



The National Insurance Board
of Trinidad and Tobago

ANNUAL REPORT 2013



Our Story Unfolds



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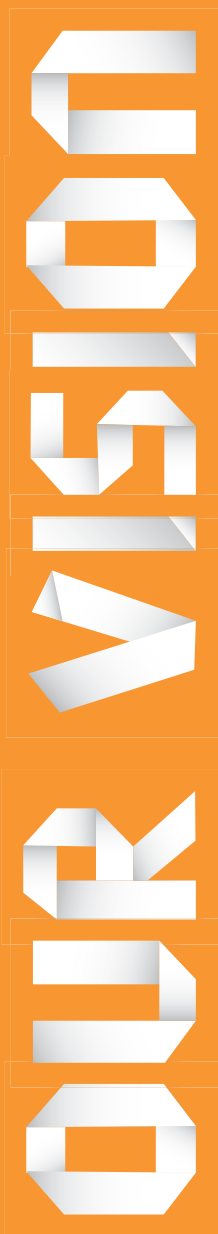
Commitment

to

"TO DELIVER MEANINGFUL SOCIAL SECURITY PRODUCTS AND SERVICES TO OUR CUSTOMERS"

IN THAT REGARD, WE
ARE COMMITTED TO
PROFESSIONAL AND PRUDENT
MANAGEMENT OF THE NIBTT'S
RESOURCES TO ENSURE:

- access to an array of benefit products relevant to the needs of benefit recipients;
- benefit levels that are meaningful in terms of real purchasing power and poverty alleviation;
- affordable contribution rates for employers, employees and the self-employed;
- support for national social initiatives.



"EXCELLENCE IN THE PROVISION OF SOCIAL SECURITY"

IN STRIVING FOR EXCELLENCE,
WE COMMIT OURSELVES TO:

- providing caring and courteous service to customers in safe, pleasant and convenient surroundings;
- efficient, effective and timely delivery systems;
- expanding coverage and the range of social security products we offer;
- ensuring financial sustainability through effective contribution income collection and prudent investment strategies that grow the National Insurance Fund;
- creating an atmosphere of optimism, teamwork, resourcefulness and well-being for our employees.

OUR CORE VALUES

- **Customers and Other Stakeholders**

We recognise that meeting and exceeding the expectations of our stakeholders must guide our decision making and behaviour.

- **Employee Development and Recognition**

We are a performance driven organisation committed to facilitating the continuous development of all employees to their fullest potential.

- **Mutual Respect**

We value and respect each other as persons, professionals and team members subscribing to the same mission, vision and values.

- **Transparency**

We are honest, open, clear and timely in communicating and conducting our business affairs with each other, our customers and business associates.

- **Integrity**

We are committed to high standards of personal and professional integrity and ethical behaviour.

- **Fairness**

We strive to be fair and equitable in our treatment of all stakeholders.

- **Loyalty**

We are committed to protecting the assets and ensuring the best interests of the NIBTT, and will avoid doing anything to tarnish its reputation and corporate image.

- **Teamwork**

We promote collaborative development as we work, learn and strive for excellence together.

CORPORATE INFORMATION

HEAD OFFICE

NIB House
2A Cipriani Boulevard
Port of Spain
Trinidad and Tobago, W.I.
Tel: (868) 625-2171-8
Fax: (868) 627-1787
Contact
Centre: 663-4NIS (4647)
Email: info@nibtt.net
 seminars@nibtt.net
 pr@nibtt.net
Website: www.nibtt.net
 Find us on Facebook
 @nibttsocial.com

BANKERS

First Citizens
9 Queen's Park West
Port of Spain
Trinidad and Tobago, W.I.

Republic Bank Limited
9-17 Park Street
Port of Spain
Trinidad and Tobago, W.I.

AUDITORS

KPMG
Scotia Centre
56-58 Richmond Street
Port of Spain
Trinidad and Tobago, W.I.

SERVICE CENTRES

**Corner Woodford &
 Sorzano Streets**
ARIMA
Tel: 667-2231-3
Fax: 664-0844

35-36 Fifth Street
BARATARIA
Tel: 638-3522, 638-5008
Fax: 674-6497

**Corner Market
 & Ramsaran Streets**
CHAGUANAS
Tel: 671-5848
Tel/Fax: 665-5188

2 Captain Watson Street
Exchange Lots
COUVA
Tel: 636-2347
Fax: 636-0820

85 Abercromby Street
PORT OF SPAIN
Tel: 625-8302/3, 1034, 2143,
 623-0445
Fax: 625-8338

7A Techier Main Road
POINT FORTIN
Tel/Fax: 648-3128

Marlson's Building
Charlotte & High Streets
PRINCES TOWN
Tel/Fax: 655-2226

Lalla's Building
Naparima/Mayaro Road
RIO CLARO
Tel/Fax: 644-2253

Henderson Street
SANGRE GRANDE
Tel: 668-4120
Fax: 668-2719

Grell Street
SIPARIA
Tel: 649-2212
Fax: 649-2778

27 Harris Promenade
SAN FERNANDO
Tel: 652-4247, 2649
Fax: 653-3033

**Corner Wrightson Road
 & Luis Street**
WOODBROOK
Tel: 622-4013, 1438
Fax: 628-8340

Eastern Main Road
TUNAPUNA
Tel: 662-4444, 2514
Fax: 662-5671

Rapid Response Building
Mount Marie Road
Scarborough
TOBAGO
Tel: 639-3842-3, 2135



CHAIRMAN'S REVIEW 2013

During the reporting Financial Year ended June 30th 2013, the Board continued to implement measures aimed at streamlining the operations of the National Insurance Board of Trinidad and Tobago (NIBTT) to:

- improve customer service, and
- optimise efficiency.

These measures had a positive impact on the organisation and I am pleased to report on yet another year of improvement for the NIBTT, notwithstanding ongoing macro-economic and other challenges in our environment.

My appointment as Chairman of the NIBTT from December 2012 covers approximately half of the period under review. I was grateful to have a stable platform, built by the good work of the last Board, upon which to construct the vision I have for the NIBTT. I intend to:

- Make optimal use of the talents and resources of the NIBTT; and
- Chart the way forward by setting and achieving objectives geared towards transforming the organisation.

The year 2013 marked the 41st Anniversary of the NIBTT as a provider of social insurance coverage to the working population of our twin-island state. Since its inception in 1972, the insured population

and their dependants have benefitted from a social insurance system which has consistently met its mandate.

I state with great pride that the conduct of the Eighth Actuarial Review of the National Insurance System resulted in significant increases to all NI benefits, whilst containing the increases in contribution rates to less than 0.6%.

EMPLOYEES AND CUSTOMER SERVICE

It has always been my belief that one of the most important investments that a company makes is in its employees, since it is an accepted fact that a happy worker is a prelude to good customer service. At the NIBTT, we have continued to invest in our employees by:

- Ensuring they receive the required training and information necessary to conduct our business.
- Encouraging a learning environment and stimulating their professional development.

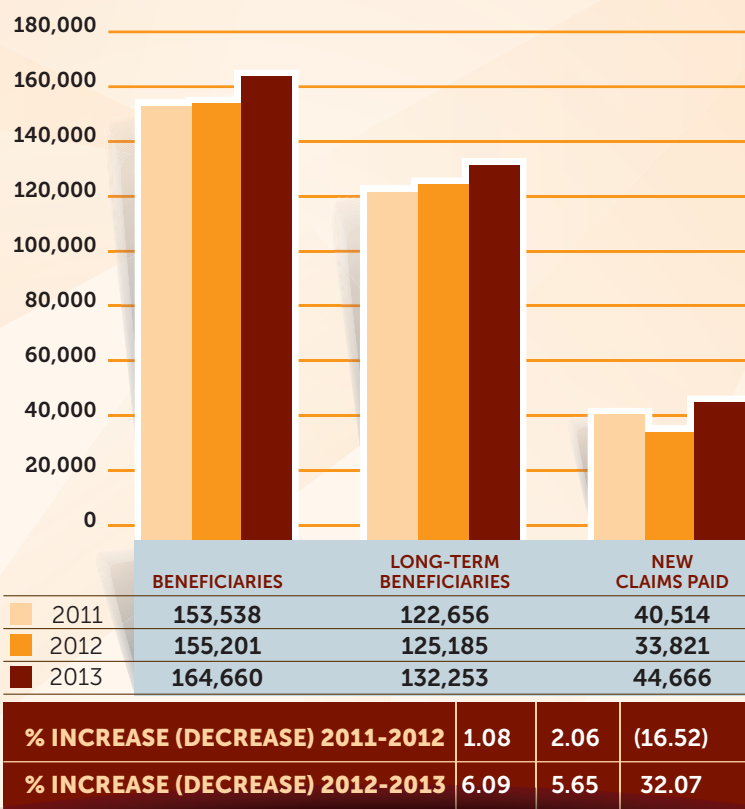
Given the nature of the NIBTT's operations, it is imperative that there is a proper transfer of institutional knowledge to ensure the organisation's survival. A major initiative undertaken to facilitate this process was the launch of the Corporate Intranet. This facility is designed to provide staff with up-to-date information.

I am also happy to report that by the end of the period under review, the NIBTT was able to not only pay more beneficiaries than in the previous year, but was also able to process the highest number of claims within the past five years.

Major achievements include:

1. The NIBTT's move towards implementation of the International Financial Reporting Standards (IFRS).
2. Successful conclusion of wage negotiations for staff.
3. Relocation of six (6) offices for improved staff and customer accommodations.
4. A significant increase in the number of new claims paid (44,666 – a 32.1% increase over the 33,821 new claims paid in the financial year 2011-2012).
5. Undetermined claims were reduced by 23% to 3,959.
6. Legislation was drafted and parliamentary approval obtained for proposed amendments arising out of the Eighth Actuarial Review.
7. Legislation extending National Insurance coverage to Self-Employed Persons (SEP) was drafted by the Legislative Review Committee.
8. One-day registration for Limited Liability Companies with up to 20 employees was implemented through partnership with the Ministry of Trade and Industry.
9. Investment income of \$816.49M was realised in a low interest rate environment.
10. The activation of Twitter and Facebook accounts.

KEY INDICATORS - CLAIMS



CONFRONTING OUR CHALLENGES

In celebrating our successes, however, we recognise that there are challenges which we must seek to address. The most critical of these are:

1. Reducing the number of claims sent to the Appeals Tribunal. As at June 2013, 847 claims were outstanding.
2. Deciding on the best path to mitigate the losses suffered from the NIBTT's investment in CLICO Investment Bank (CIB).
3. Reducing the TT\$3.3Bn shortfall in the assets of the NIBTT as projected by the Eighth Actuarial Review.
4. Creating an efficient organisational structure, inclusive of the reduction of the number of long-standing acting appointments.
5. Ensuring the accuracy of the data in the NIBTT contribution records.
6. Improving the delivery of customer service.
7. Maximising the NIBTT's return on investments in the face of the challenging macro and micro-economic environment.

"During the upcoming period, the use of technology will play a key role in the improvement of the NIBTT's operational efficiency, particularly in terms of contribution collection and benefit payments."

LOOKING TO THE FUTURE

A new strategic plan is being developed for the NIBTT. The plan's theme, "Building a Platform for Transformation", lays the groundwork for transforming our organisation. This new direction embraces improved strategies to meet the needs of our internal and external customers.

Our major performance objectives include:

1. Improving customer value and perception;
2. Achieving continued financial sustainability;
3. Ensuring organisational development; and
4. Building on the social insurance foundation.

