

The National Insurance Board
of the Commonwealth of The Bahamas
2009 Annual Report



Enhancing the
promise



The National Insurance Board

of the Commonwealth of The Bahamas

June 22, 2010

P. O. Box
N7508

Nassau
The Bahamas

Tel:
(242) 356-2070

Fax:
(242) 325-4656

E.mail:
info@nib-bahamas.com

Website:
www.nib-bahamas.com

Right Honourable Hubert A. Ingraham, M.P.
Prime Minister of the Commonwealth of The Bahamas
Minister of Finance and National Insurance
Cecil Wallace-Whitfield Centre
Cable Beach, New Providence
Bahamas

Dear Prime Minister Ingraham:

Re: The National Insurance Board's 2009 Annual Report

In accordance with Section 47(1) of the National Insurance Act, 1972, I have the privilege of submitting to you, on behalf of the Board of Directors, the Annual Report of the National Insurance Board for the year 2009.

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,

Patrick Ward
Chairman

*"Delivering
on the
Promise"*



The National Insurance Board Of the Commonwealth of The Bahamas

Vision Statement

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

Mission Statement

To demonstrate visionary and compassionate leadership in the advancement of the economic security of our people as we continuously shape and manage the National Insurance Program.

To ensure the efficient collection of contributions as well as the timely and accurate payment of the relevant Benefits and Assistance.

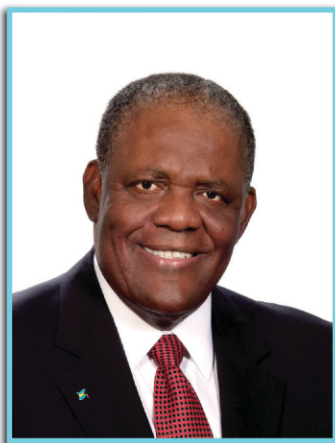
To create an environment where staff is well trained, motivated, committed to integrity and accountability, and is recognized and rewarded for Service Excellence.

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

TABLE OF CONTENTS

PAGE	CONTENT
4	Ministers and Board of Directors
5	Committees of the Board
6	Executive Management Team
7	Chairman's Report
9	Director's Report
17	2009 Audited Financial Statements
73	Statistical Appendix

Ministers and Board of Directors



Rt. Hon. Hubert A. Ingraham, M.P.
Prime Minister of the Commonwealth of The Bahamas
Minister of Finance



Hon. Zhivargo Laing, M.P.
Minister of State
Ministry of Finance



Patrick Ward
Chairman



Archdeacon
E. Etienne Bowleg
Deputy Chairman



Evan Dean
Member



Van Diah
Member



Debbie Ferguson
Member



Nicole Martin
Member



Brian Nutt
Member



John Pinder
Member



Dr. Robin Roberts
Member



Winston Rolle
Member



Dennis Williams
Member

Committees of the Board

Human Resources Committee

Partick Ward - Chairman

Archdeacon E. Etienne Bowleg

Debbie Ferguson

Audit Committee

Van Diah - Chairman

Denise Turnquest

Dennis Williams

Tenders Committee

John Pinder - Chairman

Nicole Martin

Brian Nutt

Finance/Investment Committee

Peter Carey - Chairman

John Pinder

Dr. Robin Roberts

Operations Committee

Winston Rolle - Chairman

Evan Dean

Brian Nutt

Executive Management

Team 2009



Algernon Cargill
Director/CEO



Dr. Kevin Bowe
Deputy Director/V.P.
Medical Services



Sonia Gill
Financial Controller



Richenda King
Deputy Director/V.P.
H.R. & Training



Phaedra Mackey-Knowles
Deputy Director/V.P.
Investments



Heather Maynard
Deputy Director/V.P.
Legal Services



Derek Osborne
Actuary



Whitney Patton
Deputy Director/V.P.
Internal Audit



Raymond Wells
Deputy Director/V.P.
Information Technology



Chairman's Report

The year 2009 may have been the most economically challenging year The Bahamas has faced in decades. Our economy, like many others around the world, spiraled

into recession within the first months of the year. Employers, in an effort to reduce operating costs, found themselves having to reduce their employee base, and this resulted in significant layoffs, reduced work days and, in some cases, lower wages. This, of course, impacted our social security programme, which exists to assist workers when they are unable to work due to specified contingencies, by providing income-replacing benefits.

Though there were fewer people contributing to National Insurance in 2009, and despite the global economic challenges, contribution income levels for the year surpassed that of all previous years. This laudable accomplishment was due in great part to stronger, more focused compliance initiatives and consistent prosecutions in conformance with the recommendations included in the 8th Actuarial Review. The increase in contributions did not, however, negate the fact that many workers of the country were in crisis. As more and more workers lost their jobs, the Government through the National Insurance Board (NIB) responded with the introduction of the Unemployment Benefit in April 2009.

With the introduction of the Unemployment Benefit, NIB can now boast that it provides all benefits recommended by the International Labor

Organization (ILO), and that it now provides income protection in respect of all contingencies that lead to involuntary loss of income for workers.

Initially, the Unemployment Benefit was financed by a \$20 million transfer from the Medical Benefits Branch; going forward, it will be financed by a one percent increase in contributions to be shared equally by the employer and employee.

We are particularly proud of the accomplishments of the NIB team in the implementation of the new benefit, which provided much-needed assistance to unemployed Bahamians. When one considers what an enormous task it is to implement a new benefit, we can say that the introduction of Unemployment Benefit in The Bahamas was done successfully, expeditiously and with relatively little advance notice.

The Unemployment Benefit was not the only recommendation for changes to the National Insurance Scheme (the Scheme). When the Scheme started in 1974, it was with very generous provisions. It has generally been understood, however, that these provisions would have to be re-visited from time to time to ensure the health and sustainability of the National Insurance Fund for the long term and to ensure relevance to the insured population. In this

regard, during 2009, a number of recommendations were formulated and given approval-in-principle by the Minister responsible for National Insurance. It is expected that these recommendations will be addressed in 2010 and the National Insurance Act reformed to include many of the recommendations from the Social Security Commission Report (2005) and the 8th Actuarial Review published in 2009.

On June 30, 2009, the Board of Directors ended its two-year term; a new Board was appointed with effect from July 1, 2009. I had the pleasurable task of staying on as Chairman; Archdeacon Etienne Bowleg remained as Deputy Chairman; outgoing members Roy Colebrooke, Philcher Grant, Troy Sampson and Harold Watson were replaced by Evan Dean, Debbie Ferguson, Nicole Martin and Dr. Robin Roberts. Van Diah, Brian Nutt, Winston Rolle, John Pinder and Dennis Williams remained as members.

There was also realignment of NIB's executive team and organisational structure following the recommendations included in an independent report prepared by external consultants. The realignment came as the organisation moved to improve operational efficiencies and effectiveness. The restructuring of the executive management team came in June. It focused on the gaps identified in the external assessments; addressed deficiencies

identified by several internal and external operational assessments and audits; and it strategically positioned NIB for the future with the introduction of the organisational model included in the 2009 external consultants' report. The new streamlined organisational structure allows for a more centralised operating model.

In addition, management made a decision to localise manpower in the Family Islands; the move not only reduces operating expenses going forward, but has the added benefit of ensuring that Family Islanders will be able to achieve the highest positions available in NIB in their own communities.

NIB enhanced its website capabilities to take advantage of e-commerce, and assumed a sharpened focus on internal and external customer satisfaction and excellence. Through its Employee Survey, NIB now invites its staff to tell management how it's doing and what changes, in their opinion, are required to strengthen the leadership of NIB. Likewise, considerable effort was made in the development and launching of an External Customer Satisfaction Survey in late 2009. The survey, which is expected to be fully launched in early 2010, will be administered externally for absolute transparency.

With the activities of NIB in 2009, I am confident that both the organisation and our social security programme are positioned for full effectiveness, efficiency and accountability for the short and long term, and that our financial safety net remains firmly in place.



Patrick Ward
Chairman of the Board of Directors

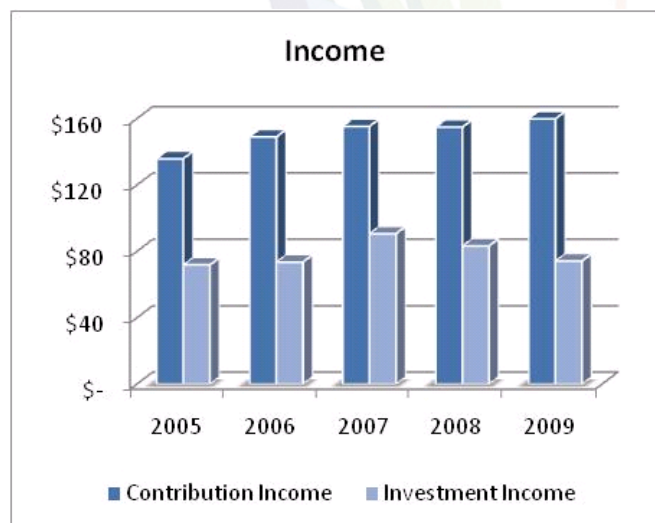


Director's Report

Income, Expenditure & Investments

Although the Bahamian economy was in a recession throughout 2009, National Insurance

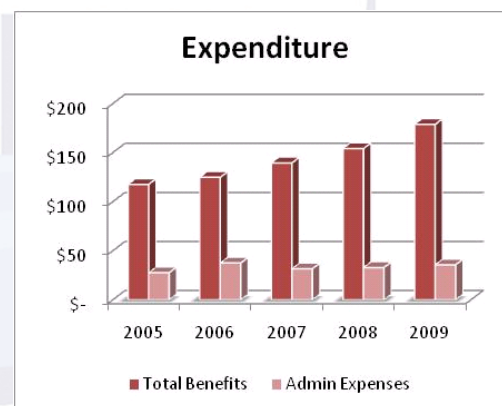
collected a record amount in contributions - \$159.9 million. This total was achieved even though the number of contributing employers and the average amount due from them were lower than in 2008. Our success in collecting this record amount was attributable to enhanced compliance efforts designed to ensure that employers kept up with their current contribution payments and that delinquent employers either entered into installment agreements or faced prosecution. During 2009, we had much success recovering outstanding contributions via the courts.



The Fund's other main source of income – investments – remained strong, although it was slightly lower than in 2008. Similar results have been experienced by the majority of local investors, largely attributable to the impact of the global recession, coupled with the accounting methodology used to

determine the value of our investment in Cable Bahamas. With a growing portion of the Fund's assets invested in Bahamian equities, unrealised losses on these investments totaled \$12.5 million. Investment income fell from \$81.3 million in 2008 to \$74.3 million in 2009. No losses in principal were suffered on fixed income securities or loans.

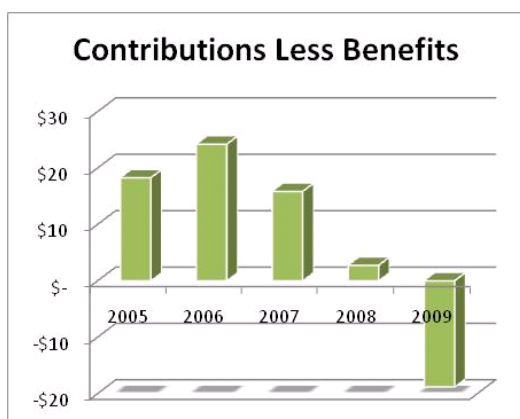
Benefit expenditure continued its expected upward trend. With the introduction of the new unemployment benefit in 2009, benefit payments totaled \$178.7 million, of which \$20.8 million was paid in unemployment benefits. In 2008, total benefit expenditure was \$152.1 million



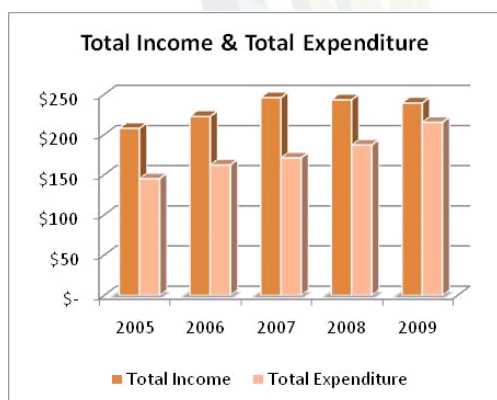
Administrative expenses increased in 2009 to \$35.2 million from \$32.8 million in 2008. In 2009, administrative costs accounted for 22% of contribution income.

With no wage ceiling increase since 1999, and no change to the contribution rate, the gap between contributions and benefits continued to decline. In 2009 benefit expenditure exceeded contributions for the

first time in NIB's 35-year history - \$178.7 million in benefits (attributed to the increase in the Unemployment Benefit) compared with \$159.9 million in contributions.

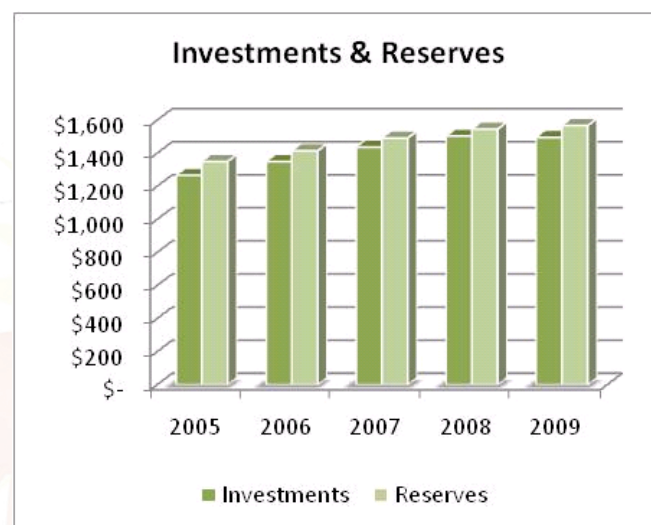


Although benefits exceeded contributions in 2009, combined contribution and investment income was more than enough to cover benefits and operating expenditure. The surplus of \$21.1 was, however, less than the \$54.3 million realised in 2008.



Surplus funds in each of the past 34 years have accumulated to \$1.57 billion at the end of 2009. Most of these reserves are held in various types of investments throughout The Bahamas with a small portion invested in long-term United States dollar denominated notes. Investments at the end of 2009 totaled \$1.50 billion, unchanged from December 2008.

National Insurance Fund Investments continue to be heavily concentrated in public sector, fixed-income securities, namely bonds, certificates of deposits and loans. At the end of 2009, equities accounted for 4% of the portfolio and non-Bahamian investments for 0.04%.



The average rate of return on investments in 2009 was 4.9%, down from 5.7% in 2008. This result was typical of investment portfolios throughout The Bahamas.

During 2009, NIB recruited investment expertise and simultaneously terminated contracts with three external investment managers. As a result, all National Insurance Investments are now managed internally.



