

Lease payments are allocated between principal and interest expense. Interest expense is charged to the consolidated statement of comprehensive loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of Use Asset

Right-of-use assets are initially measured at cost comprising the following:

- The amount of initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Subsequently, right-of-use assets are recognised at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurements of the lease liabilities.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Significant Accounting Policies (Continued)

(k) Leases (continued)

The Fund is lessee

Short-term leases

The Fund applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less). Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive loss.

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 National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and 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.

(m) Revenue recognition

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

Interest income for all instruments measured at amortised cost is recognised in the consolidated statement of comprehensive 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

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

Other expenses are recognised using the accrual basis of accounting.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. 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:

	2020	2019
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, 2020 and 2019, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2020	2019
Short-term benefits reserve	29.55%	19.03%
Pensions reserve	65.04%	73.47%
Industrial benefits reserve	5.41%	7.50%
	<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, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. 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. The Fund is subject to Value Added Tax at a rate of 12% 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 5.

(t) Events After The Reporting Period

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

The Fund invests in debt investments principally for the exclusive purpose of providing long-term security and growth of the Fund with minimal risk through financial assets that yield investment income, while securing liquidity in the event of significant events requiring cash and cash equivalents. The maturity profile of investment securities is managed to provide cash flows over short, medium and long term for the purposes of managing liquidity and accordingly, sales are expected to be infrequent.

The remaining financial assets (cash at banks, loans advances and receivables included in other assets), are classified as financial assets at amortised cost.

Inputs, assumptions and estimation techniques factored into measuring ECL

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

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

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

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

- An obligor is highly vulnerable to non-payment, e.g. a bankruptcy petition has been filed.
- An obligor has selectively defaulted on a specific issue or class of obligations but it will continue to meet payment obligations on other issues or classes of obligation in a timely manner.
- An obligor has failed to pay one or more of its financial obligations (rated or unrated) and the exposure is more or equal to 90 days past due.
- Financial asset has a “Defaulted” external rating.

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

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

The exposure in the context of calculating the ECL is determined based on the expected cash flows on the financial instrument from the measurement date (i.e. the balance sheet date) to the last cash flow date (i.e. end of lifetime – estimated and/or contractual). Cash flows are estimated over the lifetime of a financial instrument, the Fund estimates what it expects the balance of a financial instrument to be in the future (based on the amortization schedule). Any modeling of future cash flows is done at an appropriately granular level and considers the unique aspects of each financial asset.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

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

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

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

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

Significant increase in credit risk (SICR)

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

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

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Significant increase in credit risk (SICR) (continued)

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

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

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

Forward-looking information factored into ECL models

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

In addition to the base economic scenario, other possible scenarios along with scenario weightings are determined. The number of other scenarios used is set based on the analyses of each major type of financial asset to ensure non-linear relationships are appropriately factored in. The number of scenarios and their attributes are reassessed at each financial reporting date. As at December 31, 2019 and December 31, 2020, three scenarios were deemed to appropriately capture non-linear relationships. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Forward-looking information factored into ECL models (continued)

Sensitivity analysis

The most significant assumption impacting the ECL is as follows:

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

The table below sets out the changes to the ECL at December 31, 2020 that would result from reasonably possible changes in the parameters from the actual assumptions used in the Fund's economic variable assumption:

	Gross Domestic Product		
	-25 bps	No change	25 bps
	\$	\$	\$
Change in ECL	79	-	(72)

4. Cash and Cash Equivalents

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

	2020	2019
	\$	\$
Cash on hand	62	55
Cash at banks – current account	19,309	23,019
Cash at brokers	2,606	1,200
Cash at the Central Bank of The Bahamas	22,749	10,801
	<u>44,726</u>	<u>35,075</u>
Allowance for expected credit losses (Note 23)	<u>(15)</u>	<u>(13)</u>
	<u>44,711</u>	<u>35,062</u>

Cash at the Central Bank of The Bahamas does not earn interest. The remaining cash and cash equivalents did not earn interest during 2020 and 2019.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

4. Cash and Cash Equivalents (continued)

The Fund is permitted, under foreign exchange controls of the Central Bank of The Bahamas, to invest a maximum of \$25 million annually (\$6.25 million quarterly) in specific foreign currency investments. This annual facility commenced in 2006 and annual maximums ranged from \$12.5 million to \$25 million. As at December 31, 2020, United States dollar (US\$) deposits total \$9,486 (2019: \$12,009).

5. Receivables and Advances

Receivables and advances comprise:

	2020	2019
	\$	\$
Finance lease receivables	10,280	10,319
Rent receivable	4,753	2,471
Value Added Tax Receivable/Payable (net)	(9)	(27)
Other receivable – The Bahamas Government	104,441	86,245
Contribution Receivables (Note 23)	64,264	55,971
Advances to staff	744	1,317
	<u>184,473</u>	<u>156,296</u>
Provision for expected credit losses	<u>(25,883)</u>	<u>(22,084)</u>
	<u>158,590</u>	<u>134,212</u>

Movements in provision for expected credit losses are as follows:

	2020	2019
	\$	\$
At January 1	(22,084)	(19,979)
Increase in loss allowance	<u>(3,799)</u>	<u>(2,105)</u>
At December 31	<u>(25,883)</u>	<u>(22,084)</u>

The other receivables include \$35,410 (2019: \$36,303) which relates to the Chronic Diseases Prescription Drug Fund (Drug Fund) and is in part supported by a Promissory Note issued by The Bahamas Government dated March 20, 2018 in the amount \$38,000. The three-year Promissory Note bears interest at the rate of 3.75% per annum. The balance of this Promissory Note is \$12,665 (2019: \$22,165). See Note 30 (a) i.

A promissory note in the amount of \$61,762 dated December 1, 2018 was issued by The Bahamas Government to cover all outstanding lease balances at June 30, 2018. The promissory note shall be repaid within four years of issue date and bears interest at a rate of Prime + ¼% per annum (currently 4.5%) See Note 23. The balance of this Promissory Note is \$38,590 (2019: \$49,620).

Other receivables also include \$29,989 which relates to the Bahamas Government's Unemployment Assistance Programmes that were administered by NIB on the Government's behalf. See Note 30 (a) iii.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

6. Investments at Fair Value Through Profit or Loss

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

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

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

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

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

Number of shares			2020	2019
2020	2019		\$	\$
		<i>Ordinary Shares / Mutual Funds</i>		
		Level 1 US\$		
-	1,973	Accenture PLC-CL A	-	415
-	310	Alphabet Incorporated	-	415
-	230	Amazon	-	425
-	10,258	American Electric Power Company	-	970
-	1,583	American Tower Corp	-	364
-	2,970	Apple Incorporated	-	872
-	1,410	Becton Dickinson and Co	-	383
-	1,040	Berkshire Hathaway Inc Cl	-	236
-	647	Blackrock	-	325
-	133	Booking Holdings Inc	-	273
-	2,474	Chevron Corporation	-	298
-	6,723	Church & Dwight Co Inc	-	473
-	10,949	Citigroup Inc.	-	875
-	8,387	Cisco Systems Inc	-	402
-	7,417	Coca Cola Co.	-	411
-	15,116	Comcast Corporation	-	680
-	1,167	Costco Wholesale Corp	-	343
-	2,190	Danaher Corp	-	336
-	4,460	Duke Energy Corporation	-	407
-	3,353	Facebook Inc	-	688
-	12,232	General Electric Co.	-	137
-	2,807	Home Depot Inc	-	613
-	3,420	Honeywell International Inc.	-	605
-	19,061	Intel Corp.	-	1,141
-	7,857	JP Morgan Chase Co.	-	1,095
-	2,940	Johnson & Johnson	-	429
-	4,447	Marsh & McLennan COS	-	495
-	1,847	Laboratory Corp of America Holdings	-	313
-	2,710	McCormick & Company	-	460
-	8,553	Microsoft Corporation	-	1,349
-	22,957	Pfizer Inc.	-	899
-	3,366	Philip Morris International Inc	-	286
-	3,310	Prologis	-	295
-	3,650	Proctor & Gamble Company	-	456
-	1,497	United Health Group Inc	-	440
-	1,823	Verisk Analytics Inc	-	272
-	66	Wabtec Corp	-	5
-	4,283	Waste Management Inc	-	488
-	4,447	Wells Fargo & Company	-	239

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Number of shares			2020	2019
2020	2019		\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 1 US\$ (Continued)				
-	4,367	Xylem	-	344
-	5,306	The Kraft Heinz Company	-	171
-	3,767	Visa Incorporated	-	708
-	7,845	Ishares II PC-Property Yield Fund	-	167
			-	20,998
Level 2 B\$				
1,000	1,000	Bahamas Waste Limited	7	6
6,022,945	6,022,945	Bank of Bahamas Limited	10,058	14,154
3,343,749	3,343,749	Commonwealth Bank Ltd.	12,004	15,047
2,967,500	2,967,500	Commonwealth Brewery Limited	14,096	23,770
474,797	474,797	Consolidated Water Co. Ltd.	1,125	1,548
23,320	23,320	FamGuard Corporation Limited	196	177
213,472	213,472	Finance Corporation of Bahamas Limited	1,814	1,992
298,491	298,491	FirstCaribbean International Bank (Bahamas) Limited	3,361	3,301
1,125,459	1,125,459	Freeport Oil Holdings Company Ltd.	4,434	3,984
68,327	68,327	J.S. Johnson & Company Limited	1,039	956
			48,134	64,935
Level 2 US\$				
-	60,864	Axiom Balanced Fund	-	9,645
-	23,033	Axiom Conservative Fund	-	3,159
-	42,458	Axiom Growth Fund	-	8,052
24,428	24,428	CFAL Global Bond Fund	4,932	4,767
5,603	5,603	CFAL Global	1,036	934
-	111,793	Brown Advisory Funds PLC	-	1,752
-	14,923	Findlay Park Funds PLC	-	2,047
-	103,900	Invesco Frontier Markets Etf	-	1,483
-	46,600	Ishares Core Msci Eafe Etf	-	3,040

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Number of shares			2020	2019
2020	2019		\$	\$
<i>Ordinary Shares / Mutual Funds (continued)</i>				
Level 2 US\$ (Continued)				
-	12,261	Morgan Stanley Investment Funds	-	1,761
-	63,597	Polar Capital Funds PLC-North American Fund	-	1,734
-	44,600	SPDR S&P Global Natural resources	-	2,058
-	15,300	Vanguard Small Cap-Etf	-	2,534
-	4,298	Wells Fargo & Company	-	1,699
			5,968	44,665
<i>Preference Shares</i>				
Level 2				
75	75	FamGuard Corporation Limited.; Prime + 1.50%	75	75
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
			5,440	5,440
			59,542	115,040
			59,542	136,038

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Trading securities	-	-	-	-
Other financial instruments	-	59,542	-	59,542
Balance as at December 31, 2020	-	59,542	-	59,542
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Financial assets at fair value through profit or loss				
Trading securities	20,998	-	-	20,998
Other financial instruments	-	115,040	-	115,040
Balance as at December 31, 2019	20,998	115,040	-	136,038

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

6. 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 at January 1, 2020	20,998	115,040	-	136,038
Purchases	13,966	-	-	13,966
Sales	(33,498)	(38,992)	-	(72,490)
Net realised loss (Note17)	(1,466)	-	-	(1,466)
Net unrealised loss (Note17)	-	(16,506)	-	(16,506)
Balance as at December 31, 2020	-	59,542	-	59,542
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Balance as at January 1, 2019	11,443	116,464	-	127,907
Purchases	12,875	12,993	-	25,868
Sales	(6,550)	(17,482)	-	(24,032)
Net realised gain (Note17)	1,128	1,244	-	2,372
Net unrealised gain(Note17)	2,102	1,821	-	3,923
Balance as at December 31, 2019	20,998	115,040	-	136,038

The Fund did not have any financial instruments classified as Level 3 as at December 31, 2020. There were no transfers between levels during the year.

7. Investments at Amortised Cost

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

(a) Bahamas Government Registered Stocks

Investments in Bahamas Government Registered Stocks have interest rates varying from 4.25% to 5.60% (2019: 2.38% to 5.40%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime) which at December 31, 2020 was 4.25% (2019: 4.25%).

Face Value		Description	2020		2019	
2020	2019		\$	\$	\$	\$
-	30,306	Prime + 0.02% to 0.53%; 2.38% to 4.08%; 2020	-	30,306	-	30,306
17,261	12,261	Prime + 0.36% to 0.56%; 2021	17,289	12,346	17,289	12,346
181,597	181,597	Prime + 0.18% to 0.41%; 4.25% to 4.40%; 2022-2026	181,619	181,625	181,619	181,625
201,442	193,591	Prime +0.04% to 0.41%; 4.25% to 5.00% 2027-2031	201,513	193,614	201,513	193,614
82,272	81,122	Prime + 0.06% to 0.44%; 4.31% to 5.40%; 2032-2036	82,657	81,521	82,657	81,521
43,404	39,404	Prime +0.02% to 0.63%; 5.06% to 5.60%; 2037-2040	43,404	39,404	43,404	39,404
			526,482	538,816	526,482	538,816
		Accrued interest	6,403	6,126	6,403	6,126
			532,885	544,942	532,885	544,942

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Investments at Amortised Cost (Continued)

(a) Bahamas Government registered stocks (continued)

The effective interest rate earned on Bahamas Government registered stocks was 4.57% (2019: 4.53%), and registered stocks with face values totalling \$80,998 (2019: \$71,727) have fixed interest rates varying from 4.25% to 5.60% (2019: 2.38% to 5.40%) and maturities ranging from 2021 to 2040 (2019: 2020 to 2039).