The NIBTT is committed to continuing to provide its customers with a way to maintain a basic standard of living during times of contingency. However, our customer base does not cover the entire working population as is required by the International Labour Convention No. 102. In this area, the NIBTT has laid the groundwork for further product expansion to provide coverage to the self-employed. This has been an objective since the establishment of the NI System and has been an ongoing project since 2005. Many self-employed persons have expressed keen interest in seeing this coverage come into being, which will provide them with access to the:

- retirement benefit,
- incapacity benefit, and
- survivor's benefit, amongst others.

The self-employed system is now in the final design stage. The necessary discussions will be held with the Ministry of Finance and the Economy and the Chief Parliamentary Counsel to include

the required legislative amendments in the fiscal year 2014.

During the upcoming period, the use of technology will play a key role in the improvement of the NIBTT's operational efficiency, particularly in terms of contribution collection and benefit payments.

Finally, the NIBTT's investment strategy must be adjusted in light of the current economic climate. Thus, steps will be taken to ensure that our investment portfolio is more diversified. Investment in suitable real estate is one of the tactics that will be employed to implement this strategy. Further, the Board is seeking approval to increase the foreign investment limit from 10% to 20%.

IN CLOSING

I wish to thank the management and staff for their unwavering commitment, which has enabled us to produce positive results during these challenging times. I must also express my sincere appreciation to our customers and to my fellow Directors for their ongoing loyalty and support.



Adrian Bharath
Chairman
30th September, 2013

CORPORATE GOVERNANCE STRUCTURE

Board of Directors - Term commenced December 13th, 2012 11

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BOARD OF DIRECTORS

Term commenced December 13th, 2012



Adrian Bharath
Chairman



John Boisselle
Deputy Chairman
Labour Nominee



Michelle Chong Tai-Bell
Government Nominee

ALTERNATE DIRECTORS

Inshan Ramsaroop
Government

Gwendoline Mc Claren
Business

Clyde Elder
Labour

Edison Munro
Labour



Walton Hilton-Clarke
Business Nominee



Ann Chan Chow
Labour Nominee



Harry Hospedales
Government Nominee

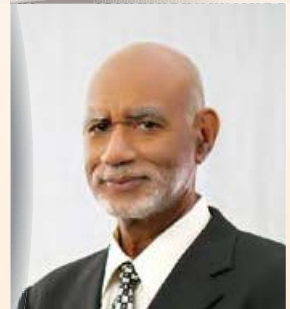
The NIBTT is governed by a tripartite Board of Directors consisting of members nominated by Government, Business and Labour and the Executive Director as an Ex-officio member. The Board is led by a Chairman who, in the opinion of the Minister of Finance and the Economy, is independent of Government, Business and Labour.



Ruben Mc Sween
Business Nominee



Ermine De Bique-Meade
Labour Nominee



Albert Vincent
Government Nominee



Keston Nancoo
Business Nominee



Karen Gopaul
Executive Director (Ag.)
Ex-Officio

BOARD OF DIRECTORS

Term ended December 1st, 2012



Ravi Ramoutar
Chairman



Sylvester Ramquar
Deputy Chairman
Government Nominee



John Boisselle
Labour Nominee

ALTERNATE DIRECTORS

Inshan Ramsaroop
Government

Gwendoline Mc Claren
Business

Clyde Elder
Labour

Edison Munro
Labour



Walton Hilton-Clarke
Business Nominee



Ann Chan Chow
Labour Nominee



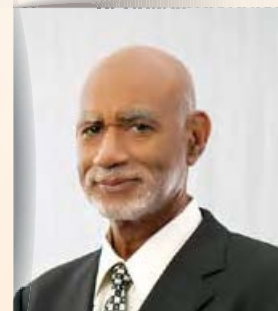
Harry Hospedales
Government Nominee



Ruben Mc Sween
Business Nominee



Ermine De Bique-Meade
Labour Nominee



Albert Vincent
Government Nominee



Keston Nancoo
Business Nominee



Lorna Charles
Executive Director
Ex-Officio





BOARD COMMITTEES

Term commenced December 13th, 2012

INVESTMENT COMMITTEE:

Adrian Bharath
Chairman

Albert Vincent
Member

Ermine De Bique-Meade
Member

Ruben Mc Sween
Member

Peter Clarke
Non-Director
Member

Ian Saleem Narine
Non-Director
Member

Sylvan Wilson
Non-Director
Member

Karen Gopaul
Executive Director (Ag.)
Member

Tracey Weekes
Manager, Investments

AUDIT COMMITTEE:

Michelle Chong Tai-Bell
Chairperson

Ann Chan Chow
Member

Keston Nancoo
Member

Karen Gopaul
Executive Director (Ag.)
Member

Devindra Marajh
Internal Auditor
Ex-Officio Member

TENDERS COMMITTEE:

Ruben Mc Sween
Chairperson

Inshan Ramsaroop
Member

Edison Munro
Member

Karen Gopaul
Executive Director (Ag.)
Member

Esther Charles
Executive Manager,
Finance and Business (Ag.)
Ex-Officio Member

HUMAN RESOURCES COMMITTEE:

Keston Nancoo
Chairperson

John Boisselle
Member

Albert Vincent
Member

Karen Gopaul
Executive Director (Ag.)
Member

Cherrie-Ann Crichlow-Cockburn
Executive Manager,
Human Resources
Ex-Officio Member

ACCOMMODATION AND LAND DEVELOPMENT COMMITTEE:

Harry Hospedales
Chairperson

Walton Hilton-Clarke
Member

Ann Chan Chow
Member

Karen Gopaul
Executive Director (Ag.)
Member

Esther Charles
Executive Manager,
Finance and Business (Ag.)
Ex-Officio Member

NOMINATIONS COMMITTEE:

Adrian Bharath
Chairman

Walton Hilton-Clarke
Member

Ann Chan Chow
Member

Albert Vincent
Member

Karen Gopaul
Executive Director (Ag.)
Ex-Officio Member

BOARD COMMITTEES

Term ended December 2012

The Board is responsible for the development of an appropriate framework to govern the operations of the NIBTT through a number of measures, including the establishment of Board Committees. These Committees undertake the development of specific functions and make recommendations to the Board.

INVESTMENT COMMITTEE

Ravi Ramoutar
Chairman

Albert Vincent
Member

Ian Saleem Narine
Non-Director
Member

Ruben Mc Sween
Member

Peter Clarke
Non-Director
Member

Ermine De Bique-Meade
Member

Lorna Charles
Executive Director
Member

Executive Manager, Investments
Ex-Officio Member
(Vacant)

Tracey Weekes
Manager, Investments

FINANCE COMMITTEE

Ravi Ramoutar
Chairman

Seeram K. Maharaj
Member

Albert Vincent
Member

Ann Chan Chow
Member

Lorna Charles
Executive Director
Member

Esther Charles
Executive Manager,
Finance & Business (Ag.)
Ex-Officio Member

TENDERS COMMITTEE

Sylvester Ramquar
Chairperson

Seeram K. Maharaj
Member

Ermine De Bique-Meade
Member

Lorna Charles
Executive Director
Member

Esther Charles
Executive Manager,
Finance & Business (Ag.)
Ex-Officio Member

AUDIT COMMITTEE

Harry Hospedales
Chairperson

Walton Hilton-Clarke
Member

Ann Chan Chow
Member

Lorna Charles
Executive Director
Member

Devindra Marajh
Internal Auditor
Ex-Officio Member

HUMAN RESOURCES COMMITTEE

John Boisselle
Chairperson

Sylvester Ramquar
Member

Walton Hilton-Clarke
Member

Lorna Charles
Executive Director
Member

Cherrie-Ann Crichlow-Cockburn
Executive Manager,
Human Resources
Ex-Officio Member

COMPUTER PROJECTS IMPLEMENTATION COMMITTEE

Ruben Mc Sween
Chairperson

Albert Vincent
Member

John Boisselle
Member

Lorna Charles
Executive Director
Member

Ramlakhan Seecharan
Executive Manager,
Planning & Technology (Ag.)
Ex-Officio Member

PENSION PLAN COMMITTEE

Sylvester Ramquar
Chairperson

Esther Charles
Management Representative

Karen Gopaul
Management Representative

Kellon Wallace
Management Representative

Sherwin Williams
Management Representative

HEALTH AND SAFETY COMMITTEE

Seeram K. Maharaj
Chairperson

Sylvester Ramquar
Member

Ann Chan Chow
Member

Cherrie Ann Crichtlow-Cockburn
Executive Manager,
Human Resources
Ex-Officio Member

ACCOMMODATION AND LAND COMMITTEE

Harry Hospedales
Chairperson

Sylvester Ramquar
Member

Seeram K. Maharaj
Member

Ann Chan Chow
Member

Walton Hilton-Clarke
Member

Lorna Charles
Executive Director
Member

Esther Charles
Executive Manager,
Finance and Business (Ag.)
Ex-Officio Member

ACTUARIAL REVIEW COMMITTEE

Sylvester Ramquar
Chairperson

Seeram K. Maharaj
Member

Albert Vincent
Member

Ann Chan Chow
Member

Lorna Charles
Executive Director
Member

Ramlakhan Seecharan
Executive Manager,
Planning and Technology (Ag.)
Ex-Officio Member

RIVERWOODS COMMITTEE

Seeram K. Maharaj
Chairperson

Sylvester Ramquar
Member

Ermine De Bique-Meade
Member

Harry Hospedales
Member

Albert Vincent
Member

Lorna Charles
Executive Director
Ex-Officio Member

LEGAL GOVERNANCE COMMITTEE

Seeram K. Maharaj
Chairperson

Harry Hospedales
Member

Sylvester Ramquar
Member

Ermine De Bique-Meade
Member

Lorna Charles
Executive Director
Member

Niala Persad-Poliah
Executive Manager,
Legal Services (Ag.)
Ex-Officio Member

NOMINATIONS COMMITTEE

Ravi Ramoutar
Chairman

Ruben Mc Sween
Member

Sylvester Ramquar
Member

Ann Chan Chow
Member

Lorna Charles
Executive Director
Ex-Officio Member

INVESTMENT COMMITTEE

Term commenced December 13th, 2012



Adrian Bharath
Chairman



Karen Gopaul
Executive Director (Ag.)
Member



Albert Vincent
Member
(Government)



Ermine De Bique-Meade
Member
(Labour)



Ruben Mc Sween
Member
(Business)



Ian Saleem Narine
Non-Director
(Government)



Sylvan Wilson
Non-Director
(Labour)



Peter Clarke
Non-Director
(Business)



Tracey Weekes
Manager, Investments

The Investment Committee comprises nine (9) persons, being:

- Three (3) members of the Board – one (1) nominated by the Minister of Finance and Economy, one (1) nominated by representatives of Business and one (1) nominated by representatives of Labour;
- Three (3) other persons not members of the existing Board – one (1) nominated by the Minister

of Finance and Economy, one (1) nominated by representatives of Business and one (1) nominated by representatives of Labour;

- The Chairman of the NIBTT;
- The Executive Director of the NIBTT; and
- The Executive Manager, Investments of the NIBTT as an Ex-Officio member.

Members of this Committee hold office for a similar period of two (2) years from the date of appointment.

All other Committees are appointed by the Board.

INVESTMENT COMMITTEE

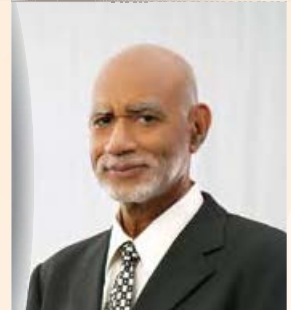
Term ended December 1st, 2012



Ravi Ramoutar
Chairman



Lorna Charles
Executive Director
Member



Albert Vincent
Member
(Government)



Ian Saleem Narine
Non-Director
(Government)



Ruben Mc Sween
Member
(Business)



Peter Clarke
Non-Director
(Business)



Ermine De Bique-Meade
Member
(Labour)

Note: The positions of Executive Manager, Investments and the external Labour Representative on the Investment Committee were vacant for the 2010-2012 financial years.