Performance Indicators

The following table provides a summary comparison of financial and operational performance in 2009 with that of 2008.

PERFORMANCE INDICATORS	2009	2008	% CHANGE
Contribution Income (gross)	\$159.9 m	\$155.2 m	3.0%
Investment Income	74.3 m	81.3 m	-8.6%
Benefits Expenditure	178.7 m	152.1 m	17.5%
Administrative Expenditure	35.2 m	32.8 m	7.3%
Excess of Income over Expenditure	21.1 m	54.3 m	-61%
Year-end Reserves	1,568 m	1,546 m	1.4%
Year-end Investments	1,497 m	1,498 m	-0.1%
Administrative Expenditure as % of Contribution Income (Gross)	22.0%	21.1%	4.3%
Yield on Investments	4.9%	5.7%	-14.0%
# Contributing Employers	13,282	13,573	-2.1%
# Contributing Self-Employed Persons	5,440	5,533	-1.7%
# Active Employees (estimate)	145,000	147,000*	-2.0%
# Short-term Benefit Claims Awarded	39,560	30,287	30.6%
# Long-term Benefit Claims Awarded	2,972	2,520	17.9%
# Contributory Pensioners (at year-end)	23,553	21,731	8.3%
# Assistance Pensioners (at year-end)	5,772	5,881	-1.9%
# Employees (December)	479	477	0.4%

* Revised

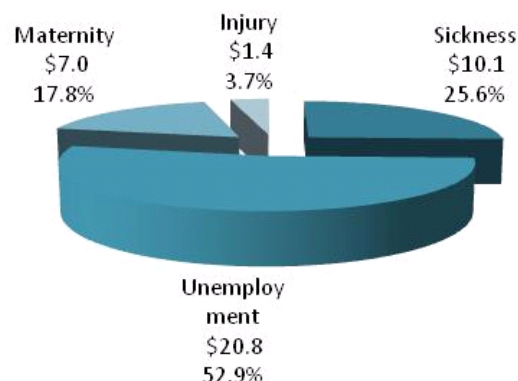
Benefit Payment Highlights

NIB has three main types of benefits – short-term, long-term and industrial – with long-term making up almost 71% of annual benefit expenditure. While short-term and industrial benefits are closely linked to employment levels and thus contribution income, the number of pensions continues to grow each year. In 2009, the number of Retirement pensions awarded increased significantly, a likely consequence of persons sixty and over who lost their jobs deciding to claim Retirement benefit prior to attaining age 65.

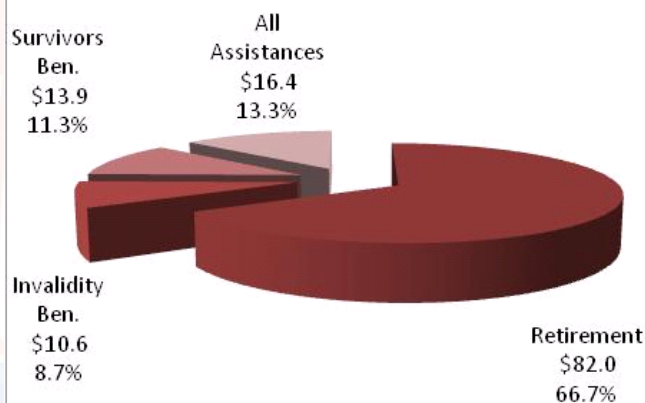
In 2009, a new requirement – the Form Med-4 – was implemented. The Med 4 requires employers to certify the period an employed person is off from work in respect of claims for sickness, maternity and injury benefits. The introduction of this new form resulted in a significant reduction in the number of Sickness and Injury benefit claims awarded and amounts paid.

Highlights of benefit expenditure are presented in the charts below. All dollar amounts are in millions. Further details may be found in the Statistical Appendix.

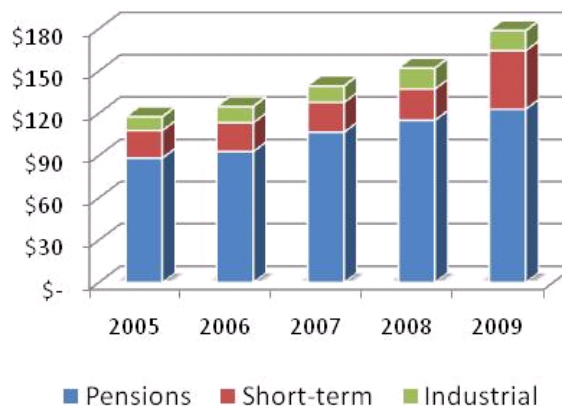
Income Replacement Benefits



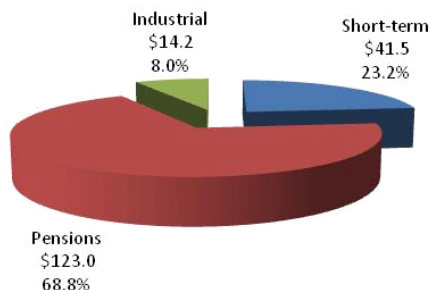
Pension Benefits

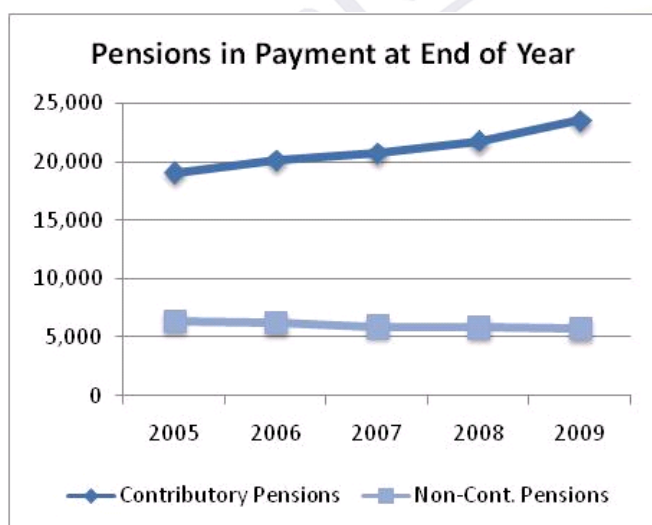
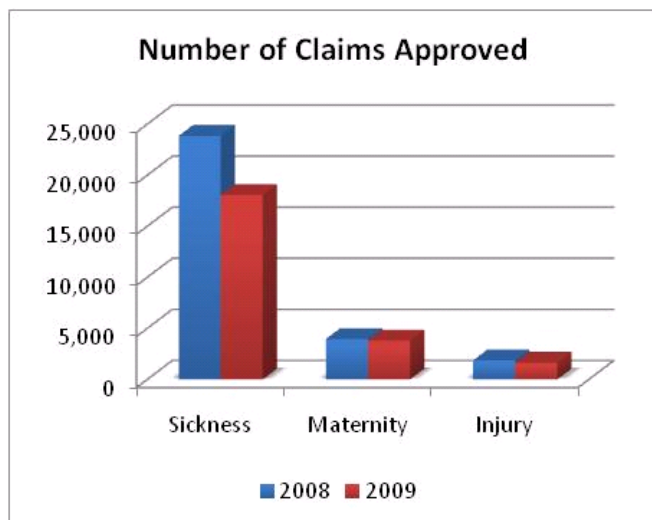


Benefit Expenditure



2009 Benefit Expenditure





“Enhancing the Promise”

The National Insurance Board (NIB) is the organisation mandated to administer National Insurance, the country’s social security scheme legislated by the National Insurance Act, 1972. The aim of National Insurance is to reduce economic hardship on workers of the country when they are unable to engage temporarily or permanently in gainful employment. This it does through contributions paid by all workers of The Bahamas engaging in gainful employment.

In 2009, NIB re-focused its attention on customer service with the adoption of a new slogan “*Excellent Customer Care Starts With ME.*” In so doing, we renewed our commitment to becoming an organisation that is highly efficient and customer focused. We recognise that our contributors, registrants, claimants, pensioners, etc, and, indeed, all the people of The Bahamas, are stakeholders in our social security programme. We recognise also that we are answerable to our stakeholders and have a duty to provide them with consistently excellent service. In 2009, we sought to improve our partnerships with our stakeholders. For example, employers are a major part of our customer base; in 2009, we assigned each employer a dedicated inspector. Now our Inspectors are no longer merely *National Insurance Police*, they are relationship managers – entirely flexible and available to their customers.

On September 2, 2009, Prime Minister the Right Honourable Hubert Ingraham, tabled in the House of Assembly the report of the 8th Actuarial Review (the Review) of the National Insurance Fund. The Report gave a comprehensive assessment of the current and future finances of the National Insurance Fund (the Fund), and reviewed the state of the country’s primary social security system. The Review recommended changes to the programme that would strengthen both the social and financial aspects of the Fund to ensure that National Insurance is able to meet its obligations well into the future.

But even before the Review was tabled, NIB had started on making specific changes aimed at increasing revenue and controlling the growth of expenditure. These administrative initiatives and measures continue to address deficiencies, strategically positioning NIB for the future, and bringing about operational efficiency and value creation.

In late 2009, NIB created a Special Compliance Unit (the Unit) to improve compliance efficiencies. The Unit met with much success in 2009, as evidenced by the fact that contribution collection for the year exceeded all previous years –despite the depressed economy. As a result of the success of the Compliance initiative, Gregory Collie, Sr. Manager of the Unit was awarded the Director’s Award for his stewardship and commitment to excellence. Collie led the reorganisation and consolidation of the Compliance and Special Compliance Units into the Inspectorate Unit, which was NIB’s first initiative to centralise those key processes.

Human Resources

In 2009, the National Insurance Board conducted its 2nd Annual Employee Satisfaction Survey. The results showed an overall improvement in employee satisfaction of 14%. There was improvement in each of the categories under review which included Communication, Career Development, Customer Service, Organisational Structure, Management, Supervision, Problem-Solving/Decision-Making and Training. Management will continue to respond to the issues identified in the

survey as we seek to continuously improve the employee satisfaction level.

We also continue to advance our Mission, “to create an environment where staff is well trained, motivated, committed to integrity and accountability and is recognised and rewarded for Service Excellence.” As such we launched a fully comprehensive Customer Service Programme throughout NIB called, “Ideal Customer Service Experience”. Through this program we improved our awareness of customer needs and improved our customer contact experiences. In 2009, the launch of our Customer Satisfaction Survey will provide feedback on our progress on improvements in this area.

There was no significant movement in employee count for 2009 over 2008; there was a net total increase of two (2) employees.

In 2009, we made significant progress on two major initiatives which were started in 2008. These include the introduction of a Performance Management System and the introduction of the KRONOS Human Resources Management System. Through these initiatives, we will be able to offer a comprehensive Human Resources platform that positions NIB and its employees positively along the path for long-term career development and performance initiatives as well as online record-keeping of employee accomplishments and results. These two initiatives are expected to be fully launched in 2010.

Management completed 360 degree reviews of the Executive Team. To support the continued development of the organisational leaders, we introduced an objective goal-based Performance Management System for the Executive Team in 2009. This process enabled management to firstly identify the opportunities for growth and further development through the reflective and peer evaluation process, and secondly, incorporate the

developmental opportunities in the Performance Objective goals in 2009. The expected result is a stronger team that consistently delivers on the NIB promise and serves as exemplary leaders to the employee population.

Buildings

The buildings division in early 2009 embarked upon a programme to create at all of NIB's properties an environment that is not only aesthetically pleasing, but that manages and ensures the safety and wellbeing of its staff and external customers. The ongoing programme entails the renovation and restoration of the physical plant which includes buildings, green spaces, and parking areas.

Investments

In 2009, following a strategic review, NIB terminated the investment management agreements it had with several financial advisors thus paving the way for a broader range of both local and international investment opportunities. The move was aimed at addressing, among other things, the re-investment risk for maturing investments and

other concerns as noted in the Social Security Reform Commission Report. It was felt that through prudent management of the investment portfolio internally, NIB, together with consultation from Investment experts internally and externally, would be able to ensure that risks are adequately managed, and investment returns maximised. Further, NIB would be able to reduce its expense base and simultaneously ensure a firsthand oversight of its investment portfolio.

Annual Report

On June 29, NIB's 2008 Annual Report was presented to the Minister one day ahead of the June 30 deadline.

A handwritten signature in black ink, appearing to read 'Algernon Cargill', is positioned above the printed name.

Algernon Cargill
Director/CEO

Around NIB in 2009

The National Insurance Board (Bahamas) hosted the 20th Meeting of CARICOM Heads of Social Security Organizations in October, 2009. The two-day parley was held at Atlantis, Paradise Island, and brought together social security directors from the English

speaking Caribbean, including Guyana, Belize and Bermuda, and representatives from the International Social Security Association (ISSA), and the World Bank.



The Honourable Tommy Turnquest, M.P., Minister of National Security, officially opened the CARICOM Heads of Social Security Organizations meeting on October 22.



Delegates to the 20th Meeting of CARICOM Heads of Social Security Organizations.



NIB's 2009 Annual Long Service Awards Ceremony & Reception was held at Government House on October 15, 2009. Some twenty-six staffers were recognized for completing 20, 25, 30, 35 and 36 years of service to the Board; six retirees were applauded for their years of service. They are pictured with Governor-General His Excellency Arthur D. Hanna, and State Minister for Finance the Honourable Zhivargo Laing.



On August 28, 2009, NIB officially opened and turned over to the Ministry of Health, a new clinic at Grand Cay, Abaco. The construction of health facilities, like the one at Grand Cay, is the cornerstone of NIB's social investments, making quality health care and medical treatment readily accessible, especially to those who live in more remote areas of The Bahamas. Three clinics in Andros – at Nicholl's Town, Kemp's Bay, and Mangrove Cay – were renovated and re-opened in 2009.



The National Insurance Board

Consolidated Financial Statements
December 31, 2009



PricewaterhouseCoopers
Providence House
East Hill Street
P.O. Box N-3910
Nassau, Bahamas
Website: www.pwc.com
E-mail: pwcbs@bs.pwc.com
Telephone (242) 302-5300
Facsimile (242) 302-5350

INDEPENDENT AUDITORS' REPORT

To the Government of the Commonwealth of The Bahamas

We have audited the accompanying consolidated financial statements of the National Insurance Fund and its subsidiary (together, the Fund), which comprise the consolidated balance sheet as of December 31, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in reserves and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and with the requirements of the National Insurance Act and the National Insurance (Financial and Accounting) Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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



Auditors' Responsibility (continued)

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and with the requirements of the National Insurance Act and the National Insurance (Financial and Accounting) Regulations.

PricewaterhouseCoopers.