(b) Bahamas Government B\$ notes

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
3,535	4,242	4.00%; 2021	3,535	4,242
		Accrued interest	24	26
			<u>3,559</u>	<u>4,268</u>

(c) Bahamas Government treasury bills

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
-	1,636	2.50%; 2020	-	1,633
1,677	-	2.50%; 2021	1,675	-
			<u>1,675</u>	<u>1,633</u>

The effective interest rate earned on treasury bills is 2.57% (2019: 2.51%)

(d) Bahamas Government US\$ notes

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
11,000	11,000	6.95%; 2029	10,991	10,991
4,800	4,800	6.63%; 2033	4,716	4,712
14,102	14,102	7.13%; 2038	14,167	14,169
			29,874	29,872
		Accrued interest	376	376
			<u>30,250</u>	<u>30,248</u>

As at December 31, 2020, The Bahamas debt was rated Ba2 (2019: Baa3) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Investments at Amortised Cost (Continued)

(e) Bahamas Government US\$ loan

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
13,315	-	US\$ 2 day LIBOR+ 6.50%; - 2021	13,315	-
		Accrued interest	191	-
			<u>13,506</u>	<u>-</u>

As at December 31, 2020, The Bahamas debt was rated Ba2 (2019: Baa3) by Moody's.

During July 2020, the Fund's participation of \$13,315 in this medium term US\$ loan facility was transferred to the Government of the Bahamas from Bahamas Power and Light Company Limited (BPL). The loan bears interest at the LIBOR rate two days before the interest due date plus the applicable margin of 6.50% and matures on July 23, 2021. If the LIBOR rate is below 1%, 1% will be used plus the applicable margin. Also, the applicable margin will be increased by 0.25% per annum for each and every credit level downgrade as recorded by Fitch, Moody's and Standard & Poor. The applicable interest rate at December 2020 was 7.50%.

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

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
-	1,800	1.375%; 2020	-	1,797
-	5,100	1.533%; 2020	-	5,086
-	19,956	1.625%; 2020	-	19,910
-	8,380	2.518%; 2020	-	8,363
-	16,250	1.625% to 1.875%; 2022	-	16,144
			<u>-</u>	<u>51,300</u>
		Accrued interest	<u>-</u>	<u>121</u>
			<u>-</u>	<u>51,421</u>

As at December 31, 2020, United States of America debt was rated Aaa (2019: Aaa) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Investments at Amortised Cost (Continued)

(g) Government of Barbados US\$ bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
11	149	6.50%; 2021	15	503
2,435	2,435	6.50%; 2029	2,411	2,409
			<u>2,426</u>	<u>2,912</u>
		Accrued interest	<u>40</u>	<u>9</u>
			<u>2,466</u>	<u>2,921</u>

As at December 31, 2020, Barbados foreign currency debt was rated Caa1 (2019: Caa1) by Moody's.

During 2019 the Government of Barbados bonds were restructured and the Fund agreed to an exchange for the replacement debt securities which are classified as purchases originated credit-impaired (POCI).

In 2020 principal repayments made were \$138 (2019: \$Nil) on the restructured bonds.

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

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
2,000	2,000	3.79%; 2024	2,032	2,042
		Accrued interest	<u>35</u>	<u>35</u>
			<u>2,067</u>	<u>2,077</u>

As at December 31, 2020, Trinidad & Tobago foreign currency debt was rated Ba1 (2019: Ba1) by Moody's.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Investments at Amortised Cost (Continued)

(i) Certificates of deposit

	2020	2019
	\$	\$
Certificates of deposit	48,800	141,165
Accrued interest	<u>723</u>	<u>1,743</u>
	<u>49,523</u>	<u>142,908</u>

During the year, certificates of deposit earned interest at rates of 2.00% to 2.50% (2019: 2.00% to 2.75%) per annum. The effective interest earned on certificates of deposit was 2.30% (2019: 2.67%). Certificates of deposit mature within 12 months of the statement of financial position date.

At December 31, 2020, a certificate of deposit held with Gulf Union Bank (Bahamas) Ltd., in compulsory liquidation, which was previously fully provided for was derecognized and the ECL thereon was eliminated. No payment was received during the year (2019: \$Nil).

(j) Bahamas Mortgage Corporation bonds

Series	Description	2020	2019
		\$	\$
Q	15 year bonds; Prime; 2024 - 2027	15,000	15,000
N,O,P,R	20 year bonds; Prime* less 2.00% to 5.00%; 2023-2032	75,600	75,600
S	25 year bonds; Prime* less 2.00% to 5.25%; 2034-2037	<u>4,100</u>	<u>4,100</u>
		94,700	94,700
	Accrued interest	<u>1,194</u>	<u>1,193</u>
		<u>95,894</u>	<u>95,893</u>

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

(k) Nassau Airport Development Company Limited debt securities

Face Value		Description	2020	2019
2020	2019			
\$	\$		\$	\$
16,258	15,665	B\$ Subordinated participating debt; 7.50%; 2034	16,258	15,665
6,900	7,500	B\$ senior debt notes; 8.50%; 2031	6,900	7,500
6,900	7,500	US\$ senior debt notes; 8.50%; 2031	6,900	7,500
45,766	44,097	US\$ Subordinated participating debt; 7.50%; 2034	45,766	44,097
4,300	4,488	B\$ senior debt notes; Series B; 6.34%; 2035	4,300	4,488
4,350	4,525	US\$ senior debt notes; Series A; 6.34%; 2035	4,350	4,525
4,400	4,500	US\$ senior debt notes; Series C; 6.44%; 2035	<u>4,400</u>	<u>4,500</u>
			88,874	88,275
		Accrued interest	<u>19</u>	<u>18</u>
			<u>88,893</u>	<u>88,293</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Investments at Amortised Cost (Continued)

(k) 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 Participating Debt Notes bear interest of 7.50% per annum paid quarterly. The Note Purchase Agreement Section 10.15 (a) and (b) of these Notes due 2035 states that if insufficient cash is available in the Revenue account any interest accrued quarterly and not paid is to be capitalized, thereby increasing the principal outstanding. The Participating Debt Notes, did not meet their interest payments in December 2020 and as a result, under the terms of the agreement interest capitalized as at December 31, 2020 totalled \$2,262 (2019: \$Nil). Given the suspension of interest payments and uncertainty surrounding the resumption of interest payments in the future, the investments in the Participating Debt Notes have moved from Stage 1 to Stage 2 for the assessment of the ECL model.

(l) Education Loan Authority bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
15,000	15,000	Series A; Prime + 0.25%; 2020	15,000	15,082
9,750	9,750	Series B; Prime + 0.50%; 2023	9,878	9,924
19,250	19,250	Series C; Prime + 0.75%; 2025 to 2028	20,286	20,399
			45,164	45,405
		Accrued interest	801	800
			<u>45,965</u>	<u>46,205</u>

These bonds are guaranteed by The Bahamas Government. The \$15,000 Series A Bond matured during 2020 and was not paid. This bond is in default and is classified as Stage III with a LGD of 0% as the Government of The Bahamas has proposed the issuance of a Promissory Note to repay the principal and interest outstanding. See Note 30 (a) ii.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Investments at Amortised Cost (Continued)

(m) Bahamas Development Bank bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
-	1,000	Series B; Prime less 1.00%; 2020	-	1,000
-	15,000	Series A; Prime; 2020-2024	-	15,000
-	10,000	Series D; Prime less 1.00%; 2021-2024	-	10,000
-	11,000	Series C; Prime; 2026-2029	-	11,000
			<u>-</u>	<u>37,000</u>
		Accrued interest	<u>269</u>	<u>761</u>
			<u>269</u>	<u>37,761</u>

These bonds are guaranteed by The Bahamas Government. During 2020, the face value of the bonds in the amount of \$37,000 were converted to a loan. At December 31, 2020 accrued interest of \$269 was unpaid on the Bonds. (See Note 7r).

(n) Bahamas Power and Light Company Limited bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
6,495	6,495	B\$ Series B; 6.41%; 2021	6,495	6,493
18,558	18,558	B\$ Series C; 6.56%; 2026	<u>18,539</u>	<u>18,537</u>
			<u>25,034</u>	<u>25,030</u>
		Accrued interest	<u>41</u>	<u>858</u>
			<u>25,075</u>	<u>25,888</u>

These bonds are guaranteed by The Bahamas Government.

(o) Preference Shares

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
2,000	2,000	Colina Holdings Bahamas Limited; Prime + 1.50% redeemable	2,000	2,000
4,000	4,000	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	Cable Bahamas Limited (US\$); 6.25%; 2025	<u>-</u>	<u>1,500</u>
			<u>14,500</u>	<u>16,000</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Investments at Amortised Cost (Continued)

(p) Clifton Heritage Authority bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
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	<u>2,274</u>	<u>2,275</u>
			7,948	7,949
		Accrued interest	<u>45</u>	<u>44</u>
			<u>7,993</u>	<u>7,993</u>

These bonds are guaranteed by The Bahamas Government.

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

In prior years, the Fund acquired \$5,000 of the bonds that are supported by the Government Guaranteed Advanced Education Loan Scheme held in trust by Deltec Bank & Trust. Interest is earned at 0.70% above Prime. As at December 31, 2020, the carrying amount of the bonds includes the principal of \$2,282 (2019: \$2,282) plus accrued interest of \$1,221 (2019: \$1,221).

The bond was due to mature June 30, 2020, however no repayments of principal or interest were received (2019: \$Nil). Cumulative principal payments as at December 31, 2020 total \$2,718 (2019: \$2,718). As this bond was not paid at its maturity date, it is in default.

(r) Loans to Bahamas Government entities

	1-Jan-20	Additional Funds	Repayments	31-Dec-20
	\$	\$	\$	\$
MOEH	9,880	-	(4,000)	5,880
WSC	11,324	-	(945)	10,379
BDB	1,300	37,000	(136)	38,164
BCB	<u>3,451</u>	<u>-</u>	<u>(167)</u>	<u>3,284</u>
	25,955	37,000	(5,248)	57,707
Accrued interest	<u>1,284</u>	<u>1,414</u>	<u>(1,469)</u>	<u>1,229</u>
	<u>27,239</u>	<u>38,414</u>	<u>(6,717)</u>	<u>58,936</u>
	1-Jan-19	Additional Funds	Repayments	31-Dec-19
	\$	\$	\$	\$
BPL	2,310	-	(2,310)	-
MOEH	9,880	-	-	9,880
WSC	12,309	-	(985)	11,324
BDB	-	1,300	-	1,300
BCB	<u>3,612</u>	<u>-</u>	<u>(161)</u>	<u>3,451</u>
	28,111	1,300	(3,456)	25,955
Accrued interest	<u>733</u>	<u>1,370</u>	<u>(819)</u>	<u>1,284</u>
	<u>28,844</u>	<u>2,670</u>	<u>(4,275)</u>	<u>27,239</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Investments at Amortised Cost (Continued)

(r) Loans to Bahamas Government entities (continued)

BPL

During May 2020, the Fund reinvested \$13,315 in the medium term US\$ loan facility provided to Bahamas Power and Light Company Limited (BPL) at the rate of three (3) months LIBOR plus the applicable margin of 4.25% before the Government of the Bahamas assumed ownership in July 2020.

The Fund initially participated in this medium term US\$ loan facility during August 2009 to the then Bahamas Electricity Corporation (BEC), now (BPL) to refinance its existing US\$ debt obligations. The loan interest was at US\$ 3-month LIBOR plus 4.25%, with principal and interest payable quarterly. After a series of extensions from 2012, the Fund repaid the outstanding balance on this medium term loan in December 2019 after it opted not to participate in any further extensions.

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. A final disbursement of \$300 was made in 2017. The loan will be repaid from mortgages issued through lending institutions other than the Bahamas Mortgage Corporation (BMC). Principal repayments made in 2020 were \$4,000 (2019: \$Nil) and the loan is in default.

WSC

During 2013 the Fund agreed to lend up to \$10,000 to the Water & Sewerage Corporation (WSC) to finance the design and construction of a Wastewater Treatment Plant at Gladstone Road to service the Baha Mar Resort and surrounding areas. In 2015 an additional \$5,000 loan was approved. This loan bears interest at 4.75% and is repayable over 10 years with interest only payments being made during the first two years of the agreement. Principal repayments made in 2020 amounted to \$945 (2019: \$985).

BCB

During July 2015, the Fund agreed to lend \$4,100 to the Broadcasting Corporation of The Bahamas (BCB) to fund its infrastructural repairs and upgrades. The loan bears interest of 3.5% and principal and interest is repayable monthly over 20 years. Principal repayments made in 2020 amounted to \$167 (2019: \$161).

BDB

During June 2019 the Fund agreed to lend \$1,300 to the Bahamas Development Bank (BDB) to fund the purchase of an office building in New Providence. The loan bears interest of 4.5% and principal and interest is repayable quarterly over 10 years. Principal repayments made in 2020 amounted to \$136 (2019: \$Nil).

During November 2020 the Fund agreed to convert the total \$37,000 Bahamas Development Bonds to a loan to allow the Bank to improve its liquidity by accessing the bond sinking fund. The loan is payable by equal quarterly instalments over a period of 20 years and bears interest of 3.94%.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Investments at Amortised Cost (Continued)

(s) Long-term deposits

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
6,500	6,500	Family Guardian Insurance 3.00 %; 2023	6,500	6,500
		Accrued interest	1,490	1,258
			<u>7,990</u>	<u>7,758</u>

The interest rate on the Family Guardian Single Premium Deferred Annuity will be reviewed every 5 years on the annuity anniversary date.

(t) Bridge Authority bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
		Accrued interest	29	29
			<u>1,856</u>	<u>1,856</u>

(u) Fidelity Bank (Bahamas) Limited notes

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
800	800	Series F Notes; Prime + 1.25%; 2022	800	800
		Accrued interest	4	18
			<u>804</u>	<u>818</u>

(v) The College of The Bahamas redeemable term notes

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
1,107	1,291	7.00%; 2026	1,107	1,291
		Accrued interest	-	1
			<u>1,107</u>	<u>1,292</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

7. Investments at Amortised Cost (Continued)

(w) Public Hospital Authority bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
8,648	9,313	6.00%; 2033	8,648	9,313
		Accrued interest	132	142
			<u>8,780</u>	<u>9,455</u>

Principal repayments began in 2015 and will occur until maturity. In 2020 principal repayments made were \$665 (2019: \$665).