Corporate Governance Structure

FINANCIAL YEAR

The financial year of the NIBTT is the twelve (12) month period ending June 30.

RELATED BODIES

The National Insurance Appeals Tribunal

The National Insurance Appeals Tribunal (NIAT) is an independent body comprising eleven (11) members appointed by the President of the Republic of Trinidad and Tobago in accordance with Section 60 of the National Insurance Act. This body functions as a tribunal of fact for persons aggrieved by decisions of the Board with respect to their claims.

SUBSIDIARIES OF THE NIBTT

National Insurance Property Development Company Limited (NIPDEC) 100%

NIPDEC is a fully owned subsidiary of the NIBTT. Its mission is to develop, manage and sell property, goods and services in partnership with the NIBTT and other organisations in Trinidad and Tobago, utilising a project management approach to bring value to their shareholders and stakeholders.

Home Mortgage Bank (HMB) 51.3%

HMB is a subsidiary of the NIBTT. Its purpose is to develop and maintain a mortgage market in Trinidad and Tobago, contribute to the mobilisation of long-term savings for investment in housing, support the development of a system of real property and housing finance, provide leadership in the home finance industry and promote growth of the capital market.

Trinidad & Tobago Mortgage Finance Company Limited (TTMF) 51%

TTMF is a subsidiary of the NIBTT. Its mission is to provide mortgage financing for the purchase of residential properties.

EXECUTIVE MANAGEMENT



Lorna Charles
Executive Director
Retired - November 17, 2012



Karen Gopaul
Executive Director (Ag.)
November 18, 2012 - Present

Deputy Executive Director, Operations
August 21, 2012 - November 17, 2013

Executive Manager,
Insurance Operations (Ag.)



**Cherrie Ann
Crichlow-Cockburn**
Executive Manager,
Human Resources



Esther Charles
Executive Manager,
Finance and Business (Ag.)



Niala Persad-Poliah
Executive Manager,
Legal Services (Ag.)



Ramlakhan Seecharan
Executive Manager,
Planning and
Technology (Ag.)



Greta Stephen-Henry
Executive Manager,
Insurance Operations (Ag.)
November 18, 2012 - Present

THE NATIONAL INSURANCE BOARD OF TRINIDAD AND TOBAGO

Office of the Executive Director

Kendra Thomas-Long
Corporate Secretary
(To December 2, 2012)

David Millette
Corporate Secretary
(April 2, 2013 to Present)

Devindra Marajh
Internal Auditor

Jacqui Castillo
Enterprise Risk Manager

Hilarie Hoyte
Manager,
Claims Investigation (Ag.)

Insurance Operations

Manager,
Insurance Operations (Ag.)
*The three (3) Area Managers
alternated in this position during
FY 2013:*

Emrice Henry
Area Manager (I)

Sean Mc Millan
Area Manager (II)

Patricia George-Lezama
Area Manager (III)

Finance and Business

Karen Davis-Holder
Financial Accountant

Winslow Demas
Manager,
Facilities Services and Security

Jennifer Creese
Manager,
Business Services (Ag.)

Investments

Tracey Weekes
Manager, Investments

Annabelle Holder
Senior Investment Analyst

Cheryl Moreno-Archer
Manager,
Mortgages (Ag.)

Human Resources

Manager,
Employee/Industrial Relations

The following two (2) persons
served in this position:

Elton Doyle
(Retired October 2012)

Jules Moore
(January 2013 to Present) (Ag.)

Michael Gopaul
Manager,
Organisation Development

Sherma Gidaree
Manager,
Employee Compensation,
Development and Planning

Legal Services

Ashook Balroop
Manager, Legal (Ag.)

Sarah Baboolal
Legal Officer

Mandy Livan
Legal Officer

Roger St. Rose
Legal Officer

Jennilynn Howe-Dopwell
Manager,
Corporate Communication (Ag.)

Planning and Technology

Susan Nelson
Project Manager

Bernard Smith
Manager,
Research and Planning (Ag.)

Mikhail Noel
Manager,
IT Development

Kervyn Greaves
Manager,
Database Administration
& Support

Curtis Richards
Manager,
IT Infrastructure (Ag.)

Adrian Fortune
Manager, IT Security



EXECUTIVE DIRECTOR'S REPORT

HIGHLIGHTS

As the story of National Insurance unfolds, we must look back at the accomplishments and challenges of Financial Year (FY) 2013 while we chart the way forward for the current and upcoming year.

FY2013 was another period of transition for the National Insurance Board of Trinidad and Tobago (NIBTT), during which the term of one Board of Directors ended and we saw the retirement of an Executive Director, Lorna Charles. The transition in leadership was almost seamless and included open dialogue between the incoming Chairman, Executive Management and members

of the recognised majority representative trade union, the Public Services Association (PSA). During this transition period, the Staff of the NIBTT rallied behind Executive Management and the Board of Directors. This resulted in levels of performance that, in many cases, surpassed previous achievements in key areas as shown in Table 1 following.

TABLE 1 - KEY INDICATORS FY2013

	2011	2012	2013	% Increase/ Decrease 2011-2012	% Increase/ Decrease 2012-2013
Claims					
Beneficiaries	153,538	155,201	164,660	1.08	6.09
Long-Term Beneficiaries	122,656	125,185	132,253	2.06	5.65
New Claims Paid	40,514	33,821	44,666	(16.52)	32.07
Compliance					
Customer Base	626,742	634,381	640,293	1.22	0.93
Contributors	484,979	489,553	506,248	0.94	3.41
Employers	19,107	19,643	20,021	2.81	1.92
Employers Surveyed	7,409	5,281	5,216	(28.72)	(1.23)
Financial					
Contribution Income	\$2.72Bn	\$2.82Bn	\$3.30Bn	3.68	17.02
Investment Income Realised	\$977.82Mn	\$852.47Mn	\$816.49Mn	(12.82)	(4.22)
Other Income	\$1.3Mn	\$1.11Mn	\$2.35Mn	(14.62)	111.71
Benefit Expenditure	\$2.30Bn	\$2.75Bn	\$3.56Bn	19.57	29.45
Administrative Costs	\$128.47Mn	\$185.90Mn	\$184.82Mn	44.70	(0.58)
Administrative Costs as a % of Contribution Income	4.72%	6.59%	5.60%	*1.87	*(0.99)
Administrative Costs as a % of Total Income	3.47%	5.06%	4.49%	*1.59	*(0.57)
Net Yield of Portfolio (Realised Income)	6.67%	5.98%	4.45%	(*0.69)	*(1.53)
Net Yield of Portfolio Realised and Unrealised	12.06%	6.58%	11.34%	(*5.48)	*4.76
Total Funds	\$21.43Bn restated	\$22.46Bn restated	\$24.44Bn	4.80	8.82
Total Assets	\$21.57Bn restated	\$22.61Bn restated	\$24.64Bn	4.82	8.98

*Percentage Points

EIGHTH ACTUARIAL REVIEW SUMMARY OF RECOMMENDATIONS

The Eighth Actuarial Review of the National Insurance System (NIS) as at 30th June, 2010 was completed in accordance with the NI Act, Section 70 (1). It took account of amendments proposed by the NIBTT and the resulting impact on the financial health of the NIS. Required legislation was then amended in March 2013 to provide parametric changes to the system that improved benefit relevance while ensuring financial sustainability. Some of the approved changes are as follows:

1. Increases in benefits such as:

- Maternity Grant, Special Maternity Grant, minimum Retirement Grant, Funeral Grant and minimum Survivor's Benefits by an average of 50%
- Retirement Pension, Sickness, Maternity Allowance, Invalidity, Survivor's, Injury, Disablement Pension and Death Benefit by an average of 25% in FY2013
- Retirement Pension, Sickness, Maternity Allowance, Invalidity, Survivor's, Injury, Disablement Pension and Death Benefit by an average of 20% in FY2014

2. Increases in the Contribution rate by 0.1% for employees and 0.2% for employers, in FY2013 and FY2014 respectively. This raised the contribution rate from 11.4% to 11.7% in FY2013. The rate will be further increased to 12% in FY2014.

3. Increase in the maximum insurable earnings covered under the NIS from \$8,300.00 in FY2012 to \$10,000.00 in FY2013 and \$12,000.00 in FY2014.

COVERAGE OF SELF-EMPLOYED PERSONS

In the area of expansion of services, the groundwork for the extension of National Insurance (NI) coverage to Self-Employed persons at an operational level was a key activity in FY2013 and included:

- Drafting of legislation and submission to Parliament for approval
- Preparation of policies, procedures and forms
- Identification of training and marketing requirements
- Determination of ICT requirements
- Ongoing meetings with key Self-Employed Associations and NGOs

COLLABORATION WITH GOVERNMENT

The NIBTT continued to support Government with Social Security initiatives, as well as other initiatives

The NIBTT continued to support Government with Social Security initiatives, as well as other initiatives aimed at national development. The Government has commissioned a review of public pension systems that analyses and develops options for a Universal Harmonised Pension System for Trinidad and Tobago.

aimed at national development. The Government has commissioned a review of public pension systems that analyses and develops options for a Universal Harmonised Pension System for Trinidad and Tobago. The NIBTT has been identified as a key stakeholder in this endeavour and continues to be an active participant in the provision of data and other support as needed.

During the latter part of FY2013, the NIBTT embraced the opportunity to work with the Ministry of Trade, Industry and Investment in support of Government's objective to improve Trinidad and Tobago's rating on the World Bank's "Ease of Doing Business" Index. The successful implementation of an online facility now allows the registration of foreign-based limited liability companies and up to 20 of their employees by the NIBTT within one day of receipt of complete and correct applications. This initiative will be rolled out to all new employers in Trinidad and Tobago in the upcoming financial year.

We also worked with the Treasury Division of the Ministry of Finance and the Economy to pilot the monthly submission of contribution data in respect of approximately 44,000 employees via encrypted email.

STRATEGIC PLANNING

Significant work was completed in drafting a new Strategic Plan for FY2014/2016. We continued to employ the Balance Scorecard methodology in developing our plan, which focuses on:

- Improving Customer Value and Perception
- Ensuring Financial Sustainability
- Enhancing Organisational Development
- Strengthening the Social Insurance Foundation

CUSTOMER CARE

During the reporting period, our customer base increased by 5,912 or 0.93% from 634,381 in FY2012 to 640,293 in FY2013. Feedback solicited from this group on the ease of doing business with the NIBTT showed an overall 80% satisfaction level with the timeliness, quality and availability of services and information.

In the upcoming financial year, we shall introduce a customer relationship management system to effectively treat with issues raised in respect of timeliness of responses and waiting time in our offices. This will bolster services already provided by our Corporate Contact Centre, which resolved 13,943 queries or 98.24% out of 14,192 matters during the reporting period.

CUSTOMER OUTREACH

During the reporting year, the NIBTT intensified its efforts towards educating the public on its several products and services in keeping with its vision of "Excellence in the provision of social security".

Initiatives included:

- The hosting of public education seminars with various interest groups reaching 4,350 persons. These were held at various locations throughout Trinidad and Tobago.
- Update and promotion of the NIBTT website, resulting in increased hits by 25% from 800,000 to 1,000,000.
- The launch of digital advertising on 16 digital screens strategically placed in Port of Spain, San Fernando, Sangre Grande and Scarborough, Tobago. This resulted in 201,600 social insurance advertisements being broadcast over a five-month period.
- Activation of the NIBTT's Facebook and Twitter accounts.