**Chartered Accountants
Nassau, Bahamas**

June 22, 2010

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

Consolidated Balance Sheet
As of December 31, 2009
(Expressed in Thousands of Bahamian dollars)

	Notes	2009 \$	2008 \$
ASSETS			
Cash on hand and at banks	3	18,205	11,127
Receivables and advances	4	7,169	7,823
Prepaid expenses and deposits		924	417
		26,298	19,367
Investments			
At fair value through profit or loss:			
Equity securities	5	59,835	69,609
Held-to-maturity:			
Bahamas Government US\$ notes	6(a)	29,212	13,979
Government of Barbados US\$ bonds	6(b)	3,094	-
Loans and receivables:			
Certificates of deposit	7(a)	299,950	322,764
Bahamas Government registered stocks	7(b)	668,273	651,350
Bahamas Mortgage Corporation bonds	7(c)	123,421	125,855
Education Loan Authority bonds	7(d)	48,381	44,516
Bahamas Development Bank bonds	7(e)	47,257	44,563
Nassau Airport Development Company Limited debt securities	7(f)	42,218	-
Bahamas Electricity Corporation bonds	7(g)	25,935	25,653
Bank of The Bahamas Limited bonds	7(h)	17,005	17,044
Preference shares	7(i)	8,500	4,500
Clifton Heritage Authority bonds	7(j)	8,005	8,005
Loans to Bahamas Government entities	7(k)	5,429	14,864
Bahamas Government treasury bills	7(l)	4,945	43,174
Latin American Investment Bank (Bahamas) Ltd. bonds	7(m)	3,374	3,313
Bridge Authority bonds	7(n)	2,835	2,835
Fidelity Bank (Bahamas) Limited notes	7(o)	2,830	2,537
Consolidated Water (Bahamas) Ltd. bonds	7(p)	2,038	2,038
Net investment in finance leases	8	52,221	56,584
Investment property	9	11,430	11,430
Investment in associate	10	31,042	33,591
		1,497,230	1,498,204
Total investments			
Computer software		450	564
Property, plant and equipment	11	40,766	39,591
Construction in progress – finance leases	12	53,524	35,354
		1,618,268	1,593,080
TOTAL ASSETS			

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 Balance Sheet
As of December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

	Notes	2009 \$	2008 \$
LIABILITIES			
Accounts payable and accrued expenses	13	4,994	5,742
Staff pension fund	14	42,710	37,803
Accrued benefits payable		<u>2,795</u>	<u>3,275</u>
TOTAL LIABILITIES		<u>50,499</u>	<u>46,820</u>
RESERVES			
Short-term benefits	31	6,603	8,418
Pensions	31	1,338,410	1,300,762
Industrial benefits	31	104,115	105,047
Medical benefits	31	95,110	111,640
Disablement and death benefits	31	22,955	19,817
Fidelity bond	15 & 31	<u>576</u>	<u>576</u>
TOTAL RESERVES		<u>1,567,769</u>	<u>1,546,260</u>
TOTAL LIABILITIES AND RESERVES		<u>1,618,268</u>	<u>1,593,080</u>

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF BY:



Chairman



Director



Financial Controller

June 8, 2010

Date

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

The National Insurance Fund

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2009 (Expressed in Thousands of Bahamian dollars)

	Notes	2009 \$	2008 \$
INCOME			
Contributions			
Employers		99,462	99,490
Insured persons		56,968	52,166
Self-employed persons		3,447	3,504
Voluntarily insured persons		-	2
		<u>159,877</u>	<u>155,162</u>
Refund of contributions		<u>(229)</u>	<u>(301)</u>
Total net contributions		<u>159,648</u>	<u>154,861</u>
Grant from Consolidated Fund	16	4,900	4,900
Income from investments	17	70,857	78,194
Income from property	18	1,862	1,734
Share of profits of associate	10	1,595	1,351
Other income		<u>276</u>	<u>284</u>
Income (carried forward)		<u>239,138</u>	<u>241,324</u>

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

The National Insurance Fund

Consolidated Statement of Comprehensive Income For the Year Ended December 31, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

	Notes	2009 \$	2008 \$
Income (brought forward)		239,138	241,324
EXPENDITURE			
Benefits expenditure			
Short-term		41,525	22,139
Pensions		122,992	115,139
Industrial		10,075	11,152
Disablement and death benefits		<u>4,129</u>	<u>3,690</u>
Total benefits expenditure		<u>178,721</u>	<u>152,120</u>
Administrative expenditure			
Staff salaries, allowances and benefits	22	25,788	23,949
Expenses of the Board of Directors		121	138
Amortisation		323	379
Depreciation	11	1,156	1,356
Other expenses	21	<u>7,849</u>	<u>7,002</u>
Total administrative expenditure		<u>35,237</u>	<u>32,824</u>
Expenditure of the medical benefits branch			
Administrative expenditure		788	905
Depreciation	11	<u>747</u>	<u>758</u>
Total expenditure of the medical benefits branch		<u>1,535</u>	<u>1,663</u>
Other			
Impairment provision/(recovery) on investments	7(k), 10	<u>2,503</u>	<u>386</u>
Total other		<u>2,503</u>	<u>386</u>
Total expenditure		<u>217,996</u>	<u>186,993</u>
EXCESS OF INCOME OVER EXPENDITURE		21,142	54,331
Unclaimed benefits		<u>367</u>	<u>300</u>
TOTAL COMPREHENSIVE INCOME		<u>21,509</u>	<u>54,631</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, 2009 (Expressed in Thousands of Bahamian dollars)

	Notes	Short-term		Pensions		Industrial		Medical		Disability and Death		Fidelity Bond		Total	
		2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOME															
Total net contributions		26,342	25,552	117,980	114,442	13,570	13,163	1,756	1,704	-	-	-	-	159,648	154,861
Grant from Consolidated Fund		-	-	4,900	4,900	-	-	-	-	-	-	-	-	4,900	4,900
Income from investments		252	364	68,463	68,854	4,559	4,776	2,625	3,224	958	976	-	-	70,857	78,194
Income from property		-	-	1,307	1,179	-	-	555	555	-	-	-	-	1,862	1,734
Share of profits in associate		-	-	1,595	1,351	-	-	-	-	-	-	-	-	1,595	1,351
Periodically payable disability and death benefits transferred from income and expenditure account of industrial benefits branch:															
Disability	19	-	-	-	-	-	-	-	-	6,309	1,922	-	-	6,309	1,922
Death	19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income		69	71	69	71	69	71	69	71	-	-	-	-	276	284
Total income		26,663	25,987	188,314	190,797	18,198	18,010	5,005	5,554	7,267	2,898	-	-	245,447	243,246
EXPENDITURE															
Benefits:															
Unemployment benefit	30(b)	20,810	-	-	-	-	-	-	-	-	-	-	-	20,810	-
Sickness benefit		10,056	11,468	-	-	-	-	-	-	-	-	-	-	10,056	11,468
Maternity benefit		6,998	7,244	-	-	-	-	-	-	-	-	-	-	6,998	7,244
Maternity grant		1,430	1,440	-	-	-	-	-	-	-	-	-	-	1,430	1,440
Funeral benefit		2,225	1,983	-	-	-	-	-	-	-	-	-	-	2,225	1,983
Sickness assistance		6	4	-	-	-	-	-	-	-	-	-	-	6	4
Retirement benefit		-	-	82,048	74,922	-	-	-	-	-	-	-	-	82,048	74,922
Invalidity benefit		-	-	10,644	10,281	-	-	-	-	-	-	-	-	10,644	10,281
Survivors' benefit		-	-	13,893	13,280	-	-	-	-	-	-	-	-	13,893	13,280
Old age non-contributory pensions		-	-	7,023	7,353	-	-	-	-	-	-	-	-	7,023	7,353
Invalidity assistance		-	-	7,786	7,662	-	-	-	-	-	-	-	-	7,786	7,662
Survivors' assistance		-	-	1,598	1,641	-	-	-	-	-	-	-	-	1,598	1,641
Medical care		-	-	-	-	8,566	9,473	-	-	-	-	-	-	8,566	9,473
Injury benefit		-	-	-	-	1,441	1,617	-	-	-	-	-	-	1,441	1,617
Disability grant		-	-	-	-	68	62	-	-	-	-	-	-	68	62
Payment of current periodically payable benefits affected during the year:															
Disability	19	-	-	-	-	-	-	-	-	3,804	3,353	-	-	3,804	3,353
Death	19	-	-	-	-	-	-	-	-	325	337	-	-	325	337
Disability benefit – capital value		41,525	22,139	122,992	115,139	10,075	11,152	-	-	4,129	3,690	-	-	178,721	152,120
Death benefit – capital value		-	-	-	-	6,309	1,922	-	-	-	-	-	-	6,309	1,922
Administrative expenditure		7,104	5,130	25,226	24,683	2,907	3,011	1,535	1,663	-	-	-	-	36,772	34,487
Other expenditure		-	-	2,503	386	-	-	-	-	-	-	-	-	2,503	386
Total expenditure		48,629	27,269	150,721	140,208	19,291	16,085	1,535	1,663	4,129	3,690	-	-	224,305	188,915
EXCESS/(DEFICIENCY) OF INCOME OVER EXPENDITURE		(21,966)	(1,282)	37,593	50,589	(1,093)	1,925	3,470	3,891	3,138	(792)	-	-	21,142	54,331
Unclaimed benefits		151	134	55	156	161	10	-	-	-	-	-	-	367	300
TOTAL COMPREHENSIVE INCOME		(21,815)	(1,148)	37,648	50,745	(932)	1,935	3,470	3,891	3,138	(792)	-	-	21,509	54,631
RESERVES, beginning of year		8,418	9,566	1,300,762	1,250,017	105,047	103,112	111,640	107,749	19,817	20,609	576	576	1,346,260	1,491,629
Transfer from/(to) reserves		20,000	-	-	-	-	-	(20,000)	-	-	-	-	-	-	-
RESERVES, end of year		6,603	8,418	1,338,410	1,300,762	104,115	105,047	95,110	111,640	22,955	19,817	576	576	1,567,769	1,546,260

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, 2009 (Expressed in Thousands of Bahamian dollars)

	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of income over expenditure	21,142	54,331
Adjustments:		
Grant from Consolidated Fund	(4,900)	(4,900)
Income from investments	(70,857)	(78,194)
Income from property	(1,862)	(1,734)
Share of profits of associate	(1,595)	(1,351)
Loss on write-off of computer software	-	18
Loss on disposal/write-off of property, plant and equipment	13	226
Amortisation	323	379
Depreciation	1,903	2,114
Impairment provision/(recovery) on investments	2,503	386
Grant from Consolidated Fund received	<u>2,450</u>	<u>4,900</u>
Deficit before working capital changes	(50,880)	(23,825)
(Increase)/Decrease in receivables and advances	99	(203)
(Increase)/Decrease in prepaid expenses and deposits	(507)	1,182
Increase/(Decrease) in accounts payable and accrued expenses	(381)	238
Increase in staff pension fund	4,907	5,006
Increase/(Decrease) in accrued benefits payable	<u>(480)</u>	<u>181</u>
Net cash used in operating activities	<u>(47,242)</u>	<u>(17,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received – trustee and other securities	70,514	68,613
Dividends received	2,564	2,443
Proceeds from finance leases	11,354	9,001
Income received from property	1,856	1,485
Dividends received from associate	1,127	1,127
Proceeds from sale of equity securities	2,000	248
Proceeds on maturity of certificates of deposit	286,820	256,364
Proceeds on maturity of Bahamas Government registered stocks	27,270	30,040
Proceeds on maturity of Bahamas Mortgage Corporation bonds	2,400	7,200
Proceeds on maturity of Bank of The Bahamas Limited bonds	26	-
Proceeds on redemption of preference shares	1,000	1,000
Proceeds from loans to Bahamas Government entities	6,053	3,702
Net movement in Bahamas Government treasury bills	14,837	9,856
Proceeds on maturity of Latin American Investment Bank (Bahamas) Ltd. bonds	103	93

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, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

	2009 \$	2008 \$
CASH FLOWS FROM INVESTING ACTIVITIES (Continued)		
Proceeds on redemption of FirstCaribbean International Bank (Bahamas) Limited notes	-	3,650
Proceeds from sale of property, plant and equipment	7	86
Purchase of equity securities	(4,696)	(4,390)
Purchase of Bahamas Government US\$ notes	(15,089)	(13,755)
Government of Barbados US\$ bonds	(3,000)	-
Placements of certificates of deposit	(250,437)	(286,522)
Purchase of Bahamas Government registered stocks	(43,573)	(12,784)
Purchase of Education Loan Authority bonds	(4,000)	-
Purchase of Bahamas Development Bank bonds	(2,000)	(6,000)
Nassau Airport Development Company Limited debt securities	(40,000)	-
Purchase of Bahamas Electricity Corporation bonds	-	(10,000)
Purchase of Bank of The Bahamas Limited bonds	-	(26)
Purchase of preference shares	(5,000)	-
Purchase of Clifton Heritage Authority bonds	-	(23)
Additional loans to Bahamas Government entities	(3,900)	-
Purchase of Bridge Authority bonds	-	(11)
Purchase of Fidelity Bank (Bahamas) Limited notes	(300)	(2,500)
Purchase of investment property	-	(7)
Additions to computer software	(209)	(307)
Purchase of property, plant and equipment	(3,098)	(2,839)
Additions to construction in progress – finance leases	(7,701)	(698)
Net cash from investing activities	44,928	55,046
Net increase/(decrease) in cash and cash equivalents	(2,314)	37,625
Cash and cash equivalents, beginning of year	98,519	60,894
Cash and cash equivalents, end of year (Note 3)	96,205	98,519

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

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

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

2. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

The consolidated financial statements do not take account of liabilities to pay benefits in the future. An actuarial valuation is performed every five years, with the latest valuation having been done as of December 31, 2006. Certain results of the actuarial valuation are described in Note 24(b).

In the current year, the Fund adopted IAS 1 (Revised) *Presentation of Financial Statements* and the amendment to IFRS 7 *Financial Instruments: Disclosures* which became effective for fiscal periods beginning on or after January 1, 2009. IAS 1 (Revised) requires non-beneficiary changes in reserves to be presented separately from beneficiary changes in reserves, resulting in a consolidated statement of comprehensive income. The amendment to IFRS 7 requires enhanced disclosures about fair value measurements and liquidity risk. Corresponding information has been re-presented to conform with new disclosure requirements.

The remaining standards and amendments and interpretations to published standards that became effective for fiscal periods beginning on or after January 1, 2009 were not relevant to the Fund's operations and accordingly did not impact the Fund's accounting policies or consolidated financial statements.

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

Subsidiaries

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated except if they are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Fund.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

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

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

Associates

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

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

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

(c) Foreign currency translation

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

(d) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, 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.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(e) Financial assets

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

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

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

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

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

(f) Sale and repurchase agreements

Securities sold subject to repurchase agreements (repos) are reclassified in the consolidated financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in loans payable when applicable.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

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

2. Summary of Significant Accounting Policies (Continued)

(f) Sale and repurchase agreements (continued)

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

(g) Impairment of financial assets

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

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. When the asset is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of comprehensive income.