(x) Be Aliv Notes

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
500	500	Series A 8.00%; 2026	500	500
500	500	Series B 8.50%; 2031	500	500
			<u>1,000</u>	<u>1,000</u>

(y) Citigroup Funding Inc. notes

Face Value		Description		
2020	2019		2020	2019
\$	\$	\$	\$	
-	3,000	US\$ 3-Month LIBOR + 3.25%; 2020	-	3,000
		Accrued interest	-	3
			<u>-</u>	<u>3,003</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Investments at Amortised Cost (Continued)

(z) Corporate US\$ bonds

Face Value		Description		
2020	2019		2020	2019
\$	\$		\$	\$
397		397 Freeport McMoran Copper & Gold 3.50%; 2022	392	388
-		104 Anheuser Busch Incorporated 2.50%; 2022	-	102
397		397 Amazon Incorporated 2.50%; 2022	389	385
397		397 American International Group 4.88%; 2022	403	407
397		397 Goldman Sachs Group 3.63%; 2023	392	390
397		397 Morgan Stanley Medium Term 4.88%; 2022	399	399
397		397 Simon Property Group 2.75%; 2023	389	385
-		397 Quest Diagnostics Incorporated 4.70%; 2021	-	402
157		157 Teva Pharmaceutical Finance 2.95%; 2022	154	153
397		397 United Health Group 2.75%; 2023	390	387
397		397 WellPoint Incorporated 3.30%; 2023	392	390
397		397 Deer & Company 2.60%; 2023	393	391
397		397 General Dynamics Corporation 2.25%; 2022	389	384
397		397 General Electric Capital Group 3.10%; 2022	391	389
397		397 AT & T Incorporated 2.63%; 2022	388	384
-		397 Telefonía Emisiones 5.13%; 2020	-	398
397		397 Verizon Communications Incorporated 2.45%; 2022	387	383
397		397 Ebay Incorporated 2.60%; 2022	392	388
			<u>5,640</u>	<u>6,505</u>
		Accrued Interest	<u>47</u>	<u>56</u>
			<u>5,687</u>	<u>6,561</u>

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	2020	2019
	\$	\$
<i>Gross receivables</i>		
Not later than one year	25,333	12,747
Later than one year and not later than five years	50,988	50,988
Later than five years	<u>174,200</u>	<u>186,947</u>
	250,521	250,682
Unearned finance income	<u>(78,123)</u>	<u>(85,497)</u>
	<u>172,398</u>	<u>165,185</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. Net Investment in Finance Leases (Continued)

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

	2020	2019
	\$	\$
Not later than one year	18,204	5,373
Later than one year and not later than five years	25,148	24,053
Later than five years	<u>129,046</u>	<u>135,759</u>
	<u>172,398</u>	<u>165,185</u>

At December 31, 2020, net finance leases were \$172,398 (2019: \$165,185). The Fund previously classified the leases in stage 3 under the expected credit loss model as payments were past due, however, during December 2018 The Bahamas Government negotiated a Promissory Note to cover all the past due balances under the finance and operating leases in the amount of \$61,672. Set payments are to be made monthly and full repayment is not to exceed four years. Repayments during 2020 on the Promissory Note was \$11,259 (2019: \$12,224). The existing finance lease agreement remains in force for the duration of the Promissory note and as a result the applicable interest of Prime rate+ 1/4% (presently 4.50%) will apply to delinquent payments.

At December 31, 2020, the finance leases payments are in arrears and in default. The Finance Lease receivables are listed at Stage III with a LGD of 0% as they are collateralized by the underlying assets, the buildings, the replacement values of which if liquidated will reduce the exposure.

The Fund presently has thirteen (2019: thirteen) office buildings being leased to The Bahamas Government under finance lease agreements, as follows:

	2020	2019
	\$	\$
Poinciana Hill, New Providence	10,601	10,148
Thompson Boulevard, New Providence	16,867	16,146
Cloughton House, New Providence	5,866	5,615
Police Headquarters, Grand Bahama	4,891	4,682
Police Dormitories, Grand Bahama	2,013	2,002
Robinson Road, New Providence	3,488	3,339
Police Residences, Grand Bahama	2,273	2,175
Police Gymnasium, Grand Bahama	611	608
Police Guard House, Grand Bahama	30	30
Freeport Government Complex	25,860	24,811
Marsh Harbour Government Complex	28,430	27,216
Office of the Attorney General	38,673	37,020
JL Centre	<u>32,795</u>	<u>31,393</u>
	<u>172,398</u>	<u>165,185</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. Net Investment in Finance Leases (Continued)

Cloughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Cloughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Cloughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Cloughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above the Prime of 4.25% (2019: 4.25%) (an effective rate of 6.50% per annum in 2013). This lease expired June 13, 2011, however, during 2014 construction began for the renovation of Cloughton 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% (2019: 4.50%). The Bahamas Government is responsible for the maintenance, insurance and taxes on all buildings under Finance Lease arrangements.

Bahamas Government buildings

In prior years, the Ministry of Finance negotiated appropriate funding packages with the Fund for the construction or renovation of certain buildings, namely Poinciana Hill, Thompson Boulevard, Police Headquarters, Police Dormitories, Robinson Road, Police Residences, Police Gymnasium and Police Guard House. The Fund has executed lease agreements with The Bahamas Government for these buildings, on the same terms as the finance lease involving 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, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

9. Investment Property

	Farrington Road Building	Modernistic Building	Total
	\$	\$	\$
As of January 1, 2020	2,600	501	3,101
Transfer of Investment property	-	(186)	(186)
Gain/(loss) on valuation/transfer of Investment property (Note 17)	707	(315)	392
As of December 31, 2020	<u>3,307</u>	<u>-</u>	<u>3,307</u>
As of January 31, 2019	2,600	501	3,101
As of December 31, 2019	<u>2,600</u>	<u>501</u>	<u>3,101</u>

The fair values of investment properties are determined every three years by an independent professionally qualified appraiser. In determining the valuations, the appraiser refers to the weighted average of the Cost Approach and the Income Approach with reference to discounted cash flows that consider assumptions such as rental rates and market discount rates. These properties were appraised as at December 31, 2020.

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

Estimate/Assumption	Change	Impact on Reserves
Construction costs	+5.00%/-5.00%	\$204/(\$204)
Depreciation rate	+5.00%/-5.00%	(\$84)/\$84

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:

	2020	2019
	\$	\$
Rental income	<u>380</u>	<u>377</u>
Direct operating expenses		
On property that generated rental income	124	142
On property that did not generate rental income	34	13
	<u>158</u>	<u>155</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

9. Investment Property (Continued)

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

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

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

	Farrington Road Building	
	2020	2019
	\$	\$
No later than 1 year	374	374
Later than 1 year and no later than 5 years	1,496	1,496
Later than 5 years	2,992	3,366
	<u>4,862</u>	<u>5,236</u>

10. Investment in Associates

As at December 31, 2020, the Fund owned 4,334,453 (2019: 4,334,453) of the ordinary voting shares of Bank of the Bahamas Limited (BOB), representing 11.74% (2019: 11.74%) of the total outstanding ordinary voting shares and 6,022,945 (2019: 6,022,945) non-voting ordinary shares. The Fund has determined it still has significant influence as it holds a seat on the board and participates in all significant financial and operating decisions. The cumulative net unrecognised losses on BOB at December 31, 2020 are \$11,419 (2019: \$10,832).

The number of shares owned by the Fund in Cable Bahamas total 9,482,759 (2019: 9,482,759), representing 21.61% (2019: 21.61%) of the total outstanding voting shares. The cumulative net unrecognised losses on CAB at December 31, 2020 are \$860 (2019: \$5,421).

	Opening \$	Purchase \$	Share of Profit / (Losses) \$	Dividends \$	Closing \$
As at December 31, 2020					
Bank of The Bahamas Limited	-	-	-	-	-
Cable Bahamas Limited	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
As at December 31, 2019					
Bank of The Bahamas Limited	-	-	-	-	-
Cable Bahamas	3,186	-	(3,186)	-	-
	<u>3,186</u>	<u>-</u>	<u>(3,186)</u>	<u>-</u>	<u>-</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(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, 2020 and 2019:

	Assets \$	Liabilities \$	Total Income \$	Net Income/ (Loss) \$
2020				
Bank of The Bahamas Limited	821,954	667,856	46,028	(5,024)
Cable Bahamas Limited	616,245	541,280	30,262	21,109
2019				
Bank of The Bahamas Limited	866,003	702,497	43,431	1,304
Cable Bahamas Limited	714,575	722,080	53,332	(39,837)

11. Computer Software

Computer software comprises:

	Total \$
Cost	
Balance as at January 1, 2020	18,358
Additions	1,000
Disposal	(564)
Balance as at December 31, 2020	<u>18,794</u>
Accumulated amortisation	
Balance as at January 1, 2020	7,206
Amortisation expense	1,323
Disposals	(564)
Balance as at December 31, 2020	<u>7,965</u>
Net book value as at December 31, 2020	<u>10,829</u>
Cost	
Balance as at January 1, 2019	17,771
Additions	587
Balances as at December 31, 2019	<u>18,358</u>
Accumulated amortisation	
Balance as at January 1, 2019	6,227
Amortisation expense	979
Balance as at December 31, 2019	<u>7,206</u>
Net book value as at December 31, 2019	<u>11,152</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (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	Leasehold Assets	Medical Equipment & Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance as at January 1, 2020	122,735	4,757	8,071	2,105	739	1,511	13,177	153,095
Additions	428	264	1,445	-	105	-	-	2,242
Disposals	<u>(5,212)</u>	<u>(150)</u>	<u>(238)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(511)</u>	<u>(6,111)</u>
Balance as at December 31, 2020	<u>117,951</u>	<u>4,871</u>	<u>9,278</u>	<u>2,105</u>	<u>844</u>	<u>1,511</u>	<u>12,666</u>	<u>149,226</u>
Accumulated depreciation								
Balance as at January 1, 2020	33,364	4,004	6,370	1,832	-	265	8,747	54,582
Charge for the year	2,942	215	889	160	-	265	862	5,333
Disposals	<u>(1,568)</u>	<u>(131)</u>	<u>(238)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(457)</u>	<u>(2,394)</u>
Balance as at December 31, 2020	<u>34,738</u>	<u>4,088</u>	<u>7,021</u>	<u>1,992</u>	<u>-</u>	<u>530</u>	<u>9,152</u>	<u>57,521</u>
Net book value as at December 31, 2020	<u>83,213</u>	<u>783</u>	<u>2,257</u>	<u>113</u>	<u>844</u>	<u>981</u>	<u>3,514</u>	<u>91,705</u>

Right of use assets of \$981 (2019: \$1,246) included in property, plant and equipment, where the Fund is the lessee, comprise various offices spaces under operating lease contracts.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

12. Property, Plant and Equipment (Continued)

	Land & Buildings	Office Furniture & Equipment	Computer Hardware	Motor Vehicles	Land Improvement	Leasehold Assets	Medical Equipment & Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance as at January 1, 2019	122,735	4,618	6,410	2,255	739	-	13,192	149,949
Effects of changes in accounting policies	-	-	-	-	-	1,470	-	1,470
Additions	-	178	1,690	28	-	41	7	1,944
Disposals	-	(39)	(29)	(178)	-	-	(22)	(268)
Balance as at December 31, 2019	122,735	4,757	8,071	2,105	739	1,511	13,177	153,095
Accumulated depreciation								
Balance as at January 1, 2019	30,359	3,733	6,048	1,752	-	-	7,897	49,789
Depreciation expense	3,005	306	351	258	-	265	872	5,057
Disposals	-	(35)	(29)	(178)	-	-	(22)	(264)
Balance as at December 31, 2019	33,364	4,004	6,370	1,832	-	265	8,747	54,582
Net book value as at December 31, 2019	89,371	753	1,701	273	739	1,246	4,430	98,513

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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cost	90,241	94,259	12,665	13,177
Accumulated depreciation	(20,229)	(19,268)	(9,149)	(8,746)
Net book value	70,012	74,991	3,516	4,431

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (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.

	2020 \$	2019 \$
Balance as at January 1	80,651	69,804
Additions	3,415	8,665
Interest income (Note 17)	<u>2,477</u>	<u>2,182</u>
Balance as at December 31	<u>86,543</u>	<u>80,651</u>

During 2011, the National Insurance Board resolved to reduce interest charged on outstanding balances related to projects currently inactive to 0.00%. As at December 31, 2020, projects with balances totalling \$14,798 (2019: \$14,733) are subject to this resolution.

14. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses comprise:

	2020 \$	2019 \$
Accounts payable and accrued expenses	5,674	6,978
Accrued vacation pay	4,223	3,467
Unclaimed benefits	587	308
Employee pension contributions	91	178
Other	<u>41</u>	<u>21</u>
	<u>10,616</u>	<u>10,952</u>

Lease Liability

	2020 \$	2019 \$
Lease liabilities		
Current	260	248
Non-current	<u>768</u>	<u>1,028</u>
	<u>1,028</u>	<u>1,276</u>

The consolidated statement of comprehensive income reflects the following amounts related to leases:

	2020 \$	2019 \$
Finance cost	64	76

The total cash outflows for leases in 2020 was \$311(2019: \$311).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (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:

	2020	2019
	\$	\$
Present value of defined benefit obligations	143,114	138,930
Fair value of plan assets	<u>(92,897)</u>	<u>(84,125)</u>
Funded status- Deficit	<u>50,217</u>	<u>54,805</u>
Net liability arising from defined benefit obligation in consolidated statement of financial position	<u>50,217</u>	<u>54,805</u>

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

	2020	2019
	\$	\$
As at January 1	138,930	135,166
Interest cost	7,071	6,895
Current service cost	4,296	4,296
Employee contributions	1,097	1,074
Benefits paid	(5,819)	(5,268)
Actuarial gains	<u>(2,461)</u>	<u>(3,233)</u>
As at December 31	<u>143,114</u>	<u>138,930</u>

The present value of the defined benefit obligation as at December 31, 2018, 2017, and 2016, was \$135,166, \$124,653, and \$120,954 respectively.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (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:

	2020		2019	
	\$	%	\$	%
Active members	92,882	64.9	94,555	68.1
Inactive members	<u>50,232</u>	<u>35.1</u>	<u>44,375</u>	<u>31.9</u>
As at December 31	<u>143,114</u>	<u>100.0</u>	<u>138,930</u>	<u>100.0</u>

As at December 31, 2020, the duration of the liability is 14.82 years.