Corporate activities were also executed to improve morale through various staff welfare activities and events, such as the Annual Christmas Dinner; Retirement Function for staff; Children's Christmas Party; Executive Director's Open House and an Administrative Professionals Retreat.

REGISTRATION

Registration of Insured Persons

The number of newly registered insured persons during FY2013 was 22,933. This represents a decrease of 1,721 or 6.98% over last year's new employees registered, which totalled 24,654.

Registering Employers

During the period under review, 2,295 new employers were registered, a decrease of 53 or 2.30% compared with the 2,348 employers registered in FY2012. The year ended with an active employer population of 20,021 an increase of 378 or 1.92 % over last year's figure of 19,643.

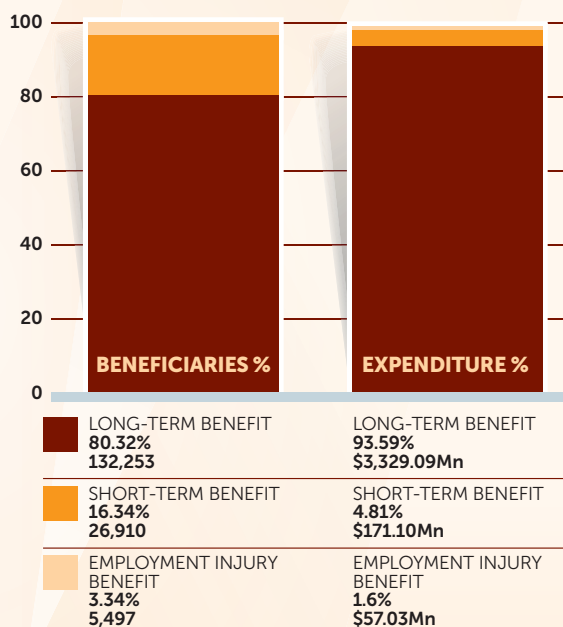
NATIONAL INSURANCE BENEFITS

Delivering Benefits

Benefit recipients in FY2013 increased by 6.09% from 155,201 in FY2012 to 164,660, while payments made to these persons amounted to \$3.56Bn; representing an increase of \$0.81Bn or 29.45% over the previous year's expenditure of \$2.75Bn.

BENEFICIARIES AND EXPENDITURE

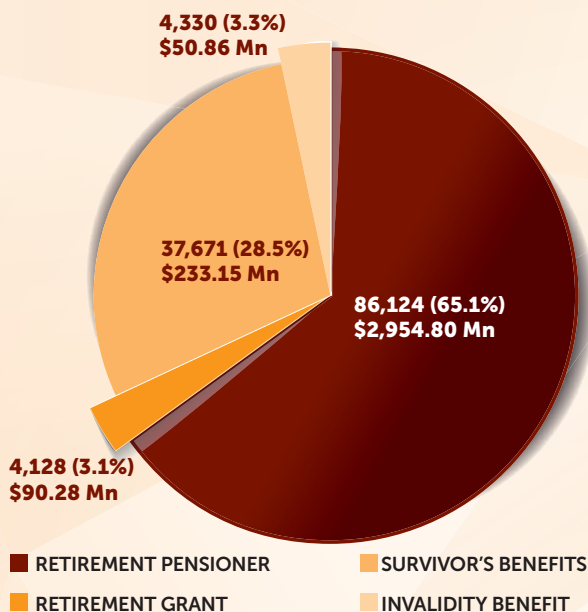
STRUCTURE OF BENEFICIARIES
COMPARED TO EXPENDITURE FY2013



Long-Term Benefits

The long-term benefits branch showed the highest growth both in the number of recipients and in the value of benefits paid. This group comprises Retirement Pension, Invalidity and Survivor's Benefit recipients and increased by 7,068 or 5.64% from 125,185 in the previous financial year to 132,253 in FY2013. Payment to this group totalled \$3.33Bn or 93.59% of total benefit expenditure. The 132,253 long-term benefit recipients were distributed as follows:

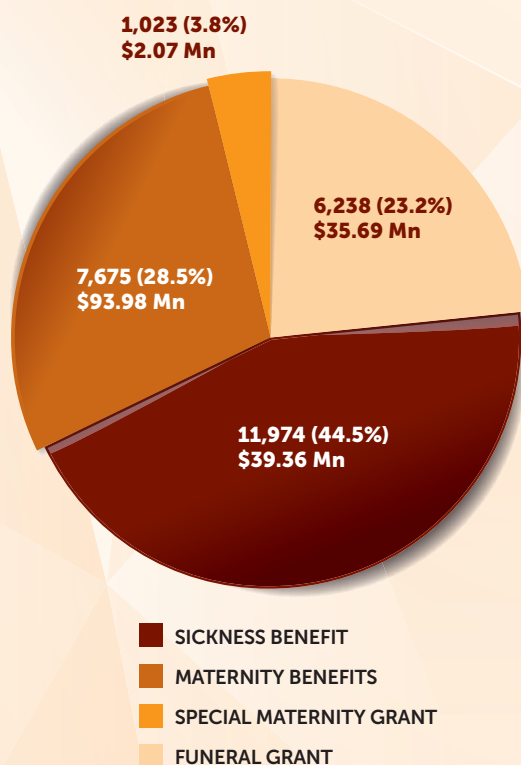
LONG-TERM BENEFITS



Short-Term Benefits

This group consists of Sickness, Maternity, Special Maternity and Funeral Grant benefit recipients, which increased from 24,686 in the previous financial year to 26,910 in FY2013. Payment to this group totalled \$171.10Mn or 4.81% of total benefit expenditure. The 26,910 short-term benefit recipients were distributed as follows:

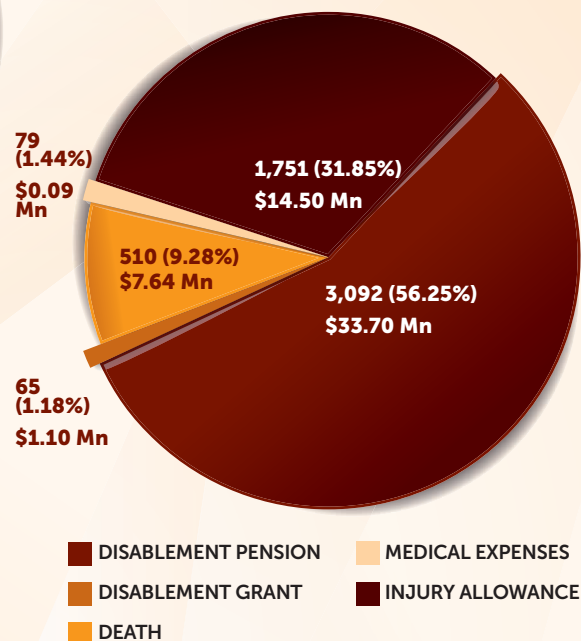
SHORT-TERM BENEFITS



EMPLOYMENT INJURY BENEFITS

This group comprises Disablement, Death, Medical Expenses and Employment Injury benefit recipients, and increased from 5,330 in the previous financial year to 5,497 in FY2013. Payment to this group totalled \$57.03Mn or 1.60% of total benefit expenditure. The 5,497 Employment Injury benefit recipients were distributed as follows:

EMPLOYMENT INJURY BENEFITS



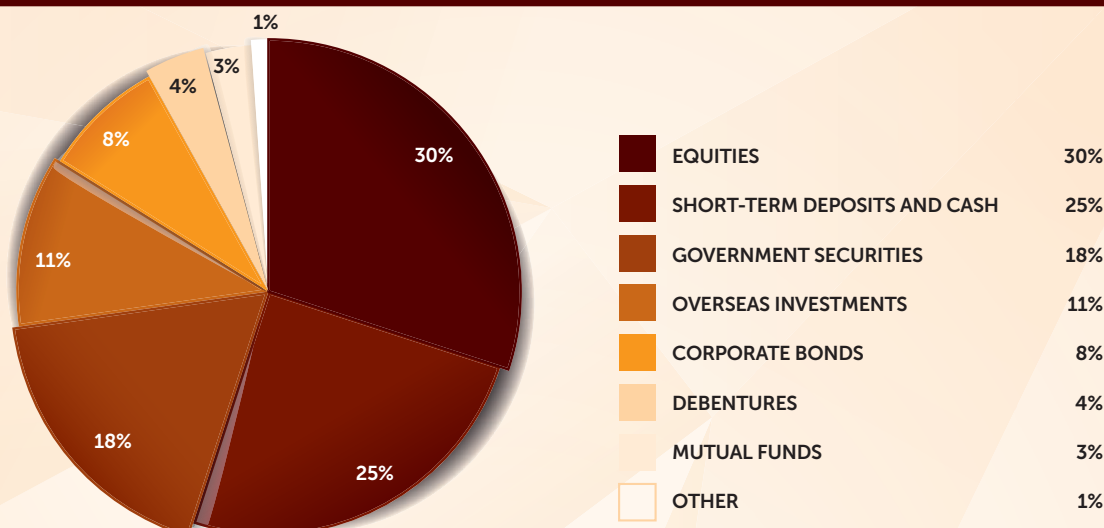
APPEALS

Nine (9) sittings of the Appeals Tribunal were held during the financial year as compared with 11 scheduled hearings of the previous financial year. There were no hearings for the month of August, 2012 and during the period January 2013 to March 2013. Hearings resumed in April 2013. In all, a total of 21 appeals were dismissed and an additional seven (7) matters were withdrawn by the appellants, while nine (9) matters were allowed.

CONTRIBUTION INCOME

There was a 17.02% increase in contribution income from \$2.82Bn in FY2012 to \$3.30Bn in FY2013. This was as a result of our concerted collection drive and increases in the contribution rates that took effect from 4th March, 2013. It should be noted that the total benefit expenditure of 3.56Bn exceeded contribution income by 0.26Bn or 7.87%. The shortfall was predicted by the Actuaries in the Eighth Actuarial Review for FY2013. We shall continue to monitor the situation as we prepare for the 2nd increase in the contribution rate in March 2014. We will also review our strategies for contribution income collection with a view to ensuring improved and consistent employer NIS compliance.

INVESTMENT PORTFOLIO MIX FY2013



We commenced 29 actions in the High Court against defaulting employers and directors to recover outstanding national insurance contributions and/or judgement debts. These proceedings included filing of claims as well as enforcement of judgement proceedings.

INVESTMENTS

For the reporting period, we achieved a realised investment yield of 4.45%, which represents Net Realised Income of \$816.49Mn. This was a decrease of \$35.98Mn or 4.22% from the \$852.47Mn figure recorded in FY2012.

The Total Income was \$2.46Bn of which \$0.82Bn was Realised Income and \$1.64Bn was Unrealised Income for the period FY2013.

This substantial increase results from:

- All investments in subsidiary companies being measured at fair value
- All investment securities being measured at fair value
- The increase in share prices of local and overseas equity, particularly in National Enterprises Limited, Republic Bank Limited, Scotiabank, Neal and Massy and Royal Bank of Canada.

Notwithstanding the positive performance shown, we experienced difficulty in identifying investments locally that met our desired long-term average rate of return. In the Eighth Actuarial Review, the Actuaries noted that we should seek approval to increase the limit specified on overseas investments in the First Schedule of the NI Act in order to increase our flexibility in managing the investment portfolio and achieving the desired rate of return.

There were slight changes in the Portfolio Mix during the period. Our participation in new bonds was lower than initially projected; a direct result of

the low interest rates. Local equities accounted for the largest share (30%) of the investment portfolio based on market values at the end of FY2013. This was followed by short-term deposits and cash (25%), government securities (18%), overseas investments (11%), corporate bonds (8%) and other investments made up of debentures and mutual funds (8%).