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

(h) Investment property

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

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

2. Summary of Significant Accounting Policies (Continued)

(h) Investment property (continued)

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

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

Changes in fair values are recorded in the consolidated statement of comprehensive income.

(i) Property, plant and equipment

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

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, when it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. Repairs and maintenance and costs of leasehold improvements are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(i) Property, plant and equipment (continued)

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 amount and are recognised in the consolidated statement of comprehensive income.

(j) Computer software

Computer software comprises software packages and other costs associated with implementing the software and ensuring that it is fully operational. The asset is stated at historical cost less amortisation, calculated using the straight-line basis over the estimated useful life of three years.

(k) Leases

The Fund is lessee

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(k) Leases (continued)

The Fund is lessor

Finance leases

For assets leased out under finance leases, the present value of the lease payments is recognised as net investment in finance leases in the consolidated balance sheet. 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 balance sheet. 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 balance sheet. Rental income is recognised in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(l) Employee benefits

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

The liability recognised in the consolidated balance sheet is the present value of the defined benefit obligation as of the consolidated balance sheet date minus the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

2. Summary of Significant Accounting Policies (Continued)

(l) Employee benefits (continued)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Bahamas Government securities that have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, in excess of the greater of 10% of the value of plan assets and 10% of the defined benefit obligation are charged or credited to the consolidated statement of comprehensive income over the average remaining service lives. Past service costs are recognised immediately in the consolidated statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, past service costs are amortised on a straight-line basis over the vesting period.

(m) Revenue recognition

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

Grants from the Consolidated Fund received from The Bahamas Government to subsidise the assistance benefits provided to non-contributory pensioners, are recognised as income in the period in which any conditions attached to the grant are satisfied. These amounts are presented gross in the consolidated statement of comprehensive income.

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

(m) Revenue recognition (continued)

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 on an accrual basis.

(n) Expense recognition

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

(o) Unclaimed benefits

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

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

The Regulations provide the following:

- i. Income from contributions shall be distributed among the benefit branches in the following proportions:

Short-term benefits reserve	16.5%
Pensions reserve	73.9%
Industrial benefits reserve	8.5%
Medical benefits reserve	<u>1.1%</u>

100.0%

- ii. Income by way of grant from the Consolidated Fund under Section 45 of the Act shall be fully credited to the pensions' branch.
- iii. Income from investments shall be allocated to the benefits branch to which the investments relate.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

2. Summary of Significant Accounting Policies (Continued)

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

- iv. All other income, which cannot be identified with any specific branch, shall be distributed among the four benefit branches in equal parts.
- v. 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.
- vi. For the years ended December 31, 2009 and 2008, the resulting proportion of administrative expenditure ascribed to the three benefit branches is as follows:

	2009	2008
Short-term benefits reserve	20.16%	15.63%
Pensions reserve	71.59%	75.20%
Industrial benefits reserve	<u>8.25%</u>	<u>9.17%</u>
	<u>100.00%</u>	<u>100.00%</u>

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

(q) Taxation

The Fund is established under the laws of the Commonwealth of The Bahamas and is not subject to income, capital gains or other corporate taxes. The Fund's operations do not subject it to taxation in any other jurisdiction.

(r) Corresponding figures

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

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

3. Cash and Cash Equivalents

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

	2009 \$	2008 \$
Cash on hand	87	72
Cash at banks – current account	5,148	6,509
Cash at brokers/investment managers	1,585	144
Cash at Central Bank of The Bahamas	<u>11,385</u>	<u>4,402</u>
Cash on hand and at banks	18,205	11,127
Short-term highly liquid investments with original contractual maturities of three months or less:		
Certificates of deposit (Note 7(a))	78,000	64,000
Bahamas Government treasury bills (Note 7(1))	<u>-</u>	<u>23,392</u>
	<u>96,205</u>	<u>98,519</u>

Cash at the Central Bank of The Bahamas does not earn interest. The effective interest rate earned on cash and cash equivalents during the year was 4.83% (2008: 4.20%).

4. Receivables and Advances

	2009 \$	2008 \$
Grant receivable – Government	2,450	-
Finance lease receivables	1,631	4,552
Rent receivable	923	917
Education loans – staff	478	606
Automobile loans – staff	306	443
Computer loans – staff	99	77
Advances to staff	171	163
Dividends receivable	538	628
Miscellaneous receivables	607	490
Staff uniforms	<u>19</u>	<u>-</u>
	7,222	7,876
Provision for doubtful accounts	<u>(53)</u>	<u>(53)</u>
	<u>7,169</u>	<u>7,823</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

5. Investments at Fair Value Through Profit or Loss

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

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

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

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity securities and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

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

Units				
2009	2008		2009	2008
			\$	\$
		<i>Ordinary Shares / Mutual Funds</i>		
		Level 1		
1,000	1,000	Bahamas Waste Limited	3	3
3,034,483	3,034,483	Cable Bahamas Limited	30,284	42,574
884,583	664,583	Commonwealth Bank Ltd.	6,192	4,652
474,796	447,296	Consolidated Water Co. Ltd.	1,353	1,118
23,320	23,320	FamGuard Corporation Limited	152	182
188,472	145,372	Finance Corporation of Bahamas Limited	1,749	1,725
273,491	118,351	FirstCaribbean International Bank (Bahamas) Limited	2,732	1,237
315,153	105,653	Freeport Oil Holdings Company Ltd.	1,503	546
158,769	98,630	ICD Utilities Limited	888	605
68,327	59,350	J.S. Johnson & Company Limited	680	659
			<u>45,536</u>	<u>53,301</u>
		Level 3		
1,000	1,000	Fidelity International Investment Fund Limited Index Linked Sub Fund, Class N Shares, Series 1	<u>958</u>	<u>1,000</u>
			<u>958</u>	<u>1,000</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

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

Units			
2009	2008	2009	2008
		\$	\$
<i>Preference Shares</i>			
Level 2			
-	2,000,000		
		Colina Holdings Bahamas Limited; Prime + 2.25%	2,000
87,460	87,460	Commonwealth Bank Ltd.; 7.00%	8,792
150	150	FamGuard Corporation Limited; Prime + 1.50%	150
4,365,000	4,365,000	Freeport Oil Holdings Company Ltd.; Prime + 1.75%	4,366
		<u>4,365</u>	<u>4,366</u>
		<u>13,341</u>	<u>15,308</u>
		<u>59,835</u>	<u>69,609</u>

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

	2009				2008
	Level 1	Level 2	Level 3	Total	Total
	\$	\$	\$	\$	\$
Balance as of January 1	53,301	15,308	1,000	69,609	62,221
Purchases	4,696	-	-	4,696	4,390
Sales	-	(2,000)	-	(2,000)	(248)
Net realised gain	-	33	-	33	5
Net unrealised gain/(loss)	(12,461)	-	(42)	(12,503)	3,241
Balance as of December 31	<u>45,536</u>	<u>13,341</u>	<u>958</u>	<u>59,835</u>	<u>69,609</u>

As of December 31, 2009, the cost of ordinary shares/mutual funds and preference shares totals \$38,297 (2008: \$33,601) and \$13,341 (2008: \$15,308), respectively. The cost of level 3 securities totals \$1,000 (2008: \$1,000).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

6. Held-To-Maturity Investments

(a) Bahamas Government US\$ notes

Face Value		Description	2009	2008
2009	2008		\$	\$
\$	\$			
10,000	-	6.95%; 2029	9,971	-
4,800	1,500	6.63%; 2033	4,687	1,545
14,102	12,000	7.13%; 2038	14,186	12,210
			<u>28,844</u>	<u>13,755</u>
		Accrued interest	368	224
			<u>29,212</u>	<u>13,979</u>

(b) Government of Barbados US\$ bonds

Face Value		Description	2009	2008
2009	2008		\$	\$
\$	\$			
3,000	-	Class B US\$; 7.80%; 2019	3,000	-
		Accrued interest	94	-
			<u>3,094</u>	<u>-</u>

As of December 31, 2009, Barbados foreign currency debt was rated as BBB by Standard and Poors.

7. Loans and Receivables

(a) Certificates of deposit

	2009	2008
	\$	\$
Certificates of deposit	295,236	317,619
Provision for doubtful accounts	<u>(2,001)</u>	<u>(2,001)</u>
	293,235	315,618
Accrued interest	<u>6,715</u>	<u>7,146</u>
	<u>299,950</u>	<u>322,764</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(a) Certificates of deposit (continued)

During the year, certificates of deposit earned interest at rates of 4.50% to 7.00% (2008: 4.50% to 7.00%) per annum. The effective interest earned on certificates of deposit was 5.00% (2008: 5.04%).

The vast majority of certificates of deposit mature within 12 months of the consolidated balance sheet date. Certificates of deposit with original contractual maturities of three months or less totalling \$78,000 (2008: \$64,000) are included in cash and cash equivalents (See Note 3).

The Fund is permitted, under foreign exchange controls of the Central Bank of The Bahamas, to invest a maximum of \$12.5 million annually (\$3.125 million quarterly) in specific foreign currency investments. This annual facility commenced in 2006 and annual maximums ranged from \$12.5 million to \$25 million. As of December 31, 2009, certificates of deposit include United States dollar (US\$) deposits of \$2,485 (2008: \$29,133).

As of December 31, 2009, the Fund has \$2,001 (2008: \$2,001) in certificates of deposit with Gulf Union Bank (Bahamas) Ltd., which is in compulsory liquidation. Accordingly, the Fund has made full provision for amounts outstanding. No payments were received in 2009 or 2008.

(b) Bahamas Government registered stocks

Investments in Bahamas Government registered stocks have interest rates varying from 5.53% to 9.00% (2008: 5.53% to 9.00%) per annum, most of which are tied to the Bahamian dollar Prime rate (Prime).

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(b) Bahamas Government registered stocks (continued)

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
-	27,270	Prime + 0.28%; 5.88%; 2009	-	27,270
28,352	28,352	Prime + 0.31% to 0.88%; 5.88% 2010	28,352	28,352
135,821	135,821	Prime + 0.03% to 1.38%; 6.25% to 9.00%, 2011-2015	135,821	135,821
157,405	156,956	Prime + 0.03% to 1.25%; 2016-2020	157,405	156,956
169,366	169,368	Prime + 0.03% to 0.53%; 2021-2025	169,366	169,368
103,618	88,730	Prime + 0.13% to 0.38%; 2026-2030	103,618	88,730
63,336	35,098	Prime + 0.17% to 0.63%; 2031-2037	63,336	35,098
			657,898	641,595
		Accrued interest	10,375	9,755
			668,273	651,350

The effective interest rate earned on Bahamas Government registered stocks was 6.04% (2008: 6.12%), and registered stocks with face values totalling \$36,039 (2008: \$45,973) have fixed interest rates varying from 6.63% to 9.00% (2008: 5.88% to 9.00%) and maturities ranging from 2010 to 2014 (2008: 2009 to 2014).

(c) Bahamas Mortgage Corporation bonds

These bonds are guaranteed by The Bahamas Government.

Series	Description	2009	2008
		\$	\$
Q	15 year bonds; Prime; 2024	3,000	-
B,D,G,J,L, N,O,P,R	20 year bonds; Prime less 2.00% to 3.50%; 2019-2029	92,500	93,600
A,C,H,M,S	25 year bonds; Prime less 1.00% to 5.00%; 2009-2034	26,200	30,500
		121,700	124,100
	Accrued interest	1,721	1,755
		123,421	125,855

As of December 31, 2009 and 2008 the face values of the bonds equal the carrying values, excluding accrued interest.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(d) Education Loan Authority bonds

These bonds are guaranteed by The Bahamas Government.

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
15,000	15,000	Series A; Prime + 0.25%; 2018	16,062	16,162
9,750	6,200	Series B; Prime + 0.50%; 2023	10,263	6,746
19,250	18,800	Series C; Prime + 0.75%; 2028	21,047	20,693
			<u>47,372</u>	<u>43,601</u>
		Accrued interest	<u>1,009</u>	<u>915</u>
			<u>48,381</u>	<u>44,516</u>

(e) Bahamas Development Bank bonds

These bonds are guaranteed by The Bahamas Government.

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
10,000	10,000	Series B; Prime less 1.00%; 2020	10,000	10,000
10,000	9,000	Series D; Prime less 1.00%; 2021	10,000	9,000
15,000	15,000	Series A; Prime; 2024	15,000	15,000
11,000	10,000	Series C; Prime; 2026	11,000	10,000
			<u>46,000</u>	<u>44,000</u>
		Accrued interest	<u>1,257</u>	<u>563</u>
			<u>47,257</u>	<u>44,563</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(f) Nassau Airport Development Company Limited debt securities

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
10,000	-	B\$ Series A Subordinated Participating Debt; 13.00%; 2024	10,000	-
10,000	-	US\$ Series A Subordinated Participating Debt; 13.00%; 2024	10,000	-
10,000	-	B\$ Senior Debt Notes; 8.50%; 2031	10,000	-
10,000	-	US\$ Senior Debt Notes; 8.50%; 2031	10,000	-
			40,000	-
		Accrued interest	2,218	-
			42,218	-

The Fund acquired debt securities of Nassau Airport Development Company Limited (NAD). The proceeds of the debt offerings were used for the financing of phase II of the expansion of the Lynden Pindling International Airport.

The senior debt notes are supported by a first priority security interest in all assets of NAD. The subordinated participating debt bears interest of 13.00% per annum, with 2.00% to be settled in cash and the remaining 11% to be settled in kind. This debt is supported by a second priority security interest in the collateral supporting the senior debt notes.

(g) Bahamas Electricity Corporation bonds

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
6,495	6,495	Series B; 6.41%; 2021	6,485	6,485
18,557	18,557	Series C; 6.56%; 2026	18,516	18,515
			25,001	25,000
		Accrued interest	934	653
			25,935	25,653

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(h) Bank of The Bahamas Limited bonds

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
3,500	3,500	Series A; Prime; 2012	3,500	3,500
4,800	4,800	Series B; Prime; 2013	4,800	4,800
2,600	2,600	Series C; Prime; 2014	2,600	2,600
6,100	6,100	Series D; Prime; 2015	6,100	6,100
-	26	Series F; Prime + 1.75%; 2022	-	26
			17,000	17,026
		Accrued interest	5	18
			17,005	17,044

The Series A, B, C and D bonds are supported by Bank of The Bahamas Limited's Government Guaranteed Advanced Education Loan Scheme portfolio. The Series F bonds were mortgage-backed bonds supported by the performing mortgage loan portfolio of Bank of The Bahamas Limited.