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

	2020	2019
	\$	\$
As at January 1	84,125	73,256
Expected return on plan assets	4,358	3,828
Contributions	12,097	12,074
Benefits paid	(5,819)	(5,268)
Actuarial (losses)/gains	(1,644)	442
Administration and Other non-Plan Investment Management Expenses	<u>(220)</u>	<u>(207)</u>
As at December 31	<u>92,897</u>	<u>84,125</u>

The allocation of plan assets as at December 31, 2020 is as follows:

	2020	2019
	\$	\$
Asset Allocation		
Cash on hand and at banks	5,409	4,325
Certificates of deposit	1,152	3,774
Equity securities at fair value through profit or loss	13,793	11,972
Loans and receivables	71,827	63,712
Net current assets	<u>716</u>	<u>342</u>
Fair value of plan assets at end of year	<u>92,897</u>	<u>84,125</u>

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

15. Staff Pension Fund (Continued)

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

	2020	2019
	\$	\$
Current service cost	4,296	4,296
Interest expense	2,713	3,067
Administration and Other non Plan Investment Management Expenses	220	207
Total pension expense (See Note 22)	7,229	7,570

Employer contributions to be paid to the staff pension fund in the subsequent year are estimated at \$10,958 (2019: \$10,759). Employee contributions to be paid to the staff pension fund in the subsequent year are estimated at \$1,185 (2019: \$1,114).

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

	2020	2019
	\$	\$
As at January 1	54,805	61,910
Pension expense recognised	7,229	7,570
Contributions – employer	(10,997)	(10,991)
Actuarial gains for year –from experience	(2,464)	(3,242)
Actuarial losses/(gains) for year-plan assets	1,644	(442)
As at December 31	50,217	54,805

The principal actuarial assumptions used at December 31 were:

	2020	2019
Rates per annum		
Discount rate	5.00%	5.00%
Expected return on plan assets	5.00%	5.00%
Future salary increase		
at age 18	5.00%	5.00%
at age 59	5.00%	5.00%

Early retirement rates used were 0% before completing 30 years of pensionable service and 10% after completing 30 years of pensionable service. Mortality rates have been taken from the 1994 Uninsured Pensioner Mortality Generational Table at 2021 with Projection Scale AA (2019: 1994 Uninsured Pensioner Mortality Generational Table at 2020 with Projection Scale AA). The mortality rates used for December 31, 2020 allow for improvements in life expectancy as illustrated below:

Age	Gender	
	Male	Female
Age 60 in 2020	24.94	26.99
Age 60 in 20 years	26.53	27.82

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2020
(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, 2020 would have changed as a result of a change in the assumptions used.

Future salary increase	Discount Rate		
	5.00%	4.00%	6.00%
	\$	\$	\$
5.00%	143,114	166,782	124,364
4.50%	140,611	163,517	122,414
5.50%	145,781	170,270	126,434

The defined benefit obligation would be \$145,873 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, 2020 and 2019.

17. Income from Investments

	2020	2019
	\$	\$
Income from trustee securities:		
Bahamas Government registered stocks	24,474	24,289
Bahamas Government treasury bills	43	11
	<u>24,517</u>	<u>24,300</u>
Income from other securities:		
Certificates of deposit	1,708	3,141
Long term deposits	233	285
Nassau Airport Development Company Limited debt securities	6,576	6,688
Bahamas Mortgage Corporation bonds	3,340	3,331
Dividends from ordinary and preference shares	2,218	2,706
Education Loan Authority bonds	1,861	1,820
Bahamas Government US\$ notes	2,090	2,089
Bahamas Government US\$ loan	452	-
Bahamas Government B\$ notes	104	171
Bahamas Development Bank bonds	1,219	1,463
Bahamas Electricity Corporation bonds	1,697	1,637
Government of Barbados US\$ bonds	150	464
Clifton Heritage Authority bonds	389	388
United States of America US\$ treasury notes	223	852
Fidelity Bank (Bahamas) Limited notes	44	92
The College of The Bahamas redeemable term notes	84	97
Bridge Authority bonds	106	118
Government of the Cayman Islands US\$ bonds	-	105

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

17. Income from Investments (Continued)

	2020	2019
	\$	\$
Income from other securities: (continued)		
Government of Trinidad & Tobago US\$ bonds	78	78
Loans to Bahamas Government entities	680	1,392
Public Hospital Authority bonds	550	589
Corporate US\$ bonds	243	256
Citigroup Funding Inc. notes	30	1
Be Aliv notes	83	83
	<u>24,158</u>	<u>27,846</u>
	2020	2019
	\$	\$
Income/(loss) from other investments:		
Interest income on net investment in finance leases	8,019	7,706
Interest income on construction in progress – finance leases (Note 13)	2,477	2,182
Net unrealised (loss)/gain on investments at fair value through profit or loss (Note 6)	(16,506)	2,372
Net realised (loss)/gain on investments at fair value through profit or loss (Note 6)	(1,466)	3,923
Net realised gain on valuation of investment properties	392	-
Net realised gain on other investments	358	155
	<u>(6,726)</u>	<u>16,338</u>
	<u>41,949</u>	<u>68,484</u>

18. Income from Property

	2020	2019
	\$	\$
Rental income:		
Freeport office complex	685	669
New Providence buildings	445	442
Polyclinics	2,112	2,112
	<u>3,242</u>	<u>3,223</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, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

20. Amount Invested in Other Assets (See Note 31)

Amount invested in other assets comprises:

	2020	2019
	\$	\$
Cash on hand	62	54
Cash at banks – current accounts	19,303	23,014
Cash at brokers	2,597	1,193
Receivables and advances	158,590	134,212
Prepaid expenses and deposits	630	1,163
Computer software	10,829	11,152
Property, plant and equipment	18,177	19,092
Construction in progress – finance leases	86,543	80,651
Accounts payable and accrued expenses	(10,616)	(10,952)
Accrued benefits payable	(18,132)	(17,125)
	<u>267,983</u>	<u>242,454</u>

21. Other Expenses

Other expenses comprise:

	2020	2019
	\$	\$
Repairs and maintenance	3,292	3,088
Utilities	1,523	1,604
Consultancy fees	484	826
Printing, stationery and computer supplies	750	553
Transportation and travel	249	345
Training and scholarships	119	322
Janitorial	433	381
Advertising and publicity	110	111
External security	381	446
Rent	195	222
Motor vehicles	158	208
Insurance	295	247
Legal expenses	85	107
Audit fees	256	217
Real property tax	74	131
Bank charges	400	351
Tribunal membership	2	9
Finance cost-lease liability	64	76
Value Added Tax Expense	1,255	1,117
Other miscellaneous expenses	56	66
	<u>10,181</u>	<u>10,427</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2020
(Expressed in Thousands of Bahamian dollars)
(Continued)

22. Employee Benefits

	2020	2019
	\$	\$
Pension expense (Note 15)	7,229	7,570
Pension expense allocated to the Drug Fund	(149)	(126)
	<u>7,080</u>	<u>7,444</u>
Staff salaries and allowance	26,021	25,793
Group health plan	4,470	3,628
National insurance contributions	1,042	1,007
Other benefits	<u>321</u>	<u>352</u>
	<u>38,934</u>	<u>38,224</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 and Finance & Audit Committees under policies approved by the Board. There have been no changes to the Fund's process during the year. The methods used are described below.

Market Risk

Price Risk

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

The Fund is exposed to securities price risk because of investments held by the Fund designated as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio in accordance with the limits set by the Investment Committee. The Fund's exposure to price risk is detailed in Note 6. All of the Fund's investments at fair value are publicly traded and included in the S&P 500 index or are listed on the Bahamas International Securities Exchange (BISX). If the BISX and S&P 500 indices increased/decreased 6% (2019: 6%) with all other variables held constant, this would have increased/decreased reserves \$3,246 (2019: \$7,852).

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.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2020
(Expressed in Thousands of Bahamian dollars)
(Continued)

23. Financial Risk Management (Continued)

Credit risk

Risk management

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

Maximum exposure

As at December 31, 2020, the Fund's maximum exposure to credit risk before considering any collateral held is the carrying amount of financial assets in the amount \$1,430,855 (2019: \$1,625,449), principally concentrated with The Bahamas Government, which as at December 31, 2020 had foreign and local currency debt ratings of Ba2 (2019: Baa3) issued by Moody's. As at that date, the Fund had investments, loans and receivables with The Bahamas Government and its entities totalling \$1,099,069 (2019: \$1,170,485).

Impairment of financial assets

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

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

Debt investments at amortised cost

The Fund has assessed its cash balances held with financial institutions to be investment grade based on the external credit rating of the counterparties. As such all balances have been classified at Stage 1 at December 31, 2020 and December 31, 2019. The table below reconciles the loss allowance recognised at December 31, 2020:

	2020	2019
	\$	\$
Opening allowance at January 1,	13	24
Increase/(decrease) in expected credit loss	2	(11)
Closing allowance at December 31,	15	13

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

	Credit Grade	Amortised Cost \$	Stage 1 \$	Stage 2 \$	Stage 3 \$	POCI \$	ECL \$	Carrying Value \$	2019 \$
Sovereign									
Bahamas Government registered stocks	Non-investment	532,885	532,885	-	-	-	(468)	532,417	543,672
Bahamas Government B\$ notes	Non-investment	3,559	3,559	-	-	-	(3)	3,556	4,259
Bahamas Government treasury bills	Non-investment	1,675	1,675	-	-	-	-	1,675	1,633
Bahamas Government US\$ notes	Non-investment	30,250	30,250	-	-	-	(27)	30,223	30,176
Bahamas Government US\$ loan	Non-investment	13,506	13,506	-	-	-	(4)	13,502	-
United States of America US\$ treasury notes	Investment	-	-	-	-	-	-	-	51,420
Government of Barbados US\$ bonds	Non-investment	2,466	-	-	-	2,466	-	2,466	2,921
Government of Trinidad & Tobago US\$ bonds	Non-investment	2,067	-	2,067	-	-	(9)	2,058	2,058
		<u>586,408</u>	<u>581,875</u>	<u>2,067</u>	<u>-</u>	<u>2,466</u>	<u>(511)</u>	<u>585,897</u>	<u>636,139</u>
Corporate									
Certificates of deposit	Non-investment	49,523	49,523	-	-	-	(94)	49,429	140,765
Bahamas Mortgage Corporation bonds	Non-investment	95,894	95,894	-	-	-	(166)	95,728	95,615
Nassau Airport Development Company Limited debt securities	Non-Investment	88,893	26,856	62,037	-	-	(4,885)	84,008	88,205
Education Loan Authority bonds	Non-investment	45,965	30,965	-	15,000	-	(54)	45,911	46,087
Bahamas Development Bank bonds	Non-investment	269	269	-	-	-	-	269	37,654
Bahamas Electricity Corporation bonds	Non-investment	25,075	-	25,075	-	-	(307)	24,768	25,447
Preference shares	Non-investment	14,500	6,000	8,500	-	-	(216)	14,284	15,622
Clifton Heritage Authority bonds	Non-investment	7,993	7,993	-	-	-	(14)	7,979	7,970
Latin American Investment Bank (Bahamas) Ltd. bonds	Non-investment	3,503	-	-	3,503	-	(873)	2,630	1,529
Loans to Bahamas Government entities	Non-investment	58,936	52,182	-	6,754	-	(2,021)	56,915	24,015
Long-term deposits	Non-investment	7,990	7,990	-	-	-	(26)	7,964	7,714
Bridge Authority bonds	Non-investment	1,856	1,856	-	-	-	(3)	1,853	1,851
Fidelity Bank (Bahamas) Limited notes	Non-investment	804	804	-	-	-	(3)	801	813
The College of The Bahamas redeemable term notes	Non-investment	1,107	1,107	-	-	-	(2)	1,105	1,289
Public Hospital Authority bonds	Non-investment	8,780	8,780	-	-	-	(15)	8,765	9,429
Be Aliv Note	Non-investment	1,000	1,000	-	-	-	(3)	997	994
Citigroup Funding Inc. notes	Investment	-	-	-	-	-	-	-	3,003
	Investment & Non-investment	<u>5,687</u>	<u>5,136</u>	<u>551</u>	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>5,681</u>	<u>6,547</u>
Corporate US\$ bonds		<u>417,775</u>	<u>296,355</u>	<u>96,163</u>	<u>25,257</u>	<u>-</u>	<u>(8,688)</u>	<u>409,087</u>	<u>514,549</u>
		<u>1,004,183</u>	<u>878,230</u>	<u>98,230</u>	<u>25,257</u>	<u>2,466</u>	<u>(9,199)</u>	<u>994,984</u>	<u>1,150,688</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

The following table contains an analysis of debt instruments of the Fund by credit quality at December 31, 2020 based on credit risk grades and discloses the balances by three stages for the purpose of ECL measurement.