In light of the low interest rates that have persisted during the last few years and the long-term focus of our investment strategy, we recommenced work on developing our investment properties. Land along the eastern side of the Queen's Park Savannah will be developed in two phases on parcels designated A and B respectively. Office accommodations, along with some retail outlets, will be constructed on Parcel A over the next two (2) years.

A structural assessment of the NIB Mall at Scarborough was also conducted and based on the results of this assessment, the decision was taken to demolish and rebuild the mall. The construction of this mall complex is also expected to be completed within the next two (2) years.

During the year, the Board of Directors also took the decision to engage NIPDEC to complete Phases Three (3) and Four (4) of the Riverwoods Housing Development.

INFRASTRUCTURE IMPROVEMENT

During FY2013, we continued our focus on improving the working conditions for staff as well as the service environment for our customers. A total of six (6) departments were relocated during the year, including two (2) Service Centres in Chaguanas and Tobago. Renovation works are in progress at another office in Arima and steps are being taken to relocate the Rio Claro Service Centre.

The Service Centre at Ramsaran Street, Chaguanas is considered the prototype office for provision of services to our customers. It has been designed to provide safety and comfort to both our staff and customers.

TECHNOLOGY UPGRADE

We continued the pattern of selecting and implementing appropriate technology as an enabler for reducing costs, improving efficiency, shortening delivery times and providing a quality level of service. During the period, we replaced the corporate database servers and upgraded the associated infrastructure across both the primary and backup database sites to ensure desired levels of capacity, security, performance and resiliency.

EMPLOYEE GROWTH AND DEVELOPMENT

During the reporting period, the staff complement of the NIBTT totalled 489 permanent staff, 164 temporary employees and two employees on contract. Employees were exposed to training in the areas of General Management, Human Resource Management, Information Technology, Financial Management, Legal/Corporate Secretaryship and other business improvement programmes. These programmes are designed to provide the training necessary to support the day-to-day activities of the organisation. In addition, we commenced implementation of the Succession Planning and Management Programme to ensure business continuity and the achievement of the organisation's future goals.

With the growing demands placed on the NIBTT, the need to ensure that we remain equipped to effectively carry out our mandate, 'To operate and manage a system of National Insurance', is paramount. In this regard, the corporate structure is being reviewed, in conjunction with the development of the corporate strategic plan, to ensure the suitable resourcing of the organisation to effectively support business strategy going forward.

NEGOTIATIONS

Negotiations were concluded after approximately one (1) year for staff in Bargaining Units A & B for the contract period 1st January, 2008 to 31st December, 2010. The NIBTT and the recognised majority union, the PSA, reached an agreement on salaries and non-salary items on 29th September, 2012.

APPRECIATION

The NIBTT's success in FY2013 was realised not only through our own endeavours, but also through the contributions made by our various stakeholders.

In FY2013, the Honourable Minister of Finance and the Economy championed the passing of legislation that led to the implementation of amendments arising out of the Eighth Actuarial Review. His contribution marked the culmination of efforts by the Legislative Review Committee, the Office of the Attorney General and others who assisted the NIBTT in developing required legislation in this regard.

Our customers, employers, employees and their dependants all provided support to the implementation of these amendments. They also continued to provide feedback that informed planned improvements to services and products in the coming years.


To these, our varied stakeholders, we are very grateful for the support and contribution made.

Closer to home, both our previous Board of Directors and Board Committee members and our present Board of Directors and Board Committee members continued to provide their support and guidance. Special thanks to Mr. Ravi Ramoutar, past Chairman and Mr. Sylvester Ramquar, past Deputy Chairman, for the contributions made. Our incoming Chairman, Mr. Adrian Bharath, sought to understand the challenges faced by the organisation in implementing initiatives identified. His approach and direction led to a seamless transition that allowed us to gain ground in achieving our objectives. The contributions made by all Directors of the Board and members of Board Committees cannot be understated. For their support, we wish to express our appreciation.

Mrs. Lorna Charles, our outgoing Executive Director, steered the organisation through turbulent times and left us on a steady path to improvement. The value that she has provided to the organisation through the contributions made over a period of 25 years cannot be expressed in a few lines. To her we owe a debt of gratitude.

Lastly, my executive management team, senior managers, middle managers and staff stood behind me as I took over the reigns from Mrs. Charles. Their perseverance and willingness to put the NI System first has underpinned our success over the years.

I wish to thank all managers and staff for their continued support and commitment to the NIBTT.



Karen Gopaul
Executive Director (Ag)
30th September, 2013

FINANCIAL STATEMENTS

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Independent Auditors' Report to the Directors of The National Insurance Board of Trinidad and Tobago

We have audited the accompanying financial statements of the National Insurance Board of Trinidad and Tobago ("NIBTT"), which comprise the statement of financial position as at June 30, 2013 and the revenue and expenditure accounts and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provision of the National Insurance Act and the accounting framework as described in Notes 4 and 5 of these financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The NIBTT's statutory responsibility is to prepare financial statements to be laid ultimately before Parliament as required by the National Insurance Act.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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' judgement, 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order

to design audit procedures that are appropriate for 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.

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 financial statements present fairly, in all material respects, the financial position of the NIBTT as at June 30, 2013 and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the National Insurance Act and the accounting policies as set out in Notes 4 and 5 of these financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 5 of these financial statements, which describe the basis of accounting. The financial statements are prepared to assist the NIBTT to meet the requirements of the National Insurance Act. As a result, the financial statements may not be suitable for another purpose.



Chartered Accountants

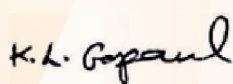
September 30, 2013
Port of Spain,
Trinidad and Tobago

	Notes	2013 \$'000	Restated 2012 \$'000	Restated 2011 \$'000
ASSETS				
Property, plant and equipment	8	94,205	82,233	70,260
Investment properties	9	173,343	174,340	160,895
Employee benefits	10	292,248	318,085	328,174
Investment in subsidiary companies	11	946,117	768,610	731,177
Investment securities	12	17,550,981	16,148,924	15,237,878
Mortgage advances	13	22,641	26,648	38,307
Inventory	14	122,562	123,060	164,941
Claims receivable	15	81,242	691,736	706,313
Other assets	16	698,025	627,023	615,383
Cash and cash equivalents	17	4,662,175	3,652,352	3,520,353
Total assets		24,643,539	22,613,011	21,573,681
FUNDS, RESERVES AND LIABILITIES				
Long-term benefits fund	18	23,532,182	21,665,946	20,621,792
Short-term benefits fund	18	342,193	285,101	289,957
Employment injury benefits fund	18	570,342	508,660	513,387
Total funds		24,444,717	22,459,707	21,425,136
Revaluation reserve	19	42,317	34,675	34,675
Other liabilities	20	156,505	118,629	113,870
Total funds, reserves and liabilities		24,643,539	22,613,011	21,573,681

The accompanying notes form an integral part of these financial statements.



Chairman



Executive Director (Ag.)



Executive Manager
Finance & Business (Ag.)

	2013 \$'000	2012 \$'000		2013 \$'000	2012 \$'000
LONG-TERM BENEFITS FUND					
Revenue			Expenditure		
Fund at July 1	21,665,946	20,621,792	Benefits incurred	3,329,091	2,560,077
Contribution income	2,940,898	2,511,256	Administrative expenses	164,493	125,402
Penalty income	14,359	63,682	Net pension expense	25,259	9,812
Revaluation of subsidiaries	177,507	37,433	Unrealised losses on property development	34,280	45,000
Investment income	798,249	829,092	Receivable from CIB provided for	691,736	-
Unrealised fair value gains	2,130,601	200,287	Fund at June 30	23,532,182	21,665,946
Miscellaneous income	2,354	1,107			
Transfer from short-term and employment funds, net	47,127	141,588			
	<u>27,777,041</u>	<u>24,406,237</u>		<u>27,777,041</u>	<u>24,406,237</u>
SHORT-TERM BENEFITS FUND					
Revenue			Expenditure		
Fund at July 1	285,101	289,957	Benefits incurred	171,096	142,551
Contribution income	198,263	169,298	Administrative expenses	11,089	8,454
Penalty income	100	550	Transfer to long-term benefits fund	-	32,499
Investment income	5,556	7,156	Net pension expense	176	85
Unrealised fair value gains	10,014	1,729	Fund at June 30	342,193	285,101
Transfer from long-term benefits fund	25,520	-			
	<u>524,554</u>	<u>468,690</u>		<u>524,554</u>	<u>468,690</u>
EMPLOYMENT INJURY BENEFIT FUND					
Revenue			Expenditure		
Fund at July 1	508,660	513,387	Benefits incurred	57,034	50,866
Contribution income	165,219	141,082	Administrative expenses	9,240	7,044
Penalty income	228	1,246	Transfer to long-term benefits fund	72,647	109,089
Investment income	12,688	16,218	Net pension expense	402	192
Unrealised fair value gains	22,870	3,918	Fund at June 30	570,342	508,660
	<u>709,665</u>	<u>675,851</u>		<u>709,665</u>	<u>675,851</u>

The accompanying notes form an integral part of these financial statements.

	2013 \$'000	2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Contribution income	3,304,380	2,821,636
Investment income (net)	816,493	852,466
Penalty income	14,687	65,478
Benefits expenditure	(3,557,221)	(2,753,494)
Administrative expenses (net)	(184,822)	(185,900)
Other income	2,354	1,107
Depreciation	4,416	2,964
Adjustments to property, plant and equipment	(854)	1,205
Change in mortgage advances	4,007	11,659
Change in inventory	498	41,881
Change in other assets	(65,361)	(24,567)
Change in other liabilities	3,596	30,984
Change in claims receivables	-	14,577
Net cash flows from operating activities	342,173	879,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,536)	(16,142)
Purchase of investments	(4,333,393)	(2,421,037)
Sale/Maturity of investments	5,013,579	1,715,407
Net cash from (used in) investing activities	667,650	(721,772)
Net increase in cash and cash equivalents	1,009,823	158,224
Cash and cash equivalents at the beginning of the year	3,652,352	3,494,128
Cash and cash equivalents at the end of the year	4,662,175	3,652,352
Cash and cash equivalents are comprised of:		
Cash and bank balances (including call deposits)	4,662,175	3,652,352

The accompanying notes form an integral part of these financial statements.

1. Incorporation and Principal Activity

The National Insurance Board of Trinidad and Tobago (NIBTT) was incorporated under Act No. 35 of 1971 (The National Insurance Act), as subsequently amended, and commenced operations in 1972. The principal activity of the NIBTT is to carry out the requirements of the National Insurance Act in providing social security benefits to the insurable population of Trinidad and Tobago. The registered office is located at 2A Cipriani Boulevard, Port-of-Spain, Trinidad and Tobago.

These financial statements were authorised for issue by the Board of Directors on September 30th, 2013.

2. Actuarial Review

Section 70 (1) of the Trinidad and Tobago National Insurance Act 35 of 1971 requires an actuarial review of the National Insurance System (NIS) at intervals not exceeding five (5) years. The present actuarial review covers the five (5)-year period up to June 30th, 2010. The main objectives of this review were to assess the long-term financial condition of the National Insurance Fund and recommend possible ways to improve contribution and benefit provisions.

The Eighth Actuarial Review (covering the five (5)-year period up to June 30th, 2010) of the National Insurance System was completed in September 2012 by an independent actuary.

In general, contribution payments and benefit calculations are based on a system of wage classes. The contribution amount is paid by the employer and the employee in a proportion of two-thirds/one-third. Benefits are grouped into three (3) funds: long-term benefits, short-term benefits and employment injury benefits. Each fund is credited with contribution income and investment income from which benefit expenditures and administrative expenses are met.