(i) Preference shares

Units		Issuers		
2009	2008		2009	2008
			\$	\$
1,500	1,500	Cable Bahamas Limited; 7.00%; 2010	1,500	1,500
5,000	-	Cable Bahamas Limited; 8.00%; 2019	5,000	-
200,000	300,000	Caribbean Crossings Limited; 7.00%; 2016	2,000	3,000
			8,500	4,500

As of December 31, 2009, the cost of preference shares totals \$8,500 (2008: \$4,500).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(j) Clifton Heritage Authority bonds

These bonds are guaranteed by The Bahamas Government.

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
1,126	1,126	Prime + 0.75%; 2020	1,126	1,126
1,455	1,455	Prime + 0.50%; 2025	1,455	1,455
4,219	4,219	Prime + 0.63%; 2030	4,219	4,219
1,149	1,149	Prime + 0.75%; 2035	1,149	1,149
			<u>7,949</u>	<u>7,949</u>
		Accrued interest	<u>56</u>	<u>56</u>
			<u>8,005</u>	<u>8,005</u>

(k) Loans to Bahamas Government entities

	01/01/09	Additional Funds	Repayments/ Adjustments	12/31/09
	\$	\$	\$	\$
BEC (a)	2,317	-	(869)	1,448
BEC (b)	5,184	-	(5,184)	-
BEC (c)	-	3,403	-	3,403
BMC	7,000	-	(7,000)	-
Chronic Disease Prescription Drug Plan	-	497	-	497
	<u>14,501</u>	<u>3,900</u>	<u>(13,053)</u>	<u>5,348</u>
Accrued interest	<u>877</u>			<u>81</u>
	15,378			5,429
Provision for impairment	<u>(514)</u>			<u>-</u>
	<u>14,864</u>			<u>5,429</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(k) Loans to Bahamas Government entities (continued)

BEC

- (a) On December 1, 1989, a loan facility for BEC in the amount of \$10,000 was approved for the purpose of expanding its power generating system in New Providence and Paradise Island. This loan has been fully drawn down. The principal, which was subject to a one (1) year moratorium, is repayable over twenty (20) years in equal semi-annual instalments of \$524, inclusive of interest. The loan bears interest at 0.50% below Prime but is not to be less than 8.50% per annum. The effective interest rate applicable in the current year was 8.50% (2008: 8.50%). The current portion of the loan is \$945 (2008: \$869).

The loan is guaranteed by The Bahamas Government.

- (b) On July 30, 2003, a loan facility in the amount of \$20,000 was approved for BEC for the purpose of consolidating its then existing debt portfolio and providing additional working capital.

The loan was originally due to be repaid within 3 months from the date of the final drawdown, and was initially extended to May 1, 2005. Approval was subsequently given by the Board of Directors for the repayment date to be amended to seven years from the initial date of drawdown.

In 2007, subsequent approval was given, requiring repayment of the loan by December 31, 2009. The revised loan was payable in quarterly instalments of \$1,092 (2008: \$1,092), inclusive of interest. The loan was fully repaid by December 2009.

The loan bore interest at Prime plus 1.50 % (an effective rate of 7.00% in 2009 and 2008).

The loan was unsecured.

- (c) During August 2009, the Fund participated in a medium term US\$ loan facility provided to BEC to refinance its existing US\$ debt obligations. The loan bears interest at US\$ 3-month LIBOR plus 3.25%, with interest payable quarterly, and principal due in August 2012.

The loan is guaranteed by The Bahamas Government.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

(Expressed in Thousands of Bahamian dollars)
(Continued)

7. Loans and Receivables (Continued)

(k) Loans to Bahamas Government entities (continued)

Bahamas Mortgage Corporation (BMC)

In March 2007, the Board of Directors approved a loan for BMC in the amount of \$7,000 to assist with the funding of the Ministry of Housing projects at an interest rate of Prime (an effective rate of 5.50%).

A promissory note was issued by BMC on March 9, 2007 to repay the Fund. The loan and accrued interest were to be repaid by May 31, 2007 from the proceeds of a proposed Government guaranteed bond issue by BMC, which did not take place during 2007.

During March 2009, the Fund agreed to acquire land and a building owned by BMC. As part of the acquisition, amounts owing to the Fund by BMC were applied against the purchase price, and the provision as of December 31, 2008 was reversed.

Chronic Diseases Prescription Drug Plan

During 2009, the Board of Directors approved a loan facility of \$1.4 million to be provided to the Chronic Diseases Prescription Drug Plan (the Drug Plan) to finance the capital expenditures for the establishment of the Drug Plan pursuant to National Insurance (Chronic Diseases Prescription Drug Fund) Act, 2009. The Drug Plan will be administered by NIB and is expected to be launched in the next fiscal year.

The loan is interest free during the non-contributory phase of the Drug Plan and the loan is to be repaid within five years of the introduction of the contributory phase. Interest during the contributory phase will be at a rate of not less than Prime per annum. As of December 31, 2009 the Drug Plan had drawn down \$497 of the loan facility.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(l) Bahamas Government treasury bills

Bahamas Government treasury bills yield 3.20% per annum (2008: 2.65% to 3.20%) and mature within 183 days.

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
-	21,250	2.65%-2.76%; 02/01/09	-	21,200
-	2,202	2.70%; 03/03/09	-	2,192
-	20,000	3.10%-3.20%; 07/05/09	-	19,782
5,000	-	3.20%; 05/06/2010	4,945	-
			<u>4,945</u>	<u>43,174</u>

As of December 31, 2009, the cost of Bahamas Government treasury bills totals \$4,920 (2008: \$42,929). The effective interest rate earned on the treasury bills was 3.29% (2008: 3.13%).

As of December 31, 2008, Bahamas Government treasury bills with original contractual maturities of three months or less totalling \$23,392 are included in cash and cash equivalents (see Note 3).

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

The Fund acquired \$5,000 of the bonds that are supported by the Government Guaranteed Advanced Education Loan Scheme held in trust by SG Hambros Bank and Trust (Bahamas) Limited. Interest is earned at 0.70% above Prime. As of December 31, 2009, the carrying amount of the bonds includes accrued interest of \$795 (2008: \$631).

During the year, principal payments totaling \$103 (2008: \$82) were received, with cumulative principal payments totaling \$2,409 (2008: \$2,306). The bonds fully mature in 2015.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

7. Loans and Receivables (Continued)

(n) Bridge Authority bonds

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
956	956	Prime + 1.25%; 2019	956	956
1,025	1,025	Prime + 1.50%; 2024	1,025	1,025
802	802	Prime + 1.63%; 2029	802	802
			<u>2,783</u>	<u>2,783</u>
		Accrued interest	52	52
			<u>2,835</u>	<u>2,835</u>

(o) Fidelity Bank (Bahamas) Limited notes

Face Value		Description		
2009	2008		2009	2008
\$	\$		\$	\$
500	500	Series C Notes; 7.00%; 2013	500	500
500	500	Series A Notes; 7.00%; 2017	500	500
800	500	Series D Notes; Prime 1.75%; 2015	800	500
1,000	1,000	Series B Notes; Prime 1.75%; 2022	1,000	1,000
			<u>2,800</u>	<u>2,500</u>
		Accrued interest	30	37
			<u>2,830</u>	<u>2,537</u>

(p) Consolidated Water (Bahamas) Ltd. bonds

The Fund acquired \$2,000 of Consolidated Water (Bahamas) Ltd. Series A bonds to assist in the financing of the design and construction of the Blue Hills water plant to meet the supply of water to the Water & Sewerage Corporation. Interest is earned at 2.00% above Prime and is paid quarterly. As of December 31, 2009 the carrying amount of the bonds includes accrued interest of \$38 (2008: \$38). The bonds mature in 2015.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

8. Net Investment in Finance Leases

Net investment in finance leases comprise:

	2009 \$	2008 \$
<i>Gross receivables</i>		
Not later than one year	8,582	8,456
Later than one year and not later than five years	32,066	32,568
Later than five years	<u>30,663</u>	<u>38,617</u>
	71,311	79,641
Unearned finance income	<u>(19,090)</u>	<u>(23,057)</u>
	<u>52,221</u>	<u>56,584</u>

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

	2009 \$	2008 \$
Not later than one year	4,918	4,474
Later than one year and not later than five years	21,103	20,121
Later than five years	<u>26,200</u>	<u>31,989</u>
	<u>52,221</u>	<u>56,584</u>

The Fund presently has six office buildings being leased to The Bahamas Government under finance lease agreements or arrangements, as follows:

	2009 \$	2008 \$
Claughton House, New Providence	820	1,141
Poinciana Hill, New Providence	14,800	16,121
Thompson Boulevard, New Providence	21,017	22,682
Police Headquarters, Grand Bahama	4,562	8,478
Police Dormitories, Grand Bahama	7,833	3,407
Robinson Road, New Providence	<u>3,189</u>	<u>4,755</u>
	<u>52,221</u>	<u>56,584</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

8. Net Investment in Finance Leases (Continued)

Claughton House Limited

On September 12, 1996, the Fund purchased all of the outstanding shares of Claughton House Limited (formerly Chemical Realty (Bahamas) Holdings Limited) (Claughton House) whose sole asset was an office building in Nassau, New Providence. Effective the same date, Claughton House agreed to enter into a fifteen (15) year finance lease with The Bahamas Government for the office building. The payments due under the lease agreement were set, and are to be revised as necessary, to allow the Fund to recover its capital outlay and yield a return of 1.75% above Prime (an effective rate of 7.25% per annum in 2009 and 2008). At the end of the lease, ownership of the building will be transferred to The Bahamas Government, which is responsible for the maintenance, insurance and taxes on the office building.

Bahamas Government office buildings

In prior years, the Ministry of Finance negotiated appropriate funding packages with the Fund for the construction or renovation of certain buildings, namely Thompson Boulevard, Poinciana Hill, Police Headquarters, Police Dormitories and Robinson Road.

There is presently one formally executed lease agreement (Robinson Road), however, the Fund has agreed to enter into finance leases with The Bahamas Government for the buildings on the same terms as the finance lease involving Claughton House. The execution of the lease agreements is pending the conveyance of title to the respective pieces of land from The Bahamas Government to the Fund.

Location	Date Construction/ Renovation Commenced	Agreed Date of Lease
Poinciana Hill, New Providence	1998	12/31/02
Thompson Boulevard, New Providence	2000	10/31/03
Police Headquarters, Grand Bahama	2000	07/31/03
Police Dormitories, Grand Bahama	2001	09/30/04
Robinson Road, New Providence	2004	07/01/08

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

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

9. Investment Property

	Freeport Building \$	Farrington Road Building \$	Modernistic Building \$	Total \$
As of January 1, 2009	8,000	2,850	580	11,430
Additions	-	-	-	-
Fair value adjustments	-	-	-	-
As of December 31, 2009	8,000	2,850	580	11,430
Cost:				
As of December 31, 2009	5,825	766	614	7,205
As of December 31, 2008	5,825	766	614	7,205

The fair values of the properties were last determined by an independent professionally qualified appraiser as of December 31, 2008.

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

10. Investment in Associate

As of December 31, 2009, the Fund owned 4,334,453 (2008: 4,334,453) of the ordinary shares of Bank of The Bahamas Limited, representing 27.80% (2008: 27.80%) of the total outstanding ordinary shares.

Movements in investment in associate comprise:

	2009 \$	2008 \$
As of January 1	33,591	33,367
Share of profits	1,595	1,351
Dividends received	(1,127)	(1,127)
Write down of goodwill	(3,017)	-
As of December 31	31,042	33,591

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

(Expressed in Thousands of Bahamian dollars)
(Continued)

10. Investment in Associate (Continued)

Included in investment in associate is goodwill of \$3,723 (2008: \$6,740), representing the cumulative premium for shares acquired on the securities market. During 2009, goodwill was written down by \$3,017 (2008: \$Nil) following an assessment of the fair value of the cumulative premium.

The fair value of the shares held by the Fund based on the quoted price as of December 31, 2009 is \$25,573 (2008: \$33,115).

Bank of The Bahamas Limited reported the following balances and transactions as of, and for the twelve months ended, December 31, 2009 and 2008:

	Assets \$	Liabilities \$	Total Income \$	Net Income \$
2009	774,185	659,087	31,812	5,682
2008	748,518	652,662	33,676	4,860

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

11. Property, Plant and Equipment

Property, plant and equipment comprise:

Cost	Land & Buildings \$	Office Furniture & Equipment \$	Computer Hardware \$	Motor Vehicles \$	Land Improvement \$	Medical Equipment \$	Total \$
Balance as of January 1, 2009	49,529	3,049	3,575	1,657	355	4,610	62,775
Additions	1,613	614	734	-	-	137	3,098
Disposals	-	(454)	(294)	(103)	-	-	(851)
Balance as of December 31, 2009	51,142	3,209	4,015	1,554	355	4,747	65,022
Accumulated depreciation							
Balance as of January 1, 2009	13,655	1,888	3,099	1,163	-	3,379	23,184
Charge for the year	988	206	274	216	-	219	1,903
Disposals	-	(434)	(294)	(103)	-	-	(831)
Balance as of December 31, 2009	14,643	1,660	3,079	1,276	-	3,598	24,256
Net book value as of December 31, 2009	36,499	1,549	936	278	355	1,149	40,766
Net book value as of December 31, 2008	35,874	1,161	476	494	355	1,231	39,591

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

11. Property, Plant and Equipment (Continued)

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 and Buildings		Medical Equipment	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cost	31,890	30,663	4,747	4,610
Accumulated depreciation	<u>(6,789)</u>	<u>(6,261)</u>	<u>(3,598)</u>	<u>(3,379)</u>
Net book value	<u>25,101</u>	<u>24,402</u>	<u>1,149</u>	<u>1,231</u>

12. 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.

	2009	2008
	\$	\$
Balance as of January 1	35,354	31,824
Additions	18,170	2,376
Transfers from investment property	-	6,000
Transfer to finance lease	<u>-</u>	<u>(4,846)</u>
Balance as of December 31	<u>53,524</u>	<u>35,354</u>

13. Accounts Payable and Accrued Expenses

	2009	2008
	\$	\$
Accounts payable and accrued expenses	1,901	2,432
Accrued vacation pay	2,292	2,489
Unclaimed benefits	637	624
Accrued staff retirement benefits	161	179
Unearned finance income	<u>3</u>	<u>18</u>
	<u>4,994</u>	<u>5,742</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

14. Staff Pension Fund

The amounts recognised in the consolidated balance sheet are determined as follows:

	2009 \$	2008 \$
Present value of defined benefit obligations	62,640	56,020
Unrecognised past service cost	(1,289)	(1,718)
Unrecognised actuarial losses	<u>(18,641)</u>	<u>(16,499)</u>
Liability in consolidated balance sheet	<u>42,710</u>	<u>37,803</u>

The movements in the defined benefit obligations are as follows:

	2009 \$	2008 \$
As of January 1	56,020	51,703
Interest cost	3,370	3,120
Current service cost	1,992	1,895
Employee contributions	443	432
Benefits paid	(2,135)	(1,704)
Actuarial losses	<u>2,950</u>	<u>574</u>
As of December 31	<u>62,640</u>	<u>56,020</u>

The present value of the defined benefit obligation as of December 31, 2006 and 2005 was \$40,905 and \$37,047, respectively.