	Stage 1	Stage 2	Stage 3	POCI	2020
	\$	\$	\$	\$	\$
Sovereign Investment Securities					
Credit grade:					
Investment	-	-	-	-	-
Non-investment	581,875	2,067	-	2,466	586,408
Gross carrying amount	581,875	2,067	-	2,466	586,408
Loss allowance	(502)	(9)	-	-	(511)
Carrying amount	581,373	2,058	-	2,466	585,897
Corporate Investment Securities					
Credit grade:					
Investment	5,136	-	-	-	5,136
Non-investment	291,219	96,163	25,257	-	412,639
Gross carrying amount	296,355	96,163	25,257	-	417,775
Loss allowance	(596)	(5,304)	(2,788)	-	(8,688)
Carrying amount	295,759	90,859	22,469	-	409,087
Total Investment Securities					
Credit grade:					
Investment	5,136	-	-	-	5,136
Non-investment	873,094	98,230	25,257	2,466	999,047
Gross carrying amount	878,230	98,230	25,257	2,466	1,004,183
Loss allowance	(1,098)	(5,313)	(2,788)	-	(9,199)
Carrying amount	877,132	92,917	22,469	2,466	994,984

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

The following table contains the comparative analysis of debt instruments of the Fund by credit quality at December 31, 2019.

	Stage 1	Stage 2	Stage 3	2019
	\$	\$	\$	\$
Sovereign Investment Securities				
Credit grade:				
Investment	51,421	-	-	51,421
Non-investment	581,091	4,998	-	586,089
Gross carrying amount	<u>632,512</u>	<u>4,998</u>	<u>-</u>	<u>637,510</u>
Loss allowance	(1,352)	(19)	-	(1,371)
Carrying amount	<u>631,160</u>	<u>4,979</u>	<u>-</u>	<u>636,139</u>
Corporate Investment Securities				
Credit grade:				
Investment	96,910	-	-	96,910
Non-investment	373,386	36,835	16,295	426,516
Gross carrying amount	<u>470,296</u>	<u>36,835</u>	<u>16,295</u>	<u>523,426</u>
Loss allowance	(1,243)	(795)	(6,839)	(8,877)
Carrying amount	<u>469,053</u>	<u>36,040</u>	<u>9,456</u>	<u>514,549</u>
Total Investment Securities				
Credit grade:				
Investment	148,331	-	-	148,331
Non-investment	954,477	41,833	16,295	1,012,605
Gross carrying amount	<u>1,102,808</u>	<u>41,833</u>	<u>16,295</u>	<u>1,160,936</u>
Loss allowance	(2,595)	(814)	(6,839)	(10,248)
Carrying amount	<u>1,100,213</u>	<u>41,019</u>	<u>9,456</u>	<u>1,150,688</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2020
(Expressed in Thousands of Bahamian dollars)
(Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

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

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

The downgrade of the local and foreign currency sovereign credit ratings of The Bahamas during 2020 was due to the economic impact of the decline in the tourism sector, sluggish fiscal reform, and increased fiscal deficits. It is expected The Bahamas will experience modest growth as the tourism sector reopens and there is continued stimulus in the construction sector with post-hurricane building works. The external reserves are projected to remain more than adequate to maintain the Bahamian dollar currency in spite of the forecasted local and external borrowings to finance the debt. As such, management has elected to maintain the Stage I classification and apply the S&P credit rating to the sovereign investments which, given the credit rating agency's historic ratings, results in a more conservative estimate.

The Fund's ECL model uses GDP as one of its main factor due to the high concentration of sovereign investments

A major factor in the 2020 ECL calculation is the GDP growth % for 2021. The IMF forecasts a GDP growth rate of 4.59% for 2021, representing a strong rebound in the post-COVID-19 economy, as compared to -14.78% for 2020. However, management has determined to use a more conservative estimate of 1.19%, which represents the average GDP growth for The Bahamas in the previous five years and the forecast for the following five years i.e. years 2016 to 2025. This average GDP growth of 1.2% used in the 2020 ECL calculation when compared to -0.56% used in the 2019 calculation reduces the variation to ECL arising from the sovereign investments, as it employs a more conservative GDP growth figure that more closely approximates the longer-term steady state growth trajectory of the economy. The positive increase in GDP resulted in a lower than expected ECL for 2020.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Gross carrying amount as at January 1, 2020	632,512	4,998	-	-	637,510
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	(2,921)	-	2,921	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	32,046	-	-	-	32,046
Changes to exposure other than full derecognition	(651)	(10)	-	(455)	(1,116)
Financial assets derecognised during the period	(82,032)	-	-	-	(82,032)
Gross carrying amount as at December 31, 2020	581,875	2,067	-	2,466	586,408
Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Loss allowance as at January 1, 2020	1,352	19	-	-	1,371
Transfers:					
Transfer from Stage 1 to Stage 2	-	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	20	-	-	-	20
Changes to model assumptions and methodologies	(829)	(10)	-	-	(839)
Financial assets derecognised during the period	(41)	-	-	-	(41)
Loss allowance as at December 31, 2020	502	9	-	-	511

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2019	613,201	2,087	3,446	618,734
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	61,976	2,921	-	64,897
Changes to exposure other than full derecognition	61	(10)	-	51
Financial assets derecognised during the period	(42,726)	-	(3,446)	(46,172)
Gross carrying amount as at December 31, 2019	632,512	4,998	-	637,510
Sovereign Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2019	1,086	22	1,550	2,658
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	73	-	-	73
Changes to model assumptions and methodologies	220	(3)	-	217
Financial assets derecognised during the period	(27)	-	(1,550)	(1,577)
Loss allowance as at December 31, 2019	1,352	19	-	1,371

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Corporate Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Gross carrying amount as at January 1, 2020	470,296	36,835	16,295	-	523,426
Transfers:					
Transfer from Stage 1 to Stage 2	(74,775)	74,775	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	40,548	-	-	-	40,548
Changes to exposure other than full derecognition	(3,569)	1,455	(4,323)	-	(6,437)
Financial assets derecognised during the period	(136,145)	(1,902)	(1,715)	-	(139,762)
Gross carrying amount as at December 31, 2020	296,355	111,163	10,257	-	417,775

Corporate Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Loss allowance as at January 1, 2020	1,243	795	6,839	-	8,877
Transfers:					
Transfer from Stage 1 to Stage 2	(59)	59	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	73	-	-	-	73
Changes to model assumptions and methodologies	(280)	4,510	(2,336)	-	1,894
Financial assets derecognised during the period	(381)	(60)	(1,715)	-	(2,156)
Loss allowance as at December 31, 2020	596	5,304	2,788	-	8,688

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Corporate Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2019	478,252	36,041	18,062	532,355
Transfers:				
Transfer from Stage 1 to Stage 2	(791)	791	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	1,314	-	-	1,314
Changes to exposure other than full derecognition	(227)	3	667	443
Financial assets derecognised during the period	(8,252)	-	(2,434)	(10,686)
Gross carrying amount as at December 31, 2019	470,296	36,835	16,295	523,426

Corporate Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2019	1,417	965	6,959	9,341
Transfers:				
Transfer from Stage 1 to Stage 2	(5)	5	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	4	-	-	4
Changes to model assumptions and methodologies	(155)	(175)	500	170
Financial assets derecognised during the period	(18)	-	(620)	(638)
Loss allowance as at December 31, 2019	1,243	795	6,839	8,877

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Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Total Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Gross carrying amount as at January 1, 2020	1,102,808	41,833	16,295	-	1,160,936
Transfers:					
Transfer from Stage 1 to Stage 2	(74,775)	74,775	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	(2,921)	-	2,921	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	72,594	-	-	-	72,594
Changes to exposure other than full derecognition	(4,220)	1,445	(4,323)	(455)	(7,553)
Financial assets derecognised during the period	(218,177)	(1,902)	(1,715)	-	(221,794)
Gross carrying amount as at December 31, 2020	878,230	113,230	10,257	2,466	1,004,183

Total Investment Securities	Stage 1	Stage 2	Stage 3	POCI	Total
	\$	\$	\$	\$	\$
Loss allowance as at January 1, 2020	2,595	814	6,839	-	10,248
Transfers:					
Transfer from Stage 1 to Stage 2	(59)	59	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-	-
New financial assets originated or purchased	93	-	-	-	93
Changes to model assumptions and methodologies	(1,109)	4,500	(2,336)	-	1,055
Financial assets derecognised during the period	(422)	(60)	(1,715)	-	(2,197)
Loss allowance as at December 31, 2020	1,098	5,313	2,788	-	9,199

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Total Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2019	1,091,453	38,128	21,508	1,151,089
Transfers:				
Transfer from Stage 1 to Stage 2	(791)	791	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	63,290	2,921	-	66,211
Changes to exposure other than full derecognition	(166)	(7)	667	494
Financial assets derecognised during the period	(50,978)	-	(5,880)	(56,858)
Gross carrying amount as at December 31, 2019	1,102,808	41,833	16,295	1,160,936

Total Investment Securities	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2019	2,503	987	8,509	11,999
Transfers:				
Transfer from Stage 1 to Stage 2	(5)	5	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	77	-	-	77
Changes to model assumptions and methodologies	65	(178)	500	387
Financial assets derecognised during the period	(45)	-	(2,170)	(2,215)
Loss allowance as at December 31, 2019	2,595	814	6,839	10,248

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Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

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

Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2020	100,387	-	-	100,387
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New financial assets originated or purchased	29,265	-	-	29,265
Changes to exposure other than full derecognition	-	-	-	-
Financial assets derecognised during the period	(14,936)	-	-	(14,936)
Gross carrying amount as at December 31, 2020	114,716	-	-	114,716

Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Gross carrying amount as at January 1, 2019	114,408	-	-	114,408
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 1	-	-	-	-
New financial assets originated or purchased	5,076	-	-	5,076
Changes to exposure other than full derecognition	-	-	-	-
Financial assets derecognised during the period	(19,097)	-	-	(19,097)
Gross carrying amount as at December 31, 2019	100,387	-	-	100,387

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Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Debt investments at amortised cost (continued)

Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2020	62	-	-	62
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-
Financial assets derecognised during the period	(46)	-	-	(46)
Loss allowance as at December 31, 2020	16	-	-	16
Receivables and Advances	Stage 1	Stage 2	Stage 3	Total
	\$	\$	\$	\$
Loss allowance as at January 1, 2019	68	-	-	68
Transfers:				
Transfer from Stage 1 to Stage 2	-	-	-	-
Transfer from Stage 1 to Stage 3	-	-	-	-
Transfer from Stage 2 to Stage 1	-	-	-	-
Transfer from Stage 2 to Stage 3	-	-	-	-
Transfer from Stage 3 to Stage 2	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Changes to model assumptions and methodologies	-	-	-	-
Financial assets derecognised during the period	(6)	-	-	(6)
Loss allowance as at December 31, 2019	62	-	-	62

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

Contribution receivables

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

To measure the expected credit losses, contribution receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates for the contributions receivable are based on the payment profiles of contribution income over a period of 12 months before December 31, 2020 or December 31, 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the employers to settle the receivable balances.

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

The table below outlines the loss allowance for contributions receivable as at December 31, 2020 and December 31, 2019:

December 31, 2020	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Loss rate	-%	-%	-%	92.39%	
Contribution receivable	18,599	8,141	9,526	27,998	64,264
Loss allowance	-	-	-	25,867	25,867
December 31, 2019	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
Loss rate	-%	-%	-%	92.66%	
Contribution receivable	26,722	880	4,602	23,767	55,971
Loss allowance	-	-	-	22,022	22,022

The closing loss allowance for contributions receivables as at December 31, 2020 reconciled to the opening loss allowance is disclosed in Note 5.

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Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

23. Financial Risk Management (Continued)

Credit risk (continued)

Impairment of financial assets (continued)

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

	2020	2019
	\$	\$
Impairment losses/(recoveries) on cash at banks	2	(11)
Impairment recoveries on receivables and advances	(46)	(6)
Impairment losses on contributions receivable	3,845	2,111
Impairment recoveries on investment securities	665	(783)
	<u>4,466</u>	<u>1,311</u>

Liquidity risk

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

Currency risk

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

24. Contingent Liabilities

- (a) The Fund has provided commitment letters to various medical institutions and other providers of medical care in relation to its industrial benefit claimants. Due to the nature of these commitments, it is not practicable to determine the possible financial effect.
- (b) The Fund is a party to several legal actions involving its activities. The Fund is contingently liable for costs and damages in the event of an adverse finding by the courts; however, it is neither possible to predict the decision of the courts nor estimate the amount of such awards. Accordingly, no provisions have been made in these consolidated financial statements relative to the legal proceedings. These legal actions primarily involve construction contracts, and employment related actions brought against the Fund by former employees. Management is of the opinion that the resolution of these matters will not have a material impact on the Fund's consolidated financial statements.

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(Expressed in Thousands of Bahamian dollars)
(Continued)

25. Commitments

Capital commitments

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

	2020	2019
	\$	\$
Capital commitments	<u>2,922</u>	<u>3,657</u>

26. Employees

The average number of persons employed by NIB during the year was 582 (2019: 575).