The following recommendations were previously implemented from previous actuarial reviews and were again mentioned in the Eighth Actuarial Review, except for items (6) and (7), which were additional recommendations.

1. The ratio of the contributions paid by employee to those paid by employer, 1:2 should be maintained.
2. Contribution income should be distributed between the funds in the following ratio – long-term 89%; short-term 6%; employment injury 5%.
3. Benefit levels ought to be revised upwards.
4. Administrative expenses are to be allocated to the funds in the same proportion as contribution income and benefit expenditure in equal proportions.
5. Elimination of the accumulated reserve and the application of the following coefficients to benefit expenditure to determine reserve funds by benefits branch:
 - Short-Term - 2 times the annual benefit expenditure;
 - Employment Injury - 10 times the annual benefit expenditure; and
 - Long-Term - the remaining excess of income over expenditure.
6. The increase in minimum survivor's benefits as follows
 - Spouse: \$600.00
 - Child: \$600.00
 - Dependant parent: \$600.00
 - Orphan: \$1,200.00
7. The maximum duration of maternity benefits should be increased from 13 to 14 weeks.

3. Legislative Amendments

Contributions

Employer/employee contributions were increased in March 2013 to 11.7%. It is further recommended that the contribution rate be increased gradually to 12% for the period 2013 - 2017.

4. Basis of Preparation

(a) *Basis of measurement*

These financial statements are prepared on the historical cost basis, except for the following items in the statement of financial position:

- Investment securities are measured at fair value;
- Investment properties are measured at fair value;
- Investment in subsidiary companies are measured at fair value;
- Artwork and freehold and leasehold properties classified as property, plant and equipment are measured at fair value;
- The defined benefit asset is recognised as plan assets, plus unrecognised past service cost, less the present value of the defined benefit obligation.

(b) *Functional and presentation currency*

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Trinidad and Tobago dollars, which is the NIBTT's functional and presentation currency, unless otherwise stated.

(c) *Statement of compliance*

The NIBTT prepares these financial statements in accordance with the financial reporting provision of the National Insurance Act and the accounting framework as described in Notes 4 and 5 of these financial statements.

As the NIBTT transitions to compliance with International Financial Reporting Standards (IFRS), it has applied the requirements of IFRS 13 – Fair Value Measurement in measuring its investments in subsidiaries at fair value (see Note 9).

(d) *Use of estimates and judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical estimates in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following Notes:

Note 7 Determination of fair values

Fair value of financial instruments and investments in subsidiaries

Where the fair values of financial assets, financial liabilities and investments in subsidiaries are recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models.

The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

4. Basis of Preparation (continued)**(d) Use of estimates and judgements** (continued)**Employee benefits**

The cost of the defined benefit staff pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on pension plan assets and future salary increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Note 13 Impairment losses on loans and advances**Impairment losses on loans and advances**

The NIBTT reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the statement of income. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individually significant loans and advances, the NIBTT also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

5. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Foreign currency

Transactions in foreign currencies are initially recorded at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are expressed in Trinidad and Tobago dollars at the rate of exchange ruling on the reporting date. All differences arising are taken to the revenue and expenditure accounts. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(b) Financial instruments

The NIBTT's financial assets and financial liabilities are recognised in the statement of financial position when it becomes party to the contractual obligation of the instrument. A financial asset is derecognised when the right to receive the cash flows from the asset has expired or where the NIBTT has transferred all the risks and rewards of ownership of the asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. All "regular way" purchases and sales are recognised at settlement date.

(c) Cash and cash equivalents

Cash and cash equivalents, for the purpose of the statement of cash flows, represent cash and bank balances and highly liquid investments with a maturity period of three (3) months or less.

(d) Impairment

The carrying amounts of the NIBTT's assets, that are not carried at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the revenue and expenditure accounts.

5. Significant Accounting Policies (continued)

(e) *Loans and advances*

Loans and advances are financial assets with fixed or determinable payments and are not quoted in an active market created by the NIBTT, providing money to a debtor other than those created with the intention of short-term profit sharing. Such assets are stated at amortised cost, net of any advances for credit losses using the effective interest method.

Loans and advances include mortgage advances. Mortgage advances are measured net of provisions for impairment. A mortgage advance is classified as impaired (non-performing) when there is objective evidence that the NIBTT will not be able to collect all amounts due according to the original contractual terms of the loan. Objective evidence of impairment includes observable data that comes to the attention of the NIBTT such as:

- Significant financial difficulties of the borrower
- Actual delinquencies
- Adverse change in the payment status of a borrower
- Bankruptcy or reorganisation by the borrower

If there is objective evidence that an impairment loss on a mortgage advance has been incurred, the amount of the allowance for impairment is measured as the difference between the carrying amount and the recoverable amount, being the present value of expected future cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

The allowance which is made during the year, less amounts released and recoveries of bad debts previously written off, is charged against the revenue and expenditure accounts. When a loan is deemed uncollectible, it is written off against the related allowance for losses.

(f) *Investment securities*

Investment securities are stated at fair value. Trading securities are initially recognised at cost and subsequently re-measured at fair value based on quoted bid prices at the reporting date. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions.

All related realised and unrealised gains and losses are included in the revenue and expenditure accounts. Interest earned whilst holding trading securities is reported as interest income.

Where the instrument is not actively traded or quoted or recognised and the fair value cannot be reliably measured, the investment is stated at cost less impairment losses.

(g) *Investment properties*

Investment properties are properties held by the NIBTT to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost. After initial recognition, investment properties are measured at fair value based on valuations conducted by an independent professional valuator. Gains and losses arising from the change in fair value are included in the revenue and expenditure accounts.

The valuers have adopted the investment method of valuation and assumed good title, vacant possession and no unduly restrictive covenants or onerous or unusual outgoings running with the land.

5. Significant Accounting Policies (continued)**(h) Investment in subsidiary companies**

Subsidiary companies are companies in which the NIBTT holds in excess of 50% of the share capital. These are as follows:

Companies	Percentage ownership
National Insurance Property Development Company Limited (NIPDEC)	100%
Trinidad and Tobago Mortgage Finance Company Limited (TTFM)	51%
Home Mortgage Bank (HMB)	51.25%

Investments in subsidiaries are valued by an independent valuator and are based on the assumption that they will continue to operate as going concerns and that the principal activities and legal structure of the companies will remain unchanged.

(i) Inventory

Inventory is stated at cost and comprises amounts transferred from investment properties due to the commencement of development, with a view to sale. Upon transfer from investment properties, the deemed cost of the inventory was taken as the fair value of the investment property at the date of change in use. The sale of a unit is recorded in the accounts by crediting the purchaser's account and debiting the bank account.

(j) Related parties

A number of transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions at market rates (see Note 23).

(k) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for artwork and freehold and leasehold properties, which are stated at valuations conducted by independent professional valuers every three (3) years. Freehold and leasehold properties were professionally valued in June 2013 using the investment method. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the NIBTT and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the revenue and expenditure accounts during the financial period in which they are incurred.

If an asset's carrying value is increased as a result of a revaluation, the increase is credited directly to equity under the heading, Revaluation Reserve. If an asset's carrying value is decreased as a result of a revaluation, the decrease is debited directly to equity to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any decrease in excess of this amount is recognised in the revenue and expenditure accounts.

Depreciation is provided on a straight-line basis at varying rates sufficient to write-off the cost/market value respectively of the assets over their estimated useful lives. The rates used are as follows:

Freehold and leasehold properties	- 2% on buildings
Improvements to premises:	
Owned	- Equal annual instalments over a period of ten years.
Leased	- Equal annual instalments over the period of the lease.
Rented	- Where a monthly tenancy applies, in equal annual instalments over three (3) years.
Furniture and fixtures, machinery and equipment	- 7.5% - 25%
Motor vehicles/artwork	- 25%

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with their carrying amount and are recognised in the revenue and expenditure accounts.

5. Significant Accounting Policies (continued)

(l) Provisions

Provisions are recognised when the NIBTT has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(m) Basis of allocation

Contribution income and other income have been allocated to the various fund accounts on the basis set out in the Actuarial Review.

(i) Contribution income

Contribution income is allocated as follows:

	2013 %	2012 %
Long-term benefits fund	89	89
Short-term benefits fund	6	6
Employment injury benefit fund	5	5
	<hr/> 100	<hr/> 100

(ii) Other income

Other income comprising investment income less expenses, penalty income and pension asset income is allocated to the benefit funds in the ratio of their opening fund balances. Investment expenses comprise direct staff costs and overhead expenses of the investments department and other direct expenses including mortgage management fees and provisions for diminution in value of investments.

(iii) Fund ratios

Based on the recommendations of the Seventh Actuarial Review and maintained in the Eighth, the NIBTT implemented the following: short-term benefit fund and employment injury benefit fund balances will be maintained at 2 times and 10 times the respective benefits incurred during the current year, the remaining excess of income over expenditure is to be allocated to the long-term benefits fund.

These fund allocations are based solely on the ratios recommended by the Independent Actuary, and do not represent the NIBTT's liability to beneficiaries at June 30, 2013.

(n) Revenue recognition

(i) Contribution and benefits

Contribution income is accounted for on the accrual basis to take account of all collections subsequent to June 30th that relate to the current year, and to recognise all known significant receivables.

A provision for benefits is made based on the estimated cost of all benefits approved, though not paid at the reporting date.

(ii) Investment income

Income from investments is accounted for on the accrual basis. Interest from commercial loans and debentures is not accrued where instalments are in arrears for more than 12 months.

(o) Employee benefits

(i) Short-term

Employee benefits are all forms of consideration given by the NIBTT in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. Post-employment benefits are accounted for as described below.

5. Significant Accounting Policies (continued)

(o) Employee benefits (continued)

(ii) Post-employment

The NIBTT contributes to a defined benefit staff pension plan, which covers all qualifying employees. Members contribute 5% (2012: 5%) of their pensionable salaries to the plan, whilst the NIBTT currently contributes 10% (2012: 10%). All permanent employees are eligible for membership and temporary employees under certain conditions.

The pension accounting cost for the pension plan is assessed using the projected unit cost method. Under this method, the cost of providing pensions is charged to the revenue and expenditure accounts so as to spread the regular cost over the service lives of the employees in accordance with the advice of a qualified actuary who carries out a full valuation of the plan every three (3) years.

The asset recognised on the statement of financial position is the fair value of the plan's assets less the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses.

The NIBTT only recognises actuarial gains and losses arising from defined benefit plans if they fall outside of a prescribed corridor equal to 10% of the greater of the value of the plan's assets and the defined benefit obligation. The excess is then amortised over employees' average future working lifetime.

6. New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1st, 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the NIBTT, except for the following:

IAS 19 Employee Benefits, which becomes mandatory for the NIBTT's 2014 financial statements and will result in a change in accounting policy and related prior year restatement of the financial statements to recognise accumulated unrecognised actuarial gains/losses through the revenue and expenditure account. The impact on the financial statements on initial application of the Standard will be a reduction in the opening long-term benefits fund of \$288.8 million, representing the recognition of previously unrecognised accumulated actuarial gains.

7. Determination of Fair Values

A number of the NIBTT's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment in subsidiaries

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience valued the NIBTT's investment in subsidiaries. The fair values are the weighted average of three (3) valuation methods: namely, the Net Asset Value, the Earnings Multiple and Earnings Capitalisation. The values derived from these approaches were considered baseline. The baseline values are then applied to pessimistic, baseline and optimistic scenarios. The pessimistic and optimistic scenarios are assumed to be 10% below and 10% above the baseline values, respectively. A price range was created and from these scenarios, a point estimate was derived using probability estimates for each scenario.