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

	2009 \$	2008 \$
Interest cost	3,370	3,120
Current service cost	1,992	1,895
Past service costs recognised	429	429
Actuarial loss recognised	<u>808</u>	<u>834</u>
Total pension expense (See Note 22)	<u>6,599</u>	<u>6,278</u>

Employee contributions to be paid to the staff pension fund in the subsequent year is estimated at \$456.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

14. Staff Pension Fund (Continued)

The movements in the liability in the consolidated balance sheet are as follows:

	2009 \$	2008 \$
As of January 1	37,803	32,797
Interest cost	3,370	3,120
Current service cost	1,992	1,895
Employee contributions	443	432
Contributions - Benefits paid	(2,135)	(1,704)
Past service costs recognised	429	429
Actuarial loss recognised	808	834
As of December 31	42,710	37,803

The principal actuarial assumptions used were:

	2009	2008
Discount rate	5.75%	6.00%
Future salary increase (vary by age)	5.00%	5.00%

Mortality rates have been taken from the 1994 Group Annuity Mortality Static Table (2008: 1994 Group Annuity Mortality Table).

15. 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, 2009 and 2008.

16. Grant from Consolidated Fund

The grant represents an annual allocation from The Bahamas Government, which is to be appropriated towards old-age non-contributory pension payments.

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

(Expressed in Thousands of Bahamian dollars)
(Continued)

17. Income from Investments

	2009 \$	2008 \$
Income from trustee securities:		
Bahamas Government registered stocks	39,620	39,660
Bahamas Government treasury bills	730	1,246
	<u>40,350</u>	<u>40,906</u>
Income from other securities:		
Certificates of deposit	14,875	14,625
Bahamas Mortgage Corporation bonds	5,552	5,564
Dividends from ordinary and preference shares	2,474	2,551
Education Loan Authority bonds	2,284	2,180
Bahamas Development Bank bonds	2,306	2,049
Nassau Airport Development Company Limited debt securities	3,276	-
Bahamas Government US\$ notes	1,278	489
Bahamas Electricity Corporation bonds	1,592	1,190
Bank of The Bahamas Limited bonds	922	935
Clifton Heritage Authority bonds	488	486
Loans to Bahamas Government entities	432	1,071
Latin American Investment Bank (Bahamas) Ltd. bonds	164	248
Government of Barbados US\$ bonds	80	-
Bridge Authority bonds	193	193
Fidelity Bank (Bahamas) Limited notes	172	181
Consolidated Water (Bahamas) Ltd. bonds	150	150
FirstCaribbean International Bank (Bahamas) Limited notes	-	131
	<u>36,238</u>	<u>32,043</u>
Income from other investments:		
Interest income on finance leases	4,070	4,162
Interest income on construction in progress	2,669	1,678
Net gain/(loss) on investments at fair value through profit or loss (Note 5)	(12,470)	3,246
Net loss on fair value adjustments of investment property (Note 9)	-	(3,841)
	<u>(5,731)</u>	<u>5,245</u>
	<u>70,857</u>	<u>78,194</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

18. Income from Property

	2009	2008
	\$	\$
Rental income:		
Freeport office complex	704	742
New Providence buildings	603	437
Polyclinics	555	555
	<u>1,862</u>	<u>1,734</u>

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

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

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

	2009	2008
	\$	\$
Cash on hand	87	72
Cash at banks – current accounts	5,148	6,509
Cash at brokers/investment managers	1,585	144
Receivables and advances	7,169	7,823
Prepaid expenses and deposits	924	417
Computer software	450	564
Property, plant and equipment	14,516	13,958
Construction in progress – finance leases	53,524	35,354
Accounts payable and accrued expenses	(4,994)	(5,742)
Accrued benefits payable	(2,795)	(3,275)
	<u>75,614</u>	<u>55,824</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009

(Expressed in Thousands of Bahamian dollars)
(Continued)

21. Other Expenses

	2009 \$	2008 \$
Utilities	1,278	1,556
Repairs and maintenance	1,610	1,221
Consultancy fees	903	431
Printing, stationery and computer supplies	761	834
Rent	500	393
Training and scholarships	458	385
Transportation and travel	451	538
Advertising and publicity	302	205
Janitorial	294	234
Motor vehicles	251	292
Insurance	250	294
External security	209	154
Audit fees	169	215
Legal expenses	148	21
Real property tax	92	94
Other miscellaneous expenses	173	135
	<u>7,849</u>	<u>7,002</u>

22. Employee Benefits

	2009 \$	2008 \$
Pension expense	6,599	6,278
Group health plan	1,009	1,028
National insurance contributions	498	502
Accrued vacation pay	(57)	141
Other benefits	274	307
	<u>8,323</u>	<u>8,256</u>

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

23. Financial Risk Management

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

Credit risk

Credit risk is the risk that a counterparty may be unable to perform according to the terms of a contract. As of December 31, 2009, the Fund's total exposure to credit risk was \$1,513,681 (2008: \$1,506,140), principally concentrated with The Bahamas Government, which as of December 31, 2009 had foreign and local currency debt ratings of BBB+ and a country transfer and convertibility rating of A – issued by Standard and Poors. As of that date, the Fund had investments, loans and accruals with The Bahamas Government and its entities totalling \$1,177,254 (2008: \$1,142,779). Certificates of deposit are placed with banks in good standing with the Central Bank of The Bahamas or equivalent regulators (see Note 31).

Liquidity risk

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

Interest rate risk

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

24. Contingent Liabilities

- (a) NIB has provided commitment letters to various medical institutions and other providers of medical care to its industrial benefit claimants. Due to the nature of these commitments, it is not practical to determine the possible financial effect.
- (b) The 8th Actuarial Review of the Fund was conducted as of December 31, 2006. 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 \$7.868 billion as depicted below. The report further indicates that the current contribution rate would be insufficient to pay benefits in the long-term.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

24. Contingent Liabilities (Continued)

(b) (Continued)

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

	\$ (Millions)
Reserves as of December 31, 2006	1,415
Present value of future contributions	9,140
Present value of future expenditure	<u>(18,423)</u>
Present value of shortfall	<u>(7,868)</u>

(c) 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 not 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. Management is of the opinion that the resolution of these matters will not have a material impact on the Fund's consolidated financial statements.

25. Commitments

Capital commitments

Capital commitments contracted, which consist principally of amounts relating to construction of medical facilities, as of the consolidated balance sheet date but not yet incurred are as follows:

2009	2008
\$	\$
<u>6,199</u>	<u>1,492</u>

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases, where the Fund is the lessee, total \$162 (2008: \$245).

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

26. Employees

The average number of persons employed by NIB during the year was 479 (2008: 482).

27. Fair Value of Financial Instruments

The following table summarises the carrying amounts and fair values of those financial instruments not presented on the Fund's consolidated balance sheet at their fair value.

	Carrying value		Fair Value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Certificates of deposit	299,950	322,764	302,438	321,062
Bahamas Government registered stocks	668,273	651,350	682,269	674,821
Bahamas Mortgage Corporation bonds	123,421	125,855	113,559	115,631
Education Loan Authority bonds	48,381	44,516	46,198	42,025
Bahamas Development Bank bonds	47,257	44,563	43,648	41,745
Nassau Airport Development Company Limited debt securities	42,218	-	46,022	-
Bahamas Government US\$ notes	29,212	13,979	33,175	14,494
Bahamas Electricity Corporation bonds	25,935	25,653	25,083	25,328
Bank of The Bahamas Limited bonds	17,005	17,044	16,387	16,578
Clifton Heritage Authority bonds	8,005	8,005	8,173	8,176
Loans to Bahamas Government entities	5,429	14,864	4,756	14,771
Latin American Investment Bank (Bahamas) Ltd. bonds	3,374	3,313	2,516	2,705
Government of Barbados US\$ bonds	3,094	-	3,324	-
Bridge Authority bonds	2,835	2,835	3,073	3,077
Fidelity Bank (Bahamas) Limited notes	2,830	2,537	2,942	2,739
Consolidated Water (Bahamas) Ltd. bonds	2,038	2,038	2,142	2,211
	<u>1,329,257</u>	<u>1,279,316</u>	<u>1,335,705</u>	<u>1,285,363</u>

The carrying amounts of current financial assets, preference shares, Bahamas Government treasury bills and financial liabilities represent their estimated fair values.

Fair values for all financial assets listed above are determined using the discounted cash flow method. The cash flows are discounted at a rate representing the market rates of similar instruments.

The National Insurance Fund

Notes to the Consolidated Financial Statements

December 31, 2009

(Expressed in Thousands of Bahamian dollars)

(Continued)

28. Investment Managers

The Fund had entered into Investment Management Agreements with Royal Fidelity Merchant Bank & Trust Limited (RFMBT), Colina Financial Advisors Limited (CFAL) and Providence Advisors Limited (PAL) (the Managers), whereby the Managers could invest up to \$20,000 in assets on behalf of the Fund as per terms specified in the "Investment Guidelines". As remuneration for their services, Managers were paid management fees at rates specified in their respective agreements.

During 2009, the agreements with the three investment managers were terminated. All of the assets were transferred to a Brokerage Account held at RFMBT on the respective termination dates.

As of December 31, 2008, investments totalling \$17,419 were held with the three named investment managers.

29. Related Party Balances and Transactions

Related parties comprise 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; and key management personnel. Balances and transactions with related parties, not otherwise disclosed in the financial statements include:

	2009	2008
	\$	\$
Cash at bank	3,048	2,597
Receivables and advances	2,626	5,639
Accounts payable and accrued expenses	1,031	1,095
Contributions	21,571	20,705
Administrative expenses	1,444	1,644
Key management personnel compensation	2,182	1,597

Several Government corporations have significant arrears in relation to their contributions

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

30. Subsequent Events

- (a) NIB is preparing for the launch of the National Insurance Prescription Drug Plan (the Drug Plan), which is scheduled to be introduced during 2010. The operations of the First Phase of the Drug Plan will be financed by the Fund from the Medical Benefit Branch.
- (b) The Government of the Bahamas has announced that the unemployment benefit which was introduced in 2009 will enter its permanent phase during 2010. A contribution of 1% of insurable wages will be required, to be shared equally between employers and employed persons. Additionally, in the permanent phase the qualifying conditions will be more restrictive than in the temporary phase.
- (c) Subsequent to the year end the Fund entered into several contracts for the construction of buildings, which will be additions to property, plant and equipment (medical facilities) and construction in progress – finance leases. These contracts total \$45,200.

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

31. Allocation of Net Assets to Reserves

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2009									
Cash at Central Bank of The Bahamas	0.00%	Demand	-	32	920	10,133	-	300	11,385
Investments at fair value through profit or loss									
Ordinary shares / Mutual funds			-	46,494	-	-	-	-	46,494
Preference shares			-	13,341	-	-	-	-	13,341
			-	59,835	-	-	-	-	59,835
Held-to-maturity investments:									
Bahamas Government US\$ notes	6.63%-7.13%	2029-2038	-	29,212	-	-	-	-	29,212
Government of Barbados US\$ bonds	7.80%	2019	-	3,094	-	-	-	-	3,094
			-	32,306	-	-	-	-	32,306
Certificates of deposit									
Commonwealth Bank	4.00%-6.50%	01/11/10-12/30/10	-	-	58,250	15,000	-	-	73,250
Finance Corporation of The Bahamas Limited	4.75%-5.50%	01/07/10-12/31/10	-	69,500	-	-	-	-	69,500
First Caribbean International Bank (Bahamas) Limited B\$	4.250%-5.75%	03/12/10-12/30/10	-	63,000	-	-	-	-	63,000
Bank of The Bahamas Limited	5.00%-6.00%	01/08/10-12/15/10	-	13,500	32,000	-	-	-	45,500
Scotiabank (Bahamas) Limited	3.25%-5.25%	01/25/10-05/19/10	5,000	2,000	-	-	20,000	-	27,000
Fidelity Bank (Bahamas) Limited	5.00%-5.75%	05/03/10-08/20/10	-	-	-	7,500	-	-	7,500
Royal Bank of Canada	4.00%-5.00%	03/30/10	-	-	-	5,000	-	-	5,000
First Caribbean International Bank (Bahamas) Limited US\$	0.00%		-	2,485	-	-	-	-	2,485
Gulf Union Bank (Bahamas) Ltd.	0.00%		-	2,001	-	-	-	-	2,001
Accrued interest			-	6,715	-	-	-	-	6,715
Provision for doubtful accounts			5,000	(2,001)	90,250	27,500	20,000	-	299,950
Bahamas Government registered stocks	5.53%-9.00%	2010-2037	-	668,273	-	-	-	-	668,273
Bahamas Mortgage Corporation bonds	2.00%-6.00%	2010-2029	-	108,421	-	15,000	-	-	123,421

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

31. Allocation of Net Assets to Reserves (Continued)

As of December 31, 2009 (Continued)									
	Interest Rate	Maturity Date	Short- Term	Pensions	Industrial	Medical	Disablement and Death	Fidelity Bond	Total
			\$	\$	\$	\$	\$	\$	\$
Education Loan Authority bonds	5.75%-6.25%	2018-2028	-	48,381	-	-	-	-	48,381
Bahamas Development Bank bonds	4.50%-5.50%	2020-2026	-	47,257	-	-	-	-	47,257
Nassau Airport Development Company Limited debt securities	8.50%-13.00%	2024-2031	-	42,218	-	-	-	-	42,218
Bahamas Electricity Corporation bonds	6.41%-6.56%	2021-2026	-	25,935	-	-	-	-	25,935
Bank of The Bahamas Limited bonds	5.50%	2012-2015	-	17,005	-	-	-	-	17,005
Preference shares	7.00%-8.00%	2010-2019	-	8,500	-	-	-	-	8,500
Clifton Heritage Authority bonds	6.00%-6.25%	2020-2035	-	8,005	-	-	-	-	8,005
Loans to Bahamas Government entities	5.50%-8.50%	2011-2015	-	5,429	-	-	-	-	5,429
Bahamas Government treasury bills	3.20%	05/06/2010	-	-	-	4,945	-	-	4,945
Latin American Investment Bank (Bahamas) Ltd. bonds	6.20%	2015	-	3,374	-	-	-	-	3,374
Bridge Authority bonds	6.75%-7.13%	2019-2029	-	2,835	-	-	-	-	2,835
Fidelity Bank (Bahamas) Limited notes	7.00%-7.25%	2013-2022	-	2,830	-	-	-	-	2,830
Consolidated Water (Bahamas) Ltd. bonds	7.50%	2015	-	2,038	-	-	-	-	2,038
Net investment in finance leases	7.25%	2011-2023	-	52,221	-	-	-	-	52,221
Investment property			-	11,430	-	-	-	-	11,430
Investment in associate			-	31,042	-	-	-	-	31,042
Property, plant and equipment			-	-	-	26,250	-	-	26,250
Amount invested in other assets (Note 20)			1,603	46,553	12,945	11,282	2,955	276	75,614
Staff pension fund			-	(42,710)	-	-	-	-	(42,710)
Total			6,603	1,338,410	104,115	95,110	22,955	576	1,567,769