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Notes to the Consolidated Financial Statements December 31, 2020 (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	
	2020	2019	2020	2019
	\$	\$	\$	\$
Certificates of deposit	49,523	142,908	49,307	141,254
Long term deposit	7,990	7,758	6,606	6,624
Bahamas Government registered stocks	532,885	544,942	581,104	593,107
Bahamas Mortgage Corporation bonds	95,894	95,893	93,607	91,370
Nassau Airport Development Company Limited debt securities	88,893	88,293	103,684	103,649
Education Loan Authority bonds	45,965	46,205	47,002	47,605
Bahamas Development Bank bonds	269	37,761	-	38,464
Bahamas Government US\$ notes	30,250	30,248	37,578	37,969
Bahamas Government US\$ loan	13,506	-	14,140	-
Bahamas Power and Light Company Limited bonds	25,075	25,888	25,900	26,097
Clifton Heritage Authority bonds	7,993	7,993	8,355	8,265
Government of Barbados US\$ bonds	2,466	2,921	2,588	3,111
United States of America US\$ treasury notes	-	51,421	-	50,726
Loans to Bahamas Government entities	58,936	27,239	49,380	24,906
Latin American Investment Bank (Bahamas) Ltd. bonds	3,503	3,503	2,152	2,231
Citigroup Funding Inc. notes	-	3,003	-	3,024
Bridge Authority bonds	1,856	1,856	2,072	2,115
Fidelity Bank (Bahamas) Limited notes	804	818	821	832
The College of The Bahamas redeemable term notes	1,107	1,292	1,172	1,378
Government of Trinidad & Tobago	2,067	2,077	2,059	2,066
Corporate US\$ bonds	5,687	6,561	4,985	5,634
Bahamas Government B\$ Notes	3,559	4,268	3,599	4,319
Public Hospital Authority bonds	8,780	9,455	8,973	9,673
Be Aliv Note	1,000	1,000	1,168	1,186
	988,008	1,143,303	1,046,252	1,205,605

The National Insurance Fund

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(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 at December 31, 2020

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

	Level 1	Level 2	Level 3	Fair value
	\$	\$	\$	\$
Certificates of deposit	-	49,307	-	49,307
Long term deposit	-	6,606	-	6,606
Bahamas Government registered stocks	-	581,104	-	581,104
Bahamas Mortgage Corporation bonds	-	93,607	-	93,607
Nassau Airport Development Company Limited debt securities	-	103,684	-	103,684
Education Loan Authority bonds	-	47,002	-	47,002
Bahamas Development Bank bonds	-	-	-	-
Bahamas Government US\$ notes	-	37,578	-	37,578
Bahamas Government US\$ loan	-	14,140	-	14,140
Bahamas Power and Light Company Limited bonds	-	25,900	-	25,900
Clifton Heritage Authority bonds	-	8,355	-	8,355
Government of Barbados US\$ bonds	-	2,588	-	2,588
United States of America US\$ treasury notes	-	-	-	-
Loans to Bahamas Government entities	-	49,380	-	49,380
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,152	-	2,152
Citigroup Funding Inc. notes	-	-	-	-
Bridge Authority bonds	-	2,072	-	2,072
Fidelity Bank (Bahamas) Limited notes	-	821	-	821
The College of The Bahamas redeemable term notes	-	1,172	-	1,172
Government of Trinidad & Tobago	-	2,059	-	2,059
Corporate US\$ bonds	4,985	-	-	4,985
Bahamas Government B\$ Notes	-	3,599	-	3,599
Public Hospital Authority bonds	-	8,973	-	8,973
Be Aliv Note	-	1,168	-	1,168
	<u>4,985</u>	<u>1,041,267</u>	<u>-</u>	<u>1,046,252</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

27. Fair Value of Financial Instruments (Continued)

Fair Value Hierarchy As at December 31, 2019

	Level 1 \$	Level 2 \$	Level 3 \$	Fair value \$
Certificates of deposit	-	141,254	-	141,254
Long term deposit	-	6,624	-	6,624
Bahamas Government registered stocks	-	593,107	-	593,107
Bahamas Mortgage Corporation bonds	-	91,370	-	91,370
Nassau Airport Development Company Limited debt securities	-	103,649	-	103,649
Education Loan Authority bonds	-	47,605	-	47,605
Bahamas Development Bank bonds	-	38,464	-	38,464
Bahamas Government US\$ notes	-	37,969	-	37,969
Bahamas Power and Light Company Limited bonds	-	26,097	-	26,097
Clifton Heritage Authority bonds	-	8,265	-	8,265
Government of Barbados US\$ bonds	-	3,111	-	3,111
United States of America US\$ treasury notes	50,726	-	-	50,726
Loans to Bahamas Government entities	-	24,906	-	24,906
Latin American Investment Bank (Bahamas) Ltd. bonds	-	2,231	-	2,231
Citigroup Funding Inc. notes	-	3,024	-	3,024
Bridge Authority bonds	-	2,115	-	2,115
Fidelity Bank (Bahamas) Limited notes	-	832	-	832
The College of The Bahamas redeemable term notes	-	1,378	-	1,378
Government of Trinidad & Tobago	-	2,066	-	2,066
Corporate US\$ bonds	5,634	-	-	5,634
Bahamas Government B\$ Notes	-	4,319	-	4,319
Public Hospital Authority bonds	-	9,673	-	9,673
Be Aliv Note	-	1,186	-	1,186
	<u>56,360</u>	<u>1,149,245</u>	<u>-</u>	<u>1,205,605</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, 2020

(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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash at bank	129	1,211	-	-	-	-	-	-	22,749	10,801	22,878	12,012
Receivables and advances	-	-	30	51	-	-	133,019	98,348	4,963	4,917	138,012	103,316
Accounts payable and accrued expenses	9	24	245	215	-	-	37	2	424	193	715	434
Contributions	958	1,562	1,618	1,136	2	1	31,125	31,345	11,179	11,881	44,882	45,925
Administrative expenses	211	148	-	64	-	-	-	-	1,311	1,464	1,522	1,676
Benefits	-	-	2,143	3,981	-	-	-	-	-	-	2,143	3,981

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*:

	2020	2019
	\$	\$
Short-term employee benefits	1,767	1,892
Post-employment benefits	294	366
	<u>2,061</u>	<u>2,258</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(o), and 10 of these consolidated financial statements.

As at December 31, 2020, 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, 2020

(Expressed in Thousands of Bahamian dollars)

(Continued)

28. Related Party Balances and Transactions (Continued)

	Notes	2020 \$	2019 \$
Bahamas Government registered stocks	7(a)	532,885	544,942
Bahamas Mortgage Corporation bonds	7(j)	95,894	95,893
Net investment in finance leases	8	172,398	165,185
Nassau Airport Development Company Limited debt securities	7(k)	88,893	88,293
Bank of the Bahamas certificates of deposit	7(i)	22,900	51,900
Education Loan Authority bonds	7(l)	45,965	46,205
Bahamas Development Bank bonds	7(m)	269	37,761
Bahamas Government US\$ note	7(d)	30,250	30,248
Bahamas Power and Light Company Limited bonds	7(n)	25,075	25,888
Cable Bahamas preference shares	7(o)	8,500	10,000
Clifton Heritage Authority bonds	7(p)	7,993	7,993
Investment property	9	3,307	3,101
Latin American Investment Bank (Bahamas) Ltd. bonds	7(q)	3,503	3,503
Loans to Bahamas Government entities	7(r)	58,936	27,239
Bahamas Development Bank long-term deposit	7(s)	7,990	7,758
Bridge Authority bonds	7(t)	1,856	1,856
The College of The Bahamas redeemable team notes	7(v)	1,107	1,292
Public Hospital Authority bonds	7(w)	8,780	9,455
Bahamas Government B\$ notes	7(b)	3,559	4,268
Bahamas Government US\$ loan	7(e)	13,506	-
Bahamas Government Treasury bills	7(c)	1,675	1,633
		<u>1,135,241</u>	<u>1,164,413</u>

29. Impact of COVID-19

The novel coronavirus (COVID-19) pandemic is spreading around the globe rapidly. - The spread of COVID-19 has severely impacted many local economies around the globe. While the outbreak has had an impact on almost all entities either directly or indirectly, one of the worst-hit sectors has been the hospitality sector, and since the Bahamas' main industry is tourism, the impact in the Bahamas has been severe.

In response to this global pandemic, in March 2020 The Bahamas Government closed the nation's borders and implemented a series of lockdowns and other measures across the country in an attempt to control the spread of the virus. As a result, many non-essential businesses were closed which resulted in mass temporary layoffs of employees. The Fund was negatively impacted by a significant decrease in contribution income and an unprecedented increase in unemployment benefit payments. In order to facilitate the increase in benefit payments, the Fund liquidated certain marketable securities and term deposits. Given the prolonged increase in unemployment, the Fund on behalf of the Government administered the payment of the Government's unemployment assistance programmes. As a result of these payments, the Fund subsequent to year-end has received a promissory note from The Bahamas Government for the balances due from the programme. See note 30(a) (iii).

The Fund has considered the impact of the pandemic on its estimates and assumptions in determining the ECL. Further, the extent and duration of the impact of the pandemic on the global and local economy, financial markets, sectors and specific positions in which the Fund invests is uncertain at this time, but it has the potential to adversely affect the value of the Fund's portfolio and performance.

Management is of the view that the Fund has the ability to meet its current obligations, based on its level of reserves.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2020
(Expressed in Thousands of Bahamian dollars)
(Continued)

30. Events After The Reporting Period

(a.) The Bahamas Government issued three promissory notes to the NIB as follows:

- i. A note dated January 5, 2021 in the amount of \$38,500 to provide reimbursement for expenditure of the Drug Fund.
- ii. A note dated April 19, 2021 in the amount of \$15,000 to cover the outstanding Education Loan Authority Bond that matured in 2020.
- iii. A note dated April 19, 2021 in the amount of \$19,400 to reimburse NIB for the amounts disbursed for the Bahamas Government Unemployment Assistance Programmes.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

31. Investments of the Fund Allocated to the Reserves

	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As at December 31, 2020							
Cash at the Central Bank of The Bahamas	-	21,000	1,183	-	-	566	22,749
Investments at fair value through profit or loss							
Ordinary shares / Mutual funds	-	50,000	-	-	-	-	50,000
Preference shares	-	9,542	-	-	-	-	9,542
	-	59,542	-	-	-	-	59,542
Certificates of deposit							
Bank of The Bahamas Limited	7,000	11,237	-	2,480	2,183	-	22,900
Fidelity Bank (Bahamas) Limited	2,900	7,600	-	-	-	-	10,500
First Caribbean International Bank (Bahamas)	4,700	7,880	2,000	820	-	-	15,400
Accrued interest	-	723	-	-	-	-	723
	14,600	27,440	2,000	3,300	2,183	-	49,523
Bahamas Government registered stocks	-	532,885	-	-	-	-	532,885
Bahamas Mortgage Corporation bonds	29,075	57,302	9,517	-	-	-	95,894
Nassau Airport Development Company Limited debt securities	-	88,893	-	-	-	-	88,893
Education Loan Authority bonds	-	45,965	-	-	-	-	45,965
Bahamas Development Bank bonds	-	269	-	-	-	-	269
Bahamas Government US\$ notes	-	30,250	-	-	-	-	30,250
Bahamas Government US\$ loan	-	13,506	-	-	-	-	13,506

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

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

As at December 31, 2020 (Continued)	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
Bahamas Power and Light Company Limited bonds	-	25,075	-	-	-	-	25,075
Bahamas Government B\$ notes	-	3,559	-	-	-	-	3,559
Bahamas Treasury notes	-	1,675	-	-	-	-	1,675
Preference shares	-	14,500	-	-	-	-	14,500
Clifton Heritage Authority bonds	-	7,993	-	-	-	-	7,993
Government of Barbados US\$ bonds	-	2,466	-	-	-	-	2,466
Loans to Bahamas Government entities	-	58,936	-	-	-	-	58,936
Latin American Investment Bank (Bahamas) Ltd. bonds	-	3,503	-	-	-	-	3,503
Bridge Authority bonds	-	1,856	-	-	-	-	1,856
Fidelity Bank (Bahamas) Limited notes	-	804	-	-	-	-	804
The College of The Bahamas redeemable term notes	-	1,107	-	-	-	-	1,107
Long Term Deposits	-	7,990	-	-	-	-	7,990
Corporate US\$ bonds	-	5,687	-	-	-	-	5,687
Public Hospital Authority bonds	-	8,780	-	-	-	-	8,780
Trinidad & Tobago bonds	-	2,067	-	-	-	-	2,067
Be Aliv notes	-	1,000	-	-	-	-	1,000
Net investment in finance leases	-	172,398	-	-	-	-	172,398
Investment property	-	3,307	-	-	-	-	3,307
Investments in associates	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	73,528	-	-	73,528
Amounts invested in other assets (Note 20)	37,674	163,310	46,409	12,239	8,341	10	267,983
Staff pension fund	-	(50,217)	-	-	-	-	(50,217)
Allowance for expected credit losses (Note 3)	-	(9,199)	-	-	-	-	(9,199)
Total	81,349	1,303,649	59,109	89,067	10,524	576	1,544,274

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

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

	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
As at December 31, 2019							
Cash at the Central Bank of The Bahamas	-	10,000	235	-	-	566	10,801
Investments at fair value through profit or loss							
Ordinary shares / Mutual funds	-	122,038	-	-	-	-	122,038
Preference shares	-	14,000	-	-	-	-	14,000
	-	136,038	-	-	-	-	136,038
Certificates of deposit							
Finance Corporation of Bahamas Limited	16,500	11,000	1,000	-	-	-	28,500
Bank of The Bahamas Limited	10,000	21,420	20,000	480	-	-	51,900
Fidelity Bank (Bahamas) Limited	12,900	9,994	-	1,756	3,000	-	27,650
First Caribbean International Bank (Bahamas)	4,700	20,700	2,000	765	3,235	-	31,400
Gulf Union Bank (Bahamas) Ltd.	-	1,715	-	-	-	-	1,715
Accrued interest	-	1,743	-	-	-	-	1,743
Provision for doubtful accounts	-	(1,715)	-	-	-	-	(1,715)
	44,100	64,857	23,000	3,001	6,235	-	141,193
Bahamas Government registered stocks	-	544,942	-	-	-	-	544,942
Bahamas Mortgage Corporation bonds	25,983	39,910	30,000	-	-	-	95,893
Nassau Airport Development Company Limited debt securities	-	87,647	646	-	-	-	88,293
Education Loan Authority bonds	-	46,205	-	-	-	-	46,205
Bahamas Development Bank bonds	-	37,761	-	-	-	-	37,761
Bahamas Government US\$ notes	-	30,248	-	-	-	-	30,248

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020 (Expressed in Thousands of Bahamian dollars) (Continued)