(ii) Investment properties and property, plant and equipment at fair value

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the NIBTT's investment property portfolio every three (3) to five (5) years. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

7. Determination of Fair Values (continued)**(iii) Investment securities**

As stated in Note 5 (f), investment securities are measured at their fair values based on quoted market prices. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis. Where fair value cannot be reliably measured, the investment is stated at cost less impairment losses.

(iv) Other

The carrying amounts of financial assets and liabilities, included under other assets, cash and cash equivalents and other liabilities, approximate their fair values because of the short-term maturities on these instruments. The carrying values of fixed deposits are assumed to approximate fair value due to their term to maturity not exceeding one (1) year.

8. Property, Plant and Equipment

	Land Freehold/ Leasehold Buildings \$'000	Machinery Equipment/ Furniture and Fittings \$'000	Art and Motor Vehicles \$'000	Total 2013 \$'000	Total 2012 \$'000
Cost/valuation at beginning of year	78,455	48,636	2,668	129,759	115,532
Additions					
Purchases	-	5,881	240	6,121	16,142
Customisation works	6,415	-	-	6,415	-
Revaluation	4,350	-	356	4,706	-
Adjustments/transfers	(3,500)	39	(470)	(3,931)	(1,915)
At the end of year	85,720	54,556	2,794	143,070	129,759
Accumulated depreciation at beginning of year	2,244	43,699	1,583	47,526	45,272
Current year	2,139	1,646	631	4,416	2,964
Disposal/adjustments	(2,244)	-	(833)	(3,077)	(710)
At the end of year	2,139	45,345	1,381	48,865	47,526
Net book value	83,581	9,211	1,413	94,205	82,233

Note:

Valuation of land and freehold and leasehold buildings has been expressed by way of open market values.

Independent professional valuations of the administrative properties of the NIBTT, excluding customisation works and legal fees in relation to a recently purchased property, were undertaken in June 2013 and put the market value at \$76.4 million (June 2010: \$60.9 million). The next valuation exercise is due in 2016.

9. Investment Properties

	2013 \$'000	2012 \$'000
Scarborough Mall	-	9,668
Huggins Building	14,500	14,000
NIPDEC House	34,000	32,000
Queen's Park East	73,059	73,059
Mulchan Seuchan Road	23,234	18,868
Palmiste Property	13,750	13,300
Land Chaguanas (formerly Bajnath's)	3,800	-
Western Main Road – St. James	11,000	13,445
	173,343	174,340

9. Investment Properties (continued)

Rental income from investment properties during the year amounted to \$6.7 million (2012: \$7.0 million). Direct operating expenses incurred on investment properties during the year amounted to \$3.1 million (2012: \$1.745 million).

The increase in expenditure in the amount of \$1.355 million was mainly due to works associated with the gutting of the Scarborough Mall, amounting to \$0.974 million, maintenance of the Huggins Building (\$0.341 million) and minor maintenance work at Queen's Park East and NIPDEC House, which amounted to \$0.039 million.

Based on a commissioned structural evaluation report on the Scarborough Mall, the Board took the decision to demolish the mall, which was previously valued at \$9.7 million. Gutting works commenced in May 2013 with demolition commencing in August 2013. Construction of a new building is expected to commence in 2014.

10. Employee Benefits

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

	2013 \$'000	2012 \$'000
Defined benefit obligation	913,439	789,163
Fair value of assets	(916,847)	(834,785)
Benefit surplus	(3,408)	(45,622)
Unrecognised actuarial losses	(288,840)	(272,463)
Defined benefit asset	(292,248)	(318,085)
	2013 \$'000	2012 \$'000

The amounts recognised in the revenue and expenditure accounts are as follows:

Current service cost	23,126	12,692
Interest on defined benefit obligation	42,573	43,137
Amortised net loss	17,180	11,961
Expected return on plan assets	(49,537)	(54,859)
Net pension expense	33,342	12,931

Movements in the net asset recognised in the statement of financial position are as follows:

Net asset at July 1	(318,085)	(328,174)
Net expense recognised in the revenue and expenditure accounts	33,342	12,931
Contributions	(7,505)	(2,842)
Net asset at June 30	(292,248)	(318,085)
Actual return on pension plan assets:		
Expected return on pension plan assets	49,537	54,859
Actuarial gain on pension plan assets	51,131	4,935
Actual return on pension plan assets	100,668	59,794

10. Employee Benefits (continued)**Experience history**

	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Defined benefit obligation	913,439	789,163	674,735	545,320	478,018
Fair value of plan assets	(916,847)	(834,785)	(792,125)	(737,205)	(691,511)
Surplus	(3,408)	(45,622)	(117,390)	(191,885)	(213,493)
Experience (loss) gain on obligation	(5,617)	4,053	(106,308)	18,562	18,340
Experience gain (loss) on assets	51,131	4,935	23,497	3,943	(73,061)

Principal actuarial assumptions at the reporting date:

	2013 %	2012 %
Discount rate	5.0	5.5
Expected return on pension plan assets (net of investment expenses)	N/A	6.0
Rate of salary increases	5.0	5.0
Pension increases	3.0	3.0

Should the NIBTT decide to adopt the requirements of the revised International Accounting Standards on Employee Benefits (IAS 19) as issued by the International Accounting Standards Board, which will be effective for annual periods beginning on or after January 1st, 2013, the unrecognised actuarial gain of \$288.8 million would be derecognised at the beginning of the 2014 financial year through the long-term benefits fund.

11. Investment in Subsidiary Companies

The investments in subsidiary companies comprise the following companies reported at fair value:

	2013 \$'000	2012 \$'000	2011 \$'000
NIPDEC	159,100	157,696	170,718
TTMF	341,203	312,040	300,081
HMB	445,814	298,874	260,378
	946,117	768,610	731,177

The cost of the investment in NIPDEC, TTMF and HMB was \$25 million, \$7.19 million and \$133.88 million respectively.

12. Investment Securities

	2013 \$'000	2012 \$'000
Investments comprise:		
Local state and corporate bonds (a)	8,144,160	7,985,661
Equities (b)		
Local	6,853,508	5,894,358
Foreign	2,278,376	2,089,783
Other	49,123	48,112
Foreign bonds	225,814	131,010
	17,550,981	16,148,924

12. Investment Securities (continued)

The analysis below shows the composition of the various investment categories.

	2013 \$'000	2012 \$'000
(a) State and corporate bonds		
Government and public sector investments	4,190,322	3,421,594
Corporate securities	3,953,838	4,564,067
	<u>8,144,160</u>	<u>7,985,661</u>

State and corporate bonds earn interest at rates varying between 0.90% and 12.25% (2012: 0.45% and 12.25%).

	2013 \$'000	2012 \$'000
(b) Equities		
Quoted		
Foreign	2,504,190	2,220,793
Local	6,853,508	5,894,358
Unquoted	49,123	48,112
	<u>9,406,821</u>	<u>8,163,263</u>

13. Mortgage Advances

Gross mortgage advances	76,506	87,453
Provision for non-performing advances	(53,865)	(60,805)
	<u>22,641</u>	<u>26,648</u>

Mortgage advances earn interest at an average effective rate of 8.00% (2012: 8.00%).

14. Inventory

Inventory consists of the net realisable value of a property development project at Riverwoods. Included in Other Payables is the cost of completing the family units (Phases 3 and 4) totalling approximately \$11.53 million.

15. Claim Receivable**(a) Clico Investment Bank (CIB)**

On September 27th, 2011, judgement was awarded in favour of the NIBTT for the sum of US\$102,506,128.64 and TT\$46,493,563.49 with interest at the rate of 6% per annum from the dates of maturity of each deposit to the date of judgement.

On or about October 2011, CIB was placed in liquidation and Deposit Insurance Corporation (DIC) appointed Liquidator. The NIBTT is ranked as an unsecured creditor, and as a consequence, the relevant proof of debt forms were filed with DIC and duly acknowledged and accepted by DIC. DIC indicated in August 2013 that they are not yet in a position to make any payments to the NIBTT. In light of this, the NIBTT has adopted the prudent approach and made a full provision on this debt.

The NIBTT remains committed to exhausting all efforts to recover this debt.

	2013 \$'000	2012 \$'000
Gross amount	691,736	691,736
Provision for impairment	(691,736)	-
Carrying amount	<u>-</u>	<u>691,736</u>

15. Claim Receivable (continued)**(b) Old Police Headquarters**

On or about January 2000, Cabinet agreed that the NIBTT be awarded the mandate to finance the reconstruction of the Old Police Headquarters to the amount of \$42,603,457 plus interest on specific terms and conditions.

In this regard, certain sums were released to NIPDEC and the reconstruction of the Old Police Headquarters was completed in November 2003. The conversion of this debt into a long-term facility remains outstanding.

As at June 30th, 2013, the outstanding principal debt stood at TT\$80,633,492.97 and the outstanding interest at TT\$609,085.04.

All efforts will be made to finalise this facility during the 2013/14 financial year.

	2013 \$'000	2012 \$'000
16. Other Assets		
Investment income receivable	104,847	195,863
Sundry debtors	30,563	21,566
Prepayments	283,072	247,888
Amounts due to mortgage agency	421	401
Contributions receivable	279,122	161,305
	<u>698,025</u>	<u>627,023</u>
17. Cash and Cash Equivalents		
Cash and bank	4,640,778	3,632,996
Money market fund (US\$)	21,397	19,356
	<u>4,662,175</u>	<u>3,652,352</u>

18. Benefits Fund

The benefits funds comprise the following funds:

Long-term benefits fund, which is held to cover retirement pensions, retirement grants, invalidity and survivors' benefits in respect of qualifying persons.

Short-term benefits fund, which is held to cover sickness and maternity benefits and funeral grants in respect of qualifying persons.

Employment injury benefits fund, which is held to cover employment injury benefits to eligible insured persons.

As described in Notes 2 and 5, the benefits funds balances do not represent the NIBTT's liability to beneficiaries, but instead reflect allocations based on the application of certain ratios as advised by the NIBTT's Actuary.

The NIBTT's liability to beneficiaries as determined by the Actuary was \$24,077 million at June 30th, 2010. The value of reserves at June 2010 was \$18,474 million.

18. Benefits Fund (continued)

	Long-Term \$'000	Short-Term \$'000	Employment Injury \$'000	Totals \$'000
2013				
Balance at June 30, 2012, as restated	21,665,946	285,101	508,660	22,459,707
Net surplus of revenue over expenditure for the period ended June 30, 2013	1,866,236	57,092	61,682	1,985,010
Balance at June 30, 2013	23,532,182	342,193	570,342	24,444,717
2012				
Balance at June 30, 2011, as restated	20,621,792	289,957	513,387	21,425,136
Net surplus of revenue over expenditure for the period ended June 30, 2012	1,044,154	(4,856)	(4,727)	1,034,571
Balance at June 30, 2012, as restated	21,665,946	285,101	508,660	22,459,707
2011				
Balance at June 30, 2010	17,667,708	289,394	516,812	18,473,914
Net surplus of revenue over expenditure for the period ended June 30, 2011	2,954,084	563	(3,425)	2,951,222
Balance at June 30, 2011, as restated	20,621,792	289,957	513,387	21,425,136

19. Revaluation Reserve

The revaluation reserve reflects gains or losses on revaluation of freehold properties.

	2013 \$'000	2012 \$'000
Opening balance as at June 30	34,675	34,675
Revaluation of property and investment properties	7,642	-
Closing balance as at June 30	42,317	34,675

20. Other Liabilities

	2013 \$'000	2012 \$'000
Sundry creditors and accruals	110,588	108,668
Provision for other payables	45,917	9,961
	156,505	118,629

21. Administration and Investment Expenses

	2013 \$'000	2012 \$'000
Included therein are the following charges:		
Salaries and other related expenses	118,010	81,352
Depreciation	4,416	2,964

In 2013, administrative expenses amounted to 5.59% (2012: 4.99%) of contribution income and this did not exceed the limit established by the NIBTT of 7.5%.