The National Insurance Fund

Notes to the Consolidated Financial Statements December 31, 2009 (Expressed in Thousands of Bahamian dollars) (Continued)

31. Allocation of Net Assets to Reserves (Continued)

As of December 31, 2008

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disablement and Death \$	Fidelity Bond \$	Total \$
Cash at Central Bank of The Bahamas	0.00%	Demand	2,900	32	920	250	-	300	4,402
Investments at fair value through profit or loss:									
Ordinary shares / Mutual funds			-	54,301	-	-	-	-	54,301
Preference shares			-	15,308	-	-	-	-	15,308
			-	69,609	-	-	-	-	69,609
Held-to-maturity investments									
Bahamas Government US\$ notes	6.63%-7.13%	2033-2038	-	13,979	-	-	-	-	13,979
Certificates of deposit:									
FirstCaribbean International Bank (Bahamas) Limited	5.00%-5.75%	01/09/09-12/17/09	-	39,500	27,000	-	-	-	66,500
Commonwealth Bank Limited	5.00%-7.00%	01/10/09-12/24/09	-	-	57,250	-	-	-	57,250
Scotiabank (Bahamas) Limited	4.75%-5.50%	01/24/09-10/21/09	-	28,000	3,000	-	18,000	-	49,000
Bank of The Bahamas Limited	4.50%-6.00%	01/09/09-12/17/09	5,000	40,500	-	-	-	-	45,500
Finance Corporation of The Bahamas Limited	4.75%-5.50%	01/07/09-12/31/09	-	44,135	-	-	-	-	44,135
HSBC Bank USA/CIBC World Markets (United States dollars)	1.00%-3.14%	01/02/09-12/17/09	-	29,233	-	-	-	-	29,233
Royal Bank of Canada	4.50%-5.25%	03/30/09-10/29/09	-	-	-	19,500	-	-	19,500
Fidelity Bank (Bahamas) Limited	5.00%-5.75%	02/06/09-08/20/09	-	-	3,500	1,000	-	-	4,500
Gulf Union Bank (Bahamas) Ltd.	0.00%		-	2,001	-	-	-	-	2,001
Accrued interest			-	7,146	-	-	-	-	7,146
Provision for doubtful accounts			-	(2,001)	-	-	-	-	(2,001)
			5,000	188,514	90,750	20,500	18,000	-	322,764
Bahamas Government registered stocks	5.53%-9.00%	2009-2037	-	651,350	-	-	-	-	651,350
Bahamas Mortgage Corporation bonds	2.00%-4.50%	2009-2026	-	107,855	-	18,000	-	-	125,855

The National Insurance Fund

Notes to the Consolidated Financial Statements
December 31, 2009
(Expressed in Thousands of Bahamian dollars)
(Continued)

31. Allocation of Net Assets to Reserves (Continued)

	Interest Rate	Maturity Date	Short- Term \$	Pensions \$	Industrial \$	Medical \$	Disability and Death \$	Fidelity Bond \$	Total \$
As of December 31, 2008 (Continued)									
Education Loan Authority bonds	5.75%-6.25%	2018-2028	-	44,516	-	-	-	-	44,516
Bahamas Development Bank bonds	4.50%-5.50%	2020-2026	-	44,563	-	-	-	-	44,563
Bahamas Electricity Corporation bonds	6.41%-6.56%	2021-2026	-	25,653	-	-	-	-	25,653
Bank of The Bahamas Limited bonds	5.50%-7.25%	2012-2022	-	17,044	-	-	-	-	17,044
Preference shares	7.00%	2010-2016	-	4,500	-	-	-	-	4,500
Clifton Heritage Authority bonds	6.00%-6.25%	2020-2035	-	8,005	-	-	-	-	8,005
Loans to Bahamas Government entities	5.50%-8.50%	2010-2011	-	14,864	-	-	-	-	14,864
Bahamas Government treasury bills	2.65%-3.20%	02/01/09-07/05/09	-	-	-	43,174	-	-	43,174
Latin American Investment Bank (Bahamas) Ltd. bonds	6.20%	2015	-	3,313	-	-	-	-	3,313
Bridge Authority bonds	6.75%-7.13%	2019-2029	-	2,835	-	-	-	-	2,835
Fidelity Bank (Bahamas) Limited notes	7.00%-7.25%	2013-2022	-	2,537	-	-	-	-	2,537
Consolidated (Water) Bahamas) Ltd. bonds	7.50%	2015	-	2,038	-	-	-	-	2,038
Net investment in finance leases	7.25%	2011-2023	-	56,584	-	-	-	-	56,584
Investment property			-	11,430	-	-	-	-	11,430
Investment in associate			-	33,591	-	-	-	-	33,591
Property, plant and equipment			-	-	-	25,633	-	-	25,633
Amount invested in other assets (Note 20)			518	35,753	13,377	4,083	1,817	276	55,824
Staff pension fund			-	(37,803)	-	-	-	-	(37,803)
Total			8,418	1,300,762	105,047	111,640	19,817	576	1,546,260

Statistical Appendix

Table	1	New Registration of Employers & Self-Employed Persons
	2	New Registration of Insured Persons
	3	Contribution Income (Gross), 2009
	4	Benefit & Assistance Claims Received and Awarded
	5	Short-Term Benefit & Assistance Claims Awarded, 2009
	6	Short -Term Benefit & Assistance Payments, 2009
	7	Long-Term Benefit & Assistance Claims Awarded, 2009
	8	Long Term Benefit & Assistance Payments, 2009
	9	Industrial Benefit Claims Awarded, 2009
	10	Industrial Benefit Payments, 2009
	11	Pensions in Payment, December, 2009
	12	Pensions in Payment at Year-end, 2005-2009
	13	Short-Term Benefits & Assistance, 2005-2009
	14	Long-Term Benefits & Assistance, 2005-2009
	15	Industrial Benefits, 2005-2009

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

Island/Local Office	2009			2008		
	Employers	Self-Employed	Total	Employers	Self-Employed	Total
Abaco						
Marsh Harbour	104	77	181	82	67	149
Coopers Town	26	15	41	26	15	41
All Abaco	130	92	222	108	82	190
Andros						
Fresh Creek	11	15	26	9	23	32
Kemps Bay	17	23	40	10	8	18
Nicholls Town	19	23	42	24	39	63
All Andros	47	61	108	43	70	113
Bimini & Berry Islands						
Cat Island	21	11	32	14	13	27
Crooked Island & Acklins						
Eleuthera	9	8	17	7	20	27
Governors Harbour	4	19	23	11	5	16
Harbour Island	51	15	66	39	23	62
North Eleuthera	43	31	74	27	25	52
Rock Sound	2	2	4	3	4	7
Spanish Wells	19	6	25	16	17	33
All Eleuthera	134	79	213	94	82	176
Exuma & Ragged Island						
Grand Bahama	37	40	77	46	44	90
Inagua & Mayaguana	209	185	394	265	158	423
Long Island						
Deadmans Cay	21	15	36	5	18	23
Simms	12	20	32	14	43	57
All Long Island	19	40	59	24	58	82
New Providence	1,216	691	1,907	1,396	763	2,159
San Salvador	17	10	27	4	6	10
Total	1,864	1,251	3,115	2,017	1,319	3,336

Table 2. New Registration Of Insured Persons

Island/Local Office	2009			2008		
	Active	Inactive	Total	Active	Inactive	Total
Abaco						
Marsh Harbour	301	744	1,045	149	669	818
Coopers Town	18	207	225	23	78	101
All Abaco	319	951	1,270	172	747	919
Andros						
Fresh Creek	8	35	43	9	34	43
Kemps Bay	12	88	100	15	53	68
Nicholls Town	15	211	226	20	157	177
All Andros	35	334	369	44	244	288
Bimini & Berry Islands						
Cat Island	91	73	164	45	129	174
Crooked Island & Acklins						
Eleuthera	3	19	22	7	44	51
Governors Harbour	6	33	39	5	9	14
Harbour Island	30	71	101	42	156	198
North Eleuthera	109	76	185	71	-	71
Rock Sound	-	-	-	-	5	5
Spanish Wells	26	101	127	28	70	98
All Eleuthera	19	130	149	-	-	-
Exuma & Ragged Island						
Grand Bahama	184	378	562	141	231	372
Inagua & Mayaguana	60	216	276	70	238	308
Long Island						
Deadmans Cay	679	3,031	3,710	1,271	2,767	4,038
Simms	4	27	31	16	36	52
All Long Island	14	101	115	17	65	82
New Providence						
San Salvador	2,060	15,848	17,908	2,500	20,352	22,852
Total	3,467	21,057	24,524	4,305	24,913	29,218

Table 3. Contribution Income (Gross), 2009

Island/Local Office	Employers	Employees	Self-Employed	Voluntary Insured	Installment Agreements	Total 2009	Total 2008
Abaco							
Marsh Harbour	2,322,849	1,442,179	276,978	-	107,758	4,149,764	4,148,952
Coopers Town	444,095	273,962	110,160	-	28,238	856,455	885,900
All Abaco	2,766,945	1,716,140	387,138	-	135,996	5,006,219	5,034,852
Andros							
Fresh Creek	214,871	139,685	31,442	-	47,409	433,407	480,406
Kemps Bay	92,952	57,315	32,540	-	9,156	191,963	173,422
Nicholls Town	180,425	110,499	35,271	-	1,062	327,257	417,381
All Andros	488,248	307,499	99,254	-	57,627	952,627	1,071,209
Bimini & Berry Islands	463,055	286,753	36,099	-	15,791	801,698	750,240
Cat Island	87,560	52,202	32,368	-	2,758	174,888	192,334
Crooked Island & Acklins	23,785	14,364	49,988	-	12,019	100,156	79,584
Eleuthera							
Govemots Harbour	424,492	248,173	83,402	-	37,936	794,003	755,098
Harbour Island	500,776	297,716	66,989	-	57,532	923,013	892,570
North Eleuthera	74,359	41,339	15,372	-	4,963	136,033	186,668
Rock Sound	319,768	201,120	34,114	-	19,622	574,624	613,084
Spanish Wells	552,969	337,683	95,163	-	-	985,815	1,037,972
All Eleuthera	1,872,364	1,126,032	295,040	-	120,054	3,413,488	3,485,392
Exuma & Ragged Island	1,057,430	655,235	170,602	-	74,225	1,957,492	2,537,257
Grand Bahama	10,242,429	6,414,879	385,854	-	679,581	17,722,743	18,964,576
Inagua & Mayaguana	228,621	148,246	27,112	-	924	404,903	358,146
Long Island							
Deadmans Cay	234,048	118,313	133,298	-	14,579	500,238	457,123
Simms	118,889	69,798	54,669	-	10,766	254,122	265,147
All Long Island	352,937	188,111	187,967	-	25,344	754,360	722,270
New Providence	76,019,431	45,933,908	1,764,072	-	4,533,010	128,250,421	121,599,652
San Salvador	197,916	124,401	11,419	-	4,320	338,056	367,078
Total	93,800,720	56,967,770	3,446,912	-	5,661,649	159,877,051	155,162,590

Table 4. Benefit & Assistance Claims Received and Awarded

Benefit Type	Received		Awarded	
	2009	2008	2009	2008
Long-term Benefits/ Assistance				
Retirement Benefit	1,928	1,728	1,977	1,540
Invalidity Benefit	248	272	201	175
Survivors' Benefit	548	578	479	473
Old Age Non-Contributory Pension	209	254	134	176
Invalidity Assistance	165	188	137	113
Survivors' Assistance	84	81	44	43
Total Long-term	3,182	3,101	2,972	2,520
Short-term Benefits				
Sickness Benefit	18,100	23,869	17,270	22,143
Maternity Benefit	3,827	3,970	3,145	3,158
Maternity Grant	3,827	3,970	3,580	3,658
Funeral Benefit	1,540	1,382	1,476	1,317
Unemployment Benefit	15,478	-	14,071	-
Sickness Assistance	19	22	18	11
Total Short-term	42,791	33,213	39,560	30,287
Industrial Benefits				
Medical Care	2,638	2,313	2,263	1,868
Injury Benefit	1,646	1,875	1,456	1,623
Disablement Benefit & Grant	163	148	49	32
Industrial Death	2	4	1	2
Industrial Funeral	-	1	-	1
Total Industrial	4,449	4,341	3,769	3,526
All Benefits	50,422	40,655	46,301	36,333

Table 5. Short-Term Benefit & Assistance Claims Awarded, 2009

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	448	97	93	25	319	3	985
Coopers Town	94	18	21	9	37	-	179
All Abaco	542	115	114	34	356	3	1,164
Andros							
Fresh Creek	154	24	21	1	75	-	275
Kemps Bay	71	10	9	2	58	-	150
Nicholls Town	87	20	19	5	158	-	289
All Andros	312	54	49	8	291	-	714
Bimini & Berry Islands							
Bimini	56	12	14	7	37	-	126
Cat Island	100	7	5	1	4	-	117
Crooked Island & Acklins	51	1	1	-	2	-	55
Eleuthera							
Governors Harbour	255	24	25	14	209	-	527
Harbour Island	84	21	21	5	78	-	209
North Eleuthera	-	-	-	-	-	-	-
Rock Sound	223	21	19	13	-	-	276
Spanish Wells	125	11	11	5	8	-	160
All Eleuthera	687	77	76	37	295	-	1,172
Exuma & Ragged Island	215	49	47	11	566	-	888
Grand Bahama	1,844	470	572	216	2,996	2	6,100
Inagua & Mayaguana	111	4	4	1	23	-	143
Long Island							
Deadmans Cay	46	11	11	15	100	1	184
Simms	31	9	9	1	-	-	50
All Long Island	77	20	20	16	100	1	234
New Providence	13,213	2,329	2,672	1,144	9,383	12	28,753
San Salvador	62	7	6	1	18	-	94
Total	17,270	3,145	3,580	1,476	14,071	18	39,560