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

As at December 31, 2019 (Continued)	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
Bahamas Power and Light Company Limited bonds	-	25,888	-	-	-	-	25,888
Bahamas Government B\$ notes	-	4,268	-	-	-	-	4,268
Bahamas Treasury notes	-	1,633	-	-	-	-	1,633
Preference shares	-	16,000	-	-	-	-	16,000
Clifton Heritage Authority bonds	-	7,993	-	-	-	-	7,993
Government of Barbados US\$ bonds	-	2,921	-	-	-	-	2,921
United States of America US\$ treasury notes	-	51,421	-	-	-	-	51,421
Loans to Bahamas Government entities	-	27,239	-	-	-	-	27,239
Latin American Investment Bank (Bahamas) Ltd. bonds	-	3,503	-	-	-	-	3,503
Citigroup Funding Inc. Notes	-	3,003	-	-	-	-	3,003
Bridge Authority bonds	-	1,856	-	-	-	-	1,856
Fidelity Bank (Bahamas) Limited notes	-	818	-	-	-	-	818
The College of The Bahamas redeemable term notes	-	1,292	-	-	-	-	1,292
Government of the Cayman Islands US\$ bonds	-	-	-	-	-	-	-
Long Term Deposits	-	7,758	-	-	-	-	7,758
Corporate US\$ bonds	-	6,561	-	-	-	-	6,561
Public Hospital Authority bonds	-	9,455	-	-	-	-	9,455
Trinidad & Tobago bonds	-	2,077	-	-	-	-	2,077
Be Aliv notes	-	1,000	-	-	-	-	1,000
Net investment in finance leases	-	165,185	-	-	-	-	165,185
Investment property	-	3,101	-	-	-	-	3,101
Investments in associates	-	-	-	-	-	-	-
Property, plant and equipment	-	-	-	79,421	-	-	79,421
Amounts invested in other assets (Note 20)	98,398	126,231	6,326	6,581	4,908	10	242,454
Staff pension fund	-	(54,805)	-	-	-	-	(54,805)
Allowance for expected credit losses (Note 3)	-	(8,533)	-	-	-	-	(8,533)
Total	168,481	1,403,473	60,207	89,003	11,143	576	1,732,883

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2020

(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 \$ 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



111 New Registration of Employers & Self-Employed Persons

112 New Registration of Insured Persons

113 Total Net Contribution Income, 2020

114 Total Contribution Income, 2016 - 2020



115 Benefits & Assistance Claims Received and Awarded

116 Short-Term Benefits & Assistance Claims Awarded, 2020



117 Short-Term Benefits & Assistance Payments, 2020

118 Long-Term Benefits & Assistance Claims Awarded, 2020



119 Long-term Benefits & Assistance Payments, 2020

120 Industrial Benefit Claims Awarded, 2020

121 Industrial Benefit Payments, 2020



122 Pensions in Payment at Year End, 2016 - 2020

123 Short-Term Benefits & Assistance, 2016 - 2020



124 Long-Term Benefits & Assistance, 2016 - 2020

125 Industrial Benefits, 2016 - 2020

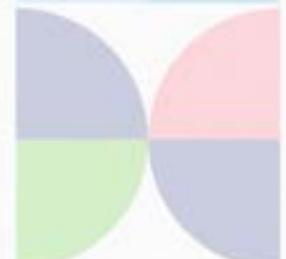
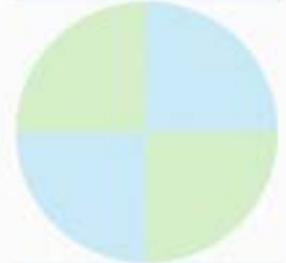
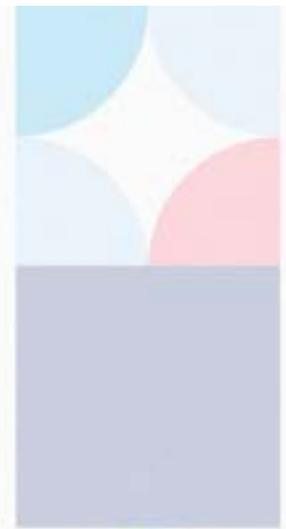


TABLE 1. NEW REGISTRATION OF EMPLOYERS & SELF-EMPLOYED PERSONS

Island/Local Office	2020			2019		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	588	346	934	343	158	501
Coopers Town	20	11	31	54	65	119
ALL ABACO	608	357	965	397	223	620
Andros						
Fresh Creek	34	70	104	32	46	78
Kemps Bay	21	29	50	35	64	99
Mangrove Cay	-	4	4	1	4	5
Nicholls Town	219	114	333	69	78	147
ALL ANDROS	274	217	491	137	192	329
Bimini & Berry Islands	106	26	132	101	47	148
Cat Island	20	58	78	14	49	63
Crooked Island & Acklins	57	9	66	13	17	30
Eleuthera						
Governor's Harbour	-	-	-	-	-	-
Harbour Island	38	78	116	35	64	99
Rock Sound	18	112	130	29	81	110
Spanish Wells & North Eleuthera	25	113	138	33	105	138
ALL ELEUTHERA	81	303	384	97	250	347
Exuma & Ragged Island	83	250	333	130	338	468
Grand Bahama	973	377	1,350	809	317	1,126
Inagua & Mayaguana	35	12	47	40	26	66
Long Island						
Deadmans Cay	17	37	54	17	35	52
Simms	-	1	1	3	6	9
ALL LONG ISLAND	17	38	55	20	41	61
New Providence	8,055	1,061	9,116	8,091	1,728	9,819
San Salvador	6	39	45	12	26	38
TOTAL	10,315	2,747	13,062	9,861	3,254	13,115

TABLE 2. NEW REGISTRATION OF INSURED PERSONS

Island/Local Office	2020			2019		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	93	241	334	144	300	444
Coopers Town	-	3	3	2	22	24
ALL ABACO	93	244	337	146	322	468
Andros						
Fresh Creek	-	32	32	6	21	27
Kemps Bay	-	11	11	8	19	27
Mangrove Cay	-	2	2	-	-	-
Nicholls Town	1	40	41	6	46	52
ALL ANDROS	1	85	86	20	86	106
Bimini & Berry Islands	15	100	115	17	62	79
Cat Island	1	13	14	2	8	10
Crooked Island & Acklins	1	13	14	1	12	13
Eleuthera						
Governor's Harbour	-	-	-	-	-	-
Harbour Island	1	28	29	15	47	62
Rock Sound	1	40	41	36	55	91
Spanish Wells & North Eleuthera	8	38	46	17	50	67
ALL ELEUTHERA	10	106	116	68	152	220
Exuma & Ragged Island	36	97	133	52	135	187
Grand Bahama	189	561	750	458	882	1,340
Inagua & Mayaguana	-	4	4	3	18	21
Long Island						
Deadmans Cay	2	2	4	2	17	19
Simms	-	2	2	1	8	9
ALL LONG ISLAND	2	4	6	3	25	28
New Providence	254	2,584	2,838	1,175	5,208	6,383
San Salvador	-	7	7	37	17	54
TOTAL	602	3,818	4,420	1,982	6,927	8,909

TABLE 3. TOTAL NET CONTRIBUTION INCOME, 2020

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2020	Total 2019
Abaco							
Marsh Harbour	1,893,334	1,265,923	328,669	-	1,916	3,489,842	6,399,351
Coopers Town	-	-	-	-	-	-	791,620
ALL ABACO	1,893,334	1,265,923	328,669	-	1,916	3,489,842	7,190,971
Andros							
Fresh Creek	202,170	137,640	33,309	-	-	373,119	511,503
Kemps Bay	67,765	45,369	34,342	-	560	148,036	237,754
Mangrove Cay	5,933	4,054	6,004	-	34	16,025	18,905
Nicholls Town	197,234	130,368	41,433	-	-	369,035	511,686
ALL ANDROS	473,102	317,431	115,088	-	594	906,215	1,279,847
Bimini & Berry Islands							
Cat Island	70,741	45,773	38,549	-	-	155,063	145,532
Crooked Island & Acklins	18,797	12,976	39,704	-	100	71,577	84,320
Eleuthera							
Governor's Harbour	564,961	394,349	159,578	-	6,308	1,125,196	1,531,524
Harbour Island	750,763	650,180	91,306	-	710	1,492,959	2,169,310
Rock Sound	504,187	337,110	75,108	-	-	916,405	1,113,146
Spanish Wells & North Eleuthera	1,088,025	699,721	318,551	-	1	2,106,298	2,248,966
ALL ELEUTHERA	2,907,936	2,081,360	644,543	-	7,019	5,640,858	7,062,946
Exuma & Ragged Island							
Grand Bahama	1,401,767	616,398	225,967	-	37,261	2,281,393	4,060,097
Inagua & Mayaguana	8,658,519	5,777,373	376,473	-	38,025	14,850,390	21,800,653
Long Island	265,862	175,244	17,668	-	-	458,774	468,856
Deadmans Cay	115,495	77,327	101,179	-	400	294,401	469,791
Simms	71,519	57,206	47,804	-	-	176,529	238,018
ALL LONG ISLAND	187,014	134,533	148,983	-	400	470,930	707,809
New Providence	114,859,586	78,438,510	3,191,060	1,357	69,215	196,559,728	242,116,650
San Salvador	163,551	108,476	13,833	-	-	285,860	617,705
TOTAL	131,351,988	89,274,776	5,196,105	1,357	160,070	225,984,296	287,131,249

TABLE 4. TOTAL CONTRIBUTION INCOME, 2016 - 2020

Contributions Income ('000s)					
	2020	2019	2018	2017	2016
Employers	\$131,608	\$165,016	\$164,459	\$158,469	\$148,836
Employees	\$89,456	\$115,266	\$111,177	\$110,358	\$101,866
Self-Employed	\$5,196	\$6,870	\$8,010	\$7,409	\$6,505
Voluntarily Insured	\$1	\$5	\$5	0	\$1
Instalment Agreements	\$160	\$703	\$1,067	\$2,194	\$4,791
Refund of Contributions	(\$437)	(\$730)	(\$779)	(\$945)	(\$808)
Total ('000s)	\$225,984	\$287,131	\$283,939	\$277,485	\$261,191
Number of Contributors					
Employers	12,083	13,569	13,801	12,521	13,472
Employees	137,000	153,000	148,000	143,000	145,000
Self-Employed	7,479	9,175	10,527	9,631	10,339
Voluntarily Insured	1	2	1	1	2
Instalment Agreements	n/a	n/a	n/a	n/a	9,557
Total Contributors	156,563	175,746	172,329	165,153	178,370

TABLE 5. BENEFITS & ASSISTANCE CLAIMS RECEIVED AND AWARDED

Benefit Type	Received		Awarded		
	2020	2019	2020	2019	
Long-term Benefits/ Assistance	Retirement Benefit	2,592	2,742	2,450	2,172
	Retirement Grant	n/a	n/a	179	235
	Invalidity Benefit	194	276	133	197
	Survivors' Benefit	844	816	679	598
	Survivors' Grant	n/a	n/a	167	125
	Old Age Non-Contributory Pension	127	219	79	51
	Invalidity Assistance	57	87	41	75
	Survivors' Assistance	27	36	6	11
Total Long-term	3,841	4,176	3,734	3,464	
Short-term Benefits	Sickness Benefit	7,939	12,598	7,071	12,494
	Maternity Benefit	3,208	3,353	2,329	2,808
	Maternity Grant	3,208	3,353	2,764	3,269
	Funeral Benefit	2,364	2,017	2,236	1,966
	Unemployment Benefit	49,258	9,257	44,182	7,117
	Sickness Assistance	0	0	0	0
Total Short-term	65,977	30,578	58,582	27,654	
Industrial Benefits	Medical Care	1,971	4,452	1,426	3,586
	Injury Benefit	1,301	2,292	1,115	2,260
	Disablement Benefit & Grant	143	190	54	53
	Industrial Death	4	5	0	0
	Industrial Funeral	0	0	0	0
Total Industrial	3,419	6,939	2,595	5,899	
All Benefits	73,237	41,693	64,911	37,017	

TABLE 6. SHORT-TERM BENEFITS & ASSISTANCE CLAIMS AWARDED, 2020

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	84	34	43	15	628	-	804
Coopers Town	-	-	1	-	11	-	12
ALL ABACO	84	34	44	15	639	-	816
Andros							
Fresh Creek	26	11	12	2	131	-	182
Kemps Bay	20	3	5	2	95	-	125
Mangrove Cay	3	-	-	-	1	-	4
Nicholls Town	33	17	18	-	309	-	377
ALL ANDROS	82	31	35	4	536	-	688
Bimini & Berry Islands							
Cat Island	21	12	14	1	74	-	122
Crooked Island & Acklins	11	1	1	-	11	-	24
Eleuthera							
Governor's Harbour	57	32	32	6	282	-	409
Harbour Island	12	19	18	4	302	-	355
Rock Sound	65	29	39	16	363	-	512
Spanish Wells & North Eleuthera	50	28	32	12	505	-	627
ALL ELEUTHERA	184	108	121	38	1,452	-	1,903
Exuma & Ragged Island							
Grand Bahama	134	43	46	6	845	-	1,074
Inagua & Mayaguana	681	316	427	368	2,672	-	4,464
Long Island	48	4	4	10	25	-	91
Deadmans Cay	31	7	5	5	61	-	109
Simms	-	-	-	-	3	-	3
ALL LONG ISLAND	31	7	5	5	64	-	112
New Providence	5,724	1,747	2,040	1,781	36,984	-	48,276
San Salvador	27	5	5	2	265	-	304
TOTAL	7,071	2,329	2,764	2,236	44,182	-	58,582