22. Contingent Liabilities and Capital Commitments

(a) Pending litigation and outstanding appeals

As at June 30th, 2013, there were certain legal proceedings outstanding against the NIBTT. No provision has been made as professional advice indicates that it is unlikely that any significant loss will arise.

(b) Industrial Relations

A provision of \$22Mn has been made in the accounts for wage negotiations for the period January 1st, 2011 to June 30th, 2013 for bargaining units A & B, as well as Senior and Executive Management for the period January 2008 to June 30, 2013.

(c) Capital Commitments

Capital projects approved and contracted as at June 30th, 2013 amounted to \$12.5 million (2012: \$16.1 million).

23. Related Party Transactions and Balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. These transactions were carried out on normal terms and conditions at market rates.

The following table provides the total amount of balances and transactions, which have been entered into with related parties for the relevant financial year.

(i) Balances due from related parties

During the years ended June 30th, 2013 and 2012, the NIBTT carried out the following significant transactions with related parties during the course of normal operations:

	2013 \$'000	2012 \$'000
Bonds and debentures of subsidiary companies	262,800	48,112
Interest receivable	84,835	110,830

(ii) Transactions with related parties

The amounts due from related companies comprise the following:

Payment on bonds and debentures	958,263	1,552,243
Agency management fees	-	(31)

(iii) Transactions with key management personnel

In addition to their salaries, the NIBTT also provides non-cash benefits to executive officers and contributions to a post-employment defined benefit plan on their behalf. The key management personnel compensations are as follows:

	2013 \$'000	2012 \$'000
Short-term employee benefits	966	1,248
Post-employment benefits	7,556	2,457

24. Financial Risk Management

Overview

The NIBTT's principal financial instruments comprise investment securities, investment properties, mortgage advances, fixed deposits, cash and cash equivalents and borrowings. Income earned from investments, together with the excess of contributions after benefits are paid, are used to earn above average interest rate margins through the investing in high quality, high yielding assets with acceptable levels of risk.

24. Financial Risk Management (continued)

The NIBTT has exposure to the following risks from the use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk
 - Interest Rate
 - Foreign Exchange Risk

The Board of Directors has overall responsibility for the establishment of a Risk Management Framework.

The following are the systems/structures put in place to ensure that the NIBTT's exposure to risk is minimised.

The Investment Unit

This unit conducts regular due diligence exercises based on published financial reports and other available data.

Detailed monthly reports are submitted to Executive Management and to the Investment Committee (IC).

The Investment Committee

The role of the IC is to review the results of the due diligence exercises conducted by the Investment Management Unit. Decisions/Recommendations are submitted to the Board of Directors for ratification.

Investment decisions are made in the context of Schedule 1 of the National Insurance Act (NI) and the NIBTT's investment policy.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The NIBTT is mainly exposed to credit risk with respect to its mortgage portfolio and deposits.

The NIBTT limits its exposure with respect to its bond portfolio by investing in only bonds issued by the Government of Trinidad and Tobago or institutions with high creditworthiness. The NIBTT, through the Investments Unit and the Investment Committee, consistently monitors the performance of these instruments.

In respect to the Mortgage portfolio, constant monitoring is also employed. The necessary contact with mortgagors is maintained to ensure that payments are received in a timely manner, where necessary mortgage re-scheduling is done, which considers the borrower's new financial position. In the event where recovery may seem doubtful, provisions are set aside to cover any potential losses.

Liquidity Risk

Liquidity risk is the risk that the NIBTT will encounter difficulty in meeting obligations from its financial liabilities.

The daily liquidity position for both operational and the payment of benefits is monitored daily by the Financial Accountant, whose job it is to ensure that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments are taken up by the Investment Unit, who will seek to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

Market Risk***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The NIBTT is primarily exposed to interest rate risk with respect to its fixed rate debentures, government securities and bonds. These are regularly monitored by the Investment Unit and communicated to the Board of Directors by the Investment Committee.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The NIBTT is exposed to currency risk with respect to its investments in cash and cash equivalents denominated in United States dollars.

The TT dollar is pegged to the US dollar and this managed float has been there for some time. The TT economy is quite strong and there appears to be no threat of devaluation or appreciation of the TT dollar against the US Dollar. However, the balances held in US dollars are monitored on a daily basis by the Investment Unit.

24. Financial Risk Management (continued)**Credit risk**

The carrying amount of loans and advances, investment securities and matured deposits represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Loans and Advances	
	2013	2012
	\$'000	\$'000
Mortgages		
Gross amount	76,506	87,453
Collectively Impaired		
Gross amount	51,842	53,511
Allowance for impairment	(51,842)	(53,511)
Carrying amount	-	-
Past due but not impaired		
Gross amount	12,156	18,787
Past due comprises		
30-60 days	9,282	12,704
61-90 days	1,471	2,534
91-180 days	696	1,382
Over 180 days	707	2,167
Allowance	(2,023)	(7,294)
Carrying amount	10,133	11,493
Neither past due nor impaired		
Gross amount	12,508	15,155

The NIBTT granted mortgages based on evaluations of the mortgagees' financial situation and continually monitors the exposure of potential losses from mortgages.

Mortgage balances are stated net of the provisions for diminution in the value of investments as follows:

	2013	2012
	\$'000	\$'000
Mortgages:		
Provisions as at July 1	60,805	62,073
Movement for the year	(6,940)	(1,268)
Provisions as at June 30	53,865	60,805

Investment securities

The amounts in relation to investment securities are neither past due nor impaired. As such, no provisions have been made against the amounts.

The NIBTT holds collateral to cover its credit risks associated with specific investment securities considered most at risk. The shortfall in the value of these securities resulted in an adjustment of \$NIL (2012: \$NIL) during the year.

The maximum exposure to credit risk for investment securities at the reporting date by sector was:

	2013	2012
	\$'000,000	\$'000,000
Concentration by sector		
Corporate	3,954	4,564
Foreign investment	2,504	2,221
Sovereign	4,190	3,422
Other	49	48
Equity	6,854	5,894
	17,551	16,149

24. Financial Risk Management (continued)**Credit risk** (continued)**Investment securities** (continued)

The maximum exposure to credit risk for investment securities at the reporting date by location was:

	2013 \$'000,000	2012 \$'000,000
Concentration by location		
Trinidad	15,047	13,928
Regional	55	60
International	2,449	2,161
	<u>17,551</u>	<u>16,149</u>

Liquidity risk

The following are the contractual maturities of financial assets and liabilities:

	Up To One Year \$'000	One to Five Years \$'000	Over Five Years \$'000	Total \$'000
As at June 30, 2013				
Other liabilities	156,505	-	-	156,505
As at June 30, 2012				
Other liabilities	<u>118,629</u>	<u>-</u>	<u>-</u>	<u>118,629</u>

By an Act of Parliament, benefit payments are derived from current month contributions.

Market risk**Interest rate**

At the reporting date, the interest rate profile of the NIBTT's interest bearing financial instruments was:

	2013 \$'000	2012 \$'000
Fixed rate instruments	7,944,563	7,276,004
Variable rate instruments	<u>199,597</u>	<u>709,657</u>
	<u>8,144,160</u>	<u>7,985,661</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the year end would have increased (decreased) the long-term benefits fund by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	100 bp Increase	100 bp Decrease
Effect in TT\$'000		
June 30, 2013	28,083	(28,083)
June 30, 2012	70,965	(70,965)

24. Financial Risk Management (continued)**Market risk** (continued)**Currency risk**

The NIBTT's exposure to foreign currency risk based on notional amounts was as follows:

	TT \$'000	US \$'000	Total \$'000
As at June 30, 2013			
ASSETS			
Cash and cash equivalents	2,851,637	1,810,538	4,662,175
Investment securities			
- State and Corporate Bonds	7,678,178	465,982	8,144,160
- Foreign Bonds	-	225,814	225,814
- Other	49,123	-	49,123
- Equities			
Foreign	-	2,278,376	2,278,376
Local	6,853,007	501	6,853,508
TOTAL ASSETS	17,431,945	4,781,211	22,213,156
As at June 30, 2012			
ASSETS			
Cash and cash equivalents	2,828,272	824,080	3,652,352
Investment securities			
- State and Corporate Bonds	6,837,046	1,148,615	7,985,661
- Foreign Bonds	-	131,010	131,010
- Other	48,112	-	48,112
- Equities			
Foreign	-	2,089,783	2,089,783
Local	5,894,037	321	5,894,358
TOTAL ASSETS	15,607,467	4,193,809	19,801,276

The following significant exchange rates were applied during the year:

	Average Mid Rate		Reporting Date Spot Rate	
	2013	2012	2013	2012
USD	6.424	6.4214	6.424	6.4214

Sensitivity Analysis

A 1% strengthening of TTD against USD at year end would have increased (decreased) the long-term benefits fund by the amount shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant. The analysis is performed on the same basis for 2012.

	Long-Term Benefits Fund	
	2013	2012
Effect in TT\$'000		
TTD	28,686	32,313

A 1% weakening of the TTD against USD at year end would have had the equal but opposite effect to the above currencies on the amounts shown above, on the basis that all other variables remain constant.

	2013	2012
USD	(4,465)	(5,032)

25. Staff Complement

The staff complement as at June 30, 2013 was 655 (2012: 649).

26. Effect from the Change in Accounting Policy

	June 30, 2011			June 30, 2012		
	As Previously Stated	Adjustments	As Restated	As Previously Stated	Adjustments	As Restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Net Assets						
Property, plant and equipment	70,260	-	70,260	82,233	-	82,233
Investment properties	160,895	-	160,895	174,340	-	174,340
Employee benefits	328,174	-	328,174	318,085	-	318,085
Investment in subsidiary companies	166,070	565,107	731,177	166,070	602,540	768,610
Investment securities	15,237,878	-	15,237,878	16,148,924	-	16,148,924
Mortgage advances	38,307	-	38,307	26,648	-	26,648
Inventory	164,941	-	164,941	123,060	-	123,060
Claims receivable	706,313	-	706,313	691,736	-	691,736
Other assets	615,383	-	615,383	627,023	-	627,023
Cash and cash equivalents	3,520,353	-	3,520,353	3,652,352	-	3,652,352
Total assets	21,008,574	565,107	21,573,681	22,010,471	602,540	22,613,011
Other liabilities	113,870	-	113,870	118,629	-	118,629
Total liabilities	113,870	-	113,870	118,629	-	118,629
Net assets	20,894,704	565,107	21,459,811	21,891,842	602,540	22,494,382
Funds and Reserves						
Long-term benefits fund	20,056,685	565,107	20,621,792	21,063,406	602,540	21,665,946
Short-term benefits fund	289,957	-	289,957	285,101	-	285,101
Employment injury benefit fund	513,387	-	513,387	508,660	-	508,660
Total funds	20,860,029	565,107	21,425,136	21,857,167	602,540	22,459,707
Revaluation reserve	34,675	-	34,675	34,675	-	34,675
Total reserves	34,675	-	34,675	34,675	-	34,675
Total funds and reserves	20,894,704	565,107	21,459,811	21,891,842	602,540	22,494,382

Under the previous GAAP, the NIBTT accounted for its Investment in subsidiary companies at cost.

As a result of the change in accounting policy, whereby investment in subsidiary companies is measured at fair value with fair value adjustments recognised in the revenue and expenditure account, the long-term benefits fund has been adjusted.



YEAR IN REVIEW 2013





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The National Insurance Board
of Trinidad and Tobago