Table 6. Short-Term Benefit & Assistance Payments, 2009

Island/Local Office	Sickness Benefit	Maternity Benefit	Maternity Grant	Funeral Benefit	Unemployment Benefit	Sickness Assistance	Total
Abaco							
Marsh Harbour	316,416	178,684	36,800	33,000	511,940	248	1,077,088
Coopers Town	56,140	39,907	8,400	13,242	49,646	-	167,335
All Abaco	372,556	218,591	45,200	46,242	561,586	248	1,244,423
Andros							
Fresh Creek	70,914	23,956	8,630	2,281	96,917	-	202,698
Kemps Bay	32,400	11,564	3,600	3,000	94,155	-	144,719
Nicholls Town	36,192	30,647	7,600	6,000	237,625	-	318,064
All Andros	139,506	66,167	19,830	11,281	428,697	-	665,481
Bimini & Berry Islands							
Bimini	21,390	28,094	6,000	9,000	45,973	-	110,457
Cat Island	31,268	12,521	2,000	1,500	5,439	-	52,728
Crooked Island & Acklins	12,878	4,007	400	-	749	-	18,034
Eleuthera							
Governors Harbour	105,680	51,857	10,400	21,000	258,448	-	447,385
Harbour Island	23,687	36,613	8,400	7,500	87,395	-	163,595
North Eleuthera	-	-	-	-	-	-	-
Rock Sound	88,486	32,727	7,600	21,000	-	-	149,813
Spanish Wells	95,413	15,521	4,400	7,500	14,736	-	137,570
All Eleuthera	313,266	136,718	30,800	57,000	360,579	-	898,363
Exuma & Ragged Island	136,398	105,915	19,600	16,500	960,588	-	1,239,001
Grand Bahama	1,264,391	1,051,948	251,797	324,000	4,348,443	761	7,241,340
Inagua & Mayaguana	37,134	10,827	2,000	-	32,029	-	81,990
Long Island							
Deadmans Cay	28,819	20,507	4,800	22,500	108,098	230	184,954
Simms	14,244	13,116	4,000	1,500	-	-	32,860
All Long Island	43,062	33,623	8,800	24,000	108,098	230	217,814
New Providence	7,647,658	5,313,104	1,041,962	1,734,176	13,939,705	4,370	29,680,975
San Salvador	36,809	16,018	1,600	1,500	18,422	-	74,349
Total	10,056,317	6,997,533	1,429,989	2,225,199	20,810,308	5,609	41,524,955

Table 7. Long-Term Benefit & Assistance Claims Awarded, 2009

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	67	3	18	12	3	2	105
Coopers Town	14	4	2	3	1	-	24
All Abaco	81	7	20	15	4	2	129
Andros							
Fresh Creek	9	1	4	2	4	-	20
Kemps Bay	17	-	5	-	-	3	25
Nicholls Town	15	1	3	6	3	2	30
All Abaco	41	2	12	8	7	5	75
Bimini & Berry Islands	15	1	4	-	-	-	20
Cat Island	8	-	-	-	1	-	9
Crooked Island & Acklins	5	-	1	-	1	-	7
Eleuthera							
Governors Harbour	40	-	8	3	1	-	52
Harbour Island	8	1	5	-	-	-	14
North Eleuthera	3	-	-	-	-	1	4
Rock Sound	28	2	4	1	4	-	39
Spanish Wells	18	1	2	-	-	-	21
All Eleuthera	97	4	19	4	5	1	130
Exuma & Ragged Island	29	5	6	2	2	-	44
Grand Bahama	355	37	78	34	26	6	536
Inagua & Mayaguana	4	1	6	1	1	-	13
Long Island							
Deadmans Cay	21	-	3	-	-	-	24
Simms	12	1	-	-	-	1	14
All Long Island	33	1	3	-	-	1	38
New Providence	1,306	143	330	70	88	29	1,966
San Salvador	3	-	-	-	2	-	5
Total	1,977	201	479	134	137	44	2,972

Table 8. Long-Term Benefit & Assistance Payments, 2009

Island/Local Office	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Total
Abaco							
Marsh Harbour	440,853	84,201	128,136	138,460	101,200	34,469	927,319
Coopers Town	107,834	20,967	22,598	8,050	16,560	2,208	178,217
All Abaco	548,688	105,168	150,734	146,510	117,760	36,677	1,105,536
Andros							
Fresh Creek	3,760	-	7,295	9,430	1,840	-	22,325
Kemps Bay	253,133	27,313	42,380	120,027	84,332	17,624	544,809
Nicholls Town	58,473	5,498	9,070	37,260	24,380	7,422	142,103
All Andros	315,365	32,811	58,745	166,717	110,552	25,045	709,237
Bimini & Berry Islands	164,200	20,088	50,111	47,610	33,203	2,760	317,972
Cat Island	137,710	5,130	16,947	119,370	43,930	14,490	337,577
Crooked Island & Acklins	196,350	2,722	20,295	60,680	19,780	9,537	309,364
Eleuthera							
Governors Harbour	124,565	21,399	25,354	35,650	7,820	4,320	219,108
Harbour Island	11,585	3,758	13,133	2,300	230	2,024	33,030
North Eleuthera	13,534	3,240	6,615	4,140	5,980	2,530	36,039
Rock Sound	15,050	1,903	1,595	8,740	8,510	3,125	38,923
Spanish Wells	15,740	3,240	5,364	3,910	8,280	828	37,362
All Eleuthera	180,474	33,540	52,061	54,740	30,820	12,827	364,462
Exuma & Ragged Island	144,826	16,476	21,857	30,130	20,930	11,040	245,259
Grand Bahama	44,682	401,788	450,257	297,160	425,353	34,235	1,653,475
Inagua & Mayaguana	144,613	13,075	11,952	20,700	14,720	-	205,060
Long Island							
Deadmans Cay	27,078	1,890	2,160	12,190	17,480	-	60,798
Simms	19,137	5,526	5,990	12,190	3,450	828	47,121
All Long Island	46,215	7,416	8,150	24,380	20,930	828	107,919
New Providence	80,062,376	9,999,767	13,041,945	6,035,816	6,923,273	1,449,818	117,512,995
San Salvador	62,622	6,480	9,930	19,320	24,840	270	123,462
Total	82,048,121	10,644,461	13,892,984	7,023,133	7,786,091	1,597,528	122,992,318

Table 9. Industrial Benefit Claims Awarded, 2009

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	39	39	-	-	-	78
Coopers Town	2	2	-	-	-	4
All Abaco	41	41	-	-	-	82
Andros						
Fresh Creek	6	5	-	-	-	11
Kemps Bay	1	-	-	-	-	1
Nicholls Town	1	3	-	-	-	4
All Andros	8	8	-	-	-	16
Bimini & Berry Islands						
Bimini	6	6	-	-	-	12
Cat Island	2	2	-	-	-	4
Crooked Island & Acklins	1	4	-	-	-	5
Eleuthera						
Governors Harbour	1	5	-	-	-	6
Harbour Island	10	11	-	-	-	21
North Eleuthera	-	-	-	-	-	-
Rock Sound	13	16	-	-	-	29
Spanish Wells	22	23	-	-	-	45
All Eleuthera	46	55	-	-	-	101
Exuma & Ragged Island	25	26	-	-	-	51
Grand Bahama	189	175	8	1	-	373
Inagua & Mayaguana	-	1	-	-	-	1
Long Island						
Deadmans Cay	5	4	-	-	-	9
Simms	5	5	-	-	-	10
All Long Island	10	9	-	-	-	19
New Providence	1,929	1,123	41	-	-	3,093
San Salvador	6	6	-	-	-	12
Total	2,263	1,456	49	1	-	3,769

Table 10. Industrial Benefit Payments, 2009

Island/Local Office	Medical Care	Injury Benefit	Disablement Benefit & Grant	Industrial Death	Industrial Funeral	Total
Abaco						
Marsh Harbour	2,220	23,174	2,750	5,481	-	33,625
Coopers Town	-	435	-	-	-	435
All Abaco	2,220	23,610	2,750	5,481	-	34,060
Andros						
Fresh Creek	-	1,498	-	-	-	1,498
Kemps Bay	-	-	-	-	-	-
Nicholls Town	-	6,603	-	-	-	6,603
All Andros	-	8,101	-	-	-	8,101
Bimini & Berry Islands						
Bimini	-	1,608	10,492	-	-	12,100
Cat Island	-	178	4,840	5,025	-	10,043
Crooked Island & Acklins						
Crooked Island	-	1,636	5,290	-	-	6,926
Eleuthera						
Governors Harbour	1,300	4,043	-	-	-	5,343
Harbour Island	-	6,568	-	-	-	6,568
North Eleuthera	260	-	-	-	-	260
Rock Sound	680	15,583	-	-	-	16,263
Spanish Wells	-	21,871	-	-	-	21,871
All Eleuthera	2,240	48,065	-	-	-	50,305
Exuma & Ragged Island						
Exuma	1,952	18,414	305	-	-	20,671
Grand Bahama						
Grand Bahama	31,595	169,350	-	2,909	-	203,854
Inagua & Mayaguana						
Inagua	-	356	-	-	-	356
Long Island						
Deadmans Cay	-	5,212	-	-	-	5,212
Simms	-	743	-	-	-	743
All Long Island						
New Providence	8,527,797	1,161,682	3,847,548	311,241	-	13,848,268
San Salvador						
San Salvador	-	2,068	-	640	-	2,708
Total	8,565,804	1,441,022	3,871,225	325,296	-	14,203,347

Table 11. Pensions In Payment, December 2009

Island	Retirement Benefit	Invalidity Benefit	Survivors' Benefit	OANCP	Invalidity Assistance	Survivors' Assistance	Disablement Benefit	Industrial Death	Total
Abaco	156	22	53	55	45	14	1	1	347
Andros	99	7	18	59	40	10	-	-	233
Bimini & Berry Islands	51	7	18	18	12	1	1	-	108
Cat Island	32	1	5	39	15	4	2	1	99
Crooked Island & Acklins	61	2	6	21	9	4	2	-	105
Eleuthera	67	10	19	19	9	6	-	-	130
Exuma & Ragged Island	80	9	12	22	17	7	-	-	147
Grand Bahama	558	130	176	138	216	23	16	2	1,259
Inagua & Mayaguana	44	4	5	7	6	-	-	-	66
Long Island	25	2	2	9	7	1	-	-	46
New Providence	15,605	1,975	3,621	2,083	2,360	478	558	62	26,742
San Salvador & Rum Cay	18	2	5	7	11	-	-	-	43
Total	16,796	2,171	3,940	2,477	2,747	548	580	66	29,325

Table 12. Pensions in Payment at Year-End, 2005 - 2009

Long-term Benefits	2009	2008	2007	2006	2005
Retirement Benefit	16,796	15,240	14,439	13,895	13,095
Invalidity Benefit	2,171	2,092	2,071	2,090	2,018
Survivor's Benefit	3,940	3,790	3,590	3,556	3,366
Old-Age Non-Cont. Pension	2,477	2,584	2,619	2,796	2,909
Invalidity Assistance	2,747	2,695	2,708	2,769	2,753
Survivor's Assistance	548	602	633	706	760
Total	28,679	27,003	26,060	25,812	24,901
Industrial Benefits					
	2009	2008	2007	2006	2005
Disablement	580	537	514	499	469
Industrial Death	66	72	72	74	73
Total	646	609	586	573	542
All Benefits	29,325	27,612	26,646	26,385	25,443

Table 13. Short-Term Benefits & Assistance, 2005 - 2009

Amount Paid ('000s)	2009	2008	2007	2006	2005
Sickness Benefit	\$10,056	\$11,468	\$10,921	\$10,788	\$10,034
Maternity Benefit	\$6,998	\$7,244	\$6,903	\$6,441	\$6,173
Maternity Grant	\$1,430	\$1,440	\$1,448	\$1,397	\$1,367
Funeral Benefit	\$2,225	\$1,983	\$1,846	\$1,804	\$1,921
Unemployment Benefit	\$20,810	-	-	-	-
Sickness Assistance	\$6	\$4	\$21	\$31	\$11
Total Paid ('000s)	\$41,525	\$22,139	\$21,139	\$20,461	\$19,506
Number of Claims Awarded	2009	2008	2007	2006	2005
Sickness Benefit	17,270	22,143	21,371	21,612	20,844
Maternity Benefit	3,145	3,158	3,049	2,896	2,906
Maternity Grant	3,580	3,658	3,546	3,096	3,286
Funeral Benefit	1,476	1,317	1,225	1,220	1,294
Unemployment Benefit	14,071	-	-	-	-
Sickness Assistance	18	11	32	66	49
Total Awarded	39,560	30,287	29,223	28,890	28,379

Table 14. Long-Term Benefits & Assistance, 2005 - 2009

Amount Paid ('000s)	2009	2008	2007	2006	2005
Retirement Benefit	\$82,048	\$74,922	\$68,398	\$57,906	\$54,326
Invalidity Benefit	\$10,644	\$10,281	\$9,831	\$9,183	\$8,343
Survivor's Benefit	\$13,893	\$13,280	\$12,269	\$10,804	\$10,304
Old-Age Non-Cont. Pension	\$7,023	\$7,353	\$7,285	\$6,787	\$7,103
Invalidity Assistance	\$7,786	\$7,662	\$7,449	\$6,767	\$6,748
Survivor's Assistance	\$1,598	\$1,641	\$1,473	\$1,469	\$1,563
Total Paid ('000s)	\$122,992	\$115,139	\$106,705	\$92,916	\$88,387
Number of Claims Awarded	2009	2008	2007	2006	2005
Retirement Benefit	1,977	1,540	1,294	1,110	1,151
Invalidity Benefit	201	175	176	190	167
Survivor's Benefit	479	473	363	397	366
Old-Age Non-Cont. Pension	134	176	143	132	115
Invalidity Assistance	137	113	94	139	100
Survivor's Assistance	44	43	23	31	50
Total	2,972	2,520	2,093	1,999	1,949

Table 15. Industrial Benefits, 2005 - 2009

Amount Paid ('000s)	2009	2008	2007	2006	2005
Medical Care	\$8,566	\$9,473	\$6,909	\$6,886	\$5,459
Injury Benefit	\$1,441	\$1,617	\$1,367	\$1,366	\$1,352
Disablement Benefit & Grant	\$3,871	\$3,415	\$3,044	\$2,900	\$2,635
Industrial Death	\$325	\$337	\$317	\$287	\$274
Total Paid ('000s)	\$14,203	\$14,842	\$11,637	\$11,439	\$9,720
Number of Claims Awarded	2009	2008	2007	2006	2005
Medical Care	2,263	1,868	2,165	2,165	1,526
Injury Benefit	1,456	1,623	1,487	1,520	1,537
Disablement Benefit & Grant	49	32	35	36	33
Industrial Death	1	2	5	4	6
Industrial Funeral*	-	1	-	-	-
Total	3,769	3,526	3,692	3,725	3,102



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