TABLE 7. SHORT-TERM BENEFITS & ASSISTANCE PAYMENTS, 2020

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	121,205	86,523	21,005	28,551	1,493,600	-	1,750,884
Coopers Town	1,920	-	-	-	41,333	-	43,253
ALL ABACO	123,125	86,523	21,005	28,551	1,534,933	-	1,794,137
Andros							
Fresh Creek	24,003	27,688	6,985	3,710	239,207	-	301,593
Kemps Bay	19,368	8,745	2,500	3,710	130,050	-	164,373
Mangrove Cay	4,167	-	-	-	84	-	4,251
Nicholls Town	21,621	47,829	8,995	-	377,820	-	456,265
ALL ANDROS	69,159	84,262	18,480	7,420	747,161	-	926,482
Bimini & Berry Islands							
Cat Island	17,113	31,170	6,570	1,810	99,921	-	156,584
Crooked Island & Acklins	7,524	4,900	515	-	17,036	-	29,975
Eleuthera							
Governor's Harbour	66,675	91,269	15,415	11,220	619,646	-	804,225
Harbour Island	11,888	55,782	8,945	7,330	605,608	-	689,553
Rock Sound	69,623	68,228	20,490	27,600	498,353	-	684,294
Spanish Wells & North Eleuthera	88,831	89,734	15,830	22,080	1,117,332	-	1,333,807
ALL ELEUTHERA	237,017	305,013	60,680	68,230	2,840,939	-	3,511,879
Exuma & Ragged Island							
Grand Bahama	140,679	145,383	22,880	10,920	1,833,178	-	2,153,040
Inagua & Mayaguana	1,087,119	914,449	215,795	695,944	3,284,261	-	6,197,568
Long Island	56,001	12,701	2,010	18,460	43,871	-	133,043
Grays	28,115	16,635	2,965	9,200	94,647	-	151,562
Simms	-	-	-	-	(4,636)	-	(4,636)
ALL LONG ISLAND	28,115	16,635	2,965	9,200	90,011	-	146,926
New Providence	6,917,471	6,073,961	1,037,524	3,412,515	96,054,228	-	113,495,699
San Salvador	36,942	15,872	2,500	3,710	592,513	-	651,537
TOTAL	8,772,702	7,751,363	1,401,364	4,267,710	107,647,322	-	129,840,461

TABLE 8. LONG-TERM BENEFITS & ASSISTANCE CLAIMS AWARDED, 2020

Island/Local Office	Retirement Benefit	Retirement Grant	Invalidity Benefit	Survivors' Benefit	Survivors' Grant	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco									
Marsh Harbour	48	-	2	15	6	6	1	1	79
Coopers Town	9	-	-	2	2	-	1	-	14
ALL ABACO	57	-	2	17	8	6	2	1	93
Andros									
Fresh Creek	7	-	6	3	1	1	1	-	19
Kemps Bay	14	1	-	2	-	2	2	-	21
Mangrove Cay	2	-	-	1	-	-	-	-	3
Nicholls Town	14	3	1	3	1	4	1	-	27
ALL ANDROS	37	4	7	9	2	7	4	-	70
Bimini & Berry Islands									
	25	1	3	2	-	4	1	-	36
Cat Island									
	8	3	-	1	1	1	-	-	14
Crooked Island & Acklins									
	7	-	-	-	-	-	-	-	7
Eleuthera									
Governor's Harbour	47	2	1	16	-	-	-	-	66
Harbour Island	10	-	-	2	-	-	-	-	12
Rock Sound	41	5	4	14	1	1	1	-	67
Spanish Wells & North Eleuthera	57	-	2	8	3	2	-	-	72
ALL ELEUTHERA	155	7	7	40	4	3	1	-	217
Exuma & Ragged Island									
	36	1	4	8	2	-	1	-	52
Grand Bahama									
	454	40	20	125	32	15	4	3	693
Inagua & Mayaguana									
	12	-	-	2	1	1	-	-	16
Long Island									
Deadmans Cay	23	2	1	10	1	2	-	-	39
Simms	1	-	-	1	-	-	-	-	2
ALL LONG ISLAND	24	2	1	11	1	2	-	-	41
New Providence									
	1,627	121	88	464	116	40	28	2	2,486
San Salvador									
	8	-	1	-	-	-	-	-	9
TOTAL	2,450	179	133	679	167	79	41	6	3,734

TABLE 9. LONG-TERM BENEFITS & ASSISTANCE PAYMENTS, 2020

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	7,302,859	475,875	906,352	316,047	328,697	56,340	9,386,170
Coopers Town	255,528	-	34,764	3,364	13,525	-	307,181
ALL ABACO	7,558,387	475,875	941,116	319,411	342,222	56,340	9,693,351
Andros							
Fresh Creek	855,004	88,410	119,541	38,564	51,829	1,345	1,154,693
Kemps Bay	891,590	52,899	136,073	79,159	128,544	14,990	1,303,255
Mangrove Cay	42,333	-	9,879	-	-	-	52,212
Nicholls Town	1,138,799	112,054	169,537	221,719	216,291	20,229	1,878,629
ALL ANDROS	2,927,726	253,363	435,030	339,442	396,664	36,564	4,388,789
Bimini & Berry Islands							
	1,362,522	82,416	119,314	88,322	64,333	5,725	1,722,632
Cat Island							
	637,582	41,155	81,428	83,500	76,738	6,727	927,130
Crooked Island & Acklins							
	274,443	4,121	27,746	23,538	20,377	-	350,225
Eleuthera							
Governor's Harbour	2,740,510	115,117	226,058	33,637	87,729	10,091	3,213,142
Harbour Island	1,342,844	44,613	117,835	8,096	30,273	1,345	1,545,006
Rock Sound	1,439,207	198,865	156,951	71,116	143,518	6,727	2,016,384
Spanish Wells & North Eleuthera	3,000,223	92,632	345,446	76,209	65,552	2,737	3,582,799
ALL ELEUTHERA	8,522,784	451,227	846,290	189,058	327,072	20,900	10,357,331
Exuma & Ragged Island							
	2,749,354	213,389	327,669	48,160	116,893	8,096	3,463,561
Grand Bahama							
	34,727,930	2,506,816	3,820,968	769,613	1,419,605	99,508	43,344,440
Inagua & Mayaguana							
	907,107	44,154	101,398	17,581	10,091	-	1,080,331
Long Island							
Grays	1,615,792	66,339	177,927	31,339	76,790	16,818	1,985,005
Simms	303,162	9,183	26,355	3,198	26,910	1,642	370,450
ALL LONG ISLAND	1,918,954	75,522	204,282	34,537	103,700	18,460	2,355,455
New Providence							
	146,890,792	9,400,853	15,539,141	2,877,781	5,589,621	304,683	180,602,871
San Salvador							
	421,748	19,863	48,175	18,246	47,091	-	555,123
TOTAL	208,899,329	13,568,754	22,492,557	4,809,189	8,514,407	557,003	258,841,239

TABLE 10. INDUSTRIAL BENEFIT CLAIMS AWARDED, 2020

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	4	18	2	-	-	24
Coopers Town	-	-	-	-	-	-
ALL ABACO	4	18	2	-	-	24
Andros						
Fresh Creek	-	4	-	-	-	4
Kemps Bay	-	1	-	-	-	1
Nicholls Town	-	2	-	-	-	2
ALL ANDROS	-	7	-	-	-	7
Bimini & Berry Islands						
	-	1	-	-	-	1
Cat Island						
	-	-	-	-	-	-
Crooked Island & Acklins						
	-	-	-	-	-	-
Eleuthera						
Governor's Harbour	-	3	-	-	-	3
Harbour Island	-	2	-	-	-	2
Rock Sound	-	7	-	-	-	7
Spanish Wells & North Eleuthera	-	7	1	-	-	8
ALL ELEUTHERA	-	19	1	-	-	20
Exuma & Ragged Island						
	1	21	-	-	-	22
Grand Bahama						
	140	61	3	-	-	204
Inagua & Mayaguana						
	-	2	-	-	-	2
Long Island						
Deadmans Cay	-	1	-	-	-	1
Simms	-	-	-	-	-	-
ALL LONG ISLAND	-	1	-	-	-	1
New Providence						
	1,281	981	48	-	-	2,310
San Salvador						
	-	4	-	-	-	4
TOTAL	1,426	1,115	54	-	-	2,595

TABLE 11. INDUSTRIAL BENEFIT PAYMENTS, 2020

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Total
Abaco					
Marsh Harbour	160	13,587	148,358	-	162,105
Coopers Town	-	-	-	-	-
ALL ABACO	160	13,587	148,358	-	162,105
Andros					
Fresh Creek	80	2,684	25,669	-	28,433
Kemps Bay	130	1,915	27,362	-	29,407
Mangrove Cay	-	-	-	-	-
Nicholls Town	-	771	16,097	-	16,868
ALL ANDROS	210	5,370	69,128	-	74,708
Bimini & Berry Islands	-	-	28,415	-	28,415
Cat Island	-	-	3,364	-	3,364
Crooked Island & Acklins	-	-	-	-	-
Eleuthera					
Governor's Harbour	545	13,819	21,222	-	35,586
Harbour Island	-	6,887	16,106	-	22,993
Rock Sound	2,515	16,121	29,068	-	47,704
Spanish Wells & North Eleuthera	-	6,820	137,330	-	144,150
ALL ELEUTHERA	3,060	43,647	203,726	-	250,433
Exuma & Ragged Island	4,440	28,014	-	-	32,454
Grand Bahama	25,847	133,211	941,315	-	1,100,373
Inagua & Mayaguana	-	1,391	11,037	-	12,428
Long Island					
Grays	-	2,054	37,000	-	39,054
Simms	-	297	-	-	297
ALL LONG ISLAND	-	2,351	37,000	-	39,351
New Providence	6,326,396	2,619,018	6,324,586	215,626	15,485,626
San Salvador	-	4,909	-	-	4,909
TOTAL	6,360,113	2,851,498	7,766,929	215,626	17,194,166

TABLE 12. PENSIONS IN PAYMENT AT YEAR END, 2016 - 2020

Long-term Benefits					
	2020	2019	2018	2017	2016
Retirement Benefit	29,068	27,747	26,538	25,599	24,465
Invalidity Benefit	2,738	2,797	2,794	2,834	2,766
Survivors' Benefit	5,956	5,788	5,650	5,519	5,080
Old-Age Non-Cont. Pension	1,354	1,438	1,542	1,584	1,638
Invalidity Assistance	2,474	2,523	2,571	2,628	2,658
Survivors' Assistance	192	204	216	264	282
Total	41,782	40,497	39,311	38,428	36,889
Industrial Benefits					
Disablement	1,291	1,264	1,173	1,020	929
Industrial Death	41	41	50	50	47
Total	1,332	1,305	1,223	1,070	976
All Benefits	43,114	41,802	40,534	39,498	37,865

TABLE 13. SHORT-TERM BENEFITS & ASSISTANCES, 2016 - 2020

Amount Paid ('000s)					
	2020	2019	2018	2017	2016
Sickness Benefit	\$8,773	\$12,504	\$13,183	\$12,974	\$11,025
Maternity Benefit	\$7,751	\$8,108	\$7,477	\$7,814	\$7,016
Maternity Grant	\$1,401	\$1,544	\$1,511	\$1,467	\$1,552
Funeral Benefit	\$4,268	\$3,412	\$3,431	\$3,188	\$2,945
Unemployment Benefit	\$107,647	\$16,301	\$11,707	\$10,992	13,201
Sickness Assistance	\$0	\$0	\$0	\$1	\$0
Total Paid ('000s)	\$129,840	\$41,868	\$37,308	\$36,435	\$35,739
Number of Claims Awarded					
Sickness Benefit	7,071	12,494	12,279	13,304	11,827
Maternity Benefit	2,329	2,808	2,452	2,501	2,539
Maternity Grant	2,764	3,269	2,956	2,946	2,415
Funeral Benefit	2,236	1,966	1,891	1,697	1,699
Unemployment Benefit	44,182	7,117	5,974	5,737	6,300
Sickness Assistance	-	-	-	-	-
Total Awarded	58,582	27,654	25,552	26,185	24,780

TABLE 14. LONG-TERM BENEFITS & ASSISTANCES, 2016 - 2020

Amount Paid ('000s)					
	2020	2019	2018	2017	2016
Retirement Benefit & Grant	\$208,899	\$195,261	\$179,357	\$165,655	\$152,993
Invalidity Benefit	\$13,569	\$14,513	\$14,910	\$16,880	\$16,410
Survivors' Benefit & Grant	\$22,493	\$22,326	\$21,647	\$20,564	\$19,641
Old-Age Non-Cont. Pension	\$4,809	\$5,063	\$5,183	\$5,552	\$5,464
Invalidity Assistance	\$8,514	\$8,704	\$8,681	\$8,918	\$8,746
Survivors' Assistance	\$557	\$603	\$733	\$779	\$842
Total Paid ('000s)	\$258,841	\$246,470	\$230,512	\$218,349	\$204,096
Number of Claims Awarded					
Retirement Benefit & Grant	2,629	2,407	2,027	2,223	2,374
Invalidity Benefit	133	197	150	224	201
Survivors' Benefit & Grant	846	723	734	626	681
Old-Age Non-Cont. Pension	79	51	97	87	67
Invalidity Assistance	41	75	59	79	50
Survivors' Assistance	6	11	14	6	12
Total Awarded	3,734	3,464	3,081	3,245	3,385

TABLE 15. INDUSTRIAL BENEFITS, 2016 - 2020

Amount Paid ('000s)					
	2020	2019	2018	2017	2016
Medical Care	\$6,360	\$10,694	\$11,845	\$18,703	\$23,712
Injury Benefit	\$2,852	\$4,470	\$3,976	\$4,273	\$4,087
Disablement Benefit & Grant	\$7,767	\$7,908	\$7,831	\$8,444	\$7,211
Industrial Death	\$216	\$230	\$282	\$285	\$310
Total Paid ('000s)	\$17,195	\$23,304	\$23,934	\$31,705	\$35,320
Number of Claims Awarded					
Medical Care	1,426	3,586	3,851	3,297	3,340
Injury Benefit	1,115	2,260	2,016	2,062	2,096
Disablement Benefit & Grant	54	53	41	66	83
Industrial Death	-	-	-	-	1
Industrial Funeral	-	-	-	-	-
Total Awarded	2,595	5,899	5,908	5,425	5,520

